Boa Vista Serviços S.A.

Financial statements for the years ended December 31, 2019, 2018 and 2017

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Independent auditors' report on the financial statements

The Board of Directors and Shareholders of
Boa Vista Serviços S.A.
Barueri - SP

Opinion
We have audited the financial statements of Boa Vista Serviços S.A. ("the Company"), which comprise the statement of financial position as at December 31, 2019, the statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows, for the year then ended, and notes to the financial statements, including summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Company at December 31, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with Brazilian accounting practices and the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board - IASB.

Basis for Opinion
We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section. We are independent from the Company, according to the relevant ethical principles established in the Code of Professional Ethics for Accountants and in the Professional Standards issued by the Federal Accounting Council (CFC), and we have fulfilled other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Intangible assets - goodwill in acquisition of operations
As mentioned in note 10, the financial statements include goodwill generated from the acquisition of Equifax do Brasil Ltda. that is subject to annual impairment testing. The impairment evaluation requires the Company's judgement to define the assumptions required to project future cash flows of the cash-generating unit, including sales projections, and determine the discount rate to be used.

We considered this matter as significant to our audit, as there is inherent judgement in the estimation of the future cash flows that, if changed, could result in substantially different amounts from the one used in the preparation of the financial statements.

How our audit addressed this matter
As part of our audit procedures, with the support from our corporate finance experts, we assessed the quality of the internal and external sources of information considered in the test of recoverability and reasonability of the assumptions and methods adopted by the Company, such as expected growth of revenues, projections of results, among other, adopted in the projections of future cash flows. We also evaluated the disclosures made in Notes to financial statements.

Based on evidence from the procedures described above, we consider appropriate the evaluation, criteria and assumptions of the Management of the recoverable amounts of assets and disclosures in the context of financial statements taken as a whole.

Recoverable value of deferred tax assets (income tax and social contribution)
As mentioned in notes 4.b and 19, the financial statements include deferred income and social contribution tax assets, whose realization depends on the determination of future taxable income and are supported by internal projections of result. The Company, in the development of its internal projections of result, uses assumptions and future projections of its business. Due to the importance of the balances of tax credits, since they are based on estimates of future profitability, and due to the impact that possible changes in assumptions could generate in the amounts recorded in the financial statements, we consider this matter material for our audit.

How our audit addressed this matter
As part of our audit procedures, among other, we evaluated the reasonableness of the assumptions used by the Company in its internal projections of income (loss) and with the support of our tax experts, we have evaluated the calculation basis on which the respective prevailing tax rates are applied. Our procedures also included the evaluation of the disclosures made by the company in the financial statements.

Based on evidence from the procedures described above, we consider acceptable the measurement of the recoverable amounts of tax credits in the context of financial statements taken as a whole.

Statements of added value
The individual and consolidated statements of added value (DVA) for the year ended December 31, 2019, prepared under the responsibility of the Company's management, that is being presented as supplemental information for IFRS purposes, were subject to audit procedures performed in connection with the audit of the Company's financial statements. For the purposes of forming our opinon, we assess whether these statements reconcile with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria set forth in Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, these statements of added value have been

appropriately prepared, in all material respects, in accordance with the criteria set forth in this Technical Pronouncement and are consistent with the financial statements taken as a whole.

Responsibilities of Management and those charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, 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 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 or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in according to the Brazilian and international auditing standards 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 performed according to Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.

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

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

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

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.

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

São Paulo, February 28, 2020

KPMG Auditores Independentes
CRC 2SP014428/O-6

Fernando Antonio Rodrigues Alfredo
Accountant CRC 1SP252419/O-0

Boa Vista Serviços S.A.

Statements of financial position at December 31, 2019, 2018 and 2017
(In thousands of Reais - R$)

Assets	Note	31.12.2019	31.12.2018	31.12.2017
Current assets				
Cash and cash equivalents	7	56,847	118,085	52,085
Accounts receivable	8	100,131	95,789	87,966
Inputs for rendering of services		-	-	468
Related parties	15	-	-	543
Prepaid expenses		14,465	6,446	12,629
Recoverable taxes		1,431	2,403	736
Other assets		1,334	1,989	2,007
Total current assets		174,208	224,712	156,434
Non-current assets				
Accounts receivable	8	6,912	-	-
Recoverable taxes		-	740	732
Judicial deposits	17.i)	8,637	5,554	3,025
Income tax and social contribution	19.c)	18,945	26,968	31,309
Property, plant and equipment	9	27,706	12,002	12,084
Intangible assets	10	542,007	497,224	486,360
Other assets		-	-	250
Total non-current assets		604,207	542,488	533,760
Total assets		778,415	767,200	690,194

Liabilities and shareholders' equity	Note	31.12.2019	31.12.2018	31.12.2017
Current liabilities				
Suppliers	11	40,714	39,394	54,194
Loans and financing	12.a)	69,160	42,271	40,222
Leases liabilities	12.b)	6,562	-	-
Debentures	13	65,479	-	52,780
Labor obligations, vacation and social security charges	14	29,747	25,274	24,006
Related parties	15	-	1,720	2,412
Advances from clients	16	4,811	15,742	3,929
Provision	17	12,172	6,357	4,217
Dividends payable	18.d)	20,537	11,184	311
Other accounts payable		2,362	3,198	3,507
Total current liabilities		251,544	145,140	185,578
Non-current liabilities				
Loans and financing	12.a)	10,410	33,265	50,563
Leases liabilities	12.b)	14,188	-	-
Debentures	13	124,880	186,786	93,244
Provision	17	26,449	20,209	15,616
Total non-current liabilities		175,927	240,260	159,423
Shareholders' equity				
Capital	18.a)	202,129	202,129	202,129
Capital reserves	18.b)	140,344	140,126	139,737
Profit reserve	18.c)	8,471	39,545	3,327
Total shareholders' equity		350,944	381,800	345,193
Total liabilities and shareholders’ equity		778,415	767,200	690,194

See the accompanying notes to the financial statements.

Boa Vista Serviços S.A.

Statements of profit or loss
For the years ended December 31, 2019, 2018 and 2017

(In thousands of Reais, except basic and diluted earnings per share)

	Note	12/31/2019	12/31/2018	12/31/2017
Net revenue from services	22	661,863	600,515	572,019
Cost of services rendered	23	(358,754)	(352,196)	(367,770)
Gross income		303,109	248,319	204,249
Operating expenses				
From sales	23	(59,033)	(59,868)	(67,507)
General and administrative expenses	23	(107,020)	(94,806)	(80,648)
Impairment losses on accounts receivable	8	(567)	172	(83)
Operating income/(loss) before financial income (loss)		136,489	93,817	56,011
Financial income (loss)				
Financial income	24	6,049	4,320	1,700
Financial expenses	24	(29,117)	(30,365)	(34,286)
Income (loss) before income tax and social contribution		113,421	67,772	23,425
Income tax and social contribution				
current and deferred	19	(38,989)	(20,998)	(8,064)
Income/(loss) of continuing operations		74,432	46,774	15,361
Discontinued operations				
Net income (loss) of discontinued operations (net of taxes)	21	-	318	1,827
Net income/(loss) for the year		74,432	47,092	17,188
Earnings per share				
Basic earnings per share - R$	25	0.20	0.13	0.05
Diluted earnings per share - R$	25	0.18	0.11	0.04
Earnings per share - Continuing operations				
Basic earnings per share - R$	25	0.20	0.13	0.04
Diluted earnings per share - R$	25	0.18	0.11	0.04

See the accompanying notes to the financial statements

Boa Vista Serviços S.A.

Statements of comprehensive income

For the years ended December 31, 2019, 2018 and 2017

(In thousands of Reais - R$)

	31.12.2019	31.12.2018	31.12.2017
Net income for the year	74,432	47,092	17,188
Other comprehensive income	-	-	-
Comprehensive income for the year	74,432	47,092	17,188

See the accompanying notes to the financial statements.

Boa Vista Serviços S.A.

Statements of changes in equity

For the years ended December 31, 2019, 2018 and 2017

(In thousands of Reais - R$)

			Capital reserves			Profit reserves			
	Note	**Capital**	**Subscription bonds**	**Premium on the subscription of shares**	**Option plan based on shares**	**Legal reserve**	**Profit retention**	**Retained earnings**	Total
Balances at December 31, 2016		**202,129**	**1**	**136,330**	**3,300**	**2,329**	**-**	**(15,879)**	**328,210**
Option plan based on shares	28	-	-	-	106	-	-	-	106
Net income for the year		-	-	-	-	-	-	17,188	17,188
Distribution of income:									
Legal reserve	18.c)	-	-	-	-	65	-	(65)	-
Proposal of dividends (minimum mandatory)	18.d)	-	-	-	-	-	-	(311)	(311)
Proposal of profit retentio	18.c)	-	-	-	-	-	933	(933)	-
Balances at December 31, 2017		**202,129**	**1**	**136,330**	**3,406**	**2,394**	**933**	**-**	**345,193**
Option plan based on shares	28	-	-	-	390	-	-	-	390
Cancellation of subscription bonu		-	(1)	-	-	-	-	-	(1)
Net income for the year		-	-	-	-	-	-	47,092	47,092
Distribution of income:									
Legal reserve	18.c)	-	-	-	-	2,355	-	- 2,355	-
Proposal of dividends (minimum mandatory)	18.d)	-	-	-	-	-	-	- 10,874	(10,874)
Proposal of profit retentio	18.c)	-	-	-	-	-	33,863	- 33,863	-
Balances at December 31, 2018		**202,129**	**-**	**136,330**	**3,796**	**4,749**	**34,796**	**-**	**381,800**
First-time adoption of CPC 06(R2)/IFRS 16	5	-	-	-	-	-	(1,053)	-	(1,053)
Option plan based on shares	28	-	-	-	218	-	-	-	218
Net income for the year		-	-	-	-	-	-	74,432	74,432
Legal reserve	18.c)	-	-	-	-	3,722	-	(3,722)	-
Payment of dividends from prior years	18.d)	-	-	-	-	-	(34,796)	-	(34,796)
Payment of interim dividends of the year		-	-	-	-	-	-	(49,120)	(49,120)
Proposed complementary dividends for the year	18.d)	-	-	-	-	-	-	(20,537)	(20,537)
Proposal of profit retention	18.c)	-	-	-	-	-	1,053	(1,053)	-
Balances at December 31, 2019		**202,129**	**-**	**136,330**	**4,014**	**8,471**	**-**	**-**	**350,944**

See the accompanying notes to the financial statements.

Boa Vista Serviços S.A.

Statements of cash flows

For the years ended December 31, 2019, 2018 and 2017
(In thousands of Reais - R$)

	Note	31.12.2019	31.12.2018	31.12.2017
Cash flow from operating activities				
Net income / (loss)		74,432	47,092	17,188
Adjustments to reconcile net income / loss with the net cash used in operating activities:				
Depreciation and amortization	23	148,704	139,628	128,938
Financial expenses on loans, financing and debentures	12 e 13	19,803	23,852	26,774
Transaction costs on loans and debentures	12 e 13	6,597	3,669	1,480
Impairment of accounts receivable	8	(567)	(172)	83
Provisions for civil, labor and tax losses	17	12,440	10,931	6,805
Accrued interest and penalties related to provisiono for contingencies	17	831	-	-
Write-off of fixed and intangible assets	9	-	-	14,851
Judicial deposits update Monetary correction of legal deposits		(280)	-	-
Stock option plan	28	218	390	106
Income tax and social contribution - Current and deferred		39,533	21,162	9,004
Other		-	947	3,083
Changes in operating assets:				
Accounts receivable		(10,687)	(8,150)	4,550
Inventories		-	20	(466)
Related parties		-	543	429
Judicial deposits		(2,803)	(2,383)	(1,225)
Prepaid expenses		(8,019)	6,183	(2,564)
Deferred income and social contribution tax expense		(543)	-	-
Recoverable taxes		1,712	(1,675)	1,648
Other assets		689	1,052	(1,863)
Change in operating liabilities:				
Suppliers		(3,750)	(17,118)	(16,084)
Labor obligations, vacation and social security charges		4,473	1,268	6,148
Taxes payables		(18,632)	(12,702)	(8,390)
Related parties		(1,723)	(692)	222
Advances from clients		(10,934)	11,813	(9,028)
Other accounts payable		(834)	(307)	127
Provisions for civil, labor and tax losses	17	(7,030)	(6,338)	(4,455)
Cash generated by operating activities		**243,630**	**219,013**	**177,361**
Interest and costs paid on loans, financing, debentures and loans	12 e 13	(20,344)	(32,562)	(29,782)
Income tax and social contribution		(4,579)	(2,259)	(1,913)
Net cash generated by operating activities		**218,707**	**184,192**	**145,666**
Cash flow from investing activities				
Acquisition of property, plant and equipment	9	(9,209)	(3,153)	(5,673)
Acquisitions of intangible	10	(184,423)	(145,593)	(153,654)
Net cash used in investing activities		**(193,632)**	**(148,746)**	**(159,327)**
Cash flow from financing activities				
Funding of loans, financing and debentures	12 e 13	71,570	231,020	82,478
Payment of and financing and debentures	12 e 13	(62,779)	(200,466)	(26,725)
Interim dividends paid in the year	18.b)	(60,308)	-	-
Dividends paid - prior years	18.b)	(34,796)	-	-
Net cash (used in) generated in financing activities		**(86,313)**	**30,554**	**55,753**
Increase (decrease) in cash and cash equivalents		**(61,238)**	**66,000**	**42,092**
Cash and cash equivalents at the beginning of the year	7	118,085	52,085	9,993
Cash and cash equivalents at the end of the year	7	56,847	118,085	52,085
Increase (decrease) in cash and cash equivalents		**(61,238)**	**66,000**	**42,092**

See the accompanying notes to the financial statements.

Boa Vista Serviços S.A.

Statements of added value

For the years ended December 31, 2019, 2018 and 2017

(Em milhares de reais - R$)

	Note	31.12.2019	31.12.2018	31.12.2017
Income				
Revenue from services, sales of goods, products and services	22	745,738	677,225	643,913
Allowance for doubtful accounts - Reversal (formation)	8	(567)	172	(83)
		745,171	677,397	643,830
Inputs acquired from third parties				
Cost of products, goods and services		(132,277)	(158,389)	(208,851)
Third party services		(61,719)	(42,992)	(20,926)
Materials, energy and others		(668)	(645)	(740)
Auditing, consulting and advisory		(26,733)	(20,380)	(14,101)
Traveling		(2,714)	(2,482)	(2,547)
Insurance		(138)	(165)	(184)
Other costs and administrative expenses		(1,875)	(353)	(5,922)
		(226,124)	(225,406)	(253,271)
Gross added value		519,047	451,991	390,559
Depreciation and amortization	23	(148,701)	(139,628)	(128,938)
Net added value produced by the Entity		370,346	312,363	261,621
Added value received as transfer				
Financial income	24	6,049	4,320	1,700
Other		149	(3,143)	1,514
Total added value payable		376,544	313,540	264,835
Distribution of added value				
Personnel	23	136,714	122,664	117,139
Direct remuneration		96,196	83,638	78,678
Benefits		15,634	14,343	13,716
FGTS		24,884	24,683	24,745
Taxes, duties and contributions		122,864	97,722	81,014
Federal		14,865	13,574	12,692
Municipal		107,999	84,148	68,322
Third-party capital remuneration		42,534	46,062	49,494
Interest		29,117	33,175	35,432
Rentals		8,326	9,280	10,321
Other		5,091	3,607	3,741
Remuneration of own capital		74,432	47,092	17,188
Income / (loss) for the years		74,432	47,092	17,188
Distributed added value		376,544	313,540	264,835

See the accompanying notes to the financial statements.

Notes to the financial statements

(In thousands of Reais - R$)

1 Operations

Boa Vista Serviços S.A. ("Company") is a privately held company, headquartered at Avenue Tamboré, 267 - 11º to 15º floor, Barueri. It was founded on March 4, 2010 and began operations on November 1, 2010 as a continuation of a credit protection service present for more than 60 years in the Brazilian market. Based on data collected over the years, the Company has developed infrastructure and methodologies that consolidate and transform the data into information on individuals and legal entities, generating value-added knowledge, aiming at enabling our clients to make better decisions. The Company provides a complete range of analytical solutions, including the preparation of reports, credit scoring, credit recovery services, client prospection, among other.

The Company also offers data analysis services, which has grown rapidly due to the need for companies to have access to an increasing amount of data in a more organized and customized way. The Company adds value by offering services that combine analytical intelligence with applied technology, transforming raw data into structured solutions to help its clients meet their market challenges.

The Company operates in the Brazilian market, aiming to reduce information asymmetry, making customer prospecting, credit analysis and recovery more secure and accessible. The regulatory environment in which it operates is still subject to major changes, including changes in the legal regime of the Cadastro Positivo, a database holding information on the payment history of a broad base of consumers and companies.

The Company has a national geographical presence, and is present in all Brazilian states. Its revenues are concentrated in the Southeast and South, the richest regions of the country and where most of the national GDP is concentrated.

2 Preparation basis

a. Statement of conformity regarding the IFRS and Accountant Statements Committee - CPC rules

The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with the accounting practices adopted in Brazil (BR GAAP).

The Company’s financial statements were approved to be disclosed by the Executive Board and sent to the Board of Directors on February 28, 2020.

This is the first set of the Company’s annual financial statements in which CPC 47/IFRS 15 - Revenue from Contract with Customer and CPC 48/IFRS 9 - Financial Instruments have been applied. Changes in significant accounting policies are described in Note 5.11.

All information that is material and relevant to the financial statements, and only this information, is being disclosed, and corresponds to that used by Management in the management of the business.

3 Functional and presentation currency

These financial statements are being presented in Brazilian reais, the functional currency of the Company. All balances have been rounded to the nearest value, unless otherwise indicated.

4 Use of estimates and judgments

In the preparation of these financial statements, Management used judgments and estimates that affect the application of accounting principles of the Company, and the reported values of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on a continuous basis. Reviews of estimates are recognized on a prospective basis.

a. Judgments

The judgments which significantly impact the amounts recognized in the financial statements relate to:

- Revenue recognition: if revenue from decision services and recovery services are recognized over time or at a specific time **-** note 6.6.

- Determining the useful life of property, plant and equipment and intangible assets: the determination of useful lives requires estimates of expected future benefits. Assumptions related to expected future benefits require a significant degree of judgment - note 6.1 and 6.2.

b. Uncertainties resulting from assumptions and estimates

The main estimates related to the financial statements refer to:

- Credit risk assessment to determine the impairment of accounts receivable: *score* - the internal rating calculated by the Company that assigns a probability of recovery to the customer and its accounts receivable - note 7.

- Realization of income tax and social contribution - deferred**:** availability of future taxable income against which tax losses may be used - note 19.

- Impairment test of fixed assets, intangible assets and goodwill**:** assumptions involved in determining the recoverable values, including recoverability of development costs - note 6.9.

- Provision for tax, civil and labor risks: assumptions regarding the likelihood and magnitude of the outflows of funds - note 17.

(i) Measurement of fair value

Certain of the Company's accounting policies and disclosures require the measurement of fair value, for financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses observable data as much as possible. Fair values are classified at different levels according to hierarchy based on information (inputs) used in valuation techniques, as follows:

- **Level 1:** Prices quoted (not adjusted) in active markets for identical assets and liabilities.
- **Level 2:** Inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).
- **Level 3:** Inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).
- Additional information on the assumptions adopted in the measurement of fair values is included in the following notes: financial instruments (note 26) and share-based payment transactions (note 28).

5 Adoption of new accounting standards

New standards, changes and interpretation as of January 1, 2018

The Company initially adopted CPC48/IFRS 9 - Financial Instruments and CPC47/IFRS - 15 Revenues from Contracts with Customers as of January 1, 2018.

Due to the transition methods selected by the Company for the application of these standards, comparative information in these financial statements has not been restated to reflect the requirements of the new standards, except for the separate presentation of impairment of accounts receivable.

a. CPC48/IFRS 9 - Financial Instruments:

CPC 48/IFRS 9 establishes requirements to recognize and measure financial assets, financial liabilities and some contracts for the purchase or sale of non-financial items. This standard replaces CPC 38/IAS 39 - Financial Instruments: Recognition and measurement.

As a result of the adoption of CPC 48/IFRS 9, the Company adopted the changes resulting from CPC 26/IAS 1 Presentation of Financial Statements, which require that the impairment of financial assets be presented separately in the statement of profit or loss. Previously, the Company's approach was to include the impairment of accounts receivable in administrative expenses.

Thus, the Company reclassified the impairment losses, recognized by CPC 38/IAS 39, from “administrative expenses” to "impairment losses on accounts receivable" in the statement of profit or loss for the year ended December 31, 2017.

Moreover, the Company adopted the amendments to CPC 40/IFRS 7 - Financial Instruments: Evidence, which are applied to the disclosures in the year 2018.

Change in classification of the Company's financial assets and liabilities based on CPC48/IFRS 9 requirements are as follows:

Financial assets/liabilities	**Prior classification**	**CPC48/IFRS 9 Classification**
Cash and cash equivalents (1)	Fair value through profit or loss	Fair value through profit or loss
Accounts receivable (2)	Loans and receivables	Amortized cost
Related parties (accounts receivable) (2)	Loans and receivables	Amortized cost
Derivative financial instruments - SWAP (1)	Fair value through profit or loss	Fair value through profit or loss

(1) In accordance with CPC 38/IAS 39, these assets were designated as measured at FVTPL because they were administered based on their fair value and the performance was monitored on that basis. These assets were compulsorily classified as measured at FVTPL, according to CPC 48/IFRS 9.

(2) Trade accounts receivable and related parties accounts receivable were classified as loans and receivables according to CPC 38 / IAS 39 and are now classified at amortized cost. In the transition to CPC 48/IFRS 9, there was no significant impact from the change in impairment requirements for these receivables.

There was no classification change for the Company's financial liabilities.

Impairment of financial assets
CPC 48/IFRS 9 introduced the expected credit loss model as the new model for impairment of financial assets. This new model requires that expected credit losses be recognized beginning as of the initial recognition of the financial asset.

As set out in Note 6.9, the Company uses the simplified approach (a provisioning matrix) to calculate expected losses for its commercial receivables.

Application of the new impairment requirements had no significant effects on the measurement of impairment losses on financial assets, which primarily consist of trade accounts receivable.

The Company opted not to restate the comparative periods to be presented in the year of first-time adoption.

b. CPC 47/IFRS 15 - Revenue from Contracts with Customers
CPC 47/IFRS 15 establishes a comprehensive framework for determining whether and when revenue is recognized, and how it is measured. It replaces CPC 30/IAS 18 - Revenues, CPC 17/IAS 11 - Construction Contracts and related interpretations. According to CPC 47/IFRS 15, revenue is recognized when the client obtains control of the goods or services.

The Company adopted CPC 47 / IFRS 15 using the cumulative effect method (with no practical expedient), with initial application of the standard recognized on initial date (January 1, 2018). The adoption of CPC 47 / IFRS 15 - Revenue from Contract with Customer did not generate significant impacts in the Company's statement of financial position or statement of profit or loss.

As set out in Note 6.6, the Company has not identified significant effects of adoption of this standard for the financial statements, since the recognition of revenue occurred at a point in time prior to, and following, the adoption of CPC 47/IFRS 15 Revenue from contract with clients.

New standards, changes and interpretations as of January 1, 2019
The Company initially adopted CPC 06(R2)/IFRS 16 as of January 1, 2019.

CPC 06(R2)/IFRS 16 introduced a single model of accounting for leases in the statement of financial position for lessees. As a result, the Company, as a lessee, recognized right-of-use assets that represents its right to use the underlying assets and lease liabilities that represents its obligation to make lease payments.

The Company adopted CPC 06(R2)/IFRS 16 using the modified retrospective approach basis, in which the cumulative effect of first-time adoption is recognized as an adjustment to the opening balance of retained earnings on January 1, 2019. Thus, the comparative information presented for the years ended December 31, 2018 and 2017, has not been restated – that is, it is presented as previously reported under CPC 06(R1)/IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

a. Definition of lease

Previously, the Company determined, at the inception of the agreement, whether the agreement was or contained a lease under ICPC 03/IFRIC 4 – Complementary Aspects of Lease Operations. From January 1, 2019, the Company assesses whether an agreement is or contains a lease based on the new lease definition. According to CPC 06(R2)/IFRS 16, a contract is or contains a lease if it transfers the right to control the use of an identified asset for a period of time in exchange for consideration.

In the transition to CPC 06(R2)/IFRS 16, the Company opted to use the practical expedient to the assessment of whether a contract meets the definition of a lease. The Company applied CPC 06(R2)/IFRS 16 only for contracts that were previously identified as leases. Contracts that were not identified as leases in accordance with CPC 06(R1)/IAS 17 and ICPC 03/IFRIC 4 were not revalued. Accordingly, the new lease definition in accordance with CPC 06 (R2)/IFRS 16 was applied only to contracts entered into or amended on or after January 1, 2019.

At the inception or revaluation of a lease agreement, the Company allocates the lease consideration to each lease and non-lease component based on its individual prices. However, for leases of real estate in which it is a lessee, the Company has chosen not to separate non-lease components and will account for the agreement as a single lease.

b. As a lessee

The leased property is used as headquarters by the Company.

As a lessee, the Company previously classified operating or financial leases based on its assessment as to whether the lease substantially transferred all the risks and rewards of the property. In accordance with CPC 06(R2)/IFRS 16, the Company recognizes the right-of-use assets and the lease liabilities for most leases – that is, these leases are recorded in the statement of financial position.

The Company presents lease liabilities under “Lease liabilities” in the statement of financial position and the right-of-use assets for the real estate in “Property, plant and equipment”.

(i) Significant accounting policies

The right-of-use asset is initially measured at cost and subsequently at cost net of any accumulated depreciation and impairment, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that were not paid at the inception date, and discounted using the interest rate implied in the lease or, if that rate cannot be readily determined, the incremental borrowing rate of the Company. Generally, the Company uses its incremental borrowing rate as the discount rate.

(ii) Transition

Previously, the Company classified the lease of property as an operating lease, in accordance with CPC 06(R1)/IAS 17. This lease is related to the headquarters property where the Company operates. This lease was contracted on August 1, 2016 for a period of 10 years, adjusted by the inflation index IGP-M (General Index of Market Prices).

In the transition the lease liability was measured at the present value of the remaining payments, discounted by the Company's incremental borrowing rate as of January 1, 2019. The right-of-use asset is measured:

(a) At its book value as if CPC 06(R2)/IFRS 16 had been adopted since the inception date, discounted by the incremental loan rate or lessee at the date of first-time adoption.

The Company used the following practical expedients when adopting CPC 06(R2)/IFRS 16 to the lease previously classified as operating lease in accordance with CPC 06(R1)/IAS 17.

(b) The Company used the exemption for not recognizing right-of-use assets and lease liabilities for leases with terms lower than 12 months.

(c) The Company excluded the initial direct costs of measuring the right-of-use asset at the date of first-time adoption.

(d) The Company used hindsight when determining the lease term if the contract contained options to extend or terminate the lease.

c. Impact on the financial information

(i) Impact on transition

In the transition to CPC 06(R2)/IFRS 16, the Company recognized additional right-of-use assets and additional lease liabilities, recognizing the difference in retained earnings. The impact on transition is summarized below:

	January 1, 2019
Right-of-use assets presented in property, plant and equipment	11,913
Lease liabilities	13,511
Adjustment to equity (*)	**(1,598)**

(*) In the Statements of Changes in Shareholders' Equity, the amount of R$ 1,053 net of income tax and social contribution at the rate of 34% as a result of the initial application of CPC 06 (R2) IFRS 16 was presented.

When measuring the lease liabilities for those leases previously classified as leases under CPC 06(R1)/IAS 17, the Company discounted the lease payments using its incremental borrowing rate on January 1, 2019. The weighted average real interest rate used is 3.70%.

	January 1, 2019
Operating lease agreement as of December 31, 2018, as disclosed in the Company's financial statements (minimum amount corresponding to the probable contractual period)	22,406
Discount effect using the incremental borrowing rate on January 1, 2019	(6,921)
Financial expenses from commencement of contract to January 1, 2019	2,061
Installments paid from commencement of contract to January 1, 2019	(4,078)
IGP-M (General Index of Market Prices) Contract Update	43
Lease liability recognized on January 1, 2019	**13,511**

(iii) Impacts for the period

As a result of the first-time adoption of CPC 06(R2)/IFRS 16 in relation to transactions that were previously classified as operating leases, the Company recognized an increase of R$ 77 in the right-of-use assets and lease liabilities related to the IGP-M inflation adjustments for the year ended December 31, 2019.

Also in relation to these leases, the Company recognized depreciation and interest expenses, instead of operating lease expenses.

During the year ended December 31, 2019, the Company recognized the amount of R$ 1,676 for depreciation and R$ 1,355 for interest of these leases, respectively.

ICPC 22 / IFRIC 23 - Uncertainty About Tax Treatment on Profit

ICPC 22 / IFRIC 23 - Uncertainty about the treatment of taxes on income was first adopted as of January 1, 2019, which clarifies how to apply the recognition and measurement requirements of CPC 32 - Income Taxes (IAS). 32 - income taxes) ("CPC 32 / IAS 12") when there is uncertainty about the tax treatment on profits.

In such circumstances, the Company shall recognize and measure its current or deferred tax assets or liabilities, applying the requirements of CPC 32 / IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, taxes and losses. unused tax credits and tax rates determined based on this interpretation.

Management has evaluated the procedures adopted for the calculation of Corporate Income Tax and Social Contribution on the Company's Net Income, Current and Deferred and has concluded that it is likely to be accepted by the tax authorities and, therefore, without impact on the application of this Interpretation. financial statements.

6 Significant accounting practices

6.1 Property, plant and equipment

Property, plant and equipment is stated at historical acquisition cost, net of accumulated depreciation and impairment losses. Depreciation begins when the assets are ready for their intended use.

Depreciation is calculated to reduce the cost of items of property, plant and equipment, net of their estimated residual values, using the straight-line method based on the estimated useful lives of such items. Depreciation is recognized in profit or loss. Leased assets are depreciated over the shorter of the estimated useful life of the asset and the contractual term, unless it is certain that the Company will become the owner of the asset at the end of the lease term.

The estimated useful lives of the property, plant and equipment are as follows:

	Useful life
Improvements on third-party property	10 years
Machinery and equipment	10 years
Installations	10 years
Furniture and fixtures	10 years
IT equipment	5 years
Financial lease (IBM mainframe)	5 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

6.2 Intangible assets

Recognition and measurement

a. Goodwill
Goodwill is measured at cost, less accumulated impairment losses.

b. Database
Intangible assets include expenditures on databases, mainly from registry offices, to create products offered by the Company to its clients. These assets are amortizable under the straight-line method, whose useful life is based on legal period for the disclosure of such information, of five years.

c. Other intangible assets
Other intangible assets acquired by the Company with finite useful lives are carried at cost, net of accumulated amortization and any accumulated impairment losses.

(iv) Amortization

Amortization is calculated using the straight-line method based on estimated useful lives of items. Amortization is recognized in profit or loss. Goodwill is not amortized.

Estimated useful lives are as follows:

Database	5 years
Software	5 years
Client portfolio acquired in business combination	10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

6.3 Employee benefits

(i) Short-term employee benefits

Obligations for short-term employee benefits are recognized as personnel expenses as the related service is rendered. The liability is recognized at the amount expected to be paid, if the Company has a legal or constructive obligation to pay this amount as a result of prior service rendered by the employee, and the obligation can be reliably estimated.

The Company offers to its employees a defined-contribution pension plan, called Boa Vista Prev., managed by Bradesco Vida e Previdência, whose monthly contributions are made in part by the employees and part by the Company. The plan was implemented on November 1, 2011 and modified in 2015, when the Company was benefitted with a grace period for its part of the contribution until November 30, 2019, part of the company carry out the payment in the amount R$ 52 as of December 2019.

(ii) Share-based payment plans

The fair value of share-based payments is recognized at the grant date, as personnel expenses, with a corresponding increase in shareholders' equity, over the period when employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the actual number of awards for which the related service and performance conditions will be met, so that the amount ultimately recognized as an expense is based on the number of awards meeting these performance conditions at vesting date.

6.4 Provision for tax, civil and labor risks

Provisions for tax, civil and labor risks are recognized for present (legal or presumed) obligations resulting from past events, for which it is possible to reliably estimate amounts and whose settlement is probable.

The amount recognized as a provision is the best estimate of the consideration required to settle the obligation in the end of each year presented, considering risks and uncertainties related to the obligation.

6.5 Income tax and social contribution

The income tax and social contribution expense represents the sum of the current and deferred taxes.

The income tax and social contribution amounts, both current and deferred, are calculated based on the rates of 15% plus a surcharge of 10% on taxable income in excess of R$ 240 (R$ 20 per month) for income tax and 9% on taxable income for social contribution on net income, and consider the offsetting of tax loss carry-forwards and the negative basis of social contribution, limited to 30% of the taxable income for the year.

Income tax and social contribution expense comprises both current and deferred income tax and social contribution. Current and deferred income tax is recognized in profit or loss.

Current income tax and social contribution

Current tax expense is the tax payable or receivable on the taxable income or loss for the year and any adjustments to taxes payable in relation to prior years. The amount of current taxes payable or receivable is recognized in the statement of financial position as an asset or tax liability under the best estimate of the expected amount of taxes to be paid or received reflecting the uncertainties related to its calculation, if any. It is measured based on tax rates enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred income tax and social contribution

Deferred tax assets and liabilities are recognized in relation to the temporary differences between the book values of assets and liabilities for financial statement purpose and the related amounts used for taxation purposes. The changes in deferred tax assets and liabilities for the year are recognized as deferred income tax and social contribution expense. Deferred tax is not recognized for temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination, and not affecting the taxable, income or loss and taxable temporary differences arising from the initial recognition of goodwill.

A deferred tax asset is recognized for unused tax losses, tax credits and unused deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the assets can be utilized. Future taxable income is determined based on the reversal of relevant taxable temporary differences. If the amount of the taxable temporary differences is insufficient to fully recognize a deferred tax asset, the future taxable income, adjusted for reversals of the existing temporary differences, is considered, based on the Company’s business plans.

Deferred tax assets are reviewed at each reporting date and reduced when their realization is no longer probable.

Deferred tax assets and liabilities are measured at tax rates expected to be applied to temporary differences when they are reversed, based on rates decreed up to reporting date.

The measurement of deferred tax assets and liabilities reflects the tax consequences of how the Company expects to recover or settle its assets or liabilities.

Deferred tax assets and liabilities are offset only if (a) the Company has a legal right to offset current tax assets against current tax liabilities; and (b) the deferred tax assets and tax liabilities are related to income taxes levied by the same tax authority.

6.6 Revenue recognition

Revenue is measured based on the consideration specified in the contract with the client. The Company recognizes the revenue when the control over the service is transferred to the client.

Information about the nature and satisfaction of the performance obligations under agreements with clients is as follows.

6.6.1 Revenue from decision services

Decision services primarily consist of making available data, mainly related to credit risk, and scores to customers in order to support their decision-making in relation to their consumers.

a. Nature and timing of fulfillment of performance obligations, including significant payment terms

Clients can access the data/scores provided by the Company from the moment the contract is signed.

There are four principal contract types:

(1) Monthly subscription: In which customer contract a “basket of products” from the portfolio of standard items offered by the Company on a monthly basis. For each product in the basket, the customers has a limited number of consultations / accesses. If the use is higher than the contracted volume, the exceeding value is charged at a fixed value for each consultation / access. If the use is lower than the contracted amount, only the cost of the monthly subscription in charged - no amount is returned to the customer. This type of contract is mainly used by smaller customers.

(2) Annual subscription: In which customer contracts a “basket of products” from the portfolio of customized items offered by Company with a predefined annual volume. The customers generally pay a fixed monthly amount and can access / consult its chosen products up to its annual limit for no additional charge. If the use is higher than the contracted volume, the exceeding value is charged at a fixed value for each consultation / access. If the use is lower than the contracted amount, only the cost of the monthly subscription is charged - no amount is returned to customer. This type of contract is mainly used by larger customers.

(3) Unlimited package: In which the customer contracts a “basket of products” from the portfolio of customized items offered by the Company with no limit on the number of accesses / consultations during the contract duration. The customers pay a fixed monthly amount and use these products within the contracted period. This type of contract is mainly used by large strategic customers.

(4) Reducing rate table: These contracts have no minimum or maximum access / consultation volumes and allows access to a “basket of products” or a certain product of the portfolio. The monthly invoice amount id determined by volume multiplied by price, where the higher the use, the lower the unit price (i.e. per access / consultation rates are stepped down at given volumes). This package is mainly by smaller customers.

Invoices for excess use are issued at intervals of 30 days and are settled through account debit or slips.

In some cases the client prepays its annual subscription. When the customer makes a prepayment, a contract liability is recognized in the amount of such prepayment with an obligation for provision of data/scores to the customer. The realization of the contract liability and recognition of revenue occurs as the client receives and consumes (has access to) contracted products. See item b.

b. Recognition of revenue as CPC 47 / IFRS 15 (applicable as of January 1, 2018)
Revenue recognition occurs when the customer has access to data/scores - i.e. as it benefits from the contracted services over time, based on the Company's monthly calculation of the data/scores used by the customer.

(1) Monthly subscription: Revenue is recognized on a monthly basis based on the amounts computed for monthly billing (minimum amount or minimum plus excess amount).

(2) Annual subscription: Revenue is recognized on a monthly basis based on the amounts/products effectively used by the customer.

(3) Unlimited package: Revenue is recognized on a monthly basis based on the agreed upon monthly billing.

(4) Reducing rate table: Revenue is recognized on a monthly basis based on the amounts computed for monthly billing (price multiplied by volume).

For prepaid contract amounts, the unused balance of data/scores is recognized as revenue when there is no more right of consumption by the client.

6.6.2 Recovery Service
Recovery services substantially consist of the notification solutions to support the Company's clients in recovering debts - the Company formally notifies the debtor of unpaid debts that will become public if the debtor remains in default.

a. Nature and timing of fulfillment of performance obligations, including significant payment terms
The services for recovery consist of notifying the debtor and in case of continued non-payment, making the information about the debt public. Services for recovery are provided upon acceptance of the agreement by the Company's client. The customer contracts a certain volume of notifications for a certain period of time. Each notification sent corresponds to a separate service provided and is computed in accordance with the volume of notifications sent at the price contracted by the customer. The calculation of the volume of notifications is made on a monthly basis and issue of the invoice occurs at intervals of 30 days and are settled through account debit or payment slip.

b. Recognition of revenue as CPC 47 / IFRS 15 (applicable as of January 1, 2018)
Revenue is recognized to the extent that the debtor is notified (i.e. when the customer receives and enjoys the benefits of the contracted services) over the term of the contract, based on the Company's monthly calculation of the volume of notifications sent.

Recognition of revenue as CPC 30/IAS 18 (applicable before January 1, 2018)
Credit solutions are sold on an individual basis with separate contracts, identified with clients, or grouped as a service package. In case of service packages, there are different products contracted. Each product is priced and recognized independently in relation to consideration of total package, and is recognized when (or as soon as) the obligation is met, that is, when the contracted product is consumed.

6.7 Financial instruments

(i) Recognition and initial measurement
Trade accounts receivable and debt securities issued are initially recognized on the date that they were originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to the instrument's contractual provisions.

A financial asset (unless it is trade accounts receivable without a material financing component) or a financial liability is initially measured at fair value, plus, for an item not measured at FVTPL (fair value through profit or loss), transaction costs which are directly attributable to its acquisition or issue. A trade accounts receivable without a significant financing component is initially measured at the price of the transaction.

(ii) Classification and subsequent measurement

Financial instruments - Policy applicable from January 1, 2018
At initial recognition, a financial asset is classified as measured: at amortized cost or at FVTPL.

Financial assets are not reclassified after initial recognition, unless the Company changes the business model for the management of financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period subsequent to the change in the business model.

A financial asset is measured at amortized cost if it meets both conditions below and is not designated as measured at FVTPL:

- it is held within a business model whose purpose is to maintain financial assets to receive contractual cash flows; and

- its contractual terms generate, on specific dates, cash flows only related to the payment of principal and interest on outstanding principal value.

All financial assets not classified as measured at amortized cost as described above, are classified as FVTPL. This includes cash and cash equivalents and derivatives (see Note 26). At initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost at FVTPL if it eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - evaluation of business model: policy applicable from January 1, 2018
The Company makes an assessment of the objective of the business model in which a financial asset is held at the portfolio level, since this best reflects the way the business is managed and information is provided to management. The information considered includes:

- whether management's strategy focuses on obtaining contractual interest revenue, maintaining a certain interest rate profile, matching the duration of financial assets to the duration of related liabilities or expected cash outflows, or the realization of cash flows through the sale of assets;

- how the performance of the portfolio is evaluated and reported to the Company's management; and

- risks that affect the performance of the business model and the manner in which those risks are managed.

Financial assets managed and whose performance is evaluated based on a fair value basis are measured at FVTPL.

Financial assets - Subsequent measurement and gains and losses: Policy applicable from January 1, 2018	
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net income, including interest, is recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is reduced for impairment losses. Interest revenue, foreign exchange gains and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets - Policy applicable before January 1, 2018.
The Company classified financial assets in the following categories:

- loans and receivables; or

- financial assets measured at fair value through profit or loss and within this category as financial assets designated at fair value through profit or loss.

Financial assets - Subsequent measurement and gains and losses: Policy applicable before January 1, 2018.	
Financial assets at FVTPL	Measured at fair value with changes in fair value, including interest or revenue from dividends, recognized in profit or loss.
Loans and receivables	Measured at amortized cost using the effective interest rate method.

Financial liabilities - classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured as amortized cost. Subsequent to recognition, financial liabilities are measured at amortized cost using the effective interest method. Interest expense, foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(iii) Derecognition

Financial assets
The Company derecognizes a financial asset when the contractual rights to the cash flows expire, or when the Company transfers the right to receive cash flows, in a transaction in which substantially all risks and benefits of owning the financial asset are transferred or in which the Company neither substantially transfers nor maintains all risks and benefits of owning the financial asset and it does not retains control over the financial asset.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or canceled or expired. The Company also derecognizes a financial liability when terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the book value and the consideration paid (including any non-cash assets transferred or assumed liabilities) is recognized in profit or loss.

(iv) Derivative financial instruments

Derivative financial instruments
The Company holds derivative financial instruments to hedge its exposure to foreign currency changes.

Derivatives are initially measured at fair value. After the initial recognition, derivatives are measured at fair value and changes are normally recorded in profit or loss.

6.8 Capital

Common shares
Additional costs directly attributable to the issue of shares and share options are recognized as a reduction of shareholders' equity.

6.9 Impairment

(i) Non-derivative financial assets

Policy applicable from January 1, 2018

Financial instruments and contract assets
The Company recognizes provisions for expected credit losses on financial assets measured at amortized cost under the simplified approach.

When estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without excessive cost or effort. This includes quantitative and qualitative information and analysis, based on the Company's historical experience, credit assessment, and also considers forward-looking information.

The Company uses a “provisions matrix” to calculate the expected credit loss for accounts receivable and contract assets. The provisions matrix is based on the historical loss percentages observed over the expected life of the receivables and is adjusted for specific clients, according to the *score* (percentage from an internally produced statistical calculation that considers future estimates and qualitative factors such as the financial capacity of debtor). These qualitative factors are monitored monthly by the Company's treasury. Historical loss percentages and scores are reviewed whenever any significant event occurs, with indications that there may be a significant change in these percentages.

The historical recovery percentages of the Company are used for clients less than 90-days of default or clients with more than 90 days of default, but with a high probability of recovery. The score is applied to delinquent clients over 90 days with a low probability of recovery.

Provision for losses for financial assets measured at amortized cost are deducted from the gross book value of the assets.

The gross book value of a financial asset is written off when the Company has no reasonable expectation of recovering the financial asset in full or in part. The Company does not expect any significant recovery of amounts written off. However, financial assets written off may still be subject to credit collection, in compliance with procedures of the Company for the recovery of the amounts due.

Policy applicable before January 1, 2018.

Non-derivative financial assets
Financial assets not classified as financial assets at fair value through profit or loss were evaluated at each reporting date to determine if there was objective evidence of impairment loss.

When assessing incurred losses the Company used historical trends of the recovery term and the amounts of losses incurred, adjusted to reflect Management's judgment if the current economic and credit conditions were such that the actual losses would probably be higher or lower than the historical trends.

The losses were recognized in profit or loss and reflected in a provision account in the statement of financial position. When the Company considered that there was no reasonable expectation of recovery, the amounts were written-off. If the impairment loss subsequently decreased and the decrease was objectively related to an event subsequent to the recognition of the impairment loss, the provision was reversed through profit or loss.

(ii) Non-financial assets

The book values of the Company's non-financial assets, except for deferred tax assets, are reviewed at each reporting date for any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. In case of goodwill, recoverable value is tested on an annual basis.

For impairment tests, assets are grouped into cash generating units (CGUs), that is, the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other CGUs. The Company established that it represents a single Cash Generating Unit.

An impairment loss is recognized if the book value of the CGU exceeds its recoverable value.

The recoverable value of the CGU is the higher of value in use and fair value less selling costs. Value in use is based on estimated future cash flows discounted to present value using a discount rate before taxes that reflects current market evaluations of the time value of money and the specific risks of CGU.

Impairment losses are recognized in profit or loss. Recognized losses on a CGU are initially allocated to reduce any goodwill allocated to that CGU and then to reduce the book value of other assets of that CGU on a pro rata basis.

An impairment loss related to goodwill is not reversed. For other assets, impairment losses are reversed but limited such that the new book value of the asset does not exceed the book value that would have been calculated, net of depreciation or amortization, if the impairment had not been recognized.

6.10 Discontinued operations

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which represents a separate major line of business or is part of a coordinated plan for the sale of a separate major line of business.

The classification as a discontinued operation is made upon its disposal or when the component meets the criteria for being held for sale, if this occurs before.

When an operation is classified as a discontinued operation, the comparative statements of profit or loss and the statement of comprehensive income are re-presented as if the operation had been discontinued since the beginning of the comparative period.

7 Cash and cash equivalents

	12/31/2019	12/31/2018	12/31/2017
Cash	1	12	4
Bank checking accounts	12,243	12,306	583
Other financial assets (*)	44,603	105,767	51,498
Total	56,847	118,085	52,085

(*) They represent investments in Bank Deposit Certificates—CDBs and in non-exclusive fixed income funds, including remuneration linked to the Interbank Deposit Certificate—CDI, with no risk of significant change in value and with immediate liquidity.

8 Accounts receivable

	12/31/2019	12/31/2018	12/31/2017
Customer receivables for services provided	104,188	95,515	89,010
Accounts receivable - Related parties (*)	6,154	3,006	1,860
Provision for expected credit losses	(3,299)	(2,732)	(2,904)
Total	107,043	95,789	87,966
Total current	100,131	95,789	87,966
Total non-current	6,912	-	-
Total	107,043	95,789	87,966

(*) Amounts outstanding from the provision of data consultation services to shareholders.

The breakdown of balances of accounts receivable by maturity date and analysis of provision for impairment on trade accounts receivable are presented in table below:

			12/31/2019			12/31/2018			12/31/2017		
Default	**Credit recovery score**	**Aging of receivables**	**Average rate of expected loss**	**Gross book balance**	**Provision for estimated loss**	**Average rate of expected loss**	**Gross book balance**	**Provision for estimated loss**	**Average rate of expected loss**	**Gross book balance**	**Provision for estimated loss**
Client - Past due up to 90 days	High/low score	Falling due	0.30%	89,095	270	0.53%	78,932	421	0.49%	69,481	343
		Overdue 1-30 days	5.44%	3,916	213	5.44%	6,181	336	5.43%	4,107	223
		Overdue 31-60 days	18.01%	422	76	18.04%	815	147	18.11%	1,320	239
		Overdue 61-90 days	29.54%	413	122	29.53%	728	215	29.64%	857	254
Client - Overdue for more than 90 days	High score		11.58%	15,672	1,815	8.58%	11,190	960	6.42%	14,133	908
	Low score		97.45%	824	803	96.74%	675	653	96.40%	972	937
Total				**110,342**	**3,299**		**98,521**	**2,732**		**90,870**	**2,904**

Changes in provision for credit losses on accounts receivable are as follows:

	2019	2018	2017
Opening balance on January, 1	2,732	2,904	2,821
Formation of provision (a)	3,638	3,037	3,061
Use of provision (b)	(2,398)	(2,784)	(2,776)
Reversal of provision (c)	(673)	(425)	(202)
Closing balance on December, 31	3,299	2,732	2,904

(a) Constitution of provision for expected loss (2019 and 2018) / incurred loss (2017);

(b) Write off of accounts receivable as a use of the provision;

(c) Reversal of provision considering payments received from customers;

9 Property, plant and equipment

Changes in property, plant and equipment are as follows:

Cost	**Leasehold improvements**	**Machinery and equipment**	**Facilities**	**Furniture and fixtures**	**IT equipment (a)**	**Construction in progress**	**Right-of-use of real estate**	**Total property, plant and equipment**
Balance at December 31, 2016	**3,892**	**1,717**	**403**	**1,559**	**36,923**	**303**	**-**	**44,797**
Acquisitions	32	321	-	69	5,251	-	-	**5,673**
Write-offs	(60)	(743)	-	(2)	(23,296)	-	-	**(24,101)**
Transfers	-	-	-	268	35	(303)	-	-
Balance at December 31, 2017	**3,864**	**1,295**	**403**	**1,894**	**18,913**	**-**	**-**	**26,369**
Acquisitions	28	5	40	30	3,050	-	-	3,153
Write-offs	-	(88)	(2)	(11)	(1,315)	-	-	(1,416)
Transfers	-	-	-	-	-	-		-
Balance at December 31, 2018	**3,892**	**1,212**	**441**	**1,913**	**20,648**	**-**	**-**	**28,106**
First-time adoption of CPC 06(R2)/IFRS 16	-	-	-	-	-	-	15,527	15,527
Acquisitions	-	47	13	11	7,417	-	1,721	9,209
Write-offs	-	(55)	(1)	-	(1,630)	-	-	(1,686)
Transfers	-	(28)	28	-	-	-	-	-
Balance at December 31, 2019	**3,892**	**1,176**	**481**	**1,924**	**26,435**	**-**	**17,248**	**51,156**

Depreciation	**Leasehold improvements**	**Machinery and equipment**	**Facilities**	**Furniture and fixtures**	**IT equipment (a)**	**Construction in progress**	**Right-of-use of real estate**	**Total property, plant and equipment**
Balance at December 31, 2016	**(107)**	**(1,130)**	**(56)**	**(699)**	**(17,193)**	**-**	**-**	**(19,185)**
Depreciation	(309)	(119)	(40)	(169)	(8,079)	-	-	(8,716)
Write-offs	60	743	-	2	12,811	-	-	13,616
Balance at December 31, 2017	**(356)**	**(506)**	**(96)**	**(866)**	**(12,461)**	**-**	**-**	**(14,285)**
Depreciation	(308)	(138)	(46)	(192)	(2,552)	-	-	(3,236)
Write-offs	-	88	2	12	1,315	-	-	1,417
Balance at December 31, 2018	**(664)**	**(556)**	**(140)**	**(1,046)**	**(13,698)**	**-**	**-**	**(16,104)**
First-time adoption of CPC 06(R2)/IFRS 16	-	-	-	-	-	-	(3,614)	(3,614)
Depreciation	(309)	(125)	(46)	(192)	(3,070)	-	(1,676)	(5,418)
Write-offs	-	55	1	-	1,630	-	-	1,686
Balance at December 31, 2019	**(973)**	**(626)**	**(185)**	**(1,238)**	**(15,138)**	**-**	**(5,290)**	**(23,450)**
Total net as of December 31, 2017	**3,508**	**789**	**307**	**1,028**	**6,452**	**-**	**-**	**12,084**
Total net as of December 31, 2018	**3,228**	**656**	**301**	**867**	**6,950**	**-**	**-**	**12,002**
Total net as of December 31, 2019	**2,919**	**550**	**296**	**686**	**11,297**	**-**	**11,958**	**27,706**

(a) Equipment rental refers to IBM mainframe acquisition for database storage. In September 2017, the Company sold the equipment and started contracting outsourcing services to store its data.

10 Intangible assets

Changes in intangible assets are as follows:

Costs	**Database (a)**	**Trademarks, rights, patents and others**	**Software**	**Goodwill in business combinations (b)**	**Software and client portfolio identified in business combination**	**Intangible assets under development**	**Total**
Balance at December 31, 2016	**531,626**	**130**	**54,736**	**110,182**	**27,313**	**4,180**	**728,167**
Acquisitions	159,239	-	-	-	-	773	160,012
Write-offs	(78,185)	-	(13,465)	-	-	-	(91,650)
Transfers	-	-	-	-	-	-	-
Balance at December 31, 2017	**612,680**	**130**	**41,271**	**110,182**	**27,313**	**4,953**	**796,529**
Acquisitions	141,633	-	6,278	-	-	-	147,911
Write-offs	(79,117)	-	(10,658)	-	-	-	(89,775)
Balance at December 31, 2018	**675,196**	**130**	**36,891**	**110,182**	**27,313**	**4,953**	**854,665**
Acquisitions	153,619	-	802	-	-	35,072	189,493
Write-offs	(101,934)	-	(15,425)	-	-	-	(117,359)
Transfers	-	-	747	-	-	(747)	-
Balance at December 31, 2019	**726,881**	**130**	**23,015**	**110,182**	**27,313**	**39,278**	**926,799**
Balance at December 31, 2016	**(231,047)**	**-**	**(32,605)**	**-**	**(16,215)**	**-**	**(279,867)**
Amortization	(110,367)	-	(4,706)	-	(2,513)	-	(117,586)
Write-offs	78,185	-	9,099	-	-	-	87,284
Balance at December 31, 2017	**(263,229)**	**-**	**(28,212)**	**-**	**(18,728)**	**-**	**(310,169)**
Amortization	(127,415)	-	(7,119)	-	(2,513)	-	(137,047)
Write-offs	79,117	-	10,658	-	-	-	89,775
Balance at December 31, 2018	**(311,527)**	**-**	**(24,673)**	**-**	**(21,241)**	**-**	**(357,441)**
Amortization	(137,693)	-	(4,506)	-	(2,511)	-	(144,710)
Write-offs	101,934	-	15,425	-	-	-	117,359
Balance at December 31, 2019	**(347,286)**	**-**	**(13,754)**	**-**	**(23,752)**	**-**	**(384,792)**
Total net as of December 31, 2017	**349,451**	**130**	**13,059**	**110,182**	**8,585**	**4,953**	**486,360**
Total net as of December 31, 2018	**363,669**	**130**	**12,218**	**110,182**	**6,072**	**4,953**	**497,224**
Total net as of December 31, 2019	**379,595**	**130**	**9,261**	**110,182**	**3,561**	**39,278**	**542,007**

(a) It refers to acquisitions of information to increment and develop databases used in the consultations of the services provided by the Company, and which are capitalized and amortized within the period corresponding to the use of this five-year information.

Goodwill is represented by the positive difference between the amount paid and the net fair value of assets and liabilities merged into the Company from the spun-off portion of Equifax do Brasil Ltda. on May 31, 2011. The purpose of the acquisition was to expand the Company's database on corporates, to link this with the Company's expansive database on credit transactions by individuals and to capture synergies and expand offered services and solutions to support the Company's clients' decisions in all stages of their business cycle. Goodwill is tested at the Company level, since the Company is defined as a single CGU.

Impairment test

The recoverable value of the CGU is determined based on a value-in-use calculation. This calculation uses cash flow projections, before income tax and social contribution, based on financial budgets for a five-year period and then fixed assumptions for perpetuity.

The key assumptions used to calculate value in use as of December 31, 2018 are as follows:

Cash generating unit	**2019**	**2018**	**2017**
Discount rates (WACC)	14.4%	17.4%	13.9%
Growth rates in perpetuity	3.5%	3.80%+0.5%	4.0%+0.5%
EBITDA average growth rates	28.5%	23.5%	12.8%

- Use of Weighted Average Cost of Capital (WACC) which is an appropriate parameter to determine the discount rate to be applied on free cash flows;
- Cash flow projections prepared by the Management;
- All projections were made in nominal terms, that is, considering the effect of inflation;
- The residual value after five years was calculated based on the perpetuity of cash flow, considering the premise of continuity of operations for an indefinite period assuming a percentage of inflation and real growth of 0.5%; and
- Cash flows were discounted considering the free cash flow to firm method.

In the year ended December 31, 2019, the Company did not identify impairment losses on its CGU. The estimated recoverable value for the CGU was significantly higher than its book value.

Management identified the main premise for which reasonably possible changes could lead to impairment. The table below presents the amount by which individual changes in this basic assumption could result in the recoverable value of CGU equal to book value:

Change required for the recoverable value to be equal to the book value *Increase in percentage points (%)*	***CGU***
Discount Rate (WACC)	*32.4*

11 Accounts payable to suppliers

The accounts payable to suppliers as of December 31, 2019, in the amount of R$ 40,714 (R$ 39,394 as of December 31, 2018 and R$ 54,194 as of December 31, 2017) arises from the purchase of services as part of the Company's normal activities, e.g. acquisition of goods, mailing services, maintenance of software and hardware and sundry consulting services, among others. Accounts payable to suppliers is a financial liability classified as amortized cost.

12 Loans, financing and financial lease

Operations	12/31/2019	12/31/2018	12/31/2017
Loans and financing (a)	79,570	75,536	90,785
Financial lease (b)	20,702	-	-
	100,320	**75,536**	**90,785**
Current	75,722	42,271	40,222
Non-current	24,598	33,265	50,563
	100,320	**75,536**	**90,785**

a. Loans and financing

Operations	Contracting date	Interest rate	12/31/2019	12/31/2018	12/31/2017
BNDES Prosoft (a)	2015	50% Selic + 3.15% a.a. TJLP + 3.95% a.a. CDI + 4,23% a,a.	8,602	14,040	19,497
Working capital (b)	2017/2018/2019	CDI + 2.45% a.a. CDI + 1,67% a.a.	70,968	61,496	71,288
		Total	**79,570**	**75,536**	**90,785**
		Total current	69,160	42,271	40,222
		Total non-current	10,410	33,265	50,563
		Total	**79,570**	**75,536**	**90,785**

(a) As of March 3, 2014, BNDES approved a credit line in the amount of R$ 36,175 for investments in technological and operational renewal through the BNDES Prosoft program. This operation has a term of 72 months, with a 24 month grace period followed by 48 monthly installments. On June 19, 2015, a loan totaling R$ 10,484 was made available and on May 16, 2016 a further tranche in the amount of R$ 12,001 was made available. Due to the review of the initially approved project, the Company did not request disbursal of the remaining balance of the credit line. There is no clause of financial covenants or assignment of guarantee.

(b) At December 31, 2019 they represent loans and financing with Banco do Brasil, Banco Santander and Banco Votorantim to meet the Company's cash requirements. There is no financial covenant. Credit rights of clients were pledged for the year ended December 31, 2019 in the amount of R$ 1,320 (R$ 25,667 as of December 31, 2018, in the year ended December 31, 2017 no credit rights or financial investments were pledged), as well as interest earning bank deposits in the amount of R$ 377 for the year ended December 31, 2018 as guarantee for certain credit facilities. Charges disclosed at weighted average.

A loan with Banco ABC Brasil was raised in April 2018 in foreign currency - USD, whose balance as of December 31, 2018 in the Company's functional currency was R$ 18,911 (US$ 4,880). As of December 31, 2018, the Company had a swap to hedge the possible changes deriving from exchange rate change on working capital loan in foreign currency. In April 2019, the loan and its respective swaps were settled in the amount of R$ 10,363. The details of the type are described in Note 26(ii).

In May 2019, the debt raised with Banco Santander Brasil S.A. was renegotiated, amounting to R$ 13,200 and maturing in October 2022.

On July 1, 2019, a loan raised with Banco Original S.A. in the amount of R$ 2,629 was settled.

On July 4, 2019, a loan raised with Banco Safra S.A. in the amount of R$ 3,596 was settled.

The loan with Banco do Brasil was raised in December 2019 in foreign currency - USD, whose balance as of December 31, 2019 in the Company's functional currency is R$ 29,794 (US$ 7,320). As of December 31, 2019, the Company has a swap to hedge the possible changes deriving from exchange rate change on working capital loan in foreign currency. The details of the type are described in Note 26(ii).

The loan with Banco Votorantim was raised in December 2019 in foreign currency - Euro, whose balance as of December 31, 2019 in the Company's functional currency is R$ 30,000 (€ 6,620). As of December 31, 2019, the Company has a swap to hedge the possible changes deriving from exchange rate change on working capital loan in foreign currency. The details of the type are described in Note 26(ii).

On December 31, 2019, 2018 and 2017, the balance of non-current loans and financing is broken down by year of maturity as follows:

Maturity	**12/31/2019**	**12/31/2018**	**12/31/2017**
2019	-	-	24,237
2020	-	22,534	16,938
2021	6,774	7,903	6,558
2022	3,636	2,828	2,830
Total	10,410	33,265	50,563

Changes in loans and financing are as follows:

	2019	**2018**	**2017**
Opening balance for the year	75,536	90,785	33,286
New loans and financing	59,794	41,020	82,478
Payment of principal	(57,249)	(57,966)	(26,725)
Interest payment	(4,626)	(9,586)	(6,155)
Accrued interest	5,261	11,282	7,809
Transaction costs	-	(1,011)	(258)
Transaction costs appropriated in profit or loss	854	1,012	350
Balance at the end of the year	79,570	75,536	90,785

b. Financial lease

Operations	**Interest rate**	**12/31/2019**	**12/31/2018**	**12/31/2017**
Leasing – IBM Bank (a)	CDI + 0.92% a.a.	6,967	-	-
Rent contract (b)	IGPM + 3.7% a.a.	13,783	-	-
	Total	**20,750**	-	-
	Total current	6,562	-	-
	Total non-current	14,188	-	-
	Total	**20,750**	-	-

(a) Acquisition of software through a financing from IBM Bank.

(b) Refers to the lease of the property related to the Company’s headquarters, in which a right-of-use asset is recorded, pursuant to the adoption of CPC 06 (R2)/IFRS 16.

On December 31, 2019, 2018 and 2017, the balance of non-current financial lease is broken down by year of maturity as follows:

Maturity	**12/31/2019**	**12/31/2018**	**12/31/2017**
2021	3,810	-	-
2022	1,933	-	-
2023	2,104	-	-
2024	2,291	-	-
2025	2,494	-	-
2026	1,556	-	-
Total	14,188	-	-

Changes in loans and financing are as follows:

	2019	**2018**	**2017**
Opening balance for the year	-	-	-
Leasing	11,776	-	-
Recognition of lease liability on adoption of CPC 06/(R2) / IFRS 16	13,510		
Payment of principal	(5,511)	-	-
Accrued interest	975	-	-
Balance at the end of the year	20,750	-	-

13 Debentures

Debentures issued are comprised as follows:

	12/31/2019	**12/31/2018**	**12/31/2017**
Debentures	190,000	190,000	142,500
(-) Issuance cost to amortize	(2,761)	(3,659)	(2,656)
Interest on principal	3,120	445	6,180
Total	190,359	186,786	146,024
Current	65,479	-	52,780
Non-current	124,880	186,786	93,244

On December 5, 2018, the Company’s Board of Directors approved the issuance of the third series of simple debentures, not convertible into shares, in a single series, all registered and unsecured, with 190,000 debentures having a par value of R$1.00 each, and total issue value of R$190,000.

The principal value will be paid in 12 quarterly installments starting January 2020, with interest payable on a quarterly basis starting January 2019.

The debentures are remunerated at a rate corresponding to 100% of the average daily rates of Interbank Deposits (“DI rate”), plus:

(i) 3.70% per annum, in the hypothesis the Company’s Net Financial Debt (as defined in Issue Deed) is equal or higher than R$ 140,000 (current rate);

(ii) 3.35% per annum, in the hypothesis the Company’s Net Financial Debt is lower than R$ 140,000 and equal or higher than R$ 100,000; or

(iii) 3.00% per annum, in the hypothesis the Company’s Net Financial Debt is lower than R$ 100,000.

On December 20, 2018, the Company early redeemed the entire outstanding first and second series in the amount of R$ 98,289 which had the following terms:

Series	**Issuing Date**	**Quantity issued**	**Issuance amount**	**Remuneration**	**Original maturity date**
1st series	Feb 2014	7,500	75,000	100% of CDI + 4.00% p.a.	September 2019
2nd series - 1st tranche	Sep 2015	50,000	50,000	100% of CDI + 4.00% p.a.	July 2019
2nd series - 2nd tranche	Jan 2016	30,000	30,000	100% of CDI + 4.00% p.a.	July 2019

The balance of non-current of debentures as of December 31, 2019, 2018 and 2017, is broken down as follows, by year of maturity:

Year	**12/31/2019**	**12/31/2018**	**12/31/2017**
2019	-	-	71,786
2020	-	63,333	22,857
2021	63,333	63,333	-
2022	63,334	63,334	-
Total	126,667	190,000	94,643
Transaction costs	(1,787)	(3,214)	(1,399)
Total	124,880	186,786	93,244

Changes in debentures are as follows:

	12/31/2019	**12/31/2018**	**12/31/2017**
Opening balance	186,786	146,024	149,298
Issuance – 3rd series	-	190,000	-
Interest payment	-	(142,500)	-
Payment of principal – 1st and 2nd series	(10,872)	(18,306)	(21,571)
Accrued interest	13,548	12,570	18,965
Transaction costs	(4,846)	(3,659)	(1,798)
Transaction costs appropriated in profit or loss	5,743	2,657	1,130
Closing balance	190,359	186,786	146,024

3rd series - covenants

The Company’s obligations concerning the third series of debentures are guaranteed under the terms of the Private Instrument of Deed of Issuance of Simple Debentures entered into between the Company and the Fiduciary Agent.

The Company will be bound to extend an early redemption offer to all debenture holders, if it does not comply with the following financial ratios:

(i) 2018: Net Debt/”EBITDA for covenant purposes” < 2.75x

(ii) 2019: Net Debt/“Adjusted EBITDA for covenant purposes” < 2.00x without approval of Compliant Debtors’ File project or; Net Debt/“Adjusted EBITDA for covenant purposes” < 3.00x with approval of Compliant Debtors’ File project

(iii) 2020: Net Debt/”EBITDA for covenant purposes” < 1.50x

(iv) 2021: Net Debt/”EBITDA for covenant purposes” < 1.00x.

“EBITDA for covenant purposes” is calculated as: (+/-) Profit/loss; (+/-) Net financial expenses/revenue; (+) Provision for income tax and social contribution; (-) Capex Data Purchase; (+) Depreciation, amortization and depletion; (+/-) Non-operating income (loss); (+/-) Losses/Income from equity in net income of subsidiaries (or Dividends Received); (+) Minority interest.

Early redemption will be equivalent to the unit nominal value or to the unit nominal value balance, as appropriate, plus remuneration owed and not yet paid up to early redemption date; and a flat award should be levied on this amount, calculated as follows:

Timing	**Redemption premium**
From 01/20/2020 through 12/31/2020	0.45%
From 01/01/2021 through 12/31/2021	0.35%
From 01/01/2022 through 12/31/2022	0.25%

As of December 31, 2019, 2018 and 2017, the Company complied with the covenants listed above.

The Company is prohibited from granting loans to any other organization, whether part of the same economic group or not, with an individual or aggregated value higher than R$ 5,000.

The Company will be released from the early redemption requirement if authorized by 90% of total debenture holders.

Debentures are financial liabilities classified as amortized cost.

14 Labor obligations, vacation and social security charges

	12/31/2019	12/31/2018	12/31/2017
Provision for vacation and charges on vacations	6,287	8,451	8,360
Profit sharing scheme - GSS	20,511	13,895	11,499
Social charges	2,298	2,314	2,453
Other	651	614	1,694
Total	29,747	25,274	24,006

15 Related parties

The majority of balances with related parties derive from transactions with the Company's shareholders that were carried out at market prices. All outstanding balances with related parties are on market terms and no balance has guarantees. No expense has been recognized during the years for non-collectible debts or expected credit losses in relation to values due from related parties.

According to the definition used for the "change in control event" clause in the Company's Shareholders' Agreement, the controlling shareholders are: *Associação Comercial de São Paulo e TMG II Fundo Investimento em Participações Multiestrategia* and the minority shareholders are: *Associação Comercial do Paraná (ACP), Câmara dos Dirigentes Lojistas de Porto Alegre, Clube dos Diretores Lojistas do Rio de Janeiro* and *Equifax Holdings do Brasil Ltda.*

The *Associação Nacional dos Bureaus de Crédito (ANBC)* is a related party to the Company since a key member of its management is also a member of the key management personnel of the entity (member of the Board of Directors).

		Statement of financial position - Assets					
		12/31/2019		12/31/2018		12/31/2017	
Company	**Nature**	**Accounts receivable**	**Other**	**Accounts receivable**	**Other**	**Accounts receivable**	**Other**
Associação Comercial de São Paulo	(c)	133	-	207	-	75	-
Associação Comercial do Paraná (ACP)	(c)	818	-	753	-	800	-
Associação Nacional dos Bureaux de Crédito (ANBC)		-	-	-	-	-	14
Câmara dos Dirigentes Lojistas de Porto Alegre	(c)	1,452	-	1,017	-	772	-
Clube dos Diretores Lojistas do Rio de Janeiro	(a) / (c)	3,751	-	1,029	-	213	529
Total		6,154	-	3,006	-	1,860	543

		Statement of financial position - Liabilities		
		12/31/2019	12/31/2018	12/31/2017
Company	**Nature**			
Associação Comercial de São Paulo	(b)	-	1,720	2,412
Total		-	1,720	2,412

		Statement of profit or loss					
		12/31/2019		12/31/2018		12/31/2017	
Company	**Nature**	**Operating income**	**Costs and expenses**	**Operating income**	**Costs and expenses**	**Operating income**	**Costs and expenses**
Câmara dos Dirigentes Lojistas de Porto Alegre	(c)	8,570	(1,695)	6,093	-	5,054	-
Associação Comercial do Paraná (ACP)	(c)	4,775	(245)	4,636	-	5,201	-
Clube dos Diretores Lojistas do Rio de Janeiro	(c)	3,271	(200)	1,896	-	1,505	-
Associação Comercial de São Paulo	(b) / (c)	810	(1,483)	-	2,082	-	1,438
Total		17,426	(3,623)	12,625	2,082	11,760	1,438

(a) The other receivable from the Clube dos Diretores Lojistas do Rio de Janeiro arises from the loan agreement signed in November 2016, with repayment in four semi-annual installments, beginning in May 2017, with interest calculated by the CDI rate plus 2.35% p.a.

(b) Relates to amounts due under loans and for the floor space used by the Company in a building which belong to the Associação Comercial de São Paulo.

(c) Relates to the rendering of data consultation services.

15.1 Management remuneration

Each year, at the Annual Shareholders 'Meeting, the total amount of the Directors' fees and the remuneration of the Board members are established according to the Company's Bylaws.

As of December 31, 2019, 2018 and 2017, short-term benefits were paid to Directors, whose expense was presented in “Administrative and General Expenses”.

	12/31/2019	**12/31/2018**	**12/31/2017**
Annual fixed remuneration	4,435	4,008	4,040
Variable compensation	895	555	693
Total remuneration	5,330	**4,563**	**4,733**

16 Advances from clients

Refers to the amounts paid in advance by customers for the future utilization of services over a certain period of time, Revenue from these contracts will be recognized as the use of products / services provided occurs.

	12/31/2019	**12/31/2018**	**12/31/2017**
Opening balance	15,742	3,929	8,560
Additions	7,732	24,488	19,438
Utilization (*)	(18,663)	(12,675)	(24,069)
Closing balance	4,811	15,742	3,929

17 Provisions

	12/31/2019	**12/31/2018**	**12/31/2017**
Taxes payable (a)	31,052	20,060	13,524
Provision for tax, civil and labor risks (b)	7,569	6,506	6,309
	38,621	**26,566**	**19,833**
Current	12,172	6,357	4,217
Non-current	26,449	20,209	15,616
Total	**38,621**	**26,566**	**19,833**

a. Taxes payable

Current	**12/31/2019**	**12/31/2018**	**12/31/2017**
PIS and COFINS payable	2,772	2,769	2,087
Withholding income tax (IRRF)	2,192	2,105	953
IRPJ e CSLL a recolher	5,449	-	-
Service tax payable	1,645	1,379	1,114
Other taxes payable	114	104	63
Total	12,172	6,357	4,217
Non-current			
INSS on Severance pay (i)	4,335	3,691	3,219
ISS - PIS and COFINS basis (ii)	9,487	7,700	6,088
Deductibility - SEBRAE/INCRA and FNDE (iii)	5,039	2,312	-
Total	18,881	13,703	9,307
Total	**31,053**	**20,060**	**13,524**

The Company discusses the legality of taxes by using lawsuits in relation to the payment of certain taxes as follows:

(i) INSS - Severance pay
Decision on the merits of the writ of mandamus to offset the impact of the Social Security Contribution on the following funds: a) one-third of statutory vacation (actually taken); b) indemnified prior notice of termination of employment and; c) sickness and accident benefits (payment of the first 15 days); d) thirteenth salary indemnification and; e) indemnification for unpaid unused vacation days (granted in judgment but not foreseen in the granted injunction), Boa Vista Serviços S,A.'s pleadings in connection with the other amounts requested in the appeal were not granted, and as a result the first instance judgment was not revised in connection therewith. As there was no mention in the decision to the indemnification for unpaid thirteenth salary and unused vacation days, the Company has filed a motion for clarification on March 13, 2018, which is currently pending judgement.

(ii) ISS - PIS and COFINS basis
Writ of mandamus filed seeking the recognition of the right to exclude from the PIS and COFINS tax bases, the value corresponding to ISS due by the Company, suspending such tax liability, given that over ISS installments there should be no levy of social contributions that are calculated on the basis of a company's billings, as ISS taxes are not part of a company's billings or gross revenues given that the company only collects such amounts and makes the tax payments. Currently, the case is suspended as a result of Supreme Court appeal nº 592.616, with recognized general repercussion, for specific analysis as to the exclusion of ISS from the PIS and COFINS calculation basis.

(iii) Deductibility - SEBRAE, INCRA and FNDE
Writ of mandamus filed seeking the recognition of the unconstitutionality of the Contributions to the (i) National Institute for Colonization and Agrarian Reform (Instituto Nacional de Colonização e Reforma Agrária -INCRA); the Brazilian Small and Medium Enterprises Support Service(Serviço Brasileiro de Apoio às Micro e Pequenas

Empresas - SEBRAE); and (iii) the National Education Development Fund (Fundo Nacional de Desenvolvimento da Educação - FNDE) (educational salary), given the restrictions for calculation over payroll, due to express prohibition of the text of the Federal Constitution, changed by Constitutional Amendment n. 33/2001. On May 23, 2019 the final and unappealable decision dismissing the interlocutory appeal filed by Boa Vista was handed down. On May 24, 2019, the lawsuit records were permanently filed.

The changes in the tax liabilities under judicial discussion are as follows:

	(i) INSS - Severance pay	**(ii) ISS - PIS and COFINS basis**	**(iii) Deductibility - Sebrae / Incra / FNDE**	**Total**
Balance at 12/31/2016	2,473	4,488	-	6,961
Principal additions	513	1,148	-	1,661
Interest additions	233	452	-	685
Balance at 12/31/2017	3,219	6,088	-	9,307
Principal additions	299	1,250	2,227	3,776
Interest additions	173	362	85	620
Balance at 12/31/2018	3,691	7,700	2,312	13,703
Principal additions	260	1,368	2,744	4,372
Interest additions	295	419	92	806
Balance at 12/31/2019	4,246	9,487	5,148	18,881

b. Provision for tax, civil and labor risks

The Company is party to lawsuits and administrative proceedings arising from the normal course of its operations. Provision for potential losses arising from these lawsuits is estimated by the Company, taking into account the opinion of its legal advisors.

	12/31/2019	**12/31/2018**	**12/31/2017**
Civil	3,086	3,394	4,091
Tax	769	744	-
Labor	3,714	2,368	2,218
	7,569	**6,506**	**6,309**
Current	-	-	-
Non-current	**7,569**	**6,506**	**6,309**

(i) Provisions for civil risks

Most of the civil lawsuits are due to lawsuits filed against the Company in the states of Mato Grosso, Goiás and Minas Gerais, requiring indemnity for pain and suffering for the Company allegedly not sending previous notification provided for in Article 43, paragraph 2 of Law 8078/90 - Consumer Defense Code. In most of these lawsuits, the Company proves sending such notification and obtains success in lawsuit.

By means of the history of closed cases, the percentage of grounds was calculated, partially grounds and dismissal of the Special Court and Common Justice cases, and the average amount paid in cases arising and partially arising was calculated. The recorded civil provision is the result of the process estimation representing the probable portfolio loss.

(ii) Provisions for tax risk

Assessment notices concerning partial homologation by the Brazilian Federal Revenue Service, under compensation of federal withholding taxes for issue of invoices, to pay the Corporate income tax (IRPJ) and Social contribution on net income (CSLL) for the period January 2011-December 2011, declared through PERDCOMP.

(iii) Provisions for labor risk

The Company is involved in labor lawsuits and the nature of those claims are overtime and salary equivalence. The Company is also party to labor claims involving outsourced service providers in which the Company has joint liability.

Changes in provisions for tax, civil and labor risks are as follows:

	Civil	**Tax**	**Labor**	**Total**
Balance at 12/31/2016	3,794	-	2,511	6,305
Additions	4,248	-	211	4,459
Payments	(3,951)	-	(504)	(4,455)
Balance at 12/31/2017	4,091	-	2,218	6,309
Additions	4,207	744	1,584	6,535
Payments	(4,904)	-	(1,434)	(6,338)
Balance at 12/31/2018	3,394	744	2,368	6,506
Additions	5,938	-	2,131	8,068
Payments	(6,246)	-	(785)	(7,030)
Interest and fines	-	25	-	25
Balance at 12/31/2019	3,086	769	3,714	7,569

Contingent liabilities

a. Amortization of tax goodwill

As a result of tax assessment notice issued by the Federal Revenue Service of Brasil in December 2015, the Company is discussing the deductibility of corporate income tax (Imposto de Renda - Pessoa Jurídica = IRPJ) and the social contribution on net income tax (Contribuição Social sobre o Lucro Líquido - CSLL) referring to amortization of goodwill from the acquisition of Equifax do Brasil Ltda. (R$ 25,212) and the amortization of database originated from the net assets transferred through the capital increase paid-up by Associação Comercial de São Paulo (“ACSP”) (R$ 16,249). The restated amount (taking into account the federal basic interest rate (taxa SELIC) of the tax assessment notice is R$ 43,269. The Company timely filed an appeal that was reviewed by the competent Tax’s claims Tribunal (Delegacias de Julgamento), which considered it well-founded with respect of the claim relating to the database portion acquired by ACSP. The Company is currently awaiting a decision by the Administrative Council of Tax Appeals (Conselho Administrativo Recursos Fiscais). The Company’s management, on the basis of opinion of counsel, believe that the likelihood of success in this discussion is considered “possible” and, for this reason, no provision was set-aside in the financial statements.

b. Tax Foreclosure of Municipal ISS in Campinas

Tax foreclosure derived from assessment notice nº 002298/2013, filed by the Public Treasury of the Municipality of Campinas against Boa Vista Serviços S.A. for the collection of debts related to ISS for the provision of services in the periods from June 1, 2011 to May 31, 2013 to clients located in the Municipality of Campinas. The financial impact in the event of loss is R$ 1,626.

c. Tax Foreclosure of Municipal ISS in São Paulo

Refers to assessment notices filed by the Municipality of São Paulo charging amounts arising from alleged under collection by the Company of ISS on the issuance of digital certificates, as well as fine for non-compliance with ancillary obligations, regarding alleged inaccuracies in the issuance of electronic invoices. The financial impact in the event of loss is R$ 3,478.

d. Labor contingencies

The Company is party to other labor claims in the amount of R$1,200 (R$1,640 on December 31, 2018 and R$ 6,325 on December 31, 2017), whose estimate of loss was considered “possible” in the opinion of its legal counsel and, therefore, no provision was set-aside in the financial statements ending on December 31, 2019.

(i) Legal deposits

The Company granted collaterals for civil, labor and tax lawsuits, as follows:

	12/31/2019	12/31/2018	12/31/2017
Civil contingencies	1,732	1,487	1,155
Labor contingencies	1,887	1,756	1,536
Tax liabilities (a)	5,018	2,311	334
	8,637	5,554	3,025

(a) Judicial deposits made in connection with the writ of mandamus filed aimed to procure the recognition of the unconstitutionality of the Contributions to INCRA (Instituto Nacional de Colonização e Reforma Agrária); SEBRAE (Serviço Brasileiro de Apoio às Micro e Pequenas Empresas) and FNDE FNDE (Fundo Nacional de Desenvolvimento da Educação),

Guarantee insurance
Guarantee insurance with limit of coverage in the amount of R$ 2,401, made 2017, in relation to Tax foreclosure of the Municipality of Campinas derived from assessment notice 002298/2013, filed by the Public Treasury of the Municipality of Campinas against Boa Vista Services S.A.

On July 10, 2019, a guarantee insurance policy was issued in the amount of R$ 3,354, with a total expense of R$ 97, effective for 5 years, referring to the Assessment Notices issued by the Municipality of São Paulo, related to the alleged underpayment of ISS tax levied on the digital certificate issuance activity, as well as a fine for non-compliance with the ancillary obligation.

These tax charges were challenged in a writ of mandamus filed by the Company before the São Paulo Public Finance Forum on the same date.

18 Shareholders’ equity

a. Capital
During the Special Shareholders’ Meeting, held on December 10, 2019, the split of common shares comprising the Company’s capital was approved under which Company’s 124,535 common shares, nominative and with no par value were split into 373,605,000 common shares, nominative and with no par value.

As a result of the share split, the maximum number of shares that can be issued by the Company increased went from 320,000 (three hundred and twenty thousand) to the limit of 960,000,000 (nine hundred and sixty million) common and/or preferred shares.

As of December 31, 2019, the capital of R$ 202,129 represented by 373,605,000 common shares, nominative and with no par value. (December 31, 2018 and 2017, the fully subscribed and paid-up capital in the amount of R$ 202,129 was represented by 124,535 common nominative shares with no par value, respectively).

The Company’s capital is stated in the table below:

	12/31/2019		12/31/2018		12/31/2017	
Shareholders	**Capital**	**%**	**Capital**	**%**	**Capital**	**%**
Associação do Comércio de São Paulo - ACSP	105,032	52%	105,032	52%	105,032	52%
Bureau de Crédito do Brasil Participações S.A.(*)	60,748	30%	60,748	30%	60,748	30%
Equifax do Brasil Ltda.	28,644	14%	28,644	14%	28,644	14%
Associação Comercial do Paraná (ACP), Clube dos Dirigentes Lojistas de Porto Alegre	7,705	4%	7,705	4%	7,705	4%
Total	202,129	100%	202,129	100%	202,129	100%

(*) On July 29, 2019 Bureau de Crédito do Brasil Participações S.A. was replaced by TMG II Fundo de Investimento em Participações – Multiestratégia (“FIP”) due to corporate reorganization.

b. Capital reserves

Warrant reserve
At the Special Shareholders' Meeting held on September 23, 2016 the Company was authorized to issue warrants to shareholders as part of the capital increase approved at the Board of

Directors' Meeting held on August 25, 2016, limited to one warrant per shareholder, with each warrant representing, at most, twice the number of shares subscribed to by that shareholder. These new shares, in case they issued via exercise of the warrants, will be common, nominative, with no par value, and having rights identical to those of existing shares. Those Bonus may be partially or fully exercised at the amount of R$ 60,002, restated at IPCA up to payment date, with maximum exercise period of four years as of respective issue.

Premium on the subscription of shares

In 2012, the Company acquired Equifax do Brasil Ltda. through an amount paid in own shares representing 15% of its capital. The fair value of the equity instruments transferred to the acquired was R$ 128,250 higher than the book value. In addition, the subsequent merger of Equifax do Brasil Ltda. increased the reserve by R$ 8,080 on May 31, 2011.

c. Profit reserves

Legal reserve

It is formed annually by the allocation of 5% of profit for the year, and may not exceed 20% of the Company's capital. The purpose of the legal reserve is to guarantee that the capital is paid up and it is used solely to offset loss or for increasing capital.

Retained earnings

The remaining profits, after the formation of the legal reserve and destination of mandatory minimum dividend, are recorded under the caption "Retained earnings" which are available to the General Meeting, for allocation.

d. Minimum mandatory dividend

Shareholders are entitled to a minimum mandatory dividend of 25% of the profit for the year under the terms of Corporation Law calculated according to the accounting practices adopted in Brazil which will be approved by a Shareholders Meeting. The proposed minimum dividend is as follows:

	12/31/2019	**12/31/2018**	**12/31/2017**
Profit/(loss) for the year	74,432	47,092	17,188
Absorption of accumulated losses	-	-	(15,879)
Prior-year adjustments	-	-	-
Net income considered for purposes of legal reserve	74,432	47,092	1,309
Legal reserve - 5%	(3,722)	(2,355)	(65)
First-time adoption of CPC 06(R2)/IFRS 16	(1,053)	-	-
Calculation basis for minimum mandatory dividends	69,657	44,737	1,244
Payment of interim dividends of the year	(49,120)	-	-
Proposed complementary dividends for the year	(20,537)	-	-
Minimum mandatory dividends - 25% (*)	-	(11,184)	(311)
Reversal of minimum mandatory dividends	-	311	-
Transfer to retained earnings reserve	-	(10,874)	933

(*) The Minimum mandatory dividend for the year ended December 31, 2019 has not been proposed. The Company paid dividends in advance in November 2019 based on the result up to the period ended September 30, 2019. Accordingly, the Company proposed complementary dividends for the year in the amount of R $ 20,537.

19 Income tax and social contribution

a. Amounts recognized in profit or loss for the year

	12/31/2019	12/31/2018	12/31/2017
Current income tax and social contribution expense			
Expense for the current year	(30,421)	(16,662)	(9,062)
Deferred income and social contribution tax expense			
Temporary differences	2,187	3,145	7,933
Offsetting of credits from tax losses	(10,755)	(7,481)	(6,935)
Deferred income and social contribution tax expense:	(8,568)	(4,336)	998
Total income tax from continuing operations	(38,989)	(20,998)	(8,064)

Tax expenses of continuing activities exclude tax on discontinued operation (see note 21).

b. Tax expense reconciliation

	12/31/2019	12/31/2018	12/31/2017
Profit /(loss) before income tax and social contribution	113,421	67,772	23,425
Nominal rates	34%	34%	34%
Income tax and social contribution at nominal rates	(38,563)	(23,042)	(7,965)
Permanent (additions) exclusions			
Tax incentives (a)	1,863	2,449	262
Non-deductible expenses	(2,313)	(487)	(431)
Other	24	82	70
Income tax and social contribution	(38,989)	(20,998)	(8,064)
Effective rate	34.38%	30.98%	34.42%

(a) Refers to Rouanet Law, ‘Lei do Bem’ and Workers' Meal Program - PAT.

Changes in balances of deferred tax assets and liabilities

		Recognized in profit or loss			Recognized in profit or loss			Recognized in profit or loss		
	Balances at 12/31/2016	**Additions**	**Write-offs**	**Balances at 12/31/2017**	**Additions**	**Write-offs**	**Balances at 12/31/2018**	**Additions**	**Write-offs**	**Balances at 12/31/2019**
Negative calculation basis of CSLL	6,684	-	(1,836)	4,848	144	(2,115)	2,877	-	(2,877)	-
Tax loss from Corporate Income tax	18,488	-	(5,099)	13,389	401	(5,912)	7,878	-	(7,878)	-
Sundry provisions (i) and deferred revenues	14,499	4,356	(318)	18,537	1,353	-	19,890	2,313	-	22,203
Deferred income tax and social contribution assets	**39,671**	**4,356**	**(7,253)**	**36,774**	**1,898**	**(8,027)**	**30,645**	**2,313**	**(10,755)**	**22,203**
Amortization of client portfolio (Equifax) (ii) and revenues from invoices	(5,064)	-	646	(4,418)	-	1,024	(3,394)	-	543	(2,851)
Financial leases	(4,299)	-	3,252	(1,047)	-	764	(283)	(124)	-	(407)
Deferred income tax and social contribution liabilities	**(9,363)**	**-**	**3,898**	**(5,465)**	**-**	**1,788**	**(3,677)**	**(124)**	**543**	**(3,258)**
Net deferred tax assets	**30,308**	**4,356**	**(3,355)**	**31,309**	**1,898**	**(6,239)**	**26,968**	**2,189**	**(10,212)**	**18,945**

(i) It refers to provisions for communication, electricity, water, building expenses, PPR, allowance for credit losses, services provided, onlendings, social charges and benefits to employees.

(ii) It refers mainly to deferred income and social contribution tax liabilities on identifiable intangible assets acquired in the business combination with Equifax do Brasil Ltda.

Term for realization of deferred tax assets

Deferred tax assets derived from temporary differences will be consumed as the respective differences are settled or realized.

The Company analyzed the recoverability of the deferred tax asset based on estimates of future tax income, considering growth projections that reflect the most recent trends. Actual income tax inflow and outflow may differ from estimates made by the Company, as a result of changes in tax law or of future unforeseen transactions that may affect tax balances. Management's expectation is that the full value of deferred tax assets (R$18,945) will be realized in the year ending December 31, 2020 as follows:

	2020	**Balance on December 31, 2019**
Projected deferred tax asset realization	18,945	18,945

20 Operating segments

The Company has one reportable segment as at December 31, 2019 and two reportable segments as at December 31, 2018 and 2017. These segments offer different services, which are managed separately since they require different technologies.

The following summary describes the products of the reporting segments of the Company:

a. Segment of decision and recovery services

The principal services provided for decision and recovery services are as follows:

(i) Decision services

Products including solutions of Boa Vista SCPC offered to support companies and consumers in their business relations that involve some kind of risk. Decision Services are:

a. Risk Analytics

Portfolio of products which are a sales focus for Boa Vista SCPC. In addition to data presented in risk reports, it offers analytical solutions based on statistical models to help companies to make more assertive and efficient business decisions.

b. Legacy Data Report

Legacy product portfolio. Reports with reference file, demographic and restrictive data to help companies to make business decisions.

c. Marketing services

Portfolio of products to help companies to identify new clients and to monetize its portfolio. The Company offers analytical intelligence to support companies in identifying clients with the most adequate profile for its target.

d. Consumer Services

Solutions to support the consumer in managing his/her financial life on his/her own. In case of consultations or inclusion of debts, the consumer is notified.

(ii) Recovery Services

Products including Solutions of Boa Vista SCPC to support companies in recovering debts. The recovery service products are:

a. *Recovery Services*

Portfolio of products which are a sale focus for Boa Vista SCPC. Efficient solutions for the management of creditors' defaulting portfolios and for sending formal communications to debtors via digital vehicles, such as SMS and e-mail.

b. *Legacy Recovery Services*

Sending of printed collection letter to debtors and reports with consumers' debt history.

b. Digital Certification segment (discontinued)

This segment encompassed Solutions of Boa Vista SCPC for digital certification, which worked as a virtual ID for individuals or legal entities, with guaranteed authenticity and protection for exchanged information. See Note 21.

The Executive Board (principal manager of operations) reviews the internal management report on monthly basis.

Information on reportable segments

Information referring to each reportable segment results are presented below: The performance is analyzed based on earnings before Financial Income / (Expense), Taxes and Depreciation and Amortization - EBITDA (as defined by the Brazilian securities regulator - CVM), which Management understands to be more relevant in the evaluation of its operating performance, since it facilitates the comparability of its structure over the years as it is not influenced by the Company's capital structure or other tax and financial effects. The internal management report does not contain assets and liabilities segregated by segments.

Decision and recovery services	**Reportable segment**
	12/31/2019
NET REVENUE FROM SERVICES	661,863
COST OF SERVICES RENDERED	(358,754)
GROSS INCOME	303,109
OPERATING EXPENSES	
Selling and distribution expenses	(59,033)
General and administrative expenses	(107,021)
Impairment losses on accounts receivable	(566)
OPERATING INCOME (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)	136,489
FINANCIAL INCOME (EXPENSE)	-
Financial income	6,049
Financial expenses	(29,117)
	(23,068)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	113,421
INCOME TAX AND SOCIAL CONTRIBUTION	
Current and deferred	(38,989)
PROFIT OF THE REPORTABLE SEGMENT	74,432
RECONCILIATION OF EBITDA	
Profit	74,432
Net financial expense	23,068
Income tax and social contribution	38,989
Depreciation and amortization	148,701
EBITDA	285,190

	Decision and recovery services	**Digital Certification (Discontinued)**	**Total**	**Eliminations**	**Statement of profit or loss**
	12/31/2018	**12/31/2018**	**12/31/2018**	**12/31/2018**	**12/31/2018**
Net revenue from services	600,515	271	600,786	(271)	600,515
Cost of services rendered	(352,196)	518	(351,678)	(518)	(352,196)
Gross income	248,319	789	249,108	(789)	248,319
OPERATING EXPENSES	-	-	-	-	-
Selling and distribution expenses	(59,868)	(307)	(60,175)	307	(59,868)
General and administrative expenses	(94,806)	-	(94,806)	-	(94,806)
Impairment losses on accounts receivable	172	-	172	-	172
Operating income/(loss) before financial income (expense)	93,817	482	94,299	(482)	93,817
Financial income (expense)	-	-	-	-	-
Financial income	4,320	-	4,320	-	4,320
Financial expenses	(30,365)	-	(30,365)	-	(30,365)
	(26,045)	-	(26,045)	-	(26,045)
Profit before income tax and	-	-	-	-	-
social contribution	67,772	482	68,254	(482)	67,772
Income tax and social contribution					
Current and deferred	(20,998)	(164)	(21,162)	164	(20,998)
Profit from reportable segment	46,774	318	47,092	(318)	46,774
RECONCILIATION OF EBITDA					
Profit	46,774	318	47,092	-	-
Net financial income (expense)	26,045	-	26,045	-	-
Income tax and social contribution	20,998	164	21,162	-	-
Depreciation and amortization	139,628	-	139,628	-	-
EBITDA	233,445	482	233,927	-	-

	Reportable segments				
	Decision and recovery services	**Digital Certification (Discontinued)**	**Total**	**Eliminations**	**Statement of profit or loss**
	12/31/2017	**12/31/2017**	**12/31/2017**	**12/31/2017**	**12/31/2017**
Net revenue from services	572,019	17,406	589,425	(17,406)	572,019
Cost of services rendered	(367,770)	(4,453)	(372,223)	4,453	(367,770)
Gross income	204,249	12,953	217,202	(12,953)	204,249
Operating expenses	-	-	-	-	-
Selling and distribution expenses	(67,507)	(8,306)	(75,813)	8,306	(67,507)
General and administrative expenses	(80,648)	(1,880)	(82,528)	1,880	(80,648)
Impairment losses on accounts receivable	(83)	-	(83)	-	(83)
Operating income/(loss) before financial income (expense)	56,011	2,767	58,778	(2,767)	56,011
Financial income (expense)					
Financial income	1,700	-	1,700	-	1,700
Financial expenses	(34,286)	-	(34,286)	-	(34,286)
	(32,586)	-	(32,586)	-	(32,586)
	-	-	-	-	-
Profit / (loss) before income tax and social contribution	23,425	2,767	26,192	(2,767)	23,425
Income tax and social contribution					
Current and deferred	(8,064)	(940)	(9,004)	940	(8,064)
Profit/(loss) from reportable segment	15,361	1,827	17,188	(1,827)	15,361
Reconciliation of EBITDA					
Profit / (loss)	15,361	1,827	17,188	-	-
Net financial income (expense)	32,586	-	32,586	-	-
Income tax and social contribution	8,064	940	9,004	-	-
Depreciation and amortization	128,938	-	128,938	-	-
EBITDA	184,949	2,767	187,716	-	-

Net revenue per type of service

We show below the breakdown of revenue by type of services from which each reportable segment obtains its revenue:

(i) *Digital Certification (discontinued)*

Digital Certification	**12/31/2018**	**12/31/2017**
Digital Certification	271	17,406
Total	271	17,406

Geographic segments
The Company has not earned revenues abroad in the fiscal years ended December 31, 2019, 2018 and 2017.

Major client
On December 31, 2019, 2018 and 2017 a single economic group represented 14.7% and 16.0% and 17.4%, respectively, of total operating revenue of the Company. There are no other clients representing more than 10% of total revenue in these years.

21 Discontinued operations

On October 23, 2017, the Company sold its Digital Certification business for the amount of R$1,500 which was recognized as a gain and recorded under the caption "General and Administrative Expenses" in the Digital Certification segment (see note 20). Management agreed with a plan to sell this segment in 2017 following a strategic decision to focus more on the key competencies of the Company, being the segment of decision services and recovery services.

The sale consisted in the assignment of the exclusivity rights for the issue of the Digital Certificates to the buyer. The assets and liabilities originated by the digital certificates business prior to the date of transfer of control of this business were not transferred to the buyer and were subsequently settled on their due dates, affecting the result of discontinued operations after the conclusion of the transaction.

a. Profit or loss from discontinued operations

	12/31/2018	**12/31/2017**
NET REVENUE FROM SERVICES	271	17,406
Cost of services rendered	518	(4,453)
Gross income	789	12,953
Operating expenses		
Selling and distribution expenses	(307)	(8,306)
General and administrative expenses	-	(1,880)
Operating income before financial income	482	2,767
Financial income (expense)		
Profit before income tax and social contribution	482	2,767
Income tax and social contribution		
Current and deferred	(164)	(940)
Profit of discontinued operations	318	1,827

	2018	**2017**
Earnings per share from discontinued operations		
Earnings per share - Basic (in R$)	-	0.01
Earnings per share - Diluted (in R$)	-	0.01

b. Cash flows from (used in) discontinued operations

In thousands of reais	**2018**	**2017**
Net cash from (used in) operational activities	(3,196)	564
Net cash from (used in) discontinued operations	**(3,196)**	**564**

c. Effect of disposal on Company's financial position

As mentioned above, assets and liabilities were not transferred to the buyer and were subsequently settled by the Company.

22 Net revenue from services

We present below the reconciliation between gross revenue for revenue tax purposes and the revenue presented in the statement of profit or loss:

	12/31/2019	**12/31/2018**	**12/31/2017**
Gross revenue from services	745,738	677,225	643,913
Services taxes (PIS/COFINS/ISS)	(83,875)	(76,710)	(71,894)
Total	**661,863**	**600,515**	**572,019**

Disaggregation of revenue from contracts with clients

The table below shows the detailed breakdown of revenue from contracts with clients (including income from discontinued operations) by main lines of services and timing of recognition of income. It also includes the reconciliation of the detailed breakdown of revenue from the reportable segments of the Company (see note 20).

In thousands of reais	**Decision services and recovery services**			**Digital Certification (Discontinued)**			**Total**		
For the years	**12/31/2019**	**12/31/2018**	**12/31/2017**	**12/31/2019**	**12/31/2018**	**12/31/2017**	**12/31/2019**	**12/31/2018**	**12/31/2017**
Main products / lines of services									
Decision Services									
Risk Analytics	280,406	192,740	135,063	-	-	-	280,406	192,740	135,063
Legacy Data Report	201,384	234,395	247,484	-	-	-	201,384	234,395	247,484
Marketing Services	46,814	35,918	24,670	-	-	-	46,814	35,918	24,670
Consumer Services	1	107	57	-	-	-	1	107	57
Recovery Services									
Digital Solutions	35,970	16,130	5,601	-	-	-	35,970	16,130	5,601
Legacy Recovery Services	97,288	121,225	159,144	-	-	-	97,288	121,225	159,144
Digital Certification									
Digital Certification	-	-	-		271	17,406	-	271	17,406
Total revenue from contracts with customers	**661,863**	**600,515**	**572,019**	**-**	**271**	**17,406**	**661,863**	**600,786**	**589,425**
Revenue recognition timing									
Services transferred at point in time	**661,863**	**600,515**	**572,019**	**-**	**271**	**17,406**	**661,863**	**600,786**	**589,425**
Revenue from contracts with clients	**661,863**	**600,515**	**572,019**	**-**	**271**	**17,406**	**661,863**	**600,786**	**589,425**
Revenue as reported in note 20	**661,863**	**600,515**	**572,019**	**-**	**271**	**17,406**	**661,863**	**600,786**	**589,425**

Contract liabilities refer mainly to the advance of the consideration received from customers to render services for decision-making. On December 31, 2019, the value of advances from clients was R$4,811 thousand (R$15,742 on December 31, 2018 and R$3,929 on December 31, 2017) which will be recognized as income as the services are used by the customer, for further details see note 16.

The amount of R$ 10,938 thousand recognized in contract liabilities was recognized as revenue in the period ended December 31, 2019.

23 Costs of services rendered, selling and distribution expenses and general and administrative expenses by nature

We present below the detailed breakdown of these expenses by nature:

	12/31/2019				**12/31/2018**				**12/31/2017**			
	Cost of services rendered	**Selling and distribution expenses**	**General and administrative expenses**	**Total**	**Cost of services rendered**	**Selling and distribution expenses**	**General and administrative expenses**	**Total**	**Cost of services rendered**	**Selling and distribution expenses**	**General and administrative expenses**	**Total**
Letters - printing & mailing	(67,766)	-	-	(67,766)	(97,111)	-	-	(97,111)	(149,785)	-	-	(149,785)
Database	(4)	-	-	(4)	(1,504)	-	-	(1,504)	(2,188)	-	-	(2,188)
Other variable costs	(7,091)	-	-	(7,091)	(2,519)	-	-	(2,519)	(2,567)	-	-	(2,567)
Personnel	(50,913)	(30,220)	(55,582)	(136,715)	(42,244)	(30,407)	(50,013)	(122,664)	(41,350)	(33,128)	(42,661)	(117,139)
Remuneration Entities	-	(9,303)	-	(9,303)	-	(12,336)	-	(12,336)	-	(15,328)	-	(15,328)
Commission - Representative and Partners	-	(6,679)	-	(6,679)	-	(5,263)	-	(5,263)	-	(6,643)	-	(6,643)
Rendering of services	(53,435)	(1,315)	(6,969)	(61,719)	(37,818)	(973)	(4,143)	(42,934)	(14,501)	(1,241)	(4,661)	(20,403)
Maintenance	(28,658)	(708)	(2,600)	(31,966)	(29,214)	(1,594)	(1,061)	(31,869)	(27,906)	(957)	(1,992)	(30,855)
Consulting, auditing and advisory	(1,380)	(65)	(7,408)	(8,853)	(390)	(52)	(5,931)	(6,373)	(258)	(49)	(2,483)	(2,790)
Legal	-	(2)	(17,928)	(17,930)	-	-	(14,007)	(14,007)	-	(3)	(11,138)	(11,141)
Advertising and promotion	(114)	(2,254)	(1,272)	(3,640)	(89)	(1,396)	(1,111)	(2,596)	(50)	(1,504)	(513)	(2,067)
Events	(19)	(1,110)	(259)	(1,388)	-	(748)	(228)	(976)	-	(600)	(179)	(779)
Buildings & Utilities	(2,666)	(1,477)	(4,182)	(8,325)	(2,827)	(1,639)	(4,814)	(9,280)	(2,556)	(2,006)	(5,759)	(10,321)
Telephone	(3,676)	(304)	(51)	(4,031)	(3,345)	(330)	(54)	(3,729)	(2,876)	(396)	(81)	(3,353)
Travel, locomotion, daily rates	(156)	(2,089)	(469)	(2,714)	(157)	(1,880)	(439)	(2,476)	(150)	(2,015)	(340)	(2,505)
Consumption material, office and other	(113)	(61)	(316)	(490)	(96)	(54)	(355)	(505)	(83)	(68)	(299)	(450)
Telesales	97	(3,435)	-	(3,338)	180	(3,187)	(97)	(3,104)	-	(3,501)	-	(3,501)
Call Center	(102)	-	(1,597)	(1,699)	(28)	-	(1,286)	(1,314)	(4)	-	(1,230)	(1,234)
Actual losses of clients	-	-	(2,398)	(2,398)	-	-	(2,784)	(2,784)	-	-	(2,776)	(2,776)
Depreciation & Amortization	(142,764)	-	(5,937)	(148,701)	(135,047)	-	(4,581)	(139,628)	(123,682)	-	(5,256)	(128,938)
Other	6	(11)	(52)	(58)	13	(9)	(3,902)	(3,898)	186	(68)	(1,280)	(1,162)
Total	**(358,754)**	**(59,033)**	**(107,020)**	**(524,807)**	**(352,196)**	**(59,868)**	**(94,806)**	**(506,870)**	**(367,770)**	**(67,507)**	**(80,648)**	**(515,925)**

24 Financial income (expense)

	12/31/2019	12/31/2018	12/31/2017
Financial revenues:			
Discounts obtained	332	11	53
Interest and fines on accounts receivable	829	1.026	823
Yields from investments	4,776	1,997	609
Other financial income	112	1,286	215
	6,049	**4,320**	**1,700**
Financial expenses:			
Discounts granted	(449)	(546)	(1,440)
Interest and fines - liabilities	(35)	590	(3,839)
Interest on leases	(1,355)	-	(751)
Interest on loans and financing	(6,856)	(12,209)	(6,407)
Interest on debentures	(19,369)	(15,228)	(20,095)
Other	(1,053)	(2,972)	(1,754)
	(29,117)	**(30,365)**	**(34,286)**
Total	**(23,068)**	**(26,045)**	**(32,586)**

25 Basic and diluted earnings per share

Basic

(i) Basic earnings per share for the year

Calculated based on the weighted average number of common shares as follows:

	12/31/2019	12/31/2018	12/31/2017
Profit (loss) for the year	74,432	47,092	17,188
Weighted average number of common shares for basic earnings/(losses) per share calculation purposes (*)	373,605,000	373,605,000	373,605,000
Basic earnings/(losses) per share - R$	**0.20**	**0.13**	**0.05**

(*) As approved by the SSM held on December 10, 2019, shares were split at a ratio of 1 to 3,000, Accordingly, for the calculation of earnings per share, historic share numbers have been adjusted to reflect this split as if it had occurred at the beginning of 2017.

(ii) Basic earnings for the year - continuing operations

	12/31/2019	12/31/2018	12/31/2017
Profit / (loss) for the year from continuing operations	74,432	46,774	15,361
Weighted average number of common shares for basic earnings per share calculation purposes	373,605,000	373,605,000	373,605,0.00
Basic earnings per share from continuing operations - R$	**0.20**	**0.13**	**0.04**

Diluted

(i) Diluted earnings per share for the year

	12/31/2019	12/31/2018	12/31/2017
Profit (loss) for the year	74,432	47,092	17,188
Weighted average number of common shares used to calculate basic earnings/(losses) per share (*)	373,605,000	373,605,000	373,605,000
Potential increase in common shares on account of the stock option plan (a)	5,646,000	4,086,000	4,098,000
Potential increase in common shares on account of warrants (b)	41,322,000	41,322,000	41,322,000
Weighted average number of common shares for diluted earnings/(losses) per share calculation purposes	420,573,000	419,013,000	419,025,000
Diluted earnings per share - R$	**0.18**	**0.11**	**0.04**

(*) As approved by the SSM held on December 10, 2019, shares were split at a ratio of 1 to 3,000, Accordingly, for the calculation of earnings per share, historic share numbers have been adjusted to reflect this split as if it had occurred at the beginning of 2017.

(a) the quantity used for potential increase in common shares refers to the quantity of vested options of the Stock Option Plan of the Company, considering the active beneficiaries of the plan and maximum amount of bonus per shareholder.

(b) the quantity used for potential increase in common shares refers to the warrants issued to each shareholder who adhered to the capital increase of the Company in 2016, each of which allows the shareholder to subscribe to up to two times the quantity of subscribed shares, as mentioned in note 18.b.

(ii) Diluted earnings per share for the year - continuing operations

	12/31/2019	12/31/2018	12/31/2017
Profit / (loss) for the year from continuing operations	74,432	46,774	15,361
Weighted average number of common shares used to calculate basic earnings per share (*)	373,605,000	373,605,000	373,605,000
Potential increase in common shares on account of the stock option plan (a)	5,646,000	4,086,000	4,098,000
Potential increase in common shares on account of warrants (b)	41,322,000	41,322,000	41,322,000
Weighted average number of common shares for diluted earnings per share calculation purposes	420,573,000	419,013,000	419,025,000
Diluted earnings per share - continuing operations - R$	**0.18**	**0.11**	**0.04**

(*) As approved by the SSM held on December 10, 2019, shares were split at a ratio of 1 to 3,000, Accordingly, for the calculation of earnings per share, historic share numbers have been adjusted to reflect this split as if it had occurred at the beginning of 2017.

26 Financial instruments and capital and risk management

Financial instruments

The following table shows the book and fair values of financial assets and liabilities, including their fair value classifications.

	Note	12/31/2019			Fair value
		Assets at fair value through profit or loss	**Amortized cost**	**Total**	**Level 2**
Assets					
Cash and cash equivalents	7	56,847	-	56,847	56,847
Accounts receivable	8	-	100,131	100,131	-
		56,847	**100,131**	**156,978**	**56,847**

		12/31/2019			Fair value
		Liabilities at fair value through profit or loss	**Amortized cost**	**Total**	**Level 2**
Liabilities					
Accounts payable to suppliers	11	-	40,714	40,714	-
Loans, financing, debentures and leasing	12 and 13	-	290,679	290,679	-
Loans, financing and derivatives	12 and 13	299	-	299	299
Dividends payable		-	20,537	20,537	-
		299	**351,930**	**352,229**	**299**

	Note	12/31/2018			Fair value
		Assets at fair value through profit or loss	**Amortized cost**	**Total**	**Level 2**
Assets					
Cash and cash equivalents	7	118,085	-	118,085	118,085
Accounts receivable	8	-	95,789	95,789	-
		118,085	**95,789**	**213,874**	**118,085**

		12/31/2018		Fair value	
		Amortized cost	**Total**	**Level 2**	
Liabilities					
Accounts payable to suppliers	11	-	39,394	39,394	-
Loans, financing and debentures	12 and 13	-	262,322	262,322	-
Loans, financing and derivatives		2,244	-	2,244	2,244
Related parties	15	-	1,720	1,720	-
Dividends payable	18 d)	-	11,184	11,184	-
		2,244	**314,620**	**316,864**	**2,244**

	Note	12/31/2017 Assets at fair value through profit or loss	Amortized cost	Total	Fair value Level 2
Assets					
Cash and cash equivalents	7	52,085	-	52,085	52,085
Accounts receivable	8	-	87,966	87,966	-
Related parties		-	543	543	-
		52,085	**88,509**	**140,594**	**52,085**

	Note	12/31/2017 Amortized cost	Total	Fair value Level 2	
Liabilities					
Accounts payable to suppliers	11	-	54,194	54,194	-
Loans, financing and debentures	12 and 13	-	236,809	236,809	-
Related parties	15	-	2,412	2,412	-
Dividends payable	18 d)	-	311	311	-
		-	**293,726**	**293,726**	**-**

Measurement of fair value

The Company determined that the book values of trade accounts receivable, receivables and payables with related parties, accounts payable to suppliers, and other assets and liabilities are a reasonable approximation of their fair values, mainly due to the short-term maturity of these instruments.

The Company also determined that the book value of loans and financing and debentures are reasonable approximations of their fair values these financial instruments are subject to variable interest rates.

The method for calculating the fair value of the foreign exchange swap consists of calculating future value based on the contracted conditions and discounting to present value using the market curves extracted from B3 S.A. - Brasil, Bolsa, Balcão.

Financial risk management

The Company is exposed to the following risks resulting from financial instruments:

- Market risk;
- Liquidity risk; and
- Credit risk.

(i) Market risk

Market risk is the risk that alterations in market prices, such as foreign exchange, interest rates and prices, will affect the Company's gains or the measurement of its financial instruments. The objective of market risk management is to manage and control exposures to market risks, within acceptable parameters, and at the same time to optimize the return.

The Company uses derivatives to manage exchange-rate change risks.

Foreign exchange risk
The Company is exposed to foreign exchange risk when it holds financial instruments denominated in a currency other than its functional currency. To reduce this exposure, a policy to protect against foreign exchange risk was implemented, establishing exposure levels related to that risk.

Derivative instruments to protect against foreign exchange risk
As disclosed in Note 11, the Company is party to foreign exchange swaps to hedge the variability in cash flows on a working capital loan denominated in US Dollars. The loan was obtained from Banco ABC Brasil at the initial amount of US$ 5,856 equivalent to R$ 20,000 on April 24, 2018. The swap's long position (the Company's accounts receivable) is remunerated at dollar (D-1) plus 7.41% p.a., and its short leg is remunerated at 100% of the DI daily average interest rate plus interest of 4.91% p.a. maturing by 2020. In April 2019, the loan and its respective swaps in the amount of R$ 10,363 were early settled (see note 12).

The Company contracted a foreign exchange swap to hedge cash flows against exchange rate change of working capital loan in US Dollars with Banco do Brasil in the initial amount of US$7,320 equivalent to R$ 29,794 on December 17, 2019. The Swap's long position (the Company's accounts receivable) is remunerated at Dollar (D-1) plus 3.42% p.a., and short position is remunerated at 100% of DI daily average interest rate plus interest of 1.67% p.a with maturity up to 2020 (see Note 12).

The Company contracted a foreign exchange swap to hedge cash flows against exchange rate change of working capital loan in Euros with Banco Votorantim in the initial amount of €6,620 equivalent to R$ 30,000 on December 17, 2019. The Swap's long position (the Company's accounts receivable) is remunerated at euro (D-1) plus 1.63% p.a., and short leg is remunerated at 100% of DI daily average interest rate plus interest of 2.45% p.a with maturity up to 2020 (see Note 12).).

The individual position of the swap contract as of December 31, 2019 is as follows:

	Valuation			Fair value (market)
Maturity of the operation	**Notional - R$**	**Long position**	**Short position**	**Amount receivable / (payable)**
12/19/2019 e 06/19/2020	30,000	3	10	(7)
12/22/2019 e 07/03/2020	29,794	301	289	12

Interest rate risk
Financial instruments with floating rates expose the Company to risk of variability in cash flows arising from changes in interest rates. The Company's interest rate risk derives from short and long-term financial investments and loans and financing issued at floating rates. The Company's management contracts most of its interest-earning assets and interest-paying liabilities with floating rates. Interest earning bank deposits are adjusted at CDI and loans and financing are adjusted at the Long-Term Interest Rate (TJLP) or CDI.

(ii) Liquidity risk

Liquidity risk is the risk of the Company encountering difficulties in honoring its payment obligations under financial liabilities. The Company’s cash flow and liquidity are monitored on a daily basis so as to ensure that cash generated from operations and other sources of liquidity, as necessary, are sufficient to meet the scheduled payments, thus mitigating liquidity risk for the Company.

Among the alternatives to mitigate the liquidity risk are: funding with third parties with long-term maturity, debt restructuring and, if necessary, raising of additional funds from shareholders.

A summary of the maturity profile of financial liabilities and assets that are used to manage liquidity risk is presented below. Financial liabilities are shown at their gross values (not discounted), including principal and future interest payments up to maturity dates. For fixed rate liabilities, interest was calculated based on the rates established in each contract. For liabilities with variable rate, interest was calculated based on market forecast for each period:

			12/31/2019			
	Book value	**Contractual flow**	**Up to 1 year**	**1-3 years**	**3-4 years**	**>4 years**
Financial assets						
Cash equivalents	56,847	56,847	56,847	-	-	
Accounts receivable	107,043	107,043	100,131	6,912	-	
Financial liabilities						
Accounts payable to suppliers	(40,714)	(40,714)	(40,714)	-	-	-
Loans and financing	(79,570)	(79,570)	(69,160)	(10,410)	-	-
Financial lease	(20,750)	(20,750)	(6,562)	(7,847)	(4,785)	(1,556)
Debentures	(190,359)	(190,359)	(65,479)	(63,333)	(61,547)	-
Dividends payable	(20,537)	(20,537)	(20,537)	-	-	-
	(188,040)	**(188,040)**	**(45,474)**	**(74,678)**	**(66,332)**	**(1,556)**

The Company ended 2019 with a net working capital deficit of R$ 77,336. The Company's Management, based on the recent positive cash generation and together with future operating cash flows, believes that no other measures are necessary to meet the Company's obligations and needs for the coming year. However, in case of additional cash needs, the Company has unfunded credit lines available with financial institutions that could be used to meet future operational needs.

(iii) Credit risk

Credit risk is the risk of the Company incurring financial losses if a customer or a counterparty in a financial instrument fails to comply with its contractual obligations. This risk primarily relates to the Company’s trade accounts receivable and cash and cash equivalents.

The book values of financial assets represent the maximum credit exposure.

Accounts receivable
Credit risk derives from any difficulty in the collection of values due for services provided to the clients. The balance of trade accounts receivable is in Reais and is distributed among multiple clients.

Credit risk is managed using the Company's own operating model, where almost all sales are made as credit sales with a short maturity for payment and the remainder is made through advance payment. Despite this, periodical analyses of the clients' default level are conducted, and efficient forms of collection are adopted. The credit granted by the Company is made following the criteria defined based on statistical models - *score*, combined with internal information of our business, as well as internal record of behavioral information of the consumers, and these models are periodically reviewed based on the rates of historical losses of portfolio vintages.

The maximum exposure to credit risk on each reporting date is the book value as shown in the chart of trade accounts receivable by maturity (see Note 8).

The Company recognized a provision for loss that represents its estimated losses incurred for the years ended December 31, 2018 and 2019 and expected losses for the year ended December 31, 2019, in connection with Accounts receivable, see note 8.

Cash equivalents
The credit risk of balances in banks and financial institutions is administered by the Company's Treasury Department. Surplus funds are invested only in approved counterparties which are first rate financial institutions in Brazil, and inside the limit established to each one, to minimize risk concentration and, therefore, mitigate financial loss in case of possible bankruptcy of a counterparty.

Sensitivity analysis (Market risk)
The Company prepared a sensitivity analysis to evidence the impact of changes in interest rates of cash investments, loans and financing, *swap* and debentures. Liability financial instruments were segregated into debts remunerated at CDI/Selic, debts remunerated at the long-term interest rate – TLP, debt in US dollars and debt in Euro.

As of December 31, 2019, this study has a probable projection scenario as of December 31, 2019: (i) the CDI/Selic rate at 4.25% p.a. and US dollar conversion rate of R$ 4.10 based on the projection of the Central Bank of Brazil; (ii) the Euro rate at R$ 4.58, TJLP rate at 4.78% p.a. and the IGPM rate at 4.54% p.a. based on information disclosed by the two largest banks in Brazil.

The following table of sensitivity analysis on the impact in income (loss) from exchange-rate change and change in interest rates of Company's financial instruments shows the balances of the main financial assets and liabilities, considering a probable scenario (Scenario I), with appreciation of 25% (Scenario II) and 50% (Scenario III):

Financial instrument	**Exposure on 12/31/2019**	**Risk**	**Probable average rate**	**Probable Scenario I**	**Scenario II + Deterioration of 25%**	**Scenario III + Deterioration of 50%**
Foreign exchange risk:						
Swap - (*Banco do Brasil)*	29,550	Decrease in USD	R$ 4.10	508	8,023	15,537
USD financing (*Banco do Brasil)*	(29,550)	Increase in USD	R$ 4.10	(508)	(8,023)	(15,537)
Swap – (Banco Votorantim)	30,050	Decrease in Euro	R$ 4.58	355	7,956	15,577
USD financing (Banco Votorantim)	(30,050)	Increase in Euro	R$ 4.58	(355)	(7,956)	(15,577)
Net effect of exposure	-			-	-	-
interest rate risk:						
Cash and cash equivalents - interest earning bank deposits	44,603	Decrease in CDI	4.25%	1,896	2,370	2,843
Debentures	(190,359)	Increase in CDI	4.25%	(8,090)	(10,113)	(12,135)
Swap	(59,600)	Increase in CDI	4.25%	(2,533)	(3,166)	(3,800)
Loans and financing	(18,336)	Increase in CDI	4.25%	(779)	(974)	(1,169)
Loans and financing - BNDES	(8,602)	Increase in TJLP	4.78%	(411)	(513)	(616)
Financial lease	(13,782)	Increase in IGPM	4.54%	(626)	(782)	(939)
Net exposure and impact on the result of financial expense - floating rate	**(246,076)**			**(10,543)**	**(13,179)**	**(15,815)**
Net exposure and total impact of financial expense in profit or loss	**(246,076)**			**(10,543)**	**(13,179)**	**(15,815)**

The Company regularly reviews the estimates and assumptions used in the calculations. However, settlement of transactions involving these estimates may result in amounts different from the estimated amounts, as a result of subjectivity inherent in the process used to prepare analyses.

Capital management

The policy of the Company is to maintain a solid capital base to maintain the confidence of investors, creditors and the market and the future development of the business. The Company monitors the return of capital and also the level of dividends for shareholders.

The Company monitors its capital structure using 'net debt' and adjusts its capital to the current economic conditions. For this purpose, the Company may pay dividends, raise new loans, issue debentures, and contract derivative financial instruments.

For the year ended December 31, 2019, there was no change in the objectives, policies or processes of capital management.

The Company includes the following balances in its ‘net debt’: loans and financing, debentures and derivative financial instruments, less cash and cash equivalents.

Consolidated net indebtedness indices on the Company’s shareholders' equity are comprised of the following items:

	12/31/2019	**12/31/2018**	**12/31/2017**
(-) Cash equivalents (Note 7)	(56,847)	(118,085)	(52,085)
(+) Loans and financing and debentures (Notes 12 and 13)	290,679	262,322	236,809
Net indebtedness	**233,832**	**144,237**	**184,724**
Total shareholders' equity	350,944	381,800	345,193
Net debt ratio	66.63%	37.78%	53.51%

27 Insurance coverage

The Company has a risk management program aiming to mitigate risks, seeking coverage compatible with its size and operation in the market, Coverages were contracted to cover possible claims, considering the nature of its activities, risks involved in its operations and the opinion of insurance advisors.

On December 31, 2019, the Company had insurance policies with a maximum indemnity of R$125,010 (R$ 134,256 on December 31, 2018 and R$ 184,857 on December 31, 2017), for coverage of electric damages, riots, broken glasses, electronic equipment, fire and qualified robbery and thefts of assets.

Description	**Insured amount**
Civil liability and executives	22,700
Specific Risks (fire, windstorm, smoke, electric damage, electronic equipment, theft, and flood)	125,010
Loss of profit	13,200

28 Share-based payment plan

The Special Shareholders' Meeting held on February 29, 2012 approved a stock option plan for the Company, which granted to the directors and employees in position of command (beneficiaries) the possibility to acquire shares of the Company, observing certain conditions (“Option Plan”).

The Option Plan, which is managed by the Company’s Executive Committee aims to provide incentive for the expansion, success and achievement of the Company's corporate goals.

Shares that may be acquired in the ambit of the option plan will not exceed 10% of Company’s total capital, provided that total number of issued shares or shares that may be issued pursuant to the terms of the option plan is always within the capital limit authorized by the Company.

The total dilution potential of the plan is 5,646,000 shares and the vesting period is:

(ii) 1st year Acquisition of 5% of rights

(iii) 2nd year - Acquisition of 10% of rights

(iv) 3rd year - Acquisition of 15% of rights

(v) 4th year - Acquisition of 20% of rights

(vi) 5th year - Acquisition of 25% of rights

(vii) 6th year - Acquisition of 25% of rights

The fair value of the options granted under the plan was determined based on the Black-Scholes formula.

The information used in fair value measurement on the grant date of share-based payment is as follows:

Assumption	**1st granting**
Expected volatility	30.0%
Risk-free interest rate	10%
Fair value of shares	R$ 8,800.00
Strike price	R$ 8,800.00 + IGP-M
Expected dividends	1.5%
Exercise period of the options	10 years

Changes in equity related to the shares based payments are as follows:

	12/31/2019	**12/31/2018**	**12/31/2017**
Opening balance	3,796	3,406	3,300
Additions	259	440	360
Write-offs	(41)	(50)	(254)
Closing balance	4,014	3,796	3,406

Changes in number of vested options:

	12/31/2019	**12/31/2018**	**12/31/2017**
Opening balance	4,086,000	4,098,000	4,158,000
Additions	1,902,000	438,000	-
Write-offs	(342,000)	(450,000)	(60,000)
Closing balance	5,646,000	4,086,000	4,098,000

29 Transactions not involving cash

The Company carried out the following investment and financing activities not involving cash. Therefore, they are not included in the statements of cash flows:

	12/31/2019	**12/31/2018**	**12/31/2017**
Acquisition of intangible assets	5,070	2,318	6,358
Values due to notary offices (suppliers)	(5,070)	(2,318)	(6,358)
Proposal of minimum mandatory dividends (mandatory minimum)	-	(11,184)	(311)
Proposed complementary dividends for the year	(20,537)	-	-

30 Operational leases

The Company had an operating lease for the lease of the floors of the headquarters. The duration of this lease is 10 years. On December 31, minimum future lease payments for non-cancelable lease transactions are as follows:

In thousands of reais	**12/31/2019**	**12/31/2018**	**12/31/2017**
Less than 1 year	-	2,422	2,422
1-5 years	-	9,689	9,689
Over 5 years	-	6,257	8,680
Total	-	18,368	20,791

The Company recognized in profit or loss the amount of R$ 2,422 for operating lease expenses as of December 31, 2018, (R$ 1,615 as of December 31, 2017). The leases had grace period of nine months of rent whose payment begins in June 2017.

31 Subsequent events

There were no material non-adjusting events after the reporting period requiring disclosure.

32 Other matters

During the Special Shareholders’ Meeting held on December 10, 2019, the Company approved the Restricted Stock Option Plan. The purpose of the plan is to grant the beneficiaries selected by the Committee the opportunity to receive Restricted Shares, aiming to promote: (a) Beneficiary retention; (b) the long-term commitment of the Beneficiaries and the strengthening of the meritocracy culture, and (c) the alignment of interest between the Beneficiaries and the Company’s shareholders for the year ended December 31, 2019 there was no grant by the Company.