

# **Odontoprev S.A.**

**Financial Statements (FS)**

**at December 31, 2019**

(A free translation of the original in Portuguese)

(A free translation of the original in Portuguese)

Financial Statements (FS) - 12/31/2019 - ODONTOPREV S.A.

## Company financial information/capital breakdown

Number of shares (units)	Current period
<b>From paid-in capital</b>	12/31/2019
Common	531,294,732
Preferred	-
<b>Total</b>	<b>531,294,732</b>
<b>Treasury shares</b>	
Common	1,309,409
Preferred	-
<b>Total</b>	<b>1,309,409</b>

(A free translation of the original in Portuguese)

Financial Statements (FS) - 12/31/2019 - ODONTOPREV S.A.

## Company financial information/cash distributions

<b>Event</b>	<b>Approval</b>	<b>Type of distribution</b>	<b>Payment date</b>	<b>Share type</b>	<b>Earnings per share (R\$/share)</b>
Board of Directors Meeting	03/18/2019	Interest on capital	05/03/2019	Common	0.03323
Ordinary & Extraordinary General Meeting	04/01/2019	Dividends	05/03/2019	Common	0.04149
Ordinary & Extraordinary General Meeting	04/01/2019	Dividends	05/03/2019	Common	0.01081
Board of Directors Meeting	05/02/2019	Dividends	05/16/2019	Common	0.09529
Board of Directors Meeting	06/17/2019	Interest on capital	07/03/2019	Common	0.02989
Board of Directors Meeting	08/01/2019	Dividends	09/04/2019	Common	0.05239
Board of Directors Meeting	09/24/2019	Interest on capital	10/09/2019	Common	0.02812
Board of Directors Meeting	10/30/2019	Dividends	12/06/2019	Common	0.04239
Board of Directors Meeting	12/16/2019	Interest on capital	01/08/2020	Common	0.02678

## Company financial information/balance sheet - assets

(R\$ thousand)

(A free translation of the original in Portuguese)

Account Code	Account description	Current year 12/31/2019	Prior year 12/31/2018
<b>1</b>	<b>Total assets</b>	<b>1,708,498</b>	<b>1,571,572</b>
<b>1.01</b>	<b>Current assets</b>	<b>761,509</b>	<b>625,663</b>
1.01.01	Cash and cash equivalents	25,579	16,597
<b>1.01.02</b>	<b>Financial instruments</b>	<b>499,401</b>	<b>422,508</b>
<b>1.01.02.01</b>	<b>Financial instruments measured at fair value through income</b>	<b>499,401</b>	<b>422,508</b>
1.01.02.01.03	Financial investments that guarantee technical provisions	130,749	115,490
1.01.02.01.04	Financial investments for trading portfolio	368,652	307,018
<b>1.01.03</b>	<b>Trade receivables</b>	<b>150,189</b>	<b>142,313</b>
<b>1.01.03.01</b>	<b>Customers</b>	<b>141,858</b>	<b>135,594</b>
1.01.03.01.01	Dental care receivables	180,002	174,848
1.01.03.01.02	(-) Allowance for doubtful accounts	(46,887)	(49,181)
1.01.03.01.03	Participation of beneficiaries in indemnifying events/claims	1,669	2,452
1.01.03.01.05	Dental care operators	7,074	7,475
<b>1.01.03.02</b>	<b>Sundry receivables</b>	<b>8,331</b>	<b>6,719</b>
1.01.03.02.01	Advances to suppliers and other	295	343
1.01.03.02.02	Advances to employees	5,315	5,101
1.01.03.02.03	Other receivables	2,721	1,275
<b>1.01.06</b>	<b>Taxes recoverable</b>	<b>55,913</b>	<b>20,134</b>
1.01.06.01	Current taxes recoverable	55,913	20,134
1.01.06.01.01	Tax and social security credits	55,913	20,134
<b>1.01.07</b>	<b>Prepaid expenses</b>	<b>30,427</b>	<b>24,111</b>
1.01.07.01	Deferred acquisition costs	28,394	22,280
1.01.07.20	Other	2,033	1,831
<b>1.02</b>	<b>Non-current assets</b>	<b>946,989</b>	<b>945,909</b>
<b>1.02.01</b>	<b>Long-term receivables</b>	<b>107,234</b>	<b>127,778</b>
<b>1.02.01.03</b>	<b>Financial assets held to maturity (financial investments)</b>	<b>15,824</b>	<b>15,227</b>
1.02.01.03.01	Securities held to maturity that guarantee technical provisions	15,824	15,227
<b>1.02.01.07</b>	<b>Deferred taxes</b>	<b>38,634</b>	<b>41,271</b>
1.02.01.07.01	Deferred income tax and social contribution	38,634	41,271
<b>1.02.01.10</b>	<b>Other non-current assets</b>	<b>52,776</b>	<b>71,280</b>
1.02.01.10.03	Judicial deposits	13,485	3,745
1.02.01.10.04	Other receivables	14,943	1,721
1.02.01.10.05	Securities and credits receivable	100	79
1.02.01.10.06	Tax and social security credits (taxes recoverable)	24,248	65,735
<b>1.02.02</b>	<b>Investments</b>	<b>52,049</b>	<b>262,893</b>
<b>1.02.02.01</b>	<b>Equity interests</b>	<b>52,049</b>	<b>262,893</b>
1.02.02.01.02	Interests in subsidiaries	47,756	259,428
1.02.02.01.03	Interests in jointly ventures	4,293	3,465
<b>1.02.03</b>	<b>Property, plant and equipment</b>	<b>41,634</b>	<b>11,174</b>
<b>1.02.03.01</b>	<b>Property, plant and equipment in use</b>	<b>16,553</b>	<b>11,167</b>
1.02.03.01.01	Property, plant and equipment for own use	9,866	9,802
1.02.03.01.02	Other fixed assets	6,687	1,365
<b>1.02.03.02</b>	<b>Right of use in leasehold</b>	<b>25,074</b>	<b>-</b>
1.02.03.02.01	Right of use (IFRS 16)	25,074	-
<b>1.02.03.03</b>	<b>Fixed assets in progress</b>	<b>7</b>	<b>7</b>
1.02.03.03.01	Fixed assets in progress	7	7
<b>1.02.04</b>	<b>Intangible assets</b>	<b>746,072</b>	<b>544,064</b>
<b>1.02.04.01</b>	<b>Intangible assets</b>	<b>746,072</b>	<b>544,064</b>
1.02.04.01.02	Goodwill on acquisition of investments	638,669	492,876
1.02.04.01.03	System development, software licenses and other	65,778	51,080
1.02.04.01.05	Allocated intangible assets	41,625	108

## Company financial information/balance sheet - liabilities and equity

(R\$ thousand)

(A free translation of the original in Portuguese)

Account Code	Account description	Current year 12/31/2019	Prior year 12/31/2018
<b>2</b>	<b>Total liabilities and equity</b>	<b>1,708,498</b>	<b>1,571,572</b>
<b>2.01</b>	<b>Current liabilities</b>	<b>463,629</b>	<b>478,278</b>
<b>2.01.01</b>	<b>Social security and labor charges</b>	<b>34,399</b>	<b>24,857</b>
<b>2.01.01.01</b>	<b>Social charges</b>	<b>4,376</b>	<b>3,366</b>
2.01.01.01.01	Charges payable	4,376	3,366
<b>2.01.01.02</b>	<b>Labor charges</b>	<b>30,023</b>	<b>21,491</b>
2.01.01.02.01	Salaries, vacation pay and fees	30,023	21,491
<b>2.01.02</b>	<b>Suppliers</b>	<b>10,257</b>	<b>14,539</b>
<b>2.01.02.01</b>	<b>Domestic suppliers</b>	<b>10,257</b>	<b>14,539</b>
2.01.02.01.01	Commissions payable	5,806	6,386
2.01.02.01.02	Suppliers of goods and services	3,420	7,241
2.01.02.01.03	Other debits of dental care operations	241	238
2.01.02.01.04	Consideration/premiums to be repaid	268	674
2.01.02.01.05	Lease liability (IFRS 16)	2,584	-
2.01.02.01.06	Present value adjustment (PVA) - Lease liability (IFRS 16)	(2,062)	-
<b>2.01.03</b>	<b>Tax liabilities</b>	<b>28,343</b>	<b>28,058</b>
<b>2.01.03.01</b>	<b>Federal tax liabilities</b>	<b>19,633</b>	<b>18,715</b>
2.01.03.01.01	Income tax and social contribution payable	6,029	7,648
2.01.03.01.02	Other federal tax liabilities	13,604	11,067
2.01.03.03	Municipal tax liabilities	8,710	9,343
<b>2.01.05</b>	<b>Other liabilities</b>	<b>67,696</b>	<b>134,792</b>
<b>2.01.05.02</b>	<b>Other</b>	<b>67,696</b>	<b>134,792</b>
2.01.05.02.01	Dividends and interest on capital payable	12,083	71,451
2.01.05.02.02	Minimum mandatory dividend payable	-	5,741
2.01.05.02.04	Advances from customers	1,310	937
2.01.05.02.05	Sundry payables	50,312	46,691
2.01.05.02.08	Investment payable	3,991	3,500
2.01.05.02.09	Contingent consideration	-	6,472
<b>2.01.06</b>	<b>Provisions</b>	<b>322,934</b>	<b>276,032</b>
<b>2.01.06.02</b>	<b>Other provisions</b>	<b>322,934</b>	<b>276,032</b>
2.01.06.02.04	Unsettled claims	46,242	38,352
2.01.06.02.05	IBNR - incurred but not reported claims	94,565	82,403
2.01.06.02.06	Unearned premiums	182,127	155,277
<b>2.02</b>	<b>Non-current liabilities</b>	<b>133,504</b>	<b>65,838</b>
<b>2.02.02</b>	<b>Other liabilities</b>	<b>91,593</b>	<b>42,239</b>
<b>2.02.02.02</b>	<b>Other</b>	<b>91,593</b>	<b>42,239</b>
2.02.02.02.03	Other liabilities	14,640	813
2.02.02.02.04	Fees payable	1,068	1,068
2.02.02.02.05	Put option in subsidiary	31,184	26,358
2.02.02.02.06	Investment payable	11,975	14,000
2.02.02.02.07	Lease liability (IFRS 16)	32,067	-
2.02.02.02.08	PVA - Lease liability (IFRS 16)	(6,779)	-
2.02.02.02.09	Long-term incitement program	7,438	-
<b>2.02.04</b>	<b>Provisions</b>	<b>41,911</b>	<b>23,599</b>
2.02.04.01	Contingent liabilities (tax, social security, labor and civil)	30,537	23,341
<b>2.02.04.02</b>	<b>Other provisions</b>	<b>11,374</b>	<b>258</b>
2.02.04.02.04	Installments of debts from taxes and contributions	2,983	-
2.02.04.02.05	Taxes and contributions payable	8,236	-
2.02.04.02.06	Installments of tax and social contribution debts (other payables)	155	258
<b>2.03</b>	<b>Equity</b>	<b>1,111,365</b>	<b>1,027,456</b>
2.03.01	Capital	607,869	506,557
2.03.02	Capital reserves	(2,262)	9,206
<b>2.03.04</b>	<b>Earnings reserves</b>	<b>505,758</b>	<b>511,693</b>
2.03.04.01	Legal reserve	14,238	101,312
2.03.04.07	Tax incentive reserve	129	129
2.03.04.08	Additional dividend proposed	35,983	22,018
2.03.04.09	Treasury shares	(21,028)	(17,012)
2.03.04.10	Statutory reserve of regulatory capital	238,218	202,623
2.03.04.11	Investment and expansion reserve	238,218	202,623

## Company financial information/statement of income

(R\$ thousand)

(A free translation of the original in Portuguese)

Account Code	Account description	Current year from 01/01/2019 to 12/31/2019	Prior year from 01/01/2018 to 12/31/2018
<b>3.01</b>	<b>Gross sales and/or services revenue</b>	<b>1,778,599</b>	<b>1,519,621</b>
3.01.01	Net premiums with dental care plan	1,842,530	1,600,167
3.01.04	Taxes on dental care plan operations	(63,931)	(80,546)
<b>3.02</b>	<b>Cost of sales and/or services rendered</b>	<b>(810,151)</b>	<b>(691,747)</b>
3.02.01	Indemnifiable claims, net	(776,457)	(669,569)
3.02.02	Social charges on services	40	-
3.02.03	Dental materials	(16,356)	(14,978)
3.02.04	Other operating costs	(5,301)	(6,231)
3.02.05	Variation of IBNR	(12,077)	(969)
<b>3.03</b>	<b>Gross income</b>	<b>968,448</b>	<b>827,874</b>
<b>3.04</b>	<b>Operating revenues/expenses</b>	<b>(584,715)</b>	<b>(452,756)</b>
<b>3.04.01</b>	<b>Selling expenses</b>	<b>(201,748)</b>	<b>(168,464)</b>
3.04.01.01	Selling expenses	(201,748)	(168,464)
<b>3.04.02</b>	<b>General and administrative expenses</b>	<b>(285,114)</b>	<b>(227,221)</b>
3.04.02.01	Administrative expenses	(279,252)	(221,542)
3.04.02.02	Right of use amortization (IFRS 16)	(3,316)	-
3.04.02.03	Leases	(6,810)	(5,664)
3.04.02.04	Leases (IFRS 16)	4,757	-
3.04.02.05	Income (loss) from the sale or disposal of non-current and other assets	(493)	(15)
<b>3.04.04</b>	<b>Other operating revenues</b>	<b>3,597</b>	<b>2,605</b>
3.04.04.01	Other operating revenue from dental care	519	318
3.04.04.02	Revenue from dental care not related to company's plans	3,078	2,287
<b>3.04.05</b>	<b>Other operating expenses</b>	<b>(109,579)</b>	<b>(77,116)</b>
3.04.05.01	Stock option plan	(2,755)	(8,562)
3.04.05.02	Allowance for doubtful accounts	(78,438)	(56,637)
3.04.05.03	Profit sharing	(14,241)	(11,917)
3.04.05.04	Long-term incitement program	(14,145)	-
<b>3.04.06</b>	<b>Earnings of equity method</b>	<b>8,129</b>	<b>17,440</b>
<b>3.05</b>	<b>Income before financial results and taxes</b>	<b>383,733</b>	<b>375,118</b>
<b>3.06</b>	<b>Financial results, net</b>	<b>19,307</b>	<b>24,872</b>
3.06.01	Financial income	31,918	31,982
3.06.02	Financial expenses	(12,611)	(7,110)
3.06.02.01	General financial expenses	(72,990)	(66,737)
3.06.02.02	PVA - Lease liability (IFRS 16)	(2,177)	-
3.06.02.03	Reversal of interest on capital	62,556	59,627
<b>3.07</b>	<b>Income before income taxes</b>	<b>403,040</b>	<b>399,990</b>
<b>3.08</b>	<b>Income tax and social contribution</b>	<b>(118,277)</b>	<b>(115,197)</b>
3.08.01	Current	(114,411)	(121,391)
3.08.02	Deferred	(3,866)	6,194
<b>3.09</b>	<b>Net income for the year from continuing operations</b>	<b>284,763</b>	<b>284,793</b>
<b>3.11</b>	<b>Income for the year</b>	<b>284,763</b>	<b>284,793</b>
3.99	Earnings per share - (reais/share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common	0.53711	0.53887
3.99.02	Diluted earnings per share		
3.99.02.01	Common	0.53579	0.53488

## Company financial information/statement of comprehensive income

(R\$ thousand)

(A free translation of the original in Portuguese)

Account Code	Account description	Current year from 01/01/2019 to 12/31/2019	Prior year from 01/01/2018 to 12/31/2018
4.01	Income for the year	284,763	284,793
4.03	Comprehensive income for the year	284,763	284,793

## Company financial information/statement of cash flows - indirect method

(R\$ thousand)

(A free translation of the original in Portuguese)

Account Code	Account description	Current year from 01/01/2019 to 12/31/2019	Prior year from 01/01/2018 to 12/31/2018
<b>6.01</b>	<b>Net cash provided by operating activities</b>	<b>291,324</b>	<b>320,276</b>
<b>6.01.01</b>	<b>Cash from operations</b>	<b>535,744</b>	<b>491,860</b>
6.01.01.01	Income for the year	284,763	284,793
6.01.01.02	Depreciation and amortization	19,211	13,805
6.01.01.03	Monetary variations, net	990	(946)
6.01.01.05	Contingent liabilities (tax, social security, labor and civil)	(717)	11,332
6.01.01.06	Income (loss) from the sale or disposal of non-current and other assets	493	202
6.01.01.07	Earnings of equity method	(8,129)	(17,440)
6.01.01.08	Allowance for doubtful accounts	78,438	56,637
6.01.01.09	Stock option plan	2,755	8,562
6.01.01.10	Variation of IBNR	12,077	969
6.01.01.11	Income tax and social contribution	118,277	115,197
6.01.01.12	Unearned premiums	26,850	18,749
6.01.01.13	Right of use amortization (IFRS 16)	3,316	-
6.01.01.14	Lease (IFRS 16)	(4,757)	-
6.01.01.15	PVA - Lease liability (IFRS 16)	2,177	-
<b>6.01.02</b>	<b>Changes in assets and liabilities</b>	<b>(244,420)</b>	<b>(171,584)</b>
6.01.02.01	Financial instruments measured at fair value through income	(76,893)	39,388
6.01.02.02	Customers	(84,702)	(68,023)
6.01.02.03	Taxes recoverable, other receivables and prepaid expenses	(37,072)	(7,324)
6.01.02.05	Long-term receivables (Non-current assets)	36,081	7,774
6.01.02.06	Unsettled claims	7,890	5,170
6.01.02.09	Tax liabilities (taxes and contributions payable)	682	8,120
6.01.02.10	Labor charges, suppliers, advances from customers and sundry payables	8,878	(8,810)
6.01.02.11	Non-current liabilities	17,545	110
6.01.02.13	Income tax and social contribution paid	(117,259)	(149,197)
6.01.02.14	Social charges	1,010	(225)
6.01.02.15	Commissions payable	(580)	1,433
<b>6.02</b>	<b>Net cash used in investing activities</b>	<b>(18,326)</b>	<b>(200,895)</b>
6.02.01	Purchases of property, plant and equipment	(9,063)	(2,064)
6.02.02	System development, software licenses and other	(20,980)	(16,421)
6.02.05	Write-off of incorporated investments	14,187	-
6.02.06	Purchase of investments	(9,473)	(179,112)
6.02.07	Dividends received from subsidiaries	8,615	8,729
6.02.08	Advance for future capital increase and capital increase in investments	(1,015)	(11,436)
6.02.11	Financial assets held to maturity (financial investments)	(597)	(591)
<b>6.03</b>	<b>Net cash used in financing activities</b>	<b>(264,016)</b>	<b>(118,896)</b>
6.03.01	Dividends and interest on capital paid	(250,714)	(86,716)
6.03.02	Repurchase of shares - in treasury	(41,781)	(70,497)
6.03.04	Receipt of stock options granted	28,479	38,317
<b>6.05</b>	<b>Increase in cash and cash equivalents</b>	<b>8,982</b>	<b>485</b>
6.05.01	Cash and cash equivalents at the beginning of the year	16,597	16,112
6.05.02	Cash and cash equivalents at the end of the year	25,579	16,597

**Company financial information/statement of changes in equity - 01/01/2019 to 12/31/2019**

(R\$ thousand)

(A free translation of the original in Portuguese)

Account Code	Account description	Capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings	Total equity
<b>5.01</b>	<b>Opening balance</b>	<b>506,557</b>	<b>(7,806)</b>	<b>528,705</b>	-	<b>1,027,456</b>
<b>5.03</b>	<b>Adjusted opening balance</b>	<b>506,557</b>	<b>(7,806)</b>	<b>528,705</b>	-	<b>1,027,456</b>
<b>5.04</b>	<b>Equity transactions with owners</b>	<b>101,312</b>	<b>(15,484)</b>	<b>(87,347)</b>	<b>(199,335)</b>	<b>(200,854)</b>
5.04.01	Capital increase	101,312	-	(101,312)	-	-
5.04.03	Stock options granted	-	2,755	-	-	2,755
5.04.04	Treasury shares acquired	-	(41,781)	-	-	(41,781)
5.04.05	Treasury shares sold	-	28,479	-	-	28,479
5.04.06	Dividends	-	-	(22,018)	(100,796)	(122,814)
5.04.07	Interest on capital	-	-	-	(62,556)	(62,556)
5.04.19	Put option in subsidiary	-	(4,937)	-	-	(4,937)
<b>5.05</b>	<b>Total comprehensive income for the year</b>	-	-	-	<b>284,763</b>	<b>284,763</b>
5.05.01	Income for the year	-	-	-	284,763	284,763
<b>5.06</b>	<b>Internal changes in equity</b>	-	-	<b>85,428</b>	<b>(85,428)</b>	-
5.06.01	Constitution of reserves	-	-	85,428	(85,428)	-
<b>5.07</b>	<b>Closing balance</b>	<b>607,869</b>	<b>(23,290)</b>	<b>526,786</b>	-	<b>1,111,365</b>

## Company financial information/statement of changes in equity - 01/01/2018 to 12/31/2018

(R\$ thousand)

(A free translation of the original in Portuguese)

Account Code	Account description	Capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings	Total equity
<b>5.01</b>	<b>Opening balance</b>	<b>506,557</b>	<b>21,432</b>	<b>395,253</b>	-	<b>923,242</b>
<b>5.03</b>	<b>Adjusted opening balance</b>	<b>506,557</b>	<b>21,432</b>	<b>395,253</b>	-	<b>923,242</b>
<b>5.04</b>	<b>Equity transactions with owners</b>	-	<b>(29,238)</b>	<b>11,417</b>	<b>(162,758)</b>	<b>(180,579)</b>
5.04.03	Stock options granted	-	8,562	-	-	8,562
5.04.04	Treasury shares acquired	-	(70,497)	-	-	(70,497)
5.04.05	Treasury shares sold	-	38,317	-	-	38,317
5.04.06	Dividends	-	-	-	(85,973)	(85,973)
5.04.07	Interest on capital	-	-	-	(59,627)	(59,627)
5.04.13	Additional dividend proposed	-	-	22,018	(11,417)	10,601
5.04.17	Complementary dividend to the minimum mandatory dividend	-	-	-	(5,741)	(5,741)
5.04.18	Additional dividend proposed (revenue reserves destination)	-	-	(10,601)	-	(10,601)
5.04.19	Put option in subsidiary	-	(5,620)	-	-	(5,620)
<b>5.05</b>	<b>Total comprehensive income for the year</b>	-	-	-	<b>284,793</b>	<b>284,793</b>
5.05.01	Income for the year	-	-	-	284,793	284,793
<b>5.06</b>	<b>Internal changes in equity</b>	-	-	<b>122,035</b>	<b>(122,035)</b>	-
5.06.01	Constitution of reserves	-	-	122,035	(122,035)	-
<b>5.07</b>	<b>Closing balance</b>	<b>506,557</b>	<b>(7,806)</b>	<b>528,705</b>	-	<b>1,027,456</b>

## Company financial information/statement of value added

(R\$ thousand)

(A free translation of the original in Portuguese)

Account Code	Account description	Current year from 01/01/2019 to 12/31/2019	Prior year from 01/01/2018 to 12/31/2018
<b>7.01</b>	<b>Revenue</b>	<b>1,764,092</b>	<b>1,543,530</b>
7.01.01	Net premiums with dental care plan	1,842,530	1,600,167
7.01.04	Provision for/reversal of allowance for doubtful accounts	(78,438)	(56,637)
<b>7.02</b>	<b>Inputs acquired from third parties</b>	<b>(1,147,633)</b>	<b>(959,567)</b>
7.02.01	Cost of sales and services	(776,457)	(669,569)
7.02.02	Materials, energy, outsourced services and other	(21,000)	(20,457)
<b>7.02.04</b>	<b>Other</b>	<b>(350,176)</b>	<b>(269,541)</b>
7.02.04.01	Other operating revenues	3,489	1,853
7.02.04.02	Selling expenses	(201,072)	(167,077)
7.02.04.03	General and administrative expenses	(140,516)	(103,348)
7.02.04.04	Variation of IBNR	(12,077)	(969)
<b>7.03</b>	<b>Gross value added</b>	<b>616,459</b>	<b>583,963</b>
<b>7.04</b>	<b>Retentions</b>	<b>(22,527)</b>	<b>(13,805)</b>
7.04.01	Depreciation, amortization and depletion	(19,211)	(13,805)
<b>7.04.02</b>	<b>Others</b>	<b>(3,316)</b>	-
7.04.02.01	Right of use amortization (IFRS 16)	(3,316)	-
<b>7.05</b>	<b>Net value added generated by the entity</b>	<b>593,932</b>	<b>570,158</b>
<b>7.06</b>	<b>Value added received through transfer</b>	<b>40,047</b>	<b>49,422</b>
7.06.01	Earnings of equity method	8,129	17,440
7.06.02	Financial income	31,918	31,982
<b>7.07</b>	<b>Total value added to distribute</b>	<b>633,979</b>	<b>619,580</b>
<b>7.08</b>	<b>Distribution of value added</b>	<b>633,979</b>	<b>619,580</b>
<b>7.08.01</b>	<b>Personnel</b>	<b>116,497</b>	<b>89,266</b>
7.08.01.01	Direct compensation	89,802	65,982
7.08.01.02	Benefits	20,754	18,479
7.08.01.03	Severance Indemnity Fund for Employees (FGTS)	5,941	4,805
<b>7.08.02</b>	<b>Taxes and contributions</b>	<b>215,300</b>	<b>224,185</b>
7.08.02.01	Federal	200,807	186,961
7.08.02.02	State	43	44
7.08.02.03	Municipal	14,450	37,180
<b>7.08.03</b>	<b>Remuneration of third-party capital</b>	<b>14,664</b>	<b>12,774</b>
7.08.03.02	Leases	2,053	5,664
<b>7.08.03.03</b>	<b>Other</b>	<b>12,611</b>	<b>7,110</b>
7.08.03.03.01	Financial expenses	12,611	7,110
<b>7.08.04</b>	<b>Remuneration of own capital</b>	<b>284,763</b>	<b>284,793</b>
7.08.04.01	Interest on capital	62,556	59,627
7.08.04.02	Dividends	136,779	103,131
7.08.04.03	Retained earnings	85,428	122,035
<b>7.08.05</b>	<b>Other</b>	<b>2,755</b>	<b>8,562</b>
7.08.05.01	Stock option plan	2,755	8,562

## Consolidated financial information/balance sheet - assets

(R\$ thousand)

(A free translation of the original in Portuguese)

Account Code	Account description	Current year 12/31/2019	Prior year 12/31/2018
<b>1</b>	<b>Total assets</b>	<b>1,768,742</b>	<b>1,647,584</b>
<b>1.01</b>	<b>Current assets</b>	<b>818,478</b>	<b>702,255</b>
1.01.01	Cash and cash equivalents	27,067	21,142
<b>1.01.02</b>	<b>Financial instruments</b>	<b>517,210</b>	<b>460,394</b>
<b>1.01.02.01</b>	<b>Financial instruments measured at fair value through income</b>	<b>517,210</b>	<b>460,394</b>
1.01.02.01.03	Financial investments that guarantee technical provisions	131,620	121,838
1.01.02.01.04	Financial investments for trading portfolio	385,590	338,556
<b>1.01.03</b>	<b>Trade receivables</b>	<b>177,496</b>	<b>166,843</b>
<b>1.01.03.01</b>	<b>Customers</b>	<b>161,666</b>	<b>154,697</b>
1.01.03.01.01	Dental care receivables	180,185	178,608
1.01.03.01.02	(-) Allowance for doubtful accounts	(47,075)	(51,211)
1.01.03.01.03	Participation of beneficiaries in indemnifying events/claims	1,669	3,339
1.01.03.01.05	Dental care operators	7,920	8,327
1.01.03.01.06	Other healthcare plan receivables	18,967	15,634
<b>1.01.03.02</b>	<b>Sundry receivables</b>	<b>15,830</b>	<b>12,146</b>
1.01.03.02.01	Advances to suppliers and other	2,231	587
1.01.03.02.02	Advances to employees	6,902	6,132
1.01.03.02.03	Other receivables	6,697	5,427
<b>1.01.04</b>	<b>Inventories</b>	<b>3,443</b>	<b>3,112</b>
<b>1.01.06</b>	<b>Taxes recoverable</b>	<b>62,401</b>	<b>26,036</b>
<b>1.01.06.01</b>	<b>Current taxes recoverable</b>	<b>62,401</b>	<b>26,036</b>
1.01.06.01.01	Tax and social security credits	62,401	26,036
<b>1.01.07</b>	<b>Prepaid expenses</b>	<b>30,861</b>	<b>24,728</b>
1.01.07.01	Deferred acquisition costs	28,394	22,280
1.01.07.20	Other	2,467	2,448
<b>1.02</b>	<b>Non-current assets</b>	<b>950,264</b>	<b>945,329</b>
<b>1.02.01</b>	<b>Long-term receivables</b>	<b>113,890</b>	<b>160,593</b>
<b>1.02.01.03</b>	<b>Financial assets held to maturity (financial investments)</b>	<b>15,824</b>	<b>15,227</b>
1.02.01.03.01	Securities held to maturity that guarantee technical provisions	15,824	15,227
<b>1.02.01.07</b>	<b>Deferred taxes</b>	<b>41,508</b>	<b>44,742</b>
1.02.01.07.01	Deferred income tax and social contribution	41,508	44,742
<b>1.02.01.10</b>	<b>Other non-current assets</b>	<b>56,558</b>	<b>100,624</b>
1.02.01.10.03	Judicial deposits	15,944	14,245
1.02.01.10.04	Other receivables	16,266	20,544
1.02.01.10.05	Securities and credits receivable	100	100
1.02.01.10.06	Tax and social security credits	24,248	65,735
<b>1.02.02</b>	<b>Investments</b>	<b>9,453</b>	<b>8,054</b>
<b>1.02.02.01</b>	<b>Equity interests</b>	<b>9,453</b>	<b>8,054</b>
1.02.02.01.04	Interests in jointly ventures	9,318	7,540
1.02.02.01.05	Interests in other companies	135	514
<b>1.02.03</b>	<b>Property, plant and equipment</b>	<b>68,188</b>	<b>24,314</b>
<b>1.02.03.01</b>	<b>Property, plant and equipment in use</b>	<b>28,474</b>	<b>23,561</b>
1.02.03.01.01	Property, plant and equipment for own use	19,719	19,969
1.02.03.01.02	Other fixed assets	8,755	3,592
<b>1.02.03.02</b>	<b>Right of use in leasehold</b>	<b>38,961</b>	<b>-</b>
1.02.03.02.01	Right of use (IFRS 16)	38,961	-
<b>1.02.03.03</b>	<b>Fixed assets in progress</b>	<b>753</b>	<b>753</b>
1.02.03.03.01	Fixed assets in progress	753	753
<b>1.02.04</b>	<b>Intangible assets</b>	<b>758,733</b>	<b>752,368</b>
<b>1.02.04.01</b>	<b>Intangible assets</b>	<b>758,733</b>	<b>752,368</b>
1.02.04.01.02	Goodwill on acquisition of investments	647,390	647,390
1.02.04.01.03	System development, software licenses and other	69,718	54,993

## Consolidated financial information/balance sheet - liabilities and equity

(R\$ thousand)

(A free translation of the original in Portuguese)

Account Code	Account description	Current year 12/31/2019	Prior year 12/31/2018
<b>2</b>	<b>Total liabilities and equity</b>	<b>1,768,742</b>	<b>1,647,584</b>
<b>2.01</b>	<b>Current liabilities</b>	<b>499,943</b>	<b>517,085</b>
<b>2.01.01</b>	<b>Social security and labor charges</b>	<b>44,822</b>	<b>33,897</b>
<b>2.01.01.01</b>	<b>Social charges</b>	<b>6,200</b>	<b>5,068</b>
2.01.01.01.01	Charges payable	6,200	5,068
<b>2.01.01.02</b>	<b>Labor charges</b>	<b>38,622</b>	<b>28,829</b>
2.01.01.02.01	Salaries, vacation pay and fees	38,622	28,829
<b>2.01.02</b>	<b>Suppliers</b>	<b>15,289</b>	<b>19,181</b>
<b>2.01.02.01</b>	<b>Domestic suppliers</b>	<b>15,289</b>	<b>19,181</b>
2.01.02.01.01	Commissions payable	6,118	7,025
2.01.02.01.02	Suppliers of goods and services	6,629	11,244
2.01.02.01.03	Other debits of dental care operation	240	238
2.01.02.01.04	Consideration/premiums to be repaid	268	674
2.01.02.01.05	Lease liability (IFRS 16)	5,208	-
2.01.02.01.06	PVA - Lease liability (IFRS 16)	(3,174)	-
<b>2.01.03</b>	<b>Tax liabilities</b>	<b>32,267</b>	<b>34,512</b>
<b>2.01.03.01</b>	<b>Federal tax liabilities</b>	<b>23,084</b>	<b>24,792</b>
2.01.03.01.01	Income tax and social contribution payable	5,881	9,140
2.01.03.01.02	Other federal tax liabilities	17,203	15,652
<b>2.01.03.02</b>	<b>State tax liabilities</b>	<b>30</b>	<b>51</b>
<b>2.01.03.03</b>	<b>Municipal tax liabilities</b>	<b>9,153</b>	<b>9,669</b>
<b>2.01.05</b>	<b>Other liabilities</b>	<b>69,952</b>	<b>135,637</b>
<b>2.01.05.02</b>	<b>Other</b>	<b>69,952</b>	<b>135,637</b>
2.01.05.02.01	Dividends and interest on capital payable	12,095	71,451
2.01.05.02.02	Minimum mandatory dividend payable	-	5,741
2.01.05.02.04	Advances from customers	1,442	972
2.01.05.02.05	Sundry payables	52,424	47,447
2.01.05.02.07	Advance receipt of dental care insurance	-	54
2.01.05.02.08	Investment payable	3,991	3,500
2.01.05.02.09	Contingent consideration	-	6,472
<b>2.01.06</b>	<b>Provisions</b>	<b>337,613</b>	<b>293,858</b>
<b>2.01.06.02</b>	<b>Other provisions</b>	<b>337,613</b>	<b>293,858</b>
2.01.06.02.04	Unsettled claims	46,349	39,568
2.01.06.02.05	IBNR - incurred but not reported claims	95,130	83,073
2.01.06.02.06	Unearned premiums	182,196	159,878
2.01.06.02.07	Other technical provisions	13,938	11,339
<b>2.02</b>	<b>Non-current liabilities</b>	<b>152,306</b>	<b>98,811</b>
<b>2.02.02</b>	<b>Other liabilities</b>	<b>108,521</b>	<b>62,103</b>
<b>2.02.02.02</b>	<b>Other</b>	<b>108,521</b>	<b>62,103</b>
2.02.02.02.03	Other liabilities	15,963	19,636
2.02.02.02.04	Fees payable	1,068	1,068
2.02.02.02.05	Put option in subsidiary	32,336	27,399
2.02.02.02.06	Investment payable	11,975	14,000
2.02.02.02.07	Lease liability (IFRS 16)	49,209	-
2.02.02.02.08	PVA - Lease liability (IFRS 16)	(10,520)	-
2.02.02.02.09	Long-term incitement program	8,490	-
<b>2.02.04</b>	<b>Provisions</b>	<b>43,785</b>	<b>36,708</b>
2.02.04.01	Contingent liabilities (tax, social security, labor and civil)	32,411	27,214
<b>2.02.04.02</b>	<b>Other provisions</b>	<b>11,374</b>	<b>9,494</b>
2.02.04.02.04	Installments of debts from taxes and contributions	2,983	3,887
2.02.04.02.05	Taxes and contributions payable	8,236	5,349
2.02.04.02.06	Installments of tax and social contribution debts (other payables)	155	258
<b>2.03</b>	<b>Equity</b>	<b>1,116,493</b>	<b>1,031,688</b>
2.03.01	Capital	607,869	506,557
2.03.02	Capital reserves	(2,262)	9,206
<b>2.03.04</b>	<b>Earnings reserves</b>	<b>505,758</b>	<b>511,693</b>
2.03.04.01	Legal reserve	14,238	101,312
2.03.04.07	Tax incentive reserve	129	129
2.03.04.08	Additional dividend proposed	35,983	22,018
2.03.04.09	Treasury shares	(21,028)	(17,012)
2.03.04.10	Statutory reserve of regulatory capital	238,218	202,623
2.03.04.11	Investment and expansion reserve	238,218	202,623
2.03.09	Non-controlling shareholders	5,128	4,232

## Consolidated financial information/statement of income

(R\$ thousand)

(A free translation of the original in Portuguese)

Account Code	Account description	Current year from 01/01/2019 to 12/31/2019	Prior year from 01/01/2018 to 12/31/2018
<b>3.01</b>	<b>Gross sales and/or services revenue</b>	<b>1,808,926</b>	<b>1,591,841</b>
3.01.01	Net premiums with dental care plan	1,854,465	1,659,519
3.01.02	Sales of goods and services	16,645	13,014
3.01.04	Taxes on dental care plan operations	(64,636)	(84,284)
3.01.05	Taxes on sales of goods and services	(13,739)	(10,205)
3.01.06	Insurance	16,191	13,797
<b>3.02</b>	<b>Cost of sales and/or services rendered</b>	<b>(810,365)</b>	<b>(703,720)</b>
3.02.01	Indemnifiable claims, net	(772,143)	(676,247)
3.02.02	Social charges on services	29	(13)
3.02.03	Dental materials	(7,956)	(7,436)
3.02.04	Other operating costs	(15,463)	(16,777)
3.02.05	Variation of IBNR	(12,057)	(847)
3.02.06	Claims	(2,790)	(1,982)
3.02.07	Claims reserves	15	(418)
<b>3.03</b>	<b>Gross income</b>	<b>998,561</b>	<b>888,121</b>
<b>3.04</b>	<b>Operating revenues/expenses</b>	<b>(612,237)</b>	<b>(506,556)</b>
<b>3.04.01</b>	<b>Selling expenses</b>	<b>(203,758)</b>	<b>(172,341)</b>
3.04.01.01	Selling expenses	(203,758)	(172,341)
<b>3.04.02</b>	<b>General and administrative expenses</b>	<b>(301,750)</b>	<b>(261,122)</b>
3.04.02.01	Administrative expenses	(292,394)	(251,816)
3.04.02.02	Right of use amortization (IFRS 16)	(5,496)	-
3.04.02.03	Leases	(10,080)	(9,249)
3.04.02.04	Leases (IFRS 16)	6,859	-
3.04.02.05	Income (loss) from the sale or disposal of non-current and other assets	(639)	(57)
<b>3.04.04</b>	<b>Other operating revenues</b>	<b>4,599</b>	<b>3,033</b>
3.04.04.01	Other operating revenue from dental care	1,485	740
3.04.04.02	Revenue from dental care not related to company's plans	3,114	2,293
<b>3.04.05</b>	<b>Other operating expenses</b>	<b>(116,370)</b>	<b>(80,495)</b>
3.04.05.01	Stock option plan	(2,755)	(8,562)
3.04.05.02	Allowance for doubtful accounts	(78,762)	(57,557)
3.04.05.03	Profit sharing	(18,893)	(14,376)
3.04.05.04	Long-term incitement program	(15,960)	-
<b>3.04.06</b>	<b>Earnings of equity method</b>	<b>5,042</b>	<b>4,369</b>
<b>3.05</b>	<b>Income before financial results and taxes</b>	<b>386,324</b>	<b>381,565</b>
<b>3.06</b>	<b>Financial results, net</b>	<b>19,400</b>	<b>25,479</b>
3.06.01	Financial income	33,129	33,709
3.06.02	Financial expenses	(13,729)	(8,230)
3.06.02.01	General financial expenses	(73,160)	(67,857)
3.06.02.02	PVA - Lease liability (IFRS 16)	(3,125)	-
3.06.02.03	Reversal of interest on capital	62,556	59,627
<b>3.07</b>	<b>Income before income taxes</b>	<b>405,724</b>	<b>407,044</b>
<b>3.08</b>	<b>Income tax and social contribution</b>	<b>(120,903)</b>	<b>(121,767)</b>
3.08.01	Current	(117,669)	(127,838)
3.08.02	Deferred	(3,234)	6,071
<b>3.09</b>	<b>Net income for the year from continuing operations</b>	<b>284,821</b>	<b>285,277</b>
<b>3.11</b>	<b>Income for the year</b>	<b>284,821</b>	<b>285,277</b>
3.11.01	Assigned to controlling shareholders	284,763	284,793
3.11.02	Assigned to non-controlling shareholders	58	484
3.99	Earnings per share - (reais/share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common	0.53711	0.53887
3.99.02	Diluted earnings per share		
3.99.02.01	Common	0.53579	0.53488

## Consolidated financial information/statement of comprehensive income

(R\$ thousand)

(A free translation of the original in Portuguese)

Account Code	Account description	Current year from 01/01/2019 to 12/31/2019	Prior year from 01/01/2018 to 12/31/2018
<b>4.01</b>	<b>Net income for the year</b>	<b>284,821</b>	<b>285,277</b>
<b>4.02</b>	<b>Other comprehensive income</b>	<b>(918)</b>	<b>(2,638)</b>
4.02.01	Translation adjustments for the year	(918)	(2,638)
<b>4.03</b>	<b>Comprehensive income for the year</b>	<b>283,903</b>	<b>282,639</b>
4.03.01	Assigned to controlling shareholders	283,845	282,155
4.03.02	Assigned to non-controlling shareholders	58	484

## Consolidated financial information/statement of cash flows - indirect method

(R\$ thousand)

(A free translation of the original in Portuguese)

Account Code	Account description	Current year from 01/01/2019 to 12/31/2019	Prior year from 01/01/2018 to 12/31/2018
<b>6.01</b>	<b>Net cash provided by operating activities</b>	<b>308,794</b>	<b>324,197</b>
<b>6.01.01</b>	<b>Cash from operations</b>	<b>540,829</b>	<b>519,857</b>
6.01.01.01	Income for the year	284,821	285,277
6.01.01.02	Depreciation and amortization	20,991	15,984
6.01.01.03	Monetary variations, net	932	(1,117)
6.01.01.05	Contingent liabilities (tax, social security, labor and civil)	(69)	11,895
6.01.01.06	Income (loss) from the sale or disposal of non-current and other assets	639	184
6.01.01.07	Earnings of equity method	(5,042)	(4,369)
6.01.01.08	Allowance for doubtful accounts	78,762	57,557
6.01.01.09	Stock option plan	2,755	8,562
6.01.01.10	Variation of IBNR	12,057	847
6.01.01.11	Income tax and social contribution	120,903	121,767
6.01.01.12	Unearned premiums	22,318	23,270
6.01.01.13	Right of use amortization (IFRS 16)	5,496	-
6.01.01.14	Lease (IFRS 16)	(6,859)	-
6.01.01.15	PVA - Lease liability (IFRS 16)	3,125	-
<b>6.01.02</b>	<b>Changes in assets and liabilities</b>	<b>(232,035)</b>	<b>(195,660)</b>
6.01.02.01	Financial instruments measured at fair value through income	(56,816)	15,437
6.01.02.02	Customers	(85,731)	(81,218)
6.01.02.03	Taxes recoverable, other receivables and prepaid expenses	(39,547)	(4,344)
6.01.02.04	Inventories	(331)	(126)
6.01.02.05	Long-term receivables (Non-current assets)	61,696	186
6.01.02.06	Unsettled claims	6,781	6,276
6.01.02.09	Tax liabilities (taxes and contributions payable)	(208)	11,195
6.01.02.10	Labor charges, suppliers, advances from customers and sundry payables	10,658	(8,023)
6.01.02.11	Non-current liabilities	(10,433)	10,838
6.01.02.13	Income tax and social contribution paid	(120,928)	(155,354)
6.01.02.14	Social charges	1,132	472
6.01.02.15	Commissions payable	(907)	1,862
6.01.02.16	Other technical provisions	2,599	7,139
<b>6.02</b>	<b>Net cash used in investing activities</b>	<b>(38,710)</b>	<b>(201,761)</b>
6.02.01	Purchases of property, plant and equipment	(11,020)	(4,606)
6.02.02	System development, software licenses and other	(21,763)	(17,332)
6.02.06	Purchase of investments	(9,473)	(179,112)
6.02.07	Dividends received from jointly ventures and other companies	4,143	-
6.02.08	Advance for future capital increase and capital increase in investments	-	(120)
6.02.11	Financial assets held to maturity (financial investments)	(597)	(591)
<b>6.03</b>	<b>Net cash used in financing activities</b>	<b>(264,159)</b>	<b>(118,968)</b>
6.03.01	Dividends and interest on capital paid	(250,857)	(86,788)
6.03.02	Repurchase of shares - in treasury	(41,781)	(70,497)
6.03.04	Receipt of stock options granted	28,479	38,317
<b>6.05</b>	<b>Increase in cash and cash equivalents</b>	<b>5,925</b>	<b>3,468</b>
6.05.01	Cash and cash equivalents at the beginning of the year	21,142	17,674
6.05.02	Cash and cash equivalents at the end of the year	27,067	21,142

**Consolidated financial information/statement of changes in equity - 01/01/2019 to 12/31/2019**

(R\$ thousand)

(A free translation of the original in Portuguese)

Account Code	Account description	Capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings	Other comprehensive income	Total equity	Non-controlling shareholders	Consolidated equity
<b>5.01</b>	<b>Opening balance</b>	<b>506,557</b>	<b>(7,806)</b>	<b>528,705</b>	<b>-</b>	<b>(2,638)</b>	<b>1,024,818</b>	<b>6,870</b>	<b>1,031,688</b>
<b>5.03</b>	<b>Adjusted opening balance</b>	<b>506,557</b>	<b>(7,806)</b>	<b>528,705</b>	<b>-</b>	<b>(2,638)</b>	<b>1,024,818</b>	<b>6,870</b>	<b>1,031,688</b>
<b>5.04</b>	<b>Equity transactions with owners</b>	<b>101,312</b>	<b>(15,484)</b>	<b>(87,347)</b>	<b>(199,335)</b>	<b>-</b>	<b>(200,854)</b>	<b>-</b>	<b>(200,854)</b>
5.04.01	Capital increase	101,312	-	(101,312)	-	-	-	-	-
5.04.03	Stock options granted	-	2,755	-	-	-	2,755	-	2,755
5.04.04	Treasury shares acquired	-	(41,781)	-	-	-	(41,781)	-	(41,781)
5.04.05	Treasury shares sold	-	28,479	-	-	-	28,479	-	28,479
5.04.06	Dividends	-	-	(22,018)	(100,796)	-	(122,814)	-	(122,814)
5.04.07	Interest on capital	-	-	-	(62,556)	-	(62,556)	-	(62,556)
5.04.19	Put option in subsidiary	-	(4,937)	-	-	-	(4,937)	-	(4,937)
<b>5.05</b>	<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>284,763</b>	<b>1,720</b>	<b>286,483</b>	<b>(824)</b>	<b>285,659</b>
5.05.01	Income for the year	-	-	-	284,763	-	284,763	58	284,821
5.05.02	Other comprehensive income	-	-	-	-	1,720	1,720	(882)	838
5.05.02.04	Translation adjustments for the year	-	-	-	-	1,720	1,720	(882)	838
<b>5.06</b>	<b>Internal changes in equity</b>	<b>-</b>	<b>-</b>	<b>85,428</b>	<b>(85,428)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.06.01	Constitution of reserves	-	-	85,428	(85,428)	-	-	-	-
<b>5.07</b>	<b>Closing balance</b>	<b>607,869</b>	<b>(23,290)</b>	<b>526,786</b>	<b>-</b>	<b>(918)</b>	<b>1,110,447</b>	<b>6,046</b>	<b>1,116,493</b>

**Consolidated financial information/statement of changes in equity - 01/01/2018 to 12/31/2018**

(R\$ thousand)

(A free translation of the original in Portuguese)

Account Code	Account description	Capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings	Other comprehensive income	Total equity	Non-controlling shareholders	Consolidated equity
<b>5.01</b>	<b>Opening balance</b>	<b>506,557</b>	<b>21,432</b>	<b>395,253</b>	-	<b>(705)</b>	<b>922,537</b>	<b>4,072</b>	<b>926,609</b>
<b>5.03</b>	<b>Adjusted opening balance</b>	<b>506,557</b>	<b>21,432</b>	<b>395,253</b>	-	<b>(705)</b>	<b>922,537</b>	<b>4,072</b>	<b>926,609</b>
<b>5.04</b>	<b>Equity transactions with owners</b>	-	<b>(29,238)</b>	<b>11,417</b>	<b>(162,758)</b>	<b>(1,933)</b>	<b>(182,512)</b>	<b>2,314</b>	<b>(180,198)</b>
5.04.03	Stock options granted	-	8,562	-	-	-	8,562	-	8,562
5.04.04	Treasury shares acquired	-	(70,497)	-	-	-	(70,497)	-	(70,497)
5.04.05	Treasury shares sold	-	38,317	-	-	-	38,317	-	38,317
5.04.06	Dividends	-	-	-	(85,973)	-	(85,973)	-	(85,973)
5.04.07	Interest on capital	-	-	-	(59,627)	-	(59,627)	-	(59,627)
5.04.13	Additional dividend proposed	-	-	22,018	(11,417)	-	10,601	-	10,601
5.04.17	Complementary dividend to the minimum mandatory dividend	-	-	-	(5,741)	-	(5,741)	-	(5,741)
5.04.18	Additional dividend proposed (revenue reserves destination)	-	-	(10,601)	-	-	(10,601)	-	(10,601)
5.04.19	Put option in subsidiary	-	(5,620)	-	-	-	(5,620)	-	(5,620)
5.04.20	Other	-	-	-	-	(1,933)	(1,933)	2,314	381
<b>5.05</b>	<b>Total comprehensive income for the year</b>	-	-	-	<b>284,793</b>	-	<b>284,793</b>	<b>484</b>	<b>285,277</b>
5.05.01	Income for the year	-	-	-	284,793	-	284,793	484	285,277
<b>5.06</b>	<b>Internal changes in equity</b>	-	-	<b>122,035</b>	<b>(122,035)</b>	-	-	-	-
5.06.01	Constitution of reserves	-	-	122,035	(122,035)	-	-	-	-
<b>5.07</b>	<b>Closing balance</b>	<b>506,557</b>	<b>(7,806)</b>	<b>528,705</b>	-	<b>(2,638)</b>	<b>1,024,818</b>	<b>6,870</b>	<b>1,031,688</b>

## Consolidated financial information/statement of value added

(R\$ thousand)

(A free translation of the original in Portuguese)

Account Code	Account description	Current year from 01/01/2019 to 12/31/2019	Prior year from 01/01/2018 to 12/31/2018
<b>7.01</b>	<b>Revenue</b>	<b>1,808,539</b>	<b>1,628,773</b>
7.01.01	Net premiums with dental care plan	1,854,465	1,659,519
<b>7.01.02</b>	<b>Other income</b>	<b>32,836</b>	<b>26,811</b>
7.01.02.02	Sales and services rendered	16,645	13,014
7.01.02.03	Insurance	16,191	13,797
7.01.04	Provision for/reversal of allowance for doubtful accounts	(78,762)	(57,557)
<b>7.02</b>	<b>Inputs acquired from third parties</b>	<b>(1,101,195)</b>	<b>(949,954)</b>
7.02.01	Cost of sales and services	(774,933)	(678,229)
7.02.02	Materials, energy, outsourced services and other	(12,634)	(12,960)
<b>7.02.04</b>	<b>Other</b>	<b>(313,628)</b>	<b>(258,765)</b>
7.02.04.01	Other operating revenues	3,373	1,042
7.02.04.02	Selling expenses	(203,082)	(170,954)
7.02.04.03	General and administrative expenses	(101,877)	(87,588)
7.02.04.04	Variation of IBNR	(12,057)	(847)
7.02.04.05	Claims reserve	15	(418)
<b>7.03</b>	<b>Gross value added</b>	<b>707,344</b>	<b>678,819</b>
<b>7.04</b>	<b>Retentions</b>	<b>(26,487)</b>	<b>(15,984)</b>
7.04.01	Depreciation, amortization and depletion	(20,991)	(15,984)
<b>7.04.02</b>	<b>Others</b>	<b>(5,496)</b>	-
7.04.02.01	Right of use amortization (IFRS 16)	(5,496)	-
<b>7.05</b>	<b>Net value added generated by the entity</b>	<b>680,857</b>	<b>662,835</b>
<b>7.06</b>	<b>Value added received through transfer</b>	<b>38,171</b>	<b>38,078</b>
7.06.01	Earnings of equity method	5,042	4,369
7.06.02	Financial income	33,129	33,709
<b>7.07</b>	<b>Total value added to distribute</b>	<b>719,028</b>	<b>700,913</b>
<b>7.08</b>	<b>Distribution of value added</b>	<b>719,028</b>	<b>700,913</b>
<b>7.08.01</b>	<b>Personnel</b>	<b>172,969</b>	<b>136,296</b>
7.08.01.01	Direct compensation	133,042	100,986
7.08.01.02	Benefits	30,945	27,805
7.08.01.03	Severance Indemnity Fund for Employees (FGTS)	8,982	7,505
<b>7.08.02</b>	<b>Taxes and contributions</b>	<b>241,533</b>	<b>253,299</b>
7.08.02.01	Federal	220,190	208,826
7.08.02.02	State	2,913	2,606
7.08.02.03	Municipal	18,430	41,867
<b>7.08.03</b>	<b>Remuneration of third-party capital</b>	<b>16,950</b>	<b>17,479</b>
7.08.03.02	Leases	3,221	9,249
<b>7.08.03.03</b>	<b>Other</b>	<b>13,729</b>	<b>8,230</b>
7.08.03.03.01	Financial expenses	13,729	8,230
<b>7.08.04</b>	<b>Remuneration of own capital</b>	<b>284,821</b>	<b>285,277</b>
7.08.04.01	Interest on capital	62,556	59,627
7.08.04.02	Dividends	136,779	103,131
7.08.04.03	Retained earnings	85,428	122,035
7.08.04.04	Non-controlling shareholders	58	484
<b>7.08.05</b>	<b>Other</b>	<b>2,755</b>	<b>8,562</b>
7.08.05.01	Stock option plan	2,755	8,562

Dear shareholders,

The Management of Odontoprev S.A. (OdontoPrev or Company) submits for your examination the Financial Statements for the years ended December 31, 2019 and 2018.

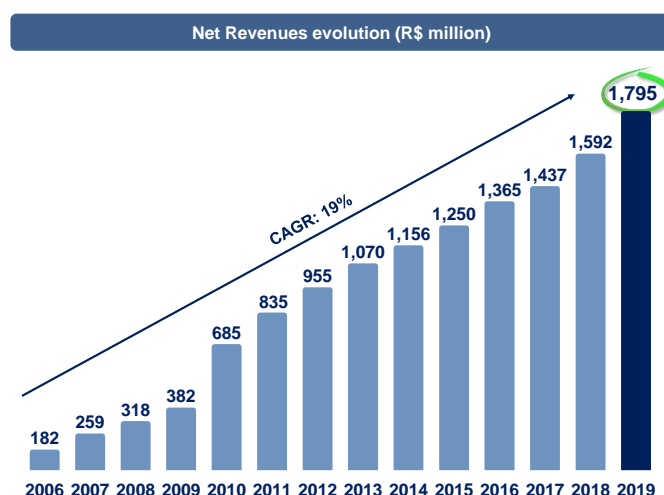
### Company's Overview and sector of activity

OdontoPrev operates private dental plans.

Founded in 1987, OdontoPrev has been the leader of its industry since the 1990s, with more than 7 million beneficiaries, providing quality oral health solutions. OdontoPrev's technological platform is proprietary, with a world-class recognition. The Company has an accredited network of approximately 31 thousand dentists, covering over 2,700 municipalities, across the country.

### Operational and financial performance

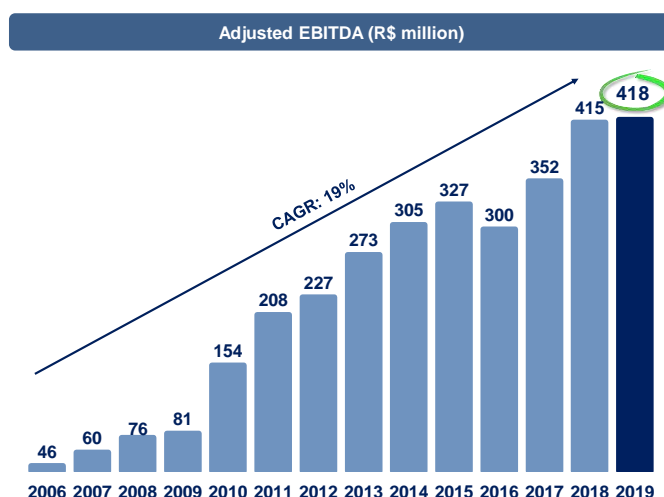
Net revenue grew 12.8% in 2019, coming from R\$1,592 million in 2018 to R\$ 1,795 million (excludes ISS reversal in March/2019), with an average ticket of R\$21.13 per member/per month, versus R\$20.43 in the previous year.



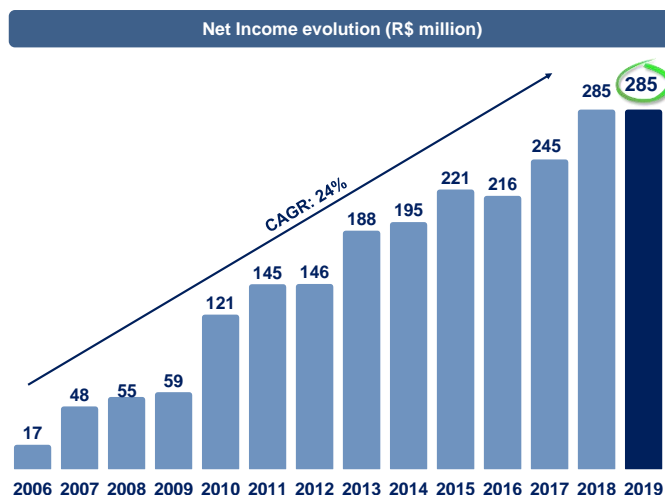
OdontoPrev reached 7,399,638 members in 2019. The portfolio was comprised 71% of corporate clients, with the remaining 29% dedicated to small and medium-sized enterprises (SMEs) and individuals.

The cost of services represented 44.5% of revenues in 2019, versus 44.1% recorded in 2018. Selling and administrative expenses were 26.6% of the 2019 revenues, compared to 25.8% in the previous year.

The cash generation, as measured by EBITDA, net of incurred but not reported provisions (IBNR), reached R\$418 million in 2019, an 1% increase versus 2018. As a portion of revenues, EBITDA margin was 23.3% in 2019, lower than the 26.1% of the previous year.



Net income was R\$285 million, same level as 2018. The Company ended 2019 with a net cash of R\$560 million, and zero debt.

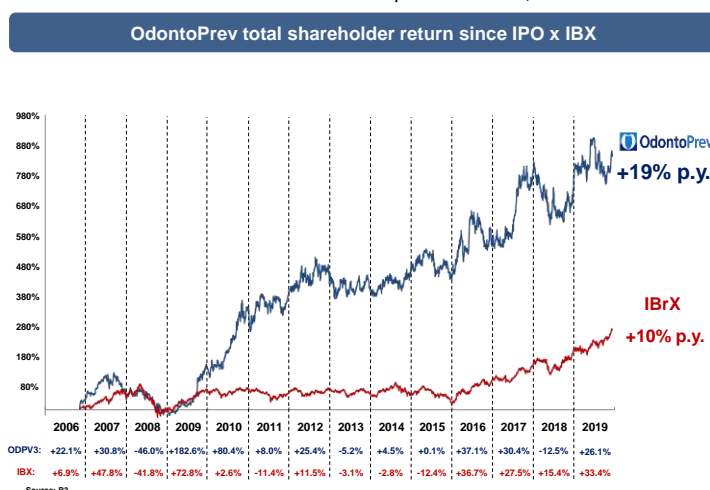


The results demonstrate the Company's unique strategic positioning, with specialized operations for each client segment, optimizing the capture of opportunities for expansion and value creation.

R\$ milhões	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net Revenues	182	259	318	382	685	835	955	1,070	1,156	1,250	1,365	1,437	1,592	1,795
Average Ticket (R\$/member/month)	12.25	12.53	12.07	12.80	12.87	13.66	14.33	15.22	16.07	17.04	18.58	19.66	20.43	21.13
Number of Members (000)	1,492	2,113	2,460	4,175	4,978	5,533	5,976	6,172	6,316	6,409	6,267	6,309	7,230	7,400
EBITDA	46	60	76	81	154	208	227	273	305	327	300	352	415	418
EBITDA Margin (%)	25.1	23.3	23.9	21.1	22.4	24.9	23.8	25.5	26.4	26.2	22.0	24.5	26.1	23.3
Net Income	17	48	55	59	121	145	146	188	195	221	216	245	285	285
Market Cap	872	1,122	587	2,833	4,443	4,711	5,701	5,223	5,239	5,021	6,694	8,453	7,305	8,963

## Capital markets

In 2019, OdontoPrev completed thirteen years since the IPO (initial public offering) in the B3's "Novo Mercado", and has reached, at the end of the year, a market cap of R\$9.0 billion. The total return to shareholders since the IPO equals 824%, versus 257% of the IBX-100.



In 2018, for the third consecutive year, OdontoPrev was confirmed as a FTSE4Good Index Series constituent, an index designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. In January 2020, OdontoPrev became one of the 4 Brazilian companies included in the Bloomberg 2020 GEI, a global index of public companies committed to support gender equality through policy development, representation, and transparency.

## **Corporate Governance**

OdontoPrev has been listed in the Novo Mercado, the highest level of Corporate Governance at B3. On top of the segment rules, the Company has differentiated practices:

- Chairman distinct from the CEO, since the 1990s;
- Board of Directors without executive function;
- Disclosure of minimum, average and maximum annual management remuneration;

## **Statement of the Statutory Executive Board**

In compliance with CVM, the Statutory Executive Board of OdontoPrev declares that has discussed, reviewed and agreed with the opinions expressed in the Independent Accountants' report and with the financial statements for the year ended December 31, 2019, authorizing its disclosure.

## **Relations with independent auditors**

The Company contracts PricewaterhouseCoopers Auditores Independentes to provide external audit services on financial statements and, for the purpose of CVM Regulatory Instruction no. 381, no additional services were executed in the fiscal year ended December 31, 2019.

Barueri, March 05, 2020.  
Executive Officers

(A free translation of the original in Portuguese)

## Odontoprev S.A.

Explanatory notes to the financial statements (Company and Consolidated)

As of December 31, 2019 and 2018

(All amounts in thousands of Brazilian reais unless otherwise stated)

### 1. Operations and general information

Odontoprev S.A. ("Company" or "OdontoPrev"), a listed corporation headquartered at Avenida Marcos Penteados de Ulhôa Rodrigues, 939 – 14th floor, set 1401, Jatobá Building, Castelo Branco Office Park, Tamboré - Barueri, São Paulo - Brazil, started to operate on August 28, 1987. Its corporate purpose is to provide private dental care plans, the management, sale or availability of these plans to corporate entities and/or individuals, as well the participation, as partner, shareholder or quotaholder in other civil or commercial companies, in commercial enterprises of whatever nature, in Brazil and/or overseas, and the management of its own assets and/or those of third parties.

The Company is classified as a dental operator in the tertiary sector, according to Resolution 39 of the Collegiate Board (RDC) of the Brazilian Supplementary Health Agency (ANS) of October 27, 2000.

OdontoPrev has its shares traded on B3 under the code "ODPV3" and it has been listed, since January 1, 2006, in the corporate governance segment called New Market.

The Company holds direct and indirect interests in the following companies:

	Holding percentage (%)							
	December 31, 2019				December 31, 2018			
	Subsidiaries		Associate	Joint	Subsidiaries		Associate	Joint
Direct	Indirect	Indirect	Venture	Direct	Indirect	Indirect	Venture	
<b>COMPANIES:</b>								
Clidec - Clínica Dentária Especializada Cura D'ars Ltda. (Clidec)	99.9	-	-	-	99.9	-	-	-
Odontoprev Serviços Ltda. (OdontoPrev Serviços)	99.9	-	-	-	99.9	-	-	-
Easy Software S.A. (Easy)	-	51.0	-	-	-	51.0	-	-
Dental Partner Comércio de Produtos e Equipamentos Odontológicos Ltda. (Dental Partner)	-	99.9	-	-	-	99.9	-	-
G2D Serviços Tecnológicos S.A. (G2D)	-	-	15.9	-	-	-	15.7	-
Clidec Participações S.A. (Clidec Participações)	-	90.6	-	-	-	90.6	-	-
<b>TERTIARY SECTOR DENTAL OPERATOR - RDC 39 ANS:</b>								
Brasilidental Operadora de Planos Odontológicos S.A. (Brasilidental)	-	-	-	25.0	-	-	-	25.0
Garcia Pedrosa Ltda. (Rede Dental)	99.9	-	-	-	99.9	-	-	-
Odonto System Planos Odontológicos Ltda. (Odonto System) <sup>1</sup>	-	-	-	-	100.0	-	-	-
<b>INSURANCE COMPANY:</b>								
Odontored CV Sociedad Anônima de Capital Variable (Odontored)	60.0	-	-	-	60.0	-	-	-
<b>CHAIN OF DENTAL RADIOLOGY CLINICS:</b>								
Clínicas Radiológicas Papaiz (Papaiz Group)	-	-	-	49.0	-	-	-	49.0

<sup>1</sup>Subsidiary incorporated in January 02, 2019.

**Clidec:** established on July 02, 1970 with the purpose of providing dental care services.

**OdontoPrev Serviços:** established on December 03, 1999 for the provision of commercial advisory, consulting and business management services and holding of interests in other companies as partner or shareholder.

**Easy:** established on November 03, 1993, controlled by Odontoprev Serviços, for the development and licensing of software programs and the holding of interests in other companies as partner or shareholder.

**Dental Partner:** established on November 14, 2008, controlled by Clidec, it sells, in the retail and wholesale markets, products and equipment, sanitizers, drugs, medicines, pharmaceutical inputs and related items, as well as the wholesale of medications and drugs for human consumption, provision of services of warehousing, storage, loading, organization, custody of goods of any kind, provision of services of: (i) technical and administrative programming and organizing services; (ii) general management of goods and business; (iii) collecting, sending or delivering mail, documents, objects or goods.

(A free translation of the original in Portuguese)

## **Odontoprev S.A.**

Explanatory notes to the financial statements (Company and Consolidated)

As of December 31, 2019 and 2018

(All amounts in thousands of Brazilian reais unless otherwise stated)

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**G2D:** established on December 19, 2011, Associate of Odontoprev Serviços, it owns a platform for online scheduling of appointments with health professionals. For consolidation purposes, the company uses its financial statements with one-month gap in relation to the consolidated financial statements.

**Clidec Participações:** established on June 11, 2012, Subsidiary of Clidec, its purpose is to hold interests in other companies as shareholder or quotaholder and its shareholders are Clidec and some of the sellers and current executives of the Papaiz Group.

**Brasidental:** established on March 12, 2014, a Joint Venture with BB Seguros Participações S.A., for the operation of private dental care plans in the management, sale or provision of such plans to corporate entities and/or individuals.

**Rede Dental:** established on August 31, 1990 for the operation of private dental care plans and management, sale or provision of these plans to corporate entities and/or individuals.

**Odonto System:** established on May 09, 1989 in Fortaleza city in Ceará state, its purpose is to operate dental care plans and has all its quotas acquired by OdontoPrev on August 07, 2018. On January 02, 2019, the General Meeting (GM) approved the Odonto System's corporate incorporation by OdontoPrev, this procedure was finished in March 29, through approval of ANS by official letter 39/2019/ASSNT-DIOPE/DIRAD-DIOPE/DIOPE.

**Odontored:** established on August 13, 2009 in Mexico, for the development of dental care plans, including their operation, management and sale, as well as the provision of dental care services directly or indirectly through third parties. On June 06, 2013, the company was authorized by the Health Department to operate as an insurance company specialized in health and, on July 15, 2013, the National Insurance and Bond Commission (CNSF) allowed the operation of accident and health insurance in the lines of health and medical expenditures. For consolidation purposes, the Company uses its financial statements with one-month gap in relation to the consolidated financial statements.

**Papaiz Group:** share of dental radiology clinics acquired on January 31, 2013 through Clidec Participações, a Joint Venture with the Fleury Group.

### **Approval of the financial statements**

The issue of the company and consolidated financial statements was authorized and approved by the Company's Board of Directors (BD) on March 05, 2020.

## **2. Description of significant accounting policies**

### **2.1 Preparation and presentation**

#### **(i) Basis of preparation**

The parent company financial statements have been prepared in accordance with the accounting practices adopted in Brazil issued by the Brazilian Accounting Pronouncements Committee (CPC), and the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), under the assumption of going concern, and disclose all (and only) the applicable significant information related to the financial statements, which is consistent with the information utilized by Management in the performance of its duties.

(A free translation of the original in Portuguese)

## Odontoprev S.A.

Explanatory notes to the financial statements (Company and Consolidated)

As of December 31, 2019 and 2018

(All amounts in thousands of Brazilian reais unless otherwise stated)

The financial statements have been prepared and are presented in accordance with the ANS chart of accounts and the requirements of the Brazilian Securities Commission (CVM).

Beginning January 01, 2019, a new standard started to regulate the accounting of leasing operations – IFRS 16 – Leases (note 26), which has not been approved by the ANS. As a result, the balance sheet and the statements of income, comprehensive income, cash flows, changes in equity and value added for the year are being presented with and without the corresponding adoption of IFRS 16 for purposes of presentation of the company and consolidated financial statements.

### Balance sheet

(in thousands of Brazilian reais)

ASSETS	Company			Consolidated		
	Balances as of December 31, 2019			Balances as of December 31, 2019		
	Includes effects (IFRS 16)	Effects	Excludes effects (IFRS 16)	Includes effects (IFRS 16)	Effects	Excludes effects (IFRS 16)
<b>Current assets</b>	<b>761,509</b>	-	<b>761,509</b>	<b>818,478</b>	-	<b>818,478</b>
Cash and cash equivalents	25,579	-	25,579	27,067	-	27,067
Receivables	735,930	-	735,930	791,411	-	791,411
<b>Non-current assets</b>	<b>946,989</b>	<b>(25,074)</b>	<b>921,915</b>	<b>950,264</b>	<b>(38,961)</b>	<b>911,303</b>
Long-term receivables	107,234	-	107,234	113,890	-	113,890
Investments (equity interests under the equity method of accounting)	52,049	-	52,049	9,453	-	9,453
Property, plant and equipment	41,634	(25,074)	16,560	68,188	(38,961)	29,227
Property, plant and equipment in use	16,560	-	16,560	29,227	-	29,227
<b>Right of use (IFRS 16)</b>	<b>25,074</b>	<b>(25,074)</b>	-	<b>38,961</b>	<b>(38,961)</b>	-
Intangible assets	746,072	-	746,072	758,733	-	758,733
<b>TOTAL ASSETS</b>	<b>1,708,498</b>	<b>(25,074)</b>	<b>1,683,424</b>	<b>1,768,742</b>	<b>(38,961)</b>	<b>1,729,781</b>

### Balance sheet

(in thousands of Brazilian reais)

LIABILITIES AND EQUITY	Company			Consolidated		
	Balances as of December 31, 2019			Balances as of December 31, 2019		
	Includes effects (IFRS 16)	Effects	Excludes effects (IFRS 16)	Includes effects (IFRS 16)	Effects	Excludes effects (IFRS 16)
<b>Current liabilities</b>	<b>463,629</b>	<b>(522)</b>	<b>463,107</b>	<b>499,943</b>	<b>(2,034)</b>	<b>497,909</b>
Technical reserves for healthcare operations	322,934	-	322,934	337,613	-	337,613
Debt from healthcare operations	6,315	-	6,315	6,626	-	6,626
Taxes and contributions payable	32,719	-	32,719	38,467	-	38,467
Sundry payables	101,661	(522)	101,139	117,237	(2,034)	115,203
Other debts	101,139	-	101,139	115,203	-	115,203
<b>Lease liability (IFRS 16)<sup>1</sup></b>	<b>2,584</b>	<b>(2,584)</b>	-	<b>5,208</b>	<b>(5,208)</b>	-
<b>PVA - Lease liability (IFRS 16)<sup>1</sup></b>	<b>(2,062)</b>	<b>2,062</b>	-	<b>(3,174)</b>	<b>3,174</b>	-
<b>Non-current liabilities</b>	<b>133,504</b>	<b>(25,288)</b>	<b>108,216</b>	<b>152,306</b>	<b>(38,689)</b>	<b>113,617</b>
Provisions for contingent liabilities	46,245	-	46,245	49,442	-	49,442
Taxes and payroll charges payable	11,374	-	11,374	11,374	-	11,374
Sundry payables	75,885	(25,288)	50,597	91,490	(38,689)	52,801
Other debts	50,597	-	50,597	52,801	-	52,801
<b>Lease liability (IFRS 16)</b>	<b>32,067</b>	<b>(32,067)</b>	-	<b>49,209</b>	<b>(49,209)</b>	-
<b>PVA - Lease liability (IFRS 16)</b>	<b>(6,779)</b>	<b>6,779</b>	-	<b>(10,520)</b>	<b>10,520</b>	-
<b>Equity</b>	<b>1,111,365</b>	<b>736</b>	<b>1,112,101</b>	<b>1,116,493</b>	<b>1,762</b>	<b>1,118,255</b>
Equity	1,111,365	-	1,111,365	1,116,493	-	1,116,493
<b>Impact on net income for the year (IFRS 16)</b>	-	<b>736</b>	<b>736</b>	-	<b>1,762</b>	<b>1,762</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,708,498</b>	<b>(25,074)</b>	<b>1,683,424</b>	<b>1,768,742</b>	<b>(38,961)</b>	<b>1,729,781</b>

(A free translation of the original in Portuguese)

## Odontoprev S.A.

Explanatory notes to the financial statements (Company and Consolidated)

As of December 31, 2019 and 2018

(All amounts in thousands of Brazilian reais unless otherwise stated)

### Statement of Income

(in thousands of Brazilian reais, unless otherwise stated)

	Company			Consolidated		
	Year ended December 31, 2019			Year ended December 31, 2019		
	Includes effects (IFRS 16)	Effects	Excludes effects (IFRS 16)	Includes effects (IFRS 16)	Effects	Excludes effects (IFRS 16)
Actual net premiums with dental care plan	1,778,599	-	1,778,599	1,789,829	-	1,789,829
Net indemnifiable claims/retained claims	(788,534)	-	(788,534)	(784,200)	-	(784,200)
<b>INCOME FROM HEALTHCARE PLANS' OPERATIONS</b>	<b>990,065</b>	<b>-</b>	<b>990,065</b>	<b>1,005,629</b>	<b>-</b>	<b>1,005,629</b>
Other operating revenues	(96,458)	-	(96,458)	(81,231)	-	(81,231)
<b>GROSS INCOME</b>	<b>893,607</b>	<b>-</b>	<b>893,607</b>	<b>924,398</b>	<b>-</b>	<b>924,398</b>
Selling expenses	(201,748)	-	(201,748)	(203,758)	-	(203,758)
Administrative expenses	(285,114)	(1,441)	(286,555)	(301,750)	(1,363)	(303,113)
Administrative expenses	(279,252)	-	(279,252)	(292,394)	-	(292,394)
Right of use amortization (IFRS 16)	(3,316)	3,316	-	(5,496)	5,496	-
Rentals	(6,810)	-	(6,810)	(10,080)	-	(10,080)
Lease (IFRS 16)	4,757	(4,757)	-	6,859	(6,859)	-
Income from the sale or disposal non-current and other assets	(493)	-	(493)	(639)	-	(639)
Stock option plan	(2,755)	-	(2,755)	(2,755)	-	(2,755)
Long-term incentive program	(14,145)	-	(14,145)	(15,960)	-	(15,960)
Profit sharing	(14,241)	-	(14,241)	(18,893)	-	(18,893)
Financial results, net	19,307	2,177	21,484	19,400	3,125	22,525
Financial income	31,918	-	31,918	33,129	-	33,129
Financial expenses	(12,611)	2,177	(10,434)	(13,729)	3,125	(10,604)
Financial expenses	(72,990)	-	(72,990)	(73,160)	-	(73,160)
Reversal of interest on capital	62,556	-	62,556	62,556	-	62,556
Present value adjustment of lease liability (IFRS 16)	(2,177)	2,177	-	(3,125)	3,125	-
Earnings of equity method	8,129	-	8,129	5,042	-	5,042
<b>INCOME BEFORE INCOME TAXES</b>	<b>403,040</b>	<b>736</b>	<b>403,776</b>	<b>405,724</b>	<b>1,762</b>	<b>407,486</b>
Income tax and social contribution	(118,277)	-	(118,277)	(120,903)	-	(120,903)
<b>NET INCOME FOR THE YEAR</b>	<b>284,763</b>	<b>736</b>	<b>285,499</b>	<b>284,821</b>	<b>1,762</b>	<b>286,583</b>
Attributable to:						
Company owners	284,763	736	285,499	284,763	1,762	286,525
Non-controlling shareholders	-	-	-	58	-	58
<b>NET INCOME FOR THE YEAR</b>	<b>284,763</b>	<b>736</b>	<b>285,499</b>	<b>284,821</b>	<b>1,762</b>	<b>286,583</b>

### Statement of Comprehensive Income

(in thousands of Brazilian reais)

	Company			Consolidated		
	Year ended December 31, 2019			Year ended December 31, 2019		
	Includes effects (IFRS 16)	Effects	Excludes effects (IFRS 16)	Includes effects (IFRS 16)	Effects	Excludes effects (IFRS 16)
<b>NET INCOME FOR THE YEAR</b>	<b>284,763</b>	<b>736</b>	<b>285,499</b>	<b>284,821</b>	<b>1,762</b>	<b>286,583</b>
Cumulative translation adjustment	-	-	-	(918)	-	(918)
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>284,763</b>	<b>736</b>	<b>285,499</b>	<b>283,903</b>	<b>1,762</b>	<b>285,665</b>
Attributable to:						
Company owners	284,763	736	285,499	283,845	1,762	285,607
Non-controlling shareholders	-	-	-	58	-	58
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>284,763</b>	<b>736</b>	<b>285,499</b>	<b>283,903</b>	<b>1,762</b>	<b>285,665</b>

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## Odontoprev S.A.

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(All amounts in thousands of Brazilian reais unless otherwise stated)

### Statement of Cash Flows (indirect method)<sup>1</sup>

(in thousands of Brazilian reais)

	Company			Company		
	Year ended December 31, 2019			Year ended December 31, 2018		
	Includes effects (IFRS 16)	Effects	Excludes effects (IFRS 16)	Includes effects (IFRS 16)	Effects	Excludes effects (IFRS 16)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net income for the year	284,763	736	285,499	284,821	1,762	286,583
Adjustments to reconcile net income with cash generated by operating activities:						
Sundry adjustments	250,245	-	250,245	254,246	-	254,246
Right of use amortization (IFRS 16)	3,316	(3,316)	-	5,496	(5,496)	-
Present value adjustment of lease liability (IFRS 16)	2,177	(2,177)	-	3,125	(3,125)	-
Lease (IFRS 16)	(4,757)	4,757	-	(6,859)	6,859	-
Cash from operations	535,744	-	535,744	540,829	-	540,829
Decrease (increase) of operating assets	(162,586)	-	(162,586)	(120,729)	-	(120,729)
Increase (decrease) of operating liabilities	(81,834)	-	(81,834)	(111,306)	-	(111,306)
<b>CASH GENERATED BY OPERATING ACTIVITIES</b>	<b>291,324</b>	<b>-</b>	<b>291,324</b>	<b>308,794</b>	<b>-</b>	<b>308,794</b>
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(18,326)</b>	<b>-</b>	<b>(18,326)</b>	<b>(38,710)</b>	<b>-</b>	<b>(38,710)</b>
<b>CASH USED IN FINANCING ACTIVITIES</b>	<b>(264,016)</b>	<b>-</b>	<b>(264,016)</b>	<b>(264,159)</b>	<b>-</b>	<b>(264,159)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>8,982</b>	<b>-</b>	<b>8,982</b>	<b>5,925</b>	<b>-</b>	<b>5,925</b>
<b>CASH AND CASH EQUIVALENTS</b>						
Opening balance	16,597	-	16,597	21,142	-	21,142
Closing balance	25,579	-	25,579	27,067	-	27,067
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>8,982</b>	<b>-</b>	<b>8,982</b>	<b>5,925</b>	<b>-</b>	<b>5,925</b>

<sup>1</sup> Pursuant to ANS RN 435/18 for financial statement publication purposes, entities are entitled to report cash flows under the indirect method.

### Statement of Changes in Equity

(in thousands of Brazilian reais)

	Share capital	Capital reserves	Earnings reserves	Treasury shares	Additional dividend proposed	Other comprehensive income	Equity - Company	Non-controlling shareholders	Equity - Consolidated
<b>DECEMBER 31, 2018</b>	<b>506,557</b>	<b>9,206</b>	<b>506,687</b>	<b>(17,012)</b>	<b>22,018</b>	<b>(2,638)</b>	<b>1,024,818</b>	<b>6,870</b>	<b>1,031,688</b>
Capital increase with legal reserve	101,312	-	(101,312)	-	-	-	-	-	-
Stock options granted	-	2,755	-	-	-	-	2,755	-	2,755
Treasury shares acquired	-	-	-	(41,781)	-	-	(41,781)	-	(41,781)
Treasury shares sold (7th, 9th, 10th, 11th and 12th grants)	-	(9,286)	-	37,765	-	-	28,479	-	28,479
Put option in subsidiaries (includes present value adjustment and exchange)	-	(4,937)	-	-	-	-	(4,937)	-	(4,937)
Translation adjustments (other comprehensive income)	-	-	-	-	-	1,720	1,720	(882)	838
Additional dividends paid	-	-	-	-	(22,018)	-	(22,018)	-	(22,018)
<b>Impact on net income for the year (IFRS 16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,762</b>	<b>-</b>	<b>1,762</b>
Net income for the year	-	-	-	-	-	-	284,763	58	284,821
<b>Net income allocation proposal:</b>	<b>-</b>	<b>-</b>	<b>85,428</b>	<b>-</b>	<b>35,983</b>	<b>-</b>	<b>(163,352)</b>	<b>-</b>	<b>(163,352)</b>
Legal reserve	-	-	14,238	-	-	-	-	-	-
Interest on capital	-	-	-	-	-	-	(62,556)	-	(62,556)
Interim dividends	-	-	-	-	-	-	(100,796)	-	(100,796)
Statutory reserve of regulatory capital	-	-	35,595	-	-	-	-	-	-
Investment and expansion reserve	-	-	35,595	-	-	-	-	-	-
Proposed additional dividends to be submitted to the General Meeting	-	-	-	-	35,983	-	-	-	-
<b>DECEMBER 31, 2019</b>	<b>607,869</b>	<b>(2,262)</b>	<b>490,803</b>	<b>(21,028)</b>	<b>35,983</b>	<b>(918)</b>	<b>1,112,209</b>	<b>6,046</b>	<b>1,118,255</b>

The accompanying notes are an integral part of these financial statements.

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### Statement of Value Added

(in thousands of Brazilian reais)

	Company			Consolidated		
	Year ended December 31, 2019			Year ended December 31, 2019		
	Includes effects (IFRS 16)	Effects	Excludes effects (IFRS 16)	Includes effects (IFRS 16)	Effects	Excludes effects (IFRS 16)
Revenue	1,764,092	-	1,764,092	1,808,539	-	1,808,539
Inputs acquired from third parties	(1,147,633)	-	(1,147,633)	(1,101,195)	-	(1,101,195)
<b>GROSS VALUE ADDED</b>	<b>616,459</b>	<b>-</b>	<b>616,459</b>	<b>707,344</b>	<b>-</b>	<b>707,344</b>
Retentions	(22,527)	3,316	(19,211)	(26,487)	5,496	(20,991)
Depreciation and amortization	(19,211)	-	(19,211)	(20,991)	-	(20,991)
<b>Other</b>	<b>(3,316)</b>	<b>3,316</b>	<b>-</b>	<b>(5,496)</b>	<b>5,496</b>	<b>-</b>
Right of use amortization (IFRS 16)	(3,316)	3,316	-	(5,496)	5,496	-
<b>NET VALUE ADDED GENERATED BY THE ENTITY</b>	<b>593,932</b>	<b>3,316</b>	<b>597,248</b>	<b>680,857</b>	<b>5,496</b>	<b>686,353</b>
Value added received through transfer	40,047	-	40,047	38,171	-	38,171
Earnings of equity method	8,129	-	8,129	5,042	-	5,042
Financial income	31,918	-	31,918	33,129	-	33,129
<b>TOTAL VALUE ADDED TO DISTRIBUTE</b>	<b>633,979</b>	<b>3,316</b>	<b>637,295</b>	<b>719,028</b>	<b>5,496</b>	<b>724,524</b>
<b>DISTRIBUTION OF VALUE ADDED</b>						
Personnel and charges	(116,497)	-	(116,497)	(172,969)	-	(172,969)
Stock option plan	(2,755)	-	(2,755)	(2,755)	-	(2,755)
Taxes and contributions	(215,300)	-	(215,300)	(241,533)	-	(241,533)
Remuneration of third-party capital	(14,664)	(2,580)	(17,244)	(16,950)	(3,734)	(20,684)
Financial expenses	(12,611)	2,177	(10,434)	(13,729)	3,125	(10,604)
Financial expenses	(72,990)	-	(72,990)	(73,160)	-	(73,160)
Reversal of interest on capital	62,556	-	62,556	62,556	-	62,556
Present value adjustment of lease liability (IFRS 16)	(2,177)	2,177	-	(3,125)	3,125	-
Rentals	(2,053)	(4,757)	(6,810)	(3,221)	(6,859)	(10,080)
Rentals	(6,810)	-	(6,810)	(10,080)	-	(10,080)
Lease (IFRS 16)	4,757	(4,757)	-	6,859	(6,859)	-
Remuneration of own capital	(284,763)	(736)	(285,499)	(284,821)	(1,762)	(286,583)
Non-controlling shareholders	-	-	-	(58)	-	(58)
<b>VALUE ADDED DISTRIBUTED</b>	<b>(633,979)</b>	<b>(3,316)</b>	<b>(637,295)</b>	<b>(719,028)</b>	<b>(5,496)</b>	<b>(724,524)</b>

## 2.2 Consolidated financial statements

### (a) Subsidiaries

Subsidiaries are all entities over which the Company has direct or indirect control over the financial and operating management, generally accompanying a shareholding of more than one half of the voting rights or most of the risks and rewards originated from these investments, in accordance with IFRS. Subsidiaries are consolidated from the date on which control is transferred to OdontoPrev.

The Company applies the acquisition method to account for business combinations, which are recorded at the fair value of transferred assets, liabilities and equity calculated on the acquisition date. Acquisition-related costs are recorded in the statement of income as incurred. Non-controlling interests in Subsidiaries are recognized proportionally based on the fair value at the acquisition date.

The excess of the amount paid over the fair value of assets and liabilities assumed on the acquisition date of any equity interest is recorded as goodwill, after the allocation to tangible and/or intangible assets.

Investments in Subsidiaries and equity in the results of Subsidiaries, as well as assets, liabilities, income and expenses from intercompany transactions were eliminated in the consolidated financial statements.

### (b) Associates

Associates are all entities over which the Company has significant influence and the power to take part in decisions related to financial and operating policies, without holding control. Investments in Associates are initially recognized by the cost value and after accounted for using the equity accounting method.

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### **(c) Joint venture**

Joint ventures are all entities in which there is the sharing, contractually agreed upon, of the business control, which only exists when decisions on significant activities require the unanimous consent by the parties sharing the control. Joint ventures are accounted for using the equity accounting method.

### **2.3 Company financial statements**

In the Company financial statements, Subsidiaries are accounted for using the equity accounting method.

### **2.4 Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's chief operating and strategic decision-maker, i.e. the Statutory Board, which is responsible for allocating resources and assessing the performance of the operating segments (note 18).

### **2.5 Currency**

#### **(a) Functional and presentation currency**

Items included in the individual and consolidated financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency), these financial statements are presented in Brazilian reais (R\$).

#### **(b) Translation of transactions and balances in foreign currency**

For the Subsidiary Odontored (note 1), the functional currency is the Mexican peso, which is converted into currency of the Company for presentation purposes, using the closing exchange rate on the date of the respective balance (current assets and liabilities), the date of the transactions (non-current assets and liabilities and equity) and monthly average (revenues and expenses). Gains or losses on the conversion of balances denominated in foreign currency resulting from the settlement of such transactions and the conversion of balances at the closing date are recognized in shareholders' equity.

### **2.6 Current assets**

#### **2.6.1 Classification**

##### **(a) Cash and cash equivalents**

Cash equivalents are highly liquid assets held to meet short-term cash commitments with original maturities of up to three months from their acquisition and insignificant risk of change in value (note 5).

##### **(b) Financial assets at fair value through income**

A financial asset is stated at fair value through income if the Company manages these investments and makes purchase and sale decisions based on their fair values according to the risk management and investment strategy. These financial assets correspond to financial investments accounted for in current assets (notes 4.1.1 and 6) and changes in their fair value are recognized in income or loss for the year.

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### **(c) Securities held-to-maturity**

Acquired with the intention and financial ability to hold them in the portfolio to maturity classified in non-current assets when maturity is greater than 12 months and are recorded at cost at the acquisition date, including income earned (notes 4.1.1 and 6).

### **(d) Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified in current assets, except for maturities greater than 12 months after the balance sheet date (these are classified in non-current assets). The loans and receivables of the Company and its Subsidiaries comprise dental care and insurance receivables (note 7).

These are reported in the balance sheet at the nominal values of the notes representing these receivables, with the corresponding entry recorded in net premiums with dental care plan or insurance in the statement of income or unearned premiums in current liabilities, according to the risk coverage period of the contracts in force at the balance sheet date, and at the amounts receivable from reimbursement of events. In Subsidiary Odontored they are reported in the balance sheet at the nominal values of the policies representing these receivables, with the corresponding entry recorded in the insurance account in the statement of income according to the risk coverage period of the contracts in force.

### **2.6.2 Recognition and measurement**

Financial assets are recognized at fair value, and the costs, gains and losses arising from the transaction are recorded in the statement of income in a specific account. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Company and its Subsidiaries have transferred substantially all the risks and rewards of ownership.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired (note 2.6.4).

### **2.6.3 Fair value estimation**

The Company adopted IFRS 13 - Fair Value Measurement for financial instruments that are measured in the balance sheet at fair value, which requires disclosure of this measurements by level of the hierarchy as presented below, and its financial risk management policy is to contract financial products available in the Brazilian market, whose market value can be reliably measured, seeking high liquidity to honor its future liabilities (note 4.1.1).

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: discounted cash flow or another methodology for pricing the asset based on observable market data.
- Level 3: inputs for the asset or liability that are not based on observable market data.
- 

### **2.6.4 Impairment of financial assets measured at amortized cost**

The Company and its Subsidiaries assess at the end of each reporting period whether there is evidence that the credit quality of an asset or group of assets is impaired, and impairment losses are incurred as a result of a loss event that has an impact on the estimated future cash flows of the asset or group of financial assets.

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The Company and its Subsidiaries recognize allowance for doubtful accounts for invoices that are more than 60 days past due for individual contracts and 90 days for collective contracts, plus an average loss percentage determined in a portfolio behavior study. Losses on trade receivables are recorded in the account "allowance for doubtful accounts" in the statement of income.

Amounts more than 180 days past due, which Management does not expect to recover any more, are accounted for as effective loss.

By assessing the existence of objective evidence of impairment, the Company and its Subsidiaries measure the provision, reducing the carrying amount to its recoverable amount and recognizing the amount of the provision. If, in a subsequent period, the amount of the impairment loss decreases and this decrease can be related objectively to an event occurring after the impairment was recognized, the recovery and reversal are recognized in the statement of income.

The other types of financial assets classified as loans and receivables do not include assets classified as impaired. The maximum exposure to credit risk at the balance sheet date is the carrying amount of each class of accounts receivable previously mentioned.

### **2.6.5 Deferred Acquisition Costs (DAC)**

These are expenditures directly incremental and related to the origin or renewal of contracts, that is, the amounts paid for agency services in collective contracts and commissions paid in annual individual contracts, both recognized in the statement of income over a 12-month period. Other expenditures are recorded as selling expenses, as incurred.

## **2.7 Non-current assets**

### **2.7.1 Long-term receivables**

#### **(a) Deferred tax assets (income tax and social contribution - asset and liability)**

Deferred tax assets with probable deductibility are recognized in respect to taxable temporary differences, that is, on those differences that will result in amounts to be excluded from the calculation of taxable income relating to income tax and social contribution of future years, when the carrying amount of the asset will be recovered (note 9.1).

Deferred tax is measured based on the rates expected to be applied to temporary differences when these are reversed.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets and liabilities, and when they refer to taxes charged by the same tax authorities and on the same entity subject to taxation, or on separate taxable entities but when there is the intention to liquidate the current tax assets and liabilities on a net basis or when the tax assets and liabilities will be realized simultaneously.

Deferred income tax and social contribution assets are revised at each reporting date and are reduced to the extent that realization is no longer probable.

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### **(b) Judicial deposits**

These refer to tax and civil lawsuits, monetarily restated according to the Sistema Especial de Liquidação e Custódia (SELIC) index, and labor lawsuits monetarily restated according to savings account index (notes 9.2 and 16.1).

### **2.7.2 Investments (equity interests under the equity method of accounting)**

These are represented by investments in Subsidiaries, associates and joint ventures accounted for using the equity method of accounting based on their respective balance sheets (note 10).

### **2.7.3 Property, plant and equipment**

#### **(a) Property, plant and equipment in use**

Stated at cost of acquisition, less accumulated depreciation calculated using the straight-line method at annual rates (note 11).

Gains and losses on disposals are determined by comparing the proceeds from the sale and the carrying amount and are recognized in the statement of income.

#### **(b) Right of use (IFRS 16)**

Recognition of estimated impacts of present value adjustments of payment of lease liabilities measured according to the requirements of IFRS 16 - Leases (notes 11 e 26).

### **2.7.4 Intangible assets**

#### **(a) Goodwill on acquisition of investments**

Refers to goodwill based on expected future profitability, paid on the acquisition of investments (note 12.1). Goodwill represents the excess of the amount paid for business acquisition over the net fair value of assets and liabilities of the acquired subsidiary, including the allocation of intangible assets.

Goodwill is tested for impairment at least annually (note 12.1), and it is carried at cost less accumulated impairment losses, if any, which are not reversed.

#### **(b) System development and software use licenses**

Development expenditures related to software system and licenses that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets until they are ready for use. They are amortized on a straight-line basis over 60 months (note 12.2). Since their conclusion, maintenance expenditures are recognized as expenses.

#### **(c) Allocated intangible assets**

Amounts attributable to the brand, client's portfolio and non-competition agreement by the invested OdontoServ and Odonto System which are amortized using the straight-line method according to the terms identified in the appraisal report (note 12.2).

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### **2.8 Impairment of non-financial assets**

In accordance with CVM Resolution 639/2010 and IAS 36 - Impairment of Assets, assets are tested for impairment in order to: (i) verify whether there is any indication of impairment of assets; and (ii) measure any impairment of existing assets to complement or reverse the provision for impairment of assets, when applicable.

Assets that are subject to depreciation/amortization are reviewed for impairment periodically or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized when the assets' carrying amount exceeds its recoverable amount (higher of an assets' fair value less costs to sell and its value in use).

Assets which have an indefinite useful life, for example goodwill, are not subject to amortization and are tested for impairment annually (note 12.1).

### **2.9 Dental care plan and insurance contracts - Liability Adequacy Test (LAT)**

The Company and its Subsidiaries issue dental care and insurance contracts, in which they assume the insurance risk, which includes the frequency of use and fluctuation of dental care costs (note 4.2).

If any insufficiency is identified, the Company records the loss immediately as expense in statement of income for the year, first reducing the acquisition costs up to the limit of zero and then making additional reserves for insurance liabilities already recorded on the test date.

The last test was performed on the base date of December 31, 2019 in accordance with the business segments defined by the Company (note 18) and considered technical reserves (notes 2.10 and 13.2), net premiums with dental care plan, and administrative and selling expenses. To calculate the present value of projected flows, the Company used the risk-free forward rates (ETTJ) published by the Brazilian Association of Financial and Capital Market Entities (ANBIMA). This test considers the net carrying amount as all liabilities from insurance contracts under IFRS 4, less the assets that are directly related to the insurance contracts. LAT results did not present insufficiencies on its performing date; therefore, the established reserves did not need to be adjusted.

### **2.10 Technical reserves of dental care operations**

In accordance with Normative Resolution (RN) 393/2015, amended by RN 442/2018, the Company and its Subsidiaries (operators) recognize monthly in current liabilities:

- (i) Provision for "Unearned Premiums":** calculated on a "pro rata die" basis according to the premiums issued and recognized in income according to the risk coverage period (note 13.2).
- (ii) Provision for Unsettled Claims for other welfare service providers:** classify the events to be settled with dental care operations. Costs of services rendered are recorded based on claims reported by accredited service providers regarding the analysis of events covered by the plans, with a corresponding entry to the account "Claims Made and Reported" in the statement of income (note 13.2).
- (iii) Provision for Incurred But Not Reported Claims (IBNR):** actuarially estimated to cover payment of events that have already occurred and have not been recorded in the accounting books by the Company (notes 2.18 and 13.2) in determined occurrence period. The calculation of IBNR was prepared according to actuarial methodology

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based on structuring of development triangles of claim records by occurrence of events (run off triangles), which consider experience period of events reported in the last 18 months.

### **2.11 Taxes and contributions payable**

#### **(a) Federal tax obligations**

- (i) Income tax (IRPJ) and social contribution (CSLL):** these are calculated based on criteria established by the legislation in force. IRPJ is calculated at the rate of 15% of taxable income, plus a 10% surtax on taxable income exceeding R\$240 per year and includes the tax incentive portion (notes 14 and 24). CSLL is calculated at the rate of 9% on taxable income (notes 14 and 24).
- (ii) Other federal tax obligations:** these comprise mainly provisions for Social Integration Program (PIS) and Contribution to Social Security Financing (COFINS) which are calculated based on the criteria established by the legislation in force, using the rate of 0.65% and 4%, respectively, both on billing less paid indemnifiable claims (note 14).

#### **(b) Municipal tax obligations**

These comprise the provision for Service Tax (ISS) calculated based on criteria established by the legislation in force. ISS is calculated at rates between 2% and 5% (note 14).

#### **(c) Charges payable**

Corresponds to the contributions to the National Institute of Social Security (INSS) and the Government Severance Indemnity Fund for Employees (FGTS).

### **2.12 Commissions payable**

Payables related to brokerage service provided by brokers and commissions payable, which are generally settled monthly.

### **2.13 Suppliers of goods and services**

These refer to unsettled obligations for goods or services acquired in the normal course of businesses which are classified as current liabilities, except if the maturity is over 12 months after the balance sheet date, which are classified as non-current.

### **2.14 Other liabilities**

Labor liabilities (salaries, vacation pay and fees), advances from customers, dividends, investments payable, and other payables (note 15), lease liabilities (IFRS 16), and present value adjustments (note 26).

### **2.15 Contingent liabilities and legal obligations**

The Company and its Subsidiaries assess their contingencies based on the requirements of the accounting pronouncement IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, which for the lawsuits

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assessed as “probable losses” based on the assessments of internal and external attorneys, the similarity with previous disputes, the complexity of the lawsuit and the opinion of legal courts, the Company established a reserve for 100% of intended amounts (note 16.1).

In addition, the administrative proceedings assessed by consumer protection agencies (such as Procon), ANS and trade associations, with the application of monetary fines and pending judgment, are analyzed on a case-by-case basis. For these proceedings, individual estimates are established, and they may be changed according to the phase of the proceeding or the definition of the understanding by the agencies or associations. The Company and its Subsidiaries consider such administrative proceedings material.

The proceedings with ANS, depending on their outcome, may generate an impact on the health operators' performance indicators and other assessments at the regulatory level, and the proceedings with the consumer protection agencies and trade association may result in material losses or damage to the image of the Company and its subsidiaries. Accordingly, the administrative proceedings with ANS to which the Company and its Subsidiaries and Associates are parties, which are considered “possible losses”, were recognized in a provision at amounts equivalent to 25% of the assessed/sentenced amounts for as long this expectation of loss is maintained.

Legal, tax and social security obligations arising from lawsuits related to tax obligations whose legality or constitutionality is being challenged, are fully recognized in the financial statements, since they are considered legal obligations, and they are monetarily restated in accordance with current tax legislation.

### **2.16 Share capital**

Common shares are classified as equity (note 17.1).

The Company buys back shares to back up the stock option plan (notes 17.4 and 17.7).

### **2.17 Revenue/retained premiums recognition**

#### **(a) Net premiums**

Income derived from operations related to private dental care plans in the form of previously agreed prices which have to be appropriated as the amount corresponding to the daily allocation pro rata die during the individual coverage period of each contract, since the first day of coverage (notes 18 and 19). The net premiums with dental care plan corresponding to the future coverage are recorded in “unearned premiums” (notes 2.10 and 13.2).

Contracts related to collective post-payment plans are recorded in Income under “net premiums with dental care plan”, at cost.

#### **(b) Insurance**

Corresponds to income from dental care insurance provided by Subsidiary Odontored (note 1) recognized in the statement of income according to the risk coverage (notes 18 (d) and 19).

#### **(c) Revenue from sales and services**

Revenues provided by Subsidiaries and are allocated to the statement of income on the accrual basis and as they meet their performance obligations (notes 18 (d) and 19).

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### **(d) Financial income**

Income arises from financial instruments and monetary restatement (note 23).

#### **2.18 Cost of services rendered**

The services provided by accredited professionals and dental clinics are recognized in the statement of income on an accrual basis, when claims covered by the plans are reported and analyzed, together with the recording of IBNR. The costs of the company-owned dental care chain are recognized in the statement of income on the accrual basis (note 20).

The claims arising from subsidiary Odontored are recognized in the statement of income on the accrual basis, according to the claim notices received, together with the respective technical claims reserve (note 20).

#### **2.19 Employee and management benefits**

Regarding the employee and management benefit program, even in the form of financial instruments, the Company and its Subsidiaries adopt the following procedures: (i) employee profit sharing expenses are classified as profit sharing results in operating expenses, according to IAS 19 - Employee Benefits; (ii) all the expenses of long-term incentive program are classified as operating expenses, according to IAS 19 - Employee Benefits; and (iii) all the estimated costs of stock options granted under share-based payment contracts are classified as operating expenses, with a corresponding entry to shareholders' equity in stock options granted, in accordance with IFRS 2 - Share-based Payment (note 17.7).

#### **2.20 Dividends and interest on capital**

The distribution of dividends and interest on capital to OdontoPrev's shareholders is recognized as a liability in the financial statements based on the Company's Bylaws that establish a compulsory minimum dividend of 50% calculated over net income. Any amount that exceeds the minimum required is recorded in equity, in the account "additional dividend proposed", until it is approved by the shareholders at the Annual General Meeting (AGM) (note 17.6).

#### **2.21 Earnings per share**

The Company calculates basic and diluted earnings per share in accordance with IAS 33 - Earnings per Share (note 25).

#### **2.22 New standards, amendments and interpretations**

The main new standards and interpretations of standards that affect the Company and its Subsidiaries are summarized below:

**IFRS 15 - Revenue from Contracts with Customers:** effective since January 01, 2018, it introduces a comprehensive framework for determining criteria of recognition and measurement, replacing the current standards for revenue recognition. Revenues from insurance contracts and dental care plans are outside the scope of IFRS 15 and will be addressed within the scope of IFRS 17 - Insurance Contracts, which will enter into effect starting January 01, 2022. Management concluded that even for the Company and Consolidated there was no material impact of IFRS 15 on the financial statements.

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**IFRS 9 - Financial Instruments:** effective since January 01, 2018, it replaces the guidance of IAS 39 - Financial Instruments: Recognition and Measurement, including new models for the classification and measurement of financial instruments and measurement of expected credit losses for financial and contractual assets, and new requirements on hedge accounting.

Management concluded that both in the Company and in Consolidated, its activities are predominantly related to insurance, therefore, the Company choose to apply the temporary exemption benefit from IFRS 15, allowed for the CPC Review from December 12, 2017, and will continue to apply IAS 39 for annual periods until December 31, 2021, adopting the related pronouncement as of January 01, 2022.

**IFRS 17 - Insurance Contracts:** effective date is January 01, 2022, it will replace IFRS 4 – Insurance Contracts, and it aims to help investors and other stakeholders to understand better aspects inherent to the Company's operations, such as risk exposure, profitability and financial position. The Company is evaluating the full impact of its adoption.

**IFRIC 23 – Uncertainty Over Income Tax Treatments:** this interpretation, effective since January 01, 2019 clarifies the way to apply the recognition and measurement requirements when there is uncertainty over income tax treatments, that is, there are doubts regarding the acceptance of the treatments adopted by the tax authority applying IAS 12 – Income Taxes. Management concluded that there was no material impact of IFRIC 23 over the Company and Consolidated financial statements.

### **3. Accounting estimates and judgments**

For the preparation of financial statements, Management used judgments, estimates and assumptions that affect the application of accounting policies of the Company and Consolidated and the reported amounts of assets, liabilities, income and expenses, however, actual results may differ from these estimates.

Estimates and assumptions are reviewed on a continuous basis and their impact are recognized on a prospective basis in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

#### **(a) Judgments**

Judgments Information about judgment referring to the adoption of accounting policies which impact significantly the amounts recognized in the financial statements included: (i) evaluation of insurance liabilities (notes 2.9, 2.10 and 13) and (ii) evaluation of tax, civil and labor contingent liabilities (notes 2.15 and 16.1).

#### **(b) Uncertainties about assumptions and estimates**

Uncertainties about assumptions and estimates Information about uncertainties related to assumptions and estimates that have a high risk of resulting in a material adjustment included: (i) calculation of impairment of financial assets (notes 2.6.4 and 7), (ii) evaluation of deferred tax assets (notes 2.7.1 (a) and 9.1) and (iii) calculation of impairment of non-financial assets (notes 2.7.4 (a), 2.8 and 12.1) and (iv) measurement of right of use, lease liability and related present value adjustments (notes 2.7.3 (b), 2.14, and 26).

### **4. Risk management**

The main risks arising from the businesses of the Company and its Subsidiaries listed below are managed by different departments and comprise several fund allocation strategies and policies considered appropriate by Management.

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Policies and strategies are monitored by the Audit Committee, created and installed on March 26, 2010, by determination of the Board of Directors and in accordance with the Company's Bylaws.

### 4.1 Financial risk factors

#### 4.1.1 Market risk (interest rate)

Arises from the possibility that the Company and its Subsidiaries are subject to changes in interest rates that may generate impacts on the fair value of the financial investments portfolio.

The Company and its Subsidiaries adopt the policy to invest in securities issued by financial institutions (Bank Deposit Certificate - CDB) and short-term funds, complying with internal assessment criteria and limits established based on qualitative and quantitative information, including the requirement to allocate resources in compliance with RN 392/2015, amended by RN 419/2016, both from ANS, to guarantee the technical provisions. Almost all the Company's and its Subsidiaries' financial investments portfolio is exposed to fluctuations in interest rates on the domestic market.

As of December 31, 2019, 71.7% (72.0% as of December 31, 2018) of the amounts in Consolidated are held in investment funds, these funds are substantially affected by variations in SELIC/CDI rate.

In compliance with CVM Resolution 475/2008 and IFRS 7 - Financial Instruments: Disclosures, the Company and its Subsidiaries performed a sensitivity analysis of their financial instruments, based on the variation in the SELIC, CDI, Broad Consumer Price Index (IPCA), and Mexican Bond rates, as shown in the table below:

	Consolidated										
	December 31, 2019 (note 6)										
	SELIC/ CDI (p.y) <sup>1</sup>	Indexed to SELIC				Indexed to IPCA			Others		Total financial Investments
CDBs		FI ANS	FI fixed income	LF	LFT	IPCA (p.y) <sup>1</sup>	NTN-B	Mexican bond (p.y) <sup>3</sup>	CETES		
Hierarchical level <sup>2</sup>	-	2	2	2	1	1	-	1	-	1	-
Investments	-	12,533	870	381,280	22,101	96,211	-	15,824	-	4,215	533,034
Forecast profitability for the next 12 months:											
Probable	4.55%	570	40	17,348	1,006	4,378	-0.04%	(6)	7.25%	306	23,642
25% decrease	3.41%	428	30	13,011	754	3,283	-0.03%	(5)	5.44%	229	17,730
50% decrease	2.28%	285	20	8,674	503	2,189	-0.02%	(3)	3.63%	153	11,821
25% increase	5.69%	713	49	21,685	1,257	5,472	-0.05%	(8)	9.06%	382	29,550
50% increase	6.83%	855	59	26,022	1,508	6,566	-0.06%	(9)	10.88%	458	35,459

<sup>1</sup>Based on interest rate curves informed by B3 S.A. Brasil, Bolsa, Balcão.

<sup>2</sup>Hierarchical level classification (note 2.6.3).

<sup>3</sup>Rates available at Bank of Mexico.

### Financial investments - distribution and classification

	Consolidated				Ratings of financial institutions					
	December 31, 2019		December 31, 2018		Fitch		Moody's		S&P	
	December 31, 2019	Average yield % of the CDI	December 31, 2018	Average yield % of the CDI	ST	LT	ST	LT	ST	LT
Caixa Econômica Federal	12,437	100.8%	15,454	100.8%	F1+	AA	NP	Ba3	brA-1+	brAAA
Banco Bradesco S.A.	494,601	100.8%	453,873	94.0%	F1+	AAA	NP	Ba3	brA-1+	brAAA
China Construction Bank Brasil S.A.	-	0.0%	976	102.3%	F1+	AAA	BR-1	Aaa.br	-	brAAA
Itaú Unibanco S.A.	2,328	94.0%	1,439	94.0%	F1+	AAA	NP	Ba3	brA-1+	brAAA
Banco Santander (Brasil) S.A.	1,982	103.0%	1,869	103.0%	F2	A-	NP	Ba1	A-1	A
Banco Safra S.A.	17,471	103.0%	774	103.0%	F1+	AAA	NP	Ba1	brAAA	brA-1+
Mexican government	4,215	-	1,236	-	-	-	-	-	-	-
	<b>533,034</b>		<b>475,621</b>							

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### **4.1.2 Credit risk**

Arises from the possibility of the Company and its direct and indirect Subsidiaries not receiving the amounts arising from financial instruments, premiums with dental care plan and services (notes 6, 7 and 19). The credit policy takes into consideration the specific characteristics of dental care plan operations and is focused on maintaining the flexibility required by market conditions. The Company constantly monitors its receivables and calculates the allowance for doubtful accounts (note 2.6.4).

None of the Company's customer represents 10% of revenues or more of the total of the respective class of financial assets.

### **4.1.3 Liquidity risk**

The liquidity risk management objective is to monitor the settlement terms of the rights and obligations of the Company and its Subsidiaries and of their financial instruments, preparing projected cash flow analysis and periodically reviewing the liabilities assumed and the financial instruments used, mainly those related to assets pledged as guarantee of technical provisions.

The receivables comprising the Company's and its Subsidiaries' cash flows arise mainly from collective and individual contracts in prepayment model, which establish the settlement of monthly payments mainly at the beginning of each month for use of benefits. On the other hand, the payments to the accredited chain, the main suppliers, occur throughout the month. These are short-term assets and liabilities

## **4.2 Insurance risk and dental materials cost fluctuation risk**

OdontoPrev's business model is based on the customers' monthly or yearly payments and is exposed to a risk of insurance and dental materials cost fluctuation, taking into consideration that in the dental care plan sector the risk is limited to the frequency of utilization and the low cost of the treatments given.

In the development and structuring of dental care plans the following factors are taken into consideration:

**Risk model:** determines who is responsible for the cost of dental treatment: (i) prepaid, which is most customers' choice due to predictability, where the customer pays a per capita monthly rate which includes the actuarial estimate of dental treatments, other administrative and selling expenses; and (ii) postpaid, where the customer pays this per capita monthly rate which includes only administrative and selling expenses and the entire cost of dental treatments when they are used.

**Service model:** in accordance with contract coverage, defines how the beneficiary will receive contracted dental care: (i) accredited chain; (ii) free choice; (iii) own service units; and (iv) exclusive dental offices in the client's establishment.

**Enrollment model:** this determines if the entire group (mandatory enrollment) or part of the group (free enrollment) of beneficiaries will be included in the plan and how the payment of the per capita monthly rate will be made.

**Type of coverage:** this describes all the dental care treatments whose costs are totally or partially covered in the dental care plan contracted, the ANS determines minimum dental care coverage.

**Usage moderating factors:** rules to use and access to the covered dental services that contribute to define cost

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and avoid predatory and abusive use, most used are as follows: (i) co-participation; and (ii) grace periods.

**Fees:** different remunerations for professionals of accredited chain and several levels of free choice reimbursement.

In addition to insurance risk, the risk of dental materials cost fluctuation also has direct impact on dental care plans, as they may rise as a result of usage volume, legislation and increase in dental material values.

In order to manage them, the Company has its own system that permits individual evaluation of all treatments, monitoring dental costs and promoting clinical governance of performed events.

Collective contracts have average term of 24 months, with clause establishing fine for breach of contract and annual adjustments of rates practiced using claim rate (cost of services in the last 12 months, divided into the net premiums with dental care plan) and/or inflation adjustment at official rate established in contract. They are also traded in an average term of 12 months automatically renewable by an indeterminate period, with clauses establishing fine for rescission and adjustment clause using official rate established in contract as reference.

The Company constantly monitors its contracts in order to minimize risks and maintain their financial balance.

In general claim ratio up to 60% allows contribution margin (gross income fewer selling expenses divided by gross sales and/or services revenues) able to support the Company's administrative expenses. As of December 31, 2019, the consolidated claim ratio was 44.5% (44.1% as of December 31, 2018) and the contribution margin was 44.2% (45.0% as of December 31, 2018).

	Consolidated: increase/decrease contribution margin					
	Year ended		Changes in the claims ratio			
	December 31, 2019		Equal to 60%		Equal to 40%	
Sales revenue <sup>2</sup> (notes 18 and 19)	1,795,126	100.0%	1,795,126	100.0%	1,795,126	100.0%
Cost of services <sup>1</sup> (notes 18 and 20)	(798,323)	-44.5%	(1,077,076)	-60.0%	(718,050)	-40.0%
<b>Gross income</b>	<b>996,803</b>	<b>55.5%</b>	<b>718,050</b>	<b>40.0%</b>	<b>1,077,076</b>	<b>60.0%</b>
Selling expenses (notes 18 and 21)	(203,758)	-11.4%	(203,758)	-11.4%	(203,758)	-11.4%
<b>Contribution margin</b>	<b>793,045</b>	<b>44.2%</b>	<b>514,292</b>	<b>28.6%</b>	<b>873,318</b>	<b>48.6%</b>
(Decrease)/increase in margin			(278,753)	-15.5 p.p	80,273	4.5 p.p

<sup>1</sup>Do not include incurred but not reported events (IBNR) and claims reserves (note 18).

<sup>2</sup>Do not include R\$13,800 related to reversal of provision for ISS calculated over the amounts of events through favorable decision received by the Company in March 2019.

	Consolidated: increase/decrease contribution margin					
	Year ended		Changes in the claims ratio			
	December 31, 2018		Equal to 60%		Equal to 40%	
Sales revenue (notes 18 and 19)	1,591,841	100.0%	1,591,841	100.0%	1,591,841	100.0%
Cost of services <sup>1</sup> (notes 18 and 20)	(702,455)	-44.1%	(955,105)	-60.0%	(636,736)	-40.0%
<b>Gross income</b>	<b>889,386</b>	<b>55.9%</b>	<b>636,736</b>	<b>40.0%</b>	<b>955,105</b>	<b>60.0%</b>
Selling expenses (notes 18 and 21)	(172,341)	-10.8%	(172,341)	-10.8%	(172,341)	-10.8%
<b>Contribution margin</b>	<b>717,045</b>	<b>45.0%</b>	<b>464,395</b>	<b>29.2%</b>	<b>782,764</b>	<b>49.2%</b>
(Decrease)/increase in margin			(252,650)	-15.9 p.p	65,719	4.1 p.p

<sup>1</sup>Do not include incurred but not reported events (IBNR) and claims reserves (note 18).

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### 4.3 Strategy risk - market of operations (competition)

The Company operates in a competitive market, competing with operators of health insurance and dental care exclusive, hospital medical plans, dental care cooperatives and charity entities that offer dental care plans with similar benefits.

OdontoPrev sells dental care plans to companies, associations and individuals through: (i) an internal sales team; (ii) external brokers; (iii) commercial associations and new distribution ways; (iv) Bradesco and (v) Banco do Brasil.

The factors that encourage the growth in the dental care plan sector are the following: (i) structural imbalance between the supply and demand of services; (ii) lack of alternatives in the public system; (iii) inclusion of dental care plans in employee benefit programs; (iv) opportunities represented by the increasing interest of new distribution ways and (v) regulation.

### 4.4 Legal and regulatory risks – capital

The Company carries out its capital risk management activities based on a centralized model, with the main purpose of meeting the requirements of minimum regulatory capital for its segment, according to the capital requirements defined by ANS as well increase the return on capital to the shareholders. The strategy and model used by Management consider both "regulatory capital" and "economic capital".

The Company keeps capital levels above the regulatory requirements (note 13.1).

## 5. Cash and cash equivalents

	Company		Consolidated	
	December 31,		December 31,	
	2019	2018	2019	2018
Cash	13	10	66	69
Amounts in transit	17,696	13,701	17,727	13,707
Checking accounts	2,137	876	3,221	2,344
Financial investments (interest-bearing current account)	5,733	2,010	6,053	5,022
	<b>25,793</b>	<b>16,597</b>	<b>27,541</b>	<b>21,142</b>

## 6. Financial assets at fair value through income and held to maturity (financial investments)

	Classification	Company		Consolidated	
		December 31,		December 31,	
		2019	2018	2019	2018
CDBs	Current asset	12,533	16,430	12,533	16,641
FI ANS	Current asset	-	-	870	835
FI fixed income	Current asset	368,556	306,043	381,280	341,647
LFT	Current asset	96,211	96,072	96,211	96,072
LF	Current asset	22,101	3,963	22,101	3,963
CETES	Current asset	-	-	4,215	1,236
<b>Fair value through income</b>		<b>499,401</b>	<b>422,508</b>	<b>517,210</b>	<b>460,394</b>
NTN-B	Non-current asset	15,824	15,227	15,824	15,227
<b>Held to maturity</b>		<b>15,824</b>	<b>15,227</b>	<b>15,824</b>	<b>15,227</b>
<b>Financial investments</b>		<b>515,225</b>	<b>437,735</b>	<b>533,034</b>	<b>475,621</b>

**CDBs:** fixed-income private securities issued by banking financial institutions, with floating yields indexed to the interbank deposit certificate daily interest rates (CDI) and which are part of the Company's managed portfolio. (Note 4.1.1.)

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**ANS investment funds (FI ANS):** investment funds quotas intended to restriction on technical provisions required by ANS which are valued based on the value disclosed by the financial institution.

**Investment funds (FI fixed income):** investment funds quotas on Bradesco FI RF Bond and BRAM FI RF Referenced DI Coral which are valued based on the value disclosed by Bradesco Asset Management.

**Financial Bills (LF):** private securities acquired issued by a banking financial institution, with floating yields, which are part of the Company's managed portfolio.

**Financial Treasury Bills (LFT):** fixed-income federal government securities, issued by the National Treasury, with floating yields indexed to the SELIC rate and registered in the same clearing house linked to the Central Bank of Brazil, which are assets part of the Company's managed portfolio.

**Certificados de la Tesorería de la Federación (CETES):** fixed-income public bonds held by Odontoprev issued by the Mexican government.

**Federal Treasury Bonds (NTN-B):** federal public bonds acquired since March 28, 2016, refer to the assets from managed portfolio, which are managed by Bradesco Asset Management. As of December 31, 2019, the fair value is R\$19.111 (R\$16.389 as of December 31, 2018).

Investment portfolio by original maturity dates - Company						
	Classification	No maturity date	01 up to 180 days	181 up to 360 days	Over 360 days	Total
CDBs	Current asset	-	-	-	12,533	12,533
FI fixed income	Current asset	368,556	-	-	-	368,556
LFT	Current asset	-	-	-	96,211	96,211
LF	Current asset	-	-	1,739	20,362	22,101
<b>Fair value through income</b>		<b>368,556</b>	<b>-</b>	<b>1,739</b>	<b>129,106</b>	<b>499,401</b>
NTN-B	Non-current asset	-	-	-	15,824	15,824
<b>Held to maturity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>15,824</b>	<b>15,824</b>
<b>December 31, 2019</b>		<b>368,556</b>	<b>-</b>	<b>1,739</b>	<b>144,930</b>	<b>515,225</b>
<b>December 31, 2018</b>		<b>306,043</b>	<b>976</b>	<b>3,723</b>	<b>126,993</b>	<b>437,735</b>

Investment portfolio by original maturity dates - Consolidated						
	Classification	No maturity date	01 up to 180 days	181 up to 360 days	Over 360 days	Total
CDBs	Current asset	-	-	-	12,533	12,533
FI ANS	Current asset	870	-	-	-	870
FI fixed income	Current asset	381,280	-	-	-	381,280
LFT	Current asset	-	-	-	96,211	96,211
LF	Current asset	-	-	1,739	20,362	22,101
CETES	Current asset	-	-	-	4,215	4,215
<b>Fair value through income or loss</b>		<b>382,150</b>	<b>-</b>	<b>1,739</b>	<b>133,321</b>	<b>517,210</b>
NTN-B	Non-current asset	-	-	-	15,824	15,824
<b>Held to maturity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>15,824</b>	<b>15,824</b>
<b>December 31, 2019</b>		<b>382,150</b>	<b>-</b>	<b>1,739</b>	<b>149,145</b>	<b>533,034</b>
<b>December 31, 2018</b>		<b>342,482</b>	<b>2,212</b>	<b>3,723</b>	<b>127,204</b>	<b>475,621</b>

Changes in the investment portfolio - Company								
	Current					Non-current		Total financial investments
	Fair value through income					Fair value through income	Held to maturity	
	CDBs	FI fixed income	LFT	LF	Total	LFT	NTN-B <sup>1</sup>	
<b>December 31, 2017</b>	<b>19,217</b>	<b>358,572</b>	<b>27,058</b>	<b>-</b>	<b>404,847</b>	<b>57,049</b>	<b>14,636</b>	<b>476,532</b>
Investments	-	783,194	74,273	3,850	861,317	-	-	861,317
(-) Withdrawals	(3,810)	(855,627)	(10,754)	-	(870,191)	(57,049)	(812)	(928,052)
Income	1,023	19,904	5,495	113	26,535	-	1,403	27,938
<b>December 31, 2018</b>	<b>16,430</b>	<b>306,043</b>	<b>96,072</b>	<b>3,963</b>	<b>422,508</b>	<b>-</b>	<b>15,227</b>	<b>437,735</b>
Incorporation of Odonto System <sup>1</sup>	211	23,260	-	-	23,471	-	-	23,471
Investments	-	953,269	6,094	17,527	976,890	-	-	976,890
(-) Withdrawals	(5,098)	(932,216)	(11,299)	(2)	(948,615)	-	(842)	(949,457)
Income	990	18,200	5,344	613	25,147	-	1,439	26,586
<b>December 31, 2019</b>	<b>12,533</b>	<b>368,556</b>	<b>96,211</b>	<b>22,101</b>	<b>499,401</b>	<b>-</b>	<b>15,824</b>	<b>515,225</b>

<sup>1</sup>Withdrawals corresponding to interest payments.

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	Changes in the investment portfolio - Consolidated									
	Current							Non-current		
	Fair value through income							Fair value through income		Held to maturity
	CDBs	FI ANS	FI fixed income	LFT	LF	CETES	Total	LFT	NTN-B <sup>1</sup>	Total financial investments
<b>December 31, 2017</b>	<b>19,217</b>	<b>1,483</b>	<b>369,840</b>	<b>27,058</b>	-	<b>1,184</b>	<b>418,782</b>	<b>57,049</b>	<b>14,636</b>	<b>490,467</b>
Consolidation of Odonto System <sup>2</sup>	865	-	9,982	-	-	-	10,847	-	-	10,847
Investments	178	800	906,525	74,273	3,850	3,917	989,543	-	-	989,543
(-) Withdrawals	(4,677)	(1,493)	(965,733)	(10,754)	-	(3,991)	(986,648)	(57,049)	(812)	(1,044,509)
Income	1,058	45	21,033	5,495	113	126	27,870	-	1,403	29,273
<b>December 31, 2018</b>	<b>16,641</b>	<b>835</b>	<b>341,647</b>	<b>96,072</b>	<b>3,963</b>	<b>1,236</b>	<b>460,394</b>	-	<b>15,227</b>	<b>475,621</b>
Investments	-	1,860	975,945	6,094	17,527	11,958	1,013,384	-	-	1,013,384
(-) Withdrawals	(5,098)	(1,866)	(955,249)	(11,299)	(2)	(9,144)	(982,658)	-	(842)	(983,500)
Income	990	41	18,937	5,344	613	165	26,090	-	1,439	27,529
<b>December 31, 2019</b>	<b>12,533</b>	<b>870</b>	<b>381,280</b>	<b>96,211</b>	<b>22,101</b>	<b>4,215</b>	<b>517,210</b>	-	<b>15,824</b>	<b>533,034</b>

<sup>1</sup>Withdrawals corresponding to interest payments.

<sup>2</sup>Subsidiary incorporated in January 02, 2019.

### Coverage of guarantee financial investments (according to RN 393/2015 amended by RN 419/2016 from ANS)

	Classification	Company		Consolidated	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>Technical provisions</b>					
Unsettled claims (over 30/60 days)	Current liability	3,406	494	3,410	620
IBNR	Current liability	94,565	82,403	95,130	83,073
<b>Restriction required by ANS</b>		<b>97,971</b>	<b>82,897</b>	<b>98,540</b>	<b>83,693</b>
Unsettled claims (total)	Current liability	46,242	38,352	46,349	39,568
IBNR	Current liability	94,565	82,403	95,130	83,073
<b>Required guarantee by ANS</b>		<b>140,807</b>	<b>120,755</b>	<b>141,479</b>	<b>122,641</b>
<b>Restriction and guarantee of technical provisions</b>					
CDBs	Current asset	3,622	7,140	3,622	7,140
FI ANS	Current asset	-	-	870	835
LFT	Current asset	74,572	64,608	74,572	64,608
LF	Current asset	3,953	-	3,953	-
NTN-B	Non-current asset	15,824	15,227	15,824	15,227
FI fixed income	Current asset	-	-	-	5,513
<b>Restricted financial investments</b>		<b>97,971</b>	<b>86,975</b>	<b>98,841</b>	<b>93,323</b>
CDBs	Current asset	8,815	8,315	8,815	8,315
LFT	Current asset	21,639	31,464	21,639	31,464
LF	Current asset	18,148	3,963	18,148	3,963
<b>Guarantee financial investments</b>		<b>146,573</b>	<b>130,717</b>	<b>147,443</b>	<b>137,065</b>

## 7. Dental care receivables (customers)

	Company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Receivable pecuniary compensation (invoices)	180,002	174,848	180,185	178,608
Allowance for doubtful accounts	(46,836)	(49,169)	(46,994)	(51,169)
<b>Dental care receivables</b>	<b>133,166</b>	<b>125,679</b>	<b>133,191</b>	<b>127,439</b>
Participation of beneficiaries in indemnifying events/claims (debit notes)	1,669	2,452	1,669	3,339
Allowance for doubtful accounts	(51)	(5)	(51)	(5)
<b>Participation of beneficiaries in indemnifying events/claims, net</b>	<b>1,618</b>	<b>2,447</b>	<b>1,618</b>	<b>3,334</b>
Operators of health care plans (invoices - operators)	7,074	7,475	7,920	8,327
Allowance for doubtful accounts	-	(7)	(30)	(37)
<b>Dental care operators, net</b>	<b>7,074</b>	<b>7,468</b>	<b>7,890</b>	<b>8,290</b>
<b>Other healthcare plan receivables (insurance)</b>	<b>-</b>	<b>-</b>	<b>18,967</b>	<b>15,634</b>
<b>Credits of operations with health care plans (customers)</b>	<b>141,858</b>	<b>135,594</b>	<b>161,666</b>	<b>154,697</b>
Invoices, debit notes, invoices - operators, insurance	188,745	184,775	208,741	205,908
Allowance for doubtful accounts	(46,887)	(49,181)	(47,075)	(51,211)
<b>Credits of operations with health care plans (customers)</b>	<b>141,858</b>	<b>135,594</b>	<b>161,666</b>	<b>154,697</b>

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Maturity	Credits for health care plans by maturity age							
	Company				Consolidated			
	Invoices, debit notes and operators invoices	Allowance for doubtful accounts	December 31, 2019	December 31, 2018	Invoices, debit notes invoices - operators and insurances	Allowance for doubtful accounts	December 31, 2019	December 31, 2018
Falling due	110,292	(1,401)	108,891	101,817	130,099	(1,404)	128,695	119,280
Up to 30 days	27,847	(5,631)	22,216	25,296	27,850	(5,632)	22,218	27,128
From 31 to 60 days	15,878	(6,690)	9,188	5,440	15,880	(6,691)	9,189	5,451
From 61 to 90 days	7,242	(6,085)	1,157	1,319	7,243	(6,086)	1,157	1,327
Over 91 days	27,486	(27,080)	406	1,722	27,669	(27,262)	407	1,511
	<b>188,745</b>	<b>(46,887)</b>	<b>141,858</b>	<b>135,594</b>	<b>208,741</b>	<b>(47,075)</b>	<b>161,666</b>	<b>154,697</b>

	Changes in allowance for doubtful accounts and customers			
	Company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Invoices	180,002	174,848	180,185	178,608
Invoices - operators	7,074	7,475	7,920	8,327
<b>Allowance for doubtful accounts</b>	<b>(46,887)</b>	<b>(49,181)</b>	<b>(47,075)</b>	<b>(51,211)</b>
Opening balances	(49,181)	(46,760)	(51,211)	(46,950)
Provisions (reversals) recorded in the year	(57,952)	(56,637)	(57,959)	(57,557)
Actual losses	60,246	54,216	62,095	53,296
<b>Dental care receivables</b>	<b>140,189</b>	<b>133,142</b>	<b>141,030</b>	<b>135,724</b>
Debit notes	1,669	2,452	1,669	3,339
Insurance	-	-	18,967	15,634
<b>Other healthcare plan receivables</b>	<b>1,669</b>	<b>2,452</b>	<b>20,636</b>	<b>18,973</b>
<b>Customers</b>	<b>141,858</b>	<b>135,594</b>	<b>161,666</b>	<b>154,697</b>
Advances from customers	(1,310)	(937)	(1,442)	(972)
<b>Customers, net</b>	<b>140,548</b>	<b>134,657</b>	<b>160,224</b>	<b>153,725</b>

## 8. Tax and social security credits (taxes recoverable)

	Company		Consolidated	
	December 31,		December 31,	
	2019	2018	2019	2018
INSS <sup>1</sup>	46,608	18,345	46,608	18,345
IRPJ	532	10	1,601	1,492
CSLL	109	4	1,533	1,018
IRRF	160	95	1,354	1,096
PIS and COFINS	246	210	2,381	2,449
ISS <sup>2</sup>	8,258	1,470	8,264	1,485
Other	-	-	660	151
	<b>55,913</b>	<b>20,134</b>	<b>62,401</b>	<b>26,036</b>

<sup>1</sup>Credits related to the 5-year collections prior to the filing of the INSS lawsuit (note 16.1 (b) (i)).

<sup>2</sup>Credits of R\$6,902, monetarily restated, related to the payments of ISS between March and August/2018 due to inclusion of events in the calculation basis, in March 2019 the Company obtained favorable final decision (note 16.1 (a) (ii)).

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### 9. Long-term receivables

#### 9.1 Deferred tax assets (income tax and social contribution - asset and liability)

Temporary differences	Classification	Expected realization	Note	Company		Consolidated			
				December 31, 2018	Debit (credit) to income	December 31, 2019	December 31, 2018	Debit (credit) to income	December 31, 2019
Allowance for doubtful accounts	Asset	Up to 12 months	7	16,722	(780)	15,942	17,412	(1,406)	16,006
Non-deductible losses (recovery)	Asset	Over 12 months	-	2,693	(251)	2,442	2,693	(251)	2,442
Provision for contingent liabilities	Asset	Over 12 months	16.1	7,936	2,447	10,383	9,253	1,767	11,020
Long-term incitement program	Liability	Over 12 months	-	4,639	1,261	5,900	4,795	1,229	6,024
Other provisions	Asset	Up to 12 months	15	-	4,809	4,809	-	5,426	5,426
Others	Asset	Up to 12 months	-	9,281	1,578	10,859	9,360	(7)	9,353
Consolidation of Odonto System <sup>1</sup>	Asset	Up to 12 months	-	-	(2,938)	(2,938)	1,229	(1,229)	-
Incorporation of Odonto System <sup>1</sup>	Asset	Up to 12 months	-	-	-	1,229	-	1,229	1,229
Amortization of goodwill	Liability	Over 12 months	-	-	(9,992)	(9,992)	-	(9,992)	(9,992)
<b>Deferred income tax/social contribution</b>				<b>41,271</b>	<b>(3,866)</b>	<b>38,634</b>	<b>44,742</b>	<b>(3,234)</b>	<b>41,508</b>
Consolidation of Odonto System <sup>1</sup>				-	-	-	1,229	-	-
Incorporation of Odonto System <sup>1</sup>				-	-	1,229	-	-	1,229
Deferred income tax				30,347	(1,940)	28,407	32,236	(1,474)	30,762
Deferred social contribution				10,924	(1,926)	8,998	11,277	(1,760)	9,517
<b>Deferred income tax/social contribution</b>				<b>41,271</b>	<b>(3,866)</b>	<b>38,634</b>	<b>44,742</b>	<b>(3,234)</b>	<b>41,508</b>

<sup>1</sup>Subsidiary incorporated in January 02, 2019.

#### 9.2 Judicial deposits

	Company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>Tax</b>	<b>9,546</b>	<b>1,286</b>	<b>11,435</b>	<b>8,525</b>
ISS (Odonto System) (note 16.2)	8,236	-	8,236	5,349
Other	1,310	1,286	3,199	3,176
<b>Social security and labor</b>	<b>2,356</b>	<b>1,054</b>	<b>2,926</b>	<b>4,315</b>
<b>Civil</b>	<b>1,583</b>	<b>1,405</b>	<b>1,583</b>	<b>1,405</b>
	<b>13,485</b>	<b>3,745</b>	<b>15,944</b>	<b>14,245</b>

#### 9.3 Other receivables

Provision for potential risks determined in the review of accounting, tax and labor procedures of acquired companies (note 12.1), which has a corresponding entry to "other payables" (note 16.3).

	Company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Prontodente <sup>1</sup>	157	258	157	258
DentalCorp	-	1,463	-	1,463
Papaiz Group	-	-	1,323	1,323
Odonto System	14,786	-	14,786	17,500
	<b>14,943</b>	<b>1,721</b>	<b>16,266</b>	<b>20,544</b>

<sup>1</sup>Corresponds to installment payments of tax debts made in 2017.

According to the agreement with the former owners of acquired companies, in certain circumstances, they guarantee the reimbursement of any payments the Company and its Subsidiaries are required to make. These amounts (except for Odonto System) are deposited in investment funds and CDBs in the name of the former owners who can only use these funds with the Company's and Subsidiaries' authorization in order to avoid any credit risk. The amounts referring to the Odonto System are guaranteed by a warranty insurance and a letter of guarantee.

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### 9.4 Tax and social security credits (taxes recoverable)

Refer to credits arising on payments made in the five years prior to the filing of the INSS lawsuit, monetarily restated (favorable decision issued in 2017, confirming the right to the nonpayment of INSS on the compensation paid to accredited dentists). The amounts started to be offset in September 2019 and will be completed within 2 years, therefore, the Employer's INSS credits can be offset against all own social security debts.

		Company and Consolidated	
		December 31,	
	Classification	2019	2018
INSS for offset (note 8)	Current assets	46,608	18,345
INSS for offset	Non-current assets	24,248	65,735
		<b>70,856</b>	<b>84,080</b>

### 10. Investments – equity interests

Company									
Interests in subsidiaries									
Interests in jointly ventures (operators)									
Other companies									
December 31, 2019	Rede Dental	Odonto System <sup>2</sup>	Total	Brasildental	Cildec	OdontoPrev Serviços	Odontored <sup>1</sup>	Total	Investments
Share capital	1,162	-	-	9,500	12,790	9,700	3,128	-	-
Quotas/shares	1,162	-	-	380,000	12,790	9,700	3,128	-	-
Interest (%)	99.9	-	-	25	99.9	99.9	60.0	-	-
Assets	6,951	-	-	43,827	31,444	36,515	28,385	-	-
Liabilities	5,808	-	-	24,513	29,871	35,939	19,547	-	-
Equity	2,320	-	-	(2,140)	21,787	14,967	8,838	-	-
Net revenue	11,536	-	-	63,542	16,818	56,203	16,191	-	-
Costs and expenses	9,514	-	-	33,843	14,488	55,627	16,533	-	-
Taxes and profit sharing	880	-	-	10,388	757	-	-	-	-
Income (loss) for the period	1,143	-	-	19,313	1,573	576	(342)	-	-
<b>December 31, 2018</b>	<b>3,318</b>	<b>218,684</b>	<b>222,002</b>	<b>3,465</b>	<b>25,512</b>	<b>7,446</b>	<b>4,468</b>	<b>37,426</b>	<b>262,893</b>
Incorporation of Odonto System <sup>2</sup>	-	(218,684)	(218,684)	-	-	-	-	-	(218,684)
Capital increase	-	-	-	-	-	-	1,015	1,015	1,015
Capital increase with fixed assets <sup>3</sup>	-	-	-	-	-	7,423	-	7,423	7,423
Put option in subsidiary	-	-	-	-	(112)	-	-	(112)	(112)
Dividends	(1,000)	-	(1,000)	(4,000)	(3,615)	-	-	(3,615)	(8,615)
Revenue (expense) of equity method	1,143	-	1,143	4,828	1,573	576	9	2,168	8,129
<b>December 31, 2019</b>	<b>3,461</b>	<b>-</b>	<b>3,461</b>	<b>4,293</b>	<b>23,358</b>	<b>15,445</b>	<b>5,492</b>	<b>44,295</b>	<b>52,049</b>

<sup>1</sup>For consolidation purposes financial statements with a one-month gap are used (note 1).

<sup>2</sup>Subsidiary incorporated in January 02, 2019.

<sup>3</sup>Building from Odonto System incorporation, used as capital increase in OdontoPrev Serviços in June/2019.

					Consolidated			
					Investments		Revenue (expense) of equity method	
					Balance as of December 31,		Year ended December 31,	
					2019	2018	2019	2018
Investments/revenue (expense) of equity method - Company					52,049	262,893	8,129	17,440
Eliminations to consolidated:					(47,756)	(259,428)	(3,301)	(13,361)
Subsidiaries (dental chain)					(3,461)	(222,002)	(1,143)	(3,561)
Subsidiaries (other companies)					(44,295)	(37,426)	(2,158)	(9,800)
Interests in jointly ventures (operators)					5,025	4,075	384	597
Other companies					135	514	(170)	(307)
					<b>9,453</b>	<b>8,054</b>	<b>5,042</b>	<b>4,369</b>

### 11. Property, plant and equipment

Company												
December 31, 2018	Incorporation of Odonto System <sup>1</sup>	Effects of IFRS	Additions	Write-offs	Transfers	Depreciation	December 31, 2019	Acquisition cost	Depreciation	Net book value	Annual depreciation rate (%)	
Computer equipment	4,289	-	1,907	-	400	(1,858)	4,738	24,122	(19,384)	4,738	20	
Vehicles	786	-	490	(121)	-	(223)	932	2,031	(1,099)	932	20	
Facilities	1,593	1,362	288	(97)	(1,391)	(340)	1,415	2,827	(1,412)	1,415	10	
Machinery and equipment	327	333	-	-	(167)	(90)	403	1,931	(1,528)	403	10	
Furniture and fixtures	1,839	85	134	(106)	(43)	(376)	1,533	5,248	(3,715)	1,533	10	
Communication equipment	951	-	9	-	-	(172)	788	2,265	(1,477)	788	10	
Dental care equipment	17	-	41	-	-	(1)	57	470	(413)	57	10	
Buildings	-	6,002	-	-	(5,859)	(143)	-	-	-	-	-	
<b>Total for own use</b>	<b>9,802</b>	<b>7,782</b>	<b>2,869</b>	<b>(324)</b>	<b>(7,060)</b>	<b>(3,203)</b>	<b>9,866</b>	<b>38,894</b>	<b>(28,028)</b>	<b>9,866</b>		
Fixed assets in progress	7	-	-	-	-	-	7	7	-	7	-	
Leasehold improvements	1,365	823	6,194	(89)	(381)	(1,225)	6,687	12,988	(6,301)	6,687	20	
<b>Total</b>	<b>1,372</b>	<b>823</b>	<b>6,194</b>	<b>(89)</b>	<b>(381)</b>	<b>(1,225)</b>	<b>6,694</b>	<b>12,995</b>	<b>(6,301)</b>	<b>6,694</b>		
Right of use (IFRS 16)	-	-	28,390	-	-	(3,316)	25,074	28,390	(3,316)	25,074	-	
<b>Total PP&amp;E</b>	<b>11,174</b>	<b>8,605</b>	<b>28,390</b>	<b>9,063</b>	<b>(413)</b>	<b>(7,441)</b>	<b>41,634</b>	<b>80,279</b>	<b>(38,645)</b>	<b>41,634</b>		

<sup>1</sup>Subsidiary incorporated in January 02, 2019.

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	December 31, 2018						December 31, 2019			Consolidated		
	Capital increase with fixed assets <sup>1</sup>	IFRS 16 effects	Acquisitions	Write-offs	Transfers	Depreciation	Acquisition cost	Depreciation	Net book value	Annual depreciation rate (%)		
Computer equipment	5,072	-	-	2,108	(26)	272	(2,074)	5,352	21,802	(16,450)	5,352	20
Vehicles	922	-	-	490	(97)	-	(294)	1,021	2,198	(1,177)	1,021	20
Facilities	2,973	-	-	415	(121)	(1,085)	(401)	1,781	4,687	(2,906)	1,781	10
Machinery and equipment	757	158	-	-	(160)	(168)	(107)	480	2,215	(1,735)	480	10
Furniture and fixtures	2,581	44	-	168	(154)	97	(498)	2,238	6,992	(4,754)	2,238	10
Communication equipment	1,051	-	-	9	-	16	(190)	886	2,495	(1,609)	886	10
Dental care equipment	611	-	-	388	-	-	(115)	884	3,142	(2,258)	884	10
Buildings	6,002	7,221	-	-	-	(5,859)	(287)	7,077	7,221	(144)	7,077	-
<b>Total for own use</b>	<b>19,969</b>	<b>7,423</b>	<b>-</b>	<b>3,578</b>	<b>(658)</b>	<b>(6,727)</b>	<b>(3,966)</b>	<b>19,719</b>	<b>50,752</b>	<b>(31,033)</b>	<b>19,719</b>	
Fixed assets in progress	753	-	-	-	-	-	-	753	753	-	753	-
Leasehold improvements	3,592	-	-	7,442	(237)	(307)	(1,735)	8,755	21,184	(12,429)	8,755	20
<b>Total</b>	<b>4,345</b>	<b>-</b>	<b>-</b>	<b>7,442</b>	<b>(237)</b>	<b>(307)</b>	<b>(1,735)</b>	<b>9,508</b>	<b>21,937</b>	<b>(12,429)</b>	<b>9,508</b>	
Right of use (IFRS 16)	-	-	44,457	204	-	(204)	(5,496)	38,961	44,457	(5,496)	38,961	-
<b>Total PP&amp;E</b>	<b>24,314</b>	<b>7,423</b>	<b>44,457</b>	<b>11,224</b>	<b>(795)</b>	<b>(7,238)</b>	<b>(11,197)</b>	<b>68,188</b>	<b>117,148</b>	<b>(48,958)</b>	<b>68,188</b>	

<sup>1</sup>Building from Odonto System incorporation, used as capital increase in OdontoPrev Serviços in June/2019.

## 12. Intangible assets

### 12.1 Goodwill on acquisition of investments

	Historical data relating to the acquisition and/or approval					December 31, 2019			December 31, 2018	
	Date	Total value	Asset value	Strategic focus	CGU	Date of merger	Goodwill	Amortization <sup>1</sup>	Net goodwill	Net goodwill
Bradesco Dental	10/18/2009	723,392	313,752	Business and individual	Bradesco	07/01/2010	409,640	-	409,640	409,640
Bident	06/19/2008	2,837	98	Premium segment	Care Plus	12/01/2008	2,739	(319)	2,420	2,420
Care Plus	06/19/2008	13,113	(230)	Premium segment	Care Plus	12/01/2008	13,343	(1,563)	11,780	11,780
SRJSPE	06/26/2008	13,720	(130)	Premium segment	Care Plus	12/01/2008	13,850	(1,616)	12,234	12,234
Rede Dental	10/08/2007	7,584	(119)	Regionalization	Rede Dental	Not merged	7,703	(1,544)	6,159	6,159
OdontoServ <sup>2</sup>	02/27/2009	30,841	10,025	Regionalization	OdontoServ	12/01/2009	20,816	-	20,816	20,816
Prontodente	12/22/2008	5,445	(235)	Medium and large companies	OdontoPrev <sup>3</sup>	12/01/2009	5,680	-	5,680	5,680
Sepao	10/24/2008	9,203	82	Medium and large companies	OdontoPrev <sup>3</sup>	12/01/2009	9,121	(303)	8,818	8,818
DentalCorp	02/09/2007	25,244	386	Small and medium companies	OdontoPrev <sup>3</sup>	03/03/2008	24,858	(9,529)	15,329	15,329
Odonto System <sup>4</sup>	08/07/2018	203,084	4,668	Complementarity portfolio	-	01/02/2019	145,793	-	145,793	-
<b>Company</b>		<b>1,034,463</b>	<b>328,297</b>				<b>653,543</b>	<b>(14,874)</b>	<b>638,669</b>	<b>492,876</b>
Consolidation of Odonto System <sup>4</sup>	08/07/2018	(203,084)	(4,668)	Complementarity portfolio	-	01/02/2019	(145,793)	-	(145,793)	145,793
Incorporation of Odonto System <sup>4</sup>	08/07/2018	203,084	4,668	Complementarity portfolio	-	01/02/2019	145,793	-	145,793	-
Easy	07/08/2008	3,100	456	Verticalization	-	Not merged	2,644	(265)	2,379	2,379
G2D	08/09/2012	750	416	Verticalization	-	Not merged	334	-	334	334
Papaiz Group	01/31/2013	5,487	780	Verticalization	-	Not merged	6,008	-	6,008	6,008
<b>Consolidated</b>		<b>1,043,800</b>	<b>329,949</b>				<b>662,529</b>	<b>(15,139)</b>	<b>647,390</b>	<b>647,390</b>

<sup>1</sup>Amortization on a straight-line basis up to December 31, 2008, after this date impairment tests are performed.

<sup>2</sup>Includes Adcon merged on May 01, 2014.

<sup>3</sup>Equivalent to the total result of the Company deducted from Bradesco, Care Plus and OdontoServ CGUs, including Prontodente, Sepao and DentalCorp. Such grouping is due to the strategic focus of these acquisitions being closely related to the commercial and retention activities of OdontoPrev, as well as to the identification of independent cash inflow.

<sup>4</sup>Includes the amounts referring to the brand, clients portfolio and non-competition agreement allocated in the intangible assets incorporated to the Company in January 02, 2019 and shown in Consolidated statements in December 31, 2018.

The Company evaluates its recoverability through impairment tests (note 2.7.4 (a)) for goodwill from acquisitions of investments allocated to cash generating units (CGU's).

In the impairment test performed we used the income approach through discounted cash flow methodology (value in use) based on the nature of each CGU, existence of financial and operational control, history and availability of financial projections. The key assumptions used to estimate the recoverable amount represent Management valuation of future trends in relevant industries and were based on historic inputs from internal and external sources.

#### Assumptions as of December 31, 2019

Calculation period:	5 years, being from January 1, 2020 to December 31, 2024 and perpetuity
Perpetuity growth rate:	3.5 p.y. based on the long-term inflation rate (IPCA)
Projection Currency:	Nominal R\$, considering the inflationary effect
Discount rate:	12.7% according to the CAPM <sup>1</sup> methodology
Specific assumptions:	(i) accounting and management statements of CGU and OdontoPrev; (ii) management information that includes group budget

Macroeconomic assumptions:	Description	2020P	2021P	2022P	2023P	2024P
	GDP Change	2.09%	2.56%	2.64%	2.64%	2.64%
	IGP-M	4.23%	4.08%	3.98%	3.86%	3.71%
	Inflation - IPCA	3.60%	3.74%	3.56%	3.50%	3.50%

<sup>1</sup>CAPM - Capital Asset Pricing Model

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<b>Assumptions as of December 31, 2018</b>						
Calculation period:	5 years, being from January 1, 2019 to December 31, 2023 and perpetuity					
Perpetuity growth rate:	3.8 p.y. based on the long-term inflation rate (IPCA)					
Projection Currency:	Nominal R\$, considering the inflationary effect					
Discount rate:	14.1% according to the CAPM <sup>1</sup> methodology					
Specific assumptions:	(i) accounting and management statements of CGU and OdontoPrev; (ii) management information that includes group budget					
Macroeconomic assumptions:	<b>Description</b>	<b>2019P</b>	<b>2020P</b>	<b>2021P</b>	<b>2022P</b>	<b>2023P</b>
	GDP Change	2.59%	2.61%	2.60%	2.58%	2.58%
	IGP-M	4.26%	4.14%	4.10%	4.06%	4.29%
	Inflation - IPCA	4.04%	4.01%	3.84%	3.77%	3.77%

<sup>1</sup>CAPM - Capital Asset Pricing Model

In the 2019 and 2018 impairment tests, the Company concluded that the value in use obtained by applying these assumptions is higher than the carrying amount; thus, there are no indications of impairment.

## 12.2 Intangible assets - changes

	<b>Company</b>					
	System development and software licences	Allocated intangible assets		Total	Goodwill on acquisition of investments	Total intangible
		OdontoServ	Odonto System <sup>1</sup>			
<b>December 31, 2018</b>	<b>51,080</b>	<b>108</b>	<b>-</b>	<b>51,188</b>	<b>492,876</b>	<b>544,064</b>
Incorporation of Odonto System <sup>1</sup>	224	-	49,985	50,209	145,793	196,002
Additions	20,980	-	-	20,980	-	20,980
Transfers	(191)	-	-	(191)	-	(191)
Amortization	(6,315)	(108)	(8,360)	(14,783)	-	(14,783)
<b>December 31, 2019</b>	<b>65,778</b>	<b>-</b>	<b>41,625</b>	<b>107,403</b>	<b>638,669</b>	<b>746,072</b>
Cost	102,913	8,527	52,622	164,062	653,543	817,605
Accumulated amortization	(37,135)	(8,527)	(10,997)	(56,659)	(14,874)	(71,533)
<b>Net book value</b>	<b>65,778</b>	<b>-</b>	<b>41,625</b>	<b>107,403</b>	<b>638,669</b>	<b>746,072</b>
Amortization period	5 years	Useful life - Appraisal report	Useful life - Appraisal report			

<sup>1</sup>Subsidiary incorporated in January 02, 2019.

	<b>Consolidated</b>					
	System development and software licences	Allocated intangible assets		Total	Goodwill on acquisition of investments	Total intangible
		OdontoServ	Odonto System <sup>1</sup>			
<b>December 31, 2018</b>	<b>54,993</b>	<b>108</b>	<b>49,877</b>	<b>104,978</b>	<b>647,390</b>	<b>752,368</b>
Additions	21,763	-	-	21,763	-	21,763
Transfers	(108)	-	-	(108)	-	(108)
Amortization	(6,930)	(108)	(8,252)	(15,290)	-	(15,290)
<b>December 31, 2019</b>	<b>69,718</b>	<b>-</b>	<b>41,625</b>	<b>111,343</b>	<b>647,390</b>	<b>758,733</b>
Cost	108,590	8,527	52,622	169,739	662,529	832,268
Accumulated amortization	(38,872)	(8,527)	(10,997)	(58,396)	(15,139)	(73,535)
<b>Net book value</b>	<b>69,718</b>	<b>-</b>	<b>41,625</b>	<b>111,343</b>	<b>647,390</b>	<b>758,733</b>
Amortization period	5 years	Useful life - Appraisal report	Useful life - Appraisal report			

<sup>1</sup>Subsidiary incorporated in January 02, 2019.

## 13. Minimum capital and technical reserves

ANS establishes the rules for recognizing technical provisions and minimum capital requirements, according to RN 209/2009, amended by RNs 227/2010, 243/2010, 290/2012, 313/2012, 393/2015 and Normative Instruction IN 50/2012.

### 13.1 Minimum capital

(a) Adjusted minimum equity (AME) represents the minimum amount of net assets, calculated by multiplying the K Factor by the capital base.

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- (b) The solvency margin (SM) corresponds to the amount of adjusted equity (AE) enough (S) to cover the higher of 0.20 times the sum of the last 12 months premium or 0.33 times the annual average of the last 36 months of indemnifiable claims, net.

	<b>Company: calculation of AME, AE, SM and S</b>	
	December 31,	
	2019	2018
Base capital	8,790	8,503
(x) K Factor <sup>1</sup>	3.23%	3.23%
<b>Adjusted minimum equity (AME)</b>	<b>284</b>	<b>275</b>
Equity	1,111,365	1,027,456
Legal obligations <sup>2</sup>	2	38
Equity interests in other dental care operators	(7,753)	(225,467)
Deferred acquisition costs	(28,394)	(22,280)
Prepaid expenses	(2,033)	(1,831)
Intangible assets	(746,072)	(544,064)
<b>Adjusted equity (AE)</b>	<b>327,115</b>	<b>233,852</b>
(-) Effects of IFRS 16 <sup>5</sup> (note 2.1 (i))	736	-
<b>Adjusted equity, excluding IFRS16 (AE ANS)</b>	<b>327,851</b>	<b>233,852</b>
(A) 0.20 times the sum of the premiums – past 12 months	359,739	311,568
(B) 0.33 times the average of the events – past 36 months	219,330	200,423
<b>Solvency margin (SM) total = higher between (A) and (B)<sup>3</sup></b>	<b>359,739</b>	<b>311,568</b>
SM required <sup>4</sup> (%)	77.900%	70.520%
SM required <sup>4</sup> (R\$)	280,236	219,718
<b>Sufficiency required (AE - SM required)</b>	<b>47,615</b>	<b>14,134</b>

<sup>1</sup>K Factor corresponds classification: group dentistry, tertiary sector, region 1 according to annex RN 209/2009.

<sup>2</sup>According to IN 50/2012, the amount of legal obligations refers to the carrying amount of tax legal provisions on December 31, 2012, net of write-offs in periods subsequent to that date settled by December 2019.

<sup>3</sup>Total solvency margin should be set up until December 31, 2022 according to RN 313/2012.

<sup>4</sup>Required solvency margin as provided for in the scale of dilution according to RN 313/2012.

<sup>5</sup>This refers to the effects on income of IFRS 16 – Leases, which had not been approved by ANS until December 31, 2019.

## 13.2 Changes in technical reserves

According to IFRS 4, the changes in reserves related to claims/events (insurance liabilities) and the assets directly related to these contracts are as follows:

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	Company				Consolidated			
	Unearned premiums	Unsettled claims	IBNR	DAC <sup>1</sup>	Unearned premiums	Unsettled claims	IBNR	Other Provisions
<b>December 31, 2017</b>	<b>136,528</b>	<b>33,182</b>	<b>81,434</b>	<b>15,092</b>	<b>136,608</b>	<b>33,292</b>	<b>82,086</b>	<b>4,340</b>
Consolidation of Odonto System <sup>2</sup>	-	-	-	-	4,565	3,944	140	-
Indemnifiable claims, net	-	669,569	-	-	-	676,247	-	-
Paid events	-	(664,399)	-	-	-	(673,915)	-	-
Variation of IBNR	-	-	969	-	-	-	847	-
Unearned premiums	1,618,916	-	-	-	1,678,224	-	-	-
Premiums recognized in income	(1,600,167)	-	-	-	(1,659,519)	-	-	-
Deferred acquisition expenses	-	-	-	(16,880)	-	-	-	-
Amortized acquisition expenses	-	-	-	24,068	-	-	-	-
Insurance recognized in income	-	-	-	-	-	-	-	13,797
Insurance <sup>2</sup>	-	-	-	-	-	-	-	(8,273)
Incurred claims	-	-	-	-	-	-	-	2,400
Paid claims <sup>2</sup>	-	-	-	-	-	-	-	(925)
<b>December 31, 2018</b>	<b>155,277</b>	<b>38,352</b>	<b>82,403</b>	<b>22,280</b>	<b>159,878</b>	<b>39,568</b>	<b>83,073</b>	<b>11,339</b>
Incorporation of Odonto System <sup>2</sup>	4,537	1,124	85	-	-	-	-	-
Indemnifiable claims, net	-	776,457	-	-	-	772,143	-	-
Paid events	-	(769,691)	-	-	-	(765,362)	-	-
Variation of IBNR	-	-	12,077	-	-	-	12,057	-
Unearned premiums	1,864,843	-	-	-	1,876,783	-	-	-
Premiums recognized in income	(1,842,530)	-	-	-	(1,854,465)	-	-	-
Deferred acquisition expenses	-	-	-	(28,005)	-	-	-	-
Amortized acquisition expenses	-	-	-	34,119	-	-	-	-
Insurance recognized in income	-	-	-	-	-	-	-	16,191
Insurance <sup>3</sup>	-	-	-	-	-	-	-	(4,016)
Incurred claims	-	-	-	-	-	-	-	2,775
Paid claims <sup>2</sup>	-	-	-	-	-	-	-	(12,351)
<b>December 31, 2019</b>	<b>182,127</b>	<b>46,242</b>	<b>94,565</b>	<b>28,394</b>	<b>182,196</b>	<b>46,349</b>	<b>95,130</b>	<b>13,938</b>

<sup>1</sup>Assets directly related to insurance contracts to Company and Consolidated

<sup>2</sup>Subsidiary incorporated in January 02, 2019.

<sup>3</sup>Control of Odontored assumed in April 01, 2016 (note 1).

## 14. Tax payable (taxes obligations)

	Company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>Income tax and social contribution payable</b>	<b>6,029</b>	<b>7,648</b>	<b>5,881</b>	<b>9,140</b>
IRPJ	4,074	5,362	3,960	6,425
CSLL	1,955	2,286	1,921	2,715
<b>Other federal tax liabilities</b>	<b>13,604</b>	<b>11,067</b>	<b>17,203</b>	<b>15,652</b>
COFINS	3,543	3,344	3,693	3,519
PIS	576	543	607	580
PIS, COFINS and CSLL (PCC)	1,663	1,060	1,673	1,077
IRRF	5,956	5,369	6,424	5,594
IVA <sup>1</sup>	-	-	2,771	2,345
ANS Fee	835	751	836	752
Tax payments in installments <sup>2</sup>	1,020	-	1,020	1,368
Others	11	-	179	417
<b>State tax liabilities</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>51</b>
<b>Municipal tax liabilities<sup>3</sup></b>	<b>8,710</b>	<b>9,343</b>	<b>9,153</b>	<b>9,669</b>
	<b>28,343</b>	<b>28,058</b>	<b>32,267</b>	<b>34,512</b>

<sup>1</sup>Tax on added value from Subsidiary Odontored.

<sup>2</sup>Installments made by the Subsidiary Odonto System (note 16.2) incorporated in January 02, 2019.

<sup>3</sup>In January and February 2018, the Company complied with determinations of Complementary Law (LC) 157/2016 which introduced changes in the calculation of ISS, and, since March 2018, the Company is under determination of Unconstitutionality Direct Action (ADI) number 5.835 which suspended temporarily these changes. On September 11, 2018 the Company obtained a first instance injunction to collect ISS over the effective value of the services provided and, in March 2019, the Company obtained favorable final decision (note 16.1 (a) (ii)).

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### 15. Other payables

	Company		Consolidated	
	December 31,		December 31,	
	2019	2018	2019	2018
<b>Other provisions</b>	<b>17,353</b>	<b>13,643</b>	<b>17,718</b>	<b>14,103</b>
Commissions	5,388	4,843	5,388	4,843
IT support and service	994	831	1,014	839
Telecommunications	1,635	516	1,662	516
Services	1,418	1,461	1,593	1,742
Lease	-	320	-	358
Travel	136	214	227	305
Indemnifiable claims and charges	5,573	4,616	5,573	4,642
Marketing	2,117	794	2,134	794
Insurance	92	48	127	64
INSS refund <sup>1</sup>	19,606	23,032	19,606	22,876
ISS refund <sup>2</sup>	775	-	775	-
Unidentified credits <sup>2</sup>	12,268	9,719	12,268	10,172
Other	310	297	2,057	296
	<b>50,312</b>	<b>46,691</b>	<b>52,424</b>	<b>47,447</b>

<sup>1</sup>Refers to amounts to be reimbursed to customers due to the success obtained in the lawsuit related to INSS (note 16.1 (b) (i)).

<sup>2</sup>Refers to the refund of the amount to Brasidental due to the success obtained in the lawsuit related to ISS (note 16.1 (a) (ii)).

<sup>3</sup>Refers to amounts received from customers and not identified, not exceeding a period of 60 days.

### 16. Non-current

#### 16.1 Provisions for contingent liabilities

	Companhia		Consolidado	
	31 de dezembro de		31 de dezembro de	
	2019	2018	2019	2018
<b>Fiscais</b>	<b>24.198</b>	<b>17.555</b>	<b>25.377</b>	<b>18.730</b>
<b>Previdenciárias e trabalhistas</b>	<b>1.859</b>	<b>1.308</b>	<b>2.287</b>	<b>3.829</b>
INSS	-	389	-	389
Outros	1.859	919	2.287	3.440
<b>Cíveis</b>	<b>4.480</b>	<b>4.478</b>	<b>4.747</b>	<b>4.655</b>
	<b>30.537</b>	<b>23.341</b>	<b>32.411</b>	<b>27.214</b>

Changes	Company					
	December 31, 2019					
	Tax		Social security and labor		Civil	Total
	TPS <sup>1</sup>	Other	INSS <sup>4</sup>	Other		
Opening balance	13,837	3,718	389	919	4,478	23,341
Incorporation of Odonto System <sup>2</sup>	-	5,349	-	2,052	165	7,566
Provision	6,783	4,510	-	397	3,796	15,486
Write-offs (payments/reversals)	-	(6,195)	-	(1,493)	(4,123)	(11,811)
Monetary restatement	774	56	-	-	257	1,087
<b>Provision</b>	<b>21,394</b>	<b>7,438</b>	<b>389</b>	<b>1,875</b>	<b>4,573</b>	<b>35,669</b>
Judicial deposits <sup>3</sup> (note 9.2)	-	(8,782)	(389)	(1,786)	(2,170)	(13,127)
<b>Net provision</b>	<b>21,394</b>	<b>(1,344)</b>	<b>-</b>	<b>89</b>	<b>2,403</b>	<b>1,148</b>
Number of lawsuits						271
						194

<sup>1</sup>Corresponds to the provision for the payment of TPS as described in item (a) (i).

<sup>2</sup>Subsidiary merged on January 02, 2019.

<sup>3</sup>Related to lawsuits filed by the Company and its subsidiaries with a possible likelihood of loss, therefore, not provided for.

<sup>4</sup>Lawsuit related to the compensation paid to the independent brokers, with an unfavorable decision and judicial deposit transferred to the Federal Government.

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Changes	December 31, 2019						Consolidated
	Tax		Social security and labor		Civil	Total	December 31, 2018
	TPS <sup>1</sup>	Other	INSS <sup>4</sup>	Other			
Opening balance	13,853	4,877	389	3,440	4,655	27,214	11,860
Consolidation of Odonto System <sup>2</sup>	-	-	-	-	-	-	1,828
Provision	9,284	2,456	-	656	5,392	17,788	18,089
Write-offs (payments/reversals)	-	(6,195)	(389)	(1,821)	(5,641)	(14,046)	(5,329)
Monetary restatement	1,046	56	-	12	341	1,455	766
<b>Provision</b>	<b>24,183</b>	<b>1,194</b>	<b>-</b>	<b>2,287</b>	<b>4,747</b>	<b>32,411</b>	<b>27,214</b>
Judicial deposits <sup>3</sup> (note 9.2)	-	(3,199)	-	(2,926)	(1,583)	(7,708)	(8,896)
<b>Net provision</b>	<b>24,183</b>	<b>(2,005)</b>	<b>-</b>	<b>(639)</b>	<b>3,164</b>	<b>24,703</b>	<b>18,318</b>
Number of lawsuits						309	361

<sup>1</sup>Corresponds to the provision for the payment of TPS as described in item (a) (i).

<sup>2</sup>Subsidiary merged on January 02, 2019.

<sup>3</sup>Related to lawsuits filed by the Company and its subsidiaries with a possible likelihood of loss, therefore, not provided for.

<sup>4</sup>Lawsuit related to the compensation paid to the independent brokers, with an unfavorable decision and judicial deposit transferred to the Federal Government.

The amounts related to possible losses not accrued of the Company and its Subsidiaries refers to 49 labor lawsuits, 11 tax lawsuits and 1,092 civil lawsuits. As of December 31, 2019, these lawsuits amount to R\$79,352 (R\$68,257 as of December 31, 2018).

### (a) Tax

#### (i) Regulatory tax per healthcare plan (TPS)

Coupled with a lawsuit distributed on August 16, 2017, the Company and its Subsidiary Rede Dental filed a petition to waive the mandatory requirement of the Regulatory tax per healthcare plan ("TPS"), authorized by article 20, item I of Law 9,961/2000, as well as reimbursement of amounts paid in the last five years. A decision granting urgency protection (injunction) has already been issued, to determine the suspension of the enforceability of the TPS. Also, on May 07, 2018, a decision was issued considering the lawsuit with grounds to declare the tax to be not applicable, thus sentencing ANS to reimburse the amounts paid since August 16, 2012. ANS has filed an appeal, however, until December 31, 2019, this decision was not yet concluded.

#### (ii) ISS

On September 11, 2018, the Company filed a lawsuit to adjust the ISS tax base to pay ISS on the actual amount of the services rendered, that is, on the balance of the invoiced amount less the transfers made to the providers of dental services. In March 2019, a favorable decision was reached by the Company, due to this fact, the Company reverted the amount of R\$7,165, plus the already paid amount of R\$6,635 (note 8), totaling R\$13,800. Because of the retrospective effect of the court decision, in December 2019 the court granted the Company's administrative request to offset the amounts overpaid in March-August 2018 as service tax and started such offset with December 2019 payment.

In the lawsuit filed by the Subsidiary Rede Dental, on October 9, 2018, a decision was passed granting provisional emergency protection to deduct the amount of transfers paid to providers of dental services in determining the ISS calculation base, that is, to collect it on the effective value of the services provided. Despite the preliminary judicial decision, Rede Dental has collected the full amount up to the present moment, but it is being adjusted to the City Hall for the payment under the terms of the decision. The final decision is still pending.

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### **(iii) COFINS**

The Subsidiary Clidec filed a lawsuit requesting to pay COFINS as established by Complementary Law LC7/1970 rather than in accordance with Law 9,718/1998, and to offset the difference in amounts paid at the rate of 3% against social contribution. The Company was partially successful, since the increase in the COFINS calculation basis was determined unconstitutional. Clidec awaits the granting of its claim for offsetting amounts due, as a result of the partially valid decision.

### **(b) Social security and labor**

#### **(i) INSS**

The Subsidiary Rede Dental challenged in court the payment of the social security contribution levied on compensations paid to accredited dentists and the final and unappealable decision awarded on September 12, 2019 was favorable to the company. The company is currently offsetting the credits related to the periods prior to the date the lawsuit was filed but this offset has not yet been confirmed.

#### **(ii) Other**

The Company and its Subsidiaries are parties to several labor lawsuits, most of them relating to: (i) recognition of employment relationship; (ii) equal pay; (iii) overtime; (iv) union classification; and (v) indemnities.

### **(c) Civil claims**

The Company and its Subsidiaries are parts to civil lawsuits, mainly involving requests for indemnification for property damages and pain and suffering.

### **(d) Tax assessment notices on stock options**

On August 31, 2015, tax authorities issued assessment notices summarized below, claiming that the Company compensated Managers and Employees who had joined the stock option programs and had exercised that option in calendar years 2010, 2011 and 2012.

(i) Tax credits consisting of social security contributions for calendar years 2010, 2011 and 2012, plus late payment interest and tax deficiency penalty in the amounts of R\$23,113 (company contribution and GILRAT/SAT) and R\$4,945 (third parties), and in December 2019 the monetarily restated amounts total R\$35,566. The challenge presented was judged by the 9<sup>th</sup> Panel of DRJ/Ribeirão Preto, partially accepting the appeal to recognize the compensatory nature. The tax credit recorded was maintained, excluding the portion of the benefit corresponding to the shares subject to calculation basis lock-up. Both parties appealed to the Administrative Board of Tax Appeals (CARF). In October 2019, the Company was notified of the decision on the appeal, which was unfavorable and revises the previous decision, including to reinstate the previously won lock-up portion. Also in October 2019, the Company filed a Bill of Review, which is pending a decision. Relying on the opinion of the Company's legal counsel, Management considers that an unfavorable outcome is possible.

(ii) Isolated fine resulting from alleged non-withholding of Withholding Income Tax (IRRF) related to calendar years 2010, 2011 and 2012, in the total amount of R\$20,010, restated through December 2019. The challenge presented was judged by the 3<sup>rd</sup> Panel of DRJ/Ribeirão Preto, partially accepting the appeal to recognize the compensatory nature. The tax credit recorded was maintained, excluding the portion of the benefit corresponding to the shares subject to calculation basis lock-up. Both parties appealed to the Administrative Board of Tax

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Appeals (CARF). In October 2019, the Company was notified of the decision on the appeal, which was unfavorable and revises the previous decision, including to reinstate the previously won lock-up portion. Also in October 2019, the Company filed a Bill of Review, which is pending a decision. Relying on the opinion of the Company's legal counsel, Management considers that the probability of an unfavorable outcome is remote.

The Company, in compliance with decision made at the Board of Directors' Meeting held on March 28, 2017, contracted a court guarantee insurance in order to beneficiaries guarantee and support obligations of lawsuits of the Company and of beneficiaries of the stock option plan approved in a General Meeting of Shareholders (which have or will have seized assets or assets under restriction and/or that are required for court discussion), as a result of legal and administrative procedures started by tax authorities as a result of exercise of options by beneficiaries mentioned above. The amounts insured for such policies to guarantee the lawsuits involving stock options total R\$5,243 to date.

### 16.2 Installments of tax and social contribution debts (other provisions)

Installments of debts referring from different federal taxes and social security contributions of the Subsidiary Odonto System to be settled until September 2024, being classified on current liabilities R\$1,020 (note 14) and R\$2,983 on non-current liabilities.

### 16.3 Other liabilities

	Company		Consolidated	
	December 31,		December 31,	
	2019	2018	2019	2018
<b>Other payables (contingencies)</b>	<b>14,640</b>	<b>813</b>	<b>15,963</b>	<b>19,636</b>
DentalCorp <sup>1</sup>	-	813	-	813
Papaiz Group	-	-	1,323	1,323
Odonto System <sup>1</sup>	14,640	-	14,640	17,500
<b>Other payables (installment plans)</b>	<b>155</b>	<b>258</b>	<b>155</b>	<b>258</b>
Prontodente <sup>1</sup>	155	258	155	258
	<b>14,795</b>	<b>1,071</b>	<b>16,118</b>	<b>19,894</b>

<sup>1</sup>Provision for contingencies and tax installments plans of acquired investments, see counterpart in other receivables (note 9.3).

### 16.4 Put option in subsidiary

Company and Consolidated (put option - accounting in accordance with IAS 32.23)							
Company (note 1)	Subsidiary (note 1)	Exercise date	Shareholders' Agreement		Counterpart (note 17.2)	Accounting	
			Assumptions	Account		December 31, 2019	December 31, 2018
OdontoPrev	Odontored	Since 04/01/2019	(a) base strike price of the option: greater amount of (i) capital contributions made by minority up to option exercise date x 3; (ii) 9 x EBITDA for the 12 months preceding the date of exercise; (b) discount rate: Mexican government bonds remuneration rate used (8.01% p.y.); (c) conversion rate: equivalent to Brazilian real x Mexican peso; (d) prospective changes in the present value of strike price are recorded directly in equity.	Put option in Subsidiary (Non-current liabilities)	Other capital reserves (Equity)	31,184	26,358
Clidec	Clidec Participações	During the year 2021	(a) Price is equivalent to 4 x EBITDA for the last 12 months preceding the exercise notification plus debits and deducted from cash and cash equivalents; (b) discount rate: CDI Fixed Long Term (720 days) - (12.20% p.y.)	Put option in Subsidiary (Non-current liabilities)	Other capital reserves (Equity)	1,152	1,041
						<b>32,336</b>	<b>27,399</b>

### 16.5 Investment payable

According to Odonto System's purchase agreement, to secure the obligation to indemnify the sellers. In October 2019, the Company paid R\$9,472 related to contingent consideration and the remaining balance will be settle in 4 years by disbursing 20% at each anniversary of the agreement.

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	<b>Company and Consolidated</b>	
	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
Opening balance - Investment payable	17,500	17,500
(+) Monetary restatement	1,439	-
(-) Write-off of contingencies	(2,973)	-
	<b>15,966</b>	<b>17,500</b>
Current liabilities	3,991	3,500
Non-current liabilities	11,975	14,000
	<b>15,966</b>	<b>17,500</b>

## 17. Equity

### 17.1 Share capital

	<b>Company</b>	
	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
Subscribed and paid-up capital (R\$ thousands)	607,869	506,557
Common shares with no par value (number of shares)	531,294,792	531,294,792
Article 8 of Bylaws - authorization to issue shares, with no changes in the Bylaws (number of shares)	80,000,000	80,000,000
Closing price: ODPV3 - B3 S.A. Brasil, Bolsa, Balcão (R\$/share)	16.87	13.75
Book value (R\$/share)	2.09	1.93

### 17.2 Capital reserves

	<b>Company and Consolidated</b>	
	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
Goodwill on the issue of shares	48,392	48,392
<b>Stock option plan</b>	<b>(18,318)</b>	<b>(11,787)</b>
Options granted	5,325	16,313
Deferral of granted stock options	-	(3,019)
Additional paid-up capital	(23,643)	(25,081)
Other capital reserves	(32,336)	(27,399)
	<b>(2,262)</b>	<b>9,206</b>

**Options granted:** amounts from 9<sup>th</sup> and 10<sup>th</sup> as well the amount estimated from 12<sup>th</sup> grants of options, using the Black & Scholes methodology (note 17.7).

**Deferral of granted stock options:** amount estimated from 12<sup>th</sup> grants of options to be appropriated to the remaining vesting period (note 17.7). The vesting period of 12<sup>th</sup> stock options ended in October 2019.

**Additional paid-up capital:** amount of the difference between the constitution estimated by the Black & Scholes methodology and the amount of the exercise from 1<sup>st</sup> to 11<sup>th</sup> grants of options.

**Other capital reserves:** counter entry of the put option recorded in non-current liabilities (note 16.4).

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### 17.3 Earnings reserves

	Company and Consolidated	
	December 31,	
	2019	2018
Legal reserve	14,238	101,312
Statutory reserve of regulatory capital	238,218	202,623
Reserve for investments and expansion	238,218	202,623
Tax incentive reserve	129	129
	<b>490,803</b>	<b>506,687</b>

**Legal reserve:** this reserve must be recorded by the Company through the allocation of 5% of the income for the year, up to 20% of the share capital.

The General Meeting approved on April 01, 2019 the capitalization of the legal reserve in the amount of R\$101,312 due to the fact that the Company reached the legal limits to measure and record reserves without new stock emissions (article 169, paragraph 1 of the Law 6,404/1976 and amendments). This procedure will assure the capital's integrity as well the Company will have new possibilities to distribute its financial resources to the legal reserve.

**Statutory reserve of regulatory capital:** constituted by the Company, with the allocation of up to 50% of the net income of the year, limited to 40% of the share capital, whose purpose and objective is to meet the capital requirement regulation related to the solvency margin required by ANS.

**Reserve for investment and expansion:** Reserve for investment and expansion: Constituted by the Company, with the allocation of up to 50% of the net income of the year, limited to 40% of the share capital, whose purpose and objective is to finance the development, growth and expansion of the Company's business, allowing the realization of new investments, including acquisitions of software and hardware, investments in facilities and equipment, acquisition of equity interests, business units and commercial establishments.

### 17.4 Treasury shares

On May 29, 2019, the Board of Directors authorized the acquisition of 2,716,074 shares issued by the Company, using funds recorded in an income retention reserve for the purpose of backing 100% of the stock options granted in 2016 (11<sup>th</sup> and 12<sup>th</sup>), which was fully completed on October 15, 2019 at the average purchase price of R\$16.26.

The balance of treasury shares as of December 31, 2019 is R\$21,028, which is equivalent to 1,309,409 shares (R\$17,012 equivalent to 1,153,040 shares as of December 31, 2018).

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### 17.5 Retained earnings and proposed additional (supplementary) dividend

In accordance with IAS1, we show below the account retained earnings as of December 31, 2019 and 2018:

	Company	
	December 31,	
	2019	2018
Net income for the year	284,763	284,793
<b>Net income allocation proposal:</b>	<b>(284,763)</b>	<b>(284,793)</b>
Legal reserve	(14,238)	-
Interest on capital	(62,556)	(59,627)
Interim dividends	(100,796)	(85,973)
Supplementary dividend to mandatory minimum	-	(5,741)
Additional dividend proposed <sup>1</sup>	(35,983)	(11,417)
Statutory reserve of regulatory capital	(35,595)	(122,035)
Investment and expansion reserve	(35,595)	-
	<b>-</b>	<b>-</b>

<sup>1</sup>In 2018, total additional dividend proposed is R\$22,018, broken down into R\$11,417 from net income for the year and R\$10,601 from the earnings reserve.

	Company	
	December 31,	
	2019	2018
<b>Net income for the year</b>	<b>284,763</b>	<b>284,793</b>
(-) Legal reserve	(14,238)	-
Adjusted calculation base	<b>270,525</b>	<b>284,793</b>
(%) Minimum dividend percentage pursuant to the bylaws	50	50
<b>Mandatory minimum dividend</b>	<b>135,263</b>	<b>142,396</b>
Interim dividends	100,796	85,973
Interest on capital <sup>1</sup>	62,556	50,682
Supplementary dividend to mandatory minimum	-	5,741
Supplementary dividend above the mandatory minimum	35,983	11,417
<b>Approved dividends and interest on capital</b>	<b>199,335</b>	<b>153,813</b>
Amount in excess of mandatory minimum dividend	(64,072)	(11,417)
<b>Mandatory minimum dividend</b>	<b>135,263</b>	<b>142,396</b>

<sup>1</sup>Net of 15% withholding income tax (IRRF).

### 17.6 Deliberations

Approval	Type	Date	Deliberation		Company	
			Earnings per share (R\$)	Payment date	2019	2018
BDM	Interest on capital	03/12/2018	0.02847	04/04/2018	-	15,096
BDM	Interest on capital	06/13/2018	0.02712	07/04/2018	-	14,332
BDM	Interest on capital	09/21/2018	0.02737	10/05/2018	-	14,464
BDM	Interest on capital	12/18/2018	0.02522	01/09/2019	-	15,735
BDM	Interest on capital	03/18/2019	0.03323	05/03/2019	17,636	-
BDM	Interest on capital	06/17/2019	0.02989	07/03/2019	15,831	-
BDM	Interest on capital	09/24/2019	0.02812	10/09/2019	14,893	-
BDM	Interest on capital	12/16/2019	0.02678	01/08/2020	14,196	-
			<b>Interest on capital</b>		<b>62,556</b>	<b>59,627</b>
BDM	Dividends	07/25/2018	0.05281	09/05/2018	-	27,909
BDM	Dividends	18/12/2018	0.10952	01/09/2019	-	58,064
BDM	Dividends	05/02/2019	0.09529	05/16/2019	50,565	-
BDM	Dividends	08/01/2019	0.05239	09/04/2019	27,761	-
BDM	Dividends	10/30/2019	0.04239	12/06/2019	22,470	-
			<b>Interim dividends</b>		<b>100,796</b>	<b>85,973</b>
AEGM	Supplementary dividend to mandatory minimum	04/01/2019	0.01081	05/03/2019	-	5,741
			<b>Supplementary dividend to mandatory minimum</b>		<b>-</b>	<b>5,741</b>
AEGM	Additional dividend	04/01/2019	0.04149	05/03/2019	-	22,018
AGM	Additional dividend proposed	04/06/2019	0.06789	05/04/2020	35,983	-
			<b>Additional dividend</b>		<b>35,983</b>	<b>22,018</b>
			<b>Total approved dividends</b>		<b>199,335</b>	<b>173,359</b>

BDM = Board of Directors' Meeting

AGM = Annual General Meeting.

AEGM = Annual and Extraordinary General Meeting.

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### 17.7 Stock option plan

At the Extraordinary General Meeting held on April 19, 2007, stockholders approved the creation of the stock option plan (the Plan) pursuant to article 19 - XVIII of the Company's Bylaws, designated for the employees and officers of the Company and its Subsidiaries, which was amended by Extraordinary General Meeting (EGM) held on May 20, 2015. The Plan is managed by the Board of Directors, with powers to take the required actions for its maintenance, according to the approved guidelines. Options granted under the Plan are limited to 5% of capital.

Stock option plan definitions	Grants awarded	
	1st to 8th (2007 to 2014)	9th a 12th (2015 onwards)
Strike price	Monetarily restated by IGP-M of Fundação Getúlio Vargas, after deduction of remuneration paid to shareholders Its settlement will be made with the beneficiary's own resources	Monetary restatement and deductions no longer apply Its settlement will be made with the beneficiary's own resources
Vesting period (permanence of the beneficiary in the Company)	3 years from the date of granting of the options	3 years from the date of granting of the options
Deadline for exercising	6 years, with full or partial exercise with written communication 1 month in advance of each BDM or term communicated	5 years, with full or partial exercise with written communication 1 month in advance of each BDM or term communicated
Lock-up (blocking period)	3 years from the exercise date of the option	2 years from the exercise date of the option

The table below presents twelve plan grants from 2007 to 2016, as well as the fair value of established benefit, estimated based on Black & Scholes option pricing model (methodology that considers volatility, share strike prices and share market price, grace period, risk-free discount rate among others):

Nº	Year	Date of approval	Recommendation <sup>1</sup>	Approval	Original		Grants After split <sup>2</sup>			Risk-free rate (%)	Expected annualized volatility (%)	Fair value per unit of benefit (R\$)		
					Quantity	Strike price	Market price	Quantity	Strike price			Market price	Original	After split <sup>1</sup>
1st	2007	08/02/2007	P	BD	221,859	44.85	53.79	2,662,308	3.74	4.48	11.3	33.9	20.18	1.68
2nd	2008	02/28/2008	P	BD	353,494	32.42	45.85	4,241,928	2.70	3.82	11.4	24.3	19.72	1.64
3rd	2009	03/25/2009	P	BD	255,002	17.60	24.30	3,060,024	1.47	2.03	9.3	40.6	14.17	1.18
4th	2010	08/11/2010	HRC	BD	698,707	12.93	16.88	2,096,121	4.31	5.63	4.0	26.6	7.00	2.33
5th	2011	09/20/2011	HRC	BD	583,815	20.87	28.20	1,751,445	6.96	9.40	5.3	30.1	13.23	4.41
6th	2012	09/20/2012	HRC	BD	1,609,097	8.22	11.60	1,609,097	8.22	11.60	0.4	36.1	5.01	5.01
7th	2013	08/20/2013	HRC	BD	3,000,000	7.44	9.25	3,000,000	7.44	9.25	5.1	36.2	3.66	3.66
8th	2014	02/25/2014	P	BD	228,497	7.30	8.70	228,497	7.30	8.70	5.7	33.4	3.25	3.25
9th	2015	05/26/2015	HRC	BD	2,679,397	10.79	11.31	2,679,397	10.79	11.31	12.9	28.2	4.43	4.43
10th	2015	11/19/2015	HRC	BD	2,572,186	9.81	10.18	2,572,186	9.81	10.18	15.4	27.3	4.29	4.29
11th	2016	07/01/2016	HRC	BD	392,680	11.41	13.55	392,680	11.41	13.55	12.2	29.5	6.03	6.03
12th	2016	10/26/2016	P/HRC	BD	2,889,498	13.03	12.35	2,889,498	13.03	12.35	11.4	29.2	4.04	4.04
								<b>27,183,181</b>						

P = President / BD = Board of Directors / HRC = Human Resources Committee.

<sup>1</sup>In the first seven grants Randal Luiz Zanetti (former President since April 01, 2014 and President of the Board of Directors until April 02, 2019) was voluntarily a non-beneficiary.

<sup>2</sup>Splitting of shares of July 01, 2010 and April 02, 2012.

An expense was recognized on stock option plans due to the end of the vesting period, with the corresponding entry made to equity in a specific capital reserve account, for the amount of R\$2,755 as of December 31, 2019 (R\$8,562 as of December 31, 2018).

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Year	Beginning of the period				Cancelations		Options exercised		End of period	
	Eligible	Options	Options fair value	Maximum cost (R\$ thousand)	Eligible terminated	Canceled Options <sup>1</sup>	Eligible	Exercised Options <sup>2</sup>	Eligible	Existing Options
2007	31	2,662,308	1.68	4,477	10	989,304	21	1,673,004	-	-
2008	46	4,241,928	1.64	6,970	9	977,544	37	3,264,384	-	-
2009	51	3,060,024	1.18	3,614	10	839,916	41	2,220,108	-	-
2010	47	2,096,121	2.33	4,894	8	199,803	39	1,896,318	-	-
2011	45	1,751,445	4.41	7,726	7	221,174	38	1,530,271	-	-
2012	51	1,609,097	5.01	8,055	12	358,112	39	1,250,985	-	-
2013 <sup>3</sup>	52	3,000,000	3.66	10,994	12	672,650	40	2,327,350	-	-
2014	1	228,497	3.25	742	-	-	1	228,497	-	-
2015	47	2,679,397	4.43	11,858	7	395,749	36	2,149,384	4	134,264
2015	57	2,572,186	4.29	11,030	10	404,111	45	2,100,539	2	67,536
2016	1	392,680	6.03	2,367	-	-	1	392,680	-	-
2016	59	2,889,498	4.04	11,674	2	549,693	34	1,240,771	23	1,099,034
		<b>27,183,181</b>		<b>84,401</b>		<b>5,608,056</b>		<b>20,274,291</b>		<b>1,300,834</b>

<sup>1</sup>The total amount of grants deducted from cancelations is 21,575,125 shares representing 4.1% of the total capital of 531,294,792 shares.

<sup>2</sup>Disposal approved by BD.

<sup>3</sup>The beneficiary exercised part of its stock options.

## 18. Operating segments

The activities of the Company and its Subsidiaries are organized in the following business segments:

(a) **Corporate:** includes customers over 200 beneficiaries;

(b) **Small and Medium Sizes (SMS):** customers sized from 3 and 199 beneficiaries;

(c) **Individual:** monthly and annual plans sold to individuals;

(d) **Others:** several less significant segments to the Company's total revenue: (i) dental care service in the Company's dental clinics (Clidec); (ii) management and advisory services provided (Odontoprev Serviços); (iii) acquisition and distribution of dental care materials for the accredited network (Dental Partner); (iv) software development (Easy); and (v) dental insurance (Odontored).

	Contribution margin by operating segment - Consolidated									
	CORPORATE		SMS		INDIVIDUAL		OTHERS		TOTAL	
	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Net premiums with dental care plan	1,062,816	1,019,828	311,746	269,463	479,903	370,228	-	-	1,854,465	1,659,519
Taxes on dental care plan operations <sup>2</sup>	(39,303)	(46,204)	(14,718)	(14,502)	(24,415)	(23,578)	-	-	(78,436)	(84,284)
Revenue from sales and services	-	-	-	-	-	-	16,645	13,014	16,645	13,014
Taxes on sales of good and services	-	-	-	-	-	-	(13,739)	(10,205)	(13,739)	(10,205)
Insurance	-	-	-	-	-	-	16,191	13,797	16,191	13,797
<b>SALES REVENUE</b>	<b>1,023,513</b>	<b>973,624</b>	<b>297,028</b>	<b>254,961</b>	<b>455,488</b>	<b>346,650</b>	<b>19,097</b>	<b>16,806</b>	<b>1,795,126</b>	<b>1,591,841</b>
Cost of services <sup>1</sup>	(520,763)	(493,850)	(112,673)	(102,607)	(162,097)	(104,017)	(2,790)	(1,981)	(798,323)	(702,455)
<b>OPERATING RESULT</b>	<b>502,750</b>	<b>479,774</b>	<b>184,355</b>	<b>152,354</b>	<b>293,391</b>	<b>242,633</b>	<b>16,307</b>	<b>14,825</b>	<b>996,803</b>	<b>889,386</b>
Selling expenses	(64,784)	(60,906)	(38,637)	(31,068)	(99,864)	(79,985)	(473)	(382)	(203,758)	(172,341)
<b>CONTRIBUTION MARGIN</b>	<b>437,966</b>	<b>418,868</b>	<b>145,718</b>	<b>121,286</b>	<b>193,527</b>	<b>162,648</b>	<b>15,834</b>	<b>14,243</b>	<b>793,045</b>	<b>717,045</b>
<b>Sales revenue (%)</b>	<b>57.0</b>	<b>61.2</b>	<b>16.5</b>	<b>16.0</b>	<b>25.4</b>	<b>21.8</b>	<b>1.1</b>	<b>1.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Margin x sales revenue (%)</b>	<b>42.8</b>	<b>43.0</b>	<b>49.1</b>	<b>47.6</b>	<b>42.5</b>	<b>46.9</b>	<b>82.9</b>	<b>85.8</b>	<b>44.2</b>	<b>45.0</b>
<b>Margin x total (%)</b>	<b>55.2</b>	<b>58.4</b>	<b>18.4</b>	<b>16.9</b>	<b>24.4</b>	<b>22.7</b>	<b>2.0</b>	<b>2.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup>Do not include incurred but not reported events (IBNR) and claims reserves (note 18).

<sup>2</sup>Do not include R\$13,800 related to reversion of provision for ISS calculated over the amounts of events through favorable decision received by the Company in March, 2019.

## 19. Sales revenue

	Company		Consolidated	
	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Net premiums with dental care plan	1,842,530	1,600,167	1,854,465	1,659,519
Taxes on dental care plan operations <sup>1</sup>	(63,931)	(80,546)	(64,636)	(84,284)
<b>Net premiums with dental care plan</b>	<b>1,778,599</b>	<b>1,519,621</b>	<b>1,789,829</b>	<b>1,575,235</b>
Sales of goods and services	-	-	16,191	13,797
Taxes on sales of good and services	-	-	16,645	13,014
Insurance	-	-	(13,739)	(10,205)
	<b>1,778,599</b>	<b>1,519,621</b>	<b>1,808,926</b>	<b>1,591,841</b>

In March 2019 the Company reverted R\$13,800 related to provision for ISS calculated over the amounts of events through favorable decision received.

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### 20. Cost of services

	Company		Consolidated	
	Year ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
Indemnifiable claims, net	(776,457)	(669,569)	(772,143)	(676,247)
Social charges on services	40	-	29	(13)
Dental care materials	(16,356)	(14,978)	(7,956)	(7,436)
Other operating costs	(5,301)	(6,231)	(15,463)	(16,777)
Operating materials	(4,645)	(5,480)	(4,678)	(5,524)
Own units	-	-	(10,155)	(10,060)
(Provisions)/reversals	(656)	(751)	(630)	(1,193)
Variation in IBNR	(12,077)	(969)	(12,057)	(847)
Claims and technical reserve	-	-	(2,775)	(2,400)
	<b>(810,151)</b>	<b>(691,747)</b>	<b>(810,365)</b>	<b>(703,720)</b>

### 21. Selling expenses

Refer to commissions paid to independent brokers and other distribution channels. As of December 31, 2019, these expenses totaled R\$201,748 and R\$203,758 (R\$168,464 and R\$172,341 as of December 31, 2018) in the Company and Consolidated.

### 22. Administrative expenses (AE)

	Company		Consolidated	
	Year ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
Personnel and third-party services	(191,115)	(152,532)	(193,623)	(172,288)
Rentals and occupancy	(31,836)	(26,139)	(37,967)	(31,123)
Publicity and advertising	(19,226)	(13,893)	(20,064)	(14,880)
Taxes	(12,060)	(10,799)	(12,483)	(11,583)
Depreciation and amortization	(19,211)	(13,805)	(20,991)	(15,984)
Amortization of right of use (IFRS 16)	(3,316)	-	(5,496)	-
Leases	(6,810)	(5,664)	(10,080)	(9,249)
Lease (IFRS 16)	4,757	-	6,859	-
Income from the sale or disposal non-current and other assets	(493)	(15)	(639)	(57)
Other	(5,804)	(4,374)	(7,266)	(5,958)
	<b>(285,114)</b>	<b>(227,221)</b>	<b>(301,750)</b>	<b>(261,122)</b>

### 23. Financial results, net

	Company		Consolidated	
	Year ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
Income from financial investments	26,586	27,938	27,529	29,273
Monetary restatement of INSS 5 previous years	85	2,644	105	2,644
Monetary restatement of judicial deposits	2,312	33	2,312	76
Other	2,935	1,367	3,183	1,716
<b>Financial income</b>	<b>31,918</b>	<b>31,982</b>	<b>33,129</b>	<b>33,709</b>
Bank fees	(4,817)	(3,751)	(4,841)	(4,134)
Present value adjustments (PVA) of IFRS 16	(2,177)	-	(3,125)	-
Monetary restatement of provision of contingent liabilities	(1,447)	(749)	(1,455)	(766)
Monetary restatement over INSS refund	(611)	(971)	(611)	(971)
Monetary restatement - investment payable <sup>1</sup>	(1,439)	-	(1,439)	-
Other	(2,120)	(1,639)	(2,258)	(2,359)
<b>Financial expenses</b>	<b>(12,611)</b>	<b>(7,110)</b>	<b>(13,729)</b>	<b>(8,230)</b>
	<b>19,307</b>	<b>24,872</b>	<b>19,400</b>	<b>25,479</b>

<sup>1</sup>This refers to the adjustment of part of the price retained to ensure the obligation to pay the former partners of Odonto System.

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### 24. Income tax and social contribution calculation

	Company		Consolidated	
	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
IRPJ and CSLL calculation basis	<b>403,040</b>	<b>399,990</b>	<b>405,724</b>	<b>407,044</b>
(x) Current rate (%)	34	34	34	34
<b>Expected income tax and social contribution expenses at the effective rate</b>	<b>(137,034)</b>	<b>(135,997)</b>	<b>(137,946)</b>	<b>(138,395)</b>
Effect of income tax and social contribution on permanent/temporary differences:				
Earnings of equity method	2,764	5,930	1,714	1,486
Provisions for contingent liabilities (note 9.1)	(2,447)	(4,793)	(1,767)	(7,650)
Allowance for doubtful accounts (note 9.1)	780	(824)	1,406	(1,449)
Other provisions (note 9.1)	(1,261)	798	(1,229)	843
Long-term incitement program (note 9.1)	(4,809)	-	(5,426)	-
Amortization of Goodwill (note 9.1)	9,992	-	9,992	-
Interest on capital	21,269	20,273	21,269	20,460
Stock option plan	(937)	(2,911)	(937)	(2,911)
Other	(2,728)	(3,867)	(4,746)	(222)
<b>Current IRPJ and CSLL</b>	<b>(114,411)</b>	<b>(121,391)</b>	<b>(117,670)</b>	<b>(127,838)</b>
<b>Deferred IRPJ and CSLL</b>	<b>(3,866)</b>	<b>6,194</b>	<b>(3,233)</b>	<b>6,071</b>
<b>IRPJ and CSLL total expenses</b>	<b>(118,277)</b>	<b>(115,197)</b>	<b>(120,903)</b>	<b>(121,767)</b>
Effective rate	-29.3%	-28.8%	-29.8%	-29.9%

### 25. Earnings per share

#### (a) Basic

	Year ended December 31,	
	2019	2018
Profit assigned to the Company's shareholders (R\$ thousands)	284,763	284,793
Weighted average number of common shares outstanding (thousands)	530,180	528,497
<b>Basic earnings per share (R\$)</b>	<b>0.5371</b>	<b>0.53887</b>

#### (b) Diluted

	Year ended December 31,	
	2019	2018
<b>Income assigned to the Company's shareholders (R\$ thousands)</b>	<b>284,763</b>	<b>284,793</b>
<b>Common shares (thousands)</b>		
Weighted average number of outstanding shares	530,180	528,497
Adjustment of stock option plan	1,301	3,943
<b>Weighted average number of shares for diluted earnings per share</b>	<b>531,481</b>	<b>532,440</b>
<b>Diluted earnings per share (R\$)</b>	<b>0.53579</b>	<b>0.53488</b>

### 26. Right of use and lease liability – adoption of IFRS 16

The Company and its Subsidiaries adopted the IFRS 16 – Leases and recorded its effects since January 01, 2019, however, the comparative position was not presented for the year 2018 as allowed by the IFRS transition rules.

The Company and its Subsidiaries recorded lease liabilities related to the property rentals formerly classified as operational leases according to assumptions of IAS 17 – Leases. These liabilities were measured considering the present value of future leases payments, discounted used the average rate of 9.4%, which refers to the rate used

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by the Company in its projections, and the counter entry was recorded as right of use in asset. The measured impacts of the adoption are presented below:

	Classification	Company	Consolidated
		December 31, 2019	December 31, 2019
Right of use	Non current asset	28,390	44,457
Accumulated amortization	Non current asset	(3,316)	(5,496)
		<b>25,074</b>	<b>38,961</b>
Lease liability	Current liability	2,584	5,209
Present value adjustments (PVA)	Current liability	(2,062)	(3,175)
		<b>522</b>	<b>2,034</b>
Lease liability	Non current liability	32,067	49,209
Present value adjustments (PVA)	Non current liability	(6,779)	(10,520)
		<b>25,288</b>	<b>38,689</b>

## 27. Related parties

Assets/(Liabilities)	Nature	Transactions with Subsidiaries and Associates (note 1)					
		OdontoPrev		Dental		Rede Dental	BrasilDental
		OdontoPrev	Clidec	Serviços	Easy		
Other receivables	Administrative services	4,062	-	874	-	304	-
Suppliers of goods and services	Administrative services	(304)	-	-	-	-	(4,635)
<b>Revenue/(Expenses)</b>							
Net premiums with dental care plan	Dental care plans	124	-	-	-	-	-
Net premiums with dental care plan	Assumed/transferred co-responsibility	58,779	-	-	-	-	(55,070)
Cost of services	Dental care services and materials	-	(29)	-	-	-	-
Revenue from sales and services	Administrative services	-	14,579	54,033	-	17,436	-
Indemnifiable claims, net	Dental care services	(9,002)	-	-	-	-	(3,709)
Dental care materials	Dental care materials	(17,031)	(404)	-	-	-	-
Administrative expenses	Administrative services	(59,561)	-	(93)	(52)	-	-
<b>December 31, 2019</b>		<b>(26,691)</b>	<b>14,146</b>	<b>53,940</b>	<b>(52)</b>	<b>17,436</b>	<b>(55,070)</b>
<b>December 31, 2018</b>		<b>(8,531)</b>	<b>15,211</b>	<b>32,676</b>	<b>(64)</b>	<b>15,902</b>	<b>(51,537)</b>

The Company and its Subsidiaries conduct transactions with companies of the Bradesco Group, of which Bradesco Saúde S.A., shareholder of OdontoPrev, is part.

Transaction	Companies related with the Bradesco Group	Nature	Consolidated	
			2019	2018
<b>Assets/(Liabilities)</b>				
Cash and cash equivalents	Banco Bradesco S.A.	Cash account	5,963	5,067
Financial investments	Banco Bradesco S.A.	Financial investments	515,617	456,562
Considerations receivable	Banco Bradesco S.A.	Considerations receivable	4,781	5,120
Trade receivables	Bradesco Capitalização S.A.	Capitalization certificates	428	-
Suppliers of goods and services	Bradesco Vida e Previdência S.A.	Life insurance for employees	(127)	(64)
Suppliers of goods and services	Bradesco Cartões S.A.	Travel expenses	(228)	(293)
<b>Revenue/(Expenses)</b>				
Net premiums with dental care plan	Banco Bradesco S.A.	Revenue from sales	77,505	62,461
Other operating revenue	Mediservice	Administration fees	518	689
Selling expenses	Bradseg Promotora de Vendas S.A.	Commissions	(18,720)	(16,180)
Selling expenses	Banco Bradescard S.A.	Commissions	(8,605)	(8,860)
AE - Personnel and third-part services	Banco Bradesco S.A.	Bookkeeping expenses	(97)	(72)
AE - Personnel and third-part services	Bradesco Saúde S.A.	Medical assistance for employees	(10,976)	(10,349)
AE - Personnel and third-part services	Bradesco Vida e Previdência S.A.	Life insurance for employees	(173)	(345)
AE - Rentals and occupancy	Banco Bradesco S.A.	Rental expenses	(87)	(619)
AE - Other	Banco Bradesco Cartões S.A.	Travel expenses	(3,276)	(3,400)
AE - Other	Bradesco Auto Re Cia de Seguros	Insurance expenses	(389)	(166)
Financial expenses	Banco Bradesco S.A.	Financial investments management	(220)	(156)
Financial expenses	Banco Bradesco S.A.	Banking expenses	(2,469)	(2,384)
Financial income	Banco Bradesco S.A.	Financial investments income	27,316	26,753
Financial income	Banco Bradesco S.A.	Capitalization titles	10	-
Donation	Fundação Bradesco	Donation	(709)	(354)
			<b>59,628</b>	<b>47,018</b>

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As mentioned in note 16.1 (e), the Company contracted a court guarantee insurance related to the tax assessment notices on the stock options whose policies were contracted together with Swiss Re Corporate Solutions Brasil Seguros S/A ("Swiss Re Brasil"), which has a joint venture with Bradesco Seguros S.A. ("Bradesco Seguros").

The Company and its Subsidiaries pay profit sharing to their employees and officers, subject to the achievement of operational goals and specific objectives established and approved at the beginning of each year. As of December 31, 2019, the profit sharing was recognized in the amounts of R\$14,241 (R\$11,917 as of December 31, 2018) and R\$18,893 (R\$14,376 on December 31, 2018) for the Company and Consolidated.

In 2019, the Company implemented a long-term incitement program (ILP Program), which establishes the criteria for the payment of cash bonuses, corresponding to salary multiples, to be made by the Company and its Subsidiaries to the eligible beneficiaries after the measurement period, provided that the goals and conditions established in the terms are met. The stock options program remains in effect, as approved by the Shareholders' Meeting with the last granting being made in 2016.

The measurement period corresponds to 3 years and the payment is conditioned upon the achievement of the corporate performance goals established by the Board of Directors and the service condition.

On an exceptional basis, for the first and second concessions of the ILP Program, the year 2019 will be considered for the payment in 2020, and the years 2019 and 2020 together will be considered for the payment in 2021, and so on, and the other conditions established will be maintained.

As of December 31, 2019, the long-term incentive program was recognized in the amounts of R\$14,145 and R\$15,960 for the Company and the Consolidated.

The annual fixed compensation attributed to the Board of Directors and the Fiscal Council and the fixed/variable compensation attributed to the Supervisory Board were as follows:

	<b>Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Statutory Board</b>	<b>10,734</b>	<b>10,794</b>
Pro-labore	5,303	5,470
Benefits	472	489
Bonuses	4,959	4,835
<b>Board of Directors</b>	<b>1,422</b>	<b>1,595</b>
Pro-labore	1,422	1,595
<b>Supervisory Board</b>	<b>332</b>	<b>331</b>
Pro-labore	332	331
	<b>12,488</b>	<b>12,720</b>

The members of the Statutory Board hold stock options in accordance with the stock option plan (note 17.6):

(A free translation of the original in Portuguese)

## Odontoprev S.A.

Explanatory notes to the financial statements (Company and Consolidated)

As of December 31, 2019 and 2018

(All amounts in thousands of Brazilian reais unless otherwise stated)

Year	Beginning of the period		Cancellations		Options exercised		End of the período	
	Eligible	Options	Eligible desligados	Canceled options	Eligible	Exercised options	Eligible	Existing options
2007	6	1,285,488	3	584,424	3	701,064	-	-
2008	5	1,397,592	2	488,916	3	908,676	-	-
2009	7	1,378,356	3	678,084	4	700,272	-	-
2010	5	787,521	-	-	5	787,521	-	-
2011	5	533,829	1	126,934	4	406,895	-	-
2012	7	617,288	1	100,000	6	517,288	-	-
2013	7	1,202,331	1	212,264	6	990,067	-	-
2014	1	228,497	-	-	1	228,497	-	-
2015	7	1,160,215	1	94,057	6	1,066,158	-	-
2015	8	1,128,360	1	89,658	7	1,038,702	-	-
2016	1	392,680	-	-	1	392,680	-	-
2016	7	1,029,342	1	130,677	4	580,246	2	318,419
		<b>11,141,499</b>		<b>2,505,014</b>		<b>8,318,066</b>		<b>318,419</b>

The Board of Directors and Fiscal Council, as well the Audit Committee and the Human Management Committee include members of the Board of Directors of Bradesco Seguros.

The Company does not sponsor a supplementary pension plan or any other post-employment benefit or termination of employment contract.

## 28. Insurance

The policy of the Company and of its Subsidiaries is to maintain enough insurance coverage to cover the risks involved, as follows:

	Consolidated	
	Year ended December 31,	
	2019	2018
Building	52,398	50,956
Machinery, furniture and fixtures	-	29,255
<b>Property damages</b>	<b>52,398</b>	<b>80,211</b>
Loss of profits	20,000	137,504
Directors & Management liability insurance	85,542	60,000
	<b>157,940</b>	<b>277,715</b>

(A free translation of the original in Portuguese)

## Odontoprev S.A.

Explanatory notes to the financial statements (Company and Consolidated)

As of December 31, 2019 and 2018

(All amounts in thousands of Brazilian reais unless otherwise stated)

### 29. Cash flows – direct method

	<b>Company</b>	
	<b>Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>OPERATING ACTIVITIES</b>		
Proceeds from healthcare plan	1,781,100	1,566,373
Redemption of financial investments (note 6)	922,871	843,065
Proceeds from interest and financial investments (note 6)	26,586	27,938
Other operating proceeds	32,696	7,533
Payments to suppliers/healthcare providers (note 13.2)	(769,691)	(664,399)
Commission payments	(207,865)	(172,833)
Personnel payments	(76,370)	(63,940)
Pro-labore payments	(6,347)	(7,396)
Payments of third-party services	(82,933)	(64,468)
Tax payments	(212,182)	(235,187)
Payments of lawsuits (civil/labor/tax)	(11,604)	(9,965)
Rental payments	(6,811)	(5,664)
Promotion/advertising payments	(19,732)	(14,397)
Financial investments (note 6)	(1,026,948)	(832,206)
Other operating payments	(31,881)	(42,598)
<b>CASH GENERATED BY OPERATING ACTIVITIES</b>	<b>310,889</b>	<b>331,856</b>
<b>INVESTING ACTIVITIES</b>		
Dividends received	8,615	8,729
Payment for acquisition of property, plant and equipment - other (note 11)	(9,063)	(2,064)
Payments for acquisition of interests in other companies	(10,488)	(190,548)
Other payments of investing activities (note 12.2)	(20,980)	(16,421)
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(31,916)</b>	<b>(200,304)</b>
<b>FINANCING ACTIVITIES</b>		
Other proceeds from financing activities (Statement of Changes in Equity)	28,478	38,317
Profit sharing payments	(13,693)	(12,771)
Other payments of financing activities	(292,494)	(157,213)
<b>CASH USED IN FINANCING ACTIVITIES</b>	<b>(277,709)</b>	<b>(131,667)</b>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,264</b>	<b>(115)</b>
<b>CHANGES IN CASH, NET</b>		
Opening balance	886	1,001
Closing balance	2,150	886
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,264</b>	<b>(115)</b>
Risk-free assets at the beginning of the period (notes 5 and 6)	323,615	375,599
Risk-free assets at the end of the period (notes 5 and 6)	394,231	323,615
<b>INCREASE/(DECREASE) IN FINANCIAL INVESTMENTS – AVAILABLE FUNDS</b>	<b>70,616</b>	<b>(51,984)</b>
<b>CASH GENERATED BY OPERATING ACTIVITIES (direct method)</b>	<b>310,889</b>	<b>331,856</b>
(+/-) Amounts classified differently in each method		
Amounts in transit	3,995	4,177
Highly-liquid financial investments	3,723	(3,577)
Financial investments measured at amortized cost (held-to-maturity securities)	597	591
Profit sharing	(13,693)	(12,771)
Write-off of merged investments	(14,187)	-
<b>CASH GENERATED BY OPERATING ACTIVITIES (Indirect method)</b>	<b>291,324</b>	<b>320,276</b>

(A free translation of the original in Portuguese)

**Odontoprev S.A.**

Explanatory notes to the financial statements (Company and Consolidated)

As of December 31, 2019 and 2018

(All amounts in thousands of Brazilian reais unless otherwise stated)

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**30. Subsequent events**

At the Board of Directors' Meeting held on March 5, 2020, Management's proposal for the distribution of net income for the year of 2019, to be submitted to the Annual Shareholders' Meeting scheduled for April 28, 2020, which includes the payment of R\$35,983 as supplementary dividends above the mandatory minimum, and if approved, will be paid on May 27, 2020.

### **Comments on the Behavior of Business Projections**

The Company has no practice to disclose financial projections.

## ODONTOPREV S.A.

Proposal for allocation of the **net income for the year**  
Annual General Meeting (AGM) to be held on **April 28, 2020**  
**(article 9, sole paragraph, II, CVM Instruction 481/2009)**

Dear Shareholders,

The Management from Odontoprev S.A. (the Company or OdontoPrev) submits, for examination and decision during the Company's AGM, the following proposal for **allocation of the net income for the year and confirmation of amounts distributed as interest on own capital and dividends as follows (breakdown available in attachment I)**:

Considering that the Company's net income for the year ended December 31, 2019 was R\$284,763,367.67 (two hundred and seventy-three million, seven hundred and sixty three thousand, three hundred and sixty seven reais and sixty seven cents), we propose the following allocation for the net income:

- i) R\$14,238,168.38 (forty million, two hundred and thirty-eight, one hundred and sixty and eight reais and thirty-eight cents) to constitution of legal reserve;
- ii) R\$17,636,348.66 (seventeen million, six hundred and thirty-six thousand, three hundred and forty-eight reais and sixty-six cents) as interest on capital, which were declared in March 18, 2019 and paid in May 03, 2019;
- iii) R\$50,564,997.46 (fifty million, five hundred and sixty-four thousand, nine hundred and ninety-seven reais and forty-six cents) as dividends, which were declared in May 02, 2019 and paid in May 16, 2019;
- iv) R\$15,830,360.87 (fifteen million, eight hundred and thirty thousand, three hundred and sixty reais and eighty-seven cents) as interest on capital, which were declared in June 17, 2019 and paid in July 03, 2019;
- v) R\$27,761,170.70 (twenty-seven million, seven hundred and sixty-one thousand, one hundred and seventy reais and seventy cents) as dividends, which were declared in August 01, 2019 and paid in September 04, 2019;
- vi) R\$14,893,008.61 (fourteen million, eight hundred and ninety-three thousand, eight reais and sixty-one cents) as interest on capital, which were declared in September 24, 2019 and paid in October 09, 2019;
- vii) R\$22,470,116.09 (twenty-two million, four hundred and seventy thousand, one hundred and sixteen reais and nine cents) as dividends, which were declared in October 30, 2019 and paid in December 06, 2019;

- viii) R\$14,195,533.55 (fourteen million, one hundred and ninety-five thousand, five hundred and thirty-three reais and fifty-five cents) as interest on capital, which were declared in December 16, 2019 and paid in January 08, 2020;
- ix) R\$35,982,821.43 (thirty-five million, ninety and eight-two thousand and eight hundred and twenty one reais and forty-three cents) as dividends over the minimum to be submitted for approval of Ordinary General Meeting (OGM) to be held in April 28, 2020, and, in case of approval, it will be paid in May 27, 2020.
- x) R\$35,595,420.96 (thirty-five million, five hundred and ninety-five, four hundred and twenty reais and ninety-six cents) shall be retained as statutory reserve of regulatory capital, pursuant to Article 28, paragraph 3 (c) of the Company Bylaws.
- xi) R\$35,595,420.96 (thirty-five million, five hundred and ninety-five, four hundred and twenty reais and ninety-six cents) shall be retained as statutory reserve of investments and expansion, pursuant to Article 28, paragraph 3 (d) of the Company Bylaws.

\* \* \*

## ATTACHMENT I

### MANAGEMENT'S PROPOSAL FOR ALLOCATION OF THE INCOME FOR THE YEAR 2019

Dear Shareholders,

Pursuant chapter IV, article 28, paragraph 3rd of the Company Bylaws, the net income of the year should have the following allocation:

- (a) 5% (five percent) as **legal reserve**, limited to 20% (twenty percent) of the capital;
- (b) payment of minimum mandatory dividends as described in the article 29 of the Company Bylaws and the Law 6,404/1976;

*The shareholders have the right to receive, in each year, as dividends, the minimum percentage of 50% (fifty percent) on the income of the year, after the following adjustments:*

*(i) the decrease of the amounts allocated in the year as legal and contingency reserves; and*

*(ii) the increase of the amounts regarding reversals of the contingency reserve, previously recorded.*

- (c) up to 50% (fifty percent) of the income from the year, limited to 40% (forty percent) of the capital, to constitution of the "**statutory reserve of regulatory capital**" which will be retained to attend to regulatory capital requirements related to Company's solvency margin;

- (d) up to 50% (fifty percent) of the income from the year, limited to 40% (forty percent) of the capital, to constitution of the "**investment and expansion reserve**" which will be retained to finance the development, growth and expansion of the Company's businesses, in order to allow the Company to make new investments, including software and hardware acquisitions, investment in furniture and fixtures as well the acquisition of shares on investments, business units and commercial establishments; and

- (e) distribution of dividends, beyond the minimum mandatory or retention, based in the capital budget approved by the General Meeting, taking into consideration the conditions described in Law 6,404/1976.

In compliance with the legal provisions that govern this matter, Company Management proposes to the Shareholders, the distribution of net income for the year 2019, in the amount of R\$284,763,367.67 (two hundred and eight-four million, seven hundred and sixty-three thousand, three hundred and sixty-seven reais and sixty-seven cents).

## **1 – LEGAL RESERVE**

Pursuant the article 193 of the Law 6,404/1976 and the Company Bylaws, it becomes necessary to apply 5% (five percent) of the net income in order to record the legal reserve until its amount reaches 20% of the capital. As of December 31, 2019, the Company constituted the legal reserve in amount of R\$14,238,168.38 (forty million, two hundred and thirty-eight, one hundred and sixty and eight reais and thirty-eight cents).

## **2 – INTEREST ON OWN CAPITAL AND DIVIDENDS**

### **Interest on own capital**

During the Board of Directors Meeting (BDM) held on March 18, 2019, as proposed by the Directors, the Counselors approved the payment of interest on own capital, calculated based on the Brazilian long term interest rate (TJLP) applied in a monthly basis over the equity, to the holders of the shares issued by the Company in March 21, 2019, for the amount of R\$17,636,348.66 (seventeen million, six hundred and thirty-six thousand, three hundred and forty-eight reais and sixty-six cents), equivalent to R\$0.033235868 per share, which were declared in March 18, 2019 and paid in May 03, 2019. The amount net of withholding tax is R\$14,990,896.36 (fourteen million, nine hundred and ninety thousand, eight hundred and ninety-six reais and thirty-three cents) equivalent to R\$0.028250488 per share.

During the Board of Directors Meeting (BDM) held on June 17, 2019, as proposed by the Directors, the Counselors approved the payment of interest on own capital, calculated based on the Brazilian long term interest rate (TJLP) applied in a monthly basis over the equity, to the holders of the shares issued by the Company in June 21, 2019, for the amount of R\$15,830,360.87 (fifteen million, eight hundred and thirty thousand, three hundred and sixty reais and eighty-seven cents), equivalent to R\$0.029899603 per share, which were declared in June 17, 2019 and paid in July 03, 2019. The amount net of withholding tax is R\$13,455,806.74 (thirteen million, four hundred and fifty-five thousand, eight hundred and six reais and seventy-four cents) equivalent to R\$0.025414663 per share.

During the Board of Directors Meeting (BDM) held on September 24, 2019, as proposed by the Directors, the Counselors approved the payment of interest on own capital, calculated based on the Brazilian long term interest rate (TJLP) applied in a monthly basis over the equity, to the holders of the shares issued by the Company in September 27, 2019, for the amount of R\$14,893,008.61 (fourteen million, eight hundred and ninety-three thousand, eight reais and sixty-one cents), equivalent to R\$0.028128431 per share, which were declared in September 24, 2019 and paid in October 09, 2019. The amount net of withholding tax is R\$12,659,057.32 (twelve million, six hundred and fifty-nine thousand, fifty-seven reais and thirty-four cents) equivalent to R\$0.023909166 per share.

During the Board of Directors Meeting (BDM) held on December 16, 2019, as proposed by the Directors, the Counselors approved the payment of interest on own capital, calculated based on the Brazilian long term interest rate (TJLP) applied in a monthly basis over the equity, to the holders of the shares issued by the Company in December 19, 2019, for the amount of R\$14,195,533.55 (fourteen million, one hundred and ninety-five thousand, five hundred and thirty-three reais and fifty-five cents), equivalent to R\$0.026784764 per share, which were declared in December 16, 2019 and paid in January 08, 2020. The amount net of withholding

tax is R\$12,066,203.52 (twelve million, sixty-six thousand, two hundred and three reais and fifty-two cents) equivalent to R\$0.022767050 per share.

### **Dividends**

In the BDM held on May 02, 2019, as proposed by the Directors, the Counselors approved the payment of interim dividends to the holders of the shares issued by the Company in May 07, 2019, for the amount of R\$50,564,997.46 (fifty million, five hundred and sixty-four thousand, nine hundred and ninety-seven reais and forty-six cents), equivalent to R\$0.095290223 per share, which were declared in May 02, 2019 and paid in May 16, 2019.

In the BDM held on August 01, 2019, as proposed by the Directors, the Counselors approved the payment of interim dividends to the holders of the shares issued by the Company in August 06, 2019, for the amount of R\$27,761,170.70 (twenty-seven million, seven hundred and sixty-one thousand, one hundred and seventy reais and seventy cents), equivalent to R\$0.052387078 per share, which were declared in August 01, 2019 and paid in September 04, 2019.

In the BDM held on October 30, 2019, as proposed by the Directors, the Counselors approved the payment of interim dividends to the holders of the shares issued by the Company in November 04, 2019, for the amount of R\$22,470,116.09 (twenty-two million, four hundred and seventy thousand, one hundred and sixteen reais and nine cents), equivalent to R\$0.042397615 per share, which were declared in October 30, 2019 and paid in December 06, 2019.

The complementary dividends over the minimum mandatory of R\$35,982,821.43 (thirty-five million, ninety and eight-two thousand and eight hundred and twenty-one reais and forty-three cents) equivalent to R\$0.067893988 per share, will be submitted to approval of OGM, which, in case of approval, will be paid in May 27, 2020.

### **3 – RETAINED EARNINGS**

As of December 31, 2019, we propose to keep the remaining balance of R\$71,190,841.92 (seventy-one million, one hundred and ninety thousand, eight hundred and forty-one reais and ninety-two cents) as reserves as follows: R\$35,595,420.96 (thirty-five million, five hundred and ninety-five, four hundred and twenty reais and ninety-six cents) shall be retained as statutory reserve of regulatory capital and R\$35,595,420.96 (thirty-five million, five hundred and ninety-five, four hundred and twenty reais and ninety-six cents) shall be retained as statutory reserve of investments and expansion pursuant to chapter IV, Article 28, paragraphs 3 (c) and (d) of the Company Bylaws.

#### 4 – SUMMARY OF ITEM 1 TO 3

	Approval by	% or R\$ per share gross	Date			Retained earnings	Legal reserve	Complementary dividends over the minimum mandatory	Statutory reserve of regulatory capital	Investment and expansion reserve	R\$
			Approval	Shareholder position	Constitution (C) Payment (P)						
<b>December 31, 2018</b>						-	101,311,494.54	22,017,863.04	202,622,989.08	202,622,989.08	
Capital increase with legal reserve	AGM/EGM	-	04/01/2019	-	-	-	(101,311,494.54)	-	-	-	
Complementary dividends over the minimum mandatory	AGM/EGM	0.041492874	04/01/2019	04/04/2019	05/03/2019 (P)	-	(22,017,863.04)	-	-	-	
<b>Net income (NI) for the year 2019</b>						<b>284,763,367.67</b>	-	-	-	-	
<b>Proposal of allocation of net income:</b>						<b>(284,763,367.67)</b>	<b>14,238,168.38</b>	<b>35,982,821.43</b>	<b>35,595,420.96</b>	<b>35,595,420.96</b>	
		5% limited to 20% of the capital									
Legal reserve	Bylaws		12/31/2019	-	12/31/2019 (C)	(14,238,168.38)	14,238,168.38	-	-	-	
Interest on capital	BD	0.033235868	03/18/2019	21/03/2019	05/03/2019 (P)	(17,636,348.66)	-	-	-	-	
Interest on capital	BD	0.029899603	06/17/2019	21/06/2019	07/03/2019 (P)	(15,830,360.87)	-	-	-	-	
Interest on capital	BD	0.028128431	09/24/2019	27/09/2019	10/09/2019 (P)	(14,893,008.61)	-	-	-	-	
Interest on capital	BD	0.026784764	12/16/2019	19/12/2019	01/08/2020 (P)	(14,195,533.55)	-	-	-	-	
Interim dividends	BD	0.095290223	05/02/2019	07/05/2019	05/16/2019 (P)	(50,564,997.46)	-	-	-	-	
Interim dividends	BD	0.052387078	08/01/2019	06/08/2019	09/04/2019 (P)	(27,761,170.70)	-	-	-	-	
Interim dividends	BD	0.042397615	10/30/2019	04/11/2019	12/06/2019 (P)	(22,470,116.09)	-	-	-	-	
Complementary dividends over the minimum mandatory	AGM	0.067893988	04/28/2020	04/28/2020	12/31/2019 (C) <sup>1</sup>	(35,982,821.43)	35,982,821.43	-	-	-	
Statutory reserve of regulatory capital	AGM	50% limited to 40% of the capital	-	-	12/31/2019 (C)	(35,595,420.96)	-	-	35,595,420.96	-	
Investment and expansion reserve	AGM	50% limited to 40% of the capital	-	-	12/31/2019 (C)	(35,595,420.96)	-	-	-	35,595,420.96	
<b>December 31, 2019</b>						-	<b>14,238,168.38</b>	<b>35,982,821.43</b>	<b>238,218,410.04</b>	<b>238,218,410.04</b>	

<sup>1</sup>In case of approval, these dividends will be paid in May 27, 2020

#### CALCULATION OF MINIMUM COMPULSORY DIVIDENDS

<b>Net income for the year 2019</b>	284,763,367.67
(-) Constitution of Legal Reserve (5% limited to 20% of the capital)	(14,238,168.38)
<b>(=) Net income for the year 2019 available for distribution</b>	<b>270,525,199.29</b>
(x) % pursuant the Company Bylaws	50
<b>(=) MINIMUM COMPULSORY DIVIDENDS</b>	<b>135,262,599.65</b>
Interim dividends	100,796,284.25
Interest on own capital <sup>1</sup>	53,171,963.94
Complementary dividends to minimum mandatory	35,982,821.43
<b>Deliberated dividends and interest on capital</b>	<b>189,951,069.62</b>
Excess of the mandatory minimum dividends	(54,688,469.98)
<b>(=) MINIMUM COMPULSORY DIVIDENDS</b>	<b>135,262,599.65</b>

<sup>1</sup>Net of withholding tax (IRRF) of 15%.

In summary Management proposes that the net income for the year of R\$284,763,367.67 (two hundred and seventy-three million, seven hundred and sixty three thousand, three hundred and sixty seven reais and sixty seven cents), after the constitution of the legal reserve in amount of R\$14,238,168.38 (forty million, two hundred and thirty-eight, one hundred and sixty and eight reais and thirty-eight cents) be partially distributed in the net deliberated amount of R\$189,951,069.62 (one hundred and eighty nine million, nine hundred and fifty-one thousand, sixty-nine reais and sixty-two cents) (net of withholding tax as 15% applied over the interest on own capital), and the remaining balance of R\$71,190,841.92 (seventy-one million, one hundred and ninety thousand, eight hundred and forty-one reais and ninety-two cents) be retained as reserves of statutory of regulatory capital and investments and expansion.

As of December 31, 2019, the remaining balance of the retained earnings of the Company is R\$476,436,820.08 (four hundred and seventy-six million, four hundred and thirty-six thousand, eight hundred and twenty reais and eight cents), compound of (i) R\$405,245,978.16 (four hundred and five million, two hundred and forty five thousand, nine hundred and seventy eight Reais and sixteen cents), regarding to retention of the income from previous years; and (ii) R\$71,190,841.92 (seventy-one million, one hundred and ninety thousand, eight hundred and forty-one reais and ninety-two cents), regarding the retention of incomes from 2019, which were allocated to reserves pursuant the Company Bylaws, chapter IV, article 28, as follows: (i) R\$238,218,410.04 (two hundred and thirty-eight million, two hundred and eighteen

thousand, four hundred and ten reais and four cents) as statutory reserve of regulatory capital and (ii) R\$238,218,410.04 (two hundred and thirty-eight million, two hundred and eighteen thousand, four hundred and ten reais and four cents) as investment and expansion reserve.

Barueri, March 27, 2020.

## ODONTOPREV S.A.

### Additional information for the Proposal of the Board of Directors for allocation of net income for the year 2019 and confirmation of the early distribution of interest on own capital and dividends paid and payable

#### CVM Instruction 481, December 17, 2009 – Appendix 9-1-II: Destination of net income

##### 1. Report of net income for the year:

The Company obtained during the year ended December 31, 2019 net income of R\$284,763,367.67 (two hundred and seventy-three million, seven hundred and sixty-three thousand, three hundred and sixty-seven reais and sixty seven cents).

##### 2. Report the total amount and the value per share of dividends, including interim dividends and interest on own capital previously declared:

Distribution for the year ended December 31, 2019												
Common shares - ON (R\$/share)				Date							Total amount (R\$)	
	Approval	Gross	Net	Declared	Shareholder position	Ex-right	Payment	Gross	Net			
Interest on capital	BD	0.033235868	0.028250488	03/18/2019	03/21/2019	22/03/2019	05/03/2019	17,636,348.66	14,990,896.36			
Interest on capital	BD	0.029899603	0.025414663	06/17/2019	06/21/2019	24/06/2019	07/03/2019	15,830,360.87	13,455,806.74			
Interest on capital	BD	0.028128431	0.023909166	09/24/2019	09/27/2019	30/09/2019	10/09/2019	14,893,008.61	12,659,057.32			
Interest on capital	BD	0.026784764	0.022767050	12/16/2019	12/19/2019	20/12/2019	01/08/2020	14,195,533.55	12,066,203.52			
Interim dividends	BD	0.095290223	0.095290223	05/02/2019	05/07/2019	08/05/2019	05/16/2019	50,564,997.46	50,564,997.46			
Interim dividends	BD	0.052387078	0.052387078	08/01/2019	08/09/2019	07/08/2019	09/04/2019	27,761,170.70	27,761,170.70			
Interim dividends	BD	0.042397615	0.042397615	10/30/2019	11/04/2019	05/11/2019	12/06/2019	22,470,116.09	22,470,116.09			
Complementary dividends to minimum mandatory	AGM	0.067893988	0.067893988	04/28/2020	04/28/2020	04/29/2020	05/27/2020	35,982,821.43	35,982,821.43			
								<u>199,334,357.37</u>	<u>189,951,069.62</u>			

##### 3. Report the percentage of the net income allocated:

The net income for the year of R\$284,763,367.67 (two hundred and seventy-three million, seven hundred and sixty-three thousand, three hundred and sixty seven reais and sixty seven cents), was partially distributed in the net deliberated amount of R\$189,951,069.62 (one hundred and eighty nine million, nine hundred and fifty-one thousand, sixty-nine reais and sixty-two cents) (net of withholding tax as 15% applied over the interest on own capital), equivalent to 70% of net income available for distribution.

##### 4. Report the total amount and the value per share of dividends declared based in income of previous years:

OdontoPrev did not use any previous incomes to distribution of dividends.

##### 5. Report the total amount and the amount per share of dividends based on income from previous years

- The gross amount of dividends and interest on own capital, separately, per each type and class

See table below.

- b. The form and time of payment of dividends and interest on own capital

See table below.

- c. Any restatement and interest over dividends or interest on own capital

**There will be no incidence of updating and interest over dividends or interest on own capital.**

- d. Date of declaration of payment of dividends and interest on own capital used to identify those shareholders entitled to receive

See table below.

	Complementary dividends to and over the minimum mandatory						
	Approval	Common shares ON (R\$/share)	Declared	Shareholder		Date	
				position	Ex-right	Payment	Total amount (R\$)
Complementary dividends to minimum mandatory	OGM of 04/28/2020	0.067893988	03/27/2020	04/28/2020	04/29/2020	05/27/2020	35,982,821.43

**6. If there was declaration of dividends or interest on own capital based in income determined in six months or shorter periods**

- a. Inform the amounts of dividends and/or interest on own capital declared

See table below.

- b. Inform the related payments

See table below.

	Approval	Common shares - ON (R\$/share)			Shareholder position	Ex-right	Date	Payment	Total amount (R\$)	
		Gross	Net	Approval					Gross	Net
Interest on capital	BD	0.033235868	0.028250488	03/18/2019	03/21/2019	22/03/2019	05/03/2019	(17,636,348.66)	(14,990,896.36)	
Interest on capital	BD	0.029899603	0.025414663	06/17/2019	06/21/2019	24/06/2019	07/03/2019	(15,830,360.87)	(13,455,806.74)	
Interest on capital	BD	0.028128431	0.023909166	09/24/2019	09/27/2019	30/09/2019	10/09/2019	(14,893,008.61)	(12,659,057.32)	
Interest on capital	BD	0.026784764	0.022767050	12/16/2019	12/19/2019	20/12/2019	01/08/2020	(14,195,533.55)	(12,066,203.52)	
Interim dividends	BD	0.095290223	0.095290223	05/02/2019	05/07/2019	08/05/2019	05/16/2019	(50,564,997.46)	(50,564,997.46)	
Interim dividends	BD	0.052387078	0.052387078	08/01/2019	08/09/2019	07/08/2019	09/04/2019	(27,761,170.70)	(27,761,170.70)	
Interim dividends	BD	0.042397615	0.042397615	10/30/2019	11/04/2019	05/11/2019	12/06/2019	(22,470,116.09)	(22,470,116.09)	
<b>Total interest on capital and dividends declared in 2019</b>								<b>(163,351,535.94)</b>	<b>(153,968,248.19)</b>	

**7. Provide a comparative table showing the following amounts per share for each type and class:**

- a. Income for the year and for the 3 (three) previous years

Description	Reference	Years ended in December 31,			
		2019	2018	2017	2016
<b>Net income for the year (R\$)</b>	<b>A</b>	<b>284,763,367.67</b>	<b>284,792,507.09</b>	<b>502,918,725.67</b>	<b>215,990,176.97</b>
Total common shares (units) <sup>1</sup>	B	531,294,792	531,294,792	531,294,792	531,294,792
Treasury shares (units)	C	1,309,409	1,153,040	262,055	417,440
Common shares - weighted average (units)	D	530,179,579	528,496,941	530,894,051	528,815,710
Stock option (units)	E	1,300,834	3,942,946	8,036,723	8,489,923
<b>Basic earnings per share (R\$)</b>	<b>F = A / D</b>	<b>0.537107386</b>	<b>0.538872574</b>	<b>0.947305257</b>	<b>0.408441302</b>
<b>Diluted earnings per share (R\$)</b>	<b>G = A / (D + E)</b>	<b>0.535792779</b>	<b>0.534881991</b>	<b>0.933178712</b>	<b>0.401987553</b>

<sup>1</sup>The Company's capital is composed only of common shares.

## b. Dividends and interest on capital paid in 3 (three) previous years:

	Distribution for the year ended December 31, 2018										
	Common shares - ON (R\$/share)			Shareholder				Data			Total amount (R\$)
	Approval	Gross	Net	Approval	position	Ex-right	Payment	Gross	Net		
Interest on capital	BD	0.028479296	0.024207401	12/03/2018	15/03/2018	16/03/2018	04/04/2018	15,096,042.97	12,831,636.52		
Interest on capital	BD	0.027121711	0.023053455	13/06/2018	18/06/2018	19/06/2018	04/07/2018	14,331,829.60	12,182,055.16		
Interest on capital	BD	0.027371113	0.023265446	21/09/2018	26/09/2018	27/09/2018	05/10/2018	14,464,441.15	12,294,774.98		
Interest on capital	BD	0.029680887	0.025228754	18/12/2018	21/12/2018	26/12/2018	09/01/2019	15,735,077.46	13,374,815.84		
Interim dividends	BD	0.052812492	0.052812492	25/07/2018	30/07/2018	31/07/2018	05/09/2018	27,909,101.71	27,909,101.71		
Interim dividends	BD	0.109524156	0.109524156	18/12/2018	21/12/2018	26/12/2018	09/01/2019	58,063,327.93	58,063,327.93		
Complementary dividends over the mandatory	AGM/EGM	0.010818105	0.010818105	01/04/2019	04/04/2019	05/04/2019	03/05/2019	5,740,541.41	5,740,541.41		
Complementary dividends over the minimum mandatory	AGM/EGM	0.041492874	0.041492874	01/04/2019	04/04/2019	05/04/2019	03/05/2019	22,017,863.04	22,017,863.04		
<b>Total interest on capital and dividends declared in 2018</b>								<b>173,358,225.27</b>	<b>164,414,116.59</b>		

	Distribution for the year ended December 31, 2017										
	Common shares - ON (R\$/share)			Shareholder				Data			Total amount (R\$)
	Approval	Gross	Net	Approval	position	Ex-right	Payment	Gross	Net		
Interest on capital	BD	0.023855526	0.020277197	15/03/2017	20/03/2017	21/03/2017	05/04/2017	12,664,358.28	10,764,704.54		
Interest on capital	BD	0.021408539	0.018193008	19/06/2017	22/06/2017	23/06/2017	05/07/2017	11,362,654.20	9,658,256.07		
Interest on capital	BD	0.021991070	0.018692409	18/09/2017	21/09/2017	22/09/2017	04/10/2017	11,675,465.52	9,924,145.69		
Interest on capital	BD	0.022492328	0.019118478	11/12/2017	14/12/2017	15/12/2017	04/01/2018	11,944,162.29	10,152,537.95		
Interim dividends	BD	0.080069496	0.080069496	26/04/2017	02/05/2017	03/05/2017	05/06/2017	42,507,082.10	42,507,082.10		
Interim dividends	BD	0.188367425	0.188367425	26/07/2017	31/07/2017	01/08/2017	05/09/2017	100,000,000.00	100,000,000.00		
Interim dividends	BD	0.100829593	0.100829593	25/10/2017	30/10/2017	31/10/2017	06/12/2017	53,543,814.59	53,543,814.59		
Complementary dividends over the minimum mandatory <sup>1</sup>	AGM/EGM	0.005623784	0.005623784	02/04/2018	05/04/2018	06/04/2018	04/05/2018	2,970,147.05	2,970,147.05		
<b>Total interest on capital and dividends declared in 2017</b>								<b>246,667,684.03</b>	<b>239,520,687.99</b>		

<sup>1</sup>No balance of prior years income was used to distribute the complementary dividends over the minimum mandatory of R\$2,970,147.05.

	Distribution for the year ended December 31, 2016										
	Common shares - ON (R\$/share)			Shareholder				Data			Total amount (R\$)
	Approval	Gross	Net	Approval	position	Ex-right	Payment	Gross	Net		
Interest on capital	RCA	0.021575176	0.018338899	14/06/2016	17/06/2016	20/06/2016	05/07/2016	11,402,174.64	9,691,848.44		
Interest on capital	RCA	0.021356434	0.018152969	15/09/2016	20/09/2016	21/09/2016	05/10/2016	11,336,136.30	9,635,715.86		
Interest on capital	RCA	0.022221586	0.018888348	13/12/2016	16/12/2016	19/12/2016	04/01/2017	11,796,936.67	10,027,396.17		
Interim dividends	RCA	0.081628626	0.081628626	27/04/2016	27/04/2016	28/04/2016	03/06/2016	43,115,458.34	43,115,458.34		
Interim dividends	RCA	0.044979547	0.044979547	27/07/2016	01/08/2016	02/08/2016	05/09/2016	23,778,737.73	23,778,737.73		
Interim dividends	RCA	0.045204894	0.045204894	26/10/2016	31/10/2016	01/11/2016	05/12/2016	23,998,254.32	23,998,254.32		
Complementary dividends over the minimum mandatory <sup>1</sup>	AGO	0.066798979	0.066798979	28/03/2017	31/03/2017	03/04/2017	04/05/2017	35,462,065.26	35,462,065.26		
<b>Total interest on capital and dividends declared in 2016</b>								<b>160,889,763.26</b>	<b>155,709,476.12</b>		

<sup>1</sup>No balance of prior years income was used to distribute the complementary dividends over the minimum mandatory of R\$35,462,065.26.

## 8. If income is allocated to the legal reserve

### a. Identify the amount allocated to the legal reserve:

Pursuant the article 193 of the Law 6,404/1976 and the Company Bylaws, it becomes necessary to apply 5% (five percent) of the net income in order to record the legal reserve until its amount reaches 20% of the capital. As of December 31, 2019, the Company constituted the legal reserve in amount of R\$14,238,168.38 (forty million, two hundred and thirty-eight, one hundred and sixty and eight reais and thirty-eight cents).

### b. Detail the calculation of the legal reserve:

LEGAL RESERVE CALCULATION	
Net income for the year 2019	284,763,367.67
(-) Constitution	5.00
<b>(=) Legal reserve</b>	<b>14,238,168.38</b>

**9. If the Company has preferred shares with right to set or minimum dividends**

- a. Describe the calculation of set or minimum dividends
- b. State whether the income is enough to pay fully the set or minimum dividends
- c. Identify whether any unpaid portion is cumulative
- d. Identify the total amount of set or minimum dividends to be paid to each class of preferred shares
- e. Identify the set or minimum dividends to be paid per preferred share of each class

**OdontoPrev has no preferred shares, all of them are common shares.**

**10. Regarding the compulsory dividend**

- a. Describe the calculation method set forth in the Company's Bylaws:

<b>CALCULATION OF MINIMUM COMPULSORY DIVIDENDS</b>	
<b>Net income for the year 2019</b>	284,763,367.67
(-) Constitution of Legal Reserve (5% limited to 20% of the capital)	(14,238,168.38)
<b>(=) Net income for the year 2019 available for distribution</b>	<b>270,525,199.29</b>
(x) % pursuant the Company Bylaws	50
<b>(=) MINIMUM COMPULSORY DIVIDENDS</b>	<b>135,262,599.65</b>
Interim dividends	100,796,284.25
Interest on capital	53,171,963.94
Complementary dividends over the minimum mandatory	35,982,821.43
<b>Deliberated dividends and interest on capital</b>	<b>189,951,069.62</b>
Excess of the mandatory minimum dividends	(54,688,469.98)
<b>(=) MINIMUM COMPULSORY DIVIDENDS</b>	<b>135,262,599.65</b>

<sup>1</sup>Net of withholding tax (IRRF) of 15%.

- b. Informe whether it has been fully paid:

**Calculated according to item 10.a and fully paid.**

- c. Report any amount retained:

**Calculated according to item 10.a and fully paid.**

**11. If there is retention of the mandatory dividend due to the financial situation of the Company**

- a. Inform the retained amount
- b. Describe, in detail, the financial situation of the Company, including aspects related to

the analysis of liquidity, working capital and positive cash flows

- c. Justify the dividends retention

**OdontoPrev did not make any retention of the mandatory dividend.**

## **12. If income is allocated to the contingency reserve**

- a. Inform the amount allocated to the reserve
- b. Identify the probable loss and its cause
- c. Explain why the loss is considered probable
- d. Justify the constitution of reserve

**OdontoPrev did not make any allocation of income for contingency reserve.**

## **13. Allocation of net income to the reserve for unrealized profits**

- a. Inform the amount allocated to the reserve for unrealized profits
- b. State the nature of unrealized profits that led to the reservation

**OdontoPrev did not make any allocation of income for unrealized profits.**

## **14. Allocation of earnings to statutory reserves**

- a. Describe the statutory clauses establishing the reserve:

Pursuant chapter IV, article 28, paragraph 3rd of the Company Bylaws, the net income of the year should have the following allocation:

(a) 5% (five percent) as **legal reserve**, limited to 20% (twenty percent) of the capital;

(b) payment of minimum mandatory dividends as described in the article 29 of the Company Bylaws and the Law 6,404/1976;

*The shareholders have the right to receive, in each year, as dividends, the minimum percentual of 50% (fifty percent) on the income of the year, after the following adjustments:*

*(i) the decrease of the amounts allocated in the year as legal and contingency reserves;  
and*

(ii) the increase of the amounts regarding reversals of the contingency reserve, previously recorded.

(c) up to 50% (fifty percent) of the income from the year, limited to 40% (forty percent) of the capital, to constitution of the “**statutory reserve of regulatory capital**” which will be retained to attend to regulatory capital requirements related to Company’s solvency margin;

(d) up to 50% (fifty percent) of the income from the year, limited to 40% (forty percent) of the capital, to constitution of the “**investment and expansion reserve**” which will be retained to finance the development, growth and expansion of the Company’s businesses, in order to allow the Company to make new investments, including software and hardware acquisitions, investment in furniture and fixtures as well the acquisition of shares on investments, business units and commercial establishments; and

(e) distribution of dividends, beyond the minimum mandatory or retention, based in the capital budget approved by the General Meeting, taking into consideration the conditions described in Law 6,404/1976.

b. Inform the amount allocated to the reserve:

As of December 31, 2019, the amount of R\$71,190,841.92 (seventy-one million, one hundred and ninety thousand, eight hundred and forty-one reais and ninety-two cents) were retained as statutory reserve of regulatory capital and statutory reserve of investments and expansion pursuant to chapter IV, article 28, paragraphs 3 (c) and (d) of the Company Bylaws.

Thus, as of December 31, 2019, the remaining balance of the retained earnings of the Company is R\$476,436,820.08 (four hundred and seventy-six million, four hundred and thirty-six thousand, eight hundred and twenty reais and eight cents), compound of (i) R\$405,245,978.16 (four hundred and five million, two hundred and forty five thousand, nine hundred and seventy eight Reais and sixteen cents), regarding to retention of the income from previous years; and (ii) R\$71,190,841.92 (seventy-one million, one hundred and ninety thousand, eight hundred and forty-one reais and ninety-two cents), regarding the retention of incomes from 2019, which were allocated to reserves pursuant the Company Bylaws, chapter IV, article 28, as follows: (i) R\$238,218,410.04 (two hundred and thirty-eight million, two hundred and eighteen thousand, four hundred and ten reais and four cents) as statutory reserve of regulatory capital and (ii) R\$238,218,410.04 (two hundred and thirty-eight million, two hundred and eighteen thousand, four hundred and ten reais and four cents) as investment and expansion reserve.

a. Describe the calculation method:

<b>LIMIT OF CONSTITUTION OF STATUTORY RESERVES</b>		
	<b>Statutory reserve of regulatory capital</b>	<b>Investment and expansion reserve</b>
Capital	607,868,967.23	607,868,967.23
(%) Limit of constitution	40.00	40.00
<b>Limit of constitution pursuant Company Bylaws</b>	<b>243,147,586.89</b>	<b>243,147,586.89</b>

(amounts in R\$)	STATUTORY RESERVES			
	Retained earnings	Additional dividend proposed	Statutory reserve of regulatory capital	Investment and expansion reserve
<b>December 31, 2018</b>	-	<b>22,017,863.04</b>	<b>202,622,989.08</b>	<b>202,622,989.08</b>
Additional proposed dividends	-	(22,017,863.04)	-	-
<b>Net income (NI) for the year 2019</b>	<b>284,763,367.67</b>	-	-	-
<b>Proposal of allocation of net income:</b>	<b>(284,763,367.67)</b>	<b>35,982,821.43</b>	<b>35,595,420.96</b>	<b>35,595,420.96</b>
Legal reserve	(14,238,168.38)	-	-	-
Interest on capital	(17,636,348.66)	-	-	-
Interest on capital	(15,830,360.87)	-	-	-
Interest on capital	(14,893,008.61)	-	-	-
Interest on capital	(14,195,533.55)	-	-	-
Interim dividends	(50,564,997.46)	-	-	-
Interim dividends	(27,761,170.70)	-	-	-
Interim dividends	(22,470,116.09)	-	-	-
Additional proposed dividends	(35,982,821.43)	35,982,821.43	-	-
Statutory reserve of regulatory capital	(35,595,420.96)	-	35,595,420.96	-
Investment and expansion reserve	(35,595,420.96)	-	-	35,595,420.96
<b>December 31, 2019</b>	-	<b>35,982,821.43</b>	<b>238,218,410.04</b>	<b>238,218,410.04</b>

**15. If retained earnings provided in the capital budget**

- a. Inform the retained amount
- b. Provide a copy of the capital budget

**OdontoPrev did not make any retention based on capital budget.**

**16. If allocation of income to the tax incentive reserve**

- a. Inform the amount allocated to the reserve
- b. Explain the nature of the destination

**OdontoPrev did not make any allocation of income for tax incentive reserve.**

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**Other relevant information**

**Shareholders with more than 5%**

SHAREHOLDERS HOLDING MORE THAN 5% OF THE COMPANY'S SHARES						
Position at 12/31/2019						
Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Bradesco Saúde S/A	265,648,397	50.01	-	-	265,648,397	50.01
Treasury shares	1,309,409	0.25	-	-	1,309,409	0.25
Outstanding shares	264,336,986	49.74	-	-	264,336,986	49.74
<b>Total</b>	<b>531,294,792</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>531,294,792</b>	<b>100.00</b>

DISTRIBUTION OF THE COMPANY'S CAPITAL (COMPANY SHAREHOLDERS) DOWN TO THE INDIVIDUAL HOLDINGS						
Name: Bradesco Saúde S/A						
Position at 12/31/2019						
Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Bradesco Seguros S/A	20,870,945	100.00	-	-	20,870,945	100.00

DISTRIBUTION OF THE COMPANY'S CAPITAL (COMPANY SHAREHOLDERS) DOWN TO THE INDIVIDUAL HOLDINGS						
Name: Bradesco Seguros S/A						
Position at 12/31/2019						
Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Bradseg Participações S.A.	724,802	93.59	-	-	724,802	93.59
Others	49,612	6.41	-	-	49,612	6.41
<b>Total</b>	<b>774,414</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>774,414</b>	<b>100.00</b>

DISTRIBUTION OF THE COMPANY'S CAPITAL (COMPANY SHAREHOLDERS) DOWN TO THE INDIVIDUAL HOLDINGS						
Name: Bradseg Participações S.A.						
Position at 12/31/2019						
Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Banco Bradesco S.A.	7,812	97.21	-	-	7,812	97.21
Tapajos Holding Ltda	224	2.79	-	-	224	2.79
<b>Total</b>	<b>8,036</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>8,036</b>	<b>100.00</b>

\*According to the Reference Form of December 27, 2019 available in Bradesco's Bank Investors Relationship website.

DISTRIBUTION OF THE COMPANY'S CAPITAL (COMPANY SHAREHOLDERS) DOWN TO THE INDIVIDUAL HOLDINGS						
Name: Banco Bradesco S.A.						
Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Cidade de Deus Companhia Comercial de Participações	1,837,129,968	45.56	970,801	0.02	1,838,100,769	22.79
Fundação Bradesco	687,056,074	17.04	-	-	687,056,074	8.52
NCF participações S.A.	339,512,264	8.42	89,988,708	2.23	429,500,972	5.33
Others	1,161,573,799	28.81	3,916,065,553	97.13	5,077,639,352	62.97
Treasury shares	6,642,963	0.16	24,889,584.00	0.62	31,532,547	0.39
<b>Total</b>	<b>4,031,915,068</b>	<b>100.00</b>	<b>4,031,914,646</b>	<b>100.00</b>	<b>8,063,829,714</b>	<b>100.00</b>

DISTRIBUTION OF THE COMPANY'S CAPITAL (COMPANY SHAREHOLDERS) DOWN TO THE INDIVIDUAL HOLDINGS						
Name: Cidade de Deus Companhia Comercial de Participações						
Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Fundação Bradesco	2,776,765,252	35.41	-	-	2,776,765,252	35.41
Nova Cidade de Deus Participações S.A.	3,755,570,498	47.89	-	-	3,755,570,498	47.89
Others	1,309,623,774	16.70	-	-	1,309,623,774	16.70
<b>Total</b>	<b>7,841,959,524</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>7,841,959,524</b>	<b>100.00</b>

DISTRIBUTION OF THE COMPANY'S CAPITAL (COMPANY SHAREHOLDERS) DOWN TO THE INDIVIDUAL HOLDINGS						
Name: NCF Participações S.A.						
Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Cidade de Deus Companhia Comercial de Participações	893,190,142	74.72	-	-	893,190,142	39.51
Fundação Bradesco	300,379,172	25.13	1,065,350,875	100.00	1,365,730,047	60.41
Nova Cidade de Deus Participações S.A.	1,788,311	0.15	-	-	1,788,311	0.08
<b>Total</b>	<b>1,195,357,625</b>	<b>100.00</b>	<b>1,065,350,875</b>	<b>100.00</b>	<b>2,260,708,500</b>	<b>100.00</b>

DISTRIBUTION OF THE COMPANY'S CAPITAL (COMPANY SHAREHOLDERS) DOWN TO THE INDIVIDUAL HOLDINGS						
Name: Nova Cidade de Deus Participações S.A.						
Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
BBD Participações S.A.	182,904,922	53.70	-	-	182,904,922	26.07
Fundação Bradesco	157,710,559	46.30	360,928,543	100.00	518,639,102	73.93
<b>Total</b>	<b>340,615,481</b>	<b>100.00</b>	<b>360,928,543</b>	<b>100.00</b>	<b>701,544,024</b>	<b>100.00</b>

DISTRIBUTION OF THE COMPANY'S CAPITAL (COMPANY SHAREHOLDERS) DOWN TO THE INDIVIDUAL HOLDINGS						
Name: BBD Participações S.A.						
Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Treasury Shares	57,870,816	36.71	21,580,974	14.25	79,451,790	25.71
NCD Participações Ltda	-	-	74,784,306	49.38	74,784,306	24.20
Others	99,759,961	63.29	55,080,853	36.37	154,840,814	50.10
<b>Total</b>	<b>157,630,777</b>	<b>100.00</b>	<b>151,446,133</b>	<b>100.00</b>	<b>309,076,910</b>	<b>100.00</b>

DISTRIBUTION OF THE COMPANY'S CAPITAL (COMPANY SHAREHOLDERS) DOWN TO THE INDIVIDUAL HOLDINGS						
Name: NCD Participações Ltda						
Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Fundação Bradesco	773,303,109	99.99	-	-	773,303,109	99.99
Others	1	0.01	-	0.00	1	0.01
<b>Total</b>	<b>773,303,110</b>	<b>100.00</b>	<b>1</b>	<b>0.00</b>	<b>773,303,110</b>	<b>100.00</b>

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### Other relevant information

#### Shareholders' positions

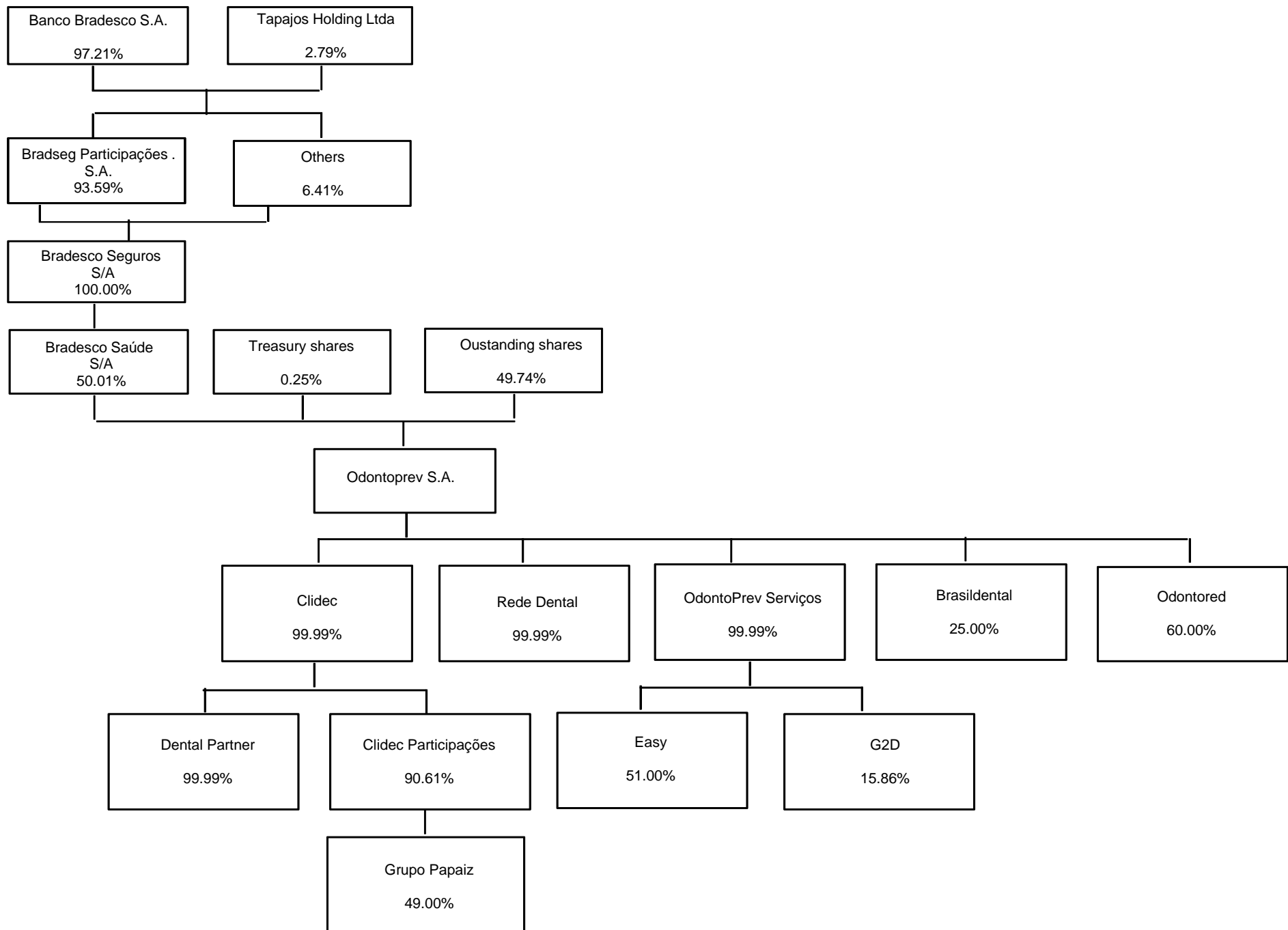
CONSOLIDATED SHAREHOLDING POSITION OF CONTROLLING SHAREHOLDERS AND MANAGEMENT AND OUTSTANDING SHARES						
Position at 12/31/2019						
Shareholder	Amount of common shares (in units)	%	Amount of preferred shares (in units)	%	Total amount of shares (in units)	%
Controlling shareholders	265,648,397	50.01	-	-	265,648,397	50.01
Management	1,454,128	0.27	-	-	1,454,128	0.27
Treasury shares	1,309,409	0.25	-	-	1,309,409	0.25
Others	262,882,858	49.47	-	-	262,882,858	49.47
Total	531,294,792	100.00	-	-	531,294,792	100.00
Outstanding shares	262,882,858	49.47	-	-	262,882,858	49.47

CONSOLIDATED SHAREHOLDING POSITION OF CONTROLLING SHAREHOLDERS AND MANAGEMENT AND OUTSTANDING SHARES						
Position at 12/31/2018						
Shareholder	Amount of common shares (in units)	%	Amount of preferred shares	%	Total amount of shares (in units)	%
Controlling shareholders	265,648,397	50.01	-	-	265,648,397	50.01
Management	7,132,460	1.34	-	-	7,132,460	1.34
Treasury shares	1,153,040	0.22	-	-	1,153,040	0.22
Others	257,360,895	48.43	-	-	257,360,895	48.43
Total	531,294,792	100.00	-	-	531,294,792	100.00
Outstanding shares	257,360,895	48.43	-	-	257,360,895	48.43

(A free translation of the original in Portuguese)

Financial Statements (FS) - 12/31/2019 - ODONTOPREV S.A.

### Other relevant information - Company's general chart



## **V – Commitment Clause**

The Arbitration Commitment Clause is mentioned in chapter VI – Arbitration, contained in the Bylaws (approved in the AGOM of 04/01/2019).

Article 36 – The Company, its shareholders, management and the members of the Fiscal Council, effective and substitutes, if any, are committed to resolve, through arbitration, face to Market Arbitration Chamber, according to these rules, any and all disputes that may arise between them, related or deriving of their issuer condition, shareholders, managers and members of the fiscal council, mainly related to the provisions comprised in Law 6,385/1976 and Law 6,404/1976, in the Company's Bylaws, in the regulations issued by the National Monetary Council, Brazilian Central Bank and Brazilian Stock Exchange, as well as other regulations applicable to the functioning of capital markets in general, besides those comprised in the Regulations of the New Market Listing, the B3 rules and to the contract of participation in the New Market.

(A free translation of the original in Portuguese)

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***Odontoprev S.A.***  
***Parent company and consolidated***  
***financial statements***  
***at December 31, 2019***  
***and independent auditor's report***





(A free translation of the original in Portuguese)

## ***Independent auditor's report***

To the Board of Directors and Stockholders  
Odontoprev S.A.

### **Opinion**

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We have audited the accompanying parent company financial statements of Odontoprev S.A. (the "Company"), which comprise the balance sheet as at December 31, 2019 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We have also audited the accompanying consolidated financial statements of Odontoprev S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2019 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

### **Opinion on the parent company financial statements**

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Odontoprev S.A. as at December 31, 2019, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

### **Opinion on the consolidated financial statements**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Odontoprev S.A. and its subsidiaries as at December 31, 2019, and their financial performance and their cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

## Basis for opinion

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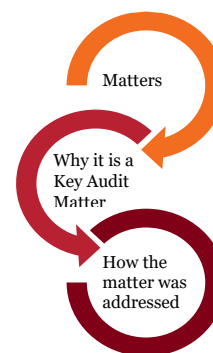
We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and 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 audit opinion.

## Key audit matters

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

Our audit for the year ended December 31, 2019 was planned and executed considering that the operations of the Company and its subsidiaries did not present significant changes compared to the previous year. In this context, the Key Audit Matters, as well as our audit approach, have remained substantially in line with those the previous year.



<b>Why it is a Key Audit Matter</b>	<b>How the matter was addressed in the audit</b>
<p data-bbox="261 1115 862 1171"><b>Goodwill Arising from a Business Combination (Notes 2.7.4 and 12.1)</b></p> <p data-bbox="261 1203 862 1314">The Company has recorded goodwill related to acquisitions made during 2018 and prior years whose value is significant in relation to the parent and consolidated financial statements.</p> <p data-bbox="261 1346 862 1457">Annually, Management performs tests to assess the need to reduce goodwill to its recoverable value. Those tests involve significant estimates and judgments.</p> <p data-bbox="261 1488 862 1686">For these reasons, we consider this to be an area of focus of our audit, since different assumptions used by Management in the projection of future results may significantly alter the evaluation of the recoverable value of the goodwill, and consequently, impact the parent and consolidated financial statements.</p>	<p data-bbox="889 1203 1492 1314">We obtained an understanding of the relevant internal controls related to the test of the recoverable value of the goodwill performed by Management.</p> <p data-bbox="889 1346 1492 1629">In conjunction with our specialists, we performed, among other procedures, the analysis of the methodology used to determine the recoverable value of goodwill, the understanding and analysis of the reasonableness of the most relevant assumptions adopted by Management in its process related to the impairment test of goodwill, as well as the general logical and arithmetical consistency of the estimates of the projections made by Management and its external consultants.</p> <p data-bbox="889 1661 1492 1743">We analyzed the reasonableness of the criteria and the main assumptions that supported the construction of the calculations.</p>

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**Why it is a Key Audit Matter****How the matter was addressed in the audit**

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We held meetings with Management to obtain an understanding of the process of preparing the projections, considering the cash generating units and their approvals, as well as conducting tests on the consistency of expected results in comparison with results obtained in previous years.

We believe that the criteria and assumptions adopted by Management to perform the impairment tests are reasonable in their most relevant aspects in the context of the parent and consolidated financial statements.

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**Technical Provisions (Notes 2.9, 2.10 and 13.2)**

The Company has liabilities related to dental assistance contracts called Technical Provisions for which Management carries out backtests to assess their sufficiency, among which we highlight the Incurred But Not Reported Claims (IBNR) and the Liability Adequacy Test (LAT), considering that they are based on actuarial methodology.

The process of determining and measuring the Incurred But Not Reported Claims (IBNR) and carrying out the Liability Adequacy Test (LAT) require judgment and the involvement of actuaries in the determination of methodologies and assumptions that include, among others, development of claims, choice of actuarial factors and discount rates.

Due to the relevance of technical provisions arising from dental care contracts and the impact that any changes in the IBNR and LAT assumptions could cause in the financial statements, we consider this an area of focus in our audit.

We have obtained an understanding of the relevant internal controls related to the determination and accounting record of Technical Provisions by Management.

With the support of our specialists in the actuarial area, among other procedures, we carried out the assessment of the reasonableness of the methodologies and assumptions used by Management and its external consultants in the measurement of the Incurred But Not Reported Claims (IBNR) and the Liability Adequacy Test (LAT), such as development of claims, choice of actuarial factors and discount rates, and compared them with the assumptions used by the market and /or historical data of the Company.

We evaluated the IBNR Actuarial Technical Note and verified that the calculation methodology had been submitted and approved by the local regulator, the Agência Nacional de Saúde Suplementar (“ANS”), as well as inspecting that the methodology had been uniformly applied over the actuarial databases of the Company. Regarding the actuarial databases, we performed a documental inspection test of critical fields to measure technical provisions.

We believe that the actuarial calculation base, methodology and assumptions used in determining these technical provisions are reasonable and the disclosures made are consistent with the information obtained.

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## **Other matters**

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### **Statements of Value Added**

The parent company and consolidated Statements of Value Added for the year ended December 31, 2019, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added ". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.

### **Other information accompanying the parent company and consolidated financial statements and the auditor's report**

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The Company's management is responsible for the other information that comprises the Management Report.

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

In connection with the audit of the parent company 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 parent company and consolidated financial statements**

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Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with accounting practices adopted in Brazil and the consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as 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 parent company 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 financial reporting process of the Company and its subsidiaries.

## **Auditor's responsibilities for the audit of the parent company and consolidated financial statements**

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Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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:

- Identify and assess the risks of material misstatement of the parent company 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 internal control 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 internal control of the Company and its subsidiaries.
- 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 ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these 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 parent company 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 to 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 auditor's 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.

Barueri, March 5, 2020

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Edison Arisa Pereira  
Contador CRC 1SP127241/O-0

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## **Fiscal Council Statement**

The Fiscal Council of Odontoprev S.A., in compliance with legal and Company's Bylaws, examined the Management Report, the Financial Statements (Company and Consolidated) for the year ended December 31, 2019. Based in our examinations and considering the Independent Auditors' Report about the Financial Statements, issued without any qualifications by PricewaterhouseCoopers *Auditores Independentes* in March 05, 2020, opines that these documents, as well the proposal for allocation of net income, including the anticipated distribution of dividends and interest on capital are able to be examined and voted by General Meeting.

Barueri, March 05, 2020.

## **Audit Committee Statement**

ODONTOPREV S.A.

(Article 9, sole paragraph, subsection III of Brazilian Stock Exchange Instruction 481/2009 (ICVM 481/2009))

### STATEMENT

The members of Odontoprev S.A.'s Audit Committee, in the exercise of its duties and legal responsibilities, as provided in paragraph 12 of article 15 of the Company Bylaws and in Company's Internal Rules, have examined the Financial Statements, accompanied of the independent auditors' report and the annual Management Report for the year ended December 31, 2019 and, considering the information provided by the Company's Management and PricewaterhouseCoopers *Auditores Independentes*, as well the proposal for allocation of net income for the year ended December 31, 2019, opine, unanimously, that they reflect fairly, in all relevant aspects, the Company's equity and financial position and recommend the approval of the referred documents by the Board of Directors followed of its submission to the Annual General Meeting pursuant Law 6,404/1976.

Barueri, March 05, 2020.

## **Statement of directors about the financial statements**

ODONTOPREV S.A.

(article 25 of CVM Instruction 480/2009)

### STATEMENT

We declare, as the Statutory Directors of Odontoprev S.A., a listed company, with its head office located in the city of Barueri, State of São Paulo, at Marcos Penteado de Ulhôa Rodrigues Avenue, 939 – 14<sup>º</sup> Floor, registered with CNPJ/MF number 58.119.199/0001-51 (Company) in accordance with the terms of:

- (i) Subsection VI of paragraph 1 of article 25 of ICVM Instruction 480, that we have reviewed, discussed and agreed with the Company's financial statements for the year ended December 31, 2019.

Barueri, March 05, 2020.

## Statement of directors about the independent auditor's report

ODONTOPREV S.A.

(article 25 of CVM Instruction 480/2009)

### STATEMENT

We declare, as the Statutory Directors of Odontoprev S.A., a listed company, with its head office located in the city of Barueri, State of São Paulo, at Marcos Penteadó de Ulhôa Rodrigues Avenue, 939 – 14º Floor, registered with CNPJ/MF number 58.119.199/0001-51 (Company) in accordance with the terms of:

- (ii) Subsection V of paragraph 1 of article 25 of ICVM Instruction 480 of December 07th, 2009, as amended, that we have reviewed, discussed and agreed with the opinions expressed in the report issue by the Company's independent auditors, PricewaterhouseCoopers *Auditores Independentes*, with respect to the Company's financial statements for the for the year ended December 31, 2019.

Barueri, March 05, 2020.