minerva foods

INDUSTRY OVERVIEW 4Q21 and 2021

Barretos, February 21, 2022 – 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. The Company currently has a daily slaughtering capacity of 26,180 head of cattle and a daily beef deboning capacity equivalent to 27,800 head of cattle. Present in Brazil, Paraguay, Argentina, Uruguay and Colombia, Minerva operates 25 slaughter and deboning plants and 3 processing plants.

HIGHLIGHTS BY COUNTRY

Brazil

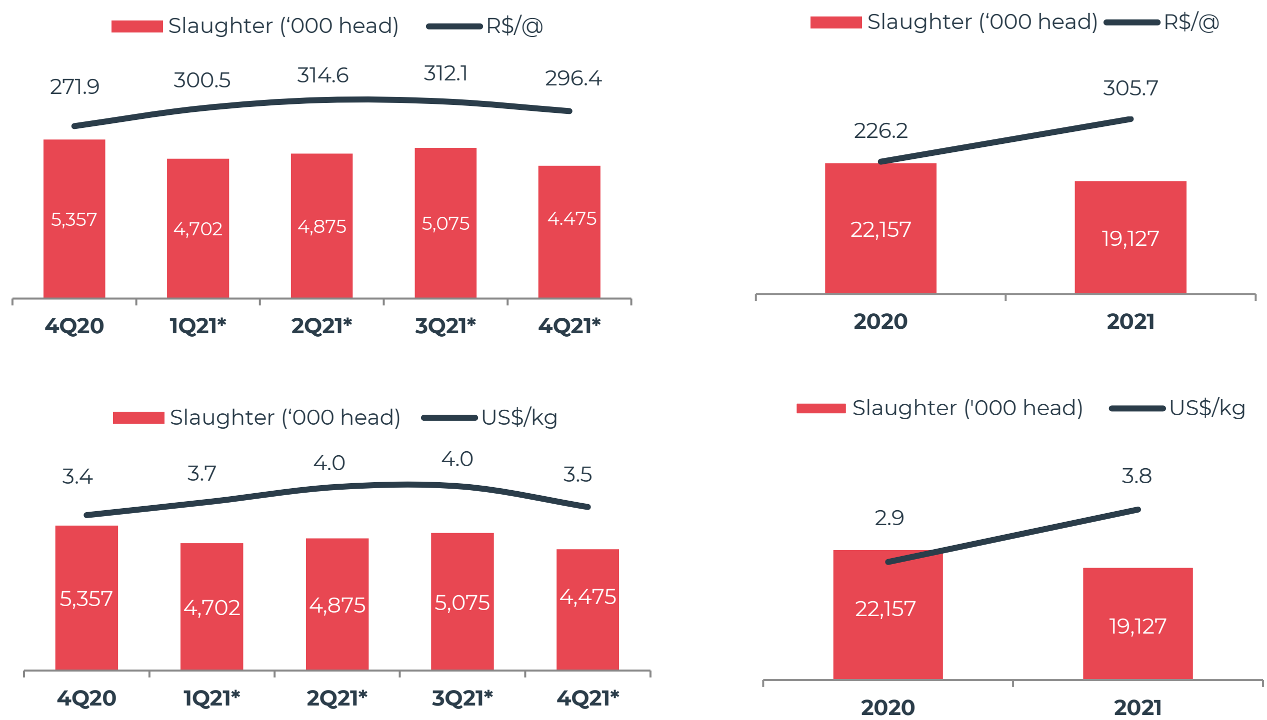
Cattle Supply

In the fourth quarter of 2021, around 4.5 million head of cattle were slaughtered in Brazil, down 12% quarter on quarter and 16% year on year. In 2021, 19 million head of cattle were slaughtered, down 14% year on year. The lower slaughter level was due to the retention of cows and the lower availability of animals for slaughter over the year.

The arroba price (indicator: Finished Cattle ESALQ/BM&F - state of São Paulo) averaged R$296.4/@, down 5% quarter on quarter, as a result of restricted exports to China at the close of the year. In 2021, cattle price averaged R$305.7/@, up 35% over 2020, due to the lower availability of animals ready for slaughter.

Average cattle price in dollars was US$3.5/kg, down 11% quarter on quarter. In the year, the average price was US$3.8/kg.

Figures 1, 2, 3 and 4 – Cattle Slaughter and Average Cattle Price – R$/@ and US$/kg



Source: Ministry of Agriculture, Livestock and Supply, CEPEA/ESALQ |

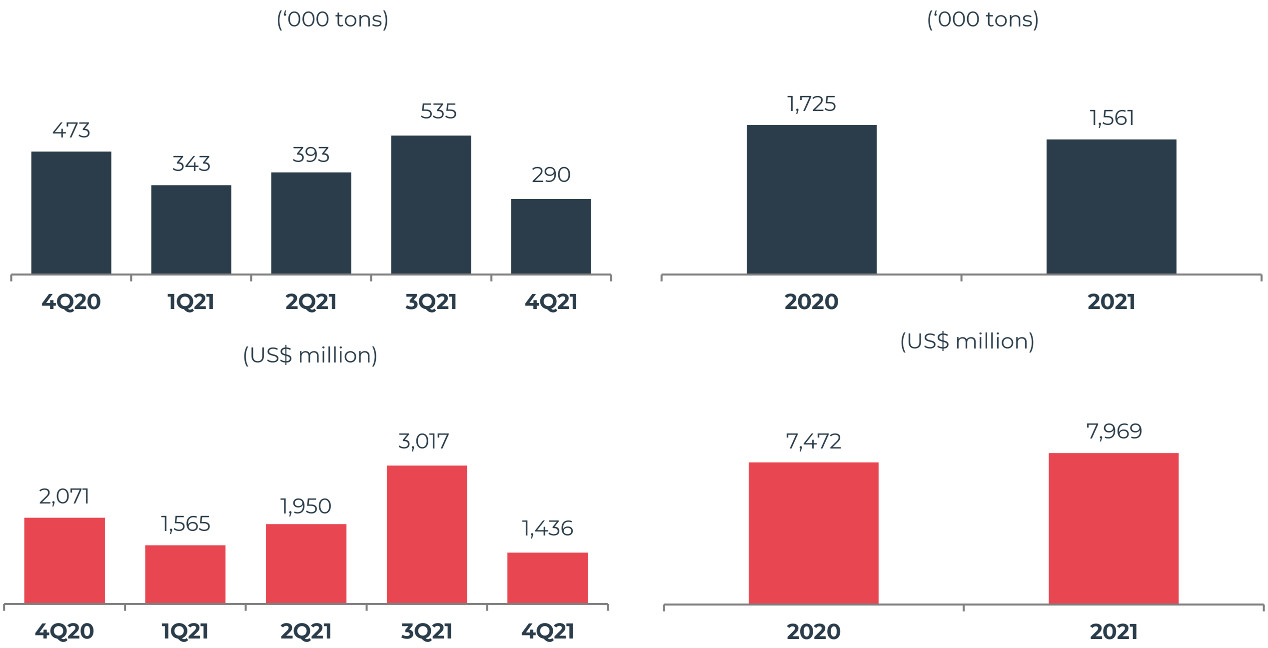
** 1Q21, 2Q21, 3Q21 and 4Q21 projections made by the Company, official data not yet available.*

Export Market

In the fourth quarter of 2021, Brazilian beef exports reached 290,000 tons, down 46% quarter on quarter and 39% year on year. In 2021, exports totaled 1.6 million tons, down 10% from 2020, mainly due to the suspension of exports to China for approximately 3 months, starting September and resuming in mid-December.

In 4Q21, export revenue came to US$1.4 billion, down 52% quarter on quarter and 31% year on year, impacted by the Chinese market restriction. In 2021, revenue from exports was US$8.0 billion, up 7% over 2020.

Figures 5, 6, 7 and 8 – Fresh Beef Exports



Source: Ministry of Development, Industry and Foreign Trade | Preliminary Export Data

Average beef prices in dollar reached US$5.0/kg, up 13% year on year in 4Q21. Average beef prices in reais were R$27.7/kg, up 17% year on year.

Figure 9 – Average Fresh Beef Price

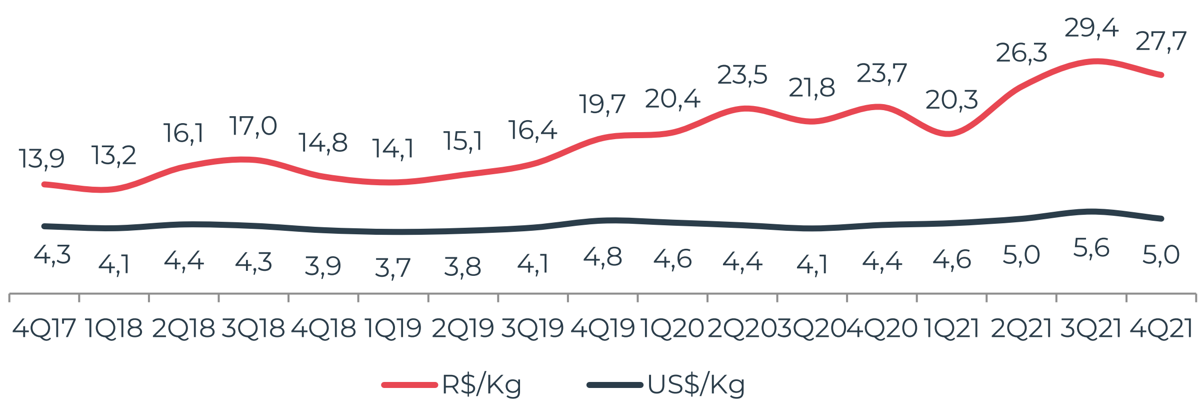
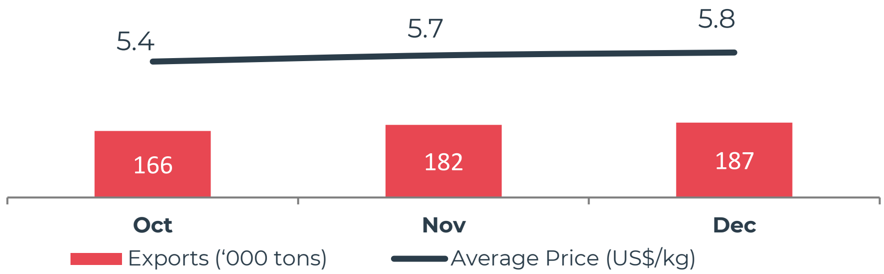


Figure 10 – Brazilian Fresh Beef Exports

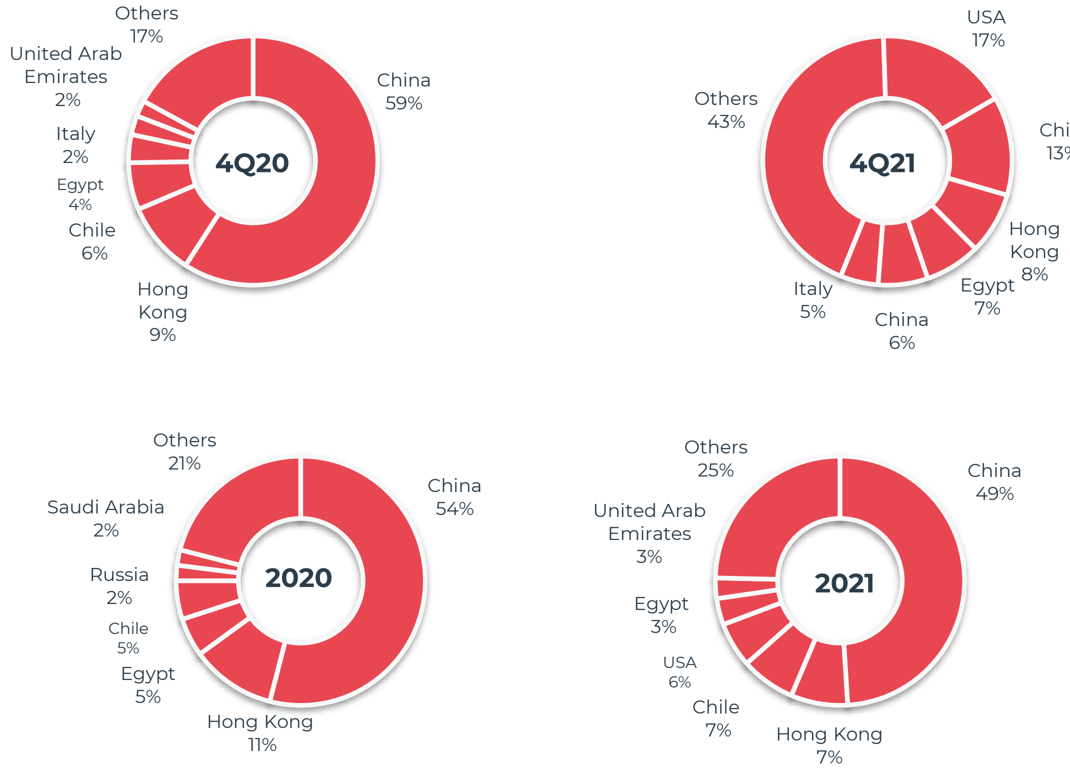


Source: Ministry of Development, Industry and Foreign Trade

In 4Q21, the U.S. was the main destination of Brazilian beef exports, accounting for a 17% share – a major growth year on year. Chile was the second main destination, accounting for 13% of exports, followed by Hong Kong, with 8% of total exports. China – which resumed exports only in mid-December – accounted for a 6% share of the Brazilian exports in the period.

In 2021, China consolidated itself as the main destination of Brazilian beef exports with a 49% share, followed by Hong Kong and Chile (with a 7% share each), and the U.S. (with 6% of total exports).

Figures 11, 12, 13 and 14 – Export Destinations (% of Revenue)

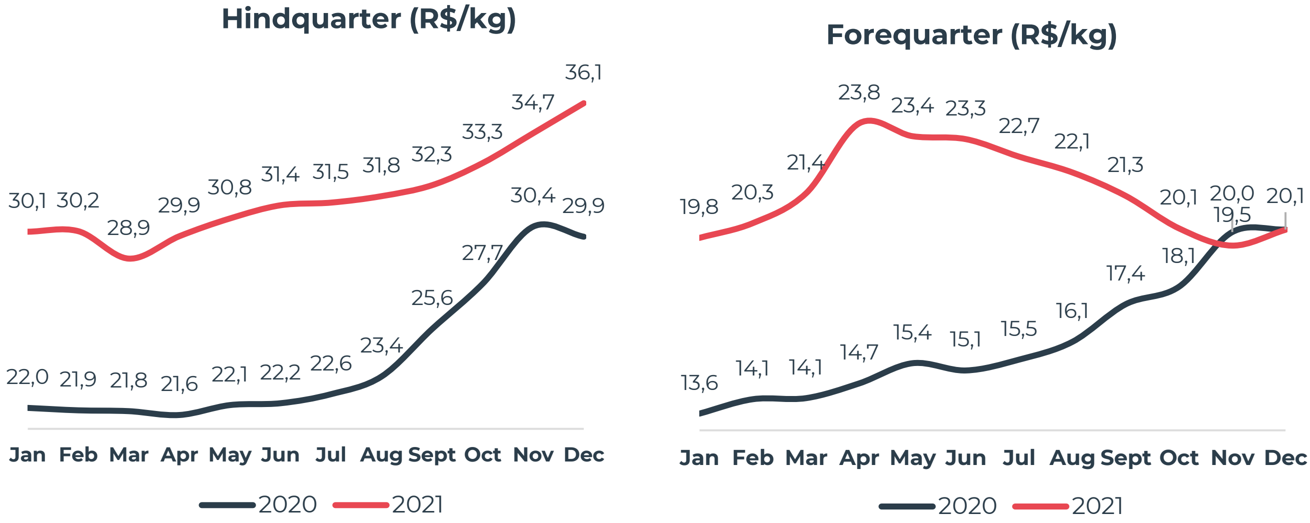


Source: Ministry of Development, Industry and Foreign Trade

Domestic Market

In the fourth quarter of 2021, the Brazilian domestic market saw a good performance mostly in hindquarter cuts, as shown below. We point out the seasonal beef consumption, which increased in the second half and mainly at the end of the year, due to the vacation and the year-end holiday season.

Figures 15 and 16 – Forequarter and Hindquarter Cut Prices



Source: Scot Consultoria

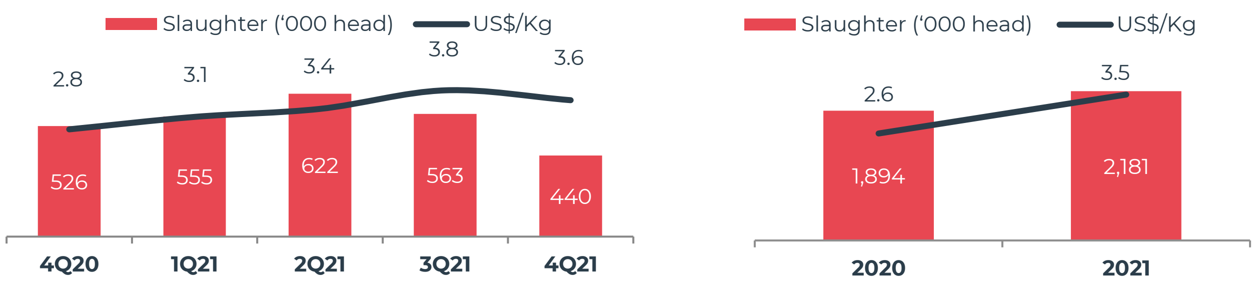
Paraguay

Cattle Supply

In 4Q21, 440,000 head of cattle were slaughtered in Paraguay, down 22% quarter on quarter and 16% year on year. The lower slaughter in Paraguay was due to the severe drought that affected the country in recent months. In 2021, 2.2 million head of cattle were slaughtered in the country, up 15% year on year.

Cattle prices averaged US$3,6/kg in the fourth quarter of 2021, down 7% quarter on quarter. In 2021, the arroba price averaged US$3.5/kg.

Figures 17 and 18 – Cattle Slaughter and Average Cattle Price



Source: OCIT – Oficina Consultiva y de Investigación Técnica | 4Q21 Preliminary Data

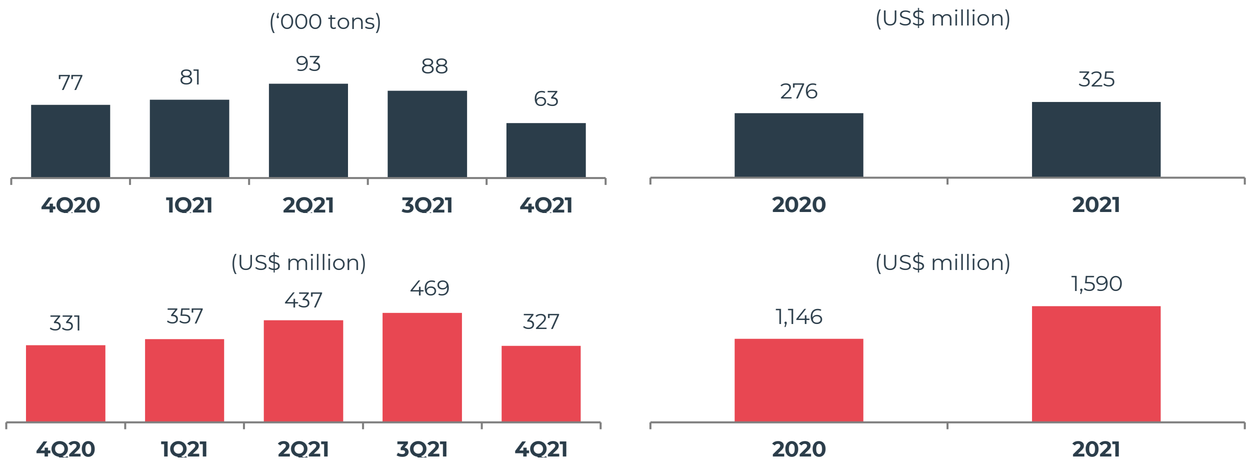
Export Market

In 4Q21, Paraguayan beef exports reached 63,000 tons, down 29% from 3Q21 and 18% from 4Q20, due to the lower slaughter level. In the year, export revenue totaled US$1.6 billion, up 39% over 2020.

In 4Q21, Chile continued to be the main destination of Paraguayan beef exports, with 46% of the total, followed by Russia, with 17%, and Taiwan with 12% of total exports.

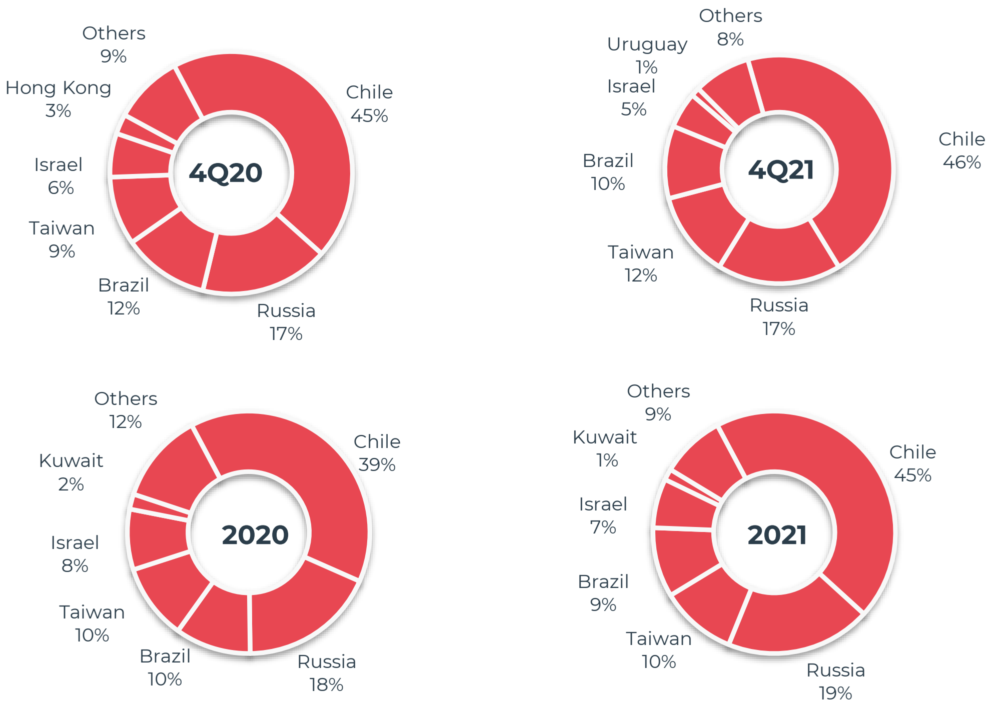
In 2021, Chile was the main destination of Paraguayan beef exports, with 45% of the total, followed by Russia, with a 19% share, and Taiwan, with 10% of the country's beef exports.

Figures 19, 20, 21 and 22 – Fresh Beef Exports



Source: OCIT – Oficina Consultiva y de Investigación Técnica

Figures 23, 24, 25 and 26 – Export Destinations (% of Revenue)



Source: OCIT – Oficina Consultiva y de Investigación Técnica

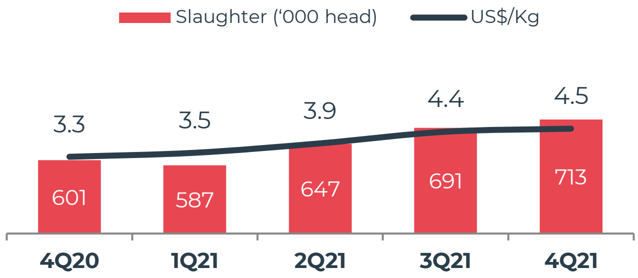
Uruguay

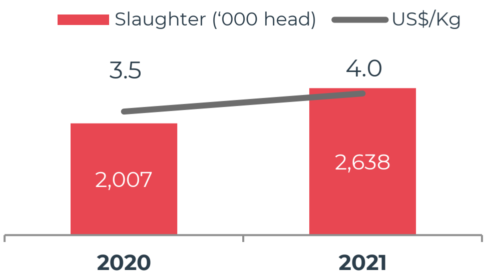
Cattle Supply

In 4Q21, 713,000 head of cattle were slaughtered in Uruguay, up 3% quarter on quarter and 19% year on year. In 2021, approximately 2.6 million head of cattle were slaughtered in Uruguay, up 31% year on year, reflecting the greater availability of animals ready for slaughter.

Cattle prices averaged US$4.5/kg in the fourth quarter of 2021 and US$4.0/kg in the year.

Figures 27 and 28 – Cattle Slaughter and Average Cattle Price





Source: INAC

Export Market

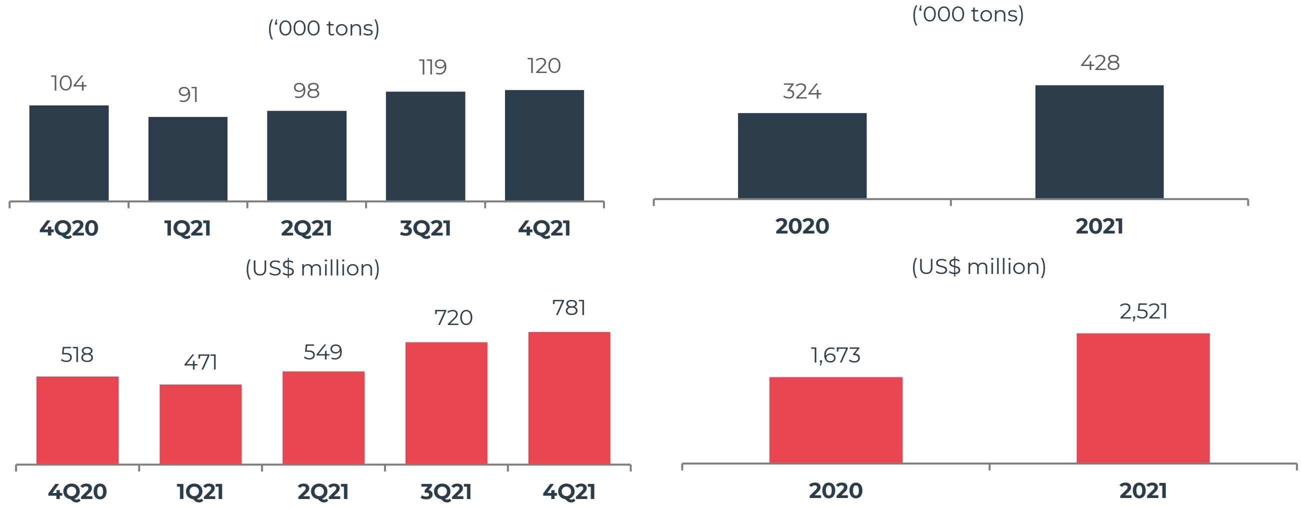
Uruguayan exports totaled 120,000 tons in the fourth quarter of 2021, up 2% quarter on quarter and 16% year on year. In 2021, Uruguayan exports totaled 428,000 tons, up 32% year on year.

Revenue was US$781 million in 4Q21, up 8% over the previous quarter and 51% over 4Q20. In 2021, export revenue was US$2.5 million, increasing by 51% year on year.

In 4Q21, China continued to be the main destination of Uruguayan exports, accounting for a 67% share, reflecting the restrictions China imposed on the Brazilian beef exports, which drove the Chinese demand for Uruguayan beef. The U.S. was the second main destination of Uruguayan beef, with 8% of total exports, followed by the Netherlands, with a 6% share.

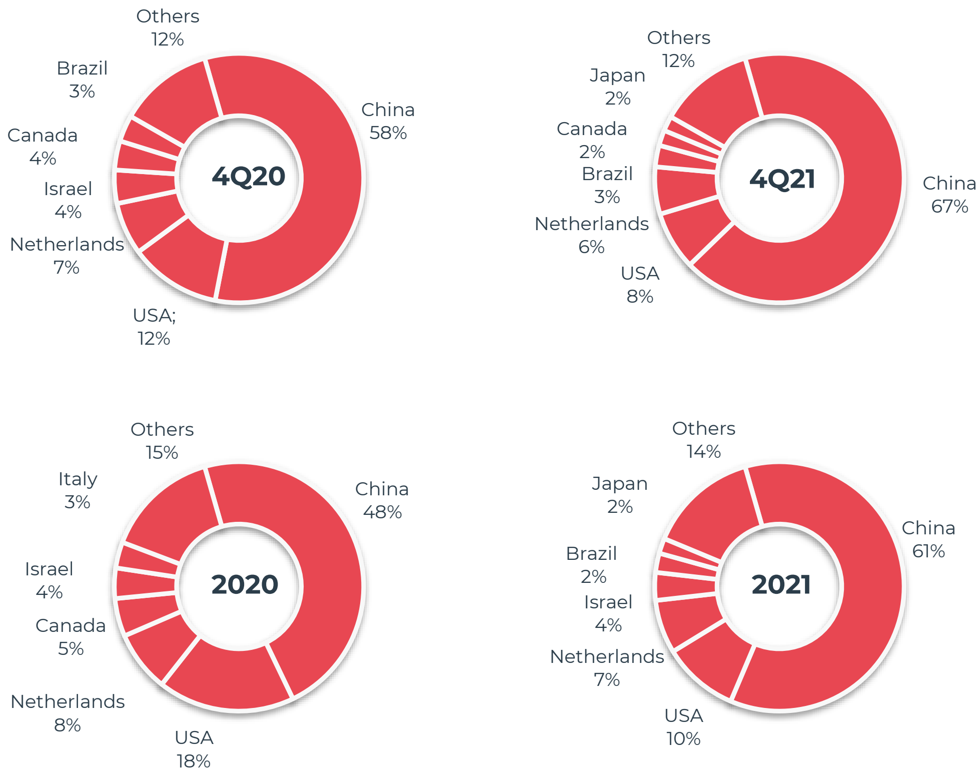
In 2021, China was also the main destination of Uruguayan beef, with a 61% share, followed by the U.S., with 10% of total exports. The third main destination was the Netherlands, with a 7% share.

Figures 29, 30, 31 and 32 – Fresh Beef Exports



Source: Penta-transaction

Figures 33, 34, 35 and 36 – Export Destinations (% of Revenue)



Source: Penta-transaction

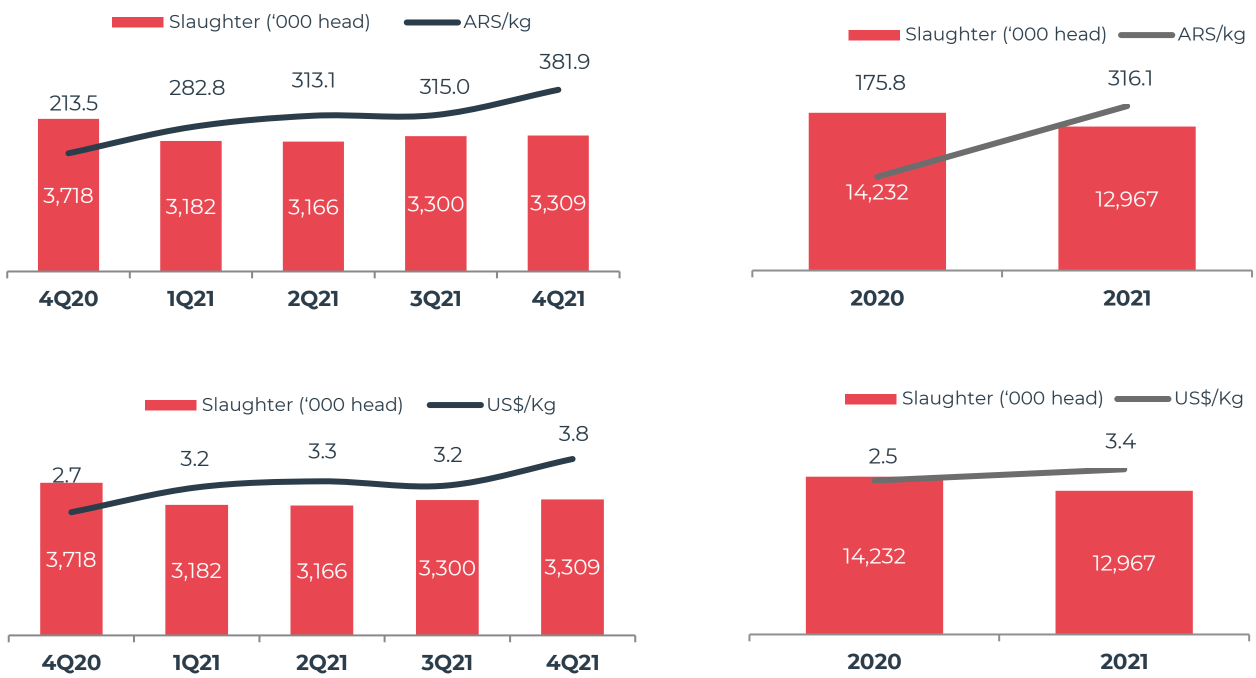
Argentina

Cattle Supply

In the fourth quarter of 2021, 3.3 million head of cattle were slaughtered in Argentina, flat quarter on quarter and down 11% year on year. In the year, 13.0 million head of cattle were slaughtered in the country, down by approximately 9% over 2020, reflecting the temporary restrictions imposed on Argentina's beef exports over the year.

The average price of cattle in Argentina reached ARS$381.9/kg in 4Q21. Average cattle prices in dollars reached US$3.8/kg. In the year, average cattle prices totaled ARS 316.1/kg or US$3.4/kg.

Figures 37, 38, 39 and 40 – Cattle Slaughter and Average Cattle Price – ARS/kg and US$/kg

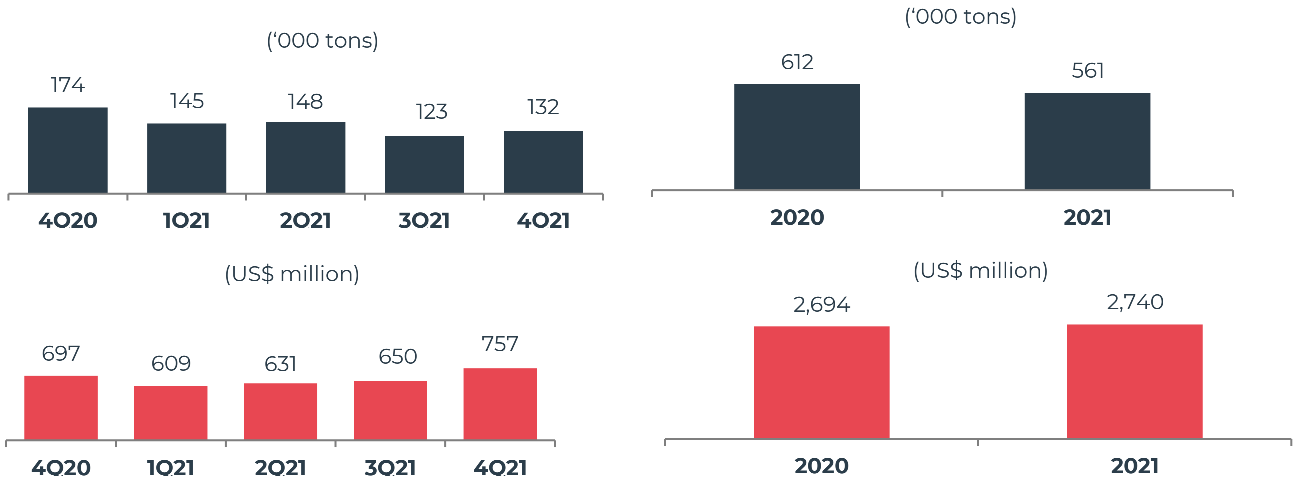


Source: ABC Consortium | 4Q21 Preliminary Data

Export Market

In the fourth quarter, Argentina exports totaled 132,000 tons, up 7% over the previous quarter. In 2021, Argentina exports reached 561,000 tons, being impacted by the temporary restrictions throughout the period. Export revenue came to US$757 million in 4Q21, up 16% quarter on quarter and 9% year on year. In 2021, Argentina's export revenue amounted to US$2.7 billion, with a slight increase over 2020.

Figures 41, 42, 43 and 44 – Fresh Beef Exports

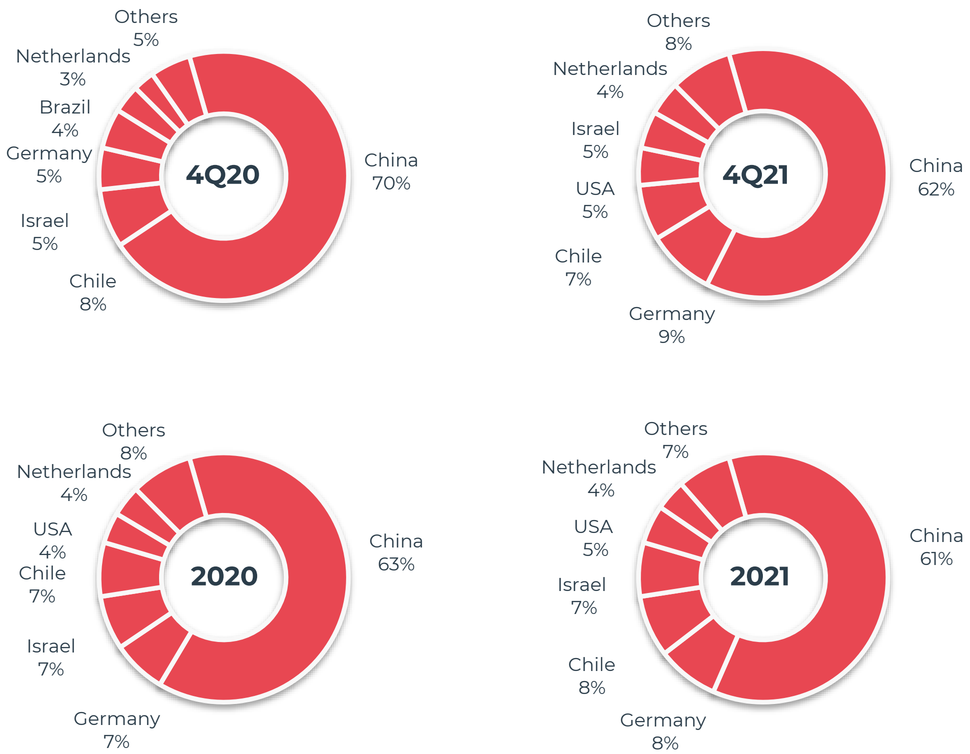


Source: INDEC | 4Q21 Preliminary Data

China remained the main destination of Argentina's total beef exports, with 62% of the total. Germany was the second main destination, with 9% of total exports, followed by Chile, with 7%, and the U.S., with a 5% share.

In the year, China was also the main destination of Argentina's beef exports, with 61% of the total. Germany and Chile were the second main destinations, with a share of 8% each, followed by Israel, with 7% of Argentina's total beef exports.

Figures 45, 46, 47 and 48 – Export Destinations (% of Revenue)



Source: *INDEC - Instituto Nacional de Estadística y Censos | 4Q21 Preliminary Data*

Domestic Market

Argentina's domestic market continues to reflect the economic recession it slipped into a few years ago. As a result of the recession, Argentinians' purchasing power continues to be negatively impacted, encouraging a shift to lower-valued added products, such as hamburgers, breaded products, sausages and pâtés.