



Another quarter of record-high operating results, reinforcement of capital structure and all time low debt cost

São Paulo, May 18, 2020 – Marfrig Global Foods S.A. – Marfrig (B3 Novo Mercado: MRFG3 and Level 1 ADR: MRTTY) announces today its results for the first quarter of 2020 (1Q20). 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 March 31, 2020 filed at the Securities and Exchange Commission of Brazil (CVM).

To improve comparisons, the results herein are identified as "proforma," i.e., including 100% of the results of Quickfood, Várzea Grande and Iowá Premium in 1Q19.

Results described as "Continuing Operation" consider on a proforma basis the results of Quickfood as of January 2019, the results of Várzea Grande as of April 2019 and, lastly, the results of Iowá as of June 2019.

HIGHLIGHTS

▪ North America, a record-breaking first quarter

The North America operation delivered its best first quarter ever, with record-high net revenue, EBITDA and EBITDA margin: Net Revenue of US\$2,185 million and Adj. EBITDA of US\$175 million with margin of 8.0%

▪ South America delivers record EBITDA margin

The South America operation delivered its best quarter ever, with record-high Adj. EBITDA margin of 12.3%, Net Revenue at R\$3,765 million and Adj. EBITDA of R\$464 million, supported by an efficient commercial strategy and the savings generated by the actions to capture operating efficiency gains ongoing since 2019.

▪ Record reduction in financial expenses

In January, the Company prepaid, using own funds, US\$446 million in Senior Notes due in 2023 with interest of 8.0% p.a. It also settled R\$938 million in working capital operations that were pressuring the financial result, significantly reduced cattle purchases on credit and reduced federal tax liabilities by R\$616 million.

▪ Record-low borrowing cost

In 1Q20, the average borrowing cost reached a historical low of 5.81% p.a., down 113 bps or 16.3% from 1Q19 and a new record for the Company.

▪ Transformation of management structure: simpler, focused and agile

The Company changed its management structure by dissolving the holding company and ensuring that the CEOs of the North America and South America operations now report directly to their respective Boards of Directors. With the change, Marfrig's organizational structure evolves to a model with greater focus and agility for managing the business and executing the strategies established by the Board of Directors.

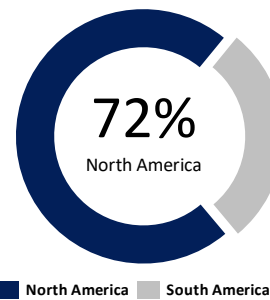


MARFRIG IN NUMBERS (continued operations)

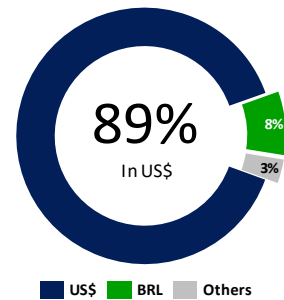
	1Q20	1Q19	Δ %	4Q19	Δ %
Consolidated					
Net Revenue	13,502	10,668	27%	14,218	-5%
Gross profit	1,676	952	76%	2,076	-19%
Gross Margin	12.4%	8.9%	349 bps	14.6%	-219 bps
SG&A	-757	-657	15%	-766	-1%
Adjusted Ebitda	1,223	584	109%	1,618	-24%
Adjusted Ebitda Margin	9.1%	5.5%	358 bps	11.4%	-232 bps
Financial Results	-1,183	-380	211%	-610	94%
Result before taxes	-32	151	-121%	399	-108%
Total Net Profit	32	4	643%	27	19%
North America (in US\$)					
Net Revenue	\$ 2,185	\$ 2,034	7%	\$ 2,339	-7%
Domestic	\$ 1,898	\$ 1,759	8%	\$ 2,055	-8%
Exports	\$ 287	\$ 275	5%	\$ 284	1%
Adjusted Ebitda	\$ 175	\$ 131	33%	\$ 290	-40%
Adjusted Ebitda Margin	8.0%	6.5%	156 bps	12.4%	-439 bps
South America					
Net Revenue	3,766	2,987	-21%	4,581	-18%
Domestic	1,544	1,637	6%	1,855	-17%
Exports	2,222	1,350	-39%	2,726	-18%
Adjusted Ebitda	464	104	-78%	458	1%
Adjusted Ebitda Margin	12.3%	3.5%	884 bps	10.0%	233 bps
Dados Financeiros					
Net Debt (in US \$)	\$ 3,729	\$ 2,487		\$ 3,301	
Indebtedness (in US \$)	2.84 x	2.71 x		2.74 x	
Average Cost of Debt (% a.a.)	5.81%	6.94%	-113 bps	6.26%	-45 bps
Average Debt Term (years)	4.04	3.65	11%	4.42	-9%

Net Revenue

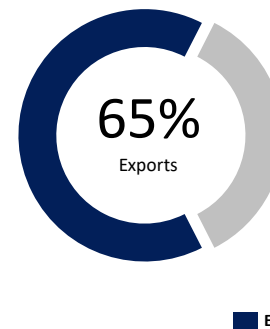
Revenue by business



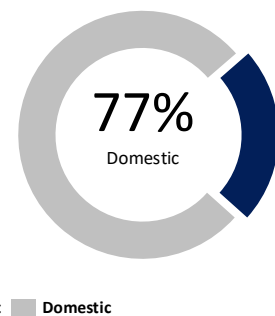
Revenue by Currency



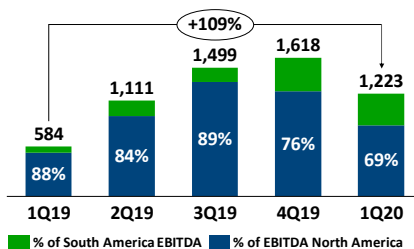
South America Revenue



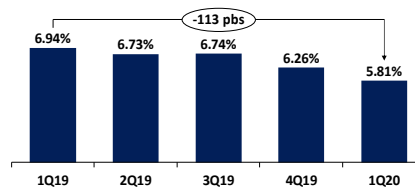
North America Revenue



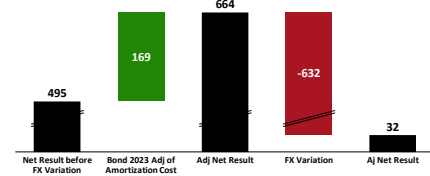
Adjusted EBITDA



Average Cost of Debt (% a.a.)



Adjusted Net Result





MARFRIG & INDUSTRY SCENARIO

COVID-19 has created challenges and raised uncertainties in the global macroeconomic scenario, which has forced institutions and banks to revise their economic projections for the world's main countries given the profound impact on the industrial sector as a whole.

The protein industry began to suffer the impacts caused by the pandemic at the end of March, when it reached the Americas, although many exporters already have felt impacts on their sales to China since the start of the quarter.

In the **United States**, cattle processing volume in 1Q20 came to 6.5 million head (USDA), up 5.1% from the same period of 2019 and very much in line with the volume processed in 4Q19. The first-quarter numbers do not yet reflect the impact from the coronavirus, since the more restrictive measures, such as the lockdowns and closures of foodservice chains, began towards the end of the period.

In **Brazil**, the Ministry of Agriculture reported national primary processing volume in 1Q20 of 5.4 million head, 10% lower than in the same period of 2019. The demand generated by the higher export volume was insufficient to offset the lower sales volume in the domestic market and the increase of nearly 30% in cattle cost (base CEPEA – São Paulo), which reduced the industry's productivity.

In **Uruguay**, data from Inac point to a decline of 25.5% (462k head in 1Q20 vs. 619k in 1Q19) in total primary processing compared to 1Q19. The country also suffered from a higher cattle cost and weaker sales due to lower exports to China caused by the impacts of COVID-19 on the Asian country.

In **Argentina**, according to the Argentine Beef Institute (IPCVA), primary processing grew 3.1% from 1Q19, in contrast to the trend in Brazil and Uruguay, since the cattle cost in USD was lower than in the previous year, which, combined with the strong export market, supported the industry's performance.

In this challenging context, the geographic diversity of Marfrig's operations located in North America and South America has proven a major strategic advantage.

Marfrig ensures, with responsibility and solidarity, 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 strategy to create value is based on three core businesses: beef processing, further processing and plant-based products.

Beef processing: with total primary processing capacity of approximately 31,000 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)
NORTH AMERICA OPERATION	3	13,100
USA	3	13,100
SOUTH AMERICA OPERATION	18	18,100
Brazil	12	13,200
Uruguay	4	3,700
Argentina	2	1,200
TOTAL	21	31,200

In March, the Company decided to shut down its Tucumã Unit, in Pará state. The unit was operating with primary processing capacity of 500 head/day. Simultaneously, **we expanded production capacity at the Várzea Grande Unit** to improve the operating efficiency of our plants. The shutdown is aligned with Marfrig's portfolio management and asset optimization strategy.

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	Processing Units	Beef Patty Production Capacity (ton/year)	Other Processed Products Production Capacity (ton/year)	Total Capacity of Processed Products (ton/year)
NORTH AMERICA OPERATION	5	100,000	104,000	204,000
USA	5	100,000	104,000	204,000
SOUTH AMERICA OPERATION	7	122,000	105,000	227,000
Brazil	3	77,000	66,000	135,000
Uruguay	1	6,000	6,000	12,000
Argentina	3	39,000	33,000	72,000
TOTAL	12	222,000	209,000	431,000



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.

Plant-based products: the production of plant-based products is currently concentrated in Brazil at the Várzea Grande plant. Marfrig is the country's first company to make these products on a commercial scale for the food service industry.



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	1Q20	1Q19	Chg.	
Tons (thousand)			Tons	%
Total Volume	502	420	82	19.5%
Domestic	419	355	64	18.1%
Exports	83	65	18	26.9%
US \$ Million			US\$	%
Net Revenue	2,185	2,034	152	7.5%
Domestic	1,898	1,759	139	7.9%
Exports	287	275	13	4.6%
COGS	(1,956)	(1,856)	(100)	5.4%
Gross profit	229	178	52	29.1%
Gross Margin (%)	10.5%	8.7%	-	180 bps
Adj. EBITDA	175	131	44	33.4%
Adj. EBITDA Margin (%)	8.0%	6.5%	-	160 bps

SALES REVENUE & VOLUME

The North American Operation posted net revenue of US\$2,185 billion, 7.5% higher than in 1Q19. Revenue growth was driven primarily by: (i) the higher supply of fed cattle supporting processing volume growth and yield gains at plants; (ii) the continued strong demand for beef protein in the domestic market; and (iii) the growth in sales volumes of case-ready and ready-to-eat products directly to consumers.

In Brazilian real, net revenue was R\$9,736 million.

GROSS INCOME & GROSS MARGIN

The North American Operation posted record-high results for a first quarter.

Gross income in 1Q20 was US\$229 million, advancing 29.1% on the prior-year quarter.

The price reference for cattle purchases (USDA KS Steer¹) stood at US\$119/cwt², down 5.2% from 1Q19, while the price reference for beef sales (USDA Comprehensive) was

¹ "USDA KS Steer": cattle price reference in the U.S. state of Kansas.

² A "hundredweight," or Cwt, is a weight-measuring unit used in certain commodity contracts. In North America, a hundredweight equals 100 pounds.

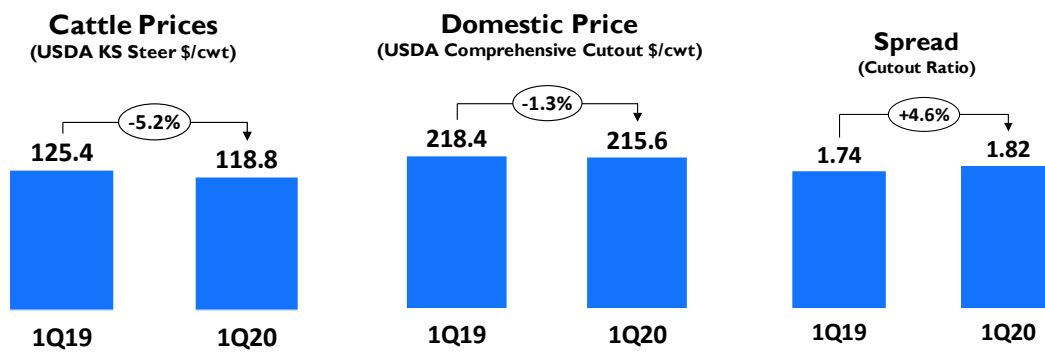


US\$215.55/cwt, down 1.3%, and credits from subproducts, such as leather and other, declined 1.7%.

Because cattle prices fell more than beef sales prices, the cutout ratio (average beef price divided by average cattle cost) stood at 1.82 in 1Q20, up from 1.74 in 1Q19, contributing to the higher profitability of the operation.

Gross margin stood at 10.5%, in 1Q20, expanding from 8.7% in 1Q19.

In Brazilian real, gross income was R\$1,412 million.



Adj. EBITDA & MARGIN

Adj. EBITDA was US\$175 million, setting a record for first quarters, with Adj. EBITDA margin of 8.0%.

In Brazilian real, Adj. EBITDA was R\$816.4 million.



SOUTH AMERICA OPERATION

One of the region's leading beef patty producers, with primary processing capacity of approximately 18,000 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 12,700 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 stands out for producing and selling organic beef and other niche products ("with 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		1Q20	1Q19	Chg.	
Tons (thousand)				Tons	%
Total Volume		340	333	7	2.1%
Domestic		229	245	(16)	-6.5%
Exports		111	88	23	26.2%
R\$ million				R\$	%
Net Revenue		3,766	2,987	779	26.1%
Domestic		1,544	1,637	(93)	-5.7%
Exports		2,222	1,350	871	64.5%
COGS		(3,145)	(2,707)	(438)	16.2%
Gross profit		621	280	341	121.6%
Gross Margin (%)		16.5%	9.4%	-	710 bps
Adj. EBITDA		464	104	360	345.2%
Adj. EBITDA Margin (%)		12.3%	3.5%	-	880 bps

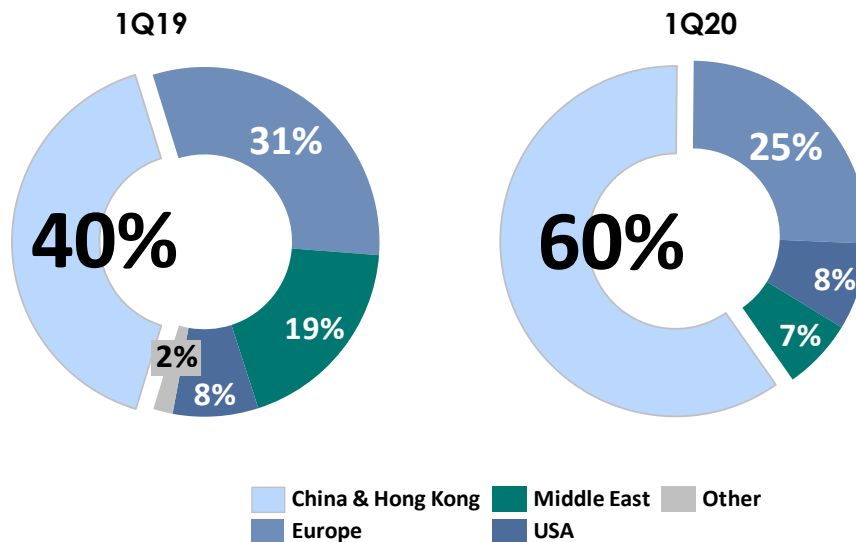
SALES REVENUE & VOLUME

Net revenue from the South American Operation came to R\$3,766 million in 1Q20, up 26.1% from 1Q19, mainly explained by: (i) the 64.5% higher export volume; (ii) the 30.4% higher average export price; (iii) 87% increase in processed food revenue; and (iv) the 18.2% depreciation in the Brazilian real against the U.S. dollar (R\$4.46 in 1Q20 vs. R\$3.77 in 1Q19).

In the quarter, approximately **60% of the total export revenue** of the South American Operation came from **shipments to China and Hong Kong**, which **grew by 106%** on the prior-year period, reflecting Marfrig's better positioning in the region to meet the growing demand from Asia. In 1Q20, exports represented 60% of the operation's revenue, up from 45% in 1Q19.



Profile of Exports



GROSS INCOME & GROSS MARGIN

In 1Q20, gross income from the South America Operation was R\$621 million, advancing 121.6% from 1Q19. The excellent performance is explained by: (i) the **better result from exports**, reflecting the higher number of authorizations to China and the good sales strategy adopted in late 2019, which successfully balanced the mix of destination countries to support increases in both volume and average price; (ii) **increased in processed food results**; and (iii) the **cutting of costs and expenses and the reduction in fixed costs from economies of scale due to operational improvement & efficiency program** launched in 2019 which, among others, included the following initiatives:

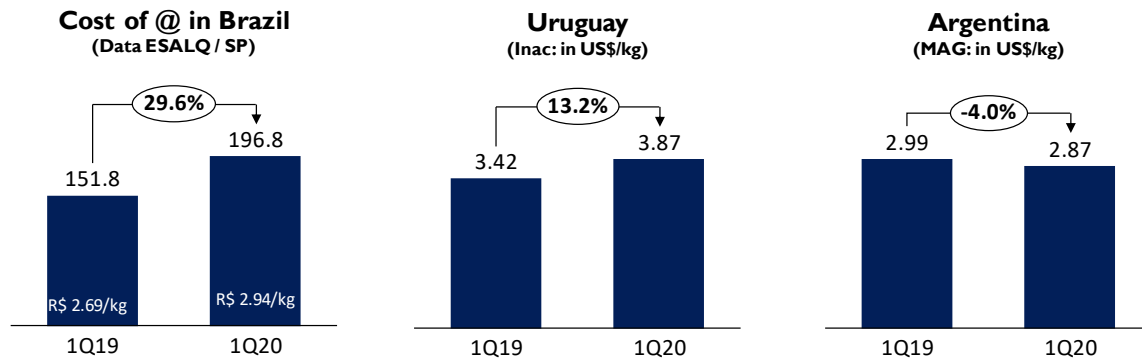
- (a.) a review of the operational footprint, with the shutting down of less efficient plants;
- (b.) the expansion in primary processing capacity at Várzea Grande;
- (c.) the reduction in labor expenses from more efficient processes;
- (d.) the reduction in the employee turnover rate;
- (e.) the improvement of production yields through better practices;
- (f.) the improvements in production mix and raw material usage; and
- (g.) the higher volume of value-added producers for certified cuts.

These trends offset the 16.2% increase in COGS in 1Q20, resulting from the higher primary processing volume and the higher cattle prices in Brazil (30%) and in Uruguay (13%), in contrast to the price drop in Argentina (-4%).

Gross margin in the quarter was 16.5%, up from 9.4% in 1Q19.



Cattle Price per Region



Brazil	Uruguay	Argentina
Cattle cost pressured by stronger demand for exports and by USD appreciation .	Cattle costs pressured by export growth, especially to China.	Argentina remains one of the world's lowest-cost cattle producers in U.S. dollar.

Adj. EBITDA & MARGIN

In 1Q20, Adj. EBITDA from the South American Operation was R\$464 million, with EBITDA Margin of 12.3%, **setting a new record for the operation.**



CONSOLIDATED RESULTS

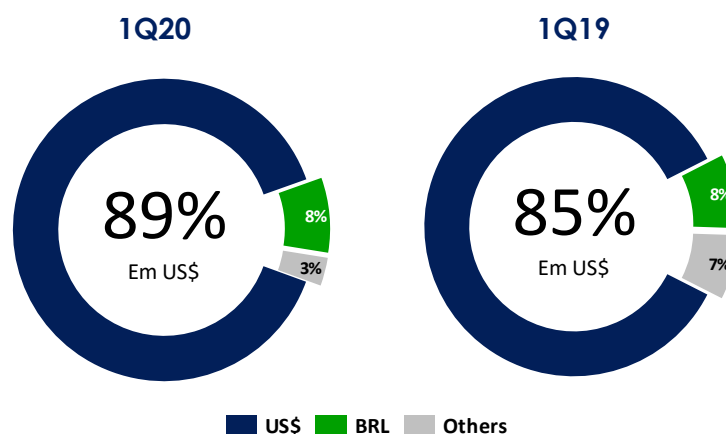
CONSOLIDATED RESULTS	1Q20	1Q19	Chg.	
			tons	%
Tons (thousand)				
Total Volume	842	754	89	11.8%
Domestic	649	600	48	8.1%
Exports	194	153	41	26.5%
R\$ Million			R\$	%
Net Revenue	13,502	10,668	2,833	26.6%
Domestic	10,001	8,280	1,722	20.8%
Exports	3,500	2,389	1,112	46.5%
COGS	(11,826)	(9,716)	(2,109)	21.7%
Gross profit	1,676	952	724	76.1%
Gross Margin (%)	12.4%	8.9%		349 bps
SG&A	(757)	(657)	(100)	15.2%
(+) Depreciation & Amortization	(304)	(290)	(14)	4.9%
Adj. EBITDA	1,223	584	639	109.3%
Adj. EBITDA Margin (%)	9.1%	5.5%	-	360 bps

CONSOLIDATED NET REVENUE

In 1Q20, Marfrig's consolidated net revenue was R\$13,502 million, advancing 26.6% from 1Q19. Revenue growth is explained by the 46.5% growth in export revenue (mainly on the 64.5% higher export revenue from the South American Operation) and the continued excellent performance of the North American Operation, which posted revenue growth of 7.5% in U.S. dollar or 26.7% in Brazilian real.

In 1Q20, net revenue denominated in foreign currency represented 89% of total revenue, which is a significant factor resulting from the combination of "natural" revenue generation in North America with the exports from South America. From the opposite viewpoint, just 8% of the Company's revenue was generated in Brazilian real.

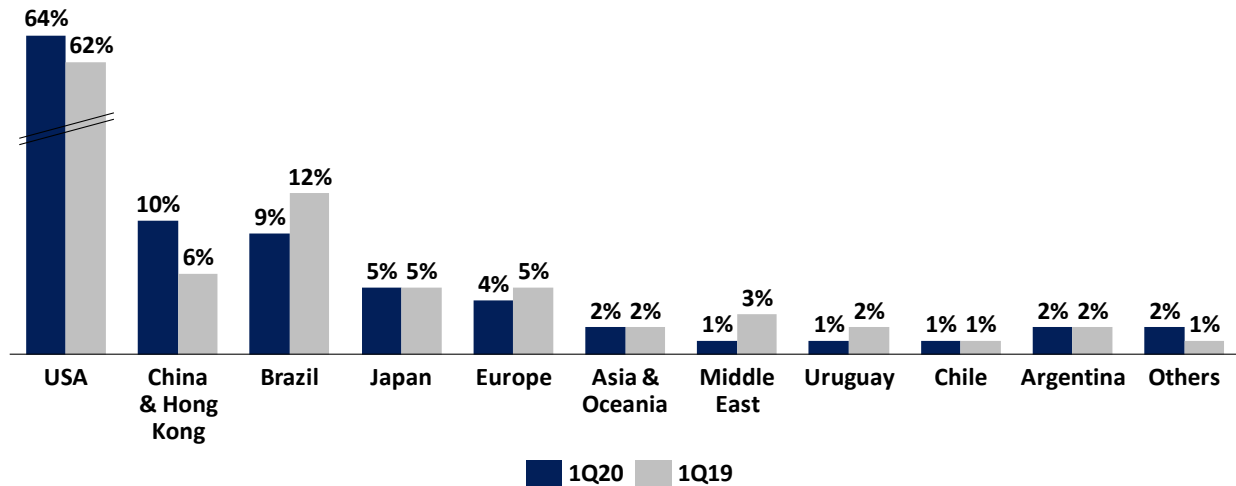
Revenue by Currency (%)





Consumer Markets (% of Consolidated Net Revenue)

Marfrig has a sales mix distributed across the world's main consumer markets. In 1Q20, the United States accounted for 64% of our consolidated sales, while sales to China reached 10% and sales in Brazil's domestic market fell to 9%.



COST OF GOODS SOLD ("COGS")

Marfrig's cost of goods sold in 1Q20 was R\$11,826 million, up 21.7% from the prior-year period, explained by the higher sales volume in both operations and by the higher cattle cost, as explained above.

SELLING, GENERAL & ADMINISTRATIVE EXPENSES

Selling, general & administrative (SG&A) expenses amounted to R\$757 million. SG&A expenses as a ratio of net revenue (SG&A/NOR) stood at 5.6%, down from 6.16% in 1Q19.

Selling expenses were R\$549 million, or 4.0% of net revenue, 40 bps lower than in 1Q19. Even with its higher sales volume and especially the 46.5% growth in export volume, the Company was able to reduce its selling expenses, reflecting the actions to optimize logistics.

General and Administrative expenses were R\$212 million, or 5.6% of net revenue, down 80 bps from 1Q19.

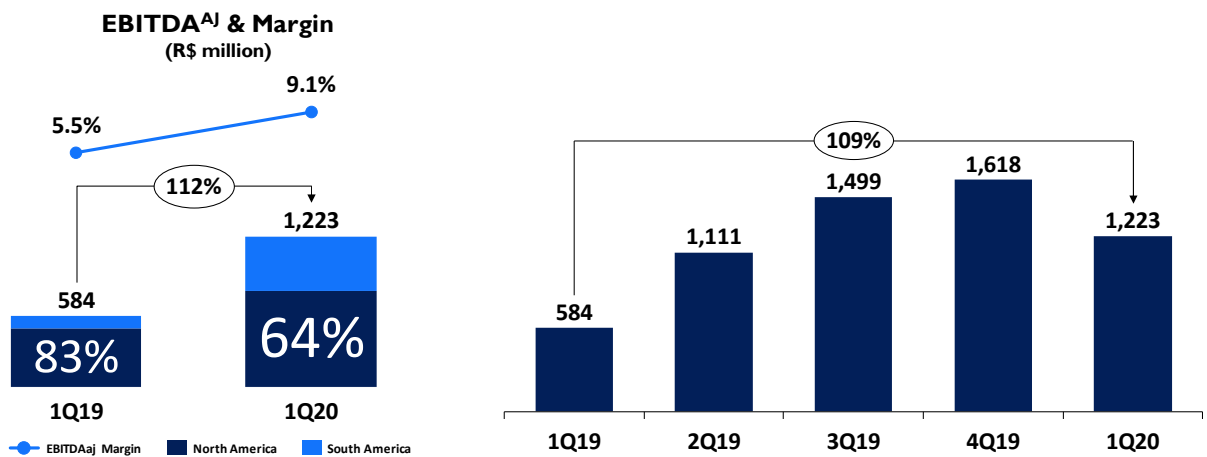


Adj. EBITDA and Margin

Marfrig posted Adj. EBITDA of R\$1,223 million in 1Q20, representing growth of 109% compared to 1Q19, while Adj. EBITDA margin stood at 9.1%, expanding 360 bps.

In the quarter, 64% of Adj. EBITDA came from the North America operation, down from 83% in 1Q19, given the higher result from the South America operation. In all, approximately 90% of consolidated Adj. EBITDA in the period was generated in U.S. dollar.

This excellent performance in 1Q20 is explained by: (i) the higher sales volume in the North American Operation, mainly to the domestic market, given the solid and continued growth in beef protein demand in the United States; (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.



**FINANCIAL RESULT (R\$ million)**

FINANCIAL RESULT	1Q20	4Q19	Chg.	
			R\$	%
Net Interest Provisioned	(248)	(283)	35	-12%
Other Financial Revenues and Expenses	(60)	(160)	100	-63%
RECURRING FINANCIAL RESULT	(308)	(443)	135	-31%
Non-recurring expenses	(244)	-	(244)	
FINANCIAL RESULT BEFORE EXCHANGE VAR.	(551)	(443)	(108)	24%
Exchange Variation	(632)	(167)	(465)	278%
NET FINANCIAL RESULT	(1,183)	(610)	(573)	94%

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.

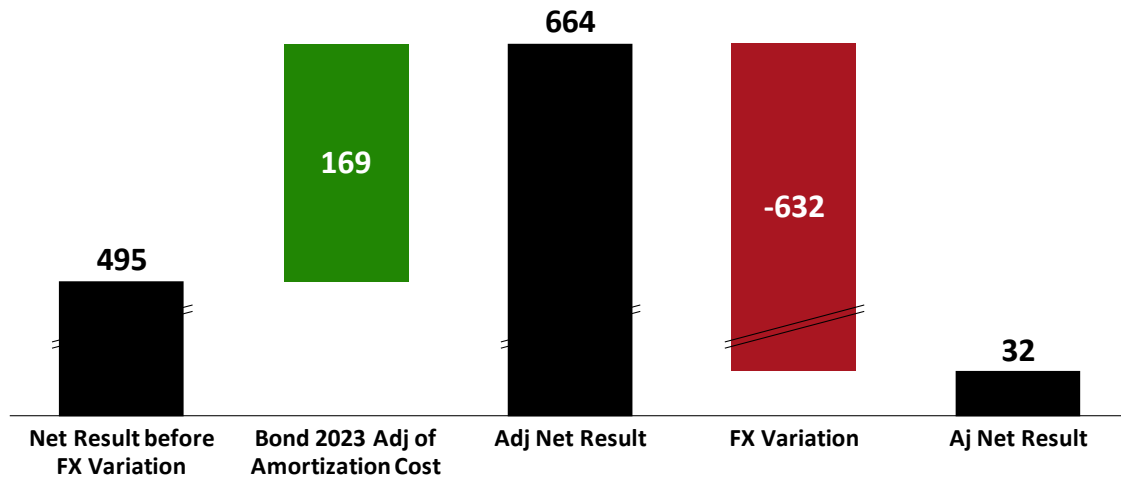
The net financial result in 1Q20, excluding exchange variation and non-recurring expenses, came to R\$308 million, down R\$135 million from 4Q19. The highlight of first quarter is the positive results of the Company's strategy to reduce its financial costs and to boost its profitability.

In 1Q20, the line "Other Expenses and Financial Income" declined by R\$100 million from 4Q19, mainly due to the effort to sell working capital operations launched in 4Q19 and intensified in 1Q20. In addition, we trimmed R\$614 million in installments under federal tax liabilities, which also impacted this line in terms of inflation adjustment.

The non-recurring expenses of R\$244 million incurred in 1Q20 stem from the prepayment, on January 17, 2020, of US\$446 million in Senior Notes due in 2023. Of this amount, R\$169 million was non-cash being the write-off of amortized issue costs.



NET INCOME (R\$ million)

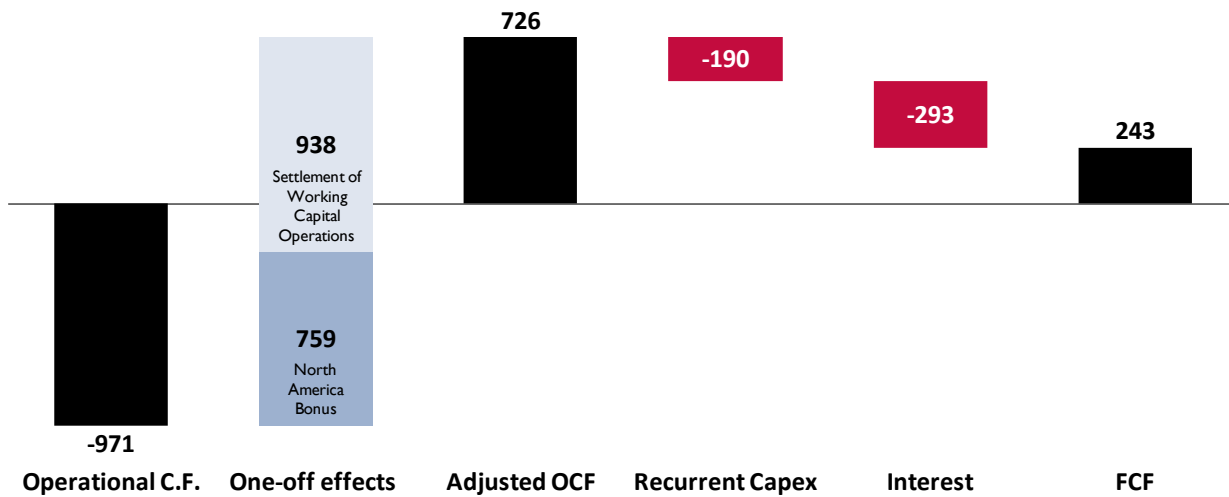


In 1Q20, net income from continuing operations was significantly affected by the exchange variation expense of R\$632 million, but was positive R\$32 million after adjusted for the non-recurring expense of R\$169 million from the non-cash write-off of the accumulated amortized costs of the issue of Senior Notes due in 2023, which were repurchased in January.

CAPEX & INVESTMENTS

Recurring capex amounted to R\$190 million in 1Q20, 65% of which was allocated to maintenance and improvements. In maintenance expenses, the highlight was the investment made in regular maintenance and in the water treatment and reuse plant in Liberal, Kansas, in the North America operation. The remaining 35% was allocated to organic growth projects, especially expanding 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 potential at its most efficient units while shuttering less efficient plants.

Recurring capex in the last 12 months was R\$829 million, with 73% allocated to maintenance projects and the remaining balance allocated to growth projects.


CASH FLOW (R\$ million)


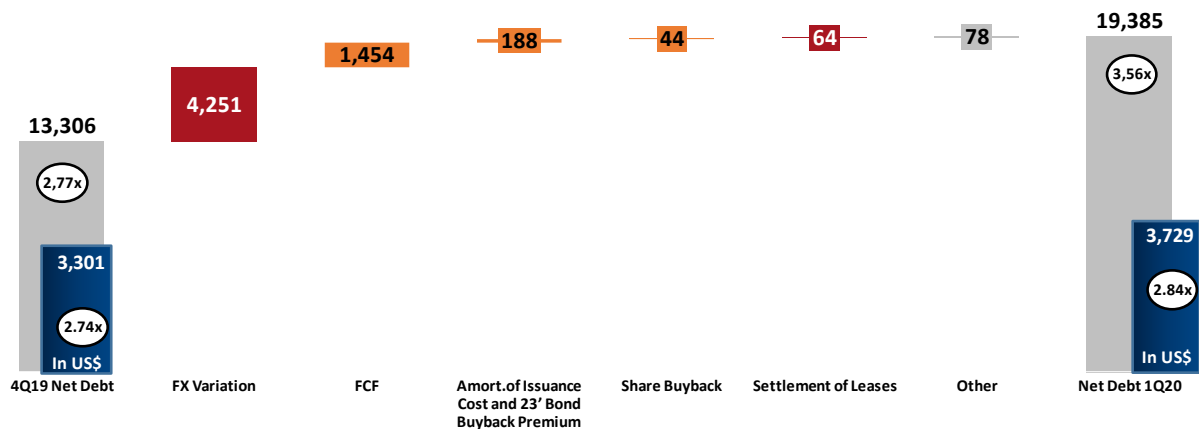
Taking advantage of the stronger operational result and more efficient working capital management in 1Q20, we made progress in our plan to settle working capital operations that were pressuring the financial result.

This quarter, we settled R\$938 in working capital operations, which represented a significant mark in the execution of our liability management strategy, as determined by our Board of Directors. The move resulted in structural savings of R\$100 million in the line "Other Financial Revenue and Expenses" line compared to 4Q19.

Recurring free cash flow was positive R\$243 million after eliminating the one-off effects from the settlement of working capital operations and from the payment of a R\$759 million bonus in the North America operation.



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 1Q20 at US\$3,729 million, increasing 13% (US\$428 million) from 4Q19, mainly due to: (i) the impacts on free cash flow from eliminating the working capital operations, the payment of taxes and the bonus paid in the North America operation; and (iii) the noncash effect from the write-off of the amortization expenses of the Senior Notes due in 2023, which were prepaid in January 2020.

In Brazilian real, net debt stood at R\$19,358 million, which reflects, in addition to the factors described above, the noncash exchange variation effect of R\$4,251 million.

Financial leverage, calculated by the ratio of net debt (last 12 months) to proforma Adj. EBITDA LTM (last 12 months), was 2.84x in U.S. dollar, increasing 0.14x from 4Q19. In Brazilian real, the leverage ratio was 3.56x.

Net Debt / LTM Adj. EBITDA in USD 2.84x	Net Debt / LTM Adj. EBITDA in BRL 3.56x	Avg. Cost (% p.a.) 5.81%	Avg. Term (years) 4.04
--	--	---	---

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 1Q20 at 2.21x (for more information, see Note 17.3 to the financial statements).

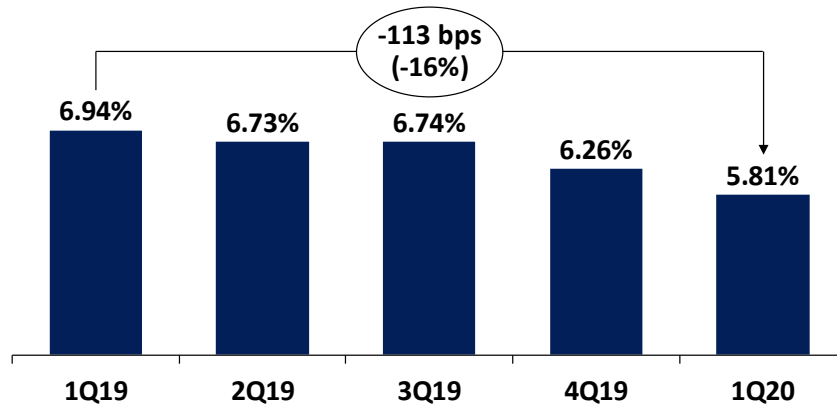
AVERAGE DEBT COST

This quarter we reached another important mark in our liability management strategy, with the average borrowing cost falling to 5.81% p.a., 49 bps and 113 bps (16%) lower than in 4Q19 and 1Q19, respectively.

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.



Average Debt Cost (per year)



COVID-19

Beef processing operations are indispensable to the food security of Brazilians, Argentines, Chileans, Uruguayans, Americans and of millions of people in over 100 countries around the world. As such, Marfrig has undertaken a **commitment to keep its units operating** during the crisis and to guarantee the supply of an essential product for most consumers. This was done with the utmost responsibility and put first the health and safety of all those who work at the Company, 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.

In April, the Board of Directors approved a plan for combatting or mitigating the effects arising from the pandemic. Marfrig promptly implemented a series of measures.

The main social actions carried out by the Company during the period, which amounted to approximately R\$20 million, are described below:

In the **South America operation**, the Promissão Unit in São Paulo state is producing approximately 10 tons/month of alcohol gel. The first lot was shipped to units in Brazil, with the following lots allocated to 18,000 employees in Brazil and donated to charitable organizations and hospitals located in the cities where Marfrig operates.

The amount of R\$7.5 million was donated to the Ministry of Health, which is enough for purchasing 100,000 rapid tests to diagnose COVID-19.

The donation of 48,000 cans of beef to supplement the emergency staple food baskets distributed by Uruguay's Ministry of Social Development.

In recognition of the efforts of the employees who work every day to ensure the production of beef to feed the population, Marfrig started giving 2.5 kg of beef to each of its 18,000 employees in Brazil.



In the **North America operation**, we invited and hosted the heads of the Centers for Disease Control and Prevention (CDC) and state and local health authorities to visit our facilities, hold meetings with members of our team and review our safety procedures.

We donated a number of meals, hospital-standard masks and cleaning and sanitizing products to hospitals and nurses' associations in the regions where the Company operates.

In Ohio, we donated US\$123,000 in chilled beef to the local food bank.

Stainless steel partitions were installed in plants between workstations and on the production floor to improve safety and facilitate daily sanitizing procedures.

We expanded the number of cafeteria areas for employees, allowing them to spread out during their breaks or meals.

Emergency payment: all employees who earn an hourly wage will receive an increase of US\$2 per hour in their base wages from March 16 to May 10, 2020 (may be extended). A meat kit also is being donated weekly to all employees and contractors at all of the operation's units.

With the utmost concern for protecting the health of our employees, the Company's HR department adopted preventive measures to contain the spread of infection, such as: i) preventive quarantine of employees with chronic diseases or over 60 years old and pregnant women; ii) suspension and quarantine for employees with any symptom indicating possible infection with COVID-19; iii) temperature measurement and triage for assessing signs of possible infection of employees at entry points to all the Company's industrial and administrative units; iv) reinforced disinfection of buses, tables and doorknobs; v) expansion of alcohol hand sanitizer gel dispensers at all facilities; vi) sanitizing of work uniforms and equipment; vii) provision of PPEs to employees in the health, cleaning, laundry, reception and gatehouse and cafeteria areas; viii) prohibition of all domestic and international visits to production units; ix) adoption of a shift rotation system and of working from home; and x) conducting educational campaigns to raise employee awareness.

Marfrig is working resiliently and carefully to perform its essential function, which is supplying quality beef to everyone. Our priority is to ensure and safeguard the health of our employees. We are sparing no effort or resource to ensure a healthy and safe workplace so that all activities can be maintained.

Marfrig is one of the world's leading producers of animal protein of the highest quality and under the most rigorous standards of safety and sustainability. **From the countryside of Kansas to the inland regions of Uruguay, Chile and Argentina and in 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 feeding the world cannot stop](#).**



UPCOMING EVENTS
Earnings Conference Call

Date: May 19, 2020

10:00 a.m. (Brasília)

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

Code: Marfrig

Live audio webcast with slide presentation
Replay available for download: www.marfrig.com.br/ri

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ri@marfrig.com.br



DISCLAIMER

This material is a presentation of general information about Marfrig Global Foods S.A. and its consolidated subsidiaries (jointly the "Corporation") on the date hereof. The information is presented in summary form and does not purport to be complete.

No representation or warranty, either expressed or implied, is made regarding the accuracy or scope of the information herein. Neither the Corporation nor any of its affiliated companies, consultants or representatives undertake any liability for losses or damages arising from any of the information presented or contained in this presentation. The information contained in this presentation is up to date as of March 31, 2020, and, unless stated otherwise, is subject to change without prior notice. Neither the Corporation nor any of its affiliated companies, consultants or representatives have signed any commitment to update such information after the date hereof. This presentation should not be construed as a legal, tax or investment recommendation or any other type of advice.

The data contained herein were obtained from various external sources and the Corporation has not verified said data through any independent source. Therefore, the Corporation makes no warranties as to the accuracy or completeness of such data, which involve risks and uncertainties and are subject to change based on various factors.

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
Proforma Income Statement
(R\$ million)

	1Q20 (a)		1Q19 (b)		(a/b) Chg.	
	R\$	%NOR	R\$	%NOR	R\$	%
Net Revenues	13,502	100.0%	10,668	100.0%	2,833	26.6%
COGS	(11,826)	-87.6%	(9,716)	-91.1%	(2,109)	21.7%
Gross Profit	1,676	12.4%	952	8.9%	724	76.1%
SG&A	(757)	-5.6%	(657)	-6.2%	(100)	15.2%
Commercial	(545)	-4.0%	(473)	-4.4%	(72)	15.2%
Administratives	(212)	-1.6%	(184)	-1.7%	(28)	15.1%
Adj. EBITDA	1,223	9.1%	584	5.5%	639	109.3%
Others revenues/expenses	(55)	-0.4%	77	0.7%	(132)	-170.4%
EBITDA	1,168	8.7%	662	6.2%	507	76.6%
P&L - US\$ x BRL	R\$ 4.46		R\$ 3.77		0.69	18.2%
BS - US\$ x BRL	R\$ 5.20		R\$ 3.90		1.30	33.4%



APPENDIX II
Income Statement and EBITDA Reconciliation | Continuing Operation
(R\$ million)

	1Q20 (a)		1Q19 (b)		(a/b) Chg.	
	R\$	%NOR	R\$	%NOR	R\$	%
Net Revenues	13,502	100.0%	10,080	100.0%	3,422	33.9%
COGS	(11,826)	-87.6%	(9,152)	-90.8%	(2,673)	29.2%
Gross Profit	1,676	12.4%	927	9.2%	749	80.7%
SG&A	(757)	-5.6%	(643)	-6.4%	(114)	17.8%
Commercial	(545)	-4.0%	(467)	-4.6%	(78)	16.7%
Administratives	(212)	-1.6%	(176)	-1.7%	(37)	20.8%
Adj. EBITDA	1,223	9.1%	571	5.7%	651	114.0%
Others revenues/expenses	(55)	-0.4%	78	0.8%	(132)	-170.3%
EBITDA	1,168	8.7%	649	6.4%	519	80.0%
Equity Account	0	0.0%	(0)	0.0%	0	-
D&A	(304)	-2.3%	(287)	-2.8%	(17)	6.0%
EBIT	864	6.4%	362	3.6%	502	138.6%
Financial Results	(1,183)	-8.8%	(380)	-3.8%	(803)	211.1%
Financial revenues/expenses	(551)	-4.1%	(406)	-4.0%	(145)	35.8%
Exchange rate variation	(632)	-4.7%	26	0.3%	(657)	-2564.6%
EBT	(319)	-2.4%	(18)	-0.2%	(301)	1669.5%
Taxes	286	2.1%	160	1.6%	126	78.9%
Continued Operation - Net Profit	(32)	-0.2%	142	1.4%	(174)	-122.7%
Discontinued Operation - Net Profit	-	0.0%	-	0.0%	-	-
Total Net Profit	(32)	-0.2%	142	1.4%	(174)	-122.7%
Minority Stake	(105)	-0.8%	(138)	-1.4%	33	-24.0%
Continued Operation - Net Profit	(137)	-1.0%	4	0.0%	(141)	-3268.6%
Discontinued Operation - Net Profit	-	0.0%	-	0.0%	-	-
Total Net Profit	(137)	-1.0%	4	0.0%	(141)	-3268.6%
P&L - US\$ x BRL	R\$ 4.46		R\$ 3.77		-R\$ 3.92	
BS - US\$ x BRL	R\$ 5.20		R\$ 3.90		-R\$ 3.83	

RECONCILIATION OF ADJUSTED EBITDA (R\$ million)	1Q20	4Q19
Net Profit / Loss	(137)	27
(+) Provision for income and social contribution	(286)	117
(+) Non-controlling Interest	105	372
(+) Net Exchange Variation	632	167
(+) Net Financial Charges	551	443
(+) Depreciation & Amortization	304	308
EBITDA	1,168	1,434
(+) Other Operacional Revenues/Expenses	55	184
Adj. EBITDA	1,223	1,618



APPENDIX III
Cash Flow | Continuing Operation
(R\$ million)

Continued Free Cash Flow	1Q20	4Q19
Net Income/Loss	(137)	27
(+/-) Non cash items	1,334	1,769
(+/-) Account Receivable	(25)	(906)
(+/-) Inventories	(289)	81
(+/-) Suppliers	(921)	518
(+/-) Others	(932)	(314)
(=) Operational Cash Flow	(970)	1,175
(-) Total Capex and Investments	(190)	(322)
(-) Interest expenses	(294)	(301)
Cash Flow Before Third Party Dividends	(1,454)	552



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

1Q20	North America		South America		Corporate	
	R\$	%NOR	R\$	%NOR	R\$	%NOR
Net Revenues	9,736	100.0%	3,766	100.0%	-	100.0%
COGS	(8,680)	-89.2%	(3,145)	-83.5%	(0)	0.0%
Gross Profit	1,055	10.8%	621	16.5%	(0)	0.0%
SG&A	(390)	-4.0%	(242)	-6.4%	(125)	0.0%
Adj. EBITDA	812	8.3%	464	12.3%	(54)	0.0%

1Q19	North America		South America		Corporate	
	R\$	%NOR	R\$	%NOR	R\$	%NOR
Net Revenues	7,681	100.0%	2,987	100.0%	-	100.0%
COGS	(7,008)	-91.2%	(2,707)	-90.6%	(1)	0.0%
Gross Profit	673	8.8%	280	9.4%	(1)	0.0%
SG&A	(301)	-3.9%	(280)	-9.4%	(77)	0.0%
Adj. EBITDA	498	6.5%	104	3.5%	(18)	0.0%



APPENDIX V
Balance Sheet
(R\$ '000)

ASSETS	1Q20	4Q19	LIABILITIES	1Q20	4Q19
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and Marketable Securities	7,574,176	8,410,113	Trade accounts payable	2,688,561	2,670,322
Trade accounts receivable	2,453,249	2,020,516	Supply chain finance	38,575	176,881
Inventories of goods and merchandise	2,929,287	2,383,486	Accrued payroll and related charges	423,809	757,699
Biological assets	41,421	29,139	Taxes payable	247,408	407,817
Recoverable taxes	546,108	1,176,530	Loans and financing	6,718,393	4,594,444
Prepaid expenses	93,726	61,823	Notes payable	315,979	108,483
Notes receivable	28,664	82,318	Lease payable	159,838	131,093
Advances to suppliers	121,171	110,044	Advances from customers	1,304,128	1,322,910
Other receivables	368,779	146,135	Other payables	372,759	445,399
	14,156,581	14,420,104		12,269,450	10,615,048
NON CURRENT ASSETS			NON CURRENT LIABILITIES		
Court deposits	66,373	62,055	Loans and financing	20,241,092	17,121,836
Notes receivable	0	0	Taxes payable	256,336	768,129
Deferred income and social contribution taxes	1,876,120	1,413,253	Deferred income and social contribution taxes	189,537	136,275
Recoverable taxes	2,549,074	2,321,233	Provisions for contingencies	395,733	361,884
Other receivables	358,607	134,537	Lease payable	427,780	392,740
	4,850,174	3,931,078	Notes payable	316,251	233,094
Investments	60,715	42,545	Advances from customers	213,879	166,674
Property, plant and equipment	7,371,324	5,231,216	Other	213,879	166,674
Intangible assets	8,444,251	6,557,055		22,040,608	19,180,632
	15,876,290	11,830,816			
			CONTROLLING SHAREHOLDER'S EQUITY		
			Share Capital	8,204,391	8,204,391
			Capital reserve	(1,852,617)	(1,271,370)
			Profit reserves	51,824	51,824
			Other comprehensive income	(4,202,394)	(3,271,650)
			Accumulated losses	(3,231,220)	(3,094,630)
			Controlling Shareholder's Equity	(1,030,016)	618,565
			Non-controlling interest	1,603,003	1,157,776
			Total Controlling Shareholder's Equity	572,987	1,776,341
TOTAL ASSETS	34,883,045	31,572,021	TOTAL LIABILITIES	34,883,045	31,572,021



Marfrig Global Foods S.A.
Separate and Consolidated Interim
Financial Statements (ITR)
On March 31, 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 interim financial information

Grant Thornton Auditores Independentes

Av. Eng. Luis Carlos Berrini, 105 - 12º 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 financial information of Marfrig Global Foods S.A. (“the Company”), comprised in the Quarterly Information Form for the quarter ended March 31, 2020, comprising the balance sheets as of March 31, 2020 and the respective statements of income, of comprehensive income, of changes in shareholders’ equity and cash flows for the period of three months then ended, including the footnotes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with the NBC TG 21 – Interim Financial Information and with the the 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 Exchange Securities 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 the 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 interim financial information 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 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 three months ended March 31, 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 on theNBC 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 individual and consolidated interim financial information taken as a whole.

São Paulo, May 18, 2020



Jefferson Coelho Diniz
Assurance Partner

Grant Thornton Auditores Independentes
CRC 2SP-025.583/O-1

MARFRIG GLOBAL FOODS S.A.

Balance Sheet - Assets As of March 31, 2020 and December 31, 2019

(In thousands of Brazilian reais - R\$)

	Note	Parent		Consolidated	
		3/31/2020	12/31/2019	3/31/2020	12/31/2019
Current Assets					
Cash and cash equivalents	4	151,906	244,698	1,915,757	1,774,902
Marketable securities	5	1,136,705	1,556,280	5,658,419	6,635,211
Trade accounts receivable - domestic	6	255,870	55,705	1,961,406	1,442,725
Trade accounts receivable - foreign	6	1,435,481	835,092	491,843	577,791
Inventories of goods and merchandise	7	500,940	681,792	2,929,287	2,383,486
Biological assets		-	-	41,421	29,139
Recoverable taxes	8	365,965	1,009,845	546,108	1,176,530
Prepaid expenses		13,286	15,461	93,726	61,823
Notes receivable	9	342,971	355,250	28,664	82,318
Advances to suppliers		61,181	71,493	121,171	110,044
Other receivables		60,668	8,637	368,779	146,135
		4,324,973	4,834,253	14,156,581	14,420,104
Non-Current Assets					
Court deposits		60,480	56,135	66,373	62,055
Notes receivable	9	9,485,292	7,335,451	-	-
Deferred income and social contribution taxes	10	1,219,537	940,957	1,876,120	1,413,253
Recoverable taxes	8	2,495,439	2,286,791	2,549,074	2,321,233
Other receivables		6,131	7,134	358,607	134,537
		13,266,879	10,626,468	4,850,174	3,931,078
Investments	11	6,174,463	4,558,779	60,715	45,694
Property, plant and equipment	12	3,061,245	3,064,696	7,371,324	6,441,055
Intangible assets	13	313,526	318,894	8,444,251	6,734,090
		9,549,234	7,942,369	15,876,290	13,220,839
		22,816,113	18,568,837	20,726,464	17,151,917
Total Assets		27,141,086	23,403,090	34,883,045	31,572,021

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

MARFRIG GLOBAL FOODS S.A.

Balance Sheet - Liabilities and Equity As of March 31, 2020 and December 31, 2019

(In thousands of Brazilian reais - R\$)

	Note	Parent		Consolidated	
		3/31/2020	12/31/2019	3/31/2020	12/31/2019
Current liabilities					
Trade accounts payable	14	1,011,399	1,088,611	2,688,561	2,670,322
Supply chain financing	15	38,575	176,881	38,575	176,881
Accrued payroll and related charges		117,630	111,019	423,809	757,699
Taxes payable	16	52,856	165,591	247,408	407,817
Loans, financing and debentures	17	3,503,338	2,076,246	6,718,393	4,594,444
Notes payable	20	261,067	104,584	315,979	108,483
Lease payable	19	16,709	20,112	159,838	131,093
Advances from customers	18	1,100,420	1,205,578	1,304,128	1,322,910
Other payables		86,607	92,999	372,759	445,399
		6,188,601	5,041,621	12,269,450	10,615,048
Non-current liabilities					
Loans, financing and debentures	17	670,500	699,012	20,241,092	17,121,836
Taxes payable	16	179,266	709,113	256,336	768,129
Deferred income and social contribution taxes	10	-	-	189,537	136,275
Provisions for contingencies	21	301,093	291,343	395,733	361,884
Lease payable	19	58,886	81,780	427,780	392,740
Notes payable	20	20,772,756	15,961,656	316,251	233,094
Other payables		-	-	213,879	166,674
		21,982,501	17,742,904	22,040,608	19,180,632
Equity					
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	(1,852,617)	(1,271,370)	(1,852,617)	(1,271,370)
Profit reserves	22.3	51,824	51,824	51,824	51,824
Other comprehensive income	22.4	(4,202,394)	(3,271,650)	(4,202,394)	(3,271,650)
Accumulated losses		(3,231,220)	(3,094,630)	(3,231,220)	(3,094,630)
		(1,030,016)	618,565	(1,030,016)	618,565
Non-controlling interest		-	-	1,603,003	1,157,776
Total equity		(1,030,016)	618,565	572,987	1,776,341
Total liabilities and shareholders' equity		27,141,086	23,403,090	34,883,045	31,572,021

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

MARFRIG GLOBAL FOODS S.A.

Statement of income Years ended March 31, 2020 and 2019

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

	Note	Parent		Consolidated	
		YTD 2020	YTD 2019	YTD 2020	YTD 2019
Net sales revenue	23	2,753,470	1,927,334	13,501,609	10,079,685
Cost of products and goods sold	24	(2,295,207)	(1,786,533)	(11,825,502)	(9,152,210)
Gross profit		458,263	140,801	1,676,107	927,475
Operating income (expenses)		111,616	40,350	(811,676)	(565,211)
Selling expenses	24	(137,026)	(165,941)	(544,839)	(466,965)
General and administrative expenses	24	(25,247)	(50,503)	(212,306)	(175,781)
Equity in earnings (losses) of subsidiaries	11	321,174	295,200	-	-
Other operating income (expenses)		(47,285)	(38,406)	(54,531)	77,535
Net income (loss) before net financial income (loses)		569,879	181,151	864,431	362,264
Financial income (expenses)	25	(985,390)	(359,799)	(1,183,022)	(380,268)
Financial income		643,383	347,478	687,064	480,361
Financial expenses		(1,628,773)	(707,277)	(1,870,086)	(860,629)
Net income (loss) before taxes		(415,511)	(178,648)	(318,591)	(18,004)
Income and Social Contribution taxes		278,581	182,970	286,320	160,079
Current and deferred income tax	28	204,839	132,928	212,581	110,067
Current and deferred social contribution	28	73,742	50,042	73,739	50,012
Net income (loss) for the period before interest		(136,930)	4,322	(32,271)	142,075
Attributable to:					
Controlling interest		(136,930)	4,322	(136,930)	4,322
Non-controlling interest		-	-	104,659	137,753
		(136,930)	4,322	(32,271)	142,075
Basic and diluted earnings per share - Common	26	(0.1956)	0.0070	(0.1956)	0.0070

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

MARFRIG GLOBAL FOODS S.A.

Statement of changes in shareholders' equity Years ended March 31, 2020 and 2019

(In thousands of Brazilian reais - R\$)

	Share Capital	Capital reserves, options granted and treasury shares	Profit reserves	Other comprehensiv e income	Accumulated losses	Total	Total non- controlling interest	Total shareholders' equity
At December 31, 2018	7,319,467	155,824	51,824	(3,535,777)	(3,317,874)	673,464	3,338,093	4,011,557
Cumulative translation adjustment and asset valuation adjustment	-	-	-	37,558	1,842	39,400	(59,289)	(19,889)
Acquisition of treasury shares	-	(978)	-	-	-	(978)	-	(978)
Goodwill stock option	-	(298)	-	-	-	(298)	-	(298)
Net income for the period	-	-	-	-	4,322	4,322	137,753	142,075
At March 31, 2019	7,319,467	154,548	51,824	(3,498,219)	(3,311,710)	715,910	3,416,557	4,132,467
At December 31, 2019	8,204,391	(1,271,370)	51,824	(3,271,650)	(3,094,630)	618,565	1,157,776	1,776,341
Cumulative translation adjustment and asset valuation adjustment	-	(537,115)	-	(651,853)	340	(1,188,628)	340,568	(848,060)
Operations to hedge against exchange variation	-	-	-	(278,891)	-	(278,891)	-	(278,891)
Acquisition of treasury shares	-	(43,508)	-	-	-	(43,508)	-	(43,508)
Goodwill stock option	-	(624)	-	-	-	(624)	-	(624)
Net income (loss) for the period	-	-	-	-	(136,930)	(136,930)	104,659	(32,271)
At March 31, 2020	8,204,391	(1,852,617)	51,824	(4,202,394)	(3,231,220)	(1,030,016)	1,603,003	572,987

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

MARFRIG GLOBAL FOODS S.A.

Statement of cash flows Years ended March 31, 2020 and 2019

(In thousands of Brazilian reais - R\$)

	Note	Parent		Consolidated	
		YTD 2020	YTD 2019	YTD 2020	YTD 2019
Net income (loss) for the period from continuing operations		(136,930)	4,322	(136,930)	4,322
Non-cash items		218,958	(342,595)	1,334,217	410,923
Depreciation and amortization		69,652	87,883	303,897	286,634
Non-controlling interest		-	-	104,659	137,753
Provision for contingencies		9,750	-	20,247	8,242
Deferred taxes and tax liabilities		(278,580)	(182,970)	(328,070)	(179,779)
Equity in earnings (losses) of subsidiaries		(321,174)	(295,200)	-	-
Exchange variation on financing		617,175	(9,169)	621,833	(14,067)
Exchange variation on other assets and liabilities		11,901	(444)	9,816	(11,563)
Interest expenses on financial debt		16,022	8,627	293,858	247,150
Interest expenses on financial lease		1,322	2,954	5,684	5,983
Interest expenses on debentures		-	5,368	-	-
Cost with issue of financial operations		990	889	189,244	29,701
Leasing adjustment to present value		50	275	51	267
Estimated non-realization of inventories		(13,946)	(7,977)	(14,068)	(8,651)
Estimated losses with doubtful accounts		5,265	113	5,976	449
Estimated losses with non-realization of recoverable taxes		72,204	-	71,947	-
Other non-cash effects		28,327	47,056	49,143	(91,196)
Equity changes		(1,313,626)	(29,965)	(2,167,510)	(1,126,767)
Trade accounts receivable		(932,831)	65,476	(25,375)	70,264
Current inventory and biological assets		194,799	(137,502)	(289,038)	(392,764)
Court deposits		(4,345)	(418)	(4,310)	(315)
Accrued payroll and related charges		6,612	7,558	(421,901)	(360,808)
Trade payables and supplier chain financing		(201,519)	(50,669)	(921,284)	(175,035)
Current and deferred taxes		(279,554)	(50,764)	(364,458)	(94,632)
Notes receivable and payable		(40,915)	233,417	(50,556)	(6,984)
Other assets and liabilities		(55,873)	(97,063)	(90,588)	(166,493)
Cash flow used in operating activities		(1,231,598)	(368,238)	(970,223)	(711,522)
Investing activities					
Acquisition of subsidiary, net of cash		-	-	-	(148,582)
Investments in fixed and non-current biological assets		(87,661)	(199,723)	(188,744)	(292,072)
Investments in intangible assets		(1,502)	(702)	(1,635)	(789)
Cash flow used in investing activities		(89,163)	(200,425)	(190,379)	(441,443)
Financing activities					
Interest settled debentures / Bonds		-	(45,665)	(382,888)	(258,929)
Debentures / Bonds		-	(570,000)	(1,941,126)	-
Loans and financing		764,393	556,495	1,242,306	884,444
Loans granted		1,402,788	1,044,260	2,320,090	1,920,411
Loans settled		(638,395)	(487,765)	(1,077,784)	(1,035,967)
Lease payable		(27,667)	(7,543)	(64,046)	21,549
Lease granted		-	1,745	2	32,778
Lease settled		(27,667)	(9,288)	(64,048)	(11,229)
Treasury shares		(43,508)	(978)	(43,508)	(978)
Acquisition of non-controlling interest		-	-	(4,073)	-
Dividends received		-	746,181	-	-
Cash flow (used in) provided by financing activities	33	693,218	678,490	(1,193,335)	646,086
Exchange variation on cash and equivalents		115,176	(52)	1,518,000	(33,602)
Discontinued operations net of cash		-	-	-	(49,364)
Cash flow in the period		(512,367)	109,775	(835,937)	(589,845)
Cash and cash equivalents					
Balance at end of period		1,288,611	1,886,961	7,574,176	6,601,861
Balance at start of period		1,800,978	1,777,186	8,410,113	7,191,706
Change in the period		(512,367)	109,775	(835,937)	(589,845)

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

MARFRIG GLOBAL FOODS S.A.

Statement of added value Years ended March 31, 2020 and 2019

(In thousands of Brazilian reais - R\$)

	Parent		Consolidated	
	YTD 2020	YTD 2019	YTD 2020	YTD 2019
Revenue	2,977,472	2,070,233	13,774,664	10,351,410
Sales of goods and services	2,980,989	2,070,137	13,771,551	10,273,416
Other revenues	1,746	210	12,598	78,076
Expected losses with doubtful accounts	(5,263)	(114)	(9,485)	(82)
Inputs purchased from other firms (including taxes - ICMS, IPI, PIS and Cofins)	2,505,400	1,788,446	11,494,901	8,717,037
Cost of goods sold and services rendered	1,930,770	1,430,772	9,335,123	7,784,142
Material, energy, outsourced services and other	574,630	357,674	2,159,778	932,895
Gross value added	472,072	281,787	2,279,763	1,634,373
Depreciation and amortization	69,652	87,883	303,897	286,634
Net value created by company	402,420	193,904	1,975,866	1,347,739
Value added received through transfer	964,556	610,430	687,063	448,111
Equity in earnings (losses) of subsidiaries	321,174	295,200	-	-
Financial income and exchange rate gains	643,383	347,478	687,064	480,361
Other	(1)	(32,248)	(1)	(32,250)
Total value added to be distributed	1,366,976	804,334	2,662,929	1,795,850
Value added distribution	1,366,976	804,334	2,662,929	1,795,850
Employees	179,020	171,612	1,067,029	807,121
Direct compensation	137,371	133,895	1,021,840	766,088
Benefits	31,908	29,240	34,814	31,910
FGTS (severance pay fund)	9,741	8,477	10,375	9,123
Taxes payable	(307,275)	(82,760)	(285,402)	(53,050)
Federal	(377,893)	(142,889)	(394,265)	(121,061)
State	68,838	59,054	107,072	66,915
Municipal	1,780	1,075	1,791	1,096
Value distributed to providers of capital	1,632,161	711,160	1,913,573	899,704
Interest	1,628,773	707,277	1,870,086	860,629
Rentals	3,388	3,883	41,719	35,526
Other	-	-	1,768	3,549
Value distributed to shareholders	(136,930)	4,322	(32,271)	142,075
Net income (loss) from operations in the year	(136,930)	4,322	(136,930)	4,322
Non-controlling interest			104,659	137,753

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

MARFRIG GLOBAL FOODS S.A.

Statement of comprehensive income Years ended March 31, 2020 and 2019

(In thousands of Brazilian reais - R\$)

	Parent		Consolidated	
	YTD 2020	YTD 2019	YTD 2020	YTD 2019
Net income (loss) in the year	(136,930)	4,322	(32,271)	142,075
Exchange variation on net investments and balance sheet translation	(651,853)	37,558	(311,285)	(21,731)
Operations to hedge against exchange variation	(278,891)	-	(278,891)	-
Total comprehensive income in the period	(930,744)	37,558	(590,176)	(21,731)
Total comprehensive income (loss)	(1,067,674)	41,880	(622,447)	120,344
Attributable to:				
Controlling interest	(1,067,674)	41,880	(1,067,674)	41,880
Non-controlling interest	-	-	445,227	78,464

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

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, such as the Bovespa Index (Ibovespa, the most important indicator of the average performance of Brazilian stocks). Marfrig stock is also a component of the stock indexes of the Brazilian Stock Exchange: Broad Brazil Index BM&FBOVESPA (IbrA); Brazil 100 Index (IBrX 100); Consumption Sector 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 May 18, 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

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.

**Notes to the separate (Parent Company) and consolidated financial statements
for the periods ended March 31, 2020 and 2019**

(In thousands of Brazilian reais, except where otherwise indicated)

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. Remember that the food industry is part of the supply chain of essential goods, along with the hospital, personal care and home care industries.

The Corporation is evaluating 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 Company's business as at March 31, 2020 are summarized below:

a) Operations

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

The geographies where Marfrig has operations were more affected by the end of the quarter. However, the Company 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 Company'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 quarter 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 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 quarter of 2020, since approximately 90% of the Company's revenue is in dollar. Regarding the effects from exchange variation on the financial result, we inform that they do not affect the Company'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 Company is located and of the homes of consumers in approximately 100 countries. For this reason, the Company 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 social actions conducted by the Company during this period which totaling R\$ 20 million, include:

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 Company has operations;
- ✓ Donation of 48,000 cans of meat to complement emergency staple food baskets distributed by the Ministry of Social Development of Uruguay;
- ✓ Donation of 2.5 kg of meat to each employee once a week, reinforcing the meals of our Brazilian employees and their families.

**Notes to the separate (Parent Company) and consolidated financial statements
for the periods ended March 31, 2020 and 2019**

(In thousands of Brazilian reais, except where otherwise indicated)

North America:

- ✓ In Ohio, we contributed to the local Food Bank, donating \$ 123,000 in fresh beef;
- ✓ All hourly production plant employees will receive a \$2 per hour increase in their base wage rate for all hours worked from March 16 – May 10, 2020. (may be extended);
- ✓ Donation of kits with ground beef and other meat for all employees and contractors in all operation units.

3.3. New standards and interpretations

The Corporation describes the main points of review required by the new standards issued by the Federal Accounting Board effective as of year 2020 as follows:

CVM Resolution 854

On April 24, 2020, the Securities and Exchange Commission of Brazil (“CVM”) issued CVM Resolution 854, through which it approved and made mandatory, for public corporations, the revision of the NBC TG 38/R3, NBC TG 40/R2 e NBC TG 48 issued by the Federal Accounting Board (CFC), applicable to fiscal years starting on or after January 1, 2020. The amendments to NBC TG 38/R3, NBC TG 40/R2 e NBC TG 48 establish changes involving:

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

The amendments to the technical pronouncements established by CVM Resolution 854 were evaluated and considered by the Company as from January 1, 2020, with no effects on these financial statements.

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 March 31, 2020:

MARFRIG GLOBAL FOODS S.A.

Notes to the separate (Parent Company) and consolidated financial statements for the periods ended March 31, 2020 and 2019

(In thousands of Brazilian reais, except where otherwise indicated)

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
Maspfen 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
National Beef Packing Company, LLC	Processing and marketing of products
MF Foods USA LLC.	Marketing of products
Iowa Premium, LLC	Processing and marketing of products
National Beef Ohio, LLC	Processing and marketing of products

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.

4. Cash and cash equivalents

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

	Parent		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Cash and banks	92.448	162.265	1.407.459	1.347.462
Cash equivalents	59.458	82.433	508.298	427.440
	151.906	244.698	1.915.757	1.774.902

	Parent		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Cash and banks:				
Brazilian real	8,132	115,317	9,982	117,556
US dollar	143,079	128,921	1,787,092	1,514,174
Other	695	460	118,683	143,172
	151,906	244,698	1,915,757	1,774,902

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5. Marketable Securities

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

	PMPV ⁽¹⁾	Currency	Average interest rate p.a.%	Parent	
				3/31/2020	12/31/2019
Bank deposit certificates - CDB ⁽²⁾	-	BRL	3.53%	980,651	329,930
Repurchase and reverse repurchase agreements	-	BRL	1.81%	125,349	822,610
Fixed income bond	-	BRL	3.33%	14,056	12,961
Time Deposit ⁽²⁾	-	USD	-	-	371,197
FIDC ⁽²⁾	0.25	BRL	7.28%	16,649	19,582
Total				1,136,705	1,556,280
Total current				1,136,705	1,556,280

	PMPV ⁽¹⁾	Currency	Average interest rate p.a.%	Consolidated	
				3/31/2020	12/31/2019
Bank deposit certificates - CDB ⁽²⁾	-	Real	3.53%	980,651	329,931
Repurchase and reverse repurchase agreements	-	Real	1.81%	125,349	822,610
Time Deposit ⁽²⁾	2.53	Dolar	2.53%	4,521,417	5,449,811
FIDC ⁽²⁾	0.25	Real	7.28%	16,649	19,582
Fixed income bonds	-	Real	3.33%	14,353	13,277
Total				5,658,419	6,635,211
Total current				5,658,419	6,635,211

⁽¹⁾ Weighted average maturity in years.

⁽²⁾ 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 March 31, 2020.

6. Trade accounts receivable – domestic and foreign customers

	Parent		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Trade accounts receivable - domestic	255,870	55,705	1,961,406	1,442,725
Trade accounts receivable - foreign	1,435,481	835,092	491,843	577,791
	1,691,351	890,797	2,453,249	2,020,516
Amounts not yet due	1,658,196	868,068	1,641,502	1,336,185
Amounts overdue				
From 1 to 30 days	31,159	17,595	722,602	631,204
From 31 to 60 days	865	1,977	50,293	25,390
From 61 to 90 days	1,131	3,157	38,852	27,737
More than 90 days	36,273	31,008	56,740	47,255
(-) Expected losses with doubtful accounts	(36,273)	(31,008)	(56,740)	(47,255)
	1,691,351	890,797	2,453,249	2,020,516

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The expected loss with doubtful accounts was set up in an amount deemed sufficient by Management 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 reserves estimated by the Company.

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 calculation of estimated losses.

Changes in expected loss with doubtful accounts are as follows:

	Parent	Consolidated
Balance on December 31, 2019	(31,008)	(47,255)
Estimate accrued	(5,265)	(5,976)
Translation gains (losses)	-	(3,509)
Balance on March 31, 2020	(36,273)	(56,740)

A receivables-backed investment fund (*Fundo de Investimento de Direitos Creditórios* - FIDC) was created in June 2014 to sell a portion of the receivables from the installment sale in the domestic market, up to the limit of R\$160 million (principal), of which R\$16 million consists of mezzanine subordinated shares. On March 31, 2020, there was R\$138,285 of bills traded with the fund MRFG.

In March 2017, the Corporation's wholly-owned subsidiary Weston Importers Ltd. structured a program to sell non-recourse receivables with a prime financial institution in Europe. The program's main objective is to convert into cash the term sales involving exports originated by the South America Operation. The securitization program may sell, on a rotating basis, up to US\$100 million over a contractual period of 3 years. In March 2020, the program was extended for another three months and now ends in June 2020. Under the program, the Corporation receives up to 100% of the total balance of eligible receivables sold, in accordance with the program's rules and limited to the contractual capacity. As of March 31, 2020, US\$100 million (R\$519.9 million) had been negotiated under the program.

7. Inventories of products and merchandise

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

	Parent		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Finished products	422,496	614,649	2,285,659	1,885,431
Raw materials	4,354	8,248	286,977	213,676
Packaging and storeroom supplies	80,789	79,540	365,306	306,621
(-) Expected losses	(6,699)	(20,645)	(8,655)	(22,242)
	500,940	681,792	2,929,287	2,383,486

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

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	<u>Parent</u>	<u>Consolidated</u>
Balance on December 31, 2019	<u>(20,645)</u>	<u>(22,242)</u>
Reversal of estimates	13,946	14,068
Translation gains (losses)	-	(481)
Balance on March 31, 2020	<u>(6,699)</u>	<u>(8,655)</u>

8. Recoverable taxes

	<u>Parent</u>		<u>Consolidated</u>	
	<u>3/31/2020</u>	<u>12/31/2019</u>	<u>3/31/2020</u>	<u>12/31/2019</u>
ICMS (State VAT)	442,580	418,479	448,738	423,978
PIS and Cofins (taxes on sales) credits	1,543,308	1,935,806	1,623,252	2,011,654
IRPF / IRPJ and CSLL (taxes on income) recoverable	946,552	945,303	980,552	977,153
Other	20,243	16,123	150,492	120,259
(-) Expected losses from non-realization	(91,279)	(19,075)	(107,852)	(35,281)
	<u>2,861,404</u>	<u>3,296,636</u>	<u>3,095,182</u>	<u>3,497,763</u>
Current assets	365,965	1,009,845	546,108	1,176,530
Non-current assets	2,495,439	2,286,791	2,549,074	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 Company has noncumulative PIS and COFINS credits on the acquisition of raw, packaging, and other materials used in goods sold in foreign and domestic markets.

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, of its tax liability, mainly for the liabilities included under the special tax amnesty programs.

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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 March 31, 2020, the changes in this item were as follows:

	Parent	Consolidated
Balance at December 31, 2019	(19,075)	(35,281)
Addition	(72,204)	(72,204)
Write-off	-	257
Translation gains (losses)	-	(624)
Balance at March 31, 2020	(91,279)	(107,852)

9. Notes receivable

	Parent		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Related-party transactions ^(a)	9,822,301	7,672,441	16,932	60,461
Market transactions receivable ^(u)	2,217	14,355	7,394	17,166
Other notes receivable	3,745	3,905	4,338	4,691
Total	9,828,263	7,690,701	28,664	82,318
Current assets	342,971	355,250	28,664	82,318
Non-current assets	9,485,292	7,335,451	-	-

- (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;
- (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.

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10. Deferred Income and Social Contribution Taxes

	Parent		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Income tax	880,985	671,237	1,539,842	1,132,018
Social contribution tax	338,552	269,720	350,064	281,235
Deferred tax assets	1,219,537	940,957	1,889,906	1,413,253
Income tax	-	-	(203,323)	(136,275)
Deferred tax liabilities	-	-	(203,323)	(136,275)
Total deferred taxes	1,219,537	940,957	1,686,583	1,276,978

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 90.9% of revenue came from international units, and most of them are located in economically stable countries).

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.

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

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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	481,682	758,982
	1,219,537	1,876,120

The following table presents the reconciliation of deferred taxes in the period ended March 31, 2020:

	Parent		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
ASSETS				
Income tax losses	2,365,599	1,529,473	2,732,688	1,768,722
Social contribution tax loss carryforwards	865,483	564,704	882,770	581,584
Temporary differences	108,121	169,575	311,806	401,289
Total assets	3,339,203	2,263,752	3,927,264	2,751,595
LIABILITIES				
Temporary differences	(2,119,666)	(1,322,795)	(2,240,681)	(1,474,617)
Total liabilities	(2,119,666)	(1,322,795)	(2,240,681)	(1,474,617)
Deferred tax assets, net	1,219,537	940,957	1,686,583	1,276,978

11. Investments

	Parent		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Interest in subsidiaries	5,420,949	3,980,728	-	-
Goodwill derived from business combinations	753,504	578,041	-	-
Other investments	10	10	60,715	45,694
	6,174,463	4,558,779	60,715	45,694

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11.1 Direct investments by the parent company

Investments in Subsidiaries on March 31, 2020:

	Marfrig Chile S.A.	Inaler S.A.	Frigorífico Tacuarembó S.A.	Maspfen Ltd	Prestcott International S.A.	Estab. Colonia S.A.	Marfrig Overseas Ltd	Marfrig Argentina S.A.	Marfrig Com. de Energia Ltda	Marfrig Holdings (Europe) BV	Marfrig Peru S.A.C.	Marfrig Beef (UK) Limited	Marfrig Beef International Limited	Abilun S.A.	MFG SAU	Total
1) Interest																
Shares / Units of interest	9,950	66,247,320	163,448,688	5,050	79,638,916	80,647,477	1	1,249,300,248	149,985	426,842	4,988	2,001	2,001	400,000	100,000	
% Interest	99.50	100.00	99.95	100.00	100.00	100.00	100.00	99.95	100.00	100.00	99.76	100.00	100.00	100.00	100.00	
Country	Chile	Uruguai	Uruguai	Ilha Jersey	Uruguai	Uruguai	Ilhas Cayman	Argentina	Brasil	Holanda	Peru	Reino Unido	Reino Unido	Uruguai	Argentina	
2) Information																
Share Capital	70,755	38,819	33,236	19,191	15,191	167,665	-	100,872	-	2,422,152	8	1,474,393	739,913	48	-	
Equity	202,405	16,102	161,303	(52,235)	81,853	27,976	(1,247,218)	(114,060)	(2,431)	4,252,433	(788)	1,815,892	201,001	(3,870)	100,644	
Net income (loss)	(4,726)	(13)	1,747	57	(13,131)	2,298	(56,691)	17,699	(496)	(145,405)	(11)	152,101	360,298	215	12,277	
Equity according to % interest	201,393	16,102	161,223	(52,235)	81,853	27,976	(1,247,218)	(114,003)	(2,431)	4,252,433	(786)	1,815,892	201,001	(3,870)	100,644	
Total assets	386,729	276,595	578,786	413,486	489,801	495,329	4,663,274	412,548	16,314	17,158,198	126	20,861,158	19,086,253	51,466	841,859	
Total liabilities	184,318	260,493	417,482	465,721	407,948	467,353	5,910,492	526,612	18,745	12,905,765	913	19,045,266	17,495,826	57,774	741,215	
Interest from non-controlling shareholders	7	-	-	-	-	-	-	(3)	-	-	-	-	1,389,426	(2,438)	-	
Net Revenue	113,320	177,549	306,128	125,084	163,913	164,296	-	171,682	15,701	-	-	1,775,117	9,757,227	36,636	294,552	
Interest - net income (loss)	(4,702)	(13)	1,746	57	(13,131)	2,298	(56,691)	17,690	(496)	(145,405)	(11)	152,101	360,298	215	12,277	
Goodwill	-	114,439	171,056	50,873	65,686	351,450	-	-	-	-	-	-	-	-	-	
3) Changes																
Opening balance at 12/31/2019	173,749	13,100	123,721	(62,831)	75,609	21,057	(915,715)	(96,158)	(1,935)	3,449,807	(605)	1,277,602	(148,234)	(3,140)	74,701	3,980,728
Equity in earnings (losses) of subsidiaries	(4,564)	3	1,989	(4,991)	(13,118)	2,049	(56,691)	17,628	(496)	(145,405)	(11)	152,102	360,298	215	12,166	321,174
Other comprehensive income	32,075	2,999	35,203	(156)	19,347	4,502	(274,812)	(35,814)	-	948,031	(170)	386,188	(11,063)	(945)	13,662	1,119,047
Closing balance at 3/31/2020 ⁽¹⁾	201,260	16,102	160,913	(67,978)	81,838	27,608	(1,247,218)	(114,344)	(2,431)	4,252,433	(786)	1,815,892	201,001	(3,870)	100,529	5,420,949

⁽¹⁾ The balance corresponds to the Corporation's interest in its subsidiaries, adjusted by any unrealized profits at the time of consolidation.

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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):

Parent							
Description	Property, plant and equipment				Right-of-use		Total
	Land, Constructions and Buildings	Machinery, equipment, furniture and fixtures	Construction in progress	Other	Plants	Other	
Avg. annual depreciation rates	3.47%	16.25%	-	12.49%	21.65%	19.99%	
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)
Net balance on 12/31/2019	2,271,465	390,578	43,700	260,890	96,218	1,845	3,064,696
Additions	3,980	50,628	29,258	3,737	-	58	87,661
Write-offs	-	(43)	(238)	(6,346)	(21,703)	-	(28,330)
Transfers	7,251	441	(10,448)	2,756	-	-	-
Depreciation in the period	(27,734)	(18,077)	-	(11,606)	(5,200)	(165)	(62,782)
Net balance on 12/31/2020	2,254,962	423,527	62,272	249,431	69,315	1,738	3,061,245
Acquisition cost	2,961,456	977,205	62,272	383,166	95,317	8,037	4,487,453
Accumulated depreciation	(706,494)	(553,678)	-	(133,735)	(26,002)	(6,299)	(1,426,208)
Net balance at the end of the period	2,254,962	423,527	62,272	249,431	69,315	1,738	3,061,245

Changes in property, plant and equipment (Consolidated):

Consolidated							
Description	Property, plant and equipment				Right-of-use		Total
	Land, Constructions and Buildings	Machinery, equipment, furniture and fixtures	Construction in progress	Other	Plants	equipment and Other	
Avg. annual depreciation rates	3.50%	12.33%	-	10.65%	14.36%	13.18%	29.17%
Acquisition cost	4,717,596	3,775,670	412,071	609,542	172,334	403,730	10,101,388
Accumulated depreciation	(1,177,886)	(2,138,440)	-	(219,438)	(31,788)	(84,672)	(3,660,333)
Net balance on 12/31/2019	3,539,710	1,637,230	412,071	390,104	140,546	319,058	6,441,055
Additions	5,172	52,958	126,317	4,241	433	3,555	193,519
Write-offs	(3,022)	(428)	(238)	(6,281)	(22,381)	(2,606)	(34,956)
Transfers	14,630	32,810	(63,610)	16,170	-	-	-
Translation gains (losses)	348,216	370,919	105,892	17,083	12,337	88,441	943,153
Depreciation in the period	(43,170)	(76,206)	-	(16,541)	(7,862)	(27,259)	(171,447)
Net balance on 3/31/2020	3,861,536	2,017,283	580,432	404,776	123,073	381,189	7,371,324
Acquisition cost	5,124,583	4,675,430	580,432	666,220	166,164	518,322	11,743,280
Accumulated depreciation	(1,263,047)	(2,658,147)	-	(261,444)	(43,091)	(137,133)	(4,371,956)
Net balance at the end of the period	3,861,536	2,017,283	580,432	404,776	123,073	381,189	7,371,324

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.

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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 March 31, 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 3/31/2020	
	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	32,034	41,524
Other property, plant and equipment	51,129	28,739
	226,187	70,493

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:

Amortization rate	Parent		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Goodwill	-	-	1,761,254	1,361,554
Trademark and patents	4.92%	22,883	1,615,285	1,279,876
Software and licenses	16.34%	28,376	34,905	34,092
Client relationship	7.63%	-	2,395,884	1,908,723
Right of use	5.50%	39,838	39,838	40,566
Sales channels	5.50%	222,429	222,429	226,493
Supplier relationship	6.67%	-	2,362,538	1,871,758
Other intangible assets	31.36%	-	12,118	11,028
		313,526	318,894	8,444,251
				6,734,090

In the period ended March 31, 2020, there were no significant changes. As a result, the Management chose not to present once again the details in this Note to avoid repetitions of previously reported information. Therefore, users must read this quarterly information together with Note 13 to the financial statements for the fiscal year ended December 31, 2019.

13.1 Changes in intangible assets

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

Parent Company

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	Balance on December 31, 2019	Acquisition / Write- off	Amortization	Balance on March 31, 2020
Sales channels	226,493	-	(4,064)	222,429
Rights of use	40,566	-	(728)	39,838
Software and licenses	28,952	1,502	(2,078)	28,376
Trademarks and patents	22,883	-	-	22,883
Total	318,894	1,502	(6,870)	313,526

Consolidated

	Balance on December 31, 2018	Acquisition/ Write- off	Translation gains (losses)	Amortization	Balance on March 31, 2020
Goodwill	1,361,554	-	399,700	-	1,761,254
Sales channel	226,493	-	-	(4,064)	222,429
Rights of use	40,566	-	-	(728)	39,838
Software and Licenses	34,092	1,611	1,631	(2,429)	34,905
Trademarks and patents	1,279,876	-	358,335	(22,926)	1,615,285
Client relationship	1,908,723	-	543,654	(56,493)	2,395,884
Supplier relationship	1,871,758	-	535,016	(44,236)	2,362,538
Other intangible assets	11,028	-	2,664	(1,574)	12,118
Total	6,734,090	1,611	1,841,000	(132,450)	8,444,251

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	
	3/31/2020	12/31/2019	3/31/2020	12/31/2018
Third parties	959,672	1,023,616	2,641,470	2,613,772
Related parties ⁽¹⁾	51,727	64,995	47,091	56,550
	1,011,399	1,088,611	2,688,561	2,670,322

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

15. Supply chain finance

	Parent		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2018
Supply chain finance	38,575	176,881	38,575	176,881
	38,575	176,881	38,575	176,881

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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.

16. Taxes payable

	Parent		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2018
Income and social contribution taxes payable	56,049	55,564	293,059	326,034
Special tax debt installment plans	165,341	806,563	166,315	807,555
Other taxes, fees and contributions payable	10,732	12,577	44,370	42,357
	<u>232,122</u>	<u>874,704</u>	<u>503,744</u>	<u>1,175,946</u>
Current liabilities	52,856	165,591	247,408	407,817
Non-current liabilities	179,266	709,113	256,336	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.

Accordingly, in November and December 2019, amounts related to the reimbursement claims analyzed and approved by the Federal Revenue Service of Brazil were offset, in the amount of R\$84 million, with cash payments in the same months in the aggregate amount of R\$32 million, with the offsetting of R\$614 million, in the first quarter of 2020, corresponding to the continuation of the offsets established in the “Procedural Legal Transaction” (NJP).

Changes in special installment payment plans are as follows:

	Parent		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2018
Opening balance	806,563	917,919	807,555	919,059
(+) Adhesion to the installment payment program	-	57,738	-	57,738
(-) Inflation adjustment interest	7,230	37,393	7,236	37,437
(-) Debt recalculation	-	(47,153)	-	(47,246)
(-) Payments made	(34,014)	(159,334)	(34,038)	(159,433)
(-) Offsetting with tax credits	(614,438)	-	(614,438)	-
Debt balance	<u>165,341</u>	<u>806,563</u>	<u>166,315</u>	<u>807,555</u>
Current liabilities	42,124	153,015	42,227	153,061
Non-current liabilities	123,217	653,548	124,088	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)	3/31/2020	12/31/2019
Local currency					
FINAME/FINEP	TJLP + Fixed Rate	5.50%	0.79	10	13
NCE/Working Capital	Fixed Rate + %CDI	5.52%	2.88	570,178	618,476
Non-convertible debentures	104% CDI	3.82%	3.01	244,764	247,751
Total local currency		5.01%		814,952	866,240
Foreign currency:					
NCE/Prepayment (US\$) / ACC (US\$)	Fixed Rate+ FX	4.90%	0.48	3,358,886	1,909,018
Total foreign currency		4.90%		3,358,886	1,909,018
Total loans, financing and debentures		4.92%		4,173,838	2,775,258
Current liabilities				3,503,338	2,076,246
Non-current liabilities				670,500	699,012
Consolidated					
Credit facility	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	3/31/2020	12/31/2019
Local currency					
FINAME/FINEP	TJLP + Fixed Rate	5.50%	0.79	10	1,001
NCE/Working capital	Fixed Rate+%CDI	5.52%	2.88	570,178	618,476
Non-convertible debentures	104% CDI	3.82%	3.01	244,764	247,751
Total local currency		5.01%		814,952	867,228
Foreign currency					
Prepayment/NCE / ACC (US\$)	Fixed Rate + FX	4.90%	0.48	3,358,887	1,909,018
Bonds (US\$)	Fixed Rate + FX	6.89%	5.74	17,153,175	15,039,625
Bank loan (US\$)	Fixed Rate + FX	3.15%	0.46	3,323,343	2,267,132
Revolving credit facility	Fixed Rate + FX	3.27%	2.19	2,309,128	1,633,277
Total foreign currency		5.84%		26,144,533	20,849,052
Total loans and financing		5.81%		26,959,485	21,716,280
Current liabilities				6,718,393	4,594,444
Non-current liabilities				20,241,092	17,121,836

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

	Parent		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
2020	2,914,000	2,076,246	6,105,315	4,594,444
2021	809,084	248,666	940,304	259,549
2022	227,413	227,413	2,793,452	1,851,941
2023	223,341	222,933	241,456	1,917,393
2024	-	-	3,876,397	3,002,949
2025 to 2029	-	-	13,002,561	10,090,004
Total	4,173,838	2,775,258	26,959,485	21,716,280

There were no changes in the types of loan and financing of the Corporation for the period ended March 31, 2020.

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

17.1. 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 March 31, 2020 are described below:

On January 17, 2020, the Company concluded the early settlement, using own funds, of the senior notes with remuneration of 8.00% 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.

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 equivalent of R\$1,246 million (US\$278 million) was used as of March 31, 2020.

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17.2. Guarantees for loans and financing:

	Parent		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Balance of financing	4,173,838	2,775,258	26,959,485	21,716,280
Guarantees:				
Surety	683,473	787,810	758,760	833,924
Leased asset	10	13	10	13
Export document	-	-	125,544	70,637
Facilities	-	-	2,751,018	1,692,513
Marketable securities	-	-	45,328	20,039
Mortgage	-	-	120,589	91,451
No guarantees	3,490,355	1,987,435	23,158,236	19,007,703

17.3. 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.

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 2.21.

The leverage ratio is calculated as follows:

	3/31/2020
Consolidated gross debt	26,959,485
(-) Consolidated cash and cash equivalents	7,574,176
Consolidated net debt	19,385,309
EBITDA in the period ended March 31, 2020*	5,450,548
EBITDA ratio	3.56
Consolidated net debt	19,385,309
(-) Effect from exchange variation (carve-out)	7,345,797
Consolidated adjusted net debt	12,039,512
Leverage ratio	2.21

* 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 March 31, 2020 and December 31, 2019.

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18. Advances from clients

	Parent		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Advances from clients	1,100,420	1,205,578	1,304,128	1,322,910
	1,100,420	1,205,578	1,304,128	1,322,910
Current	1,100,420	1,205,578	1,304,128	1,322,910

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

19. Lease payable

The Company 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:

Lease	Parent		3/31/2020	12/31/2019
	Weighted average interest rate (p.a.)	Weighted average maturity (years)		
Plants, facilities and buildings	7.00%	5.8	86,137	123,131
Software license	13.24%	0.4	896	1,553
Other	12.90%	0.9	1,167	1,528
Interest to incur			(12,605)	(24,320)
Total			75,595	101,892
Current liabilities			16,709	20,112
Non-current liabilities			58,886	81,780

Lease	Consolidated		3/31/2020	12/31/2019
	Weighted average interest rate (p.a.)	Weighted average maturity (years)		
Plants, facilities and buildings	5.79%	5.4	151,614	176,623
Software license	13.24%	0.4	896	1,553
Machinery and equipment	3.79%	3.8	491,538	407,122
Other	8.22%	1.1	3,401	2,916
Interest to incur			(59,831)	(64,381)
Total			587,618	523,833
Current liabilities			159,838	131,093
Non-current liabilities			427,780	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.

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The following table presents the changes in lease payables:

	12/31/2019	Acquisitions	Financial expense	Payments	Write-offs	Translation gains (losses)	3/31/2020
Parent	101,892	-	1,371	(5,965)	(21,703)	-	75,595
Consolidated	523,833	4,775	5,727	(42,345)	(21,703)	117,331	587,618

The following table presents the maturity schedule of lease agreements:

	Parent		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Up to 1 year	16,709	20,112	159,838	131,093
From 1 to 5 years	42,138	70,577	393,275	367,751
More than 5 years	16,748	11,203	34,505	24,989
Total	75,595	101,892	587,618	523,833

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:

	Nominal	Adjusted at present value
Lease consideration	86,137	72,418
Potential PIS/COFINS (9.25%)	7,968	6,699

19.2. Inflationary effects

The Company 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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<u>Right-of-use assets</u>			<u>Lease liabilities</u>		
	<u>Parent</u>	<u>Consolidated</u>		<u>Parent</u>	<u>Consolidated</u>
<u>Real flow</u>	<u>3/31/2020</u>	<u>3/31/2020</u>	<u>Real flow</u>	<u>3/31/2020</u>	<u>3/31/2020</u>
Right of use	76,418	542,848	Lease liabilities	76,966	593,345
Depreciation	(5,365)	(35,551)	Financial expenses	(1,371)	(5,727)
	71,053	507,297		75,595	587,618
<u>Inflation-adjusted flow</u>	<u>Parent</u>	<u>Consolidated</u>	<u>Inflation-adjusted flow</u>	<u>Parent</u>	<u>Consolidated</u>
<u>3/31/2020</u>	<u>3/31/2020</u>	<u>3/31/2020</u>	<u>3/31/2020</u>	<u>3/31/2020</u>	<u>3/31/2020</u>
Right of use	76,885	545,945	Lease liabilities	77,437	596,728
Depreciation	(5,398)	(35,754)	Financial expenses	(1,379)	(5,760)
	71,487	510,191		76,057	590,968

20. Notes payable

	<u>Parent</u>		<u>Consolidated</u>	
	<u>3/31/2020</u>	<u>12/31/2019</u>	<u>3/31/2020</u>	<u>12/31/2019</u>
Notes payable for investments in Brazil (a)	292,747	308,210	292,747	308,210
Market transactions payable (b)	280,019	13,266	334,930	17,165
Related parties (c)	20,456,505	15,728,562	-	-
Other	4,552	16,202	4,553	16,202
	21,033,823	16,066,240	632,230	341,577
Current liabilities	261,067	104,584	315,979	108,483
Non-current liabilities	20,772,756	15,961,656	316,251	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.
- (c) The amount refers to loans with subsidiaries. A breakdown of the balance can be found in Note 31 Related-party transactions.

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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	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Labor and social security	48,496	48,142	97,451	82,353
Tax	176,510	167,674	213,019	197,511
Civil	76,087	75,527	85,263	82,020
	<u>301,093</u>	<u>291,343</u>	<u>395,733</u>	<u>361,884</u>

The following table shows the changes in provisions in the period ended March 31, 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	354	8,836	560	9,750	9,006	9,471	1,822	20,299
Reversal of provision	-	-	-	-	(52)	-	-	(52)
Payments	-	-	-	-	(1,380)	-	-	(1,380)
Translation gains (losses)	-	-	-	-	7,524	6,037	1,421	14,982
Balance on March 31, 2020	<u>48,496</u>	<u>176,510</u>	<u>76,087</u>	<u>301,093</u>	<u>97,451</u>	<u>213,019</u>	<u>85,263</u>	<u>395,733</u>

21.1.1. Labor and social security

As at March 31, 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\$97,451 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.

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\$213,019, 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.

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21.1.3. Civil

Based on the opinion of legal advisors, the Management recognized on March 31, 2020 a provision for the number of shares considered to be of probable risk, totaling R\$85,263. 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	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Labor and social security	82,051	83,903	88,744	90,615
Tax	1,294,352	1,178,190	1,297,369	1,179,548
Civil	5,542	4,622	5,629	4,709
	<u>1,381,945</u>	<u>1,266,715</u>	<u>1,391,742</u>	<u>1,274,872</u>

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 March 31, 2020, the Corporation was a party to administrative proceedings and court claims filed by the Federal Government at the total historical value of R\$543,375, claiming:

- (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\$83,910. Administrative defenses were submitted.
- (ii) Disallowance of amounts deducted from the calculation base of income and social contribution taxes for the years 2007, 2008 and 2011 in the historical amount of R\$37,450;
- (iii) The Corporation and its subsidiaries have federal tax debits, whose collection suits are individually immaterial, totaling R\$422,015.

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b) State VAT – ICMS

On March 31, 2020, the Corporation had administrative proceedings, and court claims in the historical amount of R\$753,883, claiming the following:

- (i) The most significant proceedings regarding ICMS were filed by the Finance Department of the State of São Paulo claiming amounts related to deemed credit taken on transfer invoices of goods sent by the branches located in the states of Mato Grosso do Sul, Mato Grosso and Goiás to the branches in the State of São Paulo, that is, a "Tax War". The assessed amounts correspond to the difference between the amount separately identified in the goods receiving documents at the distribution center and that paid to the State of origin. The total historical amount claimed in these proceedings is R\$555,010;
- (ii) 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\$69,932;
- (iii) The Corporation and its subsidiary Pampeano are parties to administrative proceedings and legal suits, whose collection suits are individually immaterial, totaling R\$128,941.

c) Taxes on Services of Any Nature (ISSQN)

On March 31, 2020, the Corporation is involved in two lawsuits (one in the administrative level and the other in legal court) which claim the collection of local government taxes in the historical amount of R\$111.

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 Company is disputing the price adjustment and business practices adopted by the buyer in the establishment of the agreement for sale of the business unit Keystone Foods in civil suits pending in the U.S. courts.

National Beef business

In 3Q19, three lawsuits were filed against the Corporation and its subsidiary National Beef claiming that, since January 2015, National Beef, in conjunction with other companies, has been conducting practices to control the cattle price. In all lawsuits, the court rendered decisions excluding the Corporation from the action.

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22. Shareholders' equity

22.1. Share capital

Subscribed and paid-in share capital as at March 31, 2020 and December 31, 2019 totals R\$8,204,391 and is represented by 711,369,913 common shares without par value. On March 31, 2019, 323,964,917 shares, or 45.54% 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 387,404,996 shares, or 54.46%, of which 16,281,578 shares are held in treasury, and 92,784 shares are held by its Board of Directors and Executive Board.

22.2. Capital reserves, options granted and treasury shares

On March 31, 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 March 31, 2020, the capital reserves amounted to R\$1,728,272.

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 paid, adjusted on March 31, 2020, amounted to R\$2,864 million, recognized in the capital reserve group, which had a negative impact on the Corporation's shareholders' equity, as described in ITG 09 (R1) – Individual Financial Statements, Separate Statements, Consolidated Statements and Adoption of the Equity Method of Accounting.

22.2.2. Treasury shares

On March 31, 2020, Corporation held sixteen million, two hundred eighty-one thousand and five hundred seventy-eight (16,281,578) common shares in treasury, which were booked at the amount of R\$124,345, which corresponds to an average cost of seven reais and sixty-four centavos (R\$7.64) per share.

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

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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	45,104
(-) Disposal - Stock options	(204,751)	(1,596)
Balance as at March 31, 2020	16,281,578	124,345

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 March 31, 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 March 31, 2020, the Corporation did not recognize a legal reserve since it registered a net loss for the period. Accordingly, the balance as of March 31, 2020 remained at R\$44,476, the same as at December 31, 2019.

22.3.2. Retained earnings

On March 31, 2020, the Corporation did not propose any retained earnings, since it registered a net loss for the period. On December 31, 2019 and 2018, the Corporation 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 March 31, 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	
	3/31/2020	3/31/2019	3/31/2020	3/31/2019
Revenue from sales of products				
Domestic sales	1,369,321	1,334,522	10,249,848	7,917,929
Foreign sales	1,611,667	735,615	3,521,699	2,355,486
	<u>2,980,988</u>	<u>2,070,137</u>	<u>13,771,547</u>	<u>10,273,415</u>
Deductions from gross sales				
Taxes on sales	(87,890)	(75,133)	(105,012)	(78,999)
Returns and discounts	(139,628)	(67,670)	(164,926)	(114,731)
	<u>(227,518)</u>	<u>(142,803)</u>	<u>(269,938)</u>	<u>(193,730)</u>
Net sales	<u>2,753,470</u>	<u>1,927,334</u>	<u>13,501,609</u>	<u>10,079,685</u>

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	
	3/31/2020	3/31/2019	3/31/2020	3/31/2019
Cost of sales				
Costs of production	2,073,519	1,549,350	10,629,529	8,198,274
Depreciation and amortization	61,055	78,938	221,390	214,058
Employee salaries and benefits	160,633	158,245	974,583	739,878
	<u>2,295,207</u>	<u>1,786,533</u>	<u>11,825,502</u>	<u>9,152,210</u>
Administrative expenses				
Depreciation and amortization	8,447	8,853	80,483	70,147
Employee salaries and benefits	14,076	22,681	83,976	69,573
Other	2,724	18,969	47,847	36,061
	<u>25,247</u>	<u>50,503</u>	<u>212,306</u>	<u>175,781</u>
Selling expenses				
Depreciation and amortization	150	92	2,024	2,429
Employee salaries and benefits	13,906	13,302	40,618	41,410
Freight	87,617	105,754	413,649	341,103
Other	35,353	46,793	88,548	82,023
	<u>137,026</u>	<u>165,941</u>	<u>544,839</u>	<u>466,965</u>

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25. Net financial result

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

	Parent		Consolidated	
	3/31/2020	3/31/2019	3/31/2020	3/31/2019
Interest received, earnings from marketable securities	10,001	13,193	39,041	34,529
Interest, debentures and lease with financial institutions	(63,128)	(11,582)	(357,229)	(256,775)
Inflation adjustments, bank expenses, amortiz. cost on debt and other	(303,187)	(371,023)	(233,185)	(183,651)
Translation gains and losses	(629,076)	9,613	(631,649)	25,629
Total	(985,390)	(359,799)	(1,183,022)	(380,268)
Financial income	643,383	347,478	687,064	480,361
Financial expenses	(1,628,773)	(707,277)	(1,870,086)	(860,629)
Total	(985,390)	(359,799)	(1,183,022)	(380,268)

26. Earnings (loss) per share

The following table shows the calculation of earnings (loss) per share for the fiscal periods ended March 31, 2020 and 2019 (in thousands, unless otherwise stated):

	3/31/2020	3/31/2019
Profit (loss) attributable to shareholders	(136,930)	4,322
Profit (loss) attributable to shareholders from the Corporation	(136,930)	4,322
Weighted average number of shares in the period (units)	711,369,913	621,279,822
Weighted average number of shares held in treasury (units)	(11,191,906)	(2,126,643)
Weighted average number of outstanding common shares (units)	700,178,007	619,153,179
Basic and Diluted Earnings (Losses) (in R\$)	(0.1956)	0.0070
Earnings or losses attributable to shareholders of the Corporation	(0.1956)	0.0070

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.

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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.

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	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Cash and cash equivalents	151,906	244,698	1,915,757	1,774,902
Marketable securities	1,136,705	1,556,280	5,658,419	6,635,211
Receivables from Brazilian clients	255,870	55,705	1,961,406	1,442,725
Receivables from foreign clients	1,435,481	835,092	491,843	577,791
Other receivables	66,799	15,771	727,386	280,672
Total	3,046,761	2,707,546	10,754,811	10,711,301

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.

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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.

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	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Short-term cash, cash equivalents and marketable securities	1,288,611	1,800,978	7,574,176	8,410,113
Short-term loans and financings	3,503,338	2,076,246	6,718,393	4,594,444
Modified liquidity ratio	0.37	0.87	1.13	1.83

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 March 31, 2020 and December 31, 2019 is as follows:

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	Parent		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Exposure to CDI rate:				
ECNs / Working capital	814,942	866,227	814,942	866,227
(-) CDB-DI	(980,651)	(329,930)	(980,651)	(329,931)
	<u>(165,709)</u>	<u>536,297</u>	<u>(165,709)</u>	<u>536,296</u>
Exposure to LIBOR rate:				
Bank loans / Revolving Credit Facility	-	-	5,632,471	3,900,409
	<u>-</u>	<u>-</u>	<u>5,632,471</u>	<u>3,900,409</u>
Exposure to TJLP rate:				
FINAME/FINEP	10	13	10	1,001
	<u>10</u>	<u>13</u>	<u>10</u>	<u>1,001</u>
Total	<u><u>(165,699)</u></u>	<u><u>536,310</u></u>	<u><u>5,466,772</u></u>	<u><u>4,437,706</u></u>

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:

Consolidated							
Instrument	Register	Asset	Receivable	Notional(USD)	Notional(USD)	3/31/2020	12/31/2019
						MTM	MTM
Interest Rate Swap	OTC	R\$	USD	78,799	409,650	(139,113)	(962)
				<u>78,799</u>	<u>409,650</u>	<u>(139,113)</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 March 31, 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	CME	USD	USD	77,159	401,126	(54,911)
					<u>77,159</u>	<u>401,126</u>	<u>(54,911)</u>

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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 91.7% 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:

Parent			
Exposure			Effects of translation gains (losses) 2020
Description	3/31/2020	12/31/2019	
Operating			
Trade accounts receivable	1,435,481	835,092	34,706
Imports payable	(54,932)	(41,042)	(52,873)
Subtotal	1,380,549	794,050	(18,167)
Financial			
Loans and financing	(3,358,887)	(1,909,018)	(617,175)
Notes payable and receivable	327,261	329,433	(108,910)
Balance of banks and marketable securities (*)	143,775	500,579	15,176
Subtotal	(2,887,851)	(1,079,006)	(610,909)
Total	(1,507,302)	(284,956)	(629,076)
Translation gains			507,959
Translation losses			(137,035)
Translation gains (losses), net			(629,076)

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

Consolidated			
Description	3/31/2020	12/31/2019	Effect of translation gain (losses) 2020
Operating			
Trade accounts receivable	491,843	577,791	24,002
Imports payable	(209,760)	(166,027)	(40,164)
Other	(131,801)	(35,254)	13,007
Subtotal	150,282	376,510	(3,155)
Financial			
Loans and financing	(26,144,533)	(20,849,052)	(621,833)
Notes payable and receivable	245,355	335,275	(120,450)
Balance of banks and marketable securities (*)	242,970	587,914	113,789
Subtotal	(25,656,208)	(19,925,863)	(628,494)
Total	(25,505,926)	(19,549,353)	(631,649)
Translation gains			606,092
Translation losses			(1,237,741)
Translation gains (losses), net			(631,649)

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

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Over the course of 2020, the Corporation 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" for operations not designated for hedge accounting and under the item "Other comprehensive income" for operations designated for hedge accounting.

Consolidated							
Instrument	Hedge object	Register	Receivable	Payable	Notional(USD)	Notional(R\$)	MTM(R\$)
Operations not designated for Hedge Accounting							
NDF	FX rate	OTC	USD	GBP	8,762	45,548	1,761
NDF	FX rate	OTC	USD	EUR	5,993	31,154	119
NDF	FX rate	OTC	USD	AUD	309	1,608	100
NDF	FX rate	OTC	USD	CLP	12,230	63,580	3,198
					27,294	141,890	5,178
Operations designated for Hedge Accounting*							
NDF	FX rate	OTC	BRL	USD	155,455	808,162	(278,891)
					155,455	808,162	(278,891)
					182,749	950,052	(273,713)

* The impacts from operations designated for hedge accounting are described in Note 27.5

27.5. Hedge Accounting

Marfrig adopts Hedge Accounting policies to protect its export revenues against potential impacts from exchange variation. The Corporation may conduct transactions considering up to 100% of the highly probable net flows from exports. The contracting of each instrument considers the best opportunities in the market and is based on the Corporation's strategic guidelines approved for each fiscal year. Furthermore, the Management is responsible for approving the contracting of such instruments.

Financial instruments designated as accounting hedges were classified as cash flow hedges. Accordingly, variations in the fair value of derivatives designated as accounting hedges that refer exclusively to the portion effectively hedged are recognized directly under shareholders' equity in the item "other comprehensive income." The amounts booked under other comprehensive income are immediately transferred to the income statement when the hedged item affects profit or loss. In the event of the ineffectiveness of the hedging relationship, this portion will be recognized directly in the profit or loss upon its occurrence.

The Corporation documents, at the start of the operation, the relations between the hedge instruments and the underlying hedged items (highly probable transactions), as well as the objectives of the risk management. The Corporation also documents the assessments of the effectiveness of the designated hedging relationships on a continuous basis.

The efficacy of the operations is measured periodically in a reliable way and documented over the duration of the contract through qualitative assessment of the critical terms of the hedging instrument and the hedged item, since they are corresponding. Note that the value of the hedging instrument and the value of the hedged item generally move in opposite directions since they are exposed to the same risk and, as such, an economic relationship exists between the hedged item and the hedging instrument.

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The operations designated for hedge accounting on March 31, 2020 are listed in Note 27.4.3.

In the period ended March 31, 2020, the Corporation did not identify ineffective portions in the hedging relationship for operations designated as hedge accounting.

27.6. 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 March 31, 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:

Consolidated					
Parity - US\$ x EUR		Current Scenario	Scenario I Increase of 10%	Scenario II Decrease of 25%	Scenario III Decrease of 50%
Instrument	Risk				
NDF	Appreciation of US\$	119	(3,297)	8,658	17,197
Parity - US\$ x GBP		Current Scenario	Scenario I Increase of 10%	Scenario II Decrease of 25%	Scenario III Decrease of 50%
Instrumento	Risk				
NDF	Appreciation of US\$	1,761	(3,735)	15,500	29,239
Parity - US\$ x AUD		Current Scenario	Scenario I Increase of 10%	Scenario II Decrease of 25%	Scenario III Decrease of 50%
Instrumento	Risk				
NDF	Appreciation of US\$	100	11	322	544
Parity - US\$ x CLP		Current Scenario	Scenario I Increase of 10%	Scenario II Decrease of 25%	Scenario III Decrease of 50%
Instrumento	Risk				
NDF	Appreciation of US\$	3,198	6,356	(15,891)	(31,782)
Parity - US\$ x R\$		Current Scenario	Scenario I Increase of 10%	Scenario II Decrease of 25%	Scenario III Decrease of 50%
Instrumento	Risk				
NDF	Appreciation of US\$	(278,891)	(319,446)	63,205	265,098
Parity - USDA Price - Cattle - US\$		Current Scenario	Scenario I Increase of 10%	Scenario II Decrease of 25%	Scenario III Decrease of 50%
Instrument	Risk				
Future	Decrease in fed cattle price	(54,911)	(14,799)	(155,193)	(255,475)
Parity - 5% + USD x 127% CDI		Current Scenario	Scenario I Increase of 10%	Scenario II Decrease of 25%	Scenario III Decrease of 50%
Instrument	Risk				
SWAP	Depreciation of US\$	(139,113)	(133,163)	(151,299)	(163,356)

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27.7. Financial instruments by category

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

Parent						
Financial assets	Amortized cost		Fair value through			
			Profit or loss		Other comprehensive income (loss)	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Cash and cash equivalents	151,906	244,698	-	-	-	-
Marketable securities	1,136,705	1,556,280	-	-	-	-
Trade accounts receivable	1,691,351	890,797	-	-	-	-
Notes receivable - derivatives	-	-	2,217	2,379	-	11,976
Related parties	9,822,301	7,672,441	-	-	-	-
Total financial assets	12,802,263	10,364,216	2,217	2,379	-	11,976
Financial liabilities	Amortized cost		Fair value through			
			Profit or loss		Other comprehensive income (loss)	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Trade accounts payable and supply chain finance	1,049,974	1,265,492	-	-	-	-
Loans, financing and debentures	4,173,838	2,775,258	-	-	-	-
Finance lease	75,595	101,892	-	-	-	-
Notes payable - derivatives	-	-	1,128	4,157	278,891	9,109
Notes payable - investments Brazil	292,747	308,210	-	-	-	-
Related parties	20,456,505	15,728,562	-	-	-	-
Total financial liabilities	26,048,659	20,179,414	1,128	4,157	278,891	9,109
Consolidated						
Financial assets	Amortized cost		Fair value through			
			Profit or loss		Other comprehensive income (loss)	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Cash and cash equivalents	1,915,757	1,774,902	-	-	-	-
Marketable securities	5,658,419	6,635,211	-	-	-	-
Trade accounts receivable	2,453,249	2,020,516	-	-	-	-
Notes receivable - derivatives	-	-	7,394	5,190	-	11,976
Related parties	16,932	60,461	-	-	-	-
Total financial assets	10,044,357	10,491,090	7,394	5,190	-	11,976
Financial liabilities	Amortized cost		Fair value through			
			Profit or loss		Other comprehensive income (loss)	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Trade accounts payable and supply chain finance	2,727,136	2,847,203	-	-	-	-
Loans, financing and debentures	26,959,485	21,716,280	-	-	-	-
Finance lease	587,618	523,833	-	-	-	-
Notes payable - derivatives	-	-	56,039	8,056	278,891	9,109
Notes payable - investments Brazil	292,747	308,210	-	-	-	-
Total financial liabilities	30,566,986	25,395,526	56,039	8,056	278,891	9,109

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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	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Notes receivable - derivatives (note 9)	2,217	14,355	7,394	17,166
Notes payable - derivatives (note 20)	(280,019)	(13,266)	(334,930)	(17,165)
Total, net	<u>(277,802)</u>	<u>1,089</u>	<u>(327,536)</u>	<u>1</u>

27.8. 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.
- **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
Current assets				
Marketable securities	-	1,136,705	-	5,658,419
Notes receivable - derivatives	2,217	-	3,198	4,196
Non-current liabilities				
Notes payable - derivatives	(139,113)	(140,906)	(194,024)	(140,906)
Total	<u>(136,896)</u>	<u>995,799</u>	<u>(190,826)</u>	<u>5,521,709</u>

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

MARFRIG GLOBAL FOODS S.A.

Notes to the separate (Parent Company) and consolidated financial statements for the periods ended March 31, 2020 and 2019 (In thousands of Brazilian reais, except where otherwise indicated)

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:

	Parent		Consolidated	
	3/31/2020	3/31/2019	3/31/2020	3/31/2019
Net income (loss) before taxes	(415,512)	(178,648)	(318,592)	(18,005)
Non-controlling interest on profit or loss before taxes	-	-	(104,659)	(140,376)
Net loss before taxes - adjusted	(415,512)	(178,648)	(423,251)	(158,381)
Income and social contribution taxes - Nominal rate (34%)	141,274	60,740	143,905	53,850
Adjustments to determine the effective tax rate:				
Taxation on profit of companies abroad	19,275	19,917	75,347	19,917
Effect from differences in tax rate of companies abroad	-	-	16,998	72,053
Equity income (loss)	109,199	100,368	-	-
Tax incentives	8,379	-	10,812	-
Other additions/exclusions	454	1,945	39,258	14,259
Total	278,581	182,970	286,320	160,079
Total current taxes	-	-	(41,495)	(19,700)
Total deferred taxes	278,581	182,970	327,815	179,779
	278,581	182,970	286,320	160,079
Effective tax rate (*)	67%	102%	68%	101%

(*) 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.

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Notes to the separate (Parent Company) and consolidated financial statements for the periods ended March 31, 2020 and 2019 (In thousands of Brazilian reais, except where otherwise indicated)

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.

	Net Revenue		Operating Income		Non-current assets	
	3/31/2020	3/31/2019	3/31/2020	3/31/2019	3/31/2020	31/12/2019
North America	9,735,781	7,092,514	669,188	362,515	7,171,633	5,375,561
South America	3,765,828	2,987,171	329,332	79,857	9,260,662	8,331,682
Corporate	-	-	(134,089)	(80,108)	4,294,169	3,444,674
Total	13,501,609	10,079,685	864,431	362,264	20,726,464	17,151,917

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	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Buildings and meatpacking plants	3,138,848	3,138,848	7,307,406	7,458,982
Inventories	446,039	446,039	1,005,217	975,872
Third-party warehouse	215,553	215,553	266,086	253,327
Vehicles	13,073	13,128	45,161	27,571
Transportation of goods	77,783	60,307	3,569,713	1,708,646
Officers' guarantees	25,000	25,000	65,875	49,184
Civil liability	259,935	201,535	746,594	919,160
Aircraft	259,935	201,535	779,805	604,605
Other	439,028	339,624	3,574,212	384,917
	4,875,194	4,641,569	17,360,069	12,382,264

31. Related-party transactions with the Parent Company

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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Notes to the separate (Parent Company) and consolidated financial statements for the periods ended March 31, 2020 and 2019 (In thousands of Brazilian reais, except where otherwise indicated)

	Parent							
	Outstanding Balance				Recognized as profit or loss			
	Amounts receivable		Amounts payable		Income		Expenses	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019	3/31/2020	3/31/2019	3/31/2020	3/31/2019
Prestcott International S.A.	360	-	769	1,768	-	-	2,611	-
Establecimientos Colonia S.A.	3,423	8,064	574	2,031	6,276	3,079	1,754	3,319
Frigorífico Tacuarembó S.A.	3,761	1,150	1,413	1,349	1,839	1,184	5,003	3,585
Inaler S.A.	291	-	-	1,018	-	-	1,629	1,390
Marfrig Argentina S.A.	388,428	309,562	1,823	3,060	-	-	841	1,998
Marfrig Chile S.A.	13,710	24,716	-	-	70,220	76,866	-	2,770
Marfrig Holdings (Europe) BV	6,845,007	5,242,175	13,291,551	10,272,787	-	-	-	-
Marfrig Overseas Ltd.	818,077	623,336	173,065	132,714	-	-	-	-
MFG Comercializadora de Energia Ltda	18,647	443	-	-	-	-	15,061	9,893
Masplen Ltd	431,578	423,214	4	62	53,644	45,435	-	345
Marfrig Beef UK Limited	2,343,806	1,526,086	6,992,286	5,323,369	1,398,913	506,419	-	-
Marfrig Beef International Limited	48,048	25,013	-	-	-	-	-	-
MFG Holdings SAU	283,087	272,447	-	35	9,710	1,329	-	-
Controlling shareholders	2	1	859	1,198	5	5	-	-
Key management personnel	-	3	-	69	34	30	516	283
Other related parties	16,935	60,465	46,747	55,297	3	10	53,396	30,909
	11,215,160	8,516,675	20,509,091	15,794,757	1,540,644	634,357	80,811	54,492

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).

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.

31.2. Consolidated related parties

	Consolidated							
	Outstanding balance				Recognized as profit or loss			
	Accounts receivable		Accounts payable		Income		Expenses	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019	3/31/2020	3/31/2019	3/31/2020	3/31/2019
Controlling shareholders	2	1	859	1,198	5	5	-	-
Key management personnel	-	3	343	1,253	45	32	516	283
Other related parties	16,935	60,465	46,747	35,936	3	10	53,396	30,909
	16,937	60,469	47,949	38,387	53	47	53,912	31,192

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

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Notes to the separate (Parent Company) and consolidated financial statements for the periods ended March 31, 2020 and 2019 (In thousands of Brazilian reais, except where otherwise indicated)

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	156,838	157,169	-
Total			156,838	157,169	-

32. Management compensation

As permitted under NBC TG 21/R3 (CVM Resolution 673/11) and based on the recommendations in Official Letter CVM/SNC/SEP/Nº 003/2011, the Management chose not to present once again the details in its Notes of Management Compensation and sub-items (Board of Directors, Statutory Officers, Audit Board, Stock Option Plan) so as to prevent the repetition of information already reported in the financial statements for the fiscal year ended December 31, 2019, to provide a better understanding to users.

32.1. Consolidated compensation

Management and Board members compensation 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 (there of whom are alternate members) and five officers appointed as per the Corporation's by-laws.

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Notes to the separate (Parent Company) and consolidated financial statements for the periods ended March 31, 2020 and 2019 (In thousands of Brazilian reais, except where otherwise indicated)

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>3/31/2020</u>	<u>3/31/2019</u>
Consolidated Management compensation	8,309	5,001
Total	<u>8,309</u>	<u>5,001</u>

32.2 Stock option plan

In the period ended March 31, 2020, a total of 204,751 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:

Total options exercised by month		
	Number of shares exercised	Average Market Price¹ (R\$ per share)
January/20	-	11.29
February/20	-	12.00
March/20	204,751	9.08
Options exercised - 2020	<u>204,751</u>	

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

Consolidated Changes	2020	2019
(Options)		
Opening balance	3,653,287	3,081,827
Options granted	-	1,882,773
Options exercised	(204,751)	(959,246)
Options canceled and expired	-	(352,067)
Closing balance	<u>3,448,536</u>	<u>3,653,287</u>

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 0.50% of all shares at March 31, 2020, as detailed in the table below:

Percentage of Dilution					
	<u>ESP X LP 15-16 Plan</u>	<u>ESP XI LP 16-17 Plan</u>	<u>ESP XII LP 17-18 Plan</u>	<u>ESP XIII LP 18-19 Plan</u>	<u>Total</u>
Granting date	11/07/16	12/20/17	09/25/18	08/14/19	
Unexercised agreements	201,239	189,056	1,336,001	1,722,240	3,448,536
Treasury stock					(16,281,578)
Total shares except treasury stock					695,088,335
Percentage of dilution	<u>0.03%</u>	<u>0.03%</u>	<u>0.19%</u>	<u>0.25%</u>	<u>0.50%</u>

MARFRIG GLOBAL FOODS S.A.

Notes to the separate (Parent Company) and consolidated financial statements for the periods ended March 31, 2020 and 2019 (In thousands of Brazilian reais, except where otherwise indicated)

The Corporation recognized expenses relating to granting of plans in effect for the period ended March 31, 2020, as detailed in the table below:

Effects from the exercise of options (R\$ '000)	2020	2019
Amount received from sale of shares - Exercised options	625.0	2,846.9
(-) Cost of treasury shares disposed of	(1,595.7)	(5,547.8)
Effect on disposal of shares	(970.7)	(2,700.9)

Due to the exercise of stock options, the Corporation incurred costs with the sale of treasury shares of R\$1,596. At March 31, 2020, the book value of treasury shares was recorded under the Corporation's shareholders' equity in the amount of R\$124,345 (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:** 64.24%. 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, 2019 to March 31, 2020;
- **Risk-free interest rate:** 5.09% 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.

The fair value of options as of March 31, 2020 ranged between a minimum of R\$5.49 and a maximum of R\$6.63 per share for SPECIAL plans.

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Notes to the separate (Parent Company) and consolidated financial statements
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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 and/or expired in the period	Options exercised and/or cancelled in prior periods	Unexercised agreements	Option exercise price
Options Exercised/Canceled 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	33,267	0	71,713	201,239	R\$ 3.0281
ESP XI LP 16-17	12-20-17	03-03-20	09-02-20	126,517	126,517	19,410	0	22,210	84,897	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	61,258	0	38,581	404,546	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	90,816	0	17,437	362,500	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
Total on	3/31/2020			12,833,129	10,293,566	204,751	0	9,179,842	3,448,536	

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	1,171.6	1,171.6	959.0
		1,171.6	1,171.6	959.0
ESP XI LP 16-17	12-20-17	466.2	466.2	376.5
ESP XI LP 16-17	12-20-17	594.9	0.0	461.9
		1,061.0	466.2	838.3
ESP XII LP 17-18	09-25-18	2,294.2	2,294.2	1,866.9
ESP XII LP 17-18	09-25-18	2,733.7	0.0	2,149.6
ESP XII LP 17-18	09-25-18	2,876.0	0.0	2,148.9
		7,903.9	2,294.2	6,165.3
ESP XIII LP 18-19	08-14-19	2,152.9	2,152.9	1,770.0
ESP XIII LP 18-19	08-14-19	2,768.5	0.0	2,213.4
ESP XIII LP 18-19	08-14-19	2,888.5	0.0	2,213.4
ESP XIII LP 18-19	08-14-19	3,005.7	0.0	2,212.4
		10,815.7	2,152.9	8,409.1
Total on	3/31/2020	20,952.2	6,084.9	16,371.7

33. Additional information of the cash flow statements

In compliance with NBC TG 03/R3 (CVM resolution 641/10) – Statement of Cash Flows, the following table presents the changes in liabilities from financing activities arising from cash and non-cash flows:

MARFRIG GLOBAL FOODS S.A.

Notes to the separate (Parent Company) and consolidated financial statements
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Description	Parent				Balance on 3/31/2020
	Balance on 12/31/2019	Cash flow	Non-cash change		
			Exchange rate fluctuation	Others ⁽¹⁾	
Loans, financing and debentures	2,775,258	764,393	617,175	17,012	4,173,838
Lease payable	101,892	(27,667)	-	1,370	75,595
Capital reserves, options granted and treasury shares	(1,271,370)	(43,508)	(537,115)	(624)	(1,852,617)
	1,605,780	693,218	80,060	17,758	2,396,816

Description	Consolidated				Balance on 3/31/2020
	Balance on 12/31/2019	Cash flow	Non-cash change		
			Exchange rate fluctuation	Others ⁽¹⁾	
Non-controlling interest	1,157,776	(4,073)	344,641	104,659	1,603,003
Loans, financing and debentures	21,716,280	(1,081,708)	5,767,768	557,145	26,959,485
Lease payable	523,833	(64,046)	117,324	10,507	587,618
Capital reserves, options granted and treasury shares	(1,271,370)	(43,508)	(537,115)	(624)	(1,852,617)
	22,126,519	(1,193,335)	5,692,618	671,687	27,297,489

- (1) The amounts presented as others for loans, financing, debentures and lease payable refer to interest expenses incurred in the period and for non-controlling interest refer to the result of the period.

* * *

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 first quarter of 2020 fiscal year.

Sao Paulo, May 18, 2020.

Executive Officers:

Miguel de Souza Gularte
Chief Executive Officer

Tang David
Chief Administrative and Financial and IR

Heraldo Geres
Chief Legal Officer

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 first quarter of 2020 fiscal year.

Sao Paulo, May 18, 2020.

Executive Officers:

Miguel de Souza Gularte
Chief Executive Officer

Tang David
Chief Administrative and Financial and IR

Heraldo Geres
Chief Legal Officer

Rodrigo Marçal Filho
Executive Officer