



# INSTITUTIONAL PRESENTATION

» Investor Relations

2024/ September





## LEGAL NOTICE

*All information contained in this presentation, relating to TOTVS' business prospects, projections, and operating and financial goals are based on beliefs and assumptions of the Company's Management, as well as information currently available. Forward-looking statements are not any guarantee of performance. They involve risks, uncertainties and assumptions as they refer to future events and, hence, depend on circumstances that may or may not occur. Investors should understand that general economic conditions, industry conditions, and other operating factors may also affect the future results of TOTVS and may lead those results to differ materially from those mentioned in such forward-looking statements.*







**01**

# TOTVS





# OUR STORY



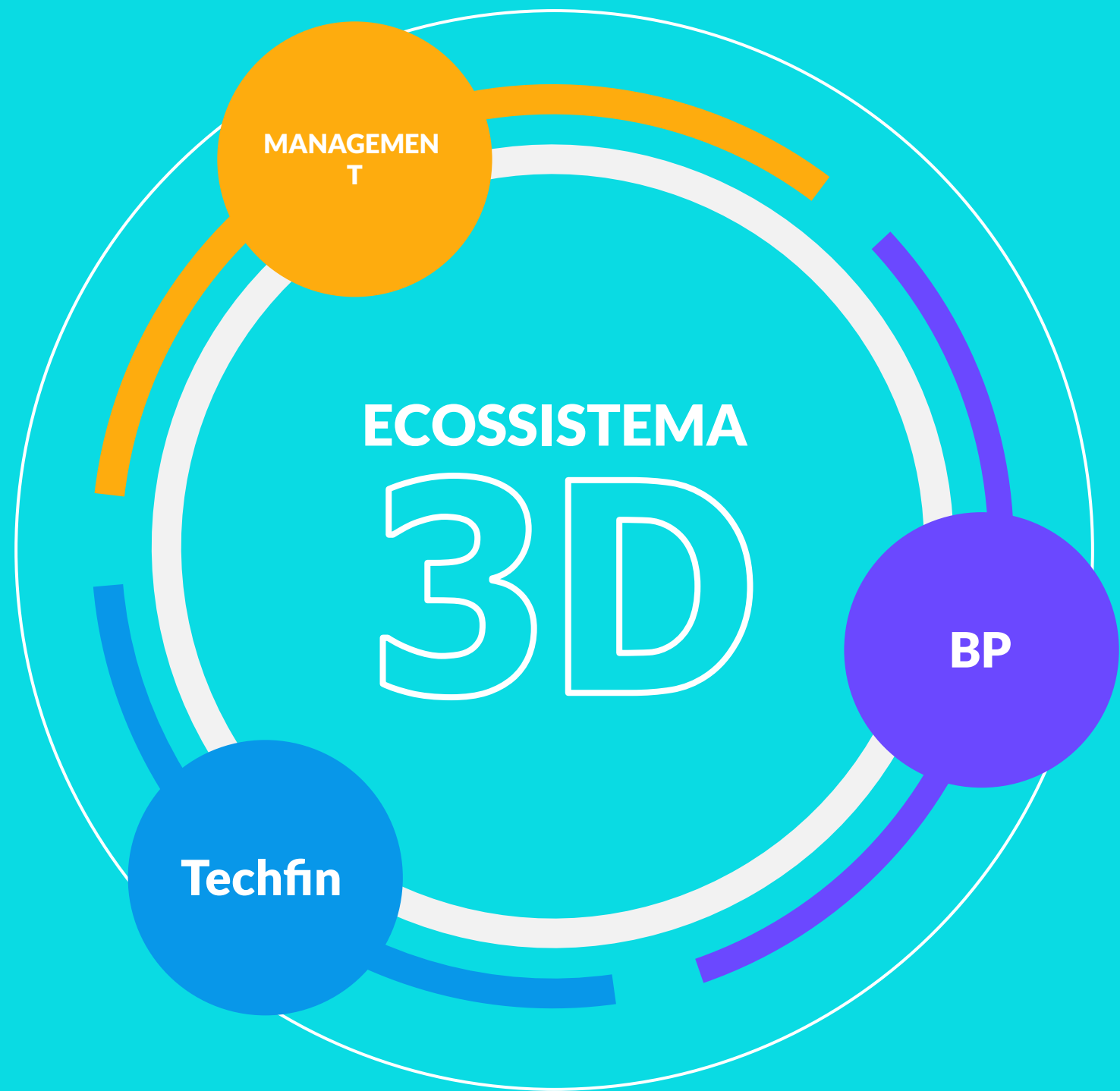
Unique and consistent trajectory



- 1983**  
Laércio Cosentino and Ernesto Haberkorn found Microsiga Software S.A.
- 1990**  
Start of the pioneering exclusive franchise system for distributing TOTVS management solutions
- 1997**  
Start of international operations with the opening of a branch in Argentina
- 1999**  
Launch of ADVPL, its own programming language
- 2005**  
The corporate name is changed to TOTVS S.A. (a word that comes from Latin and means everything, everyone, totality)
- 2006**  
IPO and subsequent acquisition of RM Sistemas S.A. is carried out.
- 2008**  
Acquisition of Datasul and consolidation of the Brazilian management systems market
- 2011**  
Specialization strategy with the creation of software offerings by industry segment of customer operations
- 2014**  
Start of TOTVS Cloud operations
- 2015**  
Launch of the TOTVS Intera subscription commercial model for small, medium and large companies
- 2019**  
Launch of the new 3-dimensional Ecosystem strategic plan to expand the TAM and continue growing rapidly  
Acquisition of Supplier and establishment of the Techfin Dimension  
Carrying out 2 Follow-ons (2019 and 2021) that raised R\$2.5 billion
- 2021**  
Acquisition of RD Station and establishment of the Business Performance dimension
- 2022**  
JV with Itaú to accelerate Techfin
- 2024**  
...



# WHY DID WE CREATE THE 3D ECOSYSTEM?



1

We lead in **Management** , a large market with room for growth

2

To continue growing rapidly for many years, **we need to seek new markets by creating new businesses** (Biz Performance and Techfin)

3

Our new businesses must take advantage of our **main strengths**:

- 1. **Focus on SME**
- 2. **Proximity and intensity of relationships with customers**
- 3. **We are the biggest on the market**

4

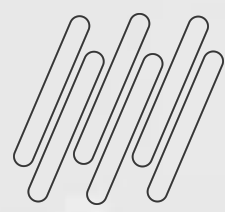
We identified space to expand our value proposition (**improve company results** ) and take on a new positioning (**trusted advisor** )

5

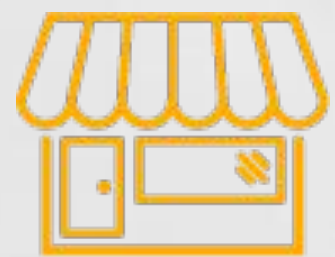
**Techfin** and **Business Performance** are these new markets



# Our Numbers



**+70 thousand customers**  
of all sizes in more than 40 countries



**11 Consolidating Franchises**  
spread throughout Brazil to serve our customers in the 38 franchised territories



**#1 ERP Company in Brazil** <sup>(2)</sup>  
one of the largest technology companies, with absolute dominance in the ERP journey



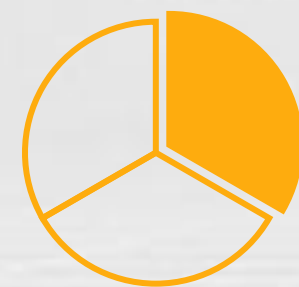
**12 customer relationship units**  
SP, RJ, BH, RS, Recife, Interior of São Paulo,  
Large Enterprise, Public Sector, Argentina, Colombia, Mexico, USA



**~R\$2.7 trillion** <sup>(1)</sup>  
of the economy are produced by our customers



**11 development centers**  
SP, BH, Joinville, POA, Florianópolis, Cascavel, Assis,  
Ribeirão Preto, Goiânia, USA, MEX



**~1/3 of Companies** <sup>(3)</sup>  
listed on B3 are TOTVS customers and 62%  
of these companies have been with us for  
more than 10 years







02

# ADDRESSABLE MARKET



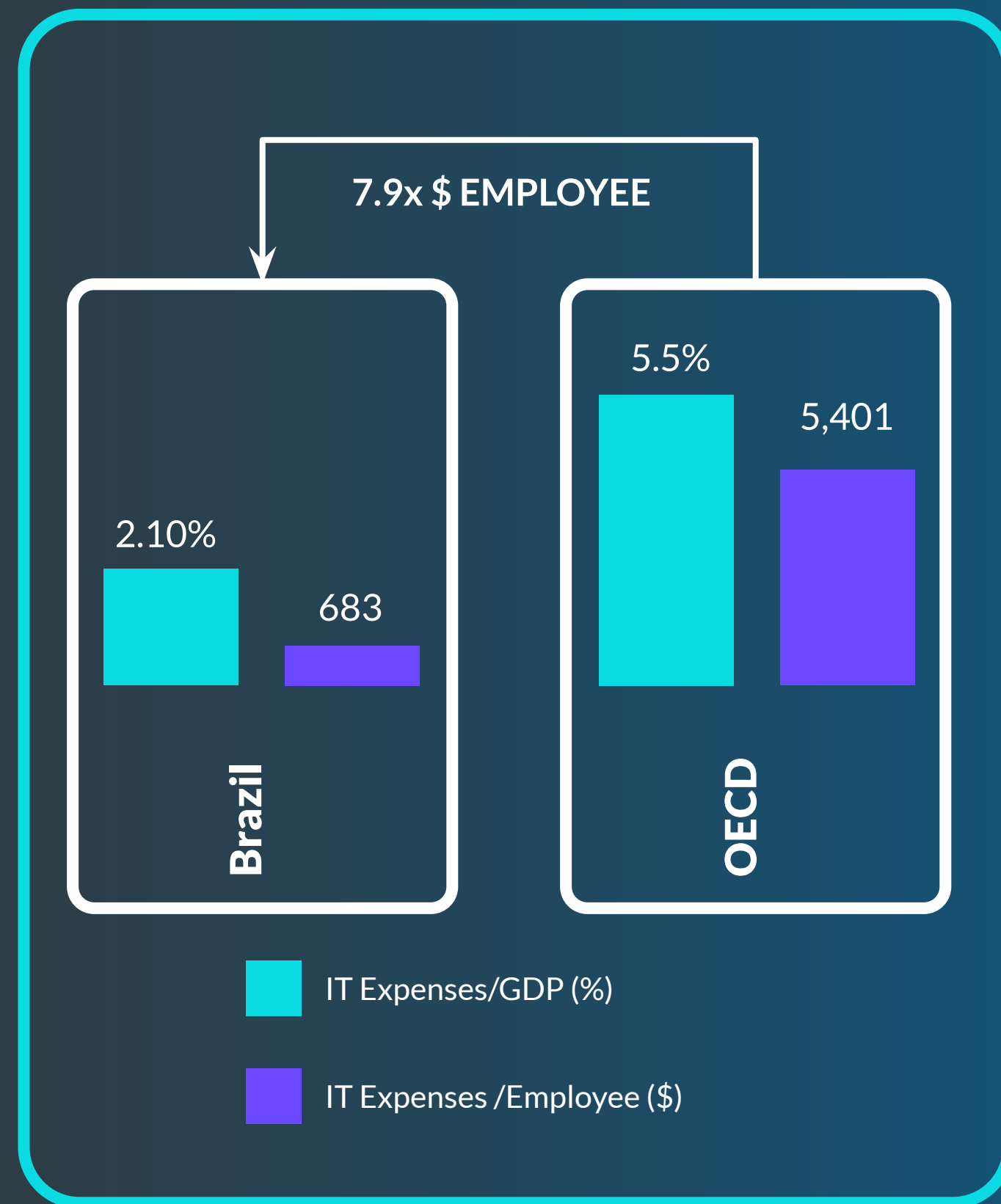


# INVESTMENT IN SOFTWARE 2023

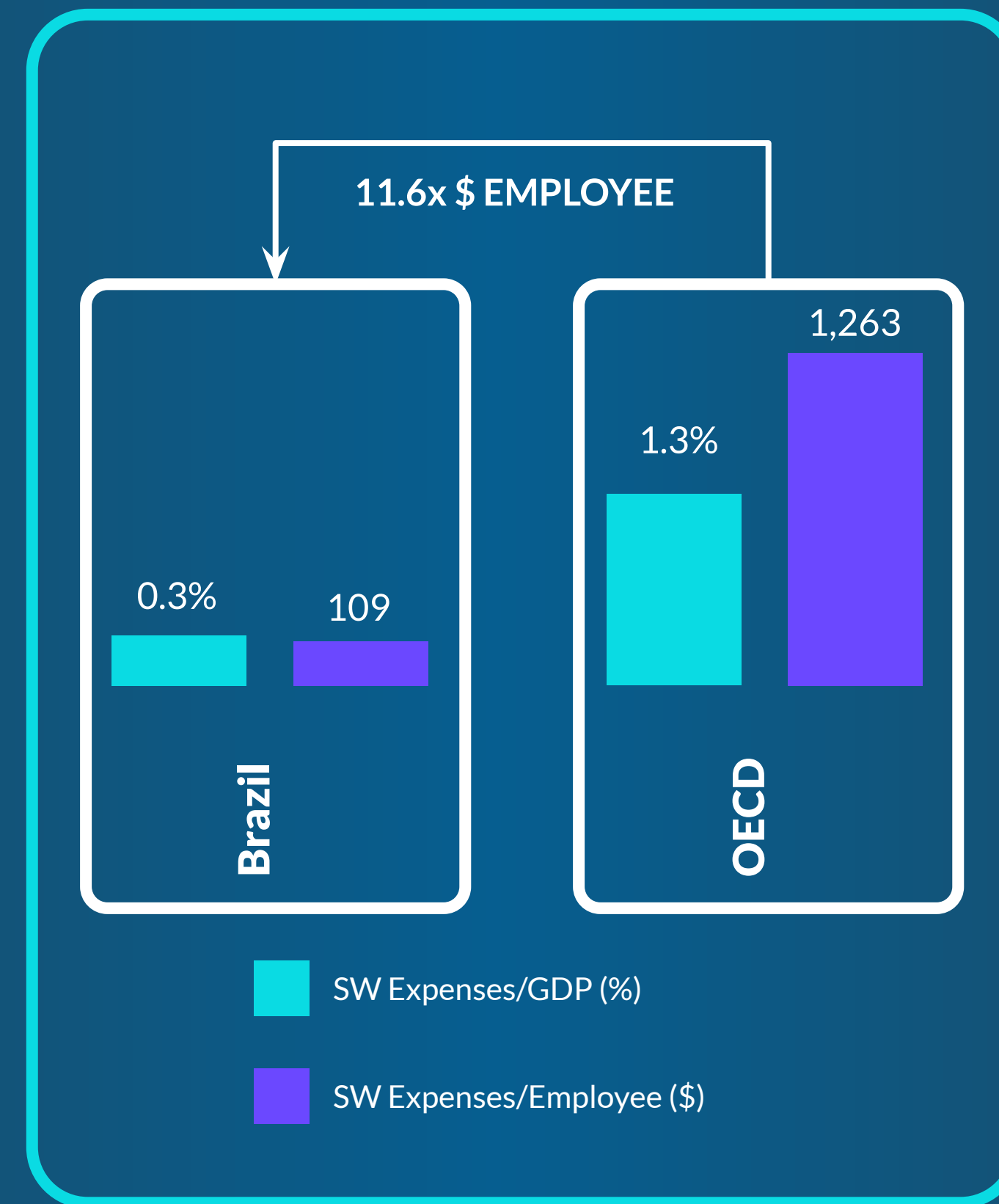


 IT AND SOFTWARE SPENDING, BY ANY METRIC, IS STILL LOW

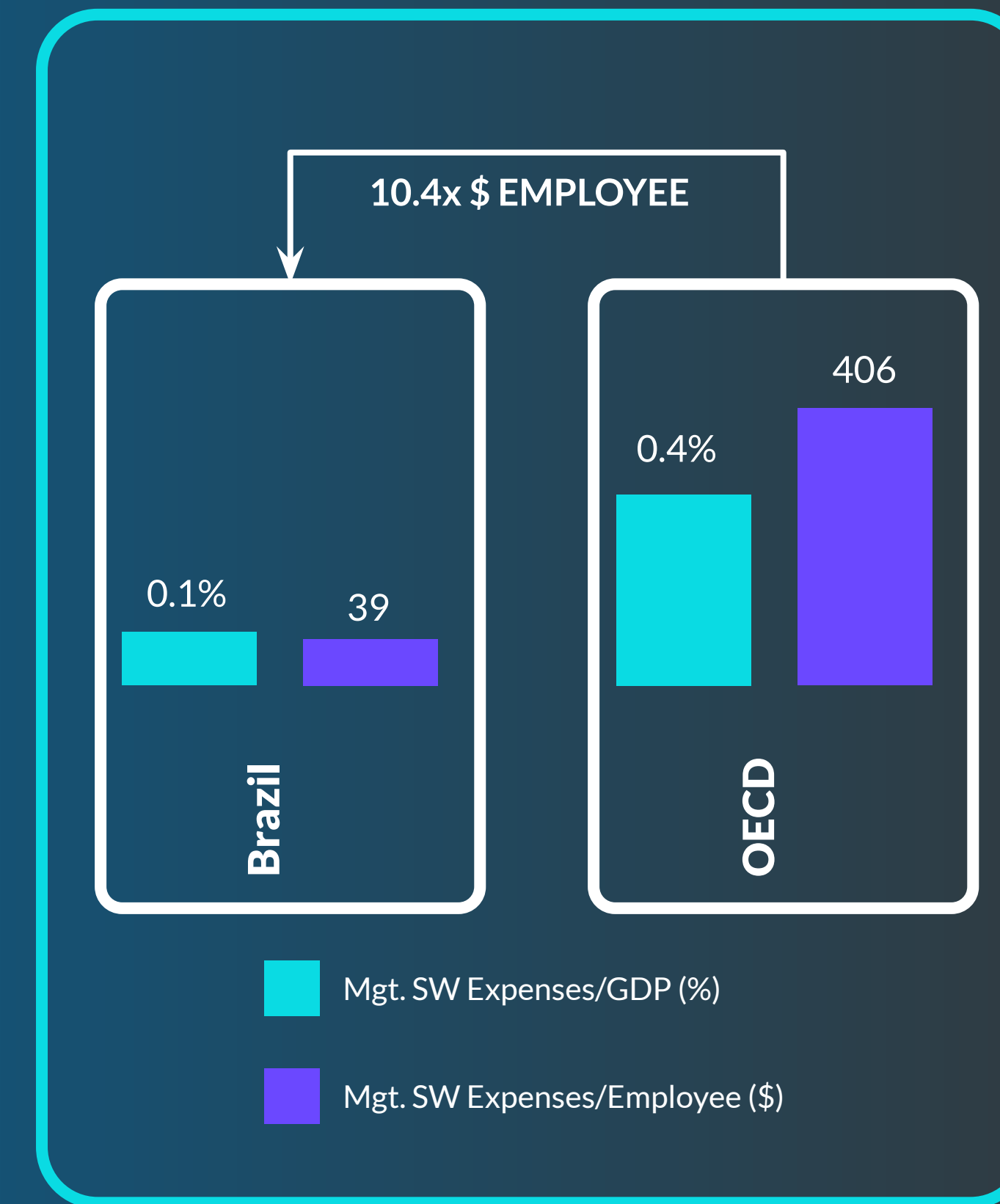
## IT EXPENSES



## SOFTWARE EXPENSES



## MANAGEMENT SW EXPENSES



Source: World Bank, OECD, TOTVS





TOTVS has grown above the EAS (Enterprise Application Software) market, which has consistently grown above Brazilian GDP and accelerated its pace in recent years

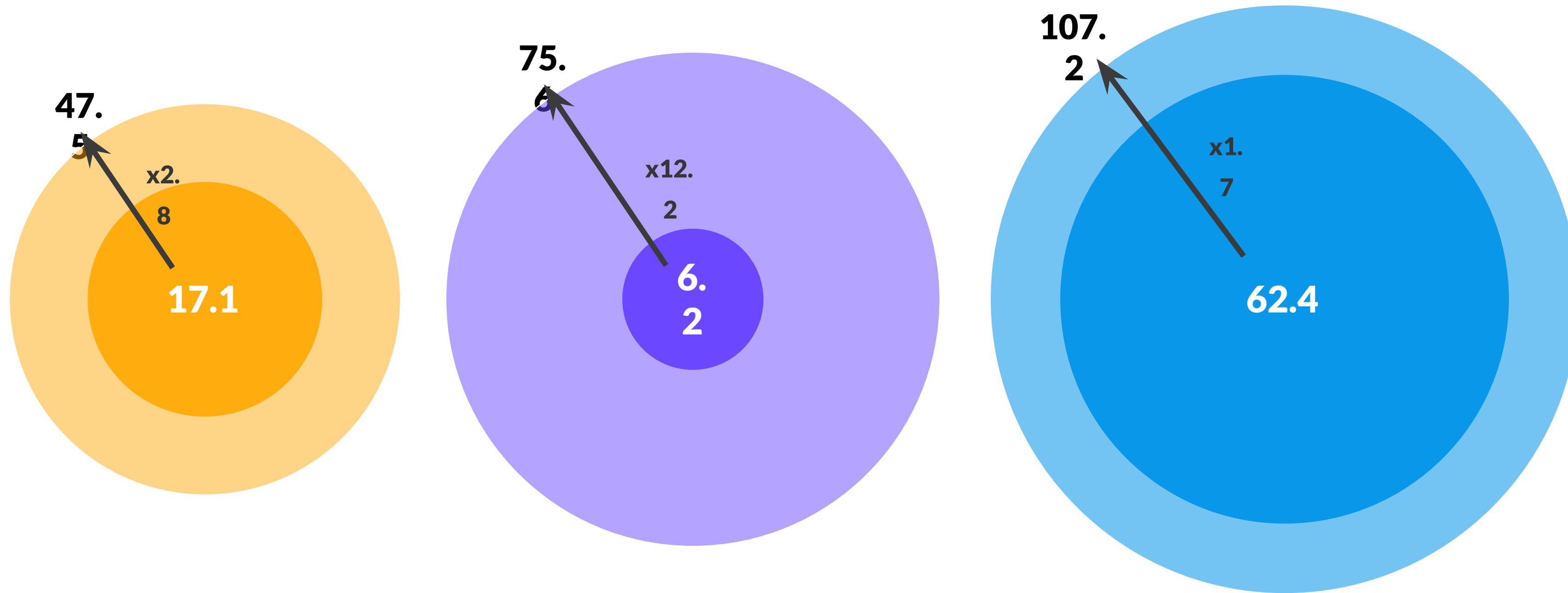
CAGR	2013-23	2019-23
<b>Brazilian GDP (Nominal)</b> <sup>(1)</sup>	<b>6.4%</b>	<b>8.0%</b>
<b>Management Market</b> <sup>(2)</sup>	<b>13.2%</b>	<b>16.2%</b>
	<b>2X</b> Brazilian GDP (Nominal) <sup>(1)</sup>	<b>2X</b> Brazilian GDP (Nominal) <sup>(1)</sup>
<b>TOTVS Management</b> <sup>(3)</sup>	<b>14.9%</b>	<b>19.1%</b>
	<b>+1,7 p.p.</b> Management Market <sup>(2)</sup>	<b>+2,9 p.p.</b> Management Market <sup>(2)</sup>
<b>Performance Market</b> <sup>(2)</sup>	<b>26.0%</b>	<b>25.9%</b>
	<b>4X</b> Brazilian GDP (Nominal) <sup>(1)</sup>	<b>3X</b> Brazilian GDP (Nominal) <sup>(1)</sup>
<b>TOTVS Biz Performance</b> <sup>(4)</sup>	<b>89.8%</b>	<b>32.9%</b>
	<b>+64 p.p.</b> Performance Market <sup>(2)</sup>	<b>+7 p.p.</b> Performance Market <sup>(2)</sup>

Sources: (1) BACEN; (2) Gartner; (3) TOTVS - Management Recurring Revenue; and (4) TOTVS - Revenue from RD Station in 2013.



# TOTVS ADDRESSABLE MARKET (R\$ billion)

3D Ecosystem expanded our potential market by ~5x



## MANAGEMENT

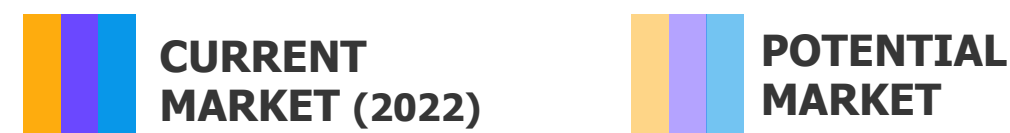
TOTVS Market Share <sup>(1)</sup>:  
**15.3%**  
 (+120 bp vs 2020)<sup>(2)</sup>

## BIZ PERFORMANCE

TOTVS Market Share:  
**5.7%**  
 (+480 bp vs 2020)<sup>(2)</sup>

## TECHFIN<sup>(3)</sup>

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



## Growth drivers for the potential market ...



**1. Software Market** - increasing the IT maturity of Brazilian companies to a level similar to the OECD average



**2. B2B credit market** - access of SMB companies to credit similar to the average of those companies that already take on debt currently in Brazil



**3. New markets (Techfin and Biz Performance)** - the current size and potential of these new markets indicate that TOTVS does not need to be dominant in them for its growth to be relevant

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



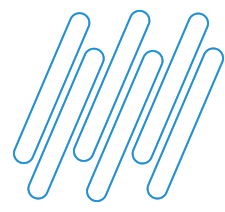


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# COMPETITIVE DIFFERENTIALS







# 1

## BUSINESS MODEL

*Combination of broad addressable market, high level of loyalty, profitability and sustainability of recurring revenue (SaaS) combined with potential growth in transactional revenues*

# 2

## DISTRIBUTION PLATFORM

*Local and digital presence, based on a highly capillary distribution model*

# 3

## SOLUTIONS PORTFOLIO

*Beyond the ERP: B2B technologies ecosystem in 3 business dimensions: Management, Techfin and Business Performance*

# 4

## M&A & PARTNERSHIP STRATEGY

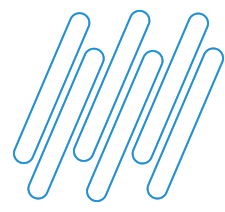
*Main consolidator of Brazilian Tech Market: We believe acquisitions are a powerful tool to leverage our strategy of strengthening our core business and expanding into new market*

# 5

## ESG AGENDA

*Executive Team engaged and experienced in the technology sector. Culture of operational excellence, transparency, efficiency, and high standards of excellence in governance, ethics and integrity and ESG*



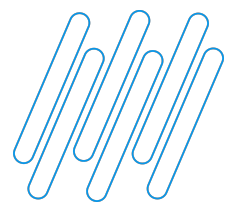


# BUSINESS MODEL

Resilience and predictability of the recurrence model combined with the faster capture of market growth and take rate of the transactional model

	Predictability	Earlier capture of market growth	Where we are in Client P&L
<b>MANAGEMENT</b> Recurring Model			G&A
<b>BIZ PERFORMANCE</b> Recurring + Transactional Model			Sales & Marketing
<b>TECHFIN</b> Transactional Model			Financial Results (Working Capital)
<b>TOTVS</b>			G&A, Sales, Marketing, Working Capital e Financial

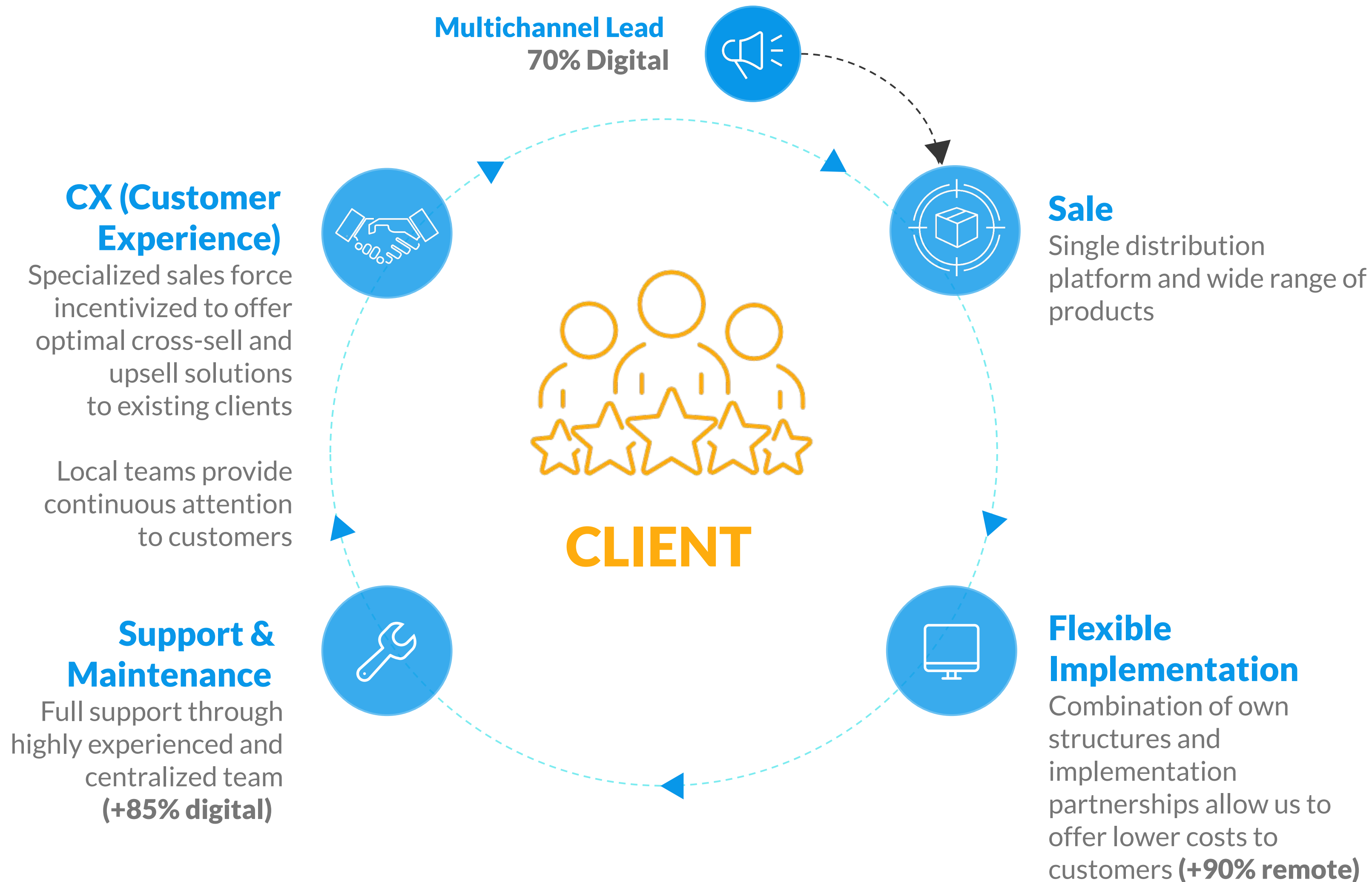




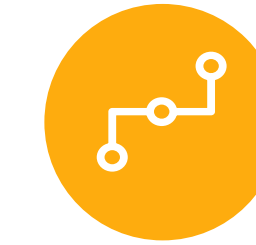
# BUSINESS MODEL



Presence and partnership in all stages of the Customer Journey strengthen loyalty



## Far Beyond ERP: 3D ecosystem



Management



Techfin



Biz Performance

## In 12 strategic segments of the economy and for customers of all sizes



Agribusiness



Construction



Distribution



Education



Financial Services



Health



Hospitality



Legal



Logistics



Manufacturing



Retail



Service Providers

## Flexibly deployed



Cloud



On-premise



## Across media

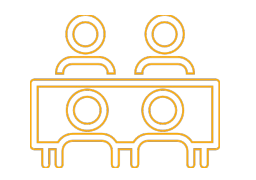
## Distribution Platforms



Franchises & Branches



Multichannel



Partnership



Own sales force

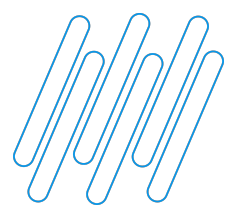


Affiliates



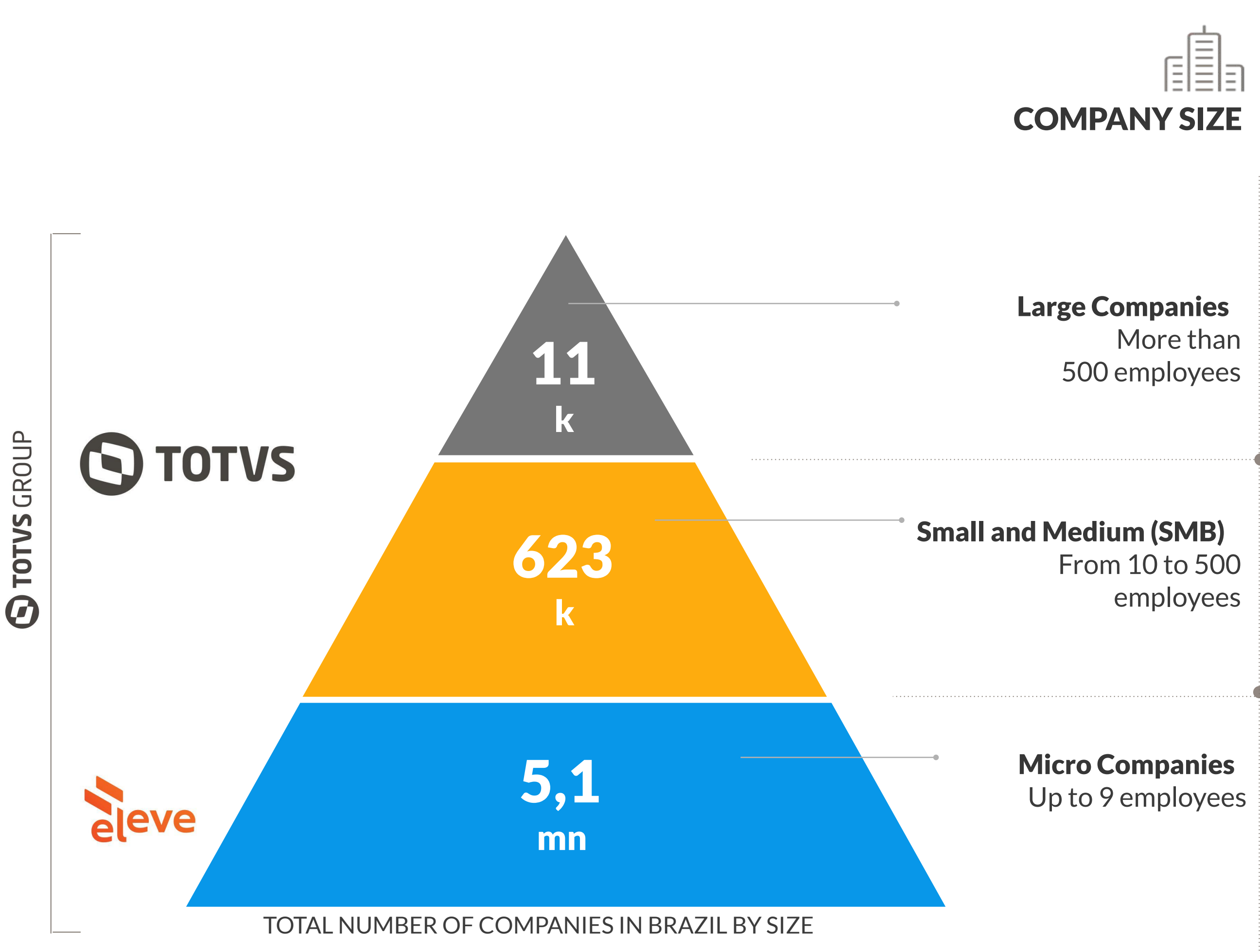
Digital Platform





# DISTRIBUTION PLATFORM

Local and digital presence, based on a highly capillary distribution model



## DISTRIBUTION CHANNELS LOCAL AND DIGITAL



### HOW WE RELATE WITH OUR CUSTOMERS



Management



Techfin



Biz Performance

#### Large Enterprise Division

- Own team with qualified and specialized staff by industry, offering personalized service and consulting support

#### Affiliates

- Credit distribution through our suppliers' affiliates

#### Partners

- Vibrant partner ecosystem in marketing automation

#### 38 Franchised Territories and 6 Branches

- Franchised territories according to industry sector. Local knowledge for SMB customers

#### Franchises and Branches

- Sales specialists fully-integrated in franchises and branches, still at the beginning of our journey and with large room to grow

#### Digital Commerce

- Fully-integrated Digital Commerce and Omnichannel sales specialists present in franchises and branches

#### Multichannel

- Distribution model through partners from a multichannel base that provides TOTVS with unmatched penetration across all regions in Brazil

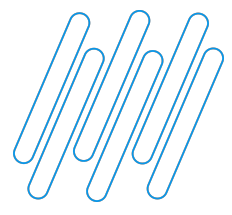
#### Cross-selling

- Cross-selling solutions through Management Dimension clients

#### PLG (Product-Led Growth)

- Up-sell driven by PLG (Product Led Growth)

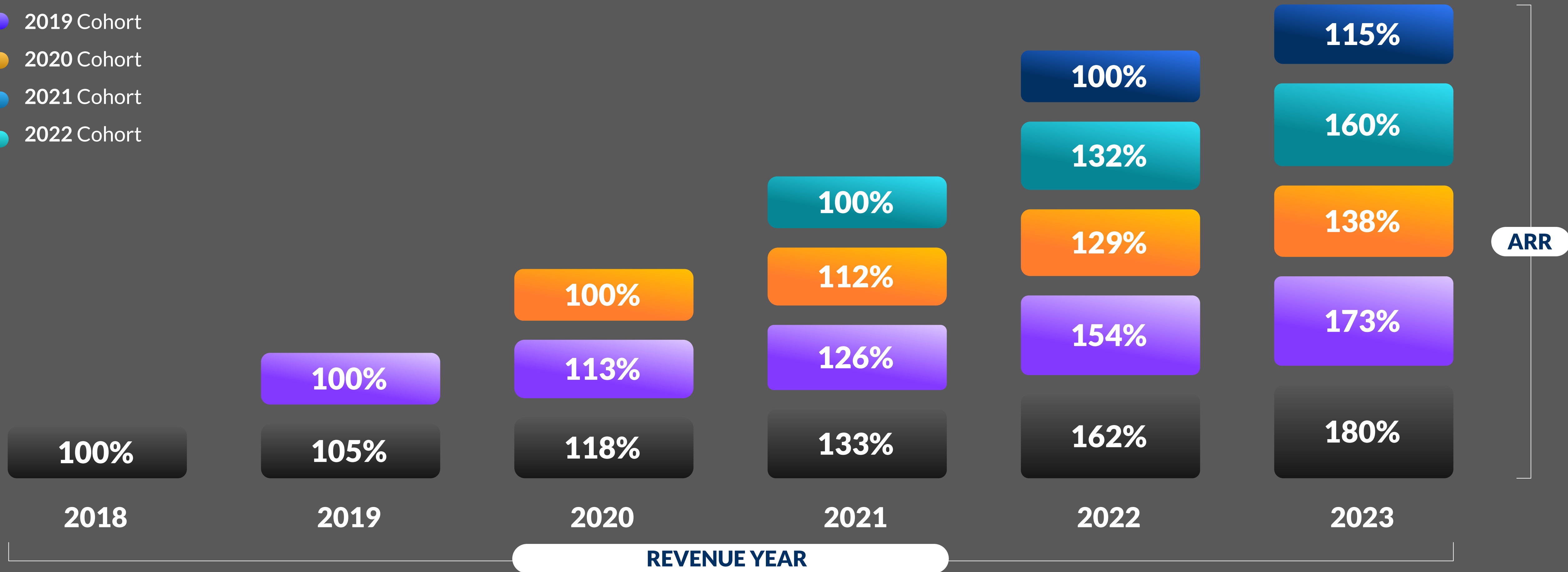




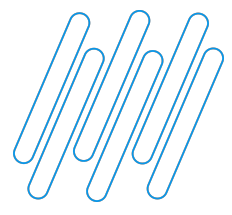
# MANAGEMENT COHORT ANALYSIS

The capacity for additional sales, combined with the inflation pass-through and low churn, means that the value of each cohort increases over the years.

- 2018 Cohort
- 2019 Cohort
- 2020 Cohort
- 2021 Cohort
- 2022 Cohort

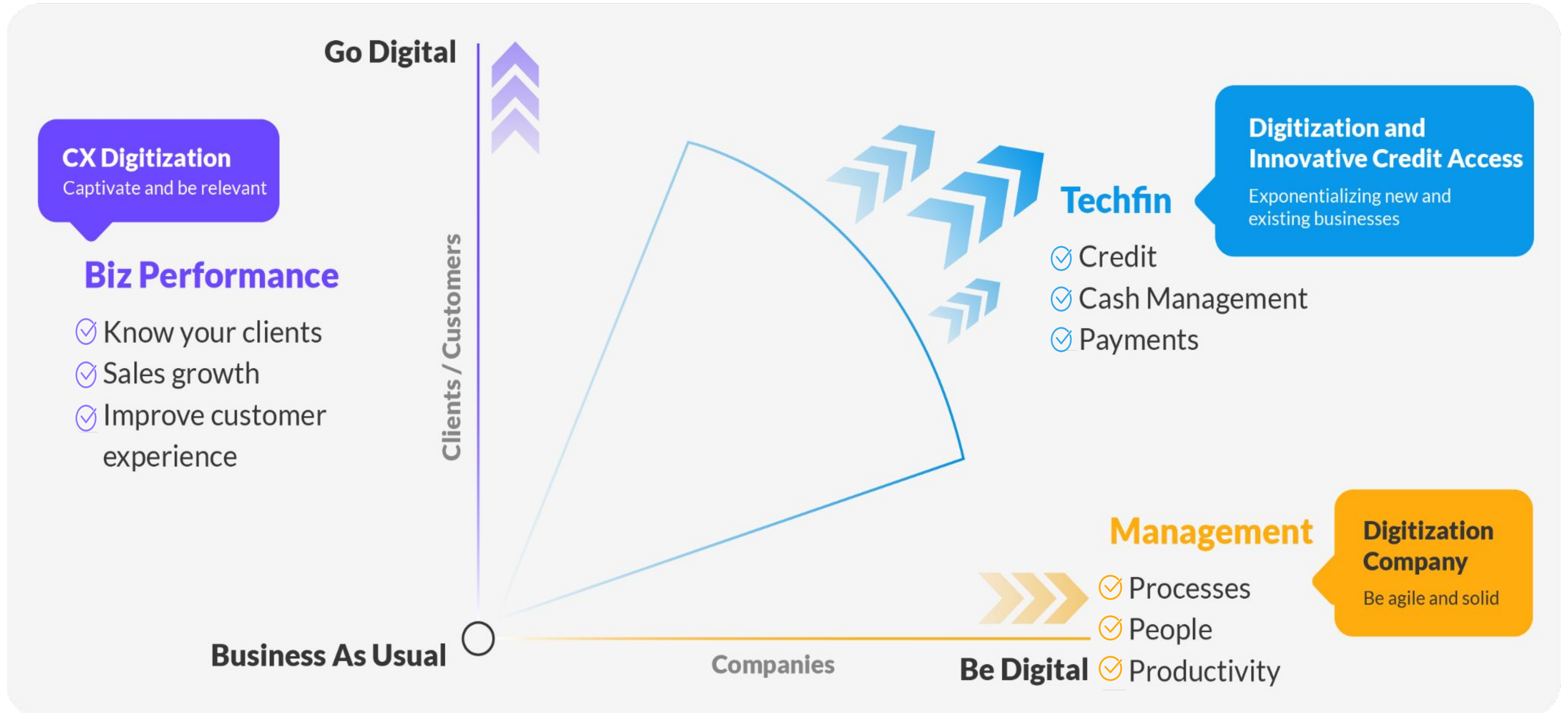




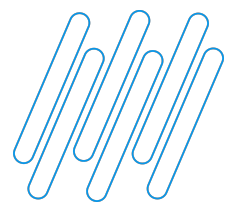


# BUSINESS PORTFOLIO

Accelerating our clients' digital Journey through the 3D Ecosystem







# BUSINESS PORTFOLIO




## MANAGEMENT DIMENSION

**ERP, HR solutions** (from payroll to human capital management), and **vertical solutions** for 12 market segments

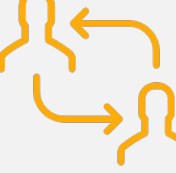
- ✓ A market not yet mature, with **~30% of SaaS signings from New Names** and potential TAM to become 3.3x larger
- ✓ **The digitization Journey** demands growing levels of corporate IT investments, boosting our core dimension
- ✓ More than simple personnel department solutions, **SMB companies** are updating to the **ultimate platform** for human capital management

×
 PORTFOLIO AND DISTRIBUTION

ERP & HR Suite



**ERP Backoffice**

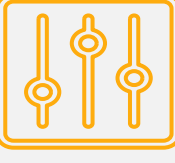


**HR (HXM)**


Vertical Solutions

Agribusiness	Construction	Distribution
Education	Financial Services	Health
Hospitality	Legal	Logistics
Manufacturing	Retail	Service Providers


Platforms



**Business Intelligence (Analytics)**




**Carol Platform (AI e Data)**




**Fluig (Productivity & Collaboration)**


Services



**Consulting**




**Cloud**



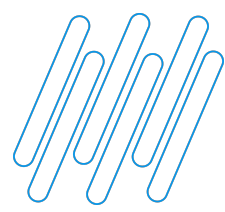
**Trainings**

Micro Companies



**Solutions for Micro Companies**





# BUSINESS PORTFOLIO



## BIZ PERFORMANCE DIMENSION

**PORTFOLIO OF SOLUTIONS** to support our clients from diverse market segments to increase sales, competitiveness and performance

- ✓ **Digital marketing platform** that drives demand and lead generation for SMB
- ✓ **Exponentializing digital commerce** with an asset light model that drives **GMV + take rate growth** trough full commerce



Digital Marketing Automation and Management



Virtual assistant trained with personalized data to qualify leads via integrated chat



Automation of customer service to sell more



Process control to boost sales



Increase in commercial efficiency



Control of sales made by online stores and marketplaces



Complete platform to manage and expand customer online store



## PORTFOLIO AND DISTRIBUTION

DIGITAL MARKETING

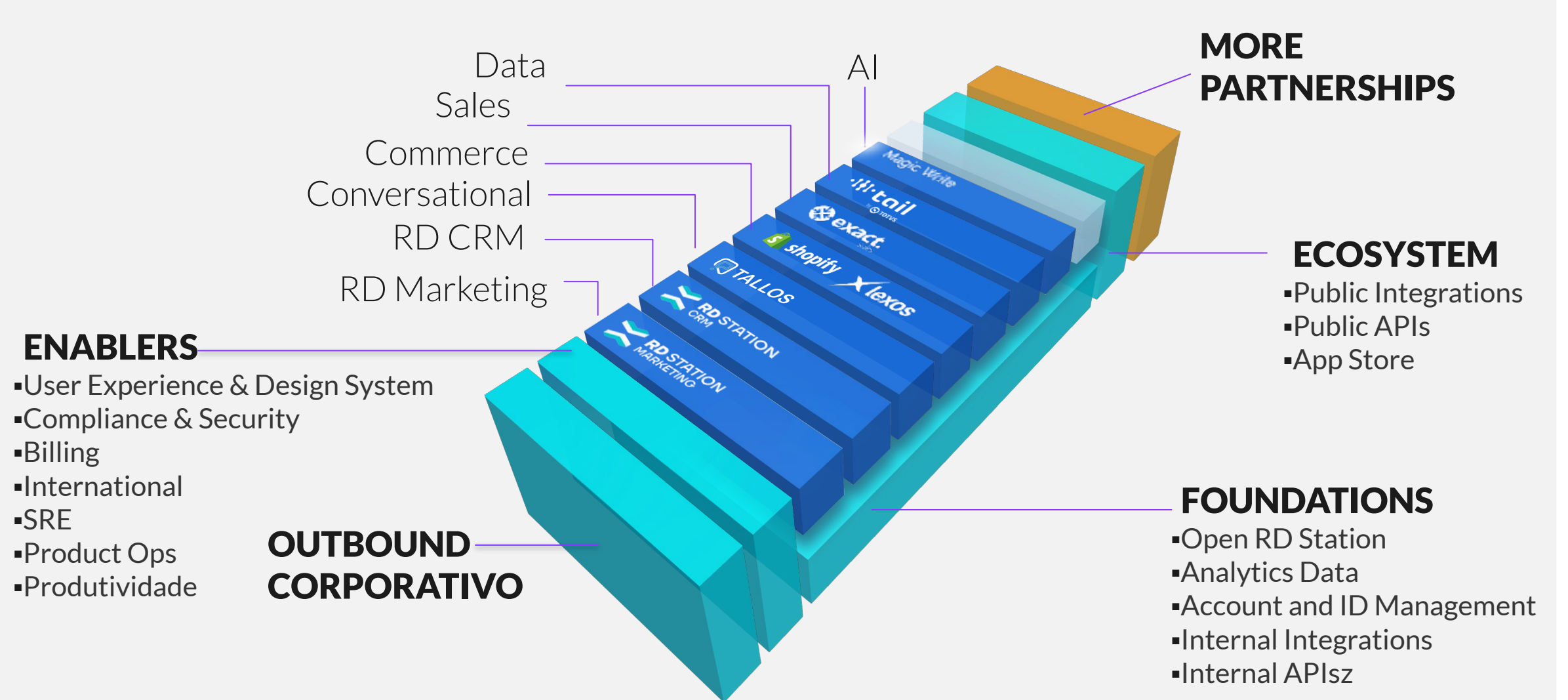


SALES / DIGITAL COMMERCE

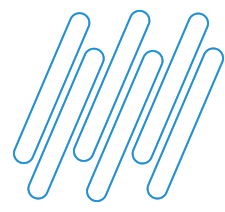


CUSTOMER EXPERIENCE

### BIZ PERFORMANCE PLATFORM







# PORTFOLIO OF SOLUTIONS



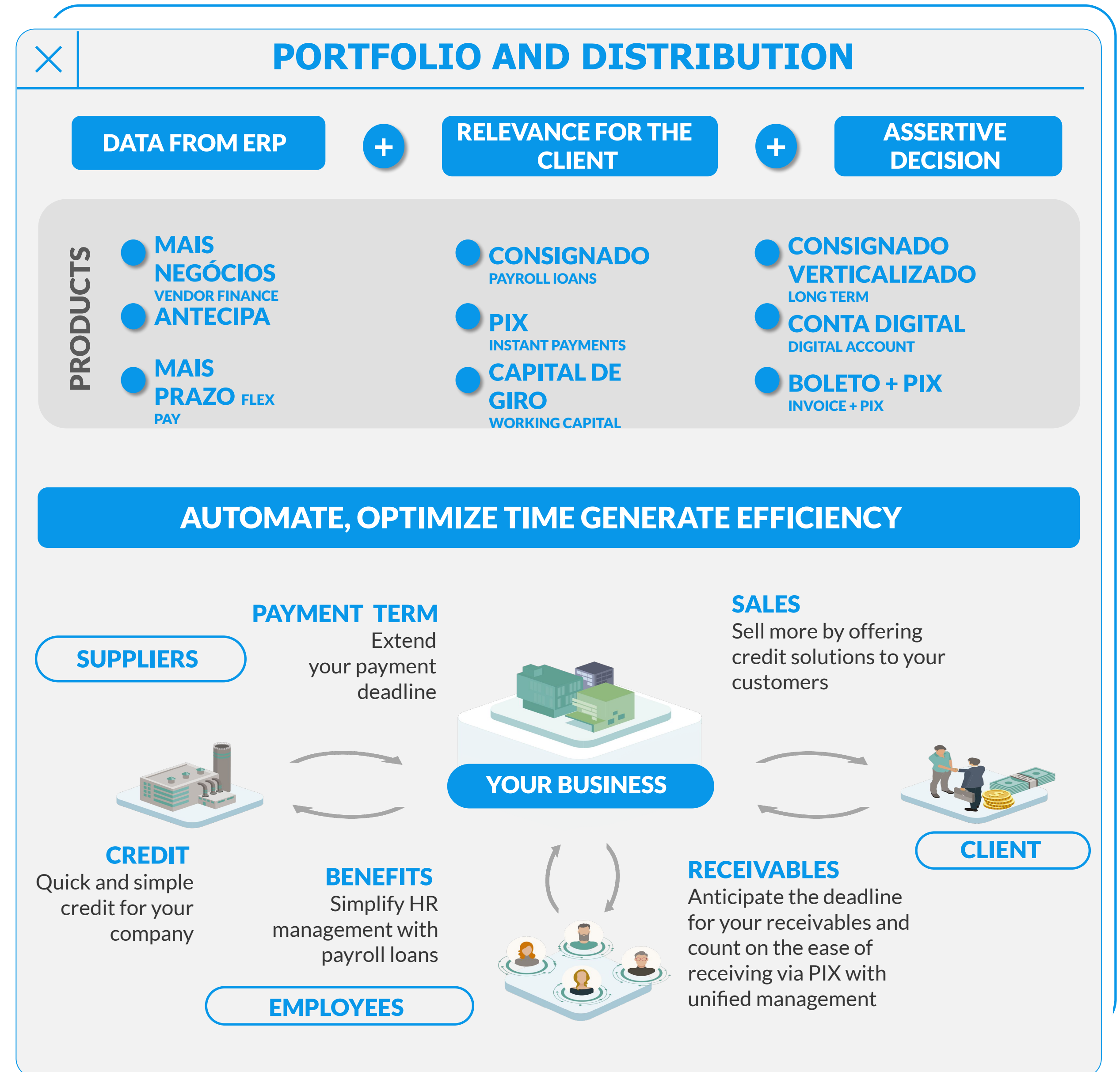
## TECHFIN DIMENSION

SINGLE JOURNEY | ERP BANKING

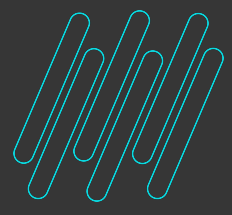
We combine technology and data intelligence to simplify, expand and democratize companies' access to financial services with a disruptive value proposition that considers the **ERP BANKING** thesis, integrating Management software with financial solutions offerings

- Low Risk** business model
- Lower** regulation
- Self-Sustainable** business unit

Source: Company







# M&A & PARTNERSHIP

Successful growth strategy based on three main levers



**ORGANIC**



Revenue growth with Higher efficiency on R&D spending



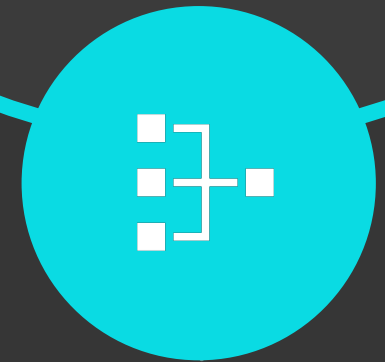
**PARTNERSHIP**



Partnerships with leading companies, including Shopify, B3 and Itaú



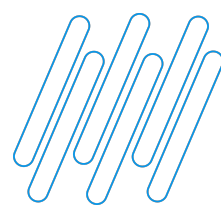
**M&A**



Acquisitions ~3x the proceeds from latest Follow-On , reaching +R\$3 billion

**Growth coupled with higher efficiency**





## M&As Enterprise Value: ~R\$3 billion (since 2019 Follow-On)

### MANAGEMENT

**Verticals**

**Rational**

**CONSINCO**  
Dec/2019

Consolidate leadership in the cash and carry/supermarket segment

**Plan. and management financial**

**Rational**

**GESPLAN**  
Mar/2022

Increase in the Management business portfolio + access and data intelligence

**Human experience management**

**Rational**

**Feedz**  
by TOTVS  
Sep/2022

Expand HXM solutions, strengthening the portfolio for the Human Resources area

**Human capital management**

**Rational**

**ahgora**  
Nov/2023

Expand the position as a platform for HR, strengthening the solutions from personnel department to employee experience management

### TECHFIN

**B2B Credit**

**Rational**

**Supplier**  
Oct/2019

Best finance offer to the entire supply chain

**Digital Platform of Financial services**

**Rational**

**TOTVS + Itau**  
Apr/2022

Expand, simplify, and democratize the access to a wide range of financial products in the B2B market

### BIZ PERFORMANCE

**Digital Marketing**

**Rational**

**RD STATION**  
Mar/2022<sup>1</sup>

The leader in the digital marketing transformation of SMBs

**Conversational commerce**

**Rational**

**TALLOS**  
Aug/2022<sup>2</sup>

One of the major developers of solutions for conversational commerce in the country

**E-commerce**

**Rational**

**shopify**  
May/2023

World leader in e-commerce platform, to offer solutions for SMEs

**Digital-commerce**

**Rational**

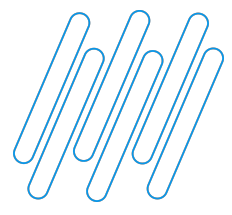
**lexos** **exact** sales  
May/2023 Jun/2023

Solutions to enhance the integration of sales and prospecting and potential customer qualification platforms

Source: Company

M&A Partnership





# GOVERNANCE



## Highest level of Corporate Governance

(B3 - Novo Mercado)

Mercado)

### BOARD OF DIRECTORS

6 out of 7 board members are independent

**Laércio Cosentino**

**Chairman**  
Co-Founder of TOTVS and Chairman of Brasscom and Mendelics

**Maria Letícia Costa**

**Vice-Chairman Independent Member**  
Partner of SLP Consultoria e Treinamento and board member of Localiza, Mapfre, Mobly and Auren Energia

**Edson Georges Nassar**

**Independent Member**  
Board Member of Banrisul Icatu

**Gilberto Mifano**

**Independent Member**  
Board Member of Natura and Construtora Pacaembu

**Guilherme Stocco Filho**

**Independent Member**  
Board Member of Falconi Consultoria and Vinci Partners

**Ana Claudia Reis**

**Independent Member**  
Senior Partner at Kingsley Gate Partners

**Tania Sztamfater Chocolat**

**Independent Member**  
Executive Director of Investments LatAm at CPPIB<sup>2</sup> and Board Member at Equatorial Energia and LAVCA

### ADVISORY COMMITTEES

#### Statutory Audit

monitors the procedures for compliance with legal provisions, evaluates risk management policies and recommends improvements to internal policies

#### People and Compensation

responsible for advising the Board of Directors in establishing the terms of compensation and other benefits

#### Governance and Nomination

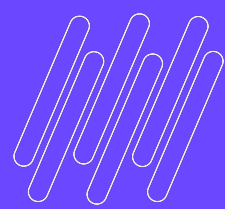
promotes the development of the Company's corporate governance and ESG strategy, evaluates the adoption of good practices and selects members to the Board of Directors and the Executive Board

#### Strategy

studies, debates, evaluates, proposes and monitors the main guidelines of the corporate and technological strategy

Note: (1) B3 - Brasil, Bolsa, Balcão (2) CPPIB - Canada Pension Plan Investment Board





# ▶ SOCIAL INVESTMENT

## TOTVS MAINTAINS IOS AND BELIEVES THAT SOCIAL INVESTMENT DRIVES TRANSFORMATION

Free professional training for youth and disabled people, in the areas of Administration and Information Technology focused on employing skilled professionals in the economy of the future.

Indication of preselected graduating students to partner companies, and assistance in complying with the Law on Learning and the Law on Quotas for Disabled People.



**45,000+** students graduated under a 25 years track record



**63% increase** in household income of students



**2,000+** students have completed IOS courses

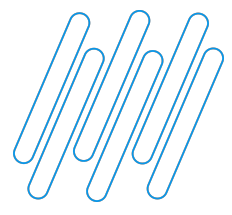


**1,300+** students employed with IOS assistance



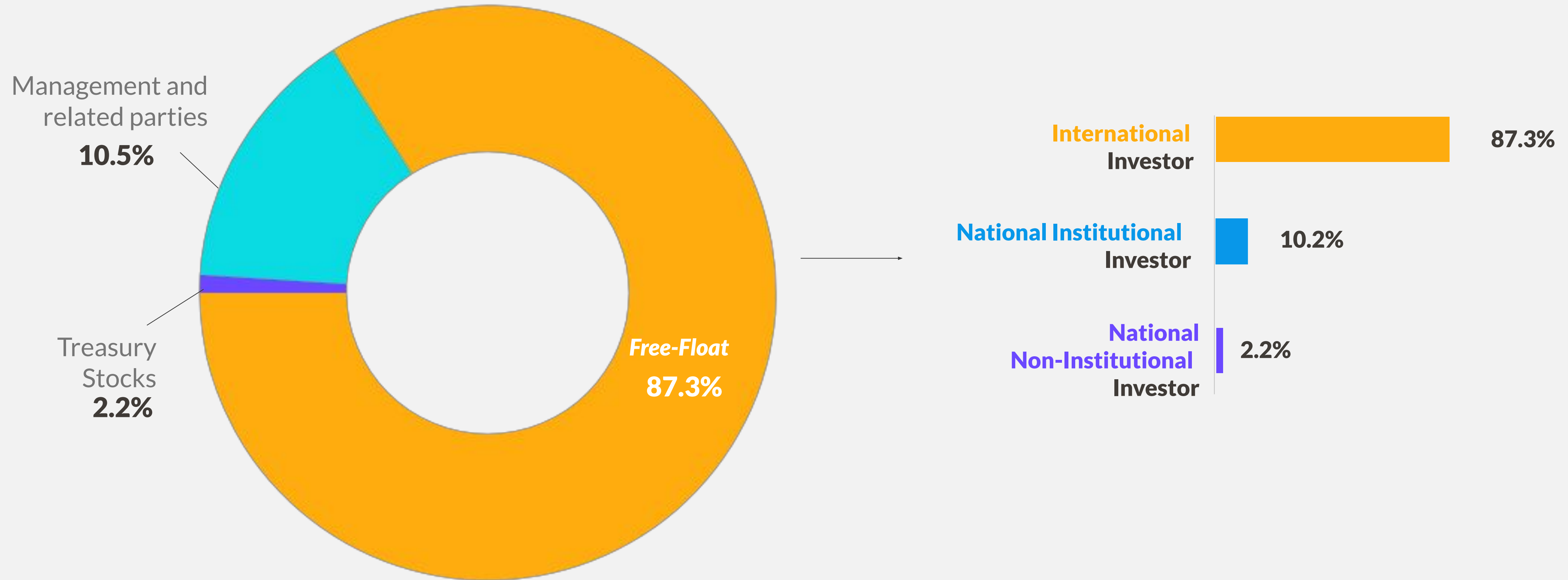
TOTVS invested **R\$7,2MM** in 2023 in **IOS – Institute of Social Opportunity**





# GOVERNANCE

Shareholding Composition\*: True Corporation



\*As of June 30, 2024





# #WEARETOTVERS CULTURE

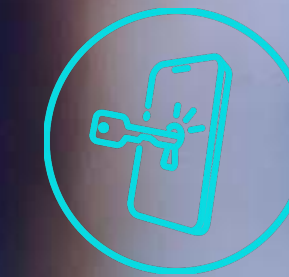
## defines our essence



WE VALUE GOOD PROFESSIONALS WHO ARE GOOD PEOPLE



WE ARE DRIVEN BY RESULTS



WE INVEST IN TECHNOLOGY THAT MAKES IT POSSIBLE



WE BUILD LONG-TERM RELATIONSHIPS WITH OUR CLIENTS



WHEN WE COLLABORATE, WE BECOME STRONGER

### By geographic location (own units)

11,342 in Brazil



307 abroad



ARG



MEX



USA



COL

### By gender



61%



39%

### By leadership position



62%



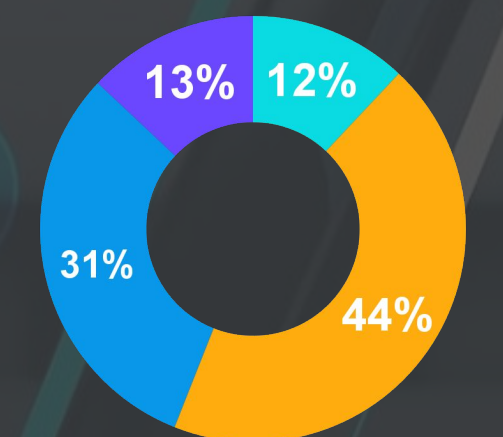
38%

### By generation

Generation Y	63%
Generation X	21%
Generation Z	15%
Baby boomers	1%

### By activity

- R&D
- Services
- Adm / Others
- Sales







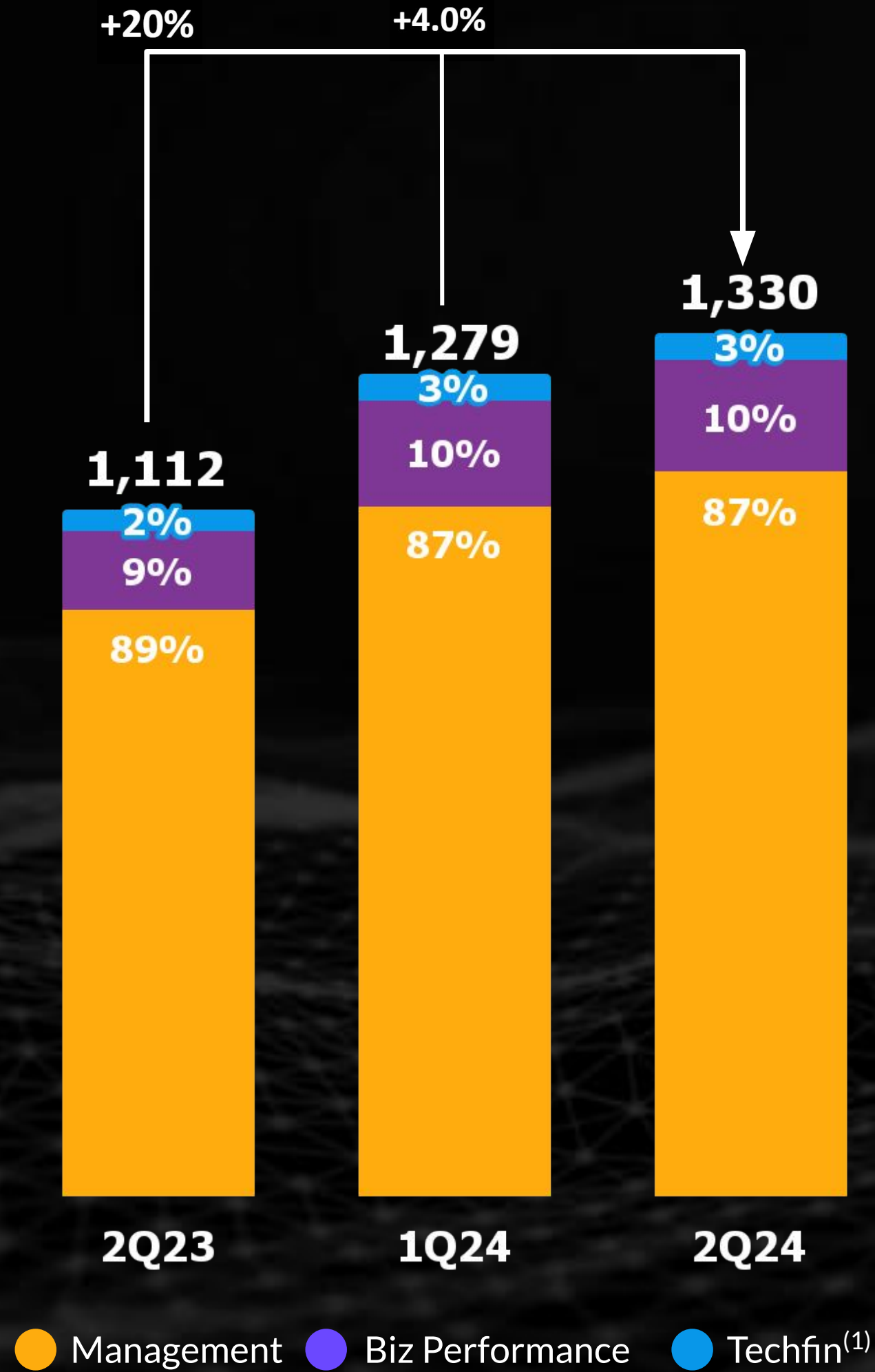
04

# QUARTER RESULTS 2Q24

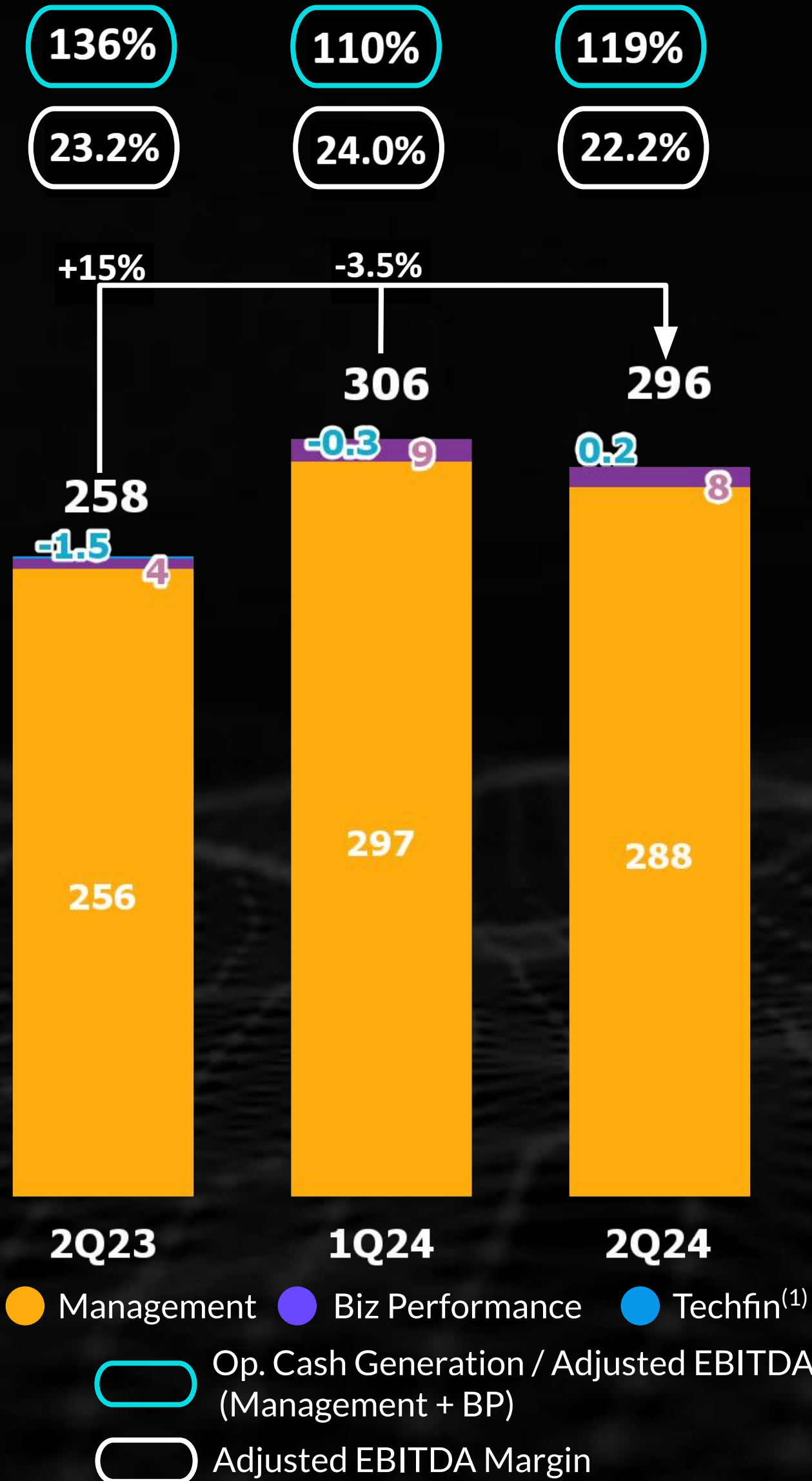




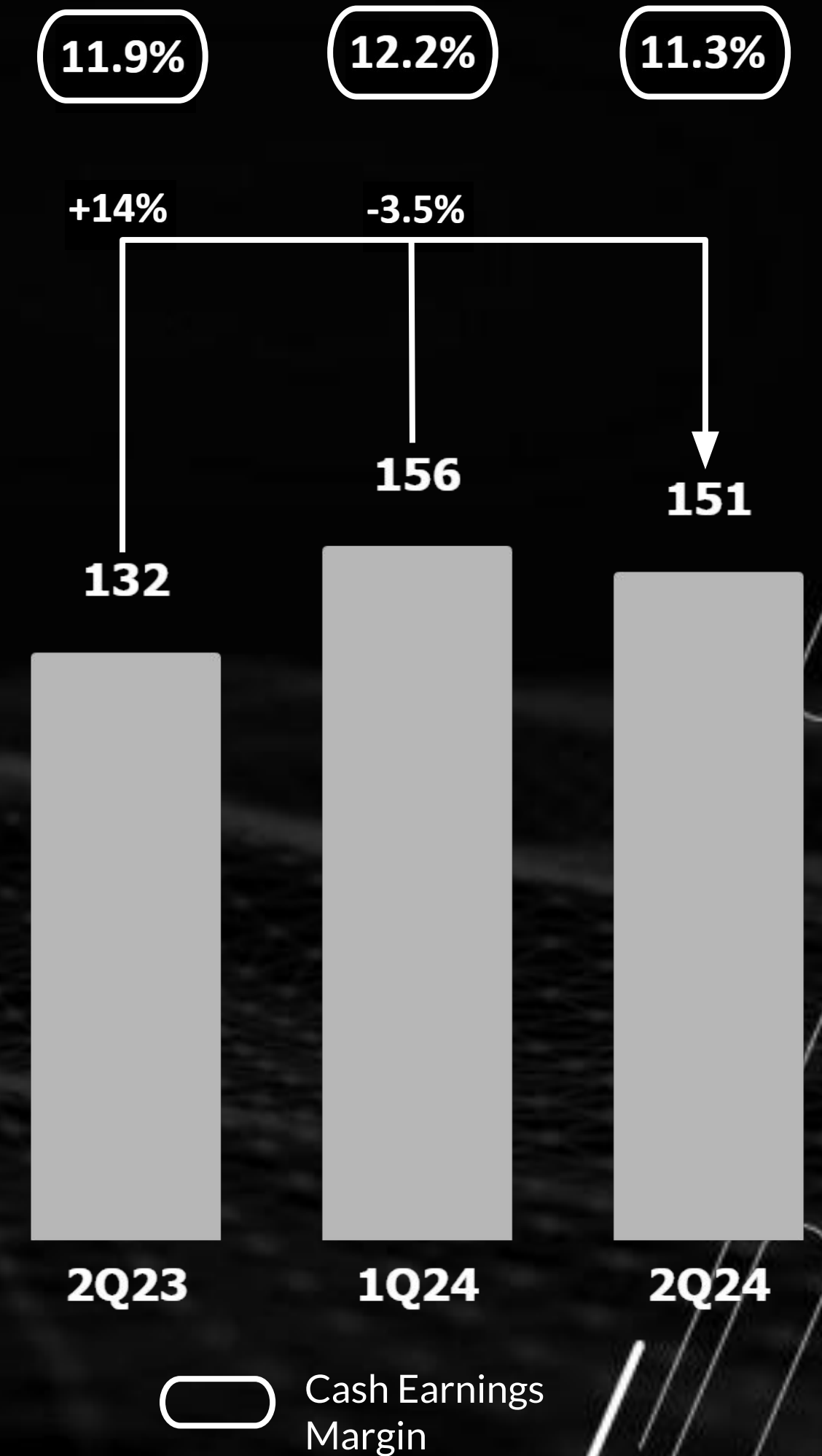
## NET REVENUE



## ADJUSTED EBITDA <sup>(2)</sup>



## CASH EARNINGS



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



20% growth of Recurring Revenue vs 2Q23, with acceleration in SaaS Revenue growth and highlighting the record for Volume Addition in 2Q24

## RECURRING REVENUE

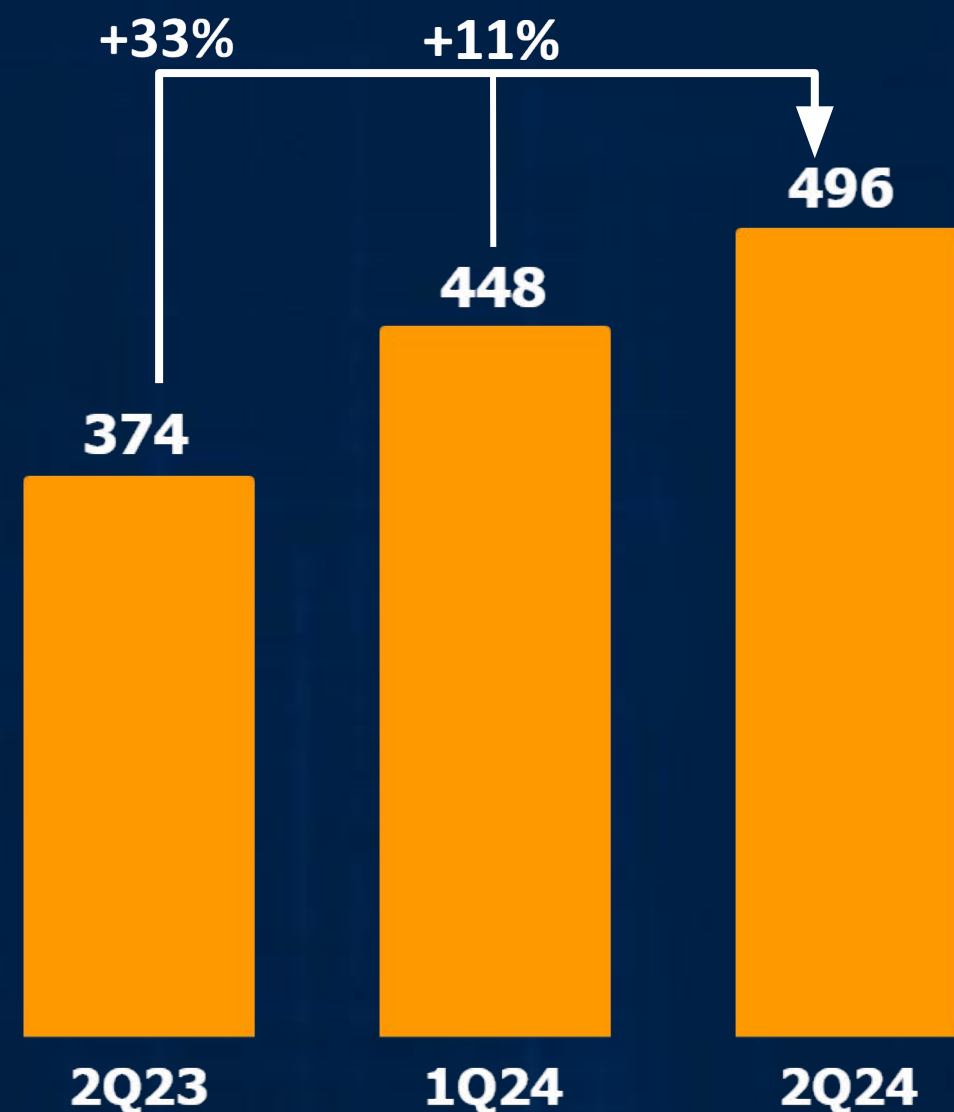
+R\$ 1 billion (+20% vs 2Q23)

% Recurring Revenue: **88%**

Cloud Revenue: **+31%** vs. 2Q23

Signings SaaS: **+33%** vs. 2Q23

## SaaS - MANAGEMENT (R\$ million)



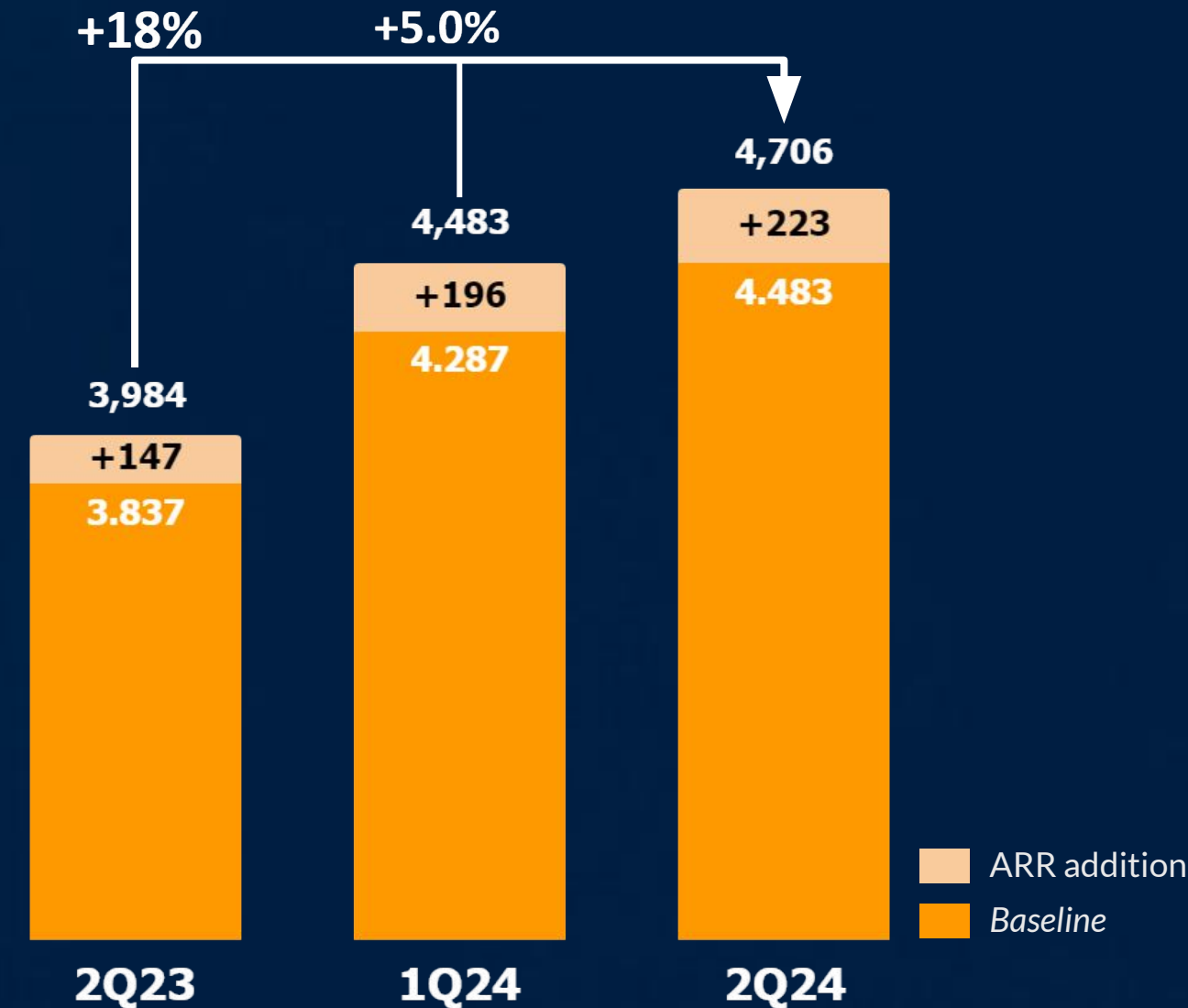
## ARR NET ADDITION

R\$149 million

## RENEWAL RATE

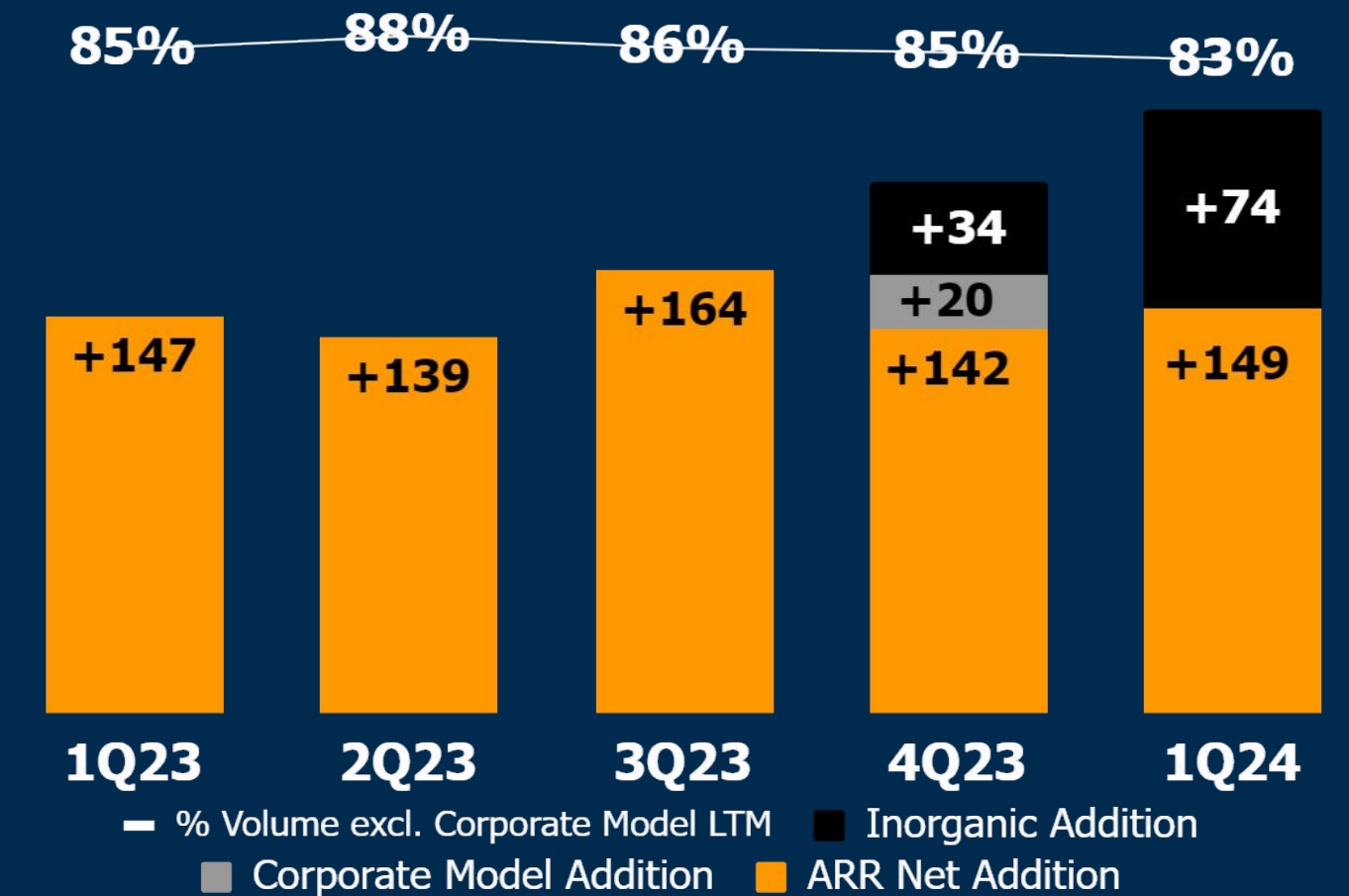
2Q23	1Q24	2Q24
98.3%	98.7%	98.2%

## ARR (R\$ million)



## Highlights

### Net ARR Addition (R\$million)



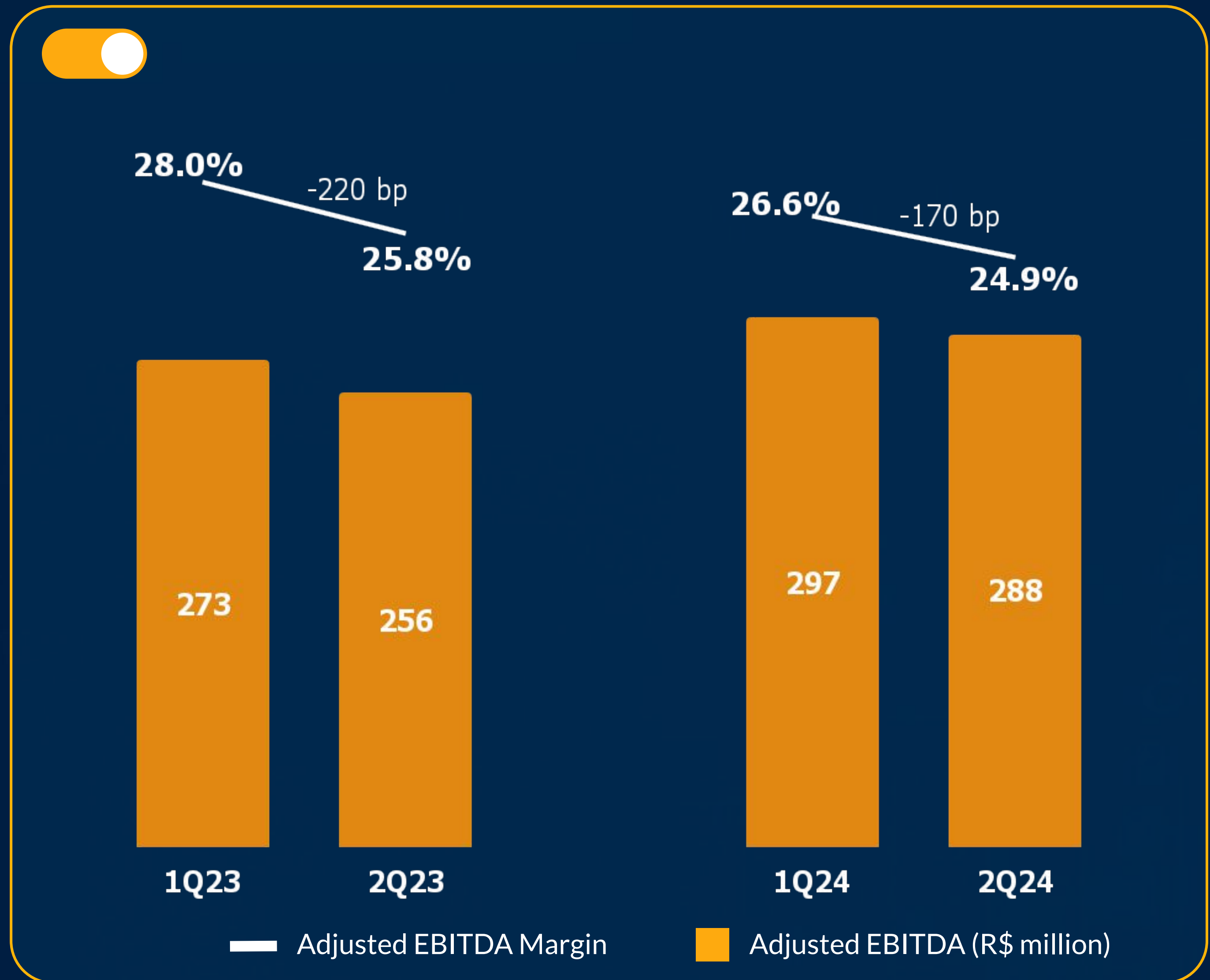
- The sustained good performance of sales Volume versus the recent behavior of inflationary indices made the LTM Volume component in the addition of ARR remain above 80%



# EBITDA

*Adjusted EBITDA from Management dimension grew 13% compared to 2Q23, with EBITDA Margin at 24.9%, 90 basis points lower than in 2Q23, mainly due to the impact of a negative IGP-M of the pass-through of inflation in Recurring Revenue, in the last periods.*

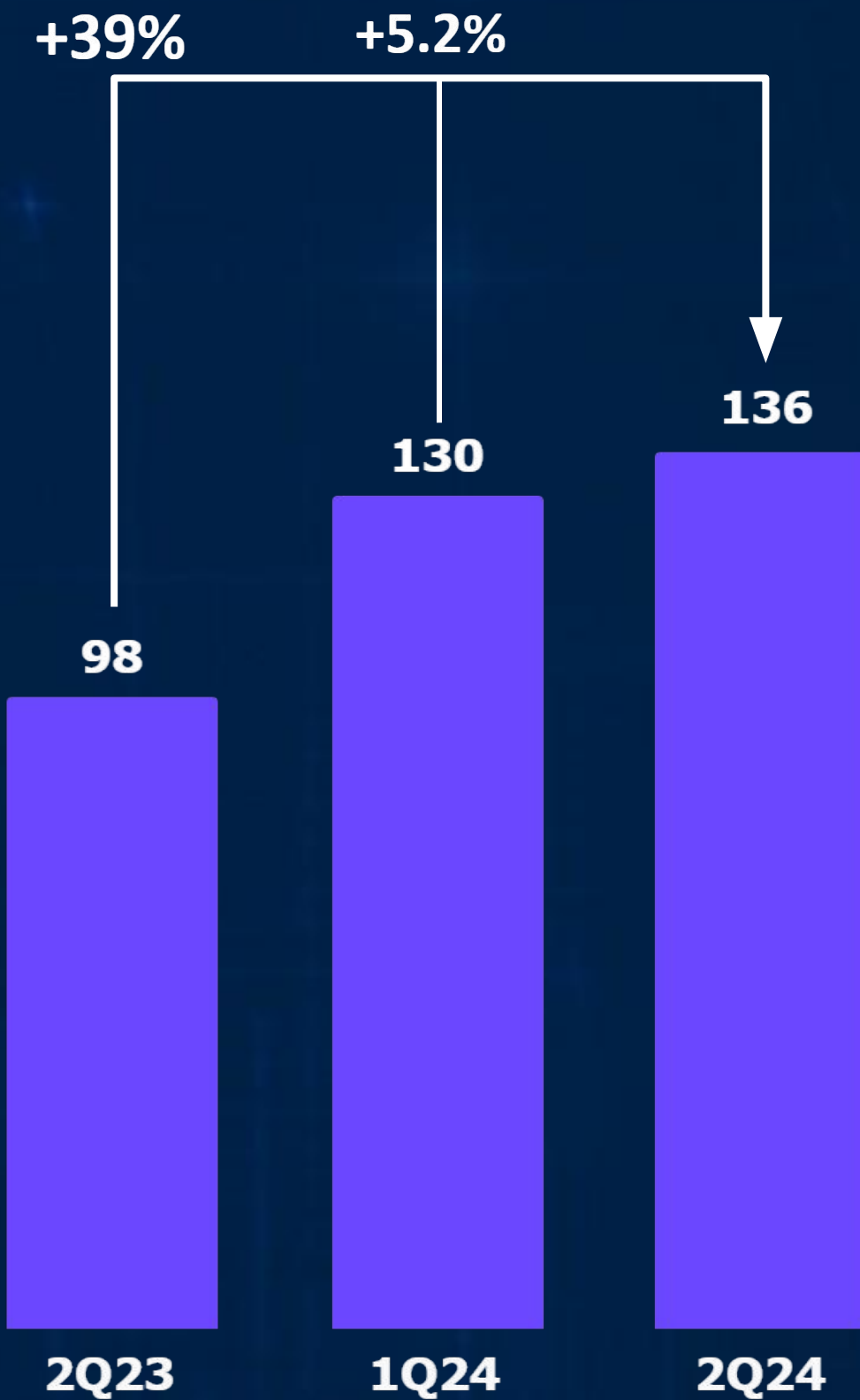
*The seasonal decline between Q1 and Q2 was 50 points better in 2024 compared to 2023, despite the higher investments this year in the "Universo TOTVS" event and new advertising campaign, focused on brand building.*



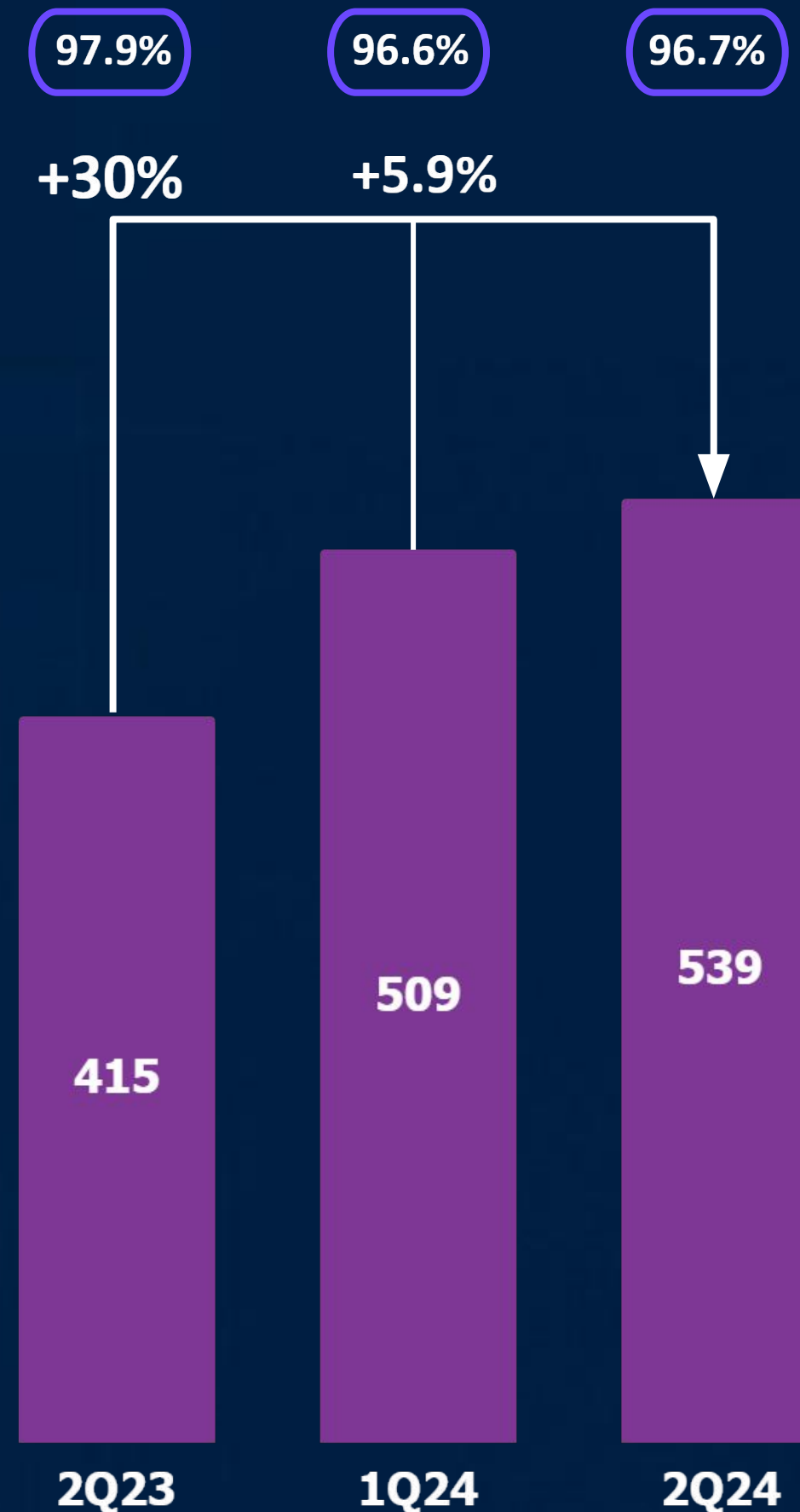


Recurring Revenue increased 40% year-over-year, mainly due of Net ARR Addition that included the acceleration in sales of RD Station Conversas, CRM and Marketing

## NET REVENUE (R\$million)

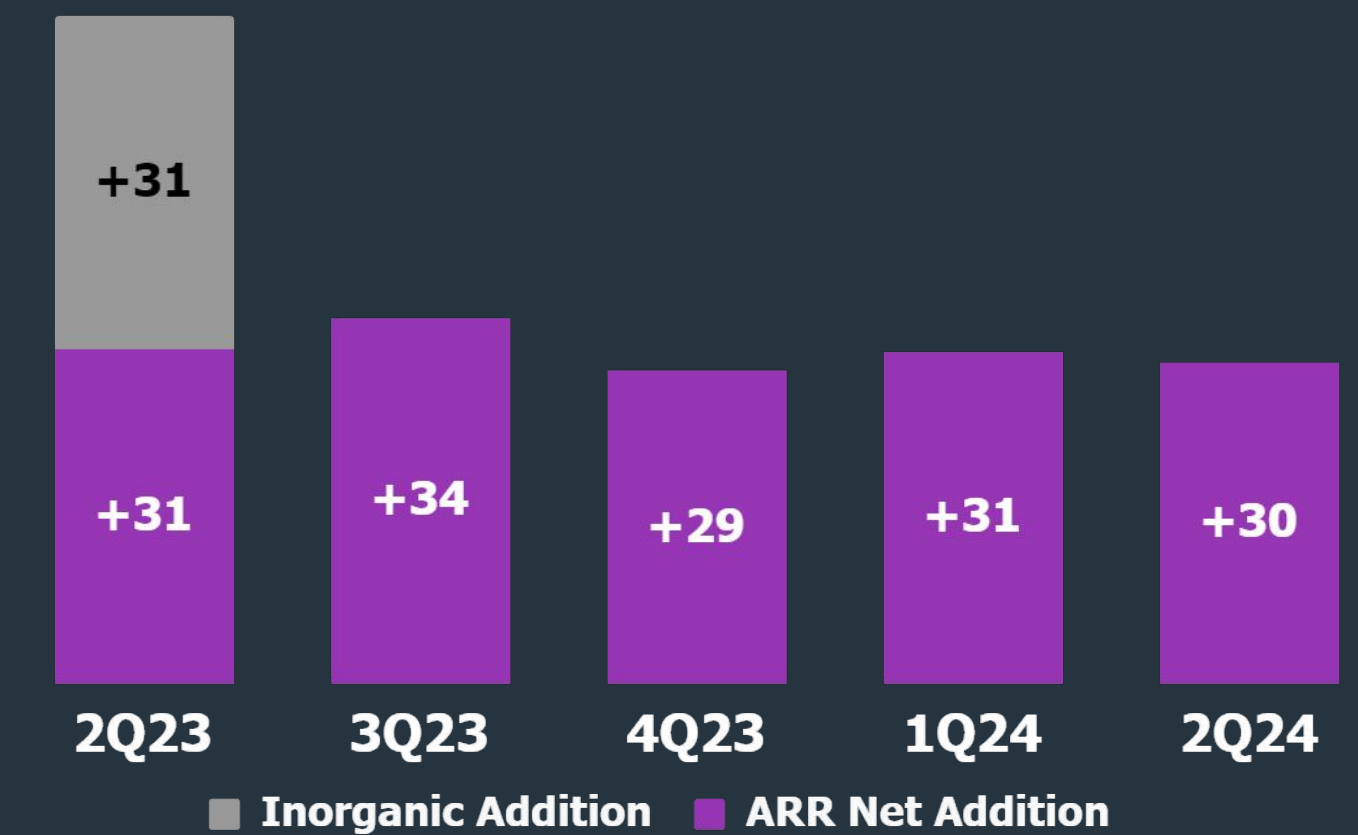


## ARR (R\$ million) and RENEWAL RATE



## Highlights

### Net ARR Addition (R\$million)



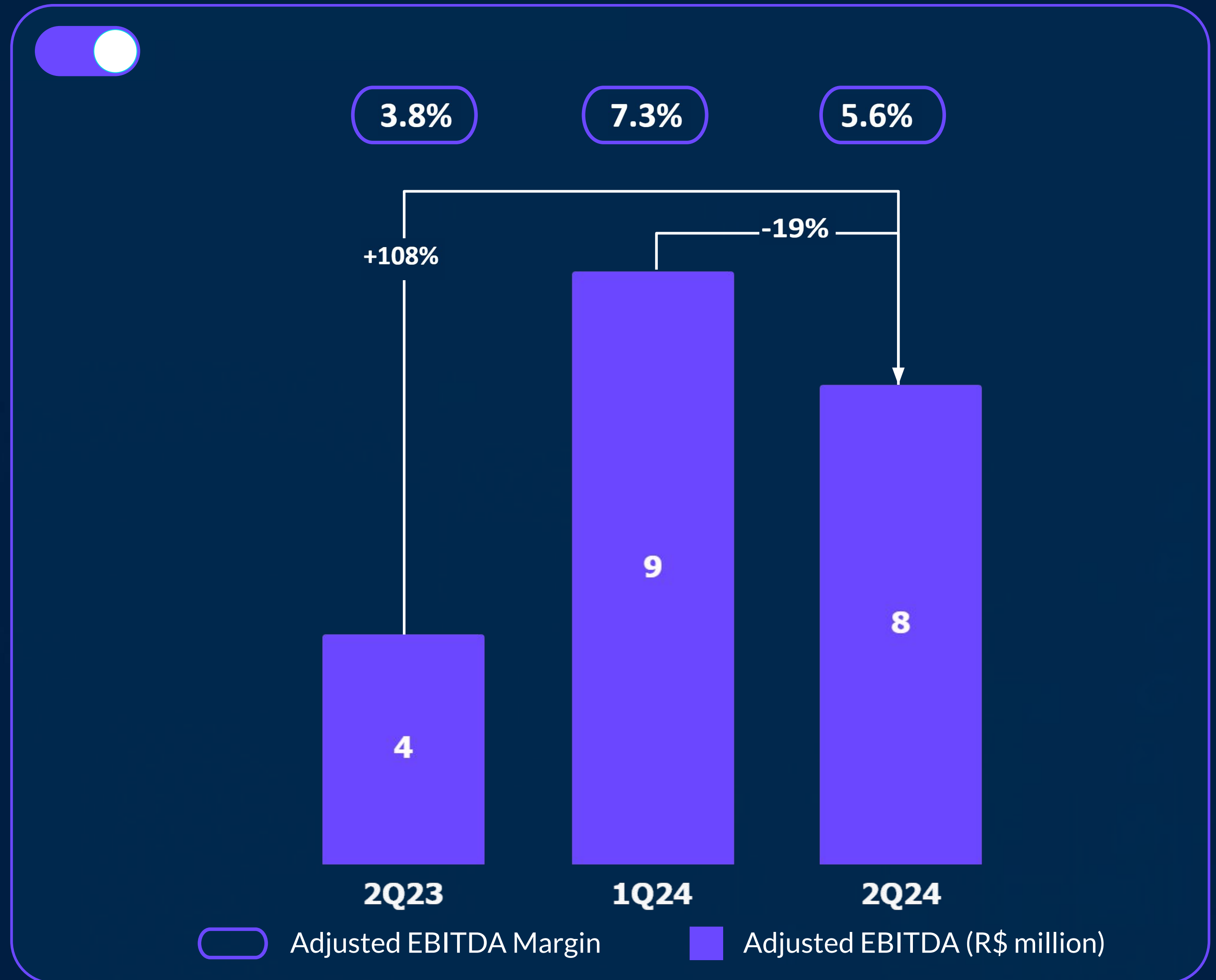
- The organic Net Addition of R\$30 million took the Business Performance ARR to R\$539 million, registering an increase of 30% compared to 2Q23 and 5.9% compared to 1Q24



# EBITDA

**Business Performance Adjusted EBITDA ended the quarter in R\$7.7 million, more than doubling year-over-year.**

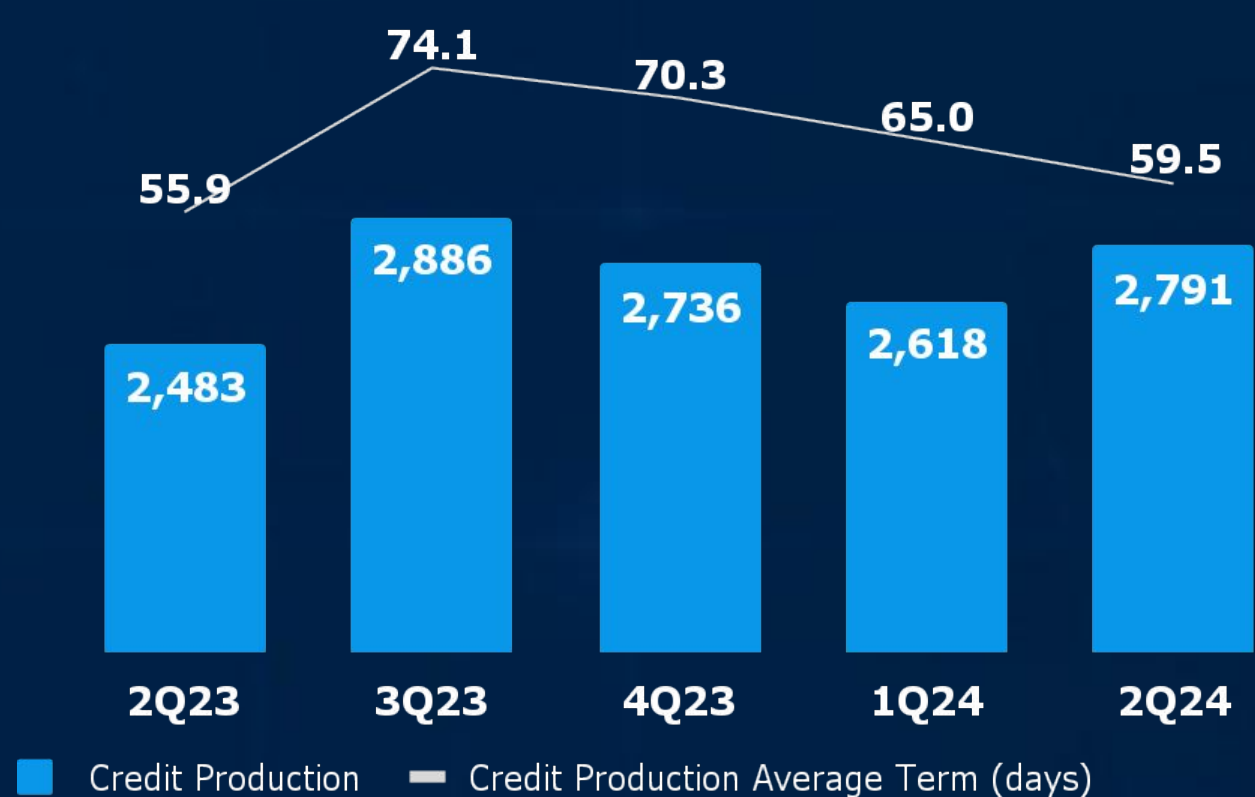
The growing margin dynamics of this dimension are linked to unit economics that are superior to those of Management. An example of this is the standalone RD Station operation margin, which ended 2Q24 above 20%.



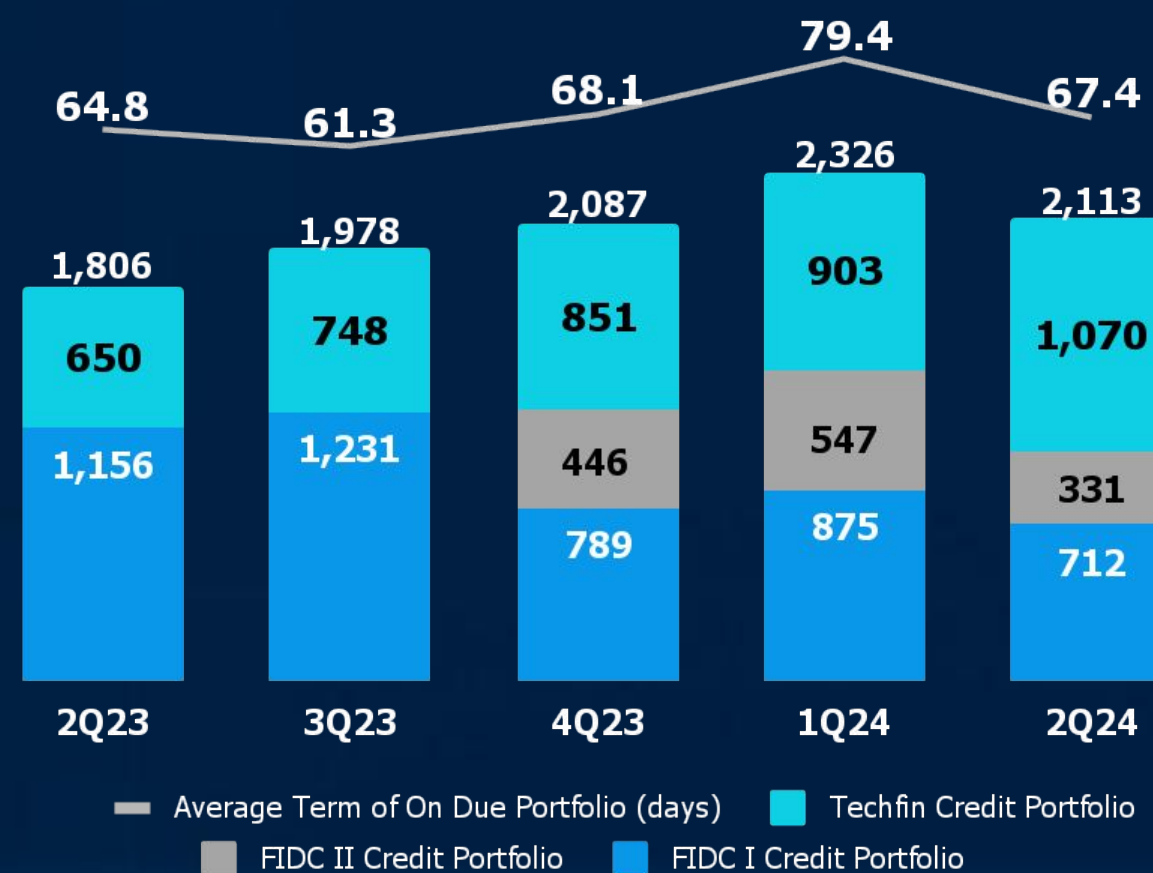


Revenue Net of Funding **grew 47%** in comparison to 2Q23, driven by the growth in Credit Production and by the **22% reduction in Cost of Funding** in the same period

## Credit Production (R\$ million)

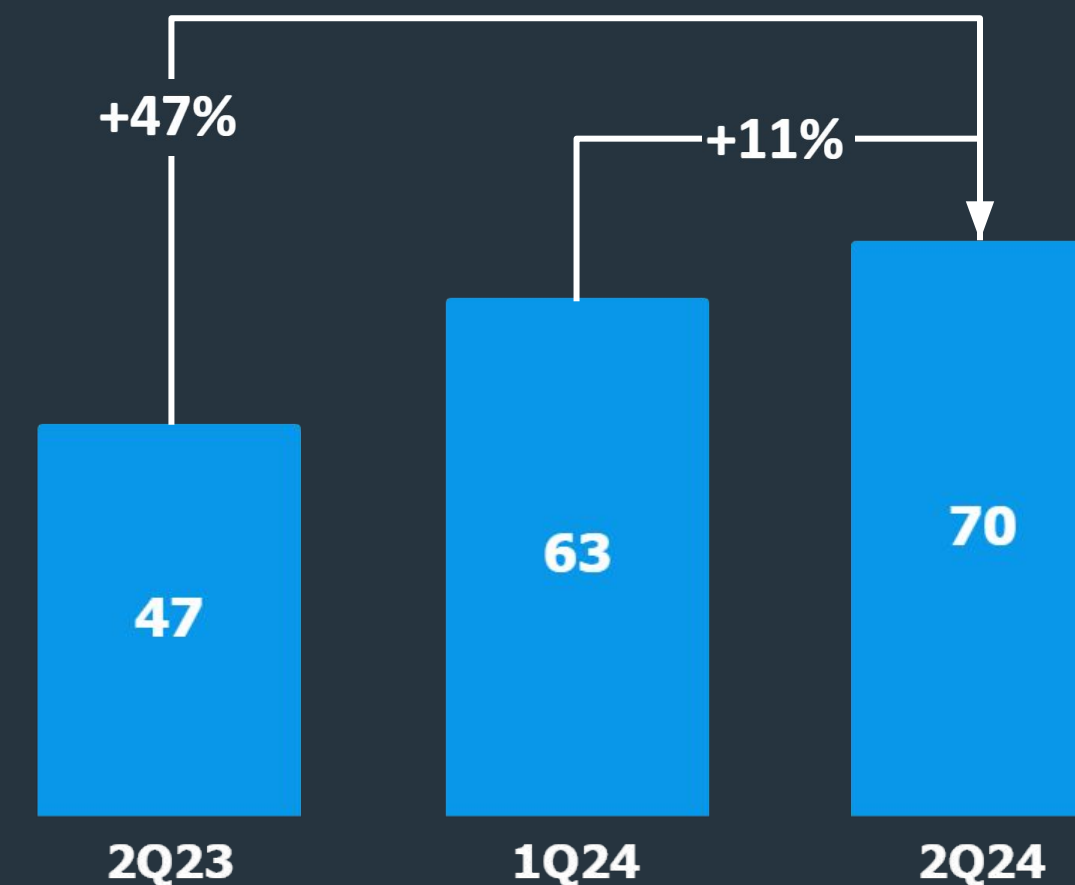


## Credit Portfolio (R\$ million)



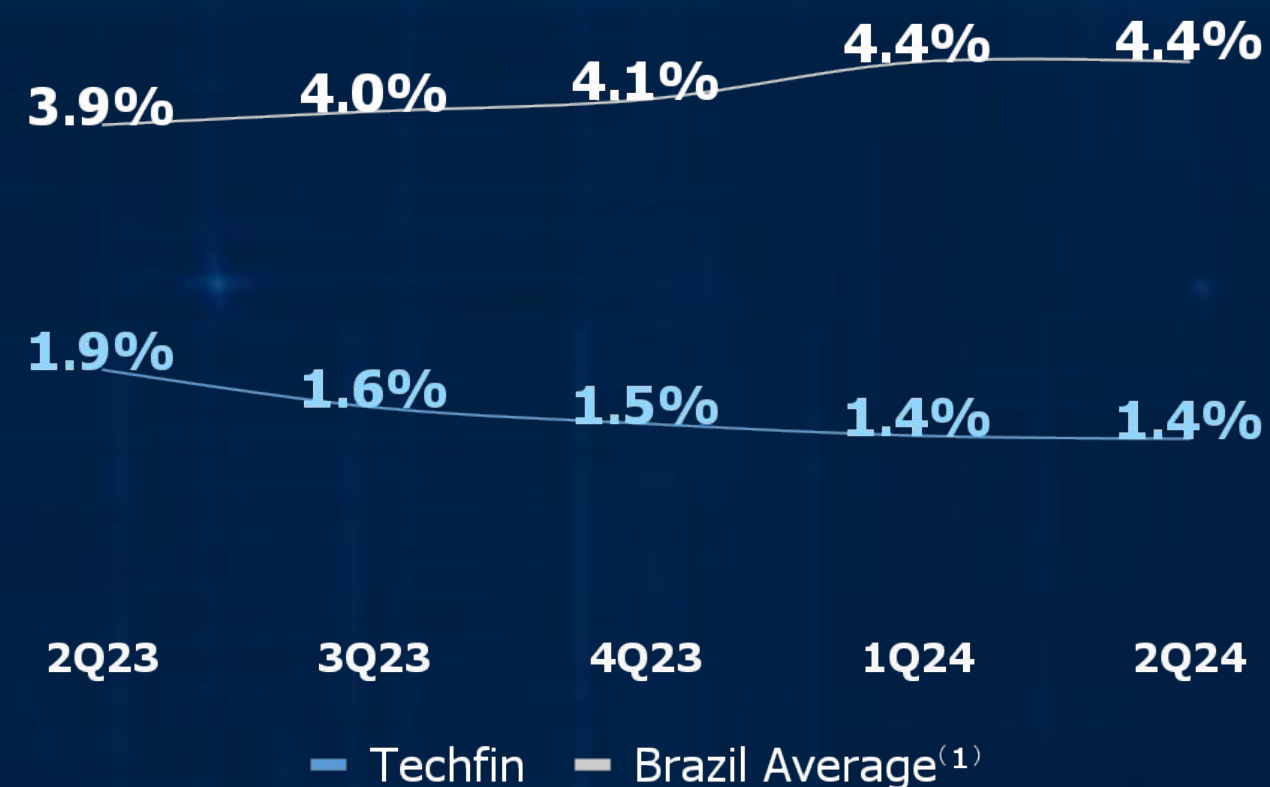
## Highlights

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

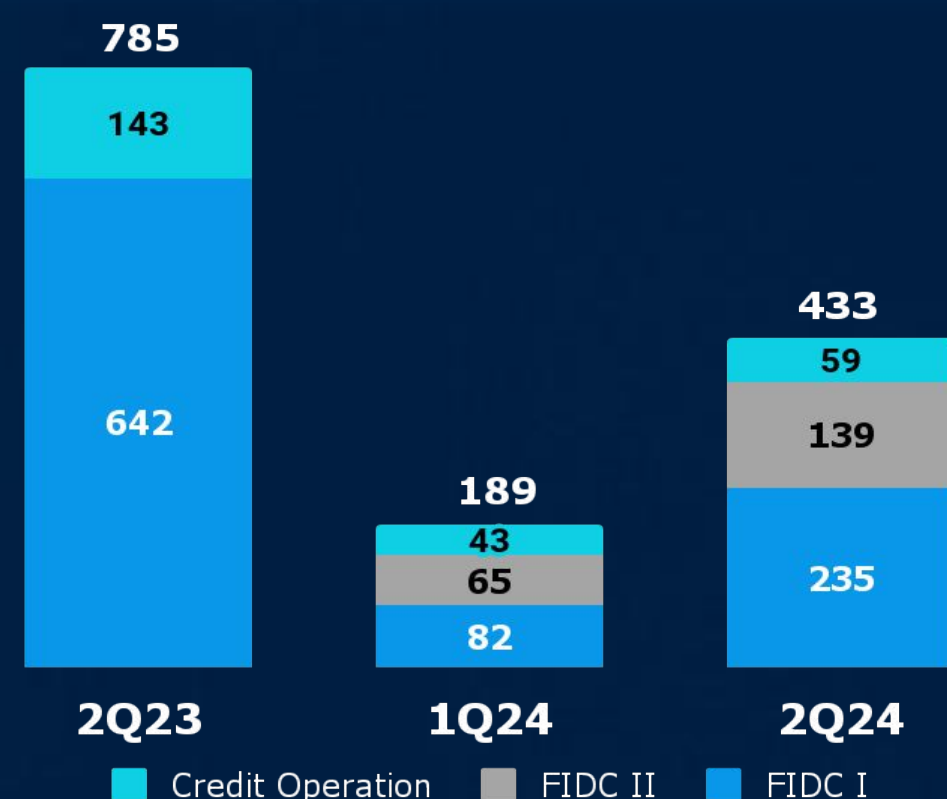


- The evolution of Revenue Net Funding is mainly associated with the performance of Credit Production, which exceeded the amount of 1Q24

## Delinquency above 90 days



## Cash Position (R\$ million)



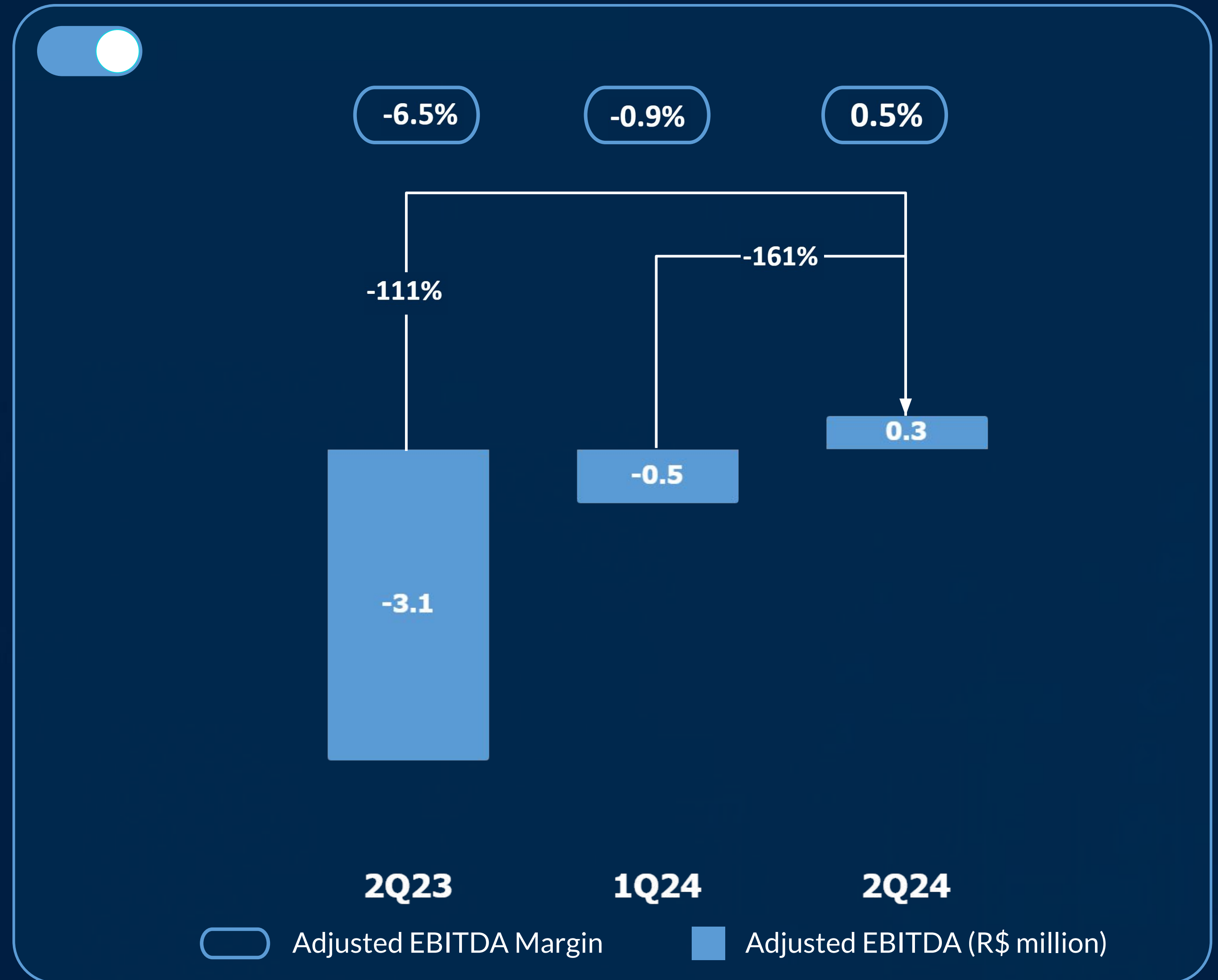
(1) \*Source: Brazilian Central Bank (www.bcb.gov.br/estatisticas/estatisticasmonetariascredito) > tabelas.xls > Tabela 23 > MPMe



# EBITDA

The progress in the **integration of Supplier and Techfin operations** has enabled operational efficiency gains, allowing TOTVS TECHFIN to achieve greater fluidity and operational efficiency gains in investments to build the new portfolio of solutions, which considers the ERP Banking thesis, with differentials linked to the digital B2B journey integrated with management software and extensive use of the data available in these software.

This factor, combined with the improvement in profitability, especially in funding costs, resulted in Techfin's EBITDA closing the quarter positive at **R\$0.3 million**.







## Issue of Debentures and Interest on Equity

With a total value of R\$1.5 billion, the issue of Debentures aimed to optimize the financial cost and lengthen its gross debt profile.

On August 1<sup>st</sup>, TOTVS approved the payment of R\$136.8 million in Interest on Equity, which is equivalent to R\$0.23 per share. Payment will be made on August 26<sup>th</sup>, 2024.



## Institutional Investor

TOTVS was elected "**Most Honored Company**" in Midcap ranking in TMT (Technology, Media and Telecommunications) sector, at "The Latam Executive Team 2023" research, with recognition in 8 categories of General and MidCap rankings.



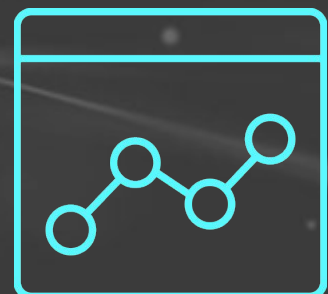
## Integrated Report 2023

A voluntary initiative to report and communicate Sustainability and ESG performance to our stakeholders, the eighth edition of the Integrated Report highlights:

- **(E PILLAR)** we advanced the CDP score to C and expanded scope 3 coverage in the carbon inventory;
- **(S PILLAR)** we advance the diversity and inclusion agenda, promoting a more equitable work environment;
- **(G PILLAR)** we renewed the business materiality matrix with our stakeholders.



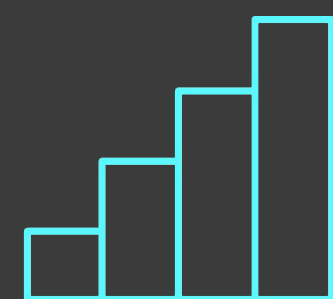
Our business strategy in just one simple sentence:  
**“INCREASE TOTVS’ RELEVANCE TO CUSTOMERS”**



**21 consecutive quarters**  
with double digit growth in  
Recurring Revenue



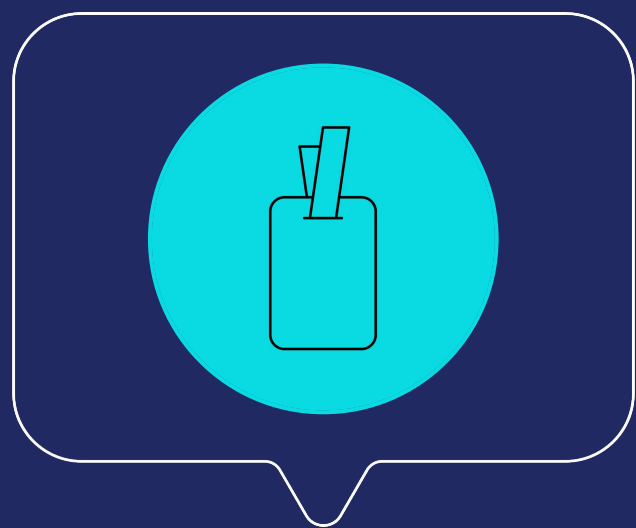
**Record ARR volume addition**  
in Management in 2Q24



**Management and Biz Performance market grew**  
respectively 2x and 4x of the Nominal GDP, and  
TOTVS grew consistently more than both



# THANKS



## Investors Relations

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que

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