



Grupo Nutresa S. A.

Condensed Consolidated Interim Financial
Statements at June 30th, 2020

(Unaudited information)

UN FUTURO
ENTRE TODOS



Consolidated Statement of Financial Position

At June 30th of 2020 and December 31st of 2019 (values expressed in millions of Colombian Pesos)
(Unaudited information)

	Notes	June 2020	December 2019
ASSETS			
Current assets			
Cash and cash equivalents		\$ 743.445	\$ 497.947
Trade and other receivables, net	6	1.207.640	1.166.248
Inventories		1.472.682	1.248.128
Biological assets	7	100.702	96.632
Other assets		338.726	251.397
Non-current assets held for sale		2.610	2.610
Total current assets		\$ 3.865.805	\$ 3.262.962
Non-current assets			
Trade and other receivables, net	6	25.422	25.409
Investments in associated and joint ventures	8	195.349	193.360
Other financial non-current assets	9	1.946.129	3.511.768
Property, plant and equipment, net	10	3.441.132	3.400.057
Right-of-use assets	11	855.072	878.552
Investment properties		79.313	79.489
Goodwill	12	2.401.036	2.309.739
Other intangible assets		1.304.821	1.248.973
Deferred tax assets	13.4	661.679	654.496
Other assets		84.235	80.436
Total non-current assets		\$ 10.994.188	\$ 12.382.279
TOTAL ASSETS		\$ 14.859.993	\$ 15.645.241
LIABILITIES			
Current liabilities			
Financial obligations	14	515.558	527.196
Right-of-use liabilities	15	135.442	147.242
Trade and other payables	16	1.268.591	1.235.133
Tax charges	13.2	331.466	214.542
Employee benefits liabilities	17	185.454	191.864
Provisions	18	3.475	1.948
Other liabilities		69.469	29.912
Total current liabilities		\$ 2.509.455	\$ 2.347.837
Non-current liabilities			
Financial obligations	14	3.024.078	2.680.014
Right-of-use liabilities	15	750.270	745.313
Trade and other payables	16	158	158
Employee benefits liabilities	17	187.612	189.295
Deferred tax liabilities	13.4	979.310	984.035
Provisions	18	13.230	13.238
Other liabilities		-	487
Total non-current liabilities		\$ 4.954.658	\$ 4.612.540
TOTAL LIABILITIES		\$ 7.464.113	\$ 6.960.377
SHAREHOLDER EQUITY			
Share capital issued		2.301	2.301
Paid-in-capital		546.832	546.832
Reserves and retained earnings		4.006.730	3.802.402
Other comprehensive income, accumulated		2.454.548	3.770.027
Earnings for the period		328.773	506.388
Equity attributable to the controlling interest		\$ 7.339.184	\$ 8.627.950
Non-controlling interest		56.696	56.914
TOTAL SHAREHOLDER EQUITY		\$ 7.395.880	\$ 8.684.864
TOTAL LIABILITIES AND EQUITY		\$ 14.859.993	\$ 15.645.241

The Notes are an integral part of the Condensed Consolidated Interim Financial Statements.

Carlos Ignacio Gallego Palacio
President

Jaime León Montoya Vásquez
General Accountant
Professional Card No. 45056-T

Juber Ernesto Carrión
External Auditor – Professional Card No. 86122-T
Designed by PwC Contadores y Auditores Ltda.

Consolidated Comprehensive Income Statement

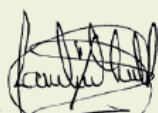
From January 1st to June 30th (values expressed in millions of Colombian Pesos)
(Unaudited information)

	Notes	January-June 2020	January-June 2019
Continuing operations			
Operating revenue	5.1	\$ 5.324.782	\$ 4.646.417
Cost of goods sold	20	(3.068.367)	(2.583.703)
Gross profit		\$ 2.256.415	\$ 2.062.714
Administrative expenses	20	(238.385)	(213.170)
Sales expenses	20	(1.382.895)	(1.317.157)
Production expenses	20	(89.479)	(72.901)
Exchange differences on operating assets and liabilities	22.2	(311)	4.664
Other operating (expenses) incomes, net	21	(8.501)	1.174
Operating profit		\$ 536.844	\$ 465.324
Financial income		9.702	7.114
Financial expenses	14.7	(155.031)	(147.477)
Dividends	9	68.694	61.503
Exchange differences on non-operating assets and liabilities	22.2	(121)	(735)
Share of profit of associates and joint ventures	8	(5.768)	(900)
Income before tax and non-controlling interest		\$ 454.320	\$ 384.829
Current income tax	13.3	(143.102)	(93.443)
Deferred income tax	13.3	20.339	(7.075)
Profit after taxes from continuous operations		\$ 331.557	\$ 284.311
Discontinued operations, after income tax		(264)	(856)
Net profit for the period		\$ 331.293	\$ 283.455
Profit for the period attributable to:			
Controlling interest		\$ 328.773	\$ 280.920
Non-controlling interest		2.520	2.535
Net profit for the period		\$ 331.293	\$ 283.455
Earnings per share (*)			
Basic, attributable to controlling interest (in Colombian pesos)		714,53	610,53
(*) Calculated on 460.123.458 shares, which have not been modified during the period covered by these Financial Statements.			
OTHER COMPREHENSIVE INCOME			
Items that are not subsequently reclassified to profit and loss:			
Actuarial gains (losses) on defined benefit plans		\$ 5.049	\$ (1.513)
Equity instruments, measured at fair value	9	(1.567.746)	152.897
Income tax from items that will not be reclassified		(2.427)	481
Total items that are not subsequently reclassified to profit and loss		\$ (1.565.124)	\$ 151.865
Items that are or may be subsequently reclassified to profit and loss:			
Share of other comprehensive income of associate and joint ventures	8	5.464	(211)
Exchange differences on translation of foreign operations	22.1	237.990	34.713
Cash flow hedges	14.6	8.927	(5.973)
Income tax from items that will be reclassified		(4.339)	2.047
Total items that are or may be subsequently reclassified to profit and loss:		\$ 248.042	\$ 30.576
Other comprehensive income, net taxes		\$ (1.317.082)	\$ 182.441
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		\$ (985.789)	\$ 465.896
Total comprehensive income attributable to:			
Controlling interest		\$ (990.056)	\$ 463.276
Non-controlling interest		4.267	2.620
Total comprehensive income		\$ (985.789)	\$ 465.896

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Consolidated Comprehensive Income Statement

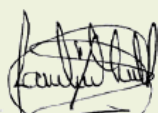
From April 1st to June 30th (values expressed in millions of Colombian Pesos)
(Unaudited information)

	Notes	April-June 2020	April-June 2019
Continuing operations			
Operating revenue	5.1	\$ 2.665.449	\$ 2.400.675
Cost of goods sold	20	(1.541.575)	(1.330.189)
Gross profit		\$ 1.123.874	\$ 1.070.486
Administrative expenses	20	(119.542)	(108.782)
Sales expenses	20	(676.509)	(691.588)
Production expenses	20	(51.216)	(39.119)
Exchange differences on operating assets and liabilities	22.2	13.527	854
Other operating (expenses) incomes, net	21	(9.931)	3.310
Operating profit		\$ 280.203	\$ 235.161
Financial income		5.402	3.687
Financial expenses	14.7	(78.002)	(74.889)
Dividends	9	3.112	10
Exchange differences on non-operating assets and liabilities	22.2	(16.514)	(1.437)
Share of profit of associates and joint ventures	8	548	(523)
Income before tax and non-controlling interest		\$ 194.749	\$ 162.009
Current income tax	13.3	(66.612)	(49.555)
Deferred income tax	13.3	11.933	(4.414)
Profit after taxes from continuous operations		\$ 140.070	\$ 108.040
Discontinued operations, after income tax		(169)	(14)
Net profit for the period		\$ 139.901	\$ 108.026
Profit for the period attributable to:			
Controlling interest		\$ 138.479	\$ 106.483
Non-controlling interest		1.422	1.543
Net profit for the period		\$ 139.901	\$ 108.026
Earnings per share (*)			
Basic, attributable to controlling interest (in Colombian pesos)		300,96	231,42
(*) Calculated on 460.123.458 shares, which have not been modified during the period covered by these Financial Statements.			
OTHER COMPREHENSIVE INCOME			
Items that are not subsequently reclassified to profit and loss:			
Actuarial gains (losses) on defined benefit plans		\$ 2.124	\$ (782)
Equity instruments, measured at fair value	9	(277.337)	(218.838)
Income tax from items that will not be reclassified		(1.631)	245
Total items that are not subsequently reclassified to profit and loss		\$ (276.844)	\$ (219.375)
Items that are or may be subsequently reclassified to profit and loss:			
Share of other comprehensive income of associate and joint ventures	8	(2.939)	1.222
Exchange differences on translation of foreign operations	22.1	(222.635)	53.921
Cash flow hedges	14.6	(6.943)	(1.012)
Income tax from items that will be reclassified		3.045	(20)
Total items that are or may be subsequently reclassified to profit and loss:		\$ (229.472)	\$ 54.111
Other comprehensive income, net taxes		\$ (506.316)	\$ (165.264)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		\$ (366.415)	\$ (57.238)
Total comprehensive income attributable to:			
Controlling interest		\$ (365.551)	\$ (59.071)
Non-controlling interest		(864)	1.833
Total comprehensive income		\$ (366.415)	\$ (57.238)

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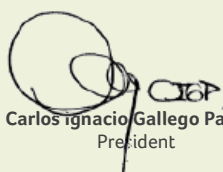
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Consolidated Exchange in Equity Statement

From January 1st to June 30th (values expressed in millions of Colombian Pesos)

	Share capital issued	Paid-in-capital	Reserves and retained earnings	Earnings for the period	Other comprehensive income, accumulated	Total equity attributable to the controlling interest	Non-controlling interest	Total
Equity at December 31st of 2019	2.301	546.832	3.802.402	506.388	3.770.027	8.627.950	56.914	8.684.864
Profit for the period				328.773		328.773	2.520	331.293
Other comprehensive income for the period					(1.318.829)	(1.318.829)	1.747	(1.317.082)
Comprehensive income for the period	-	-	-	328.773	(1.318.829)	(990.056)	4.267	(985.789)
Transfer to accumulated results	-	-	506.388	(506.388)	-	-	-	-
Cash dividends (Note 19)	-	-	(298.712)	-	-	(298.712)	(4.522)	(303.234)
Realization of other comprehensive income	-	-	(3.350)	-	3.350	-	-	-
Other equity movements	-	-	2	-	-	2	37	39
Equity at June 30th of 2020	2.301	546.832	4.006.730	328.773	2.454.548	7.339.184	56.696	7.395.880
Equity at December 31st of 2018	2.301	546.832	3.552.827	505.308	3.683.175	8.290.443	44.288	8.334.731
Profit for the period				280.920		280.920	2.535	283.455
Other comprehensive income for the period					182.356	182.356	85	182.441
Comprehensive income for the period	-	-	-	280.920	182.356	463.276	2.620	465.896
Transfer to accumulated results	-	-	505.308	(505.308)	-	-	-	-
Cash dividends (Note 19)	-	-	(281.596)	-	-	(281.596)	(3.293)	(284.889)
Reclassifications	-	-	26.748	-	(26.748)	-	-	-
Other equity movements	-	-	(481)	-	(1)	(482)	(27)	(509)
Equity at June 30th of 2019	2.301	546.832	3.802.806	280.920	3.838.782	8.471.641	43.588	8.515.229

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Consolidated Cash-flow Statement

From January 1st to June 30th (values expressed in millions of Colombian Pesos)

	January-June 2020	January-June 2019
Cash flow from operating activities		
Collection from sales of goods and services	\$ 5.408.016	\$ 4.562.123
Payments to suppliers for goods and services	(4.038.964)	(3.401.026)
Payments to and on behalf of employees	(902.943)	(811.892)
Income taxes and tax on wealth, paid	(108.873)	(126.886)
Other cash outflows	16.047	(38.374)
Net cash flow from operating activities	\$ 373.283	\$ 183.945
Cash flow from investment activities		
Purchase/sale of other equity instruments (Note 9)	-	5.661
Purchases of equity of associates and joint ventures (Note 8)	(2.293)	(2.730)
Purchases of property, plant, and equipment (Note 10)	(95.372)	(65.217)
Amounts from the sale of productive assets	402	5.176
Purchase of Intangibles and other productive assets	(12.738)	(10.672)
Dividends received (Note 9)	31.769	30.523
Interest received	7.168	4.726
Payments to third parties, to obtain control of subsidiaries	(8.379)	-
Other cash (outflows) inflows	3	(12)
Net cash flow used in investment activities	\$ (79.440)	\$ (32.545)
Cash flow from financing activities		
Proceeds from (used in) loans	268.462	103.313
Dividends paid (Note 19)	(147.823)	(138.407)
Interest paid	(94.498)	(90.057)
Paid leases	(77.438)	(74.172)
Fees and other financial expenses	(17.736)	(18.043)
Other cash inflows	(2.488)	11.680
Net cash flow used in financing activities	\$ (71.521)	\$ (205.686)
Increase (decrease) in cash and cash equivalent from activities	\$ 222.322	\$ (54.286)
Cash flow from discontinued operations	188	(519)
Net foreign exchange differences	22.988	(936)
Net increase (decrease) in cash and cash equivalents	245.498	(55.741)
Cash and cash equivalents at the beginning of the period	497.947	347.520
Cash and cash equivalents at the end of the period	\$ 743.445	\$ 291.779

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A MESSAGE FROM THE MANAGEMENT AT GRUPO NUTRESA

Management of monitoring indicators

Grupo Nutresa assesses the management of sustainability on economic, social, and environmental dimensions; to measure the management in the economic dimension, indicators, such as, total sales, international sales, sales in Colombia, and EBITDA, are used.

For Grupo Nutresa, EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization), is calculated by eliminating depreciation charges, amortization, and unrealized gains or losses from exchange differences in operating assets and liabilities, from the operating income. It is considered that EBITDA is most significant for investors because it provides an analysis of operating results, as well as, segment profitability, using the same measurement, that is used by management. Likewise, EBITDA allows a comparison of the results, or benchmarks with other companies in the same industry and market. EBITDA is used to track the evolution of the business and establish operating and strategic objectives. EBITDA is commonly reported and widely used amongst analysts, investors, as well as, other stakeholders, interested in the industry. EBITDA is not a measurement, explicitly defined as such, in IFRS, and may therefore, not be comparable with similar indicators used by other companies. EBITDA should not be considered an alternative to operating income, as an indicator of operating results, nor as an alternative to cash flows from operating activities, such as the measurement of liquidity.

The following table is a breakdown of details the reconciliation between the EBITDA and the operating income of Grupo Nutresa, for the period covered by these Financial Statements:

	Second Quarter		Accumulated to June 30 th	
	2020	2019	2020	2019
Operating profit	280.203	235.161	536.844	465.324
Depreciation and amortization (Note 20)	71.473	65.750	143.104	129.538
Right-of-use depreciation (Note 20)	31.324	28.709	61.914	56.389
Unrealized exchange differences from operating assets and liabilities (Note 22.2)	(12.812)	(1.744)	4.460	(3.257)
EBITDA (See details by segment in Note 5.2)	370.188	327.876	746.322	647.994

Table 1

Management of Capital

The generation of value growth is a fundamental part of the strategic objectives, set by the Group. This translates into the active management of the capital structure, and the return on investment, which balances the sustained growth of current operations, the development of business plans for investments, and growth through business acquisitions, underway.

In every one of the investments, the goal is to seek a return that exceeds the cost of the capital (WACC). The administration periodically evaluates the return on the invested capital of its businesses, and projects this, to verify that they are in line with the value generation strategy.

Similarly, for each investment, the various sources of funding, both internal and external, are analyzed, to secure a suitable profile, for the duration of that specific investment, as well as cost optimization. In accordance with a moderate financial risk profile, the capital structure, of the Group, aims towards obtaining the highest credit ratings.

Notes for the Condensed Consolidated Interim Financial Statements

A three-month Intermediate period, between April 1 and June 30 of 2020 and 2019, and a six-month period, between January 1 and June 30 of 2020 and 2019, except for the Consolidated Statement of Financial Position, that is presented, for comparability purposes at June 30, 2020 and December 31, 2019.

(Values are expressed as millions of Colombian Pesos, except for the values in foreign currency, exchange rates, and number of shares)

Note 1. CORPORATE INFORMATION

1.1 Entity and corporate purpose of the Parent Company and subsidiaries

Grupo Nutresa S.A. and its subsidiaries, (hereinafter referred to as: Grupo Nutresa, the Company, the Group, or Nutresa), constitute an integrated and diversified food industry group, that operates mainly in Colombia and Latin America.

The Parent Company is Grupo Nutresa S.A., an anonymous corporation of Colombian nationality, incorporated on April 12, 1920, with its headquarters in the City of Medellín, Colombia, and whose terms expire, on April 12, 2050. The Corporate Business Purpose consists of the investment, or application of available resources, in organized enterprises, under any of the forms permitted by law, whether domestic or foreign, and aimed at the use of any legal economic activity, either tangible or intangible assets, with the purpose of safeguarding its capital.

Below is information of subsidiaries: Name, Main Activity, Principle Domicile, Functional Currency, and Percentage of Shares held by Grupo Nutresa:

Entity	Main Activity	Functional Currency ⁽¹⁾	% Participation	
			2020	2019
Colombia				
Industria Colombiana de Café S.A.S.	Production of coffee and coffee related products	COP	100,00%	100,00%
Compañía Nacional de Chocolates S.A.S.	Production of chocolates, its derivatives, and related products	COP	100,00%	100,00%
Compañía de Galletas Noel S.A.S..	Production of biscuits, cereals, et al,	COP	100,00%	100,00%
Industria de Alimentos Zenú S.A.S..	Production and sales of meats and its derivatives	COP	100,00%	100,00%
Productos Alimenticios Doria S.A.S.	Production of pasta, flour, and cereals	COP	100,00%	100,00%
Molino Santa Marta S.A.S.	Milling of grains	COP	100,00%	100,00%
Alimentos Cárnicos S.A.S.	Production of meats and its derivatives	COP	100,00%	100,00%
Tropical Coffee Company S.A.S.	Assembly and production of coffee products	COP	100,00%	100,00%
Inverlogy S. A. S.	Production or manufacturing of packaging material	COP	100,00%	100,00%
Pastas Comarrico S.A.S.	Production of pasta, flour, and cereals	COP	100,00%	100,00%
Novaventa S.A.S.	Sales of foods and other items, via direct sales channels	COP	100,00%	100,00%
La Recetta Soluciones Gastronómicas Integradas S.A.S.	Distribution of foods, via institutional channels	COP	70,00%	70,00%
Meals Mercadeo de Alimentos de Colombia S.A.S.	Production and sales of ice cream, dairy beverages, et al,	COP	100,00%	100,00%
Servicios Nutresa S.A.S.	Provision of specialized business services	COP	100,00%	100,00%
Setas Colombianas S.A.	Production, processing and sales of mushrooms	COP	99,50%	99,50%
Gestión Cargo Zona Franca S.A.S.	Provision of logistics services	COP	100,00%	100,00%
Comercial Nutresa S.A.S.	Sales of food products	COP	100,00%	100,00%
Industrias Aliadas S.A.S.	Provision of services related to coffee	COP	100,00%	100,00%
Operar Colombia S.A.S.	Provision of transportation services	COP	100,00%	100,00%
Fideicomiso Grupo Nutresa	Management of financial resources	COP	100,00%	100,00%
Fondo de Capital Privado “Cacao para el Futuro” – Level A	Investment in cocoa production	COP	83,41%	83,41%
IRCC S.A.S - Industria de Restaurantes Casuales S. A. S. ⁽³⁾	Production of foods and operation of food establishments providing to the consumer	COP	100,00%	100,00%
LYC S.A.S.	Production of foods and operation of food establishments providing to the consumer	COP	100,00%	100,00%
PJ COL S.A.S.	Production of foods and operation of food establishments providing to the consumer	COP	100,00%	100,00%
New Brands S.A.	Production of dairy and ice cream	COP	100,00%	100,00%
Schadel Ltda. Schalin Del Vecchio Ltda.	Production of foods and operation of food establishments providing to the consumer	COP	99,88%	99,88%
Tabelco S.A.S.	Production of foods and operation of food establishments providing to the consumer	COP	100,00%	100,00%
Productos Naturela S.A.S.	Production and marketing of healthy and functional foods	COP	60,00%	60,00%
Atlantic FS S.A.S.	Sales of food products	COP	51,00%	51,00%
Procesos VA S.A.S.	Processing of meat products	COP	100,00%	100,00%
Chile				
Tresmontes Lucchetti S.A.	Provision of specialized business services	CLP	100,00%	100,00%
Nutresa Chile S.A.	Management of financial and investment services	CLP	100,00%	100,00%
Tresmontes Lucchetti Agroindustrial S.A.	Agricultural and industrial production	CLP	100,00%	100,00%
Tresmontes Lucchetti Servicios S.A.	Management of financial and investment services	CLP	100,00%	100,00%
Tresmontes S.A.	Production and sales of foods	CLP	100,00%	100,00%
Lucchetti Chile S.A.	Production of pasta, flour, and cereals	CLP	100,00%	100,00%
Novaceites S.A.	Production and sales of vegetable oils	CLP	50,00%	50,00%
Tresmontes Lucchetti Inversiones S. A.	Management of financial and investment services	USD	100,00%	-
Costa Rica				

Condensed Consolidated Interim Financial Statements – (Unaudited) Second Quarter

Entity	Main Activity	Functional Currency ^(*)	% Participation		
			2020	2019	
Compañía Nacional de Chocolates DCR S.A.	Production of chocolates and its derivatives	CRC	100,00%	100,00%	
Compañía de Galletas Pozuelo DCR S.A.	Production of biscuits, et al,	CRC	100,00%	100,00%	
Compañía Americana de Helados S.A.	Production and sales of ice cream	CRC	100,00%	100,00%	
Servicios Nutresa CR. S.A.	Specialized business services provider	CRC	100,00%	100,00%	
Guatemala					
Comercial Pozuelo Guatemala S.A.	Distribution and sales of food products	QTZ	100,00%	100,00%	
Distribuidora POPS S.A.	Sales of ice cream	QTZ	100,00%	100,00%	
Mexico					
Nutresa S.A. de C.V.	Production and sales of food products	MXN	100,00%	100,00%	
Serer S.A. de C.V.	Personnel services	MXN	100,00%	100,00%	
Comercializadora Tresmontes Lucchetti S.A. de C.V.	Sales of food products	MXN	100,00%	100,00%	
Servicios Tresmontes Lucchetti S.A. de C.V.	Specialized business services provider	MXN	100,00%	100,00%	
Tresmontes Lucchetti México S.A. de C.V.	Production and sales of foods	MXN	100,00%	100,00%	
TMLUC Servicios Industriales. S.A. de CV	Specialized business services provider	MXN	100,00%	100,00%	
Panama					
Promociones y Publicidad Las Américas S.A.	Management of financial and investment services	PAB	100,00%	100,00%	
Alimentos Cárnicos de Panamá S.A.	Production of meats and its derivatives	PAB	100,00%	100,00%	
Comercial Pozuelo Panamá S.A.	Production of biscuits, et al,	PAB	100,00%	100,00%	
American Franchising Corp. (AFC)	Management of financial and investment services	USD	100,00%	100,00%	
Aldage, Inc.	Management of financial and investment services	USD	100,00%	100,00%	
LYC Bay Enterprise INC.	Management of financial and investment services	USD	100,00%	100,00%	
Sun Bay Enterprise INC.	Management of financial and investment services	USD	100,00%	100,00%	
El Corral Capital INC. ⁽⁴⁾	Management of financial resources and franchises	USD	100,00%	100,00%	
The United States of America					
Abimar Foods Inc.	Production and sales of food products	USD	100,00%	100,00%	
Cordialsa USA, Inc.	Sales of food products	USD	100,00%	100,00%	
Kibo Foods LLC	Production and sales of food products	USD	100,00%	100,00%	
Cameron's Coffee & Distribution Company	Production of coffee and coffee related products	USD	100,00%	100,00%	
CCDC OPCO Holding Corporation	Management of financial and investment services	USD	100,00%	100,00%	
Other Countries					
Entity	Main Activity	Country	Functional Currency ^(*)	% Participation	
				2020	2019
TMLUC Argentina S.A.	Production and sales of food products	Argentina	ARS	100,00%	100,00%
Corporación Distribuidora de Alimentos S.A. (Cordialsa)	Sales of food products	Ecuador	USD	100,00%	100,00%
Comercial Pozuelo El Salvador S.A. de C.V.	Distribution and sales of food products	El Salvador	USD	100,00%	100,00%
Americana de Alimentos S.A. de C.V.	Sales of food products	El Salvador	USD	100,00%	100,00%
Comercial Pozuelo Nicaragua S.A.	Sales of food products	Nicaragua	NIO	100,00%	100,00%
Industrias Lácteas Nicaragua S.A.	Sales and logistics management	Nicaragua	NIO	100,00%	100,00%
Compañía Nacional de Chocolates del Perú S.A.	Production of foods and beverages	Peru	PEN	100,00%	100,00%
Helados Bon S.A.	Production and sales of ice cream, beverages, and dairy, et al,	Dominican Republic	DOP	81,18%	81,18%
Compañía de Galletas Pozuelo de República Dominicana S.R.L.	Management of financial and investment services	Dominican Republic	DOP	100,00%	100,00%
Gabon Capital LTD.	Management of financial and investment services	BVI	USD	100,00%	100,00%
Perlita Investments LTD.	Management of financial and investment services	BVI	USD	100,00%	100,00%

Table 2

(*) See Note 22.1, the descriptions of abbreviations, for each currency, and the primary impact on Grupo Nutresa's Financial Statements.

Changes in the scope of consolidation

The following are the changes in consolidation parameters, during the period:

2019: In December, the liquidation of the company, Comercializadora Tresmontes Lucchetti S. A. de C.V. was realized, and in February, the liquidation, of Sociedad Colectiva Civil Inmobiliaria y Rentas Tresmontes Luchetti. In August, through Abimar Foods, Inc, was constituted the company Kibo Foods LLC, which will have the purpose to produce products by request of third parties and to market products of the Group in the United States. In September, was acquired 100% of sharing, via acquisition of shares, in the amount of USD \$117 million (of which USD 4 million correspond to working capital) of CCDC OPCO Holding Corporation, owner of the 100% of Cameron's Coffee incorporating in the consolidated of Grupo Nutresa the assets and liabilities of the acquired companies on August 31st of 2019 and the results from September 1st of 2019. In October, was acquired 51% of sharing, via acquisition of shares, in the amount of \$47.124, owner of the 100% of Procesos VA S.A.S. incorporating in the consolidated of Grupo Nutresa the assets and liabilities of the acquired companies on October 31st and the results from November 1st of 2019.

Note 2. BASIS OF PREPARATION

The Condensed Consolidated Interim Financial Statements of Grupo Nutresa, for the period from January 1st to June 30th, 2020, have been prepared in accordance with the Accounting and Financial Information Standards, accepted in Colombia, based on the International Financial Reporting Standards (IFRS), together with its interpretations, conceptual framework, the foundation for conclusions, and the application

guidelines authorized and issued, by the International Accounting Standards Board (IASB), until 2018 and other legal provisions, defined by the Financial Superintendence of Colombia.

2.1 Basis of measurement

The Condensed Consolidated Interim Financial Statements have been prepared on a historical cost basis, except for the measurements at fair value of certain financial instruments, as described in the accounting policies, herewith. The book value of recognized assets and liabilities, that have been designated as hedged items, in fair value hedges, and which would otherwise be accounted for at amortized cost and are adjusted to record changes in the fair values, attributable to those risks that are covered under “Effective hedges”.

2.2 Functional and presentation currency

The Condensed Consolidated Interim Financial Statements in Colombian Pesos, which is both the functional and presentation currency of Grupo Nutresa. These figures are expressed in millions of Colombian Pesos, except for basic earnings per share and the representative market exchange rates, which are expressed in Colombian Pesos, as well as, other currencies (E.g. USD, Euros, Pounds Sterling, et al.), and which are expressed as monetary units.

2.3 Classification of items in current and non-current

Grupo Nutresa presents assets and liabilities, in the Statement of Financial Position, classified as current and non-current. An asset is classified as current, when the entity: expects to realize the asset, or intends to sell or consume it, within its normal operating cycle, holds the asset primarily, for negotiating purposes, expects to realize the asset within twelve months, after the reporting period is reported, or the asset is cash or cash equivalent, unless the asset is restricted for a period of twelve months, after the close of the reporting period. All other assets are classified as non-current. A liability is classified as current when the entity expects to settle the liability, within its normal operating cycle, or holds the liability primarily for negotiating purposes.

Note 3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

3.1.1 Investments in subsidiaries

The Condensed Consolidated Interim Financial Statements include Grupo Nutresa financial information, as well as, its subsidiaries, at June 30th, 2020, as well as its corresponding comparative financial information. A subsidiary is an entity controlled by one of the companies that make up Grupo Nutresa. Control exists, when any of the Group companies, has the power to direct the relevant activities of the subsidiary, which are generally: the operating and financing activities, to obtain benefits from them, and is exposed, or has rights, to those variable yields.

The accounting policies and practices are applied homogeneously, by the Parent Company, and its subsidiary companies. In cases of subsidiaries, located abroad, the practices do not differ significantly from the accounting practices used in the countries of origin, and/or have been homologized to those that have a significant impact on the Consolidated Financial Statements.

All balances and transactions between subsidiaries, as well as, the unrealized profits or losses, were eliminated in the consolidation process.

The Financial Statements of the subsidiaries are included in the Consolidated Financial Statements, from the date of acquisition, until the date that Grupo Nutresa loses its control. Any residual interest that is retained is measured at fair value. The gains or losses arising from this measurement are recognized in the other comprehensive income.

The Annual Separate Financial Statements are the basis for the distribution of dividends and other appropriations by the Shareholders. The Consolidated Financial Statements at year, are presented at the Shareholders' Meeting, for informational purposes only.

Consolidation of companies in which Grupo Nutresa owns less than the majority of voting rights:

The Group considers exercising control of the relevant activities of Novaceites S.A., despite that their actual controlling shares are 50%, which does not give the majority of the voting rights. This conclusion is based on the composition of the Directive of Novaceites S.A., the Administration of TMLUC, as well as, the General Management of the Company, and the level of involvement of TMLUC, in its accounting and commercial processes.

Companies in which Grupo Nutresa holds the majority of the voting rights, but does not have the control:

The Group considers that it does not exercise control over the relevant activities of Industrias Alimenticias Hermo de Venezuela S.A. and Cordialsa Noel Venezuela S.A., despite having a 100% interest. The changing conditions of the Venezuelan market, including regulation of the foreign exchange market and limited access to the purchase of foreign exchange, through official systems, combined with other governmental controls, such as price controls and profitability, importation, and labor laws, among others, limits the ability to maintain a normal level of production, reduces the ability of the Administration to make and execute operational decisions, restricts the possibility of access to the liquidity, resulting from these operations, and the realization of these benefits to its investors, in other Countries, through dividend payments. The Management, of Grupo Nutresa, considers that this situation will be maintained, in the foreseeable future, and therefore, a loss of control is established on said investment, according to the postulates established in IFRS 10, reasons that served to support, that as of October 1, 2016, these investments were classified as financial instruments measured at fair value with changes in other comprehensive income.

This accounting classification does not compromise the productive and commercial operation of Grupo Nutresa, in Venezuela, its team of collaborators, nor its relationships, with customers and suppliers.

3.1.2 Non-controlling interest

Non-controlling interest, in net assets of the consolidated subsidiaries, are presented separately, within Grupo Nutresa's equity. Profit and loss, and "other comprehensive income", is also attributed to non-controlling and controlling interest.

Subsidiaries' purchases or sales, involving non-controlling ownership, that do not involve a loss of control, are recognized directly in equity.

Grupo Nutresa considers non-controlling interest transactions, as transactions with Shareholders of the Company. When realizing acquisitions of minority interest transactions, the difference between the consideration paid, and the interest acquired, over the book value of the subsidiary's net assets, is recognized as an equity transaction, and therefore, goodwill for those acquisitions is not recognized.

3.2 Investments in associates and joint ventures

An associate is an entity over which Grupo Nutresa has significant influence, over its financial and operating policies, without having control or joint control. A joint venture is an entity that Grupo Nutresa controls jointly with other participants, where, together, they maintain a contractual agreement, that establishes joint control over the relevant activities of the entity.

At the date of acquisition, the excess acquisition cost over the net fair value of the identifiable assets, liabilities, and contingent liabilities, assumed by the associate or joint venture, is recognized as goodwill. Goodwill is included in the book value of the investment and is not amortized, nor is it individually tested for impairment.

The results, assets, and liabilities of the associate, or joint venture, are incorporated in the Consolidated Financial Statements, using *the Equity Method*, under which the investment is initially recorded at cost and is adjusted with changes of the participation of Grupo Nutresa, over the net assets of the associate or joint venture, after the date of acquisition, less any impairment loss on the investment. The losses of the associate or joint venture, that exceed Grupo Nutresa's shares in the investment, are recognized as a provision, only when it is probable that there will be an outflow of economic benefit, and there is a legal or implicit obligation.

Where *the Equity Method* is applicable, adjustments are made to homologize the accounting policies of the associate or joint venture with those of Grupo Nutresa. The portion that corresponds to Grupo Nutresa, of gains and losses, obtained from the measurement at fair value, at the date of acquisition, is incorporated into the Financial Statements, and unrealized gains and losses from transactions between Grupo Nutresa and the associate or joint venture are eliminated, to the extent of Grupo Nutresa's participation in the associate or joint venture. *The Equity Method* is applied from the date of the acquisition, to the date that significant influence or joint control over the entity is lost.

The participation of profit and loss, of an associate or joint venture, is presented in the Comprehensive Income Statement, for the period, net of taxes, and non-controlling interest, of the subsidiaries of the associate or joint venture. The participation of changes recognized, directly in equity and "other comprehensive income" of the associate or joint venture, is presented in the Statement of Changes in Equity, and other consolidated comprehensive income. Cash dividends received, from the associate or joint ventures, are recognized, by reducing the book value of the investment.

Grupo Nutresa analyzes the existence of impairment indicators and, if necessary, recognizes impairment losses of the associate or joint venture investment, in the profit and loss.

When the significant influence over an associate or joint control is lost, Grupo Nutresa measures and recognizes, any retained residual investment at fair value. The difference between the book value of the associate or joint venture (taking into account, the relevant items of "other comprehensive income"), and the fair value of the retained residual investment, at its value from sale, is recognized in profit and loss, in that period.

3.3 Significant accounting policies

Grupo Nutresa, and its subsidiaries, apply the accounting policies and procedures of the Parent Company. An overview of the significant accounting policies, that Grupo Nutresa applies in the preparation of its Consolidated Financial Statements, is as follows:

3.3.1 Business combinations and goodwill

Operations, whereby the joining of two or more entities or economic units into one single entity, or group of entities, occurs, are considered business combinations.

Business combinations are accounted for using *the Acquisition Method*. Identifiable assets acquired, liabilities, and contingent liabilities, assumed from the acquired, are recognized at fair value, at the date of acquisition. Acquisition expenses are recognized in profit and loss and goodwill, as an asset, in the Consolidated Statement of Financial Position.

The consideration, transferred in the acquisition, is measured as the fair value of assets transferred, liabilities incurred or assumed, and equity instruments, issued by Grupo Nutresa, including any contingent consideration, to obtain control of the acquired.

Goodwill is measured as the excess of the sum of the consideration transferred, the value of any non-controlling interest, and when applicable, the fair value of any previously held equity interest, over the net value of the assets acquired, liabilities, and contingent liabilities assumed at the date of acquisition. The resulting gain or loss, from the measurement of previously held interest, can be recognized in profit and loss or "other comprehensive income", accordingly. In the previous periods for which it is reported, the acquirer may have recognized, in "other comprehensive income", changes in the value of its equity interest in the acquired. If so, the amount, that was recognized, in "other comprehensive income", shall be recognized, on the same basis as it would be required if the acquirer had disposed directly of the previously

held equity interest. When the consideration transferred is less than the fair value of the net assets acquired, the corresponding gain is recognized in profit and loss, on the date of acquisition.

For each business combination, at the date of acquisition, Grupo Nutresa chooses to measure non-controlling interest at the proportionate share of the identifiable assets acquired, liabilities, and contingent liabilities assumed from the acquired, or at fair value.

Any contingent consideration, in a business combination, is classified as liability or equity, and is recognized at fair value, at the date of acquisition. Subsequent changes in fair value of a contingent consideration, classified as financial liability, are recognized in profit and losses, in that period, or in “other comprehensive income”. When it is classified as equity, it is not re-measured, and its subsequent settlement is recognized in equity. If the consideration is not classified as a financial liability, it is measured in accordance with applicable IFRS.

Goodwill acquired in a business combination is allocated at the date of acquisition, to cash-generating units of Grupo Nutresa, that are expected to be benefitted by the combination, irrespective of whether other assets or liabilities of the acquired are assigned to these units.

When goodwill is part of a cash-generating unit, and part of the operation within that unit is sold, the goodwill associated with the operation disposed is included in the book value of the operation, when the gain or loss of the disposal of the operation is determined. Goodwill written-off is determined, based upon the percentage of the operation sold, which is the difference between the book value of the operation sold and the book value of the cash-generating unit.

3.3.2 Translation of balances and transactions, in foreign currencies

Transactions made in a currency other than the functional currency of the Group are translated using the exchange rate, at the date of the transaction. Subsequently, monetary assets and liabilities, denominated in foreign currencies are translated, using the exchange rates, at the closing of the Financial Statements, and taken from the information published by the official entity responsible for certifying this information; non-monetary items, that are measured at fair value, are translated using the exchange rates on the date when its fair value is determined and non-monetary items that are measured at historical cost, are translated using the official exchange rates, from the date of the original transaction.

All exchange differences, arising from operating assets and liabilities, are recognized in the Income Statement, as part of operating income or expenses; exchange differences, in other assets and liabilities, are recognized as financial income or expense, except for, monetary items that provide an effective hedge for a net investment, in a foreign operation, and from investments in shares classified as fair value, through equity. These items and their tax impact are recognized in “other comprehensive income”, until the disposal of the net investment, at which time they are recognized in profit and loss.

Foreign subsidiaries

For the presentation of Grupo Nutresa’s Consolidated Financial Statements, the financial situation, and results of the subsidiaries, whose functional currency is different from the presentation currency of the Group, and whose economy is not classified as hyperinflationary, are translated, as follows:

- Assets and liabilities, including goodwill, and any adjustment to the fair value of assets and liabilities, arising from the acquisition, are translated, at end of period exchange rates.
- Income and expenses are translated at the monthly average exchange rate.

Exchange differences, arising from translation of foreign subsidiaries, are recognized in “other comprehensive income”, on a separate account ledger named “Exchange differences on translation of foreign operations”, as well as, exchange differences, in long-term receivable or payable accounts, which are part of the net investment abroad. In the disposal of foreign operations, the amount of “Other comprehensive income”, that relates to the foreign subsidiaries, is recognized in the results of the period.

Main currencies and exchange rates

Below, is the evolution of the closing exchange rates to Colombian Pesos, of the foreign currencies, that correspond to the functional currency of the subsidiaries, of Grupo Nutresa, and that have a significant impact on the Consolidated Financial Statements:

		June 2020	December 2019	June 2019	December 2018
Panamanian Balboa	PAB	3.758,91	3.277,14	3.205,67	3.249,75
Costa Rican Colon	CRC	6,44	5,68	5,49	5,31
Nicaraguan Cordoba	NIO	109,46	96,85	96,78	100,52
Peruvian Sol	PEN	1067,27	987,39	974,37	964,32
U.S. Dollar	USD	3.758,91	3.277,14	3.205,67	3.249,75
Mexican Peso	MXN	162,49	173,64	166,89	165,33
Guatemalan Quetzal	GTQ	488,15	425,67	415,88	420,03
Dominican Peso	DOP	64,53	61,88	63,08	64,64
Chilean Peso	CLP	4,58	4,38	4,72	4,68
Argentine Peso	ARS	53,4	54,71	75,52	85,95

Table 3

3.3.3 Cash and cash equivalents

Cash and cash equivalents, in the Statement of Financial Position and Statement of Cash Flows, include cash on hand and banks, highly liquid investments easily convertible to a determined amount of cash and subject to an insignificant risk of changes in its value, with a maturity of

three months or less, from the date of purchase. These items are initially recognized at historical cost, and are restated, to be recognized at its fair value, at the date of each annual accounting period.

3.3.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and, simultaneously, to a financial liability or equity instrument of another entity. Financial assets and liabilities are initially recognized at fair value, plus (minus) the transaction costs directly attributable, except for those who are subsequently measured at fair value.

At initial recognition, Grupo Nutresa classifies its financial assets for subsequent measurement, at amortized cost or fair value, depending on Grupo Nutresa's business model for the administration of financial assets, and the characteristics of the contractual cash flows of the instrument; or as derivatives designated as hedging instruments, in an effective hedge, accordingly.

(i) Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest rate, if the asset is held within a business model whose objective is to keep the contractual cash flows, and the contractual terms of the same grants, on specific dates, cash flows that are solely for payments of principal and interest, on the value of outstanding capital. The carrying amount of these assets is adjusted by any estimate of expected and recognized credit loss. Income from interest of these financial assets is included in "interest and similar income", using the effective interest rate method.

Grupo Nutresa has determined that the business model for accounts receivable is to receive the contractual cash flows, which is why they are included in this category, the Group evaluates whether the cash flows of the financial instruments represent only capital and interest payments. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic loan agreement. That is, the interest includes only the consideration for the value of money over time, credit risk, other basic credit risks, and a profit margin consistent with a basic loan agreement. When the contractual terms introduce a risk, or volatility exposure, and are inconsistent with a basic loan agreement, the related financial asset is classified and measured at fair value, through profit or loss.

Accounts receivable, from sales are measured by the value of income, minus the value of the expected impairment losses, according to the model defined by the Group. These accounts receivables are recognized, when all the risks and benefits are transferred to the third party.

(ii) Financial assets measured at fair value with changes in other comprehensive income

The financial assets, held for the collection of contractual cash flows and for sales of the assets, where the cash flows of the assets represent only payments of principal and interest, and which are not designated at fair value, through profit or loss, are measured at fair value with changes in other comprehensive income.

For investments in equity instruments, that are not held for trading purposes, Grupo Nutresa chooses to irrevocably present gains or losses, from fair value measurement, in other comprehensive income. In the disposal of investments, at fair value, through other comprehensive income, the accumulated value of gains or losses is transferred directly to retained earnings and is not reclassified to profit or loss. Dividends received in cash, from these investments, are recognized in profit or loss for the period.

The fair values of share price investments are based on the valid quoted prices. If the market for a financial instrument is not active (or the instrument is not quoted on a stock exchange), the Group establishes its fair value using valuation techniques. These techniques include the use of the values observed in recent transactions, realized under the terms of free competition, the reference to other instruments that are substantially similar, analyses of discounted cash flows, and option models, making maximum use of market information, and giving the lesser degree of confidence possible, in internal information specific to the entity.

(iii) Financial assets measured at fair value

The financial assets, different from those measured at amortized cost or at fair value, with changes in other comprehensive income, are subsequently measured at fair value, with changes recognized in profit and loss. A loss or gain on a debt instrument, that is subsequently measured at fair value, through profit or loss and is not part of a hedging relationship, is recognized in the Income Statement, for the period in which it arises, unless it arises from instruments of debt that were designated at fair value, or that are not held for trading.

(iv) Impairment of financial assets at amortized cost

The Group evaluates, in a prospective manner, the expected credit losses associated with the debt instruments, recorded at amortized cost and at fair value, through changes in other comprehensive income, as well as with the exposure derived from loan commitments and financial guarantee contracts. The Group recognizes a provision for losses, at each presentation date. The measurement of the expected credit losses reflects:

- An unbiased and weighted probability quantity, that is determined by evaluating a range of possible outcomes;
- The value of money in time; and
- Reasonable and supported information, available without incurring undue costs or efforts, on the filing date, regarding past events, current conditions, and future economic condition forecasts.

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(v) Derecognition

A financial asset, or a part of it, is derecognized, from the Statement of Financial Position, when it is sold, transferred, expires, or Grupo Nutresa loses control over the contractual rights or the cash flows of the instrument. A financial liability, or a portion of it, is derecognized from the Statement of Financial Position, when the contractual obligation has been settled, or has expired. When an existing financial liability is replaced by another, from the same counterparty, on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, and the recognition of a new liability, and the difference, in the respective book value, is recognized in the Comprehensive Income Statement.

(vi) Modification

In some circumstances, the renegotiation, or modification of the contractual cash flows, of a financial asset, may lead to the derecognition of an existing financial asset. When the modification of a financial asset results in the derecognition of an existing financial asset, and the subsequent recognition of a modified financial asset, it is considered a new financial asset. Accordingly, the date of the modification will be treated as the date of initial recognition, of that financial asset.

(vii) Financial liabilities

Financial liabilities are subsequently measured at amortized cost, using the effective interest rate. Financial liabilities include balances with suppliers and accounts payable, financial obligations, and other derivative financial liabilities. This category also includes those derivative financial instruments, taken by the Group, that are not designated as hedging instruments, in effective hedging.

Financial obligations are classified as such, for obligations that are obtained by resources, be it from credit institutions or other financial institutions, in the country or abroad.

Financial liabilities are written-off in accounts when they are canceled, that is, when the obligation specified in the contract is met, canceled, or expires.

(viii) Off-setting financial instruments

Financial assets and financial liabilities are offset, so that the net value is reported on the Statement of Financial Position of the Consolidated, only if (i) there is, at present, a legally enforceable right to offset the amounts recognized, and (ii) there is an intention to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

(ix) Derivative instruments and hedge accounts

A financial derivative is a financial instrument, whose value changes, in response to changes in an observable market variable, (such as an interest rate, foreign exchange, the price of a financial instrument, or a market index, including credit ratings), and whose initial investment is very small compared to other financial instruments with similar changes, in response to market conditions, and are generally settled at a future date.

In the normal course of business, companies engage in transactions with derivative financial instruments, with the sole purpose of reducing its exposure to fluctuations in exchange rates, and interest rates on foreign currency obligations. These instruments include, among others, swaps, forwards, options, and futures over commodities traded for own-use.

Derivatives are classified, under the category of financial assets or liabilities, according to, the nature of the derivative, and are measured at fair value on the Income Statement, except those that are designated as hedging instruments.

Commodities contracts, with the purpose of receipt or delivery a non-financial item, in accordance with the purchase, sale, or usage requirements, expected by the entity, are considered "derivatives for own-use", and the impact is recognized as part of cost of the inventory.

Grupo Nutresa designates and documents certain derivatives as hedging instruments, to cover:

- Changes in the fair value of recognized assets and liabilities or in firm commitments (fair value hedges)
- Exposure to variations in cash flows of highly probable forecast transactions (cash flow hedges); and
- Hedges of net investments in foreign operations

The Group expects that the hedges are highly effective in offsetting the changes in fair value or variations of cash flows. The Group continuously evaluates the coverage, at least quarterly, to determine that they have actually been highly effective throughout the periods for which they were designated.

3.3.5 Inventories

Assets, held for sale in the ordinary course of business, or in the process of production for such a sale, or in the form of materials or supplies to be consumed in the production process, or services provided, are classified as inventory.

Inventories are valued at the lesser of, acquisition or manufacturing cost, or the net realizable value. Cost is determined using *the Average Cost Method*. The net realizable value is the estimated selling price of inventory. In the ordinary course of operations, less the applicable variable sales expenses. When the net realizable value is below the book value, the value of the impairment is recognized, as an adjustment in the Income Statement, decreasing the value of the inventory.

Inventories are valued using *the weighted average method* and the cost includes the costs directly related to the acquisition and those incurred to give them their current condition and location. The cost of finished goods and work in progress is comprised of: raw materials, direct labor, other direct costs, and indirect manufacturing expenses.

Trade discounts, rebates, and other similar items are deducted from the acquisition cost of inventory.

In the case of commodities, the cost of the inventory includes any gain or loss, on the hedging of raw material procurement.

3.3.6 Biological assets

Biological assets held by Grupo Nutresa are measured from initial recognition at the fair value, less expenses to realize the sale. The changes are recognized in the Income Statement, for the period. Agricultural products, coming from biological assets, are measured at fair value less costs to sell at the time of collection or harvest when they are transferred to inventory.

When fair value cannot be reliably measured, it is measured at cost, and the existence of impairment indicators permanently assessed.

3.3.7 Property, plant and equipment

Property, plant and equipment includes the value of land, buildings, furniture, vehicles, machinery and equipment, computer hardware, and other facilities owned by the consolidated entities, which are used in the normal operation of the segment's Group.

Property, plant and equipment are measured at cost, net of accumulated depreciation, and accumulated impairment losses, if any. The cost includes: the acquisition price, costs directly related to the location of assets in place, and the necessary conditions to operate in the manner intended by Grupo Nutresa, the cost, from loans, for construction projects, that take a period of a year or more to be completed, if the conditions for approval are met, and the present value of the expected cost for the decommissioning of the asset after its use, if the recognition criteria for a provision, are met.

Trade discounts, rebates, and other similar items are deducted from the acquisition cost of the asset.

For significant components of property, plant and equipment, that must be replaced periodically, the Group derecognizes the replaced component and recognizes the new component as an asset, with a corresponding specific useful life, and depreciates it, accordingly. Likewise, when major maintenance is performed, its cost is recognized as a replacement of the book value of the asset, to the extent that the requirements for recognition are met. All other routine repair and maintenance expenses are recognized in results, as they are incurred.

Substantial improvements on properties of third parties are recognized as part of Grupo Nutresa's fixed assets, and are depreciated for the shortest period, between the useful life of the improvements made or the lease term.

Depreciation begins when the asset is available for use, and is calculated on a straight-line basis over the estimated asset life, as follows:

Buildings	20 to 60 years
Machinery and production equipment ^(*)	10 to 40 years
Minor equipment – operating	2 to 10 years
Transport equipment	3 to 10 years
Communication and computer equipment	3 to 10 years
Furniture, fixtures, and office equipment	5 to 10 years

Table 4

(*) Some of the machinery, related to production, is depreciated using the *Hours Produced Method*, according to the most appropriate manner, in which the consumption of the economic benefits of the asset, is reflected.

The residual values, useful lives, and depreciation methods are reviewed at each year-end, and are adjusted prospectively, if required. The factors that can influence the adjustment are changes in the use of the asset, unexpected significant wear, technological advances, changes in market prices, et al.

A component of property, plant and equipment, or any substantial part of it, initially recognized, is derecognized upon sale or when no future economic benefit from its use or its sale is expected. Any gain or loss, at the time of derecognizing the asset, (calculated as the difference between the net income from the sale and the book value of the asset), is included in the Income Statement, for the period.

At each accounting close, Grupo Nutresa evaluates its assets, to identify indicators, both external and internal, of reductions of its recoverable values. If there is evidence of impairment, property, plant and equipment is tested, to assess whether their book values are fully recoverable. In accordance with IAS 36 "Impairment of Assets", losses due to a reduction in the recoverable value are recognized for the amount at which the book value of the asset, (or group of assets), exceeds its recoverable value (the greater between its fair value minus the disposal costs and their value in use), and is recognized in the Income Statement for the period, as impairment of other assets.

When the book value exceeds the recoverable value, the book value is adjusted to its recoverable value, modifying the future depreciation, in accordance with its new remaining useful life.

Plantations in development: are live Plants that: are used in the elaboration or supply of agricultural products, are expected to produce for more than one period, and have a remote probability of being sold as agricultural products, except for incidental sales of thinning and pruning.

3.3.8 Right-of-use assets and liabilities

A lease is an agreement whereby a lessor assigns to a lessee, in return for a payment or series of payments, the right to use an asset for a specified period.

The Group is the lessor and lessee of various properties, equipment and vehicles. Leases are generally for fixed periods of 1 to 15 years but may have options to extend. The lease terms are negotiated individually and contain a wide range of different terms and conditions.

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The extension and termination options included in the Group's leases are used to maximize operational flexibility in terms of contract management. Most extension and termination options held are exercisable simultaneously by the Group and the respective counterparty.

Tenant accounting

Leases are recognized as a right of use asset and a corresponding liability on the date on which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the income statement over the lease period to produce a constant periodic interest rate on the remaining balance of the liability for each period. The right-to-use asset is depreciated over the shorter of the asset's useful life and the straight-line lease term.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including substantial fixed payments), less any incentive to lease receivables,
- Variable lease payment based on an index or rate,
- Amounts expected to be paid by the tenant under residual value guarantees,
- The exercise price of a call option if the lessee is reasonably sure of exercising that option, and
- Penalty payments for terminating the lease, if the condition of the lease reflects that the tenant exercised that option.

Lease payments are discounted using a discount rate, which is calculated using the interest rate of each country, considering the duration of the contract and the type of asset.

Rights-of-use assets are measured at cost and comprise the following:

- The amount of the initial measurement of the lease liability,
- Any lease payment made on or before the start date,
- Any direct initial costs, and
- Dismantling and restoration costs

Payments associated with short-term leases and low-value asset leases are recognized on a straight-line basis as an expense in the statement of income. Short-term leases have a term of 12 months or less. Low value assets include computer equipment and small office furniture items.

The average periods of amortization for right-of-use assets are, as follows:

Buildings	7 to 15 years
Machinery	3 to 4 years
Transportation equipment	5 to 10 years

Table 5

The effects of the implementation of the standard should be seen in notes 11, 15 and 18.

Lessor's Accounting

When assets are leased under a finance lease, the present value of future lease payments is recognized as an account receivable. The difference between the gross amount receivable and the present value of the account receivable is recognized as finance income.

The account receivable is amortized by allocating each royalty between finance income and capital amortization in each accounting period so that the recognition of finance income reflects a constant rate of return on the lessor's net investment in the finance lease in each period.

When assets are leased out under operating leases, the asset is included in the statement of financial position according to the nature of the asset. Income from operating leases is recognized over the term of the lease on a straight-line basis.

3.3.9 Investment properties

Land and buildings, owned by Grupo Nutresa, are recognized as investment properties, in order to obtain an income or goodwill, rather being maintained for use or sale, in the ordinary course of operations.

Investment properties are initially measured at cost. The acquisition cost of an investment property includes its purchase price and any directly attributable expenditure. The cost of a self-constructed investment property is its cost at the date when the construction or development is complete.

After initial recognition, investment properties are measured at net cost of accumulated depreciation and loss accumulated impairment losses, if any.

Depreciation is calculated linearly over the asset's useful lives, estimated between 20 and 60 years. Residual values and useful lives are reviewed and adjusted prospectively, at year-end, or when required.

Investment properties are written-off, either at the time of disposal, or when it is removed permanently from use and no future economic benefit is expected. The difference between the net disposal and the book value of the assets is recognized in income for the period in which it was derecognized.

Transfers to or from investment properties are made only when there is a change in use. In the case of a transfer from investment property, to property, plant and equipment, the cost, considered in subsequent accounting, is the book value at the date of change of use.

3.3.10 Intangible assets

An intangible asset is an identifiable asset, non-monetary, and without physical substance. Intangible assets acquired separately are initially measured at cost. The cost of intangible assets, acquired in business combinations, is its fair value, at the date of acquisition. After initial recognition, intangible assets are accounted for at cost less any accumulated amortization and any accumulated impairment losses in value.

The useful lives of intangible assets are determined as finite or indefinite. Intangible assets with finite useful lives are amortized over their useful life, linearly, and are assessed to determine whether they had any impairment, whenever there are indications that the intangible asset might have suffered such impairment. The amortization period and *the Amortization Method*, for an intangible asset with a finite useful life, is reviewed at least at the close of each period. Changes in the expected useful life or the expected pattern of consumption of the future economic benefits of the asset, are accounted for at the change of the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization expenses of intangible assets, with finite useful lives, are recognized in the Comprehensive Income Statement for the period. The useful life of an intangible asset with a finite life is between 3 and 99 years.

Intangible assets, with indefinite useful lives, are not amortized, but are tested annually to determine if they have suffered impairment, either individually, or at the level of the cash-generating unit. The assessment of indefinite life is reviewed annually, to determine whether the assessment remains valid. If not, the change in useful life from indefinite to finite is made prospectively against the results for the period.

Gains or losses, that arise when an intangible asset is written-off, are measured as the difference between the value obtained in the disposal, and the book value of the asset, and is recognized in profit and loss.

Research and development costs

Research costs are expensed as they are incurred. The expenditures, related to the development, in an individual project, are recognized as intangible assets, when the Grupo Nutresa can demonstrate:

- The technical feasibility of completing the intangible asset so that it is available for use or sale;
- Its intention to complete the asset and its capacity to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to reliably measure the expenditure during development.

In the Statement of Financial Position, assets, arising from development expenditures, are stated at cost less accumulated amortization and accumulated impairment losses.

Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future economic benefit. During the development period, the asset is subject to annual impairment tests, to determine if loss of value exists.

Research costs and development costs, not eligible for capitalization, are accounted as expenses, in profit and loss, for the period.

3.3.11 Impairment of non-financial assets, cash-generating units, and goodwill

Grupo Nutresa assesses if there is any indication that an asset, or cash-generating unit may be impaired in value, and estimates the recoverable amount of the asset or cash-generating unit, at the moment that an indication of impairment is detected, or annually (at December 31st), for goodwill, intangible assets with indefinite useful lives, and those not yet in use.

Grupo Nutresa uses its judgment, in the determination of the Cash-Generating Units (CGUs), for the purposes of impairment testing, and has defined as CGUs, those legally constituted entities, dedicated to production, assigning each one of those net assets of the legally constituted entities, dedicated to the provision of services to the producing units (in a transversal or individual way). The assessment of the impairment is realized, at the level of the CGU, or Group of CGUs, that contains the asset to be assessed.

The recoverable value of an asset is the greater of the fair value, less costs to sell, either an asset or a cash-generating unit, and its value in use, and is determined for an individual asset, unless the asset does not generate cash flows that are substantially independent of other assets or groups of assets. In this case, the asset must be grouped to a cash-generating unit. When the book value of an asset or cash-generating unit, exceeds its recoverable amount, the asset is considered impaired and is reduced to its recoverable amount.

In calculating the value in use, or the fair value, the estimated future cash flows, whether of an asset or a cash-generating unit, are discounted to their present value, using a discount rate, which reflects market considerations of the value of money over time, as well as, the specific risks of the asset. For the application of fair value, disposal costs will be discounted.

The impairment losses of continuing operations are recognized in the Comprehensive Income Statement, for the period, in those expense categories that correspond to the function of the impaired asset. Impairment losses attributable to a cash-generating unit are initially allocated to goodwill and, once exhausted, the impairment losses are proportionally attributed to other non-current assets of the cash-generating unit, based upon the book value of each asset.

The impairment for goodwill is determined by assessing the recoverable amount of each CGU (or group of cash-generating units) related to the goodwill. The impairment losses related to goodwill cannot be reversed in future periods.

For assets in general, excluding goodwill, at each reporting date (at the close of each period), an assessment of whether there is any indication that impairment losses previously recognized value no longer exists or have decreased, is performed. If any such indication exists, Grupo

Nutresa estimates the recoverable amount of the asset or cash-generating unit. An impairment loss, previously recognized, is reversed only if there was a change in the assumptions used to determine the recoverable value of an asset, since the last time that the last impairment loss was recognized. The reversal is limited, so that the book value of the asset does not exceed its recoverable amount, nor does it exceed the book value that would have been determined, net of depreciation, if it had not recognized impairment loss, for the asset in previous years. Such a reversal is recognized in the Comprehensive Income Statement, for the period.

3.3.12 Taxes

This includes the value of mandatory general-nature taxation in favor of the State, by way of private closeouts, that are based on the taxes of the fiscal year and responsibility of each company, according to the tax norms of national and territorial governing entities, in each of the countries where Grupo Nutresa's subsidiaries operate.

a) Income tax

(i) Current

Assets and liabilities for income tax, for the period, are measured by the values expected to be recovered or paid to the taxation authorities. The expense for income tax is recognized under current tax, in accordance with the tax clearance, between taxable income and accounting profit and loss, and is impacted by the rate of income tax in the current year, in accordance with the provisions of the tax rules of each country. Taxes and tax norms or laws used to compute these values are those that are approved at the end of the reporting period, in the countries where Grupo Nutresa operates and generates taxable income. The current assets and liabilities, for income tax, are also offset, if related to the same taxation authority, and are intended to be settled at net value, or the asset realized, and liability settled, simultaneously.

(ii) Deferred

Deferred income tax is recognized, using *the liability method*, and is calculated on temporary differences between the taxable bases of assets and liabilities, and the book value. Deferred tax liabilities are generally recognized for all temporary tax differences imposed, and all of the deferred tax assets are recognized for all temporary deductible differences, future compensation of tax credits, and unused tax losses, to the extent that it is likely there will be availability of future tax profit, against which, they can be attributed. Deferred taxes are not subject to financial discount.

Deferred asset and liability taxes are not recognized, if a temporary difference arises from the initial recognition of an asset or liability, in a transaction that is not a business combination, and at the time of the transaction, it impacted neither the accounting profit nor taxable profit and loss; and in the case of deferred tax liability, arising from the initial recognition of goodwill.

Deferred tax liabilities, related to investments in associates, and interests in joint ventures, are not recognized when the timing of the reversal of temporary differences can be controlled, and it is probable that such differences will not reverse in the near future, and the deferred tax assets related to investments in associates, and interests in joint ventures, are recognized only to the extent that it is probable that the temporary differences will reverse in the near future and it is likely the availability of future tax profit, against which these deductible differences, will be charged. Deferred tax liabilities, related to goodwill, are recognized only to the extent that it is probable that the temporary differences will be reversed in the future.

The book value of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available for use, in part or in totality, or a part of the asset, from said tax. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it is probable that future taxable profit income is likely to allow for their recovery.

Assets and liabilities from deferred taxes are measured at the tax rates, that are expected to be applicable, in the period when the asset is realized, or the liability is settled, based on income tax rates and norms, that were approved at the date of filing, or whose approval will be nearing completion, by that date.

Deferred tax is recognized in profit and loss, except when relating to items not recognized in profit and loss, in which case will be presented in "other comprehensive income", or directly in equity.

3.3.13 Employee benefits

a) Short-terms benefits

These are, (other than termination benefits), benefits expected to be settled in its totality, before the end of the following twelve months, at the end of the annual period of which the services provided by employees, is reported. Short-term benefits are recognized to the extent that the employee renders the service, for the expected value to be paid.

b) Other long-term benefits

Long-term employee benefits, (that differ from post-employment benefits and termination benefits), that do not expire within twelve months after the end of the annual period in which the employee renders services, are remunerated, such as long-term benefits, the variable compensation system, and retroactive severance interest. The cost of long-term benefits is distributed over the time measured between the employee starting date, and the expected date of when the benefit is received. These benefits are projected to the payment date and are discounted with *the projected unit credit method*.

c) Pensions and other post-employment benefits

(i) Defined contribution plans

Contributions to defined contribution plans are recognized as expenses, in the Comprehensive Income Statement, for the period, on an accrual basis.

(ii) Defined benefit plans

Defined benefit plans are plans for post-employment benefits in which Grupo Nutresa has a legal or implicit obligation, of the payment of benefits. Subsidiary companies domiciled in Colombia, Ecuador, Mexico, and Peru, have actuarial liabilities, as required by law.

The cost of this benefit is determined by *the projected unit credit method*. The liability is measured annually, for the present value of expected future payments required to settle the obligations arising from services rendered by employees, in the current period and prior periods.

Updates of the liability, for actuarial gains and losses, are recognized in the Statement of Financial Position, against retained earnings through "other comprehensive income". These items will not be reclassified to profit and loss, in subsequent periods. The cost of past and present services, and net interest on the liability, is recognized in profit and loss, distributed among cost of sales and administrative expenses, sales and distribution, likewise as are gains and losses by reductions, in benefits and non-routine settlements.

Interest on the liability is calculated by applying the discount rate, on said liability.

Payments made to retirees are deducted from the amounts provisioned for this benefit.

d) Termination benefits

Termination benefits are provided for the period of employment termination, as a result of the Company's decision to terminate a contract of employment, before the normal retirement date; or the employee's decision to accept an offer of benefits in exchange for termination of an employment contract. Termination benefits are measured, in accordance with the provisions of the laws and the agreements, between Grupo Nutresa and the employee, at the time the decision to terminate the employment relationship with the employee, is officially released.

3.3.14 Provisions, contingent liabilities and assets

a) Provisions

Provisions are recognized when, as a result of, a past event, Grupo Nutresa has a present legal or implicit obligation to a settlement, and requires an outflow of resources, that are considered probable, and can be estimated with certainty.

In cases where Grupo Nutresa expects the provision to be reimbursed in whole, or in part, the reimbursement is recognized as a separate asset, only in cases where such reimbursement is virtually certain.

Provisions are measured at best estimate of the disbursement of the expenditure required to settle the present obligation. The expense relating to any provision is presented in the Comprehensive Income Statement, for the period, net of all reimbursement. The increase in the provision, due to the passage of time, is recognized as financial expense.

b) Contingent liabilities

Possible obligations, arising from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of Grupo Nutresa, or present obligations arising from past events, that are not likely, but there exists a possibility that an outflow of resources including economic benefits is required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability, are not recognized in the Statement of Financial Position and are instead, revealed as contingent liabilities.

c) Contingent assets

Possible assets, arising out of past events and whose existence will be confirmed only by the occurrence, or possibly by the non-occurrence of one or more uncertain future events, which are not entirely under the control Grupo Nutresa, are not recognized in the Statement of Financial Position, and are however, disclosed as contingent assets, when it is a probable occurrence. When the said contingent is certain, the asset and the associated income, are recognized for that period.

3.3.15 Revenue

Contract assets

A contract asset is the Group's right to receive a payment in exchange for goods or services that the Group has transferred to a customer, when that right is contingent upon something other than the passage of time (for example, billing or delivery of other elements, part of the contract). The Group perceives the contract assets, as current assets, since they are expected to be realized within the normal operating cycle.

The costs of contracts eligible for capitalization, as incremental costs, when obtaining a contract, are recognized as a contract asset. Contract subscription costs are capitalized when incurred if the Group expects to recover said costs. The costs of signing contracts constitute non-current assets, to the extent that it is expected to receive the economic benefits of said assets, in a period greater than twelve months. The contracts are amortized systematically and consistently, with the transfer to the customer of the services once the corresponding income has been recognized. The contract subscription costs capitalized are impaired, if the client withdraws, or if the book value of the asset exceeds the projection of the discounted cash flows that are related to the contract.

Contract liabilities

Contract liabilities constitute the Group's obligation to transfer goods or services to a customer, for which the Group has received a payment, from the end customer, or if the amount is past due.

Grupo Nutresa recognizes income from contracts with customers, based on the provisions established in IFRS 15:

- **Identification of contracts with customers:** a contract is defined as an agreement between two or more parties, which creates rights, and obligations, required, and establishes criteria that must be met for each contract.
- **Identification of performance obligations in the contract:** a performance obligation is a promise in a contract with a customer, for the transfer of a good or service.
- **Determination of the price of the transaction:** the transaction price is the amount of the consideration to which the Group expects to be entitled, in exchange for the transfer of the goods or services promised to a client, excluding amounts received, on behalf of third parties.
- **Distribute the transaction price between the performance obligations of the contract:** in a contract that has more than one performance obligation, Grupo Nutresa distributes the price of the transaction between the performance obligations in amounts that represent the amount of consideration that the Group expects to have the right to change to meet each performance obligation.
- **Recognition of income, when (or as) Grupo Nutresa fulfills a performance obligation.**

Grupo Nutresa meets its performance obligations at a specific point in time.

The income is measured based on the consideration specified in the contract, with the customer, and excludes the amounts received on behalf of third parties. The Group recognizes income when it transfers control over an asset. The income is presented net of value added tax (VAT), reimbursements, discounts, and after eliminating sales, within the Group.

The Group evaluates its income plans, based on specific criteria, in order to determine whether it acts as principal or agent.

Income is recognized, to the extent that the economic benefits are likely to flow to the Group, and if it is possible to reliably measure revenues and costs, if any.

The specific recognition criteria, listed below, must also be met for revenue to be recognized:

a) Sale of goods

Revenue, from the sale of goods, is recognized when the control over the products has been transferred.

b) Services rendered

Revenue from providing services is recognized when these services are rendered, or according to the degree of completion (or percentage of completion) of contracts.

c) Customer loyalty

The Group awards points to its customers for purchases, under the loyalty plan program, which can be redeemed in the future, for prizes such as household products, travel, snacks, home decoration, and discounts, among others. The points are measured, at their fair value, which corresponds to the value of the point perceived by the client, considering the different redemption strategies. The fair value of the point is calculated at the end of each accounting period. The obligation to provide these points is recorded in liabilities, as a deferred income, and corresponds to the portion of benefits pending redemption, valued at their fair value.

3.3.16 Production expenses

Indirect production costs that do not contribute to move inventories to their present location and condition, and that are not necessary for the production process, are recorded as production expenses.

3.3.17 Government grants

Government grants are recognized when there is reasonable assurance that they will be received and all conditions linked to them will be safely met. When the grant relates to an expense item, it is recognized as income on a systematic basis, over the periods in which related costs that are intended for compensation, are recognized as expense. When the grant relates to an asset, it is recorded as deferred income and is recognized as profit or loss, on a systematic basis, over the estimated useful life of the corresponding asset.

3.3.18 Fair Value

Fair value is the price that would be received in selling an asset, or paid to transfer a liability, in an orderly transaction, between independent market participants, at the measurement date.

Grupo Nutresa uses valuation techniques, which are appropriate under circumstances for which sufficient information is available to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair value is determined:

- Based on quoted prices in active markets for identical assets or liabilities that the Group can access at the measurement date (Level 1)
- Based on valuation techniques commonly used by market participants, using variables other than the quoted prices that are observable for the asset or liability, either directly or indirectly (Level 2)
- Based on internal discount cash flow techniques or other valuation models, using estimated variables by Grupo Nutresa for the unobservable asset or liability, in the absence of variables observed in the market (Level 3)

Judgments include data such as liquidity risk, credit risk, and volatility. Changes in assumptions about these factors could impact the reported fair value of financial instruments.

3.3.19 Operating segments

An operating segment is a component of Grupo Nutresa that: engages in business activities from which it may earn income from ordinary activities and incur costs and expenses, from which it has financial information, and whose operating results are regularly reviewed by the maximum authority in making operating decisions for Grupo Nutresa, The Board of Grupo Nutresa, to decide about the allocation of resources to segments, as well as, assess performance.

The financial information of the operating segments is prepared under the same accounting policies used in the preparation of the Consolidated Financial Statements of Grupo Nutresa.

For those operational segments that overreach the quantitative threshold of 10% of income, EBITDA, and operational income, as well as, the informational segments that are considered relevant for decision making by the Board of Directors. The other segments are grouped in categories called “other segments”.

3.3.20 Basic earnings per share

Basic earnings per share are calculated by dividing profit or loss, for the period that is attributable to holders of ordinary shares, by the weighted average number of ordinary shares, outstanding.

The average number of shares outstanding, for the periods ended June 30th of 2020 and 2019, is 460.123.458.

To calculate diluted earnings per share, profit for the period, attributable to holders of ordinary shares, and the weighted average number of shares outstanding, for all the inherent dilutive potential ordinary shares, is adjusted.

3.3.21 Relative importance or materiality

Information is material or has relative importance, if it can, individually, or collectively, influence the economic decisions taken by users, based on the Financial Statements. Materiality depends on the size and nature of error or inaccuracy and is prosecuted depending on the circumstances in which they are produced. The magnitude or nature of the item, or a combination of both, could be the determining factor.

3.4 Changes in accounting policies

IFRIC 23 was issued in May 2017 and compiled in Decree 2270 of December 13, 2019. This interpretation clarifies how to apply the recognition and measurement requirements of IAS 12, when there is uncertainty regarding the treatment of income tax. In this circumstance, an entity recognizes and measures its asset or liability, for deferred or current taxes, by applying the requirements of IAS 12, on the basis of taxable profit (tax loss), tax bases, unused fiscal losses, unused tax credits, and tax rates determined by applying this interpretation.

Based on these criteria and judgements for determination and recognition, there are currently no uncertainties in the treatment of income taxes that would result in the recognition of uncertain tax positions in accordance with IFRIC 23.

Note 4. JUDGMENTS, ESTIMATES, AND SIGNIFICANT ACCOUNTING ASSUMPTIONS

The preparation of Grupo Nutresa's Consolidated Financial Statements requires that management must make judgments, accounting estimates, and assumptions that impact the amount of income and expenses, assets, and liabilities, and related disclosures, as well as, the disclosure of contingent liabilities, at the close of the reporting period. The Group bases its assumptions and estimates, considering all parameters available, at the time of preparation of these Consolidated Financial Statements. In this regard, the uncertainty of assumptions and estimates could impact future results that could require significant adjustments to the book amounts of the assets or liabilities impacted.

In applying Grupo Nutresa's accounting policies, Management has made the following judgments and estimates, which have significant impact on the amounts recognized in these Consolidated Financial Statements:

- Choose, appropriately, the models, and assumptions, for the measurement of the expected credit loss.
- Establish groups of similar financial assets, in order to measure the expected credit loss.
- Determination of the compliance time of performance obligations.
- Assessment of the existence of impairment indicators, for assets, goodwill, and asset valuation, to determine the existence of impairment losses (financial and non-financial assets)
- Assumptions used in the actuarial calculation of post-employment and long-term obligations with employees
- Useful life and residual values of property, plant and equipment and intangibles
- Suppositions used to calculate the fair value of financial instruments
- Determination of the existence of financial or operating leases, based on the transfer of risks and benefits of the leased assets
- Recoverability of deferred tax assets
- Determination of control, significant influence, or joint control over an investment

In the process of applying IFRS 16, the Group considered the following relevant judgements:

The Group's leasing activities and how they are accounted: for The Group leases various properties, equipment and vehicles. Leases are normally for periods of between 1 and 15 years. The lease conditions are negotiated individually and contain a wide range of different terms and conditions. The leases do not impose any covenants, but the leased assets cannot be used as collateral for loan purposes.

Variable lease payments: Some asset leases contain variable payment terms related to the income generated by the premises. Variable lease payments that depend on revenue are recognized in the income statement in the period in which the condition that triggers such payments occurs.

Lease extension and termination options: Extension and termination options are included in the Group's lease contracts. These conditions are used to maximize operational flexibility in terms of contract management. Most extension and termination options held are exercised by the Group and the lessor.

Lease terms: In determining the term of the lease, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. The assessment is reviewed if a significant event or significant change in circumstances occurs that affects this assessment.

Discount rate: The Group determined the discount rate based on the rate of its incremental indebtedness. The determination process considered the duration of the leases, the nature and quality of the collateral and the economic environments in which the Group operates. This rate is reviewed annually and adjusted when there are significant changes.

Dismantling provision: The provision is established taking into account the interventions that the Group must make on the real estate to leave it in the condition in which it was delivered and the contractual obligations with the lessor. The provision is reviewed and adjusted annually.

Note 5. OPERATING SEGMENTS

Grupo Nutresa's operating segments reflect its structure and how Management, in particular, the Board of Directors, evaluates the financial information for decision-making in operational matters. For the administration, businesses are assessed by combining geographic areas and types of products. The segments for which financial information are presented, as follows:

- **Cold Cuts:** Production and sale of processed meats (sausage, pepperoni, ham, bologna and burgers), matured meat (Serrano ham, Spanish chorizo, and salami), ready to eat meals, canned foods, and mushrooms
- **Biscuits:** the production and commercialization of sweet flavored cookies lines, with cr me and wafers, salty crackers, and snacks, and healthy and functional foods
- **Chocolate:** Production and sale of chocolate bars, chocolate (bars and milk modifiers), chocolate candies, snacks, cereal bars, and nuts
- **TMLUC:** Stands for Tresmontes Lucchetti, a business unit that produces and sells: instant cold drinks, pasta, coffee, snacks, edible oil, juices, soups, desserts, and teas
- **Coffee:** Production and marketing of roasted and ground coffee, instant coffee (powdered, granulated, and freeze-dried), and coffee extracts.
- **Retail Foods:** Formats established for direct sale to consumers, like restaurants and ice cream parlors, hamburger products, prepared meats, pizza, ice cream, and yogurt are offered.
- **Ice Cream:** This segment includes desserts, water and milk-based ice cream pops, cones, Ice cream by the liter, as well as ice cream cups and biscuits with ice cream
- **Pasta:** Produced and sold in Colombia, as short, long, egg, with vegetables, with butter, and instant pasta.

The Board of Directors monitors the operating results of the Business Units separately, for the purposes, of making decisions about allocating resources and assessing financial performance. The financial performance of the segments is evaluated, based on operating revenues and EBITDA generated, which are measured uniformly with the Consolidated Financial Statements. Financing operations, investment, and tax management are managed centrally, and are therefore, not allocated to operating segments.

The Management Reports, and the ones generated by accountancy of the Group, use the same policies, as described in the note of accounting criteria, and there are no differences, in totality, between the total measurements of results, with respect to the accounting policies applied.

Transactions between segments correspond mainly to sales of finished products, raw materials, and services. The sales price between segments corresponds to the cost of the product, plus a profit margin. These transactions are eliminated in the Consolidated Financial Statements.

Assets and liabilities are managed by the administration of each of the subsidiaries of Grupo Nutresa; no segment allocation is assigned.

There are no individual customers whose transactions represent more than 10% of Grupo Nutresa's income.

5.1 Operating income from contracts with clients:

Revenues are recognized once control has been transferred to the customer. Some goods are sold with discounts that are recognized at the moment when the income is invoiced, and others with the fulfillment of goals by the client. Revenue is recognized, net of these discounts. The Group's experience is used, to estimate and provide discounts, using the expected value method, and revenues are only recognized to the extent that it is highly likely that a significant reversal will not occur. A reimbursement liability (included in commercial accounts and other accounts payable) is recognized for the expected volume discounts, payable to customers in relationship to the sales realized, to the end of the reporting period. No element of financing is considered present, since sales are realized with a credit term that in some cases, can reach up to 90 days, which is consistent with the practice of the market. Grupo Nutresa does not recognize any guarantee, on the products it sells. During the First Semester of 2020 and 2019, the Group did not incur incremental costs, to obtain contracts with its customers, nor other costs associated with the execution of the contract.

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a) Income from ordinary activities, by segments

	Second Quarter						Accumulated to June 30 th					
	External clients		Inter-segments		Total		External clients		Inter-segments		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Biscuits	569.351	495.631	2.209	2.924	571.560	498.555	1.102.150	953.513	5.200	5.576	1.107.350	959.089
Cold Cuts	516.761	454.210	2.806	11.167	519.567	465.377	1.023.548	894.266	11.241	19.374	1.034.789	913.640
Chocolate	384.372	393.655	7.202	9.567	391.574	403.222	784.289	769.037	17.340	18.153	801.629	787.190
Coffee	412.780	281.576	1.200	4.109	413.980	285.685	793.443	533.014	4.610	4.300	798.053	537.314
TMLUC	315.050	279.912	1.010	538	316.060	280.450	576.129	538.363	2.001	1.641	578.130	540.004
Retail Food	104.961	200.459	23	-	104.984	200.459	294.218	386.425	74	-	294.292	386.425
Ice Cream	101.356	110.550	1.321	114	102.677	110.664	226.063	222.679	1.594	295	227.657	222.974
Pastas	106.883	85.847	200	87	107.083	85.934	201.887	163.099	330	1.350	202.217	164.449
Others	153.935	98.835	-	-	153.935	98.835	323.055	186.021	-	-	323.055	186.021
Total segments	2.665.449	2.400.675	15.971	28.506	2.681.420	2.429.181	5.324.782	4.646.417	42.390	50.689	5.367.172	4.697.106
Adjustments and eliminations					(15.971)	(28.506)					(42.390)	(50.689)
Consolidated					2.665.449	2.400.675					5.324.782	4.646.417

Table 6

b) Information by geographical locations

The breakdown of sales to external customers is herewith detailed, by primary geographical locations, where the Group operates, and is as follows:

	Second Quarter		Accumulated to June 30 th	
	2020	2019	2020	2019
Colombia	1.531.061	1.503.775	3.157.639	2.911.944
United States	356.485	207.266	663.793	395.908
Central America	277.273	234.051	551.781	456.633
Chile	215.074	189.444	407.524	379.028
Mexico	79.213	92.755	155.448	176.485
Dominican Republic and the Caribbean	42.421	47.965	87.931	87.622
Peru	53.804	48.729	93.902	89.907
Ecuador	40.397	36.816	73.724	66.655
Others	69.721	39.874	133.040	82.235
Total	2.665.449	2.400.675	5.324.782	4.646.417

Table 7

Sales information is realized with consideration of the geographical location of the end-user customer.

c) Information by type of product

Given that some segments are also categorized by geographical location, sales to external customers are presented by product category, as follows:

	Second Quarter		Accumulated to June 30 th	
	2020	2019	2020	2019
Foods	1.379.244	1.112.926	2.729.228	2.248.216
Beverages	764.898	586.017	1.398.371	1.109.776
Candy y snacks	337.949	405.511	751.548	806.170
Others	183.358	296.221	445.635	482.255
Total	2.665.449	2.400.675	5.324.782	4.646.417

Table 8

d) Calendar of recognition of revenue from ordinary activities:

Grupo Nutresa transfers the goods it sells, at a specific moment in time. It does not have performance obligations that are satisfied over time. The contracts that the Group has with its customers are short-term.

Condensed Consolidated Interim Financial Statements – (Unaudited)

Second Quarter

5.2 EBITDA

Second Quarter								
	Operating Profit		Depreciation and Amortization (Note 20)		Unrealized Exchange Differences from Operating Assets and Liabilities (Note 22)		EBITDA	
	2020	2019	2020	2019	2020	2019	2020	2019
Biscuits	76.366	66.776	15.194	13.542	(3.526)	(788)	88.034	79.530
Cold Cuts	61.038	38.644	16.169	14.162	(1.703)	(391)	75.504	52.415
Chocolate	48.554	42.815	11.777	12.042	(2.517)	(333)	57.814	54.524
Coffee	57.393	26.905	11.667	7.544	2.656	1.356	71.716	35.805
TMLUC	37.045	24.067	11.230	12.533	179	(275)	48.454	36.325
Retail Food	(30.030)	22.950	22.322	20.677	(57)	(24)	(7.765)	43.603
Ice Cream	8.638	4.181	7.326	7.795	(242)	(84)	15.722	11.892
Pastas	15.829	8.620	3.297	2.835	(695)	(158)	18.431	11.297
Others	5.370	203	3.815	3.329	(6.907)	(1.047)	2.278	2.485
Total segments	280.203	235.161	102.797	94.459	(12.812)	(1.744)	370.188	327.876

Table 9

Accumulated to June								
	Operating Profit		Depreciation and Amortization (Note 20)		Unrealized Exchange Differences from Operating Assets and Liabilities (Note 22)		EBITDA	
	2020	2019	2020	2019	2020	2019	2020	2019
Biscuits	131.892	118.826	30.194	25.826	(379)	(1.242)	161.707	143.410
Cold Cuts	121.823	83.199	30.261	28.046	(1.631)	(1.108)	150.453	110.137
Chocolate	90.743	94.131	24.010	23.755	869	(434)	115.622	117.452
Coffee	114.172	44.886	22.688	14.886	(1.199)	946	135.661	60.718
TMLUC	58.202	50.087	21.984	24.677	194	(252)	80.380	74.512
Retail Food	(21.017)	44.658	44.996	40.978	127	(68)	24.106	85.568
Ice Cream	22.945	12.262	13.907	15.751	(3)	(82)	36.849	27.931
Pastas	24.646	16.838	6.366	5.460	227	(212)	31.239	22.086
Others	(6.562)	437	10.612	6.548	6.255	(805)	10.305	6.180
Total segments	536.844	465.324	205.018	185.927	4.460	(3.257)	746.322	647.994

Table 10

Note 6. TRADE AND OTHER ACCOUNTS RECEIVABLES, NET

Trade and other accounts receivables, are as follows:

	June 2020	December 2019
Customers	1.141.508	1.134.929
Accounts receivable from employees	35.774	35.219
Accounts receivable from related parties	16.798	16.548
Loans to third-parties	1.225	573
Dividends receivable (Note 9)	52.299	15.373
Other accounts receivable	16.019	10.868
Impairment	(30.561)	(21.853)
Total trade and accounts receivable	1.233.062	1.191.657
Current portion	1.207.640	1.166.248
Non-current portion	25.422	25.409

Table 11

To ensure recovery of trade debts and other accounts receivable, “blank promissory notes” are constituted with letters of instruction, advances are solicited, bank guarantees, and, in some cases, collateral is requested. For loans to employees, mortgages, and pledges are constituted, and promissory notes are signed.

According to the Company's assessment of historical information and the portfolio analysis at June 30th of 2020, there is no objective evidence that overdue balances receivable, present material risks of impairment, that imply adjustments to the impairment recorded in the Financial Statements on those dates.

Note 7. BIOLOGICAL ASSETS

The following is a breakdown of biological assets:

	June 2020	December 2019
Biological assets – Cattle	42.429	44.554
Biological assets – Pig	54.990	48.378
Crops	3.283	3.700
Total	100.702	96.632

Table 12

The following are the amounts and principal locations of the biological assets:

	Quantities		Location
	June 2020	December 2019	
Biological assets – Cattle ⁽¹⁾	25.243 Uds.	27.971 Uds.	Antioquia, Cordoba, Cesar, Santander, Sucre and Caldas - Colombia
Biological assets – Pig ⁽¹⁾	107.690 Uds.	95.319 Uds.	Antioquia and Caldas - Colombia
	11.689 Uds.	11.008 Uds.	Provincia de Oeste - Panama
Crops			
Mushroom crops ⁽²⁾	41.080 mts ²	41.080 mts ²	Yarumal – Colombia

Table 13

- (1) Pork livestock farming, in Colombia, is realized through owned-farms, farms in participation, and leased farms; its production is used as raw material for the development of business products of the Cold Cuts Business.

Pigs and cattle, in Colombia, are measured at fair value, using as a reference, the market values, published by the National Association of Pig Farmers and livestock auctions at fairs, in each location; this measurement is at the Level 2 of the fair value hierarchy, of IFRS 13. At June 30th, 2020, the price per average kilo of the pig livestock used in the valuation was \$4.750^(*) (2019: \$5.894^(*)); for cattle a price per average kilo of \$4.503^(*) (December 2019: \$4.243^(*)) was used.

The value of pigs that are produced in Panama, increased in June 30th 2020, is \$7.551^(*) (December 2019: \$5.386^(*)), are measured upon initial recognition under the cost model, taking into account that there is no active market, in said country.

(*) In Colombian Pesos.

- (2) Mushroom crops are used by Setas Colombianas S.A., in its production processes, located in Yarumal, Colombia. It is measured under the cost model, considering that there is no active market for these crops, and that the productive cycle is short-term, close to 90 days.

Loss for the period, due to changes in fair value, minus the costs to sell of biological assets at June 30th, 2020 were \$5.276 (June 2019: \$1.539), and is included in the profit and loss, in operating income.

At the end of the reporting period, and the comparative period, there are no restrictions on the ownership of the Group's biological assets, nor significant contractual commitments, for its development or acquisition, and have not been pledged, as collateral for debt compliance.

Note 8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures are as follows:

	Country	% part.	Book Value	
			June 2020	December 2019
Associates				
Bimbo de Colombia S. A.	Colombia	40%	136.696	139.121
Dan Kaffé Sdn. Bhd	Malaysia	44%	34.748	31.291
Estrella Andina S. A. S.	Colombia	30%	11.114	10.924
Wellness Food Company S. A. S.	Colombia	20%	607	613
Joint ventures				
Oriental Coffee Alliance Sdn. Bhd	Malaysia	50%	12.184	11.411
Total associates and joint ventures			195.349	193.360

Table 14

			Accumulated to June				
			2020		2019		
	Country	% part.	Share of Profit and Loss for the Period	Share of Other Comprehensive Income	Dividends received	Share of Profit and Loss for the Period	Share of Other Comprehensive Income
Associates							
Bimbo de Colombia S. A.	Colombia	40%	(3.820)	1.395	-	27	340
Dan Kaffe Sdn. Bhd	Malasia	44%	388	3.069	(643)	647	(400)
Estrella Andina S. A. S.	Colombia	30%	(2.103)	-	-	(966)	-
Wellness Food Company S. A. S.	Colombia	20%	(6)	-	-	-	-
Joint ventures							
Oriental Coffee Alliance Sdn. Bhd	Malasia	50%	(227)	1.000	-	(608)	(151)
Total associates and joint ventures			(5.768)	5.464	(643)	(900)	(211)

Table 15

			Second Quarter				
			2020		2019		
	Country	% part.	Share of Profit and Loss for the Period	Share of Other Comprehensive Income	Dividends received	Share of Profit and Loss for the Period	Share of Other Comprehensive Income
Associates							
Bimbo de Colombia S. A.	Colombia	40%	1.304	434	-	66	172
Dan Kaffe Sdn. Bhd.	Malasia	44%	325	(2.552)	(643)	244	780
Estrella Andina S. A. S.	Colombia	30%	(1.001)	-	-	(592)	-
Wellness Food Company S. A. S.	Colombia	20%	6	-	-	-	-
Joint ventures							
Oriental Coffee Alliance Sdn. Bhd.	Malasia	50%	(86)	(821)	-	(241)	270
Total associates and joint ventures			548	(2.939)	(643)	(523)	1.222

Table 16

Bimbo de Colombia S.A. is a company domiciled in Tenjo, Colombia, dedicated primarily to the manufacturing of baked goods.

Dan Kaffe Sdn. Bhd. is a company domiciled in Johor Bahru, Malaysia, dedicated to the production of frozen coffee extract and dry instant coffee. It is a strategic partner for the coffee business, due to their high production standards, ideal location, and growth potential, as it allows for combination of the world-class Colcafé, soluble coffee experience, and with deep knowledge of the Japanese partner of the Asian market, the flavor, ingredients, and advanced technologies, provisioning capabilities of pending raw materials, and widespread commercial network, throughout the region.

Estrella Andina S.A.S. is a simplified joint stock company domiciled in Bogota, Colombia, engaged in the marketing of ready-made meals in coffee shops.

Oriental Coffee Alliance Sdn. Bhd. is a company domiciled in Kuala Lumpur, Malaysia, dedicated to the sale of Dan Kaffe Malaysia (DKM) products, as well as some Colcafé products and part of the Group, in Asia. This partnership with the Mitsubishi Corporation, allows Grupo Nutresa to advance their initially set objectives, with the acquisition of DKM, to expand its role in the global coffee industry, diversify production, and the origin of its soluble coffee, and break into the rapid growth market of coffee in Asia.

Wellness Food Company S.A.S. is a simplified joint stock company domiciled in Itagui, Colombia, dedicated mainly to the elaboration of dairy products and other types of prepared foods.

The movements of the book value of the investments in associates and joint ventures, are as follows:

	2020	2019
Opening balance at January 1st	193.360	192.795
Increase of contributions ⁽¹⁾	2.293	2.730
Dividends received ⁽²⁾	-	(643)
Participation in profit and loss, for the period	(5.768)	(900)
Participation in other comprehensive income	5.464	(211)
Balance at June 30th	195.349	193.771

Table 17

- (1) In June 2020, Estrella Andina S. A. S.'s capital was increased in which Grupo Nutresa invested \$2.293, without generating changes in the percentage of participation, which was paid in full. In June 2019, Grupo Nutresa invested \$630 in Wellness Food Company S.A.S. In February 2019, Estrella Andina S. A. S.'s capital was increased, in which Grupo Nutresa invested \$2,100, without generating changes in the percentage of participation, which was paid in full.
- (2) At June 30th, 2020 no dividends were received from these investments. In 2019, \$643 was received as dividends from the associated Dan Kaffe Sdn. Bhd.

Neither of the associates nor joint ventures maintained by the Group is listed on a stock market; therefore, there is no comparable quoted market price for the investment.

Note 9. OTHER NON-CURRENT FINANCIAL ASSETS

Grupo Nutresa classifies portfolio investments that are not held for trading, as equity investments measured at fair value, through “other comprehensive income”.

The results for the period include income from dividends on said instruments, and are recognized, by Nutresa, on the date that the right to receive future payments is established, which is the date of declaration of dividends by the issuing Company. The “other comprehensive income” includes changes in the fair value of these financial instruments.

The breakdown of financial instruments, is as follows:

Book Value	Number of Shares Held	Participation as % in Total Ordinary Shares	June 2020	December 2019
Grupo de Inversiones Suramericana S. A.	61.021.436	13,01%	1.137.440	2.074.729
Grupo Argos S. A.	79.804.628	12,36%	790.065	1.420.522
Other companies			18.624	16.517
Total:			1.946.129	3.511.768

Table 18

	Second Quarter				Accumulated to June 30th			
	2020		2019		2020		2019	
	Dividend Income	Profit on Fair Value Measurement	Dividend Income	Loss on Fair Value Measurement	Dividend Income	Profit on Fair Value Measurement	Dividend Income	Loss on Fair Value Measurement
Grupo de Inversiones Suramericana S. A.	3.112	(84.209)	-	(154.994)	38.687	(937.289)	33.562	120.975
Grupo Argos S. A.	-	(193.128)	-	(63.844)	30.007	(630.457)	27.931	31.922
Other companies ⁽⁹⁾	-	-	10	-	-	-	10	-
	3.112	(277.337)	10	(218.838)	68.694	(1.567.746)	61.503	152.897

Table 19

The value of the dividend per share declared for 2020 by Grupo de Inversiones Suramericana S. A. was \$583 (pesos) per share, payable quarterly in the amount of \$145.75 and an extraordinary dividend paid in cash of \$52 per share in one quota in July 1st, 2020. Grupo Argos S. A. declared a dividend of \$376 pesos per share, payable quarterly in the amount of \$94.

For 2019 the annual value per share was \$350 pesos (\$87.50 pesos quarterly) for Grupo Argos S. A. and \$550 pesos (\$137.50 pesos quarterly) for Grupo de Inversiones Suramericana S. A.

The dividend income recognized as of June 2020 for portfolio investments corresponds primarily to the total annual dividend declared by the issuers, and therefore similar income is expected for the remainder of the year.

The dividends income recognized in the second quarter of 2020 corresponds to the extraordinary dividend of \$3.112 decreed by Grupo de inversiones Suramericana S. A. El ingreso por dividendos reconocido en el segundo trimestre de 2020 corresponde al dividendo extraordinario decretado por Grupo de inversiones Suramericana S. A. por \$3.112.

As of June 30, 2020, \$52.299 (December 2019: \$15.373) is pending receipt of dividends from financial instruments.

In January 2019, 365.114 shares of equity instruments of Grupo de Inversiones Suramericana S. A. were sold for \$11.880.

Dividends received generated an effect on cash flow at June 30, 2020 of \$31.769 (2019: \$29.880).

At June 30th, 2020 and December 31st, 2019 there were pledges on 26.686.846 shares of Grupo de Inversiones Suramericana S.A. in favor of financial entities in Colombia as security for obligations assumed by Grupo Nutresa and its subsidiaries.

Measurement at fair value

The fair value of shares traded and that are classified as high trading volume is determined based on the price quoted on the Colombian Stock Exchange; this measurement is in the Hierarchy 1, established by IFRS 13 for measuring fair value. This category includes investments held by Grupo Nutresa in Grupo de Inversiones Suramericana S.A. and Grupo Argos S.A. This measurement is realized monthly and as of June 30th, 2020 generated losses of \$1.567.746 (December 2019: gain of \$186,697 and June 2019: gain of \$152.897), recognized in the other comprehensive income. In the case of other investments, when their book value is material, the measurement is made annually using valuation techniques recognized and accepted under IFRS 13.

The following is the value per share, used in the valuation of investments listed on the Colombian Stock Exchange:

Price per share (in pesos)	June 2020	December 2019
Grupo de Inversiones Suramericana S. A.	18.640	34.000
Grupo Argos S. A.	9.900	17.800

Table 20

Investments in other companies classified in this category are measured at fair value on a non-recurrent basis, only when a market value is available. The Company considers omission of recurrent measurement of these investments is immaterial for the presentation of Grupo Nutresa's Financial Statements. Investments in other companies classified in this category are measured at fair value, on a non-recurring basis, only when a market value is available. The Company considers this omission of the recurrent measurement of these investments to be immaterial for the presentation of the financial statements of Grupo Nutresa.

There have been no changes in the fair value hierarchy for the measurement of these investments, nor have there been changes in the valuation techniques used.

Note 10. PROPERTY, PLANT AND EQUIPMENT, NET

The movement of property, plant and equipment occurring during the period, is as follows:

	Land	Buildings	Machinery and Production Equipment	Transportation Equipment	Computer Equipment	Office Equipment	Leasehold Improvements	Assets in Progress	Plantations in development ^(*)	Total
Cost	783.133	930.254	2.861.144	30.989	48.272	56.996	167.413	172.865	12.872	5.063.938
Depreciation and/or impairment	(340)	(243.616)	(1.258.026)	(21.047)	(32.482)	(38.361)	(70.009)	-	-	(1.663.881)
Balance at January 1st, 2020	782.793	686.638	1.603.118	9.942	15.790	18.635	97.404	172.865	12.872	3.400.057
Acquisitions	-	630	7.290	375	1.373	318	6.123	78.818	-	94.927
Depreciation	-	-	(1.075)	(38)	(1)	(10)	(187)	-	-	(1.311)
Impairment	-	(17.551)	(98.367)	(2.087)	(3.376)	(2.820)	(10.471)	-	-	(134.672)
Transfers	34.227	12.368	52.154	181	(825)	952	219	(100.943)	-	(1.667)
Currency translation impact	14.653	15.773	46.119	956	378	821	1.795	2.858	-	83.353
Capitalization and consumption	-	-	-	-	-	-	-	-	445	445
Cost	832.063	969.739	3.000.737	34.413	49.298	61.179	176.260	153.598	13.317	5.290.604
Depreciation and/or impairment	(390)	(271.881)	(1.391.498)	(25.084)	(35.959)	(43.283)	(81.377)	-	-	(1.849.472)
Balance at June 30th, 2020	831.673	697.858	1.609.239	9.329	13.339	17.896	94.883	153.598	13.317	3.441.132
Cost	786.484	929.129	2.630.897	26.697	43.347	61.115	145.627	134.808	11.943	4.770.047
Depreciation and/or impairment	(337)	(211.256)	(1.044.339)	(17.615)	(27.578)	(39.962)	(52.596)	-	-	(1.393.683)
Balance at January 1st, 2019	786.147	717.873	1.586.558	9.082	15.769	21.153	93.031	134.808	11.943	3.376.364
Acquisitions	-	-	2.919	3.126	779	237	4.399	52.598	-	64.058
Disposals	(38)	(1.815)	(956)	(51)	(18)	(11)	-	(190)	-	(3.079)
Depreciation	-	(16.858)	(92.388)	(1.884)	(2.466)	(2.984)	(8.228)	-	-	(124.808)
Transfers	-	610	58.230	865	424	428	543	(61.100)	-	-
Currency translation impact	2.342	1.758	2.186	3	(1)	211	18	605	-	7.122
Capitalization and consumption	-	-	-	-	-	-	-	-	1.159	1.159
Cost	788.784	929.311	2.692.448	30.293	44.506	62.134	150.315	126.721	13.102	4.837.614
Depreciation and/or impairment	(333)	(227.743)	(1.135.899)	(19.152)	(30.019)	(43.100)	(60.552)	-	-	(1.516.798)
Balance at June 30th, 2019	788.451	701.568	1.556.549	11.141	14.487	19.034	89.763	126.721	13.102	3.320.816

Table 21

(*) Our own cocoa plantations are experimental and aim to promote the development of cocoa crops, through agroforestry systems (cocoa - timber), with the Country's farmers.

Currently, there is a sowed area about of 170 hectares, of a project that will reach approximately 200 cultivated hectares by 2022. The plant achieves its maximum production at approximately 7 years, with two crops per year, and an expected useful life of 25 years. The Group's Management established that the project has not reached its optimum level of operation and fine-tuning, with which, in December 2017, the Company applied the amendment to IAS 41 Agriculture and IAS 16 Property, plant and equipment, which gives the production plants the treatment of property, plant and equipment. As part of this change in accounting policies, the value of Property, Plant and Equipment, corresponding to the historical costs of the plantations, at the time of reclassification, was transferred.

As of June 30th, 2020, and December 31st, 2019 there is no property, plant and equipment under warranty.

Note 11. RIGHT-OF-USE ASSETS

The movement of right-of-use assets, is as follows:

	Buildings	Transportation equipment	Machinery and Production Equipment	Total
Balance at January 1 st , 2020	814.953	46.557	17.042	878.552
New contracts ^(*)	19.848	2.552	2.772	25.172
Disposals	(1.813)	(544)	49	(2.308)
Depreciation	(48.281)	(8.686)	(4.947)	(61.914)
Exchange translation impact	15.090	(25)	505	15.570
Balance at June 30 th , 2019	799.797	39.854	15.421	855.072

	Buildings	Transportation equipment	Machinery and Production Equipment	Total
First-time Adoption	879.549	56.377	20.757	956.683
Balance at January 1 st , 2019	879.549	56.377	20.757	956.683
New contracts ^(*)	8.214	3.115	2.683	14.012
Disposals	(837)	(255)	(147)	(1.239)
Depreciation	(44.669)	(8.659)	(3.061)	(56.389)
Exchange translation impact	(101)	-	(4)	(105)
Balance at June 30 th , 2019	842.156	50.578	20.228	912.962

Table 22

*Includes updating of variable lease fees based on an index or rate.

Note 12. GOODWILL

The movement of book values of goodwill, assigned to each one of the segments of the Group, is as follows:

Reportable Segment	CGU	Balance at January 1 st , 2020	Exchange Differences	Balance at June 30 th , 2020
Retail Foods	Grupo El Corral	534.811		534.811
	Grupo Pops	170.494		170.494
	Helados Bon	51.530		51.530
Coffee	CCDC OPCO Holding Corporation	249.333	36.654	285.987
	Industrias Aliadas S. A. S.	4.313		4.313
Cold Cuts	Setas Colombianas S. A.	906		906
Chocolate	Nutresa de México	188.012	6.725	194.737
Biscuits	Abimar Foods Inc.	96.546		96.546
	Galletas Pozuelo	36.291	4.835	41.126
	Productos Naturela S. A. S.	1.248		1.248
Others	Atlantic FS S. A. S.	34.830		34.830
TMLUC	Grupo TMLUC	941.425	43.083	984.508
		2.309.739	91.297	2.401.036

Table 23

Note 13. INCOME TAXES AND TAXES PAYABLE

13.1 Applicable Norms

The effective and applicable tax norms, state that nominal rates of income tax, for Grupo Nutresa, are as follows:

Income tax %	2019	2020	2021	2022
Colombia	33,0	32,0	31,0	30,0
Chile	27,0	27,0	27,0	27,0
Costa Rica	30,0	30,0	30,0	30,0
Ecuador	25,0	25,0	25,0	25,0
El Salvador	30,0	30,0	30,0	30,0
United States	21,0	21,0	21,0	21,0
Guatemala	25,0	25,0	25,0	25,0
Mexico	30,0	30,0	30,0	30,0
Nicaragua	30,0	30,0	30,0	30,0
Panama	25,0	25,0	25,0	25,0
Peru	29,5	29,5	29,5	29,5
Dominican Republic	27,0	27,0	27,0	27,0

Table 24

a) Colombia:

The basis for the tax treatment is the recognition of income and expenses accrued for accounting purposes, except for those expressly provided for in the regulations, such as: the time of realization for certain income, non-deductibility of the difference not realized, limitation of the deduction for employee, customer and supplier services, ceilings on annual depreciation rates, changes in realization for tax recognition of the customer loyalty plan and the option to take the value paid for industry and commerce tax as a 100% deduction or as a 50% tax discount.

On the other hand, donations made to entities belonging to the special tax regime are not deductible, but a tax discount of 25% on the value donated is allowed, which cannot exceed 25% of the income tax payable in the respective taxable year.

The presumptive income applicable to the year 2020 is 0.5% (2019: 1.5%)

The firmness of the tax returns is 3 years, however, for companies' subject to the transfer pricing regime, the firmness is 5 years and the returns that originate or compensate tax losses will become firm in 12 years.

b) Chile

In Chile, income tax law includes separate "capital income" and "earned income" systems. The first are taxed with tax class act, which mainly impacts businesses. This tax has a fixed rate 27% on the tax base, which is calculated effecting aggregates or decreases mandated by law. The tax paid in this way, is imputable against the Global Complementary, which taxes the entire income of natural persons residing in the country; or additional, levies on income generated in Chile, to natural and legal persons, residing outside the country, according to, the case. The tax losses are carried forward to the next period as part of the deductions.

c) Mexico:

Income tax (ISR) is levied on net income obtained by both resident and non-resident companies, with specific rules for each. The Mexican income tax rate is 30%, which is applied to the taxable income of the year, resulting from subtracting from the income earned in the period (including capital gains), the expenses incurred for their generation (which are justified through invoices or other legally accepted documents) and the tax loss carryforwards of the last 10 years.

d) Costa Rica

Income tax is calculated on the net income for the year, which is the result of gross income less costs and expenses useful and necessary to generate the profit. The provision for income taxes charged to income includes current taxable income for the year and deferred tax applicable to temporary differences between accounting and taxable items. The deduction of non-bank interest is limited to 20% of income before interest, taxes, depreciation and amortization (UAIIDA).

The income tax rate is 30% and the rate for income and capital gains is 15%. Tax losses can be offset within 3 years of their generation.

e) Panama

Current income tax is subject to a 25% rate on net taxable income based on the greater of the following amounts:

The net taxable income resulting from deducting from the taxable income of the taxpayer the rebates granted under promotion or production regimes and the legally authorized loss carry-forwards, this calculation will be known as the traditional method.

The net taxable income resulting from applying 4.67% to the total taxable income (this calculation will be known as the CAIR - Alternate Calculation).

Income tax returns are subject to review by the Tax Authorities for the last 3 years.

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According to Panamanian Tax Legislation in force, companies are exempt from paying income tax on foreign source earnings. Also exempt from income tax are interest earned on time deposits in local banks, interest earned on Panamanian government securities and investments in securities issued through the Panama Stock Exchange.

Tax losses may be deducted from the taxable income of the following five years, 20% each year, but limited to 50% of the taxable income of each year.

f) Ecuador

Income tax is subject to a rate of 25% applicable to the taxable income, which includes all taxable income reduced by returns, discounts, costs, expenses and deductions attributable to such income and which have been taken for the purpose of obtaining, improving or maintaining income subject to income tax.

Tax losses may be offset against taxable profits within the following five years, not exceeding 25% of the profits obtained in each year.

g) United States

The current income tax is subject to a rate of 21% on the taxable income of the year. Additionally, the special tax on profits held abroad is 15% if held in cash and 8% if invested in assets.

h) Peru

Income tax is calculated at a rate of 29.5%, on the tax profits of the period, purified in accordance with current regulations.

The Tax Authority of the country has the power to control and, if applicable, correct the tax on the corresponding earnings calculated by the company, during the 4 years following the year in which the affidavit is presented.

13.2 Tax assets and liabilities

Tax assets are presented in the Statement of Financial Position, under "other current assets" and "other non-current assets". The balance, includes:

	June 2020	December 2019
Income tax and complementaries ⁽¹⁾	211.920	154.840
Tax on wealth ⁽²⁾	4.373	6.407
Sales tax	36.844	39.609
Claims in process ⁽²⁾	260	-
Other taxes	11.500	1.729
Total current tax assets	264.897	202.585
Claims in process ⁽²⁾	11.303	11.054
Total non-current tax assets	11.303	11.054
Total tax assets	276.200	213.639

Table 25

- (1) Income tax assets and complementaries include auto-withholdings of \$80.677 (2019: \$15.474), credit balances of \$54.819 (2019: \$78.413), tax advances of \$30.736 (2019: \$33.148), tax rebates for \$38.075 (2019: \$23.819), and income tax withheld \$7.613 (2019: \$3.986).
- (2) Grupo Nutresa has six (6) subsidiaries that signed legal stability contracts with the Colombian government in 2009. One of the stabilized taxes was the equity tax, which by order of the tax authority had to be declared and paid. However, there is a legal right to request a refund for the payment of what is not due for \$49.486. Based on article 594-2 of the Tax Statute that indicates that tax obligations presented by those not obliged to declare do not produce legal effects, claims for payment of what is not due are advanced, and \$9.866 is pending resolution, value classified as non-current asset since its resolution is expected in a term exceeding twelve months from the date of this report. Consequently, in 2018 a request was made for current interest derived from this payment of what is not due in the amount of \$6.033. During 2020, the tax administration has recognized in favor of Grupo Nutresa an amount of \$2.034.

The current taxes payable balances include:

	June 2020	December 2019
Income tax and complementaries ⁽¹⁾	152.801	69.810
Sales tax payable	121.976	91.297
Withholding taxes, payable	35.629	33.152
Other taxes	21.060	20.283
Total	331.466	214.542

Table 26

The Group applies the laws with professional judgment, to determine and recognize the provision for current tax and deferred income, on its Consolidated Financial Statements. The final tax determination depends on the new regulatory requirements, the existence of sufficient taxable profit for the use of fiscal benefits, as the treatment of untaxed income, and special deductions, according to the current regulations and applicable, and the analysis of favorability probability of expert opinions. The Group recognizes liabilities, for anticipated tax audits, observed based on estimates, if correspondent to payment of additional taxes. When the final tax outcome of these situations is different,

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from the amounts that were initially recorded, the differences are charged to tax on current and deferred assets and liabilities, in the period in which this is determined.

(*) Includes reduction of income tax payable from 2018, realized, through Works Taxes of Compañía Nacional De Chocolates S.A.S., which on May 13, 2019 received resolution of assignment of the project called "Improvement of educational quality, through the endowment of Educational Institutions of the Municipality of Quibdó" in the amount of \$ 1,197 million. To the date, is fully liquidated.

13.3 Income tax expenses

Current income tax expenses are as follows:

	Second Quarter		Accumulated to June 30 th	
	2020	2019	2020	2019
Income tax	66.612	49.555	143.102	93.443
Total	66.612	49.555	143.102	93.443
Deferred tax ^(*) (Note 13.4)	(11.933)	4.414	(20.339)	7.075
Total income tax expenses	54.679	53.969	122.763	100.518

Table 27

(*) The change in deferred tax is mainly due to the recognition of accelerated amortization of intangible assets in 2019. In 2020 it is due to the recognition of deferred tax on movements generated in the items of tax losses, foreign exchange differences, property, plant and equipment and commercial provisions.

13.4 Deferred income tax

The breakdown of the deferred tax assets and liabilities, are as follows:

	June 2020	December 2019
Deferred tax assets		
Goodwill tax, TMLUC	83.188	89.605
Employee benefits	43.565	46.245
Accounts payable	13.009	9.357
Tax losses	197.361	185.716
Tax credits	14.463	6.197
Debtors	21.705	20.671
Right-of-use assets	252.506	254.961
Other assets	35.882	41.744
Total deferred tax assets ⁽¹⁾	661.679	654.496
Deferred tax liabilities		
Property, plant and equipment	345.098	356.985
Intangibles ⁽²⁾	351.693	345.796
Investments	5.323	7.039
Inventories	2.485	4.341
Right-of-use liabilities	244.113	251.047
Other liabilities	30.598	18.827
Total income tax liabilities ⁽²⁾	979.310	984.035
Net deferred tax liabilities	317.631	329.539

Table 28

- (1) The deferred tax asset is recognized and supported, on the basis that the Group has generating positive taxable income, and it is projected to generate future income sufficient to compensate tax credits and tax losses, from previous periods, prior to maturity, and obtain future tax benefits, for goodwill tax in Chile, employee benefits, as well as, items recognized in the deferred tax assets. Projections of annual taxable income and actual data are reviewed to determine the impact and adjustments, on asset values, and their recoverability in future periods.
- (2) The deferred tax liability, for intangibles, corresponds mainly to the difference in the amortized accounting and tax depreciation of the brands, and to the deferred tax, recognized in the Consolidated Financial Statement, in relationship to the goodwill from business combinations realized before 2013 and the recognition for the difference between accounting and tax due to the entry into force in 2019 of the accounting standard for financial leases IFRS 16.

The movement of deferred tax, during the period, was as follows:

	April-June 2020	January- June 2019
Opening balance, net liabilities	330.654	329.539
Deferred tax expenses (income), recognized in income for the period	(11.933)	(20.339)
Income tax relating to components, of other comprehensive income, net	(1.414)	6.766
Impact of variation in rates of foreign exchange	324	1.665
Final balance, net liabilities	317.631	317.631

Table 29

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The income tax, relating to components of other comprehensive income, is determined by new measurements of benefit plans to employees of \$2.497 (2019: \$-6.574), the participation in associates and joint ventures, accounted for by using *the Equity Method*, in the amount of \$1.639 (2019: \$224), and the financial assets, measured at fair value, in the amount of \$0 (2019: \$-2) and cash-flow hedges of \$2.700 (2019: \$-1.875).

13.5 Effective tax rates

The theoretical tax rate is calculated using the weighted average of the tax rates established in the tax regulations of each of the countries where the Nutresa Group companies operate. To calculate the effective rate at June 30th of 2020 and 2019, the amount of discontinued operations was included in income before taxes, since these operations are part of the income tax purification.

The recognition of deferred tax at a lower rate than the current income tax rate, in accordance with the future income tax rate established in current Colombian regulations, impacts the effective rate for temporary differences in the determination of the tax.

The effective tax rate is below the theoretical rate, mainly due to permanent differences as income from untaxed portfolio dividends and the application of stabilized rules in Colombia such as the special deduction in real productive fixed assets, whose impact on the effective rate is 5,06% (2019: 6,23%). This effect is counteracted in 2020 by the tax discount of 50% of that paid for industry and commerce tax and 25% of the duly certified donated value, expenses that are not tax deductible; by the higher income tax payment made by Colombian companies abroad and by other non-deductible expenses such as 50% of the tax on financial movements and costs and expenses of previous years. These items have an effect of 1,39% (2019: 0,42%) on the effective rate.

Additionally, in 2019 it is affected by the accelerated amortization of intangibles and by the liquidation of foreign investments that generated a loss, a tax benefit that implied a greater tax deduction. These items decreased the effective rate by 1,01 percentage points.

The following is the reconciliation of the applicable tax rate and the effective tax rate:

	Second Quarter				Accumulated to June 30 th			
	2020		2019		2020		2019	
	Valor	%	Valor	%	Valor	%	Valor	%
Accounting profit, before income taxes	194.749		162.009		454.320		384.829	
Applicable tax rate expenses	58.196	29,91%	49.339	30,46%	139.437	31,70%	119.203	31,30%
Untaxed portfolio dividends	(996)	-0,51%	(162)	-0,10%	(22.058)	-4,86%	(20.454)	-5,32%
Special deductions for real productive fixed assets	(507)	-0,26%	(939)	-0,58%	(931)	-0,20%	(3.453)	-0,90%
ICA Discount and donations	2.111	1,08%	(1.259)	-0,78%	3.745	0,82%	(2.467)	-0,64%
Amortization of intangibles	-	0,00%	6.765	4,18%	-	0,00%	11.783	3,06%
Liquidation of investments	-	0,00%	314	0,19%	-	0,00%	(7.897)	-2,05%
Other tax impact	(5.862)	-3,01%	(89)	-0,05%	(1.671)	-0,37%	3.803	0,99%
Total tax expenses (Note 13.3)	54.679	28,10%	53.969	33,32%	122.763	27,02%	100.518	26,12%

Table 30

(*) Includes discontinued operations.

13.6 Information on current legal proceedings

- Industria de Alimentos Zenú S.A.S. and Alimentos Cárnicos S.A.S., Colombian subsidiaries of Grupo Nutresa, are in the process of discussions with the Directorate of National Tax and Customs (DIAN), for the unrecognized deduction for amortization of goodwill, generated in the acquisition of shares, of income of the taxable year 2011. The process in the Administrative Chamber has already been exhausted, therefore, the respective lawsuits were brought before the contentious administrative courts of Antioquia, and del Valle, respectively. The requests for monies in favor of the tax returns for the taxable year 2011, of these two companies, on the occasion of this discussion, were considered undue, by the DIAN, which generated a process for Industria de Alimentos Zenú S.A.S., in discussion in the administrative chamber, as well as for, Alimentos Cárnicos S.A.S., in judicial proceedings.
- Grupo Nutresa S.A. files a lawsuit for the lack of knowledge of deductions and compensation for tax losses, in tax returns for the taxable years 2008 and 2009. Due to lack of knowledge, the Administration rejected the rebates, in favor of those taxable years, which made the necessary lawsuit against the resolutions that decided the rejection.

Note 14. FINANCIAL OBLIGATIONS

14.1 Financial liabilities at amortized cost

Financial obligations, held by Grupo Nutresa, are classified as measured, by using *the amortized cost method*, and are based on the Group's Business Model. Book values, at the end of the reporting period, are as follows:

	June 2020	December 2019
Loans	3.394.456	3.061.465
Bonds	135.543	135.585
Leases	9.637	10.160
Total	3.539.636	3.207.210
Current	515.558	527.196
Non-current	3.024.078	2.680.014

Table 31

The financial obligations covered, incorporates adjustments, that increase the amortized cost, in the amount of \$117, increasing the value of the financial obligation (2019: \$1.637), as a result of the measurement at fair value of hedging exchange rates, as described in Note 14.6, henceforth.

14.2 Bonds

Grupo Nutresa generated issuance of one bond:

- In August 2009, an issue of corporate bonds took place in Colombia, through Fideicomiso Grupo Nutresa, which is managed by Alianza Fiduciaria S.A., the issuance was realized in the amount of \$500,000, maturing in four tranches at 5, 7, 10, and 12 years, with interest payable quarterly, in arrears, and amortized to maturity of each coupon. At June 2020, interest expenses were incurred in the amount of \$6.077 (June 2019: \$11.470). The emission has a balance at June 2020, including accrued interest in the amount of \$135.543 (December 2019: \$135.585), and has the following characteristics:

Maturity	Interest rate	June 2020	December 2019
2021	CPI + 5,75%	135.543	135.585
Total		135.543	135.585

Table 32

14.3 Maturity

Period	June 2020	December 2019
1 year (including payable interest)	515.558	527.196
2 to 5 years	2.302.287	1.989.351
More than 5 years	721.791	690.663
Total	3.539.636	3.207.210

Table 33

14.4 Balance by currency

Currency	June 2020		December 2019	
	Original Currency	COP	Original Currency	COP
COP	2.990.317	2.990.371	2.709.556	2.709.556
CLP	29.952.722.822	137.099	33.851.554.561	148.164
USD	109.221.180	410.553	106.644.672	349.490
DOP	25.000.000	1.613	-	-
Total		3.539.636		3.207.210

Table 34

Currency balances are presented, after currency hedging.

To evaluate the sensitivity of financial obligation balances, in relationship to variations in exchange rates, all of the obligations, as of 30 June 2020, that are in currencies other than the Colombian peso and that do not have cash flow hedges, are taken. A 10% increase in exchange rates, in reference to the dollar (COP/USD), would generate an increase of \$359, in the final balance.

14.5 Interest rates

Changes in interest rates may impact the interest expense, for financial liabilities that are tied to a variable interest rate. For the Group, the interest rate risk is primarily attributable to operational debt, which includes debt securities, the issuance of bank loans, and leases. These are susceptible to changes in base rates, (CPI - IBR - DTF - TAB [Chile] - LIBOR), that are used to determine the applicable rates on bonds and loans.

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The following table shows the structure of the financial risk due to exchange rates:

Rate	June 2020	December 2019
Variable interest rate debt	3.084.176	3.160.436
Fixed interest rate debt	455.460	46.774
Total	3.539.636	3.207.210
Average rate	5,03%	5,93%

Table 35

Rate	June 2020	December 2019
IBR indexed debt	1.595.415	1.197.093
DTF indexed debt	1.096.806	1.119.859
CPI indexed debt	135.535	345.427
TAB (Chile) indexed debt	84.711	146.904
LIBOR indexed debt	171.709	351.153
Total debt at variable interest rate	3.084.176	3.160.436
Debt at a fixed interest rate	455.460	46.774
Total debt	3.539.636	3.207.210
Average rate	5,03%	5,93%

Table 36

To provide an idea of the sensitivity of financial expenses to interest rates, an increase of +100bp has been supposed, a scenario in which the annual interest expense, of the Group, would increase by \$35.147 (2019: \$31.821).

Following is information on the main reference rates, at the close of the period:

Close Rate	June 2020	December 2019
CPI	2,19%	3,80%
IBR (3 Months)	2,22%	4,13%
DTF EA (3 Months)	3,71%	4,48%
DTF TA (3 Months)	3,63%	4,36%
TAB (3 Months)	0,26%	2,28%
LIBOR (3 Months)	0,30%	1,91%

Table 37

14.6 Derivatives and financial hedging instruments

Grupo Nutresa, at certain times, resorts to borrowing in dollars, in order to secure more competitive interest rates, in the market, and uses derivatives to mitigate the risk of the exchange rate, in these operations. These derivatives are designated as accounting hedges, which implies that the fair value measurement of the derivative instrument is recognized as an adjustment, to the amortized cost of the financial obligation, designated as a hedged item. At June 30, 2020, hedged debt amounted to USD\$33.170.771 (December 2019: USD\$11.341.542) and the debt with interest rate coverage is up to USD\$60.000.000 (december 2019: USD\$0).

In addition, Grupo Nutresa uses financial derivatives to manage and cover the cash flow positions against the US Dollar, in the different geographies, where it operates. These derivatives are not designated as hedge accounting, and are measured at fair value, and are included in the Statement of Financial Position, under the category of "other current assets" and "other current liabilities", respectively. The Group does not use derivative financial instruments for speculative purposes.

The following is a breakdown of the assets and liabilities from financial derivative instruments:

	June 2020		December 2019	
	Asset	Liability	Asset	Liability
Hedges				
Fair value of exchange rates on financial obligations	-	4.085	-	1.637
Fair value of interest rates on financial obligations	-	(3.968)	-	-
Fair value of exchange rates on suppliers	907	294	-	(368)
Fair value of types of exchange rates on cash flows	23.349	(16.662)	10.750	(11.140)
Total hedge derivatives	24.256	(16.251)	10.750	(9.871)
Non-designated derivatives				
Forwards and options on currencies	-	-	-	(50)
Forwards and options on interest rates	-	-	-	(44)
Forwards and options on commodities	3.668	(213)	5.888	(1.075)
Total non-designated derivatives	3.668	(213)	5.888	(1.169)
Total derivative financial instruments	27.924	(16.464)	16.638	(11.040)
Net value of financial derivatives		11.460		5.598

Table 38

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The valuation of non-designated derivative financial instruments generated a loss in the Income Statement, in the amount of \$3.454 (June 2019: gain of \$1.213), registered as part of the exchange difference of financial assets and liabilities.

The valuation of derivatives, to cover cash flow positions, generated an adjustment in OCI, in the amount of \$8.927 (2019: \$-5.973).

All non-designated derivatives are measured at fair value, on a monthly basis, according to the Black Scholes Model. These items are classified in Level 2 of the hierarchy of fair value, established in IFRS 13.

14.7 Financial Expenses

The financial expenses recognized in the Income Statement, are as follows:

	Second Quarter		Accumulated to June 30 th	
	2020	2019	2020	2019
Loans interest	48.927	39.540	94.059	77.533
Bonds interest	2.990	5.747	6.077	11.470
Interest from financial leases	49	79	73	166
Total interest expenses	51.966	45.366	100.209	89.169
Employee benefits	3.009	5.059	6.781	9.101
Right-of-use financial expenses	15.124	15.576	30.272	31.164
Other financial expenses	7.903	8.888	17.769	18.043
Total financial expenses	78.002	74.889	155.031	147.477

Table 39

Note 15. RIGHT-OF-USE LIABILITIES

The balances of right-of-use liabilities, are as follows:

	June 2020	December 2019
First-time adoption	-	927.493
Balance at January 1st, 2020	892.555	927.493
New contracts (*)	25.175	52.815
Acquisition of subsidiaries	-	26.842
Disposals	(2.780)	(24.154)
Interests	30.272	61.511
Exchange translation impact	15.552	660
Exchange differences	2.376	(1.513)
Payments	(77.438)	(151.099)
Balance at June 30th, 2019	885.712	892.555
Current portion	135.442	147.242
Non-current portion	750.270	745.313

Table 40

* Includes updating of variable lease fees based on an index or a rate.

Note 16. TRADE AND OTHER ACCOUNTS PAYABLE

The balances of trade and other accounts payable, are as follows:

	June 2020	December 2019
Suppliers	659.398	662.435
Cost and expenses payable	325.723	440.848
Purchase of shares to be paid	-	8.379
Dividends payable (Note 19)	234.976	79.565
Payroll deductions and contributions	48.652	44.064
Total	1.268.749	1.235.291
Current	1.268.591	1.235.133
Non-current	158	158

Table 41

Note 17. EMPLOYEE BENEFITS

The balance of liabilities, due to employee benefits, is as follows:

	June 2020	December 2019
Short-term benefits	133.334	108.917
Post-Employment benefits	111.342	127.862
Defined contribution plans	23.155	39.057
Defined benefit plans (Note 17.1)	88.187	88.805
Other long-term benefits (Note 17.2)	128.390	144.380
Total liabilities for employee benefits	373.066	381.159
Current portion	185.454	191.864
Non-current portion	187.612	189.295

Table 42

17.1 Pensions and other post-employment benefits

The reconciliation of the movements, of the defined benefit plans, is as follows:

	Pensions	Retroactive severance	Other defined Benefit plans	Total
Present value of obligations at January 1st 2020	19.427	12.898	56.480	88.805
(+) Cost of services	118	181	4.416	4.715
(+) Interest expenses	495	322	3.096	3.913
(-) Plan performances	-	-	(67)	(67)
(+/-) Actuarial losses and/or gains	-	484	(5.533)	(5.049)
(-) Contributions to the fund	-	-	(411)	(411)
(-) Payments	(1.082)	(2.059)	(1.925)	(5.066)
(+/-) Other movements	2	-	(279)	(277)
(+/-) Difference in Exchange rate	149	-	1.475	1.624
Present value of obligations at June 30th 2020	19.109	11.826	57.252	88.187

Table 43

During the period from January to June 2020, there were no significant changes in the main actuarial assumptions used in the actuarial measurement of other long-term employee benefits.

17.2 Other long-term benefits

The following is the reconciliation of movements of other long-term employee benefits:

	Seniority Premium	Other long- term benefits	Total
Present value of obligations at January 1st 2020	83.373	61.007	144.380
(+) Cost of services	3.625	27.918	31.543
(+) Interest expenses	2.721	864	3.585
(+/-) Actuarial losses and/or gains	(712)	(4.000)	(4.712)
(-) Other movements	(2)	-	(2)
(+/-) Payments	(4.112)	(43.090)	(47.202)
(+/-) Difference in Exchange rate	123	675	798
Present value of obligations at June 30th 2020	85.016	43.374	128.390

Table 44

17.3 Expenses for employee benefits

The amounts recognized, as expenses for employee benefits, were:

	Accumulated to June 30 th	
	2020	2019
Short-term benefits	781.476	697.903
Post-Employment benefits	70.048	64.980
Defined contribution plans	65.333	61.540
Defined benefit plans	4.715	3.440
Other long-term employee benefits	27.548	26.445
Termination benefits	8.850	15.838
Total	887.922	805.166

Table 45

Note 18. PROVISIONS

At June 30th, provisions are as follows:

	June 2020	December 2019
Restoration and dismantling	13.230	13.238
Legal contingencies	3.248	1.731
Bonuses and incentives	227	217
Total	16.705	15.186
Current	3.475	1.948
Non-current	13.230	13.238

Table 46

Note 19. DISTRIBUTION OF DIVIDENS

The ordinary Shareholders of Grupo Nutresa S.A., at the meeting, held on March 24, 2020, declared ordinary share dividends of \$54,10^(*) per-share and per-month, equivalent to \$649,20^(*) annually per share (2019: \$612^(*) annually per share), over 460.123.458 outstanding shares, during the months from April 2020 to March 2021, inclusive, for a total of \$298.712 (2019: \$281.596). In addition, dividends were issued to non-controlling interest in the amount of \$4.522 (2019: \$3.293).

This dividend was declared, taken from untaxed income 2019, in the amount of \$298.712.

During the first quarter of 2020, dividends were paid in the amount of \$147.823 (2019: \$138.407).

At June 30th, 2020, accounts payable, pending, are \$234.976 (December 2019: \$79.565).

(*) In Colombian pesos.

Note 20. EXPENDITURE BY NATURE

Below is a detailed breakdown of cost and expenditures, by nature, for the period:

	Second Quarter		Accumulated to June 30 th	
	2020	2019	2020	2019
Inventory consumption and other costs	1.139.949	959.571	2.281.292	1.864.476
Employee benefits (Note 17.3)	445.577	406.550	887.922	805.166
Other services ⁽¹⁾	211.753	214.229	419.275	388.313
Other expenses ⁽²⁾	133.784	131.474	265.870	251.850
Transport services	105.212	95.494	203.157	175.647
Depreciation and amortization ⁽³⁾	71.473	65.750	143.104	129.538
Manufacturing services	55.713	50.721	110.216	96.984
Energy and gas	43.825	40.222	86.293	77.514
Seasonal services	41.289	44.191	83.382	86.184
Right-of-use depreciation ⁽³⁾	31.324	28.709	61.914	56.389
Advertising material	23.104	31.475	53.973	62.014
Maintenance	25.653	30.345	51.348	57.323
Fees	18.182	19.730	39.570	34.532
Taxes other than income tax	17.605	23.167	36.990	44.645
Insurance	11.592	9.509	22.088	18.494
Leases	6.052	13.922	20.896	29.072
Impairment of assets	6.755	4.619	11.836	8.790
Total	2.388.842	2.169.678	4.779.126	4.186.931

Table 47

(1) Other services include marketing, cleaning and surveillance, shelving and displays, food, public services, commercial plan of action, software, and storage.

(2) Other expenses include spare parts, travel expenses, containers and packaging, fuels and lubricants, contributions and affiliations, commissions, taxis and buses, building supplies, stationery and office supplies, cleaning and laboratory supplies, legal expenses and licenses and prizes.

(3) Expenses for depreciation and amortization, impacted profit and loss, for the period, is as follows:

	Second Quarter		Accumulated to June 30 th	
	2020	2019	2020	2019
Cost of sales	42.511	41.106	85.071	80.389
Sales expenses	52.499	46.290	104.946	93.976
Administrative expenses	5.773	6.220	11.235	9.946
Production expenses	2.014	843	3.766	1.616
Total	102.797	94.459	205.018	185.927

Table 48

Note 21. OTHER OPERATING INCOME (EXPENSES), NET

The following is a breakdown of other operating income (expenses), net:

	Second Quarter		Accumulated to June 30 th	
	2020	2019	2020	2019
Indemnities and recuperations	1.393	1.834	4.856	2.754
Removal of right-of-use assets	223	12	515	12
Other income and expenses	153	(45)	299	(1.611)
Disposal and removal of property, plant and equipment and intangibles ⁽¹⁾	(213)	2.624	(983)	2.448
Fines, penalties, litigation, and legal processes	(2.312)	(283)	(3.016)	(851)
Donations ⁽²⁾	(9.175)	(832)	(10.172)	(1.578)
Total	(9.931)	3.310	(8.501)	1.174

Table 49

- (1) Corresponds mainly to profits generated by the sale of properties for \$2.940 in second quarter of 2019.
- (2) The worldwide pandemic throughout 2020, have left millions of families without an employ, without business, lowering the level of incomes significantly, for that reason Grupo Nutresa contributes to the fight against this pandemic, by donating products and money to the low income families in each of the geographies in which it operates.

Note 22. EXCHANGE RATE VARIATION IMPACT

22.1 Reserves for translation of foreign business

The consolidated financial statements of Grupo Nutresa include foreign subsidiaries, located primarily in Chile, Costa Rica, Mexico, Peru, Panama, the United States and other Latin American countries, which represent 50.14% and 40.86% of total consolidated assets in 2020 and 2019, respectively. The financial statements of these subsidiaries are translated into Colombian pesos in accordance with the accounting policies of Grupo Nutresa.

Below is the impact of foreign exchange rates on the translation of assets, liabilities and results of foreign subsidiaries recognized in other comprehensive income:

		Second Quarter		Accumulated to June 30 th	
		2020	2019	2020	2019
Chile	CLP	(77.167)	15.991	78.654	16.428
Costa Rica	CRC	(49.831)	23.029	76.781	18.978
United States	USD	(30.874)	2.563	48.407	(3.710)
Mexico	MXN	(7.632)	4.644	(17.135)	2.455
Peru	PEN	(38.050)	6.389	26.427	3.600
Panama	PAB	(10.340)	918	15.998	(1.273)
Others		(8.741)	387	8.858	(1.765)
Impact of exchange translation for the period		(222.635)	53.921	237.990	34.713
Equity reclassifications		-	(1)	-	(26.748)
Reserves for exchange translation, at beginning of the period		1.050.057	626.423	589.432	672.378
Reserves for exchange translation at the end of the period		827.422	680.343	827.422	680.343

Table 50

The translation of Financial Statements in the preparation of the Consolidated Financial Statements does not generate a tax impact.

The accumulated translation differences are reclassified to current earnings, partially or totally, when the operation is available abroad.

See note 3.3.2 for information on the principal exchange rates used in the translation of the financial statements of foreign companies.

22.2 Exchange rate differences on foreign currency transactions

The differences in exchange rates of assets and liabilities, recognized in profit and loss, are as follows:

	Second Quarter		Accumulated to June 30 th	
	2020	2019	2020	2019
Realized	715	(890)	4.149	1.407
Unrealized	12.812	1.744	(4.460)	3.257
Operating exchange differences^(*)	13.527	854	(311)	4.664
Non-operating exchange differences	(16.514)	(1.437)	(121)	(735)
Total (expenses) income from exchange differences	(2.987)	(583)	(432)	3.929

Table 51

(*) The difference in operating exchange rate is distributed among customers \$13.038 (2019: \$-1.071), suppliers \$-25.328 (2019: \$5.816), raw materials \$258 (2019: \$-81) and cash flow hedges \$11.721 (2019: \$0).

Note 23. EVENTS AT THE END OF THE QUARTER AND SUBSEQUENT EVENTS

For Grupo Nutresa, sustainability is the main framework for corporate action from which actions are derived to generate long-term value for all related groups and to manage risks in a responsible and proactive manner.

The business model of the Business Group is diversified in geographies, products, and in the way of reaching clients, buyers and consumers; which allows us to have a solid and flexible position to manage the risks and changes in the environment resulting from this situation.

The action of the Nutresa Group in these circumstances is supported by a multidisciplinary Management Committee created on March 5 of this year, and which has the objective of implementing quick and effective daily measures. This action framework is summarized in 4 key matters:

1. Taking care of the health and well-being of our people and our communities: We take all necessary measures to ensure the well-being of our employees who are at homeworking, as well as additional hygiene, disinfection and prevention measures in the places where their physical presence is required.
 2. Ensure food supply: Aware of our responsibility to ensure the food supply for daily consumption, we work permanently to ensure continuity in the value chain which involves the proper flow of raw materials, and the production and delivery of products through the various available channels.
- Also, we have implemented additional cleaning and disinfection protocols in production plants and logistics operations, and developed alternative ways of taking and delivering orders, reaching consumers directly at home when required.
3. Responsible management of resources: We focus on responsibly managing of the financial available resources, prioritizing liquidity, and business continuity for all the agents in the value chain involved in our operation.
 4. Contribute to the solution: We are leading initiatives and cooperating on different fronts to contribute to the solution. In this way, we participate in public-private alliances for the protection of vulnerable populations, we donate resources, food, and hospital equipment, and we work with trade-unions to accompany and suggest alternatives actions to national and local governments.

Regarding the Company's commercial dynamics, it should be noted that a large part of Grupo Nutresa's portfolio is made up of foods for daily consumption at home, which have been favored by consumers in the current environment. Some businesses, such as restaurants and the institutional channel, have shown less dynamics, mainly due to the preventive measures of social distancing established by the different governments.

Although sensitive businesses in this situation do not exceed 15% of the Group's annual income, we have implemented mitigating measures to give continuity to the operation and to serve our clients and consumers. These measures include a quick adaptation of our operation to reach households directly through e-commerce, direct deliveries, and alliances with digital home platforms, among others.

In the consolidated result, we report that the commercial dynamics of Grupo Nutresa has been positive, with the categories of greater frequency of consumption in the home contributing significantly in the mitigation of sensitive businesses.

Finally, we reiterate that Grupo Nutresa has a diversified business model, a good liquidity position, and the financial and operational solvency required to continue managing in a timely and effective manner the emerging risks derived from the present situation.