TOTVS S.A.

Individual and consolidated financial statements for the year ended December 31, 2024

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities Commission (CVM), prepared in accordance with the Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting and the international standard IAS 34 - Interim Financial Reporting, as issued by international Accounting Standards Board – IASB)

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Management Report and Comments on the Company's Performance

Dear Shareholders, in compliance with the legal provisions, TOTVS S.A., the Brazilian leader in the development and sales of management software, productivity and collaboration platforms, consulting, and provision of related services, hereby submits its Management Report and the corresponding Financial Statements, together with the audit report issued by the independent auditors, for the years ended December 31st, 2024 and 2023, noting that the Individual and Consolidated Financial Statements were prepared both under the accounting practices adopted in Brazil and the International Accounting Standards.

MESSAGE FROM THE BOARD

TOTVS has a history of pioneering spirit, innovation, and decisiveness, which has repeatedly enabled it to navigate economic, political, and technological shifts—consistently emerging stronger. This resilience stems from both its robust business model and the strategic actions taken in each moment. In a landscape of constant change and new global challenges, this adaptability is exactly what is expected from a market leader with such a strong legacy. The company's unique ability to reinvent itself allows it to transform risks into opportunities—analyzing everything happening around it, always seeking its own perspective, unafraid to adapt, take unconventional paths, and ultimately shape its own future. In other words: staying true to its essence while continuously evolving.

2024 was no exception. In yet another year marked by a challenging macroeconomic environment and climate-related events, we made significant progress on multiple fronts, always driven by our purpose of empowering people and businesses through technology. This period was defined by transformations, strengthening, and advancements across our three business units—Management, RD Station, and Techfin—as well as continuous improvements in TOTVS' customer service and relationship teams, including its franchise network, which plays a key role in sales and solution delivery to clients. Additionally, we established a dedicated Data Intelligence and Artificial Intelligence (IDeIA) division, reinforcing data and AI as strategic priorities. Each of these initiatives underscores our commitment to driving digitalization and operational efficiency for businesses across the Brazilian market.

This progress is also reflected in the various achievements the Company accomplished throughout the year: we had our AA+(bra) rating reaffirmed by *Fitch*, with an outlook revision to positive; we remained among the 50 most valuable brands in Brazil, according to *Kantar BrandZ*; we ranked among the 500 companies in the Americas with the highest revenue growth in *The Americas' Fastest Growing Companies by the Financial Times*; and we were also recognized among the 150 most innovative companies in the *Valor Inovação Brasil awards* in the IT category. Furthermore, in terms of our employer brand, we ranked 4th in the *Merco* ranking for Best Reputation among technology companies, 9th in the *Employers for Youth 2023* ranking, and, for the fifth consecutive year, we were recognized as one of the best companies to work for by *Great Place to Work* (GPTW), securing the 18th position.

We remain relentless in our mission to be the trusted advisor and deliver the best possible experience to our clients. Our NPS (Net Promoter Score) has continued to rise, increasing by 4 points in 2024—a direct result of our daily efforts to continuously enhance the quality of our solutions and customer service. We believe that trust and close relationships with our clients are essential to building long-term partnerships. In line with this, we launched a new campaign in June with the slogan: 'O Brasil, que faz, faz com TOTVS' (Brazil that does beyond borders, does it with TOTVS), which encapsulates our belief that everyone can grow and that investing in technology is key to turning challenges into opportunities. Our flagship events were also a resounding success. Together, Universo TOTVS and RD Summit solidify TOTVS as the brand behind the largest technology, business, and digital marketing events in Brazil—generating a tangible impact on the market.

In addition, we remain committed to the sustainable development of businesses and the economy. For us, sustainability means resilience, efficiency, ethics, and responsible growth. By making TOTVS a sustainable company and encouraging our ecosystem to follow the same path, we ensure the longevity of the businesses we serve and contribute to a more structured and balanced market. In 2024, we joined the Educa 2030 and Mente em Foco initiatives of the UN Global Compact. Among our key achievements in this area, we ranked 4th in the Merco ESG Responsibility and Technology ranking and were recognized among the 100 most prominent companies in the Anuário Integridade ESG. Must also highlight the Instituto da Oportunidade Social (IOS), a key partner in developing future technology talent. As the institute's main sponsor, TOTVS has helped train more than 43,000 young people in vulnerable socio-economic situations. Recognizing its dedication and impact, IOS was ranked among the 200 best social organizations in the world by Thedotgood. Lastly, through BRASSCOM—the Brazilian Association of Information and Communication Technology Companies, where I currently serve as Chairman of the Board on behalf of TOTVS—and the CDESS—the Brazilian government's Council for Sustainable Economic and Social Development, where I am a Board Member—we successfully introduced the Plano Brasil Digital 2030+ . This initiative aims to strengthen Brazil's information and communication technology sector by driving the digital transformation of businesses and public institutions through policies and actions that foster growth.

Growth, which represents the expansion of the market to be captured by TOTVS.

As 2025 begins, the significant challenges that Brazil faces on the horizon also present major opportunities for the technology market and, consequently, for TOTVS. The rapid advancement of digital transformation across various sectors, driven by advances in artificial intelligence, automation, and data science, will continue to shape new ways of doing business. Companies that adopt innovative technologies will achieve greater efficiency, competitiveness, and adaptability to the challenges of the global landscape. We are a group of disruptors, with diverse accents, but one unified voice that will continue to lead this technological revolution in the digitalization of the business world. This, in fact, is the essence of the name TOTVS, from Latin "everything (tudo)/everyone (todos)", which reflects the company's ability to absorb dozens of new businesses, many of them with entirely new ventures, always maintaining the dynamics of a single company, yet continuously evolving its culture to remain young and vibrant.

I conclude my message by expressing my gratitude for the trust of our shareholders, clients, employees, partners, and other stakeholders. We reaffirm our commitment to being part of a Brazil that creates, a Brazil that acts, delivering innovation and value to everyone involved in this journey. We remain confident in Brazil's potential.

2025 has arrived for us to do even more! It will be a year of evolution, growth, and new stories of achievements and success for TOTVS and its entire ecosystem!

Laércio Cosentino, Chairman of the Board

MESSAGE FROM THE CEO

First of all, I wish all of you a 2025 full of health and success. I also want to take this opportunity to say thanks for a fantastic 2024. This concluding message of 2024 (and introductory statement of 2025) conveys two important messages:

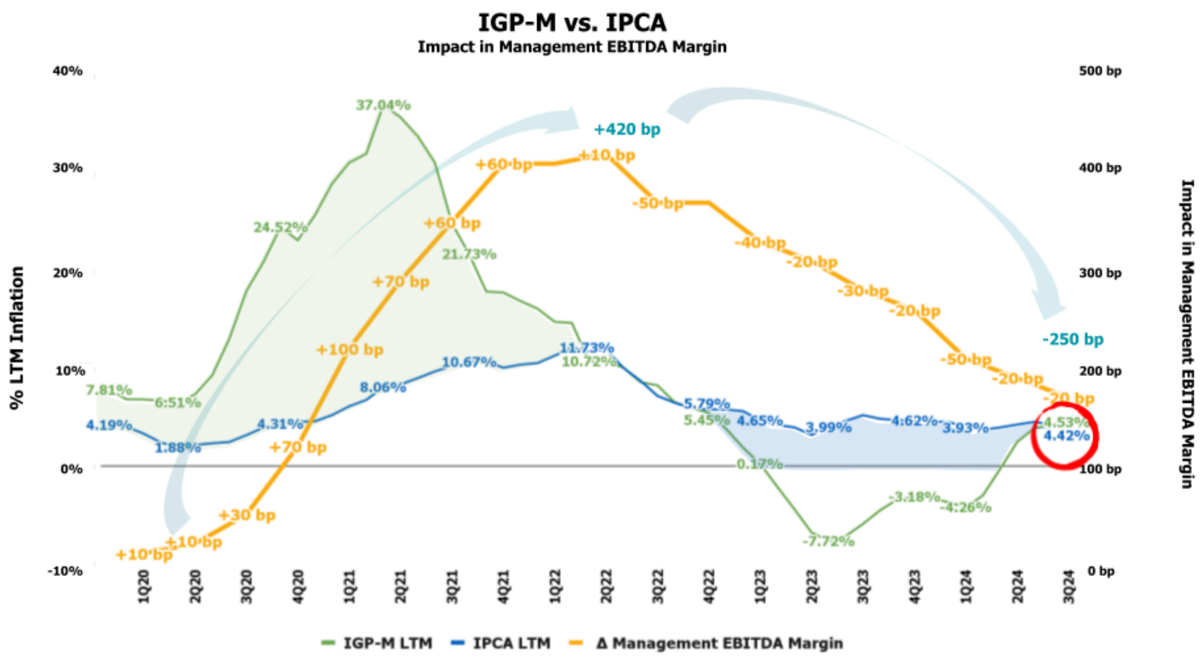
1. 4Q24 marked the definitive turning point in TOTVS' profitability gain scenario (and across all its Business Units);
2. 2024 confirmed the fact that the Management business unit addressable market is far from reaching maturity.

The chart below explains point 1. 4Q24 had a sequential acceleration in revenue, especially recurring revenue, with very strong gains in EBITDA margin, adjusted net income, and free cash flow across the consolidated figures.

	4Q24 vs 4Q23	2024 vs 2023
Net Revenue	+18.1%	+17.5%
Adjusted EBITDA	+37.0%	+18.4%
Adjusted Net Income	+41.5%	+19.6%
Company Free Cash Flow	+74.9%	+35.1%

The same thing happened when analyzing the Business Unit individually, i.e., we are simultaneously speeding up on all our avenues, even in a challenging scenario. Our strategy and, particularly, our execution capacity, has been the key differentiator in achieving our results.

In Management, business unit, the chart below, presented in the last quarter, shows that the future will bring margin gains.



As for RD, growth and significant margin gains demonstrate the strength of this business unit, which has become multi-product, multi-channel, multi-interlocutor, multi-client, among others.

And regarding Techfin, we have entered the upward inflection of the J curve that we mentioned in the creation of the JV, accelerating to bring Brazil's (and the world's) first ERP Banking solution.

Now, I would like to better explain point 2 mentioned above. When cloud computing emerged, along with SaaS, a frequent assessment was that they would increase the disruption power, as they would reduce the entry cost for new competitors.. This happened in most B2B software markets. However, specifically in management software, this did not happen. The reason is simple: the functional dimension of ERP is very difficult to be replicated by new entrants, and it is more relevant than the technology/architectural dimension, where Cloud and SaaS billing models fit together. This simple issue has led to a misunderstanding of the impacts brought by Cloud (and SaaS) on TOTVS' (and its competitors') business. In practice, cloud computing represented another gigantic increase in the addressable market, which is still far from being completely captured by ERP companies.

The traditional concepts of market share and market penetration were originally created for CPG (Consumer Packaged Goods) markets, in which the addressable market is hardly changed over time. As I've been saying, “toothpaste keeps being essentially the same product for the past 100 years”. This is not the case with management software. Over the past few years, all changes in the business scenario have been directly reflected in an increase in the functional scope of ERP, which means an automatic increase in the addressable market, and the advent of cloud computing represented the biggest change. In short, TOTVS is enabled to capture the customer spending on the entire environment in which its applications run. These expenses, in most cases, exceed the spending on the application itself. This movement has been ongoing for the past decade and is still far from over. Therefore, it is a mistake to assume that TOTVS' market share, as well as the high percentage of companies that use management software means a penetrated market.

The practical conclusion is exactly the opposite. As the addressable market grows rapidly (due to constant increases in scope and the advent of cloud computing, AI and other technologies), TOTVS' market share means a huge competitive advantage because, especially in the SMB market, these increases translate into cross-selling and up-selling. Herein lies the secret to 23 consecutive quarters of double-digit growth.

I close this message by emphasizing the trust we place in our team and our customers. Our team is highly engaged, demonstrating a clear understanding of its mission and the relevance of what we deliver. Our systems handle 25% of the nation's GDP. We are driven by a commitment to ensuring the ongoing growth and evolution of our customer’s operations.

Dennis Herszkowicz, CEO

ECONOMIC SCENARIO

The year 2024 was marked by events that reshaped the global and national economic and political landscape. Geopolitical conflicts put pressure on supply chains, while elections in the United States and Europe brought new leadership and agendas. In Brazil, progress on structural reforms took place amid fiscal challenges and ongoing economic and climate debates. The global economy faced persistent inflation, leading central banks to raise interest rates, with the Federal Reserve reaching its highest level in decades. Additionally, China's slowdown impacted global trade and commodity consumption. In the United States, the presidential election sparked strategic debates, while in Europe, the renewal of Parliament drove sustainable and digital policies amid economic uncertainties.

In Brazil, the Gross Domestic Product (GDP) is estimated to have grown by over 3% in 2024, driven by industry and the recovery in the services sector. Inflation, measured by the Broad Consumer Price Index (IPCA), ended the year at 5.08%, exceeding the target range. This result reflected price pressures on items such as food and energy, worsened by climatic factors that affected part of the harvests. In response, the Monetary Policy Committee (Copom) raised the Selic rate to 12.25% per year, aiming to control inflation and anchor market expectations. The external sector presented challenges, with the current account deficit widening to 2.55% of GDP, compared to 1.32% in 2023. Politically, Brazil advanced with structural reforms such as the approval of the Tax Reform, which aims to unify consumption taxes. Additionally, the government decided to end the Brazil Maior program, which provided payroll tax exemptions to various sectors, sparking debates about the impact of this measure on employment and business competitiveness. The Legislative also discussed proposals to begin income tax reform, with the goal of making the system more progressive. In the foreign exchange market, the real experienced volatility throughout the year, mainly influenced by the challenging external scenario, the restrictive monetary policy in the United States, and domestic fiscal uncertainties. The dollar fluctuated between R$4.80 and R$5.30 throughout 2024, reflecting the Federal Reserve's decisions and expectations about global growth, while the Central Bank made occasional interventions to curb sharp movements in the exchange rate.

As 2025 begins, Brazil faces the challenge of balancing inflation control with the resumption of economic growth. The country seeks to advance the implementation of fiscal policies and deepen structural reforms. On the international stage, the global economic recovery will depend on the stabilization of geopolitical conflicts and the monetary policy of large economies. To succeed, Brazil needs to monitor international market shifts, maintain its products' global competitiveness abroad, while working to strengthen its domestic economy in an environment of greater stability and innovation.

Consolidated Financial and Operational Results

Consolidated Result (in R$ thousand)	2024	2023	Δ
Net Revenue	**5,224,007**	**4,440,443**	**17.6%**
Management Revenue	4,665,214	4,018,560	16.1%
RD Station Revenue	558,793	421,883	32.5%
Mgmt. + RD Station Adjusted EBITDA	**1,274,611**	**1,076,235**	***18.4%***
Management Adjusted EBITDA	1,220,123	1,059,773	15.1%
RD Station Adjusted EBITDA	54,488	16,462	231.0%
% Adjusted EBITDA Margin	***24.4%***	***24.2%***	***20 bp***
% Management Adjusted EBITDA	*26.2%*	*26.4%*	*-20 bp*
% RD Station Adjusted EBITDA	*9.8%*	*3.9%*	*590 bp*

Net Revenue

The 2024 Consolidated Net Revenue reached R$5.224 billion, an increase of 17.6% compared to the previous year, driven mainly by the growth in Recurring Revenue. Another 2024 highlight is the Annualized Recurring Revenue (ARR), which ended the year at more than R$5.5 billion. The Company's dedication to Recurring Revenues has produced this outcome, bringing resilience and predictability and setting the groundwork for the 2025 Recurring Revenue.

Adjusted EBITDA

In R$ million	2024	2023	Δ
EBITDA	**1,203,538**	**983,495**	**22.4%**
(–) Equity Pickup	**(1,571)**	**3,195**	**(149.2%)**
(+) Extraordinary Items	**69,502**	**95,934**	**(27.6%)**
M&A Adjustment at Fair Value	40,077	72,928	(45.0%)
Adjustment from Oper. Restructuring	8,342	12,539	(33.5%)
Expenses with M&A Transactions	12,762	9,837	29.7%
Tax Credit	-	630	(100.0%)
Lost (Earn) in Disposed Assets	(7,158)	-	-
Payroll Tax Reform	15,479	-	-
Adjusted EBITDA	**1,274,611**	**1,076,234**	**18.4%**
Adjusted EBITDA Margin	*24.4%*	*24.2%*	20 bp

In 2024, Adjusted EBITDA reached R$1.274 billion, an increase of 18.4% compared to the same period in the previous year, and Adjusted EBITDA Margin of 24.4%, an expansion of 20 basis points compared to 2023.

This growth demonstrates that the recovery of profitability in the three business units that the Company has been presenting since the beginning of 2H24, that recovery was driven: in Management, by the end of the negative impacts of the mismatch between the IGP-M and IPCA observed throughout 2024, combined with the advance in gains with the integration of the latest acquisitions and with the support of the accelerated growth of recurring revenue.

Below EBITDA Result

Depreciation and Amortization Expenses

In R$ thousand	2024	2023	Δ
Depreciation	(153,254)	(134,491)	14.0%
Amortization	(173,015)	(148,309)	16.7%
Depreciation and Amortization	**(326,269)**	**(282,800)**	**15.4%**

Year to date, the 15.4% increase in depreciation and amortization expenses is primarily attributable to the depreciation and amortization of assets arising from acquisitions in the period.

Financial Result

In R$ thousand	2024	2023	Δ
Financial Revenues	278,306	355,764	(21.8%)
Financial Expenses	(327,632)	(373,173)	(12.2%)
Financial Result	**(49,326)**	**(17,409)**	**183.3%**
Present value adjustment of Call Option - Dimensa	32,116	29,650	8.3%
Extraordinary Present value adjustment - Earn-outs	2,553	244	946.3%
Adjusted Financial Expenses	(292,963)	(343,279)	(14.7%)
Adjusted Financial Result	**(14,657)**	**12,485**	**(217.4%)**

The R$32 million reduction in the Financial Result in 2024 is mainly due to the result of the reduction in the Gross Cash and Gross Debt position, resulting from the amortization of Debentures and acquisition earn-outs, in addition to the execution of the share buyback program and the payment of recently made acquisitions.

Income Tax and Social Contribution

In R$ thousand	2024	2023	Δ
EBT	**829,514**	**680,091**	**22.0%**
Taxes at combined rate (34%)	(282,035)	(231,230)	22.0%
Law 11,196/05 - R&D Incentive	33,948	29,922	13.5%
Interest on Equity	90,164	95,643	(5.7%)
Effect of Different Taxation in Subsidiaries	(13,637)	(21,641)	(37.0%)
Management Bonus	(3,651)	(4,198)	(13.0%)
Government Subsidies	2,690	3,578	(24.8%)
Tax loss and Negative Base Constitution	90,908	-	-
Other	(9,802)	(18,694)	(47.6%)
Income Tax and Social Contribution	**(91,415)**	**(146,620)**	**(37.7%)**
Current Income Tax and Social Contribution	(191,786)	(171,067)	12.1%
Deferred Income Tax and Social Contribution	100,371	24,447	310.6%
% Total Effective Tax Rate	*11.0%*	*21.6%*	*-1060 bp*
Income Tax and Social Contribution excluding RD Station deferred Income Tax	**(182,323)**	**(146,621)**	**24.4%**
% Income Tax and Social Contribution Tax Rate excluding RD Station deferred Income Tax	22.0%	21.6%	*40 bp*

The Total Effective Income Tax and Social Contribution Rate ended 2024 at 11%, positively impacted by the creation of active Deferred Income Tax by the subsidiary RD Station, which gathered sufficient elements for the recording of such tax credits in this fiscal year. Excluding these effects, the Effective Rate was 22%, a similar level to that presented in 2023.

EBITDA and Net Income Reconciliation

In R$ thousand	2024	2023	Δ
Consolidated Net Income	**735,443**	**764,435**	**(3.8%)**
Net Margin	*14.1%*	*17.2%*	*-310 bp*
(-) Result of Discontinued Operation	1,085	(227,769)	(100.5%)
(+) Depreciation and Amortization	326,269	282,800	15.4%
(+) Financial Result	49,326	17,409	183.3%
(+) Income Tax and Social Contribution	91,415	146,620	(37.7%)
EBITDA (1)	**1,203,538**	**983,495**	**22.4%**
% EBITDA Margin	*23.0%*	*22.1%*	*90 bp*
(+) Techfin Adjusted EBITDA	**16,330**	**13,679**	**19.4%**
(-) Equity Pickup	**(1,571)**	**3,195**	**(149.2%)**
(+) Extraordinary Items	**69,502**	**95,934**	**(27.6%)**
M&A Adjustment at Fair Value	40,077	72,928	(45.0%)
Adjustment from Oper. Restructuring	8,342	12,539	(33.5%)
Tax Credit	-	630	(100.0%)
Expenses with M&A Transactions	12,762	9,837	29.7%
Loss (Earn) in Disposed Assets	(7,158)	-	-
Payroll Tax Reform	15,479	-	-
Adjusted EBITDA (1)	**1,290,941**	**1,089,913**	**18.4%**
% Adjusted EBITDA Margin (2)	*24.0%*	*23.8%*	*20 bp*

(1) Non-GAAP Revenue net of Funding , represents the Techfin Revenue at 50% and net of Funding Cost consolidated in the Total Company's Revenue, in all periods

(2) Considers Techfin's results at 50% in all periods

The non-financial data provided in this report, such as ARR, churn, renewal rate, among others, are non-accounting measurements and have not been examined by our independent auditors.

Management business unit

The Management Result represents the portfolio of solutions focused on optimizing clients' back and middle office operations through ERP, HR, and specialized vertical solutions across 12 economic sectors.

To support the analysis of Cost and Expense trends, starting this quarter, the table below will present these lines already adjusted for extraordinary items.

Management Result (in R$ thousand)	2024	2023	Δ
Net Revenue	**4,665,214**	**4,018,560**	**16.1%**
Recurring	4,093,594	3,424,683	19.5%
Non Recurring	571,620	593,877	(3.7%)
Costs	(1,326,781)	(1,099,537)	20.7%
Gross Profit	**3,338,433**	**2,919,023**	**14.4%**
Gross Margin	*71.6%*	*72.6%*	*-100 bp*
Research and Development	(782,992)	(695,831)	12.5%
Provision for Expected Credit Losses	(45,568)	(28,401)	60.4%
Sales and Marketing Expenses	(923,416)	(809,515)	14.1%
G&A Expenses and Others	(401,635)	(361,450)	11.1%
Management EBITDA	**1,184,822**	**1,023,826**	**15.7%**
% Management Adjusted EBITDA	*25.4%*	*25.5%*	*-10 bp*
Extraordinary Items	**35,301**	**35,947**	**(1.8%)**
Extraord. Adj. - Operatl. Restructuring	7,777	12,540	(38.0%)
M&A Adjustment at Fair Value	7,971	12,940	(38.4%)
Expenses with M&A Transactions	12,762	9,837	29.7%
Tax Credit	-	630	(100.0%)
Loss (Earns) in Disposed Assets	(7,158)	-	-
Payroll Tax Reform	13,949	-	-
Management Adjusted EBITDA	**1,220,123**	**1,059,773**	**15.1%**
% Management Adjusted EBITDA	*26.2%*	*26.4%*	*-20 bp*

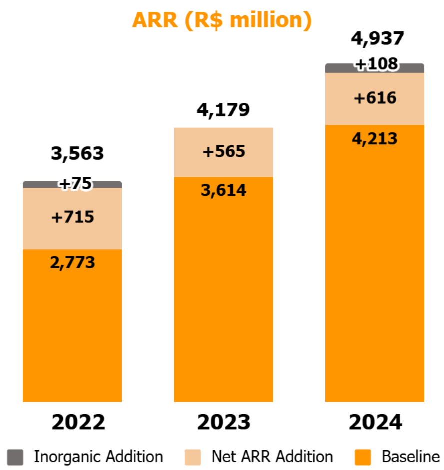
Net Revenue

In 2024, the Net Revenue from Management exceeded R$4.665billion, which is 16% above 2023, mainly due to the 19.5% growth in Recurring Revenue, which reached R$4.094billion.

Recurring Revenue

Recurring Revenue ended 2024 with a growth of 19.5% compared to 2023, mainly due to the maintenance of the strong sales performance and the maintenance of the Retention Rate close to 98%.

Customer perception of product quality has steadily improved, as evidenced by growth in the Net Promoter Score (NPS), directly correlating with the company's continuous effort to improve its solutions and deliver value consistently. NPS is an essential metric for measuring customer satisfaction, and its increase means not only that products are meeting expectations, but also that customers are more likely to recommend them. This satisfaction generates a ripple effect that positively impacts sales, as customers with high NPS levels act as spontaneous promoters, helping to attract new business and expand the current customer base. This form of advertising, commonly referred to as "word-of-mouth," is highly influential in a Latin American nation such as Brazil.



Management's ARR (Annualized Recurring Revenue) closed 2024 at approximately R$5billion, with an Organic Net Addition of R$616 million. This performance directly reflects another year of progress in sales volume and price factor, with the transfer of inflation rates growing year over year, reflecting the positive IGP-M index.

Moreover, portfolio expansion is another crucial supporting factor in this scenario. By offering a wider range of solutions, TOTVS is able to meet the different needs of customers, thereby enhancing the overall relevance of its offerings. This strategy not only strengthens customer retention but also creates new upselling and cross-selling opportunities, thus boosting recurring revenue.

Non-Recurring Revenue

The reductions in License Revenues in the annual comparisons reflect the Company's focus on recurring models, with the constant search for reducing TCO, which is very important for TOTVS to continue to be increasingly competitive and positioned as the Trusted Advisor.

This effort to reduce TCO is also reflected in the growth rate of Service Revenues, which is significantly below the average growth rate of Total Management Revenue.

Gross Margin

The Gross Margin of 2024 was 71.6%, a reduction of 100 basis points compared to 2023, mainly due to the decrease in demand for licenses and salary adjustments resulting from collective bargaining agreements in Belo Horizonte, Rio de Janeiro, Joinville, and Recife during September and October.

Research & Development

Research and Development (R&D) expenses represented 19% of Recurring Revenue in 2024, approximately 120 basis points less than in 2023. This dilution is a consequence of the highly recurring business model that has allowed the Company to obtain economies of scale by diluting more fixed cost structures, such as R&D, without failing to make the necessary investments in innovation.

Provision for Expected Credit Losses

The Provision for Expected Credit Losses corresponded to 1.0% of the accumulated Net Revenue for the year 2024. This level, slightly above the recent historic figures, correlates with a limited number of sizable clients undergoing court-supervised reorganizations in 2Q24 and 4Q24. However, it is worth mentioning that the customer base as a whole maintains historical resilience, thanks to a business model with Recurring Revenue, supported by a broad and diverse customer base.

Sales and Marketing Expenses

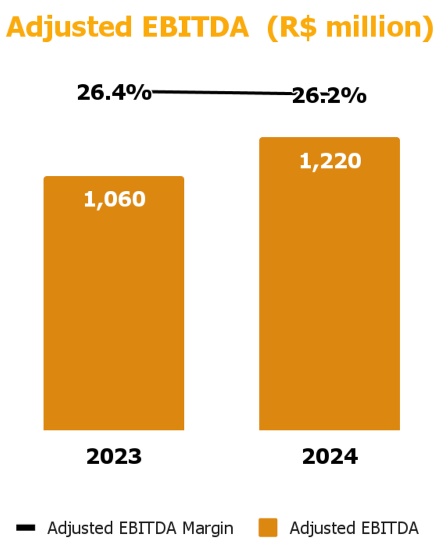
In the accumulated results for 2024, Commercial and Marketing Expenses represented 19.8% of the Management Net Revenue, a reduction of 30 basis points compared to 2023. This decrease is even more significant when considering the execution of a major TOTVS advertising campaign focused on brand building and the expansion of Universo TOTVS, which was held in a venue 50% larger than in 2023. Thus, the increased efficiency of the commercial team enabled greater investment in Advertising, Marketing, and Events while also contributing to an improvement in the overall margin of Commercial and Marketing Expenses.

General Administrative Expenses and Others

General, Administrative, and Other Expenses, net of extraordinary impacts, closed 2024 at 8.6% of the Net Revenue of this business unit, a reduction of 40 basis points, showing the constant search for efficiency and dilution of expenses, remembering that the corporate structures are fully reflected in this business unit.

EBITDA

Management's Adjusted EBITDA exceeded R$1.2billion at year-end, a 15% increase compared to 2023. The Adjusted EBITDA Margin reached 26.2%, amongst the highest profitability levels in the Company's history, even with the negative impact of the IGP-M and IPCA mismatch observed throughout 2024.



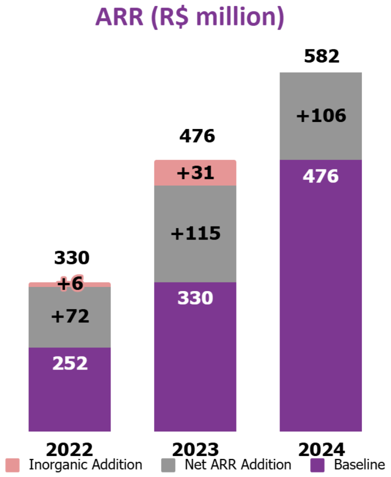
RD Station business unit

This business unit represents the portfolio of solutions focused on increasing sales, competitiveness and customer performance, through Digital Marketing, Sales/Digital Commerce and CX - Customer Experience solutions.

RD Station Result (in R$ thousand)	2024	2023	Δ
Net Revenue	**558,793**	**421,883**	**32.5%**
Recurring	547,037	412,429	32.6%
Non Recurring	11,756	9,454	24.3%
Costs	(139,602)	(97,371)	43.4%
Gross Profit	**419,191**	**324,512**	**29.2%**
Gross Margin	*75.0%*	*76.9%*	*-190 bp*
Research and Development	(110,321)	(101,461)	8.7%
Provision for Expected Credit Losses	(13,788)	(7,993)	72.5%
Sales and Marketing Expenses	(180,049)	(142,215)	26.6%
G&A Expenses and Others	(94,746)	(116,369)	(18.6%)
RD Station EBITDA	**20,287**	**(43,526)**	**(146.6%)**
% RD Station EBITDA	*3.6%*	*-10.3%*	*1390 bp*
Extraordinary Items	**34,201**	**59,988**	(43.0%)
M&A Adjustment at Fair Value	32,106	59,988	(46.5%)
G&A and Others from Oper. Restructuring	565	-	-
Payroll Tax Reform	1,530	-	-
RD Station Adjusted EBITDA	**54,488**	**16,462**	**231.0%**
% RD Station Adjusted EBITDA	*9.8%*	*3.9%*	*590 bp*

Net Revenue

In the accrued figures of 2024, Net Revenue grew 32.5% year-over-year, mainly driven by the additions of ARR and the strengthening of the multi-product strategy, with notable contributions from RD Conversas, CRM, and Digital Marketing solutions.



Gross Margin

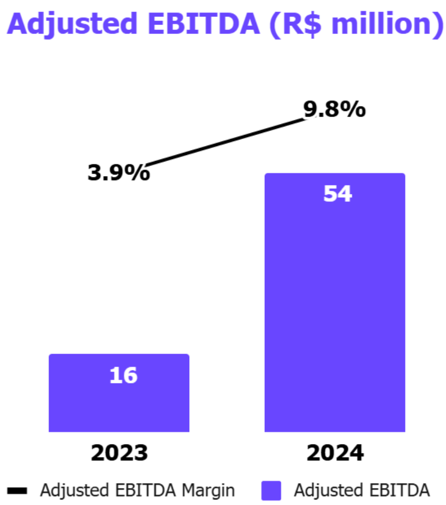
RD Station's Gross Margin reached 75% in 2024, a reduction of 190 basis points compared to 2023, which still reflects the increase in the share of RD Station Conversas, Lexos, and Exact Sales in the revenue composition, as mentioned in previous quarters. As these solutions are fairly new, they still have scaling and productivity levels below those achieved by more mature solutions like RD Station Marketing and RD Station CRM, which already have well-established and more efficient structures.

Operating Expenses

In the year to date, operating expenses grew 18%, while Net Revenue grew 32%, diluting even the most fixed expenses and reinforcing the high scalability of the business unit's pure SaaS unit economics.

EBITDA

Over the last 12 months, the Adjusted EBITDA Margin reached approximately double digits, showing a vigorous growth of 590 basis points compared to 2023. The primary driver of this expansion was the gains in scale stemming from Revenue acceleration and the progress of the integration process of Tallos, Lexos, and Exact Sales. As mentioned in previous quarters, this operation has a powerful unit economics that tends to be further improved with the multi-product strategy and the cross-selling with the field sales team of the Management operation.



Techfin business unit

With the announcement of the transaction closing with Itaú, the Company has held a 50% stake in this operation since August 2023, and 50% of its results are reflected in the Equity Pickup line.

We provide below a section considering 50% of the TOTVS Techfin's operations.

Techfin Results (in R$ thousand)	2024	2023	Δ
Techfin Net Revenue	**225,717**	**221,773**	**1.8%**
Funding Cost	(71,964)	(85,346)	(15.7%)
Techfin Revenue - Net of funding	**153,753**	**136,427**	**12.7%**
Operational Costs	(22,355)	(17,503)	27.7%
Gross Profit	**131,398**	**118,924**	**10.5%**
Research and Development	(19,928)	(24,664)	(19.2%)
Provision for Expected Credit Losses	(15,304)	(16,637)	(8.0%)
Other Operating Expenses	(82,614)	(63,944)	29.2%
Techfin EBITDA	**13,552**	**13,679**	**(0.9%)**
% Techfin EBITDA	*8.8%*	*10.0%*	*-120 bp*
Depreciation and Amortization	(19,050)	(20,476)	(7.0%)
Financial Result	6,830	4,679	46.0%
Income Tax and Social Contribution	(2,903)	(124)	>999%
Net Income (Loss) from Techfin	**(1,571)**	**(2,242)**	**(29.9%)**
% Net Income (Loss) from Techfin	*-1.0%*	*-1.6%*	*60 bp*
Extraordinary Items	2,778	-	-
Techfin Adjusted EBITDA	**16,330**	**13,679**	**19.4%**
% Techfin Adjusted EBITDA	*10.6%*	*10.0%*	*60 bp*
Taxes on Extraordinary Items	(945)	-	-
Net Effect of Amortization	10,454	10,454	0.0%

Techfin's Revenue, net of Funding

In 2024, Techfin's revenue exceeded R$154 million, an increase of 12.7% compared to 2023, mainly associated with the 10% growth in credit production in the period, which reached more than R$11.7 million.

Operating Costs

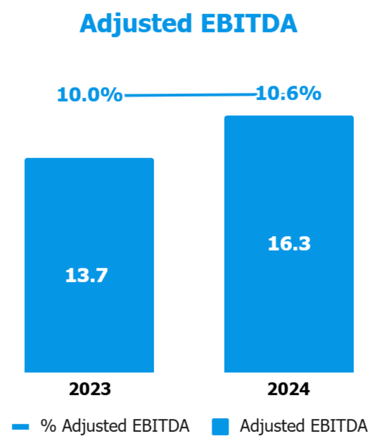
Techfin's Operating Costs and Expenses grew 17.7% year-over-year, mainly due to the continuity of investments made to expand the product portfolio. In this context, Techfin's OPEX ended 2024 consistent with the revised range in the stipulated projection.

Provision for Expected Credit Losses, and Default

The Provision for Expected Credit Losses decreased 8% year-over-year. Despite a surge in requests for court-supervised reorganizations among businesses, particularly in agribusiness, reflecting the most challenging Credit scenario, this Techfin company demonstrated fiscal discipline, thereby limiting the default rate on receivables in the 1-to-90-day delinquency range and thus improving the overall default rate beyond 90 days.

EBITDA

Techfin's EBITDA remained stable between 2023 and 2024, with less than 1% of fluctuation. The 2024 EBITDA Margin reached 8.8%, which is 120 basis points below the closing of the previous year. A little more than a year since the JV's operation with Itaú, now it is possible to state that this business unit has already surpassed the expected inflection point of the profitability "J" curve. This result is directly associated with the growth in Net Funding Revenue, as commented in the previous paragraph, and the continuous advances in the integration process of Supplier and Techfin operations, which, as commented in previous quarters, has allowed TOTVS TECHFIN greater fluidity and gain in operational efficiency in investments made to develop an ERP Banking.



Net Income

Techfin's 2024 losses reached R$1.5 million. This result represents a 30% improvement for the business unit in the annual comparison. It is worth highlighting that the Techfin business unit comprises: Supplier, a profitable and consolidated niche operation, and the organic Techfin, which is still in its development stage and serves as the core of the joint venture (JV). The organic Techfin needs investments to grow its portfolio and develop competitive advantages, with the goal of maximizing value in market opportunities. Additionally, Supplier will prioritize the preservation of the quality of its credit portfolio, recognizing it as its most valuable asset. In the event of any need, Supplier will continue to adopt a conservative stance in granting credit limits, even if it has a temporary impact on Production and, consequently, revenue generation rates.

STOCK MARKET

TOTVS ended the year with a capital stock of R$2.963 billion, composed of 599,401,581 common shares, 89% of which are free-float shares, of which 10.4% are composed of domestic investors and 89.6% of foreign investors. The calculation of the free float shares is based on all the Company shares, excluding the interests held by Management members and related persons, as well as treasury shares.

In 2024, TOTVS's shares (B3:TOTS3) had a negative variation of 19%, while the IBOVESPA index had a devaluation of 10%. The average financial volume in 2024 was R$109.8 million/day, versus R$130.9 million/day recorded in 2023.

Interest on Equity (IoE) for the fiscal year 2024: on August 1st, 2024, the payment of interest on stockholders' equity for the first half of the fiscal year 2024 was approved, in the total amount of R$136.811 million. All shareholders holding shares issued by the Company on the base date of August 6th, 2024 were entitled to interest equity. Such interest on equity was paid on August 26th, 2024.

On November 25th, 2024, the payment of interest on equity in the total gross amount of R$128.726 million was approved. All shareholders holding shares issued by the Company on the base date of December 3rd, 2024 were entitled to interest on stockholders' equity. Such interest on equity was paid on December 27th, 2024. The amounts of interest on equity for the year 2024 were allocated to the mandatory dividends.

Interest on Equity (IoE) for the fiscal year 2023: on July 24th, 2023, the payment of interest on stockholders' equity for the first half of the fiscal year 2023 was approved, in the total amount of R$138,872 thousand. All shareholders holding shares issued by the Company on the base date of July 27th, 2023 were entitled to interest on stockholders' equity. Such interest on stockholders' equity was paid on August 25, 2023.

On November 29th, 2023, the payment of interest on shareholders' equity in the total gross amount of R$126,798 thousand was approved. All shareholders holding shares issued by the Company on the base date of December 4th, 2023 were entitled to interest on stockholders' equity. Such interest on stockholders' equity was paid on December 22th, 2023. The amounts of Interest on Equity for the year 2023 were allocated to the mandatory dividends.

CORPORATE GOVERNANCE

Novo Mercado: TOTVS was the first Brazilian software company to join the modality that meets the highest corporate governance standards of B3 S.A. - Brasil, Bolsa, Balcão.

Management: TOTVS's Board of Directors is composed of seven members, six of whom are independent, pursuant to the standards of the Novo Mercado stock exchange. The Company's board of executive officers is composed of seven officers. The list with the names, position description, and brief curriculum vitae of the directors and executive officers can be found on the Company's Reference Form and on the Investor Relations website (https://ri.totvs.com/).

Statutory Audit Committee: it is an area that provides the Board of Directors with support, and its mission is to follow up, assess, and ensure the best operationalization of processes, the management of internal and external auditors, the mechanisms and controls connected to risk management and the consistency of financial policies with strategic guidelines and the business risk profile. Currently, the Statutory Audit Committee is composed of three independent members, elected by the Board of Directors, and chaired by an independent member of the Board of Directors.

People and Compensation Committee: it provides the Board of Directors with advice in determining the compensation and benefits policies for directors and executive officers. The People and Compensation Committee consists of 3 members, 2 of whom are independent, elected by the Board of Directors. The Company's VP of Human Relations and Marketing attends the meetings as a permanent guest and has no voting right.

Governance and Nomination Committee: it is composed of three members of the Board of Directors, two of whom are independent, and its key duties are to promote improvements in the Company's corporate governance, assess the adoption of good practices, and select and nominate members to the Board of Directors.

Strategy Committee: it is composed of up to three members of the Board of Directors, two of whom are independent. The Company's Chief Executive Officer attends meetings as a permanent guest and has no voting right. This Committee's key role is analyzing and discussing issues related to the feasibility of the Vision of the Future and Strategic Planning, besides assessing the Company's actual ability to deliver them.

Arbitration: under the "Novo Mercado" Regulation, and under the Company's Bylaws, the controlling shareholder, the management, the Company itself, and the members of the Supervisory Board (aka Fiscal Council in Brazil) must undertake to settle through arbitration any and all disputes or controversies connected to or arising from the "Novo Mercado" Regulation, the provisions of the Novo Mercado Participation Agreement, the Arbitration Clauses, in particular as to their application, validity, effectiveness, interpretation, violation and their effects, through arbitration. Any disputes regarding the sale of the Company's Control will also be settled by arbitration.

Statement by the Board of Executive Officers: in accordance with Article 27, § 1st, item VI of CVM Resolution No. 80/22, the directors of TOTVS declare that they have reviewed, discussed and agree with the individual and consolidated financial statements for the fiscal year ended December 31, 2024. In accordance with Article 27, § 1st, item V of CVM Resolution No. 80/22, as amended by CVM Resolution No. 59/21, the directors of TOTVS declare that they have discussed, reviewed and agreed with the opinions expressed in the independent auditors' report on the individual and consolidated financial statements for the fiscal year ended December 31, 2024.

RELATIONSHIP WITH INDEPENDENT AUDITORS

The Company's policy for retaining services not related to external audit with independent auditors is based on the principles that preserve their independence. Such principles consist of internationally-accepted standards, in which: (a) an auditor must not audit his own work; (b) an auditor must not hold a management role in his/her client; and (c) an auditor must not generate conflicts of interest with his/her clients.

Procedures Adopted by the Company, in Accordance with Item 9.3, Article 17, of CVM Resolution No. 162/22: The Company and its subsidiaries have established a formal procedure that requires consulting with the independent auditors before engaging any professional services other than external accounting auditing. This ensures that the provision of such additional services does not compromise the auditors' independence and objectivity, which are essential for the performance of independent audit services. Additionally, the engagement of such services requires approval from the Company's Audit Committee. Furthermore, formal declarations from the independent auditors regarding their independence in performing non-audit services are also required.

In 2024, services beyond financial statement auditing were provided, mainly related to due diligence, the ISAE (International Standards for Assurance Engagements) report, assurance of the Integrated Report, and training. The fees for these services totaled R$497.6 thousand, representing 13.3% of the total fees related to external auditing.

ACKNOWLEDGEMENTS

We extend our gratitude to everyone who contributed to TOTVS' success in 2024, especially our clients, employees, partners, and shareholders.

Independent auditors' report on the individual and consolidated financial statements

To the Shareholders and Management of TOTVS S.A.

São Paulo – SP

Opinion

We have examined the individual and consolidated financial statements of TOTVS S.A. (" the Company"), respectively, referred to as Individual and Consolidated, which comprise the statement of financial position as at December 31, 2024 and the statements of profit or loss and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the consolidated financial position of TOTVS S.A. as at December 31, 2024 and its individual and consolidated financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and international Standards on Auditing. Our responsibilities, under those standards, are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries, in accordance with the relevant ethical requirements established in the Brazilian Accountant's Code of Professional Ethics and in the professional standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Non recurring software revenue recognition</th></tr>
<tr><td colspan="2">See Notes 2.4 h) and 27 to the individual and consolidated financial statements</td></tr>
<tr><th>Key audit matters</th><th>How our audit addressed this matter</th></tr>
<tr><td>The revenue of the Company and its subsidiaries includes services called recurring software and nonrecurring software.

A nonrecurring software revenue from implementation and customization services, which contains specific contracts to meet the needs of each client.

The performance obligation of this type of revenue is over time when it is provided, based on the hours incurred and prices practiced in the respective contracts with its clients. According to each contract, such revenues may or may not have been invoiced.

Nonrecurring services occur in a high volume and rely on controls that determine the correct hours incurred, as well as ensure the correct measurement and recording of this revenue at the time the performance obligations of the contracts are satisfied.

For the reasons mentioned above, we considered this matter as a significant for our audit.</td><td>Our audit procedures included, among others:

i. Understanding of the design and effectiveness evaluation process of the relevant internal controls used by the Company and by its subsidiaries considered as significant, during the audit, related to the nonrecurring software revenue recognition;

ii. Tests on a sample basis of nonrecurring software revenue, in order to verify the contractual terms of the proposal of service rendered, the hours incurred in the projects and the measurement of these hours, to conclude on the adequate revenue recognition, including in relation of the correct period of competence (cut-off);

iii. Assessment of whether the disclosures in individual and consolidated financial statements include all relevant information, particularly in relation to the Company's accounting policies for recognition of revenue.

Based on the audit evidence obtained through above-summarized audit procedures, we consider the amounts and disclosures related to nonrecurring software revenue recognition are acceptable, in the context of the individual and consolidated financial statements as a whole.</td></tr>
</table>

<table>
<tr><th colspan="2">Business combination</th></tr>
<tr><td colspan="2">See Notes 2.4 g), 4 and 14 to the individual and consolidated financial statements</td></tr>
<tr><th>Key audit matters</th><th>How our audit addressed this matter</th></tr>
<tr><td>During 2024, the following acquisitions occurred:

The direct subsidiary Dimensa S.A. acquired the control of the company Quiver Desenvolvimento e Tecnologia Ltda.; the direct subsidiary Soluções em Software e Serviços TTS Ltda. acquired the control of the companies IP São Paulo Sistemas de Gestão Empresarial Ltda., Ahgora HCM S.A. and Webtraining Ltda.; and the direct subsidiary TOTVS Tecnologia em Software de Gestão Ltda. acquired the control of the company Varejonline Tecnologia e Informática S.A.

The accounting process in the business acquisition involves relevant estimates and judgments, such as determining the fair value of the consideration transferred, identification and measurement of assets acquired and liabilities assumed and the determination of goodwill based on future profitability expectation.

Due to the complexity, judgment and relevance of the amounts involved in the acquisition accounting process, we considered this matter as significant for our audit.</td><td>Our audit procedures included, among others:

i. Obtaining and analyzing the signed contracts and evaluating the consideration transferred in the business;

ii. With the assistance of our corporate finance specialists, we evaluated the criteria and assumptions adopted in determining the fair values of assets acquired and liabilities assumed of the company acquired, for subsequent allocation of the price acquisition. The main assumptions evaluated refer to the business growth rate, cash flows projections and the respective discount rates, and comparison of the assumptions used by the Company, when available, with data obtained from external sources, such as projected economic growth and discount rates;

iii. Assessment of whether the disclosures in the individual and consolidated financial statements include all relevant information.

Based on the audit evidence obtained through above-summarized audit procedures, we consider the amounts recognized related to business combination are acceptable, as well as related disclosures, in the context of the individual and consolidated financial statements as a whole.</td></tr>
</table>

<table>
<tr><th colspan="2">Impairment of Goodwill</th></tr>
<tr><td colspan="2">See Notes 2.4 d) and 14.2 to the individual and consolidated financial statements</td></tr>
<tr><td>Key audit matters</td><td>How our audit addressed this matter</td></tr>
<tr><td>The consolidated financial statements include the amount of R$ 1,767,586 thousand related to the goodwill allocated to the cash generating unit (CGU) of RD from business combination, whose realization is supported by future profitability expectation, according to the business plan prepared by the Company.

For the annual assessment of the recoverability of such assets, the Company evaluates the probability of occurrence of future earnings and assumptions and judgments used in determining the estimates of future earnings of cash generating units, which include revenue growth, discount rate, inflation rate, among others.

Due to the relevance and degree of judgment involved in the process of determining the Company's estimates of future profitability, inherent to the process of determining the estimates of future cash flows, we considered this matter as significant for our audit.</td><td>Our audit procedures included, among others:

i. Understanding of the preparation and review of business plan process, budgets and impairment analysis of cash generating unit of RD available by the Company;

ii. Evaluation of reasonability for the determination of cash generating unit (CGU) for impairment test;

iii. With the assistance of our corporate finance specialists, for the CGU of RD, we evaluated the criteria and assumptions adopted by the Company, especially those related to business growth rates, cash flow projections and the respective discount rates, and comparison of the assumptions used by the Company, when available, with data obtained from external sources, such as projected economic growth and discount rates;

iv. Assessment of whether the disclosures in the consolidated financial statements include all relevant information.

Based on the audit procedures performed on impairment test of RD's CGU goodwill and on the results obtained, we consider them acceptable, in the context of the consolidated financial statements as a whole.</td></tr>
</table>

Other matters - Statements of value added (DVA)

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2024, prepared under responsibility of Company's management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed with the audit of Company's financial statements. In order to form our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in CPC 09 Technical Pronouncement - Statement of Value Added. In our opinion, these statements of value added have been fairly prepared, in all material respects, in accordance with the criteria defined in the Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Other information accompanying individual and consolidated financial statements and the auditors' report

Management is responsible for the other information comprising the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with our audit of individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is, materially inconsistent with the financial statements or our knowledge obtained in the audit or, otherwise, appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with Accounting Practices Adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identified and assess the risks of material misstatement in the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries internal controls.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

– Evaluated the overall presentation, structure and content of financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 7, 2025

KPMG Auditores Independentes Ltda.
CRC 2SP014428/O-6

Original report in Portuguese signed by

Wagner Bottino
Accountant CRC 1SP196907/O-7

TOTVS S.A.
Individual and Consolidated Statement of Financial Position
For the year ended December 31, 2024 and 2023
(In thousands of reais)

		Individual		Consolidated	
Assets	**Note**	**2024**	**2023**	**2024**	**2023**
Current assets		**1,617,998**	**1,998,329**	**2,763,558**	**3,906,298**
Cash and cash equivalents	6	991,050	1,466,321	1,942,162	3,129,162
Escrow account	19	7,554	6,915	13,974	13,175
Trade accounts and other receivable	7	366,378	367,725	563,328	538,528
Recoverable taxes	8	54,152	44,305	83,519	87,838
Other assets	11	198,864	113,063	160,575	137,595
Non-current assets		**5,849,673**	**5,492,876**	**5,768,163**	**4,922,562**
Achievable in the long term		**308,173**	**242,406**	**785,927**	**514,482**
Escrow account	19	-	-	188,845	116,759
Trade accounts and other receivable	7	9,634	10,959	13,796	16,496
Receivables from related parties	10	7,675	8,563	5,050	3,787
Investments at fair value	5.2	85,508	43,051	179,830	127,483
Deferred tax assets	9	81,511	87,710	253,511	147,426
Judicial deposits	20	25,296	29,423	28,373	33,832
Other assets	11	98,549	62,700	116,522	68,699
Equity-accounted investees	12	4,639,945	4,352,257	321,796	323,367
Property, plant and equipment	13	327,911	358,254	399,215	413,486
Intangible assets	14	573,644	539,959	4,261,225	3,671,227
Total assets		**7,467,671**	**7,491,205**	**8,531,721**	**8,828,860**

		Individual		Consolidated	
Liabilities and equity	**Note**	**2024**	**2023**	**2024**	**2023**
Current liabilities		**683,879**	**636,034**	**1,144,197**	**1,348,729**
Labor liabilities	15	246,404	224,268	438,679	375,960
Trade and other payable		158,437	113,276	211,971	155,266
Taxes and contributions liabilities	16	80,058	69,293	122,612	107,427
Commissions payable		56,714	52,967	69,126	62,610
Dividends payable	23	1,222	1,781	1,222	1,781
Loans and lease liabilities	17	45,663	81,799	58,133	90,701
Debentures	18	62,845	55,208	62,845	55,208
Accounts payable from acquisition of subsidiaries	19	7,643	7,004	115,659	421,803
Other liabilities		24,893	30,438	63,950	77,973
Non-current liabilities		**2,102,440**	**2,134,597**	**2,400,403**	**2,467,460**
Loans and lease liabilities	17	52,427	96,906	68,285	106,663
Debentures	18	1,472,286	1,491,495	1,472,286	1,491,495
Provision for contingencies	20	84,358	89,240	106,272	111,990
Accounts payable from acquisition of subsidiaries	19	-	-	228,249	272,135
Call option of non-controlling interests	21	444,771	412,655	444,771	412,655
Other liabilities		48,598	44,301	80,540	72,522
Shareholders' equity	**22**	**4,681,352**	**4,720,574**	**4,987,121**	**5,012,671**
Share Capital		2,962,585	2,962,585	2,962,585	2,962,585
Treasury shares		(350,163)	(283,445)	(350,163)	(283,445)
Capital reserves		281,801	738,293	281,801	738,293
Profit Reserves		1,715,436	1,262,719	1,715,436	1,262,719
Carrying value adjustments		71,693	40,422	71,693	40,422
Non-controlling interests		-	-	305,769	292,097
Total shareholders' equity and liabilities		**7,467,671**	**7,491,205**	**8,531,721**	**8,828,860**

The accompanying notes are an integral part of the individual and consolidated financial statements.

TOTVS S.A.
Individual and Consolidated Statements of Profit or Loss
For the year ended December 31, 2024 and 2023
(In thousands of reais, except for earnings per share)

		Individual		Consolidated	
	Note	2024	2023 Adjusted (i)	2024	2023 Adjusted (i)
Net revenue	27	3,162,602	2,775,935	5,224,007	4,440,443
Cost of software	28	(981,992)	(856,747)	(1,594,149)	(1,304,449)
Gross profit		**2,180,610**	**1,919,188**	**3,629,858**	**3,135,994**
Operating income (expenses)					
Research and development expenses	28	(577,151)	(513,979)	(945,253)	(844,764)
Selling and marketing expenses	28	(658,108)	(632,265)	(1,135,920)	(989,089)
Impairment loss on trade and other receivables	28	(30,007)	(19,076)	(59,356)	(36,394)
Administrative expenses	28	(332,438)	(294,208)	(593,409)	(502,234)
Other operating income/ (expenses)		17,636	451	(17,080)	(66,013)
Operating profit		**600,542**	**460,111**	**878,840**	**697,500**
Finance income	29	135,854	202,361	278,306	355,764
Finance expenses	29	(244,153)	(272,335)	(327,632)	(373,173)
Share of profit/ (loss) of equity-accounted investees	12	283,591	147,816	(1,571)	3,195
Profit before income and social contribution taxes		**775,834**	**537,953**	**827,943**	**683,286**
Income tax and social contribution - current		(50,844)	(50,440)	(191,786)	(171,067)
Income tax and social contribution - deferred		(6,392)	19,538	100,371	24,447
Total of Income tax and social contribution taxes	9	**(57,236)**	**(30,902)**	**(91,415)**	**(146,620)**
Net profit from continuing operations		**718,598**	**507,051**	**736,528**	**536,666**
Net (loss)/ profit from Techfin business unit (discontinued operation)		(1,085)	227,769	(1,085)	227,769
Net profit for the year		**717,513**	**734,820**	**735,443**	**764,435**
Net profit attributable to shareholders of the Company		**717,513**	**734,820**	**717,513**	**734,820**
Net profit attributable to non-controlling		**-**	**-**	**17,930**	**29,615**
Basic earnings per share (in Reais)	26			1.20589	1.21680
Diluted earnings per share (in Reais)	26			1.18612	1.19830

(i) The Statements of Profit or Loss from the year ended on December 31, 2023, were adjusted for better comparability as mentioned in the note 2.5.

The accompanying notes are an integral part of the individual and consolidated financial statements.

TOTVS S.A.
Individual and Consolidated Statements of Comprehensive Income
For the year ended December 31, 2024 and 2023
(In thousands of Reais)

	Individual		Consolidated	
	2024	**2023**	**2024**	**2023**
Net profit for the year	**717,513**	**734,820**	**735,443**	**764,435**
Items that are or may be reclassified subsequently to profit or loss				
Foreign operations - foreign currency translation adjustments	34,617	(7,078)	34,617	(7,078)
Items that will not be reclassified to profit or loss				
Post-employment benefit	(376)	550	(376)	550
Post-employment benefit	*(569)*	*832*	*(569)*	*832*
Income tax and social contribution post-employment benefit	*193*	*(282)*	*193*	*(282)*
Other comprehensive income	**34,241**	**(6,528)**	**34,241**	**(6,528)**
Total comprehensive income for the year, net of tax	**751,754**	**728,292**	**769,684**	**757,907**
Total comprehensive income attributable to:				
Shareholders of the Company	751,754	728,292	751,754	728,292
Non-controlling interests	-	-	17,930	29,615

The accompanying notes are an integral part of the individual and consolidated financial statements.

TOTVS S.A.
Individual and Consolidated Statements of Changes in Shareholders’ Equity
For the year ended December 31, 2024 and 2023
(In thousands of reais)

				Capital Reserves		Profit reserves			Carrying value adjustments			
	Note	Capital	Treasury shares	Transaction between shareholders	Capital Reserve	Legal Reserve	Retaining earnings	Accumulated earnings	Other comprehensive income	Total Equity	Non-controlling interests	Total shareholders’ equity
Balances at January 1, 2024		**2,962,585**	**(283,445)**	**(24,323)**	**762,616**	**192,313**	**1,070,406**	**-**	**40,422**	**4,720,574**	**292,097**	**5,012,671**
Capital transactions with shareholders		**-**	**(66,718)**	**-**	**(456,492)**	**-**	**911**	**(265,707)**	**-**	**(788,006)**	**(4,258)**	**(792,264)**
Share-based compensation plan	24	-	-	-	48,158	-	-	-	-	48,158	-	48,158
Disposal of treasury shares	22	-	51,591	-	(51,591)	-	-	-	-	-	-	-
Purchase of treasury shares	22	-	(571,368)	-	-	-	-	-	-	(571,368)	-	(571,368)
Treasury shares cancelled	22	-	453,059	-	(453,059)	-	-	-	-	-	-	-
Interest on shareholders’ equity	23	-	-	-	-	-	-	(265,707)	-	(265,707)	-	(265,707)
Non-controlling interests		-	-	-	-	-	-	-	-	-	(4,258)	(4,258)
Dividends and interest on shareholders' equity reversion	23	-	-	-	-	-	911	-	-	911	-	911
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**717,513**	**31,271**	**748,784**	**17,930**	**766,714**
Profit for the year		-	-	-	-	-	-	717,513	-	717,513	17,930	735,443
Cumulative adjustment for currency exchange		-	-	-	-	-	-	-	31,647	31,647	-	31,647
Post-employment benefit		-	-	-	-	-	-	-	(376)	(376)	-	(376)
Appropriation of retained earnings		**-**	**-**	**-**	**-**	**35,876**	**415,930**	**(451,806)**	**-**	**-**	**-**	**-**
Balance at December 31, 2024		**2,962,585**	**(350,163)**	**(24,323)**	**306,124**	**228,189**	**1,487,247**	**-**	**71,693**	**4,681,352**	**305,769**	**4,987,121**

The accompanying notes are an integral part of the individual and consolidated financial statements.

			Capital Reserves		**Profit reserves**			**Carrying value adjustments**			
	Capital	**Treasury shares**	**Transaction between shareholders**	**Capital Reserve**	**Legal Reserve**	**Retaining earnings**	**Accumulated earnings**	**Other comprehensive income**	**Total Equity**	**Non-controlling interests**	**Total shareholders' equity**
Balances at January 1, 2023	**2,962,585**	**(217,671)**	**(24,323)**	**747,506**	**155,566**	**638,003**	**-**	**46,950**	**4,308,616**	**276,233**	**4,584,849**
Capital transactions with shareholders	**-**	**(65,774)**	**-**	**15,110**	**-**	**-**	**(265,670)**	**-**	**(316,334)**	**(13,751)**	**(330,085)**
Share-based compensation plan	-	-	-	61,612	-	-	-	-	61,612		61,612
Disposal of treasury shares	-	43,617	-	(43,617)	-	-	-	-	-	-	-
Purchase of treasury shares	-	(109,391)	-	-	-	-	-	-	(109,391)	-	(109,391)
Interest on shareholders' equity	-	-	-	-	-	-	(265,670)	-	(265,670)	-	(265,670)
Goodwill special reserve due to merger	-	-	-	(2,885)	-	-	-	-	(2,885)	-	(2,885)
Non-controlling interests	-	-	-	-	-	-	-	-	-	(13,751)	(13,751)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**734,820**	**(6,528)**	**728,292**	**29,615**	**757,907**
Profit for the year	-	-	-	-	-	-	734,820	-	734,820	29,615	764,435
Cumulative adjustment for currency exchange	-	-	-	-	-	-	-	(7,078)	(7,078)	-	(7,078)
Post-employment benefit	-	-	-	-	-	-	-	550	550	-	550
Appropriation of retained earnings	**-**	**-**	**-**	**-**	**36,747**	**432,403**	**(469,150)**	**-**	**-**	**-**	**-**
Balance at December 31, 2023	**2,962,585**	**(283,445)**	**(24,323)**	**762,616**	**192,313**	**1,070,406**	**-**	**40,422**	**4,720,574**	**292,097**	**5,012,671**

The accompanying notes are an integral part of the individual and consolidated financial statements.

TOTVS S.A.
Individual and Consolidated Statement of Cash Flows
For the year ended December 31, 2024 and 2023

(In thousands of Reais)

		Individual		Consolidated	
	Note	2024	2023	2024	2023
Cash flow from operating activities					
Profit before income and social taxes		**775,834**	**537,953**	**827,943**	**683,286**
Adjustments for:					
Depreciation and amortization	13/ 14	203,263	184,487	326,269	282,801
Share-based payments transactions	24	45,817	64,355	45,818	64,324
(Gain) Losses on write-off/ sale of property, plant and equipment and intangible assets		(9,185)	1,489	(9,800)	1,404
Impairment loss on trade and other receivables	7	30,007	19,076	59,356	36,394
Share of profit/ (losses) of equity-accounted investees	12	(283,591)	(147,816)	1,571	(3,195)
Provision for contingencies, net of reversals	20	20,262	20,356	20,898	23,079
(Reversion) provision on other obligations and others		(24,067)	-	(5,212)	70,660
Interest and monetary variations and exchange variations differences, net		222,365	252,558	270,145	300,297
		980,705	**932,458**	**1,536,988**	**1,459,050**
Changes in operating assets and liabilities					
Trade and other receivables		(27,335)	(27,167)	(70,646)	(70,565)
Recoverable taxes		(40,121)	(25,814)	(51,272)	(46,227)
Judicial deposits		1,152	(4,557)	1,653	(5,462)
Other assets		(78,539)	(8,737)	(83,560)	(37,668)
Labor liabilities		45,366	64,817	87,722	96,950
Trade and other payables		45,160	11,719	50,105	19,706
Commissions payable		3,747	(192)	3,937	(2,908)
Taxes and contributions payable		14,789	(17,165)	(3,328)	(27,271)
Other liabilities		(7,802)	(12,550)	(22,860)	(18,966)
Cash generated from operating activities		**937,122**	**912,812**	**1,448,739**	**1,366,639**
Interest paid		(175,885)	(223,345)	(177,930)	(224,921)
Tax paid		(39,118)	(85,469)	(156,198)	(189,611)
Net cash from operating activities		**722,119**	**603,998**	**1,114,611**	**952,107**
Cash flow generated by investing activities					
Capital increase in subsidiaries/ associates	12.2	(150,209)	(562,869)	-	-
Dividends received		105,196	94,343	-	9,073
Acquisition of property, plant and equipment	13	(100,983)	(105,046)	(119,874)	(123,260)
Acquisition of intangible assets	14	(108,036)	(149,038)	(122,454)	(153,940)
Franchises loan		11,895	13,902	(589)	13,150
Acquisitions of subsidiaries, net of cash acquired		-	-	(622,444)	(88,867)
Payments from acquisitions of subsidiaries		-	-	(474,671)	(43,496)
Proceeds from sale of subsidiaries, net of cash		21,144	54	41,809	54
Proceeds from sale of property, plant and equipment and intangibles		10,286	1,642	11,616	3,508
Fundo CVC investment		(47,025)	(24,836)	(47,025)	(24,836)
Cash used in Techfin business unit		-	405,223	-	405,223
Net cash used in investing activities		**(257,732)**	**(326,625)**	**(1,333,632)**	**(3,391)**
Cash flow (used in the) /generated by financing activities					
Payment of principal of loans		(32,083)	-	(40,372)	(10,957)
Payment of principal of debentures		(1,500,000)	-	(1,505,000)	-
Payment of principal of lease liabilities		(48,003)	(49,656)	(60,869)	(59,054)
Proceeds from debentures and loans		1,474,982	32,083	1,474,982	32,083
Investment in non controlling		-	-	-	4,164
Receivables from related companies		2,166	(1,688)	-	-
Dividends and interest on shareholders' equity paid		(265,352)	(392,365)	(265,352)	(412,163)
Repurchase of shares		(571,368)	(109,392)	(571,368)	(109,392)
Net cash used in the financing activities		**(939,658)**	**(521,018)**	**(967,979)**	**(555,319)**
Net (Decrease) in cash and cash equivalents		**(475,271)**	**(243,645)**	**(1,187,000)**	**393,397**
Cash and cash equivalents at beginning of the year		1,466,321	1,709,966	3,129,162	2,735,765
Cash and cash equivalents at the end of the year		991,050	1,466,321	1,942,162	3,129,162

The accompanying notes are an integral part of the individual and consolidated financial statements.

TOTVS S.A.
Individual and Consolidated Statements of Value Added
For the year ended December 31, 2024 and 2023
(In thousands of Reais)

	Individual		Consolidated	
	2024	2023 Adjusted (i)	2024	2023 Adjusted (i)
1 – REVENUES	**3,564,672**	**3,126,256**	**5,824,819**	**4,978,848**
1.1 Revenues of contract with customer	3,577,403	3,138,581	5,873,155	4,989,105
1.2 Other revenue	17,276	6,751	11,020	26,137
1.3 Impairment loss on trade and other receivables (recording)	(30,007)	(19,076)	(59,356)	(36,394)
2 - RAW MATERIALS ACQUIRED FROM THIRD-PARTIES (includes ICMS and IPI taxes)	**(973,379)**	**(651,566)**	**(1,441,376)**	**(1,083,356)**
2.1 Cost of goods and services sold	(119,378)	(104,972)	(144,465)	(122,624)
2.2 Materials, energy, outsourced services and other	(852,916)	(774,363)	(1,254,193)	(1,171,335)
2.3 Loss/ Recovery of active amounts	-	-	(41,633)	(17,166)
2.4 Other	(1,085)	227,769	(1,085)	227,769
3 - GROSS VALUE ADDED (1+2)	**2,591,293**	**2,474,690**	**4,383,443**	**3,895,492**
4 - DEPRECIATION AND AMORTIZATION	**(203,263)**	**(184,487)**	**(326,269)**	**(282,801)**
5 - NET VALUE ADDED PRODUCED BY THE COMPANY (3+4)	**2,388,030**	**2,290,203**	**4,057,174**	**3,612,691**
6 - VALUE ADDED RECEIVED THROUGH TRANSFERS	**419,445**	**350,177**	**276,735**	**358,959**
6.1 Share of profit/ (losses) of equity-accounted investees	283,591	147,816	(1,571)	3,195
6.2 Finance income	135,854	202,361	278,306	355,764
7 - TOTAL VALUE ADDED TO DISTRIBUTE (5+6)	**2,807,475**	**2,640,380**	**4,333,909**	**3,971,650**
8 - VALUE ADDED DISTRIBUTION	**2,807,475**	**2,640,380**	**4,333,909**	**3,971,650**
8.1 Personnel	**1,305,736**	**1,183,938**	**2,380,010**	**2,018,346**
8.1.1 Direct Compensation	1,070,357	980,977	1,965,159	1,685,261
8.1.2 Benefits	158,117	133,251	271,900	214,488
8.1.3 FGTS (Unemployment fund)	77,262	69,710	142,951	118,597
8.2 Taxes and contributions	**539,554**	**447,497**	**882,811**	**810,381**
8.2.1 Federal	443,443	362,586	728,723	676,562
8.2.2 State	179	214	3,894	4,062
8.2.3 Local	95,932	84,697	150,194	129,757
8.3 Capital remuneration from third parties	**244,672**	**274,125**	**335,645**	**378,488**
8.3.1 Interest	244,153	272,335	327,632	373,173
8.3.2 Rents	519	1,790	8,013	5,315
8.4 Equity remuneration	**717,513**	**734,820**	**735,443**	**764,435**
8.4.1 Interest on shareholders' equity	265,707	239,612	265,707	281,303
8.4.3 Retained profit for the year	451,806	495,208	451,806	453,517
8.4.4 Non-controlling interest in retained profits	-	-	17,930	29,615

(i) The Statements of Value Added from the year ended on December 31, 2023, were adjusted for better comparability as mentioned in the note 2.5.

The accompanying notes are an integral part of the individual and consolidated financial statements.

1. The Company and its operations

1.1 Reporting entity

TOTVS S.A. ("TOTVS", "Company" or "Individual") is a publicly held corporation headquartered at Av. Braz Leme, 1.000, in the city and state of São Paulo, whose shares are traded on the Novo Mercado of B3 S.A. – Brasil, Bolsa, Balcão ("B3"), under the code TOTS3.

1.2 Operations

The Company's business purpose is to provide business solutions for companies of all sizes, through the development and sale of management software, productivity platforms, collaboration, and data intelligence, digital marketing as well as the provision of implementation, consulting, advisory, maintenance services, e-commerce and mobility. The solutions developed by the Company and its subsidiaries are segmented by the diverse economy industry, resulting in greater importance of these solutions for our clients' business.

The Company, through its Joint Venture TOTVS Techfin, provides financial services, issuance and credit card management business, including credit analysis and intermediation of financing requests in its businesses, with a light and smart business model, that unites data science, integration with ERPs and wide distribution, in addition to access to efficient funding to support the expansion of the operation.

1.3 Effects from climate event in Rio Grande do Sul

In compliance with Circular Letter No. 1/2024/CVM/SNC/GNC, TOTVS S.A. clarifies that it has branches and subsidiaries located in the state of Rio Grande do Sul. In light of the latest climate events that affected the region, TOTVS created a crisis committee for monitoring and establishing support measures for affected employees and their families. Material financial impacts were not observed that would compromise in some way the continuity of operations in that region.

2. Basis of accounting

2.1. Statement of compliance

The individual and consolidated financial statements were prepared and is presented in accordance with the accounting practices adopted in Brazil, which comprise the rules issued by the Brazilian Securities and Exchange Commission (CVM), Brazil´s Financial Accounting Standards Board (CPC) pronouncements, guidance and interpretations and by the arrangements contained in the statutory law (Lei das Sociedades por Ações), which are in conformity with the standards of the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

All significant information in the individual and consolidated financial statements, and solely such information, is disclosed and corresponds to that used by Management of the Company and its subsidiaries.

The financial statements presented in this document were approved at the Board of Directors' Meeting held on February 7, 2025, after a recommendation by the Statutory Audit Committee at a meeting held on February 5, 2025.

2.2. Basis of preparation

The individual and consolidated financial statements were prepared on the historical cost basis, except for the valuation of certain assets and liabilities, such as from business combinations and financial instruments, which are measured at their fair value.

All relevant information to the financial statements, and only this information, is being evidenced, and corresponds to that used by the Administration in its management.

2.3. Consolidation basis

The individual and consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2024. Control is achieved when the Company and its subsidiaries are exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses such control. Assets, liabilities and profit or loss of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date it ceases to control it.

Investments in associates are accounted for under the equity method and are, initially, recognized at cost. Associates are those entities in which the Group, directly or indirectly, has significant influence, but not control or joint control, over financial and operational policies.

Profit or loss and each component of Other Comprehensive Income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intercompany assets and liabilities, profit or loss, income, expenses and cash flows relating to transactions between members of the Company and its subsidiaries are eliminated in full in the consolidation.

<u>Non-controlling interests (NCI)</u>

Non-controlling interests are measured, by the Company and its subsidiaries, initially at their proportionate share of the acquirer's identifiable net assets at the date of acquisition.

Changes in the Company's interest in a subsidiary that do not result in a loss of control are recorded as shareholders' equity transactions.

<u>Loss of control</u>

When the entity loses control over a subsidiary, the Company and its subsidiaries derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. If the Company and its subsidiaries retain any interest in the former subsidiary, this interest is measured at fair value at the date when control is lost.

The consolidated financial statements include the operations of the Company and the following subsidiaries, whose percentages of the interests at the reporting date are summarized below:

Corporate Names	Head office	Interest	Main activity	% Interest	
				2024	2023
Soluções em Software e Serviços TTS Ltda. ("TTS")	BRA	Direct	Software operation	100.00%	100.00%
TRS Gestão e Tecnologia S.A. ("TRS") (i)	BRA	Indirect	Software operation	-	100.00%
TOTVS Tecnologia em Software de Gestão Ltda. ("TOTVS Gestão")	BRA	Direct	Software operation	100.00%	100.00%
Varejonline Tecnologia e Informática Ltda. ("Varejonline") (v)	BRA	Indirect	Software operation	100.00%	-
Gesplan S.A. ("Gesplan") (ix)	BRA	Indirect	Software operation	-	100.00%
Wizco Sistemas Ltda. ("Wizco") (ix)	BRA	Indirect	Software operation	-	100.00%
Feedz Tecnologia S.A. ("Feedz")	BRA	Indirect	Software operation	60.00%	60.00%
TOTVS Argentina S.A. ("TOTVS Argentina")	ARG	Direct	Software operation	100.00%	100.00%
TOTVS México S.A. ("TOTVS México")	MEX	Direct	Software operation	100.00%	100.00%
TOTVS Colômbia SAS ("TOTVS Colômbia")	COL	Indirect	Software operation	100.00%	100.00%
TOTVS Incorporation ("TOTVS Inc.")	EUA	Direct	Software operation	100.00%	100.00%
Dimensa S.A. ("Dimensa")	BRA	Direct	Software operation	62.50%	62.50%
Credit Core Tecnologia de Crédito Ltda. (“Vadu”) (ii)	BRA	Indirect	Software operation	-	62.50%
Cobu Consulting & Business Ltda. (“Cobu”) (ii)	BRA	Indirect	Software operation	-	62.50%
RBM Web - Sistemas Inteligentes Ltda. ("RBM Web")	BRA	Indirect	Software operation	62.50%	62.50%
Quiver Desenvolvimento e Tecnologia Ltda. ("Quiver Desenvolvimento") (v)	BRA	Indirect	Software operation	62.50%	-
Quiver Soluções de Tecnologia Ltda. ("Quiver Soluções") (v)	BRA	Indirect	Software operation	62.50%	-
TOTVS Hospitality Technology Argentina S.A. (former CM Soluciones Informatica S.A.) ("TOTVS Hospitality Argentina") (vi)	ARG	Indirect	Software operation	100.00%	100.00%
TOTVS Serviços de Desenvolvimento e Consultoria em Tecnologia da Informação Ltda. ("Eleve")	BRA	Direct	Software operation	100.00%	100.00%
TOTVS Reservas Ltda. ("TOTVS Reservas")	BRA	Indirect	Software operation	100.00%	100.00%
TOTVS Large Enterprise Tecnologia S.A. ("TOTVS Large")	BRA	Direct	Software operation	100.00%	100.00%
TOTVS Hospitality Ltda. ("TOTVS Hospitality")	BRA	Direct	Software operation	74.50%	74.20%
RJ Participações S.A. ("RJ Participações")	BRA	Indirect	Holding - participation in other companies	80.00%	80.00%
R.J. Consultores en Sistemas de Información S.C. ("RJ México")	MEX	Indirect	Software operation	80.00%	80.00%
R.J. Consultores e Informática Ltda. ("RJ Consultores")	BRA	Indirect	Software operation	80.00%	80.00%
Wealth Systems Informática Ltda. ("WS")	BRA	Indirect	Software operation	100.00%	100.00%
CMNet Participações S.A. ("CMNet Participações")	BRA	Indirect	Holding - participation in other companies	100.00%	100.00%
TOTVS Hospitality Chile ("TOTVS Chile")	CHL	Indirect	Software operation	100.00%	100.00%
TOTVS Hospitality Ltda. ("TOTVS Hospitality")	BRA	Indirect	Software operation	25.50%	25.80%
Datasul S.A. de CV. ("Datasul México") (iii)	MEX	Direct	Software operation	100.00%	100.00%
DTS Consulting Partner, SA de CV ("Partner") (iii)	MEX	Indirect	Software operation	100.00%	100.00%
Bematech Argentina S.A. ("Bematech Argentina") (iii)	ARG	Indirect	Software operation	100.00%	100.00%
TOTVS Hospitality Techonology Portugal Lda. - Sociedade em Liquidação (former TOTVS Hospitality Techonology Portugal Lda.) ("TOTVS Portugal") (xi)	PRT	Indirect	Software operation	-	100.00%
VT Comércio Digital S.A. ("VT Comércio") (iv)	BRA	Direct	Software operation	-	50.00%
RD Gestão e Sistemas S.A. (“RD Station”) (vii)	BRA	Indirect	Software operation	100.00%	92.04%
Tallos Tecnologia Integrada E Assessoria em Negócios S.A. ("Tallos") (viii)	BRA	Indirect	Software operation	-	92.04%
Lexos Solução em Tecnologia Ltda. (“Lexos”)	BRA	Indirect	Software operation	100.00%	100.00%

Exact Desenvolvimento e Programação de Software Ltda. ("Exact Sales") (vii)	BRA	Indirect	Software operation	100.00%	92.04%
TOTVS Renda Fixa Crédito Privado Fundo de Investimento em Cotas de Fundos de Investimento ("Fundo Restrito")	BRA	Direct	Restricted Investment Fund	100.00%	100.00%
CV Idexo Fundo de Investimento em Participações Multiestratégia Investimento no Exterior ("Fundo CV Idexo")	BRA	Direct	Equity investment fund	100.00%	100.00%

(i) On February 1st, 2024, the indirect subsidiary TRS was merged by, also direct subsidiary TTS for the net assets of R$6,445 in which were evaluated by experts who issued the evaluation report of the Shareholders' equity in the base date on December 31, 2023. The variations in the accounts occurred after the base date until the data of effective merger were absorbed by the TTS;
(ii) On February 1st, 2024, the indirect subsidiaries Vadu and Cobu were merged by the, also direct subsidiary Dimensa, for the net assets of R$18,446 and R$2, respectively. These companies were evaluated by experts which issued the evaluation report of the Shareholders' equity in the base date on December 31, 2023. The variations in the accounts occurred after the base date until the data of effective merger were absorbed by the Dimensa;
(iii) Dormant companies that will be closed;
(iv) Companies closed in 2024;
(v) Companies acquired in 2024 in accordance with note 4;
(vi) On February 29, 2024, direct subsidiary TOTVS Hospitality Argentina became an indirect subsidiary;
(vii) Call option exercise 100% of registered common shares with no par value issued by RD Gestão de Sistemas S.A. on May 7, 2024. In this way, we also began to disclose 100% participation to its subsidiary Exact Sales;
(viii) On August 31, 2024, the indirect subsidiary Tallos was merged by the, also indirect subsidiary RD Station for the negative net assets of R$9,374 in which were evaluated by experts who issued the evaluation report of the Shareholders' equity in the base date on July 31, 2024. The variations in the accounts occurred after the base date until the data of effective merger were absorbed by the RD Station;
(ix) On August 31, 2024, the indirect subsidiaries Gesplan and Wizco were merged by the direct subsidiary TOTVS Gestão, for the net assets of R$5,359 and negative net assets of R$7, respectively. These companies were evaluated by experts which issued the evaluation report of the Shareholders' equity in the base date on July 31, 2024. The variations in the accounts occurred after the base date until the data of effective merger were absorbed by the TOTVS Gestão.

All balances and transactions between subsidiaries were eliminated in the consolidation. Comparing the consolidated profit or loss between 2024 and 2023, must be considered the acquisition date of each subsidiary. Thus, the financial statements for the year ended on December 31, 2023 does not include the profit or loss of subsidiaries IP, Ahgora and Quiver which were included in the consolidation from the date of their respective acquisitions.

2.4. Significant accounting practices

Follow a summary of key accounting practices adopted by the Company and its subsidiaries, highlighting only information considered relevant by Management.

a) Functional currency and presentation currency

These Financial Statements are presented in Reais, which is the functional currency of the Company and its subsidiaries domiciled in Brazil, the same currency used in the preparation and presentation of the individual and consolidated financial statements. All balances have been rounded to the nearest thousand, unless otherwise indicated.

Regarding subsidiaries located abroad considered independent by the Management as they have administrative, financial and operating autonomy, and therefore, their assets and liabilities are translated into Brazilian Real at the foreign exchange rate on statement of financial position closing dates and their profit or loss are translated into Brazilian Real at the average monthly rates of the periods. Adjustments to investments arising from foreign exchange are recognized as cumulative translation adjustments under equity.

b) Fair value measurement

The Company and its subsidiaries measure financial instruments at fair value on each reporting date of the Statement of Financial Position. Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability through an unforced transaction between market players on the measurement date.

Fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liabilities will take place: (i) in the main market for the asset or liability; or (ii) In the absence of a main market, in the most advantageous market for the asset or the liability. The main or most advantageous market must be accessible by the Company.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the following fair value hierarchy, based on the lowest-level information that is significant for the measurement of the fair value as a whole:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities recognized at fair value in the financial statements on a recurring basis, the Company and its subsidiaries determine whether transfers have occurred between levels of the hierarchy of fair value, at the end of the period of financial statements in which the changes occurred.

c) Financial Instruments

(i) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model of the Company and its subsidiaries for managing them. A financial asset (unless it is a trade and other receivables without a financing significant component) or financial liability is initially measured at fair value, more or less, for an item not measured at fair value through profit or loss, the transaction costs which are directly attributable to its acquisition or issue. A trade and other receivables without a significant financing component is measured initially at the operation price, as disclosed in note 7.

The business model of the Company and its subsidiaries for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business plan with the objective of holding financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company and its subsidiaries commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortized cost (debt instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The financial assets of the Company and its subsidiaries at amortized cost includes cash and cash equivalents and bank balances, escrow account, trade and other receivables, franchises loan and receivables from investments disposed of included in other current assets (note 11).

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. TOTVS holds investments in companies, whose interest is held indirectly through venture capital organization and which are measured at fair value through profit or loss.

Derecognition

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or

- The Company and its subsidiaries have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company and its subsidiaries have transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, the Company and its subsidiaries evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all risks and rewards of the asset, nor transferred control of the asset, the Company and its subsidiaries continue to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company and its subsidiaries also recognize an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company and its subsidiaries have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying: (i) amount of the asset; and (ii) the maximum amount of consideration that the Company could be required to repay (guarantee amount).

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions – note 3; and
- Trade and other receivables – note 7.

The Company and its subsidiaries recognize an impairment loss on trade and other receivables for all debt instruments not held at fair value through profit or loss. Impairment loss on trade and other receivables are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company and its subsidiaries expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of guarantees held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables and contract assets, the Company and its subsidiaries apply a simplified approach in calculating impairment loss on trade and other receivables. Therefore, the Company and its subsidiaries do not track changes in credit risk, but instead recognize a loss allowance based on lifetime impairment loss on trade and other receivables at each reporting date. The Company and its subsidiaries have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

ii) Financial liabilities

All financial liabilities are recognized initially at fair value and, more or less, in the case of a financial liability other than at fair value through profit or loss, transaction costs that are directly attributable to the issuance of the financial liability. The financial liabilities of the Company and its subsidiaries include trade and other payables, loans and financing, lease liabilities, debentures and accounts payable from acquisition of subsidiaries.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortized cost; and,
- Financial liabilities at fair value through profit or loss.

Financial liabilities at amortized cost

This is the most relevant category for the Company and its subsidiaries. After initial recognition, the loans and debentures borrowed and lended are subject to interest are measured, subsequently, at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The amortization of effective interest rate is included as finance expense in the statement of profit or loss. This category usually applies to loans and financing, debentures and leases borrowed and lended, subject to interest. For more information see notes 17 and 18.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in CPC 48/ IFRS 9 are satisfied. The Company and its subsidiaries have designated some accounts payable from acquisition of subsidiaries (see note 19) of financial liability at fair value through profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective book value is recognized in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the individual and consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

d) Provision for impairment of assets

Management annually reviews the net book values of assets with a view to evaluating the impact of events or economic, operational and technological changes that may indicate deterioration or impairment. When such evidence is identified and the net book value exceeds the recoverable amount, a provision is established for the impairment, adjusting the net book value to the recoverable amount.

Goodwill paid for expected future profitability is assessed annually for impairment or when circumstances indicate a loss due to the depreciation of its book value (see note 14.2).

e) Leases

The Company and its subsidiaries apply a single approach for recognition and measurement of all leases, except for short-term leases and low-value assets. On the initial date of the lease, the lessee recognizes the lease liabilities measured at present value of the payments to be made over the term of the lease and the right-of-use assets representing the right to use the underlying asset.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets and also are subject to impairment.

At the commencement date of the lease, the Company and its subsidiaries recognize lease liabilities measured at the present value of lease payments to be made over the lease term and include fixed and variable payments less any lease incentives receivable.

In calculating the present value of lease payments, the Company and its subsidiaries use their incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the book value of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company and its subsidiaries's lease liabilities are included in Loans and lease liabilities (see Note 17).

f) Adjustment to present value of assets and liabilities

Long-term monetary assets and liabilities are monetarily restated and therefore adjusted to their present value. The adjustment to present value of short-term monetary assets and liabilities is calculated, and only recorded, if it is considered relevant in relation to the financial statements taken as a whole. Based on the analysis made and Management's best estimates, the Company and its subsidiaries concluded that the adjustment to present value of current monetary assets and liabilities is immaterial in relation to the financial statements taken as a whole and, therefore, did not record any adjustments.

g) Intangible assets and Goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. After the initial recognition, intangible assets are carried at cost, less any accumulated amortization and accumulated impairment losses. Intangibles internally generated, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the period or amortization method, as appropriate, and are treated as changes in accounting estimates. The amortization of intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are assessed for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Business combination and goodwill

The Company and its subsidiaries account the business combinations using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured in the acquisition date at fair value, and the amount of any non-controlling interests in the acquire. For each business combination, the acquirer should measure the non-controlling interests in the acquire at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition-related costs are expensed as incurred and included in expenses.

When the Company and its subsidiaries acquire a business, they assess the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration considered an asset or liability are recognized pursuant to CPC 48/ IFRS 9 in the statement of profit or loss.

Goodwill is initially measured as the excess of the consideration transferred in relation to net assets acquired (net identifiable assets acquired and liabilities assumed). If the consideration is lower than the fair value of net assets acquired (bargain purchase), the difference is recognized as a gain in the profit or loss.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For the purpose of assessing the recoverable amount, the goodwill acquired in a business combination is, from the acquisition date, allocated to each cash-generating units of the Company and its subsidiaries that are expected to benefit from the combination's synergies, regardless of other assets or liabilities of the acquiree to be attributed to these units.

When goodwill is part of a cash-generating unit and a portion of that unit is disposed of, the goodwill associated with the disposed portion must be included in the cost of the operation when determining the gain or loss on the disposal. The goodwill sold in these circumstances is calculated based on the proportional values of the portion sold in relation to the cash-generating unit maintained.

Research and development

Research and development costs are recognized in the profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and if the Company and its subsidiaries intend to and have sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. After initial recognition, capitalized development expenditure is measured at cost less accumulated amortization and any impairment losses.

Amortization begins when the development is complete and the asset is available for use over the period of future economic benefit. The useful life of research and development assets reflects the financial return period for each project. During the development period, the asset is assessed for impairment on an annual basis.

The capitalized development expenditures, when the criteria described above are met, include the cost of labor that are directly attributable to preparation of the asset. Development activities involve a desired plan or project for the production of new products for sale or the intention to complete the asset to figure it out.

The activity of the Company and its subsidiaries presuppose continuous development, and in this context, projects are being developed, mostly focused on the three business units of the Company and its subsidiaries: Management, RD Station and Techfin.

h) Revenues and expenses

Revenues are recognized when there is a contract with the customer, the performance obligations are identified, the transaction price is reliably measurable and allocated, and when the control of the goods or services are transferred to the customer. Revenues are presented net of taxes, returns, allowances and discounts, when applicable. Revenues can be presented net of commission costs when the Company is the agent in software partnerships, in accordance with Technical Pronouncement CPC 47/ IFRS 15.

The Company and its subsidiaries segregate revenues in recurring revenues and non-recurring revenues as following:

Recurring software revenue

Recurring software revenue comprises revenue from: (i) software subscription, in which customers have access to the software on multiple devices simultaneously in its latest version; (ii) maintenance, including technical support and software upgrade; and (iii) services, including cloud computing and customer service.

Recurring software revenue is recognized in the statement of profit or loss over time, on a monthly basis, as the services are provided, starting on the date on which services and software are made available to the client and all other revenue recognition criteria are met.

The Company and its subsidiaries capitalize the cost of variable compensation paid for the sale of recurring software and amortize such cost based on the average period customers remain with the company.

Non-recurring software revenue

Non-recurring software revenue comprises revenue from: (i) software licensing fees, which it transfers to the right of use of software by undetermined time; and (ii) implementation and customization services, consulting services and training.

(i) Revenue from software licensing fee is recognized at the point in time when all risks and rewards inherent in the license are transferred to the customer, upon software delivery, and the amount can be reliably measured and it is likely that economic benefits will be generated for the Company and its subsidiaries.

(ii) Revenues from implementation and customization services represent a performance obligation distinct from other services, billed separately and recognized over time as costs are incurred in relation to the total expected costs, realized according to the performance schedule and when there is a valid expectation of receipt from the customer. Billed revenues that do not meet the recognition criteria are not included in the respective revenue accounts and accounts receivable. Revenue from advisory and training services is recognized as the services are provided.

Costs and expenses

Software costs consist mainly by salaries of consulting, support, and includes costs of acquisition of databases and the price of licenses paid to third parties, for resold software, as well depreciation and amortization of assets related to the software costs.

Expenses with research and development incurred by the software development area, related to new software versions and upgrades of existing software, that do not meet the capitalization criteria, are recognized as expenses, for the year in which they are incurred and stated separately from selling and marketing expenses, administrative expenses and other expenses in the operating expenses's group.

i) Taxation

Sales taxes

Revenues from sales and services are subject to the following taxes and contributions at the following basic rates:

- Contribution tax on Gross Revenue for Social Integration Program (PIS) 0.65% and 1.65%;
- Contribution tax on Gross Revenue for Social Security Financing (COFINS) 3.0% and 7.6%;
- Service Tax (ISS) between 2% and 5%;
- Pension Contribution on Gross Income (CPRB) of 4.5% (i); and
- State value-added tax (ICMS) between 4% and 12%.

(i) On September 16, 2024, was published the Federal Law nº 14.973/ 2024, foreseeing the maintenance of payroll tax relief until December 31, 2024 with collection of CPRB in replacement to the Employer's Social Security Contribution (CPP). On the other hand, in the period from 2025 to 2027, will occur the gradual transition of the payroll re-taxation, with gradually reduction of CPRB tax rate, until its extinction in 2028. Consequently, there will be gradual increase of the CPP tax rate.

These charges are accounted for as sales deductions in the statement of profit or loss.

Income and social contribution taxes – current and deferred

The taxation on income includes Income Tax and Social Contribution, which stand at the nominal rate of 34% on taxable profit, recognized using the accrual basis of accounting. Income taxes are recognized in the statement of profit or loss, except if related to items directly recognized in shareholders' equity or comprehensive income. In this case, the tax is also recognized in shareholders' equity or comprehensive income.

Deferred tax assets and/or liabilities are recognized only in proportion to the expectation that future taxable income is available and against which temporary differences can be used.

j) Hyperinflationary economy in Argentina

The Company has subsidiaries in Argentina, a country with hyperinflationary economy and pursuant to IAS 29/ CPC 42, non-monetary assets and liabilities, shareholders' equity items and the statements of profit or loss of subsidiaries in Argentina, whose functional currency is the Argentine Peso, are being restated for the change in the general purchasing power of the functional currency, applying the Consumer Price Index (IPC) of the local market.

For the purposes of converting the foreign currency to a non-hyperinflationary economy such as the Real, the comparative amounts are presented as current year amounts in the financial statements for the prior year.

The effects of hyperinflation resulting from changes in the general purchasing power from January 1st, 2024 and 2023, were reported in the statements of profit or loss in a specific account for hyperinflation adjustment, in financial income (expenses). The effect in net losses for the year ended December 31, 2024 was R$8,717 (Net loss of R$11,437 as of December 31, 2023).

k) Share-based compensation plan

Executives, members of the Board of Directors and some employees of the Company and its subsidiaries receive compensation in the form of share-based payments, whereby employees render services in exchange for equity instruments (equity-settled transactions). The compensation expense of share-based payments to employees is based on the fair value of the award at the grant date using an appropriate valuation model, further details of which are given in note 24.

This cost is recognized as expenses with employee benefits together with the corresponding increase in shareholders' equity (in capital reserves), over the period in which the service is rendered and, when applicable, the performance conditions are fulfilled (acquisition period or vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the best estimate of the Company and its subsidiaries on the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for the period represents the changes in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest because non-market performance and/ or service conditions have not been met. When awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, since all other performance and/ or service conditions are satisfied.

When the terms of an equity-settled award are modified (due to changes in the plan, for instance), the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. When an award is canceled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

l) New standards in effect from January 01, 2024

Following we present revisions and amendments in certain standards, for annual periods beginning on January 01, 2024, which do not have significant impact in the Financial Statements from the Company and its subsidiaries:

- Amendments to IAS 1/ CPC 26 (R1) - Classification of liabilities as current or non-current/ Non-current liabilities with covenants;
- Amendments to IAS 7/ CPC 03 and IFRS 7/ CPC 40 - Supplier finance;
- Amendments to IFRS 16/ CPC 06 - Leases on sale and leaseback;
- IFRS S1/ CBPS 1 - General requirements for disclosure of sustainability-related financial information;
- IFRS S2/ CBPS 2 - Climate-related disclosures.

According to notice to the market released on December 23, 2024, in compliance with the provisions of Paragraph 2, Article 1 of CVM Resolution nº 193/23, TOTVS has opted to adopt the IFRS S1 and S2 standards within the mandatory timeframe established by the applicable regulation, i.e., on January 1, 2027, using the 2026 calendar year as the basis for the first report. The Company may reassess its strategy and consider anticipating the adoption of IFRS S1 and S2 standards for the report based on the 2025 calendar year, should more favorable conditions or strategic opportunities arise to justify such a decision.

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

m) New standards, amendments and interpretations to standards issued but not yet in force

The standards, amendments and interpretations of standards issued, but not yet in force until the issue of these financial statements, in which the Company and its subsidiaries do not expect significant impacts in the application of these amendments or do not apply, are shown below:

- Amendments to IAS 21/ CPC 02 - Lack of exchangeability;
- Amendments to IFRS 7/ CPC 40 and IFRS 9/ CPC 48 - Classification and measurement of financial instruments
- IFRS 7 e IFRS 9 - Contracts referencing nature-dependent electricity;
- Amendments to ICPC 09 - Individual, separated and consolidated financial statements and application of the equity-accounted investees method;
- IFRS 10/ IAS 28 - Sale or contribution in the form of assets between an investor and its associate or joint arrangements;
- IFRS 18 - Presentation and disclosure in financial statements;
- IFRS 19 - Subsidiaries without public accountability: disclosures;
- OCPC 10 - Carbon credits (tCO2e), emission permissions (allowances) and decarbonization credits (CBIO);
- Annual improvements to IFRS Accounting Standards - volume 11.

There are no other standards, amendments and interpretations for standards issued by the IASB and CPC but not effective, in Management's opinion, may have a significant impact in the individual and consolidated financial statements disclosed by the Company and its subsidiaries.

2.5 Reclassification of the individual and consolidated Financial Statements from the year ended on December 31, 2023

The Company, with the purpose of continuous improvement and to better reflect their operations, is correcting in the disclosure of its financial statements, the presentation of the costs from partners software, net of sales revenue, in the cases in which TOTVS represents as an intermediate (agent) in the transaction. This application is in accordance with CPC 47/ IFRS 15, and represents an immaterial error.

Therefore, in accordance with CPC 23/ IAS 8, the Company is presenting the impacts in the Statements of Profit or Loss and Statement of Value Added from individual and consolidated regarding to the year ended on December 31, 2023 and respectively note affected by the reclassification proceeded (note 27 - Gross sale revenue, note 28 - Costs and expenses by nature and note 25 – Operating segments). The reclassifications were realized as follows:

- Statements of Profit or Loss from the year ended on December 31, 2023:

	Individual			Consolidated		
	2023			2023		
	Published	Reclassification	Adjusted	Published	Reclassification	Adjusted
Net revenue	2,826,107	(50,172)	2,775,935	4,497,028	(56,585)	4,440,443
Cost of software	(906,919)	50,172	(856,747)	(1,361,034)	56,585	(1,304,449)
Gross profit	**1,919,188**	**-**	**1,919,188**	**3,135,994**	**-**	**3,135,994**

- Statements of Value Added from the year ended on December 31, 2023:

	Individual			Consolidated		
	2023			2023		
	Published	Reclassification	Adjusted	Published	Reclassification	Adjusted
1 – REVENUES	**3,176,428**	**(50,172)**	**3,126,256**	**5,035,433**	**(56,585)**	**4,978,848**
Revenues of contract with customer	3,188,753	(50,172)	3,138,581	5,045,690	(56,585)	4,989,105
Other revenue	6,751	-	6,751	26,137	-	26,137
Impairment loss on trade and other receivables (recording)	(19,076)	-	(19,076)	(36,394)	-	(36,394)
2 - RAW MATERIALS ACQUIRED FROM THIRD-PARTIES (includes ICMS and IPI taxes)	**(701,738)**	**50,172**	**(651,566)**	**(1,139,941)**	**56,585**	**(1,083,356)**
Cost of goods and services sold	(155,144)	50,172	(104,972)	(179,209)	56,585	(122,624)
Materials, energy, outsourced services	(774,363)	-	(774,363)	(1,171,335)	-	(1,171,335)
Loss/ Recovery of active amounts	-	-	-	(17,166)	-	(17,166)
Other	227,769	-	227,769	227,769	-	227,769
3 - GROSS VALUE ADDED (1+2)	**2,474,690**	**-**	**2,474,690**	**3,895,492**	**-**	**3,895,492**

The individual and consolidated financial statements were approved on February 06, 2024.

These reclassifications do not impact the Statement of Financial Position, Statements of Comprehensive Income, Statements of Change in Shareholders' Equity and Statement of Cash Flows.

3. Significant accounting judgments, estimates and assumptions

The preparation of individual and consolidated financial statements requires the use of certain critical accounting estimates and the exercise of judgment by Company Management in applying the accounting policies of TOTVS S.A. and its subsidiaries.

3.1 Judgments

In the process of applying consolidated accounting policies, Management made the following judgements that could have a significant effect on the amounts recognized in the individual and consolidated financial statements:

(i) Revenue recognition: judgments in identifying the performance obligations for sales of software, which include licensing fees, monthly software services and implementation/ customization services, that can have significant effects while recognizing revenue from contracts with customers. The Company and its subsidiaries have concluded that such performance obligations are distinct as they are sold separately, furthermore, the implementation and customization services are offered by other suppliers.

(ii) Lease term: the Company and its subsidiaries determines the lease term as the non-cancelable contractual term, together with the periods included in a possible option for renewal as this renewal is assessed as reasonably likely to occur and with periods covered by a contract rescission option as it can also be determined as reasonably likely to occur.

3.2 Estimates and assumptions

The estimates and assumptions that represent a significant risk and which need a greater level of judgment and complexity for the financial statements of the Company and its subsidiaries are:

(i) Impairment loss on trade and other receivables - the Company and its subsidiaries use a provision matrix based on the historical loss rates observed by the Company and its subsidiaries to calculate the impairment loss on trade and other receivables. The evaluation of the correlation between the observed historical loss rates, the projected economic conditions and the expected credit losses represents a significant estimate. The volume of impairment loss on trade and other receivables is sensitive to changes in the predicted economic conditions and circumstances. The Company and its subsidiaries' historical experience of credit loss and the projection of economic conditions may also not represent the customer's real situation in the future. Information on expected credit losses on accounts receivables is described in note 7.

(ii) Recoverable amount of tangible and intangible assets, including goodwill – an impairment loss exists when the book value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher between the net fair value of selling expenses and the value in use. The main assumptions used to determine the recoverable amount of cash generating units, are detailed in note 14.2.

(iii) Fair value measurement of financial instruments – when the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. Contingent consideration, resulting from business combinations, is measured at fair value on the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently revalued at fair value at each reporting date. The fair value is based on the discounted cash flow. The main assumptions consider the probability of reaching each objective and the discount factor (see note 19 for more details).

(iv) Deferred taxes – deferred tax assets are recognized for all tax losses not used to the extent that it is probable that there is taxable income available to allow the use of said losses. Significant judgment from Management is required to determine the value of the deferred tax asset that may be recognized, based on the probable period and level of future taxable income, coupled with future tax planning strategies. For more details, see note 9.3.

(v) Provision for contingencies – the evaluation of probability of loss includes assessing the available evidence, hierarchy of laws, available case law, the most recent court rulings and their relevance in the legal system, as well as the opinion of external counsel. Provisions are reviewed and adjusted to account for changes in circumstances, such as applicable limitation periods, conclusion of tax audits or additional exposures identified based on new matters or court rulings. Further details in note 20.

(vi) Non-recurrent revenue – the recognition of revenue from software implementation and customization services requires the use of estimates to projection the total costs required to comply with the contractual performance obligation with the client. The Company and its subsidiaries periodically reassess these estimates and re-plan the contractual margins whenever necessary.

Settlement of the transactions involving these estimates could result in amounts that differ significantly from those recorded in the financial statements due to uncertainties inherent in the estimate process. The Company and its subsidiaries review their estimates at least annually.

More information on the estimates and assumptions used in the items mentioned above is provided in the respective notes.

4. Business combination

The acquisitions of the Company and its subsidiaries reinforce the software strategy to develop an ecosystem represented by three business units: (i) Management - ERP, HR systems, vertical solutions and specialized systems which serves 12 sectors of the economy; (ii) RD Station - solutions focused on increasing the sales, competitiveness and customer performance, through digital marketing platform, sales/ digital commerce and customer experience; e (iii) Techfin - offers credit solutions, payments and personalized financial services, bringing profitability and liquidity for companies.

4.1 Business combination concluded in 2024 and 2023

Lexos acquisition

On May 15, 2023, the Company celebrated a Sale and Purchase Agreement for the acquisition of 100% of Capital from Lexos Soluções em Tecnologia Ltda., by the subsidiary TOTVS Large. The paid amount in cash, including the price adjustment was in the amount of R$9,479. In addition, the agreement provides the payment of complementary purchase price, subject to the achievement of targets established for Lexos related to the years of 2024 and 2025 and the fulfillment of other conditions.

Lexos develops solutions focused on the integration of physical and virtual retail, marketplaces and e-commerce, facilitating multichannel sales, and helping customers to scale its sales in the main marketplaces in Brazil.

Exact acquisition

On June 5, 2023, the Company celebrated Sale and Purchase Agreement for the acquisition of 100% of shares of Share Capital from Exact Desenvolvimento e Programação de Software S.A., by the subsidiary RD Station. The paid amount in cash, including the price adjustment was in the amount of R$33,618. In addition, the agreement provides the payment of complementary purchase price, subject to the fulfillment of some conditions.

Exact Sales, a leading company in the Sales Engagement segment, offers solutions aimed at prospecting and qualifying companies' potential customers (prospects).

TRS acquisition

On July 3, 2023, the Company celebrated Sale and Purchase Agreement for the acquisition of 100% of shares of Share Capital from the franchise TRS Gestão e Tecnologia S.A., by the subsidiary TTS by the total amount of R$78,834, being the amount paid in cash, including the price adjustment, in the amount of R$58,246.

With this move, TOTVS now has a direct action in Brazil's South Region which allows it to accelerate the capture of the great economic potential of this region and to support the franchises' operation in neighboring territories. On February 1st, 2024, TRS was incorporated according to note 2.3.

IP acquisition

On October 30, 2023 the subsidiary TTS, entered into an Agreement for the Sale and Purchase to acquire 100% of social capital of IP São Paulo Sistemas de Gestão Empresarial Ltda. franchise. The amount paid in cash, including price adjustment was R$139,613, including the withheld amount of R$7,000 for eventual indemnities.

The closing of the acquisition was concluded on January 31, 2024 after the approval of the Administrative Council for Economic Defense (CADE), as well as the checking of other usual conditions for this type of operation.

On July 1st, 2024, IP SP was merged by the direct subsidiary TTS, for the net assets of R$13,604, in which were evaluated by experts who issued the evaluation report of the Shareholders' equity in the base date on May 31, 2024. The variations in the accounts occurred after the base date until the data of effective merger were absorbed by the TTS.

Quiver acquisition

On February 1, 2024, the subsidiary Dimensa, entered into an Agreement for the Sale and Purchase to acquire 100% of the social capital of Quiver Desenvolvimento e Tecnologia Ltda.. The amount paid in cash was R$113,083, which includes the withheld amount of R$15,000 for eventual indemnities. In addition, the agreement provides the payment of complementary purchase price, subject to the fulfillment of some conditions.

In the market since 1992, Quiver serves insurance companies, brokers and banks for policy sales and management. Its portfolio is divided into software for insurance and benefits brokers, calculation solutions and data sales.

Ahgora acquisition

On November 30, 2023 the subsidiary TTS, entered into an Agreement for the Sale and Purchase to acquire 100% of the shares of Ahgora HCM S.A. and quotas of Webtraining Ltda. ("Webtraining" and jointly with HCM, "Ahgora"). The amount paid in cash was R$372,000, which includes the withheld amount of R$10,000 for eventual indemnities.

The closing of this transaction depended on the approval from competition authorities, the conclusion of the corporate reorganization and the verification of other usual conditions for this type of transaction and were concluded on March 28, 2024.

With Ahgora's software operation, TOTVS reinforces its position as a platform for HR in the Management business unit.

On October 31, 2024, Ahgora and its subsidiary Webtraining were merged by the direct subsidiary TTS for the net assets of R$19,117 and R$3,516, respectively. These companies were evaluated by experts who issued the evaluation report of the Shareholders' equity in the base date on September 30, 2024. The variations in the accounts occurred after the base date until the data of effective merger were absorbed by the TTS.

Varejonline acquisition

On November 6, 2024, the subsidiary TOTVS Gestão, entered into an Agreement for the Sale and Purchase of Shares to acquire 100% of the social capital of Varejonline Tecnologia e Informática S.A., in the amount of R$47,000, including the withheld amount of R$7,000 for eventual indemnities. In addition, the agreement provides the payment of complementary purchase price, subject to the fulfillment of some conditions.

The closing of the acquisition was concluded on December 30, 2024, after the approval of the Administrative Council for Economic Defense (CADE) and other precedent conditions.

With Varejonline, TOTVS takes another step in building a complete “Retail Suite”, with a focus on transforming retail management through the integration of innovative technologies.

Follow a summary of the fair value at the acquisition date of the transferred consideration presented above:

		Acquired companies in 2024				
In thousands of Reais	**Note**	**IP**	**Quiver**	**Ahgora**	**Varejonline**	**Total**
Cash payment		127,800	98,083	362,000	40,000	**627,883**
Contingent consideration	19	-	11,384	-	6,015	**17,399**
Amount withheld	19	7,000	15,000	10,000	7,000	**39,000**
Price adjustment		4,813	-	11,376	2,000	**18,189**
Total consideration		**139,613**	**124,467**	**383,376**	**55,015**	**702,471**

		Companies acquired in 2023			
In thousands of reais	**Note**	**Lexos**	**Exact**	**TRS**	**Total**
Cash payment		8,704	31,482	55,490	95,676
Contingent consideration	19	9,066	36,250	-	45,316
Amount withheld	19	2,000	4,500	20,844	27,344
Price adjustment		775	2,136	2,756	5,667
Total consideration		**20,545**	**74,368**	**79,090**	**174,003**

	Acquired companies in 2024				
Acquisition cash flow analysis	**IP**	**Quiver**	**Ahgora**	**Varejonline**	**Total**
Amount paid in cash	139,613	113,083	372,000	47,000	**671,696**
Net (cash) acquired from subsidiary	(9,636)	(2,846)	(28,640)	(8,130)	**(49,252)**
Acquisition net cash flow	**129,977**	**110,237**	**343,360**	**38,870**	**622,444**

	Companies acquired in 2023			
Acquisition cash flow analysis	**Lexos**	**Exact**	**TRS**	**Total**
Cash paid amount	9,479	33,618	58,246	101,343
Net (cash)/ debt acquired from subsidiary	21	(1,458)	(11,039)	(12,476)
Acquisition net cash flow	**9,500**	**32,160**	**47,207**	**88,867**

Identifiable intangible assets acquired and Goodwill

The following is the information related to identified assets acquired and preliminary liabilities assumed at fair value, goodwill and cost of the interest held that affected the consolidated financial statements position as at December 31, 2024:

	Companies acquired in 2024				
Preliminary fair value	**IP**	**Quiver**	**Ahgora**	**Varejonline**	**Total**
At acquisitions date	*01/31/2024*	*02/1/2024*	*03/28/2024*	*12/30/2024*	
Current assets	**22,736**	**6,369**	**39,064**	**9,637**	**77,806**
Cash and cash equivalents	9,636	2,846	28,640	8,130	49,252
Trade accounts and other receivable	8,005	2,299	8,613	1,167	20,084
Other current assets	5,095	1,224	1,811	340	8,470
Non-current assets	**83,173**	**74,525**	**77,249**	**7,356**	**242,303**
Property, plant and equipment	-	983	3,285	572	4,840
Software	-	15,594	41,911	4,921	62,426
R&D	-	-	-	423	423
Client portfolio	70,397	51,934	29,563	-	151,894
Trademark	-	-	1,093	442	1,535
Non-compete	268	-	261	998	1,527
Goodwill	8,317	6,014	-	-	14,331
Other non-current assets	4,191	-	1,136	-	5,327
Current liabilities	**30,160**	**10,474**	**27,574**	**1,582**	**69,790**
Labor liabilities	8,882	3,963	10,345	979	24,169
Other liabilities	21,278	6,511	17,229	603	45,621
Non-current liabilities	**408**	**1,337**	**3,547**	**-**	**5,292**
Net assets and liabilities	**75,341**	**69,083**	**85,192**	**15,411**	**245,027**
Cash payment	127,800	98,083	362,000	40,000	627,883
Short-term portion	4,813	-	11,376	2,000	18,189
Long-term portion (i)	7,000	26,384	10,000	13,015	56,399
Goodwill	**64,272**	**55,384**	**298,184**	**39,604**	**457,444**

Preliminary fair value	Companies acquired in 2023			
	Lexos	**Exact**	**TRS**	**Total**
At acquisitions date	*05/15/2023*	*06/5/2023*	*07/3/2023*	
Current assets	**155**	**3,172**	**17,326**	**20,653**
Cash and cash equivalents	(21)	1,458	11,039	12,476
Trade accounts and other receivable	165	1,159	5,492	6,816
Other current assets	11	555	795	1,361
Non-current assets	**4,426**	**19,229**	**22,603**	**46,258**
Property, plant and equipment	53	1,327	595	1,975
Software	2,496	17,818	86	20,400
Client portfolio	865	-	18,309	19,174
Trademark	211	-	-	211
Non-compete	801	-	82	883
Other non-current assets	-	84	3,531	3,615
Current liabilities	**3,116**	**6,510**	**13,667**	**23,293**
Labor liabilities	519	3,186	8,600	12,305
Other liabilities	2,597	3,324	5,067	10,988
Non-current liabilities	**-**	**11,359**	**2,618**	**13,977**
Net assets and liabilities	**1,465**	**4,532**	**23,644**	**29,641**
Cash payment	9,479	33,618	58,246	101,343
Long-term portion (i)	11,066	40,750	20,844	72,660
Goodwill	**19,080**	**69,836**	**55,446**	**144,362**

(i) Long-term installments were recorded at present value at acquisition date.

The assets and liabilities presented at fair value presented from the acquired Quiver, Ahgora and Varejonline are preliminary and if new information obtained within a period of one year from the acquisition date about facts and circumstances that existed on the acquisition date and indicate adjustments in the amounts mentioned like: intangible assets, respective goodwill and assumed liabilities, or any additional provision that existed at the acquisition date, the acquisition accounting will be revised, as provided in CPC 15/ IFRS 3.

The goodwill calculated in 2024 totaling R$457,444, allocated in the Management business unit and comprises the value of future economic benefits of synergies arising from the acquisition and aligned with the strategy of the Company and its subsidiaries.

Contingent considerations were recorded at fair value on the acquisition date and are presented in note 19.

In the individual and consolidated financial statements, from the year ended on December 31, 2024, the acquired company IP (merged on July 1st, 2024, in accordance with note 4), Quiver and Ahgora contributed with a net consolidated revenue from services and sales of R$133,985 and consolidated net profit of R$13,311, considering the period after each acquisition date mentioned above.

If the acquisition, including Varejonline acquisition had taken place on January 01, 2024, the Management estimates that the consolidated net revenue from services and sales would have been R$174,711 and net loss of R$325.

The transaction cost involving the acquisitions of these companies for the year ended December 31, 2024 was R$3,060, recognized in profit or loss as general and administrative expenses.

5. Financial instruments and sensitivity analysis of financial assets and liabilities

The Company and its subsidiaries evaluated their financial assets and liabilities based on market values using the information available and the appropriate valuation methodologies.

5.1. Financial instruments by category

The follow table compares the financial instruments of the Company and its subsidiaries by class, as presented in the financial statements:

Consolidated	Note	Classification by category	2024	2023
Cash and cash equivalents	6	Fair Value through profit or loss	1,900,270	3,099,642
Cash and cash equivalents	6	Amortized cost	41,892	29,520
Escrow account	19	Amortized cost	202,819	129,934
Trade accounts and other receivable	7	Amortized cost	577,124	555,024
Franchises loan	11	Amortized cost	16,806	13,855
Receivables for investments sold	11	Amortized cost	-	22,788
Investments at fair value	5.2	Fair Value through profit or loss	179,830	127,483
Financial Instruments assets			**2,918,741**	**3,978,246**
Loans (i)	17	Amortized cost	-	32,083
Debentures	18	Amortized cost	1,535,131	1,546,703
Trade accounts and other payable (ii)		Amortized cost	282,319	219,657
Accounts payable from acquisition of subsidiaries	19	Fair Value through profit or loss	106,517	543,358
Accounts payable from acquisition of subsidiaries	19	Amortized cost	237,391	150,580
Call option of non-controlling interests (iii)	21	Fair Value through profit or loss	444,771	412,655
Other liabilities		Amortized cost	21,008	32,344
Financial liabilities			**2,627,137**	**2,937,380**

(i) Leases are not included in accordance with CPC 06 (R2)/ IFRS 16;
(ii) Includes “Trade and other payables”, “Commissions payable” and “ dividends payable”;
(iii) Represents the call option as a result of the transaction involving B3.

The fair value of financial assets and liabilities is included in the amount for which the instrument could be exchanged in a transaction between willing parties rather than in a forced sale or settlement. The methods and assumptions below were used to estimate fair value:

- Escrow accounts, trade and other receivables, trade and other payables and other short-term liabilities approximate their respective carrying amounts mainly due to the short-term maturities of these instruments.

- Financial assets at fair value not traded in an active market are estimated using a valuation technique, such as discounted cash flow or multiple revenues, considering the reasonableness of the range of values indicated thereby (note 5.2).

- Loans and debentures are initially recognized at fair value, net of costs incurred in the transaction and are subsequently, stated at amortized cost. The values recognized in the statement of financial position of loans and debentures do not differ significantly from their fair values.

- Accounts payable from acquisition of subsidiaries, includes contingent payments relating to business combinations and their fair value is estimated based on the performance of operations applied to the multiples defined in the contract (note 19).

5.2. Investments at fair value

We present, the composition of investments at fair value and respective balances on December 31, 2024 and December 31, 2023:

	Individual		Consolidated	
	2024	2023	2024	2023
CV Idexo Fundo de Investimento	85,508	43,051	85,508	43,051
GoodData	-	-	94,298	84,408
Other	-	-	24	24
Total	**85,508**	**43,051**	**179,830**	**127,483**

These investments are private companies which do not have a quoted market price in an active market. The fair value of these investments is measured by commonly used market valuation techniques, such as discounted cash flows or multiples, considering the reasonableness of the estimated range of values. The fair value measurement is the mid-point within the range that best represents the respective fair value.

Follow the detail of each group:

a) CV Idexo Fundo de Investimento em Participações

On March 08, 2022 was constituted the CV Idexo Fundo de Investimento em Participações Multiestratégia Investimento no Exterior, a Corporate Venture Capital (CVC), whose purpose is to invest in startups with high potential of growth and innovation. The Company majority shareholder from the Fund, in which, is managed by an independent manager.

b) GoodData

TOTVS´ investments in startups are made within a medium-term strategy, with output planned for when the expected financial returns are achieved, and are recognized as financial instruments. Furthermore, this investment is composed by shares with liquidation preference. The fair value of this investment generated an expense of R$11,012 in the consolidated profit or loss in 2024 in the rubric “Other operating income/ expenses” (see note 28).

5.3. Sensitivity analysis of financial assets and liabilities

The financial instruments of the Company and its subsidiaries are represented by trade and other receivables, trade and other payables, loans and debentures, which are recorded at cost plus income or charges incurred or at fair value, where applicable, as at December 31, 2024 and December 31, 2023.

The main risks related to the operations of the Company and its subsidiaries are linked to the variation of Brazilian Interbank Deposit Floating Rate (CDI).

a) Financial assets

In order to check the sensitivity of the index in the short-term investments to which the Company and its subsidiaries are exposed to risk in interest rate movement as of December 31, 2024, three different scenarios were defined. Based on projections disclosed by financial institutions, the average rate for CDI is 10.83% p.a., which was defined as a probable scenario (scenario I). Based thereon, variations of 25% (scenario II) and 50% (scenario III) were calculated.

For each of these scenarios the "gross finance income" was estimated, with taxes on investment returns not included. The reference date for the portfolio was December 31, 2024, with a one-year projection to check the sensitivity of CDI to each scenario.

Operation	Note	Balances at 2024	Risk	Probable Scenario I	Scenario II	Scenario III
Consolidated financial investments	6	1,920,877	Reduction CDI	10.83%	8.12%	5.42%
Estimated finance income				**208,031**	**155,975**	**104,112**

b) Financial liabilities

To evaluate the sensitivity of the indexes to which the Company and its subsidiaries are exposed when estimating the debts as at December 31, 2024, three different scenarios were created. Based on CDI rates in force on this date, the most probable scenario (scenario I) was determined for 2024 and, from this, variations of 25% (scenario II) and 50% (scenario III) were calculated.

For each scenario, the gross financial expense was calculated, without the related tax impacts and the maturity flow of each contract scheduled for 2024. The reference date used for the debentures was December 31, 2024, projecting the rates for one year and checking their sensitivity in each scenario.

Operation	Note	Balances at 2024	Risk	Probable Scenario I	Scenario II	Scenario III
			Increase CDI	10.83%	13.54%	16.25%
Debentures	18	1,535,131		166,255	207,857	249,459
Estimated finance expense				**166,255**	**207,857**	**249,459**

5.4. Changes in liabilities from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were or will be classified in the individual and consolidated statements of cash flows as cash flows from financing activities.

The following is a breakdown of liabilities arising from financing activities for the year ended on December 31, 2024 and 2023:

					Non-cash items			
Consolidated	**Note**	**2023**	**Payments of principal and interests (i)**	**Proceeds (ii)**	**Addition/ Remeasurement (Write off)**	**Interest incurred**	**Acquisition of subsidiary**	**2024**
Loans	17	32,083	(40,372)	-	-	(31)	8,320	-
Leases	17	165,281	(68,726)	-	20,314	8,685	864	126,418
Debentures	18	1,546,703	(1,675,073)	1,474,982	-	183,118	5,401	1,535,131
Dividends and Interest on shareholders' equity payable	23	1,781	(265,352)	-	264,793	-	-	1,222
Total		**1,745,848**	**(2,049,523)**	**1,474,982**	**285,107**	**191,772**	**14,585**	**1,662,771**

Consolidated	Note	2022	Payments of principal and interests (i)	Proceeds	Non-cash items			2023
					Addition/ (Write off)	Interest incurred	Acquisition of subsidiaries	
Loans	17	575	(11,042)	32,083	-	-	10,467	32,083
Leases	17	211,958	(69,441)	-	12,257	9,719	788	165,281
Debentures	18	1,547,009	(214,449)	-	-	214,143	-	1,546,703
Dividends and Interest on shareholders' equity payable	23	130,363	(412,163)	-	283,581	-	-	1,781
Total		**1,889,905**	**(707,095)**	**32,083**	**295,838**	**223,862**	**11,255**	**1,745,848**

(i) Includes interest paid allocated in the cash flow from operating activities;
(ii) The 5th issue debentures amount is present net of funding costs.

5.5. Financial risk management

The main financial risks to which the Company and its subsidiaries are exposed when conducting their activities are:

a. Liquidity Risk

The Company's and its subsidiaries' liquidity and cash flow are monitored daily by Company Management areas to ensure the generation of cash from operating activities and early fundraising, whenever necessary. The Company and its subsidiaries reinforces its commitment to resource management in order to maintain its schedule of commitments, not giving rise to liquidity risks for the Company and its subsidiaries.

The following table analyzes non-derivative financial liabilities of the Company and its subsidiaries, by maturity corresponding to the remaining period between the statement of financial position date and the contractual maturity date. The amounts disclosed in the table represent the contractual undiscounted cash flows.

	Consolidated			
	Less than one year (i)	Between one and two years (i)	Between two and five years (i)	More than 5 years
As at December 31, 2024				
Trade accounts and other payable	211,971	-	-	-
Loans and lease liabilities	63,744	48,449	21,639	3,228
Accounts payable from acquisition of subsidiaries	101,243	50,067	128,363	3,067
Debentures	67,889	-	750,000	750,000
Finance liabilities	-	-	444,771	-
Other liabilities	63,950	66,762	-	-
As at December 31, 2023				
Trade accounts and other payable	155,266	-	-	-
Loans and lease liabilities	98,344	58,247	54,320	430
Accounts payable from acquisition of subsidiaries	379,018	137,775	105,245	2,812
Debentures	58,394	750,000	750,000	-
Finance liabilities	-	-	412,655	-
Other liabilities	77,970	63,833	-	-

(i) As the amounts included in the table are the undiscounted cash flows, these amounts will not be reconcilable with the amounts disclosed in the balance sheet for loans, debentures and accounts payable from acquisition of subsidiaries.

Typically, the Company and its subsidiaries ensure that it have sufficient cash at sight to cover expected operating expenses, including the compliance with financial obligations; which excludes the potential impact of extreme situations that cannot be reasonably foreseen, such as natural disasters. The Company and its subsidiaries have access to a sufficient variety of funding sources, if necessary.

b. Credit risk

Credit risk is the risk that the counterparty in a deal will not fulfill an obligation set forth in a finance instrument or contract with a customer, which would cause a financial loss.

Regarding the credit risk associated with financial institutions, the Company and its subsidiaries distribute this exposure among financial institutions. Financial investments must be made in institutions whose risk rating is equal to or greater than the Sovereign Risk (Brazil Risk) assigned by the rating agencies Standard & Poor's, Moody's or Fitch, and in the case of investment in investment funds, the referred classification will be replaced by the classification "Investment Grade", attributed by ANBIMA, whose allocation of resources should be, exclusively, in public titles and/ or private credit bank, in this last case, limited to 15% of Shareholder's equity from the Fund. The amount allocated to each issuer, except Union/ Federal Government Bonds, cannot exceed 30% of the total balances in current accounts plus financial investments, and also not correspond to more than 5% of the shareholders' equity of the issuer or investment fund.

The exposure of the Company and its subsidiaries to credit risk is also influenced also by the individual characteristics of each customer. The Company and its subsidiaries establish a credit policy whereby every new customer has its credit capacity individually analyzed prior to the standard payment terms and conditions.

For the trade and other receivables from software operation of the Company, has a very diversified customer portfolio with low concentration level and establishes an estimate of the provision for losses that represents its estimate of losses incurred in relation to trade and other receivables. The main component of this allowance is specific and related to significant individual risks.

c. Market risk

Interest rate and inflation risk**:** interest rate risk arises from the portion of the debt and financial investments related to CDI, which can adversely affect the finance income or expenses in the event of unfavorable changes in the interest rate and inflation.

Exchange rate risk**:** this risk arises from the possibility of losses due to currency rate fluctuations that could increase the liabilities resulting from foreign currency purchase commitments or that could reduce the assets resulting from trade and other receivables in foreign currency.

Certain subsidiaries have international operations and are exposed to exchange risk arising from exposures in some currencies, such as the U.S. Dollar (USD), Argentinean Peso (ARS), Mexican Peso (MXN) , Chilean Peso (CLP) and Colombian Peso (COP).

The Company and its subsidiaries ensure that its net exposure is maintained at an acceptable level in accordance with the policies and limits defined by Management and economics and political factors in each of these companies, being the position In the year ended on December 31, 2024 and 2023, the assets exceeds to the negative balances from liabilities exposed, as follows:

2024						
Company	Trade and other payables	Cash and cash equivalents	Trade and other receivables	Other assets	Net exposure	Currency exposure
RJ Consultores México	(39)	1,804	1,915	88	3,768	Peso (MXN)
CMNet Participações	(24)	467	116	18	577	Peso CLP
TOTVS Hospitality Argentina	(129)	732	594	6	1,203	ARS
TOTVS S.A.	(101)	96	1,962	-	1,957	USD
TOTVS Large	-	-	29	-	29	USD
TOTVS México	(3,802)	3,110	7,113	737	7,158	Peso (MXN)
TOTVS Argentina	(4,687)	12,699	13,131	368	21,511	Peso (ARS)
TOTVS Colômbia	(1,731)	5,613	4,866	545	9,293	Peso (COP)
TOTVS Incorporation (Labs) (i)	(950)	389	522	94,326	94,287	USD
RD Station	(255)	-	-	-	(255)	USD
Feedz	-	-	8	-	8	USD
Total	**(11,718)**	**24,910**	**30,256**	**96,088**	**139,536**	

2023						
Company	Trade and other payables	Cash and cash equivalents	Trade and other receivables	Other assets (i)	Net exposure	Currency exposure
RJ Consultores México	(958)	583	2,811	94	2,530	Peso (MXN)
CMNet Participações	(25)	565	291	10	841	Peso CLP
TOTVS S.A.	(101)	91	1,920	-	1,910	USD
TOTVS Large	(299)	-	17	-	(282)	USD
TOTVS México	(3,738)	885	4,094	634	1,875	Peso (MXN)
TOTVS Argentina	(3,288)	5,758	6,387	235	9,092	Peso (ARS)
TOTVS Colômbia	(3,242)	4,423	4,424	815	6,420	Peso (COP)
TOTVS Incorporation (Labs) (i)	(226)	-	-	84,408	84,182	USD
RD Colômbia	-	406	-	-	406	Peso (COP)
RD Station	(110)	-	-	-	(110)	USD
Total	**(11,987)**	**12,711**	**19,944**	**86,196**	**106,864**	

(i) Includes in the column "Other assets" the amount of R$94,298 on December 31, 2024 (R$84,408 on December 31, 2023) regarding to financial investments described in note 5.2.

d. Derivatives

The Company and its subsidiaries did not maintain financial derivative transactions in the reported periods, except by the investment fund described in note 6.

5.6. Capital management

The capital management of the Company is intended to ensure a strong credit rating with institutions and an optimal capital ratio in order to drive the businesses of the Company and maximize value for shareholders.

The Company and its subsidiaries control its capital structure by adjusting and adapting to current economic conditions. To maintain this structure, the Company and its subsidiaries may pay dividends, repurchase shares, take out new loans and issue debentures.

The Company and its subsidiaries compose the net debt structure includes loans, debentures, and acquisition payable from subsidiaries, less the balance of cash and cash equivalents and escrow account.

	Note	Individual		Consolidated	
		2024	2023	2024	2023
Loans	17	-	32,083	-	32,083
Debentures	18	1,535,131	1,546,703	1,535,131	1,546,703
Accounts payable from acquisition of subsidiaries	19	7,643	7,004	343,908	693,938
(-) Cash and cash equivalents	6	(991,050)	(1,466,321)	(1,942,162)	(3,129,162)
(-) Escrow account	19	(7,554)	(6,915)	(202,819)	(129,934)
Net debt/ (cash)		**544,170**	**112,554**	**(265,942)**	**(986,372)**
Shareholders' equity		4,681,352	4,720,574	4,681,352	4,720,574
Non-controlling interests		-	-	305,769	292,097
Shareholders' equity and net debt		**5,225,522**	**4,833,128**	**4,721,179**	**4,026,299**

6. Cash and cash equivalents

Cash and cash equivalents are maintained for meeting short-term cash requirements and for strategic investment or other purposes of the Company and its subsidiaries, and are redeemable within 90 days from the date of the respective transaction and subject to a minimal risk of change of value.

	Individual		Consolidated	
	2024	2023	2024	2023
Cash and banks	343	487	21,285	13,421
Cash equivalents	**990,707**	**1,465,834**	**1,920,877**	**3,115,741**
Investment fund	979,827	1,465,834	1,900,270	3,099,642
CDB	10,880	-	19,762	4,077
Others	-	-	845	12,022
	991,050	**1,466,321**	**1,942,162**	**3,129,162**

The Company and its subsidiaries have financial investment policies, which establish that the investments focus on low risk securities and investments in top-tier financial institutions.

The Company and its subsidiaries concentrate its investments in an exclusive investment fund. The fund is composed of investment fund shares whose portfolio is made up of highly-liquid fixed-income assets. The eligible assets in the portfolio structure are mainly government debt securities, which present low credit risk and volatility. The investments of the Company and its subsidiaries are substantially remunerated by reference to the CDI variation, which averaged 100.28% of the CDI for the year ended on December 31, 2024 (93.99% as of December 31, 2023).

The following is the breakdown of the exclusive investment fund portfolio:

	2024	2023
Post interest		
Cash and CPR (i)	51.87%	59.10%
Private credit	5.46%	4.11%
Public titles	42.35%	36.66%
Derivatives	0.32%	0.11%
Pre interest		
Private credit	0.32%	0.13%
Derivatives	-0.32%	-0.11%
Total	**100.00%**	**100.00%**

(i) CPR: committed operation backed by public securities.

7. Trade accounts and other receivable

Trade accounts and other receivable amounts in the domestic and foreign market are as follows:

	Individual		Consolidated	
	2024	2023	2024	2023
Domestic market	410,663	418,536	623,000	603,083
Foreign market	1,962	1,920	16,474	14,144
Trade of domestic and foreign market	**412,625**	**420,456**	**639,474**	**617,227**
(-) Impairment loss on trade and other receivables	(36,613)	(41,772)	(62,350)	(62,203)
Total trade accounts and other receivable	**376,012**	**378,684**	**577,124**	**555,024**
Current assets	366,378	367,725	563,328	538,528
Non-current assets (i)	9,634	10,959	13,796	16,496

(i) Long-term trade accounts and other receivable refer basically to the sale of software licenses, software implementation and customization services, and are presented net of adjustment to present value.

Changes in the impairment loss on trade accounts and other receivable are as follows:

	Individual		Consolidated	
	2024	2023	2024	2023
Opening balance	**41,772**	**42,321**	**62,203**	**62,551**
Additional allowance	30,007	19,076	59,356	36,394
Write-off of impairment loss	(35,166)	(19,625)	(61,855)	(38,328)
Acquisition of subsidiaries	-	-	3,258	1,586
Write-off by alienation of company	-	-	(612)	-
Ending balance	**36,613**	**41,772**	**62,350**	**62,203**

7.1. Aging list of domestic and foreign market

Aging list of amounts trade accounts and other receivable at December 31, 2024 and 2023, are as follows:

	Individual		Consolidated	
	2024	**2023**	**2024**	**2023**
Falling due	277,607	308,074	417,839	450,898
Unbilled	64,505	45,133	103,317	69,035
Overdue				
1 to 30 days	20,039	13,285	32,939	20,499
31 to 60 days	7,381	5,857	11,912	9,112
61 to 90 days	4,856	4,239	9,810	6,482
91 to 180 days	9,315	7,176	16,297	11,890
181 to 360 days	12,149	10,969	22,032	15,467
More than 361 days	16,773	25,723	25,328	33,844
Gross trade and other receivables	**412,625**	**420,456**	**639,474**	**617,227**
(-) Impairment loss on trade and other receivables (i)	(36,613)	(41,772)	(62,350)	(62,203)
Net trade and other receivables	**376,012**	**378,684**	**577,124**	**555,024**

(i) The impairment loss on trade accounts and other receivable, is net of the write-off due to loss recorded against trade accounts and other receivable for R$35,166 (R$19,625 on December 31, 2023) for Individual and R$61,855 (R$38,328 on December 31, 2023) for consolidated.

Management believes that the risk related to technology trade accounts and other receivable in general is mitigated by the fact that the customer portfolio of the Company and its subsidiaries are diluted in quantity and also throughout various operating segments. In general, the Company and its subsidiaries do not require any guarantee on installment sales.

8. Recoverable taxes

The amounts of recoverable taxes for the year ended on December 31, 2024 and 2023 are as follows:

	Individual		Consolidated	
	2024	**2023**	**2024**	**2023**
Income tax to offset (i)	31,528	27,006	48,178	50,722
Social contribution tax to offset (i)	13,200	8,562	19,800	14,935
Others (ii)	9,424	8,737	15,541	22,181
	54,152	**44,305**	**83,519**	**87,838**
Current assets	54,152	44,305	83,519	87,838

(i) Refers to withholding income and social contribution tax credits in the current year and income and social contribution tax credits to offset from previous years, as well as payments of estimated taxes in the current year;
(ii) Contemplates extemporaneous credit of PIS and COFINS that have been offset over the respective periods.

9. Income taxes

Current and deferred income and social contribution taxes were recorded pursuant to the current rates in force. Deferred income and social contribution taxes are calculated on accumulated tax losses and social contribution negative basis, respectively, as well as temporary differences.

9.1. Reconciliation of income tax expenses

The reconciliation of expenses calculated by applying the income tax and social contribution rates is as follows:

	Individual		Consolidated	
	2024	2023	2024	2023
Income before taxes	**775,834**	**537,953**	**827,943**	**683,286**
Income tax and social contribution at combined nominal rate of 34%	(263,784)	(182,904)	(281,501)	(232,317)
Adjustments for the statement of effective rate				
Share of profit/ (losses) of equity-accounted investees	99,432	53,268	(534)	1,087
Law No. 11.196/05 (Incentive for research and development)	21,168	16,989	33,948	29,922
Interest on shareholders' equity	90,164	81,468	90,164	95,643
Effect of subsidiaries subject to special rates	-	-	(13,637)	(21,641)
Participation of administrators	(3,484)	(3,190)	(3,651)	(4,198)
Workers' Meal Program (PAT)	935	2,265	2,690	3,578
Constitution of deferred tax (i)	-	-	90,908	-
Others	(1,667)	1,202	(9,802)	(18,694)
Income tax and social contribution expense	**(57,236)**	**(30,902)**	**(91,415)**	**(146,620)**
Current income taxes	(50,844)	(50,440)	(191,786)	(171,067)
Deferred income taxes	(6,392)	19,538	100,371	24,447
Effective rate	**7.4%**	**5.7%**	**11.0%**	**21.5%**

(i) On September 30, 2024, after the merger of the subsidiary Tallos and update of deferred tax recoverability study over the next years from RD Station, the Company recorded the deferred income tax and social contribution balance on accumulated tax loss, social contribution negative base and temporary differences.

9.2. Breakdown of deferred income tax and social contribution

	Individual		Consolidated	
	2024	2023	2024	2023
Income tax losses	**-**	**-**	**68,149**	**10,208**
Deriving from temporary differences:				
Difference between tax and accounting bases of goodwill (i)	29,887	27,576	144,247	68,280
Tax benefit from goodwill amortization	(111,289)	(110,435)	(257,538)	(198,099)
Provision for commissions	11,618	18,290	15,677	21,163
Deferred income or revenues and/or to be invoice	1,457	4,166	6,868	12,497
Impairment loss on trade and other receivables	12,448	14,202	19,424	19,510
Provision for contingencies and other obligations	28,682	30,341	36,058	38,039
Provision for trade and other payables	28,775	26,417	37,074	34,189
Provision for share-based payments	46,665	46,033	57,493	53,173
Present value adjustment	380	376	58,419	42,984
Participation in profits and results	14,909	12,607	21,664	16,008
Others (ii)	17,979	18,137	32,236	20,827
Net deferred income tax and social contribution	**81,511**	**87,710**	**239,771**	**138,779**
Deferred tax assets	81,511	87,710	253,511	147,426
Deferred tax liabilities (iii)	-	-	13,740	8,647

(i) Contemplates deferred income tax and social contribution by the fiscal base difference from the subsidiary Tallos, merged by the, also, subsidiary RD Station;
(ii) Contemplates deferred income and social taxes of temporary differences from leases and others;
(iii) Included in "other liabilities" in the non-current liability.

The Company and its subsidiaries are presenting the deferred income tax and social contribution as net in the non-current asset or non-current liability by legal entity.

On December 31, 2024 there was a deferred tax asset of R$16,526 (R$16,141 on December 31, 2023) regarding to tax loss and negative basis of social contribution, in addition to temporary differences from the subsidiaries Exact and Lexos, which are not reflected in the Statement of Financial Position, given that these companies do not have a historical of taxable profits.
Changes in deferred income taxes are as follows:

	Individual		Consolidated	
	2024	**2023**	**2024**	**2023**
Opening balance	**87,710**	**68,455**	**138,779**	**118,425**
Expense in statement of profit or loss	(6,392)	19,538	100,371	24,447
Other comprehensive income	193	(282)	193	(282)
Acquisitions of subsidiary	-	-	472	-
Companies sold/ closed (i)	-	-	(250)	-
Others (ii)	-	(1)	206	(3,811)
Ending balance	**81,511**	**87,710**	**239,771**	**138,779**

(i) The amount is regarding VT Comércio, closed on April 30, 2024, in accordance with note 2.3.
(ii) On December 31, 2023 refers to the changes from the subsidiary in Argentina and utilization of tax credits for contingencies payments of the same nature.

9.3. Realization of deferred taxes

The deductible temporary differences and accumulated tax loss do not expire in accordance with current tax legislation. Deferred tax assets were recognized in relation to these items, as it is probable that future taxable profits will be available so that the Company and its subsidiaries can use the related benefits.

The use of the tax loss and negative base balances are limited to 30% of the taxable profit for the year in which it will be used.

10. Related party balances and transactions

Related-parties transactions are carried out under conditions and prices established by the parties, and balances between Individual and subsidiaries are eliminated for purposes of consolidation.

10.1. Trade and other receivables and payable with subsidiaries and joint arrangements

As of December 31, 2024 and 2023, the main balances of assets, liabilities, revenues and costs are as follows:

	2024					
Company	**Trade and other receivables**	**Other Assets (vi)**	**Trade and other payables**	**Other Liabilities**	**Revenues**	**Costs**
Subsidiaries						
IP (v)	-	-	-	-	112	9,559
Dimensa (i)	8	1,899	812	-	23,720	2,121
Exact	-	-	-	-	1	999
RD Station	456	-	31	-	2,143	1,091
Wealth Systems (ii)	-	-	-	-	168	68
RJ Consultores	218	-	82	-	2,571	370
Others	218	726	-	33	1,650	2,229
Total transactions with subsidiaries	**900**	**2,625**	**925**	**33**	**30,365**	**16,437**

Joint arrangements						
Techfin S.A. (iii)	-	5,050	-	-	17,536	-
Supplier (iv)	-	-	-	-	2,435	-
Total transactions with joint arrangements	**-**	**5,050**	**-**	**-**	**19,971**	**-**
Total	**900**	**7,675**	**925**	**33**	**50,336**	**16,437**

	2023					
Company	**Trade and other receivables**	**Other Assets (vi)**	**Trade and other payables**	**Other Liabilities**	**Revenues**	**Costs**
Subsidiaries						
TRS	17	-	2,170	-	34	12,264
Dimensa (i)	315	2,459	170	-	13,474	1,927
RD Station	35	2,190	54	-	943	1,104
Wealth Systems (ii)	-	-	-	-	2,099	1,019
TOTVS Large	23	-	42	-	269	534
RJ Consultores	-	-	-	-	2,049	184
Others	50	127	80	19	476	1,591
Total transactions with subsidiaries	**440**	**4,776**	**2,516**	**19**	**19,344**	**18,623**
Joint arrangements						
Techfin S.A. (iii)	-	3,787	-	-	2,605	97
Supplier (iv)	-	-	-	-	433	2,936
Total transactions with joint arrangements	**-**	**3,787**	**-**	**-**	**3,038**	**3,033**
Total	**440**	**8,563**	**2,516**	**19**	**22,382**	**21,656**

(i) Refers to contract of sharing costs and expenses and of partnership for commercialization of solutions from Dimensa;
(ii) Refer to partnership contract between Wealth Systems and TOTVS for the sale of CRM ("Customer Relationship Management") solutions;
(iii) Refer to contract for the sale of Techfin solutions and of sharing costs and expenses;
(iv) Refer to partnership contract between Supplier and TOTVS for the sale of Techfin solutions, software licenses and of sharing costs and expenses;
(v) Refer to the remnants commission amounts from IP and Neopenso acquisitions previous to the merger date as described in note 4;
(vi) "Other assets" refers to share-based compensation plans.

10.2. Transactions or relationships with shareholders and key Management personnel

		Individual		**Consolidated**	
Relationship company	**Classification**	**2024**	**2023**	**2024**	**2023**
VIP IV Empreendimentos e Participações (i)	Expense	1,632	1,573	1,632	1,573
GoodData Corporation (ii)	Expense	7,666	6,492	7,666	6,492
Instituto da Oportunidade Social (IOS) (iii)	Expense	4,918	5,380	8,466	8,121
Shipay Tecnologia S.A. (iv)	Expense	-	396	-	396
Mendelics Análise Genomica S.A.	Expense	167	-	167	-
Other revenues (v)	Revenue	161	179	192	223

(i) Property lease agreements with companies, in which some of the shareholders are key management members and also hold TOTVS shares, directly or indirectly. All lease agreements with related parties are subject to adjustments by reference to the IGP-M inflation rate, each 12 months.

(ii) Through its subsidiary TOTVS Inc., the Company holds a minority interest in the capital, and representative on the board of GoodData, which represents a related party from TOTVS Group, being this investment classified as fair value through profit or loss as note 5.2. On December 31, 2024, the current contracts are: (i) commercial partnership for distribution of GoodData solutions in the amount of R$7,311 (R$6,328 on December 31, 2023); and (ii) software licenses contract in the amount of R$355 (R$164 on December 31, 2023).

(iii) The Company focuses its strategic social investment on the Instituto da Oportunidade Social (IOS), being the main sponsor of the Institute, which also has the support of other partner companies and government partnerships.

(iv) Partnership contract between TOTVS S.A. and Shipay Tecnologia S.A. for commercialization of “TOTVS Pagamento Digital” solution.

(v) Contracts regarding to the software and cloud services of no representative amounts with related parties.

Some of the Company’s shareholders and key management personnel directly or indirectly hold 9.08% of the Company’s shares as of December 31, 2024 (8.84% as of December 31, 2023), being the indirect interest held through LC-EH Empreendimentos e Participações S.A..

10.3. Key management personal compensation

Expenses related to the Company's Managers and statutory officers’ compensation are summarized as follows:

	Individual and Consolidated	
	2024	**2023**
Management compensation		
Salaries, fees and payroll charges	16,689	15,221
Direct and Indirect benefits (i)	2,649	2,190
Variable bonus (ii)	16,829	11,401
Share-based payments (ii)	26,692	27,607
Total	**62,859**	**56,419**

(i) Includes depreciation expense for vehicles on loan by some Management members;
(ii) In 2024, includes the amount of R$2,182 due to partial re-taxation of payroll as described in note 2.4, item (i) Taxation.

11. Other assets

Breakdown of other assets at December 31, 2024 and 2023 are follows:

	Individual		Consolidated	
	2024	2023	2024	2023
Prepaid expenses (i)	188,945	112,965	200,272	121,002
Franchises loan (ii)	3,159	13,855	16,806	13,855
Advances to employees (iii)	22,812	19,205	39,776	31,939
Advances to suppliers	6,244	6,312	15,417	14,528
Dividends to receive	75,372	-	-	-
Receivables from investments disposed of (iv)	-	22,788	-	22,788
Other assets	881	638	4,826	2,182
Total	**297,413**	**175,763**	**277,097**	**206,294**
Current assets	198,864	113,063	160,575	137,595
Non-current assets	98,549	62,700	116,522	68,699

(i) Includes the amounts of taxes paid and renewals of contracts with suppliers referring to expenses that will be incurred during next years;
(ii) Franchise loans are adjusted monthly, most by Interbank Deposit Certificate (CDI);
(iii) Represents advances from vacations and other advances for employees;
(iv) On December 31, 2023, refers to the price adjustment in the TOTVS Techfin business combination, JV signed with Itaú, settled on March 5, 2024.

12. Equity-accounted investees

The investments of the Company and its subsidiaries are assessed under the equity method. Breakdown of equity-accounted investees in subsidiaries and joint arrangements is shown follow:

12.1. Equity-accounted investees in subsidiaries and joint arrangements

	Individual		Consolidated	
	2024	2023	2024	2023
Equity-accounted investees in subsidiaries and joint arrangements	4,625,802	4,329,259	321,796	323,367
Appreciation of assets	14,143	22,998	-	-
	4,639,945	**4,352,257**	**321,796**	**323,367**

12.2. Equity-accounted investees changes

Changes in equity-accounted investees for the year ended December 31, 2024 and 2023 were as follows:

	2023	Additions	Dividends (ii)	Equity pick-up: Equity pick-up	Equity pick-up: Amortization of PPA (iii)	Equity pick-up: Total	Foreign exchange/ Inflation (i)	Restructuring	2024
TOTVS Large	2,285,364	112,729	(38,901)	163,792	(8,855)	**154,937**	2,049	(54)	2,516,124
TOTVS Gestão	250,609	960	(102,147)	106,918	-	**106,918**	-	-	256,340
TOTVS Techfin	323,367	-	-	(1,571)	-	**(1,571)**	-	-	321,796
TTS	846,709	2,352	(10,653)	14,564	-	**14,564**	-	-	852,972
TOTVS Inc.	85,514	14,224	-	(26,218)	-	**(26,218)**	21,143	-	94,663
TOTVS Hospitality	49,415	-	(12,400)	12,340	-	**12,340**	682	660	50,697
VT Digital (iv)	5,424	-	(4,948)	(315)	-	**(315)**	-	(161)	-
TOTVS México	4,585	9,859	-	(4,221)	-	**(4,221)**	2,000	-	12,223
TOTVS Argentina	6,296	7,137	-	(6,272)	-	**(6,272)**	8,590	-	15,751
Dimensa	486,829	-	(7,097)	29,884	-	**29,884**	-	-	509,616
Eleve	7,747	2,546	(4,422)	3,892	-	**3,892**	-	-	9,763
TOTVS Hospitality Argentina	398	402	-	(347)	-	**(347)**	153	(606)	-
Total	**4,352,257**	**150,209**	**(180,568)**	**292,446**	**(8,855)**	**283,591**	**34,617**	**(161)**	**4,639,945**

	2022	Additions	Dividends (ii)	Equity pick-up: Equity pick-up	Equity pick-up: Amortization of PPA (iii)	Equity pick-up: Total	Foreign exchange/ Inflation (i)	Techfin business unit	2023
TOTVS Large	2,293,797	6,051	-	(5,719)	(8,855)	(14,574)	90	-	2,285,364
TOTVS Gestão	154,606	16,996	(16,283)	95,290	-	95,290	-	-	250,609
TOTVS Techfin	-	-	-	3,195	-	3,195	-	320,172	323,367
TTS	315,168	507,466	(6,216)	30,291	-	30,291	-	-	846,709
TOTVS Inc.	95,179	12,428	-	(15,654)	-	(15,654)	(6,439)	-	85,514
TOTVS Hospitality	47,232	-	(10,818)	13,001	-	13,001	-	-	49,415
VT Digital (iv)	6,093	-	(5,715)	5,046	-	5,046	-	-	5,424
TOTVS México	3,615	12,066	-	(10,900)	-	(10,900)	(196)	-	4,585
TOTVS Argentina	9,569	6,541	-	(8,154)	-	(8,154)	(1,660)	-	6,296
Dimensa	460,388	6,941	(29,858)	49,358	-	49,358	-	-	486,829
Eleve	6,613	312	(3,600)	4,422	-	4,422	-	-	7,747
CMNet Argentina	1,767	1,009	-	(3,505)	-	(3,505)	1,127	-	398
Total	**3,394,027**	**569,810**	**(72,490)**	**156,671**	**(8,855)**	**147,816**	**(7,078)**	**320,172**	**4,352,257**

(i) Includes the inflation adjustments of Argentine subsidiaries, in addition to the write-off for Profit or Loss of cumulative translation adjustment from TOTVS Hospitality Argentina in the amount of R$2,971, due to the change in shareholding control;
(ii) The dividends received are presented in the Statements of Cash Flows, on Cash Flow of investing;
(iii) The goodwill and intangibles balances in the value of R$14,143 (R$22,998 on December 31, 2023) from TOTVS Large are presented in the investment composition of the individual. The amortization in the years of 2024 and 2023 were R$8,855;
(iv) On April 30, 2024, VT Digital was closed.

12.3. Direct subsidiaries and joint arrangements information

	Summarized financial statements as at December 31, 2024				
	Assets	Liabilities	Shareholders' Equity	Net revenue	Profit or loss of the year
TOTVS Large	2,667,842	165,861	2,501,981	310,257	163,792
TOTVS Gestão	435,531	179,191	256,340	270,333	106,918
TOTVS Techfin	669,999	26,408	643,591	15,488	(3,142)
TTS	1,040,099	187,127	852,972	262,412	14,564
TOTVS Inc.	97,034	2,371	94,663	3,441	(26,218)
TOTVS Hospitality	81,371	13,316	68,055	76,013	16,581
VT Digital (ii)	-	-	-	266	(315)
TOTVS México	22,559	10,336	12,223	34,597	(4,221)
TOTVS Argentina	30,590	14,839	15,751	72,331	(6,272)
Dimensa	943,011	127,626	815,385	224,191	47,814
Eleve	11,474	1,711	9,763	11,731	3,892
TOTVS Hospitality Argentina (i)	-	-	-	431	(347)

	Summarized financial statements as at December 31, 2023				
	Assets	Liabilities	Shareholders' Equity	Net revenue	Profit or loss of the year
TOTVS Large	2,967,526	705,160	2,262,366	774,909	(5,719)
TOTVS Gestão	438,371	187,762	250,609	289,739	95,290
TOTVS Techfin	2,900,803	2,254,070	646,733	214,000	6,390
TTS	928,633	81,924	846,709	195,797	30,291
TOTVS Inc.	88,366	2,852	85,514	3,556	(15,654)
TOTVS Hospitality	80,983	14,384	66,599	78,476	17,521
VT Digital (ii)	5,904	480	5,424	7,471	5,046
TOTVS México	17,784	13,199	4,585	37,204	(10,900)
TOTVS Argentina	13,735	7,439	6,296	77,333	(8,154)
Dimensa	878,577	99,651	778,926	237,384	78,973
Eleve	9,820	2,073	7,747	13,172	4,422
CMNet Argentina	943	545	398	4,541	(3,505)

(i) On February 29, 2024, direct subsidiary TOTVS Hospitality Argentina became an indirect subsidiary;
(ii) On April 30, 2024, the Joint Operation VT Digital was closed.

13. Property, plant and equipment

Property, plant and equipment of the Company and its subsidiaries are booked at the acquisition cost and depreciation of assets is calculated according to the straight-line method, and takes into consideration the estimated useful economic life of assets. The property, plant and equipment of the Company is broken down as follow:

	Individual							
	Computers and electronic equipment	**Vehicles**	**Furniture and fixtures**	**Facilities machinery and equipment**	**Leasehold improvements**	**Rights of use (i)**	**Others**	**Total**
Cost								
Balances in 2022	**312,296**	**15,469**	**27,497**	**28,033**	**101,915**	**311,588**	**9,549**	**806,347**
Additions	91,247	6,937	356	742	3,062	20,224	2,702	125,270
Write-offs	(5,820)	(2,905)	(208)	(226)	(226)	(15,847)	(215)	(25,447)
Balances in 2023	**397,723**	**19,501**	**27,645**	**28,549**	**104,751**	**315,965**	**12,036**	**906,170**
Additions	86,177	12,362	296	290	90	7,034	1,768	108,017
Contract remeasurement (iv)	-	-	-	-	-	(5,250)	-	(5,250)
Transfers	149	-	(149)	164	(164)	-	-	-
Write-offs	(9,696)	(6,912)	(458)	(138)	(520)	(12,780)	(112)	(30,616)
Balances in 2024	**474,353**	**24,951**	**27,334**	**28,865**	**104,157**	**304,969**	**13,692**	**978,321**
Depreciation								
Balances in 2022	**(187,293)**	**(5,971)**	**(21,014)**	**(22,124)**	**(63,566)**	**(146,746)**	**(7,499)**	**(454,213)**
Depreciation for the year (iii)	(44,256)	(5,730)	(2,337)	(1,781)	(10,389)	(49,959)	(1,849)	(116,301)
Write-offs	5,358	2,211	464	357	226	13,780	202	22,598
Balances in 2023	**(226,191)**	**(9,490)**	**(22,887)**	**(23,548)**	**(73,729)**	**(182,925)**	**(9,146)**	**(547,916)**
Depreciation for the year (iii)	(59,542)	(6,874)	(1,697)	(1,671)	(10,635)	(46,916)	(2,224)	(129,559)
Transfers	(2)	-	2	-	-	-	-	-
Write-offs	9,174	5,806	437	137	520	10,927	64	27,065
Balances in 2024	**(276,561)**	**(10,558)**	**(24,145)**	**(25,082)**	**(83,844)**	**(218,914)**	**(11,306)**	**(650,410)**
Net amount								
Balances in 2024	**197,792**	**14,393**	**3,189**	**3,783**	**20,313**	**86,055**	**2,386**	**327,911**
Balances in 2023	**171,532**	**10,011**	**4,758**	**5,001**	**31,022**	**133,040**	**2,890**	**358,254**
Weighted average annual depreciation rate	19.67%	33.34%	13.06%	12.23%	13.82%	15.65%	48.78%	
Average useful life (years)	4 to 5	3	4 to 10	4 to 12	3 to 10	3 to 10	5	

	Consolidated							
	Computers and electronic equipment	Vehicles	Furniture and fixtures	Facilities machinery and equipment	Leasehold improvements	Rights of use (i)	Others	Total
Cost								
Balances in 2022	**350,671**	**19,810**	**35,834**	**33,731**	**131,376**	**367,713**	**10,766**	**949,901**
Additions	102,300	10,727	515	1,120	4,829	23,444	3,769	146,704
Additions due to business combination	1,734	-	897	196	1,040	1,099	-	4,966
Exchange variation (ii)	(1,830)	(210)	(184)	(60)	(598)	(874)	(95)	(3,851)
Transfers	(155)	(2)	157	-	-	-	-	-
Write-offs	(7,789)	(5,193)	(1,157)	(638)	(2,452)	(38,317)	(255)	(55,801)
Balances in 2023	**444,931**	**25,132**	**36,062**	**34,349**	**134,195**	**353,065**	**14,185**	**1,041,919**
Additions	98,078	16,017	994	923	1,640	23,826	2,222	143,700
Contract remeasurement (iv)	-	-	-	-	-	(902)	-	(902)
Additions due to business combination	3,297	40	965	408	2,709	4,862	275	12,556
Exchange variation (ii)	3,935	270	520	117	1,303	1,366	152	7,663
Transfers	649	-	(159)	(164)	(292)	-	(52)	(18)
Write-offs	(10,991)	(8,949)	(2,238)	(518)	(1,798)	(16,245)	(212)	(40,951)
Balances in 2024	**539,899**	**32,510**	**36,144**	**35,115**	**137,757**	**365,972**	**16,570**	**1,163,967**
Depreciation								
Balances in 2022	**(211,274)**	**(7,781)**	**(26,352)**	**(24,952)**	**(81,686)**	**(172,480)**	**(8,501)**	**(533,026)**
Depreciation for the year (iii)	(50,731)	(7,286)	(3,043)	(2,501)	(13,975)	(59,548)	(2,380)	(139,464)
Additions due to business combination	(1,211)	-	(591)	(83)	(795)	(311)	-	(2,991)
Exchange variation (ii)	2,239	350	569	49	595	537	131	4,470
Transfers	108	(7)	(5)	7	(91)	-	(12)	-
Write-offs	7,016	3,107	854	582	2,041	28,751	227	42,578
Balances in 2023	**(253,853)**	**(11,617)**	**(28,568)**	**(26,898)**	**(93,911)**	**(203,051)**	**(10,535)**	**(628,433)**
Depreciation for the year (iii)	(68,670)	(8,824)	(2,292)	(2,093)	(14,869)	(58,216)	(2,925)	(157,889)
Additions due to business combination	(1,928)	(41)	(471)	(213)	(852)	(4,102)	(109)	(7,716)
Exchange variation (ii)	(2,778)	(66)	(475)	(100)	(1,303)	(755)	(142)	(5,619)
Transfers	(39)	-	(58)	(10)	39	-	86	18
Write-offs	10,304	7,144	1,659	338	1,079	14,222	141	34,887
Balances in 2024	**(316,964)**	**(13,404)**	**(30,205)**	**(28,976)**	**(109,817)**	**(251,902)**	**(13,484)**	**(764,752)**
Net amount								
Balances in 2024	**222,935**	**19,106**	**5,939**	**6,139**	**27,940**	**114,070**	**3,086**	**399,215**
Balances in 2023	**191,078**	**13,515**	**7,494**	**7,451**	**40,284**	**150,014**	**3,650**	**413,486**
Weighted average annual depreciation rate	19.91%	33.04%	10.64%	10.68%	13.35%	15.77%	47.44%	
Average useful life (years)	4 to 5	3	4 to 10	4 to 12	3 to 10	3 to 10	5	

(i) The Company and its subsidiaries applied exceptions to the standard for short-term and low value contracts, recorded in lease expenses on December 31, 2024 in the amount of R$519 (R$1,790 on December 31, 2023) in Individual and R$8,013 (R$5,315 on December 31, 2023) in Consolidated;
(ii) Includes the inflation adjustments of Argentina subsidiaries;
(iii) Depreciation and amortization amounts in the Statements of Cash Flows and Statements of Value Added are presented net of PIS/ Cofins credits on depreciation of property, plant and equipment, in the value of R$4,608 (R$4,983 on December 31, 2023).

Annually, the Company and its subsidiaries evaluate indicators that may impact the estimated useful lives of its assets, being in the year ended on December 31, 2024 and 2023 there were no signs of significant changes.

Breakdown of right of use and lease liabilities for the year ended December 31, 2024 and 2023 are as follows:

	Consolidated		
	Right to use real estate	**Right of use computers and equipment**	**Total assets**
Balances in 2022	**190,645**	**4,588**	**195,233**
Contract remeasurement (iv)	8,426	15,018	23,444
Write-offs	(9,573)	7	(9,566)
Business combinations	788	-	788
Amortization	(52,464)	(7,084)	(59,548)
Interest incurred and exchange variation	(339)	2	(337)
Balances in 2023	**137,483**	**12,531**	**150,014**
Additions/ Contract remeasurement (iv)	15,688	7,236	22,924
Write-offs	(1,987)	(36)	(2,023)
Additions due to business combination	473	287	760
Amortization	(51,999)	(6,217)	(58,216)
Interest incurred and exchange variation	575	36	611
Balances in 2024	**100,233**	**13,837**	**114,070**

(iv) Contract remeasurement represents the annual update of the leases applied to the right of use real estate according to the indexes established in contracts.

14. Intangible assets

Intangible assets and changes in balances of this group are as follows:

	Individual						
	Software	Trademarks & patents (iv)	Customer portfolio	R&D (i)	Others (ii)	Goodwill	Total
Cost							
Balances in 2022	**451,615**	**67,841**	**283,418**	**46,012**	**19,786**	**292,873**	**1,161,545**
Additions	97,017	-	18,940	43,104	-	-	159,061
Write-offs	-	-	-	(3,238)	-	-	(3,238)
Balances in 2023	**548,632**	**67,841**	**302,358**	**85,878**	**19,786**	**292,873**	**1,317,368**
Additions	41,759	-	21,332	48,608	-	-	111,699
Write-offs	-	(1)	298	-	-	-	297
Balances in 2024	**590,391**	**67,840**	**323,988**	**134,486**	**19,786**	**292,873**	**1,429,364**
Amortization							
Balances in 2022	**(382,356)**	**(60,629)**	**(232,295)**	**(9,544)**	**(19,786)**	**-**	**(704,610)**
Amortization for the year	(41,424)	(2,521)	(17,235)	(11,989)	-	-	(73,169)
Write-offs	2	-	(1)	369	-	-	370
Balances in 2023	**(423,778)**	**(63,150)**	**(249,531)**	**(21,164)**	**(19,786)**	**-**	**(777,409)**
Amortization for the year	(43,957)	-	(22,710)	(11,645)	-	-	(78,312)
Write-offs	-	1	-	-	-	-	1
Balances in 2024	**(467,735)**	**(63,149)**	**(272,241)**	**(32,809)**	**(19,786)**	**-**	**(855,720)**
Net amount							
Balances in 2024	**122,656**	**4,691**	**51,747**	**101,677**	**-**	**292,873**	**573,644**
Balances in 2023	**124,854**	**4,691**	**52,827**	**64,714**	**-**	**292,873**	**539,959**
Weighted average annual amortization rate	23.79%	-	18.06%	20.09%	-	-	
Average useful life (years)	5 to 10	12.5 to 15	8 to 10	2 to 5	2 to 10	-	

	Consolidated						
	Software	Trademarks & patents (iv)	Customer portfolio	R&D (i)	Others (ii)	Goodwill	Total
Cost							
Balances in 2022	**770,310**	**142,297**	**595,436**	**65,747**	**81,221**	**2,836,657**	**4,491,668**
Additions	97,107	-	18,942	47,914	-	-	163,963
Additions due to business combination	15,415	220	21,503	-	883	130,850	168,871
Exchange variation (iii)	(99)	-	-	-	-	-	(99)
Write-offs	(7)	-	1	(3,238)	(6)	(15,102)	(18,352)
Balances in 2023	**882,726**	**142,517**	**635,882**	**110,423**	**82,098**	**2,952,405**	**4,806,051**
Additions	42,087	-	25,610	62,698	-	-	130,395
Additions due to business combination	64,973	1,535	153,872	726	1,527	471,775	694,408
Exchange variation (iii)	104	-	-	-	2	-	106
Write-offs	(772)	(345)	(9,088)	(6,193)	-	(42,385)	(58,783)
Balances in 2024	**989,118**	**143,707**	**806,276**	**167,654**	**83,627**	**3,381,795**	**5,572,177**
Amortization							
Balances in 2022	**(467,207)**	**(86,552)**	**(354,102)**	**(23,023)**	**(55,019)**	**-**	**(985,903)**
Amortization for the year	(75,413)	(9,087)	(47,981)	(13,314)	(2,525)	-	(148,320)
Additions due to business combination	(513)	-	(565)	-	-	-	(1,078)
Exchange variation (iii)	103	-	-	-	-	-	103
Write-offs	8	(2)	(1)	369	-	-	374
Balances in 2023	**(543,022)**	**(95,641)**	**(402,649)**	**(35,968)**	**(57,544)**	**-**	**(1,134,824)**
Amortization for the year	(82,354)	(5,819)	(65,700)	(14,262)	(4,853)	-	(172,988)
Additions due to business combination	(2,547)	-	(1,978)	(303)	-	-	(4,828)
Exchange variation (iii)	(207)	-	-	-	-	-	(207)
Write-offs	542	15	497	841	-	-	1,895
Balances in 2024	**(627,588)**	**(101,445)**	**(469,830)**	**(49,692)**	**(62,397)**	**-**	**(1,310,952)**
Net amount							
Balances in 2024	**361,530**	**42,262**	**336,446**	**117,962**	**21,230**	**3,381,795**	**4,261,225**
Balances in 2023	**339,704**	**46,876**	**233,233**	**74,455**	**24,554**	**2,952,405**	**3,671,227**
Weighted average annual amortization rate	13.26%	8.95%	11.88%	24.2%	19.97%	-	
Average useful life (years)	5 to 10	12.5 to 15	8 to 10	2 to 5	2 to 10		

(i) The development capitalization totaled R$62,698 during the year ended December 31, 2024 (R$47,914 on December 31, 2023), that majority, are related to the strategic plan of the Company and its subsidiaries. R&D amortization starts when development is completed and the asset is available for use or sale;
(ii) Includes, primarily, non-compete rights arising from the purchase price allocation from business combinations;
(iii) Includes the inflation adjustments of Argentina subsidiaries;
(iv) Over the year ended on December 31, 2024, the Company acquired customer portfolio from franchises in the amount of R$25,610 (R$18,942 on December 31, 2023), in which R$16,996 (R$11,192 on December 31, 2023) were paid in cash and the remainder was offset with balances of mutual between the parties.

Amortization of intangible assets is based on their estimated useful lives. Intangible assets identified, the amounts recognized, and useful lives of assets resulting from a business combination are premised on a technical study by an independent specialist firm.

14.1. Changes in goodwill

The breakdown of goodwill as of December 31, 2024 and 2023 are as follows:

	2022	Business combination	Impairment provision	2023	Business combination (ii)	(-) Write-off due to sale (i)	Impairment provision	2024
Feedz	92,328	(3,087)	-	89,241	-	-	-	89,241
IP (iii)	-	-	-	-	72,589	(11,766)	-	60,823
Ahgora (iii)	-	-	-	-	298,184	-	-	298,184
Quiver (iii)	-	-	-	-	61,398	-	-	61,398
Varejonline (iii)	-	-	-	-	39,604	-	-	39,604
Other goodwill	833,151	55,446	-	888,597	-	-	-	888,597
CGU Management	**925,479**	**52,359**	**-**	**977,838**	**471,775**	**(11,766)**	**-**	**1,437,847**
CGU Dimensa	**145,373**	**(12,206)**	**(15,102)**	**118,065**	**-**	**-**	**-**	**118,065**
CGU RD Station	**1,765,805**	**1,781**	**-**	**1,767,586**	**-**	**-**	**-**	**1,767,586**
CGU Lexos	**-**	**19,080**	**-**	**19,080**	**-**	**-**	**-**	**19,080**
CGU Exact	**-**	**69,836**	**-**	**69,836**	**-**	**-**	**(30,619)**	**39,217**
Total	**2,836,657**	**130,850**	**(15,102)**	**2,952,405**	**471,775**	**(11,766)**	**(30,619)**	**3,381,795**

(i) IP Sorocaba and Neopenso sale, in accordance with note 28 (iii);
(ii) In IP and Quiver, contemplate the goodwill from their subsidiaries, in accordance with the open balance presented in note 4;
(iii) Acquisitions from the year 2024 as mentioned in note 4.

14.2. Impairment of assets analysis

The Cash Generated Units (CGU) from TOTVS' Group are defined from the business vision in which the Management makes decisions, aligned with the vision of the smallest cash generated unit, considering the companies acquisitions over the year.

On December 31, 2024, the CGUs are defined for each business unit as follows:

For Management business unit:

- **CGU Management** - Software operation that comprehends TOTVS and its subsidiaries TOTVS Large, TTS, TOTVS Hospitality, TOTVS Gestão, Wealth System, Gesplan, Feedz and International Market operation (MI), composed by TOTVS Argentina and Mexico; which are software operations and with synergies of costs from back office and sales areas.

- **CGU Dimensa** - Dimensa subsidiary became a separated CGU from Management in 2023.

For RD Station business unit:

- **CGU RD** - includes RD Station operations and Tallos which was merged over the year.

- **CGU Lexos** - represents investment in the subsidiary Lexos, company focused on management, optimization and automation for commercial segment.

- **CGU Exact** - represents investment in the subsidiary Exact, company with solution focused on sales engagement.

For Techfin business unit:

- **CGU Techfin** - represents the investment controlled in joint arrangements in the credit operations through JV Techfin.

For impairment testing purposes, the premises adopted for future cash flow projections are based on the business plan of the Company and its subsidiaries, approved annually by Management, as well as on comparable market information, and represent Management's best estimates of the economic conditions that will exist during the useful life of these assets for different cash generating units. Future cash flows were discounted based on the representative rate of cost of capital.

Consistently with the economic valuation techniques, value in use is determined by a period of 5 to 10 years, of which for projection periods of longer than 5 years are justified by strong revenue growth in the first years of projections for these CGUs. From then on, considering the perpetuity of assumptions, in view of the ability to continue as a going concern for an indefinite period. Flow growth projections were made in nominal terms.

The main premise used in the estimate of value in use are:

• **Discount rate** – represents the assessment of risks in the current market, specific to each cash generating unit, considering the value of money over time and the individual risks of related assets that were not incorporated into the premise included in the cash flow model. Calculation of the discount rate is based on the specific circumstances of each CGU. Estimated future cash flows were discounted at a nominal rate between 13.52% p.a. (pre-tax) and 21.11% p.a. (pre-tax).

• **Perpetuity** – the growth rates used to extrapolate the projections was between 5,0% and 5.6%.

The impairment test of intangible assets and goodwill of the Company and its subsidiaries, performed annually, resulted in provision for loss (impairment) in the consolidated financial statements for companies acquired by the CGU Dimensa, in the amount of R$15,102 on December 31, 2023 and in the CGU Exact in the amount of R$30,619 on December 31, 2024, since the net book value of each cash generating unit was higher than the estimated recoverable amount.

15. Labor liabilities

On December 31, 2024 and 2023 the balances of salaries and charges payable are broken down as follows:

	Individual		Consolidated	
	2024	2023	2024	2023
Labor liabilities:				
Salaries payable	33,758	34,538	71,127	66,537
Vacation payable	106,590	96,140	191,489	161,185
Profit sharing and bonus	47,125	40,717	70,162	59,231
Withholding Income Tax (IRRF) payable	27,748	24,910	51,198	44,341
Actuarial liabilities due to health care plan and retirement benefits (i)	3,178	2,309	3,178	2,309
Others (ii)	5,866	9,817	8,963	12,312
	224,265	**208,431**	**396,117**	**345,915**
Payroll liabilities				
FGTS (Unemployment Compensation Fund) payable	8,201	7,577	15,275	14,099
INSS (Social Security Tax) payable (iii)	13,938	8,260	27,287	15,946
	22,139	**15,837**	**42,562**	**30,045**
Total	**246,404**	**224,268**	**438,679**	**375,960**

(i) Refers to the actuarial provision for the health care plan of the participants who contributed or still contribute with fixed installments to the plan costing and even salary allowance provided for in union agreements, which the beneficiaries will be entitled after retirement;
(ii) Includes union contribution and unapproved dispute provision;
(iii) Includes the Employer's Social Security Contribution (CPP) provision regarding partial re-taxation of payroll on vacation and salary provision as mentioned in the note 2.4 item (i).

16. Taxes and contributions liabilities

On December 31, 2024 and 2023 the balances of taxes and contributions liabilities are broken down as follows:

	Individual		Consolidated	
	2024	2023	2024	2023
Federal Social Security Tax on Gross Revenue (CPRB) (i)	23,928	21,617	32,787	28,543
Service Tax (ISS) payable	9,034	7,980	13,935	11,882
PIS and COFINS payable	44,224	36,720	59,298	49,080
IRPJ and CSLL payable	-	-	12,753	11,886
Withholding IR and CSLL	1,478	1,302	1,816	3,538
Other taxes	1,394	1,674	2,061	2,540
Total	**80,058**	**69,293**	**122,650**	**107,469**
Current liabilities	80,058	69,293	122,612	107,427
Non-current liabilities (ii)	-	-	38	42

(i) Social security contribution on gross revenue;
(ii) Correspond to the installment payment of federal taxes of the acquired and are inserted in the rubric “other liabilities” in statement of financial position.

17. Loans and lease liabilities

Loans are initially recognized at fair value, net of transaction costs incurred, and are shown at amortized cost. Any difference between the borrowed amounts (net of transaction costs) and the total amount payable is recognized in the statement of profit or loss during the period when the loans are due, using the effective interest rate method. Lease liability, at the commencement date, is measured at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease.

The loan and lease liabilities transactions are as follows:

	Annual financial charges	Individual 2024	Individual 2023	Consolidated 2024	Consolidated 2023
Leases	(i)	98,090	146,622	126,418	165,281
Guaranteed accounts and other	-	-	32,083	-	32,083
		98,090	**178,705**	**126,418**	**197,364**
Current liabilities		45,663	81,799	58,133	90,701
Non-current liabilities		52,427	96,906	68,285	106,663

(i) Weighted average nominal interest rate for the lease of real property right of use is 10.09% p.a. and 13.59% p.a. for the lease of the right to use electronic equipment.

Amounts recorded in non-current liabilities as at December 31, 2024 and 2023 have the following maturity schedule:

	Individual 2024	Individual 2023	Consolidated 2024	Consolidated 2023
2025	-	47,631	-	55,003
2026	40,340	41,198	46,069	43,360
2027	9,070	7,671	11,317	7,894
2028	2,017	406	3,954	406
2029	1,000	-	2,763	-
2030 onwards	-	-	4,182	-
Non-current liabilities	**52,427**	**96,906**	**68,285**	**106,663**

Below is the breakdown of loans and lease liabilities as of December 31, 2024 and 2023:

	Individual 2024	Individual 2023	Consolidated 2024	Consolidated 2023
Opening balance	**178,705**	**178,632**	**197,364**	**212,533**
Additions/ remeasurement from right of use leases	1,784	20,225	22,924	23,444
Additions from loans	-	32,083	-	32,083
Addition due to business combination	-	-	9,184	11,255
Interest incurred	6,213	8,896	8,654	9,719
Write-offs of right-of-use leases	(2,313)	(2,579)	(2,610)	(11,187)
Interest amortization	(6,213)	(8,896)	(7,857)	(10,472)
Principal amortization	(80,086)	(49,656)	(101,241)	(70,011)
Closing balance	**98,090**	**178,705**	**126,418**	**197,364**

a) Lease liabilities

Lease obligations are guaranteed by chattel mortgage of leased assets. The table below shows gross liabilities of finance leases as of December 31, 2024 and 2023:

	Individual		Consolidated	
	2024	**2023**	**2024**	**2023**
Gross lease liabilities – minimum lease payments				
Less than one year	49,822	56,303	63,744	66,260
More than one year and less than five years	51,651	102,275	60,602	112,567
More than five years	3,154	430	12,714	430
	104,627	**159,008**	**137,060**	**179,257**
Future financing charges on finance leases	(6,537)	(12,386)	(10,642)	(13,976)
Present value of lease liabilities	**98,090**	**146,622**	**126,418**	**165,281**
Current liabilities	45,663	49,716	58,133	58,618
Non-current liabilities	52,427	96,906	68,285	106,663

18. Debentures

On July 19, 2024, the Company approved the 5th issue of simple debentures, non-convertible, unsecured debentures, in a single series for public distribution, exclusively destined for professional investors, in the total amount of R$1,500,000, at face value of R$1. The Unit Face Value or the Unit Face Value balance, as the case may be, remuneratory interest incurred corresponding to 100.00% of the accumulated variation of the average daily rates of the DI Interbank Deposits – DI, “over extra-group”, plus an exponential spread equivalent to 0.95% per year, on a 252 Business Day basis.

The 4th issue of debentures issued on September 12, 2022 had its early redemption beginning on August 13, 2024 by the total amount of R$1,589,122. The cost of funding and the premium for early redemption from debentures in the amount of R$25,018 were classified as part of necessary costs for 5th issue of debentures, in accordance with CPC 38/ IFRS 9.

18.1. Composition

At December 31, 2024 and 2023, the balances were broken down as follows:

					Individual		Consolidated	
Description	**Debentures**	**Unit Price**	**Annual financial charges**	**Maturity**	**2024**	**2023**	**2024**	**2023**
5th Issue of Debentures - Single Series	1,500,000	1	100% from CDI + Spread 0.95% p.a.	07/19/2031	1,535,131	-	1,535,131	-
4th Issue of Debentures - Single Series	1,500,000	1	100% from CDI + Spread 1.35% p.a.	09/12/2027	-	1,546,703	-	1,546,703
Total					**1,535,131**	**1,546,703**	**1,535,131**	**1,546,703**
Current liabilities					62,845	55,208	62,845	55,208
Non-current liabilities					1,472,286	1,491,495	1,472,286	1,491,495

18.2. Changes

	Individual	Consolidated	Individual and Consolidated
	2024	2024	2023
Opening Balance	**1,546,703**	**1,546,703**	**1,547,009**
Business combination	-	5,401	-
Issuance of debentures	1,500,000	1,500,000	-
(-) Funding costs	(25,018)	(25,018)	-
Interest incurred	183,118	183,118	214,143
(-) Interest amortization	(169,672)	(170,073)	(214,449)
(-) Principal payment	(1,500,000)	(1,505,000)	-
Ending balance	**1,535,131**	**1,535,131**	**1,546,703**

The maturities of redemption in non-current liabilities are presented as follows:

	Individual and Consolidated	
	2024	2023
Maturity		
2026	-	743,690
2027	-	747,805
2028	360,047	-
2029	370,015	-
2030	369,955	-
2031	372,269	-
Non-current liabilities	**1,472,286**	**1,491,495**

18.3. Covenants

The debentures have redeemed in advance clauses (“covenants”) normally applicable to these types of operations related to compliance with economic-financial ratios. The financial index applied to this deed derives from the coefficient of dividing the net debt by the Adjusted EBITDA, which must be equal to or less than 4 times. This indicator does not consider for the debt and EBITDA, the effects arising from IFRS 16, as well as the liabilities, EBITDA and cash and cash equivalents from TOTVS Techfin S.A. and its subsidiaries are not being considered.

These restrictive clauses (unaudited by the independent auditors), have been complied with and do not limit the ability to conduct the normal course of operations.

19. Accounts payable from acquisition of subsidiaries

Accounts payable from the acquisitions of subsidiaries refer to amounts due to the previous shareholders of the acquired companies, with payment in installments or guarantees given. These amounts are recorded in current and non-current liabilities, as follows:

	Individual					
	2024			2023		
	Contingent payments	Other amounts payable	Total	Contingent payments	Other amounts payable	Total
Datasul MG	-	6,761	**6,761**	-	6,190	**6,190**
Seventeen	-	329	**329**	-	308	**308**
Other	-	553	**553**	-	506	**506**
Total	**-**	**7,643**	**7,643**	**-**	**7,004**	**7,004**
Current liabilities	-	7,643	**7,643**	-	7,004	**7,004**

	Consolidated					
	2024			2023		
	Contingent payments	Other amounts payable	Total	Contingent payments	Other amounts payable	Total
RD Station (i)	-	30,891	**30,891**	252,375	32,366	**284,741**
Tallos	-	1,526	**1,526**	101,227	1,413	**102,640**
Feedz	72,044	8,498	**80,542**	65,000	7,668	**72,668**
Quiver	23,300	16,297	**39,597**	-	-	**-**
Supplier	-	20,866	**20,866**	23,816	19,156	**42,972**
IP	-	39,657	**39,657**	-	-	**-**
Exact	-	5,192	**5,192**	37,758	4,756	**42,514**
Vadu	-	19,060	**19,060**	15,186	17,567	**32,753**
TRS	-	21,205	**21,205**	-	22,124	**22,124**
Ahgora	-	17,989	**17,989**	-	-	**-**
Varejonline	6,015	9,000	**15,015**	-	-	**-**
Mobile2you	-	9,948	**9,948**	7,975	10,190	**18,165**
Lexos	-	2,394	**2,394**	9,923	2,160	**12,083**
Gesplan	-	5,592	**5,592**	21,439	5,332	**26,771**
Other	5,158	29,276	**34,434**	8,659	27,848	**36,507**
Total	**106,517**	**237,391**	**343,908**	**543,358**	**150,580**	**693,938**
Current liabilities	87,230	28,429	**115,659**	398,201	23,602	**421,803**
Non-current liabilities	19,287	208,962	**228,249**	145,157	126,978	**272,135**

(i) On May 7, 2024 the subsidiary TOTVS Large exercised the call option from remaining participation of RD Station by the amount of R$258,880.

The fair value of contingent payments presented a net reversion of R$22,647 over the year, due to the performance analysis from acquired companies regarding the business plan initially elaborated. The fair value of contingent payments was recorded in the rubric “Other operating income (expenses)” in the year ended December 31, 2024 (see note 28).

The installments recorded in the non-current liabilities have maturity as shown below:

	Consolidated	
Year	2024	2023
2025	-	74,151
2026	31,881	86,430
2027	45,954	35,337
2028 onwards	150,414	76,217
Non-current liabilities	**228,249**	**272,135**

Following we present the retained amounts of accounts payable from acquisition of subsidiaries on December 31, 2024 and 2023, which are updated by the CDI (see note 6) until the release schedule or its offset as defined in the contract:

	Individual		Consolidated	
	2024	2023	2024	2023
Escrow account - current	7,554	6,915	13,974	13,175
Escrow account - non-current	-	-	188,845	116,759
Total	**7,554**	**6,915**	**202,819**	**129,934**

20. Provision for contingencies

20.1. Ongoing proceedings with recorded provision for contingencies and legal liabilities related to legal proceedings

The Company and its subsidiaries, in the ordinary course of their operations, are parties to various legal proceedings relating to tax, social security, labor and civil matters. The Management, supported by its legal counsel and analysis of judicial proceedings pending judgment,constituted provision at an amount considered sufficient to cover probable losses in the outcome of ongoing lawsuits. The provisioned amount reflects the best current estimate of the Company's Management and its subsidiaries.

The amount of constituted provisions as at December 31, 2024 and 2023 are as follows:

	Individual		Consolidated	
	2024	2023	2024	2023
Tax	6,672	8,025	9,397	10,206
Labor	46,252	48,819	62,427	64,673
Civil	31,434	32,396	34,448	37,111
	84,358	**89,240**	**106,272**	**111,990**

Follow we present the mainly natures of the lawsuits from the Company and its subsidiaries:

- **Tax:** Regarding to collection of tax credits (city/ state/ federal) that the Company and its subsidiaries consider undue.
- **Labor:** Regarding lawsuits filed by former employees of the Company and its subsidiaries seeking labor dues, as well as service provider companies, seeking recognition of both employment relationship and other labor dues.
- **Civil:** Regarding, mainly, lawsuits filed by customers alleging certain problems with the delivery of products and/ or services, application of the default increment, grace period in terminated contracts and undue collections.

Labor

The Company has provision related to the lawsuit, filed by a private entity claiming the refund of amounts paid under the health plan. There was an agreement between the parties approved by the Labor Court, with the payment of the debt in the amount of R$9,080 made in July 2024. There is no risk value involved in this process on December 31, 2024 (R$9,372 on December 31, 2023).

The other lawsuits in the consolidated classified as probable losses of tax, labor and civil nature in the total amount of R$106,272 on December 31, 2024 (R$102,618 as of December 31, 2023): do not have any process of value individually relevant.

a) Change in provisions

Change in provisions for the years ended December 31, 2024 and 2023 is as follows:

	Individual				Consolidated			
	Tax	Labor	Civil	Total	Tax	Labor	Civil	Total
Balances in 2022	**9,933**	**46,716**	**28,000**	**84,649**	**11,881**	**62,463**	**33,147**	**107,491**
(+) Additional provision	182	18,748	17,389	**36,319**	3,943	19,909	19,122	**42,974**
(+) Monetary adjustment	449	3,470	2,371	**6,290**	487	4,097	2,692	**7,276**
(+) Acquisition of subsidiaries	-	-	-	**-**	-	999	-	**999**
(-) Reversal of provision	(652)	(7,331)	(7,980)	**(15,963)**	(1,532)	(9,063)	(9,300)	**(19,895)**
(-) Write-off due to payment	(1,887)	(12,784)	(7,384)	**(22,055)**	(4,573)	(13,732)	(8,550)	**(26,855)**
Balances in 2023	**8,025**	**48,819**	**32,396**	**89,240**	**10,206**	**64,673**	**37,111**	**111,990**
(+) Additional provision	41	18,643	14,677	**33,361**	636	20,147	15,552	**36,335**
(+) Monetary adjustment	131	3,539	621	**4,291**	294	4,561	993	**5,848**
(-) Reversal of provision	(885)	(5,813)	(6,401)	**(13,099)**	(888)	(7,383)	(7,166)	**(15,437)**
(-) Write-off due to payment	(640)	(18,936)	(9,859)	**(29,435)**	(851)	(19,851)	(12,042)	**(32,744)**
(+) Acquisition of subsidiaries	-	-	-	**-**	-	280	-	**280**
Balances in 2024	**6,672**	**46,252**	**31,434**	**84,358**	**9,397**	**62,427**	**34,448**	**106,272**

The provisions reflect Management's best current estimate, and its continuous review is the result of monitoring and risk control from TOTVS. The provision is based on information, external counsel, validated by the legal of the Company and its subsidiaries, and experience acquired related to the outcomes of previous legal proceedings in which the Company and its subsidiaries were defendants.

b) Judicial deposits

Judicial deposits linked or not to the provision for contingencies, are stated below and are recorded under non-current assets:

	Individual				Consolidated			
	Tax	Labor	Civil	Total	Tax	Labor	Civil	Total
Balances in 2022	**13,255**	**10,690**	**6,275**	**30,220**	**13,911**	**13,109**	**7,224**	**34,244**
(+) Addition in guarantees	-	1,954	3,425	**5,379**	348	2,741	3,425	**6,514**
(+) Monetary adjustment	1,056	(1,340)	471	**187**	1,112	(1,276)	501	**337**
(-) Write-off for loss	(16)	(4,840)	(685)	**(5,541)**	(16)	(5,428)	(767)	**(6,211)**
(-) Reversion by devolution	(295)	(428)	(99)	**(822)**	(300)	(594)	(158)	**(1,052)**
Balances in 2023	**14,000**	**6,036**	**9,387**	**29,423**	**15,055**	**8,552**	**10,225**	**33,832**
(+) Addition in guarantees	-	1,012	3,386	**4,398**	-	1,092	3,409	**4,501**
(+) Monetary adjustment	881	(266)	(51)	**564**	965	(324)	(28)	**613**
(-) Write-off for loss	-	(2,249)	(1,290)	**(3,539)**	-	(3,277)	(1,315)	**(4,592)**
(-) Reversion by devolution	-	(794)	(4,756)	**(5,550)**	-	(1,337)	(4,817)	**(6,154)**
(+) Acquisition of subsidiaries	-	-	-	**-**	173	-	-	**173**
Balances in 2024	**14,881**	**3,739**	**6,676**	**25,296**	**16,193**	**4,706**	**7,474**	**28,373**

20.2. Contingent liabilities

The Company and its subsidiaries are parties to other lawsuits whose risk of loss, in accordance to the assessment of its legal advisors, validated by internal legal and Management of the Company is classified as possible, for which no provision has been recognized, as follows:

	Individual		Consolidated	
Nature	**2024**	**2023**	**2024**	**2023**
Tax	156,284	166,014	208,652	216,101
Labor	55,764	44,998	82,209	60,904
Civil	178,098	165,581	207,994	192,113
	390,146	**376,593**	**498,855**	**469,118**

The summary of main proceedings ongoing is presented as follows:

Tax

In 2015, the Company received a tax enforcement notice to pay excise tax (ISS) in the period between 1996 and 2001. Embargoes were filed alleging prescription of collection and the records are awaiting for the completion of the expert phase for judgment at the first administrative level. The amount involved on December 31, 2024 is R$18,019 (R$16,608 on December 31, 2023).

In 2019, the Company was fined for allegedly underpaying excise tax (ISS) in the 2014 calendar year, alleging an error in the attribution of the rates for the services it provides, assessed with possible risk of loss. In the administrative sphere, the Company was partially successful, which led it to continue the discussion in the judicial sphere, with the due provision of security. After an expert assessment favorable to the Company's interests was carried out, in May 2024, a final decision was issued in the judicial sphere, which fully met its interests, closing the process. The amount involved on December 31, 2023 was R$26,102.

In 2021, the Company received a communication from Receita Federal informing the non-approval of requests for compensation made with a negative balance of IRPJ for the period of 2016. It was presented the impugnation alleging that the withholdings incurred by the Company compose the totality of the negative balance of the period, which is insufficient to pay the debts. The case is awaiting judgment at the first administrative level. The amount involved on December 31, 2024 is R$17,080 (R$16,060 on December 31, 2023).

The remaining tax cases assessed as possible losses deal with tax credits (city/ state/ federal) collection, which the Company and its subsidiaries consider them to be undue. The values of these lawsuits totalling R$150,956 on December 31, 2024 (R$136,442 on December 31, 2023), there being no other process of value individually relevant.

Labor

The labor lawsuits classified as possible losses totaled R$82,209 on December 31, 2024 (R$60,904 on December 31, 2023), there being no other process of value individually relevant.

Civil

The civil proceedings classified as possible loss are individually relevant:

(i) Civil lawsuit filed by a customer alleging problems resulting from the product implemented, which would have caused material damages. The case is in the appeal phase of a partial decision on the merits, given after the presentation of the defense. The amount pleaded on December 31, 2024 was R$14,671 (R$13,629 on December 31, 2023).

The other lawsuits totaled R$193,323 on December 31, 2024 (R$178,484 on December 31, 2023), there being no other individually significant cases.

21 Call option of non-controlling interests

It is regarding the call option by the Company and put option from B3 - Brasil, Bolsa, Balcão referent to minority interest of 37,5% from the subsidiary Dimensa S.A. on December 31, 2024 in the amount of R$444,771 (R$412,655 on December 31, 2023). The term for exercising this option will be between the 3rd and 6th year after the closing of the transaction, which includes the periods from October 2024 to September 2027.

	Individual and Consolidated
Balance in 2022	**383,004**
Present value adjustment	29,651
Balance in 2023	**412,655**
Present value adjustment	32,116
Balance in 2024	**444,771**

22. Shareholders' equity

a) Share Capital

As at December 31, 2024 the Company's share capital was composed of 599.401.581 registered common shares issued and fully paid, with no par value (617,183,181 common shares on December 31, 2023), as follows:

	2024		**2023**	
Shareholder	**Shares**	**%**	**Shares**	**%**
LC EH Participações e Empreendimentos S.A.	50,682,639	8.46%	50,682,639	8.21%
GIC Private Limited	35,595,482	5.94%	37,582,739	6.09%
Canada Pension Plan	32,754,201	5.46%	32,754,201	5.31%
BlackRock Inc.	31,632,336	5.28%	31,632,336	5.13%
Laércio José de Lucena Cosentino	1,050,306	0.18%	1,545,336	0.25%
CSHG Senta Pua Fia	144,800	0.02%	144,800	0.02%
Other	434,029,496	72.41%	449,464,231	72.82%
Outstanding shares	**585,889,260**	**97.75%**	**603,806,282**	**97.83%**
Treasury shares	13,512,321	2.25%	13,376,899	2.17%
Total in units	**599,401,581**	**100.00%**	**617,183,181**	**100.00%**

b) Capital reserves

The balance of capital reserves at December 31, 2024 and 2023 was broken down as follows:

	2024	2023
Goodwill reserve (i)	665,676	665,676
Premium on acquisition of non-controlling interests	(24,323)	(24,323)
Debentures converted into shares	44,629	44,629
Share-based compensation plan	(325,937)	130,555
Share issue expenses	(69,396)	(69,396)
Dilution of interest	352,540	352,540
Call option of non-controlling interests	(361,388)	(361,388)
	281,801	**738,293**

(i) Goodwill reserve is composed of R$31,557 regarding to capital increase occurred in 2005 and R$67,703 regarding corporate structure changes with Bematech. In 2019 had an increase of goodwill reserve of R$725,220 regarding to the amount of capital increase to capital reserve. In 2022, in accordance with the guidance Brazilian SEC (CVM 78/2022) was constituted a provision for Supplier goodwill due to corporate structure changes of Techfin Business in the amount of R$173,134. In 2008, the amount of R$14,330 is regarding to goodwill reserve by merger.

c) Treasury shares

As at December 31, 2024 and 2023, the account "Treasury Shares" had the following changes:

	Number of shares (Units)	Value (in Thousand)	Average price per share (in Reais)
Balance on January 1st, 2023	**11,435,754**	**R$ 217,671**	**R$ 19.03**
Repurchase	4,000,000	R$ 109,391	R$ 27.35
Used	(2,058,855)	R$ (43,617)	R$ 21.19
Balance on December 31, 2023	**13,376,899**	**R$ 283,445**	**R$ 21.19**
Repurchase	20,037,100	R$ 571,368	R$ 28.52
Used	(2,120,078)	R$ (51,591)	R$ 24.33
Canceled	(17,781,600)	R$ (453,059)	R$ 25.48
Balance on December 31, 2024	**13,512,321**	**R$ 350,163**	**R$ 25.91**

On November 7, 2023 the Board of Directors approved the share buyback program for the shares issued by the Company up to the limit of 18.000.000 common shares. The program was finished on November 6, 2024 with 17,781,600 shares repurchased.

On November 6, 2024 the Board of Directors approved the share buyback program for the shares issued by the Company up to the limit of 18.000.000 common shares, to maximize the generation of shareholder value, promote the efficient allocation of capital; may be held in treasury, canceled or sold in accordance with the law. The share buyback program started on November 8, 2024 and will be finished on November 7, 2025. In the year ended on December 31, 2024, 2,255,500 shares were repurchased.

On the same date, the Board of Directors approved the cancellation of 17,781,600 shares, representing 2.88% of total shares, without nominal value, kept in the Company's treasury, without reducing the value of the share capital. As a result of the cancellation of the aforementioned treasury shares, TOTVS' share capital was divided into 599,401,581 common shares, all registered, scripturals and with no par value.

During the year ended on December 31, 2024, 2,120,078 (2,058,855 on December 31, 2023) treasury shares were used by the restricted share plans, which consumed R$51,591 (R$43,617 on December 31, 2023) from capital reserve.

23. Dividends and interest on shareholders’ equity

	Individual	
	2024	**2023**
Net income for the year - Individual company	717,513	734,820
Accrual of legal reserve (article 193 of Law No, 6404)	(35,876)	(36,747)
Net income after legal reserve allocation	**681,637**	**698,073**
Mandatory minimum dividend – 25%	170,409	174,518
Dividends paid in excess of the mandatory minimum	95,298	91,152
Total paid dividends	**265,707**	**265,670**
Payment:		
Interest on Shareholders' Equity	265,707	265,670
	265,707	**265,670**
Number of outstanding shares at December 31	585,889,260	603,806,282
Dividends and Interest on Shareholders' Equity per share - in Reais	**0.45**	**0.44**

The Company’s bylaws provide for mandatory minimum dividend equivalent to 25% of net income for the year, adjusted by the amount of the legal reserve set up, pursuant to Brazilian Corporation Law.

	Individual	**Consolidated**
Balance of dividends payable on December 31, 2022	**128,477**	**130,363**
(+) Deliberation interest on shareholders' equity - July 2023	138,872	138,872
(+) Deliberation interest on shareholders' equity - November 2023	126,798	126,798
(-) Payments	(392,366)	(394,252)
Balance of dividends payable on December 31, 2023	**1,781**	**1,781**
(+) Deliberation interest on shareholders' equity - August 2024	136,811	136,811
(+) Deliberation interest on shareholders' equity - November 2024	128,893	128,893
(-) Dividends prescription and interest on shareholders' equity - Article 287 Law 6.404/76	(911)	(911)
(-) Payments	(265,352)	(265,352)
Balance of dividends payable on December 31, 2024	**1,222**	**1,222**

Interest on shareholders’ equity is part of dividends, which is deductible for purposes of Brazilian tax law. Therefore, reported in different lines in order to show the income tax effect.

Mandatory minimum dividends are shown in the statement of financial positions as legal obligations in the rubric “dividends payable”.

23.1 Profit reserves

The capital budget proposed for 2024 to be submitted to the Annual Shareholders Meeting, allocates the balance in the amount of R$415,930 from retained earnings to the following:

	2025
Investments:	
Investments in property, plant and equipment and intangible assets	184,517
Investments in development of software solutions projects	59,457
Investments in strategic projects	171,956
Total investments	**415,930**

24. Share-based compensation plan

The Company and its subsidiaries measure the cost of transactions settled with shares to its employees based on the fair value of the shares on the grant date.

The Incentive Plan based on Shares of the Company and its subsidiaries established rules for certain employees and directors of TOTVS or other companies under its control so they can acquire shares of the Company through the grant of shares, thereby aligning over the medium and long terms, interests of the beneficiaries and shareholders' interests, broaden the sense of ownership and commitment of the executives through the concept of investment and risk. The Plan is administered by the Board of Directors of the Company, which establishes grant programs annually, and according to the rules of the Code of Ethics of the Company and its subsidiaries, the managers do not participate in the decisions of the plan that directly benefit them.

The current plan of restrict shares are divided in four types of program:

(i) ILP Destaques Program
(ii) ILP Master Program
(iii) ILP Performance Program

For the three programs listed above, the eligibles will have rights to receive the restricted shares to the end of the grace period and during the grace period, the participants will not be entitled to receive dividends, nor interest on shareholders' equity, related to the restricted shares. The definition of each program is available in the website from RI TOTVS (https://ri.totvs.com/esg/estatuto-politicas-e-regimento/).

(iv) Discretionary Bonus in Restricted Shares: this plan enables the Board, within the established limit for dilution of shares, in order to attract and retain certain key personnel of the Company and/or its subsidiaries, at its sole discretion, to use any remaining balance of Restricted Shares under this Plan for additional grants to participants.

The fair value of restricted shares is the market value of each one on the grant date.

The main events relating to plans in force, the variables used in the calculations and the results are:

				Fair Value Assumptions	
				Expectation:	
Date	**Plans**	**Number of options/shares**	**Fair value of shares**	**Dividends**	**Term maturity**
04/29/2022	Destaques	637,338	R$ 31.67	1.23%	3 years
04/29/2022	Master	399,283	R$ 30.90	1.23%	5 years
04/29/2022	Performance	1,776,226	R$ 31.67	1.23%	3 years
05/5/2023	Conselho	20,180	R$26.84	1.10%	3 years
05/5/2023	Destaques	1,350,716	R$26.84	1.10%	3 years
05/5/2023	Master	467,455	R$26.21	1.13%	5 years
05/5/2023	Performance	2,363,319	R$26.84	1.10%	3 years
05/3/2024	Conselho	70,514	R$ 28.19 a R$ 28.64	1.10% a 1.22%	3 to 4 years
05/3/2024	Destaques	1,161,893	R$ 28.64	1.10%	3 years
05/3/2024	Master	441,573	R$ 27.78	1.27%	5 years
05/3/2024	Performance	2,296,550	R$ 29.34	1.10%	3 years

Changes in restricted shares are as follows:

	Individual and Consolidated	
	December 31, 2024	**December 31, 2023**
	Number (in units)	
Opening balance	**9,536,381**	**8,678,658**
Transactions:		
Exercised	(2,902,979)	(2,824,155)
Granted	3,970,530	4,201,670
Cancelled	(657,172)	(519,792)
Closing balance	**9,946,760**	**9,536,381**

The cumulative effect on Shareholders' Equity in the year ended December 31, 2024 was R$48,158 (R$61,612 as of December 31, 2023), recorded as share-based payment expenses.

25. Operating Segments

The presentation of information by operating segment is consistent with the internal report provided to the main operational decision-makers of the Company and its subsidiaries in three reportable segments:

Management segment: represents TOTVS software operation, focused on business management, including all solutions of ERP, HR and Vertical.

RD Station segment: includes solutions focused on generating opportunities and converting customer sales, such as sales, digital marketing and customer experience.

Techfin segment: includes the business of providing financial services, such as technology products aimed at financial services, partnerships, products which have some degree of credit risk and/ or the definition and/ or application of credit policies through the joint venture TOTVS Techfin. In this segment are also consolidated the results of the subordinated shares of Supplier FIDC I and FIDC II, to which Supplier, subsidiary of TOTVS Techfin, currently assigns the originated credits. The creation of the JV with Itaú has resulted in a classification in only one line in the Statements of Profit or Loss in the rubric "Net Profit from Techfin business unit" as CPC 31/ IFRS 5 determine until

July 31, 2023 and from August 1, 2023, began to reflect the results of this operation in share of profit/ (loss) of equity-accounted investees line, proportional to its participation in the Share Capital from the Company.

The statement of profit or loss for the year ended December 31, 2024 and 2023 for these three reportable segments is as follows:

Statement of profit or loss	Management		RD Station		Techfin (i)		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
Net revenue (ii)	4,665,214	4,018,560	558,793	421,883	225,717	221,773	5,449,724	4,662,216
(-) Costs (ii)	(1,326,781)	(1,099,537)	(139,602)	(97,371)	(94,319)	(102,849)	(1,560,702)	(1,299,757)
Gross profit	**3,338,433**	**2,919,023**	**419,191**	**324,512**	**131,398**	**118,924**	**3,889,022**	**3,362,459**
(-) Research and development expenses	(782,992)	(695,831)	(110,321)	(101,461)	(19,928)	(24,664)	(913,241)	(821,956)
(-) Selling and marketing expenses	(923,416)	(809,515)	(180,049)	(142,215)	(22,553)	(22,779)	(1,126,018)	(974,509)
(-) Impairment loss on trade and other receivables	(45,568)	(28,401)	(13,788)	(7,993)	(15,304)	(16,637)	(74,660)	(53,031)
(-) Administrative expenses	(417,219)	(357,646)	(62,082)	(54,160)	(58,279)	(42,455)	(537,580)	(454,261)
(-) Other operating income (expenses)	15,584	(3,804)	(32,664)	(62,209)	(1,782)	1,290	(18,862)	(64,723)
Result before depreciation, amortization and financial results and income tax and social contribution	**1,184,822**	**1,023,826**	**20,287**	**(43,526)**	**13,552**	**13,679**	**1,218,661**	**993,979**
(-) Depreciation and amortization	-	-	-	-	-	-	(345,319)	(303,276)
(-) Finance income (expenses)	-	-	-	-	-	-	(42,496)	(12,730)
(-) Income tax expenses	-	-	-	-	-	-	(94,318)	(146,744)
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**736,528**	**531,229**

(i) The amount from Techfin business unit regarding to the period from January to July 2023 are presented considering 50% from operation for better comparability;
(ii) Net revenue and costs rubrics from the year ended on December 31, 2023 were adjusted for better comparability as mentioned in the note 2.5.

The Company and its subsidiaries have disclosed information above for each reportable segment, as this information is regularly reviewed by the chief operating decision maker.

The following table conciliate the segments model presented above with the Statement of Profit or Loss for the year ended on December 31, 2024 and 2023:

Statement of profit or loss	2024 Consolidated Statement of Profit or Loss	Reclassification (i)	Techfin Profit or loss (ii)	Consolidated segments
Net revenue	5,224,007	-	225,717	5,449,724
(-) Costs	(1,594,149)	127,766	(94,319)	(1,560,702)
Gross profit	**3,629,858**	**127,766**	**131,398**	**3,889,022**
(-) Research and development expenses	(945,253)	51,940	(19,928)	(913,241)
(-) Selling and marketing expenses	(1,135,920)	32,455	(22,553)	(1,126,018)
(-) Impairment loss on trade and other receivables	(59,356)	-	(15,304)	(74,660)
(-) Administrative expenses	(593,409)	114,108	(58,279)	(537,580)
(-) Other operating income (expenses)	(17,080)	-	(1,782)	(18,862)
Result before depreciation, amortization and financial results and income tax and social contribution	**878,840**	**326,269**	**13,552**	**1,218,661**
(-) Depreciation and amortization	-	(326,269)	(19,050)	(345,319)
(-) Share of profit / (loss) of equity-accounted investees	(1,571)	1,571	-	-
(-) Finance income (expenses)	(49,326)	-	6,830	(42,496)
(-) Income tax expenses	(91,415)	-	(2,903)	(94,318)
Net profit (loss) for the year	**736,528**	**1,571**	**(1,571)**	**736,528**

Statement of profit or loss	2023 Consolidated Statement of Profit or Loss	Reclassification (i)	Discontinued operation (iii)	Consolidated segments
Net revenue (iv)	4,440,443	-	221,773	4,662,216
(-) Costs (iv)	(1,304,449)	107,541	(102,849)	(1,299,757)
Gross profit	**3,135,994**	**107,541**	**118,924**	**3,362,459**
(-) Research and development expenses	(844,764)	47,472	(24,664)	(821,956)
(-) Selling and marketing expenses	(989,089)	37,359	(22,779)	(974,509)
(-) Impairment loss on trade and other receivables	(36,394)	-	(16,637)	(53,031)
(-) Administrative expenses	(502,234)	90,428	(42,455)	(454,261)
(-) Other operating income (expenses)	(66,013)	-	1,290	(64,723)
Result before depreciation, amortization and financial results and income tax and social contribution	**697,500**	**282,800**	**13,679**	**993,979**
(-) Depreciation and amortization	-	(282,800)	(20,476)	(303,276)
(-) Share of profit / (loss) of equity-accounted investees	3,195	(3,195)	-	-
(-) Finance income (expenses)	(17,409)	-	4,679	(12,730)
(-) Income tax expenses	(146,620)	-	(124)	(146,744)
Net profit (loss) for the year	**536,666**	**(3,195)**	**(2,242)**	**531,229**

(i) Reclassification of depreciation, amortization and Impairment loss on trade and other receivables in highlighted lines;
(ii) Share of profit / (loss) of equity-accounted investees, from January 1st to December 31, 2024;
(iii) Discontinued operation represents the profit or loss from January 1st to July 31, 2023 proportional to 50% of operation for better comparability;
(iv) Net revenue and costs information from the year ended on December 31, 2023 were adjusted for better comparability as mentioned in the note 2.5.

26. Earnings per share

Basic earnings per share is calculated by dividing net income for the year, attributed to the Individual's common shareholders, by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated by dividing net income, attributed to the holders of the Individual's common shares, by the weighted average number of common shares available during the year, plus the weighted average number of common shares that would be issued if all the potentially diluted common shares are converted into common shares.

The following tables show earnings and share data used to calculate basic and diluted earnings per share:

Basic earnings per share	**2024**	**2023**
Profit or loss for the year		
Continuing operations	718,598	507,051
Techfin business unit	(1,085)	227,769
Profit attributable to the owners of the Company	**717,513**	**734,820**
Denominator (in thousands of shares)		
Weighted average number of common shares outstanding	595,007	603,896
Basic earnings per share (in Reais)	**1.20589**	**1.21680**
Basic earnings per share - continuing operations (in Reais)	**1.20771**	**0.83963**

Diluted earnings per share	**2024**	**2023**
Profit or loss for the year		
Continuing operations	718,598	507,051
Techfin business unit	(1,085)	227,769
Profit attributable to the owners of the Company	**717,513**	**734,820**
Denominator (in thousands of shares)		
Weighted average number of common shares outstanding	595,007	603,896
Weighted average number of stock options/restricted shares	9,916	9,322
Weighted average number of common shares adjusted according to dilution effect	**604,923**	**613,218**
Diluted earnings per share (in Reais)	**1.18612**	**1.19830**
Diluted earnings per share - continuing operations (in Reais)	**1.18792**	**0.82687**

27. Gross sales revenue

Gross revenue and deductions used for the calculation of net revenue presented in the statement of profit and loss of the Company and its subsidiaries for the year ended December 31, 2024 and 2023, were as follows:

	Individual		Consolidated	
	2024	2023	2024	2023
Recurring software (i)	**3,211,552**	**2,723,379**	**5,241,445**	**4,337,857**
Nonrecurring software	**384,900**	**444,393**	**663,761**	**691,812**
License fees (i)	173,104	196,402	249,937	274,584
Nonrecurring services	211,796	247,991	413,824	417,228
Operating revenue	**3,596,452**	**3,167,772**	**5,905,206**	**5,029,669**
Sales canceled	(18,191)	(26,944)	(32,160)	(38,915)
Sales taxes	(415,659)	(364,893)	(649,039)	(550,311)
Deductions	**(433,850)**	**(391,837)**	**(681,199)**	**(589,226)**
Total net revenue	**3,162,602**	**2,775,935**	**5,224,007**	**4,440,443**

(i) Recurring software revenues and license fees from the year ended on December 31, 2023, were adjusted for better comparability as mentioned in the note 2.5.

28. Costs and expenses by nature

The Company and its subsidiaries present information about operating costs and expenses by nature for the year ended December 31, 2024 and 2023.

	Individual		Consolidated	
Nature	2024	2023	2024	2023
Salaries, benefits and payroll charges	1,305,736	1,183,938	2,380,010	2,018,346
Outsourced services and other inputs (ii)	720,004	568,245	1,093,344	884,422
Commissions	232,028	278,195	284,416	321,205
Depreciation and amortization	203,263	184,487	326,269	282,801
Provision for contingencies	20,262	20,356	20,898	23,079
Impairment loss on trade and other receivables	30,007	19,076	59,356	36,394
Others (i) (iii) (iv)	50,760	61,527	180,874	176,696
Total	**2,562,060**	**2,315,824**	**4,345,167**	**3,742,943**

	Individual		Consolidated	
Occupation	2024	2023	2024	2023
Cost of softwares (ii)	981,992	856,747	1,594,149	1,304,449
Research and development expenses	577,151	513,979	945,253	844,764
Selling and marketing expenses	658,108	632,265	1,135,920	989,089
Impairment loss on trade and other receivables	30,007	19,076	59,356	36,394
Administrative expenses	332,438	294,208	593,409	502,234
Other operating revenues/ (expenses) (i) (iii) (iv)	(17,636)	(451)	17,080	66,013
Total	**2,562,060**	**2,315,824**	**4,345,167**	**3,742,943**

(i) This rubric includes the adjustment regarding accounts payable from acquisition of subsidiaries, being R$22,647 of reversion on December 31, 2024 and a complement of R$57,445 on December 31, 2023 as mentioned in note 19;
(ii) Cost of software information from the year ended on December 31, 2023 were adjusted for better comparability as mentioned in the note 2.5;
(iii) On July 1st, 2024, IP Sorocaba and Neopenso was sold, whose net gain of the operation recorded in other operating revenues was in the amount of R$24,943;
(iv) The fair value of the GoodData investment generated an expense of R$11,012 in the consolidated profit or loss in 2024, as mentioned in note 5.2 (b).

According to mentioned in note 2.4 item (i), there was a partial re-taxation of the payroll which generates impacts in the profit or loss from the Company of R$13,949 in Individual and R$15,479 in Consolidated in the financial statements on December 31, 2024.

29. Finance income and expenses

Finance income and expenses incurred for the year ended December 31, 2024 and 2023 were as follows:

	Individual		Consolidated	
	2024	**2023**	**2024**	**2023**
Finance income				
Short-term investment yield	120,678	185,550	253,022	320,755
Interest received	5,219	6,480	10,963	9,197
Monetary gains	4,288	7,528	9,386	13,486
Adjustment to present value	2,094	2,609	3,778	4,647
Foreign exchange gains	3,489	130	844	7,263
Other finance income	86	64	313	416
	135,854	**202,361**	**278,306**	**355,764**
Finance expenses				
Interest expense	(189,865)	(224,544)	(206,330)	(237,300)
Monetary losses	(12,546)	(10,789)	(17,369)	(17,743)
Bank expenses	(1,420)	(3,666)	(2,675)	(4,816)
Adjustment to present value of liabilities	(32,555)	(30,303)	(77,130)	(87,849)
Foreign exchange losses	(108)	(437)	2,068	(7,533)
Other finance expenses (i)	(7,659)	(2,596)	(26,196)	(17,932)
	(244,153)	**(272,335)**	**(327,632)**	**(373,173)**
Net finance results	**(108,299)**	**(69,974)**	**(49,326)**	**(17,409)**

(i) Includes inflation adjustments of Argentina subsidiaries.

30. Private pension plan – defined contribution

The Company and its subsidiaries offer the “TOTVS Private Pension Plan”, currently managed by Bradesco Seguros, which receives contributions from the employees and the Company and its subsidiaries, as described in the Program Membership Agreement. The contributions are segregated in:

- Basic Contribution – corresponds to 2% of the employee’s salary; in case of executive officers, the contribution ranges from 2% to 5%.
- Voluntary Contribution – made exclusively by employees, with no matching contribution by the Company.
- Company Contribution – corresponds to 100% of the basic contribution. The Company is allowed to make extraordinary contributions, at the amounts and frequency it chooses.

Private pension expenses for the year ended December 31, 2024 were R$8,948 in the individual (R$7,867 on December 31, 2023) and R$12,222 in the consolidated (R$9,912 on December 31, 2023).

31. Insurance coverage

Based on the opinions of their advisors, the Company and its subsidiaries maintain insurance coverage at amounts deemed sufficient to cover risks on their own, rent and leased assets, and civil liability risks. Insured assets include owned and leased vehicles, and the buildings where the Company and its subsidiaries operate.

On December 31, 2024, the mainly insurance coverage contracted are:

Type	Insurance Company	Effective		Maximum limit of Responsibility
		From	To	
Business Comprehensive	Mitsui	July/2024	July/2025	259,282
General Liability	Chubb Seguros	July/2024	July/2025	8,000
Vehicles (i)	Porto Seguro	January/2024	January/2025	(*) FIPE
D&O Directors and Officers Liability (ii)	Chubb Seguros	July/2024	July/2025	200,000
E&O – Errors and Omissions	AIG Seguros	July/2024	July/2025	5,000
Cyber - Comprehensive Cyber Risks (iii)	AIG Seguros/Tokio Marine	September/2024	September/2025	50,000
Cyber - Comprehensive Cyber Risks (iv)	AIG Seguros	September/2024	September/2025	10,000

(i) Market amount determined by FIPE - Fundação Instituto de Pesquisas Econômicas;
(ii) For Mexico, Argentina and United States operations, the local insurance policy is issued in each country with a coverage amount of USD1,000,000.00;
(iii) Coverage contracted for TOTVS S.A. effective until September 2025;
(iv) Coverage for the subsidiary RD Station.

Guidances Tracking

The financial projection disclosed in the Material Fact dated August 8th, 2023 and revised in the Material Fact dated August 7th, 2024 ("Projections") was an estimate and involved market factors and others, beyond Company's control and did not constitute a promise of performance or by its management, and may be subject to change.

OPEX TOTVS TECHFIN

The following results consider 100% of operating costs and expenses (OPEX) of TOTVS TECHFIN only, not including any information or data (present or estimated) relating to its subsidiary Supplier Administradora de Cartão de Crédito S.A. ("Supplier"). The same methodology was used for the Projections.

TOTVS TECHFIN's OPEX consists of the lines of Operating Costs, Research and Development, Sales and Marketing Expenses and Administrative and Other Expenses.

TOTVS Techfin	4Q24 Actual(1)	4Q24 Projected
Operating Costs and Expenses (OPEX)(2)	**R$21.3 million**	**R$20 to 30 million**

(1) Realized value (not a projection) reflected in the published results.
(3) OPEX consists of the lines of Operating Costs, Research and Development, Sales and Marketing Expenses and Administrative and Other Expenses.

Techfin's OPEX closed 4Q24 at R$21.3 million, in line with the revised financial projection estimated for 4Q24, mainly due to the continued investments made to expand the product portfolio.

Report from the Statutory Audit Committee

TOTVS has had an Audit Committee since May 28, 2007, and the committee was established in the Bylaws on April 5th, 2018. Subsequently, on November 4, 2021, the Board of Directors approved changing its name to Statutory Audit Committee ("CAE"). In accordance with the provisions of the Company's Bylaws and the Internal Regulations of the Statutory Audit Committee, the Committee's competencies include ensuring the proper operation of internal and external audit processes and management, mechanisms and controls related to risk management and the consistency of financial policies with strategic guidelines and the risk profile of the business. The CAE is also responsible for ensuring the quality and integrity of the Company's financial statements, making recommendations to Management regarding the approval of financial reports and any action aimed at improving the Internal Controls and Prioritized Risk Management environment.

During 2024, the CAE was made up by the independent Board Members, Gilberto Mifano (Coordinator) and Tania Chocolat, and by the independent external member, Lavínia Junqueira, who were elected on April 19th 2022, with a term of office to be effective until the first meeting of the Board of Directors held subsequently to the Company's Annual General Meeting in 2024. On April 23rd 2024, were elected to compose the CAE, the independent Board Members, Gilberto Mifano (Coordinator) and Tania Chocolat, and by Ricardo Breakwell (external independent member), with a term of office to be effective until de first meeting of the Board of Directors held subsequently to the Company's Annual General Meeting in 2026.

Among the various subjects and topics addressed and discussed by the CAE to be recommended to the Management, the following ones are worth highlighting: **(i) Independent Auditors:** discussion of the contract for the services of the independent auditors, addressing the scope required and culminating in the recommendation to the Board of Directors to renew the contract with the auditing firm in 2024; discussion of the planning, scope and main conclusions obtained in the quarterly reviews ("ITRs") and the opinion for the issuance of the 2024 financial statements ("DFs 2024"); discussion of the weaknesses, deficiencies and recommendations for improvement pointed out in the Internal Controls Report, as well as the respective action plans proposed by the internal areas for correcting or improving these points; knowledge of the results of the ISAE 3402/2024 report; discussion and approval of the Independent Auditor's Work Plan; discussions and monitoring of the notes on general information technology controls ("ITGC"), access profiles and segregation of duties; and annual assessment of the independent auditor's performance. **(ii) Internal Audit:** discussion of the Company's risk matrix applied to Internal Audit activities for the 2024 financial year; evaluation and discussion of the Internal Audit work reports issued for the main processes of the Company, its subsidiaries and companies that are part of the TOTVS Franchise System, the results of special investigations, including the deficiencies identified, justifications and corrective actions; follow-up of the corrective actions of the audit points identified in the Internal Audit work; follow-up of compliance with the 2024 schedule, scope and hours allocated; evaluation, including with the support of the Independent Audit, of the structure and performance of the Internal Audit, in relation to the best practices recommended by the Institute of Internal Auditors of Brazil ("IIA Brazil"); monitoring of recurring indicators defined by the CAE, relating to the work of the Internal Audit, with the definition of levels of attention for each indicator, with reporting to the Board of Directors; assessment and recommendations regarding the 2024 Internal Audit Activities Report ("RAINT"); and an annual cycle of assessment of the area, the achievement of the year's targets and the performance of the head of the Internal Audit department, as well as the setting of targets for 2024, with additional challenges. The Committee also validated the goals of the Internal Audit team, which reports to the Internal Audit Executive Manager. **(iii) Internal Controls, Corporate Risk Management, and Compliance:** evaluation and discussion of the Company's Prioritized Risk Matrix, classified according to their impacts and probabilities of occurrence, for possible description of the risk factors when updating the Reference Form, with follow-up of the risk mitigation plans with those responsible for their execution; follow-up of the risk management monitoring cycle, suggesting improvements in the processes, establishing the points of contact between the Executive Board and the Board of Directors; discussion of the Internal Controls Report ("CCI") issued by the independent auditors, and monitoring of the corresponding action plans, as well as submission of the document for the knowledge of the Board of Directors; monitoring, and scheduling for 2024, the implementation of action plans to comply with the Integrity Program established by the Company; reviewing and recommending the conditions for contracting Directors and Officers Liability insurance ("D&O") and its renewal in 2024 for approval by the Board of Directors; monitoring of the Business Continuity Plan, including the Business Impact Analysis (BIA) and the revision of the respective internal standard; and monitoring of recurring indicators defined by the CAE, in the Internal Controls, Risk Management, Compliance and Ethics and Conduct Channel blocks, with the definition of levels of attention for each indicator, reporting to the Board of Directors. **(iv) Financial Management, Allowances, Provisions, and Indicators:** evaluation and opinion for approval by the Board of Directors of the quarterly and annual Financial Statements, including monitoring the content of the respective Earnings Releases; evaluation and recommendation for approval of the proposals for declaration and distribution of interest on equity; results of the procedures adopted for reviewing the annual impairment tests and recoverability of deferred tax assets; monitoring of the capitalization of investments in research and development ("P&D"); monitoring of the activities and issues discussed by the Tax Affairs Committee and the Labour Affairs Committee; monitoring the risks, materialized and not materialized, of civil, labor and tax litigation, and the respective provisions for labor, civil and tax contingencies; monitoring and making recommendations to the Board of Directors and the Executive Board on due diligence reports, valuation assumptions and risks of operations involving mergers and acquisitions ("M&A"), the establishment of significant commercial alliances, such as Joint Ventures, as well as the incorporation of wholly-owned subsidiaries, in accordance with the rites established for such transactions; monitoring the progress of supplementary payments relating to acquired companies ("Earn out"); monitoring the progress of loan operations contracted by TOTVS Franchises with the Company; discussions and recommendations regarding the accounting register of Income Tax and Social Contribution credits on the Deferred Net Income Assets of the Company's wholly-owned subsidiary, RD Gestão e Sistemas S.A. ("RD Station"); and monitoring the results of the Net Promoter Score ("NPS") survey, economic churn indicators and actions to retain and improve customer satisfaction with the services provided, considering possible financial impacts for the Company. **(v) Information Security and Data Privacy:** monitoring of action plans to mitigate weaknesses and improve general information technology controls ("ITGC"), access profiles and segregation of duties; monitoring and discussion of information security, data privacy and cybersecurity events, as well as the development and implementation of action plans related to the weaknesses identified; monitoring of risks associated with Information Security in relation to Bring your own device ("BYOD"), including the review of the respective corporate standard; monitoring and discussions on the evolution of the use of generative artificial intelligence technologies by the Company, including the drafting of an internal standard on the subject, as well as the development of corporate training on the subject; monitoring and recommendations within the scope of the Cyber Security insurance renewal process; and monitoring and discussion on issues involving the General Data Protection Law and projects to comply with the Law's requirements. **(vi) Corporate Governance:** discussion, monitoring of the annual processes for updating the Reference Form, the Integrated Report for the base year 2023, the Report on the Brazilian Corporate Governance Code, the Carbon Inventory based on the Carbon Disclosure Project ("CDP") model, for recommendation for approval by the Board; monitoring of the preparation process for the 2024 Annual General Meeting, with analysis and recommendations on the documents calling the meetings to be submitted for resolution by the shareholders; discussion and recommendation on the approval and disclosure by the Board of Directors of the revision of the following normative documents: Contracting and Relationship with Independent Audit Policy; Data Protection and Privacy Policy; Corporate Information Security Policy; recommendation for approval of the Committee's annual budget for the 2025 fiscal year, including the body's expenses, expenses for Independent Audit services, expenses for the Internal Audit area and a budget forecast for the possible hiring of independent external specialists, as provided for in CVM Resolution 23/2021; monitoring and evaluating, at least monthly, the complaints received through the Ethics and Conduct Channel, the activities of the Ethics and Conduct Committee, the investigations carried out and the measures adopted by management, with a report to the Board of Directors; monitoring the process of preparing the Salary Transparency report for the 2024 financial year and the actions required by Law 14.611/2023, which provides for equal pay and remuneration criteria for women and men; participation by the CAE Coordinator in the Annual General Meeting to clarify any doubts shareholders may have; assessment and recommendation to the Board regarding transactions with related parties; assessment of the adherence of the CAE Rules of Procedure, by the Independent Auditors at the request of the Committee, regarding the regulatory requirements of the CVM, as well as its effective practices, including a comparison with what is practiced by other companies in the market; and conducting the Committee's annual self-assessment cycle.

2024 Annual Financial Statements:

The members of the Statutory Audit Committee of TOTVS S.A., in the exercise of their legal duties and responsibilities, as provided for in the Internal Regulations of the Statutory Audit Committee, examined and analyzed the financial statements, accompanied by the preliminary opinion of the independent auditors and the annual management report for the fiscal year ended December 31, 2024 ("2024 Annual Financial Statements") and, considering the information provided by the Company's Management and by KPMG Auditores Independentes Ltda, as well as the proposal for allocation of the results for the year 2024, unanimously opined that these adequately reflect, in all material respects, the equity and financial positions of the Company, and recommended that the documents be approved by the Company's Board of Directors for submission to the Annual General Shareholders' Meeting, under the terms of the Brazilian Corporation Law.

Sao Paulo, February 5th, 2025.

Gilberto Mifano
Coordinator of the Statutory Audit Committee and member of the Board of Directors

Tânia Sztamfater Chocolat
Member of the Statutory Audit Committee and of the Board of Directors

Ricardo Grosvenor Breakwell
External Member of the Statutory Audit Committee