TOTVS S.A.

REFERENCE FORM 2024

1.1 Brief History

The Company originated in 1983, called Microsiga Software S.A., bringing together partners Mr. Ernesto Mário Haberkorn and Laércio Cosentino, former CEO of the Company, with the aim of developing software for personal computers, and later expanded into the market of integrated business management software, accessible to small and medium-sized enterprises companies.

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

Some decisions and events that are worth mentioning are:

1983: Laércio Cosentino and Ernesto Haberkorn established Microsiga Software S.A.

1990: Start of the pioneering system of exclusive franchises to distribute TOTVS management solutions

1997: Start of international operations by establishing a new branch in Argentina

1999: Launch of ADVPL, our own programming language

2005: The corporate name is changed to TOTVS S.A. (a word that comes from Latin and means everything, everyone, totality); and the Company is admitted by BNDES Participações S.A. – BNDESPAR, which make investments and becomes a partner of the Company

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

2008: Acquisition of Datasul and consolidation of the Brazilian management systems market

2011: Creation of software offerings specialized in each segment of the economy

2014: Start of TOTVS Cloud operations

2015: Launch of the TOTVS Intera business subscription model for small, medium, and large companies

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

2019: Acquisition of Supplier and establishment of the Techfin Dimension. This was followed by the launch of a new strategic plan, the 3-dimensions Ecosystem (operational segments) aimed at expanding our total addressable market (TAM), continue the Company's accelerated growth, and also expand our value proposition to become the Trusted Advisor for our clients. Finally, it is also worth highlighting the offer of shares (Follow-on), which raised a total of R$1.066 billion intended for mergers and acquisitions

2020: The Company's shares became part of the IBrX 50 portfolio, B3's index formed by the 50 most tradable shares in the Brazilian stock market, and, in the same vein, the Company's shares entered the mid-cap category of the indicators known as MSCI Brazil, MSCI Latin America, and MSCI Emerging Markets

2021: Acquisition of RD Station, which consolidated the Business Performance dimension, in addition to the subsequent offering of shares (Follow-on) that raised R$1.443 billion. Another highlight was the partnership made with B3 for establishing Dimensa S.A., a company focused on Management solutions for the financial and fintech market, besides the expansion of its portfolio by launching new Techfin products. Finally, the Company's shares became a part of B3's GPTW Index portfolio, reinforcing the Company's focus on ESG practices and its effort to promote best practices in the labor market

2022: Creation of a Joint Venture with Itaú Unibanco S.A. with the purpose of operating a digital financial services platform for small- and medium-sized companies through integrating a complete range of financial services

2023: Acquisition of Lexos and Exact Sales under the Business Performance dimension, and TOTVS TRS, IP, and AHGORA Franchises under the Management dimension. Successful completion of the closing of the Joint Venture (JV) with Itaú in the Techfin dimension. Admission into iDIVERSA B3, achieving a MSCI score upgrade from "A" to "AA" and earning the "*Empresa Pró Ética*" seal

1.2 - Description of the main activities of the issuer and its subsidiaries

Overview

We are one of the largest technology and software companies in Latin America, according to the study known as “Market Share: All Software Markets, Worldwide, 2023”, issued by Gartner in April 2024. With solutions that go far beyond traditional management software (“**ERP**”), we have been offering technology for the digitization of operations for companies of all sizes for more than 40 years, in order to digitize their businesses.

We have an installed base of approximately 70,000 customers and clients, operating mainly in Brazil, but also with a presence in over 40 countries. Currently, about one-third of the companies listed on B3 are clients of the Company (active companies listed on B3 that have common and/or preferred shares).

One of the Company's main differentiators is our integrated sales and distribution model, based on our own units and franchises, allowing presence, proximity and agile and effective service to our customers. In Brazil, we have 6 regional branches (São Paulo, Rio de Janeiro, Recife, Minas Gerais, Rio Grande do Sul and Countryside of São Paulo), 3 focused units (Large Enterprise, Public Sector and Health) and 38 franchised territories (served by 11 consolidating franchises) and 9 Research and Development centers (São Paulo, Belo Horizonte, Joinville, Porto Alegre, Florianópolis, Cascavel, Assis, Ribeirão Preto and Goiânia). In addition, we have 5 branches abroad (Argentina, Chile, Colombia, United States and Mexico) and 2 (United States and Mexico).

WE ARE TOTVS, THE LARGEST TECHNOLOGY COMPANY IN BRAZIL

From small to large, from north to south of Brazil and Latin America. TOTVS, throughout its history, has become a strategic partner for the growth of companies, by offering cutting-edge technology, which goes far beyond ERP.

IBOVESPA
first software company in Latin America to be included in Ibovespa index

R$3 bn
in Research & Development investment in the last 5 years

+11.600 TOTVERS
dedicated every day to the success of our customers

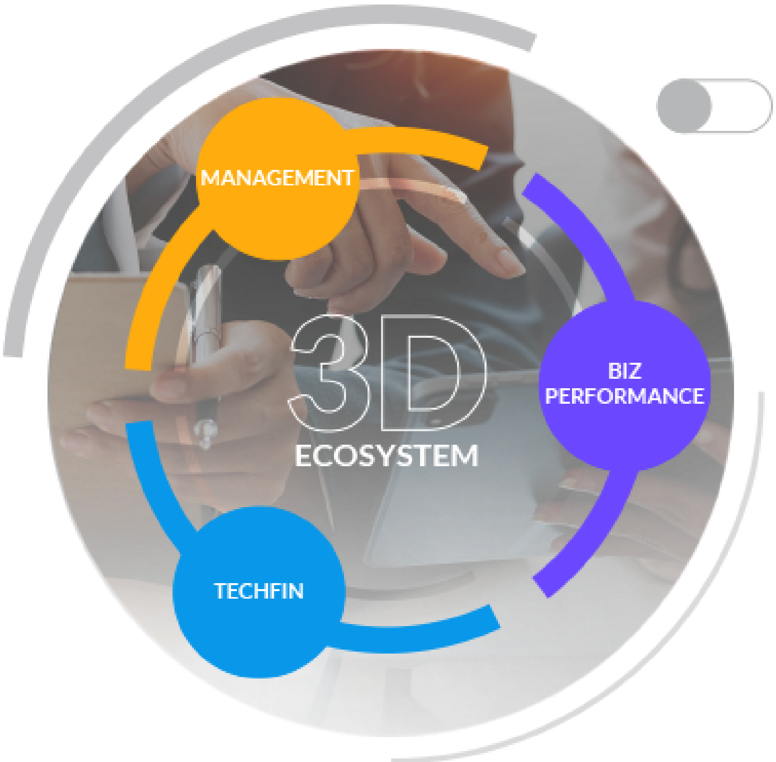
MARKET SHARE
55% in Brazil and one of the three largest players in Latam

⅓ of Companies listed on B3 are TOTVS customers

71% of these companies have been our clients for over 10 years as know well and rely on TOTVS systems to optimize their operations

Our purpose is to "improve the results of companies" through technology. To this end, we seek to digitalize clients' businesses through systems and platforms for business management and provide financial services and business performance solutions in 12 industry sectors.

We are transforming the competitive landscape through the **creation of an innovative** and pioneering **ecosystem**, **based on three strategic dimensions ("3D")**:



MANAGEMENT

With our portfolio of open platforms and connected solutions, customizable ERP, HR solutions, and Verticals.

TECHFIN

Expanding, streamlining, and making access to credit and other financial services more affordable.

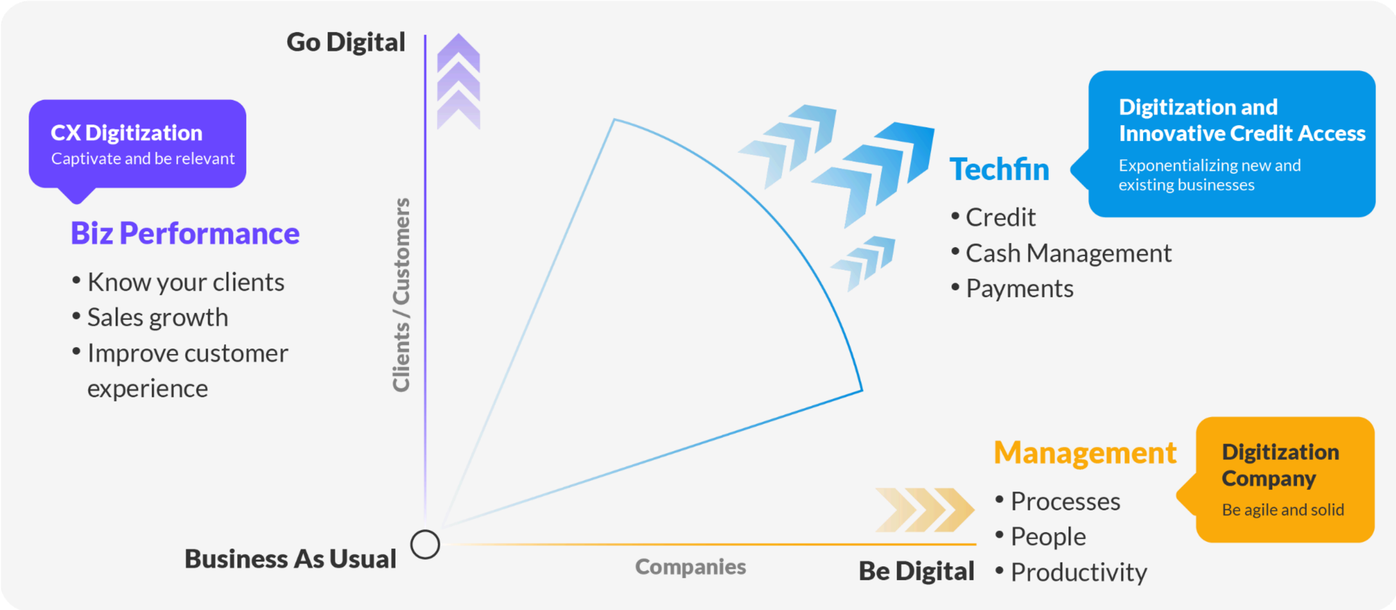
BUSINESS PERFORMANCE

Building a portfolio of digital solutions that boost our customers' competitive edge, performance, and sales.

This new business model has helped to significantly expand the size of our addressable market, opening up a wide range of new operating possibilities. **The image below summarizes the Company's vision in relation to the 3D ecosystem.**

SOLUTIONS PORTFOLIO

Accelerating our clients' digital Journey through the 3D Ecosystem

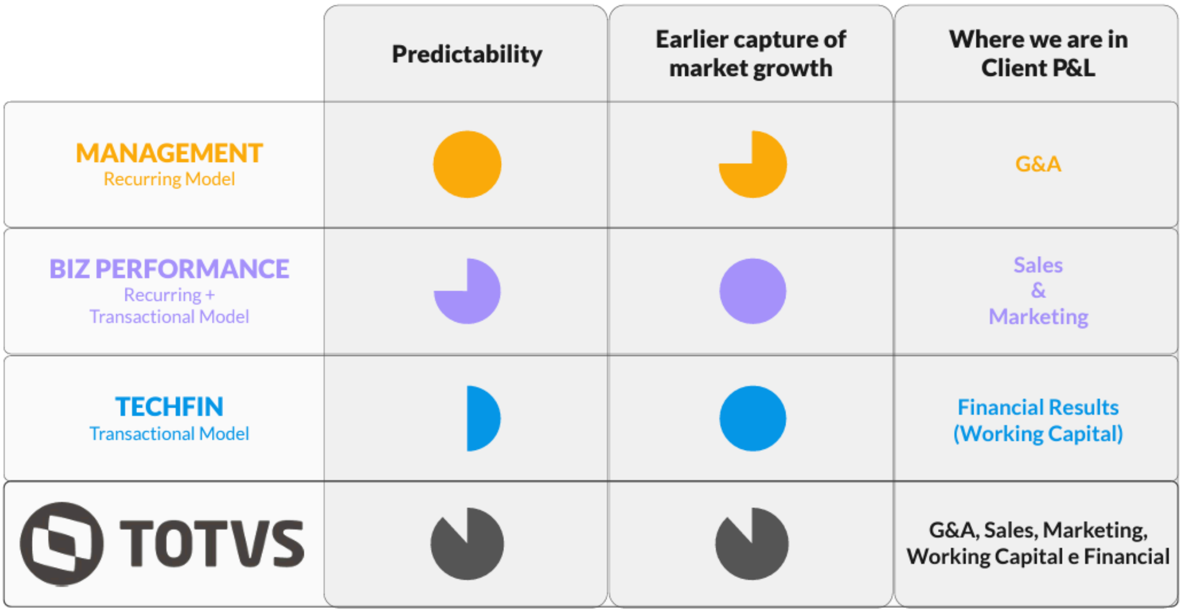


In the Management dimension, our portfolio includes ERP, solutions for the human resources area, from payroll to human capital management, and vertical solutions for different segments of the economy. We are leaders in this market in Brazil, delivering the necessary robustness to support our customers' digitalization process. This market is still growing and has a long way to go before reaching maturity. This is evident from the fact that in 2023, around 30% of new sales in this sector were made to first-time customers.

In the Business Performance dimension, the Company strives to offer a wide range of services focused on helping customers improve their business performance, boost their sales, and gaining a more competitive edge in their industries. In March 2021, we acquired RD Station, a leader in the digital marketing and sales automation market, which significantly reinforced our range of Business Performance solutions. The purchase of Tallos in 2022 was a major step forward in RD Station's multi-product strategy, enhancing its conversational capabilities. The following year, in 2023, in addition to the acquisition of Lexos (specialized in integration between physical, virtual retail, marketplaces, and e-commerce) and Exact Sales (a leader in Sales Engagement), we established a strategic partnership with Shopify to distribute software solutions for e-commerce in Brazil.

In the Techfin dimension, we are just at the beginning of the journey that aims to transform TOTVS TECHFIN S.A. into the leading financial services platform for SMBs (Small and Medium Business), facilitating access to financial services through integrated credit, cash management, and payments solutions. On July 31, 2023, we took another important step in this direction with the completion of a Joint Venture with Itaú Unibanco S.A., with a strategic rationale of joining efforts between the largest information technology company and the largest financial conglomerate in the country, combining TOTVS' expertise in management solutions (environments in which companies manage their transactional information) with Itaú's financial expertise, which has funding capacity on a large scale and under competitive conditions.

This strategic transformation based on a 3-dimensional ecosystem significantly expanded the Company's addressable market and sped up its growth, as SaaS revenue from the Management dimension, added to Business Performance, together with Techfin revenue at 50%, accounted for 46% of total revenue and 67% of year-over-year growth in 2023 revenue. Moreover, the 3D ecosystem enhances our business by increasing its resilience and predictability through a recurring model, capturing market growth, and optimizing transactional model take rate, as depicted in the image below:



The Company remains focused on becoming the "Trusted Advisor" of its clients through innovation, which for TOTVS is to do something new and different, which adds value. The creation of the 3-dimensional ecosystem is exactly that: a unique strategy that will allow the Company to expand the value proposition in a model that is hardly replicable, multiplying the addressable market.

Through technology, the Company will continue to focus on helping companies leverage their business, become more profitable, grow their operations, and continually improve their bottom line. For this is its purpose: to improve the results of companies, to believe that everyone can grow, and work together to do so, that is: to believe in a Brazil that makes it happen!

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

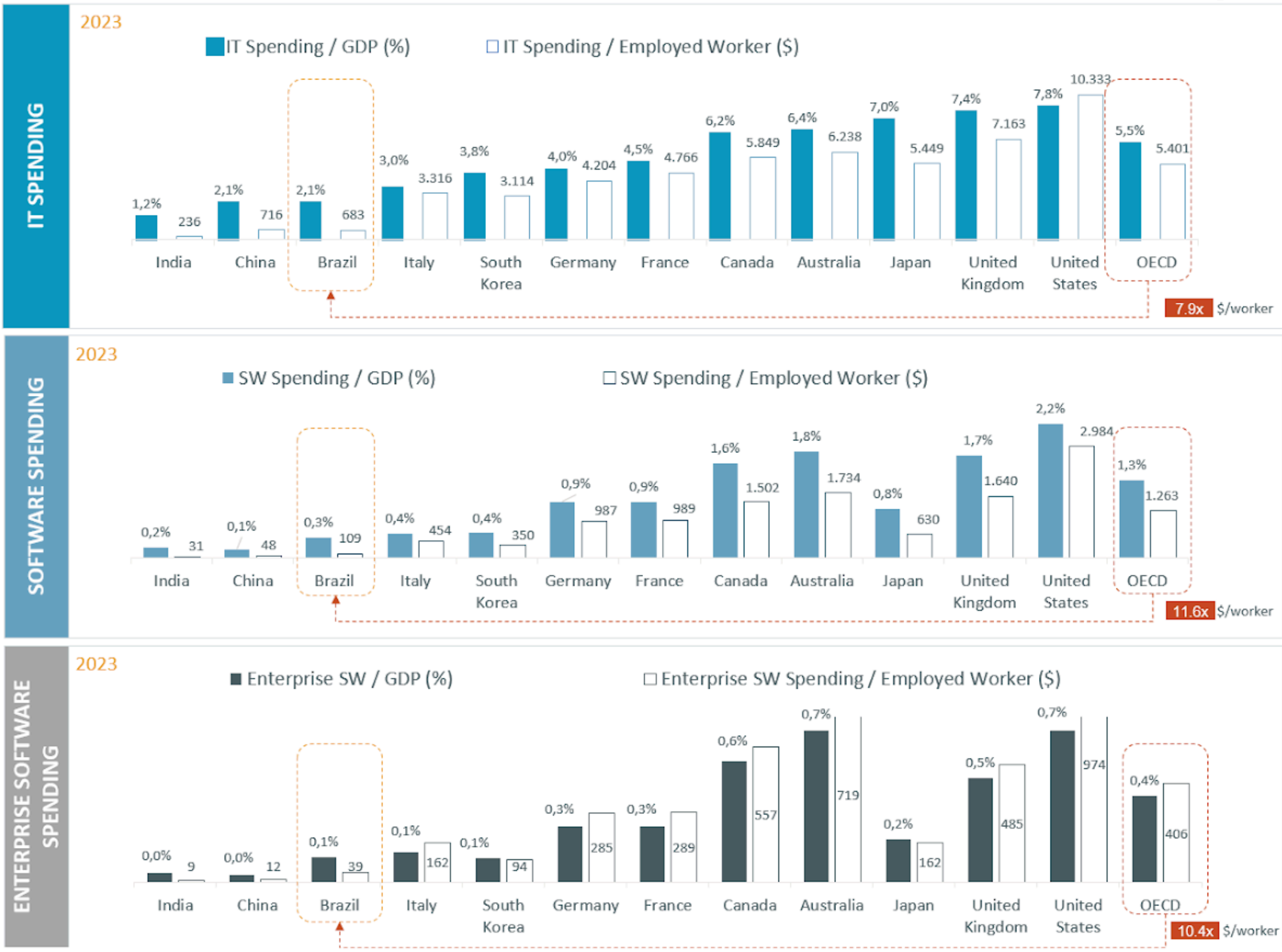
Stated in millions of Reals/BRL (except percentages)	Fiscal year ended on December 31	
	2023	2022
Consolidated Net Revenue[(1)]	4,633.5	3,916.5
Consolidated Recurring Revenue[(2)]	3,892.0	3,247.4
Net Profit	594.5	533.9
Adjusted EBITDA[(3)]	1,089.9	934.8
Consolidated ARR[(4)]	**4,765.6**	**4,004.6**

[(1)] Net Revenue considers Techfin Results at 50%, Net of Funding for all periods.
[(2)] It comprises software subscription, technical support and technological evolution. For more details on Net Recurring Software Revenue.
[(3)] Adjusted EBITDA is a non-accounting measurement prepared by the Company, that corresponds to EBITDA adjusted by the result of the discontinued operation, by expenses with M&A transactions, M&A adjustments to fair value, Loss (Gain) on Write-off of Assets and the tax credit, which, in our view, are not part of normal business operations and/or distort the analysis of our performance. For more details on Adjusted EBITDA, see item 2 of this Reference Form.
[(4)] The Annualized Recurring Revenue (ARR) corresponds to the annualized net revenue of the sum of the contracts in force in the period, disregarding the effects of temporary grace periods.

Market Opportunities

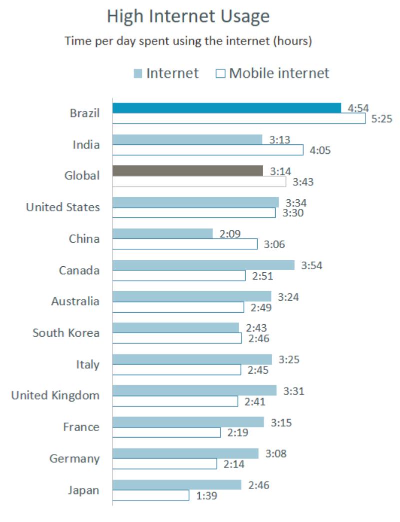
Software Market in Brazil (Management and Business Performance)

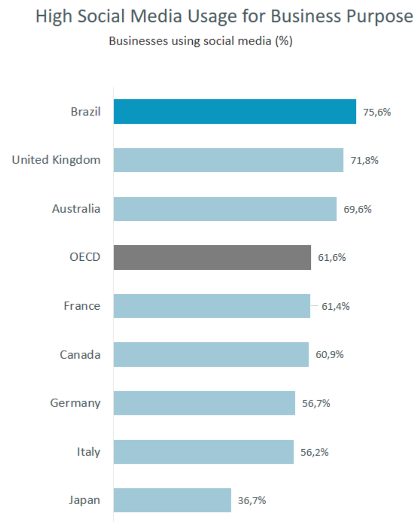
According to Gartner's Market DataBook study published in December 2023, Brazil was among the 12 largest IT markets in the world, with expenditures of approximately 67.5 billion dollars, of which 10.7 billion dollars represent investments in software. However, investment in IT and software in Brazil is still relatively lower than in more developed countries and in most major IT markets. Based on information from the World Bank, Brazil concentrates approximately 3% of the global workforce and 2.3% of the global GDP; however, expenditures on software represent around 1.1% of global expenditures, showing that the Brazilian market for software is not yet mature and still has a lot of room for growth. The graphs below show such a difference compared with other countries and the average of countries making part of Organization for Economic Cooperation and Development (OECD):

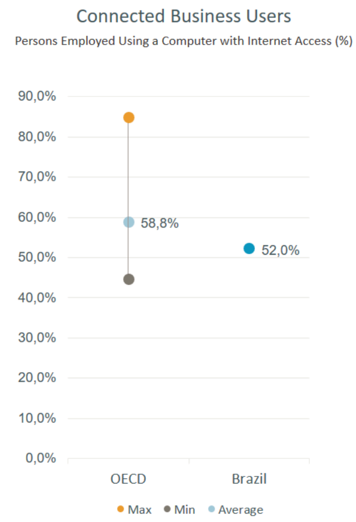


Sources: World Bank, OECD, TOTVS

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

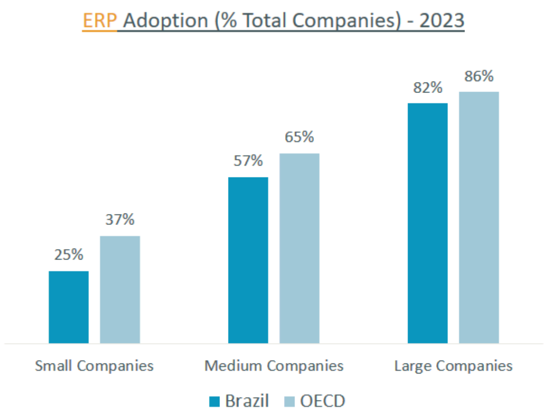


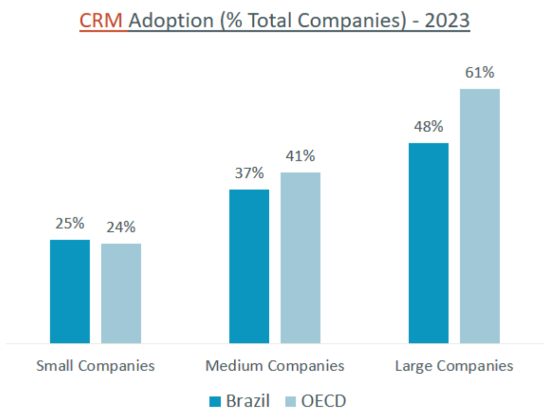


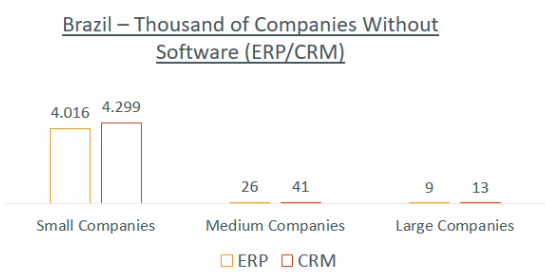


Sources: Hootsuite 2022, OECD 2023

The Company believes that there are 3 key drivers of growth in the *software* market in Brazil. The **first driver** is low market penetration. Statistics from the Regional Center for Studies for the Development of the Information Society (CETIC) and the OECD on the level of use of ERP and CRM in Brazil and worldwide show that the Brazilian market has, in general, less penetration than countries of the OECD. Penetration data in Brazil combined with IBGE data indicate an estimate of the volume of companies (over 4 million) that do not yet adopt software (ERP/CRM) in their operations.

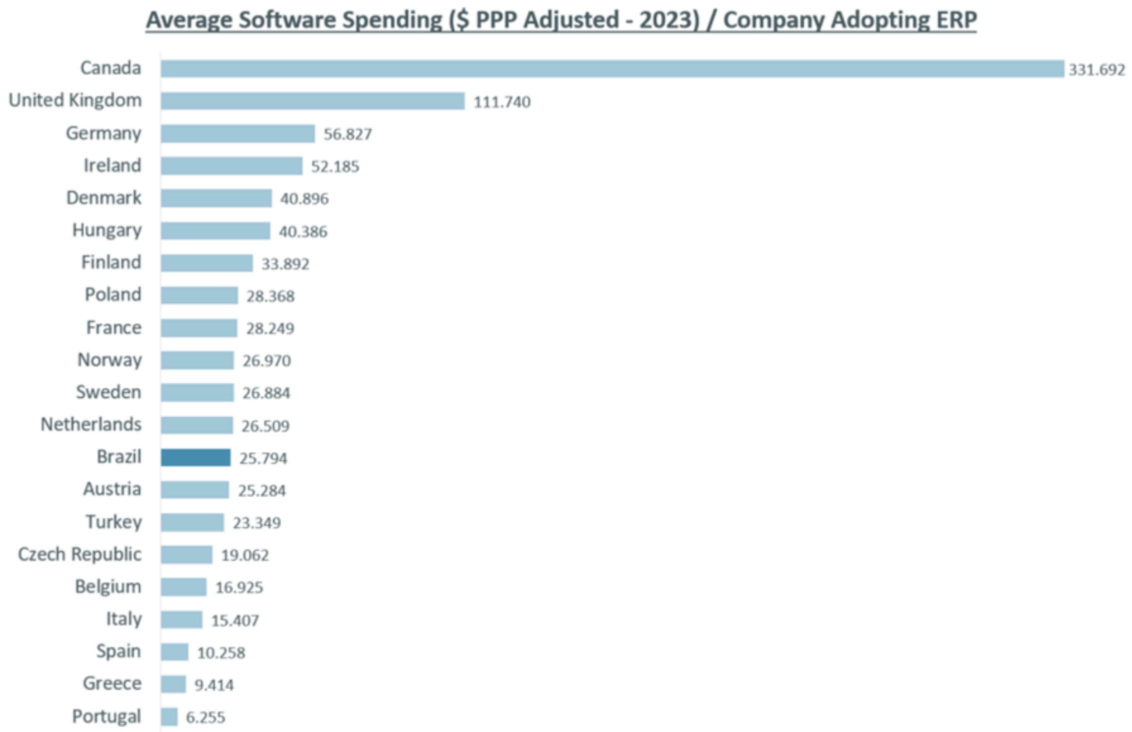






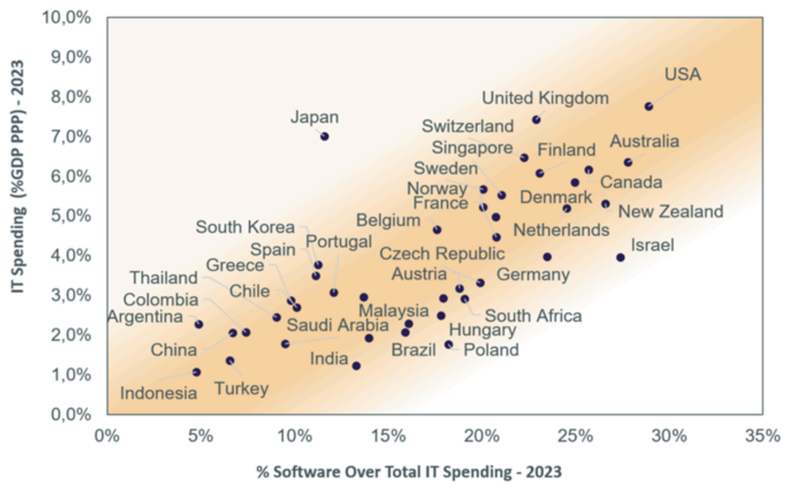
Sources: CETIC (TIC Empresas 2021), OECD statistics 2023, IBGE 2021

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



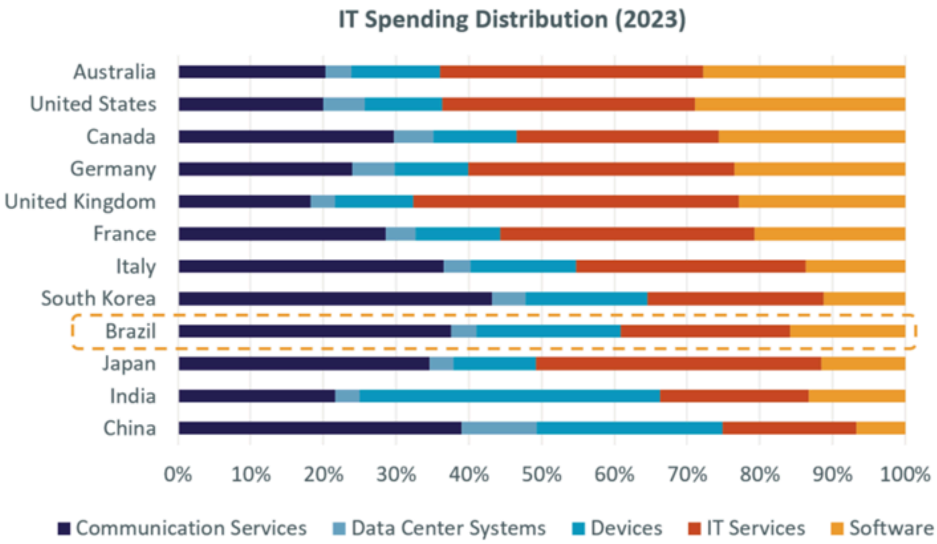
Sources: World Bank, OECD statistics, reviews from TOTVS

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



Sources: World Bank, reviews by TOTVS

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



Sources: Gartner, 2023

Techfin market in Brazil

The Brazilian corporate credit market, despite still being a market highly concentrated in the major banks (Caixa Econômica Federal, Banco do Brasil, Itaú Unibanco, Santander and Bradesco), which currently account for 61% of the entire portfolio of companies in 2023, have been observing a significant drop in this concentration year after year.

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

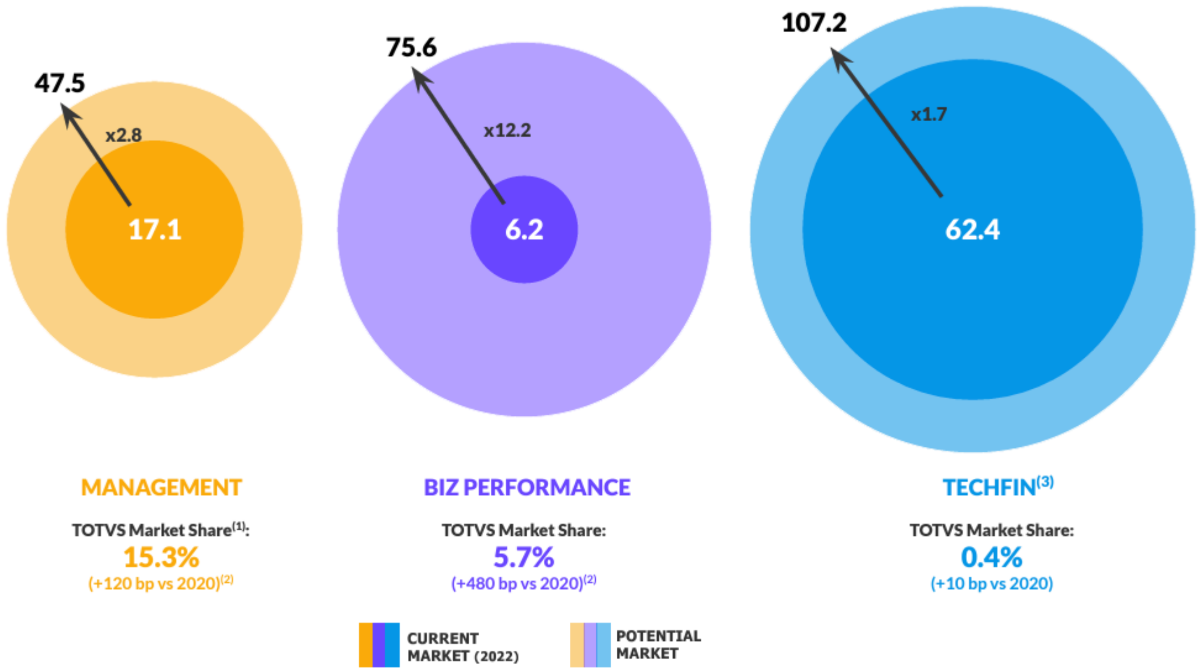
This outlook creates an opportunity for the Company to operate in the Techfin segment, without forgetting our technology DNA as a software company. The Company positions itself as Techfin rather than FinTech, to offer solutions to simplify, increase access, and lower the cost of financial products, including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

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

Total Addressable Market - Potential 3D Ecosystem

The Company estimates that there is an addressable software market potential for the Company in Brazil of approximately R$230.3 billion in 2023, divided into: (1) R$47.5 billion in the Management market; (2) R$75.6 billion from the Business Performance market, both when Brazilian companies reach an IT maturity level observed in OECD countries. That potential can be exploited in different ways, whether through upselling, cross-selling, or operating within a non-penetrated market.

In the Techfin segment, the Company estimates that there is an addressable market potential of R$107.2 billion, when all companies in Brazil take out credit according to the average onerous level of debts of those that already do so today. This potential can be exploited through our strategy of becoming a single credit and payments platform for our small- and medium-sized clients.



Source: IDC and reviews by TOTVS

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

Our Strengths and Competitive Advantages

Leadership position and brand

We are a leading Brazilian multinational company in the ERP market in Brazil with a 55% market share, according to Gartner's “Market Share: All Software Markets, Worldwide, 2023” study. We estimate that our clients' aggregate revenue represents approximately R$2.7 trillion.

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

TOTVS has emerged as a prominent player in the ESG agenda, earning recognition from the market for its commendable actions on this front.

In 2023, we can highlight some market awards won that show the strong competitiveness of the TOTVS brand, such as:

Awards and Recognition:

- **Exame magazine's Best ESG:** highlight of the technology industry sector for 2 years in a row: 2022 and 2023;
- **Institutional Investor Research:** TOTVS was elected the best Company in the technology, media, and telecommunications (TMT) industry sector in Latin America, being recognized as the Best ESG in the general ranking and in 2021, 2022 and 2023 in the midcap category;
- **Seal of Human Rights and Diversity (initiative of the City Hall of Sao Paulo):** recognition of 3 initiatives, namely: Talent Bank #ELASNATOTVS (women category); Speed to Hero Program for People with Disabilities (People with Disabilities category); Social investment in IOS (youth category);
- **Spanish ranking, Corporate Reputation Monitor (Merco):** TOTVS was listed in the group of the 100 companies with the best reputation in Brazil;
- **ANEFAC - Transparency Trophy:** for the 3rd year in a row, TOTVS is among the companies with a net revenue of up to R$5 billion;
- **Infomoney magazine's Best Stock Exchange Award:** TOTVS featured in the tech sector in 2021;
- **Pro-Ethics Company Seal** *("Selo Empresa Pró-Ética")*: TOTVS has been granted the highly regarded "2022-2023 Pro-Ethics Company" seal by the Office of the Comptroller General of the Union (CGU). This seal is awarded to private companies that have proven their dedication to preventing, detecting, and addressing acts of corruption, fraud, and bribery, meeting the highest standards in the industry.

National and Global Indicators and Ratings

- **Novo Mercado (B3):** TOTVS has been part of the Highest Level of Corporate Governance at B3 - Novo Mercado (since 2006);
- **IGPTW (B3):** TOTVS has been part of B3's GPTW portfolio since 2022, an index that brings together companies certified by Great Place to Work and that have the best practices for a healthy work environment;
- **IBRx-50 (B3):** since 2021, TOTVS has been among the 50 assets with the highest tradability and representativeness in the Brazilian stock market;
- **MSCI (global):** TOTVS' grade has evolved from A to AA in May 2023, placing the company in the exclusive group of global companies with an A rating;
- **ISS (global):** TOTVS scored a remarkable 1 out of 9, showing exceptional performance, as 1 represents the highest score and 9 the lowest;
- **CDP (global):** TOTVS had an Upgrade in 2023 and is currently rated as C (awareness);
- **Fitch (global):** Upgrade of TOTVS' rating by the Fitch risk agency from "AA(bra)" to "AA+(bra), with a stable outlook in 2022. In 2024, the rating was kept with the revision of the outlook to positive;
- **IDIVERSA (B3):** TOTVS joined the IDIVERSA index portfolio, created by B3 in 2023.

<u>TOTVS' recommendation for ESG investment portfolios:</u>

- TOTVS is highly recommended by BTG, Itaú, Santander, and XP as a top technology choice for their ESG portfolios (Ranked as the best company in the technology sector in 2021).

Distribution platform

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

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

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

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

(ii) In the segment of small and medium business (10 to 500 employees), we have 6 own units and 38 franchised territories. We believe that this capillarity of the sales force provides us with unique knowledge of our clients' needs, besides optimized business and implementation costs. Our franchisees act exclusively and are remunerated not only for the sales made but also for the Net Revenues from Recurring Software, which we believe motivates these franchisees to maintain a high degree of alignment with our interests, in particular the maintenance of the long-term relationship with our clients and customers.

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

In the Business Performance segment, distribution is made mainly by the vast ecosystem of partner marketing agencies that disseminate and recommend our solutions. In addition, products of this dimension have more intense characteristics of PLG (Product-Led Growth), through which sales to customers of the base (upsell) are recommended to the sales team by the product itself through the customer's intensity of use. In conclusion, we also focus on cross-selling with clients and customers in the Management segment through specialized teams that are fully integrated with current sales teams.

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

Broad, diverse, and flexible portfolio

Our portfolio encompasses a complete horizontal offering, with these solutions: (i) Management, including ERP, HR, Verticals, and Innovation Platforms; (ii) Techfin, including credit financial services, cash management, and means of payment; and (iii) Business Performance, comprising data intelligence, digital commerce, conversational commerce, digital marketing, and CRM. We believe that our solutions are broad, diverse, and flexible, dealing with and meeting the needs of all our clients/customers in the most diverse verticals of 12 industry segments (agribusiness, construction and projects, distribution, educational, financial services, hospitality and tourism, legal, logistics, manufacturing, healthcare, service providers, and retail).

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

Business model with a history of growth and profitability

Our business model in Management dimension comprises offering and developing, with constant innovation, reliable and efficient ERP systems for the secure processing of corporate information, constituting a very relevant tool for our clients in managing their business, in which we believe we have deep expertise. In addition, our Business Performance offerings extend and reinforce Management offerings with solutions that enable our clients to grow their sales, be more competitive, and have better revenue performance, while our ERP-integrated and data-driven solutions of the Techfin dimension enable access to broader, accessible, and simplified financial services.

This business model has a customer-focused approach, broad product portfolio and finance service, an after-sales team that includes specialists with expertise in promoting cross-sell and upsell sales, as well as centralized implementation and maintenance teams. We provide our clients with more simplicity and ease in contracting and using our solutions through various business modalities, which adapt to the client's reality according to their stage of maturity. By doing this, we can support our clients' evolution in digitalizing their business, establishing ourselves as a “Trusted Advisor'' to enable their growth, leverage their operations, and make their businesses more profitable.

Such business flexibility allows us to grow together with our clients, fostering long-term relationships. At the end of 2023, we reached the mark of R$4.8 billion in Annual Recurring Revenue[1] (ARR), which is 19% higher than 2022, and with a credit production that exceeded R$10.6 billion in 2023. We believe that these factors, added to a model that combines the resilience and predictability of recurring revenue with the take rate and market growth capture of transactional revenue, enable the maintenance of revenue growth and a profitable operation.

Acceleration by Acquisition

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

1. Strengthening and defending the core business: strengthening and defending our Management business by integrating horizontal solutions and expanding our client base that leverage our ability to cross-sell;
2. Deepening performance in segments - deepening our performance seeking leadership in business segments;
3. New markets - increasing our potentially accessible market (Techfin and Business Performance).

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

History of Acquisitions (M&A)

We believe that the Company has solid capacity and track record in identifying, prospecting, negotiation and integration after dozens of acquisitions that, over more than 20 years, which have generated value for the Company, being a powerful lever for the execution of our core business strengthening strategy and expansion into new markets, in addition to creating significant synergies.

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[1] Annualized Recurring Revenue (ARR) corresponds to the annualized net revenue from the sum of contracts in force in the period, disregarding the effects of temporary grace periods.

Since 2005, we have directly acquired more than 40 companies that have strengthened from our core dimension (Management) to the entry into new operating dimensions (Techfin e Business Performance). Our executives have experience both in the acquisition process and in the integration of new companies, which leverages the potential of synergies to be extracted, with a focus on increasing cross and up-selling, reducing churn, increasing services and solutions offered, cost reduction, with an improved governance and sales expansion with the use of the TOTVS brand. Significant examples of our ability to integrate are the acquisitions of RM, Datasul, Consinco, etc, which were transformational for the Company because of their size at the time of acquisition.

We also had acquisitions that expanded our markets, such as Supplier and RD Station, which represented a definitive step for TOTVS to establish the dimensions of Techfin and Business Performance respectively and fundamental in building a 3-dimensional ecosystem of B2B technologies, which aims to increase the addressable market, the take rate and also customer loyalty. Another relevant example is the creation of the JV involving TOTVS Techfin and Banco Itáu, whose strategic rationale is the unprecedented combination of efforts between the largest technology company and the largest financial conglomerate in the country, aimed at expanding, simplifying and democratizing access to a wide range of financial products in the B2B market. This combination of efforts should benefit small and medium-sized companies and the entire production chain in the country, by combining TOTVS' expertise in management systems (environments in which companies manage their transactional information) with Itaú's financial expertise, which has large-scale funding capacity and competitive conditions.

And, of course, the creation of Dimensa (formerly TOTVS Financial Services - TFS), a company that now has two of the main players in the Financial Services segment, TOTVS and B3, in its governance structure, starting a new stage, with renewed management, total autonomy and focus on the effervescent segment of B2B technologies for the financial and fintech market, seeking to expand investments in innovation and increase the portfolio of solutions and customers, through organic developments, partnerships and acquisitions, with the objective of being the main B2B technology option for the financial sector.

The Company's main mergers, acquisitions and disposals operations that occurred throughout its history are listed below, in chronological order.

DATE	COMPANY	SUBJECT
Nov. 30, 2023	Ahgora	SOLUÇÕES EM SOFTWARE E SERVIÇOS TTS LTDA. entered into, on October 30, 2023, a purchase and sale agreement for the acquisition of all the shares of AHGORA HCM S.A. (“HCM”) and also the shares of WEBTRAINING LTDA. (“Webtraining” and, together with HCM, “Ahgora”)
Oct. 31, 2023	IP	SOFTWARE SOLUTIONS AND SERVICES TTS LTDA. entered into, on October 31, 2023, the Share Purchase and Sale Agreement and Other Covenants for the acquisition of the entire share capital of the IP SÃO PAULO SISTEMAS DE GESTÃO EMPRESARIAL LTDA franchise. (“IP”).
July 3, 2023	TRS	SOFTWARE SOLUTIONS AND SERVICES TTS LTDA. (“TTS”) entered into, on July 3, 2023, the Share Purchase and Sale Agreement and Other Covenants (“Agreement”) for the acquisition of the entire share capital of TRS GESTÃO E TECNOLOGIA S.A. (“TRS”).
June 5, 2023	Exact Sales	On June 5, 2023, RD Gestão e Sistemas S.A. ("RD Station") entered into a Share Purchase Agreement and Other Covenants ("Agreement") for the acquisition of the entire share capital of Exact Desenvolvimento e Programação de Software S.A. ("Exact Sales").

May 15, 2023	Lexos	Share Purchase Agreement and Other Covenants for the purchase of shares representing 100% of the share capital of Lexos Soluções em Tecnologia Ltda.
Aug. 31, 2022	FEEDZ	Share Purchase Agreement and Other Covenants for the purchase, in cash, of shares representing 60% of the capital stock of FEEDZ TECNOLOGIA S.A.
Aug. 17, 2022	RBM	On this date, Dimensa S.A. entered into a Share Purchase Agreement and Other Covenants for the purchase of all shares of RBM Web Sistemas Inteligentes Ltda.
Aug 2, 2022	Tallos	On August 1, 2022, RD GESTÃO E SISTEMAS S.A. entered into a Share Purchase Agreement and Other Covenants for the purchase of the entire capital stock of TALLOS TECNOLOGIA INTEGRADA E ASSESSORIA EM NEGÓCIOS S.A.
Apr. 12, 2022	TOTVS TECHFIN	Agreement to establish TOTVS TECHFIN, a Joint Venture with Itaú Unibanco S.A.
Apr. 4, 2022	GESPLAN	Share Purchase Agreement and Other Covenants through which it purchased shares representing 100% of the capital stock of GESPLAN S.A.
Mar. 29, 2022	Vadu	On this date, Dimensa S.A. entered into Share Purchase Agreement and Other Covenants for the purchase of shares representing 100% of the share capital of Vadu Ltda.
Jan. 31, 2022	Mobile2you	On January 31, 2022, Dimensa S.A. entered into a Share Purchase Agreement and Other Covenants for the purchase of shares representing 100% of the share capital of Mobile2you Ltda.
Jan. 10, 2022	InovaMind	Dimensa S.A., a subsidiary of the Company that has B3 S.A. – Brasil, Bolsa, Balcão as a partner, entered into a Share Purchase Agreement and Other Covenants for the purchase of shares representing 100% of the share capital of InovaMind Tech Ltda.
Jul. 12, 2021	Dimensa	Agreement that has as purpose the subscription, by B3 S.A. – Brasil, Bolsa, Balcão, of minority shareholding representing 37.5% of the total shares of DIMENSA, which is the new corporate name of TFS Soluções em Software S.A.
Mar. 9, 2021	RD Station	Share Purchase Agreement for the purchase of shares representing 92% of the capital stock of RD GESTÃO E SISTEMAS S.A.
Dec. 29, 2020	Tail Target Tecnologia	Share Purchase Agreement and Other Covenants through which it purchased shares representing 100% of the share capital of Tail Target Tecnologia de Informação Ltda.
Apr. 8, 2020	Wealth Systems	Share Purchase Agreement for the purchase of shares representing 100% of the capital stock of WEALTH SYSTEMS INFORMÁTICA LTDA.
Dec. 27, 2019	Consinco	Purchase of shares representing 100% of the capital stock of CONSINCO S.A.
Nov. 6, 2019	Bematech International Corporation	Sale of 100% of the capital stock of the hardware operation developed by Bematech International Corporation in Asia

Oct. 28, 2019	Supplier	Purchase of 88.8% of the capital stock of SUPPLIER PARTICIPAÇÕES S.A.
Oct. 24, 2019	Bematech Hardware	Sale of 100% of the share capital of Bematech Hardware Ltda.
Jul. 31, 2019	Ciashop	Sale of the entire interest held by the Company in the capital stock of CIASHOP S.A., representing 70.47% of the capital stock of CIASHOP
Aug. 1st, 2016	Outsourcing Results	Sale of 100% of the capital stock held of R.O. RESULTADOS EM OUTSORCING S.A.
Sep. 3, 2015	Bematech	Corporate Reorganization Operation between TOTVS S.A. and BEMATECH S.A., resulting in the ownership, by TOTVS, of 100% of the shares issued by Bematech.
May 11, 2015	TOTVS Agro and P2RX	Purchase of 40% of the capital stock of TOTVS SOLUÇÕES EM AGROINDÚSTRIA S.A. (formerly known as PRX Soluções em Gestão Agroindustrial Ltda.) and of 40% of the capital stock of P2RX SOLUÇÕES EM SOFTWARE S.A., now holding 100% of the capital stock of these companies.
Feb. 11, 2015	Neolog	Purchase of 60% of the capital stock of NEOLOG CONSULTORIA E SISTEMAS S.A.
May 21, 2014	Virtual Age	Purchase of 100% of the share capital of VIRTUAL AGE SOLUÇÕES EM TECNOLOGIA LTDA.
Dec. 2, 2013	Ciashop	Purchase of 68.5% of the capital stock of CIASHOP SOLUÇÕES PARA COMÉRCIO ELETRÔNICO S.A.
Nov. 25, 2013	Seventeen	Purchase of 100% of the share capital of SEVENTEEN TECNOLOGIA DA INFORMAÇÃO EM INFORMÁTICA LTDA.
Jul. 16, 2013	RMS and Webstrategie	Purchase of 100% of the capital stock of RMS SOFTWARE S.A. and WEBSTRATEGIE SOFTWARE LTDA.
Apr. 19, 2013	PRX and P2RX	Purchase of a majority stake of 60% of the share capital of both PRX SOLUÇÕES EM GESTÃO AGROINDUSTRIAL LTDA. and P2RX SOLUÇÕES EM SOFTWARE S/S Ltda.
Jan. 24, 2013	PC Sistemas	Purchase of 100% of the capital stock of W&D PARTICIPAÇÕES S.A.
Mar. 31, 2011	Totalbanco	Purchase of 30% of the capital stock of TOTALBANCO CONSULTORIA E SISTEMAS S.A., now holding 100% of this company's capital stock.
Jan. 4, 2011	Gens	Purchase of 100% of the share capital of GENS TECNOLOGIA E INFORMÁTICA LTDA.
Nov. 24, 2010	Mafipa	Purchase of 100% of the share capital of MAFIPA SERVIÇOS DE INFORMÁTICA LTDA.
Aug. 2, 2010	SRC	Purchase of 100% of the share capital of SRC SERVIÇOS EM INFORMÁTICA LTDA.

Jun. 1, 2010	TQTVD	Purchase of 45% of the share capital of TQTVD SOFTWARE LTDA., now holding 100% of this company's share capital.
Apr. 29, 2010	Softeam	Sale of all shares (100%) of SOFT TEAM SISTEMAS DE COMPUTAÇÃO E INFORMÁTICA LTDA.
Jan. 5, 2010	Midbyte	Purchase of 30% of the capital stock of MIDBYTE INFORMÁTICA S.A., now holding 100% of this company's capital stock.
Jan. 5, 2010	M2S and M2I	Purchase of 100% of the share capital of M2I SERVIÇOS DE IMPLANTAÇÃO DE SOFTWARE LTDA. and 100% of the share capital of M2S SERVIÇOS DE SUPORTE LTDA.
Oct. 14, 2009	Hery	Purchase of 100% of the share capital of HERY SOFTWARE LTDA.
Oct. 13, 2009	TotalBanco	Purchase of 70% of the share capital of TOTALBANCO CONSULTORIA E SISTEMAS LTDA.
Sep. 3, 2009	YMF	Purchase of 20% of the capital stock of YMF ARQUITETURA FINANCEIRA DE NEGÓCIOS S.A., now holding 100% of this company's capital stock.
Sep. 9, 2009	Tools	Purchase of 10% of the capital stock of TOOLS ARQUITETURA FINANCEIRA DE NEGÓCIOS S.A., now holding 100% of this company's capital stock.
Jun. 6, 2009	Results from Outsourcing	Purchase of 40% of the capital stock of R.O. RESULTADOS EM OUTSOURCING S.A., now holding 100% of this company's capital stock.
Aug. 19, 2008	Datasul	Corporate restructuring operation between TOTVS S.A. and DATASUL S.A., resulting in the ownership, by TOTVS, of 100% of the shares issued by Datasul.
Jul. 1, 2008	Setware	Purchase of 100% of the share capital of SETWARE INFORMÁTICA LTDA.
Dec. 10, 2007	BCS	Purchase of 100% of the share capital of the companies BCS COMÉRCIO E SERVIÇOS DE INFORMÁTICA LTDA., BCS ENGENHEIROS ASSOCIADOS LTDA., BCSFLEX COMÉRCIO E SERVIÇOS DE INFORMÁTICA LTDA., and HBA INFORMÁTICA LTDA.
Nov. 29, 2007	IOSSTS	Purchase of 100% of the share capital of INTELIGÊNCIA ORGANIZACIONAL, SERVIÇOS, SISTEMAS E TECNOLOGIA EM SOFTWARE LTDA.
Nov. 29, 2007	Midbyte	Purchase of 70% of the capital stock of MIDBYTE INFORMÁTICA S.A.
Nov. 29, 2007	TQTVD	Purchase of 70% of the share capital of TQTVD SOFTWARE LTDA.
Apr. 12, 2006	RM Sistemas	Purchase of 100% of the capital stock of RM SISTEMAS S.A.
Feb. 16, 2005	Logocenter	Purchase of 100% of the capital stock of LOGOCENTER S.A.
Feb. 16, 2005	Sipros	Purchase of 100% of the share capital of SIPROS Mexico

Note: The dates mentioned above refer to the signing of definitive contracts and disclosure of transactions prior to the Closing of transactions (when applicable).

Commitment to the ESG agenda

Environmental

Regarding pillar E, we developed our second carbon footprint inventory based on the GHG Brazil Protocol, expanding scopes to 1, 2 and 3; an initiative in line with the Global Compact and SDG 13 on Climate Change. We also highlight the achievement of a score upgrade on the Carbon Disclosure Project (CDP), which went from C- to C in this period, as well as the fact TOTVS was admitted to the Carbon Efficient Index of B3 (ICO2).

Social

As for pillar S, we continue to strengthen our efforts in the education agenda, contributing to the training and employability of young people in situations of social vulnerability through the Institute of Social Opportunity (IOS) and the Start Tech Program. 2 We approved our Diversity and Inclusion Policy with key directions for this subject, and launched the Talent Bank known as #ELASNATOTVS (Gender) and # INCLUSAONATOTVS (PwD), opening doors and creating opportunities for inclusion in the technology market.

Governance

Regarding pillar G, we implemented an independent ESG assurance process that encompasses our GRI indicators and the global guidelines of the Integrated Report; we made progress in our exercise to review risk factors, covering ESG analysis and criteria; and MSCI raised our score from "A" to "AA", positioning our Company in a select group of distinguished global companies in the software sector, which reflects our efforts to strengthen our ESG conduct. We have earned the Pro-Ethics ("*Pro-Ética*”) Seal that reflects our commitment to ethics and transparency.

1.3 - Information on operating segments

(a) products and services sold

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

Therefore, in the fiscal year ended December 31, 2023, the Company presented its financial and operational results segregated into 3 operating segments (called dimensions). Below, we have a brief description of each of them:

- **Management**: operational segment which is the basis that enables the other dimensions of our 3D ecosystem, because it is the dimension where data and integrations are generated through a portfolio of solutions focused on the efficiency of our clients' back and middle office operations. This portfolio operates through ERP/ HR solutions and vertical solutions specialized in 12 industry segments, and also solutions aimed at serving micro and small businesses.
- **Business Performance**: is the segment that aims to leverage the results, performance and relationship of our clients' different business areas. It consolidates the digital marketing platform, and sales support solutions, comprising the E-commerce suite and conversational commerce. The acquisition of RD Station solidified the emergence of the Business Performance segment and marked a definitive milestone in the development of a B2B technology ecosystem that extends beyond ERP. This strategy aims to expand the addressable market, enhance the take rate, and ultimately increase client/customer loyalty through advancing value chains. This will drive a digitalization process that aims to exponentially optimize the company's operations.
- **Techfin**: this is the dimension that seeks to simplify, expand, and democratize TOTVS' SMB clients' access to B2B financial services through credit solutions, comprising Supplier's operations [like the services known as Antecipa, Working Capital, Payroll loan ("*Consignado*"), More Business ("*Mais Negócios*"), Extended Deadline ("*Mais Prazo*"), Financial Panel ("*Painel Financeiro*"), and EduConnect Pay] and Techfin's, everything integrated under TOTVS Techfin.

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

The commitment to create a Joint Venture (JV) with Itaú meets the criteria for assets held for sale in compliance with CPC-31/IFRS-5; accordingly, the reviewed financial information ("GAAP") presents the consolidated result of the Techfin operations on the line "Net Profit (Loss) of the Techfin Dimension". Aiming to preserve the analysis of revenues and EBITDA margins of the 3 operating segments (dimensions), we maintained the previous presentation standard, which we called the "Non-GAAP" standard, that is, without reclassifying Techfin's revenue, cost and expense lines to the "Techfin Dimension Net Income (Loss)" line. In addition, the use of the concept of Net Funding Revenue in the Techfin dimension at 50% was maintained, including in the consolidation of the Company's Net Revenue (Non-GAAP). In the fiscal years of December 31, 2022 and 2023 such operating segments (dimensions) had the following share in the consolidated net revenue:

Stated in thousands of Real/BRL	Fiscal year ended on December 31,		
	2023	AV (%)	2022
Management	4,074,224	87.9%	3,492,143
Business Performance	422,804	9.1%	300,789
Techfin at 50% Net of Funding	136,427	2.9%	123,568
C Net Revenue	**4,633,455**	**100%**	**3,916,500**

[(1)] Incorporates the concept of Techfin Revenue at 50%, Net of Funding Costs in the consolidation of the Company's revenues.

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

To assess the performance of each business segment (dimension), the Company uses the non-accounting metric of Adjusted EBITDA margin that comprise Gross Profit discounted from operating expenses, that is, Research and Development expenses, Provision for Expected Credit Losses, adjusted sales and marketing expenses (net of extraordinary adjustments), and administrative and Other adjusted general expenses (net of extraordinary adjustments).

The commitment to create a Joint Venture (JV) with Itaú meets the criteria for assets held for sale in compliance with CPCIFRS-5; accordingly, the reviewed financial information ("GAAP") presents the consolidated result of the Techfin operations on the line "Net Profit (Loss) of the Techfin Dimension". Aiming to preserve the analysis of revenues and EBITDA margins of the 3 operating segments (dimensions), we maintained the previous presentation standard, which we called the "Non-GAAP" standard, that is, without reclassifying Techfin's revenue, cost and expense lines to the "Techfin Dimension Net Income (Loss)" line. In addition, the use of the concept of Net Funding Revenue in the Techfin dimension at 50% was maintained, including in the consolidation of the Company's Net Revenue (Non-GAAP), basis for accounting for EBITDA margins.

In the fiscal year ended December 31, 2023, these operating segments (dimensions) had the following representation of the EBITDA margin:

Fiscal year ended on December 31, In thousands of BRL	2023
Management dimension	
Total Net Revenue	4,074,224
Adjusted Operating Costs[1]	(1,147,600)
Adjusted Gross Profit	2,926,624
Adjusted Operating Expenses[1]	(1,866,850)
Adjusted EBITDA[1]	1,059,774
% Adjusted EBITDA	26.0%
Business Performance Dimension	
Total Net Revenue	422,804
Operational costs	(98,292)
Gross profit	324,512
Adjusted Operating Expenses[1]	(308,050)
Adjusted EBITDA[1]	16,462
% Adjusted EBITDA[1]	*3.9%*
Techfin Dimension	
Net Revenue at 50%[2]	136,427
Operational costs	(17,503)
Gross profit	118,924
Operational expenses	(105,245)
EBITDA	13,679
% EBITDA	*10.0%*
Consolidated	

Consolidated Net Revenue (Non-GAAP)	4,633,455
Gross profit	3,370,060
Adjusted Operating Expenses[(1)]	(2,280,145)
Adjusted EBITDA[(1)]	1,089,915
% Adjusted EBITDA[(1)]	*23.5%*

[(1)] Adjusted excluding extraordinary impacts.
[(2)] It integrates the concept of Techfin revenue at 50%, net of funding cost in the consolidation of the Company's revenues.

Stated in thousands of Real/BRL	Fiscal year ended on December 31,		
	2023	AV (%)	2022
Management	1,059,774	97.2%	897,253
Business Performance	16,462	1.5%	12,305
Techfin	13,679	1.3%	25,221
EBITDA	1,089,915	100%	934,779

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

(a) characteristics of the production process

Products offered by the Company

1. MANAGEMENT PORTFOLIO

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

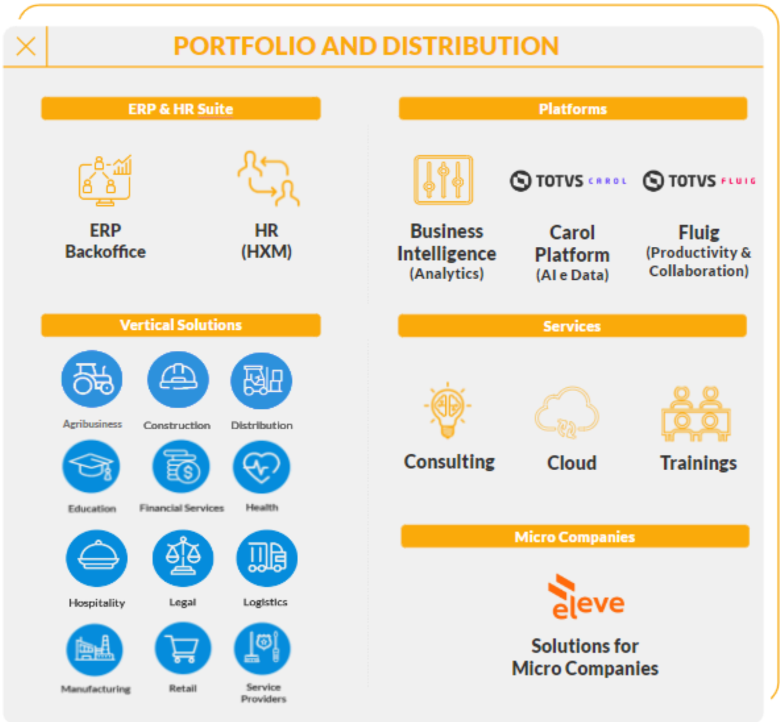


Image: Management Portfolio

1.1 ERP solutions

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

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

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

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

The maturity schedule of bonds undergoes constant changes, often driven by adverse natural events or other issues defined as public calamity. In this sense, we have a website called Espaço Legislação that supports our clients with information and has, among others, a calendar service where we keep the information updated with all dates and expirations to assist our clients in their operations.

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

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

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

1.2 - Verticalized Solutions

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

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

Integrated with back-office systems, *the* structuring of verticalized software in each sector responds to the challenges of the client's core business and aims to consolidate solutions and business processes by sector in which the economy operates, optimizing development, updating and innovation of the solutions. This allows the solutions offered by the Company to meet the basic needs of companies, related to routine back-office operations, such as accounts payable, accounts receivable, tax and human relations processes, to the needs related to the core business of the companies, such as controlling students in a university, controlling inventories in a manufacturing company, or managing works in a construction company.
In this sense, the Company's portfolio is organized into specialized business solutions for the following 12 segments of the economy:

- **AGRIBUSINESS**

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

- **MANUFACTURING**

In the current scenario of digital transformation, our value proposition is to make feasible that manufacturing processes become lighter by simplifying and digitizing processes. We invested in mobility and automation solutions to ensure greater speed and accuracy in shop floor records, increase efficiency, improve productivity, and reduce costs. We have a state-of-the-art advanced production planning solution to support supply chain synchronization and sequencing. We offer a powerful IoT Platform that has been specially designed to create interconnected solutions and collaborative ecosystems. Highly scalable, such a platform has advanced features for data collection, aggregation and visualization, enabling a better understanding of the large amount of data coming from shop floor devices such as sensors, engines, actuators, drives, controllers, etc. We combine an AI application that provides industrial optimization solutions focused on bringing the most advanced concepts of industrial analytics, one of the pillars of industry 4.0. Our solutions serve, among others, especially eight major specialties: Metal-Mechanical and Plastics, Durable Goods, Consumer Goods, Chemistry and Recycling, Extractivism/mining, and Processing, Paper and Pulp, Textiles and Clothing and Capital Goods, enabling an increasingly sustainable manufacturing with technological innovation and development of products combined with environmental preservation.

- **LOGISTICS**

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

- **RETAIL**

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

- **DISTRIBUTION**

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

- **SERVICE PROVIDERS**

The Company provides specialized solutions for the following sub-segments: labor outsourcing, Equipment Rental, Field Service Management (technical assistance), Transportation of passengers on the road charter line, whether it be continuous, occasional, or urban. We aim to contribute so that clients and customers can ensure control of operations by optimizing the allocation of resources and consequently increasing their productivity, generating sustainable value for their customers by offering quality services for the longevity of their relationships, and offering a helping hand qualified work for the provision of its services.

- **CONSTRUCTION & PROJECTS**

The Company offers specific solutions for the Construction and Real Estate Management sub-segments. With our expertise across the entire construction chain, real-estate management for developers, rental and management of business buildings and shopping malls, our solutions are tailored to meet the specific needs of each industry sector. Our value proposition for construction companies is to provide integrated solutions for an efficient management of construction sites, strategic planning, accurate budgeting, strict contract monitoring, and material sourcing. By using our solutions, constructors can operate more efficiently, save time, and enhance their profits. In turn, our value proposition for the sub-segments of real estate development, rental, and management of business buildings, condominiums, and shopping malls is to offer solutions that guarantee an efficient and transparent real estate management, focusing on profitability and customer satisfaction. With our solutions, clients can get a complete view of real estate performance and maximize their financial returns.

- **EDUCATION**

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

- **HOSPITALITY AND TOURISM**

The Company offers specific solutions for the Tourism sector, including hotels, inns, and resorts, with the aim of facilitating hotel management. With our integrated solutions, our clients can easily access operations such as check-in, check-out, booking governance and management, as well as get a broad view of key management indicators such as occupancy rate, average daily rate, REVPAR, and real-time revenue. Besides, our solution in integrated with the major distribution players, which ensures the distribution of bookings across different sales channels, all supported by a complete back-office solution for financial, tax, and accounting processes, allowing a better visibility of hotel management indicators. Our solutions provide a more efficient management, better experience for guests, and greater profits for businesses.

- **LEGAL DEPARTMENT**

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

- **HEALTHCARE**

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

- **FINANCIAL SERVICES**

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

1.3 – Innovation Platform Solutions

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

- **TOTVS Carol Data and Artificial Intelligence Platform:** TOTVS Carol is the Company's data and artificial intelligence platform that facilitates data processing to implement artificial intelligence algorithms. It is the cognitive intelligence of the Company's solutions. It allows us to improve data ownership in organizations and expand the analysis capacity and speed of decision making in a business environment with an increasing volume of information. It also facilitates the implementation of AI products, with a virtual assistant, answering questions and offering business insights. It uses Deep Learning and Machine Learning techniques to promote the transformation of the management of companies and their results, in a simple, assertive way and with robust ranking of business data and information, so that they can take advantage of the opportunities generated by the digital economy based on data, sharing and collaboration. It also has as a strong characteristic its infinite capacity for learning, as its API ("Application Programming Interface") is open, which allows any person or company to teach it new skills and create others application models based on the Carol platform.

- **TOTVS Fluig:** a solution that enhances a company's productivity. It eliminates complexity, integrates processes, offers agility, increases productivity, and reduces costs. Everything on a single platform. Launched in 2013, over 5,000 companies have already chosen TOTVS Fluig to create and implement companies' innovation projects, whatever system it adopts, from legacy to ERP, and the applications of this solution are countless. As for HR, this solution increases collaboration, dissemination of information, and more speed in back-office processes. This solution serves to orchestrate a shared services center, optimizes operational effectiveness and a more digitalized management, which facilitates improved management and surveillance of the business' financial health. As for purchases, it reduces bottlenecks and manual errors, adding more agility and fluidity in communications with suppliers. To enable these projects, companies can create the processes themselves through designers and LOW-CODE resources; the platform also has STORE, which is a virtual store with ready-made solutions for the company to use quickly. As a CROSS solution, TOTVS Fluig has cases in the most diverse segments: Services, Manufacturing, Retail, Logistics, Agribusiness, Construction and Projects, Health, and Education.

- **TOTVS Collab:** a solution to solve the major challenges of collaboration, productivity, and communication between the various areas of a company. With this solution, clients digitalize the management of teams and projects and provide business professionals with more autonomy to manage their routines and optimize management without having to rely on IT support. TOTVS Collab is simple and has an intuitive interface for easy routine. This system has a good scalability, flexible configuration, and runs in the cloud so it doesn't rely on a large technology infrastructure. In addition, it can be contracted on a subscription basis, depending on the number of users. This ensures the best cost-benefit ratio. TOTVS Collab also provides more mobility for business management. Accessible through the web, team and project management can be done from any place and at any hour, with a tablet or mobile phone.

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

- **TOTVS Identity:** a comprehensive Identity Management (IDM) solution that provides a range of features to protect your sensitive data, simplify access to resources, and guarantee adherence to regulatory requirements. Through the implementation of precise permissions for every user or group, it becomes feasible to manage access to systems, data, and functionality. Use multi-factor authentication methods to ensure that only authorized users can gain access to your systems. Consolidate identity and access management into a unified system, reducing complexity and eliminating the need to manage passwords and accesses individually in each application.

- **TOTVS iPaaS:** TOTVS iPaaS is a low code platform, with the aim of facilitating the construction and maintenance of integrations, for user profiles with low technical depth to users with solid experience in development. The product provides simple or complex integration in a secure way, optimizing the use of its technological tools. In practice, this system serves as a bridge of coordination between two or more systems, allowing users to remain oblivious to its integrated presence. Thus, their integrations no longer need to be synonymous with problems and headaches. The result is an integration process with the best cost benefit. With TOTVS iPaaS, clients can control message deliveries between one system and another, and create From:To compatible codes to enable communication between integrated solutions. It also has dynamic dashboards and full tracking features that allow clients to monitor the communication between the systems interconnected by TOTVS iPaaS in real time, allowing users to easily identify any problem. TOTVS iPaaS is contracted on a subscription basis, runs on a cloud platform, and serves all segments such as: Services, Manufacturing, Retail, Logistics, Agribusiness, Construction and Projects, Health, and Education. In addition, the tool has high scalability, and can easily keep up with the growth of your company's operations.

- **TOTVS CRM Platform** has two distinct solutions for business relationship management.

  TOTVS CRM Customer Management is a complete B2B sales management system. This is a robust 100% SAAS solution, with a simple and intuitive interface easy to operate. It has a 360-degree view to manage the relationship of sales teams with their leads and customers, and can be integrated with ERPs and digital tools via APIs or Marketplace within the platform itself. This Platform helps in making strategic decisions and enables a better understanding of the various customers at each point in the sales funnel. TOTVS CRM Customer Management also helps to break down information barriers, integrating analytical data from the commercial and marketing area into a single platform, enhancing synergy between different teams. Moreover, this solution features a range of tools for process automation such as scheduling of the sales and prospecting team, workflows and pipeline management, as well as enabling automation of sales offers with automatic completion through an array of tags, which makes sales management efficient by eliminating mechanical and bureaucratic tasks.

  TOTVS CRM Sales Force Automation – SFA is a robust and flexible sales force automation system, capable of serving from small and medium-sized companies to large companies, allowing integration with a wide range of ERPs. The contracting is by subscription, and the system can be hosted on servers on premises or on a cloud platform. Thanks to its user-friendly interface, it is easy to operate, and the overall experience is excellent. It has flexible rules, which enable the platform to be configured in line with the business regulations and specifics of the operations. It allows the management of the portfolio of customers and sales teams with a 360-degree view; it controls schedules, visit routes, customer service and visits, among other essential processes of every client's business activity. This Platform includes an analytical view of data to monitor sales indicators, issuance of sales orders, billing, among others. Moreover, this solution has a module devoted to the agribusiness sector, which facilitates the preparation, tracking, and examination of crop results, expediting analyses and decision-making.

- **Data Intelligence:** Solutions that aim to optimize companies' results in digital marketing and Data Intelligence, with solutions such as CDP (Customer Data Platform) for managing consumer data, DMP (Data Management Platform) for activating audiences in digital media, and CMP (Consent Management Platform) to get consent to collect cookies on the companies' websites. Besides ready-made solutions that use these software for specific markets such as Tail Shoppers for the Consumer Goods and Retail market.

1.4 - Solutions for Micro and Small Businesses

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

- **Eleve Sales:** full Point of Sale (POS) for clients and compliant with tax laws. It can be used in various types of devices: tablets, smart machines (smartpos), or cell phones. It works as a cash front system directly on the device screen, making it possible to control inventory and sales on a daily basis and receive payments from major cards and flags accepted in the market. It serves the general retail public.

- **Eleve Management:** Financial Management aimed at service providers and resellers whose system allows full financial control, issuing of invoices, and monitoring service orders, with a powerful feature of accounts payable, receivable, everything available in the cloud, with direct access by cell phones and/or tablets. It allows the monitoring and control of cash flow with ease, in addition to control of purchases and inventory management. This solution allows cash flow control taking into account purchase and sales orders, control of service orders, with allocation of resources and products, control of inputs and outputs by cost center and result center, and control of expenses and income per financial category.

- **Eleve Healthcare:** a solution aimed at health clinics and offices, with a system that allows full control of the physician's schedule, electronic patient medical records, and financial management of the clinic. This solution can be used in any device.

1.5 - Service Provision Portfolio

- **Software implementation and customization:** The Company's implementation team implements only the solutions that are marketed by the company through the TOTVS implementation methodology, which provides the guidelines, methods, standards and steps to be followed from the beginning of the services to the quality controls after its implementation. The Company's own units and franchises follow the implementation methodology in all locations, using the same task execution techniques and the same tools to perform the tasks related to the implementation of TOTVS' software solutions.
- **Cloud Computing**: a TOTVS platform that offers a complete portfolio of cloud services, such as: infrastructure, monitoring services, backup, database and security, as well as management of TOTVS' various software. This product is available in the PaaS or SaaS model for TOTVS and IaaS software for third-party software, and is made available through T-Cloud, a platform aimed at innovating to integrate and extend cloud-based TOTVS' applications, through which companies get more security, simplicity, and autonomy to manage their resources and manage their TOTVS product on the cloud.
- **TOTVS Business University:** educational solutions developed in different modalities, with recorded (e-learning) or live classes, which offer environments for the practice of exercises, content, and infrastructure for professional training in TOTVS' products. They are intended for companies, organizations, and/or individuals who need or wish to leverage knowledge and/or certification in TOTVS' content in a centralized or geographically dispersed manner.
- **Consulting:** TOTVS Consulting is a strategic consulting team in business management and information technology aimed at helping organizations solve problems, create value, maximize growth, and improve business performance. It operates throughout the entire Brazilian and international territory, from bases in the capital cities of Sao Paulo, Rio de Janeiro, and Belo Horizonte on the following pillars: Compliance, Sustainability/ESG, People, Business, Supply Chain, and Technology Consulting.

2. TECHFIN PORTFOLIO

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

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

Credit

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

Payments

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

Services

- **TOTVS Financial Panel:** a Platform created to help the financial area to have a complete view of cash flow, accounts payable, accounts receivable and performance indicators in real time; in addition to reviewing custom periods and anticipating trends.

3. BUSINESS PERFORMANCE PORTFOLIO

Through our Business Performance dimension we provide a comprehensive portfolio of solutions aimed at boosting sales, competitiveness, and client performance through Digital Marketing, Sales/Digital Commerce, and CX | Customer Experience solutions.

- **Digital Commerce:** Integrated solutions service focused on sales, with the options of (i) a full commerce platform, enabling clients to create and customize a virtual store, sell in several places, such as on the web, on mobile devices, on social media, and in physical stores, besides managing products, inventories, payments, and shipping; and (ii) marketplaces integrator: product and order management in one place.

- **Marketing and Sales Automation:** RD Station Marketing is an automation tool that brings together all the necessary resources for a Digital Marketing operation. With it, it is possible to run campaigns, create ads, nurture leads, identify opportunities for the sales area, analyze indicators accurately, and achieve improved Digital Marketing results. RD Station CRM is a tool to organize and automate your team's business processes. With it, you organize and automate consultative sales processes. It focuses on the right opportunities and increases the productivity of the sales team.

- **Conversational:** RD Station's "*Conversas*" (Conversations) is a tool that integrates different channels into a unified platform and combines human service and chatbot so that sales teams can increase their indicators with a more efficient digital service. With this tool, the company streamlines its service, improves its conversion of Leads through WhatsApp and other channels, organizes its business process, and easily monitors its performance indicators.

<u>Research and Development</u>

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

The main goals of the Technology and Development areas are:

- ➢ Improving the technical foundation of its software, allowing greater efficiency in the development of solutions;
- ➢ Adopting new technologies and assessing their impact;
- ➢ Implementing technological alternatives that keep the operation of its products protected and safeguarded;
- ➢ Constantly improving concepts, functionality and usability of software products;
- ➢ Development of special products for clients/customers;
- ➢ Constantly searching for new development methodologies, seeking agility and quality in software;
- ➢ Integrating third-party tools; and
- ➢ Constantly assessing new organizational models and their applicability.

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

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

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

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

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

iDEXO - This is TOTVS' hub for open innovation and connection with startups. It maps, enables, and monitors the actions and relationships established between the Company and startups. It contributes to an environment of exchanges, networking, and business between startups and TOTVS' ecosystem. It has a community composed of more than 80 startups that serve the segments of the economy in which TOTVS is present and that are complementary to the dimensions of Management, Business Performance, and Techfin. Thus, iDEXO expands TOTVS' portfolio of offerings and brings the Company and its clients closer to the startup ecosystem and innovative solutions that streamline daily business operations. TOTVS, along with iDEXO, has been recognized as one of the TOP 50 Open Corps for the 4th consecutive year, out of over 5,300 companies engaged in open innovation in Brazil. TOTVS also has CV iDEXO, the Company's Corporate Venture Capital fund that is managed by Citrino Ventures, and aims to invest in startups with high growth potential and innovation capacity through acquisitions of minority interests.

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

Agile Development

Connected to the major global trends in software development, the Company constantly uses and enhances agile processes and tools, using the agile software development process across all segments of the Company through the software development teams (Innovation, Maintenance, and Testing) of the Company's products.

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

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

Over the years, the Company has solidified its leadership position in the ERP software market in the medium and small business segments. Investments in research and development in the Management and Business Performance dimensions, which amounted R$2 billion in the last 3 years until the period ended December 31, 2023, as shown in the table below, were essential for the Company to stand out from the competition, by bringing innovative solutions, in proprietary technology, and provide added services.

(in thousands of BRL, except %)	Fiscal years ended December 31,		
	2023	**2022**	**2021**
Net revenue from software	4,497,028	3,792,932	2,977,312
Research and development expenses	(797,292)	(678,473)	(524,079)
% of Net revenue from software	17.7%	17.9%	17.6%

Numbers corresponding to the sum of the Management and Business Performance dimensions

Components used to prepare integrated management *software* offers

The integrated management software solutions described in section 1.3 are formed from the integration of components from product lines of different technological platforms that were incorporated into its portfolio.

Technological platforms used

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

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

Currently, the Company meets the various infrastructure requirements for applications, both in the “on premises” model, and cloud platform.

TOTVS Platform is divided into Management Platform, where our main Management software is currently located; and TOTVS Apps Platform, where our Cloud Native software can be found. The Company uses several programming languages, architectures, development patterns, and tools to develop its solutions.

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

TOTVS Apps is an ecosystem designed to maintain TOTVS' cloud-native applications, through the delivery of essential and valuable services, with security and scalability, through a software platform.

The platform operates on four main fronts:

1. Architectures: Use and promote cloud native and devops architecture concepts and define application characteristics to bring speed to the business.

2. Conventions: Convene practices and define standards for development, observability, persistence, integration, security, computing, deployment, publishing, and environments.

3. Operation: Define responsibilities, cost sharing models, support, processes and operational information reports and dashboards.

4. Services: Organize and converge software services that provide support and infrastructure for business products.

The TOTVS Apps platform uses a wide variety of technologies, including container orchestrators, CI/CD tools, cloud provider services, various programming languages, etc., always prioritizing lock-in with protocols and technologies rather than specific vendor products.

For more information related to the risks inherent to the Company's activity and its operating segments, see item

4.1. “Risk Factors” of this Reference Form.

(b) characteristics of the distribution process

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

1. Management Distribution

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

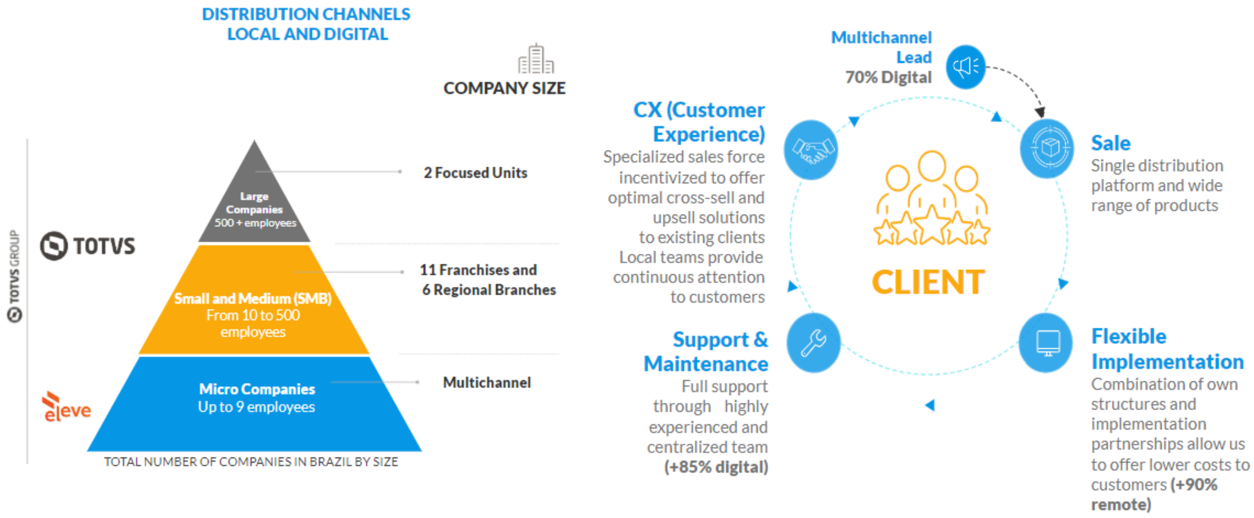


Image: Management Distribution

1.1 Strategy for Large-sized Clients

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

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

1.2 Strategy for Small- and Medium-sized Clients

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

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

- **Owned units**: The Company has 6 regional branches (São Paulo, Rio de Janeiro, Recife, Minas Gerais, Rio Grande do Sul and Countryside of São Paulo), 3 focused units (Large Enterprise, and Public Sector and Health) and in the international market it has units in Argentina, Chile, Colombia, United States of America and Mexico.
- **Franchises:** our Company has 38 franchised territories in Brazil serviced by 11 consolidating units that, added to its own units, cover the entire Brazilian territory and meet the specific demands of each company in different regions of the country. The company also has several channels in Latin America.

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

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

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

1.3 Strategy for Micro and Small Businesses

Direct sales or through Resellers: the Company has a multichannel strategy dedicated mainly to software sales to the microenterprise market.

2. Business Performance Distribution

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

In addition, cross-selling with customers in the Management dimension is also an important focus of the Company, through specialized teams, fully integrated with current sales teams (franchises and branches), in digital commerce, CRM, and digital marketing tools.

3. Techfin Distribution

In the Techfin dimension, the JV has specialized sales teams that support the cross-selling of solutions aimed at increasing the attach rate of solutions with TOTVS' clients and customers. To achieve this, the teams are integrated into TOTVS' sales teams (AR) in a mirrored manner across franchises and branches. This synergy between TOTVS' and Techfin's sales teams aims to open an opportunity via AR and build a relationship with the financial persona on the part of Techfin.

Additionally, for Supplier's credit solution called "*Mais Negócios*", it depends on the expertise of Supplier's sales directors to achieve a more targeted sales approach. After being integrated, the credit distribution and contracting strategy is carried out through our clients, which we call partners. In order to increase sales without assuming credit risk, the partner provides its customers with credit limits for white label purchases through Supplier/Techfin, integrated with ERP.

4. Marketing

In 2023, the Marketing department's efforts were focused on positioning innovation, technology, and complete solutions for each of the twelve industry sectors served by TOTVS' portfolio, besides generating opportunities to sell software. During the year, the Marketing area also strengthened and consolidated the communication of the company's business strategy, which is based on a technology ecosystem consisting of 3 dimensions: Management, Techfin, and Business Performance.

- **Universo TOTVS (TOTVS Universe)**

In 2023, we had another edition of the TOTVS Universe, the company's major annual event, which took place on June 28 and 29 at Expo Center Norte, in Sao Paulo capital city, and gathered more than 12,000 individuals over the course of two days. There were 240 contents including masterclasses and panels with national and international speakers, such as **Miguel Nicolelis**, neuroscientist; **Pablo Hidalgo**, senior creative executive at Lucasfilm Ltd., **Eduardo Lima**, graphic co-creator of Harry Potter and co-founder of Studio MinaLima; **Sian Proctor**, Ph.D., astronaut, geoscientist, and space artist; as well as a presentation by the **Heliópolis Symphony Orchestra**, which brought unforgettable soundtracks, as well as a chat with conductor **Edilson Ventureli**.

The 2023 TOTVS Universe also featured over 90 segmented tracks led by experts and company executives who presented trends, novelties, and portfolio launches within the three dimensions of TOTVS - Management, Techfin, and Business Performance, besides activities aimed at the tech audience of developers and technology professionals: the **Code-No-Code Space**, led by TOTVS experts who gave practical classes and showed the technologies and applications behind the company's solutions; and **Arena Developers**, where the developer community met for debates and chats about the dev world, with a presentation by André Noel, from the “Programmer's Life” channel.

Two highlights for the 2023 edition:

- For the first time, ticket sales and accreditation at the event were made through a proprietary tool called *TOTVS Ingressos* (TOTVS' Tickets), created internally by TOTVS' Martech team.
- With the 2023 TOTVS Universe, TOTVS was the winner of the regional and national stages of the Aberje 2023 Award, in the Events category. This is the major award for the Brazilian organizational communication sector, which recognizes companies, organizations, media, and professionals that combine creativity, resources, and strategies in organizational communication to generate better results for business and positive impact for society.

- **TOTVS' 2023 Brazil that GETS THINGS DONE Award**

In 2023, we had the 2nd edition of TOTVS' Brazil that GETS THINGS DONE Award, which recognized clients from all over the country and different industry sectors that developed technology projects with TOTVS solutions that positively affected business productivity and profitability, boosting the growth of these companies.

The 13 winning companies were announced and awarded on the stage of the 2023 TOTVS Universe.

- **Data Intelligence for Marketing Study**

In 2023, we launched another study, this time centered around Data Intelligence for Marketing. In partnership with H2R insights and trends, this study aimed to investigate the preparedness of companies in Brazil for integrated management of customer and audience data, while also assessing their level of maturity in using Data Intelligence tools for Marketing.

This study was launched at a press conference during the TOTVS Universe in June, and by the end of 2023 it had over 1,180 downloads and over 20 results in the press mentioning this research.

- **"*Panorama das Carreiras 2030*" (2030 Career Overview) study: what to expect from the professions by the end of this decade**

In 2023, for the second year in a row, we took advantage of the qualified audience of the TOTVS Universe to conduct field research. In partnership with h2r insights and trends, this survey interviewed over 470 people and aimed to map the future of careers, considering the areas of Tech, MKT & Sales, Finance, and HR.

The study was initiated in September and had accumulated more than 1,300 downloads and over 80 mentions in the press by the end of 2023.

5. Alliances and Partnerships

The Company invests heavily in strategic alliances and partnerships with the major and most renowned global companies in the technology industry sector, and also in other segments related to the TOTVS' businesses and markets. The Company's strategy is to expand its ability to develop new markets and offerings through external innovation and connection with other companies, focusing on providing clients with technology and business solutions that improve business results, increasingly strengthening TOTVS' role as a trusted advisor with its clients.

The strategy of forming alliances and strategic partnerships aims to: (i) develop new capabilities for TOTVS to bring more and more innovation and competitiveness to the market; (ii) expand the portfolio of offerings, solutions, and businesses; (iii) speed up the time to market by launching innovative and distinguished offerings quickly; (iv) take advantage of the synergy between the Company's and its partners' solutions and brands; (v) develop joint marketing, dissemination, and business generation actions; (vi) expand the use of the Company's technology to other companies, partners, or clients customers; (vii) expanding into new markets; (viii) increasing the reach and strengthening the relationship with new personas; and (ix) speed up the consolidation and integration of TOTVS' three business dimensions (Management, Techfin, and Business Performance).

The business nature of the Company's strategic alliances are the technology solutions, and are represented especially by global companies such as Microsoft, Progress, and Oracle, among others. In addition to such strategic alliances, the Company also adopts the partnership model as a way of leveraging businesses and reducing the product development cycle and Go to Market acceleration, by setting relationships with companies of various industry sectors, sizes, and nationalities - including startups present in iDEXO (TOTVS' external innovation arm) and/or in TOTVS' CVC.

The key partnerships are companies that: (1) have a business solution that strengthens the Company's value proposition in the market it operates, preferably one that can be integrated with TOTVS solutions; (2) develop business solutions using TOTVS technology by using the ADVPL language and Fluig technology; or (3) are technically integrated with TOTVS software or (4) have a wide reach to TOTVS' target markets.

Such partnerships are formed with companies operating in market sectors that, directly or indirectly, are connected to TOTVS' growth strategy and can bring benefits to the Company, either through the dissemination of its products and services, by simply indicating the Company's brands to its clients and customers, or by the fact that the products and services offered by such companies generate value for the Company's products and services, in the segments in which they do not compete. It is worth mentioning that there are offerings and businesses that originated in TOTVS' own ecosystem and that today became business partnerships. This movement increasingly strengthens business development among the very companies that comprise and take part in the TOTVS ecosystem somehow.

Besides leveraging the current partnerships in the ecosystem, the Company has signed new strategic partnerships such as Deep ESG, a Brazilian startup invested by CVC iDEXO that accelerates the journey of adopting ESG in companies by delivering a platform that measures the social and environmental impacts of the operation and generates insights from the data collected from ERPs for integrated customer sustainability management.

(c) characteristics of the operating markets

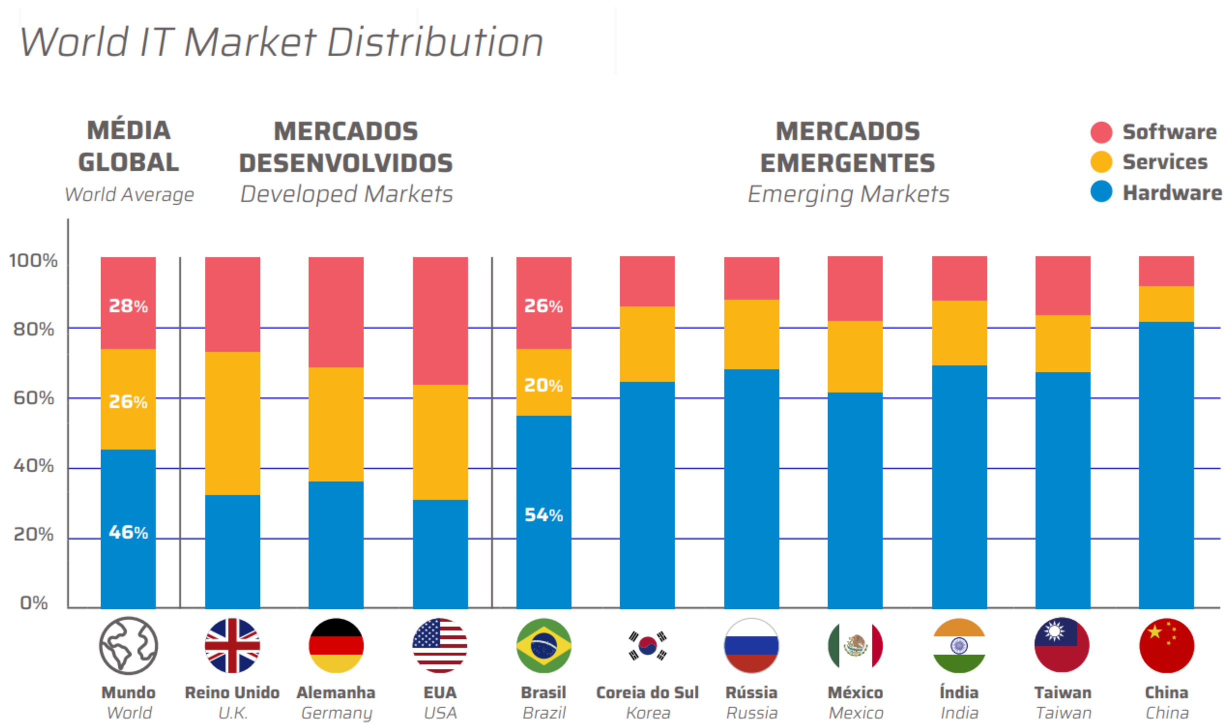
i. The *Software* Market

Worldwide

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

According to IDC, in 2022, the global IT market reached US$3,110 billion, with the software segment representing 28% of that market. In the same year, Brazil was the 12th country with the largest IT market with a total size of US$45.2 billion, representing about 1.5% of the world market.

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



Source: ABES, 2023.

In 2022, the world production of IT had a growth of 7.4%, while in Brazil the growth reached 3.0% reaching US$45.2 billion (excluding exports).

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

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

With this ecosystem, the Company's current addressable market has expanded substantially, reaching up to R$230.3 billion, divided into: (1) R$47.5 billion in the Management market, (2) R$75.6 billion in the Business Performance market; and (3) R$107.2 billion from the Techfin market.

Latin America

According to IDC, the IT market in Latin America reached US$124 billion in 2022, with Brazil as the protagonist with a 36.5% share while the second largest market is Mexico with 23%. The substantial difference in size and maturity of the IT market in Brazil compared to other countries in Latin America has been the driver for expansion in this market.

Brazil

The Brazilian information technology market has boomed in recent years.

According to IDC, the IT market in Brazil reached US$45.2 billion in 2022 (excluding exports). The software sector was responsible for US$11.7 billion, representing 25.8% of TIs total.

The Brazilian *software* market is more concentrated in the southeastern region of the country. According to IDC, in the same year, the region represented 62.6% of this market, followed by the southern region with 13.8%, the midwest with 11.5%, the northeastern region with 8.7%, and the northern region with 3.3%.

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

History of the Software Sector in Brazil

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

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

- Implementation of Quality Systems in companies, introduction of Product Assessment Methods, induction of the adoption of international software quality standards; more than 100 Brazilian software companies with ISO 9000 quality management systems in place;
- Creation of specific financing lines for software - more than R$ 74 million in 52 companies;
- Creation of a network with 32 agents, materializing 23 Software Development Complexes throughout Brazil;
- Implementation of a network with 19 Incubators bound to the main universities in Brazil;
- Contribution to the creation of 73 thousand direct qualified jobs.

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

The Softex System currently benefits approximately 6,000 companies in all states of Brazil through its network of 21 agents that act together with the private sector, the public sector and schools to foster technology. Softex lists as its guidelines:

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

History of Techfin Sector in Brazil

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

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

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

Growth was rapid, besides heavily influenced by new regulations. Between 2014 and 2018 alone, over 670 emerged and currently there are more than 1,450 Fintechs operating in Brazil, according to data from the Fintech Report 2022, study by the open innovation consultancy Distrito.

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

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

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

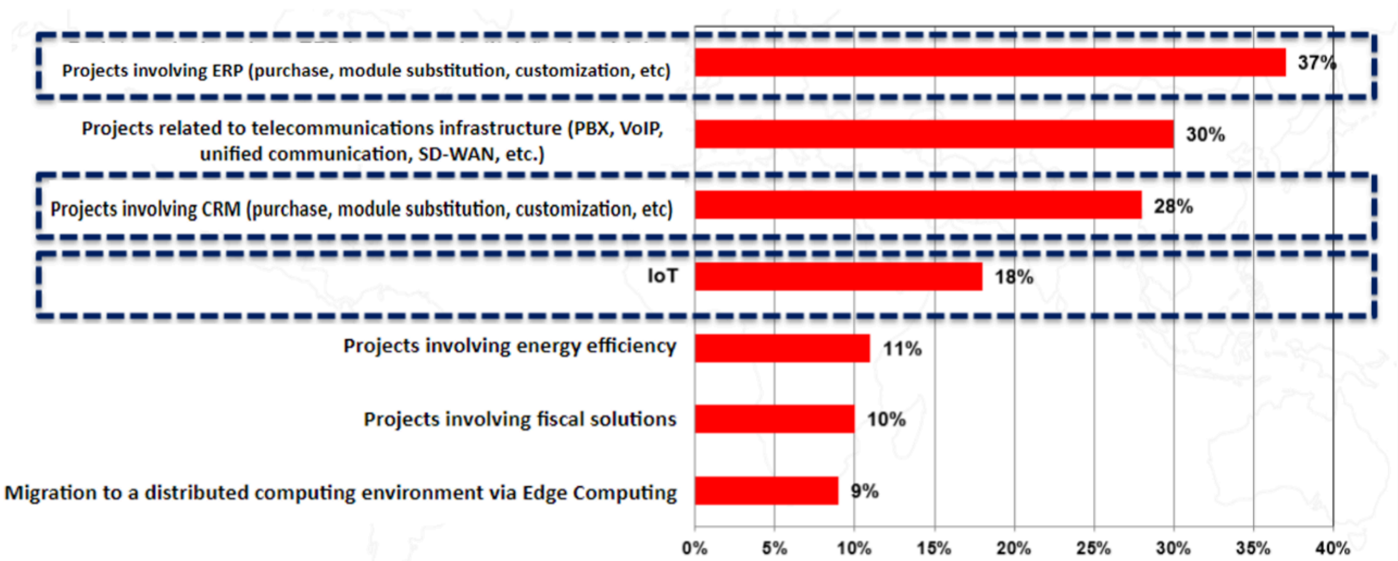
i. participation in each of the markets

The Company holds a 55% market share in the ERP market in Brazil, according to the study “Market Share: All Software Markets, Worldwide, 2023”, published by Gartner in April 2024, and in Latin America it is the largest player in the region holding a 35% market share. In the same period, the 2nd player in Brazil held a 26% market share. According to Gartner's method, market share is calculated in U.S. dollars from the perspective of revenue representativeness.

In the Management segment, which includes ERP, vertical, HR and other back-office solutions, the Company has a market share of 15.3% in Brazil in 2022, according to IDC data from the Software Tracker 2021H2 report, published in July 2023, considering the current addressable market of R$47.5 billion.

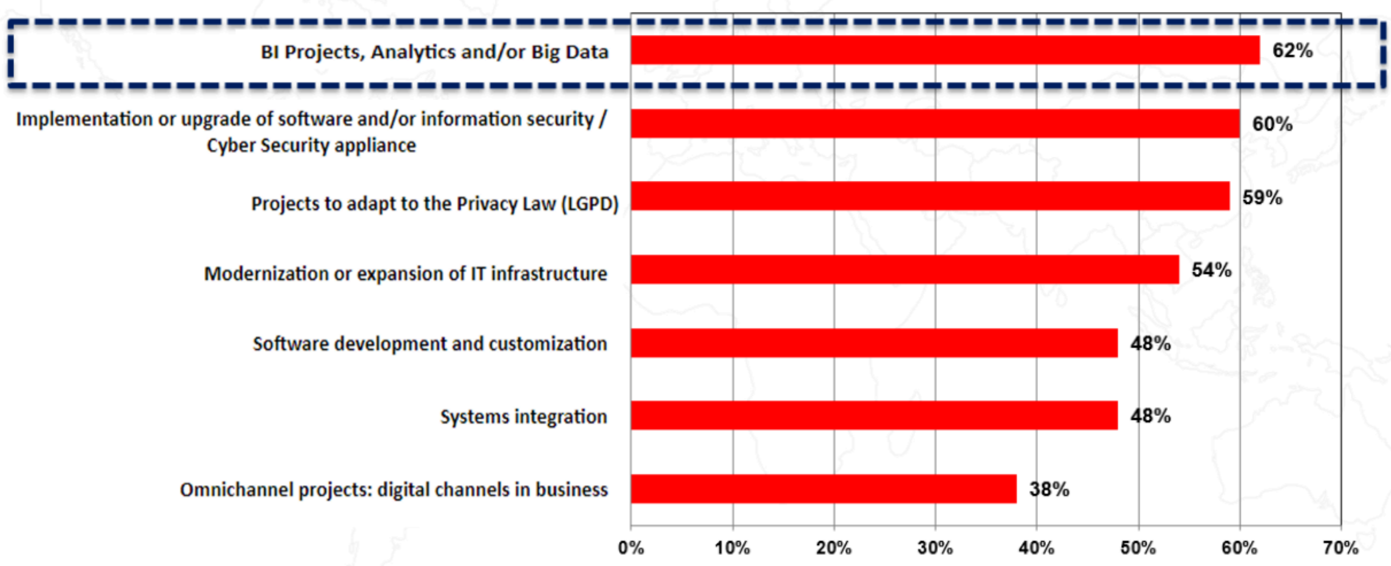
In the Business Performance segment, which includes sales and marketing solutions, among others, the Company's market share is 5.7% and the current addressable market of R$75.6 billion, according to IDC's 2022H2 Semiannual Software Tracker report.

Finally, in the Techfin segment, the Company has a 0.4% market share, and the current total addressable market size of R$107.2 billion. These figures represent the financial income from B2B credit operations, with data collected through TOTVS analyses. These business segments have great growth potential as they become a priority for the Company's investment, both through investment in already established segments and in new technologies. BI and CRM have gained greater priority in recent years, but ERP is still a central focus for investment in Brazil.



Source: IT4CIO (IT Investment Trend, 2022)

However, in relation to new technologies, BI, Analytics and Big Data stand out as the main intentions of companies' investments.



Source: IT4CIO (IT Investment Trend, 2022)

ii. Market Competition Conditions

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

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

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

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

The Company offers solutions for all sizes of companies.

(a) occasional seasonality

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

(b) main inputs and raw materials, stating:

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

The Company's development activity is concentrated on its own team of professionals, however, we have suppliers and development partners for some software that we sell, in addition to database suppliers that are resold to clients/customers and technology platform providers, and there is no government control or regulation on such relationships.

(ii) possible dependence on few suppliers

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

(iii) possible volatility in their prices

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

1.5 - Main customers/clients

(a) total amount of revenue from clients/customers

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

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

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

1.6 - Relevant effects of state regulation on activities

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

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

Situations similar to the one described in the paragraph above also occur in the introduction of other technologies, for example the ECF of the Agreement ICMS 09/09, which is mandatory in the State of Santa Catarina. The NFCe - Electronic Consumer Invoice, is currently optional for taxpayers in São Paulo and Ceará, and for Santa Catarina there is a PAF-ECF implementation process.

Regulation on the Protection of Personal Data

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

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

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

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

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

The application of administrative sanctions was regulated by ANPD Resolution No. 1 of October 28, 2021, which provides for the Inspection Process and the Administrative Sanctioning Process and by Resolution No. 4 of February 24, 2023 that provides for the Dosimetry and the Imposition of Administrative Sanctions. Following that, the sanctions were put into practice effectively.

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

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

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

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

In 2023, TOTVS implemented privacy management tools through a unified and centralized tool: the mapping of personal data processing processes; the preparation of Impact Reports on the Processing of Personal Data; the approval of suppliers and partners; evaluation of products and functionalities through the "Privacy by Design" approach; the management of cookie banners of its products; and the registration and documentation of incidents, among others.

At the end of 2023, the Company announced the structuring of the Data Governance and Artificial Intelligence area, which extended the scope of work of the data privacy area for the broad management of all types of data, with the aim of applying protection and governance guidelines to all data processed by the TOTVS Group and, in this way, increasing the level of reliability and security not only of its products and services, but also of the strategic decisions it makes.

(b) major aspects related to compliance with legal and regulatory obligations connected to environmental and social matters of the issuer

Since the end of 2020, we have had an **ESG Sustainability Policy** that sets forth guidelines for our sustainable development actions.

Since 2014, we have been signatories to the **United Nations Global Compact**, and we annually report the results and progress made on the topics that constitute our commitments through our Integrated Report. We take part in UN Global Compact's working groups, including the statement of the ten universal principles that are connected to topics such as human rights, labor, the environment, and anti-corruption that are derived from the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on the Environment and Development, and the United Nations Convention Against Corruption. We were the first Brazilian technology company to sign the Global Compact's UN Call to Action, which recognizes corruption as one of the biggest obstacles to economic and social development worldwide.

We are also in line with the UN **Sustainable Development Goals (SDGs)**, a global agenda adopted during the United Nations Summit on Sustainable Development in September 2015, comprising 17 goals and 169 targets, to be achieved by 2030.

We also released our second Greenhouse Gas Inventory based on the GHG Brazil Protocol and the **Carbon Disclosure Project (CDP)** global model, with an emphasis on environmental impacts and climate change issues. We expanded our reporting, moving towards a report comprising scope 1, 2 and 3. As a result, our CDP score increased from C- to C.

In 2014, we joined the Ethos Institute's **Business Pact for Compliance and Against Corruption**, which aims to mobilize, raise awareness, and help companies manage their business in a sustainable and socially responsible manner, as well as promote a more healthy and ethical market and eliminate bribery and corruption. Among the functions of the Pact, we have those assisting in the implementation of policies to promote compliance and eliminate corruption and to mobilize companies and business organizations. We were honored in 2023 with the Pro-Ethics Seal, which recognized our strong commitment to upholding transparency and ethics.

Ethical principles: we follow the guidelines set forth in our Code of Ethics and Conduct, the attributes of our #SOMOSTOTVERS culture, besides being adherent to the labor laws of the countries in which we operate, as well as to the conventions and collective bargaining agreements, complying with union and labor relations and the Declaration of Human Rights.

Our daily lives are characterized by a strict adherence to the standards and regulations outlined in the Brazilian labor laws regarding occupational safety, a detail we find to be fundamental for our daily work. As already mentioned, we have a structure of Specialized Services in Safety Engineering and Occupational Medicine (SESMT), which acts with responsibility in occupational health and safety as regards our employees. In our annual Integrated Report, we provide the yearly statistics on occupational injuries and employee leave of absence percentages.

Our follow-up considers the identification of potential risks. Risks are identified, classified, and consolidated internally through an inventory, which is part of our occupational risk management. From this survey, no risk was identified that could generate or contribute to serious hazards. Most of the existing risks can be eliminated through preventive measures and safe behaviors of TOTVERS.

Adoption of Privacy by Design and Security by Design practices: faced with changes in the external environment, we seek to anticipate to comply with the requirements of the LGPD. In this regard, we adopted the concepts of Privacy by Design in the relationship with clients and customers, that is, tools and processes that are born from a perspective of respect for privacy, as well as the principles of Security by Design, which set forth mechanisms to mitigate security risks. We also have a model of responsibility and confidentiality in clients' information and we have made the necessary adjustments to comply with the requirements of the new Law.

In May 2021, we published and disclosed our **Privacy Policy**, a document that reflects the company's commitment to transparency in the processing of personal data of individuals and organizations, and security in the services provided, related to the processing of data of clients/customers.

Such Privacy Policy applies to all areas and companies of the TOTVS Group, including third parties that, in any way, process personal data on behalf or at the request of the Company, and the Policy also reflects the governance applied to personal data protection topics at TOTVS. The compliance with this policy is mandatory and also reflects the applicable laws and regulations related to the LGPD. To learn more about this Policy, visit (https://ri.totvs.com/en/esg/bylaws-policies-and-charters/).

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

The Company uses third-party technology in the development of certain components, as mentioned in section 1.4.e.ii.

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

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

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

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

(d) Financial contributions, showing the respective amounts, made directly or through third parties:

- **i. In favor of people holding or candidates for political office**
- **ii. In favor of political parties**
- **iii. To fund the exercise of influence activity in public policy decisions, notably in the content of normative acts**

In 2023, the TOTVS Group made membership contributions totaling R$476,281.30, this amount referring to the annuities and monthly fees of business membership entities in which the Institutional and Government Relations area has institutional and governmental representation. The TOTVS Group believes in the purposeful and collaborative dialogue between society and the public sector with the aim of contributing to build more solid and sustainable public policies.

The TOTVS Group does not make financial contributions directly by the Company or through third parties in favor of politicians, candidates for political positions or for political parties, and forbids that donations and/or sponsorships are made or granted to political parties and/or candidates, public agents, or individuals as a contribution to an election campaign on behalf of any company makin part of the TOTVS Group.

Moreover, the Company emphasizes that its Code of Ethics and Conduct strictly forbids any form of donations, whether direct or indirect, to finance electoral campaigns, including political entities and coalitions or financial committees, such as to public agents and citizens, as offerings to electoral campaigns. Furthermore, the Company's Contributions, Donations and Sponsorships Policy forbids any type of contribution, payment of expenses, donation and disbursement of a monetary or non-monetary nature to public officials or persons related to them, as well as to political parties or for electoral campaigns.

The Code of Ethics and Conduct and the Policy on Contributions, Donations and Sponsorships can be found in full on the Company's Investor Relations website (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/) and the CVM website.

1.7 - Relevant income from abroad

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

In the period ended December 31, 2023, the amount of R$4,366,569 thousand was earned, from customers assigned in Brazil (issuer's headquarter country), which represented 97.1% of the Company's net revenue.

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

In the period ended December 31, 2023, the amount of R$130,459 thousand was earned, from domestic companies earned outside Brazil, which represented 2.9% of the Company's net revenue.

1.8 - Effects of foreign regulation on activities

Considering that net revenue earned outside Brazil represented 2.9% of net revenue in the period ended December 31, 2023, as mentioned in section 1.7, the Company understands that there are no relevant effects on its activities arising from foreign regulation.

1.9 - Environmental, Social, and Corporate Governance (ESG) Information

(a) whether the issuer discloses ESG information in an annual report or other specific document for this purpose

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

Since 2014, the Company has been a signatory of the United Nations Global Compact (UN) and annually discloses its results and progress in the themes making part of such commitment undertaken, reaffirming the commitment to align our business decisions, our products, services and operations anchored in the guarantee of human rights, promoting the diversity and inclusion agenda, establishing good working relationships, respecting and preserving the environment, and eliminating corruption in all its forms and instances. In terms of other aspects, it is important to note that the Company prioritizes environmental protection and adheres to high ethical and transparent standards, as outlined in the Company's Code of Ethics and Conduct. This code can be accessed on the Company's investor relations website at https://ri.totvs.com/esg/estatuto-politicas-e-regimento/.

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

(b) the methodology or standard followed in preparing that report or document

The Company adopts the Global Reporting Initiative (GRI) methodology, the Integrated Reporting guidelines of the International Integrated Reporting Council (IRRC), the 10 Principles of the Global Compact, and the UN Sustainable Development Goals (SDGs) and from the Integrated Report regarding the base year 2023 we will adopt the indicators of the Sustainability Accounting Standards Board (SASB), with a focus on Technology and Software companies.

(c) whether that report or document is audited or reviewed by an independent entity, identifying that entity, if applicable

The TOTVS Integrated Report for the years 2021 and 2022 were submitted to external verification conducted by KPMG, in order to assess the adherence of the Report to the GRI aspects and guidelines, as well as to the assumptions of the Integrated Report. The financial information included herein comprehends the Company’s consolidated operations and underwent an external audit, also of KPMG.

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

The actual Versions of the Integrated Report for the year 2022 and previous years are available at CVM (http://www.cvm.gov.br/) and on the Company's Investor Relations website (https://ri.totvs.com/en/esg/annual-reports/integrated-reporting/). The publications of the Company's UN Global Compact Progress Report can be accessed directly on the UN portal (https://www.unglobalcompact.org/).

(e) whether the report or document produced considers the disclosure of a materiality matrix and key ESG performance indicators, and what are the material indicators for the issuer

The Integrated Report released in 2023 (base year 2022) considers a materiality matrix and key ESG performance indicators that reflect the level of importance of relevant and emerging topics for the technology sector, considering the current and future scenarios. For more information on the materiality matrix construction process and the key indicators by material topic, please see pages 4 to 8 of the Integrated Report, available on the CVM website (http://www.cvm.gov.br/) and also on the Company's Investor Relations website (https://ri.totvs.com/en/esg/annual-reports/integrated-reporting/). By 2024, we are revising the Material Topics Matrix, and the updated version will be accessible in the Integrated Report for the 2023 Base Year. With this review that we do biannually, we seek to keep our priority topics updated and aligned with the company's moment and reflecting our attention to latent topics in today's society.

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

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

For more information on the SDGs taken into account in the Company's Integrated Report, they are available on the CVM website (http://www.cvm.gov.br/) and on the Company's Investor Relations website (https://ri.totvs.com/en/esg/annual-reports/integrated-reporting/).

(g) whether the report or document considers the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) or recommendations of financial disclosures from other recognized organizations that are climate-related.

The Company does not adopt recommendations related to climate issues issued by TCFD, we usually disclose our environmental impact through our Greenhouse Gas Inventory, which is included in our Integrated Report and in greater detail on CDP's website (https://www.cdp.net/pt/responses?queries%5Bname%5D=totvs).

(h) if the issuer carries out greenhouse gas emission inventories, stating, if applicable, the scope of the inventoried emissions and the page on the world wide web where additional information can be found

Since 2022, the Company has been disclosing to the market its Greenhouse Gas Inventory based both on the GHG Brazil Protocol and the global model of the Carbon Disclosure Project (CDP). The document outlines direct and indirect greenhouse gas emissions from scope 1, 2 e 3 sources.

For more information on the Company's GHG emission inventories, please access the Integrated Report available at CVM (http://www.cvm.gov.br/) and on the Company's Investor Relations website (https://ri.totvs.com/en/esg/annual-reports/integrated-reporting/) and CDP's global portal at this link.

(i) issuer's explanation on the following conducts, if applicable:

(i) non-disclosure of ESG information

Not applicable. As stated in section 1.9.a of this Reference Form, the Company discloses ESG information.

(ii) the non-adoption of a materiality matrix

Not applicable. As stated in section 1.9.e of this Reference Form, the Company adopts a materiality matrix with specific material topics.

(iii) the non-adoption of ESG key performance indicators

Not applicable. As stated in section 1.9.e of this Reference Form, the Company adopts key performance indicators.

(iv) failure to conduct an audit or review of the disclosed ESG information

Not applicable. As stated in section 1.9.c of this Reference Form, the Company's Integrated Report is audited and reviewed by an independent, specialized company.

(v) failing to consider the SDGs or failing to adopt climate-related recommendations issued by TCFD or other recognized entities in the disclosed ESG information

In light of the Company's ESG Agenda, it is noteworthy that the second Inventory of Greenhouse Gas Emissions structured in 2023 represented an important step towards the development of the environmental pillar also in the context of the work of SDG 12: Responsible Consumption and Production. Based on the diagnosis generated from the expansion of the scope reported in the emissions inventory, the Company will plan its actions on the subject related to the global challenge of preventing and tackling the effects of climate change, especially in its industry sector of operation and with a look at the best practices and global recommendations, which will count on the engagement of its Governance and Nomination Committee, Strategy Committee, and the Board of Directors to determine the strategy, its approval, and monitoring of the work plan.

(vi) failure to carry out greenhouse gas emission inventories

Not applicable. As stated in section 1.9.h of this Reference Form, the Company carried out, in 2021, the first greenhouse gas emission inventory for its operations.

1.10 - Semi-public corporation

(a) public interest that justified its creation

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

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

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

(c) pricing process and rules applicable to fee setting

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

1.11 – Extraordinary Businesses

On April 12, 2022, the Company announced the creation of a joint venture with Itaú Unibanco S.A., called TOTVS TECHFIN (JV), whose purpose is to operate a digital financial services platform for small- and medium-sized companies through a comprehensive range of financial services. The approval of this joint venture by CADE, the Brazilian Anti-trust Agency, was made final on November 1, 2022 and on June 22, 2023, the Central Bank of Brazil ("BACEN") issued an official letter approving the change in the corporate control of Supplier Sociedade de Crédito Direto S.A. as a result of the entry of Itaú Unibanco S.A ("BACEN Authorization"). Finally, on July 31, 2023, after compliance with all applicable conditions precedent, the Transaction was closed.

1.12 – Corporate operations/Capital increase or reduction

On May 15, 2023, the Company announced the execution of the Share Purchase Agreement and Other Covenants for the purchase of shares representing 100% of the share capital of Lexos Soluções em Tecnologia Ltda. for the amount of R$13.2 million. In addition, such Agreement provides for the payment of a complementary purchase price subject to meeting targets to be complied with by Lexos concerning the years 2024 and 2025 and the fulfillment of other conditions. For further information, please read the Notice to the Market released on May 15, 2023, available at CVM (http://www.cvm.gov.br/) and on the Company's Investor Relations website (https://ri.totvs.com/comunicacao-com-o-mercado/fatos-relevantes/).

On June 5, 2023, a purchase and sale agreement was entered into to purchase 100% of the shares of the capital stock of Exact Desenvolvimento e Programação de Software S.A. by the subsidiary RD Gestão e Sistemas S.A. The amount paid in cash was in R$31.5 million. Said agreement also provides for the payment of a complementary purchase price subject to compliance with certain conditions. For further information, please read the Notice to the Market released on May 15, 2023, available at CVM (http://www.cvm.gov.br/) and on the Company's Investor Relations website (https://ri.totvs.com/comunicacao-com-o-mercado/fatos-relevantes/).

On July 3, 2023, a purchase and sale agreement was entered into to purchase 100% of the shares of the capital stock of the franchise TRS Gestão e Tecnologia S.A. by the subsidiary Soluções em Software e Serviços TTS Ltda. for the total amount of R$78.8 million, and the amount paid was in the amount of R$55.5, in cash. For further information, please read the Notice to the Market released on May 15, 2023, available at CVM (http://www.cvm.gov.br/) and on the Company's Investor Relations website (https://ri.totvs.com/comunicacao-com-o-mercado/fatos-relevantes/).

On October 30, 2023, the subsidiary Soluções em Software e Serviços TTS Ltda., entered into the Purchase and Sale Agreement for the purchase of the entire capital stock of the franchise IP São Paulo Sistemas de Gestão Empresarial Ltda. for the total amount of R$137.6 million. The finalization of this acquisition was contingent upon the approval of the Brazilian Anti-trust Agency (CADE), in addition to the satisfactory fulfillment of other customary prerequisites for this type of transaction, which were concluded on January 31, 2024. For further information, please read the Notice to the Market released on May 15, 2023, available at CVM (http://www.cvm.gov.br/) and on the Company's Investor Relations website (https://ri.totvs.com/comunicacao-com-o-mercado/fatos-relevantes/).

On November 30, 2023, the subsidiary Soluções em Software e Serviços TTS Ltda. entered into the Purchase and Sale Agreement for the purchase of all the shares of Ahgora HCM S.A. and the shares of Webtraining Ltda. ("Webtraining" and, together with HCM, "Ahgora"), for the amount of R$380 million, subject to some adjustments, to be paid at the closing of the transaction after the conclusion of a corporate restructuring through which Ahgora Sistemas S.A. will transfer to HCM the software operation conducted by it on the present date. The closing of this transaction depends on the approval of the anti-trust authorities, the completion of the aforementioned corporate restructuring, and the verification of other usual conditions for this type of transaction. For further information, please read the Notice to the Market released on May 15, 2023, available at CVM (http://www.cvm.gov.br/) and on the Company's Investor Relations website (https://ri.totvs.com/comunicacao-com-o-mercado/fatos-relevantes/).

1.13 – Shareholder agreements

There is no shareholders' agreement for the Company filed at its headquarters.

1.14 - Significant changes in the way the issuer conducts business

There were no significant changes in the conduct of the Company's business.

1.15 - Relevant contracts entered into by the issuer and its subsidiaries

There are no relevant contracts entered into by the Company and/or its subsidiaries that are not directly related to their operating activities.

1.16 - Other relevant information

Besides the information disclosed in this item 1, it is worth noticing that the Company is always on the lookout for growth opportunities, either organic or through the acquisition or strategic business partnerships within its operating segments in the regular course of its business and is continually analyzing potential operations or business partnerships that add value to its shareholders.

Also, in addition to item 1.9:

Other initiatives

Private Social Investment: Social Opportunity Institute (IOS)

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

IOS is a non-profit organization that offers free professional training in business management and information technology, with practices in Digital Education, Citizenship, Sustainability, Mathematics, Communication and Expression, Socio-emotional skills, in addition to psychosocial monitoring with a multidisciplinary team (psychologists, social workers, and educational psychologists). The Institute strives to provide aid to young people aged 15 to 29 who are socially vulnerable and to people with disabilities from the age of 16. In 2023, 97% were public school students, 55% women, and 57% black individuals, expanding social inclusion to minorities.

Throughout 2023, completing 26 years of existence, IOS was present in the states of Minas Gerais, Paraná, Pernambuco, Rio de Janeiro, Rio Grande do Sul and São Paulo, where the Institute's headquarters are located. During this period, more than 45 thousand students passed through the Institute. Annually, more than 2 thousand young people are trained and, on average, more than one thousand two hundred employees are trained, by partner companies from different segments and by the Company, generating a strong social impact.

In 2023, IOS faced the challenge of continuing to promote training opportunities for its beneficiaries. Through the support of the Company and 1,097 Employees, it was carried out in July 2023 a new edition of the **"TOTVERS que Fazem" Campaign,** when it received a donation of R$64,852 from TOTVERS, added to the amount of R$300,000 donated by the company.

Last year, IOS trained 2,204 students, and supported the employability of 1,275 young graduates to obtain formal employment, through the Institute's direct efforts with partner companies, which includes TOTVS. According to studies carried out by the Institute, in 2023 there was an average increase of 63% in family income when a graduate student starts his/her first job, a percentage that reflects the growing role of young people in their families, as well as reinforcing the social impact generated by the Institute.

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

The Social Opportunity Institute is audited every year by KPMG, reports annually using the GRI (Global Reporting Institute) standard, has certification by the DOAR Institute and, just like the Company, is a signatory of the Brazil Network of UN Global Compact. In 2023 saw TheDotGood's ranking recognizing it as one of the 200 most impressive social organizations worldwide, and the 12th place among those in Brazil, and received the Diversity and Human Rights Seal from the City of São Paulo, for the third consecutive year.

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

ESG (Environmental, Social and Governance) Working Group

Sustainability Agenda and ESG and Materiality TOTVS' Sustainability Agenda (ESG) reflects, in addition to its commitments to sustainable development, the Company's vision of how its businesses can positively influence society, as an employer and social agent. Priority topics also reflect how technology can represent a key element in expanding access to knowledge and innovation and providing solutions for contemporary socio-environmental challenges. inherent in the Covid-19 pandemic. In 2024, we are reviewing the Materiality so that it is always in line with the Company's and society's moment. As we have gained control over the Covid-19 pandemic and witnessed technological advancements in recent years, it has become evident that we need to reassess the topics that are deemed priorities. TOTVS' Sustainability Agenda (ESG), is defined and periodically updated based on its materiality matrix, considers the most relevant topics for its stakeholders and those in which the Company believes to have the greatest potential for positive impact.

This materiality matrix reflects the degree of importance of emerging issues for the technology segment, considering the current and future scenario, its challenges and opportunities, as well as issues related to business strategy and global agendas, such as the UN Sustainable Development Goals (SDGs). Priority topics are defined based on the intersection of the perceptions of TOTVS' internal publics and the different views of external stakeholders considered strategic by the organization. The results are also based on the analysis of the organization's response capacity to the expectations of its stakeholders, to manage its impacts - positive and negative - and to generate value to different interested parties. TOTVS stakeholders are identified based on consultations with internal areas and defined as strategic, according to the intensity of activities and relationship with the Company, as well as the degree of impact on the performance of the company's operations.

The basis for choosing the themes, previously published, came from consultation with TOTVS' strategic internal and external audiences and analysis of scenario studies and national and international trends, as well as the Company's internal documents. The process resulted in the mapping of 37 themes and, subsequently, the prioritization of 12 of these themes.

To construct the new materiality matrix, the Company consulted TOTVERS (company employees), the leaders of the advisory committees to the TOTVS Board of Directors, members of the Executive Board, franchisees and representatives of shareholders/investors, customers, suppliers, ESG experts and civil society partners. Online surveys were carried out with internal and external audiences, suppliers, partners, customers and the TOTVS ESG Working Group and 15 in-depth interviews with executives, members of TOTVS committees, investors, ESG experts and partners from civil society and the community of innovation.

The listening process for dialogue and the engagement of strategic stakeholders, in addition to the choice of priority topics, is provided for in the ESG Policy approved in 2020, since TOTVS considers collaborative construction essential in order to align strategic expectations and the generation of added value to the Company's activities. The material topics were approved by the Board of Directors of TOTVS and will be deployed through the construction of action plans and the formalization of commitments in the Company's ESG Agenda.

Governance of the Sustainability Agenda and ESG

The theme Sustainability and ESG gained even more strength in the Company, which has the leadership of the Governance and Nomination Committee (CGI) and the Strategy Committee, and engagement of the Board of Directors (CA) of TOTVS. As of 2020, the CGI began to regularly monitor the sustainability agenda and validate the work plan prepared by the ESG Sustainability Working Group, made up of multidisciplinary teams and coordinated by the Investor Relations Department, a multiplier agent of the ESG culture in the organization.

The CA, as defined in the Sustainability Policy (ESG), is responsible for: approving commitments public that are undertaken by the TOTVS Group regarding ESG initiatives and related to the Objectives Sustainable Development (SDGs), as well as approving the plan of goals for the sustainability agenda and integration of ESG aspects into the business strategy; endorse the sustainability indicators to be adopted by the Company and the priority themes; define and update TOTVS' strategic objectives that will guide the management of the topic, and approve integrated ESG performance reports. It is also up to the Council guarantee the structure and resources (human and financial) necessary for the implementation of the Policy and the theme strategy in the organization.

The senior leadership of the TOTVS Group, including the CEO, must include and take into account the objectives, themes and guidelines of the Sustainability Policy (ESG) in the Company's strategic planning, product development and decision-making and investment processes.

GT ESG's attributions include collaborating with the development of a culture of sustainability throughout the organization and acting as a multiplier agent for the theme; contribute to the development of the business sustainability strategy by planning projects and initiatives and implementing action plans to achieve short, medium and long-term goals; in addition to identifying opportunities for innovation, whether in products and services, as well as in processes, management and business models related to the topic, and working towards their incorporation into TOTVS.

Diversity and Inclusion

We recognize our position as a major tech organization and are committed to creating a diverse and inclusive agenda that reflects TOTVS Group's goal and view on how its business can beneficially impact and affect society as an employer and social agent.

We trust in technology's capacity to bring about transformation and to assist in creating an ever more diverse, inclusive, respectful, and welcoming environment.

The diversity-related actions in the TOTVS Group is supported by a policy, a committee, and a Diversity and Inclusion area that works together with Affinity Groups, the Code of Ethics and Conduct, besides organizational policies that value transparency, ethics, and integrity in the relations between the TOTVS Group and its stakeholders.

At TOTVS Group we believe that all human beings are equal in their essence and that the cultural, biological, social, economic differences, among others, make each individual a unique being, which contributes and enriches relationships, exchanges and constructions both in the corporate environment and society. In line with this conviction, we foster the following guiding principles:

- Inclusive culture
- Inclusive leadership
- Inclusive language and communication
- Promotion of intentional inclusive processes
- Accessibility
- Representativeness
- Clear, barrier-free language

Our primary focus in 2023 was improving the literacy of all TOTVS employees. We achieved this by implementing a mandatory Diversity and Inclusion training, resulting in a remarkable 87% of individuals graduating within the first month. In addition to that Mandatory Training, we relied on the Diversity and Inclusion Policy, the Diversity and Inclusion Committee (strategic agenda with senior leadership), Affinity Groups (space for welcoming and building actions with TOTVERS), the Code of Ethics and Conduct, and other organizational policies to support the D&I Program. The content of the Training addresses the following topics:

- Introduction to the topic of D&I
- Unconscious biases
- Impact of the lack of representation in companies
- Gender
- LGBTQIAP+
- People with disabilities
- Race & Ethnicity
- Religion
- Intersectionality of social markers
- Market trends
- Diversity as a strategic business agenda
- How to create and implement a culture of diversity

We also strengthen our affinity groups by holding meetings and events for the connection of the participating people and joint constructions.

For new TOTVERS to have a fresh start already in line with the program, the company's positioning and the diversity and inclusion program are presented in their integration. This moment is very important to teach basic D&I concepts to the people who are joining our organization.

The Diversity and Inclusion Program aims to value good people who have a good character and ensure that our work environment is free of discrimination and prejudice, in which each person can be who they really are.

The program has four fronts aimed at minority audiences: women - #ELASNATOTVS, people with disabilities #INCLUSAONATOTVS, ethnic-racial #PERTENCIMENTONATOTVS, and LGBTQIAP+ #CORESNATOTVS. Each front has a program with strategies, actions, and monitoring indicators.

Public Commitments

Global Compact of the United Nations (UN)

In 2014 the Company adhered to the United Nations (UN) Global Compact, an initiative planned for companies committed to aligning their operations and strategies with the ten universally accepted principles in the areas of human rights, labor, environment, and anti-corruption. It is the largest corporate sustainability initiative in the world, with over 21,000 participants, including companies and organizations, with coverage and engagement in 162 countries.

The company is actively engaged in UN Global Compact working groups, which involve the commitment to the ten universal principles derived from the Universal Declaration of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption.

Business Pact For Compliance and Against Corruption

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

Partnerships and Engagement with Ecosystem and Segment Entities

Campaign "TOTVERS QUE FAZEM" (TOTVERS WHO GETS THINGS DONE): in 2023 in the 4th edition of the "TOTVERS que FAZEM" Campaign, the amount collected was used to distribute Snack Kits and Transportation Vouchers to the students of the participating IOS Units. The students of the 2nd semester of 2023 were benefited to continue their studies. The amount raised provided benefits for 940 young people from the IOS. The amount raised in the campaign was doubled by TOTVS.

Integrity Week: in order to contribute to the promotion of a culture of integrity and compliance in the Company, in 2023 the 4th Compliance Week of TOTVS was held, with the theme "Ethics and Transparency that transform". This initiative was attended by renowned speakers who addressed topics such as: ethics - a daily choice, prevention of all forms of harassment, digital ethics, and corporate compliance. A total of 2,778 employees attended the different lectures.

INSTITUTIONAL AGENDA

Council for Sustainable Economic and Social Development (CDESS): TOTVS rejoined the CDESS in 2023, represented by Laércio Cosentino. The primary role of this agency is to offer direct counsel to the President of the Republic in all aspects of the Executive Branch's operations. This includes formulating policies and guidelines that focus on the economic, social, and sustainable development of the country. Besides participating in the plenary meetings, TOTVS is also one of the coordinators of the Technology, Innovation, and Digital Transformation Committee, which was established in August 2023 with the mission to serve as a space for dialogue between society and government in the construction of a strategic agenda for digital transformation. Within the scope of this committee, the Brasil Digital 2030+ Plan is being prepared, which intends to establish an articulated and coordinated governance for its execution and present executable and followable proposals in the coming years, with measurable results in the areas of education, business environment, and innovation/digital infrastructure.

Parliamentary Front for a Competitive Brazil: in 2023, the Movement for a Competitive Brazil (MBC, "*Movimento pelo Brasil Competitivo*") relaunched the Parliamentary Front for a Competitive Brazil. TOTVS became part of the sponsors of the Executive Secretariat and took part in the launch of this Front, where the entity's legislative agenda was disclosed. Throughout the year, other events were held to discuss topics that contribute to the reduction of the Brazil cost, such as tax reform and the guarantee framework.

Government Relations Meeting: In 2023, TOTVS sponsored the Meeting of the Institute of Government Relations (Irelgov) and was invited to moderate the Brazilian panel in the face of technological transformations. Ariela Zanetta, Institutional and Government Relations Manager, represented TOTVS on this panel, leading the debate that was attended by representatives of Brasscom, Unicef, and Telefónica and discussed the challenges of adapting teaching to the country's new digital reality.

HUMAN CAPITAL AGENDA

ABES Conference: TOTVS sponsored the ABES Conference, an event organized by the Brazilian Association of Software Companies (ABES) to discuss the digital future and the reinvention of the current landscape. Our Executive Manager at TOTVS University, Daniela Faria, took part in the panel “Centered on humanity - the urgency of technological proficiency in a digital society”. She placed great emphasis on the value of teaching data in schools, recognizing that it is a language that will be increasingly necessary for professionals to thrive in their careers and daily interactions.

Innovation Indicators Working Group of the Business Mobilization of Innovation (MEI) of the CNI: TOTVS actively participated of MEI, a group that brings together the major players of the innovation ecosystem in the country and works to formulate public policies proposals and shape the business innovation agenda in Brazil.

INNOVATION & AI AGENDA

International Innovation Congress: TOTVS sponsored the 10th International Innovation Congress, held by CNI. In 2023, this conference explored the subject "Eco-innovation, towards a sustainable and competitive industry". This event had a booth dedicated to displaying our manufacturing solutions and with space for IOS to present how it can help companies in the ESG agenda.

"*Lei do Bem*": TOTVS sees the "*Lei do Bem*" (a law granting tax benefits for companies investing in R&D for innovative technology) as an important instrument to encourage innovation in the country and has engaged in several forums for debate on this subject. In 2023, TOTVS took part in an event held by the Competitive Brazil Movement (MBC) in defense of the *Lei do Bem* (Law of Good), when TOTVS presented to the authorities and executives present at the event the positive impact of the law on the Brazilian innovation ecosystem and defended the importance of its continuity so that investments in research and development continue to grow in the country.

TAX MATTERS AGENDA

Tax Reform: updating the national tax system is a priority subject for the Company, as it directly impacts the solutions offered to customers. For this reason, TOTVS worked with ABES, Abrasca and Brasscom to advocate for the PEC (Bill of Amendment to the Federal Constitution) and the extension of the exemption by the Congress. The importance of these matters for the country's development was a driving force behind this collaboration.

LABOR RELATIONS AGENDA

eSocial: As a member of the eSocial Confederative WG, TOTVS can collaborate and discuss on upcoming system functionalities and implementation timelines. In partnership with other stakeholders of civil society, the Company dialogues with the Government to address concerns and create technical understandings to optimize the system.

PRIVACY AGENDA

Data Protection: TOTVS is concerned with the safeguarding of data protection and privacy of our solutions and those of our clients, customers, partners and employees, and has been taking part in the regulation of the General Data Protection Law (LGPD) through public consultations opened by the National Data Protection Authority (ANPD), engaging with sectoral associations. This sector maintains a collaborative relationship with the Government in order to enhance Brazilian legislation.

2.1. General financial/equity conditions

In this section 2.1, the aim of the Company's executive officers is to provide information that enables investors and the market in general to evaluate the Company's situation through the lens of Management. Among other aspects, they discuss below important facts, commitments or events that affect or could affect the Company's financial and equity conditions. The analyzes were established based on the Company's financial statements, which are the responsibility of the Company's Management. These analyses are exclusively presented to offer, through a single financial statement, a comprehensive overview of all of the Company's activities, regardless of its corporate structure.

a. general financial and equity situation

We present below information about our financial and equity structure on the following dates:

(In thousands of Reals)	On December 31,	
	2023	2022
Shareholders’ equity	5,012,671	4,584,849
Current assets	3,906,298	6,230,161
Net Debt (Net Cash)[1]	(821,091)	(496,161)

[1] Net Debt means the sum of the balances of loans and leases, debentures, obligations for acquisition of investments, both current and non-current, less the balances of cash and cash equivalents and investment guarantees. Net debt is not a measure of financial performance recognized by accounting practices adopted in Brazil or by the International Financial Reporting Standards - "IFRS" issued by the International Accounting Standards Board (“IASB”), and it does not have a standard meaning. Other companies can account for their net debt differently, so it is not possible to make a comparison between disclosures.

In 2023, the Company ended the year in a Net Cash position, with the main highlights being the generation of operating cash, besides the 4th issue of debentures held on September 12, 2022 in the amount of R$1,500,000, which enabled the purchase of equity interest in Lexos and Exact Sales companies to reinforce the Management and Business Performance dimensions, as well as the purchase of the TRS franchise.

b. capital structure, pointing out

The Company finances its operations through its own equity and third-party funds. The Company issues common shares only; therefore, there are no redeemable shares.

We had, over the fiscal year ended on December 31, 2023, a balanced capital structure between our own equity and third parties', and consistent with our activities, in the view of Management, in the proportion shown in the following table:

(in thousands of Reals, except %)	On December 31,	
	2023	2022
Current Liabilities and Non-current Liabilities (third-party funds)	3,816,189	6,031,344
Shareholders' Equity (own equity)	5,012,671	4,584,849
Third-Party Funds(1)	43.22%	56.81%
Own Equity[2]	56.78%	43.19%

[1] Third-party funds correspond to the sum of current and non-current liabilities divided by total liabilities and shareholders' equity.
[2] Own equity refers to the Company's Capital Stock.

c. payment capacity in relation to financial commitments assumed

As of December 31, 2023, the Company's gross debt was R$2,438,005, of which R$567,712, or 23.3%, are in current liabilities and R$1,870,293 or 76.7% in non-current liabilities.

The Company and its subsidiaries have been fully capable of paying the financial commitments assumed, since their operations generate cash and the financing granted to customers is essentially short-term.

The Company and its subsidiaries have been fully capable of paying its financial commitments undertaken, since its operations are cash-generating and the financing granted to clients are essentially in the short term.

Most liabilities and receivables result from software sales and provision of software-related services, which are provided in the countries where they are sold.

The Company and its subsidiaries keep a conservative profile of financial investment and currently has no operations in risk markets and/or derivatives.

The table below shows the key financial indicators connected to our payment capacity:

(in thousands of Reals, unless otherwise stated)	On December 31,	
	2023	2022
Gross Debt[1]	2,438,005	2,323,761
Net debt (Net Cash)[2]	(821,091)	(496,161)
Management + Biz Performance Adjusted EBITDA [3]	1,076,236	909,558
Indebtedness Ratio[4]	-0.8	-0.5
Current liquidity ratio[5]	2.9	1.9
Overall liquidity ratio[6]	1.2	1.1

[1] Gross Debt corresponds to the sum of the balances of loans and leases, debentures, and obligations for the acquisition of investments. Gross debt is not a measure of financial performance recognized by accounting practices adopted in Brazil or by the International Financial Reporting Standards - "IFRS" issued by the International Accounting Standards Board (“IASB”), and it does not have a standard meaning. Other companies can account for their gross debt differently, so it is not possible to make a comparison between different releases.
[2] Net Debt corresponds to the sum of the balances of loans and leases, debentures, and obligations for acquired investments, deducted from the balances of cash and cash equivalents and financial investments, and investment guarantees, both current and non-current. Net debt is not a measure of financial performance recognized by accounting practices adopted in Brazil or by the International Financial Reporting Standards - "IFRS" issued by the International Accounting Standards Board (“IASB”), and it does not have a standard meaning. Other companies can account for their net debt differently, so it is not possible to make a comparison between different releases.
[3] Adjusted EBITDA is a non-accounting measurement prepared by the Company consisting of EBITDA, calculated in accordance with CVM Resolution 156, adjusted according to section 2.5b, and when applied to calculate financial indicators, Adjusted EBITDA for Management + Biz Performance does not consider the Techfin dimension. Adjusted EBITDA is not a measure recognized by the Accounting Practices Adopted in Brazil or by the International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB); they do not represent cash flow for the periods stated and should not be considered as a substitute for Net income (loss), as an indicator of operating performance or as a substitute for cash flow as an indicator of the Company's liquidity or the basis for the distribution of dividends. Adjusted EBITDA does not have a standard meaning and cannot be comparable to measures with similar securities provided by other companies.
[4] The indebtedness ratio corresponds to the ratio of the net debt at the end of the fiscal year divided by adjusted EBITDA for the same fiscal year.
[5] The current liquidity ratio corresponds to the ratio resulting from the division of current assets by current liabilities.
[6] The general liquidity ratio corresponds to the division ratio of: (i) the result from the sum of current and non-current assets (except investment, fixed, and intangible assets); by (ii) the result of the sum of current liabilities and non-current liabilities.

In 2022, within the scope of its 4th issue, the Company issued simple debentures, not convertible into shares, in the amount of R$1,500,000 aiming at optimizing the financial cost and lengthening the profile of its gross debts, maintaining its solid cash position. In 2023, the debt ratio was -1.1 and the current liquidity ratio was 1.9, following the levels of 2022. The overall liquidity ratio as of December 31, 2023 closed at 1.1, showing the ability of the Company and its subsidiaries to meet their long-term commitments.

d. sources of financing used for working capital and for investment in non-current assets

The working capital and the investments in non-current assets were financed predominantly by own funds arising from the operational generation of cash and by funds from debentures issued by the Company, as detailed in section 2.1.(f)i.

e. financing sources for working capital and investments in non-current assets intended to be used to cover liquidity deficiencies

The Board of Executive Officers understands, on this date, that the Company and its subsidiaries do not have liquidity deficiencies. If it is necessary to seek financing sources for working capital or non-current assets, the Company may: (i) seek lines of loans and financing with private banks, or (ii) issue debt securities, such as debentures.

It is also worth mentioning that, although the Board of Executive Officers understands that the Company and its subsidiaries do not have liquidity deficiencies, it understands that they have pre-approved lines with private banks that can be accessed in the very short term.

f. levels of debt and characteristics of such debts, also describing:

(i) material loan and lease agreements

The loans taken by the Company, as well as the balance of each one at the end of every period, are shown in the table below:

(in thousands of Reals, unless otherwise stated)	Financial charges	On December 31,	
		2023	2022
Leases	2.00% to 16.98% (i)	165,281	211,958
Working capital	100% CDI	-	318
Secured and other accounts	-	32,083	257
Loans and Finance		**197,364**	**212,533**
Current Liabilities		90,701	57,455
Non-Current Liabilities		106,663	155,078

(i) Loan bill for financing with suppliers, in the amount of R$32,083 on December 31, 2023.

(in thousands of Reals, unless otherwise stated)				On December 31,	
Issuance	**Debentures**	**Annual financial charges**	**Unit price in Real**	**2023**	**2022**
[4th] Issue of debentures - Single series	1,500,000	100% of CDI + Spread 1.35%	1	1,546,703	1,547,009
Total				**1,546,703**	**1,547,009**
Current liabilities				55,208	58,701
Non-current liabilities				1,491,495	1,488,308

The amounts of loans, leases, and debentures recorded in non-current liabilities at the end of each period have the following maturity schedule:

(In thousands of Reals)	On December 31,	
	2023	2022
2024	-	58,466
2025	55,003	51,844
2026	787.050	779.261
2027	755.699	753.815
2028	406	-
Loans, leases and debentures (Non-current liabilities)	**1,598,158**	**1,643,386**

Leases: The Company and its subsidiaries have several financial lease agreements with a contracted term of between 3 and 10 years related to the purchase of electronic equipment, rents, and facilities of its units. The rates for right-of-use leases and electronic equipment have a weighted average of 9.3% (nominal interest rate).

Debentures: On September 12, 2022, the Company approved its 4th issue of simple, non-convertible debentures, of the unsecured type, in a single series, subject to public distribution with restricted distribution efforts in the total amount of R$1,500,000, with a nominal unit value of one thousand Reals. On the unit face value or balance of the unit face value, compensation interest corresponding to 100.00% of the accumulated variation of the average daily rates of DI (Interbank Deposits) will be charged, plus a spread equivalent to 1.35% per year, based on 252 business days. The interest will have semi-annual maturities and will always be paid on the 12th of March and September of each year until its maturity, which will take place on September 12, 2027.

(ii) other long-term relationships with financial institutions
The Company and its subsidiaries have no other relevant long-term relationships with financial institutions other than those described in section 2.f.i.

(iii) degree of subordination among debts
Lease agreements have security interest for the leased assets. The other debts of the Company and its subsidiaries are unsecured. So, there is no subordination among them.

(iv) any restrictions imposed on the issuer, in particular, in relation to debt limits and contracting of new debts, the distribution of dividends, the disposal of assets, the issue of new securities and the disposal of corporate control, as well as whether the issuer has been complying with these restrictions.
Debentures: debentures have early maturity clauses ("covenants") usually applicable to this type of operation related to meeting economic and financial indices. The financial index applied to this deed results from the coefficient of the division of net debt by the Adjusted EBITDA, which must be equal to or lower than 4.00.

As of December 31, 2023, the Company and its subsidiaries were in compliance with all the conditions/covenants stipulated in their aforementioned loan and debenture agreements.

NET DEBT / EBITDA LTM	2023	2022
(+) Consolidated Gross Debt	**2,438,005**	**2,323,761**
(-) Leases *IFRS* 16	165,281	211,958
(-) Obligation to acquire investments	693,938	564,219
(=) Consolidated Gross Debt (ex-IFRS 16)	**1,578,786**	**1,547,584**
(=) Cash and cash equivalents	**3,129,162**	**2,735,765**
(=) Net Debt	**(1,550,376)**	**(1,188,181)**
Consolidated EBITDA LTM	**1,076,236**	**909,558**
% Consolidated Margin	**23.90%**	**24.00%**
Leverage Ratio	***-1.44***	***-1.31***
Compliance Check (=< 4)	***OK***	***OK***
SHAREHOLDERS' EQUITY / TOTAL ASSETS		
Shareholders' equity	**5,012,671**	**4,584,849**
Total Assets	**8,828,860**	**10,616,193**
Shareholders' equity Ratio	**57%**	**43%**
Compliance Check (>= 40%)	**OK**	**OK**

On December 31, 2023, the Company and its subsidiaries were compliant with all conditions/covenants stipulated in their respective loan and debenture agreements.

g. Limits of contracted financing and percentages already used

On the date this section was submitted, there were no contracted and unused financing lines.

h. significant changes in topics of the income statements and cash flow

CONSOLIDATED INCOME STATEMENTS

COMPARISON BETWEEN THE FISCAL YEARS ENDED ON DECEMBER 31, 2023 AND 2022

(In thousands of Reals)	On December 31,		Vertical analysis		Horizontal analysis
	2023	2022	2023	2022	23 vs. 22
Net Revenue	**4,497,028**	**3,792,932**	**100.0%**	**100.0%**	**18.6%**
Cost of software	(1,361,034)	(1,145,269)	-30.3%	-30.2%	18.8%
Gross profit	**3,135,994**	**2,647,663**	**69.7%**	**69.8%**	**18.4%**
Operating revenues (expenses)					
Research and development	(844,764)	(719,806)	-18.8%	-19.0%	17.4%
Sales and marketing expenses	(1,025,483)	(799,504)	-22.8%	-21.1%	28.3%
General and administrative expenses	(502,234)	(474,658)	-11.2%	-12.5%	5.8%
Other net operating revenues (expenses)	(66,013)	(12,178)	-1.5%	-0.3%	442.1%
Earns before interests, taxes and equity pickup	**697,500**	**641,517**	**15.5%**	**16.9%**	**8.7%**
Financial result					
Financial revenues	355,764	362,012	7.9%	9.5%	-1.7%
Financial expenses	(373,173)	(341,492)	-8.3%	-9.0%	9.3%
Equity pickup	**3,195**	**(442)**	**0.1%**	**0.0%**	**-822.9%**
Earns before taxes	**683,286**	**661,595**	**15.2%**	**17.4%**	**3.3%**
Income tax and social contribution	(146,620)	(141,204)	-3.3%	-3.7%	3.8%
Net income (loss) from continuing operations	**536,666**	**520,391**	**11.9%**	**13.7%**	**3.1%**
Net income (loss) from Techfin Dimension	**227,769**	**2,910**	**-**	**-**	**-**
Net income in the fiscal year	**764,435**	**523,301**	**17.0%**	**13.8%**	**46.1%**

Income attributed to members of the controlling company	**734,820**	**498,136**	**16.3%**	**13.1%**	**47.5%**
Income attributed to non-controlling members	**29,615**	**25,165**	**0.7%**	**0.7%**	**17.7%**

Net revenue

Consolidated 2023 Net Revenue reached R$4,497,028, an increase of 18.6% compared to the previous year, mainly driven by the 20% year-over-year growth in Recurring Revenue from Management and Business Performance, which together represent 86% of Net Revenue, an increase of 90 basis points compared to 2022.

Another highlight of 2023 that is also worth mentioning is the result of the Annualized Recurring Revenue (ARR), which ended 2023 at R$4,765,638, with a consolidated Total Addition of R$761,075. The Company's dedication to Recurring Revenues has produced this outcome, bringing resilience and predictability and setting the groundwork for the 2024 Recurring Revenue.

Software costs

Software costs closed 2023 with an increase of 18.8% compared to the previous year, resulting in a gross margin of 69.7% or 10 basis points lower than in 2022. If we exclude the effect of extraordinary adjustments for operational restructuring of R$7,600, the impact on gross margin would result in 69.9%, improving by 10 basis points when compared to the previous year.

Expenses

- **Research and Development:** In the accumulated numbers of 2023, Research and Development (R&D) expenses represented 21.7% of Recurring Revenue, compared to 22.2% in 2022; this reduction took place mainly in the Management dimension, showing the ability to expand and the efficiency achieved in the distribution of organic investments dedicated to the development, modernization, and expansion of the product portfolio.

  When we isolate the Business Performance dimension in this analysis, in 2023, R&D accounted for 24.5% of the Recurring Revenue, showing a 130 basis point increase above the total accumulated in 2022 because of strategic investments aimed at expanding the product portfolio, enhancing functionalities, and integrating different Business Performance products. These measures were taken to leverage the opportunities available in the expanding market.

- **Sales and Marketing Expenses:** In the annual comparison, Sales and Marketing Expenses increased by 28.3% compared to 2022, representing 22.8% of Net Revenue in 2023, compared to 21.1% in 2022. This increase is mainly related to: (i) increase in spending on variable compensation and commissions, because of the strong performance of the new signings that reached record levels in 2023, and (ii) Investment of R$14,216 in the RD Summit event, approximately R$7,600 more than the 2022 event, held for the first time in the city of Sao Paulo, having attracted an average of 20,000 daily participants over the three days of the event, representing a growth of over 100% from the previous year.

- **General and Administrative Expenses and Provision for Contingencies:** The representativeness of this expense group went from 12.5% of Net Revenue in 2022 to 11.2% in 2023. The decrease in the representativeness of 2023 compared to 2022 demonstrates the ongoing pursuit of efficiency and reduction of administrative costs. Additionally, there has been a year-over-year decrease of R$8,915 in Provision Expenses for Contingencies, which reflects the strong decline in the issuance of new shares and its downward trend in recent years.

- **Other Operating Income (Expenses):** In the year-over-year comparison, Other operating revenues (Expenses) increased by 442.1% versus 2022. In 2023, this line was mainly impacted by the supplement of obligation for acquired investments as a result of the annual process of reviewing and updating the earn-out amounts of M&A transactions in the amount of R$57,445.

- **Financial Result:** The reduction of R$37,929 million in the 2023 Financial Result is composed of the R$6,248 reduction in financial revenues on financial investments due to the reduction of the Selic rate, in addition to the R$31,681 increase in financial expenses, which is mainly due to the increase in the Present Value Adjustment (PVA) of earn-out of M&As carried out throughout the year.

- **Equity pickup:** Year-over-year, equity pickup showed an improvement of 822.9% generated by the sale of 50% of TOTVS Techfin as a result of the creation of the Joint Venture with Itaú Unibanco S.A.

- **Income Tax and Social Contribution:** In the accumulated numbers of 2023, the 30 basis points decrease in the Total Effective Rate is primarily associated with the 50% increase in the payment of Interest on Shareholder's Equity that offset the negative change in the Others line.

Net income (loss) from continuing operation:
Net income from the Company's continued operation, related to 2023, totaled R$536,666, which means an increase of 3.1% versus 2022. In general terms, the increase in the net income from continuing operations is a consequence of the increase in recurring revenue and discipline in the management of costs and expenses throughout the year.

Net income (loss) from Techfin Dimension:
On April 12, 2022, the Company's Board of Directors approved the creation of a Joint Venture with Itaú Unibanco S.A., called TOTVS Techfin, whose purpose is to operate a digital financial services platform for small and medium-sized companies through integrating a complete range of financial services. On June 22, 2023, the Central Bank of Brazil

issued an official letter approving the change in the corporate control of Supplier Sociedade de Crédito Direto S.A. as a consequence of the admission of Itaú Unibanco S.A. On July 31, 2023, after having complied with all applicable conditions precedent, the transaction was closed, and TOTVS and Itaú each now hold a 50% interest in the capital stock of TOTVS Techfin S.A.

According to CPC31 / IFRS5, this transaction met the criteria of assets held for sale, so the result of this operation was classified in a single line in the DRE, called "Net income from Techfin Dimension (discontinued operation)" until the closing of the transaction.

CASH FLOW STATEMENTS

The table below shows information extracted from the Company's Cash Flow Statements for the fiscal years ended on December 31, 2023 and 2022. This table shows the key items that impacted the corresponding activities and, therefore, the Company's cash and cash equivalents.

COMPARISON BETWEEN CASH FLOW FOR THE FISCAL YEARS ENDED ON DECEMBER 31, 2023 AND 2022:

(In thousands of Reals)	Fiscal year ended on December 31,		Horizontal analysis
	2023	2022	23 vs. 22
Gross cash generated in operating activities	**1,366,639**	**1,206,538**	**13.3%**
Interest paid	(224,921)	(176,390)	27.5%
Income tax and social contribution paid	(189,611)	(114,588)	65.5%
Net cash generated in operating activities	**952,107**	**915,560**	**4.0%**
Payment for the purchase of fixed and intangible assets, net of sales of assets	(273,692)	(178,054)	53.7%
Obligations with investments, net of cash and receipts from sales	(132,309)	(383,493)	-65.5%
CVC Fund	(24,836)	(20,081)	100.0%
Franchises Loan	13,150	24,257	-45.8%
Cash from (used in) the Techfin Dimension	405,223	(169,090)	-339.6%
Other investment activities	9,073	-	100%
Net cash used in investment activities	**(3,391)**	**(726,461)**	**-99.5%**
Loans, debentures, and leasing	(37,928)	(74,423)	-49.0%
Capital increase, net and investment of non-controlling shareholders	4,164	(75)	-5652.0%
Dividends and interest on shareholder's equity paid	(412,163)	(140,036)	194.3%
Treasury shares, net and receivables from related companies	(109,392)	(109,872)	100.0%
Net cash used in financing activities	**(555,319)**	**(324,406)**	**71.2%**
Increase (Decrease) in cash and cash equivalents	**393,397**	**(135,307)**	**-390.7%**

Cash generated in operating activities in the fiscal year ended December 31, 2023 was R$952,107, an increase of R$36,547 or 4% versus 2022, due to the increase in net income adjusted for items that do not affect cash by R$137,505 and in the Working Capital variation by R$22,596. These effects were offset by the increase in interest paid that grew 27.5% following the interest payment schedule of the 4th issue of debentures and by the 65.5% increase in the income tax and social contribution line paid, justified by the taxation of R$73,977 on the capital gain generated by the sale of 50% of TOTVS Techfin as a result of the creation of the Joint Venture with Itaú Unibanco S.A.

Cash used in investment activities in the year ended December 31, 2023 was R$3,391, a reduction of R$723,070, or 99.5% versus 2022, basically due to: (i) a lower cash disbursement with investment acquisition obligations, generating a reduction of R$165,766; (ii) a lower volume of acquisitions completed in 2023 compared to 2022 by R$91,883; and

(iii) the receipt of R$410,000 related to the sale of 50% of TOTVS Techfin's capital to Itaú.

Cash used in financing activities in the year ended December 31, 2023 was R$555,319 or 71.2% higher compared to 2022, justified by the higher payment of interest on shareholders' equity.

2.2. Operating and financial result

a. Results of the issuer's operations

(i) Description of any important revenue components

The software revenue recognition criteria did not undergo significant changes that could compromise their comparability in 2023.

Revenues are recognized when there is an agreement with the customer, performance obligations are identified, the transaction price is measurable and reliably allocated, and when the control of goods or services is transferred to the customer. The revenues are shown net of taxes, returns, rebates, and discounts, when applicable. The Company and its subsidiaries separate revenues into recurring revenues and non-recurring revenues as follows: Recurring software revenue comprises: (i) software subscription, in which customers have access to the software on multiple devices simultaneously in its most recent version; (ii) maintenance, including technical support and technological evolution; and (iii) services, including cloud computing and customer service. The recurring software revenue is recognized on a monthly basis in the income statement over time, as the services are provided, from the date the services and software are made available to the customer and all other revenue recognition criteria are met. The Company and its subsidiaries activate the variable compensation expenses of sellers to obtain contracts paid in the sale of software subscription and amortize this cost based on the average length of stay of customers. The non-recurring software revenue comprises: (i) licensing fees, which transfer to the customer the right to use the software indefinitely; and (ii) software implementation and customization services, consulting and training services. (i) Licensing fee is recognized at a certain time when all the risks and benefits inherent to the license are transferred to the buyer upon the availability of the software and the value can be reliably measured, as well as it is probable that the economic benefits will be generated in favor of the Company and its subsidiaries. (ii) Revenue from implementation and customization services represent a performance obligation distinct from other services, and are invoiced separately and recognized over time as costs are incurred in relation to the total expected costs, carried out according to the performance schedule and when there is a valid expectation of receipt from a customer. Invoiced revenues that do not meet the recognition criteria do not comprise the balances of the corresponding revenue accounts and accounts receivable. Revenues from consulting and training services are recognized when the services are provided.

(ii) Factors that materially affected the operating results

The main factors that affected the Company's operating results in the fiscal year ended on December 31, 2023 were:

a) Business Performance Segment: the purchase of Exact Sales and Lexos, in continuation of the consolidation of the segment called "Business Performance", which aims to support customers from different industry sectors to increase sales, competitiveness, and performance, leveraging the results, performance and relationship of their different sales support solutions;

b) Economic activity: from a sectoral perspective, it is worth noting that on February 28, 2024, the Government published MP 1.208/24, which partially revoked MP 1.202/23, extinguishing the section that dealt with the gradual encumbrance of payroll as of April 1, 2024. As a result, the payroll relief will remain effective until December 31, 2027. This topic will still be assessed by the National Congress to create the corresponding Bill. This is an important economic measure for the international competitiveness of 17 industry sectors in the Brazilian economy, including ICT (Information and Communication Technology), a highly specialized and high-value-added labor-intensive macro-sector;

c) Investments in research and development: one of the Company's business leverage pillars is innovation in new solutions and technologies. Even in moments of economic downturn, the Company has been keeping its investments in research and development. The research and development expenses in the fiscal year ended on December 31, 2023, represented 18.8% of the net software revenue for that fiscal year; and

d) Tax benefits: TOTVS uses tax incentives that help the Company and its subsidiaries in its investments in innovation and best practices in employability, cooperating with the excellence in its products and stability in the number of its staff. Its participation in the so-called "Lei do Bem" (Brazilian Law No. 11.196/2005), which has generated a benefit of R$29,922 in 2023, helps the development of products that contribute to better meeting customer needs and developing Brazil's innovation agenda. On the other hand, the payroll exemptions (Brazilian Law No. 14.784/2023) help keep jobs and skilled labor. We do not guarantee continuity in the use of these benefits because they are granted by the federal government, and depend on the government's decision to keep them.

b. Relevant changes in revenues attributable to the introduction of new products and services, volume changes and price modifications, exchange rates and inflation

In line with the Company's strategy, the Business Performance and Techfin Dimensions will be the engines of growth, in addition to maintaining the SaaS (Software as a Service) sales model in the Management Dimension, which represent 46% of Consolidated Net Revenue and represented 68% of Revenue growth in 2023 versus 2022. Essentially, these growths mirror the sales made to both new and existing customers, as inflation has been rapidly decreasing and the IGP-M has remained in negative territory for most of the year.

The Company has subsidiaries in Argentina, a country with a hyperinflationary economy. In accordance with IAS 29, non-monetary assets and liabilities, equity items, and the income statement of subsidiaries in Argentina, whose functional currency is the Argentine Peso, are being adjusted for changes in the general purchasing power of the currency by applying the Consumer Price Index (CPI) of the local market.

For the purpose of foreign currency conversion to a non-hyperinflationary economy such as Real, the comparative amounts are presented as current year amounts in the financial statements of the previous year. The impacts of hyperinflation resulting from changes in the general purchasing power from January 1, 2023, and from 2022, were reported in the income statement under a specific account for hyperinflation adjustment, in the financial result. The effect resulted in a net loss for the year ended December 31, 2023, of R$11,437 (net loss of R$13,188 on December 31, 2022).

c. Relevant impacts of inflation, changes in prices of key inputs and products, exchange and interest rates on operating results and financial results of the issuer

Several services used by the Company have their prices updated based on the variation of the IGP-M or IPCA rates, including personnel expenses (salaries, charges, and benefits), in addition to other expenses, such as travel, communication, and rent, which are also influenced by these inflation rates. However, such an impact is mitigated as recurring revenues are also indexed by inflation (IGP-M and IPCA).

The variation in interest rates in Brazil may indirectly influence the Company's operating results, as any increase in such rates may lead to a retraction in technology investments made by current customers and potential customers. Therefore, accurately assessing the true effects of interest rate fluctuations on the Company's operating results is not feasible. However, it is worth noting that historically, during periods of rising benchmark SELIC rates, the Company has not ceased to experience sales growth.

As for financial results, the debentures issued in 2022 are pegged to the CDI rate variation. In the fiscal year ended on December 31, 2023, interests incurred related to loans, financing, and debentures represented 63.6% of financial expenses.

The Company's debt is exposed to the following indicators in each period stated below:

Transaction	Risk	Indicators
Debentures	CDI rate	100% of CDI + spread 1.35%
Working capital	CDI	100% CDI

The Company and its subsidiaries have financial investment policies that determine that investments should focus on low-risk securities and investments in top-tier financial institutions and are substantially remunerated based on percentages of the CDI rate variation. The financial income from such investments, which are linked to the interest rate, accounted for 95.5% of the Company's financial income in the fiscal year ended on December 31, 2023.

In addition, revenues of some subsidiaries that operate internationally are exposed to exchange rate risk arising from exposures in certain currencies such as the Dollar of the United States of America (USD), Argentine Peso (ARS), Mexican Peso (MXN), Chilean Peso (CLP), and Colombian Peso (COP). The Company and its subsidiaries act so that their net exposure is maintained at an acceptable level in accordance with the policies and limits defined by Management. On December 31, 2023, revenues from the international subsidiaries represented 3% of the Company's consolidated revenue.

2.3. Changes in accounting practices/Exceptions and emphases:

a. Changes in accounting practices that have resulted in significant effects on the information provided for in fields 2.1 and 2.2

On January 1, 2023, the new revisions and updates to some accounting standards issued by the IASB (International Accounting Standards Board) and CPC (brazilian Accounting Pronouncements Committee) came into force, which had no significant impact on the Financial Statements of the Company and its subsidiaries for the fiscal year ended December 31, 2023:

- CPC 26/ IAS 1 and CPC 23/ IAS 8: Classification of liabilities as current or non-current;
- IFRS 17: Insurance contracts and amendments;
- CPC 26/ IAS 1 and IFRS Practical Statement 2: Disclosure of accounting policies;
- CPC 23/ IAS 8: Definition of accounting estimates;
- CPC 32 / IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction.

The Company and its subsidiaries have decided not to adopt in advance any other standard, interpretation or amendment that have been issued, but that are not yet in force.

b. Modified opinions and emphases in the auditor's report

The independent auditors issued an auditor's report with no modified opinions or emphases in the financial statements as of December 31, 2023.

2.4. The Executive Officers are required to provide their comments on the impact that the events listed below have had or are expected to have on the Company's financial statements and results:

a. Introduction or disposal of operating segment

On April 12, 2022, the Company's Board of Directors approved the creation of a Joint Venture with Itaú Unibanco S.A. ("Itaú"), called TOTVS Techfin ("JV"), whose purpose is to operate a digital financial services platform for small- and medium-sized companies, through the integration of a complete range of financial services, and it is inserted in Techfin Dimension.

On June 22, 2023, the Central Bank of Brazil ("BACEN") issued an official letter approving the change in the corporate control of Supplier Sociedade de Crédito Direto S.A. as a consequence of the admission of Itaú Unibanco S.A., which will become effective upon the closing of the transaction.

On July 31, 2023, after having complied with all applicable conditions precedent, the transaction was closed, and TOTVS and Itaú each held a 50% interest in the JV's capital stock.

For the purpose of developing the JV's activities, TOTVS and Itaú assumed, in particular, the following obligations:

(i) TOTVS contributed with assets of its Techfin business dimension, including all shares of the voting capital stock of Supplier Administradora de Cartões de Crédito S.A. ("Supplier");
(ii) Itaú will be responsible for providing funding for JV's operations, for the period and in the necessary volumes and with its financial expertise, contributing to the development of JV's financial products. Itaú made a primary contribution of R$200,000 in the capital stock of the JV.

In addition, in the context of the creation of the JV, Itaú undertook to pay TOTVS up to R$860,000 for the shares of the JV, of which R$410,000 was paid in cash, on the date of the closing of the transaction, and up to R$450,000 to be paid after 5 years, as a complementary price (earn-out) upon the achievement of targets aligned with the JV's growth and performance goals. The completion of this transaction resulted in a gain on the Company's Net Income of R$238,642.

Aiming at contributing to achieve its strategic goals, the Company constantly assesses investment and divestment opportunities. The major transactions carried out by the Company are shown in paragraph b. of this section.

b. Establishment, purchase, or disposal of equity interest

Lexos

On May 15, 2023, a purchase and sale agreement was entered into to purchase 100% of the capital stock of Lexos Soluções em Tecnologia Ltda. by the subsidiary TOTVS Large Enterprise Tecnologia S.A., for the amount paid in cash, after the price adjustment, of R$9,479. Furthermore, the Agreement includes a provision for an additional payment that is contingent upon Lexos achieving certain targets in 2024 and 2025, as well as meeting other conditions.

Lexos develops solutions focused on the integration of physical and virtual retail stores, marketplaces, and e-commerces, facilitating multichannel sales and helping clients scale their sales in the leading marketplaces in Brazil.

Exact

On June 5, 2023, a sales and purchase agreement was entered into to purchase 100% of the shares of the capital stock of Exact Desenvolvimento e Programação de Software S.A. by the subsidiary RD Gestão e Sistemas S.A. The amount paid in cash was R$31,482. Said agreement also provides for the payment of a complementary purchase price subject to compliance with certain conditions.

Exact Sales is a leading company in the Sales Engagement segment industry sector, offering solutions aimed at prospecting and qualifying potential customers of companies (prospects).

TRS

On July 3, 2023, a sales and purchase agreement was entered into to purchase 100% of the shares of the capital stock of the franchise TRS Gestão e Tecnologia S.A. by the subsidiary Soluções em Software e Serviços TTS Ltda. for the amount of R$78,834.

With this move, TOTVS now has a direct footing in the Southern Region of the country, enabling expedited tapping into the region's immense economic potential and bolstering franchise performance in nearby territories.

c. Unusual events or transactions

There were no unusual events or transactions for the year 2023.

2.5. If the issuer has disclosed, during the last fiscal year, or wishes to disclose in this form non-accounting measurements, such as EBITDA (earnings before interest, taxes, depreciation and amortization) or EBIT (earnings before interest and taxes), the issuer must:

a. Report the amount of the non-accounting measurements

EBITDA (earnings before interest, tax, depreciation, and amortization) is a non-accounting measurement calculated by the Company.

EBITDA is a non-accounting measurement prepared by the Company under CVM Resolution No. 156, of June 24, 2022 ("CVM Resolution 156/22"), reconciled with its financial statements, and EBITDA consists of net income (or loss) for the year, adjusted for financial income and expenses, income tax and social contribution, and depreciation and amortization expenses.

The **EBITDA Margin** is calculated by the EBITDA divided by the total net revenue.

The **Adjusted EBITDA** is a non-accounting measure prepared by the Company and corresponds to EBITDA added by Techfin Dimension EBITDA, operational restructuring adjustment, M&A adjustments to fair value, loss (gain) on asset write-off, acquisition transaction expenses (M&A) and tax credits that, in the opinion of Management, are not part of the normal operations of the business and/or distort the analysis of the Company's performance, among other non-recurring revenues and expenses that are not part of the Company's operations. The adjustments to the Company's operations are described below:

> **(i) Techfin Dimension's EBITDA:** according to CPC31/IFRS5, the transaction involving the creation of the Joint Venture with Itaú meets the criteria of assets held for sale, and accordingly, is being presented as a result of discontinued operation in the Income Statement until the closing of the transaction;
>
> **(ii) Adjustment from operational restructuring:** extraordinary expenses related to the demobilization of a portion of the Argentina operation and the vertical operation of hotels in Portugal;
>
> **(iii) M&A adjustment at fair value:** it refers to the adjustment to fair value of contingent payments/receipts related to M&A transactions.
>
> **(iv) Loss (earn) in disposed assets:** gain or loss generated by the write-off of fixed and intangible assets;
>
> **(v) Expenses with M&A transactions:** fees and other costs arising from the process of purchasing companies (M&A);
>
> **(vi) Tax credit:** it refers to the constitution of extemporaneous tax credit of PIS and COFINS by excluding ICMS from the calculation basis, presented net of the cost of attorney's fees to get a legal opinion on the subject.

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

The **Adjusted Management + Biz Performance EBITDA** and the **Adjusted Management + Biz Performance EBITDA Margin** is a non-accounting measure prepared by the Company and corresponds to the adjusted EBITDA and the adjusted EBITDA Margin, disregarding the EBITDA and Techfin Dimension EBITDA Margin.

The EBITDA and the EBITDA Margin, the Adjusted EBITDA, the Adjusted EBITDA Margin, the Adjusted Management + Biz Performance EBITDA and the Adjusted Management + Biz Performance EBITDA Margin are not measures recognized by the Accounting Practices Adopted in Brazil (BR GAAP) or by the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board ("IASB"), neither represent the cash flow for the periods presented, and should not be considered as a substitute for the Net income (loss) for the fiscal year, as operating performance indicators, as liquidity indicators, nor as a basis for distribution of dividends or other measures of operating performance or liquidity set forth under the BR GAAP or IFRS. The Company uses EBITDA, EBITDA margin, Adjusted EBITDA, and Adjusted EBITDA Margin as performance measures for management purposes and for comparison with similar companies. Although EBITDA has a standard meaning pursuant to article 3, subparagraph I of CVM Resolution 156/22, the Company cannot guarantee that other companies, including privately held companies, adopt this standard meaning. In this regard, if the standard meaning set forth by CVM Resolution 156/22 is not adopted by other companies, the EBITDA disclosed by the Company may not be comparable to the EBITDA reported by other companies. Furthermore, companies that were not required to correct disclosures made before the implementation of CVM Resolution 156/22 cannot adopt the standardized interpretation set by said resolution.

Please see below the amounts of EBITDA, EBITDA Margin %, Adjusted EBITDA, and Adjusted EBITDA Margin % for the fiscal year ended on December 31, 2023:

In thousands of Reals	2023	2022
EBITDA	983,496	877,204
EBITDA Margin %	21.9%	23.1%
Adjusted EBITDA	1,089,915	934,778
Adjusted EBITDA Margin %	23.5%	23.9%
Management + Biz Performance Adjusted EBITDA	1,076,236	909,558
Management + Biz Performance Adjusted EBITDA Margin %	23.90%	24.0%

Contribution Margin and Contribution Margin %

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

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

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

The **Consolidated Contribution Margin and the Consolidated Contribution Margin %** refers to the Contribution Margin and the Contribution Margin % added to the Contribution Margin and the Contribution Margin % of the Techfin Dimension.

See below the amounts of Contribution Margin and Contribution Margin % in the fiscal years ended on December 31, 2022 and 2023:

In thousands of Reals	2023	2022
Contribution Margin	2,409,849	2,020,495
Contribution Margin %	53.6%	53.3%
Consolidated Contribution Margin	2,487,472	2,095,493
Consolidated Contribution Margin %	52.7%	52.4%

Gross Debt and Net Debt (Net Cash)
Gross Debt corresponds to the sum of the balances of loans and financing, debentures, and obligations for acquired investments, both current and non-current.

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

To determine the extent of its indebtedness compared to its cash position, the Company utilizes Net Debt (Net Cash) and Gross Debt.

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

Please see below the amounts of Gross Debt and Net Debt (Net Cash) on December 31, 2023:

In thousands of Reals	2023	2022
Gross Debt	2,438,005	2,323,761
Net Cash	(821,091)	(496,161)

Techfin Net Revenue (Non-GAAP)

The Techfin net revenue (Non-GAAP) is composed of Techfin Revenue, deducted from the Funding cost, which is formed by the compensation of the FIDC's senior and mezzanine quotas, in addition to the cost of any bank lines.

(In thousands of Reals)	Fiscal year ended on December 31, 2023	Fiscal year ended on December 31, 2022
Revenue net of funding, Techfin (50%)	136,427	123,568

The Company uses the Techfin net revenue (Non-GAAP) to evaluate the margin of the operation from the net revenue of the funding cost.

The Techfin net revenue (Non-GAAP) is not a measure recognized in accordance with the accounting practices adopted in Brazil or International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB), it does not have a standard meaning and may not be comparable to the Net Revenue prepared by other companies. The Techfin net revenue (Non-GAAP) has limitations that may impair its use as a performance measure.

b. Make reconciliations between the amounts disclosed and the amounts of the audited financial statements
The reconciliation between these non-accounting measurements and the financial statements is shown below:

EBITDA, EBITDA Margin, Adjusted EBITDA, Adjusted EBITDA Margin, Management + Biz Performance Adjusted EBITDA

(In thousands of Reals)	Fiscal year ended on December 31, 2023	Fiscal year ended on December 31, 2022
Total Net Revenue	4,497,028	3,792,932
Net income	**764,435**	**523,301**
(+/-) Financial Revenues and Expenses	17,409	(20,520)
(+) (Current and deferred) Income Tax and Social Contribution	146,620	141,204
(+) Depreciation and Amortization	282,801	236,129
(+/-) Net income/Loss from discontinued operation	(227,769)	(2,910)
EBITDA	**983,496**	**877,204**
EBITDA Margin %	**21.9%**	**23.1%**
(-) Equity pickup	(3,195)	442
(-/+) M&A adjustment at Fair Value	72,928	28,668
(-/+) Extraordinary Adjustment Restructuring Op.	12,540	-
(-/+) Loss (Earn) in investment sale	-	4,689
(+) Expenses with M&A Transactions	9,837	15,163
(-) Tax credit	630	(16,608)
Adjusted Management + Biz Performance EBITDA	**1,076,236**	**909,558**
Adjusted Management + Biz Performance EBITDA Margin %	**23.9%**	**24.0%**
Techfin Dimension EBITDA	13,679	25,220
Adjusted EBITDA	**1,089,915**	**934,778**
Adjusted EBITDA Margin %	**23.5%**	**23.9%**

Gross Debt and Net Debt (Net Cash)

In thousands of Reals	Fiscal year ended on December 31, 2023	Fiscal year ended on December 31, 2022
Loans and leases (current and non-current)	197,364	212,533
Debentures (current and non-current)	1,546,703	1,547,009
Obligations from acquired investments	693,938	564,219
Gross Debt	**2,438,005**	**2,323,761**
(-) Cash and cash equivalents	(3,129,162)	(2,735,765)
(-) Investment guarantees	(129,934)	(84,157)
Net Debt (Net Cash)	**(821,091)**	**(496,161)**

Debt Ratio on the Adjusted EBITDA

(In thousands of Reals)	Fiscal year ended on December 31, 2023	Fiscal year ended on December 31, 2022
Net Debt (Net Cash)	(821,091)	(496,161)
Adjusted Management + Biz Performance EBITDA	1,076,236	909,558
Debt Ratio on the Adjusted EBITDA	**-0.8**	**-0.5**

Techfin Net Revenue (Non-GAAP)

(In thousands of Reals)	Fiscal year ended on December 31, 2023	Fiscal year ended on December 31, 2022
Techfin Net revenue	221,773	205,945
Cost of funding	(85,346)	(82,377)
Techfin Net revenue (50%)	**136,427**	**123,568**

c. Explain why it is considered that such measurement is more appropriate for the correct understanding of its financial condition and the result of its operations

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

The Company understands that Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Management + Biz Performance EBITDA and Adjusted Management + Biz Performance EBITDA Margin are more appropriate performance measures for the correct understanding of its financial condition and the result of its operations, in addition to allowing a comparison with other Companies in the same industry sector, although other companies can calculate it differently.

The Company believes that Adjusted EBITDA portrays its performance without the influence of factors related to: (i) Techfin Dimension's EBITDA; (ii) Operational restructuring adjustment; (iii) M&A adjustment at fair value; (iv) Loss (gain) on asset write-off; (v) expenses with purchase transactions (M&A); and (vi) tax credit. Such characteristics, in the Company's opinion, make the Adjusted EBITDA a more practical and more appropriate measure of its actual performance.

Contribution Margin and Contribution Margin %
The company acknowledges the importance of using Contribution Margin and Contribution Margin % as measures to evaluate profitability. This metric allows for a comparison of revenues, costs, and expenses, providing insights into the Company's profitability and return.

Gross Debt and Net Debt (Net Cash)
The Company understands that the measures of Net Debt (Net Cash) and Gross Debt are useful to assess the degree of indebtedness in relation to its cash position. On the base date of December 31, 2023, the Company had finance lease contracts bound to the purchase of equipment and rents for the Company's units and debentures. For further information, please see section 2.1(f).

Debt Ratio on the Adjusted EBITDA

The Company understands that the measurement of the Debt Ratio on the Adjusted EBITDA is useful in assessing its liquidity, that is, its ability to pay short- and long-term liabilities, since it shows the size of the company's debt in multiples of Adjusted EBITDA, and also shows the Company's debt repayment ability. This indicator is one of the references for compliance with the obligations described in the covenants of the debentures issued in September 2022, within the scope of the Company's 4th issuance of debentures.

2.6. Please identify and comment on any event subsequent to the last financial statements at the end of the fiscal year that substantially changes them

On January 31, 2024, the subsidiary Soluções em Software e Serviços TTS Ltda., after having met all applicable conditions precedent, including, without limitation, CADE's approval, completed the purchase of the entire capital stock of the franchise IP São Paulo Sistemas de Gestão Empresarial Ltda. and paid the amount of R$137,600, subject to adjustments, under the terms of the Sales and Purchase Agreement signed by and between the parties.

On February 1, 2024, the subsidiary Dimensa S.A. entered into the Sales and Purchase Agreement for the purchase of the entire capital stock of Quiver Desenvolvimento e Tecnologia Ltda. for the amount of R$115,000. Said Agreement also provides for the payment of a complementary purchase price subject to compliance with certain conditions. In the market since 1992, Quiver serves the main insurers, brokers, and banks for policy sales and management. Its portfolio is divided into software for insurance and benefits brokers, calculation solutions, and data sales.

2.7. Allocation of corporate results

Fiscal year ended on December 31, 2023	
a. standards on retained earnings	The Company does not have a policy setting forth retention rules besides those provided for in the law. Pursuant to Brazilian Corporations Law, the Company may allocate at least five percent (5%) for the legal reserve, up to a limit of twenty percent (20%) of its capital stock. In the fiscal year in which the legal reserve balance plus the capital reserve amounts exceeds thirty percent (30%) of the capital stock, the allocation of part of the Net income to the fiscal year for the legal reserve is not mandatory. Further, also pursuant to Law 6.404/76, the Company may retain the amount related to the capital budget, submitted by the management bodies with a justification for the retained earnings, including the sources of the funds and capital investments, whether fixed or current, for up to five (5) consecutive years, except in case an investment project is carried out over a longer period. The budget may be approved by the Annual General Meeting that resolves on the balance sheet for the fiscal year, and reviewed annually, when it has a duration of more than one fiscal year.
a.i. amounts of retained earnings	The Management proposes the following allocation of the Net income, to be resolved at the Company's Annual General Meeting to be held on April 23, 2024: Legal reserve R$36,747 thousand, and Retained Earnings Reserve R$432,403 thousand
a.ii percentages regarding total income stated	R$432,403 thousand reversed from the Retained Earnings Reserve account corresponds to 58.8%% of the Net income stated by the Company.
b. rules on dividend distribution	The portion corresponding to twenty-five percent (25%) of the adjusted annual Net income, as provided for in Article 202 of the Brazilian Corporations Law, and in Article 37 of the Company's Bylaws, will be allocated to pay for the required minimum dividend.
c. periodicity of dividend distributions	At the end of each fiscal year. The Bylaws (art. 39) of the Company sets forth a provision on the possibility of distributing dividends in shorter periods.
d. any restrictions on the distribution of dividends imposed by special legislation or regulations applicable to the issuer, as well as contracts, judicial, administrative, or arbitration orders	Currently, there are no restrictions on the dividend distribution imposed by any special legislation or regulation applicable to the Company.
e. If the issuer has a formally approved income allocation policy informing the body responsible for the approval, the date of approval and, if the issuer discloses the policy, any websites on the world wide web where the document can be read	The Company does not have a formally approved specific policy dealing with the allocation of results.

2.8. The Executive Officers must describe the relevant items not evidenced in the Company's financial statements, pointing out:

a. the assets and liabilities held by the issuer, directly or indirectly, that are not stated in its balance sheets (off-balance sheet items), such as:

(i) Portfolios of receivables written off over which the entity has neither retained nor transferred substantially the risks and benefits of ownership of the transferred asset, specifying the corresponding liabilities
Not applicable, since there are no assets or liabilities held by the Company and its subsidiaries that are not shown in its consolidated financial statements for the fiscal year ended on December 31, 2023.

(ii) Agreements for future purchase and sale of products or services
Not applicable, since there are no assets or liabilities held by the Company and its subsidiaries that are not shown in its consolidated financial statements for the fiscal year ended on December 31, 2023.

(iii) Unfinished construction agreements
Not applicable, since there are no assets or liabilities held by the Company and its subsidiaries that are not shown in its consolidated financial statements for the fiscal year ended on December 31, 2023.

(iv) Agreements for future receipt of financing
Not applicable, since there are no assets or liabilities held by the Company and its subsidiaries that are not shown in its consolidated financial statements for the fiscal year ended on December 31, 2023.

b. other items not shown in the financial statements
Not applicable, since there are no items that are not shown in its consolidated financial statements.

2.9. Regarding each of the items not shown in the financial statements referred to in section 2.8, the Executive Officers should comment:

a. How such items change or may change revenues, expenses, operating results, financial expenses or other items in the issuer's financial statements

Not applicable, considering that there are no relevant items of this nature not shown in the Company's financial statements for the fiscal year ended on December 31, 2023.

b. Nature and purpose of the transaction

Not applicable, considering that there are no relevant items of this nature not shown in the Company's financial statements for the fiscal year ended on December 31, 2023.

c. Nature and amount of obligations undertaken and rights generated in favor of the issuer as a result of the transaction

Not applicable, considering that there are no relevant items of this nature not shown in the Company's financial statements for the fiscal year ended on December 31, 2023.

2.10. The Executive Officers should point out and comment on the major elements of the Company's business plan, specifically exploring the following topics:

a. Investments

(i) quantitative and qualitative description of ongoing investments and planned investments
The Company keeps its strategy of seeking inorganic growth through mergers and acquisitions of companies that develop management software or companies that can expand the Company's value-added service offerings in the Brazilian and/or in the international market.

The Company makes investments in Corporate Venture Capital as a Service ("CVC") through an equity investment fund ("EIF"), a new concept that has an external and independent manager and that has allowed us to create an investment mechanism aimed at startups with high growth and innovation potential. As of December 31, 2023, the amount invested totaled R$24,836.

Research and Development (R&D) is another relevant line in the investment plan, because of its strategic importance for the economic industry sector in which the Company operates. Such investments allow us to offer solutions that are more and more adherent to the needs of clients and add technological innovations that provide greater productivity for the users of our solutions. The Research and Development (R&D) expenses in the Financial Statements for the period ended on December 31, 2023 totaled R$844,764.

The main initiatives in the Company's Research and Development investment line in the last year were focused on Artificial Intelligence (AI), consolidating and exponentialize products aimed at the Business Performance and Management dimensions, with the expansion and modernization of the product portfolio, meeting new regulations, in addition to the continuity in facilitating our customers' access to financial services in a more technological, agile and economical way (Techfin dimension):

- Projects aimed at expanding, simplifying, and making cheaper our clients' access to financial services through the Techfin front.
- Projects aimed at bringing innovation to the financial market, generating better operational results for users of financial services tools.
- Investments in projects to meet the needs of the manufacturing markets, integrating the various solutions with agility and always seeking the best industry 4.0 practices.
- Projects focused on platform integration and productivity, aimed at facilitating the management and use of cloud infrastructure.
- Research and development applied to promote efficiency gains and best practices in the management of carriers, logistics operators, ports, bonded areas and construction material business.
- Projects for Innovation and integration with the portfolio of partners focused on the hospitality sector.
- Investments to develop a health system for the area of Radiology (RIS).
- Project to increase the scalability of the artificial intelligence platform through changes in the platform's storage architecture.
- Innovation projects focused on the digital transformation of HR through a portfolio of solutions and offers that incorporate the innovative concept "HXM - Human Experience Management".
- Development of skills to capture, store, analyze, and generate business insights from large volumes of data.
- Project to modernize the Company's major ERP lines.

(ii) Sources of investment financing
R&D investments have as a source of financing the funds generated in the Company's operating activities, issuances of shares and/or Debentures (see section 2.1.(f)). In addition to the resources generated in operating activities, mergers and acquisitions of companies can also be made feasible through structured transactions involving both own and third-party resources according to the size of the transaction.

(iii) relevant divestitures in progress, and planned divestitures
Not applicable, because that there are no relevant divestiture items in progress and/or foreseen in the fiscal year ended on December 31, 2023.

b. As long as it has already been disclosed, please report the purchase of factories, equipment, patents, or other assets that should materially influence the Company's productive capacity

Not applicable.

c. New products and services, detailing:

(i) description of ongoing research already disclosed
Not applicable.

(ii) total amounts spent by the issuer on research to develop new products and services
Not applicable.

(iii) projects under development already disclosed
Not applicable.

(iv) total amounts spent by the issuer to develop new products or services
The total expenses with Research and Development represented 18.8% of the net revenue of the Company and its subsidiaries for the fiscal year ended on December 31, 2023. In addition, throughout 2023, the Company and its subsidiaries capitalized expenses with the development of some projects, with clear prospects of return in the medium/long term, which totaled R$47,914, representing 1.07% of the Company's total net revenue.

d. Opportunities that are part of the issuer's business plan related to ESG issues

Over the course of its existence, TOTVS has developed a business model that truly embodies the principles of ESG (Environmental, Social, and Governance). The Company is fully committed to implementing a Sustainability and ESG Agenda that directly supports its mission of improving company outcomes and is in line with its dedication to delivering value for its stakeholders.

As the leading technology company in Brazil, an employer brand, and a socio-economic agent, TOTVS is constantly evaluating how it influences and impacts society, aiming to identify opportunities to contribute to an increasingly digital, inclusive, and sustainable market, TOTVS believes that everyone can grow, and we work together towards that.

A clear example in this direction is our contribution to democratizing access to technology for small and medium-sized businesses, from north to south of Brazil, providing cutting-edge solutions that assist companies of all sizes in 12 strategic segments of the economy to boost their results, become more profitable, and grow their operations.

In the realm of social responsibility and social investment, we are the main supporters of the Institute of Social Opportunity (IOS), a non-profit organization founded in 1998 by TOTVS' employees, which collaborates with other social organizations or private entities, promoting free vocational training and employability for young people in vulnerable situations and people with disabilities. IOS seeks to provide access to technology, with a primary focus on employing qualified professionals. Since its foundation, IOS has trained over 43,000 young people and people with disabilities for the job market, playing a crucial role in promoting gender and ethnic-racial equality, and in reducing inequalities by increasing the income of its students' families.

These initiatives and their results are concrete examples of value generation by the Company within its operating ecosystem and reaffirm the objectives outlined for TOTVS' Sustainability and ESG Agenda, as envisaged in our Organizational Policy, namely:

- Enhance TOTVS' performance as an agent of positive change, connecting business, people, and technology, including sustainability as a value proposition;

- Strengthen the integration of economic, environmental, social and governance (ESG) aspects in several areas, such as strategy, business model, investment decisions, products, services, innovation processes, and technological development;
- Foster the development of the sustainability culture at TOTVS, expanding the ability to incorporate the demands of strategic audiences and generate shared value in all relationships.

Additionally, we have several initiatives in progress or development, related to how we generate value in our business, partnerships, and relationships. In terms of perspectives, we can highlight:

Capital	Performance
Human Capital	In people management, we will continue to attract, retain, and develop TOTVERs. In order to gain more visibility among the younger people, we will focus on expanding our database of resumes. We will invest in development through the TOTVS University Network ("*TOTVS Universidade em Rede*"), leadership programs, and other initiatives. The focus will also be on mental health actions, encouraging financial health and the continuous promotion of diversity and inclusion guidelines.
Manufactured Capital	Our business development structure ensures that we are constantly aware of and responsive to the emerging needs of both society and the business sector. Through our ability to transform and adapt, we will achieve favorable results and encourage continual growth. Our primary focus will be on driving technological development, establishing productive partnerships, and exploring growth opportunities through acquisitions. Our aim is to become the best partner for our customers, supporting the expansion of businesses and entrepreneurs. All of this is aligned with our motto, "BRAZIL THAT MAKES IT HAPPEN."
Financial Capital	On economic and financial management, we will continue, each year, seeking the best financial and operational results, with robust financial management strategies, cash generation, liquidity, and controlled debt. Operational efficiency, in turn, is increasingly supported by structured processes in our operations, diligent risk management, and discipline in cost control.
Intellectual Capital	In the area of knowledge generation and dissemination (Intellectual Capital), we will maintain a strong emphasis on innovation, research and development of software, solutions, and services. We are targeting specific investments to drive these initiatives, while promoting the continued development of TOTVERS. Moreover, we actively foster and promote the discussion and dissemination of knowledge in society, actively participating in, sponsoring, and endorsing events, workgroups, and studies.
Social and Relationship Capital	In our interactions with customers, shareholders, investors, suppliers, and other relevant parties, as well as in our engagement with society at large, we will continue to prioritize delivering solutions and partnerships of excellence. In this context, we seek mutual benefits, promoting a win-win process for our stakeholders and for our entire value chain. We also highlight the commitment to the Social Opportunity Institute, maintained by TOTVS, as an integral part of this socially responsible approach.
Natural Capital	In the management of environmental resources and processes, we reinforce our commitment to continuous evolution in all of our initiatives. We actively work on reducing our impact on water usage by consciously and efficiently utilizing it. Similarly, we have focused efforts on efficient energy management and emission reduction by improving our Greenhouse Gas Inventory, by mapping the impacts of our key operations.

2.11. Other factors with significant influence

There are no other factors with relevant influence other than those already mentioned in the previous items.

3.1 - Published projections and assumptions

The information disclosed in this section represents an estimate and involves market factors and others beyond TOTVS's control. Therefore, it does not constitute a promise of performance by its administrators and, as such, may be subject to changes.

(a) object of projection

The projection considers operational costs and expenses ("OPEX") solely related to TOTVS TECHFIN S.A. ("TOTVS TECHFIN"), and therefore does not include any information or data (whether present or estimated) related to its subsidiary, Supplier Administradora de Cartão de Crédito S.A. The OPEX of TOTVS TECHFIN is composed of Operational Costs, Research and Development, Commercial and Marketing Expenses, and Administrative and Other Expenses.

(b) projected period and period of validity of the projection

The financial projection pertains to the fourth quarter of 2024 ("4Q24"), with 4Q24 being the validity period of the projection.

(c) projection assumptions, indicating which ones can be influenced by the issuer's management and which ones are beyond its control

This forward-looking information is subject to uncertainties and assumptions that include, among other risk factors:

- General economic conditions;
- Industry conditions;
- Other operating factors may affect TOTVS' future performance;

Finally, the information represents an estimate and involves market factors beyond the control of TOTVS, therefore, it does not constitute a promise of performance or on the part of its managers and, therefore, may be subject to changes.

(d) values of the indicators that are the subject of the forecast

Guidances Tracking

The financial projection disclosed in the Material Fact dated August 8th, 2023 and revised in the Material Fact dated August 7th, 2024 ("Projections") was an estimate and involved market factors and others, beyond Company's control and did not constitute a promise of performance or by its management, and may be subject to change.

OPEX TOTVS TECHFIN

The following results consider 100% of operating costs and expenses (OPEX) of TOTVS TECHFIN only, not including any information or data (present or estimated) relating to its subsidiary Supplier Administradora de Cartão de Crédito S.A. ("Supplier"). The same methodology was used for the Projections.

TOTVS TECHFIN's OPEX consists of the lines of Operating Costs, Research and Development, Sales and Marketing Expenses and Administrative and Other Expenses.

TOTVS Techfin	4Q24 Actual[1]	4Q24 Projected
Operating Costs and Expenses (OPEX)[2]	**R$21.3 million**	**R$20 to 30 million**

[1] Realized value (not a projection) reflected in the published results.
[3] OPEX consists of the lines of Operating Costs, Research and Development, Sales and Marketing Expenses and Administrative and Other Expenses.

Techfin's OPEX closed 4Q24 at R$21.3 million, in line with the revised financial projection estimated for 4Q24, mainly due to the continued investments made to expand the product portfolio.

3.2 - Monitoring and changes to published projections

(a) inform which ones are being replaced by new projections included in the form and which ones are being repeated in the form

The reported replacement do not replace previous projections, since, according to the Material Fact disclosed on August 7th, 2024, the Company provided the change in projections relating to TOTVS TECHFIN (OPEX), referring to the period of the fourth quarter of 2024 ("4Q24"), replacing the projection previously presented in the Material Fact released by the Company on August 8th, 2023.

(b) regarding the projections related to periods already elapsed, compare the projected data with the actual performance of the indicators, clearly indicating the reasons that led to deviations in the projections

The OPEX of TOTVS TECHFIN is composed of Operational Costs, Research and Development, Commercial and Marketing Expenses, and Administrative and Other Expenses.

Projections for 3Q23:

TOTVS Techfin	3Q23 Actual[1]	3Q23 Projected
Operating Costs and Expenses (OPEX)[2]	R$20,2 million	R$24 a 30 million

[1] Realized value (not a projection) reflected in the published results.
[3] OPEX consists of the lines of Operating Costs, Research and Development, Sales and Marketing Expenses and Administrative and Other Expenses.

Reasons for deviations in the 3Q23 projections:

The variation between the actual values and the projections of Operating Costs and Expenses (OPEX) for TOTVS Techfin for the third quarter of 2023 is mainly due to the slower-than-expected pace of hiring new resources for the operation.

Projections for 4Q24:

TOTVS Techfin	4Q24 Actual[1]	4Q24 Projected
Operating Costs and Expenses (OPEX)[2]	R$21.3 million	R$20 to 30 million

[1] Realized value (not a projection) reflected in the published results.
[3] OPEX consists of the lines of Operating Costs, Research and Development, Sales and Marketing Expenses and Administrative and Other Expenses.

Techfin's OPEX closed 4Q24 at R$21.3 million, in line with the revised financial projection estimated for 4Q24, mainly due to the continued investments made to expand the product portfolio.

(c) regarding projections related to periods still in progress, inform whether the projections remain valid on the date of delivery of the form and, when applicable, explain why they were abandoned or replaced

The revision of the projection for 4Q24 was due to the progress made and already achieved from the integration of operations between TOTVS TECHFIN and Supplier Administradora de Cartão de Crédito S.A., as observed in the second quarter of 2024, when the OPEX exclusively of TOTVS TECHFIN (i.e., excluding the OPEX of Supplier) amounted to R$23.4 million. This integration has allowed TOTVS TECHFIN greater fluidity and efficiency in operational investments for developing the new solution portfolio, which considers the ERP Banking thesis with differentiators related to the integrated B2B digital journey with management software and extensive use of the data available in these software systems.

TOTVS Techfin	4Q24

	Projected (previous)	Projected (reviewed)
Operating Costs and Expenses (OPEX)[1]	**R$32 a 40 million**	**R$20 a 30 million**

[1] OPEX consists of the lines of Operating Costs, Research and Development, Sales and Marketing Expenses and Administrative and Other Expenses.

4.1 - Risk factors description

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

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

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

(a) Risks related to the Company

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

The management systems market, which is the key market in terms of revenue in which the Company operates, is characterized by constant technological advances, the evolution development of software and communication infrastructure, increasing complexity of customer needs, frequent improvements on users' experience, and constant new product and services releases. If the Company cannot develop technological improvements, to improve and enhance its products and services in a timely manner, to properly identify and translate the needs of its customers/clients or to position or price its products and services in order to meet market demand, the Company's customers may stop acquiring new software licenses, subscribing for the use of software and contracting services, or the Company may lose its competitiveness when it comes to attracting new customers and, as a result, suffer a relevant impact on its results.

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

If the Company does not make progress on the languages adopted, simplify structures, or converge solutions, use data effectively for the development of new products and updating of its portfolio, or adopt new technologies, including those considered disruptive, including but not limited to the use of artificial intelligence in product development, may have a material impact on the Company's business strategy and, consequently, on its financial results.

The Company may not be able to compete effectively in the Techfin dimension

An important part of the Company's strategy is to expand its business in the Techfin dimensions, offering financial products and services. If the Company cannot develop products and services that meet the needs of its clients in these dimensions, its growth strategy and operating results could be adversely affected.

The Company's success in the Techfin dimension will depend on its ability to extract, process, and use data from its ERPs (Enterprise Resource Planning, "ERP") for the development of new products and offers .The Company may also be impacted by the low quantity and quality of data.

The Company may not have sufficient distribution channels and sales force with technical and specialized knowledge of such new products and offerings, which may adversely affect its ability to penetrate and expand in these markets. The expansion of this dimension and its ability to increase the client base may also be affected by the low level of awareness of Techfin's business as a player in the credit market. The expansion strategy of the Techfin dimension could also be negatively affected if the Company fails in efforts to synergize and integrate with the Management dimension, including the distribution, product development, and sales aspects.

The possible worsening of the level of default, due to failures in granting credit, concentration of the credit portfolio in certain segments or groups of customers or external factors, could also negatively impact this operation, causing an increase in provisions and a reduction in the supply of credit. The performance of the operation might be influenced by macroeconomic variables that cause major variations in the interest rate, besides a low economic growth, factors that can reduce the demand for credit by clients and customers, change the criteria for granting credit and also the company's competitiveness.

Funding represents a fundamental element in businesses of the Techfin dimension. If the Company is not able to raise funds in sufficient volume and under favorable and competitive conditions in relation to the market, it may not be able to maintain and/or expand the credit offer and its growth strategy may be adversely affected. Furthermore, the Company is subject to mismatches between obligations arising from raising funds and credits assigned, in relation to interest rates and maturity terms of the credit portfolio. In this sense, the profitability of its credit operations depends on its ability to balance the cost of obtaining funds with the interest rates charged from its customers, as well as the possible mismatch between the maturity of credit operations and the funding amortization terms that can impact the liquidity risk of this operation.

In addition, possible legislative changes may make it difficult and/or require significant operational and conceptual adjustments to new business models by the Company, particularly with regard to data processing and specific regulations. If these factors materialize and the Company is unable to develop, execute, integrate and expand the Techfin dimension as planned, the investments made in this dimension may not obtain the expected return, adversely impacting the Company's financial results and its growth strategy.

The Company may not be able to compete efficiently in the Business Performance dimension.

The Business Performance dimension, aimed at supporting customers to increase their sales and competitiveness in the market, is fundamental to the Company's growth strategy. If the Company is unable to develop products and services that meet the needs of its customers in this dimension, its strategic objectives and operational results may be adversely affected.

The expansion strategy of the Business Performance dimension may be negatively affected if the Company is not successful in its efforts to achieve synergy and integration with the Management dimension, including aspects of distribution, product development and sales. The Company may also not have sufficient distribution channels and sales forces with specialized technical knowledge in products and services of this size, which may adversely affect the ability to penetrate and expand in these markets.

If these factors materialize and the Company is unable to develop, execute, integrate and expand the Business Performance dimension as planned, the investments made in this dimension may not obtain the expected return, adversely impacting the Company's financial results and its growth strategy.

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

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

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

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

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

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

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

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

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

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

Despite the Company having cyber insurance to reduce the effects of any IT occurrences in the cloud and in the corporate environment, the results of its activities might be detrimentally affected in the instance of a technology system incident, primarily if it is not covered by the corresponding cyber insurance policy.

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

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

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

The Company is subject to risks connected to non-compliance with data protection laws (both domestic and global), and could suffer from the levy of penalties and other types of sanctions.

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

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

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

The Company may be adversely affected by failures in its internal processes related to data protection, including data mapping and classification, service to data owners, functionalities associated with compliance with the LGPD in its products, reporting of incidents to the ANPD, as well as may be affected by weaknesses in the environment and controls of acquired companies, among other factors.

On February 27, 2023, the ANPD published a Resolution with the standards for the Dosimetry and Application of Administrative Sanctions, thus such sanctions and fines can already be applied by such agency for any non-compliance with the LGPD, including for processes opened before the publication of said Resolution.

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

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

The Company may fail to prioritize investments for the development of new products and/or in the modernization and life cycle management of existing products.

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

If the Company invests in new products that do not bring the expected financial return, maintains products with low profitability in the portfolio or fails to invest the necessary resources in the development of new technologies and product modernization, the Company's competitiveness and financial results may be adversely affected.

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

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

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

The Company competes in markets characterized by high competitiveness, technological developments, changing needs of customers/clients, standards adopted by the industry in which it operates, and frequent introductions of new products, technologies and services. With the rise and increasing adoption of artificial intelligence in the tech industry, the Company risks losing its competitive edge to rivals if it fails to timely and correctly incorporate this technology into its products. In addition, the Company competes with several companies operating in the global, regional, and local market for software and related services, including integrated business management software providers, developers that make their software available for free, and companies providing consulting services and technology startups. Some of the Company's current or potential competitors are involved in a broader range of businesses, some of which have a larger installed base of customers/clients for their products and services or have significantly larger financial, technical, sales, and other resources compared to those of the Company, thus increasing their ability to compete with the Company. Competition in the Company's market may become more intense because of mergers between potential customers of the Company's products, as well as partnerships between its competitors and other companies. In response to competition, to mergers in the sectors in which the Company operates, and to adverse economic conditions, the Company may be led to grant discounts or other price reductions to its customers/clients, or even change its billing models, to remain competitive.

Likewise, the Company may lose market share or become unable to advance into new markets if it cannot advance in the digitalization of its sales and distribution channels at a speed equal to or greater than its competitors, as well as the companies with which it is up to them to introduce or acquire new products that compete with theirs or add new features to them. In addition, as a result of signs of slowed growth in the ERP software market for large companies, some of the Company's competitors can explore the market for small and medium-sized companies as an alternative to increase their revenues, which may cause a material adverse effect on the Company's businesses and on the results of its operations, its financial condition, cash flows.

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

One of the Company's data centers, an environment designed to house servers and store data, is located near the Campo de Marte air base, in São Paulo (SP), a place with potential risk for aircraft accidents.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company conducts its business in the countries where it operates as direct sales and through a network of exclusive franchises, which sell and implement its solutions. Franchises make a relevant contribution to the Company's sales, especially in the small and medium business (SMB) market; hence, our business and results may be directly affected by the performance of our franchisees. Franchisees take part in the origination of new customers/clients and new sales, also providing services to implement our solutions directly to our customers/clients. Losing franchises could harm our relationship with customers in the franchised territories, which could negatively affect new sales, the provision of services to customers, and, as a result, the Company's financial condition and results of operations. In addition, Franchises may not have the required level of specialization for sale in a market under constant technological evolution, considering segmented products and the portfolio of the dimensions of Techfin and Business Performance, which may negatively affect the ability to expand the distribution of these products and consequently the Company's commercial strategy and operating results.

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

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

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

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

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

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

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

The existence, in the present or in the past, of any investigations, inquiries or proceedings of an administrative or judicial nature related to the violation of any of these laws by the Company, may cause: (i) fines and compensations at the administrative, civil and criminal levels; (ii) loss of operating licenses, with the consequent subsidiary or joint liability of the Company; (iii) prohibition or suspension of the Company's activities; (iv) loss of rights to contract with the public administration, to receive tax incentives or benefits or any financing and resources from the public administration; (v) extraordinary publication of any convicting decision or order; (vi) search and seizure of goods or benefits achieved against the law, and/or (vii) the dissolution of the company or organization. All of these circumstances may have a material adverse effect on the Company, and it may affect its reputation, financial results, and business strategy in segments aimed at sales to Public Sector customers.

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

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

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

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

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

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

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

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

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

***The Company does not have a controlling shareholder or controlling group holding over 50% of the voting capital,* which may make it more exposed to alliances and conflicts between shareholders and other possible events to materialize in the absence of a controlling shareholder or controlling group holding more than 50% of the voting capital.**

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

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

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

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

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

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

It may give rise to subsidiary legal liability for the Company in proceedings involving its subsidiaries.

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

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

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

(d) Risks related to the Company's managers

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

The Company's growth and success depend largely on the qualification of its professionals and their ability to train and retain potential successors to assume positions in the Management and other positions considered strategic, especially in relation to the definition and implementation of its strategies and development of its operations, products and services. Additionally, in the case of acquired companies, entrepreneurs may not remain in business after the period earn-out, and the Company may not have successors prepared to succeed them. If you are unable to promote the succession in these companies properly, the Company may be adversely affected by the loss of knowledge of the business (know-how) and having its operating results and its growth strategy impacted.

In this way, the loss of any person holding a key position could significantly harm the business and operating results of the Company, in case its succession plan is not effective. The company is also based on the continuity of service provision by qualified key employees with specific knowledge in technology, admittedly scarce in the current scenario, considering the shortage of skilled labor in the market and the increasingly globalized competition for such talents.

In addition, the adoption of remote work models in the general market increases competition for hiring these professionals, by breaking down or limiting the impact of territorial barriers. Furthermore, there are strong and continued competition in the information technology industry for hiring highly skilled professionals in the commercial, technical and other areas, and the Company competes, at a global level, in hiring these professionals. Consequently, the Company may not be able to obtain skilled labor or may have to offer higher remuneration to attract and retain these professionals, which may represent additional costs not offset by increased productivity or higher prices.

The Company, additionally, may not be able to train and qualify its internal professionals in time and sufficient quantities to reduce dependence on hiring market professionals to meet your demand or, even, have difficulties in attracting and retaining professionals if they are not able to offer a compensation and benefits package compatible with the industry sector in which they operate.

Judicial or administrative decisions unfavorable to the Company's management may affect adversely affect its operating results.

The Company's administrators may be or become defendants in investigations, proceedings judicial and administrative and arbitration procedures, of the most diverse natures, including, but not limited to, to civil, tax, labor, personal data protection and criminal proceedings, including as a result of real news in progress.

Contrary decisions or agreements unfavorable to the Company's management may affect its business, its financial condition and reputation in a negative way, including causing the loss of rights to contract with the public administration, to receive tax incentives or benefits or any funding and resources from the public administration or the right to exploit the telecommunications services provided. Still, we can't ensure that the provisions constituted by the Company, in view of subjective aspects and critical judgments exercised by management in determining the possibility of loss attributed to each lawsuit, will be correct and sufficient to cover the total cost arising from judicial or administrative proceedings.
Judicial and administrative decisions unfavorable to the Company's directors and directors, especially in processes involving relevant amounts and related causes, which reach substantial amounts or prevent the conducting business as initially planned, may have an adverse effect on the results of the Company, as well as its business, financial condition and the market value of its shares. Furthermore, any unfavorable decisions to the Company's directors and directors may prevent the exercise of the functions they perform in the Company.

(e) Risks related to the Company's suppliers

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company's operating results may vary depending on the impact of changes in the industry or the global economy relating to the Company or its customers/clients. The growth in revenue and potential profitability of our business depends on the demand for the Company's software and services related thereto, as well as the expansion of the Business Performance dimension and Techfin dimension, whose operation may also be affected by macroeconomic variables that significantly alter the interest rate, as well as low economic growth, factors that may inhibit customer demand for credit, change the conditions for granting credit and the company's competitiveness.

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

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

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

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

The Company currently receives certain tax benefits and/or special taxation regimes. It is not possible to guarantee that these benefits will be maintained or renewed in the future, given the current political and economic environment in Brazil and the scenario of complementing the tax reform approved in 2023, with changes in fiscal and tax criteria may not be favorable to the Company's business and negatively affect its operating results. If the Company cannot renew its tax benefits, or if such benefits are changed, limited, suspended, or revoked, the Company may be adversely affected. Moreover, certain tax laws may be subject to controversial interpretations by tax authorities. If the tax authorities may interpret tax laws in a way different from the Company's interpretations, the Company could be adversely affected.

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

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

Unforeseen changes in financial sector regulations could significantly impact the success of new business models.

The Techfin dimension, in which the Company operates in partnership with the Itaú Unibanco bank, through the TOTVS Techfin Joint Venture, is one of the pillars that supports the Company's growth strategy, together with the Management and Business Performance dimensions. This dimension involves operating in the financial segment, a domain strictly governed by the Central Bank of Brazil (Bacen), the regulatory scenario of which is historically dynamic because of novel business models and products that arise in this sector.
Should there be revisions in the current regulation or new regulatory requirements of the Central Bank of Brazil, it may hamper the growth of the credit products already offered, making it impossible to introduce new products, or the business model or even the compliance to regulatory requirements may require a significant capital outlay. Should these events take place, the Company may experience a negative impact on its strategy and outcomes.

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

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

(j) Risks related to social issues

Any worsening of the COVID-19 pandemic and/or the emergence of any other pandemic or public health emergency may result in a material adverse effect on the Company's business, financial condition, results of operations, and cash flow.

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

In March 2022, with the decrease of the pandemic globally and also in Brazil, the Company, following the legal requirements and all sanitary protocols, made the return of its employees to its offices, in the predominantly hybrid model. Although in May 2023 the World Health Organization declared the end of the Public Health Emergency of International Concern (PHEIC), referring to COVID-19, it is still classified as a pandemic and there are uncertainties about a possible worsening in the future. Should there be a worsening of the coronavirus pandemic or the emergence of any other pandemic, the Company may take other additional steps as required by government authorities or as decided upon by management. The Company may continue to suffer adverse and material impacts on its businesses because of the global or Brazilian economic impact, including recession, economic slowdown, or increase in unemployment levels, which may affect the purchasing power of its customers/clients. Finally, the impact of the Covid-19 pandemic may also precipitate or aggravate the other risks described in this section 4.1 of the Reference Form.

(k) Risks connected to environmental matters

The Company's activities do not imply relevant risks related to environmental issues.

(l) Risks related to climate matters, including physical and transition risks

There are no climate risks mapped and deemed substantial, with the potential to bring about a considerable financial or strategic consequence to the business.

(m) Other issues not included in the previous items

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

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

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

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

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

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

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

In 2023, the new Federal and State governments took office in Brazil, as well as those elected to the Senate and to the houses of federal legislators (congressmen) and state legislators. The Company cannot predict the results of these elections, as well as any impacts on their business because of changes in public policies and especially the economic policy to be adopted by the Federal Government.

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

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

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

In the past, Brazil has experienced high inflation rates, which, together with certain actions taken by the Brazilian government to tackle it and speculation about what measures would be taken, had negative effects on the Brazilian economy. The Brazilian inflation index known as **IGP-M** (General Market Price Index ended 2023 with -3.18% versus 5.45% in 2022, which represented a slowdown in the comparison between these periods.

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

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

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

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

The Brazilian currency has fluctuated sharply against the US Dollar and other strong currencies over the past four decades. During this period, the Brazilian government implemented several economic plans and used a number of exchange rate policies, including sudden depreciations, periodic depreciations, floating exchange rate market systems, exchange rate control, and dual exchange rate markets. Since 1999, Brazil has adopted a floating exchange rate system with interventions by the Central Bank in buying or selling foreign currency. From time to time, there have been significant fluctuations in the exchange rate between the Brazilian Real and the US Dollar and other currencies. On December 29, 2017, the Real/US Dollar exchange rate was BRL3.31 and increased to BRL3.88 at the end of 2018, closing at BRL4.01 in 2019. The year 2020 was marked by a strong rise of the dollar at 29.33%, priced at R$5.19. In 2021, the Real/US Dollar exchange rate ended the year at R$5.57. At the end of 2022, the Real/Dollar exchange rate was R$5.28 and ended 2023 at R$4.85. It cannot be guaranteed that the devaluation or appreciation of the Real against the Dollar and other currencies will not have an adverse effect on the Company's activities. Furthermore, some dollar-linked service costs may impact your results.

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

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

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

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

- Standard & Poor’s: it initially reduced the Brazilian credit *rating* from BBB-negative to BB-positive, and subsequently reduced it again from BB-positive to BB, maintaining its negative outlook on the *rating*, citing a credit situation worse since the first relegation. On January 11, 2018, Standard & Poor’s downgraded Brazil's credit rating from BB to BB- with a stable outlook, given the presidential elections and pension reform efforts. In December 2023, S&P raised Brazil's rating to stable BB after the approval of the tax reform. Currently, this agency's credit rating remains unchanged

- Moody's: In February 2016, the agency downgraded Brazil's credit rating from Baa3 to Ba2-Negative, remarking on the potential for a further weakening of Brazilian debt figures in the context of a low-growth environment and convoluted political conditions. The rating went between Ba2-Negative and Ba2-Stable several times from March 2017 to April 2018, when the most recent adjustment kept the rating at Ba2-Stable, with the hope of revival and expectation of the ensuing reforms. Currently, the credit rating remains unchanged at this agency.

- Fitch: in May 2016, Fitch downgraded the rating to BB with a negative outlook, which was maintained in 2017. In February 2018, Fitch again downgraded Brazil's sovereign credit rating to BB-negative, remarking, among other reasons, fiscal deficits, the substantial and growing public debt burden and the impossibility of implementing reforms that would improve the structural performance of public finances. This rating stayed in place until July 2022, when the agency upgraded the rating to BB-stable, reflecting the advancement of public funds beyond predictions in the immediate future, and the dedication of the government to draw back the incentives implemented during the pandemic combined with the intention to lower inflation. In July 2023, this agency upgraded Brazil to BB with a stable outlook, citing superior macroeconomic and fiscal performance that exceeded expectations. Currently, the credit rating remains unchanged at this agency.

Considering the successive rating updates since 2015, Brazil has a comparatively low amount of investment in the three leading rating institutions, despite having a steady ranking in two of them, this evaluation can cause negative repercussions on the trading prices of securities in the Brazilian debt and stock markets. A return to the Brazilian recessionary scenario could result in further downgrades. As of the date of this Reference Form, the Brazilian credit rating was BB-negative, Ba2-stable, and BB-stable by Standard & Poor’s, Moody’s, and Fitch, respectively.

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

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

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

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

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

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

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

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

4.2 - Description of the five (5) key risk factors

Among the risk factors presented in section 4.1, the Company considers that the five (5) major risk factors (listed according to criticality) are:

1. **The Company's success depends on its ability to develop new products and services, integrate acquired products and services, and improve its existing products and services. (Section 4.1, Page 101)**

2. **The Company may not be able to compete effectively in the Techfin dimension. (Section 4.1, Page 102)**

3. **Acquisitions present risks, and the Company may not reach the strategic goals foreseen at the time of any transaction. (Section 4.1, Page 103)**

4. **Interruptions or breakdowns in information systems or cybersecurity incidents, including attacks on the infrastructure necessary to maintain IT systems, may adversely and significantly affect us. (Section 4.1, Page 104)**

5. **The Company is subject to risks connected to non-compliance with data protection laws (both domestic and global), and could suffer from the levy of penalties and other types of sanctions. (Section 4.1, Page 104)**

4.3 - Description of the main market risks

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

Liquidity Risk

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

Credit risk

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

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

Interest Rate and Inflation Risk

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

The financial instruments of the Company and its subsidiaries are represented by cash and cash equivalents, accounts receivable and payable, loans and financing, besides debentures, which are recorded at cost, plus income or charges incurred, or by fair value when applicable, on December 31, 2023, and December 31, 2022. The key risks connected to the Company's operations are connected to the variation of the Interbank Deposit Certificate (CDI).

The Company's major costs and expenses are periodically readjusted. Examples of expenses readjusted based on previously defined inflation rates are expenses with leases and communication. Expenses with salaries, benefits, and charges, which represented 53.2% and 53.3% of total operating costs and expenses in the period ended December 31, 2023 and December 31, 2022, respectively, are part of regional collective bargaining, which takes inflation rates (generally close to the Broad Consumer Price Index ("**IPC-A**") as a reference.

The Recurring Software Net Revenue contracts, which represented 86.6% and 85.6% of the Total Software Net Revenue in the period ended December 31, 2023 and December 31, 2022, respectively, they are also adjusted annually based on inflation indices, mainly based on the IGP-M and IPCA.

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

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

Investments measured at fair value through profit or loss are represented by private equity startups and, as they do not have prices quoted in an active market, the fair value for these investments is measured by multiple valuation techniques practiced by the market, such as discounted cash flow or multiples of revenue, considering the reasonableness of the range of amounts. The fair value measurement is the point within this range that best represents fair value under the circumstances. In order to verify the sensitivity of the index on the debts to which the Company is exposed on the base date of December 31, 2023, three different scenarios were set. Based on the CDI values in effect on that date, a probable scenario was determined (scenario I) for the year 2023, and, based on this, variations of 25% (scenario II) and 50% (scenario III) were calculated. For each scenario, the gross financial expense was calculated without considering the incidence of taxes and the flow of maturities for each contract scheduled for 2023. The base date used for loans and financing was December 31, 2023, projecting the indices for one year and checking their sensitivity in each scenario.

Operation (in thousands of BRL)	**Balances on December 31, 2023**	**Risk**	**Probable scenario I**	**Scenario II**	**Scenario III**
		CDI increase	13.21%	16.51%	19.82%
Debentures	1,546,703		204,319	255,361	306,557
Estimated Financial Expense			**411,589**	**308,770**	**205,950**

With regard to Financial Assets, for each scenario, the "gross financial income" was calculated, not considering the incidence of taxes on investment income. The base date used for the portfolio was December 31, 2023, with a one-year forecast and verifying the sensitivity of the CDI index in each scenario.

Operation (in thousands of BRL)	**Balances on December 31, 2023**	**Risk**	**Probable scenario I**	**Scenario II**	**Scenario III**
Consolidated financial investments	3,115,741	CDI reduction	13.21%	9.91%	6.61%
Estimated financial revenue			**411,589**	**308,770**	**205,950**

Foreign exchange rate risk

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

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

In the period ended December 31, 2023, asset balances are higher than the passive balances shown below:

December 31, 2022 (in BRL thousand)						
Company	Accounts Payable	Cash and cash equivalents	Accounts receivable	Other assets (i)	Net exposure	Currency
Rj Consultores Mexico	(958)	583	2,811	94	2,530	Peso (MXN)
CMNet Participações	(25)	565	291	10	841	Peso CLP
TOTVS S.A.	(101)	91	1,920	0	1,910	USD
TOTVS Large	(299)	0	17	-	(282)	USD
TOTVS Mexico	(3,738)	885	4,094	634	1,875	Peso (MXN)
TOTVS Argentina	(3,288)	5,758	6,387	235	9,092	Peso (ARS)
TOTVS Colombia	(3,242)	4,423	4,424	815	6,420	Peso (COP)
TOTVS Incorporation(i)	(226)	-	0	84,408	84,182	USD
RD Colombia	-	406	0	-	406	Peso (COP)
RD Station	(110)	0	0	-	(110)	USD
Total	**(11,987)**	**12,711**	**19,944**	**86,196**	**106,864**	

(i) The amount of R$84,408 refers to the financial asset of the Company's investment in the company GoodData

4.4 Relevant non-confidential processes

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

As for judicial and administrative processes of an environmental nature, on December 31, 2023, the Company and its subsidiaries were not parties to any actions of this nature.

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

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

The amounts of provisions set up on December 31, 2023 are:

Type (In thousands of Reals)	On Dec. 31, 2023
Tax	10,205
Labor	64,269
Civil	37,111
Ambiental	-
Total	**111,586**

Tax

On December 31, 2023, the provision made for tax claims totaled R$10,205 thousand (R$11,881 thousand on December 31, 2022). There are no tax proceedings with a probable loss that the Company deems individually relevant.

Proceedings of a tax and social security nature classified as a possible loss mainly refer to lawsuits discussing ISS assessments and offsets with a negative balance of CSLL and IRPJ.

As of December 31, 2023, the amount discussed in these lawsuits, ranked as potential loss, totals R$216,100 thousand (246,264 thousand as of December 31, 2022).

- List of individually relevant Tax/Social Security Processes - Possible Loss Prognosis

Lawsuits numbers: 1029577-12.2021.8.26.0053 (former 6017.2019/0010313-2)	
a. Court	3rd District Court of Public Finances of Sao Paulo
b. Court level	Trial Court
c. Suit brought on	July 5, 2021
d. Parties in the lawsuit	Plaintiff: TOTVS SA Defendant: City Hall of Sao Paulo
e. Amounts, assets, or rights involved (R$ thousand)	BRL 26,703 (updated until December 31, 2023)
f. Key facts	This is a Tax Debt Annulment Lawsuit seeking to cancel 227 Notices of Infraction with the imposition of fine gathered in the administrative proceeding No. 6017.2019/0010313-2 made against TOTVS, in which the City Hall of Sao Paulo intends to collect ISS tax (services tax) supposedly due on IT

	technical support and software services for the calendar year 2014. In April 2021, the administrative proceeding was judged as final and unappealable to annul in part the infractions and fines. In May 2021, the annulment lawsuit was filed, and a surety bond was submitted. In May 2021, a judgment was rendered acknowledging that, in view of the guarantee deposited in escrow, the debts subject of this lawsuit should not prevent the Company's right to have a tax clearance certificate issued by the City Hall of Sao Paulo, regardless of the debts being discussed. The expert evidence began in July 2021, still in progress. In August 2021, 20 tax executions were filed related to the deficiency notices under discussion in the action for annulment. In December 2021, a ruling was entered deciding on the main execution case No. 1640748-97.2021.8.26.0090, with the addiion of the other 19 executions and suspending the executive action course until the final judgment of the action for annulment.
g. Summary of decisions on the merits rendered	In December 2022, a partially valid sentence was handed down to annul 98% of the tax requirement. On that occasion, a provision was constituted for the amount maintained in the lower court in the amount of R$573 thousand, (R$ 600 thousand updated until 12/31/2023).
h. Stage of the tax claim	Second Judicial Instance
i. Chance of loss	Possible - E$26,102 Probable - R$600 thousand
j. Reason why the process is considered to be relevant	Suit in which the Company is a defendant and the sum at stake exceeds R$13,000 thousand, with a potential risk of loss.
k. Impact in case the company loses this lawsuit	Payment of the amounts discussed.

Lawsuit: 0000756-14.0500.8.26.0090	
a. Court	Court of Appeals of the State of Sao Paulo
b. Court level	Trial Court
c. Suit brought on	February 27, 2019
d. Parties in the lawsuit	Plaintiff: City Hall of the Municipality of São Paulo Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R$ thousand)	BRL (updated until 12/31/2023)
f. Key facts	This is a tax foreclosure for the collection of service tax (ISS) on services supposedly provided in the capital city of Sao Paulo in the period from 1996 to 2001, which, according to a claim by the City Treasury, would not have been collected. Assuming that the company has not submitted its tax documents at the time, the City Treasury estimated the amount of tax to be charged. A stay of execution was filed on February 18, 2015, under

	lawsuit No. 0000557-86.2015.8.26.0090, claiming the statute of limitations for collection and that the estimated taxes supposedly due should be dismissed. Currently, the records are undergoing a judicial review that began in May 2019. We await the analysis of the evidence submitted to the expert to check the services that were actually provided within the territory of the Capital City of Sao Paulo to ascertain whether the estimate made by the city hall is correct.
g. Summary of decisions on the merits rendered	To date, no decisions on the merits have been rendered.
h. Stage of the tax claim	First Administrative Panel
i. Chance of loss	Possible - R$ 16,608 thousand
j. Reason why the process is considered to be relevant	Suit in which the Company is a defendant and the sum at stake exceeds R$13,000 thousand, with a potential risk of loss.
k. Impact in case the company loses this lawsuit	In case the Company loses this case, the opposing party will withdraw the amount already deposited in the records, in an amount to be determined in the motion to settle the judgment and liquidate the actual amount due.

Lawsuit: 10880-957.117/2021-95	
a. Court	Federal Revenue Service of Brazil
b. Court level	Trial Court
c. Suit brought on	August 12, 2021
d. Parties in the lawsuit	Plaintiff: Federal Revenue Service of Brazil Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R$ thousand)	BRL 20,888 (updated until 12/31/2023)
f. Key facts	This is a decision that did not ratify offsets made with a negative balance of the company's income tax (so-called IRPJ) for the year 2015
g. Summary of decisions on the merits rendered	To date, no decisions on the merits have been rendered
h. Stage of the tax claim	First Administrative Panel
i. Chance of loss	Possible - R$ 20,888 thousand
j. Reason why the process is considered to be relevant	Suit in which the Company is a defendant and the sum at stake exceeds R$13,000 thousand, with a potential risk of loss.
k. Impact in case the company loses this lawsuit	Payment of the amounts discussed.

Lawsuit: 10880-942.958/2021-06	
a. Court	Federal Revenue Service of Brazil
b. Court level	Trial Court
c. Suit brought on	July 8, 2021
d. Parties in the lawsuit	Plaintiff: Federal Revenue Service of Brazil Defendant: TOTVS S/A

e. Amounts, assets, or rights involved (R$ thousand)	BRL 16,059 (updated until 12/31/2023)
f. Key facts	This is a court decision that did not ratify offsets made with a negative balance of the company's income tax (so-called IRPJ) for the year 2016
g. Summary of decisions on the merits rendered	To date, no decisions on the merits have been rendered
h. Stage of the tax claim	First Administrative Panel
i. Chance of loss	Possible - R$16,059 thousand
j. Reason why the process is considered to be relevant	Suit in which the Company is a defendant and the sum at stake exceeds R$13,000 thousand, with a potential risk of loss.
k. Impact in case the company loses this lawsuit	Payment of the amounts discussed.

Civil Lawsuits

As of December 31, 2023, the provision made for civil claims totaled R$37,111 thousand (R$33,147 thousand as of December 31, 2022). There are no civil lawsuits with a probable loss prognosis that the Company deems individually relevant.

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

- List of Individually Relevant Civil Proceedings - Possible Loss Prognosis

Lawsuit: 1057798-58.2021.8.26.0100	
a. Court	11th civil district court of the Judicial District of the capital city of Sao Paulo, SP
b. Court level	Trial Court
c. Suit brought on	06/08/2021
d. Parties in the lawsuit	Plaintiffs: REFINARIA DE PETRÓLEOS DE MANGUINHOS SA - Under court-supervised reorganization Defendant: TOTVS S/A and TOTVS Large
e. Amounts, assets, or rights involved (R$ thousand)	BRL 13,628 (updated until December 31, 2023)
f. Key facts	Civil lawsuit filed by the plaintiff company against TOTVS S/A and TOTVS Large, informing that after signing the commercial proposals, the deadlines agreed for the delivery of the implementation of the services would not have been met. The company claimed that new deadlines were agreed between the parties and soon after, TOTVS was surprised with the request for contractual termination. Finally, it seeks contractual termination, damages and loss of profits. In the course of this lawsuit, there was a partial decision on the merits to remove TOTVS S/A from the defendant's side and maintain TOTVS Large. On this issue, there is an appeal waiting to be judged.

	In relation to the main request, in which the provision of services is discussed, it is still under discussion in the evidentiary phase.
g. Summary of decisions on the merits rendered	To date, no decision on the merits capable of changing the risk of loss has been rendered
h. Stage of the tax claim	Probative stage
i. Chance of loss	Possible - R$13,628 thousand
j. Reason why the process is considered to be relevant	Suit in which the Company is a defendant and the sum at stake exceeds R$13,000 thousand, with a potential risk of loss.
k. Impact in case the company loses this lawsuit	Payment of the amounts discussed

Labor claims

The Company has a provision connected to labor claims filed by former employees and service providers, claiming a reduction in their commissions on sales and services, recognition of employment relationship, severance pay, overtime, etc. As of December 31, 2023, the provision made for these claims totaled R$64,269 thousand (R$62,463 thousand as of December 31, 2022).

The Company has no labor claims of individual relevance that contain a probable and potential loss prognosis.

- List of individually relevant Labor Claims—Estimate of Probable Loss

Lawsuit: 001111-14.72017.5.03.0140	
a. Court	40th Labor Court of Belo Horizonte/MG - TRT of the 3rd region
b. Court level	Final Execution
c. Suit brought on	08/01/2017
d. Parties in the lawsuit	Plaintiff: Union of Employees in Data Processing Companies, Computer Services, and Similar Jobs Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R$ thousand)	BRL 9,371 (updated until December 31, 2023)
f. Key facts	Labor claim where changes to the employees' health plan are discussed.
g. Summary of decisions on the merits rendered	TOTVS was sentenced based on the Plaintiff's motions. This lawsuit is currently in its enforcement phase.
h. Stage of the tax claim	Execution phase
i. Chance of loss	Probable - R$9,371 thousand (updated until 12/31/2023)
j. Reason why the process is considered to be relevant	Lawsuit in which the Company is a defendant and the sum at stake exceeds R$7,000, with a probable risk of loss.
k. Impact in case the company loses this lawsuit	Payment of the amount involved

Environmental claims

There are no environmental claims.

4.5 - Material lawsuits and proceedings under secrecy

Tax

On December 31, 2023, the provision made for tax claims totaled R$10,205 thousand (R$11,881 thousand on December 31, 2022). The Company does not have any tax liability claims that are individually relevant and include a probable loss prognosis.

Tax lawsuits classified as probable loss refer mainly to notices of deficiency or tax collection lawsuits filed by the Federal Government, states, and municipalities under the claim of an alleged underpayment of taxes.

Civil lawsuits

On December 31, 2023, the provision created for civil claims totaled R$37,111 thousand (R$33,147 thousand on December 31, 2022). The Company has no civil liability claims of individual relevance that contain a probable loss prognosis.

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

Labor claims

On December 31, 2023, the provision made for labor claims totaled R$64,269 thousand (R$62,463 thousand on December 31, 2022).

Labor claims classified as probable loss refer mainly to lawsuits filed by former employees and service providers, where it is alleged a reduction in their commissions on sales and services, recognition of employment relationship, severance pay and overtime. As of December 31, 2023, there is a process with a prognosis of probable loss of a labor nature that the Company considers individually relevant:

Lawsuit: 001111-14.72017.5.03.0140	
a. Court	40th Labor Court of Belo Horizonte/MG - TRT of the 3rd region
b. Court level	Final Execution
c. Suit brought on	08/01/2017
d. Parties in the lawsuit	Plaintiff: Union of Employees in Data Processing Companies, Computer Services, and Similar Jobs Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R$ thousand)	BRL 9,371 (updated until December 31, 2023)
f. Key facts	Labor claim where changes to the employees' health plan are discussed.
g. Summary of decisions on the merits rendered	TOTVS was sentenced based on the Plaintiff's motions. This lawsuit is currently in its enforcement phase.
h. Stage of the tax claim	Execution phase
i. Chance of loss	Probable - R$9,371 thousand (updated until 12/31/2023)

j. Reason why the process is considered to be relevant	Lawsuit in which the Company is a defendant and the sum at stake exceeds R$7,000, with a probable risk of loss.
k. Impact in case the company loses this lawsuit	Payment of the amount involved

4.6 - Relevant confidential lawsuits

The Company does not have any non-confidential lawsuits that are material as a whole.

4.7 - Other material contingencies

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

5.1 - Description of the risk management policy

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

The Company has a Risk Management, Internal Controls, and Compliance Policy ("**Risk Management Policy**") to govern the process of identification, evaluation, treatment, monitoring, and reporting of strategic, operational, financial risks, covering market, regulatory/compliance, and information technology risks. The update of this policy was approved by the Board of Directors on May 05, 2023, and is under the responsibility of the Internal Controls, Risks and Compliance area.

The Risk Management Policy is available on the Company's Investor Relations website (https://ri.totvs.com/en/esg/bylaws-policies-and-charters/), on CVM ((http://www.cvm.gov.br/) and on B3 (www.b3.com.br).

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

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

The methodological approach to Risk Management used is based on the components described by COSO ERM (Committee of Sponsoring Organizations of the Treadway Commission) and the ISO 31000 guidelines, comprising 6 essential steps, in addition to aspects of culture and governance in risk management, as described below:

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

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

The Risk Matrix is reviewed annually by the Internal Controls, Risks and Compliance area and is validated by the Company's VPs and CEO, and the Statutory Audit Committee is responsible for evaluating and recommending its approval to the Board of Directors.

According to the criteria set forth in the Policy, the risks mapped in the matrix are the subject of action plans by the areas responsible for the respective risks and duly monitored and reported by the Internal Controls, Risks, and Compliance area to the Statutory Audit Committee and the Board of Directors, together with the Key Risk Indicators (“**KRI's”**) ascertained and the level of exposure to risks.

(i) risks for which protection is sought

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

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

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

Financial Risks: exposure to potential financial losses of the Company, including market risks.

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

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

Credit risk: it refers to the potential for a counterparty to fail in meeting its contractual obligations, resulting in financial losses for the company. The Company's exposure to credit risk is also influenced by the individual characteristics of each client/customer.

Interest rate and inflation Risk: the interest rate risk arises from the portion of the debt and financial investments referenced at Interbank Deposit Certificate (CDI) rate, which may adversely affect revenue or expenses if there is an unfavorable movement in interest rates and inflation. The credit rights generated by Credit Products – Supplier, classified asset held for sale, are short-term and, therefore are not subject to interest rate.

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

(ii) instruments used for protection

The Company adopts the following practices:

Strategic Risks (Business):

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

Operational Risks and Information Technology:

They are identified and documented through the mapping of processes considered critical by the Internal Controls, Risks, and Compliance Area. After identifying the risks, their corresponding impact and probability are assigned in order to identify the improvement actions (action plans) necessary for their mitigation, and their implementation shall be performed by the responsible areas. These action plans are subject to follow-up and monitoring by the Internal Controls, Risks, and Compliance Area, besides reporting to the competent governance and management structures of the Company, such as the Audit Committee and the Board of Directors.

Financial Risks:

The Company and its subsidiaries strive to reduce the credit risk associated with financial institutions by diversifying their exposure between various financial institutions in the market. Financial investments must be allocated to institutions whose risk rating is equal to or higher than the Sovereign Risk (Risco Brasil) attributed by the Standard & Poor's, Moody's or Fitch rating agencies, observing that, in the case of investment funds, said rating will be replaced by the “Investment Grade” rating by ANBIMA. The amount allocated to each issuer, except Federal Government/federal government bonds, cannot exceed 30% of the total amount of current account balances added to those of financial investments, nor can it represent more than 5% of the issuer's/investment fund's equity.

The Company's exposure to credit risk is also influenced by the individual characteristics of each client/customer. The Company and its subsidiaries have set forth a credit policy in which each new client/customer has its/his/her credit capacity analyzed individually before having access to the ordinary payment terms and conditions.

The Company and its software subsidiaries maintain a diverse client portfolio in terms of accounts receivable, with a moderate amount of concentration, and they form an estimation of the allowance for losses that represents their loss estimates for accounts receivable. The major component of this provision is specific and related to significant individual risks.

The risk assessment structure of the credit product portfolio of the subsidiary Supplier, an asset rated as held for sale, is based on statistical methodologies of Application and Behavior Scoring, besides the use of risk-mitigating instruments, such as credit insurance and intermediation. In addition, the subsidiary Supplier Administradora seeks to prevent potential risks to the credit portfolio through follow-up reports, a risk committee, actions to readjust credit limits, portfolio monitoring, and improvements in the registration system. Potential credit losses are mitigated, whenever necessary, through insurance guaranteed by the issuer, provided it is approved by the credit card committee. The assessment of these instruments' effectiveness is deemed adequate to cover any major losses. It is worth highlighting that the portfolio turns over quickly with an average term of 71 days, or when they are sold in the short term.

Regulatory/Compliance Risks:

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

Riscos Regulatórios/de Compliance:

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

Inflation:

The Company understands that the impact and volatility of inflation indices, such as the IGP-M and the IPCA, on its operating result is mitigated by the annual updating of maintenance and subscription contracts and by the periodic adjustments in the price lists for new sales, which include licensing fees, recurring charges for subscription contracts and the hourly rates of the service projects sold. However, as mentioned in section 4.3, this natural protection strategy does not address the residual risk of the mismatch between the inflation of costs and expenses and the inflation rates applied in the maintenance and underwriting contracts. Based on history, the Company understands that these inflation indicators tend to converge in the medium/long term. Thus, the Company uses the readjustment of revenues based on price indices as a hedging instrument.

Interest rate:

The Company seeks to monitor net indebtedness by comparing operating cash flow and total debt, Furthermore, the Company uses as a protection instrument the monitoring of the Indebtedness ratio and the cash flow of individual and consolidated operations.

Exchange variation:

In the current stage of maturity of its international operations, the Company seeks to scale cost and expense structures compatible with the respective revenue generation. The Company endeavors efforts to ensure that its net exposure to exchange variation is maintained at an acceptable level under the policies and limits set by Management and, as noted in section 4.3, at the end of the period on December 31, 2023, the amount of the assets are higher than that of the liabilities. Additionally, the Company attempts to procure cover through multinational operations with revenues and expenditures mainly settled in the same currencies.

(iii) risk management organizational structure

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

- Approve the Company's strategic objectives and risk management methodology;
- Approve the Risk Management, Internal Controls and Compliance Policy;
- to determine the levels of risk appetite and tolerance proposed by the Management and recommended by the Statutory Audit Committee;
- annually approve the Priority Risk Matrix, becoming aware of the corresponding management actions adopted and their results, as well as the key risk indicators (“KRI’s”) to be monitored;
- to approve the documentation containing public information about the model of risk management and transparency of information provided to the internal and external public;
- Ensuring the existence of suitable resources to ensure the effective enforcement of the Compliance Program and guarantee the autonomy of the Internal Controls, Risks, and Compliance area;

- Approve the annual communication and training plan prepared by the Internal Controls, Risks, and Compliance area;
- to monitor and decide on the Statutory Audit Committee's recommendations regarding the results of Risk Management; and
- to approve the assumption of High and Critical risks.

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

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

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

- Reviewing the Risk Management, Internal Controls and Compliance Policy and present recommendations to the Governance and Nomination Committee regarding their approval by the Board of Directors;
- Assisting the Management in setting the guidelines and method for risk management, besides the metrics for measuring risk tolerance and appetite, presenting its recommendation to be approved by the Board of Directors;
- Assessing the Risk Management tasks and the construction of the Priority Risk Matrix, submitting its recommendations to the Board of Directors;
- Assessing and recommending to the Board of Directors the setting of risk appetite and tolerance levels;
- Supervise and periodically monitor the results of control tests, mitigation action plans and Key Risk Indicators - KRIs calculated, reporting deviations and occurrences considered relevant to the Board of Directors;
- Discuss and approve the Annual Compliance Schedule;
- Assess and monitor the audit action plans of the Compliance Program;
- Periodically report to the Board of Directors critical cases of misconduct connected to the Code of Ethics and Conduct and the Risk, Internal Controls, and Compliance Management Policy, as well as any disciplinary measures adopted; and
- Making recommendations to the Board of Directors regarding the assumption of High and Critical risks.

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

- Conduct business practices that comply with all applicable laws and regulations and the Internal Regulatory Framework;
- Support the implementation and show commitment to the Compliance Program;
- Managing the risks under their responsibility and helping create controls and mitigative actions; and
- Ensure that the Company's conduct guidelines are disseminated and understood by partners, franchisees, channels, third parties, clients, and customers.

Internal Controls, Risks and Compliance: it is structured as an executive management subordinate to the Chief Executive Officer. This structure also has two distinct coordinations: internal controls and insurance; and risk management and compliance. The primary duties of this area are:

- Proposing changes and submit the Internal Controls, Risks Management, and Compliance Policy for approval by the Board of Directors upon recommendation by the Statutory Audit Committee and the Governance and Committee;
- Structuring, implementing, managing and disseminating the risk management method;
- Monitoring and reporting action plans and key risk indicators set for risk management;

- Raising the awareness of managers and other employees on the importance of risk management, internal controls and the compliance program;
- Perform the annual cycle of internal controls under the terms of the Risk Management, Internal Controls, and Compliance Policy;
- Acting in an independent and autonomous way to guarantee impartiality in all its activities, and reporting to the Statutory Audit Committee in case something may interfere with its independence; and
- Reporting the Risk Matrix to the Executive Directors, the Statutory Audit Committee, and the Board of Directors.

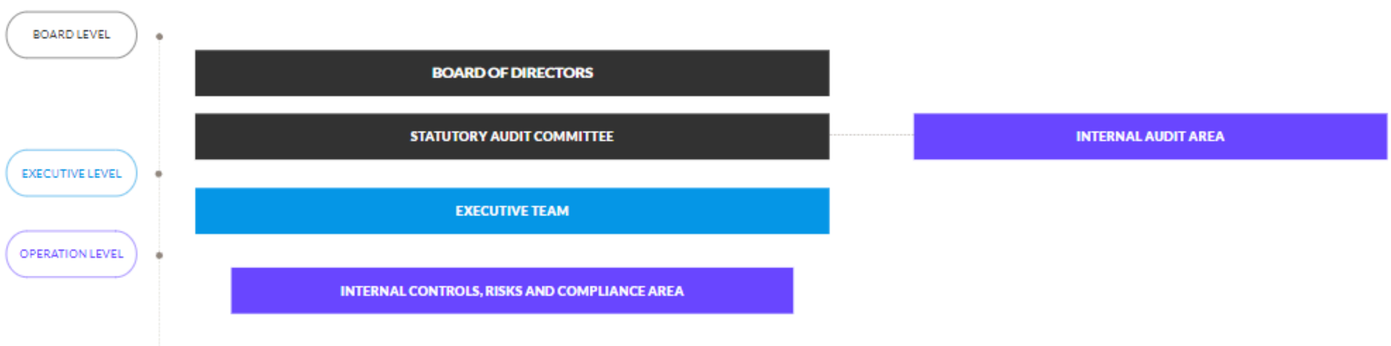
Internal Audit: Reports to the Board of Directors, through the Statutory Audit Committee and has the following responsibilities:

- Monitor the internal control environment and assessing the effectiveness of risk management;
- Check the implementation of action plans, the timeliness of implementation and its effectiveness;
- Issue a formal opinion on the internal controls tested in the annual audit cycle;
- Act in an independent and autonomous way to ensure impartiality in all its activities, and report to the Audit Committee in case something may interfere with its independence; and
- Report to the Internal Controls, Risks, and Compliance area all risks and non-compliances found in the Audit works.

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

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

Organizational Chart of the Risk Management Organizational Structure



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

The Company has an Internal Controls structure, whose activities involve mapping processes, identifying risks, updating and/or creating the respective mitigation controls, monitor and suggest improvements to controls and, finally, reporting any inconsistency or outdated drawings of process flows, standards and procedures the alterations of which could impact the control environment. The internal controls structure is periodically reviewed to check the efficiency of existing controls and possible impacts arising from potential changes in the Company's internal and/or external environments.

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

5.2 - Description of the market risk management policy

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

The Company, continuously aligned with the best market practices in the management of internal controls, has an Internal Controls, Risks and Compliance Area, whose main attributions are to conduct and establish guidelines for work related to Internal Controls, as well as to certify the correct functioning of the controls environment, seeking to mitigate risks according to the complexity of the Company's businesses and aiming to guarantee good practices in governance, market and compliance with current legislation.

The established process is intended to ensure reasonable assurance in terms of the reliability of accounting information, preparation of disclosed financial statements, operational efficiency, and compliance with internal policies, standards, and procedures.

Scope and Performance of the area:

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

(i) the Company's strategic goals;

(ii) composition and nature of accounting records;

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

(iv) complexity in performing accounting transactions.

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

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

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

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

The Internal Controls area is responsible for mapping the Company's processes, updating the risk and control matrix, as well as carrying out design tests on existing controls, with the purpose of confirming the understanding of the mapped processes, as well as whether the controls are implemented and operating properly.

Once these steps are completed, those responsible for the processes must annually carry out the control self-assessment, as well as answer their questionnaire pointing out, when applicable, new risks in its processes or activities.

The Internal Controls area is also responsible for carrying out the effectiveness tests, with the aim of evaluating the correct execution and operational efficiency of controls in preventing or detecting relevant distortions.

After the tests, the identified deficiencies are evaluated and addressed in a timely manner through the creation of action plans, as well as reported to the Statutory Audit Committee. The Management has conducted an analysis of the test results and has determined that these deficiencies do not undermine the fiscal year 2023 financial statements, nor the efficacy of its internal control environment.

(b) organizational structures involved

Board of Directors: whose attributions were indicated in item 5.1(iii) above, in accordance with the Risk Management, Internal Controls and Compliance Policy.

Governance and Nomination Committee: whose attributions were indicated in item 5.1(iii) above, in accordance with the Risk Management, Internal Controls and Compliance Policy.

Statutory Audit Committee: advisory body of the Board of Directors, whose attributions include, in addition to those provided for in item 5.1(iii) above, in accordance with the Risk Management Policy, Internal Controls and Compliance:

- Supervise and periodically monitor the results of control tests and action plans mitigation measures, reporting to the Board of Directors deviations and occurrences considered relevant.

Vice-Presidencies and Boards of Executive Officers: whose attributions were indicated in item 5.1(iii) above, in accordance with the Risk Management Policy

Internal Controls, Risks, and Compliance Area: is subordinated to the Chief Executive Officer and, in addition to attributions provided for in item 5.1(iii) above, in accordance with the Risk Management, Controls Policy Internal and Compliance:

- Monitor and suggest improvements in internal controls by the operational areas;
- Mapping processes and assisting in the identification of risks and in the development of the corresponding controls that mitigate these risks;
- Monitoring the implementation of internal controls for risk management;
- Perform and report the results of the Control Self Assessment and control tests to the Statutory Audit Committee.

Internal Audit: It reports to the Audit Committee and is responsible for, in addition to the attributions provided for in item 5.1(iii) above, in accordance with the Risk Management Policy, Internal Controls and Compliance:

- Monitoring the internal control environment and assessing the effectiveness of risk management;
- Checking the implementation of action plans, as well as the timeliness of implementation and its effectiveness;
- Issuing a formal opinion on the internal controls tested in the annual audit cycle;

Operational Business Areas: its responsibility, under the terms of the Risk Management Policy, Controls Internal and Compliance:

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

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

The entire process of mapping, reviewing and testing the Company's internal controls is carried out by the executive management of Internal Controls, Risks and Compliance and the respective results are analyzed by Management and reported to the Statutory Audit Committee, which periodically monitors the efficiency of internal controls, the action plans developed and their implementation, and the Board of Directors is also responsible for monitoring and deliberating on the recommendations of the Statutory Audit Committee.

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

The independent auditor's report did not identify any significant deficiencies in internal controls pertaining to the financial statements.

Nevertheless, it is worth mentioning that the remaining deficiencies and recommendations have been assigned their respective action plans and are subject to monitoring by the Management. Additionally, they are reported to the Statutory Audit Committee.

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

The independent auditor's report did not identify any significant deficiencies in internal controls. The other deficiencies and recommendations made have their respective action plans and are subject to monitoring by the Management. They are also reported to the Statutory Audit Committee.

5.3 - Compliance Program

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

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

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

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

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

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

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

Communication and Training: it aims at raising awareness of the Company's employees and making easier their understanding of the guidelines, rules, and responsibilities to be fulfilled within its Compliance Program by means of general and specific communication and training actions on ethics and conduct guidelines of the Company which are set forth in the Annual Communication and Training Plan, which is reviewed and approved by the Statutory Audit Committee and the Board of Directors.

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

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

<u>Set of mechanisms and regulations of the TOTVS Compliance Program</u>

Code of Ethics and Conduct: its purpose is to set forth rules of conduct and ethical principles that guide the commitment of the Company, its controlled companies and subsidiaries, directly or indirectly, with the compliance of its business and internal and external relationships and applies to all directors, management members, employees, service providers, suppliers, and partners. The update to the current code was approved by the Board of Directors on August 30, 2023.

Risk Management, Internal Controls, and Compliance Policy: it aims to provide for the principles, guidelines, and responsibilities to be observed in the corporate risk management, internal controls, and compliance process, as well as to disseminate the Risk Management culture and the Compliance Program in all levels of TOTVS group. The update to the current policy was approved by the Board of Directors on May 5, 2023.

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

Policy on Contributions, Donations, and Sponsorships: aims to set forth the guidelines and rules to be observed for the Company's contributions, donations, and business and institutional sponsorships. The update to the current policy was approved by the Board of Directors on March 16, 2022.

Compliance Due Diligence for Third Parties: it refers to the processes and procedures aimed at identifying, evaluating and mitigating compliance risks in the Company's relationships with suppliers, commercial partners, charitable institutions to which the Company intends to make donations and other third parties as applicable, aiming to ensure that they are not carried out business with third parties involved in any illicit or irregular practices in light of current legislation, in particular anti-corruption laws, and the ethical principles and rules reflected in the Code of Ethics and Conduct and other Internal Policies and Standards of the Company.

Record of Business and Institutional Interactions with Public Entities: procedure for recording and monitoring face-to-face or virtual interactions of a commercial and/or institutional nature with public entities, in order to comply with the mandatory guidelines defined in the Commercial and Institutional Relationship with Public Entities Policy. The Company has an electronic tool that allows employees to complete a complete record of interactions with public agents, aiming for transparency in relations with the Public Sector.

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

Training on the Code of Ethics and Conduct: e-learning training on the Code of Ethics and Conduct, mandatory for all employees of our own units, in Brazil and abroad, and franchisees, covering all topics present in the document, requiring a minimum pass of 70% in the knowledge test of the course, to complete and obtain the certificate. Employees whose activities do not require the use of computers are trained in person or virtually. In 2023, the training reached 95% of employees. In 2024, a new e-learning training was launched, aimed at updating the format and content, as well as reflecting the changes made to the Code of Ethics and Conduct.

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

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

Anti-Corruption Training for the Senior Management: face-to-face/virtual training in format carried out by specialized external consultancy for members of the Board of Directors, for the Chief Executive Officer, Vice-Presidents, Directors and Executive Managers of the Company on the topic of corporate integrity and combating corruption, addressing risks, roles and responsibilities of the target audience in relation to the topic, as well as the legal and reputational impacts on the Company.

Anti-corruption clause and compliance with the Code of Ethics and Conduct: contracts with third parties must include an anti-corruption clause, ensuring compliance with relevant laws and the Company's Code of Ethics and Conduct, as well as the suggestion to implement a compliance program if they do not already have one. Moreover, the labor agreement incorporates a clause that requires compliance with the Code of Ethics and Conduct.

Franchise Agreement: Franchisees undertake, through a specific contractual clause, to comply with provisions related to anti-corruption, including Law 12,846/2013 – “Anti-Corruption Law” and the TOTVS Group Code of Ethics and Conduct.

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

"*Pró-Ética*" (Pro-Ethics) Seal: In 2023, TOTVS received the Pro-Ethics Seal, an initiative of the Office of the Comptroller General of the Union (CGU) that recognizes companies that have actions to prevent corruption, fraud, and bribery in line with the best market practices on the subject.

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

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

Management Board:

- Approve the strategic goals and the Company's Compliance Program;

- Approving the Internal Controls, Risks, and Compliance Policy;
- Monitoring the actions of the Compliance Program and reinforcing with the Senior Management the commitment to its fulfillment;
- Ensuring the existence of suitable resources to ensure the effective enforcement of the Compliance Program and guarantee the autonomy of the Internal Controls, Risks, and Compliance area;
- Approve the annual communication and training plan prepared by the Internal Controls, Risks, and Compliance area; and
- Following up and resolving on the Statutory Audit Committee's recommendations regarding the results of the Compliance Program.

Governance and Nomination Committee:

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

Statutory Audit Committee:

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

Ethics and Conduct Committee: its duties include:

- Evaluate and give an opinion on the origin and severity of complaints received regarding violations of the Code of Ethics and Conduct and the Company's other guidelines and rules of conduct;
- Deliberate and monitor the application of disciplinary measures; and
- Interpreting the Code of Ethics and Conduct in case of any questions to be clarified.

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

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

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

- Proposing changes and submitting the Risk Management, Internal Controls and Compliance Policy for approval, as well as disseminating its guidelines throughout the Company;
- Structuring, implementing, managing, and disseminating the Compliance Program;
- Raising the awareness of managers and other employees of the importance of the Compliance Program;
- Coordinating the periodic review of the Code of Ethics and Conduct;
- Manage the Ethics and Conduct Channel, as well as report complaints received to the Ethics and Conduct Committee and other applicable governance bodies;
- Acting in an independent and autonomous way to guarantee impartiality in all its activities, and reporting to the Statutory Audit Committee in case something may interfere with its independence;
- Sharing with Internal Auditors information and/or facts subject to internal investigation; and
- Reporting the results of the Compliance Program to the Senior Management, the Statutory Audit Committee, and the Board of Directors.

Legal Board

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

Internal Auditors

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

Human Relations: its duties are:

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

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

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

(iii) code of ethics or conduct

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

The Company has a Code of Ethics and Conduct (CODEC) filed with the CVM since 2012. Such CODEC, the current version of which was approved by the Board of Directors on August 30, 2023, is applicable to all directors, management members, employees, service providers, suppliers, and partners.

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

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

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

The current version of the Code of Ethics and Conduct was approved by the Board of Directors on August 30, 2023 and is available on the Company's Investor Relations page (https://ri.totvs.com/en/esg/bylaws-policies-and-charters/), as well as on the Company's Ethics and Conduct Channel page: www.canalconfidencial.com.br/totvs/ in CVM (http://www.cvm.gov.br/) and B3 (www.b3.com.br).

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

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

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

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

The Ethics and Conduct Channel is able to receive complaints from employees and third parties, such as suppliers, service providers, commercial partners, customers, among others. The Ethics and Conduct Channel is available for whistleblowing through the telephones (i) in Brazil, 0800 721 5966 and (ii) in other locations, +55 11 3232-0766, available from Monday to Friday, from 09:00 a.m. to 17:00 p.m. or through the website www.canalconfidencial.com.br/totvs, , anytime. Or, if you prefer, the complainant can contact the Human Relations area or the Internal Controls, Risks and Compliance area.

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

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

(c) Number of cases confirmed in the last 3 (three) fiscal years of deviations, fraud, irregularities, and unlawful acts committed against the public administration and the corresponding corrective measures adopted

There were no cases of embezzlement, fraud, irregularities, or unlawful acts committed against the public administration in the fiscal years ended December 31, 2023, 2022 and 2021, as well as in previous years, which have been identified by the Company.

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

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

5.4 - Significant changes

The Company intends to minimize the risk associated with its headquarters, following the application of mitigation strategies per the instructions and protocol described in its Risk Management, Internal Controls, and Compliance Policy as stated in section 5.1 of this Form.

5.5 - Other relevant information

On 12/31/2023, the Company had 20 employees involved in internal audit, internal controls, compliance, and corporate risk management activities.

6.1/6.2 - Shareholder structure

SHAREHOLDER					
Shareholder's CPF/CNPJ	Nationality - State	Participates in a shareholders' agreement	Controlling shareholder	Last amended on	
Shareholder residing abroad	Name of the legal representative or proxy of a shareholder residing abroad			CPF/CNPJ of the legal representative or agent	
Number of common shares (units)	Common shares %	Number of preferred shares (units)	Preferred shares %	Total number of shares (units)	Total shares %
BLACKROCK, INC					
-	United States	No	No	06/02/2022	
-	CITIBANK DISTRIBUIDORA DE TITULOS E VALORES MOBILIARIOS S.A.			33.868.597/0001-40	
31,632,336	5.277%	0	0.000000%	31,632,336	5.277%

LAÉRCIO JOSÉ DE LUCENA COSENTINO					
032.737.678-39	Brazil	No	No	11/27/2023	
-	-			-	
1,050,306	0.175%	0	0.000000%	1,050,306	0.175%
HG SENTA PUA FIA					
08.613.315/0001-16	Brazil	No	No	09/24/2021	
-	-			-	
144,800	0.024%	0	0.000000%	144,800	0.024%

OTHER					
469,636,742	78.351%	0	0.000000%	469,636,742	78.351%
TREASURY SHARES					
13,500,557	2.252%	0	0.000000%	13,500,557	2.252%
TOTAL					
599,401,581	100.000%	0	0.000000%	599,401,581	100.000%

6.3 - Distribution of capital

Date of last meeting / Date of last change	April 23, 2024
Number of individual shareholders (Units)	39,157
Number of corporate shareholders (Units)	316
Number of institutional investors (Units)	1,115

Outstanding Shares

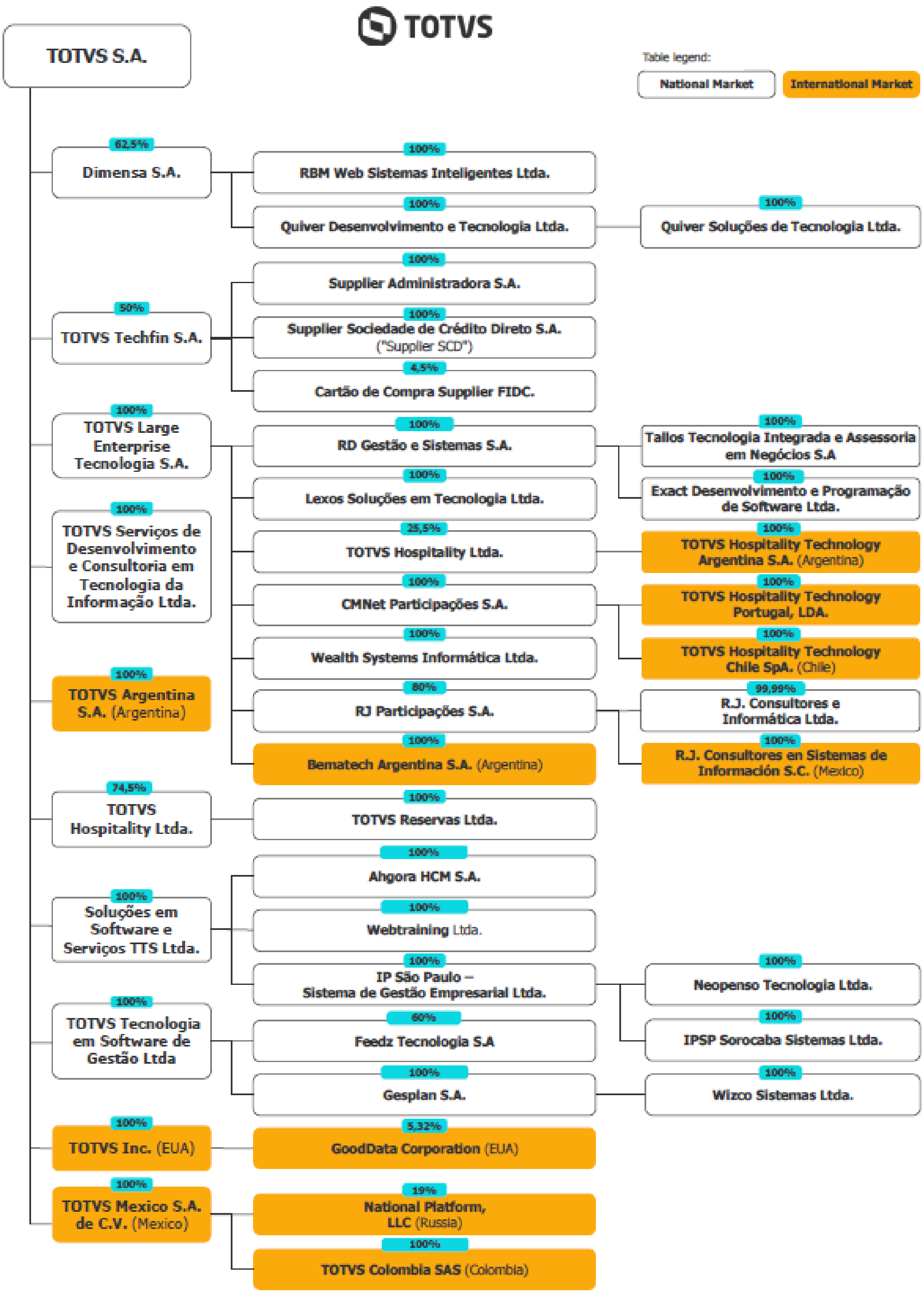
Outstanding shares corresponding to all shares of the issuer with the exception of the shares held by the controlling shareholder, people bound to he/she/it, by the issuer's managers, and the shares held in treasury

Number of common shares (Units)	531,531,039	88.677%
Number of preferred shares (Units)	0	0.000%
Total	531,531,039	88.677%

6.4 - Interests in companies

Corporate Name	Tax Id. (CNPJ)	Issuer's share (%)
RD Gestão e Sistemas S.A. (“RD Station”)	**13.021.784/0001-86**	100
TOTVS Large Enterprise Tecnologia S.A. ("TOTVS Large")	**82.373.077/0001-71**	100
TOTVS Tecnologia em Software de Gestão Ltda. ("TOTVS Tecnologia")	**07.577.599/0001-70**	100
Dimensa S.A. ("Dimensa")	**27.231.185/0001-00**	62.5
Soluções em Software e Serviços TTS Ltda. ("TTS")	**07.363.764/0001-90**	100

6.5 - Organizational chart of shareholders and of the economic group



6.6 - Other relevant information

There is no other relevant information, in addition to that presented in the items above.

7.1 - Main characteristics of the management bodies and the fiscal council

(a) key features of the policies for appointing and filling positions, if any, and, if any, the issuer discloses it, locations on the world wide web where the document can be consulted

As an integral part of such nomination process and to fill positions in the Board of Directors, the Company has a Governance and Nomination Committee, which is an advisory body to the Board of Directors, the duties of which are provided for in article 25 of the Bylaws and in article 40 of the Internal Regulation of the Board of Directors.

On November 29, 2023, the Board of Directors approved the review of the Nomination Policy for the Board of Directors, its Advisory Committees and the Statutory Board ("Nomination Policy"), made public on December 15, 2020, in which the process and minimum requirements for nominating members to the Board, Committees and Statutory Board of the Company are set out.

As provided for in the Nomination Policy, the Board of Directors must be composed considering aspects of diversity, for example: academic background, professional experiences, cultural aspects, age and gender, as well as the complementarity of skills, enabling the Company to benefit from the plurality of arguments in the search for business strategies and a decision-making process with greater quality and safety.

The nomination of Board members must be in line with the Company's best interest and comply with the following criteria:

(i) the positions of chair of the Board of Directors and Chief Executive Officer (or principal executive) must not be held by the same person;

(ii) Company executives (officers and managers, except the CEO) must not be members of the Board;

(iii) have an unblemished reputation; anyone who (a) holds positions in companies that may be considered competitors of the Company; or (b) has or represents an interest conflicting with the Company’s interests cannot be elected, except at the Shareholders’ Meeting;

(iv) highly-qualified professionals, with outstanding professional, technical and academic experience, compatible with the position for which they are being nominated, and knowledgeable in relation to best corporate governance practices and experience of a wide range of matters such as finance, sustainability, information technology and data security;

(v) alignment with and commitment to the Company’s principles, values and culture, and to its Code of Ethics and Conduct (aka CODEC);

(vi) strategic vision and understanding of the business; and

(vii) sufficient availability of time to adequately dedicate themselves to the role and responsibility undertaken.

Regarding the Statutory Board of Executive Officers, as provided for in the Nomination Policy, it is up to the Board of Directors to select, elect and evaluate the Chief Executive Officer, with the support of the People and Compensation Committee and the Governance and Nomination Committee to ensure the existence, effectiveness and implementation of an executive succession plan.

It will be up to the Chief Executive Officer to nominate to the Board of Directors, after the evaluation and approval of the People and Compensation Committee, candidates for the other positions of the Statutory Board, who under his leadership, meet the skills and duties necessary to achieve the goals and business plans of the Company.

The nomination of members of the Statutory Board must be in line with the best interest of the Company and comply with objective criteria that indicate the qualification of the candidate, such as technical knowledge and professional experience, length of experience in leadership positions, academic background compatible with the duties of the position and unblemished reputation.

In addition, anyone who has completed 62 years of age on the election date should not be elected to occupy the position of Chief Executive Officer, and anyone who has completed 60 years of age on the election date should not be elected to occupy the other positions on the Board of Executive Officers. Reservation of Executive Board positions for direct appointment by shareholders is prohibited.

The Company's Bylaws, the Charter of the Board of Directors, and the Nomination Policy are available for consultation on the Company's Investor Relations website (https://ri.totvs.com/en/esg/bylaws-policies-and-charters/) and CVM (www.cvm.gov.br).

(b) whether there are performance evaluation mechanisms, informing, if so:

- **the frequency of evaluations and their scope**
- **methodology adopted and the main criteria used in the evaluations**
- **whether external consultancy or advisory services have been contracted**

Evaluation mechanisms are used to assess the Board of Directors, its Advisory Committees, the Statutory Board of Executive Officers, and also the Company's overall performance.

As provided for in the Internal Regulations of the Board of Directors and the Advisory Committees, approved in revision at the Board of Directors' Meeting held on April 29, 2022, as subsequently adjusted:

> (a) The Board of Directors is responsible for setting mechanisms for assessing the performance of the Board and its Committees, as collegiate bodies, and also of the Chairperson of the Board and the directors, individually considered, and the Corporate Governance Department.
>
> (b) The chairperson of the Board of Directors is responsible for leading - with the cooperation of the Corporate Governance Department, and according to the recommendations of the Governance and Nomination Committee - a structured and formal process for assessing the Board and its Committees, as collegiate bodies, the chairperson of the Board, the Board members considered individually, and the Corporate Governance Department, and the results of the Board's assessment will be disclosed to all Board members.
>
> (c) The Governance and Committee is responsible for supporting the Chairperson of the Board in organizing a formal and periodic process of performance assessment of the Board and its Committees, as well as of the Chairperson of the Board and the Directors, and of the Corporate Governance's Secretary Office, which shall be performed every year;
>
> (d) The People and Compensation Committee shall follow up the annual assessment process of the Company's executive officers based on the definition and verification of achievement of performance goals, financial and non-financial (including Environmental, Social and Governance - ESG aspects), in line with the Company's ethical values and principles, recommending that they are approved by the Board.

The assessment can be conducted by the Board of Directors either through an internal process developed by the Company or by hiring specialized consulting. In both cases, the process is led by the Chairperson of the Board, with the collaboration of the Corporate Governance Department and according to the recommendations of the Governance and Nomination Committee.

In the year 2023, the Board of Directors enlisted the services of LFG Assessoria em Gestão Empresarial, a group of consultants, to carry out the assessment procedure. This procedure included the utilization of questionnaires and individual interviews with each of the Directors. The report detailing the work conducted was submitted by the representative of the hired consultants to the Governance and Nomination Committee on November 23, 2023. Additionally, the report was presented to the Board of Directors during a meeting on November 29, 2023. Upon the end of the process, the Chairman of the Board of Directors convened individual meetings with all Directors in order to provide feedback on the assessment, and strategies were delineated to make progress on the Board's operations to be implemented in 2024.

In 2022, the assessment took place through an internal process developed by the Company comprising an electronic questionnaire, answered by the Directors and members of the Committees, through its own application, having as main topics: strategic aspects, general dynamics of the Board and the respective meetings, performance of the Committees, the Corporate Governance Secretariat and the Chairman of the Board, self-assessment and evaluation among the Directors and members of the Committees themselves. At a Board of Directors' Meeting held on December 21, 2022, the Chairman of the Board of Directors submitted and discussed the assessment report, and before this meeting, the Chairman conducted individual discussions with the Directors about the assessment.

In addition, the Statutory Audit Committee carries out every year a self-assessment process of its activities, as a collegiate body and its members, as well as the assessment of the work performed by the Company's internal and external auditors, as provided for in its Internal Regulations approved on November 4, 2021. The process is carried out internally with the guidance of its Coordinator and with the support of the Corporate Governance Secretariat, observing the procedures and processes approved by the Board of Directors, with an electronic questionnaire, and questions related to the topics of Supervision of Financial Statements, Supervision of Risk Management, Governance and Performance of the Committee in supervising the Internal Auditors and the work of External Auditors. The results of the process were discussed and presented at a Committee meeting held on March 12, 2024 and reported to the Board of Directors at a meeting held on March 21, 2024.

In relation to the Board, its evaluation is carried out based on individual goals and the Company's performance, proposed by the Chief Executive Officer, examined by the People and Compensation Committee, and endorsed on a yearly basis by the Board of Directors, the assessment of target attainment is likewise presented to the People and Compensation Committee and approved by the Board of Directors every six months. In addition, behavioral aspects are considered, such as decision-making, professional posture, interpersonal relationships and alignment with the Company's values.

In addition, since 2019, the Corporate Governance Secretariat organizes a program to update and expand knowledge for all members of the Board and Committees, labeled "Trilha do Conhecimento" (Knowledge Trail), designed to increase awareness of the Company's business, and to provide updates and enhancements on important and strategic topics for the Company. The Directors now have the opportunity to access TOTVS University, the Company's corporate university, with recommendations of courses and development tracks, as well as holding briefings during Board of Directors sessions, which furnish the expansion of knowledge about the business ecosystem.

(c) rules for identification and management of conflicts of interest

As set forth in the Bylaws, members of the Board of Directors cannot have access to information or attend meetings of the Board of Directors related to matters in which they have or represent an interesting conflicting with the interests of the Company.

Under the provisions of the Internal Regulation of the Board of Directors and the Advisory Committees, in case of a conflict of interest or private interest of one of the members of the Board in relation to a given matter to be decided, it is the duty of the member of the Board to report, in a timely manner, such fact to the other members.

In case any member of the Board of Directors who may have a potential private benefit or conflict of interests connected to any decision to be made, does not report his/her own potential benefit or conflict of interests, any other member of the Board of Directors who is aware of such a situation could report such a fact. The non-voluntary statement by that member of the Board will be considered a violation of the Internal Regulation, if those particular benefits or conflict of interests are eventually confirmed.

As soon as the conflict of interest or private benefit is identified, the person involved will withdraw him/herself from the discussions and deliberations, and must withdraw temporarily from the meeting until the end of the matter, but may, prior to his/her withdrawal, provide information and further details, explain reasons and settle any doubts from the Board.

The reporting of a conflict of interest situation or private benefit must be added to the minutes of the Board of Directors' meeting. The authority of the Board on the subject of conflict of interests does not prevent the authority of the General Meeting as set forth by the law.

(e) if any, specific goals that the issuer has regarding gender, color, or race diversity or other attributes among the members of its management bodies and its fiscal council

The Board of Directors, as well as its advisory Committees, continuously monitor the strategy and the progress of the diversity and inclusion agenda at the Company.

Bimonthly, diversity indicators related to minority groups (women, people with disabilities, and ethnicity/race) are submitted to the People and Compensation Committee.

The Governance and Nomination Committee follows up the Skills Matrix of the Members (see further details in section 7.8) that make up the Board, aiming for the Company to benefit from the plurality of arguments in the search for business strategies and a decision-making process with greater quality, safety, and diversity aspects, including, for example, knowledge, culture, age, gender, and ethnicity.

(f) role of management bodies in the assessment, management ,and supervision of climate-related risks and opportunities

TOTVS is committed to the development of a business agenda guided by the integration with and best practices of ESG, reflected in its Sustainability Policy that was launched in 2020 and updated in 2023, available to all its stakeholders on the websites of CVM (http://www.cvm.gov.br/), B3 (www.b3.com.br), and the Company's Investor Relations (https://ri.totvs.com/en/esg/bylaws-policies-and-charters/).

As a natural move for consolidating its Sustainability Policy and culture throughout the organization, the Management has been working over the past few years to implement the ESG Agenda at all levels of TOTVS, further strengthening this subject within the Company, which is led by the Governance and Nomination Committee (CGI) and Strategy Committee (CE), counting on the engagement of the Board of Directors (CA).

From this period, the Strategy Committee began to operate in determining strategic guidelines related to ESG aspects and, in turn, the Governance and Nomination Committee began to monitor regularly the sustainability agenda and validate the work plan prepared by the ESG Committee and other Committees related to SDGs, composed of multidisciplinary teams and coordinated by the Investor Relations Board, a multiplier of the ESG culture in the organization.

In light of the Company's ESG Agenda, it is noteworthy that the Company structured its second Greenhouse Gas Emissions Inventory in 2023 expanding its scopes to 1, 2 and 3. The climate agenda is a topic developed within the scope of the SDG 12 Commission, Responsible Consumption and Production, and its progress is followed up and monitored regularly by the CGI and the Statutory Audit Committee at the meetings provided for in the annual corporate governance calendar.

Given these considerations and the forthcoming advancements in emissions inventories, it is evident that setting a precise target is impractical without a comprehensive view of our overall impact. The Company will plan its actions on the subject related to the global challenge of preventing and tackling the effects of climate change, of the diagnosis generated based on especially in its industry sector of operation and with a look at the best practices and global recommendations, which will count on the engagement of its Governance and Nomination Committee, Strategy Committee, Statutory Audit Committee, and also the Board of Directors to determine the strategy, its approval, and monitoring of the work plan, besides the supervision and management of risks and opportunities.

7.1D - Description of the main characteristics of the management bodies and the board Supervisor

Total number of members, grouped by self-identified gender identity:

Managing area	Women	Men	Non-binary	Other	Prefer not to answer
Board of Executive Officers	1	7	0	0	0
Board of Directors - Sitting members	3	4	0	0	0
Board of Directors - Deputy members	N/A	N/A	N/A	N/A	N/A
Fiscal Council - Sitting members	N/A	N/A	N/A	N/A	N/A
Fiscal Council - Deputy members	N/A	N/A	N/A	N/A	N/A

Total number of members, grouped by self-identified color or race:

Managing area	Yellow	White	Black	Non-white (Mixed)	Indigenous	Other	Prefer not to answer
Board of Executive Officers	0	6	0	0	0	0	2
Board of Directors - Sitting members	0	7	0	0	0	0	0
Board of Directors - Deputy members	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiscal Council - Sitting members	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiscal Council - Deputy members	N/A	N/A	N/A	N/A	N/A	N/A	N/A

7.2 - Information related to the board of directors

(a) permanent areas and committees reporting to the board of directors

Statutory Audit Committee

The Company's Audit Committee has been operating pursuant to article 23 as of April 5, 2018, according to the decision made at the Extraordinary General Meeting on that day. On November 4, 2021, the Board of Directors approved the Charter of the Statutory Audit Committee ("**CAE**") and its establishment, pursuant to CVM Resolution No. 23/2021, filed at the Company's headquarters and available on the websites of the Company's Investor Relations (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/) and also of CVM (gov.br/cvmhttp://www.cvm.gov.br/) and B3 (www.b3.com.br). The Statutory Audit Committee is a statutory and collegiate body, of permanent operation, directly bound to the Board of Directors, with the purpose of advising it in the monitoring and controlling the quality of financial statements and information, risk management, internal controls, and in the analysis of transactions with related parties. The specific competencies, composition and mode of operation of the CAE are described in its Internal Regulations.

People and Compensation Committee

As provided for in Article 22 of the Company's Bylaws, the Company has a People and Compensation Committee ("CGR"), which exercises advisory functions and assists the Board of Directors in establishing the terms of compensation and other benefits and payments to be received in any capacity from the Company by Directors and Directors.

The duties, responsibilities, composition and mode of operation of the People and Compensation Committee are provided for in the Charter of the Board of Directors and its Advisory Committees, with its latest revision approved at the Board of Directors' Meeting held on April 29, 2022, filed at the Company's headquarters and available on the websites of the Company's Investor Relations (https://ri.totvs.com/esg/estatuto-politicas-e- regimento/), and also of CVM (http://www.cvm.gov.br/) and B3 (www.b3.com.br), subject to the Bylaws and applicable legislation in force.

Strategy Committee

The Company has a Strategy Committee ("**CE**"), which is non-statutory, and its duties, responsibilities, composition, and mode of operation are provided for in the Charter of the Board of Directors and its Advisory Committees, with its latest revision approved at the Board of Directors' Meeting held on April 29, 2022. The CE provides advice on matters that will help shape the Corporation's future outlook and long-term planning, including directives for environmental, social, and governance concerns (ESG).

Governance and Nomination Committee

As provided for in article 24 of the Company's Bylaws, the Company has a Governance and Nomination Committee ("**CGI**"), the duties and responsibilities of which are described in the Charter of the Board of Directors and its Advisory Committees, the latest revision of which was approved at a Board of Directors' Meeting held on April 29, 2022, filed at the Company's headquarters and available on the websites of the Company's Investor Relations (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/), and also of CVM (http://www.cvm.gov.br/) and B3 (www.b3.com.br). The CGI is the area responsible for monitoring the adoption of good corporate governance practices, selecting and nominating candidates to join the Board and its Committees, assessing their independence, and supporting the organization of the Board's performance assessment process.

(b) how the board of directors assesses the work of the independent auditors, pointing out whether the issuer has a policy for hiring extra-auditing services with the independent auditor and, if the issuer discloses the policy, please provide the links on the world wide web where the document can be read

For information on how the Company's Board of Directors assesses the work of the independent auditors, please refer to section 9.3 of this Reference Form.

The Company has a Hiring and Relationship with Independent Audit Policy, approved by its Board of Directors on 06/28/2021, which regulates the way in which services are contracted and the relationship with the Independent Audit firm. The current version of our policy is available on the Company's Investor Relations website at (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/) and also on the CVM website (https://www.gov.br/cvm/pt-br).

Annually, as part of its self-assessment process, the Statutory Audit Committee also evaluates the activities of the Independent Auditors, and the findings are subsequently reported to the Board of Directors.

(c) if any, report channels available for critical issues related to ESG and compliance issues and practices to come to the attention of the board of directors

There is an Ethics and Conduct Channel through which any person, anonymously or identified, can make known situations that could constitute a breach of the TOTVS Group's Code of Ethics and Conduct or any other behavior that contravenes or may disobey existing laws and/or regulations, with respect to compliance, encompassing ESG-related practices.

This channel can be accessed via telephone: 0800 721 5966 in Brazil, or 55 11 3232 0766 from other locations.

Monday to Friday, from 9 am to 5 pm. Or on the internet: www.canalconfidencial.com.br/totvs

7.3 - Composition of Board of Directors, Executive Officers and Fiscal Council, and members' professional background

EXECUTIVE OFFICERS

Name	Date of birth	Administrative body	Elected on	Term of office	Date of 1st termD
CPF [Tax Id.] #	Profession	Elective position held	Invested with office on:	He was elected by the controller	Conviction Type
Other positions and functions performed in the Company					
Alexandre Haddad Apendino	Dec. 8, 1979	He is a part of the Board of Executive Officers only	Feb. 7, 2025	2 years	Mar. 16, 2017
292.459.418-92	Business Administrator	Vice President Officer / Superintendent	Apr. 23, 2025	No	N/A
Mr. Alexandre Haddad Apendino is Vice President of Customer Service and Relationship					
Dennis Herszkowicz	Nov. 6, 1974	He is a part of the Board of Executive Officers only	Feb. 7, 2025	2 years	Nov. 26, 2018
165.783.068-38	Advertising Executive	10 - Chief Executive Officer (CEO)	Apr. 23, 2025	No	N/A
Mr. Dennis Herszkowicz is Member of the Strategy Committee					

Name	Date of birth	Administrative body	Elected on	Term of office	Date of 1st termD
CPF [Tax Id.] #	Profession	Elective position held	Invested with office on:	He was elected by the controller	Conviction Type
Other positions and functions performed in the Company					
Gilsomar Maia Sebastião	Dec. 6, 1975	He is a part of the Board of Executive Officers only	Feb. 7, 2025	2 years	Apr. 23, 2009
174.189.288-07	Bachelor of Accounting Sciences	12 - Investor Relations Officer	Apr. 23, 2025	No	N/A
Mr. Gilsomar Maia Sebastião is Administrative and Financial Vice President and Investor Relations Officer					
Gustavo Avelar	Oct. 19, 1983	He is a part of the Board of Executive Officers only	Feb. 7, 2025	2 years	Nov. 06, 2023
057.922.966-18	Production Engineer	11 - Vice President Officer / Superintendent	Apr. 23, 2025	No	N/A
Mr. Gustavo Avelar is Vice President of RD Station Business Unit					
Gustavo Dutra Bastos	Mar. 19, 1976	He is a part of the Board of Executive Officers only	Feb. 7, 2025	2 years	May 06,2008
026.942.416-46	Business Administrator	11 - Vice President Officer / Superintendent	Apr. 23, 2025	No	N/A
Mr. Gustavo Dutra Bastos is Vice President of Platforms					
Marcelo Eduardo Sant'anna Cosentino	Jan. 6, 1983	He is a part of the Board of Executive Officers only	Feb. 7, 2025	2 years	Jan. 27, 2011

Name	Date of birth	Administrative body	Elected on	Term of office	Date of 1st termD
CPF [Tax Id.] #	Profession	Elective position held	Invested with office on:	He was elected by the controller	Conviction Type
Other positions and functions performed in the Company					
306.743.308-46	Business Administrator	11 - Vice President Officer / Superintendent	Apr. 23, 2025	No	N/A
Mr. Marcelo Eduardo Sant'Anna Cosentino is Vice President of Business for the Segments					
Vivian Broge	Apr. 4, 1976	He is a part of the Board of Executive Officers only	Feb. 7, 2025	2 years	Oct. 09, 2023
273.141.918-08	Social Communication	11 - Vice President Officer / Superintendent	Apr. 23, 2025	No	N/A
Ms. Vivian Broge is Vice President of Human Relations and Marketing					

Professional background / Statement of any convictions

Alexandre Haddad Apendino - 292.459.418-92

Over the past 5 years, Mr. Apendino served as the Company's Executive Director of Customer Service and Relationship, having joined the Company in 2013 as a sales and channel manager for the fluig offering, and later assuming the commercial areas of *Cloud* and *Analytics* (GoodData). Previously, he developed his career at SAP and Oracle, and has more than 18 years of experience in the Sales and Channel Management field, always focusing on small and medium-sized companies (SMB). Mr. Apendino graduated in Business Administration from Universidade Presbiteriana Mackenzie in 2001, holds an Executive MBA and Corporate MBA from INSPER and specialization in "Effective Sales Management" from Wharton University (USA). In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.

Dennis Herszkowicz - 165.783.068-38

Mr. Dennis Herszkowicz was, between 2003 and 2018, partner and Statutory Director of Linx SA, who held several Vice President positions, besides having been a Member of the Board of Directors from 2011 to 2014. Between 2012 and 2017, he was *Chief Financial Officer* and Investor Relations Officer, being responsible for the IPO in 2013 and the follow-on in 2016, besides conducting 20 acquisitions in the period. Between 2017 and 2018 he was Executive Vice President of New Markets, a Business Unit focused on *FinTech*. Prior to Linx, he was General Director of DeRemate.com in Brazil, founder and CEO of Gibraltar.com, besides stints at Unilever and Credicard S.A. Graduated in Advertising and Marketing from ESPM and currently sits, as an independent member, on the Board of Directors of Grupo Equatorial. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.

Gilsomar Maia Sebastião - 174.189.288-07

In the last 5 years, Mr. Gilsomar Maia Sebastião served as Vice President, Director of Planning, Director of Corporate Finance, Director of Investor Relations and Director of Mergers and Acquisitions at the Company and served as Vice President of Human Relations during the period from June to October 2023. Previously, he was the Company's Process and Risk Manager, between 2006 and 2007. He is currently Financial Vice President and Investor Relations Director. He had a career at Ernst & Young Auditores Independentes as an audit manager, where he worked on external audit projects between 1996 and 2004. He graduated in Accounting Sciences from Mackenzie University in 2000 and has an MBA in Capital Markets from FIPECAFI. In the past 5 years such Management **member has not been subject to (i) any criminal** conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.

Professional background / Statement of any convictions

Gustavo Avelar - 057.922.966-18

Gustavo Avelar has more than 15 years of professional experience, with a career marked by entrepreneurship and working as an executive in large companies. He started his career at Accenture, in the Strategy area, and worked at companies such as Cnova (casasbahia.com, Pontofrio.com and extra.com) and Linx. He was partner and CEO of Neemu (acquired by Linx), 1M2 (sold in a combined operation with Tok&Stok and a local real state player) and Domus Digital, where he worked on the Tok&Stok project leading the e-commerce, Performance Marketing and Technology. He has experience in forming and leading product and technology teams, retail and digital commerce performance projects. He has a degree in Production Engineering from the Federal University of Minas Gerais.

Gustavo Dutra Bastos - 026.942.416-46

Mr. Bastos is currently the Company's Vice President of Platforms and IT. With over 30 years of experience in the software and associated services market, he has been with the Company since 1998. He has previously been responsible for pre-sales, offers, projects, and software services. In 2013, he played an important role in structuring the Technical Service and Quality areas. Between 2013 and 2016, he led the Construction & Projects and Educational segments, later assuming leadership of all business segments. Since 2018, his role has been to lead Company initiatives related to Technology, Engineering, Support, Cloud, Integrations, Cybersecurity, Analytics, and Artificial Intelligence, as well as certain product lines such as ERP, HR Solutions, and Collaboration. The team under his leadership consists of more than 3,200 TOTVERS.
In the past 5 years, such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil), the Central Bank of Brazil, or the Superintendence of Private Insurance in administrative proceedings; (iii) any final and unappealable judgment, whether in court or at the administrative level, which has suspended or disqualified him from practicing any professional or business activity. Furthermore, such Management member is not considered to be a politically exposed person.

Marcelo Eduardo Sant'anna Cosentino - 306.743.308-46

Mr. Cosentino joined the Company in 2001 and has worked in various areas, such as information technology, product development, alliances, new businesses, corporate planning and development of the Company's products. For three years, he was responsible for the Company's international expansion, participating in the main M&A processes carried out over the years. He currently serves as Vice President of Business for Segments. He graduated in business administration from the Pontifical Catholic University (PUC-SP) in 2005 and holds an MBA from the Kellogg School of Management (USA). In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.

Vivian Broge - 273.141.918-08

Ms. Vivian Broge is currently the Vice President of Human Relations and Marketing at TOTVS since October 2023, she has more than 20 years of experience in Human Resources, Partnerships and Alliances (M&A), Commercial Innovation (Projects) and Relationship Marketing. She worked at Iguatemi as Human Resources and ESG Director from 2018 to 2023. She was HR Director at Danone Early Life Nutrition in Brazil and Executive Director of People and Culture at ISS Facility Service in Brazil. Between 2007 and 2014 she worked at Natura Cosméticos and previously developed her career in companies such as Grupo IBOPE, Atento and BCP Telecomunicações. She has a degree in Social Communication from FAAP, a postgraduate degree in Marketing Administration from the same institution and an MBA in People Development and Management from FGV. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.

BOARD OF DIRECTORS

Name	Date of birth	Management area	Date of election	Term of office	Date of 1st term
CPF [Tax Id.]	Profession	Elective position held	Invested with office on:	He was elected by the controller	Conviction Type
Other positions and functions held in the issuer		Description of another position/function			
Independent member					
ANA CLAUDIA PIEDADE SILVEIRA DOS REIS	Nov. 10, 1971	She will belong to the Board of Directors only	Apr. 23, 2024	2026 AGM	Oct. 7, 2022
855.720.046-34	Consultant	Board of Directors Independent (Sitting member)	Apr. 23, 2024	No	N/A
Coordinator of the People and Compensation Committee		N/A			
Yes, she is deemed as an Independent Director according to the criteria set forth in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS' Bylaws.					
EDSON GEORGES NASSAR	Jun. 25, 1967	He will belong to the Board of Directors only	Apr. 23, 2024	2026 AGM	Apr. 23, 2024
114.581.988-55	Business Administrator	Board of Directors Independent (Sitting member)	Apr. 23, 2024	No	N/A
Coordinator of the Governance and Nomination Committee and Member of the People and Compensation Committee		N/A			
Yes, he is deemed as an Independent Director according to the criteria set forth in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS' Bylaws.					

Name	Date of birth	Management area	Date of election	Term of office	Date of 1st term
CPF [Tax Id.]	Profession	Elective position held	Invested with office on:	He was elected by the controller	Conviction Type
Other positions and functions held in the issuer		Description of another position/function			
Independent member					
GILBERTO MIFANO	Nov. 11, 1949	He will belong to the Board of Directors only	Apr. 23, 2024	2026 AGM	Apr. 20, 2017
566.164.738-72	Business Administrator	Board of Directors Independent (Sitting member)	Apr. 23, 2024	No	N/A
Coordinator of the Statutory Audit Committee, and Member of the Governance and Nomination Committee		N/A			
Yes, he is deemed as an Independent Director according to the criteria determined in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS' Bylaws.					
GUILHERME STOCCO FILHO	July 1, 1974	He will belong to the Board of Directors only	Apr. 23, 2024	2026 AGM	Apr. 5, 2018
176.649.438-25	Business Administrator	Board of Directors Independent (Sitting member)	Apr. 23, 2024	No	N/A
Member of the Strategy Committee		N/A			
Yes, he is deemed as an Independent Director according to the criteria determined in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS' Bylaws.					

Name	Date of birth	Management area	Date of election	Term of office	Date of 1st term
CPF [Tax Id.]	Profession	Elective position held	Invested with office on:	He was elected by the controller	Conviction Type
Other positions and functions held in the issuer		Description of another position/function			
Independent member					
LAÉRCIO JOSÉ DE LUCENA COSENTINO	Aug. 11, 1960	He will belong to the Board of Directors only	Apr. 23, 2024	2026 AGM	Nov. 26, 2018
032.737.678-39	Electrical Engineer	Chairman of the Board of Directors	Apr. 23, 2024	No	N/A
Member of the People and Compensation Committee, Member of the Governance and Nomination Committee and Member of the Strategy Committee		N/A			
He is not deemed as an Independent Director according to the criteria set forth in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS' Bylaws.					
MARIA LETÍCIA DE FREITAS COSTA	Mar 27, 1960	She will belong to the Board of Directors only	Apr. 23, 2024	2026 AGM	May. 04, 2018
050.932.788-58	Production Engineer	Vice-Chairman of the Board of Directors Independent	Apr. 23, 2024	No	N/A
Coordinator of the Strategy Committee		N/A			
Yes, she is deemed as an Independent Director according to the criteria determined in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS' Bylaws.					

Name	Date of birth	Management area	Date of election	Term of office	Date of 1st term
CPF [Tax Id.]	**Profession**	**Elective position held**	**Invested with office on:**	**He was elected by the controller**	**Conviction Type**
Other positions and functions held in the issuer		**Description of another position/function**			
Independent member					
TANIA SZTAMFATER CHOCOLAT	January 17, 1977	She will belong to the Board of Directors only	Apr. 23, 2024	2026 AGM	Apr. 19, 2022
278.583.348-16	Production Engineer	Board of Directors Independent (Sitting member)	Apr. 23, 2024	No	N/A
Member of the Statutory Audit Committee		N/A			
Yes, she is deemed as an Independent Director according to the criteria determined in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS' Bylaws.					

Professional background / Statement of any convictions

ANA CLAUDIA PIEDADE SILVEIRA DOS REIS - 855.720.046-34

Ms. Ana Claudia Piedade Silveira dos Reis has a degree in computer science from the Pontifical Catholic University of Minas Gerais and a master's degree in information science from the Federal University of Minas Gerais. With more than fifteen years of experience in executive recruitment for the Technology, Media, Telecommunications, Services, E-Commerce, Private Equity, Venture Capital, Startups, Education and Real Estate sectors, she is a senior partner at Kingsley Gate Partners and responsible for company's operation in Brazil. At TOTVS S.A., she is an Independent Advisor and Coordinator of the People and Remuneration Committee. Additionally, she adds to the Company her solid experience in management and technology consultancy, working on issues related to attraction, recruitment, retention and management of people, having even advised the Company in the succession process that resulted in the hiring of the current CEO. Main Contributions to the Company: Executive Career in Public and/or Large Companies; Experience in the Technology Sector; Entrepreneurship; Human Capital and Culture Strategy; Diversity and Inclusion.

In the past 5 years, such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Said administrator is not considered a politically exposed person. Yes, he is characterized as an Independent Director according to the criteria defined in the Novo Mercado Regulations of B3 S.A. – Brasil, Bolsa, Balcão and adopted by the Bylaws of TOTVS.

EDSON GEORGES NASSAR - 114.581.988-55

Mr. Edson has more than 41 years of experience in the financial segment of renowned national and multinational organizations, as CEO of banks, technology companies, President of an insurance brokerage and director in various positions. A graduate of IBGC, he has experience as a member of boards and governance committees. Global and integrated strategic view of the business, product portfolio, insurance, marketing, sales and operations, digital banks, as well as their impacts and metrics on the business and its results. He is currently a member of the Board of Directors of Banrisul Icatu Participações S.A. (“BIPAR”), Independent Consultant of Cresol Confederação, alternate member of the Fiscal Council of IRB-Brasil Resseguros S.A., member of the Advisory Council of Lighthouse Soluções em Informática Ltda and Advisor to Nassar & Nassar Consultoria Empresarial strategies. As an executive, he was Chief Executive Officer at Fiserv do Brasil Instituição de Paço, Chief Executive Officer at Banco Triângulo S.A., Executive Director of Products and Business and Chief Executive Officer at Banco Cooperativo Sicredi S.A., President of *Corretora de Seguros* and Executive Superintendent of Products and Retail Services at Citigroup - Global Consumer Bank, and Relationship Manager and Sales Manager at Banco Nacional S.A. Main Contributions to the Company: Experience on Boards; Executive Career in Public and/or Large Companies; Experience in the technology sector; Institutional Performance and Engagement; Entrepreneurship; Finance and/or Corporate Accounting; Risk management; Corporate governance; BAD; Disruptive Business Model; Human Capital and Culture Strategy; Diversity and Inclusion; Information Technology; Sales and Distribution.

In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty in CVM (Securities and Exchange Commission) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has **suspended or** disqualified him from practicing any professional or business activity. Such management member is not considered to be a politically exposed person. Yes, he is characterized as an Independent Director according to the criteria defined in the Novo Mercado Regulations of B3 S.A. – Brasil, Bolsa, Balcão and adopted by the Bylaws of TOTVS.

Professional background / Statement of any convictions

GILBERTO MIFANO - 566.164.738-72

Mr. Gilberto Mifano has a degree in Administration from the São Paulo Business Administration School of Fundação Getúlio Vargas (1972). Currently, at TOTVS S.A., in addition to being an Independent Director, he is Coordinator of the Statutory Audit Committee and member of the Governance and Nomination Committee. Mr. Gilberto is an Independent Director and Coordinator of the Audit, Risk Management and Finance Committee of Natura & Co. Holding S.A., Independent Director and Coordinator of the Audit Committee of Construtora Pacaembu S.A., Advisory Director of Pragma Gestão de Patrimônio Ltda. and Fiscal Councilor of the Arapyaú Institute of Education and Sustainable Development. For the last 5 years, he was an Independent Board Member of Cielo S/A until 04/2022, of Ambar S/A. until 2017, Fiscal Councilor of Instituto Natura until 2017, of CIEB - Innovation Center for Brazilian Education until 2023 and Independent Member of the Sustainability and Governance Committee of Banco Santander Brasil S/A until 2016. Previously, he was: CEO of the Stock Exchange Securities of São Paulo (BOVESPA) and Companhia Brasileira de Liquidação e Custódia (CBLC), between 1994 and 2008, Chairman of the Board of Directors of BM&F BOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros (BVMF) from 2008 to 2009, and Advisor, Vice-President and President (pro-bono) of the Brazilian Institute of Corporate Governance (IBGC), between 2006 and 2012. At the international level, he was a member and Vice-President of the Executive Committees of the World Federation of Stock Exchanges (WFE) and the Ibero-American Federation of Stock Exchanges (FIAB), between 1999 and 2007. Main Contributions to the Company: Experience on Boards; Executive Career in Public and/or Large Companies; Institutional Performance and Engagement, Finance and/or Corporate Accounting; Risk management; Corporate governance; BAD; Human Capital and Culture Strategy; Cybersecurity and Capital Markets.

In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified him from practicing any professional or business activity. Such management member is not considered to be a politically exposed person. Yes, he is characterized as an Independent Director according to the criteria defined in the Novo Mercado Regulations of B3 S.A. – Brasil, Bolsa, Balcão and adopted by the Bylaws of TOTVS.

GUILHERME STOCCO FILHO - 176.649.438-25

Mr. Guilherme Stocco Filho has extensive experience in creating digital businesses and business transformation with more than 20 years of experience. Responsible for successful projects in Digital Banking (Banco Original), Mobile and E-commerce (Buscapé), Internet Platforms (Microsoft) and Advertising (TeRespondo). He is currently a member of the Board of Directors and Strategy Committee of TOTVS S.A., the Board of Directors of Vinci Partners, the Board of Directors of Falconi Consultoria and Co-founder of Futurum Capital. He was an Advisory Advisor at B3 S.A. - Brasil, Bolsa, Balcão, Grupo Carrefour Brasil, **Hapvida and Cielo S.A. Speaker on Trends and** Innovation, with more than 120 lectures in Brazil, LATAM, Canada, the United States, Denmark and the United Kingdom. Graduated in Business Administration from Fundação Armando Alvares Penteado - FAAP in 1997, with an MBA in Management from Insper in 2010; postgraduate degree in Marketing Management from FAAP in 2007 and Marketing certificate from Berkeley, University of California, in 1996. Main Contributions to the Company: Experience on Boards, Executive Career in Public and/or Large Companies; Experience in the Technology Sector; Entrepreneurship; BAD; Disruptive Business Models; Cybersecurity; Information Technology; Sales and Distribution.

In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified him from practicing any professional or business activity. Such management member is not considered to be a politically exposed person. Yes,

Professional background / Statement of any convictions

he is characterized as an Independent Director according to the criteria defined in the Novo Mercado Regulations of B3 S.A. – Brasil, Bolsa, Balcão and adopted by the Bylaws of TOTVS.

LAÉRCIO JOSÉ DE LUCENA COSENTINO - 032.737.678-39

Mr. Laércio José de Lucena Cosentino is the founder and president of the Board of Directors of TOTVS and member of the Strategy Committee, Governance and Nomination Committee and People and Remuneration Committee, the largest technology company in Brazil. Graduated in Electrical Engineering from the Polytechnic School of the University of São Paulo (USP), his career and history were consolidated in the IT sector, especially with the founding of TOTVS in 1983. The company is the absolute leader in Brazil and present in 41 countries. Laércio Cosentino is President of the Board of Directors of the Brazilian Association of Information and Communication Technology Companies (Brasscom), president of the Board of Mendelics, advisor to the A.C. Camargo Cancer Center, among other activities. Main Contributions to the Company: Experience on Boards; Executive Career in Public and/or Large Companies; Reference businessman in the technology sector and in Brazil; Institutional Performance and Engagement; Entrepreneurship; Corporate governance; BAD; Disruptive Business Model; Human Capital and Culture Strategy; Cybersecurity; Diversity and Inclusion; Capital market; Information Technology; Sales and Distribution.

In the past 5 years, such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified him from practicing any professional or business activity. Such management member is not considered to be a politically exposed person. He is not characterized as an Independent Director according to the criteria defined in the Novo Mercado Regulations of B3 S.A. – Brasil, Bolsa, Balcão and adopted by the Bylaws of TOTVS.

MARIA LETÍCIA DE FREITAS COSTA - 050.932.788-58

Ms. Maria Letícia de Freitas Costa has a degree in production engineering from the Polytechnic School of the University of São Paulo and an MBA from the Samuel Curtis Johnson School of Management at Cornell University. Currently, she is an Independent Advisor and Coordinator of the Strategy Committee at TOTVS S.A., a partner at SLP Consultoria e Estrutura Ltda., an independent Advisor, Coordinator of the Audit, Risks and Compliance Committee at Localiza S.A., an independent Advisor at Mapfre S.A., an independent Advisor at Auren Energia S.A, and Independent Advisor and Coordinator of the Audit Committee of Mobly S.A. From 2001 to 2010, Ms. Letícia served as President of the operations of Booz Allen Hamilton (now Strategy&). She also served as an Advisor to Embraer, Sadia, Gafisa, Technip, and Marcopolo, in addition to being a Board Committee Member at Votorantim Industrial, Votorantim Metais, CBA and Bematech. Main Contributions to the Company: Experience on Boards; Executive Career in Public and/or Large Companies; Experience in the Technology Sector; Entrepreneurship; Finance and/or Corporate Accounting; Risk management; BAD; Disruptive Business Models; Information Technology; Sales and Distribution.

In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Said administrator is not considered a politically exposed person. Yes, he is characterized as an Independent Director according to the criteria defined in the Novo Mercado Regulations of B3 S.A. – Brasil, Bolsa, Balcão and adopted by the Bylaws of TOTVS.

Professional background / Statement of any convictions
TANIA SZTAMFATER CHOCOLAT - 278.583.348-16
Ms. Tania Sztamfater Chocolat has a degree in Production Engineering from the Polytechnic School of the University of São Paulo. She is currently Senior Director, responsible for the Active Equities area for Latin America and Head of the São Paulo Office at Canada Pension Plan Investment, where she has worked since 2017. At TOTVS S.A., she is an Independent Advisor and member of the Statutory Audit Committee. She is also an independent member of the Board of Directors and a member of the People and Sustainability Committee of Equatorial Energia, since April 2019. Tania is also a member of the board of LAVCA-Association for Private Capital Investment in Latin America. Previously, Tania was responsible for managing illiquid investments at Raiz Investimentos in 2016, and for investments in Private Equity in Brazil by Capital Group, between 2013 and 2016. She was an alternate member of the Board of Directors of STP (Sem Parar). Between 2004 and 2013, she worked in the Investment Banking, Private Banking and Equity Research areas of Banco Unibanco S.A. and Itaú Unibanco S.A. She was Head of the Solution Partners area at Itaú Private Bank, Senior Director at Itaú BBA, Director, Head and Senior Analyst at consumer and retail sector of the Equity Research area of Banco Unibanco S.A, having also worked in the Investment Banking area of Banco JP Morgan, between 1999 and 2002. Main Contributions to the Company: Experience on Boards; Executive Career in Public and/or Large Companies; Finance and/or Corporate Accounting; Risk management; Corporate governance; BAD; Cybersecurity; Capital market. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Said administrator is not considered a politically exposed person. Yes, he is characterized as an Independent Director according to the criteria defined in the Novo Mercado Regulations of B3 S.A. – Brasil, Bolsa, Balcão and adopted by the Bylaws of TOTVS.

Professional background / Statement of any convictions
Ricardo Grosvenor Breakwell - 273.621.938-40
Ricardo Breakwell is an administrator and accountant, graduated in business administration from the Pontifical Catholic University of São Paulo and in accounting sciences from Universidade Paulista, with an MBA in Finance from Fundação Getúlio Vargas. He has proven experience in finance, controlling, accounting and auditing in medium and large companies, having worked for 16 years at Deloitte Touche Tohmatsu, leading External Audit, Due Diligence and M&A projects, also including IPO processes and renegotiation of debts, was Financial Director at Cielo S.A. between 2010 and 2023, and responsible for the areas of treasury, accounting, tax, financial planning, economic management, credit and revenue guarantee. Since 2023, he has served as Chief Accounting Officer at dLocal Payment, a Uruguayan company listed on Nasdaq and active in the international payments segment and operating in more than 40 countries, being responsible for the areas of accounting, tax and business assurance. He has expertise in financial planning, budget management and economic scenario analysis. At TOTVS S.A. he holds the position of Independent External Member and Financial Specialist of the Statutory Audit Committee.

Note: The professional background of the Board of Directors and Audit Committee members team members are provided for in section 7.3 above.

7.4 - Composition of committees

Name	Committee type	Office held	Profession	Elected on	Term of office	Date of 1st term
CPF [Tax Id.] #	Audit type	Description other positions held	Date of birth	Invested with office on:	He was elected by the controller	Conviction Type
Other positions and functions performed in the Company						
Ana Claudia Piedade Silveira Dos Reis	Other Committees	Committee President	Consultant	Apr. 23, 2024	2026 AGM	Oct. 07, 2022
855.720.046-34	-	Coordinator of the People and Compensation Committee	Nov. 10, 1971	Apr. 23, 2024	No	N/A
Member of the Board of Directors and Coordinator of the People and Compensation Committee						
Edson Georges Nassar	Other Committees	Committee President	Business Administrator	Apr. 23, 2024	2026 AGM	Apr. 23, 2024
114.581.988-55	Governance and Nomination Committee and People and Remuneration Committee	Coordinator of the Governance and Nomination Committee	Jun. 25, 1967	Apr. 23, 2024	No	N/A
Member of the Board of Directors, Coordinator of the Governance and Nomination Committee and Member of the People and Compensation Committee						

Name	Committee type	Office held	Profession	Elected on	Term of office	Date of 1st term
CPF [Tax Id.] #	Audit type	Description other positions held	Date of birth	Invested with office on:	He was elected by the controller	Conviction Type
Other positions and functions performed in the Company						
Gilberto Mifano	Audit Committee	Committee President	Business Administrator	Apr. 23, 2024	2026 AGM	Nov. 4, 2011
566.164.738-72	Statutory Audit Committee adherent to CVM Instruction n° 308/99	Coordinator of the Statutory Audit Committee	Nov. 11, 1949	Apr. 23, 2024	No	N/A
Member of the Board of Directors, Coordinator of the Audit Committee, and Member of the Governance and Nomination Committee						
Guilherme Stocco Filho	Other Committees	Member of the Committee (Sitting member)	Business Administrator	Apr. 23, 2024	2026 AGM	Apr. 28, 2017
176.649.438-25	-	Member of Strategy Committee	July 1, 1974	Apr. 23, 2024	No	N/A
Member of the Board of Directors and the Strategy Committee						
Laércio José de Lucena Cosentino	Other Committees	Committee Member (Sitting member)	Electrical Engineer	Apr. 23, 2024	2026 AGM	Apr. 28, 2016
032.737.678-39	-	Member of Strategy Committee	Aug. 11, 1960	Apr. 23, 2024	No	N/A
Chairman of the Board of Directors, Member of People and Compensation Committee, of the Strategy Committee and of the Governance and Nomination Committee.						

Name	Committee type	Office held	Profession	Elected on	Term of office	Date of 1st term
CPF [Tax Id.] #	Audit type	Description other positions held	Date of birth	Invested with office on:	He was elected by the controller	Conviction Type
Other positions and functions performed in the Company						
Ricardo Grosvenor Breakwell	Audit Committee	Member of the Committee (Sitting member)	Accounting Sciences	Apr. 23, 2024	2026 AGM	Apr. 23, 2024
273.621.938-40	Statutory Audit Committee adherent to CVM Instruction n° 308/99	External member of the Statutory Audit Committee	May 16, 1973	Apr. 23, 2024	No	N/A
-						
Maria Letícia de Freitas Costa	Other Committees	Committee President	Production Engineer	Apr. 23, 2024	2026 AGM	Mar. 16, 2017
050.932.788-58	-	Coordinator of the Strategy Committee	Mar. 27, 1960	Apr. 23, 2024	No	N/A
Vice President of the Board of Directors and Coordinator of the Strategy Committee						
Tania Sztamfater Chocolat	Audit Committee	Member of the Committee (Sitting member)	Production Engineer	Apr. 23, 2024	2026 AGM	Apr. 20, 2022
278.583.348-16	Statutory Audit Committee adherent to CVM Instruction n° 308/99	Member of the Audit Committee	Jan. 17, 1977	Apr. 23, 2024	No	N/A
Member of the Board of Directors and Member of the Audit Committee						

7.5 - Existence of a marital relationship, common-law marriage, or kinship up to the 2nd degree related to the issuer's administrators, subsidiaries, and controlling companies

Name	CPF [Tax Id.]	Corporate name of the issuer, subsidiary, or controlling company	CNPJ [Tax ID]	Type of kinship or relationship with the administrator of the issuer or subsidiary
Position				
Management member of the issuer or subsidiary Marcelo Eduardo Sant'Anna Cosentino Vice President of Business for Segments	306.743.308-46	TOTVS S.A.	53.113.791/0001-22	Son or daughter (1st degree by consanguinity)
Related person Laércio José de Lucena Cosentino Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee, and Member of the People and Compensation Committee.	032.737.678-39	TOTVS S.A.	53.113.791/0001-22	
Note There is no marital relationship, common-law marriage, or kinship up to the second degree between the other Directors and (a) the other members of the Company's Management; (b) the managers of subsidiaries, direct or indirect, of the Company; (c) the direct or indirect controlling shareholders of the Company or its direct or indirect subsidiaries; or (d) the managers of the Company's direct and indirect parent companies.				

7.6. Subordination, Service Provision or Control Relationships between Administrators and Subsidiaries, Controllers and Others

Identification	CPF/CNPJ	Kind of relationship of the Management member with the related person	Kind of related person
Position			
Fiscal year ended Dec. 31, 2023			
Issuer's Management member LAÉRCIO JOSÉ DE LUCENA COSENTINO	032.737.678-39	Control	Supplier
Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the People and Compensation Committee, and Member of the Strategy Committee	N/A	Brazilian citizen - Brazil	53.113.791/0001-22
Related Person VIP IV EMPREENDIMENTOS E PARTICIPAÇÕES LTDA	07.951.381/0001-33		
Shareholder	N/A	Brazilian citizen - Brazil	
Note Property Lease Agreement, with TOTVS S.A. as lessor, and such related party as lessee			
Issuer's Management member LAÉRCIO JOSÉ DE LUCENA COSENTINO	032.737.678-39	Control	Client
Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the People and Compensation Committee, and Member of the Strategy Committee	N/A	Brazilian citizen - Brazil	53.113.791/0001-22
Related Person INSTITUTO DA OPORTUNIDADE SOCIAL	02.449.283/0001-89		
Management member holding shares in the company	N/A	Brazilian citizen - Brazil	
Note Management member holding shares in the company			
Issuer's Management member LAÉRCIO JOSÉ DE LUCENA COSENTINO	032.737.678-39	Control	Supplier
Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the People and Compensation Committee, and Member of the Strategy Committee	N/A	Brazilian citizen - Brazil	53.113.791/0001-22
Related Person BRAZILIAN ASSOCIATION OF INFORMATION AND COMMUNICATION TECHNOLOGY COMPANIES (BRASSCOM)	06.244.855/0001-44		
Member of the Deliberative Council	N/A	Brazilian citizen - Brazil	
Note Annual membership contribution			

Issuer's Management member LAÉRCIO JOSÉ DE LUCENA COSENTINO	032.737.678-39	Control	Supplier
Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the People and Compensation Committee, and Member of the Strategy Committee	N/A	Brazilian - Brazil	53.113.791/0001-22
Related Person GHT4 EMPREENDIMENTOS, SERVICES E PARTICIPAÇÕES S.A	43.317.413/0001-07		
Company controlled by a person related to the Management member	N/A	Brazilian - Brazil	
Note Company controlled by a person related to the Management member			

Identification			
Position			
Fiscal year as of Dec. 31, 2022			
Issuer's Management member LAÉRCIO JOSÉ DE LUCENA COSENTINO			
Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the People and Compensation Committee, and Member of the Strategy Committee			
Related Person VIP IV EMPREENDIMENTOS E PARTICIPAÇÕES LTDA			
Shareholder			
Note Property Lease Agreement, with TOTVS S.A. as lessor, and such related party as lessee			
Issuer's Management member LAÉRCIO JOSÉ DE LUCENA COSENTINO			
Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the People and Compensation Committee, and Member of the Strategy Committee			
Related person INOVALLI ADMINISTRAÇÃO DE OBRAS, ENGENHARIA E EMPREENDIMENTOS IMOBILIÁRIOS LTDA.			
Company controlled by a person related to the Management member			
Note Company controlled by a person related to the Management member			

Issuer's Management member LAÉRCIO JOSÉ DE LUCENA COSENTINO	032.737.678-39	Control	Client
Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the People and Compensation Committee, and Member of the Strategy Committee	N/A	Brazilian citizen - Brazil	53.113.791/0001-22
Related person INSTITUTO DA OPORTUNIDADE SOCIAL	02.449.283/0001-89		
Management member holding shares in the company	N/A	Brazilian citizen - Brazil	
Note Management member holding shares in the company			
Issuer's Management member LAÉRCIO JOSÉ DE LUCENA COSENTINO	032.737.678-39	Control	Supplier
Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the People and Compensation Committee, and Member of the Strategy Committee	N/A	Brazilian citizen - Brazil	53.113.791/0001-22
Related Person BRAZILIAN ASSOCIATION OF INFORMATION AND COMMUNICATION TECHNOLOGY COMPANIES (BRASSCOM)	06.244.855/0001-44		
Member of the Deliberative Council	N/A	Brazilian citizen - Brazil	
Note Annual membership contribution			
Issuer's Management member LAÉRCIO JOSÉ DE LUCENA COSENTINO	032.737.678-39	Control	Supplier
Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the People and Compensation Committee, and Member of the Strategy Committee	N/A	Brazilian citizen - Brazil	53.113.791/0001-22
Related Person GHT4 EMPREENDIMENTOS, SERVIÇOS E PARTICIPAÇÕES S.A.	43.317.413/0001-07		
Company controlled by a person related to the Management member	N/A	Brazilian citizen - Brazil	
Note Company controlled by a person related to the administrator			

Identification	CPF/CNPJ (tax id.)	Kind of relationship of the Management member with the related person	Kind of related person
Position			
Fiscal year as of Dec. 31, 2021			
Issuer's Management member LAÉRCIO JOSÉ DE LUCENA COSENTINO	032.737.678-39	Control	Supplier
Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the People and Compensation Committee, and Member of the Strategy Committee	N/A	Brazilian citizen - Brazil	53.113.791/0001-22
Related Person VIP IV EMPREENDIMENTOS E PARTICIPAÇÕES LTDA	07.951.381/0001-33		
Shareholder	N/A	Brazilian citizen - Brazil	
Note Property Lease Agreement, with TOTVS S.A. as lessor, and such related party as lessee			
Issuer's Management member LAÉRCIO JOSÉ DE LUCENA COSENTINO	032.737.678-39	Control	Client
Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the People and Compensation Committee, and Member of the Strategy Committee	N/A	Brazilian citizen - Brazil	53.113.791/0001-22
Related Person INOVALLI ADMINISTRAÇÃO DE OBRAS, ENGENHARIA E EMPREENDIMENTOS IMOBILIÁRIOS LTDA.	05.127.830/0001-06		
Company controlled by a person related to the Management member	N/A	Brazilian citizen - Brazil	
Note Company controlled by a person related to the Management member			
Issuer's Management member LAÉRCIO JOSÉ DE LUCENA COSENTINO	032.737.678-39	Control	Client
Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the People and Compensation Committee, and Member of the Strategy Committee	N/A	Brazilian citizen - Brazil	53.113.791/0001-22
Related Person INSTITUTO DA OPORTUNIDADE SOCIAL	02.449.283/0001-89		
Management member holding shares in the company	N/A	Brazilian citizen - Brazil	
Note Management member holding shares in the company			
Issuer's Management member LAÉRCIO JOSÉ DE LUCENA COSENTINO	032.737.678-39	Control	Supplier
Chairman of the Board of Directors, Member of the Governance and Nomination Committee, Member of the People and Compensation Committee, and Member of the Strategy Committee	N/A	Brazilian citizen - Brazil	53.113.791/0001-22
Related Person BRAZILIAN ASSOCIATION OF INFORMATION AND COMMUNICATION TECHNOLOGY COMPANIES (BRASSCOM)	06.244.855/0001-44		

Member of the Deliberative Council	N/A	Brazilian citizen - Brazil	
Note Annual membership contribution			

[2] The variable compensation comprises bonus + share-based compensation

7.7 - Agreements, including insurance policies, for payment or reimbursement of expenses paid by management members

The Company and its subsidiaries keep in full force a civil liability insurance policy for members of the Management - D&O world class, which provides for the payment or reimbursement of expenses borne by directors and officers, resulting from the compensation for damages caused to third parties or to the Company.

The current policy number 17.10.0021407.12 (insurance policy registered with SUSEP under number 15414.900831/2017-45), executed with the insurance company CHUBB SEGUROS BRASIL S.A., is effective and in force from July 1st, 2023 until July 1st, 2024 and has a maximum indemnity limit of R$150 million (one hundred and fifty million reais).

In spite of being covered by the current D&O policy executed in Brazil, the officers and directors of operations in Mexico, Argentina and the United States of America are also covered by a local policy issued in each country, with a coverage amount of USD1,000,000 (one million US dollars), aiming at speed up the reimbursement of expenses arising from any claims.

Article 54 of the Company's Bylaws provides for the possibility of signing an indemnity contract with its Administrators and external members of the Advisory Committees, without prejudice to the contracting of specific D&O policies to cover management risks. The conditions and limitations are governed by the Company's Indemnity Policy, as approved by the Board of Directors at a meeting held on December 22, 2021. For more information, the Indemnity Policy is available for consultation on the Company's Investor Relations website (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/) and on the CVM portal (www.cvm.gov.br).

7.8 - Other relevant information

CORPORATE GOVERNANCE GUIDED BY THE BEST MARKET PRACTICES

TOTVS has always been recognized in the technology sector and in the Share exchange market for its solid Corporate Governance practices and its continuous commitment to the development of its industry sector and the country's growth.

Ever since going public in 2006, TOTVS has been a pioneer and an exemplar. This company held the distinction of being the first in the IT sector in Latin America and the first Brazilian software company to go public on the Share Exchange. By being listed on the Novo Mercado of B3, which is regarded as the pinnacle of corporate governance for publicly traded companies in Brazil, it clearly signifies its dedication to upholding the highest standards of corporate governance. This demonstrates its accountability, responsibility, and consideration for both society and its shareholders.

Over the years, TOTVS has achieved significant milestones. Starting from its admission to the Ibovespa in 2020 to its presence in the IBrX-50 indices of B3; IGPTW B3; and iDIVERSA B3, the Company has reiterated its pioneering spirit by being the first one in the technology sector to appear in the most important Share and ESG indexes in the Brazilian market. These achievements not only symbolize success, but also serve as vital recognitions of the Company's hard work and leadership position, attained through strategic planning, effective operational execution, and unwavering commitment to the highest standards of corporate governance.

TOTVS follows the principles outlined in the Code of Best Corporate Governance Practices by the Brazilian Institute of Corporate Governance (IBGC), as well as the B3 Novo Mercado Regulation. Among the practices that stand out and should be emphasized are:

- Our **Code of Ethics and Conduct** is strictly followed by 100% of TOTVERS and management members;
- We provide an **Ethics and Conduct Channel** operated by an external and independent entity;
- **Statutory Audit Committee (CAE)**, composed of 100% independent members;
- **Internal Controls, Risks, and Compliance** structure reporting directly to the CEO;
- We have an **independent Internal Audit area** reporting to the Board of Directors (CA) through the Statutory Audit Committee;
- **Risk management methodology aligned with the international guidelines of COSO ERM** (Committee of Sponsoring Organizations of the Treadway Commission – Enterprise Risk Management Framework) and the guidelines of **ISO 31,000 Standard;**
- We have a structured **Compliance Program** with periodic reporting to the CAE and the Board (CA);
- Structured **due diligence process of third parties, active suppliers, and philanthropic entities;**
- **Annual sustainability report based on GRI and IIRC and** aligned with the major trends, with ESG data and indicators submitted to independent assurance by external auditors;

Robust policy framework and normative documents

TOTVS' governance is based on a solid set of normative documents that include bylaws, policies, and charters. These documents are essential to ensure excellence in the Company's management, promoting transparency and efficiency in decision-making. The Advisory Committees assess and recommend all Corporate Policies, which are then approved by the Board of Directors and reviewed every three years to ensure they are updated and adapted to the ever-changing needs of the corporate environment. The documents are widely disclosed to the internal and external public through publication on the Company's Investor Relations website (https://ri.totvs.com/en/esg/bylaws-policies-and-charters/) and on the CVM website, when applicable (https://www.gov.br/cvm/en?set_language=en).

Please check below the list of Organizational Policies released by TOTVS:

- Retaining and relationship with Independent Auditors
- Treasury, Credit, and Collection Management Policy
- Human Relations and Compensation
- Contributions, Donations, and Sponsorships
- Litigation Management
- Business and Institutional Relationship with Public Entities
- Diversity and Inclusion
- Indemnity
- Information Security
- Disclosure of Material Information and Securities Trading
- Nomination
- Sustainability and ESG
- Risk Management, Internal Controls, and Compliance
- Data Privacy
- Related-Party Transactions

The policies set the corporate guidelines for managing all matters, including specifying the governing bodies and departments involved in day-to-day operations, while also defining their respective roles and responsibilities.

Ethics and compliance

Ethics and compliance are non-negotiable principles for TOTVS, guiding its conduct and its relationships with customers, business partners, suppliers, investors, entities and public agencies, as well as other stakeholders in its ecosystem.

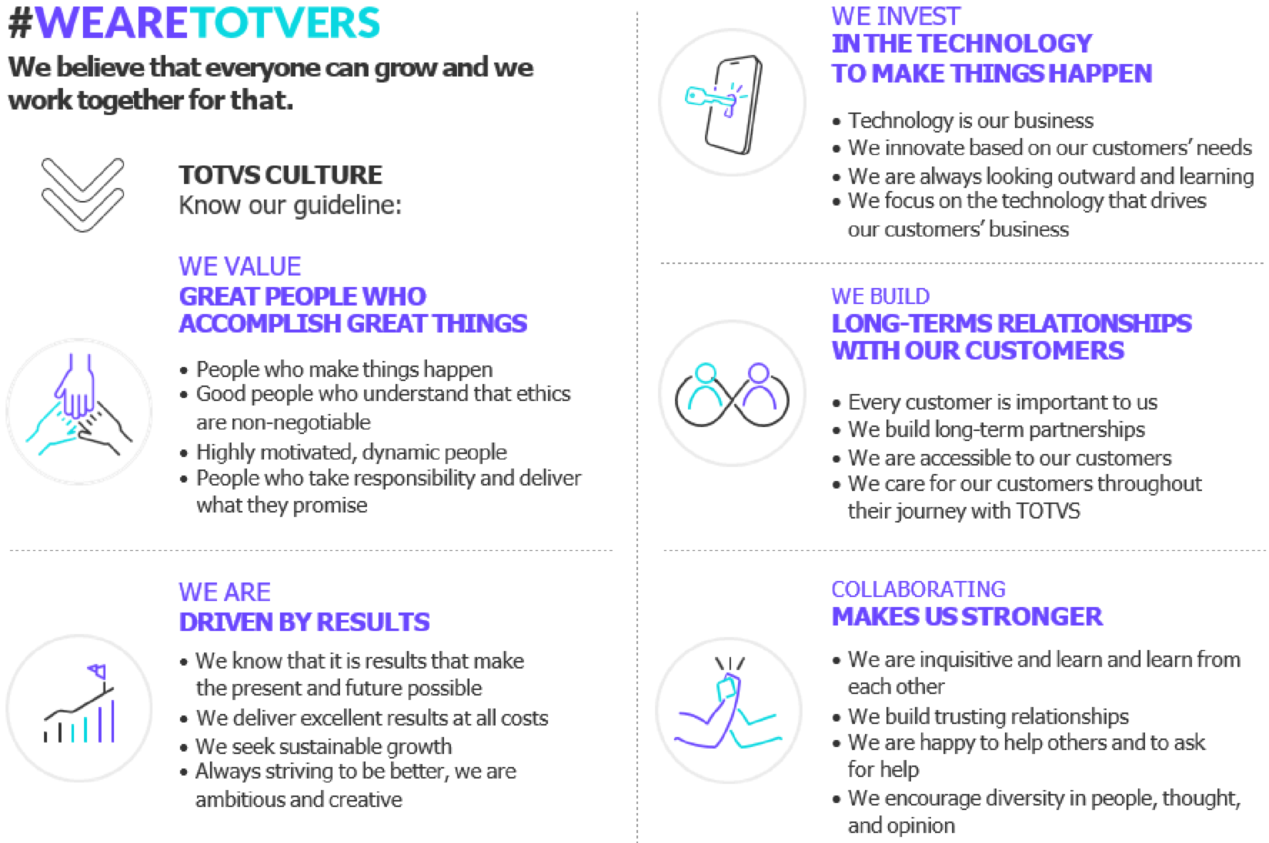
TOTVS commitment to compliance is built on its values, which drive us to consistently seek out ethical and transparent approaches that adhere to legal requirements. TOTVS has a Compliance Program that supports its commitment to integrity, together with its Risk Management, Internal Controls, and Compliance structure and in line with corporate governance guidelines. This program spreads our guidelines on ethics, transparency, and anti-corruption using a methodology focused on preventing, detecting, and addressing irregular and unethical behavior. The methodology is structured in five interrelated pillars: (i) Culture of Compliance; (ii) Risk Assessment; (iii) Code of Ethics and Conduct, Policies and Procedures; (iv) Communication and Training; and (v) Detection and Remediation. Learn further details in section 5.3 of the Reference Form (https://ri.totvs.com/en/esg/annual-reports/reference-form/).

TOTVS WINS THE PRO-ETHICS COMPANY SEAL

TOTVS has been awarded with the highly regarded "Pro-Ethics Company 2022-2023" seal by the Office of the Comptroller General of the Union (CGU). This seal is awarded to private companies that have proven their dedication to preventing, detecting, and addressing acts of corruption, fraud, and bribery, meeting the highest standards in the industry. The endorsement from this fully independent agency validates the importance and effectiveness of the Company's Compliance Program across all its pillars. This recognition also serves as a public affirmation to the market and all stakeholders that TOTVS considers ethics as a non-negotiable value, deeply ingrained in our culture and fundamental to all our practices.

The Compliance Program is audited periodically, which allows the independent assessment of the results achieved for each pillar and, when necessary, the establishment of improvement actions. The prevention and elimination of corruption are fundamental goals of the Compliance Program, which is the subject of periodic reporting to the Statutory Audit Committee and the Board of Directors. Moreover, the Internal Controls, Risks, and Compliance area is responsible for developing and updating the Code of Ethics and Conduct (CODEC), which determines the expected behaviors and conduct, as well as those not tolerated by the Company. Similarly, we expect that any third parties we collaborate with will adhere to ethical standards and abide by our guidelines.

Accordingly, the CODEC aims to establish rules of conduct and ethical principles that guide the commitment of TOTVS and its subsidiaries, direct or indirect, to the compliance of its business and internal and external relationships, being applicable to all directors, management members, TOTVERS, service providers, suppliers, and partners. Our Governance structure, including the Corporate Policies, particularly the Compliance Policy, and the CODEC, serve as protectors of our principles and practices. They are responsible for creating the guidelines that must be followed and implemented every day, in line with the purpose, values, and attributes of the #SOMOSTOTVERS culture.



TOTVS also values ethical and responsible conduct in its relations with public authorities, prohibiting any form of illicit behavior, in compliance with the Anti-Corruption Law, No. 12,846/13 and other applicable legislation, in compliance with the guidelines and rules established in the Commercial and Institutional Relationship Policy with Public Entities and in the Company's Code of Ethics and Conduct. Among the set of mechanisms and initiatives carried out by the Company, the following stand out:

- **Training *E-learning* of the Commercial and Institutional Relationship Policy with Public Entities:** mandatory for all employees who may potentially interact with Agents or Public Entities;
- **Anti-Corruption Training for Senior Management:** in a face-to-face/virtual format carried out by specialized external consultancy for the members of the Board, for the Vice-Presidents and Directors of the Company on the topic of combating corruption, addressing the risks, roles and responsibilities of the target audience in relation to the topic;
- **Record of Commercial and Institutional Interaction with Public Entities:** Any and all face-to-face or virtual meetings with Public Agents must be held with a minimum presence of 2TOTVER or 1 TOTVER accompanied by an authorized third-party intermediary or representative of an association representing the Information and Communication Technology (ICT) sector and must be registered in an internal electronic tool, with the agenda and subjects covered;
- **Pecuniary Contributions and Expenses with Public Agents:** Any type of contribution, payment of expenses, donations and disbursements of a pecuniary nature in favor of Public Agents or related persons is prohibited;
- **Public Commitments:** participant of the United Nations (UN) Global Compact since 2014 and the Business Pact for Integrity and Against Corruption and the Integrity Working Group of the Ethos Institute.

Awards and Recognition

Index, Rating, and/or Award	TOTVS score	
MSCI	AA	Achievement of an upgrade in May 2023, raising TOTVS's score to AA, positioning the Company in a select group of technology companies at this level.
ISS	1	TOTVS achieved a rating of 1 on a scale ranging from 1 to 9, where 1 represents the score of companies with the lowest risk in Governance, and 9 the score with the highest risk.
CDP	C	TOTVS'S score was raised from "C -" to "C" in the assessment of the second Carbon Inventory issued in 2023 by the Company, in the Carbon Disclosure Project (CDP) model.
FitchRatings	AA+(bra)	Upgrade of TOTVS's rating by the Fitch risk agency from "AA(bra)" to "AA+(bra) with a stable outlook in 2022. In 2024, the rating was kept with the revision of the outlook to positive.
II RESEARCH		Elected as the best company in the technology, media, and telecommunications (TMT) sector in Latin America. It has been consistently acknowledged as the Best ESG in the overall ranking and in the midcap category for three consecutive years: 2021, 2022, and 2023. We were also featured in the Best Company Board category (Buy Side and Sell Side Vision).
ANEFAC Transparency Trophy		For the 3rd year in a row, TOTVS is featured by the high-quality and transparency of its financial disclosures in the category with net income of up to R$5 billion.
EMPRESA PRÓ ÉTICA		Award from the Office of the Comptroller General (CGU), which recognizes private companies that have proven to have the best practices in preventing corruption, fraud, and bribery.
IGC-NM B3		TOTVS has been part of the highest level of Corporate Governance at B3 - Novo Mercado since 2006.
IBRX50 B3		Since 2021, TOTVS has been among the 50 assets with the highest tradability and representativeness in the Brazilian stock market.
IGPTW B3		TOTVS has been part of B3's GPTW portfolio since 2022, an index that brings together companies certified by Great Place to Work and that they have the best practices for a healthy work environment.
IDIV B3		TOTVS is in the Top 10 out of 75 companies in B3's diversity index, created by B3 in 2023.

Annual and Extraordinary General Meeting

The Company discloses below information regarding the meetings held in the last 3 (three) fiscal years and in the current fiscal year:

Event	Key subjects	Date	Call notice	Quorum
Annual General Meetings	(i) review the Company's accounts as submitted by its management members, and also examine, discuss, and vote on the Company's financial statements for the fiscal year ended on December 31, 2023; (ii) approve the capital budgeting as set forth in article 196 of Brazilian Law No. 6,404/76 (the Brazilian Corporations Act); (iii) resolve on the allocation of net income for such fiscal year and the distribution of dividends; (iv) determine the number of effective members who will compose the Board of Directors for the 2024-2026 term of office, in compliance with paragraph 2 of article 16 of the Company's Bylaws; (v) elect the members of the Board of Directors; and (vi) determine the annual global compensation of the members of both the Board of Directors and the Board of Executive Officers for the fiscal year 2024.	April 23, 2024	Established on 1st call	AGM 73.54%
Annual and Extraordinary Meeting	(i) To review the accounts submitted by the management, examine, discuss, and vote on the Company's financial statements for the fiscal year ended December 31, 2022; (ii) To resolve on the capital budgeting pursuant to Article 196 of Law No. 6.404/76 ("Brazilian Corporations Act"); (iii) To resolve on the allocation of net income for the year and on the distribution of dividends; (iv) To set the annual global compensation for the members of the Board of Directors and the Executive Board of Officers for the year 2023; (v) To resolve on the election of a member of the Company's Board of Directors who was appointed by the Board of Directors at a meeting held on October 7, 2022 upon the resignation of a Director, pursuant to article 150 of the Brazilian Corporations Act, in order to fulfill the term of office currently in progress to end at the 2024 Annual General Meeting.	April 19, 2023	Established on 1st call	AGM 80.54% EGM 80.27%
Annual and Extraordinary Meeting	(i) receive the accounts from management members, and to examine, discuss, and vote on the Company's financial statements for the fiscal year ended on December 31, 2021; (ii) resolve on the capital budgeting as set forth in article 196 of Law No. 6,404/76; (iii) resolve on the allocation of net income for the fiscal year and on the distribution of dividends; (iv) approve the number of members to compose the Board of Directors, in compliance with paragraph 3 of article 16 of the Company's Bylaws; (v) elect the members of the Board of Directors; and (vi) determine the annual global compensation of the members of the Board of Directors and the Board of Executive Officers for fiscal year 2022; (vii) restate the Company's Bylaws.	April 19, 2022	Established on 1st call	AGM 71.82% EGM 73.51%
Annual and Extraordinary Meeting	(i) take the management accounts, examine, discuss and vote on the Company's financial statements for the fiscal year ended December 31, 2020; (ii) resolve on the capital budget for the purposes of article 196 of Law 6,404/76; (iii) resolve on the allocation of net income for the year and on the distribution of dividends; (iv) set the annual global compensation of the members of the Board of Directors and Executive Board for the fiscal year 2021; (v) approve the Share-Based Incentive Plan; (vi) approve the capital increase by capitalizing the balance of the profit retention reserve, without issuing new shares; (vii) amendment to the Bylaws	April 20, 2021	Established on 1st call	AGM 72.44% EGM 72.24%

At the Ordinary General Meeting of the current fiscal year, held on April 23, 2024, the Company's Management approved, among other topics, the following matters: capital budget, number of members to compose the Board of Directors, election of Board members of Administration and proposal for the annual global remuneration of the members of the Board of Directors and the Executive Board.

Complementing section 7.1

The Company has a process of integrating new members of the Board of Directors and Advisory Committees to guarantee that they are able to fulfill their obligations accurately and effectively, whereby fresh members gain access to knowledge on the corporate organization, market positioning, perception of the Company's strategy, as well as its major strategic projects. The current integration plan includes meetings with the Company's key executives, preferably before the first participation in a meeting of the board, providing new members with an appropriate basis to exercise his/her function. As provided for in the Charter of the Board of Directors and its Advisory Committees, it is up to the Chairman of the Board of Directors, together with the Chief Executive Officer and with the collaboration of the Corporate Governance Secretariat, to organize and coordinate an integration and training program for new members.

Moreover, the Company clarifies that all employees took part in the training on the Code of Ethics and Conduct. In addition, we inform that the board of executive officers must attend such training every year.

For more information on the assessment process of the Board of Directors, Committees, Board of Executive Officers, and members of each of these bodies, please see section 7.1 (b) of this Reference Form.

Complementing section 7.3 e 7.4

GOVERNANCE STRUCTURE

The Board of Directors is the top decision-making body at TOTVS, responsible for creating and overseeing the implementation of overall business strategies and policies, including the long-term strategy. One of its responsibilities is to appoint and oversee the management of company officers, as well as hire independent auditors in compliance with the Brazilian Corporations Law.

As per TOTVS' Bylaws, the Board of Directors should have a minimum of five (5) and a maximum of seven (7) members. Its members are elected at a General Meeting of shareholders, with a unified term of office of two annual terms,the annual term is the period between two Annual General Meetings, and they can be reelected and dismissed at any time upon decision by TOTVS' shareholders. To comply with the Novo Mercado regulations, a minimum of 20% of the Board of Directors must be Independent Directors. At present, 86% of the Board of Directors at TOTVS consists of Independent Directors.

TOTVS Board of Directors is supported by four (4) Advisory Committees, namely: Statutory Audit Committee, People and Compensation Committee, Governance and Nomination Committee, and Strategy Committee, the first three being statutory committees.

Advisory Committees

The Advisory Committees have the freedom to operate independently and provide advice, without engaging in decision-making. Whenever needed, they can use their own budget, to be approved by the Board, to finance their activities. The term of office for advisory committee members aligns with that of the Board of Directors, and there is a possibility of reelection. The advisory committees will each have a designated coordinator, and their work and operating rules will be detailed in a charter that has been approved by the Board of Directors.

ROLES OF MEMBERS IN THE BOARD OF DIRECTORS AND ITS ADVISORY COMMITTEES[1]

MEMBER NAME	BOARD OF DIRECTORS (CA)	STATUTORY AUDIT COMMITTEE (CAE)[2]	STRATEGY COMMITTEE (CE)	PEOPLE AND COMPENSATION COMMITTEE (CGR)	GOVERNANCE AND NOMINATION COMMITTEE (CGI)
Laércio José de Lucena Cosentino	🟢		🔵	🔵	🔵
Maria Letícia de Freitas Costa	🟠		🟣		
Ana Claudia Reis	🔵			🟣	
Edson Georges Nassar[3]	🔵			🔵	🟣
Gilberto Mifano	🔵	🟣			🔵
Guilherme Stocco Filho	🔵		🔵		
Tania Sztamfater Chocolat	🔵	🔵			

Caption: 🟢 Chairman of the Board of Directors /🟠Vice-Chairman of the Board of Directors /🟣Committee Coordinator /🔵 Committee Member

(1) Consider the current term until the Ordinary General Meeting to be held on April 23, 2024.
(2) The Audit Committee has an external member who participates in the Committee but is not part of the Board of Directors or the list of candidates.
(3) Candidate for the first term as an Independent Member of the Board of Directors.

The Committees will examine the subjects they are responsible for and prepare proposals for the Board of Directors. The Board is provided with all the necessary materials, including the Committees' voting recommendations, on the Company's Governance Portal. If required, Directors can request additional information from the Corporate Governance Secretary's Office. The Committees' recommendations and opinions shall be issued by a majority of its members. Below, we highlight the main agendas followed and deliberated within the scope of the Committees and the Board of Directors.

TOPIC MATRIX MONITORED BY TOTVS' COMMITTEES

TOPICS	STATUTORY AUDIT COMMITTEE (CAE)	STRATEGY COMMITTEE (CE)	PEOPLE AND COMPENSATION COMMITTEE (CGR)	GOVERNANCE AND APPOINTMENT COMMITTEE (CGI)
Assessment, monitoring, and suitability of transactions with related parties	🔀			
Approval of Accounts, Capital Budgeting, Allocation of Profit	🔀			
Performance assessment of the Board and Advisory Committees				🔀
Financial Statements	🔀			
Diversity & Inclusion			🔀	
Human Capital Strategy			🔀	
ESG Strategy		🔄		🔀
M&A Strategy		🔀		
Risk Management, Internal Controls, and Compliance	🔀			
Management of the Ethics and Conduct Channel, and Compliance Program	🔀			
Carbon Inventory[1]	🔀			🔀
Long-term business planning and strategy		🔀		
Executive Succession Plan			🔄	🔀
Personal Data Protection and Privacy	🔀			
Executive Compensation, Targets, and Equity Compensation Plans			🔀	
Information Security	🔀			
Technology and Innovation		🔀		

🔀 it monitors and oversees the work carried out by the operation, examines and recommends the decision-making agendas to be approved by the Board of Directors
🔄 it defines the guidelines and strategy of the topic in the organization
(1) The Carbon Inventory subject in the document is revised by the CGI, while the CAE is specifically responsible for content related to risk management.

Profile of the Board of Directors' members

TOTVS Bylaws state that the Board of Directors should consist of at least 5 and at most 7 members. This structure is seen as suitable by the Company's Management because it allows for the agility and flexibility needed in making strategic decisions in a rapidly changing market and in the face of intense global competition for skilled talent.

Currently, at TOTVS, we have a diverse team of 7 members, all from Brazil. Among them, 86% are independent and 43% are women. Our team is highly engaged, with an average tenure of 6 years on the TOTVS Board. They are fully committed to driving the development of the industry sector, contributing to the progress of the country, and ensuring the long-term success of our business.

They are highly skilled and experienced professionals in their respective fields, with deep expertise in Information Technology, Governance, Entrepreneurship, Management, and Business Vision. Throughout their careers, they have gained experience in associations and organizations that represent institutions, establishing solid careers with leadership roles in different strategic sectors of the economy. These competencies are crucial for managing the company, which is guided by a strong culture of operational excellence, transparency, efficiency, and high ethical standards, besides being committed to compliance and ESG principles.

86%
of directors are Independent
Independence

43%
are women
Diversity

~7 years
is the average time dedicated to the BoD of TOTVS
Engajamento

Key experiences and skills

The competency matrix below summarizes the major skills, competencies, and qualifications of the members of the Board of Directors and Advisory Committees, considering their relevance to the Company's business and current strategy. The skills mapped and defined in this matrix were organized into three pillars:

1 — Leadership and Management trajectory

This Director's position on the Board of Directors is based on their extensive previous professional experiences

2 — Core to the Business

required skills for the appropriate conduct of the Company's business and strategy

3 — Specialties

members' specific skills that contribute to the body's discussions and decisions

8.1. Description of the Management Compensation Policy or Practice, including the Non-Statutory Board of Executive Officers, and Committees

a. objectives of the compensation policy or practice, informing if the compensation policy was formally approved, the body responsible for its approval, the date of approval and, if the issuer disclosed the policy, locations on the world wide web where the document can be read

The Company has a Human Relations and Compensation Policy, approved on May 5, 2023 by the Board of Directors. The Policy sets out the guidelines and responsibilities for TOTVS' people management process, at all stages of its People Management Cycle: Attraction, Development and Engagement. It aligns with the values of Culture (#SOMOSTOTVERS) and adheres to the meritocracy concept of "ARCO" (Attitude, Result, and Consequence) in our actions. This encompasses compensation models that are in line with the Company's strategic goals and risk management, ensuring that practices and metrics that promote improper behavior and undermine the long-term viability of the business. The compensation models are designed to offer executives appropriate and competitive incentives based on the Company's long-term performance. These models adhere to market practices and international standards, aiming to attract and retain professionals while aligning the interests of executives and shareholders in the medium and long term.

The Human Relations and Compensation Policy is available on TOTVS Investor Relations website (https://ri.totvs.com/en/esg/bylaws-policies-and-charters/) and on the CVM website (https://www.rad.cvm.gov.br/ENET/frmConsultaExternaCVM.aspx - portuguese only) .

b. practices and procedures adopted by the board of directors to determine the individual compensation of the board of directors and the board of executive officers, pointing out:

(i) the issuer's departments and committees that take part in the decision-making process, detailing how they take part in it

The participation of the Company's departments in the compensation definition process is established in the Brazilian Corporations Law, as well as in the Company's Bylaws and in the Human Relations and Compensation Policy, both available on TOTVS Investor Relations website (https://ri.totvs.com/en/esg/bylaws-policies-and-charters/ and on CVM's website (https://www.rad.cvm.gov.br/ENET/frmConsultaExternaCVM.aspx - portuguese only).

GENERAL MEETING: upon recommendation of the Board of Directors, it approves the overall compensation of the members of the Board of Directors, the Statutory Executive Officers, and the members of the Audit Committee (if established).

BOARD OF DIRECTORS: after considering the opinion of the People and Compensation Committee, it is responsible for distributing among the Statutory Executive Officers, individually, a portion of the overall annual compensation of the Management members determined by the General Meeting.

PEOPLE AND COMPENSATION COMMITTEE: department that advises the Board of Directors with advisory functions establishing the terms of the compensation and other benefits and payments to be received in any capacity from the Company by Executive Officers and Directors, presenting to the Board of Directors a proposal for the distribution of the annual overall compensation between the Statutory Executive Officers and the Directors and in the decision-making process related to the preparation of the proposal for individual compensation of the members of the Board of Directors, Audit Committee (if established) and Statutory Board of Executive Officers, by performing reviews of the best market practices and international standards. The People and Compensation Committee consists of a minimum of three (3) members, all of whom are directors, and at least two (2) of them must be independent.

The Chairman of the Board of Directors does not participate in discussions concerning their own compensation within the People and Compensation Committee, nor in resolutions brought forth to the Board of Directors on the same matter.

(ii) criteria and methodology used for setting individual compensation, pointing out whether studies are used to check market practices, and, if so, the comparison criteria and the scope of these studies

The criteria and methodology used to establish the individual compensation consider studies related to the best market practices, based on the results of annual surveys carried out by consultants specialized in the market, based on the group of companies that represent the appropriate balance of the characteristics presented, such as (i) relevant representativeness in their industry sectors of activity, including the technology market; (ii) mostly domestic and publicly traded in the new market; (iii) size similar to or larger than TOTVS', with regard to billing, headcount, and market value; (iv) companies that can compete with TOTVS in the acquisition of talents in the labor market.

As a supplement to the market studies analyzed to support the design of the compensation structure, it is noteworthy that the ESG (Environmental, Social and Governance) principles, materialized in the Strategic Planning of the Company's Sustainability and ESG Agenda for the 2024-2026 cycle, was also one of the elements considered in the process of formulating the goals and in the definition of the metrics and respective weights within the potential final compensation package of each member of the Statutory Board, as detailed below.

In addition, TOTVS' guidelines used to align the Company's strategic goals and compensation strategy of the Company's management members are established in the Human Relations and Compensation Policy, available at the addresses mentioned in section 8.1(a) above.

(iii) how often and how the board of directors assesses the adequacy of the issuer's compensation policy

Every year the People and Compensation Committee assesses the attractiveness, engagement and retention of the Company's talents, which includes the review of the need for adapting the compensation practices adopted - including benefits - to the standards practiced in the market and, particularly, to the technology market. If such committee deems it necessary and/or appropriate, adjustments are recommended to the Board of Directors. Furthermore, the Company's Board of Directors annually reviews and confirms the officers' targets, which are crucial for determining the Company's payment for short- and long-term variable compensation, as well as the allocation of restricted shares under the Share-based Compensation Plan.

c. composition of the compensation:

(i) description of the various elements that make up the compensation, including, in relation to each of them:

BOARD OF DIRECTORS

The compensation of the members of the Board of Directors is predominantly based on the fixed model. Additionally, starting from May 2023, in accordance with the terms and conditions of the Share-Based Incentive Plan that was approved during the Extraordinary General Meeting on April 20, 2021 and amended on April 19, 2023, 20% of the fixed compensation for the members of the Board of Directors (excluding the Chairman) is now being paid in restricted shares. Since 2019, the Chairman of the Board's compensation includes a variable portion linked to a Long-Term Incentive program, which is based on performance and governed by the terms and conditions outlined in the current Share-Based Incentive and Retention Plan.

Components of the Board of Directors' Compensation Structure
• **Board Members (except Chairman of the Board)** - composed of fixed compensation comprising two components: Short-Term Fixed and Long-Term Fixed. • **Chairman of the Board** - composed of Short-Term Fixed compensation, Long-Term Variable and Benefits.

The compensation structure is detailed below:

➔ **its objectives and alignment to the issuer's short, medium, and long-term interests**

Board Members (except Chairman of the Board):

Until 2022, 100% of the fixed compensation was being paid in cash. From May 2023 on, 80% of the fixed compensation is paid in cash and 20% in restricted shares of TOTVS, under the Share Compensation Plan, which sets forth, in Clause 15, the specific rules for the members of the Board, subject to the best governance practices, as approved at the Extraordinary General Meeting held on April 20, 2021 and amended on April 19, 2023.

- **Fixed Compensation (Short Term):** it accounts for 80% of the overall compensation and refers to the monthly cash payment received by professionals. This payment is designed to attract and reward directors for their duties and responsibilities in line with market standards.

- **Fixed Compensation (Long Term - Share Plan):** it accounts for 20% of the total compensation and refers to the amount received in TOTVS shares by professionals, aiming to attract and retain its directors, and based on best practices and domestic and international market trends as well as studies carried out by specialized consultants, providing alignment with the Company's long-term goals. It is worth noting that the long-term portion of Board members' fixed compensation is not tied to any performance metrics of the company or individuals. Rather, it is calculated based on a percentage of the total compensation.

Chairman of the Board:

- **Fixed Compensation (Short Term):** refers to the amount received monthly in cash by the professional, with the objective of rewarding the Chairman of the Board for the duties and responsibilities relevant to the position held and in accordance with market practices.

- **Variable Compensation (Long-Term Incentive - Share Plan):** refers to the granting of Restricted Shares, based on performance, following the terms and conditions established in the current Share-Based Incentive and Retention Plan (ILP Performance Program), aiming to recognize the importance and differentiated role that the Chairman of the Board has for the Company considered similar to the role of a *Chairman* expanded plan that includes, among others, goals with three-year cycles related to the Company's strategy, performance and long-term valuation, as well as an assessment of its role as *Chairman*.

- **Benefits:** refers to the set of benefits granted to the Chairman of the Board of Directors, which includes: life insurance, medical plan and dental plan. The benefit package aims to be aligned with best market practices, adopting the most prevalent benefit types.

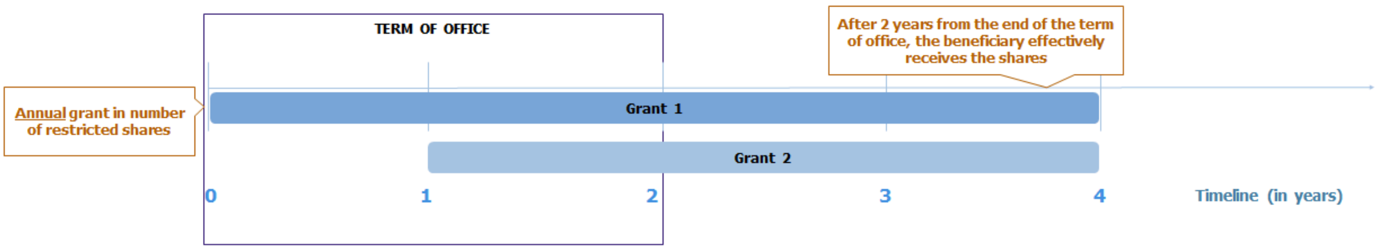
➔ **its calculation and adjustment methodology**

Below are details of the calculation and adjustment methodologies used in each element of the Board of Directors compensation:

Board Members (except Chairman of the Board):

- **Fixed Compensation (Short Term):** 80% of the total fixed compensation is paid in cash, 12 (twelve) times a year, and is reviewed annually in view of market practices identified by expert consultants, and is also submitted annually for approval by the Company's shareholders.

- **Fixed Compensation (Long Term - Share Plan):** as of May 2023, the Board's fixed compensation started to have a share-based component, that is, 20% is paid in restricted shares of TOTVS, within the scope of the current Share Compensation Plan, which establishes, in its Clause 15, the specific rules for the Board and observes best governance practices. The calculation methodology considers grants at the beginning of each 12-month period counting from the date of election of the members of the Board of Directors ("Term Year"), to each Participant member of the Board of Directors, an amount of Restricted Shares based on the average closing price of the Company's shares in the last 60 trading sessions prior to the grant date, and equivalent to 20% of the total fixed remuneration of each member of the Board of Directors, subject to the overall compensation limit approved at the General Meeting and the establishment of the individual compensation of the Management members approved by the Board of Directors. The Restricted Shares will be effectively transferred to the members of the Board of Directors who are participants, after 2 years from the end of the respective term of office of the Participant member of the Board of Directors, as shown in the graph below, and are not pegged to any individual performance indicators or targets. Similar to the cash component of short-term fixed compensation, this portion is reviewed on a yearly basis according to market practices identified by expert consultants, and is also subjected to annual approval by the Company's shareholders.



Chairman of the Board:

- **Fixed Compensation (Short Term):** the fixed compensation is paid in cash twelve (12) times a year, and is reviewed annually in view of market practices identified by expert consultants, and is also submitted annually to the approval of the Company's shareholders.

- **Variable Compensation (Long-Term Incentive - Share Plan):** since 2019, the compensation of the Chairman of the Board has recognized its differential, comprising a variable portion, the Long-Term Incentive, which consists of a performance-based Share plan. The Long-Term Incentive currently operates under the terms and conditions outlined in the Share-Based Incentive and Retention Plan, focusing specifically on the ILP Performance program. The granting of the Restricted Shares is subject to the fulfillment of predetermined long-term targets that reflect the relevance and effectiveness of the Chairman of the Board's role in the contribution to and performance of the Company's medium and long-term strategy with the purpose of generating value for shareholders and other stakeholders. This grant is managed by the Company's Board of Directors, with the support of the People and Compensation Committee, both composed mostly of independent members and who have broad powers to suggest the number of restricted shares to be granted to the Chairman of the Board of Directors, based on the amount of compensation considered suitable to ensure market competitiveness of the compensation package, observing the quantitative limit of the Plan, and this proposal is then submitted for approval by the General Meeting of Shareholders. In addition, the Board of Directors annually discusses and reviews the institutional and business targets pegged to each grant, ensuring that they are both challenging and achievable.

It is worth noting that the Chairman of the Board of Directors does not take part in discussions concerning their own compensation within the People and Compensation Committee, nor in discussions and resolutions brought forth to the Board of Directors on the same matter.

- **Benefits:**The benefits applicable to the Chairman of the Board of Directors are evaluated based on market practices identified by specialized consultants. The People and Compensation Committee is responsible for suggesting any changes, which must then be approved by the Board of Directors.

➔ **key performance indicators taken into account, including, where applicable, indicators related to ESG issues**

The fixed compensation of the members of the Board of Directors and the Chairman of the Board of Directors is not based on performance indicators.

Chairman of the Board:

- **Variable Compensation (Long-Term Incentive - Share Plan):** the performance indicators used by the Board of Directors to determine the number of shares to be granted under the LTI Performance Program of the Share-Based Incentive and Retention Plan (Long-Term Incentive) follow the combination of quantitative and qualitative factors, as described below:
  - **Quantitative content:** the Company's long-term performance metrics, which aim to assess assertiveness in the contribution and execution of the Company's medium and long-term strategy, to generate value for the Company's shareholders, including absolute and relative indicators, such as the performance of TOTVS' Total Shareholder Return (TSR) in relation to the IBrX-50 index.
  - **Qualitative content:** annual evaluation carried out by the independent members of the Board of Directors on the effectiveness, quality and proper functioning of the Board under their supervision. It is important to note that the Chairman of the Board does not take part in discussions within the Board of Directors that deal with his own assessment.

➔ **its proportion in the total compensation in the last 3 fiscal years**

The table below shows the proportion of each element in the total compensation of the Board of Directors in relation to the last three fiscal years:

BOARD OF DIRECTORS

Item of Compensation	2023	2022	2021
Fixed	49%	45%	50%
Variable	50%	54%	45%
Benefits*	1%	1%	5%

*Applicable to the Chairman of the Board of Directors only

STATUTORY AUDIT, PEOPLE AND COMPENSATION, GOVERNANCE AND NOMINATION, AND STRATEGY COMMITTEES

The Company's committees are advisory bodies composed of members of the Board of Directors, external members and the Company's Board of Executive Officers.

➔ **its objectives and alignment to the issuer's short, medium, and long-term interests**

In accordance with the main market practices, the members of the Board of Directors who are members of committees receive a fixed monthly compensation in addition to the compensation they are entitled to as directors of the Company, with the purpose of rewarding them for their dedication to committee responsibilities. External members also receive fixed monthly compensation for their participation in committees. The members of the Company's Board of Executive Officers do not receive additional compensation for their participation in committees, when it takes place.

The compensation of directors and external members for taking part in committees aims at ensuring parity with market practices, representing the strategy of attracting and retaining qualified professionals, as well as the sustainability of the Company's businesses.

➔ **its proportion in the total compensation in the last 3 fiscal years**

The table below shows the proportion of each element in the total compensation of the Committees in relation to the last three fiscal years:

ADVISORY COMMITTEES

Element of Compensation	2023	2022	2021
Fixed	100%	100%	100%
Variable	-	-	-
Benefits	-	-	-

In the previous three fiscal years, committee members were paid 100% through fixed compensation.

➔ **its calculation and adjustment methodology**

Each year, the compensation for directors and external committee members is evaluated to ensure its adequacy. This evaluation takes into account market practices and is supported by expert consultants. The approved compensation amounts are then submitted to shareholders for approval.

➔ **key performance indicators taken into account, including, where applicable, indicators related to ESG issues**

The fixed compensation of members of the Board's Advisory Committees is not based on performance indicators.

FISCAL COUNCIL

➔ **its goals and alignment to the issuer's short, medium, and long-term interests**

If established, it has a fixed compensation paid twelve (12) times in the year, as approved by the shareholders and subject to the terms of the applicable legislation and best market practices.

➔ **its calculation and adjustment methodology**

If operating, the adequacy of members compensation is reviewed annually, considering the market practices identified with the support of expert consultants, whose amounts are annually submitted to shareholders' approval

➔ **key performance indicators taken into account, including, where applicable, indicators related to ESG issues**

The fixed compensation of members of the Fiscal Council is not based on performance indicators.

➔ **its proportion in the total compensation in the last 3 fiscal years**

The following table displays the percentage of each component in the overall compensation of the Fiscal Council relative to the previous three fiscal years:

FISCAL COUNCIL

Element of Compensation	2023*	2022*	2021
Fixed	100%	100%	100%
Variable	-	-	-
Benefits	-	-	-

*The Company did not have a Fiscal Council operating until April 2021. On April 19, 2022, the term of office for the members of the Fiscal Council came to an end, and no new appointments were made for the fiscal year of 2022. Starting from April 19, 2023, with mandate ending in April 2024, without new installation.

The compensation for the members of the Fiscal Council in the years following its establishment was 100% composed of a fixed compensation.

STATUTORY AND NON-STATUTORY BOARD OF DIRECTORS

Both the Statutory and non-statutory members of the Executive Board receive a compensation package that includes a fixed base salary and a combination of short, medium, and long-term variable incentives, all tied to their performance. Details are as follows:

➔ **its goals and alignment to the issuer's short, medium, and long-term interests**

- **Fixed Compensation (Short Term):** it is the monthly amount professionals receive to compensate them for their duties and responsibilities in their position.

- **Variable Compensation (Short-term Incentive; Semiannual Bonus):** it refers to the variable amounts received every six months by professionals with the purpose of rewarding them for their individual results and for the overall results of the Company and of each business. The semiannual bonus is linked to the overall financial indicators of each business, as well as individual performance based on objective metrics that include both financial and non-financial elements (such as strategic and operational factors, including ESG principles in this cycle).

  As a natural step in its continuous journey of developing the sustainability and ESG agenda, TOTVS is making progress in this cycle by converging and incorporating ESG principles within the compensation program, more specifically, in the 2024 goals agreement outlined for the Statutory Board. The strategic reasoning behind this process is a strong foundation that guided us from the beginning: there is no separation between business and ESG, as ESG is the business; there are no barriers that separate them, no distractions, it is the right thing to do, it is intrinsic to everything we do.

  ESG is ingrained in TOTVS business philosophy and has been a part of the company's journey even before it gained global recognition as an important concept for organizations and the financial market. These principles guide the performance of the TOTVS Group and contribute as one of the value levers for sustaining new cycles of sustainable growth, greater competitiveness and financial resilience, access to capital, and attraction of talent, aligned with the goals determined for the business in a short, medium, and long-term perspective.

- **Variable Compensation (Medium and Long-Term Incentive; Share Plan):** it refers to the amount of the common restricted shares issued by the Company and delivered to eligible Participants based on individual performance and strictly under the terms and conditions established in the current Share-Based Incentive and Retention Plan approved by the Extraordinary General Meeting held on April 19, 2023, considering the ILP Performance and ILP Master programs, with the purposes of: (i) increasing the alignment of medium and long-term interests between executives and shareholders, expanding the sense of ownership and commitment of participants through the concept of investment and risk; (ii) strengthening the incentives for long-term permanence and stability of Participants within the context of a publicly held company; (iii) serving as a fundamental tool for retaining and attracting talent in a highly competitive sector with a compensation above the average of other sectors; and (iv) fostering the increase of the Company's long-term performance, measured through business indicators. The number of shares to be granted annually to each Participant is based on the assessment of individual performance measured based on the "9 Box" method, which considers the effective deliveries of each executive throughout the fiscal year, adherence to the expected behaviors of TOTVS, and the future potential of contribution to the Company. These assessments are carried out by the executive's manager, with subsequent calibration by a board composed by (i) the Statutory Board of Executive Officers, in the case of the evaluation of non-statutory executive officers; (ii) the People and Compensation Committee; and (iii) the Board of Directors, in the case of assessment of statutory executive officers. The allocation of restricted shares to nominated Participants is proposed by the People and Compensation Committee and ultimately determined by the Board of Directors.

- **Benefits:** it refers to the set of benefits granted to executives, such as health plan, dental plan, meal vouchers, private pension plan, life insurance, car, and fuel vouchers. The benefit package aims to be in line with the main market practices, by adopting the most prevalent types of benefits in the market. Such a set of benefits is the same for all executives. However, there may be differences in the amounts of the benefits granted depending on the position and/or the region in which such executive officer works.

➔ **its calculation and adjustment methodology**

The calculation and updating methodologies used for each item of the Management members' compensation are shown below:

- **Fixed Compensation (Short Term):** the fixed compensation is paid thirteen (13) times a year to the Statutory Board of Executive Officers. It can be updated every year at the sole discretion of the Board of Directors, as suggested by the People and Compensation Committee, which assesses the Executive Officer's performance in his/her activities and achievement of the targets set. The fixed compensation can also be adjusted according to official inflation indices and comparative market reviews carried out by expert consultants, considering the best market practices. The Non-Statutory Board of Executive Officers has its fixed compensation adjusted annually in accordance with collective bargaining agreements negotiated between the unions of the category.

- **Variable Compensation (Short-Term Incentive - Semiannual Bonus):** the semiannual bonus pool to be distributed to statutory and non-statutory executive officers depends on the achievement of EBITDA targets and recurring revenue + Company's transactional revenue, as well as the contribution margin and recurring revenue + transactional revenue from the business or expenses of each Board of Executive Officers, as defined for the period by the Board of Directors. If any of such indicators does not reach a minimum of 90% of the target set for the period, there will be no bonus payment for the corresponding period. If the targets set are achieved between 90% and 99%, the pool will be reduced pro rata between 50% and 95%. If the target is reached or exceeded, the semiannual bonus pool may be distributed in full.

  Once the bonus pool applicable for each semester has been determined, the individual bonus is weighted according to the achievement of the individual targets of each statutory and non-statutory executive officer, which reflect the definition of Company's financial goals, productivity, and strategic priorities, including the Strategic Map and the Sustainability and ESG Agenda, measured through financial indicators (such as recurring revenue growth, operating costs and expenses), efficiency and projects (linked to the Company's growth in the dimensions of Management, Techfin and Business Performance), customer satisfaction (NPS: Net Promoter Score), and people-related indicators (such as talent retention and engagement rates). The table below exemplifies the calculation method:

Distribution pool: determined in the budget, equals to a % of EBITDA

Trigger to trigger the program's payment at TOTVS:
EBITDA (80%) and Recurring Revenue (20%) TOTVS
minimum of 90%, i.e.: <90% = 0%; => 90% and < 100% = between 50% and 99%; => 100% = 100%

Trigger to trigger the program's payment in each area:
Contribution Margin (CM) and Recurring Revenue of the business or corporate area expenses
minimum of 90%, i.e.: <90% = 0%; => 90% and < 100% = between 50% and 99%; => 100% = 100%

Determination of the Target Agreement for Managers / Exec. Officers, replicated to the teams:	Ruler for determining the quantitative targets:	Ruler for calculating project targets:
• Financial • Strategic Project • People • Area	Between 90% and 110% of target achievement, which is equivalent to 50% and 150% of the bonus	a) Program, Project, Subproject: 0%, 25%, 50%, 75%, or 100% b) Delivery: 0%, 100% c) KPIs: According to financial ruler

Periodicity of payment	1st Semester: Payment in September	2nd Semester: Payment in March

If the second semester compensates for any non-achievement (<90%) or partial achievement (between 90% and 99%) in the first semester, and the total target for the year is reached, an additional 50% of the pool for the first semester is guaranteed at the time of calculating the payment for the second semester.

The goals of each Statutory and Non-Statutory Officer are defined individually, taking into account the company's annual strategic objectives approved by the Board of Directors. These objectives also include the priorities defined for the Company's Sustainability and ESG Agenda. The half-yearly targets, shared by the Directors, and those specific to each position, reflect expectations of economic and financial performance, technological evolution, risks, customer satisfaction, business sustainability and strategic projects.

The targets of the Statutory Officers can only be changed during the year for extraordinary reasons, and any adjustments must be assessed by the People and Compensation Committee and approved by the Board of Directors, as applicable.

The earning potential of the short-term incentive per semester is pegged to a multiple of the monthly base salary defined per career level, at the sole discretion of the Board of Directors, as recommended by the People and Compensation Committee, which assesses the competitive position of this item of compensation in relation to the market, according to the best market practices.

- **Variable Compensation (Long-Term Incentive - Share Plan):** assisted by the People and Compensation Committee, the Board of Directors approves the members of the Statutory and Non-Statutory Board of

Executive Officers who may take part in the Plan and receive restricted shares issued by the Company based on performance, subject to the terms and conditions of the Plan. The number of shares granted under the ILP Performance and ILP Master Programs will be stipulated based on the value of the compensation freely attributable to each of the Participants, being established by the Board of Directors, based on the assessment of individual performance, considering the best practices of market, measured based on the "9 Box" methodology that considers the effective deliveries of each executive throughout the fiscal year, adherence to TOTVS' essential competencies and the Executive Director's potential future contribution to the Company. According to the 9 Box methodology, each Statutory and Non-Statutory Director is placed in a matrix with 9 quadrants, whose: (i) X axis (50% weight) represents result indicators, linked to the individual quantitative targets established for the year (indicators such as EBITDA, Revenue, Cost, among others), which measure the effective performance of the Officer; and (ii) Y axis (50% weight) measures adherence to expected business behaviors (such as Collaboration, focus on Results, Building Long-Term Relationships with Customers, Innovation Through Technology that Enables and Valuing of Skilled people who have a Good Character); and the potential that every officer has, according to the defined succession plan, to assume greater challenges.

- For the **Programa ILP Performance**, as a result of the evaluation, the executive can receive a range between 0% and 130% in relation to the reference values adopted in light of the anchoring and alignment of the executive compensation package in relation reference the market comparative benchmark at the time of the granting. The result is submitted for consideration by the People and Compensation Committee and final deliberation by the Board of Directors. The number of Restricted Shares to be transferred to Participants after the 3 (three) year grace period will vary between 80% and 130% because of the achievement of long-term performance targets established and provided for in the respective contracts, focusing on the appropriate balance between the impact of management and the return to shareholders.

- In case of **Program ILP Master** the grace period is 5 (five) years and in order to receive the Restricted Shares, the respective Participant must (i) at the end of the three-year period following the grant date, (ii) on the last day of May, August and November following the end of the said three-year period until the date of the effective delivery of the restricted shares by the Company, and (iii) on the date of effective delivery of the Restricted Shares by the Company, prove that they hold shares in the Company whose market value corresponds to 12 (twelve) fixed monthly gross salaries. If the dates for proving ownership of the shares mentioned in the previous sentence happen to overlap with periods when trading Company shares is not allowed, the verification will be conducted on the second business day following the end of the prohibition period for the Restricted Shares. If the Participant does not comply with any of these conditions, he or she will not be entitled to receive the Restricted Shares at the end of the grace period. In the best interest of the Company and its shareholders, the Board of Directors may terminate or suspend the Plan, or even review its conditions, provided that it does not change the corresponding basic principles, especially the maximum limits to transfer restricted shares, as approved by the general meeting. The general meeting may also approve a new incentive plan based on the Company's shares, also to allow the acquisition of shares in excess of the maximum limits approved in the plan then in force.

- **Benefits:** the benefit package is reviewed every year in view of the market practices identified with the help of consultants specialized in the matter. If there is any proposed change, it must be suggested by the People and Compensation Committee and approved by the Board of Directors.

➔ **key performance indicators taken into account, including, where applicable, indicators related to ESG issues**

The performance indicators selected by the Company to define each component of the short and long-term variable compensation of the Board of Directors and the Statutory Board are related to the specific context of the business and the sector in which TOTVS operates, being especially aligned with the main value drivers and the Sustainability and ESG Agenda, aiming for the sustainable growth of TOTVS. The set of these metrics enable a comprehensive assessment of the Company's performance in the short and long term.

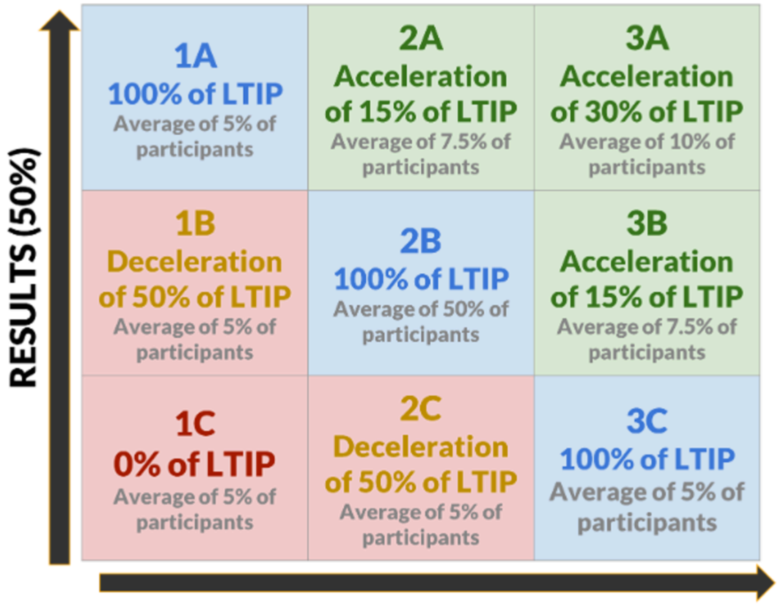
The same performance indicators used in the Short-Term Incentive and Long-Term Incentive are taken into consideration by the Board of Directors, as suggested by the People and Compensation Committee, to evaluate possible readjustments in the fixed compensation of each statutory director.

- **Variable Compensation (Short-Term Incentive - Semiannual Bonus):** The main performance indicators used in determining the Short-Term Incentive are:
  - **Program triggers:** EBITDA and recurring revenue + transactional revenue of the Company, as well as contribution margin and recurring revenue of each business or expenses of each Board, as defined for the period by the Board of Directors.
  - **Individual target contracts:**The target contract established for the TOTVS Statutory Board is based on 4 pillars: (i) financial, (ii) strategic projects, (iii) customers and (iv) people.
    - **Financial indicators:** such as recurring revenue, operating costs and expenses;
    - **Strategic project indicators:** projects related to clients, products, operational efficiency and people, linked to the Company's growth in the Management, Techfin and Business Performance markets and related to the initiatives of the Sustainability and ESG Agenda structured for the 2024 - 2026 cycle, set out in the Strategy Map;
    - **Customer Indicators:** related to customer satisfaction, such as NPS (*Net Promoter Score*); It is
    - **People Indicators:** related to talent retention, and engagement rates and strategic goals related to creating an excellent place to work and strengthening TOTVS' relationship with its ecosystem, according to the Company's Strategic Map.

ESG principles are transversal and permeate all of these objectives, contributing as a lever for generating value for TOTVS among its stakeholders and for the sustainable growth of the business. In this sense, in each of the Statutory Board's target pillars, the Company has projects, initiatives and indicators with ESG attributes linked to executive compensation, and which impact the total earning potential of members' variable compensation, in the proportion represented below :

SHARE OF ESG PROJECTS AND INITIATIVES ON THE 2024 TARGET AGREEMENT								
	DENNIS HERSZKOCICZ	ALEXANDRE APENDINO	GUSTAVO AVELAR	GUSTAVO BASTOS	GILSOMAR MAIA	JULIANO TUBINO	MARCELO COSENTINO	VIVIAN BROGE
	CEO	VP of Customer Service and Relationship	VP of Customer Journey	VP, Platforms	VP Financial, and Investor Relations Officer	CEO of RD Station and VP Business Performance	VP, Business for Segments	VP, Human Relations & Marketing
TARGET PILLAR	%	%	%	%	%	%	%	%
Finance								
Strategy		7.5%		10%	10%			20%
Customers	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
People	15%	10%	10%	10%	10%	10%	10%	20%
Total ESG %	**22.5%**	**25%**	**17.5%**	**27.5%**	**27.5%**	**17.5%**	**17.5%**	**47.5%**

- **Variable Compensation (Long-Term Incentive - Share Plan):**The performance indicators used by the Board of Directors to establish the number of shares to be granted under the ILP Performance Share Plan Program (**Long-Term Incentive**) is based on the “9 Box” methodology, as described in item 8.1(b) (i) and (iii) and summarized in the following table:



The Company's internal and external long-term performance indicators that will determine the number of shares to be transferred to Participants after the 3 (three) year grace period will be measured based on the combination of the following indicators considering the granting cycle:

<u>Valid for the granting cycle carried out in 2022:</u>

- ***Total Shareholder Return* ("TSR"):** total return for the shareholder evaluated in relation to the IBrX-50 index. As a reference, this index indicates the average performance of the prices of the 50 most tradable and representative assets in the Brazilian stock market. This indicator is aligned with the principle of Corporate Governance, and reflects the commitment to the interests of shareholders, promoting transparency and responsibility in management. TOTVS has been part of this index since 2021.

- **Evolution of Earnings per Share ("EPS"):** metric that measures the ratio between the net income of the Company's continuing operation and the number of shares that is part of the Company's Capital Stock related to market index.

- **Clients satisfaction:** measured through the NPS indicator (*Net Promoter Score*), which aims to measure the degree of customer loyalty of companies in any segment, reflecting customer satisfaction and experience. This indicator is widely used by most companies due to its simplicity, reliability and flexibility. For TOTVS, as one of the main stakeholders, this indicator is aligned with pillar S, of ESG, and reiterates the Company's quest to build long-term relationships with its customers, a key issue for the sustainability and longevity of the business.

<u>Valid for the grant cycle carried out in 2023 and to be carried out in 2024:</u>

- ***Total Shareholder Return* ("TSR"):** total return for the shareholder evaluated in relation to the IBrX-50 index. As a reference, this index indicates the average performance of the prices of the 50 most tradable and representative assets in the Brazilian stock market. This indicator is aligned with the principle of Corporate Governance, and reflects the commitment to the interests of shareholders, promoting transparency and responsibility in management. TOTVS has been part of this index since 2021.

- **EBITDA evolution:** a metric that measures the growth of the company's adjusted EBITDA over the years related to the market index.

- **Clients satisfaction:** measured through the NPS (Net Promoter Score) indicator, which aims to measure the degree of customer loyalty of companies in any segment, reflecting customer satisfaction and experience. This indicator is widely used by most companies due to its simplicity, reliability and flexibility. For TOTVS, as one of the main stakeholders, this indicator is aligned with pillar S, of ESG, and reiterates the Company's quest to build long-term relationships with its customers, a key issue for the sustainability and longevity of the business.

- **Fixed Compensation (Short Term) and Benefits:** There are no performance criteria bound to the granting of fixed compensation and benefits. The package is the same for all executive officers, and there may be differences in the amounts of benefits granted depending on the position and/or region in which such executive officer works.

➔ **its proportion in the total compensation in the last 3 fiscal years**

The table below shows the proportion of each item in the total compensation of each department in the last three fiscal years:

BOARD OF EXECUTIVE OFFICERS

Element of Compensation	2023	2022	2021
Fixed	21%	25%	26%
Variable	74%	71%	70%
Benefits	5%	4%	4%

The increase in the ratio of variable compensation compared with fixed compensation over the years aligns appropriately with the medium and long-term compensation strategy, with the purpose of boosting the Company's future performance.

(ii) reasons that justify the composition of compensation

The compensation structure takes into account the responsibilities of each position, taking into consideration market rates for professionals in similar roles with comparable complexity. In addition, it seeks to align the interests between management members and shareholders, which contributes to encouraging and retaining skilled professionals in their roles, as well as attracting new professionals whenever necessary.

BOARD OF DIRECTORS

The fixed compensation of the Board of Directors and benefits of the Chairman of the Board of Directors aims to ensure parity with market practices and international standards, representing the strategy of attracting and retaining qualified professionals, as well as the sustainability of the Company's business, providing directors with appropriate forms of compensation in relation to the Company's long-term performance.

Board Members (except Chairman of the Board):

Fixed Compensation (Long Term: Share Plan): the compensation of the Board of Directors members is aligned with the primary purpose of the board towards the organization's long-term success vision, and is justified to the extent that it:

(i) Bolsters the company's competitive edge in attracting and retaining highly skilled professionals, while maintaining the feasibility of the Company's business;

(ii) Contributes to achieving the Company's strategic goals, as 20% of the total fixed compensation is paid in shares, being executed in a deferred manner, only after two (2) years of the end of the term of office, without being pegged to performance metrics, thus allowing a deeper alignment of the Directors with the shareholders in the long term (sense of ownership);
(iii) It is in line with the latest industry standards and reflects key trends in both domestic and international markets. According to the “Annual Survey of Governance and Board Compensation Practices in Brazil”, conducted by the expert compensation consultants Korn Ferry in collaboration with IBGC, which was released in December 2023 and acquired by TOTVS, there has been a progressive increase over the years in the adoption of share-based compensation for members of the Board of Directors of national and international companies with characteristics similar to those of TOTVS.

Board of the Chairman:

- **Variable Compensation (Long-Term Incentive - Share Plan):** Variable Compensation (Long-Term Incentive: Share Plan): the compensation model is justified by the track record of the current Chairman of the Board of Directors, who is the founder of the Company and held the position of Chief Executive Officer (CEO) for more than 30 years. His extensive expertise, profound knowledge, and ability to represent the company effectively in front of all stakeholders (including shareholders, customers, partners, public and private entities, etc.) are invaluable. We acknowledge the uniqueness of his role, as he brings a unique set of skills, experiences, and knowledge that are essential for the success of the Board and TOTVS.

  Among the main skills of the current Chairman of the Board of Directors are:
  - Deep knowledge of the technology sector and the software market, he is well-regarded and respected by shareholders and customers, enabling him to serve as a trusted point of reference for all stakeholders;
  - Solid interpersonal skills in institutional representation, articulation and representativeness in the defense of strategic matters and important government and sector-related issues that impact the Company;
  - Ability to deal with highly complex topics related to the business and the sector, offering visionary leadership in defining TOTVS' strategy;
  - Effectiveness in conducting Board discussions, encouraging engagement and seeking consensual decisions;
  - Ability to develop and mentor the CEO.

  The following current activities inherent to the position of Chairman of the Board of Directors of TOTVS stand out:
  - Maintain relationships with shareholders for governance matters and strategic guidelines;
  - Work with entities in the technology sector, whether personally or through the Company's Institutional Relations area, aiming to position TOTVS as a reference in building an ecosystem of growth and technological innovation in the country;
  - Whenever necessary, represent the Company before the Government, domestic or international political bodies, market entities, regulatory bodies, multilateral and/or international bodies and associations of which the Company is a part; and
  - Act as spokesperson for the Board of Directors, making comments on the Company's institutional matters and issues related to the domestic and international markets share.

  We also understand that the practice of share-based compensation bound to performance metrics is in line with the best international practices and the role of Chairman of the Board of ensuring the company's sustainability, without interfering with his/her supervisory functions of the Board of Directors and without presenting conflicts of interest. The "2023 Study of Boards of Directors" by Korn Ferry, acquired by TOTVS, reveals that approximately 19% of companies in the Brazilian market have an ILP program. This program typically involves offering shares to board members and has been steadily growing in popularity. TOTVS is recognized as one of the pioneers in implementing this practice.

Thus, in order to ensure his/her retention and dedication, in view of the duties of the Chairman of TOTVS' Board of Directors, as provided for in the Charter of the Company's Board of Directors, the share-based variable compensation strategy aims at ensuring greater alignment of interests with shareholders, and the granting of benefits aims at ensuring parity with market practices applicable to positions with similar responsibilities.

STATUTORY AND NON-STATUTORY BOARD OF EXECUTIVE OFFICERS

The compensation components established aim to guarantee parity with market practices and international standards, representing the strategy of attracting and retaining qualified professionals, as well as the sustainability of the Company's business, combining fixed monthly compensation with semi-annual variable compensation (short term) and with the share plan (medium and long term), providing executives with adequate incentives in relation to the Company's long-term performance. The Company's variable compensation strategy is designed to foster higher engagement and a sense of ownership among officers, encourage contribution to the Company's performance and sustainable growth, and promote an improved alignment of interests with shareholders. At the same time, it also aims at guaranteeing retention, especially in a technology sector that suffers global competition for talents and that has been experiencing significant cost inflation and a shortage of human resources. We acknowledge that attracting and retaining key executives and talents is crucial for the Company's success, and their compensation plays a vital role in achieving that.

(iii) the existence of members not compensated by the issuer and the reason for this fact
Ms. Tania Sztamfater Chocolat, member of the Board of Directors and also a member of the Board's Advisory Committees, waived the compensation offered to her because of the position she holds at the Canada Pension Plan Investment Board ("CPPIB"). CPPIB has internal policies that forbid professionals from receiving additional compensation. It is worth emphasizing that the other members of the Statutory Board of Executive Officers, Board of Directors, and Advisory Committees to the Board are paid, except for the Statutory Executive Officers with regard to their participation in Advisory Committees of the Board.

d. existence of any compensation borne by subsidiaries, controlled companies, or direct or indirect controllers

There is no compensation for statutory administrators supported by subsidiaries, controlled companies or direct or indirect controllers of the Company.

It is. existence of any compensation or benefit linked to the occurrence of a certain corporate event, such as the sale of corporate control of the issuer

Agreements with Statutory Executive Officers provide for the payment of indemnities to them exclusively in the event that the removal of an executive officer occurs after certain relevant corporate changes, such as changes in the Company's control; acquisitions and/or subscriptions by third parties of shares representing 20% of the Company's capital stock; corporate restructuring; or the resolution to dissolve the Company.

8.2. Total Compensation of the Board of Directors, Statutory Board of Executive Officers, and Fiscal Council

The tables below provide information on the compensation of the Company's Board of Directors, Fiscal Council, and Statutory Board of Executive Officers: (i) approved for the current fiscal year and (ii) recognized in the results of the fiscal years ending on December 31, 2023, 31 December 2022 and December 31, 2021, considering the number of members of each body to whom compensation was effectively attributed.

Total Compensation: for the current Fiscal Year (2024) - Annual Amounts				
	Board of Directors	**Statutory Board of Executive Officers**	**Fiscal Council**	**Total**
Total no. of members	7.0	8.0	1.0	16.0
Number of paid members	6.0	8.0	1.0	15.0
Note	The number of members of each department was calculated as an annual average of each department, ascertained on a monthly basis, under the methodology presented in Circular Official Letter/Annual-2024-CVM/SEP			
Fixed annual compensation				
Salary or management fees	4,354,688.92	11,273,154.69	134,899.08	15,762,742.69
Direct and indirect benefits	152,275.75	2,100,899.87	-	2,253,175.62
Participation in committees	1,603,170.46	-	-	1,603,170.46
Others	-	-	-	-
Description of other fixed compensation				
Variable compensation				
Bonus	-	18,975,111.89	-	18,975,111.89
Profit sharing	-	-	-	-
Attendance to meetings	-	-	-	-
Commissions	-	-	-	-
Others	-	-	-	-
Description of other variable compensations		Variable compensations values include long-term performance goals monitored by the Board of Directors		
Post-employment	-	520,299.45	-	520,299.45
Termination of position	-	-	-	-
Share-based (including options)	4,488,315.10	24,656,342.51	-	29,144,657.61
Note			Considering the end of the term of office for the Fiscal Council in April 2024	
Total compensation	**10,598,450.23**	**57,525,808.41**	**134,899.08**	**68,259,157.72**

Total compensation: Fiscal Year ended December 31, 2023 (Annual Amounts)				
	Board of Directors	Statutory Board of Executive Officers	Fiscal Council	Total
Total no. of members	7.0	7.0	2.0	16.0
Number of paid members	6.0	7.0	2.0	15.0
Note	The number of members of each department was calculated as an annual average of each department, calculated monthly, in accordance with the methodology presented in Circular Letter/Annual-2023-CVM/SEP			
Fixed annual compensation				
Salary or management fees	3,647,049.86	9,580,984.84	283,288.07	13,51,322.77
Direct and indirect benefits	137,838.59	1,728,492.38	-	1,866,330.97
Participation in committees	1,357,380.96	-	-	1,357,380.96
Others	-	-	-	-
Description of other fixed compensations				
Variable compensation				
Bonus	-	11,753,034.38	-	11,753,034.38
Profit sharing	-	-	-	-
Attendance to meetings	-	-	-	-
Commissions	-	-	-	-
Others	-	-	-	-
Description of other variable compensations				
Post-employment	-	419,147.80	-	419,147.80
Termination of position	-	-	-	-
Share-based (including options)	5,431,249.65	21,972,658.21	-	27,403,907.86
Note		.	The Fiscal Council was established after the Meeting of April 19, 2023	
Total compensation	**10,573,519.06**	**45,454,317.61**	**283,288.07**	**56,311,124.74**

Total compensation: Fiscal Year ended December 31, 2022 (Annual Amounts)				
	Board of Directors	Statutory Board of Executive Officers	Fiscal Council	Total
Total no. of members	7.0	7.0	1.0	15.0
Number of paid members	7.0	7.0	1.0	15.0
Note	The number of members of each department was calculated as an annual average of each department, ascertained on a monthly basis, under the methodology presented in Circular Official Letter/Annual-2022-CVM/SEP			
Fixed annual compensation				
Salary or management fees	3,452,246.23	8,802,713.60	100,435.11	12,355,394.94
Direct and indirect benefits	128,669.06	1,548,438.76	-	1,677,107.82
Participation in committees	1,321,105.58	-	-	1,321,105.58
Others	-	-	-	-
Description of other fixed compensations				
Variable compensation				
Bonus	-	5,439,576.20	-	5,439,576.20
Profit sharing	-	-	-	-
Attendance to meetings	-	-	-	-
Commissions	-	-	-	-
Others	-	-	-	-
Description of other variable compensations				
Post-employment	-	292,073.37	-	292,073.37
Termination of position	-	-	-	-
Share-based (including options)	5,772,812.66	24,416,216.69	-	30,189,029.35
Note			Considering the end of the term of office of the Fiscal Council on April 19, 2022	
Total compensation	**10,674,833.53**	**40,499,018.62**	**100,435.11**	**51,274,287.26**

Total compensation: Fiscal Year ended December 31, 2021 (Annual Amounts)				
	Board of Directors	Statutory Board of Executive Officers	Fiscal Council	Total
Total no. of members	7.0	7.0	2.0	16.0
Number of paid members	7.0	7.0	2.0	16.0
Note	The number of members of each department was calculated as an annual average of each department, calculated monthly, in accordance with the methodology presented in Circular Letter/Annual-2021-CVM/SEP			
Fixed annual compensation				
Salary or management fees	3,381,243.84	7,840,102.31	231,277.16	11,452,623.31
Direct and indirect benefits	563,521.59	1,365,540.06	-	1,929,061.65
Participation in committees	1,247,073.98	-	-	1,247,073.98
Others	-	-	-	-
Description of other fixed compensations				
Variable salary				
Bonus	-	5,043,677.34	-	5,043,677.34
Profit sharing	-	-	-	-
Attendance to meetings	-	-	-	-
Commissions	-	-	-	-
Others	-	-	-	-
Description of other variable compensations				
Post-employment	-	124,022.27	-	124,022.27
Termination of position	-	-	-	-
Share-based (including options)	4,679,013.54	19,312,195.63	-	23,991,209.17
Note			The Fiscal Council was implemented after the Meeting of April 20, 2021	
Total compensation	**9,870,852.95**	**33,685,537.61**	**231,277.16**	**43,787,667.72**

8.3. Variable Compensation of the Board of Directors, Statutory Board of Executive Officers, and Fiscal Council

The tables below show information on the variable compensation of the Company's Board of Directors, Fiscal Council and Statutory Board of Executive Officers: (i) approved for the current fiscal year, and (ii) recognized in the results for the fiscal years ended on December 31, 2023, December 31, 2022, and December 31, 2021, considering the number of members of each body to which the compensation was effectively attributed; and (ii) expected for the current fiscal year.

Proposed Variable Compensation: for the current Fiscal Year (December 31, 2024), Annual Amounts				
	Board of Directors	Statutory Board of Executive Officers	Fiscal Council	Total
Number of members	7.0	8.0	1.0	16.0
Number of paid members	6.0	8.0	1.0	15.0
Bonus				
Minimum amount set forth in the compensation plan	-	1,990,278.49	-	1,990,278.49
Maximum amount set forth in the compensation plan	-	7,961,113.94	-	7,961,113.94
Amount set forth in the compensation plan if the targets are met	-	7,961,113.94	-	7,961,113.94
Value effectively recognized in profit or loss	-	-	-	-
Others				
Minimum amount set forth in the compensation plan	-	11,013,997.94	-	11,013,997.94
Maximum amount set forth in the compensation plan	-	11,013,997.94	-	11,013,997.94
Amount set forth in the compensation plan if the targets are met	-	11,013,997.94	-	11,013,997.94
Value effectively recognized in profit or loss	-	-	-	-
Note	-	Variable compensation amounts include long-term performance targets monitored by the Board of Directors	Considering the end of the term of office for the Fiscal Council in April 2024	-

Note: The number of members of each body was calculated as an annual average of each body, under the methodology shown in the Circular Letter/Annual-2024-CVM/SEP

Total compensation: Fiscal Year ended December 31, 2023 (Annual Amounts)				
	Board of Directors	Statutory Board of Executive Officers	Fiscal Council	Total
Number of members	7.0	7.0	2.0	16.0
Number of paid members	6.0	7.0	2.0	15.0
Bonus				
Minimum amount set forth in the compensation plan	-	1,782,982.50	-	1,782,982.50
Maximum amount set forth in the compensation plan	-	7,131,930.00	-	7,131,930.00
Amount set forth in the compensation plan if the targets are met	-	7,131,930.00	-	7,131,930.00
Value effectively recognized in profit or loss	-	6,715,463.33	-	6,715,463.33
Others				
Minimum amount set forth in the compensation plan	-	5,705,544.00	-	5,705,544.00
Maximum amount provided for in the compensation plan	-	8,558,316.00	-	8,558,316.00
Maximum amount set forth in the compensation plan	-	7,131,930.00	-	7,131,930.00
Value effectively recognized in profit or loss	-	5,037,571.05	-	5,037,571.05
Note			The Fiscal Council was established after the Meeting held on April 19, 2023.	

Note: The number of members of each body was calculated as an annual average of each body, calculated monthly, in accordance with the methodology presented in Circular Letter/Annual-2023-CVM/SEP

Total compensation: Fiscal Year ended December 31, 2022 (Annual Amounts)				
	Board of Directors	Statutory Board of Executive Officers	Fiscal Council	Total
Number of members	7.0	7.0	1.0	15.0
Number of paid members	7.0	7.0	1.0	15.0
Bonus				
Minimum amount set forth in the compensation plan	-	1,596,564.25	-	1,596,564.25
Maximum amount set forth in the compensation plan	-	6,386,257.00	-	6,386,257.00
Amount set forth in the compensation plan if the targets are met	-	6,386,257.00	-	6,386,257.00
Value effectively recognized in profit or loss	-	5,439,576.20	-	5,439,576.20
Others				
Minimum amount set forth in the compensation plan	-	-	-	-
Maximum amount estimated in the compensation plan	-	-	-	-
Amount set forth in the compensation plan if the targets are met	-	-	-	-
Value effectively recognized in profit or loss				-
Note			The term of office of the Fiscal Council members ended on April 19, 2022	

Note: (i) The number of members of each body was calculated as an annual average of each body, ascertained on a monthly basis, according to the methodology shown in the Circular Letter/Annual-2022-CVM/SEP

Total compensation: Fiscal Year ended December 31, 2021 (Annual Amounts)				
	Board of Directors	Statutory Board of Executive Officers	Fiscal Council	Total
Number of members	7.0	7.0	2.0	16.0
Number of paid members	7.0	7.0	2.0	16.0
Bonus				
Minimum amount set forth in the compensation plan	-	1,353,918.80	-	1,353,918.80
Maximum amount set forth in the compensation plan	-	5,415,675.20	-	5,415,675.20
Amount set forth in the compensation plan if the targets are met	-	5,415,675.20	-	5,415,675.20
Value effectively recognized in profit or loss	-	5,043,677.34	-	5,043,677.34
Others				
Minimum amount set forth in the compensation plan	-	-	-	-
Maximum amount estimated in the compensation plan	-	-	-	-
Amount set forth in the compensation plan if the targets are met	-	-	-	-
Value effectively recognized in profit or loss				-
Note			The Fiscal Council was implemented after the Meeting of April 20, 2021.	

Note: The number of members of each body was calculated as an annual average of each body, ascertained on a monthly basis, under the methodology shown in the Circular Letter/Annual-2021-CVM/SEP.

8.4. Share-Based Compensation Plan for the Board of Directors and Statutory Board

Currently, the Company has an effective Share-Based Incentive Plan, known as "Plan 3", approved at the Extraordinary General Meeting held on April 20, 2021 that was updated and amended on April 19, 2023. Plan 3 superseded, as of January 1, 2022, the previous one known as "Plan 2" approved at the Extraordinary General Meeting held on December 15, 2015 that was amended on April 5, 2018 and April 18, 2019. It is worth emphasizing that the granting of Restricted Shares made pursuant to Plan 2 by December 31, 2021 remain valid and in effect.

The Management intends to make the grants within the scope of Plan 3, having already made the first one in 2022, while complying with the remaining obligations related to the grants made previously. The proposed grants made in 2022 and 2023, as well as those planned for the current fiscal year, are based exclusively on this Plan 3.

DESCRIPTION OF PLAN 2

a. general terms and conditions of the plan

The Share-Based Incentive and Retention Plan, approved at the Company's Extraordinary General Meeting held on December 15, 2015, was amended, as approved at the meeting held on April 5, 2018 and April 18, 2019, to improve its concepts , effectiveness and simplicity, focusing on the central and most critical aspects.

The Plan is managed by the Company's Board of Directors with the support of the People and Compensation Committee, which has the authority to manage it, having, among others, the required powers to, subject to the terms and conditions of the Plan:

(i) decide on any and all measures connected to the management of the Plan, and to construe and apply the general rules provided for herein;
(ii) select, from among the persons eligible to take part in the Plan;
(iii) determine the number of Restricted Shares to be granted to each Participant;
(iv) decide on the acquisition of Shares by the Company itself, as necessary;
(v) approve the Agreement to be entered into between the Company and each of the Participants;
(vi) modify the Grace Periods, as well as the other terms and conditions of the Agreement to the extent that the rights of the Participants arising from or related to the Plan are not harmed, with any adaptations that may be made by the Plan being excluded from this limitation. Board of Directors as a result of changes implemented in the relevant legislation;
(vii) review exceptional cases arising from or related to the Plan; and
(viii) settle doubts regarding the interpretation of the general rules set forth in the Plan and to address omitted cases.

None of the Participants will have any of the rights and privileges of a Company's shareholder, including to receive dividends, interest on equity, and other earnings until the date of the effective transfer of the Restricted Shares.

The Plan entered into force on the date of its approval by the Company's General Meeting on December 15, 2015 and was amended on April 5, 2018 and April 18, 2019. This plan has been superseded by Plan 3 as of January 1, 2022.

The main characteristics of Plan 2 are listed below:
● Shares: it means the common shares issued by the Company.
● Restricted Shares: it means the common shares issued by the Company to be delivered to the Participant, strictly under the terms and conditions set forth in the Plan and the Agreement.
● Vesting Period of the Regular Program: it means, as regards the Regular Program, the vesting period of three (3) years from the Date of Granting of the Restricted Shares, after which the Participant will be entitled to become the holder of the Restricted Shares, and the Company will be required to transfer the Restricted Shares to the Participant under the terms of the Agreement.
● Vesting Period of the Partners Program: it means, as regards the Partners Program, the vesting period of three (3) years from the Date of Granting of Restricted Shares, after which the Participant will be entitled to become holder of

the Restricted Shares, and the Company will be required to transfer the Restricted Shares to the Participant under the terms of the Agreement.

● Regular Program: means a part of the Plan consisting of: (i) Executive Program - for which employees and managers of the Company and/or of the controlled companies or subsidiaries of the Company, who are considered executive officers of the Company, will be eligible based on assessment and performance; and (ii) Highlights of the Year Program - for which employees of the Company and/or of the Company's controlled or subsidiary companies who are not executive officers and are considered highlights of the year based on assessment and performance will be eligible; all of them shall be nominated by the People and Compensation Committee and approved by the Company's Board of Directors, at its sole and exclusive discretion.

● Partners Program: it means a part of the Plan to which certain employees and managers of the Company and/or of the Company's controlled or subsidiary companies may be invited to join, as nominated by the People and Compensation Committee and the election held by the Company's Board of Directors at its sole discretion, based on individual and corporate assessment methods and performance, potential, career plan, and degree of bond with the Company.

b. date of approval and body in charge

Plan 2 was approved by resolution of the shareholders at the Company's Extraordinary General Meeting held on December 15, 2015, and amended by the Extraordinary General Meetings held on April 5, 2018 and April 18, 2019, to improve its concepts, effectiveness, and simplicity, focusing on the central and most critical aspects.

c. maximum number of shares covered

The maximum number of Restricted Shares to be granted to Participants under the Plan cannot exceed Restricted Shares corresponding to five point sixty-eight percent (5.68%) of the Company's total capital stock, being included in this limit the grants carried out under the Share-based Incentive and Retention Plan approved at the General Meeting held on December 15, 2015. Such dilution is in line with the context of the industry in which TOTVS is inserted in Brazil, considering its size, equity structure, historical growth and future potential, financial condition, and historical payment practices for performance.

d. maximum number of options to be granted

Not applicable, as Plan 2 does not include stock options.

e. conditions for the acquisition of shares

Regular Program. Participants will be entitled to receive the Regular Program Restricted Shares, and the Company will have the obligation to transfer such Regular Program Restricted Shares at the end of the Regular Program grace period, according to the procedures to be provided for both in the Agreement and in the terms and conditions of the Plan.

Partners Program. As regards the Partners Program, Participants will be entitled to receive the Restricted Shares of the Partners Program, and the Company will have the obligation to transfer title to such Restricted Shares of the Partners Program at the end of the grace period of the Partner Program, provided, however, that the Participant has an amount corresponding to 12 (twelve) fixed monthly salaries invested in the Company's shares between the date of granting the Restricted Shares (date of execution of the Agreement) and the date of delivery of the Restricted Shares, continuously and uninterruptedly.

A Participant who does not keep such amount equivalent to twelve (12) fixed monthly salaries invested in the Company's shares, in a continuous and uninterrupted way, after the date of the effective delivery of the Restricted Shares will not be eligible for future granting of Company's Partners Program Restricted Shares.

For current Participants of the Partners Program and for Participants eligible for the Partners Program in the fiscal year 2018, the amount equivalent to 12 (twelve) fixed monthly salaries invested in Company shares may be reached by the corresponding Participant in up to 3 (three) years counted from the date of granting the Restricted Shares of the Partners Program for fiscal year 2018, or based on another criterion as may be determined by the Board of Directors.

f. criteria to determine the acquisition or exercise price

This is not a stock option plan under Article 168, § 3 of the Brazilian Corporations Law. Instead, it is a compensation plan that involves the direct delivery of Restricted Shares to the Participants. The reference price for calculating the number of Restricted Shares to be delivered under the Plan will correspond to the average closing price of the Company's shares in the thirty (30) trading sessions prior to the date of the effective delivery of Restricted Shares to the Participant, or to such another amount set under criteria determined by the Board of Directors that reflect the market value of the Shares.

g. criteria for determining the exercise period

Not applicable. This is not a stock option plan pursuant to Article 168, § 3 of the Brazilian Corporations Law, but instead, a compensation plan based on the delivery of Restricted Shares that will be directly delivered to the Participants. After the vesting period of three (3) years from the date of grant of the restricted shares, the Participant will be entitled to become the holder of the Restricted Shares, and the Company will be required to transfer the Restricted Shares to the Participant.

h. form of settlement

The Plan has, among others, the purpose of granting Restricted Shares to certain Participants, without any financial consideration from them. The Company's obligation to transfer restricted shares under the Plan is: (i) subject to the execution of a Restricted Shares Granting Agreement and Other Covenants with each of the Participants; and (ii) subject to the continuation of the employment and/or statutory bond, as the case may be, of each Participant with the Company until the end of the applicable vesting periods. Once the conditions outlined in the Plan are fulfilled, the Participant will receive the designated restricted shares, and the Company's management will handle all necessary procedures to formalize the transfer.

i. restrictions on the transfer of shares

Subject to the continuation of the employment and/or statutory bond, as the case may be, between the Participant and the Company and/or the Company's controlled or subsidiary companies until the end of the applicable Vesting Period and the rules contained in each Agreement, the Company will transfer the Restricted Shares to the Participant within thirty (30) days from the end of the Vesting Period, as applicable, as well as under the terms of the Agreement.

j. criteria and events that, in case of occurrence, will cause the suspension, change, or termination of the plan

In the best interest of the Company and its shareholders, the Board of Directors may terminate or suspend the Plan, or even review the conditions of the Plan, provided that it does not change the corresponding basic principles, especially the maximum limits for the transfer of Restricted Shares as approved by the General Meeting. The General Meeting may also approve a new incentive plan based on the Company's shares, also to allow the acquisition of shares in excess of the maximum limits approved in the Plan.

The Board of Directors may also provide for particular treatment for special cases and situations during the term of the Plan, provided that the rights already granted to the Participants and the basic principles of the Plan are not affected. Such particular treatment will not be deemed as a precedent able to be claimed by other Participants.

k. consequences in case the manager leaves the issuer's bodies, on his/her rights provided for in the share-based compensation plan

None of the Plan provisions can be construed as granting rights to Participants who are employees and/or statutory executive officers, as the case may be, in addition to those inherent to Restricted Shares, nor will any provision confer rights to the Participants regarding the guarantee to be maintained as an employee and/or statutory executive officer of the Company and/or with controlled companies or subsidiaries of the Company, or in any way will it interfere with the right of the Company, subject to the legal conditions and those arising from the employment or management contract (in the case of statutory Participants not bound by an employment contract), to terminate the relationship with the Participant at any time.

In the event of termination of the Participant on his/her own initiative at any time during the Vesting Periods, the Participant will be no longer entitled to receive restricted shares. Notwithstanding, the Participant will retain his/her title to any restricted shares in the Regular Program and to restricted shares in the Partners Program that are already owned by him/her after the lapse of the vesting periods.

In case of termination of the Participant at the Company's initiative without a cause, the Participant will be entitled to receive half of the restricted shares if more than two (2) years of the applicable Vesting Periods have elapsed. The Participant will lose the right to receive all other Restricted Shares in the Regular Program and/or the Partners Program.

In the event of termination for cause of the Participant, the Participant will lose the right to receive all restricted shares that have not been transferred by the time of such termination, regardless of the program applicable to the Participant. In the event of the Participant's death, disappearance, or permanent disability, all vesting periods will be considered elapsed in advance, at the time of the Participant's death, disappearance, or disability.

DESCRIPTION OF PLAN 3

a. general terms and conditions

This Plan is managed by the People and Compensation (the "Committee"), which has full authority to manage and construe it, having, among others, the authority necessary to:

(i) approve the Programs set forth in this Plan, as well as their corresponding regulations;
(ii) decide on every and any measures related to the management of this Plan, and construe and apply the general rules set forth herein;
(iii) select, among the persons eligible to take part in this Plan, those who will take part in it in a certain fiscal year or set forth the criteria for their determination;
(iv) determine the number of Restricted Shares to be granted to each Participant, subject to the quantitative limit provided for in Clause 7 of the plan;
(v) approve the Agreement to be entered into between the Company and each of the Participants;
(vi) amend the Program provisions as required for the management of this Plan, as well as to meet the Company's interests, as long as (a) such amendments do not breach the provisions of this Plan or of the Programs; or (b) Participants' rights arising from or related to this Plan are not harmed. This limitation excludes any adaptations that the Committee might perform in consequence of changes implemented in the law in force;
(vii) examine exceptional cases arising from or related to this Plan; and
(viii) settle questions on the interpretation of the general rules set forth in this Plan and handle the omitted cases.

"Committee" means the Company's People and Compensation Committee, as provided for in its bylaws, or another Committee that may be specifically created or appointed by the Board of Directors to manage the Plan, the members of which are not eligible Participants under this Plan.

The Committee decisions have a binding nature on the Company and the Participants, when they are made in compliance with this Plan, the respective Program or the applicable laws.

None of the Participants can be a Committee member, or attend discussions within its scope concerning this Plan or any Program or Agreement. In case a Committee member is nominated to take part in any of the Programs, his/her adhesion is conditioned on his/her prior resignation to the position of Committee member.

Further, none of the Participants can, in any other bodies of the Company management, attend discussions or vote for any matter in which the Participant has a potential interest as regards this Plan, the Programs or any Agreement, as well as concerning his/her individual compensation within the scope of this Plan.

Plan 3 came into force on January 1, 2022, replacing Plan 2, and will remain in force until December 14, 2025.

The main characteristics of Plan 3 are listed below:

- Shares: it means the common shares issued by the Company.
- “Restricted Shares” means the Shares that will be delivered to the respective Participants pursuant to this Plan and the Programs.
- “CLT” means the Consolidation of Labor Laws, i.e., the set of Brazilian labor laws.
- "Board of Directors" means the Board of Directors of the Company.
- “Agreement” means the Share Granting Agreement and Other Covenants approved by the Committee, to be executed by and between the Company and each Participant within the scope of the corresponding Programs.
- “Company” means TOTVS S.A.
- “Termination” means any action or fact that puts an end to the Participant's legal relationship with the Company, except in cases of retirement by the Brazilian National Social Security Institute (INSS) due to permanent disability, death, or court declaration of absence due to a Participant's disappearance. The word 'termination' covers, among others, the Participant's voluntary leaving, request for dismissal, resignation, removal, replacement or non-reelection as a statutory executive officer without an employment relationship, and termination of an employment contract for any reason, for cause or not, at the initiative of either party, or upon mutual agreement.
- “Board of Executive Officers” means the Company's Statutory Board of Executive Officers.
- “Bylaws” means the Company's Bylaws.
- “Grant to the Board” means the program subject to this Plan, for which the members of the Board of Directors, excluding members who are Participants in any of the Programs and/or in any other way of granting Restricted Shares under this Plan, will be entitled to the grant of Restricted Shares as part of their compensation.
- “Participants” means the employees and managers of the Company and its subsidiaries who are considered eligible under each of the Programs, excluding members of the Committee, who may be nominated annually by the Committee to take part in the Plan.
- “Vesting Periods” means the Vesting Period for the ILP Destaque Program, the Vesting Period for the ILP Performance Program, and the Vesting Period for the ILP Master Program considered together.
- “Vesting Period for the ILP Destaques (Highlights) Program” means the vesting period of 3 (three) years from the signature of the respective Agreement, after which the Participant is entitled to become the holder of the Restricted Shares granted under the ILP Destaques (Highlights) Program, and the Company shall transfer the Restricted Shares to the Participant under the terms of the Agreement.
- "Vesting Period of the ILP Performance Program”: means the grace period of 3 (three) years from the execution of the corresponding Agreement, after which the Participant is entitled to become a holder of the Restricted Shares granted under the ILP Performance Program and the Company shall transfer the Restricted Shares to the Participant under the terms of the Agreement, subject to the achievement of the Company's long-term, internal and external performance indicators, as provided for in the corresponding Agreement.
- “Vesting Period for the ILP Master Program” means the vesting period of five (5) years from the signature of the respective Agreement, after which the Participant is entitled to become the holder of the Restricted Shares granted under the ILP Master Program, and the Company shall transfer the Restricted Shares to the Participant under the terms of the Agreement.
- “Plan” means this Share-Based Incentive Plan.
- “Programs” means, collectively, the ILP Destaques (Highlights) Program, the ILP Performance Program, and the ILP Master Program.

- “ILP Destaques (Highlights) Program” means the program, subject to this Plan, for which the Committee may nominate participants, annually, at its sole discretion, based on an individual performance assessment, which adopts an objective methodology approved by the Board of Directors, and is informed to the corresponding Participants, which includes criteria such as results achieved, potential, and competencies, certain employees of the Company and/or controlled companies in non-executive positions (below the Executive Manager or other position that may replace it) who are considered, in the above-mentioned assessment, “Highlights of the Year”. Although it is possible, there are no rules that require Participants to be nominated every year to take part in this program.
- “ILP Master Program” means the program, subject to this Plan, for which the Committee may nominate annually, at its sole discretion, a selected group of individuals considered as key and critical to the Company, holding executive positions, meaning those Participants holding the position of executive manager or higher (or other positions that might replace them) to take part, whether employees or statutory Management members, based on an individual performance assessment, which adopts an objective methodology approved by the Board of Directors, and is informed to the corresponding Participants, including criteria like results, potential, and competencies. To be entitled to the restricted shares subject matter of the grant, the Participant ought to meet the “Share ownership guideline”, which sets forth the following obligations (i) at the end of the three-year period after the date of grant, (ii) on the last day of May, August and November after the end of said three-year period until the date of the actual delivery of the restricted shares by the Company, and (iii) on the date of the actual delivery of the restricted shares by the Company, prove he/she is the holder of the Company shares whose market value corresponds to twelve (12) monthly fixed gross salaries. In case the dates to prove the ownership of the shares referred to in the sentence above coincide with periods forbidding the negotiation of Company shares, the verification will be done on the second business day immediately after the date on which the period of the corresponding prohibition ends. In case the Participant does not meet any of these conditions, he/she will not be entitled to receive the restricted shares at the end of the vesting period. The participant is solely responsible for ensuring compliance with these conditions, taking into account any changes in their monthly fixed gross salary and any changes in the market value of the Company's shares. Although it is possible, there are no rules that require the participant to be nominated every year to take part in this program.
- “ILP Performance Program” means the program, subject to this Plan, for which Company executives are eligible to participate annually, as nominated by the Committee at its sole discretion, meaning those Participants holding the position of executive manager or higher (or other positions that might replace them), whether employees or statutory Management members, based on the achievement of Company’s internal and external long-term performance indicators established annually by the Board of Directors and informed to the Participants, and the individual performance assessment, which adopts an objective methodology approved by the Board of Directors, also informed to the respective Participants, including criteria like results, potential, and competencies.
- “Change of Control” means either of the following events: (i) the acquisition of 30% or more of the shares representing the Company’s capital stock by one shareholder or group of shareholders representing a common interest; or (ii) a corporate reorganization, including consolidation, acquisition, merger of shares, spin-off followed by the merger of the spin-off portion or any similar transaction resulting in the title of 30% or more of the shares representing the capital stock of the resulting company by one shareholder or group of shareholders representing a common interest.

We provide below a summary of the potential grants under the Plan 3:

2024	"ILP Destaques"Program	"ILP Performance" Program	"ILP Master" Program	Grant to the Board of Directors
Eligibility	Participants of the Company considered "Highlight of the Year"	Participants holding the position of executive manager or higher, whether employees or statutory administrators	Statutory and Non-Statutory Board of Executive Officers	Member of the Board of Directors
Vesting period	3 years	3 years	5 years	2 years after the end of the term of office
Granting rationale	Based on performance carried out in the year before the granting		Rationale determined by the People and Compensation Committee	Not based on performance.
Amount of grants	Financial amount by career level	Chairman of the Board. Financial amount approved at the Annual Meeting Other participants: Financial amount by career level	Financial amount determined by the People and Compensation Committee	Fixed value of 20% of total fixed compensation
Key Performance Indicators	Achievement of the 9 BOX matrix (0% to 130%)	Chairman of the Board. (i) assessment of the Board of Directors (50% weight); (ii) Long-Term Performance Metrics of the Company (30% weight); and (iii) TSR vs. IBrX 50 (20% weight) Other participants: achievement of the 9 BOX matrix (0% to 130%) combined with the performance indicators after the vesting period (80% to 130%): (i) TSR vs. IBrX 50 (50% weight); (ii) EBITDA vs. IPCA (30% weight); and (iii) NPS (20% weight)	Not applicable	Not applicable

b. date of approval and body in charge

The Share-Based Incentive and Retention Plan was approved by resolution of the shareholders at the Company's Extraordinary General Meeting held on April 20, 2021 and amended on April 19, 2023.

c. maximum number of shares covered

The maximum number of shares that may be granted under the Plan cannot exceed, when added to the Restricted Shares delivered under Plan 2, five point sixty-eight percent (5.68%) of the Company's capital stock.

We believe that the maximum dilution of the Share-Based Incentive and Retention Plan is in line with the context of the industry in which TOTVS operates in Brazil. This alignment considers several aspects, such as the size of the company, its ownership structure, growth history and future potential, financial situation and historical patterns of performance-based compensation. In addition, as reported in the February 2024 trading form of the Company itself, directors and related persons, the Company has a free float of approximately 90% (percentage of the company's capital stock available for trading on the stock market, disregarding shares held by the treasury and management), which guarantees a sufficient number of shares in circulation to ensure market liquidity and stability, even with the additional granting of shares to employees under the Incentive Plan.

d. maximum number of options to be granted

Not applicable, considering that stock options will not be granted as a result of the Plan.

e. conditions for the acquisition of shares

The acquisition conditions will be applicable as per the corresponding Program the Participant is eligible to take part in. Nonetheless, it will be the Committee's responsibility, in compliance with each Program's selection criteria, to annually select Participants to each of the Programs.

Specifically for the ILP Master Program, in order to receive the Restricted Shares, the respective Participant must (i) at the end of the three-year period following the date of the grant, (ii) on the last day of May, August and November following the end of the said three-year period until the date of the effective delivery of the restricted shares by the Company, and (iii) on the date of the effective delivery of the Restricted Shares by the Company, prove to be the holder of shares of the Company whose market value corresponds to twelve (12) monthly fixed gross salaries. In case the dates to prove the ownership of the shares referred to in the sentence above coincide with periods forbidding the trading of Company shares, the verification will be done on the second business day immediately after the date on which the period of the corresponding prohibition to the Restricted Shares ends. In case the Participant does not meet any of these conditions, he/she will not be entitled to receive the Restricted Shares at the end of the vesting period.

Specifically for the ILP Performance Program, the number of Restricted Shares to be transferred to the Participants after the vesting period of three (3) years will vary between 70% and 130% due to the achievement of long-term performance targets established and provided for in the respective agreements, focusing on the appropriate balance between the impact of management and the return to shareholders.

For the first grant, decided at a Board of Directors' Meeting held on April 29, 2022, the performance, for the purposes of assessing the program, is measured based on the combination of the following indicators:

- Total Shareholder Return ("TSR"): total shareholder return evaluated in relation to the TSR of the companies that make up the IBrx-50 index. As a reference, this index indicates the average performance of the prices of the 50 most tradable and representative assets in the Brazilian stock market. Since 2021, TOTVS is part of this index.

- Evolution of Earnings per Share ("EPS"): metric that measures the relationship between the net income of the Company's continuing operation and the number of shares that is part of the Company's Capital Stock.

- Customer satisfaction: measured through the NPS (Net Promoter Score) indicator, whose purpose is to measure the degree of loyalty of the customers of companies operating in any industry sector, reflecting customer experience. This indicator is broadly used by most companies due to its simplicity, reliability, and flexibility.

For the second grant, decided at a Board of Directors' Meeting held on May 5, 2022, for the purposes of assessing the program, the performance is measured based on the combination of the following indicators:

- Total Shareholder Return ("TSR"): total shareholder return calculated in function of the TSR of the companies that make up the IBrx-50 index. To give a point of reference, this indicator reflects the average price performance of the 50 most tradable and representative assets in the Brazilian Stock Market. TOTVS has been part of this index since 2021.

- Evolution of EBITDA: a metric that measures the growth of the company's adjusted EBITDA over the years related to the market index.

- Customer satisfaction: measured through the NPS (Net Promoter Score) indicator, whose purpose is to measure the degree of loyalty of the customers of companies operating in any industry sector, reflecting customer experience. This indicator is broadly used by most companies due to its simplicity, reliability, and flexibility.

For the third grant, scheduled to be held until May 2024, the proposal is that the performance, for the purposes of assessing the program, is measured from the combination of the same indicators of 2023.

The performance indicators seen in 2022 and 2023 are strictly related to the company's business and the specific industry in which it operates and are particularly applicable to the key value drivers of TOTVS. The combination of these three metrics enables a comprehensive assessment of the company's performance.

Each of the Participants will enter into a Share Granting Agreement and Other Covenants, as approved by the Committee, to be executed between the Company and each Participant within the scope of the respective Programs, which will provide for the granting of the corresponding Restricted Shares, as well as the terms and conditions for granting them (the "**Agreement**").

The Company's obligation to transfer the Restricted Shares within the scope of the Plan is subject to (i) the execution of an Agreement with each one of the Participants, (ii) the continuity of the employment and/or statutory bond, as the case may be, of each Participant with the Company until the end of the applicable vesting period, as detailed below; (iii) meeting the performance targets set forth for the Participants, in the case of the LTI Performance Program, as described in the corresponding Agreements; (iv) meeting the share ownership guidelines set forth in the LTI Master Program, and (v) any other conditions set forth in the corresponding Programs and Agreements.

The **ILP Destaques (Highlights)** will be subject to a three (3)-year vesting period from the execution of the corresponding Agreement, after which the Participant acquires the right to become the holder of the Restricted Shares granted under the ILP Highlights Program.

The **ILP Performance Program** will be subject to a three (3)-year vesting period from the execution of the corresponding Agreement, after which the Participant acquires the right to become the holder of the Restricted Shares granted under the ILP Performance Program.

The **ILP Master Program** will be subject to a five (5)-year vesting period from the execution of the corresponding Agreement, after which the Participant acquires the right to become the holder of the Restricted Shares granted under the ILP Master Program.

The **Grant to the Board** corresponds to 20% of the total fixed compensation of each member of the Board of Directors, subject to (i) the global compensation limit approved at the General Meeting and the establishment of the individual compensation of the management members approved by the Board of Directors, and (ii) the conversion criterion provided for in Clause 8.2 of the Plan. It will be subject to a vesting period of two (2) years from the end of the respective term of office of the Beneficiary, after which the Participant is entitled to become the holder of the Restricted Shares granted under the Grant to the Board.

Subject to the maximum limit of Restricted Shares that may be granted under the Plan, and considering the number of Restricted Shares to be delivered to Participants under the Programs, the Committee may, in order to attract and retain certain key individuals of the Company and/or from companies controlled by the Company, at its sole discretion, use any remaining balance of Restricted Shares under the Plan to make additional grants of Restricted Shares to Participants, in a limited number. Such additional grants will be subject to possible vesting periods, Participant's termination rules, and other specific terms and conditions to be freely set forth by the Committee, as provided for in the corresponding Agreements. The vesting period to be set by the Committee for this purpose will be at least three (3) years from the date of granting the Restricted Shares.

f. criteria to determine the acquisition or strike price

The Plan has, among others, the purpose of granting a long-term incentive to the Participants by granting Restricted Shares issued by the Company, without the payment of a strike price by the Participants. Therefore, this is not a stock option plan pursuant to Article 168, § 3 of the Brazilian Corporations Law. Instead, this is a compensation plan based on the delivery of shares to the Participants.

Notwithstanding, the reference price per Restricted Share, for the purposes of the Plan, corresponds to the average closing quotation of the Company shares in the sixty (60) trading days prior to the date of grant or another value UNDER criteria defined by the Committee and that reflects the market value of the Restricted Shares.

g. criteria to determine the acquisition or exercise period

The transfer of the Restricted Shares is subject to a vesting period of 3 to 5 years, as detailed in section “d” above. Participants will be entitled to receive the total Restricted Shares if they maintain a relationship with the Company until the end of the applicable vesting period, according to the specific rules set forth under the Plan, the Programs and the Agreements, particularly when the Participant leaves the Company (i) at their own initiative or is terminated for cause, in which case the Participant will no longer be entitled to receive Restricted Shares; (ii) at the Company’s initiative, without cause or upon mutual agreement, in which case the Participant will be entitled to receive a portion of the Restricted Shares; (iii) upon their compulsory retirement; or (iv) upon their death, disappearance and/or permanent disability, in which case the Participant will be entitled to receive the Restricted Shares in full.

h. form of settlement

As mentioned in section “e” above, this is a grant of a long-term incentive to the Participants, by means of granting shares issued by the Company, without any financial consideration from the Participants. Therefore, once the conditions set forth under the Plan, the Programs and the related Agreement are met, the Participant will be entitled to receive Restricted Shares within sixty (60) days from the end of the vesting period, and it will be the responsibility of the Company’s management to take all measures required to formalize such transfer.

At its discretion, the Company may pay in cash the amount corresponding to the value of Restricted Shares the Participant is entitled to instead of delivering the Restricted Shares to the Participant. If the Company chooses to pay in cash, the price per share will correspond to the average closing price of the Company shares in the sixty (60) trading days prior to the date of granting or another amount in accordance with criteria determined by the Committee and that reflects the market value of the Shares.

i. restrictions on the transfer of shares

After their transfer to the Participants, they may sell, transfer or, in any way, dispose of the Restricted Shares without any restriction.

j. criteria and events that, when found, will cause the suspension, change, or termination of the plan

In the interest of the Company and its shareholders, the People and Compensation Committee may terminate or suspend the Plan, or even review the conditions of the Plan, provided that it does not change the corresponding basic principles, especially the maximum limits for the transfer of Restricted Shares as approved by the General Meeting.

The Committee may also establish a particular treatment for special cases and situations during the Plan term. It can also decide to grant additional Restricted Shares, provided this does not affect the rights already granted to the Participants and complies with the limit of the total number of Restricted Shares that can be granted under the Plan.

Although it does not entail the termination, suspension or change of the Plan, in the case of a Change of Control over the Company (as defined under the Plan), if the Participant is terminated from the Company within twelve (12) months after the event, the Participant will be entitled to be fully paid the amount corresponding to the value of the Restricted Shares, in compliance with existing performance indicators disclosed to the Participant upon the occurrence of the event. The provisions above will be applicable after the twelve (12)-month period.

In the event of dissolution, conversion, merger, consolidation, spin-off or reorganization of the Company, whereby the Company is not the surviving company or, if it is the surviving company, it does not have its shares accepted to be negotiated in share exchanges anymore, the effective Agreements, at the Committee’s discretion, may: (i) be transferred to the new company; or (ii) have their Vesting Periods accelerated, as applicable.

k. consequences in case the manager leaves the issuer's bodies, on his/her rights provided for in the share-based compensation plan

None of the Plan provisions can be construed as constituting rights to Participants who are employees and/or statutory managers, as the case may be, in addition to those inherent to the Restricted Shares, nor will any provision confer rights to the Participants regarding the guarantee to be maintained as an employee and/or statutory executive officer of the Company and/or with controlled companies of the Company, or in any way will it interfere with the right of the Company, subject to the legal conditions and those arising from the employment or management contract (in the case of statutory Participants not bound by an employment contract), to terminate the relationship with the Participant at any time.

In the event of termination of the Participant on his/her own initiative at any time during the Vesting Periods, as applicable, the Participant will be no longer entitled to receive Restricted Shares. Notwithstanding, the Participant will preserve the right of ownership on any Restricted Shares belonging to him/her upon the termination, due to the elapse of the applicable Vesting Periods.

In case of termination of the Participant at the Company's initiative, without cause, or upon mutual agreement, the Participant will be entitled to receive proportionally the Restricted Shares subject matter of the granting, in accordance with the time already elapsed of the applicable Vesting Periods calculated until the actual date of termination. As for the LTI Performance Program, the shares will be transferred only at the end of the corresponding Vesting Period and subject to the assessment of the performance targets set forth in the Agreement. For the purposes of proportionality, a full working month is considered as the one with at least 15 working days.

In case of compulsory retirement, the Participant will be entitled to receive in full the Restricted Shares that have been granted to him/her, with the early expiration of the Vesting Periods then in force, except in the case of the LTI Performance Program, where the payment will become due and payable only at the end of the corresponding Vesting Period and subject to the assessment of the performance targets set forth in the Agreement.

In the event of Change of Control, if the Participant is terminated involuntarily from the Company, within twelve (12) months from said event, he/she will be entitled to receive the Restricted Shares in full, in accordance with the existing performance indicators and informed to the Participant upon the event in question. The provisions above apply after said twelve (12) months.

Other cases of termination not provided for above will be regulated by the Committee.

In case of death, disappearance, or permanent disability of a Participant, all the Vesting Periods will be deemed as expired earlier, upon the death, disappearance, or declaration of disability of the Participant by the Brazilian National Social Security Institute. This will make him/her or his/her respective successors, as applicable, entitled to receive the Restricted Shares in full within one hundred and eighty (180) days from the event in question. In case of the LTI Performance Program, the determination of the performance indicators will be disregarded, and the number of Restricted Shares set forth in the Agreement will be transferred.

8.5. Share-based compensation in the form of stock options recognized in the result of the last 3 fiscal years and that foreseen for the current fiscal year of the Board of Directors and the Statutory Board of Executive Officers

The Company had a share-based compensation plan in the form of stock options called "Plan 1", approved at the Meeting of November 29, 2012, which was subsequently superseded by Plan 2. For fiscal years 2021, 2022, and 2023, there are no more options open under Plan 1, so there is no more information to be reported in this section.

8.6. Grants of Share Purchase Options carried out in the last 3 fiscal years and planned for the current fiscal year, from the Board of Directors and the Statutory Board

The Company had a share-based compensation plan in the form of stock options called "Plan 1", approved at the Meeting of November 29, 2012, which was subsequently superseded by Plan 2. For fiscal years 2021, 2022, and 2023, there are no more options open under Plan 1, so there is no more information to be reported in this section.

8.7. Outstanding shares of the Board of Directors and the Statutory Board of Executive Officers at the end of the previous fiscal year

The Company had a share-based compensation plan in the form of stock options called "Plan 1", approved at the Meeting of November 29, 2012, which was subsequently superseded by Plan 2. For the 2021, 2022 and 2023 fiscal years, there are no more options outstanding under "Plan 1", so there is no more information to report in this item.

8.8. Options exercised in relation to share-based compensation for the Board of Directors and Statutory Executive Board in the last 3 fiscal years

The Company had a share-based compensation plan in the form of stock options called "Plan 1", approved at the Meeting of November 29, 2012, which was subsequently superseded by Plan 2. For the fiscal years 2021, 2022 and 2023, there are no more options outstanding under "Plan 1", so there is no further information to be reported under this item.

8.9 Share-based Compensation in the Form of Shares to be Delivered Directly to Beneficiaries

The tables below show the share-based compensation, in the form of shares to be delivered directly to the beneficiaries, for the current fiscal year and for the last three (3) fiscal years.

Share-based compensation in the form of shares to be delivered directly to beneficiaries. Estimate for the Fiscal Year to end on December 31, 2024		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.0	8.0
Number of paid members	6.0	8.0
Potential dilution in case of granting of all shares to beneficiaries	0.01%	0.16%

Share-based compensation in the form of shares to be delivered directly to beneficiaries – Forecast for the Fiscal Year to end on December 31, 2023		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.0	7.0
Number of paid members	6.0	7.0
Potential dilution in case of granting of all shares to beneficiaries	0.02%	0.16%

Share-based compensation in the form of shares to be delivered directly to beneficiaries – Forecast for the Fiscal Year to end on December 31, 2022		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.0	7.0
Number of paid members	1.0	7.0
Potential dilution in case of granting of all shares to beneficiaries	0.03%	0.13%

Share-based compensation in the form of shares to be delivered directly to beneficiaries – Forecast for the Fiscal Year to end on December 31, 2021		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.0	7.0
Number of paid members	1.0	7.0
Potential dilution in case of granting of all shares to beneficiaries	0.04%	0.19%

8.10. Granting of Shares of the Board of Directors and the Statutory Board of Executive Officers

We inform in the tables below the information regarding the grants of shares of the Board of Directors and the Statutory Board of Executive Officers expected for the current fiscal year and referring to the previous 3 fiscal years.

TABLES REFERRING TO "PLAN 2"

Grant of Shares: Estimate for the Fiscal Year ended on December 31, 2021 – Granting (29) of Restricted Shares		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.0	7.0
Number of paid members	1.0	7.0
Date of grant	May 5, 2021	May 5, 2021
Number of shares granted	270,000	787,050
Maximum deadline to deliver the shares	June 5, 2024	June 5, 2024
Restricted period to transfer shares	N/A	N/A
Fair value of the shares on the date of granting	29.39	29.39
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	7,935,300.00	23,131,399.50

Grant of Shares – Forecast for the Fiscal Year ended on December 31, 2021 – Granting (30) of Restricted Shares		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.0	7.0
Number of paid members	-	7.0
Date of grant	-	May 5, 2021
Number of shares granted	-	387,900
Maximum deadline to deliver the shares	-	June 5, 2024
Restricted period to transfer shares	-	N/A
Fair value of the shares on the date of granting	-	29.39
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	-	11,400,381.00

TABLES REFERRING TO "PLAN 3"

Grant of Shares – Forecast for the Fiscal Year ended on December 31, 2022 – Granting (31) of Restricted Shares		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.0	7.0
Number of paid members	-	7.0
Date of grant	-	April 29, 2022
Number of shares granted	-	320,183
Maximum deadline to deliver the shares	-	May 29, 2027
Restricted period to transfer shares	-	N/A
Fair value of the shares on the date of granting	-	30.90
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	-	9,893,654.70

Grant of Shares – Forecast for the Fiscal Year ended on December 31, 2022 – Granting (32) of Restricted Shares		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.0	7.0
Number of paid members	1.0	7.0
Date of grant	April 29, 2022	April 29, 2022
Number of shares granted	163,270	479,790
Maximum deadline to delivery of shares	May 29, 2025	May 29, 2025
Restricted period to transfer shares	N/A	N/A
Fair value of the shares on the date of granting	31.67	31.67
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	5,170,760.90	15,194,949.30

Grant of Shares: Estimate for the Fiscal Year ended on December 31, 2023 - Granting (33) of Restricted Shares		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.0	7.0
Number of paid members	-	7.0
Date of grant	-	May 5, 2023
Number of shares granted	-	330,720
Maximum deadline to delivery the shares	-	June 5, 2028
Restricted period to transfer shares	-	N/A
Fair value of the shares on the date of granting	-	26.21
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	-	8,668,171.20

Grant of Shares: Estimate for the Fiscal Year ended on December 31, 2023 - Granting (34) of Restricted Shares		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.0	7.0
Number of paid members	1.0	7.0
Date of grant	May 5, 2023	May 5, 2023
Number of shares granted	123,724	628,149
Maximum deadline to deliver the shares	June 5, 2026	June 5, 2026
Restricted period to transfer shares	N/A	N/A
Fair value of the shares on the date of granting	26.84	26.84
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	3,320,752.16	16,859,519.16

Grant of Shares: Estimate for the Fiscal Year ended on December 31, 2023 - Granting (35) of Restricted Shares		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.0	7.0
Number of paid members	5.0	-
Date of grant	May 5, 2023	-
Number of shares granted	20,180	-
Maximum deadline to deliver the shares	June 5, 2026	-
Restricted period to transfer shares	N/A	-
Fair value of the shares on the date of granting	26.84	-
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	541,631.20	-

Grant of Shares: Estimate for the current Fiscal Year ended on December 31, 2024 - Granting (36) of Restricted Shares		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.0	8.0
Number of paid members	-	8.0
Date of grant	-	May 3, 2024
Number of shares granted	-	346,870*
Maximum deadline to deliver the shares	-	June 3, 2029
Restricted period to transfer shares	-	N/A
Fair value of the shares on the date of granting	-	To be determined
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	-	To be determined

*Considers an estimate based on the average price of R$32.36 between trading sessions from Feb. 5, 2024 to Feb. 7, 2024

Grant of Shares: Estimate for the current Fiscal Year ended on December 31, 2024 - Granting (37) of Restricted Shares		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.0	8.0
Number of paid members	1.0	8.0
Date of grant	May 3, 2024	May 3, 2024
Number of shares granted	46,354*	615,425*
Maximum deadline to deliver the shares	June 3, 2027	June 3, 2027
Restricted period to transfer shares	N/A	N/A
Fair value of the shares on the date of granting	To be determined	To be determined
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	To be determined	To be determined

*Considers an estimate based on the average price of R$32.36 between trading sessions from Feb. 5, 2024 to Feb. 7, 2024

Grant of Shares: Estimate for the current Fiscal Year ended on December 31, 2024 - Granting (38) of Restricted Shares		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.0	8.0
Number of paid members	5.0	-
Date of grant	May 3, 2024	-
Number of shares granted	18,170*	-
Maximum deadline to deliver the shares	June 3, 2028	-
Restricted period to transfer shares	N/A	-
Fair value of the shares on the date of granting	To be determined	-
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	To be determined	-

*Considers an estimate based on the average price of R$32.36 between trading sessions from Feb. 5, 2024 to Feb. 7, 2024

8.11. Shares Delivered Relating to the Share-Based Compensation of the Board of Directors and the Statutory Board of Executive Officers

We inform in the tables below the information of the shares delivered related to the share-based compensation of the Board of Directors and the Statutory Board of Executive Officers in the last 3 fiscal years.

Shares Delivered – Fiscal Year ended on December 31, 2023		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.0	7.0
Number of paid members	1.0	7.0
Number of shares	266,031	1,235,250
Weighted average acquisition price	17.00	17.00
Weighted average market price of the acquired shares	25,44	25,44
Multiplication of the total shares acquired by the difference between the weighted average acquisition price and the weighted average market price of the acquired shares	6,767,828.64	31,424,760.00

Shares Delivered – Fiscal Year ended on December 31, 2022		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.0	7.0
Number of paid members	1.0	6.0
Number of shares	283,905	848,250
Weighted average acquisition price	12.83	12.83
Weighted average market price of the acquired shares	32.38	32.38
Multiplication of the total shares acquired by the difference between the weighted average acquisition price and the weighted average market price of the acquired shares	9,192,843.90	27,466,335.00

Shares Delivered – Fiscal Year ended on December 31, 2021		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.0	7.0
Number of paid members	-	7.0
Number of shares	-	924,564
Weighted average acquisition price	-	9.84
Weighted average market price of the acquired shares	-	32.50
Multiplication of the total shares acquired by the difference between the weighted average acquisition price and the weighted average market price of the acquired shares	-	30,048,330.00

8.12. Information required to understand the data disclosed in Sections 8.5 to 8.11

a. pricing model

The fair value of the Restricted Shares issued under "Plan 2" and "Plan 3" is determined based on the stock market value on the date of grant, minus the expected dividend for the vesting period, once the beneficiaries are not entitled to receive it. According to IFRS 2, such amount is deferred and amortized during the vesting period.

b. data and assumptions used in the pricing model, including the weighted average price of shares, strike price, expected volatility, option life term, expected dividends and the risk-free interest rate

The data and assumptions used in the pricing model are shown in the table below:

TABLE REGARDING "PLAN 2"

Body	Board of Directors	Statutory Board of Executive Officers	Statutory Board of Executive Officers
Grant	29th grant	29th grant	30th grant
Date	May 5, 2021	May 5, 2021	May 5, 2021
Reference price of restricted shares	30.58	30.58	30.58
Expectation of dividends	1.31%	1.31%	1.31%
Expectation of volatility	NA	NA	NA
Risk-free interest rate	NA	NA	NA
Grace period of shares	3 years	3 years	3 years
Fair value	R$ 29.39	R$ 29.39	R$ 29.39

TABLE REGARDING "PLAN 3"

Body	Statutory Board of Executive Officers	Board of Directors	Statutory Board of Executive Officers	Statutory Board of Executive Officers	Board of Directors	Statutory Board of Executive Officers
Grant	31st grant	32nd grant	32nd grant	33rd grant	34th grant	34th grant
Date	April 29, 2022	April 29, 2022	April 29, 2022	May 5, 2023	May 5, 2023	May 5, 2023
Reference price of restricted shares	32.87	32.87	32.87	27.75	27.75	27.75
Expectation of dividends	1.23%	1.23%	1.23%	1,13%	1.10%	1.10%
Expectation of volatility	NA	NA	NA	NA	NA	NA
Risk-free interest rate	NA	NA	NA	NA	NA	NA
Grace period of shares	5 years	3 years	3 years	5 years	3 years	3 years
Fair value	R$30.90	R$ 31.67	R$ 31.67	R$26.21	R$26.84	R$26.84

Body	Board of Directors	Statutory Board of Executive Officers	Board of Directors	Statutory Board of Executive Officers	Board of Directors
Grant	35th grant	36th grant	37th grant	37th grant	38th grant
Date	May 5, 2023	March 5, 2024	March 5, 2024	March 5, 2024	March 5, 2024
Reference price of restricted shares	27.75	32.36	32.36	32.36	32.36
Expectation of dividends	1.10%	N/A	NA	NA	NA
Expectation of volatility	NA	NA	NA	NA	NA
Risk-free interest rate	NA	NA	NA	NA	NA
Grace period of shares	3 years	5 years	3 years	3 years	4 years
Fair value	R$26.84	N/A	NA	NA	NA

c. method used and assumptions made to incorporate the expected effects of early exercise

The restricted shares have the vesting period rule of 3 and 5 years from the date of grant, which is the date of delivery of said shares. Thus, the assumption used to incorporate the expected effects of early exercise of such options was to recognize the restricted shares in the result over 3 and 5 years.

d. form of determination of the expected volatility

Not applicable, once we have only restricted shares.

e. if any other characteristic of the option was incorporated into the measurement of its fair value

Not applicable, once we have restricted shares only.

8.13. Interests Issued by the Issuer, Its Direct or Indirect Controllers, Controlled Companies or Under Common Control, grouped by Body

The table below shows the number of TOTVS shares held by members of the Board of Directors, the Statutory Board of Executive Officers and the Fiscal Council at the end of the previous fiscal year.

	Fiscal year ended on December 31, 2023			
Company	Board of Directors	Statutory Board of Executive Officers	Fiscal Council*	Total
TOTVS S.A.	52,381,347.0	2,158,557.0	20,400.0	54,560,304.0

* The decision to establish the Fiscal Council was made at the Annual General Meeting held on April 19, 2023.

The Chairman of the Board of Directors and other members, and the Statutory Board of Executive Officers still have 3,335,670 restricted shares in the vesting period of "Plan 2" and "Plan 3" for share-based compensation, as shown in section 8.7.

8.14. Information on Pension Plans for Members of the Board of Directors and Statutory Executive Officers

In addition to the contribution to social security (INSS), the executive officers can voluntarily join the Company's private pension plan. The basic contribution consists of monthly payments with their amount limited to the range between 2% to 5% of the monthly fixed compensation (base salary) of the executive officer and has a counterpart (deposit of equal amount) from the Company. Furthermore, voluntary monthly or sporadic contributions can be made, however, without the Company's counterpart. To be entitled to redeem the amount deposited by the Company, the executive officer must contribute to the program for at least 3 years, and the percentage to be redeemed will vary as shown in the table below:

Contribution time to the program	Percentage of the balance of the company's normal contributions
Up to 2 years and 11 months	-
From 3 years to 3 years and 11 months	30%
From 4 years to 4 years and 11 months	40%
From 5 years to 5 years and 11 months	50%
From 6 years to 6 years and 11 months	60%
From 7 years to 7 years and 11 months	70%
From 8 years to 8 years and 11 months	80%
From 9 years to 9 years and 11 months	90%
From 10 years on	100%

See below is a table with information on the pension plans in force granted to members of the Board of Directors and Statutory Executive Officers:

Pension Plan in Force		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.0	7.0
Number of paid members	6.0	7.0
Plan name	N/A	TOTVS Private Pension Plan*
Number of managers who are eligible to retire	N/A	No executive is currently in the retirement process
Conditions for early retirement	N/A	Early retirement is not possible
Updated accumulated amount of accrued contributions up to the end of the previous fiscal year, deducting the portion related to contributions made directly by the managers	N/A	R$3,031,856.80
Total accrued amount of contributions made during the previous fiscal year, deducting the portion relating to contributions made directly by the management members	N/A	R$419,147.80
Whether there is the possibility of early redemption and what are the conditions to do so	N/A	The executive is entitled to redeem private pension contributions, but such option cancels the plan and there is no possibility of return. The executive will be eligible to the company's contribution, according to the length of contribution table

*The private pension plan does not include members of the Board of Directors.

8.15. Maximum, Minimum, and Average Individual Compensation of the Board of Directors, the Statutory Board of Executive Officers, and the Fiscal Council

The table below shows information on the maximum, minimum, and average individual compensation of the Board of Directors and the Statutory Board of Executive Officers, considering the last three fiscal years.
The values of the highest and lowest individual annual compensation of each body are calculated considering all the compensation portions recognized in each result.

ANNUAL AMOUNTS

	Statutory Board of Executive Officers			Board of Directors		
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Number of members	7.00	7.00	7.00	7.00	7.00	7.00
Number of paid members	7.00	7.00	7.00	6.00	7.00	7.00
Highest compensation amount (in Reals)	17,302,315.27	12,482,437.41	9,114,888.24	7,203,603.25	7,525,386.24	8,349,782.24
Lowest compensation amount (in Reals)	5,407,414.16	3,828,106.94	2,933,016.19	626,441.15	460,918.15	425,881.84
Average compensation amount (in Reals)	6,493,473.94	5,785,618.54	4,812,219.66	1,762,253.18	1,524,976.20	1,410,121.85

Note: The number of members of each body was calculated as an annual average, in accordance with the methodology presented in the Circular Letter/Annual-2023-CVM/SEP

	Fiscal Council		
	Dec. 31, 2023 [3]	Dec. 31, 2022 [22]	Dec. 31, 2021 [1]
Number of members	2.00	1.00	2.00
Number of paid members	2.00	1.00	2.00
Highest compensation amount (in Reals)	94,429.36	33,478.37	77,092.39
Lowest compensation amount (in Reals)	94,429.36	33,478.37	77,092.39
Average compensation amount[4] (in Reals)	94,429.36	33,478.37	77,092.39

[1] The Company did not have a Fiscal Council operating until April 20, 2021

[2] End of the term of office of the Fiscal Council on April 19, 2022

[3] The Company established the Fiscal Council on April 19, 2023

[4] Considering there is no distinction in the compensation received by the members of the Fiscal Council, the average value determined is calculated by dividing the total compensation of this Council (cf. item 8.2) by the exact number of its members (3)

Note: The number of members of each body was calculated as an annual average, in accordance with the methodology presented in the Circular Letter/Annual-2023-CVM/SEP

Statutory Board of Executive Officers	
Dec. 31, 2023	Management members who held the position for less than 12 months were excluded from the minimum compensation calculations. The highest amount includes funds related to fees, vacation pay, 13th salary, and return from vacation. Permanence in the position of the member with the highest compensation: 12 months.
Dec. 31, 2022	Management members who held the position for less than 12 months were excluded from the minimum compensation calculations. The highest value includes funds related to fees, vacation pay, 13th salary and return from vacation. Permanence in the position of the member with the highest compensation: 12 months.
December 31, 2021	Management members who held the position for less than 12 months were excluded from the minimum compensation calculations. The highest value includes funds related to fees, vacation pay, 13th salary and return from vacation. Permanence in the position of the member with the highest compensation: 12 months.

Board of Directors	
Dec. 31, 2023	Management members who held the position for less than 12 months were excluded from the minimum compensation calculations. The highest value includes funds related to fees, vacation pay, 13th salary and return from vacation. Permanence in the position of the member with the highest compensation: 12 months.
Dec. 31, 2022	Management members who held the position for less than 12 months were excluded from the minimum compensation calculations. The highest value includes funds related to fees, vacation pay, 13th salary and return from vacation. Permanence in the position of the member with the highest compensation: 12 months.
December 31, 2021	Management members who held the position for less than 12 months were excluded from the minimum compensation calculations. The highest value includes funds related to fees, vacation pay, 13th salary and return from vacation. Permanence in the position of the member with the highest compensation: 12 months.

Fiscal Council	
Dec. 31, 2023	The end of the Fiscal Council's term of office became effective on April 19, 2023. The highest amount includes funds related to fees, vacation pay, 13th salary, and return from vacation. Permanence in the position of the member with the highest compensation: 8 months.
Dec. 31, 2022	The term of office of the Fiscal Council ended on April 19, 2022. The highest value includes funds related to fees, vacation pay, 13th salary and return from vacation. Permanence in the position of the member with the highest compensation: 4 months.
December 31, 2021	The Company did not have a Fiscal Council operating until April 20, 2021 The highest value includes funds related to fees, vacation pay, 13th salary and return from vacation. Permanence in the position of the member with the highest compensation: 8 months.

8.16. Mechanisms of Compensation or Indemnification for Management members in Case of Removal from Office or Retirement

If the Company terminates the agreement with no cause within 12 (twelve) months after the date of a Material Corporate Change, the Statutory Executive Officer will be entitled to receive an indemnity equivalent to 18 (eighteen) monthly compensations in force at the time of termination, as well as will be entitled to receive all the amounts related to the Target Bonus Program.

The Company and its subsidiaries keep in full force a Civil Liability insurance policy for Managers - D&O world class, which provides for the payment or reimbursement of expenses borne by managers and other insured, resulting from the redress for damage caused to third parties or to the Company. The current policy number 17.10.0021407.12 (insurance plan registered with SUSEP under number 15414.900831/2017-45), signed with the insurer CHUBB SEGUROS BRASIL S.A., is in force until July 1, 2024 and has a maximum indemnity limit of R$150.0 million. Despite being covered by the current D&O policy signed in Brazil, the executive officers and managers of operations in Mexico, Argentina, and the USA are also covered by a local policy issued in each of those countries, with a coverage amount of USD 1.0 million aiming at speeding up the reimbursement of expenses arising from potential claims.

8.17. Percentage in the Total Compensation Held by Managers and Members of the Fiscal Council that are Parties Related to the Controllers

Not applicable. There is no direct or indirect controller of the Company.

8.18. Compensation of Managers and Members of the Fiscal Council, Grouped by Body, Received for any Reason other than the Position held

Not applicable, considering that in the last three (3) fiscal years, the management members and members of the Company's fiscal council have not received any compensation due to any reason other than the position they hold.

8.19. Compensation of Managers and Members of the Fiscal Council recognized in the Result of Direct or Indirect Controllers, of Companies under Common Control and Subsidiaries of the Issuer

In the Company, there are no managers who receive compensation from direct or indirect controllers of companies under common control or subsidiaries of the issuer.

8.20. Other Relevant Information

We will start this section by demonstrating, for comparison purposes, in subsection (A), the overall annual compensation of the members of the Company's Board of Directors and Board of Executive Officers in 2023, and later, in subsection (B), the overall annual compensation of the Management approved for the fiscal year 2024:

(A) FISCAL YEAR 2023

At the Annual General Meeting held on April 19, 2023, the total compensation amount of up to R$65,901,247.89 (sixty-five million, nine hundred and one thousand, two hundred and forty-seven Reals and eighty-nine cents) was approved for the fiscal year 2023, including Fixed, Variable (bonus), Benefits, and Share-based Compensation of the Board of Directors and the Statutory Board of Executive Officers. Of the total amount approved, R$56,311,124.74 (fifty-six million, three hundred and eleven thousand, one hundred and twenty-four Reals and seventy-four cents) were actually paid, as shown in the tables below:

PROPOSED FOR AND PERFORMED IN 2023

	Proposed for 2023				Performed in 2023			
	Board of Directors	Board of Executive Officers	Fiscal Council	Total	Board of Directors	Board of Executive Officers	Fiscal Council	Total
Number of Members	7.00	7.50	-	14.50	7.00	7.00	2.00	16.00
Fixed annual compensation (FC)								
Salary or management fees	4,067,399.29	10,117,428.50	-	14,184,827.79	3,647,049.86	9,580,984.84	283,288.07	13,511,322.77
Direct and indirect benefits	141,593.34	1,829,047.60	-	1,970,640.94	137,838.59	1,728,492.38	-	1,866,330.97
Compensation for taking part in Committees	1,519,760.74	-	-	1,519,760.74	1,357,380.96	-	-	1,357,380.96
Total FC	**5,728,753.37**	**11,946,476.10**	**-**	**17,675,229.47**	**5,142,269.41**	**11,309,477.22**	**283,288.07**	**16,735,034.70**
Variable Compensation (VC)								
Bonus	-	14,263,860.00	-	14,263,860.00	-	11,753,034.38	-	11,753,034.38
Total VC	**-**	**14,263,860.00**	**-**	**14,263,860.00**	**-**	**11,753,034.38**	**-**	**11,753,034.38**
Total FC + VC	**5,728,753.37**	**26,210,336.10**	**-**	**31,939,089.47**	**5,142,269.41**	**23,062,511.60**	**283,288.07**	**28,488,069.08**
Others								
Post-employment benefits	-	464,465.30	-	464,465.30	-	419,147.80	-	419,147.80
Benefits for termination of tenure of an office	-	-	-	-	-	-	-	-
Total VC + Other	**-**	**14,728,325.30**	**-**	**14,728,325.30**	**-**	**12,172,182.18**	**-**	**12,172,182.18**
Total FC + VC + Other	**5,728,753.37**	**26,674,801.40**	**-**	**32,403,554.77**	**5,142,269.41**	**23,481,659.40**	**283,288.07**	**28,907,216.88**
Share-based compensation [1]								
Accounting recognition - current year grants	912,264.17	5,833,778.84	-	6,746,043.01	858,307.42	4,902,315.95	-	5,760,623.37
Accounting recognition - previous years grants	5,079,960.97	21,671,689.14	-	26,751,650.11	4,572,942.23	17,070,342.26	-	21,643,284.49
Total share-based Compensation	**5,992,225.14**	**27,505,467.98**	**-**	**33,497,693.12**	**5,431,249.65**	**21,972,658.21**	**-**	**27,403,907.86**
Grand Total	**11,720,978.51**	**54,180,269.38**	**-**	**65,901,247.89**	**10,573,519.06**	**45,454,317.61**	**283,288.07**	**56,311,124.74**

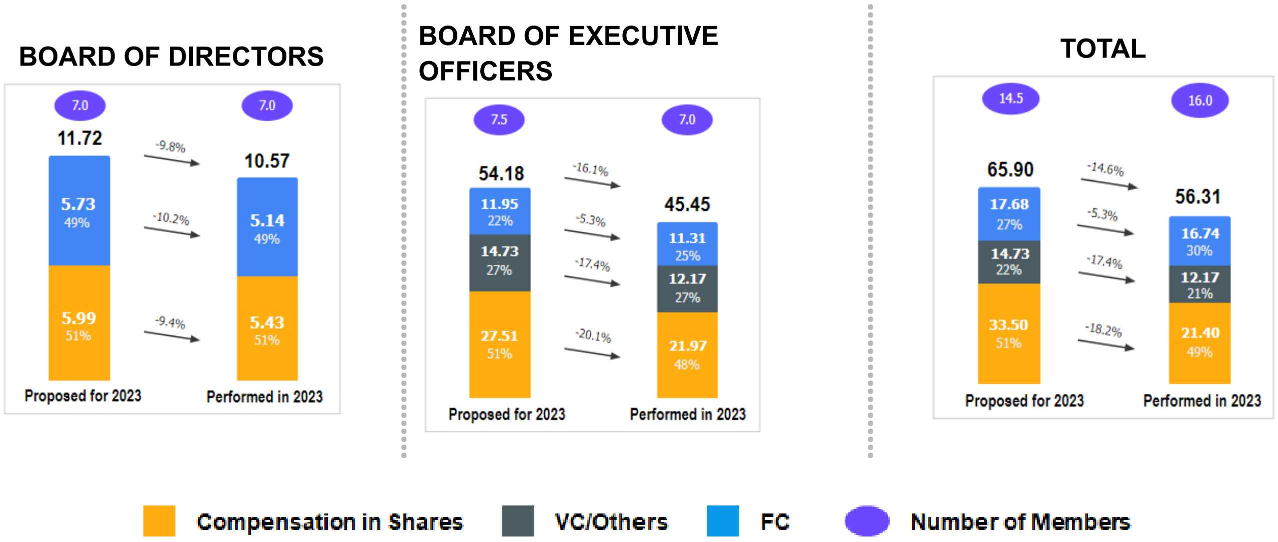
[1] Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (IFRS 2). Note: the amount performed in 2023 from the accounting recognition of previous years of share-based compensation refers to R$2,456,527.75 (two million, four hundred and fifty-six thousand, five hundred and twenty-seven Reals and seventy-five cents) from the 2020 grants; R$11,440,057.51 (eleven million, four hundred and forty thousand, and fifty-seven Reals and fifty-one cents) from the 2021 grants; and R$7,746,699.23 (seven million, seven hundred and forty-six thousand, six hundred and ninety-nine Reals and twenty-three cents) from the 2022 grants. The number of members of each body was calculated as an annual average, according to the methodology presented in the Circular Letter/Annual-2023-CVM/SEP.

VARIATION BETWEEN PROPOSED AND PERFORMED IN 2023

	Performed in 2023 versus Proposed for 2023							
	Absolute variation				Percentage variation (%)			
	Board of Directors	Board of Executive Officers	Fiscal Council	Total	Board of Directors	Board of Executive Officers	Fiscal Council	Total
Number of Members	-	(0.50)	2.00	1.50	0.00%	-6.67%	-	10.34%
Fixed annual compensation (FC)								
Salary or management fees	(420,349.43)	(536,443.66)	283,288.07	(673,505.02)	-10.33%	-5.30%	-	-4.75%
Direct and indirect benefits	(3,754.75)	(100,555.22)	-	(104,309.97)	-2.65%	-5.50%	-	-5.29%
Compensation for taking part in Committees	(162,379.78)	-	-	(162,379.78)	-10.68%	-	-	-10.68%
Total FC	**(586,483.96)**	**(636,998.88)**	**283,288.07**	**(940,194.77)**	**-10.24%**	**-5.33%**	**-**	**-5.32%**
Variable Compensation (VC)								
Bonus	-	(2,510,825.62)	-	(2,510,825.62)	-	-17.60%	-	-17.60%
Total VC	**-**	**(2,510,825.62)**	**-**	**(2,510,825.62)**	**-**	**-17.60%**	**-**	**-17.60%**
Total FC + VC	**(586,483.96)**	**(3,147,824.50)**	**283,288.07**	**(3,451,020.39)**	**-10.24%**	**-12.01%**	**-**	**-10.81%**
Others								
Post-employment benefits	-	(45,317.50)	-	(45,317.50)	-	-9.76%	-	-9.76%
Benefits for termination of tenure of an office	-	-	-	-	-	-	-	-
Total VC + Other	**-**	**(2,556,143.12)**	**-**	**(2,556,143.12)**	**-**	**-17.36%**	**-**	**-17.36%**
Total FC + VC + Other	**(586,483.96)**	**(3,193,142.00)**	**283,288.07**	**(3,496,337.89)**	**-10.24%**	**-11.97%**	**-**	**-10.79%**
Share-based compensation [1]								
Accounting recognition - current year grants	(53,956.75)	(931,462.89)	-	(985,419.64)	-5.91%	-15.97%	-	-14.61%
Accounting recognition - previous years grants	(507,018.74)	(4,601,346.88)	-	(5,108,365.62)	-9.98%	-21.23%	-	-19.10%
Total share-based Compensation	**(560,975.49)**	**(5,532,809.77)**	**-**	**(6,093,785.26)**	**-9.36%**	**-20.12%**	**-**	**-18.19%**
Grand Total	**(1,147,459.45)**	**(8,725,951.77)**	**283,288.07**	**(9,590,123.15)**	**-9.79%**	**-16.11%**	**-**	**-14.55%**

[1] Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (IFRS 2). Note: The number of members of each body was calculated as an annual average, in accordance with the methodology presented in the Circular Letter/Annual-2023-CVM/SEP.

PROPOSED FOR VS. PERFORMED IN 2023



*The amount of the Proposed for and Performed in 2023 in the Total chart incorporates the sum of the Board of Directors, Fiscal Council, and the Board of Executive Officers.

As shown in the tables above, the performance of 14.55% below the limit actually approved took place due to the following factors:

- The new member of the Statutory Board of Executive Officers provided for in the proposal for the second half of 2023 was hired only in November;
- One of the members of the Board of Directors voluntarily declined to receive any compensation;
- The bonus amount for the Board of Executive Officers was less than what was initially proposed;
- Individual adhesion of the Board of Executive Officers to the post-employment benefit related to the private pension plan at a level lower than that provided for in the proposal; and
- Granting of restricted shares in the grants made in 2023 were lower than originally estimated in the Proposed Compensation for the year 2023, in addition to the termination of office of a member of the Executive Board who had his restricted shares canceled.

(B) FISCAL YEAR 2024

The Company's Management proposed an overall global compensation of the members of the Board of Directors and the Statutory Board of Executive Officers for 2024, pursuant to the meeting of the Board of Directors held on March 21, 2024 and as approved at the Ordinary General Meeting held on April 23, 2024, in the amount of up to R$68,259,157.72 (sixty-eight million, two hundred and fifty-nine thousand, one hundred and fifty-seven Reals and seventy-two cents), which is 3.58% above the global compensation proposed for the year 2023. The major factor for this growth is the significant increase in the "bonus" line, which rose by R$4,711,251.89 (four million, seven hundred and eleven thousand, two hundred and fifty-one Reals and eighty-nine cents). This accounts for a year-over-year increase of 33.03%, as stated in the table provided. Further details regarding this increase will be outlined later in the document.

OVERALL COMPENSATION OF MANAGEMENT MEMBERS

	Proposed for 2024				Proposed for 2023			
	Board of Directors	Board of Executive Officers	Fiscal Council	Total	Board of Directors	Board of Executive Officers	Fiscal Council	Total
Number of Members	7.00	8.00	1.00	16.00	7.00	7.50	-	14.50
Fixed annual compensation (FC)								
Salary or management fees	4,354,688.92	11,273,154.69	134,899.08	15,762,742.69	4,067,399.29	10,117,428.50	-	14,184,827.79
Direct and indirect benefits	152,275.75	2,100,899.87	-	2,253,175.62	141,593.34	1,829,047.60	-	1,970,640.94
Compensation for taking part in Committees	1,603,170.46	-	-	1,603,170.46	1,519,760.74	-	-	1,519,760.74
Total FC	**6,110,135.13**	**13,374,054.56**	**134,899.08**	**19,619,088.77**	**5,728,753.37**	**11,946,476.10**	**-**	**17,675,229.47**
Variable Compensation (VC)								
Bonus	-	18,975,111.89	-	18,975,111.89	-	14,263,860.00	-	14,263,860.00
Total VC	**-**	**18,975,111.89**	**-**	**18,975,111.89**	**-**	**14,263,860.00**	**-**	**14,263,860.00**
Total FC + VC	**6,110,135.13**	**32,349,166.45**	**134,899.08**	**38,594,200.66**	**5,728,753.37**	**26,210,336.10**	**-**	**31,939,089.47**
Others								
Post-employment benefits	-	520,299.45	-	520,299.45	-	464,465.30	-	464,465.30
Benefits for termination of tenure of an office	-	-	-	-	-	-	-	-
Total VC + Other	**-**	**19,495,411.34**	**-**	**19,495,411.34**	**-**	**14,728,325.30**	**-**	**14,728,325.30**
Total FC + VC + Other	**6,110,135.13**	**32,869,465.90**	**134,899.08**	**39,114,500.11**	**5,728,753.37**	**26,674,801.40**	**-**	**32,403,554.77**
Share-based compensation [1]								
Accounting recognition - current year grants	450,908.13	6,650,361.43	-	7,101,269.56	912,264.17	5,833,778.84	-	6,746,043.01
Accounting recognition - previous years grants	4,037,406.97	18,005,981.08	-	22,043,388.05	5,079,960.97	21,671,689.14	-	26,751,650.11
Total share-based Compensation	**4,488,315.10**	**24,656,342.51**	**-**	**29,144,657.61**	**5,992,225.14**	**27,505,467.98**	**-**	**33,497,693.12**
Grand Total	**10,598,450.23**	**57,525,808.41**	**134,899.08**	**68,259,157.72**	**11,720,978.51**	**54,180,269.38**	**-**	**65,901,247.89**

[1] Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (IFRS 2).

Note: the grants made in previous fiscal years were approved by the competent bodies, in accordance with the Share-Based Incentive and Retention Plans approved by the shareholders at General Meetings held, respectively, on December 15, 2015 that was amended on April 5, 2018 and April 18, 2019, having been, therefore, already granted to the beneficiaries. The number of members of each body was calculated as an annual average, in accordance with the methodology presented in the Circular Letter/Annual-2024-CVM/SEP

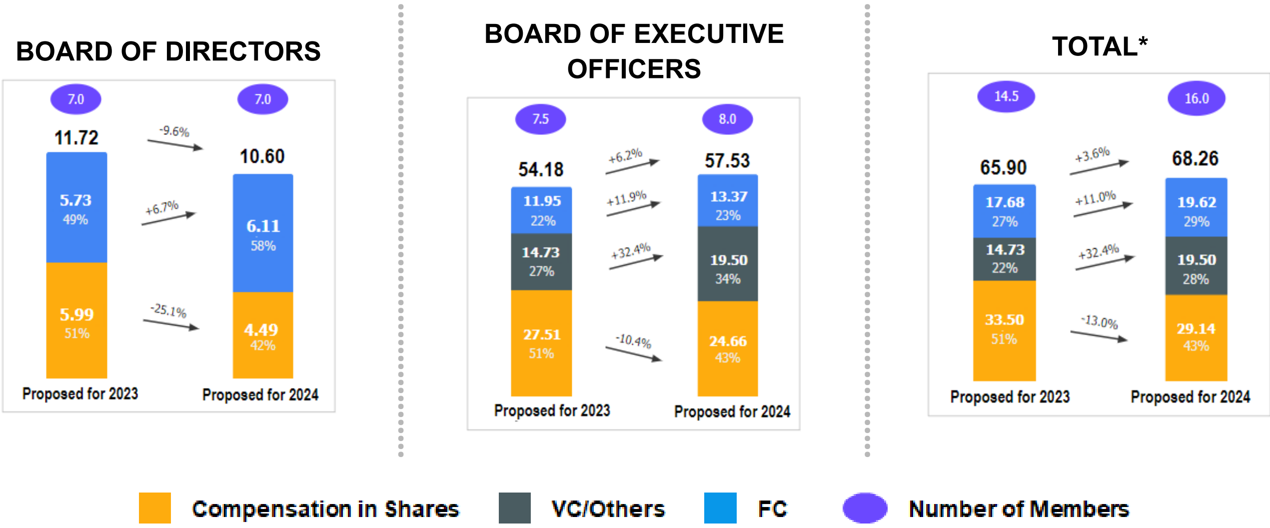
OVERALL COMPENSATION OF MANAGEMENT MEMBERS: YEAR-OVER-YEAR VARIATION

	Proposed for 2023 vs. Proposed for 2024							
	Absolute variation				Percentage variation (%)			
	Board of Directors	Board of Executive Officers	Fiscal Council	Total	Board of Directors	Board of Executive Officers	Fiscal Council	Total
Number of Members	-	0.50	1.00	1.50	0.00%	6.67%	-	10.34%
Fixed annual compensation (FC)								
Salary or management fees	287,289.63	1,155,726.19	134,899.08	1,577,914.90	7.06%	11.42%	-	11.12%
Direct and indirect benefits	10,682.41	271,852.27	-	282,534.68	7.54%	14.86%	-	14.34%
Compensation for taking part in Committees	83,409.72	-	-	83,409.72	5,49%	-	-	5,49%
Total FC	**381,381.76**	**1,427,578.46**	**134,899.08**	**1,943,859.30**	**6.66%**	**11.95%**	**-**	**11.00%**
Variable Compensation (VC)								
Bonus	-	4,711,251.89	-	4,711,251.89	-	33.03%	-	33.03%
Total VC	**-**	**4,711,251.89**	**-**	**4,711,251.89**	**-**	**33.03%**	**-**	**33.03%**
Total FC + VC	**381,381.76**	**6,138,830.35**	**134,899.08**	**6,655,111.19**	**6.66%**	**23,42%**	**-**	**20.84%**
Others								
Post-employment benefits	-	55,834.15	-	55,834.15	-	12.02%	-	12.02%
Benefits for termination of tenure of an office	-	-	-	-	-	-	-	-
Total VC + Other	**-**	**4,767,086.04**	**-**	**4,767,086.04**	**-**	**32.37%**	**-**	**32.37%**
Total FC + VC + Other	**381,381.76**	**6,194,664.50**	**134,899.08**	**6,710,945.34**	**6.66%**	**23.22%**	**-**	**20.71%**
Share-based compensation [1]								
Accounting recognition - current year grants	(461,356.04)	816,582.59	-	355,226.55	-50.57%	14.00%	-	5.27%
Accounting recognition - previous years grants	(1,042,554.00)	(3,665,708.06)	-	(4,708,262.06)	-20.52%	-16.91%	-	-17.60%
Total share-based Compensation	**(1,503,910.04)**	**(2,849,125.47)**	**-**	**(4,353,035.51)**	**-25.10%**	**-10.36%**	**-**	**-13.00%**
Grand Total	**(1,122,528.28)**	**3,345,539.03**	**134,899.08**	**2,357,909.83**	**-9.58%**	**6.17%**	**-**	**3.58%**

[1] Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (IFRS 2).

Note: the number of members of each body was calculated as an annual average, in accordance with the methodology presented in the Circular Letter/Annual-2024-CVM/SEP

OVERALL COMPENSATION OF MANAGEMENT MEMBERS



*The amount of the Proposed for 2023 and 2024 in the Total chart incorporates the sum of the Board of Directors, Fiscal Council, and the Board of Executive Officers.

Below, the Company details each item that is part of the Management's compensation for the fiscal year 2024, as approved at the Ordinary General Meeting held on April 23, 2024:

(i) Number of members:
Regarding the number of members of the Board of Directors and Statutory Board of Executive Officers for 2024, the Company's Management proposed and the General Shareholders' Meeting approved:

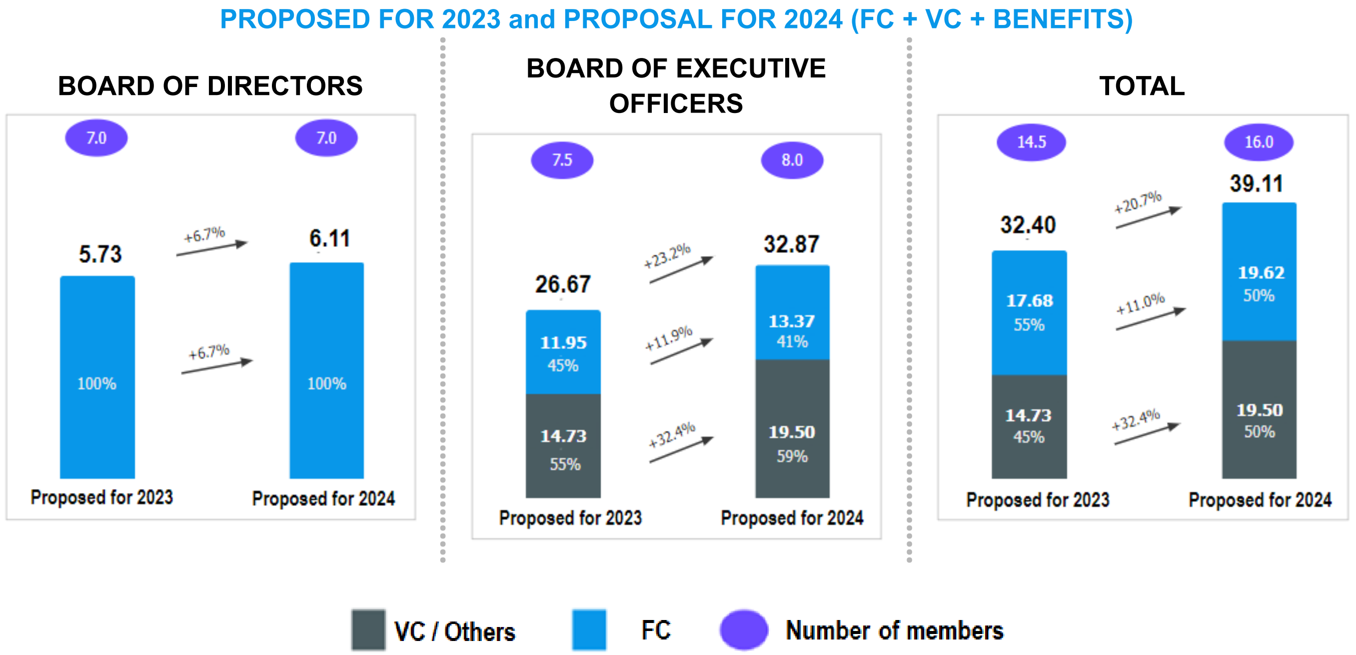
- Maintain the same number of members on the Board of Directors; and
- Maintain the same number of positions on the Statutory Board of Executive Officers, taking into account the hiring of the new Vice President of Customer Journey in November 2023.

(ii) Fixed and variable compensation, and benefits:
For 2024 and aiming at equalization and competitiveness with market practices, the Company's Management proposed and the General Shareholders' Meeting approved:

- **Fixed Compensation:**
  - **Salary or management fees:** (i) that the amounts of the fixed compensation of the Statutory Board of Executive Officers and the Board of Directors are updated at a rate equivalent to the inflation calculated in 2023; (ii) contemplate the compensation, for the 12 months of 2024, referring to the new position in the Statutory Board of Executive Officers, in view of the 6 months considered in the compensation proposed for 2023; and (iii) update the amounts of the fixed compensation of the Chief Executive Officer at a rate higher than inflation, aiming to follow up the standards practiced in the Brazilian market, especially of publicly traded companies that are subject to the Novo Mercado regulation. These adjustments represent an additional 11.12% in this salary line versus the proposed for 2023;
  - **Direct and indirect benefits:** adjust the benefit amounts of the Statutory Board of Executive Officers and the Chairman of the Board of Directors, according to the conditions provided for in the agreements with suppliers, representing an additional 14.34% compared to the proposed for 2023;
  - **Compensation for taking part in committees:** update the amounts of Compensation for taking part in advisory committees to the Board of Directors at a rate equivalent to the inflation ascertained in 2023. This item represents an additional 5.49% compared to the proposed for 2023;

- **Variable Compensation:** (i) update the amounts related to the Bonus for the Statutory Board of Executive Officers at a rate equivalent to the inflation calculated for the period, following the same premise applied to the fixed compensation; (ii) provision for long-term reward based on additional financial and operational performance, in line with the interests of the Company and its shareholders; and (iii) include deferred amounts paid as a hiring bonus carried out in 2023. Together, items (i), (ii) and (iii) represent an additional 33.03% in the variable compensation line versus the proposed for 2023.

- **Others:**
  - **Post-employment benefit:** maintain the post-employment benefit (*i.e.* private pension plan) in the manner already in force, representing an additional 12.02% versus the proposed for 2023;



*The amount of the Proposed for 2023 and Proposed for 2024 in the Total chart incorporates the sum of the Board of Directors, Fiscal Council, and the Board of Executive Officers.

(iii) Share-based compensation:

The accounting treatment of share-based compensation, as elaborated in this discussion, strictly abides by the criteria set forth in applicable law, the international IFRS 2, sets forth procedures for the recognition and disclosure of transactions involving share-based payments made by companies. To assist understanding thereof, according to IFRS 2 the cost of transactions settled with equity instruments must be measured based on the fair value on the date they were granted, using an appropriate valuation model. This cost is then recognized as share-based compensation expenses, together with the corresponding increase in shareholders' equity, over the vesting period of the plan. For detailed information, please visit:
https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards/english/2021/issued/part-a/ifrs-2-share-based-payment.pdf

As for the year-over-year progress, the Share-Based Compensation goes from the proposed amount for 2023 of R$33,497,693.12 (thirty-three million, four hundred and ninety-seven thousand, six hundred and ninety-three Reals and twelve cents) for the value amount for 2024 of R$29,144,657.61 (twenty-nine million, one hundred and forty-four thousand, six hundred and fifty-seven Reals and sixty-one cents), as shown in the table below:

SHARE-BASED COMPENSATION

Share-based compensation [1]	Proposed for 2024				Proposed for 2023			
	Board of Directors	Board of Executive Officers	Fiscal Council	Total	Board of Directors	Board of Executive Officers	Fiscal Council	Total
Accounting recognition - current year grants	450,908.13	6,650,361.43	-	7,101,269.56	912,264.17	5,833,778.84	-	6,746,043.01
Accounting recognition - previous years grants	4,037,406.97	18,005,981.08	-	22,043,388.05	5,079,960.97	21,671,689.14	-	26,751,650.11
Total share-based Compensation	**4,488,315.10**	**24,656,342.51**	**-**	**29,144,657.61**	**5,992,225.14**	**27,505,467.98**	**-**	**33,497,693.12**
Total number of shares - current year grants	64,524	962,295	-	1,026,819	137,304	1,013,153	-	1,150,457
Total number of shares - previous years grants	577,174	2,758,496	-	3,335,670	718,552	3,210,173	-	3,928,725
Total number of shares	**641,698**	**3,720,791**	**-**	**4,362,489**	**855,856**	**4,223,326**	**-**	**5,079,182**
Total economic par value; current year grants [2]	**2,087,996.64**	**31,139,866.20**	**-**	**33,227,862.84**	**4,105,389.60**	**30,293,274.70**	**-**	**34,398,664.30**

[1] Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (IFRS 2).

[2] The total economic par value multiplies the total number of shares of the grants performed in the current year with the fair amount of the shares.

Note: the grants made in previous fiscal years were approved by the competent bodies, in accordance with the Share-Based Incentive and Retention Plans approved by the shareholders at General Meetings held, respectively, on December 15, 2015 that was amended on April 5, 2018 and April 18, 2019, having been, therefore, already granted to the beneficiaries.

SHARE-BASED COMPENSATION | YEAR-OVER-YEAR VARIATION

Share-based compensation [1]	Proposed for 2023 vs. Proposed for 2024							
	Absolute variation				Percentage variation (%)			
	Board of Directors	Board of Executive Officers	Fiscal Council	Total	Board of Directors	Board of Executive Officers	Fiscal Council	Total
Accounting recognition - current year grants	(461,356.04)	816,582.59	-	355,226.55	-50.57%	14.00%	-	5.27%
Accounting recognition - previous years grants	(1,042,554.00)	(3,665,708.06)	-	(4,708,262.06)	-20.52%	-16.91%	-	-17.60%
Total share-based Compensation	**(1,503,910.04)**	**(2,849,125.47)**	**-**	**(4,353,035.51)**	**-25.10%**	**-10.36%**	**-**	**-13.00%**
Total number of shares - current year grants	(72,780.00)	(50,858.00)	-	(123,638.00)	-53.01%	-5.02%	-	-10.75%
Total number of shares - previous years grants	(141,378.00)	(451,677.00)	-	(593,055.00)	-19.68%	-14.07%	-	-15.10%
Total number of shares	**(214,158.00)**	**(502,535.00)**	**-**	**(716,693.00)**	**-25.02%**	**-11.90%**	**-**	**-14.11%**
Total economic par value; current year grants [2]	**(2,017,392.96)**	**846,591.50**	**-**	**(1,170,801.46)**	**-49.14%**	**2.79%**	**-**	**-3.40%**

This reduction of R$4,353,035.51 (four million, three hundred and fifty-three thousand, thirty-five Reals and fifty-one cents) is due to the following factors:

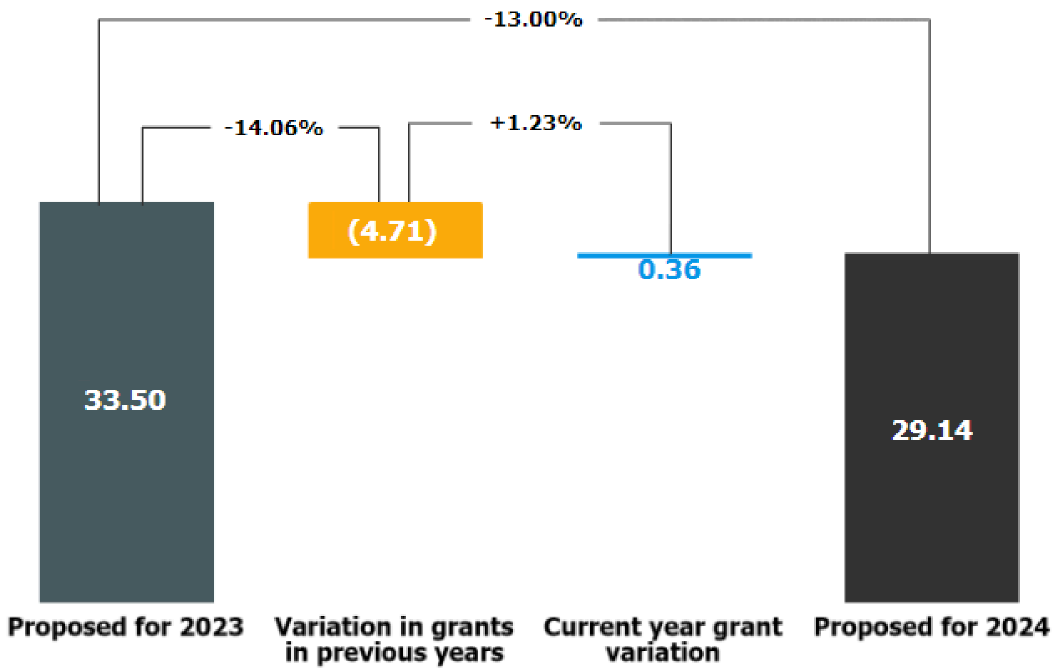
- **Accounting recognition of grants for the current year:** the total compensation of grants for the current year will represent a year-over-year increase of R$355,226.55 (three hundred and fifty-five thousand, two hundred and twenty-six Reals and fifty-five cents) or 5.27%, with an estimated delivery of 123,638 (one hundred and twenty-three thousand, six hundred and thirty-eight) fewer shares in 2024, with the following highlights:

- **Compensation of the Board:**
  - **Chairman of the Board of Directors:** since 2019, the compensation of the Chairman of the Board of Directors is also comprised of a share-based portion (*see section 8.1.c for further details*). Over the years, this role has been redesigned and, consequently, its compensation revised, which resulted in a reduction in the 2023 share grant by 24% versus 2022, and in a forecast grant for 2024 56% lower versus 2023; and
  - **Other members of the Board of Directors:** the Company, with the aim of attracting and retaining its directors, and based on the best practices and trends in the domestic and international markets, maintains the share-based compensation for the members of its Board of Directors, in an amount equivalent to 20% of the total fixed compensation;
- **Compensation of the Statutory Board of Executive Officers:** an average increase of 14.00% of the reference amounts to be granted in shares in the 2024 grants, considering the impact of the new member of the Statutory Board of Executive Officers expected for 6 months in 2023 and 12 months in 2024.

- **Accounting recognition of grants from previous years:** the total compensation of grants from previous years will represent a year-over-year reduction of R$4,708,262.06 (four million, seven hundred and eight thousand, two hundred and sixty-two Reals and six cents), or 17.6%, because of: (i) the canceled shares of a member of the Board of Executive Officers, due to the termination of the agreement; and (ii) the effect of the stacking of grants from previous years of the Chairman of the Board, who has been receiving a smaller portion of long-term variable compensation in recent years (*see section 8.1.c for further details*).

Adding the items, the -13.00% impact represents the difference between the proposed for 2024 and the proposal for 2023 proposal, as shown in the chart below:

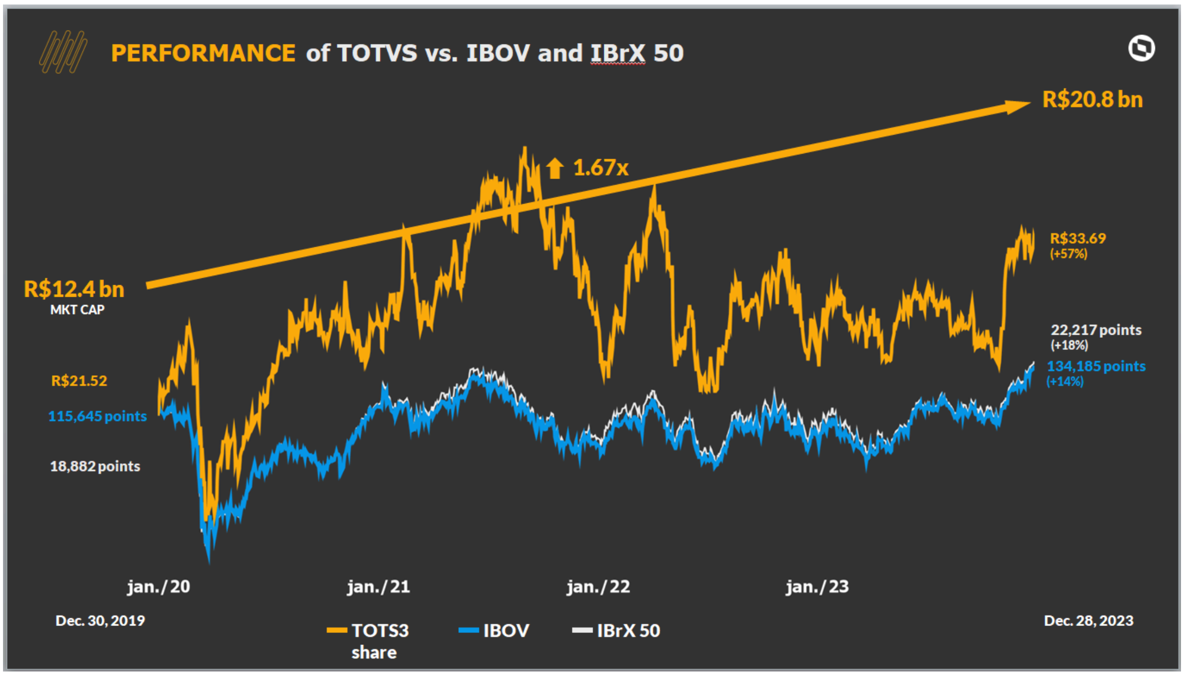
VARIATION OF THE PROPOSED FOR 2024 AND PROPOSED FOR 2023
(SHARE-BASED COMPENSATION, IN MILLIONS OF REALS)



The aforementioned effects on the accounting recognition of grants from previous years, as intended, played their essential role in aligning the interests of shareholders and managers, given the appreciation of TOTVS' share value over the past years. The chart below demonstrates the impressive performance of TOTS3 in comparison to two significant market indexes:

1. **Ibovespa:** the most important indicator of the average performance of the prices of shares traded on B3 (Brazil, Bolsa, Balcão). It comprises the shares with the most significant trading volume over the past few months. TOTVS has been part of this index since 2020.
2. **IBrX50:** an indicator of the average price performance of the 50 most tradable and representative assets in the Brazilian stock market. TOTVS has been part of this index since 2021.

RELATIVE PERFORMANCE OF TOTS3 (IBRX 50 AND IBOV)



We explain below, in detail, the effects of changes in the amounts of share-based compensation for the Board of Directors and Statutory Board of Executive Officers considering the accounting recognition of the grants for the current and previous years:

- **Share-Based Compensation: Current Year Grants**

The Share-Based Incentive and Retention Plan, approved at the Extraordinary General Meeting held on April 20, 2021 and amended on April 19, 2023 ("Plan 3"), may cover up to 5.68% of the Company's Capital Stock, which currently represents 35,056,005 (thirty-five million, fifty-six thousand and five) shares in 10 (ten) years, or an average of 3,505,600 (three million, five hundred and five thousand and six hundred) shares per year.

For fiscal year 2024, within the scope of Plan 3, it is intended to grant 1,130,453 (one million, one hundred and thirty thousand, four hundred and fifty-three) restricted shares to the Company's Management members, corresponding to 0.17% of the Capital Stock on this date, compared to 1,102,773 (one million, one hundred and two thousand, seven hundred and seventy-three) shares (0.18% of the capital stock on Dec. 31, 2023) in fiscal year 2023. For the purposes of this proposal, the calculation of the grant for 2024 is the average price corresponding to R$32.36 (thirty-two Reals and thirty-six cents) per share, totaling a nominal economic value of R$33,345,297.80 (thirty-three million, three hundred and forty-five thousand, two hundred and ninety-seven Reals and eighty cents). It is worth highlighting that the number of shares to be granted (and, consequently, the effective economic value to be attributed to the grant) may vary because of the calculation of the average price of the 60 trading sessions prior to May 3, 2024, the expected date of the year's grants as set forth in Plan 3, approved at the Extraordinary General Meeting held on April 19, 2023. According to the applicable legislation and the characteristics of Plan 3, in line with IFRS 2, the accounting of this 2024 grant will take place over three years for the LTI Performance, over four years for the Grant to the Board of Directors, and over five years for the LTI Master program. As a result of the accounting deferral determined by the applicable legislation, the amount to be accounted for in fiscal year 2024 referring to the 2024 grants will be up to R$7,101,269.56 (seven million, one hundred and one thousand, two hundred and sixty-nine Reals and fifty-six cents), corresponding to 19.39% of the economic value of R$36,261,956.02 (thirty-six million, two hundred and sixty-one thousand, nine hundred and fifty-six Reals and two cents).

The table below demonstrates the projected impact of accounting for the 2024 grants into the upcoming years:

SHARE-BASED COMPENSATION: 2024 GRANTS

Year	2024 Grants for the 2024 Board shares		2024 Grants for LTI Performance[1]		2024 Grants for LTI Master		Total / year (R$)
	Amount accounted for (R$)	Hundredths	Amount accounted for (R$)	Hundredths	Amount accounted for (R$)	Hundredths	
2024	117,574.80	8/48	5,487,067.83	8/36	1,496,626.93	8/60	**7,101,269.56**
2025	176,362.20	12/48	8,230,601.74	12/36	2,244,940.40	12/60	**10,651,904.34**
2026	176,362.20	12/48	8,230,601.74	12/36	2,244,940.40	12/60	**10,651,904.34**
2027	176,362.20	12/48	2,743,533.91	4/36	2,244,940.40	12/60	**5,164,836.51**
2028	58,787.40	4/48	-	0/36	2,244,940.40	12/60	**2,303,727.80**
2029	-	0/48	-	0/36	748,313.47	4/60	**748,313.47**
Total economic par value	**705,448.80**	**48/48**	**24,691,805.22**	**36/36**	**11,224,702.00**	**60/60**	**36,621,956.02**

* The amounts may change according to the variation in the restricted shares price at the time of the effective delivery to the participants, impacting the withholding of taxes, in addition to any cancellations over time.

(1) It includes the Statutory Board of Executive Officers and the Chairman of the Board of Directors.

- **Share-Based Compensation: Grants from Previous Years**

In addition to the amount of R$7,101,269.56 (seven million, one hundred and one thousand, two hundred and sixty-nine Reals and fifty-six cents), as a result of the applicable legislation (IFRS 2), the amount allocated to share-based compensation shall be increased in the amount of R$22,043,388.05 (twenty-two million, forty-three thousand, three hundred and eighty-eight Reals and five cents) because of the accounting recognition estimated for fiscal year 2024. This accounting recognition is related to the grants made in previous years to the Management members, as a result of the accounting deferral determined by the applicable legislation, as mentioned above.

The amount referred to in the paragraph above refers to all grants made in previous years that were approved by the competent bodies, according to the Share-Based Incentive and Retention Plans approved by the shareholders at the General Meetings held, respectively, on December 15, 2015 and amended on April 5, 2018 and April 18, 2019, already granted to the beneficiaries.

In the table below, we provide an example of the estimated effect over the years of the accounting for grants made in 2021, 2022, and 2023 and which makes up the amount of R$22,043,388.05 (twenty-two million, forty-three thousand, three hundred and eighty-eight Reals and five cents) accounted for within the year 2024:

SHARE-BASED COMPENSATION: GRANTS FROM 2021 TO 2023

Year	2021 Grants[1]		2022 Grants[1]		2022 LTI Master Grants		2023 Grants[1]		2023 LTI Master Grants		Total / year
	Amount accounted for	Hundredths	Amount accounted for	Hundredths	Amount accounted for	Hundredths	Amount accounted for	Hundredths	Amount accounted for	Hundredths	
2021	8,758,220.00	8/36	0.00	0/36	0.00	0/60	0.00	0/36	0.00	0/60	**8,758,220.00**
2022	13,137,330.00	12/36	4,250,029.55	8/36	1,186,597.08	8/60	0.00	0/36	0.00	0/60	**18,573,956.63**
2023	13,137,330.00	12/36	6,375,044.32	12/36	1,779,895.62	12/60	4,604,867.23	8/36	1,155,756.16	8/60	**27,052,893.33**
2024	4,379,110.00	4/36	6,375,044.32	12/36	1,779,895.62	12/60	6,907,300.84	12/36	1,733,634.24	12/60	**21,174,985.02**
2025	0.00	0/36	2,125,014.77	4/36	1,779,895.62	12/60	6,907,300.84	12/36	1,733,634.24	12/60	**12,545,845.47**
2026	0.00	0/36	0.00	0/36	1,779,895.62	12/60	2,302,433.61	4/36	1,733,634.24	12/60	**5,815,963.47**
2027	0.00	0/36	0.00	0/36	593,298.54	4/60	0.00	0/36	1,733,634.24	12/60	**2,326,932.78**
2028	0.00	0/36	0.00	0/36	0.00	0/60	0.00	0/36	577,878.08	4/60	**577,878.08**
Total economic par value	**39,411,990.00**	**36/36**	**19,125,132.96**	**36/36**	**8,899,478.10**	**60/60**	**20,721,902.52**	**36/36**	**8,668,171.20**	**60/60**	**96,826,674.78**

* The amounts may change according to the variation in the restricted shares price at the time of the effective delivery to the participants, impacting the withholding of taxes, in addition to any cancellations over time.

[1] It includes the Statutory Board of Executive Officers and the Board of Directors.

- **Share-Based Compensation: Conclusion**

Therefore, as detailed throughout this topic, the only three factors that govern the Share-Based Compensation are:

- The number of shares granted, and for year 2024 we intend to grant 72,320 (seventy-two thousand, three hundred and twenty) fewer shares than in 2023;
- The price used as a reference for the granted shares, which is determined by averaging the prices of the 60 trading sessions prior to the grant date. This average has been affected by the increase in the value of TOTVS shares; and
- The stacking factor of grants over the years. We estimate that the 2024 stacking level will be maintained over the upcoming years, considering the combination of factors (i) and (ii).

In the table below we detail items (i) and (ii) referring to each of the grants recognized in the fiscal year 2023 for the Company's Management members.

SHARE-BASED COMPENSATION: GRANTS FROM 2021 TO 2024

	2021 Grants	2022 grant	2023 grant Board Members	2023 grant LTI Performance	2023 grant LTI Master	2024 Grant Board Members*	2024 Grant LTI Performance *	2024 Grant LTI Master*
Vesting period of the shares	3 years		2 years after the end of the term of office	3 years	5 years	2 years after the end of the term of office	3 years	5 years
Reference price of the granted restricted shares	30.58	32.87	31.48	31.48	31.48	32.36	32.36	32.36
Net number of shares outstanding in the current fiscal year	1,444,950	963,243	22,476	754,535	373,446	21,804	661,779	346,870

* The number of shares to be granted may vary upwards or downwards due to the calculation of the reference price of the restricted shares to be allocated to the grants regarding the fiscal year 2024, which will consider the average price of the sixty (60) trading sessions prior to the date of grant, scheduled for May 3, 2024, as provided for in the Plan.
Note: the Board of Directors members will be eligible as of 2023.

- **Dilution**

The accumulated history net dilution of the Share-Based Incentive and Retention Plan from the first grant until the last grant made in 2023, considering the effect of any cancellations made over time before the end of the vesting period and considering all the participants benefited by such grants (Chairman of the Board of Directors, Board members, Statutory Board of Executive Officers, and other employees benefited), totals 2.88%. This is equivalent to an average annual dilution of 0.36%.

To date, the Plan has used only 50.7% of the maximum dilution allowed (5.68% of the Company's current capital stock) during the effective term of the plan (10 years). This is quite extraordinary, considering that 80% of its effective term has already elapsed. We show this effect in the tables below, considering the accumulated dilution so far and the annual average as a reference:

ACCUMULATED DILUTION

Accumulated dilution	% dilution	# Shares	Number of years
Maximum dilution allowed by the Plan	5.68%	35,056,005	10
Current net dilution *	2.88%	17,776,482	8
% already used	50.7%	50.7%	80.0%

**it refers to restricted shares already granted to participants, which may be in a vesting period or expired.*

ANNUAL AVERAGE DILUTION

Average annual dilution as a reference	% dilution	# Shares	Number of years
Maximum dilution allowed by the Plan	0.568%	3,505,600	10
Average annual net dilution *	0.360%	2,222,060	8
% used	63.4%	63.4%	80.0%

**it refers to restricted shares already granted to participants, which may be in a vesting period or expired.*

In the table below, we show the accumulated net dilution and average annual net dilution divided between the Board of Directors, Statutory Board of Executive Officers, and other employees benefited by grants of the Share-Based Incentive and Retention Plan:

ACCUMULATED DILUTION AND ANNUAL AVERAGE PER BODY

Accumulated dilution *	Dilution %	# Shares	% representativeness	Average annual dilution	Number of years
Chairman	0.18%	1,124,993	6.33%	0.036%	5
Board members	0.00%	20,180	0.11%	0.000%	1
Statutory Board of Executive Officers	1.11%	6,869,928	38.65%	0.139%	8
Other	1.58%	9,761,381	54.91%	0.198%	8
Total	2.88%	17,776,482	100.00%	0.360%	8

** considering the grants made between 2016 and 2023*

The dilution planned and approved for the 2024 grant is slightly lower than the dilution level approved in the last three years for the Board of Directors, while being similar to the year 2023 for the Statutory Board of Executive Officers, as shown in the table below:

ANNUAL DILUTION PER BODY

	Net dilution of granting per year		
Year	Board of Directors	Statutory Board of Executive Officers	Total
2021	0.04%	0.19%	0.23%
2022	0.03%	0.13%	0.16%
2023	0.02%	0.16%	0.18%
2024	0.01%	0.16%	0.17%

Note: there was a cancellation of shares granted in previous years because a member left the Statutory Board of Executive Officers.

It is worth mentioning that we believe that the maximum allowable dilution of 5.68% for the Share-Based Incentive and Retention Plan is in line with the context of the industry sector in which TOTVS operates in Brazil. Such alignment considers several aspects, such as the company's size, its ownership structure, history of growth and future potential, financial status, and historical standards for performance-based compensation. In addition, as reported in the company's own securities trading form for February 2024, the Company has a high free float of approximately 90% (percentage of the company's capital stock available for trading on the stock market, excluding shares held in treasury and by managers), which guarantees a sufficient number of outstanding shares to ensure market liquidity and stability, even when granting additional shares to employees through the Incentive Plan.

(iv) Proportion of each item in the total compensation

The proportion of variable compensation compared to fixed compensation has been appropriately adjusted over time to support our compensation strategy and enhance the Company's future performance.

BOARD OF EXECUTIVE OFFICERS

Item of Compensation	2024	2023	2022	2021
Fixed	20%	21%	25%	26%
Variable	76%	74%	71%	70%
Benefits	4%	5%	4%	4%

BOARD OF DIRECTORS

Item of Compensation	2024	2023	2022	2021
Fixed	59%	48%	45%	50%
Variable	40%	51%	54%	45%
Benefits*	1%	1%	1%	5%

*Applicable to the Chairman of the Board of Directors only

FISCAL COUNCIL

Item of Compensation	2024	2023	2022	2021
Fixed	100%	100%	100%	100%
Variable	-	-	-	-
Benefits	-	-	-	-

(v) Conclusion:

Based on the data presented in the tables, we are completely convinced that the Management's compensation approved for the year 2024 is in accordance with the Company's operational and long-term performance. The following data outlines the key performance metrics from the previous year and compares them to the projected compensation growth for 2024, relative to the 2023 proposal:

KEY INDICATORS AND COMPENSATION COMPARISON

Indicator (amounts in thousands)	2023	2022	Δ
Net Revenue (*Non-GAAP*) [1]	4,633,456	3,916,499	18.3%
Recurring Revenue	3,891,977	3,247,358	19.9%
Adjusted EBITDA [2]	1,089,915	934,778	16.6%
Adjusted EBITDA Margin [3]	23.5%	23.9%	-40 bp
Cash Earnings [4]	651,487	590,407	10.3%
Cash Earnings Margin	14.1%	15.1%	-100 bp
TOTS3 share	33,69	27.62	22.0%
Ibovespa (pts)	134,185	109,735	22.3%
IBrX 50 (pts)	22,217	18,504	20.1%

(1) Revenue Net of Funding (Non-GAAP), which incorporates the concept of Techfin Revenue net of the cost of funding in the consolidation of the Company's revenues, considering the Techfin results at 50% in all periods.

(2) EBITDA adjusted by extraordinary items and added with 50% of Techfin's EBITDA in all periods

(3) EBITDA adjusted on Revenue Net of Funding (Non-GAAP), considering Techfin results at 50% in all periods.

(4) Net income without the effects of expenses with amortization of intangibles from acquisitions, considering Techfin's net income at 50% in all periods.

Compensation	Proposed for 2024	Proposed for 2023	Δ
Total fixed compensation	19,619,089	17,675,229	11.0%
Total fixed + variable compensation + other	39,114,500	32,403,555	20.7%
Total compensation for the current year [1]	46,215,770	39,149,598	18.0%
Share-based compensation: accounting recognition in previous years	22,043,388	26,751,650	-17.6%
Total Overall Compensation	68,259,158	65,901,248	3.6%
Proportion of total variable compensation over total overall compensation [2]	66%	72%	-6 bp
Number of shares: current year grant	1,026,819	1,150,457	-10.7%
Dilution of granting in the year	0.17%	0.19%	-10.5%

(1) Fixed + variable + other compensation + share-based compensation for the current year

(2) The variable compensation comprises bonus + share-based compensation

9.1/9.2 - Names and remuneration of Auditors

Does it have an auditor?	YES
CVM Code No.	418-9
Type of auditor	Legal
Name/Corporate name	KPMG Auditores Independentes
CPF/CNPJ (tax id. No.)	57.755.217/0001-29
Service provision period	April 28, 2023
Description of contracted services	The Company contracted the services of its Independent Auditors on 01/01/2023 to carry out, as of 04/28/2023, of the following independent audit services for the Company and its subsidiaries: (i) audit of the individual and consolidated financial statements for the fiscal year ended December 31, 2023; (ii) review and issuance of a report on the Company's individual and consolidated Quarterly Information (ITRs) for the periods ended March 31, June 30 and September 30, 2023; (iii) due diligence in the process of acquiring a company; (iv) ISAE – Review of the software development control environment; (v) Assurance of Integrated Reporting.
Total amount of remuneration paid to independent auditors, separated per service	In the fiscal year ended December 31, 2023, the services are divided into: (a) Audit Services and additional expenses related to the financial audit items of (i) financial statements and (ii) ITRs, which amount to R$2,636,774.98 and are equivalent to 87.7% of the total resources committed by the Company; and (b) non-Financial Audit Services, which include services other than those related to the audit of the financial statements, such as (i) due diligence (R$169,096.21), and (ii) ISAE - Review of the software development control environment (R$129,980.00), (iii) Assurance of Integrated Reporting (R$69,600.00) added up to 12.3% of the total funds invested.
Justification for replacement	Not applicable, since there was no replacement of the independent auditors.
Reason provided by the auditor in case of disagreement with the issuer's justification	Not applicable, since there was no replacement of the independent auditors.

9.3 - Independence and conflict of interest of auditors

If the auditors or persons related to them, according to the independent status standards of the Federal Accounting Board, have been hired by the issuer or organizations or individuals belonging to its economic group, to provide services other than auditing, please describe the policy or procedures adopted by the issuer to avoid the existence of a conflict of interest, loss of independence or objectivity of its independent auditors

Besides the independent audit services of the financial statements, throughout the fiscal year ended December 31, 2023, KPMG Auditores Independentes Ltda. auditors were hired to provide services of (i) assurance of the Company's 2023 Integrated Report, (ii) due diligence in the process of purchasing a company; (iii) ISAE – review of the software development control environment; and (iv) anti-corruption training. The Company maintains a Policy for Relationship and for Hiring Independent Auditors, which was approved by the Board of Directors on June 28, 2021, available on the Company's Investor Relations website (https://ri.totvs.com/en/esg/bylaws-policies-and-charters/), aimed at supporting the process of contracting independent audit services and any extra auditing services to be provided by the Independent Auditors or by the Independent Auditor's Related Part.

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

Procedures contracting other professional services other than those related to the external accounting audit, the Company and its subsidiaries adopt as a formal procedure to consult with the independent auditors in order to ensure that the provision of such other services does not affect their independence and objectivity that are required to provide independent audit services.

The Policy for Contracting and Relationship with Independent Audit is available on the Company's Investor Relations website at https://ri.totvs.com/en/esg/bylaws-policies-and-charters/.

It is worth highlighting the annual assessment of the independent auditors carried out by the Statutory Audit Committee that has as its purpose to continuously improve and develop their procedures. During the effective term of the contract, the Statutory Audit Committee holds periodic meetings with the Independent Auditors aiming at determining the work plan and monitoring its development throughout the year, according to the annual meeting schedule established according to the Charters/ Internal Regulations of the Board of Directors and Advisory Committees. Every year the Company's Statutory Audit Committee and the Management carries out a formal assessment of the work performed by the independent auditors. The result of this evaluation will determine the need to carry out a new selection process with other companies (Legal Entity Auditor) or Individual Auditors, or only procedures to renew the contract for the next fiscal year, respecting the maximum limit of 5 fiscal years audited by the same company or individual, being allowed to extend up to ten (10) consecutive fiscal years provided that it complies with CVM Resolution 23/2021. After the aforementioned period, the rehiring of the same independent audit firm is only possible after a minimum interval of three (3) fiscal years has elapsed. The Audit Committee should receive, every year, from the Independent Auditors a formal statement confirming their independent status during the entire performance of the audit. Nevertheless, the monitoring of all aspects of their independence must be permanent, as well as monitoring of their structure and governance, suitability of internal quality control processes, training and dedication of the team assigned to perform the jobs, and fees compatible with the size and complexity of the Company.

9.4 - Outras informações relevantes

There is no other relevant information, in addition to that presented in the items above.

10.1A - Description of human resources

(i) Number of employees per gender self-identification

	Female	Male	Non-binary	Other	Prefer not to to respond
Leadership	575	967	0	0	0
Non-leadership	3,915	6,192	0	0	0
Total = 11,649	4,490	7,159	0	0	0

(ii) Number of employees per color or race self-identification

	Yellow	White	Black	Brown	Indigenous	Other	Prefer not to to respond
Leadership	18	1,161	41	196	0	0	126
Non-leadership	130	6,486	598	2,100	16	0	777
Total = 11,649	148	7,647	639	2,296	16	0	903

(iii) Number of employees per position and age group

	Under 30 years old	Between 30 and 50 years old	Above 50 years old
Leadership	89	1,299	154
Non-leadership	3,082	6,347	678
Total = 11,649	3,171	7,646	832

(iv) Number of employees per position and geographic location

	North Region	Northeast Region	Midwest Region	Southeast Region	South Region	Internatio nal market
Leadership	0	42	39	990	427	44
Non-leadership	0	304	293	6,310	2,937	263
Total = 11,649	0	346	332	7,300	3,364	307

(v) **Number of employees per geographic location and gender**

	Female	Male	Non-binary	Other	Prefer not to to respond
North Region	0	0	0	0	0
Northeast Region	125	221	0	0	0
Midwest Region	102	230	0	0	0
Southeast Region	2,686	4,614	0	0	0
South Region	1,465	1,899	0	0	0
International market	112	195	0	0	0
Total = 11,649	4,490	7,159	0	0	0

(vi) **Number of employees per geographic location and color or race**

	Yellow	White	Black	Brown	Indigenou s	Other	Prefer not to to respond
North Region	0	0	0	0	0	0	0
Northeast Region	3	175	25	142	0	0	1
Midwest Region	4	190	14	123	0	0	1
Southeast Region	104	4,876	452	1,684	12	0	172
South Region	37	2,406	148	347	4	0	422
International market	0	0	0	0	0	0	307
Total = 11,649	148	7,647	639	2,296	16	0	903

(vii) Number of employees per position and age group

	Under 30 years old	Between 30 and 50 years old	Above 50 years old
North Region	0	0	0
Northeast Region	159	163	24
Midwest Region	48	271	13
Southeast Region	1,769	4,922	609
South Region	1,134	2,077	153
International market	61	213	33
Total = 11,649	3,171	7,646	832

(b) number of outsourced employees (total, by groups based on the activity performed and by geographic location)

The Company presents below the number of third parties hired by the Company and its subsidiaries, by group of activities performed in the Company and by geographic location, in the fiscal year ended on December 31 from 2023:

Activity	Fiscal year ended on 31 december 2023	
	Brazil	Total
Security, Concierge, and Cleaning	172	172
Sales representatives	-	-
Other activities	71	71
TOTAL	243	243

(c) turnover rate

	Dec. 31, 2023
Turnover index (Turnover[1])	19.95%

[1]*Turn-over* = [(Admitted + Dismissed) / 2] / Active

10.2 - Relevant changes - Human Resources

The increase in the number of employees in the fiscal year ended in 2023 reflects the inorganic absorption of acquired companies (Feedz, Totvs Rio Grande do Sul, Exact Sales, Lexos, RBM e Vadu) in the TOTVS Consolidated.

The voluntary attrition moving average fell last year, reaching the lowest rate since May 2021, standing out positively if compared with the median of the high-tech market. This shows consistency in the company's actions in its talent retention plan.

The Company continues to focus on synergy in the Administrative areas, where it has been showing greater gains in operating efficiency in recent years, and integrating acquired companies.

Since 2022, the Company adopts the practice of hybrid work for its units. It is noteworthy that, since the beginning of the pandemic, the TOTVS Group has not adopted measures to reduce salaries or working hours of its employees, nor has it promoted reductions of teams outside the normal course of its operations.

10.3 - Description of the Employee Compensation Policy

(a) Salary and variable compensation policy

The Company's compensation policy provides for compensation to be set in accordance with market standards for positions with similar activities and responsibilities, aiming to maintain the ability to attract and retain participants.

The compensation structure is approved by the People and Remuneration Committee and the required changes are taken for its analysis. The Company organizes positions within the same nature of function, according to hierarchy, strategic contribution, breadth, technical-professional maturity, complexity of attributions and inherent responsibility. Each position has its compensation determined according to the responsibilities and skills necessary for the performance of the function, with the total remuneration divided between fixed and variable.

Fixed remuneration refers to the amount received monthly by the participant, paid on the payroll, which aims to remunerate him for the attributions and responsibilities relevant to the position held, also known as "nominal salary".

Variable compensation refers to the amounts received periodically by the participant, rewarding them for their differentiated individual performance, for the results of their area of operation and/or for the overall results of the Company, and may be because of the achievement of goals, as set forth in the particular program.

(b) Benefits Policy

The Company offers an expansive and appealing benefits package to its professionals and also dependents in order to provide a better quality of life, being one of the strategies for attracting and retaining talent. The major benefits offered by the Company are: (i) health plan with apartment accommodation that provides medical, laboratory, and hospital care to all beneficiaries and their direct dependents; (ii) dental plan offered to beneficiaries and their direct dependents; (iii) 180-day maternity leave (60 days additional to that provided by law) and 40-day paternity (20 days additional to that required by law); (iv) provision of benefits card for purchase of meal (supermarket and restaurants); (v) life insurance coverage (employees, spouses, and children); (vi) private pension plan (fixed contribution), in partnership with a financial institution, being part of its contribution made by the Company and part by the participant; (vii) expenditure allowance for professionals working remotely; (viii) commuter benefits; (ix) Wellbeing program - +Saudáveis; (x) payday loan with lower rates compared with those available in the market; (xi) childcare allowance, besides allowance for kids with disabilities pursuant to the collective agreement in force in each place.

(c) characteristics of share-based compensation plans for employees who are not management members

I. beneficiary groups

The current and future employees and management members of the Company and/or of the Company's controlled or subsidiary companies appointed by the People and Compensation Committee and elected by the Board of Directors to participate in the Plan are eligible to participate in the Plan, pursuant to "Plan 2" and “Plan 3” referred to in section 8.4 of this form.

II. requirements for exercise

Not applicable, as the plan does not include stock options to be exercised, only restricted shares that will be delivered to participants under the terms and conditions established in the plan, as indicated in item 8.4 of this Reference Form.

III. exercise prices

Not applicable, as the plan does not include stock options to be exercised, only restricted shares that will be delivered to participants under the terms and conditions established in the plan, as indicated in item 8.4 of this Reference Form.

IV. exercise deadlines

Not applicable, as the plan does not include stock options to be exercised, only restricted shares that will be delivered to participants under the terms and conditions established in the plan, as indicated in item 8.4 of this Reference Form.

V. number of shares committed by the plan

The total number of shares may not exceed 5.68% (five point sixty-eight percent) of the Company's capital stock, considering: (i) a period of 10 years from the date of approval of the plan; and (ii) restricted shares granted to managers and employees, pursuant to “Plan 2” and “Plan 3” referred to in section 8.4 of this form.

(d) ratio between (i) the highest individual remuneration (considering the composition of the compensation with all items described in section 8.2.d) recognized in the issuer's income in the last fiscal year, including the compensation of a statutory administrator, if applicable; and (ii) the median individual compensation of the issuer's employees in Brazil, disregarding the highest individual remuneration, as recognized in its income in the last fiscal year

As per section 8.2.d, the ratio was calculated by using the highest individual salary recognized in the financial result of the prior fiscal year, divided by the median of the individual compensation of personnel in Brazil.

	Fixed Compensation	Total Compensation*
Highest individual compensation	2,112,626.00	17,302,315.27
Median compensation	94,426.59	103,062.90
Ratio	21.91	167.88

* Total Compensation: it considers the fixed compensation, variable compensation, profit-sharing/bonuses, and long-term incentives. It does not consider benefits, as it is not possible to quantify benefits for all employees.

As noted in the chart above, when considering only the fixed compensation, we have a ratio of 21.91 times, but when we include variable compensation, profit-sharing/bonus and long-term incentives, the ratio goes to 167.88 times because of a greater focus of TOTVS on the variable compensation portion, as exemplified in the compensation practices in section 8.1.

10.4 - Description of the relationship between the issuer and labor unions

The Company maintains a permanent negotiation process for the construction of solutions with Unions. We hold meetings to structure specific collective agreements, such as: profit-sharing distribution, employees' bank of work hours, among others, always seeking to meet the interests of all parties involved.

The Company's labor relations, both individual and collective, are carried out directly and based on respect and ethics, with a view to faithfully complying with the labor legislation currently in force. At the Company, all participants are covered by collective labor agreements.

In the last three fiscal years ended December 31, 2023, 2022 and 2021 there were no strikes by employees and/or associates.

To ensure compliance with current labor standards, the Company maintains in its structure a team focused on labor relations, always seeking the synergy of stakeholders to maintain a harmonic and friendly relationship between the parties.

10.5 - Other relevant information

There is no other relevant information besides that presented in the items above.

11.1 - Description of the standards, policies, and practices of the issuer regarding transactions with related parties

Transactions with related parties are always carried out in compliance with the Brazilian Corporations Act and the best corporate governance practices, being contracted at usual market prices and conditions. Moreover, the transactions performed by the Company, including those contracted with related parties, are always supported by due prior analysis of their conditions and the Company's legitimate interest in carrying them out. In this regard, the Company individually negotiates the agreements to be entered into with related parties, analyzing their terms regarding market conditions, as well as the particularities of each transaction (such as terms, amounts, compliance with quality standards, etc.). People with no personal interests in the matters negotiated take part in these negotiations.

The Company has a Policy for transactions with related parties (“Policy for Transactions between Related Parties”), which defines the rules, procedures, principles, and methodology to identify and approve transactions with related parties, and to manage situations with potential conflict of interest. The current version of the policy was approved by the Board of Directors on December 22, 2021, and is available on the Company's Investor Relations website at (https://ri.totvs.com/en/esg/bylaws-policies-and-charters/).

Among the key points of this policy, the following ones stand out:

- The Company's Compliance, Risks and Internal Controls area will keep an updated record with the identification of individuals who have authority and responsibility for the planning, direction, and control of the activities of any organization of the Company, subsidiaries and/or its affiliates, directly or indirectly, as well as the members of the Board of Directors, Advisory Committees to the Board of Directors and the Statutory Board of any of the Company's companies, subsidiaries and/or its affiliates ("**Key Management People**"), or person with Significant Influence in the Policy’s terms, as well as its related parties, which should be consulted by those responsible for transactions prior to their completion, to check if the corresponding transaction can be a transaction with a related party.

- Each key person of the Management or person with Significant Influence must complete an annual questionnaire to collect information about the parties related to them, under the definitions of said policy, and about any transactions between them and the Company of which they are aware, being responsible for informing the close family members and managers of their related entities, if applicable.

- The Key People of the Company's Management or with Significant Influence will be instructed, and be provided with periodical guidance, on the obligation to report to the Internal Controls, Risk and Compliance area about any potential transaction of the Company with related parties of which they may become aware.

- Any transaction that might be deemed as a transaction with a related party must be reported to the Internal Controls, Risks and Compliance area, which is responsible for issuing an opinion, together with the Legal Department, to determine whether the transaction in fact is a Transaction with a Related Party under the procedures of said policy.

- Said transactions must be accompanied by the information necessary for their analysis, as well as evidence and opinion of the manager responsible for conducting the transaction that (a) there are clearly demonstrable reasons, from the point of view of the Company's business, for the transaction with the Related party, and (b) the transaction is carried out in market conditions or on terms offered to, or by a third party unrelated to the Company, at least, in equivalent circumstances, having also to take into account its monitoring cost by the Company.

- Every transaction with a related party must be submitted to the approval of the Board of Directors, according to the Company's Bylaws, except (i) if the transaction is related to (a) fixed, variable, share-based compensation and other benefits provided to the members of the Board of Directors and the Company's

Statutory Officers, provided that its total amount has been approved at the General Meeting, pursuant to Law No. 6404/76 or in the Board of Directors, as the case may be, and (b) transactions carried out between the Company and any company whose capital is directly or indirectly fully owned by the Company; (ii) in the event of the transaction, or set of related transactions, whose total amount is less than one million Reals (R$1,000,000.00), in a single transaction or several consecutive transactions with the same object and parties, within twelve (12) months.

- The transactions submitted to the Board of Directors must be previously considered by the Company's Audit Committee, accompanied by the opinion of the Internal Controls, Risks and Compliance area and the Legal Department, responsible for assessing whether the guidelines of said policy were followed in the process findings on the transaction under analysis, as well as the technical opinion of the area responsible for conducting the transaction.

- Transactions with related parties shall be entered into in writing and their key characteristics and conditions must be specified, such as price, terms, guarantees, termination conditions, responsibility for paying taxes and obtaining permits and licenses, among others. These characteristics should also expressly include the possibility for the Company to terminate any transaction with a related party of continuous nature, under conditions equivalent to those available in agreements with unrelated parties.

- The Board of Directors, as well as the Audit Committee and their respective members, at their discretion, will have access to all documents connected to transactions with related parties, including any opinions or technical opinions related to the transactions, and they may request additional opinions, if necessary.

- The Board of Directors shall determine the content and form of the information deemed necessary for its decision regarding a transaction with a related party, which shall be made available together with the call for the meeting at which the transaction will be submitted for review.

The Board of Directors may approve the transaction with a related party if it concludes, in good faith, that the transaction complies with the market conditions, as well as, at its discretion, if it conditions the approval of said transaction to the changes it deems necessary for the transaction to comply with the market conditions.

11.2 - Information on transactions with related parties

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Mendelics Análise Genômica S.A	07/23/2021	97,198.74	-	28,041.84	24/36 months	No	0,0
Relationship with the issuer	Contract signed between the Company and Mendelics Análise Genômica S.A., where Laércio José de Lucena Cosentino holds 28.85% of the share capital of Mendelics Análise Genômica S.A.						
Subject matter of the agreement	*Cloud Computing service contracts.*						
Collaterals and insurance	N/A						
Termination or end	The customer may cancel the Cloud Services without reason, at any time, upon prior written notice of 90 (ninety) days and payment, by the Customer to TOTVS, of a fine equivalent to 50% of the total remaining monthly payments until the end of the term. validity.						
Nature and purpose of operation	Cloud Computing service provision						
Company's contractual status	Creditor		**Please specify**				
n) Measures taken to address conflicts of interest	The transaction is submitted for approval by the competent commercial authorities in accordance with the provisions of internal controls and the Related Party Transaction Policy. The Compliance area is notified in advance and checks its related party controls for the existence of any conflict of interest involving the approvers, to ensure that there will be no approval by a person linked to the related party.						
o) Demonstration of the strictly commutative nature of the agreed conditions or the appropriate compensatory payment	The transaction follows the commercial criteria and rules adopted in a sale to an unrelated party, therefore observing market conditions.						

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Institute of Social Opportunity	02/19/2018	32,000,775.77	-	-	Undetermined	No	0,0
Relationship with the issuer	The Company is the main supporter of the Social Opportunity Institute (IOS), where it is responsible for more than 50% of its annual budget. In line with the decision of the Collegiate of the Securities and Exchange Commission, within the scope of Administrative Process 19957.001316/2020-08, handed down on July 7, 2020, we began, when evaluating the nature of the partnership with IOS, to disclose the relationship with said non-profit entity as a transaction with a related party of the Company, in the annual presentation of this Reference Form and we submit the contributions to our Board of Directors, for ratification of its terms, as provided for in item 5.5 of our Related Party Transactions Policy .						
Subject matter of the agreement	The resources contributed to IOS are made through sponsorships and donations, and may be through the granting of financial resources, material goods and the right to use licenses and solutions developed and marketed by the Company.						
Collaterals and insurance	N/A						
Termination or end	N/A						
Nature and purpose of operation	The Company, in line with its social strategy, has voluntarily supported IOS since its foundation in 1998, and centralizes its annual social investment in projects developed by IOS.						
Company's contractual status	Debtor		**Please specify**				
n) Measures taken to address conflicts of interest	The process for evaluating possible conflicts of interest in the transaction occurred following the following steps: (i) Detailing the characteristics of the transaction by the proposing area, based on the criteria established in the Related Party Transactions Policy; (ii) independent evaluation of the transaction by the Compliance and Legal areas, responsible for verifying compliance with the Policy requirements and submitting it for evaluation by the Statutory Audit Committee (CAE); (iii) Analysis and recommendation of the transaction by the CAE; and (iv) analysis and approval of the transaction by the Board of Directors. Furthermore, as established in the Policy, any person involved in the approval process who may have a potential private benefit or conflict of interest with the decision to be taken declares themselves prevented, explaining their involvement in the transaction and refraining from participating in discussions and deliberations.						
o) Demonstration of the strictly commutative nature of the agreed conditions or the appropriate compensatory payment	TOTVS is the main maintainer of the IOS and its guideline is to centralize its social investment actions in this Institution, in order to carry out social impact actions aimed at young people in conditions of social vulnerability. Considering the objectives of the partnership, it is concluded that the transaction was established on a commutative basis.						

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
GoodData Corporation	06/11/2013	49,337,600.70	-	2,624,760.36	Undetermined	No	0,0
Relationship with the issuer	Agreement entered into between the Company and GoodData Corporation, where the Company holds, through its subsidiary TOTVS, Inc., approximately 5.32% of GoodData's total share capital. TOTVS, Inc. is party to GoodData's Stockholders' Voting Agreement, which gives it the right to nominate members to participate in GoodData's board. Based on the analysis of the shareholder agreement, the classification of the transaction as a transaction between related parties was identified, so we began to disclose the contracts signed with this related party in the annual presentation of this Reference Form and submitted the transaction to our Board of Directors. Administration, to ratify its terms, as provided for in item 5.5 of our Related Party Transactions Policy.						
Subject matter of the agreement	Distribution agreement for the GoodData Platform. The supplier, after the first year of the contract, reserves the right to modify the values annually to reflect commercially reasonable price changes.						
Collaterals and insurance	N/A						
Termination or end	Automatic annual renewal, and the parties can terminate the contract with 30 days' notice without penalty.						
Nature and purpose of operation	Provision of software services and distribution of the GoodData Platform.						
Company's contractual status	Debtor		**Please specify**				
n) Measures taken to address conflicts of interest	The process for evaluating possible conflicts of interest in the transaction occurred following the following steps: (i) Detailing the characteristics of the transaction by the proposing area, based on the criteria established in the Related Party Transactions Policy; (ii) independent evaluation of the transaction by the Compliance and Legal areas, responsible for verifying compliance with the Policy requirements and submitting it for evaluation by the Statutory Audit Committee (CAE); (iii) Analysis and recommendation of the transaction by the CAE; and (iv) analysis and approval of the transaction by the Board of Directors. Furthermore, as established in the Policy, any person involved in the approval process who may have a potential private benefit or conflict of interest with the decision to be taken declares themselves prevented, explaining their involvement in the transaction and refraining from participating in discussions and deliberations.						
o) Demonstration of the strictly commutative nature of the agreed conditions or the appropriate compensatory payment	The process underwent analysis by the Compliance and Legal areas, and all information was submitted for evaluation by the Statutory Audit Committee and Board of Directors following the process established in policy, with the Distribution Agreement and Licensing Agreement signed on a commutative basis and within market conditions.						

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
GoodData Corporation	06/15/2015	1,624,018.85	-	86,397.80	Undetermined	No	0,0
Relationship with the issuer	Agreement entered into between the Company and GoodData Corporation, in which the Company holds, through its subsidiary TOTVS, Inc., approximately 5.32% of the total capital stock of GoodData. TOTVS, Inc. is a party of GoodData's Stockholders' Voting Agreement, which entitles Totvs to nominate members for GoodData's Board. Based on the analyses of the shareholders' agreement, such transaction was identified as a transaction between related parties, so we started to disclose the relationship with this related party in the annual presentation of this Reference Form, and the transaction was submitted to our Board of Directors to ratify its terms, as provided for in section 5.5 of our Policy on Transactions with Related Parties.						
Subject matter of the agreement	Software service agreements (licenses, support, and maintenance). Subsequent to the first year of the agreement, all suppliers maintain the right to annually update prices in order to accurately reflect commercially sensible price adjustments						
Collaterals and insurance	N/A						
Termination or end	Automatic annual renewal, and the parties can terminate the agreement upon 30 days' notice with no penalty.						
Nature and purpose of operation	Provision of software services and distribution of the GoodData Platform.						
Company's contractual status	Debtor		Please specify				
n) Measures taken to address conflicts of interest	The process for assessing any conflicts of interest in the transaction occurred complying with the following steps: (i) Detailing of the characteristics of the transaction by the area that recommends it, based on the criteria set forth in the Policy for Transactions with Related Parties; (ii) independent evaluation of the transaction by the Compliance and Legal areas, responsible for checking compliance with the requirements of the Policy and submitting it to the evaluation of the Statutory Audit Committee (CAE); (iii) Analysis and recommendation of the transaction by the CAE; and (iv) analysis and approval of the transaction by the Board of Directors. In addition, as set forth in the Policy, any person involved in the approval process who may have a potential private benefit or conflict of interest with the decision to be made shall declare him/herself unable, explaining his/her involvement in the transaction and refraining from taking part in the corresponding discussions and deliberations.						
o) Demonstration of the strictly commutative nature of the agreed conditions or the appropriate compensatory payment	The process went through the analysis of the Compliance and Legal areas, and all information was submitted to the assessment of the Statutory Audit Committee and the Board of Directors observing the process set forth in the policy, with the Distribution Agreement and the Licensing Agreement having been executed on a commutative basis and under market, arm's-length conditions.						

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Supplier Administradora de Cartões de Crédito S.A.	07/15/2020	373,557.44	-	373,557.44	Undetermined	No	0,0
Relationship with the issuer	Contract signed between the Company and Supplier Administradora de Cartões de Crédito S.A., where Supplier Administradora is part of the transaction involving the creation of the JV with Itaú. On July 31, 2023, after having complied with all applicable conditions precedent, the transaction was closed, and TOTVS and Itaú each held a 50% interest in the JV's capital stock, becoming a joint subsidiary.						
Subject matter of the agreement	Software service contracts (licenses, support and maintenance). Current contracts are readjusted annually according to the IPCA variation.						
Creditor or Debtor	Creditor						
Collaterals and insurance	N/A						
Termination or end	The parties may terminate the contract with 90 days' notice without applying penalties, or due to non-payment by the customer and non-provision of services/access by the Company.						
Nature and purpose of operation	N/A						
Company's contractual status	Creditor		Please specify				
n) Measures taken to address conflicts of interest	The process for evaluating possible conflicts of interest in the transaction occurred following the following steps: (i) Detailing the characteristics of the transaction by the proposing area, based on the criteria established in the Related Party Transactions Policy; (ii) independent evaluation of the transaction by the Compliance and Legal areas, responsible for verifying compliance with the Policy requirements and submitting it for evaluation by the Statutory Audit Committee (CAE); (iii) Analysis and recommendation of the transaction by the CAE; and (iv) analysis and approval of the transaction by the Board of Directors. Furthermore, as established in the Policy, any person involved in the approval process who may have a potential private benefit or conflict of interest with the decision to be taken declares themselves prevented, explaining their involvement in the transaction and refraining from participating in discussions and deliberations.						
o) Demonstration of the strictly commutative nature of the agreed conditions or the appropriate compensatory payment	The process was analyzed by the Compliance and Legal areas, and all information was submitted for evaluation by the Statutory Audit Committee and Board of Directors, following the activities established in policy. The transaction was signed on a commutative basis and within market values, also considering Supplier as a strategic partner within the development of the Techfin pillar.						

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Supplier Administradora de Cartões de Crédito S.A.	12/27/2021	187,500.00	-	187,500.00	24 months	No	0,0
Relationship with the issuer	Agreement entered into between the Company and Supplier Administradora de Cartões de Crédito S.A., where Supplier Administradora is part of the transaction involving the creation of the JV with Itaú. On July 31, 2023, after having complied with all applicable conditions precedent, the transaction was closed, and TOTVS and Itaú each held a 50% interest in the JV's capital stock, becoming a joint subsidiary.						
Subject matter of the agreement	Contract for TOTVS to act as guarantor of all SUPPLIER's obligations in the Contract for the Issuance of Supplier System Purchase Cards with BRASKEM						
Creditor or Debtor	Creditor						
Collaterals and insurance	N/A						
Termination or end	The contract may be terminated if: (i) if there is a request for dissolution by the Party or if it suffers any preparatory judicial measure or conviction that prevents the continuity of its commercial transactions in a normal manner, or that affects its assets and/or its irreparable goodwill; (ii) failure to comply with this Instrument by SUPPLIER; (iii) change in SUPPLIER's shareholding control that has not been previously and expressly authorized, except if it is between companies in the same economic group; (iv) immediately in the event of termination or termination for any reason of the Agreement with BRASKEM.						
Nature and purpose of operation	-						
Company's contractual status	Creditor		Please specify				
n) Measures taken to address conflicts of interest	The process for evaluating possible conflicts of interest in the transaction occurred following the following steps: (i) Detailing the characteristics of the transaction by the proposing area, based on the criteria established in the Related Party Transactions Policy; (ii) independent evaluation of the transaction by the Compliance and Legal areas, responsible for verifying compliance with the Policy requirements and submitting it for evaluation by the Statutory Audit Committee (CAE); (iii) Analysis and recommendation of the transaction by the CAE; and (iv) analysis and approval of the transaction by the Board of Directors. Furthermore, as established in the Policy, any person involved in the approval process who may have a potential private benefit or conflict of interest with the decision to be taken declares themselves prevented, explaining their involvement in the transaction and refraining from participating in discussions and deliberations.						
o) Demonstration of the strictly commutative nature of the agreed conditions or the appropriate compensatory payment	The process was analyzed by the Compliance and Legal areas, and all information was submitted for evaluation by the Statutory Audit Committee and Board of Directors, following the activities established in policy. The transaction was signed on a commutative basis and within market values, also considering Supplier as a strategic partner within the development of the Techfin pillar.						

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
VIP IV Empreendimentos e Participações Ltda.	06/01/2019	7,054,813.88	663,764.90	2,784,535.04	05/31/2024	No	0,0
Relationship with the issuer	Contract signed between the Company and VIP IV Empreendimentos e Participações Ltda. ("VIP IV"), held indirectly by Laércio José de Lucena Cosentino, holder of 39.47% of the capital of VIP IV						
Subject matter of the agreement	Commercial Lease Agreement for the property located at Av. Braz Leme, no. 1793, São Paulo/SP, for the rental of the Company's data center, with a built area of 422m² and the property located at Rua Sóror Angélica, no. 269, Casa Verde, São Paulo/SP, with a total built area of 1,722 m². The contract is readjusted annually according to the variation in the IGP-M in the period.						
Creditor or Debtor	Debtor						
Collaterals and insurance	N/A regarding warranty. The Company's obligation to take out fire insurance for properties, at the updated value of the property.						
Termination or end	In case of breach of contract, fine corresponding to the monthly value of three rentals						
Nature and purpose of operation	Lease of the Company's data center.						
Company's contractual status	Debtor		Please specify				
n) Measures taken to address conflicts of interest	The process for evaluating possible conflicts of interest in the transaction occurred following the following steps: (i) Detailing the characteristics of the transaction by the proposing area, based on the criteria established in the Related Party Transactions Policy; (ii) independent evaluation of the transaction by the Compliance and Legal areas, responsible for verifying compliance with the Policy requirements and submitting it for evaluation by the Statutory Audit Committee (CAE); (iii) Analysis and recommendation of the transaction by the CAE; and (iv) analysis and approval of the transaction by the Board of Directors. Furthermore, as established in the Policy, any person involved in the approval process who may have a potential private benefit or conflict of interest with the decision to be taken declares themselves prevented, explaining their involvement in the transaction and refraining from participating in discussions and deliberations.						
o) Demonstration of the strictly commutative nature of the agreed conditions or the appropriate compensatory payment	The process was analyzed by the Compliance and Legal areas, and all information was submitted for evaluation by the Statutory Audit Committee and Board of Directors, following the activities established in policy. The transaction was signed on a commutative basis and within market values, considering the total costs involved in comparison with quotations made with other market players.						

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Supplier Administradora de Cartões de Crédito S.A.	01/01/2021	847,394.88	-	847,394.88	Undetermined	No	0,0

Relationship with the issuer	Contract signed between the Company and Supplier Administradora de Cartões de Crédito S.A., where Supplier Administradora is part of the transaction involving the creation of the JV with Itaú. On July 31, 2023, after having complied with all applicable conditions precedent, the transaction was closed, and TOTVS and Itaú each held a 50% interest in the JV's capital stock, becoming a joint subsidiary.	
Subject matter of the agreement	Cost and expense sharing contract.	
Creditor or Debtor	Debtor	
Collaterals and insurance	N/A	
Termination or end	The parties may terminate the contract with 30 days' notice without penalty, or if they no longer belong to the same corporate group.	
Nature and purpose of operation	Selling products	
Company's contractual status	Creditor	Please specify
n) Measures taken to address conflicts of interest	The process for evaluating possible conflicts of interest in the transaction occurred following the following steps: (i) Detailing the characteristics of the transaction by the proposing area, based on the criteria established in the Related Party Transactions Policy; (ii) independent evaluation of the transaction by the Compliance and Legal areas, responsible for verifying compliance with the Policy requirements and submitting it for evaluation by the Statutory Audit Committee (CAE); (iii) Analysis and recommendation of the transaction by the CAE; and (iv) analysis and approval of the transaction by the Board of Directors. Furthermore, as established in the Policy, any person involved in the approval process who may have a potential private benefit or conflict of interest with the decision to be taken declares themselves prevented, explaining their involvement in the transaction and refraining from participating in discussions and deliberations.	
o) Demonstration of the strictly commutative nature of the agreed conditions or the appropriate compensatory payment	The process was analyzed by the Compliance and Legal areas, and all information was submitted for evaluation by the Statutory Audit Committee and Board of Directors, following the activities established in policy. The transaction was signed on a commutative basis and within market values, also considering the context of integration between the companies due to the acquisition of Supplier by TOTVS.	

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Supplier Administradora de Cartões de Crédito S.A.	12/22/2020	9,811,965.59	-	9,811,965.59	36 months with automatic renewal for an indefinite period	No	0,0
Relationship with the issuer	Contract signed between the Company and Supplier Administradora de Cartões de Crédito S.A., where Supplier Administradora is part of the transaction involving the creation of the JV with Itaú. On July 31, 2023, after having complied with all applicable conditions precedent, the transaction was closed, and TOTVS and Itaú each held a 50% interest in the JV's capital stock, becoming a joint subsidiary.						
Subject matter of the agreement	Contract for issuing purchasing cards using the Supplier system						
Creditor or Debtor	Debtor						
Collaterals and insurance	N/A						
Termination or end	The parties may terminate the contract with 90 days' written notice.						
Nature and purpose of operation	Anticipation of customer receivables through the Supplier systems purchase card.						
Company's contractual status	Debtor		Please specify				
n) Measures taken to address conflicts of interest	The process for evaluating possible conflicts of interest in the transaction occurred following the following steps: (i) Detailing the characteristics of the transaction by the proposing area, based on the criteria established in the Related Party Transactions Policy; (ii) independent evaluation of the transaction by the Compliance and Legal areas, responsible for verifying compliance with the Policy requirements and submitting it for evaluation by the Statutory Audit Committee (CAE); (iii) Analysis and recommendation of the transaction by the CAE; and (iv) analysis and approval of the transaction by the Board of Directors. Furthermore, as established in the Policy, any person involved in the approval process who may have a potential private benefit or conflict of interest with the decision to be taken declares themselves prevented, explaining their involvement in the transaction and refraining from participating in discussions and deliberations.						
o) Demonstration of the strictly commutative nature of the agreed conditions or the appropriate compensatory payment	The process was analyzed by the Compliance and Legal areas, and all information was submitted for evaluation by the Statutory Audit Committee and Board of Directors, following the activities established in policy. The transaction was signed on a commutative basis and within market values, also considering Supplier as a strategic partner within the development of the Techfin pillar.						

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Biosolvit Soluções em Biotecnologia S/A	12/28/2020	71,924.16	-	14,384.83	Undetermined	No	0,0

Relationship with the issuer	Contracts signed between Wealth System Informatica Ltda and Biosolvit Soluções em Biotecnologia S/A, where Laércio José de Lucena Cosentino indirectly owns 20.00% of Biosolvit's share capital through MCLC4 Participações epreendimentos Ltda	
Subject matter of the agreement	Software service contracts (TOTVS CRM MASTER and EXECUTIVE). The current contract for CRM MASTER is readjusted annually according to the variation of the IGP-M/FGV, while CRM EXECUTIVE is readjusted annually according to the positive variation of the IPCA/IBGE.	
Creditor or Debtor	Creditor	
Collaterals and insurance	N/A	
Termination or end	For CRM MASTER, either party may terminate the contract at any time without fine or compensation, if the other Party defaults on any of its obligations and does not remedy such default within 30 days of notification received to that effect. For CRM EXECUTIVE, the customer may terminate the contract upon 180 days' prior written notice. If the deadline is not respected by the client, the client will pay Wealth System the amount corresponding to 100% of the remaining amounts until the end of the notice period. If the Contracts are terminated due to infringement of TOTVS' intellectual property, the Customer will pay a fine equal to 6 times the monthly recurring amount due, without prejudice to the assessment of losses and damages.	
Nature and purpose of operation	Provision of software services	
Company's contractual status	Creditor	Please specify
n) Measures taken to address conflicts of interest	The transaction was submitted for approval to the competent commercial authorities in accordance with internal policies. The Compliance area is notified in advance and checks its related party controls for the existence of any conflict of interest involving the approvers, to ensure that there will be no approval by a person linked to the related party.	
o) Demonstration of the strictly commutative nature of the agreed conditions or the appropriate compensatory payment	The transaction followed the commercial criteria and rules adopted in a sale to an unrelated party, therefore observing market conditions.	

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
SHIPAY TECNOLOGIA S/A	02/26/2021	808,766.59	-	194,103.98	36 months	No	0,0

Relationship with the issuer	Contract signed between the Company and SHIPAY TECNOLOGIA S/A, where Laércio José de Lucena Cosentino indirectly owns 24.00% of the share capital through MCLC4 Participações empreendimentos Ltda	
Subject matter of the agreement	Partnership agreement between TOTVS S.A. and SHIPAY TECNOLOGIA S/A for the commercialization of the “TOTVS Digital Payment” solution.	
Creditor or Debtor	Debtor	
Collaterals and insurance	N/A	
Termination or end	The Parties may terminate the contract without reason, at any time, simply by informing the other Party 180 (one hundred and eighty) days in advance.	
Nature and purpose of operation	Partnership contract for software commercialization.	
Company's contractual status	Debtor	Please specify
n) Measures taken to address conflicts of interest	The process for evaluating possible conflicts of interest in the transaction occurred following the following steps: (i) Detailing the characteristics of the transaction by the proposing area, based on the criteria established in the Related Party Transactions Policy; (ii) independent evaluation of the transaction by the Compliance and Legal areas, responsible for verifying compliance with the Policy requirements and submitting it for evaluation by the Statutory Audit Committee (CAE); (iii) Analysis and recommendation of the transaction by the CAE; and (iv) analysis and approval of the transaction by the Board of Directors. Furthermore, as established in the Policy, any person involved in the approval process who may have a potential private benefit or conflict of interest with the decision to be taken declares themselves prevented, explaining their involvement in the transaction and refraining from participating in discussions and deliberations.	
o) Demonstration of the strictly commutative nature of the agreed conditions or the appropriate compensatory payment	The process was analyzed by the Compliance and Legal areas, and all information was submitted for evaluation by the Statutory Audit Committee and Board of Directors, following the activities established in policy. The Partnership Agreement was signed on a commutative basis and within market values according to the analyses.	

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Biosolvit Soluções em Biotecnologia S/A	12/28/2020	194,877.34	-	38,975.47	Undetermined	No	0,0
Relationship with the issuer	Contract signed between the Company and Biosolvit Soluções em Biotecnologia S/A, where Laércio José de Lucena Cosentino indirectly owns 20.00% of Biosolvit's share capital through MCLC4 Participações e Empreendimentos Ltda.						
Subject matter of the agreement	Software service contracts (licenses, support and maintenance) and cloud rental. Current contracts are adjusted annually according to the variation of the IGP-M/FGV or IPCA/IBGE.						
Creditor or Debtor	Creditor						
Collaterals and insurance	N/A						
Termination or end	The parties may terminate the contract with prior notice without applying penalties, or due to non-payment by the customer and non-provision of services/access by the Company. Cloud Hosting services may be canceled without cause, at any time, upon 90 (ninety) days prior written notice and payment, by the Customer to TOTVS, of a fine equivalent to 50% of the total remaining monthly payments until the end of the term. validity.						
Nature and purpose of operation	Provision of software services						
Company's contractual status	Creditor		Please specify				
n) Measures taken to address conflicts of interest	The transaction was submitted for approval to the competent commercial authorities in accordance with internal policies. The Compliance area is notified in advance and checks its related party controls for the existence of any conflict of interest involving the approvers, to ensure that there will be no approval by a person linked to the related party.						
o) Demonstration of the strictly commutative nature of the agreed conditions or the appropriate compensatory payment	The transaction followed the commercial criteria and rules adopted in a sale to an unrelated party, therefore observing market conditions.						

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Braincare Desenvolvimento e Inovação Tecnológica S.A.	08/14/2023	2,810.60	-	95.00	48 Months	No	0,0
Relationship with the issuer	Agreement entered into between the Company and Braincare Desenvolvimento e Inovação Tecnológica S.A., in which Laércio José de Lucena Cosentino indirectly holds 3.38% of Biosolvit's capital stock through MCLC4 Participações e Empreendimentos Ltda.						
Subject matter of the agreement	Software service agreements (licenses, support, and maintenance). The agreements in force are annually updated for inflation according to the IPCA/IBGE rate variation.						
Creditor or Debtor	Creditor						
Collaterals and insurance	N/A						
Termination or end	Termination of the contract without cause may occur at any time under the conditions of the employment agreement, and termination of the agreement for cause may take place if the opposing party defaults on any of the obligations set forth in the agreement that are not remedied within 45 days of the notice received and also in case of non-payment by the client for more than 30 days, in which case termination of the contract may occur even without a notice						
Nature and purpose of operation	Provision of software services						
Company's contractual status	Creditor		Please specify				
n) Measures taken to address conflicts of interest	The transaction was submitted for approval by the competent sales authorities under the provisions of the internal policies. The Compliance area is served a notice in advance and checks in its controls of related parties the existence of any conflict of interest involving the approvers to ensure that there will be no approval by a person connected to the related party.						
o) Demonstration of the strictly commutative nature of the agreed conditions or the appropriate compensatory payment	The transaction followed the commercial criteria and standards adopted in a sale to an unrelated party, thus observing arms'-length, market conditions.						

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
GHT4 - REAL ESTATE S.A.	07/19/2021	18,806.91	-	18,806.91	24/36 Months	No	0,0
Relationship with the issuer	Contract signed between the Company and GHT4 - REAL ESTATE S.A (formerly Inovalli Administração de Obras, Engenharia e Empreendimentos Imobiliários Ltda), where Laercio José de Lucena Cosentino directly owns 4% of the share capital and, indirectly, 96% through MCLC4 Participações e Empreendimentos Ltda. In January/2022 there was a request from the client to transfer the contract, where this proposal started to be invoiced to GHT4 EMPREENDIMENTOS SERVICOS E PARTICIPACOES S.A.						
Subject matter of the agreement	Software service contracts (licenses, support and maintenance) and cloud rental. Current contracts are readjusted annually according to the IGP-M variation.						
Creditor or Debtor	Creditor						
Collaterals and insurance	N/A						
Termination or end	The parties may terminate the contract with prior notice without applying penalties, or due to non-payment by the customer and non-provision of services/access by the Company.						
Nature and purpose of operation	N/A						
Company's contractual status	Creditor		Please specify				
n) Measures taken to address conflicts of interest	The transaction was submitted for approval to the competent commercial authorities in accordance with internal policies. The Compliance area is notified in advance and checks its related party controls for the existence of any conflict of interest involving the approvers, to ensure that there will be no approval by a person linked to the related party.						
o) Demonstration of the strictly commutative nature of the agreed conditions or the appropriate compensatory payment	The transaction followed the commercial criteria and rules adopted in a sale to an unrelated party, therefore observing market conditions.						

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
GTH4 EMPREEENDIMENTOS SERVICOS E PARTICIPACOES SA	07/19/2021	48,801.40	-	12,200.35	24/36 Months	No	0,0
Relationship with the issuer	Contract signed between the Company and GHT4 Empreendimentos Servicos e Participacoes S.A., where Laércio José de Lucena Cosentino holds 25.00% of the share capital.						
Subject matter of the agreement	Software service contracts (licenses, support and maintenance) and Cloud Computing service contracts. Current contracts are readjusted annually according to the positive variation in the IPCA/IBGE.						
Creditor or Debtor	Creditor						
Collaterals and insurance	N/A						
Termination or end	The parties may terminate the contract with prior notice without applying penalties, or due to non-payment by the customer and non-provision of services/access by the Company.						
Nature and purpose of operation	N/A						
Company's contractual status	Creditor		Please specify				
n) Measures taken to address conflicts of interest	The transaction was submitted for approval to the competent commercial authorities in accordance with internal policies. The Compliance area is notified in advance and checks its related party controls for the existence of any conflict of interest involving the approvers, to ensure that there will be no approval by a person linked to the related party.						
o) Demonstration of the strictly commutative nature of the agreed conditions or the appropriate compensatory payment	The transaction followed the commercial criteria and rules adopted in a sale to an unrelated party, therefore observing market conditions.						

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
BR-ME NEGOCIOS SA	01/28/2021	85,337.26	-	18,774.20	Undetermined	No	0,0
Relationship with the issuer	Contract signed between the Company and BR-ME Negócios SA, where Laércio José de Lucena Cosentino indirectly owns 22% of the share capital through MCLC4 Participações e Empreendimentos Ltda.						
Subject matter of the agreement	Software service contracts (TOTVS APP - Conector, Cloud and Totvs Transmite). The current Conector contract is readjusted annually according to the variation of the IGP-M/FGV and the Cloud and Totvs Transmite contracts are readjusted annually according to the positive variation of the IPCA/IBGE.						
Creditor or Debtor	Creditor						
Collaterals and insurance	N/A						
Termination or end	Automatic annual renewal, and the parties can terminate the contract with prior notice without applying penalties, or due to non-payment by the customer and non-provision of services/access by the Company. Cloud Hosting services may be canceled without cause, at any time, upon 90 (ninety) days prior written notice and payment, by the Customer to TOTVS, of a fine equivalent to 50% of the total remaining monthly payments until the end of the term. validity.						
Nature and purpose of operation	Provision of software services						
Company's contractual status	Creditor		Please specify				
n) Measures taken to address conflicts of interest	The transaction was submitted for approval to the competent commercial authorities in accordance with internal policies. The Compliance area is notified in advance and checks its related party controls for the existence of any conflict of interest involving the approvers, to ensure that there will be no approval by a person linked to the related party.						
o) Demonstration of the strictly commutative nature of the agreed conditions or the appropriate compensatory payment	The transaction followed the commercial criteria and rules adopted in a sale to an unrelated party, therefore observing market conditions.						

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
BR-ME NEGOCIOS SA	01/28/2021	34,746.32	-	7,644.19	Undetermined	No	0,0
Relationship with the issuer	Contract signed between VT COMERCIO DIGITAL SA and BR-ME Negócios SA, where Laércio José de Lucena Cosentino indirectly owns 22% of the share capital through MCLC4 Participações e Empreendimentos Ltda. The Company holds 50% of the share capital of VT COMERCIO DIGITAL S.A.						
Subject matter of the agreement	Software service contract (E-commerce Platform). The current contract is readjusted annually according to the IPCA/IBGE variation.						
Creditor or Debtor	Creditor						
Collaterals and insurance	N/A						
Termination or end	Automatic annual renewal, and the parties can terminate the contract with prior notice without applying penalties, or due to non-payment by the customer and non-provision of services/access by the Company.						
Nature and purpose of operation	Provision of software services						
Company's contractual status	Creditor		Please specify				
n) Measures taken to address conflicts of interest	The transaction was submitted for approval to the competent commercial authorities in accordance with internal policies. The Compliance area is notified in advance and checks its related party controls for the existence of any conflict of interest involving the approvers, to ensure that there will be no approval by a person linked to the related party.						
o) Demonstration of the strictly commutative nature of the agreed conditions or the appropriate compensatory payment	The transaction followed the commercial criteria and rules adopted in a sale to an unrelated party, therefore observing market conditions.						

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
TOTVS TECHFIN S.A.	08/01/2022	3,213,406.43	-	3,213,406.43	Undetermined	No	0,0
Relationship with the issuer	Agreement entered into between the Company and TOTVS TECHFIN S.A., in which TOTVS TECHFIN is part of the transaction involving the creation of the JV with Itaú. On July 31, 2023, after having complied with all applicable conditions precedent, the transaction was closed, and TOTVS and Itaú each held a 50% interest in the JV's capital stock, becoming a joint subsidiary.						
Subject matter of the agreement	Cost and expense sharing agreement						
Creditor or Debtor	Creditor						
Collaterals and insurance	N/A						
Termination or end	The parties may terminate the contract with 30 days' notice without penalty, or if they no longer belong to the same corporate group.						
Nature and purpose of operation	-						
Company's contractual status	Creditor		Please specify				
n) Measures taken to address conflicts of interest	The transaction was foreseen together with the other conditions of the agreement signed with Itaú for the creation of the TOTVS TECHFIN Joint Venture, with aspects related to potential conflicts of interest in the signing of the operation being observed.						
o) Demonstration of the strictly commutative nature of the agreed conditions or the appropriate compensatory payment	The base parameters for establishing the operational costs involved in providing services to TOTVS TECHFIN were observed.						

11.3 - Other relevant information

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

12.1 - General information on the capital stock

Date of authorization or approval	Capital amount (Reals)	Payment term	Number of common shares (Units)	Number of preferred shares (Units)	Total number of shares (Units)
Type of Capital	**Paid-Up Capital**				
November 6, 2024	2,962,584,687.27		599,401,581	0	599,401,581
Type of Capital	**Issued share capital**				
November 6, 2024	2,962,584,687.27		599,401,581	0	599,401,581
Type of Capital	**Subscribed Capital**				
November 6, 2024	2,962,584,687.27		599,401,581	0	599,401,581
Type of Capital	**Authorized Capital**				
April 20, 2021	4,000,000,000.00		599,401,581	0	599,401,581

12.2 - Foreign issuers - Rights and rules

Not applicable, considering that the Company is not a foreign issuer.

12.3 - Other securities issued in Brazil

Security	**Debentures**
Security details	5th Issue of Simple Debentures – TOTVS S.A.
Date of issue	Jul 19, 2024
Expiration date	Jul 19, 2031
Quantity (units)	1,500,000
Global par value (R$)	1,500,000,000.00
Outstanding debit balance	R$1,500,000,000.00
Circulation restrictions	No
Description of the restriction	N/A
Convertibility	No
Possibility of redemption and calculation of its amount	The Company may, at its sole discretion, as from July 19, 2024 (including this date) make an early redemption offer of all the Debentures, addressed to all Debenture Holders, without on one or more occasions distinction, assuring equality conditions to all the Debenture Holders to accept or not the redemption of their Debentures. The amount to be paid to the Debenture Holders within the scope of the Early Redemption Offer will be equivalent to the Unit Face Value or balance of the Unit Face Value of the Debentures subject to redemption, plus the Remuneration, calculated pro rata temporis, from the First Payment Date until the date of its effective payment, and from any prize offered by the Company. The Company's redeemed Debentures, as provided for in this Clause, will be mandatorily canceled.
Conditions for changing the rights guaranteed by such securities	There is no scheduled renegotiation of debentures.
Characteristics of values debt securities	Refers to the 5th (fifth) issue of simple, non-convertible, unsecured type, single-series, debentures, in the amount of R$ 1,500,000,000.00 (one billion and five hundred million reais), for public and restricted efforts distribution, pursuant to the Securities and Exchange Commission ("CVM") No. 160 of July 13, 2022, as amended ("Debentures", "Issuance" and "Instruction CVM 476", respectively) held on July 19, 2024, maturing on July 19, 2031, which the trustee being Oliveira Trust Distribuidora de Titulos e Valores Mobiliários S.A..
Other relevant features	See item 12.9 for information on interest rates, guarantees and hypotheses of early maturity

12.4 – Number of security holders

Securities	Individuals	Companies and organizations	Institutional Investors
Debentures	0	0	62

12.5 - Brazilian markets in which securities are admitted to trading

The Company's common shares are listed for trading in Brazil. Specifically, the Company's shares are traded on B3 – Brasil, Bolsa, Balcão, under the ticker code "TOTS3", in the category with the highest level of corporate governance, the so-called "Novo Mercado". The debentures issued by the Company are traded on the CETIP segment on B3, with the trading code TOTS14.

12.6 - Information on the class and type of security admitted to trading in foreign markets

Justification for not completing the table 12.6:

There are no securities admitted to trading on foreign markets.

12.7 - Securities issued abroad

Justification for not completing the table 12.7:

There are no securities issued abroad

12.8 - Allocation of resources from public offerings

2nd Issue of Debentures

(a) how the resources resulting from the offer were used

The funds raised with the 2nd public issue of debentures will be fully used for scheduled settlement of R$200,000 thousand corresponding to the 1st (first) issue of debentures by the Company, which will mature on September 15, 2020, and to get prepared to pay the amount of R$ 458,405 thousand for the acquisition of shares corresponding to 88.8% of the capital stock of SUPPLIER PARTICIPAÇÕES S.A.

(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

3rd Issue of Debentures

(a) how the resources resulting from the offer were used

The funds raised with the 3rd public issue of debentures will be fully used to achieve the Company's Strategic Plan and the Company's corporate purpose.

(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

4th Issue of Debentures

(a) how the resources resulting from the offer were used

The funds raised with the 4th public issue of debentures will be fully and exclusively used for the early redemption referring to the 3rd (third) issue of the Company's unsecured and single-series debentures.

(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

5th Issue of Debentures

(a) how the resources resulting from the offer were used

The funds raised with the 5th public issue of debentures will be fully and exclusively used for the early redemption referring to the 4th (fourth) issue of the Company's unsecured and single-series debentures.

(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

2021 Primary Public Offering with Restricted Placement Efforts

(a) how the resources resulting from the offer were used

The funds obtained within the scope of the public offering with restricted efforts to place common shares issued by the Company are intended to be used, especially, in potential acquisitions of companies that may contribute to the execution of the Company's strategy and construction of a ecosystem based in 3 dimensions (Management, Techfin and Business Performance), and any remaining net resources will be used to reinforce the Company's capital and to achieve its corporate purpose.

As of the date of this Reference Form, there is still no defined position on which companies will be acquired by the Company or how long such potential negotiations will take to be finalized.

The allocation of proceeds from the Offering will be influenced by the future conditions of the markets in which the Company operates, as well as by the investment opportunities identified by the Company, in addition to other factors that cannot be anticipated. As long as the investments described above are not made, in the regular course of the Company's business, the funds raised in the Offer may be invested in financial investments that the Company's management believes to be within its investment policy, aiming at the preservation of the capital and investments of the Company with a high liquidity profile, such as public debt securities and fixed income financial investments contracted or issued by prime financial institutions, which may include the Coordinators.

The allocation of funds described above is based on current analyses, estimates and perspectives on future events and trends. Changes in market conditions and the timing of the allocation of funds may oblige the Company to review the allocation of the Offer's net proceeds upon their effective use, aiming at the Company's best interest. The application of the funds raised with the Offer depend on several factors that the Company cannot guarantee will materialize, among which, the behavior of the market in which the Company operates, the ability to continue the regular activities of the Company, to develop new projects.

If the proceeds from the Offering are not sufficient to fund the Use of Resources described above, the Company may seek additional resources, including through financial institutions, by contracting loans or direct financing, carrying out an offer of representative bonds and securities of debt in the local and international markets or even through another public offering of shares issued by the Company. The way to obtain these funds will be defined by the Company at the time of the respective funding, depending on market conditions.

(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, since the resources were used according to the proposal.

12.9 - Other relevant information

5th issue of Debentures

Remuneration: On the Debentures Face Value per Unit or balance of the Face Value per Unit, as the case may be, remuneration interests corresponding to the accumulated variation of 100.00% (one hundred percent) of the daily average rates of DI - Interbank Deposits of one day, "over extra-group”, expressed as a percentage per year, based on 252 (two hundred and fifty-two) Business Days, calculated and published on a daily basis by B3 - Brasil, Bolsa, Balcão in the daily newsletter available on its website (http://www.b3.com.br), plus, exponentially, a spread of 0.95% (ninety-five hundredths percent) Business Days.

Guarantees: none.

Events triggering Automatic Early Maturity: the following events trigger an automatic Early Maturity of the obligations arising from the Indenture: (i) non-payment, by the Company, within the due date and in the manner set forth, of any pecuniary obligation owed to the Debenture Holders, which is not remedied within two (2) Business Days counted from the due date; (ii) decision rendered by a trial judge or court declaring the invalidity, nullity, or unenforceability of the Indenture; (iii) (a) declaration of bankruptcy of the Company and/or any of its subsidiaries representing 15% (fifteen percent) of the Company's consolidated net revenue, as verified by the Company's most recent financial statements; (b) motion for self-bankruptcy filed by the Company and/or its Relevant Subsidiaries; (c) motion for bankruptcy of the Company and/or its Relevant Subsidiaries filed by third parties not dismissed within the legal term, (d) motion for a in-court or out-of-court reorganization plan for the Company and/or its Relevant Subsidiaries, regardless of the granting of the corresponding motion; or (e) liquidation, dissolution, or extinction of the Company and/or its Relevant Subsidiaries, except if such liquidation, dissolution, or extinction results from an organizational restructuring involving the Relevant Subsidiaries of the Company under section (viii) below and that does not constitute an Early Maturity Event; (f) proposal, by the Issuer and/or any of its Relevant Subsidiaries, of mediation, conciliation, pursuant to article 20-B of the Bankruptcy Law or an out-of-court recovery plan to any creditor or class of creditors, regardless of whether judicial approval of said plan has been requested or obtained, or anticipatory measures for any of such procedures as provided for in paragraph 12 of article 6 of the Bankruptcy Law or, further, any similar process in another jurisdiction; (iv) transformation of the Company's type of business (structure) so that it ceases to be a corporation pursuant to articles 220 to 222 of the Brazilian Corporations Act; (v) any type of transfer or any type of assignment or promise of assignment by the Company to third parties, whether in whole or in part, of the obligations assumed, without the prior consent of the Debenture Holders; (vi) non-payment on the due date, subject to the applicable cure period, of any financial obligation of the Company in a unit or aggregate amount exceeding R$70,000,000 (seventy million Reals) or its equivalent in other currencies (and this amount must be updated monthly by the General Price-Market Index, so-callsed IGP-M) published by the Getulio Vargas Foundation from the Issue Date), which is a financial obligation arising from fundraising performed by the Company in the financial or sucirities market, whether in Brazil or abroad, unless the Company proves, within a maximum period of 5 (five) Business Days from the date of such non-payment, or until the end of the applicable cure period (if that period is longer than said period of 5 Business Days) that said non-payment: (i) has been cured by the Company, or (ii) had its effects suspended by any court or arbitration order; (vii) the proceeds from the Issue are allocated to a destination other than that provided for in the Indenture; (viii) spin-off, merger, or acquisition (only when the Company is bought and merged) or acquisition of shares or any form of organizational restructuring involving the Company that implies a change in the controlling structure (as defined in article 116 of the Brazilian Corporations Act), unless (a) the prior consent of the Debenture Holders has not been obtained; or (b) such operations involve the Company and the Company's Relevant Subsidiaries.

13.1 Identification of those responsible for FRE Content

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

13.1 - Statement from the Chief Executive Officer

STATEMENT

FOR THE PURPOSES OF SECTION 13.1. OF THE REFERENCE FORM

DENNIS HERSZKOWICZ, Brazilian citizen, married, with a background in advertising and marketing, bearer of the Brazilian identification document RG No. 20.310.061 SSP/SP, and with the Brazilian Tax Id. ("**CPF/MF**") under No. 165.783.068-38, in his capacity of Chief Executive Officer of TOTVS S.A., a corporation headquartered at Avenida Braz Leme, 1000, Casa Verde district, in the Capital City of Sao Paulo, State of Sao Paulo, CEP 02511-000 (Brazil), enrolled with the National Registry of Companies of the Ministry of Economy under the Tax Id. ("**CNPJ/MF**") No. 53.113.791/0001-22 (the "**Company**"), hereby state, pursuant to Exhibit C of CVM Resolution No. 80, of March 29, 2022, as amended ("**CVM Resolution No. 80**"), that: (i) he reviewed the reference form; (ii) all information provided in the form complies with the provisions of CVM Resolution 80, in particular arts. 15 to 20; and (iii) the information provided therein depicts truly, accurately, and completely the Company's activities and the risks inherent in its activities.

DENNIS HERSZKOWICZ

Diretor-Presidente

13.1 - Statement from the Investor Relations Officer

STATEMENT

FOR THE PURPOSES OF SECTION 13.1. OF THE REFERENCE FORM

GILSOMAR MAIA SEBASTIÃO, Brazilian citizen, married, bachelor of accounting, bearer of the Brazilian identification document (RG) No. 24.733.092-9 SSP/SP, and with Brazilian Tax Id. ("**CPF/MF**") under No. 174.189.288-04, in his capacity of Investor Relations Officer of TOTVS S.A., a corporation headquartered at Avenida Braz Leme, 1000, Casa Verde district, in the Capital City of Sao Paulo, State of Sao Paulo, CEP 02511-000 (Brazil), enrolled with the National Registry of Companies of the Ministry of Economy under the Tax Id. ("**CNPJ/MF**") No. 53.113.791/0001-22 (the "**Company**"), hereby state, pursuant to Exhibit C of CVM Resolution No. 80, of March 29, 2022, as amended ("**CVM Resolution No. 80**"), that: (i) he reviewed the reference form; (ii) all information provided in the form complies with the provisions of CVM Resolution 80, in particular arts. 15 to 20; and (iii) the information provided therein depicts truly, accurately, and completely the Company's activities and the risks inherent in its activities.

GILSOMAR MAIA SEBASTIÃO