1.1 – Brief history

The Company originated from a service bureau known as SIGA - Sistemas Integrados de Gerência Automática Ltda., created in 1969 by Mr. Ernesto Mario Haberkorn. Such bureau provided general IT services and developed a system that allowed for centralized business management, the main purpose of which was the automation of administrative processes. In 1983, with the emergence of microcomputers, the Company was established under the corporate name of Microsiga Software S.A., uniting the partners Ernesto Mário Haberkorn and Laércio Cosentino, former CEO of the Company. The Company had as purpose to develop software for personal computers and, later, it started to operate in the integrated business management software market, accessible to small and medium companies.

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

Some decisions and events that are worth mentioning are:

1990: opening of the first franchise.

1997: opening of the first unit abroad, Microsiga Argentina.

2003: acquisition of assets from the company Sipros, in Mexico, and opening of Microsiga Mexico.

2005: acquisition of Logocenter S.A. repurchase of the Company's interest; admission of BNDES Participações S.A. – BNDESPAR as a partner of the Company.

2006: IPO on the Sao Paulo Stock Exchange (BM&FBOVESPA), on the Novo Mercado (highest level of Corporate Governance), acquisition of RM Sistemas S.A., and establishment of the Company's business consulting activities. 2008: incorporation of Datasul S.A.;

2009: change in the Company's corporate purpose by adding the "granting of franchising" activity, pursuant to the Extraordinary General Meeting dated April 16, 2009; creation of the "Full TOTVS" franchises involving the TOTVS and Datasul franchises;

2013: acquisition of PC Sistemas S.A., acquisition of PRX Soluções em Gestão Agroindustrial Ltda., acquisition of RMS Software S.A., acquisition of Seventeen Tecnologia da Informação em Informática Ltda., and acquisition of Neolog Consultoria e Sistemas S.A.;

2014: acquisition of Virtual Age Soluções em Tecnologia Ltda.;

2015: acquisition of Bematech S.A. and incorporation of P2RX Soluções em Software S.A.;

2016: sale of 100% of its interest in the share capital of Companhia Resultados em Outsourcing Ltda., a company focused on providing Human Resources BPO (Business Process Outsourcing) services to Propay S.A. Acquisition of a minority stake by TOTVS Mexico and Company from the Russian company known as National Computer Corporation;

2017: launch of the artificial intelligence platform (Carol) and launch of iDEXO, which is an institute with the purpose of connecting startups, entrepreneurs and developers to create new business solutions; 2018: consolidation of the Company's succession plan and the announcement of the arrival of Dennis Herszkowicz to replace the Company's founder, Laércio Cosentino, who in turn was elected Chairman of the Board of Directors;

2019: review of the Company's long-term strategic plan by selling the hardware operations purchased from Bematech and first steps to build an ecosystem having 3 dimensions (operational segments) with the purpose of digitalizing our clients' and customers' businesses, which comprises the following dimensions: (i) Management, in which TOTVS is a leader in systems and platforms for business management for 12 industry sectors in the market; (ii) Business Performance, with a portfolio of solutions focused on increasing sales, competitiveness, and customer performance; and (iii) Techfin, to facilitate clients' access to financial services through credit, cash management, and payments solutions integrated with Management and Big Data-based solutions. The Company made a subsequent offer of shares (Follow-on) and raised R$1.066 billion, which were fully allocated to mergers and acquisitions operations. During 2019, the Company purchased the corporations Supplier S.A. (a transaction completed over the year 2020) and Consinco S.A.;

2020: the purchase of Supplier Participações S.A. was completed, reinforcing and strengthening the strategy of the Techfin dimension; and the acquisition of Tail Target, an SaaS company specializing in omnichannel data intelligence. The Company's shares became part of the IBrX 50 portfolio, B3's index formed by the 50 most tradable shares in the Brazilian stock market, and, in the same vein, the Company's shares entered the mid-cap category of the indicators known as MSCI Brazil, MSCI Latin America, and MSCI Emerging Markets;

2021: A subsequent offer of shares (Follow-on) was performed, with the consequent raising of R$1.443 billion with the aim of allocating funds for acquisitions of companies that can contribute to the execution of its strategy. In addition, the Company's shares became a part of the B3 GPTW Index portfolio, reinforcing the Company's focus on ESG practices and its effort to promote best practices in the labor market. Finally, the Company followed its strategy of strengthening the 3-dimension ecosystem, especially by strengthening the Business Performance dimension with the purchase of RD Station, a leader in digital marketing automation software. Another highlight was the partnership made with B3 for establishing Dimensa S.A., a company focused on Management solutions for the financial and fintech market, besides the expansion of its portfolio by launching new Techfin products; and

2022: Execution of an agreement with Itaú Unibanco S.A. bank to create a Joint Venture, which is in the process of being approved by the Central Bank, whose purpose is to operate a digital financial services platform for small- and medium-sized companies through the integration of a full range of financial services. Such integration will occur natively to TOTVS management systems, facilitating the contracting, distribution, and definition of conditions with the intelligent use of transactional data. Seven acquisitions were also carried out, namely: (i) Inovamind, Mobile2you, Vadu, and RBM by Dimensa S.A.; (ii) Gesplan and Feedz under the Management dimension; and (iii) Tallos under the Business Performance dimension.

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

Overview

We are one of the largest technology and software companies in Latin America, according to the study known as "Market Share: All Software Markets, Worldwide, 2022", issued by Gartner in April 2023. With solutions that go far beyond traditional management software ("**ERP**"), we have been helping companies of all sizes digitalize their businesses for the past 40 years. We have an installed base of approximately 70,000 customers and clients, operating mainly in Brazil and with a presence in over 40 countries. Currently, about one-third of the companies listed on B3 are clients of the Company (active companies listed on B3 that have common and/or preferred shares).

Our purpose is to "improve the results of companies" through technology, expanding their operations, leveraging their businesses and making them more profitable. To this end, we seek to digitalize clients' businesses through systems and platforms for business management and provide financial services and business performance solutions in 12 market segments. We are transforming the competitive landscape by creating an innovative and pioneering ecosystem based on three strategic dimensions ("**3D**"): (i) Management - with our portfolio of open platforms and solutions, connected and customizable for ERP, HR, and Verticals; (ii) Techfin - expanding, simplifying, and making access to credit and other financial services cheaper; and (iii) Business Performance - building a portfolio of digital tools that boost our clients' competitiveness, performance, and sales. This new business model has helped to significantly expand the size of our addressable market, opening up a wide range of new operating possibilities. The image below summarizes the Company's vision in relation to the 3D ecosystem.

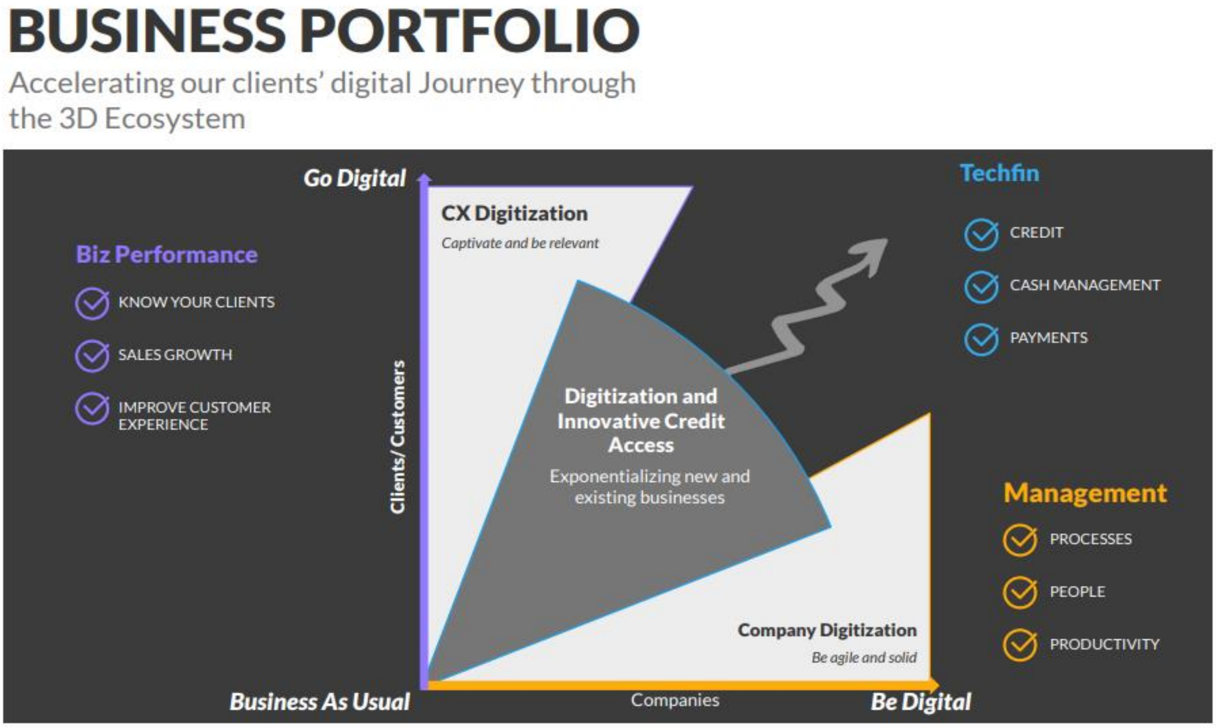


Image: 3D Ecosystem

In the Management dimension, our portfolio includes management software, solutions for the human resources area, from payroll to human capital management, and vertical solutions for a number of market segments.

According to Gartner, we are absolute leaders in this segment and one of the three biggest players in Latin America, delivering the strength required to support the digitalization of our clients and customers. This dimension continues to expand, with approximately 30% of new SaaS subscriptions coming from new clients/customers ("*New Names*"), which shows that this market is still far from mature.

Our integrated sales and distribution model, featuring our own units and franchises, provides our clients and customers with an accessible presence, close proximity, and a timely and efficient service. In Brazil, we have 4 regional branches (in the States of Sao Paulo, Rio de Janeiro, Recife, Minas Gerais), 2 focused units (Large Enterprises and Public Sector), 47 franchised territories (served by 14 consolidating franchises), and 9 development centers (cities of Sao Paulo, Belo Horizonte, Joinville, Porto Alegre, Florianópolis, Cascavel, Assis, Ribeirão Preto, and Goiânia). In addition, we have 4 branches abroad (Argentina, Colombia, United States, and Mexico), besides 2 development centers (United States and Mexico). Our sales operation is based on the multichannel concept: 70% of lead origination takes place through digital channels, and the same is true for over 90% of implementation processes and over 85% of support processes.

In the Techfin dimension, we are just at the beginning of the journey aimed at transforming TOTVS TECHFIN S.A. into the major financial platform for SMBs, facilitating access to financial services through integrated credit, cash management, and payment solutions based on Big Data. The purchase of Supplier at the end of 2019 was the first step for our performance credit origination and distribution through affiliated suppliers, an activity with cross-selling potential with our client/customer base under the Management dimension. In 2022, another important step was taken with the announcement of a Joint Venture with Itaú Unibanco S.A. that is in the process of being approved by the Central Bank and meeting other prior requirements, with a strategic rationale of joining efforts between the largest technology company and the largest financial conglomerate in the country, combining TOTVS' expertise in management systems (environments in which companies generate their transactional information) with Itaú's financial expertise, which has funding capacity on a large scale and under competitive conditions. In 2022, we reached a credit production of R$10.8 billion, which means an increase of 11% versus 2021. At the same time, we achieved a default rate of more than 90 days at 1.5%, which means about 170 bps below the Brazilian average.

Through the Business Performance dimension, the Company strives to provide comprehensive solutions that will aid clients in improving their operations, boosting sales and becoming more competitive in their respective markets. In March 2021, RD Station was purchased: a company holding the leading digital marketing automation tool in the market, expanding the relevance of our Business Performance solutions offer. Concurrently, solutions and partnerships for digital commerce help to leverage online sales and integrate our clients' production chain. In this dimension, 2022 revenue increased by 31% versus 2021, considering the revenue of RD Station from January to May 2021, not consolidated by TOTVS, and recurring revenue represented over 98% of the total dimension.

This strategic transformation based on a 3-dimensional ecosystem significantly expanded the Company's addressable market and sped up revenue growth, as SaaS solutions of the Management dimension, together with Techfin and Business Performance solutions, considering RD Station's unaudited revenue from January to May 2021, accounted for more than 43% of total revenue and 57% of year-over-year growth in 2022 revenue. Even so, the Company maintains a dual mandate focused on revenue growth and also profitability.

In addition, in January 2020 the Company's shares were included in the IBOV index, as well as the MSCI indices in December 2020, the IBrX 50 of B3 as of 2021 and the GPTW of B3 as of 2022, making the Company the first technology company to appear in the most important stock indexes in the Brazilian market. This achievement reflects the Company's leadership position and recognition of the moment it is going through, because of our strategy, operational performance, and level of corporate governance.

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

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

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

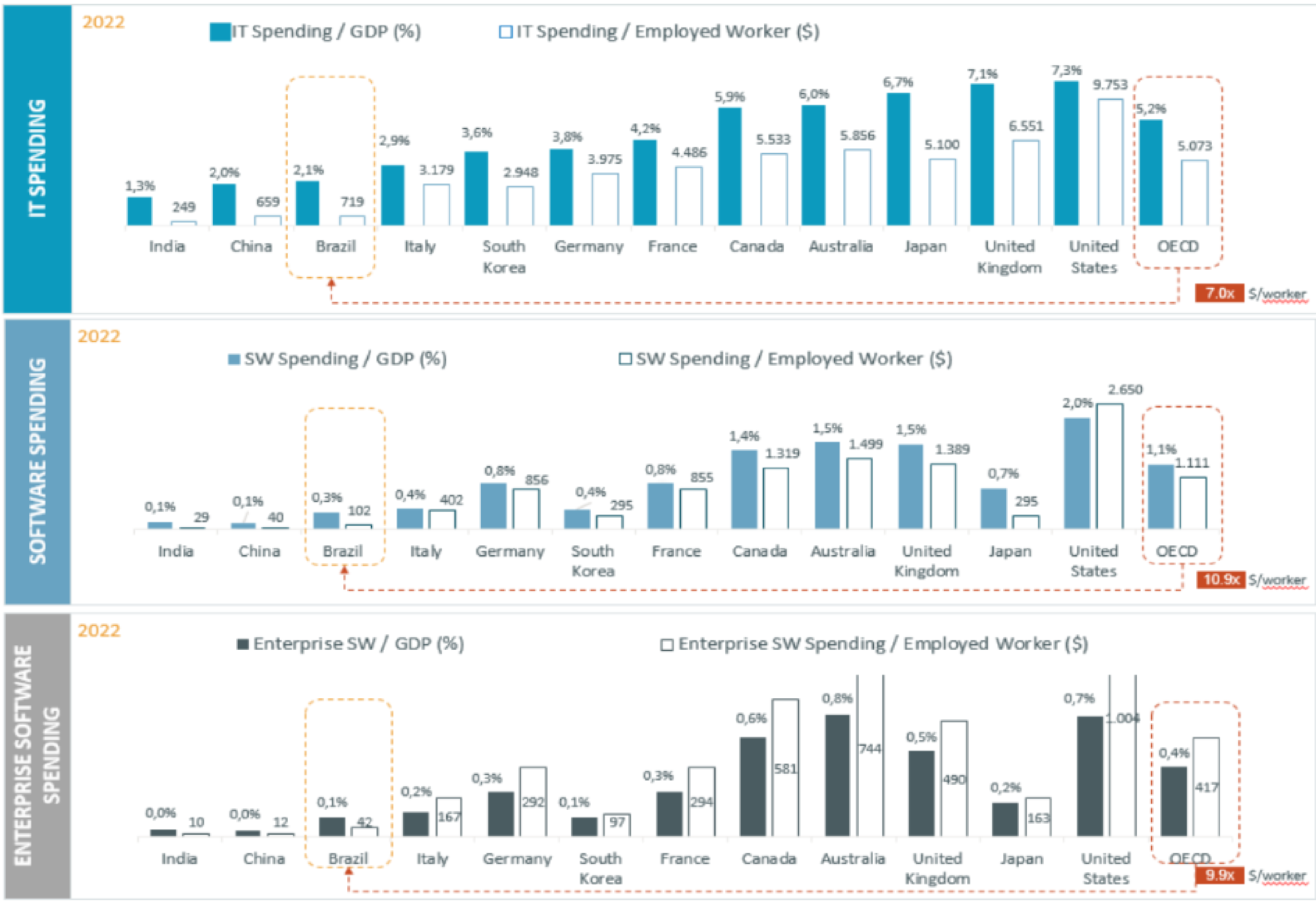
Stated in millions of Reals/BRL (except percentages)	**Fiscal year ended on December 31**	
	2022	**2021**
Consolidated Net Revenue(1)	4.040,1	3.175,8
Consolidated Recurring Revenue(2)	3.255,6	2.470,9
Net Profit	523,3	374,0
Adjusted EBITDA(3)	959,6	789,0
Consolidated ARR(4)	**4.004,6**	**3.074,2**

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

Market Opportunities

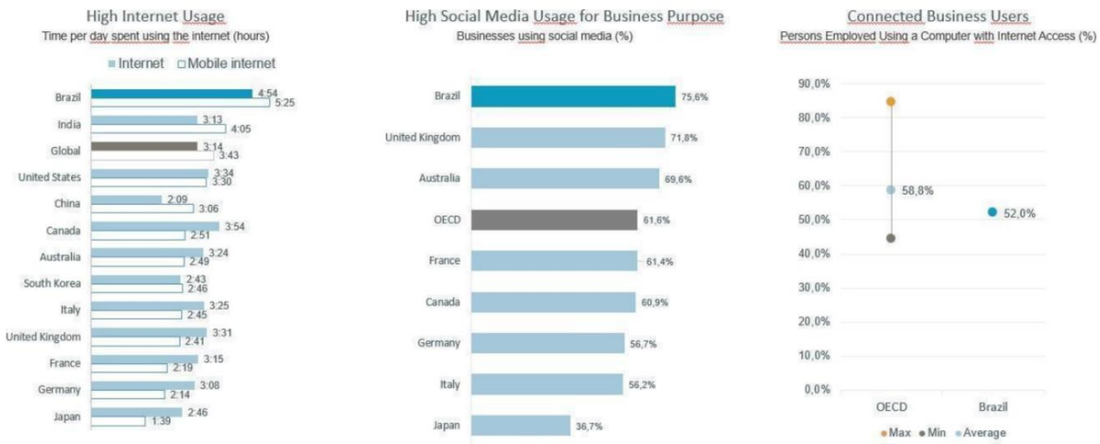
Software Market in Brazil (Management and Business Performance)

According to Gartner's Market DataBook study published in March 2023, Brazil was among the 12 largest IT markets in the world, with expenditures of approximately 65.9 billion dollars, of which 9.4 billion dollars represent investments in software. However, investment in IT and *software* in Brazil is still relatively lower than in more developed countries and in most major IT markets. Based on information from the World Bank, Brazil concentrates approximately 3% of the global workforce and 2.3% of the global GDP; however, expenditures on *software* represent around 1.2% of global expenditures, showing that the Brazilian market for software is not yet mature and still has a lot of room for growth. The graphs below show such a difference compared with other countries and the average of countries making part of Organization for Economic Cooperation and Development (OECD):



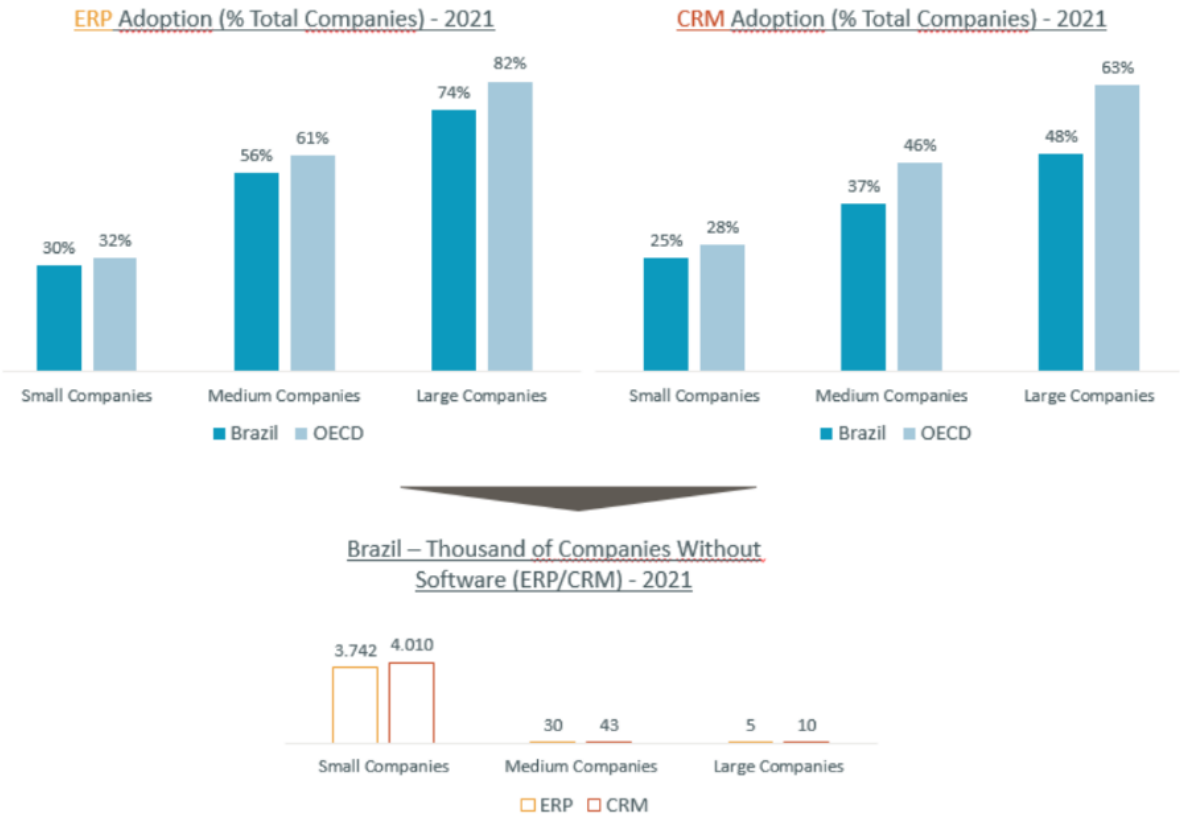
Sources: World Bank, OECD, TOTVS

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



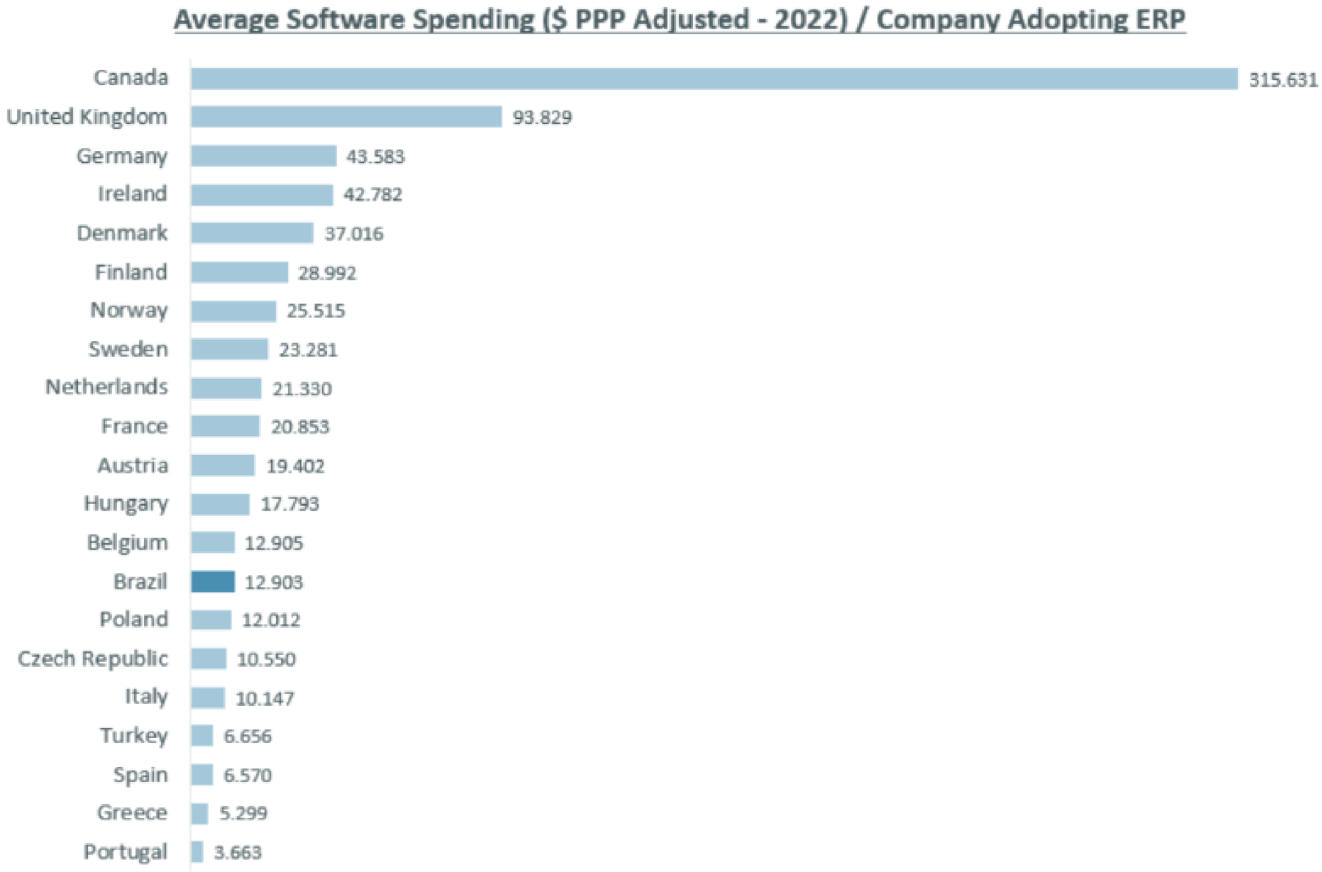
Sources: Hootsuite 2022, OECD 2021

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



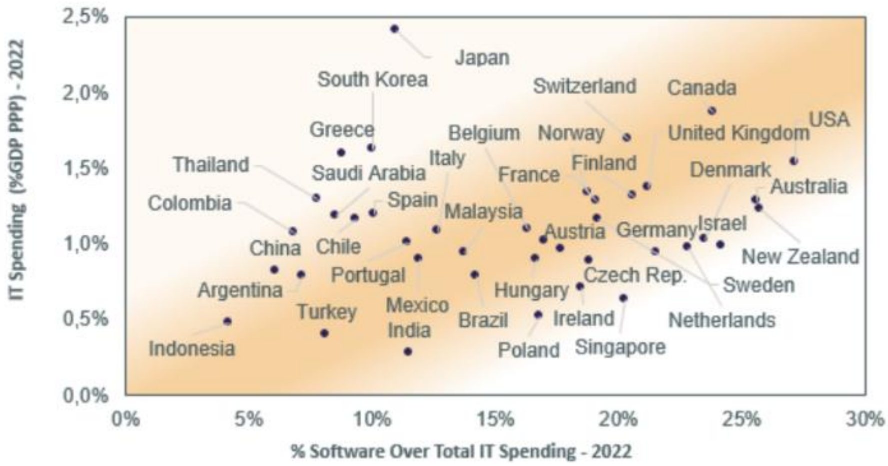
Sources: CETIC (TIC Empresas 2021), OECD statistics, IBGE

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



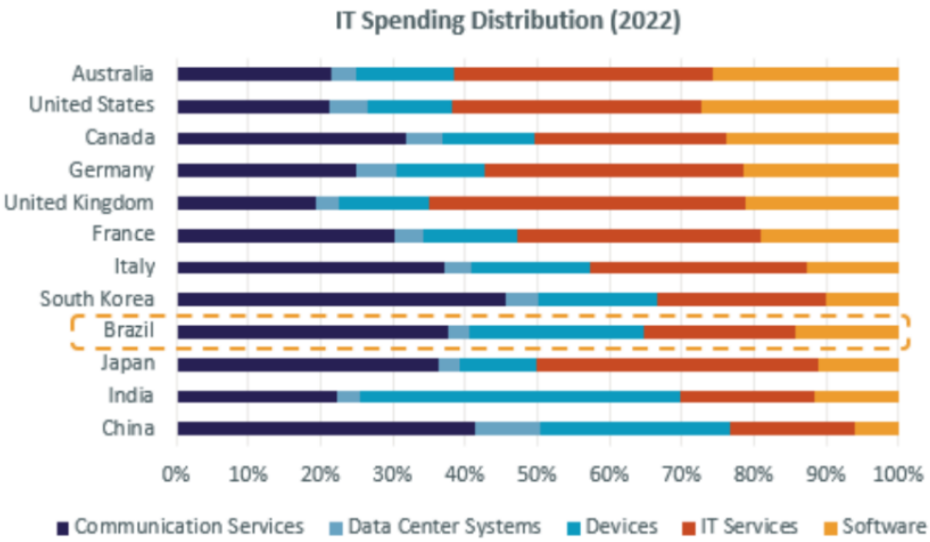
Sources: World Bank, reviews from TOTVS

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



Sources: World Bank, reviews by TOTVS

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



Sources: World Bank, reviews by TOTVS

Techfin market in Brazil

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

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

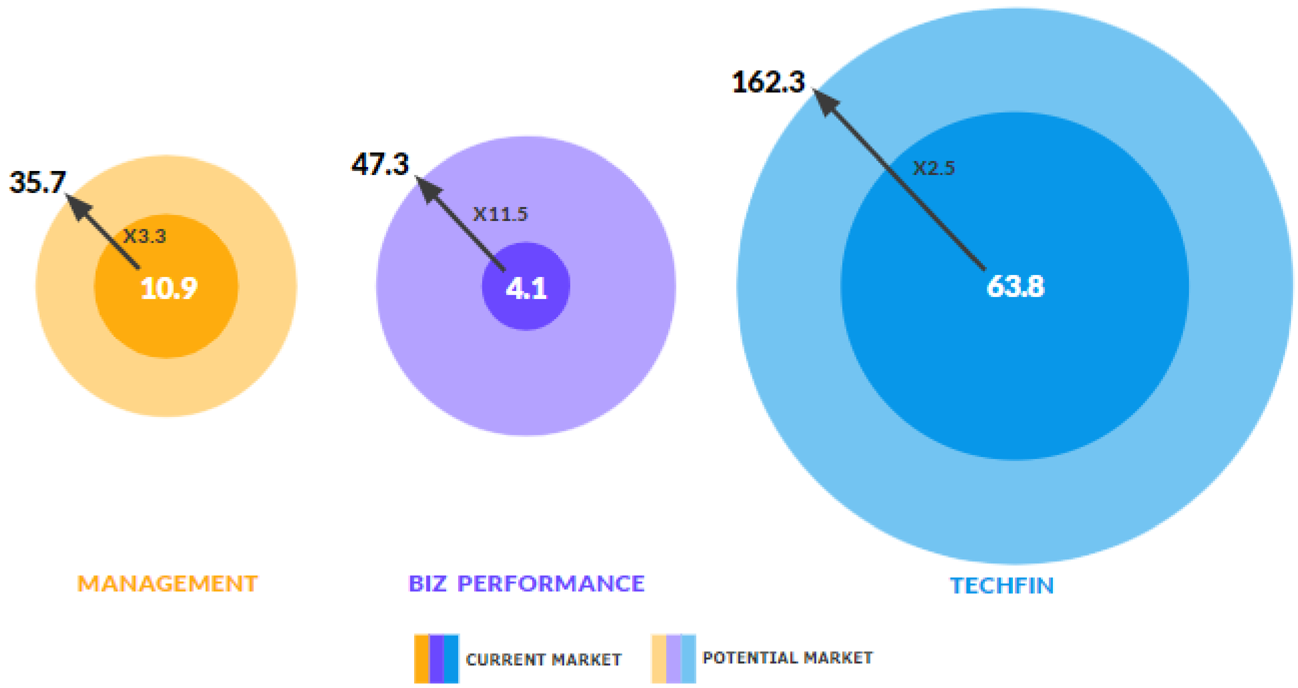
This outlook creates an opportunity for the Company to operate in the Techfin segment, without forgetting our technology DNA as a software company. The Company positions itself as Techfin rather than FinTech, to offer solutions to simplify, increase access, and lower the cost of financial products, including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

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

Total Addressable Market - Potential 3D Ecosystem

The Company estimates that there is an addressable software market potential for the Company in Brazil of approximately R$83 billion, divided into: (1) R$35.7 billion in the Management market; (2) R$47.3 billion from the Business Performance market, both when Brazilian companies reach an IT maturity level observed in OECD countries. That potential can be exploited in different ways, whether through upselling, cross-selling, or operating within a non-penetrated market.

In the Techfin segment, the Company estimates that there is an addressable market potential of R$162.3 billion, when all companies in Brazil take out credit according to the average onerous level of debts of those that already do so today. This potential can be exploited through our strategy of becoming a single credit and payments platform for our small- and medium-sized clients.



Source: IDC and reviews by TOTVS

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

Our Strengths and Competitive Advantages

Leadership position and brand

We are a leading Brazilian multinational company in the ERP market in Brazil with a 55% market share, according to Gartner's "Market Share: All Software Markets, Worldwide, 2022" study. We estimate that our clients' aggregate revenue represents approximately R$2.7 trillion.

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

In 2022, we can highlight some market awards won that show the strong competitiveness of the TOTVS brand, such as:

- **Exame magazine's Best ESG:** highlight of the technology industry sector for 2 years in a row: 2021 and 2022
- **Época Negócios magazine:** Highlight among the best ESG companies in the country
- **Institutional Investor Research:** TOTVS was elected the best Company in the technology, media, and telecommunications (TMT) industry sector in Latin America, being recognized as the Best ESG business in the overall ranking and in the midcap category
- **Spanish ranking, Corporate Reputation Monitor (Merco):** TOTVS was listed in the group of the 100 companies with the best reputation in Brazil
- **GPTW Ranking:** second year in a row listed in the GPTW ranking among the best IT companies to work for
- **Seal of Human Rights and Diversity (initiative of the City of Sao Paulo):** recognition of TOTVS' Diversity and Inclusion Program
  recognition of the #ELASNATOTVS Program

- **Infomoney magazine's Best Stock Exchange Award:** TOTVS featured in the tech sector in 2021
- **Employer Branding Brazil:** Best campaign to attract candidates
- **Informatics Yearbook Today 2021:** TOTVS was chosen for the 2nd year in a row time as the Company of the Year. Other recognitions: most efficient large company in the software segment, besides being listed among the 200 largest companies in the Brazilian IT market
- **2022 Transparency Trophy - ANEFAC:** Award in the category of companies with net revenue up to R$5 billion

Distribution platform

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

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

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

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

(ii) In the segment of small and medium business (10 to 500 employees), we have 5 own units and 47 franchised territories. We believe that this capillarity of the sales force provides us with unique knowledge of our clients' needs, besides optimized business and implementation costs. Our franchisees act exclusively and are remunerated not only for the sales made but also for the Net Revenues from Recurring Software, which we believe motivates these franchisees to maintain a high degree of alignment with our interests, in particular the maintenance of the long-term relationship with our clients and customers.

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

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

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

Broad, diverse, and flexible portfolio

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

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

Business model with a history of growth and profitability

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

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

Such business flexibility allows us to grow together with our clients, fostering long-term relationships. At the end of 2022, we reached the mark of R$4 billion in Annual Recurring Revenue[(1)] (ARR), which is 30% above 2021, besides R$10.8 billion in credit production, meaning 11% above 2021. We believe that these factors, added to a model that combines the resilience and predictability of recurring revenue with the take rate and market growth capture of transactional revenue, enable the maintenance of revenue growth and a profitable operation.

History of Acquisitions (M&A)

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

Since 2005, we have directly acquired more than 34 companies that have strengthened from our core dimension (Management) to the entry into new operating dimensions (Techfin e Business Performance). Our executives have experience both in the acquisition process and in the integration of new companies, which leverages the potential of synergies to be extracted, with a focus on increasing cross and up-selling, reducing churn, increasing services and solutions offered, cutting costs, with an improved governance and sales expansion with the use of the TOTVS brand. Significant examples of our ability to integrate are the acquisitions of RM, Datasul, Consinco, etc, which were transformational for the Company because of their size at the time of acquisition.

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

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

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

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

Nov. 6, 2019	Bematech International Corporation	Sale of 100% of the capital stock of the hardware operation developed by Bematech International Corporation in Asia
Oct. 28, 2019	Supplier	Purchase of 88.8% of the capital stock of SUPPLIER PARTICIPAÇÕES S.A.
Oct. 24, 2019	Bematech Hardware	Sale of 100% of the share capital of Bematech Hardware Ltda.
Jul. 31, 2019	Ciashop	Sale of the entire interest held by the Company in the capital stock of CIASHOP S.A., representing 70.47% of the capital stock of CIASHOP
Aug. 1st, 2016	Outsourcing Results	Sale of 100% of the capital stock held of R.O. RESULTADOS EM OUTSORCING S.A.
Sep. 3, 2015	Bematech	Corporate Reorganization Operation between TOTVS S.A. and BEMATECH S.A., resulting in the ownership, by TOTVS, of 100% of the shares issued by Bematech.
May 11, 2015	TOTVS Agro and P2RX	Purchase of 40% of the capital stock of TOTVS SOLUÇÕES EM AGROINDÚSTRIA S.A. (formerly known as PRX Soluções em Gestão Agroindustrial Ltda.) and of 40% of the capital stock of P2RX SOLUÇÕES EM SOFTWARE S.A., now holding 100% of the capital stock of these companies.
Feb. 11, 2015	Neolog	Purchase of 60% of the capital stock of NEOLOG CONSULTORIA E SISTEMAS S.A.
May 21, 2014	Virtual Age	Purchase of 100% of the share capital of VIRTUAL AGE SOLUÇÕES EM TECNOLOGIA LTDA.
Dec. 2, 2013	Ciashop	Purchase of 68.5% of the capital stock of CIASHOP SOLUÇÕES PARA COMERCIO ELETRONICO S.A.
Nov. 25, 2013	Seventeen	Purchase of 100% of the share capital of SEVENTEEN TECNOLOGIA DA INFORMAÇÃO EM INFORMÁTICA LTDA.
Jul. 16, 2013	RMS and Webstrategie	Purchase of 100% of the capital stock of RMS SOFTWARE S.A. and WEBSTRATEGIE SOFTWARE LTDA.
Apr. 19, 2013	PRX and P2RX	Purchase of a majority stake of 60% of the share capital of both PRX SOLUÇÕES EM GESTÃO AGROINDUSTRIAL LTDA. and P2RX SOLUÇÕES EM SOFTWARE S/S Ltda.
Jan. 24, 2013	PC Sistemas	Purchase of 100% of the capital stock of W&D PARTICIPAÇÕES S.A.
Mar. 31, 2011	Totalbanco	Purchase of 30% of the capital stock of TOTALBANCO CONSULTORIA E SISTEMAS S.A., now holding 100% of this company's capital stock.
Jan. 4, 2011	Gens	Purchase of 100% of the share capital of GENS TECNOLOGIA E INFORMÁTICA LTDA.
Nov. 24, 2010	Mafipa	Purchase of 100% of the share capital of MAFIPA SERVIÇOS DE INFORMÁTICA LTDA.
Aug. 2, 2010	SRC	Purchase of 100% of the share capital of SRC SERVIÇOS EM INFORMÁTICA LTDA.
Jun. 1, 2010	TQTVD	Purchase of 45% of the share capital of TQTVD SOFTWARE LTDA., now holding 100% of this company's share capital.
Apr. 29, 2010	Softeam	Sale of all shares (100%) of SOFT TEAM SISTEMAS DE COMPUTAÇÃO E INFORMÁTICA LTDA.
Jan. 5, 2010	Midbyte	Purchase of 30% of the capital stock of MIDBYTE INFORMÁTICA S.A., now holding 100% of this company's capital stock.
Jan. 5, 2010	M2S and M2I	Purchase of 100% of the share capital of M2I SERVIÇOS DE IMPLANTAÇÃO DE SOFTWARE LTDA. and 100% of the share capital of M2S SERVIÇOS DE SUPORTE LTDA.

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

Skilled and experienced team of executive officers

We believe that our managers' strong experience and deep knowledge are decisive competitive advantages in our dynamic market. Our management is currently composed of a young, engaged and experienced team in the technology sector with, on average, 18 years of professional experience, of which approximately 9 years, on average, were dedicated only to the Company. These highly skilled professionals play a central role in the growth of our business, creating a culture of operational excellence, transparency and efficiency, and high standards of governance and ethics.

In 2019 we completed the Company's challenging succession process, preserving the legacy of the company's founder, who continues to support the Company as Chairman of the Board. We continue with the same premise that has accompanied us since the beginning of our trajectory: innovation, entrepreneurship and determination; betting on technology as a lever for the country's competitiveness and productivity; and working daily to offer the best solutions and experiences, increasingly digital, to our clients and customers. The experience and skills of our executives will be key to identifying growth opportunities, executing acquisitions, successfully integrating acquired assets, and implementing the strategy described below.

Besides being listed in the highest governance level of B3, the special segment of the Novo Mercado, we are a company with widespread capital (true corporation) and 6 out of 7 of our members of the Board of Directors are independent and highly qualified. Our Audit Committee is composed of independent members of our Board of Directors and an external member, to whom our internal audit team reports directly.

Commitment to the ESG agenda

Environmental

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

Social

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

Governance

Regarding pillar G, we implemented an independent ESG assurance process that encompasses our GRI indicators and the global guidelines of the Integrated Report; we made progress in our exercise to review risk factors, covering ESG analysis and criteria; and MSCI raised our score from "BBB" to "A", positioning our Company in a select group of distinguished global companies in the software sector, which reflects our efforts to strengthen our ESG conduct.

Growth strategy

Strengthening our core business

Our growth strategy is based on strengthening our Management business focusing continuously on offering solutions marketed and implemented in a simple and agile way through a capillary and digital distribution and business network and on the development of deep and long-lasting relationships with a diversified client base.

In addition, we completed our transition to a business model based on SaaS (Software as a Service), allowing users to connect and use cloud-based applications, which increases our Net Revenue of Software Recurring, with a loyal customer base.

Considering that some solutions have an estimated penetration below 5% in our current customer base, such as SFA - *Sales Force Automation* and BI - *Business Intelligence*, we believe there is a great opportunity for growth through the increase in the offer and penetration of our vertical solutions, with great potential for generating *cross-selling* for our current and future clients.

Expansion into new markets

Our expansion into new markets (Techfin and Business Performance) is based on the competitive advantage of being already present in almost every segment of our clients' value chain, which allows us to offer new customized and flexible solutions that help our clients to sell more (Business Performance) and to increase the financial efficiency of our clients (Techfin).

As part of this strategy, the Company's Techfin segment's main goal is to simplify, expand, and make our clients' access to credit and other financial services cheaper, including through partnerships with financial institutions. With this, we seek to add even more value to the chains already served by our Management solutions, which are leaders in Brazil, offering, for example, credit solutions to sectors as diverse as education, health, HR, and factories.

Considering that some solutions have estimated penetration below 5% in our current base of customers, such as SFA - Sales Force Automation and BI - Business Intelligence, we believe there is a great opportunity for growth by increasing the offer and penetration of our vertical solutions, with great potential for generating cross-selling for our current and future customers.

Acceleration by Acquisition

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

1. strengthening and defending the core business - strengthening and defending our Management business with the addition of horizontal solutions and client base;
2. Deepening performance in segments - deepening our performance seeking leadership in business segments;
3. Cross-Selling Solutions - acquiring targets that add new agnostic and scalable products to our portfolio in order to leverage our cross-selling capability; and
4. New markets - increasing our potentially accessible market (Techfin and Business Performance).

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

We provide below a brief description of the key mergers and acquisitions completed by the Company in the last three fiscal years (2020, 2021, and 2022):

On April 8, 2020, the Company entered into a Purchase Agreement to acquired shares representing 100% of Wealth Systems' capital stock for the amount of R$27 million, subject to adjustments, of which R$16.7 million were paid in cash to sellers and R$ 10.3 million will be paid in February 2021. Founded 19 years ago, Wealth Systems operates in the *software* market providing CRM (Customer Relationship Management) and SFA (Sales Force Automation) solutions in Latin America, with more than 250 associates and more than 450 clients and customers in different sectors of the economy, with major customers especially in the agribusiness, manufacturing, and distribution industries. Wealth Systems was already a partner of the Company with its CRM (Master CRM) and SFA (Master Sales) solutions.

On December 19, 2020, the Company acquired 100% of the capital stock of Tail Target Tecnologia de Informação Ltda. for the amount of R$32,000,000, the payments of which were distributed as follows: (i) R$7,800 thousand were paid in cash; (ii) R$3,506,000 referring to installments withheld to comply with conditions provided for in the agreement; and (iii) R$20,000,000 to be paid upon achievement of goals et for Tail for the years 2021 and 2022. Tail is a provider of a data intelligence platform that provides insights to clients and customers through real-time monitoring of the behavior of a wide audience on the Internet aiming at optimizing their clients' sales.

On March 9, 2021 the Company announced the execution of a sale and purchase agreement for the acquisition of shares representing 92% of the capital stock of RD Gestão e Sistemas S.A. ("RD Station") for the amount of R$1,861 million, subject to adjustments, to be paid at the closing of such transaction. On May 31, 2021, such transaction was completed after the fulfillment of all the conditions precedent set forth in the Agreement for the Sale and Purchase of Shares and Other Covenants executed by and between the parties, including, but not limited to the approval of the Brazilian Antitrust Agency (CADE), which issued its favorable opinion for such transaction to be completed.

On July 12, 2021, the Company announced the execution of a contract with the purpose of underwriting, by B3 S.A. – Brasil, Bolsa, Balcão, a minority shareholding representing, at the end, 37.5% of the total shares of Dimensa S.A. (formerly called TFS Soluções em Software S.A. "TFS"), for the amount of R$600 million, subject to adjustments, and with post-money equity of the new company valued at R$1.6 billion. On October 1, 2021, the transaction was completed after all the conditions precedent required to close the transaction were met, including the necessary regulatory approvals from both the Brazilian Antitrust Agency (CADE) and the Brazilian Securities and Exchange Commission (CVM), with no restrictions.

On January 10, 2022, the Company announced that Dimensa S.A., a subsidiary of TOTVS with a shareholding in B3, entered into a Share Purchase Agreement and Other Covenants for the purchase of shares representing 100% of the share capital of InovaMind Tech Ltda. ("InovaMind") for the amount of R$23.5 million.

On January 31, 2022, the Company announced that Dimensa S.A., a subsidiary of TOTVS with a shareholding in B3, entered into a Share Purchase Agreement and Other Covenants for the purchase of shares representing 100% of the share capital of Mobile2you Ltda. in the amount of R$ 26.9 million.

On March 29, 2022, the Company announced that Dimensa S.A., a subsidiary of TOTVS with a shareholding in B3, entered into a Share Purchase Agreement and Other Covenants for the purchase of shares representing 100% of the share capital of Vadu Ltda., in the amount of R$40 million. In addition, the Agreement provides for payment of a complementary purchase price, subject to the achievement of certain Vadu performance targets and the fulfillment of other conditions.

On April 2, 2022, the Company announced the execution of an Agreement for the Purchase and Sale of Quotas and Other Covenants, through which it acquired shares representing 100% of the capital stock of GESPLAN S.A. in the amount of R$40 million in cash. In addition, such Agreement provides for the payment of a complementary purchase price subject to meeting targets to be complied with by GESPLAN concerning the years 2022 and 2023 besides the fulfillment of other conditions.

On April 12, 2022, the Company announced the execution of an agreement to establish a Joint Venture with Itaú Unibanco S.A., known as TOTVS TECHFIN (JV), each holding a 50% interest in such JV. TOTVS shall contribute assets of its Techfin business dimension, including all shares of the voting capital stock of Supplier Administradora de Cartões de Crédito S.A. Itaú shall make a primary contribution of R$200 million to the capital stock of such JV. In addition, in the context of the creation of the JV, Itaú undertakes to pay TOTVS up to R$860 million for the shares of the JV, of which R$410 million will be paid in cash, on the date of the closing of the Transaction, and up to R$450 million to be paid after 5 years, as a complementary price (earn-out), upon the achievement of targets aligned with the JV's growth and performance goals.

On August 2, 2022, the Company announced the execution of a Share Purchase Agreement and Other Covenants, through which it purchased shares representing 100% of the capital stock of TALLOS TECNOLOGIA INTEGRADA E ASSESSORIA EM NEGÓCIOS S.A. in the amount of R$6.7 million paid in cash. Said Agreement also provides for the payment of a complementary purchase price subject to compliance with certain conditions. TALLOS offers innovative conversational commerce solutions to simplify digital service and enhance the sales force of companies.

On August 17, 2022, the Company announced that Dimensa S.A., a subsidiary of TOTVS with a shareholding in B3, entered into a Share Purchase Agreement and Other Covenants for the purchase of shares representing 100% of the share capital of RBM Sistemas Inteligentes Ltda. (“RBM”) for the amount of R$30 million. In addition, such Agreement provides for the payment of a complementary purchase price subject to meeting targets to be complied with by RBM besides the fulfillment of certain conditions.

On September 1, 2022, the Company announced that it entered into, on August 31, 2022, a Share Purchase Agreement and Other Covenants, for the purchase, in cash, of shares representing 60% of the capital stock of FEEDZ TECNOLOGIA S.A. for the amount of R$66 million. In addition, such agreement provides for the purchase by TOTVS Tecnologia, during the first half of 2025, of the remaining shares, which represent 40% of FEEDZ's capital stock, the price of which is to comply with the terms and conditions agreed by the Parties, which will consider, among other factors, the achievement of certain targets and performance by FEEDZ. FEEDZ is a Brazilian HR Tech specialized in SaaS solutions for Engagement, Performance and Organizational climate, with highlights for OKR (Objectives and Key Results) tools, performance assessment, feedbacks, climate surveys, and pulse engagement.

On May 15, 2023, the Company announced that it entered into a Share Purchase Agreement and Other Covenants for the purchase of shares representing 100% of the share capital of Lexos Soluções em Tecnologia Ltda. Lexos develops solutions focused on the integration of physical, virtual, marketplaces, and e-commerces, facilitating multichannel sales and helping customers scale their sales in the leading marketplaces in Brazil.

1.3 - Information on operating segments

(a) products and services sold

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

The acquisition of RD Station consolidated the emergence of the Business Performance segment and was a definitive step in the construction of an ecosystem of B2B technologies, which goes beyond ERP. This strategy aims to expand the *addressable market*, *take rate* and, finally, increase client/customer loyalty, through the advancement of value chains, leading a journey of digitalization aimed at exponentializing the Company's operations.

Therefore, as of May 31, 2021, we started to present the Company's financial and operating results divided into 3 operating segments (called dimensions). Below, we have a brief description of each of them:

- **Management**: is the segment where data and integrations are generated. Therefore, it is the base that makes the other segments of the ecosystem feasible. It includes: (i) ERP solutions; (ii) HR solutions for the management and development of human capital and payroll processing; (iii) specialized solutions for 12 economic segments; and (iv) and solutions aimed at micro and small businesses.
- **Business Performance**: is the segment that aims to leverage the results, performance and relationship of our clients' different business areas. It consolidates the digital marketing platform, consisting of RD Station and Tail Target; and sales support solutions, comprising the E-commerce suite and conversational commerce.
- **Techfin**: is the segment that seeks to simplify, expand and make access to B2B financial services cheaper, through the intensive use of digitalization and Big Data. Currently, it is composed of credit solutions, including: Supplier and new products (Advance, Payroll, More Business, More Deadline, Financial Panel and EduConnect Pay).

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

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

In the fiscal years of December 31st, 2021 and 2022 such operating segments (dimensions) had the following share in the consolidated net revenue:

	Fiscal year ended on December 31,

Stated in thousands of Real/BRL	2022	AV (%)	2021
Management	3,475,498	86.0%	2,818,001
Business Performance	317,434	7.9%	159,311
Techfin	247,132	6.1%	198,469
Total net revenue	**4,040,064**	**100,0%**	**3,175,780**

(i) Net Revenue (Non-GAAP), incorporates the concept of Techfin Revenue Net of Funding Cost in the consolidation of the Company's revenues.

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

To assess the performance of each operating segment, the Company uses the non-accounting contribution margin metric that consist of Gross Profit discounted from Research and Development expenses and from Allowance for Expected Losses expenses. This level of contribution margin concentration is observed in the Company's net income.

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

In the fiscal year ended December 31st, 2022, such operating segments (dimensions) had the following representation of the contribution margin:

Fiscal year ended on December 31, In thousands of BRL	2022
Management dimension	
Total net revenue	**3,475,498**
Gross Profit	**2,487,041**
Research and Development	(600,694)
Provision for Expected Credit Losses	(22,018)
Contribution Margin	**1,864,329**
Contribution Margin %	**53.6%**
Business Performance dimension	
Total net revenue	**317,434**
Gross Profit	**238,839**
Research and Development	(77,779)
Provision for Expected Credit Losses	(4,894)
Contribution Margin	156,166
Contribution Margin %	**49.2%**
Techfin dimension	
Total net revenue	**411,884**
Funding Cost	(164,752)
Revenue Net of Funding	247,132
Gross Profit	**221,841**
Research and Development	(31,324)
Provision for Expected Credit Losses	(40,523)

Contribution Margin	149,994
Contribution Margin %	**60.7%**
Consolidated	
Total net revenue	**4,040,064**
Gross Profit	**2,947,721**
Research and Development	(709,797)
Provision for Expected Credit Losses	(67,435)
Contribution Margin	**2,170,489**
Contribution Margin %	**53.7%**

Stated in thousands of Real/BRL	**Fiscal year ended on December 31,**		
	2022	**AV (%)**	**2021**
Management	1,864,329	85.9%	1,509,252
Business Performance	156,166	7.2%	78,806
Techfin	149,994	6.9%	135,125
Contribution Margin	**2,170,489**	**100.0%**	**1,723,183**

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

(a) characteristics of the production process

<u>Products offered by the Company</u>

1. MANAGEMENT PORTFOLIO

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

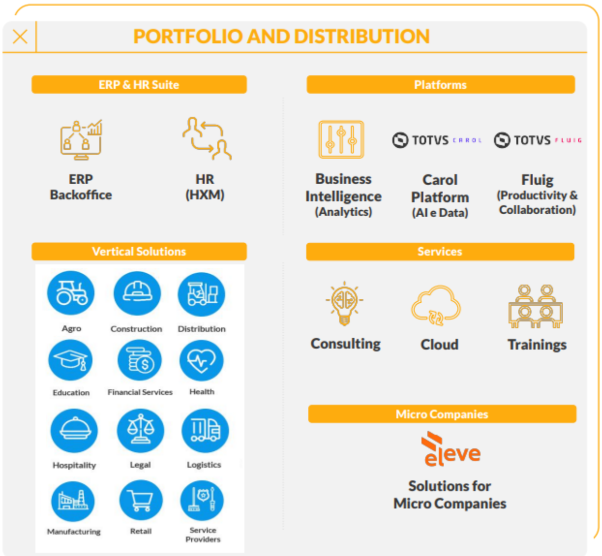


Image: Management Portfolio

1.1 ERP solutions

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

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

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

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

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

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

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

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

1.2 - Verticalized Solutions

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

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

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

In this sense, the Company's portfolio is organized into specialized business solutions for the following 12 segments of the economy:

- **AGRIBUSINESS**

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

- **MANUFACTURING**

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

- **LOGISTICS**

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

- **RETAIL**

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

- **DISTRIBUTION**

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

- **SERVICE PROVIDERS**

The Company offers specific solutions for the following sub-segments: Private Security and Cleaning Service Providers, Equipment Rental, BPO, Technical Assistance, Transportation of passengers on the road charter line, both continuous and occasional. We aim to contribute so that clients and customers can ensure control of operations by optimizing the allocation of resources and consequently increasing their productivity, generating sustainable value for their customers by offering quality services for the longevity of their relationships, and offering a helping hand qualified work for the provision of its services.

- **CONSTRUCTION & PROJECTS**

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

- **EDUCATION**

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

- **HOSPITALITY AND TOURISM**

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

- **LEGAL DEPARTMENT**

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

- **HEALTHCARE**

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

- **FINANCIAL SERVICES**

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

1.3 – Innovation Platform Solutions

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

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

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

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

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

- **TOTVS Identity:** a solution that allows a centralized management of login and password access of users to your company's systems. This solution facilitates safer, swifter processes, while user's experience becomes more agile.

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

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

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

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

1.4 - Solutions for Micro and Small Businesses

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

- **Eleve Sales:** full Point of Sale (POS) for clients and compliant with tax laws. It can be used in various types of devices: tablets, smart machines (smartpos), or cell phones. It works as a cash front system directly on the device screen, making it possible to control inventory and sales on a daily basis and receive payments from major cards and flags accepted in the market. It serves the general retail public.
- **Eleve Management:** Financial Management aimed at service providers and resellers whose system allows full financial control, issuing of invoices, and monitoring service orders, with a powerful feature of accounts payable, receivable, everything available in the cloud, with direct access by cell phones and/or tablets. It allows the monitoring and control of cash flow with ease, in addition to control of purchases and inventory management. This solution allows cash flow control taking into account purchase and sales orders, control of service orders, with allocation of resources and products, control of inputs and outputs by cost center and result center, and control of expenses and income per financial category.
- **Eleve Healthcare:** a solution aimed at health clinics and offices, with a system that allows full control of the physician's schedule, electronic patient medical records, and financial management of the clinic. This solution can be used in any device.

1.5 - Service Provision Portfolio

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

2. TECHFIN PORTFOLIO

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

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

Credit

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

Payments

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

Services

- **TOTVS Financial Panel:** a Platform created to help the financial area to have a complete view of cash flow, accounts payable, accounts receivable and performance indicators in real time; in addition to reviewing custom periods and anticipating trends. In addition, it has a native integration with TOTVS Antecipa, allowing the Company's customer to request prepayment of receivables in a few clicks. All in a simple, secure, and transparent way.

3. BUSINESS PERFORMANCE PORTFOLIO

As regards Business Performance, we offer a broad portfolio focused on helping our clients to increase their sales and become more competitive in their business segments.

Considering the last quarters, the Company presented the following results in its Business Performance segment:

- **Data Intelligence (Tail):** Solutions that aim to optimize companies' results in digital marketing and Data Intelligence, with solutions such as CDP (Customer Data Platform) for managing consumer data, DMP (Data Management Platform) for activating audiences in digital media, and CMP (Consent Management Platform) to get consent to collect cookies on the companies' websites. Besides ready-made solutions that use these software for specific markets such as Tail Shoppers for the Consumer Goods and Retail market.
- **Digital Commerce (VTEX and Shopfy):** An integrated solutions service focused on sales, with the options of (i) Digital Commerce: promotions and clustered content management; and (ii) Site Editor, B2B Commerce: structuring of approval and quotation flow, buyer data, sales cycles, and product and marketplace suggestions, with automatic inventory synchronization and a unified commerce platform.
- **Digital Marketing and CRM (RD Station):** RD Station Marketing is a software that aims to improve campaigns, conversion and nutrition of *Leads* and generate qualified business opportunities to achieve more results. RD Station CRM is a business process control platform, with sales funnel and activity alerts.
- **Conversational Commerce (Tallos):** Tallos' platform is a complete Omnichannel digital service solution that seeks to optimize service and enhance the sales force of companies with innovative solutions that uncomplicate and integrate multiple channels such as WhatsApp, Instagram, Email, and Website.

Research and Development

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

The main goals of the Technology and Development areas are:

- Improving the technical foundation of its software, allowing greater efficiency in the development of solutions;
- Adopting new technologies and assessing their impact;
- Implementing technological alternatives that keep the operation of its products protected and safeguarded;
- Constantly improving concepts, functionality and usability of software products;

- Development of special products for clients/customers;
- Constantly searching for new development methodologies, seeking agility and quality in software;
- Integrating third-party tools; and
- Constantly assessing new organizational models and their applicability.

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

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

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

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

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

iDEXO - This is TOTVS'S hub for open innovation and connection with startups. It supports startups to grow consistently and sustainably from a complete journey, created by iDEXO itself to contribute to maturity by focusing on areas such as management and strategy. Thus, these technology-based companies now have access to TOTVS'S tools, content, and connections within the ecosystem, besides being able to receive investment from CV iDEXO, the Company's investment vehicle.

IDEXO also works on the culture of innovation by encouraging staff training for an agile mentality, new perspectives, identification of trends, and acting as a transforming agent in market education. Together with iDEXO, TOTVS was elected, three times in a row, as the software company that most makes open innovation in Brazil and is ranked in the TOP Open Corps, as one company that most establishes business relationships with startups in the country. Learn more at: www.idexo.com.br

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

Agile Development

Connected to the main global trends in software development, the Company has been significantly developing in agile processes and tools, implementing the agile *software* development process in all segments of the Company in the *software* development teams (Innovation, Maintenance, and Testing) of the Company's products.

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

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

Over the years, the Company has solidified its leadership position in the ERP *software* market in the medium and small business segments. Investments in research and development, which totaled more than R$1.7 billion in the last 3 years until the period ended December 31, 2022, as shown in the table below, were essential for the Company to stand out from the competition, by bringing innovative solutions, in proprietary technology, and provide added services.

(in thousands of BRL, except %)		**Fiscal years ended December 31,**	
	2022	**2021**	**2020**
Net revenue from software	3,801,153	2,980,426	2,467,959
Research and development expenses	(709,797)	(548,238)	(431,348)
% of Net revenue from software	-18.7%	-18.4%	-17.5%

Components used to prepare integrated management *software* offers

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

Technological platforms used

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

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

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

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

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

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

The platform operates on four main fronts:

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

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

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

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

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

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

4.1 “Risk Factors” of this Reference Form.

(b) characteristics of the distribution process

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

1. Management Distribution

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

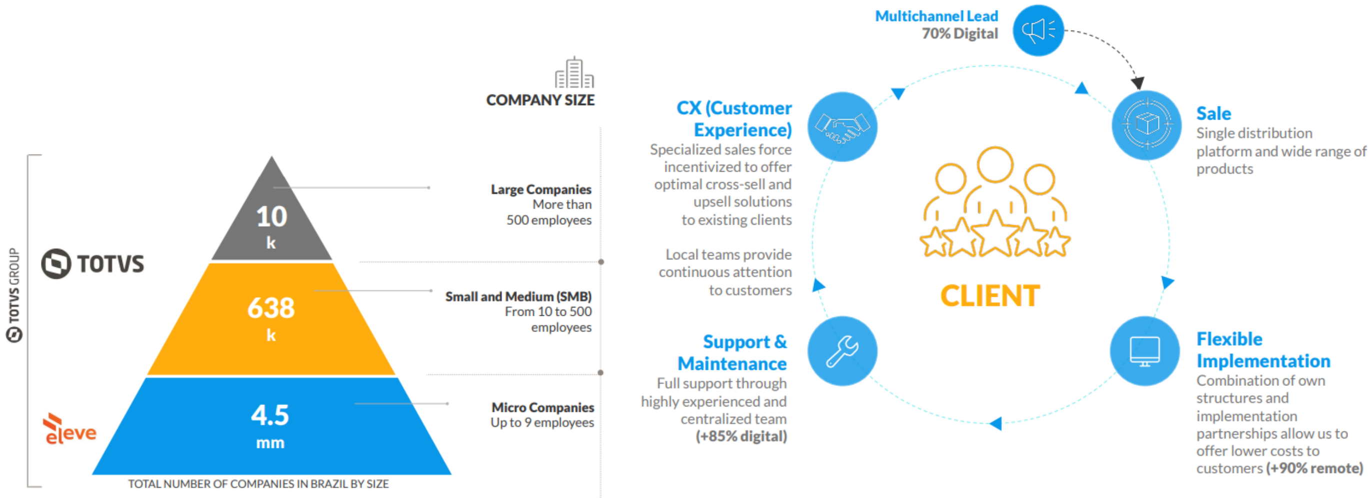


Image: Management Distribution

1.1 Strategy for Large-sized Clients

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

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

1.2 Strategy for Small- and Medium-sized Clients

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

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

- **Owned units**: The Company has 6 units of its own in Brazil (Large Enterprise, Public Sector, Belo Horizonte, Rio de Janeiro, Recife and Sao Paulo) and in the international market it has units in Argentina, Colombia, the United States of America, and Mexico.
- **Franchises:** our Company has 47 franchised territories in Brazil serviced by 14 consolidating units that, added to its own units, cover the entire Brazilian territory and meet the specific demands of each company in different regions of the country. The company also has several channels in Latin America.

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

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

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

1.3 Strategy for Micro and Small Businesses

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

2. Business Performance Distribution

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

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

3. Techfin Distribution

In the Techfin dimension, the Company also has specialized teams that support the *cross-selling* of solutions that are just at the beginning of the integration journey with the current sales teams.

As regards Supplier's credit solution, the credit distribution and contracting strategy is carried out through our clients, which we call affiliates. The Company makes available to our affiliates' customers, after their integration and credit analysis, a virtual *white label* credit card, that is, with the affiliate's brand, with a pre-established credit limit. In this way, our affiliates carry out the distribution of credit through their customers, with the advantage of increasing their sales volume and receiving cash at no risk.

4. Marketing

In 2022, the Marketing department's efforts were focused on positioning innovation, technology, and complete solutions for each of the twelve industry sectors served by TOTVS'S portfolio, besides generating opportunities to sell software. During the year, the Marketing area also strengthened and consolidated the communication of the company's business strategy, which is based on a technology ecosystem consisting of 3 dimensions: Management, Techfin, and Business Performance.

- **Universo TOTVS (TOTVS Universe)**

In 2022, it is worth highlighting the return of the TOTVS Universe, the company's major annual event. After two years without being held because of the pandemic, this event took place on June 14 and 15 at Expo Center Norte, in the capital city of Sao Paulo, and gathered 10,000 people in two days. There were over 200 contents including masterclasses and panels with national and international speakers, such as **Christopher Garman**, executive director of the Eurasia Group for the Americas; **David Gram**, Co-Founder and Partner of Diplomatic Rebels and Former Head of Ventures at LEGO Ventures, **Ivair Gontijo**, systems engineer at NASA/JPL; **Mayana Zatz**, officer of the Center for Human Genome and Stem Cell Studies at USP University, a geneticist and pioneering researcher in neuromuscular diseases, genomics, and aging; and **Tulio de Oliveira**, a Brazilian researcher elected one of the 10 scientists of the year by the journal "Nature", who founded two research institutes in South Africa that became a world reference in science, responsible for sequencing two of the global variants of COVID-19, including the Sars-CoV-2l omicros, among others.

The 2022 TOTVS Universe also featured over 90 segmented tracks led by experts and company executives who presented trends, novelties, and portfolio launches within the three dimensions of TOTVS - Management, Techfin, and Business Performance, besides activities aimed at the tech audience of developers and technology professionals: the Code-No-Code **space**, led by TOTVS experts who gave practical classes and showed the technologies and applications behind the company's solutions; and **Arena Developers**, where the developer community met for debates and chats about the dev world, with a presentation by André Noel, from the "Life of a Programmer" channel.

- **TOTVS's 2022 Brazil that GETS THINGS DONE Award**

In 2022, TOTVS launched the TOTVS's Brazil that GETS THINGS DONE Award, which recognized clients from all over the country and different industry sectors that developed technology projects with TOTVS solutions that positively affected business productivity and profitability, boosting the growth of these companies.

The winners were awarded on the stage of the 2022 TOTVS Universe.

- **Retail Technology Productivity Index (IPT)**

In 2022, we launched another study: the Retail Technological Productivity Index (IPT), a survey carried out by TOTVS in partnership with H2R Pesquisas Avançadas with the aim of assessing the level of technological productivity of the retail industry sector in Brazil connected to the use of ERP and other management systems.

This study was launched at a press conference during the TOTVS Universe in June, and by the end of 2022 it had almost 270 downloads and over 300 results in the press mentioning this research.

5. Alliances and Partnerships

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

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

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

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

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

Besides leveraging the current partnerships of the ecosystem, the Company has signed new strategic partnerships such as Credit Core, which improves the financial health of clients by making better purchase and sale decisions from credit analysis and monitoring, and Jitterbit, an American company that is a reference in integration platform that automates processes, increases the efficiency of the operation, and brings a more fluid and frictionless experience to clients.

(c) characteristics of the operating markets

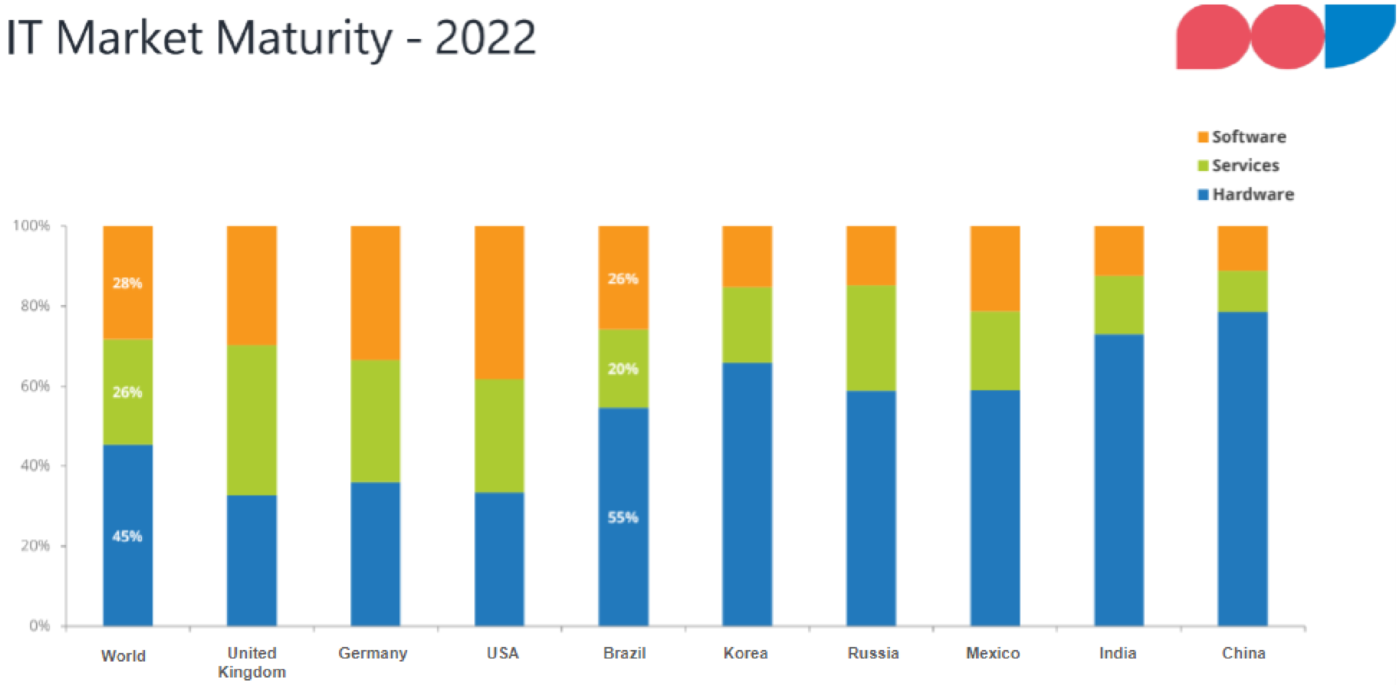
i. The *Software* Market

Worldwide

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

According to IDC, in 2021, the global IT market reached US$2,790 billion, with the *software* segment representing 26% of that market. In the same year, Brazil was the 10th country with the largest IT market with a total size of US$45.7 billion, representing about 2% of the world market.

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



Source: ABES, 2023.

In 2021, the world production of IT had a growth of 11%, while in Brazil the growth reached 17.4% reaching US$ 45.7 billion (excluding exports).

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

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

With this ecosystem, the Company's current addressable market has expanded substantially, reaching up to R$78 billion, divided into: (1) R$11 billion in the Management market, (2) R$4 billion in the Business Performance market; and (3) R$63 billion from the Techfin market.

Latin America

According to IDC, the IT market in Latin America reached US$124 billion in 2022, with Brazil as the protagonist with a 36% share while the second largest market is Mexico with 23%. The substantial difference in size and maturity of the IT market in Brazil compared to other countries in Latin America has been the driver for expansion in this market.

Brazil

The Brazilian information technology market has boomed in recent years.

According to IDC, the IT market in Brazil reached US$42.5 billion in 2022 (excluding exports). The software sector was responsible for US$11.7 billion, representing 25.8% of TIs total.

The Brazilian *software* market is more concentrated in the southeastern region of the country. According to IDC, in the same year, the region represented 64.4% of this market, followed by the southern region with 13.6%, the mid-west with 11.9%, the northeastern region with 7.3%, and the northern region with 2.7%.

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

History of the Software Sector in Brazil

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

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

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

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

The Softex System currently benefits approximately 6,000 companies in 13 states of Brazil through its network of 23 agents that act together with the private sector, the public sector and schools to foster technology. Softex lists as its guidelines:

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

History of Techfin Sector in Brazil

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

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

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

Growth was rapid, besides heavily influenced by new regulations. Between 2014 and 2018 alone, over 670 emerged and currently there are more than 1,150 Fintechs operating *in* Brazil, according to data from the *Inside Fintech* study by the open innovation consultancy Distrito.

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

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

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

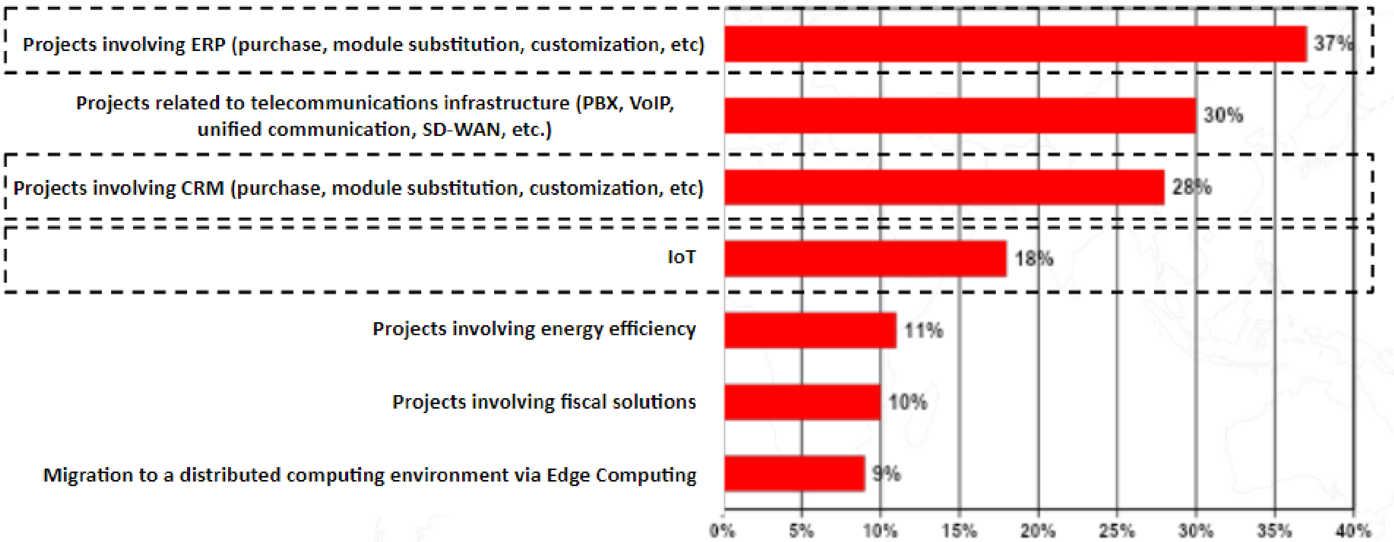
i. participation in each of the markets

The Company holds a 55% market share in the ERP market in Brazil, according to the study "Market Share: All Software Markets, Worldwide, 2022", published by Gartner in April 2023, and in Latin America it is the largest player in the region holding a 35% market share. In the same period, the 2nd player in Brazil held a 28% market share. According to Gartner's method, market share is calculated in U.S. dollars from the perspective of revenue representativeness.

In the Management segment, which includes ERP, vertical, HR and other *back-office* solutions, the Company has a *market share* of 17.4% in Brazil in 2021, according to IDC data from the *Software Tracker* 2021H2 report, considering the current addressable market of R$11 billion.

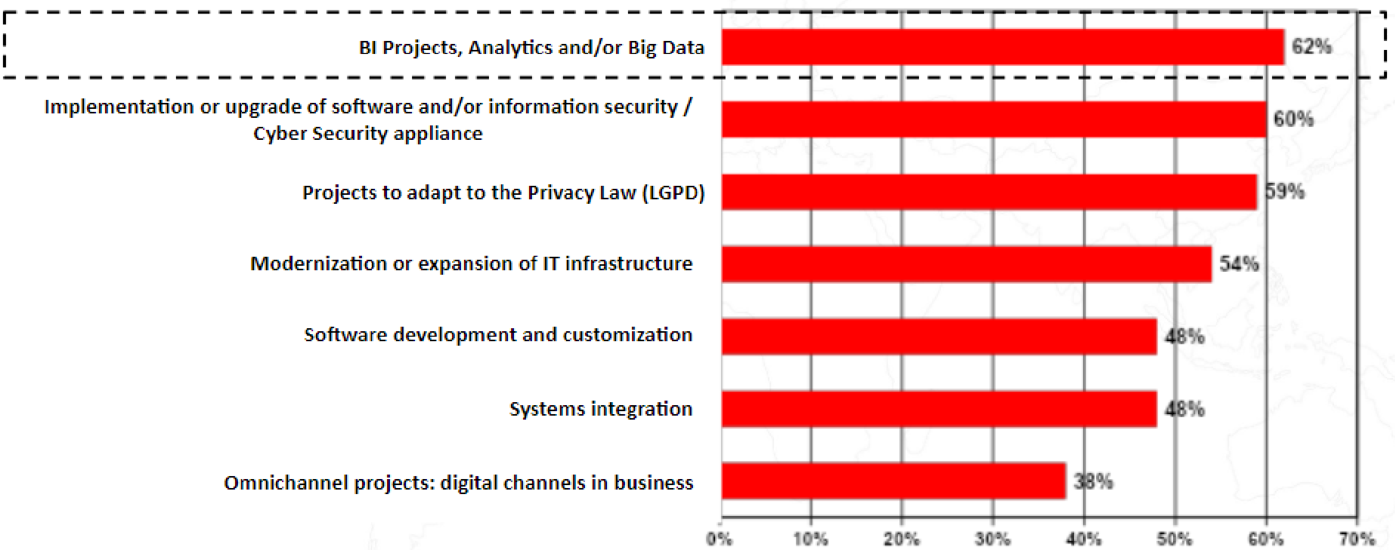
In the Business Performance segment, which includes sales and marketing solutions, among others, the Company's *market share* is 3.2% and the current addressable market of R$4 billion.

Finally, in the Techfin segment, the Company has a 0.2% *market share*, and the current total addressable market size of R$64 billion, referring to financial income from B2B credit. These business segments have great growth potential as they become a priority for the Company's investment, both through investment in already established segments and in new technologies. BI and CRM have gained greater priority in recent years, but ERP is still a central focus for investment in Brazil.



Source: IT4CIO (IT Investment Trend, 2022)

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



Source: IT4CIO (IT Investment Trend, 2022)

ii. Market Competition Conditions

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

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

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

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

The Company offers solutions for all sizes of companies.

(a) occasional seasonality

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

(b) main inputs and raw materials, stating:

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

The Company's development activity is focused on its own team of professionals. However, the Company has suppliers and development partners for some of the *software* it sells, in addition to database suppliers that are resold to clients/customers and technology platform providers, and there is no government control or regulation on such relationships.

(ii) possible dependence on few suppliers

The Company uses third-party technology to develop part of its *software* and technology components, in particular those of the RM and EMS Datasul product line, which are based on Microsoft's .Net and Progress platform, respectively. For further information, please see section 1.4.a “Technological platforms used”.

(iii) possible volatility in their prices

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

1.5 - Main customers/clients

(a) total amount of revenue from clients/customers

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

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

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

1.6 - Relevant effects of state regulation on activities

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

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

Situations similar to the one described in the paragraph above also occur in the introduction of other technologies, for example the ECF of the Agreement ICMS 09/09, which is mandatory in the State of Santa Catarina. It is worth stressing that the so-called NFC-e (digital invoice issued to consumers) is adopted in the vast majority of the Brazilian territory, with the exception of the states of Sao Paulo, Santa Catarina and Ceará.

Regulation on the Protection of Personal Data

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

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

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

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

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

The application of administrative sanctions was regulated by ANPD Resolution No. 1 of October 28, 2021, which provides for the Inspection Process and the Administrative Sanctioning Process.

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

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

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

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

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

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

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

Call to Action, which recognizes corruption as one of the biggest obstacles to economic and social development worldwide.

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

We also disclose our Greenhouse Gas Inventory based on the GHG Brazil Protocol and the global model of the **Carbon Disclosure Project (CDP)**, with an emphasis on environmental impact and climate change issues.

In 2014, we joined the Ethos Institute's **Business Pact for Compliance and Against Corruption**, which aims to mobilize, raise awareness, and help companies manage their business in a sustainable and socially responsible manner, as well as promote a more healthy and ethical market and eliminate bribery and corruption. Among the functions of the Pact, we have those of assisting in the implementation of policies to promote compliance and eliminate corruption and to mobilize companies and business organizations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In 2022, the TOTVS Group made membership contributions totaling R$366,017.59, this amount referring to the annuities and monthly fees of business membership entities in which the Institutional and Government Relations area has institutional and governmental representation. The TOTVS Group believes in the purposeful and collaborative dialogue between society and the public sector with the aim of contributing to build more solid and sustainable public policies.

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

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

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

1.7 - Relevant income from abroad

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

In the period ended December 31, 2022, the amount of R$3,689,438 thousand was earned, from customers assigned in Brazil (issuer's headquarter country), which represented 97.3% of the Company's net revenue.

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

In the period ended December 31, 2022, the amount of R$103,494 thousand was earned, from domestic companies earned outside Brazil, which represented 2.7% of the Company's net revenue.

1.8 - Effects of foreign regulation on activities

Considering that net revenue earned outside Brazil represented 2.7% of net revenue in the period ended December 31, 2022, as mentioned in section 1.7, the Company understands that there are no relevant effects on its activities arising from foreign regulation.

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

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

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

The Company is committed to protecting the environment, as provided for in the Company's Code of Ethics and Conduct, which can be found on the Company's investor relations website (http://ri.totvs.com/). Since 2014, the Company has been a signatory of the United Nations Global Compact (UN) and annually discloses its results and progress in the themes making part of such commitment undertaken, reaffirming the commitment to align our business decisions, our products, services and operations anchored in the guarantee of human rights, promoting the diversity and inclusion agenda, establishing good working relationships, respecting and preserving the environment, and eliminating corruption in all its forms and instances.

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

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

The Company adopts the Global Reporting Initiative (GRI) methodology, the Integrated Reporting guidelines of the International Integrated Reporting Council (IRRC), the 10 Principles of the Global Compact, and the UN Sustainable Development Goals (SDGs).

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

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

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

The actual Versions of the Integrated Report for the year 2021 and previous years are available at CVM (http://www.cvm.gov.br/) and on the Company's Investor Relations website (https://ri.totvs.com/en/esg/annual-reports/integrated-reporting/). The publications of the Company's UN Global Compact Progress Report can be accessed directly on the UN portal (https://www.unglobalcompact.org/).

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

The Integrated Report released in 2022 (base year 2021) considers a materiality matrix and key ESG performance indicators that reflect the level of importance of relevant and emerging topics for the technology sector, considering the current and future scenarios. For more information on the materiality matrix construction process and the key indicators by material topic, please see pages 5 to 8 of the Integrated Report, available on the CVM website (http://www.cvm.gov.br/) and also on the Company's Investor Relations website (https://ri.totvs.com/esg/relatorios-anuais/relatorio-de-sustentabilidade/).

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

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

MATERIALITY 2021 - SDGs PRIORITIZED BY TOTVS

4 HIGH-QUALITY EDUCATION

Ensuring inclusive, equitable, high-quality education while promoting lifelong learning opportunities for everyone

5 GENDER EQUALITY

Achieving gender equality and empowering all women and girls

8 DECENT WORK AND ECONOMIC GROWTH

Promoting sustained, inclusive, and sustainable economic growth, besides productive employment and decent work for everyone

9 INDUSTRY, INNOVATION, AND INFRASTRUCTURE

Building resilient infrastructures, promoting inclusive and sustainable industrialization, and fostering innovation

10 REDUCTION OF INEQUALITIES

Reducing inequalities within and between countries

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensuring sustainable consumption and production standards

17 PARTNERSHIPS AND MEANS OF IMPLEMENTATION

Strengthening the means of implementation and revitalize the global partnership for sustainable development

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

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

The Company does not adopt climate-related recommendations from TCFD or other organizations recognized in the disclosed ESG information. For more information on the reasons for non-adoption, please see section 1.9, "i", v, of this Reference Form.

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

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

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

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

(i) **non-disclosure of ESG information**

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

(ii) **the non-adoption of a materiality matrix**

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

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

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

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

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

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

In light of the Company's ESG Agenda, it is noteworthy that the first Inventory of Greenhouse Gas Emissions structured in 2022 represented a first and important step for the development of the environmental pillar also in the context of the work of SDG 12: Responsible Consumption and Production. Based on the diagnosis generated for this first emission inventory experience, the Company will plan its actions on the subject related to the global challenge of preventing and tackling the effects of climate change, especially in its industry sector of operation and with a look at the best practices and global recommendations, which will count on the engagement of its Governance and Nomination Committee, Strategy Committee, and the Board of Directors to determine the strategy, its approval, and monitoring of the work plan.

(vi) **failure to carry out greenhouse gas emission inventories**

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

1.10 - Semi-public corporation

(a) public interest that justified its creation

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

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

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

(c) pricing process and rules applicable to fee setting

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

1.11 – Extraordinary Businesses

On April, 12, 2022, the Company announced the creation of a Joint Venture with Itaú Unibanco S.A., called TOTVS TECHFIN ("JV"), the purpose of which is to operate a digital platform of financial services for small and medium-sized companies by integrating a complete range of financial services.

For such an operation, TOTVS and Itaú will each hold 50% of interest in said JV. For developing the activities of the JV, TOTVS and Itaú will contribute with their respective expertise and undertake the following obligations: TOTVS will contribute assets of its Techfin business dimension, including all shares of the voting capital stock of Supplier; and Itaú will be responsible for: (i) providing funding for the operations of such JV in the required term and amounts; (ii) with its expertise will contribute to the development of financial products of such JV; and (iii) will make a primary contribution of R$200 million to the JV's capital stock.

The strategic rationale for creating this JV was to expand, simplify and democratize access to a wide range of financial products in the B2B market, benefiting small and medium-sized companies and the entire production chain in the country.

On November 1, 2022, approval by CADE became final, however the JV is still in the process of approval by BACEN and other conditions precedent.

1.12 – State any merger, spin-off, incorporation, acquisition of shares, capital stock increase or reduction involving the issuer and the documents in which more detailed information can be found

On January 10, 2022 the Company announced an Agreement of Sale and Purchase of Shares and Other Covenants, through which its subsidiary, Dimensa S.A. acquired shares representing 100% of the capital stock of InovaMind Tech Ltda. for R$23.5 million.In addition, such Agreement provides for the payment of a variable complementary purchase price, subject to meeting certain targets for the years 2022 and 2023 and complying with other conditions. For more information, access the Notice to the Market released on January 10, 2022, available at the CVM (http://www.cvm.gov.br/) and on the Company's Investor Relations website (https://ri.totvs.com/comunicacao-com-o-mercado/fatos-relevantes/).

On January 31, 2022 entered into an Agreement of Sale and Purchase of Shares and Other Covenants, through which its subsidiary, Dimensa, acquired quotas representing 100% of the share capital of Mobile2you Ltda., for the amount of R$26.9 million. In addition, such Agreement provides for the payment of a complementary purchase price, subject to meeting certain targets previously set for the years 2022 and 2023 and the fulfillment of other conditions. For more information, access the Notice to the Market released on January 31, 2022, available at the CVM (http://www.cvm.gov.br/) and on the Company's Investor Relations website (https://ri.totvs.com/comunicacao-com-o-mercado/fatos-relevantes/).

On March 29, 2022, the Company announced the execution of an Agreement for the Purchase and Sale of Shares and Other Covenants, through which its subsidiary, Dimensa, acquired shares representing 100% of the share capital of Vadu Ltda., for the amount of R$40 million. Additionally, the Agreement provides for the payment of an additional purchase price, subject to the achievement of certain Vadu performance targets and the fulfillment of other conditions. For more information, access the Notice to the Market released on March 29, 2022, available at CVM (http://www.cvm.gov.br/) and on the Company's Investor Relations website (https://ri.totvs.com/comunicacao-com-o-mercado/fatos-relevantes/).

On April 4, 2022, entered into an Agreement of Sale and Purchase of Shares and Other Covenants, through which it acquired shares representing 100% of the capital stock of GESPLAN S.A. for the amount of R$40 million in cash. In addition, such Agreement provides for the payment of a complementary purchase price, subject to meeting performance targets established for GESPLAN concerning the years 2022 and 2023 besides the fulfillment of other conditions. For more information, access the Notice to the Market released on April 4, 2022, available at the CVM (http://www.cvm.gov.br/) and on the Company's Investor Relations website (https://ri.totvs.com/comunicacao-com-o-mercado/fatos-relevantes/).

On August 2, 2022, the Company announced the execution of the Quota Purchase and Sale Agreement and Other Covenants, through which its subsidiary, RD Stations. acquired shares representing 100% of the share capital of Tallos Tecnologia Integrada e Assessoria em Negócios S.A., for the amount of R$6.7 million in cash. Additionally, the Agreement provides for the payment of an additional purchase price, subject to compliance with certain conditions. For more information, access the Notice to the Market released on August 2, 2022, available at the CVM (http://www.cvm.gov.br/) and on the Company's Investor Relations website (https://ri.totvs.com/comunicacao-com-o-mercado/fatos-relevantes/).

On August 17, 2022, the Company announced the execution of the Quota Purchase and Sale Agreement and Other Covenants, through which its subsidiary, Dimensa, acquired shares representing 100% of the capital stock of RBM Web Sistemas Inteligentes Ltda., for the amount of R$30 million. Additionally, the Agreement provides for the payment of an additional purchase price, subject to the achievement of targets established for RBM and the fulfillment of certain conditions. For more information, access the Notice to the Market released on August 17, 2022, available at CVM (http://www.cvm.gov.br/) and on the Company's Investor Relations website (https://ri.totvs.com/comunicacao-com-o-mercado/fatos-relevantes/).

On September 1, 2022, the Company announced the execution of an Agreement for the Purchase and Sale of Quotas and Other Covenants, through which its subsidiary, TOTVS Tecnologia em Software de Gestão Ltda. acquired shares representing 60% of the capital stock of FEEDZ Tecnologia S.A., for the amount of R$66 million in cash. Additionally, the Agreement provides for the acquisition, by TOTVS Tecnologia, during the first half of 2025, of the remaining shares, representing 40% of the capital stock of FEEDZ, whose price will observe the terms and conditions agreed by the Parties, which will take into account, among other factors, the achievement of certain goals and performance of FEEDZ. For more information, access the Notice to the Market released on September 1, 2022, available at the CVM (http://www.cvm.gov.br/) and on the Company's Investor Relations website (https://ri.totvs.com/comunicacao-com-o-mercado/fatos-relevantes/).

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

1.13 – Indicate the execution, extension or alteration of shareholders' agreements and the documents in which the most significant information can be understood

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

1.14 - Significant changes in the way the issuer conducts business

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

1.15 - Relevant agreements entered into by the issuer and its subsidiaries not directly related to their operating activities

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

1.16 - Other relevant information

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

Also, in addition to item 1.9:

Other initiatives

Private Social Investment: Social Opportunity Institute (IOS)

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

IOS is a non-profit organization that offers free professional training in business management and information technology, with practices in Digital Education, Citizenship, Sustainability, Mathematics, Communication and Expression, *Soft Skills*, in addition to psychosocial monitoring with a multidisciplinary team (psychologists, social workers, and educational psychologists). The Institute strives to provide aid to young people aged 15 to 29 who are socially vulnerable and to people with disabilities from the age of 16 and beyond, 90% of whom come from public schools, 53% women and 59% blacks, thus expanding social inclusion to people belonging to minorities.

Over its 25 years of existence, IOS has expanded its operations in the State of Sao Paulo (to the countryside, besides expansion to the Greater Sao Paulo city), besides being present in the states of Minas Gerais, Santa Catarina, Rio de Janeiro and Rio Grande do Sul and now also in northeastern Brazil, in Pernambuco, in the city of Recife. During this period, more than 42,000 students attended the Institute. Every year, over 2 thousand young people are trained and, out of such, on average 1,200 become employees of partner companies from different segments and by the Company, generating a strong direct social impact in over 4 thousand people per cycle.

In 2022, IOS faced the challenge of continuing to promote training opportunities for its beneficiaries. Through the support of the Company and 998 Employees, the **"TOTVERS que Fazem**" Campaign was carried out in July 2022, when R$87,500 were raised and R$300,000 donated by TOTVS, besides over 1 (one) ton of food; students from 6 states with direct work from IOS were benefited: MG, PE, RJ, RS, SC, and SP.

The IOS graduated 1,945 students and supported the employability of 1,264 former students to obtain formal employment, through the Institute's direct efforts with partner companies, including the Company itself. According to studies carried out by the Institute, in 2022 there was an average increase of 63% in family income when a graduate student starts his/her first job, a percentage that has been increasing each year, reflecting the growing role of young people as protagonists in their family, that experienced a dramatic reduction in income during the Covid-19 pandemic, as well as reinforcing the social impact caused by the Institute.

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

The Social Opportunity Institute is audited every year by KPMG, reports annually using the GRI (Global Reporting Institute) standard, has certification by the DOAR Institute and, just like the Company, is a signatory of the Brazil Network of UN Global Compact. In 2022 saw TheDotGood's ranking recognizing it as one of the 200 most impressive social organizations worldwide, and the 14th place among those in Brazil.

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

ESG (Environmental, Social and Governance) Working Group

Sustainability Agenda and ESG and Materiality TOTVS' Sustainability Agenda (ESG) reflects, in addition to its commitments to sustainable development, the Company's vision of how its businesses can positively influence society, as an employer and social agent. Priority topics also reflect how technology can represent a key element in expanding access to knowledge and innovation and providing solutions for contemporary socio-environmental challenges. inherent in the Covid-19 pandemic. TOTVS' Sustainability Agenda (ESG), defined and periodically updated based on its materiality matrix, considers the most relevant topics for its stakeholders and those in which the Company believes to have the greatest potential for positive impact.

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

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

For the construction of the new materiality matrix, the Company consulted TOTVERS (company employees), the leaders of advisory committees to the Board of Directors of TOTVS, members of the Executive Board, franchisees and shareholder/investor representatives, investment analysts (sell sides), customers, suppliers, ESG specialists, in addition to civil society partners, TECH sector associations and the innovation ecosystem. Consultations with strategic stakeholders took place remotely, due to health restrictions and social isolation due to the Covid-19 pandemic, and covered quantitative and qualitative methods. Online surveys were carried out with internal and external audiences, focus groups with suppliers, partners, customers and TOTVS' GT ESG and 15 in-depth interviews with executives, members of TOTVS committees, investors, sell side analysts, ESG specialists and partners from civil society and the innovation community.

The listening process for dialogue and the engagement of strategic stakeholders, in addition to the choice of priority topics, is provided for in the ESG Policy approved in 2020, since TOTVS considers collaborative construction essential in order to align strategic expectations and the generation of added value to the Company's activities.

The material topics were approved by the Board of Directors of TOTVS and will be deployed through the construction of action plans and the formalization of commitments in the Company's ESG Agenda.

Governance of the Sustainability Agenda and ESG

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

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

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

GT ESG's attributions include collaborating with the development of a culture of sustainability throughout the organization and acting as a multiplier agent for the theme; contribute to the development of the business sustainability strategy by planning projects and initiatives and implementing action plans to achieve short, medium and long-term goals; in addition to identifying opportunities for innovation, whether in products and services, as well as in processes, management and business models related to the topic, and working towards their incorporation into TOTVS. The GT discusses environmental, social and governance aspects related to TOTVS and brings together employees from different areas and units every two months to develop projects and related initiatives, which are reported to Management. Even in the face of the challenging context of Covid-19, TOTVERS remained engaged in GT ESG and committed to the development of the Sustainability Agenda (ESG) initiatives.

Diversity and Inclusion

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

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

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

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

- Inclusive culture

- Inclusive leadership

- Inclusive language and communication

- Promotion of intentional inclusive processes

- Accessibility

- Representativeness

- Clear, barrier-free language

In 2022, we made relevant progress regarding the governance of this topic at TOTVS: besides developing the diversity and inclusion policy, the Diversity and Inclusion Committee was created. The D&I Committee counts on TOTVS'S senior leaders from various areas with the following goals:

Strategy: support in creating strategies to establish an inclusive culture and processes that develop this topic in a cross-sectional manner.

Integration: the D&I agenda does not belong to a person or area; it comes directly from TOTVS. The idea is to unite the needs, projects, and challenges already mapped and that are commitments of each area with the organization so that we can build together and address the demands of TOTVS.

Influence: protagonist leaders who influence their teams and leaders for a transformation towards a more inclusive environment.

Reference: training for high-level leaders to become a reference in promoting diversity and inclusion at TOTVS.

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

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

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

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

Public Commitments

Global Compact of the United Nations (UN)

In 2014 the Company adhered to the United Nations (UN) Global Compact, an initiative planned for companies committed to aligning their operations and strategies with the ten universally accepted principles in the areas of human rights, labor, environment, and anti-corruption. With more than 12,000 participating companies and *stakeholders* in over 145 countries, the UN Global Compact is the largest joint corporate positioning initiative in social and environmental responsibility in the world.

The Company takes part in UN Global Compact working groups, including the statement of the ten universal Principles derived from the Universal Declaration of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption.

Business Pact For Compliance and Against Corruption

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

Partnerships and Engagement with Ecosystem and Segment Entities

Campaign "TOTVERS QUE FAZEM" (TOTVERS WHO GETS THINGS DONE): in 2022, the "TOTVERS THAT GET THINGS DONE" campaign, which consists in collecting financial donations made by Employees and the

Company itself, focused on granting kits of snacks, transportation vouchers, and data SIM cards for students to continue their studies. The amount raised provided benefits for 1,500 young people from the IOS. The amount raised in the campaign was doubled by TOTVS.

Integrity Week: with the purpose of promoting a culture of compliance in the Company in 2022 happened the 3rd Compliance Week of TOTVS, in virtual format. Among the initiatives of the Week, the various corporate lives led by specialists, focusing on the importance of an upright conduct, in which the following topics were addressed: "Nonviolent communication: building more harmonious relationships"; "Is it obvious to do the right thing?", with ethical dilemmas and discussions; "Social media: your posts, your identity", about ethical conduct in the virtual world; and "Diversity and Inclusion: this is integrity too!".

INSTITUTIONAL AGENDA

Government Relations Congress: In 2022, TOTVS sponsored and was invited to compose the RelGov table and the other business areas of companies at the II International Congress of Government Relations, organized by Irelgov. Daniel Aviz, the Chief of Information Security, spoke on behalf of TOTVS at the panel, emphasizing the critical function that the government and institutional relations team have in communicating with the Government and engaging with business areas.

CODEC & VOCÊ: over 2022, TOTVS developed an internal project to raise knowledge and compliance with TOTVS'S Code of Ethics and Conduct (CODEC) and the Commercial and Institutional Relationship Policy with Public Entities in an election year. The CODEC & VOCÊ project focused on communications and actions with TOTVERS, including franchisees. The work that was created led to an invitation from a multinational consumer goods company for TOTVS to explain the project and policies to their employees.

HUMAN CAPITAL AGENDA

Brasscom EuTec Project: in partnership with the Association of Information and Communication Technology and Digital Technologies Companies (Brasscom), we took part in the development of the EuTec project, whose purpose is to speed up the training of workforce in Information and Communication Technology (ICT) for entry positions in companies. The pilot project started a program to offer web developers a minimum of 264 class hours of training, covering Digital Age, Socioemotional Skills, and Integrator Project topics. The course was provided in a three-month window, using a hybrid approach, with two face-to-face classes and three online classes, by four teaching organizations: IOS, Generation, Mackenzie, and Zumbi dos Palmares. 80 students were trained, divided into four classes, from different regions of Brazil. Upon the completion of the classes, a job fair was convened, featuring the participation of our HR and other associated companies. In 2022, TOTVS hired 3 students who had taken part in the training.

Novos Rumos project: In 2022, TOTVS was given the opportunity by BNDES to take part in the establishment of the "Novos Rumos" (New Directions) project, focused on providing professional qualification projects for individuals living in social vulnerability or with low income in the fields of industry 4.0, technology and green qualification using funds from BNDES as well as private and/or public funding sources. Professional qualification projects should also assign hours to the honing of social-emotional skills. The project topics were selected with an eye on the potential labor market developments and job supply-demand balance.

Supporting companies take part in the chosen entity's education project through sponsorship, and BNDES contributes the same amount, resulting in a doubled sponsorship amount. TOTVS was one of the organizations given an invitation to take part in the project's launch and public notice in August as a contributing corporation and is undergoing internal analysis for involvement with IOS project funding.

The program is in line with the UN Sustainable Development Goals (SDGs)[1], as well as the ESG agenda and talent training strategy of TOTVS and IOS.

National Digital Education Policy: TOTVS took part in the construction with Brasscom [Association of Information and Communication Technology (ICT) and Digital Technologies Companies] and the Mixed Parliamentary Front for the Digital Economy and Citizenship of the National Digital Education Policy bill. In 2023, this bill was enacted and contains four different axes of action, each with specific tasks: digital inclusion, digital school education, digital training, as well as specialization and exploration into information and communication technologies.

TOTVS at the ABES Conference: TOTVS took part in the Abes Conference, an event organized by ABES - Brazilian Association of Software Companies to discuss technology, innovation, sustainability, governance, and people. The panel "How to have an abundance of talents in a world without borders" was led by our VP of Human Relations on that occasion, Izabel Branco. She underscored the need for a more intensive endeavor to train talents and underscored the role of soft skills in the career of the technology professionals, on top of reinforcing the work that has been done by IOS, also present at this event. TOTVS proudly sponsored this conference, which took place on November 7, 2022.

Innovation **Indicators Working Group of the Business Mobilization of Innovation (MEI) of the CNI:** TOTVS also took part actively in the Working Group (WG) of Innovation Indicators of the MEI - Business Mobilization for Innovation, of the CNI (National Confederation of Manufacturers) under the leadership of Laércio Cosentino, chairman of our Board of Directors. The group aimed to create innovation indicators for the Brazil, with the objective of understanding how this environment is in the country in relation to developed countries, such as the USA, China and 15 countries in Europe, in addition to passing on data and subsidies for the creation or improvement of public policies that enable the advancement of this agenda.

In 2022, the results of this WG were presented at the 9th CNI Innovation Congress, the largest in Latin America, with the presence of our CEO, Dennis Herszkowicz. Laércio Cosentino contributed an article to the CNI of the Global Innovation Index (GII) which presents complex metrics on the innovation performance of 126 countries, accounting for 90.8% of the world's population and 96.3% of global GDP.

TOTVS was asked to partake in the **Digital Transformation Journey**, a FIESP project organized by Senai for driving the digital transformation of 40,000 businesses in the upcoming 4 years. After extensive dialogues, TOTVS assesses which of its solutions is most suitable for the program's demands.

[1] (SDG4- Quality Education, SDG 8 - Decent Work and Economic Growth and SDG10 - Reduction of Inequalities)

LABOR RELATIONS AGENDA

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

PRIVACY AGENDA

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

2.1 - General financial/equity conditions

The Company's executive officers present in this section 2.1, information that aims to allow investors and the market to analyze the Company's situation from the perspective of the Management. Among other aspects, they discuss below important facts, commitments or events that affect or could affect the Company's financial and equity conditions. The analyzes were constituted based on the Company's financial statements, which are the responsibility of the Company's Management, and are being presented exclusively for the purpose of providing, through a single financial statement, information related to all of the Company's activities, regardless of the disposition of its corporate structure.

The information in this section 2.1, unless otherwise indicated, is expressed in domestic currency (in thousands of Reals). The terms "HA" and "VA", contained in the columns of certain tables below, mean "Horizontal Analysis" and "Vertical Analysis", respectively, being: (i) Horizontal Analysis – compares indexes or line items in our financial statements over a period; and (ii) Vertical Analysis - represents the percentage or item of a line in relation to net revenues for the periods applicable to the results of our operations, or in relation to the total assets on the dates applicable to our balance sheet.

a. general financial and equity situation

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

(In thousands of Reals)	On December 31,	
	2021	2022
Shareholders' equity	4,486,008	4,584,849
Current assets	5,486,233	6,230,161
Net debt (Net Cash)[1]	(41,760)	(976,223)

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

In 2022, the Company ended the year in a Net Cash position, with the main highlights being the 4th issue of debentures on September 12, 2022 in the amount of R$1,500,000 and the generation of operating cash, which enabled the purchase of equity interests of Inovamind, Mobile2you, Vadu, RBM, Gesplan, Feedz, and Tallos to reinforce the Management and Business Performance dimensions.

b. capital structure, pointing out:

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

We present, during the fiscal year ended on December 31, 2022, a balanced capital structure between our own equity and third parties', and consistent with our activities, in the view of Management, in the proportion shown in the table below:

(in thousands of Reals, except %)	On December 31,	
	2021	2022
Current Liabilities and Noncurrent Liabilities (third-party funds)	5,459,017	6,031,344
Shareholders' Equity (own equity)	4,486,008	4,584,849
Third-Party Funds[1]	54.89%	56.81%
Own Equity[2]	45.11%	43.19%

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

c. payment capacity as regards financial commitments undertaken

As of December 31, 2022, the Company's gross debt was R$1,759,542, of which R$116,156, or 6.6%, are in current liabilities and R$1,643,386, or 93.4% in non-current liabilities.

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

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

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

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

(in thousands of Reals, unless otherwise stated)	On December 31,	
	2021	2022
Gross Debt[1]	3,217,466	1,759,542
Net debt (Net Cash)[2]	(41,760)	(976,223)
Management + Biz Performance Adjusted EBITDA[3]	741,237	909,116
Indebtedness Ratio[4]	-0.1	-1.1
Current liquidity ratio[5]	1.7	1.9
Overall liquidity ratio[6]	1.1	1.1

[1] Gross Debt corresponds to the sum of the balances of loans and leases and debentures. Gross debt is not a measure of financial performance recognized by accounting practices adopted in Brazil or by the International Financial Reporting Standards - "IFRS" issued by the International Accounting Standards Board ("IASB"), and it does not have a standard meaning. Other companies can account for their gross debt differently, so it is not possible to make a comparison between disclosures.

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

The Company issued, within the scope of its 4th issue, simple debentures, not convertible into shares, the amount of R$1,500,000, with the aim of optimizing the financial cost and lengthening the profile of its gross debt, maintaining its solid cash position, considering that the net funds got from the issue were fully and exclusively used for the early redemption of all simple debentures, not convertible into shares, of the unsecured type, in a single series, of the 3rd issue of the Company. The debt ratio was -1.0 and the current liquidity ratio was 1.9, following the levels of 2021. The overall liquidity ratio as of December 31, 2022 closed at 1.1, demonstrating the ability of the Company and its subsidiaries to meet their long-term commitments.

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

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

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

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

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

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

(i) relevant loan and financing agreements

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

(in thousands of Reals, unless otherwise stated)	Financial charges	On December 31,	
		2021	2022
Leases	2.00% to 16.98% p.a.	231,874	211,958
Working capital	100% CDI	103,740	318
Secured and other accounts	-	0	257
Loans and Finance		**335,614**	**212,533**
Current Liabilities		156,306	57,455
Non-Current Liabilities		179,308	155,078

(in thousands of Reals, unless otherwise stated)				On December 31,	
Issuance	**Debentures**	**Annual Financial Charges**	**Unit price**	**2021**	**2022**
4th Issuance of debentures - Single series	1,500,000	100% of CDI rate + Spread 1.35%	1	-	1,547,009
3rd Issuance of debentures - Single series	1,500,000	100% of CDI rate + Spread 1.90%	1	1,509,126	-
Total				**1,509,126**	**1,547,009**
Current liabilities				385,988	58,701
Non-current liabilities				1,123,138	1,488,308

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

(In thousands of Reals)	On December 31,	
	2021	2022
2023	373,501	-
2024	749,637	-
2026	-	740,503

2027	-	747,805
Loans, financing and debentures (Non-current liabilities)	**1,123,138**	**1,488,308**

Leases: The Company and its subsidiaries have several financial lease agreements with a contracted term of between 3 and 10 years related to the purchase of electronic equipment, rents and facilities of its units. The rates for right-of-use leases range from 2.00% to 16.98% (nominal interest rate) and 7.82% to 15.25% for right-of-use leases of electronic equipment.

Debentures: On September 12, 2022, the Company approved its 4th issuance of simple, non-convertible debentures, of the unsecured type, in a single series, subject to public distribution with restricted distribution efforts in the total amount of R$1,500,000, with a nominal unit value of one thousand Reals. On the unit face value or balance of the unit face value, remuneration interest corresponding to 100.00% of the accumulated variation of the average daily rates of DI (Interbank Deposits) will be charged, plus a *spread* equivalent to 1.35% per year, based on 252 business days. The interest will have semi-annual maturities and will always be paid on the 12th of March and September of each year, with the first payment due on March 12th, 2023, and the last payment due on the maturity date of the debentures.

Working capital: On November 16, 2021, prior to being purchased by RD Station (TOTVS Group), the subsidiary Tallos Tecnologia Integrada e Assessoria em Negócios S.A. raised R$330 for working capital from the institution Itaú Unibanco S.A., maturing on December 16, 2025.

On July 27, 2021, prior to the purchase by RD Station (TOTVS Group), the subsidiary Tallos Tecnologia Integrada e Assessoria em Negócios S.A. raised R$150 for working capital with the institution Itaú Unibanco S.A., maturing on July 27, 2025.

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

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

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

Working Capital: The Supplier Participações agreement, which raised R$100,000 for working capital with Banco ABC Brasil, maturing on July 20, 2021, had an early maturity clause in the event of default, bankruptcy or protest of a title with a value above R$10,000, besides other conditions provided for in the agreement. The agreement was amended and had interest paid, with the principal remaining with a new maturity date of April 18, 2022. The remaining balance of principal and interest was settled on March 25, 2022. Tallos and RBM agreements do not have a covenants clause.

As of December 31, 2022, the Company and its subsidiaries were in compliance with all the conditions/covenants stipulated in their aforementioned loan and debenture agreements.

g. Limits of contracted financing and percentages already used

On the date of presentation of this section, there were no contracted and unused financing lines.

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

CONSOLIDATED INCOME STATEMENTS

COMPARISON BETWEEN THE FISCAL YEARS ENDED ON DECEMBER 31, 2022 AND 2021

(In thousands of Reals)	On December 31,		Vertical analysis		Horizontal analysis
	2022	2021	2022	2021	22 vs. 21
Net Revenue	**3,792,932**	**2,977,312**	**100.0%**	**100.0%**	**27.4%**
Cost of software	(1,145,269)	(918,845)	-30.2%	-30.9%	24.6%
Gross profit	**2,647,663**	**2,058,467**	**69.8%**	**69.1%**	**28.6%**
Operating revenues (expenses)					
Research and development	(719,806)	(559,359)	-19.0%	-18.8%	28.7%
Sales and marketing expenses	(799,504)	(612,679)	-21.1%	-20.6%	30.5%
General and administrative expenses	(474,658)	(362,657)	-12.5%	-12.2%	30.9%
Other net operating revenues (expenses)	(12,178)	10,481	-0.3%	0.4%	-216.2%
Operating earns before financial effects and equity method	**641,517**	**534,253**	**16.9%**	**17.9%**	**20.1%**
Financial income					
Financial revenues	362,012	91,244	9.5%	3.1%	296.8%
Financial expenses	(341,492)	(145,446)	-9.0%	-4.9%	134.8%
Result of equity method	**(442)**	**(526)**	**0,0%**	**0,0%**	**-16.0%**
Earns before taxes	**661,595**	**479,525**	**17.4%**	**16.1%**	**38.0%**
Income tax and social contribution	(141,204)	(84,806)	-3.7%	-2.8%	66.5%
Net income (loss) from continuing operations	**520,391**	**394,719**	**13.7%**	**13.3%**	**31.8%**
Net income (loss) from Techfin Dimension	**2,910**	**(20,682)**	**-**	**-**	**-**
Net income in the fiscal year	**523,301**	**374,037**	**13.8%**	**12.6%**	**39.9%**
Income attributed to members of the controlling company	**498,136**	**368,491**	**13.1%**	**12.4%**	**35.2%**
Income attributed to non-controlling members	**25,165**	**5,546**	**0.7%**	**0.2%**	**353.8%**

Net revenue

In the annual comparison, the Net Revenue continued its acceleration, growing 27.4% in the comparison between 2022 and 2021. This performance reflected the advances presented throughout the year in all revenue lines, with emphasis on: (i) Recurring Management Revenue that grew 27% year-over-year in 2022, driven by the growth of

SaaS Revenue; (ii) the growth of the Business Performance Revenue year-over-year, especially because of the consolidation of RD Station in May 2021, thus corroborating throughout the 12 months of 2022 for the higher dimension revenue, and consequently for a higher Net Revenue.

Costs of software

The software costs ended 2022 with a growth of 24.6% compared to the previous year. Such growth below the Net Revenue growth reflects the cost management throughout 2022. In addition, the increase in costs also reflects the purchases of Inovamind, Mobile2you, Gesplan, Vadu, Feedz and RBM, which became part of the Company's result without a comparison basis with 2021.

Expenses

- **Research and Development -** In the accumulated numbers of 2022, the Research and Development (R&D) expenses represented 22.2% of the Recurring Revenue, compared to 22.7% in 2021, reflecting the scalability and efficiency gain in the allocation of organic investments made to develop, modernize and expand the product portfolio. The 28.7% increase with R&D compared to 2021 was caused by: (i) investments in business performance, seeking to make the required investments to increase the competitive advantage and take the opportunity of a market with low penetration; and (ii) a 17.2% growth in depreciation and amortization, mainly through the amortization of development projects that were capitalized.

- **Sales and Marketing Expenses -** In the annual comparison, the Sales and Marketing Expenses increased by 30.5% compared to 2021, representing 20.1% over the Net Revenue in 2022, compared to 20.6% in 2021. This increase is mainly related to: (i) consolidation of RD Station's results as of May 2021, since this operation has a distinct mandate moment and affected the full year 2022 and (ii) the performance of the Universo TOTVS 2022 and RD Summit events.

- **General and Administrative Expenses and Provision for Contingencies -** In 2022, the representativeness of this expense group went from 12.2% of the Net Revenue in 2021 to 12.5% in 2022. The 30.9% growth in 2022 compared with 2021 is due to: (i) consolidation of the results of those acquired throughout 2022, accounting for 4.7% of the expense for the 2022 period; (ii) expenses with M&A transactions; and (iii) 24.3% increase in Depreciation and Amortization, mainly due to the beginning of the amortization of intangible assets arising from the purchases of the companies Inovamind, Mobile2you, Vadu, Gesplan, Feedz, and RBM.

- **Other Operating Revenues (Expenses) -** In the year-over-year comparison, Other operating income (Expenses) decreased by 216.2% vs. 2021. In 2022, this line was impacted by: (i) complement of obligation to acquire investments as a result of the annual process of reviewing and updating the earn-out amounts of M&A transactions; and (ii) revenue from tax credit with a reduction of R$5,857.

- **Financial Result -** In the year-over-year comparison, in 2022, the behavior of the Financial Result is essentially associated with the Net Debt position until the 2Q21, versus the Net Cash position from the inflow of funds from the follow-on in the 3Q21.

- **Equity pickup:** The equity pickup improved by 16% in the year-over-year comparison. The equity method result refers to the interest held in the NCC company.

- **Income Tax and Social Contribution:** The 360 basis point growth of the Total Effective Rate of 2022, compared with 2021, was due mainly to: (i) the deduction of the tax base from the Cost with Share Issues that took place during the 2021 Follow-on; and (ii) the growth of the Effect of Subsidiaries with Differentiated Rates, especially from the operations in Argentina, given the inflation scenario in that country.

Net income (loss) from continuing operation:
The Net income from the Company's continuing operation for the year 2022 totaled R$520,391, an increase of 31.8% compared with 2021. In general terms, the increase in the net income from continuing operations is a consequence of the increase in recurring revenue and discipline in the management of costs and expenses throughout the year.

Net income (loss) of the Techfin Dimension:
On April 12, 2022, the Company's Board of Directors approved the creation of a Joint Venture with Itaú Unibanco S.A. ("Itaú"), called TOTVS Techfin ("JV"), whose purpose is to operate a digital financial services platform for small and medium-sized companies, through integrating a complete range of financial services. In this transaction, TOTVS and Itaú will each hold a 50% interest in JV.
The closing of the operation depends on the approval of the Central Bank of Brazil (BACEN), as well as the verification of other usual conditions for this type of operation, comprising a corporate reorganization with the contribution of certain assets and rights to the capital of the JV, by TOTVS. As of the date of disclosure of this document, these conditions had not yet been met.
According to IFRS5, this transaction meets the criteria of assets held for sale, so the result of this operation was classified in a single line in the DRE, called "Net Income (loss) from Techfin Dimension".

CASH FLOW STATEMENT

The table below shows information extracted from the Company's Cash Flow Statements for the fiscal years ended on December 31, 2022 and 2021. This table shows the key items that impacted the corresponding activities and, therefore, the Company's cash and cash equivalents.

Comparison between cash flows for the fiscal years ended on December 31, 2022 and 2021:

(In thousands of Reals)	Fiscal year ended on December 31,		Horizontal analysis
	2022	2021	22 vs. 21
Gross cash generated from operating activities	**1,206,538**	**770,472**	**56.6%**
Interest paid	(176,390)	(64,026)	175.5%
Income tax and social contribution paid	(114,588)	(131,947)	-13.2%
Net cash from operating activities	**915,560**	**574,499**	**59.4%**
Payment for the purchase of fixed and intangible assets, net of sales of assets	(178,054)	(170,565)	4.4%
Obligations with investments, net of cash and receipts from sale	(383,493)	(1,733,624)	-77.9%
CVC Fund	(20,081)	0	100.0%
Franchises Loan	24,257	(47,664)	-150.9%
Other investment activities	(169,090)	(77,979)	116.8%
Net cash used in investment activities	**(726,461)**	**(2,029,832)**	**-64.2%**
Loans, debentures and lease liabilities	(74,423)	1,439,439	-105.2%
Capital increase, net of non-controlling shareholders investments	(75)	2,002,867	-100.0%
Dividends and interest on shareholders' equity paid	(140,036)	(143,634)	-2.5%
Treasury shares, net and receivables from related companies	(109,872)	0	100.0%
Net cash used in financing activities	**(324,406)**	**3,298,672**	**-109.8%**
Increase (Decrease) in cash and cash equivalents	**(135,307)**	**1,843,339**	**-107.3%**

The cash generated in operating activities in the fiscal year ended December 31, 2022 was R$915,560, an increase of R$341,061, or 59.4% compared to 2021, due to the increase in the net income adjusted for items that do not affect cash by R$389,468, and in the variation of Working Capital by R$46,598 offset by the increase in interest paid that grew 175.5% because of the semi-annual payment of the 3rd issuance of debentures.

The cash invested in investment activities in the fiscal year ended on December 31, 2022 was R$726,461, a reduction of R$1,303,371, or 64.2% compared to 2021, basically because of the amount paid in 2021 in the purchase of the equity interest of the company RD Station in the amount of R$1,705,031, which is net of the cash acquired from this company.

The cash used in financing activities in the fiscal year ended on December 31, 2022 was R$324,406 or 109.8% higher compared to 2021. Such impact is mainly due to the higher fundraising in 2021 through the follow-on, 3rd issuance of debentures and the amount received from the company formed between TOTVS and B3 (Dimensa). Another factor that contributed to the reduction was the share repurchase program, which totaled R$109,872 in the year. It is worth mentioning that all fundraising got in 2022 through the 4th issuance of debentures was used in the full early redemption of the 3rd issuance carried out in 2021.

2.2 - Operating and financial result

a. Results of the issuer's operations

(i) Description of any important revenue components

The software revenue recognition criteria did not undergo significant changes that could compromise their comparability in 2022.

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

(ii) Factors that materially affected the operating results

The main factors that affected the Company's operating results in the fiscal year ended on December 31, 2022 were:

a) Business Performance Segment: The purchase of Tallos, in continuation of the consolidation of the segment called "Business Performance", which aims to support customers in various industry sectors to increase sales, competitiveness and performance, leveraging the results, performance and relationship of their different sales support solutions, composed of the e-commerce suite (including Joint Operation with VTEX) and OMS (Omnichannel).

b) Economic activity: In the sectoral perspective, one highlight was the extension of payroll exemption until 2023, an important economic measure for the international competitiveness of 17 sectors of the Brazilian economy, among which ICT (Information and Communication Technology), a highly specialized and high-value-added, labor-intensive macro-sector that employs over 1.5 million workers, with a demand for 797 thousand new technology talents by 2025 and whose compensation of its professionals is about 3 times higher than the domestic average, according to Brasscom. Advances in infrastructure were also noticed with the passing of laws to strengthen the implementation of the 5G technology throughout Brazil, which will expand connectivity and digital inclusion and benefit the industry sectors of telephony, education, health, agribusiness, among others.

c) Investments in research and development: one of the Company's business leverage pillars is innovation in new solutions and technologies. Even in a scenario of economic downturn, the Company has been keeping high investments in research and development. The research and development expenses in the fiscal year ended on December 31, 2022, represented 19.0% of the net software revenue for that fiscal year; and

d) Tax benefits: TOTVS uses tax incentives that help the Company and its subsidiaries in its investments in innovation and best practices in employability, cooperating with the excellence in its products and stability in the number of its staff. Its participation in the so-called "Lei do Bem" helps the development of products that contribute to better meeting customer needs and developing Brazil's innovation agenda. On the other hand, the payroll exemptions help keep jobs and skilled labor. We do not guarantee continuity in using these benefits because they are granted by the federal government, and depend on the government's decision to keep them.

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

The Recurring Software Revenues, which represented 85.62% of the Company's Net Software Revenue in the fiscal year ended in 2022, were indexed by the IGP-M (General Market Price Index) and the IPCA (Broad National Consumer Price Index), being readjusted according to the "anniversary" of each contract executed with customers.

In 2022, the IGP-M accumulated an increase of 5.45% in the year, compared to 17.78% in 2021, while the IPCA ended 2022 with an accumulated increase of 5.79%, vs. 10.06% in 2021. The impact of the 12-month weighted average of the IGP-M and IPCA rate on the Company's recurring revenues, disregarding the cancellation of recurring maintenance and subscription agreements, resulted in a positive impact on the Company's total net revenue of approximately 10.1% in 2022.

As for the monetary policy, the Selic rate started the year at 9.25% and ended at 13.75%, while COPOM (Monetary Policy Committee) hints at maintaining this level throughout 2023. Regarding foreign exchange, the US dollar began the year at R$5.71 and ended at R$5.30.

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

The Company's operating result may be affected by economic changes, especially regarding the Brazilian short- and long-term interest rates, inflation index, and foreign exchange policy. However, from the historical point of view, such changes have had their effect mitigated for the Company and its subsidiaries due to the dispersion of its installed client base, composed of companies of practically all sizes and sectors of the Brazilian economy.

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

The variation in interest rates in Brazil may indirectly influence the Company's operating results, as any increase in such rates may lead to a retraction in technology investments made by current customers and potential customers. Thus, it is not possible to quantify the real impact of the variation in interest rates on the Company's operating result, but it is worth mentioning that, historically, in periods when the SELIC rate rose, the Company did not fail to have growth in sales.

In the financial result, the Company maintains a working capital loan linked to the Interbank Deposit Certificate (CDI) through the subsidiaries Tallos and RBM. Debentures issued in 2022 are bound to the CDI variation. In the fiscal year ended on December 31, 2022, interest incurred related to loans, financing and debentures represented 70.0% of financial expense.

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

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

The Company and its subsidiaries have financial investment policies that determine that investments focus on low-risk securities and investments in top-tier financial institutions and are substantially remunerated based on percentages of the CDI variation. The financial income from such investments, which are linked to the interest rate, accounted for 92.6% of the Company's financial income in the fiscal year ended on December 31, 2022.

In addition, revenues of some subsidiaries that operate internationally are exposed to foreign exchange risks arising from exposures in certain currencies such as the U.S. Dollar (USD), Euro (EUR), Argentine Peso (ARS), Mexican Peso (MXN), Chilean Peso (CLP), and Colombian Peso (COP). The Company and its subsidiaries act so that their net exposure is maintained at an acceptable level under the policies and limits defined by Management.

2.3 - Changes in accounting practices/Exceptions and emphases:

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

On January 1, 2022, the new accounting standards issued by the IASB (International Accounting Standards Board) and CPC (Accounting Pronouncements Committee) came into force, which resulted in the changes listed below, but had no significant impact on the Financial Statements of the Company and its subsidiaries for the fiscal year ended December 31, 2022:

- CPC 06 (R2)/ IFRS 16: COVID-19-related benefits granted to lessees in lease agreements after June 30, 2021;
- CPC 25/ IAS 37: Onerous contracts - costs of fulfilling a contract;
- CPC 27/ IAS 16: Fixed assets - proceeds before intended use;
- CPC 15/ IFRS 3: Reference to the conceptual framework;
- IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture.

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

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

The independent auditors issued an auditor's report without changing opinions or emphases in the financial statements as of December 31, 2022.

2.4 - The Executive Officers must comment on the relevant effects that the events below have caused or are expected to cause in the Company's financial statements and in its results:

a. Introduction or disposal of operating segment

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

In this transaction, TOTVS and Itaú will each hold a 50% interest in the JV. For the purposes of developing the activities of the JV, TOTVS and Itaú will contribute with their respective expertise and will assume, in particular, the following obligations:

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

(ii) Itaú will be responsible for providing funding for JV's operations, for the period and in the necessary volumes and with its financial expertise, to contribute to the development of JV's financial products. Itaú will make a primary contribution of R$200,000 in the capital stock of the JV.

In addition, in the context of the creation of the JV, Itaú undertakes to pay TOTVS up to R$860,000 for the shares of the JV, of which R$410,000 will be paid in cash, on the date of the closing of the Transaction, and up to R$450,000 to be paid after 5 years, as a complementary price (earn-out), upon the achievement of targets aligned with the JV's growth and performance goals.

The closing of the operation depends on the approval of the Central Bank of Brazil (BACEN), as well as the verification of other usual conditions for this type of operation, comprising a corporate reorganization with the contribution of certain assets and rights to the capital of the JV, by TOTVS. As of the date of disclosure of the financial statements, these conditions had not yet been met.

Once the transaction is completed, TOTVS will have shared control (equivalent to 50% of the capital stock) of the Techfin Dimension, and will recognize the result of this dimension in the Equity Method line.

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

b) Constitution, purchase, or disposal of equity interest

InovaMind

On January 7, 2022, a sale and purchase agreement was entered into for the purchase of 100% of the shares in the capital stock of the startup InovaMind Tech Ltda. by the subsidiary Dimensa S.A. The amount paid in cash, including the price adjustment, was R$15,446. Additionally, such agreement provides for the payment of a variable complementary purchase price, subject to meeting certain targets set for the fiscal years 2022 and 2023, and the fulfillment of other conditions. InovaMind is an artificial intelligence startup that uses big data to create digital products and services for companies of all sizes.

Mobile2you

On January 31, 2022, a sale and purchase agreement was entered into for the purchase of 100% of the shares in the capital stock of Mobile2you Ltda. by the subsidiary Dimensa S.A. The amount paid in cash, including the price adjustment, was R$17,316. This agreement provides for the payment of a complementary purchase price, subject to meeting certain targets set for the fiscal years 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.

Vadu

On March 29, 2022, a sale and purchase agreement was entered into for the purchase of 100% of the shares in the capital stock of Vadu Ltda. by the subsidiary Dimensa S.A. The amount paid in cash, including the price adjustment, was R$38,535. In addition, the agreement provides for payment of a complementary purchase price, subject to the achievement of certain Vadu performance targets and the fulfillment of other conditions.
Vadu is a platform of analysis, automation and monitoring solutions for the credit market, which with the use of Big Data integrated with Artificial Intelligence, the platform operates throughout the credit journey.

Gesplan

On April 2, 2022, a sale and purchase agreement was entered into for 100% of the shares in the capital stock of Gesplan S.A., by the subsidiary TOTVS Tecnologia em Software e Gestão Ltda. The amount paid in cash, including the price adjustment, was R$32,423. In addition, such agreement provides for the payment of a complementary purchase price subject to the achievement of targets set for GESPLAN concerning the fiscal years 2022 and 2023, and the fulfillment of other conditions at the amount of R$14,260. Gesplan provides financial planning and management solutions, which operate in the transactional environment in an integrated manner with ERPs, being worth highlighting its SaaS (Software as a Service) solution for integrated Treasury management (Cash & Treasury Management).

Tallos

On August 1, 2022, a sale and purchase agreement was entered into for the purchase of the entire capital stock of Tallos Tecnologia Integrada e Assessoria em Negócios S.A., by the subsidiary RD Gestão e Sistemas S.A. The amount paid in cash was in R$6,600. Additionally, the agreement provides for the payment of a complementary purchase price subject to compliance with certain conditions. Tallos was founded in 2017 to offer innovative solutions and uncomplicate digital service, and has been consolidating itself as one of the main developers of solutions for "conversational commerce" in the country, allowing the optimization of service and enhancing the sales force of companies.

RBM

On August 17, 2022, a sale and purchase agreement was entered into for the purchase of all shares of RBM Web Sistemas Inteligentes Ltda., by the subsidiary Dimensa S.A.. The amount paid in cash was in R$20,000. In addition, there will be a receipt related to the price adjustment in the amount of R$1,515. The closing of the transaction occurred on September 23, 2022. RBM, founded in 2006, is a company with over 150 clients and capillarity in the domestic market that offers 100% SaaS solutions in easy deployment core banking focused on the fintech market, financial institutions, and managers of receivables.

Feedz

On August 31, 2022, a sale and purchase agreement was entered into for the purchase of 60% of the shares in the capital stock of Feedz Tecnologia S.A. by the subsidiary TOTVS Tecnologia em Software de Gestão Ltda. The amount paid in cash, including the price adjustment, was R$59,959, in addition to the withheld amount of R$6,500 for any indemnifications. Such agreement also provides for the purchase, during the first half of 2025, of the remaining shares, which represent 40% of Feedz's capital stock, the price of which is to comply with the terms and conditions agreed by the parties according to the achievement of certain targets and performance of Feedz. The fair value of the forward purchase on the purchase date is R$59,642. Feedz is a Brazilian HR Tech specialized in SaaS solutions for engagement, performance and organizational climate, with highlights for OKR (objectives and key results) tools, performance evaluation, feedbacks, climate surveys and pulse engagement.

c. unusual events or operations

There were no unusual events or operations for the year 2022.

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

a. Provide the value of the non-accounting measurements

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

The EBITDA is a non-accounting measure prepared by the Company under CVM Instruction No. 527 of October 4, 2012 ("CVM Instruction 527"), reconciled with its financial statements. The EBITDA comprises net income (or loss) for the fiscal year, adjusted for financial income and expenses, income tax and social contribution, and depreciation and amortization expenses.

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

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

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

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

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

The EBITDA and the EBITDA Margin, the Adjusted EBITDA, the Adjusted EBITDA Margin, the Adjusted Management + Biz Performance EBITDA and the Adjusted Management + Biz Performance EBITDA Margin are not measures recognized by the Accounting Practices Adopted in Brazil (BR GAAP) or by the International Financial

Reporting Standards ("IFRS") issued by the International Accounting Standard Board ("IASB"), neither represent the cash flow for the periods presented, and should not be considered as a substitute for the net income (loss) for the fiscal year, as operating performance indicators, as liquidity indicators, nor as a basis for distribution of dividends or other measures of operating performance or liquidity set forth under the BR GAAP or IFRS. The Company uses EBITDA, EBITDA margin, Adjusted EBITDA, and Adjusted EBITDA Margin as performance measures for management purposes and for comparison with similar companies. Although EBITDA has a standard meaning pursuant to article 3, subparagraph I of CVM Instruction No. 527/12, the Company cannot guarantee that other companies - including privately held companies - adopt this standard meaning. In this regard, if the standard meaning set forth by CVM Instruction No. 527/12 is not adopted by other companies, the EBITDA disclosed by the Company may not be comparable to the EBITDA reported by other companies. In addition, disclosures made before such CVM Instruction 527/12 came into force by companies that were not required to amend them may not adopt the standardized meaning set forth by CVM Instruction 527/12.

See below the amounts of EBITDA, EBITDA Margin %, Adjusted EBITDA and Adjusted EBITDA Margin %, for the fiscal year ended on December 31, 2022:

In thousands of Reals	**2021**	**2022**
EBITDA	732,913	877,204
EBITDA Margin %	24.6%	23.1%
Adjusted EBITDA	789,023	959,556
Adjusted EBITDA Margin %	24.8%	23.8%
Adjusted Management + Biz Performance EBITDA	741,237	909,116
Adjusted Management + Biz Performance EBITDA Margin %	24.9%	24.0%

Contribution Margin and Contribution Margin %

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

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

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

The **Consolidated Contribution Margin and the Consolidated Contribution Margin %** refers to the Contribution Margin and the Contribution Margin % added to the Contribution Margin and the Contribution Margin

% of the Techfin Dimension.

We provide below the amounts of Contribution Margin and Contribution Margin % in the fiscal year ended on December 31, 2022:

In thousands of Reals	2021	2022
Contribution Margin	1,588,058	2,020,495
Contribution Margin %	53.3%	53.3%
Consolidated Contribution Margin	1,723,184	2,170,489
Consolidated Contribution Margin %	52.9%	51.6%

Gross Debt and Net Debt (Net Cash)

Gross Debt corresponds to the sum of the balances of loans and financing, debentures, both current and non-current.

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

The Company uses Net Debt (Net Cash) and Gross Debt to assess the indebtedness rate in relation to its cash position.

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

See below the amounts of Gross Debt and Net Debt (Net Cash) on December 31, 2022:

In thousands of Reals	2021	2022
Gross Debt	3,217,466	1,759,542
Net Debt (Net Cash)	(41,760)	(976,223)

Techfin Net revenue (Non-GAAP)

The **Techfin net revenue (Non-GAAP)** is composed of Techfin Revenue, deducted from the Funding cost, which is formed by the remuneration of the FIDC's senior and mezzanine shares, besides the cost of any bank lines.

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

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

b. Make reconciliations between the amounts disclosed and the amounts of the audited financial statements

The reconciliation between these non-accounting measurements and the financial statements is shown below:

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

(In thousands of Reals)	Fiscal year ended on December 31, 2021	Fiscal year ended on December 31, 2022
Total Net Revenue	2,977,312	3,792,932
Net Income	374,037	523,301
(+/-) Financial Income and Expenses	54,202	(20,520)
(+) (Current and deferred) Income Tax and Social Contribution	84,806	141,204
(+) Depreciation and Amortization	199,184	236,129
(+/-) Net Income/Loss from discontinued operation	20,682	(2,910)
EBITDA	**732,913**	**877,204**
EBITDA Margin %	**24.6%**	23.1%
(-/+) M&A adjustment at Fair Value	18,109	28,668
(-/+) Loss (Earn) in investment sale	(1,156)	4,689
(+) Expenses with M&A Transactions	10,567	15,163
(-) Tax credit	(19,196)	(16,608)
Adjusted Management + Biz Performance EBITDA	**741,237**	**909,116**
Adjusted Management + Biz Performance EBITDA Margin	**24.9%**	**24.0%**
Techfin Dimension EBITDA	47,786	50,440
Adjusted EBITDA	**789,023**	**959,556**
Adjusted EBITDA Margin %	**24.8%**	**23.8%**

Contribution Margin and Contribution Margin %

(In thousands of Reals)	Fiscal year ended on December 31, 2021	Fiscal year ended on December 31, 2022
Gross Profit	**2,058,467**	**2,647,663**
Research and Development	(559,359)	(719,806)
Provision for Expected Credit Losses	(20,589)	(26,912)
(-) Depreciation and amortization of Costs	74,260	78,217
(-) Depreciation and amortization of R&D	35,280	41,333
Contribution Margin	**1,588,058**	**2,020,495**
Contribution Margin %	**53.3%**	**53.3%**
Techfin Contribution Margin	135,126	149,994
Consolidated Contribution Margin	**1,723,184**	**2,170,489**
Consolidated Contribution Margin %	**52.9%**	**51.6%**

Gross Debt and Net Debt (Net Cash)

In thousands of Reals	Fiscal year ended on December 31, 2021	Fiscal year ended on December 31, 2022
Loans and financing (current and non-current)	335,614	212,533
Debentures (current and non-current)	1,509,126	1,547,009
Senior and mezzanine shares	1,372,726	-
Gross Debt	**3,217,466**	**1,759,542**
(-) Cash and cash equivalents	(2,871,072)	(2,735,765)
(-) Financial investment	(388,154)	-
Net Debt (Net Cash)	**(41,760)**	**(976,223)**

(In thousands of Reals)	Fiscal year ended on December 31, 2021	Fiscal year ended on December 31, 2022
Net Debt (Net Cash)	(41,760)	(976,223)
Adjusted Management + Biz Performance EBITDA	741,237	909,116
Debt Ratio on the Adjusted EBITDA	-0.1	-1.1

Techfin Net revenue (Non-GAAP)

(In thousands of Reals)	Fiscal year ended on December 31, 2021	Fiscal year ended on December 31, 2022
Techfin Net revenue	281,551	411,884
Cost of funding	(83,082)	(164,752)
Techfin Net Revenue (Non-GAAP)	**198,469**	**247,132**

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

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

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

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

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

Contribution Margin, and Contribution Margin %

The Company understands that the measurements of the Contribution Margin and the Contribution Margin % are useful to assess profitability, since the revenues, costs and expenses of this metric are comparable and we can know the profitability and return of the Company.

Gross Debt and Net Debt (Net Cash)

The Company understands that the measures of Net Debt (Net Cash) and Gross Debt are useful in assessing the indebtedness rate regarding its cash position. On the base date of December 31, 2022, the Company had finance lease contracts bound to the purchase of equipment and rents for the Company's units, and borrowing for working capital and debentures. For more information, see section 2.1(f) of this Reference Form.

Debt Ratio on the Adjusted EBITDA

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

Techfin Net Revenue (Non-GAAP)

The Company understands that Techfin Net Revenue (Non-GAAP) is the metric that best represents the Net Revenue generated in the credit operation of the Techfin Dimension, deducting the funding costs generated by the remuneration of the FIDC's senior and mezzanine shareholders.

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

There was no event subsequent to the Company's last financial statements.

2.7 - Allocation of corporate results

Fiscal year ended on December 31, 2022	
a. rules on retained earnings	The Company does not have a policy setting forth rules on retained earnings besides those provided for in the law. Pursuant to Brazilian Corporations Act, the Company may allocate at least five percent (5%) for the legal reserve, up to a limit of twenty percent (20%) of its capital stock. In the fiscal year in which the legal reserve balance plus the capital reserve amounts exceeds thirty percent (30%) of the capital stock, the allocation of part of the net income to the fiscal year for the legal reserve is not mandatory. Further, also pursuant to Law 6.404/76, the Company may retain the amount related to the capital budget, submitted by the management bodies with a justification for the income retention, including the sources of the funds and capital investments, whether fixed or current, for up to five (5) consecutive years, except in case an investment project is carried out over a longer period. The budget may be approved by the Annual General of Shareholders that resolve on the balance sheet for the fiscal year, and reviewed annually, when it has a duration of more than one fiscal year.
a.i. amounts of retained earnings	The Management proposes the following allocation of the net income, to be resolved at the Company's Annual General Meeting to be held on April 19, 2023: Legal reserve R$24,907 thousand and income Retention Reserve R$285,448 thousand
a.ii percentages regarding total income stated	R$285,448 thousand reversed from the IncomeRetention Reserve account correspond to 57.3%% of the net income stated by the Company.
b. rules on dividend distribution	The portion corresponding to twenty-five percent (25%) of the adjusted annual net income, as provided for in Article 202 of the Brazilian Law of Corporations and in Article 37 of the Company's Bylaws, will be allocated to pay for the minimum dividend required.
c. periodicity of dividend distributions	At the end of each fiscal year. The Bylaws (article 39) of the Company contains a provision on the possibility of distributing dividends in shorter periods.
d. any restrictions on the distribution of dividends imposed by special legislation or regulations applicable to the issuer, as well as contracts, judicial, administrative or arbitration decisions	Currently, there are no restrictions on the dividend distribution imposed by any special legislation or regulation applicable to the Company.
e. If the issuer has a formally approved income allocation policy informing the body responsible for the approval, the date of approval and, if the issuer discloses the policy, any websites on the world wide web where the document can be read.	The Company does not have a formally approved specific policy dealing with the allocation of results.

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

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

(i) Portfolios of receivables written off over which the entity has neither retained nor transferred substantially the risks and benefits of ownership of the transferred asset, pointing out the corresponding liabilities
Not applicable, since there are no assets or liabilities held by the Company and its subsidiaries that are not shown in its consolidated financial statements for the fiscal year ended on December 31, 2022.

(iii) Agreements for future purchase and sale of products or services
Not applicable, since there are no assets or liabilities held by the Company and its subsidiaries that are not shown in its consolidated financial statements for the fiscal year ended on December 31, 2022.

(iii) Unfinished construction agreements
Not applicable, since there are no assets or liabilities held by the Company and its subsidiaries that are not shown in its consolidated financial statements for the fiscal year ended on December 31, 2022.

(iv) Agreements for future receipt of financing
Not applicable, since there are no assets or liabilities held by the Company and its subsidiaries that are not shown in its consolidated financial statements for the fiscal year ended on December 31, 2022.

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

2.9 - Regarding each of the items not shown in the financial statements provided in section 2.8, the Executive Officers should comment:

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

Not applicable, considering that there are no relevant items of this nature not shown in the Company's financial statements for the fiscal year ended on December 31, 2022.

b. the nature and purpose of the operation

Not applicable, considering that there are no relevant items of this nature not shown in the Company's financial statements for the fiscal year ended on December 31, 2022.

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

Not applicable, considering that there are no relevant items of this nature not shown in the Company's financial statements for the fiscal year ended on December 31, 2022.

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

a. Investments

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

The Company makes investments in Corporate Venture Capital as a Service (“**CVC**”) through an equity investment fund (“**EIF**”), a new concept that has an external and independent manager and that has allowed us to create an investment mechanism aimed at startups with high growth and innovation potential. On December 31, 2022, the amount invested totaled R$20,081.

Research and Development (R&D) is another relevant line in the investment plan, because of its strategic importance for the economic sector in which the Company operates. Such investments allow us to offer solutions that are more and more adherent to the needs of clients and add technological innovations that provide greater productivity for the users of our solutions. The Research and Development (R&D) expenses in the Financial Statements for the period ended on December 31, 2022 totaled R$719,806.

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

- Projects aimed at expanding, simplifying, and making cheaper our clients' access to financial services through the Techfin front.
- Projects aimed at bringing innovation to the financial market, generating better operational results for users of financial services tools.
- Investments in projects to meet the needs of the manufacturing markets, integrating the various solutions with agility and always seeking the best industry 4.0 practices.
- Projects focused on platform integration and productivity, aimed at facilitating the management and use of cloud infrastructure.
- Research and development applied to promote efficiency gains and best practices in the management of carriers, logistics operators, ports, bonded areas and construction material business.
- Projects for Innovation and integration with the portfolio of partners focused on the hospitality sector.
- Investment in information security, to meet the LGPD.
- Investment in the development of a health system for the area of Radiology (RIS).
- Development of Smart Agriculture system using multi-threaded processing of telemetry data through radio frequency, within the concepts of Agriculture 4.0.
- Project to increase the scalability of the artificial intelligence platform through changes in the

platform's storage architecture.

- Innovation projects focused on the digital transformation of HR through a portfolio of solutions and offers that incorporate the innovative concept "HXM - Human Experience Management".
- Development of skills to capture, store, analyze and generate business insights from large volumes of data.

(ii) Sources of investment financing

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

(iii) relevant divestments in progress and planned divestments

Not applicable, because that there are no relevant divestment items in progress and/or foreseen in the fiscal year ended on December 31, 2022. The creation of a Joint Venture with Itaú, described in section 2.4(a) of this reference form, will result in the sale of a 50% interest in the business and an increase in investments in the business, including a primary contribution of R$200,000 in the capital stock of the Joint Venture to be carried out by Itaú.

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

Not applicable.

c. New products and services, including:

(i) description of ongoing research already disclosed

Not applicable.

(ii) total amounts spent by the issuer on research to develop new products and services

Not applicable.

(iii) projects under development already disclosed

Not applicable.

(iv) total amounts spent by the issuer to develop new products or services

The total expenses with Research and Development represented 19% of the net revenue of the Company and its subsidiaries, for the fiscal year ended on December 31, 2022. Throughout 2022, the Company and its subsidiaries capitalized expenses with the development of some projects, with clear prospects of return in the medium/long term, which totaled R$28,871, representing 0.76% of the Company's total net revenue.

d. Opportunities embedded in the issuer's business plan related to ESG issues

TOTVS is committed to the development of a Sustainability Agenda and ESG, which reflects the Company's purpose and vision on how it positively influences and impacts society, as an employer and economic-social agent.

The priority action topics are grouped in a Materiality Matrix, which reflects how important the relevant and/or emerging topics are for the technology industry sector, considering the current and future scenarios, their challenges and opportunities, as well as topics related to business strategy and global agendas, such as the Sustainable Development Goals (SDGs) and the UN Global Compact, to which we have been a signatory since 2014.

The Matrix is built from the intersection of the perceptions of internal audiences and the different views of external stakeholders considered strategic, captured through quantitative researches and qualitative interviews. The results are also based on the analysis of TOTVS'S responsiveness to stakeholder expectations, the management of its impacts–positive and negative–and the generation of value to different stakeholders.

The commitment to sustainable development is present in a transversal way in the Company's performance, comprehending management, business, operations and daily life.

We believe that there are numerous opportunities to expand the generation of value to our stakeholders, with the evolution of the performance of the strategy and the maturation of reflections around the strengthening of the ESG pillars as part of our sustainability culture, expanding our ability to incorporate the demands of our strategic audiences and to generate shared value to all our relationship audiences.

Among the major goals of the Sustainability Agenda and ESG in business development we have:

- Enhance the performance of TOTVS as an agent of positive change, through the connection of business, people and technology, including sustainability as a value proposition.

- Strengthen the integration of economic, environmental, social, and governance (ESG) aspects in the business strategy and model, investment decisions, products, services, innovation and technological development processes of the Company.

- Foster the development of the sustainability culture at TOTVS, expanding our ability to incorporate the demands of strategic audiences and generate shared value in all relationships.

- We have several initiatives in progress or development, as stated in the chapter "Value Generation", related to how we generate value in our business, partnerships, and relationships, which help us achieve our strategic goals. In terms of perspectives, we can highlight:

- As to people management (**Human Capital**), we will continue our efforts to attract, retain and develop TOTVERS. At the attraction, we want to make the Company more and more known among young audiences and increase our résumé bank. We will also seek to further stimulate the development of our employees, through Universidade TOTVS em Rede, the leadership development program and other development programs. We will also have a great focus on mental health actions and incentive to financial health. We also want to encourage continuously the affirmation of guidelines and the development of diversity and inclusion actions.

- In our structure for business development, partnership building, and service provision (**Manufactured Capital**), we are permanently attentive to the new demands of society and business. We will continue to use our capacity for transformation and adaptation to achieve good results, by combining different business dimensions and to achieve continuous growth, focused on technological development, productive partnerships, and opportunities with purchases, seeking to be the best partner for our clients, believing in a "BRAZIL THAT GETS THINGS DONE" and supporting the growth of companies and entrepreneurs.

- On economic and financial management (**Financial Capital**), we will continue, each year, seeking the best financial and operational results, with robust financial management strategies, cash generation, liquidity, and controlled debt. Operational efficiency, in turn, is increasingly supported by structured processes in our operations, diligent risk management, and discipline in cost control.

- As to knowledge generation and dissemination (**Intellectual Capital**), we will continue focusing on innovation, research and development of software, solutions and services, with investments directed to these fronts, besides encouraging the continuous development of TOTVERS and the discussion and dissemination of knowledge in society, by taking part, sponsoring, or promoting events, work groups, and studies.

- As to relationship with customers, shareholders and investors, suppliers and other audiences, as well as in the interaction with society (**Social and Relationship Capital**), we will continue to strive to offer the best solutions and partnerships aimed at benefiting - in a win-win process - our stakeholders and our value chain.

- And as to the management of environmental resources and processes (**Natural Capital**), we will keep our path of making progress permanently in all initiatives, focusing on respect for and conservation of the environment and the adoption of environmentally sustainable practices through constant improvements in the usage of water, energy management, management and reduction of emissions (to this end, we will advance in our Greenhouse Gas Inventory).

For further information, see sections "How we generate value" and "Prospects for the future" of the "2022 Integrated Report" – the Company's sustainability report, available on the CVM website (www.cvm.gov.br) and on the Company's IR website (https://ri.totvs.com/esg/relatorios-anuais/relatorio-de-sustentabilidade/).

2.11 - Other factors with relevant influence

The Company and its subsidiaries continue to monitor the impacts resulting from the COVID-19 pandemic and maintain the preventive and mitigating measures adopted since 2020, in line with the guidelines established by the health authorities with regard to the safety of its participants (TOTVERs) and continuity of its operations.

3.1 - Published projections and assumptions

The information disclosed in this section represents an estimate and involves market factors and others that are beyond TOTVS' control, therefore, it does not constitute a promise of performance or on the part of its managers and, therefore, may be subject to changes.

(a) object of projection

Operating costs and expenses (OPEX), exclusively for TOTVS TECHFIN, therefore not including any information or data (present or estimated) relating to its subsidiary, Supplier Gestora de Cartão de Crédito S.A.

TOTVS TECHFIN's OPEX comprises Operating Costs, Research and Development, Sales and Marketing Expenses, and General and Administrative Expenses and Others.

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

The financial projections refer to the third quarter of 2023 (3Q23) and the fourth quarter of 2024 (4Q24).

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

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

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

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

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

TOTVS Techfin	2Q23 Actual[1]	3Q23 Projected[2]	4Q24 Projected
Operating Costs and Expenses (OPEX)[3]	R$13.5 million	R$24 to 30 million	R$32 to 40 million

[1] Actual figures (it is not a projection) reflected on the results disclosed in the second quarter of 2023 (2Q23).
[2] First quarter after the closing of TOTVS TECHFIN.
[3] OPEX consisting of the lines of Operating Costs, Research and Development, Commercial and Marketing Expenses, and Administrative and Other Expenses.

3.2 - Monitoring and changes to published projections

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

The informed projections do not replace previous projections, nor are they repeated, since the Company provided projections related to TOTVS TECHFIN (OPEX), for the first time, on August 8, 2023, according to the Material Fact disclosed on the same date.

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

There are no previously released projections.

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

The following table presents the projections for the third quarter of 2023 and fourth quarter of 2024, according to the Material Fact disclosed by the Company on August 8, 2023

TOTVS Techfin	2Q23 Actual(1)	3Q23 Projected(2)	4Q24 Projected
Operating Costs and Expenses (OPEX)(3)	R$13.5 million	R$24 to 30 million	R$32 to 40 million

(1) Actual figures (it is not a projection) reflected on the results disclosed in the second quarter of 2023 (2Q23).
(2) First quarter after the closing of TOTVS TECHFIN.
(3) OPEX consisting of the lines of Operating Costs, Research and Development, Commercial and Marketing Expenses, and Administrative and Other Expenses.

4.1 - Risk factors description

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

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

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

(a) Risks related to the Company

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

The management systems market, which is the key market in terms of revenue in which the Company operates, is characterized by constant technological advances, the evolution development of *software* and communication infrastructure, increasing complexity of customer needs, frequent improvements on users' experience, and constant new product and services releases. If the Company cannot develop technological improvements, to improve and enhance its products and services in a timely manner, to properly identify and translate the needs of its customers/clients or to position or price its products and services in order to meet market demand, the Company's customers/clients may no longer acquire new *software* licenses, subscribe for the use of its *software* and contract services, or the Company may lose its competitiveness regarding attracting new customers/clients and, therefore, suffer a relevant impact on its financial results.

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

If the Company does not make progress on the languages adopted, simplify structures, or converge solutions, use data effectively for the development of new products and updating of its portfolio, or adopt new technologies, including those considered disruptive, it may have a significant effect on its business strategy and, as a result, its financial results.

The Company may not be able to compete effectively in the Techfin and Business Performance dimensions

A cornerstone of the Company's strategy is to expand its Techfin operations, providing clients with Financial and Business Performance products and services to boost their sales and gain an edge in the market. If the Company cannot develop products and services that meet the needs of its clients in these segments, its growth strategy and operating results could be adversely affected.

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

The Company may not have sufficient distribution channels and sales force with technical and specialized knowledge of such new products and offerings, which may adversely affect its ability to penetrate and expand in these markets.

The expansion strategy of the Techfin and Business Performance dimensions could also be negatively affected if the Company fails in efforts to synergize and integrate these segments with the Management dimension, including the distribution, product development, and sales aspects.

Regarding the Techfin dimension, any increase in the level of delinquency, due to mistakes in granting credit or external factors, may also negatively affect this operation, leading to an expansion of provisions and a decrease in the availability of credit. The performance of the operation might be influenced by macroeconomic variables that cause major variations in the interest rate, besides a low economic growth, factors that can reduce the demand for credit by clients and customers, change the criteria for granting credit and also the company's competitiveness.

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

In addition, any possible legislative changes may make it difficult and/or require operational and conceptual significative adjustments to new business models by the Company, particularly with regard to data processing and specific regulations for certain segments.

If these factors materialize and the Company is unable to develop, execute, integrate and expand the dimensions of Techfin and Business Performance as planned, the investments made in these industry sectors may not get the expected return, adversely affecting the Company's financial results and its growth strategy.

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

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

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

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

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

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

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

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

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

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

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

Any information security incidents could cause a disruption in the Company's business and result in reduced performance and increased operating costs, which could have an adverse effect on the Company's business, financial condition, and results of operations. Furthermore, security incidents could result in misappropriation of the Company's exclusive or confidential information and/or the personal data of its customers, clients, employees, and third parties, which may materially and adversely affect the Company's reputation. For more information on security incidents, please refer to section 5.5 of this Reference Form.

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

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

The Company is subject to risks associated with non-compliance with data protection laws (both domestic and international), and may be adversely affected by the imposition of fines and other types of sanctions.

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

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

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

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

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

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

The Company may fail to prioritize investments in developing new products and/or in managing the life cycle of existing products.

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

If the Company invests in new products that do not bring the expected financial return, keeps low-profit products in the portfolio, or cannot invest the required resources to develop and improve products and new technologies, the Company's competitiveness and financial results may be adversely affected.

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

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

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

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

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

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

The Company's current data center, which is an environment designed to house servers, store data, among other tasks, is located near the Campo de Marte airbase located in the capital city of Sao Paulo (SP, Brazil), a place with potential risk for aircraft accidents.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The existence, in the present or in the past, of any investigations, inquiries, or lawsuits of an administrative or court nature connected to the violation such laws, against the Company or its managers, employees, suppliers, business partners, or third parties acting on behalf of the Company, may cause: (i) fines and compensations at the administrative, civil and criminal levels; (ii) loss of operating licenses, with the consequent subsidiary or joint liability of the Company; (iii) prohibition or suspension of the Company's activities; (iv) loss of rights to contract with the public administration, to receive tax incentives or benefits or any financing and resources from the public administration; (v) extraordinary publication of any convicting decision or order; (vi) search and seizure of goods or benefits achieved against the law, and/or (vii) the dissolution of the company or organization. All of these circumstances may have a material adverse effect on the Company.

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

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

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

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

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

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

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

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

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

The Company does not have a controlling shareholder or controlling group holding over 50% of the voting capital, which may make it more susceptible to alliances between shareholders, conflicts between shareholders and other events arising from the absence of a controlling shareholder or controlling group holding over 50% of the voting capital.

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

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

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

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

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

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

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

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

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

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

(d) Risks related to the Company's managers

The Company's growth depends on potential successors to assume key positions and on the Company's ability to continue to attract, train and retain qualified people with specific knowledge in technology.
The Company's continuity largely depends on its capacity to form and maintain potential successors to assume positions in the Administration and in other positions considered strategic and depends on of the qualification of its professionals to succeed in its business, especially in relation to the definition and implementation of its strategies and development of its operations, products and services. Additionally, in In the case of acquired companies, entrepreneurs may not remain in business after the period earn-out, and the Company may not have successors prepared to succeed them. If you are unable to promote the succession in these companies properly, the Company may be adversely affected by the loss of knowledge of the business (know-how) and having its operating results and its growth strategy impacted.
In this way, the loss of any person holding a key position could significantly harm the business and operating results of the Company, in case its succession plan is not effective. The company is also based on the continuity

of service provision by qualified key employees with specific knowledge in technology, admittedly scarce in the current scenario, considering the high demand for these professionals in the market and the increasingly globalized competition for these talents.

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

The Company, additionally, may not be able to train and qualify its internal professionals in time and sufficient quantities to reduce dependence on hiring market professionals to meet your demand.

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

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

Contrary decisions or agreements unfavorable to the Company's management may affect its business, its financial condition and reputation in a negative way, including causing the loss of rights to contract with the public administration, to receive tax incentives or benefits or any funding and resources from the public administration or the right to exploit the telecommunications services provided. Still, we can't ensure that the provisions constituted by the Company, in view of subjective aspects and critical judgments exercised by management in determining the possibility of loss attributed to each lawsuit, will be correct and sufficient to cover the total cost arising from judicial or administrative proceedings.

Judicial and administrative decisions unfavorable to the Company's directors and directors, especially in processes involving relevant amounts and related causes, which reach substantial amounts or prevent the conducting business as initially planned, may have an adverse effect on the results of the Company, as well as its business, financial condition and the market value of its shares. Furthermore, any unfavorable decisions to the Company's directors and directors may prevent the exercise of the functions they perform in the Company.

(e) Risks related to the Company's suppliers

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company currently receives certain tax benefits and/or special taxation regimes. It is not possible to guarantee that these benefits will be maintained or renewed in the future, given the current political and economic environment in Brazil, especially in election year. If the Company cannot renew its tax benefits, or if such benefits are changed, limited, suspended, or revoked, the Company may be adversely affected. Moreover, certain tax laws may be subject to controversial interpretations by tax authorities. If the tax authorities may interpret tax laws in a way different from the Company's interpretations, the Company could be adversely affected.

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

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

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

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

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

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

(j) Risks related to social issues

The extent of the pandemic declared by the World Health Organization because of the spread of the COVID-19 virus, the perception of its effects, or how this pandemic will affect our business depends on future developments, which are highly uncertain and unpredictable, and may cause a material adverse effect on our business, financial condition, results of operations and cash flow.

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

In March 2022, with the decrease of the pandemic globally and also in Brazil, the Company, following the legal requirements and all sanitary protocols, made the return of its employees to its offices, in the predominantly hybrid model.Although COVID-19 is still classified as a pandemic, there are worries about a potential worsening in the future. Should the pandemic worsen, the Company may take other additional steps as required by government authorities or as decided upon by management. The Company may continue to suffer adverse and material impacts on its businesses because of the global or Brazilian economic impact, including recession, economic slowdown, or increase in unemployment levels, which may affect the purchasing power of its customers/clients. Finally, the impact of the Covid-19 pandemic may also precipitate or aggravate the other risks described in this section 4.1 of the Reference Form.

(k) Risks connected to environmental matters

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

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

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

(m) Other issues not included in the previous items

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

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

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

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

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

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

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

Elections for president, state governments, senate and federal and state legislatures will take place in Brazil in 2022. The Company cannot predict the results of these elections, as well as any impacts on their business because of changes in public policies and especially the economic policy to be adopted by the Federal Government.

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

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

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

In the past, Brazil has experienced high inflation rates, which, together with certain actions taken by the Brazilian government to tackle it and speculation about what measures would be taken, had negative effects on the Brazilian economy. The Brazilian inflation index known as **IGP-M** (General Market Price Index ended 2022 with 5.45% versus 17.78% in 2021, which represented a slowdown in the comparison between these periods.

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

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

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

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

The Brazilian currency has fluctuated sharply against the US Dollar and other strong currencies over the past four decades. During this period, the Brazilian government implemented several economic plans and used a number of exchange rate policies, including sudden depreciations, periodic depreciations, floating exchange rate market systems, exchange rate control, and dual exchange rate markets. Since 1999, Brazil has adopted a floating exchange rate system with interventions by the Central Bank in buying or selling foreign currency. From time to time, there have been significant fluctuations in the exchange rate between the Brazilian Real and the US Dollar and other currencies. In 2016, the Brazilian Real appreciated 17.7% against the U.S. dollar, closing the year at R$3.25. On December 29, 2017, the Real/US Dollar exchange rate was BRL3.31 and increased to BRL3.88 at the end of 2018, closing at BRL4.01 in 2019. The year 2020 was marked by a strong rise of the dollar at 29.33%, priced at R$5.19. In 2021, the Real/US Dollar exchange rate, ended the year at R$5.57. There can be no assurance that the devaluation or appreciation of the Brazilian Real against the US Dollar and other currencies will not have an adverse effect on the Company's activities. In addition, some service costs bound to the US dollar may affect its results.

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

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

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

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

- Standard & Poor’s: it initially reduced the Brazilian credit *rating* from BBB-negative to BB-positive, and subsequently reduced it again from BB-positive to BB, maintaining its negative outlook on the *rating*, citing a credit situation worse since the first relegation. On January 11, 2018, Standard & Poor’s downgraded one more time Brazil’s credit *rating* from BB to BB- with a stable outlook, given the presidential elections and pension reform efforts. Currently, the credit rating remains unchanged at this agency.

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

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

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

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

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

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

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

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

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

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

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

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

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

1. **The Company's success lies in its proficiency to create new products and services, merge acquired products and services, and improve its current products and services. (Section 4.1, Page 114)**

2. **The Company may not be able to compete efficiently in the dimensions of Techfin and Business Performance. (Section 4.1, Page 115)**

3. **Acquisitions and purchases pose dangers, and the Company may not attain the strategic ambitions envisioned at the time of any purchase. (Section 4.1, Page 116)**

4. **Interruptions or breakdowns in information systems or cyberattacks, including attempts on the infrastructure required for sustaining IT systems, might be detrimental and substantially affect us. (Section 4.1, Page 117)**

5. **The Company is subject to risks connected to non-compliance with data protection laws (both domestic and global), and could suffer from the levy of penalties and other types of sanctions. (Section 4.1, Page 118)**

4.3 - Description of the main market risks

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

Liquidity Risk

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

Credit risk

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

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

Interest Rate and Inflation Risk

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

The financial instruments of the Company and its subsidiaries are represented by cash and cash equivalents, accounts receivable and payable, loans and financing, besides debentures, which are recorded at cost, plus income or charges incurred, or by fair value when applicable, on December 31, 2021, and December 31, 2020. The key risks connected to the Company's operations are connected to the variation of the Interbank Deposit Certificate (CDI).

The Company's major costs and expenses are periodically readjusted. Examples of expenses readjusted based on previously defined inflation rates are expenses with leases and communication. Expenses with salaries, benefits, and charges, which represented 53.3% and 53.6% of total operating costs and expenses in the period ended December 31, 2022 and December 31, 2021, respectively, are part of regional collective bargaining, which takes inflation rates (generally close to the Broad Consumer Price Index ("**IPC-A**") as a reference.

The Recurring Software Net Revenue contracts, which represented 85.6% and 82.9% of the Total Software Net Revenue in the period ended December 31, 2021 and December 31, 2020, respectively (covering 103% of the total operating costs and expenses) are also adjusted annually based on inflation rates, mainly based on the IGP-M and on the IPCA rate.

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

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

Investments measured at fair value through profit or loss are represented by private equity *startups* and, as they do not have prices quoted in an active market, the fair value for these investments is measured by multiple valuation techniques practiced by the market, such as discounted cash flow or multiples of revenue, considering the reasonableness of the range of amounts. The fair value measurement is the point within this range that best represents fair value under the circumstances.

In order to verify the sensitivity of the index on the debts to which the Company is exposed on the base date of December 31, 2021, three different scenarios were set. Based on the CDI values in effect on that date, a probable scenario was determined (scenario I) for the year 2021, and, based on this, variations of 25% (scenario II) and 50% (scenario III) were calculated. For each scenario, the gross financial expense was calculated without considering the incidence of taxes and the flow of maturities for each contract scheduled for 2021. The base date used for loans and financing was December 31, 2021, projecting the indexes for one year and verifying their sensitivity in each scenario.

Operation (in thousands of BRL)	**Balances on December 31, 2022**	**Risk**	**Probable scenario I**	**Scenario II**	**Scenario III**
		Increase in the CDI	(12.39%)	(15.49%)	(18.59%)
Loans and Financing[1]	575		71	89	107
Debentures	1,547,009		191,674	239,632	287,589
Estimated Financial Expense			**191,745**	**239,721**	**287,696**

[1] The balance does not include leasing.

With regard to Financial Assets, for each scenario, the “gross financial income” was calculated, not considering the incidence of taxes on investment income. The base date used for the portfolio was December 31, 2022, with a one-year forecast and verifying the sensitivity of the CDI index in each scenario.

Operation (in thousands of BRL)	**Balances on December 31, 2022**	**Risk**	**Probable scenario I**	**Scenario II**	**Scenario III**
Consolidated financial investments	2,713,140	CDI reduction	(12.39%)	(9.29%)	(6.20%)
Estimated financial revenue			336,158	252,051	168,215

Foreign exchange rate risk

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

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

In the period ended December 31, 2022, asset balances are higher than the passive balances shown below:

December 31, 2022 (in BRL thousand)

Company	Accounts Payable	Cash and cash equivalents	Accounts receivable	Other assets (i)	Net exposure	Currency
Rj Consultores Mexico	(28)	1,296	517	-	1,785	Peso (MXN)
CMNet Participações	(26)	300	126	106	506	Peso (CLP) e EUR
CMNet Argentina	(45)	1,352	248	-	1,555	Peso (ARS)
TOTVS S.A.	(6,136)	125	-	-	(6,011)	USD
TOTVS Mexico	(2,892)	1,613	9,238	8,370	7,959	Peso (MXN)
TOTVS Argentina	(2,907)	5,851	10,255	-	13,199	Peso (ARS)
TOTVS Incorporation[(i)]	(337)	1,572	697	93.144	95,076	USD
DR Colombia	(27)	1,165	-	-	1,138	Peso (COP)
RD Station	(93)	-	-	-	(93)	USD
Feedz Tecnologia S.A	(28)	-	-	-	(28)	USD
Total	**(12,519)**	**13,274**	**21,081**	**93,250**	**115,086**	

(i) The amount of R$93,144 refers to the financial asset of the Company's investment in the company GoodData

4.4 Relevant non-confidential processes

The Company and its subsidiaries are involved in lawsuits on tax, labor, and civil matters.

The assessment of the probability of loss includes the assessment of available evidence, the hierarchy of laws, current case law, the most recent court decisions on each subject, as well as the review of external legal counsel. The Company continually reviews its estimates and assumptions.

As for judicial and administrative processes of an environmental nature, on December 31, 2022, the Company and its subsidiaries were not parties to any actions of this nature.

The Company records provisions for contingencies under accounting practices adopted in Brazil and IFRS and makes provisions for lawsuits with a probable chance of loss, as assessed and classified by its legal advisors and its Management. For those lawsuits whose probability of loss is considered possible, the Company does not record any provision; however, it discloses in the explanatory notes to its financial statements, the nature and values of the most relevant issues falling into this category.

For the purposes of this section 4.3 of the Reference Form, processes in which the Company or its subsidiaries appear as a defendant were deemed as individually relevant those which (i) have an individual value equal to or higher than R$5,000 thousand for processes with a chance of probable loss and R$10,000 thousand for lawsuits with a possible or remote chance of loss; and (ii) regardless of the amount, they may negatively affect the image of the Company and its subsidiaries or have a material adverse effect on the business of the Company and its subsidiaries.

The amounts of provisions set up on December 31, 2022 are:

Type (In thousands of Reals)	On Dec. 31, 2022
Tax	11,881
Labor	62,463
Civil	33,147
Ambiental	-
Total	**107,491**

Tax

On December 31, 2022, the provision made for tax claims totaled R$11,881 thousand (R$9,090 thousand on December 31, 2021). There are no tax proceedings with a probable loss that the Company deems individually relevant.

Proceedings of a tax and social security nature classified as a possible loss mainly refer to lawsuits discussing ISS assessments and offsets with a negative balance of CSLL and IRPJ.

As of December 31, 2022, the amount discussed in these lawsuits, ranked as potential loss, totals R$246,264 thousand (R$187,353 thousand as of December 31, 2021).

- List of individually relevant Tax/Social Security Processes - Possible Loss Prognosis

Lawsuits numbers: 1029577-12.2021.8.26.0053 (former 6017.2019/0010313-2)	
a. Court	3rd District Court of Public Finances of Sao Paulo
b. Court level	Trial Court
c. Suit brought on	July 5, 2021
d. Parties in the lawsuit	Plaintiff: TOTVS SA Defendant: City Hall of Sao Paulo
e. Amounts, assets, or rights involved (R$ thousand)	BRL 24,897 (updated until December 31, 2022)
f. Key facts	This is a Tax Debt Annulment Lawsuit seeking to cancel 227 Notices of Infraction with the imposition of fine gathered in the administrative proceeding No. 6017.2019/0010313-2 made against TOTVS, in which the City Hall of Sao Paulo intends to collect ISS tax (services tax) supposedly due on IT technical support and software services for the calendar year 2014. In April 2021, the administrative proceeding was judged as final and unappealable to annul in part the infractions and fines. In May 2021, the annulment lawsuit was filed, and a surety bond was submitted. In May 2021, a judgment was rendered acknowledging that, in view of the guarantee deposited in escrow, the debts subject of this lawsuit should not prevent the Company's right to have a tax clearance certificate issued by the City Hall of Sao Paulo, regardless of the debts being discussed. The expert evidence began in July 2021, still in progress. In August 2021, 20 tax executions were filed related to the deficiency notices under discussion in the action for annulment. In December 2021, a ruling was entered deciding on the main execution case No. 1640748-97.2021.8.26.0090, with the addiion of the other 19 executions and suspending the executive action course until the final judgment of the action for annulment.
g. Summary of decisions on the merits rendered	In December 2022, a partially valid sentence was handed down to annul 98% of the tax requirement. On that occasion, a provision was constituted for the amount maintained in the lower court in the amount of R$573 thousand.
h. Stage of the tax claim	First Administrative Panel
i. Chance of loss	Possible - R$20,057 thousand
j. Reason why the process is considered to be relevant	Suit in which the Company is a defendant and the sum at stake exceeds R$13,000 thousand, with a potential risk of loss.
k. Impact in case the company loses this lawsuit	Payment of the amounts discussed.

Lawsuit: 0000756-14.0500.8.26.0090	
a. Court	Court of Appeals of the State of Sao Paulo
b. Court level	Trial Court
c. Suit brought on	February 27, 2019
d. Parties in the lawsuit	Plaintiff: City Hall of the Municipality of Sao Paulo Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R$ thousand)	BRL 14,897 (updated until December 31, 2022)
f. Key facts	This is a tax foreclosure for the collection of service tax (ISS) on services supposedly provided in the capital city of Sao Paulo in the period from 1996 to 2001, which, according to a claim by the City Treasury, would not have been collected. Assuming that the company has not submitted its tax documents at the time, the City Treasury estimated the amount of tax to be charged. A stay of execution was filed on February 18, 2015, under lawsuit No. 0000557-86.2015.8.26.0090, claiming the statute of limitations for collection and that the estimated taxes supposedly due should be dismissed. Currently, the records are undergoing a judicial review that began in May 2019. We await the analysis of the evidence submitted to the expert to check the services that were actually provided within the territory of the Capital City of Sao Paulo to ascertain whether the estimate made by the city hall is correct.
g. Summary of decisions on the merits rendered	To date, no decisions on the merits have been rendered.
h. Stage of the tax claim	First Administrative Panel
i. Chance of loss	Possible - R$14,897 thousand
j. Reason why the process is considered to be relevant	Suit in which the Company is a defendant and the sum at stake exceeds R$13,000 thousand, with a potential risk of loss.
k. Impact in case the company loses this lawsuit	In case the Company loses this case, the opposing party will withdraw the amount already deposited in the records, in an amount to be determined in the motion to settle the judgment and liquidate the actual amount due.

Lawsuit: 10880-957.117/2021-95	
a. Court	Federal Revenue Service of Brazil
b. Court level	Trial Court
c. Suit brought on	August 12, 2021
d. Parties in the lawsuit	Plaintiff: Federal Revenue Service of Brazil Defendant: TOTVS S/A

e. Amounts, assets, or rights involved (R$ thousand)	BRL 18,817 (updated until December 31, 2022)
f. Key facts	This is a decision that did not ratify offsets made with a negative balance of the company's income tax (so-called IRPJ) for the year 2015
g. Summary of decisions on the merits rendered	To date, no decisions on the merits have been rendered
h. Stage of the tax claim	First Administrative Panel
i. Chance of loss	Possible - R$18,817 thousand
j. Reason why the process is considered to be relevant	Suit in which the Company is a defendant and the sum at stake exceeds R$13,000 thousand, with a potential risk of loss.
k. Impact in case the company loses this lawsuit	Payment of the amounts discussed.

Lawsuit: 10880.-946.760/2022-74	
a. Court	Federal Revenue Service of Brazil
b. Court level	Trial Court
c. Suit brought on	August 11, 2021
d. Parties in the lawsuit	Plaintiff: Federal Revenue Service of Brazil Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R$ thousand)	BRL 17,593 (updated until December 31, 2022)
f. Key facts	This is a decision that did not ratify offsets made with a negative balance of the company's income tax (so-called IRPJ) for the year 2017
g. Summary of decisions on the merits rendered	To date, no decisions on the merits have been rendered
h. Stage of the tax claim	First Administrative Panel
i. Chance of loss	Possible - R$17,593 thousand
j. Reason why the process is considered to be relevant	Suit in which the Company is a defendant and the sum at stake exceeds R$13,000 thousand, with a potential risk of loss.
k. Impact in case the company loses this lawsuit	Payment of the amounts discussed.

Lawsuit: 10880-942.958/2021-06	
a. Court	Federal Revenue Service of Brazil
b. Court level	Trial Court
c. Suit brought on	July 8, 2021
d. Parties in the lawsuit	Plaintiff: Federal Revenue Service of Brazil Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R$ thousand)	BRL 14,821 (updated until December 31, 2022)
f. Key facts	This is a court decision that did not ratify offsets made with a negative balance of the company's income tax (so-called IRPJ) for the year 2016

g. Summary of decisions on the merits rendered	To date, no decisions on the merits have been rendered
h. Stage of the tax claim	First Administrative Panel
i. Chance of loss	Possible - R$14,821 thousand
j. Reason why the process is considered to be relevant	Suit in which the Company is a defendant and the sum at stake exceeds R$13,000 thousand, with a potential risk of loss.
k. Impact in case the company loses this lawsuit	Payment of the amounts discussed.

Civil Lawsuits

As of December 31, 2022, the provision made for civil claims totaled R$33,147 thousand (R$25,643 thousand as of December 31, 2021). There are no civil lawsuits with a probable loss prognosis that the Company deems individually relevant.

Civil lawsuits ranked as probable loss mainly refer to lawsuits filed by customers/clients claiming certain problems in the provision of services offered to customers/clients, application of the standard increase, application of grace period to terminated agreements, and charges made improperly.

- List of Individually Relevant Civil Proceedings - Possible Loss Prognosis

Lawsuit: 1057798-58.2021.8.26.0100	
a. Court	11th civil district court of the Judicial District of the capital city of Sao Paulo, SP
b. Court level	Trial Court
c. Suit brought on	06/08/2021
d. Parties in the lawsuit	Plaintiffs: REFINARIA DE PETRÓLEOS DE MANGUINHOS SA - Under court-supervised reorganization Defendant: TOTVS S/A
e. Amounts, assets, or rights involved (R$ thousand)	BRL 16,154 (updated until December 31, 2022)
f. Key facts	Civil lawsuit filed by the plaintiff company informing that after signing the offers, the deadlines agreed for the delivery of the products were never met, always due to TOTVS' exclusive negligence. New deadlines for the delivery of the products were agreed; however, none of them were duly met, which is why it requested the termination of the agreement. This lawsuit is in the discovery phase.
g. Summary of decisions on the merits rendered	To date, no decisions on the merits have been rendered
h. Stage of the tax claim	Probative stage
i. Chance of loss	Possible - R$16,154 thousand
j. Reason why the process is considered to be relevant	Suit in which the Company is a defendant and the sum at stake exceeds R$13,000 thousand, with a potential risk of loss.

k. Impact in case the company loses this lawsuit	Payment of the amounts discussed

Labor claims

The Company has a provision connected to labor claims filed by former employees and service providers, claiming a reduction in their commissions on sales and services, recognition of employment relationship, severance pay, overtime, etc. As of December 31, 2022, the provision made for these claims totaled R$62,463 thousand (R$72,913 thousand as of December 31, 2021).

The Company has no labor claims of individual relevance that contain a probable and potential loss prognosis.

Environmental claims

There are no environmental claims.

4.5 - Material lawsuits and proceedings under secrecy

Tax

The Company constituted a provision related to process 1029577-12.2021.8.26.0053, due to the publication of the decision on the merits in the lower court, which fully ratified the expert report to declare that the training services were classified in a code different from that provided for in municipal legislation. The company filed an appeal in the second instance on the disputed amount, which represents approximately 2% of the total restated value of the assessment. As of December 31, 2022, the provision made for this suit totaled R$573 thousand (there was no provision made as of December 31, 2021).

Civil lawsuits

On December 31, 2022, the provision created for civil claims totaled R$33,147 thousand (R$25.643 thousand on December 31, 2021). The Company has no civil liability claims of individual relevance that contain a probable loss prognosis.

Civil lawsuits ranked as probable loss mainly refer to lawsuits filed by customers/clients claiming certain problems in the provision of services offered to customers/clients, application of the standard increase, application of grace period to terminated agreements, and charges made improperly.

Labor claims

The Company has a provision connected to labor claims filed by former employees and service providers, claiming a reduction in their commissions on sales and services, recognition of employment relationship, severance pay, overtime, etc. As of December 31, 2022, the provision made for these claims totaled R$62,463 thousand (R$72,913 thousand as of December 31, 2021).

4.6 - Relevant confidential lawsuits

The Company does not have any non-confidential lawsuits that are material as a whole.

4.7 - Other material contingencies

In November 2011, the Company executed a Labor Conduct Adjustment Agreement ("**TAC**") with the Public Prosecution Service for Labor Matters of the State of Minas Gerais, which deals with labor obligations. Under such TAC, the Company undertook the commitment to refrain from performing actions that could be considered in violation of labor legislation, under penalty of pecuniary fines. The Company has been making every effort to comply with the obligations undertook under such TAC, which is currently monitored by the Public Prosecution Service for Labor Matter of the State of Minas Gerais.

5.1 - Description of the risk management policy

(a) Whether the issuer has a formalized risk management policy, highlighting, if so, the body that approved it, and the date of such approval, and, if there is no such policy, the reasons why the issuer did not adopt a policy.

The Company has a Risk Management, Internal Controls, and Compliance Policy ("**Risk Management Policy**") to govern the process of identification, evaluation, treatment, monitoring, and reporting of strategic, operational, financial risks, covering market, regulatory/compliance, and information technology risks. The update of this policy was approved by the Board of Directors on May 16, 2023, and is under the responsibility of the Internal Controls, Risks and Compliance area.

The Risk Management Policy is available on the Company's Investor Relations website (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/), on CVM ((http://www.cvm.gov.br/) and on B3 (www.b3.com.br).

(b) purposes and strategies of the risk management policy, including:

The Risk Management, Internal Controls, and Compliance Policy has as purpose to set forth the principles, guidelines, and responsibilities to be observed in business risk management, internal controls and compliance, as well as to disseminate the Risk Management culture and the Compliance Program throughout all levels of the Company.

Such policy also aims to ensure the following factors:

Governance and Risk Management Culture: The risk management culture must be disseminated at all levels of the Company, and the management and monitoring of risks must be carried out in a decentralized manner by the corresponding areas responsible for their own risks. Managers are primarily responsible for the daily management of risks associated with their area and/or for the business process and dissemination of the risk management culture among their subordinates, managing the exposure to risks through action plans set and monitored by the Board of Directors.

Identification, analysis, assessment, treatment, monitoring and reporting: risks must be periodically identified, analyzed, assessed, and documented in a structured manner so that they can be appropriately addressed and reported to the competent bodies.

The Risk Matrix is reviewed annually by the Internal Controls, Risks and Compliance area and validated by the Company's VPs and CEO, and the Statutory Audit Committee is responsible for evaluating and recommending its approval to the Board of Directors.

According to the criteria set forth in the Policy, the risks in the matrix are the subject of action plans submitted and periodically reported to the Statutory Audit Committee and the Board of Directors, together with the Key Risk Indicators (“**KRI's”**) ascertained and the level of exposure to risks.

(i) risks for which protection is sought

The Risk Management, Internal Controls and Compliance Policy aims to protect the Company against the main types of risks, which may affect the course and achievement of its business objectives. The Company considers, among other aspects, internal and external factors and ranks its risks according to the guidelines below:

Strategic Risks: these are risks connected with decisions that affect the Company's business strategy or strategic goals, considering the internal and external environments.

Operational Risks: refer to possible losses resulting from failures, deficiencies, or inadequacy of internal processes, people, technological environment, or caused by external events.

Financial Risks: exposure to potential financial losses of the Company, including market risks.

Regulatory / Compliance Risks: risks of legal or regulatory sanctions, financial loss, or reputation that the Company may suffer because of failures to comply with laws, agreements, regulations, Code of Ethics and Conduct, among others.

Information Technology Risks: these are risks related to the information technology environment (infrastructure, access management, information security) that can affect the Company's business, such as *cyber attacks*, leakage and/or loss of integrity information, unavailability of the IT environment, and technological obsolescence.

Interest rate and inflation Risk: the interest rate risk arises from the portion of the debt and financial investments referenced at CDI rate, which may adversely affect revenue or expenses if there is an unfavorable movement in interest rates and inflation. The credit rights generated by Credit Products – Supplier, classified asset held for sale, are short-term and, therefore are not subject to interest rate.

Exchange Rate Risks: these risks result from the possibility of losses because of fluctuations in exchange rates, which increase liabilities arising from loans and purchase commitments in foreign currency or that reduce the assets arising from amounts receivable in foreign currency. Moreover, some subsidiaries operate internationally and are exposed to exchange risk arising from exposures to certain currencies such as the US Dollar (USD), Argentine Peso (ARS), Mexican Peso (MXN), Chilean Peso (CLP), and Colombian Peso (COP).

(ii) instruments used for protection

The Company adopts the following practices:

Strategic Risks (Business):

Strategic risks are mapped by the Internal Controls, Risks and Compliance Area, based on the assessment of the internal and external environments and on interviews with the corresponding "owners" of each risk in the Company, who are also responsible for the joint assessment of risk factors, impact, and probability, as well as implementing action plans, in order to guarantee the mitigation of risks. Improvement actions (action plans) are followed up and monitored by the Internal Controls, Risks and Compliance Area, besides the corresponding reports that the Company will submit to the Statutory Audit Committee and Board of Directors.

Operational Risks and Information Technology:

They are identified and documented through the mapping of processes considered critical by the Internal Controls, Risks, and Compliance Area. After identifying the risks, their corresponding impact and probability are assigned in order to identify the improvement actions (action plans) necessary for their mitigation, and their implementation shall be performed by the responsible areas. These action plans are subject to follow-up and monitoring by the Internal Controls, Risks, and Compliance Area, besides reporting to the competent governance and management structures of the Company, such as the Audit Committee and the Board of Directors.

Financial Risks:

The Company and its subsidiaries strive to reduce the credit risk associated with financial institutions by diversifying their exposure between various financial institutions in the market. Financial investments must be allocated to institutions whose risk rating is equal to or higher than the Sovereign Risk (Risco Brasil) attributed by the Standard & Poor's, Moody's or Fitch rating agencies, observing that, in the case of investment funds, said rating will be replaced by the "Investment Grade" rating by ANBIMA. The amount allocated to each issuer, except Federal Government/federal government bonds, cannot exceed 30% of the total amount of current account balances added to those of financial investments, nor can it represent more than 5% of the issuer's/investment fund's equity.

The Company's exposure to credit risk is also influenced by the individual characteristics of each client/customer. The Company and its subsidiaries have set forth a credit policy in which each new client/customer has its/his/her credit capacity analyzed individually before having access to the ordinary payment terms and conditions.

The Company and its software subsidiaries maintain a diverse client portfolio in terms of accounts receivable, with a moderate amount of concentration, and they form an estimation of the allowance for losses that represents their loss estimates for accounts receivable. The major component of this provision is specific and related to significant individual risks.

The risk assessment structure of the credit product portfolio of the subsidiary Supplier, an asset rated as held for sale, is based on statistical methodologies of Application and Behavior Scoring, besides the use of risk-mitigating instruments, such as credit insurance and intermediation. In addition, the subsidiary Supplier Administradora seeks to prevent potential risks to the credit portfolio through follow-up reports, a risk committee, actions to readjust credit limits, portfolio monitoring, and improvements in the registration system. Potential credit losses are mitigated, whenever necessary, through insurance guaranteed by the issuer, provided it is approved by the credit card committee. The assessment of these instruments' effectiveness is deemed adequate to cover any major losses. It is worth highlighting that the portfolio turns over quickly with an average term of 71 days, or when they are sold in the short term.

Regulatory/Compliance Risks:

The Company monitors the new regulations applicable to its business, as well as changes in the regulatory framework to which it is subject. After assessing the impact on its business, the required measures to comply with legal requirements are identified, then the responsible areas are made responsible for carrying out the appropriate adjustments aiming at full compliance therewith, with due legal support from the Legal Department. In addition, from an anti-corruption point of view, the Company has a Compliance Program capable of preventing, detecting, and remediating illegal acts and/or those that violate the Company's conduct guidelines Moreover, the Internal Controls, Risks, and Compliance area has continuous interaction with the Institutional and Government Relations area aiming at anticipating potential regulatory impacts that may affect the Company's businesses.

Riscos Regulatórios/de Compliance:

The Company monitors the new regulations applicable to its business, as well as changes in the regulatory framework to which it is subject. After assessing the impact on its business, the required measures to comply with legal requirements are identified, then the responsible areas are made responsible for carrying out the appropriate adjustments aiming at full compliance therewith, with due legal support from the Legal Department. In addition, from an anti-corruption point of view, the Company has a Compliance Program capable of preventing, detecting, and remediating illegal acts and/or those that violate the Company's conduct guidelines Moreover, the Internal Controls, Risks, and Compliance area has continuous interaction with the Institutional and Government Relations area aiming at anticipating potential regulatory impacts that may affect the Company's businesses.

Inflation:

The Company understands that the impact and volatility of inflation indices, such as the IGP-M and the IPCA, on its operating result is mitigated by the annual updating of maintenance and subscription contracts and by the periodic adjustments in the price lists for new sales, which include licensing fees, recurring charges for subscription contracts and the hourly rates of the service projects sold. However, as mentioned in section 4.3, this natural protection strategy does not address the residual risk of the mismatch between the inflation of costs and expenses and the inflation rates applied in the maintenance and underwriting contracts. Based on history, the Company understands that these inflation indicators tend to converge in the medium/long term. Thus, the Company uses the readjustment of revenues based on price indices as a hedging instrument.

Interest rate:

The Company seeks to monitor net indebtedness by comparing operating cash flow and total debt, Furthermore, the Company uses as a protection instrument the monitoring of the Indebtedness ratio and the cash flow of individual and consolidated operations.

Exchange variation:

In the current stage of maturity of its international operations, the Company seeks to scale cost and expense structures compatible with the respective revenue generation. The Company endeavors efforts to ensure that its net exposure to exchange variation is maintained at an acceptable level under the policies and limits set by Management and, as noted in section 4.3, at the end of the period on December 31, 2022, the amount of the assets are higher than that of the liabilities. Additionally, the Company attempts to procure cover through multinational operations with revenues and expenditures mainly settled in the same currencies.

(iii) risk management organizational structure

Board of Directors: decision-making body, that among other attributions, the purpose of which is to monitor the Company's operations and periodically assess its exposure to risks, as well as:

- to determine strategic goals and approve the Company's risk management method;
- to approve the Internal Controls, Risks, and Compliance Policy;
- to determine the levels of risk appetite and tolerance proposed by the Management and recommended by the Statutory Audit Committee;
- annually approve the Priority Risk Matrix, becoming aware of the corresponding management actions adopted and their results, as well as the key risk indicators ("KRI's") to be monitored;
- to approve the documentation containing public information about the model of risk management and transparency of information provided to the internal and external public;
- to monitor and decide on the Statutory Audit Committee's recommendations regarding the results of Risk Management; and
- to approve the assumption of High and Critical risks.

Governance and Nomination Committee: advisory body of the Board of Directors, responsible for:

- Assessing the Risk Management, Internal Controls, and Compliance Policy and submitting a recommendation to the Board of Directors regarding its approval.

Statutory Audit Committee: it is an advisory body of the Board of Directors, and its duties include:

- Reviewing the Risk Management, Internal Controls, and Compliance Policy and submit recommendations to the Governance and Nomination Committee regarding its approval by the Board of Directors;
- Assisting the Management in setting the guidelines and method for risk management, besides the metrics for measuring risk tolerance and appetite, presenting its recommendation to be approved by the Board of Directors;
- Assessing the Risk Management tasks and the construction of the Priority Risk Matrix, submitting its recommendations to the Board of Directors;
- Assessing and recommending to the Board of Directors the setting of risk appetite and tolerance levels;
- Periodically monitoring the mitigation action plans and the Key Risk Indicators - KRI's found, reporting to the Board of Directors any deviations and occurrences considered relevant; and
- Making recommendations to the Board of Directors regarding the assumption of High and Critical risks.

Vice-Presidencies and Boards of Executive Officers: their duties include:

- Managing the risks under their responsibility and helping create controls and mitigative actions;

Internal Controls, Risks and Compliance: it is structured as an executive management subordinate to the Chief Executive Officer. This structure also has two distinct coordinations: internal controls and insurance; and risk management and compliance. The primary duties of this area are:

- Proposing changes and submit the Internal Controls, Risks Management, and Compliance Policy for approval by the Board of Directors upon recommendation by the Statutory Audit Committee and the Governance and Committee;
- Structuring, implementing, managing and disseminating the risk management method;
- Monitoring and reporting action plans and key risk indicators set for risk management;
- Raising the awareness of managers and other employees on the importance of risk management;
- Acting in an independent and autonomous way to guarantee impartiality in all its activities, and reporting to the Statutory Audit Committee in case something may interfere with its independence; and
- Reporting the Risk Matrix to the Executive Directors, the Statutory Audit Committee, and the Board of Directors.

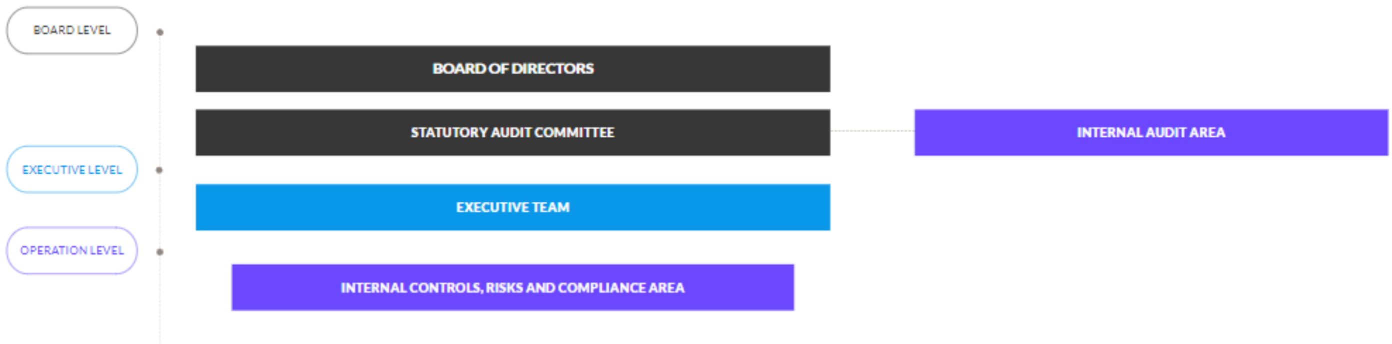
Internal Audit: Reports to the Board of Directors, through the Statutory Audit Committee and has the following responsibilities:

- Assess the effectiveness of risk management;
- Check the implementation of action plans, the timeliness of implementation and its effectiveness;
- Act in an independent and autonomous way to ensure impartiality in all its activities, and report to the Audit Committee in case something may interfere with its independence; and
- Report to the Internal Controls, Risks, and Compliance area all risks and non-compliances found in the Audit works.

"Risk Owners" / Operational Business Areas: they have the responsibility, under the terms of the Risk Management, Internal Controls and Compliance Policy, is to:

- Continuously identify and document the risks under their management;
- Reporting to the Area of Internal Controls, Risks, and Compliance any new risks identified and any material changes in its business process;
- Implementing, ascertaining, and periodically reporting the Key Risk Indicators KRI's to the Internal Controls, Risks, and Compliance area; and
- Implementing controls and action plans in its processes, ensuring that they are effective and result in a reduction in the degree of exposure to risks to acceptable levels.

Organizational Chart of the Risk Management Organizational Structure



(c) the suitability of the operational structure and internal controls to verify the effectiveness of the adopted policy

The Company has an Internal Controls structure, whose activities involve mapping processes and assisting in the identification of risks, besides the corresponding mitigation controls, monitoring and suggesting improvements in internal controls by the operational areas and, finally, reporting any inconsistency or outdated drawings of process flows, standards and procedures the alterations of which could impact the control environment. The internal controls structure is periodically reviewed to check the efficiency of existing controls and possible impacts arising from potential changes in the Company's internal and/or external environments.

The risk management structure continuously monitors the risks and the corresponding risk factors mapped, aiming at monitoring the evolution of risk levels in view of the mitigating measures adopted (action plans) and at ensuring the timely identification of any deviations or movements that might increase the Company's exposure to risks or threaten business continuity. The Internal Controls, Risks, and Compliance Area periodically reports the status of actions and the evolution of risk ranking to the Statutory Audit Committee and Board of Directors. Finally, when the Company's Strategic Planning is performed, a whole system review of the risk management process is carried out, aiming at ensuring the appropriate mapping and prioritization of risks according to the Company's strategy.

5.2 - Description of the market risk management policy

(a) degree of efficiency of such controls, indicating any imperfections and measures taken to correct them

The Company, continuously aligned with the best market practices in the management of internal controls, has an Internal Controls, Risks and Compliance Area, whose main attributions are to conduct and establish guidelines for work related to Internal Controls, as well as to certify the correct functioning of the controls environment, seeking to mitigate risks according to the complexity of the Company's businesses and aiming to guarantee good practices in governance, market and compliance with current legislation.

Further, the process set aims to ensure reasonable security for protecting assets, accuracy, and reliability of accounting information, operational efficiency, and adherence to policies, standards, and procedures.

Setting the scope and performance:

Internal controls contribute to the mitigation of risks, providing a safer and more effective environment, with regard to operational efficiency and the integrity of records and information, mainly considering the following aspects:

(i) the Company's strategic goals;

(ii) composition and nature of accounting records;

(iii) possibility of losses arising from errors and fraud; and

(iv) complexity in performing accounting transactions

In order to achieve its goals, the management of the Company's internal controls is structured in an integrated model of three Lines of Defense:

1st Line of Defense: These are the Business Areas, responsible for identifying and reporting the risks of their operations and ensuring compliance with their goals, as well as for the appropriate functioning of their internal control structure;

2nd Line of Defense: Represented by the Internal Controls, Risks, and Compliance Area, it uses the supporting documentation produced by the 1st Line of Defense as a subsidy for reviewing the control environment. It acts in a consultative manner, supporting the business areas in the development and improvement of processes and implementation of controls;

3rd Line of Defense: Internal Audit, responsible for independently analyzing and assessing the internal control environment based on the work performed by the 1st and 2nd lines of defense. It can perform additional work as required.

The Internal Controls Risks area, makes the mappings and updates of all processes, the risk matrix, and the controls and tests for the design of controls (called "*walkthroughs*") are carried out aiming at confirming that all mapped processes are understood, as well as whether the controls are implemented and operating properly.

Controls that do not exist or are considered unsatisfactory for mitigating the risks identified in the business processes are reported to the areas responsible for preparing action plans that comprise creating a new control or improving existing controls.

Once these steps are completed, those responsible for the processes must annually carry out the *Control Self Assessment*, as well as provide evidence of the execution of the controls in the system used by the Company and, when applicable, point out new risks identified by them in their processes or activities.

The processes and controls mapped by the Internal Controls, Risks and Compliance Area are fundamental tools for planning the Internal Audit, that based on such mapping, sets the strategy and the effectiveness tests that will be performed (called "**Control Tests**") aiming at assessing the accurate application and operative efficiency of such controls in preventing or detecting relevant discrepancies.

The Company's Statutory Audit Committee is responsible for periodically supervising and monitoring the test results and action plans developed by those responsible for the processes.

(b) organizational structures involved

Board of Directors: whose attributions were indicated in item 5.1(iii) above, in accordance with the Risk Management, Internal Controls and Compliance Policy.

Governance and Nomination Committee: whose attributions were indicated in item 5.1(iii) above, in accordance with the Risk Management, Internal Controls and Compliance Policy.

Statutory Audit Committee: advisory body of the Board of Directors, whose attributions include, in addition to those provided for in item 5.1(iii) above, in accordance with the Risk Management Policy, Internal Controls and Compliance:

- Supervise and periodically monitor the results of control tests and action plans mitigation measures, reporting to the Board of Directors deviations and occurrences considered relevant.

Vice-Presidencies and Boards of Executive Officers: whose attributions were indicated in item 5.1(iii) above, in accordance with the Risk Management Policy

Internal Controls, Risks, and Compliance Area: is subordinated to the Chief Executive Officer and, in addition to attributions provided for in item 5.1(iii) above, in accordance with the Risk Management, Controls Policy Internal and Compliance:

- Monitor and suggest improvements in internal controls by the operational areas;
- Mapping processes and assisting in the identification of risks and in the development of the corresponding controls that mitigate these risks;
- Monitoring the implementation of internal controls for risk management;
- Perform and report the results of the Control Self Assessment to the Statutory Audit Committee;

Internal Audit: It reports to the Audit Committee and is responsible for, in addition to the attributions provided for in item 5.1(iii) above, in accordance with the Risk Management Policy, Internal Controls and Compliance:

- Monitoring the internal control environment and assessing the effectiveness of risk management;
- Performing control tests and reporting their results to the Audit Committee;
- Checking the implementation of action plans, as well as the timeliness of implementation and its effectiveness;
- Issuing a formal opinion on the internal controls tested in the annual audit cycle;

Operational Business Areas: its responsibility, under the terms of the Risk Management Policy, Controls Internal and Compliance

- Continuously identify and document the risks under their management;
- Carrying out every year the Control Self-Assessment and providing the required evidence;
- Reporting to the Area of Internal Controls, Risks, and Compliance any new risks identified and any material changes in its business process;
- Implement controls and action plans in its processes, ensuring that they are effective and result in a reduction in the degree of risk expos.

(c) whether and how the effectiveness of the internal controls is supervised by the issuer's management , indicating the position of the people responsible for such monitoring

After completing the process mapping, identification of risks, and design tests (*walkthroughs*), the business areas must carry out the *Control Self Assessment*, as well as provide evidence of the performance of the controls in the system used by the Company and, when applicable, In this case, point out unknown risks identified by them in their processes or activities.

Based on the mapping and self-assessment carried out and documented by the business areas, the Internal Controls, Risks and Compliance area performs the effectiveness tests ("**Control Tests**"), to confirm the understanding of the mapped processes, as well as if the controls are implemented and functioning properly, with the purpose of evaluating the correct application and operational efficiency of the controls in the prevention or detection of relevant distortions.

The entire process of mapping and reviewing controls is carried out by the Internal Controls, Risks, and Compliance management and their respective results are reported to the Company's Audit Committee, which periodically monitors the efficiency of internal controls, the action plans developed, and their implementation, and it will be up to the Board of Directors to monitor and decide on the recommendations of the Statutory Audit Committee.

(d) deficiencies and recommendations on internal controls contained in the consolidated report, prepared and forwarded to the issuer by the independent auditor, pursuant to the regulations issued by CVM that govern the registration and practice of the independent audit activity

The report issued by the Independent Auditors regarding the Company's Financial Statements for the year end of December 31, 2022, pointed out significant deficiencies in controls.

One refers to the evaluation of the ISAE report of external suppliers, in which, throughout the procedures adopted it was verified that the Company defined and executed the control, as well as elaborated the memorandum of evaluation of SOC-1 reports (report documenting a service provider's internal controls in the cloud) for the systems in scope, however it did not include some items expected by the Auditors Independent in the analysis.

In the other significant deficiencies pointed out by the Independent Auditors, there are weaknesses in control of access management, failures in the retention of logs used for the change management control of a of systems, and weaknesses in specific situations of the segregation of duties process. for such deficiencies, the Independent Auditors recommended expanding the items analyzed in the assessment of SOC-1 reports, review of current procedures for granting access to employees and third parties, the retention of logs of the scope systems, as well as the segregation of functions process.

It should be noted that, through additional evidentiary procedures, the external auditors verified that the deficiencies identified did not generate any type of reservation in its final opinion and did not change the Company's financial results.

(e) comments from the executive officers on the deficiencies found in the detailed report prepared by the independent auditor and on the corrective measures adopted

The major actions taken by the Company to mitigate any weaknesses identified by the Independent Auditors are (i) adoption of the suggested analyses of the SOC-1 reports; (ii) treatment of the identified cases, as well as reinforcement in the communication of the teams and creation of routines to monitor access creation events manually; (iii) immediate adjustment in the retention of logs used for change management, ensuring the required controls; (iv) timely revocation of the permissions of undue accesses identified and, to avoid new occurrences, new controls were created in order to identify unrelated users; and (v) reinforcement of the segregation of functions (SoD) control process, as well as its review.

It should be highlighted that the additional suggestions of the Independent Auditors, although not deemed highly relevant, have already been submitted to those in charge of the applicable fields and also have an appointed deadline for their execution in 2023.

5.3 - Compliance Program

(a) If the issuer has rules, policies, procedures, or practices aimed at the prevention, detection, and remediation of fraud and illegal acts against the public administration, identifying in positive cases:

(i) the key compliance mechanisms and procedures adopted and their suitability to the profile and risks identified by the issuer

The Company has a Compliance Program through which it sets forth and adopts mechanisms and procedures aimed at the prevention, detection, and appropriate treatment of acts of corruption, fraud, and illegal conduct of any nature practiced against domestic or foreign public administration, as well as in the private scenario, considering the countries where the Company operates.

Such Compliance Program is structured in 5 (five) interrelated pillars:

Culture of Compliance: its purpose is to strengthen and disseminate at all hierarchical levels a culture that complies with the Company's standards of ethics and compliance, through the constant engagement and support of the Company's President and Vice President ("**Senior Management**") and the Company's key leaders.

Risk Assessment: it aims at identifying and assessing the key anti-corruption/ compliance risks to which the Company is exposed, measuring its impacts and recommending mitigation measures, especially in processes considered sensitive, regarding compliance with the applicable anti-corruption legislation in the countries in which it operates and the Company's conduct guidelines set forth in the Code of Ethics and Conduct and other normative documents of the Integrity Program.

Code of Ethics and Conduct, Policies, and Procedures: its purpose is to set forth and formalize all internal guidelines, rules, and procedures that must be observed by employees and third parties within the scope of the Compliance Program. The Code of Ethics and Conduct, the Policies, Standards, and Procedures that make up the Compliance Program make up the reference base for the compliance mechanisms and controls to be implemented and/or optimized.

Communication and Training: it aims at raising awareness of the Company's employees and making easier their understanding of the guidelines, rules, and responsibilities to be fulfilled within its Compliance Program by means of general and specific communication and training actions on ethics and conduct guidelines of the Company.

Detection and Remediation: its purpose is to find irregular or illegal conducts, fraud of any kind or any other non-compliance with the applicable legislation and regulations and the Company's Standards, as well as to guarantee that such conduct found is discontinued and the suitable disciplinary and/or corrective measures are applied, using as the main tool a Channel managed by an independent and specialized Company ("Ethics and Conduct Channel") made available to internal and external audiences for receiving and handling whistle-blowing and complaints.

The Compliance Program and its program are reassessed every year to ensure its effectiveness, and updates or new controls implementation can take place at any time due to changes in rules, processes, and the risk scenario. The Corporate Policies are subject to mandatory review every 3 (three) years, without prejudice to any other changes that might be required over the period. Particularly regarding the risk management and method implemented by the Company, please see section 5.1 of this Reference Form.

Set of mechanisms and regulations of the TOTVS Compliance Program

Code of Ethics and Conduct: its purpose is to set forth rules of conduct and ethical principles that guide the commitment of the Company, its controlled companies and subsidiaries, directly or indirectly, with the compliance of its business and internal and external relationships and applies to all directors, management members, shareholders who participate in the control of the Company, employees, service providers, suppliers, and partners. The Code was updated on April 4, 2021.

Risk Management, Internal Controls, and Compliance Policy: it aims to provide for the principles, guidelines, and responsibilities to be observed in the corporate risk management, internal controls, and compliance process, as well as to disseminate the Risk Management culture and the Compliance Program in all levels of TOTVS group. The policy was updated on May 16, 2023.

Policy on Business and Institutional Relationship with Public Entities: it aims to set forth guidelines and standards of conduct to be observed in the Company's relationship with public agents and ensure compliance of the conduct of its employees with current legislation, corporate policies, and the Code of Ethics and Conduct of the Company. This policy was updated on March 16, 2022.

Policy on Contributions, Donations, and Sponsorships: aims to set forth the guidelines and rules to be observed for the Company's contributions, donations, and business and institutional sponsorships. This policy was updated on December 15, 2020.

Compliance Due Diligence for Third Parties: it refers to the processes and procedures aimed at identifying and assessing compliance risks, especially regarding the anti-corruption issue, in the Company's relationship with suppliers, business partners, associations, charities for which the Company intends to make donations and other third parties as applicable, in order to ensure that no business is carried out with third parties involved in any illegal or irregular practices considering the current legislation, especially anti-corruption, and the ethical principles and rules reflected in the Code of Ethics and Conduct and other Internal Policies and Standards of the Company.

Record of Business and Institutional Interactions with Public Entities: procedure for recording in-person or virtual interactions of any business and/or institutional nature with public entities in order to comply with the guidelines set forth in the Policy for Business and Institutional Relationship with Public Entities. The Company has an electronic tool that allows employees to carry out a complete record of all interactions with public agents, aiming at transparency in relations with the Public Sector.

Compliance Onboarding: monthly training in virtual format for the Company's new employees, in which the ethical and integrity principles, anti-corruption and the Integrity Program, the main guidelines and rules of the Code of Ethics and Conduct and the Ethics and Conduct Channel are addressed.

Training on the Code of Ethics and Conduct: e-learning training of the Code of Ethics and Conduct, mandatory for all employees of its own units in Brazil and abroad, and franchised units, covering all topics included in such document. The content is presented through explanatory videos, and animations and the understanding of the content is exercised through ethical questions and dilemmas that must be answered in the light of the principles and rules of the Code, requiring a minimum achievement of 70% to complete the course and receive the certificate.

Employees whose activities do not require the use of computers are trained either in person or through distance learning. The training reached an adherence of 95% of the employees.

Training on Relationship with Public Agents: mandatory e-learning training for employees in areas that potentially relate to public agents, aiming to train the target audience regarding the practices and procedures to be followed in these interactions, considering the compliance with the applicable legislation and the guidelines of the Code of Ethics and Conduct and the Policy on Business and Institutional Relationship with Public Entities. In addition, face-to-face or virtual training is provided to reinforce anti-corruption guidelines for areas with greater exposure.

Thematic Training: specific training for areas most exposed to certain Compliance risks.

Anti-Corruption Training for the Senior Management: face-to-face/virtual training carried out by specialized external consultants for the members of the Board of Directors, for the Company's Vice-Presidents and Officers on the topic of eliminating corruption, addressing the risks, roles, and responsibilities of the target audience on this topic, as well as on the legal and reputational impacts for the Company.

Anti-corruption clause and compliance with the Code of Ethics and Conduct: contracts with third parties must include an anti-corruption clause, ensuring compliance with relevant laws and the Company's Code of Ethics and Conduct, as well as the suggestion to implement a compliance program if they do not already have one.

Franchise Agreement: the franchisees undertake, by means of a specific contractual clause, to comply with the provisions of Law 12846/2013 – "Anti-Corruption" and with TOTVS's Group Code of Ethics and Conduct.

Audit on the Program: the Integrity Program is periodically evaluated by internal or external audit with the aim of assessing compliance with the action established for each of the pillars, as well as identifying opportunities for improvement of the program. The result of the work is reported to the Statutory Audit Committee, and any action plans arising from the work are followed up and monitored by Management.

(ii) the organizational structure involved in monitoring the functioning and efficiency of internal compliance mechanisms and procedures.

Within the scope of the Compliance Program, the key responsibilities of the governance structures and bodies involved are listed below:

Management Board:

- Setting strategic goals and approving the Company's Compliance Program;
- Approving the Internal Controls, Risks, and Compliance Policy;
- Monitoring the actions of the Compliance Program and reinforcing with the Senior Management the commitment to its fulfillment;
- Ensuring the existence of suitable resources to ensure the effective enforcement of the Compliance Program and guarantee the autonomy of the Internal Controls, Risks, and Compliance area; and
- Following up and resolving on the Statutory Audit Committee's recommendations regarding the results of the Compliance Program.

Governance and Nomination Committee:

- Assessing the Risk Management, Internal Controls, and Compliance Policy and submitting a recommendation to the Board of Directors regarding its approval; and
- Assessing and resolving certain cases involving conflicts of interest, as provided for in the Company's Code of Ethics and Conduct.

Statutory Audit Committee:

- Reviewing the Risk Management, Internal Controls, and Compliance Policy , the Code of Ethics, and submit a recommendation to the Governance and Nomination Committee regarding its approval by the Board of Directors;
- Discussing and approving the annual Compliance schedule;
- Assessing and monitoring the audit action plans of the Compliance Program;
- Assessing the results of the Compliance Program and submitting its recommendations to the Board of Directors; and
- Periodically report to the Board of Directors critical cases of denunciations and misconduct related to the Code of Ethics and Conduct and the Risk Management Policy, Internal Controls and, as well as any disciplinary measures adopted.

Ethics and Conduct Committee: its duties include:

- Evaluate and issuing an opinion on the origin and seriousness of allegations of violations of the Code of Ethics and Conduct received and other guidelines and rules of conduct of the Company;
- Deliberate and monitor the application of disciplinary measures; and
- Interpreting the Code of Ethics and Conduct in case of any questions to be clarified.

Vice-Presidencies and Boards of Executive Officers: their duties include:

- Conducting business practices that comply with all applicable laws and regulations and the Company's regulatory framework;
- Supporting the implementation and show commitment to the Compliance Program; and
- Ensure that the Company's conduct guidelines are disseminated and understood by partners, franchisees, channels, third parties, clients, and customers.

Internal Controls, Risks, and Compliance: it reports to the Chief Executive Officer and its key duties are:

- Proposing changes and submitting the Risk Management, Internal Controls and Compliance Policy for approval, as well as disseminating its guidelines throughout the Company;
- Structuring, implementing, managing, and disseminating the Compliance Program;
- Raising the awareness of managers and other employees of the importance of the Compliance Program;
- Coordinating the periodic review of the contents of the Code of Ethics and Conduct;

- Manage the Ethics and Conduct Channel, as well as report all cases to the Ethics and Conduct Committee and Statutory Audit Committee;
- Acting in an independent and autonomous way to guarantee impartiality in all its activities, and reporting to the Statutory Audit Committee in case something may interfere with its independence;
- Sharing with Internal Auditors information and/or facts subject to internal investigation; and
- Reporting the results of the Compliance Program to the Senior Management, the Statutory Audit Committee, and the Board of Directors.

Legal Board

- Providing the Company with guidance on the standards and rules issued by the regulatory agencies and to the changes on legislation, either at federal, state, or municipal levels;
- Reporting to the senior Management and the Board of Directors any event that constitutes an administrative, civil, or criminal offense; and
- Supporting the Internal Controls, Risks, and Compliance area in interpreting applicable anti-corruption laws.

Internal Auditors

- Conduct investigations on complaints and reporting their result to the Ethics;
- Acting in an independent and autonomous way to guarantee impartiality in all its activities, and reporting to the Statutory Audit Committee in case something may interfere with its independence; and
- Reporting to the Internal Controls, Risks, and Compliance area all risks and non-compliances found in the auditing work.

Human Relations: its duties are:

- Promoting and ensuring that the principles of the Compliance Program are disseminated within the Company's organizational culture.

Other areas: all the Company’s employees, regardless of their positions, have the following duties under the Compliance Program:

- Comply with the Company’s internal regulatory framework, the applicable legislation and regulations;
- Reporting through the Ethics and Conduct Channel any violation or suspected violation of applicable laws or regulations, or any non-compliance with the Company’s Internal Regulation Framework;
- Taking part in every training considered mandatory; and
- Submitting all information and/or Corporate documents of which they are in possession of, whenever requested (i) by the Internal Auditors, (ii) by the Internal Controls, Risks and Compliance area, or (iii) by the Ethics and Conduct Committee, within the scope of an internal investigation.

(iii) code of ethics or conduct

- **whether it applies to all executive officers, members of the supervisory board (fiscal council), directors and employees, and whether it also covers third parties such as suppliers, service providers, agents, and associates**

The Company has a Code of Ethics and Conduct (CODEC) filed with the CVM since 2012. Such CODEC, the current version of which was approved by the Board of Directors on April 4, 2023, is applicable to all directors, management members, employees, service providers, suppliers, and partners.

- **the applicable sanctions in the event of violation of the code or other rules relating to the matter, identifying the document where these sanctions are provided for**

The Company has as a Committee of Ethics and Conduct, responsible for receiving complaints and deciding formally if there was violation to the Code of Ethics and Conduct, other internal rules or the laws in force and, if applicable, determining and applying measures to the offender under the standards and criteria set forth in the Company's Standards of Disciplinary Management, which may be of a disciplinary nature, such as the application of a warning, and even termination for cause, besides the due legal measures, whenever applicable.

- **body that approved the code, date of approval and, if the issuer publishes the code of conduct, places on the world wide web where the document can be consulted**

The current version of the Code of Ethics and Conduct was approved by the Board of Directors on April 4, 2023 and is available on the Company's Investor Relations page (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/), as well as on the Company's Ethics and Conduct Channel page: www.canalconfidencial.com.br/totvs/ in CVM (http://www.cvm.gov.br/) and B3 (www.b3.com.br).

(b) If the issuer has a whistle-blowing/ reporting channel, making a reference to it, if so:

- **if such whistleblower channel is internal or if it is handled by third parties**

The Company has an Ethics and Conduct Channel managed by an independent and especialized third-party company.

- **whether such channel is open to receive complaints from third parties or if it only receives complaints from employees.**

The Ethics and Conduct Channel is able to receive complaints from employees and third parties, such as suppliers, service providers, business partners, and customers/clients. The Ethics and Conduct Channel is available for whistleblowing through the telephones (i) in Brazil, 0800 721 5966 and (ii) in other locations, +55 11 3232-0766, available from Monday to Friday, from 09:00 a.m. to 17:00 p.m. or through the website www.canalconfidencial.com.br/totvs, , anytime. Or, if you prefer, the complainant can contact the Human Relations area or the Internal Controls, Risks and Compliance area.

- **issuer's area responsible for investigating complaints**

The Company's Internal Audit and Internal Controls, Risks, and Compliance areas are responsible for analyzing and investigating the complaints received, according to the scope of each area. The Internal Controls, Risks, and

Compliance area is also responsible for managing the Ethics and Conduct Channel, as well as for reporting cases to the Ethics and Conduct Committee, which set forth and apply measures to be adopted for each case.

(c) Number of cases confirmed in the last 3 (three) fiscal years of deviations, fraud, irregularities, and unlawful acts committed against the public administration and the corresponding corrective measures adopted

There were no cases of embezzlement, fraud, irregularities, or unlawful acts committed against the public administration in the fiscal years ended December 31, 2022, 2021 and 2020, as well as in previous years, which have been identified by the Company.

(d) In case the issuer does not have any standards, policies, procedures or practices aimed at the prevention, detection and remediation of fraud and illegal practices against the public administration, please identify the reasons the issuer has not adopted controls in this regard

Not applicable, as the Company has rules, policies, procedures or practices aimed at the prevention, detection and remediation of fraud and offenses committed against the public administration.

5.4 - Significant changes

The Company intends to minimize the risk associated with its headquarters, following the application of mitigation strategies per the instructions and protocol described in its Risk Management, Internal Controls, and Compliance Policy as stated in section 5.1 of this Form.

5.5 - Other relevant information

On December 12, 2022, the Company had 21 employees involved in internal audit, compliance, internal controls and corporate risk activities.

6.1/6.2 - Shareholder structure

SHAREHOLDER					
Shareholder's CPF/CNPJ	Nationality - State	Participates in a shareholders' agreement	Controlling shareholder	Last amended on	
Shareholder residing abroad	Name of the legal representative or proxy of a shareholder residing abroad			CPF/CNPJ of the legal representative or agent	
Number of common shares (units)	Common shares %	Number of preferred shares (units)	Preferred shares %	Total number of shares (units)	Total shares %
BLACKROCK, INC					
-	United States	No	No	06/02/2022	
-	CITIBANK DISTRIBUIDORA DE TITULOS E VALORES MOBILIARIOS S.A.			33.868.597/0001-40	
31,632,336	5.125%	0	0.000000%	31,632,336	5.125%

LC EH PARTICIPAÇÕES E EMPREENDIMENTOS S.A.					
02.986.755/0001-32	Brazil	No	No	09/24/2021	
-	-			-	
80,282,970	13.008%	0	0.000000%	80,282,970	13.008%
CANADA PENSION PLAN INVESTMENT BOARD					
-	Canada	No	No	09/24/2021	
-	Tania Sztamfater Chocolat			278.583.348-16	
32,754,201	5.307%	0	0.000000%	32,754,201	5.307%
GIC PRIVATE LIMITED					
08.765.815/0001-73	United States	No	No	10/04/2022	
-	Citibank Distribuidora de Títulos e Valores Mobiliários S.A.			33.868.597/0001-40	
37,582,739	6.089%	0	0.000000%	37,582,739	6.089%

LAÉRCIO JOSÉ DE LUCENA COSENTINO					
032.737.678-39	Brazil	No	No	04/17/2023	
-	-			-	
5,484,635	0.889%	0	0.000000%	5,484,635	0.889%
HG SENTA PUA FIA					
08.613.315/0001-16	Brazil	No	No	09/24/2021	
-	-			-	
144,800	0.023%	0	0.000000%	144,800	0.023%
OTHER					
413,872,524	67.058%	0	0.000000%	413,872,524	67.058%
Class of share	**Number of shares**	**Share %**			
shares	413,872,524	67.058%			
TREASURY SHARES					
15,428,976	2.500%	0	0.000000%	15,428,976	2.500%
TOTAL					
617,183,181	**100.000%**	**0**	**0.000000%**	**617,183,181**	**100.000%**

6.3 - Distribution of capital

Date of last meeting / Date of last change	April 19, 2023
Number of individual shareholders (Units)	46,526
Number of corporate shareholders (Units)	331
Number of institutional investors (Units)	1,405

Outstanding Shares

Outstanding shares corresponding to all shares of the issuer with the exception of the shares held by the controlling shareholder, people bound to he/she/it, by the issuer's managers, and the shares held in treasury

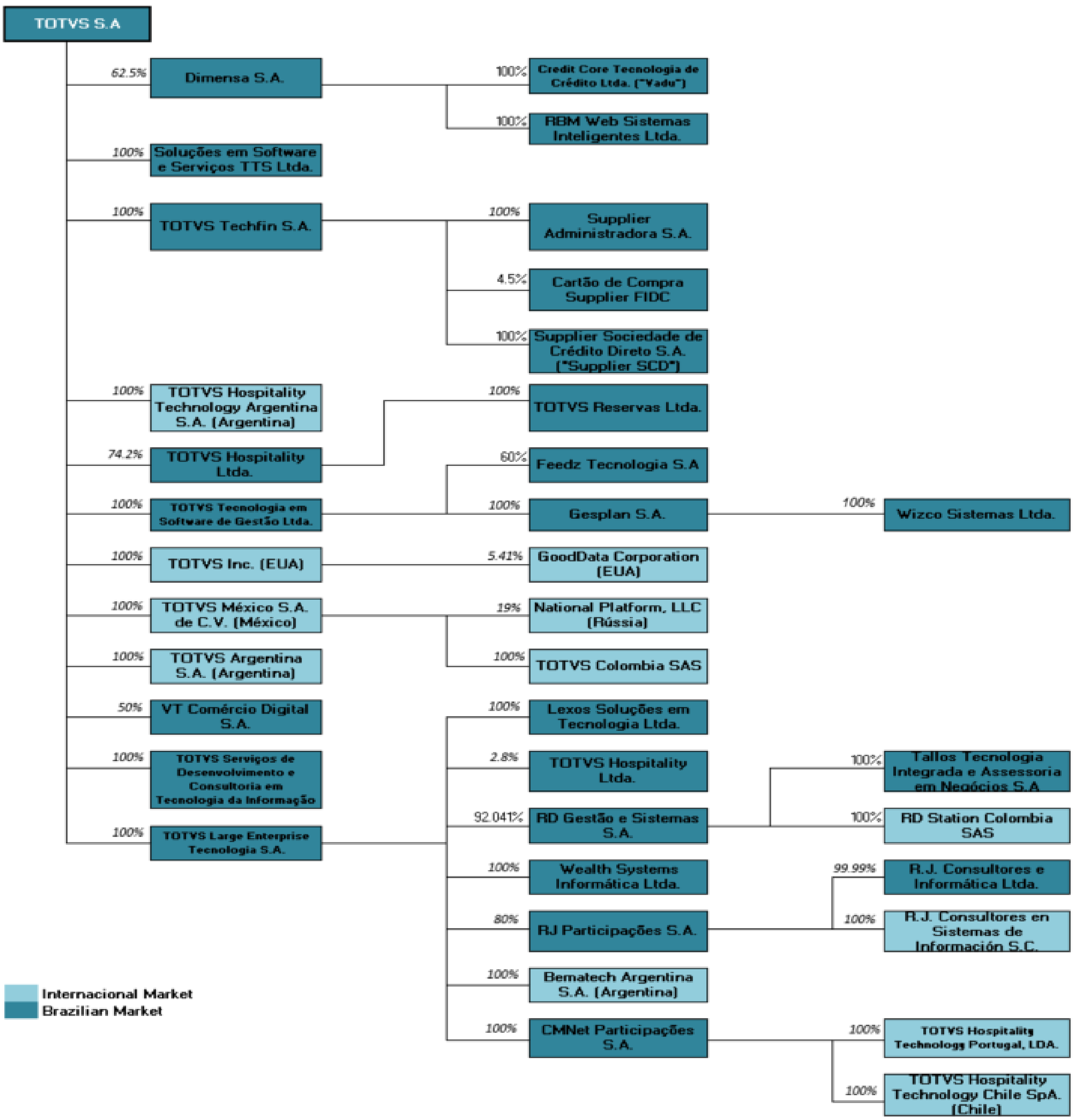
Number of common shares (Units)	514,122,351	83.301%
Number of preferred shares (Units)	0	0.000%
Total	**514,122,351**	**83.301%**

6.4 - Interests in companies

Corporate Name	Tax Id. (CNPJ)	Issuer's share (%)
DIMENSA S.A	27.231.185/0001-00	62.50
SOLUÇÕES EM SOFTWARE E SERVIÇOS TTS LTDA.	07.363.764/0001-90	100.00
TOTVS ARGENTINA S.A.	00.000.000/0000-00	100.00
TOTVS HOSPITALITY LTDA.	09.131.273/0001-40	74.20
TOTVS LARGE ENTERPRISE TECNOLOGIA S.A.	82.373.077/0001-71	100.00
TOTVS MÉXICO S.A. DE CV (MÉXICO)	00.000.000/0000-00	100.00
TOTVS SERVIÇOS DE DESENVOLVIMENTO E CONSULTORIA EM TECNOLOGIA DA INFORMAÇÃO LTDA. (ELEVE)	30.011.940/0001-47	100.00
TOTVS TECNOLOGIA EM SOFTWARE DE GESTÃO LTDA.	07.577.599/0001-70	100.00
VT COMÉRCIO DIGITAL S.A	15.760.400/0001-72	50.00
TOTVS INC. (ESTADOS UNIDOS)	00.000.000/0000-00	100.00
TOTVS HOSPITALITY TECHNOLOGY ARGENTINA S.A (ARGENTINA)	00.000.000/0000-00	100.00

6.5 - Organizational chart of shareholders and of the economic group

<u>Economic Group (Company's Organizational Chart on the date of this Reference Form)</u>



6.6 - Other relevant information

There is no other relevant information, in addition to that presented in the items above.

7.1 - Main characteristics of the management bodies and the fiscal council

(a) key features of the policies for appointing and filling positions, if any, and, if any, the issuer discloses it, locations on the world wide web where the document can be consulted

As an integral part of such nomination process and to fill positions in the Board of Directors, the Company has a Governance and Nomination Committee, which is an advisory body to the Board of Directors, the duties of which are provided for in article 25 of the Bylaws and in article 40 of the Internal Regulation of the Board of Directors.

On December 15, 2020, the Board of Directors approved the Nomination Policy for the Board of Directors, its Advisory Committees and the Statutory Board ("Nomination Policy"), made public on December 15, 2020, in which the process and minimum requirements for nominating members to the Board, Committees and Statutory Board of the Company are set out.

As provided for in the Nomination Policy, the Board of Directors must be composed considering the diversity of academic background, professional experiences, behaviors, cultural aspects, age and gender, as well as the complementarity of skills, enabling the Company to benefit from the plurality of arguments in the search for business strategies and a decision-making process with greater quality and safety.

The nomination of Board members must be in line with the Company's best interest and comply with the following criteria:

(i) the positions of chair of the Board of Directors and Chief Executive Officer (or principal executive) must not be held by the same person;

(ii) Company executives (officers and managers, except the CEO) must not be members of the Board;

(iii) have an unblemished reputation; anyone who (a) holds positions in companies that may be considered competitors of the Company; or (b) has or represents an interest conflicting with the Company's interests cannot be elected, except at the Shareholders' Meeting;

(iv) highly-qualified professionals, with outstanding professional, technical and academic experience, compatible with the position for which they are being nominated, and knowledgeable in relation to best corporate governance practices and experience of a wide range of matters such as finance, sustainability, information technology and data security;

(v) alignment with and commitment to the Company's principles, values and culture, and to its Code of Ethics and Conduct (aka CODEC);

(vi) strategic vision and understanding of the business; and

(vii) sufficient availability of time to adequately dedicate themselves to the role and responsibility undertaken.

Regarding the Statutory Board of Executive Officers, as provided for in the Nomination Policy, it is up to the Board of Directors to select, elect and evaluate the Chief Executive Officer, with the support of the People and Compensation Committee and the Governance and Nomination Committee to ensure the existence, effectiveness and implementation of an executive succession plan.

It will be incumbent upon the Chief Executive Officer to indicate to the Board of Directors candidates for the other positions of the Statutory Board, who, under his leadership, have the skills and attributions necessary to achieve the Company's goals and business plans.

The nomination of members of the Statutory Board must be in line with the best interest of the Company and comply with objective criteria that indicate the qualification of the candidate, such as technical knowledge and professional experience, length of experience in leadership positions, academic background compatible with the duties of the position and unblemished reputation.

In addition, anyone who has completed 62 years of age on the election date should not be elected to occupy the position of Chief Executive Officer, and anyone who has completed 60 years of age on the election date should not be elected to occupy the other positions on the Board of Executive Officers. Reservation of Executive Board positions for direct appointment by shareholders is prohibited.

The Company's Bylaws, the Charter of the Board of Directors, and the Nomination Policy are available for consultation on the Company's Investor Relations website (ri.totvs.com/esg/estatuto-politicas-e-regimento/) and CVM (www.cvm.gov.br).

(b) whether there are performance evaluation mechanisms, informing, if so:

- **the frequency of evaluations and their scope**

- **methodology adopted and the main criteria used in the evaluations**

- **whether external consultancy or advisory services have been contracted**

Evaluation mechanisms are used to assess the Board of Directors, its Advisory Committees, the Statutory Board of Executive Officers, and also the Company's overall performance.

As provided for in the Internal Regulations of the Board of Directors and the Advisory Committees, approved in revision at the Board of Directors' Meeting held on April 29, 2022, as subsequently adjusted:

(a) The Board of Directors is responsible for setting mechanisms for assessing the performance of the Board and its Committees, as collegiate bodies, and also of the Chairperson of the Board and the directors, individually considered, and the Corporate Governance Department.

(b) The chairperson of the Board of Directors is responsible for leading - with the cooperation of the Corporate Governance Department, and according to the recommendations of the Governance and Nomination Committee - a structured and formal process for assessing the Board and its Committees, as collegiate bodies, the chairperson of the Board, the Board members considered individually, and the Corporate Governance Department, and the results of the Board's assessment will be disclosed to all Board members.

(c) The Governance and Committee is responsible for supporting the Chairman of the Board of Directors in organizing the performance assessment of the Board of Directors and its Directors, which shall be carried out every year.

(d) The People and Compensation Committee shall follow up the annual assessment process of the Company's executive officers based on the verification of the achievement of their performance, financial and nonfinancial goals (including environmental, social, and governance aspects), in line with the Company's ethical values and principles.

The assessment process of the Board of Directors and its Advisory Committees in 2022 was led by its Chairperson, with the collaboration of the Corporate Governance Secretariat and according to the recommendations of the Governance and Nomination Committee, and was carried out between October and November 2022. At a Board of Directors' Meeting held on December 21, 2022, the Chairman of the Board of Directors submitted and discussed the assessment report, and before this conference, the Chairman conducted individual discussions with the Directors about the assessment.

The assessment took place through an internal process developed by the Company comprising an electronic questionnaire, answered by the Directors and members of the Committees, through its own application, having as main topics: strategic aspects, general dynamics of the Board and the respective meetings, performance of the Committees, the Corporate Governance Secretariat and the Chairman of the Board, self-assessment and evaluation among the Directors and members of the Committees themselves. At the close of the process, a number of steps were chosen to enhance the functioning of the Board, Committees and the Governance Secretariat to be enforced in 2023.

When the directors' terms of office come to the end of their two-year cycle, the Board of Directors may decide to hire specialized consulting to complete its assessment process. In 2021, the assessment was performed and reported by ZRG.

In addition, the Statutory Audit Committee carries out every year a self-assessment process of its activities, as a collegiate body and its members, as well as the assessment of the work performed by the Company's internal and external auditors, as provided for in its Internal Regulations approved on November 4, 2021. The process is carried out internally with the guidance of its Coordinator and with the support of the Corporate Governance Secretariat, observing the procedures and processes approved by the Board of Directors, with an electronic questionnaire, and questions related to the topics of Supervision of Financial Statements, Supervision of Risk Management, Governance and Performance of the Committee in supervising the Internal Auditors and the work of External Auditors. The results of the process were discussed and presented at a Committee meeting held on March 10, 2023 and reported to the Board of Directors at a meeting held on March 15, 2023.

In addition, since 2019, the Corporate Governance Secretariat has carried out a continuous educational program for the Directors and members of the Advisory Committees, labeled "Trilha do Conhecimento" (Knowledge Trail), designed to increase awareness of the Company's business, and to provide updates and enhancements on important and strategic topics for the Company. The Directors now have the opportunity to access TOTVS University, the Company's corporate university, with recommendations of courses and development tracks, as well as holding briefings during Board of Directors sessions, which furnish the expansion of knowledge about the business ecosystem.

(c) rules for identification and management of conflicts of interest

As set forth in the Bylaws, members of the Board of Directors cannot have access to information or attend meetings of the Board of Directors related to matters in which they have or represent an interesting conflicting with the interests of the Company.

Under the provisions of the Internal Regulation of the Board of Directors and the Advisory Committees, in case of a conflict of interest or private interest of one of the members of the Board in relation to a given matter to be decided, it is the duty of the member of the Board to report, in a timely manner, such fact to the other members.

In case any member of the Board of Directors who may have a potential private benefit or conflict of interests connected to any decision to be made, does not report his/her own potential benefit or conflict of interests, any other member of the Board of Directors who is aware of such situation could report such fact. The non-voluntary statement by that member of the Board will be considered a violation of the Internal Regulation, if those particular benefits or conflict of interests are eventually confirmed.

As soon as the conflict of interest or private benefit is identified, the person involved will withdraw him/herself from the discussions and deliberations, and must withdraw temporarily from the meeting until the end of the matter, but may, prior to his/her withdrawal, provide information and further details, explain reasons and settle any doubts from the Board.

The reporting of a conflict of interest situation or private benefit must be added to the minutes of the Board of Directors' meeting. The authority of the Board on the subject of conflict of interests does not prevent the authority of the General Meeting as set forth by the law.

(e) if any, specific goals that the issuer has regarding gender, color, or race diversity or other attributes among the members of its management bodies and its fiscal council

The Board of Directors, as well as its advisory Committees, monitor continuously the strategy and the progress of the diversity and inclusion agenda at the Company.

Bimonthly, diversity indicators related to minority groups (women, people with disabilities, and ethnicity/race) are submitted to the People and Compensation Committee.

(f) role of management bodies in the assessment, management ,and supervision of climate-related risks and opportunities

TOTVS is committed to the development of a business agenda guided by the integration with and best practices of ESG, reflected in its Sustainability Policy that was launched in 2020 and available to all its stakeholders on the websites of CVM (http://www.cvm.gov.br/), B3 (www.b3.com.br), and the Company's Investor Relations (ri.totvs.com/esg/estatuto-politicas-e-regimento/).

As a natural move for consolidating its Sustainability Policy and culture throughout the organization, the Management has been working over the past few years to implement the ESG Agenda at all levels of TOTVS, further strengthening this subject within the Company, which is led by the Governance and Nomination Committee (CGI) and Strategy Committee (CE), counting on the engagement of the Board of Directors (CA).

From this period, the Strategy Committee began to operate in determining strategic guidelines related to ESG aspects and, in turn, the Governance and Nomination Committee began to monitor regularly the sustainability agenda and validate the work plan prepared by the ESG Committee and other Committees related to SDGs, composed of multidisciplinary teams and coordinated by the Investor Relations Board, a multiplier of the ESG culture in the organization.

In light of the Company's ESG Agenda, it is noteworthy that the Company structured its first Greenhouse Gas Emissions Inventory in 2022, for which the climate agenda is a topic developed within the scope of the SDG 12 Commission, Responsible Consumption and Production, and its progress is followed up and monitored regularly by the CGI and the Statutory Audit Committee at the meetings provided for in the annual corporate governance calendar.

Based on the diagnosis generated for this first emission inventory experience, the Company will plan its actions on the subject related to the global challenge of preventing and tackling the effects of climate change, especially in its industry sector of operation and with a look at the best practices and global recommendations, which will count on the engagement of its Governance and Nomination Committee, Strategy Committee, Statutory Audit Committee, and also the Board of Directors to determine the strategy, its approval, and monitoring of the work plan, besides the supervision and management of risks and opportunities.

7.1D - Description of the main characteristics of the management bodies and the board Supervisor

Total number of members, grouped by self-identified gender identity:

Managing area	Women	Men	Non-binary	Other	Prefer not to answer
Board of Executive Officers	0	6	0	0	0
Board of Directors - Sitting members	3	4	0	0	0
Board of Directors - Deputy members	N/A	N/A	N/A	N/A	N/A
Fiscal Council - Sitting members	N/A	N/A	N/A	N/A	N/A
Fiscal Council - Deputy members	N/A	N/A	N/A	N/A	N/A

Total number of members, grouped by self-identified color or race:

Managing area	Yellow	White	Black	Non-white (Mixed)	Indigenous	Other	Prefer not to answer
Board of Executive Officers	0	5	0	0	0	0	2
Board of Directors - Sitting members	0	7	0	0	0	0	0
Board of Directors - Deputy members	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiscal Council - Sitting members	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiscal Council - Deputy members	N/A	N/A	N/A	N/A	N/A	N/A	N/A

7.2 - Information related to the board of directors

(a) permanent areas and committees reporting to the board of directors

Statutory Audit Committee

The Company's Audit Committee has been operating pursuant to article 23 as of April 5, 2018, according to the decision made at the Extraordinary General Meeting on that day. On November 4, 2021, the Board of Directors approved the Charter of the Statutory Audit Committee ("**CAE**") and its establishment, pursuant to CVM Resolution No. 23/2021, filed at the Company's headquarters and available on the websites of the Company's Investor Relations (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/) and also of CVM (gov.br/cvmhttp://www.cvm.gov.br/) and B3 (www.b3.com.br). The Statutory Audit Committee is a statutory and collegiate body, of permanent operation, directly bound to the Board of Directors, with the purpose of advising it in the monitoring and controlling the quality of financial statements and information, risk management, internal controls, and in the analysis of transactions with related parties. The specific responsibilities, composition, and mode of operation of the CAE are described in the Charter of the CAE.

People and Compensation Committee

As provided for in Article 22 of the Company's Bylaws, the Company has a People and Compensation Committee ("CGR"), which exercises advisory functions and assists the Board of Directors in establishing the terms of compensation and other benefits and payments to be received in any capacity from the Company by Directors and Directors.

The duties, responsibilities, composition and mode of operation of the People and Compensation Committee are provided for in the Charter of the Board of Directors and its Advisory Committees, with its latest revision approved at the Board of Directors' Meeting held on April 29, 2022, filed at the Company's headquarters and available on the websites of the Company's Investor Relations (https://ri.totvs.com/esg/estatuto-politicas-e- regimento/), and also of CVM (http://www.cvm.gov.br/) and B3 (www.b3.com.br), subject to the Bylaws and applicable legislation in force.

Strategy Committee

The Company has a Strategy Committee ("**CE**"), which is non-statutory, and its duties, responsibilities, composition, and mode of operation are provided for in the Charter of the Board of Directors and its Advisory Committees, with its latest revision approved at the Board of Directors' Meeting held on April 29, 2022. The CE provides advice on matters that will help shape the Corporation's future outlook and long-term planning, including directives for environmental, social, and governance concerns.

Governance and Nomination Committee

As provided for in article 24 of the Company's Bylaws, the Company has a Governance and Nomination Committee ("**CGI**"), the duties and responsibilities of which are described in the Charter of the Board of Directors and its Advisory Committees, the latest revision of which was approved at a Board of Directors' Meeting held on April 29, 2023, filed at the Company's headquarters and available on the websites of the Company's Investor Relations (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/), and also of CVM (http://www.cvm.gov.br/) and B3 (www.b3.com.br), which governs the operation of the Governance and Nomination Committee, subject to the provisions of the Company's Bylaws and the legislation in force.

(b) how the board of directors assesses the work of the independent auditors, pointing out whether the issuer has a policy for hiring extra-auditing services with the independent auditor and, if the issuer discloses the policy, please provide the links on the world wide web where the document can be read

For information on how the Company's Board of Directors assesses the work of the independent auditors, please refer to section 9.3 of this Reference Form.

On June 28, 2021, the Board of Directors approved a Policy for the Company that outlines the form of contracting services and the relationship with the Independent Auditors' firm.

(c) if any, report channels available for critical issues related to ESG and compliance issues and practices to come to the attention of the board of directors

There is an Ethics and Conduct Channel through which any person, confidentially or not, can make known situations that could constitute a breach of the TOTVS Group's Code of Ethics and Conduct or any other behavior that contravenes or may disobey existing laws and/or regulations, with respect to compliance, encompassing ESG-related practices.

This channel can be accessed via telephone: 0800 721 5966 in Brazil, or 55 11 3232 0766 from other locations

Monday to Friday, from 9 am to 5 pm. Or on the internet: www.canalconfidencial.com.br/totvs

7.3 - Composition of Board of Directors, Executive Officers and Fiscal Council, and members' professional background

EXECUTIVE OFFICERS

Name	Date of birth	Administrative body	Elected on	Term of office	Date of 1st termD
CPF [Tax Id.] #	**Profession**	**Elective position held**	**Invested with office on:**	**He was elected by the controller**	**Conviction Type**
Other positions and functions performed in the Company					
Alexandre Haddad Apendino	Dec. 8, 1979	He is a part of the Board of Executive Officers only	Feb. 10, 2023	2 years from the date of investiture in office	Mar. 3, 2017
292.459.418-92	Business Administrator	19 - Other Executive Officers	Apr. 20, 2023	No	N/A
Mr. Alexandre Haddad Apendino is Vice President of Customer Service and Relationship					
Dennis Herszkowicz	Nov. 6, 1974	He is a part of the Board of Executive Officers only	Feb. 10, 2023	2 years from the date of investiture in office	Nov. 26, 2018
165.783.068-38	Advertising Executive	10 - Chief Executive Officer (CEO)	Apr. 20, 2023	No	N/A
Mr. Dennis Herszkowicz is Member of the Strategy Committee					

Name	Date of birth	Administrative body	Elected on	Term of office	Date of 1st termD
CPF [Tax Id.] #	Profession	Elective position held	Invested with office on:	He was elected by the controller	Conviction Type
Other positions and functions performed in the Company					
Gilsomar Maia Sebastião	Dec. 6, 1975	He is a part of the Board of Executive Officers only	Feb. 10, 2023	2 years from the date of investiture in office	Apr. 23, 2009
174.189.288-07	2008 – Bachelor of Accounting Sciences	12 - Investor Relations Officer	Apr. 20, 2023	No	N/A
Mr. Gilsomar Maia Sebastião is Administrative and Financial Vice President and Investor Relations Officer					
Gustavo Dutra Bastos	Mar. 19, 1976	He is a part of the Board of Executive Officers only	Feb. 10, 2023	2 years from the date of investiture in office	May 06,2008
026.942.416-46	Business Administrator	11 - Vice President Officer / Superintendent	Apr. 20, 2023	No	N/A
Mr. Gustavo Dutra Bastos is Vice President of Platforms					
Juliano Tubino	Aug. 5, 1974	He is a part of the Board of Executive Officers only	Feb. 10, 2023	2 years from the date of investiture in office	Apr. 03, 2018
254.357.978-88	Bachelor of Computer Science	11 - Vice President Officer / Superintendent	Apr. 20, 2023	No	N/A
Mr. Juliano Tubino is Vice President of Business Performance					

Name	Date of birth	Administrative body	Elected on	Term of office	Date of 1st termD
CPF [Tax Id.] #	Profession	Elective position held	Invested with office on:	He was elected by the controller	Conviction Type
Other positions and functions performed in the Company					
Marcelo Eduardo Sant'anna Cosentino	Jan. 6, 1983	He is a part of the Board of Executive Officers only	Feb. 10, 2023	2 years from the date of investiture in office	Jan. 27, 2011
306.743.308-46	Business Administrator	11 - Vice President Officer / Superintendent	April 20, 2023	No	N/A
Mr. Marcelo Eduardo Sant'anna Cosentino is Business Vice President for Segments					

Professional background / Statement of any convictions
Alexandre Haddad Apendino - 292.459.418-92
Over the past 5 years, Mr. Apendino served as the Company's Executive Director of Customer Service and Relationship, having joined the Company in 2013 as a sales and channel manager, and later assuming the commercial areas of *Cloud* and *Analytics* (GoodData). Previously, he developed his career at SAP and Oracle, and has more than 18 years of experience in the Sales and Channel Management field, always focusing on small and medium-sized companies (SMB). Mr. Apendino graduated in Business Administration from Universidade Presbiteriana Mackenzie in 2001, holds an Executive MBA and Corporate MBA from INSPER and specialization in "Effective Sales Management" from Wharton University (USA). In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable

Professional background / Statement of any convictions

judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.

Dennis Herszkowicz - 165.783.068-38

Mr. Dennis Herszkowicz was, between 2003 and 2018, partner and Statutory Director of Linx SA, who held several Vice President positions, besides having been a Member of the Board of Directors from 2011 to 2014. Between 2012 and 2017, he was *Chief Financial Officer* and Investor Relations Officer, being responsible for the IPO in 2013 and the follow-on in 2016, besides conducting 20 acquisitions in the period. Between 2017 and 2018 he was Executive Vice President of New Markets, a Business Unit focused on *FinTech*. Prior to Linx, he was General Director of DeRemate.com in Brazil, founder and CEO of Gibraltar.com, besides stints at Unilever and Credicard S.A. Graduated in Advertising and Marketing from ESPM. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.

Gilsomar Maia Sebastião - 174.189.288-07

Over the past 5 years, Mr. Maia served as Vice President, Planning Director, Corporate Finance Director, Investor Relations Director, and Mergers and Acquisitions Director at the Company. Previously, he was the Company's Process and Risk Manager between 2006 and 2007. He made a career at Ernst & Young Auditores Independentes as an audit manager, where he worked on external audit projects between 1996 and 2004. He graduated in Accounting from Universidade Mackenzie in 2000 and has an MBA in Capital Markets from FIPECAFI. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.

Professional background / Statement of any convictions
Gustavo Dutra Bastos - 026.942.416-46
Mr. Bastos is currently the Company's Vice President of Platforms. For over 25 years working in companies in the IT segment operating in the *software* and associated services market, Mr. Bastos has been with the company for almost 20 years and has already been responsible for pre-sales, offers, projects and *software* services, the latter until 2012. In 2013, he played an important role in structuring the Technical Service and Quality areas, becoming responsible for the Company's product areas. He has technical training in Industrial Informatics from the Federal Center for Technological Education of Minas Gerais (CEFET/MG) and graduated in Business Administration from UFMG – Federal University of Minas Gerais, in 2000. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.

Juliano Tubino - 254.357.978-88
Mr. Tubino serves as the Company's Vice President of Business and Digital Strategy. Previously, he served as Director at Accenture Digital, Netshoes, Microsoft and Amazon, accumulating experience in Marketing, Sales, Innovation and Digital Marketing. Mr. Juliano Tubino has a degree in Computer Science from Universidade Presbiteriana Mackenzie and a specialization in Business Administration and Marketing from Kellogg Executive Education (USA). In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.

Professional background / Statement of any convictions

Marcelo Eduardo Sant'anna Cosentino - 306.743.308-46

Mr. Cosentino joined the Company in 2001 and has worked in various areas, such as information technology, product development, alliances, new businesses, corporate planning and development of the Company's products. Over the past three years, he was responsible for the Company's international expansion, participating in the main M&A processes carried out over the years. He currently serves as Vice President of Business for Segments. He graduated in business administration from the Pontifical Catholic University (PUC-SP) in 2005 and holds an MBA from the Kellogg School of Management (USA). In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Furthermore, such management member is not considered to be a politically exposed person.

BOARD OF DIRECTORS

Name	Date of birth	Management area	Date of election	Term of office	Date of 1st term
CPF [Tax Id.]	**Profession**	**Elective position held**	**Invested with office on:**	**He was elected by the controller**	**Conviction Type**
Other positions and functions held in the issuer		**Description of another position/function**			
Independent member					
ANA CLAUDIA PIEDADE SILVEIRA DOS REIS	Nov. 10, 1971	She will belong to the Board of Directors only	Oct. 07, 2022	2024 AGM	Oct. 7, 2022
855.720.046-34	Consultant	Board of Directors Independent (Sitting member)	Oct. 07, 2022	No	N/A
Coordinator of the People and Compensation Committee		N/A			
Yes, she is deemed as an Independent Director according to the criteria set forth in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS'S Bylaws.					
EDUARDO MAZZILLI DE VASSIMON	Oct. 7, 1958	He will belong to the Board of Directors only	Apr. 19, 2022	2024 AGM	Apr. 18, 2019
033.540.748-09	Economist	Board of Directors Independent (Sitting member)	Apr. 20, 2022	No	N/A
Coordinator of the Governance and Nomination Committee and Member of the People and Compensation Committee		N/A			
Yes, he is deemed as an Independent Director according to the criteria set forth in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS'S Bylaws.					

Name	Date of birth	Management area	Date of election	Term of office	Date of 1st term
CPF [Tax Id.]	Profession	Elective position held	Invested with office on:	He was elected by the controller	Conviction Type
Other positions and functions held in the issuer		Description of another position/function			
Independent member					
GILBERTO MIFANO	Nov. 11, 1949	He will belong to the Board of Directors only	Apr. 19, 2022	2024 AGM	Mar. 16, 2017
566.164.738-72	Business Administrator	Board of Directors Independent (Sitting member)	Apr. 20, 2022	No	N/A
Coordinator of the Statutory Audit Committee, and Member of the Governance and Nomination Committee		N/A			
Yes, he is deemed as an Independent Director according to the criteria determined in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS' Bylaws.					
GUILHERME STOCCO FILHO	July 1, 1974	He will belong to the Board of Directors only	Apr. 19, 2022	2024 AGM	Apr. 5, 2018
176.649.438-25	Business Administrator	Board of Directors Independent (Sitting member)	Apr. 20, 2022	No	N/A
Member of the Strategy Committee		N/A			
Yes, he is deemed as an Independent Director according to the criteria determined in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS' Bylaws.					

Name	Date of birth	Management area	Date of election	Term of office	Date of 1st term
CPF [Tax Id.]	**Profession**	**Elective position held**	**Invested with office on:**	**He was elected by the controller**	**Conviction Type**
Other positions and functions held in the issuer		**Description of another position/function**			
Independent member					
LAÉRCIO JOSÉ DE LUCENA COSENTINO	Aug. 11, 1960	He will belong to the Board of Directors only	Apr. 19, 2022	2024 AGM	Mar. 7, 2006
032.737.678-39	Electrical Engineer	Chairman of the Board of Directors	Apr. 20, 2022	No	N/A
Member of the People and Compensation Committee, Member of the Governance and Nomination Committee and Member of the Strategy Committee		N/A			
He is not deemed as an Independent Director according to the criteria set forth in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS'S Bylaws.					
MARIA LETÍCIA DE FREITAS COSTA	July 1, 1974	She will belong to the Board of Directors only	Apr. 19, 2022	2024 AGM	Mar. 16, 2017
050.932.788-58	Production Engineer	Vice-Chairman of the Board of Directors Independent	Apr. 20, 2022	No	N/A
Coordinator of the Strategy Committee		N/A			
Yes, she is deemed as an Independent Director according to the criteria determined in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS' Bylaws.					

Name	Date of birth	Management area	Date of election	Term of office	Date of 1st term
CPF [Tax Id.]	**Profession**	**Elective position held**	**Invested with office on:**	**He was elected by the controller**	**Conviction Type**
Other positions and functions held in the issuer		**Description of another position/function**			
Independent member					
TANIA SZTAMFATER CHOCOLAT	January 17, 1977	She will belong to the Board of Directors only	Apr. 19, 2022	2024 AGM	Apr. 19, 2022
278.583.348-16	Production Engineer	Board of Directors Independent (Sitting member)	Apr. 20, 2022	No	N/A
Member of the Statutory Audit Committee		N/A			
Yes, she is deemed as an Independent Director according to the criteria determined in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by TOTVS' Bylaws.					

Professional background / Statement of any convictions

ANA CLAUDIA PIEDADE SILVEIRA DOS REIS - 855.720.046-34

Ms. Ana Claudia Piedade Silveira dos Reis holds a bachelor's degree in computer science from Pontifical Catholic University of Minas Gerais and a master's degree in information science from Federal University of Minas Gerais. With over fifteen years of experience in executive search for the Technology, Media, Telecommunications, Services, E-Commerce, Private Equity, Venture Capital, Startups, Education and Real Estate sectors, she is a senior partner at Kingsley Gate Partners and responsible for the company's operations in Brazil. At TOTVS S.A., she is an Independent Director and Coordinator of the People and Compensation Committee. Additionally the new board member aggregates to the Company her solid experience in management consulting and in technology, working on topics related to attraction, recruitment, retention and people management, having even advised the Company in the succession process that resulted in the hiring of the current CEO. Key Contributions for the Company: Strategic Planning; and People Management.

In the past 5 years, such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Said administrator is not considered a politically exposed person. Yes, he is characterized as an Independent Director according to the criteria defined in the Novo Mercado Regulations of B3 S.A. – Brasil, Bolsa, Balcão and adopted by the Bylaws of TOTVS.

EDUARDO MAZZILLI DE VASSIMON - 033.540.748-09

Mr. Vassimon holds a degree of Bachelor in Economics from the School of Economics of the University of São Paulo - USP, and also a degree in Business Administration from Fundação Getúlio Vargas University, both completed in 1980, besides two postgraduate degrees from EAESP/FGV University (Brazil) and *École des Hautes Études Commerciales* - France, both in 1982. Since April 2019, he has been Chairperson of the Board of Directors of Votorantim S/A and since 2015, he has been a member of the Board of Directors of B3 S.A. - Brasil, Bolsa, Balcão, besides being Coordinator of the Risk and Finance Committee. He was CEO of Itaú BBA and General Director of the Wholesale Area of Itaú Unibanco from 2016 to 2018; Executive Vice President, CFO and CRO – Itaú Unibanco S.A. from 2015 to 2016; Executive Vice President and CRO – Itaú Unibanco S.A. from 2013 to 2015; Member of the Board of Directors - Banco Itaú BBA S.A. from 2003 to 2015.
At TOTVS S.A., he is an Independent Director, Coordinator of the Governance and Nomination Committee and member of the People and Compensation Committee. He is a member of third sector organizations. Key contributions for the Company: Business Management; Securities exchange market; and Corporate Governance.

In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty in CVM (Securities and Exchange Commission) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has

Professional background / Statement of any convictions

suspended or disqualified him from practicing any professional or business activity. Such management member is not considered to be a politically exposed person. Yes, he is characterized as an Independent Director according to the criteria defined in the Novo Mercado Regulations of B3 S.A. – Brasil, Bolsa, Balcão and adopted by the Bylaws of TOTVS.

GILBERTO MIFANO - 566.164.738-72

Mr. Mifano holds a degree in Business Administration from the São Paulo School of Business Administration of the Getúlio Vargas Foundation University (1972). Currently, at TOTVS S.A., besides being an Independent Director, he is Coordinator of the Statutory Audit Committee and member of the Governance and Nomination Committee. Mr. Mifano is an Independent Director and Coordinator of the Audit, Risk Management, and Finance Committee of Natura & Co. Holding S.A., Independent Director and Coordinator of the Audit Committee of Construtora Pacaembu S.A., Advisory Director of Pragma Gestão de Patrimônio Ltda., Member of the Fiscal Council of the Arapyaú Institute of Education and Sustainable Development, and Member of the Fiscal Council of CIEB - Innovation Center for Brazilian Education. In the past 5 years, he has been an Independent member of the Board of Directors from Cielo S/A until 04/2022. Previously,
it stands out that he had been Director, Vice President, and CEO (pro bono) of the Brazilian Institute of Corporate Governance (IBGC) between 2006 and 2012; CEO of the Sao Paulo Stock Exchange (BOVESPA) and the Brazilian Company for Settlement and Custody (CBLC) between 1994 and 2008. At the international level, he was a member and Vice-President of the Executive Committees of the World Federation of Exchanges (WFE) and the Ibero-American Federation of Exchanges (FIAB) between 1999 and 2007. Key Contributions for the Company: Corporate Governance; Finance; and Business Management.

In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified him from practicing any professional or business activity. Such management member is not considered to be a politically exposed person. Yes, he is characterized as an Independent Director according to the criteria defined in the Novo Mercado Regulations of B3 S.A. – Brasil, Bolsa, Balcão and adopted by the Bylaws of TOTVS.

GUILHERME STOCCO FILHO - 176.649.438-25

Professional background / Statement of any convictions
Mr. Stocco has extensive background in creating digital businesses and business transformation with over 20 years of experience. Responsible for successful projects at Banco Digital (Original Bank), Mobile and E-commerce (Buscapé), Internet Platforms (Microsoft), and Advertising (TeRespondo). Currently, he is a member of the Board of Directors and the Strategy Committee of TOTVS S.A., and the Board of Directors of Original Bank. He was an Advisory Director at B3 S.A. - Brasil, Bolsa, Balcão, Carrefour Brazil Group, Hapvida, and Cielo S.A. Speaker in Trends and Innovation, with over 120 lectures in Brazil, LATAM, Canada, the United States, Denmark, and the United Kingdom. Bachelor in Business Administration from Fundação Armando Alvares Penteado - FAAP University in 1997, with an MBA in Management from Insper in 2010; postgraduate in Marketing Management from FAAP in 2007 and Marketing certificate from Berkeley, University of California, USA, in 1996. Key contributions for the Company: Digital Business Management; Innovative Vision in Technology; and Entrepreneurship. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified him from practicing any professional or business activity. Such management member is not considered to be a politically exposed person. Yes, he is characterized as an Independent Director according to the criteria defined in the Novo Mercado Regulations of B3 S.A. – Brasil, Bolsa, Balcão and adopted by the Bylaws of TOTVS.
LAÉRCIO JOSÉ DE LUCENA COSENTINO - 032.737.678-39
Mr. Cosentino is the founder and chairman of the Board of Directors of TOTVS, and member of the Strategy Committee, Governance and Nomination Committee and People and Compensation Committee, the largest technology company in Brazil. Graduated in Electrotechnical Engineering from the Polytechnic School of the University of São Paulo (USP), his career and history were strengthened in the IT sector especially by founding the corporation TOTVS in 1983. The Company is an absolute leader in Brazil, being present in 41 countries. Laércio Cosentino is Chairman of the Board of Directors of the Brazilian Association of Information and Communication Technology Companies (Brasscom), chairman of the Board of Mendelics, AdvisoryDirector of AC Camargo Cancer Center, among other activities. In the past 5 years, such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified him from practicing any professional or business activity. Such management member is not considered to be a politically exposed person. He is not characterized as an Independent Director according to the criteria defined in the Novo Mercado Regulations of B3 S.A. – Brasil, Bolsa, Balcão and adopted by the Bylaws of TOTVS.
MARIA LETÍCIA DE FREITAS COSTA - 050.932.788-58

Professional background / Statement of any convictions
Ms. Freitas Costa has a degree in Production Engineering from the Polytechnic School of the University of São Paulo and an MBA from the Samuel Curtis Johnson School of Management at Cornell University, USA. Currently, she is is an Independent Director and Coordinator of the Strategy Committee at TOTVS S.A., partner at Prada Assessoria Empresarial, Independent Director, Coordinator of the Audit, Risk, and Compliance Committee, member of the Governance and Nomination Committee of Localiza S.A., Independent Director of Mapfre S.A., Independent Director, Coordinator of the People and ESG Committee and member of the Strategy and Innovation Committee of Embraer S.A., and Independent Director and Coordinator of the Strategy Committee of Mobly S.A. From 2001 to 2010, Mrs. Freitas Costa served as CEO of Booz Allen Hamilton operations (today known as Strategy&). She has also served as a Board Member of Sadia, Gafisa, Technip, and Marcopolo, in addition to being a member of the Board Committee at the corporations Votorantim Industrial, Votorantim Metais, CBA, and Bematech. Key Contributions for the Company: Strategic Planning; Management; and Business Vision. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Said administrator is not considered a politically exposed person. Yes, he is characterized as an Independent Director according to the criteria defined in the Novo Mercado Regulations of B3 S.A. – Brasil, Bolsa, Balcão and adopted by the Bylaws of TOTVS.

TANIA SZTAMFATER CHOCOLAT - 278.583.348-16

Professional background / Statement of any convictions
Ms. Chocolat holds a degree in Production Engineering from the Polytechnic School of the University of Sao Paulo. Currently, she is Senior Executive Officer responsible for the area of Direct Equity Investments for Latin America and Head of the Sao Paulo Office of the Canada Pension Plan Investment Board. At TOTVS S.A., she is an Independent Director and member of the Statutory Audit Committee. She is also an independent member of the Board of Directors, Coordinator of the Audit Committee, member of the Strategy and New Business Committee, and the People and Sustainability Committee of Equatorial Energia, since April 2019. Previously, from 2013 to 2017, Ms. Chocolat was responsible for managing illiquid investments at Raiz Investimentos, and also responsible for Private Equity investments in Brazil for Capital Group. She was an alternate member of the Board of Directors of STP (Sem Parar). Between 2004 and 2013, she worked in the areas of Investment Banking, Private Banking, and Equity Research of Banco Unibanco and Itaú Unibanco S.A. banks. She was Head of the Solution Partners area at Itaú Private Bank, Executive Director at Itaú BBA, Director, Head, and Senior Analyst of the consumer and retail sector in the Equity Research area at Banco Unibanco S.A., and also worked in the Investment Banking area at Banco JP Morgan between 1999 and 2002. Key Contributions to the Company: Strategic Planning, Corporate Finance, Securities exchange market and Investments and Sustainability. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Said administrator is not considered a politically exposed person. Yes, he is characterized as an Independent Director according to the criteria defined in the Novo Mercado Regulations of B3 S.A. – Brasil, Bolsa, Balcão and adopted by the Bylaws of TOTVS.

FISCAL COUNCIL

Name	Date of birth	Management area	Date of election	Term of office	Date of 1st term
CPF [Tax Id.]	Profession	Elective position held	Invested with office on:	He was elected by the controller	Conviction Type
Other positions and functions held in the issuer		Description of another position/function			
Independent member					
ADRIANA SANCHES DOS SANTOS	Jul. 12, 1971	Fiscal Council	Apr. 19, 2023	2024 AGM	Apr. 19, 2023
021.384.907-00	Business Administrator	Fiscal Council (Alternate member) elected by minority common shareholders	Apr. 19, 2023	No	N/A
CARLA ALESSANDRA TREMATORE	Oct. 30, 1975	Fiscal Council	Apr. 19, 2023	2024 AGM	Apr. 19, 2023
248.855.668-86	Business Administrator	Fiscal Council (Alternate member) elected by minority common shareholders	Apr. 19, 2023	No	N/A
EDUARDO STRAZZA	Jun. 5, 1982	Fiscal Council	Apr. 19, 2023	2024 AGM	Apr. 19, 2023
225.652.458-23	Business Administrator	Fiscal Council (Alternate member) elected by minority common shareholders	Apr. 19, 2023	No	N/A

Name	Date of birth	Management area	Date of election	Term of office	Date of 1st term

CPF [Tax Id.]	Profession	Elective position held	Invested with office on:	He was elected by the controller	Conviction Type
Other positions and functions held in the issuer		Description of another position/function			
Independent member					
FERNANDO HEITOR BATISTA VACCARI	Nov. 23, 1979	Fiscal Council	Apr. 19, 2023	2024 AGM	Apr. 19, 2023
287.308.218-60	Business Administrator	Fiscal Council (Sitting member) elected by minority common shareholders	Apr. 19, 2023	No	N/A
GUILLERMO OSCAR BRAUNBECK	Dec. 08, 1972	Fiscal Council	Apr. 19, 2023	2024 AGM	Apr. 19, 2023
106.627.498-39	Business Administrator	Fiscal Council (Sitting member) elected by minority common shareholders	Apr. 19, 2023	No	N/A
LUIZ GOTARDO FURLAN	Jul. 7, 1984	Fiscal Council	Apr. 19, 2023	2024 AGM	Apr. 19, 2023
329.669.418-80	Business Administrator	Fiscal Council (Sitting member) elected by minority common shareholders	Apr. 19, 2023	No	N/A

Professional background
ADRIANA SANCHES DOS SANTOS - 021.384.907-00
Ms. Adriana Sanches Dos Santos has been immersed in the securities industry in Brazil for the past 25 years. She has designed and executed plans in the field of Corporate Governance for open and private companies, Corporate Finance, M&A, Listing, Initial Public Offerings, Investor Relations, Structure of the securities industry, Stock Products, Derivatives and Fixed Income, and Foreign Portfolio Investments.
CARLA ALESSANDRA TREMATORE - 248.855.668-86
Ms. Carla Alessandra Trematore is credited with a Bachelor's Degree in Computer Science from Universidade Estadual Paulista (Unesp) and a Bachelor's Degree in Accounting Sciences from Pontifícia Universidade Católica de Minas Gerais (PUC Minas). She held positions at the independent audit firms Arthur Andersen, Deloitte, and EY between 1996 and 2010. She was a partner at Hirashima & Associados, where he led accounting and financial consulting services, and served as a consultant to the Foundation Institute for Accounting, Actuarial, and Financial Research - FIPECAFI. During the three-year period from July 2014 to August 2017, she served as controller in electric power generation companies. She chaired the Audit Committee of Caixa Econômica Federal and was a Member of the Board of Banco de Brasília (BRB). She is a member of the Board of Directors of BR Partners and CI&T, besides taking part in some fiscal councils and audit committees.
EDUARDO STRAZZA - 225.652.458-23
Mr. Edurdo is the Sales Executive Officer at LexisNexis Risk Solutions, one of the biggest technology and data companies in the industry, Eduardo Strazza strives to help businesses reduce their vulnerability to financial crime and fraud. With a Bachelor's degree in business administration from the Armando Álvares Penteado Foundation, plus an MBA in business management from the Getúlio Vargas Foundation, he established himself in the banking and technology sector, where he landed jobs in highly esteemed national and global private banks, and premier technology and data companies (IBM, Thomson Reuters).
FERNANDO HEITOR BATISTA VACCARI - 287.308.218-60
Mr. Fernando Heitor B. Vaccari holds a Bachelor's degree in Business Administration from the Pontifical Catholic University of Sao Paulo, plus a postgraduate degree in finance and management from Insper. At present, he is CFO of Mar Capital, Chief Compliance Officer of Mar Gestão de Recursos, Director of GJP Hotéis, and an Advisory Board member of Afesu. From 2010 to 2018, he was a member of the Board of Directors and the Financial Committee of CVC Brasil. He had been the head of planning at TOTVS, executive manager of LC-EH, and CFO of GJP Hotéis and GJP Participações in the past.

Professional background
GUILLERMO OSCAR BRAUNBECK - 106.627.498-39
Mr. Guillermo Oscar Braunbeck is a highly-educated individual, holding a Ph.D. in controllership and accounting, as well as master's degrees in both economics and accounting. He is a part of the Fiscal Council and is on a few Audit Committees, in which he holds the role of coordinator. Extensive background assembled as an external auditor, internal auditor, risk manager and consultant in M&A operations. He is an acclaimed expert in Accounting, Audit, and Finance topics, renowned for his technical opinions in these fields. University Professor. Voting member of the Brazilian Committee of Accounting Standards (aka CPC) for 7 years.
LUIZ GOTARDO FURLAN - 329.669.418-80
Mr. Luiz Gotardo Furlan holds a degree in Business Administration from Fundação Getúlio Vargas, with MBAs from London Business School and Columbia University. He is a certified holder of CEA and Power BI courses and certificates related to the financial market and systems. He is currently the CFO of Trinus Co. Between 2017 and 2021, he acted as Vice Chairman of the Board of Directors for Necton, where he had been a partner since 2009, focusing particularly on wealth management, home brokerage, marketing, and fund management. Previously, he had worked at Bain & Company and Maersk Line.

7.4 - Composition of committees

Name	Committee type	Office held	Profession	Elected on	Term of office	Date of 1st term
CPF [Tax Id.] #	**Audit type**	**Description other positions held**	**Date of birth**	**Invested with office on:**	**He was elected by the controller**	**Conviction Type**
Other positions and functions performed in the Company						
Ana Claudia Piedade Silveira Dos Reis	Other Committees	Committee President	Consultant	Oct. 07, 2022	2024 AGM	Oct. 07, 2022
855.720.046-34	-	Coordinator of the People and Compensation Committee	Nov. 10, 1971	Oct. 07, 2022	No	N/A
Member of the Board of Directors and Coordinator of the People and Compensation Committee						

Name	Committee type	Office held	Profession	Elected on	Term of office	Date of 1st term
CPF [Tax Id.] #	**Audit type**	**Description other positions held**	**Date of birth**	**Invested with office on:**	**He was elected by the controller**	**Conviction Type**
Other positions and functions performed in the Company						
Eduardo Mazzilli de Vassimon	Other Committees	Committee President	Economist	Apr. 19, 2022	2024 AGM	Apr. 30, 2020
033.540.748-09	-	Coordinator of the Governance and Nomination Committee	Oct. 7, 1958	Apr. 20, 2022	No	N/A
Member of the Board of Directors, Coordinator of the Governance and Nomination Committee and Member of the People and Compensation Committee						
Gilberto Mifano	Audit Committee	Committee President	Business Administrator	Apr. 19, 2022	2024 AGM	Nov. 4, 2011
566.164.738-72	Statutory Audit Committee adherent to CVM Instruction n° 308/99	Coordinator of the Statutory Audit Committee	Nov. 11, 1949	Apr. 20, 2022	No	N/A
Member of the Board of Directors, Coordinator of the Audit Committee, and Member of the Governance and Nomination Committee						
Guilherme Stocco Filho	Other Committees	Member of the Committee (Sitting member)	Business Administrator	Apr. 19, 2022	2024 AGM	Apr. 28, 2017
176.649.438-25	-	Member of Strategy Committee	July 1, 1974	Apr. 20, 2022	No	N/A

Name	Committee type	Office held	Profession	Elected on	Term of office	Date of 1st term
CPF [Tax Id.] #	**Audit type**	**Description other positions held**	**Date of birth**	**Invested with office on:**	**He was elected by the controller**	**Conviction Type**
Other positions and functions performed in the Company						
Member of the Board of Directors and the Strategy Committee						
Laércio José de Lucena Cosentino	Other Committees	Committee Member (Sitting member)	Electrical Engineer	Apr. 19, 2022	2024 AGM	Apr. 28, 2016
032.737.678-39	-	Member of Strategy Committee	Aug. 11, 1960	Apr. 20, 2022	No	N/A
Chairman of the Board of Directors, Member of People and Compensation Committee, of the Strategy Committee and of the Governance and Nomination Committee.						
Lavínia Moraes de Almeida Nogueira Junqueira	Audit Committee	Member of the Committee (Sitting member)	Lawyer	Apr. 19, 2022	2024 AGM	Nov. 11, 2021
269.993.118-70	Statutory Audit Committee adherent to CVM Instruction n° 308/99	External member of the Audit Statutory Committee	May 31, 1976	Apr. 20, 2022	No	N/A
-						
Maria Letícia de Freitas Costa	Other Committees	Committee President	Production Engineer	Apr. 19, 2022	2024 AGM	Mar. 16, 2017

Name	Committee type	Office held	Profession	Elected on	Term of office	Date of 1st term
CPF [Tax Id.] #	**Audit type**	**Description other positions held**	**Date of birth**	**Invested with office on:**	**He was elected by the controller**	**Conviction Type**
Other positions and functions performed in the Company						
050.932.788-58	-	Coordinator of the Strategy Committee	Mar. 27, 1960	Apr. 20, 2022	No	N/A
Vice President of the Board of Directors and Coordinator of the Strategy Committee						
Tania Sztamfater Chocolat	Audit Committee	Member of the Committee (Sitting member)	Production Engineer	Apr. 19, 2022	2024 AGM	Apr. 20, 2022
278.583.348-16	Statutory Audit Committee adherent to CVM Instruction n° 308/99	Member of the Audit Committee	Jan. 17, 1977	Apr. 20, 2022	No	N/A
Member of the Board of Directors and Member of the Audit Committee						

Professional background / Statement of any convictions
Lavínia Moraes de Almeida Nogueira Junqueira - 269.993.118-70
Ms. Lavinia Junqueira is a lawyer in Sao Paulo, graduated in law from the University of Sao Paulo and has a master's degree in economics from the Pontifical Catholic University of Sao Paulo. She is a Certified Public Accountant (CPA), consultant to the Audit, Risk Management and Finance Committee of Natura & Co Holding S.A., a member of the Fiscal Council (Supervisory Board) of Instituto Natura and has previously served as a member of Banco Pine's Audit Committee. She has significant experience in executive roles in the financial market and in legal, compliance and risk management areas. Main Contributions to the Company: Corporate Finance, Legal Intelligence and Corporate Governance. In the past 5 years such Management member has not been subject to (i) any criminal conviction; (ii) any conviction or application of any penalty by CVM (Securities and Exchange Commission of Brazil) administrative proceedings; (iii) any final and unappealable judgment, whether in court judicial or at administrative level, which has suspended or disqualified her from practicing any professional or business activity. Yes, she is deemed as an Independent Member according to the criteria determined in the 'Novo Mercado' Regulation of B3 S.A. - Brasil, Bolsa, Balcão and adopted by the Company's Bylaws.

Note: The professional background of the Board of Directors and Audit Committee members team members are provided for in section 7.3 above.

7.5 - Existence of a marital relationship, common-law marriage, or kinship up to the 2nd degree related to the issuer's administrators, subsidiaries, and controlling companies

Name	CPF [Tax Id.]	Corporate name of the issuer, subsidiary, or controlling company	Tax Id. (CNPJ)	Type of kinship or relationship with the administrator of the issuer or subsidiary
Position				
Administrator of the issuer or subsidiary Marcelo Eduardo Sant'anna Cosentino Vice President of Business for Segments	306.743.308-46	TOTVS S.A.	53.113.791/0001-22	Son (1st degree of kinship by consanguinity)
Related person Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee and Member of People and Compensation Committee	032.737.678-39	TOTVS S.A.	53.113.791/0001-22	
There is no marital relationship, common-law marriage, or kinship up to the second degree between the other Directors and (a) the other members of the Company's Management; (b) the managers of subsidiaries, direct or indirect, of the Company; (c) the direct or indirect controlling shareholders of the Company or its direct or indirect subsidiaries; or (d) the managers of the Company's direct and indirect parent companies.				

7.6 - Relationships of subordination, service provision, or control between Management members and subsidiaries, controlling companies, and other

Identification	CPF/CNPJ (tax id.)	Kind of Administrator's relationship with the related person	Kind of related person
Title/Position			
Fiscal year as of Dec. 31, 2022			
Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Supplier
Related person			
VIP IV Empreendimentos e Participações Ltda. Shareholder	07.951.381/0001-33		

Remark:
Property Lease Agreement, with TOTVS S.A. as lessor, and such related party as lessee

Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Client
Related person			
Inovalli Administração de Obras, Engenharia e Empreendimentos Imobiliários Ltda. Company controlled by person related to the administrator	05.127.830/0001-06		

Remark:
Company controlled by a person related to the administrator

Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Indirect subsidiary

Related person			
Instituto da Oportunidade Social Director holding shares in the company	05.127.830/0001-06		
Remark: Director holding shares in the company			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Provision of Services	Client
Related person			
Brazilian Association of Information and Communication Technology Companies (Brasscom) Member of the Deliberative Council	06.244.855/0001-44		
Remark: Annual Membership Contribution			

Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Client
Related person			
GHT4 Empreendimentos, Serviços e Participações S.A. Company controlled by a person related to the administrator	43.317.413/0001-07		
Remark: Company controlled by a person related to the administrator			

Identification	CPF/CNPJ (tax id.)	Kind of Administrator's relationship with the related person	Kind of related person
Title/Position			
Fiscal year as of Dec. 31, 2021			
Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Supplier
Related person			
VIP IV Empreendimentos e Participações Ltda. Shareholder	07.951.381/0001-33		

Remark:
Property Lease Agreement, with TOTVS S.A. as lessor, and such related party as lessee

Issuer's Administrator

Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Client
Related person			
Inovalli Administração de Obras, Engenharia e Empreendimentos Imobiliários Ltda. Company controlled by person related to the administrator	05.127.830/0001-06		

Remark:
Company controlled by a person related to the administrator

Issuer's Administrator

Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Indirect subsidiary
Related person			
Instituto da Oportunidade Social Director holding shares in the company	05.127.830/0001-06		

Remark:
Director holding shares in the company

Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Provision of Services	Supplier
Related person			
Brazilian Association of Information and Communication Technology Companies (Brasscom) Member of the Deliberative Council	06.244.855/0001-44		

Remark:
Annual Membership Contribution

Identification	CPF/CNPJ (tax id.)	Kind of Administrator's relationship with the related person	Kind of related person
Title/Position			
Fiscal year as of Dec. 31,2020			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Supplier
Related person			
VIP IV Empreendimentos e Participações Ltda. Shareholder	07.951.381/0001-33		

Remark:
Property Lease Agreement, with TOTVS S.A. as lessor, and such related party as lessee

Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Client
Related person			
Inovalli Administração de Obras, Engenharia e Empreendimentos Imobiliários Ltda. Company controlled by person related to the administrator	05.127.830/0001-06		

Remark:
Company controlled by a person related to the administrator

Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Control	Indirect subsidiary

Related person			
Instituto da Oportunidade Social Director holding shares in the company	05.127.830/0001-06		
Remark: Director holding shares in the company			
Issuer's Administrator			
Laércio José de Lucena Cosentino Chairperson of the Board of Directors, Member of the Governance and Nomination Committee, Member of the Strategy Committee	032.737.678-39	Provision of Services	Client
Related person			
Brazilian Association of Information and Communication Technology Companies (Brasscom) Member of the Deliberative Council	06.244.855/0001-44		
Remark: Annual Membership Contribution			

7.7 - Agreements, including insurance policies, for payment or reimbursement of expenses paid by management members

The Company and its subsidiaries keep in full force a civil liability insurance policy for members of the Management - D&O world class, which provides for the payment or reimbursement of expenses borne by directors and officers, resulting from the compensation for damages caused to third parties or to the Company.

The current policy number 0873720220103100000726 (insurance policy registered with SUSEP under number 15414.901229/2017-25), executed with the insurance company AIG SEGUROS BRASIL SA, is effective and in force from July 1st, 2022 until July 1st, 2023 and has a maximum indemnity limit of R$100 million (one hundred million Reals).

In spite of being covered by the current D&O policy executed in Brazil, the officers and directors of operations in Mexico, Argentina and the United States of America are also covered by a local policy issued in each country, with a coverage amount of USD1,000,000 (one million US dollars), aiming at speed up the reimbursement of expenses arising from any claims.

On April 20, 2021, the Company shareholders approved the inclusion of Article 55 in the Bylaws, to provide for the possibility of entering into an indemnity agreement with its Managers and external members of the Advisory Committees, without prejudice to the D&O policies. The conditions and limitations were determined by the Company's Indemnity Policy, as approved by the Board of Directors at a Meeting held on December 22, 2021 (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/https://ri.totvs.com/esg/estatuto-politicas-e-regimento/).

7.8 - Other relevant information

Annual and Extraordinary General Meeting

The Company discloses below information regarding the meetings held in the last 3 (three) fiscal years and in the current fiscal year:

Event	Key subjects	Date	Call notice	Quorum
Annual and Extraordinary Meeting	(i) To review the accounts submitted by the management, examine, discuss, and vote on the Company's financial statements for the fiscal year ended December 31, 2022; (ii) To resolve on the capital budgeting pursuant to Article 196 of Law No. 6.404/76 ("Brazilian Corporations Act"); (iii) To resolve on the allocation of net income for the year and on the distribution of dividends; (iv) To set the annual global compensation for the members of the Board of Directors and the Executive Board of Officers for the year 2023; (v) To resolve on the election of a member of the Company's Board of Directors who was appointed by the Board of Directors at a meeting held on October 7, 2022 upon the resignation of a Director, pursuant to article 150 of the Brazilian Corporations Act, in order to fulfill the term of office currently in progress to end at the 2024 Annual General Meeting.	April 19, 2023	Established on 1st call	AGM 80.54% EGM 80.27%
Annual and Extraordinary Meeting	(i) receive the accounts from management members, and to examine, discuss, and vote on the Company's financial statements for the fiscal year ended on December 31, 2021; (ii) resolve on the capital budgeting as set forth in article 196 of Law No. 6,404/76; (iii) resolve on the allocation of net income for the fiscal year and on the distribution of dividends; (iv) approve the number of members to compose the Board of Directors, in compliance with paragraph 3 of article 16 of the Company's Bylaws; (v) elect the members of the Board of Directors; and (vi) determine the annual global compensation of the members of the Board of Directors and the Board of Executive Officers for fiscal year 2022; (vii) restate the Company's Bylaws.	April 19, 2022	Established on 1st call	AGM 71.82% EGM 73.51%

Annual and Extraordinary Meeting	(i) take the management accounts, examine, discuss and vote on the Company's financial statements for the fiscal year ended December 31, 2020; (ii) resolve on the capital budget for the purposes of article 196 of Law 6,404/76; (iii) resolve on the allocation of net income for the year and on the distribution of dividends; (iv) set the annual global compensation of the members of the Board of Directors and Executive Board for the fiscal year 2021; (v) approve the Share-Based Incentive Plan; (vi) approve the capital increase by capitalizing the balance of the profit retention reserve, without issuing new shares; (vii) amendment to the Bylaws	April 20, 2021	Established on 1st call	AGM 72.44% EGM 72.24%
Annual and Extraordinary General Meeting	(i) take the management accounts, examine, discuss and vote on the Company's financial statements for the fiscal year ended December 31, 2019; (ii) resolve on the capital budget for the purposes of article 196 of Law 6,404/76; (iii) resolve on the allocation of net income for the year and on the distribution of dividends; (iv) approve the number of members to compose the Board of Directors, (v) elect the members of the Board of Directors; (vi) set the annual global compensation of the members of the Board of Directors and Board of Executive Officers for the fiscal year 2020; (vii) resolve on the proposed split of all shares issued by the Company, in the proportion of three common shares for each share of the same type existing on the date of the resolution, without changing the capital stock, with the consequent amendment of Article 5 of the Company's Bylaws; and (viii) restate the Company's Bylaws,	April 27, 2020	Established on 1st call	AGM 67.75% EGM 72.15%

At the Annual and Extraordinary General Meeting of the current fiscal year, held on April 19, 2023, the Company's Management approved, among other topics, the following matters: the capital budget, the proposal for the global remuneration of the Management, the election of Ms. Ana Claudia Piedade Silveira Dos Reis as an Independent Member of the Company's Board of Directors, installation of the Fiscal Council and changes to the Share-Based Incentive Plan.

Complementing section 7.3 and 7.4

The Company has a process of integrating new members of the Board of Directors and Advisory Committees to guarantee that they are able to fulfill their obligations accurately and effectively, whereby fresh members gain access to knowledge on the corporate organization, market positioning, perception of the Company's strategy, as well as its major strategic projects. The current integration plan includes meetings with the Company's key executives, preferably before the first participation in a meeting of the board, providing new members with an appropriate basis to exercise his/her function. As provided for in the Charter of the Board of Directors and its Advisory Committees, it is up to the Chairman of the Board of Directors, together with the Chief Executive Officer and with the collaboration of the Corporate Governance Secretariat, to organize and coordinate an integration and training program for new members.

Moreover, the Company clarifies that all employees took part in the training on the Code of Ethics and Conduct. In addition, we inform that the board of executive officers must attend such training every year.

For more information on the assessment process of the Board of Directors, Committees, Board of Executive Officers, and members of each of these bodies, please see section 7.1 (b) of this Reference Form.

8.1 - Description of the Management's Compensation Policy or Practice, including the Non-Statutory Board of Executive Officers, and the Committees

a. purposes of the compensation policy or practice, informing whether such compensation policy has been formally approved, the body responsible for approving it, the date of approval and, if the issuer discloses such policy, all places on the World Wide Web where such document can be read.

The Company has a Human Relations and Compensation Policy, approved on June 10, 2020 by the Board of Directors. The Policy aims to set forth the guidelines and responsibilities to be observed in TOTVS's people management process, at all stages of its People Management Cycle. This includes compensation models, aimed at providing executives with adequate incentives in relation to the Company's long-term performance that are competitive and aligned with market practices and international standards that enhance the attraction and retention of professionals, increasing the medium- and long-term alignment between interests of executives and shareholders.

Such Human Relations and Compensation Policy is available on TOTVS Investor Relations website (https://ri.totvs.com/en/esg/bylaws-policies-and-charters/) and on the CVM website.

b. practices and procedures adopted by the board of directors to determine the individual compensation of the board of directors and the board of executive officers, pointing out:

(i) the issuer's bodies and committees that take part in the decision-making process, detailing how they do it

The participation of the Company's bodies in the process of defining compensation is established in the Brazilian Corporations Act , in the Company's Bylaws[2] and in the Human Relations and Compensation Policy, available at the addresses described in section 8.1.(a) above.

GENERAL MEETING: upon recommendation of the Board of Directors, it approves the overall compensation of the members of the Board of Directors, the Statutory Board of Executive Officers and the members of the Fiscal Council (if operating).

BOARD OF DIRECTORS: after considering the opinion of the People and Compensation Committee, it is responsible for distributing among the Executive Officers, individually, a portion of the overall annual compensation of the Management members as defined by the General Meeting.

PEOPLE AND COMPENSATION COMMITTEE: department that assists the Board of Directors with advisory functions establishing the terms of the compensation and other benefits and payments to be received in any capacity from the Company by Executive Officers and Directors, presenting to the Board of Directors a proposal for the distribution of the annual overall compensation between the Executive Officers and the Directors and in the decision-making process related to the preparation of the proposal for individual compensation of the members of the Board of Directors, Fiscal Council (if operating) and Statutory Board of Executive Officers, by means of reviews of the best market practices and international standards. The People and Compensation Committee consists of at least 3 members – all directors – and at least 2 independent members.

[2] The Company's Bylaws are available at the following addresses:
1. The Company's Investor Relations website (https//ri.totvs.com/en/), by clicking on "ESG", "Bylaws, Policies and Charters", and, finally, "Bylaws" or directly through the link; and
2. Securities Commission – CVM website (https://www.rad.cvm.gov.br/ENET/frmConsultaExternaCVM.aspx) by searching EMPRESA:019992 - TOTVS SA and CATEGORIA: Estatuto Social

The Chairman of the Board of Directors does not take part in discussions within the scope of the People and Compensation Committee nor in discussions and resolutions in the Board of Directors that deal with his own compensation.

(ii) criteria and methodology used for setting individual compensation, pointing out whether studies are used to check market practices, and, if so, the comparison criteria and the scope of these studies
The criteria and methodology used to establish the individual compensation consider studies related to the best market practices, considering the results of annual surveys carried out by consultants specialized in the market, based on the group of companies that represent the appropriate balance of the characteristics presented, such as (i) relevant representativeness in their industry sectors of activity, including the technology market; (ii) mostly domestic and publicly traded in the new market; (iii) size similar to or larger than TOTVS with regard to billing, headcount and market value; (iv) companies that can compete with TOTVS in the acquisition of talents in the labor market. In addition, the TOTVS guidelines used to align the Company's strategic goals and compensation strategy of the Company's management members are established in the Human Relations and Compensation Policy, available at the addresses described in section 8.1(a) above.

(iii) how often and how the board of directors assesses the adequacy of the issuer's compensation policy
Every year, the People and Compensation Committee assesses the attractiveness, engagement and retention of the Company's talents, which includes the review of the need for adapting the compensation practices adopted–including benefits–to the standards practiced in the market and, particularly, to the technology market. If such committee deems it necessary and/or appropriate, adjustments are recommended to the Board of Directors. Additionally, executives' targets, the achievement of which is decisive to determine the amount to be paid by the Company as short- and long-term variable compensation and the amount of restricted shares to be granted, under the terms of the Share-based Compensation Plan, are reviewed on an annual basis and confirmed by the Company's Board of Directors.

c. composition of the compensation:

(i) description of the several elements that make up the compensation, including, in relation to each of them:

BOARD OF DIRECTORS

The compensation of the members of the Board of Directors is predominantly based on the fixed model, and since 2019, the compensation of the Chairman of the Board is also composed of a variable portion of the Long-Term Incentive (share plan), based on performance, under the terms and conditions set forth in the Share-Based Incentive and Retention Plan in force, approved by the Extraordinary General Meeting held on April 20, 2021.

Elements of the Structure of the Board of Directors Compensation
• **Board Members (except Chairman of the Board):** consisting of fixed compensation with two components: Short-Term Fixed and Long-Term Fixed, whose terms are hereby submitted for approval at the Extraordinary General Meeting. • **Chairman of the Board:** consisting of Fixed Short-Term compensation, Long-Term Variable compensation and Benefits.

The compensation structure is detailed below:

→ **its goals and alignment to the issuer's short-, medium- and long-term interests**

Board Members (except Chairman of the Board):
100% of the fixed compensation used to be paid in cash until 2022. From 2023 on, 80% of the fixed compensation must be paid in cash and 20% in TOTVS shares, within the scope of a Stock Compensation Plan, which establishes specific rules aimed at Board members, observing the best governance practices, whose terms are now submitted for approval at the Extraordinary General Meeting.

- **Fixed Compensation (Short Term):** Represents 80% of the total compensation and refers to the amount received monthly in cash by the professional, aiming to attract and reward the directors for the duties and responsibilities inherent to the position held and in accordance with market practices.

- **Fixed Compensation (Long Term - Share Plan):** Represents 20% of the total compensation and refers to the amount received in TOTVS shares by the professional, aiming to attract and retain its directors, and based on best domestic and international practices and market trends as well as studies carried out by expert consultants, providing alignment with the Company's long-term goals. It is important to point out that the long-term component of the fixed compensation of board members is not linked to any Company's or individual performance metrics, being calculated based on a percentage of the total compensation.

Chairman of the Board:

- **Fixed Compensation (Short Term):** Refers to the amount received monthly in cash by the professional, with the objective of rewarding the Chairman of the Board for the duties and responsibilities inherent to the position held and in accordance with market practices.

- **Variable Compensation (Long-Term Incentive - Share Plan):** Refers to the grant of Restricted Shares, based on performance, under the terms and conditions established in the current Stock-Based Incentive and Retention Plan (ILP Performance program), aiming to recognize the importance and differentiated role that the Chairman of the Board has for the Company considered similar to the role of an expanded Chairman that includes, among others, goals with three-year cycles related to the strategy, long-term performance of the Company, institutional performance and CEO mentoring.

- **Benefits:** Refers to the set of benefits granted to the Chairman of the Board of Directors, which includes: life insurance, medical plan and dental plan. The benefit package aims to be in line with the best market practices by adopting the most prevalent types of benefits in the market.

➔ **its calculation and adjustment methodology**

The calculation and adjustment methodologies used for each element of the Board of Directors compensation are shown below:

Board Members (except Chairman of the Board):

- **Fixed Compensation (Short Term):** 80% of the total fixed compensation is paid in cash twelve (12) times a year, and is reviewed annually considering the market practices identified by expert consultants, and is also submitted annually to the approval of the Company's shareholders.

- **Fixed Compensation (Long Term - Share Plan):** as proposed, from 2023 on, it is intended that the Board's compensation has a stock-based component, i.e., 20% must be paid in TOTVS shares, within the scope of a Share Compensation Plan, which establishes specific rules to the Board and observes the best governance practices, the terms of which are hereby submitted for approval at the Extraordinary General Meeting. The calculation methodology considers granting at the beginning of each 12-month period counted from the date of election of the members of the Board of Directors ("Year in Office"), to each Participant member of the Board of Directors, a set of Restricted Shares equivalent to 20% of the total fixed compensation of each member of the Board of Directors, subject to the overall compensation limit approved at the General Meeting and the establishment of the individual compensation of the management members approved by the Board of Directors. The Restricted Shares will be effectively transferred to the members of the Board of Directors who are participants, after 2 years from the end of the respective term of office of the Participant member of the Board of Directors, and do not have any links with individual performance indicators or targets. As well as the portion of short-term fixed compensation paid in cash, this portion is reviewed annually in view of market practices identified by expert consultants, and is also submitted annually to the approval of the Company shareholders.

Chairman of the Board:

- **Fixed Compensation (Short Term):** the fixed compensation is paid in cash twelve (12) times a year, and is reviewed annually in view of market practices identified by expert consultants, and is also submitted annually to the approval of the Company's shareholders.

- **Variable Compensation (Long-Term Incentive - Share Plan):** Since 2019, the compensation of the Chairman of the Board recognizes its differentiated role and is composed of a variable portion of the Long-Term Incentive (share plan), based on performance, currently under the terms and conditions set forth in the Share-Based Incentive and Retention Plan in force, considering the ILP Performance program. The grant of Restricted Shares is subject to the fulfillment of predetermined long-term targets that reflect the assertiveness and relevance of their role in the contribution to and performance of the Company's medium- and long-term strategy with the purpose of generating value for shareholders and other stakeholders. In addition, this grant is managed by the Company's Board of Directors, with the support of the People and Compensation Committee, both bodies consisting mostly of independent members and who have broad powers to suggest the number of restricted shares to be granted to the Chairman of the Board of Directors, stipulated based on the value of the freely attributable compensation that considers market positioning references in relation to the anchoring and alignment of the compensation package, subject to the quantitative limit of the plan, and submitting the proposal to the General Meeting of Shareholders. The Board of Directors also discusses and reviews every year the institutional and business targets pegged to each grant, making them, at the same time, challenging and achievable.

It is important to note that the Chairman of the Board of Directors does not take part in discussions within the scope of the People and Compensation Committee nor in discussions and resolutions in the Board of Directors that deal with their own compensation.

- **Benefits:** the benefits applicable to the Chairman of the Board of Directors are reviewed annually considering the market practices identified with the help of consultants specialized in the matter. If there is any proposed change, it must be suggested by the People and Compensation Committee and approved by the Board of Directors.

➔ **key performance indicators taken into account, including, where appropriate, indicators linked to ESG issues**

The fixed compensation of the members of the Board of Directors and the Chairman of the Board of Directors is not based on performance indicators.

<u>Chairman of the Board:</u>

- **Variable Compensation (Long-Term Incentive - Share Plan):** The performance indicators used by the Board of Directors to determine the number of shares to be granted under the ILP Performance Program of the Share Plan (Long-Term Incentive) follow the combination of quantitative and qualitative factors, as described below:

    ➢ ***quantitative content*:** targets bound to the business, assessing the assertiveness in the contribution to and performance of the Company's medium- and long-term strategy in order to generate value for Company shareholders, including absolute and relative indicators, such as the long-term performance of TOTVS's stock compared to Ibovespa and IBrX-50 indexes.

    ➢ **qualitative content:** targets bound to the institutional role played by the Chairman of the Board of Directors, acting with the entities of the technology sector, either by himself or in the leadership of the Company's Institutional and Government Relations area, with the goal of strengthening TOTVS's role as one of the reference companies in building an ecosystem of growth and technological innovation in the country; and the assessment by the independent members of the Board of Directors, about the quality of performance for the proper functioning of the Board.

The Company does not have performance indicators directly linked to ESG issues presented in its Compensation Policy.

➔ **its proportion in the total compensation in the last 3 fiscal years**

The table below shows the proportion of each element in the total compensation of the Board of Directors in relation to the last three fiscal years:

BOARD OF DIRECTORS

Compensation Element	2022	2021	2020
Fixed	45%	50%	64%
Variable*	54%	45%	31%
Benefits*	1%	5%	5%

*Applicable to the Chairman of the Board of Directors only

The increase in the ratio of variable compensation compared with fixed compensation over the years aligns appropriately with the medium- and long-term compensation strategy, with the purpose of boosting the Company's future performance.

STATUTORY AUDIT, PEOPLE AND COMPENSATION, GOVERNANCE AND NOMINATION, AND STRATEGY COMMITTEES

The Company's committees are advisory bodies composed of members of the Board of Directors, external members and the Company's Board of Executive Officers.

➔ **its goals and alignment to the issuer's short-, medium- and long-term interests**

According to the main market practices, the members of the Board of Directors who are part of committees receive a fixed monthly compensation in addition to the compensation they are entitled to as Company directors, with the purpose of rewarding them for their dedication in the committees. External members also receive fixed monthly compensation for their participation in committees. The members of the Company's Board of Executive Officers do not receive additional compensation for their participation in committees, when it takes place.

The compensation of directors and external members for taking part in committees aims at ensuring parity with market practices, representing the strategy of attracting and retaining qualified professionals, as well as the sustainability of Company businesses.

➔ **its proportion in the total compensation in the last 3 fiscal years**

The table below shows the proportion of each element in the total compensation of the Committees in relation to the last three fiscal years:

ADVISORY COMMITTEES

Compensation Element	2022	2021	2020
Fixed	100%	100%	100%
Variable	-	-	-
Benefits	-	-	-

The compensation of committee members is 100% composed of fixed compensation in the last 3 fiscal years.

➔ **its calculation and adjustment methodology**

The adequacy of the compensation of directors and external members for participation in committees is reviewed annually, considering the market practices identified with the support of expert consultants, whose values are annually submitted to shareholders' approval.

➔ **key performance indicators taken into account, including, when appropriate, indicators linked to ESG issues**

The fixed compensation of members of the Board's Advisory Committees is not based on performance indicators.

FISCAL COUNCIL

➔ **its goals and alignment to the issuer's short-, medium- and long-term interests**

If operating, it has fixed compensation, paid twelve (12) times in the year, as approved by the shareholders and subject to the terms of the applicable legislation and best market practices.

➔ **its calculation and adjustment methodology**

If operating, the adequacy of the compensation of members is reviewed annually, considering the market practices identified with the support of expert consultants, whose values are annually submitted to shareholders' approval

➔ **key performance indicators taken into account, including, when appropriate, indicators linked to ESG issues**

The fixed compensation of Fiscal Council members is not based on performance indicators.

➔ **its proportion in the total compensation in the last 3 fiscal years**

The table below shows the proportion of each element in the total compensation of the Fiscal Council in relation to the last three fiscal years:

FISCAL COUNCIL

Compensation Element	2022*	2021	2020*
Fixed	100%	100%	-
Variable	-	-	-
Benefits	-	-	-

*The Company did not have a Fiscal Council operating until April 2021. The term of office of the Fiscal Council members ended on April 19, 2022, with no new appointment for the fiscal year 2022.

The compensation of Fiscal Council members is 100% composed of fixed compensation in the last fiscal years.

STATUTORY AND NON-STATUTORY BOARD OF EXECUTIVE OFFICERS

The composition of the compensation of the Statutory and Non-Statutory Board of Executive Officers is a mix of short- and long-term variable incentives based on performance, in addition to a fixed base salary, as detailed below.

➔ **its goals and alignment to the issuer's short-, medium- and long-term interests**

- **Fixed Compensation (Short Term):** refers to the amount monthly received by the professional, with the purpose of compensating them for the duties and responsibilities inherent to the position held.

- **Variable Compensation (Short-term Incentive - Semi Annual Bonus):** refers to the variable amounts received every six months by professionals with the purpose of rewarding them for their individual results and for the overall results of the Company and of each business. The semiannual bonus is bound to overall financial indicators for each business and to the individual performance depending on the achievement of objective performance metrics that include a combination of (strategic and operational) measures with financial and non-financial content.

- **Variable Compensation (Medium- and long-term incentive - Share Plan):** refers to the value of the Company's common restricted shares that are delivered to eligible Participants, based on individual performance, strictly under the terms and conditions established in the Share-Based Incentive and Retention Plans in force, approved by the General Meeting of December 15, 2015 (and amended on April 5, 2018 and April 18, 2019) and April 20, 2021, considering the ILP Performance and ILP Master programs, with the purposes of: (i) increasing the medium- and long-term alignment between the interests of executives and shareholders, expanding the sense of ownership and commitment of participants through the concept of investment and risk; (ii) strengthening the incentives for long-term permanence and stability of Participants, within the context of a publicly-traded company; (iii) serving as a fundamental tool for retention and attraction of talents, in an industry that suffers from global competition and has compensation above the average of other sectors; and (iv) stimulating the increase in the Company's long-term performance, as determined through business indicators. The number of shares to be granted annually to each participant is based on the assessment of individual performance measured based on the "9 Box" method, which considers the effective deliveries of each executive throughout the fiscal year, adherence to the core competencies of TOTVS and the future potential of contribution to the Company. The evaluations are carried out by the executive's manager, with subsequent calibration by a board composed by (i) the Statutory Board of Executive Officers, in the case of the evaluation of non-statutory executive officers; (ii) the People and Compensation Committee; and (iii) the Board of Directors, in the case of evaluation of statutory executive officers. The number of restricted shares to be granted to each nominated participant is recommended by the People and Compensation Committee, and decided by the Board of Directors.

- **Benefits:** refers to the set of benefits granted to executives, such as health plan, dental plan, meal vouchers, private pension plan, life insurance, car, and fuel vouchers. The benefit package aims to be in line with the main market practices, by adopting the most prevalent types of benefits in the market. The set of benefits is the same for all executives; however, there may be differences in value of the benefits granted depending on the position and/or the region in which such executive officer works.

➔ **its calculation and adjustment methodology**

The calculation and adjustment methodologies used for each element of the Management's compensation are shown below:

- **Fixed Compensation (Short Term):** the fixed compensation is paid thirteen (13) times in the year to the Statutory Board of Executive Officers. It can be adjusted every year at the sole discretion of the Board of Directors, as suggested by the People and Compensation Committee, which assesses the Executive Officer's performance in his/her activities and achievement of the targets set. The fixed compensation can also be adjusted according to official inflation indexes and comparative market reviews carried out by expert consultants, considering the best market practices. The Non-Statutory Board of Executive Officers has its fixed compensation adjusted annually in accordance with collective bargaining agreements negotiated between the unions of the category.

- **Variable Compensation (Short-Term Incentive - Semi Annual Bonus):** the semiannual bonus pool to be distributed to statutory and non-statutory executive officers depends on the achievement of EBITDA targets and recurring revenue + transactional revenue of the Company, as well as the contribution margin and recurring revenue + transactional revenue from the business or expenses of each Board of Executive Officers, as defined for the period by the Board of Directors. If any of such indicators does not reach a minimum of 90% of the target set for the period, there will be no bonus payment for the corresponding period. If the targets set are achieved between 90% and 99%, the pool will be proportionally reduced by 50% and 95%. If the target is reached or exceeded, the semiannual bonus pool may be distributed in full.

  Once the bonus pool applicable for each half-year has been determined, the individual bonus is weighted according to the achievement of the individual targets of each statutory and non-statutory executive officer, which reflect the definition of Company's financial goals, productivity, and strategic priorities, including the Strategic Map, measured through financial indicators (such as growth of recurring revenue, operating costs and expenses), efficiency and projects (linked to the Company's growth in the dimensions of Management, Techfin and Business Performance), customer satisfaction (NPS) and people-related indicators (such as talent retention and engagement rates). The table below illustrates the calculation method:

Distribution pool: determined in the budget, equals to a % of EBITDA

Trigger to trigger the program's payment at TOTVS:
EBITDA (80%) and Recurring Revenue (20%) TOTVS
minimum of 90%, i.e.: <90% = 0%; => 90% and < 100% = between 50% and 99%; => 100% = 100%

Trigger to trigger the program's payment in each area:
Contribution Margin (CM) and Recurring Revenue of the business or corporate area expenses
minimum of 90%, i.e.: <90% = 0%; => 90% and < 100% = between 50% and 99%; => 100% = 100%

Determination of the Target Agreement for Managers / Exec. Officers, replicated to the teams: • Financial • Strategic Project • People • Area	**Ruler for determining the quantitative targets:** Between 90% and 110% of target achievement, which is equivalent to 50% and 150% of the bonus	**Ruler for calculating project targets:** a) Program, Project, Subproject: 0%, 25%, 50%, 75%, or 100% b) Delivery: 0%, 100% c) KPIs: According to financial ruler
Periodicity of payment	**1st Semester:** Payment in September	**2nd Semester:** Payment in March

If the second semester compensates for any non-achievement (<90%) or partial achievement (between 90% and 99%) in the first semester, and the total target for the year is reached, an additional 50% of the pool for the first semester is guaranteed at the time of calculating the payment for the second semester.

The targets of each Statutory and Non-Statutory Executive Officer are defined individually, taking into account their area of expertise. There are also shared targets, especially those related to the Company's Strategic Map. The targets of the Statutory Executive Officers can only be changed during the fiscal year for extraordinary reasons and any adjustments must be evaluated by the People and Compensation Committee and approved by the Board of Directors, as applicable.

The earning potential of the short-term incentive per half-year is pegged to a multiple of the monthly base salary defined per career level, at the sole discretion of the Board of Directors, as recommended by the People and Compensation Committee, which assesses the competitive position of this compensation element in relation to the market, according to the best market practices.

- **Variable Compensation (Long-term Incentive - Stock Plan):** assisted by the People and Compensation Committee, the Board of Directors approves the members of the Statutory and Non-Statutory Board of Executive Officers who can take part in the Plan and receive restricted shares issued by the Company based on performance, subject to the terms and conditions of the Plan. The number of shares granted under the ILP Performance and ILP Master Programs will be stipulated based on the value of the compensation freely attributable to each of the Participants, being fixed by the Board of Directors, based on the individual performance evaluation, considering the best market practices, measured under the “9 Box” methodology, which considers the effective deliveries of each executive throughout the fiscal year, adherence to TOTVS's core competences and the future potential of such Executive Director's contribution to the Company. According to the 9 Box methodology, each Statutory and Non-Statutory Executive Officer is placed in a matrix with 9 squares, in which (i) the X axis (50% weight) represents result indicators bound to the individual quantitative targets set for the year (indicators such as EBITDA, Revenue, Cost, among others) that measures the effective performance of the Executive Officer; and (ii) Y axis (50% weight) measures adherence to strategic business competences (such as Operational Excellence, Innovation for Results, and Focus on Client Success, among others) and the potential that such executive officer has to undertake greater challenges, according to the determined succession plan. For the **ILP Performance Program**, as a result of the evaluation, the executive may receive a range between 0% and 130% in relation to the reference values adopted in light of the anchoring and alignment of the executive compensation package vis-à-vis the market comparative benchmark at the time of the granting. The result is submitted to the People and Compensation Committee to be reviewed, and to the Board of Directors' final resolution. The number of Restricted Shares to be transferred to the Participants after the vesting period of three (3) years will vary between 80% and 130% due to the achievement of long-term performance targets established and provided for in the respective contracts, focusing on the appropriate balance between the impact of management and the return to shareholders. In the case of the **ILP Master Program**, the vesting period is five (5) years, and in order to receive the Restricted Shares, such Participant must (i) at the end of the three-year period following the date of the granting, (ii) on the last day of May, August and November following the end of the said three-year period until the date of the effective delivery of the restricted shares by the Company, and (iii) on the date of the effective delivery of the Restricted Shares by the Company, prove to be the holder of Company shares whose market value corresponds to twelve (12) monthly fixed gross salaries. In case the dates to prove the ownership of the shares referred to in the sentence above coincide with periods forbidding the negotiation of Company shares, the verification will be done on the second business day immediately after the date on which the period of the corresponding prohibition to the Restricted Shares ends. In case the Participant does not meet any of these conditions, he/she will not be entitled to receive the Restricted Shares at the end of the vesting period. In the best interest of the Company and its shareholders, the Board of Directors may terminate or suspend the Plan, or even review its conditions, provided that it does not change the corresponding basic principles, especially the maximum limits to transfer restricted shares, as approved by the general meeting. The general meeting may also approve a new incentive plan based on the Company shares, also to allow the acquisition of shares in excess of the maximum limits approved in the plan then in force.

- **Benefits:** the benefit package is reviewed every year in view of the market practices identified with the help of consultants specialized in the matter. If there is any proposed change, it must be suggested by the People and Compensation Committee and approved by the Board of Directors.

➔ **key performance indicators taken into account, including, where appropriate, indicators linked to ESG issues**

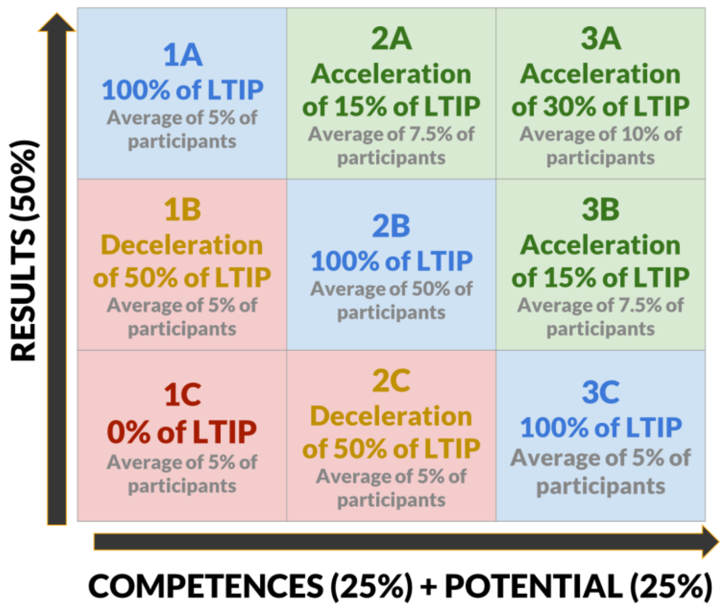
The performance measures selected by the Company to determine each of the short- and long-term variable compensation elements of the Board of Directors and Statutory Board of Executive Officers are related to the specific business and sector in which the company operates and, especially, applicable to the main value drivers.

The key performance indicators used to determine the **Short-Term Incentive** are:

- **Program triggers:** EBITDA and recurring revenue + transactional revenue of the Company, as well as contribution margin and recurring revenue of each business or expenses of each Board of Executive Officers, as defined for the period by the Board of Directors.

- **Individual target agreements:**
❖ Financial indicators, such as recurring revenue, operating costs and expenses;
❖ Productivity, efficiency and strategic projects indicators pegged to the Company's growth in the Management, Techfin, and Business Performance markets;
❖ Customer satisfaction indicators (e.g., NPS); and
❖ Indicators related to people, such as talent retention and engagement index.

The performance indicators used by the Board of Directors to determine the number of shares to be granted under the ILP Performance Program of the Stock Plan (**Long-Term Incentive**) is based on the "9Box" methodology, as described in section 8.1(b) (i) and (iii) and summarized in the table below:



The Company's internal and external long-term performance indicators that will determine the number of shares to be transferred to the Participants after the vesting period of three (3) years are measured from the combination of the following indicators considering the granting cycle:

Valid for the granting cycle carried out in 2022:

- **Total Shareholder Return ("TSR")** - Total shareholder return calculated in relation to the TSR of the companies that make up the IBrx-50 index. As a reference, this indicator shows the average price performance of the 50 most tradable and representative assets of the Brazilian stock market. TOTVS has been part of this index since 2021.

- **Evolution of Earnings per Share ("EPS"):** metric that measures the relationship between the net income of the Company's continuing operation and the number of shares that are part of the Company's Capital Stock related to market index.

- **Customer satisfaction:** measured through the NPS (Net Promoter Score) indicator, whose purpose is to measure the degree of loyalty of the customers of companies operating in any industry sector, reflecting customer satisfaction and experience. This indicator is broadly used by most companies due to its simplicity, reliability and flexibility.

Valid for the granting cycle carried out in 2023:

- **Total Shareholder Return ("TSR")** - total shareholder return calculated in relation to the TSR of the companies that make up the IBrx-50 index. As a reference, this indicator shows the average price performance of the 50 most tradable and representative assets of the Brazilian stock market. TOTVS has been part of this index since 2021.

- **Evolution of EBITDA:** a metric that measures the growth of the company's adjusted EBITDA over the years relative to the market index.

- **Customer satisfaction:** measured through the NPS (Net Promoter Score) indicator, whose purpose is to measure the degree of loyalty of the customers of companies operating in any industry sector, reflecting customer satisfaction and experience. This indicator is broadly used by most companies due to its simplicity, reliability and flexibility.

The performance indicators are strictly related to the company's business and the specific segment in which it operates, and are particularly applicable to the key value drivers of TOTVS. These three metrics together allow more complete monitoring of the Company's performance.

The same performance indicators used in the Short-Term Incentive and Long-Term Incentive are considered by the Board of Directors, as suggested by the People and Compensation Committee, to assess any adjustments to the fixed compensation of each statutory executive officer.

There are no performance criteria bound to the granting of fixed compensation and benefits. The package is the same for all executive officers, and there may be differences in value of the benefits granted depending on the position and/or region in which such executive officer works.

➔ **its proportion in the total compensation in the last 3 fiscal years**

The table below shows the proportion of each element in the total compensation of each body in relation to the last three fiscal years:

BOARD OF EXECUTIVE OFFICERS

Compensation Element	2022	2021	2020
Fixed	25%	26%	27%
Variable	71%	70%	68%
Benefits	4%	4%	5%

The increase in the ratio of variable compensation compared with fixed compensation over the years aligns appropriately with the medium- and long-term compensation strategy, with the purpose of boosting the Company's future performance.

(ii) reasons that justify the composition of compensation

The composition of the compensation considers the responsibilities of each position and has as parameter the values followed by the market for professionals who perform functions with similar complexity, in addition to seeking to align interests between management members and shareholders, contributing to the encouragement and retention of properly qualified professionals for the performance of their functions, as well as to attract new professionals whenever necessary.

BOARD OF DIRECTORS

The fixed compensation of the Board of Directors and benefits of the Chairman of the Board of Directors aims to ensure parity with market practices and international standards, representing the strategy of attracting and retaining qualified professionals, as well as the sustainability of the Company's business, providing the directors with appropriate forms of compensation in relation to the Company's long-term performance.

Board Members (except Chairman of the Board):

Fixed Compensation (Long Term - Stock Plan): the proposal for compensation of members of the Board of Directors for 2023 is aligned with the primary purpose of the board towards the organization's long-term success vision, and is justified to the extent that it:
(i) Strengthens the level of competitiveness for the strategy of attracting and retaining qualified professionals, as well as the sustainability of the Company's business;
(ii) Contributes to the achievement of the Company's strategic goals, to the extent that the 20% component of the total fixed compensation paid in shares, is performed in a deferred manner, only after 2 years of the end of the term, without any link with performance metrics, allowing a greater alignment of the Directors with the shareholders in the long term (sense of ownership);

(iii) Follows the best practices and one of the main trends in the domestic and international market. With reference to the "Annual survey of Board Governance and Compensation practices in Brazil", carried out by the compensation consultancy Korn Ferry, with technical support at the IBGC, released in December 2022 and acquired by TOTVS, there was a gradual increase, over the years, in the practice of share-based compensation for members of the Board of Directors in domestic and international companies with similar characteristics to that proposed by TOTVS.

Chairman of the Board:

- **Variable Compensation (Long-Term Incentive - Share Plan):** The compensation model is justified by the fact that the current Chairman of the Board of Directors is the founder of the Company, having held the position of President (CEO) for over 30 years. His level of knowledge, experience, and representativeness in the Company and toward other stakeholders (shareholders, customers, partners, public and private entities, etc.) is of great value. In this way, we understand that his position is differentiated because it adds a distinct set of skills, experiences and knowledge that make its contributions to the Board and TOTVS relevant to the success of the organization.

  Among the key skills of the current chairman of the Board of Directors are:
  (i) Amplitude and depth of knowledge about the technology sector and the software market, with respect and admiration of shareholders and customers, which allows him to exercise a benchmark role vis-à-vis the various stakeholders;
  (ii) Solid interpersonal skills in institutional representation, articulation and representativeness in the defense of strategic matters and governmental and sectoral issues that are relevant to the Company;
  (iii) Ability to navigate with great depth on complex topics related to the business and the sector, establishing a visionary leadership in the construction of TOTVS's strategic direction;
  (iv) Effectiveness in conducting Board discussions, stimulating engagement and seeking decisions;
  (v) Development and empowerment of the CEO.

  The following current activities inherent to the position of Chairman of TOTVS Board of Directors are noteworthy:
  (i) maintain a relationship with shareholders for governance matters and strategic guidelines;
  (ii) act with the entities of the technology sector, either in person or through the Company's Institutional Relations area, aiming at TOTVS being one of the reference companies in the construction of an ecosystem of growth and technological innovation in the country.
  (iii) whenever necessary, represent the Company before the Government, domestic or international political bodies, market entities, regulatory bodies, multilateral and/or international bodies and international associations of which the Company is a member; and
  (iv) act as a spokesperson for the Board of Directors, with authority to comment on the Company's institutional matters and issues related to the domestic and international stock markets.

  We also understand that the practice of stock-based compensation bound to performance metrics is in line with the best international practices and the role of chairman of the Board of ensuring the company's sustainability, without interfering with its supervisory functions of the Board of Directors and without presenting conflicts of interest. According to Korn Ferry's "2021 Study of Boards of Directors", acquired by TOTVS, around 80% of US companies practice Long Term Incentive as restricted shares for Board members, a practice that has been increasing year after year in the Brazilian market, accounting for 20% of the companies considered in the sample. TOTVS is one forerunner of this movement in Brazil.

  Thus, in order to ensure his retention and dedication, in view of the duties of the Chairman of TOTVS Board of Directors, as provided for in the Charter of the Company's Board of Directors, the stock-based variable compensation strategy aims at ensuring greater alignment of interests with shareholders, and the granting of benefits aims at ensuring parity with market practices applicable to positions with similar responsibilities.

STATUTORY AND NON-STATUTORY BOARD OF EXECUTIVE OFFICERS

The established compensation components aim to ensure parity with market practices and international standards, representing the strategy of attracting and retaining qualified professionals, as well as the sustainability of the Company's business, combining fixed monthly compensation with semi annual variable compensation (short term) and with the share plan (long term), providing executives with suitable incentives in relation to the Company's long-term performance. The variable compensation strategy bound to the Company's results aims at ensuring greater engagement, sense of ownership by the executives, encouragement to the Company's future performance, and greater alignment of interests with shareholders. At the same time, it also aims at guaranteeing retention, especially in a technology sector that suffers global competition for talents and that has been experiencing significant cost inflation and shortage of human resources. We understand that a critical factor for the Company's success is the ability to attract and retain its main executives and talents, and their compensation is an essential part of that.

(iii) the existence of members not paid by the issuer and the reason for this fact

Ms. Tania Sztamfater Chocolat, a member of the Board of Directors and also a member of the Board's Advisory Committees, waived the compensation because of her position at the Canada Pension Plan Investment Board ("CPPIB"). The CPPIB has internal policies prohibiting the receipt of additional compensation. It is important to emphasize that the other members of the Statutory Board of Executive Officers, Board of Directors and Advisory Committees of the Board are paid, except for the Statutory Executive Officers with regard to their participation in Advisory Committees of the Board.

d. existence of compensation borne by subsidiaries, controlled companies, or direct or indirect controllers

There is no compensation of statutory management members borne by subsidiaries, controlled companies or direct or indirect controllers in the Company.

e. existence of any compensation or benefit bound to the occurrence of a certain corporate event, such as disposal of the issuer's corporate control

Agreements with Statutory Executive Officers states the payment of indemnities to them exclusively in the event that the removal of an executive officer occurs after certain relevant corporate changes, such as changes in the Company's control; acquisitions and/or subscriptions by third parties of shares representing 20% of the Company's capital stock; corporate restructuring; or the resolution to dissolve the Company.

8.2 - Total Compensation of the Board of Directors, Statutory Board of Executive Officers, and Fiscal Council

The tables below show information on the compensation of the Company's Board of Directors, Fiscal Council and Statutory Board of Executive Officers: (i) recognized in the results for the fiscal years ended on December 31, 2022, December 31, 2021 and December 31, 2020, considering the number of members of each body to which the compensation was effectively attributed; and (ii) expected for the current fiscal year.

Proposal of total Compensation for the current Fiscal Year (December 31, 2023) - Annual Amounts				
	Board of Directors	**Board of Executive Officers**	**Fiscal Council**	**Total**
Total number of members	7.00	7.50	-	14.50
Number of paid members	7.00	7.50	-	14.50
Note	The number of members of each body was calculated as an annual average of each body, calculated monthly, in accordance with the methodology presented in Circular Letter/Annual-2023-CVM/SEP			
Fixed annual compensation				
Salary or management fees	4,067,399.29	10,117,428.50	-	14,184,827.79
Direct and indirect benefits	141,593.34	1,829,047.60	-	1,970,640.94
Participations in committees	1,519,760.74	-	-	1,519,760.74
Other	-	-	-	-
Description of other fixed compensations				
Variable compensation				
Bonuses	-	14,263,860.00	-	14,263,860.00
Profit sharing	-	-	-	-
Attendance to meetings	-	-	-	-
Commissions	-	-	-	-
Other	-	-	-	-
Description of other variable compensations		Variable compensation amounts include long-term performance targets monitored by the Board of Directors		
Post-employment	-	464,465.30	-	464,465.30
Termination of position	-	-	-	-
Stock-based (including options)	5,992,225.14	27,505,467.99	-	33,497,693.13
Note	The proposal presented to the Meeting provides for the amendment of the Stock Compensation Plan to cover members of the Board of Directors, whose term will begin on May 1, 2023	The proposal provides for the possibility of adding a member to the Statutory Board of Executive Officers during 2023		

Total compensation	11,720,978.51	54,180,269.39	-	65,901,247.90

Total compensation for the fiscal year ended (December 31, 2022) - Annual Amounts				
	Board of Directors	Board of Executive Officers	Fiscal Council	Total
Total number of members	7.00	7.00	1.00	15.00
Number of paid members	7.00	7.00	1.00	15.00
Note	The number of members of each body was calculated as an annual average of each body, calculated monthly, in accordance with the methodology presented in Circular Letter/Annual-2022-CVM/SEP			
Fixed annual compensation				
Salary or management fees	3,452,246.23	8,802,713.60	100,435.11	12,355,394.94
Direct and indirect benefits	128,669.06	1,548,438.76	-	1,677,107.82
Participations in committees	1,321,105.58	-	-	1,321,105.58
Other	-	-	-	-
Description of other fixed compensations				
Variable compensation				
Bonuses	-	5,439,576.20	-	5,439,576.20
Profit sharing	-	-	-	-
Attendance to meetings	-	-	-	-
Commissions	-	-	-	-
Other	-	-	-	-
Description of other variable compensations				
Post-employment	-	292,073.37	-	292,073.37
Termination of position	-	-	-	-

Stock-based (including options)	5,772,812.66	24,416,216.69	-	30,189,029.35
Note		.	Considering the end of the term of office of the Fiscal Council on April 19, 2022	
Total compensation	**10,674,833.53**	**40,499,018.62**	**100,435.11**	**51,274,287.26**

Total compensation for the Fiscal Year ended (December 31, 2021) - Annual Amounts				
	Board of Directors	**Board of Executive Officers**	**Fiscal Council**	**Total**
Total number of members	7.00	7.00	2.00	16.00
Number of paid members	7.00	7.00	2.00	16.00
Note	The number of members of each body was calculated as an annual average of each body, calculated monthly, in accordance with the methodology presented in Circular Letter/Annual-2021-CVM/SEP			
Fixed annual compensation				
Salary or management fees	3,381,243.84	7,840,102.31	231,277.16	11,452,623.31
Direct and indirect benefits	563,521.59	1,365,540.06	-	1,929,061.65
Participations in committees	1,247,073.98	-	-	1,247,073.98
Other	-	-	-	-
Description of other fixed compensations				
Variable compensation				
Bonuses	-	5,043,677.34	-	5,043,677.34
Profit sharing	-	-	-	-
Attendance to meetings	-	-	-	-
Commissions	-	-	-	-
Other	-	-	-	-
Description of other variable				

compensations				
Post-employment	-	124,022.27	-	124,022.27
Termination of position	-	-	-	-
Stock-based (including options)	4,679,013.54	19,312,195.63	-	23,991,209.17
Note			The Fiscal Council was implemented after the Meeting of April 20, 2021	
Total compensation	**9,870,852.95**	**33,685,537.61**	**231,277.16**	**43,787,667.72**

Total compensation for the Fiscal Year ended on December 31, 2020 - Annual Amounts				
	Board of Directors	**Board of Executive Officers**	**Fiscal Council***	**Total**
Total number of members	7.67	7.00	-	14.67
Number of paid members	7.67	7.00	-	14.67
Note	The number of members of each body was calculated as an annual average of each body, calculated monthly, in accordance with the methodology presented in Circular Letter/CVM/SEP No. 2/2020			
Fixed annual compensation				
Salary or management fees	3,452,224.00	7,472,519.96	-	10,924,743.96
Direct and indirect benefits	369,311.15	1,238,120.80	-	1,607,431.95
Participations in committees	1,010,995.20	-	-	1,010,995.20
Other	-	-	-	-
Description of other fixed compensations				
Variable compensation				
Bonuses	-	3,579,074.14	-	3,579,074.14
Profit sharing	-	-	-	-
Attendance to	-	-	-	-

meetings				
Commissions	-	-	-	-
Other	-	-	-	-
Description of other variable compensations				
Post-employment	-	161,884.25	-	161,884.25
Termination of position	-	92,195.26	-	92,195.26
Stock-based (including options)	2,139,000.00	15,025,297.32	-	17,164,297.32
Note			The Company does not have a Fiscal Council operating.	
Total compensation	**6,971,530.35**	**27,569,091.73**	**-**	**34,540,622.08**

8.3 - Variable Compensation of the Board of Directors, Statutory Board of Executive Officers, and Fiscal Council

The tables below show information on the variable compensation of the Company's Board of Directors, Fiscal Council and Statutory Board of Executive Officers: (i) recognized in the results for the fiscal years ended on December 31, 2022, December 31, 2021 and December 31, 2020, considering the number of members of each body to which the compensation was effectively attributed; and (ii) expected for the current fiscal year.

Variable compensation expected for the current fiscal year (2023)				
	Board of Directors	**Statutory Board of Executive Officers**	**Fiscal Council**	**Total**
Number of members	7.00	7.50	-	14.50
Number of paid members	7.00	7.50	-	14.50
Bonuses				
Minimum amount expected in the compensation plan	-	1,782,982.50	-	1,782,982.50
Maximum amount expected in the compensation plan	-	7,131,930.00	-	7,131,930.00

Amount expected in the compensation plan if the targets were met	-	7,131,930.00	-	7,131,930.00
Amount effectively recognized in the result of the last 3 fiscal years	-	-	-	-
Other				
Minimum amount expected in the compensation plan	-	5,705,544.00	-	5,705,544.00
Maximum amount expected in the compensation plan	-	8,558,316.00	-	8,558,316.00
Amount expected in the compensation plan if the targets were met	-	7,131,930.00	-	7,131,930.00
Amount effectively recognized in the result of the last 3 fiscal years	-	-	-	-
Note		Variable compensation amounts include long-term performance targets monitored by the Board of Directors	The Company does not have a Fiscal Council operating	

Note: The number of members of each body was calculated as an annual average of each body, in accordance with the methodology presented in Circular Letter/Annual-2023-CVM/SEP

Variable compensation - fiscal year ended on December 31, 2022				
	Board of Directors	**Statutory Board of Executive Officers**	**Fiscal Council**	**Total**
Number of members	7.00	7.00	1.00	15.00
Number of paid members	7.00	7.00	1.00	15.00
Bonuses				
Minimum amount expected in the compensation plan	-	1,596,564.25	-	1,596,564.25
Maximum amount expected in the compensation plan	-	6,386,257.00	-	6,386,257.00
Amount expected in the compensation plan if the targets were met	-	6,386,257.00	-	6,386,257.00
Amount effectively recognized in the result of the last 3 fiscal years	-	5,439,576.20	-	5,439,576.20

Profit sharing				
Minimum amount expected in the compensation plan	-	-	-	-
Maximum amount expected in the compensation plan	-	-	-	-
Amount expected in the compensation plan if the targets were met	-	-	-	-
Amount effectively recognized in the result of the last 3 fiscal years				
Note			The term of office of the Fiscal Council members ended on April 19, 2022	

Note: The number of members of each body was calculated as an annual average of each body, in accordance with the methodology presented in Circular Letter/Annual-2022-CVM/SEP

Variable compensation - fiscal year ended on December 31, 2021				
	Board of Directors	**Statutory Board of Executive Officers**	**Fiscal Council**	**Total**
Number of members	7.00	7.00	2.00	16.00
Number of paid members	7.00	7.00	2.00	16.00
Bonuses				
Minimum amount expected in the compensation plan	-	1,353,918.80	-	1,353,918.80
Maximum amount expected in the compensation plan	-	5,415,675.20	-	5,415,675.20
Amount expected in the compensation plan if the targets were met	-	5,415,675.20	-	5,415,675.20

Amount effectively recognized in the financial result for the fiscal year	-	5,043,677.34	-	5,043,677.34
Profit sharing				
Minimum amount expected in the compensation plan	-	-	-	-
Maximum amount expected in the compensation plan	-	-	-	-
Amount expected in the compensation plan if the targets were met	-	-	-	-
Amount effectively recognized in the result of the last 3 fiscal years				
Note			The Fiscal Council was implemented after the Meeting of April 20, 2021.	

Note: The number of members of each body was calculated as an annual average of each body, calculated monthly, in accordance with the methodology presented in Circular Letter/Annual-2022-CVM/SEP

Variable compensation - fiscal year ended on December 31, 2020				
	Board of Directors	Statutory Board of Executive Officers	Fiscal Council	Total
Number of members	7.67	7.00	-	14.67
Number of paid members	7.67	7.00	-	14.67
Bonuses				
Minimum amount expected in the compensation plan	-	1,197,233.84	-	1,197,233.84
Maximum amount expected in the compensation plan	-	4,788,935.36	-	4,788,935.36

Amount expected in the compensation plan if the targets were met	-	4,788,935.36	-	4,788,935.36
Amount effectively recognized in the financial result for the fiscal year	-	3,579,074.15	-	3,579,074.15
Profit sharing				
Minimum amount expected in the compensation plan	-	-	-	-
Maximum amount expected in the compensation plan	-	-	-	-
Amount expected in the compensation plan if the targets were met	-	-	-	-
Amount effectively recognized in the financial result for the fiscal year	-	1,137,218.00	-	1,137,218.00
Note			The Company does not have a Fiscal Council operating	

Note: The number of members of each body was calculated as an annual average of each body, calculated monthly, in accordance with the methodology presented in Circular Letter/CVM/SEP/No. 2/2021

8.4 - Stock-Based Compensation Plan for the Board of Directors and the Statutory Board of Executive Officers

The Company currently has a Stock-Based Incentive Plan in force called "Plan 3", approved at the Extraordinary General Meeting held on April 20, 2021. Plan 3 replaced, as of January 1, 2022, the Share-Based Incentive and Retention Plan approved at the Extraordinary General Meeting held on December 15, 2015 and amended on April 5, 2018 and April 18, 2019 ("Plan 2"), with the Restricted Shares granted in accordance with Plan 2 remaining unchanged and in force until December 31, 2021.

The Management's intention is to make the grants under Plan 3, having already made its first one in 2022, without prejudice to the Company's compliance with the remaining obligations as regards the granting already made. The proposal for grants made in 2022 and planned for the current fiscal year are based exclusively on the scope of this plan, including also the proposal for an amendment that will be submitted to the Meeting.

DESCRIPTION OF PLAN 2

a. general terms and conditions of the plan

The Stock-Based Incentive and Retention Plan approved at the Company's Extraordinary General Meeting held on December 15, 2015 was amended, as approved at the meetings held on April 5, 2018 and April 18, 2019 to improve its concepts, effectiveness, and simplicity, focusing on the central and most critical aspects.
The Plan is managed by the Company's Board of Directors with the support of the People and Compensation Committee, which has the authority to manage it, having, among others, the required authority to, subject to the terms and conditions of the Plan:

(i) decide on any and all measures connected to the management of the Plan, and to construe and apply the general rules provided for herein;
(ii) select, from among the persons eligible to take part in the Plan;
(iii) determine the number of Restricted Shares to be granted to each Participant;
(iv) decide on the acquisition of Shares by the Company itself, as necessary;
(v) approve the Agreement to be entered into between the Company and each of the Participants;
(vi) change the Vesting Periods, as well as the other terms and conditions of the Agreement to the extent that the rights of the Participants arising from or connected to the Plan are not impaired, being excluded from such limitation any adaptations that may be performed by the Board of Directors due to changes made in the applicable legislation;
(vii) review exceptional cases arising from or related to the Plan; and
(viii) settle questions regarding the interpretation of the general rules set forth in the Plan and to address omitted cases.

None of the Participants will have any of the rights and privileges of a Company's shareholder, including to receive dividends, interest on own equity, and other earnings until the date of the effective transfer of the Restricted Shares.
The Plan entered into force on the date of its approval by the Company's General Meeting on December 15, 2015 and was amended on April 5, 2018 and April 18, 2019. This plan has been replaced by Plan 3 as of January 1, 2022.
The main characteristics of Plan 2 are listed below:

- Shares: means the common shares issued by the Company.
- Restricted Shares: means the common shares issued by the Company to be delivered to the Participant, strictly under the terms and conditions set forth in the Plan and the Agreement.

• Vesting Period of the Regular Program: means, as regards the Regular Program, the vesting period of three (3) years from the Date of Granting of Restricted Shares, after which the Participant is entitled to become the holder of the Restricted Shares, and the Company is required to transfer the Restricted Shares to the Participant under the terms of the Agreement.

• Vesting Period of the Partners Program: means, as regards the Partners Program, the vesting period of three (3) years from the Date of Granting of Restricted Shares, after which the Participant is entitled to become holder of the Restricted Shares, and the Company is required to transfer the Restricted Shares to the Participant under the terms of the Agreement.

• Regular Program: means a part of the Plan consisting of: (i) Executive Program - for which employees and management members of the Company and/or of the controlled companies or subsidiaries of the Company, who are considered executives of the Company, will be eligible based on assessment and performance; and (ii) Highlights of the Year Program - for which employees of the Company and/or of the controlled companies or subsidiaries of the Company who are not executives and are considered highlights of the year based on assessment and performance will be eligible; all of them shall be appointed by the People and Compensation Committee and approved by the Company's Board of Directors, at its sole and exclusive discretion.

• Partners Program: means a part of the Plan to which certain employees and managers of the Company and/or of the Company's controlled or subsidiary companies may be invited to join, as nominated by the People and Compensation Committee and election made by the Company's Board of Directors at its sole discretion, based on individual and corporate assessment methods and performance, potential, career plan, and degree of bond with the Company.

b. date of approval and body in charge

Plan 2 was approved by resolution of the shareholders at the Company's Extraordinary General Meeting held on December 15, 2015, and amended by the Extraordinary General Meetings held on April 5, 2018 and April 18, 2019, to improve its concepts, effectiveness and simplicity, focusing on the central and most critical aspects.

c. maximum number of shares covered

The maximum number of Restricted Shares to be granted to Participants under the Plan cannot exceed Restricted Shares corresponding to five point sixty-eight percent (5.68%) of the Company's total capital stock, being included in this limit the granting carried out under the Stock-based Incentive and Retention Plan approved at the General Meeting held on December 15, 2015. Such dilution is in line with the context of the industry in which TOTVS is inserted in Brazil, considering its size, equity structure, historical growth and future potential, financial condition, and historical payment practices for performance.

d. maximum number of options to be granted

Not applicable, as Plan 2 does not include stock options.

e. conditions for the acquisition of shares

Regular Program. The Participants will be entitled to receive the Regular Program Restricted Shares, and the Company will have the obligation to transfer such Regular Program Restricted Shares at the end of the Regular Program's vesting period, in accordance with the procedures to be established in the Agreement, terms and conditions of the Plan.

Partners Program. In relation to the Partners Program, the Participants will be entitled to receive the Partners Program Restricted Shares, and the Company will have the obligation to transfer the title on such Partners Program Restricted Shares at the end of the Partners Program's vesting period, provided that the Participant has the amount equivalent to twelve (12) fixed monthly salaries invested in Company shares between the date of grant of the Restricted Shares (date of execution of the Agreement) and the date of delivery of the Restricted Shares, continuously and uninterruptedly.

A Participant who does not keep the amount equivalent to twelve (12) fixed monthly salaries invested in Company shares–continuously and uninterruptedly–after the date of the effective delivery of the Restricted Shares will not be eligible for future granting of Company's Partners Program Restricted Shares.

For current Participants of the Partners Program and for Participants eligible for the Partners Program in the fiscal year 2018, the amount equivalent to twelve (12) fixed monthly salaries invested in Company shares may be reached by the respective Participant within three (3) years from the date of granting of the Partners Program Restricted Shares for 2018, or from another criterion as may be defined by the Board of Directors.

f. criteria to determine the acquisition or strike price

This is not a stock option plan pursuant to Article 168, § 3 of the Brazilian Corporations Act, but instead, a compensation plan based on Restricted Shares to be directly delivered to the Participants. The reference price for calculating the number of Restricted Shares to be delivered under the Plan will correspond to the average closing price of Company shares in the thirty (30) trading sessions prior to the date of the effective delivery of Restricted Shares to the Participant, or to such another amount set under criteria determined by the Board of Directors that reflect the market value of the Shares.

g. criteria for determining the exercise period

Not applicable. This is not a stock option plan pursuant to Article 168, § 3 of the Brazilian Corporations Act, but instead, a compensation plan based on the delivery of Restricted Shares to be directly delivered to the Participants. After the vesting period of three (3) years from the date of grant of the restricted shares, the Participant will be entitled to become the holder of the Restricted Shares, and the Company will be required to transfer the Restricted Shares to the Participant.

h. form of settlement

The Plan has, among others, the purpose of granting Restricted Shares to certain Participants, without any financial consideration from them. The Company's obligation to transfer restricted shares under the Plan is: (i) subject to the execution of a Restricted Share Granting Agreement and Other Covenants with each of the Participants; and (ii) subject to the continuation of the employment and/or statutory bond, as the case may be, of each Participant with the Company until the end of the applicable vesting periods. Accordingly, once the requirements set forth in the Plan are met, the Participant will be entitled to receive such restricted shares, and the Company's management will be responsible for taking all necessary measures to formalize such transfer.

i. restrictions on the transfer of shares

Subject to the continuation of the employment and/or statutory bond, as the case may be, between the Participant and the Company and/or the Company's controlled or subsidiary companies until the end of the applicable Vesting Period and the rules contained in each Agreement, the Company will transfer the Restricted Shares to the Participant within thirty (30) days from the end of the Vesting Period, as applicable, as well as under the terms of the Agreement.

j. criteria and events that, in case of occurrence, cause the suspension, change, or termination of the plan

In the best interest of the Company and its shareholders, the Board of Directors may terminate or suspend the Plan or even review the conditions of the Plan, provided that it does not change the corresponding basic principles, especially the maximum limits for the transfer of Restricted Shares as approved by the General Meeting. The General Meeting may also approve a new incentive plan based on Company shares, also to allow the acquisition of shares in excess of the maximum limits approved in the Plan.

The Board of Directors may also provide for particular treatment for special cases and situations during the term of the Plan, provided that the rights already granted to the Participants and the basic principles of the Plan are not affected. Such particular treatment does not constitute a precedent able to be claimed by other Participants.

k. consequences in case a management member leaves the issuer's bodies, on his/her rights provided for in the stock-based compensation plan

None of the Plan provisions can be construed as constituting rights to Participants who are employees and/or statutory executive officers, as the case may be, in addition to those inherent to Restricted Shares, nor will any provision confer rights to the Participants regarding the guarantee to be maintained as an employee and/or statutory executive officer of the Company and/or with controlled companies or subsidiaries of the Company, or in any way will it interfere with the right of the Company, subject to the legal conditions and those arising from the employment or management contract (in the case of statutory Participants not bound by an employment contract), to terminate the relationship with the Participant at any time.

In the event of termination of the Participant on his/her own initiative at any time during the Vesting Periods, the Participant will be no longer entitled to receive restricted shares. Notwithstanding, the Participant will retain his/her title to any restricted shares in the Regular Program and to restricted shares in the Partners Program that are already owned by him/her after the lapse of the vesting periods.

In case of termination of the Participant at the Company's initiative without a cause, the Participant will be entitled to receive half of the restricted shares if more than two (2) years of the applicable Vesting Periods have elapsed. The Participant will lose the right to receive all other Restricted Shares in the Regular Program and/or the Partners Program.

In the event of termination for cause of the Participant, the Participant will lose the right to receive all restricted shares that have not been transferred by the time of such termination, regardless of the program applicable to the Participant.

In the event of the Participant's death, disappearance, or permanent disability, all vesting periods will be considered elapsed in advance, at the time of the Participant's death, disappearance, or disability.

DESCRIPTION OF PLAN 3

a. general terms and conditions

This Plan is managed by the Committee, with full authority to manage and construe it, by having, among others, the authority necessary to:

(i) approve the Programs provided for in this Plan, as well as its corresponding regulations;
(ii) decide on any and all measures connected to the management of this Plan, and to construe and apply the general rules provided for herein;
(iii) select, among the persons eligible to participate in this Plan, those who will participate in it in a certain fiscal year or set forth the criteria for their determination;
(iv) determine the number of Restricted Shares to be granted to each Participant, subject to the quantitative limit provided for in Clause 7 of the plan;
(v) approve the Agreement to be entered into between the Company and each of the Participants;
(vi) amend the Program provisions as necessary towards the management of this Plan, as well as to meet Company interests, as long as (a) such amendments do not violate the provisions of this Plan or of the Programs; or (b) Participants' rights arising from or related to this Plan are not harmed. This limitation excludes any adaptations that the Committee might perform in consequence of changes implemented in the law in force;
(vii) review exceptional cases arising from or related to this Plan; and
(viii) settle questions regarding the interpretation of the general rules set forth in this Plan and to address omitted cases.

"Committee" means the Company's People and Compensation Committee, as provided for in its bylaws, or another Committee that may be specifically created or appointed by the Board of Directors to manage the Plan, the members of which are not eligible Participants under this Plan.
The Committee decisions have a binding nature on the Company and the Participants, when they are made in compliance with this Plan, with the respective Program or with the applicable laws.

None of the Participants can be a Committee member, or attend discussions within its scope concerning this Plan or any Program or Agreement. In case a Committee member is nominated to take part in any of the Programs, his/her adhesion is conditioned on his/her prior resignation to the position of Committee member.

Further, none of the Participants can, in any other bodies of the Company management, take part in discussions or vote for any matter in which the Participant has a potential interest as regards this Plan, the Programs or any Agreement, as well as concerning his/her individual compensation within the scope of this Plan.

Plan 3 came into force on January 1, 2022, replacing Plan 2, and shall remain in force until December 14, 2025.

The main characteristics of Plan 3 are listed below:

- "Shares" means the common shares issued by the Company.
- "Restricted Shares" means the Shares that will be delivered to the respective Participants pursuant to this Plan and the Programs.
- "CLT" means the Brazilian Labor Laws (Consolidation of Labor Laws).
- "Board of Directors" means the Company's Board of Directors.
- "Agreement" means the Share Granting Agreement and Other Covenants approved by the Committee, to be executed by and between the Company and each Participant within the scope of the corresponding Programs.
- "Company" means TOTVS S.A.
- "Termination" means any action or fact that puts an end to the Participant's legal relationship with the Company, except in cases of retirement by the Brazilian National Social Security Institute (INSS) due to permanent disability, death, or court declaration of absence due to the Participant's disappearance. The

word 'Termination' covers, among others, the Participant's voluntary leaving, request for dismissal, resignation, removal, replacement or non-reelection as a statutory executive officer without an employment relationship, and termination of an employment contract for any reason, for cause or not, at the initiative of either party or upon mutual agreement.

- “Participants” means the employees and management members of the Company and its subsidiaries who are considered eligible under each of the Programs, excluding Committee members, who may be appointed annually by the Committee to take part in the Plan.
- “Vesting Periods” means the Vesting Period of the ILP Destaques Program, the Vesting Period of the ILP Performance Program, and the Vesting Period of the ILP Master Program, considered together.
- “Vesting Period of the ILP Destaques Program” means the vesting period of three (3) years from the execution of the corresponding Agreement, after which the Participant acquires the right to become the holder of the Restricted Shares granted under the ILP Highlights Program, and the Company shall transfer the Restricted Shares to the Participant under the terms of the Agreement.
- “Vesting Period of the ILP Performance Program” means the vesting period of three (3) years from the execution of the corresponding Agreement, after which the Participant acquires the right to become holder of the Restricted Shares granted under the ILP Performance Program, and the Company shall transfer the Restricted Shares to the Participant under the terms of the Agreement, subject to the achievement of the Company's long-term internal and external performance indicators, as provided for in the corresponding Agreement.
- “Vesting Period of the ILP Master Program” means the vesting period of five (5) years from the execution of the corresponding Agreement, after which the Participant acquires the right to become the holder of the Restricted Shares granted under the ILP Master Program, and the Company shall transfer the Restricted Shares to the Participant under the terms of the Agreement.
- “Plan” means this Share-Based Incentive Plan.
- “Programs” means, collectively, the ILP Destaques Program, the ILP Performance Program, and the ILP Master Program.
- “ILP Highlights Program” means the program, subject to this Plan, for which the Committee may nominate participants, annually, at its sole discretion, based on an individual performance assessment, which adopts an objective methodology approved by the Board of Directors, and is informed to the corresponding Participants, which includes criteria such as results, potential, and competences, certain employees of the Company and/or controlled companies in non-executive positions (below the Executive Manager or other position that may replace him) who are considered, in said assessment, “Highlights of the Year”. Although it is possible, there are no rules that require the Participant to be nominated every year to take part in this program.
- “ILP Master Program” means the program, subject to this Plan, for which the Committee may nominate annually, at its sole discretion, a selected group of individuals considered as key and critical to

the Company, holding executive positions, meaning those Participants holding the position of executive manager or higher (or other positions that might replace them), whether employees or statutory management members, based on an individual performance assessment, which adopts an objective methodology approved by the Board of Directors, and is informed to the corresponding Participants, including criteria like results, potential and competences. To be entitled to the restricted shares subject matter of the grant, the Participant ought to meet the "stock ownership guideline", which sets forth the following obligations (i) at the end of the three-year period after the date of grant, (ii) on the last day of May, August and November after the end of said three-year period until the date of the actual delivery of the restricted shares by the Company, and (iii) on the date of the actual delivery of the restricted shares by the Company, prove he/she is the holder of the Company shares whose market value corresponds to twelve (12) monthly fixed gross salaries. In case the dates to prove the ownership of the shares referred to in the sentence above coincide with periods forbidding the negotiation of Company shares, the verification will be done on the second business day immediately after the date on which the period of the corresponding prohibition ends. If the Participant does not meet any of these conditions, he/she will not be entitled to receive the restricted shares at the end of the vesting period. The Participant is the sole responsible for ensuring the compliance with these conditions, considering any variations in the value of his/her monthly fixed gross salary, as well as any variations in the market value of the Company's share. Although it is possible, there are no rules that require the participant to be nominated every year to take part in this program.

- "ILP Performance Program" means the program, subject to this Plan, for which Company executives are eligible to take part annually, as nominated by the Committee at its sole discretion, meaning those Participants holding the position of executive manager or higher (or other positions that might replace them), whether employees or statutory management members, based on the achievement of Company's long-term internal and external performance indicators established annually by the Board of Directors and informed to the Participants, and the individual performance assessment, which adopts an objective methodology approved by the Board of Directors, also informed to the respective Participants, including criteria like results, potential and competences.
- "Change of Control" means either of the following events: (i) acquisition of 30% or more of the shares representing the Company's capital stock by one shareholder or group of shareholders representing a common interest; or (ii) a corporate reorganization, including consolidation, acquisition, merger of shares, spin-off followed by the merger of the spin-off portion or any similar transaction resulting in the title of 30% or more of the shares representing the capital stock of the resulting company by one shareholder or group of shareholders representing a common interest.

b. date of approval and body in charge

The Share-Based Incentive and Retention Plan was approved by resolution of the shareholders at the Company's Extraordinary General Meeting held on April 20, 2021.

c. maximum number of shares covered

The maximum number of shares that may be granted under the Plan cannot exceed, when added to the Restricted Shares delivered under Plan 2, five point sixty-eight percent (5.68%) of the Company's capital stock.

d. maximum number of options to be granted

Not applicable, considering that stock options will not be granted as a result of the Plan.

e. conditions for the acquisition of shares

The acquisition conditions will be applicable as per the corresponding Program the Participant is eligible to take part in. Nonetheless, it is the Committee's responsibility to annually select Participants to each of the Programs, in compliance with each Program's selection criteria.

Specifically for the ILP Master Program, in order to receive the Restricted Shares, the respective Participant must (i) at the end of the three-year period following the date of the grant, (ii) on the last day of May, August and November following the end of the said three-year period until the date of the effective delivery of the restricted shares by the Company, and (iii) on the date of the effective delivery of the Restricted Shares by the Company, prove to be the holder of Company shares whose market value corresponds to twelve (12) monthly fixed gross salaries. In case the dates to prove the ownership of the shares referred to in the sentence above coincide with periods forbidding the negotiation of Company shares, the verification will be done on the second business day immediately after the date on which the period of the corresponding prohibition to the Restricted Shares ends. If the Participant does not meet any of these conditions, he/she will not be entitled to receive the Restricted Shares at the end of the vesting period.

Specifically for the ILP Performance Program, the number of Restricted Shares to be transferred to the Participants after the vesting period of three (3) years will vary between 70% and 130% due to the achievement of long-term performance targets established and provided for in the respective agreements, focusing on the appropriate balance between the impact of management and the return to shareholders.

For the first grant, decided at a Board of Directors' Meeting held on April 29, 2022, the performance, for the purposes of assessing the program, is measured based on the combination of the following indicators:

- Total Shareholder Return ("TSR") - total Shareholder return calculated in relation to the TSR of the companies that make up the IBrx-50 index. As a reference, this indicator shows the average price performance of the 50 most tradable and representative assets of the Brazilian stock market. TOTVS has been part of this index since 2021.

- Evolution of Earnings per Share ("EPS"): metric that measures the relationship between the net income of the Company's continuing operation and the number of shares that are part of the Company's Capital Stock.

- Customer satisfaction: measured through the NPS (Net Promoter Score) indicator, whose purpose is to measure the degree of loyalty of the customers of companies operating in any industry sector, reflecting customer experience. This indicator is broadly used by most companies due to its simplicity, reliability and flexibility.

For the second grant, scheduled to be held before May 2023, the proposal is that the performance, for the purposes of assessing the program, is measured from the combination of the following indicators:

- Total Shareholder Return ("TSR") - total Shareholder return calculated in relation to the TSR of the companies that make up the IBrx-50 index. As a reference, this indicator shows the average price performance of the 50 most tradable and representative assets of the Brazilian stock market. TOTVS has been part of this index since 2021.

- Evolution of EBITDA: a metric that measures the growth of the company's adjusted EBITDA over the years relative to the market index.

- Customer satisfaction: measured through the NPS (Net Promoter Score) indicator, whose purpose is to measure the degree of loyalty of the customers of companies operating in any industry sector, reflecting customer experience. This indicator is broadly used by most companies due to its simplicity, reliability and flexibility.

The performance indicators seen in 2022 are strictly related to the company's business and the specific industry in which it operates, and are particularly applicable to the key value drivers of TOTVS. These three metrics together allow more complete monitoring of the company's performance.

Each of the Participants will enter into a Share Granting Agreement and Other Covenants, as approved by the Committee, to be executed between the Company and each Participant within the scope of the respective Programs, which will provide for the granting of the corresponding Restricted Shares, as well as the terms and conditions for granting them (the "**Agreement**").

The Company's obligation to transfer the Restricted Shares within the scope of the Plan is subject to (i) the execution of an Agreement with each one of the Participants, (ii) the continuity of the employment and/or statutory bond, as the case may be, of each Participant with the Company until the end of the applicable vesting period, as detailed below; (iii) achieving the performance targets set forth for the Participants, in the case of the ILP Performance Program, as described in the corresponding Agreements; (iv) meeting the stock ownership guidelines set forth in the ILP Master Program, and (v) any other conditions described in the corresponding Programs and Agreements.

The **ILP Destaques Program** is subject to a three (3)-year vesting period from the execution of the corresponding Agreement, after which the Participant acquires the right to become the holder of the Restricted Shares granted under the ILP Destaques Program.

The **ILP Performance Program** is subject to a three (3)-year vesting period from the execution of the corresponding Agreement, after which the Participant acquires the right to become the holder of the Restricted Shares granted under the ILP Performance Program.

The **ILP Master Program** is subject to a five (5)-year vesting period from the execution of the corresponding Agreement, after which the Participant acquires the right to become the holder of the Restricted Shares granted under the ILP Master Program.

Subject to the maximum limit of Restricted Shares that may be granted under the Plan, and considering the number of Restricted Shares to be delivered to Participants under the Programs, the Committee may, in order to attract and retain certain key individuals of the Company and/or of companies controlled by the Company, at its sole discretion, use any remaining balance of Restricted Shares under the Plan to make additional grants of Restricted Shares to Participants, in a limited number. Such additional granting is subject to possible vesting periods, Participant's termination rules, and other specific terms and conditions to be freely set forth by the Committee, as provided for in the corresponding Agreements. The vesting period to be set by the Committee for this purpose will be at least three (3) years from the date of granting the Restricted Shares.

f. criteria to determine the acquisition or strike price

The Plan has, among others, the purpose of granting a long-term incentive to the Participants by granting Restricted Shares issued by the Company, without the payment of the strike price by the Participants. Therefore, this is not about a stock purchase option pursuant to article 168, § 3 of the Brazilian Law of Corporations, but instead, a compensation based on the delivery of shares to the Participants.

Notwithstanding, the reference price per Restricted Share, for the purposes of the Plan, corresponds to the average closing quotation of the Company shares in the sixty (60) trading days prior to the date of grant or another value in accordance with criteria defined by the Committee and that reflects the market value of the Restricted Shares.

g. criteria to determine the acquisition or exercise period

The transfer of the Restricted Shares is subject to a vesting period of 3 to 5 years, as detailed in section "d" above. Participants will be entitled to receive the total Restricted Shares if they maintain a relationship with the Company until the end of the applicable vesting period, according to the specific rules set forth under the Plan, the Programs and the Agreements, particularly when the Participant leaves the Company (i) at their own initiative or is terminated with cause, in which case the Participant will no longer be entitled to receive Restricted Shares; (ii) at the Company's initiative, without cause or upon mutual agreement, in which case the Participant will be entitled to receive a portion of the Restricted Shares; (iii) upon their compulsory retirement; or (iv) upon their death, disappearance and/or permanent disability, in which case the Participant will be entitled to receive the Restricted Shares in full.

h. form of settlement

As mentioned in section "e" above, this is a grant of a long-term incentive to the Participants, by means of granting shares issued by the Company, without any financial consideration from the Participants. Therefore, once the conditions set forth under the Plan, the Programs and the related Agreement are met, the Participant will be entitled to receive Restricted Shares within sixty (60) days from the end of the vesting period, and it will be responsibility of the Company's management to take all measures required to formalize such transfer.

At its discretion, the Company may pay in cash the amount corresponding to the value of Restricted Shares the Participant is entitled to instead of delivering the Restricted Shares to the Participant. If the Company chooses to pay in cash, the price per share will correspond to the average closing price of the Company shares in the sixty (60) trading days prior to the date of granting or another amount in accordance with criteria determined by the Committee and that reflects the market value of the Shares.

i. restrictions on the transfer of shares

After the Restricted Shares are transferred to Participants, they may sell, transfer or otherwise dispose of them without any restriction.

j. criteria and events that, in case of occurrence, cause the suspension, change or termination of the plan

In the interest of the Company and its shareholders, the People and Compensation Committee may terminate or suspend the Plan or even review the conditions of the Plan, provided that it does not change the corresponding basic principles, especially the maximum limits for the transfer of Restricted Shares as approved by the General Meeting.

The Committee may also establish a particular treatment for special cases and situations during the Plan term. It can also decide to grant additional Restricted Shares, provided this does not affect the rights already granted to the Participants and complies with the limit of the total number of Restricted Shares that can be granted under the Plan.

Although it does not entail the termination, suspension or change of the Plan, in the case of a Change of Control over the Company (as defined under the Plan), if the Participant is terminated involuntarily from the Company within twelve (12) months after such event, he/she will be entitled to the full payment of the Restricted Shares, in compliance with existing performance indicators and disclosed to the Participant upon the occurrence of the event. The provisions above apply after said twelve (12)-month period.

In the event of dissolution, conversion, merger, consolidation, spin-off or reorganization of the Company, whereby the Company is not the surviving company or, if it is the surviving company, it does not have its shares accepted to be negotiated in stock exchanges anymore, the effective Agreements, at the Committee's discretion, may: (i) be transferred to the new company; or (ii) have their Vesting Periods accelerated, as applicable.

k. consequences in case a management member leaves the issuer's bodies, on his/her rights provided for in the stock-based compensation plan

None of the Plan provisions can be construed as constituting rights to Participants who are employees and/or statutory management members, as the case may be, in addition to those inherent to the Restricted Shares, nor will any provision confer rights to the Participants regarding the guarantee to be maintained as an employee and/or statutory executive officer of the Company and/or with companies controlled by the Company, or in any way will it interfere with the right of the Company, subject to the legal conditions and those arising from the employment or management contract (in the case of statutory Participants not bound by an employment contract), to terminate the relationship with the Participant at any time.

In the event of termination of the Participant on his/her own initiative at any time during the Vesting Periods, as applicable, the Participant will be no longer entitled to receive Restricted Shares. Notwithstanding, the Participant will preserve the right of ownership on any Restricted Shares belonging to him/her upon the termination, due to the elapse of the applicable Vesting Periods.

In case of termination of the Participant at the Company's initiative without cause or upon mutual agreement, the Participant will be entitled to receive proportionally the Restricted Shares subject matter of the granting, in accordance with the time already elapsed of the applicable Vesting Periods calculated until the actual date of termination. As for the ILP Performance Program, the shares will be transferred only at the end of the corresponding Vesting Period and subject to the assessment of the performance targets set forth in the Agreement. For the purposes of proportionality, a full working month is considered as the one with at least 15 working days.

In case of compulsory retirement, the Participant will be entitled to receive in full the Restricted Shares that have been granted to him/her, with the early expiration of the Vesting Periods then in force, except in the case of the ILP Performance Program, where the payment will become due and payable only at the end of the corresponding Vesting Period and subject to the assessment of the performance targets set forth in the Agreement.

In the event of Change of Control, if the Participant is terminated involuntarily from the Company, he/she will be entitled to receive the Restricted Shares in full within twelve (12) months from said event, in accordance with the existing performance indicators and informed to the Participant upon the event in question. The provisions above apply after said twelve (12) months.

Other cases of termination not provided for above will be regulated by the Committee.

In case of death, disappearance or permanent disability of the Participant, all the Vesting Periods will be deemed as expired earlier, upon the death, disappearance or declaration of disability of the Participant by the Brazilian National Social Security Institute. This will make him/her or his/her respective successors, as applicable, entitled to receive the Restricted Shares in full within one hundred and eighty (180) days from the event in question. In case of the ILP Performance Program, the determination of the performance indicators will be disregarded, and the number of Restricted Shares set forth in the Agreement will be transferred.

8.5 - Share-based compensation in the form of stock options recognized in the result of the last 3 fiscal years and that foreseen for the current fiscal year of the Board of Directors and the Statutory Board of Executive Officers

The Company had a share-based compensation plan in the form of stock options called "Plan 1", approved at the Meeting of November 29, 2012, which was subsequently replaced by Plan 2. For fiscal years 2020, 2021 and 2022, there are no more options open under "Plan 1", so that there is no more information to be reported in this section.

8.6 - Granting of Stock Options performed in the last 3 fiscal years and foreseen for the current fiscal year, of the Board of Directors and the Statutory Board of Executive Officers

The Company had a share-based compensation plan in the form of stock options called "Plan 1", approved at the Meeting of November 29, 2012, which was subsequently replaced by Plan 2. For fiscal years 2020, 2021 and 2022, there are no more options open under "Plan 1", so that there is no more information to be reported in this section.

8.7 - Outstanding shares of the Board of Directors and the Statutory Board of Executive Officers at the end of the previous fiscal year

The table below presents information on the outstanding shares of the Company's Board of Directors and Statutory Board of Executive Officers at the end of the previous fiscal year.

TABLE REGARDING "PLAN 2":

Body	Board of Directors	Statutory Board of Executive Officers	Statutory Board of Executive Officers	Board of Directors	Statutory Board of Executive Officers	Statutory Board of Executive Officers
Grant	**27th granting**	**27th granting**	**28th granting**	**29th granting**	**29th granting**	**30th granting**
Number of members*	7.67	7.00	7.00	7.00	7.00	7.00
Number of paid members**	1.00	7.00	7.00	1.00	7.00	7.00
Date of granting	April 27, 2020	April 27, 2020	April 27, 2020	May 5, 2021	May 5, 2021	May 5, 2021
Outstanding shares						
Quantity	285,282	827,625	407,625	270,000	787,050	387,900
Vesting period of the shares	3 years	3 years	3 years	3 years	3 years	3 years
Maximum deadline to transfer shares	May 27, 2023	May 27, 2023	May 27, 2023	June 5, 2024	June 5, 2024	June 5, 2024
Restricted period to transfer shares	N/A	N/A	N/A	N/A	N/A	N/A
Reference price of the restricted shares	17.00	17.00	17.00	30.58	30.58	30.58
Fair value of the shares on the last day of the fiscal year	16.41	16.41	16.41	29.39	29.39	29.39
Fair value of the total shares on the last day of the fiscal year	4,681,477.62	13,581,326.25	6,689,126.25	7,935,300.00	23,131,399.50	11,400,381.00

*As informed in section 13.4, on April 27, 2020 the EGM approved the split-up of all shares issued by the Company, in the proportion of one common share to three shares of the same type, without changing the capital stock; the amounts mentioned above already reflect such effect for all grants.

TABLE REGARDING "PLAN 3":

Body	Statutory Board of Executive Officers	Board of Directors	Statutory Board of Executive Officers
Grant	31st granting	32nd granting	32nd granting
Number of members*	7.00	7.00	7.00
Number of paid members**	7.00	1.00	7.00
Date of grant	April 29, 2022	April 29, 2022	April 29, 2022
Outstanding shares			
Quantity	320,183	163,270	479,790
Vesting period of the shares	5 years	3 years	3 years
Maximum deadline to transfer shares	May 29, 2027	May 29, 2025	May 29, 2025
Restricted period to transfer shares	NA	NA	NA
Reference price of the restricted shares	32.87	32.87	32.87
Fair value of the shares on the last day of the fiscal year	30.90	31.67	31.67
Fair value of the total shares on the last day of the fiscal year	9,893,654.70	5,170,760.90	15,194,949.30

8.8 - Options Exercised Connected to the Share-Based Compensation of the Board of Directors and the Statutory Board of Executive Officers in the last 3 fiscal years

The Company had a share-based compensation plan in the form of stock options called "Plan 1", approved at the Meeting of November 29, 2012, which was subsequently replaced by Plan 2. For fiscal years 2020, 2021 and 2022, there are no more options open under "Plan 1", so that there is no more information to be reported in this section.

8.9 - Share-Based Compensation, in the Form of Shares to be Delivered Directly to Beneficiaries

We inform in the tables below the share-based compensation, in the form of shares to be delivered directly to the beneficiaries foreseen for the current fiscal year and referring to the last 3 fiscal years.

Share-based compensation in the form of shares to be delivered directly to beneficiaries – Forecast for the Fiscal Year to end on December 31, 2023		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.00	7.50
Number of paid members	7.00	7.50
Potential dilution in case of granting of all shares to beneficiaries	0.13%	0.68%

Share-based compensation in the form of shares to be delivered directly to beneficiaries – Forecast for the Fiscal Year to end on December 31, 2022		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.00	7.00
Number of paid members	1.00	7.00
Potential dilution in case of granting of all shares to beneficiaries	0.12%	0.52%

Share-based compensation in the form of shares to be delivered directly to beneficiaries – Forecast for the Fiscal Year to end on December 31, 2021		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.00	7.00
Number of paid members	1.00	7.00
Potential dilution in case of granting of all shares to beneficiaries	0.09%	0.39%

Share-based compensation in the form of shares to be delivered directly to beneficiaries – Forecast for the Fiscal Year to end on December 31, 2020		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.67	7.00
Number of paid members	1.00	7.00
Potential dilution in case of granting of all shares to beneficiaries	0.05%	0.20%

8.10 - Granting of Shares of the Board of Directors and the Statutory Board of Executive Officers

We inform in the tables below the information regarding the granting of shares of the Board of Directors and the Statutory Board of Executive Officers foreseen for the current fiscal year and referring to the last 3 fiscal years.

TABLES REGARDING "PLAN 2":

Grant of Shares – Forecast for the Fiscal Year ended on December 31, 2020 – Granting (27) of Restricted Shares		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.67	7.00
Number of paid members	1.00	7.00
Date of grant	April 27, 2020	April 27, 2020
Number of shares granted	285,282	827,625
Maximum deadline to deliver the shares	May 27, 2023	May 27, 2023
Restricted period to transfer shares	n/a	n/a
Fair value of the shares on the date of granting	16.41	16.41
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	4,681,477.62	13,581,326.25

Grant of Shares – Forecast for the Fiscal Year ended on December 31, 2020 – Granting (28) of Restricted Shares		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.67	7.00
Number of paid members	-	7.00
Date of grant	-	April 27, 2020
Number of shares granted	-	407,625
Maximum deadline to deliver the shares	-	May 27, 2023
Restricted period to transfer shares	-	n/a
Fair value of the shares on the date of granting	-	16.41
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	-	6,689,126.25

Grant of Shares – Forecast for the Fiscal Year ended on December 31, 2021 – Granting (29) of Restricted Shares		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.00	7.00
Number of paid members	1.00	7.00
Date of grant	May 5, 2021	May 5, 2021
Number of shares granted	270,000	787,050
Maximum deadline to deliver the shares	June 5, 2024	June 5, 2024
Restricted period to transfer shares	n/a	n/a
Fair value of the shares on the date of granting	29.39	29.39
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	7,935,300.00	23,131,399.50

Grant of Shares – Forecast for the Fiscal Year ended on December 31, 2021 – Granting (30) of Restricted Shares		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.00	7.00
Number of paid members	-	7.00
Date of grant	-	May 5, 2021
Number of shares granted	-	387,900
Maximum deadline to deliver the shares	-	June 5, 2024
Restricted period to transfer shares	-	n/a
Fair value of the shares on the date of granting	-	29.39
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	-	11,400,381.00

TABLES REGARDING "PLAN 3":

Grant of Shares – Forecast for the Fiscal Year ended on December 31, 2022 – Granting (31) of Restricted Shares		
	Board of Directors	**Statutory Board of Executive Officers**
Number of members	7.00	7.00
Number of paid members	-	7.00
Date of grant	-	April 29, 2022
Number of shares granted	-	320,183
Maximum deadline to deliver the shares	-	May 29, 2027
Restricted period to transfer shares	-	n/a
Fair value of the shares on the date of granting	-	30.90
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	-	9,893,654.70

Grant of Shares – Forecast for the Fiscal Year ended on December 31, 2022 – Granting (32) of Restricted Shares		
	Board of Directors	**Statutory Board of Executive Officers**
Number of members	7.00	7.00
Number of paid members	1.00	7.00
Date of grant	April 29, 2022	April 29, 2022
Number of shares granted	163,270	479,790
Maximum deadline to deliver the shares	May 29, 2025	May 29, 2025
Restricted period to transfer shares	n/a	n/a
Fair value of the shares on the date of granting	31.67	31.67
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	5,170,760.90	15,194,949.30

Grant of Shares – Forecast for the current Fiscal Year ended on December 31, 2023 - Granting (33) of Restricted Shares		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.00	7.50
Number of paid members	-	7.50
Date of grant	-	May 5, 2023
Number of shares granted	-	373,446*
Maximum deadline to deliver the shares	-	June 5, 2028
Restricted period to transfer shares	-	n/a
Fair value of the shares on the date of granting	-	to be determined
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	-	to be determined

*Considers estimate based on the average price of R$29.90 between the trading sessions February 3, 2023 to February 6, 2023

Grant of Shares – Forecast for the current Fiscal Year ended on December 31, 2023 - Granting (34) of Restricted Shares		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.00	7.50
Number of paid members	1.00	7.50
Date of grant	May 5, 2023	May 5, 2023
Number of shares granted	114,828*	639,707*
Maximum deadline to deliver the shares	June 5, 2026	June 5, 2026
Restricted period to transfer shares	n/a	n/a
Fair value of the shares on the date of granting	to be determined	to be determined
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	to be determined	to be determined

*Considers estimate based on the average price of R$29.90 between the trading sessions February 3, 2023 to February 6, 2023

Grant of Shares – Forecast for the current Fiscal Year ended on December 31, 2023 - Granting (35) of Restricted Shares		
	Board of Directors	**Statutory Board of Executive Officers**
Number of members	7.00	7.50
Number of paid members	6.00	-
Date of grant	May 5, 2023	-
Number of shares granted	22,476*	-
Maximum deadline to deliver the shares	June 5, 2026	-
Restricted period to transfer shares	n/a	-
Fair value of the shares on the date of granting	to be determined	-
Multiplication of the number of shares granted by the fair value of the shares on the date of granting	to be determined	-

*Considers estimate based on the average price of R$29.90 between the trading sessions February 3, 2023 to February 6, 2023

8.11 - Shares Delivered Relating to the Share-Based Compensation of the Board of Directors and the Statutory Board of Executive Officers

We inform in the tables below the information of the shares delivered related to the share-based compensation of the Board of Directors and the Statutory Board of Executive Officers in the last 3 fiscal years.

Shares Delivered – Fiscal Year ended on December 31, 2022		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.00	7.00
Number of paid members	1.00	6.00
Number of shares	283,905	848,250
Weighted average acquisition price	12.83	12.83
Weighted average market price of the acquired shares	32.38	32.38
Multiplication of the total shares acquired by the difference between the weighted average acquisition price and the weighted average market price of the acquired shares	9,192,843.90	27,466,335.00

Shares Delivered – Fiscal Year ended on December 31, 2021		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.00	7.00
Number of paid members	-	7.00
Number of shares	-	924,564
Weighted average acquisition price	-	9.84
Weighted average market price of the acquired shares	-	32.50
Multiplication of the total shares acquired by the difference between the weighted average acquisition price and the weighted average market price of the acquired shares	-	30,131,540.76

Shares Delivered – Fiscal Year ended on December 31, 2020		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.67	7.00
Number of paid members	-	6.00
Number of shares	-	777,799
Weighted average acquisition price	-	13.11
Weighted average market price of the acquired shares	-	24.59
Multiplication of the total shares acquired by the difference between the weighted average acquisition price and the weighted average market price of the acquired shares	-	19,126,077.41

8.12 - Information Required to Understand the Data Disclosed in Sections 8.5 to 8.11

a. pricing model

The fair value of the Restricted Shares issued under "Plan 2" and "Plan 3" is determined based on the market share value on the date of grant, minus the expected dividend for the vesting period, once the beneficiaries are not entitled to receive it. According to CPC-10, such amount is deferred and amortized during the vesting period.

b. data and assumptions used in the pricing model, including the weighted average price of shares, strike price, expected volatility, option life term, expected dividends and the risk-free interest rate

The data and assumptions used in the pricing model are shown in the table below:

TABLE REGARDING "PLAN 2"

Body	Board of Directors	Statutory Board of Executive Officers	Statutory Board of Executive Officers	Board of Directors	Statutory Board of Executive Officers	Statutory Board of Executive Officers
Grant	27th granting	27th granting	28th granting	29th granting	29th granting	30th granting
Date	April 27, 2020	April 27, 2020	April 27, 2020	May 5, 2021	May 5, 2021	May 5, 2021
Reference price of the restricted shares	17.00	17.00	17.00	30.58	30.58	30.58
Expectation of dividends	1.17%	1.17%	1.17%	1.31%	1.31%	1.31%
Expectation of volatility	NA	NA	NA	NA	NA	NA
Risk-free interest rate	NA	NA	NA	NA	NA	NA
Vesting period of the shares	3 years	3 years	3 years	3 years	3 years	3 years
Fair value	R$16.41	R$16.41	R$16.41	R$29.39	R$29.39	R$29.39

TABLE REGARDING "PLAN 3"

Body	Statutory Board of Executive Officers	Board of Directors	Statutory Board of Executive Officers	Statutory Board of Executive Officers	Board of Directors	Statutory Board of Executive Officers
Grant	31st granting	32nd granting	32nd granting	33rd granting	34th granting	35th granting
Date	April 29, 2022	April 29, 2022	April 29, 2022	May 5, 2023	May 5, 2023	May 5, 2023
Reference price of the restricted shares	32.87	32.87	32.87	29.90	29.90	29.90
Expectation of dividends	1.23%	1.23%	1.23%	NA	NA	NA
Expectation of volatility	NA	NA	NA	NA	NA	NA
Risk-free interest rate	NA	NA	NA	NA	NA	NA
Vesting period of the shares	5 years	3 years	3 years	5 years	3 years	3 years

Fair value	R$31.67	R$31.67	R$31.67	NA	NA	NA

c. method used and assumptions made to incorporate the expected effects of early exercise

The restricted shares have the vesting period rule of 3 and 5 years from the date of grant. This is the date of delivery of said shares. Thus, the assumption used to incorporate the expected effects of early exercise of such options was to recognize the restricted shares on the result throughout 3 and 5 years.

d. form of determination of the expected volatility

Not applicable, once we have only restricted shares.

e. if any other characteristic of the option was incorporated into the measurement of its fair value

Not applicable, once we have only restricted shares.

8.13 - Interests Issued by the Issuer, Its Direct or Indirect Controllers, Controlled Companies or Under Common Control, Grouped per Body

The table below shows the number of TOTVS shares held by members of the Board of Directors, the Statutory Board of Executive Officers and the Fiscal Council at the end of the previous fiscal year.

	Fiscal year ended on December 31, 2022			
Company	Board of Directors	Statutory Board of Executive Officers	Fiscal Council*	Total
TOTVS S.A.	86,171,000	1,736,016	-	87,907,016

* The decision to establish the Fiscal Council was made at the Annual General Meeting held on April 20, 2021. The term of office ended on April 19, 2022, and a new Council for the Fiscal Year 2022 was not established.

The Chairman of the Board of Directors and the Statutory Board of Executive Officers still have 3,928,725 restricted shares in the vesting period of "Plan 2" and "Plan 3" for stock-based compensation, as shown in section 8.7.

8.14 - Information on Pension Plans for Members of the Board of Directors and Statutory Executive Officers

In addition to the contribution to social security (INSS), the executive officers can voluntarily join the Company's private pension plan. The basic contribution consists of monthly payments with their amount limited to the range between 2% to 5% of the monthly fixed compensation (base salary) of the executive officer and has a counterpart (deposit of equal amount) from the Company. In addition, voluntary monthly or sporadic contributions can be made, however, without the Company's counterpart. To be entitled to redeem the amount deposited by the Company, the executive officer must contribute to the program for at least 3 years, and the percentage to be redeemed varies as shown in the table below:

Contribution time to the program	Percentage of the balance of the company's normal contributions
Up to 2 years and 11 months	-
From 3 years to 3 years and 11 months	30%
From 4 years to 4 years and 11 months	40%
From 5 years to 5 years and 11 months	50%
From 6 years to 6 years and 11 months	60%
From 7 years to 7 years and 11 months	70%
From 8 years to 8 years and 11 months	80%
From 9 years to 9 years and 11 months	90%
From 10 years on	100%

See below a table with information on the pension plans in force granted to members of the Board of Directors and Statutory Executive Officers:

Pension Plan in Force		
	Board of Directors	Statutory Board of Executive Officers
Number of members	7.00	7.00
Number of paid members	7.00	7.00
Plan name	N/A	TOTVS Private Pension Plan*
Number of managers who are eligible to retire	N/A	No executive is currently in retirement process
Conditions for early retirement	N/A	Early retirement is not possible
Updated accumulated amount of accrued contributions up to the end of the previous fiscal year, deducting the portion related to contributions made directly by the management members	N/A	R$1,918,990.86
Total accrued amount of contributions made during the previous fiscal year, deducting the portion relating to contributions made directly by the management members	N/A	R$292,073.37
Whether there is the possibility of early redemption and what the conditions are	N/A	The executive is entitled to redeem private pension contributions. However, with cancellation of the plan and no possibility of return. He will be eligible to the company's contribution, according to the length of contribution table

*The private pension plan does not include members of the Board of Directors.

8.15 - Maximum, Minimum and Average Individual Compensation of the Board of Directors, the Statutory Board of Executive Officers and the Fiscal Council

The table below shows information on the maximum, minimum and average individual compensation of the Board of Directors and the Statutory Board of Executive Officers, considering the last three fiscal years.
The values of the highest and lowest individual annual compensation of each body are calculated considering all the compensation portions recognized in each result.

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	Statutory Board of Executive Officers			Board of Directors		
	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2022	December 31, 2021	December 31, 2020
Number of members	7.00	7.00	7.00	7.00	7.00	7.67
Number of paid members	7.00	7.00	7.00	7.00	7.00	7.67
Highest compensation amount (in Reals)	12,482,437.41	9,114,888.24	4,888,046.07	7,525,386.24	8,349,782.24	2,878,838.40
Lowest compensation amount (in Reals)	3,828,106.94	2,933,016.19	1,859,255.18	460,918.15	425,881.84	407,616.00
Average compensation amount (in Reals)	5,785,618.54	4,812,219.66	3,938,441.68	1,524,976.20	1,410,121.85	909,330.05

	Fiscal Council		
	December 31, 2022	December 31, 2021	December 31, 2020
Number of members	1.00	2.00	*
Number of paid members	1.00	2.00	*
Highest compensation amount (in R$)	100,435.11	77,092.39	-
Lowest compensation amount (in R$)	100,435.11	77,092.39	-
Average compensation amount (in R$)	100,435.11	77,092.39	-

*The Company did not have a Fiscal Council operating until April 20, 2021.
**End of the term of office of the Fiscal Council on April 19, 2022
Note: The number of members of each body was calculated as an annual average, in accordance with the methodology presented in Circular Letter/Annual-2023-CVM/SEP

Statutory Board of Executive Officers	
December 31, 2022	Management members who held the position for less than 12 months were excluded from the minimum, average, and maximum compensation calculations. The highest amount includes funds related to fees, vacation pay, 13th salary and return from vacation. Permanence in the position of the member with the highest compensation: 12 months.
December 31, 2021	Management members who held the position for less than 12 months were excluded from the minimum, average, and maximum compensation calculations. The highest amount includes funds related to fees, vacation pay, 13th salary and return from vacation. Permanence in the position of the member with the highest compensation: 12 months.
December 31, 2020	Management members who held the position for less than 12 months were excluded from the minimum, average, and maximum compensation calculations. The highest amount includes funds related to fees, vacation pay, 13th salary and return from vacation. Permanence in the position of the member with the highest compensation: 12 months.

Board of Directors	
December 31, 2022	Management members who held the position for less than 12 months were excluded from the minimum, average, and maximum compensation calculations. The highest amount includes funds related to fees, vacation pay, 13th salary and return from vacation. Permanence in the position of the member with the highest compensation: 12 months.
December 31, 2021	Management members who held the position for less than 12 months were excluded from the minimum, average, and maximum compensation calculations. The highest amount includes funds related to fees, vacation pay, 13th salary and return from vacation. Permanence in the position of the member with the highest compensation: 12 months.
December 31, 2020	Management members who held the position for less than 12 months were excluded from the minimum, average, and maximum compensation calculations. The highest amount includes funds related to fees, vacation pay, 13th salary and return from vacation. Permanence in the position of the member with the highest compensation: 12 months.

Fiscal Council	
December 31, 2022	The term of office of the Fiscal Council ended on April 19, 2022. The highest amount includes funds related to fees, vacation pay, 13th salary and return from vacation. Permanence in the position of the member with the highest compensation: 4 months.
December 31, 2021	The Company did not have a Fiscal Council operating until April 20, 2021 The highest amount includes funds related to fees, vacation pay, 13th salary and return from vacation. Permanence in the position of the member with the highest compensation: 8 months.
December 31, 2020	The Company does not have a Fiscal Council operating.

8.16 - Mechanisms of Compensation or Indemnity for Managers in Case of Removal from Office or Retirement

If the Company terminates the agreement with no cause within twelve (12) months from the date of a Material Corporate Change, the Statutory Executive Officer will be entitled to receive an indemnity equivalent to eighteen (18) monthly compensations in force at the time of termination, as well as he will be entitled to receive all the amounts related to the Target Bonus Program.

The Company and its subsidiaries keep in full force a Civil Liability insurance policy for Managers - D&O world class, which provides for the payment or reimbursement of expenses borne by managers and other insured, resulting from the redress for damage caused to third parties or to the Company. The current policy number 087372022010310000726 (insurance policy registered with SUSEP under number 15414.901229/2017-25), executed with the insurance company AIG SEGUROS BRASIL SA, is effective and in force until July 1, 2023, and has a maximum indemnity limit of R$100.0 million. Despite being covered by the current D&O policy contracted in Brazil, the executive officers and management members of operations in Mexico, Argentina and the USA are also covered by a local policy issued in each of those countries, with a coverage value of USD 1.0 million, aiming at speeding up the reimbursement of expenses arising from possible losses.

8.17 - Percentage in the Total Compensation Held by Management Members and Fiscal Council Members that are Parties Related to the Controllers

Not applicable. There is no direct or indirect controller in the Company.

8.18 - Compensation of Management Members and Fiscal Council Members, Grouped per Body, Received for any Reason other than the Position held

Not applicable, considering that in the last 3 fiscal years, Company's management members and fiscal council members have not received any compensation due to any reason other than the position they hold.

8.19 - Compensation of Management Members and Fiscal Council Members recognized in the Result of Direct or Indirect Controllers, of Companies under Common Control and Subsidiaries of the Issuer

There are no management members in the Company that receive compensation through direct or indirect controllers, companies under common control, or subsidiaries of the issuer.

8.20 - Other Material Information

We will start this section by demonstrating, for comparison purposes, in subsection (A), the overall annual compensation of the members of the Company's Board of Directors and Board of Executive Officers in the fiscal year 2022, and later, in subsection (B), the proposal for overall annual compensation of the Management for the fiscal year 2023:

(A) Fiscal Year 2022

At the Annual General Meeting held on April 19, 2022, the total compensation amount of up to fifty-four million, two hundred and ninety thousand, two hundred and forty-one Reals and fifty-nine cents (R$54,290,241.59) was approved for the fiscal year 2022, comprising the Fixed, Variable (bonus) Compensation, Benefits and Share-Based Compensation of the Board of Directors and the Statutory Board of Executive Officers. Of the total amount approved, fifty-one million, two hundred and seventy-four thousand, two hundred and eighty-seven Reals and twenty-six cents (R$51,274,287.26) were effectively paid, as shown in the tables below:

PROPOSED VS. PERFORMED 2022

	Proposed 2022				Performed 2022			
	Board of Directors	Board of Executive Officers	Fiscal Council	Total	Board of Directors	Board of Executive Officers	Fiscal Council	Total
Number of Members	7.00	7.50	1.00	15.50	7.00	7.00	1.00	15.00
Fixed Annual Compensation (FC)								
Salary or management fees	3,659,410.96	9,364,611.11	125,349.74	13,149,371.81	3,452,246.23	8,802,713.60	100,435.11	12,355,394.94
Direct and indirect benefits	132,119.25	1,560,992.41	0.00	1,693,111.66	128,669.06	1,548,438.76	0.00	1,677,107.82
Compensation for participations in Committees	1,417,026.32	0.00	0.00	1,417,026.32	1,321,105.58	0.00	0.00	1,321,105.58
Total FC	**5,208,556.53**	**10,925,603.53**	**125,349.74**	**16,259,509.80**	**4,902,020.87**	**10,351,152.36**	**100,435.11**	**15,353,608.34**
Variable Compensation (VC)								
Bonuses	0.00	6,749,407.85	0.00	6,749,407.85	0.00	5,439,576.20	0.00	5,439,576.20
Total VC	**0.00**	**6,749,407.85**	**0.00**	**6,749,407.85**	**0.00**	**5,439,576.20**	**0.00**	**5,439,576.20**
Total FC + VC	**5,208,556.53**	**17,675,011.37**	**125,349.74**	**23,008,917.64**	**4,902,020.87**	**15,790,728.56**	**100,435.11**	**20,793,184.54**
Other								
Post-employment benefits	0.00	430,922.65	0.00	430,922.65	0.00	292,073.37	0.00	292,073.37
Benefits for termination of tenure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total VC + Other	**0.00**	**7,180,330.50**	**0.00**	**7,180,330.50**	**0.00**	**5,731,649.57**	**0.00**	**5,731,649.57**
Total FC + VC + Other	**5,208,556.53**	**18,105,934.02**	**125,349.74**	**23,439,840.29**	**4,902,020.87**	**16,082,801.93**	**100,435.11**	**21,085,257.91**
Stock-based compensation (1)								
Accounting recognition - current year's granting	1,192,592.67	5,328,884.71	0.00	6,521,477.38	1,149,057.96	4,695,809.36	0.00	5,844,867.32
Accounting recognition - previous years' granting	4,608,516.62	19,720,407.30	0.00	24,328,923.92	4,623,754.70	19,720,407.33	0.00	24,344,162.03
Total stock-based Compensation	**5,801,109.29**	**25,049,292.01**	**0.00**	**30,850,401.30**	**5,772,812.66**	**24,416,216.69**	**0.00**	**30,189,029.35**
Grand Total	**11,009,665.82**	**43,155,226.04**	**125,349.74**	**54,290,241.59**	**10,674,833.53**	**40,499,018.62**	**100,435.11**	**51,274,287.26**

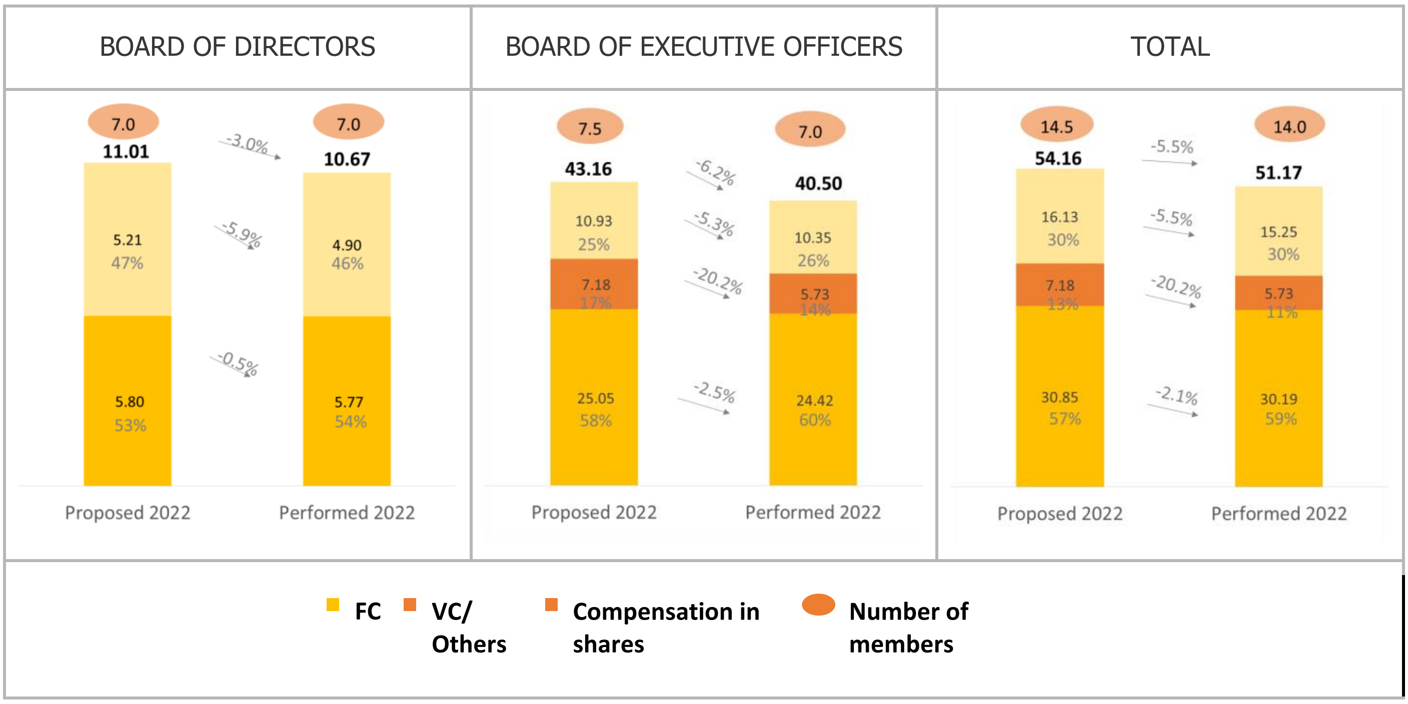
(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10). Note: the amount performed in 2022 from the accounting recognition of previous years of the share-based compensation refers to two hundred and forty-four thousand, eighty-two Reals and ninety-eight cents (R$244,082.98), of the 2018 granting; one million, six hundred and twenty-seven thousand, seventy-five Reals and fifty-one cents (R$1,627,075.51), of the 2019 granting; eight million, three hundred and seventeen thousand, three hundred and ten Reals and eight cents (R$8,317,310.08), of the 2020 granting; and fourteen million, one hundred and fifty-five thousand, six hundred and ninety-three Reals and forty-six cents (R$14,155,693.46) of the 2021 granting. The number of members of each body was calculated as an annual average, in accordance with the methodology presented in Circular Letter/Annual-2023-CVM/SEP.

VARIATION PROPOSED VS. PERFORMED 2022

	Performed in 2022 versus Proposed for 2022							
	Absolute variation				Percentage variation (%)			
	Board of Directors	Board of Executive Officers	Fiscal Council	Total	Board of Directors	Board of Executive Officers	Fiscal Council	Total
Number of Members	0.00	-0.50	0.00	-0.50	0.00%	-6.67%	0.00%	-3.23%
Fixed Annual Compensation (FC)								
Salary or management fees	-207,164.73	-561,897.51	-24,914.63	-793,976.87	-5.66%	-6.00%	-19.88%	-6.04%
Direct and indirect benefits	-3,450.19	-12,553.65	0.00	-16,003.84	-2.61%	-0.80%	-	-0.95%
Compensation for participations in Committees	-95,920.74	0.00	0.00	-95,920.74	-6.77%	-	-	-6.77%
Total FC	**-306,535.66**	**-574,451.17**	**-24,914.63**	**-905,901.46**	**-5.89%**	**-5.26%**	**-19.88%**	**-5.57%**
Variable Compensation (VC)								
Bonuses	0.00	-1,309,831.65	0.00	-1,309,831.65	-	-19.41%	-	-19.41%
Total VC	0.00	-1,309,831.65	0.00	-1,309,831.65	-	-19.41%	-	-19.41%
Total FC + VC	**-306,535.66**	**-1,884,282.81**	**-24,914.63**	**-2,215,733.10**	**-5.89%**	**-10.66%**	**-19.88%**	**-9.63%**
Other								
Post-employment benefits	0.00	-138,849.27	0.00	-138,849.27	-	-32.22%	-	-32.22%
Benefits for termination of tenure	0.00	0.00	0.00	0.00	-	-	-	-
Total VC + Other	**0.00**	**-1,448,680.92**	**0.00**	**-1,448,680.92**	**-**	**-20.18%**	**-**	**-20.18%**
Total FC + VC + Other	**-306,535.66**	**-2,023,132.09**	**-24,914.63**	**-2,354,582.38**	**-5.89%**	**-11.17%**	**-19.88%**	**-10.05%**
Stock-based compensation [1]								
Accounting recognition - current year's granting	-43,534.71	-633,075.35	0.00	-676,610.06	-3.65%	-11.88%	-	-10.38%
Accounting recognition - previous years' granting	15,238.08	0.03	0.00	15,238.11	0.33%	0.00%	-	0.06%
Total stock-based Compensation	**-28,296.63**	**-633,075.32**	**0.00**	**-661,371.95**	**-0.49%**	**-2.53%**	**-**	**-2.14%**
Grand Total	**-334,832.29**	**-2,656,207.41**	**-24,914.63**	**-3,015,954.33**	**-3.04%**	**-6.16%**	**-19.88%**	**-5.56%**

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10). Note: The number of members of each body was calculated as an annual average, in accordance with the methodology presented in Circular Letter/Annual-2023-CVM/SEP.

PROPOSED VS. PERFORMED 2022



*The value of the Proposal and Performed 2022 in the Total chart incorporates the sum of the Board of Directors and the Board of Executive Officers.

As shown in the tables above, the performance of 5.56% below the limit actually approved occurred due to the following factors:

- The new member of the Board of Executive Officers foreseen in the proposal for the second half of the fiscal year 2022 was not hired;
- There was the election of the members of the Board of Directors, among whom one voluntarily waived the receipt of compensation;
- Bonus values of the Board of Executive Officers accounted for below that originally provided for in the proposal;
- Individual adhesion of the Board of Executive Officers to the post-employment benefit connected to the private pension plan at a level lower than that provided for in the proposal; and
- Granting of restricted shares in the grants made in 2022 in an amount 14% lower than that originally provided for in the Compensation Proposal for 2022, since the expected exceeding in the individual performance was not actually seen.

(B) Fiscal Year 2023

The Company's Management proposes the overall annual compensation of the members of the Board of Directors and the Statutory Board of Executive Officers for 2023, pursuant to the meeting of the Board of Directors held on March 15, 2023, in the amount of up to sixty-five million, nine hundred and one thousand, two hundred and forty-seven Reals and eighty-nine cents (R$65,901,247.89), 21.39% above the overall compensation proposed for the fiscal year 2022. This growth is mainly due to the increase in the "variable compensation" line, which in itself has an increase of seven million, five hundred and fourteen thousand, four hundred and fifty-two Reals and fifteen cents (R$7,514,452.15), equivalent to an increase of 111.33% year-over-year, as shown in the table below, and which will be detailed ahead in the document:

OVERALL COMPENSATION OF MANAGEMENT MEMBERS

	Proposal 2023				Proposal 2022			
	Board of Directors	Board of Executive Officers	Fiscal Council	Total	Board of Directors	Board of Executive Officers	Fiscal Council	Total
Number of Members	7.00	7.50	0.00	14.50	7.00	7.50	1.00	15.50
Fixed Annual Compensation (FC)								
Salary or management fees	4,067,399.29	10,117,428.50	0.00	14,184,827.79	3,659,410.96	9,364,611.11	125,349.74	13,149,371.81
Direct and indirect benefits	141,593.34	1,829,047.60	0.00	1,970,640.94	132,119.25	1,560,992.41	0.00	1,693,111.66
Compensation for participations in Committees	1,519,760.74	0.00	0.00	1,519,760.74	1,417,026.32	0.00	0.00	1,417,026.32
Total FC	**5,728,753.37**	**11,946,476.10**	**0.00**	**17,675,229.47**	**5,208,556.53**	**10,925,603.53**	**125,349.74**	**16,259,509.80**
Variable Compensation (VC)								
Bonuses	0.00	14,263,860.00	0.00	14,263,860.00	0.00	6,749,407.85	0.00	6,749,407.85
Total VC	**0.00**	**14,263,860.00**	**0.00**	**14,263,860.00**	**0.00**	**6,749,407.85**	**0.00**	**6,749,407.85**
Total FC + VC	**5,728,753.37**	**26,210,336.10**	**0.00**	**31,939,089.47**	**5,208,556.53**	**17,675,011.37**	**125,349.74**	**23,008,917.64**
Other								
Post-employment benefits	0.00	464,465.30	0.00	464,465.30	0.00	430,922.65	0.00	430,922.65
Benefits for termination of tenure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total VC + Other	**0.00**	**14,728,325.30**	**0.00**	**14,728,325.30**	**0.00**	**7,180,330.50**	**0.00**	**7,180,330.50**
Total FC + VC + Other	**5,728,753.37**	**26,674,801.40**	**0.00**	**32,403,554.77**	**5,208,556.53**	**18,105,934.02**	**125,349.74**	**23,439,840.29**
Stock-based compensation (1)								
Accounting recognition - current year's granting	912,264.17	5,833,778.84	0.00	6,746,043.01	1,192,592.67	5,328,884.71	0.00	6,521,477.38
Accounting recognition - previous years' granting	5,079,960.97	21,671,689.14	0.00	26,751,650.11	4,608,516.62	19,720,407.30	0.00	24,328,923.92
Total stock-based Compensation	**5,992,225.14**	**27,505,467.99**	**0.00**	**33,497,693.12**	**5,801,109.29**	**25,049,292.01**	**0.00**	**30,850,401.30**
Grand Total	**11,720,978.50**	**54,180,269.39**	**0.00**	**65,901,247.89**	**11,009,665.82**	**43,155,226.04**	**125,349.74**	**54,290,241.59**

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).
Note: the granting made in previous fiscal years were approved by the competent bodies, in accordance with the Share-Based Incentive and Retention Plans approved by the shareholders at General Meetings held, respectively, on December 15, 2015 that was amended on April 5, 2018 and April 18, 2019, having been, therefore, already granted to the beneficiaries. The number of members of each body was calculated as an annual average, in accordance with the methodology presented in Circular Letter/Annual-2023-CVM/SEP

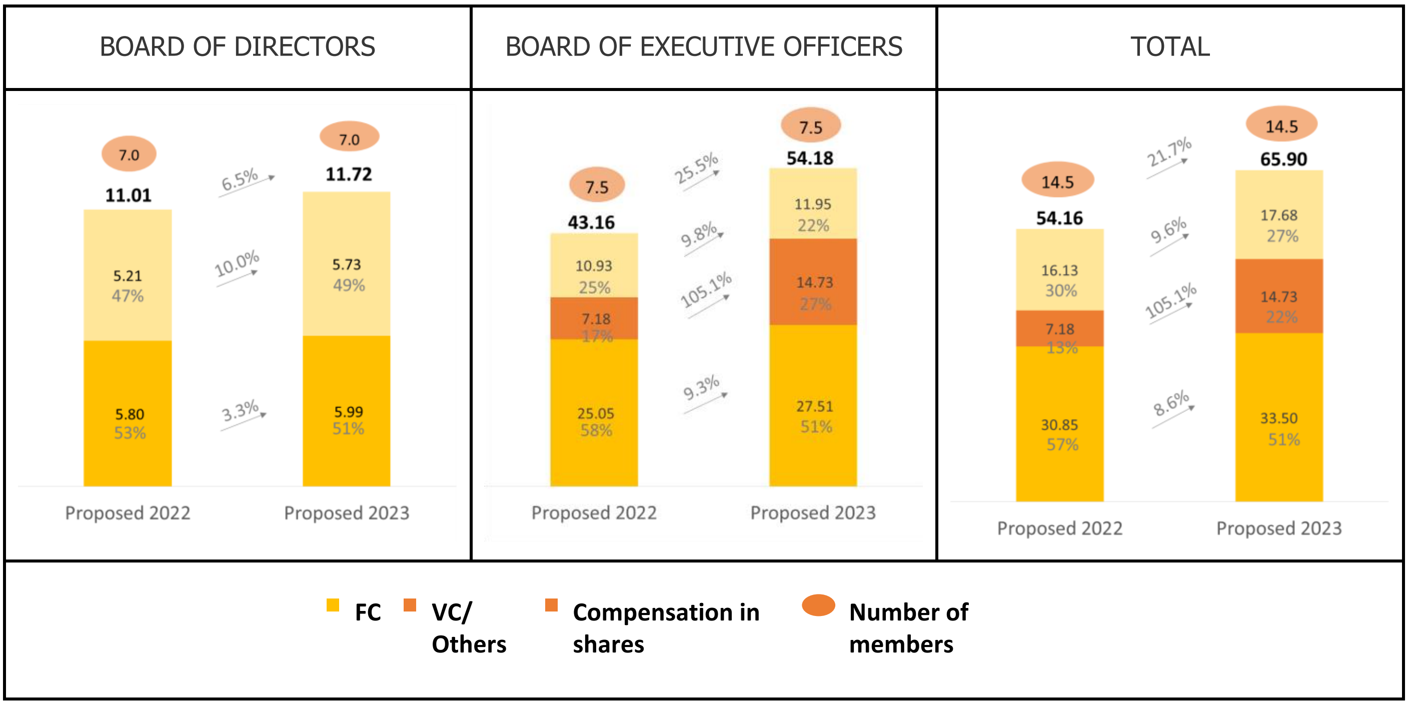
OVERALL COMPENSATION OF MANAGEMENT MEMBERS - YEAR-OVER-YEAR VARIATION

	Proposal 2023 versus Proposal 2022							
	Absolute variation				Percentage variation (%)			
	Board of Directors	Board of Executive Officers	Fiscal Council	Total	Board of Directors	Board of Executive Officers	Fiscal Council	Total
Number of Members	0.00	0.00	-1.00	-1.00	0.00%	0.00%	-100.00%	-6.45%
Fixed Annual Compensation (FC)								
Salary or management fees	407,988.33	752,817.39	-125,349.74	1,035,455.98	11.15%	8.04%	-100.00%	7.87%
Direct and indirect benefits	9,474.09	268,055.19	0.00	277,529.28	7.17%	17.17%	-	16.39%
Compensation for participations in Committees	102,734.42	0.00	0.00	102,734.42	7.25%	-	-	7.25%
Total FC	**520,196.83**	**1,020,872.57**	**-125,349.74**	**1,415,719.67**	**9.99%**	**9.34%**	**-100.00%**	**8.71%**
Variable Compensation (VC)								
Bonuses	0.00	7,514,452.15	0.00	7,514,452.15	-	111.33%	-	111.33%
Total VC	0.00	7,514,452.15	0.00	7,514,452.15	-	111.33%	-	111.33%
Total FC + VC	**520,196.83**	**8,535,324.73**	**-125,349.74**	**8,930,171.82**	**9.99%**	**48.29%**	**-100.00%**	**38.81%**
Other								
Post-employment benefits	0.00	33,542.65	0.00	33,542.65	-	7.78%	-	7.78%
Benefits for termination of tenure	0.00	0.00	0.00	0.00	-	-	-	-
Total VC + Other	**0.00**	**7,547,994.80**	**0.00**	**7,547,994.80**	**-**	**105.12%**	**-**	**105.12%**
Total FC + VC + Other	**520,196.83**	**8,568,867.38**	**-125,349.74**	**8,963,714.47**	**9.99%**	**47.33%**	**-100.00%**	**38.24%**
Stock-based compensation (1)								
Accounting recognition - current year's granting	-280,328.50	504,894.13	0.00	224,565.64	-23.51%	9.47%	-	3.44%
Accounting recognition - previous years' granting	471,444.35	1,951,281.84	0.00	2,422,726.19	10.23%	9.89%	-	9.96%
Total stock-based Compensation	**191,115.85**	**2,456,175.97**	**0.00**	**2,647,291.82**	**3.29%**	**9.81%**	**-**	**8.58%**
Grand Total	**711,312.68**	**11,025,043.35**	**-125,349.74**	**11,611,006.29**	**6.46%**	**25.55%**	**-100.00%**	**21.39%**

(1) Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).

Note: The number of members of each body was calculated as an annual average, in accordance with the methodology presented in Circular Letter/Annual-2023-CVM/SEP

OVERALL COMPENSATION OF MANAGEMENT MEMBERS



*The value of the Proposal 2022 and Proposal 2023 in the Total chart incorporates the sum of the Board of Directors and the Board of Executive Officers.

Below, the Company details each item that is part of the Management's compensation proposal for the fiscal year 2023:

(i) Number of members:
Regarding the number of members of the Board of Directors and Statutory Board of Executive Officers for 2023, the Company's Management hereby proposes:

- The maintenance of the number of seats of the Board of Directors; and
- The possibility of adding a member to the Statutory Board of Executive Officers during 2023.

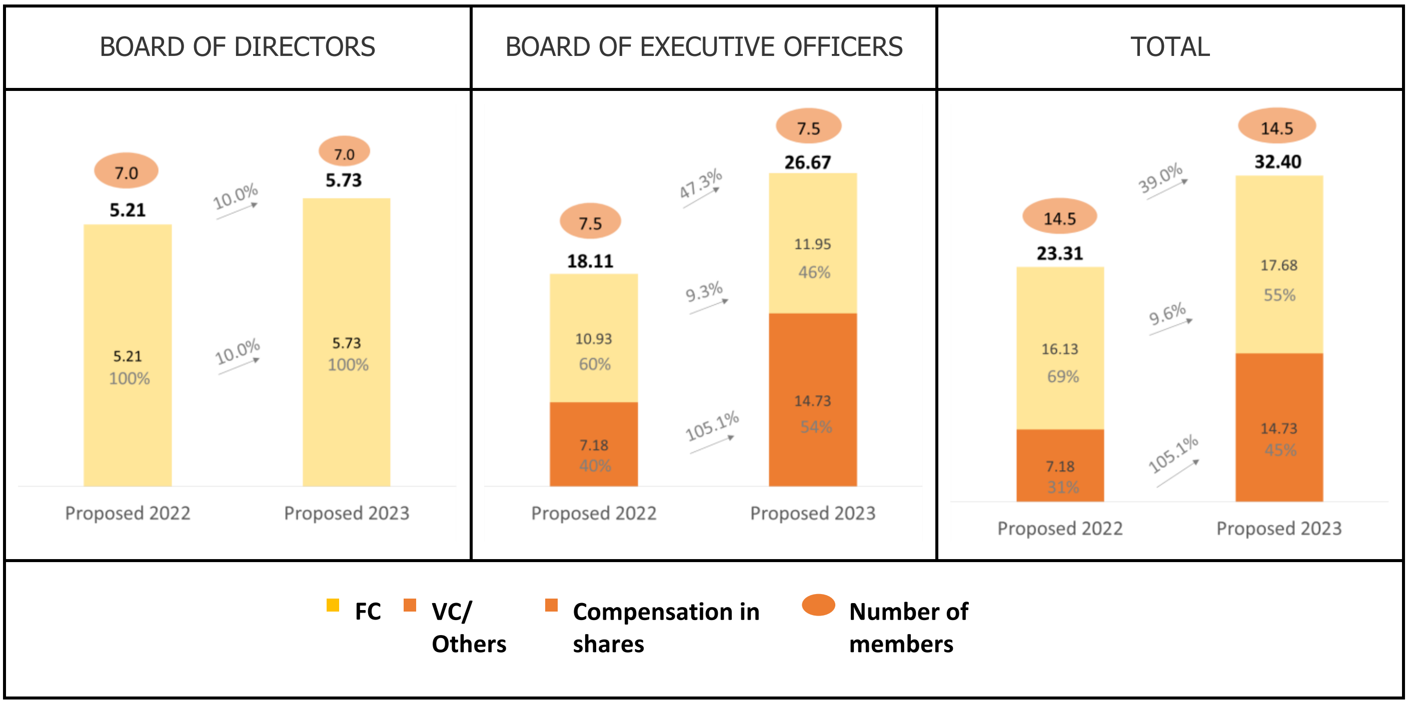
(ii) Fixed, variable compensation and benefits:
For 2023 and aiming at equalization and competitiveness with market practices, the Company's Management proposes:

- Fixed Compensation:
    - *Salary or management fees:* adjust the amounts referring to the Fixed compensation of the Statutory Board of Executive Officers and the Chairman of the Board of Directors in an index equivalent to the inflation assessed in 2022; and adjust the amounts referring to the Fixed compensation of the Independent Members of the Board of Directors in an index higher than the inflation, in order to follow the standards practiced in the Brazilian market, especially of publicly traded companies in the new market. These items, taken together, represent an additional 7.87% in this percentage in the salary line in relation to the 2022 proposal;
    - *Direct and indirect benefits:* adjust the values for benefit of the Statutory Board of Executive Officers and the Chairman of the Board of Directors, according to the conditions provided for in the agreements with suppliers, representing an additional 16.39% in relation to the 2022 proposal;
    - *Compensation for participation in committees:* adjust the amounts referring to Compensation for Participation in Advisory Committees of the Board of Directors in an index equivalent to the inflation assessed in 2022. This item represents an additional 7.25% compared to the 2022 proposal;

- Variable Compensation: (i) adjust the amounts related to the Bonus of the Statutory Board of Executive Officers in an index equivalent to the inflation assessed for the period, following the same assumption applied to the fixed compensation; and (ii) set forth the provision of a possible long-term reward based on additional financial and operational performance, aligned with the interests of the Company and its shareholders. Items (i) and (ii), taken together, represent an additional 111.33% in the variable compensation line in relation to the 2022 proposal.

- Other:
    - *Post-employment* benefit: maintain the post-employment benefit (private pension plan) in the manner already in force, representing an additional 7.78% in relation to the 2022 proposal;

PROPOSAL 2022 and PROPOSAL 2023 (FC + VC + BENEFITS)



*The value of the Proposal 2022 and Proposal 2023 in the Total chart incorporates the sum of the Board of Directors and the Board of Executive Officers.

(iii) Share-based compensation:

The share-based compensation recognized in each fiscal year and explained throughout this topic strictly follows the criteria corresponding to the maximum accounting estimates due to the accounting deferral set forth by the applicable legislation through technical pronouncement CPC 10. Said pronouncement, based on the international standard IFRS 2, aims at defining procedures for the recognition and disclosure of transactions with share-based payments performed by the companies. To help understand it, according to CPC10, the cost of transactions settled with equity instruments must be measured based on the fair value on the date they were granted, using an appropriate valuation model. Such cost is recognized in share-based compensation expenses together with the corresponding increase in shareholders' equity over the plan's vesting period. For detailed information, visit: http://www.cpc.org.br/CPC/Documentos-Emitidos/Pronunciamentos/Pronunciamento?Id=41

As regards the year-over-year evolution, the Share-Based Compensation goes from the amount proposed in 2022 of thirty million, eight hundred and fifty thousand, four hundred and one Reals and thirty cents (R$30,850,401.30) to the proposal of thirty-three million, seven hundred and sixty-seven thousand, four hundred and twenty-nine Reals and sixty-eight cents (R$33,767,429.68) in 2023, as shown in the table below:

SHARE-BASED COMPENSATION

	Proposal 2023				Proposal 2022			
	Board of Directors	Board of Executive Officers	Fiscal Council	Total	Board of Directors	Board of Executive Officers	Fiscal Council	Total
Share-based compensation [1]								
Accounting recognition - current year's granting	912,264.17	5,833,778.84	0.00	6,746,043.01	1,192,592.67	5,328,884.71	0.00	6,521,477.38
Accounting recognition - previous years' granting	5,079,960.97	21,671,689.14	0.00	26,751,650.11	4,608,516.62	19,720,407.30	0.00	24,328,923.92
Total stock-based Compensation	**5,992,225.14**	**27,505,467.99**	**0.00**	**33,497,693.12**	**5,801,109.29**	**25,049,292.01**	**0.00**	**30,850,401.30**
Total number of shares - current year's granting	137,304	1,013,153	0	1,150,457	176,710	943,038	0.00	1,119,748
Total number of shares - previous years' granting	718,552	3,210,173	0	3,928,725	837,999	3,258,450	0.00	4,096,449
Total number of shares	**855,856**	**4,223,326**	**0**	**5,079,182**	**1,014,709**	**4,201,488**	**0.00**	**5,216,197**
Total economic par value - current year's granting [2]	**4,322,019**	**31,891,764**	**0**	**36,213,783**	**5,366,683**	**28,640,064**	**0.00**	**34,006,747**

[1] Corresponding to the maximum projected amounts accounted for due to the accounting deferral determined by the applicable laws (CPC 10).
[2] the total economic par value multiplies the total number of shares of the granting performed in the current year with the fair value of the shares.
Note: the granting made in previous fiscal years were approved by the competent bodies, in accordance with the Stock-Based Incentive and Retention Plans approved by the shareholders at General Meetings held, respectively, on December 15, 2015 that was amended on April 5, 2018 and April 18, 2019, having been, therefore, already granted to the beneficiaries.

SHARE-BASED COMPENSATION - YEAR-OVER-YEAR VARIATION

	Proposal 2023 versus Proposal 2022							
	Absolute variation				Percentage variation (%)			
	Board of Directors	Board of Executive Officers	Fiscal Council	Total	Board of Directors	Board of Executive Officers	Fiscal Council	Total
Share-based compensation								
Accounting recognition - current year's granting	-280,328.50	504,894.13	0.00	224,565.64	-23.51%	9.47%	-	3.44%
Accounting recognition - previous years' granting	471,444.35	1,951,281.84	0.00	2,422,726.19	10.23%	9.89%	-	9.96%
Total share-based Compensation	**191,115.85**	**2,456,175.97**	**0.00**	**2,647,291.82**	**3.29%**	**9.81%**	**-**	**8.58%**
Total number of shares - current year's granting	-39,406	70,115	0	30,709	-22.30%	7.44%	-	2.74%
Total number of shares - previous years' granting	-119,447	-48,277	0	-167,724	-14.25%	-1.48%	-	-4.09%
Total number of shares	**-158,853**	**21,838**	**0**	**-137,015**	**-15.66%**	**0.52%**	**-**	**-2.63%**
Total economic par value - current year's granting	**-1,044,663.70**	**3,251,699.94**	**0.00**	**2,207,036.24**	**-19.47%**	**11.35%**	**-**	**6.49%**

This growth of two million, six hundred and forty-seven thousand, two hundred and ninety-one Reals and eighty-two cents (R$2,647,291.82) is due to the following factors:

- Accounting recognition of current year's granting: the total compensation of current year's granting will represent a year-over-year increase of two hundred and twenty-four thousand, five hundred and sixty-five Reals and sixty-four cents (R$224,565.64) or 3.44%, with an estimated delivery of thirty thousand, seven hundred and nine (30,709) more shares in 2023, with the following highlights:
  - *Compensation of the Board of Directors*:
    - Chairman of the Board of Directors: Since 2019, the compensation of the Chairman of the Board of Directors has been also made up of a share-based portion (see section 8.1.c for more details). Over the years, it is natural that his role is redesigned and, consequently, his compensation is revised, which resulted in a reduction in the grant of shares in 2022 by 35% when compared to 2021 and in a proposal for a grant to 2023 36% lower when compared to 2022; and

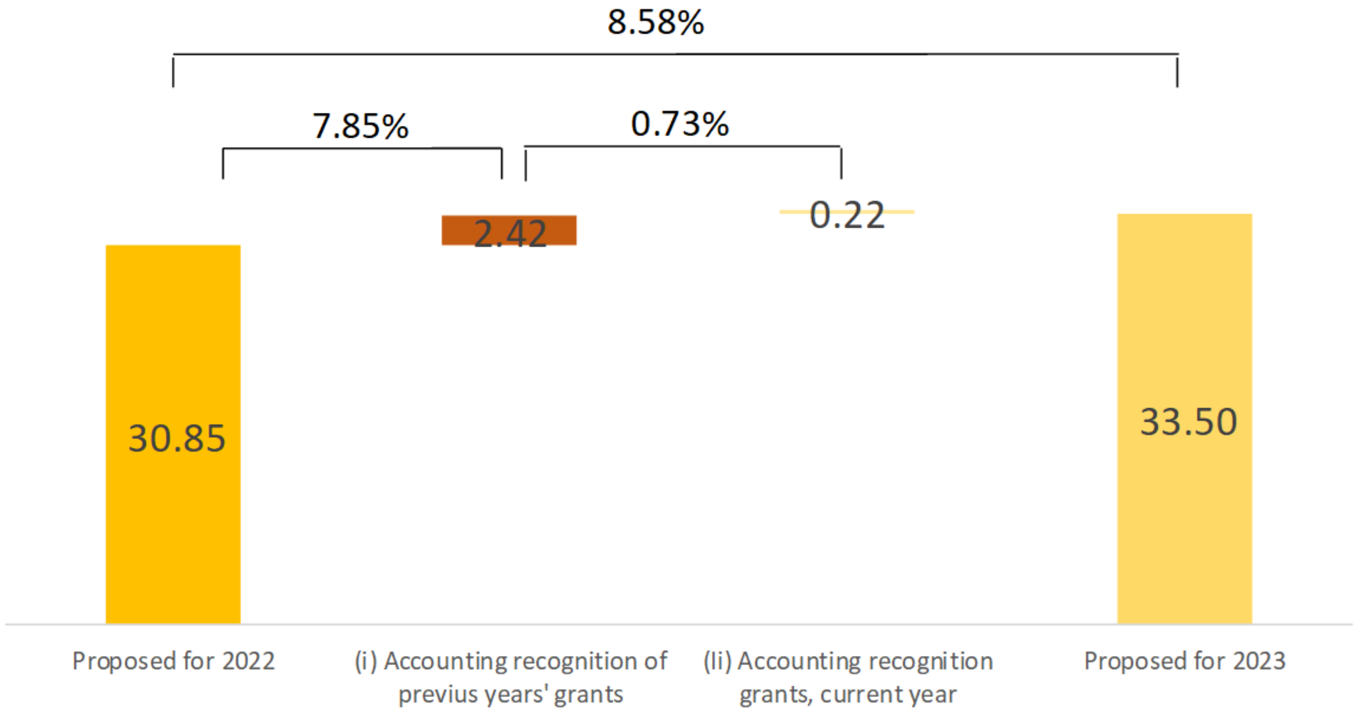
- Other members of the Board of Directors: the Company, with the aim of attracting and retaining its directors, and based on the best domestic and international market practices and trends, proposes the implementation of stock-based compensation for the members of its Board of Directors, in the amount equivalent to 20% of the total fixed compensation.

- *Compensation of the Statutory Board of Executive Officers*: average increase of 9.47% of the reference values to be granted in shares in the 2023 granting to the Statutory Board of Executive Officers.

- Accounting recognition of previous years' granting: (i) estimated appreciation of more than 75% of the shares granted in April 2020, which will be effectively delivered to the participants in April 2023, with an impact on withholding taxes; (ii) effect of the stacking of the last 3 grants, accumulating the granting of 2020 (4/36 in 2023), 2021 (12/36 in 2023) and 2022 (12/36 in 2023). These factors represent an impact of two million, four hundred and twenty-two thousand, seven hundred and twenty-six Reals and nineteen cents (R$2,422,726.19) or 9.96%.

Adding the items, the 8.58% impact represents the difference between the 2023 proposal and the 2022 proposal, as shown in the chart below:

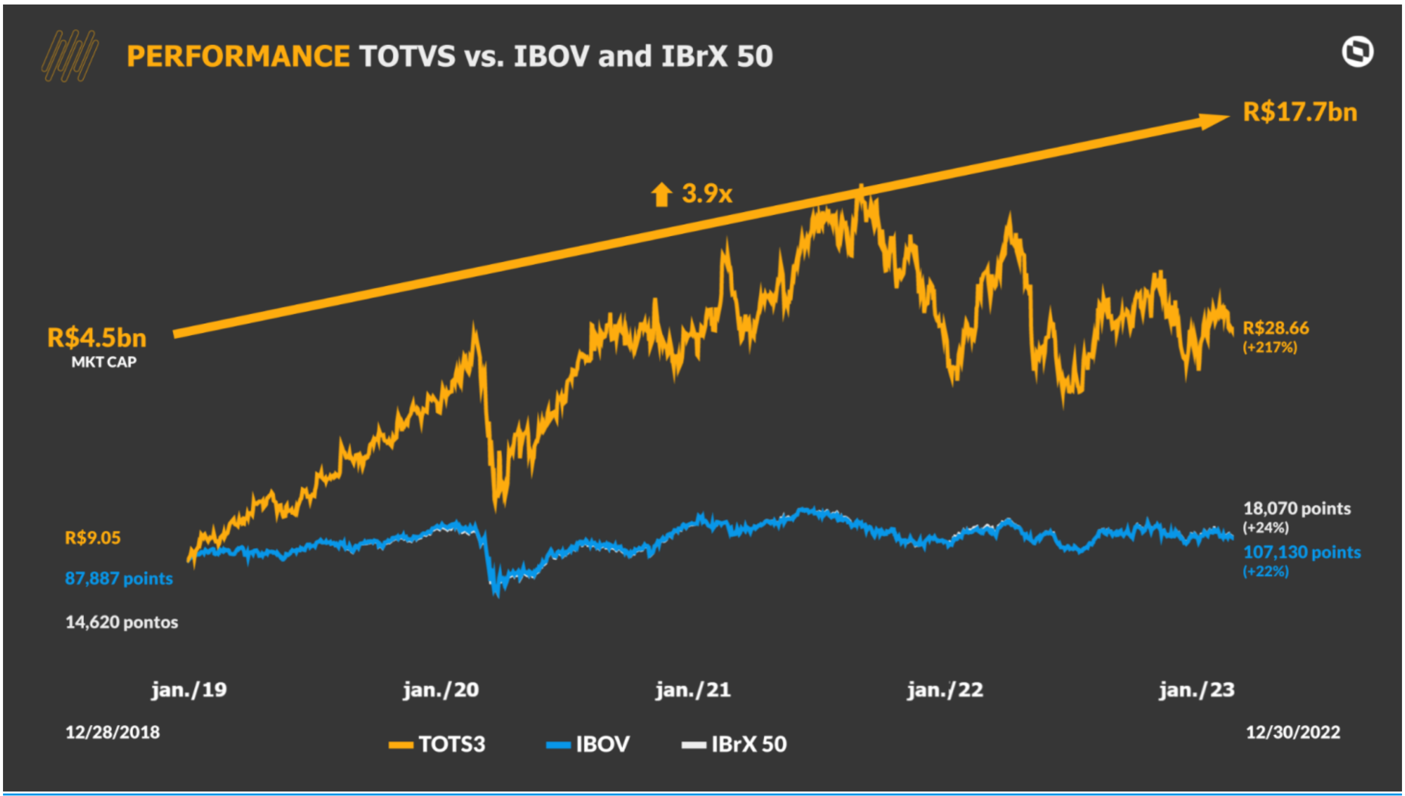
VARIATION OF PROPOSAL 2023 AND PROPOSAL 2022
(SHARE-BASED COMPENSATION IN MILLIONS OF REALS)



The aforementioned effects on the accounting recognition of previous years' granting played, as intended, their essential role of aligning the interests of shareholders and Management, given the appreciation of TOTVS's share value over the past few years. As shown in the chart below, we can see the high performance of TOTS3 against two important market indexes:

1. **Ibovespa:** the most important indicator of the average performance of the prices of shares traded on B3 (Brazil, Bolsa, Balcão), formed by the shares with the highest volume traded in recent months. TOTVS has been part of this index since 2020.
2. **IBrX50:** an indicator of the average price performance of the 50 most tradable and representative assets of the Brazilian stock market. TOTVS has been part of this index since 2021.

RELATIVE PERFORMANCE OF TOTS3 (IBRX 50 AND IBOV)



We explain below, in detail, the effects of changes in the amounts of stock-based compensation for the Board of Directors and Statutory Board of Executive Officers considering the accounting recognition of the granting for the current and previous years:

Share-Based Compensation - Current year's granting

The Share-Based Incentive and Retention Plan, approved at the Extraordinary General Meeting held on April 20, 2021 ("Plan 3"), may cover up to 5.68% of the Company's Capital Stock, which currently represents thirty-five million, fifty-six thousand and five (35,056,005) shares in ten (10) years, or an average of three million, five hundred and five thousand and six hundred (3,505,600) shares per year.

For the fiscal year 2023, within the scope of Plan 3, it is intended to grant one million, one hundred and fifty thousand, four hundred and fifty-seven (1,150,457) restricted shares to the Company's Management members, corresponding to 0.19% of the Capital Stock on this date, compared to nine hundred and sixty-three thousand, two hundred and forty-three (963,243) shares (0.16% of the capital stock on December 31, 2022) in 2022. For the purposes of this proposal, we consider for the calculation of the 2023 granting the average price corresponding to thirty-one Reals and forty-eight cents (R$31.48) per share, which represents a nominal economic value of thirty-six million, two hundred and thirteen thousand, seven hundred and eighty-two Reals, and seventy-six cents

(R$36,213,782.76). We point out that the number of shares to be granted (and, consequently, the effective economic value to be attributed to the granting) may vary upwards or downwards due to the calculation of the average price of the 60 trading sessions prior to May 5, 2023, the expected date of the year's granting, as established in Plan 3, approved at the Extraordinary General Meeting held on April 20, 2021. According to the applicable legislation and the characteristics of Plan 3, in the form of CPC 10, the accounting of this 2023 granting is to occur over three years for the ILP Performance program and over 5 years for the ILP Master program. As a result of the accounting deferral determined by the applicable legislation, the amount to be accounted for in the fiscal year 2023 regarding the 2023 granting will be up to six million, seven hundred and forty-six thousand, forty-three Reals and one cent (R$6,746,043.01), which corresponds to 18.63% of the economic value of thirty-six million, two hundred and thirteen thousand, seven hundred and eighty-two Reals and seventy-six cents (R$36,213,782.76).

We illustrate in the table below the estimated effect of accounting for the 2023 granting over the next few years:

SHARE-BASED COMPENSATION - 2023 GRANTING

Year	2023 Granting CA Shares Program (proposal)		2023 Granting ILP Performance (proposal) **		2023 Granting ILP Master (proposal)		Total / year (R$)
	Amount accounted for (R$)	Hundredths	Amount accounted for (R$)	Hundredths	Amount accounted for (R$)	Hundredths	
2023	149,301.28	8/36	4,644,545.33	8/36	1,952,196.40	8/60	**6,746,043.01**
2024	223,951.92	12/36	6,966,818.00	12/36	2,928,294.60	12/60	**10,119,064.52**
2025	223,951.92	12/36	6,966,818.00	12/36	2,928,294.60	12/60	**10,119,064.52**
2026	74,650.64	4/36	2,322,272.67	4/36	2,928,294.60	12/60	**5,325,217.91**
2027	0.00	0/36	0.00	0/36	2,928,294.60	12/60	**2,928,294.60**
2028	0.00	0/36	0.00	0/36	976,098.20	4/60	**976,098.20**
Total economic par value	**671,855.76**	**36/36**	**20,900,454.00**	**36/36**	**14,641,473.00**	**60/60**	**36,213,782.76**

* The amounts may change according to the variation in the value of the restricted shares at the time of the effective delivery to the participants, impacting the withholding of taxes, in addition to any cancellations over time.
** includes the Statutory Board of Executive Officers and the Board of Directors.

Stock-Based Compensation - Previous Years' Granting

In addition to the amount of six million, seven hundred and forty-six thousand, forty-three Reals and one cent (R$6,746,043.01), as a result of the provisions of the applicable legislation (CPC 10), the amount of twenty-six million, seven hundred and fifty-one thousand, six hundred and fifty Reals and eleven cents (R$26,751,650.11) shall be added to the amount allocated to the share-based compensation, regarding the accounting recognition provided for in the fiscal year 2023, in relation to the accounting of previous years' granting for the Management members, as a result of the accounting deferral determined by the applicable legislation, as mentioned above.

The amount referred to in the paragraph above refers to all granting made in previous years that were approved by the competent bodies, according to the Stock-Based Incentive and Retention Plans, approved by the shareholders at General Meetings held, respectively, on December 15, 2015 and amended on April 5, 2018 and April 18, 2019, being, therefore, already granted to the beneficiaries.

We illustrate in the table below the estimated effect over the years of accounting for the grants made in 2020, 2021 and 2022 and which makes up the amount of twenty-six million, seven hundred and fifty-one thousand, six hundred and fifty Reals and eleven cents (R$26,751,650.11) accounted for in 2023:

SHARE-BASED COMPENSATION - GRANTING FROM 2020 TO 2022

Year	2020 Granting		2021 Granting		2022 Granting		2022 Granting ILP Master		Total / year (R$)
	Amount	Hundredths	Amount	Hundredths	Amount	Hundredths	Amount	Hundredths	

	accounted for (R$)		accounted for (R$)		accounted for (R$)		accounted for (R$)		
2020	5,489,145.00	8/36	0.00	0/36	0.00	0/36	0.00	0/60	**5,489,145.00**
2021	8,373,038.40	12/36	9,437,129.00	8/36	0.00	0/36	0.00	0/60	**17,810,167.40**
2022	8,317,310.04	12/36	14,155,693.50	12/36	4,339,940.49	8/36	1,296,527.69	8/60	**28,109,471.72**
2023	2,772,436.68	4/36	14,155,693.50	12/36	6,509,910.73	12/36	1,944,791.54	12/60	**25,382,832.46**
2024	0.00	0/36	4,718,564.50	4/36	6,509,910.73	12/36	1,944,791.54	12/60	**13,173,266.78**
2025	0.00	0/36	0.00	0/36	2,169,970.24	4/36	1,944,791.54	12/60	**4,114,761.79**
2026	0.00	0/36	0.00	0/36	0.00	0/36	1,944,791.54	12/60	**1,944,791.54**
2027	0.00	0/36	0.00	0/36	0.00	0/36	648,263.85	4/60	**648,263.85**
Total economic par value	**24,951,930.12**	**36/36**	**42,467,080.50**	**36/36**	**19,529,732.20**	**36/36**	**9,723,957.71**	**60/60**	**96,672,700.53**

* The future amounts may change according to the variation in the value of the restricted shares at the time of the effective delivery to the participants, impacting the withholding of taxes, in addition to any cancellations over time.
** includes the Statutory Board of Executive Officers and the Board of Directors.

Share-Based Compensation - Conclusion

Therefore, as explained in detail throughout this topic, the only three factors that determine the Share-Based Compensation are:

- The number of shares granted, and for the 2023 grants we intend to grant one hundred and eighty-seven thousand, two hundred and fourteen (187,214) shares more than in 2022;
- The reference price of the granted shares, which corresponds to the average of the 60 trading sessions prior to the date of grant, which has been impacted as a result of the appreciation of TOTVS shares; and
- The stacking factor of granting over the years. We estimate the maintenance of the 2023 stacking level for subsequent years, considering the combination of factors (i) and (ii).

In the table below we detail items (i) and (ii) referring to each of the grants recognized in the fiscal year 2023 for the Company's Management members.

STOCK-BASED COMPENSATION - GRANTING FROM 2020 TO 2023

	2020 Granting	2021 Granting	2022 granting	2023 granting Compensation in CA Member shares (proposal)*	2023 granting ILP Performance (proposal)*	2023 granting ILP Master (proposal)*
Vesting period of the shares	3 years			2 years after the end of the term of office	3 years	5 years
Reference price of the granted restricted shares	17.00	30.58	32.87	31.48	31.48	31.48
Net number of shares outstanding in the current fiscal year	1,520,532	1,444,950	963,243	22,476	754,535	373,446

* The number of shares to be granted may vary upwards or downwards due to the calculation of the reference price of the restricted shares to be allocated to the grants regarding the fiscal year 2023, which will consider the average price of the sixty (60) trading sessions prior to the date of grant, scheduled for May 5, 2023, as provided for in the Plan.
Note: The members of the Board of Directors will be eligible from 2023 on.

Dilution

The accumulated history net dilution of the Share-Based Incentive and Retention Plan from the first grant until the last grant made in 2022, considering the effect of any cancellations made over time before the end of the vesting period and considering all the participants benefited by such grants (Chairman of the Board of Directors, Statutory Board of Executive Officers, and other employees benefited), is 2.22%, that is, an average of 0.318% per year. Thus, to date, the Plan uses only 39.1% of the maximum dilution allowed of 5.68% of the Company's capital stock during the effective term of the plan (10 years), even though 70% of such effective term has already elapsed. We show this effect in the tables below, considering the accumulated dilution so far and the annual average as a reference:

ACCUMULATED DILUTION

Accumulated dilution	% dilution	# Shares	Number of years
Maximum dilution allowed by the Plan	5.68%	35,056,005	10
Current net dilution *	2.22%	13,723,926	7
% already used	39.1%	39.1%	70.0%

refers to restricted shares already granted to participants, which may be in a vesting period or expired.

ANNUAL AVERAGE DILUTION

Average annual dilution as a reference	% dilution	# Shares	Number of years
Maximum dilution allowed by the Plan	0.568%	3,505,600	10
Average annual net dilution *	0.318%	1,960,561	7
% used	55.9%	55.9%	70.0%

refers to restricted shares already granted to participants, which may be in a vesting period or expired.

In the table below, we show the accumulated net dilution and average annual net dilution divided between the Board of Directors, Statutory Board of Executive Officers, and other employees benefited by grants of the Share-Based Incentive and Retention Plan:

ACCUMULATED DILUTION AND ANNUAL AVERAGE PER BODY

Accumulated dilution *	% dilution	# Shares	% representativeness	Average annual dilution	Number of years
Board of Directors	0.16%	1,001,269	7.30%	0.041%	4
Statutory Board of Executive Officers	0.96%	5,911,059	43.07%	0.137%	7
Other	1.10%	6,811,598	49.63%	0.158%	7
Total	2.22%	13,723,926	100.00%	0.318%	7

** considering the granting made between 2016 and 2022*

The dilution proposed for the 2023 granting is slightly lower than the dilution level approved in the last three years for the Board of Directors and in the years 2020 and 2021 for the Statutory Board of Executive Officers, as shown in the table below:

ANNUAL DILUTION PER BODY

	Net dilution of granting per year		
Year	Board of Directors	Statutory Board of Executive Officers	Total
2020	0.05%	0.20%	0.25%
2021	0.04%	0.19%	0.23%
2022	0.03%	0.13%	0.16%
Proposal 2023	0.02%	0.16%	0.19%

Note: to date, there have been no cancellations of shares of the 2020, 2021 and 2022 granting.

We believe that the dilution of the Stock-Based Incentive and Retention Plan is in line with the context of the industry in which TOTVS is inserted in Brazil, considering its size, equity structure, historical growth and future potential, financial condition, and historical payment practices for performance.

(iv) Proportion of each element in the total compensation

The increase in the ratio of variable compensation compared with fixed compensation over the years aligns appropriately with the compensation strategy, with the purpose of boosting the Company's future performance.

BOARD OF EXECUTIVE OFFICERS

Compensation Element	2023	2022	2021	2020
Fixed	21%	25%	26%	27%
Variable	75%	71%	70%	68%
Benefits	4%	4%	4%	5%

BOARD OF DIRECTORS

Compensation Element	2023	2022	2021	2020
Fixed	48%	45%	50%	64%
Variable	51%	54%	45%	31%
Benefits*	1%	1%	5%	5%

*Applicable to the Chairman of the Board of Directors only

FISCAL COUNCIL

Compensation Element	2023	2022	2021	2020
Fixed*	-	100%	100%	-
Variable	-	-	-	-
Benefits	-	-	-	-

*The Company did not have a Fiscal Council operating until April 2021. The term of office ended on April 19, 2022, and a new Council for the Fiscal Year 2022 was not established

(v) Conclusion

We are convinced that the Management's compensation proposal for the fiscal year 2023 is aligned with the Company's operational and long-term performance, as shown in the tables below, with the comparison of the main performance metrics of the last year *versus* the growth of the compensation proposal for 2023 compared to the 2022 proposal:

KEY INDICATORS AND COMPENSATION COMPARISON

Indicator (amounts in thousands)	2022	2021	Δ
Net Revenue (Non-GAAP) (1)	4,040,064	3,175,780	27.2%
Recurring Revenue	3,255,568	2,470,920	31.8%
Adjusted EBITDA (2)	959,556	789,023	21.6%
Adjusted EBITDA Margin	23.8%	24.8%	-100 bp
Cash Profit (3)	579,096	444,858	30.2%
Cash Profit Margin	14.3%	14.0%	30 bp
TOTS3 share	27.62	28.64	(3.6%)
Ibovespa (pts)	109,735	104,822	4.7%
IBrX 50 (pts)	18,504	17,504	5.7%

(1) Net Funding Revenue (Non-GAAP) incorporates the concept of Techfin Revenue net of funding cost in the consolidation of the Company's revenues.

(2) EBITDA adjusted for extraordinary items.

(3) Net Income without the effects of expenses with amortization of intangible assets arising from acquisitions.

Compensation	Proposal 2023	Proposal 2022	Δ
Total fixed compensation	17,675,229	16,259,510	**8.7%**
Total fixed + variable compensation + other	32,403,555	23,439,840	**38.2%**
Total compensation for current year (1)	39,149,598	29,961,318	**30.7%**
Share-based compensation - accounting recognition previous years	26,751,650	24,328,924	**10.0%**
Total Overall Compensation	65,901,248	54,290,242	**21.4%**
Proportion of total variable compensation over total overall compensation (2)	72%	69%	**3 p.p.**
Number of shares - current year's granting	1,150,457	1,119,748	**2.7%**
Dilution of granting in the year	0.19%	0.19%	**0%**

(1) Fixed + variable compensation + other + share-based compensation for the current year
(2) Variable compensation includes bonus + share-based compensation

9.1/9.2 - Names and remuneration of Auditors

Does it have an auditor?	YES
CVM Code No.	418-9
Type of auditor	of domestic origin
Name/Corporate name	KPMG Auditores Independentes
CPF/CNPJ (tax id. No.)	57.755.217/0001-29
Service provision period	April 12, 2022
Description of contracted services	The Company contracted the services of its Independent Auditors on 01/01/2022 to carry out, as of 04/12/2022, of the following independent audit services for the Company and its subsidiaries: (i) audit of the individual and consolidated financial statements for the fiscal year ended December 31, 2022; (ii) review and issuance of a report on the Company's individual and consolidated Quarterly Information (ITRs) for the periods ended March 31, June 30 and September 30, 2022; (iii) due diligence in the process of acquiring a company; (iv) ISAE – Review of the software development control environment; (v) Anti-Corruption Training and and (vi) Assurance of Integrated Reporting.
Total amount of remuneration paid to independent auditors, separated per service	In the fiscal year ended December 31, 2021, the services are divided into: (a) Audit Services and additional expenses related to the financial audit items of (i) financial statements and (ii) ITRs, which amount to R$2,315,615.01 and are equivalent to 82.2% of the total resources committed by the Company; and (b) non-Financial Audit Services, which include services other than those related to the audit of the financial statements, such as (i) due diligence (R$323,100.06), and (ii) ISAE - Review of the software development control environment (R$103,180.00), (iii) Assurance of Integrated Reporting (R$61,808.00) and Anti-Corruption Training (R$13,994.17) added up to 17.8% of the total funds invested.
Justification for replacement	Not applicable, since there was no replacement of the independent auditors.
Reason provided by the auditor in case of disagreement with the issuer's justification	Not applicable, since there was no replacement of the independent auditors.

9.3 - Independence and conflict of interest of auditors

If the auditors or persons related to them, according to the independent status standards of the Federal Accounting Board, have been hired by the issuer or organizations or individuals belonging to its economic group, to provide services other than auditing, please describe the policy or procedures adopted by the issuer to avoid the existence of a conflict of interest, loss of independence or objectivity of its independent auditors

Besides the independent audit services of the financial statements, throughout the fiscal year ended December 31, 2022, KPMG Auditores Independentes Ltda. auditors was hired to provide services of (i) assurance of the Company's 2022 Integrated Report, (ii) due diligence in the process of purchasing a company; (iii) ISAE – review of the software development control environment; and (iv) anti-corruption training. The Company maintains a Policy for Relationship and for Hiring Independent Auditors, which was approved by the Board of Directors on June 28, 2021, available on the Company's Investor Relations website (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/), aimed at supporting the process of contracting independent audit services and any extra auditing services to be provided by the Independent Auditors or by the Independent Auditor's Related Part.

The hiring of independent auditors for non-audit services is based on principles that preserve their independence. Such principles consist of the following conditions: (i) the services should not affect their independence; (ii) they should be previously assessed and recommended by the Statutory Audit Committee and approved by the Board of Directors; and (iii) the services are within the scope of their professional competence.

Procedures contracting other professional services other than those related to the external accounting audit, the Company and its subsidiaries adopt as a formal procedure to consult with the independent auditors in order to ensure that the provision of such other services does not affect their independence and objectivity that are required to provide independent audit services.

The Policy for Contracting and Relationship with Independent Audit is available on the Company's Investor Relations website at https://ri.totvs.com/esg/estatuto-politicas-e-regimento/

It is worth highlighting the annual assessment of the independent auditors carried out by the Statutory Audit Committee that has as purpose to continuously improve and develop their procedures. During the effective term of the contract, the Statutory Audit Committee holds periodic meetings with the Independent Auditors aiming at determining the work plan and monitoring its development throughout the year, according to the annual meeting schedule established according to the Charters/ Internal Regulations of the Board of Directors and Advisory Committees. Every year the Company's Statutory Audit Committee and the Management carries out a formal assessment of the work performed by the independent auditors. The result of this evaluation will determine the need to carry out a new selection process with other companies (Legal Entity Auditor) or Individual Auditors, or only procedures to renew the contract for the next fiscal year, respecting the maximum limit of 5 fiscal years audited by the same company or individual, being allowed to extend up to ten (10) consecutive fiscal years provided that it complies with CVM Resolution 23/21. After the aforementioned period, the rehiring of the same independent audit firm is only possible after a minimum interval of three (3) fiscal years has elapsed. The Audit Committee should receive, every year, from the Independent Auditors a formal statement confirming their independent status during the entire performance of the audit. Nevertheless, the monitoring of all aspects of their independence must be permanent, as well as monitoring of their structure and governance, suitability of internal quality control processes, training and dedication of the team assigned to perform the jobs, and fees compatible with the size and complexity of the Company.

9.4 - Outras informações relevantes

There is no other relevant information, in addition to that presented in the items above.

10.1A - Description of human resources

(i) Number of employees per gender self-identification

	Female	Male	Non-binary	Other	Prefer not to to respond
Leadership	564	965	0	0	0
Non-leadership	3,338	5,564	0	0	0
Total = 10,431	**3,902**	**6,529**	**0**	**0**	**0**

(ii) Number of employees per color or race self-identification

	Yellow	White	Black	Brown	Indigenous	Other	Prefer not to to respond
Leadership	14	1178	35	192	0	0	110
Non-leadership	113	5785	491	1903	17	0	593
Total = 10,431	**127**	**6963**	**526**	**2095**	**17**	**0**	**703**

(iii) Number of employees per position and age group

	Under 30 years old	Between 30 and 50 years old	Above 50 years old
Leadership	81	1337	111
Non-leadership	2836	5584	482
Total = 10,431	**2917**	**6921**	**593**

(iv) Number of employees per position and geographic location

	North Region	Northeast Region	Midwest Region	Southeast Region	South Region	International market
Leadership	0	27	37	1057	361	47
Non-leadership	1	222	293	5947	2208	231
Total = 10,431	**1**	**249**	**330**	**7004**	**2569**	**278**

(v) Number of employees per geographic location and gender

	Female	Male	Non-binary	Other	Prefer not to to respond
North Region	0	1	0	0	0
Northeast Region	80	169	0	0	0
Midwest Region	109	221	0	0	0
Southeast Region	2528	4476	0	0	0
South Region	1086	1483	0	0	0
International market	99	179	0	0	0
Total = 10,431	**3,902**	**6,529**	**0**	**0**	**0**

(vi) Number of employees per geographic location and color or race

	Yellow	White	Black	Brown	Indigenous	Other	Prefer not to to respond
North Region	0	0	0	0	1	0	0
Northeast Region	0	112	26	109	0	0	2
Midwest Region	2	189	16	122	0	0	1
Southeast Region	95	4592	385	1604	11	0	317
South Region	30	2070	99	260	5	0	105
International market	0	0	0	0	0	0	278
Total = 10,431	**127**	**6963**	**526**	**2095**	**17**	**0**	**703**

(vii) Number of employees per position and age group

	Under 30 years old	Between 30 and 50 years old	Above 50 years old
North Region	1	0	0
Northeast Region	80	149	20
Midwest Region	57	268	5
Southeast Region	1842	4718	444
South Region	882	1590	97
International market	55	196	27
Total = 10,431	**2917**	**6921**	**593**

(b) number of outsourced employees (total, by groups based on the activity performed and by geographic location)

The Company presents below the number of third parties hired by the Company and its subsidiaries, by group of activities performed in the Company and by geographic location, in the fiscal year ended on December 31 from 2022:

Activity	Fiscal year ended on 31 december 2022	
	Brazil	Total
Security, Concierge, and Cleaning	166	166
Sales representatives	0	0
Other activities	60	60
TOTAL	**226**	**226**

(c) turnover rate

	Dec. 31, 2022
Turnover index (Turnover[1])	22,10%

[1]*Turn-over* = [(Admitted + Dismissed) / 2] / Active

10.2 - Relevant changes - Human Resources

The increase in the number of employees in the fiscal year ended in 2022 reflects the inorganic absorption of acquired companies (Gesplan, Inovamind and Mobile2you) in the TOTVS Consolidated.

The voluntary attrition moving average fell last year, reaching the lowest rate since May 2021, standing out positively if compared with the median of the high-tech market. This shows consistency in the company's actions in its talent retention plan.

The Company continues to focus on synergy in the Administrative areas, where it has been showing greater gains in operating efficiency in recent years, and integrating acquired companies.

In 2022, the Company adopted the practice of hybrid work for its units. It is noteworthy that, since the beginning of the pandemic, the TOTVS Group has not adopted measures to reduce salaries or working hours of its employees, nor has it promoted reductions of teams outside the normal course of its operations.

10.3 - Description of the Employee Compensation Policy

(a) Salary and variable compensation policy

The Company's compensation policy provides for compensation to be set in accordance with market standards for positions with similar activities and responsibilities, aiming to maintain the ability to attract and retain participants.

The compensation structure is approved by the People and Remuneration Committee and the required changes are taken for its analysis. The Company organizes positions within the same nature of function, according to hierarchy, strategic contribution, breadth, technical-professional maturity, complexity of attributions and inherent responsibility. Each position has its compensation determined according to the responsibilities and skills necessary for the performance of the function, with the total remuneration divided between fixed and variable.

Fixed remuneration refers to the amount received monthly by the participant, paid on the payroll, which aims to remunerate him for the attributions and responsibilities relevant to the position held, also known as "nominal salary".

Variable compensation refers to the amounts received periodically by the participant, rewarding them for their differentiated individual performance, for the results of their area of operation and/or for the overall results of the Company, and may be because of the achievement of goals, as set forth in the particular program.

(b) Benefits Policy

The Company offers a expansive and appealing benefits package to its professionals and also dependents in order to provide a better quality of life, being one of the strategies for attracting and retaining talent. The major benefits offered by the Company are: (i) health plan with apartment accommodation that provides medical, laboratory, and hospital care to all beneficiaries and their direct dependents; (ii) dental plan offered to beneficiaries and their direct dependents; (iii) 180-day maternity leave (60 days additional to that provided by law) and 40-day paternity (20 days additional to that required by law); (iv) provision of benefits card for purchase of meal (supermarket and restaurants); (v) life insurance coverage (employees, spouses, and children); (vi) private pension plan (fixed contribution), in partnership with a financial institution, being part of its contribution made by the Company and part by the participant; (vii) expenditure allowance for professionals working remotely; (viii) commuter benefits; (ix) quality of life program - +Saudáveis; (x) payday loan with lower rates compared with those available in the market; (xi) childcare allowance, besides allowance for kids with disabilities pursuant to the collective agreement in force in each place.

(c) characteristics of share-based compensation plans for employees who are not management members

I. beneficiary groups

The current and future employees and management members of the Company and/or of the Company's controlled or subsidiary companies appointed by the People and Compensation Committee and elected by the Board of Directors to participate in the Plan are eligible to participate in the Plan, pursuant to "Plan 2" referred to in section 8.4 of this form.

II. requirements for exercise

Not applicable, as the plan does not include stock options to be exercised, only restricted shares that will be delivered to participants under the terms and conditions established in the plan, as indicated in item 8.4 of this Reference Form.

III. exercise prices

Not applicable, as the plan does not include stock options to be exercised, only restricted shares that will be delivered to participants under the terms and conditions established in the plan, as indicated in item 8.4 of this Reference Form.

IV. exercise deadlines

Not applicable, as the plan does not include stock options to be exercised, only restricted shares that will be delivered to participants under the terms and conditions established in the plan, as indicated in item 8.4 of this Reference Form.

V. number of shares committed by the plan

The total number of shares may not exceed 5.68% (five point sixty-eight percent) of the Company's capital stock, considering: (i) a period of 10 years from the date of approval of the plan; and (ii) restricted shares granted to managers and employees, pursuant to “Plan 2” and “Plan 3” referred to in section 8.4 of this form.

(d) ratio between (i) the highest individual remuneration (considering the composition of the compensation with all items described in section 8.2.d) recognized in the issuer's income in the last fiscal year, including the compensation of a statutory administrator, if applicable; and (ii) the median individual compensation of the issuer's employees in Brazil, disregarding the highest individual remuneration, as recognized in its income in the last fiscal year

As per section 8.2.d, the ratio was calculated by using the highest individual salary recognized in the financial result of the prior fiscal year, divided by the median of the individual compensation of personnel in Brazil.

	Fixed Compensation	**Total Compensation***
Highest individual compensation	1,924,261.00	12,245,789.42
Median compensation	88,074.35	94,151.05
Ratio	21.85	130.07

* Total Compensation: it considers the fixed compensation, variable compensation, profit-sharing/bonuses, and long-term incentives. It does not consider benefits, as it is not possible to quantify benefits for all employees.

As noted in the chart above, when considering only the fixed compensation, we have a ratio of 21.85 times, but when we include variable compensation, profit-sharing/bonus and long-term incentives, the ratio goes to 130.07 times because of a greater focus of TOTVS on the variable compensation portion, as exemplified in the compensation practices in section 8.1.

10.4 - Description of the relationship between the issuer and labor unions

The Company maintains a permanent negotiation process for the construction of solutions with Unions. We hold meetings to structure specific collective agreements, such as: profit-sharing distribution, employees' bank of work hours, among others, always seeking to meet the interests of all parties involved.

The Company's labor relations, both individual and collective, are carried out directly and based on respect and ethics, with a view to faithfully complying with the labor legislation currently in force. At the Company, all participants are covered by collective labor agreements.

In the last three fiscal years ended December 31, 2022, 2021 and 2020 there were no strikes by employees and/or associates.

To ensure compliance with current labor standards, the Company maintains in its structure a team focused on labor relations and negotiation with unions, always seeking the synergy of *stakeholders* to maintain a harmonic and friendly relationship between the parties.

10.5 - Other relevant information

There is no other relevant information besides that presented in the items above.

11.1 - Description of the standards, policies, and practices of the issuer regarding transactions with related parties

Transactions with related parties are always carried out in compliance with the Brazilian Corporations Act and the best corporate governance practices, being contracted at usual market prices and conditions. Moreover, the transactions performed by the Company, including those contracted with related parties, are always supported by due prior analysis of their conditions and the Company's legitimate interest in carrying them out. In this regard, the Company individually negotiates the agreements to be entered into with related parties, analyzing their terms regarding market conditions, as well as the particularities of each transaction (such as terms, amounts, compliance with quality standards, etc.). Individuals with no personal interests in the matters negotiated take part in these negotiations.

The Company has a Policy for transactions with related parties ("Policy for Transactions between Related Parties"), which defines the rules, procedures, principles, and methodology to identify and approve transactions with related parties, and to manage situations with potential conflict of interest. The current version of the policy was approved by the Board of Directors on December 22, 2021, and is available on the Company's Investor Relations website at (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/).

Among the key points of this policy, the following ones stand out:

- The Company's Compliance, Risks and Internal Controls area will keep an updated record with the identification of individuals who have authority and responsibility for the planning, direction, and control of the activities of any organization of the Company, subsidiaries and/or its affiliates, directly or indirectly, as well as the members of the Board of Directors, Advisory Committees to the Board of Directors and the Statutory Board of any of the Company's companies, subsidiaries and/or its affiliates ("**Key Management People**"), or person with Significant Influence in the Policy's terms, as well as its related parties, which should be consulted by those responsible for transactions prior to their completion, to check if the corresponding transaction can be a transaction with a related party.
- Each key person of the Management or person with Significant Influence must complete an annual questionnaire to collect information about the parties related to them, under the definitions of said policy, and about any transactions between them and the Company of which they are aware, being responsible for informing the close family members and managers of their related entities, if applicable.
- The Key People of the Company's Management or with Significant Influence will be instructed, and be provide with periodical guidance, on the obligation to report to the Internal Controls, Risk and Compliance area about any potential transaction of the Company with related parties of which they may become aware.
- Any transaction that might be deemed as a transaction with a related party must be reported to the Internal Controls, Risks and Compliance area, which is responsible for issuing an opinion, together with the Legal Department, to determine whether the transaction in fact is a Transaction with a Related Party under the procedures of said policy.
- Said transactions must be accompanied by the information necessary for their analysis, as well as evidence and opinion of the manager responsible for conducting the transaction that (a) there are clearly demonstrable reasons, from the point of view of the Company's business, for the transaction with the Related

party, and (b) the transaction is carried out in market conditions or on terms offered to, or by a third party unrelated to the Company, at least, in equivalent circumstances, having also to take into account its monitoring cost by the Company.

- Every transaction with a related party must be submitted to the approval of the Board of Directors, according to the Company's Bylaws, except (i) if the transaction is related to (a) fixed, variable, share-based compensation and other benefits provided to the members of the Board of Directors and the Company's Statutory Officers, provided that its total amount has been approved at the General Meeting, pursuant to Law No. 6404/76 or in the Board of Directors, as the case may be, and (b) transactions carried out between the Company and any company whose capital is directly or indirectly fully owned by the Company; (ii) in the event of the transaction, or set of related transactions, whose total amount is less than one million Reals (R$1,000,000.00), in a single transaction or several consecutive transactions with the same object and parties, within twelve (12) months.
- The transactions submitted to the Board of Directors must be previously considered by the Company's Audit Committee, accompanied by the opinion of the Internal Controls, Risks and Compliance area and the Legal Department, responsible for assessing whether the guidelines of said policy were followed in the process findings on the transaction under analysis, as well as the technical opinion of the area responsible for conducting the transaction.
- Transactions with related parties shall be entered into in writing and their key characteristics and conditions must be specified, such as price, terms, guarantees, termination conditions, responsibility for paying taxes and obtaining permits and licenses, among others. These characteristics should also expressly include the possibility for the Company to terminate any transaction with related party of continuous nature, under conditions equivalent to those available in agreements with unrelated parties.
- The Board of Directors, as well as the Audit Committee and their respective members, at their discretion, will have access to all documents connected to transactions with related parties, including any opinions or technical opinions related to the transactions, and they may request additional opinions, if necessary.
- The Board of Directors shall determine the content and form of the information deemed necessary for its decision regarding a transaction with related party, which shall be made available together with the call for the meeting at which the transaction will be submitted for review.

The Board of Directors may approve the transaction with a related party if it concludes, in good faith, that the transaction complies with the market conditions, as well as, at its discretion, if it conditions the approval of said transaction to the changes it deems necessary for the transaction to comply with the market conditions.

11.2 - Information on transactions with related parties

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Supplier Administradora de Cartões de Crédito S.A.	July 15, 2020	249.181,48	-	249.181,48	Indefinite	No	0.00
Relationship with the issuer	Agreement entered into between the Company and Supplier Administradora de Cartões de Crédito S.A., in which Supplier Administradora is part of the transaction involving the creation of the JV with Itaú. According to CPC31 / IFRS5, the transaction involving the creation of the Joint Venture with Itaú meets the criteria for assets held for sale.						
Subject matter of the agreement	*Software* service agreements (licenses, support, and maintenance). The agreements in force are annually updated for inflation according to the IPCA rate variation.						
Collaterals and insurance	N/A						
Termination or end	The parties may terminate the agreement upon 90-day prior notice without penalties being applied, or for non-payment by the client/customer and the lack of services/accesses provided by the Company.						
Nature and purpose of operation	N/A						

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Company's contractual status	Creditor		**Please specify**				

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Supplier Administradora de Cartões de Crédito S.A.	Jan 1st, 2021	796.961,67	-	796.961,67	Indefinite	No	0.00

Relationship with the issuer		Agreement entered into between the Company and Supplier Administradora de Cartões de Crédito S.A., in which Supplier Administradora is part of the transaction involving the creation of the JV with Itaú. According to CPC31 / IFRS5, the transaction involving the creation of the Joint Venture with Itaú meets the criteria for assets held for sale.	
Subject matter of the agreement		Cost Sharing Agreement	
Collaterals and insurance		N/A	
Termination or end		The parties may terminate the agreement upon 30-day prior notice without the application of penalties, or if they cease to belong to the same corporate group.	
Nature and purpose of operation		Leverage synergies and increase the administrative efficiency of their business.	
Company's contractual status	Debtor	**Please specify**	

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Supplier Administradora de Cartões de Crédito S.A.	Dec. 22, 2020	6.926.370,44	-	6.926.370,44	36 months with automatic renewal for an indefinite period	No	0.0

Relationship with the issuer		Agreement entered into between the Company and Supplier Administradora de Cartões de Crédito S.A., in which Supplier Administradora is part of the transaction involving the creation of the JV with Itaú. According to IFRS5, the transaction involving the creation of the Joint Venture with Itaú meets the criteria for assets held for sale.	
Subject matter of the agreement		Agreement for issuance of purchase cards Supplier system	
Collaterals and insurance		N/A	
Termination or end		The parties may terminate the agreement upon 90-day prior notice in writing.	
Nature and purpose of operation		Early payment of customer receivables through purchase card Supplier systems	
Company's contractual status	Debtor	**Please specify**	

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
VIP IV Empreendimentos e Participações Ltda.	June 1, 2019	5.461.778,12	643.432,45	2.155.763,82	05/31/2023	No	0.000000
Relationship with the issuer				Agreement entered into between the Company and VIP IV Empreendimentos e Participações Ltda. (“**VIP IV**”), indirectly held by Laércio José de Lucena Cosentino, holder of 39.47% of VIP IV's share capital.			
Subject matter of the agreement				Lease Agreement for the real property located at Av. Braz Leme, n.º 1793, Sao Paulo (SP, Brazil), for the lease of the Company's data center, with a constructed area of 422 sq. m, and the property located at Rua Sóror Angélica, 269, Casa Verde district, Sao Paulo (SP, Brazil), with a total building area of 1,722 sq. m. Contract readjustment for inflation is annually, according to the IGP-M rate variation in the period.			
Collaterals and insurance				N/A regarding guarantee. The Company is required to take out fire insurance for the real properties, at the updated value of each property.			
Termination or end				In case of breach of contract, a fine corresponding to three monthly rentals will be due and payable			
Nature and purpose of operation				Lease of the Company's datacenter.			
Company's contractual status		Debtor		**Please specify**			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Instituto da Oportunidade Social	Feb. 19, 2018	23.879.533,89	-		Indefinite	No	0.000000
Relationship with the issuer				The Company is the main sponsor of the Social Opportunity Institute (IOS), in which it is responsible for funding more than 50% of its annual budget. In line with the decision by the Board of the Brazilian Securities and Exchange Commission, within the scope of Administrative Proceeding 19957.001316/2020-08, issued on July 7, 2020, when evaluating the nature of the partnership with IOS, we started to disclose the relationship with such non-profit organization as a transaction with a related party of the Company in the annual presentation of this Reference Form, and all contributions made were submitted to our Board of Directors to ratify its terms, as provided for in section 5.5 of our Policy on Transactions with Related Parties.			
Subject matter of the agreement				The funds contributed to IOS are made through sponsorships and donations, which may be made by granting financial resources, goods, and the right to use licenses and solutions developed and sold by the Company.			
Collaterals and insurance				N/A			
Termination or end				N/A			
Nature and purpose of operation				The Company, in line with its social strategy, has been voluntarily supporting IOS since its foundation in 1998, and centralizes its annual social investment in projects developed by IOS.			
Company's contractual status		Debtor		**Please specify**			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
GoodData Corporation	June 11, 2013	44.778.179,57	-	2.355.332,25	Indefinite	No	0.000000

Relationship with the issuer	Agreements entered into between the Company and GoodData Corporation, in which the Company holds, through its subsidiary TOTVS, Inc., approximately 5.26% of the total capital stock of GoodData. TOTVS, Inc. is a party of GoodData's Stockholders' Voting Agreement, which entitles Totvs to nominate members to compose GoodData's Board. Based on the analyses of the shareholders' agreement, such transaction was identified as a transaction between related parties, so we started to disclose the relationship with this related party in the annual presentation of this Reference Form, and all contributions made were submitted to our Board of Directors to ratify its terms, as provided for in section 5.5 of our Policy on Transactions with Related Parties.
Subject matter of the agreement	*Software* service agreements (licenses, support and maintenance) and distribution of the GoodData Platform. The supplier, after the first year of the agreement, reserves the right to change the amounts annually to reflect commercially reasonable price changes.
Collaterals and insurance	N/A
Termination or end	Automatic annual renewal, and the parties can terminate the agreement upon 30 days' notice with no penalty.

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Nature and purpose of operation				*Provision of software services and* distribution of the GoodData Platform			
Company's contractual status		Debtor		**Please specify**			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Biosolvit Soluções em Biotecnologia S/A	Dez 28th, 2020	106.604,57	-	21.320,91	Indefinite	No	0.000000
Relationship with the issuer				Agreement entered into between the Company and Biosolvit Soluções em Biotecnologia S/A, where Laercio José de Lucena Cosentino indirectly holds 20.00% of the stock capital of Biosolvit through MCLC4 Participações e Empreendimentos Ltda.			
Subject matter of the agreement				*Software* service agreements (licenses, support, and maintenance), and *Cloud* rental. Agreements in force are readjusted annually according to the IGP-M/FGV or IPCA/IBGE rate variation.			
Collaterals and insurance				N/A			
Termination or end				The parties may terminate the agreement upon prior notice without penalties being applied, or for non-payment by the client/customer and the lack of			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
				services/accesses provided by the Company. The Hosting Cloud services may be canceled without a cause, at any time, upon prior written notice of ninety (90) days and payment, by the Client to TOTVS, of a fine equivalent to 50% of the total remaining monthly fees until the end of the effective term.			
Nature and purpose of operation				Provision of *software* services			
Company's contractual status		Creditor		**Please specify**			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Biosolvit Soluções em Biotecnologia S/A	Dec. 28, 2020	59.432,72	-	11.886,54	Indefinite	No	0.000000

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged

Relationship with the issuer	Agreement entered into between Wealth System Informatica Ltda and Biosolvit Soluções em Biotecnologia S/A, where Laercio José de Lucena Cosentino indirectly owns 20.00% of Biosolvit's capital stock through MCLC4 Participações e Empreendimentos Ltda.
Subject matter of the agreement	Software service agreements (TOTVS CRM MASTER and EXECUTIVE). The current agreement for the CRM MASTER has its fee updated annually according to the variation of the IGP-M/FGV inflation rate, while the fee for the CRM EXECUTIVE is updated annually according to the positive variation of the IPCA/IBGE inflation rate.
Collaterals and insurance	N/A
Termination or end	For CRM MASTER, either party may terminate the contract at any time with no fine or indemnity if the other Party fails to comply with any of its obligations and does not remedy such default within 30 days of the notice received for that. For CRM EXECUTIVE, the client can terminate the agreement upon 180-day prior notice in writing. If such a term is not respected by the client, this shall pay Wealth System the amount corresponding to 100% of the outstanding remaining amounts until the end of the notice period. If the termination of the Agreements is because of any breach of TOTVS'S intellectual property, the Client shall pay a fine equal to six (6) times the monthly recurring amount due, without prejudice to additional compensation for losses and damages.
Nature and purpose of operation	Provision of software services

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Company's contractual status		Creditor		**Please specify**			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
BR-ME NEGOCIOS S.A.	January 28, 2021	70.767,12	-	15.568,77	Indefinite	No	0.000000
Relationship with the issuer				Agreement entered into between the Company and BR-ME Negócios SA, in which Laercio José de Lucena Cosentino indirectly holds 22% of the capital stock through MCLC4 Participações e Empreendimentos Ltda.			
Subject matter of the agreement				Software service agreements (TOTVS APP - Connector, Cloud and Totvs Transmite). The current agreement of Connector is adjusted annually according to the variation of the IGP-M/FGV and the Cloud and Totvs Transmite agreements are adjusted annually according to the positive variation of the IPCA/IBGE.			
Collaterals and insurance				N/A			
Termination or end				Automatic annual renewal, and the parties may terminate the agreement upon prior notice without penalties being applied, or for non-payment by the client/customer and the lack of services/accesses provided by the Company.			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
				The Hosting Cloud services may be canceled without a cause, at any time, upon prior written notice of ninety (90) days and payment, by the Client to TOTVS, of a fine equivalent to 50% of the total remaining monthly fees until the end of the effective term.			
Nature and purpose of operation				Provision of *software* services			
Company's contractual status		Creditor		**Please specify**			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
BR-ME NEGOCIOS S.A.	January 28, 2021	24.991,19	-	5.498,06	Indefinite	No	0.000000
Relationship with the issuer				Agreement entered into between VT COMERCIO DIGITAL S.A. and BR-ME Negócios SA, in which Laercio José de Lucena Cosentino indirectly holds 22% of the capital stock through MCLC4 Participações e Empreendimentos Ltda. The Company holds 50% of the capital of VT COMERCIO DIGITAL S.A.			
Subject matter of the agreement				*Software* Services Agreement (E-commerce Platform*)*. The agreement in force is annually updated for inflation according to the variation of the IPCA/IBGE rate.			
Collaterals and insurance				N/A			
Termination or end				Automatic annual renewal, and the parties may terminate the agreement upon prior notice without penalties being applied, or for non-payment by the client/customer and the lack of services/accesses provided by the Company.			
Nature and purpose of operation				Provision of *software* services			
Company's contractual status		Creditor		**Please specify**			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
SHIPAY TECNOLOGIA S/A	February 26, 2021	412.511,00	-	99.002,64	36 months	No	0.000000
Relationship with the issuer				Agreement entered into between the Company and SHIPAY TECNOLOGIA S/A, where Laercio José de Lucena Cosentino indirectly holds 59.93% of the capital stock through MCLC4 Participações e Empreendimentos Ltda.			
Subject matter of the agreement				Partnership agreement between TOTVS S.A. and SHIPAY TECNOLOGIA S/A for the sale of the "TOTVS Pagamento Digital" (digital payment) solution.			
Collaterals and insurance				N/A			
Termination or end				The Parties may terminate the agreement without cause, at any time, providing the other party with a notice 180 (one hundred and eighty) days in advance.			
Nature and purpose of operation				*Software* sales partnership agreement			
Company's contractual status		Debtor		**Please specify**			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
MENDELICS ANALISE GENOMICA S.A.	July 23, 2021	43.724,84	-	12.614,62		No	0.000000

Relationship with the issuer		Agreement entered into between the Company and Mendelics Analise Genomica S.A., where Laércio José de Lucena Cosentino holds 28.85% of the capital stock of Mendelics Analise Genomica S.A.	
Subject matter of the agreement			
Collaterals and insurance		N/A	
Termination or end		The client may cancel the Cloud Services without cause, at any time, upon prior written notice of ninety (90) days and payment, by the Client to TOTVS, of a fine equivalent to 50% of the total remaining monthly fees until the end of the effective term.	
Nature and purpose of operation		Provision of Cloud Computing service	
Company's contractual status	Creditor	**Please specify**	

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
GHT4 - REAL ESTATE S.A.	January 01, 2020	6.001,69	-	6.001,69	Indefinite	No	0.000000

Relationship with the issuer	Agreement entered into between the Company and GHT4 - REAL ESTATE S.A. (formerly known as Inovalli Administração de Obras, Engenharia e Empreendimentos Imobiliários Ltda., in which Laércio José de Lucena Cosentino directly owns 4% of the capital stock and, indirectly, 96% through MCLC4 Participações e Empreendimentos Ltda. In January 2022, the client requested that the agreement was transferred, and this transaction began to be invoiced to GHT4 EMPREENDIMENTOS SERVICOS E PARTICIPAÇÕES S.A.
Subject matter of the agreement	Software service contracts (licenses, support and maintenance) and Cloud rental. Contracts in force are readjusted annually according to the variation of the IGP-M.
Collaterals and insurance	N/A
Termination or end	The parties may terminate the contract with prior notice without penalty, or for non-payment by the customer and failure to provision of services/access by the Company.
Nature and purpose of operation	N/A

Company's contractual status	Creditor	**Please specify**	

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Supplier Administradora de Cartões de Crédito S.A.	December 27, 2021	187.500,00	-	187.500,00	Indefinite	No	0.00
Relationship with the issuer	Agreement entered into between the Company and Supplier Administradora de Cartões de Crédito S.A., in which the Company indirectly holds 100.00% of the capital stock of Supplier Administradora de Cartões de Crédito S.A.						
Subject matter of the agreement	Agreement in which TOTVS is responsible for being the guarantor of all obligations of SUPPLIER in the Agreement to Issue Purchase Cards under the Supplier's System with BRASKEM						
Collaterals and insurance	N/A						
Termination or end	The agreement may be terminated: (i) if there is a request for the liquidation or winding up of the Party or if it suffers any preparatory or protective court order or injunction or conviction that may prevent the continuity of its business transactions in a regular manner, or that may affect its equity and/or its goodwill irreparably; (ii) if there is any non-compliance with this Instrument by SUPPLIER; (iii) in case of any change in SUPPLIER's shareholding control that has not been previously and expressly allowed, except if it is performed between companies of the same economic group; (iv) immediately in the event of termination or end for any reason of the Agreement with BRASKEM.						
Nature and purpose of operation	N/A						

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Company's contractual status	Creditor		**Please specify**				

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
GTH4 EMPREEENDIMENTOS SERVICOS E PARTICIPACOES SA	January 27, 2022	29,983.48	-	7,402.92	Indefinite	No	0.000000
Relationship with the issuer				Agreement entered into between the Company and GHT4 Empreendimentos Servicos e Participacoes S.A., of which Laércio José de Lucena Cosentino holds 24.69% of the capital stock.			
Subject matter of the agreement				Software service agreements (licenses, support, and maintenance) and Cloud Computing service agreements. The compensation fees of the agreements in force are annually updated for inflation according to the IPCA rate variation.			
Collaterals and insurance				N/A			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Termination or end				The parties may terminate the agreement upon prior notice without penalties being applied, or for non-payment by the client/customer and the lack of services/accesses provided by the Company.			
Nature and purpose of operation				N/A			
Company's contractual status		Creditor		**Please specify**			

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
TOTVS TECHFIN S.A.	August 01, 2022	608,019.97	-	608,019.97	Indefinite	No	0.00
Relationship with the issuer	Agreement entered into between the Company and TOTVS TECHFIN S.A., in which TOTVS TECHFIN is part of the transaction involving the creation of the JV with Itaú. According to IFRS5, the transaction involving the creation of the Joint Venture with Itaú meets the criteria for assets held for sale.						

Related party	Transaction date	Amount involved (Reals)	Existing balance	Amount (Reals)	Duration	Loan or other type of debt	Interest rate charged
Subject matter of the agreement	Cost sharing agreement						
Collaterals and insurance	N/A						
Termination or end	The parties may terminate the agreement upon 30-day prior notice without the application of penalties, or if they cease to belong to the same corporate group						
Nature and purpose of operation	N/A						
Company's contractual status	Creditor		**Please specify**				

11.3 - Other relevant information

The Company did not find any other relevant information connected to this section.

12.1 - General information on the capital stock

Date of authorization or approval	Capital amount (Reals)	Payment term	Number of common shares (Units)	Number of preferred shares (Units)	Total number of shares (Units)
Type of Capital	**Paid-Up Capital**				
September 21, 2021	2,962,584,687.27		617,183,181	0	617,183,181
Type of Capital	**Issued share capital**				
September 21, 2021	2,962,584,687.27		617,183,181	0	617,183,181
Type of Capital	**Subscribed Capital**				
September 21, 2021	2,962,584,687.27		617,183,181	0	617,183,181
Type of Capital	**Authorized Capital**				
April 20, 2021	4,000,000,000.00		617,183,181	0	617,183,181

12.2 - Foreign issuers - Rights and rules

Not applicable, considering that the Company is not a foreign issuer.

12.3 - Other securities issued in Brazil

Security	**Debentures**
Security details	4th Issue of Simple Debentures – TOTVS S.A.
Date of issue	Sep 12, 2022
Expiration date	Sep 12, 2027
Quantity (units)	1,500,000
Global par value (R$)	1,500,000,000.00
Outstanding debt balance on the closing date of the last fiscal year	0.00
Circulation restrictions	No
Convertibility	No
Possibility of redemption and calculation of its amount	The Company may, at its sole discretion and any time, make an early redemption offer of all the Debentures, addressed to all Debenture Holders, without on one or more occasions distinction, assuring equality conditions to all the Debenture Holders to accept or not the redemption of their Debentures. The amount to be paid to the Debenture Holders within the scope of the Early Redemption Offer will be equivalent to the Unit Face Value or balance of the Unit Face Value of the Debentures subject to redemption, plus the Remuneration, calculated pro rata temporis, from the First Payment Date until the date of its effective payment, and from any prize offered by the Company. The Company's redeemed Debentures, as provided for in this Clause, will be mandatorily cancelled.
Conditions for changing the rights guaranteed by such securities	There is no scheduled renegotiation of debentures.
Characteristics of values debt securities	Refers to the 4th (fourth) issue of simple, non-convertible, unsecured type, single-series, debentures, in the amount of R$ 1,500,000,000.00 (one billion and five hundred million reais), for public and restricted efforts distribution, pursuant to the Securities and Exchange Commission ("CVM") no. 476, of January 16, 2009, as amended ("Debentures", "Issuance" and "Instruction CVM 476", respectively) held on September 12, 2022 with maturity on September 12, 2027, which the trustee being Oliveira Trust Distribuidora de Titulos e Valores Mobiliários S.A..
Other relevant features	See item 12.9 for information on interest rates, guarantees and hypotheses of early maturity

12.4 – Number of security holders

Securities	Individuals	Companies and organizations	Institutional Investors
2	0	0	2

12.5 - Brazilian markets in which securities are admitted to trading

The Company's common shares are listed for trading in Brazil. Specifically, the Company's shares are traded on B3 – Brasil, Bolsa, Balcão, under the ticker code "TOTS3", in the category with the highest level of corporate governance, the so-called "Novo Mercado". The debentures issued by the Company are traded on B3 and CETIP under the trading code TOTS14.

12.6 - Information on the class and type of security admitted to trading in foreign markets

Justification for not completing the table:

There are no securities admitted to trading on foreign markets.

12.7 - Securities issued abroad

Justification for not completing the table:

There are no securities issued abroad

12.8 - Allocation of resources from public offerings

2nd Issue of Debentures

(a) how the resources resulting from the offer were used

The funds raised with the 2nd public issue of debentures will be fully used for scheduled settlement of R$200,000 thousand corresponding to the 1st (first) issue of debentures by the Company, which will mature on September 15, 2020, and to get prepared to pay the amount of R$ 458,405 thousand for the acquisition of shares corresponding to 88.8% of the capital stock of SUPPLIER PARTICIPAÇÕES S.A.

(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

3rd Issue of Debentures

(a) how the resources resulting from the offer were used

The funds raised with the 3rd public issue of debentures will be fully used to achieve the Company's Strategic Plan and the Company's corporate purpose.

(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

4th Issue of Debentures

(a) how the resources resulting from the offer were used

The funds raised with the 4th public issue of debentures will be fully and exclusively used for the early redemption referring to the 3rd (third) issue of the Company's unsecured and single-series debentures.

(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

2021 Primary Public Offering with Restricted Placement Efforts

(a) how the resources resulting from the offer were used

The funds obtained within the scope of the public offering with restricted efforts to place common shares issued by the Company are intended to be used, especially, in potential acquisitions of companies that may contribute to the execution of the Company's strategy and construction of a ecosystem based in 3 dimensions (Management, Techfin and Business Performance), and any remaining net resources will be used to reinforce the Company's capital and to achieve its corporate purpose.

As of the date of this Reference Form, there is still no defined position on which companies will be acquired by the Company or how long such potential negotiations will take to be finalized.

The allocation of proceeds from the Offering will be influenced by the future conditions of the markets in which the Company operates, as well as by the investment opportunities identified by the Company, in addition to other factors that cannot be anticipated. As long as the investments described above are not made, in the regular course of the Company's business, the funds raised in the Offer may be invested in financial investments that the Company's management believes to be within its investment policy, aiming at the preservation of the capital and investments of the Company with a high liquidity profile, such as public debt securities and fixed income financial investments contracted or issued by prime financial institutions, which may include the Coordinators.

The allocation of funds described above is based on current analyses, estimates and perspectives on future events and trends. Changes in market conditions and the timing of the allocation of funds may oblige the Company to review the allocation of the Offer's net proceeds upon their effective use, aiming at the Company's best interest. The application of the funds raised with the Offer depend on several factors that the Company cannot guarantee will materialize, among which, the behavior of the market in which the Company operates, the ability to continue the regular activities of the Company, to develop new projects.

If the proceeds from the Offering are not sufficient to fund the Use of Resources described above, the Company may seek additional resources, including through financial institutions, by contracting loans or direct financing, carrying out an offer of representative bonds and securities of debt in the local and international markets or even through another public offering of shares issued by the Company. The way to obtain these funds will be defined by the Company at the time of the respective funding, depending on market conditions.

(b) whether there were or not any significant deviations between the effective usage of such funds and the proposed usage as disclosed in the prospectuses of the corresponding distribution

Not applicable, as the facts that will generate the use of such resources have not yet taken place in full.

(c) if there were any deviations, clarify the reasons for such deviations

Not applicable, since the resources were used according to the proposal.

12.9 - Other relevant information

4th issue of Debentures

Remuneration: On the Debentures Face Value per Unit or balance of the Face Value per Unit, as the case may be, remuneration interests corresponding to the accumulated variation of 100.00% (one hundred percent) of the daily average rates of DI - Interbank Deposits of one day, "over extra-group”, expressed as a percentage per year, based on 252 (two hundred and fifty-two) Business Days, calculated and published on a daily basis by B3 - Brasil, Bolsa, Balcão in the daily newsletter available on its website (http://www.b3.com.br), plus, exponentially, a spread of 1.35% (one integer and thirty-five-hundredths percent) Business Days.

Guarantees: none.

Events triggering Automatic Early Maturity: the following events trigger an automatic Early Maturity of the obligations arising from the Indenture: (i) non-payment, by the Company, within the due date and in the manner set forth, of any pecuniary obligation owed to the Debenture Holders, which is not remedied within two (2) Business Days counted from the due date; (ii) decision rendered by a trial judge or court declaring the invalidity, nullity, or unenforceability of the Indenture; (iii) (a) declaration of bankruptcy of the Company and/or any of its subsidiaries representing 15% (fifteen percent) of the Company's consolidated net revenue, as verified by the Company's most recent financial statements; (b) motion for self-bankruptcy filed by the Company and/or its Relevant Subsidiaries; (c) motion for bankruptcy of the Company and/or its Relevant Subsidiaries filed by third parties not dismissed within the legal term, (d) motion for a in-court or out-of-court reorganization plan for the Company and/or its Relevant Subsidiaries, regardless of the granting of the corresponding motion; or (e) liquidation, dissolution, or extinction of the Company and/or its Relevant Subsidiaries, except if such liquidation, dissolution, or extinction results from an organizational restructuring involving the Relevant Subsidiaries of the Company under section (viii) below and that does not constitute an Early Maturity Event; (iv) transformation of the Company's type of business (structure) so that it ceases to be a corporation pursuant to articles 220 to 222 of the Brazilian Corporations Act; (v) any type of transfer or any type of assignment or promise of assignment by the Company to third parties, whether in whole or in part, of the obligations assumed, without the prior consent of the Debenture Holders; (vi) non-payment on the due date, subject to the applicable cure period, of any financial obligation of the Company in a unit or aggregate amount exceeding R$60,000,000 (sixty million Reals) or its equivalent in other currencies (and this amount must be updated monthly by the General Price-Market Index, so-callsed IGP-M) published by the Getulio Vargas Foundation from the Issue Date), which is a financial obligation arising from fundraising performed by the Company in the financial or sucirities market, whether in Brazil or abroad, unless the Company proves, within a maximum period of 5 (five) Business Days from the date of such non-payment, or until the end of the applicable cure period (if that period is longer than said period of 5 Business Days) that said non-payment: (i) has been cured by the Company, or (ii) had its effects suspended by any court or arbitration order; (vii) the proceeds from the Issue are allocated to a destination other than that provided for in the Indenture; (viii) spin-off, merger, or acquisition (only when the Company is bought and merged) or acquisition of shares or any form of organizational restructuring involving the Company that implies a change in the controlling structure (as defined in article 116 of the Brazilian Corporations Act), unless (a) the prior consent of the Debenture Holders has not been obtained; or (b) such operations involve the Company and the Company's Relevant Subsidiaries.

13.0 - Identification

Name of the person responsible for the content of the reference form	**Dennis Herszkowicz**
Position of the person in charge	Chief Executive Officer (CEO)

Name of the person responsible for the content of the reference form	**Gilsomar Maia Sebastião**
Position of the person in charge	Investor Relations Officer

Hereby, the above identified officers state that:

. they reviewed the reference form;

b. all information contained in this reference form complies with the provisions of CVM Resolution No. 80, especially articles 15 to 20; and

c. the information contained therein depicts truly, accurately and completely the Company's activities and the risks inherent in its activities.

13.1 - Statement from the Chief Executive Officer

STATEMENT

FOR THE PURPOSES OF SECTION 13.1. OF THE REFERENCE FORM

DENNIS HERSZKOWICZ, Brazilian citizen, married, with a background in advertising and marketing, bearer of the Brazilian identification document RG No. 20.310.061 SSP/SP, and with the Brazilian Tax Id. (“**CPF/MF**”) under No. 165.783.068-38, in his capacity of Chief Executive Officer of TOTVS S.A., a corporation headquartered at Avenida Braz Leme, 1000, Casa Verde district, in the Capital City of Sao Paulo, State of Sao Paulo, CEP 02511-000 (Brazil), enrolled with the National Registry of Companies of the Ministry of Economy under the Tax Id. (“**CNPJ/MF**”) No. 53.113.791/0001-22 (the “**Company**”), hereby state, pursuant to Exhibit C of CVM Resolution No. 80, of March 29, 2022, as amended (“**CVM Resolution No. 80**”), that: (i) he reviewed the reference form; (ii) all information provided in the form complies with the provisions of CVM Resolution 80, in particular arts. 15 to 20; and (iii) the information provided therein depicts truly, accurately, and completely the Company's activities and the risks inherent in its activities.

DENNIS HERSZKOWICZ

Diretor-Presidente

13.2 - Statement from the Investor Relations Officer

STATEMENT

FOR THE PURPOSES OF SECTION 13.1. OF THE REFERENCE FORM

GILSOMAR MAIA SEBASTIÃO, Brazilian citizen, married, bachelor of accounting, bearer of the Brazilian identification document (RG) No. 24.733.092-9 SSP/SP, and with Brazilian Tax Id. ("**CPF/MF**") under No. 174.189.288-04, in his capacity of Investor Relations Officer of TOTVS S.A., a corporation headquartered at Avenida Braz Leme, 1000, Casa Verde district, in the Capital City of Sao Paulo, State of Sao Paulo, CEP 02511-000 (Brazil), enrolled with the National Registry of Companies of the Ministry of Economy under the Tax Id. ("**CNPJ/MF**") No. 53.113.791/0001-22 (the "**Company**"), hereby state, pursuant to Exhibit C of CVM Resolution No. 80, of March 29, 2022, as amended ("**CVM Resolution No. 80**"), that: (i) he reviewed the reference form; (ii) all information provided in the form complies with the provisions of CVM Resolution 80, in particular arts. 15 to 20; and (iii) the information provided therein depicts truly, accurately, and completely the Company's activities and the risks inherent in its activities.

GILSOMAR MAIA SEBASTIÃO

13.3 - Statement from the Chief Executive Officer / Investor Relations Officer

Not applicable.