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Company Data / Capital Stock

Number of Shares (in thousands)	Current quarter 09/30/2021
Paid-in Capital	
Common	339,000,000
Preferred	-
Total	**339,000,000**
Treasury Shares	
Common	1,346,581
Preferred	-
Total	1,346,581

Individual Financial statements / Balance Sheet – Assets

(in thousands)

Code of the account	Description of the code	Current Quarter 09/30/2021	Previous Period 12/31/2020
1	Total Assets	10,588,420	9,730,512
1.01	Current Assets	4,676,374	3,869,655
1.01.01	Cash and Cash Equivalents	1,863,977	1,212,873
1.01.02	Financial Investments	17,306	16,413
1.01.02.03	Financial Investments Valued at Amortized Cost	17,306	16,413
1.01.03	Trade Accounts Receivable	1,148,506	959,907
1.01.03.01	Clients	1,148,506	959,907
1.01.04	Inventory	1,274,157	1,216,061
1.01.06	Recoverable Taxes	264,384	398,887
1.01.06.01	Current Recoverable Taxes	264,384	398,887
1.01.07	Prepaid Expenses	7,254	10,224
1.01.08	Other Current Assets	100,790	55,290
1.01.08.03	Other	100,790	55,290
1.01.08.03.02	Derivative Financial Instruments	82,016	23,794
1.01.08.03.20	Other Credits	18,774	31,496
1.02	Non-current Assets	5,912,046	5,860,857
1.02.01	Long-term Assets	677,563	618,591
1.02.01.03	Financial Investments Valued at Amortized Cost	0	3,306
1.02.01.10	Other Non-current Assets	677,563	615,285
1.02.01.10.03	Judicial Deposits	222,566	263,819
1.02.01.10.04	Recoverable Taxes	396,804	293,008
1.02.01.10.05	Tax Incentives/Other Credits	4,593	4,832
1.02.01.10.06	Indemnity Assets	52,068	53,626
1.02.01.10.07	Derivative Financial Instruments	1,532	0
1.02.02	Investments	103,081	106,363
1.02.02.01	Shareholdings	48,829	51,750
1.02.02.01.02	Subsidiaries	178	170
1.02.02.01.03	Interest in Subsidiaries	47,763	50,692
1.02.02.01.04	Other Shareholdings	888	888
1.02.02.02	Investment Properties	54,252	54,613
1.02.03	Property, Plant and Equipment	3,412,918	3,416,539
1.02.03.01	Property, Plant and Equipment in Operation	2,914,931	2,859,573
1.02.03.02	Right-of-use in Leasing	231,495	179,512
1.02.03.02.02	Right-of-Use	231,495	179,512
1.02.03.03	Property, Plant and Equipment in Progress	266,492	377,454
1.02.04	Intangible	1,718,484	1,719,364
1.02.04.01	Intangible	1,718,484	1,719,364
1.02.04.01.02	Brands and Patents	552,055	551,595
1.02.04.01.03	Software	76,252	68,533
1.02.04.01.04	Goodwill	944,412	944,412
1.02.04.01.05	Customer Relationships	145,437	154,341
1.02.04.01.06	Non-compete agreement	328	483

Individual Financial statements / Balance Sheet – Liabilities

(in thousands)

Code of the account	Description of the code	Current Quarter 09/30/2021	Previous Period 12/31/2020
2	Total Liabilities	10,588,420	9,730,512
2.01	Current Liabilities	1,463,640	1,634,730
2.01.01	Social and Labor Liabilities	209,851	176,483
2.01.01.01	Social Liabilities	63,922	52,265
2.01.01.02	Labor Liabilities	145,929	124,218
2.01.02	Suppliers	661,236	361,646
2.01.02.01	Domestic Suppliers	661,187	361,087
2.01.02.02	Foreign Suppliers	49	559
2.01.03	Tax Obligations	102,289	55,553
2.01.03.01	Federal Tax Obligations	25,127	19,188
2.01.03.01.01	Income Tax and Social Contribution	1,778	1,778
2.01.03.01.02	Other Federal Tax Obligations	23,349	17,410
2.01.03.02	State Tax Obligations	75,392	34,711
2.01.03.03	Municipal Tax Obligations	1,770	1,654
2.01.04	Loans and Financing	304,897	776,028
2.01.04.01	Loans and Financing	304,897	776,028
2.01.04.01.01	National Currency	301,954	439,570
2.01.04.01.02	Foreign Currency	2,943	336,458
2.01.05	Other Obligations	185,367	265,020
2.01.05.02	Other	185,367	265,020
2.01.05.02.01	Proposed dividends	5	58,978
2.01.05.02.04	Advances of Clients	9,565	11,144
2.01.05.02.05	Government Subsidies	10,634	12,375
2.01.05.02.06	Derivative Financial Instruments	144	18,125
2.01.05.02.07	Leasing	48,361	41,109
2.01.05.02.20	Other Debts	116,658	123,289
2.02	Non-current Liabilities	2,230,917	1,450,214
2.02.01	Loans and Financing	1,543,930	812,989
2.02.01.01	Loans and Financing	1,543,930	812,989
2.02.01.01.01	National Currency	999,990	293,319
2.02.01.01.02	Foreign Currency	543,940	519,670
2.02.02	Other Obligations	252,414	191,514
2.02.02.02	Other	252,414	191,514
2.02.02.02.04	Other Debts	35,825	37,633
2.02.02.02.06	Derivative Financial Instruments	13,236	0
2.02.02.02.07	Leasing	203,353	153,881
2.02.03	Deferred Taxes	216,255	226,601
2.02.03.01	Deferred Income Tax and Social Contribution	216,255	226,601
2.02.04	Provisions	218,318	219,110
2.02.04.01	Provisions Tax, Social Security, Labor and Civil	218,318	219,110
2.02.04.01.01	Tax Provisions	100,979	103,127
2.02.04.01.02	Labor and Social Security Provisions	105,452	104,245
2.02.04.01.04	Civil Provisions	11,887	11,738
2.03	Shareholders' Equity	6,893,863	6,645,568
2.03.01	Realized Capital Stock	2,597,656	2,567,941

Individual Financial statements / Balance Sheet – Liabilities

(in thousands)

Code of the account	Description of the code	Current Quarter 09/30/2021	Previous Period 12/31/2020
2.03.02	Capital Reserves	30,842	27,595
2.03.02.08	Special Reserve	16,528	16,529
2.03.02.09	Granted Recognized Shares	14,314	11,066
2.03.04	Profit Reserves	3,922,044	4,057,414
2.03.04.01	Legal Reserves	320,874	320,874
2.03.04.02	Statutory Reserves	2,008,993	2,009,917
2.03.04.07	Tax Incentive Reserve	1,640,915	1,670,629
2.03.04.08	Additional Proposed Dividend	0	95,570
2.03.04.09	Treasury shares	-48,738	-39,576
2.03.05	Accumulated Profits/Losses	303,283	0
2.03.06	Equity Adjustments	39,871	-7,541
2.03.06.01	Gains (Losses) on Cash-Flow Hedge	13,343	-11,053
2.03.06.02	Tax effects on Cash-Flow Hedge	26,528	3,512
2.03.07	Accumulated Translation Adjustments	167	159

Individual Financial statements / Statement of Income

(in thousands)

Code of the account	Description of the code	Current Quarter 07/01/2021 to 09/30/2021	Accumulated for the Current Period 01/01/2021 to 09/30/2021	Same Quarter of the Previous Period 07/01/2020 to 09/30/2020	Accumulated of the Previous Period 01/01/2020 to 09/30/2020
3.01	Revenue from Sale of Goods and/or Services	2,179,769	5,649,512	2,028,950	5,550,842
3.01.01	Gross sales and /or Services	2,635,352	6,821,666	2,461,686	6,743,968
3.01.02	Returns, Discounts and Cancellations	-455,583	-1,172,154	-432,736	-1,193,126
3.02	Cost of Goods Sold and/or Services Rendered	-1,494,627	-4,014,353	-1,380,279	-3,657,432
3.02.01	Cost of Goods Sold	-1,616,782	-4,325,494	-1,499,105	-3,955,355
3.02.02	Tax Incentives (ICMS)	122,155	311,141	118,826	297,923
3.03	Gross Income	685,142	1,635,159	648,671	1,893,410
3.04	Operating Income/Expenses	-468,924	-1,344,668	-387,520	-1,303,159
3.04.01	Selling Expenses	-376,820	-1,083,396	-414,031	-1,171,665
3.04.01.01	Selling Expenses	-361,107	-1,038,020	-400,064	-1,138,959
3.04.01.02	Depreciation and Amortization	-15,713	-45,376	-13,967	-32,706
3.04.02	General and Administrative Expenses	-77,118	-232,542	-82,632	-232,193
3.04.02.01	Administrative Expenses	-68,039	-206,057	-74,342	-206,858
3.04.02.04	Depreciation and Amortization	-9,079	-26,485	-8,290	-25,335
3.04.04	Other Operating Income	47,325	145,090	160,429	226,683
3.04.05	Other Operating Expenses	-61,934	-170,771	-49,950	-122,305
3.04.06	Equity in net Income of Subsidiaries	-377	-3,049	-1,336	-3,679
3.05	Income Before Financial Results and Tax	216,218	290,491	261,151	590,251
3.06	Financial Results	-2,618	-1,581	30,509	23,905
3.06.01	Financial Income	40,855	208,827	100,244	137,603
3.06.02	Financial Expenses	-43,473	-210,408	-69,735	-113,698
3.07	Income Before Tax	213,600	288,910	291,660	614,156
3.08	Income Tax and Social Contribution	-16,933	65,034	-26,279	-59,379
3.08.01	Current	-737	30,636	-15,981	-14,622
3.08.02	Deferred	-16,196	34,398	-10,298	-44,757
3.09	Net Income from the Continuing Operations	196,667	353,944	265,381	554,777
3.11	Income for the period	196,667	353,944	265,381	554,777

Individual Financial statements / Statement of Income

(in thousands)

Code of the account	Description of the code	Current Quarter 07/01/2021 to 09/30/2021	Accumulated for the Current Period 01/01/2021 to 09/30/2021	Same Quarter of the Previous Period 07/01/2020 to 09/30/2020	Accumulated of the Previous Period 01/01/2020 to 09/30/2020
3.99	Earnings per Share - (Reais / Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common	0.58014	1.04408	0.78283	1.63651
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common	0.58083	1.04595	0.78354	1.63863

Individual Financial statements / Statements of Comprehensive Income

(in thousands)

Code of the account	Description of the code	Current Quarter 07/01/2021 to 09/30/2021	Accumulated for the Current Period 01/01/2021 to 09/30/2021	Same Quarter of the Previous Period 07/01/2020 to 09/30/2020	Accumulated of the Previous Period 01/01/2020 to 09/30/2020
4.01	Net Profit for the Period	196,667	353,944	265,381	554,777
4.02	Other Comprehensive Income	91,382	47,420	1,552	1,600
4.02.01	Gains (Losses) on Cash-Flow Hedges	138,436	71,464	2,344	2,344
4.02.02	Accumulated Translation Adjustments	14	8	5	53
4.02.03	Tax effects on Cash-Flow Hedges	-47,068	-24,052	-797	-797
4.03	Comprehensive Income for the Period	288,049	401,364	266,933	556,377

Individual Financial statements / Statement of Cash Flow - Indirect Method

(in thousands)

Code of the account	Description of the code	Accumulated for the Current Period 01/01/2021 to 09/30/2021	Accumulated for the Previous Period 01/01/2020 to 09/30/2020
6.01	Net Cash from Operating Activities	808,122	710,533
6.01.01	Cash Generated from Operations	469,319	654,145
6.01.01.01	Net Income before Income Tax and Social Contribution	288,910	614,156
6.01.01.02	Depreciation and Amortization	210,673	191,743
6.01.01.03	Cost of Sale of Fixed Assets	699	1,609
6.01.01.04	Equity in Net Income of Subsidiaries	3,049	3,679
6.01.01.05	Loans, Investments and Exchange Variations Updates	122,316	265,944
6.01.01.06	Updated judicial deposits	-3,209	-3,748
6.01.01.07	Estimated Losses Due to Reduction in the Recoverable Amount of Taxes	0	779
6.01.01.08	Tax Credits and Updates	-161,354	-241,911
6.01.01.09	Provision for Civil, Labor and Tax Risks	22,597	24,507
6.01.01.10	Provision for Impairment Losses of Customers	-5,934	18,383
6.01.01.11	Impairment Losses on Inventory	7,796	2,761
6.01.01.13	Granted Recognized Shares	7,061	4,718
6.01.01.14	Lease update	14,905	12,531
6.01.01.15	Provision arising from derivative contracts	-48,074	-243,011
6.01.01.16	Update Provision for Civil, Labor and Tax Risks	5,940	6,981
6.01.01.17	Provision for Income tax on financing	3,180	2,723
6.01.01.18	Provision (Reversal) for Impairment of Assets	764	-7,699
6.01.02	Changes in Assets and Liabilities	389,446	103,038
6.01.02.01	(Increase) Decrease in Trade Accounts Receivable	-182,664	221
6.01.02.02	(Increase) Decrease in Inventories	-76,749	-442,801
6.01.02.03	(Increase) Decrease in Recoverable Taxes	141,521	240,516
6.01.02.04	(Increase) Decrease in Financial Investments	-893	-21
6.01.02.06	(Increase) Decrease in Other Credits	61,950	-6,875
6.01.02.07	Increase (Decrease) in Suppliers	299,590	112,317
6.01.02.08	Increase (Decrease) in Taxes and Contributions	155,460	72,877
6.01.02.09	Increase (Decrease) in Government Subsidies	-1,742	12,522
6.01.02.12	Increase (Decrease) in Other Debts	-7,027	114,282
6.01.03	Other	-50,643	-46,650
6.01.03.02	Interests Paid	-52,982	-28,774
6.01.03.03	Income tax and Social Contributions Paid	-14,169	-41,057
6.01.03.05	Receipts (payments) of resources for settlement of derivative transactions	56,514	144,430
6.01.03.06	Exchange Variations Paid	-40,006	-121,249
6.02	Net Cash from Investment Activities	-186,798	-174,949
6.02.01	Acquisition of Property and Intangible Assets	-125,102	-152,396
6.02.02	Payment of Debt from Purchase of Company	-64,893	-22,947
6.02.06	Redeem Financial Investment in the Long Term	3,317	557
6.02.07	Financial Investments	-120	-163
6.03	Net Cash from Financing Activities	29,780	421,931
6.03.01	Interest on Equity Paid	-205,205	-84,999
6.03.02	Acquisition Financing	817,193	1,110,857
6.03.03	Financing Payment	-525,011	-535,973
6.03.04	Acquisition of Company 's Shares	-12,850	-43,836
6.03.05	Lease Payment	-44,347	-24,118
6.05	Increase (decrease) in Cash and Cash Equivalents	651,104	957,515
6.05.01	Opening Balance of Cash and Cash Equivalents	1,212,873	348,312
6.05.02	Closing Balance of Cash and Cash Equivalents	1,863,977	1,305,827

Individual Financial statements / Statement of Changes in Shareholders´ Equity - 01/01/2021 to 09/30/2021

(in thousands)

Code of the account	Description of the code	Capital Stock	Capital Reserves, Options Granted and Shares in Treasury	Profit Reserves	Retained Earnings or Accumulated Losses	Comprehensive Income	Shareholders' Equity
5.01	Opening Balance	2,567,941	-11,981	4,096,990	0	-7,382	6,645,568
5.03	Adjusted Opening Balance	2,567,941	-11,981	4,096,990	0	-7,382	6,645,568
5.04	Capital Transactions with Associates	29,715	-5,915	-126,208	-50,661	0	-153,069
5.04.01	Increase in Capital Stock	29,715	0	-29,715	0	0	0
5.04.04	Acquisition of Treasury Shares	0	-12,850	0	0	0	-12,850
5.04.08	Minimum Compulsory Dividends	0	0	0	-50,661	0	-50,661
5.04.10	Approval of Additional Dividends	0	0	-95,570	0	0	-95,570
5.04.11	Granted Recognized Shares	0	7,060	0	0	0	7,060
5.04.12	Exercise of the Restricted Shares Granting Plan with Treasury Shares	0	-125	-923	0	0	-1,048
5.05	Total Comprehensive Income	0	0	0	353,944	47,420	401,364
5.05.01	Net Profit for the Period	0	0	0	353,944	0	353,944
5.05.02	Other Comprehensive Income	0	0	0	0	47,420	47,420
5.05.02.01	Adjustments of Financial Instruments	0	0	0	0	47,412	47,412
5.05.02.04	Conversion Adjustments for the Period	0	0	0	0	8	8
5.07	Closing Balance	2,597,656	-17,896	3,970,782	303,283	40,038	6,893,863

Individual Financial statements / Statement of Changes in Shareholders´ Equity - 01/01/2020 to 09/30/2020

(in thousands)

Code of the account	Description of the code	Capital Stock	Capital Reserves, Options Granted and Shares in Treasury	Profit Reserves	Retained Earnings or Accumulated Losses	Comprehensive Income	Shareholders' Equity
5.01	Opening Balance	2,508,400	26,343	3,500,089	0	121	6,034,953
5.03	Adjusted Opening Balance	2,508,400	26,343	3,500,089	0	121	6,034,953
5.04	Capital Transactions with Associates	59,541	-40,249	-107,968	0	0	-88,676
5.04.01	Increase in Capital Stock	59,541	0	-59,541	0	0	0
5.04.04	Acquisition of Treasury Shares	0	-43,836	0	0	0	-43,836
5.04.10	Approval of Additional Dividends	0	0	-48,075	0	0	-48,075
5.04.11	Granted Recognized Shares	0	4,717	0	0	0	4,717
5.04.12	Exercise of the Restricted Shares Granting Plan with Treasury Shares	0	-1,130	-352	0	0	-1,482
5.05	Total Comprehensive Income	0	0	0	554,777	1,599	556,376
5.05.01	Net Profit for the Period	0	0	0	554,777	0	554,777
5.05.02	Other Comprehensive Income	0	0	0	0	1,599	1,599
5.05.02.01	Adjustments of Financial Instruments	0	0	0	0	1,547	1,547
5.05.02.04	Conversion Adjustments for the Period	0	0	0	0	52	52
5.07	Closing Balance	2,567,941	-13,906	3,392,121	554,777	1,720	6,502,653

Individual Financial statements / Statement of Value Added

(in thousands)

Code of the account	Description of the code	Accumulated for the Current Period 01/01/2021 to 09/30/2021	Accumulated for the Previous Period 01/01/2020 to 09/30/2020
7.01	Revenues	6,593,329	6,564,454
7.01.01	Sale of Goods, Products and Services	6,406,375	6,325,973
7.01.02	Other Revenues	146,536	218,231
7.01.03	Related to Construction of Own Assets	34,484	30,934
7.01.04	Provision/Reversal of Doubtful Accounts	5,934	-10,684
7.02	Input Acquired from Third Parties	-4,746,293	-4,392,265
7.02.01	Costs of Products, Goods and Services Sold	-3,077,885	-2,761,643
7.02.02	Materials, Energy, Third Party Services and Other	-1,667,953	-1,622,201
7.02.04	Other	-455	-8,421
7.02.04.01	Materials related to Construction of Own Assets	-455	-8,421
7.03	Gross Value Added	1,847,036	2,172,189
7.04	Retention	-210,673	-191,743
7.04.01	Depreciation, Amortization and Depletion	-210,673	-191,743
7.05	Net Value Added Produced	1,636,363	1,980,446
7.06	Value Added Received Through Transfer	205,778	133,924
7.06.01	Equity in net Income of Subsidiaries	-3,049	-3,679
7.06.02	Financial Revenue	208,827	137,603
7.07	Total Value Added to Distribute	1,842,141	2,114,370
7.08	Distribution of Value Added	1,842,141	2,114,370
7.08.01	Personnel	805,355	830,054
7.08.01.01	Direct Compensation	514,662	533,974
7.08.01.02	Benefits	234,968	246,179
7.08.01.03	Severance fund (FGTS)	55,725	49,901
7.08.02	Taxes, Fees and Contributions	434,733	596,421
7.08.02.01	Federal	171,764	303,292
7.08.02.02	State	253,243	283,980
7.08.02.03	Municipal	9,726	9,149
7.08.03	Remuneration of third party capital	248,109	133,118
7.08.03.01	Interest Rates	210,408	113,698
7.08.03.02	Rentals	37,701	19,420
7.08.04	Remuneration of Own Capital	-32,191	149,491
7.08.04.01	Interest on Equity	50,662	0
7.08.04.03	Retained Earnings/Losses for the Period	-82,853	149,491
7.08.05	Other	386,135	405,286
7.08.05.01	Government subsidies	386,135	405,286

Consolidated Financial statements / Balance Sheet - Assets

(in thousands)

Code of the account	Description of the code	Current Quarter 09/30/2021	Previous Period 12/31/2020
1	Total Assets	10,588,122	9,729,858
1.01	Current Assets	4,677,796	3,870,602
1.01.01	Cash and Cash Equivalents	1,864,441	1,213,007
1.01.02	Financial Investments	17,306	16,413
1.01.02.03	Financial Investments Valued at Amortized Cost	17,306	16,413
1.01.03	Trade Accounts Receivable	1,148,733	960,058
1.01.03.01	Clients	1,148,733	960,058
1.01.04	Inventory	1,274,180	1,216,085
1.01.06	Recoverable Taxes	264,390	398,893
1.01.06.01	Current Recoverable Taxes	264,390	398,893
1.01.07	Prepaid Expenses	7,428	10,305
1.01.08	Other Current Assets	101,318	55,841
1.01.08.03	Other	101,318	55,841
1.01.08.03.02	Derivative Financial Instruments	82,016	23,794
1.01.08.03.20	Other credits	19,302	32,047
1.02	Non-current Assets	5,910,326	5,859,256
1.02.01	Long-term Assets	677,565	618,596
1.02.01.03	Financial Investments Valued at Amortized Cost	0	3,306
1.02.01.10	Other Non-current Assets	677,565	615,290
1.02.01.10.03	Judicial Deposits	222,571	263,827
1.02.01.10.04	Recoverable Taxes	396,804	293,008
1.02.01.10.05	Tax Incentives/Other Credits	4,590	4,829
1.02.01.10.06	Indemnity assets	52,068	53,626
1.02.01.10.07	Derivative Financial Instruments	1,532	0
1.02.02	Investments	98,572	101,902
1.02.02.01	Shareholdings	44,320	47,289
1.02.02.01.04	Interest in subsidiaries	43,432	46,401
1.02.02.01.05	Other Shareholdings	888	888
1.02.02.02	Investment Properties	54,252	54,613
1.02.03	Property, Plant and Equipment	3,415,705	3,419,394
1.02.03.01	Property, Plant and Equipment in Operation	2,917,718	2,862,428
1.02.03.02	Right-of-use in Leasing	231,495	179,512
1.02.03.02.02	Right-of-Use	231,495	179,512
1.02.03.03	Property, Plant and Equipment in Progress	266,492	377,454
1.02.04	Intangible	1,718,484	1,719,364
1.02.04.01	Intangible	1,718,484	1,719,364
1.02.04.01.02	Brands and Patents	552,055	551,595
1.02.04.01.03	Software	76,252	68,533
1.02.04.01.04	Goodwill	944,412	944,412
1.02.04.01.05	Customer Relationships	145,437	154,341
1.02.04.01.06	Non-compete agreement	328	483

Consolidated Financial statements / Balance Sheet - Liabilities

(in thousands)

Code of the account	Description of the code	Current Quarter 09/30/2021	Previous Period 12/31/2020
2	Total Liabilities	10,588,122	9,729,858
2.01	Current Liabilities	1,463,238	1,634,008
2.01.01	Social and Labor Liabilities	209,971	176,568
2.01.01.01	Social Liabilities	64,000	52,324
2.01.01.02	Labor Liabilities	145,971	124,244
2.01.02	Suppliers	661,379	361,738
2.01.02.01	Domestic Suppliers	661,330	361,179
2.01.02.02	Foreign Suppliers	49	559
2.01.03	Tax Obligations	102,442	55,611
2.01.03.01	Federal Tax Obligations	25,278	19,245
2.01.03.01.01	Income Tax and Social Contribution	1,835	1,778
2.01.03.01.02	Other Federal Tax Obligations	23,443	17,467
2.01.03.02	State Tax Obligations	75,392	34,711
2.01.03.03	Municipal Tax Obligations	1,772	1,655
2.01.04	Loans and Financing	304,897	776,028
2.01.04.01	Loans and Financing	304,897	776,028
2.01.04.01.01	National Currency	301,954	439,570
2.01.04.01.02	Foreign Currency	2,943	336,458
2.01.05	Other Obligations	184,549	264,063
2.01.05.02	Other	184,549	264,063
2.01.05.02.01	Proposed dividends	5	58,978
2.01.05.02.04	Advances of Clients	9,565	11,144
2.01.05.02.05	Government Subsidies	10,634	12,375
2.01.05.02.06	Derivative Financial Instruments	144	18,125
2.01.05.02.07	Mercantile Leasing	48,361	41,109
2.01.05.02.20	Other debts	115,840	122,332
2.02	Non-current Liabilities	2,231,021	1,450,282
2.02.01	Loans and Financing	1,543,930	812,989
2.02.01.01	Loans and Financing	1,543,930	812,989
2.02.01.01.01	National Currency	999,990	293,319
2.02.01.01.02	Foreign Currency	543,940	519,670
2.02.02	Other Obligations	252,518	191,582
2.02.02.02	Other	252,518	191,582
2.02.02.02.04	Other debts	35,929	37,701
2.02.02.02.06	Derivative Financial Instruments	13,236	0
2.02.02.02.07	Mercantile Leasing	203,353	153,881
2.02.03	Deferred Taxes	216,255	226,601
2.02.03.01	Deferred Income Tax and Social Contribution	216,255	226,601
2.02.04	Provisions	218,318	219,110
2.02.04.01	Provisions Tax, Social Security, Labor and Civil	218,318	219,110
2.02.04.01.01	Tax Provisions	100,979	103,127
2.02.04.01.02	Labor and Social Security Provisions	105,452	104,245
2.02.04.01.04	Civil Provisions	11,887	11,738

Consolidated Financial statements / Balance Sheet - Liabilities

(in thousands)

Code of the account	Description of the code	Current Quarter 09/30/2021	Previous Period 12/31/2020
2.03	Shareholders' Equity	6,893,863	6,645,568
2.03.01	Realized Capital Stock	2,597,656	2,567,941
2.03.02	Capital Reserves	30,842	27,595
2.03.02.08	Special Reserve	16,528	16,529
2.03.02.09	Granted Recognized Shares	14,314	11,066
2.03.04	Profit Reserves	3,922,044	4,057,414
2.03.04.01	Legal Reserves	320,874	320,874
2.03.04.02	Statutory Reserves	2,008,993	2,009,917
2.03.04.07	Tax Incentive Reserve	1,640,915	1,670,629
2.03.04.08	Additional Proposed Dividend	0	95,570
2.03.04.09	Treasury shares	-48,738	-39,576
2.03.05	Accumulated Profits/Losses	303,283	0
2.03.06	Equity Adjustments	39,871	-7,541
2.03.06.01	Gains (Losses) on Cash-Flow Hedges	13,343	-11,053
2.03.06.02	Tax effects on Cash-Flow Hedges	26,528	3,512
2.03.07	Accumulated Translation Adjustments	167	159

Consolidated Financial statements / Statement of Income (in thousands)

Code of the account	Description of the code	Current Quarter 07/01/2021 to 09/30/2021	Accumulated for the Current Period 01/01/2021 to 09/30/2021	Same Quarter of the Previous Period 07/01/2020 to 09/30/2020	Accumulated of the Previous Period 01/01/2020 to 09/30/2020
3.01	Revenue from Sale of Goods and/or Services	2,179,769	5,649,512	2,028,950	5,550,842
3.01.01	Gross sales and / or Services	2,635,352	6,821,666	2,461,686	6,743,968
3.01.02	Returns, discounts and cancellations	-455,583	-1,172,154	-432,736	-1,193,126
3.02	Cost of Goods Sold and/or Services Rendered	-1,494,329	-4,014,236	-1,379,799	-3,657,056
3.02.01	Cost of Goods Sold	-1,616,484	-4,325,377	-1,498,625	-3,954,979
3.02.02	Tax Incentives (ICMS)	122,155	311,141	118,826	297,923
3.03	Gross Income	685,440	1,635,276	649,151	1,893,786
3.04	Operating Income/Expenses	-469,164	-1,344,726	-387,890	-1,303,426
3.04.01	Selling Expenses	-376,820	-1,083,396	-414,031	-1,171,665
3.04.01.01	Selling Expenses	-361,107	-1,038,020	-400,064	-1,138,959
3.04.01.02	Depreciation and Amortization	-15,713	-45,376	-13,967	-32,706
3.04.02	General and Administrative Expenses	-77,280	-233,015	-82,826	-232,679
3.04.02.01	Administrative Expenses	-68,201	-206,530	-74,536	-207,344
3.04.02.04	Depreciation and Amortization	-9,079	-26,485	-8,290	-25,335
3.04.04	Other Operating Income	47,463	145,468	160,583	227,140
3.04.05	Other Operating Expenses	-61,960	-170,814	-49,925	-122,296
3.04.06	Equity in net Income of Subsidiaries	-567	-2,969	-1,691	-3,926
3.05	Income Before Financial Results and Tax	216,276	290,550	261,261	590,360
3.06	Financial Results	-2,619	-1,583	30,508	23,904
3.06.01	Financial Income	40,857	208,830	100,244	137,605
3.06.02	Financial Expenses	-43,476	-210,413	-69,736	-113,701
3.07	Income Before Tax	213,657	288,967	291,769	614,264
3.08	Income Tax and Social Contribution	-16,990	64,977	-26,388	-59,487
3.08.01	Current	-794	30,579	-16,090	-14,730
3.08.02	Deferred	-16,196	34,398	-10,298	-44,757
3.09	Net Income from the Continuing Operations	196,667	353,944	265,381	554,777
3.11	Income for the Period	196,667	353,944	265,381	554,777
3.11.01	Awarded to Members of the Parent Company	196,667	353,944	265,381	554,777

Consolidated Financial statements / Statement of Income

(in thousands)

Code of the account	Description of the code	Current Quarter 07/01/2021 to 09/30/2021	Accumulated for the Current Period 01/01/2021 to 09/30/2021	Same Quarter of the Previous Period 07/01/2020 to 09/30/2020	Accumulated of the Previous Period 01/01/2020 to 09/30/2020
3.99	Earnings per Share - (Reais / Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common	0.58014	1.04408	0.78283	1.63651
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common	0.58083	1.04595	0.78354	1.63863

Consolidated Financial statements / Statements of Comprehensive Income

(in thousands)

Code of the account	Description of the code	Current Quarter 07/01/2021 to 09/30/2021	Accumulated for the Current Period 01/01/2021 to 09/30/2021	Same Quarter of the Previous Period 07/01/2020 to 09/30/2020	Accumulated of the Previous Period 01/01/2020 to 09/30/2020
4.01	Net Profit for the Period	196,667	353,944	265,381	554,777
4.02	Other Comprehensive Income	91,382	47,420	1,552	1,600
4.02.01	Gains (Losses) on Cash-Flow Hedges	138,436	71,464	2,344	2,344
4.02.02	Accumulated Translation Adjustments	14	8	5	53
4.02.03	Tax effects on Cash-Flow Hedges	-47,068	-24,052	-797	-797
4.03	Comprehensive Income for the Period	288,049	401,364	266,933	556,377
4.03.01	Awarded to Members of the Parent Company	288,049	401,364	266,933	556,377

Consolidated Financial Statements / Statement of Cash Flow - Indirect Method

(in thousands)

Code of the Account	Description of the code	Accumulated for the Current Period 01/01/2021 to 09/30/2021	Accumulated for the Previous Period 01/01/2020 to 9/30/2020
6.01	Net Cash from Operating Activities	808,547	711,428
6.01.01	Cash Generated from Operations	469,296	654,500
6.01.01.01	Net Income before Income Tax and Social Contribution	288,967	614,264
6.01.01.02	Depreciation and Amortization	210,673	191,743
6.01.01.03	Cost of Sale of Fixed Assets	699	1,609
6.01.01.04	Equity in Net Income of Subsidiaries	2,969	3,926
6.01.01.05	Loans, Investments and Exchange Variations Updates	122,316	265,944
6.01.01.06	Updated judicial deposits	-3,209	-3,748
6.01.01.07	Estimated Losses Due to the Reduction in the Recoverable Amount of Taxes	0	779
6.01.01.08	Tax Credits and Updates	-161,354	-241,911
6.01.01.09	Provision for Civil, labor and Tax Risks	22,597	24,507
6.01.01.10	Provision for Impairment losses of Customers	-5,934	18,383
6.01.01.11	Impairment Losses on Inventory	7,796	2,761
6.01.01.13	Granted Recognized Shares	7,061	4,718
6.01.01.14	Lease update	14,905	12,531
6.01.01.15	Provision arising from derivative contracts	-48,074	-243,011
6.01.01.16	Update Provision for Civil, Labor and Tax Risks	5,940	6,981
6.01.01.17	Provision for Income tax on financing	3,180	2,723
6.01.01.18	Provision (Reversal) for Impairment of Assets	764	-7,699
6.01.02	Changes in Assets and Liabilities	389,894	101,323
6.01.02.01	(Increase) Decrease in Trade Accounts Receivable	-182,741	281
6.01.02.02	(Increase) Decrease in Inventories	-76,466	-442,589
6.01.02.03	(Increase) Decrease in Recoverable Taxes	141,521	240,512
6.01.02.04	(Increase) Decrease in Financial Investments	-893	-21
6.01.02.06	(Increase) Decrease in Other Credits	61,885	-6,933
6.01.02.07	Increase (Decrease) in Suppliers	299,642	112,352
6.01.02.08	Increase (Decrease) in Taxes and Contributions	155,498	70,543
6.01.02.09	Increase (Decrease) in Government Subsidies	-1,742	12,522
6.01.02.12	Increase (Decrease) in Other Debts	-6,810	114,656
6.01.03	Other	-50,643	-44,395
6.01.03.02	Interests Paid	-52,982	-28,774
6.01.03.03	Income Tax and Social Contributions Paid	-14,169	-38,802
6.01.03.05	Receipts (payments) of resources for settlement of derivative transactions	56,514	144,430
6.01.03.06	Exchange Variations Paid	-40,006	-121,249
6.02	Net Cash from Investment Activities	-186,893	-175,349
6.02.01	Acquisition of Property, Plant and Equipment and Intangible Assets	-125,317	-152,959
6.02.02	Payment of Debt from Purchase of Company	-64,893	-22,947
6.02.06	Redeem Financial Investment in the Long Term	3,317	557
6.03	Net Cash from Financing Activities	29,780	421,931
6.03.01	Interest on Equity Paid	-205,205	-84,999
6.03.02	Acquisition Financing	817,193	1,110,857
6.03.03	Financing Payment	-525,011	-535,973
6.03.04	Acquisition of Company 's Shares	-12,850	-43,836
6.03.05	Lease Payment	-44,347	-24,118
6.05	Increase (Decrease) in Cash and Cash Equivalents	651,434	958,010
6.05.01	Opening Balance of Cash and Cash Equivalents	1,213,007	348,377
6.05.02	Closing Balance of Cash and Cash Equivalents	1,864,441	1,306,387

Consolidated Financial Statements / Statement of Changes in Shareholders´ Equity - 01/01/2021 to 09/30/2021

(in thousands)

Code of the account	Description of the code	Capital Stock	Capital Reserves, Options Granted and Shares in Treasury	Profit Reserves	Retained Earnings or Accumulated Losses	Comprehensive Income	Shareholders' Equity	Participation of Non-Controlling	Consolidated Shareholders' Equity
5.01	Opening Balance	2,567,941	-11,981	4,096,990	0	-7,382	6,645,568	0	6,645,568
5.03	Adjusted Opening Balance	2,567,941	-11,981	4,096,990	0	-7,382	6,645,568	0	6,645,568
5.04	Capital Transactions with Associates	29,715	-5,915	-126,208	-50,661	0	-153,069	0	-153,069
5.04.01	Increase in Capital Stock	29,715	0	-29,715	0	0	0	0	0
5.04.04	Acquisition of treasury shares	0	-12,850	0	0	0	-12,850	0	-12,850
5.04.08	Minimum compulsory dividends	0	0	0	-50,661	0	-50,661	0	-50,661
5.04.10	Approval of Additional Dividends	0	0	-95,570	0	0	-95,570	0	-95,570
5.04.11	Granted Recognized Shares	0	7,060	0	0	0	7,060	0	7,060
5.04.12	Exercise of the Restricted Shares Granting Plan with Treasury Shares	0	-125	-923	0	0	-1,048	0	-1,048
5.05	Total Comprehensive Income	0	0	0	353,944	47,420	401,364	0	401,364
5.05.01	Net Profit for the Period	0	0	0	353,944	0	353,944	0	353,944
5.05.02	Other Comprehensive Income	0	0	0	0	47,420	47,420	0	47,420
5.05.02.01	Adjustments of Financial Instruments	0	0	0	0	47,412	47,412	0	47,412
5.05.02.04	Conversion Adjustments for the Period	0	0	0	0	8	8	0	8
5.07	Closing Balance	2,597,656	-17,896	3,970,782	303,283	40,038	6,893,863	0	6,893,863

Consolidated Financial Statements / Statement of Changes in Shareholders´ Equity - 01/01/2020 to 09/30/2020

(in thousands)

Code of the account	Description of the code	Capital Stock	Capital Reserves, Options Granted and Shares in Treasury	Profit Reserves	Retained Earnings or Accumulated Losses	Comprehensive Income	Shareholders' Equity	Participation of Non-Controlling	Consolidated Shareholders' Equity
5.01	Opening Balance	2,508,400	26,343	3,500,089	0	121	6,034,953	0	6,034,953
5.03	Adjusted Opening Balance	2,508,400	26,343	3,500,089	0	121	6,034,953	0	6,034,953
5.04	Capital Transactions with Associates	59,541	-40,249	-107,968	0	0	-88,676	0	-88,676
5.04.01	Increase in Capital Stock	59,541	0	-59,541	0	0	0	0	0
5.04.04	Acquisition of Treasury Shares	0	-43,836	0	0	0	-43,836	0	-43,836
5.04.10	Approval of Additional Dividends	0	0	-48,075	0	0	-48,075	0	-48,075
5.04.11	Granted Recognized Shares	0	4,717	0	0	0	4,717	0	4,717
5.04.12	Exercise of the Restricted Shares Granting Plan with Treasury Shares	0	-1,130	-352	0	0	-1,482	0	-1,482
5.05	Total Comprehensive Income	0	0	0	554,777	1,599	556,376	0	556,376
5.05.01	Net Profit for the Period	0	0	0	554,777	0	554,777	0	554,777
5.05.02	Other Comprehensive Income	0	0	0	0	1,599	1,599	0	1,599
5.05.02.01	Adjustments of Financial Instruments	0	0	0	0	1,547	1,547	0	1,547
5.05.02.04	Conversion Adjustments for the Period	0	0	0	0	52	52	0	52
5.07	Closing Balance	2,567,941	-13,906	3,392,121	554,777	1,720	6,502,653	0	6,502,653

Consolidated Financial Statements / Statement of Value Added

(in thousands)

Code of the account	Description of the code	Accumulated of the Current Period 01/01/2021 to 09/30/2021	Accumulated of the Previous Period 01/01/2020 to 09/30/2020
7.01	Revenues	6,593,707	6,564,909
7.01.01	Sale of Goods, Products and Services	6,406,375	6,325,973
7.01.02	Other Revenues	146,914	218,687
7.01.03	Related to Construction of Own Assets	34,484	30,933
7.01.04	Provision/Reversal of Doubtful Accounts	5,934	-10,684
7.02	Input Acquired from Third Parties	-4,746,522	-4,392,204
7.02.01	Costs of Products, Goods and Services Sold	-3,077,768	-2,761,266
7.02.02	Materials, Energy, Third Party Services and Other	-1,668,299	-1,622,527
7.02.04	Other	-455	-8,411
7.02.04.01	Materials related to Construction of Own Assets	-455	-8,411
7.03	Gross Value Added	1,847,185	2,172,705
7.04	Retention	-210,673	-191,743
7.04.01	Depreciation, Amortization and Depletion	-210,673	-191,743
7.05	Net Value Added Produced	1,636,512	1,980,962
7.06	Value Added Received Through Transfer	205,861	133,679
7.06.01	Equity in net Income of Subsidiaries	-2,969	-3,926
7.06.02	Financial Revenue	208,830	137,605
7.07	Total Value Added to Distribute	1,842,373	2,114,641
7.08	Distribution of Value Added	1,842,373	2,114,641
7.08.01	Personnel	805,477	830,199
7.08.01.01	Direct Compensation	514,750	534,093
7.08.01.02	Benefits	234,984	246,188
7.08.01.03	Severance fund (FGTS)	55,743	49,918
7.08.02	Taxes, Fees and Contributions	434,823	596,561
7.08.02.01	Federal	171,820	303,400
7.08.02.02	State	253,275	284,009
7.08.02.03	Municipal	9,728	9,152
7.08.03	Remuneration of Third Party Capital	248,129	133,104
7.08.03.01	Interest Rates	210,413	113,701
7.08.03.02	Rentals	37,716	19,403
7.08.04	Remuneration of Own Capital	-32,191	149,491
7.08.04.01	Interest on Equity Paid	50,662	0
7.08.04.03	Retained Earnings/Losses for the Period	-82,853	149,491
7.08.05	Other	386,135	405,286
7.08.05.01	Government subsidies	386,135	405,286

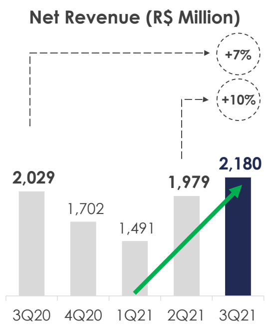
MANAGEMENT'S COMMENTS

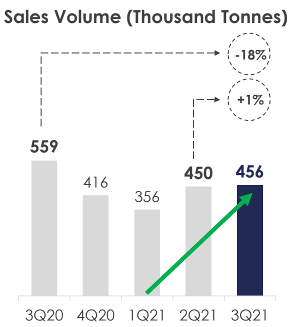
To the Shareholders and the Public,

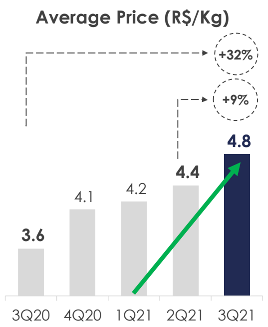
The Management of M. Dias Branco S.A. Indústria e Comércio de Alimentos announces and submits its results for the third quarter of 2021 (3Q21). The Company's consolidated interim financial information has been prepared in accordance with CPC 21 - Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB).

M. Dias Branco announces its consolidated results for the third quarter of 2021 (3Q21) and first nine months of 2021 (9M21), reaffirming its commitment to the best transparency and disclosure practices, dedicated to providing shareholders and society with the broadest and most accurate interpretation of its operations and purposes.

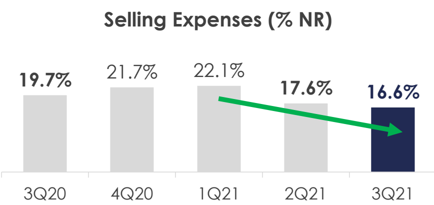
Net Revenue has been increasing throughout 2021, with recoveries in volumes and average prices. The reduction in volume compared to 3Q20 was due to the atypical and temporary increase in demand during the said period.

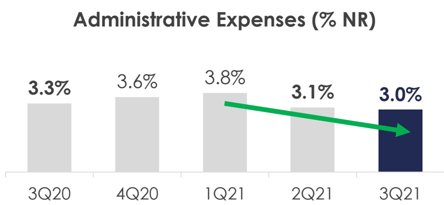




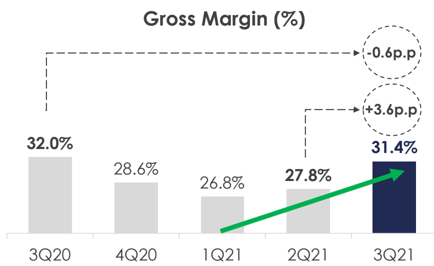


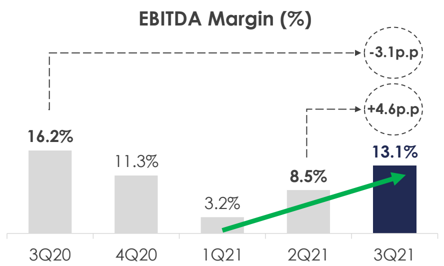
The structural reduction in expenses (as % of Net Revenue) arises from the productivity and efficiency programs carried out over the past quarters.



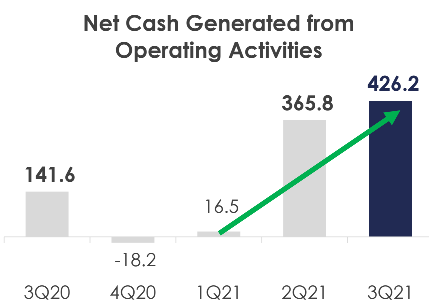


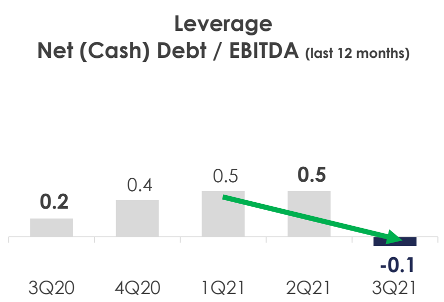
EBITDA margin returned to double-digit levels due to the recovery in volumes, pricing policy, control of expenses, and a higher dilution of fixed costs.





Cash generated by operating activities reached R$426 million in 3Q21 due to improved results and availability of working capital. We ended the quarter with a net cash position and a AAA Rating with a Stable Outlook, reaffirmed by Fitch Ratings.





M. Dias Branco is recognized regionally and across Brazil for its performance and the strength of its brands

Best company in the Brazilian food category
Melhores da Dinheiro Awards

Largest food industry in the Northeast
Valor 1000 Award

For the 5th consecutive year, M. Dias Branco was among the most transparent companies in Brazil in the quality of financial statements
ANEFAC-FIPECAFI 2021
Transparency Trophy

Awarded as one of the leading companies in Open Innovation with startups in Brazil;
Ranking 100 Open Startups 2021

Vitarella, #1 in the Cream Cracker category (Salvador/BA)
Adria, #1 in the Pasta category (Brazil)
Folha Top of Mind 2021

LATINEX ACQUISITION

The acquisition of Latinex reinforces the presence of M. Dias Branco in the healthy foods and snacks segment, in addition to entering the seasoning, sauces, and condiments segments. In line with our profitable growth strategy, it adds to our portfolio products with high growth potential and added value. The closing of the operation was announced on 11/03/21, through a notice to the market.

Latinex has four proprietary brands and one licensed brand (Tyrrells): +100 items in its portfolio.

FIT FOOD	FRONTERA	T&C	smart	Tyrrells Hand Cooked English Crisps **Nota**: Holds the Right to Distribute the Brand in Brazil
Healthy Snacks, Pasta, and Cookies.	Potato Chips and Tex/Mex Snacks	Sauces	Salts and Spices	Potato Chips

INTRODUCTION

The table below illustrates the evolution of the main result indicators in 3Q21 compared to 3Q20 and 2Q21.

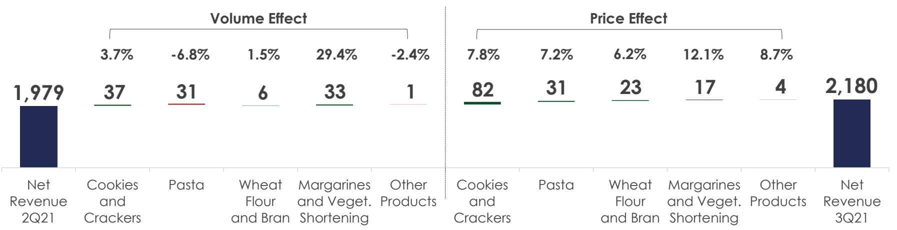
Financial and Operating Results	3Q21	3Q20	Variation	2Q21	Variation	9M21	9M20	Variation
Net Revenue (R$ million)	2,179.8	2,029.0	7.4%	1,978.6	10.2%	5,649.5	5,550.9	1.8%
Total Sales Volume (thousand tonnes)	456.4	558.6	-18.3%	450.2	1.4%	1,263.0	1,571.2	-19.6%
Cookies & Crackers Sales Volume (thousand tonnes)	143.6	156.9	-8.5%	138.5	3.7%	379.1	448.2	-15.4%
Pasta Sales Volume (thousand tonnes)	96.4	122.0	-21.0%	103.4	-6.8%	271.4	356.6	-23.9%
Market share of Cookies & Crackers (volume)*	31.3%	34.2%	-2.9 p.p	32.2%	-0.9 p.p	32.0%	34.1%	-2.1 p.p
Market share of Pasta (volume)*	29.5%	34.1%	-4.6 p.p	31.3%	-1.8 p.p	31.0%	33.5%	-2.5 p.p
Net Income (R$ million)	196.6	265.4	-25.9%	142.3	38.2%	353.9	554.8	-36.2%
EBITDA (R$ million)	286.6	328.0	-12.6%	167.2	71.4%	501.2	782.1	-35.9%
EBITDA Margin	13.1%	16.2%	-3.1 p.p	8.5%	4.6 p.p	8.9%	14.1%	-5.2 p.p
Net Cash (Debt) (R$ million)	103.0	-255.5	n/a	-361.5	n/a	103.0	-255.5	n/a
Net Cash (Debt) / EBITDA (last 12 months)	0.1	-0.2	n/a	-0.5	n/a	0.1	-0.2	n/a
Capex (R$ million)	43.1	54.4	-20.8%	51.6	-16.5%	135.4	155.5	-12.9%
Net Cash generated from operating activities	426.2	141.6	201.0%	365.8	16.5%	808.5	711.4	13.6%

* The values presented in 3Q21 and 3Q20 are from the period of Jul/Aug 2021 and 2020.
The values presented in 2Q21 are from the period of May/Jun 2021.
The values presented in 9M21 and 9M20 are from the period of Jan to Aug 2021 and 2020.
Note: Nielsen updated numbers before Jun/21.

- ## Revenue

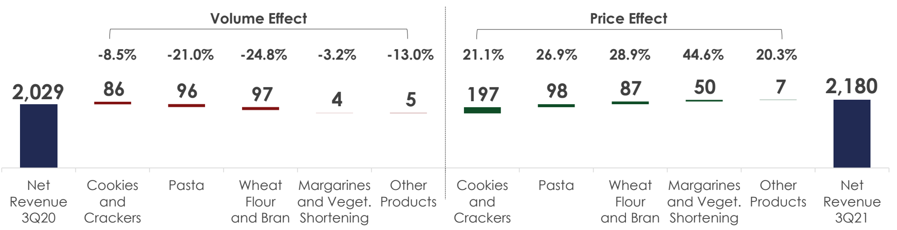
Net revenue grew 10.2% in 3Q21 vs. 2Q21, with an 8.9% increase in average prices and a 1.4% increase in volume, in which we highlight the Cookies & Crackers and Margarines and Vegetable Shortening categories.

Net Revenue Variation 3Q21 vs. 2Q21 (R$ MM)



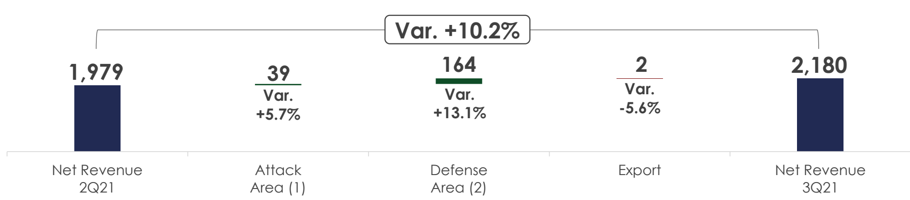
The increase in relation to 3Q20 was due to higher average prices. In terms of volumes, it is important to highlight the difficulty in the comparison base since we had an atypical and temporary increase in demand in that period.

Net Revenue Variation 3Q21 vs. 3Q20 (R$ MM)



In the regional analysis, as observed on the chart to the side, net revenues in the Attack (South, Southeast, and Midwest) and Defense (North and Northeast) regions, compared to 2Q21, increased 5.7% and 13.1%, respectively.

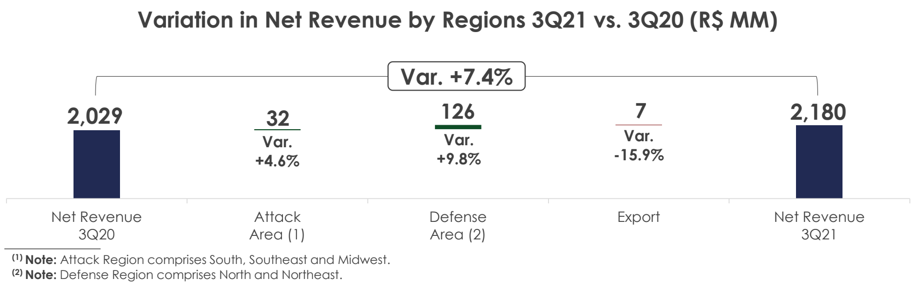
Variation in Net Revenue by Regions 3Q21 vs. 2Q21 (R$ MM)



(1) **Note:** Attack Region comprises South, Southeast and Midwest.
(2) **Note:** Defense Region comprises North and Northeast.

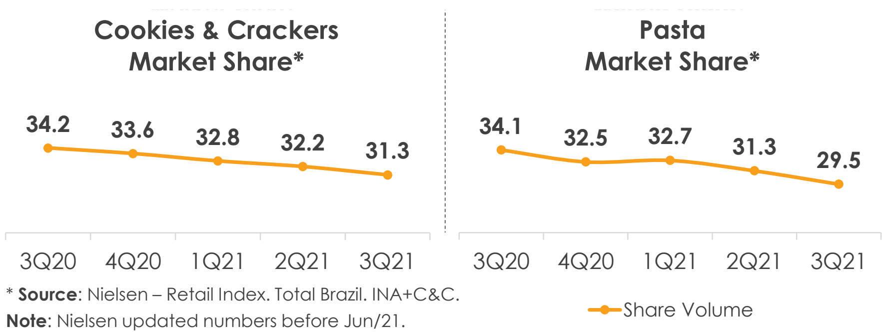
When compared to 3Q20, the Attack and Defense regions increased 4.6% and 9.8%, respectively.

Exports levels are in line with our growth strategy. The reduction vs. 3Q20, was due to adverse conditions related to international freight, shortage of containers and higher costs.



• Market Share

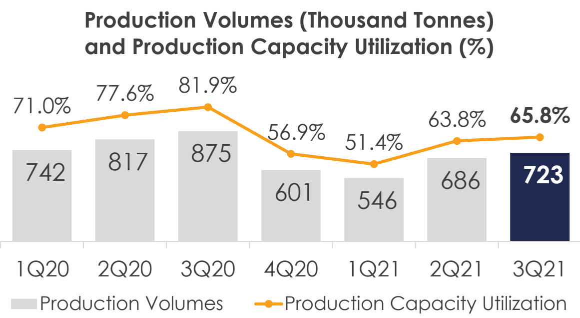
M. Dias Branco continues as the leading player in the national [1] Cookies & Crackers and Pasta markets. The retraction, shown below, is related to price adjustments carried out to recover margins.



* **Source**: Nielsen – Retail Index. Total Brazil. INA+C&C.
Note: Nielsen updated numbers before Jun/21.

• Production

The resumption in sales volumes in 2Q21 contributed to the increase in our production capacity utilization rate.



[1] NIELSEN data from Jan/21 to Aug/21.

EVOLUTION OF 2021 ACTION PLAN

In 1Q21, we announced six tactical measures, all of which are aligned with our strategy and aimed at resuming profitable growth.

• Sales Growth

Onda Verde Piraquê (Piraquê's Green Wave):

- ✓ In 3Q21, we increased brand's visibility with influencers and content creators through the "Comida di Buteco" media campaign;
- ✓ Incentive campaign for the sales team focused on expanding Piraquê cookies throughout Brazil;
- ✓ Launching of high value-added products: Chocowafers – Chocolate Covered (Average Price: R$ 21.9/Kg); and
- ✓ Initial sales for the Piraquê brand in Chile and Paraguay.

New Partnerships:

- ✓ Bees – sales growth (concentrated in RJ), with an expected roll-out to be carried out across Brazil;
- ✓ Zé Delivery – sales began in Sep/21 with the Piraquê and Adria brands; and
- ✓ Amazon – sales are expected to begin on Nov/21.

Leverage Opportunities in the Foreign Market:

- ✓ In 3Q21, we launched 13 new products exclusively for the foreign market, 9 of which were in the Cookies & Crackers category.

• Productivity and Efficiency

Optimization of the Number of SKUs:

- ✓ 122 SKUs discontinued until 09/30/2021.

Adjustment of the Industrial and Logistics Footprint

- ✓ Two distribution centers were shut down in 2Q21; and
- ✓ Plans for stoppage of lines have been suspended since 2Q21 due to recovery in volumes.

Corporate Restructuring

- ✓ In April of this year, M. Dias Branco decided to hire a consultancy specialized in productivity (Gradus) to redesign its organizational structure in order to adapt it to the strategy and market challenges. The project involved the participation of leaders from all areas of the company and, so far, has resulted in a recurring and structural reduction of more than R$50 MM in personnel expenses per year, including in-house and outsourced employees.

  This reduction will be fully materialized in 2022 as the highest volume of dismissals occurred in the 3Q21. Until September, the amount with terminations of dismissals was offset by the respective reductions in personnel expenses per year.

• EBITDA

We ended 3Q21 with an EBITDA of R$286.6 million and an EBITDA margin of 13.1%. The increase in EBITDA over 2Q21 reflects our growth in sales, our productivity and efficiency programs, and a higher dilution of fixed costs and expenses. In comparison to 3Q20, we had unfavorable impacts arising from exchange rate and lower volumes. In terms of non-recurring items, we had a positive impact of R$17.3 million (R$9.9 million in adjustment of the acquisition value of Piraquê, R$3.2 million in extemporaneous tax credits, and R$4.2 million in other gains) and a negative impact of R$19.2 million (R$5.8 million from COVID-19 expenses and R$13.4 million in restructuring expenses).

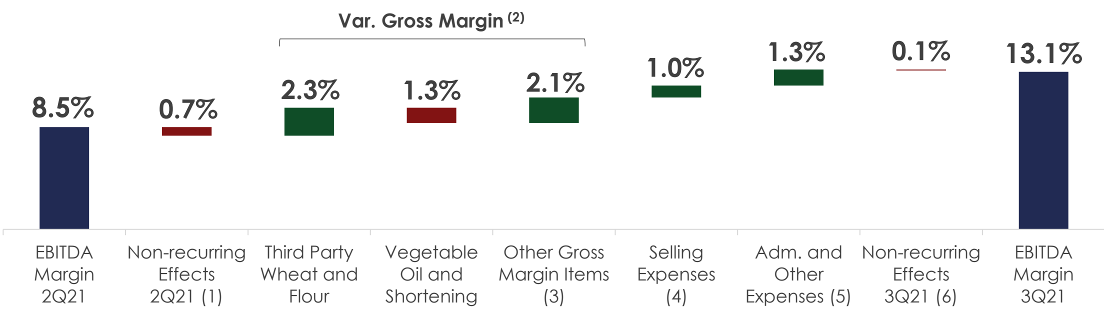
EBITDA 2Q21 (R$ MM)	167.2
Operational Effects[1]	114.4
Subtotal	***281.6***
Exchange[2]	6.9
Subtotal	***288.5***
Non-Recurring Gains[3]	17.3
Expenses with COVID-19	-5.8
Restructuring Expenses	-13.4
EBITDA 3Q21 (R$ MM)	**286.6**

EBITDA 3Q20 (R$ MM)	328.0
Operational Effects[1]	-29.1
Subtotal	***298.9***
Exchange[2]	-10.4
Subtotal	***288.5***
Non-Recurring Gains[3]	17.3
Expenses with COVID-19	-5.8
Restructuring Expenses	-13.4
EBITDA 3Q21 (R$ MM)	**286.6**

(1) Price Effect, Sales Volume, Recurring Expenses, Costs (without Exchange Effect) and Recurring Gains with Efficiency and Productivity Program.
(2) Impact of the Real against the Dollar. It does not take into account the price variations of commodities in Dollars.
(3) Non-Recurring Gains: (i) adjustment of the acquisition value of Piraquê, (ii) PIS/COFINS credit and (iii) others.

When comparing 3Q21 versus 2Q21, as shown below, the improvement in EBITDA margin was due to a higher dilution of fixed costs and expenses, higher production volumes, and recurring gains in productivity and efficiency. The positive effect from third-party wheat and flour was due to a better mix of products sold, in particular for Cookies & Crackers.

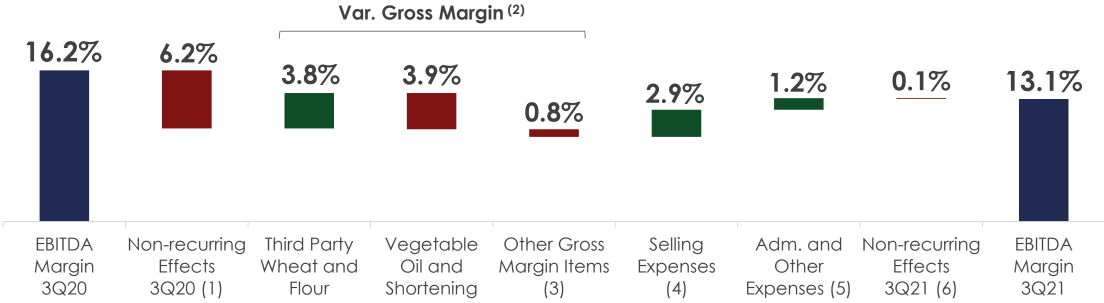
Variation of EBITDA Margin (%NR) 3Q21 vs. 2Q21



(1) **Note:** Non-recurring effects of 2Q21.
(2) **Note:** % Variation in gross margin without considering the representativeness of the depreciation of the COGS over net revenue.
(3) **Note:** Disregards the non-recurring effects on the cost with COVID-19 (R$ 4.8 million).
(4) **Note:** Disregards the non-recurring effects of expenses with COVID-19 (R$ 0.5 million) and restructuring expenses (R$ 1.7 million).
(5) **Note:** Disregards the non-recurring effects of expenses with COVID-19 (R$ 0.5 million), restructuring expenses (R$ 11.7 million), revenues from extemporaneous tax credits (R$ 3.2 million), adjustment of the acquisition value of Piraquê (R$ 9.9 million), and others (R$ 4.2 million).
(6) **Note:** Non-recurring effects of 3Q21 with expenses and costs with COVID-19 (R$ 5.8 million), restructuring expenses (R$ 13.4 million), revenues from extemporaneous tax credits (R$ 3.2 million), adjustment of the acquisition value of Piraquê (R$ 9.9 million), and others (R$ 4.2 million).

Compared to 3Q20, the drop in volumes and increase in commodities pressured our margins. On the other hand, productivity and efficiency initiatives resulted in structural and recurring gains.

Variation of EBITDA Margin (%NR) 3Q21 vs. 3Q20

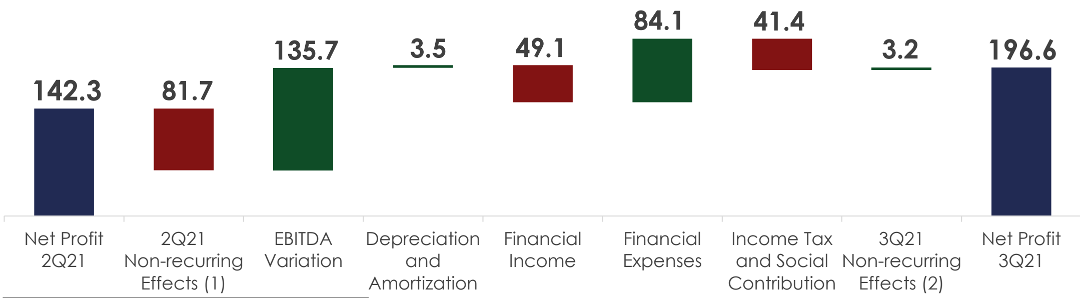


(1) **Note:** Non-recurring effects of 3Q20.
(2) **Note:** % Variation in gross margin without considering the representativeness of the depreciation of the COGS over net revenue.
(3) **Note:** Disregards the non-recurring effects on the cost with COVID-19 (R$ 4.8 million).
(4) **Note:** Disregards the non-recurring effects of expenses with COVID-19 (R$ 0.5 million) and restructuring expenses (R$ 1.7 million).
(5) **Note:** Disregards the non-recurring effects of expenses with COVID-19 (R$ 0.5 million), restructuring expenses (R$ 11.7 million), revenues from extemporaneous tax credits (R$ 3.2 million), adjustment of the acquisition value of Piraquê (R$ 9.9 million), and others (R$ 4.2 million).
(6) **Note:** Non-recurring effects of 3Q21 with expenses and costs with COVID-19 (R$ 5.8 million), restructuring expenses (R$ 13.4 million), revenues from extemporaneous tax credits (R$ 3.2 million), adjustment of the acquisition value of Piraquê (R$ 9.9 million), and others (R$ 4.2 million).

- ## Net Income

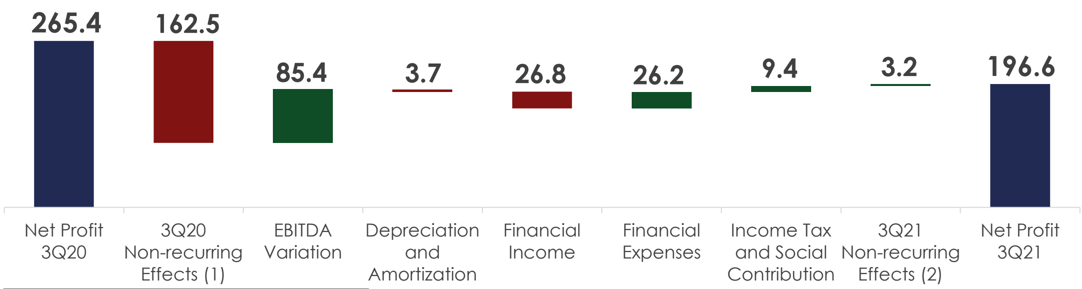
Net income totaled R$196.6 million, 38.2% higher than in 2Q21 and 25.9% lower than in 3Q20. When compared to 2Q21, we highlight the growth in EBITDA, as mentioned above. In relation to 3Q20, the drop was due to non-recurring effects from extemporaneous tax credits recognized in 3Q20, in the amount of R$151.1 million (R$3.2 million in 3Q21).

Net Income Variation 3Q21 vs. 2Q21 (R$ MM)



(1) **Note:** Non-recurring effects of 2Q21 with expenses and costs with COVID-19 (R$ 6.7 million), restructuring expenses (R$ 8.7 million), revenues from extemporaneous tax credits (R$ 29.6 million), monetary restatement of extemporaneous tax credits (R$ 37.8 million), and credits from the final and unappealable decision of a lawsuit for the exclusion of IRPJ/CSLL taxes on a tax calculation basis (R$ 29.7 million).
(2) **Note:** Non-recurring effects of 3Q21 with expenses and costs with COVID-19 (R$ 5.8 million), restructuring expenses (R$ 13.4 million), revenues from extemporaneous tax credits (R$ 3.2 million), monetary restatement of extemporaneous tax credits (R$ 5.1 million), adjustment of the acquisition value of Piraquê (R$ 9.9 million), and others (R$ 4.2 million).

Net Income Variation 3Q21 vs. 3Q20 (R$ MM)



(1) **Note:** Non-recurring effects of 3Q20 with expenses and costs with COVID-19 (R$ 15.9 million), restructuring expenses (R$ 9.6 million), Piraquê integration expenses (R$ 0.8 million), revenues from extemporaneous tax credits (R$ 151.1 million), and monetary restatement of extemporaneous tax credits (R$ 37.7 million).
(2) **Note:** Non-recurring effects of 3Q21 with expenses and costs with COVID-19 (R$ 5.8 million), restructuring expenses (R$ 13.4 million), revenues from extemporaneous tax credits (R$ 3.2 million), monetary restatement of extemporaneous tax credits (R$ 5.1 million), adjustment of the acquisition value of Piraquê (R$ 9.9 million), and others (R$ 4.2 million).

• Investments

In 3Q21, we invested R$43.1 million (20.8% lower than in 3Q20), and investments totaled R$135.4 million in 9M21 (12.9% lower than in 9M20). We highlight the following: (i) the acquisition of equipment for the Bento Gonçalves (RS) unit; (ii) adjustments for the storage of inputs and packaging at the distribution center in Madureira (RJ); and (iii) implementation of a managing production system at the Fábrica Fortaleza (CE) unit.

• Debt, Capitalization and Cash

In the quarter, net cash generated by operating activities totaled R$426.2 million (3x higher than in 3Q20). We ended the quarter with a cash position of R$1.9 billion (R$1.3 billion in 3Q20) and a gross debt of R$1.8 billion (R$1.7 billion in 3Q20), resulting in a net cash position of 0.1x over the result for the last 12 months. The increase in cash was due to better working capital management, in which we emphasize the renegotiation of terms with supplier.

MDIA B3 LISTED NM | IBRA B3 | ICON B3 | IGC B3 | IGC-NM B3 | IGCT B3 | INDX B3 | ISE B3 | ITAG B3 | SMLL B3 | MSCI* ESG RATINGS A

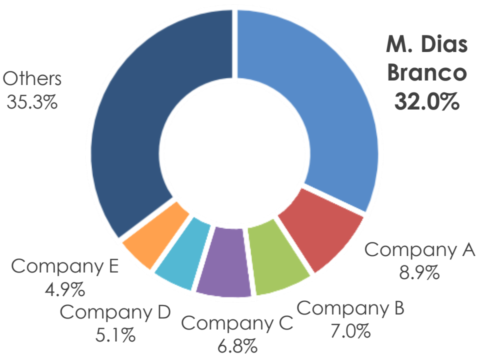
As of 2021, M. Dias Branco received an MSCI ESG Rating of A (on a scale of AAA-CCC). More information available at: https://ri.mdiasbranco.com.br/en/noticia/msci-esg-rating-of-a/

MARKET HIGHLIGHTS

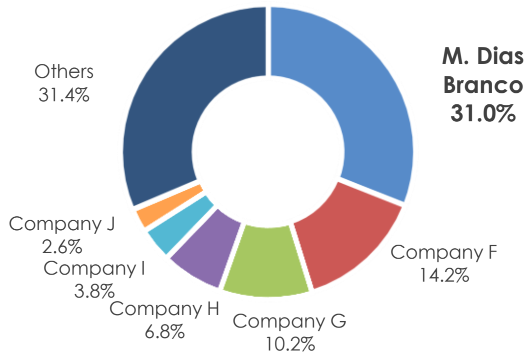
MARKET SHARE

The graphs below illustrate the Brazilian market share (in % of sales volume) of M. Dias Branco, the Brazilian leader in the Cookies & Crackers and Pasta categories, against its main competitors between January and August 2021.

Market Share Cookies and Crakers* - Brazil (in % of volume sold)



Market Share Pasta* - Brazil (in % of volume sold)



*** Source**: Nielsen – Retail Index. Total Brasil. INA+C&C. Cookies & Crackers / Pasta.

Note: Nielsen updated numbers before Jun/21.

SALES CHANNELS

When comparing 3Q21 to 3Q20, the Key Account and Regional Networks channels gained more representativeness in our customer mix. On the other hand, the Cash & Carry channel, which is more sensitive to price readjustments, reduced in representativeness.

Client Mix	3Q21	3Q20	Variation	2Q21	Variation	9M21	9M20	Variation
Small Retail	25.7%	26.4%	-0.7 p.p	25.5%	0.2 p.p	26.2%	26.9%	-0.7 p.p
Wholesale	20.8%	21.6%	-0.8 p.p	20.8%	0 p.p	21.0%	23.1%	-2.1 p.p
Key Accounts / Regional Chains	24.4%	20.1%	4.3 p.p	22.9%	1.5 p.p	23.1%	20.0%	3.1 p.p
Cash and Carry	16.5%	19.8%	-3.3 p.p	16.8%	-0.3 p.p	16.2%	18.8%	-2.6 p.p
Distributors	8.6%	7.7%	0.9 p.p	8.6%	0 p.p	8.4%	7.0%	1.4 p.p
Industry	1.3%	1.0%	0.3 p.p	1.8%	-0.5 p.p	1.6%	0.9%	0.7 p.p
Other	2.7%	3.4%	-0.7 p.p	3.6%	-0.9 p.p	3.5%	3.3%	0.2 p.p
TOTAL	**100.0%**	**100.0%**		**100.0%**		**100.0%**	**100.0%**	

Note: Client mix, considering gross revenue excluding discounts and returns.

Major Clients		Sales 3Q21 (R$ million) *	Gross Revenue Excluding Discounts and Returns (%)		Sales 9M21 (R$ million) *	Gross Revenue Excluding Discounts and Returns (%)	
Sequence	Accumulated		Individual	Accumulated		Individual	Accumulated
Major Client	1	239.0	9.3%	9.3%	597.6	9.0%	9.0%
49 Subsequent	50	791.9	30.9%	40.2%	1,965.3	29.7%	38.7%
50 Subsequent	100	187.4	7.3%	47.5%	494.7	7.5%	46.2%
900 Subsequent	1,000	763.0	29.8%	77.3%	1,966.4	29.8%	76.0%
Other Clients	All clients	581.8	22.7%	100.0%	1,582.6	24.0%	100.0%
TOTAL		**2,563.1**			**6,606.6**		

* Gross revenue excluding discounts and returns.

OPERATIONAL HIGHLIGHTS

PRODUCTION CAPACITY UTILIZATION RATE

In 3Q21, production volume and capacity utilization levels decreased by 17.4% and 16.1 p.p., respectively, over 3Q20. The drop was due to a more difficult comparison base in 3Q20, since we had a temporary and atypical increase in demand during this period.

When compared to 2Q21, production volume increased by 5.4%, mainly in the Cookies & Crackers and Margarine and Vegetable Shortening categories. The increase in production volumes resulted in better utilization levels, which improved by 2 p.p., increasing from 63.8% in 2Q21 to 65.8% in 3Q21.

Effective Production / Production Capacity *	Cookies and Crackers		Pasta		Wheat Flour and Bran		Margarine and Vegetable Shortening		Other products **		Total	
	3Q21	3Q20	3Q21	3Q20	3Q21	3Q20	3Q21	3Q20	3Q21	3Q20	3Q21	3Q20
Total Production	152.8	176.0	107.5	128.5	409.7	511.5	48.9	54.0	4.2	5.1	723.1	875.1
Total Production Capacity	233.1	233.1	143.8	151.5	622.9	579.9	90.0	93.7	9.0	9.9	1,098.8	1,068.1
Capacity Utilization	**65.6%**	**75.5%**	**74.8%**	**84.8%**	**65.8%**	**88.2%**	**54.3%**	**57.6%**	**46.7%**	**51.5%**	**65.8%**	**81.9%**

* Thousand tonnes

** Cakes, snacks, cake mix and packaged toast

Effective Production / Production Capacity *	Cookies and Crackers		Pasta		Wheat Flour and Bran		Margarine and Vegetable Shortening		Other products **		Total	
	3Q21	2Q21	3Q21	2Q21	3Q21	2Q21	3Q21	2Q21	3Q21	2Q21	3Q21	2Q21
Total Production	152.8	138.7	107.5	102.3	409.7	397.9	48.9	42.5	4.2	4.6	723.1	686.0
Total Production Capacity	233.1	220.6	143.8	140.4	622.9	616.0	90.0	90.0	9.0	8.7	1,098.8	1,075.7
Capacity Utilization	**65.6%**	**62.9%**	**74.8%**	**72.9%**	**65.8%**	**64.6%**	**54.3%**	**47.2%**	**46.7%**	**52.9%**	**65.8%**	**63.8%**

* Thousand tonnes

** Cakes, snacks, cake mix and packaged toast

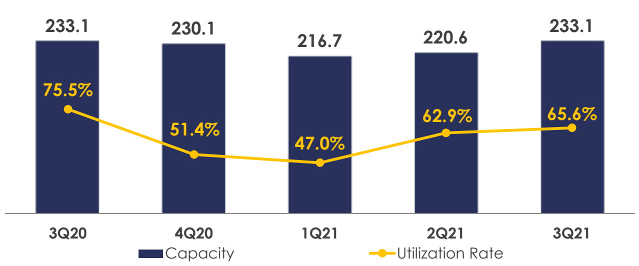
Effective Production / Production Capacity *	Cookies and Crackers		Pasta		Wheat Flour and Bran		Margarine and Vegetable Shortening		Other products **		Total	
	9M21	9M20	9M21	9M20	9M21	9M20	9M21	9M20	9M21	9M20	9M21	9M20
Total Production	393.3	480.2	288.1	369.4	1,129.7	1,426.6	130.9	144.6	12.6	13.3	1,954.6	2,434.1
Total Production Capacity	670.4	666.0	420.0	434.8	1,848.0	1,739.7	270.0	295.7	27.5	29.0	3,235.9	3,165.2
Capacity Utilization	**58.7%**	**72.1%**	**68.6%**	**85.0%**	**61.1%**	**82.0%**	**48.5%**	**48.9%**	**45.8%**	**45.9%**	**60.4%**	**76.9%**

* Thousand tonnes

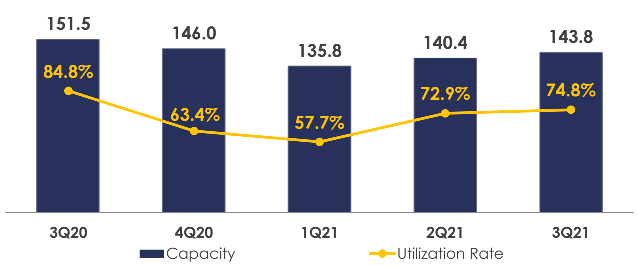
** Cakes, snacks, cake mix and packaged toast

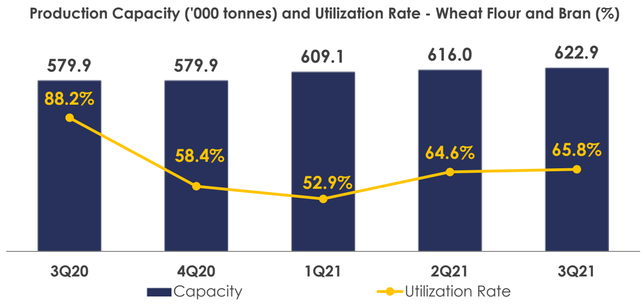
Note: Total production capacity refers to the maximum yield that can be extracted from the equipment considering the losses caused by maintenance stoppages, setup time, line clean-up, restrictions on the maximum number of shifts in the plants, etc..

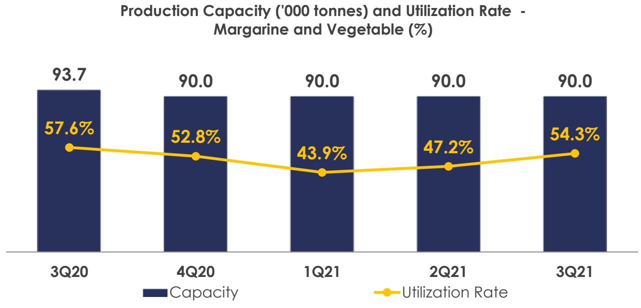
Production Capacity ('000 tonnes) and Utilization Rate - Cookies and Crackers (%)



Production Capacity ('000 tonnes) and Utilization Rate - Pasta (%)



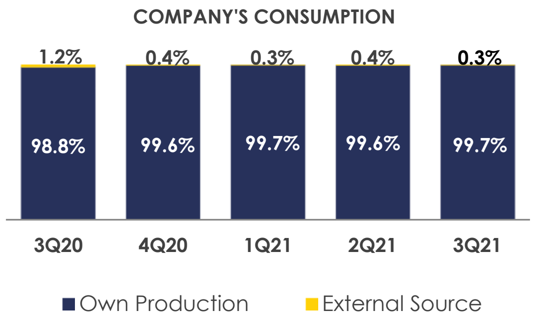


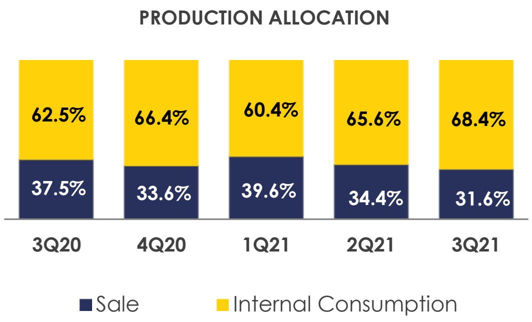


VERTICAL INTEGRATION

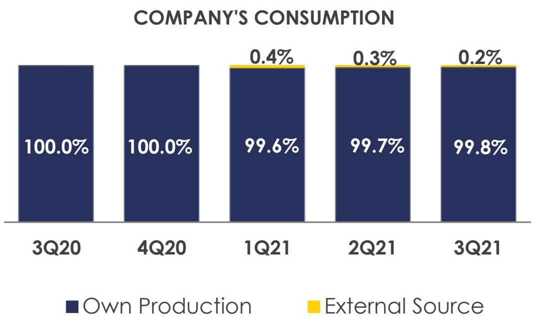
Maintained high levels for both wheat flour and vegetable shortening.

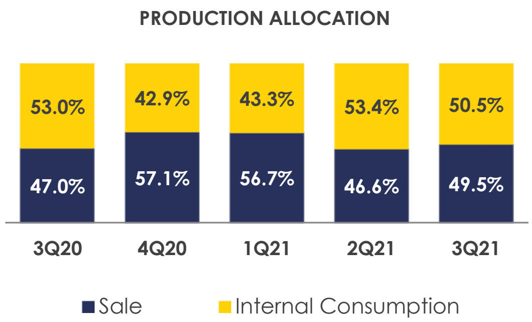
WHEAT FLOUR





VEGETABLE SHORTENING





Note: In the Company's consumption charts, we show the origin of the wheat flour and vegetable shortening consumed in the period, highlighting the breakdown of own production and purchases from third parties. In the production destination graphs, we show the percentage of wheat flour and vegetable shortening that was allocated to sales and to the production of Cookies & Crackers and Pasta, etc. (internal consumption).

ECONOMIC AND FINANCIAL HIGHLIGHTS

NET REVENUE

Net revenue increased 7.4% in 3Q21 over 3Q20, with an average increase of 31.7% in prices, offsetting the 18.3% retraction in volumes.

	3Q21			3Q20			Variation		
Segment	**Net Revenue**	**Weight**	**Average Price**	**Net Revenue**	**Weight**	**Average Price**	**Net Revenue**	**Weight**	**Average Price**
Cookies and Crackers	1,128.9	143.6	7.86	1,017.6	156.9	6.49	10.9%	-8.5%	21.1%
Pasta	459.1	96.4	4.76	457.8	122.0	3.75	0.3%	-21.0%	26.9%
Wheat Flour and Bran	386.7	188.2	2.05	396.5	250.1	1.59	-2.5%	-24.8%	28.9%
Margarine and Vegetable Shortening	161.7	24.2	6.68	115.6	25.0	4.62	39.9%	-3.2%	44.6%
Other products **	43.4	4.0	10.85	41.5	4.6	9.02	4.6%	-13.0%	20.3%
TOTAL	**2,179.8**	**456.4**	**4.78**	**2,029.0**	**558.6**	**3.63**	**7.4%**	**-18.3%**	**31.7%**

* Net Revenue in R$ million, Weight excluding sales returns in thousand tonnes and Net Average Price in R$/Kg.

** Cakes, snacks, cake mix, juice powder and packaged toast.

We present below some of our launches and sales and marketing initiatives carried out in 3Q21:

Launches: 25 products were launched, in which we highlight higher added value items with average prices (R$/Kg) above the average prices in the cookies category (R$ 6.49/Kg), such as the chocolate covered wafers from Piraquê and Vitarella brands, with average prices of R$21.9/Kg and R$22.3/Kg, respectively, in addition to Richester's chocolate chip cookies (R$15.4/Kg).

Investments in marketing and sales: We highlight the "Tem diferença tem sabor" campaign for Vitarella, which positioned the brand's new packaging; "Grano Duro – Inverno" for the Adria brand; "Chocowafer" for the Richester brand; and Piraquê's "Comida di Buteco" media campaign.

RESULTS
3Q21 & 9M21

Net revenue increased 10.2% in 3Q21 over 2Q21 due to an 8.9% increase in average price and a 1.4% increase in sales volume.

	3Q21			2Q21			Variation		
Segment	**Net Revenue**	**Weight**	**Average Price**	**Net Revenue**	**Weight**	**Average Price**	**Net Revenue**	**Weight**	**Average Price**
Cookies and Crackers	1,128.9	143.6	7.86	1,010.3	138.5	7.29	11.7%	3.7%	7.8%
Pasta	459.1	96.4	4.76	458.8	103.4	4.44	0.1%	-6.8%	7.2%
Wheat Flour and Bran	386.7	188.2	2.05	357.2	185.5	1.93	8.3%	1.5%	6.2%
Margarine and Vegetable Shortening	161.7	24.2	6.68	111.4	18.7	5.96	45.2%	29.4%	12.1%
Other products **	43.4	4.0	10.85	40.9	4.1	9.98	6.1%	-2.4%	8.7%
TOTAL	**2,179.8**	**456.4**	**4.78**	**1,978.6**	**450.2**	**4.39**	**10.2%**	**1.4%**	**8.9%**

* Net Revenue in R$ million, Weight excluding sales returns in thousand tonnes and Net Average Price in R$/Kg.

** Cakes, snacks, cake mix, juice powder and packaged toast.

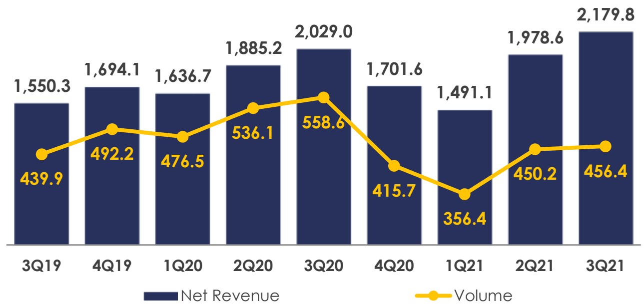
Net revenue grew by 1.8% in 9M21 over 9M20 due to a 26.6% adjustment in average prices, offsetting the 19.6% decrease in volumes.

	9M21			9M20			Variation		
Segment	**Net Revenue**	**Weight**	**Average Price**	**Net Revenue**	**Weight**	**Average Price**	**Net Revenue**	**Weight**	**Average Price**
Cookies and Crackers	2,845.8	379.1	7.51	2,857.2	448.2	6.37	-0.4%	-15.4%	17.9%
Pasta	1,233.8	271.4	4.55	1,300.7	356.6	3.65	-5.1%	-23.9%	24.7%
Wheat Flour and Bran	1,070.0	537.5	1.99	994.4	691.4	1.44	7.6%	-22.3%	38.2%
Margarine and Vegetable Shortening	382.8	63.4	6.04	288.5	63.4	4.55	32.7%	0.0%	32.7%
Other products **	117.1	11.6	10.09	110.1	11.6	9.49	6.4%	0.0%	6.3%
TOTAL	**5,649.5**	**1,263.0**	**4.47**	**5,550.9**	**1,571.2**	**3.53**	**1.8%**	**-19.6%**	**26.6%**

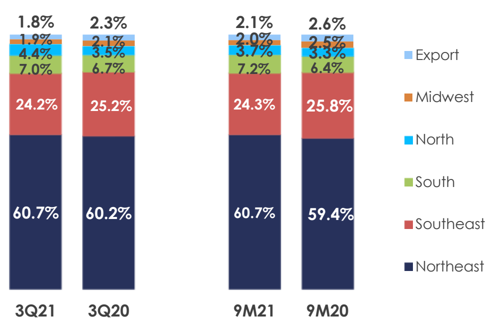
* Net Revenue in R$ million, Weight excluding sales returns in thousand tonnes and Net Average Price in R$/Kg.

** Cakes, snacks, cake mix, juice powder and packaged toast.

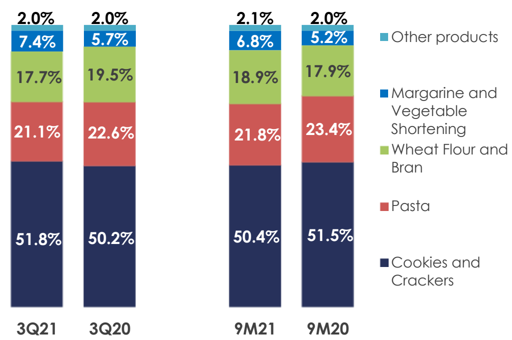
Net Revenue (R$ million) and Net Volume ('000 tonnes)



Sales by Region (% Gross Revenue excluding Discounts and Returns)

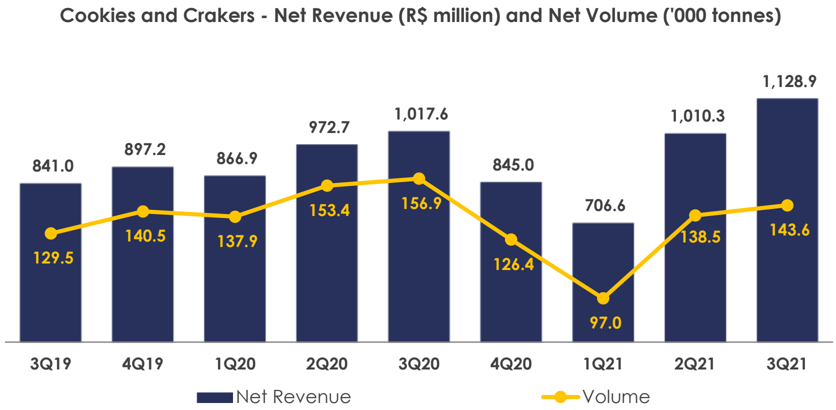


Net Revenue Breakdown



HIGHLIGHTS – COOKIES & CRACKERS

Net revenue for the Cookies & Crackers segment increased 10.9% in 3Q21 over 3Q20, as sales volume fell 8.5% and the average price rose 21.1%.

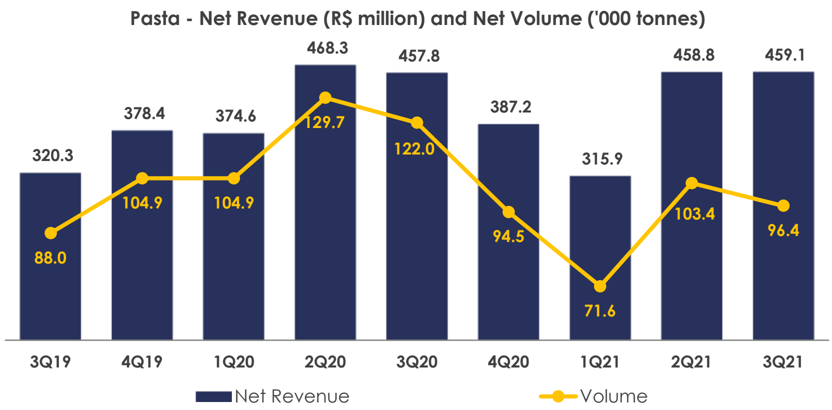


Net revenue grew 11.7% in 3Q21 compared to 2Q21 due to a 3.7% increase in sales volume and a 7.8% increase in average price. We highlight the increase in volume for the North region and exports, which recorded double-digit growth. In subcategories, we highlight the growth in sales of products such as stuffed cookies and wafers.

In terms of launchings, we recorded a gross revenue of R$79.7 million for products launched in 3Q21, increasing 29.8% over 3Q20 and 15.7% over 2Q21, totaling 122 new products/flavors launched in the last 24 months (96 in 3Q20 and 116 in 2Q21).

HIGHLIGHTS – PASTA

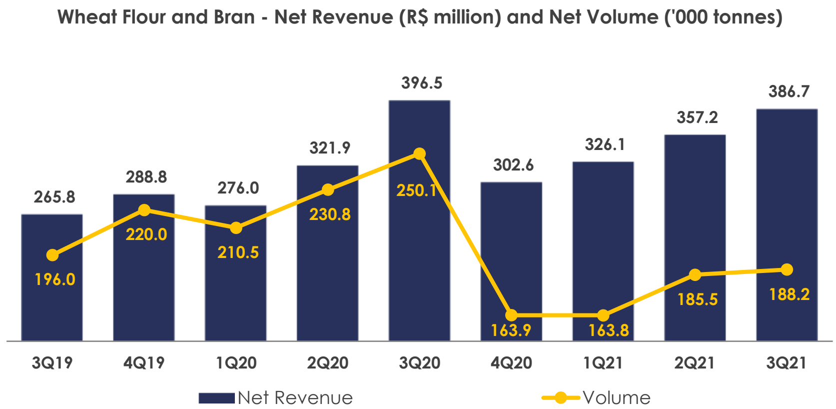
Net revenue from the Pasta category increased 0.3% in 3Q21 vs. 3Q20, with a 21.0% drop in volume, which was offset by a 26.9% increase in average price.



When compared to 2Q21, net revenue remained stable, with a 6.8% drop in volume and a 7.2% increase in average price. We highlight the growth in volumes for the North region and the growth in the instant pasta subcategory.

HIGHLIGHTS – WHEAT FLOUR AND BRAN

Net revenue from Wheat Flour and Bran fell 2.5% in 3Q21 vs. 3Q20, with a 24.8% drop in volumes and a 28.9% increase in average price.

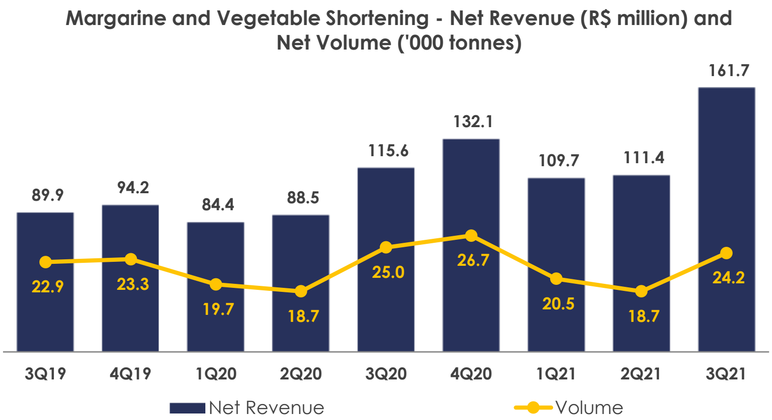


Net revenue grew 8.3% in 3Q21 compared to 2Q21 due to a 1.5% increase in sales volume and a 6.2% increase in the average price. We highlight the performance of our domestic wheat flour category, which recorded higher revenues, volumes, and average price in the Northeast region.

HIGHLIGHTS – MARGARINE AND VEGETABLE SHORTENING

Net revenue from the Margarine and Vegetable Shortening category increased 39.9% in 3Q21 over 3Q20, as sales volume declined 3.2% and the average price rose 44.6%.

Net revenue grew 45.2% in 3Q21 over 2Q21, due to a 29.4% increase in sales volume and a 12.1% increase in average price. We highlight the increase in volumes in the North and Northeast regions.



COSTS

COGS (R$ million)	3Q21	% Net Rev.	3Q20	% Net Rev.	Variation	2Q21	% Net Rev.	Variation	9M21	% Net Rev.	9M20	% Net Rev.	Variation
Raw material	**1,134.3**	**52.0%**	**1,050.6**	**51.8%**	**8.0%**	**1,054.0**	**53.3%**	**7.6%**	**2,962.8**	**52.4%**	**2,659.9**	**47.9%**	**11.4%**
Wheat	699.6	32.1%	726.6	35.8%	-3.7%	680.5	34.4%	2.8%	1,878.3	33.2%	1,810.7	32.6%	3.7%
Vegetable Oil	262.3	12.0%	166.2	8.2%	57.8%	213.1	10.8%	23.1%	634.0	11.2%	418.0	7.5%	51.7%
Sugar	59.7	2.7%	49.4	2.4%	20.9%	56.7	2.9%	5.3%	155.1	2.7%	138.0	2.5%	12.4%
Third Party Flour	1.8	0.1%	2.9	0.1%	-37.9%	2.2	0.1%	-18.2%	5.5	0.1%	14.0	0.3%	-60.7%
Third Party Vegetable Shortening	0.5	0.0%	0.1	0.0%	n/a	0.5	0.0%	0.0%	1.3	0.0%	2.9	0.1%	-55.2%
Other	110.4	5.1%	105.4	5.2%	4.7%	101.0	5.1%	9.3%	288.6	5.1%	276.3	5.0%	4.5%
Packages	**149.7**	**6.9%**	**132.5**	**6.5%**	**13.0%**	**131.3**	**6.6%**	**14.0%**	**376.5**	**6.7%**	**362.7**	**6.5%**	**3.8%**
Labor	**157.1**	**7.2%**	**155.6**	**7.7%**	**1.0%**	**172.8**	**8.7%**	**-9.1%**	**478.1**	**8.5%**	**467.2**	**8.4%**	**2.3%**
Indirect costs	**130.8**	**6.0%**	**116.6**	**5.7%**	**12.2%**	**134.4**	**6.8%**	**-2.7%**	**372.3**	**6.6%**	**334.5**	**6.0%**	**11.3%**
Depreciation and amortization	**44.6**	**2.0%**	**43.3**	**2.1%**	**3.0%**	**48.7**	**2.5%**	**-8.4%**	**135.7**	**2.4%**	**130.7**	**2.4%**	**3.8%**
Total	**1,616.5**	**74.2%**	**1,498.6**	**73.9%**	**7.9%**	**1,541.2**	**77.9%**	**4.9%**	**4,325.4**	**76.6%**	**3,955.0**	**71.2%**	**9.4%**

In 3Q21, the cost of goods sold increased 7.9% over 3Q20, in absolute terms, and accounted for 74.2% of net revenue in the period (73.9% in 3Q20). We list below the main impacts on the cost of goods sold.

3Q21 vs. 3Q20

Negative Impacts

- A 17.4% decrease in production volume; and
- Increase of 26.4%, 77.7%, and 36.0% in the average cost (R$) of wheat, oil, and sugar, respectively.

Positive Impacts

- Improvement in the mix of volumes sold, in particular for the Cookies & Crackers category.

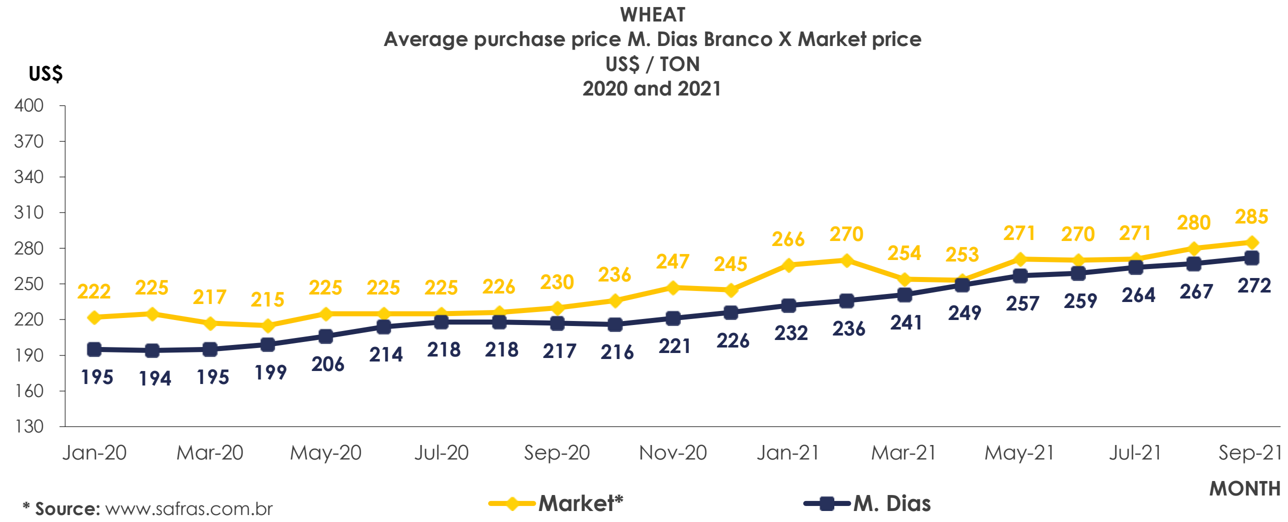
3Q21 vs. 2Q21

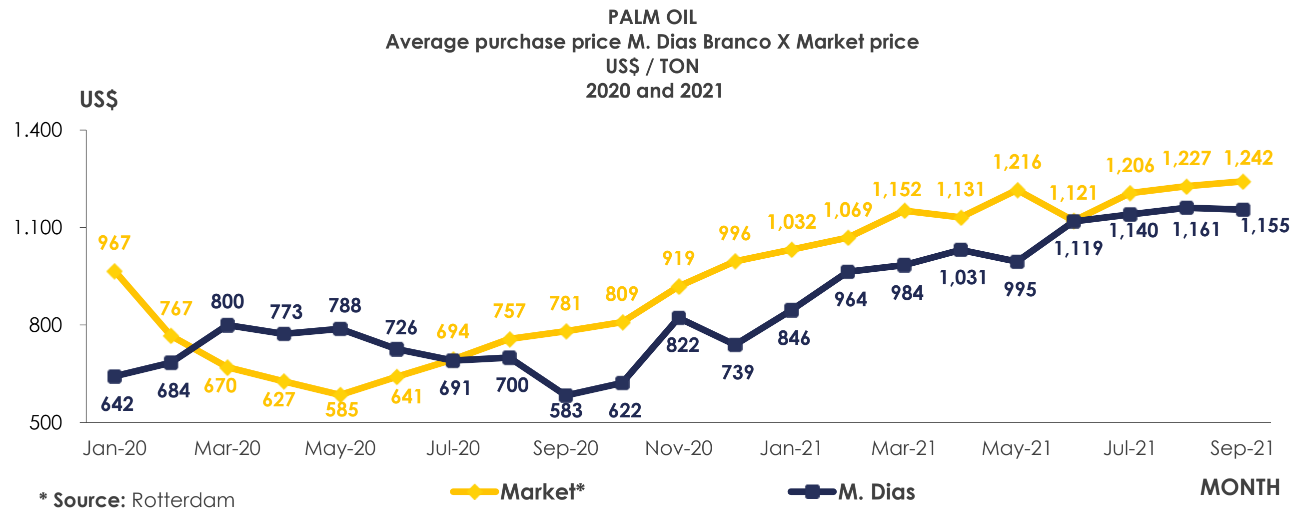
Negative Impacts

- Increase of 8.4%, 7.5%, and 3.4% in the average cost (R$) of wheat, oil, and sugar, respectively.

Positive Impacts

- A 5.4% increase in production volume, resulting in a better dilution of fixed costs; and
- Improvement in the mix of volumes sold, in particular for the Cookies & Crackers category.

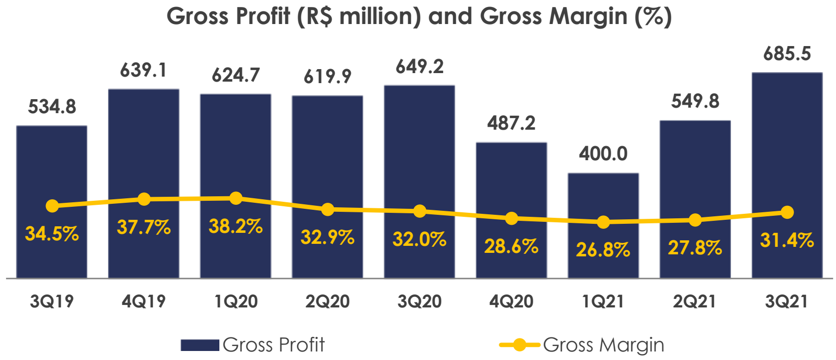




GROSS PROFIT

Gross profit increased 5.6% in 3Q21 over 3Q20, with a 0.6 p.p. decline in gross margin. The drop was caused by lower volumes sold and higher costs for main commodities. When compared to 2Q21, as shown in the chart below, we show a recovery in margin due to better price management, higher dilution of fixed costs, improvement in the mix of categories sold, in which we highlight the Cookies & Cracker category, and the productivity and efficiency initiatives.

It is important to highlight that gross profit includes subsidies for state investments totaling R$122.2 million in 3Q21 (R$118.8 million in 3Q20), which pass through results in compliance with CPC 07 and IAS 20 - Government Grants.



OPERATING EXPENSES

To provide a better understanding of the changes in operating expenses, we report depreciation and amortization expenses and tax expenses separately, as shown below:

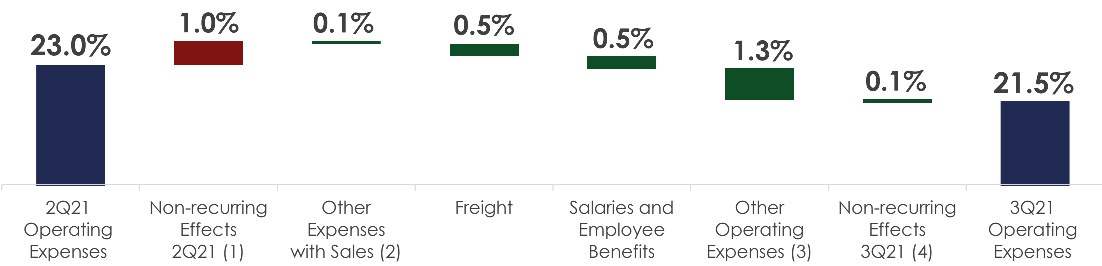
Operating Expenses (R$ million)	3Q21	% Net Rev.	3Q20	% Net Rev.	Variation	2Q21	% Net Rev.	Variation	9M21	% Net Rev.	9M20	% Net Rev.	Variation
Selling*	361.1	16.6%	400.1	19.7%	-9.7%	347.4	17.6%	3.9%	1,038.0	18.4%	1,139.0	20.5%	-8.9%
Administrative	65.2	3.0%	66.4	3.3%	-1.8%	61.6	3.1%	5.8%	183.4	3.2%	193.6	3.5%	-5.3%
Donations	3.0	0.1%	8.1	0.4%	-63.0%	9.2	0.5%	-67.4%	23.1	0.4%	13.7	0.2%	68.6%
Taxes	9.5	0.4%	8.1	0.4%	17.3%	9.4	0.5%	1.1%	26.0	0.5%	19.4	0.3%	34.0%
Depreciation and amortization	25.8	1.2%	23.4	1.2%	10.3%	25.2	1.3%	2.4%	75.0	1.3%	61.0	1.1%	23.0%
Other operating expenses/(revenue)	4.1	0.2%	-119.9	-5.9%	n/a	2.5	0.1%	64.0%	-3.7	-0.1%	-127.2	-2.3%	-97.1%
TOTAL	**468.7**	**21.5%**	**386.2**	**19.0%**	**21.4%**	**455.3**	**23.0%**	**2.9%**	**1,341.8**	**23.8%**	**1,299.5**	**23.4%**	**3.3%**

*Salaries and benefits, freight and other expenses with marketing, sales force and logistics.

In 3Q21, we recorded favorable effects from the productivity and efficiency programs. Selling and administrative expenses as a percentage of net revenue fell in 3Q20 over 2Q21.

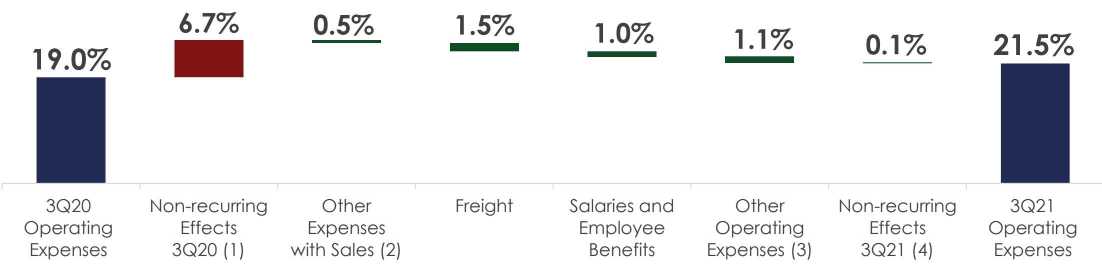
It is important to remember that in 3Q20, we had favorable non-recurring effects (R$134.8 million), mainly due to revenue from extemporaneous tax credits, which create a more difficult comparison base.

Evolution Operating Expenses 3Q21 vs. 2Q21 (%NR)



(1) **Note:** Non-recurring effects of 2Q21.
(2) **Note:** Disregards the non-recurring effects of expenses with COVID-19 (R$ 0.5 million) and restructuring expenses (R$ 1.7 million).
(3) **Note:** Disregards the non-recurring effects of expenses with COVID-19 (R$ 0.5 million), restructuring expenses (R$ 11.7 million), revenues from extemporaneous tax credits (R$ 3.2 million), adjustment of the acquisition value of Piraquê (R$ 9.9 million), and others (R$ 4.2 million).
(4) **Note:** Non-recurring effects of expenses with COVID-19 (R$ 1.0 million), restructuring expenses (R$ 13.4 million), revenues from extemporaneous tax credits (R$ 3.2 million), adjustment of the acquisition value of Piraquê (R$ 9.9 million), and others (R$ 4.2 million).

Evolution Operating Expenses 3Q21 vs. 3Q20 (%NR)



(1) **Note:** Non-recurring effects of 3Q20.
(2) **Note:** Disregards the non-recurring effects of expenses with COVID-19 (R$ 0.5 million) and restructuring expenses (R$ 1.7 million).
(3) **Note:** Disregards the non-recurring effects of expenses with COVID-19 (R$ 0.5 million), restructuring expenses (R$ 11.7 million), revenues from extemporaneous tax credits (R$ 3.2 million), adjustment of the acquisition value of Piraquê (R$ 9.9 million), and others (R$ 4.2 million).
(4) **Note:** Non-recurring effects of expenses with COVID-19 (R$ 1.0 million), restructuring expenses (R$ 13.4 million), revenues from extemporaneous tax credits (R$ 3.2 million), adjustment of the acquisition value of Piraquê (R$ 9.9 million), and others (R$ 4.2 million).

FINANCIAL RESULT

Financial Income (R$ million)	3Q21	3Q20	Variation	2Q21	Variation	9M21	9M20	Variation
Financial Revenue	33.9	48.0	-29.4%	54.4	-37.7%	114.3	71.8	59.2%
Financial Expenses	-51.9	-31.1	66.9%	-46.7	11.1%	-123.4	-68.8	79.4%
Exchange Variation	-33.6	-19.3	74.1%	60.0	n/a	-40.6	-222.1	-81.7%
Losses/Gains on derivatives	49.0	32.9	48.9%	-72.8	n/a	48.1	243.0	-80.2%
TOTAL	**-2.6**	**30.5**	**-108.5%**	**-5.1**	**-78.7%**	**-1.6**	**23.9**	**-106.7%**

The negative result in 3Q21 vs. 3Q20 was mainly due to: (i) lower financial income arising from the reduction in monetary restatements on extemporaneous credits; (ii) higher financial interest expenses and monetary restatement on debentures; and (iii) increase in negative exchange rate variation due to the devaluation of the Real against the Dollar, offset by gains on protection derivatives financial instruments.

TAXES ON INCOME

In 3Q21, we recorded provisions for income tax and social contribution (IRPJ and CSLL) of R$17.0 million against a provision of R$26.4 million in 3Q20. This 35.6% reduction was due to the 25.9% drop in net income.

Income and Social Contribution Taxes (R$ million)	3Q21	3Q20	Variation	9M21	9M20	Variation
Income and Social Contribution Taxes	19.0	56.1	-66.1%	-63.0	95.1	n/a
Income Tax Incentive	-2.0	-29.7	-93.3%	-2.0	-35.6	-94.4%
TOTAL	**17.0**	**26.4**	**-35.6%**	**-65.0**	**59.5**	**n/a**

GOODWILL

As of 2020, due to the merger of Piraquê, approved on December 27, 2019, the Company began the tax amortization of goodwill arising from the acquisition, currently totaling R$224.7 million, which will be amortized over a minimum period of five years. This value considers the effectively paid portion of the acquisition price (acquisition price of R$1.5 billion, less the retained portion of the acquisition price of R$129.0 million). However, we expect to fully use the transaction goodwill in the amount of R$361.6 million.

In 3Q21, was recognized R$ 3.5 million about tax benefit resulting from amortization. This amount was R$9.1 million in 9M21.

EBITDA AND NET INCOME

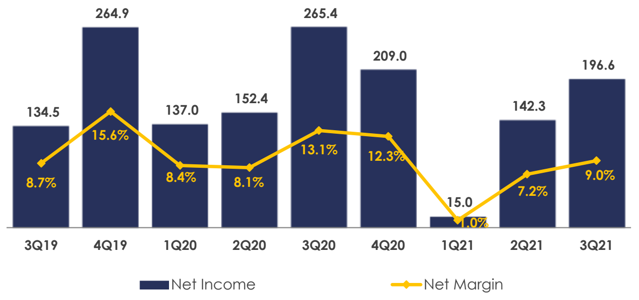
EBITDA – NET INCOME

EBITDA CONCILIATION (R$ million)	3Q21	3Q20	Variation	2Q21	Variation	9M21	9M20	Variation
Net Profit	**196.6**	**265.4**	**-25.9%**	**142.3**	**38.2%**	**353.9**	**554.8**	**-36.2%**
Income Tax and Social Contribution	19.0	56.1	-66.1%	-54.1	n/a	-63.0	95.1	n/a
Income Tax Incentive	-2.0	-29.7	-93.3%	0.0	n/a	-2.0	-35.6	-94.4%
Financial Revenue	-40.9	-100.2	-59.2%	-122.5	-66.6%	-208.8	-137.6	51.7%
Financial Expenses	43.5	69.7	-37.6%	127.6	-65.9%	210.4	113.7	85.0%
Depreciation and Amortization of cost of goods	44.6	43.3	3.0%	48.7	-8.4%	135.7	130.7	3.8%
Depreciation and Amortization Adm/Com Expenses	25.8	23.4	10.3%	25.2	2.4%	75.0	61.0	23.0%
EBITDA	**286.6**	**328.0**	**-12.6%**	**167.2**	**71.4%**	**501.2**	**782.1**	**-35.9%**
EBITDA Margin	**13.1%**	**16.2%**	**-3.1 p.p**	**8.5%**	**4.6 p.p**	**8.9%**	**14.1%**	**-5.2 p.p**

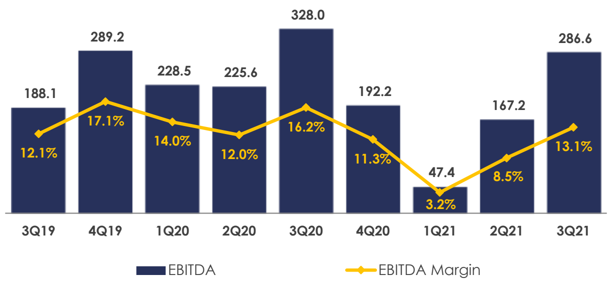
EBITDA – NET REVENUE

EBITDA CONCILIATION (R$ million)	3Q21	3Q20	Variation	2Q21	Variation	9M21	9M20	Variation
Net Revenue	**2,179.8**	**2,029.0**	**7.4%**	**1,978.6**	**10.2%**	**5,649.5**	**5,550.9**	**1.8%**
Cost of goods sold	-1,616.5	-1,498.6	7.9%	-1,541.2	4.9%	-4,325.4	-3,955.0	9.4%
Depreciation and Amortization of cost of goods	44.6	43.3	3.0%	48.7	-8.4%	135.7	130.7	3.8%
Tax Incentive (ICMS)	122.2	118.8	2.9%	112.4	8.7%	311.2	297.9	4.5%
Operating Expenses	-468.7	-386.2	21.4%	-455.3	2.9%	-1,341.8	-1,299.5	3.3%
Equity in net income of subsidiaries	-0.6	-1.7	-64.7%	-1.2	-50.0%	-3.0	-3.9	-23.1%
Depreciation and Amortization Adm/Com Expenses	25.8	23.4	10.3%	25.2	2.4%	75.0	61.0	23.0%
EBITDA	**286.6**	**328.0**	**-12.6%**	**167.2**	**71.4%**	**501.2**	**782.1**	**-35.9%**
EBITDA Margin	**13.1%**	**16.2%**	**-3.1 p.p**	**8.5%**	**4.6 p.p**	**8.9%**	**14.1%**	**-5.2 p.p**

Net Profit (R$ million) and Net Margin (%)



EBITDA (R$ million) and EBITDA Margin (%)



DEBT, CAPITALIZATION AND CASH

Capitalization (R$ million)	9/30/2021	9/30/2020	Variation
Cash	1,864.4	1,306.4	42.7%
Financial Investments Short Term	17.3	16.4	5.5%
Financial Investments Long Term	0.0	3.3	-100.0%
Total Indebtedness	**-1,848.9**	**-1,650.3**	**12.0%**
(-) Short Term	-304.9	-1,330.6	-77.1%
(-) Long Term	-1,544.0	-319.7	n/a
(-) Derivatives Financial Instruments	**70.2**	**68.7**	**2.2%**
(=) Net Cash (Net Debt)	**103.0**	**-255.5**	**n/a**
Shareholder's Equity	6,893.9	6,502.6	6.0%
Capitalization	**8,742.8**	**8,152.9**	**7.2%**

Financial Indicator	9/30/2021	9/30/2020	Variation
Cash (Debt) Net / EBITDA (last 12 months)	0.1	-0.2	n/a
Cash (Debt) Net / Shareholder's Equity	1.5%	-3.9%	5.4 p.p
Indebtedness / Total Assets	17.3%	17.1%	0.2 p.p

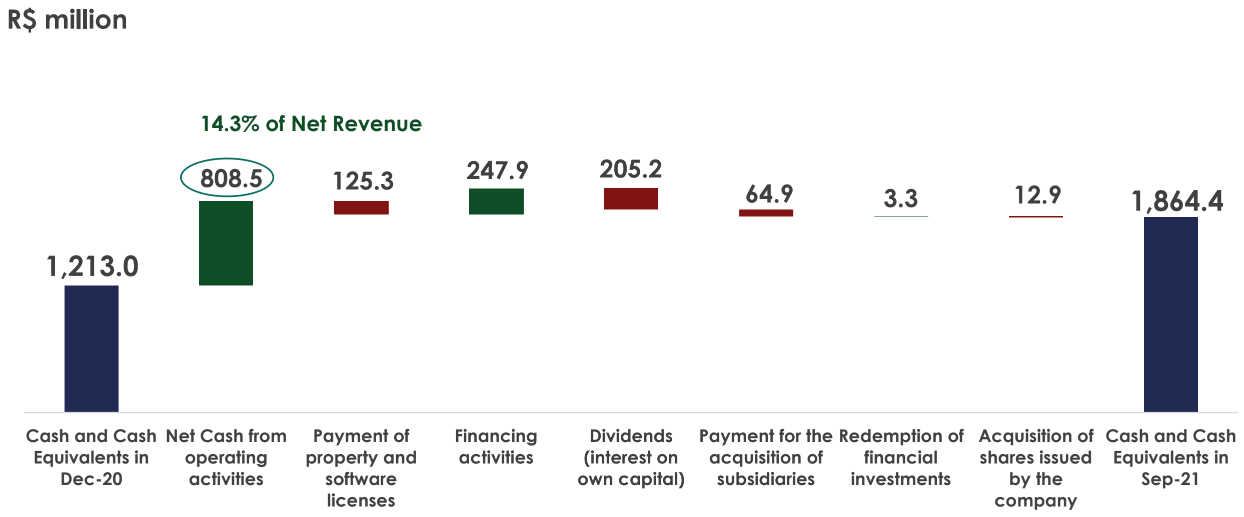
The Company ended the period with cash and cash equivalents of R$1.9 billion (R$1.3 billion in 3Q20) and Net Cash / EBITDA (last 12 months) of 0.1x (Net Debt of 0,2x 0.2x in 3Q20).

Consolidated Debt (R$ million)	Index	Interest (year)	30/09/2021	% Debt	30/09/2020	% Debt	Variation
Domestic Currency:			**1,302.0**	**70.4%**	**865.3**	**52.4%**	**50.5%**
BNDES - FINAME	TJLP	2.17%	11.2	0.6%	15.2	0.9%	-26.3%
BNDES - PSI	R$	3.01% (2.98% on 09/30/20)	50.8	2.7%	81.2	4.9%	-37.4%
BNDES - FINEM	IPCA	8.57% (8.62% on 09/30/20)	28.0	1.5%	37.4	2.3%	-25.1%
BNDES - PROGEREN	IPCA	6.28%	45.0	2.4%	61.4	3.7%	-26.7%
FINIMP	100% CDI	3.80%	0.0	0.0%	136.1	8.2%	-100.0%
(PROVIN) Financing of state taxes	100% TJLP	-	10.9	0.6%	10.1	0.6%	7.9%
(FUNDOPEM) Financing of state taxes	IPCA	-	2.7	0.1%	0.0	0.0%	n/a
Working Capital	100% CDI	0.94% (2.50% on 09/30/20)	200.3	10.8%	101.9	6.2%	96.6%
Investment of assigment of Pilar's shares	100% CDI	-	3.9	0.2%	2.1	0.1%	85.7%
Investment of assigment of Estrela's shares	100% CDI	-	10.0	0.5%	5.2	0.3%	92.3%
Investment of assigment of Moinho Santa Lúcia's shares	100% CDI	-	0.7	0.0%	0.0	0.0%	n/a
Investment of assigment of Piraquê's shares	100% CDI	-	130.1	7.0%	209.9	12.7%	-38.0%
Commercial notes	100% CDI	3.13%	0.0	0.0%	204.8	12.4%	-100.0%
Debentures	IPCA	3.80% and 4.14%	808.4	43.7%	0.0	0.0%	n/a
Foreign Currency:			**546.9**	**29.6%**	**785.0**	**47.6%**	**-30.3%**
(FINIMP) Imports Financing and Working Capital - Law 4,131	USD	1.66% (1.99% on 09/30/20)	546.9	29.6%	785.0	47.6%	-30.3%
TOTAL			**1,848.9**	**100.0%**	**1,650.3**	**100.0%**	**12.0%**

On September 30, 2021, the Company had a swap contract to hedge working capital financing in foreign currency, with maturity on December 22, 2025, in which the long leg receives, on average, the Dollar plus 1.9475% and the short leg pays, on average, the CDI rate plus 1.50% p.a. with a notional reference value of R$510.0 million and fair value receivable of R$11.0 million.

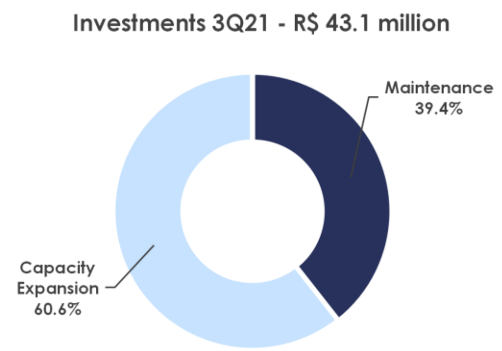
To protect the debenture issues, on September 30, 2021, the Company had 39 swap contracts, all of which mature by March 17, 2031, in which the long leg receives, on average, the IPCA plus 4.01% p.a. and the short leg pays, on average, the CDI rate plus 0.47% p.a.. Notional reference values totaled R$616.8 million for contracts already in force, and the gross fair value payable for all derivative instruments as of September 30, 2021, totaled R$13.2 million. On the date, the value of the debentures was represented by an amount of R$808.4 million net of the unamortized balance of transaction costs totaling R$42.6 million.

In 9M21, net cash generated by operating activities totaled R$808.5 million, and net cash generated by financing activities (third-party capital) reached R$247.9 million, contributing to the cash and cash equivalents figure recorded:



INVESTMENTS

Investments (R$ Million)	3Q21	3Q20	Variation	9M21	9M20	Variation
Buildings	5.4	5.8	-6.9%	15.5	16.9	-8.3%
Machinery and equipment	17.8	32.0	-44.4%	60.0	88.4	-32.1%
Construction in progress	10.4	10.8	-3.7%	34.5	31.0	11.3%
Vehicles	0.0	0.0	n/a	0.0	0.3	-100.0%
IT Equipment	1.4	0.9	55.6%	5.4	2.5	n/a
Furniture and Fixtures	0.9	1.9	-52.6%	3.9	5.6	-30.4%
Land	0.0	1.1	-100.0%	0.0	3.8	-100.0%
Software Use License	6.7	1.6	n/a	14.8	5.4	n/a
Others	0.5	0.3	66.7%	1.3	1.6	-18.8%
Total	**43.1**	**54.4**	**-20.8%**	**135.4**	**155.5**	**-12.9%**



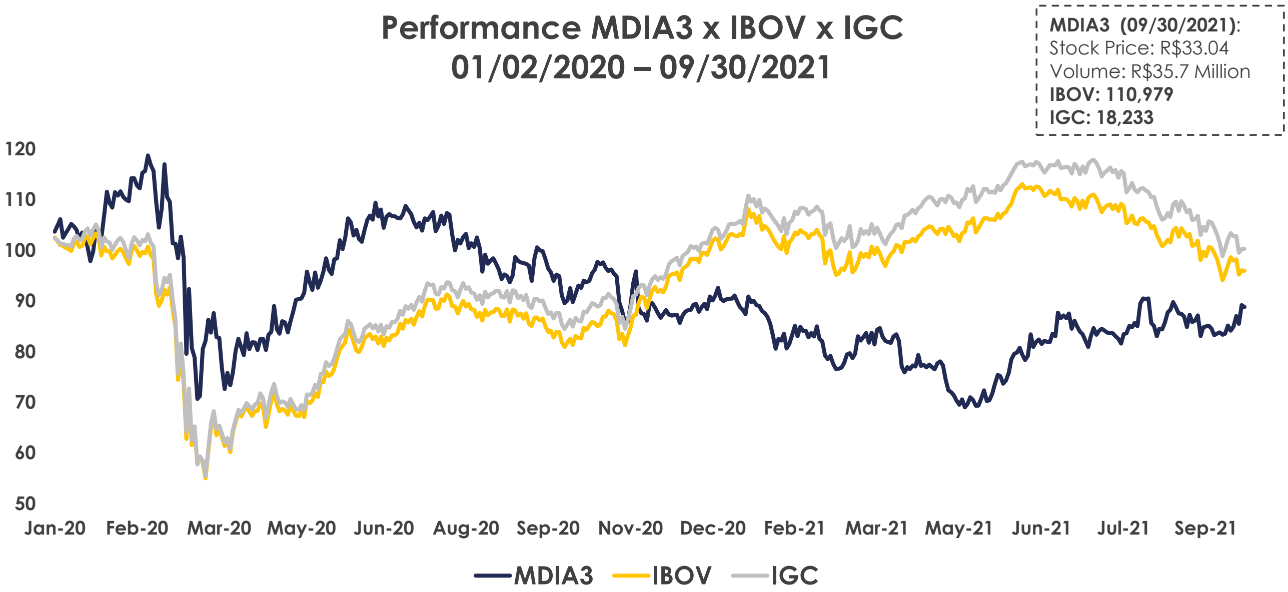
Investments totaled R$43.1 million in 3Q21 (R$54.4 million in 3Q20) and R$135.4 million in 9M21 (-12.9% vs. 9M20), allocated to expansion and maintenance. Among the items that made up investment expenditures, we highlight: (i) the acquisition of equipment for the Bento Gonçalves (RS) unit; (ii) adjustments for the storage of inputs and packaging at the distribution center in Madureira (RJ); and (iii) implementation of a managing production system at the Fábrica Fortaleza (CE) unit.

During 9M21 the amount of R$ 9.5 million was invested in the Research and Development of new products.

The Company has investments in the following subsidiaries: Tergran - Terminais de Grãos de Fortaleza Ltda.; Terminal de Trigo do Rio de Janeiro - Logística S.A.; M. Dias Branco International Trading LLC; M. Dias Branco International Trading Uruguay S.A. and M. Dias Branco Argentina S.A. The operations of those investments are detailed in the Notes to the interim financial information.

CAPITAL MARKET

The Company's shares are traded on B3 (Brasil, Bolsa, Balcão) under the ticker MDIA3 and are listed in the Novo Mercado segment. On **September 30, 2021**, there were 82,753,651 outstanding shares, representing 24.4% of the Company's capital stock, priced at **R$33.04** each, totaling **R$2,734.2 million**. In 3Q21, the average daily trading volume was **5,315** (5,944 in 3Q20), and the average daily trading financial volume was **R$31.8 million** (R$39.5 million in 3Q20).



MAIN ADMINISTRATIVE FACTS

Fitch Ratings reaffirmed our 'AAA(bra)' National Long-term Rating

On September 24, the Company announced to the market that Fitch Ratings reaffirmed the 'AAA(bra)' with a stable outlook.

Closing Latinex Acquisition

On November 3, 2021, the Company informed the market that it had completed the acquisition of one hundred percent (100%) of the shares of LATINEX IMPORTAÇÃO E EXPORTAÇÃO DE ALIMENTOS S.A. for the initial price of up to R$ 180 million, and may reach a total amount of up to R$ 272 million, if certain performance targets provided for in the acquisition agreement are met.

Share Buyback Program for the Company's Shares

On August 06, 2021, the Company's Board of Directors approved a share buyback program, designed to acquire Company shares to be held in treasury and subsequently cancelled or sold in order to: (a) comply with the Long-Term Incentive Program with Restricted Shares approved at the Company's Extraordinary Shareholders' Meeting held on April 30, 2021; and (b) maximize the creation of value for shareholders.

Approval of the Quarterly Information

At the Company's Board of Directors' meeting held on November 5, 2021, the following was approved: (i) the Quarterly Information (ITR) for the quarter ended September 30, 2021; and (ii) other provisions.

SOCIAL AND ENVIRONMENTAL HIGHLIGHTS

M. Dias Branco is constantly strengthening its commitment to sustainability through actions that fight against corruption, defend human rights, protect the environment and fight against hunger, among other topics.

Below we highlight our social and environmental indicators for 3Q21 and 9M21 compared to the same period of 2020, including data from all our units.

Indicators	3Q21	3Q20	Variation	9M21	9M20	Variation
Average Energy Intensity (kwh/ton)	168.1	154.2	9.0%	179.4	159.2	12.7%
Water Consumption (m³/ton)	0.38	0.36	5.6%	0.42	0.30	40.0%
Waste Recycling Index (%)	90.9	90.5	0.4p.p.	89.8	85.2	4.6p.p.
Solid Waste Generation (kg/ton)	10.9	11.6	-6.0%	12.4	8.4	47.4%
Frequency of Occupational Accidents	0.74	0.63	0.11p.p.	0.71	0.67	0.04p.p.

Energy Intensity (SDGs 7 and 12)

Increased 9.0% in 3Q21 vs. 3Q20 and was 12.7% higher in 9M21 vs. 9M20. The increase was a result of the higher number of stoppages and restarts of lines due to the 17.4% drop in production volumes in the quarterly comparison and the 19.7% drop in the accumulated period.

Water Consumption (SDGs 6, 9 and 12)

Increased 5.6% in 3Q21 vs. 3Q20, and was 40.0% higher in 9M21 vs. 9M20. Water consumption was impacted by operational routines, such as the cleaning of reservoirs, tests on hydrants networks and other equipment that consume water, as well as the higher number of stoppages and restarts of lines caused by the drop in production volumes.

Waste Recycling Rate (SDGs 9 and 12)

The waste recycling rate improved 0.4 p.p. in 3Q21 vs. 3Q20 and was 4.6 p.p. higher in 9M21 vs. 9M20 as a result of the implementation of more sustainable alternatives for waste disposal, such as composting and co-processing. This result reinforces the Company's commitment to reducing the disposal of waste in landfills.

Solid Waste Generation (SDGs 9 and 12)

The indicator fell 6% in 3Q21 over 3Q20, due to the actions implemented by the improvement teams, for example the work at the Madureira and Queimados units, that prevent materials from being reprocessed and do not turn waste, as well as the action on finished product inventories, which avoid the generation of waste from failures and other situations. In the 9M21 vs. 9M20, the increase is due to the drop in volumes produced.

Rate of Occupational Accidents (SDGs 3 and 8)

The rate of occupational accidents increased 0.11 p.p. in 3Q21 over 3Q20 and 0.04p.p. in 9M21 over 9M20. The increase reflects the return of employees who in 2020 were away due to the pandemic.

Other Initiatives and Achievements

- ✓ On September 22, 2021, the Company promoted the 3rd edition of the Development and Sustainability Forum, open to the general public and employees and broadcast on YouTube to discuss how organizations can advance their ESG agenda; **(SDG 17)**

- ✓ In 3Q21, M. Dias Branco donated 421 tons of products to communities living in the vicinity of its industrial units and distribution centers. From January to September, R$23.1 million was donated, equivalent to 3,778 tons of food, to 137 institutions in 18 states, a fundamental action for the underprivileged population during the pandemic period; **(SDG 2)**

- ✓ M. Dias Branco is concerned about climate change and, in order to understand and deepen the topic, we concluded the Inventory of Greenhouse Gas Emissions for our entire chain; **(SDG 13)**

- ✓ M. Dias Branco is one of the leading companies in open innovation with startups in Brazil and was recognized, for the second time, *with the Ranking 100 Open Startups 2021 award for its Germinar program, which supports open innovation through partnerships with startups*; **(SDG 9)**

- ✓ Launching of the Supplier Code of Conduct, aimed at establishing guidelines and inspiring suppliers to engage in the construction of good Sustainability and Governance practices; **(SDG 16)**

- ✓ Won the 2021 ANEFAC-FIPECAFI Transparency Trophy for the fifth consecutive year, being recognized in the "Companies with net revenue up to R$8 billion" category; **(SDG 16)**

- ✓ On World Cleaning Day, employees collected 2.8 tons of garbage at the Salvador/BA unit, located in an Environmental Preservation Area (APA); **(SDG 14)**

- ✓ The Plus Life Salgado Multigrãos lines, from the Adria brand, and the Cream Cracker Integral, from the Piraquê brand, were ranked 1st and 3rd, respectively, as the best Wholegrain Salt Crackers (Source: VivaBem UOL); **(SDG 3)** and

- ✓ The "Aterro Zero" project seeks sustainable alternatives for was disposal, thus eliminating waste being sent to landfills. The project initiated in Jaboatão dos Guararapes/PE and is being expanded to all units. **(SDG 9)**

M. Dias Branco is a signatory of the United Nations Global Compact, reinforcing the commitment to increasingly align our strategies and operations with the ten universal principles that contribute to facing society's challenges. In 2020, we carried out an in-depth analysis of our connections with the Sustainable Development Goals (SDGs), identifying our impacts on each of them. We present below the SDGs prioritized by the Company.

Through these actions, a culture of sustainability is developed, making, over time, social and environmental aspects more integrated into the Company's decision-making process and value creation.

INDEPENDENT AUDITORS

The Company's independent auditors are KPMG Auditores Independentes, contracted to audit the individual and consolidated interim financial information for the year ended December 31, 2021 and review of the individual and consolidated interim financial information for the quarters ended March 31, June 30 and September 30, of the respective year, and did not provide conflicting services, as provided in CVM Instruction 308. The non-financial information on the Company and its subsidiaries, as well as management's expectations regarding the future performance of the Company and its subsidiaries, were not revised by the independent auditors.

1. Operations

M. Dias Branco S.A. Indústria e Comércio de Alimentos ("Company") is a publicly traded corporation listed on B3 S.A. - Brasil, Bolsa, Balcão in the *Novo Mercado* segment (MDIA3), and is a constituent of the B3 Brazil Index (IbrX), Corporate Sustainability Index (ISE), Carbon Efficient Index (ICO2), and other indexes. The Company started to operate in 1951 and its head office is located at Rodovia BR 116, KM 18, in Eusébio, State of Ceará. Its corporate activities principally comprise the industrialization, sale and distribution of food products derived from wheat, mainly biscuits, pastas and wheat flour/bran and the manufacture, sale and distribution of vegetable fats and margarines, cakes, cake mixes, packaged toast and snacks. The Company operates through an integrated and vertical production process, producing the majority of the two main raw materials used to produce biscuits, crackers and pastas: flour and vegetable fats. Five of its wheat mills are physically integrated within the biscuits, crackers and pasta factories, which eliminates the costs of transporting the flour used in the production of these two main items.

The Company has 14 production sites, eight of which are located in the Northeast (Bahia, Ceará, Paraíba, Pernambuco and Rio Grande do Norte), four in the Southeast (São Paulo and Rio de Janeiro) and two in the South (Rio Grande do Sul and Paraná). These units operate seven wheat mills, nine pasta factories, nine biscuit factories, two manufacturers of vegetable fat and margarines, one manufacturer of snacks and cakes, one manufacturer of cake mix and one factory for toasted biscuits. The Company has thirty-eight distribution centers, integrated with this production structure, for storage, sales and/or distribution of its products, located in the following states: Alagoas, Bahia, Ceará, Distrito Federal, Espírito Santo, Maranhão, Minas Gerais, Pará, Paraíba, Paraná, Pernambuco, Piauí, Rio de Janeiro, Rio Grande do Norte, Rio Grande do Sul, São Paulo and Sergipe.

The Company has the following brands in the domestic market: Adria, Aldente, Basilar, Bonsabor, Estrela, Fortaleza, Finna, Isabela, Pelágio, Pilar, Piraquê, Predilleto, Richester, Salsito, Treloso, Vitarella, and Zabet.

2. Effects of the COVID-19 pandemic

Following the relaxation of quarantine measures in Brazil, as a result of the advances made in vaccinating the population nationwide, the Company's employees are, little by little, starting to return to work on-site. It should be highlighted that, since the beginning of the pandemic, the Company's operations - considered to be an essential service - have remained active in order to keep its products supplied to the market. The Company has therefore adapted its production planning and development of new channels of distribution, such as on-line retail. It has also adopted measures to safeguard and improve the potential of the Company's cash reserve, thereby guaranteeing that all of its clients' needs will be met and ensuring continuity throughout the entire supply chain.

Until the present day, the Company has continued to make every effort to bring its activities into line with the restrictions designed to contain the virus and guarantee the necessary conditions for preserving the health of our employees and other partners, following the determinations of government agencies, as disclosed quarterly.

As a result of the advances that have been made with the National Immunization Program, the Company sent out a 'Back to Work Plan' to those employees who have been working from home, highlighting that up to 50% of those employees working from home would be able to return to the office in September 2021, and up to 70% would be welcomed back in October.

Obviously, as it is still of utmost importance to ensure on a daily basis the good health of our employees and their families, the Company has continued to employ a number of different preventative measures, some of which are highlighted below:

• Access to the Company's premises still requires prior validation in the form of a 'Health Check-in', that requires employees to fill in an on-line form every day, providing information on their health and any possible contamination risks, all of which serves as a base for the decision on whether or not they are permitted onto the premises;

• In-person work remains prohibited for those employees who have still not been vaccinated, especially those who fall into groups at risk, who continue to telecommute, where possible;

• Those employees in groups at risk but who have been vaccinated are returning to on-site work 21 days following their second or single dose, once they have been authorized to do so by the Medical and Human Resources departments;

• The medical call center services remain available to provide support to those employees who have shown flu symptoms or who have been in contact with anyone infected with the coronavirus. It is important to stress that, in such cases, the employee should not come in to work and must immediately inform their superiors and the medical staff;

• In-person meetings and training sessions are permitted, both on and off the Company's premises, provided there are no high concentrations of people and all the sanitary hygiene protocols are fully respected;

• In-company dental care and labor gymnastics have both also been cleared to begin once again, where such facilities are provided, in line with social distancing measures and full compliance with all hygiene protocols;

• The Company's compliance lines remain available for reporting non-compliance with hygiene and social distancing protocols, as well as audits for checking compliance with the protocols;

• Trips and visits from non-employees at the Company's premises are generally being avoided, with prior approval from the respective Board being necessary;

• Outsourced service providers should continue to follow all the protocols adopted by M. Dias Branco to obtain authorization for their entry onto the premises. Should outsourced workers develop flu symptoms or come into contact with infected individuals, we recommend that they do not visit M. Dias Branco and immediately inform the department that has contracted them.

The internal auditing team maintains constant monitoring of implementation and effectiveness of measures implemented due to the pandemic and does the systematic follow-up of hygiene and social distancing protocols in all our units, issuing reports that serve to create measures to further strengthen our care for employee health.

The Company's managers have been continually encouraged to ensure that the members of their teams understand how important it is that they themselves and any outsourced workers comply with the hygiene and distancing protocols. Furthermore, we remain firm in our commitment to monitoring the availability of masks, alcohol gel, taking temperatures, social distancing, and the adoption of physical boundaries, amongst other measures.

In addition, reaffirming its commitment to society, the Company has constantly donated food products to needy populations. From January to September 2021 the Company donated R$ 22,776 million of food products, equal to 3,778 tonnes, more than the amounts donated in 2020. Since last year some R$ 39 million and more than 7,240 tonnes of pasta, cookies, flour and margarine have been donated to more than 150 institutions in 17 Brazilian states, helping spare the most vulnerable population from the impacts of the pandemic.

On September 30, 2021, extraordinary expenses incurred because of COVID-19 amounted to R$18,844 (R$ 35,423 as of September 30, 2020).

The Company clarifies that to date it has not observed significant impacts from COVID-19 on its operations constituting adjusting events that would result in changes in the adopted critical accounting estimates.

3. Basis of preparation

The individual and consolidated interim financial information have been prepared in accordance with CPC 21 – Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and reflects all material information related to the interim financial information and that alone, which corresponds to that used by it in its management.

The authorization to issue this interim financial information was given by Board of Directors at its meeting held on November 05, 2021.

(a) Basis for measurement

The individual and consolidated interim financial information were prepared based on historic cost, except when stated otherwise.

(b) Functional currency

The individual and consolidated interim financial information are presented in Brazilian reais, which is the Company's functional currency. All the amounts reported in Reais in the financial information have been rounded to the nearest thousand, except when stated otherwise.

(c) Significant accounting judgments, estimates and assumptions

The preparation of individual and consolidated interim financial information in accordance with CPCs and IFRS requires Company management to make judgments, estimates and assumptions that affect the application of accounting policies. The actual results could differ from these estimates.

Estimates and assumptions are continually reviewed. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Assets and liabilities subject to estimates and assumptions include:

- Allowance for doubtful accounts - Note 6, Inventory - Note 7 and indefinite-lived intangible assets - Note 12;
- Measurement and recognition of tax credits - Note 8;
- Residual value of property, plant and equipment - Note 11;
- Leases - Note 13;
- Provision for litigation and judicial claims - Note 22;
- Deferred income and social contribution taxes - Note 23;
- Fair value measurement of financial instruments - Note 17;

(All amounts in thousands of Reais, except if stated otherwise)

• Share-based compensation plan - Note 25.

4. Significant accounting policies

The significant accounting policies adopted by the Company and its subsidiaries are described in specific notes. Those which apply, in general, to different aspects of the financial information are described in detail below.

a) Consolidation

i. *Subsidiaries*

For purposes of preparing the individual and consolidated interim financial information, the financial information from subsidiaries ended on the same base date and consistent with the Company's accounting policies was used.

Equity interest in subsidiaries

Description [1]	Investment interest (%)			
	09/30/2021		12/31/2020	
	Direct	Indirect	Direct	Indirect
M. Dias Branco International Trading LLC	**100.00**	**-**	100.00	-
M. Dias Branco International Trading Uruguay S.A.	**-**	**100.00**	-	100.00
M. Dias Branco Argentina S.A.	**100.00**	**-**	100.00	-

[1] *Foreign investments.*

Characteristics of the main subsidiaries

M. Dias Branco International Trading LLC

This direct subsidiary is located in the United States of America, and its core activity is intermediating in the purchase of raw materials, mainly wheat, for milling and vegetable oil that the Company uses in its production process. The company is not operational and is therefore beginning to initiate the procedure of closing down this subsidiary.

M. Dias Branco International Trading Uruguay S.A.

This indirect subsidiary is located in Uruguay, and its core activity is intermediating in the purchase of raw materials, mainly wheat, for milling that the Company uses in its production process. The company is not operational and initiated the procedures to close the entity.

M. Dias Branco Argentina S.A.

The Company incorporated a business corporation, with its head office in Buenos Aires, in order to purchase, import and export wheat grain, wheat flour and derivatives. However, this company did not undertake any activities and the Company decided to discontinue the process, initiating the procedures to close the entity.

ii. *Jointly controlled entities*

Joint operations are those in which the Company has contractually agreed joint control, and which require the unanimous consent of the parties sharing control for strategic and operational decisions.

Joint Operation

Terminal de Grãos de Fortaleza Ltda ("Tergran")

The Company shares control of Tergran with Moinho Cearense S.A and J. Macêdo S.A, which each have an interest of 33.33% in the capital of, and jointly appoint the managing director of Tergran. The Company considers that its investment in Tergran should be classified as a joint operation, or joint arrangement, and the assets, liabilities, income and expenses are recognized in relation to its investment only in the consolidated statements, considering that Tergran was constituted as a separate legal entity. Consequently, the investment is recognized in the individual financial information using the equity method.

Tergran operates port facilities and provides wheat unloading and storage services at the port in Fortaleza, with the primary objective being to increase productivity and reduce the costs of unloading ships carrying wheat for its three partners.

Jointly controlled enterprise

Terminal de Trigo do Rio de Janeiro - Logística S.A.

The Company has an interest in a joint venture with Companhia Bunge Alimentos S.A (Bunge), in which each party has an interest of 50% in the capital. The Terminal de Trigo do Rio de Janeiro - Logística S.A. is the lessee in the contract entered in September 21, 2017 with the government, in the form of the Ministry of Transportation, Ports and Civil Aviation, which addresses the leasing of public infrastructure and land to handle and store solid vegetable bulk, especially wheat, located in the port of Rio de Janeiro/RJ.

The Company recognizes its investment in relation to its participation in the operation under the equity method, both in the individual and consolidated interim financial information.

The Company's participation in this business is part of its strategy of improving logistics to supply inputs intended for the manufacturing plants in the Southeast.

The Terminal de Trigo do Rio de Janeiro - Logística S.A. initiated operations on January 8, 2020.

b) Conversion of foreign currency balances

i. Foreign currency transactions and balances

Foreign currency transactions are initially recorded at the exchange rates of the functional currency prevailing at the respective transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are converted into the functional currency at the exchange rate at that date.

All foreign exchange variance is recognized in the statement of income, except that variance arising from transactions in foreign currency used for hedging against the risk of changes in foreign exchange rates are recognized in equity.

ii. Foreign operations

The values of assets and liabilities of the foreign subsidiaries are translated to Reais using the exchange rate at the reporting date, and the related statements of income are translated at the exchange rates on the dates of the transactions. Exchange differences resulting from the translations are recognized separately in shareholders' equity. In the event of a foreign subsidiary being sold, the accumulated deferred amount recognized in shareholders' equity relating to this subsidiary is recognized in the statement of income.

c) Impairment losses

i. Financial assets

Upon the initial recognition of a financial asset, the Company classifies its assets as: at amortized cost or fair value through profit or loss and fair value through other comprehensive income. Financial assets are not reclassified subsequently to initial recognition, unless the Company changes its business model to financial asset management.

Financial assets at amortized cost

These assets are measured subsequently to the amortized cost using the effective interest rate method. The amortized cost is reduced for impairment. Revenue from interest, exchange variance gains and losses and impairment are recognized directly in profit or loss.

The Company should look for any objective evidence that a financial asset or group of financial assets has been subject to impairment and consequently record the estimated asset impairment. To record the estimated allowance for doubtful accounts, the Company adopted a hybrid expected and incurred impairment model with a simplified approach, recording expected losses throughout the life-cycle of trade accounts receivable.

Financial assets stated at fair value through profit or loss

These assets are subsequently stated at fair value. The net income including interest is recognized directly in profit or loss.

Financial assets stated at fair value through other comprehensive income

These assets are subsequently stated at fair value. Net income, including interest, is recognized in other comprehensive income under equity and upon derecognition. The accumulated change in fair value through other comprehensive income is adjusted under hedge object and affect results at the time of realization of the hedged item.

At each reporting period the Company evaluates expected losses on instruments measured at amortized cost and debt instruments measured through other comprehensive income. Losses and/or reversals of losses are recognized in profit or loss.

ii. Non-financial assets

Assets that have undefined useful lives, such as goodwill and brands, are not amortized, and are tested for impairment. The impairment tests of goodwill and the brands are realized at least annually, or more frequently if events or changes in circumstances indicate possible impairment.

At each reporting date, management revises the net carrying values of its assets and other non-financial assets, subject to depreciation and amortization in order to assess any events or changes in economic, operational or technological circumstances that could indicate a deterioration or impairment. When such evidence is identified, and the net carrying value exceeds the recoverable value, a loss for impairment is recorded, and the net carrying value is adjusted to the recoverable value.

d) Employee benefits

The Company provides short-term benefits to its employees, which are measured on a non-discounted basis and incurred as expenses as the related service is provided. The liability is recognized for the amount expected to be paid in respect of short-term cash bonus or profit sharing plans. Profit sharing is recognized in profit or loss as operational costs and expenses.

For the non-statutory board there is also a share-based remuneration plan, as explained in Note 25, to which registered officers are entitled, and from May 2021 on, this has included up to 20% of management-level executives.

e) Revenue recognition

The Company recognizes revenue from the sale of goods in the course of ordinary activities at the moment when the control over the products is transferred and at the fair value of the consideration received or receivable, recognized when: (i) there was convincing evidence that the control of a product or service has been transferred to the customer, which generally occurs upon delivery; (ii) the amount the entity expected to be entitled to in exchange for transferring the product or service and (iii) the associated costs and possible return of goods could be reliably estimated. If it was probable that discounts would be granted and the amount can be measured reliably, then the discount was recognized as a reduction against revenue over the period the sales were recognized.

Note that delivery occurs when the products have been sent to the specified location, the client has accepted the products pursuant to the sale contract and the acceptance terms have been agreed, or the Company has objective evidence that all acceptance criteria have been met.

f) Segment reporting

The Company operates in the food segment with the following product lines: biscuits, crackers, pasta, flour, margarine and vegetable fats, cakes, cake mix, packaged toast and snacks. The production and sale of the food products by the Company does not involve measuring operational profits or losses on an individual basis that is regularly reviewed by management, either to support investment decisions or to assess performance separately.

Consequently, considering that all decisions are taken based on consolidated reports and that decisions related to strategic planning, financing, purchases, investments and the application of funds are taken on a consolidated basis, the Company concluded that it has only one segment to report.

g) Changes in accounting policies and disclosures

Hedge accounting

In July 2020, the Company initiated adoption of hedge accounting under CPC 40 (R1) – Financial Instruments: Disclosure (IFRS 7) and CPC 48 (IFRS 9) – Financial Instruments, for transactions of derivative financial instruments for the purpose of hedging against the risk of fluctuation in commodities prices and foreign-exchange rates. The hedging relationship is a cash flow hedge, which consists of hedging against variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecast transaction, and which could affect profit or loss.

(All amounts in thousands of Reais, except if stated otherwise)

In this hedge category, the effective portion of the gain or loss on the hedging instrument is recognized in equity as other comprehensive income, under "Gains (losses) on cash-flow hedges", and the ineffective portion, where applicable, is recognized in finance revenue (expense). Accumulated gains and losses are reclassified to profit or loss or to the statement of financial position when the hedged item is recognized, with a corresponding adjustment to the item in which the relevant hedged item was recorded.

It is important to note that deferred tax effects on gains and losses recognized in equity are also recognized in other comprehensive income under "tax effects on gains (losses) on cash-flow hedges".

Hedge accounting is discontinued prospectively from the date on which the hedging relationship ceases to meet the qualifying criteria, whether in its entirety or in part. The conditions for discontinuing hedge accounting are satisfied when: i) in a cash flow hedge, the hedged item is recognized in the Company's statement of financial position. In this case, the amount recognized in equity is included in the same period and component in which the hedged item is recognized (statement of financial position or statement of income); ii) the hedging instrument is terminated. In this case, the amount recognized in equity is recognized on the accrual date on which the hedged item is recognized; iii) there is no longer a hedging relationship as the risk management objective has changed; and iv) there is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the hedging relationship.

If hedge accounting is discontinued as described in iii and iv above, all gains and losses that have been accrued in similar hedging relationships and recognized in equity are immediately transferred to profit or loss.

The Company assesses the effectiveness of its derivative financial instruments at each quarter and annual reporting date or upon a significant change in the circumstances affecting the hedge effectiveness requirements, whichever comes first.

The effects of hedge accounting are described in Note 17.

h) New standards, interpretations and amendments effective after January 1, 2021

There are no other CPC/IFRS standards or ICPC/IFRIC interpretations that have not yet come into force which could have a significant impact on the Company's interim financial information.

5. Cash and cash equivalents

Description	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Cash and banks	**56,936**	4,519	**56,950**	4,527
Fixed-income marketable securities	**1,807,041**	1,208,354	**1,807,491**	1,208,480
Total	**1,863,977**	1,212,873	**1,864,441**	1,213,007

The balance of fixed-income marketable securities, at September 30, 2021, consists exclusively of floating Bank Deposit Certificates (CDB), remunerated by the variation in the CDI - Interbank Deposit Rate at the average rate of 103.33% of the CDI (102.91% at December 31, 2020). These marketable securities are held for immediate trading and used in Company operations.

(All amounts in thousands of Reais, except if stated otherwise)

6. Trade accounts receivable

Trade accounts receivables are amounts due for the sale of products in the ordinary course of the Company's business and are recognized at the original selling price less discounts awarded, customer credits and estimated losses and are presented as follows:

Breakdown of balances	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Domestic	**1,115,597**	966,899	**1,115,824**	967,050
Foreign	**82,726**	69,079	**82,726**	69,079
(-) Estimated losses for doubtful accounts	**(49,817)**	(76,071)	**(49,817)**	(76,071)
Total	**1,148,506**	959,907	**1,148,733**	960,058

Aging list Description	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Not yet due	**1,084,017**	910,040	**1,084,244**	910,191
Overdue	**114,306**	125,938	**114,306**	125,938
1 to 30 days	**30,832**	31,016	**30,832**	31,016
31 to 60 days	**7,633**	7,800	**7,633**	7,800
61 to 90 days	**3,616**	10,684	**3,616**	10,684
91 to 180 days	**12,950**	8,484	**12,950**	8,484
181 to 360 days	**16,153**	15,694	**16,153**	15,694
Over 360 days	**43,122**	52,260	**43,122**	52,260
Subtotal	**1,198,323**	1,035,978	**1,198,550**	1,036,129
(-) Estimated losses for doubtful accounts	**(49,817)**	(76,071)	**(49,817)**	(76,071)
Trade accounts receivable	**1,148,506**	959,907	**1,148,733**	960,058

The Company adopts a hybrid expected and incurred loss model, recording expected losses throughout the life-cycle of trade accounts receivable. The model assesses sales made in a 12-month period and the amount considered uncollectible during this period. From the calculated result, the default rates by receivable range which is applied to the accounts receivables balance.

The changes in the estimated losses for doubtful accounts were as follows:

Change details	Parent and Consolidated
Balance at December 31, 2019	**81,884**
Estimated losses for the year	22,952
Write-off	(28,765)
Balance at December 31, 2020	**76,071**
Estimated losses for the period[1]	**(5,934)**
Write-off[2]	**(20,320)**
Balance at September 30, 2021	**49,817**

[1] Mainly consists of estimated losses reversed due to the enforcement of the client's mortgage guarantee (R$ 9,674);
[2] Refers to receivables more than 360 days overdue with no expectation of realization.

(All amounts in thousands of Reais, except if stated otherwise)

7. Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale, in the form of materials or supplies to be consumed in the production process, or in the rendering of services.

The cost of inventories is based on average weighted cost and includes all expenses incurred for transportation, storage, non-recoverable taxes and other costs incurred to bring the inventories to their existing locations and conditions. In the case of manufactured, in progress and finished products, the costs include the general factory overhead expenses based on normal operating capacity.

The balances of inventories are presented as follows:

Description	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Finished products	**385,515**	301,043	**385,515**	301,043
Work in progress	**57,051**	36,554	**57,051**	36,554
Raw materials	**490,812**	494,788	**490,812**	494,788
Warehouse and packaging materials	**275,215**	223,522	**275,215**	223,522
Auxiliary and maintenance materials	**64,386**	69,644	**64,409**	69,668
Imports in transit [1]	**1,140**	90,467	**1,140**	90,467
Advances to suppliers	**38**	43	**38**	43
Total	**1,274,157**	1,216,061	**1,274,180**	1,216,085

[1] *These refer to imported wheat and oil.*

Finished products inventories are measured at cost value or net realizable value, whichever is lower.

Furthermore, the Company adopts the policy of evaluating inventory obsolescence, based on the expiry dates of inventory items and the analysis of those items that have not moved for more than 180 days. At September 30, 2021, the Company recorded an impairment loss for inventories of R$ 7,226 (R$ 11,577 at December 31, 2020).

The changes in the impairment loss for inventories were as follows:

Change details	Parent and Consolidated
Balance at December 31, 2019	**8,533**
Estimated losses for the year	8,545
Write-off	(5,501)
Balance at December 31, 2020	**11,577**
Estimated losses for the year	**7,796**
Write-off	**(12,147)**
Balance at September 30, 2021	**7,226**

(All amounts in thousands of Reais, except if stated otherwise)

8. Taxes recoverable

The Company recognizes tax credits at the time it deems it has a legal and technical basis on which to recognize the right and reliably measure the amount to be offset or refunded.

The Company's recoverable tax balances are as follows:

Description	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
ICMS (i)	**86,298**	85,412	**86,298**	85,412
Income tax and social contribution (ii)	**75,938**	44,232	**75,938**	44,232
PIS and Cofins (iii)	**432,143**	488,478	**432,143**	488,478
Withholding tax	**28,599**	6,773	**28,601**	6,775
IRPJ credit from the PAT incentive (iv)	**8,308**	8,136	**8,308**	8,136
Extemporaneous IOF credit	**4,014**	3,991	**4,014**	3,991
INSS (v)	**22,945**	40,568	**22,945**	40,568
Extemporaneous credit - PIS and Cofins (vi)	**924**	11,196	**924**	11,196
Others	**2,019**	3,109	**2,023**	3,113
Total	**661,188**	691,895	**661,194**	691,901
Current	**264,384**	398,887	**264,390**	398,893
Non-current	**396,804**	293,008	**396,804**	293,008

The main origins of recoverable taxes are highlighted:

(i) ICMS: these are substantially credits from the acquisition of property, plant and equipment and ICMS reimbursement paid in the form of tax substitution of operations with wheat, net of estimated losses for impairment, in the amount of R$ 38,631(R$ 38,631 at December 31, 2020);

(ii) Income Tax (IRPJ) and Social Contribution on Net Income (CSLL), resulting from the annual adjustment of the corporate income tax return, credit from CSLL 1992 - Unappealable decision and IRPJ/CSLL – Complementary Law 160/17 from res judicata decision in proceedings on May, 2021 in the amount of R$ 38,704;

(iii) Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) credits from overpayment, credits on acquisitions of inputs and extemporaneous credits arising from lawsuits or administrative proceedings, especially for the exclusion of ICMS in the PIS/COFINS calculation basis, in the amount of R$ 392,091 (R$ 420,881 at December 31, 2020);

(iv) IRPJ credit from the Workers' Meal Program (PAT);

(v) INSS credit arising from res judicata decision in proceedings, highlighting the case of the ICMS in the calculation base of the social security contribution on sales, in the amount of R$ 18,020 (2013 to 2015);

(vi) Post-claimed PIS and COFINS credits arising from legal proceedings regarding exports eligible for REINTEGRA tax benefits under Decree no. 8,415/15 from 2012 to 2019; and

Social Integration Program (PIS) and Tax for Social Security Financing (COFINS)

The High Court of Justice, in its ruling on Special Appeal no. 1.221.170/PR in February 2017, expanded the concept of inputs for the purpose of recognizing PIS and COFINS credits, then a highly disputed and controversial tax matter. Following this decision, the Company commissioned legal opinions and technical reports to determine the extent to which certain expenses in its value chain are essential and material to the business, especially marketing expenses and the costs of transporting finished products. Relying on those opinions and reports, the Company recognized post-claimed tax credits of R$ 83,049 in 2020 for the previous 5 years. In the period ended September 30, 2021, the Company also recognized tax credits on marketing expenses in the amount of R$ 16,992 related to 2020 and 2021.

In relation to the recognition of tax credits arising from the exclusion of ICMS from the PIS and COFINS tax base, final and unappealable decisions have been issued in nine actions relating to this matter in the period from December 2018 to November 2019, including three brought by M. Dias Branco S.A. Indústria e Comércio de Alimentos and the remainder brought by acquired companies.

In 2019 the Company initiated measurement and recognition of these credits, while noting in the financial statements the difficulties encountered in compiling information, especially for periods prior to 2004, as it had not yet been able to locate the physical documentation needed to fully support those credits due to the absence of appropriate digital systems. The Company is exploring alternative methods of measuring credits for those periods based on a review of tax filings.

The Company also noted that there had been various corporate events (acquisition of the companies Adria, Vitarella, Pelágio, Santa Lúcia and Piraquê) and several meaningful changes to the legislation related to its operations (COTEPE Acts 28/11, 53,11, ICMS Protocols 184/09, 81/10 and 86/10, amongst others), requiring more complex analyses to determine all the amounts.

In this context, the Company preliminarily recognized credits of R$ 174,351 in 2019 based on ICMS amounts paid, this being the amount the Company was able to determine as recoverable at that time based on its best estimates and available supporting documentation. The Company noted in its financial statements for that year that it would continue to identify and recognize credits using the methodology established in the decision on the lead case by the High Court of Justice (STF).

In 2020 the Company recognized R$ 368,833 in credits, restated for inflation at the SELIC rate, due to the process of refinement of the methodology and assessment of additional credits in accordance with the criteria established by the High Court of Justice.

Continuing its efforts to list its credits, in the quarter ended September 30, 2021 the Company recognized R$ 5,156, restated by the Selic rate, of which R$ 1,551 will be transferred to the former partners of the acquired/ merged companies, due to additional documentation found for periods already recognized (R$ 86,413 until June 30, 2021, where R$ 2,016 will be reimbursed to the former partners).

There remain certain periods for which outstanding credits have not been recognized as either the Company was unable to locate the physical supporting documentation to those credits or there were no digital systems suited to do so, especially for periods prior to 2004. However, the Company has continued to explore alternative methods of fully measuring the amounts outstanding.

(All amounts in thousands of Reais, except if stated otherwise)

The periods pending recognition of tax credits are shown below:

Company/ Case no.	Period with outstanding credits
M. Dias Branco S.A Ind. e Com. de Alimentos / 2000.81.00.010313-1	1990 to 1999
NPAP Alimentos S.A./ 2007.83.00.014726-1	2002 and 2012
Moinho Santa Lúcia /2008.81.00.004326-1	2003 to 2007 and 2009
Pelágio Oliveira S.A /0011868-02.2007.4.05.810	2002
Indústria de Produtos Alimentícios Piraquê S.A. / 2006.51.01.019578-6	2001 to 2017

Credits arising out of claims brought by acquired companies for periods prior to the acquisition date will be refunded to their former owners, as these credits are a component of earnout for these acquisitions.

The Company has applied to opt into the tax credit scheme resulting from case no. 0007508-19.2010.4.05.8100 (for the period 2009-2014) and case no. 08037981120174.05.8100 (for the period 2015 to July 2019). These applications have been accepted by the tax authorities and the Company has initiated recognition of the relevant tax credits. It also points out that following the Federal Supreme Court's declaration of unconstitutionality, confirmed by the ruling on the motions for clarification with modulating effect, it continued to recognize these credits and using them in the same time period as they were calculated.

The Company will continue to assess and recognize credits as they are determined to exist for the periods involved.

The tax assets recoverability, recorded in non-current assets, is anticipated as follows:

Maturity	Parent and Consolidated
	09/30/2021
2022	**74,211**
2023	**242,082**
2024	**32,644**
2025	**1,946**
From 2026 on	**45,921**
Total	**396,804**

9. Investments

In the parent company's financial information, the investments in subsidiaries and jointly controlled are valued using the equity method.

Other permanent investments are valued at acquisition cost less any impairment losses, when applicable.

(All amounts in thousands of Reais, except if stated otherwise)

a. Breakdown of balances

Description	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Investments in subsidiaries and jointly controlled entities	**45,942**	48,983	**43,432**	46,401
Advance for capital subscription	**1,999**	1,879	**-**	-
Others	**888**	888	**888**	888
Total	**48,829**	51,750	**44,320**	47,289

b. Changes in investments in direct subsidiaries

Change details	Parent						Consolidated		
	Tergran – Terminal de Grãos de Fortaleza Ltda.	M. Dias Branco Argentina S. A.	M. Dias Branco International Trading LLC	Terminal de Trigo do Rio de Janeiro – Logística S. A	Others	Total	Terminal de Trigo do Rio de Janeiro – Logística S. A.	Others	Total
Balances at December 31, 2019	**4,119**	**1**	**131**	**51,985**	**888**	**57,124**	**51,985**	**888**	**52,873**
Equity income	9	-	-	(5,584)	-	(5,575)	(5,584)	-	(5,584)
Foreign exchange variations	-	-	38	-	-	38	-	-	-
Advance for capital subscription	163	-	-	-	-	163	-	-	-
Balances at December 31, 2020	**4,291**	**1**	**169**	**46,401**	**888**	**51,750**	**46,401**	**888**	**47,289**
Equity income	**(80)**	**-**	**-**	**(2,969)**	**-**	**(3,049)**	**(2,969)**	**-**	**(2,969)**
Foreign exchange variations	**-**	**-**	**8**	**-**	**-**	**8**	**-**	**-**	**-**
Advance for capital subscription	**120**	**-**	**-**	**-**	**-**	**120**	**-**	**-**	**-**
Balances at September 30, 2021	**4,331**	**1**	**177**	**43,432**	**888**	**48,829**	**43,432**	**888**	**44,320**

10. Investment properties

Investment properties are stated at their historical acquisition costs, less accumulated depreciation and impairment, when applicable. Depreciation is calculated on the depreciable amount of an asset using the straight-line method at established rates, and takes account of the estimated useful life of the assets, thus reflecting the expected pattern of consumption of the future economic benefits embodied in the assets.

The weighted depreciation rate expressing the useful life of assets classified as investment property was 4.60% at September 30, 2021 (4.60% at December 31, 2020).

a. Changes in investment properties

Change details	Parent and Consolidated		
	Buildings	Land	Total
Balance at December 31, 2019	**18,260**	**36,965**	**55,225**
Reclassification	(453)	453	-
Depreciation	(612)	-	(612)
Balance at December 31, 2020	**17,195**	**37,418**	**54,613**
Depreciation	**(361)**	**-**	**(361)**
Balance at September 30, 2021	**16,834**	**37,418**	**54,252**

(All amounts in thousands of Reais, except if stated otherwise)

Our investment properties now comprise six properties in Bahia, Ceará, Pernambuco, Piauí and Minas Gerais. As of September 30, 2021, and December 31, 2020, the fair value of these properties is R$ 121,056, based on appraisal reports issued by independent appraisers.

11. Property, plant and equipment

Items of property, plant and equipment are stated at historic purchase or construction cost, less accumulated depreciation and impairment losses, when applicable. Depreciation is calculated on the depreciable values, using the straight-line method at the rates stated which take into consideration the estimated useful lives of the assets, since this method best reflects the standard usage of the future economic benefits of the asset.

The depreciation methods, useful lives and residual values are revised at the end of each financial period, and any adjustments are recognized prospectively.

The weighted depreciation and amortization rates that express the useful lives of property, plant and equipment and the right-of-use assets, respectively, are presented below:

Depreciation rate % (p.a)		
Description	Parent and Consolidated	
	09/30/2021	12/31/2020
Buildings	**1.79**	1.80
Machinery and equipment	**6.14**	6.14
Fixtures and fittings	**9.61**	9.57
Vehicles	**6.79**	6.88
Facilities	**5.40**	5.47
Right-of-use [1]	**13.64**	14.79
Others	**5.26**	4.98

[1] See Note 13.

a) Changes in property, plant and equipment

Parent

Cost	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
Balances at December 31, 2019	**1,345,291**	**2,819,174**	**103,137**	**99,735**	**390,278**	**341,021**	**294,573**	**5,393,209**
Additions	1,308	9,841	2,138	254	475	191,586	3,955	209,557
Recognition of tax credits	(815)	(5,586)	-	-	(210)	-	(2)	(6,613)
Right-of-use [1]	27,306	62,714	-	17,805	-	-	4,866	112,691
Disposals	(1)	(1,989)	(433)	(2,516)	1	-	(231)	(5,169)
Transfers	14,152	112,716	3,572	1	21,252	(155,461)	3,768	-
Reclassification [2]	-	(209)	153	-	(287)	308	5	(30)
Balances at December 31, 2020	**1,387,241**	**2,996,661**	**108,567**	**115,279**	**411,509**	**377,454**	**306,934**	**5,703,645**
Additions	**2,024**	**4,472**	**1,523**	**25**	**276**	**110,662**	**1,262**	**120,244**
Recognition of tax credits	**(2,879)**	**(5,426)**	**-**	**-**	**(2,022)**	**-**	**(56)**	**(10,383)**
Right-of-use	**58,011**	**4,110**	**-**	**28,818**	**-**	**-**	**847**	**91,786**
Disposals	**-**	**(513)**	**(129)**	**(4,785)**	**(15)**	**-**	**(418)**	**(5,860)**
Lease disposals	**(7,894)**	**-**	**-**	**(6,280)**	**-**	**-**	**(2,016)**	**(16,190)**
Transfers	**43,910**	**115,513**	**9,215**	**-**	**37,258**	**(217,864)**	**11,968**	-
Provision for impairment of assets	**-**	**-**	**-**	**-**	**-**	**(762)**	**-**	**(762)**
Reclassification [2]	**1**	**(1)**	**-**	**-**	**1**	**(2,998)**	**(2)**	**(2,999)**
Balances at September 30, 2021	**1,480,414**	**3,114,816**	**119,176**	**133,057**	**447,007**	**266,492**	**318,074**	**5,879,036**

[1] See Note 13; [2] Reclassification of intangible assets to property, plant and equipment R$ 30 in 2020 and R$ 2,961 in the first nine-month period of 2021.

NOTES TO THE FINANCIAL INFORMATION AS OF SEPTEMBER 30, 2021
(All amounts in thousands of Reais, except if stated otherwise)

Depreciation	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
Balances at December 31, 2019	**(253,865)**	**(1,409,723)**	**(67,966)**	**(54,970)**	**(160,975)**	**-**	**(96,520)**	**(2,044,019)**
Depreciation	(22,649)	(151,481)	(6,670)	(2,698)	(20,825)	-	(9,186)	(213,509)
Amortization of the right-of-use [1]	(14,524)	(4,905)	-	(11,903)	-	-	(1,941)	(33,273)
Disposals	1	921	191	2,434	-	-	-	3,547
Transfers	3,084	(3,004)	(166)	(116)	28	-	174	-
Reclassification [2]	-	16	(153)	-	287	-	(2)	148
Balances at December 31, 2020	**(287,953)**	**(1,568,176)**	**(74,764)**	**(67,253)**	**(181,485)**	**-**	**(107,475)**	**(2,287,106)**
Depreciation	**(17,448)**	**(113,834)**	**(4,901)**	**(1,699)**	**(16,161)**	**-**	**(6,564)**	**(160,607)**
Amortization of the right-of-use	**(17,233)**	**(6,918)**	**-**	**(9,433)**	**-**	**-**	**(1,045)**	**(34,629)**
Disposals	**-**	**498**	**124**	**4,149**	**15**	**-**	**412**	**5,198**
Lease disposals	**2,811**	**-**	**-**	**6,280**	**-**		**1,926**	**11,017**
Transfers	**-**	**(37)**	**36**	**-**	**(2)**	**-**	**3**	**-**
Reclassification [2]	**267**	**1**	**84**	**-**	**-**	**-**	**(343)**	**9**
Balances at September 30, 2021	**(319,556)**	**(1,688,466)**	**(79,421)**	**(67,956)**	**(197,633)**	**-**	**(113,086)**	**(2,466,118)**
Net balances								
Balances at December 31, 2020	1,099,288	1,428,485	33,803	48,026	230,024	377,454	199,459	3,416,539
Balances at September 30, 2021	**1,160,858**	**1,426,350**	**39,755**	**65,101**	**249,374**	**266,492**	**204,988**	**3,412,918**

[1] See Note 13; [2] Reclassification of intangible assets to property, plant and equipment of R$ 148 in 2020 and R$ 9 in the first nine-month period of 2021.

At September 30, 2021, the balance of R$ 204,988, recorded in "other", refers mainly to land (R$ 148,627), improvements (R$ 32,459), computers and peripheral equipment (R$ 16,023) and other fixed assets (R$ 7,879).

Consolidated

Cost	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
Balances at December 31, 2019	**1,349,350**	**2,821,915**	**103,213**	**99,735**	**391,037**	**341,021**	**294,816**	**5,401,087**
Additions	1,352	10,143	2,138	254	879	191,586	3,962	210,314
Recognition of tax credits	(815)	(5,586)	-	-	(210)	-	(2)	(6,613)
Right-of-use [1]	27,306	62,714	-	17,805	-	-	4,866	112,691
Disposals	(1)	(1,989)	(433)	(2,516)	1	-	(231)	(5,169)
Transfers	14,152	112,716	3,572	1	21,252	(155,461)	3,768	-
Reclassification [2]	-	(209)	153	-	(287)	308	5	(30)
Balances at December 31, 2020	**1,391,344**	**2,999,704**	**108,643**	**115,279**	**412,672**	**377,454**	**307,184**	**5,712,280**
Additions	**2,026**	**4,536**	**1,523**	**45**	**325**	**110,662**	**1,341**	**120,458**
Recognition of tax credits	**(2,879)**	**(5,426)**	**-**	**-**	**(2,022)**	**-**	**(56)**	**(10,383)**
Right-of-use [1]	**58,011**	**4,110**	**-**	**28,818**	**-**	**-**	**847**	**91,786**
Disposals	**-**	**(513)**	**(129)**	**(4,785)**	**(15)**	**-**	**(418)**	**(5,860)**
Lease disposals	**(7,894)**	**-**	**-**	**(6,280)**	**-**	**-**	**(2,016)**	**(16,190)**
Transfers	**43,910**	**115,513**	**9,215**	**-**	**37,258**	**(217,864)**	**11,968**	**-**
Provision for impairment of assets	**-**	**-**	**-**	**-**	**-**	**(762)**	**-**	**(762)**
Reclassification [2]	**-**	**(2)**	**1**	**-**	**1**	**(2,998)**	**(1)**	**(2,999)**
Balances at September 30, 2021	**1,484,518**	**3,117,922**	**119,253**	**133,077**	**448,219**	**266,492**	**318,849**	**5,888,330**

[1] See Note 13; [2] Reclassification of intangible assets to property, plant and equipment R$ 30 in 2020 and R$ 2,961 in the first nine-month period of 2021.

NOTES TO THE FINANCIAL INFORMATION AS OF SEPTEMBER 30, 2021
(All amounts in thousands of Reais, except if stated otherwise)

Depreciation	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
Balances at December 31, 2019	**(256,458)**	**(1,412,081)**	**(68,016)**	**(54,969)**	**(161,299)**	**-**	**(96,654)**	**(2,049,477)**
Depreciation	(22,843)	(151,491)	(6,674)	(2,699)	(20,901)	-	(9,223)	(213,831)
Amortization of the right-of-use [1]	(14,524)	(4,905)	-	(11,903)	-	-	(1,941)	(33,273)
Disposals	1	921	191	2,434	-	-	-	3,547
Transfers	3,084	(3,004)	(166)	(116)	28	-	174	-
Reclassification [2]	-	16	(153)	-	287	-	(2)	148
Balances at December 31, 2020	**(290,740)**	**(1,570,544)**	**(74,818)**	**(67,253)**	**(181,885)**	**-**	**(107,646)**	**(2,292,886)**
Depreciation	**(17,563)**	**(113,900)**	**(4,904)**	**(1,700)**	**(16,229)**	**-**	**(7,039)**	**(161,335)**
Amortization of the right-of-use [1]	**(17,233)**	**(6,918)**	**-**	**(9,433)**	**-**	**-**	**(1,045)**	**(34,629)**
Disposals	**-**	**498**	**124**	**4,149**	**15**	**-**	**412**	**5,198**
Lease disposals	**2,811**	**-**	**-**	**6,280**	**-**	**-**	**1,926**	**11,017**
Transfers	**-**	**(37)**	**36**	**-**	**(2)**	**-**	**3**	**-**
Reclassification	**267**	**2**	**83**	**1**	**-**	**-**	**(343)**	**9**
Balances at September 30, 2021	**(322,457)**	**(1,690,899)**	**(79,479)**	**(67,956)**	**(198,101)**	**-**	**(113,733)**	**(2,472,625)**
Net balances								
Balances at December 31, 2020	1,100,604	1,429,160	33,825	48,026	230,787	377,454	199,538	3,419,394
Balances at September 30, 2021	**1,162,061**	**1,427,023**	**39,774**	**65,121**	**250,118**	**266,492**	**205,116**	**3,415,705**

[1] See Note 13; [2] Reclassification of intangible assets to property, plant a and equipment of R$ 148 in 2020 and R$ 9 in the first nine-month period of 2021.

At September 30, 2021, the balance of R$ 205,116, recorded in "other", refers mainly to land (R$ 148,627), improvements (R$ 32,459) and computers and peripheral equipment (R$ 16,152) and other fixed assets (R$ 7,878).

Depreciation recognized in the consolidated statement of income for the period ended September 30, 2021 amounted to R$ 191,595 (R$ 174,630 at September 30, 2020).

b) Improvements to leased properties

The Company has lease contracts for port areas where three manufacturing plants are installed, located in the cities of Cabedelo (PB), Fortaleza (CE) and Natal (RN). Improvements are made to the real estate, and the costs are amortized over the shorter of the lease contract period and the useful life of the asset. The balance as of September 30, 2021 totaled R$ 41,372 (R$ 34,948 at December 31, 2020).

A detailed description of assets classified as improvements to third-party property is provided below:

Description	Parent and Consolidated	
	09/30/2021	12/31/2020
Improvements to buildings	**73,857**	73,857
Disposals	**(26)**	-
Accumulated depreciation	**(41,372)**	(38,909)
	32,459	34,948

c) Guarantees

At September 30, 2021, the value of assets securing various operations amounted to R$ 664,997 (R$ 664,005 at December 31, 2020), excluding accumulated depreciation.

(All amounts in thousands of Reais, except if stated otherwise)

d) Impairment testing of assets

The Company's property, plant and equipment are subject to impairment tests to ensure that the carrying amounts do not exceed the recoverable values. Based on an analysis of external and internal information, it was concluded that the assets do not present any indications of impairment, devaluation or physical damage that could affect the Company's future cash flows.

12. Intangible assets

Intangible assets are valued at acquisition cost, less accumulated amortization and impairment losses, when applicable. If the intangible assets are acquired in a business combination, they are stated at fair value on the acquisition date.

The Company's intangible assets comprise:

Description	Parent and Consolidated	
	09/30/2021	12/31/2020
Assets with defined useful life		
Software [1]	**122,647**	82,345
(-) Accumulated amortization	**(61,120)**	(51,165)
	61,527	31,180
Software in progress [2]	**14,725**	37,353
	76,252	68,533
Other Intangible assets		
Non-contractual relationship with customers	**185,921**	185,921
Non-competition agreements	**1,035**	1,035
(-) Accumulated amortization	**(41,191)**	(32,132)
	145,765	154,824
Assets with indefinite useful life		
Brands		
Vitarella	**107,011**	107,011
Pilar	**33,815**	33,815
Estrela, Pelágio and Salsito	**75,559**	75,559
Predilleto and Bonsabor	**11,530**	11,530
Piraquê and Aldente	**318,510**	318,510
Others	**5,630**	5,170
	552,055	551,595
Goodwill		
Adria Alimentos do Brasil Ltda.	**34,037**	34,037
Vitarella	**400,710**	400,710
Pilar	**27,941**	27,941
Pelágio and J. Brandão	**67,661**	67,661
Moinho Santa Lúcia	**42,363**	42,363
Piraquê	**362,316**	362,316
Others [3]	**9,384**	9,384
	944,412	944,412
	1,718,484	1,719,364

[1] This relates principally to the integrated logistics technology R$ 16,660; implementation of Oracle software R$ 6,293; automation of goods invoices R$ 3,281; implementation of the ADP system R$ 3,169; implementation of improvements in the contracts system R$ 1,930; implementation of a credit analysis tool R$ 1,249, and robotization of controllership processes R$ 1,172. [2] The software implementation projects in progress have an estimated time for completion by 2021; [3] Goodwill arising from the net worth of the company Craiova Participações Ltda., incorporated in Adria Alimentos do Brasil Ltda. on August 27, 2002.

(All amounts in thousands of Reais, except if stated otherwise)

Software is amortized over a period of five years, with the exception of the ERP system, which is amortized over ten years, which is the period defined as the estimated useful life of the asset and which reflects the economic benefit of the intangible asset. The non-contractual relationship with customers and non-competition agreements, assets identified in the process of allocating the acquisition price of Piraquê, have a defined useful life of 15.6 years and 5 years, respectively. Assets are amortized using the straight-line method over their estimated useful life.

The goodwill paid for future profitability is not amortized and its recoverable value, at minimum, is tested annually.

a) Changes in intangible assets

Parent and Consolidated

Change details	Software	Brands	Non-contractual customers relationship	Non-competition agreement	Goodwill	Total
Balances at December 31, 2019	**67,250**	**543,847**	**166,214**	**690**	**944,412**	**1,722,413**
Additions [1]	12,156	49	-	-	-	12,205
Reclassification [2]	(118)	-	-	-	-	(118)
Amortizations	(10,558)	-	(11,873)	(207)	-	(22,638)
Disposals	(197)	-	-	-	-	(197)
Reversal of provision for impairment of assets	-	7,699	-	-	-	7,699
Balances at December 31, 2020	**68,533**	**551,595**	**154,341**	**483**	**944,412**	**1,719,364**
Additions [1]	**14,779**	**460**	**-**	**-**	**-**	**15,239**
Reclassification [2]	**2,961**	**-**	**-**	**-**	**-**	**2,961**
Amortizations	**(10,019)**	**-**	**(8,904)**	**(155)**	**-**	**(19,078)**
Reversal of provision for impairment of assets	**(2)**	**-**	**-**	**-**	**-**	**(2)**
Balances at September 30, 2021	**76,252**	**552,055**	**145,437**	**328**	**944,412**	**1,718,484**

(1) This refers primarily to digital desktop (R$ 3,221), HCM - Human Capital Management (R$ 2,552), inbound invoice automation (R$ 1,920), implementation of the Procurement platform (R$ 1,215), and automated concession of credit limits (Trademaster, R$ 572) in 2020. In the first nine-month period of 2021 these refer primarily to the implementation of the Procurement platform (R$ 2,194), the Manufacturing Enterprise System (R$ 2,408), automated inbound invoices (R$ 1,098), implementation of a credit analysis tool (R$ 1,217), implementation of Cervello R$ 1,009; RPA robotization of processes R$ 983; BI Analytics implementation R$ 939 and implementation of Facebook Workplace (R$ 767), among others.
(2) Reclassification of R$ 118 to Property, Plant and Equipment in 2020, and R$ 2,961 in the first nine-month period of 2021.

The Company expensed research and development costs of R$ 9,468 for the period ended September 30, 2021 (R$ 7,868 at September 30, 2020).

b) Impairment testing of goodwill and brands

At December 31, 2020, the Company performed an impairment testing of the carrying values of goodwill and brands registered as intangible assets, based on value-in-use, utilizing the discounted cash flow model.

In this assessment process, the value of the Company obtained from testing the recoverable values of its intangible assets did not result in the need to recognize impairment, because the carrying value of these assets did not exceed their estimated value-in-use.

The Company believes there are no triggers impairment for the period ended September 30, 2021.

(All amounts in thousands of Reais, except if stated otherwise)

13. Leases

The Company recognizes the right of use of the leased asset and the liability for future payments for lease contracts and for contracts of a leasing nature, i.e. those that convey the right to control the use of an identified asset and obtain the benefits for a period of time in exchange for consideration.

The recognized assets and liabilities are initially measured at present value. Lease liabilities are measured at the net present value of the remaining payments, discounted at the incremental rate on loans, grouped by general nature of asset and contractual term. Right-of-use assets are measured at cost according to the value of the initial measurement of the lease liability and amortizated over the lease term by the straight-line method.

The Company maintains assets and liabilities arising from lease agreements for port areas where three plants are installed, as specified in Note 11, letter b, property rental agreements, printers, vehicle rental and during the year of 2020, the Company recognized rights of use for forklifts under an eight-year contract, representing an addition of R$ 62,714. Rights of use were also added in respect of four properties and rented vehicles.

See below the changes in the period ended September 30, 2021 and December 31, 2020:

a) Right-of-use

Parent and Consolidated	Properties	Machinery and equipment	Vehicles	Computers and Peripherals	Total
Balances as of December 31, 2019	**72,668**	**-**	**26,513**	**913**	**100,094**
Additions [1]	27,305	62,714	17,805	4,867	112,691
Amortization	(14,524)	(5,603)	(11,903)	(1,243)	(33,273)
Balances as of December 31, 2020	**85,449**	**57,111**	**32,415**	**4,537**	**179,512**
Additions	58,011	4,110	28,818	847	91,786
Disposals	(5,082)	-	-	(92)	(5,174)
Reclassification	269	-	-	(269)	-
Amortization	(17,233)	(6,919)	(9,433)	(1,044)	(34,629)
Balances as of September 30, 2021	**121,414**	**54,302**	**51,800**	**3,979**	**231,495**

(1) The initial recognition of properties considers the balance of deferred expenses at December 31, 2018 for prepayment of the lease contract in the amount of R$ 2,667.

The average discount rates used in initial measurement, based on quotes provided by financial institutions, the contract expiration dates and the relevant weighted amortization rates expressing the timing of the realization of rights-of-use, are as follows:

Nature of contracts	Average discount rate	Maturity [1]	Amortization rate
			Parent and Consolidated
Port properties	**12.27%**	May/32	**8.02%**
Properties	**7.83%**	May/31	**14.76%**
Machinery and equipment	**6.80%**	Jun/28	**14.24%**
Vehicles	**8.84%**	May/26	**16.03%**
Computers and peripherals	**9.52%**	Jan/25	**20.00%**

(1) Considered the last maturity of the group of contracts.

(All amounts in thousands of Reais, except if stated otherwise)

Lease liability

Change details	Parent and Consolidated
Balances as of December 31, 2019	**101,979**
Additions	88,913
Reclassification	172
Appropriate interest on lease	12,530
Payments	(24,118)
Balances as of September 30, 2020	**179,476**
Current	**36,124**
Non-current	**143,352**
Balances as of December 31, 2020	**194,990**
Additions [1]	**86,166**
Appropriate interest on lease	**14,905**
Payments	**(44,347)**
Balances as of September 30, 2021	**251,714**
Current	**48,361**
Non-current	**203,353**

[1] Recognition of the right-of-use of properties and rented vehicles.

The amounts recorded as non-current liabilities at September 30, 2021 mature as follows:

Maturity	Parent and Consolidated
2022	**10,433**
2023	**42,939**
2024	**39,490**
2025	**30,953**
2026 to 2032	**79,538**
Total	**203,353**

b) Amounts recognized in profit or loss

Change details	Parent and Consolidated	
	09/30/2021	09/30/2020
Amortization of rights-of-use	**34,184**	23,303
Interest on lease liabilities	**14,905**	12,530
Payments not included in the measurement of lease liabilities	**1,651**	1,734

13.1 CVM/SNC/SEP/Official Circular No. 02/2019

In compliance with the Circular issued by the Brazilian Securities Commission (CVM), the Company is presenting comparative balances of lease liabilities, rights-of-use, finance expense and depreciation expense taking account of the effect of projected future inflation on cash flows under the lease contracts, discounted at the nominal rate:

(All amounts in thousands of Reais, except if stated otherwise)

	September 30, 2021												
	Consolidated												
	09/30/2021	12/31/2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Liability													
IFRS 16	251,715	237,032	191,727	143,712	101,566	74,473	48,088	27,690	19,108	11,887	6,023	1,478	-
CVM Official	290,351	279,461	232,012	179,324	131,396	99,473	66,684	39,996	28,386	18,192	9,563	2,452	-
	15.3%	17.9%	21.0%	24.8%	29.4%	33.6%	38.7%	44.4%	48.6%	53.0%	58.8%	65.9%	-
Right-of-use													
IFRS 16	231,495	219,742	173,701	128,294	87,231	60,951	37,947	21,172	14,133	8,456	3,947	852	-
CVM Official	261,918	249,015	197,403	146,476	100,326	70,443	44,191	24,970	16,723	10,039	4,682	1,008	-
	13.1%	13.3%	13.6%	14.2%	15.0%	15.6%	16.5%	17.9%	18.3%	18.7%	18.6%	18.3%	-
Financial expense													
IFRS 16	14,905	4,877	17,260	13,454	9,619	7,099	5,158	3,311	2,163	1,426	886	398	43
CVM Official	17,257	5,975	21,514	17,319	12,901	9,870	7,376	4,849	3,213	2,183	1,397	649	72
	15.8%	22.5%	24.6%	28.7%	34.1%	39.0%	43.0%	46.5%	48.5%	53.1%	57.7%	63.0%	66.2%
Amortization													
IFRS 16	34,184	11,510	46,041	45,407	41,063	26,280	23,004	16,775	7,039	5,677	4,509	3,095	852
CVM Official	38,065	12,903	51,612	50,927	46,151	29,882	26,252	19,222	8,246	6,685	5,356	3,674	1,008
	11.4%	12.1%	12.1%	12.2%	12.4%	13.7%	14.1%	14.6%	17.2%	17.7%	18.8%	18.7%	18.3%

A statement of potentially recoverable PIS/COFINS tax credits embedded in the lease consideration over the relevant payment periods is presented below:

Cash flow	09/30/2021		12/31/2020	
	Par value	Adjusted to present value	Par value	Adjusted to present value
Consideration for the lease	**320,309**	**251,174**	250,383	194,990
Potential PIS/COFINS (9.25%)	**29,629**	**23,234**	23,160	18,037

14. Related-party transactions

Related-party transactions principally originate from transactions between the Company and its subsidiaries, key management professionals and other parties related directly or indirectly to the controlling shareholder. These operations were carried out under market conditions that were satisfactory for the Company's interests, taking into consideration management's analysis of each operation. The Company's controlling shareholder is DIBRA Fundo de Investimentos em Participações.

Presented below is a list of related companies with which the Company carries out transactions:

Related parties	Nature of the transactions
Subsidiaries [1]	
M. Dias Branco International Trading LLC	Purchase of raw materials, but no transactions during the year
M. Dias Branco International Trading Uruguay S. A.	Purchase of raw materials, but no transactions during the year
M. Dias Branco Argentina S. A.	Not operating and in the process of being liquidated
Jointly controlled [1]	
Tergran – Terminal de Grãos de Fortaleza Ltda.	Services related to unloading wheat
Terminal de Trigo do Rio de Janeiro - Logística S.A.	Provision of raw material unloading services and other services.
Companies whose controller is the Company's chairman of the board of directors	
Dias Branco Administração e Participação Ltda.	Property lending agreement
Idibra Participações S. A.	Civil constructions and equipment leasing
Praia Centro Hotel Viagens e Turismo Ltda.	Services related to accommodation for employees and other professionals
Terminal Portuário Cotegipe S. A.	Services related to unloading wheat and other services
Companhia Industrial de Cimento Apodi	Purchase of materials used in civil construction
Companies in which the Company's president or vice president are registered as the partners	
LDB Transporte de Cargas Ltda.	Cargo transport
LDB Logística e Transporte Ltda.	Cargo transport
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	Equipment installation and maintenance services rendered
The Ce Consultoria, Gerência de Riscos e Corretagem de Seguros Ltda.	Advisory or consultancy services
Buhler & Scherler S.A.	Equipment installation and maintenance services rendered
WEF Engenharia e automação Ltda.	Equipment installation and maintenance services rendered
Companies in which the Company's vice presidents are registered as shareholders	
Coemdibra – Cooperativa de Empregados do M. Dias Branco	Sale of industrialized products Purchase of consumer materials

[1] *The percentage equity interest and its chacacteristics are disclosed in Note 4.*

The following companies are related to the controlling shareholder or to the vice president and meet the criteria of CPC 05, and are also considered related parties. However, the Company does not carry out any transactions with them: Apodi Transporte e Locação Ltda., Apodi Distribuição e Logística Ltda., Hotel Praia Mar Ltda., Aquiraz Investimentos Turísticos S. A., CDB Participações Ltda-EPP, Praia do Futuro Empreendimentos Imobiliários Ltda., Equatorial Participações e Negócios S. A., Dias Branco Incorporadora SPE 001 Ltda., Dias Branco Incorporadora SPE 002 Ltda., Dias Branco Incorporadora SPE 003 Ltda, Dias Branco Incorporadora SPE 004 Ltda, Dias Branco Incorporadora SPE 005 Ltda., Dias Branco Incorporadora SPE 006 Ltda., Ponta da Praia Empreendimentos Imobiliários SPE 001 Ltda.; Aquiraz Golf Clubs Administração e Comércio Ltda., Lago das Praias Belas Empreendimentos Imobiliários Ltda, Aveiro Multimercado FD Invest Credito Privado Investimento Exterior, Águas Claras Participações Ltda., Bronze Administração e Participações S/A., Ouro Administração e Participações S/A., Prata Administração e Participações S/A., Platina Administração e Participações S/A., Titânio Administração, Participações S/A, Apodi Concreto Ltda, IDB Condominium Incorporações SPE Ltda, Riviera Lazer S.A. 3L Administração e Participações Ltda., Lavanda Brasil Indústria e Comércio de Cosméticos Ltda., Universo Pet II SCP, and Wef Engenharia e Automação Ltda.

a) Terms of the transactions with the main related parties

Related-party transactions are realized under conditions satisfactory for the Company, and the prices charged vary depending on the type of service provided and the products sold. In general, payments are made upon invoice presentation.

(All amounts in thousands of Reais, except if stated otherwise)

Assets and liabilities with the related parties are presented below:

Description	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Assets				
Current				
Accounts receivable				
Coemdibra – Cooperativa de Empregados M. Dias Branco	**68**	34	**68**	34
LDB Logística e Transporte Ltda.	**-**	9	**-**	9
LDB Transporte de Cargas Ltda.	**119**	1	**119**	1
Praia Centro Hotéis, Viagens e Turismo Ltda.	**1**	-	**1**	-
Idibra Participações S.A.	**-**	1	**-**	1
	188	45	**188**	45
Liabilities				
Current				
Suppliers				
LDB Transporte de Cargas Ltda.	**164**	280	**164**	280
LDB Logística e Transporte Ltda.	**146**	214	**146**	214
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	**25**	82	**25**	82
Idibra Participações S.A.	**-**	1	**-**	1
Coemdibra – Cooperativa de Empregados M. Dias Branco	**10**	3	**10**	3
Tergran – Terminal de Grãos de Fortaleza Ltda.	**28**	21	**-**	-
Buhler & Scherler S.A.	**27**	65	**27**	65
The Ce Consultoria, Gerência de Riscos e Corretagem de Seguros Ltda.	**120**	132	**120**	132
WEF Engenharia e Automação Ltda.	**204**	-	**204**	-
	724	798	**696**	777
Other accounts payable				
Tergran – Terminal de Grãos de Fortaleza Ltda.	**1,188**	1,188	**-**	-
	1,188	1,188	**-**	-
Non-current liabilities				
Accounts payable				
M. Dias Branco Trading LLC	**3**	3	**-**	-
Terminal Portuário Cotegipe S. A.	**1,238**	1,238	**1,238**	1,238
	1,241	1,241	**1,238**	1,238

b) Transactions carried out with related parties are presented below:

Description	Parent		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Sale of products				
Terminal Portuário Cotegipe S.A.	**7**	4	**7**	4
Coemdibra – Cooperativa de Empregados M. Dias Branco	**434**	384	**434**	384
LDB Transporte de Cargas Ltda.	**119**	18	**119**	18
LDB Logística e Transporte Ltda.	**20**	19	**20**	19
Idibra Participações S.A.	**1**	-	**1**	-
Praia Centro Hotéis, Viagens e Turismo Ltda.	**6**	5	**6**	5
	587	430	**587**	430
Sale of fixed assets / others				
Coemdibra – Cooperativa de Empregados do M. Dias Branco	**3**	3	**3**	3
Dias Branco Administração e Participações Ltda.	**-**	13	**-**	13
	3	16	**3**	16

(All amounts in thousands of Reais, except if stated otherwise)

Description	Parent		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Purchase of fixed assets / others				
Coemdibra – Cooperativa de Empregados M. Dias Branco	**74**	118	**74**	118
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	**99**	432	**99**	432
BS Engenharia e Automação S.A.	**27**	-	**27**	-
WEF Engenharia e Automacao Ltda.	**138**	-	**138**	-
	338	550	**338**	550
Hiring of services				
LDB Transporte de Cargas Ltda.	**4,932**	11,478	**4,932**	11,478
LDB Logística e Transporte Ltda.	**1,256**	10,652	**1,256**	10,652
Terminal Portuário Cotegipe S.A.	**5,157**	7,247	**5,157**	7,247
Tergran – Terminal de Grãos de Fortaleza Ltda.	**5,730**	4,176	**-**	-
Praia Centro Hotéis, Viagens e Turismo Ltda.	**1**	359	**1**	359
Idibra Participações S.A.	**2**	1,061	**2**	1,061
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	**153**	1,723	**153**	1,723
Buhler & Scherler S.A.	**203**	-	**203**	-
The Ce Consultoria, Gerência de Riscos e Corretagem de Seguros Ltda.	**1,018**	-	**1,018**	-
WEF Engenharia e Automação Ltda	**279**	-	**279**	-
	18,731	36,696	**13,001**	32,520

Other matters

The Company is the lessee of certain property items owned by Dias Branco Administração e Participações Ltda. and Idibra Participações S.A.

As regards the submission of security for the Company's loan agreements in force, Mrs. Maria Consuelo Saraiva Leão Dias Branco, the Chairperson of the Board of Directors, is the guarantor for some loans. A number of statutory officers also appear as guarantors in some of these loans in conjunction with Mrs. Maria Consuelo. Currently the Company does not provide this type of guarantee.

As at September 30, 2021, the guaranteed balance for consolidated financing was R$ 30,066 (R$ 43,704 at December 31, 2020).

Remuneration paid to key management personnel

Key management personnel are considered to be members of the statutory board of directors and the members of the Company's Board of Directors.

At September 30, 2021, the Company recognized R$ 18,825 (R$ 19,602 at September 30, 2020) in compensation for key management personnel, including salaries, management fees, bonuses, short-term benefits, especially profit-sharing, and long-term benefits for registered employees appointed as statutory officers, as described in Note 25.

The Company's bylaws do not provide for Management to receive profit shares, and no amount has therefore been recorded for profit sharing for the periods ended September 30, 2021 and 2020.

(All amounts in thousands of Reais, except if stated otherwise)

15. Suppliers and "Drawee's Risk" Transactions

Description	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Domestic suppliers	**371,267**	302,001	**371,410**	302,093
Foreign suppliers	**49**	559	**49**	559
Subtotal	**371,316**	302,560	**371,459**	302,652
"Drawee's risk" transactions	**289,920**	59,086	**289,920**	59,086
Total	**661,236**	361,646	**661,379**	361,738

In 2020 the Company initiated "drawee's risk" (risco sacado) transactions with suppliers to allow them to transfer their rights under receivables to a financial institution and receive an advance of those receivables for goods and services purchased by the Company. The decision to opt into these transactions remains exclusively with the supplier.

In these transactions the financial institution agrees to pay in advance to the Company's suppliers in exchange for a discount on the receivables. The supplier transfers its rights in these receivables to the bank. The Company pays the full amount of the original price to the financial institution on the original due date.

These transactions have no effect on the prices, terms or other conditions initially agreed and therefore on the amount, nature or timing of the original liability, and the Company does not incur any financial charges from the financial institution. In addition, no guarantees are provided by the Company. The Company therefore continues to recognize these liabilities as "Trade payables" and the effects from these transactions are recognized under operational activities in the statement of cash flows .

16. Financing and borrowings

Financing and borrowings Company are recognized as financial liabilities carried at amortized cost, and are monetarily restated, when applicable, for the related contractual charges, and any financing subject to foreign exchange variation is restated using the respective selling exchange rate in force on the last business day of the period.

General and specific loan costs that are directly attributed to the acquisition, construction or production of a qualifying asset, i.e. an asset that requires a long time to be concluded for the purpose of use or sale, are capitalized as part of the asset's cost when it is probable that they will result in future economic benefits for the entity and that such costs can be reliably measured. Other loan costs are recorded as an expense in the period they are incurred in.

Financing and borrowings recorded at September 30, 2021 in the amount of R$ 1,848,827 (R$ 1,589,017 at December 31, 2020) are distributed between four categories, as follows: financing and borrowings with financial institutions, financing for taxes, direct financing and debentures.

(All amounts in thousands of Reais, except if stated otherwise)

16.1 Financing and borrowings with financial institutions

Description	Index	Interest (p.a.)	Parent and Consolidated		
			Maturity [1]	09/30/2021	12/31/2020
Domestic currency					
BNDES-FINAME	**TJLP**	**2.17**	**08/15/2024**	**11,192**	14,228
BNDES-PSI [2]	**-**	**3.01**	**01/15/2024**	**50,810**	73,573
BNDES-FINEM	**IPCA**	**8.57**	**08/15/2024**	**28,013**	39,204
BNDES-PROGEREN	**IPCA**	**6.28**	**10/15/2022**	**45,024**	40,176
FINIMP	**CDI**	**-**	**04/01/2021**	**-**	138,070
Working Capital	**CDI**	**0.94**	**11/17/2021**	**200,273**	200,780
				335,312	506,031
Foreign currency					
Financing for imported supplies (FINIMP) and Working Capital (Law 4,131) [3]	**USD**	**1.66**	**12/22/2025**	**546,883**	856,128
Total				**882,195**	1,362,159
Current liabilities				**271,196**	743,764
Non-current liabilities				**610,999**	618,395

[1] Final maturity for the group of contracts; [2] Contracts signed for purchase of fixed assets; [3] FINIMP contracts maturing in April/2021.

The grace period for the contracts signed involving resources from the National Bank for Economic and Social Development (BNDES) is between 12 and 36 months. In most of the contracts, the interest is paid quarterly during the grace period and after this period has lapsed, the payments are made monthly, except in some direct operations with BNDES in which the principal sum and interest are paid annually. Working capital loans have a grace period of 6 months; interest payments are made every six months and the principal is paid on maturity.

See below the changes in loans and financing:

Change details	Parent and Consolidated
Balance at December 31, 2019	**730,188**
Release	907,103
Provision for interest, commission and tax	28,985
Exchange and monetary variation	233,381
Amortizations	(531,820)
Interest payment	(149,603)
Balance at September 30, 2020	**1,218,234**
Balance at December 31, 2020	**1,362,159**
Provision for interest, commission and tax	**24,884**
Exchange and monetary variation	**51,871**
Amortizations	**(480,194)**
Interest payment	**(76,525)**
Balance at September 30, 2021	**882,195**

The amounts recorded in non-current liabilities at September 30, 2021 mature as follows:

Maturity	Parent and Consolidated
2022	**29,391**
2023	**26,185**
2024	**11,483**
2025	**543,940**
Total	**610,999**

(All amounts in thousands of Reais, except if stated otherwise)

Some consolidated financing and borrowings are secured by real estate mortgage, bank guarantee, promissory notes (see Note 14) and chattel mortgages over the assets financed, in the amount of R$ 681,922 (R$1,081,379 at December 31, 2020).

The contracts for external financing and financing through credit facilities from BNDES are subject to covenants, common for these types of operations. Non-compliance with these covenants could result in the early maturity of these operations.

These covenants, amongst other conditions, restrict the Company's autonomy in the case of any alterations to its corporate structure. It is not possible to alter the capital structure or implement the takeover, spin-off or merger of the Company, directly or indirectly transfer or assign its controlling interest, without the prior express consent of the creditor financial institutions. The contracts determine that the Company does not have: (i) legal protests, (ii) pending actions, demands or processes, or any that are in the process of being filed, which, if decided against the Company, would have an adverse effect on its financial position, or which could affect its ability to fulfill the contractual terms; and also require that any transfer or assignment of rights or obligations arising from the contract be approved by the financial institution and by the Government Agency for Machinery and Equipment Financing (FINAME). In addition to the above-mentioned clauses (i) certain ratio percentages should be preserved during the contract's lifetime: Net Indebtedness / Ebitda and Shareholders' Equity / Total Liabilities and (ii) maintaining the workforce presented in the financing release request and the company committing (i) not to use funds secured in financial transactions that could be used in terrorist activities or result in breaches of any applicable anticorruption or antiterrorism legislation as far as it is aware; and (ii) ensure that each of its associated companies, subsidiaries and all individuals acting on its behalf or under the management of the Company or any of its subsidiaries conduct themselves in accordance with the anticorruption legislation applicable in jurisdictions where the company or any of its associated companies or subsidiaries do business. As of September 30, 2021, the Company was in compliance with all covenants in its contracts.

16.2 Tax financing - PROVIN and Fundopem

The Company is the beneficiary of investment subsidies from the government, as explained in Note 21. The financing classified here denotes the non-incentive portion of the taxes and is based on monthly ICMS due.

Financing for taxes related to Provin incentives are updated monthly using the TJLP and may mature every 2 or 3 years. The Fundopem incentive is updated monthly using the IBGE/IPCA and matures in 60 months.

The balances of tax financing amounts at September 30, 2021 totaled the amount of R$ 13,563 (R$ 9,893 at December 31, 2020) and the portion recorded in non-current liabilities mature as follows:

Maturity	Parent and Consolidated
2022	**604**
2023	**4,282**
2024	**2,339**
2025	**2,659**
Total	**9,884**

(All amounts in thousands of Reais, except if stated otherwise)

16.3 Direct financing - Acquisition of Companies

Description	Parent and Consolidated	
	09/30/2021	12/31/2020
Current liabilities		
Shares in Pelágio	**3,054**	2,985
Shares in Pilar	**3,904**	2,108
Shares in Piraquê	**21,602**	23,899
	28,560	28,992
Non-current liabilities		
Shares in Pelágio	**6,969**	5,417
Shares in Moinho Santa Lúcia	**667**	667
Shares in Piraquê	**108,515**	181,889
	116,151	187,973
Total	**144,711**	216,965
Current	**28,560**	28,992
Non-current	**116,151**	187,973

The direct financing is composed of retained portions of the acquisition price to guarantee any contingencies that may arise, at the rate equivalent to 100% of the CDI variation, and for the quota of the contingent price in the acquisition of Piraquê.

The amount of R$ 130,117 related to the acquisition of Piraquê is composed of retained quota of the price which will be settled in 3 installments, maturing in May/2022, May/2023 and December/2023, discounted from the paid contingencies of the seller responsibilities.

In the quarter ending September 30, 2021, the Company settled the sum of R$ 71,496 from the contingent installment of the acquisition price of Piraquê, considering the withdrawal of the court deposit in the action concerning exclusion of the ICMS tax in the PIS/COFINS calculation base for Indústria de Produtos Alimentícios Piraquê S.A., relating to periods prior to its acquisition date, the right to which was attributed to the previous owners.

16.4 Debentures

On January 22, 2021 the Board of Directors approved a 3rd issue of ordinary, nonconvertible, unsecured debentures in two series maturing on March 13, 2028 and March 13, 2031, respectively.

The debentures were issued on March 15, 2021, underlying the issuance of Agribusiness Receivables Certificates (CRAs) totaling R$ 811,644. Interest rates were set for each series in a book building procedure on March 3, 2021. The first and second series of debentures carry six-monthly interest of respectively 3.7992% p.a and 4.1369% p.a on the basis of 252 business days, plus indexation by the IPCA index (correction only together with amortization).

The funds will be used to promote and encourage sustainable agriculture by the Company's suppliers, ensuring the continuous improvement of food and nutritional security of the products offered to consumers. This initiative is part of the strategy to encourage the supply of raw materials in the long term, committing suppliers and the Company to the sustainable development objectives of the United Nations (UN), and reinforces M. Dias Branco's position as a reference in sustainability in Brazil.

As of September 30, 2021, the value of the debentures was represented by an amount of R$ 808,358, net of the unamortized balance of transaction costs totaling R$ 42,640.

(All amounts in thousands of Reais, except if stated otherwise)

Changes in debentures are as follows:

Change details	Parent and Consolidated
Balance at December 31, 2020	-
Debenture issuance	**811,644**
Monetary variance	**38,169**
Remunerative interest	**17,332**
Interest payment	**(16,147)**
(-) Transaction costs	**(42,640)**
Balance at September 30, 2021	**808,358**
Current	**1,462**
Non-current	**806,896**

The transaction costs recorded in liabilities as September 30, 2021 mature as follows:

Maturity	Parent and Consolidated
2021	**1,303**
2022	**5,169**
2023	**5,169**
2024	**5,169**
2025	**5,169**
2026 to 2031	**20,661**
Total	**42,640**

17. Financial instruments and risk management

The Company classifies its non-derivative financial assets in the following categories, depending on the purpose for which they were acquired or contracted: (i) measured at amortized cost and (ii) at fair value through profit or loss. Non-derivative financial liabilities are measured at amortized cost using the effective interest rate method, when applicable.

The Company has swap derivative financial instruments to hedge its exposure to price index and foreign currency variation risk. It also initiated NDF - Non Deliverable Forwards, currency and commodity options and futures contracts, for the sole purpose of hedging the exchange variance risk posed by its consumable acquisitions.

Derivative financial instruments are stated at fair value and are presented as financial assets when the instrument's fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives during the year are recorded directly in profit or loss, except when qualified as cash-flow hedges, in which case they are recognized in equity as other comprehensive income and, upon settlement, accumulated gains and losses are adjusted in the hedged item, affecting profit or loss at the time the hedged item is realized. Any portion of the hedge relationship which is deemed ineffective is transferred/reclassified to finance revenue (expense).

All financial instruments are recognized in the accounting records and are restricted to cash and cash equivalents, short-term investments, trade accounts receivable, other receivables, borrowings, financing, debentures, leases, trade payables, accounts payable and derivative contracts.

These instruments are managed by means of operational strategies, aimed at ensuring liquidity, profitability and security. The control policy consists of permanently accompanying the rates contracted compared to the market rates.

(All amounts in thousands of Reais, except if stated otherwise)

a) Financial instruments by category and disclosure of fair value

Description	Index	Parent				Consolidated			
		Carrying amount 09/30/2021	Fair value 09/30/2021	Carrying amount 12/31/2020	Fair value 12/31/2020	Carrying amount 09/30/2021	Fair value 09/30/2021	Carrying amount 12/31/2020	Fair value 12/31/2020
Financial assets									
Financial assets measured at amortized cost									
Cash and cash equivalentes		**1,863,977**	**1,863,977**	1,212,873	1,212,873	**1,864,441**	**1,864,441**	1,213,007	1,213,007
Trade accounts receivable		**1,148,506**	**1,148,506**	959,907	959,907	**1,148,733**	**1,148,733**	960,058	960,058
Other receivables		**18,774**	**18,774**	31,496	31,496	**19,302**	**19,302**	32,047	32,047
Financial investments		**17,306**	**17,260**	19,719	19,721	**17,306**	**17,260**	19,719	19,721
Financial assets measured at fair value									
Derivative financial instruments		**83,548**	**83,548**	23,794	23,794	**83,548**	**83,548**	23,794	23,794
Swap contracts		**1,532**	**1,532**	16,268	16,268	**1,532**	**1,532**	16,268	16,268
Non Deliverable Forwards (NDFs)		**37,165**	**37,165**	4,340	4,340	**37,165**	**37,165**	4,340	4,340
Option contracts		**17**	**17**	2,602	2,602	**17**	**17**	2,602	2,602
Future contracts		**44,834**	**44,834**	584	584	**44,834**	**44,834**	584	584
Financial liabilities									
Financial liabilities stated at amortized cost									
Trade payables		**661,236**	**661,236**	361,646	361,646	**661,379**	**661,379**	361,738	361,738
Financing with financial institutions		**882,195**	**889,306**	1,362,159	1,347,339	**882,195**	**889,306**	1,362,159	1,347,339
BNDES - Transfer operations	TJLP	**11,192**	**11,192**	14,228	14,228	**11,192**	**11,192**	14,228	14,228
BNDES PSI-Pré	Fixed-rate	**50,810**	**47,025**	73,573	71,374	**50,810**	**47,025**	73,573	71,374
BNDES – FINEM (Capital)	IPCA	**28,013**	**28,657**	39,204	39,966	**28,013**	**28,657**	39,204	39,966
BNDES PROGEREN (Capital)	IPCA	**45,024**	**44,832**	40,176	39,616	**45,024**	**44,832**	40,176	39,616
Financing for imported supplies (FINIMP)	CDI	**-**	**-**	138,070	139,113	**-**	**-**	138,070	139,113
External financing (FINIMP and Working capital)	USD	**546,883**	**557,095**	856,128	842,765	**546,883**	**557,095**	856,128	842,765
Working capital	CDI	**200,273**	**200,505**	200,780	200,277	**200,273**	**200,505**	200,780	200,277
Direct financing	CDI	**144,711**	**144,711**	216,965	216,965	**144,711**	**144,711**	216,965	216,965
Debentures	IPCA	**850,998**	**729,388**	-	-	**850,998**	**729,388**	-	-
(-) Debenture issuance costs		**(42,640)**	**(42,640)**	-	-	**(42,640)**	**(42,640)**	-	-
Leases		**251,714**	**251,714**	194,990	194,990	**251,714**	**251,714**	194,990	194,990
Other accounts payable		**152,483**	**152,483**	160,922	160,922	**151,769**	**151,769**	160,033	160,033
Financial liabilities stated at fair value									
Derivative financial instruments		**13,380**	**13,380**	18,125	18,125	**13,380**	**13,380**	18,125	18,125
Swap contracts		**13,236**	**13,236**	6,393	6,393	**13,236**	**13,236**	6,393	6,393
Non Deliverable Forwards (NDFs)		**144**	**144**	7,789	7,789	**144**	**144**	7,789	7,789
Option contracts		**-**	**-**	3,943	3,943	**-**	**-**	3,943	3,943

b) Measuring fair value

The estimated fair values of the Company's assets and liabilities were determined based on information available in the market and appropriate valuation methodologies. However, considerable judgment was required to interpret the market data to determine the most appropriate estimated realizable values. Consequently, the above estimates do not necessarily indicate the amounts that could be realized in a current active market. The use of different market methodologies could have a material effect on the estimated realizable values.

The Company has swap contracts, Non Deliverable Forwards (NDFs), options and future contracts recorded at fair value, for which the measurement process used is classified as Level 2, as established in CPC 40 (IFRS 7) - Financial Instruments: Disclosure.

c) Criteria, assumptions and limitations used in the calculation of market values

Marketable securities (cash equivalents)

The values of the marketable securities recorded in the interim financial information as cash equivalents approximate their realizable values, considering that the operations are based on floating interest rates and are immediately available for realization.

Short-term investments (amortized cost)

The fair value was determined based on the present value of the principal and future cash flows, discounted by the variation of 100% of future DI determined at the reporting date.

Financing and borrowings

The fair value of working capital financing denominated in TJLP and IPCA was determined by the future cash flows, discounted by the average borrowing rates in the current operations.

The pre-fixed financing were determined based on the present value of the principal sum and future cash flows, discounted at the market interest rate determined at the reporting date of the financial information.

In the case of working capital loans corrected by the CDI, and the working capital corrected by the variation in the USD exchange rate, fair value was determined based on projected future rates discounted to present value on the date of submission of the financial information.

The fair value of the debts in respect of the acquisition of Pilar, Pelágio and Moinho Santa Lúcia and Piraquê, which, according to the contract, are restated by the CDI, was determined considering the same percentage of CDI, in order to reflect market conditions.

The fair value of debenture issuances was determined based on future cash flows discounted using the average rate of current operations.

Derivative contracts

The fair value of derivative financial instruments is determined based on future rates at the reporting dates, with the resulting amount discounted to its present value.

This information is also checked against that provided by the institutions involved.

Leases

A lease liability is initially recognized at the present value of the lease payments that are unpaid, and discounted using the Incremental borrowing rate, and subsequently measured at amortized cost using the effective interest rate method.

The accounts receivable, other receivables, trade payables and short-term accounts payable

It is estimated that the carrying amounts reasonably approximate their fair values, considering the short-term nature of the operations realized.

d) Financial risk management

The Company analyzes its major financial risks, defines risk mitigation actions, and monitors any economic impact on its performance. The Company's approach to these risks is discussed and defined at the Board of Directors' meetings.

During the normal course of business, the Company is exposed to the following financial risks: credit risk, liquidity risk and market risk (including currency, interest rate and commodities price risks). In this context, in order to optimize and hedge the Company's results of operations against the risk of variability in foreign exchange rates and commodities prices, on July 10, 2020 the Board of Directors approved a hedging policy designed to ensure that strategic business goals are met. It outlines guidelines and roles and responsibilities for the process of pricing and monitoring commodities and foreign exchange rates and managing foreign-exchange effects on the Company's operations.

i. Credit risk

Credit risk arises from the possibility of the Company not recovering amounts from sales or credits held with institutions, such as deposits and marketable securities. To minimize this risk, the sales policies adopted by the Company are subordinated to the credit policies determined by Management and seek to minimize any problems arising from customer default. Management achieves this objective through the careful selection of the customer portfolio, which considers the ability to make payments (credit analysis) and the diversity of sales (risk spread). In addition, the Company has credit insurance to protect against defaults by specific customers, which ensures an indemnity of 90% of any net losses on receivables due from these customers. The maximum compensation is R$ 35,000, effective for the period from September 30, 2020 to September 30, 2021. Currently, credit insurance coverage is provided against approximately 153 clients, totaling R$ 271,306 (R$ 231,997 at December 31, 2020). In addition, there is approximately R$ 60,347 (R$ 45,603 at December 31, 2020) in guarantees contracted through mortgages and bank sureties.

Furthermore, the Company recorded estimated losses for doubtful accounts, in the consolidation, in the amount of R$ 49,817 (R$ 76,071 at December 31, 2020) representing 4.16% (7.34% at December 31, 2020) of the balance of trade accounts receivable to cover the credit risk.

With respect to marketable securities, the Company only invests in financial institutions that have been classified by rating agencies as representing a low credit risk. In addition, there is a maximum limit for the investments at each institution.

ii. Liquidity risk

The main sources of financial resources used by the Company are its own funds derived from selling its products - characterized as a strong source for generating cash and low defaults - in addition to the amounts received as State and Federal subsidies for investments (related to the implantation/expansion of manufacturing plants). In addition to these amounts, the Company earns income from investing its available cash.

The Company's funds are required for investments to expand and modernize its production and logistics facilities, to acquire other companies and to amortize its indebtedness, pay taxes, distribute dividends and for other operational expenditure.

The Company does not normally need additional working capital, but giving the ongoing uncertainties in 2021 at the start of the year it decided to issue debentures to underlie the Agribusiness Receivables Certificates (CRA) Operation, with a term of up to 10 years, to acquire consumables from farmers. Therefore, management believes that the Company presents the solid financial and equity conditions required to implement its business plan and to fulfill its short, medium and long term obligations.

Os cronogramas de pagamento das parcelas de longo prazo dos empréstimos e financiamentos são apresentados na Nota Explicativa nº 16.

It should be noted that the Company has limits approved by tier-one banks. However, these approved limits are not used to cover the Company's liquidity shortfall, since they are not suitable for this purpose.

iii. Market risk: Commodities prices

The prices of raw materials and supplies used in the production process are volatile. If there are significant changes in the prices, the Company may not be able to fully pass through these increases to the prices of its products, which could affect its profit margin. Furthermore, the Company's practice is to maintain stocks of wheat (including contracts negotiated for future delivery), its main raw material, which can fluctuate between 2 and 4 months of usage, depending on the time of year and the seasonal nature of the crop. This procedure could result in variations between the average price of inventory and the market value on a specific date.

In addition, the Company monitors the international commodities market, monitoring the factors that have an impact on prices, such as harvest periods, climatic events, and political decisions regarding the economy, among others, with support from specialized consultants and online information systems with the main international commodities exchanges. Based on these factors, the Company evaluates the most opportune moment to purchase these commodities, and may agree purchase contracts for the future delivery of raw materials, with fixed or variable commodity prices, but subject to the risk of commodity and/or exchange variations.

As at September 30, 2021, the Company had contracts for the purchase of wheat and oil for future payment and delivery, for a volume of 318,000 tonnes (290,066 tonnes as at December 31, 2020) with fixed prices.

The Company also has future contracts for palm oil on the Bursa exchange (Malaysia) as outlined in its approved hedging policy. These instruments mature in July 2022 and have a fair value receivable at September 30, 2021 of R$ 44,851.

(All amounts in thousands of Reais, except if stated otherwise)

Description	Hedged item	Index	Amount (in ton)	Fair value receivable (payable)
Future + Put Options	Commodity price	Palm Oil – Bursa stock exchange (Malaysia)	34,025	44,851

These financial instruments have been designated as cash-flow hedges, and their effects are described in item "e" of this note on hedge accounting.

iv. Exchange rate risk

The results reported by the Company are susceptible to significant variations due to the volatility of foreign exchange rates, especially on liabilities tied to foreign currency U.S. dollars and Euro, arising mainly from the import of wheat grain and soya and palm vegetable oils, its main raw materials, in addition to working capital.

As a strategy to prevent and reduce the effects on results of variations in exchange rates, Management seeks to avoid or minimize mismatches between assets and liabilities indexed in foreign currencies, by assessing the contracting of hedge operations, normally swap operations.

On September 30, 2021, the Company accordingly had one contract in force for swap operation related to working capital financing in foreign currency maturing on December 22, 2025, for which the asset position receives, on average, the Dollar plus 1.9475% and the liability position pays, on average, the CDI plus 1.50% p.a. with the (notional) reference value of R$ 510,000 and fair value receivable of R$ 11,013.

Swap contracts	Reference value		Curve value		Fair value	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Asset position						
Foreign currency (USD)	**510,000**	818,738	**546,883**	856,128	**557,095**	877,164
Liability position						
CDI	**510,000**	818,738	**518,909**	827,955	**546,082**	863,142
Result	**-**	-	**27,974**	28,173	**11,013**	14,022

Accordingly, as of September 30, 2021, the Company did not present significant mismatches in the position of assets and liabilities sensitive to exchange variation, as shown below:

Description	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Foreign currency loans/financing (a)	**546,883**	856,128	**546,883**	856,128
Swap contracts (b)	**(546,883)**	(856,128)	**(546,883)**	(856,128)
Foreign-currency assets (b)	-	-	**(7)**	(7)
Surplus (a-b)	**-**	-	**(7)**	(7)

The swap contract with maturity on December 22, 2025 has been designated as cash-flow hedges, and their effects are described in item "e" of this note on hedge accounting.

(All amounts in thousands of Reais, except if stated otherwise)

Description	Hedged item	Reference currency (notional)	Reference value (notional)	Curve value	Fair value receivable (payable)
Swap contract	Currency	Reais	510,000	27,974	11,013

As a strategy to prevent and reduce the effects on results from variance in exchange rates, the Company implemented a hedge accounting policy and began contracting operations based on future cash flow projections compiled from budgetary and interim forecasts, consisting of Non-Deliverable Forwards – NDFs and options contracts.

At September 30, 2021 the Company had 76 forward contracts maturing up to 11/01/2022, with the notional amounts and fair values specified below:

Description	Hedged item	Reference currency (notional)	Reference value (notional)	Fair value receivable (payable)
Forward contract	Currency	Dollar	142,729	37,021

These financial instruments have been designated as cash-flow hedges, and their effects are described in item "e" of this note on hedge accounting.

As described in "Market risk: Commodities prices", the Company signed contracts for the purchase of wheat and oil for future payment and delivery in the estimated amount for wheat of US$ 82,037 and for oil of US$ 23,147, subject to foreign exchange risk (US$ 142,160 as at December 31, 2020).

Sensitivity analysis of the variation in the U.S. dollar for contracts to purchase wheat and oil for future delivery

The sensitivity analysis considered the possibility of three U.S. dollar exchange scenarios and the future results of wheat and oil that would be generated. The probable scenario considered the dollar exchange rate of R$ 5.4394, the same closing rate as of September 30, 2021. The remaining scenarios, possible and remote, consider increases in the dollar exchange rate of 25% (R$ 6.7993) and 50% (R$ 8.1591), respectively.

Description	Exposure (USD)	Risk	Probable scenario	Possible scenario	Remote scenario
Contracts for purchase of wheat	82,037	Rise in USD	-	(102,591)	(205,181)
Contracts for purchase of oil	23,147	Rise in USD	-	(31,477)	(62,954)

v. Inflation Risk

As a result of the debentures issuance in March 2021 with charges based on the Broad Consumer Prices Index (IPCA) and maturing in the long-term (7 years and 10 years), the Company's results are more susceptible to significant rises in inflation.

As a strategy to prevent and reduce the effects of changes in this index, the Company took out swaps, swapping the risk of IPCA variance for CDI interest plus the interest rate, as it believes the risk of changes in the CDI rate is low, and it is used to index its short-term investments.

At September 30, 2021, the Company had 39 swap contracts to protect the debenture issues, all of which mature by March 17, 2031, in which the asset position receives, on average, the IPCA plus 4.02% p.a. and the liability position pays, on average, CDI rate plus 0.47% p.a. The (notional) reference values totaled R$ 616,822 for contracts already in force and the gross fair value payable for all derivative instruments was R$ 13,230 on September 30, 2021.

(All amounts in thousands of Reais, except if stated otherwise)

Swap contracts	Reference value		Curve value		Fair value	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Asset position						
IPCA	**616,822**	-	**637,777**	-	**618,837**	-
Liability position						
CDI	**616,822**	-	**618,419**	-	**632,067**	-
Result	**-**	-	**19,358**	-	**(13,230)**	-

vi. Interest rate risk

The Company is exposed mainly to variations in CDI and TJLP interest rates on its financial investments and borrowings and financings.

Description	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Financial assets				
Financial investments indexed to the CDI	**1,824,347**	1,228,073	**1,824,797**	1,228,199
Financial liabilities				
Foreign currency derivative operations tied to CDI [1]	**(546,883)**	(856,128)	**(546,883)**	(856,128)
Foreign debentures derivative operations tied to CDI [1]	**(618,419)**	-	**(618,419)**	-
Financing indexed to the CDI and TJLP	**(367,099)**	(579,936)	**(367,099)**	(579,936)
Assets – Liabilities	**291,946**	(207,991)	**292,396**	(207,865)

[1] *See item iv - Exchange rate risk and v – Inflation risk.*

Analysis of sensitivity to variations in the CDI

The following table demonstrates the projected gains that would be recognized for the next 12 months, if the Company were to maintain the same position for assets indexed to the CDI, net of liabilities linked to CDI and TJLP, of R$ 292,396.

Description	Risk position	Risk	Probable scenario	Possible scenario	Remote scenario
Net assets	292,396	CDI decrease	-	4,496	8,991

The probable scenario considered the CDI quotation at September 30, 2021 at the level of 6.15% p.a. The other scenarios, possible and remote, considered an increase in this quotation of 25% (7.69% p.a.) and 50% (9.23% p.a.), respectively.

Even in view of the CDI high projection for 2021, the Company management does not see risks due to the Company's current financial position regarding this index.

e) Hedge accounting

The Company has implemented since July 2020 hedge accounting in non-deliverable forward (NDF), options, future transactions and swap, with prospective effects, to the extent that they qualify as a cash-flow hedging relationship. All hedging instruments used for hedge accounting purposes are fully consistent with the Company's risk management objectives and strategy.

(All amounts in thousands of Reais, except if stated otherwise)

At the inception of the hedging relationship, the Company provides a formal designation and documentation of the hedging relationship, including: identification of the hedging instrument, identification of the hedged item, the nature of the hedged risk, the hedging relationship, and an assessment of hedge effectiveness, demonstration of an economic relationship between the hedged item and the hedge instrument, the hedge ratio and how effectiveness will be assessed.

In general, the hedged item is future cash flow from purchases of commodities subject to foreign exchange risk (wheat, oil, sugar and cocoa), based on budgetary projections and interim forecasts. The hedged item (future purchases of imported commodities) is therefore deemed a highly probable transaction and qualifies as a hedged item, since these commodities are essential for the Company's production process. Furthermore, the hedged item is related to foreign-currency loans, in order to hedge the Company's cash flow against the risk of exchange variance in the amortization and payment of interest.
The derivative instruments used to hedge against foreign exchange risk have a direct economic relationship with the hedged item, as they are transactions in the same currencies in which commodities imports and borrowings contracts are denominated.

In determining the hedge ratio, the number of hedge instruments designated as hedge accounting instruments does not exceed the number of items which the Company effectively wishes to hedge based on the hedging strategy approved by the hedging committee, and there is no imbalance between hedging instruments and hedged items. When the Company's hedging relationship no longer satisfies the hedge ratio criterion, but its risk management objective remains the same for that hedging relationship, the Company may "rebalance" the hedge ratio so that it meets the hedging criteria.

In assessing hedge effectiveness, the Company uses the dollar offset method (ratio analysis), which involves comparing the ratio of changes in the fair value of the hedging instrument with the changes in the fair value of the hedged item. This is done prospectively at the inception of the hedge relationship. Subsequent effectiveness testing is conducted at each annual reporting date or upon a significant change in the circumstances affecting the hedge effectiveness requirements, whichever comes first.

The primary sources of hedge ineffectiveness are potential mismatches between instrument maturities and the dates on which purchases occur. However, those mismatches are limited to the month of inception, and will not affect the hedging relationship. The Company therefore believes there are no material sources of hedge ineffectiveness which could affect the hedging relationship.

The effects of formally designated hedging relationships are shown below:

Description	Parent and Consolidated Cash-flow hedge
Gains in derivative instruments	16,323
Adjustment to raw materials costs hedged item	(16,161)
Changes in the fair value of derivative contracts	(11,053)
Reclassification for financial results	(162)
Balances at December 31, 2020	**(11,053)**
Gains in derivative instruments	9,237
Adjustment to raw materials costs hedged item	(14,854)
Changes in the fair value of derivative contracts	71,464
Reclassification for financial results	5,617
Balances at September 30, 2021	**60,411**

(All amounts in thousands of Reais, except if stated otherwise)

A breakdown of the cash-flow hedge reserve balance recorded under other comprehensive income is provided below:

Description	Parent and Consolidated
Cash-flow hedge balance at December 31, 2019	-
Changes in the fair value of derivative contracts	(11,053)
Tax effects on the fair value of the hedging instrument	3,512
Cash-flow hedge balance at December 31, 2020	**(7,541)**
Changes in the fair value of derivative contracts	71,464
Tax effects on the fair value of the hedging instrument	(24,052)
Cash-flow hedge balance at September 30, 2021	**39,871**

f) Capital management

The Company's objectives for managing its capital are to safeguard its future as a going concern, in order to offer a return to its shareholders and benefits to other stakeholders, and to maintain an ideal capital structure to reduce this cost.

The Company monitors its capital by analyzing its financial and indebtedness position, based on a financial leverage index (net debt / total capital), since it understands that this index most adequately reflects its indebtedness and ability to pay. Net debt consists of financing and borrowings, less the balances of cash and cash equivalents and long-term marketable securities and derivative financial instruments.

The indexes for financial leverage at September 30, 2021 and December 31, 2020 were as follows:

Consolidated	09/30/2021	12/31/2020
Debt from financing and borrowings	**1,040,469**	1,589,017
Debentures	**808,358**	-
(-) Cash and cash equivalents	**(1,864,441)**	(1,213,007)
(-) Short-term financial investments	**(17,306)**	(16,413)
(-) Long-term financial investments	**-**	(3,306)
(-) Derivative financial instruments	**(70,168)**	(5,669)
Net debt (net cash) (A)	**(103,088)**	350,622
Shareholders' equity	**6,893,863**	6,645,568
Total capital (B)	**6,790,775**	6,996,190
Financial leverage index (C = A / B x 100)	**-1.52%**	5.01%

The change in the Company's financial leverage ratio is represented by the ratio of net debt to equity. The figure in the period ended September 30, 2021 was negative mainly due to the growth in cash resources .

The amounts recorded in current and non-current liabilities at September 30, 2021 and December 31, 2020 mature as follows:

(All amounts in thousands of Reais, except if stated otherwise)

Consolidated	Less than one year	Between one and three years	Between three and five years	Greater than five years
At September 30, 2021	**1,463,238**	**409,806**	**684,943**	**1,136,272**
Financing and borrowings	304,897	202,075	556,951	784,904
Derivative financial instruments	144	-	13,236	-
Payables and other obligations	1,158,197	207,731	114,756	351,368
At December 31, 2020	**1,634,008**	**518,899**	**648,218**	**283,165**
Financing and borrowings	776,028	293,319	519,670	-
Derivative financial instruments	18,125	-	-	-
Payables and other obligations	839,855	225,580	128,548	283,165

18. Net financial results

Description	Parent		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Financial income				
Income from marketable securities	**42,537**	22,513	**42,540**	22,515
SELIC interest on tax credits [(1)]	**58,797**	39,846	**58,797**	39,846
Restatement of judicial deposits	**3,209**	3,748	**3,209**	3,748
Foreign exchange variations - assets	**94,512**	65,772	**94,512**	65,772
Others	**9,772**	5,724	**9,772**	5,724
	208,827	137,603	**208,830**	137,605
Financial expenses				
Interest on financing	**(22,381)**	(26,368)	**(22,381)**	(26,368)
Interest on debt from equity investments	**(2,881)**	(3,253)	**(2,881)**	(3,253)
Interest on leases	**(14,905)**	(12,531)	**(14,905)**	(12,531)
Interest on promissory notes	**-**	(4,845)	**-**	(4,845)
Interest and monetary variances on debentures	**(55,500)**	-	**(55,500)**	-
Foreign exchange variations - liabilities	**(135,130)**	(287,898)	**(135,130)**	(287,898)
Monetary variances – liabilities	**(5,658)**	(3,133)	**(5,658)**	(3,133)
Gains (losses) from derivative contracts	**48,074**	243,011	**48,074**	243,011
Commission and bank expenses	**(7,000)**	(7,033)	**(7,003)**	(7,034)
Update on contingencies provisions	**(5,939)**	(6,981)	**(5,939)**	(6,981)
Others	**(9,088)**	(4,667)	**(9,090)**	(4,669)
	(210,408)	(113,698)	**(210,413)**	(113,701)
Net financial results	**(1,581)**	23,905	**(1,583)**	23,904

[(1)] *These refer to updates of extemporaneous tax credits, mainly resulting from the final ruling that excludes ICMS from the basis of calculating PIS and Cofins, and the claim regarding income taxes (IRPJ/CSLL).*

Financial income comprises income from marketable securities, monetary restatement of tax credits and judicial deposits, and fair value gains on financial assets stated at fair value through profit or loss. Interest income is recognized in profit or loss, using the effective interest rate method.

Financial expenses comprise interest expenses on borrowings, net of the discounting to present value of provisions, interest on leasing, and fair value losses on financial assets stated at fair value through profit or loss, impairment losses recognized on financial assets, other than losses from credit risks which are recognized as selling expenses and updating of tax, civil and labor contingencies.

(All amounts in thousands of Reais, except if stated otherwise)

Borrowing costs are recognized as expenses when incurred, with the exception of costs capitalized as part of the cost of the asset. Borrowing costs include interest expenses and other borrowing costs incurred.

19. Social security and labor liabilities

The balances comprise the following provisions and charges:

Description	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Labor provisions				
Provision for profit sharing	**44,125**	59,788	**44,125**	59,788
Provision for vacation pay	**64,184**	61,137	**64,188**	61,163
13th salary provision	**34,874**	-	**34,912**	-
Others	**2,746**	3,293	**2,746**	3,293
	145,929	124,218	**145,971**	124,244
Social and labor charges				
INSS	**50,035**	39,328	**50,103**	39,378
FGTS	**12,239**	11,228	**12,249**	11,237
Others	**1,648**	1,709	**1,648**	1,709
	63,922	52,265	**64,000**	52,324
Total	**209,851**	176,483	**209,971**	176,568

20. Tax liabilities

The balances comprise the following tax obligations:

Description	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
PIS/Cofins	**16,662**	774	**16,733**	801
Withholding income tax	**5,660**	15,264	**5,675**	15,290
Income tax and social contribution	**1,778**	1,778	**1,835**	1,778
Other federal tax liabilities	**1,027**	1,372	**1,035**	1,376
ICMS	**75,392**	34,711	**75,392**	34,711
ISS	**1,770**	1,654	**1,772**	1,655
Total	**102,289**	55,553	**102,442**	55,611

21. Government subsidies

Government subsidies received by the Company are for investments, divided between state and federal, and all are monetary subsidies, recorded at their nominal values.

The funds received are for the purpose of replacing the capital invested in the economic enterprises resulting from the investment projects implemented by the Company which qualify for the respective public programs to encourage development. All of the subsidies for investments are onerous (because of certain conditions) and granted for a specific period.

(All amounts in thousands of Reais, except if stated otherwise)

To determine the value of subsidies for investments that should be recorded in profit or loss, the Company adopts the accrual basis, recognizing the subsidies irrespective of when they are realized in financial terms, considering the following factors: (i) the history of complying with the legal and contractual requirements in order to receive these subsidies; and (ii) its ability to guarantee compliance with the requirements necessary to receive the subsidies from the respective public entities.

At the close of the year, the portion of the profit corresponding to the investment subsidies is allocated to constitute the tax incentive reserve, included in shareholders' equity, and is excluded from the dividend calculation base, considering that the nature of the subsidies is the allocation of capital for investment purposes, and has therefore to be reinvested in the Company.

21.1 State tax incentives

The value of the subsidies for investments received from the States is determined based on the ICMS due and charged on the commercial activities realized by the manufacturing plants receiving the incentives. The units are those that have been constructed and implanted according to the terms of the investment projects for new economic enterprises presented to and approved by the respective States, within the ambit of their public policies to foment industrial development.

In the majority of cases, the state government subsidies are calculated based on the ICMS value attributed to the cost of production, and are allocated to profit or loss, in a line in the statement of income immediately below the cost of goods sold. On September 30, 2021 the Company acquired the right to R$ R$ 311,141 (R$ 279,923 on September 30, 2020).

From March 2021 on, the Company became entitled to use FUNDOPEM ("Fundo Operação Empresa do Estado do Rio Grande do Sul"), with the effects backdated to February 2020. This program is a partnership instrument that fosters social and economic development in Rio Grande do Sul state, which consists of partial financing using the incremental monthly ICMS generated on its operation, with a financing percentage of 75%. Under the Industrial Development Harmonization Program of Rio Grande do Sul state, an incentive is awarded that accounts for 42.80% of the financed portion, which may be increased by up to 10% by creating jobs. On September 30, 2021 the Company acquired the right to R$ 5,138 allocated to other operating revenue in the Statement of Profit or Loss for the period (see Note 28).

A detailed description of the state tax incentives is provided below:

State tax incentives / Unit receiving the incentive	Percentage reduction of ICMS	Valid until
DESENVOLVE - State of Bahia: Discount on part of the ICMS payment due on the purchase of wheat grain for the wheat mill.		
Wheat mill and biscuits and pasta factory (Salvador-BA)	81%	Jun 2025
PROVIN - State of Ceará: deferment of part of the ICMS payment due on the purchase of wheat for the wheat mill and the ICMS due on the operations involving special fats and margarines, settled using funds from FDI - Industrial Development Fund for both units		
Wheat mill (Fortaleza-CE)	74.25%	Nov 2024
Wheat mill integrated with the biscuits and pasta factory (Eusébio-CE)	74.25%	Jul 2025
Vegetable fats and margarines industrial factory (Fortaleza-CE)	56.25%	Nov 2024
PROEDI – Rio Grande do Norte: presumed credit on monthly ICMS debit balance		
Wheat mill and pasta factory (Natal-RN)	75% to 79%	Jun 2032

(All amounts in thousands of Reais, except if stated otherwise)

State tax incentives / Unit receiving the incentive	Percentage reduction of ICMS	Valid until
FAIN - State of Paraíba: discount of part of the ICMS on purchases of wheat grain		
Wheat mill and pasta factory (Cabedelo-PB)	81%	Dec 2032
PRODEPE - State of Pernambuco: calculated at the rate of 75% of the ICMS charged on wheat grain consumed in the equivalent of flour, in addition to 5% of the freight due on sales outside of the Northeastern Region, provided that the total value of the subsidy does not exceed the equivalent of 85% of the ICMS on the wheat grain included in the wheat flour consumed.		
Biscuits and pasta factory (Jaboatão dos Guararapes-PE)	75% or 85%	Mar 2024
Special Tax Treatment – Rio de Janeiro (Piraquê Unit) – Reduction of tax so that the tax burden results in a percentage equal to 3% of the value of own production dispatches in internal and interstate operations, by sale and transfer.		
Biscuits and pasta factory (Queimados-RJ)	75% or 85%	Sep 2038
Special taxation arrangement - Paraíba (Bayuex plant) - Tax reduction whereby the tax rate for products subject to ICMS Substitution results in a percentage equal to 5%, and for other products the normal ICMS results in a percentage equal to 4% on the sale.		
Operation with wheat flour products (Bayuex-PB)	50% to 78%	Mar 2024
Special Tax Treatment – Bento Gonçalves (Moinho Isabela plant) – Rebate of ICMS owed by its industrial operation, settled using funds from FUNDOPEM – "Fundo Operação Empresa do Estado do Rio Grande do Sul".		
Wheat mill and pasta and cookies manufacturing facility (Moinho Isabela- RS)	32.10% to 39.60%	Jul 2027

In relation to state of Rio de Janeiro (Piraquê unit), which is stated as being valid to September 2038, based on ICMS Agreement No. 190, dated December 15, 2017, the validity of the relevant tax incentives is limited to December 2032, and therefore the benefit will only be valid until that date.

Treatment of presumed credit as investment subsidies

Based on Complementary Act 160 (August 7, 2017), in 2019 the Company began treating as investment subsidies the tax incentives awarded in the form of presumed/awarded tax credits under the ICMS Regulations of the states of Rio de Janeiro, Paraná, São Paulo and Rio Grande do Sul, on the transactions of industrial and commercial operations involving food products. As of September 30, 2021 the Company was entitled to recognize R$ 67,880 (R$ 71,723 at September 30, 2020) in presumed tax credits.

State Fund for Tax Equalization

ICMS Arrangement 42/2016 was published on May 6, 2016, which authorizes the states and the Federal District to award tax incentives conditional on the deposit of at least 10%, calculated on the value of the respective tax incentives received by taxpayers, into a tax equilibrium fund. This arrangement applies to all taxpayers that have qualified for financial tax incentives and benefits, including those arising from special arrangements.

This arrangement normally requires that at least 10% of awarded incentives be deposited in a tax equilibrium fund. However, certain states, such as Ceará, Pernambuco, Paraíba and Rio Grande do Norte, established rules waiving this deposit when tax revenue during the month increased in comparison with the same period of the previous year, as well as permitting tax payers to only make a deposit to complement the minimum limit when the increase in tax revenue is lower than 10%. In addition, in January 2020 the state of Ceará established a minimum percentage of 7% for the purposes of exemption or supplementary payment. Based on the specific rules of each state during the term of the Funds, the Company could therefore be released from the deposit or make deposits of less than percentage of 10% and 7% of the incentives.

(All amounts in thousands of Reais, except if stated otherwise)

The Company's operations in the states of Bahia, Ceará, Paraíba, Pernambuco, Rio Grande do Norte and Rio de Janeiro are currently subject to this standard and the term of the contribution to this fund has been extended, except in the state of Rio Grande do Norte.

State	Validity		Extension	
	Beginning	End	Beginning	End
Pernambuco	Aug/16	Jul/18	Aug/18	Dec/22
Ceará [1]	Sep/16	Aug/18	Jan/19	Dec/21
Bahia	Sep/16	Dec/18	Jan/19	Dec/22
Paraíba	Oct/16	Mar/19	Apr/19	Mar/24
Rio de Janeiro	Dec/16	Dec/26	-	-

[1] Through Law no. 17,251(2020), the state of Ceará extended the FEEF, previously in force until 08/31/2020.

By way of Law no. 8,645/2019, Rio de Janeiro state replaced the State Fund for Fiscal Balance - FEEF - with the Temporary Budgetary Fund – FOT, effective from March, 2020 on, and will produce effects while the Fiscal Recovery Arrangement – RRF, which began in May 2017. Only after the aforesaid law was regulated by Decree no. 47,057 issued May 04, 2020 did the state began demanding the new funds be paid from the accrual period April, 2020 on. The Fiscal Recovery Arrangement was extended in January 2021 for up to nine financial years, guaranteeing the State continuity of the FOT through December 2026.

Through Decree no. 41,596/2021, the state of Paraíba extended the FEEF to March 30, 2024.

At September 30, 2021, the expenses incurred by the Company related to these obligations amounted to R$ 19,097 (R$ 12,327 at September 30, 2020).

21.2 Federal tax incentive

The Company benefits from federal subsidies received as a result of making investments for the new manufacturing plants located in the area where SUDENE - Northeast Development Agency - operates.

The tax incentive is granted for a period of 10 (ten) years, for the industrial enterprises that provide evidence to SUDENE of having made investments in the Northeast of Brazil, through the installation, modernization, extension or diversification of manufacturing plants in this region, provided that they comply with all of the conditions and requirements determined in the legislation pertinent to the obtaining of the incentive from the Federal Government, within the public policies for the utilization of federal funds to encourage the development of the Northeast of Brazil.

The amount received from the government, over the concession period, consists of an amount equivalent to the results from investing up to 75% of the calculation base legally denominated as exploitation profit. The amount is settled by deducting the benefit from the income tax due, based on the taxable profit calculated.

The federal grant is presented in the Income Statement as a deduction from corporate income tax. As of September 30, 2021 the Company was entitled to recognize R$ 1,976 (R$ 35,640 at September 30, 2020).

(All amounts in thousands of Reais, except if stated otherwise)

The periods for receiving the federal subsidies granted are detailed below:

Manufacturing plants	Percentage reduction of IRPJ (%)	Valid period
Wheat mill, biscuits and pasta factory (Eusébio - CE)	75	Jan 2016 to Dec 2025
Toast factory (Eusébio - CE)	75	Jan 2016 to Dec 2025
Wheat mill (Fortaleza - CE)	75	Jan 2018 to Dec 2027
Special margarines and fats factory (Fortaleza - CE)	75	Jan 2018 to Dec 2027
Wheat mill (Natal - RN)	75	Jan 2018 to Dec 2027
Pasta factory (Natal - RN)	75	Jan 2014 to Dec 2023
Wheat mill and pasta factory (Cabedelo - PB)	75	Jan 2018 to Dec 2027
Biscuits and pasta factory (Salvador - BA)	75	Jan 2016 to Dec 2025
Wheat and ready cake mix mill (Salvador- BA)	75	Jan 2015 to Dec 2024
Biscuits and pasta factory (Jaboatão dos Guararapes - PE)	75	Jan 2018 to Dec 2027
Biscuits, cakes and snacks factory (Maracanaú - CE)	75	Jan 2016 to Dec 2025
Pasta factory (Maracanaú - CE)	75	Jan 2014 to Dec 2023

Company Management fulfilled all of the requirements to obtain these subsidies, particularly in relation to providing supporting evidence for the investments, the creation of jobs, production volumes and did not distribute subsidy funds in the form of dividends either.

Up to date, the Company has not defaulted on any of the conditions which would prevent it from continuing to be entitled to the benefits from the government subsidies awarded.

22. Provisions for civil, labor and tax risks, and contingent assets

The Company is party to judicial and administrative proceedings in courts and government agencies involving tax, civil, labor and other issues arising in the normal course of business.

Periodically, Management evaluates the civil, labor and tax risks, based on legal, economic and tax bases, with the purpose of classifying them as probable, possible or remote chances of defeat. The analysis is done in conjunction with the law firms handling the Company's lawsuits.

There are ongoing disputes in the administrative and judicial courts. At September 30, 2021, 2.07% (7.86% at December 31, 2020) of the total labor and civil processes are being tried at the administrative level and 97.93% (92.14% at December 31, 2020) at the judicial level. In relation to tax proceedings, 55.22% (50.75% at December 31, 2020) of tax processes are being tried at the administrative level and 44.78% (49.25% at December 31, 2020) are being discussed in court.

As regards these processes, provisions were recorded only for the risks rated as probable losses, at amounts considered sufficient to cover estimated losses. However, as a result of the business combination (acquisition of Piraquê), provisions were also recognized for proceedings rated as a possible and remote loss existing at the acquisition date. In these cases, if the losses materialize, the relevant amounts are reimbursed by the former shareholders, and therefore are classified as an indemnifiable contingency.

The provisions for civil, labor and tax risks recorded represent Management's best estimates of the probable losses involved.

(All amounts in thousands of Reais, except if stated otherwise)

There are circumstances in which the Company is questioning the legitimacy of certain liabilities or claims filed against it. As a result of these questionings, because of a judicial order or based on the strategy adopted by management, the amounts in question can be deposited in court, without this being characterized as settlement of the liability.

At September 30, 2021 and at December 31,2020, the Company reported the following provisions and judicial deposits, related to civil, labor and tax risks:

Description	Provision		Judicial deposits			
	Parent and Consolidated		Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Civil and labor	**117,339**	115,983	**78,446**	57,300	**78,451**	57,309
Tax	**100,979**	103,127	**144,120**	206,519	**144,120**	206,518
Total	**218,318**	219,110	**222,566**	263,819	**222,571**	263,827

On September 30, 2021, the judicial deposits for cases rated as a probable loss amounted to R$ 86,516 (R$ 79,774 at December 31, 2020).

a) Changes in the processes during the year

Parent and Consolidated	Civil and labor	Tax	Total
Balances at December 31, 2019	**110,721**	**102,824**	**213,545**
Additions	28,287	1,878	30,165
Restatements/reversals	7,393	1,615	9,008
Write-off/reversals	(30,418)	(3,190)	(33,608)
Balances at December 31, 2020	**115,983**	**103,127**	**219,110**
Additions	**22,981**	**2,379**	**25,360**
Restatements/reversals	**2,268**	**3,672**	**5,940**
Write-off/reversals[1]	**(23,893)**	**(8,199)**	**(32,092)**
Balances at September 30, 2021	**117,339**	**100,979**	**218,318**

[1] Primarily consists of the write-off of the provision against the appeal judicial deposit (R$ 17,767) and reversal of the provision for indemnifiable contingencies (R$ 8,102) against the indemnification asset, as a result of reassessing the risk.

b) Changes in judicial deposits during the year

Parent	Civil and labor	Tax	Total
Balances at December 31, 2019	**52,147**	**205,287**	**257,434**
Additions	38,503	20,339	58,842
Restatements/reversals	401	3,843	4,244
Reclassification	3,201	(3,201)	-
Write-off	(36,952)	(19,749)	(56,701)
Balances at December 31, 2020	**57,300**	**206,519**	**263,819**
Additions	**45,717**	**7,320**	**53,037**
Restatements/reversals	**333**	**2,876**	**3,209**
Reclassification	**15**	**(15)**	**-**
Write-off	**(24,919)**	**(72,579)**	**(97,498)**
Balances at September 30, 2021	**78,446**	**144,120**	**222,566**

(All amounts in thousands of Reais, except if stated otherwise)

Consolidated	Civil and labor	Tax	Total
Balances at December 31, 2019	**52,152**	**205,287**	**257,439**
Additions	38,507	20,339	58,846
Restatements/reversals	401	3,843	4,244
Reclassification	3,201	(3,201)	-
Write-off	(36,952)	(19,750)	(56,702)
Balances at December 31, 2020	**57,309**	**206,518**	**263,827**
Additions	**45,717**	**7,231**	**53,038**
Restatements/reversals	**333**	**2,876**	**3,209**
Reclassification	**15**	**(15)**	**-**
Write-off [1]	**(24,923)**	**(72,579)**	**(97,502)**
Balances at September 30, 2021	**78,451**	**144,120**	**222,571**

[1] It mainly refers to judicial deposit arising from the exclusion of ICMS from the PIS and COFINS tax base of the acquired company Piraquê, transferred to the former partners.

The expected realization timing as of September 30, 2021 is as follows:

Maturity	Parent and Consolidated 09/30/2021
2022	**4,941**
2023	**10,064**
2024	**24,622**
2025	**15,693**
From 2026 on	**45,659**
Total	**100,979**

c) Nature of processes

Civil and labor

The Company is the defendant in approximately 1,104 cases (1,120 at December 31, 2020) involving labor and civil matters, for which the likelihood of loss has been rated as probable, in the amounts of R$ 104,967 and R$ 12,371, respectively (R$ 104,245 and R$ 11,738 at December 31, 2020), and by virtue of the business combination, also for cases rated as possible and remote risks, of R$ 12,609. The labor claims to which the Company is party primarily concern: recognition of employment relationships, overtime and related charges, occupational injury compensation, joint liability, moral and property damages, and other matters. Most civil actions involve problems that are normal and specific to the business, consisting of claims for indemnity due to incorrect referral to the credit protection agencies, actions for rescission of clauses in distribution contracts, actions for compensation for damages, among others.

Tax

At September 30, 2021 and December 31, 2020 , the provision for tax risks comprised the following:

(All amounts in thousands of Reais, except if stated otherwise)

Description	Parent and Consolidated			
	09/30/2021		12/31/2020	
	Contingencies	Judicial deposits	Contingencies	Judicial deposits
IPI – judicial deposit (a)	**6,456**	**6,456**	6,394	6,394
IRPJ – judicial deposit (b)	**32,915**	**32,915**	32,516	32,516
IPTU – judicial deposit (c)	**2,968**	**4,737**	2,895	4,664
ICMS (d)	**18,965**	**-**	18,145	-
Legal fees (e)	**19,770**	**-**	19,456	-
Indemnifiable contingencies (f)	**11,503**	**-**	19,667	-
Others	**8,402**	**2,602**	4,054	2,003
	100,979	**46,710**	103,127	45,577

(a) The Company has filed in 2005 for an injunction against the requirement to pay IPI tax on leased aircraft imported on a temporary basis. The Company made a deposit for the full amount of the tax, and was defeated in the proceedings. The case is currently pending a decision by the 1st Region Federal Court in relation to overpaid tax amount, as the aircraft was in Brazil for less than the time stipulated in the contract.

(b) In 1992, Piraquê filed writs of mandamus against having to add to net profit the portions of amortization, depletion or cost of assets written down for any reason, in order to define the IRPJ calculation base for the monthly base periods ended on 01/31/1992 and 02/28/1992, equal to the monetary restatement difference according to the IPC and Fiscal BTN rates for 1990, pursuant to articles 39 and 41 of decree no. 332/91. Piraquê made the court deposit covering the liability's full amount. This case is still waiting for enforcement of the jurisdiction ratified by the Federal Supreme Court in its generally applicable ruling on Extraordinary Appeal no. 545,796.

(c) In 2014, The Company filed a declaratory action with claim for refund of overpayment, questioning the tax assessment relating to the property tax for 2014, for Grande Moinho Aratu, based on the argument that the increase in such tax did not have any legal grounds. The Company made a judicial deposit for the value of the debt. The process is pending judgment at the lower courts of the State of Bahia Court of Appeal.

(d) Amounts demanded by the State of Ceará related to the alleged recording of a larger ICMS credit deferred by the Fiscal Management Unit for Tax Replacement and Foreign Trade (CESUT) originated from the refund of overpayment of wheat grain operations that occurred between the validity of Protocol 46/00 and the date protocol 50/06 was published.

(e) Refers to legal fees that will be due if there is a positive outcome of the claims. These fees are calculated based on the related amounts involved with risk of loss considered to be possible or remote, and take into consideration the progress of the cases.

(f) Denotes the compensatory tax proceedings of the taken over company Piraquê, due to the sellers' obligation to return or deduct from the retained portion of the price any contingencies that materialize.

Contingent liabilities – probability of loss rated as possible

In addition to the provisions made, the Company has several labor, civil and tax contingencies in progress, in which they are the defendants, and the likelihood of loss, based on the opinions of the internal and external legal advisors, is considered possible. The contingencies amount to approximately R$ 1,218,452 (R$ 1,100,150 at December 31, 2020).

The most significant tax processes involve the following matters: i) Investment grants amounting to R$ 211,185; ii) ICMS credits incorrectly granted, totaling R$ 341,080; iii) Undue ICMS credit - Value Added Margin - ICMS Protocol 46, totaling R$ 35,370 and (iv) IPI rate zero, in the amount of R$ 145,499.

With respect to the tax claims disputing the issue of "investment subsidies", the Brazilian Tax Authorities filed assessments against the Company, demanding payment of IRPJ, CSLL, PIS and Cofins, because of the reduction in calculation bases for these taxes, as the calculations did not include the incentives received from the States.

We point out that the Attorney General of the National Treasury, after partial judgment proceeding from the administrative proceedings no. 10380.009928/2004-18 in the Administrative Council for Tax Appeals - CARF, extinguished part of the tax credit, leaving the judicial dispute remaining.

In addition, the amount payable under case no. 10380.723251/2012-34 in relation to investment subsidies has been excluded by the CARF, with the proceedings now limited to a dispute over IRPJ tax on non-necessary expenses (leased aircraft). The debit demanded as a result of case no.10380-730.014/2014-91 was canceled in its entirety by the Administrative Council for Tax Appeals.

"ICMS credit incorrectly awarded" refers to tax assessments issued based on the argument that the Company was not entitled to the credit granted by the State, since it already benefited from other credits on receiving the products.

We highlight that the administrative ruling on notice of violation no. 4.047.698-4 was not in favor of the company. The discussion at the judiciary level is still underway.

The topic "ICMS-Added Value Margin – ICMS Protocol 46" deals with tax enforcements by the State of Piauí in connection with ICMS tax credits covered by five deficiency notices for an alleged ICMS tax underpayment for the period from May to December 2001 and financial years 2002, 2003, 2004 and 2005 due to non-compliance with Added Value Margin.

The "IPI Zero Rate" disputes refer to tax foreclosures filed because the Company offset credits resulting from the lawsuit. This lawsuit questioned the use of the IPI - Excise Tax credit balance prior to January 1999 on the acquisition of inputs (raw materials, intermediary goods and packaging materials) applied in processing tax-exempt goods or those taxed at a zero rate, against IPI due on other outgoing goods pursuant to Law no. 9,779/99, without the limitations found in IN/SRFB no. 33/99, as this is an effect of the Non-Cascade Principle.

Contingent assets

The Company has filed proceedings they expect to prevail in, according to the opinion of their legal advisers. As the proceedings are not final and unappealable, these potential assets are considered contingent, and for that reason, are not recognized until their materialization is considered to be a foregone conclusion.

Of these proceedings, the most significant is case no. 0014056-09.1987.4.03.6100, brought by Zabet S/A Indústria, a company acquired by M. Dias Branco, which is seeking the exclusion of Value Added Tax on Sales and Services ("ICMS") from the tax base for Social Integration Program Tax ("PIS") and Social Security Tax ("COFINS").

Considering the procedures used to recognize tax credits under *res judicata* decisions regarding the same matters, as described in Note 8, it is likely that the appraisal of the relevant credit amounts will involve a number of variables, including whether supporting documentation is available, interpretation of the rules and regulations applicable in each appraisal period, and other factors with varying levels of complexity.

23. Current and deferred income tax and social contribution

Current and deferred income tax and social contribution are calculated based on rates of 15%, plus a surtax of 10% on taxable profit in excess of R$ 240, for income tax and 9% on taxable profit for social contribution.

The current income tax and social contribution expense is calculated based on tax laws and norms enacted by the reporting date, in accordance with Brazilian taxation regulations.

Management periodically assesses the positions assumed in the tax declarations with respect to situations where the applicable tax legislation is subject to interpretation that could possibly differ and makes provisions, when appropriate, based on amounts it anticipates will have to be paid to the tax authorities.

The deferred income tax and social contribution assets are recorded to reflect the future tax effects attributable to temporary differences between the tax basis of assets and liabilities and their respective net carrying amounts.

In September 2021, the Federal Supreme Court (STF), by means of its decision on Extraordinary Appeal 1063187, with recognized general repercussions, established that "the charging of the IRPJ and CSLL taxes on the sums relating to the Selic base interest rate received as a result of repetition of undue taxation is unconstitutional". The appeal decision on the original decision has not yet been published, so it has not yet been declared final and unappealable. This means that, following its publication, a motion for clarification of the decision could be filed for change the effects of the decision and/or to define the limits of the leading case in the different actions that are under way before the judiciary.

The Company has a judicial proceeding under way to address the matter in a broader context, with effects retroactive to May 2004, claiming not only non-incidence of the effects arising from interest on arrears indexed by the Selic base interest rate arising from restitution/compensation of undue taxation in the federal sphere, but also in the state and municipal spheres, and not being limited solely to the Selic rate, but also to those sums arising from late payments due from those acquiring products (clients), all being profiled as the entry of financial interest on arrears.

As a result of the recent stance taken by the STF on this matter, and considering the information available at the present moment in time, the Company has made a preliminary estimate of the sum of the tax credit on Selic interest from federal taxes. This calculation still requires an extensive revision of the database upon which to base the recognition of the credit. Management will continue to work towards its definitive calculation of these sums, whilst also assessing the limits of its judicial proceeding aimed at full recognition of the credit.

(All amounts in thousands of Reais, except if stated otherwise)

23.1 Reconciliation of the tax and social contribution calculated by applying the combined tax rates

Description	Parent		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Accounting profit before Income tax and social contribution [A]	**288,910**	614,156	**288,967**	614,264
Combined tax rate [B]	**34.0%**	34.0%	**34.0%**	34.0%
[A X B] Income tax and social contribution at the combined tax rate	**(98,230)**	(208,813)	**(98,249)**	(208,850)
Permanent additions [C]	**(15,314)**	(15,611)	**(15,314)**	(15,611)
Non-deductible expenses	**(14,159)**	(14,131)	**(14,159)**	(14,131)
Equity income from subsidiaries	**(1,155)**	(1,480)	**(1,155)**	(1,480)
Permanent exclusions [D]	**176,601**	129,405	**176,564**	129,334
Equity income from subsidiaries	**118**	229	**118**	229
State tax incentives (1)	**130,614**	125,819	**130,614**	125,819
Tax Benefits - Interest on equity	**17,225**	-	**17,225**	-
Other items (2)	**28,644**	3,357	**28,607**	3,286
[A X B+C-D] Income tax and social contribution recorded in profit or loss before exemption	**63,057**	(95,019)	**63,001**	(95,127)
Income exempt from income tax (Government subsidy) [E]	**1,976**	35,640	**1,976**	35,640
Income tax and social contribution recorded in profit or loss after exemption [F]	**65,034**	(59,379)	**64,977**	(59,487)
Current income tax and social contribution	**30,636**	(14,622)	**30,579**	(14,730)
Deferred income tax and social contribution	**34,398**	(44,757)	**34,398**	(44,757)
[F/A] Effective rate	**-**	9.67%	**-**	9.68%

(1) See Note 21, which details state tax incentives.
(2) This includes credits due to the final unappealable court ruling regarding IRPJ/CSLL, in the amount of R$ 29,674 (not restated).

23.2 Breakdown of deferred income tax and social contribution assets and liabilities

Description	Parent and Consolidated	
	09/30/2021	12/31/2020
Deferred tax assets		
Estimated losses for doubtful accounts	**5,880**	10,529
Provision for litigation and lawsuits	**52,395**	51,067
Provision for logistics expenses and contractual costs	**20,098**	22,248
Estimated losses on tax credits	**13,135**	13,134
Provision for legal fees	**15,533**	15,382
Profit sharing provisions and other events	**15,013**	20,735
Provision for impairment losses on assets	**222**	222
Provision for inventory impairment	**2,457**	3,936
Amortization of the balance sheet at fair value	**13,425**	13,780
Tax loss	**78,088**	-
Other provisions	**17,154**	18,185
Total	**233,400**	169,218

(All amounts in thousands of Reais, except if stated otherwise)

Description	Parent and Consolidated	
	09/30/2021	12/31/2020
Deferred tax liabilities		
Differences in depreciation (useful lives and tax rates)	**185,900**	179,505
Tax amortization of goodwill paid for future profitability	**205,748**	196,652
Restatement of judicial deposits	**9,984**	9,498
Gains (losses) on derivative contracts	**33,588**	5,070
Other provisions (reversals)	**14,435**	5,094
Total	**449,655**	395,819
Net deferred tax liabilities	**216,255**	226,601

The Company expects to recover the tax credits arising from the temporary differences within a maximum of ten years, based on the expected realization of the provisions that generated them.

The estimates for recovering the tax credits were based mainly on the expected outcomes for the processes that generated the provisions for contingencies and also the tax legislation criteria for the deductibility of losses on doubtful receivables.

Based on the past realization of liabilities representing tax, labor and civil risks, among others, and allowances for impairment losses, the expected realization of deferred income tax and social contribution in the interim financial information is as follows:

Maturity	Parent and Consolidated
2022	**66,911**
2023	**57,098**
2024	**38,030**
2025	**13,672**
2026 to 2028	**57,689**
Total	**233,400**

24. Shareholders' equity

a) Capital – Parent

On December 31, 2020, the Company's capital was R$ 2,567,941, represented by 339,000,000 common shares.

On March 26, 2021, the members of the Board of Directors approved a capital increase of R$ 29,715, without changing the number of shares, through the capitalization of fiscal incentive reserves for the reduction of income tax, related to the calendar year 2019, increasing the capital to R$ 2,597,656.

At September 30, 2021, the Company had a free float of 82,753,651 common shares, which represented 24.69% (24.69% at December 31, 2020).

Authorized capital comprises 459,200,000 common, nominative shares, with no par value, which can be increased, without altering the bylaws, after a decision by the Board of Directors, through the capitalization of reserves, with or without altering the number of shares.

b) Reserves

Legal reserve

In compliance with article 193 of Act no. 6,404/76, the reserve is recorded at a rate of 5% of net income for the year, less the portion relating to investment subsidies, up to a limit of 20% of the Company's share capital. At September 30, 2021 and at December 31,2020, the Company's legal reserve amounted to R$ 320,874.

Tax incentive reserve

This reserve is constituted annually based on the portion of profit arising from the subsidies for investments received by the Company, as detailed in Note 21. At September 30, 2021, the tax incentive reserves totaled R$ 1,640,914 (R$ 1,670,629 at December 31, 2020).

Reserve for investment plan

This reserve is established in the Company's bylaws, and is constituted based on the remaining profit, i.e. profit for the year, net of the tax incentive reserve, the legal reserve and proposed dividends, except if decided otherwise at the General Shareholders Meeting. The purpose of this reserve is to bolster the Company's working capital and to reinvest funds generated internally. This reserve can, after a decision by the Board of Directors, be capitalized, used to absorb losses or distributed as dividends to shareholders. At September 30, 2021, the investment plan reserve totaled R$ 2,009,064 (R$ 2,009,917 at December 31, 2020).This reserve is limited to 95% of Capital.

According to the Company's bylaws, the balance of revenue reserves, with the exception of the tax incentive reserve, cannot exceed capital. If it exceeds this limit, the General Meeting of Shareholders will determine how the excess amount should be used, either for a capital increase or a dividend distribution.

Special reserve – Law no. 8,200/1991

Prior to 1995, the Company recorded special monetary restatement on permanent assets, in accordance with article 2 of Law no. 8,200/1991. At September 30, 2021 and December 31, 2020, the special reserve amounted to R$ 16,529.

Treasury shares

At the Board of Directors' meeting held August 06, 2021 the Company approved the share buyback plan in order to meet the long-term incentive program with restricted shares, as detailed in Note 25, and to maximize the creation of value for shareholders, in the maximum amount of 6,289,075 common shares. The share buyback operations will be supported by the overall capital and profit reserves available, except the legal reserve, unrealized profits reserve, special undistributed dividend reserve and the tax incentives reserve, as applicable.

The share buyback operations could be settled within a maximum of 18 (eighteen) months, terminating February 09, 2023.

During 2021, 101,115 shares were delivered according to the share-based remuneration plan, as highlighted in Note 25.

On September 30, 2021 the Company had acquired Treasury stock of 1,346,581 shares at an average price of R$ 36.19 per share, for the minimum and maximum prices of R$ 26.44 and R$ 42.13 respectively, amounting to a total of R$ 48,738.

c) Shareholders' Remuneration

The Company's bylaws provide for the distribution of a minimum dividend of 25% of the net profit for the year, adjusted in accordance with art. 202 of Law no. 6,404/1976, and also permits payments to shareholders, in the form of interest on own capital, within the limits provided by Law. The amount calculated for interest on own capital should always be considered as part of the compulsory dividend.

The Board of Directors meeting held on December 18, 2020 approved a credit in the amount of R$ 154,544, for the shareholders, as interest on own capital. The credit was made on December 31, 2020, based on the shareholding positions at the close of trading at B3 on December 23, 2020. Following the decision of the Ordinary General Meeting of the Shareholders on April 30, 2021, the shareholders were paid on May 03, 2021.

During the same meeting, the Company approved a new dividend policy, effective from January 1, 2021, establishing a target dividend of 60% of adjusted net income for the relevant financial year, paid in 5 installments in the year, including 4 quarterly installments of a fixed amount of R$ 0.05 (five cents) per share and an annual payment of the residual amount following approval by the General Meeting of the interim financial information for the period. The Board of Directors may extraordinarily approve payments of less than the target dividend depending on macroeconomic conditions, the Company's financial position, and the conditions of the markets in which the Company operates. The new compensation policy was approved at the same Ordinary General Meeting.

In the period ended September 30, 2021, the Company distributed R$ 50,661 as interest on equity.

d) Equity valuation adjustment

This item is used to recognize the effects of positive and negative changes in gains/losses on cash-flow hedges (see Note 17).

e) Accumulated conversion adjustments

The accumulated conversion adjustments refer to exchange variations on foreign investments.

25. Share-based remuneration plan

The Company has share-based remuneration plan with the aim of permitting eligible participants to acquire shares in order to: (a) create a sense of ownership, fostering the feeling of being an "owner of the business", thereby intensifying and strengthening the bond between the Company and its executives; (b) foster the attainment of high levels of sustainable performance in the short and long term; (c) nurture the development of strategic leadership; (d) make possible the existence of a "win-win" rewards model based on the return created for shareholders; and € ensure the competitiveness of the total compensation package and the retention of key strategic leaders.

This is a long-term incentive policy granting restricted shares; the first plan was approved on April 13, 2017. The program was initially limited to non-statutory directors but has since been modified to include statutory directors hired under the Consolidated Labor Regulations as from 2019, under a resolution passed by the Extraordinary General Meeting held on December 27, 2019. The second plan was approved on April 30, 2021, and again up to 20% of management-level executives are eligible.

(All amounts in thousands of Reais, except if stated otherwise)

The shares are awarded annually, for a 4-year plan term, vested annually in May, documented in an accession to the plan between the Company and the beneficiaries.

Stock granted in the first plan was limited to 0.25% of the total number of Company shares during the effective period (May 2017 to April 2021). The new plan, approved in April 2021, is limited to 1.0% of the total number of Company shares during the effective period (May 2021 to April 2025).

For each annual concession there will be a three-year grace period and at the end of the vesting period, the shares will be transferred to the executive if performance criteria have been met. Under this model, no financial disbursements are required by the executive.

In May 2017, the first plan accessions were signed under which 132,535 restricted shares were distributed among 17 executives, who acquired ownership rights in April 2020.

In May 2018, new terms of adherence to the plan were signed, in which 154,836 restricted shares were distributed among 18 executives, with the right to ownership of the shares in April 2021.

In May 2019, new plan accessions were signed under which 170,872 restricted shares were distributed among 17 executives, who will acquire ownership rights in April 2022. On December 27, 2019, six executives hired in 2019 joined the plan and were awarded 59,883 restricted shares.

In May 2020 new plan accessions were signed under which 355,433 restricted shares were distributed among 23 executives, who will acquire ownership rights in April/2023. On this date an amount equal to 117,071 restricted shares awarded at the end of 2017 were transferred, after meeting the performance criteria.

In May 2021, as part of the second long-term incentives program, 518,687 restricted shares were distributed to 61 executives who signed the term of adherence to the plan. These shares vest in April 2024. On this same date, the 93,831 restricted shares granted in 2018 were transferred, after the performance criteria had been met.

The changes in the number of restricted shares are presented below:

Description	Number of restricted shares
Balance at December 31, 2019	**453,645**
Granted shares	355,433
Transferred shares	(148,014)
Awards canceled	(84,172)
Balance at December 31, 2020	**576,892**
Granted shares	518,687
Transferred shares	(139,479)
Awards canceled	(88,622)
Balance at September 30, 2021	**867,478**

The restricted shares are measured at fair value at the concession date and are recognized as expenses over the period in which the right is vested and charged to shareholders' equity, as granted shares.

The expense denoting the fair value of the restricted shares, recognized in the period ended September 30, 2021 in accordance with the term lapsed for acquiring the right to the restricted shares was R$ 7,061 (R$ 4,717 at September 30, 2020).

(All amounts in thousands of Reais, except if stated otherwise)

26. Net revenue

Description	Parent and Consolidated	
	09/30/2021	09/30/2020
Gross revenue	**6,821,666**	6,743,968
Domestic market	**6,659,594**	6,569,248
Foreign market	**162,072**	174,720
Deductions	**(1,172,154)**	(1,193,126)
Returns, discounts and cancellations	**(415,291)**	(417,995)
Taxes on sales	**(756,863)**	(775,131)
Net revenue	**5,649,512**	5,550,842

The net revenue by product line of the Company and its subsidiaries as of September, 2021 and 2020 is as follows:

Description	Parent and Consolidated	
	09/30/2021	09/30/2020
Cookies and crackers	**2,845,767**	2,857,187
Pasta	**1,233,834**	1,300,717
Wheat flour and bran	**1,069,955**	994,410
Margarine and vegetable shortening	**382,789**	288,495
Other products [1]	**117,167**	110,033
Net revenue	**5,649,512**	5,550,842

[1] Refers to the other product lines: cakes, snacks, cake mix, juice powder and packaged toast.

27. Results by nature

The Company opted to present the statement of income by function. The composition of the cost of goods sold and significant expenses by nature are presented below:

Description	Parent		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Cost of goods sold				
Raw materials	**(2,962,907)**	(2,660,278)	**(2,962,790)**	(2,659,902)
- Wheat	**(1,878,403)**	(1,811,041)	**(1,878,286)**	(1,810,665)
- Oil	**(634,042)**	(417,979)	**(634,042)**	(417,979)
- Sugar	**(155,138)**	(138,039)	**(155,138)**	(138,039)
- Sourced flour	**(5,507)**	(14,011)	**(5,507)**	(14,011)
- Sourced vegetable shortening	**(1,269)**	(2,889)	**(1,269)**	(2,889)
- Others	**(288,548)**	(276,319)	**(288,548)**	(276,319)
Packaging	**(376,542)**	(362,674)	**(376,542)**	(362,674)
Labor	**(478,057)**	(467,133)	**(478,057)**	(467,133)
General factory costs [1]	**(372,291)**	(334,483)	**(372,291)**	(334,483)
Depreciation and amortization	**(135,697)**	(130,746)	**(135,697)**	(130,746)
Cost of goods resold	**-**	(41)	**-**	(41)
Total	**(4,325,494)**	(3,955,355)	**(4,325,377)**	(3,954,979)
Selling expenses				
Marketing and sales	**(389,853)**	(426,286)	**(389,853)**	(426,286)
Salaries and employee benefits	**(335,387)**	(363,571)	**(335,387)**	(363,571)
Freight	**(312,780)**	(349,102)	**(312,780)**	(349,102)
Depreciation and amortization	**(45,376)**	(32,706)	**(45,376)**	(32,706)
Total	**(1,083,396)**	(1,171,665)	**(1,083,396)**	(1,171,665)

(All amounts in thousands of Reais, except if stated otherwise)

Description	Parent		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Administrative and general expenses				
Salaries and employee benefits	**(121,064)**	(117,165)	**(121,188)**	(117,277)
Services with third parties	**(38,222)**	(49,069)	**(38,356)**	(49,229)
Technology expenses	**(12,518)**	(14,513)	**(12,542)**	(14,528)
Others administrative expenses	**(11,193)**	(12,424)	**(11,382)**	(12,623)
Donations	**(23,060)**	(13,687)	**(23,062)**	(13,687)
Depreciation and amortization	**(26,485)**	(25,335)	**(26,485)**	(25,335)
Total	**(232,542)**	(232,193)	**(233,015)**	(232,679)
Other income (expenses) net (2)				
Tax expenses	**(25,968)**	(19,326)	**(26,002)**	(19,359)
Depreciation and amortization	**(3,115)**	(2,956)	**(3,115)**	(2,956)
Other income (expenses)	**3,402**	126,660	**3,771**	127,159
Total	**(25,681)**	104,378	**(25,346)**	104,844

(1) Refers to the powerhouse, maintenance and other costs; (2) See Note 28.

At September 30, 2021, the Company experienced an increase in the cost of raw materials in relation to the same period the previous year, given the rising cost of core commodities, both in US dollar and due to the devaluation of the Brazilian Real, with increases of 31.0%, 66.5% and 30.29% in the average cost of wheat, oil and sugar, respectively.

28. Other operational income (expenses), net

See below the other operational (income) expenses:

Description	Parent		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Other operating income				
Revenue from sale of damages, sweeps, scraps and inputs	**26,406**	7,056	**26,406**	7,056
Sale of property, plant and equipment	**2,287**	1,348	**2,287**	1,348
Subsidies for investments - FUNDOPEM	**5,138**	-	**5,138**	-
Expense recovery	**20,214**	6,149	**20,592**	6,605
Extemporaneous credit – PIS/Cofins (1)	**52,705**	176,263	**52,705**	176,263
Extemporaneous credit – ICMS	**4,620**	18,228	**4,620**	18,228
Extemporaneous credit – INSS on revenues	**11,597**	-	**11,597**	-
Extemporaneous credit - Refunds of debts	**2,608**	58	**2,608**	58
Claim merchandise refund	**1,374**	348	**1,374**	348
Revenue from sale of electricity	**2,134**	46	**2,134**	46
Reversal of provision for impairment of assets	**-**	7,699	**-**	7,699
Others	**16,007**	9,488	**16,007**	9,489
	145,090	226,683	**145,468**	227,140
Other operating expenses				
Provisions for civil, labor and tax contingencies and success fees	**(27,764)**	(28,297)	**(27,764)**	(28,297)
Cost of sale of property, plant and equipment	**(699)**	(1,609)	**(699)**	(1,609)
Inmetro tax	**(1,712)**	(1,008)	**(1,712)**	(1,008)
Provisions (reversals) estimated or realized in inventories	**(26,032)**	(12,532)	**(26,032)**	(12,532)
State fund for tax equalization	**(19,097)**	(12,846)	**(19,097)**	(12,846)
Cost to sell damages, sweeps, scraps and inputs	**(34,700)**	(29,478)	**(34,700)**	(29,478)

NOTES TO THE FINANCIAL INFORMATION AS OF SEPTEMBER 30, 2021
(All amounts in thousands of Reais, except if stated otherwise)

Description	Parent		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Restructuring expenses	**(10,585)**	(5,088)	**(10,585)**	(5,088)
Provisions for recoverable taxes losses	**-**	(779)	**-**	(779)
Cost to sell electricity	**(1,783)**	(73)	**(1,783)**	(73)
Tax assessment	**(25,968)**	(19,326)	**(26,002)**	(19,359)
Depreciation and amortization expenses	**(3,115)**	(2,956)	**(3,115)**	(2,956)
Provision for impairment of assets	**(764)**	-	**(764)**	-
Extemporaneous debit - ICMS	**(5,625)**	-	**(5,625)**	-
Others	**(12,927)**	(8,313)	**(12,936)**	(8,271)
	(170,771)	(122,305)	**(170,814)**	(122,296)
Total	**(25,681)**	104,378	**(25,346)**	104,844

[1] See note 8.

29. Earnings per share

Basic earnings per share are calculated based on net income attributable to shareholders and the proportional weighted average number of shares outstanding in the period.

Diluted earnings per share from stock options are calculated based on net income attributable to shareholders and the adjusted weighted average number of shares that would have been outstanding assuming the conversion of all dilutive potential shares, as follows:

Description	Parent and Consolidated	
	09/30/2021	09/30/2020
Net profit for the period	**353,944**	554,777
Weighted average number of common shares (a)	**339,000**	339,000
Basic earnings per share (R$)	**1.04408**	1.63651
Adjustments for restricted shares (b)	**742**	560
Treasury shares (c)	**(1,347)**	(998)
Weighted average shares (thousand) (a + b + c)	**338,396**	338,562
Diluted earnings per share (R$)	**1.04595**	1.63863

30. Subsequent events

On November 3, 2021, the Company informed the market that it had completed the acquisition of one hundred percent (100%) of the shares of LATINEX IMPORTAÇÃO E EXPORTAÇÃO DE ALIMENTOS S.A. for the initial price of up to R$ 180 million, and may reach a total amount of up to R$ 272 million, if certain performance targets provided for in the acquisition agreement are met.

With the closing, M. Dias Branco reaffirms its commitment to creating long-term value for its shareholders, as this acquisition reinforces the Company's presence in healthy food and snacks, in addition to entering the seasoning, sauces, and condiments segments, which reflects M. Dias Branco's commercial strategy of profitable growth, including in its portfolio products with high growth potential and added value.

Although the Transaction does not consist of a relevant investment for the purposes of art. 256, item I, of Law 6,404/76, according to the preliminary calculations performed by the management, the Transaction must be submitted for ratification by the general meeting of shareholders, pursuant to item II of art. 256 of Law 6,404/76, and will give rise to the right of withdrawal pursuant to paragraph 2 of art. 256 of the same law.

(All amounts in thousands of Reais, except if stated otherwise)

31. Insurance coverage

The Company adopts the policy of contracting insurance coverage for the main items subject to risks, at amounts considered sufficient to cover possible claims. The assets covered by insurance are determined based on an analysis of the nature of the activity involved, the efficiency of the protection and security measures adopted for the construction and operation of the Company's plants and facilities, the logistical distribution of its industrial plants and distribution centers, as well as the relationship between potential damage from a possible accident and the insurance cost.

As part of its policy for managing risks and permanently evaluating the sufficiency of the existing insurance, the Company has a policy of contracting services to analyze the operational risks to which it is subject, in order to verify the quality of the assumptions adopted in determining which assets to insure and the sufficiency of the amounts insured by the insurance policies contracted.

The Company maintains insurance policies for buildings, products, raw materials, products in process, packing materials, machinery, tools, furniture, fixtures and facilities. The policies in force contain the following coverage:

Description	Indemnity ceiling	Period of policy
Fire (including due to disturbances), lightning at the location and explosion of any nature	300,000	12/04/2020 to 12/04/2021
Crashes of airplanes or any aircraft	300,000	12/04/2020 to 12/04/2021
Storms, hurricane, cyclone, tornado, hailstorm, impact of land vehicles and smoke damage	20,000	12/04/2020 to 12/04/2021
Collapse (landslides)	10,000	12/04/2020 to 12/04/2021
Riots, strikes and lock-out	5,000	12/04/2020 to 12/04/2021
Machinery breakdown	4,500	12/04/2020 to 12/04/2021
Sprinkler spillage or leakage and hydrants network	2,000	12/04/2020 to 12/04/2021
Own fermentation and spontaneous combustion	2,000	12/04/2020 to 12/04/2021

Francisco Ivens de Sá Dias Branco Júnior
President and Industrial Vice-President - Biscuits, Pasta and Margarines

Maria das Graças Dias Branco da Escóssia
Vice-President - Finance

Maria Regina Saraiva Leão Dias Branco
Vice-President - Administration and Development

Francisco Cláudio Saraiva Leão Dias Branco
Industrial Vice-President - Milling

Gustavo Lopes Theodozio
Vice-President - Investments and Controllership

Rômulo Ruberti Calmon Dantas
Vice-President - Sales

Magali Carvalho Façanha
Accountant CRC - CE 12410/O-6

Other Information Deemed as Relevant by the Company

Share Ownership

Our capital stock on September 30, 2021 is R$ 2,597.7 million, fully subscribed, paid-up and divided into 339,000,000 shares, all non-par, common, registered, book-entry shares.

The table below shows the number of shares directly or indirectly held on this date by the Controlling Shareholder and members of our Board of Directors and Board of Executive Officers:

CONSOLIDATED SHAREHOLDING OF CONTROLLING SHAREHOLDERS, MANAGERS AND OUTSTANDING SHARES Shareholding on 09/30/2020				
Shareholder	**Number of Common Shares (In units)**	**%**	**Total Number of Shares (In units)**	**%**
Controlling Shareholder	**214,650,000**	**63.32**	**214,650,000**	**63.32**
Managers	**39,650,526**	**11.70**	**39,650,526**	**11.70**
Board of Directors	13,915,014	4.10	13,915,014	4.10
Board of Executive Officers	25,735,512	7.59	25,735,512	7.59
Treasury Shares	**997,696**	**0.29**	**997,696**	**0.29**
Other Shareholders	**83,701,778**	**24.69**	**83,701,778**	**24.69**
Total	**339,000,000**	**100.00**	**339,000,000**	**100.00**
Outstanding Shares	**83,701,778**	**24.69**	**83,701,778**	**24.69**

CONSOLIDATED SHAREHOLDING OF CONTROLLING SHAREHOLDERS, MANAGERS AND OUTSTANDING SHARES Shareholding on 09/30/2021				
Shareholder	**Number of Common Shares (In units)**	**%**	**Total Number of Shares (In units)**	**%**
Controlling Shareholder	**214,650,000**	**63.32**	**214,650,000**	**63.32**
Managers	**40,249,768**	**11.87**	**40,249,768**	**11.87**
Board of Directors	14,187,637	4.19	14,187,637	4.19
Board of Executive Officers	26,062,131	7.69	26,062,131	7.69
Treasury Shares	**1,346,581**	**0.40**	**1,346,581**	**0.40**
Other Shareholders	**82,753,651**	**24.41**	**82,753,651**	**24.41**
Total	**339,000,000**	**100.00**	**339,000,000**	**100.00**
Outstanding Shares	**82,753,651**	**24.41**	**82,753,651**	**24.41**

Note: There are no Members of the Board of Directors and Board of Executive Officers holding more than 5% of the shares.

In accordance with Article 20 of our social status, the Fiscal Council has not found permanent and is installed on September 30, 2021 and 2020.

Other Information Deemed as Relevant by the Company

SHAREHOLDING OF THOSE HOLDING MORE THAN 5% OF THE SHARES OF EACH TYPE AND CLASS OF THE COMPANY'S CAPITAL STOCK				
Company: M DIAS BRANCO S.A IND E COM DE ALIMENTOS Shareholding on 09/30/2020 (In units of shares)				
Shareholder	**Common Shares**		**Total**	
	Number	**%**	**Number**	**%**
DIBRA Fundo de Investimentos em Ações	214,650,000	63.32	214,650,000	63.32
Board of Directors and Executive Officers	39,650,526	11.70	39,650,526	11.70
Treasury Shares	997,696	0.29	997,696	0.29
Other Shareholders	83,701,778	24.69	83,701,778	24.69
Total	**339,000,000**	**100.00**	**339,000,000**	**100.00**

SHAREHOLDING OF THOSE HOLDING MORE THAN 5% OF THE SHARES OF EACH TYPE AND CLASS OF THE COMPANY'S CAPITAL STOCK				
Company: M DIAS BRANCO S.A IND E COM DE ALIMENTOS Shareholding on 09/30/2021 (In units of shares)				
Shareholder	**Common Shares**		**Total**	
	Number	**%**	**Number**	**%**
DIBRA Fundo de Investimentos em Ações	214,650,000	63.32	214,650,000	63.32
Board of Directors and Executive Officers	40,249,768	11.87	40,249,768	11.87
Treasury Shares	1,346,581	0.40	1,346,581	0.40
Other Shareholders	82,753,651	24.41	82,753,651	24.41
Total	**339,000,000**	**100.00**	**339,000,000**	**100.00**

CAPITAL STOCK DISTRIBUTION OF CORPORATE ENTITY (COMPANY SHAREHOLDER), UP TO THE INDIVIDUAL LEVEL				
Company: DIBRA Fundo de Investimentos em Ações	Shareholding on 09/30/2021 (In units of quotas)			
Unitholders	**Quotas**		**Total**	
	Number	**%**	**Number**	**%**
Maria Consuelo Saraiva Leão Dias Branco	270.30	50.00	270.30	50.00
Francisco Ivens de Sá Dias Branco Júnior	54.06	10.00	54.06	10.00
Maria das Graças Dias Branco da Escóssia	54.06	10.00	54.06	10.00
Maria Regina Saraiva Leão Dias Branco	54.06	10.00	54.06	10.00
Francisco Marcos Saraiva Leão Dias Branco	54.06	10.00	54.06	10.00
Francisco Claúdio Saraiva Leão Dias Branco	54.06	10.00	54.06	10.00
Total	**540.61**	**100.00**	**540.61**	**100.00**

Opinions and Declarations / Special Review Report – unqualified

Report on Review of Quarterly Financial Information – ITR

(A free translation of the original report in Portuguese, prepared in accordance with Brazilian and international standards on reviews of interim information)

The Board of Directors and Shareholders of
M.Dias Branco S.A. Indústria e Comércio de Alimentos
Eusébio - Ceará

Introduction
We have reviewed the interim, individual and consolidated quarterly financial information of M.Dias Branco S.A. Indústria e Comércio de Alimentos ("Company"), contained in the Quarterly Information Form - ITR for the quarter ended September 30, 2021, which comprises the balance sheet on September 30, 2021 and the related statements of income, the comprehensive statements of income, the statement of changes in shareholders' equity and statements of cash flows for the three and nine-months period then ended, in addition to the notes to the financial statements.

Company´s Management is responsible for the preparation of the interim financial statements in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB as well as for the presentation of this information in a manner consistent with the standards issued by the Brazilian Securities Commission applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express a conclusion on this quarterly financial information based on our review.

Scope of review
We conducted our review in accordance with Brazilian and international standards on review 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 to the persons responsible for 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 International Standards on Auditing, and consequently does not able us toobtain assurance that we would become aware of all significant matters that might be identified by an audit. Accordingly, we do not express an audit opinion.

Conclusion about the individual and consolidated interim information
Based on our review we are not aware of any facts that lead us to believe the individual and consolidated interim financial information included in the aforesaid quarterly information has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information - ITR, presented in a manner consistent with the requirements set forth by the Brazilian Securities Commission - CVM.

Other matters - Statements of added value
The interim individual and consolidated statements of added value(DVA) for the nine-month period ended September 30, 2021, prepared under the responsibility of the Company´s Management, and presented herein as supplementary information for purposes of the IAS 34, have been subject to review procedures jointly performed with the review of Company´s interim financial statements. In order to form our conclusion, we assessed whether those statements are reconciled with the financial statements and accounting records, as applicable, and whether their format and content are in accordance with criteria determined in the Technical Pronouncement 09 (CPC 09) - Statement of Value Added issued by the Committee for Accounting Pronouncements

Opinions and Declarations / Special Review Report – unqualified

(CPC). Based on our review, nothing has come to our attention that causes us to believe that the statements of value added were not prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement, and are consistent with the overall individual and consolidated financial statements.

Corresponding figures

The corresponding balances of the individual and consolidated balance sheet as at December 31, 2020 were previously audited under the responsibility of other independent auditors, who issued an unmodified audit report thereon, dated March 31, 2021 and the individual and consolidated interim financial information, related to the statement of income and the comprehensive income for the three and nine months period ended September 30, 2020 and the statement of changes in equity and cash flows for the nine-months period then ended was reviewed by other independent auditors who issued an unmodified report thereon, dated November 5, 2020. The corresponding figures related to the individual and consolidated statements of added value (DVA), for the nine-months period ended September 30, 2020, were submitted to the same review procedures by those independent auditors and, based on their review, those auditors issued a report reporting that they were not aware of any fact that would lead them to believe that the DVA was not prepared, in all material respects, in a manner consistent with the individual and consolidated interim financial information taken as a whole.

Fortaleza, November 5, 2021

KPMG Auditores Independentes
CRC SP-014428/O-6 S-CE

Original report in Portuguese signed by
Marcelo Pereira Gonçalves
Accountant CRC 1SP220026/O-3

Reports and Statements/Statement from Directors on the financial statements

We declare, as the directors of M. Dias Branco S.A. Indústria e Comércio de Alimentos, a publicly traded corporation with its registered office in the Municipality of Eusébio, State of Ceará, at Rodovia BR 116 KM 18, s/n, Jabuti, CEP 61760-000, registered with CNPJ under number 07.206.816/0001-15, that we have revised, discussed and approved the interim financial information for the period ended September 30, 2021.

Eusébio, November 5, 2021.

Francisco Ivens de Sá Dias Branco Júnior
President and Industrial Vice-President - Biscuits, Pasta and Margarines

Maria das Graças Dias Branco da Escóssia
Vice-President – Finance

Maria Regina Saraiva Leão Dias Branco
Vice-President - Administration and Development

Francisco Cláudio Saraiva Leão Dias Branco
Industrial Vice-President - Milling

Gustavo Lopes Theodozio
Vice-President - Investments and Controllership

Rômulo Ruberti Calmon Dantas
Vice-President - Sales

Reports and Statements/Statement from Directors on the Report of Independent Auditors

We declare, as the directors of M. Dias Branco S.A. Indústria e Comércio de Alimentos, a publicly traded corporation with its registered office in the Municipality of Eusébio, State of Ceará, at Rodovia BR 116 KM 18, s/n, Jabuti, CEP 61760-000, registered with CNPJ under number 07.206.816/0001-15, that we have revised, discussed and agreed with the opinions expressed in the independent auditors' report in respect of the interim financial information for the period ended September 30, 2021.

Eusébio, November 5, 2021.

Francisco Ivens de Sá Dias Branco Júnior
President and Industrial Vice-President - Biscuits, Pasta and Margarines

Maria das Graças Dias Branco da Escóssia
Vice-President – Finance

Maria Regina Saraiva Leão Dias Branco
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