



## **Record-low leverage ratio, net income of R\$674 million and free cash flow of R\$1.6 billion in the quarter**

**São Paulo, November 11, 2019** – Marfrig Global Foods S.A. – Marfrig (B3 Novo Mercado: MRFG3 and Level 1 ADR: MRRTY) announces today its results for the third quarter of 2020 (3Q20). Except where stated otherwise, the following operating and financial information is presented in nominal Brazilian real, in accordance with International Financial Reporting Standards (IFRS), and should be read together with the income statement and notes to the financial statements for the period ended September 30, 2020 filed at the Securities and Exchange Commission of Brazil (CVM).

### **HIGHLIGHTS**

#### **▪ North America**

Net revenue of US\$2,236 million and Adj. EBITDA of US\$321 million with margin of 14.4%. The operation registered record sales volume in the quarter, confirming that demand for beef protein remains strong.

#### **▪ South America**

The South America operation set new records in the quarter for exports as well as net revenue, which reached R\$4,793 million. Adj. EBITDA was R\$505 million with margin of 10.5%.

#### **▪ Consolidated Results**

Net revenue of R\$16,833 million and Adj. EBITDA of R\$2,196 million, representing growth of 47% on 3Q19. Adj. EBITDA margin was 13.0%, expanding 120 bps from 3Q19 and representing the Company's second best result ever.

#### **▪ Record low leverage ratio**

At the close of 3Q20, the Company's leverage, calculated by the ratio of net debt to proforma Adj. EBITDA (last 12 months), stood at 1.68x in U.S. dollar and 1.88x in Brazilian real, representing the lowest level ever.

### **Sustainable commitment**

In partnership with Embrapa, Marfrig launched the brand Viva, which is its first beef line produced under the carbon neutral concept and the world's first brand with this seal and certification.

### **Sustainability recognition**

Marfrig placed first among beef producers and fourth overall in the highly respected global ranking compiled by FAIRR (Coller FAIRR Protein Producer Index).

### **Partnerships and innovations**

The joint venture between Marfrig and Archer-Daniels-Midland (ADM) obtained approvals from the competent regulatory authorities and PlantPlus Foods was officially registered.



## MARFRIG IN NUMBERS

	3Q20	3Q19	Δ %	2Q20	Δ %
<b>Consolidated</b>					
Net Revenue	16.833	12.744	32%	18.881	-11%
<b>Gross profit</b>	<b>2.748</b>	<b>1.900</b>	<b>45%</b>	<b>4.561</b>	<b>-40%</b>
<b>Gross Margin</b>	<b>16,3%</b>	<b>14,9%</b>	<b>142 bps</b>	<b>24,2%</b>	<b>-783 bps</b>
SG&A	-913	-698	31%	-851	7%
<b>Adjusted Ebitda</b>	<b>2.196</b>	<b>1.499</b>	<b>47%</b>	<b>4.068</b>	<b>-46%</b>
<b>Adjusted Ebitda Margin</b>	<b>13,0%</b>	<b>11,8%</b>	<b>129 bps</b>	<b>21,5%</b>	<b>-850 bps</b>
Financial Results	-613	-665	-8%	-774	-21%
Result before taxes	1171	508	131%	2807	-58%
<b>Total Net Profit</b>	<b>674</b>	<b>100</b>	<b>571%</b>	<b>1594</b>	<b>-58%</b>

<b>North America (in US\$)</b>					
Net Revenue	\$2.236	\$2.249	-1%	\$2.678	-16%
Demostic	\$1.986	\$1.959	1%	\$2.437	-18%
Exports	\$ 250	\$ 290	-14%	\$ 241	4%
<b>Adjusted Ebitda</b>	<b>\$ 321</b>	<b>\$ 326</b>	<b>-1%</b>	<b>\$ 635</b>	<b>-49%</b>
<b>Adjusted Ebitda Margin</b>	<b>14,4%</b>	<b>14,5%</b>	<b>-13 bps</b>	<b>23,7%</b>	<b>-934 bps</b>

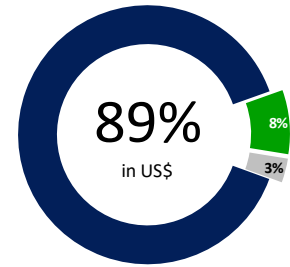
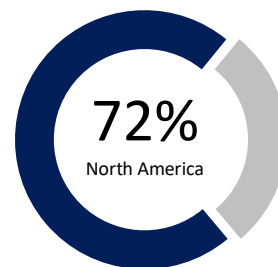
<b>South America</b>					
Net Revenue	4.793	3.795	26%	4.402	9%
Demostic	1.839	1.778	3%	1.389	32%
Exports	2.954	2.016	46%	3.013	-2%
<b>Adjusted Ebitda</b>	<b>505</b>	<b>224</b>	<b>125%</b>	<b>613</b>	<b>-18%</b>
<b>Adjusted Ebitda Margin</b>	<b>10,5%</b>	<b>5,9%</b>	<b>463 bps</b>	<b>13,9%</b>	<b>-339 bps</b>

<b>Financials</b>					
Net Debt (in US \$)	\$3.039	\$2.575		\$3.174	
Indebtedness (in US \$)	1,68 x	2,43 x		1,79 x	
Average Cost of Debt (% .a.a)	5,89%	6,74%	-85 bps	6,13%	-24 bps
Average Debt Term (years)	4,15	5,07	-18%	4,35	-4%

### Net Revenue

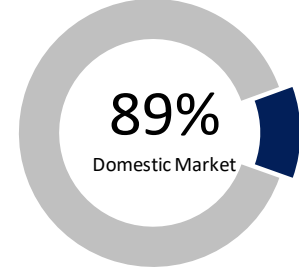
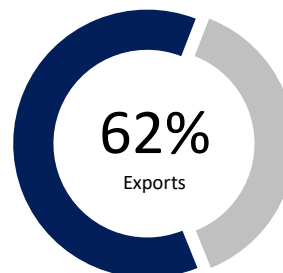
Revenue By Business

Revenue By Currency



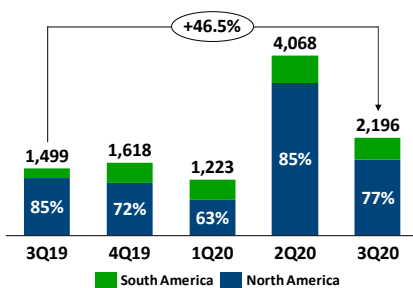
Latin America

North America

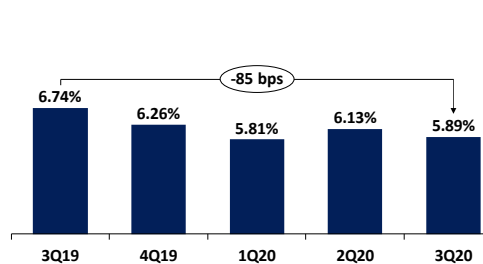


■ Exports ■ Domestic Market

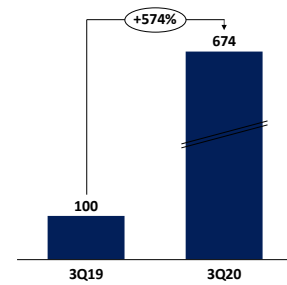
EBITDA<sup>A</sup>



Average Debt Cost (% a.a.)



Net Profit





## MARFRIG & INDUSTRY SCENARIO

With the most severe phase of the pandemic behind us, leading countries around the world started to calculate the economic effects of the novel coronavirus. In its latest report, the IMF projected contraction of 4.4% for the sum of the world's major countries, with only China expected to register positive growth in 2020, of 1.9%. For the United States, the report estimates an economic contraction of 4.3%, while for European countries its projections are even worse, with the economies of Germany and the United Kingdom expected to shrink by 6% and 9%, respectively.

In this scenario of economic uncertainty and potential prolongment of the pandemic, many governments have been adopting measures to inject capital into their economies to support employment and consumption. These measures already produced effects in 3Q20, with China announcing GDP growth of 4.9%, leveraged by a series of measures, such as increasing government spending, reducing taxes and cutting interest rates. In Brazil, a key government action was the emergency assistance payment of R\$600 per month to unemployed workers and low-income families. The United States also adopted measures to maintain the income of people unable to keep working.

The beef protein industry gradually normalized its operations. In the **United States**, cattle slaughter volume in 3Q20 was 6.6 million head (USDA), in line with 3Q19 and 18.5% higher than in 2Q20, confirming the industry's recovery and the normalization of utilization rates.

In **Brazil**, the Ministry of Agriculture and Livestock reported primary processing in 3Q20 of 5.7 million head, 12% lower than in 3Q19, but 4% higher than in 2Q20. The cattle price (CEPEA arroba price for São Paulo) was R\$233, 50% higher than in 3Q19 and 16% higher than in 2Q20.

In **Uruguay**, data from Inac showed a decline of 9% (459k head in 3Q20 vs. 503k in 3Q19) in total primary processing in 3Q20 compared to 3Q19. Despite the scenario marked by contraction in slaughter volume in the industry, Marfrig managed to increase its primary processing by 12% in 3Q20 compared to 3Q19.

In **Argentina**, according to Instituto de Promoción de la Carne Vacuna Argentina, the number of cattle processed was 3% lower than in 3Q19 and, similar to Brazil, Argentina also registered growth, of 1.4%, in 3Q20 compared to 2Q20, with exports the industry's main growth driver.

**The geographic diversity of Marfrig's operations located in South America and North America has proven a major strategic advantage.**

**Marfrig ensures, with responsibility and solidarity and committed to the health and safety of its employees, the continuity of its supply to domestic and international clients through the uninterrupted operation of its plants combined with a differentiated commercial strategy and solid partnerships.**



## MARFRIG

### PRODUCTION

Marfrig's value-creation strategy is based on three core businesses: beef processing, further processing and plant-based products.

**Beef processing:** with total primary processing capacity of approximately 30,000 head/day, the Company has been expanding its footprint in the North American market and reinforcing its exports to key geographies. The location of its beef protein production base follows:

COUNTRY	Beef Primary Processing Units	Effective Processing Capacity (head/day)
<b>NORTH AMERICA OPERATION</b>	<b>3</b>	<b>13,100</b>
USA	3	13,100
<b>SOUTH AMERICA OPERATION</b>	<b>17</b>	<b>17,000</b>
Brazil	11	12,100
Uruguay	4	3,700
Argentina	2	1,200
<b>TOTAL</b>	<b>20</b>	<b>30,100</b>

**Further processing:** also distributed across the Americas, the further processing business is responsible for producing and developing products such as beef patties, canned beef, meats with sauces, cold cuts, hot dogs and other products.

COUNTRY	Further Processing Units	Beef Patty Production Capacity (ton/year)	Beef Patty Production Capacity (ton/year)	Beef Patty Production Capacity (ton/year)
<b>NORTH AMERICA OPERATION</b>	<b>5</b>	<b>100,000</b>	<b>104,000</b>	<b>204,000</b>
USA	5	100,000	104,000	204,000
<b>SOUTH AMERICA OPERATION</b>	<b>7</b>	<b>122,000</b>	<b>105,000</b>	<b>227,000</b>
Brazil	3	77,000	66,000	143,000
Uruguay	1	6,000	6,000	12,000
Argentina	3	39,000	33,000	72,000
<b>TOTAL</b>	<b>12</b>	<b>222,000</b>	<b>209,000</b>	<b>431,000</b>

Marfrig also has 10 distribution centers and sales offices in South America, Europe and Asia.

In Uruguay and Chile, Marfrig also has lamb primary processing lines with capacity of 6,500 head/day.



## NORTH AMERICA OPERATION

**The fourth-largest beef processor and one of the industry's most efficient companies** in the United States, the Operation has three primary processing plants **with capacity of approximately 13,100 head/day**, which corresponds to over 3.7 million head/year, or roughly **14% of U.S. primary processing capacity**. Its products are sold internally through retail, wholesale and food service channels as well as exported to various markets. National Beef is the **leading U.S. exporter of chilled beef**, with a focus on the **Asian market**. The operation also has annual production capacity of **100,000 tons of beef patties**, markets complementary products and other processed products, has **tannery and logistics operations and sells products online** directly to consumers.

NORTH AMERICA OPERATION		3Q20	3Q19	Chg.	
Tons (thousand)				Tons	%
Total Volume		513	488	25	5,1%
Domestic		439	412	27	6,6%
Exports		74	76	(2)	-2,9%
US \$ Million				US\$	%
Net Revenue		2.236	2.249	(13)	-0,6%
Domestic		1.986	1.959	27	1,4%
Exports		250	290	(40)	-13,8%
COGS		(1.860)	(1.874)	14	-0,8%
Gross profit		376	375	1	0,3%
Gross Margin (%)		16,8%	16,7%	-	-
Adj. EBITDA		321	326	(5)	-1,4%
Adj. EBITDA Margin (%)		14,4%	14,5%	-	-

## SALES REVENUE & VOLUME

In 3Q20, net revenue from the North American Operation was US\$2,236 million, down 0.6% from 3Q19.

The average sales price in the domestic market was 4.8% lower than in 3Q19, a period when sales benefitted from an incident at a competitor's plant.

In Brazilian real, net revenue was R\$12,040 million.

## GROSS INCOME & GROSS MARGIN

Gross income was US\$376 million in 3Q20, in line with 3Q19.

In 3Q20, the average sales price indicator (USDA Comprehensive) stood at US\$209.50/cwt, down 3.0% from 3Q19, while credits from subproducts, such as leather and other, fell 16.8% to US\$7.44/cwt.

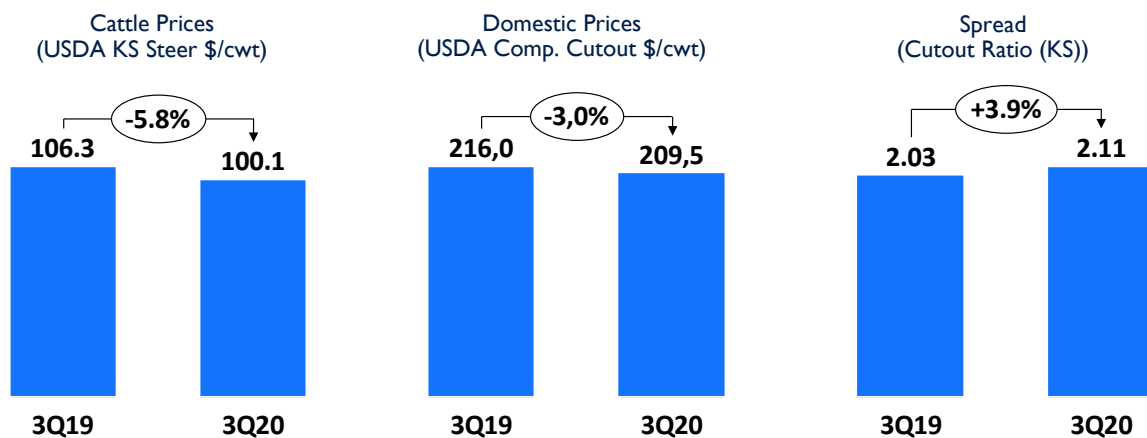


The average cattle price reference (USDA KS Steer<sup>1</sup>) was US\$100.52/cwt, down 5.8% from 3Q19, reflecting the higher supply of cattle, reflecting the animals that were not slaughtered during the first half of 2020.

In 3Q20, the remaining impacts from the COVID-19 pandemic began to decrease as cattle and beef prices returned to their normal cycle and employee attendance returned to pre-COVID-19 levels.

Gross margin stood at 16.8% in 3Q20, in line with 3Q19.

In Brazilian real, gross income was R\$2,022 million.



### Adj. EBITDA & MARGIN

In 3Q20, Adj. EBITDA was US\$321 million, with Adj. EBITDA margin of 14.4%.

In Brazilian real, Adj. EBITDA was R\$1,727 million.

<sup>1</sup> "USDA KS Steer": cattle price reference in the U.S. state of Kansas. A "hundredweight," or Cwt, is a weight-measuring unit used in certain commodity contracts. In North America, a hundredweight equals 100 pounds.



## SOUTH AMERICA OPERATION

One of the region's leading beef patty producers, with primary processing capacity of approximately 17,000 head/day, Marfrig is recognized for the quality of its products in both local and international markets. Marfrig is one of the region's main exporters and has the **largest number (13) of plants in South America authorized to export to China**. In Brazil, Marfrig is the second largest beef processor, **with primary processing capacity of 12,100 head/day and the annual production capacity of 77,000 tons of beef patties**. With brands renowned for their quality, such as **Bassi and Montana**, the Company focuses on the retail and foodservice channels in the domestic market, with its clients including top restaurants and steakhouses. **In Uruguay, it is the industry's largest company and the only one to produce and market organic beef and other niche products ("higher value-added")**. **In Argentina, in addition to having two primary processing plants and being one of the country's leading exporters, the Company is the leading producer and seller of beef patties and sausages and owns two of the region's most valuable and recognized brands (Paty and Vienissima!)**. **In Chile, Marfrig is the country's leading beef importer and has a lamb primary processing plant in the Patagonia region, which supplies the largest consumer markets abroad.**

SOUTH AMERICA OPERATION		3Q20	3Q19	Chg.	
Tons (thousand)				Tons	%
Total Volume		370	378	(8)	-2,0%
Domestic		233	263	(30)	-11,4%
Exports		138	115	22	19,3%
R\$ million				R\$	%
Net Revenue		4.793	3.795	998	26,3%
Domestic		1.839	1.778	61	3,4%
Exports		2.954	2.016	937	46,5%
COGS		(4.066)	(3.390)	(676)	19,9%
Gross profit		727	404	323	79,8%
Gross Margin (%)		15,2%	10,7%	-	451 bps
Adj. EBITDA		505	224	281	125,4%
Adj. EBITDA Margin (%)		10,5%	5,9%	-	46 bps

## SALES REVENUE & VOLUME

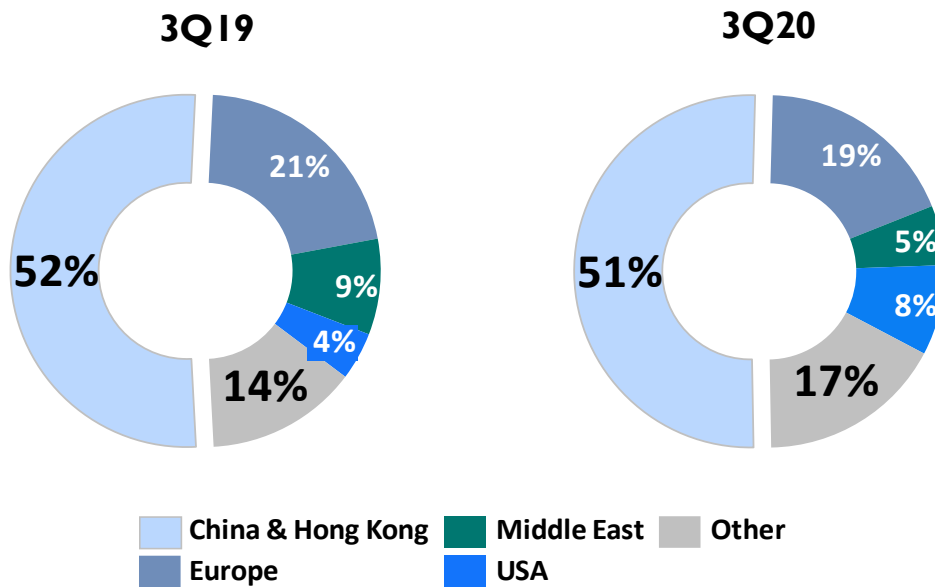
Net revenue from the South American Operation in 3Q20 was R\$4,793 million, advancing 26.3% on 3Q19, explained by the 19.3% higher export volume and 35.5% depreciation in the Brazilian real against the U.S. dollar (R\$5.38 in 3Q20 vs. R\$3.97 in 3Q19).

In the third quarter, exports accounted for **62%** of the operation's revenue, up from 53% in 3Q19. Approximately **51% of total export revenue** came from **shipments to China and Hong Kong**.

In 3Q20, revenue from exports to the United States grew 100%, with the country representing an important destination for the organic segment of the Uruguay operation, while in 2020 Brazil reobtained authorization to export fresh beef to the country.



### Main Export Destinations (% of revenue)



### GROSS INCOME & GROSS MARGIN

In 3Q20, gross income from the South America Operation was R\$727 million, advancing 79.8% from 3Q19, with this continued excellent performance explained by: (i) **result from exports**, reflecting the higher number of authorizations to China and the sales strategy that resulted in a better mix of destination countries; (ii) better mix and pricing in Brazil's domestic market; (iii) increase in the volume of further processed and branded products; and (iv) structural improvement in the operation, **reductions in costs and expenses and gains from economies of scale**, thanks to the operational **improvement & efficiency program** launched in 2019.

#### This highlights in the quarter were:

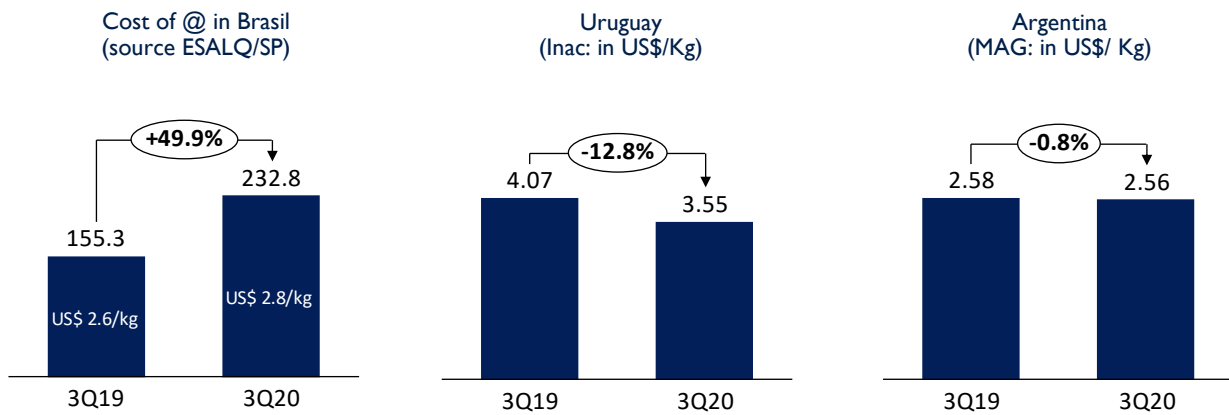
- Performance gains in hindquarter and forequarter yields;
- Reduction in the cost of packaging per tonne;
- Higher production of added-value products and certified beef;
- Implementation of Sales Force.

These positive factors offset the 19.9% increase in COGS in 3Q20 resulting from the 49.9% increase in the cattle price in Brazil, while USD cattle prices in Uruguay and Argentina decreased 12.8% and 0.8%, respectively.

Gross margin was 15.2% in 3Q20, compared to 10.7% in 3Q19.



### Cattle Price by Region



Brazil	Uruguay	Argentina
Cattle cost pressured by stronger demand for exports and by USD appreciation.	The depreciation in emerging economy currencies against the U.S. dollar reduced the cattle price by 13% compared to the price in USD.	Argentina remains one of the world's lowest-cost cattle producers in U.S. dollar.

### Adj. EBITDA & MARGIN

In 3Q20, Adj. EBITDA from the South American Operation was R\$505 million, with EBITDA Margin of 10.5%.



## CONSOLIDATED RESULTS

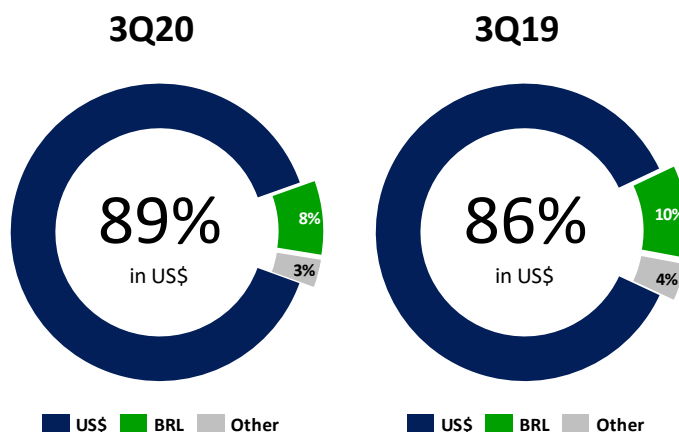
CONSOLIDATED RESULTS	3Q20	3Q19	Chg.	
Tons (thousand)			tons	%
Total Volume	884	866	17	2,0%
Domestic	672	675	(3)	-0,4%
Exports	212	192	20	10,5%
R\$ Million			R\$	%
Net Revenue	16.833	12.744	4.089	32,1%
Domestic	12.533	9.572	2.961	30,9%
Exports	4.300	3.172	1.128	35,6%
COGS	(14.085)	(10.844)	(3.240)	29,9%
Gross profit	2.748	1.900	848	44,7%
Gross Margin (%)	16,3%	14,9%	-	142 bps
SG&A	(913)	(698)	(215)	30,8%
(+) Depreciation & Amortization	(361)	(297)	(64)	21,6%
Adj. EBITDA	2.196	1.499	698	46,5%
Adj. EBITDA Margin (%)	13,0%	11,8%	-	-

## CONSOLIDATED NET REVENUE

In 3Q20, Marfrig's consolidated net revenue was R\$16,833 million, advancing 32.1% from 3Q19. The increase is explained by the higher sales volume in the North America operation and the higher export volumes and prices in the South America operation.

In 3Q20, net revenue in USD and other currencies accounted for **92%** of total revenue, which is an important factor resulting from the combination of the revenues generated "naturally" in North America with the exports from South America. Meanwhile, only 8% of the Company's revenue was generated in Brazilian real.

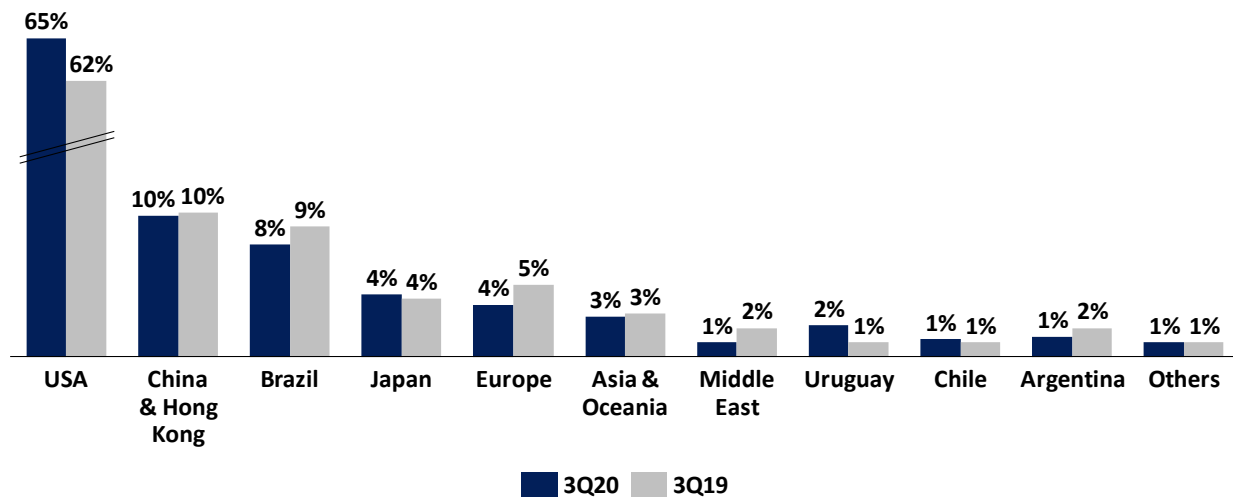
### Revenue by Currency (%)





### Consumer Markets (% of Consolidated Net Revenue)

Marfrig has a sales mix distributed across the world's main consumer markets. In 3Q20, the United States accounted for 65% of our consolidated sales, while sales to China reached 10% and sales in Brazil's domestic market fell to 8%.



### COST OF GOODS SOLD ("COGS")

In 3Q20, Marfrig's cost of goods sold was R\$14,085 million, up 29.9% on the prior-year period, explained by the higher cattle cost in Brazil and by the effects from the Brazilian real depreciation on the translation of costs in U.S. dollar of the North American Operation.

### SELLING, GENERAL & ADMINISTRATIVE EXPENSES

Selling, general & administrative (SG&A) expenses amounted to R\$913 million. SG&A expenses as a ratio of net revenue (SG&A/NOR) stood at 5.4%, down from 5.5% in 3Q19.

Selling expenses came to R\$664 million, or 3.9% of net revenue, down 24 bps from the ratio in 3Q19, with cost-cutting actions, such as optimizing logistics and reducing travel, offsetting the higher sales volume.

General and administrative expenses stood at R\$249 million, or 1.5% of net revenue, up 20 bps from 3Q19, mainly explained by the weaker BRL and the translation of expenses in foreign currency.

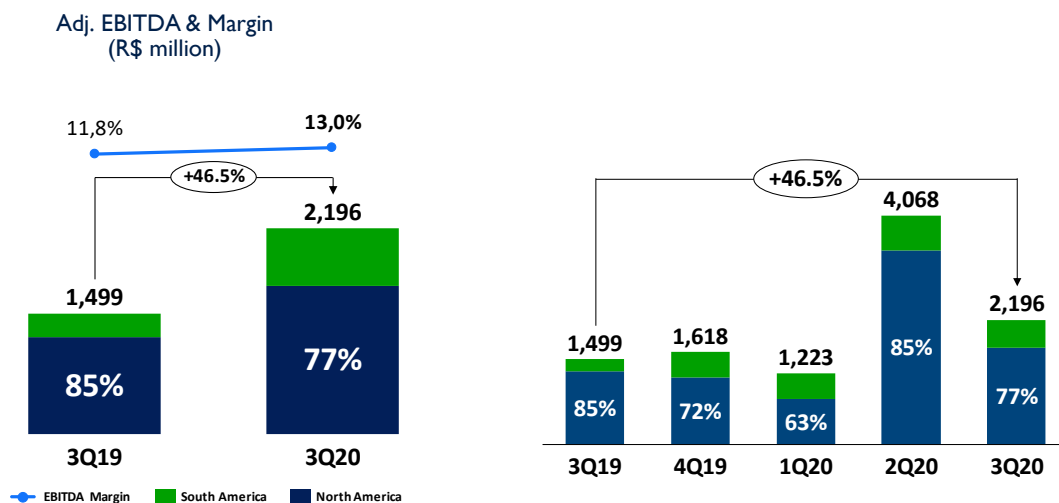
### Adj. EBITDA and Margin

In 3Q20, Adj. EBITDA came to R\$2,196 million, representing growth of 47% compared to 3Q19. Adj. EBITDA margin was 13.0%, expanding 120 bps from 3Q19 and representing the Company's second best result ever.



The excellent performance in the quarter is explained by: (i) the higher sales volume in the domestic market of the North America Operation; (ii) the higher average price and growth in export volume, especially to China; (iii) the operating efficiency gains and cost reductions achieved in the South America Operation; and (iv) the higher local currency depreciation in the South America Operation.

In the quarter, **77%** of Adj. EBITDA was from the North America Operation.

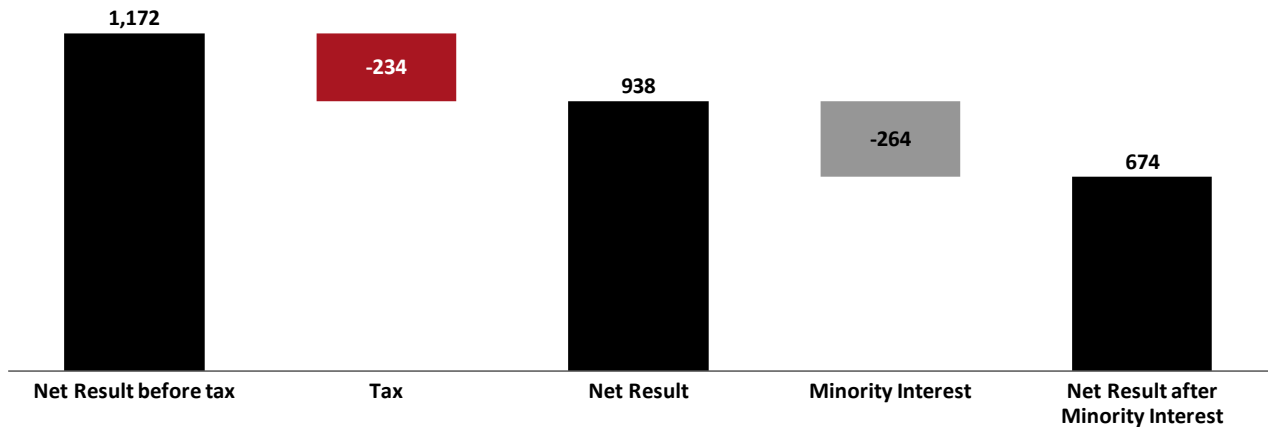


## FINANCIAL RESULT (R\$ million)

FINANCIAL RESULT	3Q20	2Q20	Chg.	
			R\$	%
Net Interest Provisioned	(458)	(496)	38	-8%
Other Financial Revenues and Expenses	74	64	11	17%
<b>RECURRING FINANCIAL RESULT</b>	<b>(384)</b>	<b>(433)</b>	<b>49</b>	<b>-11%</b>
Non-recurring expenses	-	(27)	27	-100%
<b>FINANCIAL RESULT BEFORE EXCHANGE VAR.</b>	<b>(384)</b>	<b>(460)</b>	<b>76</b>	<b>-17%</b>
Exchange Variation	(229)	(314)	85	-27%
<b>NET FINANCIAL RESULT</b>	<b>(613)</b>	<b>(774)</b>	<b>161</b>	<b>-21%</b>

Note: the effects from currency translation on liabilities contracted by subsidiaries abroad, whose functional currency differs from that of the parent company, are recorded under shareholders' equity.

The net financial result in 3Q20, excluding exchange variation and non-recurring expenses, was an expense of R\$384 million, down 11% from 3Q20. In dollars, the amount was approximately US \$ 71 million, the lowest amount since 2016, reflecting the Company's efforts to reduce financial and interest expenses.

**NET INCOME (R\$ million)**

In 3Q20, the result from continuing operations was net income of R\$674 million.

An another quarter of excellent performance that reflects the Company's commitment to and focus on operational excellence combined with its increasingly optimized capital structure to support sustained structural profitability.

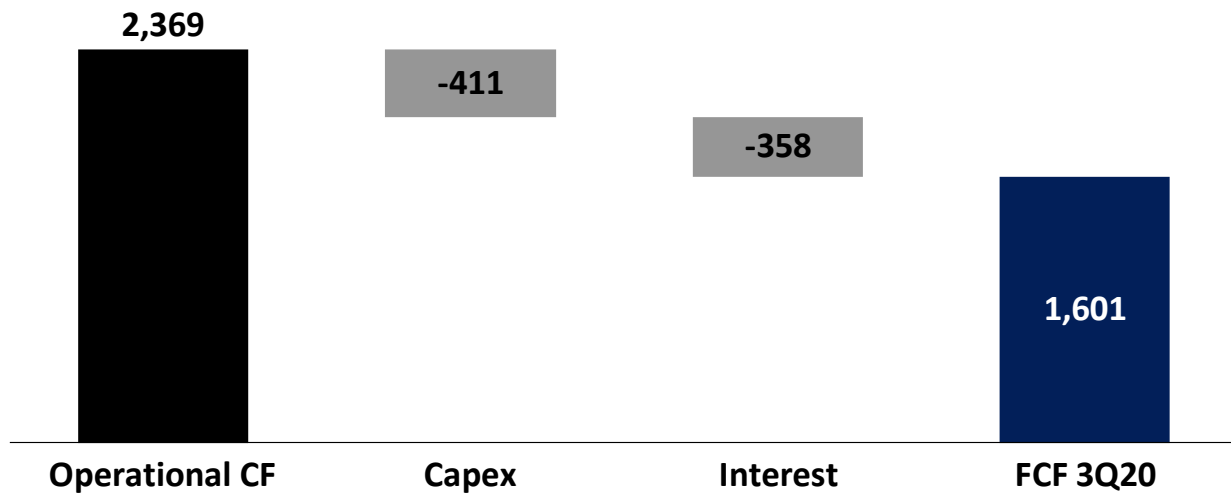
**CAPEX & INVESTMENTS**

In 3Q20, **recurring capex** was R\$411 million, approximately 80% of which was allocated to maintenance and improvements. In maintenance expenses, the highlight was the investment made in the water treatment and reuse plant in Liberal, Kansas, in the North America operation, on top of the other ordinary expenses.

The remaining balance was allocated to organic growth projects, with the highlights the technological improvement project at the plant in Liberal, Kansas to streamline operations and increase flexibility in cuts and consumer-ready products, and the expansion of the deboning and patty areas at the Várzea Grande Unit. The projects are aligned with the Company's strategy to optimize its operational footprint, which maximizes the potential of its most efficient units while closing less efficient plants.



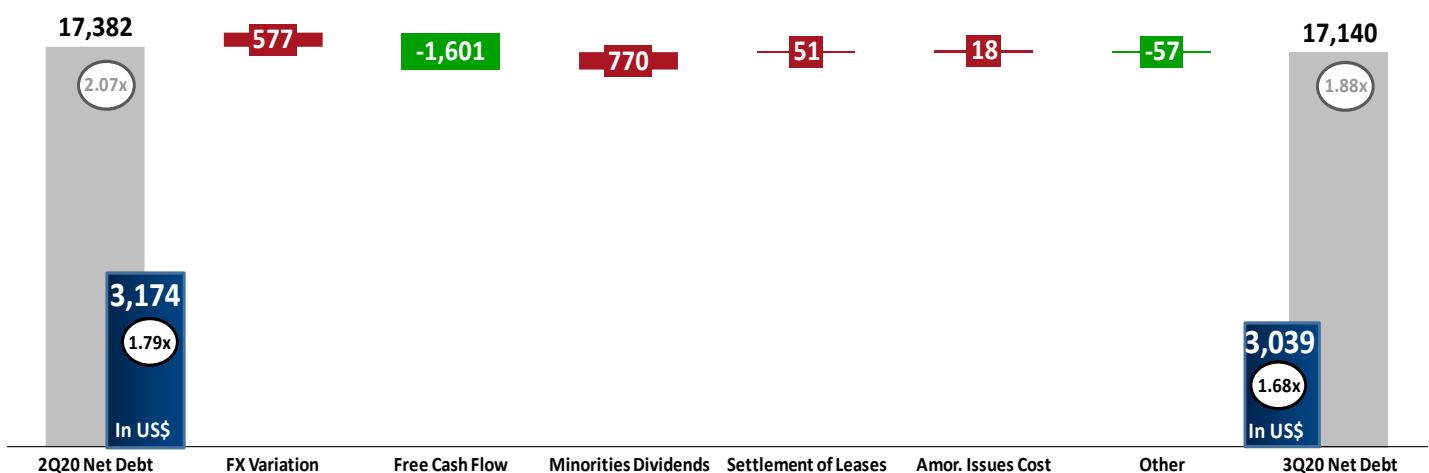
**CASH FLOW (R\$ million)**



The strong results in 3Q20 translated into operating cash flow of R\$2.4 billion. Interest expenses amounted to R\$358 million, down 9% on the prior quarter, while recurring capex was R\$411 million.

As a result, free cash flow was R\$1.6 billion, an increase of 91% on the year-ago period.

**NET DEBT (R\$ million and US\$ million)**



Because a large portion of Marfrig's debt is denominated in U.S. dollar (debt denominated in USD or currencies other than the BRL ended the quarter at roughly 96,0% of total debt), the variations discussed in this section are based on the amounts in U.S. dollar.



Net debt ended 3Q20 at R\$3,039 million, down 4% from 2Q20.

In the quarter, approximately US\$141 million (approximately R\$770 million) was distributed in the form of dividends to third parties.

Measured in BRL, net debt ended 3Q20 at R\$17,140 million, down 1%, despite the additional factor of the non-cash impact from exchange variation of R\$577 million.

Financial leverage, calculated by the ratio of net debt to proforma Adj. EBITDA LTM (last 12 months), stood at **1.68x in USD**, down 0.10x in relation to 2Q20. In BRL, the leverage ratio was 1.88x. Leverage in both USD and BRL in the quarter represent the Company's lowest ratios ever.

<p><b>Net Debt / Adj. EBITDA LTM in USD</b></p> <p><b>1.68x</b></p>	<p><b>Net Debt / Adj. EBITDA LTM in BRL</b></p> <p><b>1.88x</b></p>	<p><b>Average Cost (% p.a.)</b></p> <p><b>5.89%</b></p>	<p><b>Average Term (years)</b></p> <p><b>4.15</b></p>
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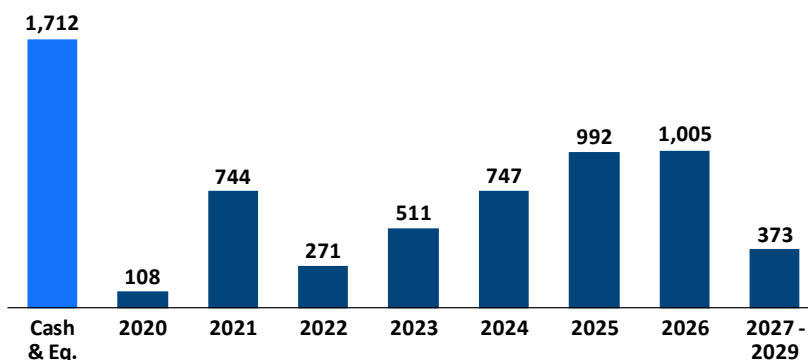
*Note: the calculation of the leverage ratio for the purpose of complying with the financial covenants of bank and capital market funding transactions, which establish a limit of 4.75x, includes provisions that allow for excluding exchange-variation effects. Accordingly, the ratio for this purpose ended 2Q20 at 1.06x (for more information, see Note 17.2 to the financial statements).*

## DEBT PROFILE

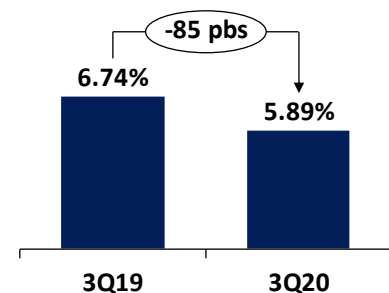
The Company's cash position covers its liabilities coming due in the next 36 months, while its average debt term stood at 4.1 years and its long-term liabilities corresponded to 83% of the total.

The average debt cost ended 3Q20 at 5.89%, representing reductions of 24 bps from 2Q20 and 85 bps from 3Q19. The downward trend in the Company's debt cost is one of the main indicators of the success of the ongoing efforts to reduce financial expenses and increase profitability.

Cash Position and Debt Maturity Schedule (in million)



Average Debt Cost (% p.a.)





## SUSTAINABLE COMMITMENT

**Named best company in the industry and fourth best in the global ranking by FAIRR, Marfrig garners important recognitions of its sustainability actions.**

The highly respected ranking of Collier FAIRR (Protein Producer Index) recognized Marfrig as the beef producer that poses the lowest risk to the environment based on toxic gas emissions, waste of natural resources, labor conditions and various other factors. The index assesses the 60 largest animal protein companies worldwide.

**New beef brand: Viva, the first beef line produced in line with carbon-neutral concepts and developed in partnership with the Brazilian Agricultural Research Corporation (Embrapa).**

Viva Carbon Neutral Beef (CNB) is a part of a new beef line with sustainability attributes. Developed by Embrapa, CNB is a certification for beef produced using integrated livestock-forest (silvopastoral) or integrated crop-livestock-forest (agrosilvopastoral or ICLFS) systems.

The products of the Viva line come from animals raised in a livestock-forest production system that neutralizes methane emissions based on a protocol developed by Embrapa.

As part of the project, Marfrig partnered with Santander to structure Green Agroindustrial Rural Product Certificates (CPR), a credit facility fully oriented to support sustainability projects and the first CRP in Brazil to receive a green seal.

## COVID-19

The health and safety of everyone who works at the Company's sites, with continuous monitoring of conditions at units and following to the letter the protocols established by the World Health Organization and by the local authorities of the countries where it operates, continue to be Marfrig's first priority and focus.

We remain committed to keeping our units operational and to ensuring the supply of essential products to the majority of consumers.

**Marfrig is working resiliently and carefully to perform its essential function, which is supplying quality beef to everyone.** Our priority is to safeguard the health of our employees. We are sparing no effort or resource to ensure a healthy and safe workplace to ensure the continuity of our operations.

Marfrig is one of the world's leading producers of animal protein of the highest quality and with the most rigorous standards of safety and sustainability. **From the countryside of Kansas to the inland regions of Uruguay, Chile and Argentina and various Brazilian cities, Marfrig now works with one important mission: to feed the world of people who cannot leave their home and to feed the other world of people who must venture from home to work, because we know that those who feed the world can never stop.**



**UPCOMING EVENTS**

**Earnings Conference Call**

**Date: November 12, 2020**

**10 a.m. (Brasília)**

Dial in Brazil: + 55 (11) 4210-1803  
Or +55 (11) 3181-8565

English: TF +1 844 204 8942 / DI +1 412 717 9627

Code: Marfrig

Live audio webcast with slide presentation.

Replay available for download: [www.marfrig.com.br/ri](http://www.marfrig.com.br/ri)

**Investor Relations**

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This material includes forward-looking statements. Such statements do not constitute historical fact and reflect the beliefs and expectations of the Corporation's management. The words "anticipate," "hope," "expect," "estimate," "intend," "project," "plan," "predict," "aim" and other similar expressions are used to identify such statements.

Although the Corporation believes that the expectations and assumptions reflected by these forward-looking statements are reasonable and based on the information currently available to its management, it cannot guarantee results or future events. Such forward-looking statements should be considered with caution, since actual results may differ materially from those expressed or implied by such statements. Securities are prohibited from being offered or sold in the United States unless they are registered or exempt from registration in accordance with the U.S. Securities Act of 1933, as amended ("Securities Act"). Any future offering of securities must be made exclusively through an offering memorandum. This document does not constitute an offer, invitation or solicitation to subscribe or acquire any securities, and no part of this presentation nor any information or statement contained herein should be used as the basis for or considered in connection with any contract or commitment of any nature. Any decision to buy securities in any offering conducted by the Corporation should be based solely on the information contained in the offering documents, which may be published or distributed opportunistically in connection with any security offering conducted by the Corporation, depending on the case.

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**APPENDIX I**  
**Income Statement**  
**(R\$ million)**

	3Q20 (a)		3Q19 (b)		(a/b) Chg.	
	R\$	%NOR	R\$	%NOR	R\$	%
<b>Net Revenues</b>	<b>16.833</b>	<b>100,0%</b>	<b>12.744</b>	<b>100,0%</b>	<b>4.089</b>	<b>32,1%</b>
COGS	(14.085)	-83,7%	(10.844)	-85,1%	(3.240)	29,9%
<b>Gross Profit</b>	<b>2.748</b>	<b>16,3%</b>	<b>1.900</b>	<b>14,9%</b>	<b>848</b>	<b>44,7%</b>
<b>SG&amp;A</b>	<b>(913)</b>	<b>-5,4%</b>	<b>(698)</b>	<b>-5,5%</b>	<b>(215)</b>	<b>30,8%</b>
Commercial	(664)	-3,9%	(533)	-4,2%	(131)	24,6%
Administratives	(248)	-1,5%	(164)	-1,3%	(84)	51,1%
<b>Adj. EBITDA</b>	<b>2.196</b>	<b>13,0%</b>	<b>1.499</b>	<b>11,8%</b>	<b>698</b>	<b>46,5%</b>
Others revenues/expenses	(51)	-0,3%	(29)	-0,2%	(22)	76,4%
<b>EBITDA</b>	<b>2.146</b>	<b>12,7%</b>	<b>1.470</b>	<b>11,5%</b>	<b>676</b>	<b>46,0%</b>
<b>P&amp;L - US\$ x BRL</b>	<b>R\$ 5,38</b>		<b>R\$ 3,97</b>		<b>1,41</b>	<b>35,4%</b>
<b>BS - US\$ x BRL</b>	<b>R\$ 5,64</b>		<b>R\$ 4,16</b>		<b>1,48</b>	<b>35,5%</b>



**APPENDIX II**  
**Income Statement and EBITDA Reconciliation\*2**  
**(R\$ million)**

	3Q20 (a)		3Q19 (b)		(a/b) Chg.	
	R\$	%NOR	R\$	%NOR	R\$	%
<b>Net Revenues</b>	<b>16.833</b>	<b>100,0%</b>	<b>12.744</b>	<b>100,0%</b>	<b>4.089</b>	<b>32,1%</b>
COGS	(14.085)	-83,7%	(10.844)	-85,1%	(3.240)	29,9%
<b>Gross Profit</b>	<b>2.748</b>	<b>16,3%</b>	<b>1.900</b>	<b>14,9%</b>	<b>848</b>	<b>44,7%</b>
<b>SG&amp;A</b>	<b>(913)</b>	<b>-5,4%</b>	<b>(698)</b>	<b>-5,5%</b>	<b>(215)</b>	<b>30,8%</b>
Commercial	(664)	-3,9%	(533)	-4,2%	(131)	24,6%
Administratives	(248)	-1,5%	(164)	-1,3%	(84)	51,1%
<b>Adj. EBITDA</b>	<b>2.196</b>	<b>13,0%</b>	<b>1.499</b>	<b>11,8%</b>	<b>698</b>	<b>46,5%</b>
Others revenues/expenses	(51)	-0,3%	(29)	-0,2%	(22)	76,4%
<b>EBITDA</b>	<b>2.146</b>	<b>12,7%</b>	<b>1.470</b>	<b>11,5%</b>	<b>676</b>	<b>46,0%</b>
D&A	(361)	-2,1%	(297)	-2,3%	(64)	21,6%
<b>EBIT</b>	<b>1.785</b>	<b>10,6%</b>	<b>1.173</b>	<b>9,2%</b>	<b>611</b>	<b>52,1%</b>
<b>Financial Results</b>	<b>(613)</b>	<b>-3,6%</b>	<b>(665)</b>	<b>-5,2%</b>	<b>52</b>	<b>-7,9%</b>
Financial revenues/expenses	(384)	-2,3%	(423)	-3,3%	40	-9,4%
Exchange rate variation	(229)	-1,4%	(242)	-1,9%	13	-5,2%
<b>EBT</b>	<b>1.171</b>	<b>7,0%</b>	<b>508</b>	<b>4,0%</b>	<b>664</b>	<b>130,7%</b>
Taxes	(234)	-1,4%	133	1,0%	(367)	-275,5%
<b>Continued Operation - Net Profit</b>	<b>938</b>	<b>5,6%</b>	<b>641</b>	<b>5,0%</b>	<b>297</b>	<b>46,3%</b>
<b>Total Net Profit</b>	<b>938</b>	<b>5,6%</b>	<b>641</b>	<b>5,0%</b>	<b>297</b>	<b>46,3%</b>
<b>Minority Stake</b>	<b>(264)</b>	<b>-1,6%</b>	<b>(541)</b>	<b>-4,2%</b>	<b>276</b>	<b>-51,1%</b>
<b>Continued Operation - Net Profit</b>	<b>674</b>	<b>4,0%</b>	<b>100</b>	<b>0,8%</b>	<b>573</b>	<b>571,3%</b>
<b>Total Net Profit</b>	<b>674</b>	<b>4,0%</b>	<b>100</b>	<b>0,8%</b>	<b>573</b>	<b>571,3%</b>
<b>P&amp;L - US\$ x BRL</b>	<b>R\$ 5,38</b>		<b>R\$ 3,97</b>		<b>R\$ 1,41</b>	
<b>BS - US\$ x BRL</b>	<b>R\$ 5,64</b>		<b>R\$ 4,16</b>		<b>R\$ 1,48</b>	

<sup>2</sup> EBITDA reconciliation made in accordance with CVM Instruction 527.



RECONCILIATION OF ADJUSTED EBITDA (R\$ million)	3Q20	3Q19
<b>Net Profit / Loss</b>	<b>674</b>	<b>100</b>
(+) Provision for income and social contribution	234	(133)
(+) Non-controlling Interest	264	541
(+) Net Exchange Variation	229	242
(+) Net Financial Charges	384	423
(+) Depreciation & Amortization	361	297
<b>EBITDA</b>	<b>2.146</b>	<b>1.470</b>
(+) Other Operacional Revenues/Expenses	51	29
<b>Adj. EBITDA</b>	<b>2.196</b>	<b>1.499</b>



## APPENDIX III

Cash Flow  
(R\$ million)

Continued Free Cash Flow	3Q20	2Q20
<b>Net Income/Loss</b>	<b>674</b>	<b>1.594</b>
(+/-) Non cash items	1.308	1.645
(+/-) Account Receivable	893	(402)
(+/-) Inventories	(35)	333
(+/-) Suppliers	(475)	(125)
(+/-) Others	5	924
<b>(=) Operational Cash Flow</b>	<b>2.369</b>	<b>3.969</b>
(-) Total Capex and Investments	(411)	(309)
(-) Interest expenses	(358)	(391)
<b>Cash Flow Before Third Party Dividends</b>	<b>1.601</b>	<b>3.269</b>



**APPENDIX IV**  
**Consolidated Income Statement by Operation**  
**(R\$ '000)**

3Q20	North America		South America		Corporate	
	R\$	%NOR	R\$	%NOR	R\$	%NOR
<b>Net Revenues</b>	<b>12.040</b>	<b>100,0%</b>	<b>4.793</b>	<b>100,0%</b>	<b>-</b>	<b>100,0%</b>
COGS	(10.018)	-83,2%	(4.066)	-84,8%	(1)	0,0%
<b>Gross Profit</b>	<b>2.022</b>	<b>16,8%</b>	<b>727</b>	<b>15,2%</b>	<b>(1)</b>	<b>0,0%</b>
<b>SG&amp;A</b>	<b>(476)</b>	<b>-4,0%</b>	<b>(315)</b>	<b>-6,6%</b>	<b>(122)</b>	<b>0,0%</b>
<b>Adj. EBITDA</b>	<b>1.727</b>	<b>14,3%</b>	<b>505</b>	<b>10,5%</b>	<b>(35)</b>	<b>0,0%</b>

3Q19	North America		South America		Corporate	
	R\$	%NOR	R\$	%NOR	R\$	%NOR
<b>Net Revenues</b>	<b>8.950</b>	<b>100,0%</b>	<b>3.795</b>	<b>100,0%</b>	<b>-</b>	<b>100,0%</b>
COGS	(7.453)	-83,3%	(3.390)	-89,3%	(1)	0,0%
<b>Gross Profit</b>	<b>1.497</b>	<b>16,7%</b>	<b>404</b>	<b>10,7%</b>	<b>(1)</b>	<b>0,0%</b>
<b>SG&amp;A</b>	<b>(343)</b>	<b>-3,8%</b>	<b>(264)</b>	<b>-7,0%</b>	<b>(91)</b>	<b>0,0%</b>
<b>Adj. EBITDA</b>	<b>1.303</b>	<b>14,6%</b>	<b>224</b>	<b>5,9%</b>	<b>(28)</b>	<b>0,0%</b>



**APPENDIX V**  
**Balance Sheet**  
**(R\$ '000)**

ASSETS	2Q20	4Q19	LIABILITIES	1Q20	4Q19
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash and Marketable Securities	9.654.471	8.410.113	Trade accounts payable	2.516.473	2.670.322
Trade accounts receivable	2.505.270	2.020.516	Supply chain finance	8.381	176.881
Inventories of goods and merchandise	2.969.585	2.383.486	Accrued payroll and related charges	1.458.854	757.699
Biological assets	58.178	29.139	Taxes payable	788.944	407.817
Recoverable taxes	779.414	1.176.530	Loans and financing	4.584.425	4.594.444
Prepaid expenses	64.948	61.823	Notes payable	147.098	108.483
Notes receivable	30.937	82.318	Lease payable	177.097	131.093
Advances to suppliers	145.471	110.044	Advances from customers	1.442.355	1.322.910
Other receivables	374.594	146.135	Other payables	382.189	445.399
	<b>16.582.868</b>	<b>14.420.104</b>		<b>11.505.816</b>	<b>10.615.048</b>
<b>NON CURRENT ASSETS</b>			<b>NON CURRENT LIABILITIES</b>		
Court deposits	76.005	62.055	Loans and financing	22.210.142	17.121.836
Notes receivable	3.500	0	Taxes payable	357.744	768.129
Deferred income and social contribution taxes	1.858.546	1.413.253	Deferred income and social contribution taxes	96.648	136.275
Recoverable taxes	2.463.996	2.321.233	Provisions for contingencies	361.380	361.884
Other receivables	285.009	134.537	Lease payable	459.014	392.740
	<b>4.687.056</b>	<b>3.931.078</b>	Notes payable	330.084	233.094
Investments	62.234	45.694	Other	229.682	166.674
Property, plant and equipment	8.159.267	6.441.055		<b>24.044.694</b>	<b>19.180.632</b>
Intangible assets	8.802.867	6.734.090			
	<b>17.024.368</b>	<b>13.220.839</b>			
			<b>CONTROLLING SHAREHOLDER'S EQUITY</b>		
			Share Capital	8.204.391	8.204.391
			Capital reserve	(2.081.336)	(1.271.370)
			Profit reserves	51.824	51.824
			Other comprehensive income	(4.335.602)	(3.271.650)
			Accumulated losses	(874.393)	(3.094.630)
				<b>964.884</b>	<b>618.565</b>
			Controlling Shareholder's Equity	<b>964.884</b>	<b>618.565</b>
			Non-controlling interest	1.778.898	1.157.776
			<b>Total Controlling Shareholder's Equity</b>	<b>2.743.782</b>	<b>1.776.341</b>
<b>TOTAL ASSETS</b>	<b>38.294.292</b>	<b>31.572.021</b>	<b>TOTAL LIABILITIES</b>	<b>38.294.292</b>	<b>31.572.021</b>



Marfrig Global Foods S.A.

Consolidated Quarterly Information  
(ITR)

At September 30, 2020

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

# Report on the review of quarterly financial information

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**Grant Thornton Auditores  
Independentes**

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andar Itaim Bibi, São Paulo (SP) Brasil

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To the Board of directors and shareholders of  
**Marfrig Global Foods S.A.**  
São Paulo – SP

## Introduction

We have reviewed the accompanying individual and consolidated interim accounting information of Marfrig Global Foods S.A. (“the Company”), comprised in the Quarterly Information Form for the quarter ended September 30, 2020, comprising the statement of financial position as of September 30, 2020 and the respective statements of income and comprehensive income for the periods of three and nine months then ended, and the changes in shareholders’ equity and cash flows for the period of nine months then ended, including the footnotes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with NBC TG 21 – Interim Financial Information and with international standard IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), such as for the presentation of these information in accordance with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Review scope

We conducted our review in accordance with the Brazilian and International standards on reviews of interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with audit standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion on the individual and the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information form referred to above has not been prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of interim financial information, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

## Other matters

### Statements of value added

The quarterly information referred to above includes the individual and consolidated statements of value added for the period of nine months ended September 30, 2020, prepared under the responsibility of the Company's management and presented as supplementary information for the purposes of IAS 34. This statements were submitted to the same review procedures in conjunction with the review of the Company's interim financial information in the order to conclude they are reconciliated to the interim financial information and to the accounting records, as applicable, and whether the structure and content are in accordance with the criteria established by NBC TG 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of value added were not prepared, in all material respects, in accordance with the criteria defined in this Standard and with the individual and consolidated interim financial information taken as a whole.

São Paulo, November 11, 2020



Jefferson Coelho Diniz  
Assurance Partner

Grant Thornton Auditores Independentes

# MARFRIG GLOBAL FOODS S.A.

## Balance Sheet - Assets As of September 30, 2020 and December 31, 2019

(In thousands of Brazilian reais - R\$)

	Note	Parent		Consolidated	
		9/30/2020	12/31/2019	9/30/2020	12/31/2019
<b>Current Assets</b>					
Cash and cash equivalents	4	190,992	244,698	1,389,037	1,774,902
Marketable securities	5	451,059	1,556,280	8,265,434	6,635,211
Trade accounts receivable - domestic	6	306,768	55,705	1,955,119	1,442,725
Trade accounts receivable - foreign	6	847,350	835,092	550,151	577,791
Inventories of goods and merchandise	7	654,280	681,792	2,969,585	2,383,486
Biological assets		-	-	58,178	29,139
Recoverable taxes	8	560,065	1,009,845	779,414	1,176,530
Prepaid expenses		7,711	15,461	64,948	61,823
Notes receivable	9	415,434	355,250	30,937	82,318
Advances to suppliers		76,081	71,493	145,471	110,044
Other receivables		116,145	8,637	374,594	146,135
		<b>3,625,885</b>	<b>4,834,253</b>	<b>16,582,868</b>	<b>14,420,104</b>
<b>Non-Current Assets</b>					
Court deposits		69,918	56,135	76,005	62,055
Notes receivable	9	11,702,153	7,335,451	3,500	-
Deferred income and social contribution taxes	10	1,302,570	940,957	1,858,546	1,413,253
Recoverable taxes	8	2,436,972	2,286,791	2,463,996	2,321,233
Other receivables		4,220	7,134	285,009	134,537
		<b>15,515,833</b>	<b>10,626,468</b>	<b>4,687,056</b>	<b>3,931,078</b>
Investments	11	9,175,268	4,558,779	62,234	45,694
Property, plant and equipment	12	3,237,982	3,064,696	8,159,267	6,441,055
Intangible assets	13	301,173	318,894	8,802,867	6,734,090
		<b>12,714,423</b>	<b>7,942,369</b>	<b>17,024,368</b>	<b>13,220,839</b>
		<b>28,230,256</b>	<b>18,568,837</b>	<b>21,711,424</b>	<b>17,151,917</b>
<b>Total Assets</b>		<b>31,856,141</b>	<b>23,403,090</b>	<b>38,294,292</b>	<b>31,572,021</b>

The management notes are an integral part of the interim separate and consolidated financial statements.

## MARFRIG GLOBAL FOODS S.A.

### Balance Sheet - Liabilities and Equity As of September 30, 2020 and December 31, 2019

(In thousands of Brazilian reais - R\$)

	Note	Parent		Consolidated	
		9/30/2020	12/31/2019	9/30/2020	12/31/2019
<b>Current liabilities</b>					
Trade accounts payable	14	768,058	1,088,611	2,516,473	2,670,322
Supply chain financing	15	8,381	176,881	8,381	176,881
Accrued payroll and related charges		148,810	111,019	1,458,854	757,699
Taxes payable	16	44,884	165,591	788,944	407,817
Loans, financing and debentures	17	4,034,831	2,076,246	4,584,425	4,594,444
Notes payable	20	145,137	104,584	147,098	108,483
Lease payable	19	13,090	20,112	177,097	131,093
Advances from customers	18	1,214,417	1,205,578	1,442,355	1,322,910
Other payables		55,462	92,999	382,189	445,399
		<b>6,433,070</b>	<b>5,041,621</b>	<b>11,505,816</b>	<b>10,615,048</b>
<b>Non-current liabilities</b>					
Loans, financing and debentures	17	918,298	699,012	22,210,142	17,121,836
Taxes payable	16	161,732	709,113	357,744	768,129
Deferred income and social contribution taxes	10	-	-	96,648	136,275
Provisions for contingencies	21	281,651	291,343	361,380	361,884
Lease payable	19	53,340	81,780	459,014	392,740
Notes payable	20	23,043,166	15,961,656	330,084	233,094
Other payables		-	-	229,682	166,674
		<b>24,458,187</b>	<b>17,742,904</b>	<b>24,044,694</b>	<b>19,180,632</b>
<b>Equity</b>					
Share Capital	22.1	8,204,391	8,204,391	8,204,391	8,204,391
Capital reserves, granted options and treasury shares	22.2	(2,081,336)	(1,271,370)	(2,081,336)	(1,271,370)
Profit reserves	22.3	51,824	51,824	51,824	51,824
Other comprehensive income	22.4	(4,335,602)	(3,271,650)	(4,335,602)	(3,271,650)
Accumulated losses		(874,393)	(3,094,630)	(874,393)	(3,094,630)
		<b>964,884</b>	<b>618,565</b>	<b>964,884</b>	<b>618,565</b>
<b>Controlling shareholders' equity</b>					
Non-controlling interest		-	-	1,778,898	1,157,776
<b>Total equity</b>		<b>964,884</b>	<b>618,565</b>	<b>2,743,782</b>	<b>1,776,341</b>
<b>Total liabilities and shareholders' equity</b>		<b>31,856,141</b>	<b>23,403,090</b>	<b>38,294,292</b>	<b>31,572,021</b>

The management notes are an integral part of the interim separate and consolidated financial statements.

## MARFRIG GLOBAL FOODS S.A.

### Statement of income Years ended September 30, 2020 and 2019

(In thousands of Brazilian reais - R\$, except earnings per share)

	Note	Parent				Consolidated			
		3rd Quarter 2020	YTD 2020	3rd Quarter 2019	YTD 2019	3rd Quarter 2020	YTD 2020	3rd Quarter 2019	YTD 2019
<b>Net sales revenue</b>	23	3,080,722	8,822,455	2,556,862	6,697,187	16,833,145	49,215,407	12,744,372	34,543,182
Cost of products and goods sold	24	(2,532,651)	(7,197,449)	(2,319,441)	(6,132,358)	(14,084,820)	(40,230,009)	(10,844,446)	(30,235,204)
<b>Gross profit</b>		<b>548,071</b>	<b>1,625,006</b>	<b>237,421</b>	<b>564,829</b>	<b>2,748,325</b>	<b>8,985,398</b>	<b>1,899,926</b>	<b>4,307,978</b>
Operating income (expenses)		398,769	2,054,607	288,250	474,709	(963,776)	(2,755,926)	(726,727)	(2,021,857)
Selling expenses	24	(150,869)	(417,293)	(156,293)	(472,478)	(664,398)	(1,819,842)	(533,414)	(1,496,737)
General and administrative expenses	24	(30,015)	(79,437)	(6,137)	(111,318)	(248,489)	(700,949)	(164,466)	(548,221)
Equity in earnings (losses) of subsidiaries	11	632,202	2,741,098	484,347	1,156,301	-	-	-	-
Other operating income (expenses)		(52,549)	(189,761)	(33,667)	(97,796)	(50,889)	(235,135)	(28,847)	23,101
<b>Net income (loss) before net financial income (losses)</b>		<b>946,840</b>	<b>3,679,613</b>	<b>525,671</b>	<b>1,039,538</b>	<b>1,784,549</b>	<b>6,229,472</b>	<b>1,173,199</b>	<b>2,286,121</b>
Financial income (expenses)	25	(268,319)	(1,910,544)	(653,358)	(1,435,080)	(613,076)	(2,569,959)	(665,363)	(1,449,373)
Financial income		947,485	2,317,376	329,098	833,510	750,555	2,161,187	689,260	1,524,155
Financial expenses		(1,215,804)	(4,227,920)	(982,456)	(2,268,590)	(1,363,631)	(4,731,146)	(1,354,623)	(2,973,528)
<b>Net income (loss) before taxes</b>		<b>678,521</b>	<b>1,769,069</b>	<b>(127,687)</b>	<b>(395,542)</b>	<b>1,171,473</b>	<b>3,659,513</b>	<b>507,836</b>	<b>836,748</b>
<b>Income and Social Contribution taxes</b>		<b>(4,856)</b>	<b>361,613</b>	<b>228,045</b>	<b>586,724</b>	<b>(233,651)</b>	<b>(552,223)</b>	<b>133,158</b>	<b>346,618</b>
Current and deferred income tax	28	(3,570)	267,856	168,379	431,324	(232,416)	(646,520)	72,000	189,636
Current and deferred social contribution	28	(1,286)	93,757	59,666	155,400	(1,235)	94,297	61,158	156,982
<b>Net income (loss) for the period before interest</b>		<b>673,665</b>	<b>2,130,682</b>	<b>100,358</b>	<b>191,182</b>	<b>937,822</b>	<b>3,107,290</b>	<b>640,994</b>	<b>1,183,366</b>
Attributable to:									
Controlling interest		673,665	2,130,682	100,358	191,182	673,665	2,130,682	100,358	191,182
Non-controlling interest		-	-	-	-	264,157	976,608	540,636	992,184
		<b>673,665</b>	<b>2,130,682</b>	<b>100,358</b>	<b>191,182</b>	<b>937,822</b>	<b>3,107,290</b>	<b>640,994</b>	<b>1,183,366</b>
<b>Basic and diluted earnings per share - Common</b>	26	<b>0.9616</b>	<b>3.0415</b>	<b>0.1620</b>	<b>0.3087</b>	<b>0.9616</b>	<b>3.0415</b>	<b>0.1620</b>	<b>0.3087</b>

The management notes are an integral part of the interim separate and consolidated financial statements.

## MARFRIG GLOBAL FOODS S.A.

### Statement of changes in shareholders' equity Years ended September 30, 2020 and 2019

(In thousands of Brazilian reais - R\$)

	Share Capital	Capital reserves, options granted and treasury shares	Profit reserves	Other comprehensive income	Accumulated losses	Total	Total non- controlling interest	Total shareholders' equity
<b>At December 31, 2018</b>	<b>7,319,467</b>	<b>155,824</b>	<b>51,824</b>	<b>(3,535,777)</b>	<b>(3,317,874)</b>	<b>673,464</b>	<b>3,338,093</b>	<b>4,011,557</b>
Cumulative translation adjustment and asset valuation adjustment	-	-	-	(375,536)	4,506	(371,030)	(425,816)	(796,846)
Operation to hedge against exchange variation	-	-	-	(87,533)	-	(87,533)	-	(87,533)
Acquisition of treasury shares	-	(55,265)	-	-	-	(55,265)	-	(55,265)
Goodwill stock option	-	(2,757)	-	-	-	(2,757)	-	(2,757)
Net income for the period	-	-	-	-	191,182	191,182	992,184	1,183,366
<b>At September 30, 2019</b>	<b>7,319,467</b>	<b>97,802</b>	<b>51,824</b>	<b>(3,998,846)</b>	<b>(3,122,186)</b>	<b>348,061</b>	<b>3,904,461</b>	<b>4,252,522</b>
<b>At December 31, 2019</b>	<b>8,204,391</b>	<b>(1,271,370)</b>	<b>51,824</b>	<b>(3,271,650)</b>	<b>(3,094,630)</b>	<b>618,565</b>	<b>1,157,776</b>	<b>1,776,341</b>
Cumulative translation adjustment and asset valuation adjustment	-	(775,327)	-	(1,063,952)	89,555	(1,749,724)	(355,486)	(2,105,210)
Acquisition of treasury shares	-	(31,196)	-	-	-	(31,196)	-	(31,196)
Goodwill stock option	-	(3,443)	-	-	-	(3,443)	-	(3,443)
Goodwill on capital transactions	-	-	-	-	-	-	-	-
Net income for the period	-	-	-	-	2,130,682	2,130,682	976,608	3,107,290
<b>At September 30, 2020</b>	<b>8,204,391</b>	<b>(2,081,336)</b>	<b>51,824</b>	<b>(4,335,602)</b>	<b>(874,393)</b>	<b>964,884</b>	<b>1,778,898</b>	<b>2,743,782</b>

The management notes are an integral part of the interim separate and consolidated financial statements.

# MARFRIG GLOBAL FOODS S.A.

## Statement of cash flows Years ended September 30, 2020 and 2019

(In thousands of Brazilian reais - R\$)

	Note	Parent		Consolidated	
		YTD 2020	YTD 2019	YTD 2020	YTD 2019
<b>Profit for the period from operations</b>		2,130,682	191,182	2,130,682	191,182
<b>Non-cash items</b>		<b>(1,650,987)</b>	<b>(1,210,752)</b>	<b>4,286,588</b>	<b>2,391,072</b>
Depreciation and amortization		210,909	249,058	1,022,867	889,387
Non-controlling interest		-	-	976,608	992,184
Provision for contingencies		(9,691)	-	(4,501)	(14,039)
Deferred taxes and tax liabilities		(361,613)	(586,724)	(304,623)	(534,728)
Equity in earnings (losses) of subsidiaries		(2,741,098)	(1,156,301)	-	-
Exchange variation on financing		1,123,073	152,827	1,116,003	153,633
Exchange variation on other assets and liabilities		(35,632)	76,071	59,028	92,914
Interest expenses on financial debt		44,860	31,193	1,042,730	809,499
Interest expenses on financial lease		3,212	7,874	17,909	17,502
Interest expenses on debentures		-	5,368	-	-
Cost with issue of financial operations		3,311	4,114	230,715	184,043
Leasing adjustment to present value		(302)	120	(299)	116
Estimated non-realization of inventories		(14,388)	(17,699)	(14,994)	(18,592)
Estimated losses with doubtful accounts		6,710	1,561	8,844	4,237
Estimated losses with non-realization of recoverable taxes		72,204	-	71,355	172
Other non-cash effects		47,458	21,786	64,946	(185,256)
<b>Equity changes</b>		<b>(2,230,550)</b>	<b>121,088</b>	<b>(1,049,764)</b>	<b>(1,156,944)</b>
Trade accounts receivable		(211,951)	(54,373)	465,412	(229,416)
Current inventory and biological assets		41,901	(145,386)	9,559	(499,137)
Court deposits		(13,783)	(14,801)	(13,944)	(14,878)
Accrued payroll and related charges		37,792	38,674	552,926	(49,405)
Trade payables and supplier chain financing		(475,865)	(90,126)	(1,521,502)	(26,840)
Current and deferred taxes		(440,694)	(168,592)	7,291	(145,490)
Notes receivable and payable		(1,035,822)	618,533	(149,717)	(65,005)
Other assets and liabilities		(132,128)	(62,841)	(399,789)	(126,773)
<b>Cash flow (used in) provided by operating activities</b>		<b>(1,750,855)</b>	<b>(898,482)</b>	<b>5,367,506</b>	<b>1,425,310</b>
Investing activities					
Investments		-	(49,904)	7	(13)
Acquisition of subsidiary, net of cash		-	-	-	(428,216)
Investments in fixed and non-current biological assets		(408,217)	(347,734)	(907,335)	(635,692)
Investments in intangible assets		(2,191)	(4,643)	(2,347)	(5,015)
<b>Cash flow used in investing activities</b>		<b>(410,408)</b>	<b>(402,281)</b>	<b>(909,675)</b>	<b>(1,068,936)</b>
Financing activities					
Interest settled debentures / Bonds		-	(45,665)	(2,076,323)	(826,840)
Debentures / Bonds		-	(570,000)	(1,941,126)	-
Loans and financing		1,006,627	923,441	(361,535)	2,425,319
Loans granted		4,701,291	3,727,630	7,352,227	12,092,387
Loans settled		(3,694,664)	(2,804,189)	(7,713,762)	(9,667,068)
Lease payable		(41,893)	(24,388)	(203,933)	(45,774)
Lease granted		-	1,745	124	33,071
Lease settled		(41,893)	(26,133)	(204,057)	(78,845)
Treasury shares		(31,196)	(55,264)	(31,196)	(55,264)
Acquisition of non-controlling interest		(38,721)	-	(4,073)	(15,971)
Dividends received		-	792,572	-	-
Dividends (subsidiaries) paid to non-controlling shareholders		-	-	(823,843)	(903,294)
<b>Cash flow (used in) provided by financing activities</b>	33	<b>894,817</b>	<b>1,020,696</b>	<b>(5,442,029)</b>	<b>578,176</b>
Exchange variation on cash and equivalents		107,519	41,750	2,228,556	282,697
Exchange variation on cash and equivalents - discontinued		-	-	-	-
Discontinued operations net of cash		-	-	-	(49,364)
<b>Cash flow in the period</b>		<b>(1,158,927)</b>	<b>(238,317)</b>	<b>1,244,358</b>	<b>1,167,883</b>
<b>Cash and cash equivalents</b>					
Balance at end of period		642,051	1,538,869	9,654,471	8,359,589
Balance at start of period		1,800,978	1,777,186	8,410,113	7,191,706
<b>Change in the period</b>		<b>(1,158,927)</b>	<b>(238,317)</b>	<b>1,244,358</b>	<b>1,167,883</b>

The management notes are an integral part of the interim separate and consolidated financial statements.

## MARFRIG GLOBAL FOODS S.A.

### Statement of added value Years ended September 30, 2020 and 2019

(In thousands of Brazilian reais - R\$)

	Parent		Consolidated	
	YTD 2020	YTD 2019	YTD 2020	YTD 2019
Revenue	<b>9,403,278</b>	<b>7,150,494</b>	<b>49,983,912</b>	<b>35,278,081</b>
Sales of goods and services	9,404,835	7,156,175	49,971,810	35,159,715
Other revenues	5,153	(4,120)	20,946	120,287
Expected losses with doubtful accounts	(6,710)	(1,561)	(8,844)	(1,921)
Inputs purchased from other firms (including taxes - ICMS, IPI, PIS and Cofins)	<b>7,498,846</b>	<b>6,029,591</b>	<b>37,666,363</b>	<b>28,681,624</b>
Cost of goods sold and services rendered	6,099,829	4,984,523	33,064,914	24,042,121
Material, energy, outsourced services and other	1,399,017	1,045,068	4,601,449	4,639,503
Gross value added	<b>1,904,432</b>	<b>1,120,903</b>	<b>12,317,549</b>	<b>6,596,457</b>
Depreciation and amortization	210,909	249,058	1,022,867	889,387
Net value created by company	<b>1,693,523</b>	<b>871,845</b>	<b>11,294,682</b>	<b>5,707,070</b>
Value added received through transfer	<b>5,058,474</b>	<b>1,896,135</b>	<b>2,161,187</b>	<b>1,430,479</b>
Equity in earnings (losses) of subsidiaries	2,741,098	1,156,301	-	-
Financial income and exchange rate gains	2,317,376	833,510	2,161,187	1,524,155
Other	-	(93,676)	-	(93,676)
<b>Total value added to be distributed</b>	<b>6,751,997</b>	<b>2,767,980</b>	<b>13,455,869</b>	<b>7,137,549</b>
<b>Value added distribution</b>	<b>6,751,997</b>	<b>2,767,980</b>	<b>13,455,869</b>	<b>7,137,549</b>
<b>Employees</b>	<b>544,496</b>	<b>538,664</b>	<b>4,627,729</b>	<b>2,858,825</b>
Direct compensation	418,340	419,443	4,490,098	2,729,571
Benefits	99,624	91,029	109,039	98,663
FGTS (severance pay fund)	26,532	28,192	28,592	30,591
<b>Taxes payable</b>	<b>(162,939)</b>	<b>(242,936)</b>	<b>846,335</b>	<b>49,477</b>
Federal	(328,396)	(468,275)	612,346	(237,154)
State	161,813	222,427	230,312	283,676
Municipal	3,644	2,912	3,677	2,955
<b>Value distributed to providers of capital</b>	<b>4,239,758</b>	<b>2,281,070</b>	<b>4,874,515</b>	<b>3,045,881</b>
Interest	4,227,920	2,268,590	4,731,146	2,973,528
Rentals	11,838	12,480	143,369	113,991
Other	-	-	-	(41,638)
<b>Value distributed to shareholders</b>	<b>2,130,682</b>	<b>191,182</b>	<b>3,107,290</b>	<b>1,183,366</b>
Net loss from operations in the period	2,130,682	191,182	2,130,682	191,182
Non-controlling interest	-	-	976,608	992,184

The management notes are an integral part of the interim separate and consolidated financial statements.

## MARFRIG GLOBAL FOODS S.A.

### Statement of comprehensive income Years ended September 30, 2020 and 2019

(In thousands of Brazilian reais - R\$)

	Parent				Consolidated			
	3rd Quarter 2020	YTD 2020	3rd Quarter 2019	YTD 2019	3rd Quarter 2020	YTD 2020	3rd Quarter 2019	YTD 2019
Net income (loss) in the year	673,665	2,130,682	100,358	191,182	937,822	3,107,290	640,994	1,183,366
Exchange variation on net investments and balance sheet translation	13,765	(1,063,952)	(451,335)	(375,536)	13,765	(1,419,438)	(451,335)	(801,352)
Operations to hedge against exchange variation	-	-	(87,533)	(87,533)	-	-	(87,533)	(87,533)
Total comprehensive income in the period	13,765	(1,063,952)	(538,868)	(463,069)	13,765	(1,419,438)	(538,868)	(888,885)
<b>Total comprehensive income (loss)</b>	<b>687,430</b>	<b>1,066,730</b>	<b>(438,510)</b>	<b>(271,887)</b>	<b>951,587</b>	<b>1,687,852</b>	<b>102,126</b>	<b>294,481</b>
<b>Attributable to:</b>								
Controlling interest	687,430	1,066,730	(438,510)	(271,887)	687,430	1,066,730	(438,510)	(271,887)
Non-controlling interest	-	-	-	-	264,157	621,122	540,636	566,368

The management notes are an integral part of the interim separate and consolidated financial statements.

## MARFRIG GLOBAL FOODS S.A.

Notes to the separate (Parent Company) and consolidated financial statements  
for the periods ended September 30, 2020 and 2019  
(In thousands of Brazilian reais, except where otherwise indicated)

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### 1. Operations

Marfrig Global Foods S.A. is a multinational corporation operating in the food industry, in the food service, retail and convenience, industrial and export channels in Brazil and around the world. With a production footprint spanning the Americas, it has a diversified and comprehensive portfolio of products and its operations are founded on its commitment to excellence and quality, which has assured its products presence in the world's largest restaurant chains and supermarkets, as well as homes in nearly 100 countries. The Corporation's activities include the production, processing, further processing, sale and distribution of animal-based (beef, lamb and fish) and plant-based proteins. The Corporation is domiciled in Brazil and headquartered in the city of São Paulo.

The Corporation is a publicly held corporation with its shares listed on the Novo Mercado listing segment of the Brazilian Stock Exchange B3 S.A. – Brasil, Bolsa, Balcão (“B3”) under the stock symbol MRFG3.

Because it is listed on the Novo Mercado special corporate governance segment of B3, the Corporation is subject to arbitration under the Market Arbitration Chamber, pursuant to the arbitration clause in its by-laws.

The Corporation's stock is also a component of the main performance indicators of Brazil's capital markets: Brazil Broad Index BM&FBOVESPA – IBrA; Brazil 100 Index - IBrX 100; Brazil 50 Index - IBrX 50; Consumption Index – ICON; Corporate Governance Trade Index - IGCT; Special Corporate Governance Stock Index - IGC; Novo Mercado Corporate Governance Index - IGC-NM; Industrial Sector Index - INDX; Special Tag-Along Stock Index - ITAG; Small Cap Index - SMLL.

### 2. Presentation and preparation of the parent company and consolidated interim financial statements

The Management of the Corporation approved the issue of these separate and consolidated interim financial statements on November 11, 2020, and warrants that, based on its judgment, all material information is substantiated and corresponds to that used in its management activities.

#### 2.1. Statement of compliance

##### Consolidated interim financial statements

The Corporation's consolidated interim financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The separate interim financial statements of the parent company were prepared in accordance with the accounting practices adopted in Brazil and are disclosed jointly with the consolidated interim financial statements.

The accounting practices adopted in Brazil include those provided for in Brazilian Corporations Law, the Brazilian Accounting Standards (NBCs) and resolutions and instructions issued by the Securities and Exchange Commission of Brazil (CVM).

The parent company and consolidated Statement of Added Value (DVA) is required under Brazilian Corporation Law and the accounting practices adopted in Brazil applicable to public companies. IFRS standards do not require said statement. As a result, under IFRS, this statement is being presented as supplementary information, without prejudice to the complete set of interim financial statements.

##### Parent company interim financial statements

**MARFRIG GLOBAL FOODS S.A.****Notes to the separate (Parent Company) and consolidated financial statements  
for the periods ended September 30, 2020 and 2019  
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The parent company interim financial statements were prepared based on the accounting practices adopted in Brazil and resolutions issued by CFC, observing the accounting guidelines based on Brazilian Corporation Law (Federal Law 6,404/76), which include the provisions introduced, amended and revoked by Law 11,638 of December 28, 2007, Law 11,941 of May 27, 2009 (former Provisional Presidential Decree 449 of December 3, 2008) and Law 12,973 of May 13, 2014.

There is no difference between the shareholders' equity and consolidated income (loss) and the parent company's shareholders' equity and income (loss) disclosed in the parent company interim financial statements. Thus, the consolidated/parent company interim financial statements are being presented in the same document.

**2.2. Basis of presentation**

The parent company and consolidated interim financial statements are denominated in Brazilian real (R\$), which is the reporting currency, and all amounts are rounded to thousands of Brazilian real, unless otherwise stated.

The consolidated interim financial statements were prepared on the historical cost basis, unless otherwise stated. Certain assets and financial instruments may be stated at fair value.

The preparation of parent company and consolidated interim financial statements in accordance with IFRS and NBCs requires Management to make certain accounting estimates. The areas involving considerable judgment or use of estimates for the parent company and consolidated interim financial statements are stated in note 3.1.

**2.3. Foreign currency translation****Functional and reporting currency**

The interim financial statements of each consolidated subsidiary and those used as a basis for accounting for investments under the equity method are prepared using the functional currency of each entity.

Under NBC TG 02/R3 (CVM Resolution 640/10) – effect of changes in exchange rates and translation of financial statements, functional currency is the currency of the primary economic environment in which the entity operates. To define the functional currency of each subsidiary, Management considered which currency significantly influences the sale price of their goods and services and the currency in which most of their production input costs are paid or incurred. The consolidated interim financial statements are expressed in Brazilian real (R\$), which is the functional and reporting currency of Marfrig Global Foods S.A.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency of the Corporation using the exchange rate at the transaction date. Gains and losses resulting from the difference between the monetary asset and liability balance translation at the end of the period or year and the translation of the transaction balances are recognized in the income statement. Non-monetary assets and liabilities in foreign currency measured at fair value are translated at the exchange rate on the date on which their fair value is determined and the differences resulting from such translation will be recognized under other comprehensive income on the closing date of each period or fiscal year.

## MARFRIG GLOBAL FOODS S.A.

### Notes to the separate (Parent Company) and consolidated financial statements for the periods ended September 30, 2020 and 2019 (In thousands of Brazilian reais, except where otherwise indicated)

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#### Group companies

The results of operations and the financial position of all consolidated subsidiaries and investments accounted for under the equity method, whose functional currency differs from the reporting currency, are translated from the reporting currency, as follows:

- i. Asset and liability balances are translated using the exchange rate in effect at the date of the consolidated interim financial statements;
- ii. Statement of operation accounts are translated using the monthly average exchange rate; and
- iii. All differences arising from the foreign currency translation are recognized in shareholders' equity and in consolidated comprehensive income (loss) under "Cumulative translation adjustments."

### 3. Summary of significant accounting practices

#### 3.1. Significant accounting practices

The interim financial statements were prepared in accordance with NBC TG 21/R3 (CVM Resolution 673/11) – Interim financial statements, which sets forth the minimum interim accounting information to be reported and the principles of recognition and measurement for complete or condensed interim financial statements. Thus, the quarterly information presented here was prepared based on the accounting policies and estimate calculation methods used while preparing the annual financial statements for the fiscal year ended December 31, 2019. There has been no change in said policies and estimate calculation methods.

As allowed by NBC TG 21/R3 (CVM Resolution 673/11), and based on the recommendations contained in Official Letter CVM/SNC/SEP/No. 003/2011, management chose to not report once again the details presented in Note 3. "Summary of significant accounting practices", in order to avoid repeating the information already disclosed in its latest annual financial statements. As a result, users must read these quarterly financial statements together with the annual financial statements for the fiscal year ended December 31, 2018, to have a better understanding.

#### 3.2. Comments on COVID-19

On March 11, 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic, which led government authorities in various jurisdictions to impose quarantines or other restrictions to contain the spread of the virus, leading many companies to suspend or pare back their activities. However, the food industry is part of the supply chain of essential goods, along with the hospital, personal care and home care industries, which remained in operation.

The Corporation continues to evaluate constantly the impact of COVID-19 on its business and operations. To date, we know that situation is extremely challenging and, as the pandemic's effects reach regions where the Corporation operates, we are working actively to mitigate them. The main impacts on the Corporation's business as at September 30, 2020 are summarized below:

##### a) Operations

In the first nine months of 2020, the Corporation's operations were not adversely affected by the pandemic, as reflected in its record margins registered in this period.

## MARFRIG GLOBAL FOODS S.A.

### Notes to the separate (Parent Company) and consolidated financial statements for the periods ended September 30, 2020 and 2019 (In thousands of Brazilian reais, except where otherwise indicated)

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The geographies where Marfrig has operations were more affected by the end of the first quarter. However, the Corporation did not register operating losses given the market dynamics in both regions. On the one hand, sales in domestic markets for the food service channel decreased in the closing weeks of March, but, on the other hand, sales increased significantly in the retail channel as people started to stock food to stay at home for a longer time.

Regarding exports, which is a significant matter for the South America operations, the Corporation's outlined a strategy, in December 2019, anticipating the slowdown of the Chinese market due to the year-end holidays, which proved to be more advantageous than expected given the outbreak of the pandemic that affected exports to China. Marfrig reduced the concentration of sales to the Chinese market in the first couple of months of the year and directed them to other regions, such as the Middle East and Europe, thereby attenuating the impact from China's shutdown.

With regard to the sourcing of cattle, at the end of the first quarter, we observed a reduction in price in the North America operations, while prices remained stable in the South America operations.

Given the essential nature of its operations to the communities where it is present, governments have been taking the measures necessary to ensure the continuity of production.

#### **b) Exchange Variation**

The depreciation in the Brazilian real against the U.S. dollar caused a positive impact on revenue for the first nine months of 2020, since approximately 93.3% of the Corporation's revenues are denominated in currencies other than the Brazilian real. Regarding the effects from exchange variation on the financial result, we inform that they do not affect the Corporation's cash, since it is mostly pegged to long-term loan operations denominated in foreign currency to be realized in future periods.

#### **c) Social Aspects**

Marfrig's operations are indispensable for the food safety of the communities where the Corporation is located and of the homes of consumers in approximately 100 countries. For this reason, the Corporation undertook a commitment to keep its units functioning during the crisis caused by the pandemic to ensure the supply of products necessary to most consumers, all with the utmost sense of responsibility, putting the health and safety of its employees first and monitoring constantly the conditions at our units.

The main social actions conducted by the Corporation during this period, which amounted to R\$55.4 million, are described below:

#### **In South America:**

- ✓ Donation of R\$7.5 million to the Ministry of Health of Brazil for purchasing coronavirus tests;
- ✓ Donation of R\$1 million for medical care for vulnerable communities in Amazonia;
- ✓ Distribution of hand sanitizer free of cost to employees, social organizations and hospitals located in the cities in which the Corporation has operations in the amount of R\$0.5 million;
- ✓ Donation of 48,000 cans of meat to complement emergency staple food baskets distributed by the Ministry of Social Development of Uruguay in the amount of R\$0.3 million;
- ✓ Donation in Brazil of 2.5 kg of meat to each employee once a week, reinforcing the meals of our employees and their families in the first half of 2020, which represents the amount of R\$12.5 million;
- ✓ Marfrig provided its employees with examinations and other prevention materials during the seven months of the pandemic, in the total amount of R\$14.9 million;
- ✓ To maintain its supply to the public without exposing the health of its employees, Marfrig made other investments in prevention measure, in the amount of R\$7.1 million;

## MARFRIG GLOBAL FOODS S.A.

### Notes to the separate (Parent Company) and consolidated financial statements for the periods ended September 30, 2020 and 2019 (In thousands of Brazilian reais, except where otherwise indicated)

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- ✓ In addition, Marfrig implemented the #TMJMarfrig Program, focusing on supporting 5,000 micro and small businesses in the food service segment, which includes bars, restaurants, cafeterias, bakeries and steakhouses across Brazil;
- ✓ Investment of approximately R\$50 million to lengthen the payment terms of invoices and to increase, up to three times, the credit limit for purchases by partner clients.

#### In North America:

- ✓ In Ohio, we contribute to the local Food Bank by donating US\$123,000 (R\$0.7 million) in chilled beef;
- ✓ Donation of meat kits to all employees and contractors at all operational units, in the amount of US\$172,000 (R\$1 million);
- ✓ Donations of US\$1.7 million (R\$9,8 million) to institutions that help to fight the spread of the virus and to local companies affected by the COVID-19 pandemic;
- ✓ Donation of US\$25,000 (R\$0.1 million) in refrigerated beef to companies that contribute to the distribution of food to families affected by the COVID-19 pandemic. In addition, all employees who are paid per hour are receiving a US\$2 raise per hour in their base-salary.

#### d) Outlook

During the second and third quarter, when Brazil was most affected by COVID-19, Marfrig's operations remained resilient and maintained positive operating results. The Corporation observed that the markets in which it operates are normalizing with the reduction in the restrictive measures imposed by governments. The Corporation will continue to monitor the effects from the pandemic in the coming months to register the significant effects on the financial statements when they become substantially known and measurable.

### 3.3. New standards and interpretations

The Corporation describes the key points of revision of the new standards issued by the Federal Accounting Council, effective for the fiscal year started in 2020, as presented below:

#### CVM Resolution 854

On April 24, 2020, the Securities and Exchange Commission of Brazil ("CVM") issued CVM Resolution 854, which mandated publicly held companies to revise the standards NBC TG 38/R3, NBC TG 40/R2 and NBC TG 48, issued by the Federal Accounting Council (CFC), applicable to fiscal years started on or after January 1, 2020. The amendments to NBC TG 38/R3, NBC TG 40/R2 and NBC TG 48 establish changes involving:

- Uncertainty arising from the reform of the reference interest rate; and
- Application of specific requirements involving hedge accounting.

The changes to the technical pronouncements, envisaged by CVM Resolution 854, were assessed and taken into account by the Corporation as from January 1, 2020, without any effects on the interim financial information herein.

## MARFRIG GLOBAL FOODS S.A.

Notes to the separate (Parent Company) and consolidated financial statements  
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### 3.4. Consolidated interim financial statements

The consolidated interim financial statements include the accounts of the Corporation and its subsidiaries, as per the table showing the equity interests of the Corporation in note 11.1 – Direct investments of the parent company.

Summary of the equity interests held by the Corporation by business segment include in the consolidated interim financial statements as of September 30, 2020:

#### Equity interests

Parent Company	Core Activity
Marfrig Global Foods S.A	Processing and marketing of product (formed by cattle slaughter facilities in operation, which are also used in beef processing, for lamb primary processing, for producing home and personal care products, and for producing animal feed, located in the States of São Paulo, Mato Grosso, Mato Grosso do Sul, Pará, Rondônia, Goiás and Rio Grande do Sul, in addition to Distribution Centers in the States of São Paulo, Rio de Janeiro, Pernambuco and Paraná, which are also used for beef processing).
Subsidiaries	Core Activity
Masplen Ltd	Holding company
Pampeano Alimentos S.A	Producer of canned meat and other processed products
Marfrig Overseas Ltd	Specific Purpose Entity - SPEs
Marfrig Comercializadora de Energia Ltda	Energy trading and associated services
Marfrig Argentina S.A.	Processing and marketing of products
Frigorífico Tacuarembó S.A	Processing and marketing of products
Inaler S.A	Processing and marketing of products
Marfrig Chile S.A	Processing and marketing of products
Frigorífico Patagônia S.A	Processing and marketing of products
Abilun S.A	Holding company
Dicasold	Marketing and distribution of food products
Prestcott International S.A	Holding company
Cledinor S.A	Processing and marketing of products: beef and lamb
Establecimientos Colonia S.A	Processing and marketing of products
Weston Importers Ltd	Trading company
Marb Bondco PLC	Holding company whose purpose is to raise funds
Marfrig Peru S.A.C.	Marketing of products
Marfrig Holdings (Europe) B.V	Holding company whose purpose is to raise funds
Marfrig Beef (UK) Ltd.	Holding company
Marfrig Beef International Ltd.	Holding company
Marfrig NBM Holdings Ltd.	Holding company
MFG Holdings SAU	Holding company
Quickfood S.A.	Processing and marketing of products
NBM US Holdings, Inc.	Holding company whose purpose is to raise funds
National Beef Packing Company, LLC	Processing and marketing of products
MF Foods USA LLC.	Marketing of products
Las Ánimas S.A.	Holding company

The interim financial statements of subsidiaries located abroad were originally prepared in domestic currency, according to the applicable laws of each country where the companies are located. They were converted into the accounting practices issued by the International Accounting Standards Board (IASB) at their relating functional currencies. Later, those financial statements were translated into Brazilian Reais, using the exchange rate prevailing on the balance sheet date.

## MARFRIG GLOBAL FOODS S.A.

Notes to the separate (Parent Company) and consolidated financial statements  
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### 4. Cash and cash equivalents

Cash and cash equivalents group are composed of cash and demand deposits, as follows:

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Cash and banks	37,090	162,265	999,694	1,347,462
Cash equivalents	153,902	82,433	389,343	427,440
	<b>190,992</b>	<b>244,698</b>	<b>1,389,037</b>	<b>1,774,902</b>

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Cash and banks:				
Brazilian real	42,725	115,317	45,570	117,556
US dollar	147,490	128,921	1,069,385	1,514,174
Other	777	460	274,082	143,172
	<b>190,992</b>	<b>244,698</b>	<b>1,389,037</b>	<b>1,774,902</b>

### 5. Marketable Securities

The Corporation's financial investments by type are as follows:

	PMPV <sup>(1)</sup>	Currency	Average interest rate p.a. %	Parent	
				9/30/2020	12/31/2019
Bank deposit certificates - CDB <sup>(2)</sup>	-	BRL	1.82%	406,101	329,930
Repurchase and reverse repurchase agreements	-	-	-	-	822,610
Fixed income bond	-	BRL	0.29%	15,089	12,961
Time Deposit <sup>(2)</sup>	-	-	-	-	371,197
FIDC <sup>(2)</sup>	0.05	BRL	3.14%	29,869	19,582
Total				<b>451,059</b>	<b>1,556,280</b>
Total current				<b>451,059</b>	<b>1,556,280</b>

	PMPV <sup>(1)</sup>	Currency	Average interest rate p.a. %	Consolidated	
				9/30/2020	12/31/2019
Bank deposit certificates - CDB <sup>(2)</sup>	-	BRL	1.82%	406,100	329,931
Repurchase and reverse repurchase agreements	-	-	-	-	822,610
Time Deposit <sup>(2)</sup>	1.64	USD	1.61%	7,814,070	5,449,811
FIDC <sup>(2)</sup>	0.05	BRL	3.14%	29,869	19,582
Fixed income bond	-	BRL	0.33%	15,395	13,277
Total				<b>8,265,434</b>	<b>6,635,211</b>
Total current				<b>8,265,434</b>	<b>6,635,211</b>

<sup>(1)</sup> Weighted average maturity in years.

<sup>(2)</sup> Transactions have daily liquidity and can be redeemed at any time. Said maturity is the maturity of the operation.

There were no changes in the types of financial investments held by the Corporation for the period ended September 30, 2020.

## MARFRIG GLOBAL FOODS S.A.

Notes to the separate (Parent Company) and consolidated financial statements  
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### 6. Trade accounts receivable – domestic and foreign customers

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Trade accounts receivable - domestic	306,768	55,705	1,955,119	1,442,725
Trade accounts receivable - foreign	847,350	835,092	550,151	577,791
	<b>1,154,118</b>	<b>890,797</b>	<b>2,505,270</b>	<b>2,020,516</b>
Amounts not yet due	1,134,860	868,068	1,826,938	1,336,185
Amounts overdue				
From 1 to 30 days	14,170	17,595	541,899	631,204
From 31 to 60 days	2,209	1,977	96,995	25,390
From 61 to 90 days	2,879	3,157	39,438	27,737
More than 90 days	37,718	31,008	61,704	47,255
(-) Expected losses with doubtful accounts	(37,718)	(31,008)	(61,704)	(47,255)
	<b>1,154,118</b>	<b>890,797</b>	<b>2,505,270</b>	<b>2,020,516</b>

The expected loss with doubtful accounts was set up in an amount deemed sufficient by Management of the Corporation to cover possible losses on the realization of its receivables, adopting the criteria of provisioning for the full amount of receivables overdue more than 90 days. The Corporation does not have a history of relevant problems with collection, which reinforces the reasonable losses estimated by the Corporation.

In addition, the Corporation revised its estimated losses, given the counter-cyclical measures adopted to combat COVID-19 pandemic, and, despite the requests for deferral of payments by certain clients, the Corporation concluded that there is no significant evidence that would lead to a change in the criterion adopted by the Company to record the expected losses from doubtful accounts.

Changes in expected loss with doubtful accounts are as follows:

	Parent	Consolidated
<b>Balance on December 31, 2019</b>	<b>(31,008)</b>	<b>(47,255)</b>
Estimate accrued	(6,710)	(8,844)
Translation gains (losses)	-	(5,605)
<b>Balance on September 30, 2020</b>	<b>(37,718)</b>	<b>(61,704)</b>

In June 2014, a receivables backed investment fund (*Fundo de Investimento de Direitos Creditórios* - FIDC) was created to sell a portion of the receivables from the installment sale in the domestic market, in the amount of R\$160,000 (principal), of which R\$16,000 consists of mezzanine subordinated shares. On September 30, 2020, invoices negotiated with the fund MRFG amounted to R\$159,734.

The program to sell non-recourse receivables with a prime financial institution in Europe, structured by the Corporation's indirect subsidiary Weston Importers Ltd., was concluded in the period ended June 30, 2020.

### 7. Inventories of products and merchandise

In the period ended September 30, 2020 and fiscal year ended December 31, 2019, inventories of finished products were carried at average purchase and/or production cost, as explained below:

**MARFRIG GLOBAL FOODS S.A.**

Notes to the separate (Parent Company) and consolidated financial statements  
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	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Finished products	579,925	614,649	2,401,022	1,885,431
Raw materials	5,144	8,248	175,738	213,676
Packaging and storeroom supplies	75,468	79,540	400,500	306,621
(-) Expected losses	(6,257)	(20,645)	(7,675)	(22,242)
	<b>654,280</b>	<b>681,792</b>	<b>2,969,585</b>	<b>2,383,486</b>

The Corporation grounds its estimates on historical losses, as follows:

	Parent	Consolidated
Balance on December 31, 2019	(20,645)	(22,242)
Reversal of estimates	14,388	14,994
Translation gains (losses)	-	(427)
<b>Balance on September 30, 2020</b>	<b>(6,257)</b>	<b>(7,675)</b>

During 2019, the Corporation's Management evaluated the estimated losses for inventories, and found coherent the amounts of R\$6,257 and R\$7,675 for the parent company and consolidated, respectively.

**8. Recoverable taxes**

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
ICMS (State VAT)	539,249	418,479	548,272	423,978
PIS and Cofins (taxes on sales) credits	1,583,472	1,935,806	1,665,734	2,011,654
IRPF / IRPJ and CSLL (taxes on income) recoverable	949,393	945,303	990,769	977,153
Other	16,202	16,123	145,611	120,259
(-) Expected losses from non-realization	(91,279)	(19,075)	(106,976)	(35,281)
	<b>2,997,037</b>	<b>3,296,636</b>	<b>3,243,410</b>	<b>3,497,763</b>
Current assets	560,065	1,009,845	779,414	1,176,530
Non-current assets	2,436,972	2,286,791	2,463,996	2,321,233

**8.1. ICMS (State VAT)**

The balance of recoverable ICMS derives from credits taken for ICMS paid on the acquisition of raw, packaging and other materials and inputs, in amounts higher than the debts generated from domestic sales, since foreign market sales are free from this tax. The Corporation has been seeking ways to optimize these balances by offsetting debits under a non-cumulative regime for the domestic market, or through transfers to third parties.

**8.2. PIS and COFINS taxes**

Pursuant to Federal Laws 10.637/02 and 10.833/03, the Corporation has noncumulative PIS and COFINS credits on the acquisition of raw, packaging, and other materials used in goods sold in foreign and domestic markets.

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With the changes provided for by Law 13.670, in August 2018, which permitted the offsetting of social security liabilities using other credits from the taxpayer generated as from said date, the Corporation started settling its social security liabilities using such credits, successfully using its PIS and COFINS tax credits generated since then.

Furthermore, the Corporation and the Office of the General Counsel for the National Treasury (PGFN) entered into with an agreement named “Procedural Legal Transaction (NJP) (SEI Procedure 19839.108398/2019-15), in which this accrued balance is being used for mandatory offsets, pursuant to Articles 73 and 74 of Federal Law 9,430/96, the amount used in fiscal year 2020 was R\$614,438 (see note 16).

**8.3. IRRF / IRPJ and CSLL recoverable**

Refers to the amounts of withholding of income tax at source on services rendered to related companies located abroad and financial investments, prepayments of income and social contribution taxes, calculated based on estimation, suspense account balance sheet and taxation based on annual taxable income and Income Tax paid abroad on net income made available in Brazil. These are payable via the offsetting of income and social contribution taxes calculated on profit for future periods and have no time limit.

**8.4. Expected losses from non-realization of tax credits**

The estimated losses for non-realization of tax credits were calculated based on the best estimate of realization of the Corporation’s recoverable taxes balances, in which main credits are mainly from PIS/COFINS.

In the period ended September 30, 2020, the changes in this item were as follows:

	<u>Parent</u>	<u>Consolidated</u>
Balance at December 31, 2019	<u>(19,075)</u>	<u>(35,281)</u>
Addition	(72,204)	(72,433)
Write-off	-	1,078
Translation gains (losses)	-	(340)
<b>Balance at September 30, 2020</b>	<b><u>(91,279)</u></b>	<b><u>(106,976)</u></b>

**9. Notes receivable**

	<u>Parent</u>		<u>Consolidated</u>	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Related-party transactions <sup>(a)</sup>	12,101,852	7,672,441	16,931	60,461
Market transactions receivable <sup>(b)</sup>	-	14,355	1,102	17,166
Other notes receivable	15,735	3,905	16,404	4,691
<b>Total</b>	<b><u>12,117,587</u></b>	<b><u>7,690,701</u></b>	<b><u>34,437</u></b>	<b><u>82,318</u></b>
<b>Current assets</b>	<b>415,434</b>	<b>355,250</b>	<b>30,937</b>	<b>82,318</b>
<b>Non-current assets</b>	<b>11,702,153</b>	<b>7,335,451</b>	<b>3,500</b>	<b>-</b>

- (a) The amount presented at the Parent Company refers mostly to balances resulting from loan transactions with its subsidiaries, as described in note 31 Related parties;

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- (b) In the note 27, we break down financial instrument operations practiced by the Corporation. The Corporation and its subsidiaries are subject to market risks related to foreign exchange variations, interest rates fluctuations and commodities prices variations. These represent the amount of mark-t-market adjustment of derivatives receivable.

**10. Deferred income and social contribution taxes**

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Income tax	944,002	671,237	1,487,924	1,132,018
Social contribution tax	358,568	269,720	370,622	281,235
<b>Deferred tax assets</b>	<b>1,302,570</b>	<b>940,957</b>	<b>1,858,546</b>	<b>1,413,253</b>
Income tax	-	-	(96,648)	(136,275)
<b>Deferred tax liabilities</b>	<b>-</b>	<b>-</b>	<b>(96,648)</b>	<b>(136,275)</b>
<b>Total deferred taxes</b>	<b>1,302,570</b>	<b>940,957</b>	<b>1,761,898</b>	<b>1,276,978</b>

Deferred income and social contribution tax assets and liabilities are offset when there is a legal right to offset tax liabilities using tax credits and provided they are related to the same tax authority and legal person.

Credits from deferred tax assets on tax losses and social contribution tax loss carryforwards from previous years are limited to 30% and are booked to the extent that it is probably that the future taxable income will be available for use when the effective payment is made and/or said additions/exclusions of temporary differences are realized, when these will become deductible/taxable for the calculation of the taxable income, based on the assumptions and conditions established in the Corporation's business model.

The carrying amount of the deferred tax asset is revised periodically and projections, limited to five years, are revised annually, and if there are relevant factors that modify the projections, they are revised during the Corporation's fiscal year.

The estimates for assessing the probability of the occurrence or not of future profits for the offsetting of tax credits described above are based on the judgments and assumptions incorporated into the projections. By definition, the resulting accounting estimates rarely are equal to the corresponding actual results (due to uncertainties and the high level of judgment applicable to determining such assumptions and estimates). Therefore, such estimates and assumptions represent significant risk, with the probability of requiring a significant adjustment to the carrying amounts of the assets in the individual and consolidated interim financial statements at the time of the respective assessments.

Note that the projections were based on the assumptions for net income and historical data on the Corporation's profitability, adjusted by the most recent material information, taking into account the diverse economic scenarios of each market where the Corporation operates, due to its global and diversified presence in the Americas (approximately 93.3% of the Corporation's revenues are denominated in currencies other than the Brazilian real).

The technical feasibility studies that support the recoverability of the deferred tax liability, which were prepared by the Management and approved by the Board of Directors, took into consideration the end of the operational restructuring process started in 2013 and concluded in 2018, whereby the Corporation adjusted its capital structure and debt level through a sequence of strategic initiatives.

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In 2018, the Corporation successfully carried out two relevant strategic transactions: the acquisition of a controlling interest in National Beef and the conclusion of the sale of Keystone Foods, bringing its capital structure and financial indicators to levels within its long-term targets and becoming a reference in the industry. And, as part of an ongoing action, in 2019, the Corporation conducted additional strategic movements, such as the acquisitions of Quickfood (Argentina), of Iowa Premium Beef (USA) and of an additional interest in National Beef (USA), in which the Corporation now holds a controlling interest of 82% and, lastly, the primary offering of shares in the amount of R\$900.9 million, reinforcing the direction towards becoming a simpler business focused on the beef industry, with a better footprint of operations that complement each other, capturing the financial benefits of a capital structure better suited to its business model.

Based on the above, note that expected realization of "Deferred Tax Assets," based on a technical feasibility study as per CVM Instruction 371 of June 27, 2002 is as follows:

Year	Parent	Consolidated
2020	159,034	253,501
2021	174,227	269,450
2022	201,724	298,315
2023	202,870	295,872
2024	564,715	741,408
	<b>1,302,570</b>	<b>1,858,546</b>

The following table presents the reconciliation of deferred taxes in the period ended September 30, 2020:

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
<b>ASSETS</b>				
Income tax losses	2,628,455	1,529,473	2,938,023	1,768,722
Social contribution tax loss carryforwards	960,110	564,704	977,200	581,584
Temporary differences	126,502	169,575	287,033	401,289
<b>Total assets</b>	<b>3,715,067</b>	<b>2,263,752</b>	<b>4,202,256</b>	<b>2,751,595</b>
<b>LIABILITIES</b>				
Temporary differences	(2,412,497)	(1,322,795)	(2,440,358)	(1,474,617)
<b>Total liabilities</b>	<b>(2,412,497)</b>	<b>(1,322,795)</b>	<b>(2,440,358)</b>	<b>(1,474,617)</b>
<b>Deferred tax assets, net</b>	<b>1,302,570</b>	<b>940,957</b>	<b>1,761,898</b>	<b>1,276,978</b>

**11. Investments**

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Interest in subsidiaries	8,355,355	3,980,728	-	-
Goodwill derived from business combinations	819,903	578,041	-	-
Other investments	10	10	62,234	45,694
	<b>9,175,268</b>	<b>4,558,779</b>	<b>62,234</b>	<b>45,694</b>

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### 11.1 Direct investments by the parent company

Investments in Subsidiaries on September 30, 2020:

	Shares / Units of interest	% Interest	Country	Share Capital	Equity	Net income (loss)	Equity according to % interest <sup>(1)</sup>	Total assets	Total liabilities	Interest from non- controlling shareholders	Net revenue	Interest - net income (loss) <sup>(2)</sup>	Goodwill
Marfrig Chile S.A.	9,950	99.50	Chile	83,514	264,049	26,453	262,729	487,075	223,018	8	470,154	26,321	-
Inaler S.A.	66,247,320	100.00	Uruguay	42,120	19,052	1,846	19,052	211,811	192,759	-	478,751	1,846	124,720
Frigorifico Tacuarembó S.A.	163,448,688	99.96	Uruguay	36,062	187,008	13,258	186,933	428,867	241,859	-	990,310	13,253	186,317
Masplen Ltd	5,050	100.00	Jersey	20,823	(51,262)	1,090	(51,262)	563,181	614,443	-	431,003	1,090	55,417
Prestcott International S.A.	79,638,916	100.00	Uruguay	16,483	76,632	(24,657)	76,632	478,589	401,957	-	377,993	(24,657)	71,467
Estab. Colonia S.A.	80,647,477	100.00	Uruguay	181,920	39,171	10,780	39,171	453,887	414,716	-	749,473	10,780	381,982
Marfrig Overseas Ltd	1	100.00	Cayman Islands	-	(1,370,474)	(77,887)	(1,370,474)	7,754,913	9,125,387	-	-	(77,887)	-
Marfrig Argentina S.A.	1,249,300,248	99.95	Argentina	92,622	(123,091)	37,645	(123,029)	400,071	523,165	(3)	600,044	37,627	-
Marfrig Com. de Energia Ltda	149,985	99.99	Brazil	-	(2,569)	(634)	(2,569)	18,884	21,453	-	44,284	(634)	-
Marfrig Holdings (Europe) BV	426,842	100.00	Netherlands	2,628,087	4,723,532	(40,301)	4,723,532	19,050,758	14,327,226	-	-	(40,301)	-
Marfrig Peru S.A.C.	4,988	99.76	Peru	8	(908)	(76)	(905)	113	1,021	-	-	(76)	-
Marfrig Beef (UK) Limited	2,001	100.00	United Kingdom	1,599,748	2,655,688	825,794	2,655,688	17,159,698	14,504,010	-	6,711,694	825,794	-
Marfrig Beef International Limited	2,001	100.00	United Kingdom	802,821	1,859,102	1,980,608	1,859,102	22,708,410	18,567,800	2,281,508	36,361,841	1,980,608	-
Abilun S.A.	400,000	100.00	Uruguay	53	(4,241)	253	(4,241)	40,572	47,520	(2,707)	118,972	253	-
MFG Holdings SAU	100,000	100.00	Argentina	-	73,776	(1,209)	73,776	879,388	767,377	38,235	972,438	(1,209)	-
QuickFood S.A.	57,900,314	10.00	Argentina	327,102	321,513	(9,782)	32,151	776,122	454,609	-	972,438	(978)	-
Las Animas S.A	99	99.00	Paraguay	28	-	28	-	-	-	-	-	28	-

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The changes in investments as of September 30, 2020 are shown below:

	12/31/2019	Acquisition <sup>(1)</sup>	Other comprehensive income (loss)	Equity in earnings (losses) of subsidiaries	9/30/2020 <sup>(2)</sup>
Marfrig Chile S.A.	173,749	-	58,739	25,797	258,285
Inaler S.A.	13,100	-	4,090	1,856	19,046
Frigorífico Tacuarembó S.A.	123,721	-	49,392	13,614	186,727
Masplen Ltd	(62,831)	-	(216)	(9,796)	(72,843)
Prestcott International S.A.	75,609	-	25,652	(24,637)	76,624
Estab. Colonia S.A.	21,057	-	7,215	10,426	38,698
Marfrig Overseas Ltd	(915,715)	-	(376,872)	(77,887)	(1,370,474)
Marfrig Argentina S.A.	(96,158)	-	(64,611)	37,617	(123,152)
Marfrig Com. de Energia Ltda	(1,935)	-	-	(634)	(2,569)
Marfrig Holdings (Europe) BV	3,449,807	-	1,314,026	(40,301)	4,723,532
Marfrig Peru S.A.C.	(605)	-	(224)	(76)	(905)
Marfrig Beef (UK) Limited	1,277,602	-	552,285	825,799	2,655,686
Marfrig Beef International Limited	(148,234)	-	26,729	1,980,608	1,859,103
Abilun S.A.	(3,140)	-	(1,354)	253	(4,241)
MFG Holdings SAU	74,701	-	185	(1,232)	73,654
QuickFood S.A. <sup>(1)</sup>	-	32,989	5,476	(281)	38,184
Las Ánimas S.A. <sup>(3)</sup>	-	28	-	(28)	-
<b>Total</b>	<b>3,980,728</b>	<b>33,017</b>	<b>1,600,512</b>	<b>2,741,098</b>	<b>8,355,355</b>

<sup>(1)</sup> The Company carries out a restructuring in May 2020, with the acquisition, from its direct subsidiary MFG SAL, of 10% interest in its indirect subsidiary Quickfood S.A, and the transaction was carried out at accounting values.

<sup>(2)</sup> Refers to the percentage of the Corporation's interest in its subsidiaries, adjusted by profit on unrealized inventories upon the consolidation of balances

<sup>(3)</sup> The Corporation acquired a holding company in Paraguay for its operations in the country.

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### 12. Property, plant and equipment

The following tables show the weighted average annual depreciation rate determined using the straight-line method and based on the economic useful life of the assets and their balances. With the adoption of NBC TG 6/R3, assets related to leases are now recognized as right-of-use assets under property, plant and equipment. Therefore, the following tables present separately:

#### Changes in property, plant and equipment (Parent Company):

Description	Parent						Total
	Property, plant and equipment				Right-of-use		
	Land, Constructions and Buildings	Machinery, equipment, furniture and fixtures	Construction in progress	Other	Plants	Other	
Avg. annual depreciation rates	3.58%	15.87%	-	13.61%	22.61%	20.00%	
Acquisition cost	2,950,225	926,191	43,700	384,552	117,020	7,979	4,429,667
Accumulated depreciation	(678,760)	(535,613)	-	(123,662)	(20,802)	(6,134)	(1,364,971)
<b>Net balance on 12/31/2019</b>	<b>2,271,465</b>	<b>390,578</b>	<b>43,700</b>	<b>260,890</b>	<b>96,218</b>	<b>1,845</b>	<b>3,064,696</b>
Additions	10,933	105,772	283,217	8,236	-	3,580	411,738
Write-offs	-	(508)	(663)	(24,581)	(21,703)	-	(47,455)
Transfers	244,715	476	(245,043)	(148)	-	-	-
Depreciation in the period	(85,386)	(55,593)	-	(35,339)	(14,030)	(649)	(190,997)
<b>Net balance on 9/30/2020</b>	<b>2,441,727</b>	<b>440,725</b>	<b>81,211</b>	<b>209,058</b>	<b>60,485</b>	<b>4,776</b>	<b>3,237,982</b>
Acquisition cost	3,205,876	1,031,812	81,211	366,455	95,316	11,559	4,792,229
Accumulated depreciation	(764,149)	(591,087)	-	(157,397)	(34,831)	(6,783)	(1,554,247)
<b>Net balance at the end of the period</b>	<b>2,441,727</b>	<b>440,725</b>	<b>81,211</b>	<b>209,058</b>	<b>60,485</b>	<b>4,776</b>	<b>3,237,982</b>

#### Changes in property, plant and equipment (Consolidated):

Description	Consolidated							Total
	Property, plant and equipment				Right-of-use			
	Land, Constructions and Buildings	Machinery, equipment, furniture and fixtures	Construction in progress	Other	Plants	Machinery and equipment	Other	
Avg. annual depreciation rates	3.46%	12.02%	-	7.44%	14.39%	13.15%	19.12%	
Acquisition cost	4,717,596	3,775,670	412,071	609,542	172,334	403,730	10,445	10,101,388
Accumulated depreciation	(1,177,886)	(2,138,440)	-	(219,438)	(31,788)	(84,672)	(8,109)	(3,660,333)
<b>Net balance on 12/31/2019</b>	<b>3,539,710</b>	<b>1,637,230</b>	<b>412,071</b>	<b>390,104</b>	<b>140,546</b>	<b>319,058</b>	<b>2,336</b>	<b>6,441,055</b>
Additions	12,971	112,620	777,381	125,705	1,473	6,972	4,701	1,041,823
Write-offs	(3,669)	(1,613)	(663)	(24,721)	(23,398)	(3,340)	(123)	(57,527)
Transfers	284,300	105,415	(438,444)	48,729	-	-	-	-
Translation gains (losses)	468,515	496,647	165,123	41,609	16,606	117,923	357	1,306,780
Depreciation in the period	(139,895)	(260,563)	-	(55,336)	(22,957)	(92,644)	(1,469)	(572,864)
<b>Net balance on 9/30/2020</b>	<b>4,161,932</b>	<b>2,089,736</b>	<b>915,468</b>	<b>526,090</b>	<b>112,270</b>	<b>347,969</b>	<b>5,802</b>	<b>8,159,267</b>
Acquisition cost	5,559,717	5,077,014	915,468	839,427	172,910	561,708	15,869	13,142,113
Accumulated depreciation	(1,397,785)	(2,987,278)	-	(313,337)	(60,640)	(213,739)	(10,067)	(4,982,846)
<b>Net balance at the end of the period</b>	<b>4,161,932</b>	<b>2,089,736</b>	<b>915,468</b>	<b>526,090</b>	<b>112,270</b>	<b>347,969</b>	<b>5,802</b>	<b>8,159,267</b>

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Pursuant to NBC TG 01/R4 (CVM Resolution 639/10) – asset impairment, an asset is tested for impairment on an annual basis. The asset’s value must be estimated only if there is any indication of impairment.

If any indication of impairment is found, recoverability analysis comprises projecting the profitability and future cash of the Corporation’s business units, which are discounted to present value to identify the degree of recoverability of the asset.

During the period ended September 30, 2020, the book values of the Corporation’s assets were not greater than the amounts which could be obtained by use or sale.

The Corporation and its subsidiaries recorded property, plant and equipment that are fully depreciated and still in operation, as well as temporarily idle items, as follows:

Description	Parent/Consolidated	
	9/30/2020	
	Temporarily idle property, plant and equipment	Property, plant and equipment fully depreciated and still in operation
Land, constructions and buildings	143,024	230
Machinery, equipment , furniture and fixtures	32,004	57,934
Other property, plant and equipment	51,129	29,999
	<b>226,157</b>	<b>88,163</b>

**13. Intangible assets**

The Corporation has the subgroup intangible assets, composed of non-current assets, presented pursuant to NBC TG 04/R4 (CVM Resolution 644/10) – intangible assets, as shown in the summary below:

Changes in the intangible assets accounts for the period ended September 30, 2020 are as follows:

**Parent Company**

	Amortization rate	Balance on December 31, 2019	Acquisition / Write-off	Amortization	Balance on September 30, 2020
Sales channels	6.00%	226,493	-	(12,193)	214,300
Rights of use	6.00%	40,566	-	(2,184)	38,382
Software and licenses	21.00%	28,952	2,191	(5,535)	25,608
Trademarks and patents	-	22,883	-	-	22,883
Total		<b>318,894</b>	<b>2,191</b>	<b>(19,912)</b>	<b>301,173</b>

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	Amortization rate	Balance on December 31, 2019	Acquisition / Write-off	Translation gains (losses)	Amortization	Balance on September 30, 2020
Goodwill	-	1,361,554	-	553,140	-	1,914,694
Sales channels	5.00%	226,493	-	-	(12,193)	214,300
Right of use	16.00%	40,566	-	-	(2,184)	38,382
Software and licenses	8.00%	34,092	2,323	2,108	(6,446)	32,077
Trademark and patents	6.00%	1,279,876	-	485,552	(79,451)	1,685,977
Client relationship	6.00%	1,908,723	-	741,011	(193,243)	2,456,491
Supplier relationship	7.00%	1,871,758	-	730,859	(151,217)	2,451,400
Other intangible assets	33.00%	11,028	-	3,787	(5,269)	9,546
<b>Total</b>		<b>6,734,090</b>	<b>2,323</b>	<b>2,516,457</b>	<b>(450,003)</b>	<b>8,802,867</b>

The goodwill generated from acquisitions of ownership interests abroad is expressed in the business unit's functional currency and is translated at the closing rate, in accordance with NBC TG 02/R3 (CVM Resolution 540/10) – effects of changes in exchange rates and translation of accounting statements.

**14. Trade payables**

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Third parties	707,706	1,023,616	2,463,527	2,613,772
Related parties <sup>(1)</sup>	60,352	64,995	52,946	56,550
	<b>768,058</b>	<b>1,088,611</b>	<b>2,516,473</b>	<b>2,670,322</b>

(1) Most of trade payables include balances from transactions with its Subsidiaries and other related parties, as described in Note 31 – Related parties.

**15. Supply chain finance**

	Parent/ Consolidated	
	9/30/2020	12/31/2019
Supply chain finance	8,381	176,881
	<b>8,381</b>	<b>176,881</b>

The Corporation entered into structured supply chain financing operations to extend raw material purchase terms with certain suppliers, considering the conditions practiced in the market. With the adoption of a new approach, the Corporation reduced the volume of these operations over fiscal year 2020.

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**16. Taxes payable**

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Income and social contribution taxes payable	56,412	55,564	961,555	326,034
Special tax debt installment plans	138,935	806,563	139,883	807,555
Other taxes, fees and contributions payable	11,269	12,577	45,250	42,357
	<b>206,616</b>	<b>874,704</b>	<b>1,146,688</b>	<b>1,175,946</b>
Current liabilities	44,884	165,591	788,944	407,817
Non-current liabilities	161,732	709,113	357,744	768,129

**Special Installment Payment Programs – Federal Law 11,941/09, 12,865/2013, 12,996/2014, Special Tax Amnesty Program (PERT) under Federal Law 13,496/2017, Procedural Legal Transaction (NJP) – Office of the General Counsel for the National Treasury (PGFN) and TA 120 of the State of Mato Grosso**

On November 8, 2019, the Corporation entered into a Procedural Legal Transaction, simply referred to as “NJP”, based on Articles 190 and 191 of the Code of Civil Procedure and the Administrative Rules of the Office of the General Counsel for the National Treasury (PGFN) 360 of June 13, 2018 and 742 of December 21, 2018. This agreement provides for the formalization of a plan to pay federal tax liabilities in installments through the use of PIS and COFINS tax credits with requests for reimbursement analyzed and approved by the Federal Revenue Service of Brazil, complementing the payments for November and December 2019.

Changes in special installment payment plans are as follows:

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Opening balance	806,563	917,919	807,555	919,059
(+) Adhesion to the installment payment program	-	57,738	-	57,738
(+) Inflation adjustment interest	8,720	37,393	8,736	37,437
(-) Debt recalculation	-	(47,153)	-	(47,246)
(-) Payments made	(61,910)	(159,334)	(61,970)	(159,433)
(-) Offsetting with tax credits	(614,438)	-	(614,438)	-
Debt balance	<b>138,935</b>	<b>806,563</b>	<b>139,883</b>	<b>807,555</b>
Current liabilities	33,615	153,015	33,718	153,061
Non-current liabilities	105,320	653,548	106,165	654,494

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### 17. Loans, financing and debentures

Parent					
Credit facility	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	9/30/2020	12/31/2019
<b>Local currency</b>					
FINAME/FINEP	TJLP + Fixed Rate	5.50%	0.29	4	13
NCE/Working Capital	Fixed Rate + %CDI	3.90%	1.85	855,844	618,476
Credit Note (a)	CDI	4.58%	1.15	435,709	-
Non-convertible debentures	104% CDI	3.08%	2.36	492,608	247,751
<b>Total local currency</b>		<b>3.84%</b>		<b>1,784,165</b>	<b>866,240</b>
<b>Foreign currency:</b>					
NCE/Prepayment (US\$) / ACC (US\$)	Fixed Rate+ FX	4.47%	0.43	3,168,964	1,909,018
<b>Total foreign currency</b>		<b>4.47%</b>		<b>3,168,964</b>	<b>1,909,018</b>
<b>Total loans, financing and debentures</b>		<b>4.24%</b>		<b>4,953,129</b>	<b>2,775,258</b>
Current liabilities				4,034,831	2,076,246
Non-current liabilities				918,298	699,012
<b>Consolidated</b>					
Credit facility	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	9/30/2020	12/31/2019
<b>Local currency</b>					
FINAME/FINEP	TJLP + Fixed Rate	5.50%	0.29	4	1,001
NCE/Working Capital	Fixed Rate+%CDI	3.90%	1.85	855,844	618,476
Credit Note (a)	CDI	4.58%	1.15	435,709	-
Non-convertible debentures	104% CDI	3.08%	2.36	492,608	247,751
<b>Total local currency</b>		<b>3.84%</b>		<b>1,784,165</b>	<b>867,228</b>
<b>Foreign currency:</b>					
Prepayment / NCE / ACC (US\$)	Fixed Rate + FX	4.48%	0.43	3,225,370	1,909,018
Bonds (US\$) (c)	Fixed Rate + FX	6.89%	5.41	17,871,079	15,039,625
Bank loan (US\$)	Post-Fixed Rate + FX	3.95%	2.90	2,793,875	2,267,132
Revolving credit facility	Post-Fixed Rate + FX	2.09%	1.69	1,120,078	1,633,277
<b>Total foreign currency</b>		<b>6.04%</b>		<b>25,010,402</b>	<b>20,849,052</b>
<b>Total loans and financing</b>		<b>5.89%</b>		<b>26,794,567</b>	<b>21,716,280</b>
Current liabilities				4,584,425	4,594,444
Non-current liabilities				22,210,142	17,121,836

The changes in loans and financing, debentures and interest on debentures are as follows:

	12/31/2019	Acquisitions	Cost of loans	Payments	Interest	Exchange variation	Translation adjustments	9/30/2020
Parent	2.775.258	4.701.291	3.311	(3.694.664)	44.860	1.123.073	-	4.953.129
Consolidated	21.716.280	7.352.227	230.715	(11.731.211)	1.042.730	1.116.003	7.067.823	26.794.567

Loans, financing, debentures and interest on debentures fall due as follows:

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	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
2020	286,470	2,076,246	608,425	4,594,444
2021	3,966,363	248,666	4,194,860	259,549
2022	474,180	227,413	1,525,949	1,851,941
2023	226,116	222,933	2,884,920	1,917,393
2024	-	-	4,213,120	3,002,949
2025 a 2029	-	-	13,367,293	10,090,004
<b>Total</b>	<b>4,953,129</b>	<b>2,775,258</b>	<b>26,794,567</b>	<b>21,716,280</b>

The main type of loans and financings contracted by the Corporation is described as follows:

**(a) Credit Note**

During the third quarter, new financing facilities were contracted in the amount of R\$435,709, through financial instruments such as Bank Credit Notes (CCB) and Rural Product Notes (CPR). Both contracts executed with Financial Institutions are valid for approximately 1 year. Currently, these facilities benefit from interest rates in Brazilian real that are significantly below the historical average and a temporary IOF rate of zero. They also enable the Corporation to diversify the type of currency in the profile of its total gross debt.

**(b) Non-convertible debentures - CRA**

On July 15, 2020, the Corporation announced the issue of two hundred and fifty thousand (250,000) non-convertible, unsecured debentures, issued in a single series by the Corporation, with unit face value of one thousand reais (R\$1,000.00), in the aggregate amount of two hundred and fifty million reais (R\$250,000,000), issued for private placement and with final maturity in July 2022, with this being the seventh (7<sup>th</sup>) Issue of Debentures of the Corporation.

On September 17, 2019, the Corporation announced the issue of two hundred and fifty thousand (250,000) non-convertible, unsecured debentures, issued in a single series by the Corporation, with unit face value of one thousand reais (R\$1,000.00), in the aggregate amount of two hundred and fifty million reais (R\$250,000,000), issued for private placement and with final maturity in September 2022, with this being the sixth (6<sup>th</sup>) Issue of Debentures of the Corporation.

**(c) Senior Notes - BONDS**

The main capital raising operation – Senior Notes – BONDS - from previous fiscal years, are described in Note 17 to the Financial Statements for the year ended December 31, 2019, with the transactions in the period ended September 30, 2020 are described below:

On January 17, 2020, the Corporation concluded the early settlement, using own funds, of the senior notes with remuneration of 8% per year and maturity in 2023, issued on June 8, 2016 by Marfrig Holdings (Europe) B.V., with aggregate principal of US\$446 million (“Senior Notes 2023”). The Senior Notes 2023 were the Corporation’s debt instruments with the highest cost, and their early settlement is aligned with the strategy to reduce financial cost and improve capital allocation, reinforcing its commitment to financial discipline.

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Moreover, of the funds raised in the thirteenth operation, referred to as Sustainable Transition Bonds, in the amount of US\$500 million and allocated to the purchase of cattle in the Amazon Biome, the Corporation has used, since contracting the operation, an amount equivalent to R\$2,448 million (US\$494 million) as of September 30, 2020. Even though the Bond matures in 10 years as from its issue date, Marfrig has committed to use the total amount within 36 months. Always seeking best practices and good relations with its investors, Marfrig informs that it has used nearly the total amount of the funds raised in a much shorter period.

In 3Q20, a total of 154,863 animals were slaughtered in compliance with the commitments related to the Sustainable Transition Bond, which represented 65.9% of the animals acquired in the period in the Amazon biome. The animals came from a property with an area of 1,047,707ha, which were monitored and met the socio-environmental criteria undertaken by the Corporation in said biome.

Note that one of the criterion to be met is that the animals must be acquired from properties included in the Marfrig Club protocol. The protocol was created in 2010 to further reinforce the commitment to the sustainable production and to share with producers the socio-environmental commitments undertaken by the Corporation, as well as to guide and encourage these new agribusiness practices in supplier farms to ensure safer production with lower environmental impacts.

In 2020, Marfrig included 100% of its suppliers under this protocol, which means that currently all suppliers of cattle for primary processing in the Corporation already are part of the Marfrig Club. This was other commitment undertaken by the Corporation under the Bond issue.

#### 17.1. Guarantees for loans and financing

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Balance of financing	4,953,129	2,775,258	26,794,567	21,716,280
Guarantees:				
Surety	698,468	787,810	699,709	833,924
Leased asset	4	13	4	13
Export document	-	-	136,424	70,637
Facilities	-	-	1,153,761	1,692,513
Marketable securities	-	-	21,610	20,039
Mortgage	-	-	5,651	91,451
No guarantees	4,254,657	1,987,435	24,777,408	19,007,703

#### 17.2. Covenants

The Corporation is party to some loan and financing contracts that contain clauses requiring the maintenance of specific limits of consolidated debt, through covenants. These covenants set the limit of 4.75 for the ratio of Net Debt to EBITDA in the last 12 months. Failure to comply therewith could lead creditors to request the early maturity of the Corporation's debt.

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Due to the contractual provisions (carve-out) that allow the exclusion of foreign exchange variation effects from the calculation of leverage ratio (net debt/EBITDA LTM), the Corporation clarifies that based on this methodology, the current leverage ratio (net debt/EBITDA LTM) stood at 1.06.

The leverage ratio is calculated as follows:

	<u>9/30/2020</u>
Consolidated gross debt	26,794,567
(-) Consolidated cash and cash equivalents	9,654,471
Consolidated net debt	<u>17,140,096</u>
EBITDA in the period ended June 30, 2020*	9,080,680
EBITDA ratio	<u>1.89</u>
Consolidated net debt	17,140,095
(-) Effect from exchange variation (carve-out)	7,540,903
Consolidated adjusted net debt	<u>9,599,192</u>
Leverage ratio	<u>1.06</u>

\* EBITDA is presented on a pro forma basis, including the operations/companies acquired, considering the results of the last 12 months.

The Corporation did not identify any breach of its covenants as of September 30, 2020 and December 31, 2019.

**18. Advances from clients**

	Parent		Consolidated	
	<u>9/30/2020</u>	<u>12/31/2019</u>	<u>9/30/2020</u>	<u>12/31/2019</u>
Advances from clients	1,214,417	1,205,578	1,442,355	1,322,910
	<u>1,214,417</u>	<u>1,205,578</u>	<u>1,442,355</u>	<u>1,322,910</u>
Current	1,214,417	1,205,578	1,442,355	1,322,910

Advances from clients refer to amounts received in advance from clients in accordance with the Corporation's credit policies.

**19. Lease payable**

The Corporation measures its lease liabilities at the present value of installments and costs associated with the lease agreement, as provided for in NBC TG 6/R3 (CVM Resolution 787/17).

The following table presents the breakdown of lease payables:

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Lease	Parent			
	Weighted average interest rate (p.a.)	Weighted average maturity (years)	9/30/2020	12/31/2019
Plants, facilities and buildings	7.00%	5.1	73,800	123,131
Software license	13.33%	-	16	1,553
Other	6.03%	0.9	4,540	1,528
Interest to incur			(11,926)	(24,320)
<b>Total</b>	<b>8.19%</b>		<b>66,430</b>	<b>101,892</b>
Current liabilities			13,090	20,112
Non-current liabilities			53,340	81,780

Lease	Consolidated			
	Weighted average interest rate (p.a.)	Weighted average maturity (years)	9/30/2020	12/31/2019
Plants, facilities and buildings	5.68%	4.8	138,102	176,623
Software license	13.33%	-	16	1,553
Machinery and equipment	3.79%	3.5	449,797	407,122
Other	3.36%	6.3	109,854	2,916
Interest to incur			(61,658)	(64,381)
<b>Total</b>	<b>4.49%</b>		<b>636,111</b>	<b>523,833</b>
Current liabilities			177,097	131,093
Non-current liabilities			459,014	392,740

Financial charges are recognized as financial expenses and recognized based on the real discount rate, according to the remaining period of the agreement.

The following table presents the changes in lease payables:

	12/31/2019	Acquisitions	Financial expense	Payments	Write-offs	Translation gains (losses)	Translation adjustment	9/30/2019
Parent	101,892	3,522	2,909	(20,190)	(21,703)	-	-	66,430
Consolidated	523,833	132,699	17,590	(182,355)	(21,703)	16	166,031	636,111

The following table presents the maturity schedule of lease agreements:

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Up to 1 year	13,090	20,112	177,097	131,093
From 1 to 5 years	37,047	70,577	361,811	367,751
More than 5 years	16,293	11,203	97,203	24,989
<b>Total</b>	<b>66,430</b>	<b>101,892</b>	<b>636,111</b>	<b>523,833</b>

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**19.1. Potential right to PIS and COFINS**

The Corporation holds the potential right to recoverable PIS/COFINS taxes embedded in the consideration of leases for industrial plants and others. The measurement of the cash flows from the leases did not detail the tax credits, with the potential effects from PIS/COFINS presented in the following table:

	<u>Nominal</u>	<u>Adjusted at present value</u>
Lease consideration	73,800	63,953
Potential PIS/COFINS (9.25%)	6,827	5,916

**19.2. Inflationary effects**

The Corporation adopted as accounting policy the requirements of NBC TG 6/R3 (CVM Resolution 787/17) to measure and remeasure its right of use, based on discounted cash flow without considering inflation. The Management evaluated the impacts of using nominal flows and concluded that they do not present significant differences from the information presented. To ensure the faithful representation of the information with regard to the requirements of NBC TG 6/R3 (CVM Resolution 787/17) and to comply with the orientations of the CVM, the balances of right-of-use assets, depreciation, lease liabilities and financial expenses without inflation, referred to as actual flow, and the estimate of the balances adjusted for inflation in the comparison period, referred to as inflation-adjusted flow, are presented. Other assumptions, such as the timetable for the maturity of liabilities and the interest rates used in the calculation, are presented in other items of these notes, while the inflation rates are observable in the market, enabling the users of the interim financial statements to determine the inflation-adjusted flows.

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Right-of-use assets			Lease liabilities		
	Parent	Consolidated		Parent	Consolidated
	9/30/2020	9/30/2020		9/30/2020	9/30/2020
Real flow			Real flow		
Right of use	79,940	583,109	Lease liabilities	69,339	653,701
Depreciation	(14,679)	(117,069)	Financial expenses	(2,909)	(17,590)
	<u>65,261</u>	<u>466,040</u>		<u>66,430</u>	<u>636,111</u>
	Parent	Consolidated		Parent	Consolidated
	9/30/2020	9/30/2020		9/30/2020	9/30/2020
Inflation-adjusted flow			Inflation-adjusted flow		
Right of use	81,489	593,221	Lease liabilities	70,683	664,988
Depreciation	(14,964)	(119,097)	Financial expenses	(2,965)	(17,896)
	<u>66,525</u>	<u>474,124</u>		<u>67,718</u>	<u>647,092</u>

**19.3. Effects from COVID-19 on lease agreements**

On July 7, 2020, the Securities and Exchange Commission of Brazil (“CVM”) issued Resolution 859, which approves Technical Pronouncements Revision Document 16/2020, which establishes requirements aimed at facilitating for lessees the recognition of any concessions obtained in agreements due to COVID-19, such as rent forgiveness, rent forbearance or even temporary reductions in rent payments.

The Corporation’s Management evaluated the requirements of CVM Resolution 859 and concluded that there are no effects on this individual and consolidated accounting information.

**20. Notes payable**

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Notes payable for investments in Brazil (a)	252,136	308,210	252,136	308,210
Market transactions payable (b)	191,457	13,266	193,418	17,165
Related parties (c)	22,713,082	15,728,562	-	-
Other	31,628	16,202	31,628	16,202
	<u>23,188,303</u>	<u>16,066,240</u>	<u>477,182</u>	<u>341,577</u>
Current liabilities	145,137	104,584	147,098	108,483
Non-current liabilities	23,043,166	15,961,656	330,084	233,094

- (a) The amount refers primarily to the balance of the acquisition of all shares in Mercomar Empreendimentos e Participações Ltda., acquired in May 2015, with final maturity scheduled for March 2024;
- (b) In note 27, we break down financial instrument operations practiced by the Corporation. The Corporation and its subsidiaries are subject to market risks related to foreign exchange variations, interest rates fluctuations and commodities price variations. These represent the amount of mark-t-market adjustment of derivatives payable.

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- (c) The amount refers to loans with subsidiaries. A breakdown of the balance can be found in Note 31 Related-party transactions.

**21. Provisions for contingencies****21.1. Provisions**

The Corporation and its subsidiaries are involved in several civil, tax and labor proceedings, in the ordinary course of business, for which provisions based on legal counsel's estimates have been set up. The principal information about these proceedings is presented below:

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Labor and social security	48,704	48,142	94,868	82,353
Tax	153,472	167,674	177,376	197,511
Civil	79,475	75,527	89,136	82,020
	<u>281,651</u>	<u>291,343</u>	<u>361,380</u>	<u>361,884</u>

The following table shows the changes in provisions in the period ended September 30, 2020:

	Parent				Consolidated			
	Labor and social security	Tax	Civil	Total	Labor and social security	Tax	Civil	Total
Balance on December 31, 2019	48,142	167,674	75,527	291,343	82,353	197,511	82,020	361,884
Addition to provision	27,975	8,836	3,948	40,759	47,512	10,523	6,462	64,497
Reversal of provision	(27,413)	(23,038)	-	(50,451)	(36,078)	(32,965)	(13)	(69,056)
Payments	-	-	-	-	(2,416)	(401)	-	(2,817)
Translation gains (losses)	-	-	-	-	3,497	2,708	667	6,872
Balance on September 30, 2020	<u>48,704</u>	<u>153,472</u>	<u>79,475</u>	<u>281,651</u>	<u>94,868</u>	<u>177,376</u>	<u>89,136</u>	<u>361,380</u>

**21.1.1. Labor and social security**

As at September 30, 2020, the Corporation and its subsidiaries are parties to various labor claims. Based on the Corporation's and its subsidiaries' payment history, a provision of R\$94,868 was set up. In the opinion of the Management and legal counsel, this provision is sufficient to face probable losses. Most of the labor claims filed against the Corporation and its subsidiaries refer to matters usually questioned in this industry, such as dismissal for just cause, preparation time, breaks for personnel who work in refrigerated environments, commuting time and ergonomic risk, among others. The Management of the Corporation believes no individual labor claim is relevant.

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### 21.1.2. Tax

Based on the opinion of its legal advisors, the Corporation revised its estimate for unmaterialized tax risks in view of certain processes and legal discussions involving the Administrative Council of Tax Appeals (CARF), in addition to decisions on matters under dispute. Management reassessed the reserve in the total amount of R\$177,376, with the main discussions including the exclusion of ICMS tax from the calculation base of PIS/COFINS, disallowance compensation of estimated IR/CS, income tax and social contribution lack of addition of profits abroad, GILRAT and ICMS proof of exports. The Corporation believes that it is entitled to the potential impacts in the event that such risks materialize.

### 21.1.3. Civil

Based on the opinion of legal advisors, the Management recognized on September 30, 2020 a provision for the number of shares considered to be of probable risk, totaling R\$89,136. The civil suits of the Corporation and its subsidiaries involve disputes typically related to business agreements and indemnities. The provisioned amount is substantially composed of the early termination of the agreement for sponsorship of the Brazilian National Football Teams entered into with the Brazilian Football Confederation (CBF), and reflects the adjustment of the existing risk for inflation.

## 21.2. Contingent liabilities

Contingent liabilities, which are not recorded in the books of account, according to prevailing legislation, are shown below:

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Labor and social security	65,074	83,903	71,802	90,615
Tax	824,851	1,178,190	828,180	1,179,548
Civil	9,653	4,622	9,896	4,709
	<b>899,578</b>	<b>1,266,715</b>	<b>909,878</b>	<b>1,274,872</b>

### 21.2.1. Labor and social security

The labor and social security lawsuits in which the Corporation and its subsidiaries are parties typically involve issues usually claimed in the segment, such as dismissal without cause, preparation time, breaks for persons working in refrigerated environments, overtime, ergonomic hazards and others, which are individually insignificant.

### 21.2.2. Tax

The main tax matters discussed at court that in the opinion of the Management and legal counsel are rated as possible losses for the Corporation and its subsidiaries is presented below.

#### a) Federal Taxes and Contributions

As at September 30, 2020, the Corporation was a party to administrative proceedings and court claims filed by the Federal Government at the total historical value of R\$689,364, claiming:

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- (i) No increase in taxable income and IRPJ/CSLL base for profits earned abroad in calendar year 2009, disallowance of goodwill amortization and non-subjection to tax of interest from loan agreements in force with subsidiaries abroad, in the historical amount of R\$83,911.
- (ii) Disallowance of PIS/COFINS credits for calendar year 2014 used for the payment of taxes in the historical amount of R\$244,189;
- (iii) Payment of IOF for calendar year 2016 related to checking account agreements executed among the companies of the group in the historical amount of R\$21,923;
- (iv) The Corporation and its subsidiaries have federal tax debts, whose collection suits are individually immaterial, totaling R\$339,341.

#### b) State VAT – ICMS

On September 30, 2020, the Corporation had administrative proceedings, and court claims in the historical amount of R\$137,449, claiming the following:

- (i) Tax Deficiency Notices discussing the collection of ICMS taxes in the state of Goiás related to the disallowance of ICMS tax credits due to noncompliance with accessory obligations, error in the basis for calculation of the value due in ICMS taxes, failure to return credits granted after goods were returned, failure to return ICMS credits on the acquisition of inputs/goods proportionally to disbursements, failure to substantiate exports of goods abroad, which amount to a historical amount of R\$49,813;
- (ii) The Corporation and its subsidiary Pampeano are parties to administrative proceedings and legal suits, whose collection suits are individually immaterial, totaling R\$87,636.

#### c) Taxes on Services of Any Nature (ISSQN)

On September 30, 2020, the Corporation is involved in three lawsuits (two in the administrative level and the other in legal court) which claim the collection of local government taxes in the historical amount of R\$1,367.

### 21.2.3. Civil

The civil suits of the Corporation and its subsidiaries involve disputes typically related to business agreements and indemnities, which are not individually relevant.

### 21.2.4. Additional information

#### Sale of the Keystone business

The Corporation is disputing the price adjustment and negotiation practices adopted by the buyer in the agreement for the sale of the business unit Keystone Foods in civil lawsuits with the U.S. courts.

#### National Beef business

Four class actions were filed in the United States alleging that the company and its subsidiary, National Beef, with other companies in the industry, colluded to control cattle prices. In all the actions, the court issued decisions that excluded the company as a defendant and maintained National Beef, which is defending the action. In January

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2020, two class actions were filed in the United States alleging that National Beef labeled certain products inappropriately, in violation of U.S. state laws. The claims were denied by the lower court and the plaintiffs filed appeal against the decision. National Beef also was notified of a civil investigation by the U.S. Department of Justice regarding the purchase of fed cattle and responded to it by providing the required information.

## 22. Shareholders' equity

### 22.1. Share capital

Subscribed and paid-in share capital as at September 30, 2020 and December 31, 2019 totals R\$8,204,391 and is represented by 711,369,913 common shares without par value. On September 30, 2020, 338,595,548 shares, or 47.60% of the capital was held by the controlling shareholder: Marcos Antonio Molina dos Santos, Marcia Aparecida Pascoal Marçal dos Santos and MMS Participações Ltda. (company controlled by Marcos and Marcia, each holding a 50% ownership interest). The free float was 372,774,365 shares, or 52.40%, of which 14,669,463 shares are held in treasury, and 1,007,741 shares are held by its Board of Directors, Audit Board and Executive Board.

### 22.2. Capital reserves, options granted and treasury shares

On September 30, 2020, the balances of the capital reserves, options granted and treasury shares were broken down as follows:

#### 22.2.1. Capital reserves

The capital reserves reflect the contributions made by shareholders that are directly related to the formation or increase of the capital stock, the changes in the relative interests of the parent company in subsidiaries that do not result in the gain or loss of control, as well as Goodwill on capital transactions. On September 30, 2020, the capital reserves amounted to R\$1,957,612.

On November 29, 2019, the Corporation, through its subsidiary, NBM US Holdings, Inc, increased its interest in the capital stock of its subsidiary National Beef, with the transfer to NBM and to the other non-controlling shareholders of 31.17% of the voting and total capital of National Beef, with this representing the total amount of shares held by the shareholder Jefferies Financial Group Inc., which withdrew from the company.

NBM's interest increased from the current 51% to 81.73%, with the interests of the remaining shareholders as follows: BPI 2.44%, USPB 15.07% and Tim Klein 0.76% of the voting and total shareholders capital of National Beef.

The amount of consideration transferred was R\$3,255 million and the goodwill paid in the transaction was R\$2,327 million. This goodwill, adjusted to September 30, 2020, amounted to R\$3,108 million and was recognized in the capital reserve group, which had a negative impact on the Corporation's shareholders' equity. The transaction, as well as its respective negative effects on the shareholders' equity of the Corporation, were registered in accordance with ITG 09 (R1) – Individual Financial Statements, Separate Statements, Consolidated Statements and Adoption of the Equity Method of Accounting.

#### 22.2.2. Treasury shares

On September 30, 2020, Corporation held fourteen million, six hundred sixty-nine thousand and three hundred, sixty-three (14,669,463) common shares in treasury, which were booked at the amount of R\$112,034, which corresponds to an average cost of seven reais and sixty-four centavos (R\$7.64) per share.

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Changes in treasury shares in the period are shown in the table below:

	Held in treasury	
	Number of shares	Value (R\$ '000)
Balance as at December 31, 2019	10,372,329	80,837
(+) Acquisition - Repurchase program	6,114,000	45,103
(-) Disposal - Stock options	(1,816,866)	(13,906)
Balance as at September 30, 2020	<b>14,669,463</b>	<b>112,034</b>

On September 30, 2020, canceled treasury shares in the amount of R\$11,691.

### Share buyback program

Shares repurchased were held in treasury for exercise of stock options by the beneficiaries of the Corporation's Stock Option Plan and/or subsequent cancellation or sale.

On September 14, 2018, the Corporation's Board of Directors approved the use of the available capital reserve to acquire shares. The buyback program includes the acquisition of up to 12,000,000 registered, book-entry common shares without par value, limited to three percent (3%) of the Corporation's free-float shares. The maximum period for effecting the purchase transactions is eighteen (18) months, starting on September 14, 2018 and ending on March 13, 2020.

On March 16, 2020, the Corporation's Board of Directors approved the use of the available capital and profit reserve to acquire shares. The buyback program includes the acquisition of up to 5,910,145 registered, book-entry common shares without par value, limited to ten percent (10%) of the Corporation's free-float shares. The maximum period for effecting the purchase transactions is eighteen (18) months, starting on March 16, 2020 and ending on September 16, 2021.

### 22.3. Income reserves

On September 30, 2020, the balance of the profit reserves was broken down as follows:

#### 22.3.1. Legal reserve

It is 5% (five per cent) of the Corporation's net income, as defined in its by-laws and current legislation.

On September 30, 2020, the Corporation did not recognize a legal reserve, as the Company used the profit for the period to offset accumulated losses. Accordingly, the balance as of September 30, 2020 remained at R\$44,476, the same as at December 31, 2019.

#### 22.3.2. Retained earnings

At September 30, 2020 and December 31, 2019, the Company did not propose any retention of earnings, since the net profit for the period was fully allocated to offset accumulated losses. Accordingly, the balance as of September 30, 2020 remained at R\$7,348, the same as at December 31, 2019.

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**22.4. Other comprehensive income**

This account recognizes, before being recorded in the statement of operations for the period, translation gains (losses) resulting from the translation of interim financial statements of subsidiaries abroad, whose functional currency differs from that of the Corporation, the corresponding entries of increases or decreases in the amount attributed to asset and liability items arising from their adjustment to market price on investments in subsidiaries directly and indirectly held by the Corporation. Such accumulated effect will be transferred to the statement of operations for the period as gain or loss only upon the disposal or write-off of the investment. This account also recognized the effects from the adoption of deemed cost and the result of derivative financial instruments designated for hedge accounting not yet realized.

**22.5. Shareholder compensation**

When proposed by the Corporation, shareholder compensation is paid in the form of dividends and/or interest on equity based on the limits set by law and by the Corporation's Bylaws.

**23. Net sales revenue**

	Parent		Consolidated	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Revenue from sales of products				
Domestic sales	4,007,916	4,167,876	37,747,394	26,708,878
Foreign sales	5,396,918	2,988,300	12,224,415	8,450,837
	<b>9,404,834</b>	<b>7,156,176</b>	<b>49,971,809</b>	<b>35,159,715</b>
Deductions from gross sales				
Taxes on sales	(238,573)	(271,280)	(293,775)	(296,782)
Returns and discounts	(343,806)	(187,709)	(462,627)	(319,751)
	<b>(582,379)</b>	<b>(458,989)</b>	<b>(756,402)</b>	<b>(616,533)</b>
Net sales	<b>8,822,455</b>	<b>6,697,187</b>	<b>49,215,407</b>	<b>34,543,182</b>

**24. Costs and expenses by nature**

The Corporation has decided to present the statements of income by function. The breakdown by nature is below:

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	Parent		Consolidated	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Cost of sales				
Inventory costs	6,519,013	5,412,586	35,158,709	26,923,721
Depreciation and amortization	185,254	222,845	742,212	667,584
Employee salaries and benefits	493,182	496,927	4,329,088	2,643,899
	<u>7,197,449</u>	<u>6,132,358</u>	<u>40,230,009</u>	<u>30,235,204</u>
Administrative expenses				
Depreciation and amortization	25,183	25,850	273,840	213,140
Employee salaries and benefits	48,892	13,061	271,997	206,657
Other	5,362	72,407	155,112	128,424
	<u>79,437</u>	<u>111,318</u>	<u>700,949</u>	<u>548,221</u>
Selling expenses				
Depreciation and amortization	472	363	6,815	8,663
Employee salaries and benefits	39,367	42,194	120,722	114,957
Freight	249,776	296,963	1,350,046	1,081,254
Other	127,678	132,958	342,259	291,863
	<u>417,293</u>	<u>472,478</u>	<u>1,819,842</u>	<u>1,496,737</u>

**25. Net financial result**

The Corporation's net financial income (expenses) is as follows:

	Parent		Consolidated	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Interest received, earnings from marketable securities	17,949	50,339	36,919	138,210
Interest, debentures and lease with financial institutions	(301,379)	(406,481)	(1,361,313)	(1,216,453)
Inflation adjustments, bank expenses, amortiz. cost on debt and other	(539,674)	(850,041)	(70,534)	(140,168)
Translation gains and losses	(1,087,440)	(228,897)	(1,175,031)	(230,962)
<b>Total</b>	<u>(1,910,544)</u>	<u>(1,435,080)</u>	<u>(2,569,959)</u>	<u>(1,449,373)</u>
Financial income	2,317,376	833,510	2,161,187	1,524,155
Financial expenses	(4,227,920)	(2,268,590)	(4,731,146)	(2,973,528)
<b>Total</b>	<u>(1,910,544)</u>	<u>(1,435,080)</u>	<u>(2,569,959)</u>	<u>(1,449,373)</u>

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### 26. Earnings (loss) per share

The following table shows the calculation of earnings per share for the fiscal periods ended September 30, 2020 and 2019 (in thousands, unless otherwise stated):

	<u>9/30/2020</u>	<u>9/30/2019</u>
Profit attributable to shareholders from the Corporation	2,130,682	191,182
Weighted average number of shares in the period (units)	711,369,913	621,279,822
Weighted average number of shares held in treasury (units)	(10,808,067)	(1,953,963)
Weighted average number of outstanding common shares (units)	<u>700,561,846</u>	<u>619,325,859</u>
Basic and Diluted Earnings (in R\$)	<u>3.0415</u>	<u>0.3087</u>
Earnings or losses attributable to shareholders from the Corporation	<u><u>3.0415</u></u>	<u><u>0.3087</u></u>

### 27. Financial instruments - risk management

#### 27.1. Overview

The Corporation and its subsidiaries are exposed to market risks related to exchange rate gains (losses), interest rate and commodities price fluctuations of a nature considered normal to their business. In order to minimize these risks, the Corporation has policies and procedures to minimize these exposures and may use hedging instruments, as long as previously approved by the Board of Directors.

Among the Corporation's guidelines we highlight: Monitoring levels of exposure to each market risk; measuring these risks; setting limits for making decisions and using hedging mechanisms, always aiming at minimizing the foreign exchange exposure of its debts, cash flows and interest rates.

The Corporation shall be represented exclusively by its Officers and Attorney-in-Fact, observing the limitations provided in the Bylaws, and subject to approval of the Board of Directors for acts and transactions in amounts exceeding such limit.

The Corporation only enters into transactions with derivatives or similar instruments that offer a maximum protection against: foreign currencies, interest rates and commodity prices, and also adopts a conservative policy of not entering into transactions that could affect its financial position. The Corporation does not enter into leveraged transactions with derivatives or similar instruments

The Corporation also has a sound financial policy, maintaining a high level of cash balance, cash equivalents and short-term financial investments. At the same time, the maturity of the Corporation's long-term indebtedness is such way that it is not concentrated in any single year.

#### 27.2. Credit risk management

The Corporation and its subsidiaries are subject to credit risk. Credit risk deals with group's financial losses if a client or counterpart in a financial instrument fails to comply with contractual obligations, which arise from most receivables.

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The Corporation and its subsidiaries limit their exposure by analyzing credit and managing client's portfolio, seeking to minimize the economic exposure to a certain client and/or market that may represent significant losses.

The Global Credit Risk Policy determines the guideline for financial credit risk management based on the following:

- Limit of counterparty's credit risk concentration to 15% of total current assets;
- Investments in solid and prime financial institutions, based on their financial rating;
- Balance between assets and liabilities.

Conducted evaluations are based on information flows and follow-up of the volume of purchases in the market. The internal controls cover the assignment of credit limits.

The maximum exposure to credit risk for the Corporation and its subsidiaries are the trade accounts receivable shown in note 6, where the value of the effective risk of possible losses is presented as provision for credit risk is also shown.

Values subject to credit risk:

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Cash and cash equivalents	190,992	244,698	1,389,037	1,774,902
Marketable securities	451,059	1,556,280	8,265,434	6,635,211
Receivables from Brazilian clients	306,768	55,705	1,955,119	1,442,725
Receivables from foreign clients	847,350	835,092	550,151	577,791
Other receivables	120,365	15,771	659,603	280,672
<b>Total</b>	<b>1,916,534</b>	<b>2,707,546</b>	<b>12,819,344</b>	<b>10,711,301</b>

### 27.3. Liquidity risk management

Liquidity risk arises from the Corporation's and its subsidiaries' working capital management and the amortization of the principal and finance charges of debt instruments. This is the risk that the Corporation and its subsidiaries will find to settle its falling due payables.

The Corporation and its subsidiaries manage their capital based on parameters to optimize the shareholding structure focused on liquidity and leverage metrics that enable a return to shareholders over the medium term, consistent with the risks assumed in the transaction.

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The main indicator for monitoring is the modified immediate liquidity ratio, which is the ratio between cash and cash equivalents and current indebtedness (short term).

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Short-term cash, cash equivalents and marketable securities	642,051	1,800,978	9,654,471	8,410,113
Short-term loans and financings	4,034,831	2,076,246	4,584,425	4,594,444
<b>Modified liquidity ratio</b>	<b>0.16</b>	<b>0.87</b>	<b>2.11</b>	<b>1.83</b>

**27.4. Market risk management**

The Corporation is exposed to market risks arising from commodity prices, interest rates and exchange rates. For each risk, the Corporation conducts a continuous management and sensitivity studies presented in this note.

**27.4.1. Interest rate risk**

Interest rate risk refers to the Corporation's risk of incurring economic losses due to negative changes in interest rates. This exposure basically refers to changes in market interest rates which affect the Corporation's assets and liabilities indexed to the TJLP (long-term interest rate), LIBOR (London Interbank Offered Rate) or CDI (interbank deposit rate).

In order to reduce debt service costs, the Corporation and its subsidiaries continually monitor market interest rates to assess the need to enter into new derivative contracts to hedge its operations against the risk of fluctuations of these rates.

The interest rate exposure risk of the Corporation and its subsidiaries as of September 30, 2020 and December 31, 2019 is as follows:

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Exposure to CDI rate:				
ECNs / Working capital	1,784,161	866,227	1,784,161	866,227
(-) CDB-DI	(406,101)	(329,930)	(406,100)	(329,931)
<b>Subtotal</b>	<b>1,378,060</b>	<b>536,297</b>	<b>1,378,061</b>	<b>536,296</b>
Exposure to LIBOR rate:				
Revolving Credit Facility (US\$)	-	-	3,913,953	3,900,409
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>3,913,953</b>	<b>3,900,409</b>
Exposure to TJLP rate:				
FINAME/FINEP	4	13	4	1,001
<b>Subtotal</b>	<b>4</b>	<b>13</b>	<b>4</b>	<b>1,001</b>
<b>Total</b>	<b>1,378,064</b>	<b>536,310</b>	<b>5,292,018</b>	<b>4,437,706</b>

The Corporation entered into non-speculative swap contracts to minimize the effects of exchange rates fluctuations on the settlement of its loans and financing, as follows:

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Consolidated							
Instrument	Register	Asset	Receivable	Notional(USD)	Notional(USD)	9/30/2020	12/31/2019
						MTM	MTM
Interest Rate Swap	OTC	BRL	USD	72,624	479,580	191,044	(962)
				<u>72,624</u>	<u>479,580</u>	<u>191,044</u>	<u>(962)</u>

**27.4.2. Commodity price risk**

In its activities, the Corporation purchases its main commodity, cattle, which is the largest individual components of its production costs and is subject to certain variables. The price of cattle acquired from third parties is directly related to market conditions, and is influenced by domestic availability and foreign market demand. To reduce the impact of risks on commodity prices, the Corporation holds cattle in feedlots and trades derivative financial instruments in the futures market, as well as other operations.

The derivative financial instruments used to hedge against commodity price risks on September 30, 2020, which are not designated for hedge accounting, are as follows:

Consolidated							
Instrument	Hedge object	Register	Receivable	Payable	Notional(USD)	Notional(R\$)	MTM(R\$)
Futures	Fed cattle	BM&F	BRL	BRL	(15,886)	(89,610)	(414)
Futures	Fed cattle	CME	USD	USD	429	2,419	55
					<u>413</u>	<u>(87)</u>	<u>(359)</u>

**27.4.3. Exchange rate risk**

Exchange rate risk consists of the risk of foreign exchange fluctuations leading the Corporation and its subsidiaries to incur losses and causing a reduction in the values of assets or an increase in the values of liabilities. The Corporation's main current exchange rate exposure relates to the US dollar fluctuation against the Brazilian real.

Given that approximately 93.3% of the Corporation's revenues are denominated in currencies other than the Brazilian real, the Corporation has a natural *hedge* against the maturities of future obligations in foreign currency.

The Corporation also has a sound financial policy, maintaining a high level of cash balance and short-term financial investments with solid financial institutions.

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Assets and liabilities in foreign currency are presented as follows:

Description	Parent		Effects of translation gains (losses)
	9/30/2020	12/31/2019	2020
<b>Operating</b>			
Trade accounts receivable	847,350	835,092	89,113
Imports payable	(27,540)	(41,042)	(22,096)
<b>Subtotal</b>	<b>819,810</b>	<b>794,050</b>	<b>67,017</b>
<b>Financial</b>			
Loans and financing	(3,168,964)	(1,909,018)	(1,123,072)
Notes payable and receivable	376,868	329,433	(138,904)
Balance of banks and marketable securities (*)	148,267	500,579	107,519
<b>Subtotal</b>	<b>(2,643,829)</b>	<b>(1,079,006)</b>	<b>(1,154,457)</b>
<b>Total</b>	<b>(1,824,019)</b>	<b>(284,956)</b>	<b>(1,087,440)</b>
Translation gains			1,681,208
Translation losses			(2,768,648)
Translation gains (losses), net			<b>(1,087,440)</b>

(\*) Refers only to balance of banks and marketable securities that generated translation gains (losses).

Description	Consolidated		Effect of translation gain (losses)
	9/30/2020	12/31/2019	2020
<b>Operating</b>			
Trade accounts receivable	550,151	577,791	54,664
Imports payable	(213,384)	(166,027)	(11,170)
Other	(90,517)	(35,254)	17,339
<b>Subtotal</b>	<b>246,250</b>	<b>376,510</b>	<b>60,833</b>
<b>Financial</b>			
Loans and financing	(25,010,402)	(20,849,052)	(1,116,002)
Notes payable and receivable	403,131	335,275	(232,120)
Balance of banks and marketable securities (*)	298,613	587,914	112,258
<b>Subtotal</b>	<b>(24,308,658)</b>	<b>(19,925,863)</b>	<b>(1,235,864)</b>
<b>Total</b>	<b>(24,062,408)</b>	<b>(19,549,353)</b>	<b>(1,175,031)</b>
Translation gains			1,881,328
Translation losses			(3,056,359)
Translation gains (losses), net			<b>(1,175,031)</b>

(\*) Refers only to balance of banks and marketable securities that generated translation gains (losses).

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Over the course of 2020, the Company contracted Non-Deliverable Forwards (NDFs) contracts, all of them non-speculative in nature, to minimize the effects of the foreign exchange variation on its exports, as per the breakdown below, the results of which are accounted for under the items "Exchange Rate Gains" and "Exchange Rate Losses".

Consolidated							
Instrument	Hedge object	Register	Receivable	Payable	Notional(USD)	Notional(R\$)	MTM(R\$)
<b>Operations not designated for Hedge Accounting</b>							
NDF	FX rate	OTC	USD	GBP	13,986	78,893	(562)
NDF	FX rate	OTC	USD	EUR	4,375	24,679	(955)
NDF	FX rate	OTC	USD	AUD	186	1,047	(111)
NDF	FX rate	OTC	USD	CLP	6,130	34,577	715
					<b>24,677</b>	<b>139,196</b>	<b>(913)</b>

The Company did not designate operations to hedge accounting for the quarter ended September 30, 2020. The operations designated to hedge accounting in the quarter ended March 31, 2020 were fully settled and are described in Note 27.4.3 of the interim financial statements as of March 31, 2020.

#### 27.5. Sensitivity Analysis

The Management considers that the most relevant risks that could affect the Corporation's results are the volatility of exchange rates, interest rates and commodity prices.

To provide information about the behavior of market risks that the Corporation and its subsidiaries were exposed to as at September 30, 2020, three scenarios are considered one of 10% appreciation and two more scenarios with deterioration of 25% and 50% of the risk variable taken into account, denominated as Scenario I, Scenario II and Scenario III, respectively.

The following scenarios are in accordance with CVM Instruction 475 of December 17, 2008 and present the possible impacts from derivative financial instruments, considering appreciation and depreciation scenarios of the risk factors listed. The amounts presented correspond to the impact of the Mark to Market (MTM) value of the derivative financial instruments contracted for hedge purposes.

The information used in preparing these analyses was detailed in the items above. Future results to be measured could differ significantly from the estimated values if actual conditions differ from the assumptions adopted. Positive values indicate gains and negative ones indicate losses. The following table, in thousands of Brazilian reais, presents the sensitivity scenarios:

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Consolidated					
Parity - US\$ x EUR		Current Scenario	Scenario I Increase of 10%	Scenario II Decrease of 25%	Scenario III Decrease of 50%
NDF Instrument	Risk				
	Appreciation of US\$	(955)	(3,946)	6,524	14,002
Parity - US\$ x GBP		Current Scenario	Scenario I Increase of 10%	Scenario II Decrease of 25%	Scenario III Decrease of 50%
NDF Instrumento	Risk				
	Appreciation of US\$	(562)	(10,813)	25,065	50,692
Parity - US\$ x AUD		Current Scenario	Scenario I Increase of 10%	Scenario II Decrease of 25%	Scenario III Decrease of 50%
NDF Instrumento	Risk				
	Appreciation of US\$	(111)	(197)	104	319
Parity - CLP x US\$		Current Scenario	Scenario I Increase of 10%	Scenario II Decrease of 25%	Scenario III Decrease of 50%
NDF Instrumento	Risk				
	Depreciation of US\$	715	3,479	(8,696)	(17,393)
Parity - USDA Price - Cattle - US\$		Current Scenario	Scenario I Increase of 10%	Scenario II Decrease of 25%	Scenario III Decrease of 50%
Future Instrument	Risk				
	Increase in fed cattle price	(414)	(8,961)	22,403	44,805
Future	Decrease in fed cattle price	55	297	(550)	(1,155)
		(359)	288	(528)	44
Parity - 5% + USD x 127% CDI		Current Scenario	Scenario I Increase of 10%	Scenario II Decrease of 25%	Scenario III Decrease of 50%
SWAP Instrument	Risk				
	Depreciation of US\$	(191,044)	(190,315)	(192,905)	(194,826)

## 27.6. Financial instruments by category

The Corporation's financial assets and liabilities are classified as below:

Financial assets	Parent		Fair value through			
	Amortized cost		Profit or loss		Other comprehensive income (loss)	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Cash and cash equivalents	190,992	244,698	-	-	-	-
Marketable securities	451,059	1,556,280	-	-	-	-
Trade accounts receivable	1,154,118	890,797	-	-	-	-
Notes receivable - derivatives	-	-	-	2,379	-	11,976
Related parties	12,101,852	7,672,441	-	-	-	-
<b>Total financial assets</b>	<b>13,898,021</b>	<b>10,364,216</b>	<b>-</b>	<b>2,379</b>	<b>-</b>	<b>11,976</b>
Financial liabilities	Parent		Fair value through			
	Amortized cost		Profit or loss		Other comprehensive income (loss)	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Trade accounts payable and supply chain financing	776,439	1,265,492	-	-	-	-
Loans, financing and debentures	4,953,129	2,775,258	-	-	-	-
Finance lease	66,430	101,892	-	-	-	-
Notes payable - derivatives	-	-	191,457	4,157	-	9,109
Notes payable - investments Brazil	252,136	308,210	-	-	-	-
Related parties	22,713,082	15,728,562	-	-	-	-
<b>Total financial liabilities</b>	<b>28,761,216</b>	<b>20,179,414</b>	<b>191,457</b>	<b>4,157</b>	<b>-</b>	<b>9,109</b>

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Financial assets	Consolidated					
	Amortized cost		Fair value through			
			Profit or loss		Other comprehensive income (loss)	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Cash and cash equivalents	1,389,037	1,774,902	-	-	-	-
Marketable securities	8,265,434	6,635,211	-	-	-	-
Trade accounts receivable	2,505,270	2,020,516	-	-	-	-
Notes receivable - derivatives	-	-	1,102	5,190	-	11,976
Related parties	16,931	60,461	-	-	-	-
<b>Total financial assets</b>	<b>12,176,672</b>	<b>10,491,090</b>	<b>1,102</b>	<b>5,190</b>	<b>-</b>	<b>11,976</b>
Financial liabilities	Consolidated					
	Amortized cost		Fair value through			
			Profit or loss		Other comprehensive income (loss)	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Trade accounts payable and supply chain f	2,524,854	2,847,203	-	-	-	-
Loans, financing and debentures	26,794,567	21,716,280	-	-	-	-
Finance lease	636,111	523,833	-	-	-	-
Notes payable - derivatives	-	-	193,418	8,056	-	9,109
Notes payable - investments Brazil	252,136	308,210	-	-	-	-
Related parties	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>30,207,668</b>	<b>25,395,526</b>	<b>193,418</b>	<b>8,056</b>	<b>-</b>	<b>9,109</b>

Details of the accounting policies and methods used (including criteria for recognition, measurement bases and criteria for recognition of gains and losses) for each class of financial instruments and equity are presented in note 3.1.

Assets and liabilities presented on the balance sheet under “notes receivable” and “notes payable” regarding derivative transactions, which are intended for equity hedging, are shown below:

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Notes receivable - derivatives (note 9)	-	14,355	1,102	17,166
Notes payable - derivatives (note 20)	(191,457)	(13,266)	(193,418)	(17,165)
<b>Total, net</b>	<b>(191,457)</b>	<b>1,089</b>	<b>(192,316)</b>	<b>1</b>

**27.7. Fair value of financial instruments**

The method used by the Corporation to determine market value consists in calculating the future value based on contracted conditions and determining the present value based on market curves obtain from Bloomberg’s database, except for futures market derivatives whose fair values are calculated based on the on daily adjustments of variations in market prices of commodities and futures acting as consideration.

According to NBC TG 40/R2 (CVM Resolution 684/12), the Corporation and its subsidiaries classify the measurement of fair value according to hierarchical levels which reflect the importance of indices used in such measurement, as follows:

- **Level 1:** Prices quoted in (non-adjusted) active market for identical assets and liabilities;
- **Level 2:** Other available information, except those of Level 1, where quoted prices relate to similar assets and liabilities, whether directly, by obtaining prices in active markets, or indirectly, such as evaluation techniques using active market data.

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- **Level 3:** Indices used for the calculation do not derive from an active market. The Corporation and its subsidiaries do not have instruments at this measurement level.

Currently, the fair value of all the financial instruments of the Marfrig Group is reliably measured and hence these are classified as level 1 and 2, as shown below:

	Parent		Consolidated	
	Level 1	Level 2	Level 1	Level 2
<b>Current assets</b>				
Marketable securities	-	451,059	-	8,265,434
Notes receivable - derivatives	-	-	715	387
<b>Non-current liabilities</b>				
Notes payable - derivatives	(191,044)	(414)	(192,671)	(746)
<b>Total</b>	<b>(191,044)</b>	<b>450,645</b>	<b>(191,956)</b>	<b>8,265,075</b>

Management understands that the results obtained with derivative transactions are in line with the risk management strategy adopted by the Corporation and its subsidiaries.

**28. Income and social contribution taxes**

Income and Social Contribution Taxes were calculated according to prevailing legislation and Federal Law 12,973/2014.

Income and Social Contribution Tax calculations and returns, when required, are open to review by tax authorities for varying statutory years in relation to the payment or filing date.

Below are the calculation and reconciliation of income and social contribution taxes in the income statements for the period:

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	Parent		Consolidated	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Net income (loss) before taxes	1,769,069	(395,542)	3,659,513	836,748
Non-controlling interest on profit or loss before taxes	-	-	(976,608)	(992,184)
Net loss before taxes - adjusted	1,769,069	(395,542)	2,682,905	(155,436)
Income and social contribution taxes - Nominal rate (34%)	(601,484)	134,485	(912,188)	52,848
<b>Adjustments to determine the effective tax rate:</b>				
Taxation on profit of companies abroad	-	53,045	-	217,187
Effect from differences in tax rate of companies abroad	-	-	214,830	7,073
Equity income (loss)	931,983	393,142	-	-
Unrecognized deferred taxes in the period	-	-	-	31,406
Tax incentives	29,377	-	65,556	-
Other additions/exclusions	1,737	6,052	79,579	38,104
<b>Total</b>	<b>361,613</b>	<b>586,724</b>	<b>(552,223)</b>	<b>346,618</b>
Total current taxes	-	-	(859,385)	(188,127)
Total deferred taxes	361,613	586,724	307,162	534,745
	<b>361,613</b>	<b>586,724</b>	<b>(552,223)</b>	<b>346,618</b>
Effective tax rate (*)	-20%	148%	21%	223%

(\*) The difference between nominal and effective rate is significantly affected by equity income (loss) in Parent and taxes on profit abroad in Consolidated.

**29. Segment reporting**

The Corporation established an integrated and geographically diversified business model, which consists of production units located in strategic places, combined with a broad distribution network with access to the world's main channels and consumer markets.

Currently, Marfrig operates 20 cattle processing plant in Brazil, Argentina, Uruguay and the United States, as well as a lamb processing plant in Chile. For processed products, such as beef patties, canned beef, plant-based products, etc., the Corporation has over 12 plants located in the same countries in which it has cattle processing plants.

The Corporation believes that continuous improvement in its internal processes will enable it to further enhance efficiency and cut costs, which, coupled with a result-driven management that is committed to profitable growth, will drive profitability and cash generation.

Furthermore, to better evaluate and analyze the operating performance of its two main operating segments, the Corporation presents a new structure formed by a corporate headquarter and non-operating entities, referred to as *Corporate*. This new structure is in conformity with NBC TG 22/R2 (CVM Resolution 582/09) – Reporting by segment.

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	Net Revenue		Operating Income		Non-current assets	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019	9/30/2020	12/31/2019
North America	36,254,971	24,313,816	5,519,060	2,267,113	6,719,986	5,375,561
South America	12,960,436	10,229,366	1,104,884	249,611	9,555,295	8,331,682
Corporate	-	-	(394,472)	(230,603)	5,436,143	3,444,674
Total	<u>49,215,407</u>	<u>34,543,182</u>	<u>6,229,472</u>	<u>2,286,121</u>	<u>21,711,424</u>	<u>17,151,917</u>

**30. Insurance coverage**

The Corporation's policy is to insure its property, plant and equipment and inventories subject to risk, at amounts deemed sufficient to cover possible losses, taking into consideration the nature of its activities and the insurance advisors' opinion.

Based on the maximum risk weighting, the Corporation does not have a policy of maintaining insurance policies to protect against lost profits, given the broad geographic distribution of its plants and the fact that its operations can be reorganized in the event that any need arises.

The risk assumptions adopted, given their nature, are not part of the scope of an audit of financial statements and, accordingly, were not reviewed by the Corporation's independent auditors.

Below is a summary of the amounts insured by the Corporation:

Description	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Buildings and meatpacking plants	3,138,848	3,138,848	8,601,515	7,458,982
Inventories	446,039	446,039	1,052,772	975,872
Third-party warehouse	215,553	215,553	267,696	253,327
Vehicles	12,922	13,128	33,331	27,571
Transportation of goods	84,396	60,307	4,976,266	1,708,646
Officers' guarantees	25,000	25,000	87,049	49,184
Civil liability	308,935	201,535	838,562	919,160
Aircraft	564,070	201,535	1,128,140	604,605
Other	463,576	339,624	530,443	384,917
	<u>5,259,339</u>	<u>4,641,569</u>	<u>17,515,774</u>	<u>12,382,264</u>

**31. Related-party transactions****31.1. Related parties to the Parent Company**

The following tables, except for transactions with controlling shareholders, show the transactions between the Corporation and its wholly owned subsidiaries:

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	Parent							
	Outstanding Balance				Recognized as profit or loss			
	Amounts receivable		Amounts payable		Income		Expenses	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Prestcott International S.A.	651	-	564	1,768	-	-	5,996	5,274
Establecimientos Colonia S.A.	874	8,064	571	2,031	13,131	18,906	4,513	10,418
Frigorífico Tacuarembó S.A.	1,968	1,150	2,981	1,349	1,839	5,584	9,043	11,440
Inaler S.A.	527	-	526	1,018	-	-	3,150	4,585
Marfrig Argentina S.A	428,263	309,562	3,968	3,060	-	-	5,767	9,439
Marfrig Chile S.A.	19,725	24,716	-	-	204,199	297,919	5,174	5,529
Marfrig Holdings (Europe) BV	7,535,023	5,242,175	14,758,623	10,272,787	-	-	-	-
Marfrig Overseas Ltd.	2,036,453	623,336	121,758	132,714	-	-	-	-
Marfrig Comercializadora de Energia Ltda	21,320	443	-	-	-	-	42,204	35,086
Masplen Ltd	499,406	423,214	4	62	228,561	169,003	-	587
Marfrig Beef UK Limited	1,955,940	1,526,086	7,832,671	5,323,369	4,761,361	2,127,438	-	-
Marfrig Beef International Limited	78,481	25,013	-	-	-	49	144	-
MFG Holdings SAU	256,968	272,447	438	35	21,638	28,506	-	-
Controlling shareholders	-	1	1,727	1,198	11	19	-	-
Key management personnel	-	3	3,236	69	76	89	2,216	537
Other related parties	46,038	60,465	48,094	55,297	22	35	291,845	149,006
	<b>12,881,637</b>	<b>8,516,675</b>	<b>22,775,161</b>	<b>15,794,757</b>	<b>5,230,838</b>	<b>2,647,548</b>	<b>370,052</b>	<b>231,901</b>

The nature of related-party transactions between Marfrig Group companies is represented by commercial transactions (purchases and sales) and sending of cash for payment of such transactions, as well as for working capital.

Intercompany transactions (instruments receivable and payable) in Brazil (parent company and subsidiaries) are managed by checking accounts held between the companies based on the centralized cash system managed by the parent company. For loan transactions with subsidiaries abroad, the loan rate is 3% plus 6-month LIBOR (London Interbank Offered Rate). The main variations in the balances of related-party transactions were due to the fluctuation in the price of the U.S. dollar against the Brazilian real. For the balances of related-party receivables, the appreciation in the U.S. dollar represented 69% of the variation, with the remaining 29% referring to new agreements (funding operations) to fund the operation. For balances payable, the fluctuation in the U.S. dollar price accounted for 90% of the total variation.

Purchases and sales of products are made at market values. No guarantees or estimated losses with doubtful accounts are required. These transactions involve purchase and sale of fresh meat and cattle, poultry and lamb processed products.

Transactions between subsidiaries do not have an impact on consolidated interim financial statements, given that they are eliminated in consolidation.

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### 31.2. Consolidated related parties

	Consolidated							
	Outstanding balance				Recognized as profit or loss			
	Accounts receivable		Accounts payable		Income		Expenses	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Controlling shareholders	-	1	1,727	1,198	11	19	-	-
Key management personnel	-	3	4,852	1,253	100	93	2,216	537
Other related parties	46,038	60,465	48,094	55,297	22	35	291,845	149,006
	<u>46,038</u>	<u>60,469</u>	<u>54,673</u>	<u>57,748</u>	<u>133</u>	<u>147</u>	<u>294,061</u>	<u>149,543</u>

### 31.3. Controlling shareholders

A suretyship agreement was entered into with the controlling shareholder, MMS Participações Ltda., under which said shareholder guarantees certain obligations of the Corporation. These transactions were conducted on an arm's length basis and in accordance with internal guidelines formally established by the Corporation.

### 31.4. Other related parties

The controlling shareholders own membership interests in other entities that have businesses with Marfrig Group. The aggregate amount of transactions is represented in the table above under "other related parties." Most of transactions refer primarily to sale of animals for slaughter and to associated logistics services. These transactions are carried out on an arm's length basis, in accordance with internal guidelines formally established by the Corporation that are periodically verified by the Corporation management to attest their compliance with market conditions.

### 31.5. Joint Ventures

The indirect subsidiary Beef Holdings Limited has 1 joint venture, which is recognized through the equity method of accounting.

The following table summarizes the main financial information on unconsolidated joint ventures in the interim financial statements, in accordance with NBC TG 18(R3) (CVM Resolution 696/12) – Investments in associates, subsidiaries and joint ventures.

	% Interest	Country	Total assets	Total liabilities	Loss in the period
COFCO-Keystone Supply Chain	45.00%	China	170,180	170,540	(1)
Total			<u>170,180</u>	<u>170,540</u>	<u>(1)</u>

### 31.6. Statutory Audit Committee

The Company's Statutory Audit Committee was established by the Board of Directors Meeting held on November 29, 2019. The compensation of the Audit Committee is paid monthly, without variable remuneration.

## 32. Management compensation

The compensation policy establishes the criteria and responsibilities and defines the compensation for managers of the Marfrig Group, in the short or long term (bonus and stock option).

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The purpose of this policy is to encourage the Company's executives to grow and develop to reach their full potential, in line with the business objectives, and to recognize their performance through the payment of an Incentive (short and long term).

The Compensation, Corporate Governance and Human Resources Committee is the body that supports the Board of Directors in its assessment of manager compensation. The committee is formed exclusively by members of the Board of Directors of the Company, one of whom is the Committee Coordinator.

The parameters used to define management compensation are based on market practices.

#### **32.1. Board of Directors**

The compensation of the Board of Directors is set annually for each director and paid monthly, with no variable compensation.

Variable compensation – Consists of a short-term bonus or stock options.

The composition of the directors' compensation is based on a market survey of major companies in the food industry, which is used to formulate the base compensation to be validated by the Compensation, Corporate Governance and Human Resources Committee of Marfrig Global Foods.

#### **32.2. Statutory Officers**

The compensation of the Statutory Officers is composed of a fixed component and a variable component.

Fixed compensation – An annual amount is set for each statutory officer and paid monthly.

Variable Compensation – Composed of short-term (bonus) and long-term (stock option) compensation. The targets established by the Company to assess the Managers generally consist of economic and individual targets. As part of the compensation payment, the Company may determine that up to 70% of its Managers' variable compensation be paid by directly granting treasury shares, with the calculation of the share price, in accordance with Article 4, Sole Paragraph of CVM Instruction 567, based on the average share price in the last 20 trading sessions prior to the payment date of the variable compensation, which occurred on April 30, 2020.

Gains in the Stock Option Plan are associated with the appreciation of the stock price in the market, i.e., the value that the officer and the executive board as a whole add to the Company through their work will be reflected in gains in this kind of compensation, while keeping their interests aligned with those of the Company over the long term.

The Exercise Price of the stock option compensation under the "Specific Programs" is based on the share price in the latest 20 trading sessions prior to the first business day of March of each year and a grant price with a 50% discount from the grants of 2010.

The exercise in each annual vesting period is subject to the following criteria:

- 25% after 12 months from the grant;

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- 25% after 24 months from the grant;
- 25% after 36 months from the grant;
- 25% after 48 months from the grant.

The compensation of the officers is based on a market survey of major companies in the food industry, which is used to formulate measurement criteria based on the importance of the position in the organization. The macro policies are approved by the Compensation, Corporate Governance and Human Resources Committee.

#### 32.3. Audit Board

The Audit Board of the Company was formed on the occasion of the Annual Shareholders Meeting held on April 30, 2020. In the restatement of the bylaws carried out by intermediation of the Extraordinary Shareholders Meeting on March 11, 2011, the Audit Board became a standing body with permanent functioning.

The compensation of the Audit Board is set annually and paid monthly, with no variable compensation.

#### 32.4. Consolidated compensation

The compensation of Management and Board members is made up of the compensation of six members of the Board of Directors (the other two opted for not receiving compensation as board members, one of whom is also a member of the Statutory Board of Executive Officers and receives compensation from that body), six members of the Audit Board (three of whom are alternate members) and four officers appointed as per the Corporation's by-laws.

The added value of the compensation received by the Corporation's Management and Board members for their services is defined through market practices, with the participation of the Compensation, Corporate Governance and Human Resources Committee, made up exclusively of members of the Board of Directors of the Corporation, one of whom acts as Coordinator of the Committee:

	<u>9/30/2020</u>	<u>9/30/2019</u>
Consolidated Management compensation	51,787	20,313
<b>Total</b>	<b><u>51,787</u></b>	<b><u>20,313</u></b>

#### 32.5 Stock option plan

In the period ended September 30, 2020, a total of 1,123,242 shares were transferred to the Management of the Corporation under the stock option plans. The changes in options exercised throughout the year are shown in the tables below:

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<b>Total options exercised by month</b>		
	<b>Number of shares exercised</b>	<b>Average Market Price<sup>1</sup> (R\$ per share)</b>
January/20	-	11.29
February/20	-	12.00
March/20	204,751	9.08
April/20	21,776	10.01
May/20	367,816	13.19
June/20	310,979	12.86
July/20	60,859	13.92
August/20	62,013	15.95
September/20	95,048	16.29
<b>Options exercised - 2020</b>	<b>1,123,242</b>	

<sup>1</sup> Average monthly quote disclosed by B3 S.A. - Brasil, Bolsa e Balcão, related to Marfrig's common shares, traded under ticker MRFG3.

<b>Consolidated Changes</b>	<b>2020</b>	<b>2019</b>
<b>(Options)</b>		
<b>Opening balance</b>	<b>3,653,287</b>	<b>3,081,827</b>
Options granted	-	1,882,773
Options exercised	(1,123,242)	(959,246)
Options canceled and expired	(112,739)	(352,067)
<b>Closing balance</b>	<b>2,417,306</b>	<b>3,653,287</b>

The expected dilution of ownership interest of current shareholders, when stock options are exercised at the vesting date, up to the limit of shares held in the treasury for this purpose, is 0.35% of all shares at September 30, 2020, as detailed in the table below:

<b>Percentage of Dilution</b>					
	<b>ESP X LP 15-16 Plan</b>	<b>ESP XI LP 16-17 Plan</b>	<b>ESP XII LP 17-18 Plan</b>	<b>ESP XIII LP 18-19 Plan</b>	<b>Total</b>
Granting date	11/07/2016	12/20/2017	09/25/2018	08/14/2019	
Unexercised agreements	3,939	106,866	940,652	1,365,849	2,417,306
Treasury stock					(14,669,463)
Total shares except treasury stock					696,700,450
<b>Percentage of dilution</b>	<b>0.00%</b>	<b>0.02%</b>	<b>0.14%</b>	<b>0.20%</b>	<b>0.35%</b>

The Corporation recognized expenses relating to granting of plans in effect for the period ended September 30, 2020, as detailed in the table below:

<b>Effects from the exercise of options (R\$ '000)</b>	<b>2020</b>	<b>2019</b>
Amount received from sale of shares - Exercised options	3,444.6	2,846.9
(-) Cost of treasury shares disposed of	(8,610.4)	(5,547.8)
<b>Effect on disposal of shares</b>	<b>(5,165.9)</b>	<b>(2,700.9)</b>

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Due to the exercise of stock options, the Corporation incurred costs with the sale of treasury shares of R\$8,610.4. At September 30, 2020, the book value of treasury shares was recorded under the Corporation's shareholders' equity in the amount of R\$112,034 (R\$80,837 at December 31, 2019).

The fair value of the options was measured on an indirect basis, according to the Black-Scholes pricing method, based on the following assumptions:

- **Standard deviation:** 33.24%. Volatility is measured taking into consideration the daily prices of the Corporation's shares traded on the Brazilian stock exchange (B3) under the ticker MRFG3, from April 1, 2020 to September 30, 2020;
- **Risk-free interest rate:** 4.91% p.a. The Corporation uses as risk-free interest rate the Long-Term Interest Rate (TJLP) annualized on calculation date and available on the federal revenue service website: [receitafederal-idg.receita.fazenda.gov.br/orientacao/tributaria/pagamentos-e-parcelamentos/taxa-de-juros-de-longo-prazo-tjlp](http://receitafederal-idg.receita.fazenda.gov.br/orientacao/tributaria/pagamentos-e-parcelamentos/taxa-de-juros-de-longo-prazo-tjlp).

The fair value of options as of September 30, 2020 ranged between a minimum of R\$11.89 and a maximum of R\$12.67 per share for SPECIAL plans.

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Changes to the stock option programs are presented below:

Plans	Granting Date	Performance (vesting) period	Option expiration date	Options granted	Vested options	Options exercised in the period	Options cancelled / expired in the period	Options exercised / cancelled in prior periods	Unexercised agreements	Option exercise price
Options Exercised/Cancelled in Previous Periods				12,833,129	8,922,718			7,868,529	3,653,287	
ESP X LP 15-16	11-07-16	03-03-20	09-02-20	306,219	306,219	202,133	28,434	71,713	3,939	R\$ 3.0281
ESP XI LP 16-17	12-20-17	03-03-20	09-02-20	126,517	126,517	89,500	12,100	22,210	2,707	R\$ 3.3592
ESP XI LP 16-17	12-20-17	03-03-21	09-02-21	126,337	7,368	0	0	22,178	104,159	R\$ 3.3592
ESP XII LP 17-18	09-25-18	03-03-20	09-02-20	504,385	504,385	414,575	42,032	38,581	9,197	R\$ 3.1789
ESP XII LP 17-18	09-25-18	03-03-21	09-02-21	504,385	0	0	0	38,581	465,804	R\$ 3.1789
ESP XII LP 17-18	09-25-18	03-03-22	09-02-22	504,189	0	0	0	38,538	465,651	R\$ 3.1789
ESP XIII LP 18-19	08-14-19	03-03-20	09-02-20	470,753	470,753	417,034	30,173	17,437	6,109	R\$ 2.9110
ESP XIII LP 18-19	08-14-19	03-03-21	09-02-21	470,753	0	0	0	17,437	453,316	R\$ 2.9110
ESP XIII LP 18-19	08-14-19	03-03-22	09-02-22	470,753	0	0	0	17,437	453,316	R\$ 2.9110
ESP XIII LP 18-19	08-14-19	03-03-23	09-02-23	470,514	0	0	0	17,406	453,108	R\$ 2.9110
<b>Total on</b>	<b>9/30/2020</b>			<b>12,833,129</b>	<b>10,293,566</b>	<b>1,123,242</b>	<b>112,739</b>	<b>9,179,842</b>	<b>2,417,306</b>	

Plans	Granting Date	Market value of unvested options at the end of the period (R\$ '000)	Market value of outstanding vested options at the end of the period (R\$ '000)	Effects in the result of the period in case of recognition (R\$ '000)
ESP X LP 15-16	11-07-16	48.1	48.1	18.2
		<b>48.1</b>	<b>48.1</b>	<b>18.2</b>
ESP XI LP 16-17	12-20-17	32.2	32.2	11.6
ESP XI LP 16-17	12-20-17	1,245.7	0.0	445.6
		<b>1,277.9</b>	<b>32.2</b>	<b>457.2</b>
ESP XII LP 17-18	09-25-18	111.0	111.0	41.0
ESP XII LP 17-18	09-25-18	5,653.1	0.0	2,076.7
ESP XII LP 17-18	09-25-18	5,720.8	0.0	2,076.0
		<b>11,484.9</b>	<b>111.0</b>	<b>4,193.8</b>
ESP XIII LP 18-19	08-14-19	75.4	75.4	28.9
ESP XIII LP 18-19	08-14-19	5,620.5	0.0	2,142.5
ESP XIII LP 18-19	08-14-19	5,682.5	0.0	2,142.5
ESP XIII LP 18-19	08-14-19	5,738.9	0.0	2,141.5
		<b>17,117.3</b>	<b>75.4</b>	<b>6,455.3</b>
<b>Total on</b>	<b>9/30/2020</b>	<b>29,928.3</b>	<b>266.7</b>	<b>11,124.4</b>

## MARFRIG GLOBAL FOODS S.A.

Notes to the separate (Parent Company) and consolidated financial statements  
for the periods ended September 30, 2020 and 2019  
(In thousands of Brazilian reais, except where otherwise indicated)

### 32.6. Direct Granting of Shares

During the period ended September 30, 2020, 693,624 shares were transferred to the managers of the Company. The changes are shown in the following table:

Total shares granted by month		Number of shares granted
January - 20		-
February - 20		-
March - 20		-
April - 20		693,624
May - 20		-
June - 20		-
July - 20		-
August - 20		-
September - 20		-
<b>Shares granted - 2020</b>		<b>693,624</b>

The stock price was calculated at R\$9.98 per share (weighted average price of the 20 trading sessions prior to April 30, 2020).

### 33. Additional information of the cash flow statements

In compliance with item 44(a) of NBC TG 03/R3 – Statement of Cash Flows, the following table presents the changes in liabilities from financing activities arising from cash and non-cash flows:

Description	Parent					Balance on 9/30/2020
	Balance on 12/31/2019	Non-cash change			Balance on	
	Cash flow	New agreements	Exchange rate fluctuation	Other <sup>(1)</sup>		
Loans, financing and debentures	2,775,258	1,006,627	-	1,123,072	48,172	4,953,129
Lease payable	101,892	(41,893)	3,522	-	2,909	66,430
Capital reserves, options granted and treasury shares	(1,271,370)	(31,196)	-	(537,115)	(3,443)	(1,843,124)
	<b>1,605,780</b>	<b>933,538</b>	<b>3,522</b>	<b>585,957</b>	<b>47,638</b>	<b>3,176,435</b>

Description	Consolidated					Balance on 6/30/2020
	Balance on 12/31/2019	Cash flow	New agreements	Exchange rate fluctuation	Other <sup>(1)</sup>	
	Non-controlling interest	1,157,776	(827,916)	-	472,430	
Loans, financing and debentures	21,716,280	(4,388,769)	-	8,226,153	1,240,903	26,794,567
Lease payable	523,833	(203,933)	132,699	165,902	17,610	636,111
Capital reserves, options granted and treasury shares	(1,271,370)	(31,196)	-	(537,115)	(3,443)	(1,843,124)
	<b>22,126,519</b>	<b>(5,451,814)</b>	<b>132,699</b>	<b>8,327,370</b>	<b>2,231,678</b>	<b>27,366,452</b>

<sup>(1)</sup> The amounts presented under other for loans, financing and debentures and for lease payable refer to interest expenses incurred in the period and for non-controlling interest refers to the amount attributed to the income or loss for the period.

**MARFRIG GLOBAL FOODS S.A.**

Notes to the separate (Parent Company) and consolidated financial statements  
for the periods ended September 30, 2020 and 2019  
(In thousands of Brazilian reais, except where otherwise indicated)

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**34. Events after the reporting period****Acquisition of processed food plant in Argentina – Campo del Tesoro**

On October 5, 2020, the Corporation executed an agreement with the shareholders of Campo del Tesoro for the acquisition of 100% of the shares of the company in Argentina. The amount of the transaction is US\$4.6 million.

Campo del Tesoro is the leading producer of beef patties for the food service channel in Argentina. The company operates a plant located in Pilar, Buenos Aires Province, with capacity to process around 15,000 tons/year of beef patties and serves primarily one of the world's largest players in the food service channels.

For Marfrig, the transaction strengthens its portfolio of value-added products and is aligned with its strategic growth plan.

Marfrig has total capacity of 54,000 tons/year of beef patties in Argentina and is the leader in the country's retail and food service channels with the brands Paty and Good Mark, which serve international markets such as Brazil, Colombia and Chile.

**Creation of PlantPlus**

On October 26, 2020, the Company, complementing the Material Fact notice dated May 26, 2020, announced the execution of an agreement with Archer-Daniels-Midland Company ("ADM") to create a joint venture for producing and marketing plant-based products. After obtaining approval from the competent regulatory authorities, the Corporation concluded the creation of PlantPlus Foods LLC, incorporated under the laws of Delaware, with principal place of business in Chicago, Illinois, United States of America.

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## **Statement of Executive Officers on the Financial Statements**

Statement of Executive Officers on the Financial Statements

In compliance with the provisions of CVM Instruction 480, the Board of Executive Officers declares that it has discussed, reviewed and agreed to the financial statements related to the third quarter of 2020 fiscal year.

Sao Paulo, November 11, 2020.

### **Executive Officers:**

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**Miguel de Souza Gularte**  
Chief Executive Officer

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**Tang David**  
Chief Administrative and Financial and IR

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**Heraldo Geres**  
Chief Legal Officer

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**Rodrigo Marçal Filho**  
Executive Officer

## **Statement of Executive Officers on the Independent Auditors Report**

### Statement of Executive Officers on the Independent Auditors Report

In compliance with the provisions of CVM Instruction 480, the Board of Executive Officers declares that it has discussed, reviewed and agreed with the opinions expressed in the Independent Auditors Report on the financial statements related to the third quarter of 2020 fiscal year.

Sao Paulo, November 11, 2020.

#### **Executive Officers:**

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**Miguel de Souza Gularte**  
Chief Executive Officer

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**Tang David**  
Chief Administrative and Financial and IR

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**Heraldo Geres**  
Chief Legal Officer

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**Rodrigo Marçal Filho**  
Executive Officer