MANAGEMENT REPORT
JBS 2019

JBS

“To be the best in all that we do, completely focused on our business, ensuring the best products and services to our customers, a relationship of trust with our suppliers, profitability for our shareholders and the opportunity of a better future for all of our team members.” – JBS Mission

A MESSAGE FROM THE PRESIDENT

Today we disclose the results of JBS for 2019. In the middle of so much news that makes us apprehensive, it is very important that we look at and understand the importance of our work and the strength we have when we are united and focused towards the same goal. In the midst of an issue that concerns everyone worldwide, I am grateful for being able to count on and also support each of our collaborators and partners. I am very proud of everything we are doing in each one of our business units and how we face the challenges of each day.

What we do now is reflected in what we will be tomorrow and in the future. The results we present today are a clear demonstration of this. We had an excellent financial result and an expressive evolution of our operation in 2019. The strong commitment of the leadership and the more than 242 thousand employees of the company, combined with a focus towards operational excellence, innovation and sustainability, led us to achieve the best level in our history.

This achievement reflects the strength of our production platform diversified by product type: beef, pork, chicken, sheep and processed products, and by geography, we have production operations in several countries on 4 continents: United States, Brazil, Canada, Mexico, Australia, United Kingdom, France and Italy - and what is important, we have scale in all business segments in which we operate: we are either the leader or we are the second producer.

In line with our strategic direction, the value added and branded segment has evolved rapidly. Our brands have gained important points in consumer preference, which has allowed them to increase penetration in homes, as well as increased repeat purchases by consumers. All of this, combined with the focus on developing strategic relationships with key customers, has allowed for important gains in market share.

Innovation has played a fundamental role in our strategy and has collaborated greatly in increasing margins, gaining consumer preference and attracting new customers and consumers. Today we have an extraordinary R&D team. We have made investments in innovation centers, we have assembled a global team to accelerate innovation and follow market trends, prioritize platforms and technologies. All this to amaze an increasingly demanding and more selective consumer.

As a practical example I mention the global meatless platform - a complete portfolio of vegetable protein products. In Brazil, where we began, Seara launched the Incrível line - 100% vegetable, which has the exclusive "biomolecule i", the only one in the Brazilian market to give flavor and texture to the segment's products. This segment, which is also called “Plant Based”, has grown in all markets. JBS will also be an important player in this category, in all markets in which we currently participate.

We ended this year in the best financial position in the company's history. Thanks to robust cash generation, combined with new bond issuances, the company reduced its net debt and financial leverage, prepaid existing agreements and increased its average debt term to 6.5 years.

In sustainability, we take on the challenge of producing food with the least possible environmental impact through the efficient use of resources - which has helped us to transform JBS not only into a benchmark in several aspects, but also a leader in advancing the practices of this sector.

We were recognized at the beginning of the year as the most sustainable company in the Americas, according to the largest and most respected global platform for corporate sustainability information, CDP. Our indicators on climate change, water resources and forests were better than the average of the main companies in the sector that operate in the largest animal protein markets.

In the area of compliance, we invest in actions aimed at building a culture of compliance, believing in the role of each employee as a multiplier of good practices. We conducted more than 45 thousand hours of training in compliance practices in Brazil in 2019, and trained more than 16 thousand employees on the Anti-Corruption subject, with a primary focus on the company's top leadership and administrative positions. In addition, we performed 9 thousand due diligences on suppliers, including not only the assessment of their past, but also of their respective partners, providing greater reliability in the hiring of third parties.

Growth is part of our DNA. In addition to investments in organic growth, we remained active in the search for acquisitions that generate economic and strategic value. In this sense, we acquired Bunge's margarine business in Brazil (under analysis by CADE). Still in Brazil, we acquired the pork plant Seberi and Marba, a traditional mortadella production company in São Paulo. In the United Kingdom, through Pilgrim's, we incorporated the leader in the production of pork and prepared foods, Tulip. More recently, we announced the acquisition of the American company Empire Packing, specialized in the processing of packaged beef and pork.

I believe that this year's results confirm the company's operational excellence, the evolution in product innovation, in building a portfolio of added value products and brands, and in sustainability.

Important skills for those who want to accelerate growth and improve margins. The world has less protein production than previous years due to sanitary problems in Asia. We are now facing a worldwide pandemic caused by the Corona virus. Food supplies are essential at this critical time.

We have a noble mission to feed people around the world. Ensuring the supply of food is essential at this critical time and we will keep operations running smoothly, with great care and arrangements so that our Team is safe and ready to feed the population at the time when it most needs to take care of its health.

We are confident that all this will pass and even more secure that, if we do our part looking at each market, each customer, looking for innovative solutions and with a focus on doing our best, we will be guaranteeing the continuity of our business and the growth of JBS and everyone who works with us.

I thank all of our employees, producers and business partners for what we achieved in 2019, for what we are achieving this year and knowing that, without everyone's engagement, none of this would be possible.

I count a lot on the commitment and dedication of everyone and I am fully engaged so that we continue with our mission, feeding the world and doing our best every day.

Gilberto Tomazoni
JBS GLOBAL CEO

ABOUT JBS & HIGHLIGHTS FROM 2019

COMPANY PROFILE

JBS S.A. is a food company with more than 60 years of tradition and a global leader in the processing of animal protein. Present in more than 15 countries, the Company serves more than 275,000 customers in more than 190 countries through a widely diversified portfolio of products and brands.

Headquartered in Brazil, JBS employs more than 242,000 people throughout its production platforms and sales offices. The operational structure includes beef, pork, poultry, lamb and hides/leather processing facilities, in addition to bovine and ovine feedlots.

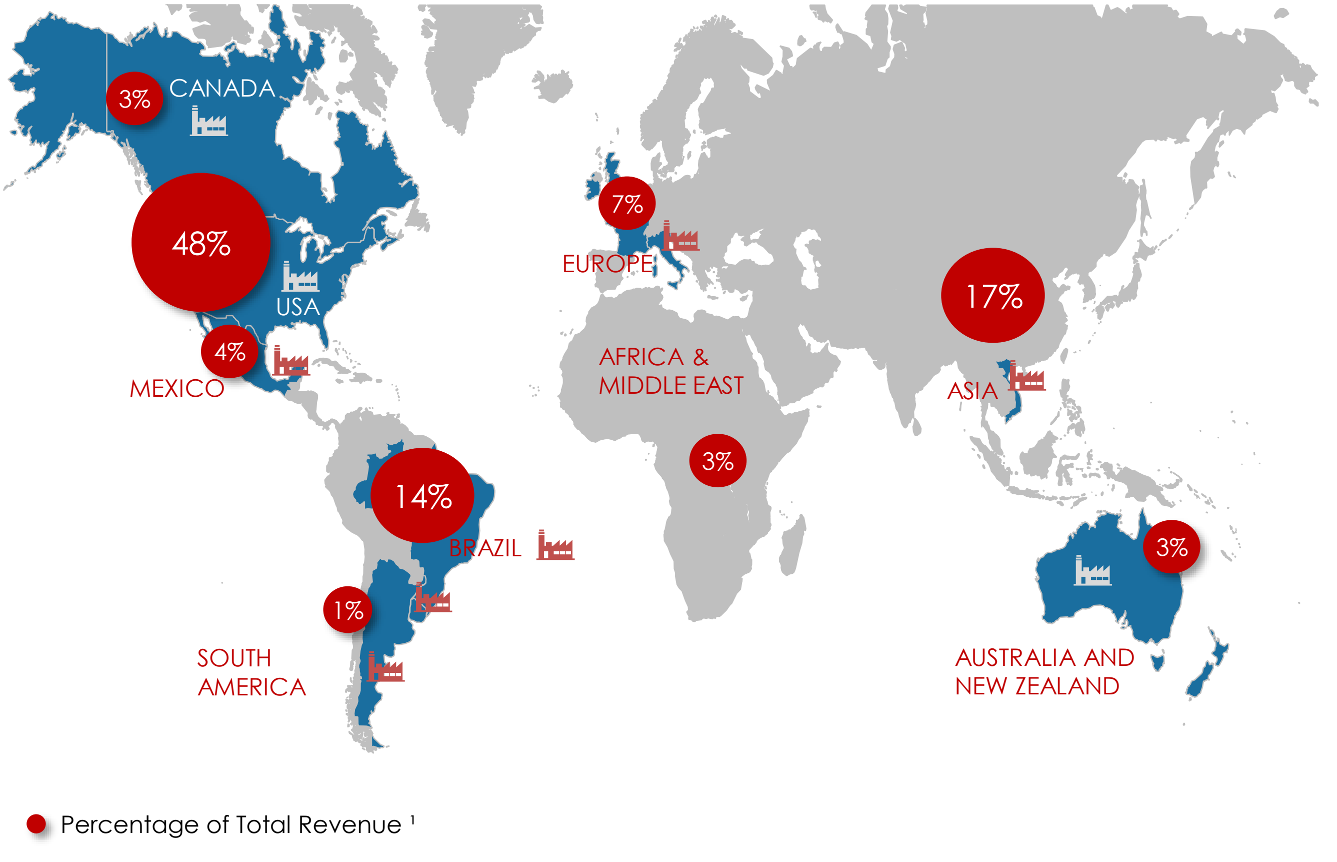
Besides the Food Sector, JBS is present in the segments of Hygiene & Personal Care Products, Collagen, Can Making, Sausage Casings, Biodiesel, Transportation, Waste Management and Recycling.

JBS operates through five business units throughout the world, as follows:

- **JBS Brazil**: beef and leather production in Brazil; related businesses operations in Brazil.
- **Seara**: poultry and pork processing and production of prepared products in Brazil.
- **JBS USA Beef:** beef processing and prepared foods production in the United States, Australia and Canada.
- **JBS USA Pork:** pork processing and prepared foods production in the United States.
- **Pilgrim's Pride:** poultry and pork processing and prepared foods production in the United States, Europe and Mexico.

GLOBAL PRODUCTION AND SALES PLATFORM

More than 400 production units and sales offices in more than 15 countries



Note 1. Revenue by region considers domestic sales and imports.

INVESTMENTS AND CORPORATE EVENTS

On march 28th, 2019, JBS subsidiary Swift Beef Company purchased Omaha, Nebraska-based Imperial American Wagyu Beef LLC, adding the breed to its portfolio of specialty brands for US$4.0 million, subject to working capital adjustments.

On April 2nd, 2019, the Company announced US$1.5 billion in liability management, through the reopening of the senior notes maturing in January 2026, issued by its subsidiary JBS Investments II GmbH, as announced to the market on October 18, 2018, for a total amount of US$500 million, in addition to the pricing of the 6.50% per annum senior notes maturing in 2029, for a total amount of US$1.0 billion issued by its subsidiaries JBS USA Lux S.A., JBS USA Finance, Inc. and JBS USA Food Company.

On April 26th, 2019, JBS announced that its controlled entity Seara Alimentos Ltda. signed, on April 25, 2019, with Adelle Indústria de Alimentos Ltda. and other guarantor parties, a Sale and Purchase of Assets and Other Adjustments' Agreement to acquire a pork processing plant, including its integration system, located in the city of Seberi, state of Rio Grande do Sul. The acquisition price of the assets was R$ 235 million and was paid by Seara as follows: (i) R$ 80 million through a transfer of the Frederico Refrigerated Pork Plant, located in the city of Frederico Westphalen, state of Rio Grande do Sul; (ii) R$ 115 million through debt assumption; and (iii) R$ 40 million in local currency. The transaction was concluded on August 1st, 2019.

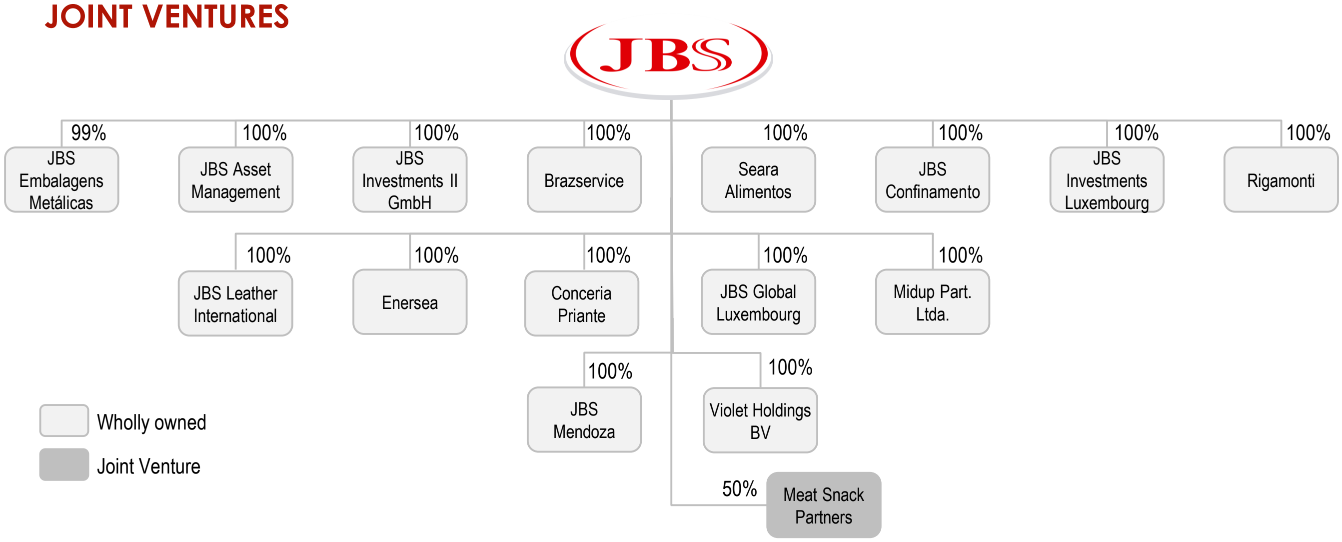
On August 28th, 2019, JBS announced that Pilgrim´s Pride Corporation, a controlled subsidiary, signed a contract to acquire Tulip Company, a leading pork and prepared foods supplier with operations in the United Kingdom, in a transaction valuing Tulip at £290 million (or approximately US$354 million), subject to working capital adjustments, to create a undisputed leader in protein and prepared foods in Europe by expanding its prepared foods portfolio to 21% of Pilgrim's global sales. The acquisition was concluded on October 15th, 2019.

On September 30th, 2019, JBS concluded the payment of the total amount related to the Normalization Agreement entered with certain financial institutions, for the value of R$1.5 billion (US$358 million). Accordingly, the Company anticipated the maturity of this debt, which initially was in 2021, and released a total value of R$7.8 billion in collateral that was linked to the full debt payment.

On November 6th, 2019, JBS announced that its controlled entity Seara Alimentos Ltda., entered into a Purchase Agreement for the acquisition of Frigorífico Marba Ltda. This acquisition is in line with the Company's strategy to increase the share of higher value-added and branded products in its portfolio. With annual revenues of around R$350 million, Marba is one of the most traditional brands of cold cuts and sausages, and a reference in the bologna segment in the state of São Paulo. The transaction was concluded on December 23rd, 2019.

On December 20th, 2019, JBS announced that its controlled entity Seara Alimentos Ltda. entered into an agreement to purchase margarine assets from Bunge Alimentos S.A. in Brazil, for R$ 700 million. The transaction provides, among other things, manufacturing contracts and trademark licensing. The closing of this transaction is subject to the approval of the Brazilian Administrative Council for Economic Defense – CADE, among other usual conditions for this type of transaction.

INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES



CORPORATE GOVERNANCE

With the aim to improve the governance structure and ensure transparency in all of its relationships, JBS continuously promotes the improvement of its corporate practices, creating an environment of trust with its shareholders, investors and other stakeholders.

The governance structure includes the Board of Directors, the Global Compliance Department, a permanent Fiscal Council and advisory committees focusing on strategic areas, including: Sustainability, Audit, Financial and Risk Management, Governance, and Related Parties

There are also three strategic areas, reporting directly to the President of Global Operations: Food Safety and Quality, Center of Excellence and Innovation and Global Sourcing.

The Board of Directors – the Company's highest-ranking governance body ended 2019 with nine directors, including four independent ones, as defined by the Novo Mercado regulation. The directors, elected at an Annual General Shareholders Meeting for a two-year term, are responsible for, among other things, for defining business policies and guidelines as well as economic, social and environmental commitments.

The chairman of the Board of Directors and the Company CEO are separately positions held by different professionals with a fixed performance-based compensation. This means they do not receive any direct or indirect benefits nor do they receive a share in the Company profits. Compensation for other JBS management personnel is performance-based, encouraging sustainable medium and long-term growth at JBS while incentivizing efforts to reach short-term targets. Surveys are used to periodically compare compensation packages with the general market practices and all compensation is aligned with JBS and shareholders interests.

Within the Company's board of directors, 44.4% of the members are independent, compared with the 20% required under the Novo Mercado rules. Additionally, the Company only issues common stock, granting equal rights to all shareholders, while all shareholders enjoy tag along rights in the event of changes in JBS´ control.

In the United States, JBS stock is also traded as Level 1 ADRs (American Depositary Receipts) on the OTCQX over-the-counter market. The Investor Relations area is responsible for communicating with shareholders and investors; this department has a website (https://ir.jbs.com.br) and it frequently releases the Company's results through conference calls and events attended by capital market agents and specialist media outlets.

BOARD OF DIRECTORS

Jeremiah O'Callaghan	Chairman
José Batista Sobrinho	Vice Chairman
Aguinaldo G. Ramos Filho	Director
Gilberto M. Xandó Baptista	Director
Wesley Mendonça Batista Filho	Director
José Guimarães Monforte*	Director
Cledorvino Belini*	Director
Alba Pettengill*	Director
Márcio Guedes Pereira Júnior*	Director

*Independent director

BOARD OF EXECUTIVE OFFICERS

Gilberto Tomazoni	CEO
Jeremiah O'Callaghan	Director
Eliseo Santiago Perez Fernandez	Administration and Control
Guilherme Perboyre Cavalcanti	CFO and IRO
Wesley Mendonça Batista Filho	Director

ETHICS AND COMPLIANCE

For JBS, ethics and compliance are perceived as assets. Since 2017, the Company maintains a global department that leads the topic independently, reporting directly to the Board of Directors. In addition, the company monitors the development of the processes and evaluates the efficiency of the actions taken year after year, in all regions where it operates. In this sense, 2019 was an important year to reiterate top management´s commitment in the implementation of processes for continuous improvement.

All practices and policies related to compliance are available in the Company´s Code of Ethics and Conduct. The document guides employees to act in compliance with the Company guidelines in all situations, pointing out the acceptable and required behaviors by JBS. The Code of Ethics and Conduct is available in Portuguese, English, Italian and Spanish, as it was designed to consolidate and unify the global guidelines existing in the different operations of JBS around the world. In addition, the company also has a Code of Conduct for Business Partners, which must be followed by third parties who carry out any type of transaction with JBS, such as customers and suppliers.

In 2019, the company continued to disseminate the "Always Do the Right Thing" program in all spheres of the business. The purpose of the initiative is to encourage people to preserve an ethical and honest environment in all of the company´s processes, following local and international guidelines on the subject. To this end, the following pillars were extensively reinforced:

- Risk assessment
- Leadership and governance
- Policies and procedures
- Ethics Line
- Controls
- Training and communication
- Third party due diligence
- Evaluation, inspection and discipline

For the first time in the Company, JBS held, in partnership with J&F, the first Compliance Meeting at the Company's headquarters, in São Paulo. The event was attended by 150 people, including employees from JBS and other companies in the group, as well as market professionals, who met to discuss the challenges and trends for compliance in Brazil.

During eight hours, some of the leading Brazilian compliance professionals exchanged ideas and experiences to improve and strengthen their knowledge of compliance programs and good corporate governance practices. The company also focused its activities in the last year in training and qualification of employees in order to reinforce the guidelines and disseminate the culture of compliance. For the employees, several training courses on the Code of Conduct were carried out with a total of 213,142 people (116,642 at JBS Brasil and 96,500 at JBS USA), totaling 98.4% of the workforce in Brazil and 85.5% in the United States.

In Brazil, anti-corruption training was carried out for the administrative personnel, with the participation of 16 thousand people, equivalent to 94% of this group. Training for specific teams was also developed, such as compliance in the context of a competition for those who work directly with sales to public entities. In total, more than 45 thousand hours of training were carried out for 116 thousand employees, an increase of 80% in relation to the 25 thousand hours of 2018.

In order to continue to evolve quickly, JBS invests in the dissemination of the integrity concept as an element of business formation. Part of this strategy is the improvement of the due diligence program in Brazil. In 2019, more than 8,000 analyzes of third-party suppliers considered to be of higher risk, were conducted. The Company uses a proprietary tool, which is automated and allows a complete reputational analysis of these suppliers. In addition, the company is investing in the Supplier Training Program. The pilot project, which was implemented during the last year, was carried out with 70 customs broker partners. As a result of the project, they understand and became committed to the rules and policies of JBS Brasil, as well as what is expected from them as external collaborators.

In order to guide relations globally, the company has also adopted internal policies that must be followed in all business units of the Company. The Conflicts of Interest Global Policy has already been approved and implemented worldwide. And the Anti-Corruption Policy is for approval and should be implemented in 2020. In addition, the Company carried out the review and creation of new controls to verify compliance with internal rules and the risk of possible non-compliance.

HUMAN RESOURCES

JBS is a company made up of people, and focused on the development of its employees in alignment with the Company´s mission, in the different locations in which it operates. For this reason, JBS is committed to hire, maintain and train professionals who are dedicated to operational excellence and who are in line with the Company's value proposition. JBS is also committed to promote the well-being, health and safety of the entire team in the work environment, offering equal opportunities to all people and continuously investing in the development of talent and leadership. At the end of 2019, JBS had more than 242 thousand employees in more than 15 countries.

The development of human capital is a major challenge for JBS. To this end, the Human Resources area operates regionally, respecting local laws and regulations, with the support of the Corporate HR. In addition to the effort to attract the best talent in the market, JBS also has guidelines to maintain the highest standards of selection and career development within the Company. Even in the context of a very diversified operation, being present in five continents with specific regionalisms and different languages, the adherence to the Corporate Culture is the foundation for the success of the Company's business.

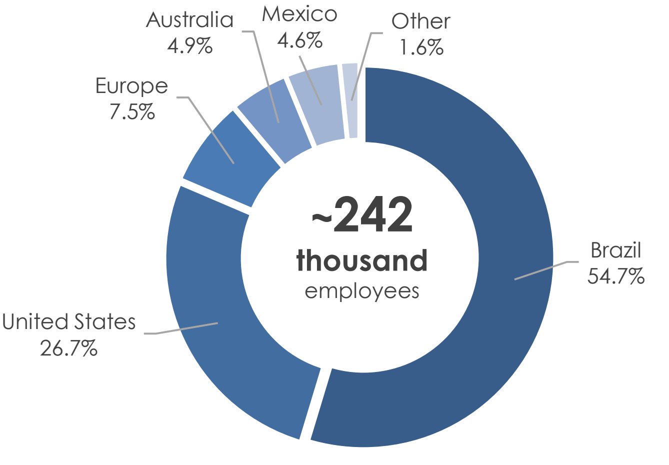
In order to maintain corporate governance in the implementation of policies and procedures as well as in the development of macro-strategies, the HR area carries out annual reviews of people management policies and programs, as well as the review of the main KPI´s of health and safety, turnover, absenteeism and overtime. This allows the company to make the necessary adjustments and ensure that the health, safety and work conditions of employees are met and implemented in accordance with the high standards used by the Company. Corporate HR has a great influence on this process and develops procedures that support the business units in monitoring the indicators.

The Company believes in the value of dialogue between managers and teams. Therefore, it encourages interpersonal relationships between employees. In the USA, the Company maintains the Open Doors Policy, which encourages employees to present any problems that affect the work environment to their supervisors or to the HR area. Through this policy, it is possible to identify the importance of issues related to work, such as compensation and benefits, working hours, safety and approval of leadership.

In Brazil, the Company showed a reduction in absenteeism and turnover rates. Absenteeism was 2.48% compared to 2.62% in 2018 and turnover was 21.38% compared to 22.07%. In addition, 90% of Brazilian employees were covered by group negotiations with unions.

JBS remains committed to hiring professionals regardless of race, religion, color, nationality, gender, sexual orientation, gender identity or age, including people with disabilities. The same principle applies to talent training and career development for employees.

EMPLOYEES BY REGION



SUSTAINABILITY

Sustainability at JBS is a cross-sectional value to all operations and is implemented in all businesses and countries, based on ethical and transparent performance, respectful relationship with our stakeholders and responsibility in dealing with people, animals, and the environment.

As a global food company, JBS has a clear responsibility with the sustainable performance and in managing the impacts of its operations, as well as its role in engaging its entire value chain.

Among the Company's global sustainability priorities are the following: product integrity, animal welfare, environmental management and social responsibility.

- **Product Integrity**

At JBS, product integrity means respecting the highest food safety, quality and sustainability standards. This means commitment and investment in improving the operation, manufacturing and supply of products, from the implementation of socio-environmental practices to certifications of good practices, processes and routines by independent audits.

JBS has a reference role in the value chain, especially in the responsible raw material procurement. JBS positioning sets the bar across the value chain, from the implementation of good raw-material procurement practices to the final quality of products.

In this sense, JBS encourages and develops actions to improve management and practices among its suppliers, basing its approach on relationships with suppliers and the guarantee of origin.

- **Animal Welfare**

JBS is committed to ensuring animal welfare and maintains as a global, strategic and priority agenda all actions related to the theme.

The Company offers options in food products without the use of antibiotics, organic, vegetarian and natural, in addition to the traditional ones, aiming to meet the demands of its consumers through a diverse portfolio. In all product lines, the health and safety of animals is a priority.

Among the main procedures to ensure the implementation of the adopted recommendations by the company are: the internal and external training for employees and suppliers; periodic internal audits, in order to ensure the adoption of best practices and to identify the need for corrective actions in the processes; goal panels that are monitored by those responsible for the theme in the business units; and the constant verification of the need for investments and process adjustments.

- **Environmental Management**

The environmental management process at JBS includes, among other relevant topics, issues related to the management of resources, such as water and energy, reduction of greenhouse gas (GHG) emissions and treatment of waste, always focusing on improving eco-efficiency through the implementation of innovative solutions and efficient management.

As part of the process of monitoring and analyzing the improvements made by the company is the publication of the results and assessments of the practices adopted through the CDP platform, a global non-profit organization, which manages the largest sustainability information platform in the world. In 2019, the results showed that JBS had a performance above the industry average in South America and in the United States in all selected criteria.

- **Social Responsibility**

JBS understands that its corporate social responsibility must be exercised in all aspects of its operations, with special emphasis on the relationship with the communities where its business units are present, and in preserving the health and safety of its direct employees and third parties.

In relationship with the communities, JBS assumes that the company has a major social impact in the regions where it operates, and has the possibility to assume a role in the development of the local workforce, in a process of rapid and effective social inclusion. In this context, JBS supports initiatives aimed at the education and training of children and young people, the professionalization of young people and adults, and the training and social inclusion of people with disabilities.

FINANCIAL PERFORMANCE 2019

ECONOMIC OUTLOOK

According to the World Economic Situation and Prospects 2020 report from the United Nations, published on January 16, 2020, in the environment of prolonged trade tensions and high policy uncertainties the global growth outlook has weakened significantly. Against this backdrop, the global economy is estimated to have grown by 2.3% in 2019, the lowest level since the financial crisis of 2008 and 2009. According to the report, a modest acceleration is expected for 2020 and 2021, with average world gross product growth projected at 2.5% and 2.7%, respectively, driven by faster growth in developing regions. It is important to note that these projections may be significantly impacted given the coronavirus pandemic.

In Brazil, according to data published by IBGE (Brazilian Institute of Geography and Statistics) on March 4, 2020, GDP grew 1.1% in 2019, the third consecutive year of growth, although the growth was slightly below the one registered in the previous two years, when the GDP growth reached 1.3% consecutively. According to the IBGE, there was an increase of 1.8% in Household Consumption. In relation to the economy sectors, there was growth in agriculture (1.3%), industry (0.5%) and services (1.3%).

With regards to proteins, according to the report published in January, 2020 by the United States Department of Agriculture (USDA), the beef production in Brazil increased by 3.3% in 2019, supported by an increase in domestic consumption and exports, while Brazil maintained its leadership. Considering data from the Secretary of Export Trade (SECEX), Brazilian beef exports registered a 17.7% increase in US dollar revenues, with 76.9% growth in exports directed to China, a country that, according to the USDA, increased its domestic consumption of beef by 15.5% in 2019.

For poultry, Brazilian production grew by 2.1%, returning to the levels of 2017 after the reduction of 1.9% in 2018. Domestic consumption increased by 2.6% in relation to 2018. In exports, Brazil maintained its leadership and, according to SECEX data, presented a 6.5% increase in US dollar revenues for fresh chicken exports.

For 2020, the USDA projects a 3.5% growth in production and a 9.5% increase in Brazilian beef exports. In relation to poultry, USDA estimates an increase of 2.1% in production and 0.8% in exports.

It is important to note that these projections consider a scenario, estimated by the USDA, of a 22.6% drop in pork production by China in 2020, a country responsible for approximately half of the world pork production and which has been suffering the impacts of the African Swine Fever.

In the United States, JBS´ main operational platform, GDP grew 2.3% in 2019 according to the U.S. Bureau of Economic Analysis report. This result is mainly a reflection of positive contributions from personal consumption expenditures, non-residential fixed investments, private inventory investment and government spending.

In 2019, beef production in the United States posted a slight increase of 1.0%, while domestic consumption increased by 1.9%, supported by the favorable scenario of the American economy. Exports decreased by 4.3% compared to 2018 - the year in which exports expanded 10.6% - but were 5.8% higher compared to the level of 2017.

Poultry registered an increase of 2.8% in production, 3.0% in domestic consumption, and 0.4% in exports from the United States. It is worth mentioning that, in November 2019, after almost 5 years of ban, China reopened the market for American poultry imports.

Lastly, pork production in the United States increased by 5.0% compared to 2018, while domestic consumption grew 3.9% and exports showed a significant increase of 7.2%, despite the trade war with the China.

For 2020, the USDA forecasts an increase of 1.1% in beef production, a slight reduction of 0.7% in domestic consumption, and an increase of 9.3% in exports. These projections are considering an expected drop of 14.9% in beef production by Australia, one of the largest exporters of this protein, due to the drought impacts on cattle availability. In chicken, the USDA projects a 3.6% increase in production, accompanied by a similar increase in consumption, and a 4.4% growth in exports. Finally, for pork, the entity's projections indicate growth of 3.6% in production, stable domestic consumption, and significant growth of 12.8% in exports. It is worth noting that, as it happens for Brazil, these figures consider a scenario expected by the USDA of a drop in pork production by China.

*Source: JBS, IBGE, BEA, UN, SECEX, USDA.

2019 AND 4Q19 CONSOLIDATED RESULTS

Net Revenue

In 2019, JBS posted net revenue of R$204.5 billion, an increase of 12.6% compared to 2018 and the highest ever reached in JBS history.

In 4Q19, net revenue was R$57.1 billion, an increase of 20.7% in relation to 4Q18. For the quarter, approximately 73% of JBS global sales came from markets where the Company operates and 27% from exports.

Adjusted EBITDA

In 2019, consolidated adjusted EBITDA was R$19.9 billion, a 33.9% increase over the previous year. Adjusted EBITDA margin increased to 9.7% from 8.2% in 2018.

In 4Q19, consolidated adjusted EBITDA was R$5.7 billion, 67.2% higher than 4Q18. Adjusted EBITDA margin in the quarter was 9.9%. Highlights were JBS USA Pork, JBS Brazil and PPC that posted growth in IFRS EBITDA of 117%, 66.2% e 63.4%, respectively.

R$ Million	4Q19	3Q19	Δ%	4Q18	Δ%	2019	2018	Δ%
Net income for the period (including minority interest)	**2,513.5**	**454.0**	**453.6%**	**550.6**	**356.5%**	**6,464.9**	**210.1**	2976.8%
Financial income (expense), net	260.3	3,700.5	-93.0%	564.7	-53.9%	5,985.1	8,282.2	-27.7%
Current and deferred income taxes	1,262.9	87.8	1338.9%	783.1	61.3%	1,032.9	(1,308.5)	-
Depreciation and amortization	1,573.4	1,679.4	-6.3%	1,239.0	27.0%	6,313.1	4,805.0	31.4%
Equity in subsidiaries	(7.3)	(12.4)	-41.2%	(4.6)	59.6%	(34.2)	(26.5)	29.1%
(=) EBITDA	**5,602.8**	**5,909.2**	**-5.2%**	**3,132.8**	**78.8%**	**19,761.8**	**11,962.4**	**65.2%**
Results from divestment program	0.0	0.0	-	0.0	-	0.0	6.7	-
Tax payable in installments	288.1	0.0	-	58.1	396.3%	288.1	2,475.3	-88.4%
Impairment of taxes	0.0	0.0	-	77.8	-	0.0	77.8	-
Goodwill on the acquisition of tax credits	0.0	0.0	-	0.0	-	0.0	(54.6)	-
Other income / expenses	13.2	12.0	9.9%	73.6	-82.1%	53.6	188.8	-71.6%
Investigation impacts due to the leniency agreement	0.0	0.0	-	49.7	-	11.8	80.5	-85.4%
Truckers strike impact	0.0	0.0	-	0.0	-	0.0	112.9	-
Bargain purchase gain (Tulip - USA)	(234.2)	0.0	-	0.0	-	(234.2)	0.0	-
(=) Adjusted EBITDA	**5,669.9**	**5,921.3**	**-4.2%**	**3,391.9**	**67.2%**	**19,881.1**	**14,849.8**	**33.9%**

Net Financial Results

In 2019, interest expenses from net debt was R$3.2 billion, which in USD corresponds to US$806.0 million and represents a reduction of US$119.1 million (-12.9%) over 2018.

In 4Q19, interest expenses from net debt was R$722.7 million, which in USD corresponds to US$175.5 million, and represents a reduction of US$11.4 million (-6.1%) over 4Q18.

R$ Million	4Q19	3Q19	Δ%	4Q18	Δ%	2019	2018	Δ%
Exchange rate variation	960.4	(2,636.3)	-	753.4	27.5%	(1,393.3)	(4,337.6)	-67.9%
Fair value adjustments on derivatives	(73.5)	201.8	-136.4%	(275.6)	-73.3%	(91.3)	57.8	-
Interest expense	(1,163.4)	(1,192.2)	-2.4%	(847.0)	37.4%	(4,532.1)	(3,935.2)	15.2%
Interest expenses from loans and financings	(793.0)	(798.4)	-0.7%	(746.7)	6.2%	(3,346.6)	(3,529.6)	-5.2%
Interest income	113.9	154.7	-26.4%	64.2	77.5%	465.1	288.4	61.3%
Interest income from investments	70.4	28.6	145.7%	34.6	103.5%	173.7	165.6	4.9%
Taxes, contribution, fees and others	(97.6)	(228.4)	-57.3%	(259.7)	-62.4%	(433.5)	(355.6)	21.9%
Finance income (expense)	**(260.3)**	**(3,700.5)**	**-93.0%**	**(564.7)**	**-53.9%**	**(5,985.1)**	**(8,282.2)**	**-27.7%**

Net Income

In 2019, JBS reported net income of R$6.1 billion – the highest ever in JBS´ history – which represents an EPS of R$2.28 and an increase of 241x over 2018.

In 4Q19, JBS posted net income of R$2.4 billion, 332.4% higher than 4Q18, equivalent to an EPS of R$0.91.

2019 AND 4Q19 CONSOLIDATED RESULTS

Cash Flow from Operating Activities and Free Cash Flow

In 2019, the Company generated R$17.1 billion in cash from operating activities, a 49.1% increase over the previous year. Free cash flow was R$9.5 billion, 109.1% higher than 2018.

In 4Q19, cash from operating activities was R$5.1 billion, 48.6% higher than 4Q18. Free cash flow was R$3.2 billion, a 141.8% increase over 4Q18.

Net Cash Used in Investing Activities

In 2019, total cash used by JBS in investing activities was R$5.9 billion. CAPEX totaled R$4.3 billion and acquisitions R$2.2 billion.

In 4Q19, total cash used by JBS in investing activities was R$3.3 billion. CAPEX was R$1.3 billion and acquisitions totaled R$2.0 billion.

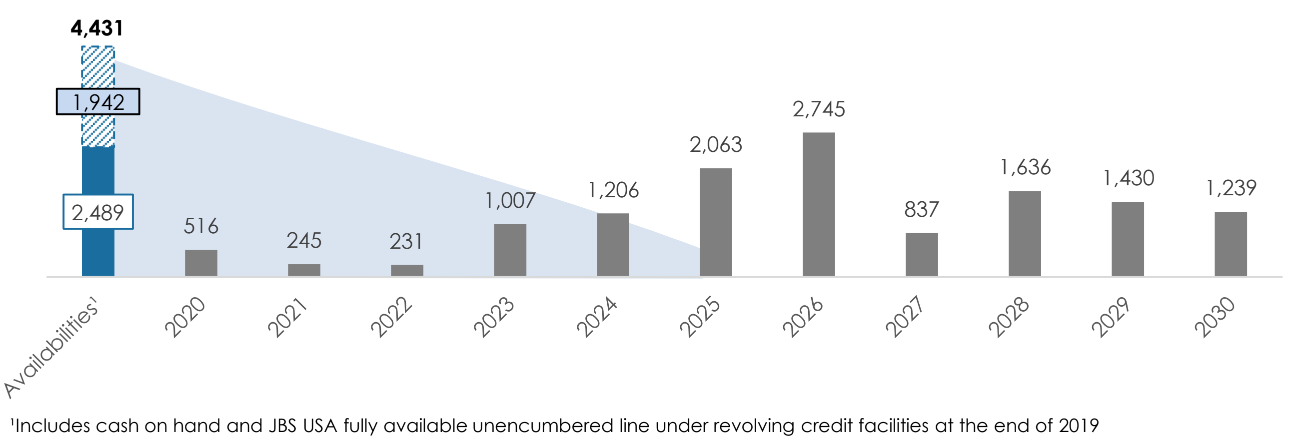
Indebtedness

JBS ended 2019 with R$10.0 billion in cash. Additionally, JBS USA has US$1.9 billion fully available unencumbered line under revolving credit facilities, equivalent to R$7.8 billion, considering the end of year exchange rate, assuring JBS a total availability of R$17.9 billion, more than 8.0x short term debt.

Despite the 3.9% devaluation of BRL in relation to the USD for the period, net debt reduced from R$47.2 billion to R$43 billion in the year, with the leverage ratio reducing to 2.16x from 3.18x at the end of 2018. In USD, net debt reduced by R$1.5 billion, to US$10.7 billion at the end of 2019 from US$12.2 billion in 2018, with leverage reducing to 2.13x from 3.01x in the same period.

	R$ Million			US$ Million		
	4Q19	4Q18	Var.%	4Q19	4Q18	Var.%
Gross Debt	**53,028.0**	**56,153.5**	**-5.6%**	**13,156.0**	**14,492.0**	**-9.2%**
(+) Short Term Debt	2,078.9	2,922.6	-28.9%	515.8	754.3	-31.6%
% of the Gross Debt	3.9%	5.2%		3.9%	5.2%	
(+) Long Term Debt	50,949.1	53,230.9	-4.3%	12,640.3	13,737.7	-8.0%
% of the Gross Debt	96.1%	94.8%		96.1%	94.8%	
(-) Cash and Equivalents	10,034.0	8,935.8	12.3%	2,489.4	2,306.1	7.9%
Net Debt	**42,994.1**	**47,217.7**	**-8.9%**	**10,666.7**	**12,185.9**	**-12.5%**
Leverage	**2.16x**	**3.18x**		**2.13x**	**3.01x**	

Debt Maturity Schedule (US$ Mn)



[1]Includes cash on hand and JBS USA fully available unencumbered line under revolving credit facilities at the end of 2019

2019 AND 4Q19 BUSINESS UNITS

Business Units – IFRS R$

Million		4Q19	3Q19	Δ%	4Q18	Δ%	2019	2018	Δ%
Net Revenue									
Seara	R$	5,720.0	5,362.2	6.7%	4,615.4	23.9%	20,360.9	17,670.1	15.2%
JBS Brazil	R$	9,578.0	8,445.7	13.4%	7,459.0	28.4%	31,960.1	27,578.9	15.9%
JBS USA Beef	R$	23,869.4	22,353.3	6.8%	20,596.4	15.9%	87,202.6	78,644.1	10.9%
JBS USA Pork	R$	6,316.0	6,006.3	5.2%	5,345.9	18.1%	23,469.0	20,774.7	13.0%
Pilgrim's Pride	R$	12,598.5	11,021.6	14.3%	10,108.3	24.6%	45,005.9	39,881.0	12.9%
Others	R$	635.1	549.4	15.6%	605.0	5.0%	2,432.2	2,423.7	0.3%
Eliminations	R$	-1,590.4	-1,554.1	2.3%	-1,411.3	12.7%	-5,907.1	-5,292.3	11.6%
Total	**R$**	**57,126.7**	**52,184.4**	**9.5%**	**47,318.7**	**20.7%**	**204,523.6**	**181,680.2**	**12.6%**
Adjusted EBITDA									
Seara	R$	706.0	705.3	0.1%	474.2	48.9%	2,252.8	1,543.2	46.0%
JBS Brazil	R$	487.0	719.0	-32.3%	293.1	66.2%	1,736.8	1,248.8	39.1%
JBS USA Beef	R$	2,613.1	2,391.1	9.3%	1,601.9	63.1%	8,014.3	6,311.9	27.0%
JBS USA Pork	R$	886.7	702.9	26.2%	408.7	117.0%	2,594.8	2,001.6	29.6%
Pilgrim's Pride	R$	1,046.6	1,408.0	-25.7%	640.7	63.4%	5,327.7	3,738.8	42.5%
Others	R$	-68.0	-2.3	2883.5%	-26.8	154.2%	-36.2	5.5	-
Eliminations	R$	-1.7	-2.7	-39.4%	0.0	-	-9.2	0.0	-
Total	**R$**	**5,669.9**	**5,921.3**	**-4.2%**	**3,391.9**	**67.2%**	**19,881.1**	**14,849.8**	**33.9%**
Adjusted EBITDA Margin									
Seara	%	12.3%	13.2%	-0.8 p.p.	10.3%	2.1 p.p.	11.1%	8.7%	2.3 p.p.
JBS Brazil	%	5.1%	8.5%	-3.4 p.p.	3.9%	1.2 p.p.	5.4%	4.5%	0.9 p.p.
JBS USA Beef	%	10.9%	10.7%	0.3 p.p.	7.8%	3.2 p.p.	9.2%	8.0%	1.2 p.p.
JBS USA Pork	%	14.0%	11.7%	2.3 p.p.	7.6%	6.4 p.p.	11.1%	9.6%	1.4 p.p.
Pilgrim's Pride	%	8.3%	12.8%	-4.5 p.p.	6.3%	2.0 p.p.	11.8%	9.4%	2.5 p.p.
Others	%	-10.7%	-0.4%	-10.3 p.p.	-4.4%	-6.3 p.p.	-1.5%	0.2%	-1.7 p.p.
Total	**%**	**9.9%**	**11.3%**	-1.4 p.p.	**7.2%**	2.8 p.p.	**9.7%**	**8.2%**	0.2 p.p.

International Business Units – US GAAP

Million		4Q19	3Q19	Δ%	4Q18	Δ%	2019	2018	Δ%
Net Revenue									
JBS USA Beef	US$	5,797.3	5,625.4	3.1%	5,405.8	7.2%	22,069.4	21,482.8	2.7%
JBS USA Pork	US$	1,534.0	1,511.6	1.5%	1,403.2	9.3%	5,940.5	5,693.0	4.3%
Pilgrim's Pride	US$	3,063.5	2,778.0	10.3%	2,656.8	15.3%	11,409.2	10,937.8	4.3%
Adjusted EBITDA									
JBS USA Beef	US$	580.3	610.4	-4.9%	393.7	47.4%	1,945.2	1,718.7	13.2%
JBS USA Pork	US$	208.9	120.4	73.5%	117.3	78.1%	561.9	536.8	4.7%
Pilgrim's Pride	US$	161.6	258.4	-37.4%	111.0	45.5%	973.7	798.2	22.0%
Adjusted EBITDA Margin									
JBS USA Beef	%	10.0%	10.9%	-0.8 p.p.	7.3%	2.7 p.p.	8.8%	8.0%	0.8 p.p.
JBS USA Pork	%	13.6%	8.0%	5.7 p.p.	8.4%	5.3 p.p.	9.5%	9.4%	0.0 p.p.
Pilgrim's Pride	%	5.3%	9.3%	-4.0 p.p.	4.2%	1.1 p.p.	8.5%	7.3%	1.2 p.p.

BUSINESS UNITS 2019 AND 4Q19

Seara

In 4Q19, Seara posted a net revenue of R$5.7 billion, which represents a 23.9% increase in relation to 4Q18, boosted by an increase in volumes and prices in both markets, domestic and international. In 2019, net revenue was R$20.4 billion, 15.2% higher than 2018.

In the domestic market, net revenue in 4Q19 was R$3.1 billion, which represents an increase of 14.5% in relation to 4Q18, with volumes and prices 3.9% and 10.3% higher, respectively. Important to highlight the prepared products category, which posted an increase of 8.1% in volume and 8.9% in prices for the period.

Seara increased its preference with Brazilian consumers (scoring a 99% brand recognition), the quality of its products as well as innovation. Throughout 2019, more than 80 SKUs were launched, with highlights to the following lines: **Seara Nature®**, that uses only natural ingredients without artificial preservatives, **Seara Rotisserie®**, that brings convenience and products with clean label ingredients, **Incrível Seara®**, that offers several products 100% plant-based as well as the expansion of **Seara Gourmet®**, with products for indulgency moments. During this quarter, the Seara brand consolidated its leadership in the frozen food category with a 23.1% market share, 2 percentage points above the second brand.

In the export market, net revenue was R$2.7 billion, a 36.8% increase, boosted by a 17.4% growth in volumes sold and 16.5% higher prices. The most impressive growth was in the in-natura pork category, which increased 58.5% in volume and 57.8% in prices. The in-natura chicken category increased 12.8% in volumes sold and 9.1% in prices.

Seara's EBITDA in 4Q19, including the effect of IFRS16, was R$706 million, with EBITDA margin of 12.3%. Excluding this effect, EBITDA was R$651.8 million and represented a growth of 37.5% over 4Q18, with EBITDA margin growing from 10.3% to 11.4% for the same period. For 2019, EBITDA was R$2.3 billion, with a 11.1% margin.

Main Highlights

R$ Million	4Q19		3Q19		Δ%	4Q18		Δ%	2019		2018		Δ%
	R$	% NR	R$	% NR	QoQ	R$	% NR	YoY	R$	% NR	R$	% NR	YoY
Net Revenue	**5,720.0**	***100.0%***	**5,362.2**	***100.0%***	**6.7%**	**4,615.4**	***100.0%***	**23.9%**	**20,360.9**	***100.0%***	**17,670.1**	***100.0%***	**15.2%**
Cost of Goods Sold	(4,500.6)	*-78.7%*	(4,212.6)	*-78.6%*	6.8%	(3,774.2)	*-81.8%*	19.2%	(16,296.6)	*-80.0%*	(14,753.1)	*-83.5%*	10.5%
Gross Profit	1,219.4	*21.3%*	1,149.7	*21.4%*	6.1%	841.2	*18.2%*	45.0%	4,064.3	*20.0%*	2,917.0	*16.5%*	39.3%
Adjusted EBITDA	**706.0**	**12.3%**	**705.3**	**13.2%**	**0.1%**	**474.2**	**10.3%**	**48.9%**	**2,252.8**	**11.1%**	**1,543.2**	**8.7%**	**46.0%**

BUSINESS UNITS 2019 AND 4Q19

JBS Brazil (including Leather and Related Businesses)

In 2019, JBS Brazil posted a net revenue of R$32 billion, an increase of 15.9% in relation to 2018. In 4Q19, net revenue was R$9.6 billion, 28.4% higher than 4Q18.

In the domestic market, net revenue increased 26.5% in 4Q19, due to a growth of 9.0% in volumes sold with 16% higher prices. JBS has been investing in the expansion of partnerships with key customers through initiatives such as Açougue Nota 10® and Friboi 1953® stores, as well as in its mix of products with higher value added, with the launching of Hamburger Friboi 1953®, Steak Maturatta® and the line of Beef Barbecue Swekers Friboi®, which aim to bring convenience to consumers, with a high quality ready to cook product.

In the export market, which corresponded to 46% of this business unit sales in the quarter, net revenue increased 30.8%, reaching R$4.4 billion. This results from volumes 8.5% higher, boosted by an increase of 20.5% in prices. Although the contract renegotiations with Chinese customers pressured this quarter´s results, exports to China almost doubled in revenue, recording increases of 61% in volume and 23% in prices. It is important to highlight that JBS is developing sales and distribution channels in China through partnerships with large local players, such as WH Group.

EBITDA for 2019 was R$1.7 billion, 39.1% higher than 2018, with an EBITDA margin of 5.4%. In 4Q19, EBITDA was R$487 million, a 66.2% growth over 4Q18.

Main Highlights

R$ Million	4Q19		3Q19		Δ%	4Q18		Δ%	2019		2018		Δ%
	R$	% NR	R$	% NR	QoQ	R$	% NR	YoY	R$	% NR	R$	% NR	YoY
Net Revenue	**9,578.0**	***100.0%***	**8,445.7**	***100.0%***	**13.4%**	**7,459.0**	***100.0%***	**28.4%**	**31,960.1**	***100.0%***	**27,578.9**	***100.0%***	**15.9%**
Cost of Goods Sold	(7,835.0)	*-81.8%*	(6,684.2)	*-79.1%*	17.2%	(6,167.7)	*-82.7%*	27.0%	(26,076.4)	*-81.6%*	(22,626.5)	*-82.0%*	15.2%
Gross Profit	1,742.9	*18.2%*	1,761.5	*20.9%*	-1.1%	1,291.3	*17.3%*	35.0%	5,883.7	*18.4%*	4,952.4	*18.0%*	18.8%
Adjusted EBITDA	**487.0**	**5.1%**	**719.0**	**8.5%**	**-32.3%**	**293.1**	**3.9%**	**66.2%**	**1,736.8**	**5.4%**	**1,248.8**	**4.5%**	**39.1%**

BUSINESS UNITS
2019 AND 4Q19

JBS USA Beef USA Beef (including Australia and Canada)

Considering results in IFRS and BRL, JBS USA Beef posted net revenue of R$87.2 billion in 2019, an increase of 10.9% in relation to 2018, and an EBITDA of R$8.0 billion, 27.0% higher in relation to 2018, with a margin of 9.2%. These results include a 7.4% impact of average FX rate (BRL vs USD), which was R$3.65 in 2018 and R$3.95 in 2019. In 4Q19, net revenue was R$23.9 billion, 15.9% higher compared to 4Q18, while EBITDA was R$2.6 billion in 4Q19, an increase of 63.1% in relation to 4Q18, and margin of 10.9%. In the period, the BRL decreased 7.5%, from R$3.81 in 4Q18 to R$4.12 in 4Q19.

In USGAAP and US$, JBS USA Beef posted net revenue of US$22.1 billion in 2019, an increase of 2.7% in relation to 2018. EBITDA totaled US$1.9 billion in the full year, with an EBITDA margin of 8.8% compared to 8.0% in 2018. These results are a record annual performance for JBS USA Beef until now and reflect, among other reasons, the capacity of the business to deliver growth and operational excellence. In 4Q19, JBS USA Beef posted net revenue of US$5.8 billion, an increase of 7.2% compared to 4Q18, driven by an increase of 3.7% in the volume of beef sold and 3.7% increase in the average price, and EBITDA for the quarter totaled US$580.3 million, with margin of 10.0%, compared to US$393.7 million and margin of 7.3% in 4Q18.

In North America, the fundamentals of the beef industry continue to be solid, supported by the good availability of cattle in the US; as well as the favorable economic conditions, which supported the demand for beef in the domestic market.

In addition, one of the highlights of JBS USA Beef was the improvement in the product mix, resulting from innovation in value-added programs, such as, Aspen Ridge Natural Beef, Grass Run Farms, Imperial Wagyu, and Adaptable brand products. The volume of these programs showed a significant growth of 16% in the annual comparison. According to the business´ strategy of growth in value-added products, JBS USA recently announced the acquisition of the Empire Packing Company with production units of case-ready in the United States and the Ledbetter brand. The conclusion of the transaction is still subject to approval by local authorities. Also in the diversification strategy and in view of new consumption trends, the Company recently launched the OZO brand with products derived from plant based protein, which are complementary to its portfolio with innovative and high quality products.

In Australia, the highlight was the increase in beef and lamb exports directly to China, which grew 80% in sales in the year of 2019. Primo Foods, market leader in prepared foods in Australia and New Zealand, continued to drive consumer behavior through innovations throughout the year, such as: the “Stackers” line of appetizers and the sausages from the “Balanced Blend” line, a mix of plant based protein and animal protein.

Main Highlights (IFRS - R$)

R$ Million	4Q19		3Q19		Δ%	4Q18		Δ%	2019		2018		Δ%
	R$	% NR	R$	% NR	QoQ	R$	% NR	YoY	R$	% NR	R$	% NR	YoY
Net Revenue	**23,869.4**	***100.0%***	**22,353.3**	***100.0%***	**6.8%**	**20,596.4**	***100.0%***	**15.9%**	**87,202.6**	***100.0%***	**78,644.1**	***100.0%***	**10.9%**
Cost of Goods Sold	(20,286.8)	*-85.0%*	(18,997.0)	*-85.0%*	6.8%	(17,984.5)	*-87.3%*	12.8%	(75,668.1)	*-86.8%*	(68,838.3)	*-87.5%*	9.9%
Gross Profit	3,582.6	*15.0%*	3,356.3	*15.0%*	6.7%	2,611.8	*12.7%*	37.2%	11,534.5	*13.2%*	9,805.9	*12.5%*	17.6%
Adjusted EBITDA	**2,613.1**	**10.9%**	**2,391.1**	**10.7%**	**9.3%**	**1,601.9**	**7.8%**	**63.1%**	**8,014.3**	**9.2%**	**6,311.9**	**8.0%**	**27.0%**

Main Highlights (US GAAP - US$)

US$ Million	4Q19		3Q19		Δ%	4Q18		Δ%	2019		2018		Δ%
	US$	% NR	US$	% NR	QoQ	US$	% NR	YoY	US$	% NR	US$	% NR	YoY
Net Revenue	**5,797.3**	***100.0%***	**5,625.4**	***100.0%***	**3.1%**	**5,405.8**	***100.0%***	**7.2%**	**22,069.4**	***100.0%***	**21,482.8**	***100.0%***	**2.7%**
Cost of Goods Sold	(5,173.7)	*-89.2%*	(4,960.4)	*-88.2%*	4.3%	(4,964.3)	*-91.8%*	4.2%	(19,969.4)	*-90.5%*	(19,649.3)	*-91.5%*	1.6%
Gross Profit	623.6	*10.8%*	665.0	*11.8%*	-6.2%	441.5	*8.2%*	41.2%	2,100.0	*9.5%*	1,833.5	*8.5%*	14.5%
Adjusted EBITDA	**580.3**	**10.0%**	**610.4**	**10.9%**	**-4.9%**	**393.7**	**7.3%**	**47.4%**	**1,945.2**	**8.8%**	**1,718.7**	**8.0%**	**13.2%**

[1]The difference in JBS USA Beef EBITDA in IFRS and USGAAP, in addition to the FX, is attributed to the adoption of IFRS 16 from 1Q19 onwards and different accounting criteria in relation to inventories: in IFRS they are measured through the average cost while in USGAAP they are marked-to-market.

BUSINESS UNITS 2019 AND 4Q19

JBS USA Pork

Considering results in IFRS and BRL, JBS USA Pork posted net revenue of R$23.5 billion in 2019, which represents an increase of 13.0% in relation to 2018, and an EBITDA of R$2.6 billion, with an EBITDA margin of 11.1% compared to 9.6% in 2018. These results include the 7.4% impact of average FX (BRL vs USD), that was R$3.65 in 2018 and R$3.95 in 2019. In the quarter, net revenue was R$6.3 billion, a significant increase of 18.1% compared to 4Q18, while EBITDA more than doubled in relation to 4Q18, totaling R$886.7 million and margin of 14.0%. In the period, the BRL decreased 7.5%, from R$3.81 in 4Q18 to R$4.12 in 4Q19.

In US GAAP and US$, JBS USA Pork reported net revenue of US$5.9 billion in 2019, an increase of 4.3% in relation to 2018. EBITDA totaled US$561.9 million, with EBITDA margin of 9.5% for the year. In 4Q19, net revenue was US$1.5 billion, an increase of 9.3% in relation to 4Q18, driven by higher prices (+5.1%) and volumes (+4.0%). EBITDA for the quarter showed a significant expansion of 78.1% compared to 4Q18, totaling US$208.9 million, with 13.6% margin.

In 2019, the US pork industry export volumes increased 10% in relation to 2018, highlighting the Chinese demand for pork which accelerated significantly in the second half of the year. The higher export volumes, along with favorable economic conditions in the domestic market, sustained the growing demand for pork products.

In order to maximize export market opportunities, and as previously announced, JBS USA Pork is in the process of eliminating the use of ractopamine from its supply chain. We also continue to closely monitor events related to African Swine Fever in Asia and their impacts on the global pork trade.

JBS USA Pork maintains its relentless focus on operational performance, with cost control in its production units and an outstanding ability to convert commodity items into value-added products, contributing to better margins. Added to this context, the expansion of the case-ready business recently announced, with the acquisition of the Empire Packing Company in the United States. The conclusion of the transaction is still subject to approval by local authorities.

Plumrose continues expanding its presence in the prepared food segment, through scale and development of innovative and branded products. In 2019, the net revenue for this business grew by 10%. In line with the strategic plan to expand its production capacity, primarily in bacon, Plumrose will be opening a new production line in Ottumwa in April. Also, in 2020, we will start the construction of a new plant for the production of ready-to-eat products, in the State of Missouri, USA.

Main Highlights (IFRS - R$)

R$ Million	4Q19		3Q19		Δ%	4Q18		Δ%	2019		2018		Δ%
	R$	% NR	R$	% NR	QoQ	R$	% NR	YoY	R$	% NR	R$	% NR	YoY
Net Revenue	**6,316.0**	***100.0%***	**6,006.3**	***100.0%***	**5.2%**	**5,345.9**	***100.0%***	**18.1%**	**23,469.0**	***100.0%***	**20,774.7**	***100.0%***	**13.0%**
Cost of Goods Sold	(5,060.6)	*-80.1%*	(4,996.8)	*-83.2%*	1.3%	(4,522.5)	*-84.6%*	11.9%	(19,582.5)	*-83.4%*	(17,353.9)	*-83.5%*	12.8%
Gross Profit	1,255.4	*19.9%*	1,009.5	*16.8%*	24.4%	823.4	*15.4%*	52.5%	3,886.5	*16.6%*	3,420.8	*16.5%*	13.6%
Adjusted EBITDA	**886.7**	**14.0%**	**702.9**	**11.7%**	**26.2%**	**408.7**	**7.6%**	**117.0%**	**2,594.8**	**11.1%**	**2,001.6**	**9.6%**	**29.6%**

Main Highlights (US GAAP - US$)

US$ Million	4Q19		3Q19		Δ%	4Q18		Δ%	2019		2018		Δ%
	US$	% NR	US$	% NR	QoQ	US$	% NR	YoY	US$	% NR	US$	% NR	YoY
Net Revenue	**1,534.0**	***100.0%***	**1,511.6**	***100.0%***	**1.5%**	**1,403.2**	***100.0%***	**9.3%**	**5,940.5**	***100.0%***	**5,693.0**	***100.0%***	**4.3%**
Cost of Goods Sold	(1,321.2)	*-86.1%*	(1,389.4)	*-91.9%*	-4.9%	(1,279.3)	*-91.2%*	3.3%	(5,372.1)	*-90.4%*	(5,149.1)	*-90.4%*	4.3%
Gross Profit	212.8	*13.9%*	122.2	*8.1%*	74.1%	123.9	*8.8%*	71.8%	568.4	*9.6%*	543.9	*9.6%*	4.5%
Adjusted EBITDA	**208.9**	**13.6%**	**120.4**	**8.0%**	**73.5%**	**117.3**	**8.4%**	**78.1%**	**561.9**	**9.5%**	**536.8**	**9.4%**	**4.7%**

The difference in JBS USA Pork EBITDA in IFRS and USGAAP, in addition to the FX, is attributed to the adoption of IFRS 16 from 1Q19 onwards and different accounting criteria in relation to inventories: in IFRS they are measured through the average cost while in USGAAP they are marked-to-market.

BUSINESS UNITS 2019 AND 4Q19

Pilgrim's Pride Corporation - "PPC"

For 2019, considering results in IFRS and BRL, PPC posted net revenues of R$45.0 billion, a 12.9% growth in comparison to 2018 and an EBITDA of R$5.3 billion, with an EBITDA margin of 11.8%. These results include a 7.4% devaluation impact of the average FX rate (BRL vs USD), which was R$3.65 in 2018 and R$3.95 in 2019. In 4Q19, net revenue was R$12.6 billion, an increase of 24.6% over 4Q18, while EBITDA was R$1.0 billion, with 8.3% margin. For the period, the impact of the FX rate was 7.5%, R$3.81 in 4Q18 and R$4.12 in 4Q19.

In US GAAP and US$, net revenues in 2019 totaled US$11.4 billion, a 4.3% increase in relation to 2018, and EBITDA was US$973.7 million, with an EBITDA margin of 8.5%. In 4Q19, net revenue was U$3.1 billion, a 15.3% increase over 4Q18, and EBITDA was US$161.6 million, with a 5.3% margin.

In the US, operating performance has continued to improve, driven by the partnership with key customers and the relentless focus on executing and delivering the best results possible despite changes in market conditions. Within PPC´s different segments, case-ready and small bird businesses, continue to have strong demand and overcome the supply. On the other hand, the commodity segment continued to be challenging but PPC experienced improved market conditions compared to 2018. On the prepared foods segment, this business continues to evolve, reflecting the investments made over the last few years.

In Europe, operations once again produced better results driven by increased operational efficiencies, investments in automation, focus on higher yields, and better mitigation of input costs. The newly acquired operations are off to a strong start and are already generating positive EBITDA. The solid performance was driven by strong pork exports and good domestic demand, as well as from the initial implementations of operational improvements.

In Mexico, weak macro conditions during Q4 contributed to uncertainties in consumer spending and demand, especially in traditional markets. Although volume growth was solid, prices were below seasonal expectations. Despite the difficult market environment in Q4, PPC's Mexican business has continued to perform well operationally versus the industry, and was able to generate an improvement in results during 2019 compared to 2018.

Main Highlights (IFRS - R$)

R$ Million	4Q19		3Q19		Δ%	4Q18		Δ%	2019		2018		Δ%
	R$	% NR	R$	% NR	QoQ	R$	% NR	YoY	R$	% NR	R$	% NR	YoY
Net Revenue	**12,598.5**	***100.0%***	**11,021.6**	***100.0%***	**14.3%**	**10,108.3**	***100.0%***	**24.6%**	**45,005.9**	***100.0%***	**39,881.0**	***100.0%***	**12.9%**
Cost of Goods Sold	(11,216.0)	*-89.0%*	(9,398.1)	*-85.3%*	19.3%	(9,125.1)	*-90.3%*	22.9%	(38,674.5)	*-85.9%*	(34,882.4)	*-87.5%*	10.9%
Gross Profit	1,382.6	*11.0%*	1,623.5	*14.7%*	-14.8%	983.2	*9.7%*	40.6%	6,331.4	*14.1%*	4,998.6	*12.5%*	26.7%
Adjusted EBITDA	**1,046.6**	**8.3%**	**1,408.0**	**12.8%**	**-25.7%**	**640.7**	**6.3%**	**63.4%**	**5,327.7**	**11.8%**	**3,738.8**	**9.4%**	**42.5%**

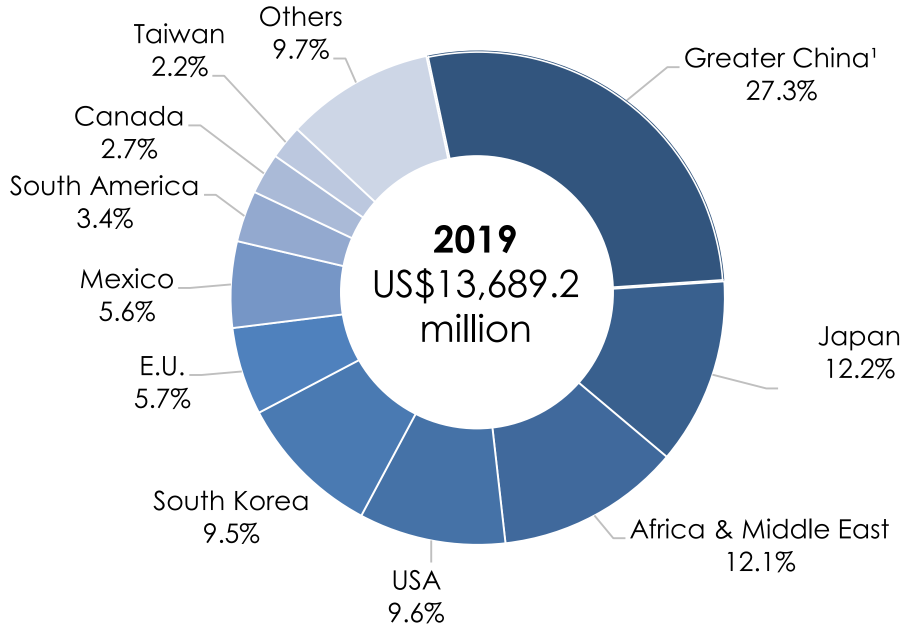
Main Highlights (US GAAP - US$)[1]

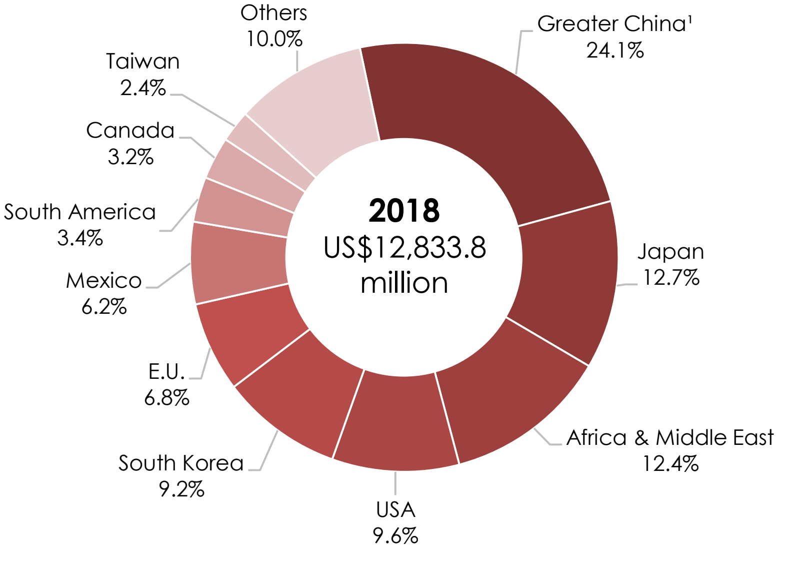
US$ Million	4Q19		3Q19		Δ%	4Q18		Δ%	2019		2018		Δ%
	US$	% NR	US$	% NR	QoQ	US$	% NR	YoY	US$	% NR	US$	% NR	YoY
Net Revenue	**3,063.5**	***100.0%***	**2,778.0**	***100.0%***	**10.3%**	**2,656.8**	***100.0%***	**15.3%**	**11,409.2**	***100.0%***	**10,937.8**	***100.0%***	**4.3%**
Cost of Goods Sold	(2,862.1)	*-93.4%*	(2,495.8)	*-89.8%*	14.7%	(2,544.9)	*-95.8%*	12.5%	(10,338.8)	*-90.6%*	(10,094.3)	*-92.3%*	2.4%
Gross Profit	201.4	*6.6%*	282.2	*10.2%*	-28.6%	111.8	*4.2%*	80.1%	1,070.4	*9.4%*	843.5	*7.7%*	26.9%
Adjusted EBITDA	**161.6**	**5.3%**	**258.4**	**9.3%**	**-37.4%**	**111.0**	**4.2%**	**45.5%**	**973.7**	**8.5%**	**798.2**	**7.3%**	**22.0%**

[1]The difference in PPC's EBITDA in IFRS and USGAAP, in addition to the FX, is attributed to the adoption of IFRS 16 from 1Q19 onwards and to different accounting criteria in relation to breeding flock amortization: in IFRS, amortization of the breeding flock, due to its long term nature, is considered as an expense that can be adjusted in EBITDA, while in USGAAP amortization of the breeding flock is accounted as cost of goods sold and not adjustable in EBITDA.

TABLES AND CHARTS

JBS Consolidated Exports Breakdown 2019 and 2018





4Q19 Breakdown of Production Costs by Business Unit (%)

4Q19 (%)	Consolidated	JBS Brazil	Seara	USA Beef	USA Pork	PPC
Raw material (livestock)	74.1%	87.9%	66.6%	83.7%	74.3%	44.4%
Processing (including ingredients and packaging)	14.7%	6.8%	20.5%	6.7%	14.8%	37.0%
Labor Cost	11.2%	5.3%	12.9%	9.6%	10.9%	18.6%

DIVIDEND POLICY

DIVIDEND DISTRIBUTION EVOLUTION

The declaration of annual dividends, including dividends in excess of the minimum mandatory dividend, requires approval at the Annual General Shareholders Meeting by a majority vote of the shareholders of JBS and will depend on various factors.

These factors include operational results, financial conditions, cash requirements and future prospects of the Company among other factors that the board of directors and shareholders of JBS deem relevant.

The minimum mandatory dividend of JBS is 25% of net income as provided for in the Corporations Act and by the Company's bylaws, based upon the non consolidated financial statements.

There were no dividend payments for 2010 and 2011, since the Company recorded losses for these periods.

Reference year	Total amount (R$ million)	Amount per share(R$)
12/31/2018	6.0	0,0022457200
12/31/2017	126.9	0,0467762540
12/31/2016	89.4	0,0329777380
12/31/2015	1,102.0	0,4054588810
12/31/2014	483.5	0,1673795780
12/31/2013	220.1	0,0767453370
12/31/2012	170.7	0,0595100000
12/31/2009	61.5	0,0243617747
12/31/2008	12.3	0,0087950000

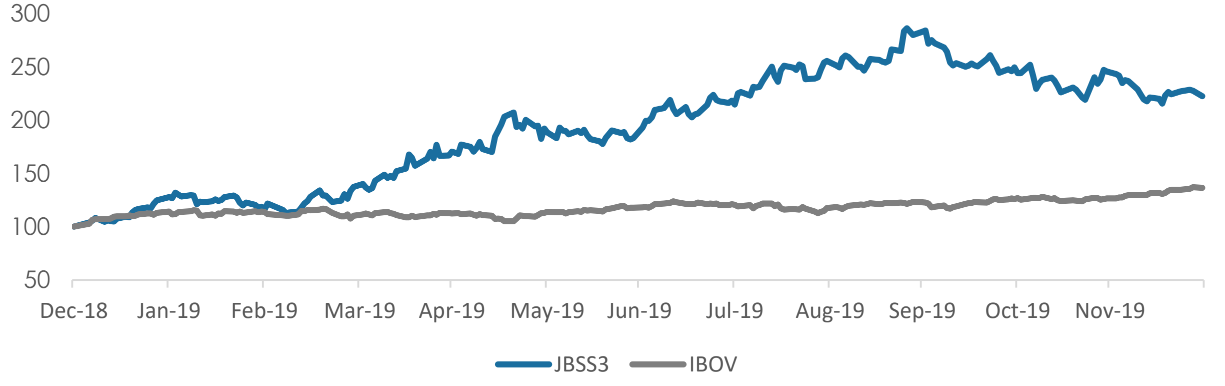
The company has accrued dividends in December 31, 2019 of R$1,441.2 million to be submitted at the General Meeting of Shareholders, calculated as follows (in R$ thousands):

December 31, 2019	
Net income	**6,068,368**
Legal reserves – (5%)	(303,418)
Adjusted base for dividend calculation	**5,764,950**
Mandatory dividends (25%)	1,441,238
Declared dividends	**1,441,238**

OTHER RELEVANT INFORMATION

SHARE PERFORMANCE (base 100)

JBS share price ended 2019 quoted at R$25.80 in the São Paul Stock Exchange (B3). The Company's market value totaled R$70.4 billion at the end of the year.



ADHERENCE TO THE ARBITRATION CHAMBER

The Company, its shareholders, directors and members of the Fiscal Council undertake to resolve through arbitration any dispute or controversy that may arise between them related to or resulting from in particular the application, validity, effectiveness, interpretation, violation and effects of the provisions contained in the Contract of the Novo Mercado, the Listing Rules of the Novo Mercado, the Bylaws, the shareholders' agreements filed at the Company's headquarters under Corporate Law, the regulations issued by the National Monetary Council, by the Central Bank of Brazil, by the CVM, by BOVESPA and any other rules applicable to the operation of the capital market in general to the market Arbitration Chamber in accordance with Commitment Clauses and Arbitration Rules, conducted in accordance with the Chamber Regulation.

RELATIONSHIP WITH EXTERNAL AUDIT

Grant Thornton Auditores was hired by JBS S.A. for the provision of external audit services related to audits of financial statements of JBS S.A., individual and consolidated. JBS' policy to hire eventual services not related to external audit from the independent auditor is based on principles that preserve the independency of the auditor, such as: (a) the auditor should not audit its own work, (b) the auditor should not exercise managerial functions in its client and (c) the auditor should not promote the interests of its client.

The auditor's payment refers to professional services related to the audit process of consolidated financial statements, quarterly revisions of the Company's financial statements, corporate audits and some temporary revisions of certain subsidiaries, as per request by the appropriate legislation.

Payments related to the audit process refer to services of due diligence traditionally performed by an external auditor in acquisitions and advisory regarding accountancy standards and transactions.

Payments not related to audit process corresponds to, mainly, services provided of compliance with the tax requirements to the Company's subsidiaries outside of Brazil.

Aiming to be in compliance with CVM Instruction 381/2003, JBS S.A. informs that Grant Thornton Auditores did not provide any other services unrelated to the audit that represented more than 5% of its total payment regarding audit process during 2019.

JBS S.A.

Financial statements and Independent auditors' report

As of December 31, 2019 and 2018

Index	**Page**

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

Independent auditor's report

To the Management, Directors and Shareholders of
JBS S.A.
São Paulo – SP

Opinion

We have audited the individual and consolidated financial statements of JBS S.A. ("Company"), identified as Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2019, and the related statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and the corresponding explanatory notes, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements set forth in the Code of Ethics for Professional Accountants and the professional standards issued by the Federal Accounting Council and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Key audit matters

Key audit matters (KAM) are those matters that, in our judgment, were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements taken as a whole and in forming our opinion on such individual and consolidated financial statements, and, therefore, we do not provide a separate opinion on these matters.

We determined that the matters below are the key audit matters that should be communicated in our report:

1. Plea bargain agreements, leniency agreement, investigations and judicial procedures in progress (Notes 2 and 23)

Why the matter was determined to be a KAM

As described in Note 2 to the individual and consolidated financial statements, during 2017, certain executives and former executives of J&F Investimentos S.A. Group ("J&F") entered into Plea Bargain Agreements ("Plea Bargain") with the Attorney General's Office ("PGR") and, subsequently, in 2017, J&F entered into a Leniency Agreement ("Leniency Agreement"), which was ratified by the Federal Prosecution Office ("MPF").

To protect themselves against the financial impacts, which are fully assumed by J&F, the Company and its subsidiaries signed the Leniency Agreement, and an internal investigation, led by the Independent Oversight Committee ("Committee" or "CSI") with the assistance of external, independent specialized professionals, was initiated to investigate the facts related to the Company in Brazil and abroad that had been reported under the Plea Bargain. The scope of such investigation included the operations mentioned in the Leniency Agreement and, also, operations "Cui Bono", "Carne Fraca", "Sepsis", "Greenfield", "Bullish", "Tendão de Aquiles", "Lama Asfáltica", and "Porteira Aberta".

The Company calculated and included in its accounting records and in its financial statements for the year ended December 31, 2017 certain estimates on the related accounting impacts of provisions, including on the tax aspects known through that date.

Due to the risks and uncertainty involved in processes of this nature, and also considering that there are investigations in progress on the processes already initiated, and other processes still in the evidence-gathering stage, that might ultimately impact the financial statements, including in disclosure aspects, and, also, due to the materiality of these issues for the financial statements taken as a whole, this matter continued to require a substantial amount of our attention and our efforts and, therefore, was considered a key audit matter in this year again.

How the matter was addressed in the audit of the financial statements

Our audit procedures included, among others:

- We reviewed our understanding of the Company's compliance policies in order to verify, among other aspects relating to governance, if they are operating effectively and, also, if they are in accordance and consistent with what the Company had committed itself and agreed upon with government agencies and oversight bodies;
- We met and evaluated the main Company's investigation actions being conducted by an independent law office and respective forensic specialists;
- We reviewed the working papers prepared by the auditors of the significant components that impact the consolidated financial statements for the conclusions obtained on the forensic procedures that have been applied since the external investigation process was initiated in 2017 and on the procedures applied by them throughout the year ended December 31, 2019;

- We obtained and read the reports issued by the auditors of the significant components on the financial statements that support the Company's consolidated financial statements, to identify new facts and/or processes and evidence-gathering procedures eventually not identified by Management and/or not presented in these financial statements;
- We held meetings and discussions with the Company's internal and external legal counsel to understand and review if there were other impacts and/or risks on the pending lawsuits and evidence-gathering procedures;
- We evaluated if the Company's position on the accounting impacts recognized to date, its estimates and assumptions remain appropriate and are kept up-to-date;
- We evaluated the information and disclosures presented in the individual and consolidated financial statements as to the current status of the investigation process in which the Company is involved;
- We obtained representations from the Company's Management and access to representations of its significant consolidated components regarding the existence of new facts on the investigations that are under way that might result in new significant impacts in relation to those already known, recorded and disclosed in the respective explanatory notes.
- We involved specialists in forensic practices to assist us in evaluating the scope and extent of the investigation, performing a critical evaluation of the procedures and methodologies used by the independent investigators to the present date of such investigations, including as to procedures to gather and analyze critical documents and/or information and an evaluation of the need to perform additional procedures and keep track of relevant information through the media;
- We obtained access to J&F's Management's declaration and also to the MPF's certificate confirming that the Leniency Agreement remains valid and effective.

Based on the evidence obtained through the procedures described above, we considered that the accounting impacts recognized to date, as well as their respective disclosures relating to the processes and evidence-gathering procedures involving the investigations on these transactions, are appropriate in the context of the financial statements for the year ended December 31, 2019 taken as a whole.

2. Provision for risks (Note 23)

Why the matter was determined to be a KAM

The Company and its subsidiaries are defendants to tax, civil, labor and social security lawsuits, and administrative proceedings started by the Brazilian Securities and Exchange Commission (CVM), arising in the normal course of businesses and, also, resulting from the ongoing investigation processes. This area requires Management to make judgments and critical evaluations, supported by the opinion of the Company's legal counsel, in determining the estimates related to the recognition of liabilities, measurement of the involved amounts, assessment of tax risks in corporate reorganizations, likelihood of loss on the ongoing lawsuits and proper disclosure of the existing proceedings and pending litigation.

The total provision amount recorded in the financial statements amounts to R$489,143 thousand and R$1,315,826 thousand, Company and Consolidated, respectively, as of December 31, 2019. Additionally, certain laws and regulations in Brazil are highly complex and, therefore, the measurement, recognition and disclosure of the provision for risks related to lawsuits and administrative proceedings, processes and/or, in certain cases, adherence to laws and regulations, requires a certain level of judgment by the Company and its subsidiaries to record estimates of losses and make disclosures in the individual and consolidated financial statements.

Due to the significance, complexity and judgment involved in the evaluation, measurement and definition of the timing to recognize and disclose lawsuits and pending litigation at the various levels of discussion, as well as any impacts that such processes and estimates may cause on the individual and consolidated financial statements taken as a whole (including when lawsuits are assessed as possible and probable loss, since a change in the likelihood of loss or in the assessment criteria may have impacts on the financial statements in terms of provision and/or recognition of assets), this matter required a large amount of our attention and our efforts and, therefore, we again considered it a key audit matter for the year ended December 31, 2019.

How the matter was addressed in the audit of the financial statements

Our audit procedures included, among others:

- Evaluate, on a testing basis, the sufficiency of the provisions recognized and the amounts of contingencies disclosed by evaluating the criteria and assumptions used in their measurement methodology, considering data and historical information;
- We mailed confirmation letters and, subsequently, evaluated the replies to our confirmation letters and the legal opinion received from the Company's legal advisors;
- For tax and labor lawsuits, our approach included the involvement of our specialists in assessing the grounds and information on likelihood of success provided by the respective legal advisors (to the extent we deemed necessary), in addition to the documentation and information relating to the main tax and labor matters involving the Company;
- Discuss with the Company´s internal and external legal advisors;
- Review the work performed and discuss with Management and the auditors of significant components in the consolidation process;
- Evaluate the disclosures made in the individual and consolidated financial statements to determine that they are in accordance with the rules applicable and provide information on the nature, exposure and amounts accrued or disclosed relating to the main tax, labor and civil matters in which the Company is involved.

Based on the evidence obtained by performing the procedures above, we understand that the criteria and assumptions adopted by the Company to record and disclose estimates and risks relating to the ongoing lawsuits and proceedings at the different levels, as well as the respective disclosures made, are appropriate in the context of the financial statements for the year ended December 31, 2019 taken as a whole.

3. Evaluation of impairment (Notes 13 and 16)

Why the matter was determined to be a KAM

As of December 31, 2019, the Company has assets, including goodwill based on expected future profitability, whose recoverable value must be appraised on an annual basis, as required by Technical Pronouncement CPC 01(R1)/IAS 36 – Impairment of assets. As mentioned in said Notes, the Company performs impairment tests, which involves a high degree of subjectivity and judgment by Management, based on the discounted cash flow method, which considers several assumptions, such as discount rate, inflation projection, economic growth, among others. Accordingly, this matter was considered an area of risk due to the uncertainty inherent in the process of determining the estimates and judgments involved in preparing future cash flows discounted to present value, such as projections of market demand, operating margins and discount rates that may significantly change the realization of the assets.

How the matter was addressed in the audit of the financial statements

Our audit procedures included, among others:

- Evaluation of internal or external evidence that may indicate that assets are impaired;
- Involvement of our internal specialists to assist in the revision of the impairment tests; evaluation of the assumptions and methodologies used by the Company's Management in conjunction with its external specialists engaged to prepare analysis reports;

- Ongoing challenge of the assumptions used by Management in order to corroborate if there are assumptions not consistent and/or that might be revised;
- Analysis of the disclosures required in the individual and consolidated financial statements.

Based on the procedures performed, we considered that the assumptions and methodologies used by the Company to evaluate the recoverable value of such assets are reasonable, and the information presented in the individual and consolidated financial statements is appropriate in the context of the financial statements for the year ended December 31, 2019 taken as a whole.

4. Significant consolidated components (Note 12)

Why the matter was determined to be a KAM

The consolidated financial statements are prepared in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). In this regard, some of the significant subsidiaries are audited by other independent auditors, which led us to consider this a key audit matter, since these investments are material for the Company´s individual and consolidated financial statements, considering the various auditing procedures we are subject to perform, and, also, supervising an uniform level of quality and professional competence between the group auditor and the component auditor, as prescribed in the standard on auditing applicable to audits of group financial statements (NBC TA 600 R1/ ISA600).

How the matter was addressed in the audit of the financial statements

Our audit procedures included, among others:

- The auditing procedures performed included communicating with the component auditors of significant subsidiaries in order to discuss the audit risks identified, the approach, extent and timing of the work;
- We applied the concepts in and according to NBC TA 600 (R1)/ ISA 600 – Special considerations – Audits of group financial statements, besides performing other procedures, we issued audit instructions requesting the required analyses and declarations and reviewed the components' working papers and discussed the auditing procedures performed and findings reached to conclude whether they had been properly planned in a manner to address the risks of material misstatements and/or required additional testing procedures;
- We performed additional independent addressed tests on certain significant components of the Company to cover any deficiencies that might significantly impact the financial statements referred to above;
- Regarding the key audit matters identified, we discussed with the components´ auditors and evaluated any impacts on the individual and consolidated financial statements, including as to any effects on the disclosure of the consolidated financial statements.

Based on the evidence obtained by performing the procedures described above, we consider that the accounting records relating to the accounting information of significant components and their effects on the individual and consolidated financial statements as well as on their respective disclosures are appropriate in the context of the financial statements for the year ended December 31, 2019 taken as a whole .

Other matters

Statements of value added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2019, prepared under the responsibility of the Company's Management and presented as supplemental information for IFRS purposes, have been subject to auditing procedures which were performed together with the audit of the Company's financial statements.

In forming our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 – Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, according to the criteria defined in said Technical Pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Information other than the individual and consolidated financial statements and auditor's report thereon

The Company's Management is responsible for this other information that is included in the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not, and will not, express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in Management Report, we are required to report this fact. We have nothing to report in this regard.

Responsibility of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements, unless Management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative to avoid doing so.

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

Auditor's responsibility for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve override of internal control, collusion, forgery, intentional omissions or misrepresentations;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and, consequently, for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we may have identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including those regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements for the current year and are, therefore, the key audit matters (KAM). We describe these matters in our audit report, unless laws or regulations preclude public disclosure of the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 25, 2020

Alcides Afonso Louro Neto

Grant Thornton Auditores Independentes

JBS S.A.

Statements of financial position
In thousands of Brazilian Reais - R$

		Company		Consolidated	
	Note	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	**1,883,135**	1,764,193	**10,033,967**	8,935,779
Trade accounts receivable	6	**2,609,254**	2,729,066	**11,136,622**	9,657,010
Inventories	7	**2,575,154**	2,005,010	**13,439,591**	11,311,734
Biological assets	8	–	–	**3,906,004**	3,190,953
Recoverable taxes	9	**933,085**	1,146,685	**2,351,152**	2,210,038
Derivative assets	31	–	6,303	**62,053**	52,797
Related party receivables	10	–	–	–	701,281
Other current assets		**184,622**	163,505	**994,985**	839,957
TOTAL CURRENT ASSETS		**8,185,250**	**7,814,762**	**41,924,374**	**36,899,549**
NON-CURRENT ASSETS					
Biological assets	8	–	–	**1,382,559**	1,168,454
Recoverable taxes	9	**4,821,787**	6,737,234	**7,001,480**	9,073,340
Related party receivables	10	**715,527**	828,802	**275,178**	–
Deferred income taxes	11	–	–	**1,506,129**	1,159,445
Investments in subsidiaries and joint ventures	12	**29,455,450**	24,989,925	**93,633**	84,967
Property, plant and equipment	13	**11,151,059**	11,186,287	**38,099,818**	35,109,179
Right of use asset	14	**198,671**	–	**4,573,523**	–
Intangible assets	15	**76,663**	89,806	**6,052,954**	5,819,296
Goodwill	16	**9,085,970**	9,085,970	**24,497,750**	23,775,575
Other non-current assets		**399,187**	550,639	**931,989**	1,056,026
TOTAL NON-CURRENT ASSETS		**55,904,314**	**53,468,663**	**84,415,013**	**77,246,282**
TOTAL ASSETS		**64,089,564**	**61,283,425**	**126,339,387**	**114,145,831**

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

JBS S.A.

Statements of financial position
In thousands of Brazilian Reais - R$

	Note	Company		Consolidated	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade accounts payable	17	**3,009,662**	2,282,370	**15,438,843**	12,165,387
Supply chain finance	17	**557,031**	50,885	**2,011,463**	910,228
Loans and financing	18	**208,984**	1,868,061	**2,078,899**	2,922,635
Income taxes	19	—	—	**384,594**	202,665
Accrued income taxes and other taxes	19	**325,754**	299,480	**559,046**	525,521
Accrued payroll and social charges	20	**914,539**	771,936	**4,051,824**	3,508,585
Lease provision	14	**22,421**	—	**945,791**	—
Dividends payable	21	**1,441,259**	6,566	**1,442,581**	7,313
Other financial liabilities	22	**22,193**	24,017	**45,709**	45,537
Derivative liabilities	31	**22,194**	23,602	**251,964**	210,015
Other current liabilities		**854,199**	897,419	**1,246,978**	1,103,830
TOTAL CURRENT LIABILITIES		**7,378,236**	**6,224,336**	**28,457,692**	**21,601,716**
NON-CURRENT LIABILITIES					
Loans and financing	18	**2,521,966**	13,674,207	**50,949,144**	53,230,893
Accrued income taxes and other taxes	19	**771,489**	704,382	**977,993**	842,268
Accrued payroll and social charges	20	**3,032,811**	3,167,443	**3,653,033**	3,740,541
Lease provision	14	**184,854**	—	**3,769,653**	—
Other financial liabilities	22	**11,550**	18,227	**104,807**	23,676
Deferred income taxes	11	**2,416,149**	1,853,179	**4,093,599**	3,483,539
Provisions	23	**489,143**	1,946,122	**1,315,826**	2,696,645
Related party payables	10	**17,641,379**	8,033,436	—	—
Other non-current liabilities		**5,021**	15,097	**535,591**	580,344
TOTAL NON-CURRENT LIABILITIES		**27,074,362**	**29,412,093**	**65,399,646**	**64,597,906**
EQUITY	24				
Share capital - common shares		**23,576,206**	23,576,206	**23,576,206**	23,576,206
Capital reserve		**(233,707)**	(255,699)	**(233,707)**	(255,699)
Other reserves		**54,374**	62,480	**54,374**	62,480
Profit reserves		**4,614,776**	1,869,306	**4,614,776**	1,869,306
Accumulated other comprehensive income (loss)		**1,625,317**	394,703	**1,625,317**	394,703
Attributable to company shareholders		**29,636,966**	**25,646,996**	**29,636,966**	**25,646,996**
Attributable to non-controlling interest		—	—	**2,845,083**	2,299,213
TOTAL EQUITY		**29,636,966**	**25,646,996**	**32,482,049**	**27,946,209**
TOTAL LIABILITIES AND EQUITY		**64,089,564**	**61,283,425**	**126,339,387**	**114,145,831**

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

JBS S.A.

Statements of income for the years ended December 31, 2019 and 2018
In thousands of Brazilian Reais - R$

		Company		Consolidated	
	Note	2019	2018	2019	2018
NET REVENUE	25	**31,721,730**	**27,374,926**	**204,523,575**	**181,680,244**
Cost of sales	25	**(25,841,289)**	(22,424,025)	**(172,577,224)**	(155,340,054)
GROSS PROFIT		**5,880,441**	**4,950,901**	**31,946,351**	**26,340,190**
General and administrative expenses	29	**(2,881,937)**	(4,983,159)	**(7,313,060)**	(8,587,555)
Selling expenses	29	**(2,253,258)**	(2,050,350)	**(11,468,935)**	(10,421,995)
Other expense		**(25,219)**	(17,603)	**(165,645)**	(388,096)
Other income		**8,784**	54,966	**450,002**	214,863
OPERATING EXPENSE		**(5,151,630)**	**(6,996,146)**	**(18,497,638)**	**(19,182,783)**
OPERATING PROFIT (LOSS)		**728,811**	**(2,045,245)**	**13,448,713**	**7,157,407**
Finance income	26	**1,194,113**	1,332,305	**2,081,827**	1,404,446
Finance expense	26	**(4,311,860)**	(5,688,807)	**(8,066,906)**	(9,686,666)
		(3,117,747)	**(4,356,502)**	**(5,985,079)**	**(8,282,220)**
Share of profit of equity-accounted investees, net of tax	12	**8,076,494**	4,631,240	**34,166**	26,455
PROFIT (LOSS) BEFORE TAXES	11	**5,687,558**	**(1,770,507)**	**7,497,800**	**(1,098,358)**
Current income taxes	11	**943,780**	1,685,889	**(1,110,003)**	247,388
Deferred income taxes	11	**(562,970)**	109,817	**77,057**	1,061,086
		380,810	**1,795,706**	**(1,032,946)**	**1,308,474**
NET INCOME		**6,068,368**	**25,199**	**6,464,854**	**210,116**
ATTRIBUTABLE TO:					
Company shareholders				**6,068,368**	25,199
Non-controlling interest				**396,486**	184,917
				6,464,854	**210,116**
Basic earnings per share - common shares (R$)	27	**2.28**	0.01	**2.28**	0.01
Diluted earnings per share - common shares (R$)	27	**2.28**	0.01	**2.28**	0.01

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

JBS S.A.

Statements of comprehensive income for the years ended December 31, 2019 and 2018
In thousands of Brazilian Reais - R$

		Company		Consolidated	
	Reference	2019	2018	2019	2018
Net income	**IS**	**6,068,368**	25,199	**6,464,854**	210,116
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation adjustments	**SCSE**	**1,233,555**	1,721,881	**1,383,885**	1,965,910
(Gain) losses associated with control loss/sale/disposal of subsidiaries		**(2,941)**	17,232	**(2,941)**	17,232
Total comprehensive income		**1,230,614**	**1,739,113**	**1,380,944**	**1,983,142**
Other comprehensive income		**7,298,982**	**1,764,312**	**7,845,798**	**2,193,258**
Total comprehensive income attributable to:					
Company shareholders	**SCSE**	**7,298,982**	1,764,312	**7,298,982**	1,764,312
Non-controlling interest	**SCSE**	-	-	**546,816**	428,946
		7,298,982	**1,764,312**	**7,845,798**	**2,193,258**

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

JBS S.A.
Statements of changes in equity for the years ended December 31, 2019 and 2018
In thousands of Brazilian Reais - R$

			Capital reserves				Profit reserves			Other comprehensive income					
	Note	Share capital	Premium on issue of shares	Capital transaction [1]	Stock options	Other reserves	Treasury shares	Legal	Investments statutory	VAE [2]	ATA [4]	Retained earnings (loss)	Total	Non-controlling interest	Total equity
DECEMBER 31, 2017		23,576,206	211,879	(556,963)	55,789	67,906	(192,882)	469,371	2,000,716	8,023	(1,352,433)	–	24,287,612	1,853,056	26,140,668
Net income		–	–	–	–	–	–	–	–	–	–	25,199	**25,199**	184,917	**210,116**
(Gain) losses associated with control loss/sale/disposal of subsidiaries		–	–	–	–	–	–	–	–	–	17,232	–	**17,232**	–	**17,232**
Comprehensive income	12	–	–	–	–	–	–	–	–	18,387	1,703,494	–	**1,721,881**	244,029	**1,965,910**
Total comprehensive income (loss)		–	–	–	–	–	–	–	–	**18,387**	**1,720,726**	**25,199**	**1,764,312**	**428,946**	**2,193,258**
Purchase of treasury shares	24 b3	–	–	–	–	–	(498,195)	–	–	–	–	–	**(498,195)**	–	**(498,195)**
Share-based compensation	24 b2	–	–	43,201	64,979	–	–	–	–	–	–	–	**108,180**	9,925	**118,105**
Treasury shares used in stock option plan	24 b3	–	–	–	(65,655)	–	66,938	–	(1,283)	–	–	–	–	–	–
Realization of other reserves	24 c	–	–	–	–	(5,426)	–	–	–	–	–	5,426	–	–	–
Declared dividends	21	–	–	–	–	–	–	–	–	–	–	(5,984)	**(5,984)**	–	**(5,984)**
Legal reserve	24 b	–	–	–	–	–	–	1,260	–	–	–	(1,260)	–	–	–
Investments statutory	24 b	–	–	–	–	–	–	–	23,381	–	–	(23,381)	–	–	–
PPC share repurchase		–	–	–	–	–	–	–	–	–	–	–	–	(899)	**(899)**
Scott' dividend to non-controlling interest		–	–	–	–	–	–	–	–	–	–	–	–	(8,213)	**(8,213)**
Scott' issuance of additional shares		–	–	–	–	–	–	–	–	–	–	–	–	2,546	**2,546**
PPC tax sharing agreement		–	–	(7,893)	–	–	–	–	–	–	–	–	**(7,893)**	7,893	–
Capital contribution PPC Mexico to non-controlling interest		–	–	–	–	–	–	–	–	–	–	–	–	5,414	**5,414**
Others		–	–	(1,036)	–	–	–	–	–	–	–	–	**(1,036)**	545	**(491)**
DECEMBER 31, 2018		**23,576,206**	**211,879**	**(522,691)**	**55,113**	**62,480**	**(624,139)**	**470,631**	**2,022,814**	**26,410**	**368,293**	–	**25,646,996**	**2,299,213**	**27,946,209**
IFRIC 23 Initial adoption	3 j2	–	–	–	–	–	–	–	(1,908,796)	–	–	–	**(1,908,796)**	–	**(1,908,796)**
01 JANUARY 2019		**23,576,206**	**211,879**	**(522,691)**	**55,113**	**62,480**	**(624,139)**	**470,631**	**114,018**	**26,410**	**368,293**	–	**23,738,200**	**2,299,213**	**26,037,413**
Net income		–	–	–	–	–	–	–	–	–	–	6,068,368	**6,068,368**	396,486	**6,464,854**
(Gain) losses associated with control loss/sale/disposal of subsidiaries		–	–	–	–	–	–	–	–	–	(2,941)	–	**(2,941)**	–	**(2,941)**
Comprehensive income	12	–	–	–	–	–	–	–	–	(19,222)	1,252,777	–	**1,233,555**	150,330	**1,383,885**
Total comprehensive income (loss)		–	–	–	–	–	–	–	–	**(19,222)**	**1,249,836**	**6,068,368**	**7,298,982**	**546,816**	**7,845,798**
Share-based compensation	24 b2	–	–	32,045	8,304	–	–	–	–	–	–	–	**40,349**	8,843	**49,192**
Treasury shares used in stock option plan	24 b3	–	–	–	(18,470)	–	18,417	–	53	–	–	–	–	–	–
Realization of other reserves	24 c	–	–	–	–	(8,106)	–	–	–	–	–	8,106	–	–	–
Legal reserve	24 b	–	–	–	–	–	–	303,418	–	–	–	(303,418)	–	–	–
Investments statutory	24 b	–	–	–	–	–	–	–	4,332,378	–	–	(4,332,378)	–	–	–
Declared dividends	21	–	–	–	–	–	–	–	–	–	–	(1,441,238)	**(1,441,238)**	–	**(1,441,238)**
Dividends reversal	21	–	–	–	–	–	–	–	–	–	–	560	**560**	–	**560**
PPC share repurchase		–	–	–	–	–	–	–	–	–	–	–	–	(11,357)	**(11,357)**
Scott' dividend to non-controlling interest		–	–	–	–	–	–	–	–	–	–	–	–	(7,844)	**(7,844)**
White Stripe acquisition		–	–	–	–	–	–	–	–	–	–	–	–	13,034	**13,034**
White Stripe dividend to non-controlling interest		–	–	–	–	–	–	–	–	–	–	–	–	(1,949)	**(1,949)**
Others		–	–	113	–	–	–	–	–	–	–	–	**113**	(1,673)	**(1,560)**
DECEMBER 31, 2019		**23,576,206**	**211,879**	**(490,533)**	**44,947**	**54,374**	**(605,722)**	**774,049**	**4,446,449**	**7,188**	**1,618,129**	–	**29,636,966**	**2,845,083**	**32,482,049**

(1) Refers to changes in the equity of investees arising from PPC's share repurchase and share-based compensation.
(2) Valuation adjustments to equity;
(3) Accumulated translation adjustments and exchange variation in subsidiaries.

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

JBS S.A.
Statements of cash flows for the years ended December 31, 2019 and 2018
In thousands of Brazilian Reais - R$

		Company		Consolidated	
	Notes	2019	2018	2019	2018
Cash flows from operating activities					
Net income		**6,068,368**	**25,199**	**6,464,854**	**210,116**
Adjustments for:					
Depreciation and amortization	8, 13, 14 and 15	**758,888**	773,504	**6,313,062**	4,804,977
Allowance for doubtful accounts	6	**19,080**	211,680	**70,723**	239,778
Share of profit of equity-accounted investees	12	**(8,076,494)**	(4,631,240)	**(34,166)**	(26,455)
(Gain) loss on assets sales		**16,436**	11,196	**(19,852)**	15,669
Tax expense	11	**(380,810)**	(1,795,706)	**1,032,946**	(1,308,474)
Finance expense (income), net	26	**3,117,747**	4,356,502	**5,985,079**	8,282,220
Share-based compensation	24	**8,304**	64,979	**49,192**	118,105
Provisions		**260,495**	250,507	**427,815**	84,584
Impairment	13	–	71,695	**1,412**	156,465
(Gain) loss with the divestment program		–	6,684	–	68,658
(Gain) loss with the sale of subsidiaries		–	–	**8,759**	–
Net realizable value inventory adjustments	7	**4,729**	–	**(60,615)**	59,367
Taxes payments in installments		**248,342**	2,421,631	**288,105**	2,475,290
Fair value (market to market) of biological assets	8	–	–	**(291,914)**	–
Impacts from the leniency agreement		**11,787**	80,520	**11,787**	80,520
		2,056,872	**1,847,151**	**20,247,187**	**15,260,820**
Changes in assets and liabilities:					
Trade accounts receivable		**331,519**	(405,520)	**(259,217)**	673,185
Inventories		**(574,872)**	(185,738)	**(1,442,179)**	(632,125)
Recoverable taxes		**49,704**	(442,004)	**215,513**	(693,266)
Other current and non-current assets		**127,415**	25,735	**78,304**	(333,265)
Biological assets		–	–	**(1,688,264)**	(1,502,660)
Trade accounts payable and supply chain finance		**1,134,742**	278,896	**2,996,675**	1,870,181
Taxes payments in installments		**(769,398)**	(436,458)	**(810,288)**	(440,910)
Other current and non-current liabilities		**(132,629)**	(66,186)	**(60,924)**	(227,585)
Income taxes paid		–	–	**(2,178,416)**	(2,507,727)
Changes in operating assets and liabilities		**166,481**	**(1,231,275)**	**(3,148,796)**	**(3,794,172)**
Cash provided by operating activities		**2,223,353**	**615,876**	**17,098,391**	**11,466,648**
Interest paid		**(1,174,850)**	(1,558,265)	**(3,604,988)**	(4,395,033)
Interest received		**138,518**	377,725	**275,079**	370,874
Net cash of interest provided by (used in) operating activities		**1,187,021**	**(564,664)**	**13,768,482**	**7,442,489**
Cash flow from investing activities					
Purchases of property, plant and equipment	13	**(726,860)**	(454,815)	**(4,265,741)**	(2,896,846)
Purchases of intangible assets	15	**(14,434)**	(17,466)	**(17,683)**	(25,565)
Proceeds from sale of property, plant and equipment	13	**44,684**	207,279	**194,492**	327,001
Additional investments in joint-ventures and subsidiaries	12	**(197,961)**	(1,051)	–	–
Incorporation of subsidiaries, net of incorporation cash	12	–	2,838	–	–
Acquisitions, net of cash acquired	4	–	–	**(2,240,164)**	(45,066)
Assets held for sale, net of cash		–	–	–	622,235
Dividends and liquidation funds received	12	**4,396,127**	9,327	**25,500**	5,500
Proceeds from the divestment program		–	6,616	–	6,616
Related party transactions	10	**8,458,995**	7,654,049	**450,433**	254,125
Other		**(2,941)**	638	**(1,321)**	9,265
Cash provided by (used in) investing activities		**11,957,610**	**7,407,415**	**(5,854,484)**	**(1,742,735)**
Cash flow from financing activities					
Proceeds from loans and financings	18	**3,549,220**	149,143	**35,014,055**	10,925,327
Payments of loans and financings	18	**(16,564,467)**	(7,023,786)	**(40,056,673)**	(20,424,607)
Derivatives instruments received/settled	31	**(1,538)**	128,142	**(877)**	132,083
Dividends paid		**(5,983)**	(126,883)	**(5,983)**	(126,883)
Dividends paid to non-controlling interest		–	–	**(9,793)**	(8,213)
Capital contribution PPC Mexico to non-controlling interest		–	–	–	5,414
PPC share repurchase		–	–	**(11,357)**	(899)
Purchase of treasury shares		–	(498,195)	–	(498,195)
Payments of leases	14	**(45,182)**	–	**(1,356,991)**	–
Others		–	–	**(16,741)**	6,906
Cash used in financing activities		**(13,067,950)**	**(7,371,579)**	**(6,444,360)**	**(9,989,067)**
Effect of exchange rate changes on cash and cash equivalents		**42,261**	**154,219**	**(371,450)**	**1,483,784**
Net change in cash and cash equivalents		**118,942**	(374,609)	**1,098,188**	(2,805,529)
Cash and cash equivalents beginning of period		**1,764,193**	2,138,802	**8,935,779**	11,741,308
Cash and cash equivalents at the end of period		**1,883,135**	**1,764,193**	**10,033,967**	**8,935,779**

Non-cash transactions:

	Notes	Company 2019	Company 2018	Consolidated 2019	Consolidated 2018
Increase in share capital in subsidiaries' through assumption of credit	10	**359,579**	—	—	—
Reclassification of negative investments	12	**(104,589)**	216,442	—	—
Capital contribution in subsidiaries' through property assignment	12	—	78,281	—	—
Payments of loans through related party settlement		—	(375,751)	—	—
Tax credit assignment with Flora		—	23,783	—	23,783
Treasury shares used in stock option plan	24	**18,470**	66,938	**18,470**	66,938
PERT compensation of debts with tax credits		—	369,759	—	372,554
Compensation reversal of recoverable taxes with accrued payroll and social charges		—	169,258	—	169,258
PP&E reclassification to right of use asset	14	—	—	**81,306**	—
Intangible disposal due to subsidiaries liquidation	15	—	—	**2,170**	—
PP&E disposal due to subsidiaries liquidation	13	—	—	**6,589**	—
Incorporation of subsidiaries	12	—	246,563	—	—
Liquidation of subsidiaries	12	—	(15)	—	—
Dividends declared but not paid	21	**(1,441,238)**	(5,984)	**(1,441,238)**	(5,984)
Reversal of dividends	21	**560**	—	**560**	—
Tax assessment payment using tax credits	23	**(1,597,061)**	—	**(1,597,061)**	—
Decrease in subsidiaries' investments through assumption of credit	10	**(687,183)**	—	—	—
Donation of PP&E as payment for Seberi's acquisition	4	—	—	**80,000**	—
Installments to be paid related to Seberi's acquisition	4	—	—	**(111,813)**	—
Assets addition through capital reduction in subsidiaries	15	—	—	—	74,218
PP&E reclassification to biological assets	8	—	—	**7,695**	—
IFRIC 23 Initial adoption	3 j2	**(1,662,472)**	—	**(1,908,796)**	—
IFRS 16 Initial adoption	14	**215,053**	—	**4,881,940**	—
New contracts of lease	14	**20,488**	—	**677,551**	—

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

JBS S.A.

Economic value added the years ended December 31, 2019 and 2018
In thousands of Brazilian Reais - R$

	Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Revenue				
Sales of goods and services	**32,395,224**	28,053,468	**206,579,928**	183,378,719
Other income (expense)	**(12,535)**	(6,595)	**110,545**	(39,900)
Allowance for doubtful accounts	**(19,080)**	(211,680)	**(70,723)**	(239,778)
	32,363,609	**27,835,193**	**206,619,750**	**183,099,041**
Goods				
Cost of services and goods sold	**(22,969,139)**	(19,822,951)	**(123,601,768)**	(113,285,156)
Materials, energy, services from third parties and others	**(4,277,672)**	(3,683,433)	**(34,651,873)**	(30,097,954)
	(27,246,811)	**(23,506,384)**	**(158,253,641)**	**(143,383,110)**
Gross added value	**5,116,798**	**4,328,809**	**48,366,109**	**39,715,931**
Depreciation and Amortization	**(758,888)**	(773,504)	**(6,313,062)**	(4,804,977)
Net added value generated	**4,357,910**	**3,555,305**	**42,053,047**	**34,910,954**
Net added value by transfer				
Share of profit of equity-accounted investees, net of tax	**8,076,494**	4,631,240	**34,166**	26,455
Financial income	**1,194,113**	1,332,305	**2,081,827**	1,404,446
Others	**(2,244)**	78,138	**257,062**	(58,683)
	9,268,363	**6,041,683**	**2,373,055**	**1,372,218**
NET ADDED VALUE TOTAL TO DISTRIBUTION	**13,626,273**	**9,596,988**	**44,426,102**	**36,283,172**
DISTRIBUTION OF ADDED VALUE				
Labor				
Salaries	**2,223,936**	2,033,329	**20,822,119**	18,396,302
Benefits	**285,469**	252,129	**4,111,985**	3,246,969
FGTS (Brazilian Labor Social Charge)	**143,091**	131,185	**310,500**	280,629
	2,652,496	**2,416,643**	**25,244,604**	**21,923,900**
Taxes and contribution				
Federal	**(315,939)**	619,409	**1,798,515**	1,772,723
State	**856,164**	735,900	**1,934,237**	1,419,239
Municipal	**18,598**	16,722	**19,934**	17,822
	558,823	**1,372,031**	**3,752,686**	**3,209,784**
Capital Remuneration from third parties				
Interests and exchange variation	**4,041,862**	5,534,933	**7,488,102**	9,331,121
Rents	**60,187**	95,076	**432,428**	948,907
Others	**244,537**	153,106	**1,043,428**	659,344
	4,346,586	**5,783,115**	**8,963,958**	**10,939,372**
Owned capital remuneration				
Dividends	**1,441,238**	5,984	**1,441,238**	5,984
Net income (loss) attributable to company shareholders	**4,627,130**	19,215	**4,627,130**	19,215
Non-controlling interest	**-**	-	**396,486**	184,917
	6,068,368	**25,199**	**6,464,854**	**210,116**
ADDED VALUE TOTAL DISTRIBUTED	**13,626,273**	**9,596,988**	**44,426,102**	**36,283,172**

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

(Expressed in thousands of Brazilian reais)

1 Operating activities

JBS S.A ("JBS" or the "Company"), is a company listed on the "Novo Mercado" segment of the São Paulo Stock Exchange (B3 - Bolsa de Valores, Mercadorias & Futuros) under the ticker symbol "JBSS3". JBS also trades it's American Depository Receipts over-the-counter under the symbol "JBSAY".

The Company along with its subsidiaries ("Company" or "Consolidated") is the world's largest company in processing animal protein as measured by total revenue.

The issuance of these individual and consolidated financial statements was authorized by the Board of Directors on March 25, 2020.

The financial statements presented herein include the Company's individual operations in Brazil as well as the activities of its subsidiaries. Below is a summary of the Company's main operating activities by entity and geographic location, as well as ownership percentage as of December 31, 2019 and December 31, 2018.

Company

Description	Activities	Units	State
JBS S.A. (JBS, Company)	- Beef processing: slaughtering, refrigerating, industrializing and production of canned beef by-products. - Leather production, processing and commercialization. - Production and commercialization of steel cans, plastic resin, soap base for production, soap bar, biodiesel, glycerin, olein, oily acid, collagen and wrapper derived from cattle tripe; fetal bovine serum production; industrial waste management; purchase and sale of soy beans, tallow, palm oil, caustic soda, stearin; transportation services; dog biscuits; direct sales to customers of beef and by-products in stores named "Mercado da Carne"; eletric power production, cogeneration and commercialization. - Distribution centers and harbors.	71	AC, BA, CE, ES, GO, MG, MS, MT, PA, PE, PR, RJ, RO, RS, SC, SP, TO

Consolidated: Main activities in Brazil

Description	Activities	Units	State	Participation	December 31, 2019	December 31, 2018
Seara Alimentos Ltda. (Seara Alimentos)	- Chicken and pork processing: raising, slaughtering and processing of broiler chickens and hogs; production and commercialization of beef and food products; and production of pet food and concentrates. - Distribution centers, transportation services and harbors.	75	BA, CE, DF, MG, MS, MT, PE, PR, RJ, RN, RS, SC and SP	Direct	100%	100%
Meat Snacks Partners do Brasil Ltda (Meat Snacks)	- Beef Jerky production.	2	SP	Indirect	50%	50%
Enersea Comercializadora de Energia Ltda. (Enersea)	-Eletric power commercialization.	2	SC and SP	Direct	99.99%	99.99%
JBS Confinamento Ltda. (JBS Confinamento)	- Cattle fattening services.	8	SP, GO, MS and MT	Direct	100%	100%
Brazservice Wet Leather S.A (Brazservice)	- Wet blue leather production, processing and commercialization.	1	MT	Direct	100%	100%

Consolidated: Main activities outside of Brazil

Description	Activities	Units	Country	Participation	December 31, 2019	December 31, 2018
JBS USA Holding Lux, S.à.r.l. (JBS USA)	- Beef and pork processing: slaughtering, refrigerating, industrializing and, production of by-products; - Chicken processing: raising, slaughtering and processing of broiler chickens, production and commercialization of by-products derived from processing operations; - Cattle fattening services; - Transportation services.	253	Australia, Canada, Luxembourg, Mexico, Netherlands, United Kingdom and United States of America	Indirect	100%	100%
JBS Global (UK) Ltd. (JBS Global UK)	- Trading fresh and processed beef, pork, lamb and chicken products for the European market.	1	United Kingdom	Indirect	100%	100%
JBS Toledo NV (Toledo)	-Trading operations for the European market; cooked frozen meat commercialization; logistic operations; warehousing.	1	Belgium	Indirect	100%	100%
Rigamonti Salumificio SpA (Rigamonti)	-Production and commercialization of bresaola and pork by-products: ham, cooked ham, mortadella, among others.	4	Italy	Direct	100%	100%
Conceria Priante (Priante)	- Semi-finished and finished leather production.	1	Italy	Direct	100%	100%
JBS Leather International (Leather International)	- Wet blue, semi-finished and finished leather production.	13	Argentina, Germany, Hong Kong, Netherlands and Uruguay	Direct	100%	100%
Seara Holding Europe B.V. (Seara Holding)	- Animal protein products trading.	6	China, Netherlands, Saudi Arabia, South Africa, United Arab Emirates, United Kingdom	Indirect	100%	100%

Subsequent events:

a. JBS communicates that it has been monitoring the developments of the coronavirus outbreak around the world, in order to preserve the safety of its employees and map the effects of the pandemic on its business. In this sense, JBS constituted a Global Crisis Committee to address the impacts of the Corona Virus Disease 2019 (Covid-19) pandemic on its operations, composed by Mr. Gilberto Tomazoni (Global CEO), Guilherme Cavalcanti (Global CFO), André Nogueira (CEO USA), Wesley Mendonça Batista Filho (CEO South America), Brent Eastwood (CEO Australia), Eduardo Noronha (Global Human Resources), and Cameron Bruett (Corporate Affairs). Certain preventive and reactive measures and protocols were adopted by JBS in its corporate offices and production units in order to protect the health and well-being of all our stakeholders. Recently, JBS implemented a 20 day vacation period for five out of the 43 beef production units in Brazil. This decision is in line with the instability of the domestic and global scenarios, in view of the potential drop in demand in the food service segment, as well as logistics limitations in several parts of the world. In the International Markets, JBS continues to operate normally at this moment, with full operations of its industrial units. Given the profile of our operational and industrial footprint, we have the flexibility to redirect part of the products that would have served the food service channel (restaurants, hotels, etc) to the retail channel, we also noticed an increase in online sales channel, both channels have been experiencing increased usage by consumers in quarantine conditions. Looking ahead, disruptions in the supply chain, as well as labor shortages, can potentially impact production units, reducing protein processing, as well as impacting the price of live animals. JBS reiterates that, through its diversified industrial footprint, it will maintain its efforts to continuously meet the demand for food in the world. At this moment, there is no way to precisely predict the medium and long-term impacts on the economic scenario and on the Company's operations.

b. Until the approval of these financial statements, the American dollar suffered an appreciation in relation to the Brazilian real of approximately 26% based on the closing rate at December 31, 2019. If these exchange rate fluctuations occurred at December 31, 2019, the impact on these financial statements would be of approximately R$25 billions in the total of assets and R$5.5 billions in profit and loss of exchange rate variation loss (as demonstrated in the footnote 31 item a.2.1.1., the effect if the exchange rate varies 25%, a exchange rate variation loss of R$5.3 billions would be generated).

2 Plea bargain agreement, Leniency agreement and the impacts in the financial statements

As is public knowledge, in May 2017 certain executives and former executives of J&F Investimentos S.A. (“J&F”), the holder of a group of companies that belong to the “J&F Group,” took over certain obligations in the Plea Bargain Agreement with the District Attorney General's Office and in 2017, J&F entered in a Leniency Agreement (“Agreement”) with the Federal Public Prosecutor’s Office. The Company and its Brazilian subsidiaries entered the Agreement in September 6, 2017.

In the Agreement, J&F, on behalf of itself and its subsidiaries, committed to reimburse R$10.3 billion over the next 25 years and to cooperate voluntarily with the Government carrying out internal investigations and providing proof to ensure the materiality and origin of the actions committed and confessed. The legal advisors hired by J&F, on behalf of itself and its subsidiaries, keep conducting internal investigations in compliance with the Agreement's guidelines and until the approval of these financial statements, no new events or facts related to the independent internal investigations ongoing were identified.

The Company's Management has concluded, based on internal analytical procedures adopted, the impacts on its financial statements which were disclosed and recognized in its financial statements of the year ended December 31, 2017. The impacts in the financial statements are assessed quarterly. The Company and its subsidiaries are in compliance with the Agreement's guidelines.

The Company structured a compliance program named "Always Do It Right", created to prevent conducts of employees and third parties that might disagree with the Company's Code of Conduct and Ethics, laws, regulations and/or internal procedures. The program is constantly developing and it reports directly to the Board of Directors, acting independently. Their are also responsible for monitoring and implementing trainings related to compliance matters, management of the complaints channel, periodical risk assessments, internal control implementation including anti-corrupting matters, reputation analysis of third parties (due diligence), among other activities related to the Management.

3 Basis of preparation

The consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil (BRGAAP), in compliance with the law of joint stock companies (Lei das sociedades por ações - Leis das SA's), pronouncements, interpretations and orientations issued by the Brazilian Accounting Pronouncements Committee (Comitê de Pronunciamentos Contábeis) - CPC, requirements of the Brazilian Securities Commission - CVM and with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB). The accounting practices adopted in Brazil require the disclosure of the Economic Value Added (Demonstração do Valor Adicionado - DVA), individual and consolidated, while the IFRS rules do not require its disclosure. As a consequence, due to IFRS rules, DVA is disclosed as supplementary information without any loss to these consolidated financial statements. The Company individual financial statements are identified as "Company" and the consolidated financial statements are identified as "Consolidated".

The presentation of our financial condition and results of operation requires that certain judgments and estimates be made regarding the effects of matters that are inherently uncertain and that impact the carrying value of assets and liabilities. Significant assets and liabilities that are subject to these estimates include the useful life of property, plant and equipment, right of use asset and lease provision, estimated fair value and value in-use of long-lived assets, allowance for doubtful accounts, inventories, deferred income taxes, provisions for tax, civil, and labor liabilities, determining the fair value of financial instruments (assets and liabilities) and other similar estimates related to interest rate risk and derivatives valuation. The settlement of a transaction involving these estimates may result in values that are different from those estimated. Certain of our accounting policies require higher degrees of judgment than others in their application. Actual results may differ from those estimated depending upon the variables, assumptions or conditions used by Management.

Significant accounting policies related to property plant and equipment, inventory, revenue recognition, reportable segments, loans and financings and other items are described within the primary footnotes of the consolidated financial statements.

In order to provide an understanding regarding how Management forms its judgments about future events, including the variables and assumptions underlying the estimates and the sensitivity of those judgments to different variables and conditions, below are demonstrated the most significant policies:

a. Accounting for business combinations and impairment of goodwill and intangible assets

According to International Financial Reporting Standards (IFRS) 3 “Business Combinations”, the excess of the acquisition price, the amount of any non-controlling interest in the acquiree (when applicable) and the fair value at the acquisition date of any previous equity interest in the acquiree over the fair value of the net identifiable asset acquired at that date is recognized as goodwill. The acquisition price consists of cash paid, the fair value of equity issued and the fair value of contingent consideration. IFRS 3 does not allow that in a business combination, goodwill and intangible assets with indefinite useful lives be amortized. However, they should be tested at least annually for impairment at December 31.

Management uses judgment to identify tangible and intangible assets and liabilities, valuing such assets and liabilities determining their remaining useful lives. The valuation of these assets and liabilities is based on assumptions which include in some cases estimates of future cash flows discounted at the appropriate rates. The use of different assumptions used for valuation purposes may result in differences in the estimates of the value of assets acquired and liabilities assumed.

Assets and liabilities are initially recognized at the best estimate of fair value. Third party valuation firms are usually engaged to assist in valuing the acquired assets and liabilities. When third parties are involved in developing these estimates, Management evaluates the appropriateness of the significant assumptions used in the valuation, which often involves an interactive process with the appraisers. The qualifications and reputation of the appraisers are also evaluated and assess the reasonableness of the overall fair value measurements through comparison to other acquisitions. Through this process, sufficient information are obtained to ascertain that the valuation methodologies used comply with IFRS 13 “Fair Value Measurement”.

The assumed fair value estimatives of assets and liabilities acquired are adjusted during the measurement period (which shall not exceed one year from the acquisition date) or additional assets and liabilities are recognized to reflect new information relating to the facts and circumstances existing at the acquisition date which, if known, would have affected the amounts recognized on that date. These adjustments are infrequent and have historically not been material.

For impairment testing, assets are sorted into group of assets which generates cash inflows from continuing use and are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

CGUs are tested for impairment annually or whenever events and circumstances indicate that the recoverable amount of the CGU is less than its carrying amount. The recoverable amount is the higher of fair value less cost to sell or value in-use. The Company first estimates the value in-use of the CGUs and if it is lower than the carrying amount, the Company will estimate the fair value less cost to sell. During the years ended December 31, 2019 and 2018, our estimates of the CGU groups' value in-use exceeded their carrying amounts and therefore estimates of fair value less cost to sell were not determined. Our estimates of value in-use contain uncertainties due to judgment in assumptions, including revenue growth, costs and expenses, capital expenditures, working capital and discount rates as described in Note 16. The assumptions are based on Management's estimates as well as comparable data from the available market and economic conditions which generate the cash flows.

b. Biological Assets

Management uses estimates and judgments in determining the fair value of live assets that include market prices, average lifecycle growth, as well as the laying and reproduction profile. The fair value from assets already includes all losses related to the breeding process.

c. Deferred and Current Income Taxes

The Company recognizes deferred tax effects of tax loss carry forwards and cumulative temporary differences between the financial statement carrying amounts and the tax basis of our assets and liabilities. Income taxes are estimated based on regulations in the various jurisdictions where we conduct business. This requires us to estimate our actual current tax exposure and to assess temporary differences that result from different treatment of certain items for tax and accounting purposes.

A portion of the tax benefit corresponding to the tax losses carried forward may not be recognized as an asset, as Management cannot determine whether realization is probable but might be recognized if there is any change of scenery.. Deferred tax assets are regularly reviewed for recoverability and will only be recognized if it is probable that there will be sufficient taxable profit based on historical taxable income based on projected future taxable income and the expected timing of the reversals of existing temporary differences.

Tax losses assessed in Brazil do not expire, however, they are limited to a use of 30% of taxable income of the year. The use of tax losses in other jurisdictions are limited to 10 to 20 years.

The deferred tax expenses over goodwill amortization only will be recognized if there is goodwill tax amortization in the tax calculation.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. The carrying amount of a deferred tax asset is written off when is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be used. The carrying amount will be recognized when sufficient taxable profits are probable.

d. Provisions

The elaboration of these consolidated financial statements require Management to make estimates and assumptions regarding civil, labor and tax matters which affect the valuation of assets and liabilities at the reporting period, as well as the revenues and expenses during the reported period. Due to the uncertain nature of Brazilian tax legislation, the assessment of potential tax liabilities requires significant judgment from the Management and the outcome may differ when the realization occurs.

The Company is subject to lawsuits, investigations and other claims related to employment, environmental, product, taxes and other matters. Management is required to assess the likelihood of any adverse judgments or outcomes, as well as the amount of probable losses, for these matters.

Provisions are recognized when losses are considered to be probable and the amount can be reliably measured. No provision is recognized if the risk of loss is assessed to be reasonably possible but not probable. Reasonably possible losses are disclosed in the notes to these financial statements. If the risk of loss is assessed as remote, no provision or disclosure is necessary.

e. Financial Instruments

The Company and its subsidiaries recognize their financial assets and liabilities at fair value in the initial recognition, except for trade accounts receivable that measures at the transaction price and subsequently at amortized cost or at fair value through profit or loss based on the business model for asset management and the contractual cash flow characteristics of the financial asset.

e1. Classification

The Company and its subsidiaries classify their financial assets according to the business model adopted for their financial assets management, as amended by CPC 48 / IFRS 9, measured at fair value through profit or loss and at amortized cost, as follows:

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated at initial recognition at fair value through profit or loss. In this category the Company classifies mainly "CDBs and treasury bills" and "Derivative financial instruments".

ii. Amortized cost

Represent financial assets and liabilities which Company's business model is to maintain financial assets in order to receive contractual cash flows and that exclusively constitute principal and interest payments on the principal amount outstanding. Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized when the asset is written off, modified or has a reduction in its recoverable value. In this category the Company classifies mainly "Trade accounts receivable", "Cash and cash equivalents", "Trade accounts payable" and "Loans and financing".

Financial assets and liabilities are compensated and the net amount is presented in the balance sheet when there is a legal right to offset the amounts recognized and there is an intention to liquidate them on a net basis or to realize the asset and settle the liability simultaneously. The legal right should not be contingent on future events and should be applicable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

f. Foreign currency translation

f1. Functional and representation currency

The functional currency of a company is the local currency within the primary economic environment in which it operates. These individual and consolidated financial statements are presented in Brazilian reais (R$), which is the Company's presentation and functional currency. All financial information is presented in thousands of reais, except when indicated otherwise.

Transactions in foreign currencies other than the Company's functional currency are initially measured in the respective functional currencies of each entity using the exchange rates effective at the dates of the transactions. Balance sheet accounts are translated by the exchange rate effective at the statement of closing date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are remeasured at the closing exchange rate on the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, under the caption "Finance income" or "Finance expense".

f2. Group companies with a different functional currency

The consolidated financial statements of the subsidiaries located abroad are prepared using each subsidiary's respective functional currency. The results and financial position of all entities with a functional currency different from its immediate parent's functional currency and the Group's presentation currency (R$) are translated into the parent's functional and Group's presentation currency as follows:

i. assets and liabilities are translated at the current rate at the date of each closing period;
ii. income and expenses are translated at the average rate at the date of each closing period; and
iii. all exchange rate translation differences are recognized in other comprehensive income (loss), and are presented in the statement of comprehensive income (loss) as foreign currency translation adjustments with in equity.

g. Individual financial statements

The individual financial statements presents the evaluation of investments in associates, subsidiaries and joint ventures by the equity method. In order to reach the same income statement and equity attributable to the Company shareholders in the individual and consolidated financial statements, the same adjustments of accounting practices upon the adoption of IFRS and CPCs, were done on both financial statements. The carrying value of these investments includes the breakdown of acquisition costs and goodwill.

h. Consolidated financial statements and investments in associates and joint ventures

The Company consolidates all majority-owned subsidiaries. The Company controls an entity when it assumes the risks and benefits or is entitled to variable returns resulting with its involvement with the entity and has the ability to affect those returns through its ownership over the entity. Subsidiaries are consolidated from the date that the control is transferred to the Group. Consolidation is discontinued from the date that control ceases.

Investments in associates and joint ventures are recognized by the equity method. An associate is an entity over which the Company has significant influence but does not exercise effective control. Joint ventures are all entities over which the Company shares control with one or more parties.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with policies adopted by the Group. Intercompany transactions, balances, income and expenses transactions between group companies are eliminated in consolidation.

The non-controlling interest represents the portion of consolidated subsidiaries not owned by the Group and is presented in the consolidated financial statements as a part of shareholder's equity. The net income (loss) attributable to non-controlling interest is presented in the statement of income.

When the Company acquires or disposes of shares of an entity that it already controls, any gains or losses arising from the difference between the amount paid or received and the carrying amount of the non-controlling interest on a per share basis is kept at shareholder's equity in the caption of "Capital transactions".

i. Present value adjustment in assets and liabilities

When significant, assets and liabilities are adjusted at present value considering the following assumptions for the calculation: i) the amount to be discounted; ii) the dates of realization and settlement; and iii) the discount rate.

j. Standards, amendments and interpretations that are effective

j1. IFRS 16/CPC 6 - Leases

As of January 1, 2019, the Company and its subsidiaries adopted IFRS 16 using the modified retrospective approach which only apply the effects of the adoption as of January 1, 2019, without changes in 2018 for comparability purposes. The Company and its subsidiaries recognized new assets and liabilities for their contracts with the right of use identifiable
assets (operating leases) recognizing an asset and a liability at the initial adoption of R$215,053 in the Company and R$4.8 in the Consolidated.

The contracts identified by the Company refer substantially to leases of buildings, machinery and equipment, operating plants, computer equipment, vehicles, growing facilities, among others. The Company applied its judgment to cases which there is an option to renew the contracts based on its best expectation. This assessment affects the lease term that significantly impacts the value of the lease assets and liabilities.

In the transition, for leases classified as operating leases, lease liabilities were measured at the present value of the remaining payments. Contracts that were not identified as leases were not revalued.

j2. IFRIC 23/ICPC 22 - Uncertainty over income tax treatments

As of January 1, 2019, ICPC 22 is effective and it clarifies how to apply the recognition and measurement requirements in CPC 32 (IAS 12) when there are uncertainties in the treatment of taxes on profit.

The Company believes in the legitimacy of its tax treatments, but in accordance with the new rule, it assessed which tax treatments would not be likely to be accepted considering the judicial scope of the decision.

The Company and its subsidiaries have not identified uncertain tax treatments that should be recognized in their financial statements, except for the application of treaties to avoid double taxation in the calculation of profits earned abroad. The Company recognized the adoption effects retrospectively without presenting comparative information with a cumulative effect on shareholders' equity on January 1, 2019 in the amount of R$1.908.796. After the initial adoption, the effects of this matter were considered when determining the taxable tax profit (loss) and were recognized in the income for the year.

k. New standards, amendments and interpretations that are not yet effective

There are no other standards, changes in standards and interpretations that are not in force that the Company expects to have a material impact arising from its application in its financial statements.

(Expressed in thousands of Brazilian reais)

4 Business Combination

The Company applies the acquisition method of account allocation for business combinations with entities which are not not under common control. The consideration transferred in a subsidiary acquisition is measured at fair value which is calculated by the sum of the assets transferred, the liabilities incurred to the former owners of the acquiree and the cash or equity interests issued by the group. The measurement period should not exceed a year from the acquisition date. Generally all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values as of the acquisition date. The Company recognizes any non-controlling interest in the acquiree on an acquisition, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

Goodwill is initially measured as the excess of the consideration transferred; at the fair value of any non-controlling interest in the acquiree (when applicable); and at the fair value at the acquisition date of any previous equity interest in the acquisition, over the fair value of net assets acquired. When the consideration is less than the fair value of the net assets acquired, the gain is recognized directly in the statement of income of the period as "Gain on bargain purchase".

For materiality purposes, business combinations are considered significant when the total of assets exceeds R$100,000.

There were no significant business combinations for the year ended December 31, 2018. The Company and its subsidiaries concluded the following business combination in the year ended December 31, 2019.

In October, 2019, the Company's indirect subsidiary Pilgrim's Pride Corporation ("PPC") acquired 100% of the membership interest of Tulip Ltd. ("Tulip") for a cash purchase of R$1,624,220 (US$384,694), subject to customary working capital adjustments. Tulip a leading pork and prepared foods supplier with operations in the United Kingdom and expands the European prepared foods portfolio of PPC's global sales. The transaction generated a gain on bargain purchase of approximately R$235,949 (US$56,880).

In December, 2019, the Company's direct subsidiary Seara Alimentos acquired 100% of the membership interest of Frigorífico Marba Ltda. ("Marba") for a cash purchase of R$129,943, subject to customary working capital adjustments. Marba processes meat, trading products such as smoked meat, cold cuts, beef jerky, mortadellas and sausages in Brazil. The estimated goodwill generated in this business combination of R$62,806 is only eligible for tax deductibility through a merger or disposal of assets and liabilities assumed in the acquisition.

The assets acquired and liabilities assumed in the business combinations noted above were have been measured at fair value as presented below:

FAIR VALUE	**Tulip**	**Marba**
Cash and cash equivalents	28,432	2,165
Trade accounts receivable	607,392	26,166
Inventories	235,684	18,890
Biological assets	261,432	—
Property, plant and equipment	1,302,879	102,031
Right of use asset	23,284	677
Intangible asset	167,662	28,104
Other assets	88,050	12,585
ASSETS	**2,714,815**	**190,618**
Trade accounts payable	668,043	47,786
Loans and financing	—	37,220
Lease provision	23,284	971
Deferred income taxes	61,385	5,946
Other liabilities	101,934	31,558
LIABILITIES	**854,646**	**123,481**
Net assets and liabilities	**1,860,169**	**67,137**
Acquisition price	1,624,220	129,943
Goodwill/(Gain on bargain purchase)	**(235,949)**	**62,806**

The individual net revenue and net income from the acquisition date through each period end for all business combinations are presented below:

	2019	
Company	**Net revenue**	**Net income (loss)**
Tulip	1,262,708	(17,688)
Marba	4,402	(2,300)

Consolidated pro-forma information:

Net sales and net income for the Company is presented below on a pro-forma basis assuming the acquisitions occurred at the beginning of the year of each acquisition:

	2019
Pro-forma net revenue	208,972,993
Pro-forma net income (loss)	6,568,681

This pro-forma financial information is presented for informational purposes only and does not purport to represent what the Company's results of operations would have been had it completed the acquisition on the date assumed, nor is it necessarily indicative of the results that may be expected in future periods.

The non-material acquisitions for the years ended December 31, 2019 and 2018 are demonstrated below:

(Expressed in thousands of Brazilian reais)

Business	Acquirer	Acquisition date	% of voting interests acquired	Acquisition price	Goodwill	Goodwill deductible for tax
White Stripe	Andrews Meat Industries Pty. Ltd.	February/2019	60%	19,560	17,759	No
Imperial Beef	Swift Beef Company, Inc.	March/2019	100%	22,219	_	_
Safrio [1]	Seara Alimentos Ltda.	March/2019	100%	130,000	77,802	(*)
Normaclass	Scott Techonology Ltd	May/2019	100%	7,541	1,944	Yes
Seberi [2]	Seara Alimentos Ltda.	July/2019	100%	235,000	28,934	(*)
Brianza [3]	Rigamonti Salumificio S.p.A	October/2019	100%	58,041	_	_
Alvey Group	Scott Techonology Ltd.	April/2018	100%	47,837	41,372	No
Transbotics Corporation	Scott Techonology Ltd.	June/2018	100%	12,872	18,759	Yes

(1) - Criteria for goodwill deductibility in Brazil: All goodwill generated in these business combinations in Brazil is eligible to be deducted for tax purposes, but it becomes effectively tax deductible only after a legal merger between the parent company and the acquired company occurs. Therefore, up until the merger is consummated, the goodwill is not deductible for tax purposes.

The excess of the acquisition cost over the fair value of the net tangible assets and identifiable intangible assets was recorded as goodwill and the acquisition price was settled with cash and cash equivalents, unless otherwise indicated.

(1) The amount of R$130,000 will be settled in installments of R$1,805, subject to changes arising from monetary restatements.
(2) The amount of R$235,000 was settled in: R$80,000 through Frederico frigorific's donation (evaluated in R$96,426) located in Frederico Westphalen (RS) and the remainder was paid in cash and cash equivalents..
(3) The amount of R$58,041 was settled in: R$46,433 (EUR10,400) paid in cash and cash equivalents and R$11,608 (EUR2,600) in installments up to October 2020.

Also, in December 20, 2019, the Company's direct subsidiary Searab Alimentos announced an agreement to acquire the margarine assets from Bunge Alimentos in the amount of R$700,000, subject to the approval of local authorities.

Subsequent event: In February 18, 2020, the Company's indirect subsidiary JBS USA entered into an agreement with Empire Packing Company, L.P. (“Empire”) to acquire the company’s case ready production facilities and Ledbetter branded retail products for approximately R$1.034 billion (US$238,000), subject to the approval of local authorities.

5 Cash and cash equivalents

Includes cash on hand and at banks as well as financial investments with original maturities of three months or less, high liquidity and are readily convertible to known amounts of cash and which are subject to an immaterial risk of changes in fair value.

	Company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Cash on hand and at banks	**1,571,702**	1,356,338	**4,759,656**	3,998,922
CDB (bank certificates of deposit) and National Treasury Bill (Tesouro Selic)	**311,433**	407,855	**5,274,311**	4,936,857
	1,883,135	**1,764,193**	**10,033,967**	**8,935,779**

The Brazilian bank certificates of deposit – CDB are held at high quality financial institutions and earn interest based on floating rates that approximate the overnight interbank lending rate (Certificado de Depósito Interbancário). In the Consolidated are included investments similar to CDB's with fixed income.

Brazilian national treasury bills, also known as Tesouro Selic, are bonds purchased from financial institutions having conditions and characteristics that are similar to CDB's.

6 Trade accounts receivable, net

Trade accounts receivable correspond to amounts owed by customers in the ordinary course of business. If the receivable is due within one year or less the account receivable is classified as a current asset, otherwise the receivable is classified as a non-current asset. Accounts receivable are presented at amortized cost less any impairment. Accounts receivable denominated in currencies other than the entities’ functional currency are remeasured using the exchange rate in effect at the end of the reporting period. The age of accounts receivable along with the allowance for doubtful accounts and present value adjustment are as follows:
:

	Company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Current receivables	**2,135,343**	**2,381,712**	**9,257,146**	**8,016,837**
Overdue receivables:				
From 1 to 30 days	**388,308**	211,356	**1,586,957**	1,136,777
From 31 to 60 days	**59,907**	85,805	**153,964**	235,038
From 61 to 90 days	**13,306**	29,740	**32,904**	93,626
Above 90 days	**223,186**	228,280	**460,787**	495,945
Allowance for doubtful accounts	**(204,601)**	(204,719)	**(345,473)**	(316,987)
Present value adjustment	**(6,195)**	(3,108)	**(9,663)**	(4,226)
	473,911	**347,354**	**1,879,476**	**1,640,173**
	2,609,254	**2,729,066**	**11,136,622**	**9,657,010**

The diversity of the trade accounts receivable portfolio significantly reduces our exposure to credit risk. To further mitigate our risk, parameters have been put in place when credit is provided to customers such as requiring minimum financial ratios, analyzing the operational health of customers, and reviewing references from credit monitoring entities.

(Expressed in thousands of Brazilian reais)

The allowance for doubtful accounts is estimated based on an analysis of the age of the receivable balances. An allowance is recognized for long standing and overdue receivables, considering the probability of loss based on expected losses estimatives. The resulting bad debt expense is recognized in the statement of income within "Selling Expenses". Below are the changes in the allowance for doubtful accounts:

	Company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Initial balance	**(204,719)**	**(191,163)**	**(316,987)**	**(324,570)**
Acquired in business combination [1]	—	—	**(2,266)**	—
Additions	**(19,080)**	(211,680)	**(70,723)**	(239,778)
Exchange variation	—	—	**(2,924)**	(8,053)
Write-offs	**19,198**	198,124	**47,427**	255,414
Final balance	**(204,601)**	**(204,719)**	**(345,473)**	**(316,987)**

[1] Refers to Brianza and Marba's acquisitions in the fourth quarter of 2019.

7 Inventories

Inventories are stated at the lower of the average cost of acquisition or production and the net realizable value. In the case of finished products and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Biological assets are transferred into inventory at the point of slaughter based on their carrying amounts, which is either historical cost or market value depending on the Company's accounting policies described in Note 8.

	Company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Finished products	**2,005,050**	1,284,216	**8,896,778**	7,376,827
Work in process	**196,259**	344,205	**1,010,626**	1,084,159
Raw materials	**204,710**	214,284	**1,597,620**	1,206,798
Warehouse spare parts	**177,301**	164,391	**2,072,003**	1,833,477
Net realizable value inventory adjustments	**(8,166)**	(2,086)	**(137,436)**	(189,527)
	2,575,154	**2,005,010**	**13,439,591**	**11,311,734**

The changes in the net realizable value inventory adjustments accrual, which its offset is under the caption "Cost of sales", are presented below:

	Company	Consolidated
Balance at 31 de dezembro de 2018	**(2,086)**	**(189,527)**
Acquired in business combination [1]	—	(1,113)
Additions	(20,390)	(177,108)
Write-offs	14,310	233,656
Exchange variation	—	(3,344)
Balance at 31 de dezembro de 2019	**(8,166)**	**(137,436)**

[1] Refers to the Marba acquisition in the fourth quarter of 2019..

	Company	Consolidated
Balance at 31 de dezembro de 2017	**(5,038)**	**(115,843)**
Additions	(4,689)	(177,739)
Write-offs	7,641	103,237
Exchange variaiton	—	818
Balance at 31 de dezembro de 2018	**(2,086)**	**(189,527)**

8 Biological assets

The Company's live animals consist of cattle, chickens and hogs and segregated into consumables and bearer assets. Animals for slaughter are designated for "in natura" meat production and/or processed and by-products, until they reach the appropriate weight for slaughter they are classified as immature. The slaughtering and production processes occur in a very short period of time and, as a consequence, only live animals transferred to slaughter are classified as mature. The animals designated for production (breeder chickens and hogs), are those which are intended to produce biological assets. Until they reach the age of reproduction they are classified as immature and when they are able to start the reproductive cycle are classified as mature. The forests are eucalyptus plantations used for sanitary barriers and when they reach maturity, the wood is used in the production process.

The Company and its subsidiaries determined that the cost approach is the most appropriate method to valuate at fair value its biological assets due their short period of life, as well the amount that would be received in a sale on an active market based on the cost to produce an asset in the same level of maturity in its life cycle. For assets kept for production the cost is reduced over time, considering the reduction already recognized during its life cycle. Regarding the forests, the Company used discounted cash flows methodology since there is no active market. The main assumptions used in the fair value calculation were the age of the harvest, weighted average sale price at market value and a discount rate of 8.8% per year.

Chicken and eggs:

Current (consumable) - are broiler chickens that will be slaughtered upon maturity. Broiler chickens remain in development for a period of 30 to 48 days to produce fresh meat and/or commercialized products.

(Expressed in thousands of Brazilian reais)

Non-current (bearer assets) - are breeder chickens that are set aside for breeding and have an estimated useful life of 68 weeks (476 days). The animals in this category are segregated between mature, when they are in the breeding stage and immature when they are under development. The costs associated to breeder chickens are accumulated up to the production stage (immature) and amortized over their productive lives based on an estimate of their capacity to produce eggs (mature). Amortization of the mature hen is included under the caption "Cost of sales" in the statement of income.

Cattle:

Current (consumable) - are owned cattle in feedlots and grass-fed cattle which remains under development for 90 to 120 days.

Non-current (bearer assets) - are breeder bulls that are set aside for breeding and have an estimated useful life of 5 years (1,825 days). The costs associated to breeder bulls are accumulated up to the production stage (immature) and amortized over their productive lives based on an estimate of their capacity to produce new assets (mature). Amortization of the mature hen is included under the caption "Cost of sales" in the statement of income.

Hogs:

Current (consumable) - are hogs that will be slaughtered upon maturity. Hogs remain in development for a period of 170 to 175 days to produce fresh meat and/or industrialized products.

Non-current (bearer assets) - Refers to hogs that are set aside for breeding which have an estimated useful life of 27 months (810 days). The costs associated with breeder hogs are accumulated up to the production stage and amortized over their productive lives based on an estimate of their capacity to produce new assets (hogs). Amortization of breeder hogs is included under the caption "Cost of sales" in the statement of income.

The fair value measurement of biological assets are categorized as 'Level 2' within the fair value hierarchy. Refer to Note 31 for information on fair value hierarchy.

Forests:

Non-current - Refers to eucalyptus forests.

	Consolidated			
Current biological assets (consumable):	**December 31, 2019**		**December 31, 2018**	
	Amount	**Quantity (thousands)**	**Amount**	**Quantity (thousands)**
Chicken	**1,900,770**	**554,567**	1,776,107	531,532
Hogs	**1,795,802**	**5,510**	1,370,490	4,675
Cattle	**209,432**	**64**	44,356	16
Total current	**3,906,004**	**560,141**	**3,190,953**	**536,223**

	Consolidated			
Non-current biological assets (bearer assets):	**December 31, 2019**		**December 31, 2018**	
	Amount	**Quantity (thousands)**	**Amount**	**Quantity (thousands)**
Mature chickens (breeding stage), net of amortization	**544,688**	**20,883**	499,010	21,600
Immature chickens (in development)	**538,606**	**18,145**	495,819	16,154
Hogs	**286,309**	**499**	173,625	398
Cattle	**2,656**	–	–	–
Forests	**10,300**	**(*)**	–	–
Total non-current	**1,382,559**	**39,527**	**1,168,454**	**38,152**
Total of biological assets:	**5,288,563**	**599,668**	**4,359,407**	**574,375**

(*) 2.373 acres in December 31, 2019.

	Consolidated	
Changes in biological assets:	**Current**	**Non-current**
Balance at December 31, 2018	**3,190,953**	**1,168,454**
Acquired in business combination [(1)]	196,604	67,189
Increase by reproduction (born) and cost to reach maturity	29,191,465	1,918,700
Reduction for slaughter, sale or consumption	(30,511,742)	(159,229)
Increase by purchase	695,475	647,818
Decrease by death	(55,969)	(26,334)
Transfer of wood to inventories	–	(219)
Fair value adjustments, net	288,912	3,002
Changes from non-current to current	797,145	(797,145)
Exchange rate variation	113,161	41,090
Amortization	–	(1,480,767)
Balance at December 31, 2019	**3,906,004**	**1,382,559**

(Expressed in thousands of Brazilian reais)

Changes in biological assets:	Consolidated	
	Current	Non-current
Balance at December 31, 2017	**2,767,250**	**967,761**
Increase by reproduction (born) and cost to reach maturity	26,977,883	1,788,697
Reduction for slaughter, sale or consumption	(28,298,423)	(186,534)
Increase by purchase	620,228	563,956
Decrease by death	(24,776)	(18,046)
Fair value adjustments, net	79,675	–
Changes from non-current to current	799,666	(799,666)
Exchange rate variation	269,450	110,677
Amortization	–	(1,258,391)
Balance at December 31, 2018	**3,190,953**	**1,168,454**

9 Recoverable taxes

	Company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Value-added tax on sales and services - ICMS	**1,198,703**	937,058	**2,933,404**	2,591,890
Social contribution on billings - PIS and COFINS	**1,623,780**	3,133,522	**2,307,600**	4,087,794
Withholding income tax - IRRF/IRPJ	**2,807,198**	3,659,620	**3,761,577**	4,326,317
Excise tax - IPI	**77,389**	78,369	**240,625**	152,120
Reintegra	**30,911**	57,138	**60,929**	91,306
Other	**16,891**	18,212	**48,497**	33,951
	5,754,872	**7,883,919**	**9,352,632**	**11,283,378**
Current	**933,085**	1,146,685	**2,351,152**	2,210,038
Non-current	**4,821,787**	6,737,234	**7,001,480**	9,073,340
	5,754,872	**7,883,919**	**9,352,632**	**11,283,378**

Value-added tax on sales and services - ICMS: Refers to excess credits derived from purchases of raw materials, packaging and other materials over tax charges due on domestic sales, since exports are not subject to it. The Company expects to recover the total amount of the tax credit, including Brazilian ICMS credits from other states (based on the difference between the statutory rate of tax and the effective rate for ICMS collection in the state of origin) either through the use of the credits to offset tax charges on domestic sales or the credits can be used to pay purchases of fixed assets, packaging, electricity, and other vendors. These excess credits do not expire.

Withholding income tax - IRRF/IRPJ: Refers mainly to income tax paid from foreign subsidiaries, Brazilian withholding income tax levied on short-term investments and income tax and social contribution prepayments paid by estimate. In the Consolidated, the amount of R$801,245 relates to withholding income taxes and R$2,960,332 relates to income taxes prepayment in foreign jurisdictions, which do not expire.

Social contribution on billings - PIS and COFINS: Refers to Brazilian federal value added taxes (non-cumulative PIS and COFINS credits) arising from purchases of raw materials, packaging and other materials used in products sold in markets outside of Brazil. Such credits do not expire and can be offset against other federal taxes, such as income taxes, or in cash, administrative or judicial.

Through Law 13.670, the Company started to offset the PIS and COFINS credits generated, starting in August 2018 with social security debts. For the year ended at December 31, 2019, see footnote 23 - item a3.

Excise tax – IPI: Refers to value added taxes incurred upon the production of foreign and domestic goods in Brazil. The rates may differ according to the type of product, volume or selling price. These credits do not expire and can be used to pay other federal taxes or reimbursed in cash.

Reintegration of the Special Tax Values - Reintegra: Refers to tax incentives for exports which can be reimbursed fully or partially. Tax credit amounts are calculated by multiplying the statutory rate by gross revenue from the export of certain commercial products. These credits do not expire and can be offset against other federal taxes, such as income taxes, or in cash.

10 Related parties transactions

The main balances of assets and liabilities, as well as the transactions resulting in income (loss) for any period, that relate to transactions between related parties or arose from transactions at prices and conditions established between the related parties. Transference of costs includes borrowing costs, interest and management fee, when applicable. The following table includes balances and net effect on income of intercompany financing transactions between the Company and its subsidiaries:

	December 31, 2019	December 31, 2018
Related party receivables	**715,527**	828,802
Related party payables	**(17,641,379)**	(8,033,436)
	(16,925,852)	**(7,204,634)**

(Expressed in thousands of Brazilian reais)

			Statement of financial position accounts		Effect on net income	
COMPANY	**Currency**	**Costs transfer (administrative and funding)**	**December 31, 2019**	**December 31, 2018**	**Q3 2018**	**Q3 2017**
Direct subsidiaries						
JBS Embalagens Metálicas Ltda. (1)	R$	CDI + 1% p.m.	**193,202**	163,052	**24,736**	22,088
Brazservice Ltda. (1)	R$	CDI + 1% p.m.	**137,433**	130,449	**18,939**	16,472
JBS Confinamento Ltda. (1)	R$	CDI + 1% p.m.	**66,819**	32,916	**7,177**	4,866
JBS Leather International N.V (2)	US$	–	**28,488**	–	**490**	–
JBS Investments Luxembourg S.à.r.l (1)	US$	–	**6,531**	–	–	–
Enersea Ltda. (1)	R$	CDI + 1% p.m.	**982**	734	**(86)**	(1,048)
Conceria Priante S.p.a (1)	EUR	5.11 to 8.375% p.y.	–	138,682	**6,457**	7,494
JBS Holding GmbH (4)	EUR/US$	–	–	(694,158)	–	(18,181)
JBS Mendoza Ltda. (1)	US$	–	**(15)**	(802)	–	–
Seara Alimentos Ltda. (1)	R$	CDI + 1% p.m.	**(2,764,846)**	(2,815,874)	**(253,929)**	259,489
JBS Investments II GmbH (3)	US$	5.75% to 7.3% p.y.	**(11,887,339)**	(1,926,333)	**(363,191)**	(24,785)
Indirect subsidiaries						
JBS Leather Paraguay Srl (1)	US$	7.00% p.y.	**6,894**	–	**196**	–
JBS Leather Asia Ltd. (2)	US$	5.11 to 8.375% p.y.	–	256,883	**8,648**	13,022
Zendaleather México S.A de C.V (2)	US$	2.5% to 5.11% p.y.	–	106,086	**3,122**	3,373
JBS Leather Uruguai Ltda. (2)	US$	8.375% p.y.	–	–	**356**	1,657
Gideny S.A (2)	US$	5.50% p.y	–	–	**119**	–
JBS Aves Ltda.	R$	CDI + 1% p.m.	–	–	–	28,288
JBS USA Holding Lux S.à.r.l (1)	US$	5.11% p.y.	**(2,989,179)**	(2,596,269)	**(220,364)**	(120,362)
Other related parties						
J&F Oklahoma Holdings Inc (5)	US$	3.4% p.y.	**275,178**	–	–	–
Flora Higiene e Produtos Ltda.	R$	Selic	–	–	–	531
			(16,925,852)	**(7,204,634)**	**(767,330)**	**192,904**

Credit with related parties - Consolidated

	31.12.19	31.12.18
J&F Oklahoma Holdings Inc (5)	**275,178**	701,281
	275,178	**701,281**

(1) Refers to working capital funding. Settlement in the future shall be through a capital contribution, reduction and/or dividends distribution.

(2) In June 2019, the Company's indirect subsidiary JBS Leather Asia settled the amount outstanding with the Company, part in cash and part in a assignment agreement where JBS Leather Asia transferred its receivables with JBS Leather International, JBS Leather Paraguay, Gideny and Zendaleather Mexico to the Company. Also, in September 2019, the Company capitalized the amount outstanding with the subsidiaries Gideny, JBS Leather Uruguay, Zendaleather Mexico and JBS Leather International, as described in footnote 12 - item 1. JBS Leather International remained with R$28,488 outstanding with the Company.

(3) In July 2019, the Company's direct subsidiary, JBS Investments II, raised approximately R$3.123 billions (US$750,000) related to the pricing of senior notes maturing in 2024, with the Company as guarantor. In addition, JBS Investments II received funds from JBS USA Holding Lux of approximately R$4.809 billion (US$1.155 billion). Both transactions are part of the Company's liability management strategy and the funds raised were used to pay the Normalization Agreement.

(4) In January 2019, the Company's direct subsidiary JBS Holding GmbH liquidated its assets due to its liquidation process and transferred the intercompany financing transaction that it had with JBS Leather International.

(5) In December 2019, the Company undertook the credits previously held by its indirect subsidiary Moyer Distribution with J&F Oklahoma arising from a credit line granted due to the cattle purchase operation in the USA..

The disclosure of significant related parties transactions is in accordance with the criteria established by the Management of presenting individually transaction balances equal or higher than 2% of the total of these transactions (Sale of products, purchases, accounts receivable and accounts payable). This analysis is performed for each related party. If any related party has not meet this criteria in the past and in the current period they do, the comparative balance will be disclosed.

Additional information among the transactions between related parties are pointed such as the purchase of cattle for slaughter between JBS and the related party JBJ Agropecuária and JBS Confinamento, the purchase and sale of supplies for the industrialization of products with Seara Alimentos, the sale of finished products to "trading companies" JBS Toledo, JBS Global UK, Sampco and Swift & Company Trade Group, sale of raw material for beef jerky production to Meat Snacks Partners, sale of bovine tallow and industrialization services to Flora and sale of leather in several stages to Brazservice, Conceria Priante and JBS Leather Asia. Such transactions are made at regular price and market conditions in their region because it takes the market prices applied with third parties clients.

(Expressed in thousands of Brazilian reais)

Following, are demonstrated all commercial transactions between related parties recognized in the individual financial statement:

	Accounts receivable		Accounts payable		Purchases/Services rendered		Sale of products/Services provided	
COMPANY	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	2019	2018	2019	2018
Direct subsidiaries								
JBS Confinamento	**976**	241	**41,779**	4,361	**347,324**	34,143	**7,821**	4,267
Brazservice	**5,947**	10,544	**1,401**	854	**27,571**	50,669	**99,822**	136,930
Seara Alimentos	**21,184**	32,300	**54,611**	37,748	**111,321**	59,965	**624,321**	627,420
Conceria Priante	**1,959**	34,555	–	–	–	–	**89,356**	158,438
Enersea	–	–	–	–	**135,427**	145,272	**89,091**	117,975
Indirect subsidiaries								
JBS Global UK	**52,377**	85,017	–	–	–	–	**234,637**	282,897
Toledo	**38,442**	22,715	–	–	**40**	–	**269,437**	273,461
JBS Aves	**1,385**	1,844	**21,049**	20,983	**4,127**	9,416	**16,333**	11,334
Weddel	**11,253**	12,792	–	–	–	–	**31,171**	78,398
Sampco	**92,168**	80,156	–	–	–	–	**534,857**	500,904
Meat Snacks Partners	**2,174**	5,745	–	–	**111**	642	**253,862**	195,844
JBS Leather Asia	**26,424**	15,745	–	–	**16**	–	**80,802**	37,407
Seara Comércio de Alimentos	**25**	574	**4,213**	1,324	**69,676**	14,399	**6,243**	6,731
Swift & Company Trade Group	**3,408**	5,465	–	648	**2,799**	–	**91,311**	37,076
Other related parties								
JBJ Agropecuária	**999**	615	–	–	**485,693**	369,657	**11,335**	6,360
Flora Produtos	**12,774**	14,572	**3**	9	**48**	61	**133,910**	133,334
Eldorado Celulose	**809**	1,185	–	–	**54**	–	**18,761**	26,175
Banco Original	**17**	12	–	–	–	–	**256**	190
	272,321	324,077	**123,056**	65,927	**1,184,207**	684,224	**2,593,326**	2,635,141

Financial transactions

The Company and a few of its subsidiaries entered into an agreement in which Banco Original (Related party) acquires trade accounts receivables held against certain of the Company's customers in the domestic and foreign markets. The assignments are done at market value through a permanent transfer to Banco Original of the risks and benefits of all trade accounts receivable. At December 31, 2019 and 2018, the unpaid balance of transferred receivables was R$594,424 and R$678,647 in the Company, and R$1,500,494 and R$1,500,560 in the Consolidated, respectively. During the years ended December 31, 2019 and 2018, JBS incurred financial costs related to this operation in the amount of R$82,756 and R$69,084 in the Company, and R$147,518 and R$126,739 in the Consolidated, respectively, recognized in the consolidated financial statements under the caption "Financial expenses".

Additionally at December 31, 2019 and 2018, the Company holds investments with Banco Original, in the amount of R$93,760 and R$71,431 in the Company and R$323,262 and R$167,796 in the Consolidated, recognized under the caption "Cash and cash equivalents", respectively. These cash investments, bank certificates of deposit - CDB and equivalents, have similar earnings to CDI (Certificado de Depósito Interbancário). For the years ended December 31, 2019 and 2018, the Company earned interest from these investments in the amount of R$3,212 and R$3,286 in the Company, and R$8,648 and R$7,591 in the Consolidated, recognized in the consolidated financial statements under the caption "Financial income", respectively.

Included in loans and financings in the amount of R$19,317 at December 31, 2018, referring to the Company's indirect subsidiary BR Frango are bank notes issued by BNDES (Brazilian Development Bank). Outstanding borrowings under these notes beared interest at an average rate of 8.98% p.m. At December 31, 2019 the credit facility was liquidated in advance.

JBS is the main sponsor of Instituto Germinare, a business school youth-directed, whose goal is to educate future leaders by offering free, high-quality education. During the years ended December 31, 2019 and 2018, JBS made donations in the amounts of R$16,396 and R$16,356, respectively, recognized in the financial statements under the caption "Administrative expenses".

No expense for doubtful accounts or bad debts relating to related-party transactions were recorded during the years ended December 31, 2019 and 2018.

Subsequent event: In January 1, 2020, the Company announced that the period of validity of the Shareholders' Agreement between J&F Participações S.A. and BNDES Participações S.A. ("BNDESPAR") expired on December 31, 2019. This Agreement thus ceased to be in effect as from January 1, 2020..

Remuneration of key management

The Company's key management is comprised of its Executive Officers. The aggregate amount of compensation received by the Company's key management during the years ended December 31, 2019 and 2018 is the following:

	2019	2018
Salaries and wages	**23,621**	19,245
Variable cash compensation	**27,500**	8,500
Share-based compensation	–	1,533
	51,121	29,278

The Chief Executive Officer, the Administrative and Control Officer, the Chief Financial Officer and the Executive Officers are parties to the Brazilian employment contract regime referred to as CLT (which is the Consolidation of Labor Laws), which follows all the legal prerogatives of payments and benefits.

Except for those described above, the Board of Directors members are not part to any employment contract or any other contracts for additional business benefits such as post-employment benefits or other long-term benefits, termination of work that does not conform to those requested by the CLT.

(Expressed in thousands of Brazilian reais)

11 Income taxes

The Company and the subsidiaries located in Brazil are taxed based on their taxable income. The subsidiaries located outside of Brazil use methods established by the respective local jurisdictions. Income taxes have been calculated and recognized considering the applicable statutory tax rates in effect at the balance sheet date.

Current taxes

Current tax comprises of the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

The current income tax charge is calculated on the basis of enacted or substantively enacted tax laws at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in which applicable tax regulation is subject to interpretation and recognizes an accrual, if needed to a probable tax payment of income tax.

Deferred taxes

Deferred income tax is recognized using the asset and liability method, for temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group which are annual subjected to the Company's Management and its subsidiaries, when applicable.

Deferred tax assets and liabilities are presented net in the statement of financial position when there is a legally enforceable right to offset current tax assets against liabilities and when they are related to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Company expects to realize its deferred tax assets over the next ten years, as determined by CVM 371 instruction. The estimated realization is 55% from the balance until 2022, 32% until 2026 and the remaining until 2029.

In accordance to Law n° 12.973/14, the foreign subsidiaries' pre-tax book income, except for the foreign exchange, at the end of the fiscal year at the statutory rate of 34%. Income tax paid by a foreign subsidiary can be deducted up to the amount of tax payable in Brazil in relation to the foreign income.

	Company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Deferred income taxes assets	—	—	**1,506,129**	1,159,445
Deferred income taxes liabilities	**(2,416,149)**	(1,853,179)	**(4,093,599)**	(3,483,539)
	(2,416,149)	**(1,853,179)**	**(2,587,470)**	**(2,324,094)**

a. Reconciliation of income tax and social contribution expense:

	Company		Consolidated	
	2019	2018	2019	2018
Profit (loss) before income taxes (PBT)	**5,687,558**	**(1,770,507)**	**7,497,800**	**(1,098,358)**
Nominal rate	**(34)%**	**(34)%**	**(34)%**	**(34)%**
Expected tax expense	**(1,933,770)**	601,972	**(2,549,252)**	373,442
Adjustments to reconcile taxable income:				
Earnings and losses due to equity method	**2,746,008**	1,574,622	**11,616**	8,995
Prior years loss carryfowards	—	—	**95,827**	4,265
Investments grants	**907,034**	—	**1,427,505**	62,810
Difference on tax rates under taxable income from foreign subsidiaries	—	—	**938,489**	678,084
Net income arising from foreign subsidiaries [1]	**(1,392,206)**	(376,365)	**(1,392,206)**	(376,365)
Transfer pricing adjustment	**(22,131)**	(8,343)	**(24,278)**	(8,343)
Unrecognized tax benefit	—	79,071	**(607,559)**	112,074
Withholding income tax - Foreign subsidiaries	—	—	**(42,794)**	(145,388)
Non-taxable interest - Foreign subsidiaries	—	—	**462,749**	124,828
Taxation of dual jurisdiction subsidiaries - Foreign subsidiaries	—	—	**401,228**	378,608
Realization of deferred tax from surplus value	—	—	**123,655**	—
Gain with negative goodwill on credit acquisition	—	18,567	—	18,567
Other permanent differences	**75,875**	(93,818)	**122,074**	76,897
Current and deferred income tax (expense) benefit	**380,810**	**1,795,706**	**(1,032,946)**	**1,308,474**
Current income tax	**943,780**	1,685,889	**(1,110,003)**	247,388
Deferred income tax	**(562,970)**	109,817	**77,057**	1,061,086
	380,810	**1,795,706**	**(1,032,946)**	**1,308,474**
% IT/PBT	**6.70 %**	**101.42 %**	**(13.78)%**	**119.13 %**

(Expressed in thousands of Brazilian reais)

	Company		Consolidated	
	2019	2018	2019	2018
Adjustments to reconcile taxable income [2]				
Goodwill amortization - Deferred	**643,321**	(6,913)	**643,321**	(6,913)
Prior years loss carryfowards - deferred	**(35,643)**	–	**(470,593)**	(635,383)
Unrecognized tax losses	–	(79,071)	**607,559**	(112,074)
Withholding income tax - Luxembourg restructure	–	–	**42,794**	145,388
Deferred tax from prior years	–	–	**(95,827)**	(4,265)
Realization of deferred tax from surplus value	–	–	**(123,655)**	–
Income tax on realization of other reserves	**(3,952)**	(2,795)	**(46,752)**	(31,209)
Current and deferred income tax (expense) benefit - ADJUSTED	**984,536**	**1,706,927**	**(476,099)**	**664,018**
Effective income tax rate	**17.31 %**	**96.41 %**	**(6.35)%**	**60.46 %**

[1] The impacts from IFRIC 23's initial adoption are classified under the caption "Net income arising from foreign subsidiaries", as described in footnote 3 - item j2.

[2] The Company believes that due to the origin and non-recurrence of specific events certain items should be excluded from the effective tax rate disclosure such as: i) deferred tax effects on goodwill amortization; ii) recognition of deferred tax from the current year; iii) unrecognized deferred taxes; iii) withholding income tax arising from foreign subsidiaries; iv) Deferred tax arising from prior years losses carryforwards (recognized only now that entities reach necessary criteria not observed in the past since on prior periods where such losses were generated, there were no expectation of profitable future profits) v) realization of deferred taxes from surplus value in incorporation;; v) income tax on realization of the other reserves (since it is not relate to the net operating income); and vi) deferred tax effects on goodwill amortization.

b. Deferred income tax and social contribution

b1. Unrecognized tax benefit

The Company's unrecognized tax benefits as of December 31, 2019 and 2018 in the amount of R$696.730 and R$336.960, respectively. These net operating losses were generated primarily in Brazil and do not expire under Brazilian tax regulations. Deferred tax assets will be recognized to net operating losses in periods when the availability of future taxable profits are probable to realize the deferred tax asset.

b2. Composition of deferred tax income and social contribution

	Consolidated		
	December 31, 2018	Income statement	December 31, 2019
Tax losses and negative basis of social contribution	–	35,643	**35,643**
Allowance for doubtful accounts	72,889	(128)	**72,761**
Provisions	204,520	(40,267)	**164,253**
Present value adjustment - Trade accounts receivable	1,057	1,049	**2,106**
Share-based payment	9,604	(2,896)	**6,708**
Right of use asset	–	2,925	**2,925**
Other temporary differences assets	50,328	63,573	**113,901**
Goodwill amortization	(1,909,608)	(643,321)	**(2,552,929)**
Present value adjustment - Trade accounts payable	(3,550)	5,054	**1,504**
Realization of other reserves / deemed cost	(270,186)	3,952	**(266,234)**
Other temporary differences liabilities	(8,233)	11,446	**3,213**
Deferred taxes, net	**(1,853,179)**	**(562,970)**	**(2,416,149)**

	Consolidated			
	December 31, 2017	Income statement	Other adjustments	December 31, 2018
Allowance for doubtful accounts	61,111	11,778	–	**72,889**
Provisions for contingencies	175,077	29,443	–	**204,520**
Present value adjustment - Trade accounts receivable	915	142	–	**1,057**
Share-based payment	–	9,604	–	**9,604**
Other temporary differences assets	13,073	37,255	–	**50,328**
Goodwill amortization	(1,916,521)	6,913	–	**(1,909,608)**
Present value adjustment - Trade accounts payable	(3,132)	(418)	–	**(3,550)**
Realization of other reserves / deemed cost	(272,982)	–	2,796	**(270,186)**
Other temporary differences liabilities	(23,333)	15,100	–	**(8,233)**
Deferred taxes, net	**(1,965,792)**	**109,817**	**2,796**	**(1,853,179)**

(Expressed in thousands of Brazilian reais)

	Consolidated				
	December 31, 2018	Income statement	Exchange variation	Other adjustments [1]	December 31, 2019
Tax losses and negative basis of social contribution	1,561,728	470,593	14,090	(194,846)	**1,851,565**
Allowance for doubtful accounts	83,259	9,156	42	314	**92,771**
Provisions	393,125	56,776	–	1,590	**451,491**
Present value adjustment - Trade accounts receivable	4,183	6,704	–	368	**11,255**
Tax credits - Foreign subsidiaries	48,816	(2,919)	1,996	–	**47,893**
Biological assets - Foreign subsidiaries	–	44,264	(931)	–	**43,333**
Labor accidents accruals - Foreign subsidiaries	128,712	19,073	5,357	–	**153,142**
Pension plan - Foreign subsidiaries	100,878	4,963	3,825	–	**109,666**
Accounts payable accrual - Foreign subsidiaries	384,631	(6,810)	14,983	–	**392,804**
Share-based payment	9,604	(2,896)	–	–	**6,708**
Non-deductible taxes - US tax reform	317,037	171,229	20,379	–	**508,645**
Right of use asset	–	40,548	(560)	–	**39,988**
Other temporary differences assets	378,529	41,471	7,720	1,401	**429,121**
Goodwill amortization	(2,026,405)	(643,321)	–	–	**(2,669,726)**
Present value adjustment - Trade accounts payable	(12,560)	(732)	–	–	**(13,292)**
Business combination	(2,529,413)	(166,214)	(76,513)	(80,605)	**(2,852,745)**
Customer returns accruals - Foreign subsidiaries	(116,104)	(6,488)	(4,949)	–	**(127,541)**
Inventory valuation - Foreign subsidiaries	(209,390)	(27,134)	(4,578)	–	**(241,102)**
Realization of other reserves / deemed cost	(651,297)	46,752	–	(1,151)	**(605,696)**
Other temporary differences liabilities	(189,427)	22,042	(22,035)	(26,330)	**(215,750)**
Deferred taxes, net	**(2,324,094)**	**77,057**	**(41,174)**	**(299,259)**	**(2,587,470)**

[1] Variances in the deferred taxes accounts which do not impact directly profit and loss accounts are demonstrated in a specific column in the footnotes. Such variances refer to IFRIC 23's initial adoption and business combinations made by the Company and its subsidiaries.

	Consolidated				
	December 31, 2017	Income statement	Exchange variation	Other adjustments	December 31, 2018
Tax losses and negative basis of social contribution	871,991	635,383	49,077	5,277	**1,561,728**
Allowance for doubtful accounts	72,559	10,353	347	–	**83,259**
Provision for contingencies	335,993	54,660	1,607	865	**393,125**
Present value adjustment - Trade accounts receivable	1,292	2,891	–	–	**4,183**
Tax credits - Foreign subsidiaries	92,433	(59,242)	15,625	–	**48,816**
Biological assets - Foreign subsidiaries	45,939	(51,331)	5,392	–	–
Labor accidents accruals - Foreign subsidiaries	106,879	2,463	19,370	–	**128,712**
Employee benefit plan - Foreign subsidiaries	75,489	12,083	13,306	–	**100,878**
Accounts payable accrual - Foreign subsidiaries	300,228	27,436	56,967	–	**384,631**
Moy Park business restructure	13,114	(15,130)	2,016	–	–
Share-based payment	–	9,604	–	–	**9,604**
Other temporary differences assets	219,650	469,527	6,187	202	**695,566**
Goodwill amortization	(2,033,318)	6,913	–	–	**(2,026,405)**
Present value adjustment - Trade accounts payable	(6,073)	(6,487)	–	–	**(12,560)**
Business combination	(2,310,175)	25,917	(236,562)	(8,593)	**(2,529,413)**
Insurance claims accruals - Foreign subsidiaries	(96,769)	(2,389)	(16,946)	–	**(116,104)**
Inventory valuation - Foreign subsidiaries	(112,978)	(85,585)	(10,827)	–	**(209,390)**
Realization of other reserves / deemed cost	(683,930)	29,838	–	2,795	**(651,297)**
Other temporary differences liabilities	(154,658)	(5,818)	(6,340)	(22,611)	**(189,427)**
Deferred taxes, net	**(3,262,334)**	**1,061,086**	**(100,781)**	**(22,065)**	**(2,324,094)**

Government subventions

The Company and its subsidiaries have subventions to investments granted by the state government which are mainly presumed and/or granted ICMS (Value-added tax on sales and services) credits that are granted as a encouragement to implement or expand economic enterprises. In other jurisdictions, the Company receives subventions of energy and training. When the income tax expense reduces and reflects the deductibility of these incentives, all conditions related to the government subventions were in compliance in the year ended in December 31, 2019.

(Expressed in thousands of Brazilian reais)

12 Investments in subsidiaries and joint ventures

Relevant information for investments in the year ended December 31, 2019:

	Participation	Total assets	Share capital	Equity + Goodwill	Net revenue	Net income (loss)
i. In subsidiaries:						
JBS Embalagens Metálicas	99.00%	85,306	2	(113,406)	–	(30,379)
JBS Confinamento	100.00%	842,021	751,388	526,691	405,826	(25,542)
Conceria Priante	100.00%	152,674	12,685	122,450	190,256	(19,629)
JBS Global Luxembourg	100.00%	85,748,402	4,459,713	24,442,655	153,546,779	7,838,272
JBS Leather International	100.00%	603,522	82,958	(165,443)	643,518	(147,041)
Brazservice	100.00%	72,233	23,063	(90,543)	143,923	(18,473)
Seara Alimentos	100.00%	26,160,836	4,259,089	3,987,977	20,360,899	441,028
Rigamonti	100.00%	388,136	10,331	174,238	549,664	9,131
Enersea	100.00%	957	1,275	(572)	361,742	(91)
JBS Mendoza	100.00%	19	54	18	–	(461)
Midup Participações	100.00%	17,298	18,969	17,298	–	(668)
JBS Asset Management	100.00%	86,461	86,776	86,461	6,987	(1,184)
JBS Investments II	100.00%	11,897,819	159	3,780	–	4,386
JBS Investments Luxembourg	100.00%	141	141	(35,593)	–	(36,501)
Violet Holdings	100.00%	249	249	249	–	–
ii. In joint ventures:						
Meat Snack Partners	50.00%	265,332	23,762	187,266	614,324	68,332

Changes in the investments:

				Equity		
	December 31, 2018	Addition (disposal)	Exchange rate variation	Changes in the equity of investees	Proportionate share of income (loss)	December 31, 2019
JBS Embalagens Metálicas	(82,197)	–	–	–	(30,075)	**(112,272)**
JBS Confinamento [1]	512,233	40,000	–	–	(25,542)	**526,691**
Conceria Priante [1]	10,026	135,598	(3,545)	–	(19,629)	**122,450**
JBS Holding GmbH [2]	695,580	(695,611)	(29,144)	–	29,175	–
JBS Global Luxembourg [3]	19,716,731	(4,362,188)	1,078,923	170,916	7,838,273	**24,442,655**
JBS Leather International [1]	(354,264)	359,208	(12,129)	(11,217)	(147,041)	**(165,443)**
Brazservice	(72,070)	–	–	–	(18,473)	**(90,543)**
Seara Alimentos	3,728,133	–	–	(181,184)	441,028	**3,987,977**
Meat Snack Partners [4]	84,967	(25,500)	–	–	34,166	**93,633**
Rigamonti [1]	139,236	22,342	3,529	–	9,131	**174,238**
Enersea	(481)	–	–	–	(91)	**(572)**
JBS Mendoza	758	–	(279)	–	(461)	**18**
Midup Participações	17,966	–	–	–	(668)	**17,298**
JBS Milestone [2]	11	(11)	–	–	–	–
JBS Asset Management	84,170	–	3,475	–	(1,184)	**86,461**
JBS Investments II GmbH	114	–	(720)	–	4,386	**3,780**
JBS Investments Luxembourg [5]	–	145	763	–	(36,501)	**(35,593)**
Violet Holdings [5]	–	247	2	–	–	**249**
Subtotal	**24,480,913**	**(4,525,770)**	**1,040,875**	**(21,485)**	**8,076,494**	**29,051,027**
Accrual for loss on investments (*)	509,012					**404,423**
Total	**24,989,925**					**29,455,450**

(*) Transfer of the negative investments for other current liabilities.

(1) The Company increased capital in the direct subsidiaries JBS Confinamento, Conceria Priante, JBS Leather International and Rigamonti through intercompany loan agreements settlement and/or trade accounts receivable balance capitalization.

(2) In January and March 2019, the direct subsidiaries JBS Holding GmbH and JBS Milestone were liquidated, for corporate structure simplification purposes. The amount of R695,611 includes the cash return of R$8,439.

(3) In November and December 2019, the direct subsidiary JBS Global Luxembourg distributed dividends in the amount of R$3.3 billions to the Company and it reduced its share capital in the amount of R$1.1 billion.

(4) The indirect subsidiary Meat Snack Partners distributed dividends to the Company.

(5) The Company increased JBS Investments Luxembourg and Violet Holdings' share capital.

(Expressed in thousands of Brazilian reais)

			Equity	
	December 31, 2018	Distribution of dividends	Proportionate share of income	December 31, 2019
Meat Snack Partners	84,967	(25,500)	34,166	**93,633**
Total	**84,967**	**(25,500)**	**34,166**	**93,633**

Relevant information for investments in the year ended December 31, 2018:

	Participation	Total assets	Share capital	Equity + Goodwill	Net revenue	Net income (loss)
i. In subsidiaries:						
JBS Embalagens Metálicas	99.00%	85,184	2	(83,027)	–	(28,443)
JBS Confinamento	100.00%	621,793	711,388	512,233	84,088	(59,927)
Conceria Priante	100.00%	338,403	12,429	10,026	282,251	2,829
JBS Holding GMBH	100.00%	737,919	155	695,580	–	42,957
JBS Global Luxembourg	100.00%	69,087,826	4,287,221	19,716,731	137,555,527	5,786,561
JBS Leather International	100.00%	739,054	79,749	(354,264)	765,339	(126,312)
Brazservice	100.00%	92,164	23,063	(72,070)	165,429	(23,036)
Seara Alimentos	100.00%	23,044,148	4,259,089	3,728,133	17,670,081	(998,553)
Rigamonti	100.00%	241,133	10,122	139,236	490,569	10,395
Enersea	100.00%	994	1,275	(481)	406,034	(394)
JBS Mendoza	99.93%	758	83	759	–	458
JBS HU Liquidity Management	100.00%	–	–	–	–	(84)
Midtown Participações	100.00%	–	–	–	–	(2,041)
Midup Participações Ltda.	100.00%	17,966	18,969	17,966	–	(669)
Beef Snacks do Brasil	100.00%	–	–	–	–	313
JBS Milestone	100.00%	11	–	11	–	(273)
JBS Asset Management	100.00%	84,453	83,419	84,170	5,237	761
JBS Investments II GmbH	100.00%	1,926,482	155	114	–	(41)
ii. In joint ventures:						
Meat Snack Partners	50.00%	200,351	23,762	169,933	483,558	52,910

Changes in the investments:

				Equity		
	December 31, 2017	Addition (disposal)	Exchange rate variation	Changes in the Equity of investees	Proportionate share of income (loss)	December 31, 2018
JBS Embalagens Metálicas	**(54,038)**	–	–	–	(28,159)	**(82,197)**
JBS Confinamento	**572,160**	–	–	–	(59,927)	**512,233**
JBS Slovakia Holdings	**15**	(15)	–	–	–	–
Conceria Priante	**6,490**	–	707	–	2,829	**10,026**
JBS Holding GmbH	**583,594**	–	69,029	–	42,957	**695,580**
JBS Global Luxembourg	**12,472,336**	887	2,486,590	(1,029,643)	5,786,561	**19,716,731**
JBS Leather International	**(189,411)**	–	(38,560)	19	(126,312)	**(354,264)**
Brazservice	**(49,034)**	–	–	–	(23,036)	**(72,070)**
Seara Alimentos	**4,477,051**	–	–	249,635	(998,553)	**3,728,133**
Meat Snack Partners	**64,006**	(5,500)	12,820	(12,814)	26,455	**84,967**
Rigamonti	**115,107**	–	13,734	–	10,395	**139,236**
Enersea	**(87)**	–	–	–	(394)	**(481)**
JBS Mendoza	**747**	–	(447)	–	458	**758**
JBS HU Liquidity Management	**3,957**	(3,827)	(46)	–	(84)	–
Midtown Participações	**180,965**	(178,924)	–	–	(2,041)	–
Midup Participações	**18,635**	–	–	–	(669)	**17,966**
Beef Snacks Brasil	**67,327**	(67,640)	–	–	313	–
JBS Milestone	**276**	–	8	–	(273)	**11**
JBS Asset Management	–	78,281	5,128	–	761	**84,170**
JBS Investments II GmbH	–	164	(9)	–	(41)	**114**
Subtotal	**18,270,096**	**(176,574)**	**2,548,954**	**(792,803)**	**4,631,240**	**24,480,913**
Accrual for loss on investments (*)	**292,570**					**509,012**
Total	**18,562,666**					**24,989,925**

(Expressed in thousands of Brazilian reais)

	Equity				
	December 31, 2017	Distribution of dividends	Changes in the Equity of investees	Proportionate share of income	December 31, 2018
Meat Snack Partners	**64,006**	(5,500)	6	26,455	**84,967**
Total	**64,006**	**(5,500)**	**6**	**26,455**	**84,967**

13 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and losses due to impairment. Historical cost includes expenditures that are directly attributable to the purchase price of the items and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with these costs will flow to the Group and they can be measured reliably. The carrying amount of the replaced items or parts are deducted. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Depreciation is recognized using the straight-line method over the estimated useful lives of the assets, such that the value of cost less its residual value after the useful life is fully depreciated (except for land and construction in progress).

The assets' residual values and useful lives are reviewed and adjusted, if needed, at the end of each reporting period.

When an asset's or CGU's (Cash Generating Unit) carrying amount is written down immediately to the recoverable amount when it is higher than its estimated recoverable amount. The recoverable amount is the higher amount of the estimate of the assets' net selling price and value in use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within the statement of income.

The Company's construction in progress relates to investments for expansion, modernization and adaptation of plants for the purposes of increasing productivity and obtaining new certifications required by the market. When these assets are completed and placed in service, they are transferred to property, plant and equipment and depreciation commences.

				Net amount	
Company	**Useful life**	**Cost**	**Accumulated depreciation**	**December 31, 2019**	**December 31, 2018**
Buildings	**10 to 50 years**	4,628,168	(1,171,355)	**3,456,813**	3,466,381
Land	–	1,648,286	–	**1,648,286**	1,642,442
Machinery and equipment	**10 to 25 years**	6,762,843	(3,340,890)	**3,421,953**	3,601,414
Facilities	**10 to 20 years**	2,292,999	(796,346)	**1,496,653**	1,495,526
Computer equipment	**3 to 5 years**	285,526	(242,109)	**43,417**	62,008
Vehicles	**5 to 10 years**	603,684	(233,842)	**369,842**	295,595
Construction in progress	–	650,530	–	**650,530**	558,871
Others	**5 to 10 years**	170,256	(106,691)	**63,565**	64,050
		17,042,292	**(5,891,233)**	**11,151,059**	**11,186,287**

				Net amount	
Consolidated	**Useful life**	**Cost**	**Accumulated depreciation**	**December 31, 2019**	**December 31, 2018**
Buildings	**10 to 50 years**	19,891,672	(6,254,837)	**13,636,835**	12,685,771
Land	–	4,605,363	–	**4,605,363**	4,339,056
Machinery and equipment	**10 to 25 years**	29,037,602	(15,756,489)	**13,281,113**	11,986,962
Facilities	**10 to 20 years**	3,464,843	(1,333,638)	**2,131,205**	2,065,051
Computer equipment	**3 to 12 years**	1,076,880	(715,924)	**360,956**	343,659
Vehicles	**5 to 20 years**	1,037,761	(478,562)	**559,199**	479,931
Construction in progress	–	2,909,243	–	**2,909,243**	2,520,674
Others	**5 to 15 years**	1,591,823	(975,919)	**615,904**	688,075
		63,615,187	**(25,515,369)**	**38,099,818**	**35,109,179**

(Expressed in thousands of Brazilian reais)

Changes in property, plant and equipment:

Company	December 31, 2018	Additions net of transferences (1)	Disposals	Depreciation	December 31, 2019
Buildings	3,466,381	113,598	(10,379)	(112,787)	**3,456,813**
Land	1,642,442	11,226	(5,382)	—	**1,648,286**
Machinery and equipment	3,601,414	205,042	(18,871)	(365,632)	**3,421,953**
Facilities	1,495,526	108,771	(6,352)	(101,292)	**1,496,653**
Computer equipment	62,008	18,730	(1,912)	(35,409)	**43,417**
Vehicles	295,595	166,373	(17,826)	(74,300)	**369,842**
Construction in progress	558,871	91,659	—	—	**650,530**
Other	64,050	11,461	(398)	(11,548)	**63,565**
	11,186,287	**726,860**	**(61,120)**	**(700,968)**	**11,151,059**

Consolidated	December 31, 2018	Acquired in business combinations (2)	Additions net of transferences (1)	Disposals	Depreciation	Exchange rate variation	December 31, 2019
Buildings	12,685,771	616,767	894,158	(111,640)	(725,109)	276,888	**13,636,835**
Land	4,339,056	206,118	25,997	(31,635)	—	65,827	**4,605,363**
Machinery and equipment	11,986,962	705,029	2,376,278	(89,139)	(1,964,053)	266,036	**13,281,113**
Facilities	2,065,051	33,718	223,044	(16,246)	(175,738)	1,376	**2,131,205**
Computer equipment	343,659	1,938	164,989	(2,425)	(158,445)	11,240	**360,956**
Vehicles	479,931	1,213	216,973	(26,971)	(120,558)	8,611	**559,199**
Construction in progress	2,520,674	3,870	301,150	—	—	83,549	**2,909,243**
Other	688,075	23,285	63,152	(73,586)	(102,798)	17,776	**615,904**
	35,109,179	**1,591,938**	**4,265,741**	**(351,642)**	**(3,246,701)**	**731,303**	**38,099,818**

Company	December 31, 2017	Additions net of transferences	Incorporations	Disposals	Depreciation	December 31, 2018
Buildings	3,161,541	303,748	135,586	(4,733)	(129,761)	**3,466,381**
Land	1,526,572	50,557	65,422	(109)	—	**1,642,442**
Machinery and equipment	3,766,569	229,902	16,123	(15,345)	(395,835)	**3,601,414**
Facilities	1,465,693	132,057	18,192	(8,894)	(111,522)	**1,495,526**
Computer equipment	69,962	21,488	—	(4)	(29,438)	**62,008**
Vehicles	319,342	131,024	—	(89,362)	(65,409)	**295,595**
Construction in progress	1,181,445	(444,533)	—	(178,041)	—	**558,871**
Other	53,057	30,572	—	(268)	(19,311)	**64,050**
	11,544,181	**454,815**	**235,323**	**(296,756)**	**(751,276)**	**11,186,287**

Consolidated	December 31, 2017	Acquisitions	Additions net of transferences (1)	Disposals	Depreciation	Exchange rate variation	December 31, 2018
Buildings	11,877,234	1,560	707,995	(40,591)	(714,593)	854,166	**12,685,771**
Land	4,009,654	7	167,595	(40,231)	—	202,031	**4,339,056**
Machinery and equipment	11,589,239	1,383	1,532,176	(58,621)	(1,907,573)	830,358	**11,986,962**
Facilities	2,081,688	—	182,601	(10,524)	(190,751)	2,037	**2,065,051**
Computer equipment	302,449	4,680	147,665	(1,374)	(134,278)	24,517	**343,659**
Vehicles	406,823	821	180,290	(24,520)	(99,808)	16,325	**479,931**
Construction in progress	2,636,047	—	(98,040)	(188,734)	—	171,401	**2,520,674**
Other	659,970	—	76,564	(2,356)	(125,891)	79,788	**688,075**
	33,563,104	**8,451**	**2,896,846**	**(366,951)**	**(3,172,894)**	**2,180,623**	**35,109,179**

For the years ended December 31, 2019 and 2018, the amount of capitalized interest added to construction in progress and included in additions was R$30,017 and R$28,696 in the Company, respectively, and in the Consolidated was R$101,227 and R$80,892, respectively.

On December 31, 2019, the Company tested the recoverability of its assets that were identified as having an indicator of impairment using the concept of value in use through discounted cash flow models. The Company's indirect subsidiary JBS USA Lux recognized an impairment expense in the amount of R$1,412 (US$343) under the caption "Other expenses".

The Company annually tests the recoverability of its assets that were identified as having an indicator of impairment using the concept of value in use through discounted cash flow models. For the year ended December 31, 2019, there were no indicates of impairment.

(Expressed in thousands of Brazilian reais)

14 Leases

The Group recognizes a right of use asset and a lease liability at the lease's agreement start date. The right of use asset is initially measured at cost and subsequently, at cost less any accumulated depreciation and impairment and adjusted for certain remeasurement of lease liabilities.

The lease liability is initially measured at the present value of the lease payments that were not paid at the start date, discounting the interest rate implied in the lease agreement. When the rate is not implied in the lease agreement, the average rate of the borrowings should be used as discount rate.

The Company, in full compliance with IFRS 16, when measuring and remeasuring its lease liabilities and the right of use asset, proceeded to use the discounted cash flow method without considering future projected inflation in the flows to be discounted in accordance to IFRS 16. Such method generates significant distortions in the information provided, given the current reality of long-term interest rates in the Brazilian economic environment.

The nature of the expenses related to these leases is recognized as cost of depreciation of right of use assets. Financial expenses on lease obligations are recognized and demonstrated as interest expense.

The Company does not recognize a lease asset and liability for contracts with a term of less than 12 months and/or of low value. The discount rate used for the present value's calculation of the lease provision of the identified assets and, consequently, for the monthly accrual of financial interest was 8.60% to 11.86%, and in the Consolidated 4% to 11.86% in accordance with the term of each lease agreement.

14.1 Right of use asset

				Net amount
Company	**Average lease term**	**Cost**	**Accumulated amortization**	**December 31, 2019**
Buildings	3 to 20 years	208,271	(23,614)	**184,657**
Operating plants	1 to 4 years	15,934	(4,065)	**11,869**
Machinery and equipment	1 to 4 years	3,021	(1,557)	**1,464**
Others	1 to 4 years	938	(257)	**681**
		228,164	**(29,493)**	**198,671**

				Net amount
Consolidated	**Average lease term**	**Cost**	**Accumulated amortization**	**December 31, 2019**
Growing facilities	1 to 12 years	2,361,932	(465,598)	**1,896,334**
Buildings	1 to 30 years	1,436,712	(200,585)	**1,236,127**
Vehicles and aircraft	1 to 15 years	962,167	(293,390)	**668,777**
Machinery and equipment	1 to 7 years	804,419	(217,154)	**587,265**
Operating plants	1 to 11 years	124,577	(13,116)	**111,461**
Land	1 to 30 years	117,879	(47,974)	**69,905**
Computer equipment	1 to 4 years	11,311	(7,721)	**3,590**
Furniture and appliances	1 to 3 years	112	(48)	**64**
		5,819,109	**(1,245,586)**	**4,573,523**

Changes in the right of use asset:

Company	**Initial adoption 01.01.19**	**Additions (1)**	**Terminated contracts**	**Amortization**	**December 31, 2019**
Buildings	194,757	18,924	(4,832)	(24,192)	**184,657**
Operating plants	16,217	28	(4)	(4,372)	**11,869**
Machinery and equipment	3,073	155	(288)	(1,476)	**1,464**
Others	1,006	86	(108)	(303)	**681**
	215,053	**19,193**	**(5,232)**	**(30,343)**	**198,671**

Consolidated	**Initial adoption 01.01.19**	**Acquired in business combination (2)**	**Additions (1)**	**Terminated contracts**	**Amortization**	**Exchange rate variation**	**December 31, 2019**
Growing facilities	2,132,981	–	119,012	–	(457,047)	101,388	**1,896,334**
Buildings	1,226,089	14,782	176,534	(29,389)	(202,358)	50,469	**1,236,127**
Vehicles and aircraft	704,561	372	228,467	(5,847)	(297,750)	38,974	**668,777**
Machinery and equipment	663,944	9,409	83,471	(1,838)	(205,218)	37,497	**587,265**
Operating plants	72,837	–	50,789	(4)	(13,347)	1,186	**111,461**
Land	67,999	–	3,655	–	(6,255)	4,506	**69,905**
Computer equipment	13,268	–	26	(739)	(8,966)	1	**3,590**
Furniture and appliances	103	–	–	–	(39)	–	**64**
Others	158	–	17	(156)	(19)	–	–
	4,881,940	**24,563**	**661,971**	**(37,973)**	**(1,190,999)**	**234,021**	**4,573,523**

(Expressed in thousands of Brazilian reais)

(1) Additions for each category includes PIS and COFINS to be paid in the amount of R$1.295 and R$15.580 in the Company and in the Consolidated, respectively.
(2) Refers to the acquisitions in 2019: White Stripe in the first quarter; Brianza, Tulip and Marba in the fourth quarter.

14.2 Lease provision

	Company	Consolidated
	December 31, 2019	December 31, 2019
Lease provision	**339,000**	**5,766,584**
Present value adjustment	**(131,725)**	**(1,051,140)**
	207,275	**4,715,444**
Breakdown:		
Current liabilities	**22,421**	**945,791**
Non-current liabilities	**184,854**	**3,769,653**
	207,275	**4,715,444**

Changes in the lease provision:

Company	Initial adoption 01.01.19	Additions	Interest accrual	Payments	Terminated contracts	December 31, 2019
Lease provision	215,053	20,488	22,793	(45,182)	(5,877)	**207,275**

Consolidated	Initial adoption 01.01.19	Acquired in business combination (1)	Additions	Interest accrual	Payments	Terminated contracts	Exchange rate variation	December 31, 2019
Lease provision	4,876,718	24,857	677,551	289,933	(1,356,991)	(37,062)	240,438	**4,715,444**

(1) Refers to the acquisitions in 2019: White Stripe in the first quarter; Brianza, Tulip and Marba in the fourth quarter.

The non-current portion of the lease provision schedule is as follows:

	Company	Consolidated
	31.12.19	31.12.19
2021	**50,010**	**1,046,327**
2022	**42,308**	**877,397**
2023	**28,276**	**675,589**
2024	**26,872**	**503,500**
2025	**23,787**	**382,073**
Maturities thereafter 2025	**124,769**	**1,068,788**
Present value adjustment	**(111,168)**	**(784,021)**
	184,854	**3,769,653**

15 Intangible assets

Intangible assets are carried at acquisition cost, net of accumulated amortization and impairment, if applicable. Intangible assets are recognized when it is expected that the assets will generate future economic benefits, taking into consideration the intangible assets' economic and technological viability. Intangible assets are primarily comprised of trademarks, customer relationships, water and mineral rights, supplier contracts, software and others.

Intangible assets with finite useful lives are amortized over the period of effective use using the straight-line method or based on a method that reflects the economic benefits of the asset. Intangible assets that are subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher amount of an asset's fair value less costs to sell and its value in use.

The carrying value of indefinite-lived intangible assets, which refers to trademarks and water rights, are tested at least annually for impairment or more frequently if events or changes in circumstances indicate that the assets may be impaired. If impairment exists, a loss would be recognized to write down the indefinite-lived assets to their recoverable amount.

Management understands that certain trademarks have indefinite lives due to verifiable history and expected use of the asset by the Company. The trademarks acquired have no legal, regulatory or contractual limits linked, and do not depend on the useful life of any asset or group of assets as they existed independently for a substantial time prior to the acquisitions, and they are not related to sectors subject to technological obsolescence or other forms of deterioration in value.

Intangible assets acquired in a business combination are recognized at fair value based on valuation methodologies and techniques and often involve the use of third party valuation firm's expertise in the calculation of discounted estimates of cash flows. Intangible assets are composed as follows:

(Expressed in thousands of Brazilian reais)

	Company			Consolidated		
		Net amount			Net amount	
	Useful life	December 31, 2019	December 31, 2018	Useful life	December 31, 2019	December 31, 2018
Trademarks	**Indefinite**	**24,800**	24,800	**Indefinite**	**3,472,655**	3,302,654
Trademarks	**Up to 5 years**	**21,281**	31,921	**2 to 20 years**	**266,419**	254,742
Software	**Up to 5 years**	**30,582**	33,085	**2 to 15 years**	**63,125**	75,115
Water rights	–	–	–	**Indefinite**	**41,504**	39,964
Customer relationships	–	–	–	**4 to 20 years**	**2,017,589**	2,050,258
Supplier contract	–	–	–	**Up to 10 years**	**183,064**	82,007
Other	–	–	–	**2 to 15 years**	**8,598**	14,556
		76,663	**89,806**		**6,052,954**	**5,819,296**

Changes in intangible assets:

Company	December 31, 2018	Additions	Amortization	December 31, 2019
Amortizing:				
Trademarks	31,921	–	(10,640)	**21,281**
Software	33,085	14,434	(16,937)	**30,582**
Non-amortizing:				
Trademarks	24,800	–	–	**24,800**
	89,806	**14,434**	**(27,577)**	**76,663**

Consolidated	December 31, 2018	Acquired in business combination (1)	Additions	Disposal	Amortization	Exchange rate variation and others	December 31, 2019
Amortizing:							
Trademark	254,742	31,442	–	–	(29,842)	10,077	**266,419**
Software	75,115	1,301	17,683	(66)	(31,420)	512	**63,125**
Customer relationships	2,050,258	201,658	–	–	(310,429)	76,102	**2,017,589**
Supplier contract	82,007	109,668	–	–	(11,714)	3,103	**183,064**
Others	14,556	5,886	–	(2,170)	(11,190)	1,516	**8,598**
Non-amortizing:							
Trademarks	3,302,654	24,671	1,252	–	–	144,078	**3,472,655**
Water rights	39,964	–	–	–	–	1,540	**41,504**
	5,819,296	**374,626**	**18,935**	**(2,236)**	**(394,595)**	**236,928**	**6,052,954**

(1) Refers to the acquisitions in 2019: White Stripe and Imperial Beef in the first quarter; Normaclass in the second quarter; Seberi in the third quarter; and Brianza, Tulip and Marba in the fourth quarter.

Company	December 31, 2017	Additions	Disposals	Amortization	December 31, 2018
Amortizing:					
Trademarks	42,560	1	–	(10,640)	**31,921**
Software	27,379	17,465	(171)	(11,588)	**33,085**
Non-amortizing:					
Trademarks	24,800	–	–	–	**24,800**
	94,739	**17,466**	**(171)**	**(22,228)**	**89,806**

Consolidated	December 31, 2017	Acquisitions (1)	Additions	Disposal	Amortization	Exchange rate variation and others	December 31, 2018
Amortizing:							
Trademark	239,093	11,428	1	(40)	(27,189)	31,449	**254,742**
Software	75,646	–	25,564	(201)	(27,942)	2,048	**75,115**
Customer relationships	2,082,710	–	–	–	(303,709)	271,257	**2,050,258**
Supplier contract (2)	–	–	74,218	–	(6,506)	14,295	**82,007**
Others	19,998	–	–	–	(8,346)	2,904	**14,556**
Non-amortizing:							
Trademarks	3,059,717	364	–	–	–	242,573	**3,302,654**
Water rights	34,906	–	–	–	–	5,058	**39,964**
	5,512,070	**11,792**	**99,783**	**(241)**	**(373,692)**	**569,584**	**5,819,296**

(Expressed in thousands of Brazilian reais)

Impairment test:

At December 31, 2019, the Company tested the recoverability of its assets using the concept of value in use through cash flow models and did not recognize expenses in the current period and there were no indications of impairment.

16 Goodwill

In the Company, goodwill is recognized under the caption 'Investments in subsidiaries and joint ventures' because for the investor it is part of its investment in the subsidiary's acquisition; and as goodwill, in the Consolidated because it refers to expectation of future earnings from the acquired subsidiary, which assets and liabilities are consolidated with the Company's. Therefore, in the Company there is only goodwill from incorporations in the amount of R$9,085,970 and in the Consolidated all goodwill are recognized as intangible.

Goodwill is an indefinite lived asset and is required to be tested for impairment annually or whenever there is evidence of a decline in fair value. Assets and liabilities are grouped into CGU's (Cash generating units) for impairment testing purposes. Any impairment loss is recognized immediately in the consolidated statement of income (loss) and cannot be reversed.

Upon the sale of a business, the goodwill or corresponding portion of goodwill is included in the calculation of profit or loss on disposal.

	Useful life	December 31, 2019	December 31, 2018
Goodwill	**Indefinite**	**24,497,750**	23,775,575

Changes in goodwill:

Balance at December 31, 2018	**23,775,575**
Acquired in business combination [(1)]	189,245
Exchange rate variation	532,930
Balance at December 31, 2019	**24,497,750**

[(1)] Refers to the acquisitions in 2019: White Stripe and Safrio in the first quarter; Normaclass in the second quarter; Seberi in the third quarter; and Tulip and Marba in the fourth quarter.

Balance at December 31, 2017	**22,488,247**
Acquired in business combination [(1)]	60,121
Disposals	(9,011)
Exchange rate variation	1,236,218
Balance at December 31, 2018	**23,775,575**

Impairment test of goodwill

At December 31, 2019, the Company tested the recoverability of ts goodwill of each CGU group using the concept of value in use through discounted cash flow models based on the figures from September 30, 2019. The determination of the value in use involves using assumptions about cash flows, such as rates of revenue growth, costs and expenses, capital expenditures, working capital requirements and discount rates.

Management projects cash flows for a maximum period of 5 years for the CGU groups of Brazil Beef and USA Pork, to better reflect the long cycle of each group when it refers to the useful life of the animals used in production. The terminal value was assigned based on an expected growth rate of perpetuity for the CGU groups. The weighted average rate of the cost of capital (WACC), used as discount rate, was estimated on a post-tax basis based on the historical industry performance relative to each CGU group and external sources of information regarding market risks.

For the purposes of impairment testing CGUs have been aggregated into the following groups representing the lowest level within the Company at which the goodwill is monitored for internal management purposes and that have significant goodwill:

CGU Groups	December 31, 2019	December 31, 2018
Brazil Beef	**9,069,926**	9,069,926
Seara	**3,702,836**	3,533,294
Moy Park	**3,249,578**	3,030,896
USA Pork	**2,799,458**	2,691,181
Australia Meat	**1,161,567**	1,125,428
Australia Smallgoods	**1,096,890**	1,062,769
Others CGUs without significant goodwill	**3,417,495**	3,262,081
Total	**24,497,750**	**23,775,575**

For the years ended December 31, 2019 and 2018 there were no indications that goodwill within any CGU group was impaired.

(Expressed in thousands of Brazilian reais)

i. Brazil Beef

The key assumptions used in the estimation of the value in-use are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from external and internal sources.

	2019	2018
Discount rate	9.6 %	10.9 %
Terminal value growth rate	4.6 %	4.9 %
Estimated EBITDA growth rate (average for the next 5 years)	15.6 %	25.2 %

Estimated EBITDA was projected considering past experiences and forecasts as follows:

- Revenue of this CGU group includes sales from beef operations in Brazil. Revenues growth was projected considering the availability of livestock, total slaughtering capacity and utilization of facilities related to production, and price increases/decreases based on estimatives of inflation for the domestic market and exchange rate variation for exports.
- Operating costs and expenses were projected considering the historical performance of the CGU group and prices trends of the primary raw materials, especially cattle. In addition, it was considered efficiency improvements related to the integration of acquisitions.
- Capital expenditures were estimated assuming the maintenance of existing infrastructure in order to continue to be operated for an indefinite period.

For the years ended December 31, 2019 and 2018, estimated value in-use exceeded the carrying amount of the CGU group.

ii. Seara

The key assumptions used in the estimation of the value in-use are set out below:

	2019	2018
Discount rate	10.6 %	11.3 %
Terminal value growth rate	3.6 %	3.9 %
Estimated EBITDA growth rate (average for the next 5 years)	10.2 %	18.4 %

Estimated EBITDA was projected considering past experiences and forecasts as follows:

- Revenue includes sales from pork, chicken and other products in Brazil. Revenue growth was projected considering the availability of livestock, total slaughtering capacity and utilization of facilities related to production, and price increases/decreases based on estimated inflation for the domestic market and exchange rate variation for exports.
- Operating costs and expenses were projected considering the historical performance of the CGU group and prices trends of primary raw materials. In addition, it was considered efficiency improvements related to the integration of acquisitions.
- Capital expenditures were estimated assuming the maintenance of existing infrastructure in order to continue to be operated for an indefinite period.

For the years ended December 31, 2019 and 2018, estimated value in use exceeded the carrying amount of the CGU group.

iii. Moy Park

The key assumptions used in the estimation of the value in-use are set out below:

	2019	2018
Discount rate	7.8 %	8.0 %
Terminal value growth rate	1.5 %	2.0 %
Estimated EBITDA growth rate (average for the next 5 years)	2.3 %	2.8 %

Estimated EBITDA was projected considering past experiences and forecasts as follows:

- Revenue of this CGU group includes sales from chicken operations in Europe, which consists of Moy Park's operations. Revenue growth was projected considering the availability of livestock, total slaughtering capacity and utilization of facilities related to production, and price increases/decreases based on estimated inflation for the domestic market and exchange rate variation for exports.
- Operating costs and expenses were projected considering the historical performance of the CGU group and prices trends of primary raw materials. In addition, it was considered efficiency improvements related to the integration of acquisitions.
- Capital expenditures were estimated assuming the maintenance of existing infrastructure in order to continue to be operated for an indefinite period.

For the years ended December 31, 2019 and 2018, estimated value in-use exceeded the carrying amount of the CGU group.

iv. USA Pork

The key assumptions used in the estimation of the value in-use are set out below:

	2019	2018
Discount rate	11.0 %	12 %
Terminal value growth rate	0.5 %	0.5 %
Estimated EBITDA growth rate (average for the next 5 years)	(2.6)%	(0.3)%

(Expressed in thousands of Brazilian reais)

Estimated EBITDA was projected considering past experiences and forecasts as follows:

- Revenue of this CGU group includes sales from pork operations in the U.S. Revenue growth was projected considering the availability of livestock, total slaughtering capacity and utilization of facilities related to production, and price increases/decreases based on estimated inflation for the domestic market and exchange rate variation for exports.
- Operating costs and expenses were projected considering the historical performance of the CGU group and prices trends of primary raw materials.
- Capital expenditures were estimated assuming the maintenance of existing infrastructure in order to continue to be operated for an indefinite period.

For the years ended December 31, 2019 and 2018, estimated value in-use exceeded the carrying amount of the CGU group.

v. Australia Meat

The key assumptions used in the estimation of the value in-use are set out below:

	2019	2018
Discount rate	8.0 %	7.7 %
Terminal value growth rate	2.0 %	2.0 %
Estimated EBITDA growth rate (average for the next 5 years)	2.1 %	1.6 %

Estimated EBITDA was projected considering past experiences and forecasts as follows:

- Revenue of this CGU group includes sales from beef operations in Australia. Revenue growth was projected considering the availability of livestock, total slaughtering capacity and utilization of facilities related to production, and price increases/decreases based on estimated inflation for the domestic market and exchange rate variation for exports.
- Operating costs and expenses were projected considering the historical performance of the CGU group and prices trends of the primary raw materials. In addition, we considered efficiency improvements related to the integration of the acquisition.
- Capital expenditures were estimated assuming the maintenance of existing infrastructure in order to continue operating for an indefinite period.

For the years ended December 31, 2019 and 2018, estimated value in-use exceeded the carrying amount of the CGU group.

vi. Australia Smallgoods

The key assumptions used in the estimation of the value in-use are set out below.

	2019	2018
Discount rate	8.0 %	7.7 %
Terminal value growth rate	2.0 %	2.0 %
Estimated EBITDA growth rate (average for the next 5 years)	9.1 %	7.3 %

Estimated EBITDA was projected considering past experiences and forecasts as follows:

- Revenue of this CGU group includes sales from the Smallgoods operations in Australia, consisting of Primo's operations. Revenue growth was projected considering the availability of livestock, total slaughtering capacity and utilization of facilities related to production, and price increases/decreases based on estimated inflation for the domestic market and exchange rate variation for exports.
- Operating costs and expenses were projected considering the historical performance of the CGU group and prices trends of the primary raw materials, primarily hogs. In addition, we considered efficiency improvements related to the integration of the acquisition.
- Capital expenditures were estimated assuming the maintenance of existing infrastructure in order to continue operating for an indefinite period.

For the years ended December 31, 2019 and 2018, estimated value in-use exceeded the carrying amount of the CGU group.

17 Trade accounts payable

Trade accounts payable correspond to the amounts owed to suppliers in the ordinary course of business. If the payment period is equivalent to one year or less, the amount is classified as current liabilities, otherwise the corresponding amount is classified as non-current liabilities. Accounts payable are recognized initially at their fair value and are subsequently measured at amortized cost using the effective interest method. Accounts payable by major type of supplier is as follows at December 31, 2019 and 2018:

	Company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Commodities	**2,010,393**	1,505,879	**5,390,373**	4,735,832
Materials and services	**788,343**	612,873	**9,928,922**	7,341,008
Finished products	**213,080**	174,078	**144,358**	125,508
Supply chain finance [1]	**557,031**	50,885	**2,011,463**	910,228
Present value adjustment	**(2,154)**	(10,460)	**(24,810)**	(36,961)
	3,566,693	**2,333,255**	**17,450,306**	**13,075,615**

[1] The Company and its direct subsidiary Seara Alimentos carry out risk transactions with financial institutions with suppliers in the domestic market. At December 31, 2019 and 2018, the average discount rates of supply chain finance transactions disbursed by our suppliers to financial institutions were 0.48% p.m. and 0.70% p.m. in the Company and 0.48% p.m. and 0.70% p.m. in the Consolidated. Operationally and commercially there was no change in the process and that the referred transaction does not generate changes in the prices applied by suppliers, maintaining the same price composition practiced prior to the risk operation drawn by these same suppliers. In addition, this operation did not bring any other cost to the Company and its subsidiaries and all financial costs of the operation are the responsibility of the suppliers.

(Expressed in thousands of Brazilian reais)

18 Loans and financing

Loans and financing are initially recognized at fair value upon receipt of the proceeds, net of transaction costs, when applicable. Subsequent to the initial recognition of loans and financing, charges, interest and monetary and exchange rate variation incurred that become contractually due are included in the balance, until the end of each period. Below is a chart showing the Company's loans and financing instruments by foreign and local currency. Local currency indicates loans denominated in the functional currency of the borrower. All borrowings denominated in currencies other than our presentation currency of the Brazilian Reais are remeasured each period. Current amounts include accrued but unpaid interest at period-end. Premiums, discounts and transaction costs are amortized to finance expense using the effective interest method.

	Company							
					Current		Non-current	
Type	Average annual interest rate	Currency	Index on variable rate loans	Payment terms / non-current debt	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Foreign currency								
Prepayment	–	–	–	–	–	1,011,421	–	4,322,038
ACC - Advances on exchange contracts	–	–	–	–	–	623,400	–	2,087,092
Notes 6.25% JBS S.A 2023	**6.25%**	**USD**	–	**2023**	**43,124**	75,602	**1,713,048**	2,993,874
Notes 7.25% JBS S.A 2024	–	–	–	–	–	53,376	–	2,901,727
Working capital - Euro	–	–	–	–	–	19,039	–	49,458
FINIMP	**3.51%**	**USD and EUR**	**Euribor**	**2024**	**32,354**	–	**22,138**	–
					75,478	1,782,838	**1,735,186**	12,354,189
Local currency								
Credit note - export	–	–	–	–	–	7,547	–	963,332
Working capital - Brazilian Reais	**7.62%**	**BRL**	**TJLP**	**2021**	–	37	**15,635**	129,095
FINAME	**5.83%**	**BRL**	**TJLP**	**2021 - 25**	**10,595**	26,720	**20,958**	40,867
FINEP	**6.65%**	**BRL**	–	**2021 - 25**	**24,916**	22,960	**34,367**	59,532
CDC - Direct credit to consumers	**11.24%**	**BRL**	–	**2021 - 24**	**91,891**	27,959	**163,779**	127,192
CRA - Agribusiness Credit Receivable Certificates	**5.58%**	**BRL**	**CDI and IPCA**	**2023 - 24**	**6,104**	–	**552,041**	–
					133,506	85,223	**786,780**	1,320,018
					208,984	1,868,061	**2,521,966**	13,674,207

(Expressed in thousands of Brazilian reais)

					Consolidated			
					Current		Non-current	
Type	Average annual interest rate	Currency	Indexer	Payment terms / non-current debt	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Foreign currency								
ACC - Advances on exchange contracts	–	–	–	–	–	634,900	–	3,094,983
Prepayment	**4.50%**	**USD**	**Libor**	**2024**	**314,063**	1,275,206	**2,306,399**	5,694,441
Notes 6.25% JBS S.A 2023	**6.25%**	**USD**	–	**2023**	**43,124**	75,602	**1,713,048**	2,993,874
Notes 7.25% JBS S.A 2024	–	–	–	–	–	53,376	–	2,901,727
Notes 7.00% JBS S.A 2026	**7.00%**	**USD**	–	**2026**	**132,325**	29,761	**3,999,409**	1,896,572
Notes 5.75% JBS S.A 2028	**5.75%**	**USD**	–	**2028**	**74,358**	–	**2,996,451**	–
Credit note – import	–	–	–	–	–	2,868	–	114,832
FINIMP	**3.51%**	**USD and EUR**	**Euribor**	**2024**	**32,354**	5,440	**22,138**	–
Scott credit facilities	**4.97%**	**USD**	–	**2023**	**1,447**	1,298	**6,618**	7,250
Working capital - Euro/US dollars/Pound	–	–	–	–	–	22,537	–	49,458
					597,671	**2,100,988**	**11,044,063**	**16,753,137**
Local currency								
FINAME	**5.87%**	**BRL**	**TJLP**	**2021 - 25**	**10,816**	35,013	**21,061**	55,823
FINEP	**6.62%**	**BRL**	–	**2021 - 25**	**25,575**	26,919	**34,367**	60,190
Notes 7.25% JBS Lux 2021	–	–	–	–	–	14,980	–	2,548,073
Notes 5.875% JBS Lux 2024	**5.88%**	**USD**	–	**2024**	**97,680**	78,728	**3,619,806**	2,891,764
Notes 5.75% JBS Lux 2025	**5.75%**	**USD**	–	**2025**	**10,141**	8,912	**4,218,570**	3,465,889
Notes 5.75% PPC 2025	**5.75%**	**USD**	–	**2025**	**67,599**	65,604	**4,014,395**	3,856,151
Notes 5.875% PPC 2027	**5.87%**	**USD**	–	**2027**	**50,319**	48,912	**3,373,784**	3,236,853
Notes 6.75% JBS Lux 2028	**6.75%**	**USD**	–	**2028**	**91,823**	88,927	**3,598,496**	3,455,849
Notes 6.5% JBS Lux 2029	**6.50%**	**USD**	–	**2029**	**76,414**	–	**5,656,083**	–
Notes 5.50% JBS Lux 2030	**5.50%**	**USD**	–	**2030**	**110,844**	–	**4,993,702**	–
Term loan JBS Lux 2026	**3.70%**	**USD**	**Libor**	**2026**	**101,465**	172,525	**7,448,644**	12,418,631
PPC term loan	**2.93%**	**USD**	**Libor**	**2023**	**105,149**	110,610	**1,778,933**	1,799,364
Working capital - Brazilian Reais	**9.10%**	**BRL**	**CDI**	**2024**	**14,899**	4,603	**37,946**	135,665
Working capital - US Dollars	–	–	–	–	–	–	–	174,095
Working capital - Euros	**1.04%**	**EUR**	**Euribor**	**2020 - 23**	**77,552**	56,153	**3,828**	4,985
Credit note – export	**5.96%**	**BRL**	**CDI**	**2024**	**62,867**	28,735	**140,000**	1,811,421
CDC - Direct credit to consumers	**11.24%**	**BRL**	–	**2021 - 24**	**92,119**	27,959	**164,072**	127,192
ACC - Advances on exchange contracts	–	–	–	–	–	–	–	1,087
Rural - Credit note	**4.79%**	**BRL**	–	**2022**	**405,176**	10,198	**100,000**	315,526
CRA - Agribusiness Credit Receivable	**5.58%**	**BRL**	**CDI and IPCA**	**2023 - 24**	**6,104**	–	**552,041**	–
Scott credit facilities	**4.95%**	**USD, EUR and NZD**	–	**2021**	**52,693**	16,945	**2,289**	3,832
JBS Australia Feedlot Agreement	**7.00%**	**AUD**	–	**2023**	–	–	**109,816**	73,664
Other	**1.65%**	**BRL, CZK, EUR, GBP, NZD and USD**	**Libor, Euribor e IRS**	**2021 - 24**	**21,993**	25,924	**37,248**	41,702
					1,481,228	**821,647**	**39,905,081**	**36,477,756**
					2,078,899	**2,922,635**	**50,949,144**	**53,230,893**

Average annual interest rate: Refers to the weighted average nominal cost of interest at the reporting date. The loans and financings are fixed by a fixed rate or indexed to rates: CDI, TJLP, LIBOR and EURIBOR, among others.

As of December 31, 2019 and 2018, the availability under JBS USA revolving credit facilities was R$7.6 billions (US$1.9 billions) and R$7.4 billions (US$1.9 billion), respectively.

(Expressed in thousands of Brazilian reais)

The non-current portion of the principal payment schedule of loans and financing is as follows:

	December 31, 2019	
Maturity	Company	Consolidated
2021	136,413	988,357
2022	103,733	930,120
2023	1,761,389	4,060,593
2024	517,735	4,861,903
2025	2,696	8,314,694
Maturities thereafter	–	31,793,477
	2,521,966	50,949,144

a. Normalization agreement with financial institutions in Brazil

According to the debt Normalization Agreement, signed on May 14, 2018, an extension for the maturity of all outstanding debts Principals was determined bilaterally in the date of the agreement with the signatory banks to July 2021, in the amount of approximately R$12.2 billion. The interest arising from the amount agreed with the banks were updated and paid according to the interest rate and terms established in the original agreements for each debt line. The agreement also established the amortization of approximately 25% of the debt principal starting from January 2019 until the end of the agreement which would occurred in July 2021. In September 2019, the Company, Seara Alimentos and its subsidiaries, and some subsidiaries from the global leather division, concluded the payment of the totality of the outstanding amount of all of the debt that the Company and such subsidiaries owed to five financial institutions and/or their respective affiliates under various credit lines covered by the Normalization Agreements.

18.1 Guarantees and contractual restrictions ("covenants")

<table>
<tr><th>Type</th><th>Issuer and guarantors</th><th>Covenants / Guarantees</th><th>Events of default</th><th>December 31, 2019</th></tr>
<tr><td>144 - A: Notes 6.25% JBS S.A 2023</td><td>- JBS S.A.
- JBS Investments Gmbh</td><td rowspan="3">Customary negative covenants that may limit the Company's ability and the ability of certain subsidiaries to, among other things:
- incur additional indebtedness unless the net debt/EBITDA ratio is lower than 4.75/1.0.
- create liens;
- sell or dispose of assets;
- enter into certain transactions with affiliates;
- dissolve, consolidate, merge or acquire the business or assets of other entities;
- enter into sale/leaseback transactions;
- undergo changes of control without making an offer to purchase the Notes; and
- declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if i) it is not in default in relation to the Notes; ii) the Company can incur at least US$1.00 of debt under the terms of the net debt/EBITDA ratio test established in the indenture of the Notes; and iii) the total value to be paid does not exceed a.US$30 million; b.50% of the amount of the net income accrued on a cumulative basis during a certain period, taken as one accounting period, (as defined in the indenture), or if the aggregate net income is a loss, minus 100% of the amount of the loss; c.100% of the net cash proceeds received from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes; d.100% of the fair market value of property other than cash received from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes.</td><td rowspan="3">The indentures of Notes contain customary events of default [(1)]. In case any event of default occurs, the trustee or the holders of at least 25% of the notes principal amount at the time may state to pay immediately the principal and accrued interest on the notes. The notes are unsecured debts.</td><td>1,756,172</td></tr>
<tr><td>Notes 7.00% JBS S.A 2026</td><td rowspan="2">- JBS S.A.
- JBS Investments II GmbH</td><td>4,131,734</td></tr>
<tr><td>Notes 5.75% JBS S.A 2028</td><td>3,070,809</td></tr>
<tr><td>Senior Secured Credit Facility JBS Lux</td><td>- JBS S.A.;
- JBS Global Luxembourg S.à r.l.;
- JBS Global Meat Holdings Pty. Limited (formerly Burcher Pty. Limited);
- JBS USA Food Company Holdings;
- JBS USA Food Company;
- JBS Ansembourg Holding S.à r.l.;
- JBS Luxembourg S.à r.l.;
- JBS USA Holding Lux;
- All US subsidiaries of JBS Lux except JBS Wisconsin Properties LLC and certain other immaterial subsidiaries;
- JBS Australia Pty Ltd.
- JBS Food Canada ULC</td><td>'- The borrowings are collateralized by a first priority perfected lien and interest in accounts receivable, finished goods and supply inventories.
- The facility contains customary representations, warranties and a springing financial covenant that requires a minimum fixed charge coverage ratio of not less than 1.00 to 1.00. This ratio is applicable if borrowing availability causes a covenant trigger period, which only occurs when borrowing availability falls below the greater of 10% of the maximum borrowing amount and US$70 millions.
The facility also contains negative covenants that may limit JBS Lux ability and certain of our subsidiaries ability to, among other things:
- incur certain additional indebtedness;
- create certain liens on property, revenue or assets;
- make certain loans or investments;
- sell or dispose of certain assets;
- declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if i) it is not in default in relation to the Notes; ii) the Company can incur at least US$1.00 of debt under the terms of the net debt/EBITDA ratio test established in the indenture of the Notes; and iii) the total value to be paid does not exceed a.US$30 million; b.50% of the amount of the net income accrued on a cumulative basis during a certain period, taken as one accounting period, (as defined in the indenture), or if the aggregate net income is a loss, minus 100% of the amount of the loss; c.100% of the net cash proceeds received from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes; d.100% of the fair market value of property other than cash received from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes;
- prepay or cancel certain indebtedness;
- dissolve, consolidate, merge or acquire the business or assets of other entities;
- enter into joint ventures other than certain permitted joint ventures or create certain other subsidiaries;
- enter into new lines of business;
- enter into certain transactions with affiliates;
- agree to restrictions on the ability of the subsidiaries to make dividends;
- agree to enter into negative pledges in favor of any other creditor; and
- enter into certain sale/leaseback transactions.</td><td>The facility also contains customary events of default [(1)] and it includes failure of any collateral document to create or maintain a priority lien matters. If an event of default happens, the borrowers may, within other options, cease the agreement, state the entire balance to be paid, with accrued interest.</td><td>(availability up to R$3.6 billions (US$900 million))</td></tr>
</table>

(Expressed in thousands of Brazilian reais)

<table>
<tr><th></th><th></th><th></th><th></th><th></th></tr>
<tr><td>Term loan JBS Lux 2026</td><td>- JBS S.A.;
- JBS Global Luxembourg S.à r.l.;
- JBS Global Meat Holdings Pty. Limited (formerly Burcher PTY Limited);
- JBS USA Food Company Holdings;
- JBS USA Holding Lux;
- JBS USA Food Company;
- JBS Ansembourg Holding S.à r.l;
- JBS Luxembourg S.à r.l.; and
- Each of the U.S. restricted subsidiaries that guarantee the senior secured credit facility (subject to certain exceptions)</td><td>- Secured by a perfected first priority security interest in all of JBS Lux and certain of its subsidiaries' fixed assets.
The facility also contains negative covenants that may limit JBS Lux ability and certain of our subsidiaries ability to, among other things:
- incur certain additional indebtedness;
- create certain liens on property, revenue or assets;
- make certain loans or investments;
- sell or dispose of certain assets;
- declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if i) it is not in default in relation to the Notes; ii) the Company can incur at least US$1.00 of debt under the terms of the net debt/EBITDA ratio test established in the indenture of the Notes; and iii) the total value to be paid does not exceed a.US$30 million; b.50% of the amount of the net income accrued on a cumulative basis during a certain period, taken as one accounting period, (as defined in the indenture), or if the aggregate net income is a loss, minus 100% of the amount of the loss; c.100% of the net cash proceeds received from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes; d.100% of the fair market value of property other than cash received from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes.
- prepay or cancel certain indebtedness;
- dissolve, consolidate, merge or acquire the business or assets of other entities;
- enter into joint ventures other than certain permitted joint ventures or create certain other subsidiaries;
- enter into new lines of business;
- enter into certain transactions with affiliates;
- agree to restrictions on the ability of the subsidiaries to make dividends;
- agree to enter into negative pledges in favor of any other creditor; and
- enter into certain sale/leaseback transactions.</td><td>The facility also contains customary events of default [1], listed under the Amended and Restated Revolving Facility.</td><td>7,550,109</td></tr>
<tr><td>Notes 5.875% JBS Lux 2024</td><td rowspan="5">- JBS S.A.;
- JBS Global Lux;
- JBS Global Meat Holdings Pty.Limited (formerly Burcher PTY Limited);
- JBS USA Holding Lux;
- JBS USA Food Company;
- JBS Ansembourg Holding; S.à r.l
- JBS Luxembourg S.à r.l.; and
- Each of the U.S. restricted subsidiaries that guarantee the senior secured credit facility (subject to certain exceptions)</td><td rowspan="5">The Notes contain negative covenants that may limit JBS Lux ability and certain of our subsidiaries ability to, among other things:
- incur certain additional indebtedness;
- create certain liens;
- sell or dispose of certain assets;
- declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if i) it is not in default in relation to the Notes; ii) the Company can incur at least US$1.00 of debt under the terms of the net debt/EBITDA ratio test established in the indenture of the Notes; and iii) the total value to be paid does not exceed a.US$30 million; b.50% of the amount of the net income accrued on a cumulative basis during a certain period, taken as one accounting period, (as defined in the indenture), or if the aggregate net income is a loss, minus 100% of the amount of the loss; c.100% of the net cash proceeds received from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes; d.100% of the fair market value of property other than cash received from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes;
- permit restrictions on dividends and other restricted payments to restricted subsidiaries
- prepay or cancel certain indebtedness;
- enter into certain transactions with affiliates;
- enter into certain sale/leaseback transactions; and
- undergo changes of control without making an offer to purchase the Notes.
The indenture governing the Notes also restricts JBS S.A. from incurring any debt (subject to certain permitted exceptions), unless on the date of such incurrence and the application of the proceeds therefrom, its net debt to EBITDA ratio is less than 4.75 to 1.00. In addition, the indenture restricts JBS S.A.'s ability to make restricted payments and other distributions.</td><td rowspan="5">The indenture also contains customary events of default [1]. In case any event of default occurs, the trustee or the holders of at least 25% of the notes principal amount at the time may state to pay immediately the principal and accrued interest on the notes.
The notes are unsecured debts.</td><td>3,717,486</td></tr>
<tr><td>Notes 5.75% JBS Lux 2025</td><td>4,228,711</td></tr>
<tr><td>Notes 6.75% JBS Lux 2028</td><td>3,690,319</td></tr>
<tr><td>Notes 6.5% JBS Lux 2029</td><td>5,732,497</td></tr>
<tr><td>Notes 5.50% JBS Lux 2030</td><td>5,104,546</td></tr>
<tr><td>Notes 5,75% PPC 2025</td><td rowspan="2">- PPC;
- One of PPC's subsidiaries.</td><td rowspan="2">The Notes contain negative covenants that may limit PPC's ability and certain of its subsidiaries ability to, among other things:
- incur certain additional indebtedness;
- create certain liens;
- declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if i) it is not in default in relation to the Notes; ii) the Company can incur at least US$1.00 of debt under the terms of the net debt/EBITDA ratio test established in the indenture of the Notes; and iii) the total value to be paid does not exceed a.US$30 million; b.50% of the amount of the net income accrued on a cumulative basis during a certain period, taken as one accounting period, (as defined in the indenture), or if the aggregate net income is a loss, minus 100% of the amount of the loss; c.100% of the net cash proceeds received from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes; d.100% of the fair market value of property other than cash received from the issue or sale of its equity interests or other capital contributions subsequent to the issue date of the Notes;
- sell or dispose of certain assets;
- enter into certain transactions with affiliates;
- consolidate, merge or dissolve substantially all the assets of PPC.</td><td rowspan="2">The facility also contains customary events of default [1]. In case any event of default occurs, the trustee or the holders of at least 25% of the notes principal amount at the time may state to pay immediately the principal and accrued interest on the notes.
The notes are unsecured debts.</td><td>4,081,994</td></tr>
<tr><td>Notes 5,875% PPC 2027</td><td>3,424,103</td></tr>
<tr><td>PPC term loan</td><td rowspan="2">- PPC;
- Certain of PPC's subsidiaries.</td><td rowspan="2">- Secured by a first priority lien on i) the accounts receivable and inventories of PPC and its non-Mexico subsidiaries, ii) 100% of the equity interests in PPC's domestic subsidiaries, To-Ricos, Ltd. and To-Ricos Distribution Ltd., and 65% of the equity interests in PPC's direct foreign subsidiaries, iii) substantially all of the personal property and intangibles of the borrowers and guarantors under the U.S. Credit Facility and iv) substantially all of the real estate and fixed assets of PPC and the guarantors.
The facility also contains negative covenants that may limit PPC's ability and certain of its subsidiaries ability to, among other things:
- incur certain additional indebtedness;
- create certain liens;
- pay certain dividends and other restricted payments;
- sell or dispose of certain assets;
- enter into certain transactions with affiliates; and
- consolidate, merge or dissolve substantially all the assets of PPC.
Covenants in the facility also require PPC to use the proceeds it receives from certain asset sales and specified debt or equity issuances and upon the occurrence of other events to repay outstanding borrowings under the facility. The PPC Credit Facility also provides that PPC may not incur capital expenditures in excess of US$500 million in any fiscal year.</td><td rowspan="2">The facility also contains customary events of default [1].</td><td>1,884,082</td></tr>
<tr><td>PPC revolving credit facility</td><td>(availability up to R$3 billion (US$750 million))</td></tr>
</table>

(Expressed in thousands of Brazilian reais)

Moy Park Revolving Credit Facility	- Moy Park Limited - Moy Park (NewCo) Limited - Moy Park (Bondco) plc - Kitchen Range Foods Limited - Moy Park Holdings (Europe) Limited.	The facility also contains negative covenants that may limit Moy Park's ability and certain of its subsidiaries ability to, among other things: - incur certain additional indebtedness; - create certain liens; - pay certain dividends and other restricted; - sell or dispose of certain assets; - enter into certain transactions with affiliates; and - consolidate, merge or dissolve substantially all the assets of Moy Park.	The facility also contains customary events of default [1].	**(availability up to R$533 million (GBP100 million))**
Primo ANZ credit facility	- P&M Quality Small Goods Pty. Ltd. - Australian Consolidated Food Holdings Pty Limited - Australian Consolidated Food Investments Pty Limited - Primo Group Holdings Pty Limited - Primo Meats Pty. Ltd. - Certain subsidiaries of Primo Meats Pty Ltd.	Customary negative covenants that may limit Primo's ability and the ability of certain subsidiaries to, among other things: - sell or dispose of certain assets; - change the general nature of the core business of the company; - incur certain additional indebtedness; - declare certain dividends, share premiums, or repurchases of equity.	The facility also contains customary events of default [1]. At the occurrence of an event of default, the lenders may, within other options, cancel the facility commitments, declare all loans and accrued interest immediately payable, or change conditions on the facility.	**(availability up to R$566 million (AUD200 million))**

[1] Customary events of default includes failure to perform or observe terms, covenants or other agreements in the facility, defaults on other indebtedness if the effect is to permit acceleration, failure to make a payment on other indebtedness unless waived or extended within the applicable grace period, entry of unsatisfied judgments or orders against the issuer or its subsidiaries and certain events related to bankruptcy and insolvency matters.

The Company was in compliance with all of its debt covenant restrictions at December 31, 2019 and until the date that these financial statements were approved.

18.2 Financing activities

		Company					
		Liabilities				Assets	Equity
	Note	Loans and financings - short and long term	Lease provision	Derivative liabilities	Other liabilities	Derivative assets	Profit reserve: Treasury shares
Balance at December 31, 2018		**(15,542,268)**	**–**	**(23,602)**	**(903,985)**	**6,303**	**624,139**
Changes in financing cash flows:							
Proceeds from loans and financings	18	(3,549,220)	–	–	–	–	–
Payments of loans and financings	18	16,564,467	–	–	–	–	–
Payments of lease	14.2	–	45,182	–	–		
Derivatives instruments received/settled	31	–	–	(142,991)	–	144,529	–
Dividends paid	12	–	–	–	5,983	–	–
Total of changes in financing cash flows		**13,015,247**	**45,182**	**(142,991)**	**5,983**	**144,529**	**–**
Exchange rate variation changes		(394,663)	–	–	(46)	–	–
Other changes:							
Derivatives fair value adjustment	26	–	–	–	–	(6,431)	–
Interest expenses	26	(635,793)	(22,793)	–	(2,438)	–	–
Imterest paid	26	826,526	–	–	–	–	–
Changes in operating activities		–	–	–	(58,882)	–	–
Non-cash transactions		–	(229,664)	144,399	105,148	(144,401)	(18,417)
Dividends declared	21	–	–	–	(1,441,238)		
Total of other liabilities changes		**190,733**	**(252,457)**	**144,399**	**(1,397,410)**	**(150,832)**	**–**
Total of other equity changes		**–**	**–**	**–**	**–**	**–**	**(18,417)**
Balance at December 31, 2019		**(2,730,951)**	**(207,275)**	**(22,194)**	**(2,295,458)**	**–**	**605,722**

(Expressed in thousands of Brazilian reais)

		Company						
		Liabilities				Assets	Equity	
	Note	Loans and financings - short and long term	Lease provision	Derivatives liabilities	Other liabilities	Derivatives assets	Profit reserve: Treasury shares	Non-controlling interest
Balance at December 31, 2018		**(56,153,528)**	**–**	**(210,015)**	**(1,111,143)**	**52,797**	**624,139**	**(2,299,213)**
Changes in financing cash flows:								
Proceeds from loans and financings	18	(35,014,055)	–	–	–	–	–	–
Payments of loans and financings	18	40,056,673	–	–	–	–	–	–
Payments of lease	14.2	–	1,356,986	–	–	–	–	–
Derivatives instruments received/settled	31	–	–	(170,772)	–	171,649	–	–
Dividends paid	12	–	–	–	5,984	–	–	–
Dividends paid to non-controlling interest		–	–	–	–	–	–	9,793
PPC share repurchase		–	–	–	–	–	–	11,357
Other changes		–	–	–	–	–	–	16,741
Total of changes in financing cash flows		**5,042,618**	**1,356,986**	**(170,772)**	**5,984**	**171,649**	**–**	**37,891**
Exchange rate variation changes		(1,573,166)	(240,314)	(2,819)	(38,913)	13,766	–	(167,154)
Other changes:								
Derivatives fair value adjustment	26	–	–	(63,290)	–	(27,984)	–	–
Interest expenses	26	(3,304,188)	(282,228)	–	(2,697)	–	–	–
Interest paid	26	3,026,093	–	–	–	–	–	–
Changes in operating activities		–	–	43,851	(105,303)	2,906	–	1,590
Adjustments in net income for cash flows		–	–	–	–	–	–	(8,676)
Net income attributable to non-controlling interest		–	–	–	–	–	–	(396,487)
Non-cash transactions		**(65,872)**	**(5,549,888)**	**151,081**	**3,751**	**(151,081)**	**(18,417)**	**(13,034)**
Dividends declared	21	–	–	–	(1,441,238)	–	–	–
Total of other liabilities changes		**(343,967)**	**(5,832,116)**	**131,642**	**(1,545,487)**	**(176,159)**	**–**	**–**
Total of other equity changes		–	–	–	–	–	**(18,417)**	**(416,607)**
Balance at December 31, 2019		**(53,028,043)**	**(4,715,444)**	**(251,964)**	**(2,689,559)**	**62,053**	**605,722**	**(2,845,083)**

		Company					
		Liabilities				Assets	Equity
	Note	Loans and financings - short and long term	Derivatives liabilities	Related parties payables	Other liabilities	Derivatives assets	Profit reserve: Treasury shares
Balance at December 31, 2017		**(20,057,355)**	**(10)**	**(3,018,787)**	**(826,674)**	**–**	**192,882**
Changes in financing cash flows:							
Proceeds from loans and financings	18	(149,143)	–	–	–	–	–
Payments of loans and financings	18	7,023,786	–	–	–	–	–
Derivatives instruments received/settled	31	–	107,250	–	–	(235,392)	–
Dividends paid	12	–	–	–	126,883	–	–
Purchase of treasury shares	24 b3	–	–	–	–	–	498,195
Total of changes in financing cash flows		**6,874,643**	**107,250**	**–**	**126,883**	**(235,392)**	**498,195**
Exchange rate variation changes		(2,873,392)	–	–	(808)	–	–
Other changes:							
Derivatives fair value adjustment	26	–	15,680	–	–	95,173	–
Interest expenses	26	(1,265,398)	–	–	(3,477)	–	–
Interest paid	26	1,372,680	–	–	–	–	–
Changes in operating activities		–	–	–	29,313	–	–
Adjustments in net income for cash flows		–	–	–	(6,684)	–	–
Non-cash transactions		**406,554**	**(146,522)**	**–**	**(216,554)**	**146,522**	**(66,938)**
Dividends declared	21	–	–	–	(5,984)	–	–
Total of other liabilities changes		**513,836**	**(130,842)**	**–**	**(203,386)**	**241,695**	**–**
Total of other equity changes		–	–	–	–	–	**(66,938)**
Balance at December 31, 2018		**(15,542,268)**	**(23,602)**	**(3,018,787)**	**(903,985)**	**6,303**	**624,139**

(Expressed in thousands of Brazilian reais)

		Consolidated					
		Liabilities			Assets	Equity	
	Note	Loans and financings - short and long term	Derivatives liabilities	Other liabilities	Derivatives assets	Profit reserve: Treasury shares	Participação dos não controladores
Balance at December 31, 2017		**(57,024,651)**	**(118,684)**	**(1,068,101)**	**30,760**	**192,882**	**(1,853,056)**
Changes in financing cash flows:							
Proceeds from loans and financings	18	(10,925,327)	–	–	–	–	–
Payments of loans and financings	18	20,424,607	–	–	–	–	–
Derivatives instruments received/settled	31	–	115,221	–	(247,304)	–	–
Dividends paid	12	–	–	126,882	–	–	–
Dividends paid to non-controlling interest		–	–	–	–	–	8,213
Capital contribution PPC Mexico to non-controlling interest		–	–	–	–	–	(5,414)
PPC share repurchase		–	–	–	–	–	899
Purchase of treasury shares	24 b3	–	–	–	–	498,195	–
Other changes		–	–	–	–	–	(6,906)
Total of changes in financing cash flows		**9,499,280**	**115,221**	**126,882**	**(247,304)**	**498,195**	**(3,208)**
Exchange rate variation changes		(9,090,165)	(13,657)	(77,829)	58,831	–	(239,932)
Other changes:							
Derivatives fair value adjustment	26	–	(73,286)	–	131,067	–	–
Interest expenses	26	(3,602,145)	–	(40,579)	–	–	–
Interest paid	26	3,655,358	–	–	–	–	–
Changes in operating activities		–	(6,405)	25,809	(32,347)	–	(899)
Adjustments in net income for cash flows		–	–	(6,684)	–	–	(9,307)
Net income attributable to non-controlling interest		–	–	–	–	–	(184,917)
Non-cash transactions		**408,795**	**(113,204)**	**(64,657)**	**111,790**	**(66,938)**	**(7,894)**
Dividends declared	21	–	–	(5,984)	–	–	–
Total of other liabilities changes		**462,008**	**(192,895)**	**(92,095)**	**210,510**	–	–
Total of other equity changes		–	–	–	–	**(66,938)**	**(203,017)**
Balance at December 31, 2018		**(56,153,528)**	**(210,015)**	**(1,111,143)**	**52,797**	**624,139**	**(2,299,213)**

19 Accrued income taxes and other taxes

Accrued income and other taxes are comprised of the following:

	Company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Taxes payable in installments	**961,411**	876,588	**1,016,968**	932,523
Accrued income taxes	–	–	**384,594**	202,665
PIS / COFINS tax payable	**75,629**	72,417	**119,366**	92,440
ICMS / VAT / GST tax payable	**31,799**	26,434	**88,531**	64,844
Withholding income taxes	**26,052**	25,809	**81,732**	26,496
Others	**2,352**	2,614	**230,442**	251,486
	1,097,243	**1,003,862**	**1,921,633**	**1,570,454**
Breakdown:				
Current liabilities	**325,754**	299,480	**943,640**	728,186
Non-current liabilities	**771,489**	704,382	**977,993**	842,268
	1,097,243	**1,003,862**	**1,921,633**	**1,570,454**

Decree 8,426/2015 - PIS/COFINS over financial income: In July 2015, the Company and its subsidiaries filed an injunction to suspend the enforceability of PIS and COFINS debts over financial income. The Decree 8,426/2015 reestablished the levy of PIS and COFINS on financial revenues obtained by companies subject to the PIS and COFINS noncumulative regime, at the rates of 4.65%. As of December 31, 2019 and December 31, 2018, the Company has recognized under Income taxes, payroll, social charges and tax obligation the amount of R$68,871 and R$67,215 in the Company, respectively, and in the Consolidated R$103,593 and R$85,062, respectively, regarding to PIS/COFINS over financial income.

Taxes payable in installments: Refers to tax assessments in installments arising from state and federal fines from Brazilian tax authorities. The most significant amounts are: i) R$238,389 due to PERT's adhesion; and ii) R$432,623 for debt installments from several states.

(Expressed in thousands of Brazilian reais)

20 Accrued payroll and social charges

Accrued payroll and social charges are comprised of the following:

	Company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Taxes payable in installments	**3,317,467**	3,439,543	**3,385,021**	3,502,778
Bonus and vacation along with related social charges	**229,765**	214,801	**2,637,990**	2,276,391
Salaries and related social charges	**392,682**	280,635	**1,498,963**	1,263,693
Others	**7,436**	4,400	**182,883**	206,264
	3,947,350	3,939,379	**7,704,857**	7,249,126
Breakdown:				
Current liabilities	**914,539**	771,936	**4,051,824**	3,508,585
Non-current liabilities	**3,032,811**	3,167,443	**3,653,033**	3,740,541
	3,947,350	3,939,379	**7,704,857**	7,249,126

Tax payable in installments: Refers mainly to Funrural and PERT in the amounts of R$1.851 billion and R$1.458 billion, in the Company, and R$1.905 billion and R$1.458 billion in the Consolidated, respectively, at December 31, 2019.

21 Dividends payable

The Company's bylaws requires the payment of dividends equal to at least 25% of the annual net income attributable to company shareholders. The Company recognizes a liability at year-end for the minimum unpaid yearly dividend amount. Dividends payable are recognized as a liability at December 31 of each year.

	Company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Declared dividends on 2014 - Residual	–	447	–	447
Declared dividends on 2015 - Residual	–	109	–	109
Declared dividends on 2016 - Residual	**6**	11	**6**	11
Declared dividends on 2017 - Residual	**13**	15	**13**	15
Declared dividends on 2018 - Residual	**2**	5,984	**2**	6,731
Declared dividends on 2019	**1,441,238**	–	**1,442,560**	–
	1,441,259	**6,566**	**1,442,581**	**7,313**

The residual amount of dividends corresponds to the unpaid dividends due to a lack of updated payment information. This pending information related to some minority shareholders precludes the Company from fully paying the dividends declared. The Company has sent notification to such shareholders to update their payment information so the amount can be paid. At December 31, 2019, the declared dividends balances from 2014 and 2015 in the amount of R$560 were absorbed under the caption "Profit reserves" due to the non-distribution after three years.

A liability for unpaid dividends will be maintained during the statutory period and classified as short term, since once the shareholder's information is updated, the payment will be made.

The Company has accrued dividends in December 31, 2019 of R$1,441,238 (R$5,984 in December 31, 2018) according to the calculation presented below:

	December 31, 2019	December 31, 2018
Net income attributable to company shareholders for the year	**6,068,368**	**25,199**
Legal reserve – (5%)	(303,418)	(1,260)
Adjusted base for dividends calculation	**5,764,950**	**23,939**
Mandatory dividends (25%)	1,441,238	5,984
Declared dividends	**1,441,238**	**5,984**

(Expressed in thousands of Brazilian reais)

22 Other financial liabilities

Other financial liabilities includes contingent consideration related to seller-financed payables on the purchase of assets.

		Current		Non-current	
Company	Description of the acquisitions	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
JBS	- Assets and other industrial complexes.	**22,193**	24,017	**11,550**	18,227
Seara	- Company Agrovêneto.	**885**	2,228	**3,806**	5,449
	- Assets from the company Safrio.	**22,363**	—	**89,451**	—
	- Company Novagro.	**184**	2,290	—	—
	- Assets from the company Céu Azul.	**84**	84	—	—
	- Assets from the company Tramonto.	—	554	—	—
	- Industrial complexes from Trindade do Sul.	—	12,344	—	—
	- Industrial complexes from Jundiaí.	—	4,020	—	—
	Total	**45,709**	**45,537**	**104,807**	**23,676**

23 Provisions

The Company and its subsidiaries are party to several lawsuits arising in the ordinary course of business for which provisions are recognized based on estimated costs determined by management as follows:

	Company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Labor	**332,400**	221,826	**687,986**	453,227
Civil	**33,438**	16,535	**237,243**	197,840
Tax and Social Security	**123,305**	1,707,761	**390,597**	2,045,578
Total	**489,143**	**1,946,122**	**1,315,826**	**2,696,645**

Changes in provisions

	Company				
	December 31, 2018	Additions, disposals and changes in prognosis	Payments	Monetary correction	December 31, 2019
Labor	221,826	263,921	(158,989)	5,642	**332,400**
Civil	16,535	17,840	(9,702)	8,765	**33,438**
Tax and social security [(1)]	1,707,761	(9,479)	(1,582,529)	7,552	**123,305**
Total	**1,946,122**	**272,282**	**(1,751,220)**	**21,959**	**489,143**

	Consolidated						
	December 31, 2018	Acquired in business combination [(2)]	Additions, disposals and changes in prognosis	Payments	Monetary correction	Exchange rate variation	December 31, 2019
Labor	453,227	4,669	493,842	(303,388)	39,704	(68)	**687,986**
Civil	197,840	6	30,820	(23,159)	31,736	—	**237,243**
Tax and social security [(1)]	2,045,578	—	(85,060)	(1,592,057)	22,287	(151)	**390,597**
Total	**2,696,645**	**4,675**	**439,602**	**(1,918,604)**	**93,727**	**(219)**	**1,315,826**

[(1)] The tax and social security provisions payments includes the payment related to tax assessments from the Brazilian Internal Revenue Service ("RFB") as demonstrated in the item a3 below, referring to the matters mentioned in footnote 2, in the amount of R$1,597,061. The payment was settled through tax credits.
[(2)] Refers to the Marba acquisition in the fourth quarter of 2019.

	Company			
	December 31, 2017	Additions, disposals and changes in estimates	Payments	December 31, 2018
Labor	143,954	269,531	(191,659)	**221,826**
Civil	22,017	6,407	(11,889)	**16,535**
Tax and Social Security	1,654,036	55,089	(1,364)	**1,707,761**
Total	**1,820,007**	**331,027**	**(204,912)**	**1,946,122**

(Expressed in thousands of Brazilian reais)

	Consolidated				
	December 31, 2017	Additions, disposals and changes in estimates	Payments	Exchange rate variation	December 31, 2018
Labor	406,434	355,745	(308,849)	(103)	**453,227**
Civil	362,904	(140,245)	(24,819)	–	**197,840**
Tax and Social Security	2,118,812	(50,396)	(22,647)	(191)	**2,045,578**
Total	**2,888,150**	**165,104**	**(356,315)**	**(294)**	**2,696,645**

In the Company:

a. Tax and Social Security Proceedings

a1. ICMS - Value Added Tax (Imposto sobre Operações Relativas à Circulação de Mercadorias e sobre a Prestação de Serviços de Transporte Interestadual e Intermunicipal e de Comunicação): The Tax Authority of the State of São Paulo (Secretaria da Fazenda do Estado de São Paulo) filed 263 administrative proceedings (260 administrative proceedings in December 31, 2018) against JBS, under which the Tax Authority challenges the amount of the Company's ICMS tax credits arising from the purchase of cattle and meat transfer by the Company in other Brazilian states. The Tax Authority of the State of São Paulo claims that the tax incentives should be approved by Confaz , and are known as a "Tax War". The Tax Authority of the State of São Paulo does not recognize the Company's ICMS tax credits up to the amount of the ICMS tax guaranteed in such other states. JBS estimates that the claims under these administrative proceedings amount to R$2.681.110 on December 31, 2019 (R $2,310,065 in December 31, 2018). In addition to presenting its defense in such administrative proceedings, the Company has filed legal proceedings seeking the payment of damages from such other states if the Tax Authority of the State of São Paulo prevails in these administrative proceedings. The subject awaits judgment by the Federal Supreme Court (Theme 490 - general repercussion). There is a relevant extra-procedural element: Complementary Law n. 160/2017 which provided for the possibility of ratifying the credits that were not considered with the consequent remission of debts. Currently, administrative procedures are outstanding by the States that transfer the benefits, which will result in the cancellation of debts. Management believes, based on the advice of its legal counsel, that its arguments will prevail in these procedures, which is the reason why no provision has been made, considering as a remote loss.

a2. Other tax and social security procedures: JBS is part in additional 1,175 tax and social security proceedings (1.092 proceedings in December 31, 2018), which individually are not material. We highlight that the ones with probable loss risk have a provision of an aggregate amount of R$123,305 (R$130,281 In December 31, 2018).

a3. Plea bargain agreement impacts: The accounting impacts from the events described in footnote 2 were recognized at December 31, 2017 and reviewed quarterly. The Company received tax assessments based on the information provided in the Plea Bargain Agreement attachments which mention expenses paid without service rendering and supplies purchase, their impacts in withholding taxes and the deductability of these expenses, plus interest and fines.

The Company received in December 2017 an infraction fine referring to the year 2012, based in information provided in the appendixes of the plea bargain agreements, as described in footnote 2 - Plea bargain agreement, Leniency agreement and the impacts in the financial statements.

Based on the estimatives from legal advisors, there is no amount which has probable loss after the payment of these tax assessments. The Plea Bargain agreement accrual was fully settled.

a4. Special Installment Payment Program (PEP) adhesion: At December 31, 2019, JBS entered the Special Installment Payment Program which promotes the regularization of tax credits arising from ICMS debts, whether they were assessed or not, in the amount of R$333,609 in the Company and R$396,320 in the Consolidated. Also, under administrative and financial expenses were recognized R$248,342 and R$85,267 in the Company, and R$288,105 and R$108,215 in the Consolidated, respectively.

b. Labor Proceedings

As of December 31, 2019 JBS was party to 8,344 labor proceedings, (12.890 labor proceedings in December 31, 2018) involving total claims of R$1.4 billion (R$1.6 billion in December 31, 2018). Based on the opinion of the Company's legal counsel, JBS has provisioned an aggregate amount of R$332,400 (R$221,826 on December 31, 2018) for losses arising from these proceedings, which includes payroll taxes. Most of these lawsuits were filed by former employees of JBS seeking overtime payments and payments relating to their exposure to health hazards, commuting time, alleged work accidents and recovery time. Among other labor proceedings, there are ongoing proceedings filed by the Labor Ministry (Ministério do Trabalho) related to labor issues.

c. Civil Proceedings

As of December 31, 2019, JBS was party to 1,522 civil proceedings (1,266 civil proceedings in December 31, 2018). In the opinion of the Management and its legal advisors, the expected loss of R$33,438 (R$16,535 in December 31, 2018), has been accrued.

d. Other proceedings with possible outcome

As of December 31, 2019, JBS had other ongoing proceedings in the amount of R$6.0 billions (R$5.3 billions in December 31, 2018) which refer mainly to civil and labor proceedings in the Company, and in the Consolidated in the amount of R$6.1 billions (R$8.4 billion in December 31, 2018) whose loss potential, according to the evaluation of its legal advisors, is possible, but not probable, for which the Company's Management has not set an accrual for possible loss.

e. Other investigative and judicial related procedures

The Company and its subsidiaries are part of several proceedings or relevant repercussions related to the facts described in note 2 - Plea bargain agreement, Leniency agreement and the impacts in the financial statements, as demonstrated below:

e1. Criminal procedures:

In criminal investigations and proceedings, legal entities do not suffer any criminal penalties arising from the events committed by its executives and/or representatives, who are subjected to the law (including deprivation of liberty), in case of any proof of effective participation in illegal facts involving the Company and/or its subsidiaries.

- Bullish operation (police inquiry) and Criminal Investigative Procedure/RJ: Investigation to determine alledged irregularities in the investments made in JBS by BNDESPar,due to the "findings" mentioned in the TCU's (Tribunal de Contas da União) decision in 2015;

- Carne Fraca operation (police inquiry): Investigation due to suspicions of improper payments made to federal agents from SIF (Serviço de Inspeção Federal);

- Porteira Aberta operation I and II (police inquiry): Investigation of alleged crimes of corruption within JBS's cold storage unit in Barra do Garças, Mato Grosso, due to suspicions of improper payments made by employees to federal public servants of the Federal Inspection Service (SIF). The facts related to this investigative procedure are related the Carne Fraca operation;

- Lama Asfáltica operation (police inquiry): Investigation due to suspicions of improper payments made to get tax incentives in the state of Mato Grosso do Sul;

- Tendão de Aquiles operation (criminal proceeding) in the 6ª Federal Criminal Court of São Paulo: Investigation due to suspicion of insider trading actions and market manipulation from the former executives at the time of the events (who are in the condition of defendants in the process) due to transactions carried out to purchase dollars and treasury shares, using privileged information (plea bargain agreements and information leakage).

e2. Class actions:

- Class action - 1001502-51.2017.4.01.3700: Alleged irregularities in financings through loans acquired with the Banco Nacional do Desenvolvimento Econômico e Social - BNDES.
Plaintiff: Aristoteles Duarte Ribeiro
Class action sent to rhe 9ª vara Cível federal de São Paulo – 5023945-12.2018.4.03.6100
Conflict of jurisdiction not known by the STJ 09.12.2019 - remains in the 9ª federal de São Paulo.
Class action without significant materiality with remote probability of loss.

- Class action - 820215-58.2017.8.12.0001: Aims the declaration of nullity of the Special Regime Agreement Agreement (TARES) n. 1028/2014 and 1103/2016, as well as the unavailability of assets of the defendants up to the amount equivalent to the losses suffered by the State.
1ª Vara de Direitos Difusos, Coletivos e Individuais da Comarca de Campo Grande
Plaintiff: Danny Fabricio Cabral Gomes e Soraya Thronicke
Awaits judgment in first degree.

- Class action - 5203744-56.2017.8.09.0051 (3ª Vara da Fazenda Pública Estadual de Goiânia/GO): The proceeding was dismissed without judgment on the merits with a final and unappealable decision.

The class actions **n° 5007526-48.2017.4.03.6100** (5ª Vara Cível Federal de São Paulo); **n° 5007521-26.2017.4.03.6100** (9ª Vara Cível Federal de São Paulo); and **n° 1019930-11.2017.4.01.3400** (14ª Vara Cível Federal do Distrito Federal) had favorable outcomes for the Company therefore they were classified as remote loss.

e3. Corporate lawsuits:

- CVM - Administrative Sanction Proceeding 19957.005388/2017-11 (5388/2017): Determines the possible liability the Company and its subsidiary Seara Alimentos to allegedly being a beneficiary of purchases of US dollar derivative contracts using unfair practices, in violation of CVM Instruction No. 8/1979, II, d. The parties presented its defense and requested for the production of evidence, which remains with the process' rapporteur for consideration.

-Arbitration proceedings n° 93/17, 110/18 and 94/17: Such proceedings were initiated by the Company's shareholders, based on corporate requests (action of responsibility from the Company's administrator for losses and damages / shareholder voting rights at an extraordinary general meeting). The Company, however, appears in these procedures only as an interested party. Therefore, there is no economic expression that is accounted to the shares. In this sense, nothing relevant to report for the year ended in December 31, 2019 in this regard.

The Company also informs that there are administrative sanctioning proceedings ongoing at CVM, which deals with the Company related matters but seek to hold accountable former members and members of their Management for alleged violations of the capital market regulation regarding: conflict of interest, duty of care, use and disclosure of information to the market. The Company, however, does not appear as an accused in any of the aforementioned cases, being only an interested party. In this sense, nothing relevant to report for the year ended in December 31, 2019 in this regard.

In subsidiary Seara Alimentos:

a. Labor Proceedings

As of December 31, 2019, Seara Alimentos subsidiaries were party to 13,786 labor proceedings (16,608 labor proceedings on December 31, 2018) labor proceedings, involving the total amount of R$1.881.216 (R$2,081,588 on December 31, 2018). Based on the opinion of the Company's legal counsel, an accrual has been made in the amount of R$354.776 (R$231,297 on December 31, 2018) for losses arising from such proceedings, already including payable social charges by the employee and Seara Alimentos. Most of these lawsuits were filed by former employees of Seara Alimentos seeking overtime payments and payments relating to their exposure to health hazards, commuting time, alleged work accidents and recovery time. Among other labor proceedings, there are ongoing proceedings filed by the Labor Ministry (Ministério do Trabalho) related to labor issues.

b. Civil proceedings

As of December 31, 2019, Seara Alimentos subsidiaries were party to 2,684 civil and administrative proceedings (2,918 civil an administrative proceedings on December 31, 2018), involving the total amount of R$755,618 (R$685,745 on December 31, 2018). Based on the opinion of the Company's legal counsel, an accrual has been made in the amount of R$203,805 (R$181,305 on December 31, 2018) for losses arising from such proceedings. Most of these lawsuits are related to indemnity for collective moral damage, moral damage for improper protest, repairing damages for poultry partnership or pigs integration, cancellation of industry or trade mark complaints and consumer contracts - product quality.

c. Tax Proceedings

As of December 31, 2019, Seara Alimentos and its subsidiaries are party to 759 (615 on December 31, 2018) tax and social security proceedings, in which the individual amount of the contingencies are not relevant. Proceedings with a probable loss risk have contingencies, in the amount of R$261,098 (R$332,129 on December 31, 2018).

d. Other proceedings with possible outcome

As of December 31, 2019, Seara Alimentos and its subsidiaries had other ongoing proceedings in the amount of R$4.0 billions (R$3,3 billions on December 31, 2018) which refer to labor, civil and tax and social security proceedings, whose loss potential according to the evaluation of its legal advisors is possible but not probable, therefore there is no accrual recognized.

24 Equity

a. Share capital: Share capital on December 31, 2019 and 2018 was R$23,576,206, represented by 2,728,747,412 common shares, having no nominal value. The share capital amount is net of R$54,865 capitalized transaction costs related to expenses incurred in 2010 consisting of R$37,477 related to the transaction costs for the Company's Initial Public Offering, and expenses in the amount of R$17,388 regarding the issuance of debentures during 2011. The Company is authorized to increase its capital by an additional 1,375,853,183 common shares. According to statute, the Board of Directors shall determine the number, price, payment term and other conditions of the issuance of shares. The

(Expressed in thousands of Brazilian reais)

Company may grant options to purchase shares to directors, employees or persons who will provide services, or the directors, employees or person providing the services under its control. There was no change in the movement of shares during the year ended December 31, 2019.

b. Capital reserves:

b1. Premium on issue of shares: refers to the difference between the subscription price that the stockholders pay for the shares and their fair value;

b2. Share-based compensation:

The Company has a stock option plan settled in shares. The Company grants stock options to employees as an incentive intended to create a sense of ownership and personal involvement with the development and financial success of JBS. Executive officers, directors and general managers are eligible to receive stock options under the plan. The Company's Chairman establishes the criteria of granting the options and selecting the employees. The number of grantable shares authorized to be granted under the plan is limited to 2% of the Company's share capital, and also limited to 0.4% of the increase in the Company's share capital per year.

The program's fair value is recognized as an expense with an offset to capital reserves. The total amount of expense is recognized during the period in which the right to exercise the stock option is acquired, which generally occurs when the options are granted. The number of stock options that each employee is entitled to was calculated based on the average of the Company's stock price for the three months prior to the grant date. The stock option program has the maximum term of ten years varying in accordance with each individual agreement. All options must be exercised by physical delivery of the shares of common stock.

The fair value of each stock option granted was estimated at the grant date based on the Black-Scholes-Merton pricing model.

The primary assumptions considered in the model were:

Grants						Fair value assumptions			
Program		Quantity of options	Fair value of the option	Exercise price in R$	Expected exercise term	Risk free interest rate	Volatility	Share price on the grant date	Dividend Yield
2017B	May-17	1,004,722	R$ 11.72 to R$ 11.82	0.000002	1 to 3 years	9,31% to 9,64%	46.15%	11.86	0.45%
2017B1	May-17	35,876	R$11.86	0.00003	Immediate vesting	–	–	11.86	–
2017C	May-17	2,315,842	R$ 11.10 to R$ 11.15	1.00000	1 to 3 years	9,31% to 9,64%	46.15%	12.07	0.45%
2017D	Oct-17	3,350,000	R$8.39	0.0000003	Immediate vesting	–	–	8.39	–
2018A	Apr-18	317,127	R$ 7.50 to R$ 7.57	0.00001	1 to 3 years	6.22% to 7.07%	41.38%	7.57	0.53%
2018B	May-18	264,201	R$ 7.50 to R$ 7.57	0.00001	1 to 3 years	6.25% to 6.99%	38.49%	7.57	0.54%
2018C	May-18	771,071	R$ 9.66 to R$ 9.75	0.000004	1 to 3 years	6.25% to 6.99%	38.49%	9.75	0.54%
2018D	May-18	1,500,000	R$ 9.66 to R$ 9.75	0.000002	1 to 3 years	6.25% to 6.99%	38.49%	9.75	0.54%
2018E	Jun-18	153,846	R$ 9.62 to R$ 9.72	0.00002	1 to 3 years	6.74% to 8.81%	41.40%	9.75	0.5%
2018F	Jul-18	35,897	R$ 9.63 a R$ 9.73	0.00008	1 to 3 years	6,79% to 9,25%	47.53%	9.75	0.51%
2018G	Oct-18	3,350,000	R$9.75	0.0003	Immediate vesting	–	–	9.75	–
	Total	13,098,582							

December 31, 2019					
Program		Grant	Vesting terms	Options outstanding	Remaining contractual life (years)
2017B	May-17	05.01.17	1/3 per year with final maturity in January 1, 2020	218,287	0.42
2018A	Apr-18	04.01.18	1/3 per year with final maturity in January 2, 2020	105,709	1.25
2018B	May-18	05.01.18	1/3 per year with final maturity in January 2, 2020	88,067	1.33
2018C	May-18	05.01.18	1/3 per year with final maturity in January 2, 2021	475,132	1.33
2018D	May-18	05.01.18	1/3 per year with final maturity in January 2, 2020	500,000	1.33
2018E	Jun-18	06.01.18	1/3 per year with final maturity in January 2, 2021	102,564	1.42
2018F	Jul-18	07.01.18	1/3 per year with final maturity in January 2, 2021	23,931	1.50
				1,513,690	

Risk free interest rate: The Company uses as a risk free interest rate the projection obtained from Interpolation of fixed x floating interest rate swap (B3's index Pre x DI).

Volatility: The Company estimated the volatility of its own shares by calculating historical volatility over the expected term.

Dividends yield: The dividend yield was estimated based on the payment expectation of dividends per share for the next 12 months divided by the share price.

(Expressed in thousands of Brazilian reais)

The outstanding options changes and average exercise price per share are demonstrated, as follows:

	December 31, 2019			December 31, 2018		
	Quantity of options		Average exercise price per share	Quantity of options		Average exercise price per share
Opening balance	**3,975,719**	**$**	**9.51**	**4,672,811**	**$**	**10.11**
Granted	–		–	6,392,142	$	9.75
Exercised [1]	**(1,932,682)**	**$**	**9.75**	(6,819,078)	$	11.12
Cancelled	**(529,347)**	**$**	**11.12**	(270,156)	$	11.20
Closing balance	**1,513,690**	**$**	**9.51**	**3,975,719**	**$**	**9.51**

[1] The exercised shares during the years ended December 31, 2019 and 2018 totaled in the amounts of R$18,470 and R$65,655.

During the years ended December 31, 2019 and 2018, the expense with options plan totaled R$8,304 and R$64,979 in the Company and in the Consolidated in the amount of R$49,192 and R$118,105. The expenses were recognized in the net income (loss) under the caption "General and administrative expenses", with the respective offset in "Capital Reserves."

b3. Treasury shares:

Treasury share activity during the years ended December 31, 2019 and 2018 were as follows:

	December 31, 2019		December 31, 2017	
	Quantity	R$ thousand	Quantity	R$ thousand
Opening balance	65,639,365	624,139	19,072,043	192,882
Purchase of treasury shares	–	–	53,386,400	498,195
Treasury shares used in stock option plan [1]	(1,932,682)	(18,417)	(6,819,078)	(66,938)
Closing balance	63,706,683	605,722	65,639,365	624,139

[1] Refers to treasury shares exercised effectively.

b4. Capital transaction: see note 3 - Basis of preparation and presentation of financial statements.

c. Other reserves: Refers to revaluations of fixed assets prior to CPC/IFRS adoption. Other reserves are transferred to retained earnings in proportion with the realization of revalued assets through depreciation, disposal and retirement.

d. Profit reserves:

Legal reserve: Credited annually with 5% of the profit of the year.

Investments statutory: Consists of the remaining balance of the net income accumulated over time after the computation of the legal reserve and dividend distribution. The purpose of this reserve is to provide funds for the investment in assets.

e. Other comprehensive income (loss): Composed by valuation adjustments to equity reflex from the subsidiaries and accumulated translation adjustments referred to exchange rate variation in the translation of the subsidiaries' financial statements.

f. Non-controlling interest: Material non-controlling interest at December 31, 2019 and 2018 consisted of the 21,7% and 21,5%, respectively, of PPC common stock not owned by JBS USA. JBS USA's voting rights in PPC are limited to 78.3% of the total. PPC is one of the largest chicken producers in the world, with operations in the United States, Mexico and Puerto Rico.

The profit allocated to the PPC non-controlling interest during the years ended December 31, 2019 and 2018, was R$388,678 (US$98,522) and R$191,449 (US$52,388), respectively. At December 31, 2019 and 2018, the accumulated non-controlling interest in PPC was R$2.8 billions (US$699,701) e R$2.2 billions (US$588,190), respectively. Below are the PPC total net sales, net income, cash provided by operations, total assets and total liabilities for the periods indicated.

	2019	2018
NET REVENUE	**45,010,354**	39,971,443
NET INCOME	**1,798,660**	906,099
Net cash provided by operating activities	**2,629,483**	1,796,704

	December 31, 2019	December 31, 2018
Total assets	**28,627,499**	22,982,222
Total liabilities	**18,405,402**	15,156,734

25 Net revenue

Revenue is recognized when the risks and inherent benefits are transferred to the customer or when it is probable that the economic benefits to be received by the Company can be measured reliably. Revenue is measured at the fair value of the payment received or receivable for the sale of products and services in the Company's normal course of business. The Company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(Expressed in thousands of Brazilian reais)

Revenue is recognized at the point that the risks and rewards of the inventory have passed to the customer, which is either at the point of dispatch or on delivery of the products. This varies from customer to customer according to the terms of sale. In the statement of income, revenue is presented net of taxes associated with the sales, returns, rebates and discounts.

	Company		Consolidated	
	2019	2018	2019	2018
GROSS REVENUE				
Sales of products				
Domestic sales	**19,710,911**	17,792,759	**156,947,174**	140,053,970
Export sales	**13,926,415**	11,188,051	**54,215,945**	47,108,704
	33,637,326	**28,980,810**	**211,163,119**	**187,162,674**
SALES DEDUCTION				
Returns and discounts	**(1,242,102)**	(927,343)	**(4,583,193)**	(3,783,956)
Sales taxes	**(673,494)**	(678,541)	**(2,056,351)**	(1,698,474)
	(1,915,596)	**(1,605,884)**	**(6,639,544)**	**(5,482,430)**
NET REVENUE	**31,721,730**	**27,374,926**	**204,523,575**	**181,680,244**

25.1 Customer contract balances

The Company's indirect subsidiary, JBS USA, receives payment from customers based on terms established with the customer. Payments are typically due within seven days of delivery for domestic accounts and 30 days for international accounts. Customer contract liabilities relate to payments received in advance of satisfying the performance obligation under the contract.

	Consolidated
Balance at December 31, 2018	**674,661**
Revenue recognized during the year	(743,208)
Cash received, excluding amounts recognized as revenue during the year	802,902
Exchange rate variation	25,202
Balance at December 31, 2019	**759,557**

	Consolidated
Balance at December 31, 2017	**534,404**
Acquired in business combination [1]	25,098
Revenue recognized during the year	(573,652)
Cash received, excluding amounts recognized as revenue during the year	601,624
Exchange rate variation	87,187
Balance at December 31, 2018	**674,661**

[1] Refers to the Alvey acquisition in the second quarter of 2018.

26 Finance income (expense)

Finance income (expense) includes (i) interest payable on borrowings and direct issue costs; (ii) results from the daily settlements of future contracts used to protect assets and liabilities, as well as the fair value adjustments for derivative instruments that are described within note 31, (iii) interest receivable on funds invested which is recognized in profit or loss as it accrues using the effective interest method; and (iv) gains and losses associated with transactions denominated in foreign currencies.

Finance income (expense) consisted of the following for the years ended December 31, 2019 and 2018 are as follows:

	Company		Consolidated	
	2019	2018	2019	2018
Exchange rate variation	**(1,022,459)**	(3,058,420)	**(1,393,348)**	(4,337,586)
Fair value adjustments on derivatives	**(6,431)**	110,853	**(91,274)**	57,781
Interest expense [1]	**(2,046,058)**	(1,635,463)	**(4,532,120)**	(3,935,177)
Interest income [2]	**269,736**	380,401	**465,127**	288,371
Taxes, contribution, fees and others [3]	**(312,535)**	(153,873)	**(433,464)**	(355,609)
	(3,117,747)	**(4,356,502)**	**(5,985,079)**	**(8,282,220)**
Finance income	**1,194,113**	1,332,305	**2,081,827**	1,404,446
Finance expense	**(4,311,860)**	(5,688,807)	**(8,066,906)**	(9,686,666)
	(3,117,747)	**(4,356,502)**	**(5,985,079)**	**(8,282,220)**

[1] For the years ended December 31, 2019 and 2018, the amounts of R$635,793 and R$1,250,080 in the Company and R$3,346,557 and R$3,529,559 in the Consolidated refers to interest expenses from loans and financings recognized under the caption "Interest expense".

[2] For the years ended December 31, 2019 and 2018, the amounts of R$41,085 and R$46,163 in the Company and R$173,726 and R$165,596 in the Consolidated refers to interest income from short investments recognized under the caption "interest income".

[(3)] As of December 31, 2019, the amount of taxes, contribution, fees and others includes the payment of premiums from the anticipation amortization of part of the debt and the notes maturing in 2021 and Term Loan 2022 totaling of R$149,505 in the Company and R$176,686 in the Consolidated.

27 Earnings per share

Basic: Earnings (loss) per share is calculated by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period, excluding common shares purchased and held as treasury shares (shares in thousands).

	2019	2018
Net income attributable to shareholders	**6,068,368**	**25,199**
Weighted average common shares outstanding	**2,728,747**	2,728,747
Weighted average - treasury shares	**(63,848)**	(65,639)
Weighted average - common shares outstanding (basic)	**2,664,900**	**2,663,108**
Basic earnings per share - (R$)	**2.28**	**0.01**

Diluted: Diluted earnings (loss) per share is calculated by dividing net income (loss) of the period attributable to common shareholders by the weighted average number of common shares outstanding during the period, adjusted for the effects of all potential common shares that are dilutive and adjusted for treasury shares held. From May 2015, the Company had only one category of potential common shares that would cause dilution: outstanding options to purchase shares (shares in thousands).

	2019	2018
Net income attributable to shareholders	**6,068,368**	**25,199**
Weighted average common shares outstanding (basic) - R$	**2,664,900**	2,663,108
Dilutive effect of outstanding stock options	**1,165**	3,488
Weighted average - common shares outstanding (diluted)	**2,666,065**	**2,666,596**
Diluted earnings per shares - (R$)	**2.28**	**0.01**

For the year ended December 31, 2019, 1,513,690 shares (3,975,719 shares in December 31, 2018) related to outstanding stock options have been excluded from the calculation of diluted weighted average common shares.

28 Operating segments and geographic reporting

The Company's Management established the operating segments based on the reports that are used to make strategic decisions. Starting from 2018, the Company changed its management structure, and the information per segment started to be elaborated considering the following segments: Brazil, Seara, Beef USA, Pork USA, Chicken USA and Others.

Brazil: this segment includes all the operating activities from Company and its subsidiaries, mainly represented by slaughter facilities, cold storage and meat processing, fat, feed and production of beef by-products such as leather, collagen and others products produced in Brazil.

Seara: this segment includes all the operating activities of Seara and its subsidiaries, mainly represented by chicken and pork processing, production and commercialization of food products.

Beef USA: this segment includes JBS USA's operations, including Australia and Canada as well, related to beef processing: slaughter, cold storage, production and others beef by-products, besides cattle fattening services.

Pork USA: this segment includes JBS USA's pork operations, including Plumrose and Australia as well, related to slaughter, cold storage, production and commercialization of food products.

Chicken USA: this segment includes PPC's operations, including Moy Park and Tulip as well, mainly represented by chicken processing, production and commercialization of food products in the United States of America, Mexico, United Kingdom and France.

Due to the volume's substantial percentage of the operating segments above, the others segments and activities in which the Company operates do not have a major share. Those segments are included in "Others". Furthermore, the eliminations between the companies of the group are presented separately.

The accounting policies of the reportable segments are the same as described in these financial statements. The Company evaluates its performance per segment, which according to its accounting policies, are disclosed with the breakdown of net revenue, net operating income and depreciation.

There are no revenues arising out of transactions with any single customer that represents 5% or more of the total revenues.

The segment profitability reviewed by the Executive Officers is operating income, which does not include finance income (expense), share of profit or loss of equity accounted investees, or income taxes. The Company manages its loans and financing and income taxes at the corporate level and not by segment.

The information by consolidated operational segment are as follows:

(Expressed in thousands of Brazilian reais)

	Net revenue		Operating income (loss) [1]		Depreciation	
	2019	2018	2019	2018	2019	2018
Segments						
Brazil	**31,960,098**	27,578,902	**972,476**	468,420	**764,336**	780,347
Seara	**20,360,899**	17,670,081	**1,069,801**	446,901	**1,182,972**	983,429
Beef USA	**87,202,591**	78,644,145	**7,020,986**	5,631,188	**993,331**	680,683
Pork USA	**23,469,048**	20,774,675	**1,955,239**	1,674,771	**639,603**	326,829
Chicken USA	**45,005,859**	39,881,005	**2,667,066**	1,753,749	**2,660,647**	1,985,063
Others	**2,432,163**	2,423,734	**(116,231)**	(43,143)	**80,074**	48,626
Intercompany elimination	**(5,907,083)**	(5,292,298)	**(1,297)**	–	**(7,901)**	–
Total	**204,523,575**	**181,680,244**	**13,568,040**	**9,931,886**	**6,313,062**	**4,804,977**

	December 31, 2019	December 31, 2018
Total assets		
Brazil	**35,297,025**	36,835,443
Seara	**26,160,836**	23,044,148
Beef USA	**21,885,042**	18,513,199
Pork USA	**11,080,766**	8,904,564
Chicken USA	**29,627,716**	24,076,655
Others	**48,066,357**	29,007,228
Intercompany elimination	**(45,778,355)**	(26,235,406)
Total	**126,339,387**	**114,145,831**

Below is net revenue, operating income and depreciation and amortization based on geography, presented for supplemental information.

Geographic reporting

	Net revenue		Operating income (loss) [1]		Depreciation	
	2019	2018	2019	2018	2019	2018
United States of America	**152,668,286**	136,729,002	**11,611,901**	9,031,747	**4,338,233**	3,013,072
South America	**51,627,153**	44,924,393	**1,989,723**	914,799	**1,962,598**	1,776,864
Others	**2,076,737**	1,996,999	**(32,287)**	(14,660)	**20,132**	15,041
Intercompany elimination	**(1,848,601)**	(1,970,150)	**(1,297)**	–	**(7,901)**	–
Total	**204,523,575**	**181,680,244**	**13,568,040**	**9,931,886**	**6,313,062**	**4,804,977**

Total assets by geographic area:

	December 31, 2019	December 31, 2018
Total assets		
United States of America	**94,109,941**	73,042,765
South America	**58,951,382**	57,347,022
Others	**16,169,167**	6,843,825
Intercompany elimination	**(42,891,103)**	(23,087,781)
Total	**126,339,387**	**114,145,831**

[1] - The operating income is reconciled with the consolidated net income, as follows below:

	Operating income (loss)	
	2019	2018
Net income (loss)	**6,464,854**	210,116
Income tax and social contribution - current and deferred	**1,032,946**	(1,308,474)
Finance (income) expense, net	**5,985,079**	8,282,220
Share of profit of equity-accounted investees, net of tax	**(34,166)**	(26,455)
Operating profit	**13,448,713**	**7,157,407**
Tax payable in installments	**288,105**	2,475,291
Investigation impacts due to the leniency agreement	**11,787**	80,520
Impairment	–	77,822
Gain with the divestment program	–	6,684
Negative goodwill on acquisition of tax credits	–	(54,609)
Gain on bargain purchase [1]	**(234,168)**	–
Other operating expense/income [2]	**53,603**	188,771
Net operating profit	**13,568,040**	**9,931,886**

[1] Refers to the gain on bargain purchase arising from Tulip's acquisition, as described in footnote 4.

(Expressed in thousands of Brazilian reais)

(2) In December 31, 2019 and 2018, other operating expense/income refers to third party advisors expenses due to corporate restructures and loss of inventories due to natural disasters.

29 Expenses by nature

The Company's policy is to present expenses by function on the consolidated statement of income (loss). Expenses by nature are disclosed below:

	Company		Consolidated	
	2019	2018	2019	2018
Cost of sales				
Cost of inventories, raw materials and production inputs	**(23,974,408)**	(20,660,040)	**(146,270,566)**	(132,859,355)
Salaries and benefits	**(1,448,198)**	(1,303,738)	**(20,900,651)**	(18,436,408)
Depreciation and amortization	**(418,683)**	(460,247)	**(5,406,007)**	(4,044,291)
	(25,841,289)	**(22,424,025)**	**(172,577,224)**	**(155,340,054)**
General and administrative expenses				
Tax payable in installments (PEP and Funrural)	**(248,342)**	(2,421,631)	**(288,105)**	(2,475,290)
Salaries and benefits	**(1,510,792)**	(1,304,251)	**(4,178,977)**	(3,676,528)
Fees, services held and general expenses	**(891,885)**	(952,489)	**(2,194,266)**	(1,689,790)
Depreciation and amortization	**(230,918)**	(233,093)	**(650,300)**	(589,482)
Impairment	**—**	(71,695)	**(1,412)**	(156,465)
	(2,881,937)	**(4,983,159)**	**(7,313,060)**	**(8,587,555)**
Selling expenses				
Freights and selling expenses	**(1,795,499)**	(1,445,107)	**(9,703,431)**	(8,852,041)
Allowance for doubtful accounts	**(19,080)**	(211,680)	**(70,723)**	(239,779)
Salaries and benefits	**(181,849)**	(170,527)	**(607,228)**	(552,170)
Depreciation and amortization	**(109,287)**	(80,164)	**(256,755)**	(171,203)
Advertising and marketing	**(91,003)**	(72,841)	**(652,115)**	(408,863)
Commissions	**(56,540)**	(70,031)	**(178,683)**	(197,939)
	(2,253,258)	**(2,050,350)**	**(11,468,935)**	**(10,421,995)**

As of December 31, 2019, other income (expenses) includes gain (losses) of sale of assets and operating plants, and write-off of other comprehensive income of liquidated subsidiaries (see footnote 12), in the Company, and Consolidated, gain (losses) of sale of assets, gain (losses) in the sale of subsidiaries, third party advisory expenses related to corporate restructures, gain on bargain purchase (as described in footnote 4), among others.

30 Insurance coverage

As of December 31, 2019, JBS S.A. and Seara Alimentos, had as maximum individual limit for coverage was R$150,000 (R$150,000 at December 31, 2018). This coverage includes all types of casualties.

At December 31, 2019, the subsidiary JBS USA has a insurance policy with the same above-mentioned characteristics; however, the maximum indemnification limit was of R$1.9 billion (US$500,000) and R$1.9 billion (US$500,000) at December 31, 2018.

The assumptions of risk taken, by their nature, are not part of the scope of an audit, therefore, were not audited by independent auditors.

(Expressed in thousands of Brazilian reais)

31 Risk management and financial instruments

The Company uses the measurement principles described in note 3 at each statement of financial position date in accordance with the guidelines established under IFRS for each classification type of financial assets and liabilities. The Company has not designated any of its derivatives as hedges.

Financial instruments:

Financial instruments are recognized in the consolidated financial statements as follows:

		Company		Consolidated	
	Notes	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Assets					
Fair value through profit or loss					
Financial investments	5	**145,569**	358,097	**5,108,446**	4,887,099
National treasury bills	5	**165,864**	49,758	**165,865**	49,758
Derivative assets		—	6,303	**62,053**	52,797
Loans and receivables at amortized cost					
Cash at banks	5	**1,571,702**	1,356,338	**4,759,656**	3,998,922
Trade accounts receivable	6	**2,609,254**	2,729,066	**11,136,622**	9,657,010
Related parties receivables	10	**715,527**	828,802	**275,178**	701,281
Total		**5,207,916**	**5,328,364**	**21,507,820**	**19,346,867**
Liabilities					
Liabilities at amortized cost					
Loans and financing	18	**(2,730,950)**	(15,542,268)	**(53,028,044)**	(56,153,528)
Trade accounts payable and supply chain risk	17	**(3,566,693)**	(2,333,255)	**(17,450,306)**	(13,075,615)
Related party payables	10	**(17,641,379)**	(8,033,436)	—	—
Other financial liabilities	22	**(33,743)**	(42,244)	**(150,516)**	(69,213)
Fair value through profit or loss					
Derivative liabilities		**(22,194)**	(23,602)	**(251,964)**	(210,015)
Total		**(23,994,959)**	**(25,974,805)**	**(70,880,830)**	**(69,508,371)**

Fair value through profit or loss: (i) CDBs are updated at the effective rate but have a really short-term and negotiated with financial institutions, and their recognition is similar to fair value; (ii) national treasury bill are recognized according to market value.

Amortized cost: (i) loans and receivables are classified as amortized cost, but without any change in their nature or business model; (ii) the accounts receivable are short-term and net from expected losses.

a. Fair value of assets and liabilities through profit or loss:

The Company and its subsidiaries determine fair value measurements in accordance with the hierarchical levels that reflect the significance of the inputs used in the measurement, with the exception of those maturing at short term, equity instruments without an active market and contracts with discretionary characteristics that the fair value can not be measured reliably, according to the following levels:

Level 1 - Quoted prices in active markets (unadjusted) for identical assets or liabilities;
Level 2 - Inputs other than Level 1, in which prices are quoted for similar assets and liabilities, either directly by obtaining prices in active markets or indirectly through valuation techniques that use data from active markets;
Level 3 - Inputs used for fair value calculations which are not derived from an active market. The Company and its subsidiaries do not have any financial instruments that utilize level 3 inputs.

	Company							
	Current assets						Current liabilities	
	National treasury bill		Financial investments		Derivative assets		Derivatives liabilities	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Level 1	**165,865**	49,758	—	—	—	—	—	—
Level 2	—	—	**145,569**	358,097	—	6,303	**(22,194)**	(23,602)

	Consolidated							
	Current assets						Current liabilities	
	National treasury bill		Financial investments		Derivative assets		Derivatives liabilities	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Level 1	**165,865**	49,758	—	—	—	—	—	—
Level 2	—	—	**5,108,446**	4,887,099	**62,053**	52,797	**(251,964)**	(210,015)

Book value of financial instruments are similar to fair value, considering the criteria defined for levels 1 and 2 in the fair value hierarchy.

(Expressed in thousands of Brazilian reais)

b. Fair value of assets and liabilities classified as amortized cost:

Assets and liabilities classified as amortized cost fall within level 2 in the fair value hierarchy. The exception is the Senior Notes that have observable prices in active markets and are therefore considered in the hierarchy of fair value measurement as Level 1.

c. Fair value of assets and liabilities carried at amortized cost:

The fair value of the Notes under Rule 144-A and Regulation S, are estimated using the closing sale price of these securities informed by a financial newswire on December 31, 2019 and 2018, considering there is an active market for these financial instruments. The book value of the remaining fixed-rate loans approximates fair value since the interest rate market, the Company's credit quality, and other market factors have not significantly changed since entering into the loans. The book value of variable-rate loans and financings approximates fair value given the interest rates adjust for changes in market conditions and the quality of the Company's credit rating has not substantially changed. For all other financial assets and liabilities, book value approximates fair value due to the short duration of the instruments. The following details the estimated fair value of loans and financings:

	Company						Consolidated					
	December 31, 2019			December 31, 2018			December 31, 2019			December 31, 2018		
Description	Principal	Price (% of the Principal)	Market Value of the Principal	Principal	Price (% of the Principal)	Market Value of the Principal	Principal	Price (% of the Principal)	Market Value of the Principal	Principal	Price (% of the Principal)	Market Value of the Principal
JBS S.A Notes 2023	**1,713,048**	**101.42**	**1,737,373**	3,002,970	99.59	2,990,658	**1,713,048**	**101.42**	**1,737,373**	3,002,970	99.59	2,990,658
JBS S.A Notes 2024	–	–	–	2,906,100	101.49	2,949,401	–	–	–	2,906,100	101.49	2,949,401
JBS S.A Notes 2026	–	–	–	–	–	–	**4,530,500**	**108.71**	**4,925,152**	1,937,412	98.69	1,912,110
JBS S.A Notes 2028	–	–	–	–	–	–	**3,397,875**	**110.77**	**3,763,656**	–	–	–
JBS Lux Notes 2021	–	–	–	–	–	–	–	–	–	2,564,994	101.00	2,590,644
JBS Lux Notes 2024	–	–	–	–	–	–	**3,627,629**	**103.30**	**3,747,341**	2,906,100	99.99	2,905,810
JBS Lux Notes 2025	–	–	–	–	–	–	**4,232,234**	**103.88**	**4,396,233**	3,487,320	96.75	3,373,983
JBS Lux Notes 2028	–	–	–	–	–	–	**3,627,629**	**111.00**	**4,026,669**	3,487,320	97.00	3,382,701
JBS Lux Notes 2029	–	–	–	–	–	–	**5,642,979**	**111.78**	**6,307,891**	–	–	–
JBS Lux Notes 2030	–	–	–	–	–	–	**5,038,374**	**105.88**	**5,334,480**	–	–	–
PPC Notes 2025	–	–	–	–	–	–	**4,030,699**	**103.42**	**4,168,549**	3,874,801	93.73	3,631,851
PPC Notes 2027	–	–	–	–	–	–	**3,426,095**	**108.18**	**3,706,246**	3,293,580	90.38	2,976,573
	1,713,048		**1,737,373**	5,909,070		5,940,059	**39,267,062**		**42,113,590**	27,460,597		26,713,731

d. Finance income (expense) by category of financial instrument:

	Company		Consolidated	
	2019	2018	2019	2018
Fair value through profit or loss	**31,528**	154,085	**24,172**	206,188
Amortized cost	**(3,149,275)**	(4,510,587)	**(6,009,251)**	(8,488,408)
Total	**(3,117,747)**	**(4,356,502)**	**(5,985,079)**	**(8,282,220)**

Risk management:

The Company and its subsidiaries during the regular course of its operations is exposed to market, credit and liquidity risks. These exposures are managed by the Risk Management Department, following the Financial and Commodities Risk Management Policy defined by the Risk Management Committee and approved by the Board of Directors. The Risk Management Department is responsible for identifying all the risk factors that may cause adverse financial results for the Company and proposing strategies to mitigate those risks. Their proposals are submitted to the Risk Management Committee for submission to the Board of Directors, who supervises the implementation of new solutions, noting limitations of scope and guidelines of the Financial and Commodities Risk Management Policy.

Below are the risks and operations to which the Company is exposed and a sensitivity analysis for each type of risk, consisting in the presentation of the effects in the finance income (expense), net, when subjected to possible changes, of 25% to 50%, in the relevant variables for each risk. For each probable scenario, the Company utilizes the Value at Risk Methodology (VaR),for the confidence interval (C.I.) of 99% and a horizon of one day.

a. Market Risk:

The exposure to market risk is continuously monitored, especially the risks related to foreign exchange, interest rates and commodity prices, which directly affect the value of financial assets and liabilities, future cash flows and net investments in foreign subsidiaries In these cases, Company and its subsidiaries may use financial hedge instruments, including derivatives, with the approval by the Board of Directors.

It is the responsability of the Risk Management Department to ensure that other areas are within the risk exposure limits set by Management to protect against volatility in price, centralize the exposures and apply the Financial and Commodities Risk Management policy.

The Risk Management Department uses proprietary and third party information systems specially developed to control and manage market risk, applying stress scenario and Value at Risk analysis (VaR) to measure Company's net exposure as well as the cash flow risk with the B3 and the Chicago Mercantile Exchange.

a1. Interest rate risk

Interest rate risk is related to potentially adverse results that Company and its subsidiaries may realize from changes in interest rates, which may be caused by economic crisis, changes in sovereign monetary policy, or market movements. The Company primarily has assets and mainly liabilities exposed to variable interest rates like the CDI (Certificado de Depósito Interbancário - Interbank Deposit Certificate), TJLP (Taxa de Juros de Longo Prazo - Long Term Interest Rate), LIBOR (London Interbank Offer Rate) and EURIBOR (Euro Interbank Offer Rate), among others. The Company's Financial and Commodities Risk Management Policy does not define the proportion between float and fixed exposures, but the Risk Management Department monitors market conditions and may propose to the Risk Management Committee strategies to rebalance the exposure.

(Expressed in thousands of Brazilian reais)

For informational purposes and in accordance with our Financial and Commodities Risk Management Policy, the notional amounts of assets and liabilities exposed to floating interest rates are presented below:

	Company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Liabilities and assets exposure to the CDI rate net:				
CRA - Agribusiness Credit Receivable Certificates	(60,149)	–	(263,016)	–
NCE/ Others	–	(970,879)	–	(1,840,156)
Rural credit note	–	–	(505,176)	–
Working Capital - Reais	–	(113,497)	(37,210)	(113,497)
Related parties	(2,366,410)	(2,488,723)	–	–
CDB-DI	145,569	358,097	1,627,111	667,979
National treasury bill	165,865	49,758	165,865	49,758
Subtotal	(2,115,125)	(3,165,244)	987,574	(1,235,916)
Derivatives (DI)	63,784	–	63,784	–
Total	(2,051,341)	(3,165,244)	1,051,358	(1,235,916)
Liabilities exposure to TJLP rate:				
FINAME	(31,553)	(67,587)	(31,862)	(68,105)
Working Capital - Reais	(15,635)	(15,635)	(15,635)	(26,771)
Total	(47,188)	(83,222)	(47,497)	(94,876)
Liabilities exposure to the EURIBOR rate:				
Working Capital - Euro	(27,687)	(68,497)	(109,068)	(129,631)
FINIMP	–	–	–	(2,153)
Others	–	–	(43,130)	(42,501)
Total	(27,687)	(68,497)	(152,198)	(174,285)
Liabilities exposure to the LIBOR rate:				
Working Capital - US dollars	–	–	–	(177,446)
Pre-payment	–	(5,333,459)	(2,620,462)	(6,969,647)
NCI/Others	–	–	–	(117,700)
FINIMP	–	–	–	(3,287)
ACC - Advances on exchange contracts	–	–	–	(1,087)
Term loan JBS Lux 2026	–	–	(7,550,111)	(12,591,156)
PPC term loan	–	–	(1,897,605)	(1,909,974)
Others	–	–	(294)	(578)
Total	–	(5,333,459)	(12,068,472)	(21,770,875)
Liabilities exposure to the IPCA rate:				
CRA - Agribusiness Credit Receivable Certificates	(497,997)	–	(497,997)	–
Subtotal	(497,997)	–	(497,997)	–
Derivatives (Swap)	537,534	–	537,534	–
Total	39,537	–	39,537	–

Sensitivity analysis:

			Scenario (I) VaR 99% I.C. 1 day			Scenario (II) Interest rate variation - 25%			Scenario (III) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Contracts exposure	Risk	Current scenario	Rate	Company	Consolidated	Rate	Company	Consolidated	Rate	Company	Consolidated
CDI	Decrease	4.4000%	4.3866%	283	(132)	3.3000%	23,266	(10,863)	2.2000%	46,533	(21,727)
TJLP	Increase	5.5700%	5.5719%	(1)	(1)	6.9625%	(657)	(661)	8.3550%	(1,314)	(1,323)
Euribor	Increase	(0.2400)%	(0.2400)%	–	–	(0.1800)%	(17)	(91)	(0.1200)%	(33)	(183)
Libor	Increase	2.0010%	2.0023%	–	(157)	2.5013%	–	(60,379)	3.0015%	–	(120,745)
IPCA	Increase	4.3100%	4.3200%	4	4	5.3900%	427	427	6.4700%	854	854
				286	(286)		23,019	(71,567)		46,040	(143,124)

The Company is exposed to rates such as GBPLibor, US Prime, BBSY and IRS that are not significant since their impact on net income (loss) in a scenario with a interest rate variation of 50% is less than R$10,000.

			December 31, 2019		
			Company		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value
Future contracts	DI	Short	755	(63,784)	(112)

(Expressed in thousands of Brazilian reais)

			31.12.19							
			Company				Consolidated			
Instrument	Start date	Maturity date	Notional	Fair value (Asset) - R$	Fair value (Liability) - R$	Fair value	Notional	Fair value (Asset) - R$	Fair value (Liability) - R$	Fair value
Swap	11.01.19	10.15.24	537,534	599,222	(595,601)	3,621	537,534	599,222	(595,601)	3,621
Swap	07.18.19	01.18.24	–	–	–	–	20,736	22,690	(22,481)	209
			537,534	599,222	(595,601)	3,621	558,270	621,912	(618,082)	3,830

a2. Exchange rate risk:

Exchange rate risk relates to potentially adverse results that the Company may face from fluctuations in foreign currency exchange rates from economic crisis, sovereign monetary policy alterations, or market movements. The Company has assets and liabilities exposed to foreign exchange rates, however the Company's Financial and Commodities Risk Management Policy states these exposures should not always be netted, since other issues should be considered such as maturities mismatches and market volatility.

The Risk Management Department enters into transaction with derivative instruments previously approved by the Board of Directors to protect financial assets and liabilities and future cash flow from commercial activities and net investments in foreign operations. The Board of Directors has approved the use of future contracts, NDFs (non deliverable forwards), DFs (Deliverable forwards), and swaps that may be applied to hedge loans, investments, cash flows from interest payments, export estimate, acquisition of raw material, and other transactions, whenever they are quoted in currencies different than the Company's functional currency. The primary exposures to exchange rate risk are in US Dollars (US$), Canadian Dollars (C$), Euro (€), British Pound (£) and Mexican Pesos (MXN).

The carrying amounts of assets and liabilities and other positions exposed to foreign currency risk at December 31, 2019 and 2018 are presented below along with the notional amounts of derivative contracts intended to offset the exposure, in accordance with the Company's Financial and Commodities Risk Management Policy. The exposure is related to Brazilian Reais.

	Company							
	USD		CAD		EUR		GBP	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
OPERATING								
Cash and cash equivalents	**1,482,787**	1,271,960	**662**	6,065	**46,471**	33,566	**3,230**	82
Trade accounts receivable	**2,581,687**	1,392,982	**11,253**	10,614	**158,819**	707,458	**64,155**	19,782
Sales orders	**2,048,983**	2,083,760	**14,903**	48,218	**175,288**	510,098	**109,854**	130,914
Trade accounts payable	**(76,485)**	(34,866)	–	–	**(21,704)**	(22,867)	**(72)**	–
Subtotal	**6,036,972**	**4,713,836**	**26,818**	**64,897**	**358,874**	**1,228,255**	**177,167**	**150,778**
FINANCIAL								
Related parties transaction (net)	**(14,565,972)**	(4,726,140)	–	–	–	10,229	–	–
Net debt in foreign subsidiaries	**(33,742,311)**	(28,351,602)	–	–	–	–	–	–
Loans and financing	**(1,782,976)**	(14,068,530)	–	–	**(27,687)**	(68,497)	–	–
Subtotal	**(50,091,259)**	**(47,146,272)**	–	–	**(27,687)**	**(58,268)**	–	–
Total exposure	**(44,054,287)**	**(42,432,436)**	**26,818**	**64,897**	**331,187**	**1,169,987**	**177,167**	**150,778**
DERIVATIVES								
Future contracts	–	233,844	–	–	–	–	–	–
Non Deliverable Forwards (NDF´s)	–	5,405,346	–	–	–	–	–	–
Total derivatives	–	**5,639,190**	–	–	–	–	–	–
NET EXPOSURE IN R$	**(44,054,287)**	**(36,793,246)**	**26,818**	**64,897**	**331,187**	**1,169,987**	**177,167**	**150,778**

	Consolidated									
	USD		CAD		EUR		GBP		MXN	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
OPERATING										
Cash and cash equivalents	**2,853,753**	2,075,129	**1,601**	8,704	**100,392**	68,825	**23,609**	1,345	**277,131**	350,557
Trade accounts receivable	**4,531,742**	2,505,561	**21,970**	10,614	**225,424**	902,741	**749,777**	37,269	**426,279**	353,386
Sales orders	**2,211,775**	3,184,075	**14,903**	48,218	**293,481**	518,778	**109,854**	130,914	–	–
Trade accounts payable	**(246,717)**	(112,520)	–	–	**(107,834)**	(81,770)	**(473,413)**	(8,827)	**(237,860)**	(552,039)
Purchase orders	**(181,686)**	(77,648)	–	–	**(43,761)**	(34,891)	–	–	–	–
Subtotal	**9,168,867**	**7,574,597**	**38,474**	**67,536**	**467,702**	**1,373,683**	**409,827**	**160,701**	**465,550**	**151,904**
FINANCIAL										
Related parties transaction (net)	**(18,834,094)**	(13,998,511)	–	186,238	–	10,229	**(3,124)**	(1,259)	–	–
Net debt in foreign subsidiaries	**(33,742,311)**	(28,351,602)	–	–	–	–	–	–	–	–
Loans and financing	**(11,641,590)**	(18,340,183)	–	–	**(27,687)**	(70,650)	–	–	–	–
Subtotal	**(64,217,995)**	**(60,690,296)**	–	**186,238**	**(27,687)**	**(60,421)**	**(3,124)**	**(1,259)**	–	–
Total exposure	**(55,049,128)**	**(53,115,699)**	**38,474**	**253,774**	**440,015**	**1,313,262**	**406,703**	**159,442**	**465,550**	**151,904**
DERIVATIVES										
Future contracts	–	427,584	–	–	–	–	–	–	–	–
Deliverable Forwards (DF´s)	**50,001**	382,784	**(7,445)**	**14,329**	**144,702**	111,009	**(63,987)**	(43,611)	**(736,622)**	(677,765)
Non Deliverable Forwards (NDF´s)	**60**	5,783,480	–	–	**32,955**	(39,608)	**(199,092)**	(113,249)	–	–
Total derivatives	**50,061**	**6,593,848**	**(7,445)**	**14,329**	**177,657**	**71,401**	**(263,079)**	**(156,860)**	**(736,622)**	**(677,765)**
NET EXPOSURE IN R$	**(54,999,067)**	**(46,521,851)**	**31,029**	**268,103**	**617,672**	**1,384,663**	**143,624**	**2,582**	**(271,072)**	**(525,861)**

a2.1 Sensitivity analysis and derivative financial instruments breakdown:

a2.1.1 US Dollar (amounts in thousands of R$):

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Exposure of R$	Risk	Current exchange rate	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated
Operating	Appreciation	4.0307	4.0998	103,479	157,163	5.0384	1,509,251	2,292,228	6.0461	3,018,486	4,584,434
Financial	Depreciation	4.0307	4.0998	(280,236)	(522,382)	5.0384	(4,087,257)	(7,618,959)	6.0461	(8,174,474)	(15,237,842)
Derivatives	Appreciation	4.0307	4.0998	–	858	5.0384	–	12,515	6.0461	–	25,031
				(176,757)	(364,361)		(2,578,006)	(5,314,216)		(5,155,988)	(10,628,377)

			Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) Interest rate variation - 25%		Scenario (iii) Interest rate variation - 50%	
				Effect on equity		Effect on equity		Effect on equity
Exposure of R$	Risk	Current exchange rate	Exchange rate	Company	Exchange rate	Company	Exchange rate	Company
Net debt in foreign subsidiaries	Depreciation	4.0307	4.0998	(578,375)	5.0384	(8,435,620)	6.0461	(16,871,155)
				(578,375)		(8,435,620)		(16,871,155)

The Company includes the net debt of foreign subsidiaries in the disclosure of economic hedging exposure. Although these debts do not generate foreign exchange gains or losses since the debt is denominated in the functional currency of each country, these debt instruments are translated to Brazilian Reais upon consolidation and are therefore affected by Exchange rate variation, which impacts the Company's consolidated leverage ratios.

			Company					
			December 31, 2019			December 31, 2018		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts	American dollar + DDI	Long	–	–	–	1,207	233,844	(303)

			Company					
			December 31, 2019			December 31, 2018		
Instrument	Risk factor	Nature	Notional (USD)	Notional (R$)	Fair value	Notional (USD)	Notional (R$)	Fair value
Non Deliverable Forwards	American dollar	Long	–	–	–	1,395,000	5,405,346	(16,886)

			Consolidated					
			December 31, 2019			December 31, 2018		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts	American dollar + DDI	Long	–	–	–	2,207	427,584	(1,092)

			Consolidated					
			December 31, 2019			December 31, 2018		
Instrument	Risk factor	Nature	Notional (USD)	Notional (R$)	Fair value	Notional (USD)	Notional (R$)	Fair value
Deliverable Forwards	American dollar	Long	**12,405**	**50,001**	**(3,305)**	98,788	382,784	9,772
Non Deliverable Forwards	American dollar	Long	**15**	**60**	**218**	1,492,588	5,783,480	(16,397)

a2.1.2 C$ - Canadian Dollar (amounts in thousands of R$):

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Exposure of R$	Risk	Current exchange rate	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated
Operating	Appreciation	3.1034	3.0489	(471)	(675)	2.3276	(6,704)	(9,619)	1.5517	(13,409)	(19,237)
Derivatives	Depreciation	3.1034	3.0489	–	131	2.3276	–	1,861	1.5517	–	3,722
				(471)	(544)		(6,704)	(7,758)		(13,409)	(15,515)

			Consolidated					
			December 31, 2019			December 31, 2018		
Instrument	Risk factor	Nature	Notional (CAD)	Notional (R$)	Fair value	Notional (CAD)	Notional (R$)	Fair value
Deliverable Forwards	Canadian dollar	Short	**(2,399)**	**(7,445)**	**93**	–	–	–
Deliverable Forwards	Canadian dollar	Long	–	–	–	5,036	14,329	1,182

a2.1.3 € - EURO (amounts in thousands of R$):

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Exposure of R$	Risk	Current exchange	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated
Operating	Appreciation	4.5305	4.4481	(6,524)	(8,502)	3.3979	(89,718)	(116,925)	2.2653	(179,437)	(233,851)
Financial	Depreciation	4.5305	4.4481	503	503	3.3979	6,922	6,922	2.2653	13,844	13,844
Derivatives	Appreciation	4.5305	4.4481	–	(3,230)	3.3979	–	(44,414)	2.2653	–	(88,829)
				(6,021)	(11,229)		(82,796)	(154,417)		(165,593)	(308,836)

			Consolidated					
			December 31, 2019			December 31, 2018		
Instrument	Risk factor	Nature	Notional (EUR)	Notional (R$)	Fair value	Notional (EUR)	Notional (R$)	Fair value
Deliverable Forwards	Euro	Long	**31,940**	**144,702**	**(4,522)**	25,008	111,009	2,829
Non Deliverable Forwards	Euro	Long	**7,274**	**32,955**	**(3,781)**	–	–	–
Non Deliverable Forwards	Euro	Short	–	–	–	(8,923)	(39,608)	1,418

a2.1.4 £ - British Pound (amounts in thousands of R$):

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Exposure of R$	Risk	Current exchange rate	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated	Exchange rate	Company	Consolidated
Operating	Appreciation	5.327	5.2196	(3,572)	(8,262)	3.9953	(44,292)	(102,457)	2.6635	(88,583)	(204,913)
Financial	Depreciation	5.327	5.2196	–	63	3.9953	–	781	2.6635	–	1,562
Derivatives	Depreciation	5.327	5.2196	–	5,304	3.9953	–	65,770	2.6635	–	131,540
				(3,572)	(2,895)		(44,292)	(35,906)		(88,583)	(71,811)

			Consolidated					
			December 31, 2019			December 31, 2018		
Instrument	**Risk factor**	**Nature**	**Notional (GBP)**	**Notional (R$)**	**Fair value**	**Notional (GBP)**	**Notional (R$)**	**Fair value**
Deliverable Forwards	British pound	Short	**(12,012)**	**(63,987)**	**1,108**	(8,790)	(43,611)	(612)
Non Deliverable Forwards	British pound	Short	**(37,374)**	**(199,092)**	**(1,882)**	(22,825)	(113,249)	2,352

a2.1.5 MXN - Mexican Peso (amounts in thousands of R$):

			Scenario (i) VaR 99% I.C. 1 day			Scenario (ii) Interest rate variation - 25%			Scenario (iii) Interest rate variation - 50%		
				Effect on income			Effect on income			Effect on income	
Exposure of R$	**Risk**	**Current exchange rate**	**Exchange rate**	**Company**	**Consolidated**	**Exchange rate**	**Company**	**Consolidated**	**Exchange rate**	**Company**	**Consolidated**
Operating	Appreciation	0.2134	0.2170	–	7,897	0.26675	–	116,387	0.3201	–	232,775
Derivatives	Depreciation	0.2134	0.2170	–	(12,496)	0.26675	–	(184,156)	0.3201	–	(368,311)
				–	**(4,599)**		–	**(67,769)**		–	**(135,536)**

			Consolidated					
			December 31, 2019			December 31, 2018		
Instrument	**Risk factor**	**Nature**	**Notional (MXN)**	**Notional (R$)**	**Fair value**	**Notional (MXN)**	**Notional (R$)**	**Fair value**
Deliverable Forwards	Mexican peso	Short	**(3,451,839)**	**(736,622)**	**(14,599)**	(3,436,940)	(677,765)	(24,314)

b. Commodity price risk

The Company operates globally across (the entire livestock protein chain and related business) and during the regular course of its operations brings is exposed to price fluctuations in feeder cattle, live cattle, lean hogs, corn, soybeans, and energy, especially in the American, Australian and Brazilian markets. Commodity markets are characterized by volatility arising from external factors including climate, supply levels, transportation costs, agricultural policies and storage costs, among others. The Risk Management Department is responsible for mapping the exposures to commodity prices of the Company and its subsidiaries and proposing strategies to the Risk Management Committee, in order to mitigate such exposures.

Biological assets are a very important raw material used by the Company. In order to maintain future supply of these materials, the Company participates in forward contracts to anticipate purchases with suppliers. To complement these forward purchases, the Company use derivative instruments to mitigate each specific exposure, most notably futures contracts, to mitigate the impact of price fluctuations - on inventories and sales contracts. The Company takes the historical average amount spent on materials as an indication of the operational value to be protected by firm contracts.

b1. Position balance in commodities (cattle) contracts

Given the nature of its operations, the Company is exposed to volatility in cattle prices, where price fluctuations arise from factors beyond the Company's control, such as climate, cattle supply, transportation costs and agricultural policies among others. Forward purchases of cattle can be negotiated at floating (prices marked at the delivery day current price) or fixed prices. The Company may use future contracts traded at the B3 to balance these exposures.

The factors that influence the commodity price risk reduction strategy are the timing of term contracts for cattle purchases considering any negotiated values and terms.

The Company’s exposure to cattle price fluctuation as of December 31, 2019 and 2018 are presented below in accordance with the Company’s Financial and Commodities Risk Management Policy and are representative of the exposure at each period end.

EXPOSURE in Commodities (Cattle)	**December 31, 2019**	**December 31, 2018**
Firm Contracts of cattle purchase	**285,820**	134,684
Subtotal	**285,820**	**134,684**
DERIVATIVES		
Future contracts	**(96,314)**	(5,305)
Subtotal	**(96,314)**	**(5,305)**
NET EXPOSURE	**189,506**	**129,379**

(Expressed in thousands of Brazilian reais)

Sensitivity analysis:

			Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) @ Variation - 25%		Scenario (ii) @ Variation - 50%	
				Effect on income		Effect on income		Effect on income
Exposure	Risk	Current price	Price	Company	Price	Company	Price	Company
Operational	Cattle arroba depreciation	206.95	198.65	(11,461)	155.21	(71,455)	103.47	(142,910)
Cattle derivatives	Cattle arroba appreciation	206.95	198.65	3,862	155.21	24,078	103.47	48,157
				(7,599)		(47,377)		(94,753)

Derivatives financial instruments breakdown:

			Company					
			December 31, 2019			December 31, 2018		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts	Commodities	Short	**1,481**	**(96,314)**	**(2,832)**	119	(5,305)	(110)

b2. Position balance in commodities (grain) derivatives financial instruments of Seara Alimentos:

Seara Alimentos is exposed to price volatility of grain, which changes based on factors beyond the management's control, such as climate, the supply volume, transportation costs, agricultural policies and others.

Seara Alimentos, in accordance with its policy of inventory management, started the strategy of managing the risk of grain's price by actively monitoring the Company´s grains needs, including expectations of future consumption, anticipated purchases, combined with future market operations, by hedging with grain futures on B3, CME and Over the Counter (OTC), through Non Deliverable Forwards (NDFs), in order reduce price volatility.

The internal controls used for coverage and risk management are made through spreadsheets and monitoring of operations performed and calculation of VAR for 1 day, with a confidence interval of 99%.

Management's estimate at the exposure risk to grain's price changes at Seara Alimentos at December 31, 2019 and December 31, 2018 are presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of the exposure incurred during the period.

	Seara Alimentos	
EXPOSURE in Commodities (Grain)	**December 31, 2019**	**December 31, 2018**
OPERATING		
Purchase orders	**131,192**	24,378
Subtotal	**131,192**	**24,378**
DERIVATIVES		
Future contracts	**12,540**	(243,135)
Subtotal	**12,540**	**(243,135)**
NET EXPOSURE	**143,732**	**(218,757)**

Sensitivity analysis:

		Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) Price variation - 25%		Scenario (ii) Price variation - 50%	
			Effect on income		Effect on income		Effect on income
Exposure	Risk	Price	Seara Alimentos	Price	Seara Alimentos	Price	Seara Alimentos
Operational	Depreciation	(2.24)%	(2,933)	(25.00)%	(32,798)	(50.00)%	(65,596)
Derivatives	Depreciation	(2.24)%	(280)	(25.00)%	(3,135)	(50.00)%	(6,270)
			(3,213)		(35,933)		(71,866)

Derivatives financial instruments breakdown:

			Consolidated					
			December 31, 2019			December 31, 2018		
Instrument	Risk factor	Nature	Quantity	Notional	Fair value	Quantity	Notional	Fair value
Future Contracts	Commodities	Long	**369**	**12,540**	**138**	2,585	(243,135)	(281)

(Expressed in thousands of Brazilian reais)

b3. Position balance in commodities derivatives financial instruments of JBS USA:

Management believes that quantitative figures regarding the risk exposure of the commodities price changes of the subsidiary JBS USA at December 31, 2019 and December 31, 2018 are accurately presented below in accordance with the Financial and Commodities Risk Management Policy and are representative of exposure incurred during the period.

	JBS USA	
EXPOSURE in Commodities	**December 31, 2019**	**December 31, 2018**
OPERATIONAL		
Firm Contracts of cattle purchase	**10,231,709**	9,392,509
Subtotal	**10,231,709**	**9,392,509**
DERIVATIVES		
Deliverable Forwards	**(2,094,928)**	(3,577,258)
Subtotal	**(2,094,928)**	**(3,577,258)**
NET EXPOSURE	**8,136,781**	**5,815,251**

Sensitivity analysis:

		Scenario (i) VaR 99% I.C. 1 day		Scenario (ii) Price variation - 25%		Scenario (ii) Price variation - 50%	
			Effect on income		Effect on income		Effect on income
Exposure	Risk	Price	JBS USA	Price	JBS USA	Price	JBS USA
Operational	Depreciation	(2.74)%	(280,451)	(25.00)%	(2,557,927)	(50.00)%	(5,115,854)
Derivatives	Appreciation	(2.74)%	57,422	(25.00)%	523,732	(50.00)%	1,047,464
			(223,029)		(2,034,195)		(4,068,390)

Derivatives financial instruments breakdown:

			December 31, 2019			December 31, 2018		
Instrument	**Risk factor**	**Nature**	**Notional (USD)**	**Notional (R$)**	**Fair value**	**Notional (USD)**	**Notional (R$)**	**Fair value**
Deliverable Forwards	Commodities	Short	**(519,743)**	**(2,094,928)**	**(144,537)**	(923,211)	(3,577,258)	(128,984)

c. Credit risk

The Company and its subsidiaries are potentially subject to credit risk related to accounts receivable, investments and derivative contracts.

If the counter party of a financial position is a financial institution (investments and derivative contracts), the Company employs exposure limits set by the Risk Management Committee, based on the risk ratings (ratings) of specialized international agencies.

Amounts invested in private bonds (notably bank certificates of deposit) and receivables transactions contracted with banks must comply with the following table limits such that the total volume does not exceed a specified percentage of the equity of the financial institution (% Equity). Additionally, the maturity of the application should be no longer than the maximum horizon.

Category	% Equity	Maximum horizon
AAA	2.00 %	5 years
AA	1.00 %	3 years
A	0.50 %	2 years
BBB	0.25 %	1 year

The carrying value of financial assets that represent the most significant exposure to credit risk at the financial statement date were:

		Company		Consolidated	
	Note	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Assets					
Cash and cash equivalents	5	**1,883,135**	1,764,193	**10,033,967**	8,935,779
Trade accounts receivable	6	**2,609,254**	2,729,066	**11,136,622**	9,657,010
Related party receivables	10	**715,527**	828,802	**275,178**	701,281
		5,207,916	**5,322,061**	**21,445,767**	**19,294,070**

d. Liquidity risk

Liquidity risk arises from the management of the Company's working capital and amortization of financing costs and principal of the debt instruments. It is the risk that the Company is unable to meet its financial obligations as they become due.

The Company manages its capital by focusing on liquidity and leverage metrics that enable a return to shareholders over the medium term, consistent with the risks assumed in the transaction.

(Expressed in thousands of Brazilian reais)

The Company manages its liquidity risk manly through evaluating its quick ratio, which is computed as cash plus financial investments divided by short-term debt. Liquidity is maintained by managing the overall leverage of the Company to monitoring the ratio of net debt to "EBITDA" at levels considered to be manageable for continuity of operations.

Based on the analysis of these indicators, management of working capital has been defined to include the natural leverage of the Company at levels equal to or less than the leverage ratio that the Company would like to achieve.

The index of liquidity and leverage at the consolidated are shown below:

	Consolidated	
	December 31, 2019	**December 31, 2018**
Cash and cash equivalents	**10,033,967**	8,935,779
Loans and financings - Current	**(2,078,899)**	(2,922,635)
Quick ratio	**4.83**	3.06
Leverage indicator (R$)	**2.16 x**	3,18 x
Leverage indicator (USD)	**2.13 x**	3,01 x

The table below shows the contractual obligation amounts from financial liabilities of the Company and its subsidiaries according to their maturities:

	Company									
	December 31, 2019					December 31, 2018				
	Less than 1 year	Between 1 and 3 years	Between 4 and 5 years	More than 5 years	Total	Less than 1 year	Between 1 and 3 years	Between 4 and 5 years	More than 5 years	Total
Trade accounts payable	**3,566,693**	–	–	–	**3,566,693**	2,333,255	–	–	–	**2,333,255**
Related party payables	–	–	–	**17,641,379**	**17,641,379**	–	–	–	8,033,436	**8,033,436**
Loans and financings	**208,984**	**240,146**	**2,279,124**	**2,696**	**2,730,950**	1,868,061	6,716,044	4,052,068	2,906,095	**15,542,268**
Estimated interest on loans and financing (1)	**169,649**	**294,993**	**58,493**	**71**	**523,206**	957,813	1,601,484	645,098	62,037	**3,266,432**
Derivatives financing liabilities (assets)	**22,194**	–	–	–	**22,194**	23,602	–	–	–	**23,602**
Other financial liabilities	**22,193**	**11,550**	–	–	**33,743**	24,017	13,200	4,950	77	**42,244**

	Consolidated									
	December 31, 2019					December 31, 2018				
	Less than 1 year	Between 1 and 3 years	Between 4 and 5 years	More than 5 years	Total	Less than 1 year	Between 1 and 3 years	Between 4 and 5 years	More than 5 years	Total
Trade accounts payable	**17,450,306**	–	–	–	**17,450,306**	13,075,615	–	–	–	**13,075,615**
Loans and financings	**2,078,899**	**1,918,477**	**8,922,496**	**40,108,171**	**53,028,043**	2,922,635	13,603,665	17,830,110	21,797,118	**56,153,528**
Estimated interest on loans and financing (1)	**2,583,773**	**5,222,548**	**5,304,423**	**5,261,673**	**18,372,417**	3,260,173	5,975,491	3,567,934	3,040,077	**15,843,675**
Derivatives financing liabilities (assets)	**251,964**	–	–	–	**251,964**	210,015	–	–	–	**210,015**
Other financial liabilities	**45,709**	**57,839**	**22,363**	–	**125,911**	45,537	18,649	4,950	77	**69,213**

(1) Includes interest on all loans and financing outstanding. Payments are estimated for variable rate debt based on effective interest rates at December 31, 2019 and December 31, 2018. Payments in foreign currencies are estimated using the December 31, 2019 and December 31, 2018 exchange rates.

The Company has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at December 31, 2019 is R$165,941 (R$49,791 at December 31, 2018). This guarantee is superior to the need presented for these operations.

The indirect subsidiary JBS USA and its subsidiaries, has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at December 31, 2019 is R$513,914 (R$365,781 at December 31, 2018). This guarantee is larger than its collateral.

Also, the direct subsidiary Seara Alimentos has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at December 31, 2019 is R$76,861 (R$87,411 in December 31, 2018). This guarantee is larger than its collateral.

The Company and its subsidiaries have no guarantees received from third parties deemed relevant.

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(Expressed in thousands of Brazilian reais)

32 Approval of the financial statements

The issuance of these financial statements was authorized by the Board of Directors on March 25, 2020.

BOARD OF DIRECTORS

Chairman:	Jeremiah Alphonsus O'Callaghan
Vice-Chairman:	José Batista Sobrinho
Board Member:	Aguinaldo Gomes Ramos Filho
Board Member:	Gilberto Meirelles Xandó Baptista
Board Member:	Wesley Mendonça Batista Filho
Independent Board Member:	Cledorvino Belini
Independent Board Member:	Alba Pettengill
Independent Board Member:	Márcio Guedes Pereira Júnior

FISCAL COUNCIL REPORT

The Fiscal Council, in the use of its legal and statutory attributions, examined the Management Report and the Company's individual and consolidated financial statements including the proposal for the profits allocation for the year ended December 31, 2019, approved by the Board Company's Management on this date.

Based on our review, the information and clarifications received during the year and considering the Independent Auditor's Report on the individual and consolidated financial statements, without reservations, issued on this date, the Fiscal Council believes that these documents are in a condition to be forwarded for approval by the General Shareholders' Meeting.

FISCAL COUNCIL

Chairman:	Adrian Lima da Hora
Council Member:	José Paulo da Silva Filho
Council Member:	Demetrius Nichele Macei
Council Member:	Maurício Wanderley Estanislau da Costa

AUDIT COMMITTEE REPORT

The Audit Committee reviewed the financial statements for the year ended December 31, 2019. Based on the procedures performed, also considering the report by Grant Thorton Auditores Independentes, as well as the information and clarifications received during the period, it recommends that these documents be in a position to be considered by the Board of Directors.

AUDIT COMMITTEE

Chairman:	Gilberto Meirelles Xandó Baptista
Committee Member:	Paulo Sérgio Cruz Dortas Matos
Committee Member:	Orlando Octávio de Freitas Júnior

STATEMENT OF OFFICERS ON THE FINANCIAL STATEMENTS AND ON THE INDEPENDENT AUDITORS REPORT

The Company's Officers declare for the purposes of Article 25, paragraph 1, item V and VI of CVM Instruction No. 480 of December 7, 2009, that:

(i) They reviewed, discussed and agreed with the views expressed in the review report of the independent auditors on the financial statements for the year ended December 31, 2019, and

(ii) They reviewed, discussed and agreed with the financial statements for the year ended December 31, 2019.

STATUTORY BOARD

Chief Executive Officer:	Gilberto Tomazoni
Administrative and Control Officer:	Eliseo Santiago Perez Fernandez
Chief Financial Officer:	Guilherme Perboyre Cavalcant
Officer:	Jeremiah Alphonsus O'Callaghan
Officer:	Wesley Mendonça Batista Filho

Accountant:	Agnaldo dos Santos Moreira Jr. (CRC SP: 244207/O-4)

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