

**AGREEMENT AND PLAN OF MERGER OF VIRTUAL AGE SOLUÇÕES EM TECNOLOGIA
LTDA. WITH TOTVS S.A.**

A) The management of **TOTVS S.A.**, a publicly held company headquartered at Avenida Braz Leme nº 1.000, Bairro Casa Verde, CEP 02511-000, in the city and state of São Paulo, inscribed in the corporate taxpayers register (CNPJ/MF) under no. 53.113.791/0001-22, with its articles of incorporation filed with the Commercial Registry of the State of São Paulo (“**JUCESP**”) under NIRE no. 35.300.153.171 (“**TOTVS**”); and

B) The partners of **VIRTUAL AGE SOLUÇÕES EM TECNOLOGIA LTDA.**, a limited liability company headquartered at Avenida Brasil nº 2.185, Centro, CEP 87.200-000, in the city of Cianorte, state of Paraná, inscribed in the corporate taxpayers register (CNPJ/MF) under no. 14.934.661/0001-07, with its articles of organization filed with the Commercial Registry of the State Paraná under NIRE no. 41.207.260.609 (“**VIRTUAL AGE**”).

TOTVS and **VIRTUAL AGE** hereinafter jointly referred to as “Parties” and individually referred to as “Party”.

WHEREAS:

I. **TOTVS** currently owns shares representing 99.99% of the capital of **VIRTUAL AGE** and, immediately before the intended merger of **VIRTUAL AGE** with **TOTVS** (“**Merger**”), the other partner of **VIRTUAL AGE**, **TOTVS Ventures Participações Ltda.**, a limited liability company headquartered at Rua Desembargador Euclides Silveira nº 232, Bairro Casa Verde, CEP 02511-010, in the city and state of São Paulo, inscribed in the corporate taxpayers register (CNPJ/MF) under no. 15.760.400/0001-72, with its articles of organization filed with JUCESP under NIRE no. 35.226.707.899 (“**TOTVS Ventures**”), will transfer to **TOTVS** the only share held thereby in the capital of **VIRTUAL AGE**, after which **TOTVS** will become the owner of shares representing 100% of the capital of **VIRTUAL AGE**;

II. The Merger will be conducted without any increase in the capital of **TOTVS**, i.e. without the dilution of its current shareholders, such that, in accordance with article 10 of CVM Instruction 565/2015 (“**ICVM 565**”), the obligations established in Chapter III of ICVM 565 do not apply; and

III. **TOTVS** has consulted CVM regarding the need to prepare the valuation reports required by article 264 of Federal Law 6,404/76 (“**Brazilian Corporations Law**”) for the purposes of the Merger, and the Superintendent of Company Relations of CVM, in light of the circumstances of the present case, based on item I, sub-item b, of CVM Resolution 559/08, sub-item b, expressed its understanding that CVM would not justifiably require the preparation of the valuation reports mentioned in article 264 of Brazilian

Corporations Law for the purpose of the Merger, in accordance with Official Letter 310/2017/CVM/SEP/GEA-2, dated September 26, 2017.

Enter into, in accordance with and for the purposes set forth in article 1,116 and subsequent articles of Law 10,406/02, and article 223 and subsequent articles of Brazilian Corporations Law, the present agreement plan of merger of **VIRTUAL AGE** with **TOTVS** ("**Merger Agreement**"), under the following terms and conditions:

1. Justification of the Merger.

1.1. The Merger is believed to be advantageous for the Parties and, consequently, for their shareholders and partners, since it will result in the unification and centralization of their corporate activities in order to rationalize their operations, optimize management and minimize expenses through economies of scale. This Merger is beneficial considering the ever-growing costs of maintaining two separate corporate structures.

1.2. The intention of the Parties is that **VIRTUAL AGE** will be merged with **TOTVS**, which will absorb all of the former's assets and will succeed to all its rights and obligations, in accordance with law.

1.3. **TOTVS** will continue, after the Merger, to dedicate itself to the development and implementation of specialized management and productivity platforms in the diverse operating segments of the company and will maintain its registration as a publicly held company.

2. Merger.

2.1. The fully subscribed and paid in capital of **TOTVS** is nine hundred eighty-nine million, eight hundred forty thousand, seven hundred sixty-eight reais and forty-two centavos (R\$989,840,768.42), divided into one hundred sixty-five million, six hundred thirty-seven thousand, seven hundred twenty-seven (165,637,727) registered, book-entry common shares, without par value.

2.2. The fully subscribed and paid-in capital of **VIRTUAL AGE** is two hundred thousand reais (R\$200,000.00), divided into two hundred thousand (200,000) shares, with par value of one real (R\$1.00) each. As mentioned above, before the Merger, **TOTVS Ventures** will transfer to **TOTVS** the only share held by it in **VIRTUAL AGE**, after which **TOTVS** will become the sole partner in **VIRTUAL AGE**.

2.3. For the purposes of the intended Merger, the Parties decided to value the net assets of **VIRTUAL AGE** on September 30, 2017 ("**Base Date**") through a Valuation Report prepared by the Expert Firm identified below, which was appointed in common agreement between the companies using the criteria for valuation of the book assets and liabilities set forth in articles 183 and 184 of Brazilian Corporations Law.

2.4. In compliance with law, the management of **TOTVS** hired the expert firm **MARTINELLI AUDITORES**, headquartered at Rua Dona Francisca nº 1113, 10º e 11º andares, Bairro Saguiaçu, CEP 89.221-006, in the city of Joinville, state of Santa Catarina, inscribed in the corporate taxpayers register (CNPJ/MF) under no. 79.370.466/0001-39 ("**Expert Firm**"), to value the net assets of **VIRTUAL AGE** based on the balance sheet prepared on the Base Date, whose results are described in the valuation report attached hereto as **Appendix L.7** ("**Valuation Report**").

2.4.1. The appointment of the Expert Firm will be submitted for ratification by the Shareholders Meeting of **TOTVS** that examines the Merger Agreement, in accordance with article 227 of Brazilian Corporations Law.

2.4.2. The Expert Firm declared (i) that there is no conflict or communion of existing or potential interests with the shareholders of the Companies or in relation to the Merger; and (ii) no shareholders or managers of the Companies have directed, limited, hindered or practiced any acts that have or could have compromised the access, use or knowledge of information, assets, documents or work methodologies to ensure the quality of its conclusions.

2.5. The Merger will not result in any increase or reduction in the shareholders' equity of **TOTVS**, since, at the time of the Merger, 100% of the shares of **VIRTUAL AGE** will be held by **TOTVS**, which also already includes the financial statements of **VIRTUAL AGE** in its consolidated financial statements. Moreover, to replace the shares currently recorded in the consolidated financial statements of **TOTVS**, the assets of **VIRTUAL AGE**, after the Merger, will be directly recorded as **TOTVS** assets. Therefore, as a result of the intended Merger, **TOTVS** accounting records will be altered to replace the investment account related to its ownership interest in **VIRTUAL AGE** by the corresponding assets and liabilities recorded in the balance sheet of **VIRTUAL AGE**, without any change to the capital account.

2.5.1. All the shares of **VIRTUAL AGE**, which will be owned by **TOTVS** at the time of the Merger, will be canceled, as permitted under article 226, paragraph 1 of Brazilian Corporations Law.

2.5.2. As a result of item 2.4 above, the capital of **TOTVS** will not change and no new share will be issued.

2.5.3. The corporate purpose of **TOTVS** too will not be changed, since the companies have similar purposes and since **VIRTUAL AGE** does not perform any activity that is not already included in the corporate purpose of **TOTVS**.

2.5.4. Similarly, there will be no need to make any amendment to the Bylaws of **TOTVS**.

2.6. Any changes to equity positions after the Base Date will be booked by **TOTVS**, due to the Merger, with the necessary entries made in the accounting and tax books.

2.7. Any goodwill recorded in the investments of **VIRTUAL AGE** to be transferred to **TOTVS** as a result of the Merger will be treated the same as they would be by **VIRTUAL AGE**, and, after the Merger, will be used by **TOTVS** for tax purposes in accordance with applicable laws and without the issue of new shares.

2.8. Also, since on the date of the Merger, **TOTVS** will be the sole partner in **VIRTUAL AGE**, there is no question of dissenting partners or withdrawal rights as a result of the Merger, in accordance with article 137 of Brazilian Corporations Law.

3. Corporate Approvals.

3.1. The consummation of the Merger will depend on the following interdependent acts:

(i) amendment to the articles of organization of **VIRTUAL AGE** in order to (a) approve the transfer of the sole share held by **TOTVS Ventures** in **VIRTUAL AGE** to **TOTVS**; (b) approve this Merger Agreement; (c) approve the Merger; and (d) authorize the management of **VIRTUAL AGE** to take all the necessary steps to implement and formalize the Merger; and

(ii) call the extraordinary shareholders meeting of **TOTVS** to, in this order, (a) approve this Merger Agreement; (b) ratify the hiring of the Expert Firm; (c) approve the Valuation Report; (d) approve the merger and consequent dissolution of **VIRTUAL AGE**; and (e) authorize the management of **TOTVS** to take all the necessary steps required to consummate the Merger.

4. **General Provisions.**

4.1. The consummation of the Merger will result in the dissolution of **VIRTUAL AGE**, which will be succeeded by **TOTVS** to all its assets, rights, liabilities, obligations and responsibilities, in accordance with applicable provisions of Brazilian Corporations Law.

4.2. All the real estate assets in the equity of **VIRTUAL AGE**, as well as any movable assets, inventories and equipment in the facilities of **VIRTUAL AGE** or registered in its name will become the property of **TOTVS** as a result of the Merger.

4.3. The management of **TOTVS** shall take all the measures required to implement the merger, including filing and publishing all the acts related to the Merger, in accordance with article 227, paragraph 3 of Brazilian Corporations Law, and cancel the registration of **VIRTUAL AGE** with the competent federal, state and municipal authorities, besides maintaining its accounting records for the legally required period.

4.4. The courts of the city of São Paulo in the state of São Paulo are hereby chosen to settle any dispute arising from this Merger Agreement, with the waiver of any other court, however preferable it may be.

4.5. All the documents mentioned herein are available to the shareholders of **TOTVS** at its registered office starting today, on the Investor Relations website of **TOTVS** (<http://ri.totvs.com.br>), and on the websites of the Securities and Exchange Commission of Brazil (CVM) and the São Paulo Stock Exchange (B3).

4.6. This Merger Agreement can be amended only by a written instrument signed by the Parties.

IN WITNESS WHEREOF, the Parties sign this instrument in six (6) counterparts of equal content, in the presence of two (2) witnesses, in order to produce all legal effects.

São Paulo, November 17, 2017

Partners of Virtual Age Soluções em Tecnologia Ltda.:

TOTVS S.A.

By: Marcelo Eduardo Sant'Anna
Cosentino
Position: Executive Vice President

By: Gilsomar Maia Sebastião
Position: Executive Vice President and
Investor Relations Officer

TOTVS VENTURES PARTICIPAÇÕES LTDA.

By: Marcelo Eduardo Sant'Anna
Cosentino
Position: Manager

By: Gilsomar Maia Sebastião
Position: Manager

Managers of TOTVS S.A.:

By: Marcelo Eduardo Sant'Anna
Cosentino
Position: Executive Vice President

By: Gilsomar Maia Sebastião
Position: Executive Vice President and
Investor Relations Officer

Witnesses:

1. _____
Name:
RG:
CPF/MF:

2. _____
Name:
RG:
CPF/MF: