

# 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 interim financial information

At March 31, 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

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**Grant Thornton Auditores Independentes**

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To the Management, 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”), identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2020, which comprises the balance sheet as at March 31, 2020 and the related income statement, statement of comprehensive loss, statement of changes in equity, and statement of cash flows for the three-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.

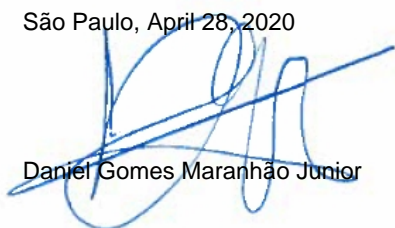
## Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the 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 three-month period ended March 31, 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, April 28, 2020



Daniel Gomes Maranhão Junior

Grant Thornton Auditores Independentes

# Minerva S.A.

## Balance sheets as at March 31, 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	
		03/31/2020	12/31/2019	03/31/2020	12/31/2019
<b>Current assets</b>					
Cash and cash equivalents	5	5,472,764	4,024,060	6,315,986	4,469,687
Trade receivables	6	640,023	538,470	2,026,787	1,778,214
Inventories	7	372,010	430,545	789,047	714,565
Biological assets	8	224,496	203,173	273,409	235,773
Recoverable assets	9	546,505	537,657	795,337	763,227
Other receivables	-	181,501	146,701	365,213	307,818
<b>Total current assets</b>		<u>7,437,299</u>	<u>5,880,606</u>	<u>10,565,779</u>	<u>8,269,284</u>
<b>Noncurrent assets</b>					
Other receivables	-	8,430	9,023	14,071	13,348
Related parties	10	2,846,883	2,134,408	-	-
Recoverable assets	9	179,387	179,387	179,387	179,387
Deferred taxes	18	427,766	425,587	428,867	426,386
Judicial deposits	-	22,670	23,553	23,044	24,550
Investments	11	2,980,124	2,683,039	-	-
Property, plant and equipment	12	1,906,875	1,888,703	4,103,954	3,632,800
Intangible assets	13	284,037	281,957	766,194	687,982
<b>Total noncurrent assets</b>		<u>8,656,172</u>	<u>7,625,657</u>	<u>5,515,517</u>	<u>4,964,453</u>
<b>Total assets</b>		<u>16,093,471</u>	<u>13,506,263</u>	<u>16,081,296</u>	<u>13,233,737</u>

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

# Minerva S.A.

## Balance sheets as at March 31, 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	
		03/31/2020	12/31/2019	03/31/2020	12/31/2019
<b>LIABILITIES</b>					
Borrowings and financing	14	1,965,342	2,646,524	2,165,703	2,867,602
Leases	12.b	8,689	6,516	9,174	6,990
Trade payables	15	744,673	914,428	1,271,865	1,362,369
Taxes payable and payroll and related taxes	16	89,710	109,933	368,768	330,265
Other payables	17	1,699,761	971,755	1,814,996	1,060,774
<b>Total current liabilities</b>		<u>4,508,175</u>	<u>4,649,156</u>	<u>5,630,506</u>	<u>5,628,000</u>
<b>Noncurrent liabilities</b>					
Borrowings and financing	14	6,607,004	5,345,936	9,554,776	7,610,124
Leases	12.b	36,276	33,428	42,179	39,457
Taxes payable and payroll and related taxes	16	54,547	54,967	64,167	64,776
Provisions for tax, labor and civil risks	19	27,342	27,302	40,719	38,272
Allowances for investment losses	11	2,646,357	2,093,336	-	-
Related parties	10	1,634,096	1,583,800	-	-
Other payables	17	-	-	1,716	1,753
Deferred taxes	18	-	-	167,559	133,017
<b>Total noncurrent liabilities</b>		<u>11,005,622</u>	<u>9,138,769</u>	<u>9,871,116</u>	<u>7,887,399</u>
<b>Equity</b>					
	20				
Capital		904,732	282,017	904,732	282,017
Capital reserves		118,271	118,271	118,271	118,271
Revaluation reserves		50,226	50,614	50,226	50,614
Retained earnings (accumulated losses)		271,593	(380,210)	271,593	(380,210)
Treasury shares		(32,695)	(32,695)	(32,695)	(32,695)
Other comprehensive loss		(732,453)	(319,659)	(732,453)	(319,659)
<b>Total equity attributable to Company's owners</b>		<u>579,674</u>	<u>(281,662)</u>	<u>579,674</u>	<u>(281,662)</u>
<b>Noncontrolling interests</b>		-	-	-	-
<b>Total equity</b>		<u>579,674</u>	<u>(281,662)</u>	<u>579,674</u>	<u>(281,662)</u>
<b>Total liabilities and equity</b>		<u>16,093,471</u>	<u>13,506,263</u>	<u>16,081,296</u>	<u>13,233,737</u>

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

## Minerva S.A.

### Statement of profit and loss for the periods ended March 31, 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	
		03/31/2020	03/31/2019	03/31/2020	03/31/2019
<b>Net operating revenue</b>	22	2,135,095	1,792,102	4,167,074	3,727,613
<b>Cost of sales</b>	-	(1,730,015)	(1,442,140)	(3,416,446)	(3,067,004)
<b>Gross profit</b>		405,080	349,962	750,628	660,609
<b>Operating income (expenses):</b>					
Selling expenses	23	(143,060)	(158,473)	(280,700)	(257,547)
General and administrative expenses	23	(86,050)	(106,149)	(168,365)	(160,962)
Other operating income (expenses)	23	(3,173)	(10,061)	(3,234)	(9,047)
Share of profit of investees	11	54,307	100,146	-	-
<b>Profit from operations before finance income (costs), net, share of profit of investees, and taxes</b>		227,104	175,425	298,329	233,053
Finance costs	24	632,605	(188,914)	563,414	(255,541)
Finance income	24	15,430	15,396	22,729	17,832
Inflation adjustment	24	-	-	(23,862)	20,485
Exchange rate changes, net	24	(606,113)	(48,984)	(570,496)	(45,261)
<b>Finance income (costs), net</b>		41,922	(222,502)	(8,215)	(262,485)
<b>Loss before taxes</b>		269,026	(47,077)	290,114	(29,432)
Income tax and social contribution - current	18	-	-	(17,455)	(17,679)
Income tax and social contribution - deferred	18	2,179	15,671	(1,454)	15,705
<b>Profit (loss) for the period before noncontrolling interests</b>		271,205	(31,406)	271,205	(31,406)
<b>Equity attributable to:</b>					
Company's owners		271,205	(31,406)	271,205	(31,406)
Noncontrolling interests		-	-	-	-
<b>Profit (loss) for the period</b>		271,205	(31,406)	271,205	(31,406)

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

## Minerva S.A.

### Statements of comprehensive loss for the periods ended March 31, 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	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
<b>Loss for the period</b>	271,205	(31,406)	271,205	(31,406)
<b>Other comprehensive income (loss) to be reclassified to profit (loss) for the period in subsequent periods:</b>				
Valuation adjustments to equity	(412,794)	(41,190)	(412,794)	(41,190)
<b>Other comprehensive income (loss), net of income tax and social contribution</b>	(412,794)	(41,190)	(412,794)	(41,190)
<b>Total comprehensive loss</b>	(141,589)	(72,596)	(141,589)	(72,596)
<b>Comprehensive income (loss) attributable to:</b>				
Company's owners	(141,589)	(72,596)	(141,589)	(72,596)
Noncontrolling interests	-	-	-	-
<b>Total comprehensive loss</b>	(141,589)	(72,596)	(141,589)	(72,596)

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 March 31, 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)

	Capital	Capital reserve	Revaluation reserve	Retained earnings (accumulated losses)	Treasury shares	Other comprehensive income (loss)	Total equity attributable to Company's owners	Noncontrolling interests	Total equity
<b>Balances at December 31, 2019</b>	282,017	118,271	50,614	(380,210)	(32,695)	(319,659)	(281,662)	-	(281,662)
Profit for the period	-	-	-	271,205	-	-	271,205	-	271,205
Cumulative translation adjustments	-	-	-	-	-	(412,794)	(412,794)	-	(412,794)
<b>Total comprehensive income (loss), net of taxes</b>	-	-	-	271,205	-	(412,794)	(141,589)	-	(141,589)
Capital increase	1,052,735	-	-	-	-	-	1,052,735	-	1,052,735
(-) Expenditures on future capital increase	(49,810)	-	-	-	-	-	(49,810)	-	(49,810)
Absorption of accumulated losses from capital	(380,210)	-	-	380,210	-	-	-	-	-
Realization of revaluation reserve	-	-	(388)	388	-	-	-	-	-
<b>Balances at March 31, 2020</b>	<u>904,732</u>	<u>118,271</u>	<u>50,226</u>	<u>271,593</u>	<u>(32,695)</u>	<u>(732,453)</u>	<u>579,674</u>	<u>-</u>	<u>579,674</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 March 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)

	Capital	Capital reserve	Revaluation reserve	Retained earnings (accumulated losses)	Treasury shares	Other comprehensive income (loss)	Total equity attributable to Company's owners (equity deficiency)	Noncontrolling interests	Total equity (equity deficiency)
<b>Balances at December 31, 2018</b>	1,109,259	120,182	52,162	(1,397,915)	(36,846)	(147,956)	(301,114)	-	(301,114)
Loss for the year	-	-	-	(31,406)	-	-	(31,406)	-	(31,406)
Cumulative translation adjustments	-	-	-	-	-	(41,190)	(41,190)	-	(41,190)
<b>Total comprehensive income (loss), net of taxes</b>	-	-	-	(31,406)	-	(41,190)	(72,596)	-	(72,596)
Capital increase	65	-	-	-	-	-	65	-	65
Realization of revaluation reserve	-	-	(387)	387	-	-	-	-	-
<b>Balances at March 31, 2019</b>	<u>1,109,324</u>	<u>120,182</u>	<u>51,775</u>	<u>(1,428,934)</u>	<u>(36,846)</u>	<u>(189,146)</u>	<u>(373,645)</u>	<u>-</u>	<u>(373,645)</u>

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

# Minerva S.A.

## Statements of cash flows for the periods ended March 31, 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	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
<b>Cash flow from operating activities</b>				
<b>Profit (loss) for the period</b>	271,205	(31,406)	271,205	(31,406)
Adjustments to reconcile profit (loss) to cash from operating activities:				
Depreciation and amortization	35,304	28,646	76,321	76,241
Allowance for expected credit losses	3,329	-	3,329	-
Gains on sale of fixed assets	93	775	198	837
Fair value of biological assets	6,322	(10,909)	1,324	(10,909)
Realization of deferred taxes	(2,179)	(15,671)	1,454	(15,705)
Share of profit (loss) of investees	(54,307)	(100,146)	-	-
Finance charges	149,349	130,944	259,741	215,675
Unrealized exchange rate changes	809,348	44,687	830,592	40,345
Inflation adjustment	-	-	23,862	(20,485)
Provision for risks	40	(2,117)	2,447	(3,561)
Trade and other receivables	(139,089)	196,244	(310,020)	200,879
Inventories	58,535	17,799	(74,482)	(55,697)
Biological assets	(27,645)	(30,825)	(38,960)	(22,624)
Recoverable taxes	(8,848)	128,970	(32,110)	130,560
Judicial deposits	883	(3,185)	1,506	(3,159)
Trade payables	(169,755)	(65,057)	(90,504)	(86,811)
Taxes and payroll charges payable	(20,643)	4,833	37,894	22,656
Other payables	728,006	(202,699)	754,185	(197,495)
<b>Cash flow provided by operating activities</b>	<b>1,639,948</b>	<b>90,883</b>	<b>1,717,982</b>	<b>239,341</b>
<b>Cash flow from investing activities</b>				
Acquisition of investments	(102,551)	406	-	-
Acquisition of intangible assets, net	(3,512)	(2,355)	(3,663)	(2,668)
Acquisition of property, plant and equipment, net	(52,137)	(13,532)	(91,865)	(25,181)
<b>Cash flow used in investing activities</b>	<b>(158,200)</b>	<b>(15,481)</b>	<b>(95,528)</b>	<b>(27,849)</b>
<b>Cash flow from financing activities</b>				
Borrowings and financing	104,704	109,107	272,425	139,634
Borrowings and financing settled	(1,504,105)	(734,771)	(1,669,745)	(893,786)
Leases	(2,004)	(1,447)	(2,119)	(1,671)
Related parties	(202,186)	(56,671)	-	-
Capital payment in cash	1,052,735	65	1,052,735	65
Transaction costs on issuance of shares	(49,810)	-	(49,810)	-
<b>Cash flow used in financing activities</b>	<b>(600,666)</b>	<b>(683,717)</b>	<b>(396,514)</b>	<b>(755,758)</b>
Exchange rate changes on cash and cash equivalents	567,622	8,576	620,359	10,299
<b>Increase (decrease) in cash and cash equivalents, net</b>	<b>1,448,704</b>	<b>(599,739)</b>	<b>1,846,299</b>	<b>(533,967)</b>
Cash and cash equivalents				
No início do período	4,024,060	4,053,825	4,469,687	4,396,985
No fim do período	5,472,764	3,454,086	6,315,986	3,863,018
<b>Increase (decrease) in cash and cash equivalents, net</b>	<b>1,448,704</b>	<b>(599,739)</b>	<b>1,846,299</b>	<b>(533,967)</b>

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

## Minerva S.A.

### Statements of value added for the periods ended March 31, 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	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
<b>Revenues</b>				
Sales of goods, products and services	2,121,548	1,774,034	4,279,550	3,836,048
Other revenues	2,113,598	1,763,330	4,271,113	3,824,742
	7,950	10,704	8,437	11,306
<b>Inputs acquired from third parties</b> (includes taxes - ICMS, IPI, PIS, and Cofins)	(2,025,143)	(1,774,529)	(3,790,394)	(3,408,018)
Cost of sales and services	(1,852,164)	(1,559,129)	(3,408,186)	(3,035,207)
Materials, electric power, outside services and others	(172,979)	(215,400)	(382,208)	(372,811)
<b>Gross value added</b>	96,405	(495)	489,156	428,030
<b>Depreciation, amortization and depletion</b>	(35,304)	(28,646)	(76,321)	(76,241)
<b>Wealth created by the entity, net</b>	61,101	(29,141)	412,835	351,789
<b>Wealth received in transfer</b>	69,737	115,542	22,729	17,832
Share of profit of investees	54,307	100,146	-	-
Finance income	15,430	15,396	22,729	17,832
<b>Total wealth for distribution (5+6)</b>	<u>130,838</u>	<u>86,401</u>	<u>435,564</u>	<u>369,621</u>
<b>Wealth distributed</b>	<u>130,838</u>	<u>86,401</u>	<u>435,564</u>	<u>369,621</u>
<b>Personnel</b>	49,503	46,895	196,734	205,761
<b>Taxes and contributions</b>	(4,047)	(9,336)	69,559	53,963
<b>Lenders and lessors</b>	(185,823)	80,248	(101,934)	141,303
Interest	(187,169)	76,134	(104,235)	135,051
Rentals	1,346	4,114	2,301	6,252
<b>Shareholders</b>	271,205	(31,406)	271,205	(31,406)
Profit/loss for the periods	271,205	(31,406)	271,205	(31,406)
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 the quarter ended March 31, 2020 (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 March 31, 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 Ásia 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.
- **Industria 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 Asia 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 annum, 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:

	03/31/2020	12/31/2019
<b>Direct subsidiaries</b>		
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 Colombia 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%

	03/31/2020	12/31/2019
<b>Indirect subsidiaries</b>		
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 Paraguay Frigorífica S.A.	99.99%	99.99%
Pul Argentina S.A.	100.00%	100.00%
Swift Argentina S.A.	99.99%	99.99%
Minerva Asia 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 Argentinian 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. These nonrecurring expenses totaled through March 31, 2020 approximately R\$6,800.

Regarding operations, we recorded a sharp decline in purchases of the food service segment in Brazil and Europe, which were more than offset against the Asian countries, especially China.

The currency depreciation in the period positively impacted profitability, revenue and the operating lucro 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 March 31, 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.

#### **Social impacts**

The Company will invest R\$10 million in various initiatives to mitigate the effects of the COVID-19 pandemic in municipalities in Brazil and other countries, such as Argentina, Colombia, Paraguay and Uruguay, where its operations are located.

In Brazil, investments will total R\$8,000, of which R\$6 million has already been allocated to the donation of personal protection equipment, alcohol-based hand sanitizer and medicines and hospital equipment.

The items described above were donated to the Municipal Health Departments in Araguaína/TO, Barretos/SP, Janaúba/MG, José Bonifácio/SP, Mirassol D'Oeste/MT, Palmeiras de Goiás/GO, Paranatinga/MT and Rolim de Moura/RO, as well as 39 nursing homes and other institutions located in these municipalities.

In addition to these donations, Minerva Foods rented five mobile ICUs to serve municipal hospitals in Janaúba/MG; Mirassol D'Oeste/MT, Palmeiras de Goiás/GO, Paranatinga/MT and Rolim de Moura/RO. The Company will also donate R\$250,000 to Hospital das Clínicas da Faculdade de Medicina da USP (University of São Paulo Hospital), in Ribeirão Preto/SP.

Aware of the importance of guaranteeing food supply to the population, while combating the spread of the coronavirus, Minerva Foods has implemented a contingency plan with a series of measures to protect the health of its employees: adoption of remote work for employees in administrative areas, whenever possible; intense communication and training on personal hygiene initiatives for employees, with the provision of primers; prioritization of meetings and contact between units by electronic means; suspension of all international and domestic travel; cancellation of visits of people from other countries; availability of alcohol-based hand sanitizer containers in all units; monitoring of body temperature at the entrance of all plants; bringing forward the quadrivalent flu vaccination campaign to April; organization of production, in order to guarantee a safe distance between employees and avoid crowds; quarantine for employees over 55 years of age, pregnant women and people in risk groups. The Company also acquired 7,000 COVID-19 rapid diagnostic tests for employees.

Because it is not possible knowing the potential consequences of the novel coronavirus, the Company states that it has strictly followed the recommendations provided by the World Health Organization and made all arrangements possible to mitigate the effects of the virus in performing its activities, in the supply and logistic chain.

## **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 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

<b>ASSETS</b>	<b>Fair value</b>	<b>LIABILITIES</b>	<b>Fair value</b>
	<b>04/01/2019</b>		<b>04/01/2019</b>
<b>Current assets</b>		<b>Current liabilities</b>	
		Payroll taxes	4.308
<b>Noncurrent assets</b>		<b>Noncurrent liabilities</b>	
Property, plant and equipment	157.786	<b>Equity</b>	
		Equity	153.478
<b>Total assets</b>	<b>157.786</b>	<b>Total liabilities and equity</b>	<b>157.786</b>

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

<b>ASSETS</b>		<b>LIABILITIES</b>	
	<u>Fair value</u>		<u>Fair value</u>
	<u>04/01/2019</u>		<u>04/01/2019</u>
<b>Current</b>		<b>Current</b>	
Cash and cash equivalents	52.763	Suppliers	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	<b>Total Current Liabilities</b>	<b>44.175</b>
<b>Total Current Assets</b>	<b>119.074</b>		
<b>Noncurrent Assets</b>		<b>Noncurrent liabilities</b>	
Judicial deposits	3.875	Provisions for risks	4.075
Related parties	3.637	Deferred tax liabilities	10.716
Other receivables	5	<b>Total Noncurrent Liabilities</b>	<b>14.791</b>
Property, plant and equipment	121.579	<b>Equity</b>	
Intangible assets	128	Equity	189.332
<b>Total Noncurrent Assets</b>	<b>129.224</b>	<b>Total Equity</b>	<b>189.332</b>
<b>Total Assets</b>	<b>248.298</b>	<b>Total Liabilities and Equity</b>	<b>248.298</b>

**Assets that were not part of the business**

In thousands of reais

**04/01/2019**

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

**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)
<b>(i) Consideration transferred</b>	<b>287,342</b>
<b>Less:</b>	
Fair value of the acquiree's equity	153,478
Supplemental amount	46,000
<b>(i) Equity at fair value</b>	<b>199,478</b>
<b>(i - ii) Goodwill</b>	<b>87,864</b>

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 March 31, 2020 was authorized by the Executive Board and the Board of Directors on April 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 March 31, 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 noncontrolling 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	2.94%	2.45%
Machinery and equipment	9.02%	8.69%
Furniture and fixtures	10.29%	8.88%
Vehicles	7.34%	7.11%
Computer hardware	17.32%	17.00%

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 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) 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	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Cash	378	392	565	878
Banks - checking account	17,920	2,726	428,978	181,951
Cash and cash equivalents in foreign currencies	4,144,649	3,012,863	4,144,867	3,036,988
	<b>4,162,947</b>	<b>3,015,981</b>	<b>4,574,410</b>	<b>3,219,817</b>
<b>Short-term investments</b>				
<b>In local currency</b>				
Bank Certificates of Deposit (CDBs)	787,179	403,867	793,208	411,124
Debentures	522,638	604,212	594,867	667,841
Other financial assets	-	-	353,501	170,905
	<b>1,309,817</b>	<b>1,008,079</b>	<b>1,741,576</b>	<b>1,249,870</b>
	<b>5,472,764</b>	<b>4,024,060</b>	<b>6,315,986</b>	<b>4,469,687</b>

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	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Measured at fair value through profit or loss	1,309,817	1,008,079	1,741,576	1,249,870
	<b>1,309,817</b>	<b>1,008,079</b>	<b>1,741,576</b>	<b>1,249,870</b>

## 6. Trade receivables

	Parent		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Trade notes - domestic market	135,048	148,953	553,839	553,362
Trade notes - foreign market	509,666	392,330	1,506,800	1,252,731
Receivables - related parties	19,896	17,631	-	-
	<b>664,610</b>	<b>558,914</b>	<b>2,060,639</b>	<b>1,806,093</b>
(-) Allowance for expected credit losses	(24,587)	(20,444)	(33,852)	(27,879)
	<b>640,023</b>	<b>538,470</b>	<b>2,026,787</b>	<b>1,778,214</b>

The aging list of trade receivables is as follows:

	Parent		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
<b>Current</b>	<b>316,031</b>	<b>292,807</b>	<b>1,553,209</b>	<b>1,421,671</b>
<b>Past due:</b>				
Up to 30 days	104,770	73,337	203,995	155,023
31 to 60 days	50,443	26,408	63,554	33,659
61 to 90 days	48,072	11,957	56,515	13,006
Over 91 days	145,294	154,405	183,366	182,734
	<b>664,610</b>	<b>558,914</b>	<b>2,060,639</b>	<b>1,806,093</b>

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

	Parent	Consolidated
<b>Balances at January 1, 2019</b>	<b>(16,813)</b>	<b>(20,355)</b>
Allowance recognized	(3,856)	(7,935)
Recovered receivables	336	663
Exchange loss	(111)	(252)
<b>Balances at December 31, 2019</b>	<b>(20,444)</b>	<b>(27,879)</b>
Allowance recognized	(3,329)	(3,329)
Recovered receivables	-	307
Written-off receivables	15	15
Exchange loss	(829)	(2,966)
<b>Balances as of March 31, 2020</b>	<b>(24,587)</b>	<b>(33,852)</b>

The Company has a Receivables Investment Fund (FIDC) for sale of part of its receivables from domestic customers in the amount of R\$158,986 (R\$167,122 as of December 31, 2019), without co-obligation or right of recourse, of which R\$8,411 (R\$9,017 as of 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	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Finished products	341,266	402,069	666,552	613,864
Storeroom supplies and secondary materials	30,744	28,476	122,495	100,701
	<b>372,010</b>	<b>430,545</b>	<b>789,047</b>	<b>714,565</b>

## 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
<b>Balance as of January 1, 2019</b>	<b>129,794</b>	<b>156,698</b>
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
<b>Balance at December 31, 2019</b>	<b>203,173</b>	<b>235,773</b>
Increase due to acquisitions	58,601	90,636
Decrease due to sales	(30,956)	(55,183)
Net decrease due to births (deaths)	-	(99)
Translation adjustments	-	3,606
Changes in fair value less estimated costs to sell	(6,322)	(1,324)
<b>Balance at March 31, 2020</b>	<b>224,496</b>	<b>273,409</b>

As of March 31, 2020, farm cattle held for sale was comprised of 58,906 heads (52,332 at December 31, 2019), while confined cattle totaled 14,882 heads (12,537 at December 31, 2019).

As of March 31, 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	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
PIS (tax on revenue)	80,693	90,697	80,875	90,805
Social Security Financing Contribution (Cofins)	258,693	259,550	259,538	260,061
Reintegra (special tax for exporting companies)	1,381	1,381	20,723	12,981
State VAT (ICMS)	82,266	73,675	97,627	87,716
Income tax and social contribution (CSLL)	283,344	272,309	290,630	290,060
VAT	-	-	173,581	148,830
Other	19,515	19,432	51,750	52,161
	<b>725,892</b>	<b>717,044</b>	<b>974,724</b>	<b>942,614</b>
Current	546,505	537,657	795,337	763,227
<b>Noncurrent</b>	<b>179,387</b>	<b>179,387</b>	<b>179,387</b>	<b>179,387</b>

#### 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 March 31, 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

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	
	03/31/2020	12/31/2019
Minerva Dawn Farms S.A. (a)	45,668	54,335
Transminerva Ltda. (b)	26,588	26,588
Minerva Overseas Ltd (c)	692,317	536,773
Minerva Luxemburg S.A. (d)	730,804	468,886
Athena S.A. (e)	1,351,506	1,047,826
	<b>2,846,883</b>	<b>2,134,408</b>

- (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	
	03/31/2020	12/31/2019
Minerva Overseas II (a)	1,634,094	1,583,798
Minerva Log S.A. (b)	2	2
	<b>1,634,096</b>	<b>1,583,800</b>

- (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	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Minerva Dawn Farms S/A	4,534	13,638	-	-
Transminerva Ltda.	-	8	-	-
CSAP - Companhia Sul Americana de Pecuária S.A.	7,491	21,479	-	-
Athena S.A.	30,300	10,833	-	-
Lytmer S.A.	9	17	-	-
Purchases from other related parties	17,688	12,028	17,688	15,330
	<b>60,022</b>	<b>58,003</b>	<b>17,688</b>	<b>15,330</b>

Trade receivables	Parent		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Minerva Dawn Farms S/A	179	218	-	-
CSAP - Companhia Sul Americana de Pecuária S.A.	7,097	6,982	-	-
Athena S.A.	9,821	10,431	-	-
Minerva Europe Ltd	2,799	-	-	-
	<b>19,896</b>	<b>17,631</b>	-	-

Sales revenue	Parent		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Minerva Dawn Farms S.A.	4	21	-	-
Minerva Comercializadora de Energia Ltda.	-	915	-	-
CSAP - Companhia Sul Americana de Pecuária S.A.	-	570	-	-
Lytmer S.A.	-	1,422	-	-
Athena S.A.	8,762	21,603	-	-
Minerva Europe Ltd	2,609	-	-	-
	<b>11,375</b>	<b>24,531</b>	-	-

Purchases	Parent		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Minerva Dawn Farms S.A.	15,261	11,487	-	-
CSAP - Companhia Sul Americana de Pecuária S.A.	29,813	9,993	-	-
Minerva Comercializadora de Energia Ltda.	1,981	1,499	-	-
Lytmer S.A.	-	594	-	-
Athena S.A.	45,387	25,722	-	-
	<b>92,442</b>	<b>49,295</b>	-	-

Purchases of cattle:	Parent		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Purchases from other related parties (a)	33,030	28,849	33,030	29,871
<b>Total purchases from other related parties</b>	<b>33,030</b>	<b>28,849</b>	<b>33,030</b>	<b>29,871</b>

(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 March 31, 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 March 31, 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\$7,854 (R\$4,110 at March 31, 2019). All compensation is short term, as shown below:

	Members 2020	03/31/2020	03/31/2019
Board of Executive Officers, Board of Directors and Supervisory Board	17	7,854	4,110
		<b>7,854</b>	<b>4,110</b>

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:

	03/31/2020		12/31/2019	
	Number of stock options	Weighted average price	Number of stock options	Weighted average price
<b>Free float shares at the beginning of the period</b>	-	-	<b>400,000</b>	<b>5.60</b>
Granted during the period	-	-	-	-
Exercised during the period	-	-	(400,000)	5.60
Forfeited during the period	-	-	-	-
<b>Free float shares at the end of the period</b>	-	-	-	-

Costs on stock option plan are recognized in profit (loss) during the grace period to exercise the option, or the vesting period, until shares granted are converted into benefit to their holders, whichever is higher. The total cost of the plan as of the grant date, corresponding to the fair value of the options, was R\$8,392 (R\$6,990 relating to the 1<sup>st</sup> program under the Plan and R\$1,402 relating to the 2<sup>nd</sup> program under the Plan).

## 11. Investments

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

	Equity interest - %	Balance at 12/31/2019	Translation adjustments	Capital payment	Share of profit (loss) of investees	Balance at 03/31/2020
Goodwill based on expected future profitability		133,667	-	-	-	133,667
Minerva Overseas Ltd	100.00%	197,868	57,344	-	(1)	255,211
Minerva Overseas Ltd II	100.00%	334,528	(311,714)	-	-	22,814
Minerva Middle East	100.00%	37	-	-	-	37
Minerva Log S.A.	100.00%	22	-	-	-	22
Minerva Dawn Farms S.A.	100.00%	59,706	-	-	(1,088)	58,618
Minerva Colombia SAS	100.00%	4,996	222	-	(80)	5,138
Lytmer S.A.	100.00%	35,108	9,831	-	(2,612)	42,327
Minerva Live Cattle Export S.A.	100.00%	8,767	1,205	-	139	10,111
Minerva Meats USA LLC	100.00%	523	-	-	-	523
Minerva Comercializadora de Energia Ltda.	100.00%	226,868	-	-	11,803	238,671
Minerva Australia Holdings PTY Ltd. (*)	100.00%	45,817	5,802	-	(247)	51,372
Minerva Europe Ltd	100.00%	373	-	-	-	373
Athena Foods S.A. (*)	100.00%	1,634,759	427,644	-	98,837	2,161,240
<b>Investments</b>		<b>2,683,039</b>	<b>190,334</b>	<b>-</b>	<b>106,751</b>	<b>2,980,124</b>
Transminerva Ltda.	100.00%	(26,494)	-	-	(177)	(26,671)
Minerva Luxemburg	100.00%	(2,064,349)	(603,128)	102,551	(53,598)	(2,618,524)
CSAP - Companhia Sul Americana de Pecuária S.A.	100.00%	(2,493)	-	-	1,331	(1,162)
<b>Allowance for investment losses</b>		<b>(2,093,336)</b>	<b>(603,128)</b>	<b>102,551</b>	<b>(52,444)</b>	<b>(2,646,357)</b>
<b>Investments, net</b>		<b>589,703</b>	<b>(412,794)</b>	<b>102,551</b>	<b>54,307</b>	<b>333,767</b>

(\*) 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 March 31, 2020:

	Equity interest - %	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity (equity deficiency)
Minerva Overseas Ltd.	100.00%	1	947,527	-	692,317	255,211
Minerva Overseas II Ltd.	100.00%	128	1,634,094	-	1,611,408	22,814
Minerva Middle East Ltd.	100.00%	37	-	-	-	37
Minerva Dawn Farms S.A.	100.00%	17,137	94,682	5,936	47,265	58,618
Minerva Luxemburg S.A.	100.00%	296,044	7,166,075	42,388	10,038,256	(2,618,524)
Friasa S.A.	99.99%	-	-	-	-	-
Transminerva Ltda.	100.00%	14	231	58	26,858	(26,671)
Minerva Log S.A.	100.00%	20	2	-	-	22
Lytmer S.A.	100.00%	51,979	9,790	19,442	-	42,327
Minerva Colombia SAS	100.00%	5,137	37	36	-	5,138
CSAP - Companhia Sul Americana de Pecuária S.A.	100.00%	58,950	7,951	52,351	15,712	(1,162)
Minerva Live Cattle Export Spa	100.00%	11,510	10,276	11,675	-	10,111
Minerva Meats USA LLC	100.00%	524	-	-	-	523
Minerva Comercializadora de Energia Ltda.	100.00%	242,813	-	4,142	-	238,671
Minerva Australia Holdings PTY Ltd.	100.00%	66,032	16,031	19,021	11,669	51,372
Minerva Europe Ltd	100.00%	373	-	-	-	373
Athena Foods S.A. (*)	100.00%	2,440,011	2,497,269	1,172,027	1,604,013	2,161,240
<b>Total</b>		<b>3,190,710</b>	<b>12,383,965</b>	<b>1,327,076</b>	<b>14,047,498</b>	<b>200,100</b>

(\*) 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 March 31, 2020 and 2019 are as follows:

	03/31/2020		03/31/2019	
	Net revenue	Profit (loss) for the year	Net revenue	Profit (loss) for the year
Minerva Overseas Ltd	-	(1)	-	-
Minerva Overseas II Ltd	-	-	-	(12)
Minerva Dawn Farms S.A.	13,856	(1,088)	14,055	(1,958)
Minerva Luxemburg S.A.	-	(53,598)	-	(51,023)
Friasa S.A.	-	-	-	-
Transminerva Ltda.	-	(177)	-	276
Minerva Log S.A.	-	-	-	-
Lytmer S.A.	4,591	(2,612)	47,934	(3,288)
Minerva Colombia SAS	-	(80)	-	(652)
CSAP - Companhia Sul Americana de Pecuária S.A.	30,511	1,331	10,192	(2,241)
Minerva Live Cattle Spa	-	139	-	(27)
Minerva Foods Asia Assessoria Ltda	-	-	-	(115)
Minerva Comercializadora de Energia Ltda.	145,241	11,805	371,728	98,308
Minerva Australia Holdings PTY Ltd.	73,930	(247)	70,073	(289)
Minerva Europe Ltd	-	-	520	-
Athena S.A.	1,871,973	98,836	1,506,274	61,167
	<b>2,140,102</b>	<b>54,308</b>	<b>2,020,776</b>	<b>100,146</b>

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 03/31/2020 and 12/31/2019:

<b>Parent</b>					
<b>Description</b>	<b>Depreciation rate - %</b>	<b>Historical cost</b>	<b>Accumulated depreciation</b>	<b>03/31/2020 Net</b>	<b>12/31/2019 Net</b>
Buildings	2.94%	1,070,585	(206,219)	864,366	859,926
Machinery and equipment	9.02%	1,130,582	(376,910)	753,672	739,150
Furniture and fixtures	10.29%	11,636	(5,559)	6,077	6,207
Vehicles	7.34%	32,831	(9,235)	23,596	24,188
Computer hardware	17.32%	16,536	(8,945)	7,591	6,757
Land	-	84,031	-	84,031	84,031
Construction in progress	-	145,977	-	145,977	151,510
Allowance for impairment of assets	-	(21,518)	-	(21,518)	(21,518)
		<b>2,470,660</b>	<b>(606,868)</b>	<b>1,863,792</b>	<b>1,850,251</b>

<b>Consolidated</b>					
<b>Description</b>	<b>Depreciation rate - %</b>	<b>Historical cost</b>	<b>Accumulated depreciation</b>	<b>03/31/2020 Net</b>	<b>12/31/2019 Net</b>
Buildings	2.45%	2,493,101	(514,044)	1,979,057	1,748,136
Machinery and equipment	8.69%	2,414,441	(1,014,096)	1,400,435	1,262,731
Furniture and fixtures	8.88%	40,002	(12,641)	27,361	23,699
Vehicles	7.11%	59,164	(32,652)	26,512	27,764
Computer hardware	17.00%	33,043	(21,199)	11,844	10,357
Land	-	367,893	-	367,893	303,739
Construction in progress	-	263,282	-	263,282	233,172
Allowance for impairment of assets	-	(21,518)	-	(21,518)	(21,518)
		<b>5,649,408</b>	<b>(1,594,632)</b>	<b>4,054,776</b>	<b>3,588,080</b>

b) Summary of changes in property, plant and equipment from 01/01/2020 to 03/31/2020:

Parent	Buildings	Machinery and equipment	Furniture and fixtures	Vehicles	Computer hardware	Land	Construction in progress	Allowance for impairment of assets	Total
<b>Balance at December 31, 2019</b>	<b>859,926</b>	<b>739,150</b>	<b>6,207</b>	<b>24,188</b>	<b>6,757</b>	<b>84,031</b>	<b>151,510</b>	<b>(21,518)</b>	<b>1,850,251</b>
Additions	-	-	-	-	-	-	45,113	-	45,113
Transfers	11,440	37,673	176	-	1,357	-	(50,646)	-	-
Sales	-	(28)	(65)	-	-	-	-	-	(93)
Depreciation	(7,000)	(23,123)	(241)	(592)	(523)	-	-	-	(31,479)
<b>Balance at March 31, 2020</b>	<b>864,366</b>	<b>753,672</b>	<b>6,077</b>	<b>23,596</b>	<b>7,591</b>	<b>84,031</b>	<b>145,977</b>	<b>(21,518)</b>	<b>1,863,792</b>

Consolidated	Buildings	Machinery and equipment	Furniture and fixtures	Vehicles	Computer hardware	Land	Construction in progress	Allowance for impairment of assets	Total
<b>Balance at December 31, 2019</b>	<b>1,748,136</b>	<b>1,262,731</b>	<b>23,699</b>	<b>27,764</b>	<b>10,357</b>	<b>303,739</b>	<b>233,172</b>	<b>(21,518)</b>	<b>3,588,080</b>
Additions	1,890	2,731	185	-	4	-	80,031	-	84,841
Transfers	19,471	45,010	221	-	1,427	-	(66,129)	-	-
Sales	-	(133)	(65)	-	-	-	-	-	(198)
Depreciation	(17,941)	(50,427)	(1,492)	(888)	(840)	-	-	-	(71,588)
Translation adjustments	201,752	108,960	4,252	(364)	896	51,006	20,492	-	386,994
Monetary restatement of the balance sheet	25,749	31,473	561	-	-	13,148	(4,284)	-	66,647
<b>Balance at March 31, 2020</b>	<b>1,979,057</b>	<b>1,400,345</b>	<b>27,361</b>	<b>26,512</b>	<b>11,844</b>	<b>367,893</b>	<b>263,282</b>	<b>(21,518)</b>	<b>4,054,776</b>

c) Works and construction in progress

As of March 31, 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\$77,762 as of March 31, 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 replaced the existing standards applicable to leases, including CPC 06 / 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 March 31, 2020 are summarized below:

**a) Right of use - Lease**

Parent	Buildings	Land	Vehicles	Computer hardware	Total
<b>Initial adoption - January 01, 2019</b>	<b>39,026</b>	<b>2,312</b>	<b>11,318</b>	<b>2,464</b>	<b>55,120</b>
Additions	1,296	-	1,922	-	3,218
Write-offs	(11,789)	-	-	-	(11,789)
Depreciation	(4,078)	(231)	(2,763)	(1,025)	(8,097)
<b>Balance at December 31, 2019</b>	<b>24,455</b>	<b>2,081</b>	<b>10,477</b>	<b>1,439</b>	<b>38,452</b>
Additions	-	-	7,024	-	7,024
Depreciation	(757)	(58)	(1,322)	(256)	(2,393)
<b>Balance at March 31, 2020</b>	<b>23,698</b>	<b>2,023</b>	<b>16,179</b>	<b>1,183</b>	<b>43,083</b>

Consolidated	Buildings	Land	Vehicles	Computer hardware	Total
<b>Initial adoption - January 01, 2019</b>	<b>39,026</b>	<b>15,313</b>	<b>11,318</b>	<b>2,464</b>	<b>68,121</b>
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)
<b>Balance at December 31, 2019</b>	<b>24,455</b>	<b>8,341</b>	<b>10,477</b>	<b>1,447</b>	<b>44,720</b>
Additions	-	-	7,024	-	7,024
Depreciation	(757)	(231)	(1,322)	(256)	(2,566)
<b>Balance at March 31, 2020</b>	<b>23,698</b>	<b>8,110</b>	<b>16,179</b>	<b>1,191</b>	<b>49,178</b>

**b) Lease liability**

Parent	Buildings	Land	Vehicles	Computer hardware	Total
<b>Initial adoption - January 01, 2019</b>	<b>39,026</b>	<b>2,312</b>	<b>11,318</b>	<b>2,464</b>	<b>55,120</b>
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)
<b>Balance at December 31, 2019</b>	<b>25,391</b>	<b>2,166</b>	<b>10,880</b>	<b>1,507</b>	<b>39,944</b>
Additions	-	-	7,024	-	7,025
Interest recognized in the period (profit and loss)	603	52	376	34	1,065
Write-offs due to payment	(1,131)	(90)	(1,560)	(288)	(3,069)
<b>Balance at March 31, 2020</b>	<b>24,864</b>	<b>2,128</b>	<b>16,720</b>	<b>1,253</b>	<b>44,965</b>
Current liabilities	2,241	163	5,377	908	8,689
Noncurrent liabilities	22,623	1,965	11,343	345	36,276
<b>Total liabilities</b>	<b>24,864</b>	<b>2,128</b>	<b>16,720</b>	<b>1,253</b>	<b>44,965</b>

Consolidated	Buildings	Land	Vehicles	Computer hardware	Total
<b>Initial adoption - January 01, 2019</b>	<b>39,026</b>	<b>15,313</b>	<b>11,318</b>	<b>2,464</b>	<b>68,121</b>
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)
<b>Balance at December 31, 2019</b>	<b>25,392</b>	<b>8,668</b>	<b>10,880</b>	<b>1,507</b>	<b>46,447</b>
Additions	-	-	7,025	-	7,025
Interest recognized in the period (profit and loss)	603	207	376	34	1,220
Write-offs due to payment	(1,131)	(359)	(1,560)	(289)	(3,339)
<b>Balance at March 31, 2020</b>	<b>24,865</b>	<b>8,516</b>	<b>16,720</b>	<b>1,252</b>	<b>51,353</b>
Current liabilities	2,241	648	5,377	908	9,174
Noncurrent liabilities	22,624	7,868	11,343	344	42,179
<b>Total liabilities</b>	<b>24,865</b>	<b>8,516</b>	<b>16,720</b>	<b>1,252</b>	<b>51,353</b>

### 13. Intangible assets

	Parent		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Goodwill paid on acquisitions	259,691	259,691	639,050	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	-	-	100,154	78,131
Software	22,303	20,223	24,947	22,420
	<b>284,037</b>	<b>281,957</b>	<b>766,194</b>	<b>687,982</b>

Changes in intangible assets during the period ended March 31, 2020 are as follows:

	Parent				Total
	Goodwill paid on acquisitions	Right of use - aircraft	Assignment of right of way	Software acquired	
<b>Balance at December 31, 2019</b>	<b>259,691</b>	<b>1,793</b>	<b>250</b>	<b>20,223</b>	<b>281,957</b>
Acquisition	-	-	-	3,512	3,512
Repayment	-	-	-	(1,432)	(1,432)
<b>Balance at March 31, 2020</b>	<b>259,691</b>	<b>1,793</b>	<b>250</b>	<b>22,303</b>	<b>284,037</b>

	Consolidated					Total
	Goodwill paid on acquisitions	Right of use - aircraft	Assignment of right of way	Trademarks	Software acquired	
<b>Balance at December 31, 2019</b>	<b>585,388</b>	<b>1,793</b>	<b>250</b>	<b>78,131</b>	<b>22,420</b>	<b>687,982</b>
Acquisition	-	-	-	-	3,663	3,663
Amortization	-	-	-	(535)	(1,632)	(2,167)
Translation adjustments	53,662	-	-	15,483	496	69,641
Monetary restatement of the balance sheet	-	-	-	7,075	-	7,075
<b>Balance at March 31, 2020</b>	<b>639,050</b>	<b>1,793</b>	<b>250</b>	<b>100,154</b>	<b>24,947</b>	<b>766,194</b>

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 20.87% and 22.34% as of March 31, 2020 and December 31, 2019, respectively.

## Goodwill based on expected future profitability

	Consolidated	
	03/31/2020	12/31/2019
<b>In direct subsidiaries:</b>		
Minerva Dawn Farms (MDF) - (i)	147,649	147,649
Brascasing Industria e Comércio Ltda. - (ii)	74,596	74,596
Athena S.A. - (iii)	231,951	179,837
Mato Grosso Bovinos S/A - (iv)	73,734	73,734
Other (v)	97,379	97,379
<b>In indirect subsidiaries:</b>		
Other (vi)	13,741	12,193
	<b>639,050</b>	<b>585,388</b>

- (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, the Company recorded a provision for impairment in the amount of R\$21,904.
- As of December 31, 2018, the Company recorded an allowance for impairment in the amount of R\$18,838;
- (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 March 31, 2020 - R\$80,039); Frigomerc S/A US\$ (as at March 31, 2020 - R\$80,664); Frigorífico Carrasco S.A. US\$11,932 (as of March 31, 2020 - R\$62,031); 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 March 31, 2020 - R\$9,217) 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 March 31, 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\$13,741 as of March 31, 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 March 31, 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	
		03/31/2020	12/31/2019	03/31/2020	12/31/2019
5 <sup>th</sup> issue debentures	105.50% of CDI	357,432	353,074	357,432	353,074
6 <sup>th</sup> issue debentures	1.8% p.a. + CDI	404,829	398,474	404,829	398,474
7 <sup>th</sup> issue debentures	IPCA + 4.5% p.a.	503,071	487,074	503,071	487,074
Bank Credit Note (4)	Rate 8.35% p.a.	51,824	50,787	75,251	73,750
NCE (1/4)	CDI + spread	578,864	881,740	578,864	881,740
IFC (2/3/5)	CDI + spread	62,198	61,222	62,198	61,222
<b>Subtotal</b>		<b>1,958,218</b>	<b>2,232,371</b>	<b>1,981,645</b>	<b>2,255,334</b>
Hedging instruments - derivatives	CDI + spread	(114,177)	(69,825)	(114,177)	(69,825)
		<b>1,844,041</b>	<b>2,162,546</b>	<b>1,867,468</b>	<b>2,185,509</b>
<b>Foreign currency (US dollar)</b>					
ACCs (4)	Interest of 3.0% to 5.5% p.a.+ forex	1,001,974	1,120,710	1,001,974	1,120,710
Senior Unsecured Notes - (4)	Forex + interest	4,101,049	3,241,551	8,481,333	6,669,004
PPE	Forex + interest	1,532,638	1,164,699	-	-
PPE (4)	Interest of 2.0% p.a. + Libor	918,433	708,682	918,433	708,682
CCE (4)	Forex + interest	322,594	253,958	322,594	253,958
Secured Loan Agreement(2)	Forex + interest	15,564	12,292	15,564	12,292
Other Types (4/6)	Forex + interest	-	-	277,060	199,549
<b>Subtotal</b>		<b>7,892,252</b>	<b>6,501,892</b>	<b>11,016,958</b>	<b>8,964,195</b>
Hedging instruments - derivatives		(1,163,947)	(671,978)	(1,163,947)	(671,978)
		<b>6,728,305</b>	<b>5,829,914</b>	<b>9,853,011</b>	<b>8,292,217</b>
<b>Total borrowings</b>		<b>8,572,346</b>	<b>7,992,460</b>	<b>11,720,479</b>	<b>10,477,726</b>
Current		1,965,342	2,646,524	2,165,703	2,867,602
<b>Noncurrent</b>		<b>6,607,004</b>	<b>5,345,936</b>	<b>9,554,776</b>	<b>7,610,124</b>

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 March 31, 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
CCB	50,000	-	-	-	-	-	-	-	-	50,000
Debentures	-	395,899	-	496,801	-	-	-	-	-	892,700
IFC	17,215	17,215	8,607	-	-	-	-	-	-	43,037
NCE	90,000	-	-	-	-	-	-	-	-	90,000
Pre-shipment	584,853	1,109,923	-	1,410,194	-	3,295,975	-	-	-	6,400,945
Secured Loan Agreement	969	1,379	1,486	1,601	1,281	1,824	1,965	2,199	1,611	14,315
Hedging instruments - derivatives	(10,267)	5,935	12,514	(191,265)	(158,255)	-	(148,589)	-	(394,066)	(883,993)
	<b>732,770</b>	<b>1,530,351</b>	<b>22,607</b>	<b>1,717,331</b>	<b>(156,974)</b>	<b>3,297,799</b>	<b>(146,624)</b>	<b>2,199</b>	<b>(392,455)</b>	<b>6,607,004</b>

As of March 31, 2020, the noncurrent portion of (consolidated) borrowings and financing matures as follows:

	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
CCB	50,000	-	-	-	-	-	-	-	-	50,000
Debentures	-	395,899	-	496,801	-	-	-	-	-	892,700
IFC	17,215	17,215	8,607	-	-	-	-	-	-	43,037
NCE	90,000	-	-	-	-	-	-	-	-	90,000
Pre-shipment	584,853	324,919	-	-	-	-	-	-	-	909,772
Secured Loan Agreement	969	1,379	1,486	1,601	1,281	1,824	1,965	2,199	1,611	14,315
Senior Unsecured Notes	-	-	-	-	-	6,149,504	-	2,289,441	-	8,438,945
Hedging instruments - derivatives	(10,267)	5,935	12,514	(191,265)	(158,255)	-	(148,589)	-	(394,066)	(883,993)
	<b>732,770</b>	<b>745,347</b>	<b>22,607</b>	<b>307,137</b>	<b>(156,974)</b>	<b>6,151,328</b>	<b>(146,624)</b>	<b>2,291,640</b>	<b>(392,455)</b>	<b>9,554,776</b>

Below are the Company's and its subsidiaries' main borrowings and financing as at March 31, 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\$62,198 as of March 31, 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 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\$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 value, 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 March 31, 2020 in the consolidated interim financial information is R\$8,481,333 (R\$6,669,004 at December 31, 2019).

The Notes and the debentures 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.

### **Perpetual notes**

On March 27, 2014, the Company completed the issue of perpetual bonds abroad totaling US\$300,000 thousand, with semi-annual payments at an annual rate of 8.75%, by means of its wholly-owned subsidiary Minerva Luxembourg S.A. The issue of the notes aimed to extend the average maturity of the Company's debt and improve its capital structure through the use of a different fundraising instrument, diversifying even more the investors' base. The transaction was settled on April 03, 2014. The Company shall guarantee all the obligations of the Issuer regarding the issue referred to above. During the fourth quarter of 2018, the early buyback offer of perpetual notes representing debt issued abroad by the Company's subsidiary Minerva Luxembourg S.A. at an interest rate of 8.75% was settled. The total principal amount of notes settled under the offer was US\$216,970,000.00, or 75.48% of the outstanding notes, except those held by the Company. On April 03, 2019, the Company exercised its option to redeem the total perpetual bonds (debt) issued abroad by its subsidiary Minerva Luxembourg S.A. The aggregate principal amount of the settled bonds was US\$70,483,000.00, and the total amount paid by Minerva was US\$72,024,815.63, which includes accrued interest.

#### **i) Level of subordination**

As of March 31, 2020, 0.66% 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.

### **5<sup>th</sup> 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 to Agribusiness Receivables Certificate (CRAs), which are the subject of the 2<sup>nd</sup> series of the 1<sup>st</sup> issue of CIBRASEC – Companhia Brasileira de Securitização, distributed through an offering, under CVM Instruction No. 400. 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 March 31, 2020 is R\$357,432 (R\$353,074 as of December 31, 2019).

### 6<sup>th</sup> 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 bookbuilding 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 March 31, 2020 is R\$404,829 (R\$398,474 as of December 31, 2019).

### 7<sup>th</sup> 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, 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 March 31, 2020 is R\$503,071 (R\$487,074 as of December 31, 2019).

## 15. Trade payables

	Parent		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Domestic suppliers	643,038	820,292	1,173,030	1,252,804
Foreign suppliers	41,613	36,133	81,147	94,235
Related parties	60,022	58,003	17,688	15,330
	<b>744,673</b>	<b>914,428</b>	<b>1,271,865</b>	<b>1,362,369</b>

Aging list of trade payables:

	Parent		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
<b>Current:</b>	726,300	893,444	1,202,965	1,302,623
<b>Past due:</b>				
Up to 30 days	12,615	6,941	45,642	37,660
31 to 60 days	2,757	6,214	11,309	8,538
61 to 90 days	822	77	3,728	1,346
Over 91 days	2,179	7,752	8,221	12,202
	<b>744,673</b>	<b>914,428</b>	<b>1,271,865</b>	<b>1,362,369</b>

## 16. Payroll, related charges and taxes payable

	Parent		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
<b>Labor</b>				
Salaries and management fees	316	511	30,477	20,835
Payroll taxes - FGTS and INSS (employees and third parties)	11,568	13,291	12,413	14,117
Accrued vacation/13 <sup>th</sup> salary and related taxes	44,950	44,277	93,908	85,627
Other wages and charges	8,127	6,487	26,743	17,694
<b>Total payroll</b>	<b>64,961</b>	<b>64,566</b>	<b>163,541</b>	<b>138,273</b>
<b>Tax expenses</b>				
State VAT (ICMS)	10,944	5,220	10,944	5,220
Federal taxes paid in installments - (1)	59,539	60,770	69,981	71,401
State taxes paid in installments	3,576	5,656	4,895	7,965
Corporate Income Tax (IRPJ)	-	7,301	130,414	105,811
Social contribution on profit	-	7,832	-	7,832
Value-added tax (VAT)	-	-	16,917	14,337
Funrural	1,374	2,006	1,423	2,041
Other taxes and fees	3,863	11,549	34,820	42,161
<b>Total taxes payable</b>	<b>79,296</b>	<b>100,334</b>	<b>269,394</b>	<b>256,768</b>
<b>Total</b>	<b>144,257</b>	<b>164,900</b>	<b>432,935</b>	<b>395,041</b>
Current	89,710	109,933	368,768	330,265
<b>Noncurrent</b>	<b>54,547</b>	<b>54,967</b>	<b>64,167</b>	<b>64,776</b>

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

### Special Tax Debt Settlement Program (PERT)

As of March 31, 2020, the outstanding balance, Parent and consolidated, is R\$19,377 and R\$25,008, respectively.

### Rural Tax Debt Refinancing Program (PRR)

As of March 31, 2020, the outstanding balance, Parent and consolidated, is R\$40,162 and R\$44,973, respectively.

## 17. Other payables

	Parent		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Advances received (a)	1,676,593	945,835	1,749,977	1,008,498
Payables - acquisitions (b)	4,000	4,000	4,000	4,000
Other operating provisions	19,168	21,920	62,735	50,029
<b>Total</b>	<b>1,699,761</b>	<b>971,755</b>	<b>1,816,712</b>	<b>1,062,527</b>
Current	1,699,761	971,755	1,814,996	1,060,774
<b>Noncurrent</b>	<b>-</b>	<b>-</b>	<b>1,716</b>	<b>1,753</b>

(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	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Tax losses - IRPJ	377,589	377,589	404,872	403,756
Tax loss carryforwards - CSLL	135,933	135,933	135,933	135,933
<b>Total</b>	<b>513,522</b>	<b>513,522</b>	<b>540,805</b>	<b>539,689</b>
<b>Temporary differences - assets</b>				
Provisions for tax, civil and labor risks	8,145	8,131	13,843	13,331
Allowance for impairment of assets	7,316	7,316	7,456	7,534
Allowance for expected credit losses	8,360	6,951	8,490	7,060
Other	2,393	2,394	33,974	21,173
<b>Total temporary differences - assets</b>	<b>539,736</b>	<b>538,314</b>	<b>604,568</b>	<b>588,787</b>
<b>Liabilities</b>				
<b>Temporary differences - liabilities</b>				
Unrealized gains on the fair value of biological assets	(28,087)	(30,238)	(28,087)	(30,238)
Business combination	(33,096)	(33,096)	(33,096)	(33,096)
Revaluation reserve	(24,053)	(24,252)	(24,053)	(24,252)
Appreciation in subsidiaries	-	-	(208,541)	(162,840)
Other temporary deductions	(26,734)	(25,141)	(49,483)	(44,992)
<b>Total temporary differences - liabilities</b>	<b>(111,970)</b>	<b>(112,727)</b>	<b>(343,260)</b>	<b>(295,418)</b>
<b>Total deferred taxes</b>	<b>427,766</b>	<b>425,587</b>	<b>261,308</b>	<b>293,369</b>
<b>Total assets</b>	<b>427,766</b>	<b>425,587</b>	<b>428,867</b>	<b>426,386</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>(167,559)</b>	<b>(133,017)</b>
	<b>427,766</b>	<b>425,587</b>	<b>261,308</b>	<b>293,369</b>

### 18.1. Breakdown of deferred income tax and social contribution

Changes in tax loss carryforwards were as follows:

	Parent				
	Balance at December 31, 2019	Recognized in profit or loss	Realization of deferred taxes	Balance at March 31, 2020	
Deferred income tax and social contribution on tax loss carryforwards	513,522	-	-	513,522	
<b>Total deferred tax assets</b>	<b>513,522</b>			<b>513,522</b>	
	Consolidated				
	Balance at December 31, 2019	Recognized in profit or loss	Realization of deferred taxes	Cumulative translation adjustments	Balance at March 31, 2020
Deferred income tax and social contribution on tax loss carryforwards	539,689	-	(6,467)	7,583	540,805
<b>Total deferred tax assets</b>	<b>539,689</b>	<b>-</b>	<b>(6,467)</b>	<b>7,583</b>	<b>540,805</b>

The deferred tax asset from tax loss carryforwards was recognized for the period from December 31, 2010 to March 31, 2020, in the consolidated financial statements. The amount accrued as of March 31, 2020 is R\$540,805 (R\$539,689 at December 31, 2019). The Management of the Company's and its subsidiaries' decision 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:

	03/31/2020	
	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	282,133
	<b>513,522</b>	<b>540,805</b>

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	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
<b>Temporary additions</b>				
Sundry provisions	4,785	63,616	4,785	63,716
Fair value of biological assets	266,806	180,299	266,806	180,299
<b>Temporary deductions</b>				
Sundry provisions	(15)	(2,356)	(10,700)	(2,356)
Depreciation - tax base differences	(4,682)	(4,261)	(4,682)	(4,261)
Fair value of biological assets	(260,484)	(191,208)	(260,484)	(191,208)
<b>Deferred tax base</b>	<b>6,410</b>	<b>46,090</b>	<b>(4,275)</b>	<b>46,190</b>
Deferred income tax and social contribution - temporary difference	2,179	15,671	(1,454)	15,705
Realization of deferred income tax and social contribution - temporary difference	-	-	-	-
Deferred income tax and social contribution on tax loss carryforwards	-	-	-	-
<b>Total deferred income tax and social contribution</b>	<b>2,179</b>	<b>15,671</b>	<b>(1,454)</b>	<b>15,705</b>

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

	Parent				Balance at March 31, 2020
	Balance as of 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	-	-	8,145
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	-	-	8,360
Unrealized gains on the fair value of biological assets	(30,238)	-	2,151	-	(28,087)
Business combination	(33,096)	-	-	-	(33,096)
Revaluation reserve	(24,252)	-	199	-	(24,053)
Appreciation in subsidiaries	-	-	-	-	-
Other temporary deductions	(25,141)	(1,593)	-	-	(26,734)
<b>Total deferred tax assets</b>	<b>425,587</b>	<b>(170)</b>	<b>2,349</b>	<b>-</b>	<b>427,766</b>

	Consolidated				Balance at March 31, 2020
	Balance as of January 1, 2020	Recognition of deferred taxes	Realization of deferred taxes	Cumulative translation adjustments	
Tax loss	539,689	-	(6,467)	7,583	540,805
Provisions for tax, civil and labor risks	13,331	14	(1,009)	1,507	13,843
Other temporary additions	21,173	7,592	(1)	5,210	33,974
Allowance for impairment of assets	7,534	-	(141)	63	7,456
Allowance for expected credit losses	7,060	1,409	(11)	32	8,490
Unrealized gains on the fair value of biological assets	(30,238)	-	2,151	-	(28,087)
Business combination	(33,096)	-	-	-	(33,096)
Revaluation reserve	(24,252)	-	199	-	(24,053)
Appreciation in subsidiaries	(162,840)	-	1,486	(47,187)	(208,541)
Other temporary deductions	(44,992)	(1,593)	2,854	(5,752)	(49,483)
<b>Total deferred tax assets</b>	<b>293,369</b>	<b>7,422</b>	<b>(939)</b>	<b>(38,544)</b>	<b>261,308</b>

**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:

	<b>Parent</b>		<b>Consolidated</b>	
	<b>03/31/2020</b>	<b>03/31/2019</b>	<b>03/31/2020</b>	<b>03/31/2019</b>
Loss before taxes	269,026	(47,077)	290,114	(29,432)
<b>Additions</b>				
Temporary differences	4,785	603	4,785	604
Permanent differences	65,339	82,031	444,515	82,069
Realization of temporary differences	-	-	-	-
Realization of revaluation reserve	-	-	-	-
Effect of the first-time adoption of IFRS	1,060,276	878,854	1,060,276	881,561
<b>Deductions</b>				
Temporary differences	(15)	(2,356)	(15)	(2,356)
Permanent differences	(115,181)	(168,107)	(507,082)	(259,475)
Effect of the first-time adoption of IFRS	(1,594,958)	(816,205)	(1,599,956)	(819,697)
<b>Tax base</b>	<b>(310,728)</b>	<b>(72,257)</b>	<b>(307,363)</b>	<b>(146,726)</b>
Realization of tax losses	-	-	-	-
Offsets	-	-	-	-
Tax base after tax loss carryforwards	(310,728)	(72,257)	(307,363)	(146,726)
<b>Income taxes</b>				
Income tax payable	-	-	(17,455)	(17,100)
Social contribution payable	-	-	-	(579)
Current income tax and social contribution expense	-	-	(17,455)	(17,679)

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	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Provisions for tax risks	1,890	1,890	1,958	1,959
Provisions for labor lawsuits	23,956	23,916	35,848	33,829
Provision for civil risks	1,496	1,496	2,913	2,484
	<b>27,342</b>	<b>27,302</b>	<b>40,719</b>	<b>38,272</b>

	Labor lawsuits	Civil and tax lawsuits	Total
<b>Balance as of January 1, 2018</b>	<b>27,512</b>	<b>3,386</b>	<b>30,898</b>
Provisions recognized during the period	57	-	57
Provisions reversed in the period	(3,653)	-	(3,653)
<b>Balance at December 31, 2019</b>	<b>23,916</b>	<b>3,386</b>	<b>27,302</b>
Provisions recognized during the period	40	-	40
Provisions reversed in the period	-	-	-
<b>Balance at March 31, 2020</b>	<b>23,956</b>	<b>3,386</b>	<b>27,342</b>

	Labor lawsuits	Civil and tax lawsuits	Total
<b>Balance at January 1, 2019</b>	<b>38,512</b>	<b>4,262</b>	<b>42,774</b>
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
<b>Balance at December 31, 2019</b>	<b>33,829</b>	<b>4,443</b>	<b>38,272</b>
Provisions recognized during the period	482	303	785
Provisions reversed in the period	(868)	(21)	(889)
Translation adjustments for the period	2,405	146	2,551
<b>Balance at March 31, 2020</b>	<b>35,848</b>	<b>4,871</b>	<b>40,719</b>

### 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 noncollection of taxes on export revenue. As of March 31, 2020, these risks were assessed as probable loss and involve the amounts of R\$3,386, Parent, and R\$4,871, consolidated (R\$3,386, Parent, and R\$4,443, consolidated, as of December 31, 2019).

### Labor contingencies

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 March 31, 2020, in the amount of R\$23,956, Parent, and R\$35,848, 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 March 31, 2020, the Company and its subsidiaries are parties to other labor lawsuits (public civil actions) and social security lawsuits, in the total amount of approximately R\$4,381, 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\$64,399. Such lawsuits involve a significant uncertainty level on the likelihood of loss for certain matters being discussed at the judicial level.

### **ICMS**

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 March 31, 2020, the amount involved in these lawsuits, assessed as possible loss, is approximately R\$134,800.

### **Other tax, civil and environmental lawsuits**

As of March 31, 2020, the Company and its subsidiaries are parties to other tax, civil and environmental lawsuits, in the total amount of approximately R\$35,193, R\$6,314 and R\$1,480 (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 possible loss.

## **20. Equity**

### **a. Capital (social)**

The Company's subscribed and paid-in capital as of March 31, 2020 is R\$960,440 (R\$287,915 at December 31, 2019), represented by 485,580,177 (403,596,575 at December 31, 2019) book-entry 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\$49,810 during 2020. Accordingly, the capital balance in the interim financial information is R\$904,732.

On January 11, 2019, the Board of Directors' meeting approved the increase of the Company's capital, representing five (05) 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\$1,115,157, representing 376,687,162 common shares.

On February 11, 2019, the Board of Directors' meeting approved the increase of the Company's capital by one thousand (R\$1), representing two hundred forty-eight (248) book-entry registered common shares with no par value. With the approval, capital increased from R\$1.115.157, representing 376,687,162 shares, to R\$1,115,159, representing 376,687,410 common shares.

On March 13, 2019, the Board of Directors' meeting approved the increase of the Company's capital by sixty-four thousand reais (R\$64), representing ten thousand (10,000) book-entry registered common shares with no par value. With the approval, capital increased from R\$1.115.159, representing 376,687,410 shares, to R\$1,115,222, representing 376,697,410 common shares.

On April 12, 2019, the Board of Director's meeting approved the increase of the Company's capital by ninety-four thousand (R\$94), representing fourteen thousand six hundred forty-seven (14,647) book-entry registered common shares with no par value. With the approval, capital increased from R\$1,115,222, representing 376,697,410 shares, to R\$1,115,317, representing 376,712,057 common shares.

On May 10, 2019, the Board of Directors and the Extraordinary Shareholders Meeting approved the reduction of the Company's capital by one billion reais (R\$1,000,000) for absorption of part of accumulated losses reported in the Company's financial statements for the year December 31, 2018, without cancellation of shares. With the approval, capital increased from R\$1,115,317, representing 376,712,057 shares, to R\$115,317, representing 376,712,057 common shares.

On May 13, 2019, the Board of Director's meeting approved the increase of the Company's capital by ninety-five thousand (R\$95), representing fourteen thousand seven hundred thirty-nine (14,739) book-entry registered common shares with no par value. With the approval, capital increased from R\$115,317, representing 376,712,057 shares, to R\$115,411, representing 376,726,796 common shares.

On June 12, 2019, the Board of Directors' meeting approved the increase of the Company's capital by twenty thousand (R\$20), representing three thousand one hundred fifty-three (3,153) book-entry registered common shares with no par value. With the approval, capital increased from R\$115,411, representing 376,726,796 shares, to R\$115,432, representing 376,729,949 common shares.

On July 25, 2019, the Board of Directors' meeting approved the increase of the Company's capital by one thousand reais (R\$1), representing three hundred twelve (312) 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\$115,433, representing 376,730,261 common shares.

On August 12, 2019, the Board of Directors' meeting approved the increase of the Company's capital by twelve thousand (R\$12), representing one thousand eight hundred twenty (1,820) book-entry registered common shares with no par value. With the approval, capital increased from R\$115,433, representing 376,730,261 shares, to R\$115,445, representing 376,732,081 common shares.

On September 26, 2019, the Board of Directors' meeting approved the increase of the Company's capital by four hundred and five (R\$405), representing sixty-three thousand and fifty (63,050) book-entry registered common shares with no par value. With the approval, capital increased from R\$115,445, representing 376,732,081 shares, to R\$115,850, representing 376,795,131 common shares.

On October 11, 2019, the Board of Directors' meeting approved the increase of the Company's capital by eight hundred and eight (R\$808), representing one hundred twenty-five thousand, nine hundred thirty-four (125,934) 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\$116,658, representing 376,921,065 common shares.

On November 12, 2019, the Board of Directors' meeting approved the increase of the Company's capital by seven thousand eight hundred twenty-one (R\$7,821), representing one million, two hundred eighteen, two hundred and sixty (1,218,260) book-entry registered common shares with no par value. With the approval, capital increased from R\$116,658, representing 376,921,065 shares, to R\$124,479, representing 378,139,325 common shares.

On December 11, 2019, the Board of Directors' meeting approved the increase of the Company's capital by one hundred sixty three thousand, four hundred thirty-five (R\$163,435), representing twenty-five million, four hundred fifty-seven, two hundred fifty (25,457,250) book-entry registered common shares with no par value. With the approval, capital increased from R\$124,479, representing 378,139,325 shares, to R\$287,915, representing 403,596,575 common shares.

On January 10, 2020, the Board of Directors' meeting approved the increase of the Company's capital by five hundred and seventy-eight (R\$578), representing eighty-nine thousand and nine hundred sixty-five (89,965) book-entry registered common shares with no par value. With the approval, capital increased from R\$287,915, representing 403,596,575 shares, to R\$288,493, representing 403,686,540 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 February 10, 2020, the Board of Directors’ meeting approved the increase of the Company’s capital by twelve thousand and twenty-one (R\$12,021), representing one million, eight hundred seventy-two thousand, three hundred and seventy-nine (1,872,379) book-entry registered common shares with no par value. With the approval, capital increased from R\$1,328,493, representing 483,686,540 shares, to R\$1,340,514, representing 485,558,919 common shares.

On March 10, 2019, the Board of Directors’ meeting approved the increase of the Company’s capital by one hundred thirty-six thousand (R\$136), representing twenty-one thousand and two hundred fifty-eight (21,258) book-entry registered common shares with no par value. With the approval, capital increased from R\$1,340,514, representing 485,558,919 shares, to R\$1,340.650, representing 485,580,177 common shares.

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. With the approval, capital increased from R\$1,340,650, representing 485,580,177 shares, to R\$960,440, representing 485,580,177 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 March 31, 2020, the Company's capital reserve is R\$118,271 (R\$118,271 as of December 31, 2019).

**c. Revaluation reserve**

The Company appraised its fixed assets in 2003 and 2006. The remaining balance totaled R\$50,226 as of March 31, 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 cancelation 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 cancelation 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 of claims	Amount (R\$)	Average cost (R\$)	Average market value
<b>Balance at December 31, 2019</b>	<b>3,550,000</b>	<b>36,847</b>	<b>10.38</b>	<b>4.99</b>
Share buyback	-	-	-	-
Sale of shares	(400,000)	(4,152)	10.38	-
<b>Balance at December 31, 2019</b>	<b>3,150,000</b>	<b>32,695</b>	<b>10.38</b>	<b>12.84</b>
Share buyback	-	-	-	-
Sale of shares	-	-	-	-
<b>Balance at March 31, 2020</b>	<b>3,150,000</b>	<b>32,695</b>	<b>10.38</b>	<b>7.95</b>

#### 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.

### **1<sup>st</sup> Stock Option Plan**

On June 25, 2018, the Board of Directors approved the grant of 2,950,000 stock options to the Company's Management members and employees under the scope of the Company's 1<sup>st</sup> Stock Option Program. Out of this total, 2,800,000 stock options were actually granted. Management and employees were given 60 days as from the execution of the Stock Option Agreement to exercise such stock options at a strike price of R\$5.60, 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 Company's management members and employees was formalized through a capital increase made on September 13, 2018, as detailed in Note 20 a).

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

### **2<sup>nd</sup> 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 2<sup>nd</sup> Stock Option Program. Management 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, 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 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 2<sup>nd</sup> Program. At each anniversary of the grant date, an additional portion corresponding to 50% will be released to the Participant.

### Stock option plan

	12/31/2019		12/31/2018	
	Number of stock options	Weighted average price	Number of stock options	Weighted average price
<b>Free float shares at the beginning of the period</b>	<b>400,000</b>	5.60	-	-
Granted during the period	-	-	3,200,000	5.60
Exercised during the period	(400,000)	5.60	(2,800,000)	5.60
Forfeited during the period	-	-	-	-
<b>Free float shares at the end of the period</b>	<b>-</b>	-	<b>400,000</b>	<b>5.60</b>

In the period ended March 31, 2020, there were no changes in the Company's stock option plan.

### Fair value measurement criteria

The model used to precify the fair value of options under the 1<sup>st</sup> and 2<sup>nd</sup> 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 <sup>st</sup> Program	Grant - 2 <sup>nd</sup> Program
Number of shares	2,800,000	400,000
Average weighted stock price	6.99	6.99
Strike price	5.60	5.60
Stock price volatility	37.416%	32.219%
Life of the share	2 months	14 months
Vesting period	48 months	24 months
Expected dividends	-	-
Risk-free interest rate	7.268%	10.380%
Fair value	2.72	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 plan are recognized in profit (loss) during the grace period to exercise the option, or the vesting period, until shares granted are converted into benefit to their holders, whichever is higher. The total cost of the plan as of the grant date, corresponding to the fair value of the options, was R\$9,018 (R\$7,616 relating to the 1<sup>st</sup> program under the Plan and R\$1,402 relating to the 2<sup>nd</sup> program under the Plan).

## 21. Segment reporting

### Business segments

	Livestock		Meat		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Net revenue	48,318	60,632	4,118,756	3,666,981	4,167,074	3,727,613
Cost of sales	(39,951)	(48,641)	(3,376,495)	(3,018,363)	(3,416,446)	(3,067,004)
Operating expenses	(6,331)	(7,662)	(445,968)	(419,894)	(452,299)	(427,556)
Finance income (costs), net	(1,565)	(700)	(6,650)	(261,785)	(8,215)	(262,485)
<b>Profit (loss) before taxes</b>	<b>471</b>	<b>3,629</b>	<b>289,643</b>	<b>(33,061)</b>	<b>290,114</b>	<b>(29,432)</b>

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	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Revenues from domestic sales	859,926	716,687	1,518,754	1,563,067
Revenues from foreign sales	1,437,914	1,230,024	2,917,359	2,412,213
Deductions from revenue - Taxes and other	(162,745)	(154,609)	(269,039)	(247,667)
<b>Net operating revenue</b>	<b>2,135,095</b>	<b>1,792,102</b>	<b>4,167,074</b>	<b>3,727,613</b>

## 23. Expenses by nature

	Parent		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
<b>Classified as</b>				
Selling expenses	(143,060)	(158,473)	(280,700)	(257,547)
General and administrative expenses	(86,050)	(106,149)	(168,365)	(160,962)
Other operating income	(3,173)	(10,061)	(3,234)	(9,047)
<b>Total</b>	<b>(232,283)</b>	<b>(274,683)</b>	<b>(452,299)</b>	<b>(427,556)</b>
<b>Expenses by nature</b>				
Variable selling expenses	(121,503)	(143,618)	(254,082)	(236,077)
General, administrative and selling expenses	(39,939)	(57,942)	(88,606)	(87,300)
Personnel and commercial expenses	(57,406)	(54,223)	(84,129)	(77,533)
Depreciation and amortization	(10,262)	(8,839)	(22,248)	(17,599)
Other operating income and expenses	(3,173)	(10,061)	(3,234)	(9,047)
<b>Total</b>	<b>(232,283)</b>	<b>(274,683)</b>	<b>(452,299)</b>	<b>(427,556)</b>

## 24. Finance income (costs), net

	Parent		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
<b>Finance income</b>				
Income from short-term investments	15,430	15,396	22,729	17,832
	<b>15,430</b>	<b>15,396</b>	<b>22,729</b>	<b>17,832</b>
<b>Finance costs</b>				
Interest expense	(149,349)	(132,487)	(259,741)	(215,675)
Other finance income (costs) (i)	781,954	(56,427)	823,155	(39,866)
	<b>632,605</b>	<b>(188,914)</b>	<b>563,414</b>	<b>(255,541)</b>
Exchange rate changes, net	(606,113)	(48,984)	(570,496)	(45,261)
Monetary restatement of the balance sheet	-	-	(23,862)	20,485
<b>Finance income (costs), net</b>	<b>41,922</b>	<b>(222,502)</b>	<b>(8,215)</b>	<b>(262,485)</b>

(i) Refers to marked-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	03/31/2020	03/31/2019
<b>Profit (loss) attributable to Company's owners</b>	<b>271,205</b>	<b>(31,406)</b>
Weighted average number of common shares issued (thousands)	466,294	376,687
Weighted average number of treasury shares	(3,150)	(3,550)
Weighted average number of outstanding common shares (thousands)	462,749	373,137
<b>Basic earnings (loss) per share - R\$</b>	<b>0.5861</b>	<b>(0.08417)</b>

### 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	03/31/2020	03/31/2019
<b>Profit (loss) attributable to Company's owners</b>	<b>271,205</b>	<b>(31,406)</b>
Weighted average number of outstanding common shares (thousands)	466,249	373,137
<b>Weighted average number of common shares used to calculate basic earnings (loss) per share - thousands</b>	<b>466,249</b>	<b>373,137</b>
<b>Diluted earnings (loss) per share - R\$</b>	<b>0.5817</b>	<b>(0.08417)</b>

## **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 statement of derivative financial instrument positions was prepared to present the derivative financial instruments contracted by the Company in the periods ended March 31, 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	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019	Amount receivable / (received)	Amount payable / (paid)
<b>Futures Contracts:</b>	-	-	-	-	-	-
<u>Purchase commitments</u>	-	-	-	-	-	-
DOL (US\$)	3.500	3.750	18.201	15.084	188	22.820
Other	-	-	-	-	-	-
BGI (arroba)	457	357	88.277	70.050	6.417	-
<u>Sales commitments</u>	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US\$)	250	1.500	1.300	6.046	2.359	-
BGI (arrobas)	1.390	1.629	263.498	320.999	-	12.923
<b>Options Contracts</b>	-	-	-	-	-	-
<u>Bidding position - purchase</u>	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
Other	-	-	-	-	-	-
BGI (arroba)	825	825	23.768	23.843	-	-
<u>Bidding position - sale</u>	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
DOL (US\$)	300	-	471	-	-	18.070
Other	-	-	-	-	-	-
BGI (arroba)	-	330	-	4.488	-	109
<u>Long position</u>	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
Other	-	-	-	-	-	-
BGI (arroba)	825	825	248	899	-	-
<u>Short position</u>	-	-	-	-	-	-
Foreign currency	-	-	-	-	-	-
Other	-	-	-	-	-	-
BGI (arroba)	825	2.145	12.631	15.307	54	-
<b>Forward Contracts</b>	-	-	-	-	-	-
<u>Long position</u>	-	-	-	-	-	-
NDF (dollar)	4.109.786	3.458.850	4.418.895	3.426.095	579.054	-
<u>Short position</u>	-	-	-	-	-	-
NDF (dollar)	1.104.619	2.344.571	1.136.436	2.360.983	-	130.369

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

Derivative financial instruments	03/31/2020 Mark-to-market	12/31/2019 Mark-to-market
Options	11,361	12,124
Swap	114,177	71,699
NDF (EUR+DOL+LIVESTOCK)	1,152,587	657,979
<b>Total</b>	<b>1,278,125</b>	<b>741,802</b>

#### 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		
	03/31/2020		
	Currencies		
	Local	Foreign	Total
<b>Assets</b>			
Cash	565	-	565
Banks - checking account	428,978	4,144,867	4,573,845
Short-term investments	1,388,075	353,501	1,741,576
Trade receivables	535,290	1,491,497	2,026,787
<b>Total current</b>	<b>2,352,908</b>	<b>5,989,865</b>	<b>8,342,773</b>
<b>Total assets</b>	<b>2,352,908</b>	<b>5,989,865</b>	<b>8,342,773</b>
<b>Liabilities</b>			
Financing - current	905,908	1,653,926	2,559,834
Trade payables	1,173,030	81,147	1,254,177
<b>Total current</b>	<b>2,078,938</b>	<b>1,735,073</b>	<b>3,814,011</b>
Financing - noncurrent	1,075,737	9,363,032	10,438,769
<b>Total noncurrent</b>	<b>1,075,737</b>	<b>9,363,032</b>	<b>10,438,769</b>
<b>Total liabilities</b>	<b>3,154,675</b>	<b>11,098,105</b>	<b>14,252,780</b>
Net financial debt	801,767	5,108,240	5,910,007
<b>Hedging derivatives – Net position</b>	<b>(114,177)</b>	<b>(1,163,947)</b>	<b>(1,278,124)</b>
<b>Currency position, net</b>	<b>687,590</b>	<b>3,944,293</b>	<b>4,631,883</b>

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

Financial Instruments (net)	Long (short) position, net at 03/31/2020	Long (short) position, net at 12/31/2019
Futures contracts - DOL (Dollar)	16,901	9,038
Futures Contracts - BGI (Finished Cattle)	(175,221)	(250,949)
Options contracts (Dollar, Cattle, Corn and IDI)	11,361	12,124
Swap contracts	114,177	71,699
NDF (dollar + EURO + cattle + ARS)	3,282,459	1,065,112
<b>Total, net</b>	<b>3,249,677</b>	<b>907,025</b>

Financial assets and financial liabilities are restated in the financial statements as of March 31, 2020 and 2019, at amounts that approximate the market values. Their respective revenues and expenses 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 as of March 31, 2020:

Type	Position	Currency	Maturity	Notional value
NDF	Sale	US dollar	04/15/2020	(8,600)
NDF	Sale	US dollar	05/04/2020	(210,000)
NDF	Purchase	Dólar	03/01/2021	305,000
NDF	Purchase	US dollar	02/01/2021	545,000

### 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.

	03/31/2020
Over-the-counter (OTC) market	Fair value
<b>Forward contract purchased</b>	
Notional value (@)	1,154,922
Futures Contract Price (R\$/@)	199
<b>Total R\$/1000</b>	<b>229,369</b>

	03/31/2020
BM&F Market	Fair value
<b>Futures contracts sold</b>	
Notional value (@)	857,670
Futures Contract Price (R\$/@)	200
<b>Total R\$/1000</b>	<b>171,857</b>

#### 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 March 31, 2020;
- **A downward movement:** represents a decrease in prices or risk factors as of March 31, 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	Risk	Probable scenario 6% fluctuation	Possible scenario 25% fluctuation	Remote scenario 50% fluctuation
Hedge derivatives	High	Cattle	(8,788)	(42,066)	(85,853)
Cattle	High	Cattle	13,762	57,342	114,684
<b>Net</b>			<b>4,974</b>	<b>15,276</b>	<b>28,831</b>
Hedge derivatives	High	US dollar	(145,224)	(605,100)	(1,210,201)
Invoices + Cash - in \$US	High	US dollar	135,146	563,108	1,126,216
<b>Net</b>			<b>(10,078)</b>	<b>(41,992)</b>	<b>(83,985)</b>
Invoices - in \$EUR	High	Euro	54	224	448
<b>Net</b>			<b>54</b>	<b>224</b>	<b>448</b>
Hedge derivatives	High	US dollar	51,000	212,500	425,000
Borrowings in \$US	High	US dollar	(114,651)	(477,715)	(965,429)
<b>Net</b>			<b>(63,651)</b>	<b>(265,215)</b>	<b>(540,429)</b>

- **Exchange rate USD5.1987** – Ptax selling (Source: The Central Bank of Brazil);
- **Exchange rate EUR5.7264** – 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\$4,974; whereas in a 25% fluctuation scenario, said gain would come to R\$15,276, and R\$28,831 upon a fluctuation of 50%;

- **Hedge derivatives x Invoices + Cash in US\$:** In the probable scenario with a 6% market fluctuation, the Company could lose R\$10,078; whereas in a 25% fluctuation scenario, the Company could lose R\$41,992, and R\$83,985 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\$54; whereas in a 25% fluctuation scenario, said gain would come to R\$224, and R\$448 upon a fluctuation of 50%;
- **Hedge Derivatives and Fundraising:** In the probable scenario with a 6% market fluctuation, the Company could lose R\$63,651; whereas in a 25% fluctuation scenario, the Company could lose R\$265,215, and R\$530,429 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 March 31, 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 31, 2020 and 2019:

	Parent		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Loss for the period	271,205	(31,406)	271,205	(31,406)
Cumulative translation adjustments	(412,794)	(41,190)	(412,794)	(41,190)
<b>Total comprehensive loss</b>	<b>(141,589)</b>	<b>(72,596)</b>	<b>(141,589)</b>	<b>(72,596)</b>
<b>Comprehensive loss attributable to:</b>				
Company's owners	(141,589)	(72,596)	(141,589)	(72,596)
Noncontrolling interests	-	-	-	-
<b>Total comprehensive loss</b>	<b>(141,589)</b>	<b>(72,596)</b>	<b>(141,589)</b>	<b>(72,596)</b>

#### 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 as of March 31, 2020 is as follows:

	Coverage	Insured amount
Buildings	Fire and sundry risks	651,508
Facilities, equipment and inventories	Fire and sundry risks	1,150,327
Company cars and aircraft	Fire and sundry risks	157,044
Overseas transportation	Fire and sundry risks	103,974
Civil liability	Operational risks	20,519
		<b>2,083,372</b>

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 date**

As resolved at the Board of Directors' Meeting held on April 15, 2020, the Company's capital increase was ratified, regardless of the Bylaws reform and within the limit of the authorized capital, pursuant to Article 6 of Company's Bylaws from nine hundred and sixty million, four hundred and forty thousand, one hundred and four Brazilian reais and seventy-three cents (R\$960,440,104.73), divided into 485,580,177 registered book-entry common shares with no par value, to nine hundred and sixty million, four hundred and sixty-two thousand, six hundred and fifty-one Brazilian reais and seventy-seven cents (R\$960,462,651.77), divided into 485,583,689 registered book-entry common shares with no par value, resulting in an increase of twenty-two thousand, five hundred and forty-seven Brazilian reais and four cents (R\$22,547.04), through the issuance of three thousand five hundred and twelve (3,512) new registered book-entry common shares with no par value, with an issue price of six reais and forty-two centavos (R\$6.42), pursuant to article 170, first paragraph, item III, of Law No. 6.404, dated December 15, 1976, as amended ("Brazilian Corporate Law"), as a result of the Subscription Bonus exercised.

### **30. Explanation added to the translation for the English version**

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, April 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 first quarter of 2020 (1Q20). The financial and operational information herein is presented in BRGAAP and Brazilian reais (R\$), in accordance with International Financial Reporting Standards (IFRS).

## 1Q20 HIGHLIGHTS

### Minerva (BEEF3)

Price on 4/27/2020:

R\$11.23

Market cap:

R\$5,453.1million

485,583,689shares

Free Float:

53.4%

### Conference Call

April 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 Contacts:

Edison Ticle

Danilo Cabrera

Kelly Barna

Matheus Oliveira

Luiza Puoli

Phone: (11) 3074-2444

[ri@minervafoods.com](mailto:ri@minervafoods.com)

- Free cash flow after financial expenses, Capex and working capital (adjusted for the cash effect of R\$615.0 million from FX hedge) was positive for the ninth consecutive quarter, totaling R\$904.6 million. In LTM1Q20, this figure came to R\$1,649.3 million. Excluding the cash effect from FX hedge, Free cash flow in 1Q20 reached R\$289.6 million.
- Net income totaled R\$271.2 million in 1Q20 and R\$318.8 million in LTM1Q20.
- Financial leverage, measured by the net debt/LTM EBITDA ratio, remained stable at 2.99x.
- Minerva's consolidated gross revenue reached a record of R\$18,658.3 million in LTM1Q20, 7% higher than in LTM1Q19. In 1Q20, Minerva's gross revenue totaled R\$4,436.1 million, 12% more than in 1Q19. The Brazilian Industry Division contributed R\$2.1 billion, or 48% of total gross revenue, while the Athena Foods Division brought in R\$1.9 billion, or 43% of the total in 1Q20. In LTM1Q20, exports accounted for 68% of gross revenue, maintaining Minerva's position as the leading beef exporter in South America, with a market share of approximately 20% on the continent.
- Minerva's net revenue reached R\$4.2 billion in 1Q20, 12% higher than in 1Q19. In the 12 months ended March 2020, net revenue came to R\$17.6 billion.
- EBITDA totaled a first-quarter record of R\$381.5 million in 1Q20, increasing 16% over 1Q19, with an EBITDA margin of 9.2%, 40 bps higher than in 1Q19. In LTM1Q20, EBITDA reached an all-time high of R\$1.8 billion, with a margin of 10.3%, 1.1 p.p. higher year on year.

## MESSAGE FROM THE MANAGEMENT

Minerva Foods is beginning 2020 with a solid operational and financial performance, consolidating its position as one of the main players in the global beef market. In 1Q20, Minerva recorded net revenue of R\$4.2 billion, EBITDA of R\$381.5 million and net income of R\$271.2 million, thanks to our financial discipline and risk management model, which are fundamental pillars of our management. Free cash flow, one of the Company's priorities, was positive for the ninth consecutive quarter, reaching R\$904.6 million in 1Q20 and R\$1.7 billion in the last 12 months (after FX hedge).

The first quarter of 2020 brought numerous challenges related to the COVID-19 pandemic, which has been impacting markets and global economic activity. Throughout the period, Minerva followed the guidelines of authorities in order to protect the health of its employees, partners and clients worldwide, while fulfilling its vocation as a global food producer, supplying beef to communities all around the world. In the current highly complex and volatile scenario, I would like to point out our risk management model, which, together with our conservative capital management and capital discipline, played an essential role in protecting our balance sheet. Leverage remained virtually stable, at below 3x, our liquidity remained at a very comfortable level, and our hedging policy ensured that the net exposure of the balance sheet accounts was significantly protected.

Despite the operational challenges, we believe that the fundamentals of the beef market remain extremely positive for 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, such as the reopening of the United States to Brazil, the authorization for Colombian beef exports in Russia and the approval of Uruguayan, Paraguayan and Colombian beef exports in Saudi Arabia, all of which in 1Q20 alone. We cannot fail to mention strong demand from China, which accounted for 35% of our consolidated export revenue in the last 12 months, up 12 percentage points in the annual comparison, fueled by the African swine fever outbreak. Finally, it is worth noting the increase in demand from other Asian countries, such as Indonesia and Malaysia, which became steeper after the suspension of buffalo meat imports from India.

In the coming quarters, strong international demand and supply problems experienced by other beef exporters, such as Australia and India, will tend to directly benefit South American players, consolidating the region as the world's leading supplier of beef. Thanks to its geographic diversification and unique operational footprint on the continent, Minerva Foods is ready to take advantage of the opportunities that will be created.

In 2020, we will continue to contribute to the fight against the novel coronavirus, through solidarity actions, donations and support to our communities and employees. We reaffirm our commitment to continue to produce and sell food to over 100 countries, always based on ethics, meritocracy, discipline and sustainable practices.

**Fernando Galletti de Queiroz**  
CEO

## RESULTS ANALYSIS

### Key Consolidated Indicators

R\$ Million	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
Total slaughter ('000 head)	749.2	845.9	-11.4%	901.5	-16.9%	3,451.5	3,422.4	0.8%
Slaughter - Brazil	352.8	419.3	-15.9%	457.5	-22.9%	1,706.6	1,680.9	1.5%
Slaughter - Athena Foods	396.4	426.6	-7.1%	444.0	-10.7%	1,744.9	1,741.5	0.2%
Total sales volume ('000 tons)	254.5	293.1	-13.2%	289.5	-12.1%	1,123.6	1,115.9	0.7%
Volume - Brazil	128.0	148.3	-13.7%	155.7	-17.8%	580.2	583.4	-0.5%
Volume - Athena Foods	126.5	144.8	-12.6%	133.9	-5.5%	543.3	532.5	2.0%
Gross revenue	4,436.1	3,975.3	11.6%	5,162.6	-14.1%	18,658.3	17,448.5	6.9%
Export market	2,917.4	2,412.2	20.9%	3,530.2	-17.4%	12,595.3	10,724.6	17.4%
Domestic market	1,518.8	1,563.1	-2.8%	1,632.4	-7.0%	6,063.0	6,724.0	-9.8%
Net revenue	4,167.1	3,727.6	11.8%	4,859.7	-14.3%	17,562.3	17,448.5	0.7%
EBITDA	381.5	328.8	16.0%	603.3	-36.8%	1,803.3	1,594.2	13.1%
EBITDA margin	9.2%	8.8%	0.3 p.p.	12.4%	-3.3 p.p.	10.3%	9.1%	1.1 p.p.
Net debt/LTM EBITDA (x)	2.99	3.8	-0.9	2.8*	0.1	2.99	3.8	-0.9
Net income (loss)	271.2	-31.4	n.a.	243.6	11.3%	318.8	-1,181.5	n.a.

\* Pro forma: The calculation uses the net proceeds of the primary share offering completed in January 2020, totaling R\$999.6 million.

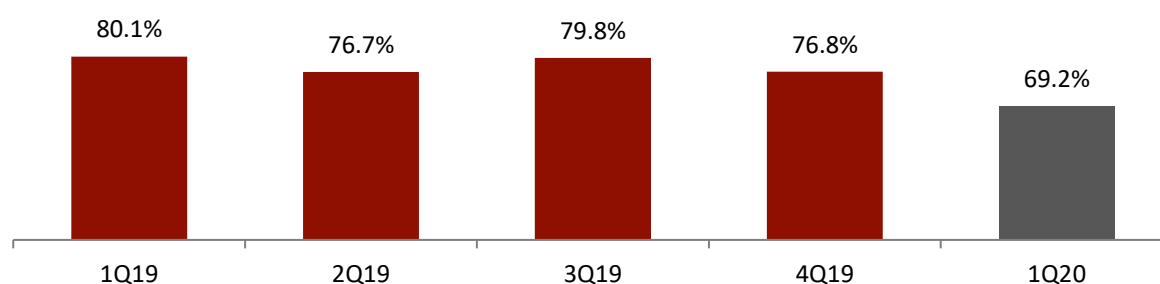
## Results by Division

### Slaughter

#### BRAZILIAN INDUSTRY DIVISION

Slaughter volume at the Brazilian Industry Division came to 352,800 head of cattle in 1Q20, while the capacity utilization rate stood at 69.2%.

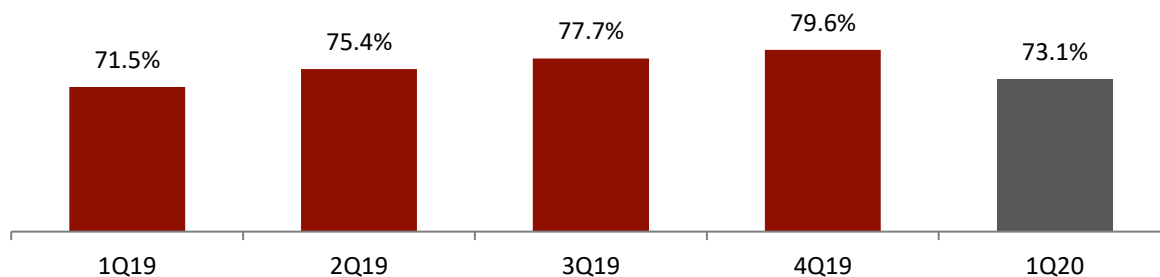
Figure 1 - Installed Capacity Utilization



Source: Minerva

**ATHENA FOODS**

Slaughter volume at Athena Foods totaled 396,400 head of cattle in 1Q20, while the capacity utilization rose slightly year on year, to 73.1%.

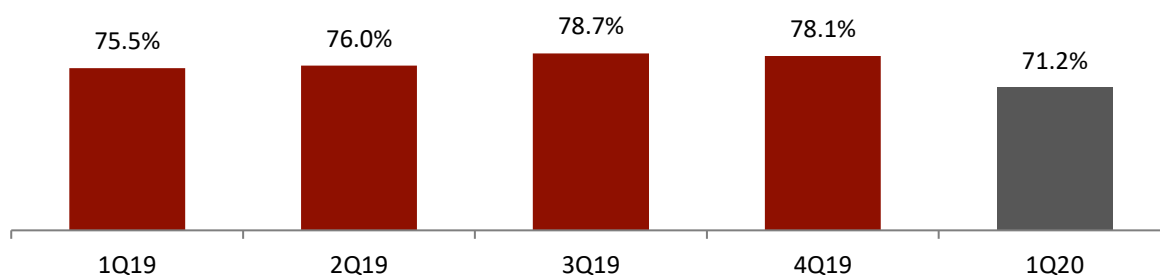


Source: Minerva

**MINERVA CONSOLIDATED**

Consolidated slaughter volume totaled 749,200 head of cattle in 1Q20 and the capacity utilization rate reached 71.2%.

**Figure 3 - Installed Capacity Utilization - Consolidated**



Source: Minerva

**Gross Revenue by Division**

**BRAZILIAN INDUSTRY DIVISION**

Gross revenue from the Brazilian Industry Division totaled R\$2.1 billion in 1Q20, a significant increase of 20.1% over 1Q19. In the 12 months ended March, gross revenue from the Brazilian Industry Division amounted to R\$8.9 billion, up 17.9% over LTM1Q19.

**Export Market – 64.9% of Gross Revenue from the Brazilian Industry Division in 1Q20**

Exports from the Brazilian Industry Division generated revenue of R\$1,378.2 million in 1Q20, up 20.3% year on year. In LTM1Q20, export revenue totaled R\$ 5,915.1 million, up 20.2% over LTM1Q19.

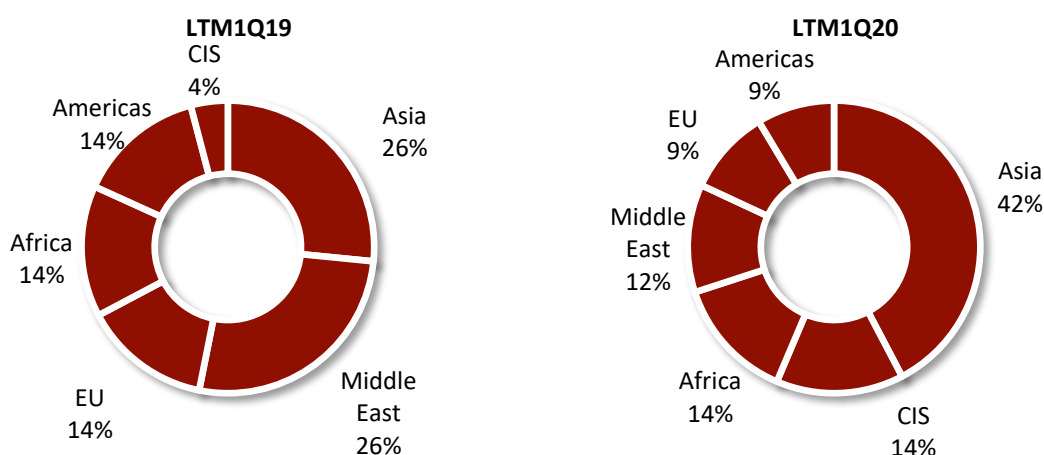
The good result of the division's exports reflects consistent demand in international markets, particularly in Asia, a year-on-year increase in prices and the effect of the depreciation of the real against the dollar.

In this scenario, Asia continued to be the main destination of the Brazilian Industry Division's exports in LTM1Q20, accounting for 42% of this division's total export revenue, 16 p.p. more than in LTM1Q19.

We present below the Brazilian Industry Division's exports by region between LTM1Q19 and LTM1Q20:

- » **Africa:** In the 12 months ended March 2020, Africa's share of this division's exports came to 14%, remaining in line with LTM1Q19.
- » **Americas:** The Americas accounted for 9% of this division's exports in LTM1Q20, down 5 p.p. year on year.
- » **Asia:** Asia was the destination of 42% of this division's exports in the 12 months ended March 2020, 16 p.p. more than in LTM1Q19. This increase was driven by strong demand on the continent, especially in China, which was the main destination of this division's exports, with 31% of the total.
- » **CIS (Commonwealth of Independent States):** The Commonwealth of Independent States, represented mainly by Russia, accounted for 14% of this division's exports in LTM1Q20, 10 p.p. more than in LTM1Q19. As a result, the CIS consolidated its position as the second main destination of this division's exports.
- » **Europe:** Europe accounted for 9% of this division's exports in LTM1Q20, down 5 p.p. year on year.
- » **Middle East:** In the 12 months ended March 2020, the Middle East's share of this division's exports came to 12%, falling 14 p.p. year on year.

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



Source: Minerva

## Domestic Market – 35.1% of Gross Revenue from the Brazilian Industry Division in 1Q20

Domestic gross revenue from the Brazilian Industry Division totaled R\$744.8 million in 1Q20, 19.6% more than in 1Q19. In the 12 months ended March, net revenue from this division came to R\$2.9 billion, up 13.5% year on year.

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

Gross Revenue (R\$ Million)	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
Fresh beef – EM	1,249.0	1,000.4	24.9%	1,666.4	-25.0%	5,361.4	4,369.9	22.7%
Byproducts – EM	120.5	126.3	-4.6%	116.1	3.8%	496.6	500.1	-0.7%
Processed foods – EM	8.7	18.7	-53.7%	7.8	10.9%	57.2	51.9	10.3%
<b>Subtotal – EM</b>	<b>1,378.2</b>	<b>1,145.4</b>	<b>20.3%</b>	<b>1,790.3</b>	<b>-23.0%</b>	<b>5,915.1</b>	<b>4,921.9</b>	<b>20.2%</b>
Fresh beef – DM	523.4	454.4	15.2%	585.4	-10.6%	2,111.9	1,923.1	9.8%
Byproducts – DM	156.7	103.3	51.7%	164.2	-4.6%	571.5	457.1	25.0%
Processed foods – DM	64.7	65.3	-0.9%	69.3	-6.7%	262.7	214.8	22.3%
<b>Subtotal – DM</b>	<b>744.8</b>	<b>623.0</b>	<b>19.6%</b>	<b>819.0</b>	<b>-9.1%</b>	<b>2,946.1</b>	<b>2,595.0</b>	<b>13.5%</b>
<b>Total</b>	<b>2,123.0</b>	<b>1,768.4</b>	<b>20.1%</b>	<b>2,609.2</b>	<b>-18.6%</b>	<b>8,861.2</b>	<b>7,516.9</b>	<b>17.9%</b>

Volume ('000 tons)	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
Fresh beef – EM	55.9	63.1	-11.4%	77.6	-27.9%	270.8	251.5	7.7%
Byproducts – EM	17.7	28.0	-36.6%	20.5	-13.5%	87.5	95.1	-7.9%
Processed foods – EM	0.3	0.8	-65.1%	0.3	-20.0%	2.4	1.9	24.9%
<b>Subtotal – EM</b>	<b>73.9</b>	<b>91.8</b>	<b>-19.5%</b>	<b>98.4</b>	<b>-24.9%</b>	<b>360.6</b>	<b>348.4</b>	<b>3.5%</b>
Fresh beef – DM	28.7	31.2	-8.0%	30.7	-6.7%	124.7	136.5	-8.6%
Byproducts – DM	21.6	20.1	7.6%	22.3	-2.9%	86.9	83.8	3.7%
Processed foods – DM	3.8	5.2	-27.5%	4.2	-10.5%	15.3	14.7	4.1%
<b>Subtotal – DM</b>	<b>54.1</b>	<b>56.5</b>	<b>-4.3%</b>	<b>57.2</b>	<b>-5.5%</b>	<b>226.9</b>	<b>235.0</b>	<b>-3.4%</b>
<b>Total</b>	<b>128.0</b>	<b>148.3</b>	<b>-13.7%</b>	<b>155.7</b>	<b>-17.8%</b>	<b>587.6</b>	<b>583.4</b>	<b>0.7%</b>

Average Price – EM (US\$/kg)	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
Fresh beef – EM	5.0	4.2	19.3%	5.2	-3.9%	4.8	4.6	4.8%
Byproducts – EM	1.5	1.2	27.4%	1.4	10.8%	1.4	1.4	-0.8%
Processed foods – EM	7.0	6.2	12.5%	5.5	28.0%	5.9	7.3	-18.8%
<b>Total</b>	<b>4.2</b>	<b>3.3</b>	<b>26.6%</b>	<b>4.4</b>	<b>-5.3%</b>	<b>4.0</b>	<b>3.7</b>	<b>6.8%</b>
Average dollar (Source: BACEN)	4.45	3.77	18.1%	4.11	8.2%	4.11	3.78	8.7%

Average Price – EM (R\$/Kg)	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
Fresh beef – EM	22.3	15.9	40.9%	21.5	4.0%	19.8	17.4	13.9%
Byproducts – EM	6.8	4.5	50.4%	5.7	20.0%	5.7	5.3	7.9%
Processed foods – EM	31.3	23.6	32.8%	22.6	38.5%	24.2	27.4	-11.7%
<b>Total</b>	<b>18.6</b>	<b>12.5</b>	<b>49.5%</b>	<b>18.2</b>	<b>2.5%</b>	<b>16.4</b>	<b>14.1</b>	<b>16.1%</b>

Average Price – DM (R\$/Kg)	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
Fresh beef – DM	18.3	14.6	25.3%	19.1	-4.2%	16.9	14.1	20.2%
Byproducts – DM	7.2	5.1	41.0%	7.4	-1.7%	6.6	5.5	20.5%
Processed foods – DM	17.1	12.5	36.5%	16.4	4.2%	17.1	14.6	17.5%
<b>Total</b>	<b>13.8</b>	<b>11.0</b>	<b>24.9%</b>	<b>14.3</b>	<b>-3.8%</b>	<b>13.0</b>	<b>11.0</b>	<b>17.6%</b>

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\$1,907.4 million in 1Q20, 24.6% more than in 1Q19. In LTM1Q20, gross revenue totaled R\$7,746.5 million, 11.5% more than in LTM1Q19.

**Export Market – 74.3% of Gross Revenue from Athena Foods in 1Q20**

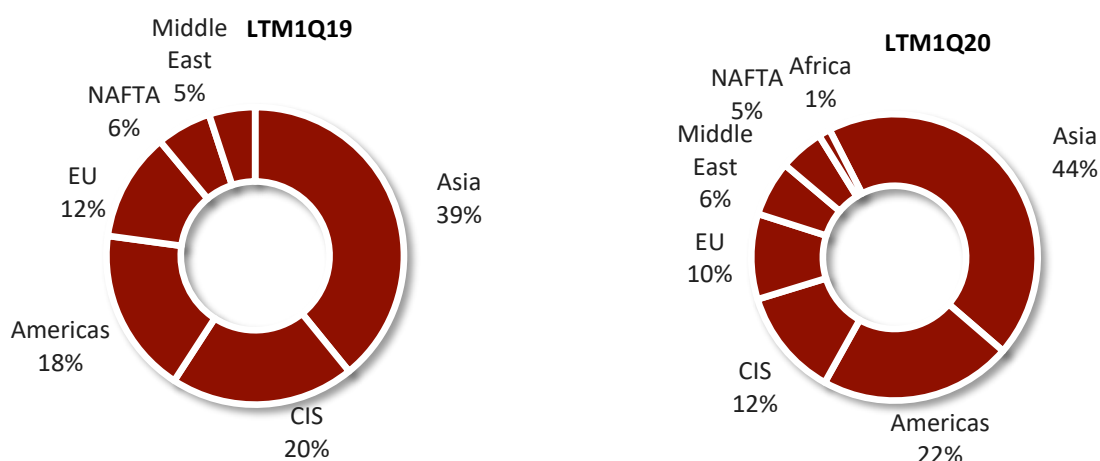
Gross export revenue totaled R\$1,416.3 million in 1Q20, 28.9% more than in 1Q19. In the 12 months ended March 2020, export revenue from Athena Foods totaled R\$5,927.2 million, up 17.0% over LTM1Q19.

The excellent result of this division’s exports was driven by strong demand in Asia, especially in China. In the period, the Asian market was the main destination of Athena Foods’ exports. Paraguay also recorded strong exports, fueled by demand from countries like Chile, Russia and Israel.

We present below Athena Foods’ export revenue by region between LTM1Q19 and LTM1Q20:

- » **Americas:** The Americas became Athena Foods’ second main destination, with 22% of this division’s exports in the 12 months ended March 2020, up 4 p.p. year on year.
- » **Asia:** Asia was the main destination of this division’s exports, with 44% of the total, 5 p.p. higher than in LTM1Q19. China alone accounted for 39% of this 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 LTM1Q20, 8 p.p. less than in LTM1Q19. The decline was due to the reopening of the Russian market to Brazilian exports, which started meeting part of the demand in that country.
- » **Europe:** Europe was the destination of 10% of this division’s exports in LTM1Q20, down 2 p.p. year on year.
- » **NAFTA:** NAFTA accounted for 5% of this division’s exports in LTM1Q20, in line with LTM1Q19.
- » **Middle East:** The Middle East was the destination of 6% of this division’s exports in LTM1Q20, in line with LTM1Q19.
- » **Africa:** The share of Africa in this division’s exports stood at 1% in LTM1Q20.

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



Source: Minerva

## Domestic Market – 25.7% of Gross Revenue from Athena Foods in 1Q20

Athena Foods recorded domestic gross revenue of R\$491.0 million in 1Q20, an increase of 13.6% over 1Q19. In the 12 months ended March, revenue reached R\$1.8 billion.

We present below a complete breakdown of Athena Foods:

Gross Revenue (R\$ Million)	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
Fresh beef – EM	1,274.8	983.6	29.6%	1,484.7	-14.1%	5,368.6	4,512.6	19.0%
Byproducts – EM	140.1	113.1	23.8%	139.2	0.6%	550.7	548.5	0.4%
Processed foods – EM	1.4	2.3	-36.8%	2.6	-46.0%	7.9	4.9	59.7%
<b>Subtotal – EM</b>	<b>1,416.3</b>	<b>1,098.9</b>	<b>28.9%</b>	<b>1,626.6</b>	<b>-12.9%</b>	<b>5,927.2</b>	<b>5,066.1</b>	<b>17.0%</b>
Fresh beef – DM	299.3	259.1	15.5%	304.0	-1.5%	1,138.6	1,108.8	2.7%
Byproducts – DM	46.0	41.6	10.6%	50.5	-8.9%	186.5	175.6	6.2%
Processed foods – DM	145.8	131.4	10.9%	132.8	9.8%	494.2	597.9	-17.4%
<b>Subtotal – DM</b>	<b>491.0</b>	<b>432.2</b>	<b>13.6%</b>	<b>487.2</b>	<b>0.8%</b>	<b>1,819.3</b>	<b>1,882.3</b>	<b>-3.4%</b>
<b>Total</b>	<b>1,907.4</b>	<b>1,531.1</b>	<b>24.6%</b>	<b>2,113.8</b>	<b>-9.8%</b>	<b>7,746.5</b>	<b>6,948.4</b>	<b>11.5%</b>

Volume ('000 tons)	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
Fresh beef – EM	63.6	64.5	-1.5%	72.4	-12.2%	288.1	266.4	8.1%
Byproducts – EM	21.5	20.3	5.8%	18.0	19.1%	73.2	66.6	9.9%
Processed foods – EM	0.1	0.2	-62.0%	0.2	-56.4%	0.6	0.5	41.8%
<b>Subtotal – EM</b>	<b>85.1</b>	<b>85.0</b>	<b>0.1%</b>	<b>90.6</b>	<b>-6.1%</b>	<b>361.9</b>	<b>333.5</b>	<b>8.5%</b>
Fresh beef – DM	16.5	19.0	-13.2%	19.4	-14.9%	72.0	78.4	-8.1%
Byproducts – DM	14.7	29.6	-50.1%	14.0	5.0%	59.5	75.2	-20.9%
Processed foods – DM	10.1	11.1	-9.4%	9.8	3.3%	39.1	45.5	-14.0%
<b>Subtotal – DM</b>	<b>41.4</b>	<b>59.7</b>	<b>-30.8%</b>	<b>43.2</b>	<b>-4.3%</b>	<b>170.6</b>	<b>199.1</b>	<b>-14.3%</b>
<b>Total</b>	<b>126.5</b>	<b>144.8</b>	<b>-12.6%</b>	<b>133.9</b>	<b>-5.5%</b>	<b>532.5</b>	<b>532.5</b>	<b>0.0%</b>

Average Price – EM (US\$/kg)	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
Fresh beef – EM	4.5	4.0	11.4%	5.0	-9.7%	4.5	4.5	1.2%
Byproducts – EM	1.5	1.5	-0.9%	1.9	-21.9%	1.8	2.2	-16.0%
Processed foods – EM	3.6	2.6	40.9%	3.2	14.4%	3.0	2.9	3.6%
<b>Total</b>	<b>3.7</b>	<b>3.4</b>	<b>9.0%</b>	<b>4.4</b>	<b>-14.4%</b>	<b>4.0</b>	<b>4.0</b>	<b>-0.8%</b>
Average dollar (Source: BACEN)	4.45	3.77	18.1%	4.11	8.2%	4.11	3.78	8.7%

Average Price – EM (R\$/Kg)	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
Fresh beef – EM	20.0	15.2	31.5%	20.5	-2.2%	18.6	16.9	10.0%
Byproducts – EM	6.5	5.6	17.0%	7.7	-15.5%	7.5	8.2	-8.6%
Processed foods – EM	16.1	9.7	66.3%	13.0	23.8%	12.3	10.9	12.6%
<b>Total</b>	<b>16.6</b>	<b>12.9</b>	<b>28.7%</b>	<b>17.9</b>	<b>-7.3%</b>	<b>16.4</b>	<b>15.2</b>	<b>7.8%</b>

Average Price – DM (R\$/Kg)	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
Fresh beef – DM	18.1	13.6	33.0%	15.7	15.8%	15.8	14.1	11.8%
Byproducts – DM	3.1	1.4	121.7%	3.6	-13.2%	3.1	2.3	34.1%
Processed foods – DM	14.4	11.8	22.4%	13.6	6.3%	12.6	13.2	-3.9%
<b>Total</b>	<b>11.9</b>	<b>7.2</b>	<b>64.1%</b>	<b>11.3</b>	<b>5.4%</b>	<b>10.7</b>	<b>9.5</b>	<b>12.8%</b>

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\$405.7 million in 1Q20. In the 12 months ended March, gross revenue from this division totaled R\$2,050.6 million.

### Export Market – 30.3% of Gross Revenue from the Trading Division in 1Q20

Gross export revenue from the Trading division totaled R\$122.8 million in 1Q20 and R\$753.0 million in LTM1Q20.

### Domestic Market – 69.7% of Gross Revenue from the Trading Division in 1Q20

Domestic sales of the Trading division reached R\$282.9 million in 1Q20 and R\$1,297.6 million in LTM1Q20.

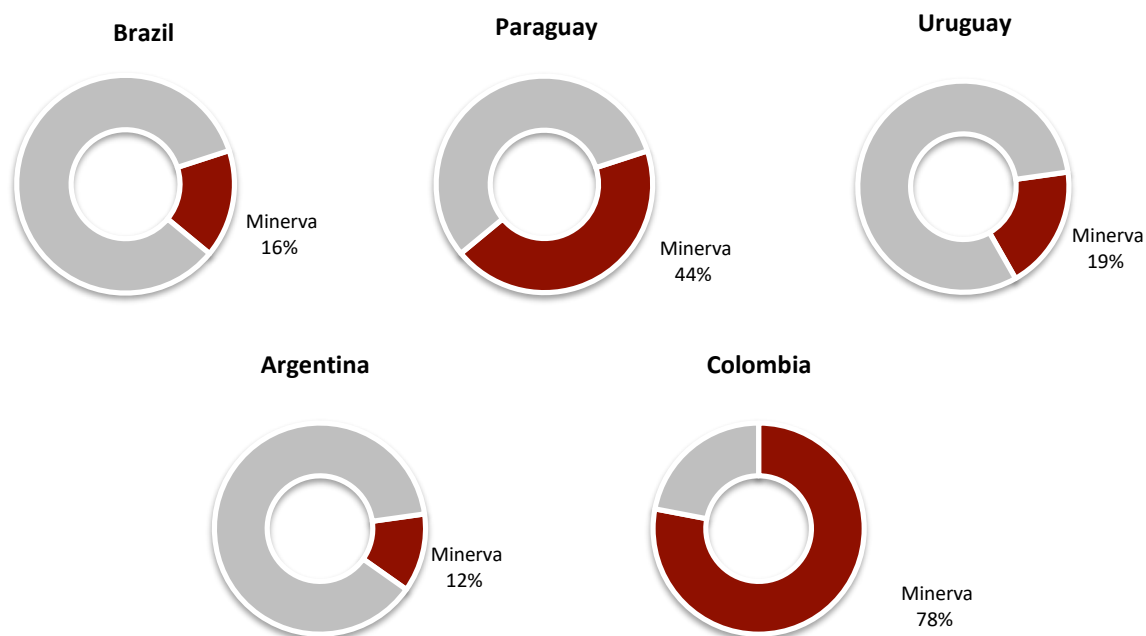
Gross Revenue (R\$ Million)	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
<b>Trading gross revenue</b>	<b>405.7</b>	<b>675.8</b>	<b>-40.0%</b>	<b>439.6</b>	<b>-7.7%</b>	<b>2,050.6</b>	<b>2,983.2</b>	<b>-31.3%</b>
Export market	122.8	167.9	-26.8%	113.3	8.4%	753.0	754.6	-0.2%
Domestic market	282.9	508.0	-44.3%	326.2	-13.3%	1,297.6	2,228.6	-41.8%

## Consolidated Results Analysis

### Exports - Market Share by Country

In the first quarter of 2020, Minerva Foods remained one of the leading exporters in the countries where it operates. Minerva accounted for 16% of beef exports in Brazil, 44% in Paraguay (remaining the leading beef exporter in the country), 19% in Uruguay, 12% in Argentina and 78% in Colombia (maintaining our leadership position in the country).

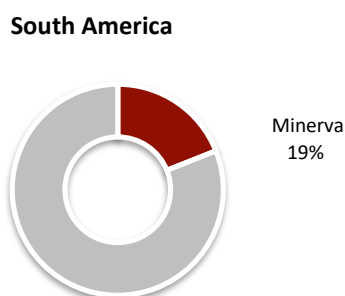
Figure 8 – 1Q20 Market Share (% of Revenue)



Sources: Minerva, Secex, Penta-transaction, OCIT, IPCVA and Legiscomex

Minerva accounted for 19% of South American exports in 1Q20, maintaining its position as the leading beef exporter in the continent.

**Figure 9 – 1Q20 Market Share (% of Revenue)**



Sources: Minerva, Secex, Penta-transaction, OCIT, IPCVA 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\$18.7 billion in LTM1Q20, up 6.9% over LTM1Q19. In 1Q20, consolidated gross revenue totaled a first-quarter record of R\$4,436.1 million, up 11.6% over 1Q19.

R\$ Million	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
<b>Gross revenue</b>	<b>4,436.1</b>	<b>3,975.3</b>	<b>11.6%</b>	<b>5,162.6</b>	<b>-14.1%</b>	<b>18,658.3</b>	<b>17,448.5</b>	<b>6.9%</b>
Brazilian Industry Division	2,123.0	1,768.4	20.1%	2,609.2	-18.6%	8,861.2	7,516.9	17.9%
Athena Foods	1,907.4	1,531.1	24.6%	2,113.8	-9.8%	7,746.5	6,948.4	11.5%
Trading Division	405.7	675.8	-40.0%	439.6	-7.7%	2,050.6	2,983.2	-31.3%

### Net revenue

Net revenue came to R\$4.2 billion in 1Q20, up 11.8% over 1Q19. In LTM1Q20, consolidated net revenue came to R\$17.6 billion, up 7.0% year on year.

R\$ Million	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
Gross revenue	4,436.1	3,975.3	11.6%	5,162.6	-14.1%	18,658.3	17,448.5	6.9%
Deductions and discounts	-269.0	-247.7	8.6%	-303.0	-11.2%	-1,096.0	-1,037.4	5.6%
<b>Net revenue</b>	<b>4,167.1</b>	<b>3,727.6</b>	<b>11.8%</b>	<b>4,859.7</b>	<b>-14.3%</b>	<b>17,562.3</b>	<b>16,411.2</b>	<b>7.0%</b>
% Gross revenue	93.9%	93.8%	0.2 p.p.	94.1%	-0.2 p.p.	94.1%	94.1%	0.1 p.p.

### Cost of Goods Sold (COGS) and Gross Margin

COGS represented 82.0% of net revenue in 1Q20, with an increase in the gross margin to 18.0%. In LTM1Q20, COGS was equivalent to 80.7% of net revenue and the gross margin stood at 19.3%, up 1.4 p.p. over LTM1Q19.

R\$ Million	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
Net revenue	4,167.1	3,727.6	11.8%	4,859.7	-14.3%	17,562.3	16,411.2	7.0%
<b>COGS</b>	<b>-3,416.4</b>	<b>-3,067.0</b>	<b>11.4%</b>	<b>-3,792.6</b>	<b>-9.9%</b>	<b>-14,179.7</b>	<b>-13,481.4</b>	<b>5.2%</b>
% Net revenue	82.0%	82.3%	-0.3 p.p.	78.0%	3.9 p.p.	80.7%	82.1%	-1.4 p.p.
Gross profit	750.6	660.6	13.6%	1,067.0	-29.7%	3,382.6	2,929.8	15.5%
<b>Gross margin</b>	<b>18.0%</b>	<b>17.7%</b>	<b>0.3 p.p.</b>	<b>22.0%</b>	<b>-3.9 p.p.</b>	<b>19.3%</b>	<b>17.9%</b>	<b>1.4 p.p.</b>

## Selling, General and Administrative Expenses

Selling expenses represented 6.7% of net revenue in 1Q20, while general and administrative expenses corresponded to 4.0% of net revenue. In the 12 months ended March, selling expenses represented 7.0% of net revenue, while general and administrative expenses corresponded to 3.6% of net revenue.

R\$ Million	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
<b>Selling expenses</b>	<b>-280.7</b>	<b>-257.5</b>	<b>9.0%</b>	<b>-354.8</b>	<b>-20.9%</b>	<b>-1,224.3</b>	<b>-1,047.3</b>	<b>16.9%</b>
% Net revenue	6.7%	6.9%	-0.2 p.p.	7.3%	-0.6 p.p.	7.0%	6.4%	0.6 p.p.
<b>G&amp;A expenses</b>	<b>-168.4</b>	<b>-161.0</b>	<b>4.6%</b>	<b>-176.6</b>	<b>-4.6%</b>	<b>-632.5</b>	<b>-637.9</b>	<b>-0.8%</b>
% Net revenue	4.0%	4.3%	-0.3 p.p.	3.6%	0.4 p.p.	3.6%	3.9%	-0.3 p.p.

## EBITDA

EBITDA hit a first-quarter record of R\$381.5 million in 1Q20, increasing 16.0% over 1Q19. The EBITDA margin was 9.2%, up 0.4 p.p. over 1Q19.

In LTM1Q20, EBITDA totaled R\$1.8 billion, another all-time high, approximately 13.1% higher than in LTM1Q19. EBITDA margin of reached 10.3% in the 12 months ended March (+1.2 p.p. vs. LTM1Q19).

R\$ Million	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
Net income (loss)	271.2	-31.4	-963.2%	243.6	11.3%	318.8	-1,181.5	-127.0%
(+/-) Deferred income and social contribution taxes	18.9	2.0	845.0%	-166.3	n.a.	-131.8	-533.2	-75.3%
(+/-) Financial result	8.2	262.5	-96.9%	455.9	-98.2%	1,340.4	2,409.8	-44.4%
(+/-) Asset impairment	0.0	0.0	n.a.	0.0	n.a.	0.0	18.8	-1.0
(+/-) Depreciation and amortization	76.3	76.2	0.1%	65.1	17.1%	264.1	246.7	7.0%
(+/-) Other expense adjustments	6.9	19.5	-64.9%	5.0	38.1%	11.8	633.4	-98.1%
<b>EBITDA</b>	<b>381.5</b>	<b>328.8</b>	<b>16.0%</b>	<b>603.3</b>	<b>-36.8%</b>	<b>1,803.3</b>	<b>1,594.2</b>	<b>13.1%</b>
<b>EBITDA margin</b>	<b>9.2%</b>	<b>8.8%</b>	<b>0.4 p.p.</b>	<b>12.4%</b>	<b>-3.3 p.p.</b>	<b>10.3%</b>	<b>9.1%</b>	<b>1.2 p.p.</b>

## Financial result

The net financial result was a loss of R\$8.2 million in 1Q20. The strong depreciation of the real against the U.S. dollar in the period had a negative non-cash effect of R\$570.5 million on financial liabilities. However, as a result of Minerva Foods' hedge policy, we recorded an financial gain of R\$891.0 million in 1Q20 from financial instruments used for FX hedge, which protected our balance sheet in this scenario of huge exchange rate volatility.

R\$ Million	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
Financial expenses	-259.7	-215.7	20.4%	-245.3	5.9%	-995.7	-1,005.7	-1.0%
Financial income	22.7	17.8	27.5%	14.3	58.7%	69.3	87.6	-20.9%
Monetary correction	-23.9	20.5	n.a.	-84.1	-71.6%	-217.4	-4.2	50.6
FX variation	-570.5	-45.3	1,160.5%	2.8	n.a.	-815.5	-1,230.2	-33.7%
Other expenses (*)	823.2	-39.8	n.a.	-143.0	n.a.	619.0	-257.3	n.a.
<b>Financial result</b>	<b>-8.2</b>	<b>-262.4</b>	<b>-96.9%</b>	<b>-455.3</b>	<b>-98.2%</b>	<b>-1,340.4</b>	<b>-2,409.8</b>	<b>-44.4%</b>
Average dollar (R\$/US\$)	4.45	3.77	18.1%	4.11	8.2%	4.11	3.78	8.7%
Closing dollar (R\$/US\$)	5.20	3.90	33.4%	4.03	29.0%	5.20	3.90	33.4%

R\$ Million	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
FX hedge	891.0	-9.2	n.a.	-85.0	n.a.	906.0	104.0	771.2%
Commodities hedge	-18.9	0.9	n.a.	-7.0	n.a.	-35.9	-65.2	-44.9%
Fees, commissions and other financial expenses	-49.0	-31.5	55.6%	-51.0	-3.9%	-251.0	-296.0	-15.2%
<b>Total</b>	<b>823.1</b>	<b>-39.8</b>	<b>n.a.</b>	<b>-143.0</b>	<b>n.a.</b>	<b>619.1</b>	<b>-257.2</b>	<b>n.a.</b>

## Net Result

The Company recorded net income of R\$271.2 million in 1Q20 (versus a loss in 1Q19) and R\$318.8 million in LTM1Q20.

R\$ Million	1Q20	1Q19	% Chg	4Q19	% Chg	LTM1Q20	LTM1Q19	% Chg
Net income (loss) before income and social contribution taxes	290.1	-29.4	n.a.	77.3	275.2%	186.9	-1,714.6	n.a.
Income and social contribution taxes	-18.9	-2.0	857.9%	166.3	n.a.	131.8	533.2	-75.3%
<b>Net result</b>	<b>271.2</b>	<b>-31.4</b>	<b>n.a.</b>	<b>243.6</b>	<b>11.3%</b>	<b>318.8</b>	<b>-1,181.5</b>	<b>n.a.</b>
<b>% Net margin</b>	<b>6.5%</b>	<b>-0.8%</b>	<b>7.3 p.p.</b>	<b>5.0%</b>	<b>1.5 p.p.</b>	<b>1.8%</b>	<b>-7.2%</b>	<b>9.0 p.p.</b>

## Cash Flow

### Operating Cash Flow

In the first quarter of 2020, operating cash flow was a positive R\$1,711.0 million. The variation in working capital requirements was positive by R\$247.5 million in the quarter, led by the “Other payables” line, which totaled R\$754.2 million in the quarter, due to the positive variation of the “Advances from clients” line, as shown in the table below. On the other hand, the “Receivables”, “Inventories” and “Suppliers” lines consumed a total of R\$475.0 million. In the 12 months ended March, operating cash flow was positive by R\$3,229.5 million.

R\$ Million	1Q20	1Q19	4Q19	LTM1Q20
Net result	271.2	-31.4	243.6	318.8
(+) Net result adjustments	1,192.2	282.4	129.5	2,280.7
(+) Variation in working capital requirements	247.5	-11.7	-132.1	630.1
<b>Operating cash flow</b>	<b>1,711.0</b>	<b>239.3</b>	<b>241.0</b>	<b>3,229.5</b>

R\$ Million	1Q20	4Q19	Change
Advances from clients	1,750.0	1,008.5	741.5
Other	66.7	54.0	12.7
Other payables	1,816.7	1,062.5	754.2

### Free Cash Flow

Free cash flow after Capex, interest payments and working capital was positive by R\$904,6 million in 1Q20, considering the positive cash effect of R\$615.0 million from FX hedge, the Company recorded positive cash generation for the ninth consecutive quarter. In the 12 months ended March period, free cash flow was positive by R\$1,649.3 million, also considering the result from FX hedge

R\$ Million	1Q20	4Q19	3Q19	2Q19	LTM1Q20
EBITDA	374.7	598.3	454.5	363.9	1,791.4
Capex	-95.5	-63.2	-61.9	-68.5	-289.1
Financial result (on a cash basis)	-371.0	-316.0	-298.0	-295.0	-538.0
Variation in working capital requirements	247.5	-132.1	415.3	99.3	630.1
<b>Free cash flow to equity</b>	<b>897.7</b>	<b>87.1</b>	<b>509.9</b>	<b>99.7</b>	<b>1,594.4</b>
Non-recurring Items	6.9	5.0	0.0	43.0	54.9
<b>Recurring free cash flow to equity</b>	<b>904.6</b>	<b>92.1</b>	<b>509.9</b>	<b>142.7</b>	<b>1,649.3</b>

## Capital Structure

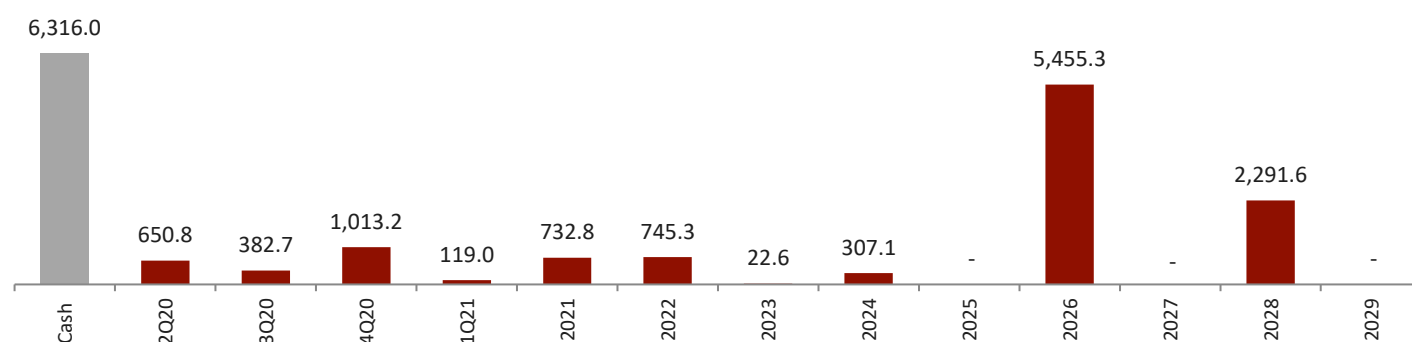
At the end of March 2020, Minerva’s cash and cash equivalents reached an all-time high of R\$6.3 billion, which is sufficient to amortize its debt through 2024 and is in line with Minerva Foods conservative cash management and capital discipline. At the end of the quarter, around 78% of gross debt was denominated in U.S. dollars. However, in accordance with our hedge policy, the Company hedges at least 50% of the long-term FX exposure, protecting our balance sheet against exchange volatility.

As announced earlier, the Company also used the proceeds from the share offering completed at the beginning of 2020 to amortize R\$1,669.7 million in debt in 1Q20, reducing the exposure to short-time liabilities to 18% of the total debt, in line with our strategy of managing indebtedness and improving our capital structure.

Net leverage, measured by the net debt/LTM EBITDA ratio, reached 2.99x on March 31, 2020, despite the significant depreciation of the real in the period (approximately 30%). The debt duration stood at around five years on 1Q20.

It is worth noting that the Company repurchased some 2026 Notes (debt instruments issued abroad) on the secondary market, that were being traded very below their face value. At the end of March, the Company had already repurchased around US\$22.2 million (approximately R\$115.4 million), considering the Notes’ face value.

**Figure 10 – Debt Amortization Schedule on 3/31/20  
(R\$ million)**



R\$ Million	1Q20	1Q19	% Chg	4Q19	% Chg
Short-term debt	2,165.7	2,882.6	-24.9%	2,867.6	-24.5%
% Short-term debt	18.5%	28.8%	-10.3 p.p.	27.4%	-8.9 p.p.
Local currency	818.6	783.3	4.5%	1,136.4	-28.0%
Foreign currency	1,347.1	2,099.3	-35.8%	1,731.2	-22.2%
Long-term debt	9,554.8	7,126.8	34.1%	7,610.1	25.6%
% Long-term debt	81.5%	71.2%	10.3 p.p.	72.6%	8.9 p.p.
Local currency	1,048.9	560.5	87.1%	1,049.1	0.0%
Foreign currency	8,505.9	6,566.4	29.5%	6,561.0	29.6%
Total debt <sup>(1)</sup>	11,720.5	10,009.4	17.1%	10,477.7	11.9%
Local currency	1,867.5	1,343.8	39.0%	2,185.5	-14.6%
Foreign currency	9,853.0	8,665.7	13.7%	8,292.2	18.8%
Cash and cash equivalents	6,316.0	3,863.0	63.5%	4,469.7	41.3%
Net proceeds of the offering				999.6	
Net debt <sup>(1) (2)</sup>	5,396.1	6,137.5	-12.1%	5,008.4	-10.1%
Net debt/ EBITDA (x)	2.99	3.8	-0.9	2.8	0.1

(1) Net debt includes FIDC subordinated shares totaling R\$8.4 million in 1Q20, R\$8.9 million in 1Q19 and R\$9.0 million in 4Q19.

(2) Considering the net proceeds of the offering after issuance costs in 4Q19

## Capex

Investments in fixed assets totaled R\$95.5 million in 1Q20, due to the conclusion of investments from 2019, of which R\$46.2 million went to maintenance of current operations and R\$49.5 million to expansion. In the 12 months ended March 2020, investments totaled R\$289.1 million.

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

R\$ Million	1Q20	4Q19	3Q19	2Q19	LTM1Q20
Maintenance	46.2	49.7	47.0	40.5	183.4
Expansion	49.3	13.5	14.9	28.0	105.7
<b>Total</b>	<b>95.5</b>	<b>63.2</b>	<b>61.9</b>	<b>68.5</b>	<b>289.1</b>

## Reduction in Capital Stock

On March 20, 2020, the Extraordinary Shareholders' Meeting approved a reduction of R\$380,209,948.20 in the Company's capital stock to absorb accumulated losses recorded in the 2019 Financial Statements. The reduction in the capital stock did not entail the cancellation of Company shares.

## COVID-19

Minerva Foods will invest R\$10 million in various initiatives to mitigate the effects of the COVID-19 pandemic in municipalities in Brazil and other countries, such as Argentina, Colombia, Paraguay and Uruguay, where its operations are located.

The Company will invest R\$8 million in Brazil, of which R\$6 million has already been allocated to the donation of the following items:

**FOOD**

- » 50 tons of protein (beef, canned products and meatballs)

**PERSONAL PROTECTION EQUIPMENT**

- » 55,000 masks
- » 40,000 pair of gloves
- » 20,000 uniforms (protective gowns and pants)
- » 3,000 protective caps and goggles

**ALCOHOL-BASED HAND SANITIZER (70% ALCOHOL)**

- » 20,000 liters of alcohol-based hand sanitizer (70% alcohol)

**MEDICINES AND HOSPITAL EQUIPMENT**

- » 13,000 medicines - IV fluids and dipyrone
- » 5,000 pieces of hospital equipment (thermometers, ventilators, needles and regulators)

The items described above were donated to the Municipal Health Departments in Araguaína/TO, Barretos/SP, Janaúba/MG, José Bonifácio/SP, Mirassol D'Oeste/MT, Palmeiras de Goiás/GO, Paranatinga/MT and Rolim de Moura/RO, as well as 39 nursing homes and other institutions located in these municipalities.

In addition to these donations, Minerva Foods rented five mobile ICUs to serve municipal hospitals in Janaúba/MG; Mirassol D'Oeste/MT, Palmeiras de Goiás/GO, Paranatinga/MT and Rolim de Moura/RO. The Company will also donate R\$250,000 to Hospital das Clínicas da Faculdade de Medicina da USP (University of São Paulo Hospital), in Ribeirão Preto/SP.

**INITIATIVES IN NEIGHBORING COUNTRIES**

Minerva Foods' social responsibility initiatives to mitigate the effects caused by the novel coronavirus pandemic were not limited to Brazil. Through its subsidiary Athena Foods, the Company carried out initiatives for the benefit of municipal health agencies and other institutions in the countries where it operates (Argentina, Colombia, Paraguay and Uruguay).

In Argentina, for example, the Company started producing alcohol-based hand sanitizer (70% alcohol) daily at its unit located in the Santa Fé Province. The output will be donated to the Anselmo Gamen hospital, located in Vila Governador Gálvez, which also received a mobile ICU donated by the Company. The municipal government of Vila Governador Gálvez also received pâtê and hamburgers to be donated to the local community, in addition to alcohol-based hand sanitizer (70% alcohol).

The Ciénaga de Oro Municipal Hospital, in the Córdoba Department, in northern Colombia, received uniforms, PPE and alcohol-based hand sanitizer (70% alcohol) from Athena Foods. Athena Foods also donated beef to the municipal government for distribution to socially vulnerable people.

In Paraguay, the Belén District Hospital, in the municipality of Concepción, received alcohol-based hand sanitizer (70% alcohol) and PPE, including uniforms, masks, gloves and goggles. The Company donated thermometers and furniture for the hospital waiting room. Athena Foods also donated PPE and cleaning kits to the federal government for distribution to the hospitals that most need them. The kits include alcohol-based hand sanitizer (70% alcohol), sodium

hypochlorite, drinking water, masks, gowns and goggles. The Company donated beef to the First Lady's Office, which will coordinate the delivery of meals to the most vulnerable neighborhoods, as part of Paraguay's solidarity campaign initiatives. The Company also produced alcohol-based hand sanitizer in its own laboratories for donation to employees.

The initiatives carried out by the Company in Uruguay include: donation of beef to schools, the solidarity initiative carried out by Instituto Turístico Hoteleiro do Uruguay (Uruguayan Hotel and Tourism Institute) and the NGO Gurises Unidos, in partnership with other companies, and the solidarity food project for the delivery of meals to needy children and families in the Uruguayan capital and in the city of Melo, in northern Uruguay, respectively; creation of a donation fund in partnership with the Uruguayan Livestock Producers Cooperative to carry out social initiatives, in which Athena Foods will make a financial contribution and will be responsible for coordinating the purchase of inputs and the subsequent donation to entities appointed by the Ministry of Social Development. Finally, the Company will also donate beef to the municipality of Rio Branco and deliver food baskets and weekly meals to needy families in the city of Paso Carrasco, located in Canelones state.

#### **INTERNAL PUBLIC**

Aware of the importance of guaranteeing food supply to the population, while combating the spread of the coronavirus, Minerva Foods has implemented a contingency plan with a series of measures to protect the health of its employees: adoption of remote work for employees in administrative areas, whenever possible; intense communication and training on personal hygiene initiatives for employees, with the provision of primers; prioritization of meetings and contact between units by electronic means; suspension of all international and domestic travel; cancellation of visits of people from other countries; availability of alcohol-based hand sanitizer containers in all units; monitoring of body temperature at the entrance of all plants; bringing forward the quadrivalent flu vaccination campaign to April; organization of production, in order to guarantee a safe distance between employees and avoid crowds; quarantine for employees over 55 years of age, pregnant women and people in risk groups due to weak immunity. The Company also acquired 7,000 COVID-19 rapid diagnostic tests for employees and is negotiating the acquisition of more units in the coming weeks.

## Subsequent Events

### Capital Increase as a Result of the Exercise of Subscription Warrants

	4/15/2020
Capital stock	R\$960,462,651.77
Issued shares	485,583,689
Outstanding warrants	121,372,166
Exercise price	6.42
Estimated capital increase (by 2021)	R\$779,209,306

## **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 March 31, 2020, the Company recorded gross sales revenue of R\$18.7 billion, 7% 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 three 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 period ended March 31, 2020, and the opinions expressed in the independent auditors' review report, hereby authorizing their disclosure.

## APPENDIX 1 - INCOME STATEMENT (CONSOLIDATED)

(R\$ thousand)	1Q20	1Q19	4Q19
Revenue from domestic sales	1,518,754	1,563,067	1,632,400
Revenue from exports	2,917,359	2,412,213	3,530,239
<b>Gross sales revenue</b>	<b>4,436,113</b>	<b>3,975,280</b>	<b>5,162,639</b>
Revenue deductions – taxes and other	-269,039	-247,667	-302,979
<b>Net operating revenue</b>	<b>4,167,074</b>	<b>3,727,613</b>	<b>4,859,660</b>
Cost of goods sold	-3,416,446	-3,067,004	-3,792,618
<b>Gross profit</b>	<b>750,628</b>	<b>660,609</b>	<b>1,067,042</b>
Selling expenses	-280,700	-257,547	-354,787
General and administrative expenses	-168,365	-160,962	-176,559
Other operating revenues (expenses)	-3,234	-9,047	-2,498
<b>Result before financial expenses</b>	<b>298,329</b>	<b>233,053</b>	<b>533,198</b>
Financial expenses	-259,741	-215,675	-245,329
Financial income	22,729	17,832	14,321
Monetary correction	-23,862	20,485	-84,081
FX variation	-570,496	-45,261	2,783
Other expenses	823,155	-39,866	-143,601
<b>Financial result</b>	<b>-8,215</b>	<b>-262,485</b>	<b>-455,907</b>
<b>Result before taxes</b>	<b>290,114</b>	<b>-29,432</b>	<b>77,291</b>
Income and social contribution taxes - current	-17,455	-17,679	-64,880
Income and social contribution taxes - deferred	-1,454	15,705	231,211
<b>Result before non-controlling interest</b>	<b>271,205</b>	<b>-31,406</b>	<b>243,622</b>
Controlling shareholders	271,205	-31,406	243,622
<b>Net income (loss)</b>	<b>271,205</b>	<b>-31,406</b>	<b>243,622</b>

## APPENDIX 2 - BALANCE SHEET (CONSOLIDATED)

(R\$ thousand)	1Q20	4Q19
<b>ASSETS</b>		
Cash and cash equivalents	6,315,986	4.469.687
Accounts receivable from clients	2,026,787	1.778.214
Inventories	789,047	714.565
Biological assets	273,409	235.773
Taxes recoverable	795,337	763.227
Other receivables	365,213	307.818
<b>Total current assets</b>	<b>10,565,779</b>	<b>8.269.284</b>
Taxes recoverable	179,387	179.387
Deferred tax assets	428,867	426.386
Other receivables	14,071	13.348
Judicial deposits	23,044	24.550
Fixed assets	4,103,954	3.632.800
Intangible assets	766,194	687.982
<b>Total non-current assets</b>	<b>5,515,517</b>	<b>4.964.453</b>
<b>Total assets</b>	<b>16,081,296</b>	<b>13.233.737</b>
<b>LIABILITIES</b>		
Loans and financing	2,165,703	2,867,602
Commercial leasing	9,174	6,990
Suppliers	1,271,865	1,362,369
Labor and tax liabilities	368,768	330,265
Other payables	1,814,996	1,060,774
<b>Total current liabilities</b>	<b>5,630,506</b>	<b>5,628,000</b>
Loans and financing	9,554,776	7,610,124
Commercial leasing	42,179	39,457
Labor and tax liabilities	64,167	64,776
Provision for contingencies	40,719	38,272
Accounts payable	1,716	1,753
Deferred tax liabilities	167,559	133,017
<b>Total non-current liabilities</b>	<b>9,871,116</b>	<b>7,887,399</b>
<b>Shareholders' equity</b>		
Capital stock	904,732	282,017
Capital reserves	118,271	118,271
Revaluation reserves	50,226	50,614
Accumulated profit (loss)	271,593	-380,210
Treasury shares	-32,695	-32,695
Equity valuation adjustments	-732,453	-319,659
<b>Total shareholders' equity attributed to controlling shareholders</b>	<b>579,674</b>	<b>-281,662</b>
<b>Total shareholders' equity</b>	<b>579,674</b>	<b>-281,662</b>
<b>Total liabilities and shareholders' equity</b>	<b>16,081,296</b>	<b>13,233,737</b>

## APPENDIX 3 – CASH FLOW (CONSOLIDATED)

(R\$ thousand)	1Q20	1Q19	4Q19
<b>Cash flow from operating activities</b>			
Net income (loss)	271,205	-31,406	243,622
<b>Reconciliation of net income to net cash provided by operating activities:</b>			
Depreciation and amortization	76,321	76,241	65,149
Estimated loss on doubtful accounts	3,329	0	5,651
Proceeds from the sale of fixed assets	198	837	478
Fair value of biological assets	1,324	-10,909	-36,977
Realization of deferred taxes – temporary differences	1,454	-15,705	-231,211
Financial charges	259,741	215,675	245,329
FX variation – not realized	823,567	40,345	-3,092
Monetary correction	23,862	-20,485	84,081
Provision for contingencies	2,447	-3,561	54
Accounts receivable from clients and other receivables	-310,020	200,879	-164,624
Inventories	-74,482	-55,697	23,052
Biological assets	-38,960	-22,624	9,097
Taxes recoverable	-32,110	130,560	-18,186
Judicial deposits	1,506	-3,159	2,869
Suppliers	-90,504	-86,811	359,268
Labor and tax liabilities	37,894	22,656	-4,595
Other payables	754,185	-197,495	-338,975
<b>Cash flow from operating activities</b>	<b>1,710,957</b>	<b>239,341</b>	<b>240,990</b>
<b>Cash flow from investing activities</b>			
Acquisition of intangible assets	-3,663	-2,668	-12,408
Acquisition of fixed assets	-91,865	-25,181	-50,783
<b>Cash flow from investing activities</b>	<b>-95,528</b>	<b>-27,849</b>	<b>-63,191</b>
<b>Cash flow from financing activities</b>			
Loans and financing raised	272,425	139,634	1,592,436
Loans and financing settled	-1,669,745	-893,786	-1,089,056
Commercial leasing	-2,119	-1,671	-10,973
Capital payment in cash	1,052,735	65	172,065
Transition cost on the issuance of shares	-49,810	0	0
<b>Cash flow from financing activities</b>	<b>-396,514</b>	<b>-755,758</b>	<b>664,472</b>
FX variation on cash and cash equivalents	620,359	10,299	13,246
<b>Net increase/decrease in cash and cash equivalents</b>	<b>1,846,299</b>	<b>-533,967</b>	<b>855,517</b>
Cash and cash equivalents			
Beginning of period	4,469,687	4,396,985	3,614,170
End of period	6,315,986	3,863,018	4,469,687
<b>Net increase/decrease in cash and cash equivalents</b>	<b>1,846,299</b>	<b>-533,967</b>	<b>855,517</b>

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

Athena Foods' gross revenue totaled US\$416.2 million in 1Q20, an increase of 1.4% over 1Q19.

Athena Foods' EBITDA amounted to US\$32.1 million in 1Q20, with an EBITDA margin of 8.0%, while net income stood at US\$20.4 million.

### EBITDA Athena Foods

EBITDA (US\$ million)	1Q20	4Q19	% Chg	1Q19	% Chg
Gross Revenue	416.2	546.0	-23.8%	410.5	1.4%
EBITDA	32.1	46.9	-31.6%	35.9	-10.6%
EBITDA margin (%)	8.0%	9.0%	-1.0 p.p.	9.1%	-1.0 p.p.
Net Income	20.4	7.8	160.7%	15.6	30.7%

**APPENDIX 5 – EXCHANGE RATE**

	1Q20	1Q19	4Q19
(USD- Closing)			
<b>Brazil (BRL/USD)</b>	5.20	3.92	4.11
<b>Paraguay (PYG/USD)</b>	6,563.00	6,187.00	6,447.20
<b>Uruguay (UYU/USD)</b>	43.10	33.47	38.15
<b>Argentina (ARS/USD)</b>	64.40	43.39	59.77
<b>Colombia (COP/USD)</b>	4,055.75	3,188.38	3,386.73