

EARNINGS PRESENTATION 1Q22

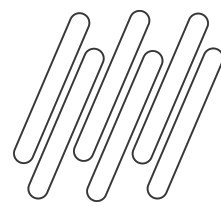
» Investor Relations

Dennis Herszkowicz
CEO

Gilsomar Maia
CFO/ IRO

Gustavo Bastos
Platforms Officer

▶ 2022/ May

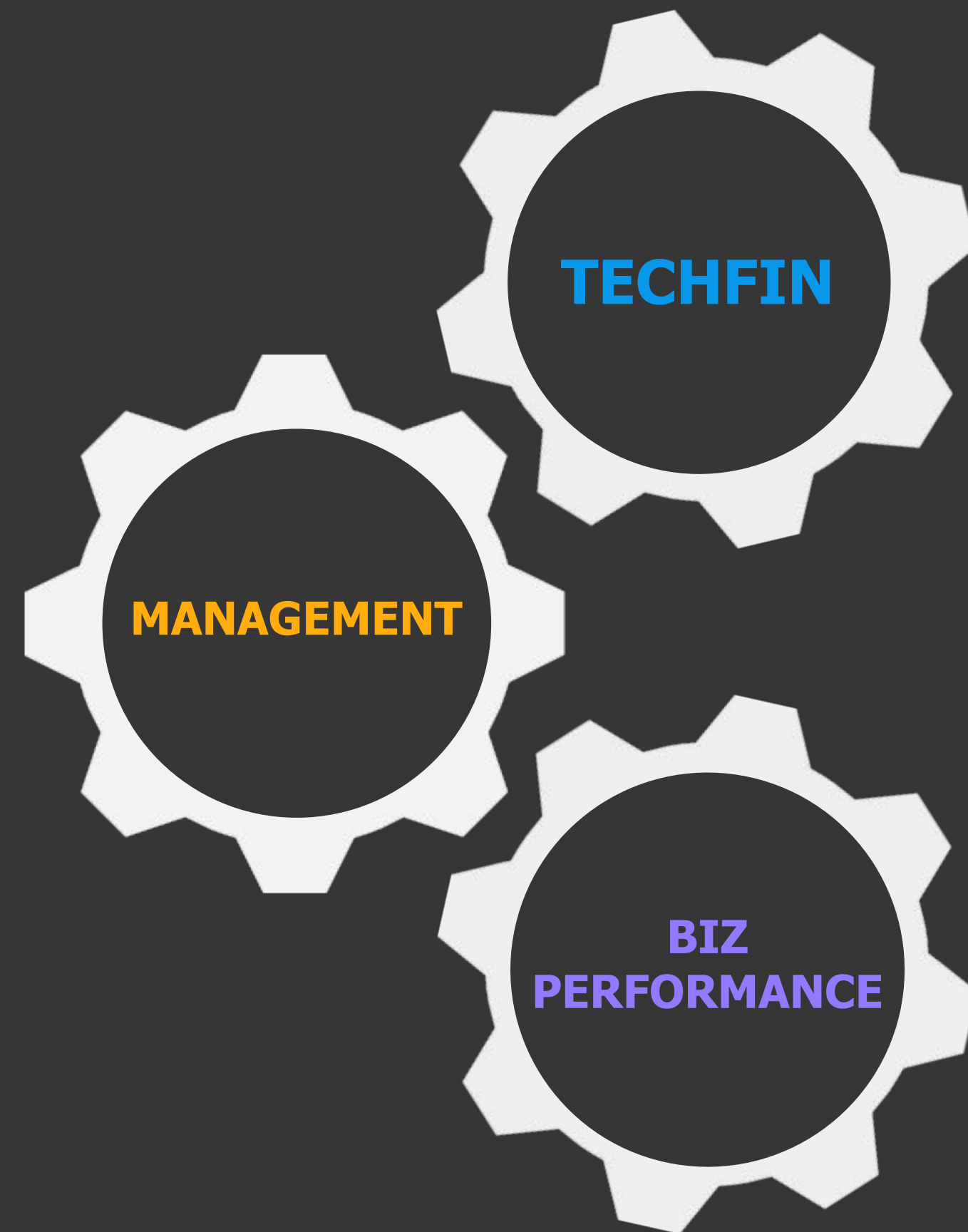
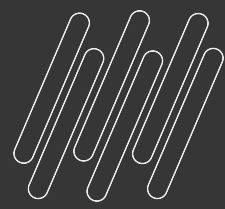


LEGAL NOTICE



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





ECOSYSTEM 3D INTERCONNECTED AND INTERDEPENDENT

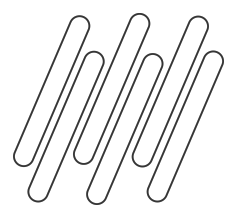
2022 started at a similar pace to the close of 2021:

- + **Historical Record of Net Addition in ARR Management**
- + **Organic growth record in Recurring Revenue from Management**
- + **Strong growth of Biz Performance Recurring Revenue**
- + **Investments and advances in *Digital Commerce***
- + **Record portfolio and credit production growing at Techfin**
- + **TOTVS + Itaú Techfin Joint Venture**

TOTVS 3D ECOSYSTEM
IS A
REALITY

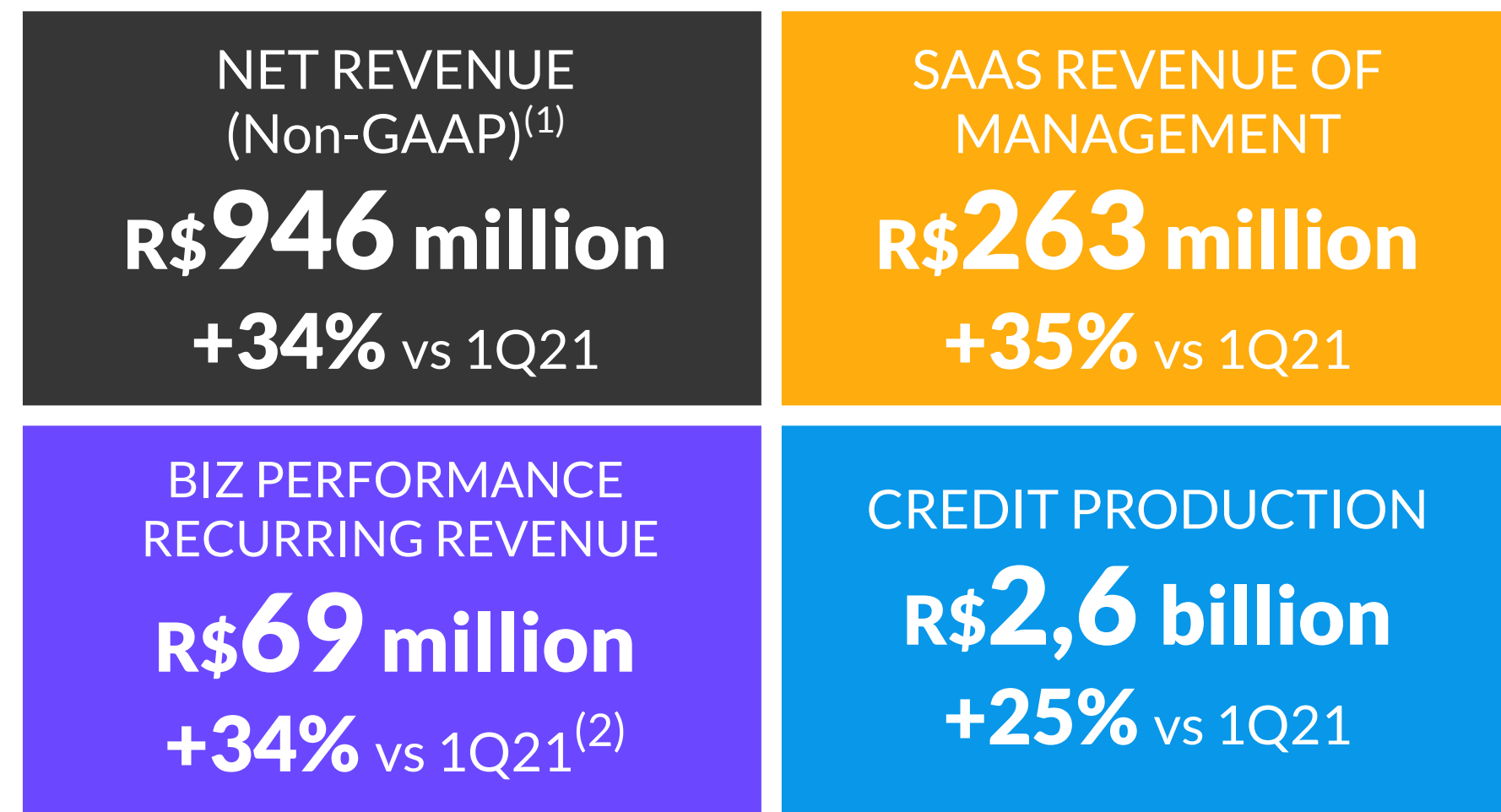
01

Financial & Operational 1Q22 Highlights

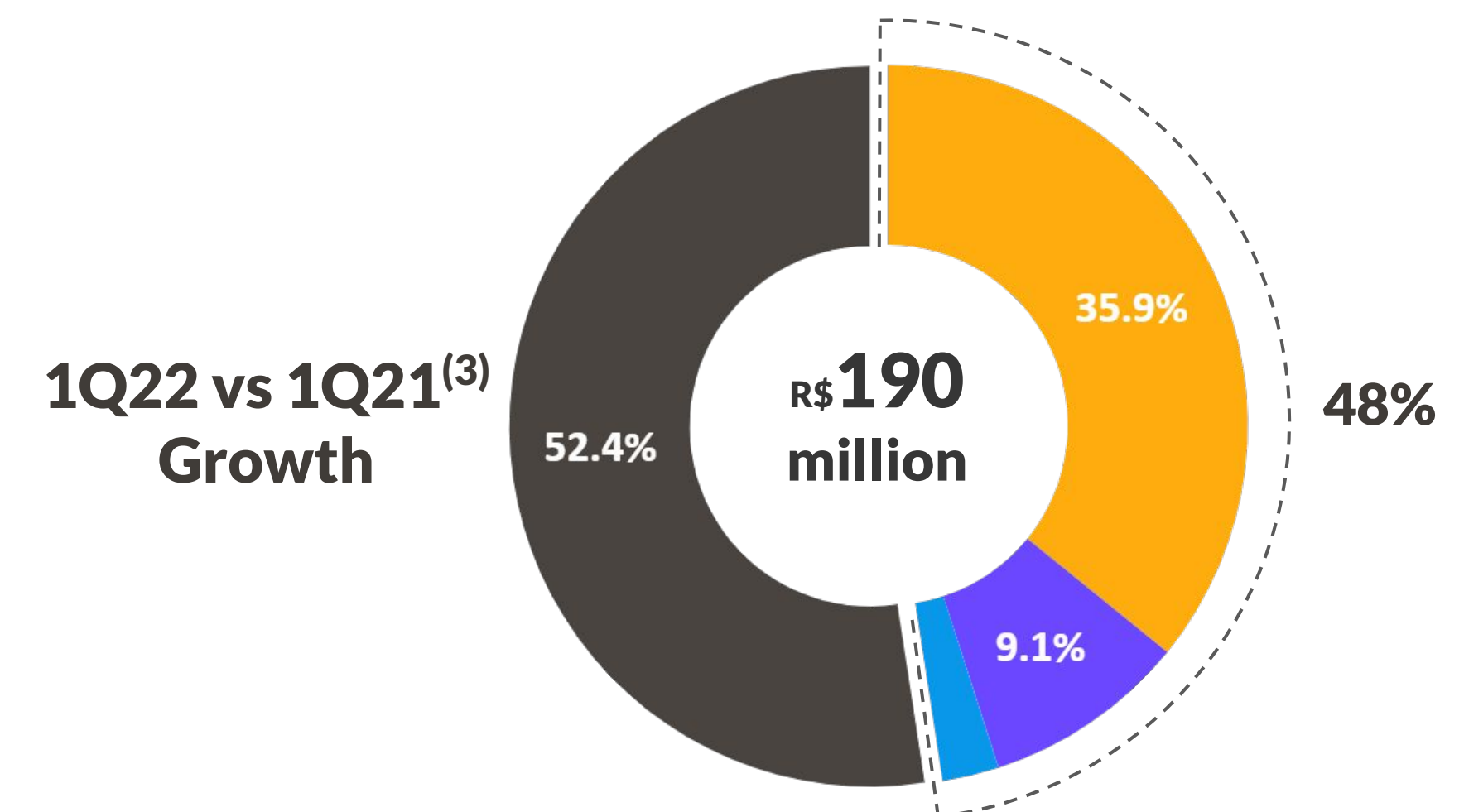
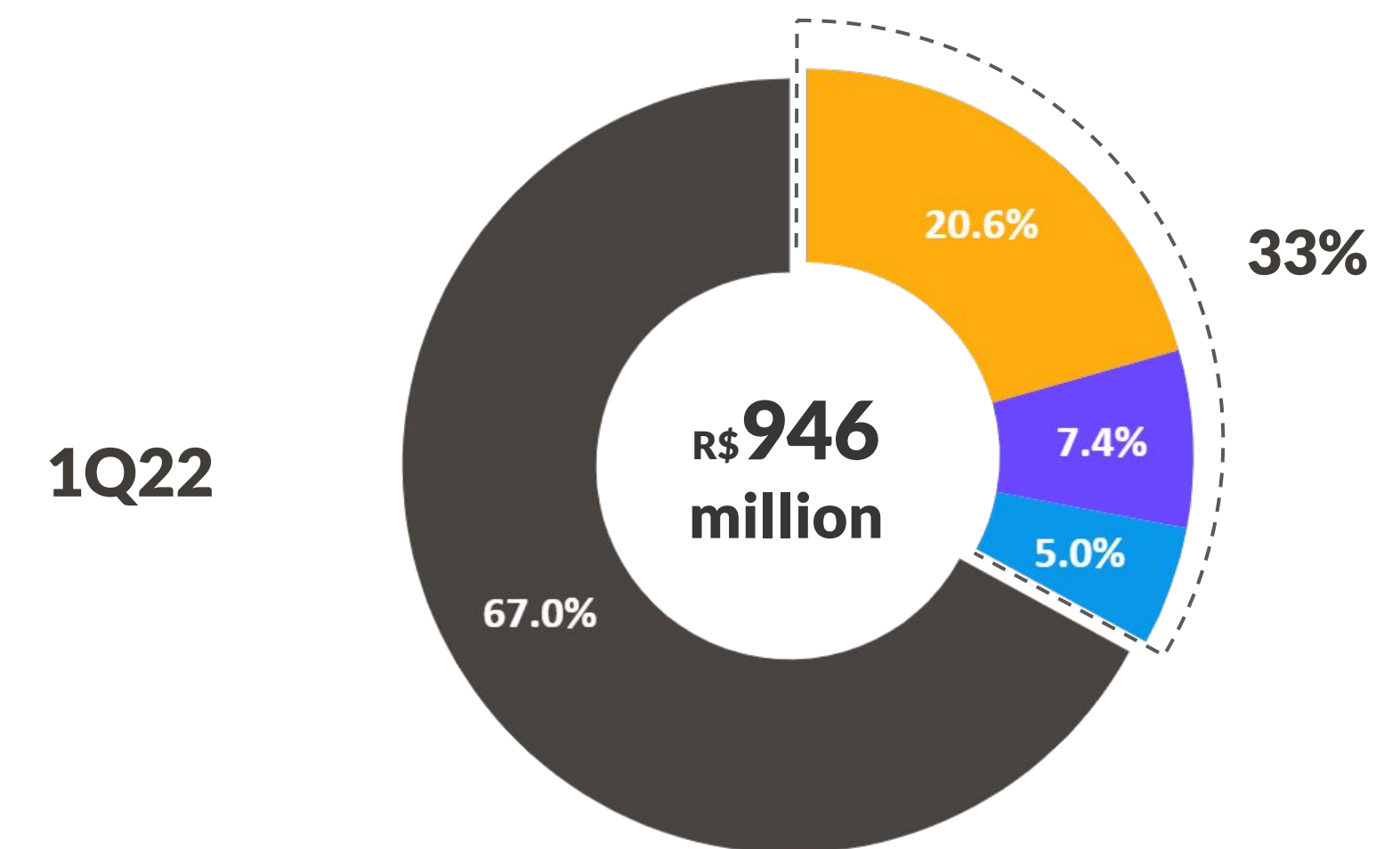


CONSOLIDATED RESULTS

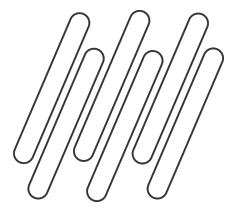
Revenue net of Funding⁽¹⁾ **grew 34% vs 1Q21**, with emphasis on the growth of **26% Management Net Revenue**



NET REVENUE (Non-GAAP)⁽¹⁾



● Other Management ● SaaS Management ● Biz Performance ● Techfin

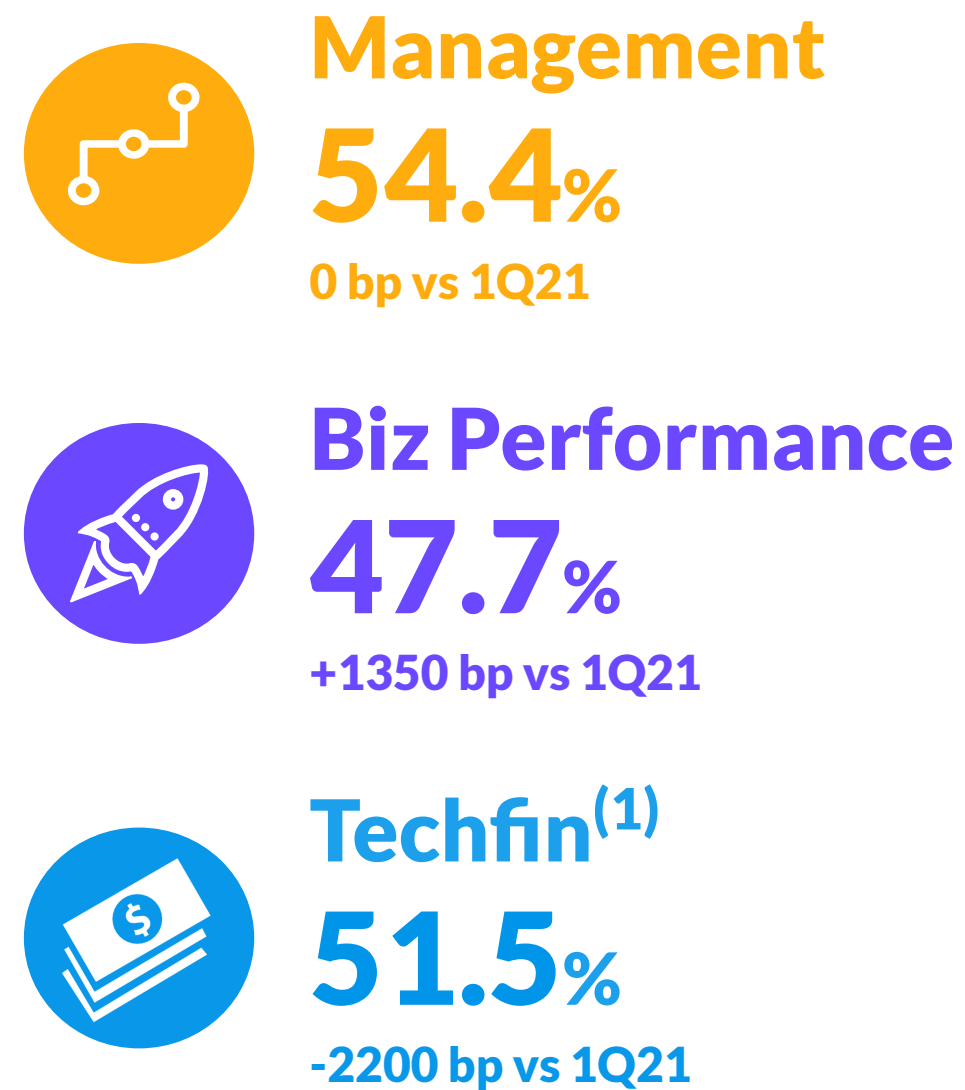


FINANCIAL & OPERATIONAL HIGHLIGHTS

Rule of 40

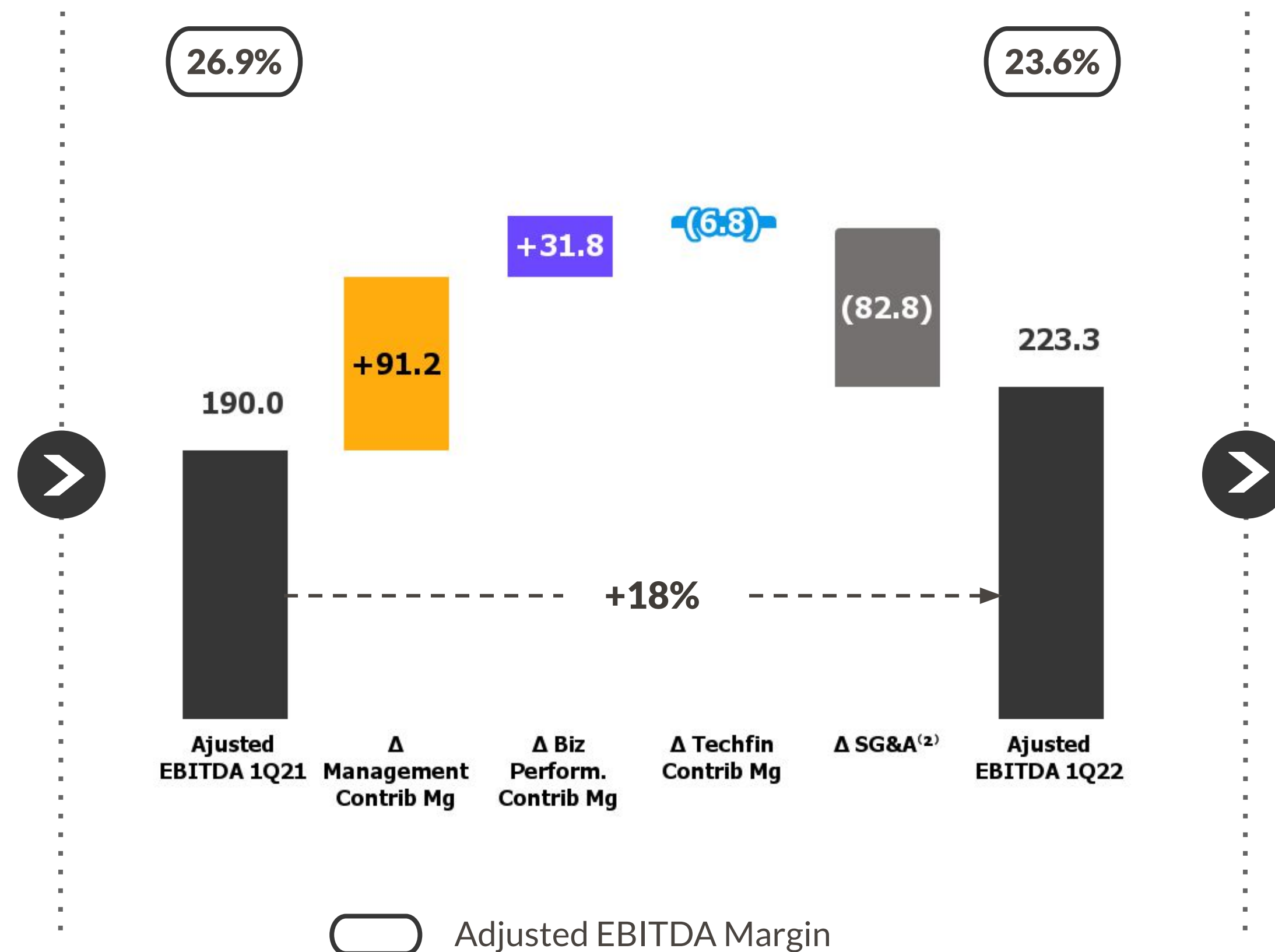
The acceleration of revenue growth, concentrated in recurring, transactional revenues, and the historical record of licenses from the Corporate Model, **resulting in 13 p.p. increase in the Rule of 40**

CONTRIBUTION MARGIN / NET REVENUE (1Q22)

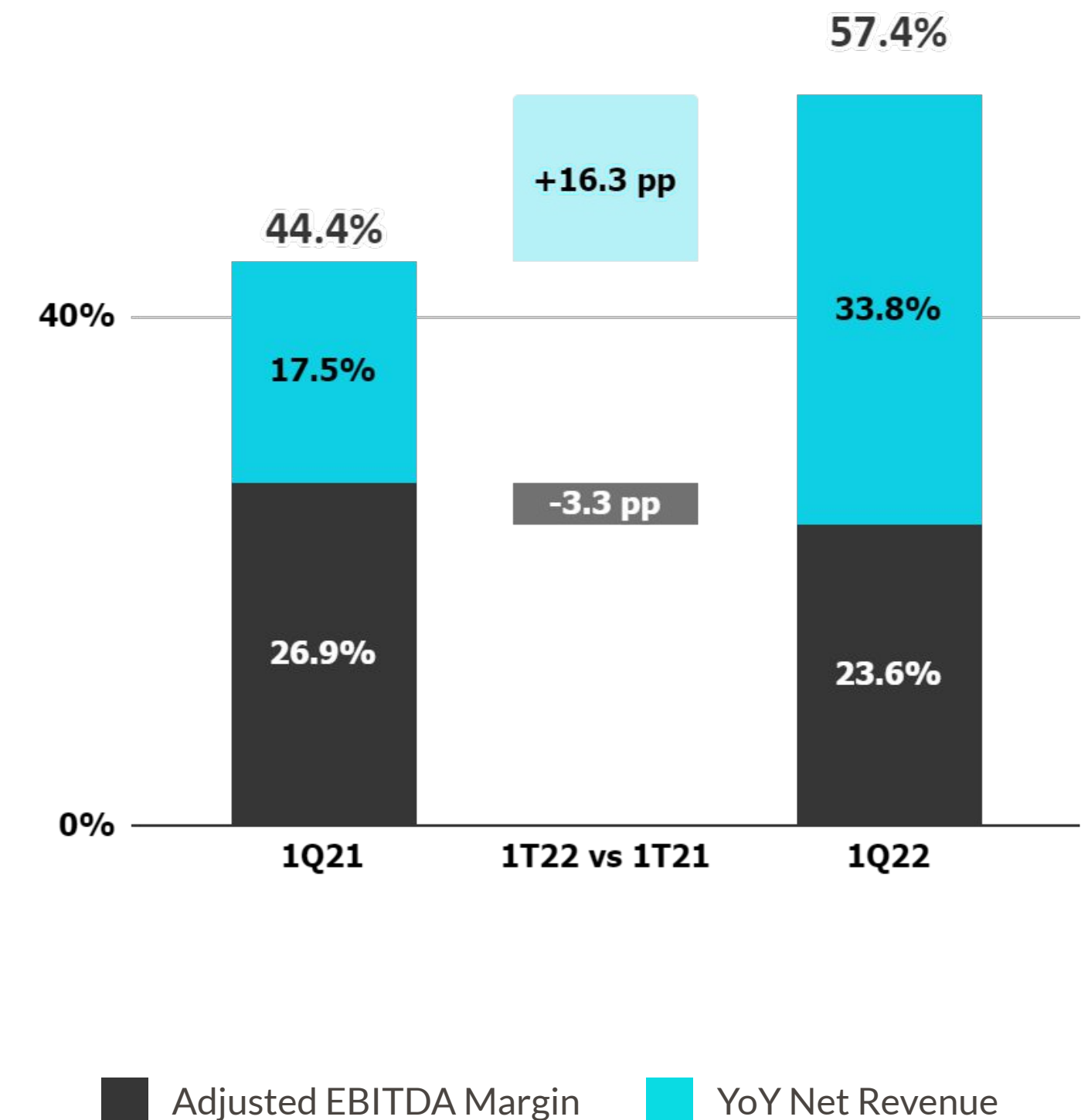


Contribution Margin
(**Business Performance**+**Techfin**) / Total
11.3% (1Q22) vs 8.3% (1Q21)

ADJUSTED EBITDA 1Q22 vs. 1Q21 (R\$ million)

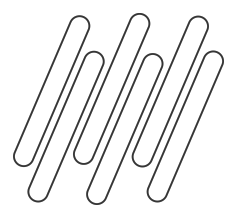


RULE OF 40



02

3-Dimensional Ecosystem



3-DIMENSIONAL ECOSYSTEM - MANAGEMENT

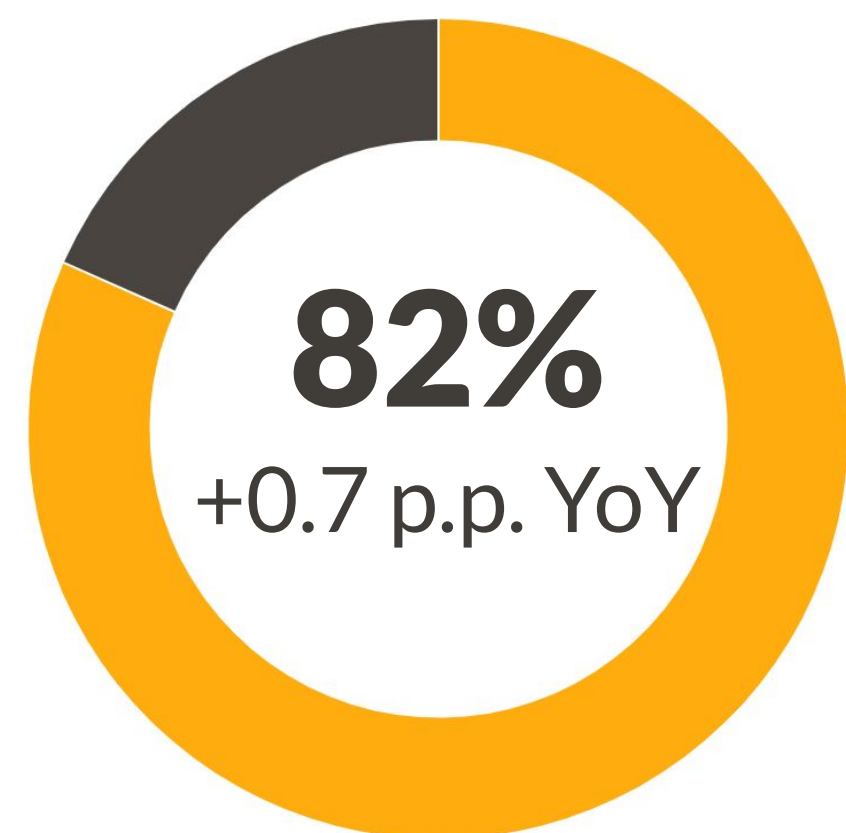
Management

Two important milestones achieved in this quarter: **organic growth of 26% in Recurring Revenue** and an increment of licenses in the Corporate Model of R\$37 million.

RECURRING REVENUE
R\$677 million (+27% YoY)

SaaS Signings: 77% of new signings in 1Q22

New clients: 30% of SaaS signings in 1Q22



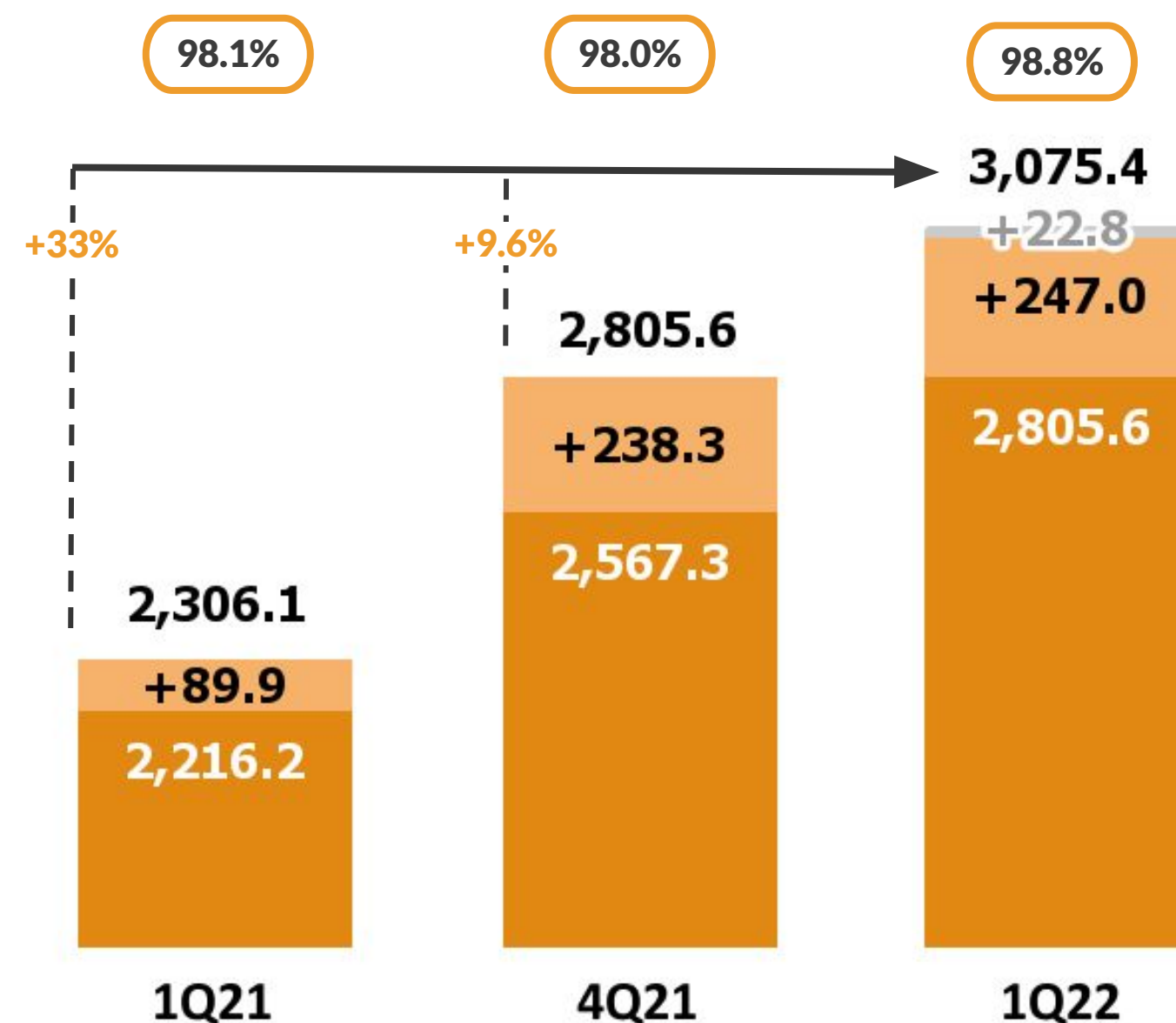
% of Recurring Revenue vs. Management Revenue

ARR NET ADDITION RECORD
R\$247 million (+2.7x vs 1Q21)

33% YoY ARR Growth on 1Q21:

~69% **Volume** - new signings (boosted by the R\$51 million addition from Corporate Model)

~31% **Preço** - contractual readjustments (Pricing Power + business model resilience)



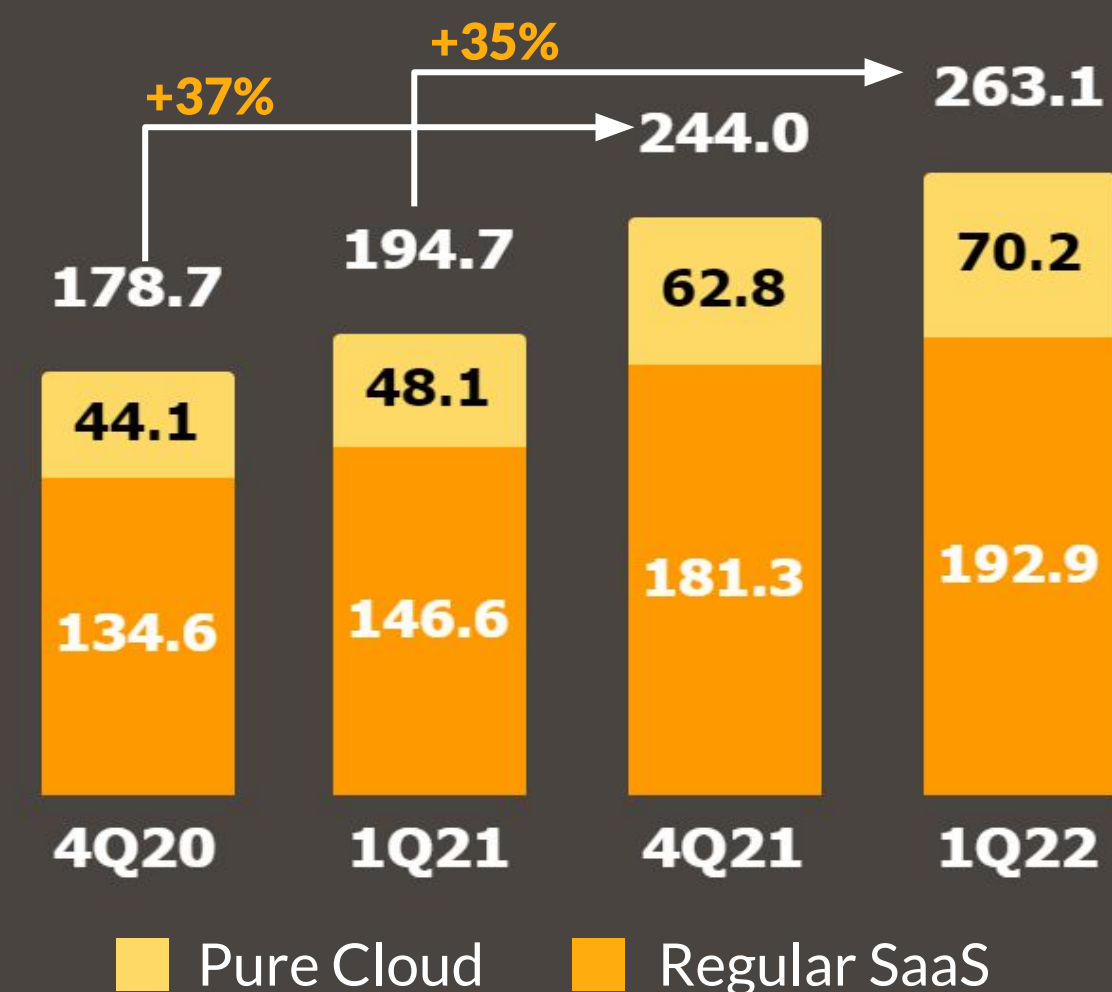
ARR Net Addition
 Inorganic Addition

Baseline

Renewal Rate

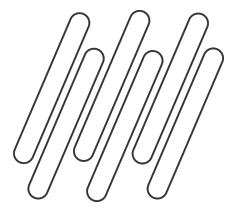
Quarter Highlights

SaaS - Management (R\$ million)



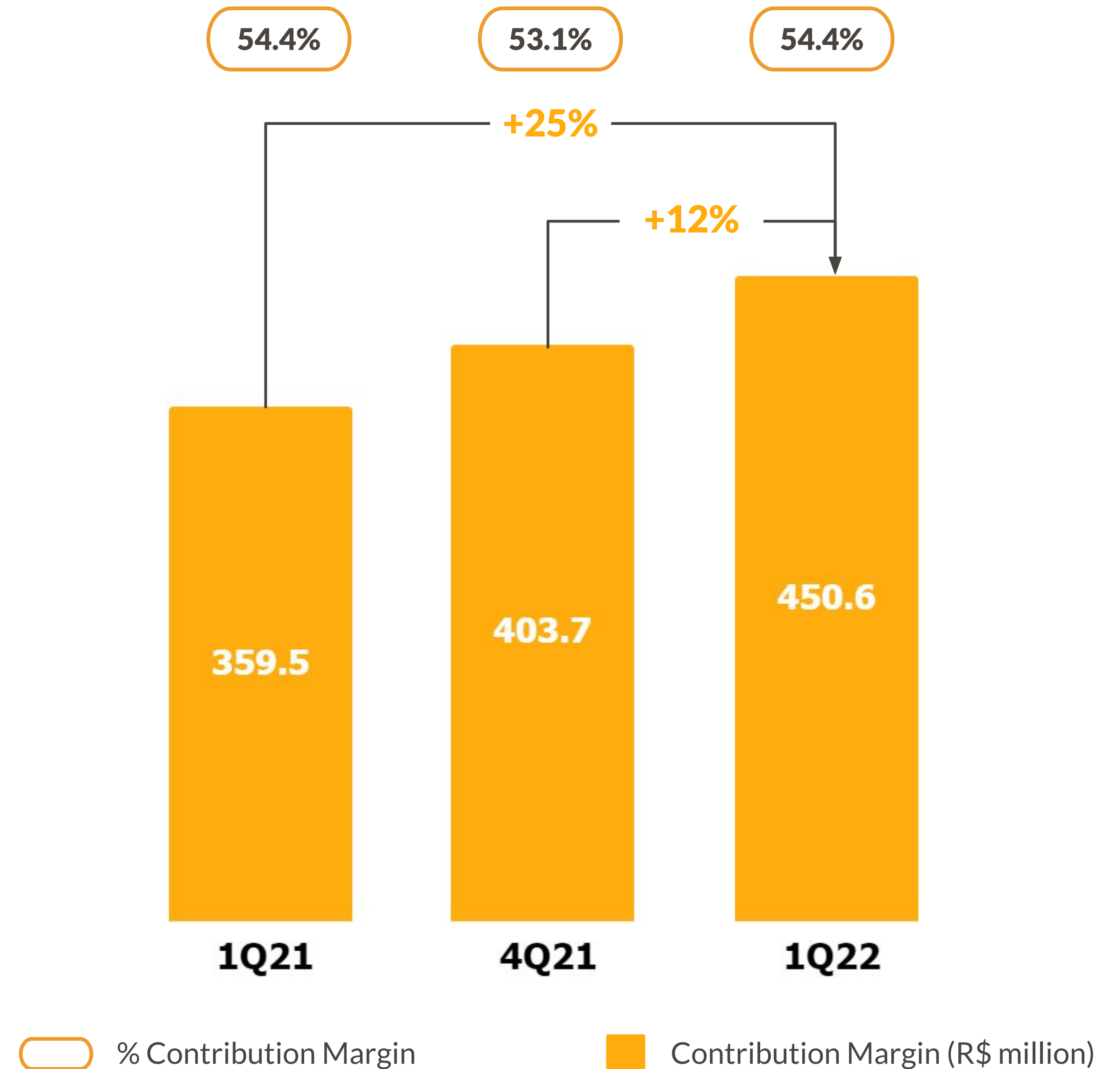
CLOUD

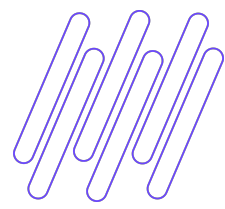
- 29% increase of Cloud customers vs 1Q21
- 46% growth on Pure Cloud
- Adoption increase of the T-Cloud Platform
- Expanding Availability Zones



CONTRIBUTION MARGIN

Increase of 130 basis points in the Contribution Margin in the quarter over quarter, exceeding the range of R\$450 million, even with an **increase of almost 2.3 times greater than cost inflation**, while the average revenue inflation remained at stable levels versus 2021, which demonstrates the solidity and scalability of the business model.



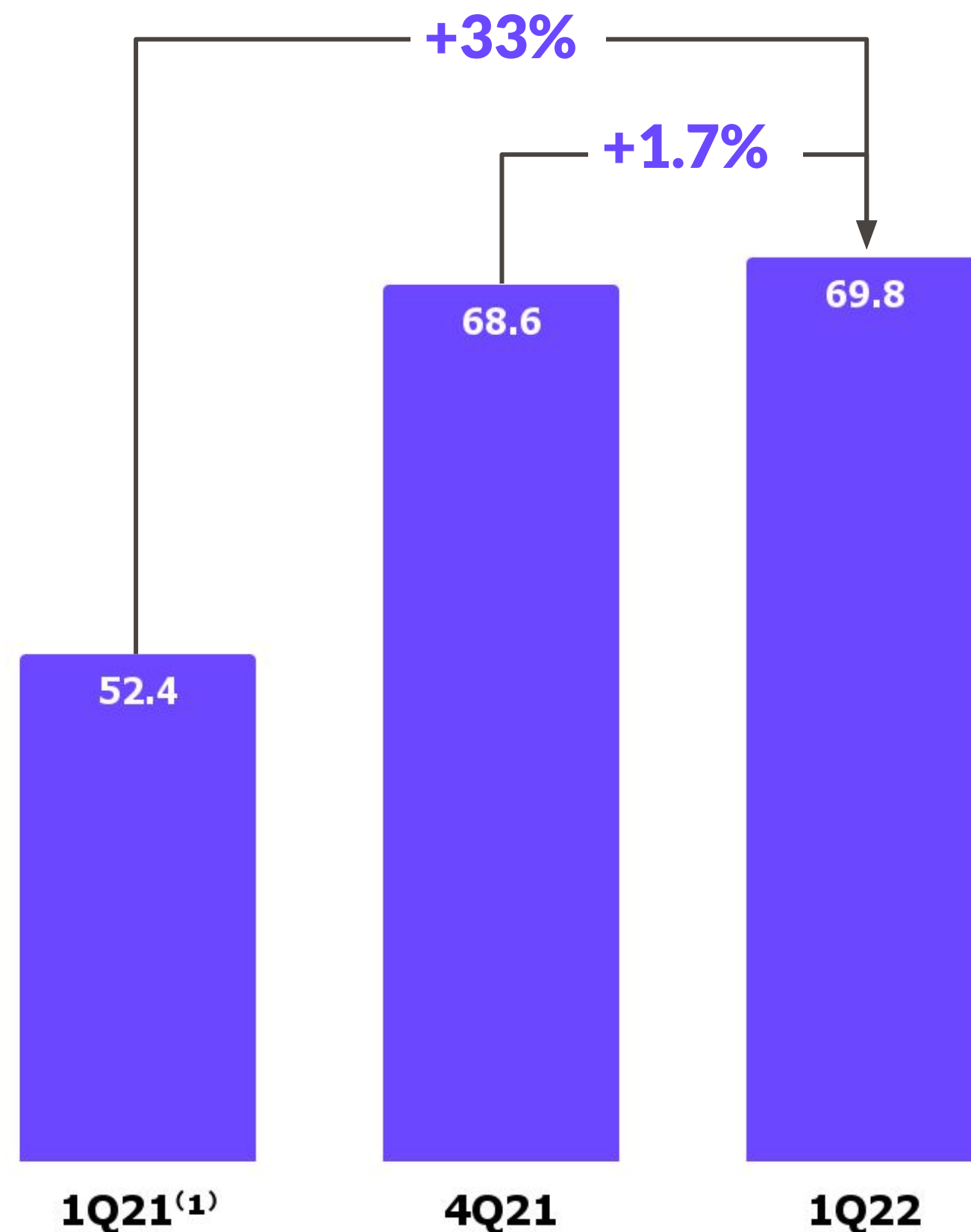


3-DIMENSIONAL ECOSYSTEM - BUSINESS PERFORMANCE

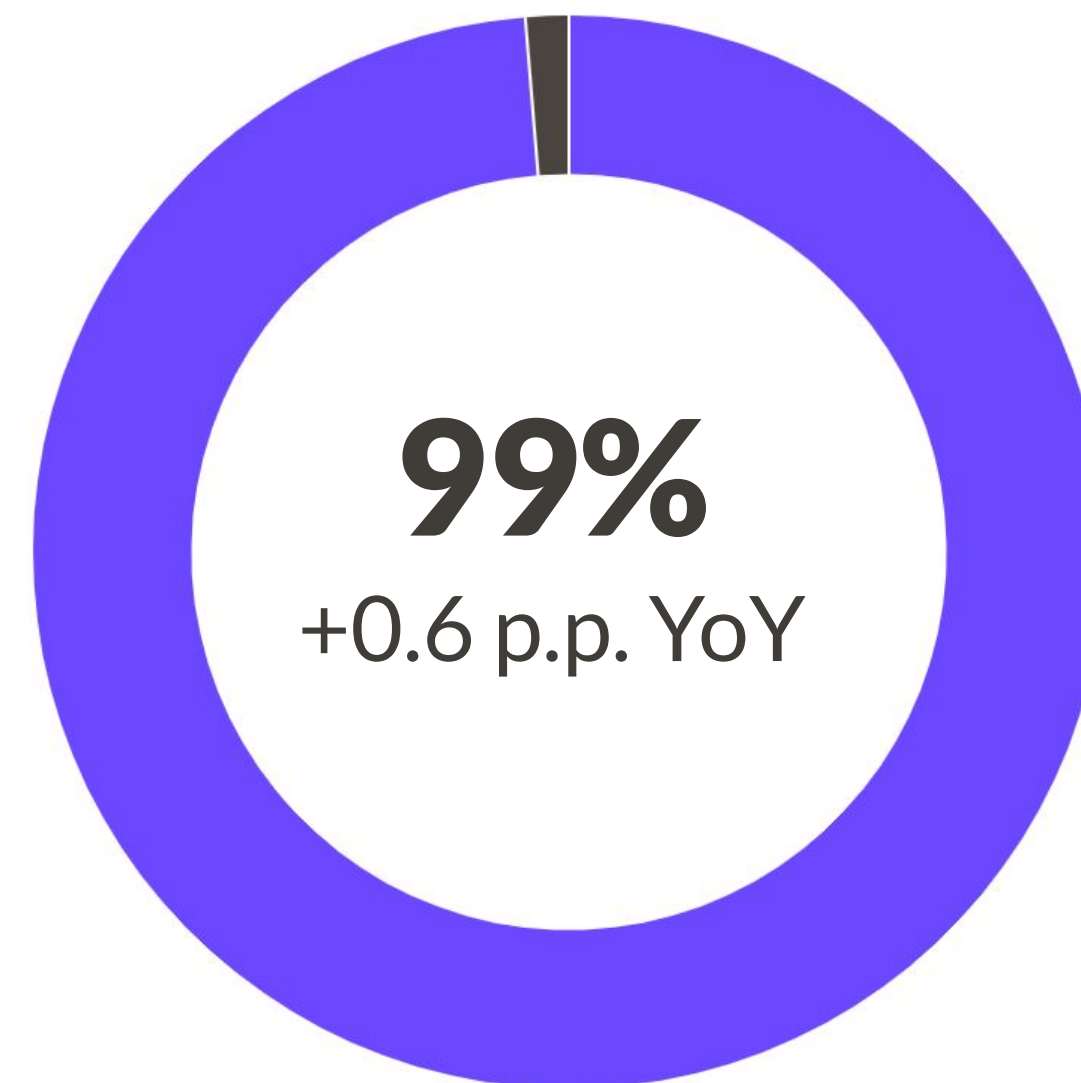
Business Performance

Net Revenue for the quarter grew 33% versus 1Q21, on the same comparison basis, driven by the 34% increase in Recurring Revenue

REVENUE (R\$ million)



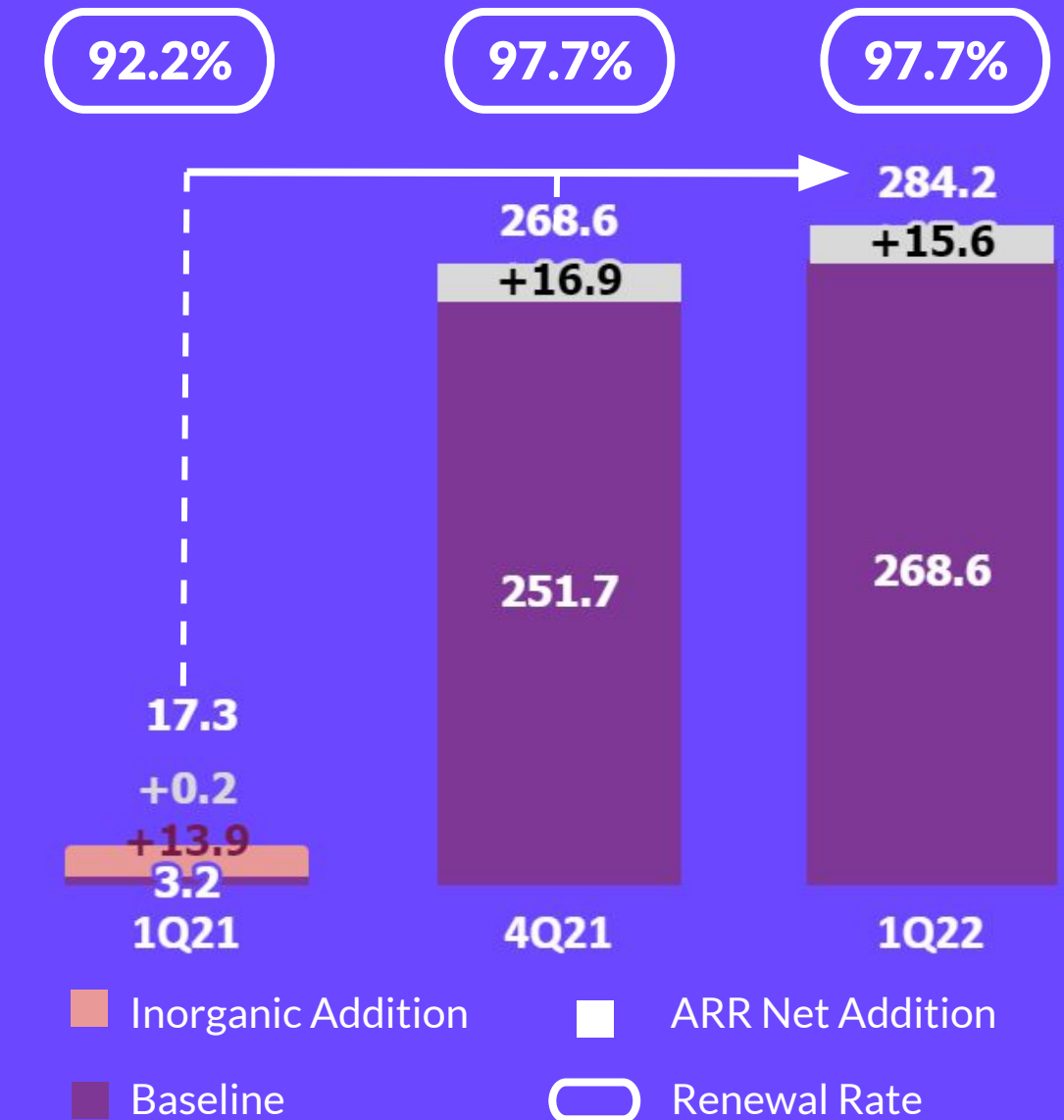
RECURRING REVENUE 1Q22



% of Recurring Revenue vs. Biz Performance Revenue

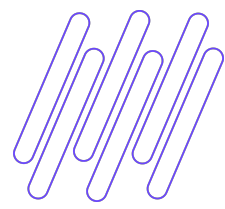
Quarter Highlights

ARR (R\$ million) organic +34% YoY



Digital Commerce

- GMV (Gross Merchandise Volume) reaching R\$300 million annualized, + 150% vs 1Q21
- +200 clients in production (generating GMV) 2.5x vs 1Q21
- New head for the Digital Commerce

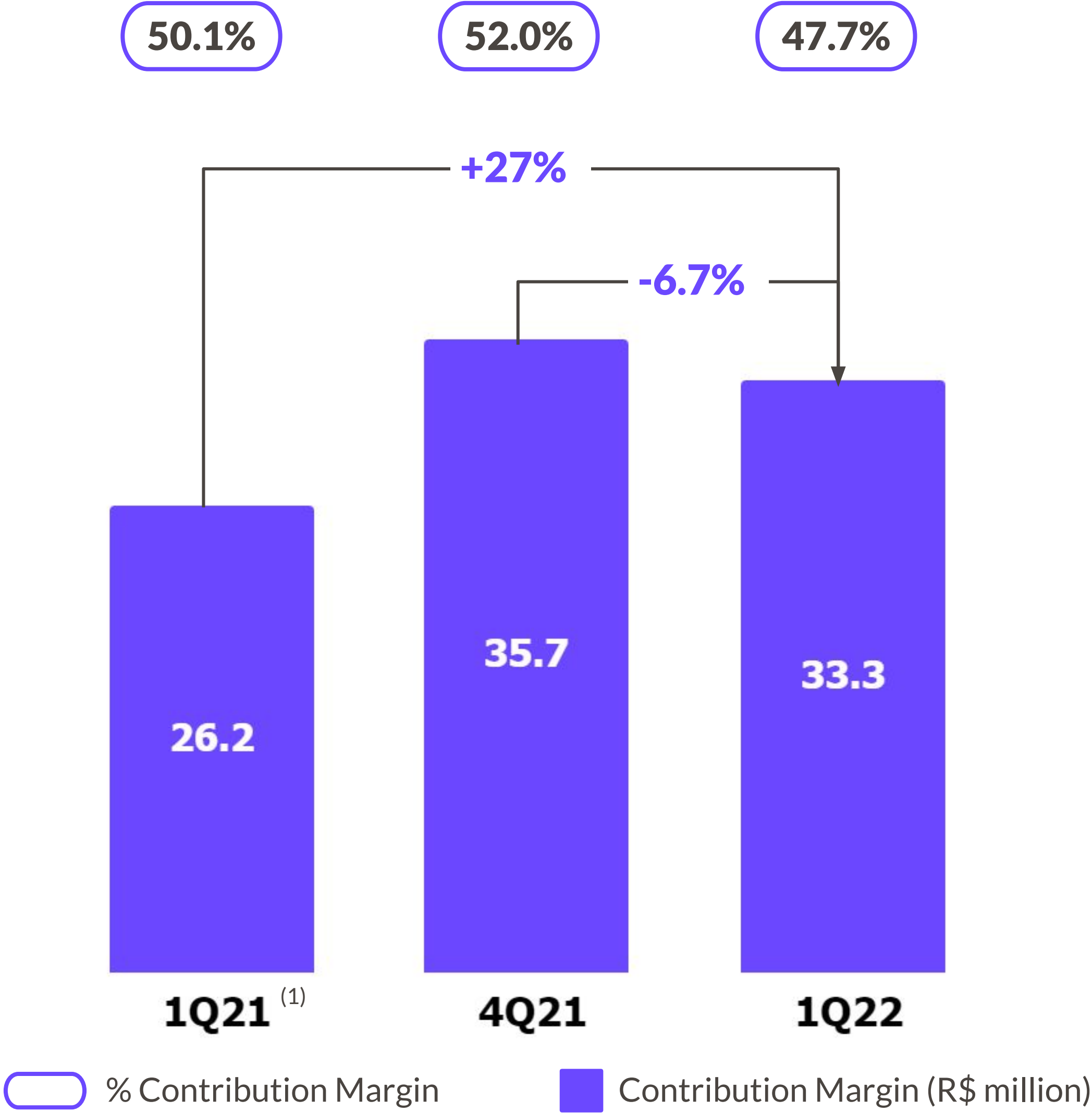


CONTRIBUTION MARGIN

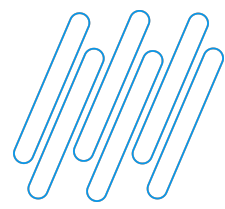
The reduction of 240 basis points compared to 1Q21 was mainly due to the higher level of investments in R&D. The operation is profitable, with very positive economic units, which reinforces the dimension's high potential for generating value.



RD Station Premium
LTV / CAC
5x



Notas: (1) Considers the unaudited results of RD Station from Jan-Mar/21 and Tail from Jan-Dez/21

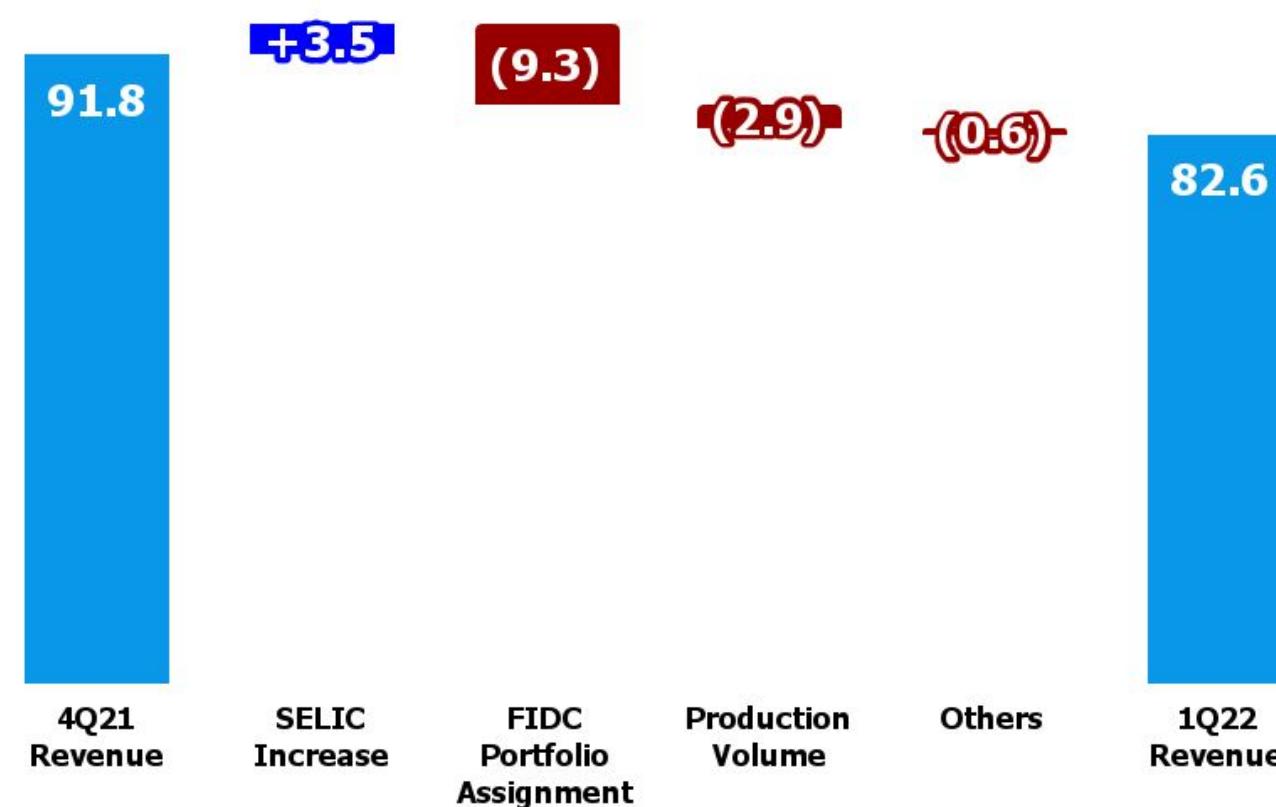


3-DIMENSIONAL ECOSYSTEM - TECHFIN

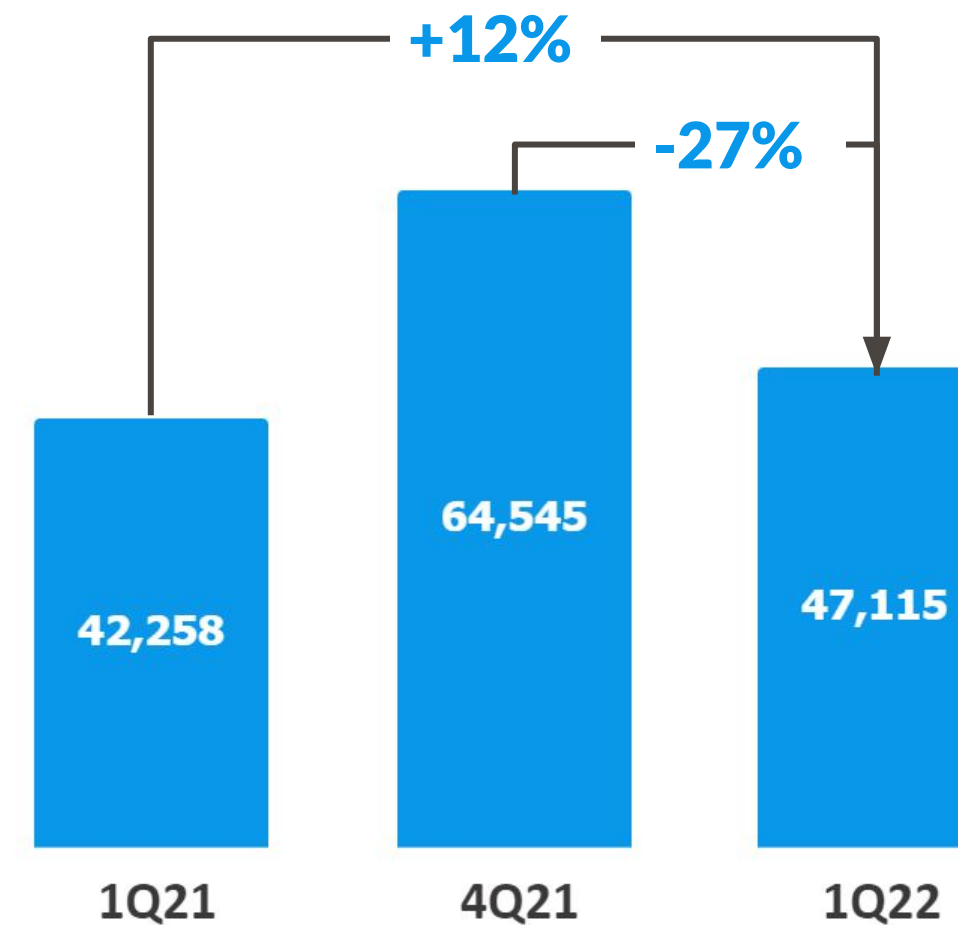
Techfin

Credit Portfolio of R\$1.8 billion (highest historical level and +30% vs 1Q21). Creation of the **Techfin JV** with Itaú Unibanco.

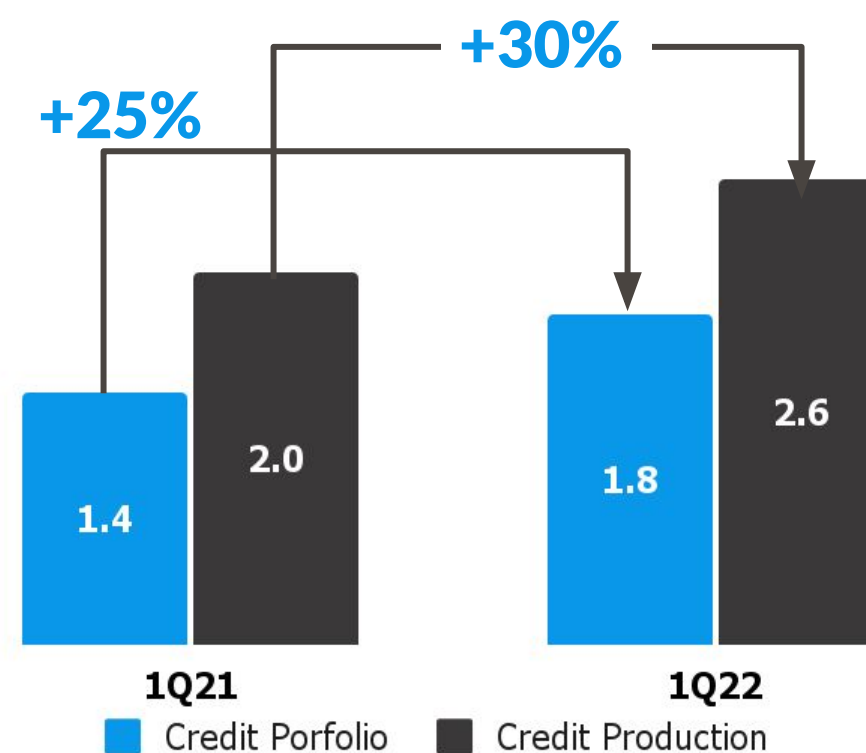
Techfin Revenue (R\$ million)



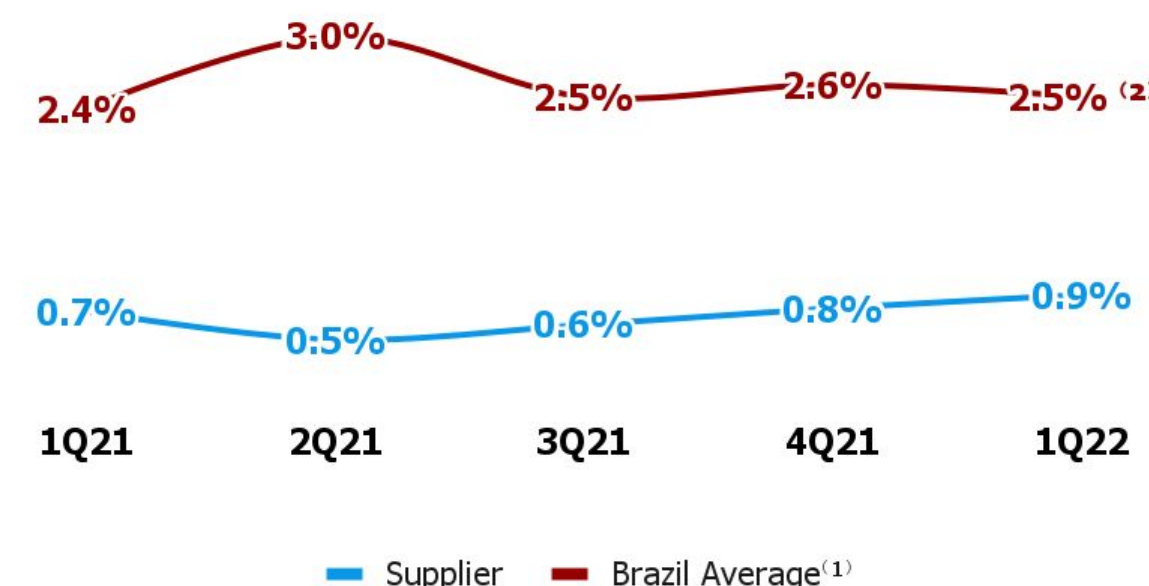
Techfin Revenue - Net of Funding (R\$ million)



Credit Portfolio and Production (R\$ bn)



Delinquency (% above 90 days)



Quarter Highlights

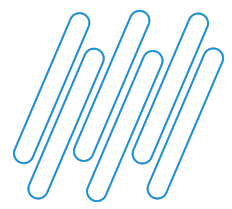


TOTVS + ITAÚ JV combines complementary expertises that bring benefits related to funding, amplify our ambition and accelerate the roadmap to build the best Financial Services Platform for SMB in Brazil

Supplier's Pipeline "Mais Negócios" Product (%)

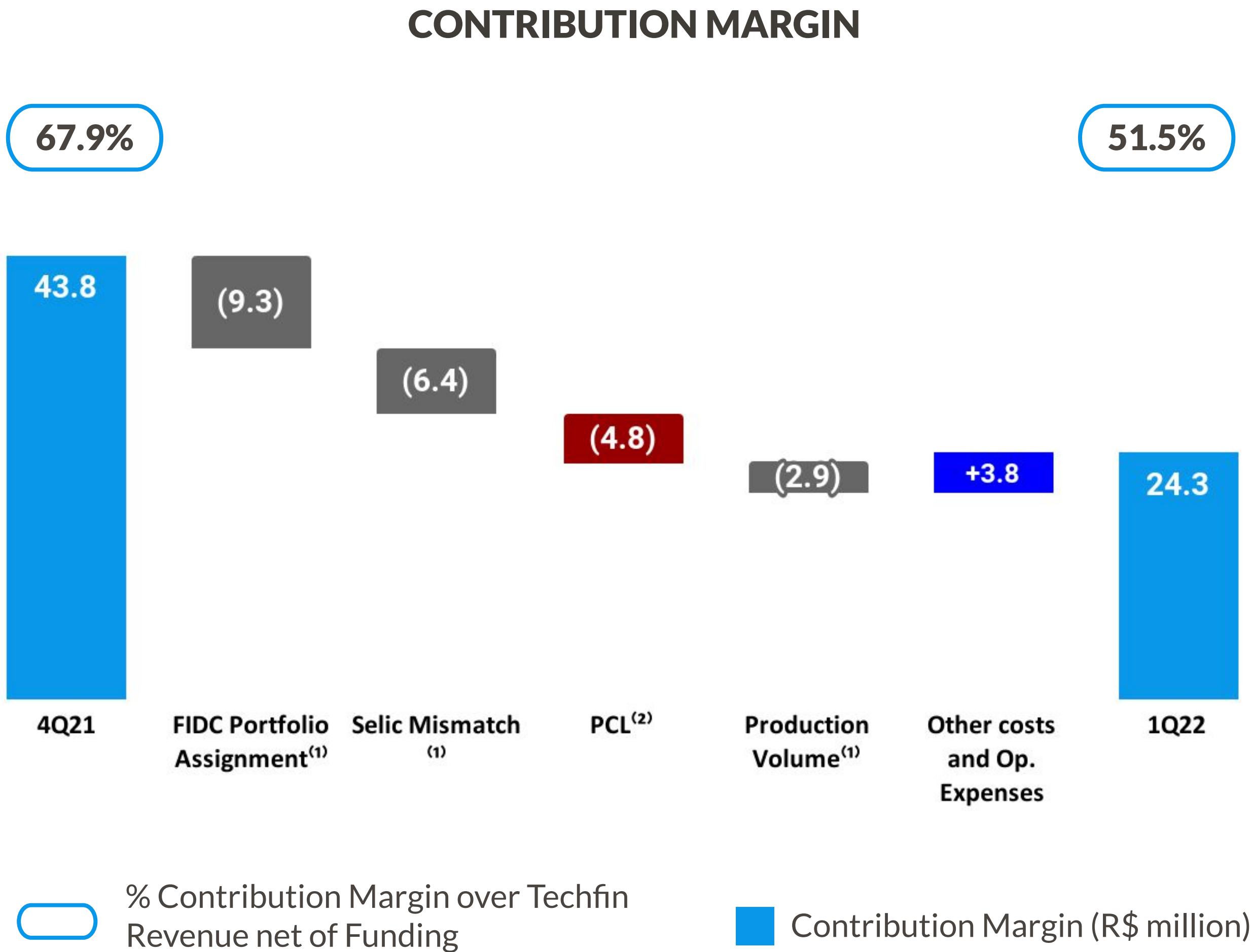
58%
Prospecting
Affiliates

56%
Affiliates in
Deployment



CONTRIBUTION MARGIN

Techfin's Contribution Margin was 45% lower than in 4Q21, explained by (i) the portfolio assignment to the FIDC; (ii) mismatch between the Selic effect in the cost of funding versus its effect in the credit portfolio; and (iii) the reduction in volume of Credit Production in the quarter, combined with the higher level of Provision for losses in 1Q22.



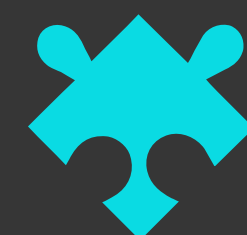
Notas: (1) Seasonal effects (2) Provision for Expected Credit Losses

ESG



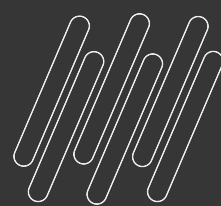
AEGM 2022

+71% attendance of the Company's voting capital and had all the proposed matters approved, among them: capital budget, annual management compensation, and Board of Directors composition for the next two years.



TOTVS rating raised by Fitch from AA to AA+

The increase reflects, among others: the company's cash generation capacity, the expectation of preserving margins and the diversification of business by adding the Techfin and Business Performance dimensions, combined with a high growth potential.



FINAL REMARKS

WE KEEP GOING ON OUR JOURNEY TO BECOME A "TRUSTED ADVISOR" TO OUR CUSTOMERS

Our business dimensions present different performances and have what we call "different moments and mandates". This expression incorporates an important concept: we must be careful not to demand the same things from businesses that do not face the same reality. We can confidently say that we are taking that care.

When most performance indicators are heading in the right direction, we are often asked: "What is missing?". The answer is simple: "convert the 3 dimensions, which are solid in an autonomous way, into a true integrated, interconnected and interdependent ecosystem".

We believe that: (i) the value proposition of helping companies to improve their performance is strong and solid; (ii) technology is the way; and (iii) our journey to build this ecosystem is in full swing. We will continue to seek to make TOTVS the "trusted advisor" to most Brazilian companies. Always believing in a Brazil that makes it happen!



MANAGEMENT

Arrival of Gesplan, an acquisition with a management rationale, but which also has very important secondary repercussions for the Techfin dimension, further strengthening the Management dimension, which has shown strong growth and successive record breaks.



BUSINESS PERFORMANCE

The arrival of a new head of Digital Commerce and the advances in the cross and upsell strategy of RD Station, strengthened by planning a portfolio synergy pilot between RD Station and TOTVS, are examples of our conviction in a dimension with high potential of value generation.



TECHFIN

TOTVS+Itaú JV will revolutionize the way of contracting and consuming financial services, benefiting the SMB and the entire production chain in Brazil as it seeks to expand, simplify and democratize access to a wide range of products in the B2B market.

THANK YOU



Investors Relations

+55 (11) 2099-7773
+55 (11) 2099-7089
ri@totvs.com.br

- Technology + Knowledge are our DNA.
- The Customers' success is our success.
- We value good professionals who are good people.



totvs.com



totvs.store



[@totvs](https://twitter.com/totvs)



[@totvs](https://www.instagram.com/totvs)



[/totvs](https://www.youtube.com/totvs)



[company/totvs](https://www.linkedin.com/company/totvs)

#SOMOSTOTVERS



TOTVS