

**TOTVS S.A.**  
**Corporate Taxpayer ID (CNPJ/MF): 53.113.791/0001-22**  
**Company Registry (NIRE): 35.300.153.171**

**EXTRACT OF THE MINUTES OF THE BOARD OF DIRECTORS MEETING**  
**HELD ON DECEMBER 21, 2017**

1. **DATE, TIME AND VENUE:** Held from 9 a.m. to 2 p.m., on December 21, 2017, at Av. Av. Braz Leme, nº 1000, in the city and state of São Paulo.
  
2. **PRESIDING BOARD:** Chairman: Mr. Pedro Luiz Barreiros Passos; Secretary: André Rizk.
  
3. **CALL NOTICE AND ATTENDANCE:** Call notice was duly sent in accordance with paragraph 1, article 18 of the Bylaws of TOTVS S.A. (“TOTVS” or “Company”). The majority of the Board of Directors (“Board”) attended the meeting, namely: Messrs. Pedro Luiz Barreiros Passos, Germán Pasquale Quiroga Vilardo, Laércio José de Lucena Cosentino, Gilberto Mifano, Mauro Rodrigues da Cunha, Wolney Edirley Gonçalves Betiol; and Ms. Claudia Elisa de Pinho Soares. Ms. Maria Letícia de Freitas Costa and Mr. Henrique Andrade Trinckquel Filho justified their absence.

Also present were Gilsomar Maia Sebastião, Administrative and Financial Vice President / Investor Relations Officer; Gustavo Dutra Bastos, Business Vice-President for Supply Chain and Health Care; Marcelo Eduardo Sant’anna Cosentino, Business Vice-President for Professional Services and IT; Flávio Balestrin, Marketing, Alliances, Business Models, Channels and Human Resources Vice-President; and Michele de Oliveira Endler Virgilio, Corporate Governance Coordinator.

Initially, the independent director Claudia Elisa de Pinho Soares, elected in the Extraordinary Shareholders' Meeting held on December 20, 2017, was invested in her position, in accordance with Article 149 of Federal Law 6,404/76 (“Brazilian Corporations Law”) and with Paragraph 1, Article 13 of the Company’s Bylaws, upon signing: (a) the clearance statement, in accordance with Article 2 of Instruction 367 issued by the Securities and Exchange Commission of Brazil (“CVM”) on May 29, 2002, and with Article 147 of Brazilian Corporations Law (Appendix I hereto); (b) the Consent to Appointment of Managers, in accordance with Section IV, Clause 4.7 of the Listing Regulations of the Novo Mercado segment of B3 S.A. – Brasil, Bolsa, Balcão (“B3”); and (c) the Instrument of Investiture (Appendix II hereto).

4. **AGENDA:** (i) Executive Session; (ii) Report from the Chief Executive Officer and from the Chief Financial and Investor Relations Officer, including approval of the budget for 2018; (iii) Report on the activities of the Audit Committee, including (a) approval of the declaration and payment of Interest on Equity; (b) approval of matters regarding Corporate Risk Management; and (c)

CONFIDENTIAL; (iv) Report on the activities of the Personnel and Compensation Committee; and (v) Report on the activities of the Strategy and Technology Committee.

## **5. PRESENTATIONS AND RESOLUTIONS:**

**5.1.** The Directors met in an executive session without the presence of executive officers.

**5.2.** The Board of Executive Officers presented and commented on the Company's results for November 2017.

**5.2.1.** The Board discussed and **approved**, by unanimous vote, in accordance with Article 19, item (vii), of the Bylaws, the budget of the Company and its subsidiaries for fiscal year 2018, as proposed by the Board of Executive Officers.

**5.3.** After the report on the most recent activities of the Audit Committee was presented, the Board discussed and **approved**, by unanimous vote, in compliance with the favorable recommendation by the Audit Committee:

- (a) the declaration and payment of interest on equity to the Company's shareholders, in the total amount of seventeen million, four hundred thirty-four thousand, three hundred twenty-nine reais and three centavos (R\$17,434,329.03), related to the second half of 2017, which is equivalent to R\$0.106693479 per share and will be calculated towards the minimum mandatory dividends, in accordance with Article 34 of the Company's Bylaws. All shareholders of record as of the base date December 27, 2017 will be entitled to receiving the interest on equity. Starting December 28, 2017, the shares of the Company will be traded "ex-interest on equity." Interest on equity will be paid on May 9, 2018, without any inflation adjustment or remuneration from the date hereof through May 9, 2018;
- (b) the map of strategic risks, in accordance with the Company's Risk Management and Internal Controls Policy, as well as the periodical monitoring of risk reporting, of monitoring initiatives and indicators by the Advisory Committees and by the Board; and
- (c) CONFIDENTIAL.

**5.4** The report on the latest activities of the Personnel and Compensation Committee was presented, followed by debates and suggestions from the directors.

**5.5.** The report on the latest activities of the Strategy and Technology Committee was presented and was followed by debates and suggestions from the directors.

**6. APPROVAL AND SIGNATURE OF THE MINUTES:** There being no other matter to discuss, the Chairman declared the meeting closed and these minutes were drawn up. This document is a summary of non-confidential items of said minutes.

São Paulo, December 21, 2017.

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Pedro Luiz Barreiros Passos  
Chairman of the Meeting

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André Rizk  
Secretary