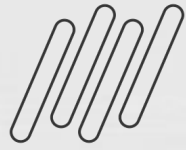




INSTITUTIONAL PRESENTATION

» Investor Relations

2023/ September



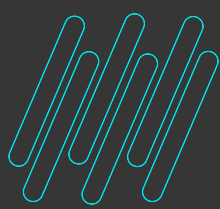
LEGAL NOTICE

All information contained in this presentation and any statements that may be made during this videoconference 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 or may not occur. Investors should understand that general economic conditions, industry conditions, and other operating factors may also affect the future results of TOTVS and may lead those results to differ materially from those mentioned in such forward-looking statements.



01

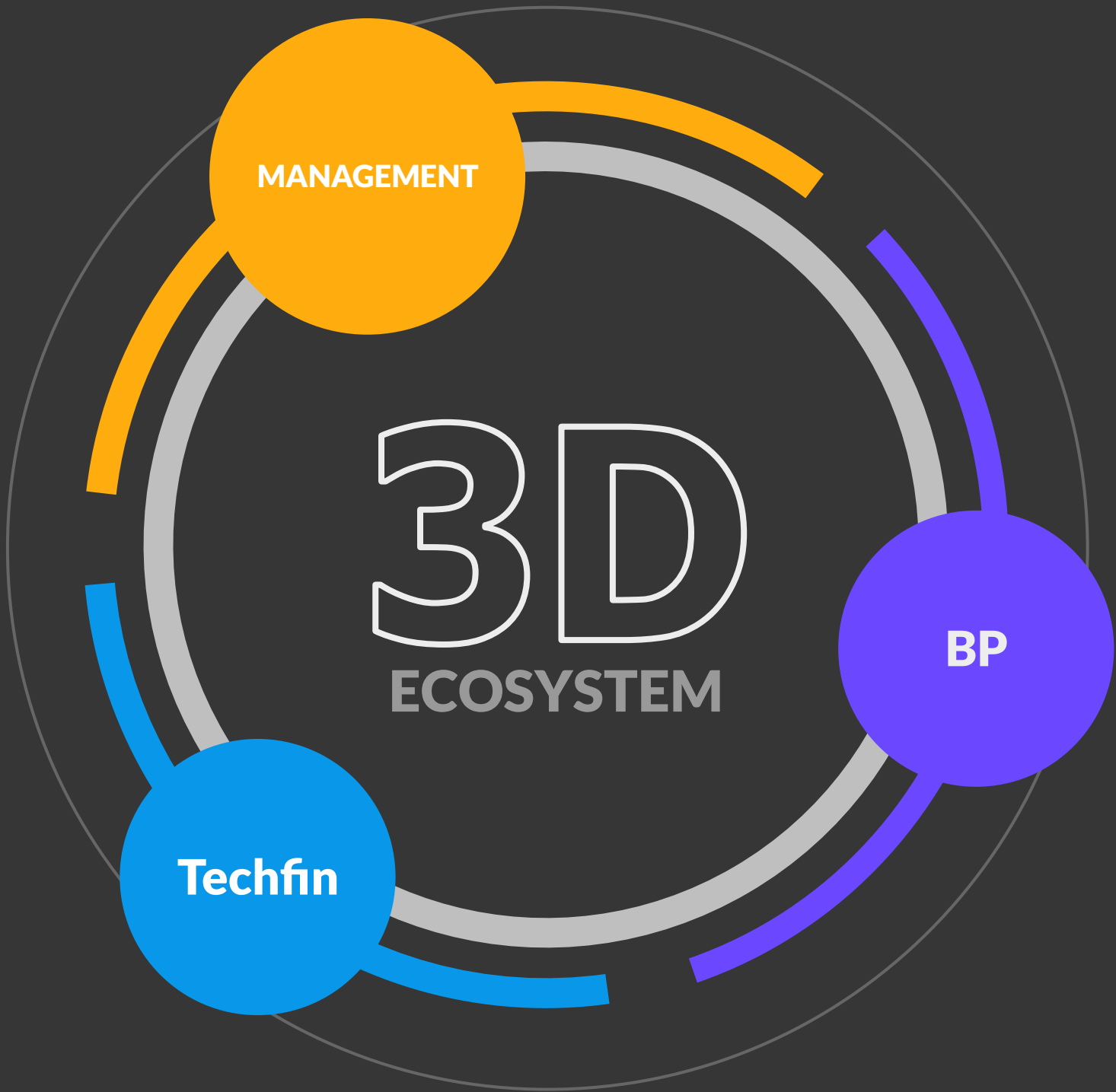
TOTVS



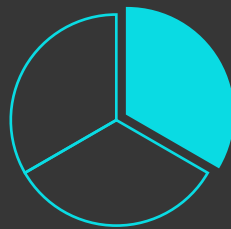
OUR UNIQUE 3D ECOSYSTEM STRATEGY

How TOTVS is Changing the Competitive Landscape

Our solutions go far beyond ERP...



...We drive business productivity, competitiveness and digital financial services in 12 strategic markets



~1/3 of Public Companies⁽¹⁾
listed on B3 are **TOTVS** clients



~R\$2.7 trillion⁽²⁾
billed by TOTVS
clients base



+70k client base
of all sizes in over **40** countries



#1 ERP Company in Brazil⁽³⁾
One of the largest tech companies, with
absolute dominance in ERP journey

NET REVENUE⁽⁴⁾
2Q23 • **R\$1.1bn**
(+17% vs 2Q22)

2Q23
CONSOLIDATED ARR • **R\$4.4bn**
(+23% vs 2Q22)

2Q23 CONSOLIDATED
ARR NET ADDITION • **R\$178mn**
(-14% vs 2Q22)

2Q23
ADJUSTED EBITDA • **R\$256mn**
(+12% vs 2Q22)

2Q23
NET CASH • **R\$131mn**
(+3% vs 2Q22)

2Q23
SAAS MANAGEMENT • **R\$372mn**
(+32% vs 2Q22)

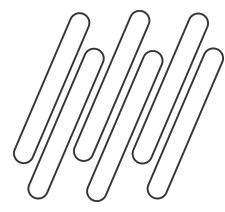
CREDIT PRODUCTION
2Q23 • **R\$2.5bn**
(-6% vs 2Q22)

2Q23
DIGITAL COMMERCE GMV • **R\$167mn**
(+105% vs 2Q22)

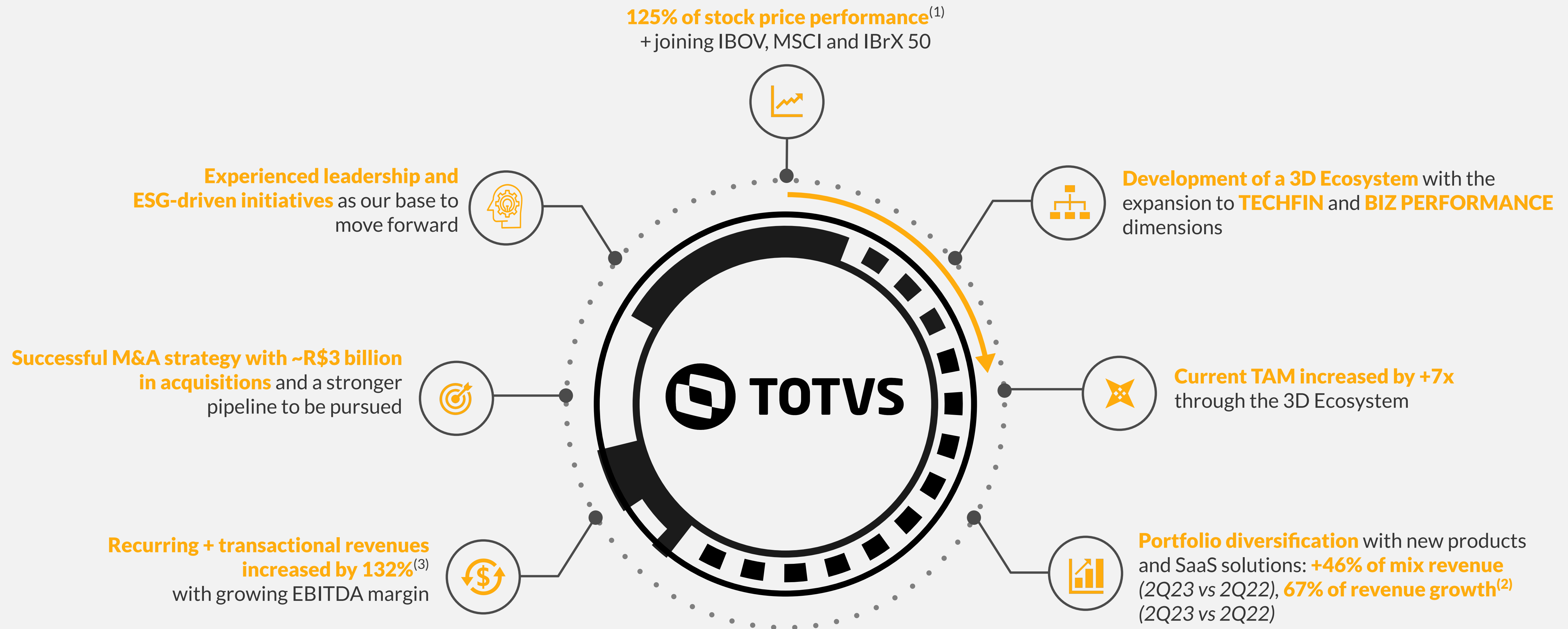
02

OUR TRAJECTORY

ACCOMPLISHMENTS SINCE 2019 FOLLOW-ON
AND OUR WAY FORWARD



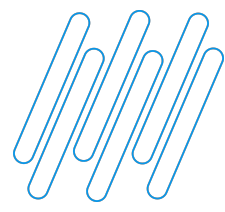
ACCOMPLISHMENTS SINCE 2019 FOLLOW-ON AND OUR WAY FORWARD





03

COMPETITIVE DIFFERENTIALS



1

BUSINESS MODEL

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

2

DISTRIBUTION PLATFORM

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

3

SOLUTIONS PORTFOLIO

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

4

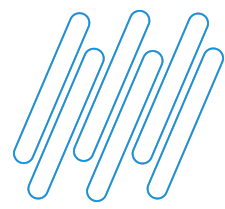
M&A & PARTNERSHIP STRATEGY

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

5

ESG AGENDA

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



BUSINESS MODEL

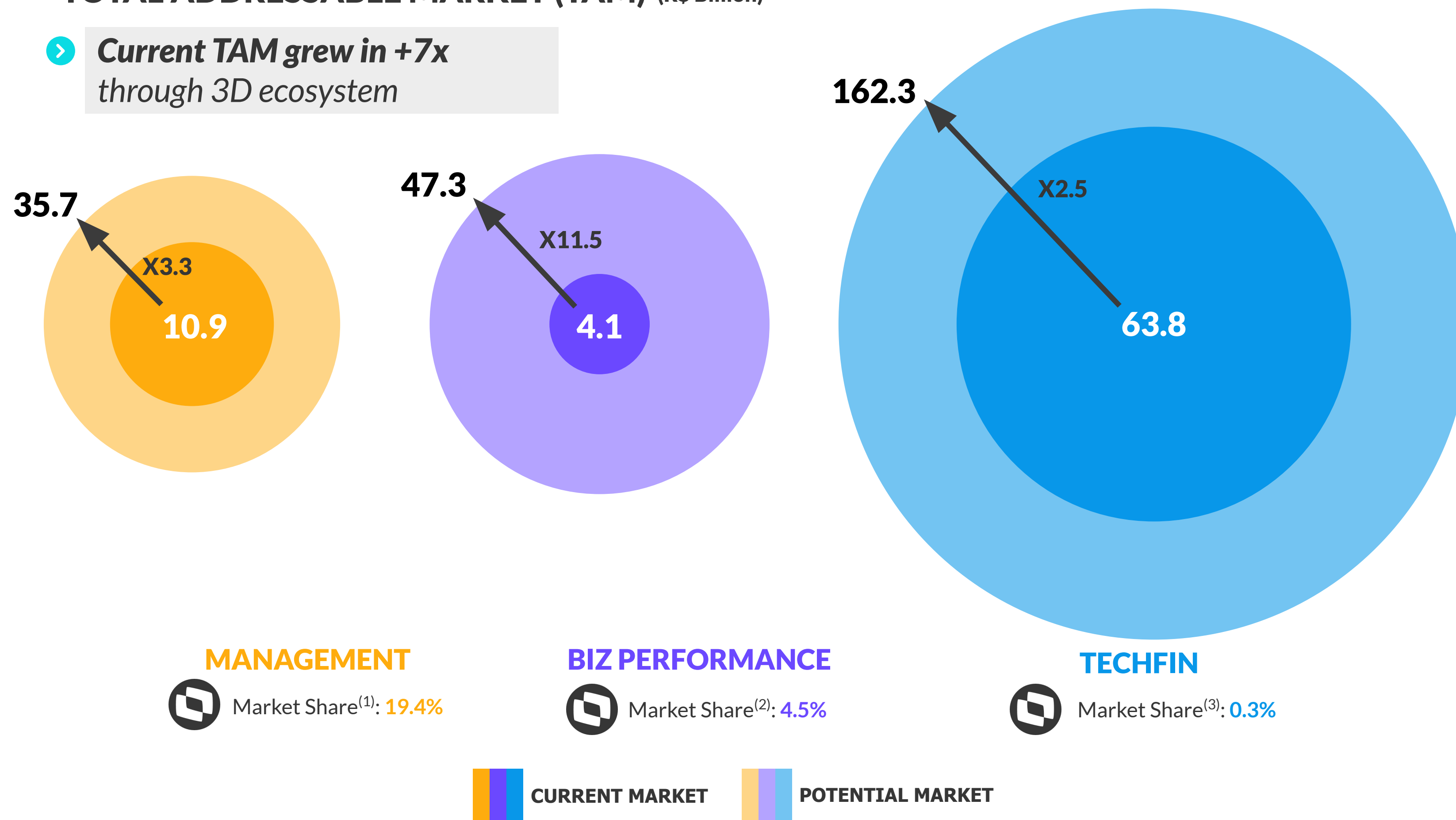
3D ecosystem expanding our addressable market

9



TOTAL ADDRESSABLE MARKET (TAM) (R\$ Billion)

> **Current TAM grew in +7x**
through 3D ecosystem



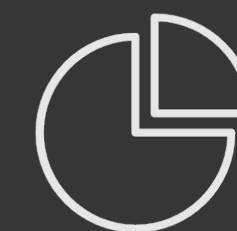
Compelling set of growth drivers to further increase the potential TAM...



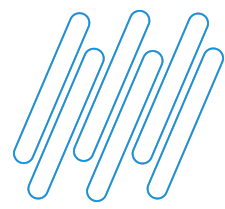
1. Potential of software market in Brazil
by considering an increase in the potential IT usage maturity of Brazilian companies to a level similar from OECD economies



2. Potential of B2B credit market in Brazil
when all companies in Brazil contract credit according to the average onerous indebtedness level of those that have already contracted today


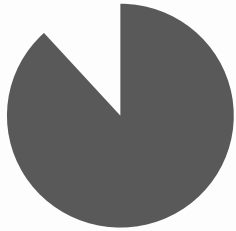
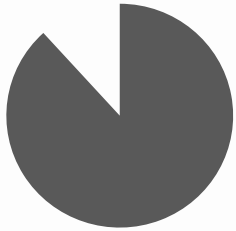
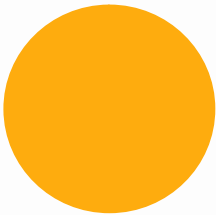


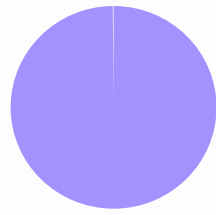

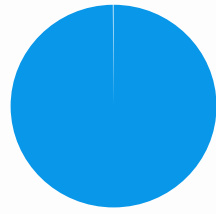


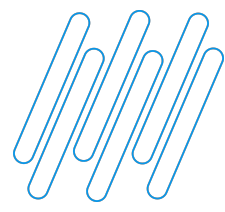
3. New markets (Techfin and Biz Performance)
the size of these new markets and their growth potential demonstrate that TOTVS does not need to be dominant in them for the growth coming from the new segments to be relevant



BUSINESS MODEL

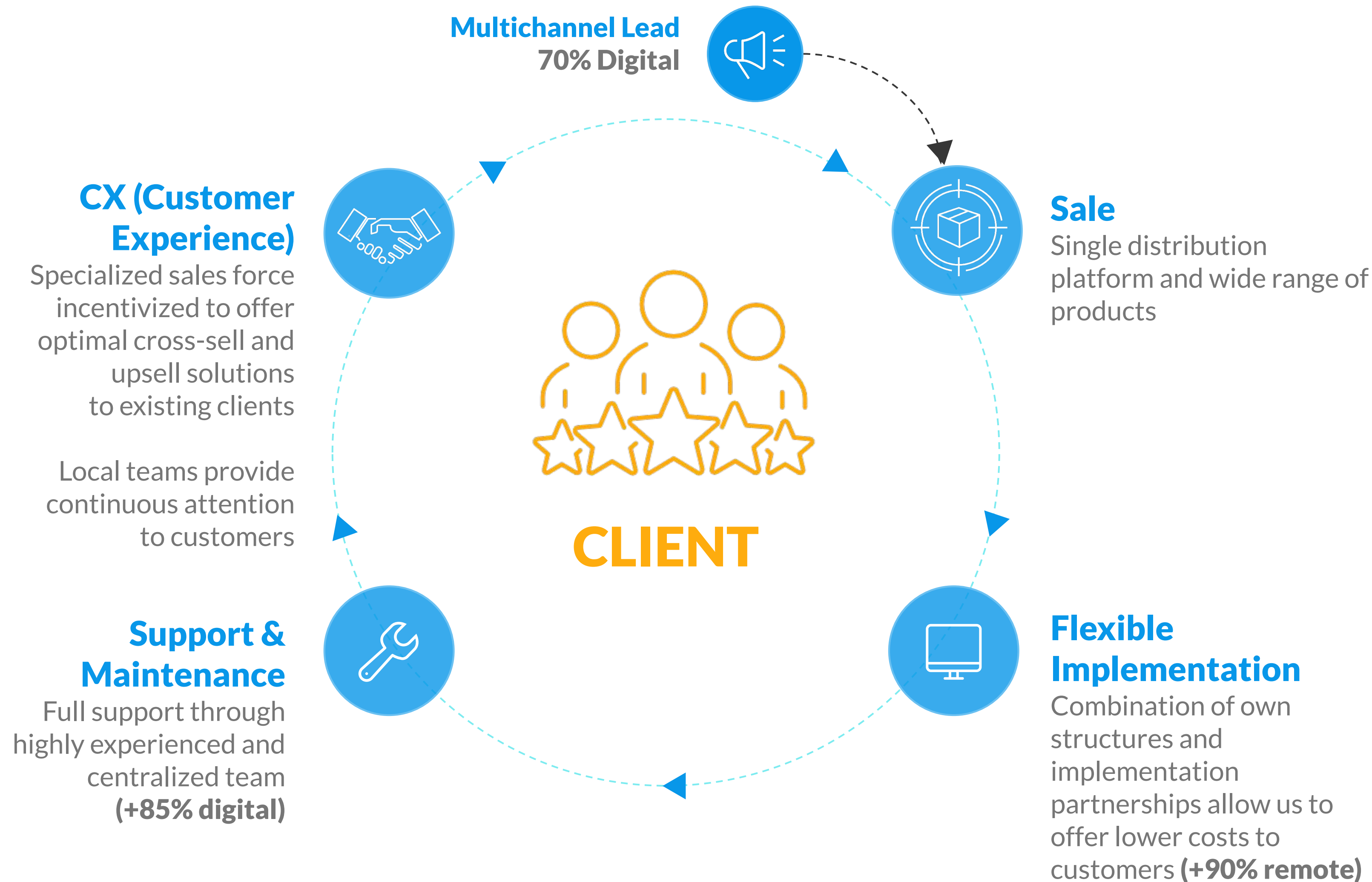
Resilience and predictability of the recurrence model combined with the faster capture of market growth and take rate of the transactional model

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



BUSINESS MODEL

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



Far Beyond ERP: 3D ecosystem



Management



Techfin



Biz
Performance

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



Agribusiness



Construction



Distribution



Education



Financial Services



Health



Hospitality



Legal



Logistics



Manufacturing



Retail

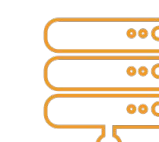


Service
Providers

Flexibly deployed



Cloud



On-premise



Across media

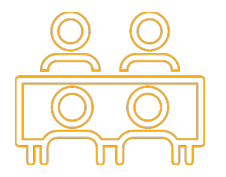
Distribution Platforms



Franchises &
Branches



Multichannel



Partnership



Own sales
force

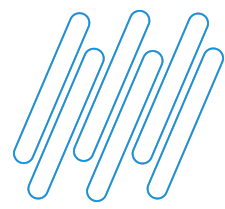


Affiliates



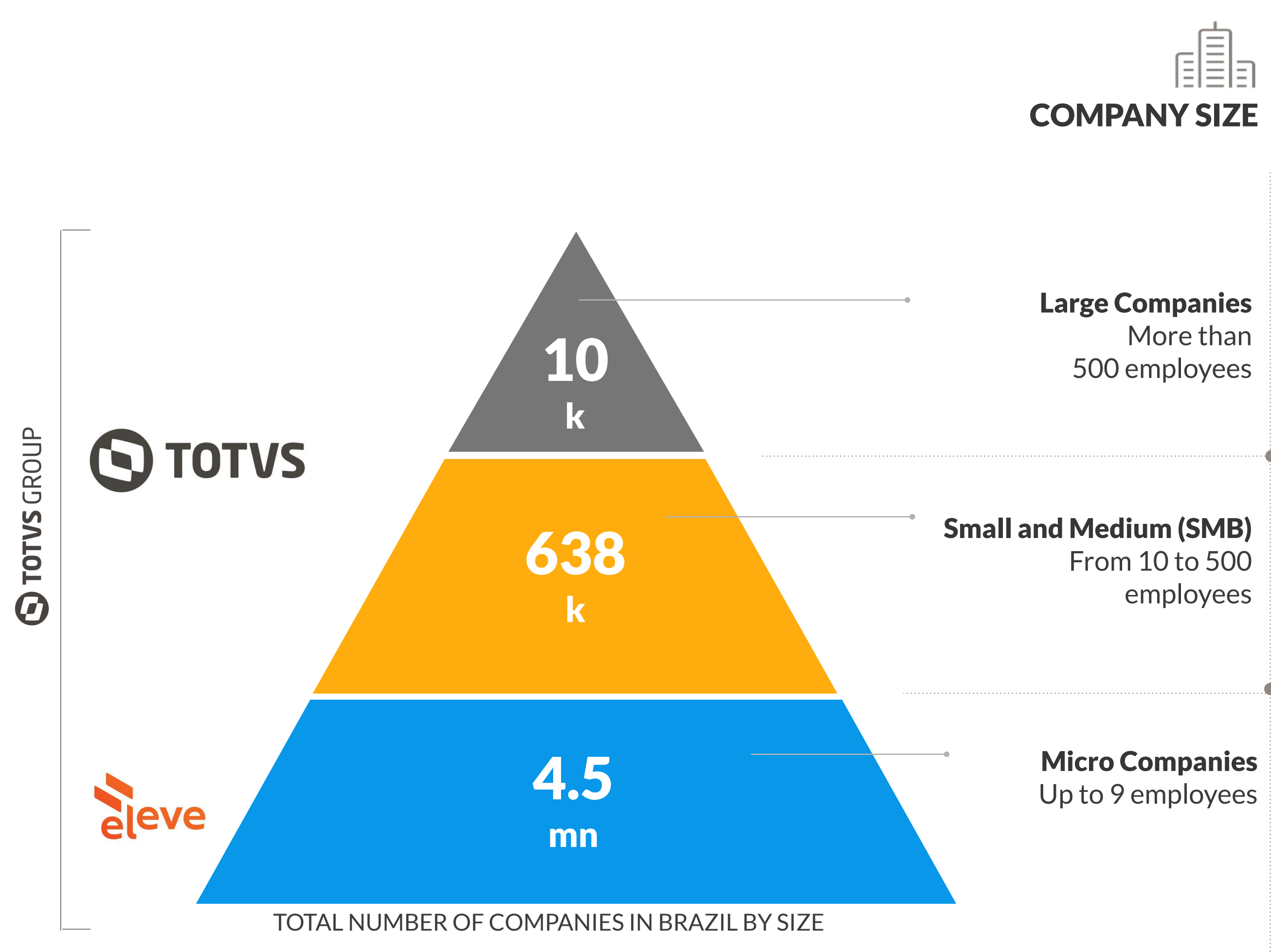
Digital
Platform





DISTRIBUTION PLATFORM

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



DISTRIBUTION CHANNELS LOCAL AND DIGITAL



HOW WE RELATE WITH OUR CUSTOMERS



Management



Techfin



Biz Performance

Large Enterprise Division

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

Affiliates

- Credit distribution through our suppliers' affiliates

Partners

- Vibrant partner ecosystem in marketing automation

47 Franchised Territories and 4 Branches

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

Franchises and Branches

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

Digital Commerce

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

Multichannel

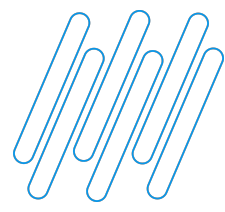
- Distribution model through partners from a multichannel base that provides TOTVS with unmatched penetration across all regions in Brazil

Cross-selling

- Cross-selling solutions through Management Dimension clients

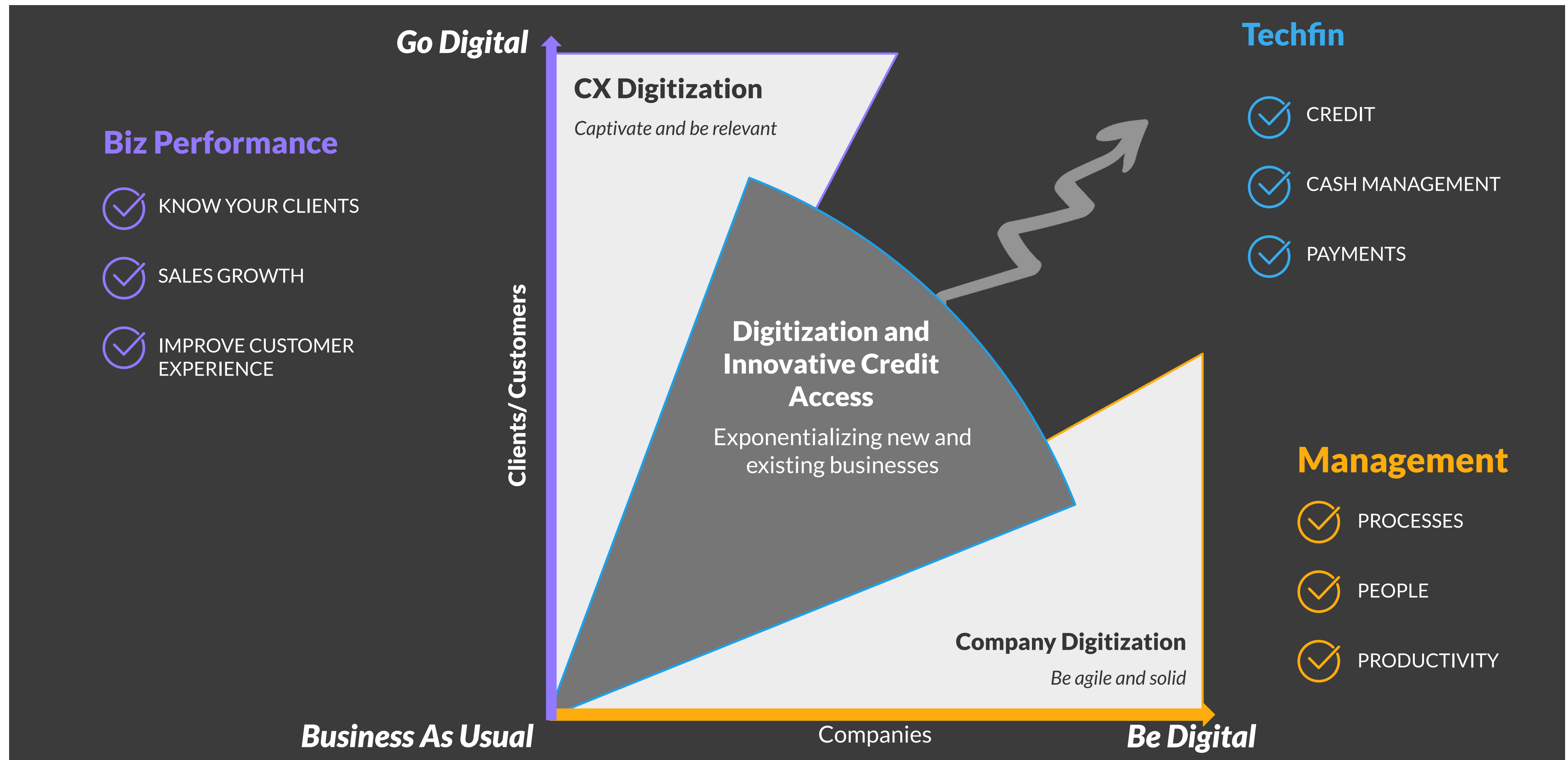
PLG (Product-Led Growth)

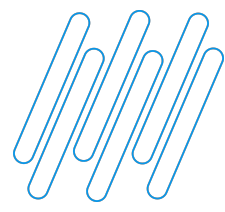
- Up-sell driven by PLG (Product Led Growth)



BUSINESS PORTFOLIO

Accelerating our clients' digital Journey through the 3D Ecosystem





BUSINESS PORTFOLIO

14



MANAGEMENT DIMENSION

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



A market not yet mature, with **~30% of SaaS signings from New Names** and potential TAM to become 3.3x larger



The digitization Journey demands growing levels of corporate IT investments, boosting our core dimension



More than simple personnel department solutions, **SMB companies** are updating to the **ultimate platform** for human capital management



PORTFOLIO AND DISTRIBUTION

ERP & HR Suite

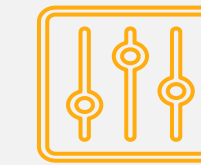


ERP Backoffice



HR (HXM)

Platforms



Business Intelligence (Analytics)



Carol Platform (AI e Data)



Fluig (Productivity & Collaboration)

Vertical Solutions



Agro



Construction



Distribution



Education



Financial Services



Health



Hospitality



Legal



Logistics



Manufacturing



Retail



Service Providers

Services



Consulting



Cloud

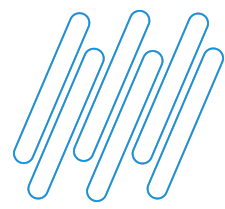


Trainings

Micro Companies



Solutions for Micro Companies



BUSINESS PORTFOLIO

15



TECHFIN DIMENSION

We are just starting our journey to become **THE FINANCIAL PLATFORM** for SMB clients, facilitating access to financial services through integrated and big data-driven credit and payments solutions



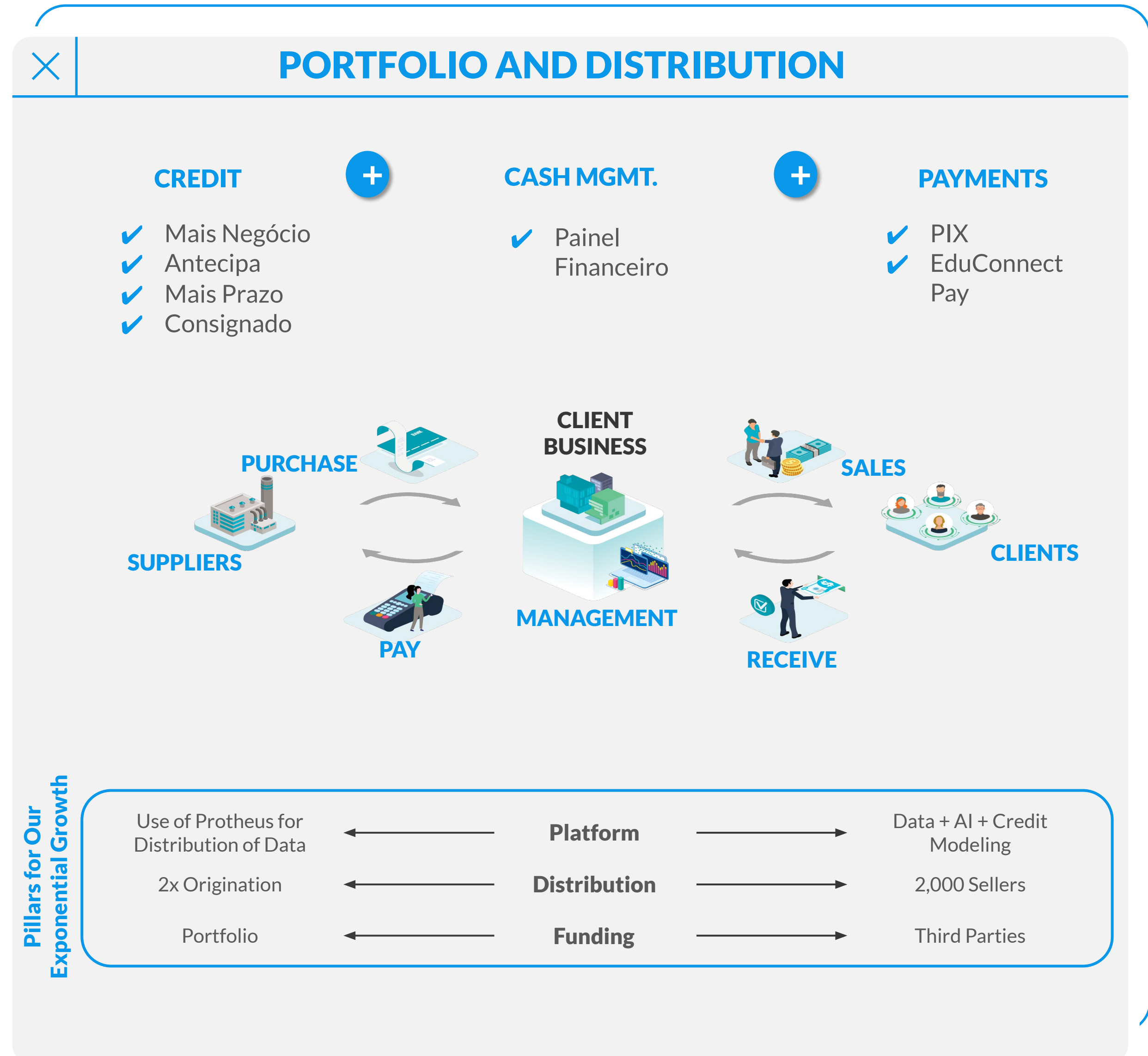
Simplify: Digital journey through ERP and HR integration

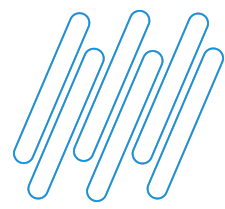


Amplify: Big Data and AI to support credit offer expansion



Affordability: Risk assessment through Big Data and AI enables lower rates for our clients





BUSINESS PORTFOLIO

16



BIZ PERFORMANCE DIMENSION

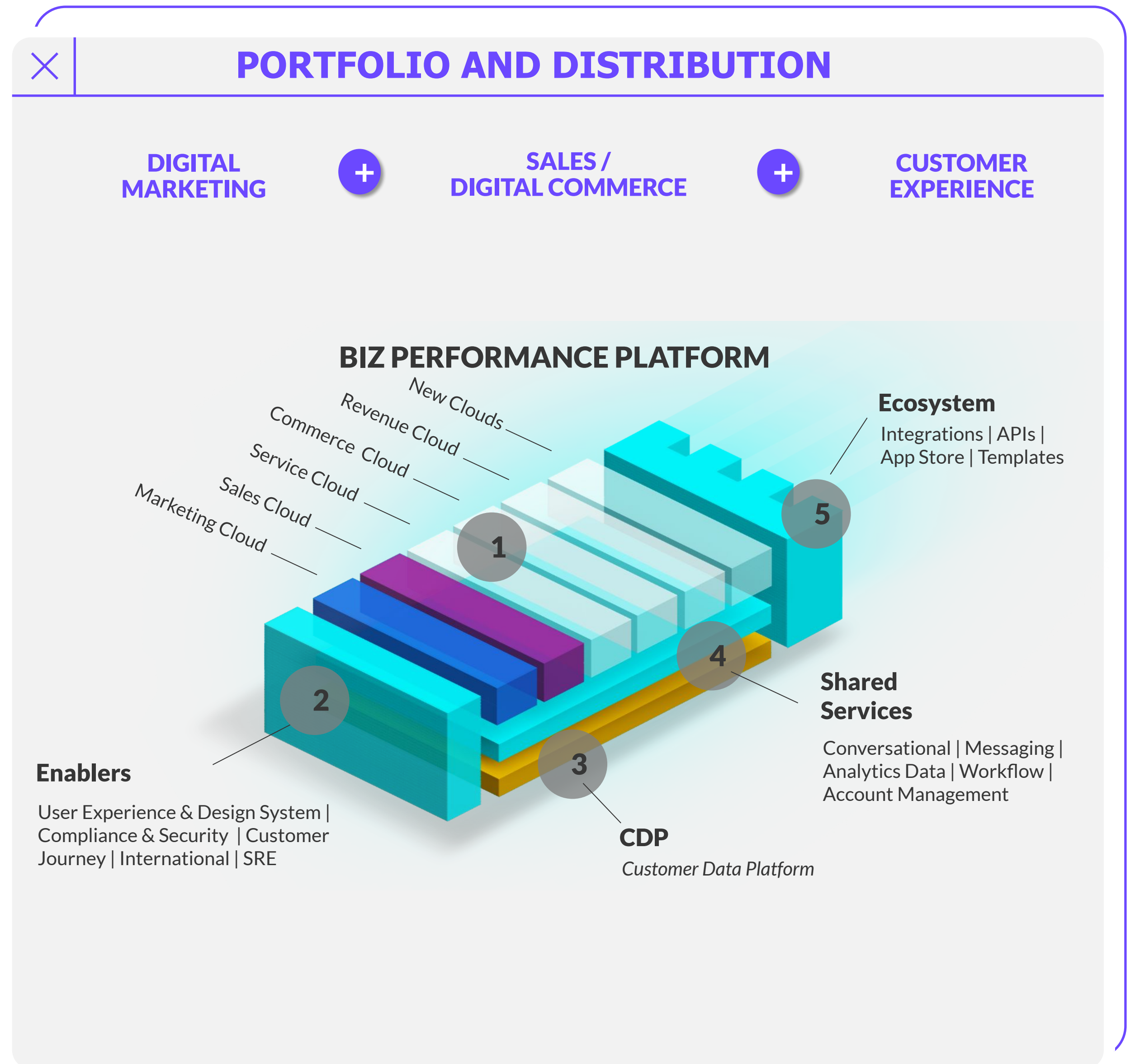
PORTFOLIO OF SOLUTIONS to support our clients from diverse market segments to increase sales, competitiveness and performance

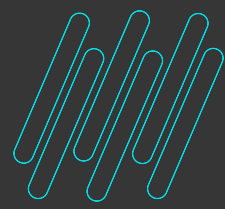


Digital marketing platform that drives demand and lead generation for SMB



Exponentializing digital commerce with an asset light model that drives **GMV + take rate growth** through full commerce





M&A & PARTNERSHIP

17



Successful growth strategy based on three main levers

ORGANIC



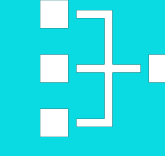
Revenue growth with **Higher efficiency on R&D spending** (Recurring Revenue / R&D headcount was 34% higher between 2018 to 2021)

PARTNERSHIP



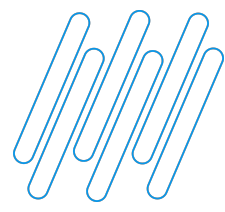
Partnerships with leading companies, including VTEX, Shopify, B3 and Creditas

M&A



Acquisitions **~3x the proceeds from latest Follow-On**, reaching ~R\$3.0 billion

Growth coupled with higher efficiency



BUILDING 3D ECOSYSTEM

18



M&As Enterprise Value: ~R\$3.0 billion (since 2019 Follow-On)



MANAGEMENT

Verticals



Dec/2019

Rational

Consolidate leadership in the cash and carry/supermarket segment

Verticals



Jul/2021

Rational

Unlock value through a carve-out + primary investment of a strategic partner

Plan. and management financial



Mar/2022

Rational

Increase in the Management business portfolio + access and data intelligence

Human experience management



Sep/2022

Rational

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



TECHFIN

Payroll Credit



Feb/2020

Rational

Offer payroll loans with no credit risk

B2B Credit



Oct/2019

Rational

Best finance offer to the entire supply chain

Payments Retail Education



Mar/2019

Rational

Acquiring applied to segmented needs

Digital Platform of Financial services



Apr/2022

Rational

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



BIZ PERFORMANCE

Digital Commerce



May/2019

Rational

JV to kick start our full commerce offering

Marketing Analytics



Dec/2020

Rational

Big data/analytics applied to digital marketing and sales

Digital Marketing



Mar/2021

Rational

The leader in the digital marketing transformation of SMBs

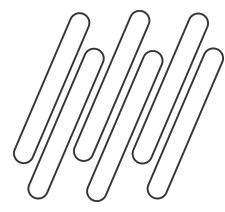
Digital Commerce



May/2023

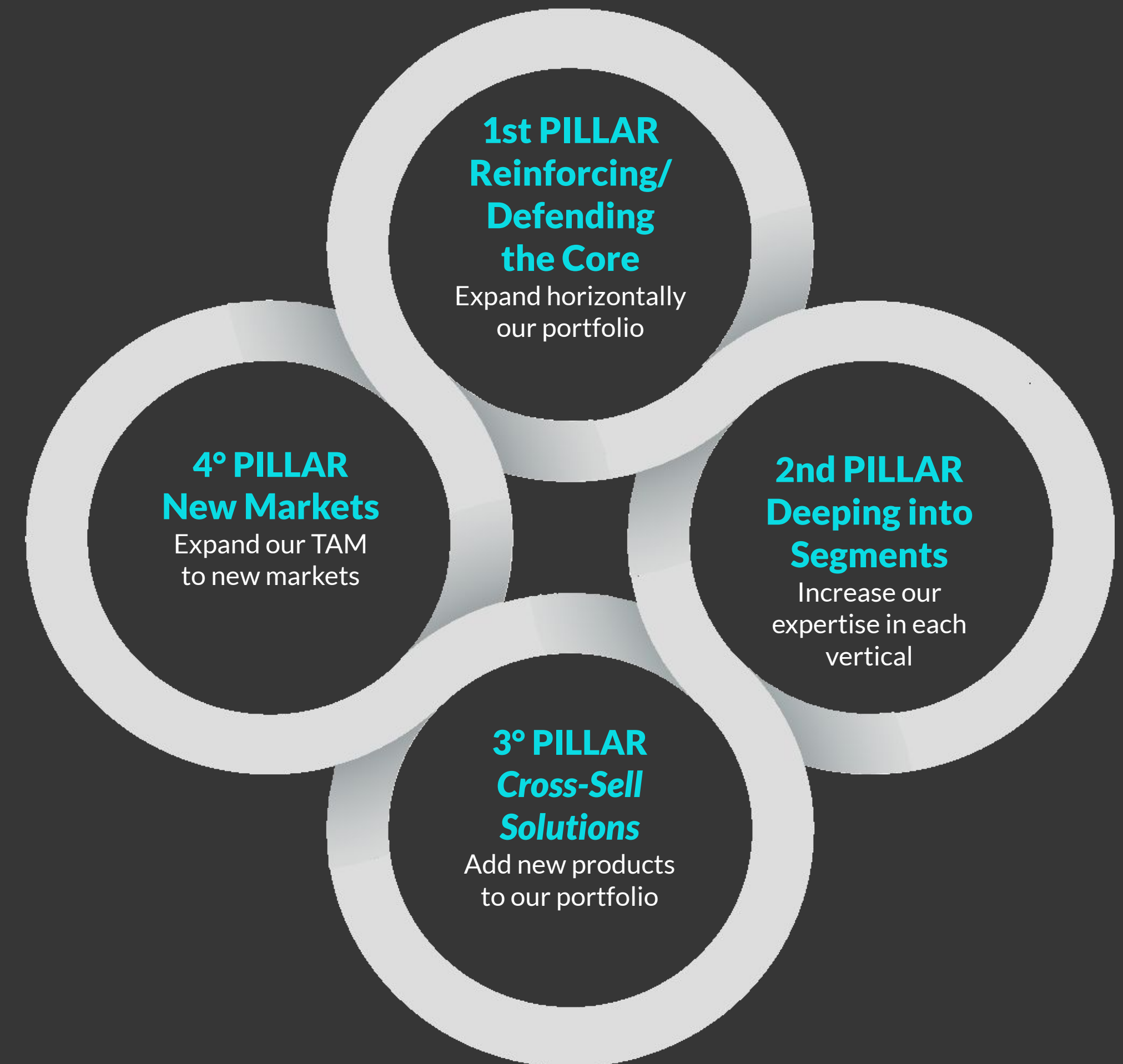
Rational

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



M&A PIPELINE - VALUE-ADDED OPPORTUNITIES

Proven strategy that combines resilience with innovation and growth, generating shareholder value





ESG AGENDA

GENERATION OF SHARED VALUE

Strengthening the integration of ESG aspects into the business strategy and creating value for our stakeholders

E

ENVIRONMENTAL

- GHG Emissions Inventory (Carbon Footprint & Climate Change)
- Reverse Logistics of IT Assets
- Management of natural resources and waste from operations

S

SOCIAL

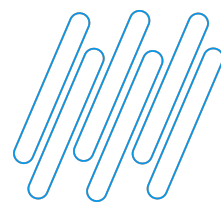
- Diversity, inclusion and meritocratic culture
- Clients satisfaction
- GDPR /LGPD Data Security and Privacy
- Education for work

G

GOVERNANCE

- Top-level Corporate Governance with the development of best practices

- ✓ At the Highest Level of **B3 Corporate Governance** (“B3 – Novo Mercado”)
- ✓ A member of **UN Global Compact** and the **Pact for Ethics and Against Corruption** of the ETHOS Institute since 2014
- ✓ Global commitment of public and private initiatives to the **2030 Agenda** in order to reach the **SDGs (Sustainable Development Goals)**
 - ✓ Renewed **#WEARETOTVERS** Culture: innovative, vibrating and mistake tolerance
 - ✓ **Social Investments** aligned with **business strategy** is propelled by our genuine brand purpose
- ✓ TOTVS Group’s personalized **ESG Sustainability Policy** objectives and guidelines implementation to enhance outcomes
- ✓ Following **Global trends** in Corporate **Performance and Sustainability reports**



GOVERNANCE



Highest level of Corporate Governance (B3 – Novo Mercado)

BOARD OF DIRECTORS

6 out of 7 board members are independent

Laércio Cosentino

Chairman
Co-Founder of TOTVS and
Chairman of Brasscom

Maria Letícia Costa

**Vice-Chairman
Independent Member**
Partner of Prada Assessoria
Empresarial and board
member of Localiza

Eduardo Vassimon

Independent Member
Chairman of the Board of
Directors of Votorantim S.A
and Board Member of B3¹

Gilberto Mifano

Independent Member
Board Member
of Natura and Cielo

Guilherme Stocco Filho

Independent Member
Board Member of Banco
Original and Grupo Soma

Ana Claudia Reis

Independent Member
Senior Partner at Kingsley
Gate Partners

Tania Sztamfater Chocolat

Independent Member
Executive Director of
Investments LatAm at
CPPIB² and Board Member at
Equatorial Energia

FISCAL COUNCIL

Corporate body independent of the Company's management and of the external audit, with non-permanent functioning³.

Its key responsibilities are to supervise the management members' activities and review the Company's financial statements, reporting its opinion to the shareholders.

ADVISORY COMMITTEES

Statutory Audit

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

People and Compensation

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

Governance and Nomination

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

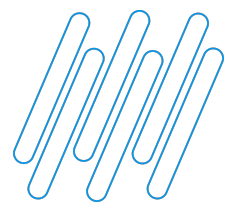
Strategy

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

¹ B3 – Brasil, Bolsa, Balcão

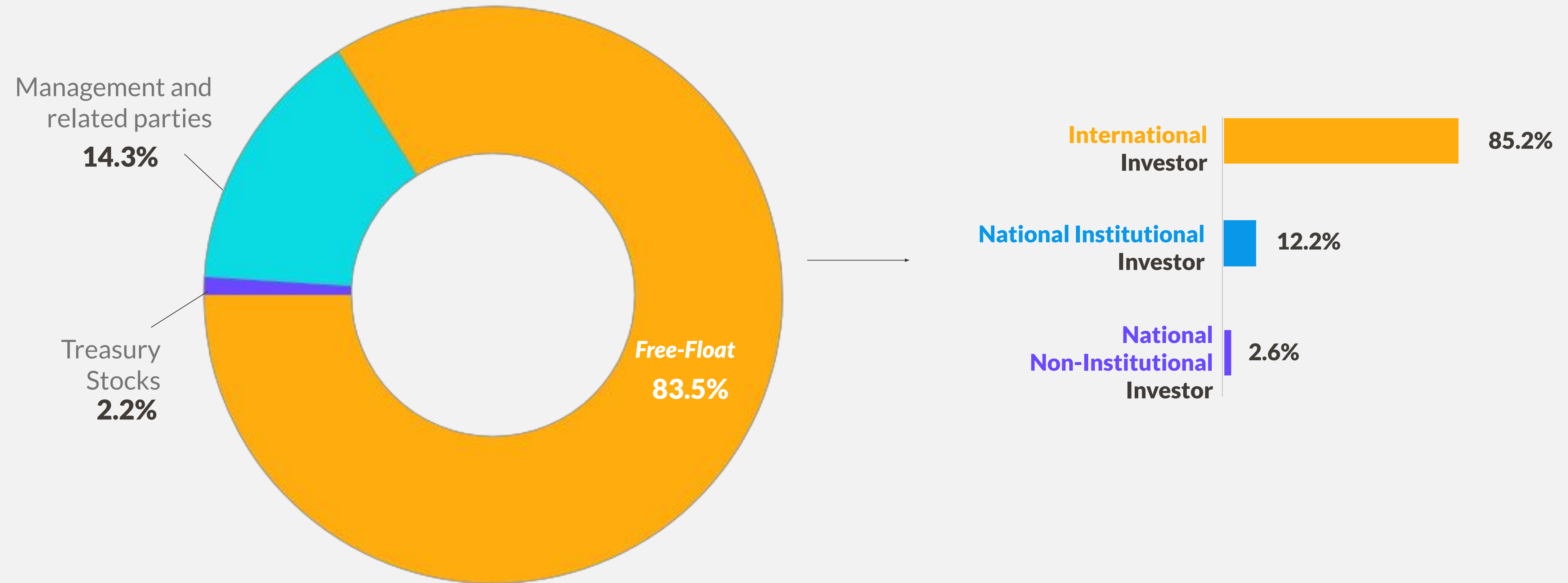
² CPPIB - Canada Pension Plan Investment Board

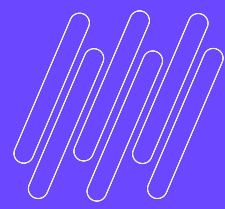
³ At the Annual General Meeting held on April 19, 2023, it was approved the installation of the Company's Fiscal Council, effective until the 2023 AGM.



GOVERNANCE

Shareholding Composition*: True Corporation





► SOCIAL INVESTMENT

TOTVS MAINTAINS IOS AND BELIEVES THAT SOCIAL INVESTMENT DRIVES TRANSFORMATION

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

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



39,000+ students graduated under a 23 years track record



49% increase in household income of students



1,400+ students have completed IOS courses



800+ students employed with IOS assistance



IOS – Instituto da Oportunidade Social
(Institute of Social Opportunity)



#WEARETOTVERS CULTURE

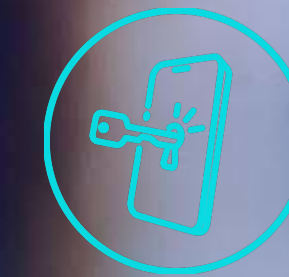
defines our essence



**WE VALUE GOOD PROFESSIONALS
WHO ARE GOOD PEOPLE**



**WE ARE DRIVEN
BY RESULTS**



**WE INVEST IN TECHNOLOGY THAT
MAKES IT POSSIBLE**



**WE BUILD
LONG-TERM RELATIONSHIPS
WITH OUR CLIENTS**



**WHEN WE COLLABORATE,
WE BECOME STRONGER**

By geographic location (own units)

9,916 in Brazil



292 abroad



ARG



MEX



USA



COL

By gender



63%



37%

By leadership position



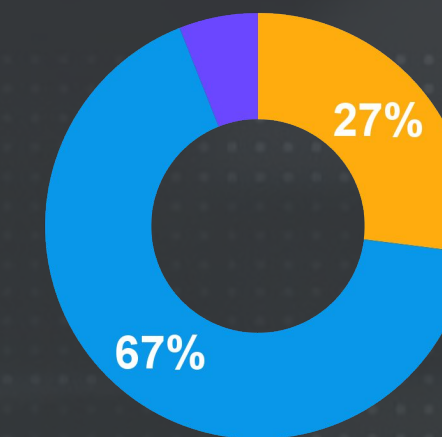
65%



35%

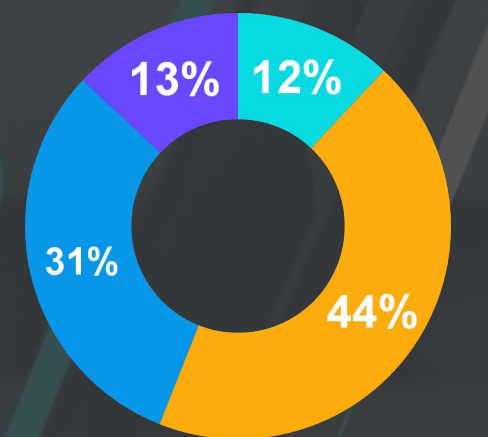
By age

- Up to 30
- From 30 to 50
- Older than 50



By activity

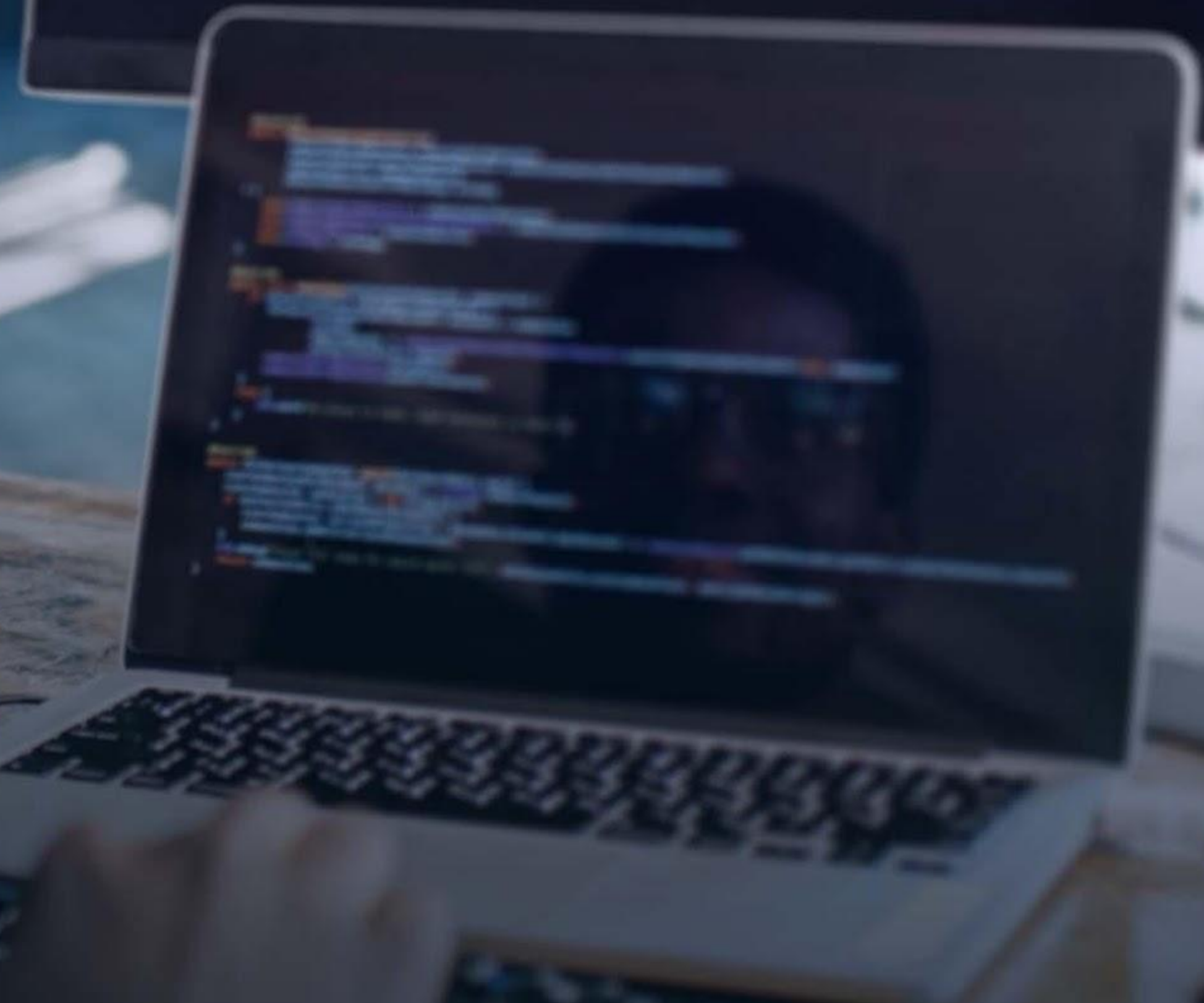
- R&D
- Services
- Adm / Others
- Sales





04

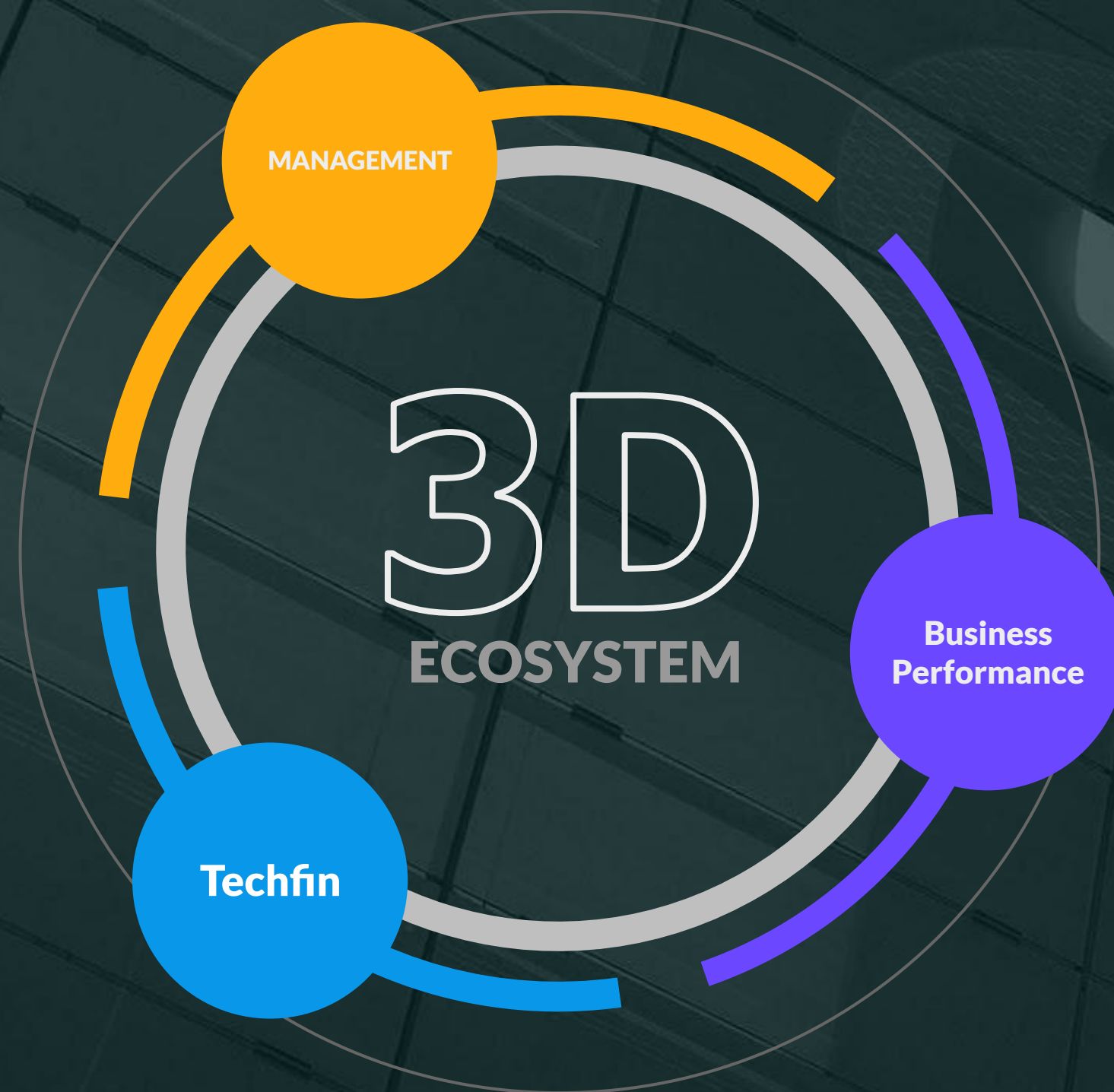
QUARTERLY RESULTS 2Q23





2Q23 RESULTS HIGHLIGHTS

- + $\frac{2}{3}$ YoY growth in Consolidated Revenue came from SaaS from Management and Business Performance
- + Recurring Revenue from Business Performance grew 32% over 2Q22, with record breaking Organic Net Addition
- + EBITDA Margin 110 basis points lower than in 2Q22, mainly reflecting the reduction in Techfin Credit Production



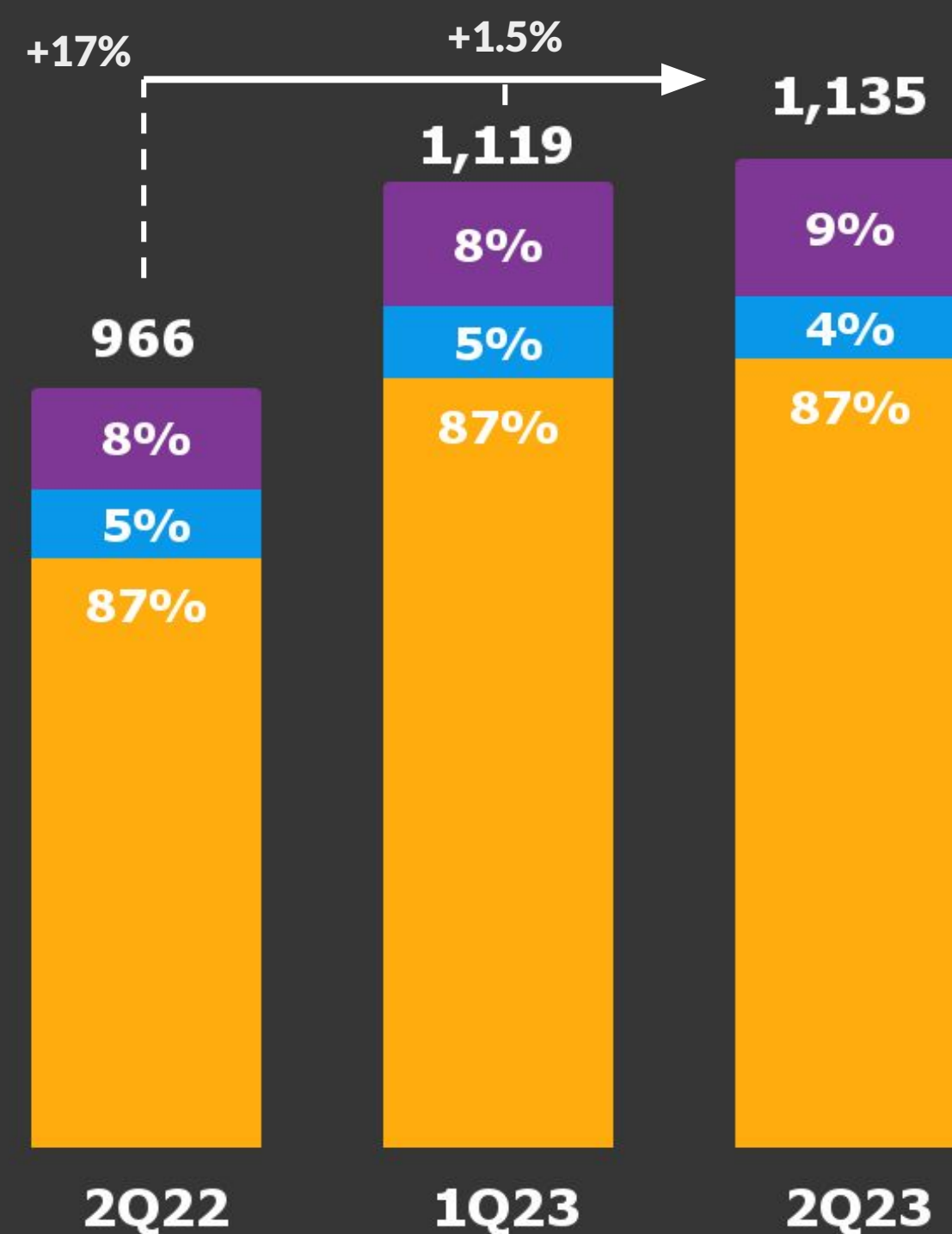


GROWTH



27

CONSOLIDATED REVENUE



Management Techfin Biz Performance

2Q23 REVENUE



Management

R\$987 million

+18% vs 2Q22



Biz Performance

R\$101 million

+34% vs 2Q22

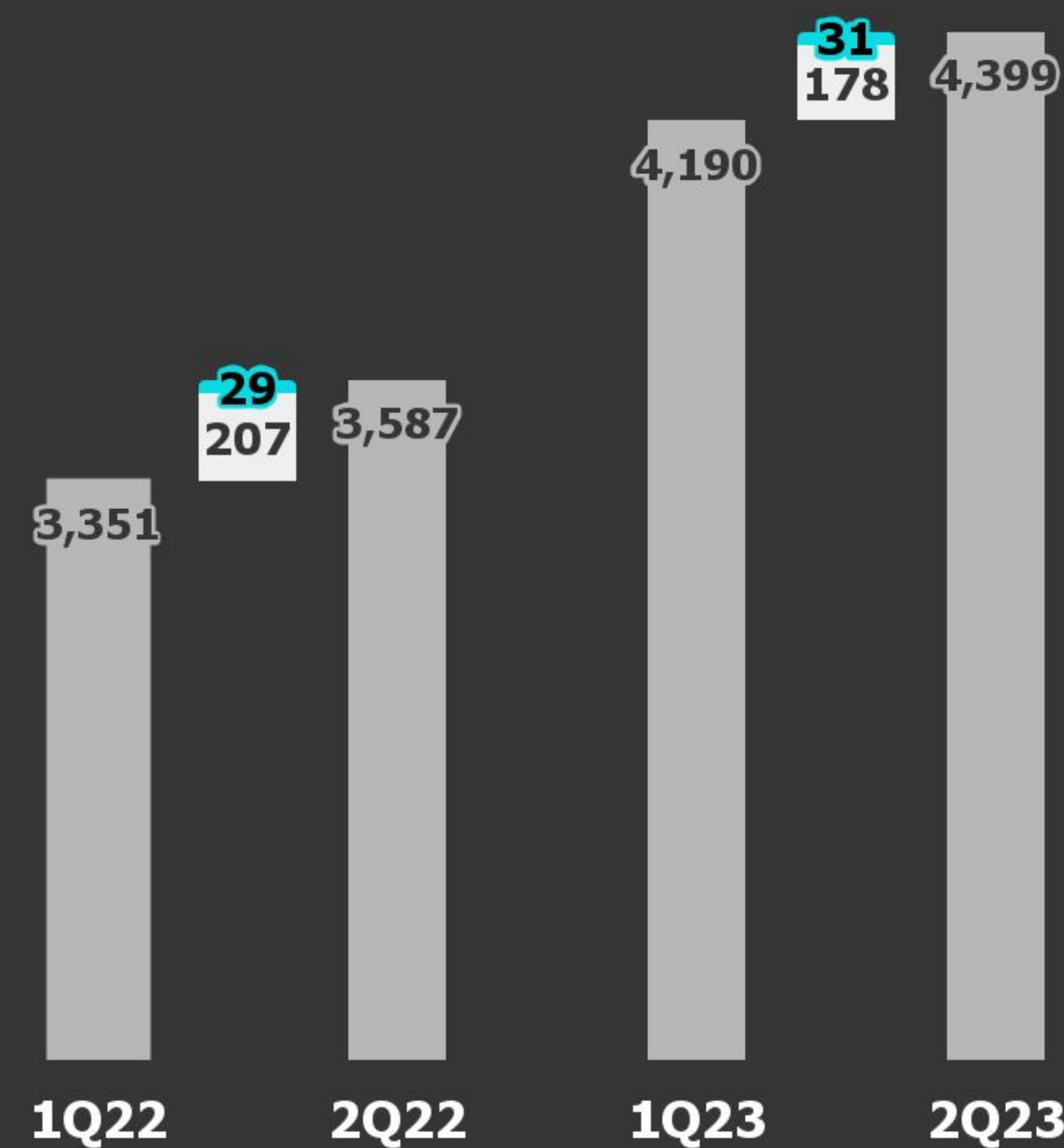


Techfin

R\$47 million

-8.5% vs 2Q22

CONSOLIDATED ARR



ARR

ARR Net Addition

Inorganic Addition



PROFITABILITY

CONTRIBUTION MARGIN



Management
R\$540 million
+20% vs 2Q22

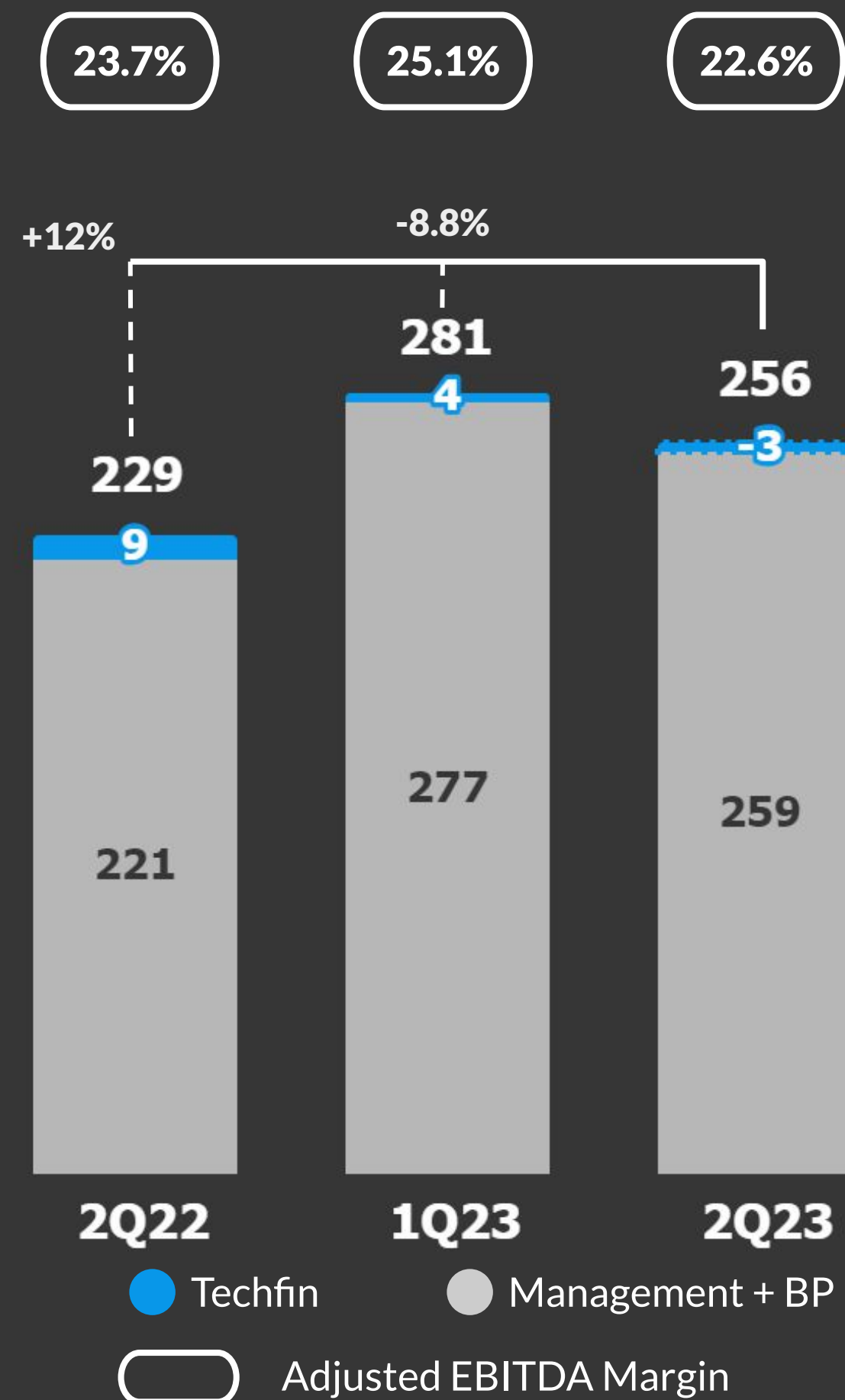


Biz Performance
R\$50 million
+37% vs 2Q22

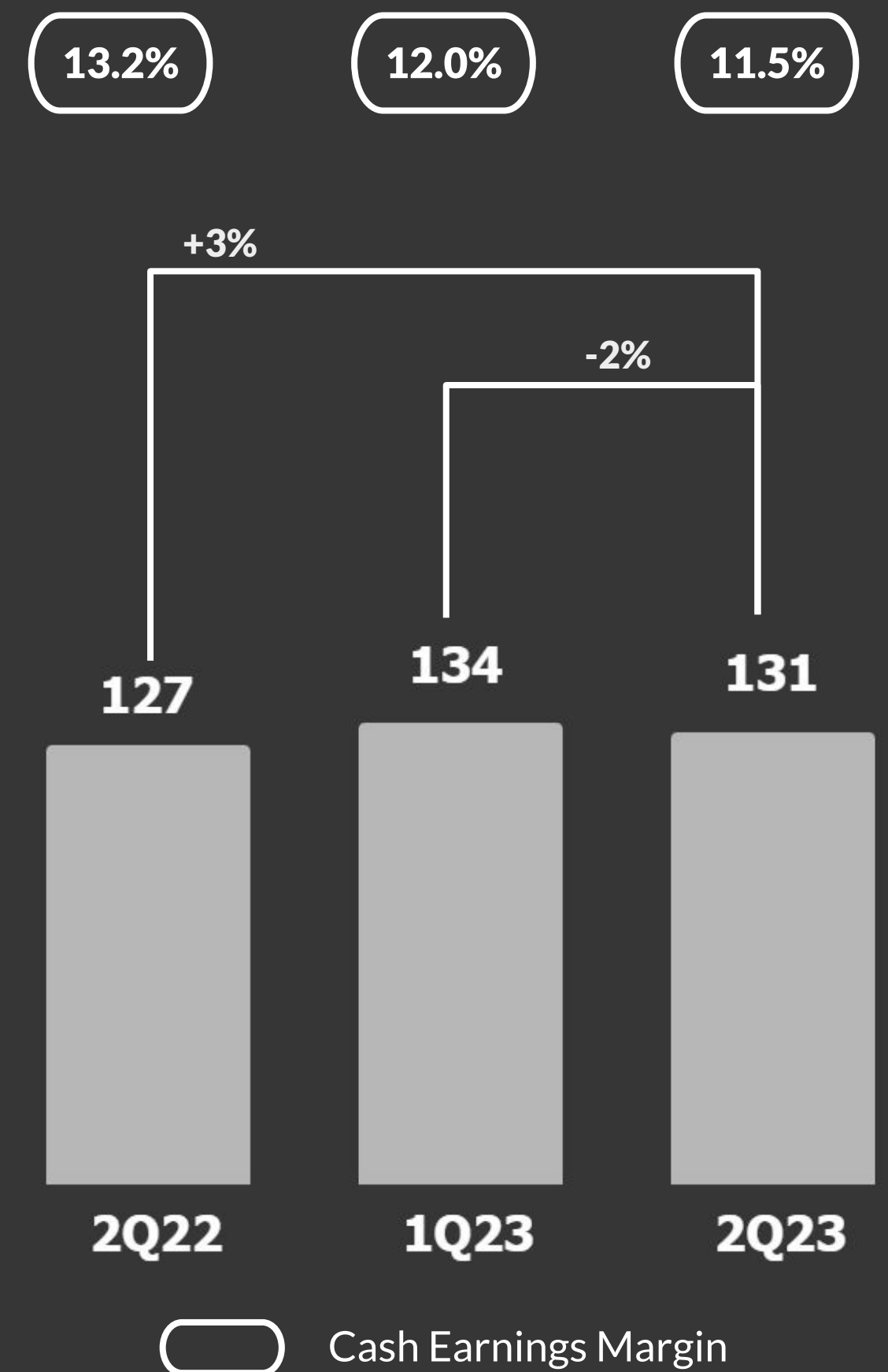


Techfin
R\$24 million
-26% vs 2Q22

ADJUSTED EBITDA



CASH EARNINGS



18% growth in Net Revenue vs 2Q22, with emphasis on the growth in Recurring Revenue and SaaS Revenue, which grew 31% YoY

RECURRING REVENUE R\$847 million (+19% vs 2Q22)

SaaS Signings: +32% vs. 2Q22

Cloud: +38% vs. 2Q22

% Management Recurring Revenue: 86%

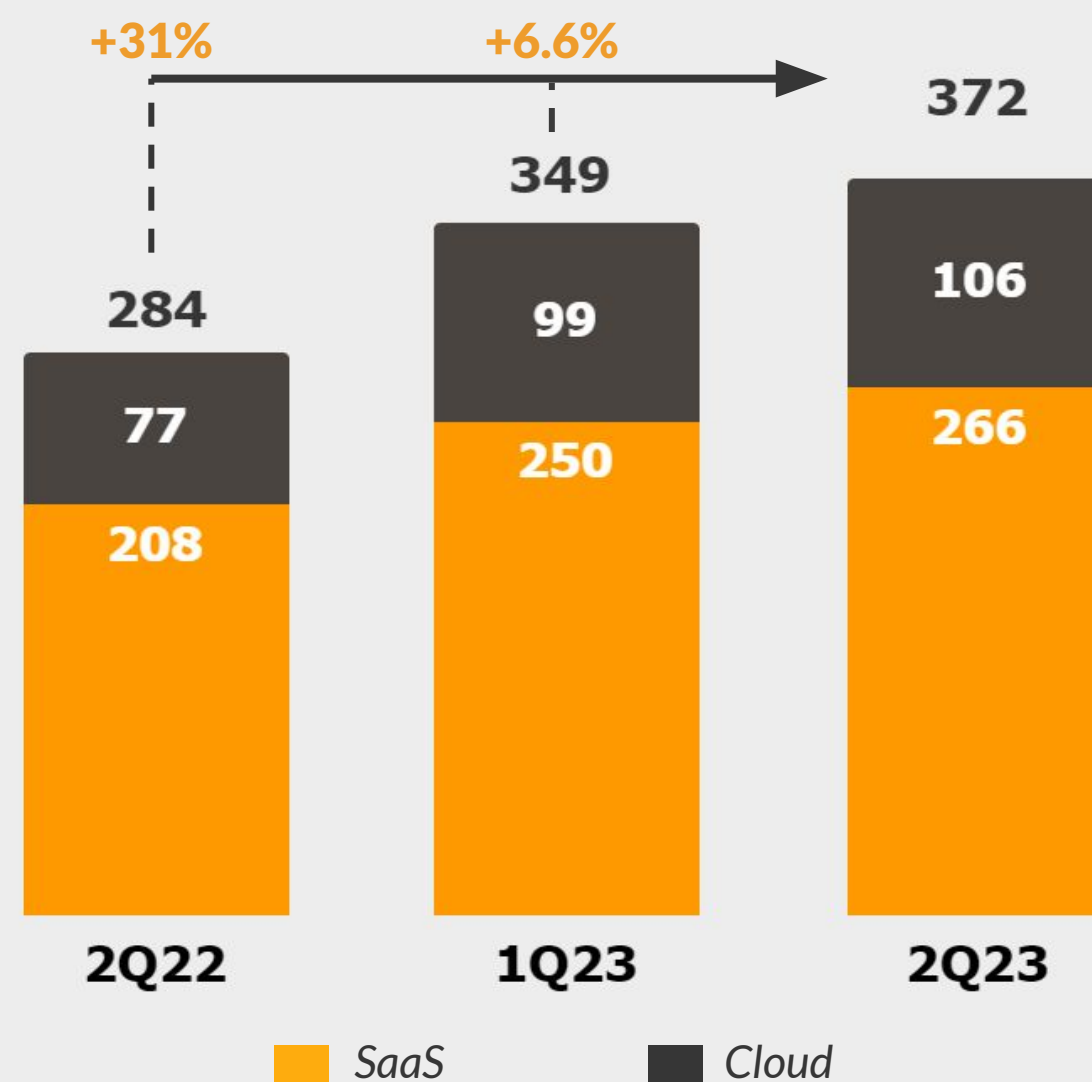
ARR NET ADDITION R\$148 million

ARR Gross Addition LTM (excl. Corporate Model)

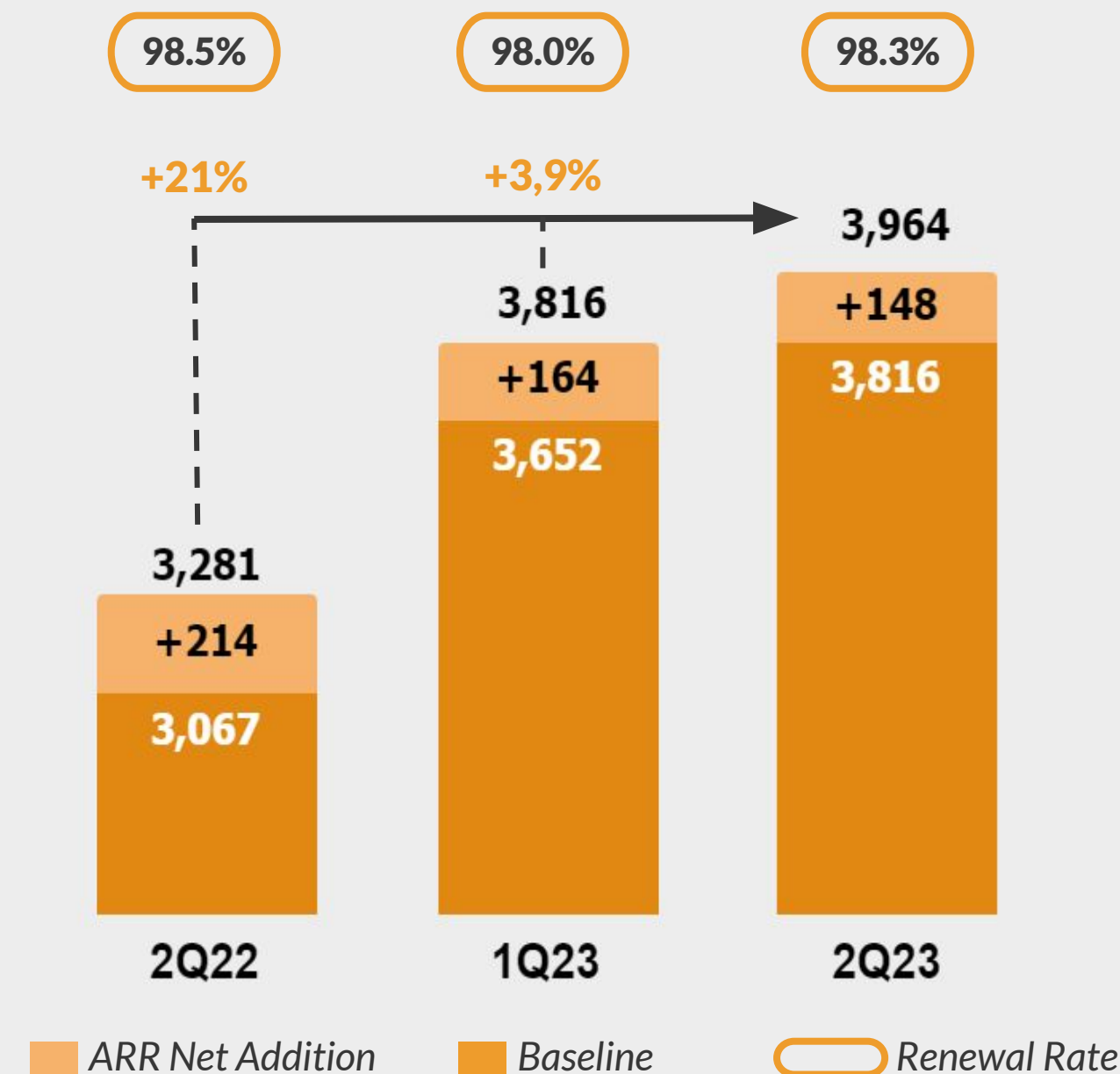
~85% Volume - new signings (Sales)

~15% Price - contractual adj. (inflation pass-through)

SaaS - MANAGEMENT (R\$ million)



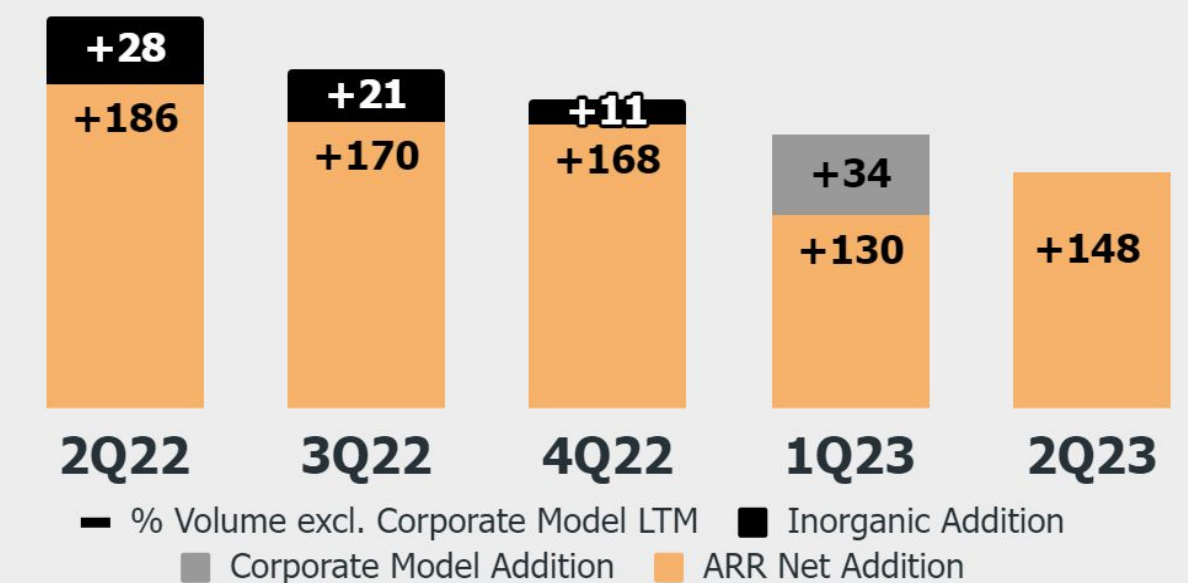
ARR (R\$ million) and RENEWAL RATE



Highlights

ARR Addition (R\$ million) Volume LTM (excl. Corporate Model)

70% — 75% — 78% — 82% — 85%

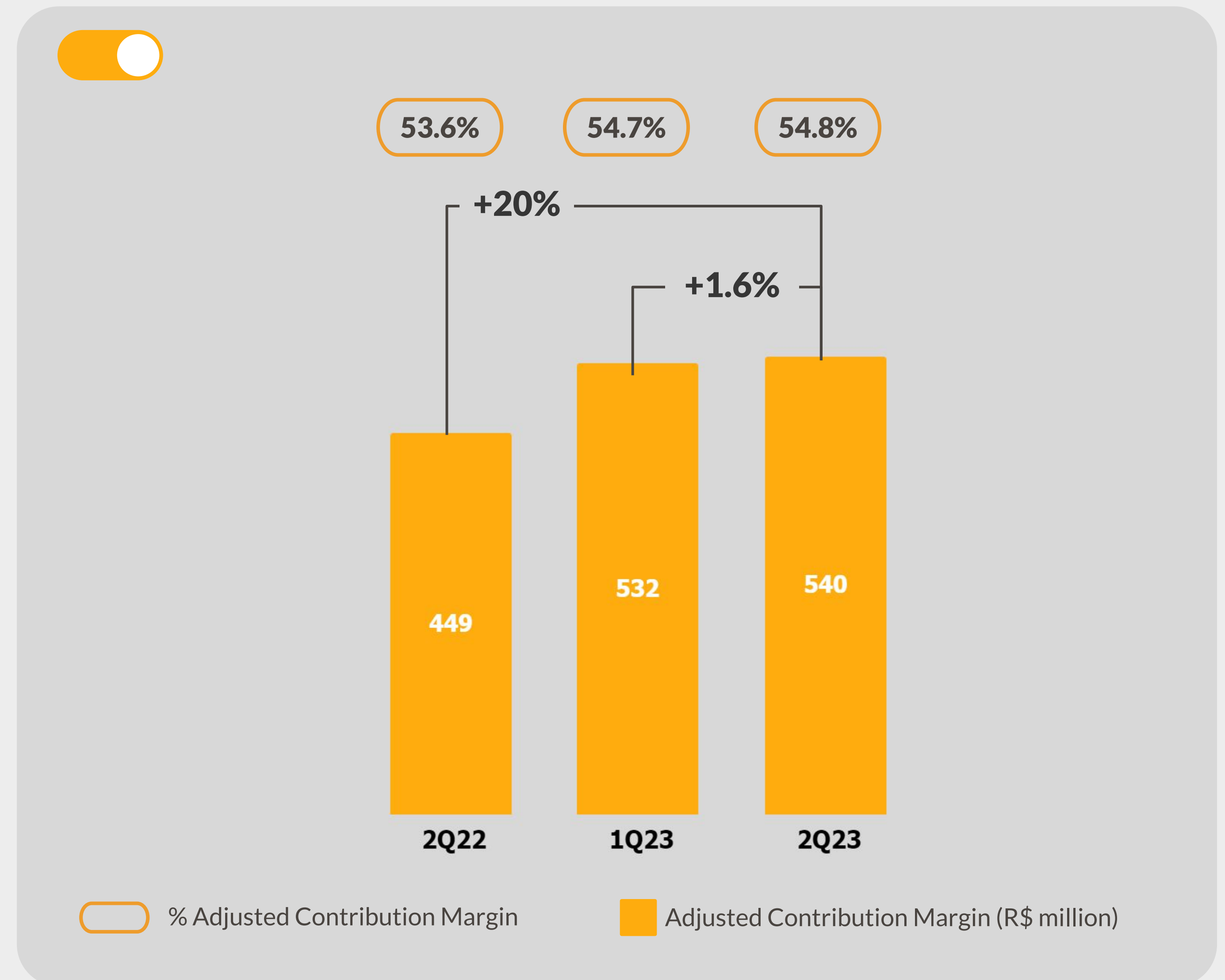


- 15 p.p. growth in Volume year over year, increasing representativeness vs. Price
- Reduction of value added from Price component by 70% vs. 2Q22 and 40% vs. 1Q23, reflecting the reduction in inflation index (IGP-M and IPCA) applied in the readjustment of recurring contracts

ADJUSTED CONTRIBUTION MARGIN ⁽¹⁾

The Adjusted Management Contribution Margin reached R\$540 million, associated with the continuous evolution of Recurring Revenue, which offset the seasonal reduction from License revenue.

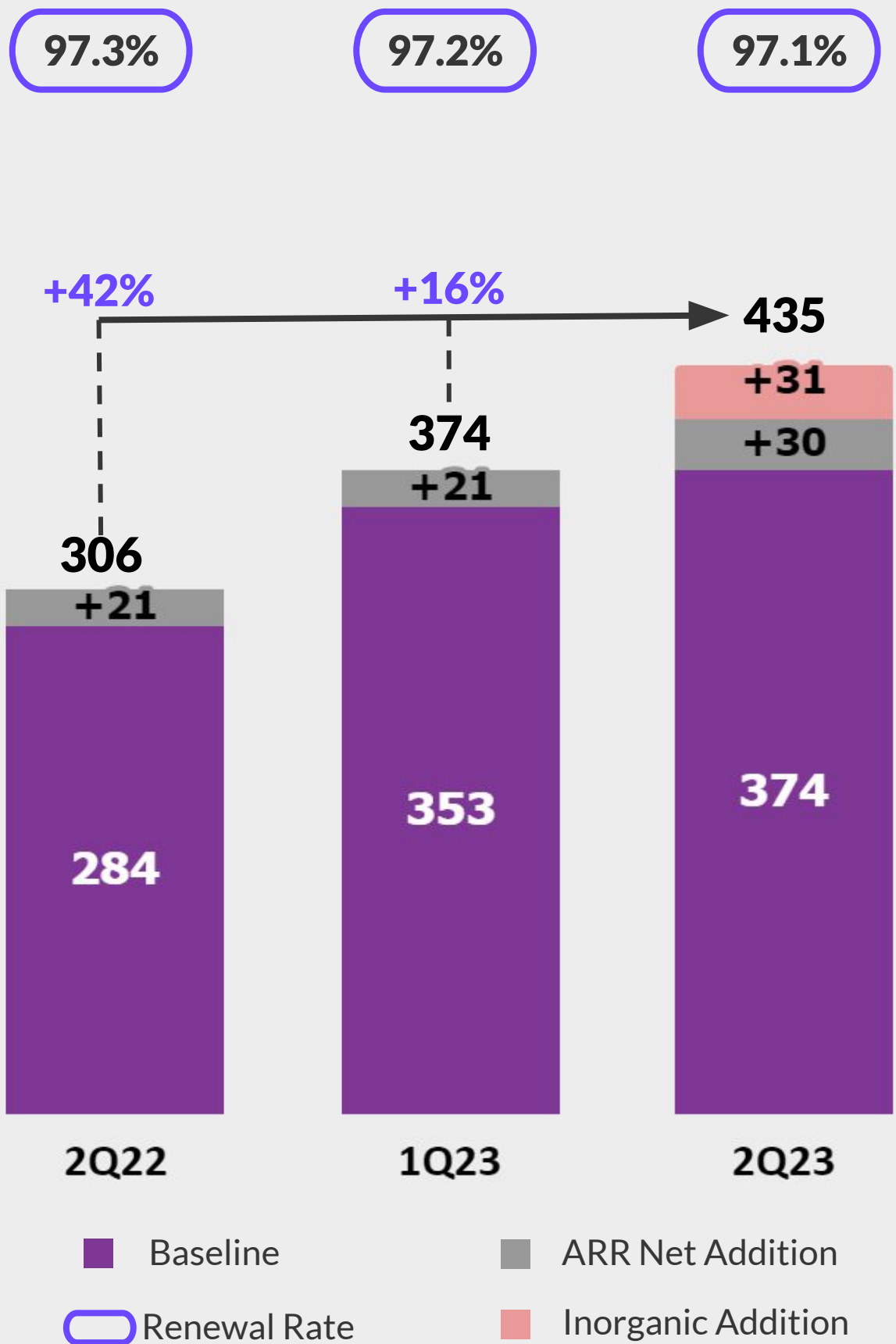
The Adjusted Contribution Margin on Net Revenue from Management reached 54.8%, the highest level in recent years.



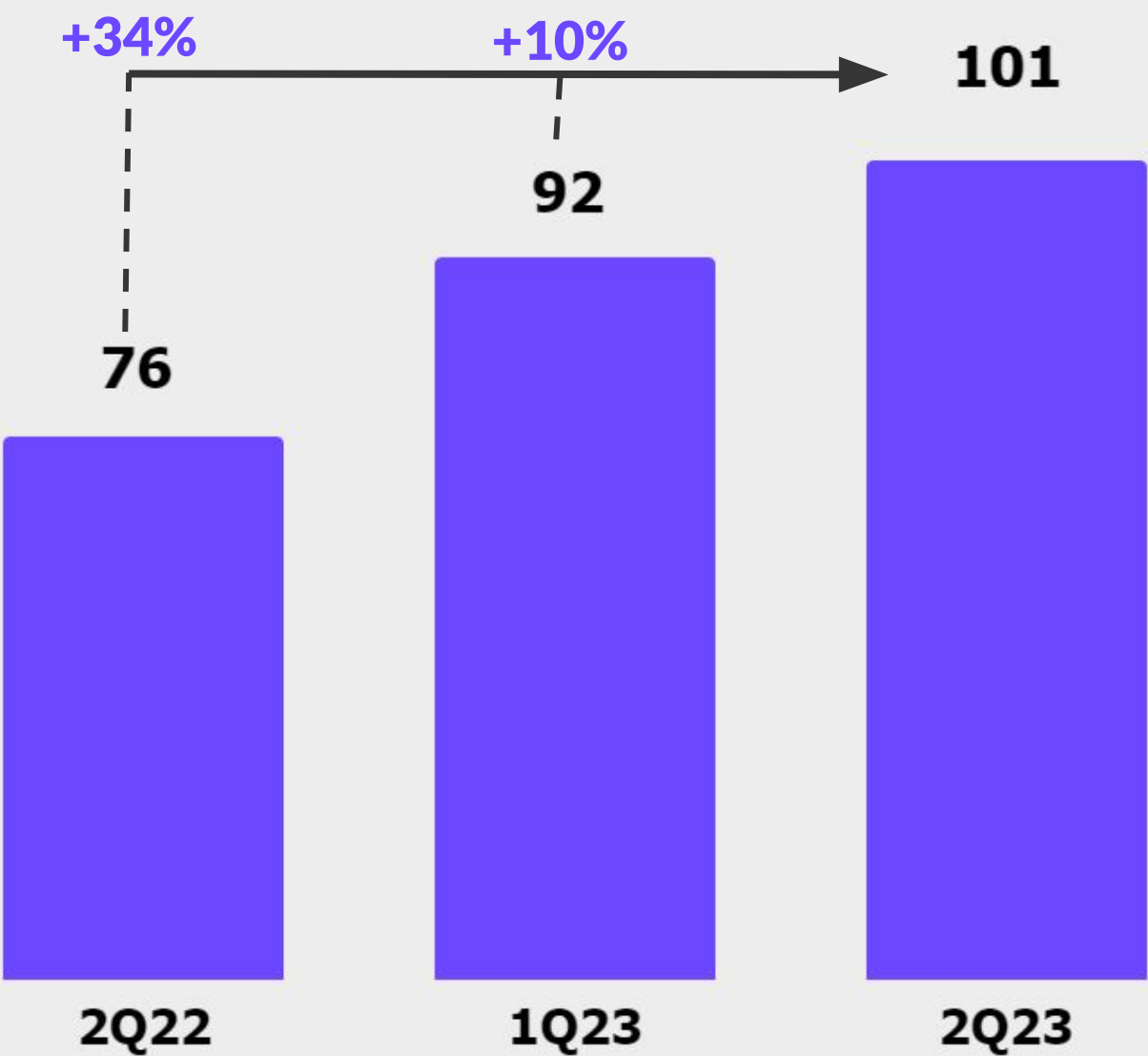


Net Revenue grew 34% versus 2Q22, driven by the quarterly record break of Net ARR Addition of R\$30 million

ARR (R\$ million) and RENEWAL RATE



REVENUE (R\$ million)



Highlights

ARR Addition

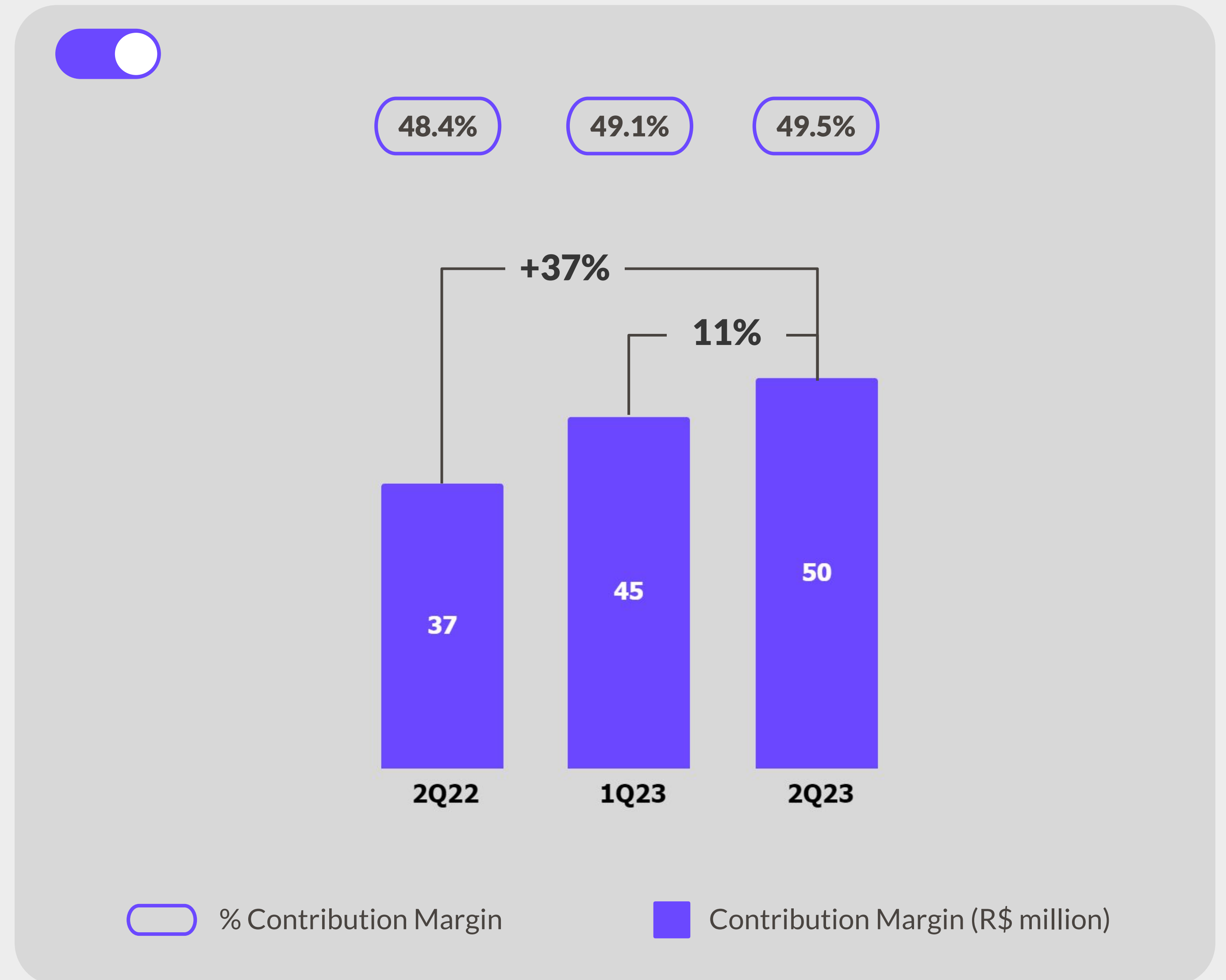
- The R\$30 million record breaking off ARR Net Addition, added to the Inorganic Addition of R\$31 million, referring to the acquisitions of Lexos and Exact Sales, raised the Business Performance ARR to R\$435 million, surpassing 1Q23 by 16%

Digital Commerce

- GMV (Gross Merchandise Volume) grew +105% versus 2Q22 reaching R\$167million in 2Q23, maintaining its growth trajectory, more than doubling in size versus 2Q22

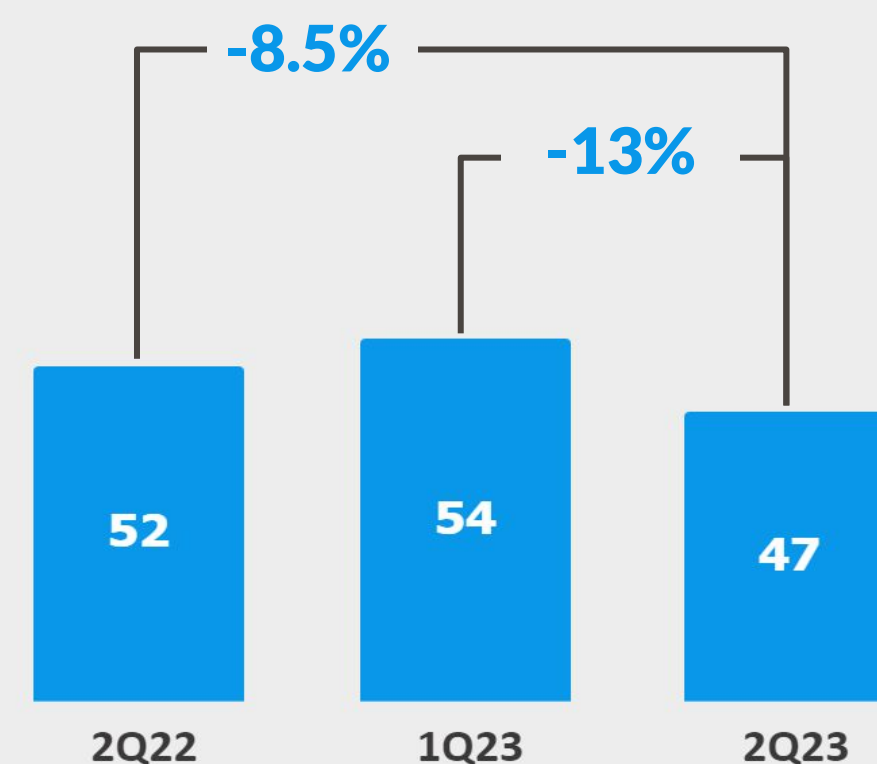
CONTRIBUTION MARGIN

Growth of 110 basis points year over year.
Despite being a young business dimension and currently focused on accelerating Recurring Revenue, it is a profitable operation because of the operational leverage of the SaaS model. This reinforces **the dimension's high potential to generate value.**

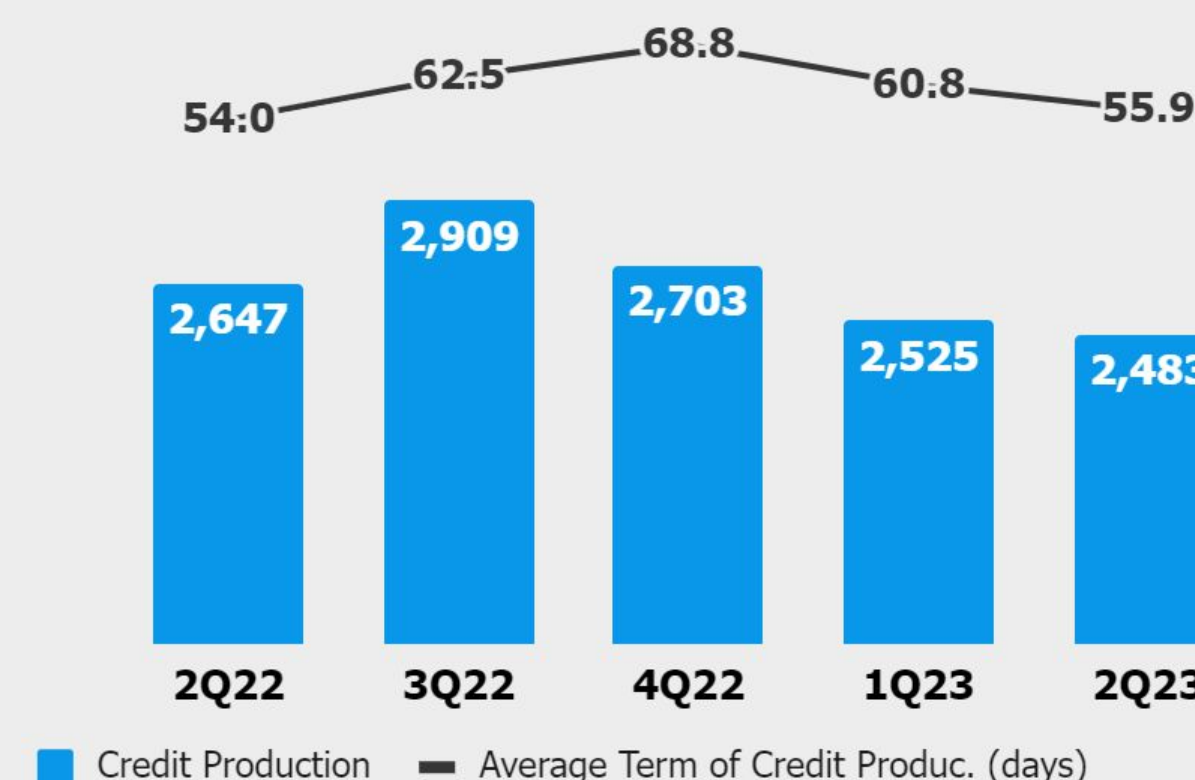


The Provision for Expected Credit Losses represented 0.37% of the Gross Credit Portfolio, 4 basis points below 2Q22 and 1Q23, with **Delinquency > 90 days** 200 basis points below the Brazil Average

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



Credit Production (R\$ million)

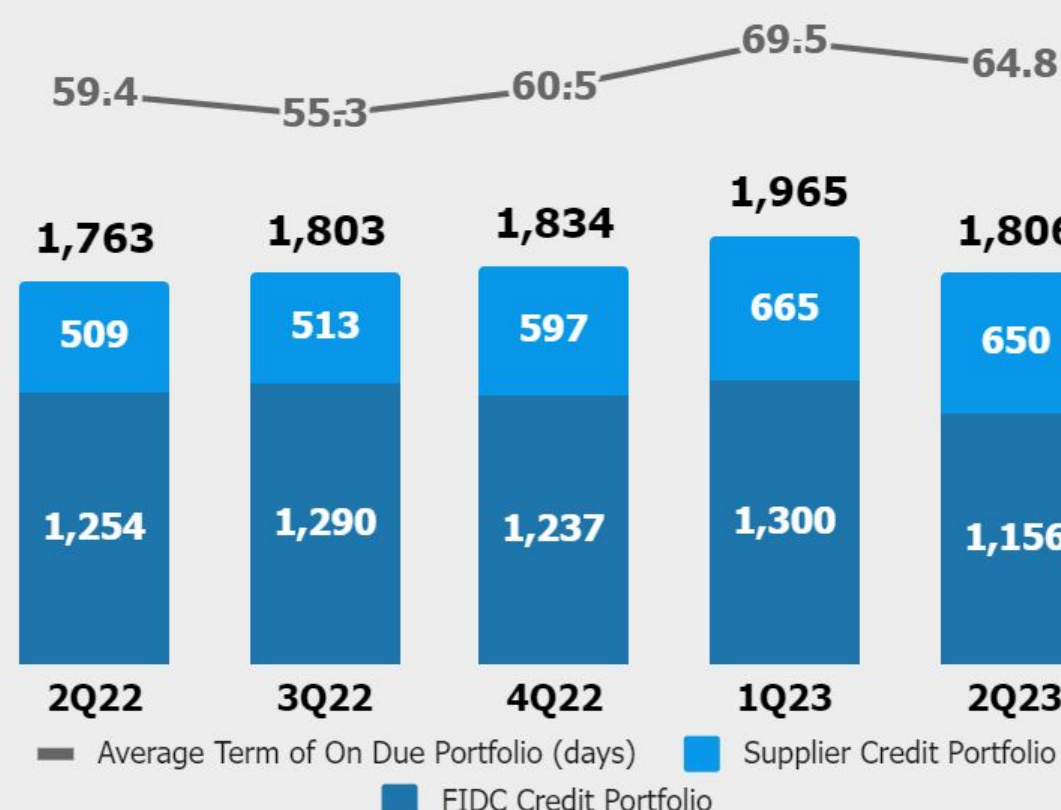


Supplier's pipeline - "Mais Negócios" product (cross-sell with TOTVS)

70%
Prospecting
Affiliates

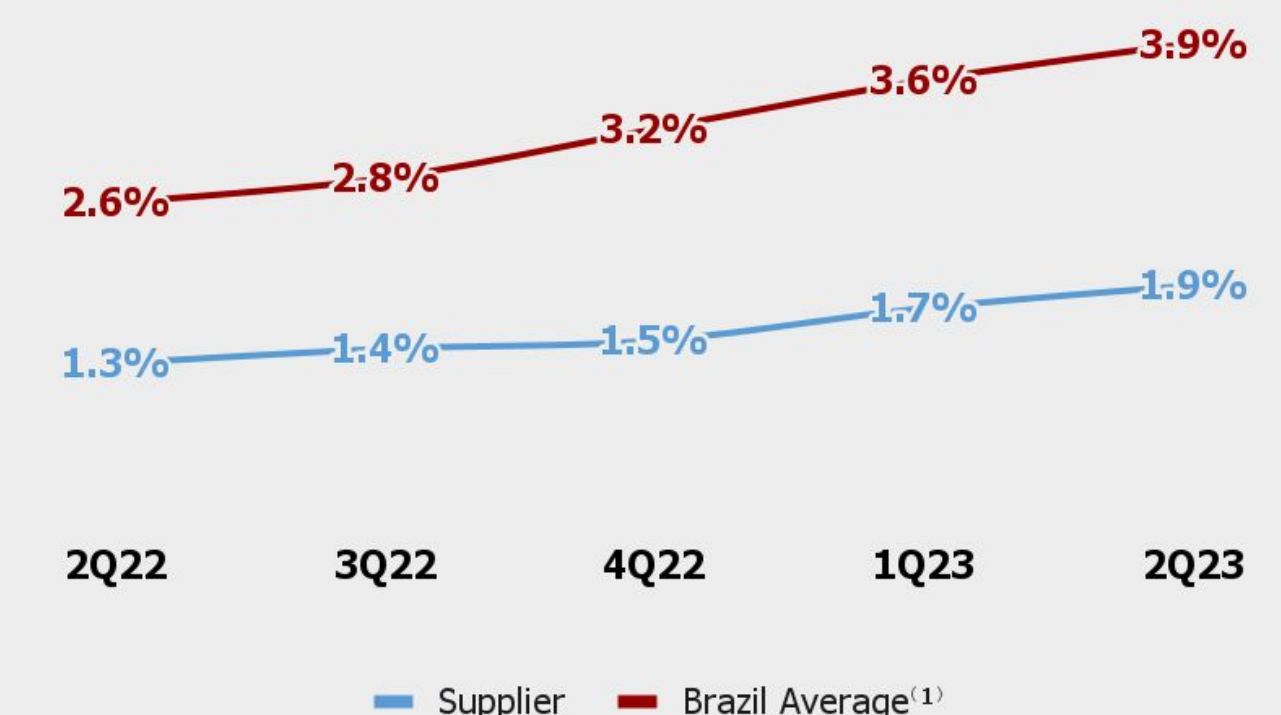
67%
Affiliates in
Implementation

Credit Portfolio (R\$ million)



Highlights

Delinquency above 90 days



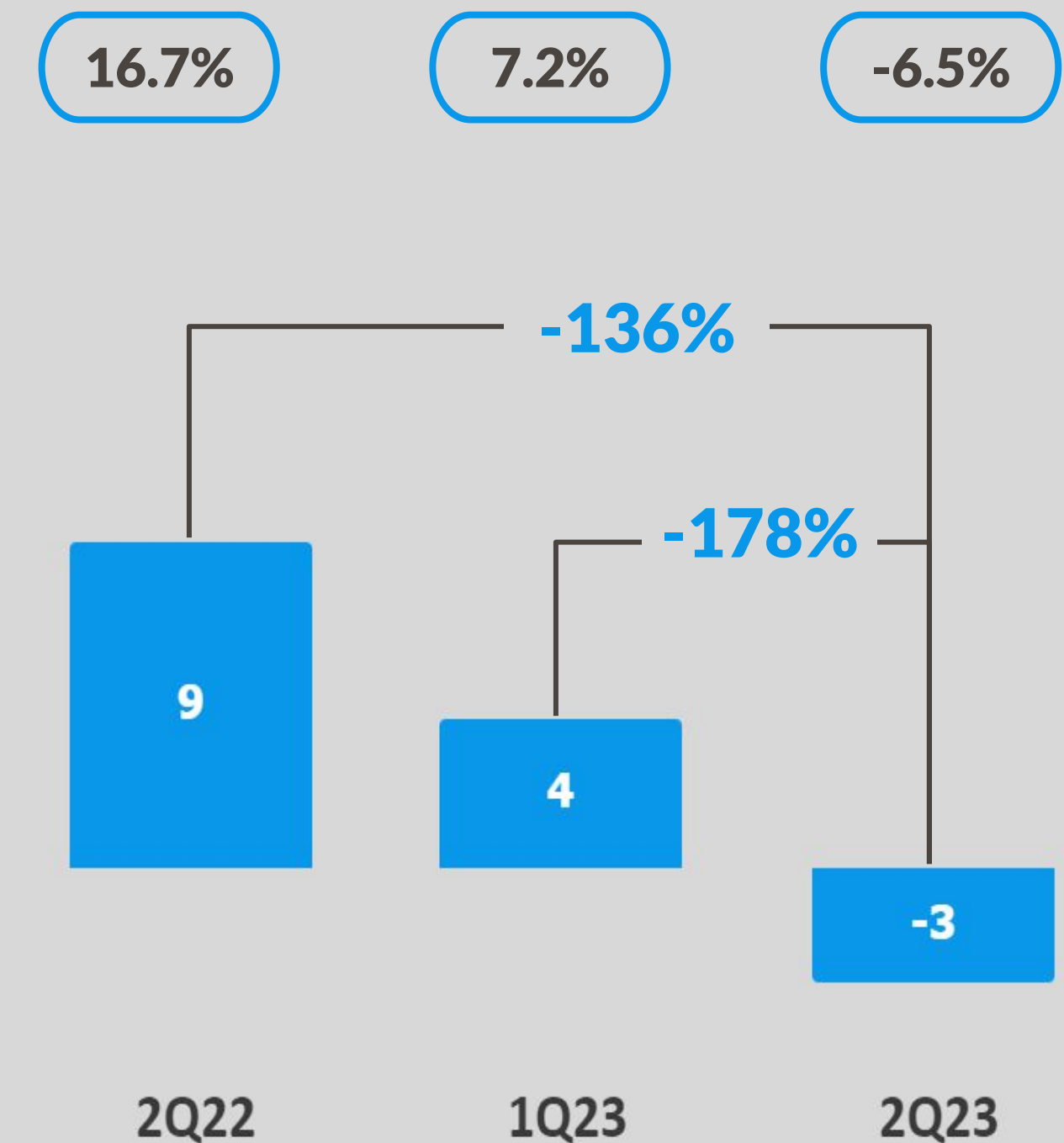
- The growth in the % of delinquency from 1Q23 to 2Q23 is mainly associated with the seasonal reduction in Credit Portfolio
- The difference between the Brazil Average and the Supplier's increased from 190 basis points in 1Q23 to 200 basis points in 2Q23

EBITDA

The negative EBITDA is mainly associated with the reduction in Revenue net of Funding.

Supplier ended the quarter with a positive EBITDA margin of 17.4%, despite the challenging scenario observed in the credit market in the first half of 2023.

% EBITDA
SUPPLIER 2Q23
17.4%



■ EBITDA TECHFIN (R\$ million)

○ % EBITDA TECHFIN

MSCI raises TOTVS' score to “AA”

This upgrade reflects the Company's efforts to strengthen ESG aspects in its operations, evidencing the adequacy of the organization's Sustainability Agenda.

TOTVS stands out in the Institutional Investor's ranking

The Company was ranked in first place in all categories of the MidCap TMT LATAM, with emphasis on Best Board, Best Investor Day and Best ESG Program (General and MidCap)

Integrated Report 2022

Voluntary initiative of accountability and communication of performance in Sustainability and ESG for our stakeholders, the seventh edition of the Integrated Report highlights:

- **(E PILLAR)** expansion of the coverage of the carbon inventory with the inclusion of the operations of RD Station, Supplier, international market and incorporation of data related to scope 3;
- **(S PILLAR)** advances in the diversity and inclusion agenda; and the
- **(G PILLAR)** information security and data protection and privacy initiatives.

Integrated Report





Investing in technology is essential to drive results and transform companies. In this context, Brazil still has a long way to go in terms of investments in technology, and TOTVS is present to provide innovative solutions that help its clients to evolve



MANAGEMENT

Growth in Recurring Revenue, followed by a consistent Contribution Margin

Solid result with the addition of R\$148 million in ARR, increasing the representativeness of the Volume component



BUSINESS PERFORMANCE

Business dimension that already has more than R\$430 million in ARR and Contribution Margin of 49.5%

With Revenue growth of 34% year-over-year and 10% quarter-over-quarter, the dimension had a record breaking ARR Net Addition of R\$30 million



TECHFIN

Beginning of a journey with transformational potential

The closing of the JV with Itaú started a unique and autonomous operation, focused on the development and distribution of financial services for SMB B2B



05

APPENDIX: TOTVS TECHFIN

Post Closing



With **transformational potential**, this singular and autonomous operation will be focused on the development and distribution of financial services for the **B2B market**, amplifying, simplifying and democratizing access to a wide range of financial products, **benefiting Small and Medium-sized Companies** and the entire production chain in the country.

Differentials

LARGE ADDRESSABLE MARKET

Focus:

Companies + SMB + TOTVS Clients

LIGHT AND SMART BUSINESS MODEL

↑ Agility (vs. banks)

↑ Optimization Risk x Return

↑ Asset Light

ACCESS TO SHAREHOLDERS' ASSETS

TOTVS:

Integration + Data + Distribution

ITAÚ:

Funding + Expertise + Portfolio

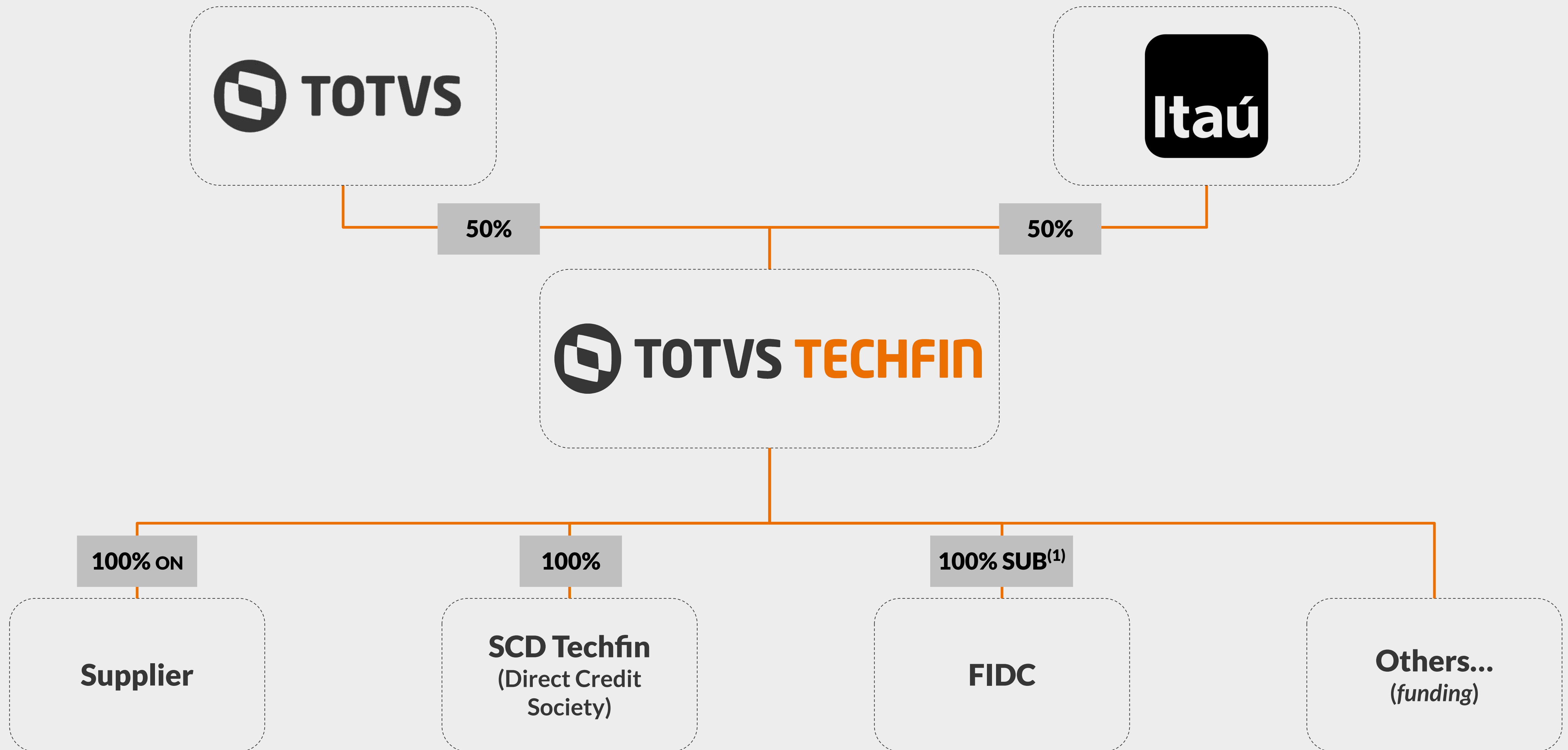
AUTONOMOUS OPERATION

Independence

Own Portfolio, Data Science and UX

Own Credit Policy

Funding from Itaú and market





Marcos Cavagnoli
Payments - Corporate
Dir. of Itaú Unibanco



Márcio Domingues
Commercial Bank Dir. of
Itaú BBA



Flávio Souza
Itaú BBA CEO
TOTVS Techfin Chairman

BOARD OF
DIRECTORS



Dennis Herszkowicz
CEO TOTVS
TOTVS Techfin Vice-Chairman



Gilsomar Maia
TOTVS CFO



Gustavo Bastos
TOTVS Platforms
Officer



TECHFIN
Eduardo Neubern
TECHFIN CEO



Board of Directors

Eduardo Neubern Márcio Tupiassu
Flávio Kamada Eduardo Wagner⁽¹⁾



Márcio Tupiassu
CFO
+20 years of experience
Itaú BBA, Citi, HSBC



Carol D'Alessandro
Commercial
+20 years of experience
Techfin, Itaú BBA, Liber, Safra



Mário Rodrigues
Products | Mkt | CX
+20 years of experience
Techfin, Serasa, Alpargatas,
Telefônica



Flávio Kamada
Credit
+27 years of experience
Itaú BBA, HSBC, BV



Gerson Teixeira
Technology
+20 years of experience
Techfin, Serasa, Itaú,
Porto Seguro



Mauro Wulkan
Founder and
CEO of Supplier

Note: (1) Eduardo Wagner is founder and Vice President of Supplier

COVERAGE + FREQUENCY + RELEVANCE = PRINCIPALITY

BEST-IN-CLASS JOURNEY | ERP Banking

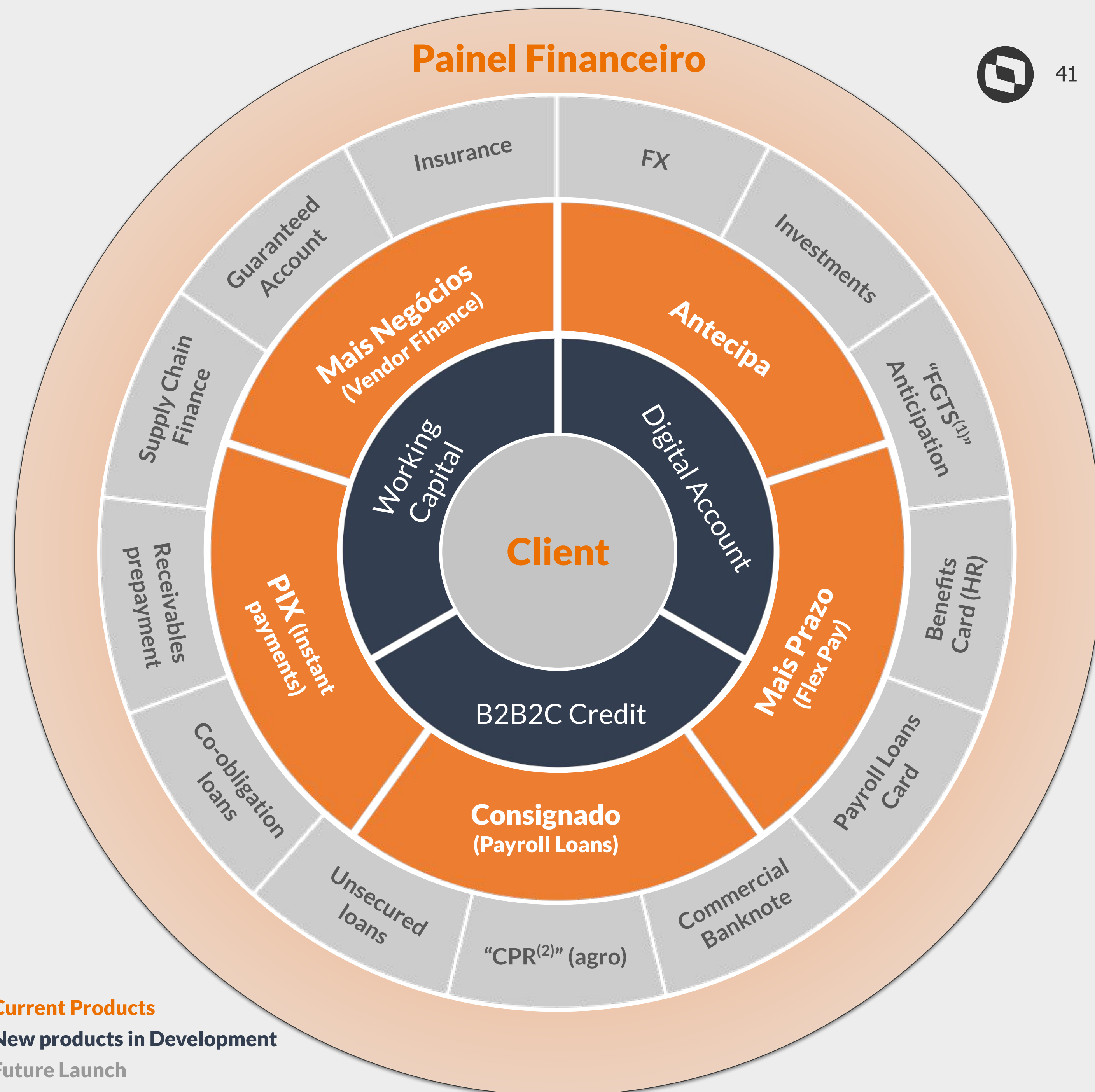
- ❑ Contextualized offers at right timing (ERP data)
- ❑ Adoption and usage in the right management software touchpoints (PLG)
- ❑ Segmentation and pricing based on usage behavior
- ❑ Frictionless journey and automatic, real-time reconciliation
- ❑ Hybrid/flexible approach: integrated and non-integrated products

PROPRIETARY CREDIT STRATEGY (ERP DATA)

- ❑ Modeling / Credit Policy
- ❑ Credit analysis/ collection

MULTI-CHANNEL GO-TO-MARKET STRATEGY

- ❑ Brand Awareness
- ❑ New Product communication
- ❑ Distribution and Growth / Conversion

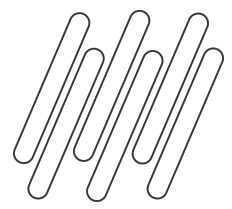


06

APPENDIX - TECHFIN

CREDIT OPERATION:

ILLUSTRATIVE EXAMPLES OF RESULTS CONSOLIDATION



OVERVIEW - MAIN MODEL

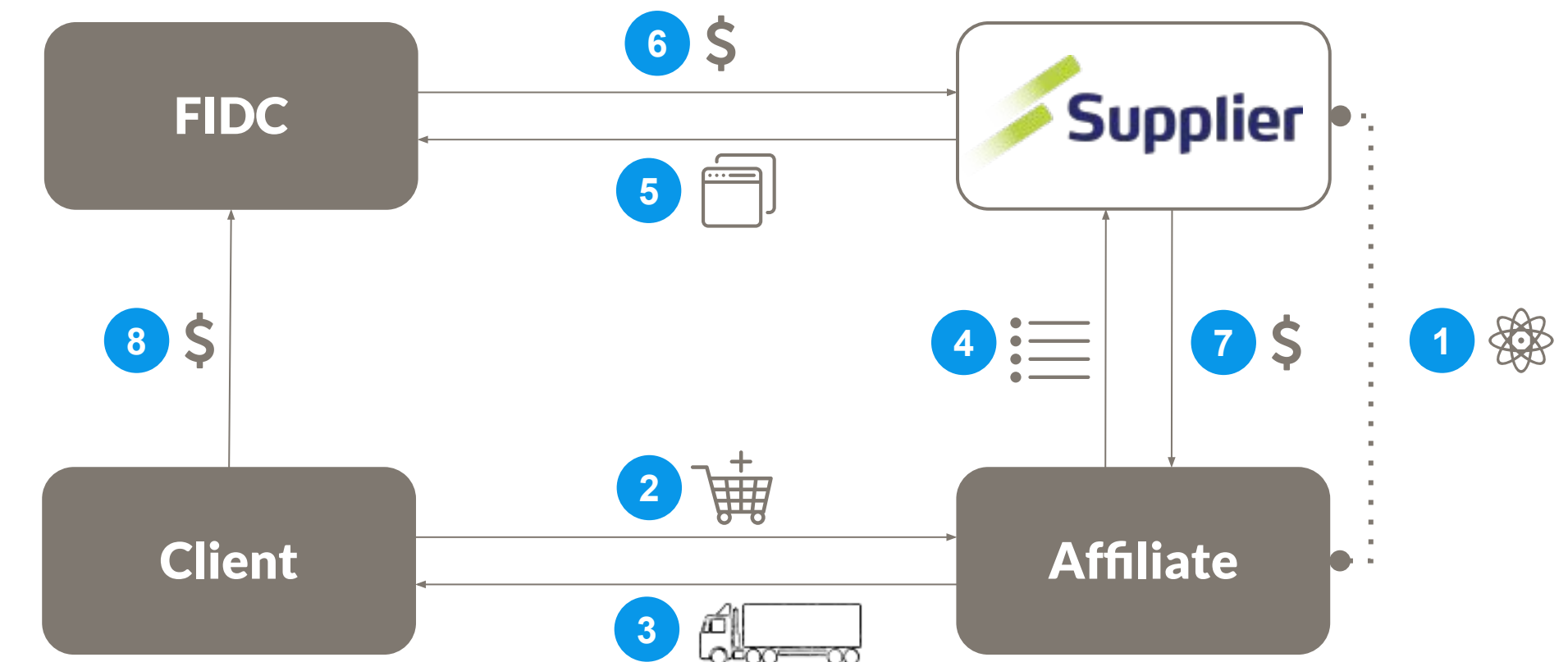


Supplier is a virtual B2B private label credit card administrator that has a business model based on partnerships with industries and distributors (called Affiliates), providing credit aimed at the relationship of these Affiliates with their SME customers, through a platform integrated with the ERP of the affiliate.

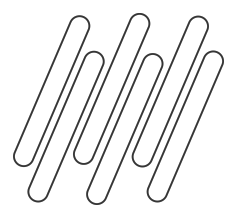
After this integration with the ERP, Supplier gains access to the Affiliate's historical transaction data with its Clients, which are used together with public information to establish the credit limit for these Clients.

When the Affiliate performs the sale to its client using this credit, Supplier pays the Affiliate the amount net of the agreed **fee** and the client settles the debt at receivable term.

Supplier may assign the credit card receivables to Supplier's exclusive Receivables Investment Fund (FIDC), which, in this case, carries the portfolio and credit risk.



- 1 Supplier integrates its platform with the Affiliate ERP and sets the pre-approved credit limit for each client in the credit card private label solution based on the transaction history between the parties.
- 2 Client places a forward purchase order using its limit of credit card provided by the Affiliate.
- 3 Affiliate delivers items purchased by Client.
- 4 Supplier records credit card receivables.
- 5 Supplier assigns credit card receivables to FIDC.
- 6 FIDC pays the amount net of its credits' assignment fee
- 7 Supplier pays the Affiliate the amount net of its fee, within the term agreed in the contract.
- 8 Client pays FIDC at face value on term.



EXAMPLE 1: CREDIT OPERATION - Full Portfolio Assignment

Description of the Operation

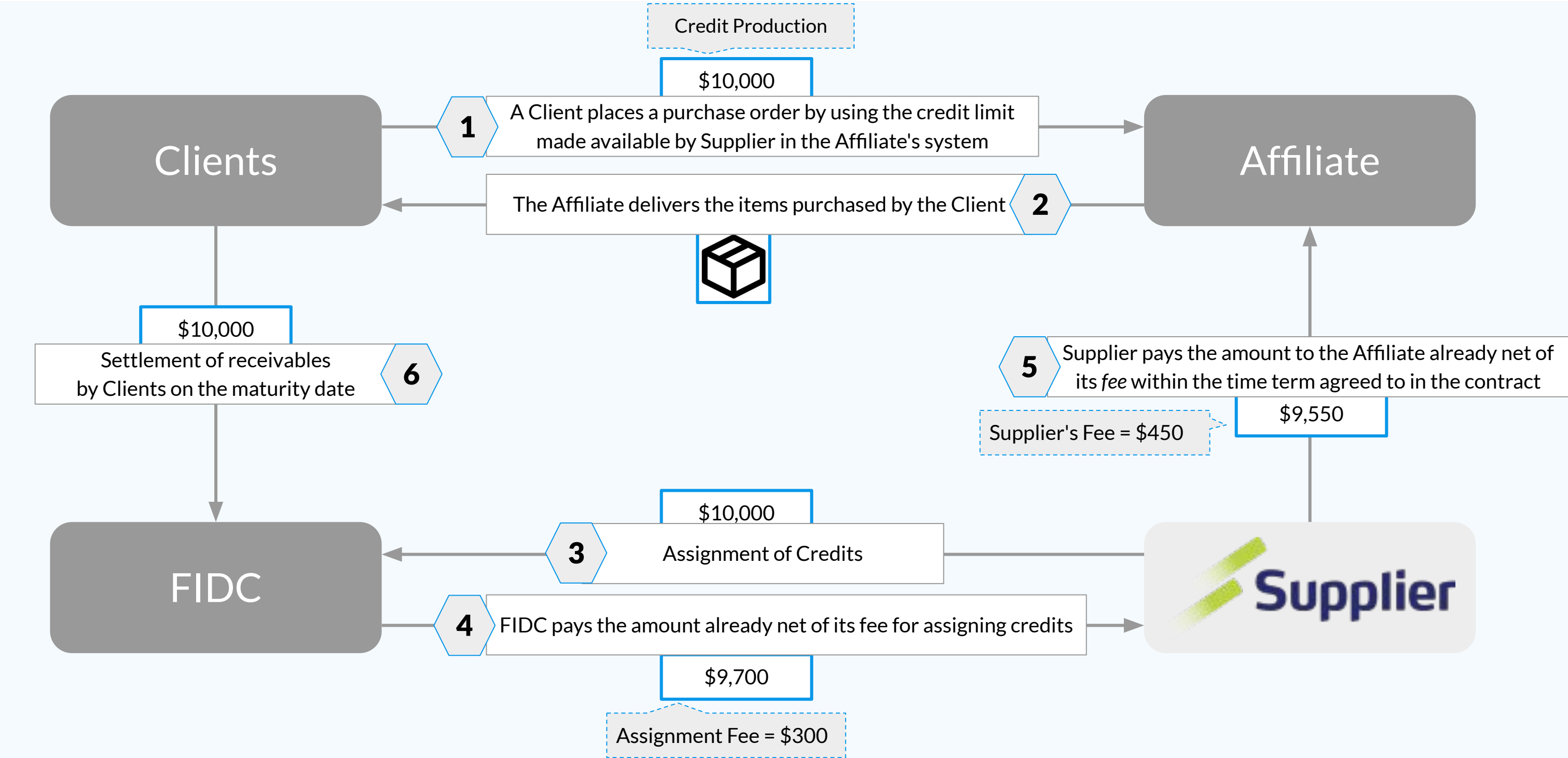
Example of a credit transaction originated by Supplier and fully assigned to the FIDC.

Most transactions of Supplier use this model on a default basis. Depending on the strategy and for greater efficiency, the percentage of transactions on this model can be changed, seeking to optimize the use of cash and, consequently, increase the profitability of the business.

Transaction Assumptions

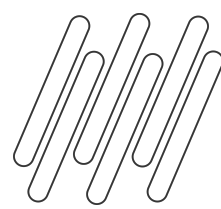
- **Credit production:** \$\$10,000 (several receivables)
- **Supplier's Fee:** \$450
- **FIDC's Assignment Fee:** \$300
- **Average Production maturity term:** 60 days
- **FIDC's Deferred Revenue:** \$150
- **Funding** cost: \$50
- Every **Credit** is performed
- **Supplier consolidates** FIDC's results in accordance with **IFRS 10**

Portfolio fully assigned to FIDC (No use of Floating)



Techfin's Results	Month 1			Month 2			YTD		
	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC
Revenue recognized	600	450	150	150	-	150	750	450	300
(-) Assignment	(300)	(300)	-	-	-	-	(300)	(300)	-
Techfin Revenue	300	150	150	150	-	150	450	150	300
(-) Funding Cost	(50)	-	(50)	(50)	-	(50)	(100)	-	(100)
Revenue Net of Funding	250	150	100	100	-	100	350	150	200

Note: The numbers used in this example are merely illustrative and randomly determined, without any real or projected basis, in order to facilitate the understanding of the examples provided.



EXAMPLE 2: CREDIT OPERATION SUPPLIER



✕

Description of the Operation

Example of a credit operation originated by Supplier, not assigned to the FIDC, and using Supplier's floating.

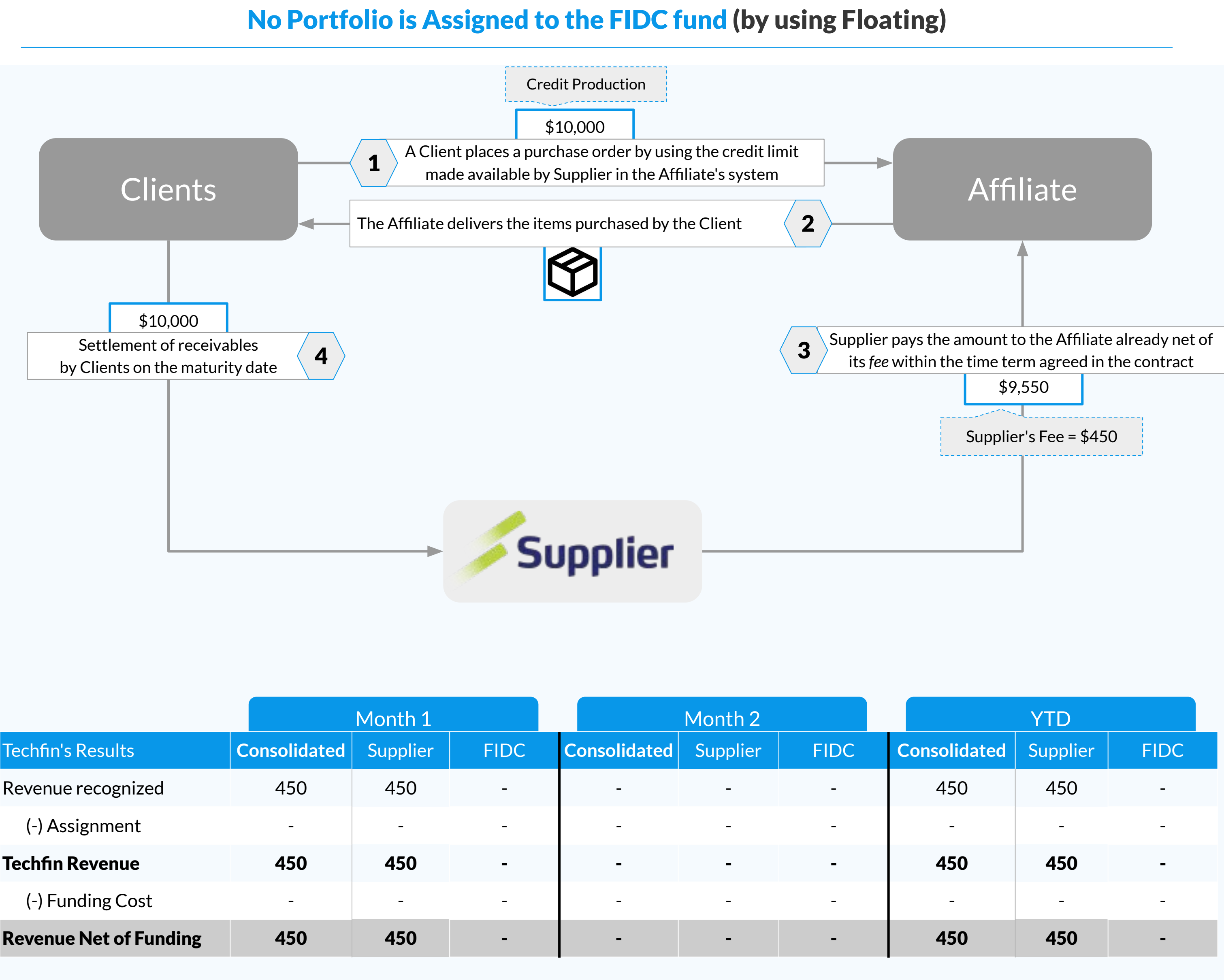
Floating is the fund generated by Supplier due to the payment term to the Affiliate is longer than the payment term from FIDC to Supplier.

This is an operation model that has always been used by Supplier, seeking to: (i) improve the operation efficiency; (ii) optimize the use of FIDC; and (iii) meet credit demands that, at first, may not fit the FIDC's portfolio average maturity term.

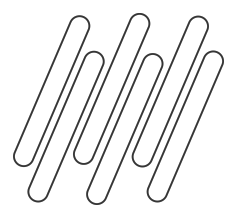
In this kind of operation, the credit insurance coverage is higher to preserve Supplier's risk exposure, also counting on pre-approved bank loans in case an Affiliate may request to anticipate receivables.

Transaction Assumptions

- **Credit production:** \$10,000 (several receivables)
- **Supplier's Fee:** \$450
- Every **Credit is performed**
- **Supplier consolidates** FIDC's results in accordance with **IFRS 10**



Note: The numbers used in this example are merely illustrative and randomly determined, without any real or projected basis, in order to facilitate the understanding of the examples provided.



EXAMPLE 3: CREDIT OPERATION - Partial Portfolio Assignment

46



Description of the Operation

Example of a credit operation with partial assignment to FIDC and using Supplier's floating.

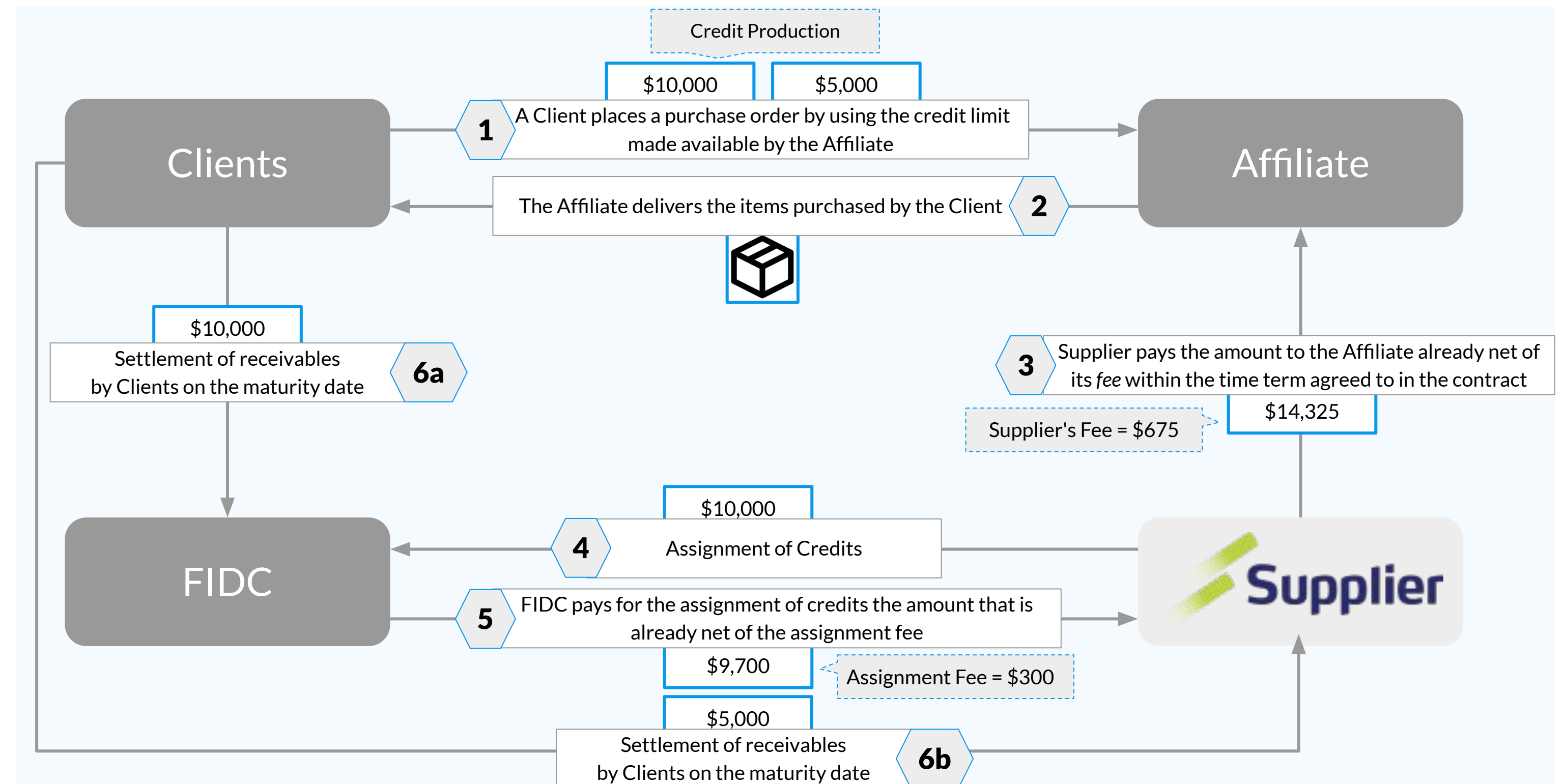
Supplier has always been using different transaction models, as consequence of the flexibility and the very characteristic of an operation that generates positive floating.

It is worth highlighting that none of such transaction models use any fund of TOTVS' software operation. Only funds of Supplier's balance sheet are used.

Transaction Assumptions

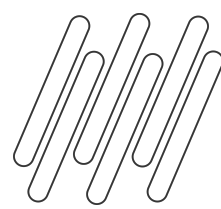
- **Credit production:** \$15,000 (several receivables)
- **Supplier's Fee:** \$675
- **Non-Assigned Production:** \$5,000
- **FIDC's Assignment Fee:** \$300
- **Average Production Maturity Term:** 60 days
- **FIDC's Deferred Revenue:** \$150
- **Funding Cost:** \$50
- **Every Credit is performed**
- **Supplier consolidates** FIDC's results in accordance with **IFRS 10**

Portfolio partially assigned to FIDC (by using Floating)



Techfin's Results	Month 1			Month 2			YTD		
	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC
Revenue recognized	825	675	150	150	-	150	975	675	300
(-) Assignment	(300)	(300)	-	-	-	-	(300)	(300)	-
Techfin Revenue	525	375	150	150	-	150	675	375	300
(-) Funding Cost	(50)	-	(50)	(50)	-	(50)	(100)	-	(100)
Revenue Net of Funding	475	375	100	100	-	100	575	375	200

Note: The numbers used in this example are merely illustrative and randomly determined, without any real or projected basis, in order to facilitate the understanding of the examples provided.



EXAMPLE 4: CREDIT OPERATION - Portfolio Assigned in a Subsequent Period

47



Description of the Operation

Example of a credit transaction originated by Supplier and fully assigned to the FIDC in a different period.

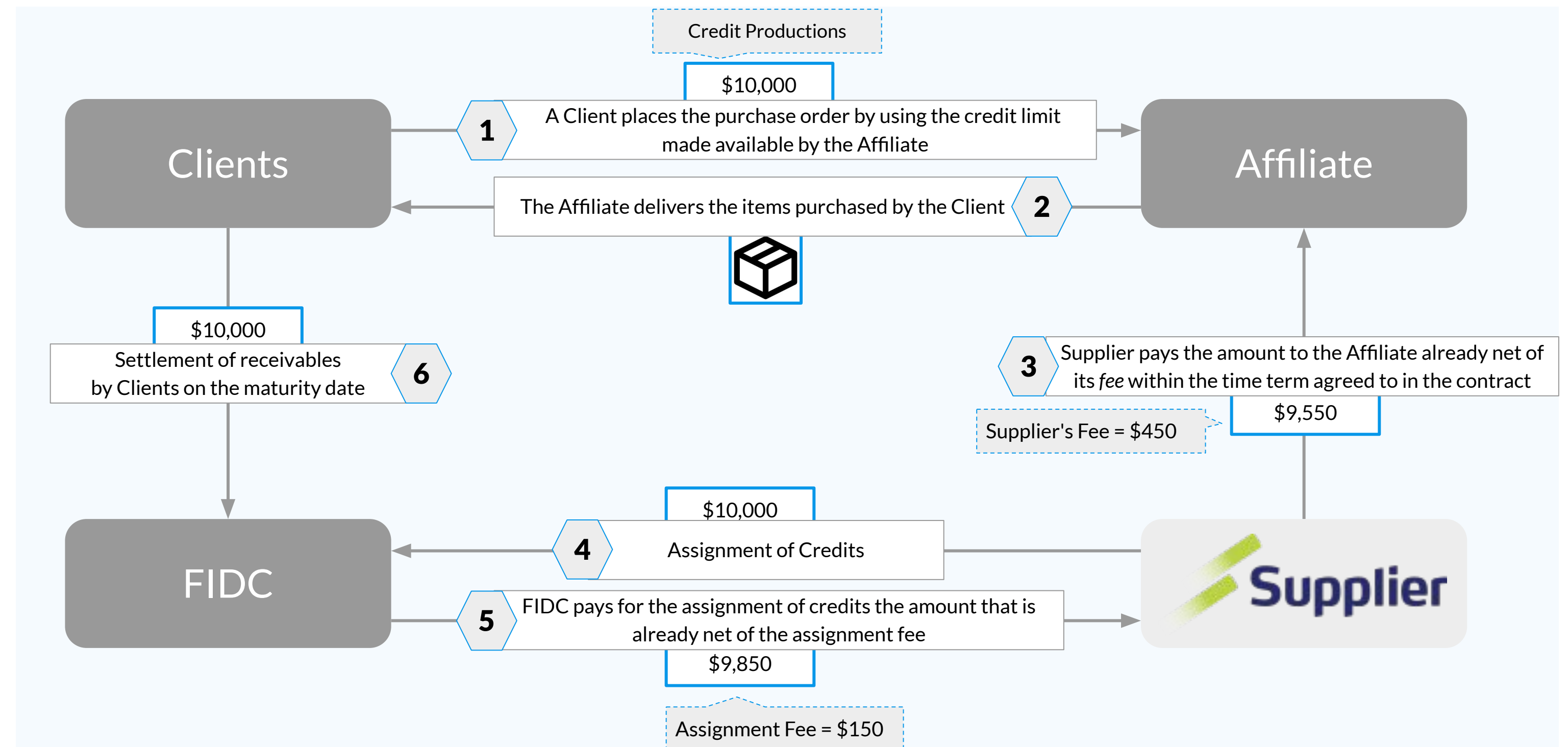
This model of operation is usual and meets the credit demands that, at first, do not fall within the FIDC.

Supplier, when carrying out the operation without assigning the credit portfolio to FIDC in the same period, carries the cost of assignment for the subsequent period. However, upon following up the consolidated Year to Date operation, the negative effect of the assignment is fully offset.

Transaction Assumptions

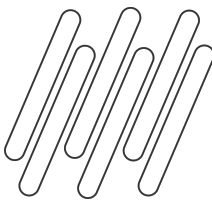
- **Credit production:** \$10,000 (several receivables)
- **Supplier's Fee:** \$450
- **FIDC's Assignment Fee:** \$150
- **Average Production Maturity Term:** 60 days
- **Funding Cost:** \$50
- **Every Credit is performed**
- **Supplier consolidates** FIDC's results in accordance with **IFRS 10**

Portfolio fully assigned to FIDC (by using Floating)



Techfin's Results	Month 1			Month 2			YTD		
	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC
Revenue recognized	450	450	-	150	-	150	600	450	150
(-) Assignment	-	-	-	(150)	(150)	-	(150)	(150)	-
Techfin Revenue	450	450	-	-	(150)	150	450	300	150
(-) Funding Cost	-	-	-	(50)	-	(50)	(50)	-	(50)
Revenue Net of Funding	450	450	-	(50)	(150)	100	400	300	100

Note: The numbers used in this example are merely illustrative and randomly determined, without any real or projected basis, in order to facilitate the understanding of the examples provided.



EXAMPLE 5: CREDIT OPERATION - INCREASE IN THE ASSIGNMENT FEE



Description of the Operation

Example of a model with change in the FIDC's assignment fee.

The increase in the assignment fee may take place because of SELIC rate increase.

The effects of the increase in the assignment fee have an impact especially on “Revenue Recognized” and “Assignment” to FIDC. However, the effect of the increase in the assignment fee is neutralized when we follow up the Year to Date Consolidated view.

Transaction Assumptions

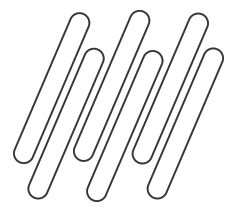
- **Credit production:** \$10,000 (several receivables)
- **Supplier's Fee:** from \$450 to \$540
- **FIDC's Assignment Fee:** from \$300 to \$360
- **Average Production Maturity Term:** 60 days
- **Funding Cost:** from \$50 to \$60
- Every **Credit is performed**
- **Supplier consolidates** FIDC's results in accordance with **IFRS 10**

Assignment Fee \$300		Month 1			Month 2			YTD		
Techfin's Results	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC	
Revenue recognized	600	450	150	150	-	150	750	450	300	
(-) Assignment	(300)	(300)	-	-	-	-	(300)	(300)	-	
Techfin Revenue	300	150	150	150	-	150	450	150	300	
(-) Funding Cost	(50)	-	(50)	(50)	-	(50)	(100)	-	(100)	
Revenue Net of Funding	250	150	100	100	-	100	350	150	200	

Assignment Fee \$360									
Techfin's Results	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC
Revenue recognized	720	540	180	180	-	180	900	540	360
(-) Assignment	(360)	(360)	-	-	-	-	(360)	(360)	-
Techfin Revenue	360	180	180	180	-	180	540	180	360
(-) Funding Cost	(60)	-	(60)	(60)	-	(60)	(120)	-	(120)
Revenue Net of Funding	300	180	120	120	-	120	420	180	240

Changes	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC
Revenue recognized	120	90	30	30	-	30	150	90	60
(-) Assignment	(60)	(60)	-	-	-	-	(60)	(60)	-
Techfin Revenue	60	30	30	30	-	30	90	30	60
(-) Funding Cost	(10)	-	(10)	(10)	-	(10)	(20)	-	(20)
Revenue Net of Funding	50	30	20	20	-	20	70	30	40

Note: The numbers used in this example are merely illustrative and randomly determined, without any real or projected basis, in order to facilitate the understanding of the examples provided.



EXAMPLE 6: CREDIT OPERATION - INCREASE IN PRODUCTION MATURITY TERM

49



Description of the Operation

Example of a model with change in the average maturity term of credit production.

The increase in the average portfolio term impacts the revenue recognized by the FIDC. The revenue is recognized on a pro rata basis; therefore, it is deferred over time.

The lengthening in the average production term increases the operation total revenue and deferred revenue of the FIDC.

Transaction Assumptions

- **Credit production:** \$10,000 (several receivables)
- **Supplier's Fee:** from \$450 to \$675
- **FIDC's Assignment Fee:** from \$300 to \$450
- **Average Production Maturity Term:** 60-90 days
- **Funding Cost:** \$50
- Every **Credit is performed**
- **Supplier consolidates** FIDC's results in accordance with **IFRS 10**

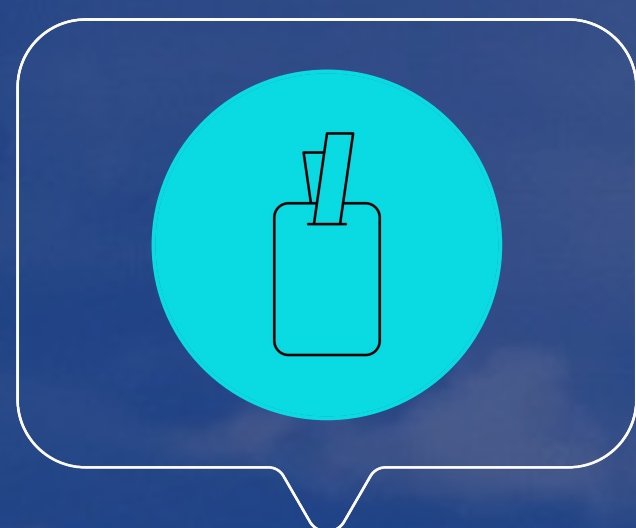
Average product. term = 60 days	Month 1			Month 2			Month 3			YTD		
Techfin's Results	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC
Revenue recognized	600	450	150	150	-	150	-	-	-	750	450	300
(-) Assignment	(300)	(300)	-	-	-	-	-	-	-	(300)	(300)	-
Techfin Revenue	300	150	150	150	-	150	-	-	-	450	150	300
(-) Funding Cost	(50)	-	(50)	(50)	-	(50)	-	-	-	(100)	-	(100)
Revenue Net of Funding	250	150	100	100	-	100	-	-	-	350	150	200

Average product. term = 90 days												
Techfin's Results	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC
Revenue recognized	825	675	150	150	-	150	150	-	150	1.125	675	450
(-) Assignment	(450)	(450)	-	-	-	-	-	-	-	(450)	(450)	-
Techfin Revenue	375	225	150	150	-	150	150	-	150	675	225	450
(-) Funding Cost	(50)	-	(50)	(50)	-	(50)	(50)	-	(50)	(150)	-	(150)
Revenue Net of Funding	325	225	100	100	-	100	100	-	100	525	225	300

Changes	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC	Consolidated	Supplier	FIDC
Revenue recognized	225	225	-	-	-	-	150	-	150	375	225	150
(-) Assignment	(150)	(150)	-	-	-	-	-	-	-	(150)	(150)	-
Techfin Revenue	75	75	-	-	-	-	150	-	150	225	75	150
(-) Funding Cost	-	-	-	-	-	-	(50)	-	(50)	(50)	-	(50)
Revenue Net of Funding	75	75	-	-	-	-	100	-	100	175	75	100

Note: The numbers used in this example are merely illustrative and randomly determined, without any real or projected basis, in order to facilitate the understanding of the examples provided.

THANKS



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