

TOTVS S.A.

Condensed individual and consolidated Interim Financial Statements
as of and for the three and six-months periods ended June 30, 2022

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Consolidated Operating and Financial Performance

Consolidated Result (in R\$ thousand)	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
Net Revenue	914,571	702,431	30.2%	898,507	1.8%	1,813,078	1,367,073	32.6%
Management Revenue	838,996	678,854	23.6%	828,666	1.2%	1,667,662	1,339,119	24.5%
Business Performance Revenue	75,575	23,577	220.5%	69,841	8.2%	145,416	27,954	420.2%
Consolidated Contribution Margin	485,889	372,874	30.3%	483,920	0.4%	969,809	733,836	32.2%
Management Contribution Margin	449,345	360,853	24.5%	450,619	(0.3%)	899,964	720,316	24.9%
Biz Performance Contribution Margin	36,544	12,021	204.0%	33,301	9.7%	69,845	13,520	416.6%
% Consolidated Contribution Margin	53.1%	53.1%	0 bp	53.9%	-80 bp	53.5%	53.7%	-20 bp
% Management Contribution Margin	53.6%	53.2%	40 bp	54.4%	-80 bp	54.0%	53.8%	20 bp
% Biz Performance Contribution Margin	48.4%	51.0%	-260 bp	47.7%	70 bp	48.0%	48.4%	-40 bp
Sales and Marketing Expenses	(180,716)	(131,657)	37.3%	(176,650)	2.3%	(357,366)	(254,057)	40.7%
Adjusted G&A Expenses	(84,589)	(64,872)	30.4%	(88,817)	(4.8%)	(173,406)	(126,476)	37.1%
Equity Pickup	-	(564)	(100.0%)	7	(100.0%)	7	(564)	(101.2%)
Adjusted EBITDA	220,584	175,781	25.5%	218,460	1.0%	439,044	352,739	24.5%
Adjusted EBITDA Margin	24.1%	25.0%	-90 bp	24.3%	-20 bp	24.2%	25.8%	-160 bp

Net Revenue

Consolidated Net Revenue grew 30% in 2Q22 when compared with the same period of the previous year, being worth highlighting: (i) 27% growth in Recurring Management revenue, driven by a 37% growth in SaaS revenues; (ii) consolidation of RD Station as of June 2021 on the Business Performance dimension, which results in a 8.2% organic growth if compared to the first quarter of the year.

It is worth emphasizing that the consolidated net addition of ARR (Annualized Recurring Revenue) was again above R\$200 million, with a record-breaking contribution of adding Business Performance.

Adjusted EBITDA

Adjusted EBITDA closed the quarter at R\$221 million, overcoming the earning result in 1Q22, even without the record-braking positive effect of R\$36.6 million of revenue from the 1Q22 Corporate Model License increase versus and with a partial dilution of the almost 2.3 times greater impact of collective bargaining agreement in 1Q22, while the impact of the adjustment for inflation on revenue occurs more linearly. This Margin performance was mainly due to: (i) the increase of 70 basis points of the Business Performance Contribution Margin; and (ii) the reduction of Administrative and Other Expenses, which is a pace slower than that of the consolidated Net Revenue growth.

Management dimension results

The Management dimension is composed largely of the vision called until 1Q21 as "Technology Earnings", excluding the solutions that have become part of the Business Performance dimension and the new Techfin products.

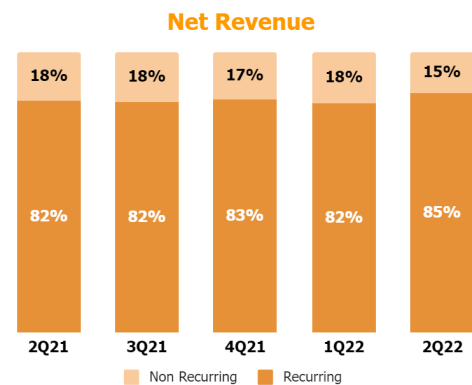
The earnings from the Management Dimension for this quarter reflect the incorporation of the Gesplan and Vadu numbers as of April.

Management Result (in R\$ thousand)	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
Net Revenue	838,996	678,854	23.6%	828,666	1.2%	1,667,662	1,339,119	24.5%
Recurring	713,401	559,861	27.4%	676,630	5.4%	1,390,031	1,094,292	27.0%
Non Recurring	125,595	118,993	5.5%	152,036	(17.4%)	277,631	244,827	13.4%
License	44,526	46,419	(4.1%)	80,751	(44.9%)	125,277	105,541	18.7%
Services	81,069	72,574	11.7%	71,285	13.7%	152,354	139,286	9.4%
Costs	(239,559)	(193,869)	23.6%	(231,257)	3.6%	(470,816)	(376,751)	25.0%
Gross Profit	599,437	484,985	23.6%	597,409	0.3%	1,196,846	962,368	24.4%
Gross Margin	71.4%	71.4%	0 bp	72.1%	-70 bp	71.8%	71.9%	-10 bp
Research and Development	(145,424)	(119,466)	21.7%	(140,126)	3.8%	(285,550)	(232,530)	22.8%
Provision for Expected Credit Losses	(4,668)	(4,666)	0.0%	(6,664)	(30.0%)	(11,332)	(9,522)	19.0%
Management Contribution Margin	449,345	360,853	24.5%	450,619	(0.3%)	899,964	720,316	24.9%
% Management Contribution Margin	53.6%	53.2%	40 bp	54.4%	-80 bp	54.0%	53.8%	20 bp

Net Revenue

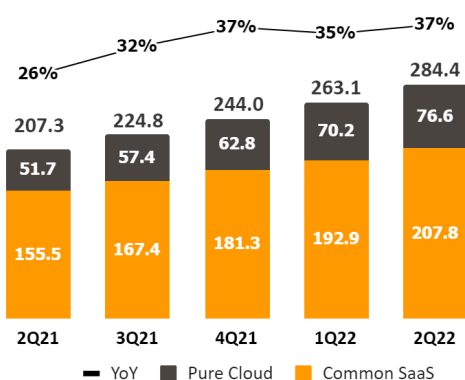
Net Revenue from Management grew 24% year-over-year in 2Q22, driven by the 27% growth in Recurring Revenue, especially in the Education, Construction, and Projects and Distribution segments. Recurring Revenue represented 85% of the Net Revenue from Management, which is the highest level of quarterly recurrence ever recorded in this dimension.

Compared with 1Q22, Net Revenue from Management grew 1.2%, even with a 45% seasonal reduction in revenues from Licenses in the period.



Recurring Revenue

Management SaaS Revenue (R\$ million)



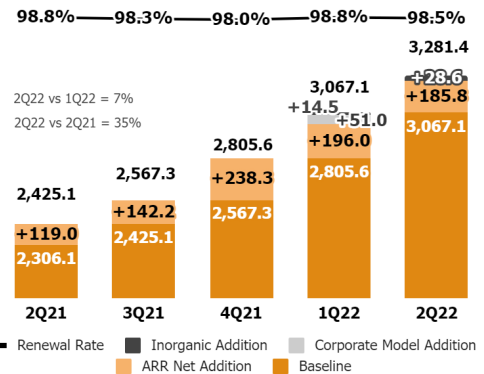
Recurring Revenue kept the pace of a 27% growth when compared with the same quarter of the previous year, and 5.4% quarter-over-quarter. This performance was due mainly to: (i) the increase in sales, especially SaaS, which will be addressed later; (ii) Pricing Power (capacity to adjust for inflation); (iii) the high renewal rate; and (iv) the consolidation of Gesplan and Vadu's earnings as of April 2022.

Revenue from SaaS Gestão, as noted in the previous graph, continued to accelerate and grew 37% in 2Q22, compared with 2Q21, because of the combination of the following elements: (i) 48% growth in Cloud; (ii) new SaaS signings, which grew 29%; (iii) contractual adjustments for the period; and (iv) maintenance of low churn levels.

As provided in the chart on the right, the Annualized Recurring Revenue (ARR) of Management reached R\$3.3 billion, which translates into a net addition of R\$214.3 million in the quarter, of which R\$28.6 million refers to the consolidation of Gesplan and Vadu, and R\$185.8 million of organic addition.

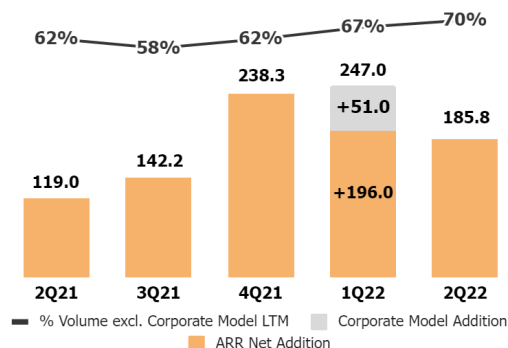
In the year-over-year comparison, the organic net addition of ARR in 2Q22 increased 56%, with emphasis on the growth in the Sales Volume ("signings"), which represented 72% of the gross addition of ARR, compared with 65% in 2Q21. The Price effect, due to the adjustment of contracts for inflation, represented 28% of the gross addition of the ARR, which means a reduction of 7 percentage points when compared with 1Q22.

ARR (R\$ million) and Renewal Rate



As shown in the chart, the Sales Volume line has been increasing its share in the gross addition of ARR. This behavior can be observed even excluding the effects of the Corporate model in 1Q21 and 1Q22, with the adjusted Volume growing from an LTM (last 12 months) level of 62% in 2Q21 to 67% in 1Q22, and 70% in 2Q22.

ARR Net Addition (R\$ million)



This effect shows that, even with the Price component returning to absolute levels similar to those observed in 2Q21, with a natural trend of reduction in the contribution due to the fall in inflation rates and the Renewal Rate having a slight reduction versus the record level of 1Q22, the growth in Volume allowed the Company to deliver a much higher Net Addition year-over-year. As already mentioned in previous quarters, the growth of the Sales Volume component reflects initiatives implemented by the Company that resulted in: (i) the increase in productivity and efficiency of

sales distribution; (ii) the improvement of quality and NPS; (iii) the increase in the portfolio; and (iv) the reduction in the total cost of ownership for clients.

In the quarter-over-quarter comparison, the organic net addition of ex-corporate ARR decreased by 5.2%, even with new progress in the volume of signings and with relative stability in the effect of the updating of contract prices, due to the natural fluctuation in the Renewal Rate. It is worth highlighting that this behavior had been already seen in previous periods and within the average level of the last 12 months, which did not change the trend of keeping high Renewal Rate levels seen in the comparison between 1H22 versus 1H21.

Non-Recurring Revenue

Non-Recurring Revenue increased 5.5% in 2Q22 when compared with 2Q21, mainly due to the seasonal growth of 11% in Service revenue.

In the quarter-over-quarter comparison, the 17% decrease is explained by the 44% drop on the License line, which had a positive impact of R\$36.6 million in the Corporate Model license increase in 1Q22. This seasonal effect was partially offset by the 14% growth in Service revenue, explained by the increase in service demand in the quarter, especially from larger clients and by the consolidation of Gesplan's Service revenue.

Gross Margin

The Gross Margin from Management reached 71.4% in the quarter, the same level of 2Q21, explained by the acceleration of 27% of Recurring Revenue year over year that offset the 23.6% growth of Costs, and the latter is still reflecting the percentage increase of approximately 2.3 times greater in inflationary indexes that affected costs from 1Q22 on, while the average of inflationary indexes that impact revenue remained at stable levels. Compared with the previous quarter, the 70 basis points decrease in Gross Margin is explained mainly by the drop in License revenue, as already mentioned in the previous section.

Research & Development

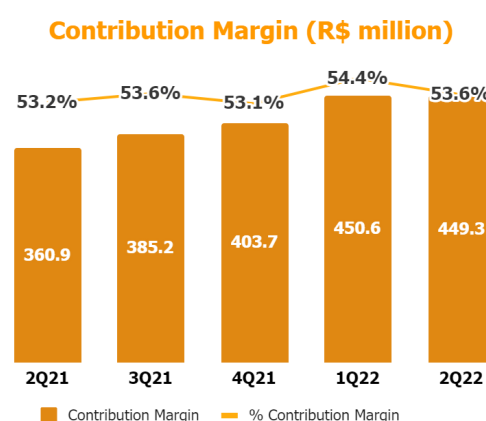
The share of Research and Development (R&D) expenses versus Recurring Revenue closed the quarter at 20.4%, which means 95 basis points below 2Q21 and 32 basis points below 1Q22. This lower share of R&D reflects the ability to dilute the collective bargaining agreement in Sao Paulo that affected entirely 1Q22, which is only just in the beginning, as well as the efficiency in the allocation of resources invested to modernize the portfolio and in increase product quality.

Provision for Expected Credit Losses

The Provision for Expected Credit Losses (formerly known as PCLD or PDD) represented 0.6% of Management Revenue in the quarter, compared with 0.7% in 2Q21 and 0.8% in 1Q22, which reflects the business model based on Recurring Revenue, combined with a pulverized, diversified, and more resilient client base than the average of companies in the market, as already mentioned in previous quarters.

Management Contribution Margin

The Management Contribution Margin reached R\$449 million in 2Q22, stable when compared with 1Q22, explained mainly by the continuous growth in Recurring Revenue, which offset the exit of the positive impact of the record-breaking seasonal increase of the Corporate Model in the previous quarter. If we disregard this increase in License Revenue from the corporate increase in 1Q22, the Management Contribution Margin on Net Revenue would grow 130 basis points, even with the only partial dilution of the record-breaking impact on earnings of collective bargaining agreement. Moreover, the percentage of the margin on Net Revenue from Management was 40 basis points above that of 2Q21, also because of the growth in Recurring Revenue in the period, combined with the discipline in managing costs and expenses.



Business Performance dimension results

The Business Performance dimension represents the portfolio of solutions focused on increasing clients' sales, competitiveness, and performance through digital marketing, sales/digital commerce, and CS solutions - clients' success.

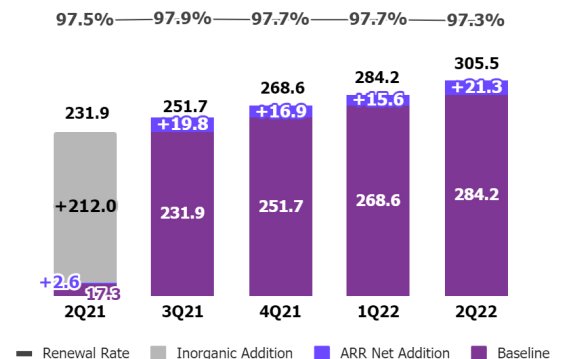
Biz Performance Result (in R\$ thousand)	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
Net Revenue	75,575	23,577	220.5%	69,841	8.2%	145,416	27,954	420.2%
Recurring	74,369	22,945	224.1%	68,932	7.9%	143,301	27,457	421.9%
Non Recurring	1,206	632	90.8%	909	32.7%	2,115	497	325.6%
Costs	(18,700)	(7,484)	149.9%	(18,541)	0.9%	(37,241)	(10,168)	266.3%
Gross Profit	56,875	16,093	253.4%	51,300	10.9%	108,175	17,786	508.2%
Gross Margin	75.3%	68.3%	700 bp	73.5%	180 bp	74.4%	63.6%	1080 bp
Research and Development	(19,140)	(3,930)	387.0%	(17,334)	10.4%	(36,474)	(3,930)	828.1%
Provision for Expected Credit Losses	(1,191)	(142)	738.7%	(665)	79.1%	(1,856)	(336)	452.4%
Biz Performance Contribution Margin	36,544	12,021	204.0%	33,301	9.7%	69,845	13,520	416.6%
% Biz Performance Contribution Margin	48.4%	51.0%	-260 bp	47.7%	70 bp	48.0%	48.4%	-40 bp

Net Revenue

Net Revenue from Business Performance grew 220% in 2Q22 versus 2Q21, driven by the 224% growth in Recurring Revenue, making this line reach 98% of this dimension's total revenue.

ARR from Business Performance grew 32% over 2Q21 and 7.5% over 1Q22, surpassing R\$300 million, as a result of a record-breaking Net Addition of ARR of R\$21.3 million, 37% above the Net Addition in 1Q22, as shown in the chart on the right. This significant increase in ARR net addition was made possible mainly by the sales acceleration observed throughout the quarter, with emphasis on the up-selling expansion of the Entry-Level product and CRM cross-selling in the RD Station customer base.

ARR (R\$ million) and Renewal Rate



Gross Margin

The Gross Margin from Business Performance ended the quarter at the historical level of 75.3%, 700 basis points higher than 2Q21 and 180 basis points higher than 1Q22, explained mainly by the investment in Cloud infrastructure optimization carried out by 1Q22, which resulted in better operational efficiency.

Research & Development

Research and Development (R&D) expenses went from 25% in 1Q22 to 26% in 2Q22, as a percentage of this dimension's Recurring Revenue. As explained in previous quarters, this growth is bound to investments in expanding the portfolio's scope and functional depth, such as the digital marketing platform, the CRM of RD Station, Cloud and other products aimed to increase more and more the competitive advantage and take advantage of the opportunity of a market with low penetration and high sensitivity to the volatility of the

economy; as previously commented, it is worth remembering that RD Station is a company focused on PLG (Product-Led Growth), which makes investments in R&D even more critical.

Provision for Expected Credit Losses

The Provision for expected credit losses (formerly known as PCLD or PDD) for Business Performance reached 1.6% of Net Revenue in 2Q22 and 1.3% of Net Revenue in 1H22, compared with 1.2% in 1H21. We do not see this fluctuation in the share of this provision in 2Q22 as a trend.

Business Performance Contribution Margin

The Business Performance Contribution Margin reached 48.4% in the quarter, 70 basis points higher than 1Q22, driven by the growth of 180 basis points in Gross Margin, without giving up on continuing investments in R&D. The Company views that, with the new scenario of inflation and higher interest rates, technology companies, particularly the youngest and fast-growing ones, are being demanded for better results and Business Performance's earnings show that TOTVS has always sought to balance growth and profitability.

Techfin dimension results

In accordance with CPC31 / IFRS5, the transaction involving the creation of the Joint Venture with Itaú meets the criteria of assets held for sale, as mentioned in note 4. Therefore, we present below the result of the Techfin Dimension disclosed in segregated lines in Company's income statement as of June 30, 2022 (See note 25).

The Techfin dimension aims to simplify, expand, and democratize TOTVS'S SMB clients' access to B2B financial services, comprising Supplier's business and new products. As previously mentioned, on April 12, 2022, the Company announced the creation of a Joint Venture with Itaú Unibanco S.A., called TOTVS Techfin, in which TOTVS and Itaú will each hold a 50% of interest, which is still in the process of approval by CADE (Brazilian Antitrust Agency) and BACEN (Central Bank of Brazil). This partnership aims to speed up the goals of this dimension, which is expected to foster not only small and medium-sized businesses but also the country's entire productive chain.

Techfin Results (in R\$ thousand)	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
Techfin Revenue	93,895	60,944	54.1%	82,632	13.6%	176,527	116,558	51.4%
Funding Cost	(42,020)	(17,285)	143.1%	(35,517)	18.3%	(77,537)	(30,641)	153.0%
Net Funding Revenue	51,875	43,659	18.8%	47,115	10.1%	98,990	85,917	15.2%
Operational Costs	(5,680)	(5,385)	5.5%	(5,895)	(3.6%)	(11,575)	(10,254)	12.9%
Gross Profit	46,195	38,274	20.7%	41,220	12.1%	87,415	75,663	15.5%
Research and Development	(6,180)	(5,823)	6.1%	(6,722)	(8.1%)	(12,902)	(10,322)	25.0%
Provision for Expected Credit Losses	(7,271)	(4,092)	77.7%	(10,227)	(28.9%)	(17,498)	(5,910)	196.1%
Techfin Contribution Margin	32,744	28,359	15.5%	24,271	34.9%	57,015	59,431	(4.1%)
% Techfin Contribution Margin	34.9%	46.5%	-1160 bp	29.4%	550 bp	32.3%	51.0%	-1870 bp

Techfin Net Revenue

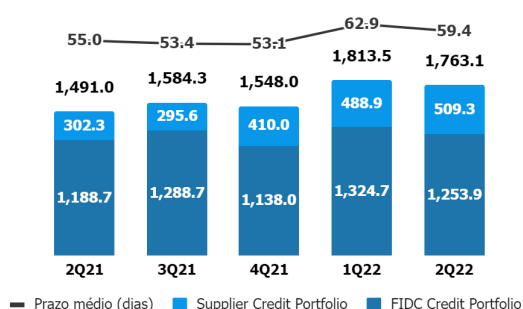
Revenue from Techfin grew 54% year-over-year in the quarter, mainly because of the 8.5% growth in Credit Production compared with 2Q21, and 16% growth in 1H22, besides the increase in the Selic rate in the period.

When compared with 1Q22, the 14% growth in Techfin's revenue is explained mainly by the following effects: (i) positive impact of the Selic rate increase; (ii) positive impact of the 3.3% increase in Credit Production; (iii) reduction of R\$7.8 million in

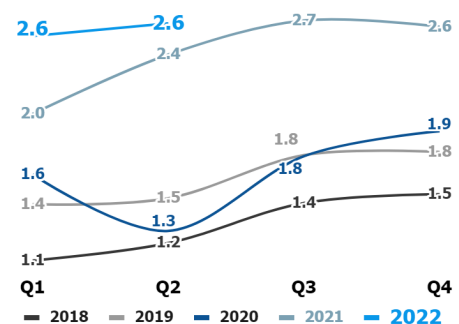
the negative impact related to the portfolio

assignment to FIDC fund; and (iv) negative impact of the approximately 4-day reduction in the average term of Credit Production.

Net Credit Portfolio (R\$ million)



Credit Production (R\$ billion)



As we can see in the chart above on the right, Techfin's Credit Production followed the historical behavior of 2Q18 and 2Q19, showing a slight growth in production in the first quarter of each year, which was not seen in 2020 due to the impact of the

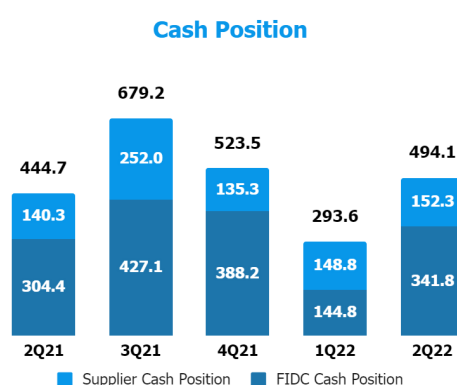
beginning of the pandemic or in 2021 because of the strong recovery of its impact. In addition, we went beyond the important figure of R\$10 billion in Credit Production in the last 12 months.

The Net Credit Portfolio of the Provision for expected credit losses, as observed in the graph on the left, a reduction of 2.8% in the quarter against the quarter analysis, due chiefly to the reduction of the average term of the portfolio from 62.9 to 59.4 days.

The share of the portfolio at Supplier, compared to the FIDC portfolio, closed the quarter at 29%, again aiming to optimize the use of FIDC'S Cash and Supplier's floating. It is noteworthy that the portfolio held at Supplier has the same profile as the credits assigned to the FIDC and, consequently, such portfolio does not mean an additional risk to the FIDC'S subordinate shares held by Supplier in view of its coverage for credit insurance.

Techfin Revenue - Net of Funding

Techfin revenue net of Funding grew 10% in the quarter when compared with 1Q22, driven by the 14% growth in Techfin Revenue already mentioned above. The 18% increase in the cost of Funding, as explained in previous periods, is related essentially to the mismatch between the effect of the Selic rate increases in the remuneration of FIDC shares, versus its effect on the loan portfolio, which in periods of a high Selic rate and growth in credit production generates a negative impact.



FIDC's Cash position closed the quarter at R\$342 million, as shown in the chart above, explained by the funding made by FIDC in June, aiming to recompose the redemptions of shares that took place during the quarter and, mainly, to face the seasonal and expected increase in credit production in Q3. It is worth highlighting, however, that the average cash for the period was R\$231 million, which means 13% below the average cash observed in 1Q22.

We emphasize again that the creation of the JV Techfin with Itaú Unibanco will bring benefits for funding, not only in the sense of availability but also in costs, flexibility, and, therefore, efficiency, thus reducing considerably any seasonalities and mismatches, enabling Techfin and Supplier to be more profitable and competitive.

Operating Costs

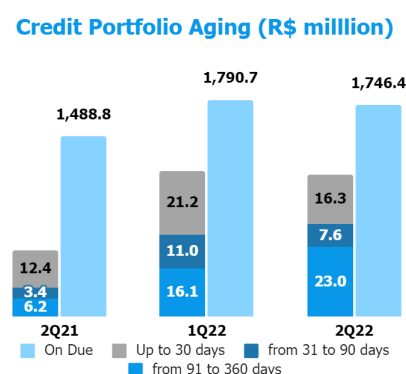
The 3.6% reduction in Operating Costs in the quarter, when compared with 1Q22, is due chiefly to the reduction in credit insurance premiums, which reflects the reduction in the total credit portfolio.

Research & Development

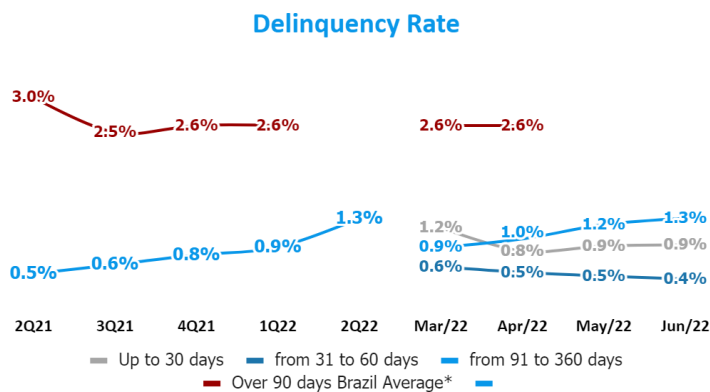
Research and Development (R&D) expenses had a quarter-over-quarter reduction due mainly to the punctual reduction in hiring temporary services combined with the reduction in the provision for bonuses and for the long-term incentive plan (ILP).

Provision for Expected Credit Losses

The Provision for expected credit losses dropped 29% between 2Q22 and 1Q22, from 0.40% of Credit Production to 0.27%. This significant reduction reflects mainly the 31% drop in the portfolio overdue from



31 to 90 days, and 23% in the portfolio overdue up to 30 days, which shows the effectiveness of the actions taken in 1Q22.



Moreover, we can see in the chart on the left the increase in Default above 90 days as a result of the aging of the initial bands above the average in 1Q22, but substantially below the average market level published by the Central Bank of Brazil.

Techfin Contribution Margin

Techfin's Contribution Margin ended the quarter at 34.9%, 550 basis points higher compared to 1Q22, explained mainly by: (i) the increase of 13.6% in Techfin's Revenue; (ii) the reduction in the Provision for Expected Credit Losses; and (iii) reduction in Operating Costs and R&D, as already previously mentioned. It is worth mentioning that this significant increase in the Contribution Margin reinforces that the performance of this line in the last quarter, as commented on the 1Q22 Earnings Release, was affected by several circumstantial effects in the period. The rapid recovery of the Contribution Margin proves the resilience of the model and Supplier's ability to adjust its operations to preserve the healthy history of credit losses, which is its most valuable asset.

Other Operating Expenses

In R\$ thousand	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
Sales and Marketing Expenses	(180,716)	(131,657)	37.3%	(176,650)	2.3%	(357,366)	(254,057)	40.7%
% of Net Total Revenue	19.8%	18.7%	110 bp	19.7%	10 bp	19.7%	18.6%	110 bp

In R\$ thousand	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
Adjusted G&A Expenses	(84,589)	(64,872)	30.4%	(88,817)	(4.8%)	(173,406)	(126,476)	37.1%
% of Net Total Revenue	9.2%	9.2%	0 bp	9.9%	-70 bp	9.6%	9.3%	30 bp
G&A Expenses	(70,657)	(61,134)	15.6%	(116,995)	(39.6%)	(187,652)	(124,710)	50.5%
General and Administrative Expenses	(84,860)	(68,206)	24.4%	(80,815)	5.0%	(165,675)	(124,077)	33.5%
Provision for Contingencies	(3,321)	(4,803)	(30.9%)	(10,935)	(69.6%)	(14,256)	(13,889)	2.6%
Other Net Revenues (Expenses)	17,524	11,875	47.6%	(25,245)	(169.4%)	(7,721)	13,256	(158.2%)
Extraordinary Items	(13,932)	(3,738)	272.7%	28,178	(149.4%)	14,246	(1,766)	(906.7%)
Earn-out Adjustment at Fair Value	1,158	(834)	(238.8%)	24,913	(95.4%)	26,071	(834)	<(999%)
Expenses with M&A Transactions	2,513	5,814	(56.8%)	3,265	(23.0%)	5,778	7,786	(25.8%)
Tax Credit	(17,603)	(8,718)	101.9%	-	-	(17,603)	(8,718)	101.9%
Equity Pickup	-	(564)	(100.0%)	7	(100.0%)	7	(564)	(101.2%)

Sales and Marketing Expenses

Sales and Marketing Expenses on Net Revenue closed the quarter at 19.8%, 10 basis points higher than the 1Q22, impacted by the Advertising and Marketing expenses, reflecting the 2022 TOTVS Universe event, moreover, there was a reduction in expenses with franchise commissions because of the decrease in Revenue from Licenses from the Management dimension, which was compensated for the additional investment in the Marketing line.

General and Administrative Expenses and Others

General and Administrative Expenses ("DGA"), net of the extraordinary impacts of expenses with M&A transactions, closed the quarter at 9.2% of Net Revenue, the same level of 2Q21, and 70 basis points higher than in 1Q22.

The line Other Net Operating Revenues was affected in 2Q22 mainly by R\$17.6 million of revenue from tax credits on the period.

Below EBITDA Results

Depreciation and Amortization Expenses

In R\$ thousand	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
Depreciation	(30,176)	(26,274)	14.9%	(30,511)	(1.1%)	(60,687)	(51,940)	16.8%
Amortization	(29,198)	(18,428)	58.4%	(28,445)	2.6%	(57,643)	(37,028)	55.7%
Depreciation and Amortization	(59,374)	(44,702)	32.8%	(58,956)	0.7%	(118,330)	(88,968)	33.0%

The Depreciation and Amortization lines had an increase of 0.7% over 1Q22, affected mainly by the increase of amortization of intangibles arising from the consolidation of Gesplan and Vadu.

Financial Result

In R\$ thousand	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
Financial Revenues	98,694	12,157	711.8%	77,850	26.8%	176,544	19,962	784.4%
Financial Expenses	(85,213)	(25,480)	234.4%	(78,552)	8.5%	(163,765)	(41,636)	293.3%
Financial Result	13,481	(13,323)	(201.2%)	(702)	<(999%)	12,779	(21,674)	(159.0%)

The positive effect of the Financial Result in the quarter, when compared with 1Q22, is explained mainly by the increase in Financial Revenue, especially the effect of R\$14.7 million from tax credits, additionally with an effect of increasing Financial Expenses, caused by interest on debentures.

Income Tax and Social Contribution

In R\$ thousand	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
EBT	188,623	121,494	55.3%	130,624	44.4%	319,247	243,863	30.9%
Taxes at combined rate (34%)	(64,132)	(41,307)	55.3%	(44,412)	44.4%	(108,544)	(82,912)	30.9%
Law 11,196/05 - R&D Incentive	5,977	5,421	10.3%	5,096	17.3%	11,073	9,863	12.3%
Interest on Equity	(1,171)	(239)	390.0%	-	-	(1,171)	(496)	136.1%
Effect of Different Taxation in Subsidiaries	(4,055)	(3,369)	20.4%	(3,121)	29.9%	(7,176)	(6,400)	12.1%
Management Bonus	(1,525)	(439)	247.4%	(1,017)	50.0%	(2,542)	(905)	180.9%
Government Subsidies	499	381	31.0%	739	(32.5%)	1,238	1,110	11.5%
Other	7,320	2,973	146.2%	5,939	23.3%	13,259	4,543	191.9%
Income Tax and Social Contribution	(57,087)	(36,579)	56.1%	(36,776)	55.2%	(93,863)	(75,197)	24.8%
Current Income Tax and Social Contribution	(43,068)	(26,858)	60.4%	(42,158)	2.2%	(85,226)	(74,122)	15.0%
Deferred Income Tax and Social Contribution	(14,019)	(9,721)	44.2%	5,382	(360.5%)	(8,637)	(1,075)	703.4%
% Current Effective Tax Rate	22.8%	22.1%	70 bp	32.3%	-950 bp	26.7%	30.4%	-370 bp
% Total Effective Tax Rate	30.3%	30.1%	20 bp	28.2%	210 bp	29.4%	30.8%	-140 bp

The Effective Rate of Income Tax and Social Contribution ended the quarter at 30.3%, 210 basis points higher than 1Q22. In the entire semester, the reduction of 140 basis points in the Effective Rate year-over-year is explained mainly by the impact arising from the payment of charges on the delivery of restricted shares (vested) to participants in the share-based long-term incentive plan (ILP).

EBITDA Reconciliation and Net Income

In R\$ thousand	2Q22	2Q21	Δ	1Q22	Δ	1H22	1H21	Δ
Consolidated Net Income	129,141	78,646	64.2%	84,977	52.0%	214,118	159,291	34.4%
<i>Net Margin</i>	<i>14.1%</i>	<i>11.2%</i>	<i>290 bp</i>	<i>9.5%</i>	<i>460 bp</i>	<i>11.8%</i>	<i>11.7%</i>	<i>10 bp</i>
Net Income (Loss) from Techfin Dimension	2,395	6,269	(61.8%)	8,871	(73.0%)	11,266	9,375	20.2%
Depreciation and Amortization	59,374	44,702	32.8%	58,956	0.7%	118,330	88,968	33.0%
Financial Result	(13,481)	13,323	(201.2%)	702	<(999%)	(12,779)	21,674	(159.0%)
Income Tax and Social Contribution	57,087	36,579	56.1%	36,776	55.2%	93,863	75,197	24.8%
EBITDA	234,516	179,519	30.6%	190,282	23.2%	424,798	354,505	19.8%
<i>EBITDA Margin</i>	<i>25.6%</i>	<i>25.6%</i>	<i>0 bp</i>	<i>21.2%</i>	<i>440 bp</i>	<i>23.4%</i>	<i>25.9%</i>	<i>-250 bp</i>
Extraordinary Items	(13,932)	(3,738)	272.7%	28,178	(149.4%)	14,246	(1,766)	(906.7%)
Earn-out Adjustment at Fair Value	1,158	(834)	(238.8%)	24,913	(95.4%)	26,071	(834)	<(999%)
Expenses with M&A Transactions	2,513	5,814	(56.8%)	3,265	(23.0%)	5,778	7,786	(25.8%)
Tax Credit	(17,603)	(8,718)	101.9%	-	-	(17,603)	(8,718)	101.9%
Adjusted EBITDA	220,584	175,781	25.5%	218,460	1.0%	439,044	352,739	24.5%
<i>Adjusted EBITDA Margin</i>	<i>24.1%</i>	<i>25.0%</i>	<i>-90 bp</i>	<i>24.3%</i>	<i>-20 bp</i>	<i>24.2%</i>	<i>25.8%</i>	<i>-160 bp</i>

(*) EBITDA and Adjusted EBITDA are separate non-accounting (unaudited) prepared by the Company and consist of Net Income for the year, plus income taxes, financial expenses net, financial income, discontinued operations and depreciation and amortization.

The non-financial data included in this report, such as ARR, churn, renewal rate, among others, are non-accounting measures and have not been examined by our independent auditors.



A free translation of the original report in Portuguese, as filed with the Brazilian Securities Commission (CVM), prepared in accordance with the Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting and the international standard IAS 34 - Interim Financial Reporting, as issued by international Accounting Standards Board - IASB.

Report on review of the interim financial information

To the Board Members and Shareholders of
TOTVS S.A.
São Paulo – SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of TOTVS S.A. ("Company"), contained in the Quarterly Information – ITR Form for the quarter ended June 30, 2022, comprising the balance sheet as of June 30, 2022 and related statements of income, of comprehensive income for the three and six-month periods then ended, of changes in shareholders' equity and of cash flows for the six-month period then ended, including the explanatory notes.

The Company's management is responsible for the preparation and fair presentation of these individual and consolidated interim financial information in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statement and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the Securities Commission, applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of the review

We conducted our review in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of the Quarterly Information - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of added value

The interim financial information referred to above includes the individual and consolidated of added value (DVA) for the six-month period ended June 30, 2022, prepared under responsibility of Company's management, and presented as supplementary information for IAS 34 purposes. These statements were submitted to review procedures carried out jointly with the audit of Company's quarterly information to form a

conclusion whether these statements are reconciled with interim financial information and book records, as applicable, and whether their forms and contents are in accordance with criteria defined in Technical Pronouncement CPC 09 – Statement of Added Value. Based on our review, we are not aware of any other event that make us believe that these statements of added value were not prepared, in all material respects, in accordance with individual and consolidated interim financial information taken as a whole.

São Paulo, August 01, 2022

KPMG Auditores Independentes Ltda.

CRC 2SP014428/O-6

Original report in Portuguese signed by

Wagner Petelin

Accountant CRC 1SP142133/O-7

TOTVS S.A.**Condensed Individual and Consolidated Statement of Financial Position**

(In thousands of reais)

Assets	Note	Individual		Consolidated		Liabilities and equity	Note	Individual		Consolidated	
		6/30/2022	12/31/2021	6/30/2022	12/31/2021			6/30/2022	12/31/2021	6/30/2022	12/31/2021
Current assets		2,673,972	2,152,589	6,075,250	5,486,233	Current liabilities		996,431	872,267	3,527,566	3,319,550
Cash and cash equivalents	6	1,591,479	1,743,262	2,567,054	2,871,072	Labor liabilities	16	225,246	173,233	353,390	289,289
Financial Investments	7	-	-	4,382	388,154	Trade and other payables		72,238	75,693	102,010	112,579
Escrow account	20	9,052	8,618	9,811	9,341	Taxes and contributions liabilities	17	53,988	45,842	90,197	96,790
Trade and other receivables	8	320,256	268,656	512,167	1,983,710	Commissions payable		51,285	46,792	62,330	59,635
Recoverable taxes	9	37,355	47,212	74,013	90,482	Dividends payable	23	1,191	80,153	1,191	80,153
Other assets	12	137,761	84,841	149,379	143,474	Loans, financing and lease liabilities	18	44,961	39,637	56,672	156,306
Assets from Techfin Dimension	4	578,069	-	2,758,444	-	Debentures	19	518,245	385,988	518,245	385,988
						Accounts payable from acquisition of subsidiaries	20	9,141	8,707	48,706	153,839
Non-current assets		4,314,601	4,707,594	4,143,359	4,458,792	Business partners payable		-	-	-	520,118
Escrow account	20	-	-	31,288	35,427	Senior shares and mezzanine obligations		-	-	-	1,372,726
Trade and other receivables	8	43,823	53,268	53,515	64,943	Other liabilities		20,136	16,222	114,450	92,127
Receivables from related parties	11	3,066	2,205	-	-	Liabilities related to the assets from Techfin Dimension	4	-	-	2,180,375	-
Investments at fair value	5.2	2,997	-	96,516	99,621			1,660,449	1,754,987	2,094,128	2,139,467
Deferred tax assets	10	61,464	62,729	101,145	144,622	Loans, financing and lease liabilities	18	152,408	142,910	177,793	179,308
Judicial deposits	21	28,782	25,951	32,129	29,658	Debentures	19	999,013	1,123,138	999,013	1,123,138
Recoverable taxes	9	-	-	17,752	-	Provision for contingencies	21	95,462	90,782	109,184	107,646
Other assets	12	69,286	83,098	73,645	90,335	Accounts payable from acquisition of subsidiaries	20	-	-	376,159	311,575
						Call option of non-controlling interests		381,001	366,194	381,001	366,194
Equity-accounted investees	13	3,317,021	3,730,332	2,943	3,075	Other liabilities		32,565	31,963	50,978	51,606
Property, plant and equipment	14	338,035	319,685	405,241	404,869						
Intangible assets and goodwill	15	450,127	430,326	3,329,185	3,586,242						
						Shareholders' equity	22	4,331,693	4,232,929	4,596,915	4,486,008
						Share Capital		2,962,585	2,962,585	2,962,585	2,962,585
						Capital reserves		856,005	864,868	856,005	864,868
						Treasury shares		(217,944)	(133,195)	(217,944)	(133,195)
						Profit Reserve		483,214	483,214	483,214	483,214
						Retained earnings		201,848	-	201,848	-
						Carrying value adjustments		45,985	55,457	45,985	55,457
						Non-controlling interests		-	-	265,222	253,079
Total assets		6,988,573	6,860,183	10,218,609	9,945,025	Total shareholders' equity and liabilities		6,988,573	6,860,183	10,218,609	9,945,025

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

(A free translation of the original in Portuguese)

TOTVS S.A.

Condensed Individual and Consolidated Statements of Profit or Loss

For the three and six-months ended June 30, 2022 and 2021

(In thousands of reais, except for earnings per share)

	Note	Individual				Consolidated			
		2Q22	6/30/2022	2Q21	6/30/2021	2Q22	6/30/2022	2Q21	6/30/2021
Software revenue		576,717	1,166,311	466,159	925,317	914,571	1,813,078	702,431	1,367,073
Net revenue	27	576,717	1,166,311	466,159	925,317	914,571	1,813,078	702,431	1,367,073
Cost of software	28	(182,234)	(361,958)	(156,128)	(304,974)	(277,486)	(546,798)	(219,247)	(422,679)
Gross profit		394,483	804,353	310,031	620,343	637,085	1,266,280	483,184	944,394
Operating income (expenses)									
Research and development expenses	28	(110,458)	(218,497)	(87,009)	(170,698)	(175,929)	(345,702)	(132,463)	(254,257)
Selling and marketing expenses	28	(136,962)	(276,693)	(104,783)	(208,707)	(194,333)	(385,613)	(141,801)	(274,551)
Administrative expenses	28	(66,520)	(138,984)	(69,334)	(131,970)	(109,205)	(220,783)	(85,416)	(162,744)
Other operating income (expenses)	28	1,809	(494)	7,880	10,043	17,524	(7,721)	11,875	13,256
Operating profit		82,352	169,685	56,785	119,011	175,142	306,461	135,379	266,098
Finance income	29	52,982	103,171	7,879	12,365	98,694	176,544	12,157	19,962
Finance expenses	29	(67,442)	(127,055)	(16,822)	(24,692)	(85,213)	(163,765)	(25,480)	(41,636)
Share of profit/ (loss) of equity-accounted investees	13	71,063	102,237	48,838	89,577	-	7	(564)	(564)
Profit before income and social contribution taxes		138,955	248,038	96,680	196,261	188,623	319,247	121,492	243,860
Income tax and social contribution - current		(8,772)	(33,659)	(5,004)	(32,573)	(43,068)	(85,226)	(26,858)	(74,122)
Income tax and social contribution - deferred		(5,395)	(1,265)	(6,764)	4,975	(14,019)	(8,637)	(9,722)	(1,075)
Total of Income tax and social contribution taxes	10	(14,167)	(34,924)	(11,768)	(27,598)	(57,087)	(93,863)	(36,580)	(75,197)
Profit from continuing operations		124,788	213,114	84,912	168,663	131,536	225,384	84,912	168,663
Loss from Techfin Dimension		(2,395)	(11,266)	(6,269)	(9,375)	(2,395)	(11,266)	(6,269)	(9,375)
Profit for the period		122,393	201,848	78,643	159,288	129,141	214,118	78,643	159,288
Profit attributable to owners of the Company		122,393	201,848	78,643	159,288	122,393	201,848	78,643	159,288
Profit attributable to non-controlling		-	-	-	-	6,748	12,270	-	-
Earnings per share									
Basic earnings per thousand shares (in Reais)	26	0.20141	0.33205	0.13836	0.28039	0.20141	0.33205	0.13836	0.28039
Diluted earnings per thousand shares (in Reais)	26	0.19833	0.32725	0.13647	0.27681	0.19833	0.32725	0.13647	0.27681

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

(A free translation of the original in Portuguese)

TOTVS S.A.

Condensed Individual and Consolidated Statements of Comprehensive Income

For the three and six-months ended June 30, 2022 and 2021

(In thousands of Reais)

	Individual				Consolidated			
	2Q22	6/30/2022	2Q21	6/30/2021	2Q22	6/30/2022	2Q21	6/30/2021
Profit for the period	122,393	201,848	78,643	159,288	129,141	214,118	78,643	159,288
Items that are or may be reclassified subsequently to profit or loss								
Foreign operations - foreign currency translation adjustments	8,545	(9,472)	(15,211)	(4,449)	8,545	(9,472)	(15,211)	(4,449)
Other comprehensive income	8,545	(9,472)	(15,211)	(4,449)	8,545	(9,472)	(15,211)	(4,449)
Total comprehensive income for the period, net of tax	130,938	192,376	63,432	154,839	137,686	204,646	63,432	154,839
Total comprehensive income attributable to:								
Owners of the Company	130,938	192,376	63,432	154,839	130,938	192,376	63,432	154,839
Non-controlling interests	-	-	-	-	6,748	12,270	-	-

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

TOTVS S.A.
Condensed Individual and Consolidated Statements of Changes in Shareholders' Equity
For the Six-months ended June 30, 2022 and 2021

(In thousands of reais)

	Capital Reserve						Profit reserve				Carrying value adjustments		Non-controlling interests	Total shareholders' equity
	Capital	Capital reserves, share options and treasury shares reserves	Treasury shares	Transaction between shareholders	Capital Reserve	Profit Reserve	Legal Reserve	Profit Reserve	Proposed dividends	Retained earnings	Other comprehensive income	Total Equity		
Balance at January 1, 2022	2,962,585	731,673	(133,195)	(24,323)	889,191	483,214	130,659	352,555	-	-	55,457	4,232,929	253,079	4,486,008
Capital transactions with shareholders	-	(93,612)	(84,749)	-	(8,863)	-	-	-	-	-	-	(93,612)	(127)	(93,739)
Share-based compensation plan	-	15,303	-	-	15,303	-	-	-	-	-	-	15,303	-	15,303
Disposal of treasury shares	-	-	24,218	-	(24,218)	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	(108,967)	(108,967)	-	-	-	-	-	-	-	-	(108,967)	-	(108,967)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(127)	(127)
Share issue expenses	-	(75)	-	-	(75)	-	-	-	-	-	-	(75)	-	(75)
Dilution of equity interest	-	127	-	-	127	-	-	-	-	-	-	127	-	127
Total comprehensive income	-	-	-	-	-	-	-	-	-	201,848	(9,472)	192,376	12,270	204,646
Profit for the period	-	-	-	-	-	-	-	-	-	201,848	-	201,848	12,270	214,118
Cumulative adjustment for currency exchange	-	-	-	-	-	-	-	-	-	-	(9,472)	(9,472)	-	(9,472)
Balance at June 30, 2022	2,962,585	638,061	(217,944)	(24,323)	880,328	483,214	130,659	352,555	-	201,848	45,985	4,331,693	265,222	4,596,915

	Capital Reserve						Profit reserve				Carrying value adjustments	Total Equity	Non-controlling interests	Total shareholders' equity
	Capital	Capital reserves, share options and treasury shares reserves	Treasury shares	Transaction between shareholders	Capital Reserve	Profit Reserve	Legal Reserve	Profit Reserve	Proposed dividends	Retained earnings	Other comprehensive income			
Balance at January 1, 2021	1,382,509	746,287	(148,537)	(24,323)	919,147	432,829	112,234	269,635	50,960	-	42,541	2,604,166		2,604,166
Capital transactions with shareholders	136,903	15,168	15,234	-	(66)	(187,863)	-	(136,903)	(50,960)	-	-	(35,792)	-	(35,792)
Capital increase	136,903	-	-	-	-	(136,903)	-	(136,903)	-	-	-	-	-	-
Share-based compensation plan	-	15,168	-	-	15,168	-	-	-	-	-	-	15,168	-	15,168
Disposal of treasury shares	-	-	15,234	-	(15,234)	-	-	-	-	-	-	-	-	-
Prior-year dividends	-	-	-	-	-	(50,960)	-	-	(50,960)	-	-	(50,960)	-	(50,960)
Total comprehensive income	-	-	-	-	-	-	-	-	-	159,288	(4,449)	154,839	-	154,839
Profit for the period	-	-	-	-	-	-	-	-	-	159,288	-	159,288	-	159,288
Cumulative adjustment for currency exchange	-	-	-	-	-	-	-	-	-	-	(4,449)	(4,449)	-	(4,449)
Balance at June 30, 2021	1,519,412	761,455	(133,303)	(24,323)	919,081	244,966	112,234	132,732	-	159,288	38,092	2,723,213	-	2,723,213

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

(A free translation of the original in Portuguese)

TOTVS S.A.
Condensed Individual and Consolidated Statement of Cash Flows
For the Six-months ended June 30, 2022 and 2021
(In thousands of Reais)

		Individual		Consolidated	
	Note	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Cash flow from operating activities					
Profit before income and social taxes for the period from continuing operations		248,038	196,261	319,247	243,860
Adjustments for:					
Depreciation and amortization	14/15	74,800	66,951	118,330	88,971
Share-based payments transactions	24	15,431	15,168	15,303	15,168
Losses (gain) on disposal of fixed assets and investments		(806)	512	(468)	16
Impairment loss on trade and other receivables	8	8,293	6,448	13,188	9,858
Share of profit/ (losses) of equity-accounted investees	13	(102,237)	(89,577)	(7)	564
Provision for contingencies, net of reversals	21	13,755	13,686	13,626	13,890
Reversal of provision net of additional provisions on other obligations and others		-	-	22,963	-
Interest and monetary variations and exchange variations differences, net		114,853	18,597	131,410	27,597
		372,127	228,046	633,592	399,924
Changes in operating assets and liabilities					
Trade and other receivables		(50,448)	(9,017)	(92,750)	(16,556)
Recoverable taxes		(16,315)	(7,062)	(48,108)	(5,399)
Judicial deposits		(1,998)	36	(2,060)	835
Other assets		(27,919)	(36,838)	(44,114)	(43,673)
Labor liabilities		70,718	44,179	95,741	48,313
Trade and other payables		(3,548)	(223)	(4,393)	(32,151)
Commissions payable		4,493	5,418	4,173	5,789
Taxes and contributions payable		6,511	(4,580)	(1,311)	(11,590)
Other liabilities		(7,697)	(20,501)	6,823	(20,114)
Cash generated from operating activities		345,924	199,458	547,593	325,378
Interest paid		(95,476)	(5,211)	(96,540)	(6,761)
Tax paid		(22,263)	(26,055)	(59,710)	(68,565)
Net cash from operating activities		228,185	168,192	391,343	250,052
Cash flow generated by/ (used) in investing activities					
Capital increase in subsidiaries/ associates	13.2	(112,457)	(1,698,812)	-	-
Dividends received		3,084	53,902	-	-
Acquisition of property, plant and equipment	14	(30,654)	(20,875)	(32,786)	(22,963)
Acquisition of intangible assets	15	(30,706)	(23,088)	(33,195)	(23,598)
Merged companies		-	730	-	-
Franchises loan		9,218	(21,162)	9,218	(21,162)
Acquisitions of subsidiaries, net of cash acquired		-	-	(97,536)	(1,705,030)
Payments from acquisitions of subsidiaries		-	-	(169,980)	(25,454)
Proceeds from sale of subsidiaries, net of cash		6,438	5,387	6,438	5,387
Proceeds from sale of property, plant and equipment		981	1,210	1,213	1,385
Financial investments		(3,490)	-	(7,683)	-
Cash generated by/ (used in) from Techfin Dimension		(11,350)	(7,206)	(148,435)	(198,624)
Net cash used in investing activities		(168,936)	(1,709,914)	(472,746)	(1,990,059)
Cash flow generated by/ (used in) financing activities					
Payment of principal of loans and financing		-	-	(6,740)	(828)
Payment of principal of lease liabilities		(22,166)	(20,407)	(27,870)	(22,996)
Proceeds from debentures, loans and financing		-	1,489,369	-	1,489,369
Share issue expenses		(75)	-	(75)	-
Receivables from related companies		(861)	(1,192)	-	-
Dividends and interest on shareholders' equity paid		(78,962)	(107,607)	(78,962)	(107,607)
Treasury shares, net		(108,968)	-	(108,968)	-
Net cash generated by/ (used in) financing activities		(211,032)	1,360,163	(222,615)	1,357,938
Net Increase (decrease) in cash and cash equivalents		(151,783)	(181,559)	(304,018)	(382,069)
Cash and cash equivalents at beginning of the period		1,743,262	527,955	2,871,072	1,027,733
Cash and cash equivalents at the end of the period		1,591,479	346,396	2,567,054	645,664

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

TOTVS S.A.**Condensed Individual and Consolidated Statements of Value Added****For the Six-months ended June 30, 2022 and 2021**

(In thousands of Reais)

	Individual		Consolidated	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021
1 – REVENUES	1,312,719	1,048,009	2,047,880	1,538,391
1.1 Sales of goods, products and services	1,316,115	1,044,306	2,036,011	1,534,283
1.2 Other revenue	4,897	10,151	25,057	13,966
1.3 Impairment loss on trade and other receivables (recording)	(8,293)	(6,448)	(13,188)	(9,858)
2 - RAW MATERIALS ACQUIRED FROM THIRD-PARTIES (includes ICMS and IPI taxes)	(404,318)	(317,674)	(573,525)	(386,320)
2.1 Cost of goods and services sold	(68,492)	(56,096)	(81,163)	(64,397)
2.2 Materials, energy, outsourced services and other	(324,560)	(252,203)	(481,096)	(312,548)
2.3 Other	(11,266)	(9,375)	(11,266)	(9,375)
3 - GROSS VALUE ADDED (1+2)	908,401	730,335	1,474,355	1,152,071
4 - DEPRECIATION AND AMORTIZATION	(74,800)	(66,951)	(118,330)	(88,971)
5 - NET VALUE ADDED PRODUCED BY THE ENTITY (3+4)	833,601	663,384	1,356,025	1,063,100
6 - VALUE ADDED RECEIVED THROUGH TRANSFERS	205,408	101,942	176,551	19,398
6.1 Share of profit/ (losses) of equity-accounted investees	102,237	89,577	7	(564)
6.2 Finance income	103,171	12,365	176,544	19,962
7 - TOTAL VALUE ADDED TO DISTRIBUTE (5+6)	1,039,009	765,326	1,532,576	1,082,498
8 - VALUE ADDED DISTRIBUTION	1,039,009	765,326	1,532,576	1,082,498
8.1 Personnel	502,730	415,077	795,971	604,290
8.1.1 Direct Compensation	422,165	348,400	671,762	508,779
8.1.2 Benefits	51,240	41,991	78,015	60,154
8.1.3 FGTS (Unemployment fund)	29,325	24,686	46,194	35,357
8.2 Taxes and contributions	205,780	165,493	356,740	276,136
8.2.1 Federal	170,826	137,315	303,284	234,333
8.2.2 State	48	(2)	1,123	1,033
8.2.3 Local	34,906	28,180	52,333	40,770
8.3 Interest and rent	128,651	25,468	165,747	42,784
8.3.1 Interest	127,055	24,692	163,765	41,636
8.3.2 Rents	1,596	776	1,982	1,148
8.4 Equity remuneration	201,848	159,288	214,118	159,288
8.4.3 Retained profit for the period	201,848	159,288	201,848	159,288
8.4.4 Non-controlling interest in retained profits	-	-	12,270	-

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

TOTVS S.A.

Notes to the Condensed Individual and Consolidated Interim Financial Statements

(In thousands of Reais, unless otherwise stated)

1. The Company and its operations

1.1 Reporting entity

TOTVS S.A. ("TOTVS", "Company" or "Individual") is a publicly held corporation headquartered at Av. Braz Leme, 1000, in the city and state of São Paulo, whose shares are traded on the Novo Mercado of B3 S.A. – Brasil, Bolsa, Balcão ("B3").

1.2 Operations

The Company's business purpose is to provide business solutions for companies of all sizes, through the development and sale of management software, productivity platforms, collaboration, and data intelligence, digital marketing as well as the provision of implementation, consulting, advisory, maintenance services, e-commerce and mobility. The solutions developed by the Company and its subsidiaries are segmented by the diverse economy industry, resulting in greater importance of these solutions for our clients' business.

The Company, through its subsidiary Supplier Participações S.A. ("Supplier"), provides financial services, issuance and credit card management business, including credit analysis and intermediation of financing requests in its businesses. Supplier holds subordinated quotas of a securitization fund known as Fundo de Investimento em Direitos Creditórios ("Supplier FIDC"), which purchases, sales and securitizes own or third-party credit rights. The investment in FIDC has been included in Company's condensed consolidated interim financial information. In according to material fact disclosed on April 12, 2022, the negotiation for the creation of a joint ventures between TOTVS and Itaú resulted in a classification of these assets as held for sale ("Dimension Techfin") according to CPC 31/ IFRS 5 (see note 4)

2. Basis of preparation and presentation of the interim financial information

2.1. Statement of compliance

The condensed individual and consolidated interim financial statements was prepared and is presented in accordance with the accounting practices adopted in Brazil, which comprise the rules issued by the Brazilian Securities and Exchange Commission (CVM), and Brazil's Financial Accounting Standards Board (CPC) pronouncements, guidance and interpretations, which are in conformity with the standards and procedures of the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). All significant information in the condensed individual and consolidated interim financial statements, and solely such information, is disclosed and corresponds to that used by the Management of the Company and its subsidiaries.

2.2. Basis of presentation

All amounts presented in this condensed individual and consolidated interim financial statements are expressed in thousands of reais, unless otherwise indicated.

TOTVS's condensed individual and consolidated Interim Financial Statements were approved at the Board of Directors' Meeting held on August 01, 2022, after a recommendation by the Audit Committee at a meeting held on July 29, 2022.

Significant accounting policies adopted in preparing this condensed individual and consolidated interim financial statements have been consistently applied to the previous periods presented.

Accounting judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events, considered reasonable under the circumstances, and are consistent with the information disclosed in note 3 of the financial statements of December 31, 2021.

This condensed individual and consolidated interim financial statements does not include all the requirements for annual or complete financial statements, and therefore should be read together with the complete financial statements of the Company and its subsidiaries for the year ended December 31, 2021.

2.3. Basis of preparation

The condensed individual and consolidated Interim financial statements were prepared using historical cost as base value, except for the valuation of certain assets and liabilities, such as business combinations and financial instruments, which were measured at fair value.

- I. **Condensed individual and consolidated interim financial statements:** The condensed individual and consolidated interim financial statements were prepared in accordance with CPC 21 (R1) and IAS 34, which are applicable to the preparation of interim financial information, and in a manner consistent with accounting practices adopted in Brazil, including the standards issued by the CVM and pronouncements of the Accounting Pronouncements Committee (CPC) and in accordance with the IFRS issued by the IASB.
- II. **Changes in accounting policies and disclosures:** There are no new standards, amendments and interpretations of standards issued as of January 1st, 2022 that, in Management's opinion, may have a significant impact on P&L or equity disclosed by the Company and its subsidiaries.

2.4. Consolidation basis

The condensed individual and consolidated interim financial statements include the operations of the Company and the following subsidiaries and associates whose percentages of the interests held by the Company at the reporting date are summarized below:

Corporate Names	Head office	Interest	Main activity	% Interest	
				6/30/2022	12/31/2021
Soluções em Software e Serviços TTS Ltda. ("TTS")	BRA	Direct	Software Operation	100.00%	100.00%
TOTVS Tecnologia em Software de Gestão Ltda. ("TOTVS Tecnologia")	BRA	Direct	Software Operation	100.00%	100.00%
TOTVS Hospitality Ltda. ("TOTVS Hospitality")	BRA	Direct	Software Operation	74.20%	74.20%
VT Comércio Digital S.A. ("VT Comércio")	BRA	Direct	Software Operation	50.00%	50.00%
TOTVS Argentina S.A. ("TOTVS Argentina")	ARG	Direct	Software Operation	100.00%	100.00%

TOTVS México S.A. ("TOTVS México")	MEX	Direct	Software Operation	100.00%	100.00%
TOTVS Incorporation ("TOTVS Inc.")	EUA	Direct	Software Operation	100.00%	100.00%
TOTVS Large Enterprise Tecnologia S.A. ("TOTVS Large")	BRA	Direct	Software Operation	100.00%	100.00%
Dimensa S.A. (former TFS Soluções em Software Ltda.) ("Dimensa")	BRA	Direct	Software Operation	62.50%	62.50%
CM Soluciones – Argentina ("CMNet Argentina")	ARG	Direct	Software Operation	100.00%	100.00%
TOTVS Serviços de Desenvolvimento e Consultoria em Tecnologia da Informação Ltda. ("Eleve")	BRA	Direct	Software Operation	100.00%	100.00%
TOTVS Techfin S.A. (former Katrina Participações S.A.) ("TOTVS Techfin")	BRA	Direct	Software Operation	100.00%	100.00%
Datasul S.A. de CV. ("Datasul México") (ii)	MEX	Direct	Software Operation	100.00%	100.00%
TOTVS Corporation ("TOTVS BVI") (ii)	BVI	Direct	Software Operation	100.00%	100.00%
Datasul Argentina S.A. ("Datasul Argentina") (ii)	ARG	Direct	Software Operation	100.00%	100.00%
TOTVS Renda Fixa Crédito Privado Fundo de Investimento em Cotas de Fundos de Investimento ("Fundo Restrito")	BRA	Direct	Restricted investment fund	100.00%	100.00%
CV Idexo Fundo de Investimento em Participações Multiestratégia Investimento no Exterior ("Fundo CV Idexo")	BRA	Direct	Participation Investment Fund	100.00%	100.00%
RD Gestão e Sistemas S.A. ("RD Station")	BRA	Indirect	Software Operation	92.04%	92.04%
TOTVS Reservas Ltda. ("TOTVS Reservas")	BRA	Indirect	Software Operation	100.00%	100.00%
CMNet Participações S.A. ("CMNet Participações")	BRA	Indirect	Holding - Participation in other companies	100.00%	100.00%
TOTVS Hospitality Technology Portugal Lda. ("CMNet Portugal")	PRT	Indirect	Software Operation	100.00%	100.00%
TOTVS Hospitality Chile ("TOTVS Chile") (former "CMNet Chile")	CHL	Indirect	Software Operation	100.00%	100.00%
RJ Participações S.A. ("RJ Participações")	BRA	Indirect	Holding - Participation in other companies	80.00%	80.00%
R.J. Consultores en Sistemas de Información S.C. ("RJ México")	MEX	Indirect	Software Operation	80.00%	80.00%
R.J. Consultores e Informática Ltda. ("RJ Consultores")	BRA	Indirect	Software Operation	80.00%	80.00%
Consinco S.A. ("Consinco") (i)	BRA	Indirect	Software Operation	-	100.00%
Wealth Systems Informática Ltda. ("WS")	BRA	Indirect	Software Operation	100.00%	100.00%
Supplier Participações S.A. ("Supplier") (iv) (v)	BRA	Indirect	Financial services and credit operations	100.00%	88.75%
Supplier Administradora de Cartão de Cartão de Crédito S.A. ("Supplier Administradora") (iv) (v)	BRA	Indirect	Financial services and credit operations	100.00%	88.75%
Tail Target Tecnologia de Informação Ltda. ("Tail")	BRA	Indirect	Software Operation	100.00%	100.00%
National Platform, LLC ("National Platform")	RUS	Indirect (Plug)	Software Operation	19.00%	19.00%
RD Station Colômbia SAS ("RD Colômbia")	COL	Indirect (Associate)	Software Operation	92.04%	92.04%
TOTVS Hospitality Ltda. ("TOTVS Hospitality")	BRA	Indirect	Software Operation	25.80%	25.80%
TOTVS Colômbia SAS ("TOTVS Colômbia")	COL	Indirect	Software Operation	100.00%	100.00%
DTS Consulting Partner, SA de CV ("Partner") (ii)	MEX	Indirect	Software Operation	100.00%	100.00%
Bematech Argentina S.A. ("Bematech Argentina") (ii)	ARG	Indirect	Software Operation	100.00%	100.00%
InovaMind Tech Ltda. ("InovaMind") (iii)	BRA	Indirect	Software Operation	100.00%	-
Mobile2you Ltda. ("Mobile2you") (iii)	BRA	Indirect	Software Operation	100.00%	-
Credit Core Tecnologia de Crédito Ltda. ("Vadu") (iii)	BRA	Indirect	Software Operation	100.00%	-
Gesplan S.A. ("Gesplan") (iii)	BRA	Indirect	Software Operation	100.00%	-
Wizco Sistemas Ltda. ("Wizco") (iii)	BRA	Indirect	Software Operation	100.00%	-
Cobu Consulting & Business Ltda. ("Cobu") (iii)	BRA	Indirect	Software Operation	100.00%	-
Cartão de compra Supplier Fundo de Investimento em Direitos Creditórios ("Supplier FIDC") (v)	BRA	Indirect	Financial services and credit operations	-	-

- (i) On February 28, 2022, the subsidiary Consinco S.A. was merged by the, also subsidiary, Soluções em Software e Serviços TTS Ltda. by the net assets of R\$45,029 in which were evaluated by experts which issued the evaluation report of the Shareholders' equity in the base date on December 31, 2021. The variations in the accounts occurred after the base date until the data of effective merger were absorbed by the subsidiary Soluções em Software e Serviços TTS Ltda.
- (ii) Dormant companies that will be closed.
- (iii) Company acquired in 2022 as mentioned in note 3.
- (iv) On March 30, 2022, the subsidiary TOTVS Tecnologia exercised the call option by the remaining interest from Supplier Participações in the amount of R\$51,576. The transaction provides the complementary payment (Earn-out) to be paid on March 31, 2026, whose fair value in the transaction date has generated a complementary provision of R\$24,913 recognized at "Accounts payable from acquisition of subsidiaries".
- (v) In according to material fact from April 12, 2022, the Board of Directors approved the creation of a Joint Venture with Itaú regarding Techfin Dimension operation which involves the companies from Supplier's group and presented in these interim financial information as "Techfin Dimension" as mentioned in the note 4.

All balances and transactions between subsidiaries were eliminated in the condensed consolidated financial statements. Comparing the consolidated profit or loss between 2022 and 2021, the acquisition dates of each subsidiary must be considered the acquisition date of each subsidiary. Thus, the financial information as of June 30, 2021 does not include the profit or loss of subsidiaries Inovamind, Mobile2you, Vadu and Gesplan which were included in the consolidated financial statements from the date of their respective acquisition. Investments in associates are accounted for under the equity method and are initially recognized at cost.

3. Business combination

The Company's acquisitions reinforce the software strategy to develop an ecosystem represented by three dimensions: (i) Management - ERP, HR and vertical solutions; (ii) Techfin - B2B credit, services and payments; and (iii) Business Performance - sales lead and marketing.

A. InovaMind

On March 7, 2022, the Company entered into a share sale and purchase agreement for the acquisition of quotas corresponding to 100% of the Share Capital from InovaMind Tech Ltda., through its subsidiary Dimensa S.A. The cash paid amount, including the price adjustment, was R\$15,446. In addition, the agreement provides the payment of variable complementary purchase price, subject to the achievement of certain performance targets established related to the years of 2022 and 2023 and and complying with other conditions.

InovaMind is an artificial intelligence startup which uses Big Data to create products and digital services for the companies of all sizes.

B. Mobile2you

On January 31, 2022, the Company entered into a share sale and purchase agreement for the acquisition of 100% of quotas of Share Capital from Mobile2you Ltda., through its subsidiary Dimensa S.A.. The cash paid amount, including the price adjustment was R\$17,316. In addition, the agreement provides the payment of complementary purchase price, subject to the achievement of certain performance targets established related to the years of 2022 and 2023 and the fulfillment of other conditions.

Mobile2you is a mobile-house responsible for developing tailor-made financial applications for companies that want to start the journey of entering the fintech market.

C. Vadu

On March 29, 2022, the Company celebrated a share sale and purchase agreement for the acquisition of 100% of quotas of Share Capital from Vadu Ltda., through its subsidiary Dimensa S.A.. The cash paid amount was R\$37,500. In addition, the agreement provides the payment of complementary purchase price, subject to the achievement of certain performance targets from Vadu and the fulfillment of other conditions.

Vadu is a platform for analysis, automation and monitoring solutions for the credit market, using Big Data integrated to artificial intelligence, the platform acts in all credit journeys.

D. Gesplan

On April 02, 2022, the Company celebrated a share sale and purchase agreement for the acquisition of 100% of shares of Share Capital from Gesplan S.A., by the subsidiary TOTVS Tecnologia em Software e Gestão Ltda.. The cash paid amount, including the price adjustment, was R\$32,423. In addition, the agreement provides the payment of complementary purchase price, subject to the achievement of certain performance targets established for Gesplan related to the years of 2022 and 2023 and the fulfillment of other conditions.

Gesplan provides planning and financial management solutions, which operates in a transactional environment of integrated way with ERPs, highlighting SaaS (Software as Service) and integrated management of treasury (Cash and Treasury Management) solutions.

Below is a summary of the fair value at the acquisition date of the transferred consideration after price adjustment.

<i>In thousands of reais</i>	Note	InovaMind	Mobile2you	Vadu	Gesplan	Total
Cash payment		15,136	17,484	37,500	30,249	100,369
Contingent consideration	20	4,276	21,182	24,997	14,260	64,715
Amount withheld	20	5,303	906	16,628	4,408	27,245
Price adjustment		310	(168)	-	2,174	2,316
Total consideration		25,025	39,404	79,125	51,091	194,645

<i>Acquisition cash flow analysis</i>	InovaMind	Mobile2you	Vadu	Gesplan	Total
Cash paid amount	15,446	17,316	37,500	32,423	102,685
Net cash acquired from subsidiary	(1,608)	-	(924)	(2,617)	(5,149)
Acquisition net cash flow	13,838	17,316	36,576	29,806	97,536

E. Identifiable intangible assets acquired and Goodwill

The following is the information related to identified assets acquired and preliminary liabilities assumed at fair value, goodwill and cost of the interest held that affected the condensed consolidated interim financial statements position as at June 30, 2022:

Preliminary fair value	InovaMind	Mobile2you	Vadu	Gesplan	TOTAL
<i>At acquisitions date</i>	<i>01/7/2022</i>	<i>01/31/2022</i>	<i>03/29/2022</i>	<i>04/2/2022</i>	
Current assets	2,648	609	1,814	7,133	12,204
Cash and cash equivalents	1,608	-	924	2,617	5,149
Trade and other receivables	133	394	874	2,199	3,600
Other current assets	907	215	16	2,317	3,455
Non-current assets	9,836	9,098	19,315	17,481	55,730
Property, plant and equipment	8	487	205	444	1,144
Software	6,144	7,421	9,742	11,773	35,080
Client portfolio	3,198	73	9,196	2,969	15,436
Trademark	-	-	-	1,162	1,162
Non-compete	486	1,117	-	616	2,219
Other non-current assets	-	-	172	517	689
Current liabilities	5,552	1,348	1,195	7,649	15,744
Labor liabilities	-	564	575	1,444	2,583
Other liabilities	5,552	784	620	6,205	13,161
Non-current liabilities	2	-	-	1,218	1,220
Net assets and liabilities	6,930	8,359	19,934	15,747	50,970
Cash payment	15,446	17,316	37,500	32,423	102,685
Short-term portion	2,108	7,404	10,506	4,591	24,609
Long-term portion (i)	7,471	14,684	31,119	14,077	67,351
Goodwill	18,095	31,045	59,191	35,344	143,675

(i) Long-term portions were recorded at present value at acquisition date.

The assets acquired and liabilities assumed at fair value presented above are preliminary. So, if new information obtained within a period of one year from the acquisition date about facts and circumstances that existed on the acquisition date and indicate adjustments in the amounts mentioned like: intangible assets, respective goodwill and assumed liabilities, or any provision that existed at the acquisition date, the acquisition accounting will be revised, as provided in CPC 15/ IFRS 3.

The goodwill of R\$143,675 comprises the value of future economic benefits of synergies arising from the acquisition and align with the Company's strategy and are allocated to the Management segment.

Contingent considerations were recorded at fair value on the acquisition date and are presented in note 20.

The acquired companies were included in the Management segment in line with the TOTVS group's strategy and contributed with a net consolidated revenue from services of R\$17,729 and net profit of R\$2,465 in the period ended June 30, 2022, after each acquisition date mentioned above. If the acquisition had taken place on January 01, 2022, the consolidated net revenue from services and sales would have been R\$15,510 and profit would have been R\$2,475.

The transaction cost involving the acquisitions of these companies as of June 30, 2022 was R\$3,077, recognized in profit or loss as administrative expenses.

4 Techfin Dimension

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

In this transaction, TOTVS and Itaú will hold, each one, 50% of interest in the JV. For purposes of development of activities from JV, TOTVS and Itaú will contribute with its respective expertises and will assume, in special, the following obligations:

(i) TOTVS should contribute with assets from its business dimension Techfin, including the totality shares of voting Share Capital from Supplier Administradora de Cartões de Crédito S.A. ("Supplier");

(ii) Itaú will be responsible to provide funding for the operations from JV, by the required deadline and volume and with its financial expertise, to contribute with the development of financial products from JV. Itaú will realize a primary contribution of R\$200,000 in the Share Capital from JV.

In addition, in the context of JV creation, Itaú commits to pay for TOTVS until R\$860,000 by the shares from JV, in which, R\$410,000 will be paid in cash, in the transaction closing date, and until R\$450,000 to be paid after 5 years, as complementary price (earn-out) through the accomplishment of targets align with the purposes of growing and performance from JV.

The closing of the operation depends of the approval from Conselho Administrativo de Defesa Econômica (CADE) and Banco Central do Brasil (BACEN), as well as the verification of other usual conditions for this type of operation, comprehending a societary reorganization with the contribution of certain assets and rights for the capital from JV, by TOTVS.

Dimension Techfin contemplates the business of financial services providing, as technology products related to financial services (Painel Financeiro, for example), partnerships (consignated credit, for example), products the which have high level of credit risk and/or the definition and/or application of credit policies (example the products "Supplier Card", "Antecipa" and "Mais Prazo"). In this segment are also consolidated the subordinated shares from FIDC, in which, Supplier gives the originated credits.

According to CPC 31/ IFS 5, the transaction involving the creation of the JV with Itaú meets the criteria of held for sale. Thus, we present following the assets and liabilities involved in the Techfin Dimension disclosed in segregated lines in the Statement of Financial Position and Statements of Profit or Loss from the Company on June 30, 2022:

ASSETS	Consolidated 6/30/2022	LIABILITIES	Consolidated 6/30/2022
Current assets	2,280,748	Current liabilities	2,176,153
Cash and cash equivalents	152,282	Labor liabilities	9,689
Financial Investments	341,837	Trade and other payables	7,665
Trade and other receivables	1,769,100	Taxes and contributions liabilities	11,049
Recoverable taxes	10,855	Commissions payable	2,695
Other assets	6,674	Dividends payable	820
		Loans, financing and lease liabilities	1,059
Non-current assets	477,696	Business partners payable	621,220
Deferred tax assets	45,452	Senior shares and mezzanine obligations	1,512,621
Judicial deposits	453	Other liabilities	9,335
Other assets	3,000	Non-current liabilities	4,222
Property, plant and equipment	5,558	Loans, financing and lease liabilities	2,188
Intangible assets and goodwill	423,233	Provision for contingencies	1,038
		Payables from related parties	482
		Other liabilities	514
Total assets Techfin Dimension	2,758,444	Total liabilities related to the assets from Techfin Dimension	2,180,375

	Consolidated			
	2Q22	6/30/2022	2Q21	6/30/2021
Net revenue	93,895	176,527	60,944	116,558
(-) Costs	(47,783)	(89,281)	(22,749)	(41,049)
Gross profit	46,112	87,246	38,195	75,509
Research and development expenses	(6,256)	(13,052)	(5,893)	(10,458)
Selling and marketing expenses	(14,996)	(33,010)	(10,874)	(19,548)
Administrative expenses (i)	(26,181)	(52,102)	(28,715)	(55,457)
Other operating income (expenses)	(59)	1,553	634	1,304
Loss before income and social contribution taxes	(1,380)	(9,365)	(6,653)	(8,650)
Finance results	(157)	(250)	(266)	(552)
Income tax and social contribution	(858)	(1,651)	650	(173)
Loss from Techfin Dimension (ii)	(2,395)	(11,266)	(6,269)	(9,375)

(i) It contemplates amortization of intangibles allocated in the Supplier's acquisition in the amount of R\$9,454 on 2Q22 (R\$14,543 on 2Q21) and R\$21,727 on June 30, 2022 (R\$29,085 on June 30, 2021);

(ii) The rubric "Loss from Techfin Dimension" in the table above is disclosed in only one line in the rubric "Net income from discontinued operations" in the Statements of Profit or Loss, as CPC 31/ IFRS 5 determine.

	Consolidated			
	2Q22	6/30/2022	2Q21	6/30/2021
Comprehensive income from Techfin Dimension				
Loss for the period	(2,395)	(11,266)	(6,269)	(9,375)
Comprehensive income for the period	(2,395)	(11,266)	(6,269)	(9,375)

Follow, the present the summary of the Statements of Cash Flow from Techfin Dimension:

	Consolidated	
	6/30/2022	6/30/2021
Operating activities	(6,000)	(216,153)
Investing activities	(92,783)	(263,801)
Financing activities	(49,652)	281,330
Net cash generated by/ (used) from Techfin Dimension	(148,435)	(198,624)

5 Financial instruments and sensitivity analysis of financial assets and liabilities

The Company and its subsidiaries evaluated their financial assets and liabilities based on market values using the information available and the appropriate valuation methodologies.

5.1 Financial instruments by category

The follow table compares the financial instruments of the Company and its subsidiaries by class, as presented in the condensed individual and consolidated interim financial statements:

	Fair Value through profit or loss		Amortized cost	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Consolidated				
Cash and cash equivalents (Note 6)	2,547,457	2,852,173	19,597	18,899
Financial investments (Note 7)	4,382	388,154	-	-
Escrow account (Note 20)	-	-	41,099	44,768
Trade and other receivables (Note 8)	-	-	565,682	2,048,653
Franchises loan (Note 12)	-	-	46,800	67,122
Receivables for investments sold (Note 12)	-	-	7,992	14,454
Investments at fair value (Note 5.2)	96,516	99,621	-	-
Financial Instruments assets	2,648,355	3,339,948	681,170	2,193,896
Loans and financing (Note 18) (i)	-	-	-	103,740
Debentures (Note 19)	-	-	1,517,258	1,509,126
Trade and other payables (ii)	-	-	165,531	252,367
Business partners payable	-	-	-	520,118
Accounts payable from acquisition of subsidiaries (Note 20)	331,687	420,557	93,178	44,857
Senior shares and mezzanine obligations	-	-	-	1,372,726
Call option of non-controlling interests (iii)	381,001	366,194	-	-
Other liabilities	-	-	8,632	13,579
Financial liabilities	712,688	786,751	1,784,599	3,816,513

(i) Leases are not included in accordance to CPC 06(R1).

(ii) Includes "Trade and other payables", "Commissions payable" and "dividends payable".

(iii) Represents the call option as a result of the transaction involving B3.

The fair value of financial assets and liabilities is included in the amount for which the instrument could be exchanged in a transaction between willing parties rather than in a forced sale or settlement. The methods and assumptions below were used to estimate fair value:

- Escrow accounts, trade and other receivables, trade and other payables and other short-term liabilities approximate their respective carrying amounts mainly due to the short-term maturities of these instruments.
- Financial assets at fair value not traded in an active market are estimated using a valuation technique, such as discounted cash flow or multiple revenues, considering the reasonableness of the range of values indicated thereby.
- Loans, financing and debentures are initially recognized at fair value, net of costs incurred in the transaction and are subsequently stated at amortized cost. The Company and its subsidiaries use the risk-free discounted cash flow methodology to calculate the fair value of loans, financing and debentures.
- Accounts payable from acquisition of subsidiaries, includes contingent payments relating to business combinations and their fair value is estimated based on the performance of operations applied to the multiples defined in the contract.
- Liabilities for obligations with senior and mezzanine shares refer to other Supplier FIDC shareholders and are stated at amortized cost.

The amounts recognized in the statement of financial position regarding trade and other receivables, trade and other accounts payables, franchises loan and other payables, dividends payable at amortized cost, do not significantly differ from their fair values.

5.2 Investments at fair value

We present, the composition of investments at fair value and respective balances on June 30, 2022 and December 31, 2021:

	Individual		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
CV Idexo Fundo de Investimento	2.997	-	2.997	-
GoodData	-	-	93.507	99.621
Other	-	-	12	-
Total	2.997	-	96.516	99.621

These investments are private companies which do not have a quoted market price in an active market. The fair value of these investments is measured by commonly used market valuation techniques, such as discounted cash flows or multiples, considering the reasonableness of the estimated range of values. The fair value measurement is the mid-point within the range that best represents the respective fair value. Additionally, these investments include an investment in GoodData in preferred shares, subject to preemptive right of subscription.

Follow the detail of each group:

a) CV Idexo Fundo de Investimento em Participações

On March 08, 2022 was constituted the CV Idexo Fundo de Investimento em Participações

Multiestatégia Investimento no Exterior, a Corporate Venture Capital (CVC), whose purpose is to invest in startups with high potential of growth and innovation. The Company majority shareholder from the Fund, in which will be managed by an independent manager.

b) GoodData

TOTVS' investments in startups are made within a medium-term strategy, with output planned for when the expected financial returns are achieved, and are recognized as financial instruments.

5.3 Sensitivity analysis of financial assets and liabilities

The financial instruments of the Company and its subsidiaries are represented by accounts and other receivables, trade and other payables, loans and financing and debentures, which are recorded at cost plus income or charges incurred or at fair value, where applicable, as at June 30, 2022 and December 31, 2021.

The main risks related to the Company's operations are linked to the variation of Brazilian Interbank Deposit Floating Rate (CDI).

a) Financial assets

In order to check the sensitivity of the index in the short-term investments to which the Company and its subsidiaries were exposed to risk in interest rate movement as of June 30, 2022, three different scenarios were defined. Based on projections disclosed by financial institutions, the average rate for CDI is 13.15% for the six-months period ended June 30, 2022, which was defined as a probable scenario (scenario I). Based thereon, variations of 25% (scenario II) and 50% (scenario III) were calculated.

For each of these scenarios the "gross finance income" was estimated, with taxes on investment returns not included. The reference date for the portfolio was June 30, 2022, with a one-year projection to check the sensitivity of CDI to each scenario.

Operation	Balances at 6/30/2022	Risk	Probable Scenario I	Scenario II	Scenario III
		Reduction			
Consolidated financial investments	2,551,839	CDI	13.15%	9.86%	6.58%
Estimated finance income			335,567	251,611	167,911

b) Financial liabilities

To evaluate the sensitivity of the indexes to which the Company and its subsidiaries are exposed when estimating the debts as at June 30, 2022, three different scenarios were created. Based on CDI rates in force at this date, the most probable scenario (scenario I) was determined for 2022 and, from this, variations of 25% (scenario II) and 50% (scenario III) were calculated.

For each scenario, the gross financial expense was calculated, without the related tax impacts and the maturity flow of each contract scheduled for 2022. The reference date used for the debts was June 30, 2022, projecting the rates for one year and checking their sensitivity in each scenario.

Operation	Balances at 6/30/2022	Risk	Probable Scenario I	Scenario II	Scenario III
		Increase	13.15%	16.44%	19.73%
Debentures (Note 19)	1,517,258	CDI	199,519	249,437	299,355
Estimated finance expense			199,519	249,437	299,355

5.4 Changes in liabilities from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were or will be classified in the condensed individual and consolidated statement of cash flows as cash flows from financing activities.

The following is a breakdown of liabilities arising from financing activities for the six-months period ended in June 30, 2022:

Consolidated	12/31/2021	Cash flow from financing activities		Non-cash items				6/30/2022
		Principal	Interest paid	Addition/ (Write off)	Interest incurred	Acquisition of subsidiary	Techfin Dimension (i)	
Loans and financing (Note 18)	103,740	(6,740)	(9)	-	-	6,749	(103,740)	-
Leases (Note 18)	231,874	(27,870)	(6,230)	34,923	5,522	-	(3,754)	234,465
Debentures (Note 19)	1,509,126	-	(90,301)	-	98,433	-	-	1,517,258
Dividends payable (Note 23)	80,153	(78,962)	-	-	-	-	-	1,191
Senior shares and mezzanine obligations	1,372,726	-	-	-	-	-	(1,372,726)	-
Total	3,297,619	(113,572)	(96,540)	34,923	103,955	6,749	(1,480,220)	1,752,914

(i) Liabilities related to Techfin operation were classified as Techfin Dimension as mentioned in the note 4.

5.5 Financial risk management

The main financial risks to which the Company and its subsidiaries are exposed when conducting their activities are:

a. Liquidity Risk

The Company's and its subsidiaries' liquidity and cash flow are monitored daily by Company Management areas to ensure the generation of cash from operating activities and early fundraising, whenever necessary. The Company and its subsidiaries do not observed until the present date and do not expect to have a significant impact on liquidity and cash flow resulting from the COVID-19 pandemic and reinforces its commitment to resource management in order to maintain its schedule of commitments, not giving rise to liquidity risks for the Company and its subsidiaries.

Typically, the Company and its subsidiaries ensure that it have sufficient cash at sight to cover expected operating expenses, including the compliance with financial obligations; which excludes the potential impact of extreme situations that cannot be reasonably foreseen, such as natural disasters. The Company and its subsidiaries have access to a sufficient variety of funding sources.

b. Credit risk

Credit risk is the risk that the counterparty in a deal will not fulfill an obligation set forth in a finance instrument or contract with a customer, which would cause a financial loss.

Regarding the credit risk associated with financial institutions, the Company and its subsidiaries distribute this exposure among financial institutions. Financial investments must be made in institutions whose risk rating is equal to or greater than the Sovereign Risk (Brazil Risk) assigned by the rating agencies Standard & Poor's, Moody's or Fitch and in the case of investment in investment funds, the referred classification will be replaced by the classification "Investment Grade", attributed by ANBIMA. The amount allocated to each institution, except federal government bonds, cannot exceed 30% of the total balances in current accounts plus financial investments, and also not correspond more than 5% of the equity of the financial institution.

The exposure of the Company and its subsidiaries to credit risk is also influenced also by the individual characteristics of each customer. The Company and its subsidiaries establish a credit policy whereby every new customer has its credit capacity individually analyzed prior to the standard payment terms and conditions.

For the trade and other receivables from software operation of the Company and its subsidiaries, have a very diversified customer portfolio with low concentration level and establish an estimate of the provision for losses that represents its estimate of losses incurred in relation to trade and other receivables. The main component of this allowance is specific and related to significant individual risks.

The risk assessment structure of the subsidiary Supplier's credit product portfolio is based on statistical methodologies of Application and Behavior Scoring, in addition to the use of risk mitigating instruments, such as credit insurance and intervention. In addition, the Supplier Administradora subsidiary seeks to prevent possible risks from the credit portfolio through the provision of monitoring reports, risk committee, actions to readjust credit limits, portfolio monitoring and improvements in the registration system. Potential credit losses are mitigated, when necessary, through the following guarantees: insurance, issuer's guarantees, as long as approved by the credit card committee. The assessment of the efficiency of these instruments is considered sufficient to cover any significant losses. It should be noted that portfolio turnover is fast with an average term of 58 days (55 days as of December 31, 2021), or when they are sold in the short term.

In addition, due to the COVID-19 pandemic, the Company and its subsidiaries closely monitor the behavior and active management of the default in its customer portfolio through policies related to the sale of services and software licenses. No significant impacts are expected, in addition the provision for losses presented in note 8.

c. Market risk

Interest rate and inflation risk: interest rate risk arises from the portion of the debt and financial investments related to CDI, which can adversely affect the finance income or expenses in the event of unfavorable changes in the interest rate and inflation.

The credit rights generated by the Credit Products - Supplier segment are short-term and, therefore, are not subject to interest rate variations.

Exchange rate risk: this risk arises from the possibility of losses due to currency rate fluctuations that could increase the liabilities resulting from loans and foreign currency purchase

commitments or that could reduce the assets resulting from trade and other receivables in foreign currency.

Certain subsidiaries have international operations and are exposed to exchange risk arising from exposures in some currencies, such as the U.S. dollar (USD), Argentinean peso (ARS), Mexican peso (MXN), Chilean peso (CLP) and Colombian peso (COP).

The Company and its subsidiaries ensure that its net exposure is maintained at an acceptable level in accordance with the policies and limits defined by Management and is monitoring the possible impacts of the COVID-19 pandemic and other economics and political factors in each of these companies. In the period ended in June 30, 2022, the balance of assets exceeds the negative balances exposed, as follows:

6/30/2022						
Company	Trade and other payables	Cash and cash equivalents	Trade and other receivables	Other assets (i)	Net exposure	Currency
RJ Consultores México	(32)	847	881	-	1,696	Peso (MXN)
CMNet Participações	(94)	252	125	-	283	Peso (CLP) and EUR
CMNet Argentina	(29)	654	231	-	856	ARS
TOTVS S.A.	(3,071)	-	-	-	(3,071)	USD
TOTVS Large	-	-	-	7,857	7,857	USD
TOTVS México	(1,599)	2,380	8,441	-	9,222	Peso (MXN)
TOTVS Argentina	(2,664)	5,694	13,932	-	16,962	Peso (ARS)
TOTVS Incorporation	(412)	960	603	93,507	94,658	USD
RD Colômbia	(42)	1,308	-	-	1,266	Peso (COP)
Total	(7,943)	12,095	24,213	101,364	129,729	

- (i) The amount of R\$7,046 refers to receivable for the hardware operation sold in 2019. The amount of R\$93,507 refers to financial investments of the Company as described in note 5.2.

d. Derivatives

The Company and its subsidiaries did not maintain financial derivative transactions in the reported periods.

5.6 Capital management

The Company's capital management is intended to ensure a strong credit rating with institutions and an optimal capital ratio in order to drive the Company's businesses and maximize value for shareholders.

The Company and its subsidiaries control its capital structure by adjusting and adapting to current economic conditions. To maintain this structure, the Company and its subsidiaries may pay dividends, repurchase shares, take out new loans, issue debentures and promissory notes.

The Company and its subsidiaries compose the net debt structure including loans, financing and debentures, and senior shares and mezzanine obligations from Supplier FIDC, less financial investments balance of Supplier FIDC, and cash and cash equivalents.

	Individual		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Loans, financing and lease liabilities (Note 18)	197,369	182,547	234,465	335,614
Debentures (Note 19)	1,517,258	1,509,126	1,517,258	1,509,126
Senior shares and Mezzanine obligations (i)	-	-	-	1,372,726
(-) Cash and cash equivalents (Note 6)	(1,591,479)	(1,743,262)	(2,567,054)	(2,871,072)
(-) Financial investments (Note 7) (i)	-	-	(4,382)	(388,154)
Net (cash) debt	123,148	(51,589)	(819,713)	(41,760)
Shareholders' equity	4,331,693	4,232,929	4,331,693	4,232,929
Non-controlling interests	-	-	265,222	253,079
Shareholders' equity and net debt	4,454,841	4,181,340	3,777,202	4,444,248

(i) The amounts at December 31, 2021, represent senior shares and mezzanine obligations, as well, financial investments in funds and national treasury bills for restricted use of Supplier FIDC and are not available to the Company and its subsidiaries that were classified as "Assets from Techfin dimension" as mentioned in the note 4.

6 Cash and cash equivalents

Cash and cash equivalents are maintained for meeting short-term cash requirements and for strategic investment or other purposes of the Company and its subsidiaries, and are redeemable within 90 days from the date of the respective transaction and subject to a minimal risk of change of value.

	Individual		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Cash and banks	3,268	352	19,597	18,899
Cash equivalents	1,588,211	1,742,910	2,547,457	2,852,173
Investment fund	1,588,211	1,653,990	2,515,298	2,594,683
CDB	-	88,920	30,715	252,359
Others	-	-	1,444	5,131
	1,591,479	1,743,262	2,567,054	2,871,072

The Company and its subsidiaries have financial investment policies, which establish that the investments focus on low risk securities and investments in top-tier financial institutions.

The Company and its subsidiaries concentrate its investments in an exclusive investment fund. The fund is composed of investment fund shares whose portfolio is made up of highly-liquid fixed-income assets. The eligible assets in the portfolio structure are mainly government debt securities, which present low credit risk and volatility. The investments of the Company and its subsidiaries are substantially remunerated by reference to the CDI variation, which averaged 103.8% of the CDI for the period ended in June 30, 2022 (111.2% as of December 31, 2021). Following is the breakdown of the exclusive investment fund portfolio:

	2022	2021
Itaú Wealth Master	37.51%	37.06%
Itaú Verso A	33.62%	33.91%
CP Diferenciado	23.40%	23.53%
Itaú RF CP Diferenciado IQ	5.47%	5.50%

7 Financial investments

The following amounts are referring to financial investments:

	Consolidated	
	6/30/2022	12/31/2021
Government bonds	-	9,539
Investment funds (i)	-	378,615
CDB	4,382	-
Total	4,382	388,154

(i) Investment funds shares pegged to DI.

The following amounts refer to the investment funds and financial government bonds redeemable on December 31, 2021 are exclusive for the use of Supplier FIDC, and on June 30, 2022, these assets were classified in the group of Techfin Dimension as mentioned in the note 4.

8 Trade and other receivables

Amounts of trade and other receivables in the domestic and foreign market are as follows:

	Individual		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Domestic market	417,349	380,541	627,945	553,940
Foreign market	1,138	1,167	12,568	11,962
Trade of domestic and foreign market	418,487	381,708	640,513	565,902
Credit rights (i)	-	-	-	1,641,861
Total trade and other receivables and credit rights	418,487	381,708	640,513	2,207,763
(-) Impairment loss on trade and other receivables	(54,408)	(59,784)	(74,831)	(159,110)
Total trade and other receivables	364,079	321,924	565,682	2,048,653
Current assets	320,256	268,656	512,167	1,983,710
Non-current assets (ii)	43,823	53,268	53,515	64,943

- (i) The credit rights belong to Supplier FIDC and refer to securities assigned arising from Supplier's credit purchases at partner establishments, and were classified as Techfin Dimension according to the mention in note 4.
- (ii) Long-term trade and other receivables refer basically to the sale of software license, software implementation and customization services, and are presented net of adjustment to present value.

Changes in the impairment loss on trade and other receivables are as follows:

	Individual		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Balance on December 31, 2021	59,784	57,097	159,110	136,245
Additional allowance	8,293	14,395	13,188	36,235
(Write-off) due to use	(13,678)	(11,708)	(21,921)	(15,462)
Acquisition of subsidiaries	-	-	158	2,092
Techfin Dimension	9	-	(75,704)	-
Balance on June 30, 2022	54,408	59,784	74,831	159,110

8.1 Aging list of domestic and foreign market

Aging list of amounts trade and other receivables at June 30, 2022 and December 31, 2021, are as follow:

	Individual		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Falling due	314,057	279,178	472,201	407,924
Unbilled	30,200	24,854	61,932	47,377
Overdue				
1 to 30 days	9,714	10,788	17,589	17,309
31 to 60 days	4,983	4,000	8,387	7,187
61 to 90 days	3,873	2,083	6,190	3,610
91 to 180 days	8,187	5,818	13,205	9,704
181 to 360 days	8,299	10,328	13,163	16,467
More than 360 days	39,174	44,659	47,846	56,324
Gross trade and other receivables	418,487	381,708	640,513	565,902
(-) Impairment loss on trade and other receivables (i)	(54,408)	(59,784)	(74,831)	(83,383)
Net trade and other receivables	364,079	321,924	565,682	482,519

(i) The impairment loss on trade and other receivables is net of the write-off due to loss recorded against trade and other receivables for R\$13,678 for Individual and R\$23,722 for consolidated.

Management believes that the risk related to software trade and other receivables in general is mitigated by the fact that the customer portfolio of the Company and its subsidiaries are diluted and also throughout various operating segments. In general, the Company and its subsidiaries do not require any guarantee on installment sales.

9 Recoverable taxes

The amounts of recoverable taxes for the periods ended on June 30, 2022 and December 31, 2021 are as follows:

	Individual		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Income tax to offset (i)	12,915	23,716	24,618	50,311
Social contribution tax to offset (i)	15,865	13,623	19,753	25,707
Other (ii)	8,575	9,873	47,394	14,464
	37,355	47,212	91,765	90,482
Current assets	37,355	47,212	74,013	90,482
Non-current assets	-	-	17,752	-

(i) Refers to withholding income and social contribution tax credits in the current year and income and social contribution tax credits to offset from previous years, as well as payments of estimated taxes in the current year.

(ii) Constitution of Social security credits with estimated realization in the short term.

10 Income taxes

Current and deferred income and social contribution taxes were recorded pursuant to the current rates in force. Deferred income and social contribution taxes are calculated on income and social contribution tax losses carryforwards, respectively, as well as temporary differences.

10.1 Reconciliation of income tax expenses

The reconciliation of expenses calculated by applying the Income and Social Contribution Tax rates is as follows:

	Individual		Consolidated	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Income before taxes	248,038	196,261	319,247	243,860
Income and social contribution taxes at combined nominal rate of 34%	(84,333)	(66,729)	(108,544)	(82,912)
Adjustments for the statement of effective rate				
Share of profit/ (losses) of equity-accounted investees	36,266	28,982	-	-
Law No. 11196/05 (Incentive for research and development)	6,623	5,467	11,073	9,863
Interest on shareholders' equity	-	-	(1,171)	(496)
Effect of subsidiaries subject to special rates	-	-	(7,176)	(6,400)
Participation of Administrators	(1,010)	(821)	(2,542)	(905)
Workers' Meal Program (PAT)	605	585	1,238	1,110
Other	6,925	4,918	13,259	4,543
Income and social contribution tax expense	(34,924)	(27,598)	(93,863)	(75,197)
Current income taxes	(33,659)	(32,573)	(85,226)	(74,122)
Deferred income taxes	(1,265)	4,975	(8,637)	(1,075)
Effective rate	14.1%	14.1%	29.4%	30.8%

10.2 Breakdown of deferred income taxes

	Individual		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Income tax losses	-	-	26,865	34,396
Deriving from temporary differences:				
Difference between tax and accounting bases of goodwill	2,291	4,184	13,250	16,135
Tax benefit from goodwill amortization	(107,177)	(104,927)	(168,389)	(163,635)
Intangible asset allocation	(1,702)	(2,471)	(7,520)	(8,727)
Intangible asset allocation – after Law No. 12973	24,109	22,954	39,565	67,172
Provision for commissions	19,430	18,129	22,334	21,544
Deferred income or revenues and/or to be invoice	8,057	12,422	12,312	19,585
Impairment loss on trade and other receivables	18,499	20,327	23,151	27,383
Provision for contingencies and other obligations	32,457	30,866	37,122	36,642
Provision for trade and other payables	16,781	14,947	20,596	19,617
Provision for share-based payments	25,517	25,950	28,103	28,912
Present value adjustment	1,088	890	19,731	13,256
Participation in profits and results	10,404	9,135	13,867	13,294
Other (i)	11,710	10,323	17,613	19,048
Net deferred income and social contribution taxes	61,464	62,729	98,600	144,622
Deferred tax assets	61,464	62,729	101,145	144,622
Deferred tax liabilities	-	-	2,545	-

(i) Contemplates deferred income and social taxes of temporary differences from leases.

Net deferred income taxes of the Company and its subsidiaries are presented net under non-current assets or non-current liabilities by legal entities.

Changes in deferred income taxes are as follows:

	Individual	Consolidated
Balance on December 31, 2021	62,729	144,622
Expense in statement of profit or loss	(1,265)	(8,637)
Techfin Dimension	-	(37,624)
Other	-	239
Balance on June 30, 2022	61,464	98,600

11 Related party balances and transactions

Related-parties transactions are carried out under conditions and prices established by the parties, and balances between the Individual and its subsidiaries are eliminated for purposes of consolidation.

11.1 Trade and other receivables and payables with subsidiaries and associates companies

The main balances of assets and liabilities on June 30, 2022 and December 31, 2021 and revenues and costs on June 30, 2022 and 2021 are presented:

Company	6/30/2022					12/31/2021			6/30/2021	
	Trade and other receivables	Other Assets (v)	Trade and other payables	Revenues	Costs	Trade and other receivables	Other Assets (v)	Trade and other payables	Revenues	Costs
TOTVS Large	19	-	-	71	-	-	-	-	28	-
Wealth Systems (i)	-	-	1	1,286	399	48	-	13	16	91
Supplier (ii)	-	482	93	985	2,885	-	265	195	75	563
Consinco (iii)	-	-	-	-	-	-	197	-	-	-
Tail	9	-	-	156	291	-	-	-	-	-
Dimensa (iv)	13	1,979	402	3,910	3,619	-	1,743	-	-	-
RD Station	7	-	-	345	-	-	-	-	-	-
Gesplan	-	-	16	-	96	-	-	-	-	-
Vadu	-	-	-	-	32	-	-	-	-	-
Hospitality	-	605	-	-	-	-	-	-	-	-
Total	48	3,066	512	6,753	7,322	48	2,205	208	119	654

- (i) Refers to partnership contract between Wealth Systems and TOTVS for the sale of CRM ("Customer Relationship Management") solutions.
- (ii) Refers to partnership contract between Supplier and TOTVS for the sale of Techfin solutions, software licenses and contract of sharing costs and expenses.
- (iii) Merged company according to note 2.4.
- (iv) Refers to contract of sharing costs and expenses and contract of partnership for commercialization of solutions from Dimensa.
- (v) Refers to share-based compensation plans.

11.2 Transactions or relationships with shareholders and key Management personnel

The Company maintains property lease agreements with companies, in which some of the shareholders are key management members and also hold TOTVS shares, directly or indirectly. The amount paid as lease and condominium fees to related parties recognized for the six-months period ended June 30, 2022 was R\$702 (R\$635 as of June 30, 2021). All lease agreements with related parties are subject to adjustments by reference to the IGP-M inflation rate, every 12 months.

The Company has software license agreements and commercial partnership with GoodData, which on June 30, 2022 represented the amount of R\$3,797 (R\$3,756 as of June 30, 2021). Through its subsidiary TOTVS Inc., the Company holds a minority interest in the GoodData capital, as well as a representative on the board. This investment was classified at fair value through profit or loss according to note 5.2.

The Company focuses its strategic social investment on the Instituto da Oportunidade Social (IOS), being the main sponsor of the Institute. Also, the Institute has the support of other partner companies and government partnerships. The amount of sponsorship in the six-months period ended June 30, 2022 was R\$3,631 (R\$3,848 as of June 30, 2021), all of which with monetary resources.

Some of the Company's shareholders and key management personnel directly or indirectly hold 14.28% of the Company's shares as of June 30, 2022 (14.29% as of December 31, 2021). The indirect interest is held through LC-EH Empreendimentos e Participações S.A.

The Company and its subsidiaries also incurred small income during the period with related parties, where the total amount was R\$107.

11.3 Key management personal compensation

Expenses related to the Company's managing and statutory officers' compensation are summarized as follows:

	Individual and Consolidated	
	6/30/2022	6/30/2021
Management compensation		
Salaries, fees and payroll charges	6,582	6,153
Direct and Indirect benefits (i)	710	1,181
Variable bonus	2,679	2,414
Share-based payments	14,447	10,594
Total	24,418	20,342

(i) Includes depreciation expense for vehicles on loan by some Management members.

12 Other assets

Breakdown of other assets at June 30, 2022 and December 31, 2021 is follows:

	Individual		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Prepaid expenses (i)	83,417	78,800	91,759	87,845
Franchises loan (ii)	46,695	67,022	46,800	67,122
Advances to employees (iii)	37,287	14,355	54,862	21,430
Advances to suppliers	1,096	817	10,216	4,520
Negotiation and intermediation – Supplier FIDC (iv)	-	-	-	32,694
Dividends to receive	37,464	-	9,926	-
Receivables from investments disposed of (v)	135	6,084	7,992	14,454
Other assets	953	861	1,469	5,744
Total	207,047	167,939	223,024	233,809
Current assets	137,761	84,841	149,379	143,474
Non-current assets	69,286	83,098	73,645	90,335

- (i) Includes the amounts of taxes paid and renewals of contracts with suppliers referring to expenses that will be incurred during next years;
- (ii) Most franchise loans are adjusted monthly by Interbank Deposit Certificate (CDI) or Extended National Consumer Price Index (IPCA);
- (iii) 13th monthly salary advance, paid on June 30, 2022;
- (iv) Variation by the turnover of the advance transfer for Supplier FIDC. This liability was classified as part of assets Techfin Dimension as mentioned in the note 4;
- (v) Includes amounts receivable for the sale of hardware operation in 2019.

13 Equity-accounted investees

The investments of the Company and its subsidiaries are assessed under the equity method. Breakdown of equity-accounted investees in subsidiaries and associated companies is shown below:

13.1 Equity-accounted investees in subsidiaries

	Individual		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Equity-accounted investees in subsidiaries and associates	3,858,809	3,689,623	2,943	3,075
Techfin Dimension	(578,069)	-	-	-
Appreciation of assets	36,281	40,709	-	-
	3,317,021	3,730,332	2,943	3,075

13.2 Equity-accounted investees changes

Changes in equity-accounted investees for the six-months period ended June 30 , 2022 were as follows:

	12/31/2021	Additions / (reductions)	Dividends (ii)	Equity pick-up			Foreign exchange/ Inflation (i)	Techfin Dimension	6/30/2022
				Equity pick-up	Amortization of PPA	Total			
TOTVS Large	2,257,289	5,809	(14,802)	52,555	(4,427)	48,128	(4,109)	-	2,292,315
TOTVS Tecnologia	586,316	92,733	(13,615)	26,951	-	26,951	-	(577,985)	114,400
TTS	294,786	168	(6,839)	15,776	-	15,776	-	-	303,891
TOTVS Inc.	100,118	7,349	-	(6,754)	-	(6,754)	(6,221)	-	94,492
TOTVS Hospitality	37,666	-	(1,821)	5,448	-	5,448	-	-	41,293
VT Digital	3,462	-	(3,084)	2,461	-	2,461	-	-	2,839
TOTVS México	8,381	6,013	-	(5,924)	-	(5,924)	(1,160)	-	7,310
TOTVS Argentina	17,085	-	-	(4,945)	-	(4,945)	1,404	-	13,544
Dimensa	421,797	(211)	-	20,451	-	20,451	-	-	442,037
Eleve	2,233	75	(387)	2,119	-	2,119	-	-	4,040
CMNet Argentina	1,134	521	-	(1,474)	-	(1,474)	614	-	795
NCC	65	-	-	-	-	-	-	-	65
Total	3,730,332	112,457	(40,548)	106,664	(4,427)	102,237	(9,472)	(577,985)	3,317,021

(i) Includes the inflation adjustments of Argentine subsidiaries.

(ii) The dividends received are presented in the Statements of Cash Flow from investments.

13.3 Direct subsidiaries information

	Summarized financial statements of subsidiaries as at June 30, 2022				
	Assets	Liabilities	Shareholders' Equity	Net revenue	Profit or loss of the period
TOTVS Large (i)	2,759,671	503,637	2,256,034	289,936	52,555
TOTVS Tecnologia	2,408,184	2,293,784	114,400	285,362	26,951
TTS	344,502	40,611	303,891	71,034	15,776
TOTVS Inc.	98,561	4,069	94,492	1,104	(6,754)
TOTVS Hospitality	73,862	18,207	55,655	33,588	7,343
VT Digital	3,457	618	2,839	3,689	2,461
TOTVS México	17,381	10,071	7,310	15,157	(5,924)
TOTVS Argentina	26,924	13,380	13,544	26,258	(4,945)
Dimensa	825,842	118,582	707,260	95,236	32,721
Eleve	6,544	2,504	4,040	6,766	2,119
CMNet Argentina	1,858	1,063	795	1,516	(1,474)

(i) Goodwill and intangibles in the amount of R\$36,281 from acquired TOTVS Large are presented under Investments composition in the Individual.

14 Property, plant and equipment

Property, plant and equipment of the Company and its subsidiaries are booked at the acquisition cost and depreciation of assets is calculated according to the straight-line method, and takes into consideration the estimated useful economic life of assets. The Company's property, plant and equipment is broken down as follow:

	Individual							Total
	Computers and electronic equipment	Vehicles	Furniture and fixtures	Facilities machinery and equipment	Leasehold improvements	Rights of use (i)	Other	
Cost								
Balance in 12/31/2021	245,007	12,217	27,063	26,927	95,421	281,917	8,603	697,155
Additions	25,945	2,995	206	607	889	36,994	12	67,648
Write-offs	(3,787)	(957)	(229)	(11)	(5)	-	(106)	(5,095)
Balance in 06/30/2022	267,165	14,255	27,040	27,523	96,305	318,911	8,509	759,708
Depreciation								
Balance in 12/31/2021	(158,357)	(6,307)	(19,446)	(20,355)	(54,722)	(111,561)	(6,722)	(377,470)
Depreciation for the period	(15,779)	(2,010)	(1,204)	(978)	(5,084)	(23,402)	(663)	(49,120)
Write-offs	3,741	846	219	10	-	-	101	4,917
Balance in 06/30/2022	(170,395)	(7,471)	(20,431)	(21,323)	(59,806)	(134,963)	(7,284)	(421,673)
Residual value								
Balance in 06/30/2022	96,770	6,784	6,609	6,200	36,499	183,948	1,225	338,035
Balance in 12/31/2021	86,650	5,910	7,617	6,572	40,699	170,356	1,881	319,685
Average annual depreciation rate	20% a 25%	33%	10% a 25%	6.7% a 25%	10% a 33%	10% a 33%	20%	

	Consolidated							Total
	Computers and electronic equipment	Vehicles	Furniture and fixtures	Facilities machinery and equipment	Leasehold improvements	Rights of use (i)	Other	
Cost								
Balance in 12/31/2021	282,962	15,605	35,512	33,039	124,515	359,382	9,996	861,011
Additions	27,067	3,694	238	634	1,089	34,960	64	67,746
Additions due to business combination	1,995	-	463	73	100	-	-	2,631
Techfin Dimension (ii)	(5,713)	-	(640)	(794)	-	(5,041)	(275)	(12,463)
Transfers	-	-	-	(10)	3	-	7	-
Exchange variation (iii)	48	(23)	(27)	(6)	(39)	(891)	6	(932)
Write-offs	(4,130)	(1,283)	(378)	(20)	(5)	(37)	(142)	(5,995)
Balance in 06/30/2022	302,229	17,993	35,168	32,916	125,663	388,373	9,656	911,998
Depreciation								
Balance in 12/31/2021	(181,175)	(7,322)	(24,621)	(23,203)	(69,818)	(142,292)	(7,711)	(456,142)
Depreciation for the period	(18,176)	(2,598)	(1,545)	(1,208)	(6,879)	(29,474)	(807)	(60,687)
Additions due to business combination	(1,224)	-	(202)	(23)	(38)	-	-	(1,487)
Techfin Dimension (ii)	3,347	-	367	504	151	1,504	218	6,091
Exchange variation (iii)	(15)	6	21	(1)	(63)	273	-	221
Write-offs	3,948	905	252	13	-	-	129	5,247
Balance in 06/30/2022	(193,295)	(9,009)	(25,728)	(23,918)	(76,647)	(169,989)	(8,171)	(506,757)
Residual value								
Balance in 06/30/2022	108,934	8,984	9,440	8,998	49,016	218,384	1,485	405,241
Balance in 12/31/2021	101,787	8,283	10,891	9,836	54,697	217,090	2,285	404,869
Average annual depreciation rate	20% a 25%	33%	10% a 25%	6.7% a 25%	10% a 33%	10% a 33%	20%	

(i) The Company and its subsidiaries applied exceptions to the standard for short-term and low value contracts, recorded in lease expenses in the amount of R\$1,596 in Individual and R\$2,070 in Consolidated as of June 30, 2022.

(ii) Asset classified as Techfin Dimension according to note 4.

(iii) Includes the inflation adjustments of Argentine subsidiaries.

Breakdown of right of use and lease liabilities for the period ended June 30 , 2022 is as follows:

	Consolidated			
	Right to use real estate	Right of use computers and equipments	Total assets	Lease liabilities
Balance on December 31, 2021	207,545	9,545	217,090	231,874
Contract Remeasurement (i)	34,895	65	34,960	34,960
Write-offs	(37)	-	(37)	(37)
Techfin Dimension	(3,537)	-	(3,537)	(3,754)
Amortization	(26,423)	(3,051)	(29,474)	-
Interest incurred and exchange variation	(581)	(37)	(618)	5,522
Interest paid	-	-	-	(6,230)
Principal paid	-	-	-	(27,870)
Balance on June 30, 2022	211,862	6,522	218,384	234,465

(i) Represents the annual update of the leases applied to the right of use real estate according to the indexes established in contracts.

15 Intangible assets and Goodwill

Intangible assets and changes in balances are as follows:

	Individual					
	Software	Trademarks & patents	Customer portfolio (v)	R&D (i)	Other (ii)	Goodwill
Cost						
Balance in 12/31/2021	422,194	63,150	252,058	39,439	19,786	292,873
Additions	12,581	-	23,525	9,375	-	-
Write-offs	(326)	-	-	-	-	-
Balance in 06/30/2022	434,449	63,150	275,583	48,814	19,786	292,873
Amortization						
Balance in 12/31/2021	(358,572)	(56,428)	(219,710)	(4,678)	(19,786)	-
Amortization for the period	(12,015)	(2,101)	(5,344)	(6,220)	-	-
Write-offs	326	-	-	-	-	-
Balance in 06/30/2022	(370,261)	(58,529)	(225,054)	(10,898)	(19,786)	-
Residual value						
Balance in 06/30/2022	64,188	4,621	50,529	37,916	-	292,873
Balance in 12/31/2021	63,622	6,722	32,348	34,761	-	292,873
Average annual amortization rates	10% a 20%	6.7% a 8%	10% a 12.5%	20% a 50%	10% a 50%	

	Consolidated						Total
	Software	Trademarks & patents	Customer portfolio (v)	R&D (i)	Other (ii)	Goodwill	
Cost							
Balance in 12/31/2021	798,263	172,224	604,702	56,691	96,157	2,831,714	4,559,751
Additions	14,411	4	23,525	10,030	-	36	48,006
Additions due to business combination	37,354	1,174	15,436	-	2,219	143,675	199,858
Techfin Dimension (iii)	(117,828)	(36,821)	(83,080)	-	(20,151)	(288,558)	(546,438)
Write-offs	(326)	-	-	-	(34)	(36)	(396)
Exchange variation (iv)	(21)	-	-	-	-	-	(21)
Balance in 06/30/2022	731,853	136,581	560,583	66,721	78,191	2,686,831	4,260,760
Amortization							
Balance in 12/31/2021	(457,174)	(106,082)	(325,274)	(17,008)	(67,971)	-	(973,509)
Amortization for the period	(26,099)	(5,476)	(18,148)	(6,809)	(1,111)	-	(57,643)
Additions due to business combination	(2,274)	(12)	-	-	-	-	(2,286)
Techfin Dimension (iii)	44,782	30,685	10,932	-	15,136	-	101,535
Exchange variation (iv)	2	-	-	-	-	-	2
Write-offs	326	-	-	-	-	-	326
Balance in 06/30/2022	(440,437)	(80,885)	(332,490)	(23,817)	(53,946)	-	(931,575)
Residual value							
Balance in 06/30/2022	291,416	55,696	228,093	42,904	24,245	2,686,831	3,329,185
Balance in 12/31/2021	341,089	66,142	279,428	39,683	28,186	2,831,714	3,586,242
Average annual amortization rates	10% a 20%	6.7% a 8%	10% a 12.5%	20% a 50%	10% a 50%		

- (i) The development capitalization totaled R\$10,030 in the six-months period ended June 30, 2022, that majority are related to the Company's strategic plan. R&D amortization starts when development is completed and the asset is available for use or sale.
- (ii) Includes primarily non-compete rights arising from the purchase price allocation from business combinations.
- (iii) Asset classified as Techfin Dimension according to note 4.
- (iv) Includes the inflation adjustments of Argentine subsidiaries.
- (v) Over the first semester 2022, the Company acquired customer portfolio from franchises in the amount of R\$ 23,525, in which R\$8,750 was paid in cash and the remainder was offset with balances of mutual between the parties.

Amortization of intangible assets is based on their estimated useful lives. Intangible assets identified, the amounts recognized, and useful lives of assets resulting from a business combination are premised on a technical study by an independent specialist firm.

15.1 Changes in goodwill

The breakdown of goodwill as of June 30, 2022 and December 31, 2021 is as follows:

	12/31/2021	Business combination	Techfin Dimension	6/30/2022
RD Station	1,729,952	-	-	1,729,952
TOTVS Large (ii)	220,298	-	-	220,298
Supplier (iii)	288,558	-	(288,558)	-
Consinco	160,436	-	-	160,436
RM	90,992	-	-	90,992
Credit Core (Vadu) (i)	-	59,191	-	59,191
W&D	64,070	-	-	64,070
Virtual Age	46,497	-	-	46,497
Mobile2You (i)	-	31,045	-	31,045
Gesplan	-	35,344	-	35,344
RMS	35,740	-	-	35,740
SRC	33,688	-	-	33,688
Datasul	30,084	-	-	30,084
Inovamind Tech (i)	-	18,095	-	18,095
WS	17,334	-	-	17,334
Gens FDES	16,340	-	-	16,340
Seventeen	15,463	-	-	15,463
TOTVS Agroindústria	13,128	-	-	13,128
Tail	13,115	-	-	13,115
Neolog	12,565	-	-	12,565
BCS	11,821	-	-	11,821
Other	31,633	-	-	31,633
Total	2,831,714	143,675	(288,558)	2,686,831

(i) Acquisition of InovaMind, Mobile2you, Vadu and Gesplan as mentioned in note 3.

(ii) Goodwill arising from the acquisition of the software operation of TOTVS Large.

(iii) Classified as Techfin Dimension according to note 4.

15.2 Impairment of assets

The Company annually tests goodwill for impairment using the “value in use” methodology, through the discounted cash flow model of cash generating units, which represent the tangible and intangible assets used in the development and sale of different solutions for its clients.

In the six-months period ended June 30, 2022, the Company evaluated assumptions used on December 31, 2021 for the recoverability of its assets and did not identify the need for a provision for loss in the condensed individual and consolidated interim financial statements.

16 Labor liabilities

Balances of salaries and charges payable are broken down as follows:

	Individual		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Labor liabilities:				
Salaries payable	32,286	32,503	60,760	57,772
Vacation payable	83,680	73,732	132,369	119,135
13th monthly salary payable	26,852	-	43,236	-
Profit sharing and bonus	32,871	29,167	44,823	51,351
Withholding Income Tax (IRRF) payable	29,900	18,096	40,892	30,087
Actuarial liabilities due to health care plan and retirement benefits (i)	4,793	4,559	4,793	4,559
Other	2,141	2,581	4,508	4,462
	212,523	160,638	331,381	267,366
Payroll liabilities				
FGTS (Unemployment Compensation Fund) payable	5,706	6,044	9,097	9,698
INSS (Social Security Tax) payable	7,017	6,551	12,912	12,225
	12,723	12,595	22,009	21,923
Total	225,246	173,233	353,390	289,289

- (i) Refers to the actuarial provision for the health care plan of the participants who contributed or still contribute with fixed installments to the plan costing and who will be entitled to remain in the plan after retirement.

17 Taxes and contributions liabilities

Taxes and contributions liabilities are broken down as follows:

	Individual		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Federal Social Security Tax on Gross Revenue (CPRB)	17,576	16,560	24,585	23,279
Service Tax (ISS) payable	6,277	6,066	9,451	9,106
PIS and COFINS payable	26,838	22,583	35,400	30,907
IRPJ and CSLL payable	-	-	13,624	31,132
Withholding IR and CSLL	1,322	1,048	3,928	3,653
Other taxes	1,975	(415)	5,326	1,390
Total	53,988	45,842	92,314	99,467
Current liabilities	53,988	45,842	90,197	96,790
Non-current liabilities (i)	-	-	2,117	2,677

- (i) Non-current liabilities correspond to installment payment of federal taxes of the acquired.

18 Loans and lease liabilities

Loans are initially recognized at fair value, net of transaction costs incurred, and are shown at amortized cost. Any difference between the borrowed amounts (net of transaction costs) and the total amount payable is recognized in the statement of profit or loss during the period when the loans are due, using the effective interest rate method.

The loan and financing transactions are as follows:

	Annual financial charges	Individual		Consolidated	
		6/30/2022	12/31/2021	6/30/2022	12/31/2021
Leases	2.00% to 15.25% p.a. (i)	197,369	182,547	234,465	231,874
Working capital	CDI + 1.9% p.a.	-	-	-	103,740
		197,369	182,547	234,465	335,614
Current liabilities		44,961	39,637	56,672	156,306
Non-current liabilities		152,408	142,910	177,793	179,308

(i) Rates for the lease of real property right of use range from 2.00% to 14.63% (nominal interest rate) and 7.82% to 15.25% for the lease of the right to use electronic equipment.

Amounts recorded in non-current liabilities as at June 30, 2022 and December 31, 2021 have the following maturity schedule:

	Individual		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
2023	23,228	39,260	29,625	53,185
2024	45,386	37,127	56,336	49,109
2025	42,093	33,896	48,826	41,494
2026 onwards	41,701	32,627	43,006	35,520
Non-current liabilities	152,408	142,910	177,793	179,308

Below is the breakdown of loans and financing as of June 30, 2022:

	6/30/2022	
	Individual	Consolidated
Opening balance	182,547	335,614
Additions from right of use leases	36,988	34,960
Addition due to business combination	-	6,749
Techfin Dimension	-	(107,494)
Interest incurred	5,175	5,522
Write-offs of right-of-use leases		(37)
Interest amortization	(5,175)	(6,239)
Principal amortization	(22,166)	(34,610)
Closing balance	197,369	234,465

a) Lease liabilities

Lease obligations are guaranteed by chattel mortgage of leased assets. The table below shows gross liabilities of finance leases as of June 30, 2022 and December 31, 2021:

	Individual		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Gross lease liabilities – minimum lease payments				
Less than one year	54,267	48,101	67,694	64,115
More than one year and less than five years	160,864	153,367	187,718	191,680
More than five years	6,272	4,825	6,488	5,302
	221,403	206,293	261,900	261,097
Future financing charges on finance leases	(24,034)	(23,746)	(27,435)	(29,223)
Present value of lease liabilities	197,369	182,547	234,465	231,874
Current liabilities	44,961	39,637	56,672	52,566
Non-current liabilities	152,408	142,910	177,793	179,308

19 Debentures

19.1 Composition

At June 30, 2022, the balance was broken down as follows:

Description	Debentures	Unit Price	Annual financial charges	Maturity	Individual and Consolidated	
					6/30/2022	12/31/2021
3rd Issue of Debentures - Single Series (i)	1,500,000	1	100% from CDI + Spread 1.90%	05/21/2024	1,517,258	1,509,126
Total					1,517,258	1,509,126
Current liabilities					518,245	385,988
Non-current liabilities					999,013	1,123,138

3rd Issue of debentures: on May 21, 2021, the Company approved the 3rd issue of Simple, non-convertible, unsecured debentures, in a single series for public distribution with restricted placement efforts in the total amount of R\$1,500,000, at face value of R\$1. The Unit Face Value or the Unit Face Value leftover, as the case may be, will bear interest corresponding to 100.00% of the accumulated variation of the average daily rates of the DI Interbank Deposits – DI, plus an exponential spread equivalent to 1.90% per year on a two hundred and fifty-two (252) Business Day basis. Interest will be amortized always on the 21st of May and November of each year, with the first payment due on November 21, 2021 and the last payment due on the due date.

19.2 Changes

	Individual and Consolidated
	6/30/2022
Opening Balance	1,509,126
Interest incurred	98,433
(-) Interest amortization	(90,301)
Ending balance	1,517,258

The maturities of redemption in non-current liabilities are presented as follows:

	Individual and Consolidated
Maturity	6/30/2022
2023	249,377
2024	749,636
Non-current liabilities	999,013

19.3 Covenants

The debentures have redeemed in advance clauses ("covenants") normally applicable to these types of operations related to compliance with economic-financial ratios. The financial index applied to this deed derives from the coefficient of dividing the net debt by the Adjusted EBITDA, which must be equal to or less than 4 times. This indicator does not consider the debt and EBITDA of the Supplier group.

These restrictive clauses, no audited, have been complied with and do not limit the ability to conduct the normal course of operations.

20 Accounts payable from acquisition of subsidiaries

Accounts payable from the acquisitions of subsidiaries refer to amounts due to the previous shareholders of the acquired companies, with payment in installments or guarantees given. These amounts are recorded in current and non-current liabilities, as follows:

	Individual					
	6/30/2022			12/31/2021		
	Contingent payments	Other amounts payable	Total	Contingent payments	Other amounts payable	Total
Datasul MG	-	5,296	5,296	-	5,042	5,042
Seventeen	-	3,412	3,412	-	3,253	3,253
Other	-	433	433	-	412	412
Total	-	9,141	9,141	-	8,707	8,707
Current liabilities	-	9,141	9,141	-	8,707	8,707

	Consolidated					
	6/30/2022			12/31/2021		
	Contingent payments	Other amounts payable	Total	Contingent payments	Other amounts payable	Total
Datasul MG	-	5,296	5,296	-	5,042	5,042
Seventeen	-	3,412	3,412	-	3,253	3,253
Supplier	24,921	19,004	43,925	155,547	-	155,547
Consinco	-	10,190	10,190	28,891	-	28,891
RD Station	220,098	31,288	251,386	212,777	35,427	248,204
Tail	7,226	500	7,726	16,368	-	16,368
RMS	-	620	620	-	590	590
RJ Participações	7,414	-	7,414	6,974	-	6,974
InovaMind	9,954	-	9,954	-	-	-
Mobile2you	21,950	926	22,876	-	-	-
Vadu	25,593	16,911	42,504	-	-	-
Gesplan	14,531	4,458	18,989	-	-	-
Other	-	573	573	-	545	545
Total	331,687	93,178	424,865	420,557	44,857	465,414
Current liabilities	30,736	17,970	48,706	138,741	15,098	153,839
Non-current liabilities	300,951	75,208	376,159	281,816	29,759	311,575

The maturity of non-current liabilities is shown below:

Year	Consolidated	
	6/30/2022	12/31/2021
2024	283,274	57,815
2025	7,414	242,536
2026	36,894	11,224
2027 onwards	48,577	-
Non-current liabilities	376,159	311,575

As of June 30, 2022 and December 31, 2021, the liabilities for the acquisition of investments had guarantees in the form of marketable securities, which consisted of CDB operations in the following amounts:

	Individual		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Escrow account - current	9,052	8,618	9,811	9,341
Escrow account - non-current	-	-	31,288	35,427
Total	9,052	8,618	41,099	44,768

21 Provision for contingencies

In the ordinary course of their operations, the Company and its subsidiaries are parties to various legal proceedings relating to tax, social security, labor and civil matters. Provision for contingencies is set up by Management, supported by its legal counsel and an analysis of judicial proceedings pending judgment, has constituted at an amount considered sufficient to cover probable losses on the outcome of ongoing actions. The provisioned amounts reflect the best current estimate from the Management of the Company and its subsidiaries.

The amount of provisions set up as at June 30, 2022 and December 31, 2021 are as follows:

	Individual		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Tax	9,010	7,360	10,801	9,090
Labor	59,452	61,741	67,263	72,913
Civil	27,000	21,681	31,120	25,643
	95,462	90,782	109,184	107,646

a) Changes in provisions

Changes in provisions for the six-months period ended June 30, 2022 are as follows:

	Individual			
	Tax	Labor	Civil	Total
Balances at December 31, 2021	7,360	61,741	21,681	90,782
(+) Additional provision	1,409	11,286	8,803	21,498
(+) Monetary adjustment	243	692	2,203	3,138
(-) Reversal of provision	-	(6,817)	(926)	(7,743)
(-) Write-off due to payment	(2)	(7,450)	(4,761)	(12,213)
Balances at June 30, 2022	9,010	59,452	27,000	95,462

	Consolidated			
	Tax	Labor	Civil	Total
Balances at December 31, 2021	9,090	72,913	25,643	107,646
(+) Additional provision	1,421	12,083	9,099	22,603
(+) Monetary adjustment	305	771	2,595	3,671
(+) Acquisition of subsidiaries	-	-	2	2
(-) Techfin Dimension	-	(425)	(282)	(707)
(-) Reversal of provision	-	(8,040)	(937)	(8,977)
(-) Write-off due to payment	(15)	(10,039)	(5,000)	(15,054)
Balances at June 30, 2022	10,801	67,263	31,120	109,184

The provisions reflect Management's best current estimate, which is based on information, external counsel has updated analyses and outcomes of previous legal proceedings in which the Company and its subsidiaries was defendant. TOTVS's risk monitoring and control constantly review this estimate.

Further information regarding other significant ongoing lawsuits is provided in Note 22 to the financial statements as of December 31, 2021.

b) Judicial deposits

Judicial deposits linked or not to the provision for contingencies, are stated below and are recorded under non-current assets:

	Individual		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Judicial deposits				
Tax	12,866	12,421	13,524	13,065
Labor	12,330	9,980	14,099	12,127
Civil	3,586	3,550	4,506	4,466
	28,782	25,951	32,129	29,658

21.1 Contingent Liabilities

The Company and its subsidiaries are parties to other lawsuits whose risk of loss, according to evaluation of legal advisors, validated by internal legal and Company Management, are classified as possible losses and no provision was recognized, as follows:

Nature	Individual		Consolidated	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Tax	158,768	141,661	197,554	187,354
Labor	69,979	78,925	81,616	94,934
Civil	199,472	193,421	222,001	214,658
	428,219	414,007	501,171	496,946

There were no new individual relevant lawsuits in the six months period ended in June 30, 2022.

The breakdown of the other significant ongoing lawsuits are detailed in Note 22.2 to the financial statements for the year ended December 31, 2021.

22 Shareholders' equity

a) Share Capital

As at June 30, 2022 the Company's share capital was composed of 617,183,181 registered common shares issued and fully paid, with no par value (617,183,181 as of December 31, 2021), as follows:

Shareholder	6/30/2022		12/31/2021	
	Shares	%	Shares	%
LC EH Participações e Empreendimentos S/A	80,282,970	13.01%	80,282,970	13.01%
GIC Private Limited	37,359,646	6.05%	39,308,774	6.37%
Canada Pension Plan	32,754,201	5.31%	32,754,201	5.31%
BlackRock Inc.	31,632,336	5.13%	29,695,310	4.81%
Laércio José de Lucena Cosentino	5,960,935	0.97%	6,631,704	1.07%
CSHG Senta Pua Fia	144,800	0.02%	144,800	0.02%
Other	417,598,215	67.65%	419,260,546	67.93%
Outstanding shares	605,733,103	98.14%	608,078,305	98.52%
Treasury shares	11,450,078	1.86%	9,104,876	1.48%
Total in units	617,183,181	100.00%	617,183,181	100.00%

b) Capital reserves

The balance of capital reserves at June 30, 2022 and December 31, 2021 was broken down as follows:

	6/30/2022	12/31/2021
Goodwill reserve (i)	824,480	824,480
Goodwill reserve due to merger	14,330	14,330
Premium on acquisition of non-controlling interests	(24,323)	(24,323)
Debentures converted into shares	44,629	44,629
Share-based compensation plan	75,006	83,921
Share issue expenses	(69,396)	(69,321)
Dilution of interest	352,667	352,540
Call option of non-controlling interests	(361,388)	(361,388)
	856,005	864,868

(i) Goodwill reserve is composed of R\$31,557 regarding integralization occurred in 2005 and R\$67,703 regarding societary reorganization with Bematech. In 2019 had an increase of goodwill reserve of R\$725,220 regarding the amount of capital contribution destined to the capital reserve.

c) *Treasury shares*

As at June 30, 2022, changes in "Treasury Shares" were as follows:

	Number of shares (Units)	Value (in Thousand)	Average price per share (in Reais)
Balance as at December 31, 2021	9,104,876	R\$ 133,195	R\$ 14.63
Repurchase	4,000,000	R\$ 108,967	R\$ 27.24
Used	(1,654,798)	R\$ (24,218)	R\$ 14.64
Balance as at June 30, 2022	11,450,078	R\$ 217,944	R\$ 19.03

On May 10, 2022 was approved in the meeting of Board of Directors, the program of repurchase of shares of issue from the own Company, until the limit of 4,000,000 common shares, to face the Share-based compensation plan from the Company, with the purpose of maximize the generation of value in long term for the shareholder through the efficient capital management, it can, still, be held in treasury, sold or canceled under the law terms. Up to June 30, 2022, the Company repurchased the limit of 4,000,000 common shares.

During the six-months period ended June 30, 2022, 1,654,798 treasury shares were used by the stock options and restricted share plans, which consumed R\$24,218 from the capital reserve.

23 Dividends and Interest on shareholders' equity

The Company's bylaws provide for mandatory minimum dividend equivalent to 25% of net income for the year, adjusted by the amount of the legal reserve set up, pursuant to Brazilian Corporation Law.

The balance of dividends and interest on equity payable in the Statement of Financial Position amounted to R\$1,191 as at June 30, 2022 (R\$80,153 as of December 31, 2021).

24 Share-based compensation plan

The main events associated with the stock option plan from the Company are described in Note 26 to the Financial Statements for the year ended December 31, 2021.

In the period of six-months periods ended June 30, 2022, occurred three new grants of the current share-based compensation plan, which had the following assumptions:

Plans	Date	Fair Value Assumptions			Fair value
		Market Value	Expectation of dividends	Vesting period	
Master	04/29/2022	R\$ 32.87	1.23%	5 years	R\$ 30.90
Performance	04/29/2022	R\$ 32.87	1.23%	3 years	R\$ 31.67
Destaques	04/29/2022	R\$ 32.87	1.23%	3 years	R\$ 31.67

Changes in restricted shares for the period as follows:

Restricted shares	
	Amount (units)
Opening balance	8,411,454
Transactions:	
Exercised	(2,267,040)
Granted	2,812,847
Cancelled	(166,725)
Added (i)	1,188
Closing balance	8,791,724

(i) Addition generated by performance evaluation result regarding to grants granted in the previous years.

The cumulative effect on Shareholders' Equity in the six-month period ended June 30, 2022 was R\$15,303 (R\$15,168 as of June 30, 2021), recorded as share-based payment expenses.

RD Station has an individual share based compensation plan whose expense is recognized in the period by the rendered services was R\$2,348 in the six-months period ended June 30, 2022.

25 Operating Segments

The presentation of information by operating segment is consistent with the internal report provided to the main operational decision-makers of the Company and its subsidiaries in three reportable segments.

Management segment: represents TOTVS software operation. This segment comprises the dimensions of management software, with ERP, HR and Vertical.

Business Performance segment: includes solutions focused on generating opportunities and converting customer sales, such as sales, digital marketing and customer experience.

Techfin segment: includes the business of providing financial services, such as technology products aimed at financial services (example "Painel Financeiro"), partnerships (example "crédito consignado"), products with assumption of some degree of credit risk and/or the definition and/or application of credit policies (examples as "Supplier Card", "Antecipa" and "Mais Prazo"). This segment also consolidates the results of the subordinated shares of the Supplier FIDC, to which Supplier currently assigns the originated credits. According to the

mention in the note 4, the creation of the JV with Itaú has resulted in a classification of assets from Techfin operation as Techfin Dimension, and then, are presented in a only one line in the Statements of Profit or Loss in the rubric "Net income from Discontinued Operations" as CPC 31/ IFRS 5 determine.

The statement of profit or loss for the period ended June 30, 2022 for these three reportable segments is as follows:

	Management		Business Performance		Techfin		Consolidated	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Statement of profit or loss								
Net revenue from services	1,667,662	1,339,119	145,416	27,954	176,527	116,558	1,989,605	1,483,631
(-) Costs	(470,816)	(376,751)	(37,241)	(10,168)	(89,112)	(40,895)	(597,169)	(427,814)
Gross profit	1,196,846	962,368	108,175	17,786	87,415	75,663	1,392,436	1,055,817
(+) Research and development expenses	(285,550)	(232,530)	(36,474)	(3,930)	(12,902)	(10,322)	(334,926)	(246,782)
(+) Impairment loss on trade and other receivables	(11,332)	(9,522)	(1,856)	(336)	(17,498)	(5,910)	(30,686)	(15,768)
Margin contribution	899,964	720,316	69,845	13,520	57,015	59,431	1,026,824	793,267
(-) Operating expenses	-	-	-	-	-	-	(588,545)	(416,746)
(-) Depreciation and amortization	-	-	-	-	-	-	(141,184)	(119,073)
(-) Share of profit / (loss) of equity-accounted investees	-	-	-	-	-	-	7	(564)
(-) Finance income (expenses) and share of losses of equity-accounted investees	-	-	-	-	-	-	12,530	(22,226)
(-) Income tax expenses	-	-	-	-	-	-	(95,514)	(75,370)
Profit for the period	-	-	-	-	-	-	214,118	159,288

The Company and its subsidiaries have disclosed information above for each reportable segment, as this information is regularly reviewed by the chief operating decision maker.

The following table conciliate the segments model presented above with the Statement of Profit or Loss for the periods ended on June 30, 2022 and 2021:

Statement of profit or loss	6/30/2022				6/30/2021			
	Statement of Profit or Loss	Reclassification (i)	Techfin (ii)	Consolidated segments	Statement of Profit or Loss	Reclassification (i)	Techfin (ii)	Consolidated segments
Net revenue from services	1,813,078	-	176,527	1,989,605	1,367,073	-	116,558	1,483,631
(-) Costs	(546,798)	38,741	(89,112)	(597,169)	(422,679)	35,760	(40,895)	(427,814)
Gross profit	1,266,280	38,741	87,415	1,392,436	944,394	35,760	75,663	1,055,817
(+) Research and development expenses	(345,702)	23,678	(12,902)	(334,926)	(254,257)	17,797	(10,322)	(246,782)
(+) Impairment loss on trade and other receivables	-	(13,188)	(17,498)	(30,686)	-	(9,858)	(5,910)	(15,768)
Margin contribution	920,578	49,231	57,015	1,026,824	690,137	43,699	59,431	793,267
(-) Operating expenses	(614,117)	69,099	(43,527)	(588,545)	(424,039)	45,150	(37,857)	(416,746)
(-) Depreciation and amortization	-	(118,330)	(22,854)	(141,184)	-	(88,849)	(30,224)	(119,073)
(-) Share of profit / (loss) of equity-accounted investees	7	-	-	7	(564)	-	-	(564)
(-) Finance income (expenses) and share of losses of equity-accounted investees	12,779	-	(249)	12,530	(21,674)	-	(552)	(22,226)
(-) Income tax expenses	(93,863)	-	(1,651)	(95,514)	(75,197)	-	(173)	(75,370)
Profit for the period	225,384	-	(11,266)	214,118	168,663	-	(9,375)	159,288

(i) Reclassification of depreciation and amortization, according to CPC 26;

(ii) Contemplates the Profit or Loss from Techfin Dimension according to the note 4, therefore, the profit or loss allocated in only one line of "Net income from discontinued operations" in the Statement of Profit or Loss.

26 Earnings per share

The tables below show earnings and share data used to calculate basic and diluted earnings per share:

Basic earnings per share	2Q22	6/30/2022	2Q21	6/30/2021
Profit or loss for the period				
Continuing operations	124,788	213,114	84,912	168,663
Techfin Dimension	(2,395)	(11,266)	(6,269)	(9,375)
Profit attributable to the owners of the Company	122,393	201,848	78,643	159,288
Denominator (in thousands of shares)				
Weighted average number of common shares outstanding	607,692	607,886	568,405	568,086
Basic earnings per share (in Reais)	0.20141	0.33205	0.13836	0.28039
Basic earnings per share - continuing operations (in Reais)	0.20535	0.35058	0.14939	0.29690

Diluted earnings per share	2Q22	6/30/2022	2Q21	6/30/2021
Profit or loss for the period				
Continuing operations	124,788	213,114	84,912	168,663
Techfin Dimension	(2,395)	(11,266)	(6,269)	(9,375)
Profit attributable to the owners of the Company	122,393	201,848	78,643	159,288
Denominator (in thousands of shares)				
Weighted average number of common shares outstanding	607,692	607,886	568,405	568,086
Weighted average number of stock options/restricted shares	9,431	8,907	7,865	7,359
Weighted average number of common shares adjusted according to dilution effect	617,123	616,793	576,270	575,445
Diluted earnings per share (in Reais)	0.19833	0.32725	0.13647	0.27681
Diluted earnings per share - continuing operations (in Reais)	0.20221	0.34552	0.14735	0.29310

There were no other transactions involving common shares or potential common shares between the reporting date and the date when these condensed individual and consolidated interim financial statements were concluded.

27 Gross sales revenue

Gross revenue and deductions used for the calculation of net revenue presented in the Company's statement of profit and loss for the three and six-months periods ended June 30, 2022 and 2021 were as follows:

	Individual				Consolidated			
	2Q22	6/30/2022	2Q21	6/30/2021	2Q22	6/30/2022	2Q21	6/30/2021
Recurring software	562,771	1,103,199	444,692	872,674	887,591	1,728,680	657,384	1,266,580
Nonrecurring software	91,714	221,192	84,727	183,887	144,820	320,877	136,958	286,004
License fees	35,645	113,351	38,296	94,904	51,429	143,869	53,244	125,544
Nonrecurring services	56,069	107,841	46,431	88,983	93,391	177,008	83,714	160,460
Operating revenue	654,485	1,324,391	529,419	1,056,561	1,032,411	2,049,557	794,342	1,552,584
Sales canceled	(3,583)	(8,275)	(3,311)	(12,256)	(5,714)	(13,552)	(5,911)	(17,328)
Sales taxes	(74,185)	(149,805)	(59,949)	(118,988)	(112,126)	(222,927)	(86,000)	(168,183)
Deductions	(77,768)	(158,080)	(63,260)	(131,244)	(117,840)	(236,479)	(91,911)	(185,511)
Total net revenue	576,717	1,166,311	466,159	925,317	914,571	1,813,078	702,431	1,367,073

28 Costs and expenses by nature

The Company and its subsidiaries present below the information on operating expenses and costs by nature for the three and six-months periods ended June 30, 2022 and 2021.

Nature	Individual				Consolidated			
	2Q22	6/30/2022	2Q21	6/30/2021	2Q22	6/30/2022	2Q21	6/30/2021
Salaries, benefits and payroll charges	251,458	502,730	211,627	415,077	407,324	795,971	314,410	604,290
Outsourced services and other inputs	133,518	246,545	104,945	192,720	191,801	367,163	132,547	247,137
Commissions	55,633	125,374	50,441	103,416	66,793	146,583	59,872	117,400
Depreciation and amortization	36,894	74,800	33,315	66,951	59,371	118,330	44,641	88,971
Provision for contingencies	3,144	13,755	4,323	13,686	2,729	13,626	4,754	13,890
Impairment loss on trade and other receivables	3,063	8,293	3,590	6,448	5,859	13,188	4,808	9,858
Other	10,655	25,129	1,133	8,008	5,552	51,756	6,020	19,429
Total	494,365	996,626	409,374	806,306	739,429	1,506,617	567,052	1,100,975

Occupation	Individual				Consolidated			
	2Q22	6/30/2022	2Q21	6/30/2021	2Q22	6/30/2022	2Q21	6/30/2021
Cost of softwares	182,234	361,958	156,128	304,974	277,486	546,798	219,247	422,679
Research and Development Expenses	110,458	218,497	87,009	170,698	175,929	345,702	132,463	254,257
Selling and Marketing Expenses	136,962	276,693	104,783	208,707	194,333	385,613	141,801	274,551
Administrative Expenses	66,520	138,984	69,334	131,970	109,205	220,783	85,416	162,744
Other Operating Expenses	(1,809)	494	(7,880)	(10,043)	(17,524)	7,721	(11,875)	(13,256)
Total	494,365	996,626	409,374	806,306	739,429	1,506,617	567,052	1,100,975

29 Finance income and expenses

Finance income and costs incurred for the three and six-months periods ended June 30, 2022 and 2021 were as follows:

	Individual				Consolidated			
	2Q22	6/30/2022	2Q21	6/30/2021	2Q22	6/30/2022	2Q21	6/30/2021
Finance income								
Short-term investment yield	50,685	98,135	4,787	7,369	80,667	156,132	8,269	12,619
Interest received	2,428	5,209	832	1,750	2,649	5,587	1,123	2,159
Inflation adjustment gains	1,635	3,127	1,879	2,600	1,826	3,590	2,099	2,892
Adjustment to present value	706	1,342	450	899	858	1,605	499	1,001
Foreign exchange gains	70	308	277	287	2,036	2,741	659	2,056
Other finance income (i)	(2,542)	(4,950)	(346)	(540)	10,658	6,889	(492)	(765)
	52,982	103,171	7,879	12,365	98,694	176,544	12,157	19,962
Finance expenses								
Interest expense	(56,140)	(104,402)	(10,931)	(13,667)	(58,524)	(108,958)	(11,512)	(14,558)
Inflation adjustment losses	(2,029)	(4,722)	(3,057)	(6,644)	(2,597)	(7,083)	(3,783)	(8,159)
Bank expenses	(1,211)	(2,123)	(1,478)	(2,654)	(1,438)	(2,549)	(1,635)	(3,023)
Adjustment to present value of liabilities	(7,715)	(15,263)	(151)	(310)	(16,405)	(33,492)	(4,837)	(9,873)
Foreign exchange losses	(238)	(330)	(1,152)	(1,309)	(1,485)	(4,506)	(2,805)	(3,453)
Other finance expenses (ii)	(109)	(215)	(53)	(108)	(4,764)	(7,177)	(908)	(2,570)
	(67,442)	(127,055)	(16,822)	(24,692)	(85,213)	(163,765)	(25,480)	(41,636)
Net finance income (expenses)	(14,460)	(23,884)	(8,943)	(12,327)	13,481	12,779	(13,323)	(21,674)

- (i) Includes the amounts of PIS e COFINS on finance income.
- (ii) Includes inflation adjustments of Argentine subsidiaries

30 Private pension plan – defined contribution

The Company and its subsidiaries offer the TOTVS Private Pension Plan, currently managed by Bradesco Seguros, which receives contributions from the employees and the Company and its subsidiaries, as described in the Program Membership Agreement. The three types of contribution are:

- Basic Contribution – corresponds to 2% of the employee's salary; in case of executive officers, the contribution ranges from 2% to 5%.
- Voluntary Contribution – made exclusively by employees, with no matching contribution by the Company.
- Company Contribution – corresponds to 100% of the basic contribution. The Company is allowed to make extraordinary contributions, at the amounts and frequency it chooses.

The private pension expenses for the six-months period ended June 30, 2022 was R\$4,203 (R\$3,190 as of June 30, 2021).

31 Insurance coverage

Based on the opinions of their advisors, the Company and its subsidiaries maintain insurance coverage at amounts deemed sufficient to cover risks on their own, rent and leased assets, and civil liability risks. Insured assets include owned and leased vehicles, and the buildings where the Company and its subsidiaries operate.

On June 30, 2022, the mainly insurance coverage contracted are:

Type	Insurance Company	Effective		Maximum limit of Responsibility
		From	To	
Business Comprehensive	Mitsui	July/2021	July/2022	R\$197,855
General Liability	Chubb Seguros	June/2022	June/2023	R\$8,000
Vehicles (i)	Porto Seguro	January/2022	January/2023	(*) FIPE
D&O Directors and Officers Liability (ii)	AIG Seguros	July/2021	July/2022	R\$100,000
E&O – Errors and Omissions	AIG Seguros	July/2021	July/2022	R\$5,000
Cyber - Comprehensive Cyber Risks (iii)	AXA	July/2021	July/2022	R\$3,000

(i) Market amount determined by FIPE - Fundação Instituto de Pesquisas Econômicas;

(ii) For Mexico, Argentina and United States operations, the local insurance policy is issued in each country with a coverage amount of USD1,000;

(iii) Exclusive cover for Tail subsidiary.

32 Subsequent events

On August 01, 2022, was approved by the Board of Directors the payment of interest on equity (JCP) in the total amount of R\$60,573, regarding the first semester of 2022. The payment will be from September 23, 2022.

On August 01, 2022, the subsidiary RD Station celebrated the Share Sale and Purchase Agreement and other Covenants for acquisition in the totality of Share Capital from Tallos Tecnologia Integrada e Assessoria em Negócios S.A. in the amount paid in cash of R\$6.7 million. Additionally, the agreement provides the complementary purchase price payment, subject to the achievement of certain conditions. Tallos was the first startup accelerated in Ceará, founded in 2017 and has been consolidating as mainly developer of solutions for “conversational commerce” in the country, allowing the optimization in the attendance and potentializing the sales force of the companies. This movement reinforce the strategy of cross-selling from RD Station, through the portfolio enlargement which already contemplates the successful CRM product.
