
Sérgio Sérgio:

Good morning! Welcome to TOTVS 4th quarter of 2025 results conference call. I am Sergio Serio, and I am pleased to be here today with you, with a different dynamic not only because of the results and because of LYNN'S announcement, but because we have the whole TOTVS team with us with a very interesting dynamics and cell sites analysis on site.

And therefore we're going to use a hybrid model, but as usual we start with the presentation for the quarters key highlights and at the end we will have our Q&A session, and we also take remote questions. As usual, all you have to do is use the "raise hand" button in the Zoom, and then for those who are on site, we're going to use a similar system, we announce your name and we'll turn over the microphone to you so that you can ask your questions.

But before we start it is important to note that any forward-looking statements regarding TOTVS future performance are based on current information and assumptions. They involve uncertainties and risks and many factors may cause the company's results to be different from the expectations presented here.

I will now hand over to Maia, who will begin the commentary on **slide 3**.

Gilsomar Maia:

Good morning, Sergio. Good morning, everyone.

The consolidated results reflect yet another quarter of strong and consistent top-line performance and substantial bottom-line progress, especially noteworthy for a 4th quarter, which typically carries seasonal effects that negatively impact profitability.

Consolidated Net Revenue exceeded BRL1.5 billion in the quarter, growing 16% year-over-year. The main driver for this growth continues to be Recurring Revenue, which increased 18% and reached 91% of Total Revenue, an additional 150 basis points year-over-year. This is the result of a 22% increase in Management and RD SaaS Revenue, which in turn is linked to a Net Addition of BRL200 million in ARR during the quarter. In terms of profitability, EBITDA closed the quarter at BRL409 million, up 24% year-over-year, translating into an EBITDA Margin of 27.1%, representing a 170 basis points increase year-over-year and 100 basis points quarter-over-quarter. Adjusted Net income totaled BRL258 million in the quarter, growing 14% versus the previous year and 12% versus the prior quarter. Additionally, earnings per share increased 25% year-over-year.

This bottom-line performance reflects the operating leverage, driven by consistent top-line growth and disciplined cost and expense management.

I now turn over to Apendino who will comment on the management results on **slide 4**.

Alexandre Apendino:

Good morning everyone.

Management maintained its robust growth pace of 17% year-over-year, closing the quarter with Revenue of BRL1.3 billion. The absolute highlight with SaaS + Cloud Revenue grew 24% in the quarter and 28% for the year. The performance reflects success in converting new sales and migrating the installed base to the cloud.

EBITDA Margin reached nearly 29%, representing almost 2 points more than in the 4th quarter of 2024. TOTVS continues to trend towards the highest profitability levels in its history while simultaneously preserving strong Revenue growth. This profitability improvement reflects disciplined, cost management focusing on operational efficiency gains, and reducing customers' TCO, making our offerings increasingly competitive in the SMB market. In addition, the universalization of T-Cloud continues to pave the way for activating Artificial Intelligence services, which we will discuss shortly.

The positive correlation between scale and margin expenditure is a rare combination in the global technology sector.

Now, Avelar will present RD numbers on **slide 5**.

Gustavo Avelar:

Good morning, everyone. RD stationed close to 2025 with very strong sequential acceleration. SaaS Revenue grew 6.3% compared to the 3th quarter of 2025, which on an annualized basis translates into a very strong and positive growth pace for 2026. Significant recovery was observed in Net ARR Addition, which nearly doubled year-over-year, proving the effectiveness of our multiproduct strategy and the success of combining RD's inbound distribution model with Management's outbound approach.

Even with the investments made in RD's summit, we maintained a stable EBITDA Margin of 13.7% for the quarter. Normalizing EBITDA for the one-off event cost, RD's margin would have exceeded 20%.

And I now return the presentation to Maia for comments on Techfin on **slide 6**.

Gilsomar Maia:

In Techfin, Net Funding Revenue totaled BRL96 million in the quarter, remaining stable year-over-year as a result of expanded production in agribusiness offset by higher funding costs during the period due to the increase in the select rate. The reduction in 5% versus the 3th quarter is related to the absence of receivable payments carried out by affiliates in the 3th quarter of 2024.

Adjusted EBITDA reached BRL47 million in 2025, representing solid growth of 43% versus 2024. The annual EBITDA Margin improved significantly, rising from 10.6% to 13.4%, an increase of 280 basis points, consolidating the segment at a sustainable level of growing profitability.

We are confident that our portfolio and model developments are on a high path to increasingly materialized "ERP finance" experience for TOTVS' clients.

I now turn over to Dennis, who will continue from **slide 7**.

Dennis Herszkowicz:

Thank you, Maia. Good morning, everyone.

As you could see from the quarterly results comments, we closed to 25% at the same pace we started it. Strong top and bottom-line growth. Net Revenue grew 17%, surpassing BRL5.7 billion, with SaaS Revenue advancing 25%. EBITDA accelerated year-over-year growth from 20% in 2024 to 22% in 2025, with the margin expanding 110 basis points for the year, totaling 26.2%. We achieved a 20% ROIC and 26% Net Income growth. These figures for 2025 add to a sequence of years of strong performance, reaffirming TOTVS' fundamentals very clearly.

And now, moving on to **slide 8**, I would like to address the "Gen AI will kill software" discussion that has intensified in recent weeks.

It reminded me, frankly, of the 1st quarter of 2025 message, which wasn't written because of this, but it reminded me of it when we talked about the "death hoax", the deliberate report of someone's death that later proves false. We believe Mark Twain's humorous quote, "The report of my death was an exaggeration", applies perfectly here.

First, not all software is the same. An ERP is much more than a SaaS application. Customer's profile differs. There are large enterprises, SMBs and small businesses. In general, we have observed to the following: 1) the more critical and/or complex the software, the slower the pace of adoption of any new technology, including AI; And then number 2) adoption of SMB is also slower. Management software is among the most critical and complex, and TOTVS is focused on the Brazilian SMB segment. And even more importantly, the level of accuracy required, the risks involved in case of errors, and countless other factors make the idea of replacing Management systems with apps created by users at SMB clients highly questionable.

At TOTVS, pragmatism focuses on our attention on turning AI into the greatest opportunity in our history. We have no doubt that generative AI is changing the world and it is certainly already changing TOTVS.

We are clear about our key assets and strengths: 1) we have a massive client base diversified across industries, geographies and company sizes.; 2) back and front office expertise built across each sector's value chain and combined with data generated over more than 40 years, during which 25% of Brazil's GDP flowed through our systems, reflecting the internal processes of hundreds and thousands of companies; 3) a distribution platform that combines the market's largest and best field salesforce with a powerful digital inbound engine; 4) And them, finally, all of this with a culture of innovation and pioneering spirit.

Based on these trends, we defined our role in AI as providing agents that perform tasks to improve our clients' outcomes. We're also convinced that the path for clients and prospects to adopt AI at scale is the ANI, the so-called Artificial Narrow Intelligence, and not AGI, Artificial General Intelligence. Because it is specialized, ANI masters specific context, making it far superior in accuracy and performance, with significantly lower costs, as well as stronger governance and security.

TOTVS is the company best prepared in the world, and I will repeat, in the world, to lead ANI applied to SMB. We dominate B2B technology in Brazil, and are extending that leadership into AI. This message marks the official launch of LYNN, the first AI foundation in the Brazilian market. This is a very special announcement, but not unprecedented for us. Throughout our history, we have been bold on several occasions, for example, by creating our own development language, the first

franchise system, and our own cloud. In fact, in LYNN, the concept is similar to our cloud success, creating AI with a specific purpose. The slide illustrates where LYNN fits and its main components.

LYNN is already a reality". The foundations shown here are operational. The work of evolution and expansion is ongoing and will remain so. LYNN ensures the greatest capacity in the market to create, use and manage AI agents with the best performance, accuracy, cost, security and agnosticism. This approach is among the most advanced in the world, especially in a landscape with multiple AI model options. Investment in these developments will be intensified, particularly CAPEX. It is time to accelerate. We estimate an additional increase of about BRL75 million per year over the next four years for a total software development CAPEX of approximately BRL600 million during this period. By focusing on ANI and leveraging its assets and strengths, TOTVS has the unique ability to do much more in AI with significantly less investment, a mindset similar to the most efficient innovators in the market. Millions rather than billions.

The primary monetization comes from TaaS, Task as a Service, which requires parallel and complementary actions: 1) Universalizing T-Cloud to ensure environmental control, governance and security; 2) Supporting clients in organizing and updating their databases in system versions; 3) Full control of our applications and their APIs, providing visibility, measurement performance and accuracy. And finally 4) Evolving TOTVS' back office to operate new business and billing models.

In Management, for example items 1, 2 and 3, so-called "TaaS enablers" are already generating significant Recurring Revenue with acceleration in the growth rate, these revenues representing more than 17% of Total Revenue in 2025 and expanding 37% versus 2024. Excluding the T-Cloud universalization, items 2 and 3 grew 70% in the period with a strong sequential acceleration of 7.3% in January of 2026 versus December 2025.

In addition, Artificial Intelligence already impacts our daily operations, directly contributing to the bottom-line through internal productivity gains. The best metric to measure this is Net Revenue per FTE (Full Time Equivalent). We are not only talking about our direct employees. Where we can regard a growth of more than 11% in fiscal year 2025 versus 2024. AI's impact is, therefore, concrete, growing and cross-functional across all areas of TOTVS. This is the greatest opportunity in our history. With the universalization of T-Cloud and the creation of TaaS, the expansion of the addressable market it is enormous. We believe this journey will extend for many years, significantly increasing our relevance within our clients, reinforcing our role as trusted advisors.

And with that, I will open the floor for questions.

QUESTION AND ANSWERS SESSION

Sérgio Sérgio:

Thank you very much. I would just like to review the dynamics we arranged in the beginning. This is going to be a hybrid dynamic, so we are going to open the microphone for those who are on site, and those who are here remotely. Please, use the "Raise hand" button and we will open for questions.

Well, here's our first question from Leo, Itaú.

Leonardo Cintra (Itaú):

Well, good morning, everyone. Congratulations for the results. I have two questions here. The first one is about the Management Margin, including Dimensa, which reached 28.5% and I remember that in the previous quarter you talked about 29%. So, my question is how can we consider this margin looking ahead, especially taking into account the new AI and cloud initiatives, whose results are even better than this Management Margin?

And the second question is about Linx, now that CADE (Conselho Administrativo de Defesa Econômica) has approved the operation. Could you update your expectation for top-line Revenue? Expectations versus reality here and the opportunities you foresee.

Dennis Herszkowicz:

Well, good morning and thank you again.

Without Dimensa, and you talked about the 28.5% with the Dimensa. With the Dimensa it was 28.5%, but when we round up it's 28.8%, which means really that the cap is even higher, we continue gaining efficiency, productivity. We are growing at an accelerated rate and we do not see any changes in this scenario. We made it clear in our message that the upcoming year is always based on the previous year, and because 2025 was wonderful, this is a very good sign. This is not a guidance, but it's a very good sign that 2026 is also going to be a very good year. Whenever we combine growth, relevant growth in Recurring Revenue, and then on the other hand, we have the discipline which we've already been shown in terms of cost. This means that the cap for this margin will grow up, and if it was 29%, it no longer is and we are almost there. I would say that some people say that when we reach our target, we double it. So we're following the track.

CADE has okayed the transaction, so we are doing what we had imagined. We believe that this will happen in the first half of the year and the plan remains the same. Linx will be integrated totally within our Management structure.

We see very important potential for synergisms. They complement what we do. The way they operate is also very similar because it enables us to have a pace and intensity of integration, which is higher than the one we usually have. The expectation is the best possible. Linx product, which are not available in TOTVS' portfolio today in the distribution platforms that are available, and then at the same time naturally, we can offer a portfolio of horizontal products which we have in TOTVS and Linx does not have for its clients as, of course, try to have all of the cost synergism that we know are already out there. Therefore, the expectations have been maintained, and we understand that there is a lot of value to be extracted from this operation.

Sérgio Sérgio:

Next question. Gabriel, Morgan Stanley.

Gabriel Vaza (Morgan Stanley):

Hello, thank you everyone. I have two questions here as well. Recently you announced a new vice-president to focus on efficiency and I wanted to better understand what the meaning is, and what we can expect. Question number two, RD, the performance has been very strong and I would like to know what we can expect for 2026 and how we have been following this business.

Dennis Herszkowicz:

Well, I will start with the second question, and then I will quickly comment about Gustavo Mendes, and he can also comment a little bit about what he is going to do. So, regarding the ARR Addition, as you mentioned, Gabriel. Sorry, I'm sorry, I correct myself, at RD. So, what we see in RD, and I had already indicated that for the 3th quarter, is that all of the actions that were taken since 2024,

first of all in the sense of going from single product, single go-to-market, single ideal customer profile, going into a multi approach, this was concluded in 2025 with three additional things.

Number one, with an integration with the structure of field sales, which provided amazing results. The representativeness of our field sales in RD is growing, and this does not cannibalize the digital inbound, because the client profile is different. Actually we're talking about different profiles and that is combined to what was already existing.

The second element is that, once you have created a multi-product, you have the challenge of creating a totally integrated journey, and you know well that a very important part of this multi-product was constructed based on M&A's, so the integration was not native from the start. So, Avelar coordinated this throughout last year, and continues doing this year, so that this journey is native, with a total integration in the journey, and that is, of course, making a huge difference in the cross and up-sell of the solutions.

Finally, we have the AI adoption in our day-to-day. Among us, when we mentioned that the more critical and complex, slower. Naturally, in ERP, which is more critical and complex, than the application offered by RD, the space is slower because AI is already in the day-to-day of our activities. And of course, this provides very good final results for our customers that have shown to be accelerating already. So, the results for the 4th quarter is a sort of a turn around the corner.

I remember that in the 3th quarter of 2024 we prepared a beautiful graph of the mismatch between IGPM and IPCA. Back then, we announced that these margins had ended. But actually they have increased amazingly, and I can assure you, that what happened now in the 4th quarter with RD's sales is similar, of course, keeping the right proportions. But when we highlighted the sequential growth, quarter over quarter, 6.3% annualized is 25%. When we look at the Addition of ARR, even if we received the one-off results, which should not be removed actually, because this is something that is here to stay. This already indicates, mathematically, that we are going to have one acceleration in the growth of revenue for RD.

But now turning over to Gustavo Mendes, and we joked about this, but he passed his very important first test. His name is Gustavo. So, as you can see, out of seven vice-presidents, he is Gustavo number three, which is a dramatic challenge for us, defining how we're going to call him. So we have Gustavo sitting at the end, and he's Gustavo because he's been here longer, and then after that we have Avelar and now, finally, we have our Mendes here at TOTVS. Basically, what Mendes is here to do is exactly pursue, within a company that has grown and continues growing, and that adds more and more things, and takes over more responsibilities in face of its clients, to have this pursuit of somebody who's coming from outside and is still not familiar with the company, to define where we can do better and where we can do more with less for the whole company. So, just as when Avelar arrived here, he went through the same period, and I said to everyone in the company and outside, that there was a company where they would have some time to get to know the company and then after that determine where they would act with a more focused approach. We are doing the same thing to Mendes.

But, Mendes, please introduce yourself.

Gustavo Mendes:

Well, thank you very much for the question, Gabriel. And yes, I am the third Gustavo and this is my first challenge. But I would like to say also how happy I am to be working for TOTVS. It's obvious what TOTVS has been building over the years. It is a reference not only in Brazil, but at a regional level. So coming in now and working with the team with all of the changes that we can see technology, a new company arriving at the group, I'm sure that we'll have a lot more opportunity to provide more value. As Dennis said, I have a lot to learn about the company, but I'm very enthusiastic and I think that our future is going to be brilliant, as mentioned before

Sérgio Sérgio:

Very nice. Next question from Livia, JP Morgan.

Livia Mizobata (JP Morgan):

Good morning once again, thank you for the opportunity to ask questions. My first question has to do with growth. 2025 was, indeed, a very strong year and now in 2026, one of the main things we've been discussing for some time now is the tax reform. So, from what you've seen in the beginning of the year, what is your expectation? Do you expect to accelerate revenues even more after this first one and a half months and if you have any perspectives of costs and how you're going to adjust the demand?

I also wanted to ask you about capital allocation, because we've seen a lot of M&A and you're talking about CAPEX and organic growth, so has anything changed in the management of the company? And what is the priority for the upcoming four years and in the long time? And also in a very long time, according to the model of the analyst here.

Gilsomar Maia:

Well, thank you for your question, Livia. I will try to address the first question related to the tax reform. The tax reform is always a significant challenge, and at the same time, it is an opportunity. It is a situation where this very close and strong relationship we have with our clients proved to be very true. In practice, our clients already experienced in 2026 what the government calls a "Testing period" and the main change was the layout of the invoices.

We have some unification and that involves all 27 states and municipalities, which regulate this. So, the first challenge has to do with the product, with Marcelo and Gustavo, and keeping track of all of these changes was the first thing. This was done with the different municipalities, and what made it more complex to all of the companies, is that this happened at the end of the year. Then in the beginning of the year we had some flexibilization and it will go until the end of the quarter, the different municipalities have regulated that.

But the year has been very useful. Other controversies have arisen, including some taxes which will not be collected this year, but are being indicated in the invoices. It's going to be a tense and useful year. Clients and we will help clarify all of these aspects. Interaction with our teams has been very high. This is what we used to call "Tickets". So we have different products and the activities have also been very intense since the last quarter and therefore the new year was very challenging. Gustavo Bastos, the "Original Gustavo" as Dennis mentioned, can talk a little bit about this too, him and Marcelo. This is a process that will last at least until 2033, when the whole reform will have been concluded.

During this journey we will have to help clients navigate the scenario, dealing with the old system, learning how to use the new one, and the impact this is all going to have in our lives. TIT, for example, the TOTVS Tax Intelligence launched last year is aimed at supporting our clients to do that, accelerate things, try to identify the impact on the business, and that will probably help clients to define strategic actions, financial actions, among others.

So, this is another example of how TOTVS is in fact a trusted advisor for clients with new products, updates of products, services, revisiting things even. So, this is an interesting opportunity. Right now this is very interesting for us and for the market.

Marcelo Eduardo:

I would add that we can improve our products with the reform. We will change the way we do sales and how we import things. To do that, we have to either reset our system or to have more to provide to the different companies. Capillarity is very important because we work with entrepreneurs and they change their business model according to what is happening in the country. And in the past we were always able to be very close to our clients generating new opportunities.

Dennis Herszkowicz:

Well, thank you very much, Marcelo.

And moving on to your second question on capital allocation. No, nothing has changed and actually if I am not mistaken, one or two quarters ago this question was asked on capital allocation and how we saw that. The response was that with a TOTVS profitability, cash generation and the growth that it has delivered for seven consecutive years with two digit growth. And once again, it has to do with math, it's not guidance. So we will generate billions in cash.

In practice, today we have an opportunity to do a lot of the things we want to do all at the same time. So, we can have relatively large M&As as we have done with Linx. We can also invest in AI or in the T-Cloud, which we are doing. And we can repurchase. We can do all of it. TOTVS balance and cash generation, the increasing cash generation, fortunately provides all of this capacity and this multiplicity of possibilities with our capital allocation. This is not different from what we had indicated before.

Sérgio Sérgio:

Well, next question. Lucca, Bank of America.

Lucca Brendim (BofA):

Good morning, everyone. Thank you for taking my question. My first question is that in the initial comments you talked about the potential impacts of AI for TOTVS and software as a whole. And one of the things we've been discussing is the seat-based approach and some users must be able to interact with the software. We know that AI can be used in other fronts as well, but the seat-based monetization, is it a risk in the short and midterm and do you have any strategy in place to deal with that?

And number two, could you tell a little bit more about Linx's pipeline? If you were to trace a plan for the future and how much have you concluded already? And what would be the landmarks for this in the future?

Dennis Herszkowicz:

Well, good question. Thank you. Regarding the discussion on charging per user, which is the main way to obtain monetization for most software companies, but it's not the only one we have here at TOTVS, and I would like to make that clear. We are not and have never been a pure SaaS company. This is one format, one criterion, but it has never been and never will be the only one. Having said that, I had already commented in another opportunity that I actually see new models arriving and they are combined to the existing ones. When we look at the transition between license and maintenance for subscription, this is exactly what happened. You can see what we've been doing.

And this discussion is a very interesting one. Sometimes I talk to Maia about this, and actually not only Maia, for 27 years I've been in the technology market. So I've seen a lot. I've seen different

cycles, new technologies arriving and so on and so forth. This is standardized, whenever we have a new technology, and please don't take me wrong, I'm not saying that it is eventually more impactful than others, that AI is more impactful than others. In my message I said that it has changed the world and is already changing TOTVS, but what we've seen to this day, and I believe that this can be applied to AI, takes place like this. This new technology lowers the software development costs. It's not as concrete as people believe in today, but it is already something that you can see. AI will reduce software development costs and codes. But those who benefit the most are of course the companies that focus on this as a business opportunity.

So for us, when these costs go down, it means that the TCO for the client will also decrease. Every time the TCO goes down for a client in technology or any other activity, what happens? If that activity will be intensified, it will gain participation in the addressable market and this is what we believe in. But now, if in 2 years, 5 years, 10 years, it's going to be exactly the same thing, or if we are going to have another important TaaS component, and what the mix is going to be between one and the other, it's basically impossible to answer that question today.

But, once again, we believe and we work based on that. We have announced the largest repurchase program we've ever said, proving that we do believe in this vision that AI increases our addressable market; and the TOTVS' assets and strengths what we've seen, and what has been described, give us better capacity than any other company, not only in Brazil but all over the world, to capture this increase in the addressable market. And this is what I can tell you here.

Regarding the pipeline or the roadmap, you said pipeline but it's more of a roadmap of LYNN. LYNN is already operational. The agents you saw at TOTVS universe in 2025 a few months ago, they have been developed already in parts of what LYNN was at the time. So, it's operational, but it's operational for our internal use right now. External agents are not using LYNN yet, but we already have developments and conversations. This will become a reality in the near future. And I will insist on this, it's clear to us that TOTVS is not going to be the only stakeholder here. We know there will be third parties developing it, but they will have to do it all inside LYNN.

The roadmap, right now, we'll focus on guaranteeing this scalability of the model will be increasingly higher, because we understand that the number of agents to be developed is very large. From a practical point of view, each task executed in a Management software can, at some point, in time be transformed into an agent with different levels of autonomy. Some of them have total autonomy and others will have human supervision, which is very important.

Sérgio Sérgio:

Okay, thank you. Next question, Cesar, Santander.

Cesar Davanço (Santander):

Well, good morning, everyone. First of all, congratulations for the results. My first question has to do with ARR addition and we've seen inflation de-accelerate and also given the magnitude of your base it makes a lot of difference, and you delivered a good level of addition. So I first wanted to understand what opportunities you see and where the bulk of this is coming from.

Second question, investment in R&D. You commented that, well, first of all, you talked about new initiatives and opportunities to operate AI. And then when we look at the CAPEX for LYNN, it represents 1% of your revenue, which is very low. I wanted to know what the results will be more specifically in this area.

Dennis Herszkowicz:

Well, thank you very much. Regarding the addition of ARR, it's what you mentioned. First of all, the 4th quarter is a little bit more challenging in terms of ARR, because we have Christmas, the end of the year, and companies in various sectors of the economy try not to start anything new.

So it's a little bit more challenging, and as you well mentioned, inflation has also contributed with a little bit less. We were very happy with the addition we were able to deliver, especially because of the pace of sales, and what we call, and we made it sure in the release. The calculation of the Net Addition of ARR has three elements. The price element, which is basically related to inflation; but in terms of volume, you have gross addition, that is not shown; and the retention rate. The retention rate always fluctuates a little bit between the different quarters, and this time it fluctuated downwards. Before that, it had increased. That's why we say that it's best to look at the last 12 months. But the quarter was a record in terms of gross production, and once again, in a quarter which is more challenging. So we're very happy and we do not see right now any changes in this scenario. Our indicators in the business area remain, as we mentioned and as we say internally, we continue strongly.

Regarding the R&D question, we commented a little bit about the event we held. We commented that the focus on AI, on specialized AI, which is ANI, actually it enables us to do more with less. And this concept is exactly the same, we have been applying for over one decade in T-Cloud. These are two of the main investments in R&D, that we are carrying out in the company. So, what we internally call "Specific purpose", T-Cloud is a specific purpose, and LYNN is a foundation with a specific purpose. It enables us to do exactly that, having amazing results from the point of view of Revenue and growth, but especially regarding the value generated for our clients. And that is all translated into a proportionally lower level of investment. Therefore, there is no need for TOTVS to make investments in the order of billions of dollars, because our role in AI, just as in the cloud, is not the role of a hyperscaler. It is not the role of AWS, or Google Cloud, or OpenAI. We're talking about something different and that's different, a different type of investment, and of course of the return that we can deliver as well.

Sérgio Sérgio:

Well, next question. Faria, UBS.

Gustavo Farias (UBS):

Hello, everyone. Thank you for the opportunity. I have two questions here. First of all, you commented in the release about the new model RD Summit and also that a normalized RD margin would be above 20%. So, what can we expect for 2026 with these margins? And then number two, regarding LYNN, what is the acceleration roadmap be like in terms of business strategy?

Dennis Herszkowicz:

Well, I will answer this and Avelar, please complement it for me. Regarding the RD margin, what we see is very positive dynamics as we are resuming first the Net ARR Addition, as we saw in the 3th, and principally, in the 4th quarter of 2025. Mechanically speaking, that will be reflected in the Revenue as well. As unit economics of RD is very positive, this dynamics will be translated into continued margin improvement. So, these expectations are very good for RD. Of course, we always have a series of innovations and investments that are made.

Regarding the RD Summit, would you like to comment about it?

Gustavo Avelar:

Well, we have announced in the last RD Summit that we're going to skip the one for 2026. There are reasons for that. One of them is that we want to have some synergism with the TOTVS universe and improve the economics of this event. And also because this year we have the World Cup, the calendar is already complicated and we have a short period of time to organize everything, given the World Cup calendar. But we are going to have a smaller RD event focusing on our clients in Florianopolis. This will be made public. The dates are already confirmed. And then next year we will return with our event and we are already planning that as well.

Dennis Herszkowicz:

Regarding your second question, and regarding LYNN. LYNN does not necessarily have a direct Revenue generation, but it enables a series of new businesses and new products. One of the main components is exactly developing agents, and of course, these agents generate the so-called TaaS, Task as a Service. So, this is an important roadmap for generation and monetization of resources just as the consumption of APIs and the applications. So, that LYNN enables it in a very important manner. This is the roadmap from a business point of view and monetization point of view.

Sérgio Sérgio:

Okay. So we're moving towards the end of our Q&A. Next question, Silvio Dória, Safra.

Silvio Doria (Safra):

So, good morning. I have a question from the following after some direct question. What is the contribution of the franchise model and the sales you had last quarter? Also, regarding Services, somehow will LYNN accelerate the relevance of the Service Revenue?

Dennis Herszkowicz:

Apendino, if you want to complement afterwards. But franchises are a very important strategic part of our field sales model. It is a very important differential. I actually wanted to mention it in the release when we mentioned that LYNN launch is very important, but it's not something new for us. One of the things we mentioned as the significant innovations at TOTVS was exactly the TOTVS franchise system. Therefore, this relevance remains the same, that means that their contribution for ARR Addition was high. Franchises, not only do they contribute from the point of view of ARR Addition, but their essence is to provide some regional understanding, which for our model and for our client profile, this is priceless.

And of course, at the end of the day, everything is translated into sales and indicators. But there is also a qualitative aspect of regional presence, which is once again, very, very, venerable and I do not believe that we would have been able to develop and sustain ourselves without the franchises.

Would you like to comment or add Apendino?

Alexandre Apendino:

Well, I would like to thank you. Because this is a very strong network we have. We are present in different cities of the country, thanks to this network. It does allow the company to grow and their capacity to invest and their regional knowledge of the area is very important. It's an important lever for TOTVS. It's valuable to us. They are always present in our calls, so this message is also for them.

Dennis Herszkowicz:

Well, regarding Services. you're totally right. For a long time, we've been saying that what we really want is to reduce our TCO, the property cost for our clients. Especially when we have new sales, be it for a client at the basis, but especially for a new logo, as we call it, the cost for Services and the cost for implementation is sometimes prohibited. So, we've been working for a long time to try to reduce that and to render this process into something simpler. We always need less time. We have had an amazing evolution. We used to spend 1,000 hours on a standard product. Today we spent a little over 500 hours. And of course, it is one of the areas that we have been working the most. We have tested. We have implemented AI. And naturally, it works in the all Service area process.

So, once again. We will always have part of Services in my opinion, but it doesn't mean that it won't be less. We've been working in that direction.

Sérgio Sérgio:

Well, this is going to be the last question in the Q&A session. Luis, Citi.

Luis Terzariol (Citi):

Well, thank you for the opportunity. I have two questions. I would like to talk a little bit about the Gross Addition. Also understand if this record addition in the quarter is something internal in the company with product changes or commercial changes, or if the clients are responsible for that.

I also wanted to focus on LYNN, because we've been talking about T-Cloud, but we have two other very important enablers. I wanted to know what the company's strategy is so that we can keep traction in T-Cloud and also the API enablers.

Dennis Herszkowicz:

Well, wonderful. Thank you for your question. From the point of view of Gross Addition, our dynamic is relatively similar to what we already had in the past. Something like 60% to 75% with a cross and up-sell for clients at the base, and then between 25% and 30% of new logos. Or "Net new names", as we call in TOTVS. Therefore, this dynamic has not changed in essence. What has caused that is exactly the combination of an increasingly large portfolio of products. The whole time we always have something else to offer our clients that we can improve the value chain, increment, the results that we generate for them.

On the other hand, this reduction that we just commented about TCO, and the cost of property, which make our solutions more profitable. The coverage of this field sales, which is being complemented with a digital inbound and more of these two things go hand-in-hand, and complement one another. So, it's a combination of all of this, and of course an NPS (Net Promoter Score), that added to a level of client satisfaction, which for a long time has run at levels that for our industry represent absolute efficiency levels.

Now back to LYNN, this is what we tried to bring in with the new figures. We mentioned how much those three AI enablers, and that's the main form of enablers that we have today, how much they contribute. We exactly excluded the universalization of T-Cloud because this is something that has been going on for a while now, and we only focused on the other two enablers, the APIs. and the agent consumption as this other thing where we can help clients organize their database and lead them to the latest versions of the software.

These two in combination, even though numerically speaking represent a low volume, they are growing in an accelerated manner. So between 2024 and 2025, we had a 72% growth year over year, and month to month, between December and January, we already had a growth greater than 7%. Therefore, this is an amazing acceleration and we have no doubt that with the official launching of LYNN and other activities that we are already carrying out, and we have mentioned many of them in our message. Such as a larger control of the application and also the APIs, and our database work. All of this will certainly lead the capture of these two other enablers to be increasingly higher from now on. We are very enthusiastic with that. So this is what I wanted to say.

Sérgio Sérgio:

Well, very good. Before returning to you, Dennis, for your final message, I would like to thank the analysts who were here with us today for their presence. I would also like to thank those who were with us remotely, and special thanks goes to PH and the MZ team, which accepted the challenge and organized this very nice event at the arena. It's a very nice area. So I thank you for having supported us.

Well, now I turn over to Dennis.

Dennis Herszkowicz:

Thank you, Sergio. Congratulations to the whole team. This was an innovation we had here, I know. At least I do not recall any other conference call with analysts present on time. As you said: "Seeing how things really work on site".

Over more than four decades of life we have been reinventing our ciphers. This means that our motto "The same, while always being different" indicates that this is true more than ever.

I would like to thank our partners, our clients, our whole ecosystem for another year, and of course, for another quarter of amazing results.

Thank you very much and I will see you next time.