

Minerva S.A.

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

Independent auditor's report on review of the individual and consolidated interim financial information

As of June 30, 2020



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(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail. See Note 30 to the financial statements.)

Independent auditor's report on review

**Grant Thornton Auditores
Independentes**

Av. Eng. Luís Carlos Berrini, 105 - 12º
andar Itaim Bibi, São Paulo (SP) Brasil

T +55 11 3886-5100

To the Management, Board of Directors and Shareholders of
Minerva S.A.
Barretos – SP

Introduction

We have reviewed the individual and consolidated interim financial information of Minerva S.A. (“Company”), included in the Quarterly Financial Information Form (ITR) for the quarter ended June 30, 2020, which comprises the balance sheet as of June 30, 2020, and the related statement of profit and loss and statement of comprehensive loss for the three- and six-month periods then ended, and the statement of changes in equity and statement of cash flows for the six-month period then ended, including the explanatory notes.

The Company’s Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with CPC 21 (R1) - “Demonstração Intermediária” and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this individual and consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively).

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Statements of Value Added (“DVA”)

The interim financial information referred to above includes the Statements of Value Added (“DVA”) for the six-month period ended June 30, 2020, prepared under the responsibility of the Company’s Management and presented as additional information for IAS 34 purposes. These statements were subject to review procedures performed together with the review of the interim financial information in order to conclude whether they are reconciled to the interim financial information and accounting records, as applicable, and whether their form and substance are in accordance with the criteria defined in NBC TG 09 – Statement of value added. Based on our review, nothing has come to our attention that causes us to believe that such statement of value added were not prepared, in all material respects, according to the criteria defined in that Standard and consistently in relation to the interim financial statements taken as a whole.

São Paulo, July 28, 2020



Daniel Gomes Maranhão Junior

Grant Thornton Auditores Independentes

Minerva S.A.

Balance sheets as of June 30, 2020 and December 31, 2019

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

ASSETS

Notes	Parent		Consolidated		
	06/30/2020	12/31/2019	06/30/2020	12/31/2019	
Current assets					
Cash and cash equivalents	5	6,051,034	4,024,060	6,831,561	4,469,687
Trade receivables	6	738,394	538,470	2,105,233	1,778,214
Inventories	7	398,241	430,545	876,033	714,565
Biological assets	8	231,753	203,173	308,957	235,773
Recoverable taxes	9	579,189	537,657	875,576	763,227
Other receivables	-	175,040	146,701	360,808	307,818
Total current assets		<u>8,173,651</u>	<u>5,880,606</u>	<u>11,358,168</u>	<u>8,269,284</u>
Noncurrent assets					
Other receivables	-	9,373	9,023	14,714	13,348
Related parties	10	3,217,608	2,134,408	-	-
Recoverable taxes	9	179,387	179,387	179,387	179,387
Deferred taxes	18	426,249	425,587	427,940	426,386
Judicial deposits	-	20,066	23,553	21,025	24,550
Investments	11	3,298,452	2,683,039	-	-
Property, plant and equipment	12	1,888,942	1,888,703	4,167,994	3,632,800
Intangible assets	13	285,067	281,957	783,041	687,982
Total noncurrent assets		<u>9,325,144</u>	<u>7,625,657</u>	<u>5,594,101</u>	<u>4,964,453</u>
Total assets		<u>17,498,795</u>	<u>13,506,263</u>	<u>16,952,269</u>	<u>13,233,737</u>

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Balance sheets as of June 30, 2020 and December 31, 2019

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

LIABILITIES

	Notes	Parent		Consolidated	
		06/30/2020	12/31/2019	06/30/2020	12/31/2019
Current liabilities					
Borrowings and financing	14	1,926,693	2,646,524	2,113,811	2,867,602
Leases	12.b	9,361	6,516	9,842	6,990
Trade payables	15	762,465	914,428	1,387,253	1,362,369
Taxes payable and payroll and related taxes	16	97,552	109,933	365,283	330,265
Other payables	17	1,668,103	971,755	1,783,044	1,060,774
Total current liabilities		4,464,174	4,649,156	5,659,233	5,628,000
Noncurrent liabilities					
Borrowings and financing	14	7,542,087	5,345,936	10,141,178	7,610,124
Leases	12.b	34,814	33,428	40,392	39,457
Taxes payable and payroll and related charges	16	54,016	54,967	63,567	64,776
Provisions for tax, labor and civil risks	19	27,285	27,302	40,501	38,272
Allowances for investment losses	11	2,795,146	2,093,336	-	-
Related parties	10	1,743,056	1,583,800	-	-
Other payables	17	-	-	1,664	1,753
Deferred taxes	18	-	-	167,517	133,017
Total noncurrent liabilities		12,196,404	9,138,769	10,454,819	7,887,399
Equity					
	20				
Capital		906,276	282,017	906,276	282,017
Capital reserves		118,271	118,271	118,271	118,271
Revaluation reserves		49,840	50,614	49,840	50,614
Retained earnings (accumulated losses)		525,393	(380,210)	525,393	(380,210)
Treasury shares		(32,695)	(32,695)	(32,695)	(32,695)
Other comprehensive loss		(728,868)	(319,659)	(728,868)	(319,659)
Total equity attributable to Company's owners		838,217	(281,662)	838,217	(281,662)
Noncontrolling interests		-	-	-	-
Total equity		838,217	(281,662)	838,217	(281,662)
Total liabilities and equity		17,498,795	13,506,263	16,952,269	13,233,737

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Statements of profit and loss for the periods ended June 30, 2020 and 2019

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	Notes	Parent				Consolidated			
		2nd quarter 2020	06/30/2020	2nd quarter 2019	06/30/2019	2nd quarter 2020	06/30/2020	2nd quarter 2019	06/30/2019
Net operating revenue	22	2,189,228	4,324,323	1,918,731	3,710,833	4,399,202	8,566,276	4,024,369	7,751,982
Cost of sales	-	(1,616,926)	(3,346,941)	(1,551,502)	(2,993,642)	(3,379,964)	(6,796,410)	(3,295,994)	(6,362,998)
Gross profit		572,302	977,382	367,229	717,191	1,019,238	1,769,866	728,375	1,388,984
Operating income (expenses):									
Selling expenses	23	(148,663)	(291,723)	(163,785)	(322,258)	(314,134)	(594,834)	(283,930)	(541,477)
General and administrative expenses	23	(100,868)	(186,918)	(88,823)	(194,972)	(197,668)	(366,033)	(141,127)	(302,089)
Other operating income (expenses)	23	(11,463)	(14,636)	3,932	(6,129)	(11,623)	(14,857)	5,295	(3,752)
Share of profit of investees	11	86,444	140,751	18,877	119,023	-	-	-	-
Profit from operations before finance income (costs), net, and taxes		397,752	624,856	137,430	312,855	495,813	794,142	308,613	541,666
Finance costs	24	(1,487)	631,118	(293,809)	(482,723)	(65,870)	497,544	(407,939)	(663,480)
Finance income	24	12,799	28,229	14,467	29,863	19,839	42,568	17,791	35,623
Inflation adjustment	24	-	-	-	-	(8,463)	(32,325)	(42,357)	(21,872)
Exchange rate changes, net	24	(154,133)	(760,246)	24,942	(24,042)	(146,970)	(717,466)	17,759	(27,502)
Finance income (costs), net		(142,821)	(100,899)	(254,400)	(476,902)	(201,464)	(209,679)	(414,746)	(677,231)
Profit (loss) before taxes		254,931	523,957	(116,970)	(164,047)	294,349	584,463	(106,133)	(135,565)
Income tax and social contribution - current	18	-	-	-	-	(32,507)	(49,962)	(12,261)	(29,940)
Income tax and social contribution - deferred	18	(1,517)	662	3,648	19,319	(8,428)	(9,882)	5,072	20,777
Profit (loss) for the period before noncontrolling interests		253,414	524,619	(113,322)	(144,728)	253,414	524,619	(113,322)	(144,728)
Equity attributable to:									
Company's owners		253,414	524,619	(113,322)	(144,728)	253,414	524,619	(113,322)	(144,728)
Noncontrolling interests		-	-	-	-	-	-	-	-
Profit (loss) for the period		253,414	524,619	(113,322)	(144,728)	253,414	524,619	(113,322)	(144,728)

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Statements of comprehensive income (loss) for the periods ended June 30, 2020 and 2019

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	Parent				Consolidated			
	2nd quarter 2020	06/30/2020	2nd quarter 2019	06/30/2019	2nd quarter 2020	06/30/2020	2nd quarter 2019	06/30/2019
Loss for the period	253,414	524,619	(113,322)	(144,728)	253,414	524,619	(113,322)	(144,728)
Other comprehensive income (loss) to be reclassified to profit (loss) for the period in subsequent periods:								
Valuation adjustments to equity	3,585	(409,209)	96,436	55,246	3,585	(409,209)	96,436	55,246
Other comprehensive income (loss), net of income tax and social contribution	3,585	(409,209)	96,436	55,246	3,585	(409,209)	96,436	55,246
Total comprehensive income (loss)	256,999	115,410	(16,886)	(89,482)	256,999	115,410	(16,886)	(89,482)
Comprehensive income (loss) attributable to:								
Company's owners	256,999	115,410	(16,886)	(89,482)	256,999	115,410	(16,886)	(89,482)
Noncontrolling interests	-	-	-	-	-	-	-	-
Total comprehensive income (loss)	256,999	115,410	(16,886)	(89,482)	256,999	115,410	(16,886)	(89,482)

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Statements of changes in equity - Parent and consolidated for the period ended June 30, 2020

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	<u>Capital</u>	<u>Capital reserve</u>	<u>Revaluation reserve</u>	<u>Retained earnings (accumulated losses)</u>	<u>Treasury shares</u>	<u>Other comprehensive income (loss)</u>	<u>Total equity attributable to Company's owners</u>	<u>Noncontrolling interests</u>	<u>Total equity</u>
Balances at December 31, 2019	282,017	118,271	50,614	(380,210)	(32,695)	(319,659)	(281,662)	-	(281,662)
Profit for the period	-	-	-	524,619	-	-	524,619	-	524,619
Cumulative translation adjustments	-	-	-	-	-	(409,209)	(409,209)	-	(409,209)
Total comprehensive income (loss), net of taxes	-	-	-	524,619	-	(409,209)	115,410	-	115,410
Capital increase	1,058,282	-	-	-	-	-	1,058,282	-	1,058,282
(-) Expenditures on future capital increase	(53,813)	-	-	-	-	-	(53,813)	-	(53,813)
Absorption of accumulated losses from capital	(380,210)	-	-	380,210	-	-	-	-	-
Realization of revaluation reserve	-	-	(774)	774	-	-	-	-	-
Balances at June 30, 2020	<u>906,276</u>	<u>118,271</u>	<u>49,840</u>	<u>525,393</u>	<u>(32,695)</u>	<u>(728,868)</u>	<u>838,217</u>	<u>-</u>	<u>838,217</u>

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Statements of changes in equity - Parent and consolidated (equity deficiency) for the period ended June 30, 2019

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	<u>Capital</u>	<u>Capital reserve</u>	<u>Revaluation reserve</u>	<u>Retained earnings (accumulated losses)</u>	<u>Treasury shares</u>	<u>Other comprehensive income (loss)</u>	<u>Total equity attributable to Company's owners</u>	<u>Noncontrolling interests</u>	<u>Total equity</u>
Balances at December 31, 2018	1,109,259	120,182	52,162	(1,397,915)	(36,846)	(147,956)	(301,114)	-	(301,114)
Loss for the year	-	-	-	(144,728)	-	-	(144,728)	-	(144,728)
Cumulative translation adjustments	-	-	-	-	-	55,246	55,246	-	55,246
Total comprehensive income (loss), net of taxes	-	-	-	(144,728)	-	55,246	(89,482)	-	(89,482)
Capital increase	274	-	-	-	-	-	274	-	274
Absorption of accumulated losses from capital	(1,000,000)	-	-	1,000,000	-	-	-	-	-
(-) Treasury shares	-	-	-	-	-	-	-	-	-
Realization of revaluation reserve	-	-	(774)	774	-	-	-	-	-
Balances at June 30, 2020	<u>109,533</u>	<u>120,182</u>	<u>51,388</u>	<u>(541,869)</u>	<u>(36,846)</u>	<u>(92,710)</u>	<u>(390,322)</u>	<u>-</u>	<u>(390,322)</u>

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Statements of cash flows for the periods ended June 30, 2020 and 2019

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	Parent		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Cash flow from operating activities				
Profit (loss) for the period	524,619	(144,728)	524,619	(144,728)
Adjustments to reconcile profit (loss) to cash from operating activities:				
Depreciation and amortization	72,515	59,777	157,792	131,542
Allowance for expected credit losses	6,606	1,201	12,334	1,201
Gains on sale of fixed assets	106	1,001	211	1,119
Fair value of biological assets	6,751	2,611	(2,058)	2,611
Realization of deferred taxes	(662)	(19,319)	9,882	(20,777)
Share of profit (loss) of investees	(140,751)	(119,023)	-	-
Finance charges	316,477	266,721	508,857	456,662
Unrealized exchange rate changes	1,075,326	25,768	1,137,240	28,564
Inflation adjustment	-	-	32,325	21,872
Provision for risks	(17)	(2,060)	2,229	(3,987)
Trade and other receivables	(235,219)	301,508	(393,709)	104,484
Inventories	32,304	11,956	(161,468)	(68,607)
Biological assets	(35,331)	(31,983)	(71,126)	(31,043)
Recoverable taxes	(41,532)	124,295	(112,349)	144,509
Judicial deposits	3,487	(3,675)	3,525	(3,593)
Trade payables	(151,963)	(42,591)	24,884	(37,233)
Taxes and payroll charges payable	(13,332)	10,641	33,809	40,664
Other payables	696,348	(69,716)	722,181	(61,529)
Cash flow provided by operating activities	2,115,732	372,384	2,429,178	561,731
Cash flow from investing activities				
Acquisition of investments	(182,061)	406	-	-
Acquisition of intangible assets, net	(6,054)	8,066	(6,264)	8,745
Acquisition of property, plant and equipment, net	(69,916)	(104,139)	(139,289)	(130,686)
Cash flow used in investing activities	(258,031)	(95,667)	(145,553)	(121,941)
Cash flow from financing activities				
Borrowings and financing	1,549,696	430,317	1,731,585	552,835
Borrowings and financing settled	(2,103,186)	(1,645,765)	(3,389,768)	(2,226,118)
Leases	(6,331)	(2,929)	(6,864)	(9,207)
Related parties	(923,944)	(365,422)	-	-
Capital payment in cash	1,058,282	274	1,058,282	274
Transaction costs on issuance of shares	(53,813)	-	(53,813)	-
Cash flow used in financing activities	(479,296)	(1,583,525)	(660,578)	(1,682,216)
Exchange rate changes on cash and cash equivalents	648,569	(11,726)	738,827	(66,647)
Increase (decrease) in cash and cash equivalents, net	2,026,974	(1,318,534)	2,361,874	(1,309,073)
Cash and cash equivalents				
At the beginning of period	4,024,060	4,053,825	4,469,687	4,396,985
At the end of period	6,051,034	2,735,291	6,831,561	3,087,912
Increase (decrease) in cash and cash equivalents, net	2,026,974	(1,318,534)	2,361,874	(1,309,073)

The accompanying notes are an integral part of this interim financial information.

Minerva S.A.

Statements of value added for the periods ended June 30, 2020 and 2019

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	Parent		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Revenues	4,366,949	3,681,399	8,818,802	7,940,209
Sales of goods, products and services	4,353,957	3,661,720	8,804,421	7,916,014
Other revenues	12,992	19,679	14,381	24,195
Inputs acquired from third parties (includes taxes - ICMS, IPI, PIS, and Cofins)	(3,927,860)	(3,624,823)	(7,498,067)	(7,078,227)
Cost of sales and services	(3,594,547)	(3,202,058)	(6,704,854)	(6,276,542)
Materials, electric power, outside services and others	(333,313)	(422,765)	(793,213)	(801,685)
Gross value added	439,089	56,576	1,320,735	861,982
Depreciation, amortization and depletion	(72,515)	(59,777)	(157,792)	(131,542)
Wealth created by the entity, net	366,574	(3,201)	1,162,943	730,440
Wealth received in transfer	168,980	148,886	42,568	35,623
Share of profit of investees	140,751	119,023	-	-
Finance income	28,229	29,863	42,568	35,623
Total wealth for distribution (5+6)	<u>535,554</u>	<u>145,685</u>	<u>1,205,511</u>	<u>766,063</u>
Wealth distributed	<u>535,554</u>	<u>145,685</u>	<u>1,205,511</u>	<u>766,063</u>
Personnel	115,897	92,599	433,632	399,050
Taxes and contributions	(12,098)	(10,194)	155,118	95,317
Lenders and lessors	(92,864)	208,008	92,142	416,424
Interest	(96,552)	199,063	85,386	405,775
Rentals	3,688	8,945	6,756	10,649
Shareholders	524,619	(144,728)	524,619	(144,728)
Profit/loss for the years	524,619	(144,728)	524,619	(144,728)
Noncontrolling interests in retained earnings (consolidation only)	-	-	-	-

The accompanying notes are an integral part of this interim financial information.

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

Notes to the individual and consolidated interim financial information for quarter ended June 30, 2020

(Amounts in thousands of reais - R\$, unless otherwise stated)

1. General information

Minerva S.A. (Company) is a publicly-held company listed at the “Novo Mercado” corporate governance segment with shares are traded on B3 - Bolsa, Brasil, Balcão. The Company’s main activities include the slaughtering of livestock and processing of meat, sale of fresh chilled, frozen and processed meat and the exporting of live cattle.

The Company’s shares are traded on B3 – Bolsa, Brasil, Balcão, under the ticker symbol “BEEF3” and its Level 1 American Depositary Receipts (ADRs) are traded on the OTC market OTCQX International Premier, a segment of the electronic trading platform operated by the OTC Markets Group Inc., in the United States.

Parent

The Company is headquartered in Barretos (SP) and has manufacturing units located in José Bonifácio (SP), Palmeiras de Goiás (GO), Araguaína (TO), Goianésia (GO), Barretos (SP), Campina Verde (MG), Janaúba (MG), Paranatinga (MT), Mirassol D’Oeste (MT), and Rolim de Moura (RO). The distribution centers for the domestic market are located in the cities of Aparecida de Goiânia (GO), Brasília (DF), Cariacica (ES), São Paulo (SP), Araraquara (SP), Taboão da Serra (SP), Cubatão (SP), Santos (SP), Belo Horizonte (MG), Maracanaú (CE), Uberlândia (MG), Cabo de Santo Agostinho (PE), and Itajaí (SC).

As of June 30, 2020, the Company’s consolidated industrial complex had a daily slaughtering capacity of 26,380 heads and a deboning capacity of 4,656 tons, taking into account subsidiaries Athena Foods S.A – in Uruguay (Pulsa S/A and Frigorífico Carrasco S/A), in Colombia (Red. Cárnica S.A.), Paraguay (Frigomerc S/A) and Argentina (Pul Argentina S.A., which is the parent of Swift Argentina S.A). All plants are compliant with sanitary requirements applicable to exports to countries across the five continents. The Barretos manufacturing unit (SP) has a beef processing line (cubed beef and roastbeef) which is mainly intended for exports.

Direct and indirect subsidiaries

Direct subsidiaries located in Brazil:

- **Minerva Dawn Farms S.A. (Minerva Fine Foods):** located in Barretos (SP), this unit started operations in 2009. to produce, in varying scales, and sell beef, pork and poultry products meeting domestic and foreign demand in the “Food Services” segment;
- **CSAP – Companhia Sul Americana de Pecuária S.A.:** located in Barretos (SP), this unit started operations in 2014 to mainly engage in livestock and farming, by breeding and selling live cattle, lambs, pigs and other live animals;
- **Minerva Foods Asia Assessoria Ltda. (formerly Intermeat – Assessoria e Comércio Ltda):** acquired in the first quarter of 2016, its main activity is the provision of consulting and advisory services in the foreign trade area, for all lines of business in the food industry. No In the first quarter of 2019, the company was closed down; and
- **Minerva Comercializadora de Energia Ltda.:** located in São Paulo (SP), this unit started operations in 2016 and is mainly engaged in trading and selling electric power.

Direct foreign subsidiaries:

- **Athena Foods S.A.:** Based in Santiago, Chile (UY), Athenas Foods S.A. started operations in 2018 primarily to manage equity interests and own assets in Mercosur. The company has the following direct subsidiaries: Pulsa S.A. (UY), Frigorífico Carrasco S.A. (UY), Frigomerc S.A. (PY), Pul Argentina S.A. (AR), Red Cárnica S.A.S (CO), Red Industrial Colombiana S.A.S (CO), and Minerva Foods Chile SPA (CL);
- **Lytmer S.A.:** located in Montevideo, Uruguay (UY), engaged in selling live cattle to the foreign market and trading food products.
- **Friasa S.A.:** located in Asunción, Paraguay (PY);
- **Minerva Middle East:** office located in Lebanon to market and sell the Company's products;
- **Minerva Colombia SAS:** Based in Ciénaga de Oro, next to Montería, in the Córdoba region, Colombia, mainly engaged in the sale of livestock to the foreign market;
- **Minerva Live Cattle Export SPA:** Located in Santiago, Chile, primarily engaged in selling live cattle to the foreign market;
- **Minerva Meats USA.:** located in Chicago (USA), this unit started operations in 2015 and is mainly engaged in trading food products.
- **Minerva Australia Holdings PTY Ltd.:** Located in Brisbane (Australia), this unit started operations in 2016 and has Minerva Asia Foods PTY Ltd. as its direct subsidiary; and
- **Minerva Europe Ltd.:** Located in London, England, this unit started operations in 2017 and is mainly engaged in trading food products.

Indirect foreign subsidiaries:

- **Pulsa S.A.:** meatpacking company acquired in January 2011, located in the Province of Cerro Largo, near the capital Melo, in Uruguay (UY). Engaged in slaughtering and deboning activities, with 85% of its sales intended for the foreign market, primarily the North American and the European markets.
- **Frigorífico Canelones S.A.:** a meatpacking company acquired in July 2017 by the indirect subsidiary Pulsa S.A., located in Canelones, Uruguay (UY). Engaged in the cattle slaughtering and deboning and processing of meat, especially fresh chilled and frozen meat for exports.
- **Frigorífico Carrasco S.A.:** meatpacking company acquired in April 2014, located in Montevideo, Uruguay (UY). Engaged in slaughtering, deboning and processing beef and sheep meat, with approximately 68% of its sales intended for the foreign market;

- **Frigomerc S.A.:** Meatpacking company acquired in October 2012, located in Asunción, Paraguay (PY), engaged in slaughtering, deboning and processing activities, operating in the domestic and foreign markets.
- **JBS Paraguay S.A.:** a meatpacking company acquired in July 2017 by the indirect subsidiary Frigomerc S.A., located in Assuncion, Paraguay (PY), to engage in cattle slaughtering and deboning and processing of meat.
- **Indústria Paraguaya Frigorífica S.A.:** a meatpacking company acquired in July 2017 by the indirect subsidiary Frigomerc S.A., located in Assuncion, Paraguay (PY), to engage in cattle slaughtering and deboning and processing of meat.
- **Pul Argentina S.A.:** Based in Buenos Aires, Argentina, the company started activities 2016 and has Swift Argentina S.A. as its direct subsidiary;
- **Swift Argentina S.A.:** a meatpacking company acquired in July 2017 by the indirect subsidiary Pul Argentina S.A. located in Buenos Aires (AR) to process and produce meat and sell own and third parties' brands, especially Swift products;
- **Red. Cárnica SAS:** a meatpacking company acquired in July 2015, located in Ciénaga de Oro, near Montería, Córdoba region, in Colombia (CO) to engage in slaughtering, deboning and processing activities, operating in the domestic and foreign markets;
- **Red. Industrial Colombiana SAS:** plant acquired in July 2015, located in Ciénaga de Oro, near Montería, in the Córdoba region, Colombia (CO), whose main purpose is the preparation of products for animals, specifically, meat/bone meal, blood and tallow;
- **Minerva Foods Chile SPA:** Located in Santiago, Chile, primarily engaged in trading and selling the Company's products;
- **Minerva Ásia Foods PTY Ltd:** this unit is mainly engaged in trading food products.

Cargo transportation

- **Transminerva Ltda.:** located in Barretos (SP), it is engaged in cargo transportation to support the Company, reducing its freight expenses in Brazil.

Special Purpose Entities (SPE) for fundraising

- **Minerva Overseas I:** located in the Cayman Islands, it was incorporated in 2006 to issue Bonds and receive the respective financial resources, totaling US\$200 million, in January 2007;
- **Minerva Overseas II:** Located in the Cayman Islands, it was incorporated in 2010 to issue Bonds and receive the respective financial resources, totaling US\$250 million, on that date;
- **Minerva Luxembourg S.A.:** located in Luxembourg, it was incorporated in 2011 for the specific purpose of issuing Bonds and receiving the respective financial resources, totaling US\$350 million, and the subsequent re-tap of US\$100 million, occurred in February and March 2012, respectively. Also in the first quarter of 2013, the company conducted the "offer to buyback debt notes" using the proceeds from the issue of 2023 Notes in the amount of US\$850 million bearing interest of 7.75% per year. In the third quarter of 2014, the company carried out the re-tap of the 2023 Notes in the amount of US\$200 million. During the third quarter of 2016, the company carried out an offering of US\$1 billion bearing interest of 6.50% per year, buying back the 2023 Notes in the amount of US\$617,874. In the second quarter of 2017, the company carried out a re-tap operation for its 2026 Notes, in the amount of US\$350 million. During the fourth quarter of 2017, the company carried out an offering of US\$500 million bearing interest of 5.875% per year, buying back the 2023 Notes in the amount of US\$198,042.

Other subsidiaries in pre-operational stage

- **Minerva Log S.A. (logistics)**

The direct and indirect subsidiaries above are included in the Company's individual and consolidated interim financial information. The equity interest in each subsidiary is as shown below:

	06/30/2020	12/31/2019
Direct subsidiaries		
Minerva Dawn Farms S/A	100.00%	100.00%
Friasa S/A	99.99%	99.99%
Minerva Overseas I	100.00%	100.00%
Minerva Overseas II	100.00%	100.00%
Minerva Middle East	100.00%	100.00%
Transminerva Ltda.	100.00%	100.00%
Minerva Log	100.00%	100.00%
Minerva Colômbia S.A.S	100.00%	100.00%
Lytmer S.A.	100.00%	100.00%
Minerva Luxembourg S.A.	100.00%	100.00%
Minerva Live Cattle Export Spa	100.00%	100.00%
CSAP - Companhia Sul Americana de Pecuária S.A.	100.00%	100.00%
Minerva Meats USA Inc.	100.00%	100.00%
Minerva Comercializadora de Energia Ltda	100.00%	100.00%
Minerva Australia Holdings PTY Ltd	100.00%	100.00%
Minerva Europe Ltd.	100.00%	100.00%
Athena Foods S.A.	100.00%	100.00%
	06/30/2020	12/31/2019
Indirect subsidiaries		
Frigorífico Carrasco S.A.	100.00%	100.00%
Minerva Foods Chile Spa	100.00%	100.00%
Red Cárnica S.A.S	100.00%	100.00%
Red Industrial Colombiana S.A.S	100.00%	100.00%
Pulsa S.A.	100.00%	100.00%
Frigorífico Canelones S.A.	100.00%	100.00%
Frigomerc S/A	100.00%	100.00%
JBS Paraguay S.A.	99.99%	99.99%
Industria Paraguaya Frigorífica S.A.	99.99%	99.99%
Pul Argentina S.A.	100.00%	100.00%
Swift Argentina S.A.	99.99%	99.99%
Minerva Ásia Foods PTY Ltd	100.00%	100.00%

Hyperinflationary economy – Argentina

On June 30, 2018, according to an evaluation conducted by different market players, Argentina's economy was considered hyperinflationary beginning July 01, 2018. The Argentinean peso devaluation and an increase in the overall price level in recent periods resulted in inflation indices exceeding 100% on a three-year cumulative basis.

In accordance with IAS 29, non-monetary assets and liabilities, equity and the income statement of subsidiaries operating in a highly inflationary economy must be restated for the changes in the pricing power of the functional currency by applying a general price index.

We concluded that the effects of this hyperinflationary impact, certainly not relevant, arising from our Argentinian subsidiaries, were determined on a consistent basis and accounted for in our individual and consolidated interim financial information for the period ended December 31, 2018.

COVID-19

Economic impacts

The Covid-19 pandemic led the Company to adjust its facilities and incur some extraordinary expenses relating to the acquisition of personal protection equipment, tests for employees and community support initiatives involving donations of equipment, food and health and personal care items. Through June 30, 2020, these nonrecurring expenses totaled approximately R\$19,762. Regarding operations, we recorded a sharp decline in purchases in the food service segment in Brazil and Europe, which were more than offset against foreign sales to Asian countries, especially China. The currency depreciation in the period positively impacted profitability, revenue and the operating profit from exports over this period. On the other hand, we also recorded an adverse impact on the total foreign currency debt, which eventually increased.

Nevertheless, the Company's currency hedging policy was efficient in the quarter, since it amortized the impacts of the currency depreciation, significantly reducing the final effect on the Company's net debt.

Based on the information available, Management evaluated the impacts of the Covid-19 on the Company's operations and individual and consolidated financial position as of June 30, 2020 and concluded that, to date, there are no significant information to be disclosed in relation to that reported in the individual and consolidated financial statements as of December 31, 2019.

2. Business combination

On January 24, 2019, the Company announced to the market that it conducted an asset barter transaction whereby Marfrig Global Foods S.A. ("Marfrig") would transfer to the Company an asset called "Paranatinga plant", whose primary corporate purpose is the processing of cattle and poultry by-products, located in Paranatinga, and the Company would transfer to Marfrig an asset called Várzea Grande plant, with the difference amount being paid by Marfrig on behalf of the Company, under the Agreement for Barter of Assets and Other Covenants ("Barter of Assets Agreement"), entered into between the Company and Marfrig, as parties, and BRF SA, as the intervening party of the transaction.

On February 19, 2019, the Brazilian Antitrust Authority (CADE) resolved for the final approval of the Barter of Assets between the Company and Marfrig.

Marfrig paid a supplemental amount of forty-six million reais (R\$46,000) to the Company for the Barter of Várzea Grande Plant, as follows:

- The first installment in the amount of twenty million, five hundred thousand reais (R\$20,500) on February 20, 2019; and
- The second installment in the amount of twenty-five million, five hundred thousand reais (R\$25,500) on April 16, 2019.

The objective of the transaction was to increase the financial liquidity by receiving cash and cash equivalents from the transaction while maintaining the current average production level in the State of Mato Grosso, with the acquisition of the Paranatinga plant, through increased use of this manufacturing unit's operating capacity.

The carrying amount of the Várzea Grande plant as of that base date, before the transfer to Marfrig, was measured at fair value under the discounted cash flow (DCF) method, in the Company's accounting information, as required by CPC 15 (R1), paragraph 37. The estimated fair value of Várzea Grande was R\$317,322, and the residual value of net assets transferred was R\$287,342. Considering the value of Paranatinga's net assets, R\$153,478, and the amount received of R\$46,000, a goodwill of R\$87,864 was recorded on the transaction.

Under the agreement entered into between the parties, in addition to the transfer of assets from Várzea Grande unit to Marfrig, the respective employees allocated to that unit, except the Company's key personnel, were also assigned.

Below is the (summarized) balance sheet of Paranating unit on April 01, 2019, under CPC 15 (R1) – Business combinations at the fair value of the identifiable assets acquired and liabilities assumed:

Balance Sheet - Paranatinga Unit

In thousands of reais

ASSETS		LIABILITIES	
	<u>Fair Value</u>		<u>Fair Value</u>
	<u>04/01/2019</u>		<u>04/01/2019</u>
Current assets		Current liabilities	
		Payroll and related taxes	4.308
Noncurrent assets		Noncurrent liabilities	
Property, plant and equipment	157.786	Equity	
		Equity	153.478
Total Assets	<u><u>157.786</u></u>	Total Liabilities and Equity	<u><u>157.786</u></u>

For the purpose of this business combination, only fixed assets and payroll and related taxes were considered. Inventories, inputs, storeroom, other assets, liabilities, contingencies and obligations.

Below is the balance sheet of Várzea Grande and the assets and liabilities that were not part of the transaction:

Balance sheet - Várzea Grande Unit

In thousands of reais

Balance Sheet - carrying amount and fair value

ASSETS		LIABILITIES	
	<u>Fair value</u>		<u>Fair value</u>
	<u>04/01/2019</u>		<u>04/01/2019</u>
Current Assets		Current Liabilities	
Cash and cash equivalents	52.763	Trade payables	28.149
Trade receivables	59.848	Taxes payables	928
Inventories	6.108	Payroll and related taxes	10.942
Recoverable taxes	346	Other payables	4.156
Other receivables	9	Total Current Liabilities	<u>44.175</u>
Total Current Assets	<u>119.074</u>	Noncurrent Liabilities	
Noncurrent Assets		Provisions for risks	4.075
Judicial deposits	3.875	Deferred tax liabilities	10.716
Related parties	3.637	Total Noncurrent Liabilities	<u>14.791</u>
Other receivables	5	Equity	
Property, plant and equipment	121.579	Equity	189.332
Intangible assets	128	Total Equity	<u>189.332</u>
Total Noncurrent Assets	<u>129.224</u>	Total Liabilities and Equity	<u>248.298</u>
Total Assets	<u><u>248.298</u></u>		

Assets that were not part of the business

In thousands of Reais

04/01/2019

Equity	189,332
(-) Cash and cash equivalents	(52,763)
(i) Equity - Net Cash	136,569
Assets that were part of the business combination:	
Property, plant and equipment	121,579
Payroll and related taxes	(4,274)
Deferred tax liabilities	(10,716)
(si) Net assets in the business combination.	106,589
(i-ii) Net assets that were not part of the business combination.	29,980

Goodwill determination

Considering that the fair value of the consideration transferred exceeded the fair value of the identifiable net assets acquired, as shown in the table below, the acquisition of control of Paranatinga unit resulted in goodwill recognition by the Company, as follows:

Goodwill determination

In thousands of reais

04/01/2019

Acquisition price (Várzea Grande business unit)	317,322
(-) Net assets that are not part of the combination	(29,980)
(i) Consideration transferred	287,342
Less:	
Fair value of the acquiree's equity	153,478
Supplemental amount	46,000
(i) Equity at fair value	199,478
(i - ii) Goodwill	87,864

The goodwill amount of R\$87,864 was recorded in the balance sheet as "Intangible assets" in the Company's interim financial information.

Approval of the interim financial information

The issuance of this interim financial information as of June 30, 2020 was authorized by the Executive Board and the Board of Directors on July 28, 2020.

3. Basis of preparation

Statement of compliance (with IFRSs and CPC standards)

The individual and consolidated interim financial information has been prepared and is presented in accordance with accounting practices adopted in Brazil, including the provisions of Brazilian Corporate Law and the standards and procedures issued by the Brazilian Securities and Exchange Commission (CVM) and the Accounting Pronouncements Committee (CPC), which are in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The Company's individual and consolidated interim financial information is in accordance with Technical Instruction OCPC 07, which addresses the basic preparation and disclosure requirements to be observed in financial reporting, particularly in the disclosure of explanatory notes. Management asserts that all the relevant information reported in the interim financial information is disclosed and corresponds to that used in managing the Company.

The presentation of the Statement of Value Added (DVA), individual and consolidated, is required by Brazilian Corporate Law and the accounting practices adopted in Brazil applicable to publicly-held companies. IFRS does not require the presentation of such statement. Consequently, the presentation of the Statement of Value Added is considered by IFRS as supplemental information, without any prejudice to the set of financial statements.

This individual and consolidated interim financial information is presented in reais (R\$), which is also the Company's functional currency.

The significant accounting policies adopted in preparing the individual and consolidated interim financial information are as described below. These accounting policies were applied consistently to all periods reported, unless stated otherwise.

4. Summary of significant accounting policies

a) Basis of measurement

The individual and consolidated interim financial information was prepared at historical cost, except for the measurement of certain assets and liabilities such as financial instruments and biological assets, which are measured at fair value.

b) Functional and presentation currency

The interim financial information of each subsidiary included in the Company's consolidation and that used as a basis for measuring investments under the equity method has been prepared using each entity's functional currency. The functional currency of an entity is the currency of the primary economic environment where it operates.

In defining the functional currency of each subsidiary, Management considered which currency significantly influences the sale price of its products and services rendered, and the currency in which most of the cost of its inputs production is paid or incurred.

The interim financial information is presented in Brazilian reais, which is the Parent's functional and reporting currency.

c) Foreign operations

The foreign direct and indirect subsidiaries adopted the following functional currencies in preparing the interim financial information as of June 30, 2020:

- **Guarani (Paraguai-PY)** – Friasa S.A.;
- **US Dollar (US\$)** – Athena Foods S.A, Frigomerc S.A., Pulsa S.A, Frigorífico Carasco S.A, Lytmer S.A.; Minerva Overseas I, Minerva Overseas II, Minerva Meat USA, Minerva USA LLC, and Minerva Luxembourg;
- **Sterling pound (GBP)** – Minerva Europe Ltd.;
- **Chilean Peso** – Minerva Foods Chile SpA and Minerva Live Cattle Export SPA;
- **Colombian Peso** – Minerva Colombia S.A.S, Red Cárnica S.A.S, and Red Industrial Colombiana S.A.S.;
- **Australian Dollar** – Minerva Australia Holdings PTY Ltd.; Minerva Asia Foods PTY Ltd.;
- **Argentinean Peso** – Pul Argentina S.A.

This interim financial information, where applicable, is adjusted to conform to the accounting practices adopted in Brazil and translated into reais (R\$) by applying the following procedures:

- Monetary assets and liabilities are translated using the closing rate of the respective currency for the Brazilian real (R\$) at the end of the respective balance sheets;
- In the last balance sheet corresponding to equity translated at the historical exchange rate prevailing at that time and the changes in equity for the current period/year are translated at the historical exchange rates on the dates of the transactions, and the profit earned or loss incurred is translated and accumulated at an average historical monthly exchange rate, as indicated in the topic below;
- Revenues, costs and expenses for the current period/year are translated and accrued at an average historical monthly exchange rate;
- The changes in foreign exchange balances arising from the items above are recognized in a specific equity account, under "Other comprehensive income";
- The balances of investments, assets and liabilities, revenues and expenses arising from transactions among "Minerva Group" companies included in the consolidated interim financial information are eliminated.

d) Foreign currency-denominated transactions and balances

Foreign currency-denominated transactions and balances, i.e., all transactions conducted in a currency other than the functional currency, are translated at the exchange rate prevailing on the respective trade date, as required by CPC 02 (R2) – Effects of Changes in Exchange Rates and Translation of Financial Statements.

Assets and liabilities subject to currency fluctuations are adjusted using the exchange rates prevailing on the last business day of each year or reporting periods. Gains and losses arising from changes in foreign investments are recognized directly in equity, under “Other comprehensive income”, and recognized in the statement of profit or loss when these investments are fully or partially sold.

Nonmonetary items that are measured at historical cost in a foreign currency are translated using the exchange rates prevailing on the transaction date.

e) Use of estimates and judgment

The preparation of individual and consolidated interim financial information pursuant to IFRS and CPC standards requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are revised on an ongoing basis. Revisions related to accounting estimates are recognized in the period in which estimates are revised and in any affected future periods.

f) Basis of consolidation

Business combinations

Acquisitions completed on or after January 1, 2009

For acquisitions made as of or after January 01, 2009, the Company measured goodwill as the fair value of the consideration transferred, including the recognized amount of any noncontrolling interest in the acquired company, less the net recognized value of the identifiable assets and liabilities assumed at fair value, all measured as at the acquisition date.

For each business combination, the Company assesses if it will measure the non-controlling interests at their fair value or based on the proportionate equity interest of the noncontrolling interests on the identifiable net assets determined on the acquisition date.

Transaction costs, whether or not associated to the issuance of debt securities or equity securities, incurred by the Company and its subsidiaries on a business combination, are recognized as expenses as they are incurred.

Subsidiaries and jointly controlled subsidiaries

The interim financial information of subsidiaries is included in the consolidated interim financial information as from the date control starts to be exercised through the date it ceases to be exercised.

Transactions eliminated in consolidation

All intragroup transactions and any intragroup revenue and expenses are eliminated in preparing the consolidated interim financial information. Unrealized gains arising from transactions with investees and recorded under the equity method are eliminated against the investment proportionately to the Company's equity interest in the investees. Unrealized losses, if any, are not eliminated the same way as unrealized gains, but only to the extent that there is no indication of impairment.

g) Revenue and expense recognition

Results from operations (revenue, costs and expenses) are recognized on the accrual basis for the years and periods. Revenue from sales of products is recognized when its amount can be reliably measured, and all risks and rewards are transferred to the buyer.

h) Cash and cash equivalents and securities

Cash and cash equivalents include cash on hand, bank deposits and highly liquid short-term investments. See Note 5 for details on the Company's and its subsidiaries' cash and cash equivalents.

i) Financial instruments

The Company's and its subsidiaries' financial instruments are in accordance with the accounting pronouncement CPC 48, effective beginning January 01, 2018, and were recorded under this standard.

Financial assets

Financial assets are classified into the following specific categories: assets measured at amortized cost; fair value through profit or loss and fair value through other comprehensive income. Assets are classified based on the Company's business model and the cash flow characteristics of the financial asset.

Recognition and measurement

The Company classifies its financial assets on initial recognition into three categories: **i)** assets measured at amortized cost; **ii)** fair value through profit or loss; or **iii)** fair value through other comprehensive income.

- **Amortization cost:** Assets should be measured at amortized cost if both of the following conditions are met: **i)** the financial asset is held within the business model whose objective is to hold assets in order to collect contractual cash flow; and **ii)** the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company should recognize its interest income, exchange gains and losses, and impairment directly in profit or loss;
- **Fair value through profit or loss:** Financial assets should be measured at fair value through profit or loss only if they may not be classified as assets measured at amortized cost or fair value through other comprehensive income. The Company should recognize its interest income, exchange gains and losses, and impairment together with other net profit or loss, directly in profit or loss;
- **Fair value through other comprehensive income:** Financial assets should be measured at fair value through comprehensive income only if the following conditions are met: **i)** the financial asset is held within a business model whose objective is achieved by both collecting contractual cash when contractual cash flows are collected from the sale of financial assets; and **ii)** the contractual terms of the financial asset give rise on specified dates to interest on the principal amount outstanding.

Assets measured at fair value through other comprehensive income are classified into two categories: **i)** debt instruments: interest income calculated under the effective interest method, exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized directly in the Company's equity, in "other comprehensive income". In the derecognition, the cumulative gains or losses in other comprehensive income is reclassified to profit or loss; or **ii)** equity instruments are measured at fair value. Dividends are recognized as gains in profit or loss, unless the dividend clearly represents a recovery of a portion of the investment cost.

Other net gains and losses are recognized directly in the Company's equity, in "other comprehensive income" and are never classified to profit or loss.

Fair values of investments quoted in a public market are based on current purchase prices. If the market of a financial asset (and bonds not listed on the stock exchange) is not active, the Company establishes the fair value through valuation techniques.

These techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to other instruments that are substantially the same, the analysis of discounted cash flows, and option pricing models that make maximum use of market inputs and rely as little as possible on entity-specific inputs.

Regular-way purchases and sales of financial assets are recognized on a trade date basis, i.e., the date on which the Company agrees to buy or sell the asset.

- **Derecognition of financial assets:** Financial assets are written off when the rights to receive cash flows from the investments expire or are transferred; in the latter case, provided that the Company has significantly transferred all the risks and rewards of the ownership. If the Company retains substantially all the risks and rewards of ownership of the financial asset, the Company should continue to recognize the financial asset.

Financial liabilities

Financial assets are classified into the following categories: financial liabilities at amortized cost or fair value through profit or loss. Management determines the classification of its financial liabilities at the time of initial recognition.

- **Financial liability at amortized cost:** The Company should classify all of its financial liabilities as amortized cost, except financial liabilities classified at fair value through profit or loss, derivative liabilities warranty agreement. Other financial liabilities are measured at amortized cost under the effective interest method. Interest expense, exchange gains and losses are recognized in profit or loss. The Company has the following non-derivative financial liabilities: borrowings, financing and debentures and trade payables. The Company has the following non-derivative financial liabilities: borrowings, financing and debentures and trade payables.
- **Financial liabilities at fair value through profit or loss:** Financial liabilities classified into the fair value through profit or loss category are financial liabilities held for trading or those designated at initial recognition. Derivatives are also classified as trading securities, unless they have been designated as effective hedging instruments. Gains and losses on financial liabilities classified at fair value through profit or loss are recognized in profit or loss.
- **Derecognition of financial liabilities:** Financial liabilities are derecognized only when the obligation specified in the relevant contract is discharged, cancelled or expires. The Company also derecognizes a financial liability when the terms are modified, and the liability cash flow are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value.

Offset of financial instruments

Financial assets and financial liabilities are offset, and the net amount is disclosed in the balance sheet when there is a legally enforceable right to set off recognized amounts and the intention to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

Derivative financial instruments

The fair value of derivative financial instruments is calculated by the Company's treasury department based on information on each transaction and related market inputs at the end of the reporting period, such as interest rates and exchange coupon. When applicable, this information is compared to the positions informed by the trading desks of each financial institution involved.

Transactions involving derivative financial instruments that were contracted by the Company and its subsidiaries can be summarized as cattle futures contracts, options on cattle contracts and Non Deliverable Forward (NDF), all aiming exclusively to minimize the impact of price fluctuations per "arroba" of cattle in the statement of profit or loss, and to hedge against exchange risks related to statement of financial position accounts plus cash flows projected in foreign currency.

Derivative financial instruments and hedging activities

Derivatives are initially recognized at their fair values at the commencement of the derivative agreement and are subsequently remeasured at fair value, whose changes in fair value are recorded in profit or loss.

Although the Company uses derivatives for hedging purposes, it did not choose the hedge accounting method. This accounting method is optional and, therefore, not mandatory.

j) Trade receivables

Trade receivables are carried at their present and realizable values. Trade receivables from foreign customers are adjusted based on exchange rates prevailing at the end of the reporting period. An allowance for expected credit losses is recognized in an amount considered sufficient by Management, based on monitoring of past-due receivables and trade notes and the risk of not collecting installment sales.

k) Inventories

Inventories are stated at the lower of cost and net realizable value, adjusted to market value and for any losses, when applicable. The inventory cost includes expenditures incurred on purchase of inventories, manufacturing and transformation costs and other costs incurred in bringing the inventories to their present location and condition.

l) Biological assets

Biological assets are measured at fair value. Changes in fair value are recognized in profit or loss. Agricultural activities, such as cattle herd growth, arising from confinement of cattle or grazing cattle, and growth of different crops, are subject to fair value measurement based on the mark to market (MtM) concept.

m) Property, plant and equipment

Recognition and measurement

Property, plant and equipment items are measured at the historical purchase or construction cost, less accumulated depreciation and, where applicable, accumulated impairment losses. The cost of certain property, plant and equipment items was determined by reference to the revaluation carried out prior to the enactment of Law No. 11.638/2007, effective January 1, 2008, thus not requiring the appraisal of the deemed cost at that time.

Cost includes expenses that are directly attributable to the purchase of an asset. The cost of assets constructed by the Company and its subsidiaries includes the cost of materials and direct labor, as well as any costs incurred to bring the asset to the location and condition necessary for them to be able to operate in the manner intended by Management. Borrowings costs on qualifying assets have been capitalized since January 1, 2009.

Rights on tangible assets intended for the maintenance of the Company's and its subsidiaries' activities, arising from finance lease transactions, are recognized as if they were a financed purchase. At the start of each transaction, a property, plant and equipment item and a financing liability are recognized, with assets being subject to depreciation calculated in accordance with the estimated useful lives of the respective assets or over the lease agreement.

Gains and losses on the disposal of a property, plant and equipment item are calculated by comparing the disposal proceeds with the carrying amount of the item and are recognized in other operating income (expenses), in profit or loss.

Depreciation

Depreciation is recognized in profit or loss on a straight-line basis, based on the estimated useful lives of each part of a property, plant and equipment item, as this method is more representative of the time pattern in which economic benefits from the asset are consumed.

The average useful lives estimated by the Company's Management, based on technical studies for the current and comparative periods, are as follows:

	Parent (annual rate)	Consolidated (annual rate)
Buildings	2.88%	2.40%
Machinery and equipment	9.02%	8.69%
Furniture and fixtures	10.27%	8.86%
Vehicles	7.20%	6.97%
Computer hardware	17.38%	17.06%

The depreciation methods, the estimated useful lives and the residual values are revised at each yearend, and possible adjustments are recognized as accounting estimates are changed.

As permitted by Law No. 11638/07 and mentioned in Note 20, the revaluation reserve balance will be held until its 100% amortization, either by full depreciation or sale of the assets.

n) Leases

Agreements are considered as leases when the following both conditions are satisfied:

- An identifiable asset explicitly or implicitly specified. In this case, the supplier does not have the practical ability to substitute the asset, or, the supplier would not benefit economically from exercising its right to substitute the asset;
- The right of use of the asset over the term of the agreement. In this case, the Company should have authority to make decisions on the use of the asset and the ability to obtain substantially all economic benefits from the use of the asset.

The right of use is initially measured at cost and includes the initial amount of the lease liability adjusted by any payments made on or before the effective date of the agreement, plus any initial direct costs and estimated costs on the disassembly, removal, and restoration of the asset at the place it is located, less any incentive received.

The right-of-use asset is depreciated subsequently using the straight-line method from the start to the end of the useful life of the right of use or the termination of the lease term.

The lease liability is initially measured at the present value of the payments yet to be made, discounting the lessee's incremental borrowing rate. The lease liability is measured subsequently at the amortized cost using the effective interest method.

A lessee recognizes a right-of-use asset that represents their right to use the leased asset and a lease liability that represents their obligation to make lease payments. Optional exemptions are available for short-term leases and low-value assets.

o) Intangible assets

Intangible assets acquired separately are measured upon initial recognition, at acquisition cost, subsequently, deducted from accumulated amortization and impairment losses, where applicable.

Intangible assets with finite useful lives are amortized over their estimated economic useful lives and, when there are indications of impairment, are tested for impairment. Intangible assets with finite useful life are not amortized and are annually tested for impairment.

Goodwill on acquisition of subsidiaries

Goodwill on the acquisition of subsidiaries is included in intangible assets in the consolidated interim financial information.

p) Impairment test

Financial assets

The Company annually analyzes if there is an objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is considered as unrecoverable when there is indication of loss of the asset's economic value.

Nonfinancial assets

Management annually tests the carrying amount of assets for impairment to determine whether events or changes in economic, operating or technological circumstances indicate that they might be impaired. Whenever an evidence of impairment is identified and the carrying amount exceeds the recoverable value, an allowance for impairment is recognized to adjust the carrying amount of the asset to its recoverable value.

The recoverable amount of an asset or cash-generating unit is the higher of the value in use and net sales price.

In estimating the value in use of an asset, estimated future cash flows are discounted to their present values, using a pretax discount rate that reflects the weighted average cost of capital in the industry where the cash-generating unit operates. Whenever possible, the net sales price is determined based on a binding sale agreement conducted on an arm's length basis between the parties, adjusted by expenses attributable to the asset sale. If there is no such binding agreement, it should be based on the market price defined in an active market, or in the most recent transaction price with similar assets.

The following criterion is also applied for determining impairment losses on specific assets:

Goodwill based on expected future earnings

Goodwill is tested for impairment at least annually, or when circumstances indicate a loss due to impairment of the carrying amount.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment at least annually, individually or at the level of the cash-generating unit, as the case may be or when circumstances indicate a loss due to impairment of the carrying amount.

q) Other current and noncurrent assets and liabilities

An asset is recognized in the balance sheet when it is probable that future economic benefits will be generated in favor of the Company and its subsidiaries, and its cost or value can be reliably estimated.

A liability is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle it. Liabilities include charges, inflation adjustments or exchange rate changes incurred and adjustments to present value. Provisions are recorded based on the best estimates of the risk involved.

Assets and liabilities are classified as current when their realization or settlement is likely to occur within the next twelve months. Otherwise, they are stated as noncurrent.

r) Adjustment to present value of assets and liabilities

Noncurrent monetary assets and liabilities are adjusted, when material, to their present value, and current assets and liabilities are adjusted when the effect is considered material in relation to the individual and consolidated interim financial information.

To calculate the discount to present value, the Company and its subsidiaries consider the amount to be discounted, the realization and settlement dates, according to discount rates that reflect the Company's and its subsidiaries' value of money in time, which was approximately 8.8% per year, calculated according to the Company's and its subsidiaries' weighted average cost of capital, as well as the specific risks related to the expected cash flows for the respective financial flows.

The receipt and payment terms of accounts receivable and payable arising from the Company's and its subsidiaries' operating activities are short, thus resulting in a discount amount considered immaterial for recording and disclosure, since the cost of generating information exceeds its benefit. Noncurrent assets and liabilities are calculated and recorded, when applicable and material.

Calculations and analyses are revised on a quarterly basis.

s) Income tax and social contribution

The current and deferred income tax and social contribution for the current year or period of the Company and its subsidiaries located in Brazil are calculated at the rates of 15%, plus a 10% surtax on taxable income exceeding R\$240 for income tax and 9% on taxable income for social contribution, considering the offset of tax loss carryforwards limited to 30% of the annual taxable income.

Income tax and social contribution expenses comprise current and deferred income taxes. Current and deferred taxes are recognized in profit or loss unless they are related to business combinations or items recognized directly in equity or other comprehensive income.

The deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used for tax purposes. Deferred taxes are not accounted for on the following temporary differences: the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, and differences related to investments in subsidiaries and controlled entities when it is probable that they will not be reversed in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes imposed by the same tax authority on the same entity subject to taxation.

Deferred income and social contribution tax assets are recognized on tax losses, tax credits, differences in accounting practices (IFRS) and deductible temporary differences that were not utilized, when future taxable profits will be available and against which they can be utilized.

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

t) Contingent assets and contingent liabilities, and legal obligations

The accounting policies adopted to record and disclose contingent assets and contingent liabilities and legal obligations are as follows: (i) contingent assets are recognized only when there are collaterals or favorable, unappealable court decisions. Contingent assets assessed as probable gain are only disclosed in an explanatory note; (ii) a provision for risks on contingent liabilities is recorded when losses are assessed as probable and the involved amounts can be reliably measured.

Contingent liabilities assessed as possible losses are only disclosed in a note to the financial statements and contingent liabilities assessed as remote losses are neither provided for nor disclosed; and (iii) legal obligations are recorded as liabilities, regardless of the evaluation of the probabilities of success, for proceedings whereby the Company has challenged the constitutionality of taxes.

u) Employee benefits

The Company does not have post-employment benefits, such as defined benefit and/or contribution plans. All short-term benefits and paid leaves, as well as profit sharing and bonuses, are in accordance with the respective IFRS requirements.

v) Revenue recognition

Sales revenue is recognized net of related taxes and discounts. Taxes on sales are recognized when sales are billed, and discounts are recognized when granted. Revenues from sales of products are recognized at the amount of the consideration to which the Company expects to have right, less returns, discounts and rebates and other deductions, if applicable, and are recognized as the Company fulfills its performance obligations.

The breakdown of sales revenue is shown in Note 22.

w) Earnings (loss) per share

Basic earnings per share are calculated by means of the profit for the period attributable to owners of the Company and the weighted average number of common shares outstanding in the related period. Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding by instruments potentially convertible into shares with dilutive effect, during the reporting periods.

x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's Board of Executive Officers, which is responsible for allocating funds and evaluating the performance by operating segment and strategic decision-making.

y) Revision of Technical Pronouncements

CVM Resolution 854/2020

CVM Resolution 854/2020 approved Revision of Technical Pronouncements 15/2020, effective beginning January 01, 2020, and presents impacts associated with Technical Pronouncements CPC 38, CPC 40 (R1) and CPC 48. The amendments include the following:

- Uncertainty arising from the reform of the benchmark interest rate; and
- Application of specific requirements on accounting for hedge.

CVM Resolution 859/2020

On July 7, 2020, the Brazilian Securities and Exchange Commission (CVM) issued Resolution No. 859, which approved the Revision of Technical Pronouncements Document 16/2020, which establishes amendments to Technical Pronouncement CPC 06 (R2) – Leases, arising from the benefits related to Covid-19 granted to lessees under lease contracts.

In the Company's Management's evaluation, there are no significant impacts on the adoption of these amendments to technical pronouncements.

z) Statements of value added

The Company prepared the individual and consolidated statements of value added (DVA) in accordance with CPC 09 – Statement of Value Added, which are presented as an integral part of the interim financial information according to the accounting practices adopted in Brazil applicable to publicly-held companies, whereas they are considered by IFRS as supplemental financial information, required as part of the interim financial information taken as a whole.

The objective of a statement of value added is to show the wealth created by the Company and its subsidiaries, its distribution to those that contributed to generate such wealth, such as employees, financial institutions, shareholders, government, as well as the undistributed portion of wealth.

5. Cash and cash equivalents

The financial assets of the Company and its subsidiaries are comprised of the following:

	Parent		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Cash	372	392	616	878
Banks - checking accounts	2,727	2,726	310,307	181,951
Cash and cash equivalents in foreign currencies	4,128,790	3,012,863	4,244,278	3,036,988
	4,131,889	3,015,981	4,555,201	3,219,817
Short-term investments				
In local currency				
Bank Certificates of Deposit (CDBs)	1,541,923	403,867	1,549,510	411,124
Debentures	252,606	604,212	326,169	667,841
Other financial assets	124,616	-	400,681	170,905
	1,919,145	1,008,079	2,276,360	1,249,870
	6,051,034	4,024,060	6,831,561	4,469,687

The short-term investments of the Company and its subsidiaries were classified according to their characteristics and purposes, as measured: at fair value through profit or loss and are summarized below:

	Parent		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Measured at fair value through profit or loss	1,919,145	1,008,079	2,276,360	1,249,870
	1,919,145	1,008,079	2,276,360	1,249,870

6. Trade receivables

	Parent		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Trade notes - domestic customers	122,830	148,953	548,454	553,362
Trade notes - foreign customers	602,706	392,330	1,596,571	1,252,731
Receivables - related parties	37,157	17,631	-	-
	762,693	558,914	2,145,025	1,806,093
(-) Allowance for expected credit losses	(24,299)	(20,444)	(39,792)	(27,879)
	738,394	538,470	2,105,233	1,778,214

The aging list of trade receivables is as follows:

	Parent		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Current	337,479	292,807	1,590,198	1,421,671
Past due:				
Up to 30 days	139,035	73,337	211,428	155,023
31 to 60 days	137,597	26,408	158,024	33,659
61 to 90 days	43,285	11,957	48,513	13,006
Over 91 days	105,297	154,405	136,862	182,734
	762,693	558,914	2,145,025	1,806,093

Changes in expected credit losses for the period ended June 30, 2020 and year ended December 31, 2019 are as follows:

	Parent	Consolidated
Balances at January 1, 2019	(16,813)	(20,355)
Allowance recognized	(3,856)	(7,935)
Recovered receivables	336	663
Exchange rate changes	(111)	(252)
Balances at December 31, 2019	(20,444)	(27,879)
Allowance recognized	(6,606)	(12,334)
Recovered receivables	3,691	3,998
Written-off receivables	15	15
Exchange rate changes	(955)	(3,592)
Balances at June 30, 2020	(24,299)	(39,792)

The Company has a Receivables Investment Fund (FIDC) for sale of part of its receivables from domestic customers in the amount of R\$161,525 (R\$167,122 at December 31, 2019), without co-obligation or right of recourse, of which R\$9,354 (R\$9,017 at December 31, 2019) is comprised of subordinated units.

The percentage of equity interest and the number of FIDC shares refer to the guarantee and risk limit under the Company's responsibility, which correspond to the entirety of the subordinated shares paid in and held by the Company with FIDC.

According to CVM Circular Letter No. 01/2017, for the purpose of presentation of definitive sale of receivables, the transferor cannot have control, involvement or future settlement regarding the overdue FIDC notes and, consequently, exposure to the risks arising from it. Accordingly, the Company is exposed to default risk limited to its subordinated shares.

The Company follows a very strict credit granting policy, which results in low levels of default, which may be evidenced by the low amounts recorded, when compared to the Company's and its subsidiaries' sales revenue.

The Company has no collaterals for past-due trade notes receivable.

7. Inventories

	Parent		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Finished products	362,561	402,069	734,850	613,864
Storeroom supplies and secondary materials	35,680	28,476	141,183	100,701
	398,241	430,545	876,033	714,565

8. Biological assets

The Company and its subsidiaries that have cattle activities, such as cattle herd growth arising from the confinement of cattle or grazing cattle operations, are subject to revaluation of its assets, in order to determine their fair value based on the mark to market (MtM) concept, less estimated selling expenses, at least on a quarterly basis, recognizing the effects of such revaluations directly in profit or loss for the periods and years.

Operations related to the Company's biological assets are represented by grazing cattle (extensive) and short-term confinement cattle (intensive). The operation is conducted through the acquisition of biological assets for resale, whose mark to market is reliably measured due to the existence of active markets, and are represented as follows:

	Herd	
	Parent	Consolidated
Balance at January 1, 2019	129,794	156,698
Increase due to acquisitions	241,884	317,706
Decrease due to sales	(194,560)	(264,666)
Net decrease due to births (deaths)	(2,782)	(3,274)
Changes in fair value less estimated costs to sell	28,837	29,309
Balance at December 31, 2019	203,173	235,773
Increase due to acquisitions	150,176	244,559
Decrease due to sales	(114,758)	(177,022)
Net decrease due to births (deaths)	(87)	(255)
Translation adjustments	-	3,844
Changes in fair value less estimated costs to sell	(6,751)	2,058
Balance at June 30, 2020	231,753	308,957

As of June 30, 2020, farm cattle held for sale was comprised of 56,564 heads (52,332 at December 31, 2019), while confined cattle totaled 25,409 heads (12,537 at December 31, 2019).

As of June 30, 2020 and December 31, 2019, the Company did not have any type of biological assets with restricted ownership or pledged as collateral of liabilities, and there were no other risks (financial, commitments, and weather-related) that would impact the Company's biological assets.

9. Recoverable taxes

	Parent		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
PIS (tax on revenue)	87,590	90,697	87,676	90,805
Cofins (tax revenue)	263,582	259,550	263,975	260,061
Reintegra (special tax for exporting companies)	1,381	1,381	20,930	12,981
State VAT (ICMS)	89,885	73,675	105,745	87,716
Income tax and social contribution	296,625	272,309	331,030	290,060
VAT	-	-	200,246	148,830
Other	19,513	19,432	45,361	52,161
	758,576	717,044	1,054,963	942,614
Current	579,189	537,657	875,576	763,227
Noncurrent	179,387	179,387	179,387	179,387

PIS and Cofins (taxes on revenue)

PIS and Cofins credits arise from the change in tax legislation, according to Law No. 10.637/02 and Law No. 10.833/03, which established non-cumulativeness for these taxes, thus generating credits for exporting companies. On May 30, 2018, the Federal Revenue Service (RFB) issued Law No. 13.670, which permitted entities to offset these credits to pay social security debts, thus significantly reducing cumulative credits.

Currently, the Brazilian Federal Revenue Service (RFB) completed its inspection of the Company and its subsidiaries, with most of the requests for reimbursement of credits being authorized by the RFB, which has resulted in a significant amount arising from the refund of those credits during 2020 and 2021.

Based on studies carried out by the Company's Management regarding the expectation of refund of these tax credits, a portion of these credits was segregated from current assets to noncurrent assets, which as of June 30, 2020 totaled R\$104,905, Parent and consolidated. The estimates of realization of the Company's and its subsidiaries' tax credits are revised on a quarterly basis.

ICMS (State VAT)

ICMS credits result from the fact that the Company's exports are greater than its domestic sales, thus generating credits which, after ratified by State Finance Department, are used to purchase inputs for production, which may also be sold to third parties, as provided for in current legislation.

Out of the aforementioned credit balance, a substantial portion is under an inspection and ratification process by São Paulo State's Finance Department. The Company's Management expects to recover a significant portion of said credits throughout 2020 and 2021. Based on studies conducted by Management, an amount deemed sufficient to cover slower lawsuits was transferred from current assets to noncurrent assets, totaling R\$55,096, Parent and consolidated. The estimates of realization of the Company's and its subsidiaries' tax credits are revised on a quarterly basis.

10. Related parties

Related-party transactions, conducted under the following conditions, are summarized in the table below and comprise:

Intragroup loans	Parent	
	06/30/2020	12/31/2019
Minerva Dawn Farms S.A. (a)	1,354	54,335
Transminerva Ltda. (b)	-	26,588
Minerva Overseas Ltd (c)	729,300	536,773
Minerva Luxemburg S.A. (d)	1,282,234	468,886
Athena S.A. (e)	1,204,720	1,047,826
	3,217,608	2,134,408

- (a) Working capital loans granted to Minerva Dawn Farms S.A.;
- (b) Transminerva Ltda.'s expenses and working capital to be reimbursed;
- (c) Loan granted to Minerva Overseas Ltda. to be reimbursed;
- (d) Loan granted to Minerva Luxemburgo S.A. to be reimbursed; and,
- (e) Loan granted to Atena S.A., to be reimbursed.

Intragroup borrowings	Parent	
	06/30/2020	12/31/2019
Minerva Overseas II (a)	1,743,054	1,583,798
Minerva Log S.A. (b)	2	2
	1,743,056	1,583,800

- (a) Loan from Minerva Overseas II to the Parent company;
- (b) Loan from Minerva Log S.A. to the Parent company.

The Company, understanding the full integration of its operations with its subsidiaries, transfers cash as part of Minerva Group's business plan, always seeking to minimize the cost of its borrowings.

The other balances and transactions with related parties are as follows:

Payables - Suppliers	Parent		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Minerva Dawn Farms S/A	2,039	13,638	-	-
Transminerva Ltda.	-	8	-	-
CSAP - Companhia Sul Americana de Pecuária S.A.	472	21,479	-	-
Athena S.A.	33,716	10,833	-	-
Lytmer S.A.	11	17	-	-
Minerva Europe Ltd	109	-	-	-
Purchases from other related parties	244	12,028	244	15,330
	36,591	58,003	244	15,330

Trade receivables	Parent		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Minerva Dawn Farms S/A	192	218	-	-
CSAP - Companhia Sul Americana de Pecuária S.A.	8,620	6,982	-	-
Athena S.A.	26,852	10,431	-	-
Minerva Europe Ltd	1,493	-	-	-
	37,157	17,631	-	-

Sales revenue	Parent		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Minerva Dawn Farms S.A.	8	62	-	-
Minerva Comercializadora de Energia Ltda.	-	915	-	-
CSAP - Companhia Sul Americana de Pecuária S.A.	-	1,449	-	-
Lytmer S.A.	-	1,422	-	-
Athena S.A.	31,332	43,864	-	-
Minerva Europe Ltd	2,609	-	-	-
	33,949	47,712	-	-

Purchases	Parent		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Minerva Dawn Farms S.A.	18,191	37,634	-	-
CSAP - Companhia Sul Americana de Pecuária S.A.	64,041	19,135	-	-
Minerva Comercializadora de Energia Ltda.	3,936	5,588	-	-
Lytmer S.A.	-	594	-	-
Athena S.A.	93,243	60,551	-	-
	179,411	123,502	-	-

Purchases of cattle:	Parent		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Purchases from other related parties (a)	45,048	49,927	45,048	50,949
Total purchases from other related parties	45,048	49,927	45,048	50,949

- a) Balance payable to other related parties for purchases of cattle from companies belonging to the Company's shareholders, conducted at usual market prices and conditions.

The Company and its direct and indirect subsidiaries conduct intercompany commercial transactions, mainly purchases, sales and loans, under the terms and conditions that are usually adopted in agreements in an arm's length, at market conditions, as if the transactions were contracted with unrelated parties.

During the periods ended June 30, 2020 and 2019, no allowances for expected credit losses were recorded and no expenses on uncollectible debts relating to related-party transactions were recognized.

Management compensation

As of June 30, 2020, the Company recorded expenses on key management personnel compensation (members of the Company's Board of Directors and Supervisory Board and Statutory Executive Officers) in the amount of R\$24,391 (R\$8,064 at June 30, 2019). All compensation is short term, as shown below:

	Members 2020	06/30/2020	06/30/2019
Board of Executive Officers, Board of Directors and Supervisory Board	19	24,391	8,064
	19	24,391	8,064

The alternate members of the Board of Directors and Supervisory Board are compensated for each day they attend a Board of Directors' meeting.

The Company does not offer post-employment benefits in case of termination of employment contract. The Company's key management personnel counts on a share-based payment under a Stock Option Plan, as detailed in Note 20 (j). Below are changes in this Plan relating to key management personnel:

	06/30/2020		12/31/2019	
	Number of stock options	Weighted average price	Number of stock options	Weighted average price
Free float shares at the beginning of the period	-	-	400,000	5.60
Granted during the period	840,000	6.16	-	-
Exercised during the period	(840,000)	6.16	(400,000)	5.60
Forfeited during the period	-	-	-	-
Free float shares at the end of the period	-	-	-	-

The total cost of the plan as of the granting date in the period ended June 30, 2020, corresponding to the fair values of the shares, was R\$1,369.

11. Investments

Changes in investments in Minerva S.A.'s subsidiaries are as follows:

	Equity interest - %	Balance at 12/31/2019	Transfers	Translation adjustments	Capital payment	Share of profit (loss) of investees	Balance at 06/30/2020
Goodwill based on expected future profitability		133,667	-	-	-	-	133,667
Minerva Overseas Ltd	100.00%	197,868	-	70,958	-	(3)	268,823
Minerva Overseas Ltd II	100.00%	334,528	-	(288,699)	-	(2)	45,827
Minerva Middle East	100.00%	37	-	-	-	-	37
Minerva Log S.A.	100.00%	22	-	-	-	-	22
Minerva Dawn Farms S.A.	100.00%	59,706	-	-	50,000	(11,465)	98,241
Minerva Colombia SAS	100.00%	4,996	-	931	-	(222)	5,705
Lytmer S.A.	100.00%	35,108	-	11,773	-	(13,649)	33,232
Minerva Live Cattle Export S.A.	100.00%	8,767	-	2,171	-	206	11,144
Minerva Meats USA LLC	100.00%	523	-	-	-	-	523
Minerva Comercializadora de Energia Ltda.	100.00%	226,868	-	-	-	10,782	237,650
Minerva Australia Holdings PTY Ltd. (*)	100.00%	45,817	-	15,360	-	2,413	63,590
Minerva Europe Ltd	100.00%	373	-	(88)	2,822	3,822	6,929
Transminerva Ltda.	100.00%	-	14	-	-	-	14
CSAP - Companhia Sul Americana de Pecuária S.A.	100.00%	-	946	-	-	-	946
Athena Foods S.A. (*)	100.00%	1,634,759	-	518,381	-	238,962	2,392,102
Investments		2,683,039	960	330,787	52,822	230,844	3,298,452
Transminerva Ltda.	100.00%	(26,494)	(14)	-	26,688	(180)	-
Minerva Luxemburg	100.00%	(2,064,349)	-	(739,996)	102,551	(93,352)	(2,795,146)
CSAP - Companhia Sul Americana de Pecuária S.A.	100.00%	(2,493)	(946)	-	-	3,439	-
Allowance for investment losses		(2,093,336)	(960)	(739,996)	129,239	(90,093)	(2,795,146)
Investments, net		589,703	-	(409,209)	182,061	140,751	503,306

(*) Consolidated information on the following companies (see Note1):

- **Pulsa S.A.:** consolidates subsidiary Frigorífico Canelones S.A.;

- **Frigomerc S/A.** - consolidates subsidiaries JBS Paraguay S.A. and Industria Paraguaya Frigorífica S.A.;
- **Minerva Australia Holdings PTY Ltd.:** consolidates subsidiary Minerva Ásia Foods PTY Ltd.
- **Pul Argentina S.A.:** consolidates subsidiary Swift Argentina S.A.;
- **Athena Foods S.A.:** consolidates subsidiaries Pulsa S.A., Frigorífico Carrasco S.A., Frigomerc S.A, Pul Argentina S.A., Red Cárnica S.A.S., Red Industrial Colombiana S.A.S., and Minerva Foods Chile SPA.

Summarized interim financial information on subsidiaries as of June 30, 2020:

	Equity interest - %	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity (equity deficiency)
Minerva Overseas Ltd.	100.00%	54	998,069	-	729,300	268,823
Minerva Overseas II Ltd.	100.00%	133	1,743,054	-	1,697,361	45,826
Minerva Middle East Ltd.	100.00%	37	-	-	-	37
Minerva Dawn Farms S.A.	100.00%	14,561	92,483	5,806	2,998	98,240
Minerva Luxemburg S.A.	100.00%	310,045	7,663,894	188,852	10,580,233	(2,795,146)
Friasa S.A.	99.99%	-	-	-	-	-
Transminerva Ltda.	100.00%	75	232	23	270	14
Minerva Log S.A.	100.00%	20	2	-	-	22
Lytmer S.A.	100.00%	41,673	3,619	12,060	-	33,232
Minerva Colombia SAS	100.00%	5,725	31	51	-	5,705
CSAP - Companhia Sul Americana de Pecuária S.A.	100.00%	78,748	7,509	69,908	15,402	947
Minerva Live Cattle Export Spa	100.00%	12,179	11,711	12,746	-	11,144
Minerva Meats USA LLC	100.00%	524	-	-	-	524
Minerva Comercializadora de Energia Ltda.	100.00%	243,163	-	5,513	-	237,650
Minerva Australia Holdings PTY Ltd.	100.00%	89,541	19,323	39,167	6,107	63,590
Minerva Europe Ltd	100.00%	6,930	-	-	-	6,930
Athena Foods S.A. (*)	100.00%	2,454,613	2,599,177	1,200,132	1,461,556	2,392,102
Total		3,258,021	13,139,104	1,534,258	14,493,227	369,640

(*) Consolidated information on the following companies (see Note1):

- **Athena Foods S.A.:** consolidates subsidiaries Pulsa S.A., Frigorífico Carrasco S.A., Frigomerc S.A, Pul Argentina S.A., Red Cárnica S.A.S., Red Industrial Colombiana S.A.S., and Minerva Foods Chile SPA.

Changes in subsidiaries' profit (loss) during the years ended June 30, 2020 and 2019 are as follows:

	06/30/2020		06/30/2019	
	Net revenue	Profit (loss) for the period	Net revenue	Profit (loss) for the period
Minerva Overseas Ltd	-	(3)	-	(1)
Minerva Overseas II Ltd	-	(3)	-	(12)
Minerva Dawn Farms S.A.	16,553	(11,466)	29,320	(3,128)
Minerva Luxemburg S.A.	-	(93,352)	-	(144,596)
Friasa S.A.	-	-	-	-
Transminerva Ltda.	-	(180)	-	421
Minerva Log S.A.	-	-	-	-
Lytmer S.A.	5,948	(13,649)	103,142	(2,746)
Minerva Colombia SAS	-	(222)	-	738
CSAP - Companhia Sul Americana de Pecuária S.A.	65,125	3,439	19,492	(4,056)
Minerva Live Cattle Spa	-	206	-	(29)
Minerva Foods Asia Assessoria Ltda	-	-	-	(115)
Minerva Comercializadora de Energia Ltda.	253,191	10,783	602,637	156,862
Minerva Australia Holdings PTY Ltd.	189,485	2,413	162,680	534
Minerva Europe Ltd	4,655	3,822	772	-
Athena S.A.	3,935,131	238,962	3,324,306	116,630
	4,470,088	140,750	4,242,349	119,026

All amounts are stated as 100% of the subsidiaries' profit (loss).

12. Property, plant and equipment

a) Breakdown of property, plant and equipment as of 06/30/2020 and 12/31/2019:

Parent					
Description	Depreciation rate - %	Historical cost	Accumulated depreciation	06/30/2020 - Net	12/31/2019 - Net
Buildings	2.88%	1,079,367	(213,719)	865,648	859,926
Machinery and equipment	9.02%	1,152,204	(401,040)	751,164	739,150
Furniture and fixtures	10.27%	12,244	(5,786)	6,458	6,207
Vehicles	7.20%	32,923	(9,821)	23,102	24,188
Computer hardware	17.38%	18,102	(9,487)	8,615	6,757
Land	-	84,031	-	84,031	84,031
Construction in progress	-	129,157	-	129,157	151,510
Allowance for impairment of assets	-	(21,518)	-	(21,518)	(21,518)
		2,486,510	(639,853)	1,846,657	1,850,251

Consolidated					
Description	Depreciation rate - %	Historical cost	Accumulated depreciation	06/30/2020 - Net	12/31/2019 - Net
Buildings	2.40%	2,570,742	(545,573)	2,025,169	1,748,136
Machinery and equipment	8.69%	2,492,361	(1,082,892)	1,409,469	1,262,731
Furniture and fixtures	8.86%	42,037	(14,375)	27,662	23,699
Vehicles	6.97%	61,494	(34,619)	26,875	27,764
Computer hardware	17.06%	35,656	(22,739)	12,917	10,357
Land	-	379,026	-	379,026	303,739
Construction in progress	-	260,375	-	260,375	233,172
Allowance for impairment of assets	-	(21,518)	-	(21,518)	(21,518)
		5,820,173	(1,700,198)	4,119,975	3,588,080

b) Summary of changes in property, plant and equipment from 01/01/2020 to 06/30/2020:

Parent	Buildings	Machinery and equipment	Furniture and fixtures	Vehicles	Computer hardware	Land	Construction in progress	Allowance for impairment of assets	Total
Balance at December 31, 2019	859,926	739,150	6,207	24,188	6,757	84,031	151,510	(21,518)	1,850,251
Additions	-	19	-	-	-	-	61,076	-	61,095
Transfers	20,222	59,408	784	92	2,923	-	(83,429)	-	-
Sales	-	(41)	(65)	-	-	-	-	-	(106)
Depreciation	(14,500)	(47,372)	(468)	(1,178)	(1,065)	-	-	-	(64,583)
Balance at June 30, 2020	865,648	751,164	6,458	23,102	8,615	84,031	129,157	(21,518)	1,846,657

Consolidated	Buildings	Machinery and equipment	Furniture and fixtures	Vehicles	Computer hardware	Land	Construction in progress	Allowance for impairment of assets	Total
Balance at December 31, 2019	1,748,136	1,262,731	23,699	27,764	10,357	303,739	233,172	(21,518)	3,588,080
Additions	3,608	5,865	314	-	42	-	120,831	-	130,660
Transfers	39,066	75,442	933	92	3,155	-	(118,688)	-	-
Sales	-	(146)	(65)	-	-	-	-	-	(211)
Depreciation	(37,632)	(103,647)	(3,170)	(1,816)	(1,754)	-	-	-	(148,019)
Translation adjustments	233,347	116,868	5,042	830	1,117	53,005	23,691	-	433,900
Monetary restatement of the balance sheet	38,644	52,356	909	5	-	22,282	1,369	-	115,565
Balance at June 30, 2020	2,025,169	1,409,469	27,662	26,875	12,917	379,026	260,375	(21,518)	4,119,975

c) Works and construction in progress

As of June 30, 2020, works and construction in progress refer to the following main projects: Compliance with Regulatory Standards (NR's) and improvements for increased operational efficiency of plants and distribution centers.

d) Allowance for impairment of assets

As required by the accounting practices adopted in Brazil and international financial reporting standards (IFRS), the Company annually evaluates whether there is evidence of impairment of its assets. In this regard, the industrial plant of Goianésia (GO) has been underutilized for strategic reasons since 2013. Therefore, the analysis of the value of the plant based on cash generation was impaired; thus, the Company decided to evaluate the net sale value of the selling expenses. Based on an appraisal conducted by an independent firm, such plant's value is higher than its realization value, of R\$34,175, of which R\$21,518 corresponds to property, plant and equipment and R\$12,657, to expected future profitability, which generated the need to recognize an allowance for impairment.

e) Amounts pledged as collateral

Property, plant and equipment items pledged as collateral for borrowings and financing totaled R\$68,310 as of June 30, 2020 (R\$73,514 at December 31, 2019).

12.1 Right-of-use assets and lease liabilities

Since January 01, 2019, the Company has adopted CPC 06 (R2) / IFRS 16 Leases, which introduced a single lease model that replaced the concept of classification between operating and finance leases. IFRS 16 replaces the current amendments to standards, including CPC 06 (R2) (IAS 17) Leases and ICPC 03 / IFRIC 4, SIC 15 and SIC 27) - Additional Aspects of Leases. The main objective is to define if the agreement contains a lease or the agreement relates to service provision.

The Company's and its subsidiaries' Management evaluated the impacts of the new standard and elected to use the modified simplified approach of the retrospective transition effect, without restating comparative periods. The following criteria were adopted in the initial recognition and measurement of assets and liabilities:

- Recognition of the lease liability on the initial application date for leases formerly classified as operating leases. The lease liability was measured at the present value of the remaining lease payments;
- Recognition of the right-of-use asset on the initial application date to leases formerly classified as operating leases. Measurement of the right-of-use asset at the value equivalent to the lease liability, adjusted by the value of any early or accumulated lease payments relating to this lease that has been recognized in the balance sheet immediately before the date of the initial application.

CPC 06 (R2) / IFRS 16 includes two recognition exemptions for lessees which were applied by the Company and its subsidiaries on the initial application date, January 01, 2019:

- i. Agreements whose remaining term on the first-time adoption date was equal or lower than 12 months: the Company continued to recognize lease payments associated to these leases as expenses on a straight-line basis, over the lease term;
- ii. Agreements for which underlying assets were low value: the Company continued to recognize lease payments associated to these leases as expenses on a straight-line basis, over the lease term.

The impacts of the transition and changes in the year ended June 30, 2020 are summarized below:

a) Right of use - Lease

Parent	Buildings	Land	Vehicles	Computer hardware	Total
Initial adoption - January 01, 2019	39,026	2,312	11,318	2,464	55,120
Additions	1,296	-	1,922	-	3,218
Write-offs	(11,789)	-	-	-	(11,789)
Depreciation	(4,078)	(231)	(2,763)	(1,025)	(8,097)
Balance at December 31, 2019	24,455	2,081	10,477	1,439	38,452
Additions	75	-	9,409	-	9,484
Write-offs	(66)	-	(597)	-	(663)
Depreciation	(1,519)	(116)	(2,841)	(512)	(4,988)
Balance at June 30, 2020	22,945	1,965	16,448	927	42,285

Consolidated	Buildings	Land	Vehicles	Computer hardware	Total
Initial adoption - January 01, 2019	39,026	15,313	11,318	2,464	68,121
Additions	1,296	1,733	1,922	8	4,959
Write-offs	(11,789)	(7,826)	-	-	(19,615)
Depreciation	(4,078)	(879)	(2,763)	(1,025)	(8,745)
Balance at December 31, 2019	24,455	8,341	10,477	1,447	44,720
Additions	75	503	9,409	-	9,987
Write-offs	(66)	(687)	(597)	(8)	(1,358)
Depreciation	(1,519)	(458)	(2,841)	(512)	(5,330)
Balance at June 30, 2020	22,945	7,699	16,448	927	48,019

b) Lease liability

Parent	Buildings	Land	Vehicles	Computer hardware	Total
Initial adoption - January 01, 2019	39,026	2,312	11,318	2,464	55,120
Additions	1,296	-	1,922	-	3,218
Write-offs	(12,277)	-	-	-	(12,277)
Interest recognized in the period (profit and loss)	3,653	215	1,004	195	5,067
Write-offs due to payment	(6,307)	(361)	(3,364)	(1,152)	(11,184)
Balance at December 31, 2019	25,391	2,166	10,880	1,507	39,944
Additions	75	-	9,409	-	9,484
Write-offs	(70)	-	(960)	-	(1,030)
Interest recognized in the period (profit and loss)	1,194	103	749	62	2,108
Write-offs due to payment	(2,267)	(180)	(3,308)	(576)	(6,331)
Balance at June 30, 2020	24,323	2,089	16,770	993	44,175
Current liabilities	2,309	167	6,124	761	9,361
Noncurrent liabilities	22,014	1,922	10,646	232	34,814
Total liabilities	24,323	2,089	16,770	993	44,175

Consolidated	Buildings	Land	Vehicles	Computer hardware	Total
Initial adoption - January 01, 2019	39,026	15,313	11,318	2,464	68,121
Additions	1,297	1,733	1,922	-	4,952
Write-offs	(12,277)	(7,680)	-	-	(19,957)
Interest recognized in the period (profit and loss)	3,653	1,003	1,004	195	5,855
Write-offs due to payment	(6,307)	(1,701)	(3,364)	(1,156)	(12,528)
Balance at December 31, 2019	25,392	8,668	10,880	1,507	46,447
Additions	75	503	9,409	-	9,987
Write-offs	(70)	(718)	(960)	-	(1,748)
Interest recognized in the period (profit and loss)	1,194	406	749	62	2,411
Write-offs due to payment	(2,267)	(712)	(3,308)	(577)	(6,864)
Balance at June 30, 2020	24,324	8,147	16,770	992	50,233
Current liabilities	2,309	647	6,124	761	9,842
Noncurrent liabilities	22,015	7,500	10,646	231	40,392
Total liabilities	24,324	8,147	16,770	992	50,233

13. Intangible assets

	Parent		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Goodwill paid on acquisitions	259,691	259,691	653,932	585,388
Right of use - Aircraft	1,793	1,793	1,793	1,793
Assignment of right of way	250	250	250	250
Trademarks and patents	-	-	101,136	78,131
Software	23,333	20,223	25,930	22,420
	285,067	281,957	783,041	687,982

Changes in intangible assets during the period ended June 30, 2020 are as follows:

	Parent				Total
	Goodwill paid on acquisitions	Right of use - aircraft	Assignment of right of way	Software purchased	
Balance at December 31, 2019	259,691	1,793	250	20,223	281,957
Acquisition	-	-	-	6,054	6,054
Amortization	-	-	-	(2,944)	(2,944)
Balance at June 30, 2020	259,691	1,793	250	23,333	285,067

Consolidated						
	Goodwill paid on acquisitions	Right of use - aircraft	Assignment of right of way	Trade marks	Software purchased	Total
Balance at December 31, 2019	585,388	1,793	250	78,131	22,420	687,982
Acquisition	-	-	-	-	6,264	6,264
Amortization	-	-	-	(1,073)	(3,370)	(4,443)
Translation adjustments	68,544	-	-	12,168	616	81,328
Monetary restatement of the balance sheet	-	-	-	11,910	-	11,910
Balance at June 30, 2020	653,932	1,793	250	101,13	25,930	783,041

The Company records the amortization of its software, the only intangible asset that can be amortized, according to the contractual license period, when purchased from third parties, or for the period estimated by the Company for software internally developed. The average amortization rates were 20.83% and 22.34% as of June 30, 2020 and December 31, 2019, respectively.

Goodwill based on expected future profitability

	Consolidated	
	06/30/2020	12/31/2019
In direct subsidiaries:		
Minerva Dawn Farms (MDF) - (I)	147,649	147,649
Brascasing Industria e Comércio Ltda. - (ii)	74,596	74,596
Athena S.A. - (iii)	244,328	179,837
Mato Grosso Bovinos S/A - (iv)	73,734	73,734
Other (v)	97,379	97,379
In indirect subsidiaries:		
Other (vi)	16,246	12,193
	653,932	585,388

- (i) As required by CVM Resolution No. 580/09 – CPC 15 (R1), the Company revised the calculations of identifiable assets acquired and liabilities assumed upon recognition at fair value of the acquisition of an additional 30% of the shares representing the capital stock of Minerva Dawn Farms (MDF), which was classified as a “business combination in stages”. Therefore, segregating the appreciation (goodwill) calculated at initial (provisional) recognition at fair value of the Company’s interest in such transaction, in the amount of R\$188,391 (R\$188,391 at December 31, 2012), was necessary. As described above, during the fourth quarter of 2012, the Company acquired the residual interest of 20% in MDF shares that were held by Dawn Farms, becoming the holder of 100% of MDF. As of December 31, 2015, an allowance for impairment in the amount of R\$21,904 was recognized. As of December 31, 2018, an allowance for impairment in the amount of R\$18,838 was recognized;
- (ii) In December 2011, the Company acquired 5% of the capital stock of the jointly owned subsidiary Brascasing Comercial Ltda., and now holds 55% of that company, and consequently, its control. As this transaction is considered as a “business combination in stages”, the Company recorded its equity interest and non-controlling interest at their fair value, and recorded goodwill for expected future profitability of R\$93,185. After the full acquisition of the Company, goodwill totaled R\$98,094.

As of December 31, 2015, the Company recorded an allowance for impairment totaling R\$23,498, arising from overproduction/oversupply, due to the reduction of worldwide consumption, mainly from the slowdown in China and the decrease in oil prices, directly impacting markets like Russia, one of the main markets for the Company's business;

- (iii) On September 30, 2018, the Company transferred its industrial investments in Mercosur, through a capital contribution to subsidiary Athena S.A. As a result, the goodwill amounts based on expected profitability were recorded in the Parent were transferred. The investments transferred were Frigomerc S/A, Pulsa S/A, Frigorífico Carrasco and the indirect subsidiary JBS Paraguay S.A. and the transferred goodwill amounts based on expected profitability were as follows: Frigorífico Pulsa S/A - US\$15,396 (as of June 30, 2020 - R\$84,308); Frigomerc S/A US\$ (as at June 30, 2020 - R\$84,973); Frigorífico Carrasco S.A. US\$11,932 (as of June 30, 2020 - R\$65,338); and subsidiary Frigomerc S.A. held a direct investment equivalent to 100% of the common shares in JBS Paraguay S.A., which had a goodwill of US\$1,1773 (as of June 30, 2020 - R\$9,709) which was indirectly transferred to Athena S.A.;
- (iv) During the year ended December 31, 2014, the Company merged 100% of the voting shares in Mato Grosso Bovinos S.A. through the exchange of 29 million common shares issued by the Company (BEEF3), occurred on October 01, 2014, through the Extraordinary Shareholders' Meeting (ESM) of both companies, which resulted in the recording of goodwill on expected future profitability of R\$174,278. During the second quarter of 2019, the Company written off R\$100,545 of (goodwill) relating to the write-off of Várzea Grande, as part of the business combination for acquisition of Paranatinga plant (MT), and a remaining goodwill balance of R\$73,734 was recorded as of June 30, 2020;
- (v) During the second quarter of 2013, the Company acquired the remaining 8% of the shares in Friasa S.A., which resulted in the recording of goodwill on expected future profitability of R\$7,233, totaling R\$9,298 on June 30, 2013. During the first quarter of 2016, the Company acquired 100% of the capital stock in its subsidiary Minerva Foods Asia Assessoria Ltda., occurred on February 05, 2016, resulting in goodwill on expected future profitability of R\$217 thousand. During the second quarter of 2019, the Company acquired through a business combination the plant located in Paranatinga/MT, which resulted in a goodwill of R\$87,864 on expected future profitability being recorded.
- (vi) During the second quarter of 2016, through its subsidiary Minerva Australia Holdings Pty Ltd acquired 100% of the capital stock of its indirect subsidiary IMTP PTY Ltd., occurred on July 22, 2016, resulting in a goodwill on expected future profitability of R\$10,061 (R\$16,246 at June 30, 2020) being recorded.

As required by the accounting practices adopted in Brazil and international financial reporting standards (IFRS), the Company annually evaluates whether there is evidence of impairment of its assets. As a result of impairment tests, as of June 30, 2020, no losses were identified for the Company's cash-generating units (CGU). However, for 2018, losses were identified for the Company's cash-generating units relating to its subsidiary Minerva Dawn Farms S.A (MDF).

The Company used the value in use method to perform the impairment test. For all CGUs, a five-year projection, with no growth in perpetuity, in addition to financial budgets prepared by Management for the start of the cash flow projections (2020) were considered. The discount rate applied was 8.8%.

In prior years, the Company recognized impairment losses for some CGUs. In this regard, the Goianésia (GO) plant, formerly "Lord Meat", for strategic reasons, has been under-utilized and recorded impairment loss, as mentioned in Note 12. As of December 31, 2016 and 2018, the Company recorded an allowance for impairment losses for CGU MFF in the amounts of R\$21,904 and R\$18,838, respectively.

14. Borrowings and financing

Type of transaction	Finance charges	Parent		Consolidated	
		06/30/2020	12/31/2019	06/30/2020	12/31/2019
5 th issue debentures	105.50% of CDI	352,378	353,074	352,378	353,074
6 th issue debentures	1.8% p.a. + CDI	398,570	398,474	398,570	398,474
7 th issue debentures	IPCA + 4.5% p.a.	508,373	487,074	508,373	487,074
8 th issue debentures	IPCA (*)	580,998	-	580,998	-
9 th issue debentures	IPCA (*)	585,613	-	585,613	-
Bank Credit Note (4)	8.35% p.a.	50,750	50,787	71,111	73,750
Bank Credit Note (4)	CDI + spread	303,207	-	303,207	-
NCE (1/4)	CDI + spread	417,148	881,740	417,148	881,740
IFC (2/3/5)	CDI + spread	52,226	61,222	52,226	61,222
Subtotal		3,249,263	2,232,371	3,269,624	2,255,334
Hedging instruments – derivatives	CDI + spread	(453,023)	(69,825)	(453,023)	(69,825)
		2,796,240	2,162,546	2,816,601	2,185,509
Foreign currency (US dollar)					
Advances on foreign exchange contracts (ACCs) (4)	Interest from 3.0% to 5.5% p.a.+ Forex	665,647	1,120,710	665,647	1,120,710
Senior Unsecured Notes - (4)	Forex + interest	4,403,318	3,241,551	8,572,018	6,669,004
PPE	Forex + interest	1,646,452	1,164,699	-	-
PPE (4)	Interest from 2.0% p.a. + Libor	961,894	708,682	961,894	708,682
CCE (4)	Forex + interest	-	253,958	-	253,958
Secured Loan Agreement(2)	Forex + interest	16,083	12,292	16,083	12,292
Other Types (4/6)	Forex + interest	-	-	243,600	199,549
Subtotal		7,693,394	6,501,892	10,459,242	8,964,195
Hedging instruments – derivatives		(1,020,854)	(671,978)	(1,020,854)	(671,978)
		6,672,540	5,829,914	9,438,388	8,292,217
Total borrowings		9,468,780	7,992,460	12,254,989	10,477,726
Current		1,926,693	2,646,524	2,113,811	2,867,602
Noncurrent		7,542,087	5,345,936	10,141,178	7,610,124

(*) Transactions hedged by swap % CDI .

The Company provided the following collaterals to borrowings and financing:

1. Surety/letter of guarantee from the parent company VDQ Holdings S.A.
2. Mortgage;
3. Promissory notes signed by subsidiaries Minerva Alimentos, Pulsa and Frigomerc;
4. Surety or letter of guarantee by the Company;
5. Letter of guarantee from subsidiaries Minerva Alimentos, Pulsa and Frigomerc;
6. STLC (Stand-by Letter of Credit) or Corporate Guarantee.

As of June 30, 2020, the noncurrent portion of the Company's (parent) borrowings and financing matures as follows:

	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
Debentures	-	396,373	-	995,882	484,746	178,374	-	-	-	2,055,375
IFC	8,607	17,215	8,608	-	-	-	-	-	-	34,430
NCE	90,000	-	-	-	-	-	-	-	-	90,000
Pre-shipment	444,925	1,169,126	-	1,485,414	-	3,471,784	-	-	-	6,571,249
Secured Loan Agreement	687	1,453	1,565	1,686	1,816	1,957	2,088	2,268	1,224	14,744
Hedging instruments – derivatives	(20,215)	(13,933)	5,404	(365,985)	(296,875)	-	(147,151)	-	(384,956)	(1,223,711)
	524,004	1,570,234	15,577	2,116,997	189,687	3,652,115	(145,063)	2,268	(383,732)	7,542,087

As of June 30, 2020, the noncurrent portion of consolidated borrowings and financing matures as follows:

	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
Debentures	-	396,373	-	995,882	484,746	178,374	-	-	-	2,055,375
IFC	8,607	17,215	8,608	-	-	-	-	-	-	34,430
NCE	90,000	-	-	-	-	-	-	-	-	90,000
Pre-shipment	444,925	342,250	-	-	-	-	-	-	-	787,175
Secured Loan Agreement	687	1,453	1,565	1,686	1,816	1,957	2,088	2,268	1,224	14,744
Senior Unsecured Notes	-	-	-	-	-	6,025,573	-	2,357,592	-	8,383,165
Hedging instruments – derivatives	(20,215)	(13,933)	5,404	(365,985)	(296,875)	-	(147,151)	-	(384,956)	(1,223,711)
	524,004	743,358	15,577	631,583	189,687	6,205,904	(145,063)	2,359,860	(383,732)	10,141,178

Below are the Company's and its subsidiaries' main borrowings and financing as of June 30, 2020. On that date, the Company was compliant with all covenants established for each type of borrowings and financing:

International Finance Corporation (IFC)

In September 2013, IFC and the Company entered into a 10-year financing agreement, in the amount of R\$137,718, which was paid on October 24, 2013. The debt balance came to R\$52,226 as of June 30, 2020, and interest is calculated based on CDI + spread, which are paid semi-annually. The debt matures on April 15, 2023.

Debt notes/bonds abroad

On September 20, 2016, the Company completed the "offer to buyback bonds" issued abroad by its subsidiary Minerva Luxembourg S.A., maturing in 2023. By means of an "early buyback offer", US\$617,874 were bought back (R\$2,010,562 on that date) of the principal amount of the 2023 Notes, equivalent to approximately 71% of the outstanding 2023 Notes.

The early buyback offer of debt notes was carried out using the proceeds from the issue of the 2026 Notes (which will bear annual interest of 6.50%) and is part of a clear strategy to manage liabilities, aiming at the constant improvement of the Company's debt cost.

Part of this offer consisted in the payment of a premium to the holders of the notes, embedded and implicit in the transaction and in the proposed exchange relations, amounting to US\$40,143 thousand, as well as transaction costs in the amount of US\$28,859 totaling US\$69,002 that will be amortized in 'Finance costs' during the effective term of the 2026 Notes.

On February 10, 2017, the Company exercised the early option to purchase its debt securities bearing annual interest of 12.250% and maturing in 2022 (2022 Notes). The total debt was US\$105,508 (R\$328,710 on that date). The price paid was 106,125 of the face values, plus interest accrued until that date.

In June 2017, the Company completed the re-tap of the notes maturing in September 2026, totaling US\$ 350,000 thousand, which bear interest of 6.50% p.a. (2026 Notes).

On December 19, 2017, the Company completed the "offer to buyback bonds" issued abroad by its subsidiary Minerva Luxembourg S.A., maturing in 2023. By means of an "early buyback offer", US\$198,042 were bought back (R\$605,103 on that date) of the principal amount of the 2023 Notes, equivalent to approximately 79% of the outstanding 2023 Notes.

The early buyback offer of debt notes was carried out using the proceeds from the issue of the 2028 Notes (which will bear annual interest of 5,875%) and is part of a clear strategy to manage liabilities, aiming at the constant improvement of the Company's debt cost.

Part of this offer consisted of the payment of a premium to the holders of the notes, embedded and implicit in the transaction and in the proposed exchange relations, amounting to US\$9,209 thousand, as well as transaction costs in the amount of US\$20,271 totaling US\$29,480 that will be amortized in 'Finance costs' during the effective term of the 2028 Notes.

On January 31, 2018, the Company exercised the early option to purchase its debt securities bearing annual interest of 7.75% and maturing in 2023 (2023 Notes). The total debt was US\$52,099 (R\$164,919 on that date). The price paid was 103.875% of the face value, plus interest accrued until that date. Liabilities related to Notes as of June 30, 2020 in the consolidated interim financial information is R\$8,572,0187 (R\$6,669,004 at December 31, 2019).

On June 08, 2020, the Company completed the offering for buyback of bonds, representing debt bonds issued abroad, scheduled to mature in 2026. By means of an early buyback offering, US\$85,668 (R\$464,878 on that date) were bought back. On the same date, the Company completed the offering for buyback of bonds, representing debt bonds issued abroad, scheduled to mature in 2028. By means of an early buyback offering, US\$11,005 (R\$59,030 on that date) were bought back.

Liabilities related to Notes as of June 30, 2020 in the consolidated interim financial information is R\$8,572,018 (R\$6,669,004 at December 31, 2019).

The Notes are expected to maintain a financial covenant which measures the ability to cover debt in relation to EBITDA (earnings before interest, taxes, depreciation and amortization).

The contractual ratio of both financial instruments indicates that the debt coverage level may not exceed 3.5 times the EBITDA in the last 12 months. For these purposes, the following definitions are considered: **(I)** "Net debt" means the sum of the balance of loans and financing, without considering exchange rate changes occurred in the period since the contracting of the debt, less the sum of: **(i)** available cash (as defined below) and **(ii)** "inflation adjustment losses" (as defined below); **(ii)** "Cash and cash equivalents" - means the sum of the balances of the following Company's balance sheet accounts: "Cash and cash equivalents" and "Securities"; **(iii)** "inflation adjustment losses" - means a number of exceptions, including but not limited to exchange rate changes since the issue of the Note and/or allowed debts, related to specific operating transactions, totaling US\$308,000 thousand. **(iv)** "EBITDA" means the amount calculated on the accrual basis over the last 12 months, equal to the sum of net revenue, less: **(i)** the cost of services rendered, **(ii)** administrative expenses, plus: **(a)** depreciation and amortization expenses, **(b)** finance income (expenses), net, **(c)** equity in the earnings (losses) of subsidiaries, and **(d)** direct taxes.

The financial covenants refer to authorization or not to incur new debts, by executing all new refinancing-related debts, in addition to a predefined amount for credit facilities of working capital and investments. Covenants are calculated based on the consolidated interim financial information.

i) Level of subordination

As of June 30, 2020, 0.56% of the Company's and its subsidiaries' total debt has collaterals (0.70% at December 31, 2019).

ii) Possible restrictions imposed on the Issuer, particularly with respect to setting indebtedness limits and taking out new debts, the distribution of dividends, the disposal of assets, the issuance of new securities and the sale of shareholding control

The Notes also have clauses that limit the Company with respect to: **(i)** new debts if the Net Debt/EBITDA ratio is higher than 3.75/1.00 and 3.50/1.00, respectively; **(ii)** the distribution of dividends. Accordingly, Minerva undertakes not to pay and not allow its subsidiaries to pay any dividends or interest on invested capital held by others than its subsidiaries (except: **(a)** dividends or distributions paid on qualified interests of Minerva, and **(b)** dividends or distributions payable by a subsidiary, on a pro rata basis, or more favorable to Minerva); **(iii)** the change of shareholding control; and **(iv)** the disposal of assets, which can only be achieved by complying with the requirements, among which, in the case of sale of assets, it is necessary that the sale value be the market value.

5th issue of nonconvertible debentures

On October 02, 2017, the Company offered debentures not convertible into shares, in the amount of R\$350,487, maturing on October 02, 2020. Such debentures are pegged to Agribusiness Receivables Certificate (CRAs), which are the subject of the 2nd series of the 1st issue of CIBRASEC – Companhia Brasileira de Securitização, distributed through an offering, under CVM Instruction No. 400.

The principal, amounting to R\$350,487, bears interest at the accumulated variation (effective rate) of 105.5% of the average daily rates of the Interbank Deposits (DI). The proceeds were used to finance the Company's activities relating to livestock production and industrialization and sale of meat. In the process of issuing such debentures, the Company incurred transaction costs in the amount of R\$6,806, which will be fully amortized through 2020, recorded in its interim financial information as a reduction of liabilities, to be amortized for the effective term of these debentures. Balance as of June 30, 2020 is R\$352,378 (R\$353,074 as of December 31, 2019).

6th issue of nonconvertible debentures

On May 15, 2019, the Company offered debentures not convertible into shares, in the amount of R\$400,000, maturing on May 15, 2022. The total principal amount is R\$400,000 yielding the equivalent to the cumulative variation (effective rate) of 100% of the daily average rates of the Interbank Deposits (DI) plus a rate of 1.80% p.a. calculated using the book building procedure. The proceeds from such issue will be used to extend the debt profile and improve the Company's capital structure. In the process of issuing such debentures, the Company incurred transaction costs in the amount of R\$5,110, which will be fully amortized through 2020, recorded in its interim financial information as a reduction of liabilities, to be amortized for the effective term of these debentures. Balance as of June 30, 2020 is R\$398,570 (R\$398,474 as of December 31, 2019).

7th issue of nonconvertible debentures

On November 19, 2019, the Company offered debentures not convertible into shares, in the amount of R\$500,000, maturing on August 15, 2024. The total principal amount is R\$500,000 yielding the equivalent to IPCA plus a rate of 4.50% p.a. The proceeds from such issue will be used to extend the debt profile and improve the Company's capital structure. In the process of issuing such debentures, the Company incurred transaction costs in the amount of R\$12,926, recorded in its interim financial information as a reduction of liabilities, to be amortized for the effective term of these debentures. Balance as of June 30, 2020 is R\$508,373 (R\$487,074 as of December 31, 2019).

8th issue of nonconvertible debentures

On May 22, 2020, the Company made an offering of nonconvertible debentures in the amount of R\$600,000, the 1st series of which maturing on May 13, 2025, in the amount of R\$400,000 and the second series maturing on May 13, 2026, in the amount of 200,000. The total principal amount of the issues of the 1st series is R\$400,000, yielding the Extended Consumer Price Index (IPCA), whereas the total principal amount of the issues of the 2nd series is R\$200,000, yielding the equivalent to the DI rate. Such transaction is hedged by a % CDI swap, whereby the final transaction cost stood at 160% of the CDI. The proceeds from this issuance were allocated to agribusiness activities and relations with rural farmers, as part of the industry and trade of meat by the Company. In the process of issuing such debentures, the Company incurred transaction costs in the amount of R\$21,930, which will be fully amortized through 2020, recorded in its interim financial information as a reduction of liabilities, to be amortized for the effective term of these debentures. As of June 30, 2020, the amount is R\$580,998.

9th issue of nonconvertible debentures

On June 12, 2020, the Company offered debentures not convertible into shares, in the amount of R\$600,000, maturing on June 12, 2025. The total principal amount is R\$600,000 yielding the equivalent to IPCA. Such transaction is hedged by a % CDI swap, whereby the final transaction cost stood at 160% of the CDI. The proceeds from this issuance were allocated to agribusiness activities and relations with rural farmers, as part of the industry and trade of meat by the Company. In the process of issuing such debentures, the Company incurred transaction costs in the amount of R\$14,787, recorded in its interim financial information as a reduction of liabilities, to be amortized for the effective term of these debentures. As of June 30, 2020, the amount is R\$585,613.

15. Trade payables

	Parent		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Domestic suppliers	695,056	820,292	1,263,588	1,252,804
Foreign suppliers	30,818	36,133	123,421	94,235
Related parties	36,591	58,003	244	15,330
	762,465	914,428	1,387,253	1,362,369

Aging list of trade payables:

	Parent		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Current:	735,129	893,444	1,323,544	1,302,623
Past due:				
Up to 30 days	11,586	6,941	32,213	37,660
31 to 60 days	2,162	6,214	7,266	8,538
61 to 90 days	7,545	77	10,842	1,346
Over 91 days	6,043	7,752	13,388	12,202
	762,465	914,428	1,387,253	1,362,369

16. Payroll, related charges and taxes payable

	Parent		Consolidated	
	06/30/202	12/31/201	06/30/202	12/31/201
	0	9	0	9
Labor				
Salaries and management fees	491	511	45,210	20,835
Payroll taxes – FGTS and INSS (employees and third parties)	16,697	13,291	18,979	14,117
Accrued vacation/13 th salary and related taxes	51,438	44,277	113,629	85,627
Other wages and charges	7,771	6,487	34,386	17,694
Total payroll	76,397	64,566	212,204	138,273
Tax				
State VAT (ICMS)	12,124	5,220	12,125	5,220
Federal taxes in installments – (1)	59,128	60,770	69,501	71,401
State taxes paid in installments	1,194	5,656	1,524	7,965
Income tax	-	7,301	57,110	105,811
Social contribution on profit	-	7,832	-	7,832
Value-added tax (VAT)	-	-	41,782	14,337
Funrural	853	2,006	1,055	2,041
Other taxes and fees	1,872	11,549	33,549	42,161
Total taxes payable	75,171	100,334	216,646	256,768
Total	151,568	164,900	428,850	395,041
Current	97,552	109,933	365,283	330,265
Noncurrent	54,016	54,967	63,567	64,776

(1) The Company joined the following plans to pay federal taxes in installments:

Special Tax Debt Settlement Program (PERT)

As of June 30, 2020, the outstanding balance, Parent and consolidated, is R\$19,207 and R\$24,790, respectively.

Rural Tax Debt Refinancing Program (PRR)

As of June 30, 2020, the outstanding balance, Parent and consolidated, is R\$39,921 and R\$44,711, respectively.

17. Other payables

	Parent		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Advances received (a)	1,647,311	945,835	1,712,626	1,008,498
Payables - acquisitions (b)	4,000	4,000	4,000	4,000
Other operating provisions	16,792	21,920	68,082	50,029
Total	1,668,103	971,755	1,784,708	1,062,527
Current	1,668,103	971,755	1,783,044	1,060,774
Noncurrent	-	-	1,664	1,753

- (a) Advances from the Company's customers according to the credit policy defined by Management;
- (b) Amounts payable relating to acquisitions by the plant in the city of Campina Verde, State of Minas Gerais.

18. Deferred income tax and social contribution

Assets	Parent		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Tax losses - IRPJ	377,589	377,589	399,761	403,756
Tax loss carryforwards - CSLL	135,933	135,933	135,933	135,933
Total	513,522	513,522	535,694	539,689
Temporary differences - assets				
Provisions for tax, civil and labor risks	8,125	8,131	14,499	13,331
Allowance for impairment of assets	7,316	7,316	7,453	7,534
Allowance for expected credit losses	8,263	6,951	8,389	7,060
Other	2,393	2,394	42,885	21,173
Total temporary differences - assets	539,619	538,314	608,920	588,787
Liabilities				
Temporary differences - liabilities				
Unrealized gains on the fair value of biological assets	(27,942)	(30,238)	(27,942)	(30,238)
Business combination	(33,096)	(33,096)	(33,096)	(33,096)
Revaluation reserve	(23,852)	(24,252)	(23,852)	(24,252)
Appreciation in subsidiaries	-	-	(210,158)	(162,840)
Other temporary deductions	(28,480)	(25,141)	(53,449)	(44,992)
Total temporary differences - liabilities	(113,370)	(112,727)	(348,497)	(295,418)
Total deferred taxes	426,249	425,587	260,423	293,369
Total assets	426,249	425,587	427,940	426,386
Total liabilities	-	-	(167,517)	(133,017)
	426,249	425,587	260,423	293,369

18.1. Breakdown of deferred income tax and social contribution

Changes in tax loss carryforwards were as follows:

	Parent			Balance at June 30, 2020
	Balance at December 31, 2019	Recognized in profit or loss	Realization of deferred taxes	
Deferred income tax and social contribution on tax loss carryforwards	513,522	-	-	513,522
Total deferred tax assets	513,522			513,522

	Consolidated				Balance at June 30, 2020
	Balance at December 31, 2019	Recognized in profit or loss	Realization of deferred taxes	Cumulative translation adjustments	
Deferred income tax and social contribution on tax loss carryforwards	539,689	-	(13,033)	9,038	535,694
Total deferred tax assets	539,689	-	(13,033)	9,038	535,694

The deferred tax asset from tax loss carryforwards was recognized for the period from December 31, 2010 to June 30, 2020, in the consolidated financial statements.

The amount accrued as at June 30, 2020 is R\$535,694 (R\$539,689 at December 31, 2019). The decision of the Management of the Company and its subsidiaries to record such deferred tax assets, on social contribution tax loss carryforwards, was based on the business plan and financial and budget projections prepared internally and by independent consultants and revised at least annually.

These deferred income tax and social contribution assets are expected to be realized as follows:

	06/30/2020	
	Parent	Consolidated
2020	58,563	61,547
2021	61,271	64,393
2022	59,918	62,971
2023	66,379	69,761
2024 onwards	267,391	277,022
	513,522	535,694

The Company expects to realize temporary income tax and social contribution differences in up to 10 years.

The technical studies that supported the decision to recognize or maintain deferred tax assets and tax loss carryforwards were properly revised and approved at the Board of Directors' Meetings.

The effects of changes in deferred taxes on profit (loss) for the years are as follows:

	Parent		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Temporary additions				
Sundry provisions	8,971	65,461	8,970	69,749
Fair value of biological assets	514,645	393,324	514,645	393,324
Temporary deductions				
Sundry provisions	(3,960)	(2,426)	(34,969)	(2,426)
Depreciation - tax base differences	(9,816)	(8,826)	(9,816)	(8,826)
Fair value of biological assets	(507,894)	(390,713)	(507,894)	(390,713)
Deferred tax base	1,946	56,820	(29,064)	61,108
Deferred income tax and social contribution - temporary difference				
Realization of deferred income tax and social contribution - temporary difference	662	19,319	(9,882)	20,777
Deferred income tax and social contribution on tax loss carryforwards	-	-	-	-
Total deferred income tax and social contribution	662	19,319	(9,882)	20,777

Changes in deferred tax liabilities related to tax losses and temporary differences are as follows:

	Parent				Balance at June 30, 2020
	Balance at January 1, 2020	Recognition of deferred taxes	Realization of deferred taxes	Cumulative translation adjustments	
Tax loss	513,522	-	-	-	513,522
Provisions for tax, civil and labor risks	8,131	14	(20)	-	8,125
Other temporary additions	2,394	-	(1)	-	2,393
Allowance for impairment of assets	7,316	-	-	-	7,316
Allowance for expected credit losses	6,951	1,409	(97)	-	8,263
Unrealized gains on the fair value of biological assets	(30,238)	-	2,296	-	(27,942)
Business combination	(33,096)	-	-	-	(33,096)
Revaluation reserve	(24,252)	-	400	-	(23,852)
Appreciation in subsidiaries	-	-	-	-	-
Other temporary deductions	(25,141)	(3,339)	-	-	(28,480)
Total deferred tax assets	425,587	(1,916)	2,578	-	426,249

	Consolidated				Balance at June 30, 2020
	Balance at January 1, 2020	Recognition of deferred taxes	Realization of deferred taxes	Cumulative translation adjustments	
Tax loss	539,689	-	(13,033)	9,038	535,694
Provisions for tax, civil and labor risks	13,331	14	(1,029)	2,183	14,499
Other temporary additions	21,173	7,592	(1)	14,121	42,885
Allowance for impairment of assets	7,534	-	(141)	60	7,453
Allowance for expected credit losses	7,060	1,409	(108)	28	8,389
Unrealized gains on the fair value of biological assets	(30,238)	-	2,296	-	(27,942)
Business combination	(33,096)	-	-	-	(33,096)
Revaluation reserve	(24,252)	-	400	-	(23,852)
Appreciation in subsidiaries	(162,840)	-	-	(47,318)	(210,158)
Other temporary deductions	(44,992)	(5,559)	2,854	(5,752)	(53,449)
Total deferred tax assets	293,369	3,456	(8,762)	(27,640)	260,423

a) Current – payable

Income tax and social contribution are calculated and recorded based on the taxable result, including tax incentives that are recognized as taxes are paid and taking into consideration the rates established by the prevailing tax legislation.

b) Reconciliation of income tax and social contribution balances and expenses

The accrued balance and the result of the taxes on profit are as follows:

	Parent		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Loss before taxes	523,957	(164,047)	584,463	(135,565)
Additions				
Temporary differences	8,970	2,447	8,970	2,449
Permanent differences	132,298	186,177	931,973	278,515
Realization of temporary differences	-	-	-	-
Realization of revaluation reserve	-	-	-	-
Effect of the first-time adoption of IFRS	2,620,270	1,711,846	2,625,268	1,717,295
Deductions				
Temporary differences	(3,959)	(2,426)	(3,959)	(2,426)
Permanent differences	(267,232)	(286,749)	(1,077,758)	(480,305)
Effect of the first-time adoption of IFRS	(3,355,409)	(1,740,662)	(3,369,217)	(1,747,389)
Tax base	(341,105)	(293,414)	(300,260)	(367,426)
Realization of tax losses	-	-	-	-
Offsets	-	-	-	(11,988)
Tax base after tax loss carryforwards	(341,105)	(293,414)	(300,260)	(379,414)
Income taxes				
Income tax	-	-	(49,962)	(27,422)
Social contribution payable	-	-	-	(2,518)
Current income tax and social contribution expense	-	-	(49,962)	(29,940)

Income tax and social contribution on profit were calculated in accordance with prevailing legislation (Law No. 12.973/2014).

Income tax and social contribution calculations and respective income tax returns, when requested, are open to review by tax authorities for varying periods and statutes of limitations in relation to the related payment date or tax return filing dates.

Based on studies and projections for the following years and considering the limits established by prevailing legislation, Management expects that the existing tax credits will be realized over a maximum term of 10 years.

The net carrying amounts has no direct relationship with the taxable profit for income tax and social contribution due to the differences between the accounting criteria and the pertinent tax legislation. Therefore, we recommend that the evolution of the realization of the tax credits resulting from tax loss carryforwards and temporary differences should not be taken as an indication of future taxable income.

19. Provisions for tax, labor and civil risks

Summary of contingent liabilities recognized

The Company and its subsidiaries are parties to several of lawsuits arising from the normal course of their businesses, for which provisions were recognized based on the assessment of their legal counsel and Management's best estimates. The main information on these lawsuits is shown below:

Lawsuits	Parent		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Provisions for tax risks	1,890	1,890	1,939	1,959
Provisions for labor lawsuits	23,899	23,916	35,171	33,829
Provision for civil risks	1,496	1,496	3,391	2,484
	27,285	27,302	40,501	38,272

	Labor lawsuits	Civil and tax lawsuits	Total
Balance at January 1, 2018	27,512	3,386	30,898
Provisions recognized during the period	57	-	57
Provisions reversed in the period	(3,653)	-	(3,653)
Balance at December 31, 2019	23,916	3,386	27,302
Provisions recognized during the period	40	-	40
Provisions reversed in the period	(57)	-	(57)
Balance at June 30, 2020	23,899	3,386	27,285

	Labor lawsuits	Civil and tax lawsuits	Total
Balance at January 1, 2019	38,512	4,262	42,774
Provisions recognized in the period	1,403	231	1,634
Provisions reversed in the period	(6,517)	(77)	(6,594)
Translation adjustments for the period	431	27	458
Balance at December 31, 2019	33,829	4,443	38,272
Provisions recognized during the period	613	522	1,135
Provisions reversed in the period	(2,201)	(43)	(2,244)
Translation adjustments for the period	2,930	408	3,338
Balance at June 30, 2020	35,171	5,330	40,501

Civil and tax risks

These lawsuits refer to claims questioning the constitutionality of the use of reduced taxes on gross revenues and also to the discussion on the non-collection of taxes on export revenue. As of June 30, 2020, these risks were assessed as probable loss and involve the amounts of R\$3,386, Parent, and R\$5,330, consolidated (R\$3,386, Parent, and R\$4,443, consolidated, as of December 31, 2019).

Labor lawsuits

Most of these labor claims involve overtime, commuting time, health hazard premium and mandatory thermal comfort breaks. Based on the opinion of the legal counsel that handles these lawsuits and Management's experience in similar cases, provisions were recognized for labor lawsuits assessed as probable loss which, as of December 31, 2019, amounted to R\$23,916, Parent, and R\$33,829, consolidated (R\$27,512, Parent, and R\$38,512, consolidated, as of December 31, 2017). As of June 30, 2020, in the amount of R\$23,899, Parent, and R\$35,171, consolidated (R\$23,916, Parent, and R\$33,829, consolidated, as of December 31, 2019).

Other lawsuits (assessed as possible loss)

Labor and social security

As of June 30, 2020, the Company and its subsidiaries are parties to labor lawsuits (public civil actions) and social security lawsuits, in the total amount of approximately R\$4,453, whose likelihood of loss is considered possible, but not probable, and for which Management does not consider necessary to recognize a provision for possible loss.

SENAR

In March 2003, the Company filed for a writ of mandamus to suspend the withholding and transfer of SENAR. To avoid losing the right to require the contribution of Funrural and SENAR, the INSS (Social Security Authority) issued various tax assessment notices against the Company to date. The amount involved in these notices, whose likelihood of loss was assessed by the Company's legal counsel as possible, is approximately R\$64,616. Such lawsuits involve a significant uncertainty level on the likelihood of loss for certain matters being discussed at the judicial level.

ICMS (State VAT)

The Company was issued tax assessments relating to differences in the computation schedule for the base of ICMS and ICMS-ST by applying the reduction on its operations in the States of Minas Gerais, São Paulo and Goiás. As of June 30, 2020, the amount involved in these lawsuits, assessed as possible loss, is approximately R\$135,146.

Other tax, civil and environmental lawsuits

As of June 30, 2020, the Company and its subsidiaries are parties to other tax, civil and environmental lawsuits, in the total amount of approximately R\$36,184, R\$7,534 and R\$5,943, (R\$35,193, R\$6,314 and R\$1,480 at December 31, 2019), respectively, whose likelihood of loss is considered possible, but not probable, in accordance with the Company's legal counsel, and for which Management does not consider necessary to recognize a provision for a potential loss.

20. Equity

a. Capital

The Company's subscribed and paid-in capital as of June 30, 2020 is R\$965,987 (R\$287,915 at December 31, 2019), represented at June 30, 2020 by 486,478,283 (403,596,575 at December 31, 2019) book-entry registered common shares with no par value, all of which are free and clear of any burden or encumbrance. Expenses on the issuance of new shares totaled R\$5,898 during 2016 and R\$53,813 during 2020. Accordingly, the capital balance in the interim financial information is R\$906,276.

In the first quarter of 2019, the Board of Directors' Meetings approved increases in the Company's capital, representing ten thousand two hundred fifty-three (10,253) book-entry registered common shares with no par value. With the approval, capital increased from R\$1,115,157, representing 376,687,157 shares, to R\$1,115,222, representing 376,697,410 common shares.

In the second quarter of 2019, the Board of Directors' Meetings approved increases in the Company's capital, in the amount of two hundred and ten thousand reais (R\$210), representing thirty-two thousand and five hundred thirty-nine (32,539) book-entry registered common shares with no par value. Also, on May 10, 2019, the Board of Directors approved the Company's capital reduction in the amount of one billion reais (R\$1,000,000) by absorbing part of the retained earnings recorded in the Company's financial statements for the year ended December 31, 2018.

With the approval, capital was reduced from R\$1,115,222, representing 376,697,410 shares, to R\$115,432, representing 376,729,949 common shares.

In the third quarter of 2019, the Board of Directors' Meetings approved increases in the Company's capital by four hundred eighteen thousand reais (R\$405), representing sixty-five thousand and one hundred eighty-two (65,182) book-entry registered common shares with no par value. With the approval, capital increased from R\$115,432, representing 376,729,949 shares, to R\$115,850, representing 376,795,131 common shares.

In the fourth quarter of 2019, the Board of Directors' Meetings approved increases in the Company's capital by one hundred seventy-two thousand and sixty-five reais (R\$172,065), representing twenty-six million, eight hundred one and four hundred forty-four (26,801,444) book-entry registered common shares with no par value. With the approval, capital increased from R\$115,850, representing 376,795,131 shares, to R\$287,915, representing 403,596,575 common shares.

The Board of Directors' meeting held on January 15, 2020 approved the primary and secondary public offering of common shares issued by the Company, held by the Selling Shareholder, all registered and book-entry, with no par value, all of them free and unencumbered of any lien or encumbrance, as applicable, with restricted placement efforts, pursuant to CVM Instruction No. 476 ("Offering").

The price per share under the Offering was set at R\$13.00, for purposes of capital increase, within the limit of the authorized capital, pursuant to Article 6 of the Company's Bylaws, and for the ratification of the capital increase which were approved at the Company's Board of Directors held on January 23, 2020, whose minutes will be filed with São Paulo State's Division of Corporations and published on newspapers.

The Offering consisted of: (i) the primary public distribution of 80,000,000 new common shares issued by the Company ("Primary Offering" and "Shares under the Primary Offering"); and (ii) the secondary public distribution of 15,000,000 common shares issued by the Company and held by VDQ Holdings S.A. ("Selling Shareholder", "Secondary Offering" and "Shares under the Secondary Offering", respectively, and the Shares under the Secondary Offering, in conjunction with the Shares under the Primary Offering, the "Shares"), with restricted placement efforts, conducted in the Federative Republic of Brazil ("Brazil"), in an over-the-counter market, under the Agreement for the Underwriting, Placement and Firm Guarantee of Settlement of Common Shares issued by Minerva S.A., entered into between the company, the Selling Shareholders and the Lead Underwriters. Simultaneously, under the Offering, efforts for placement abroad were also made by BTG Pactual US Capital LLC, J.P. Morgan Securities LLC, Bradesco Securities Inc., Banco do Brasil Securities LLC, and Itau BBA USA Securities, Inc. Morgan Securities LLC, by Bradesco Securities Inc., by Banco do Brasil Securities LLC and by Itau BBA USA Securities, Inc.

Due to the increase in the Company's capital resulting from the Offering, capital increased from R\$288,493, divided into 403,686,540 common, registered, book-entry shares with no par value, to R\$1,328,493, divided into 483,686,540 common, registered, book-entry shares with no par value.

Commissions, expenses on taxes and other retentions, Offering registration with ANBIMA, legal and consulting fees, independent auditors, translation and publicity related to the offering, which totaled R\$52,430, were paid by the company and by the Selling Shareholder, to the proportion of the Shares offered by each one in the Offering, under the Placement Agreement and the International Placement Agreement.

The Shares under the Offering are traded on B3 S.A. – Brasil, Bolsa, Balcão ("B3") on January 27, 2020, and the physical and financial settlement of the Shares occurred on January 28, 2020.

On March 10, 2020, the Board of Directors and the Extraordinary Shareholders Meeting approved the reduction of the Company's capital by three hundred eighty million and two hundred ten (R\$380,210) for absorption of part of accumulated losses reported in the Company's financial statements for the year December 31, 2019, without cancellation of shares.

Also, in the first quarter of 2020, the Board of Directors' Meetings approved increases in the Company's capital by twelve million seven hundred and thirty-five thousand reais (R\$12,735), representing one million nine hundred eighty-three and six hundred two (1,983,602) book-entry registered common shares with no par value relating to the subscription bonus.

With the approvals in the first quarter of 2020, capital increased from R\$287,915, representing 403,596,575 shares, to R\$960,440, representing 485,580,177 common shares.

In the second quarter of 2020, the Board of Directors' Meetings approved increases in the Company's capital by five million five hundred forty-seven (R\$5,547), representing eight hundred ninety-eight thousand and one hundred six (898,106) book-entry registered common shares with no par value. With the approval, capital increased from R\$960,440, representing 485,580,177 shares, to R\$965,987, representing 486,478,283 common shares.

b. Capital reserve

The capital reserve consists of amounts received by the Company and that are not recorded in profit or loss as revenues, since they are intended to reinforce capital; the Company is not required to make any efforts, such as delivering goods or providing services, in connection with these amounts. As of June 30, 2020, the Company's capital reserve is R\$118,271 (R\$118,271 at December 31, 2019).

c. Revaluation reserve

The Company appraised its fixed assets in 2003 and 2006. The remaining balance totaled R\$49,840 as of June 30, 2020 (R\$50,614 at December 31, 2019), net of taxes.

As mentioned above and in compliance with Law No. 11638/2007, the Company elected to maintain the revaluation reserve through December 31, 2007, until its full realization, which should occur through depreciation or disposal of revalued assets.

d. Legal reserve

Calculated at 5% of profit for the year as provided for in article 193 of Law No. 6404/76, up to the limit of 20% of capital. In the year when the balance of the legal reserve, plus the amounts of capital reserves addressed by paragraph 1 of article 182 of Law No. 6.404/76, exceeds 30% of the capital, the allocation of a portion of the profit for the year to the legal reserve will not be mandatory.

e. Earnings reserve

The earnings reserve was recorded based on the remaining balance of the profit for the year, after the allocations to the legal reserve and the distribution of minimum mandatory dividends and will be used to finance the Company's operations.

f. Treasury shares

On March 20, 2017, pursuant to paragraph 1 of article 30 of Law No. 6404/76 and CVM Instruction No. 567, the Board of Directors approved the acquisition of up to nine million, two hundred and forty-seven thousand, one hundred and forty-nine (9,247,149) registered, book-entry common shares with no par value, representing 10% of the ninety-two million, four hundred and seventy-one thousand, four hundred and eighty-five (92,471,485) Company outstanding shares on that date, not including controlling shareholders. The Company's Board of Directors also approved the cancellation of shares issued by the Company and acquired within the scope of the 2016 buyback plan, totaling 9,984,400 registered, book-entry common shares with no par value, amounting to R\$107,346 treasury shares on that date.

On March 05, 2018, the Company's Board of Directors approved the cancellation of shares issued by the Company and acquired within the scope of the 2017 buyback plan, totaling 6,241,000 registered, book-entry common shares with no par value, amounting to R\$67,322, which were held in treasury on that date.

The table below shows the changes in treasury shares:

	Number	Amount (R\$)	Average cost (R\$)	Average market value
Balance at December 31, 2018	3,550,000	36,847	10.38	4.99
Share buyback	-	-	-	-
Sale of shares	(400,000)	(4,152)	10.38	-
Balance at December 31, 2019	3,150,000	32,695	10.38	12.84
Share buyback	-	-	-	-
Sale of shares	-	-	-	-
Balance at June 30, 2020	3,150,000	32,695	10.38	13.15

g. Dividends and interest on capital

The Company's bylaws establish the payment of a minimum mandatory dividend of 25% of the profit for the year, adjusted pursuant to the law.

h. Valuation adjustment to equity

According to CPC 02 R2/IAS 21 - Effects of changes in foreign exchange rates and translation of interim financial information for the year, changes in financial instruments (direct and indirect) are recorded in foreign currency and measured under the equity method.

According to CPC 37 R1/IFRS 1 – First-time Adoption of International Financial Reporting Standards, as a result of the application of CPC 02 R2 prior to the date of first-time adoption, IFRS first-time adopters must zero the balances of exchange gains (losses) on investments recorded in equity (on the cumulative translation adjustments item) by transferring them to retained earnings/accumulated losses (on the profit reserve item), and disclose the profit distribution policy applicable to such balances. The Company does not calculate these adjustments for distribution of profit.

i. Stock option plan

Under the plan, the following individuals are eligible to be granted shares issued by the Company: executive, Board of Directors' members, statutory and non-statutory officers, managers, supervisors, and employees of the Company and its subsidiaries who are considered key people for the development of the Company's and its subsidiaries' businesses, as elected by the Company's Board of Directors or a special committee created to manage the Plan to be granted stock options ("Participants").

The Company's Board of Directors or committee, as the case may be, may create Stock Option Programs containing specific conditions applicable to Participants, the total number of Company's shares that may be granted, the stock option division into lots and the respective rules specific to each lot, including the strike price and vesting periods ("Programs").

The Programs and Stock Option Agreements provide for that, in case a Participant is terminated during the vesting period, the Company may, at its sole discretion, buy back all shares held by the Participant, subject to the vesting period, for R\$0.01 per share, under the Plan.

1st Stock Option Plan

On March 30, 2020, eight hundred and forty thousand (840,000) stock options were granted to certain beneficiaries under the First Stock Option Program approved at the Company's Board of Directors' Meeting held on March 5, 2018 and amended at the Company's Board of Directors' Meeting held on June 25, 2018 ("First Program"), which is part of the Second Stock Option Plan, approved at the Extraordinary General Meeting of the Company held on April 12, 2017 ("Option Plan"); Said beneficiaries were given 60 days as from the execution of the Stock Option Agreement to exercise such stock options at a strike price of R\$6.16, which corresponds to a 20% discount in relation to the weighted average for the last 10 trading sessions prior to the execution of the adherence agreement.

The stock option exercise by the abovementioned beneficiaries was formalized through a capital increase made on June 15, 2020, as detailed in Note 20 a.

Vesting period: None of the stock options may be transferred before the total vesting period established for the 1st Program. At each anniversary of the grant date, a portion corresponding to 25% will be released for sale by the Participant.

2nd Stock Option Plan

On June 25, 2018, the Board of Directors approved the grant of 400,000 stock options to the Company's Management members under the scope of the Company's 2nd Stock Option Program. Management members were given 60 days as from the vesting period of 12 months as from the execution of the Stock Option Agreement to exercise such stock options at a strike price of R\$5.60.

The strike price corresponds to a 20% discount in relation to the weighted average for the last 10 trading sessions prior to the execution of the adhesion agreement.

The exercise of the options by Management members was formalized by the purchase of the shares held in Treasury, approved by the Company's Board of Directors on September 24, 2019.

Vesting period: None of the stock options may be transferred before the total vesting period established for the 2nd Program. At each anniversary of the grant date, an additional portion corresponding to 50% will be released to the Participant.

Stock option plan

	06/30/2020		12/31/2019	
	Number of stock options	Weighted average price	Number of stock options	Weighted average price
Free float shares at the beginning of the period	-	-	400,000	5.60
Granted during the period	840,000	6.16	-	-
Exercised during the period	(840,000)	6.16	(400,000)	5.60
Forfeited during the period	-	-	-	-
Free float shares at the end of the period	-	-	-	-

Fair value measurement criteria

The model used to precify the fair value of options under the Stock Option Programs was the Black & Scholes model.

In determining the fair value of the shares under the Stock Option Plan, the following assumptions were used:

	Grant - 1 st Program	Grant - 2 nd Program
Number of shares	840,000	400,000
Average weighted stock price	7.7087	6.99
Strike price	6.1670	5.60
Stock price volatility	35.0%	32.219%
Life of the share	2 months	14 months
Vesting period	48 months	24 months
Expected dividends	-	-
Risk-free interest rate	3,653%	10,380%
Fair value	1.63	3.5040

The Stock Option Plan's expected volatility was calculated based on the annual average of the Company's share's volatility extracted from Bloomberg system.

Costs on stock option plans are recognized in profit during the vesting period for the stock options to be exercised. The total cost of the plan as of the granting date in the period ended June 30, 2020, corresponding to the fair values of the shares, was R\$1,369.

21. Segment reporting

Business segments

	Livestock		Meat		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Net revenue	171,334	203,240	8,394,942	7,548,742	8,566,276	7,751,982
Cost of sales	(138,041)	(163,328)	(6,658,369)	(6,199,670)	(6,796,410)	(6,362,998)
Operating expenses	(22,143)	(24,945)	(953,581)	(822,373)	(975,724)	(847,318)
Finance income (costs), net	(8,542)	(3,168)	(201,137)	(674,063)	(209,679)	(677,231)
Profit (loss) before taxes	2,608	11,799	581,855	(147,364)	584,463	(135,565)

On a geographical basis, the segment revenue is based on the customer's location. Segment assets are based on the geographical location of the assets.

There are no revenues from transactions conducted with a single foreign customer that account for 10% of total revenues or more.

The main business segments of the Company and its subsidiaries are the production and sale of fresh beef, livestock and its by-products.

22. Net operating revenue

	Parent				Consolidated			
	2 nd quarter 2020	06/30/2020	2 nd quarter 2019	06/30/2019	2 nd quarter 2020	06/30/2020	2 nd quarter 2019	06/30/2019
Revenues from sales of products - domestic customers	679,666	1,539,592	704,074	1,420,761	1,280,336	2,799,090	1,387,572	2,950,639
Revenues from sales of products - foreign customers	1,639,606	3,077,520	1,360,662	2,590,686	3,344,713	6,262,072	2,881,221	5,293,434
Deductions from revenue - Taxes and other	(130,044)	(292,789)	(146,005)	(300,614)	(225,847)	(494,886)	(244,424)	(492,091)
Net operating revenue	2,189,228	4,324,323	1,918,731	3,710,833	4,399,202	8,566,276	4,024,369	7,751,982

23. Expenses by nature

	Parent				Consolidated			
	2 nd quarter 2020	06/30/2020	2 nd quarter 2019	06/30/2019	2 nd quarter 2020	06/30/2020	2 nd quarter 2019	06/30/2019
Classified as								
Selling expenses	(148,663)	(291,723)	(163,785)	(322,258)	(314,134)	(594,834)	(283,930)	(541,477)
General and administrative expenses	(100,868)	(186,918)	(88,823)	(194,972)	(197,668)	(366,033)	(141,127)	(302,089)
Other operating income	(11,463)	(14,636)	3,932	(6,129)	(11,623)	(14,857)	5,295	(3,752)
Total	(260,994)	(493,277)	(248,676)	(523,359)	(523,425)	(975,724)	(419,762)	(847,318)
Expenses by nature								
Variable selling expenses	(128,971)	(250,474)	(143,268)	(286,886)	(286,162)	(540,244)	(251,510)	(487,587)
General, administrative and selling expenses	(35,951)	(75,890)	(47,491)	(105,433)	(51,387)	(139,993)	(75,902)	(163,202)
Personnel, administrative and selling expenses	(74,462)	(131,868)	(53,154)	(107,377)	(105,869)	(189,998)	(79,153)	(156,686)
Depreciation and amortization	(10,147)	(20,409)	(8,695)	(17,534)	(68,384)	(90,632)	(18,492)	(36,091)
Other operating income and expenses	(11,463)	(14,636)	3,932	(6,129)	(11,623)	(14,857)	5,295	(3,752)
Total	(260,994)	(493,277)	(248,676)	(523,359)	(523,425)	(975,724)	(419,762)	(847,318)

24. Finance income (costs), net

	Parent				Consolidated			
	2 nd quarter		2 nd quarter		2 nd quarter		2 nd quarter	
	2020	06/30/2020	2019	06/30/2019	2020	06/30/2020	2019	06/30/2019
Finance income								
Income from short-term investments	12,799	28,229	14,467	29,863	19,839	42,568	17,791	35,623
	12,799	28,229	14,467	29,863	19,839	42,568	17,791	35,623
Finance costs								
Interest on financing	(167,128)	(316,477)	(134,234)	(266,721)	(249,116)	(508,857)	(240,987)	(456,662)
Other finance income (costs) (i)	165,641	947,595	(159,575)	(216,002)	183,246	1,006,401	(166,952)	(206,818)
	(1,487)	631,118	(293,809)	(482,723)	(65,870)	497,544	(407,939)	(663,480)
Exchange rate changes, net	(154,133)	(760,246)	24,942	(24,042)	(146,970)	(717,466)	17,759	(27,502)
Monetary restatement of the balance sheet	-	-	-	-	(8,463)	(32,325)	(42,357)	(21,872)
Finance income (costs), net	(142,821)	(100,899)	(254,400)	(476,902)	(201,464)	(209,679)	(414,746)	(677,231)

(i) Refers to mark-to-market of the Company's financial instruments to hedge against the currency exposure. The changes between the comparative periods are attributable to the real depreciation against other currencies.

25. Earnings (loss) per share

a) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the profit (loss) attributable to the Company's owners by the weighted average number of common shares issued during the period, excluding the common shares purchased by the Company and held in treasury.

Basic	06/30/2020	06/30/2019
Profit (loss) attributable to Company's owners	524,619	(144,728)
Weighted average number of common shares issued (thousands)	486,478	373,730
Weighted average number of treasury shares	(3,150)	(3,550)
Weighted average number of outstanding common shares (thousands)	483,328	370,180
Basic earnings (loss) per share - R\$	1.08543	(0.39097)

b) Diluted earnings (loss) per share - R\$

Diluted earnings (loss) per share are calculated by adjusting the weighted average number of outstanding common shares, assuming the conversion of all potential common shares that would result in dilution. The Company has only one class of common shares that would potentially result in dilution: debentures mandatorily convertible into shares:

Diluted	06/30/2020	06/30/2019
Profit (loss) attributable to Company's owners	524,619	(144,728)
Weighted average number of outstanding common shares (thousands)	483,328	370,180
Weighted average number of common shares used to calculate basic earnings (loss) per share - thousands	483,328	370,180
Diluted earnings (loss) per share - R\$	1.08543	(0.39097)

26. Risk management and financial instruments

The Company's operations are exposed to market risks, especially relating to fluctuations in exchange rates and interest, credit risks and livestock's prices. The Company's investment management policy establishes the use of derivative financial instruments for hedging against these risk factors. Additionally, the Company may also contract derivative financial instruments to implement operating and financial strategies defined by the Board of Executive Officers and duly approved by the Board of Directors.

Market risk management is carried out through the use of two models: calculation of VaR (Value at Risk) and calculation of impacts by applying stress scenarios. In the case of VaR, Management uses two distinct models: Parametric VaR and Monte Carlo Simulation VaR. Risks are constantly monitored and calculated at least twice a day.

It is worth noting that the Company does not use exotic derivatives and does not have any such instrument in its portfolio.

a. Policy on the treasury's hedging transactions

The Treasury Department is responsible for the implementation of the Company's hedging management policy and follows the decisions of the Risk Committee, which is composed of the Company's Board of Executive Officers and employees.

The Risk Management Board is responsible for overseeing and monitoring compliance with the guidelines designed by the hedging policy and reports itself to the CEO and the Risk Committee.

The Company's hedging policy, approved by its Board of Directors, takes into consideration its two main risk factors: exchange rate and finished cattle.

I. Currency hedging policy

The currency hedging policy aims to hedge the Company against currency fluctuations and is divided into two segments:

i) Flow

Cash flow hedging strategies are daily discussed with the Market Committee.

The purpose of the cash flow hedging policy is to guarantee the Company's operating profit and hedge its flow of currencies, other than the Brazilian real, within a year.

Hedge operations may use financial instruments available in the market, such as: US dollar futures transactions on B3, NDFs, funds raised in foreign currency, options and inflow of funds in US dollars.

ii) Balance sheet

The balance sheet hedge is monthly discussed at Board of Directors' meetings.

The purpose of the balance sheet hedging policy is to hedge the Company against its long-term debt in foreign currency.

Balance sheet exposure is the flow of US dollar-denominated debt with maturity higher than one year.

Hedge operations may use financial instruments available in the market, such as: US dollar cash withholding, bond buyback, NDFs, futures contracts on the BM&F, swaps, and options.

II. Cattle hedging policy

The objective of the cattle hedging policy is to minimize the impacts of fluctuation in the cattle arroba price on the Company's profit (loss). The policy is divided into two topics:

i) Cattle forward contracts

In order to guarantee raw material, especially in the cattle offseason, the Company purchases cattle for future delivery and uses B3 to sell futures contracts, minimizing the risk of price fluctuations per arroba of cattle.

Hedge operations may use finished cattle instruments available in the market, such as: finished cattle futures contracts on B3 and options on finished cattle futures contracts on B3.

ii) Hedging of meat sold

In order to guarantee the cost of the raw material used in its meat production, the Company uses the BM&F to purchase futures contracts, minimizing the risk of price fluctuations per arroba of cattle and hedging its operating margins obtained when meat is sold.

Hedge operations may use finished cattle instruments available in the market, such as: finished cattle futures contracts on B3 and options on finished cattle futures contracts on B3.

Statement of derivative positions

The statements of derivative financial instrument positions were prepared to present the derivative financial instruments contracted by the Company in the periods ended June 30, 2020 and 2019, according to their purpose (asset hedging and other purposes):

Asset Hedging Position

Description	/ thousand		Notional value in R\$ thousand		Cumulative effect in R\$ thousand	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019	Amount receivable / (received)	Amount payable / (paid)
Futures Contracts:	-	-	-	-	-	-
<u>Purchase commitments</u>	-	-	-	-	-	-
DOL (US\$)	9.250	3.750	48.263	15.084	-	17.155
Other	-	-	-	-	-	-
BGI (arobas)	517	357	100.284	70.050	-	3.160
<u>Sales commitments</u>	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US\$)	2.750	1.500	14.370	6.046	64	-
BGI (arobas)	1.052	1.629	200.303	320.999	-	14.913
Options Contracts	-	-	-	-	-	-
<u>Bidding position - purchase</u>	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
Other	-	-	-	-	-	-
BGI (arobas)	3.137	825	38.063	23.843	-	19.025
<u>Bidding position - sale</u>	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US\$)	750.310	-	98.190	-	-	75.800
Outros	-	-	-	-	-	-
BGI (arobas)	165	330	153	4.488	-	538
<u>Long position</u>	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
Other	-	-	-	-	-	-
BGI (arobas)	3.289	825	27.548	899	13.509	-
<u>Short position</u>	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US\$)	-	-	-	-	6.031	-
Other	-	-	-	-	-	-
BGI (arobas)	935	2.145	623	15.307	13.394	-
Forward Contracts	-	-	-	-	-	-
<u>Long position</u>	-	-	-	-	-	-
NDF (dollar)	4.632.621	3.458.850	4.654.600	3.426.095	613.471	-
<u>Short position</u>	-	-	-	-	-	-
NDF (dollar)	1.692.514	2.344.571	1.702.488	2.360.983	-	454.958

The reference values represent the base value, i.e. the opening amount at which the derivative agreement is entered into in order to calculate the positions and market value.

The fair values were calculated as follows:

- **USD Futures Contracts:** US dollar futures contracts traded on B3 total fifty thousand US dollars (US\$50,000) per notional contract and are adjusted on a daily basis. The fair value is calculated by multiplying the notional amount in US dollars by the reference US dollar for the contract disclosed by B3;
- **Finished Cattle Futures Contracts (BGI):** Finished cattle futures contracts (BGI) traded on B3 have the amount of 330 arrobas; the fair value is calculated through the "notional" value in reais by arroba by the benchmark value for the contract disclosed by B3;
- **Short Position Forward Contracts - NDF (Euro):** The contracts are traded on OTC markets and, therefore, are not standardized neither adjusted on a daily basis. Their fair value is calculated by multiplying the traded notional amount and market rate prevailing on that date. If held through maturity, the PTAX EURO selling rate disclosed by the Central Bank of Brazil;

- **Short Position Forward Contracts - NDF (Dollar):** The contracts are traded on OTC markets and, therefore, are not standardized neither adjusted on a daily basis. Their fair value is calculated by multiplying the traded notional amount and market rate prevailing on that date. If held through maturity, the PTAX 800 selling rate disclosed by the Central Bank of Brazil;

The fair values were estimated on the date of the financial statements, based on relevant market inputs. Revisions in assumptions and changes in the financial market operations may significantly affect the estimates presented in the interim financial information.

The outstanding mark-to-market OTC NDF, swap and options transactions traded on B3 – Bolsa, Brasil, Balcão are recorded in the balance sheet accounts as of June 30, 2020 and December 31, 2019 under “NDF receivable/payable”, “swaps” and “options receivable”, as follows:

Derivative financial instruments	06/30/2020	12/31/2019
	Mark-to-market	Mark-to-market
Options	151,375	12,124
Swap	453,023	71,699
NDF (EUR+DOL+LIVESTOCK)	869,479	657,979
Total	1,473,877	741,802

b. Currency and interest rate risks

The risk of fluctuations in exchange rate and interest rate on loans and financing, short-term investments, receivables in foreign currency arising from exports, investments in foreign currency, and other payables denominated in foreign currency may be managed by using derivative financial instruments traded on stock exchanges, or OTC transactions such as swap, NDFs (Non Deliverable Forwards), and options.

The table below shows the Company’s consolidated position, specifically with respect to its financial assets and liabilities, divided by currency and exchange exposure, thus presenting a picture of the net position of assets and liabilities per currency, compared with the net position of derivative financial instruments intended for hedging and management of the exchange exposure risk:

	Consolidated		
	06/30/2020		
	Currencies		
	Local	Foreign	Total
Assets			
Cash	616	-	616
Banks - checking accounts	276,048	4,278,537	4,554,585
Short-term investments	1,875,679	276,065	2,151,744
Trade receivables	529,905	1,590,821	2,120,726
Total current assets	2,682,248	6,145,423	8,827,671
Total assets	2,682,248	6,145,423	8,827,671

	Consolidated		
	06/30/2020		
	Currencies		
	Local	Foreign	Total
Liabilities			
Financing - current	1,089,820	1,274,157	2,363,977
Trade payables	1,263,588	123,421	1,387,009
Total current	2,353,408	1,397,578	3,750,986
Financing - noncurrent	2,179,804	9,185,085	11,364,889
Total noncurrent	2,179,804	9,185,085	11,364,889
Total liabilities	4,533,212	10,582,663	15,115,875
Net financial debt	1,850,964	4,437,240	6,288,204
Hedging derivatives – Net position	(453,023)	(1,020,854)	(1,473,877)
Currency position, net	1,397,941	3,416,386	4,814,327

The net position of derivative financial instruments is broken down as follows:

Financial Instruments (net)	Long (short) position, net at 06/30/2020	Long (short) position, net at 12/31/2019
Futures contracts - DOL (Dollar)	33,892	9,038
Futures contracts - BGI (Finished Cattle)	(100,019)	(250,949)
Options contracts (Dollar, Cattle, Corn and IDI)	108,235	12,124
Swap contracts	453,023	71,699
NDF (dollar + EURO + cattle + ARS)	2,952,112	1,065,112
Total, net	3,447,243	907,025

Financial assets and financial liabilities are restated in the financial information as of June 31, 2020 and 2019 at amounts that approximate their market values. Their respective income and costs are recognized and presented on these dates according to their expected realization or settlement.

Note that the amounts related to export orders (firm sale commitments) refer to orders from approved customers not invoiced yet (and therefore not accounted for), but which are already hedged against the risk of changes in foreign currency rates (US dollar or another foreign currency) through derivative financial instruments.

Below is a list of NDF agreements held by the Company and effective as of June 30, 2020:

Type	Position	Currency	Maturity	Notional value
NDF	Sale	US dollar	08/03/2020	(300,300)
NDF	Sale	US dollar	08/20/2020	(1,100)
NDF	Purchase	US dollar	10/01/2020	450,000
NDF	Purchase	US dollar	11/03/2020	390,500

Credit risks

The Company is potentially subject to credit risks related to trade receivables, which are minimized with the diversification of its customer portfolio, given that the Company does not have a customer or business group that accounts for more than 10% of its revenues and restricts the granting of credit to customers with good financial and operating ratios.

c. Cattle price risks

The Company's business is exposed to the volatility of cattle prices, its main raw material, whose variation results from factors outside Management's control, such as climate, volume of supply, transportation costs, agricultural policies and others. The Company, in accordance with its inventory policy, maintains its management strategy for this risk, working on physical control, which includes purchases in advance, confinement of cattle and the signing of contracts for future settlement (OTC and stock exchange), which ensure the realization of its inventories at a determined price level.

	<u>06/30/2020</u>
Over the counter (OTC) market	Fair value
<hr/>	
Forward contract purchased	
Notional value (@)	1,128,833
Futures Contract Price (R\$/@)	194
Total R\$/1000	219,011
<hr/>	
	<u>06/30/2020</u>
BM&F Market	Fair value
<hr/>	
Futures contracts sold	
Notional value (@)	1,052,700
Futures Contract Price (R\$/@)	203
Total R\$/1000	213,864
<hr/>	

d. Cash sensitivity analysis table

The purpose of the sensitivity analysis statements is to disclose separately the derivative financial instruments which, in the Company's opinion, are intended to hedge the exposure to risks. These financial instruments are grouped according to the risk factor that they intend to hedge (price risk, currency risk, credit risk etc.).

The scenarios were calculated based the following assumptions:

- **An upward movement:** represents an increase in prices or risk factors as of June 30, 2020;
- **A downward movement:** represents a decrease in prices or risk factors as of June 30, 2020;
- **Probable scenario:** 6% impact; 25% fluctuation; and 50% fluctuation.

The cash sensitivity statements were prepared in compliance with CVM Resolution No. 475/08 and take into consideration the positions in derivative financial instruments and their impacts on cash only:

Transaction	Movement	Factor	Probable	Possible	Remote
			scenario	scenario	scenario
			6% fluctuation	25% fluctuation	50% fluctuation
Hedge derivatives	High	Cattle	(2,285)	(21,876)	(46,873)
Cattle	High	Cattle	13,141	54,753	109,505
Net			10,856	32,877	62,632
		US			
Hedge derivatives	High	dollar	(120,901)	(503,754)	(1,007,508)
Invoices + Cash - in					
\$US	Alta	Dollar	143,493	597,889	1,195,778
Net			22,592	94,135	188,270
Invoices - in \$EUR	Alta	Euro	681	2,838	5,676
Net			681	2,838	5,676
		US			
Hedge derivatives	High	dollar	40,849	170,204	340,408
		US			
Borrowings in \$US	High	dollar	(105,879)	(441,161)	(882,322)
Net			(65,030)	(270,957)	(541,914)

- **Exchange rate USD5,476** – Ptax selling (Source: The Central Bank of Brazil);
- **Exchange rate EUR6.1539** – Ptax selling (Source: The Central Bank of Brazil).

Statement of gains (losses) on hedging instruments

- **Hedging derivatives x Cattle:** In the probable scenario with a 6% market fluctuation, the Company could gain R\$10,856; whereas in a 25% fluctuation scenario, said gain would come to R\$32,877, and R\$62,632 upon a fluctuation of 50%;
- **Hedge derivatives x Invoices + Cash in US\$:** In the probable scenario with a 6% market fluctuation, the Company could gain R\$22,592; whereas in a 25% fluctuation scenario, said gain would come to R\$94,135, and R\$188,270 upon a fluctuation of 50%;
- **Hedge derivatives x Invoices + Cash in EUR:** In the probable scenario with a 6% market fluctuation, the Company could gain R\$681; whereas in a 25% fluctuation scenario, said gain would come to R\$2,838, and R\$5,676 upon a fluctuation of 50%;
- **Hedge Derivatives and Fundraising:** In the probable scenario with a 6% market fluctuation, the Company could lose R\$65,030; whereas in a 25% fluctuation scenario, the Company could lose R\$270,957, and R\$541,914 upon a fluctuation of 50%;

e. Call margin

A margin requirement call is applied to exchange transactions, whereby in order to cover margin calls, the Company uses public and private fixed income bonds, such as CDBs (bank deposit certificates) held in its portfolio, thus mitigating impacts on its cash flow.

As of June 30, 2020, the amounts deposited for margin totaled R\$51,000.

27. Statements of comprehensive income

As required by CPC 26 (R1) (IAS 1) – Presentation of Financial Statements, the Company presents below the changes in comprehensive income (loss) for the periods ended March 30, 2020 and 2019:

	Parent		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Loss for the period	524,619	(144,728)	524,619	(144,728)
Cumulative translation adjustments	(409,209)	55,246	(409,209)	55,246
Total comprehensive loss	115,410	(89,482)	115,410	(89,482)
Comprehensive loss attributable to:				
Company's owners	115,410	(89,482)	115,410	(89,482)
Noncontrolling interests				
Total comprehensive income	115,410	(89,482)	115,410	(89,482)

28. Insurance

The Company and its subsidiaries have an insurance policy that mainly takes into consideration the concentration of risks, the significance and the replacement value of the assets.

The main information on insurance coverage effective on June 30, 2020 is as follows:

	Coverage	Insured amount
Buildings	Fire and sundry risks	651,508
Facilities, equipment and inventories	Fire and sundry risks	1,160,327
Company cars and aircraft	Fire and sundry risks	165,327
Overseas transportation	Fire and sundry risks	109,520
Civil liability	Operational risks	20,519
		2,107,201

The Company and its subsidiaries have coverage for all products transported in Brazil and abroad. The risk assumptions adopted, in view of their nature, are not part of the scope of the audit of the financial statements and, therefore, were not audited by the Company's independent auditors.

The Company contracted insurance policies for all plants and distribution centers.

29. Events after the reporting period

The Board of Directors' Meeting held on July 15, 2020 approved an increase in the Company's capital stock, without amending its bylaws and within the limit of the authorized capital, under Article 6, of the Company's bylaws. As a result, capital increased from R\$965,987, divided into 486,478,283 book-entry registered common shares, without par value, to R\$967,979, divided into 486,788,563 book-entry registered common shares, without par value, therefore, a capital increase of R\$1,992, through the issuance of three hundred ten thousand and two hundred eighty (310,280) new book-entry registered common shares, without par value, at the issue price of six reais and forty-two cents (R\$6.42), pursuant to the provisions of item 7.3.28.7 of the minutes of the Extraordinary Shareholders' Meeting held on October 10, 2018, per share, established in article 170, paragraph 1, item III, of Law 6404, of December 15, 1976, as amended ("Brazilian Corporate Law"), as a result of the Subscription Bonuses exercised.

30. Explanation added to the translation into English

The accompanying interim financial information was translated into English from the original Portuguese version prepared for local purposes. Certain accounting practices applied by the Company that conform to those accounting practices adopted in Brazil may not conform to the generally accepted accounting principles in the countries where this interim financial information may be used.

* * *

EARNINGS RELEASE

Barretos, July 28, 2020 – Minerva S.A. (BM&FBOVESPA: BEEF3 | OTC - Nasdaq International: MRVSY) – the South American leader in the export of fresh beef and cattle byproducts, which also operates in the processed foods segment, announces today its results for the second quarter of 2020 (2Q20). The financial and operational information herein is presented in BRGAAP and Brazilian reais (R\$), in accordance with International Financial Reporting Standards (IFRS).

2Q20 HIGHLIGHTS

Minerva (BEEF3)

Price on 7/27/2020:

R\$14.08

Market cap:

R\$6,854.0 million

486,788,563 shares

Free Float:

53.4%

Conference Call

São Paulo, July 29, 2020.

Portuguese

10:00 a.m. (Brasília)

8:00 a.m. (US EST)

Phone: +55 (11) 2188 0155

Code: Minerva

English

10:00 a.m. (Brasília)

8:00 a.m. (US EST)

Phone: +1 (646) 843-6054

Code: Minerva

IR Contact:

Edison Ticle

Daniilo Cabrera

Kelly Barna

Matheus Oliveira

Luiza Puoli

Phone: (11) 3074-2444

ir@minervafoods.com

- Free cash flow after financial expenses, capex and working capital was positive for the tenth consecutive quarter, totaling R\$376.5 million in 2Q20. In LTM2Q20, free cash flow totaled R\$1,882.8 million.
- Net income stood at R\$253.4 million in 2Q20, R\$524.6 million in 1H20 and R\$685.5 million in the 12 months ended June 30, 2020.
- Financial leverage, measured by the net debt/LTM EBITDA ratio, stood at 2.6x in 2Q20, the lowest level in the last 12 years. In U.S. dollars, financial leverage stood at 2.2x.
- Minerva's consolidated gross revenue reached a record of R\$19.0 billion in LTM2Q20, 7% higher than in LTM2Q19. In the second quarter of 2020, Minerva's gross revenue totaled R\$4.6 billion, 8% more than in 2Q19. The Brazilian Industry Division contributed R\$2.1 billion, or 45% of total gross revenue, while the Athena Foods Division brought in R\$2.1 billion, or 45% of the total in 2Q20. In LTM2Q20, exports accounted for 69% of gross revenue, maintaining Minerva's position as the leading beef exporter in South America, with a market share of approximately 18%.
- Net revenue reached R\$4.4 billion in 2Q20, up 9% over 2Q19, R\$8.6 billion in 1H20 and R\$18.0 billion in LTM2Q20.
- EBITDA achieved a second-quarter record of R\$590.2 million in 2Q20, increasing 62% over 2Q19, with an EBITDA margin of 13.4%, 440 bps higher than in 2Q19. In LTM2Q20, EBITDA reached an all-time high of more than R\$2.0 billion, with a margin of 11.3%, 1.7 p.p. higher year on year.

MESSAGE FROM MANAGEMENT

Minerva Foods ended the first half of 2020 with a solid operational and financial performance, consolidating its position as one of the main players in the global beef market. In 2Q20, Minerva recorded net revenue of R\$4.4 billion, EBITDA of R\$590.2 million and an EBITDA margin of 13.4%. In LTM2Q20, EBITDA was at an all-time high of more than R\$2.0 billion and 11.3% of margin EBITDA. Net income totaled R\$253.4 million in 2Q20 and R\$524.6 million in 1H20, thanks to Minerva's financial discipline and risk management model, which are fundamental pillars of our management. Finally, it is worth noting that Minerva recorded positive free cash generation for the tenth consecutive quarter, totaling R\$376.5 million in 2Q20 and R\$1.3 billion in 1H20. In the last 12 months, free cash generation stood at an impressive R\$1.9 billion.

The first half of 2020 brought numerous challenges due to the novel coronavirus pandemic, which created difficulties for the global economy. Throughout this period, Minerva followed the guidelines of authorities in order to protect the health of its employees, partners and clients, while fulfilling its vocation as a global food producer. I would like to point out our risk management model, which, together with our capital discipline and conservative cash management, played an essential role in protecting our balance sheet. In this highly complex and extremely volatile environment, we have maintained our liquidity at a very comfortable level and reduced our leverage to a net debt/LTM EBITDA ratio of 2.6x, the lowest level in the last 12 years.

The fundamentals of the beef market remain very attractive to South American exporters: the imbalance between supply and demand continues to provide excellent opportunities for producers in the region, which become more evident with each new market opening. In 1H20, the continent further expanded its access to the growing demand for beef, through the reopening of the United States to Brazil; the authorization for Colombian beef exports in Russia; the approval of Uruguayan, Paraguayan and Colombian beef exports in Saudi Arabia; and, more recently, the opening of Thailand for Brazilian beef exports in late 2Q20. We must also highlight the still ongoing outbreak of African swine fever, in China, which has been boosting demand for animal protein, thus further increasing opportunities for South American exporters.

Asian's appetite for beef continues to rise, we highlight the strong demand from China, which accounted for approximately 40% of our consolidated export revenue in the last 12 months. We also saw an increase in demand from other Asian countries, such as Indonesia and Malaysia, especially after the suspension of buffalo meat exports from India, besides the supply difficulties coming from other regions such as Australia and United States.

The outlook for the rest of 2020 remain very positive: strong international demand, still ongoing outbreak of the African swine fever and supply problems in other beef exporters (such as Australia, India and the United States), will probably directly benefit South American players. Thanks to its geographical diversification and unique operational footprint on the continent, Minerva is able to take advantage of the opportunities that have been created. In this context, we have recently announced the creation of our innovation area, which includes the development of an e-commerce/marketplace platform, as well as the development of advanced analytics tools and an investment arm focused on startups related to our business. This is another initiative that is designed to maximize market opportunities throughout Minerva Foods' value chain.

During this period of enormous challenges, completely unprecedented in the world's recent history, imposed a greater commitment not only to our business, but mainly to the communities and to Minerva's clients. Minerva made a singular contribution in supporting all of these segments, including a unique financial support initiative, such as the recently created relief fund for our small and medium clients, reaching more than 2 thousand active clients. More than producing and selling quality food, Minerva lead the action by putting into practice our purpose of always acting guided by ethics, meritocracy, financial discipline and sustainable practices.

Fernando Galletti de Queiroz
CEO

RESULTS ANALYSIS

Key Consolidated Indicators

R\$ million	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Total slaughter ('000 head)	752.2	856.9	-12.2%	749.2	0.4%	3,346.8	3,475.2	-3.7%
Slaughter - Brazil	344.1	410.7	-16.2%	352.8	-2.5%	1,640.0	1,706.6	-3.9%
Slaughter - Athena Foods	408.1	446.2	-8.5%	396.4	3.0%	1,706.8	1,768.6	-3.5%
Total sales volume ('000 tons)	224.1	263.9	-15.1%	254.5	-12.0%	1,080.2	1,132.5	-4.6%
Volume - Brazil	110.5	133.5	-17.2%	128.0	-13.6%	564.6	584.0	-3.3%
Volume - Athena Foods	113.5	130.5	-13.0%	126.5	-10.2%	515.6	548.5	-6.0%
Gross revenue	4,625.0	4,268.8	8.3%	4,436.1	4.3%	19,014.5	17,763.7	7.0%
Export market	3,344.7	2,881.2	16.1%	2,917.4	14.6%	13,058.8	11,084.6	17.8%
Domestic market	1,280.3	1,387.6	-7.7%	1,518.8	-15.7%	5,955.7	6,679.1	-10.8%
Net revenue	4,399.2	4,024.4	9.3%	4,167.1	5.6%	17,937.1	16,699.8	7.4%
EBITDA	590.2	363.9	62.2%	381.5	54.7%	2,029.5	1,604.8	26.5%
EBITDA margin	13.4%	9.0%	4.4 p.p.	9.2%	4.3 p.p.	11.3%	9.6%	1.7 p.p.
Net debt/LTM EBITDA (x)	2.6	3.8	-1.2	2.9	-0.3	2.6	3.8	-1.2
Net debt/LTM EBITDA (x) - USD	2.2	3.9	-1.7	2.4	-0.2	2.2	3.9	-1.7
Net income (loss)	253.4	-113.3	-	271.2	-6.6%	685.5	-368.8	-

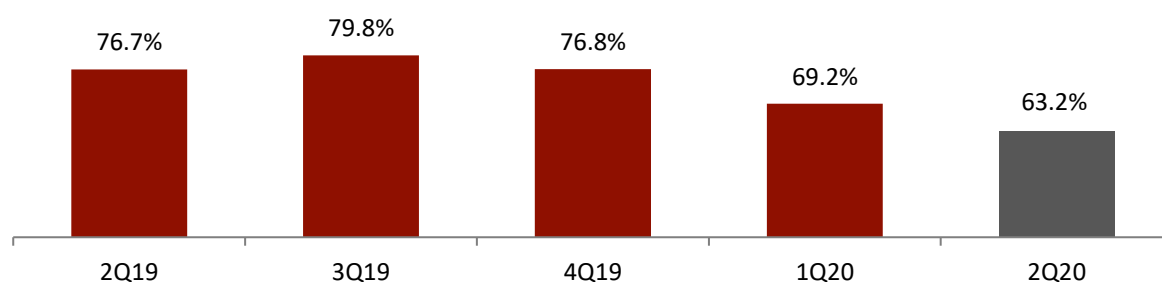
Results by Division

Slaughter

BRAZILIAN INDUSTRY DIVISION

Slaughter volume at the Brazilian Industry Division came to 344,100 head of cattle in 2Q20, with a capacity utilization rate of 63.2%. Capacity utilization fell due to the implementation of security measures to comply with standards to fight COVID-19 in the Company's plants.

Figure 1 - Installed Capacity Utilization

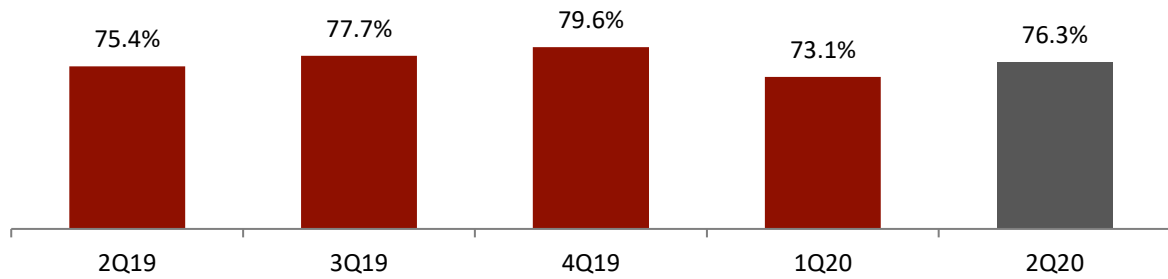


Source: Minerva

ATHENA FOODS

Slaughter volume at Athena Foods totaled 408,100 head of cattle in 2Q20, while the capacity utilization rate stood at 76.3%, approximately 1 p.p. higher than in 2Q19 and 3.2 p.p. higher than in 1Q20.

Figure 2 - Installed Capacity Utilization

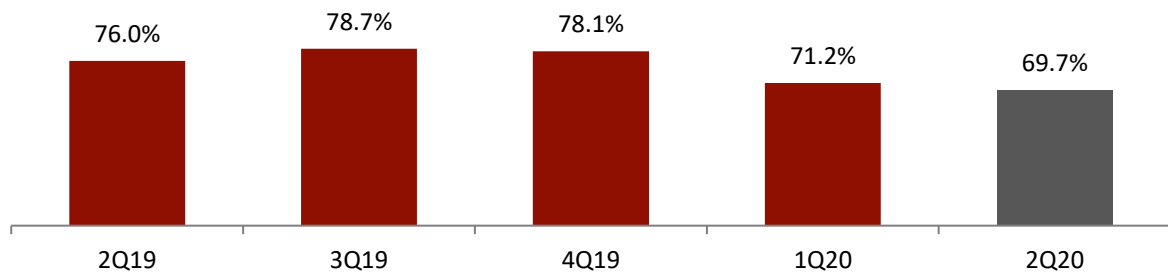


Source: Minerva

MINERVA CONSOLIDATED

The consolidated slaughter volume totaled 752,200 head of cattle in 2Q20, and the capacity utilization rate was 69.7%.

Figure 3 - Installed Capacity Utilization - Consolidated



Source: Minerva

Gross Revenue by Division

BRAZILIAN INDUSTRY DIVISION

Gross revenue from the Brazilian Industry Division totaled R\$2,060.4 million in 2Q20, up 15.2% over 2Q19. In the 12 months ended June 2020, gross revenue from the Brazilian Industry Division amounted to R\$9,133.1 million, an increase of 20.3% over LTM2Q19.

Export Market – 72.6% of Gross Revenue from the Brazilian Industry Division in 2Q20

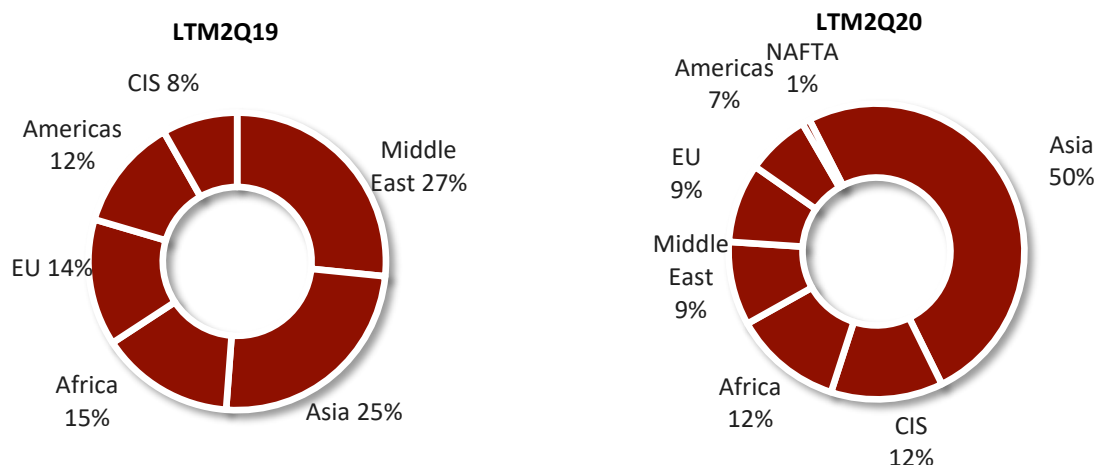
Exports from the Brazilian Industry Division brought in revenue of R\$1,495.7 million in 2Q20, 25.0% more than in 2Q19. In the last 12 months ended June 2020, export revenue totaled R\$6,214.1 million, up 24.9% on LTM2Q19.

The strong export performance is explained by the growing global demand for beef, especially in Asia. In the LTM2Q20, Asia accounted for 50% of this division's total export revenue.

We present below the Brazilian Industry Division's exports by region between LTM2Q19 and LTM2Q20:

- » **Africa:** In LTM2Q20, Africa's share of this division's exports came to 12%, down 3 p.p. from LTM2Q19.
- » **Americas:** The Americas accounted for 7% of this division's exports in LTM2Q20, a 5 p.p. year-on-year decline.
- » **Asia:** Asia was the destination of 50% of the Brazilian Industry Division's exports in LTM2Q20, an impressive 25 p.p. increase over LTM2Q19. Growth in exports to Asia reflects the high demand from Southeast Asian countries, especially China, which accounted for almost 40% of this division's total exports in the period and consolidated its position as the main destination of the Brazilian Industry Division's exports.
- » **CIS (Commonwealth of Independent States):** The Commonwealth of Independent States, represented mainly by Russia, accounted for 12% of this division's exports in LTM2Q20, 4 p.p. more than in LTM2Q19. As a result, the CIS became the second main destination of this division's exports.
- » **Europe:** Europe's share of this division's exports stood at 9% in LTM2Q20, down 5 p.p. year on year.
- » **Middle East:** The Middle East was the destination of 9% of this division's exports, a 18 p.p. decline from LTM2Q19. The volume previously destined for the region was largely absorbed by the demand from the Asian market.

Figures 4 and 5 - Breakdown of Export Revenue by Region - Brazil



Source: Minerva

Domestic Market – 27.4% of Gross Revenue from the Brazilian Industry Division in 2Q20

Domestic gross revenue from the Brazilian Industry Division totaled R\$564.7 million in 2Q20. In the 12 months ended June, this division’s gross revenue came to R\$2.9 billion, up 11.5% year on year.

We present below a complete breakdown of the Brazilian Industry Division:

Gross Revenue (R\$ Million)	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Fresh beef – EM	1,367.5	1,050.6	30.2%	1,249.0	9.5%	5,678.4	4,405.1	28.9%
Byproducts – EM	101.4	124.4	-18.4%	120.5	-15.9%	473.6	496.6	-4.6%
Processed foods – EM	26.8	21.9	22.3%	8.7	208.4%	62.1	72.3	-14.2%
Subtotal – EM	1,495.7	1,196.8	25.0%	1,378.2	8.5%	6,214.1	4,974.0	24.9%
Fresh beef – DM	360.0	427.5	-15.8%	523.4	-31.2%	2,044.4	1,939.5	5.4%
Byproducts – DM	169.7	108.1	56.9%	156.7	8.2%	633.0	460.5	37.5%
Processed foods – DM	35.0	56.0	-37.5%	64.7	-45.9%	241.6	218.2	10.8%
Subtotal – DM	564.7	591.7	-4.6%	744.8	-24.2%	2,919.1	2,618.1	11.5%
Total	2,060.4	1,788.5	15.2%	2,123.0	-2.9%	9,133.1	7,592.1	20.3%

Volume ('000 tons)	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Fresh beef – EM	55.5	61.5	-9.9%	55.9	-0.8%	264.7	256.2	3.3%
Byproducts – EM	9.3	21.5	-56.9%	17.7	-47.7%	75.3	94.3	-20.2%
Processed foods – EM	0.8	1.0	-24.2%	0.3	178.4%	2.1	2.9	-26.0%
Subtotal – EM	65.5	84.1	-22.1%	73.9	-11.4%	342.1	353.3	-3.2%
Fresh beef – DM	19.9	27.4	-27.2%	28.7	-30.5%	117.2	134.5	-12.9%
Byproducts – DM	23.1	19.5	18.6%	21.6	6.9%	90.5	82.2	10.2%
Processed foods – DM	2.0	2.5	-22.3%	3.8	-47.5%	14.8	14.0	5.8%
Subtotal – DM	45.0	49.4	-8.9%	54.1	-16.7%	222.5	230.7	-3.5%
Total	110.5	133.5	-17.2%	128.0	-13.6%	564.6	584.0	-3.3%

Average Price – EM (US\$/kg)	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Fresh beef – EM	4.6	4.4	5.2%	5.0	-8.7%	4.8	4.5	7.6%
Byproducts – EM	2.0	1.5	37.7%	1.5	33.0%	1.4	1.4	3.0%
Processed foods – EM	6.4	5.5	17.5%	7.0	-8.4%	6.6	6.6	0.0%
Total	4.2	3.6	16.8%	4.2	1.3%	4.1	3.6	11.3%
Average dollar (Source: BACEN)	5.39	3.92	37.3%	4.45	20.9%	4.48	3.86	16.0%

Average Price – EM (R\$/Kg)	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Fresh beef – EM	24.7	17.1	44.5%	22.3	10.4%	21.5	17.2	24.7%
Byproducts – EM	10.9	5.8	89.1%	6.8	60.9%	6.3	5.3	19.5%
Processed foods – EM	34.7	21.5	61.4%	31.3	10.8%	29.4	25.3	15.9%
Total	22.8	14.2	60.4%	18.6	22.5%	18.2	14.1	29.0%

Average Price – DM (R\$/Kg)	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Fresh beef – DM	18.1	15.6	15.7%	18.3	-1.0%	17.4	14.4	21.0%
Byproducts – DM	7.3	5.5	32.3%	7.2	1.3%	7.0	5.6	24.8%
Processed foods – DM	17.7	22.0	-19.7%	17.1	3.1%	16.4	15.6	4.7%
Total	12.5	12.0	4.7%	13.8	-8.9%	13.1	11.3	15.6%

EM - Export Market, DM – Domestic Market

ATHENA FOODS

Gross revenue from Athena Foods, which comprises the operations of the units in Paraguay, Argentina, Uruguay and Colombia, as well as distribution in Chile, totaled R\$2,092.7 million in 2Q20, 13.1% more than in 2Q19. In LTM2Q20, gross revenue amounted to R\$7,988.4 billion, 10.7% more than in LTM2Q19.

Export Market – 77.2% of Gross Revenue from Athena Foods in 2Q20

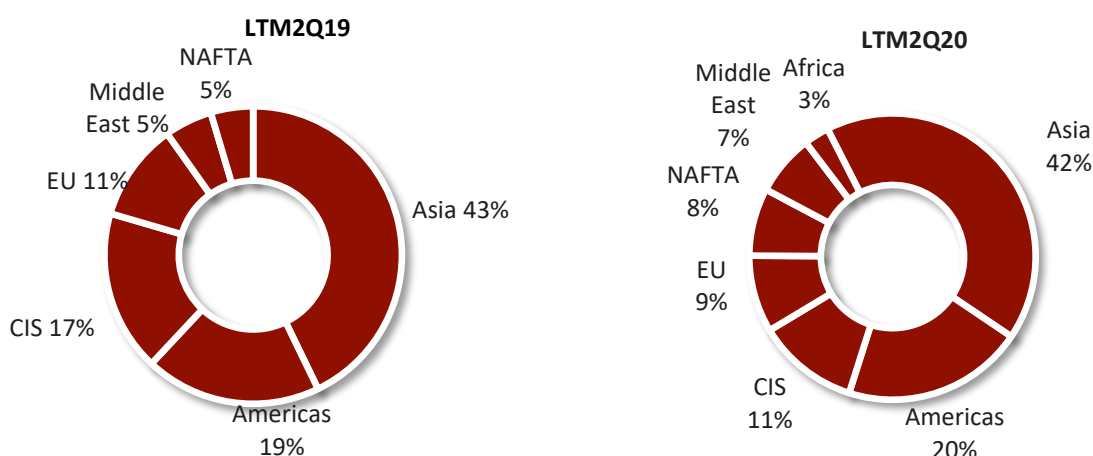
Gross export revenue totaled R\$1,616.2 million in 2Q20, 14.4% more than in 2Q19. In the 12 months ended June 2020, export revenue from Athena Foods totaled R\$6,130.9 million, up 15.3% over LTM2Q19.

Athena's export growth reflects strong Asian demand for beef, led by China. Asia was the main destination of this division's exports in LTM2Q20, with 42% of the total.

We present below Athena Foods' export revenue by region between LTM2Q19 and LTM2Q20:

- » **Americas:** The Americas accounted for 20% of Athena Foods' exports in LTM2Q20, virtually in line with LTM2Q19, becoming this division's second main destination.
- » **Asia:** Asia consolidated its position as the main destination of this division's exports, with 42% of the total. It is worth noting that China alone accounts for 35% of Athena's total exports.
- » **CIS (Commonwealth of Independent States):** The Commonwealth of Independent States, represented mainly by Russia, accounted for 11% of this division's exports in LTM2Q20, 6 p.p. less than in LTM2Q19.
- » **Europe:** Exports to Europe represented 9% of this division's exports in LTM2Q20, down 2 p.p. year on year.
- » **NAFTA:** NAFTA accounted for 8% of this division's exports in LTM2Q20, 3 p.p. more than in LTM2Q19.
- » **Middle East:** The Middle East accounted for 7% of Athena Foods' exports in LTM2Q20, 2 p.p. more than in LTM2Q19.
- » **Africa:** The share of Africa in this division's exports stood at 3% in LTM2Q20.

Figures 6 and 7 - Breakdown of Exports by Region – Athena Foods



Source: Minerva

Domestic Market – 22.8% of Gross Revenue from Athena Foods in 2Q20

Athena Foods recorded domestic gross revenue of R\$476.5 million in 2Q20, an increase of 8.7% over 2Q19. In the 12 months ended June, revenue reached R\$1.9 billion.

We present below a complete breakdown of Athena Foods:

Gross Revenue (R\$ Million)	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Fresh beef – EM	1,459.2	1,266.7	15.2%	1,274.8	14.5%	5,561.1	4,753.5	17.0%
Byproducts – EM	151.3	144.0	5.0%	140.1	8.0%	557.9	559.7	-0.3%
Processed foods – EM	5.7	1.7	238.5%	1.4	302.3%	11.9	5.6	111.7%
Subtotal – EM	1,616.2	1,412.5	14.4%	1,416.3	14.1%	6,130.9	5,318.9	15.3%
Fresh beef – DM	290.3	272.7	6.4%	299.3	-3.0%	1,156.2	1,144.1	1.1%
Byproducts – DM	49.5	46.8	5.8%	46.0	7.8%	189.2	173.1	9.3%
Processed foods – DM	136.7	118.8	15.1%	145.8	-6.3%	512.1	582.3	-12.1%
Subtotal – DM	476.5	438.3	8.7%	491.0	-3.0%	1,857.4	1,899.5	-2.2%
Total	2,092.7	1,850.7	13.1%	1,907.4	9.7%	7,988.4	7,218.4	10.7%

Volume ('000 tons)	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Fresh beef – EM	64.5	72.5	-11.1%	63.6	1.4%	280.0	277.6	0.9%
Byproducts – EM	14.7	16.4	-10.3%	21.5	-31.3%	71.5	71.1	0.5%
Processed foods – EM	0.4	0.1	163.4%	0.1	315.6%	0.9	0.5	65.4%
Subtotal – EM	79.6	89.1	-10.7%	85.1	-6.5%	352.4	349.2	0.9%
Fresh beef – DM	15.9	17.7	-10.2%	16.5	-3.7%	70.2	78.5	-10.6%
Byproducts – DM	8.9	14.3	-37.4%	14.7	-39.3%	54.2	76.9	-29.5%
Processed foods – DM	9.1	9.4	-2.8%	10.1	-9.7%	38.8	43.9	-11.5%
Subtotal – DM	34.0	41.4	-17.9%	41.4	-17.9%	163.2	199.3	-18.1%
Total	113.5	130.5	-13.0%	126.5	-10.2%	515.6	548.5	-6.0%

Average Price – EM (US\$/kg)	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Fresh beef – EM	4.2	4.5	-5.7%	4.5	-6.6%	4.4	4.4	0.0%
Byproducts – EM	1.9	2.2	-14.8%	1.5	29.9%	1.7	2.0	-14.5%
Processed foods – EM	2.9	3.1	-6.4%	3.6	-19.9%	3.1	2.8	10.4%
Total	3.8	4.0	-6.8%	3.7	1.0%	3.9	3.9	-1.5%
Average dollar (Source: BACEN)	5.39	3.92	37.3%	4.45	20.9%	4.48	3.86	16.0%

Average Price – EM (R\$/Kg)	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Fresh beef – EM	22.6	17.5	29.5%	20.0	12.9%	19.9	17.1	16.0%
Byproducts – EM	10.3	8.8	17.0%	6.5	57.1%	7.8	7.9	-0.8%
Processed foods – EM	15.6	12.1	28.5%	16.1	-3.2%	13.7	10.7	28.0%
Total	20.3	15.9	28.1%	16.6	22.1%	17.4	15.2	14.2%

Average Price – DM (R\$/Kg)	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Fresh beef – DM	18.3	15.4	18.6%	18.1	0.7%	16.5	14.6	13.0%
Byproducts – DM	5.5	3.3	69.0%	3.1	77.6%	3.5	2.3	55.0%
Processed foods – DM	15.0	12.7	18.4%	14.4	3.8%	13.2	13.3	-0.6%
Total	14.0	10.6	32.5%	11.9	18.1%	11.4	9.5	19.4%

EM - Export Market, DM – Domestic Market

TRADING DIVISION

Gross revenue from the Trading Division, which consists of the result from the live cattle exports, protein trading, energy trading and resale of third-party products segments, reached R\$472.0 million in 2Q20. In the 12 months ended June 2020, gross revenue from this division stood at R\$1,893.0 million.

Export Market – 49.3% of Gross Revenue from the Trading Division in 2Q20

Gross export revenue from the Trading division totaled R\$232.8 million in 2Q20 and R\$713.8 million in LTM2Q20.

Domestic Market – 50.7% of Gross Revenue from the Trading Division in 2Q20

Domestic sales of the Trading division reached R\$239.2 million in 2Q20 and R\$1,179.2 million in LTM2Q20.

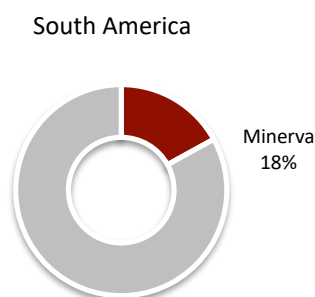
Gross Revenue (R\$ Million)	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Trading gross revenue	472.0	629.6	-25.0%	405.7	16.3%	1,893.0	2,953.2	-35.9%
Export market	232.8	272.0	-14.4%	122.8	89.5%	713.8	809.7	-11.8%
Domestic market	239.2	357.6	-33.1%	282.9	-15.4%	1,179.2	2,143.5	-45.0%

Consolidated Results Analysis

Exports - Market Share by Country

In the second quarter of 2020, Minerva Foods remained the leading beef exporter on the continent. Minerva accounted for approximately 18% of South American beef exports in 2Q20.

Figure 8 – 2Q20 Market Share (% of Revenue)



Sources: Minerva, Secex, Penta-transaction, OCIT, INDEC/ICA and Legiscomex

Gross Revenue

Based on the performance of its three divisions (the Brazilian Industry Division, Athena Foods and the Trading Division), the Company's consolidated gross revenue came to an all-time high of R\$19,014.5 billion in LTM2Q20, up 7.0% over LTM2Q19. Consolidated gross revenue totaled R\$4,625.0 million in 2Q20, 8.3% more than in 2Q19.

R\$ million	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Gross revenue	4,625.0	4,268.8	8.3%	4,436.1	4.3%	19,014.5	17,763.7	7.0%
Brazilian Industry Division	2,060.4	1,788.5	15.2%	2,123.0	-2.9%	9,133.1	7,592.1	20.3%
Athena Foods	2,092.7	1,850.7	13.1%	1,907.4	9.7%	7,988.4	7,218.4	10.7%
Trading Division	472.0	629.6	-25.0%	405.7	16.3%	1,893.0	2,953.2	-35.9%

Net Revenue

Consolidated net revenue came to R\$4,399.2 million in 2Q20, up 9.3% year on year, and R\$17,937.1 million in LTM2Q20, up 7.4% year on year.

R\$ million	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Gross revenue	4,625.0	4,268.8	8.3%	4,436.1	4.3%	19,014.5	17,763.7	7.0%
Deductions and discounts	-225.8	-244.4	-7.6%	-269.0	-16.1%	-1,077.4	-1,063.9	1.3%
Net revenue	4,399.2	4,024.4	9.3%	4,167.1	5.6%	17,937.1	16,699.8	7.4%
% Gross revenue	95.1%	94.3%	0.8 p.p.	93.9%	1.2 p.p.	94.3%	94.0%	0.3 p.p.

Cost of Goods Sold (COGS) and Gross Margin

COGS corresponded to 76.8% of net revenue in 2Q20, which implies a gross margin of 23.2%, 5 p.p. more than in 2Q19. In LTM2Q20, COGS was equivalent to 79.5% of net revenue and the gross margin stood at 20.5%, up 2.6 p.p. over LTM2Q19.

R\$ million	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Net revenue (R\$ million)	4,399.2	4,024.4	9.3%	4,167.1	5.6%	17,937.1	16,699.8	7.4%
COGS (R\$ million)	-3,380.0	-3,296.0	2.5%	-3,416.4	-1.1%	-14,263.7	-13,717.6	4.0%
% Net revenue	76.8%	81.9%	-5.1 p.p.	82.0%	-5.2 p.p.	79.5%	82.1%	-2.6 p.p.
Gross profit (R\$ million)	1,019.2	728.4	39.9%	750.6	35.8%	3,673.4	2,982.2	23.2%
Gross margin	23.2%	18.1%	5.1 p.p.	18.0%	5.2 p.p.	20.5%	17.9%	2.6 p.p.

Selling, General and Administrative Expenses

Selling expenses represented 7.1% of net revenue in 2Q20, while general and administrative expenses corresponded to 4.5% of net revenue. In LTM2Q20, selling expenses represented 7.0% of net revenue in 3Q19, while general and administrative expenses corresponded to 3.8% of net revenue.

R\$ million	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Selling expenses	-314.1	-283.9	10.6%	-280.7	11.9%	-1,254.5	-1,071.5	17.1%
% Net revenue	7.1%	7.1%	0.1 p.p.	6.7%	0.4 p.p.	7.0%	6.4%	0.6 p.p.
G&A expenses	-197.7	-141.1	40.1%	-168.4	17.4%	-689.0	-626.9	9.9%
% Net revenue	4.5%	3.5%	1.0 p.p.	4.0%	0.5 p.p.	3.8%	3.8%	0.1 p.p.

EBITDA

EBITDA hit a second-quarter record of R\$590.2 million in 2Q20, increasing approximately 62% over 2Q19. The EBITDA margin was 13.4%, up 4.4 p.p. over 2Q19.

In LTM2Q20, EBITDA totaled R\$2,029.5 million, another all-time high, 27% higher than in LTM2Q19. The EBITDA margin stood at 11.3% in LTM2Q20, 1.7 p.p. more than in LTM2Q19.

R\$ million	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Net income (loss)	253.4	-113.3	-	271.2	-6.6%	685.5	-368.8	-
(+/-) Deferred income and social contribution taxes	40.9	7.2	469.4%	18.9	116.5%	-98.1	28.9	-
(+/-) Financial result	201.5	414.7	-51.4%	8.2	2352.3%	1,127.1	1,659.8	-32.1%
(+/-) Asset impairment	-	-	-	-	-	-	18.8	-100%
(+/-) Depreciation and amortization	81.5	55.3	47.3%	76.3	6.7%	290.2	246.5	17.7%
(+/-) Other expense adjustments	12.9	-	-	6.9	88.2%	24.7	19.5	26.7%
EBITDA	590.2	363.9	62.2%	381.5	54.7%	2,029.5	1,604.8	26.5%
EBITDA margin	13.4%	9.0%	4.4 p.p.	9.2%	4.3 p.p.	11.3%	9.6%	1.7 p.p.

Financial result

The net financial result was a loss of R\$201.5 million in 2Q20. The depreciation of the real against the U.S. dollar had a negative non-cash effect of R\$147.0 million on financial liabilities. However, as a result of our hedge policy, we recorded a financial gain of R\$225.8 million in 2Q20 from financial instruments used for FX hedging, which protected our balance sheet in this scenario of significant volatility.

R\$ million	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Financial expenses	-249.1	-241.0	3.4%	-259.7	-4.1%	-1,003.9	-985.3	1.9%
Financial income	19.8	17.8	11.5%	22.7	-12.7%	71.3	87.5	-18.5%
Monetary correction	-8.5	-42.4	-80.0%	-23.9	-64.5%	-183.5	-46.6	294.0%
FX variation	-147.0	17.8	-	-570.5	-74.2%	-980.2	-255.0	284.5%
Other expenses (*)	183.2	-167.0	-	823.1	-77.7%	969.3	-460.5	-
Financial result	-201.5	-414.8	-51.4%	-8.3	2,336.7%	-1,127.0	-1,659.8	-32.1%
Average dollar (R\$/US\$)	5.39	3.92	37.3%	4.45	20.9%	4.48	3.86	16.0%
Closing dollar (R\$/US\$)	5.48	3.83	42.9%	5.20	5.3%	5.48	3.83	42.9%

R\$ million	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
FX hedge	225.8	-65.0	-	891.0	-74.7%	1,196.8	-56.2	-
Commodities hedge	-	-9.0	-	-18.9	-100.0%	-26.9	-58.8	-54.3%
Fees, commissions and other financial expenses	-42.6	-93.0	-54.2%	-49.0	-13.1%	-200.6	-345.5	-41.9%
Total	183.2	-167.0	-	823.1	-77.7%	969.3	-460.5	-

Net Income (Loss)

Minerva recorded net income of R\$253.4 million in 2Q20, versus a net loss in 2Q19. The Company posted net profit of R\$524.6 million in 1H20 and R\$685.5 million in LTM2Q20, versus a net loss of R\$368.8 million in LTM2Q19.

R\$ million	2Q20	2Q19	% Chg	1Q20	% Chg	LTM2Q20	LTM2Q19	% Chg
Net income (loss) before income and social contribution taxes	294.3	-106.1	-	290.1	1.5%	587.4	-339.9	-
Income and social contribution taxes	-40.9	-7.2	469.4%	-18.9	116.5%	98.1	-28.9	-
Net income (loss)	253.4	-113.3	-	271.2	-6.6%	685.5	-368.8	-
% Net margin	5.8%	-2.8%	8.6 p.p.	6.5%	-0.7 p.p.	3.8%	-2.2%	6.0 p.p.

Cash Flow

Operating Cash Flow

In the second quarter of 2020, operating cash flow was a positive R\$711.2 million. Net income adjustments amounted to R\$659.5 million, while the variation in working capital requirements was negative by R\$201.8 million. The main working capital variations refer to the “Receivables” line, which consumed R\$83.7 million, as the share of exports increased and the “Inventories” and Biological Assets” lines, which together consumed R\$119.1 million. Non the less, the “Suppliers” line released R\$115.4 million in cash this quarter. In the 12 months ended June, operating cash flow was positive by R\$3,625.3 million.

R\$ million	2Q20	2Q19	1Q20	LTM2Q20
Net income (loss)	253.4	-113.3	271.2	685.5
(+) Net income (loss) adjustments	659.5	336.4	1,199.3	2,610.9
(+) Variation in working capital requirements	-201.8	99.3	247.5	329.0
Operating cash flow	711.2	322.4	1,718.0	3,625.3

R\$ million	2Q20	1Q20	Change
Advances from clients	1,712.6	1,750.0	-37.4
Other	72.1	66.7	5.4
Other payables	1,784.7	1,816.7	-32.0

Free Cash Flow

Free cash flow after Capex, interest payments and working capital was positive by R\$376.5 million in 2Q20, considering the R\$215.0 million cash effect of FX hedge. The Company recorded positive cash generation for the tenth consecutive quarter. In the 12 months ended June 30, 2020, free cash flow, using the same criteria, was positive by R\$1,882.8 million.

R\$ million	2Q20	1Q20	4Q19	3Q19	LTM2Q20
EBITDA	577.3	374.7	598.3	454.5	2,004.7
Capex	-50.0	-95.5	-63.2	-61.9	-270.6
Financial result (on a cash basis)	38.0	371.0	-316.0	-298.0	-205.0
Variation in working capital requirements	-201.8	247.5	-132.1	415.3	329.0
Free cash flow to equity	363.5	897.7	87.1	509.9	1,858.1
Non-recurring items	12.9	6.9	5.0	-	24.7
Recurring free cash flow to equity	376.5	904.6	92.1	509.9	1,882.8

Capital Structure

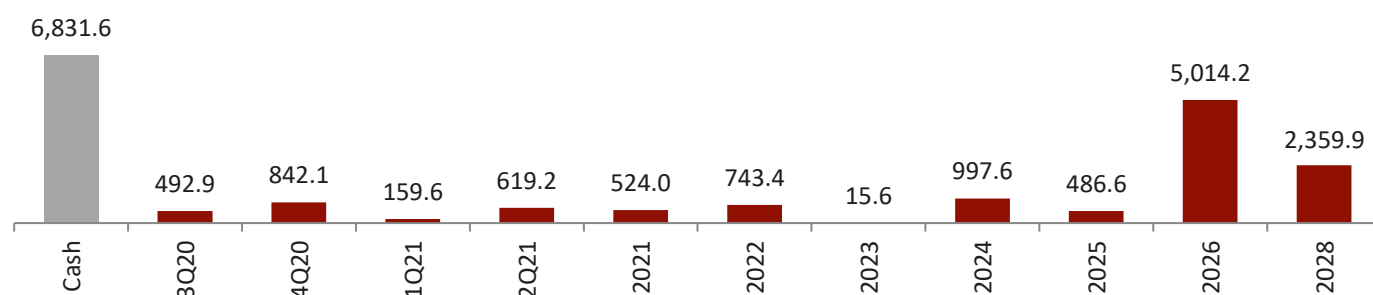
At the end of June 2020, Minerva’s cash and cash equivalents reached a record of R\$6.8 billion, which is sufficient to amortize its debt through 2026 and is in line with Minerva Foods conservative cash management and capital discipline. At the end of the quarter, around 77% of gross debt was denominated in U.S. dollars. However, in accordance with its hedge policy, the Company hedges at least 50% of the long-term FX exposure, protecting its balance sheet against the recent high exchange rate volatility.

Net leverage, measured by the net debt to LTM EBITDA ratio, closed the quarter at 2.6x. In U.S. dollars, leverage stood at 2.2x in 2Q20.

It is worth noting that the Company repurchased some 2026 Notes and 2028 Notes (debt instruments issued abroad) on the secondary market at a price substantially below their face value. At the end of 2Q20, the Company had already repurchased around US\$96.7 million (approximately R\$530 million), considering the face value of the notes, which were cancelled in early June.

The debt duration stood at around 4.6 years at the end of 2Q20.

Figure 9 – Debt Amortization Schedule on 6/30/2020.
(R\$ million)



R\$ million	2Q20	2Q19	% Chg	1Q20	% Chg
Short-term debt	2,113.8	2,269.8	-6.9%	2,165.7	-2.4%
% Short-term debt	17.2%	24.5%	-7.3 p.p.	18.5%	-1.2 p.p.
Local currency	1,002.3	758.4	32.2%	818.6	22.4%
Foreign currency	1,111.5	1,511.4	-26.5%	1,347.1	-17.5%
Long-term debt	10,141.2	6,990.2	45.1%	9,554.8	6.1%
% Long-term debt	82.8%	75.5%	7.3 p.p.	81.5%	1.2 p.p.
Local currency	1,814.3	857.6	111.5%	1,048.9	73.0%
Foreign currency	8,326.9	6,132.5	35.8%	8,505.9	-2.1%
Total debt ⁽¹⁾	12,255.0	9,260.0	32.3%	11,720.5	4.6%
Local currency	2,816.6	1,616.1	74.3%	1,867.5	50.8%
Foreign currency	9,438.4	7,643.9	23.5%	9,853.0	-4.2%
Cash and cash equivalents	-6,831.6	-3,087.9	121.2%	-6,316.0	8.2%
Net debt ⁽¹⁾	5,414.1	6,165.0	-12.2%	5,396.1	0.3%
Net debt/EBITDA (x)	2.6	3.8	-1.2	2.9	-0.3
Net debt/ EBITDA (x) - USD	2.2	3.9	-1.7	2.4	-0.2

(1) Net debt includes FIDC subordinated shares totaling R\$9.4 million in 2Q20, R\$7.1 million in 2Q19 and R\$8.4 million in 1Q20.

Capex

Investments in fixed assets totaled R\$50.0 million in 2Q20, of which R\$40.7 million went to maintenance of current operations and R\$9.3 million to expansion. In the 12 months ended June 2020, investments totaled R\$270.6 million.

See below a breakdown of investments (cash effect) by quarter in the last 12 months:

R\$ million	2Q20	1Q20	4Q19	3Q19	LTM2Q20
Maintenance	40.7	46.2	49.7	47.0	183.6
Expansion	9.3	49.3	13.5	14.9	87.0
Total	50.0	95.5	63.2	61.9	270.6

Subsequent Events

Innovation Department

On July 21, 2020, the Company announced to the market the creation of the new Innovation Area, which will be composed of three (3) main initiatives: (i) Advanced Analytics; (ii) E-commerce/Marketplace Platform; and (iii) Venture Capital.

The Advanced Analytics segment will be responsible for the development and management of statistical data and artificial intelligence tools to support Minerva's decision-making process on the operational, financial and risk management fronts. The E-commerce/Marketplace Platform will identify opportunities in the digital sales market, initially focused on Brazil, Argentina and Paraguay. Finally, the Venture Capital initiative will invest in startups and tech companies related to Minerva's value chain (alternative proteins, logistics, ingredients, livestock and food retail) that have potential to enhance synergies and unlock unique opportunities in the long term.

Capital Increase as a Result of the Exercise of Subscription Warrants

	07/15/2020
Capital stock	R\$967,979,542.85
Issued shares	486,788,563
Outstanding warrants	121,007,292
Exercise price	6.42
Estimated capital increase (by 2021)	R\$776,866,815
Total Shares Issued After Exercise	607,795,855

About Minerva S.A.

Minerva Foods is the South American leader in beef exports, which also operates in the processed foods segment, selling its products to over 100 countries. Present in Brazil, Paraguay, Argentina, Uruguay and Colombia, Minerva operates 24 slaughter and deboning plants and 3 processing plants. In the 12 months ended June 30, 2020, the Company recorded gross sales revenue of R\$19.1 billion, 8% more than in the same period a year ago.

Relationship with Auditors

In accordance with CVM Instruction 381/03, we announce that our auditors did not provide services other than those related to the external audit in 2018, 2019 and in the first six months of 2020.

Statement from Management

In compliance with CVM Instructions, Management declares that it has discussed, reviewed and agreed with the individual and consolidated accounting information related to the fiscal year ended June 30, 2020 and the opinions expressed in the independent auditors' review report, hereby authorizing their disclosure.

APPENDIX 1 - INCOME STATEMENT (CONSOLIDATED)

(R\$ thousand)	2Q20	2Q19	1Q20
Revenue from domestic sales	1,280,336	1,387,572	1,518,754
Revenue from exports	3,344,713	2,881,221	2,917,359
Gross sales revenue	4,625,049	4,268,793	4,436,113
Revenue deductions – taxes and other	-225.847	-244.424	-269.039
Net operating revenue	4,399,202	4,024,369	4,167,074
Cost of goods sold	-3,379,964	-3,295,994	-3,416,446
Gross profit	1,019,238	728,375	750,628
Selling expenses	-314.134	-283.930	-280.700
General and administrative expenses	-197,668	-141,127	-168,365
Other operating revenues (expenses)	-11,623	5,295	-3,234
Result before financial expenses	495,813	308,613	298,329
Financial expenses	-249,116	-240,987	-259,741
Financial income	19,839	17,791	22,729
Monetary correction	-8,463	-42,357	-23,862
FX variation	-146,970	17,759	-570,496
Other expenses	183,246	-166,952	823,155
Financial result	-201,464	-414,746	-8,215
Result before taxes	294,349	-106,133	290,114
Income and social contribution taxes - current	-32,507	-12,261	-17,455
Income and social contribution taxes - deferred	-8,428	5,072	-1,454
Result before non-controlling interest	253,414	-113,322	271,205
Controlling shareholders	253,414	-113,322	271,205
Net income (loss)	253,414	-113,322	271,205

APPENDIX 2 - BALANCE SHEET (CONSOLIDATED)

(R\$ thousand)	2Q20	4Q19
ASSETS		
Cash and cash equivalents	6,831,561	4,469,687
Accounts receivable from clients	2,105,233	1,778,214
Inventories	876,033	714,565
Biological assets	308,957	235,773
Taxes recoverable	875,576	763,227
Other receivables	360,808	307,818
Total current assets	11,358,168	8,269,284
Taxes recoverable	179,387	179,387
Deferred tax assets	427,940	426,386
Other receivables	14,714	13,348
Judicial deposits	21,025	24,550
Fixed assets	4,167,994	3,632,800
Intangible assets	783,041	687,982
Total non-current assets	5,594,101	4,964,453
Total assets	16,952,269	13,233,737
LIABILITIES		
Loans and financing	2,113,811	2,867,602
Commercial leasing	9,842	6,990
Suppliers	1,387,253	1,362,369
Labor and tax liabilities	365,283	330,265
Other payables	1,783,044	1,060,774
Total current liabilities	5,659,233	5,628,000
Loans and financing	10,141,178	7,610,124
Commercial leasing	40,392	39,457
Labor and tax liabilities	63,567	64,776
Provision for contingencies	40,501	38,272
Accounts payable	1,664	1,753
Deferred tax liabilities	167,517	133,017
Total non-current liabilities	10,454,819	7,887,399
Shareholders' equity		
Capital stock	906,276	282,017
Capital reserves	118,271	118,271
Revaluation reserves	49,840	50,614
Accumulated profit (loss)	525,393	-380,210
Treasury shares	-32,695	-32,695
Equity valuation adjustments	-728,868	-319,659
Total shareholders' equity attributed to controlling shareholders	838,217	-281,662
Total shareholders' equity	838,217	-281,662
Total liabilities and shareholders' equity	16,952,269	13,233,737

APPENDIX 3 – CASH FLOW (CONSOLIDATED)

(R\$ thousand)	2Q20	2Q19	1Q20
Cash flow from operating activities			
Net income (loss)	253,414	-113,322	271,205
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	81,471	55,301	76,321
Estimated loss on doubtful accounts	9,005	1,201	3,329
Proceeds from the sale of fixed assets	13	282	198
Fair value of biological assets	-3,382	13,520	1,324
Realization of deferred taxes – temporary differences	8,428	-5,072	1,454
Financial charges	249,116	240,987	259,741
FX variation – not realized	306,648	-11,781	830,592
Monetary correction	8,463	42,357	23,862
Provision for contingencies	-218	-426	2,447
Accounts receivable from clients and other receivables	-83,689	-96,395	-310,020
Inventories	-86,986	-12,910	-74,482
Biological assets	-32,166	-8,419	-38,960
Taxes recoverable	-80,239	13,949	-32,110
Judicial deposits	2,019	-434	1,506
Suppliers	115,388	49,578	-90,504
Labor and tax liabilities	-4,085	18,008	37,894
Other payables	-32,004	135,966	754,185
Cash flow from operating activities	711,196	322,390	1,717,982
Cash flow from investing activities			
Acquisition of intangible assets	-2,601	11,413	-3,663
Acquisition of fixed assets	-47,424	-105,505	-91,865
Cash flow from investing activities	-50,025	-94,092	-95,528
Cash flow from financing activities			
Loans and financing raised	1,459,160	413,201	272,425
Loans and financing settled	-1,720,023	-1,332,332	-1,669,745
Commercial leasing	-4,745	-7,536	-2,119
Capital payment in cash	5,547	209	1,052,735
(-) Transition cost in the issue of shares	-4,003	0	-49,810
Cash flow from financing activities	-264,064	-926,458	-396,514
FX variation on cash and cash equivalents	118,468	-76,946	620,359
Net increase/decrease in cash and cash equivalents	515,575	-775,106	1,846,299
Cash and cash equivalents			
Beginning of period	6,315,986	3,863,018	4,469,687
End of period	6,831,561	3,087,912	6,315,986
Net increase/decrease in cash and cash equivalents	515,575	-775,106	1,846,299

APPENDIX 4 – ATHENA FOODS' INCOME STATEMENT (US\$)

Athena Foods' gross revenue totaled US\$388.5 million in 2Q20, a decline of 6.7% from 2Q19.

Athena Foods' EBITDA amounted to US\$43.8 million in 2Q20, up 15.6% compared with 2Q19 and with an adjusted EBITDA margin of 11.7%, 3.7 p.p more than in 2Q19. The net income stood at US\$25.6 million, an increase of 78.3% when compared to 2Q19.

EBITDA - Athena Foods

EBITDA (US\$ million)	2Q20	1Q20	% Chg	2Q19	% Chg
Gross revenue	388.5	416.2	-6.7%	485.6	-20.0%
EBITDA	43.8	32.1	36.5%	37.9	15.6%
EBITDA margin (%)	11.7%	8.0%	3.7 p.p.	8.1%	3.6 p.p.
Net income	25.6	20.4	25.8%	14.4	78.3%

APPENDIX 5 – EXCHANGE RATE

	2Q20	2Q19	1Q20
(USD- Closing)			
Brazil (BRL/USD)	5.48	3.93	5.20
Paraguay (PYG/USD)	6,817.50	6,361.00	6,563.00
Uruguay (UYU/USD)	42.20	34.99	43.10
Argentina (ARS/USD)	70.46	45.07	64.40
Colombia (COP/USD)	3,757.75	3,293.00	4,055.75