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**Company Data / Capital Stock**

<b>Number of Shares (in thousands)</b>	<b>Current quarter 06/30/2021</b>
<b>Paid-in Capital</b>	
<b>Common</b>	339,000,000
<b>Preferred</b>	-
<b>Total</b>	<b>339,000,000</b>
<b>Treasury Shares</b>	
<b>Common</b>	1,362,722
<b>Preferred</b>	-
<b>Total</b>	<b>1,362,722</b>

**Individual Financial statements / Balance Sheet – Assets****(in thousands)**

<b>Code of the account</b>	<b>Description of the code</b>	<b>Current Quarter 06/30/2021</b>	<b>Previous Period 12/31/2020</b>
1	Total Assets	10,300,289	9,730,512
1.01	Current Assets	4,282,478	3,869,655
1.01.01	Cash and Cash Equivalents	1,576,073	1,212,873
1.01.02	Financial Investments	16,513	16,413
1.01.02.03	Financial Investments Valued at Amortized Cost	16,513	16,413
1.01.03	Trade Accounts Receivable	1,084,794	959,907
1.01.03.01	Clients	1,084,794	959,907
1.01.04	Inventory	1,210,018	1,216,061
1.01.06	Recoverable Taxes	362,451	398,887
1.01.06.01	Current Recoverable Taxes	362,451	398,887
1.01.07	Prepaid Expenses	13,092	10,224
1.01.08	Other Current Assets	19,537	55,290
1.01.08.03	Other	19,537	55,290
1.01.08.03.02	Derivative Financial Instruments	6,251	23,794
1.01.08.03.20	Other Credits	13,286	31,496
1.02	Non-current Assets	6,017,811	5,860,857
1.02.01	Long-term Assets	783,954	618,591
1.02.01.03	Financial Investments Valued at Amortized Cost	0	3,306
1.02.01.10	Other Non-current Assets	783,954	615,285
1.02.01.10.03	Judicial Deposits	273,703	263,819
1.02.01.10.04	Recoverable Taxes	455,952	293,008
1.02.01.10.05	Tax Incentives/Other Credits	4,838	4,832
1.02.01.10.06	Indemnity Assets	49,461	53,626
1.02.02	Investments	103,544	106,363
1.02.02.01	Shareholdings	49,172	51,750
1.02.02.01.02	Subsidiaries	164	170
1.02.02.01.03	Interest in Subsidiaries	48,120	50,692
1.02.02.01.04	Other Shareholdings	888	888
1.02.02.02	Investment Properties	54,372	54,613
1.02.03	Property, Plant and Equipment	3,411,931	3,416,539
1.02.03.01	Property, Plant and Equipment in Operation	2,940,434	2,859,573
1.02.03.02	Right-of-use in Leasing	209,433	179,512
1.02.03.02.02	Right-of-Use	209,433	179,512
1.02.03.03	Property, Plant and Equipment in Progress	262,064	377,454
1.02.04	Intangible	1,718,382	1,719,364
1.02.04.01	Intangible	1,718,382	1,719,364
1.02.04.01.02	Brands and Patents	551,729	551,595
1.02.04.01.03	Software	73,456	68,533
1.02.04.01.04	Goodwill	944,412	944,412
1.02.04.01.05	Customer Relationships	148,405	154,341
1.02.04.01.06	Non-compete agreement	380	483

**Individual Financial statements / Balance Sheet – Liabilities****(in thousands)**

<b>Code of the account</b>	<b>Description of the code</b>	<b>Current Quarter 06/30/2021</b>	<b>Previous Period 12/31/2020</b>
2	Total Liabilities	10,300,289	9,730,512
2.01	Current Liabilities	1,442,414	1,634,730
2.01.01	Social and Labor Liabilities	190,573	176,483
2.01.01.01	Social Liabilities	57,475	52,265
2.01.01.02	Labor Liabilities	133,098	124,218
2.01.02	Suppliers	586,168	361,646
2.01.02.01	Domestic Suppliers	586,168	361,087
2.01.02.02	Foreign Suppliers	0	559
2.01.03	Tax Obligations	86,959	55,553
2.01.03.01	Federal Tax Obligations	21,417	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	19,639	17,410
2.01.03.02	State Tax Obligations	64,166	34,711
2.01.03.03	Municipal Tax Obligations	1,376	1,654
2.01.04	Loans and Financing	308,631	776,028
2.01.04.01	Loans and Financing	308,631	776,028
2.01.04.01.01	National Currency	308,415	439,570
2.01.04.01.02	Foreign Currency	216	336,458
2.01.05	Other Obligations	270,083	265,020
2.01.05.02	Other	270,083	265,020
2.01.05.02.01	Proposed dividends	5	58,978
2.01.05.02.04	Advances of Clients	13,676	11,144
2.01.05.02.05	Government Subsidies	12,052	12,375
2.01.05.02.06	Derivative Financial Instruments	69,232	18,125
2.01.05.02.07	Leasing	43,005	41,109
2.01.05.02.20	Other Debts	132,113	123,289
2.02	Non-current Liabilities	2,237,634	1,450,214
2.02.01	Loans and Financing	1,554,375	812,989
2.02.01.01	Loans and Financing	1,554,375	812,989
2.02.01.01.01	National Currency	1,054,155	293,319
2.02.01.01.02	Foreign Currency	500,220	519,670
2.02.02	Other Obligations	251,825	191,514
2.02.02.02	Other	251,825	191,514
2.02.02.02.04	Other Debts	38,685	37,633
2.02.02.02.06	Derivative Financial Instruments	28,242	0
2.02.02.02.07	Leasing	184,898	153,881
2.02.03	Deferred Taxes	215,775	226,601
2.02.03.01	Deferred Income Tax and Social Contribution	215,775	226,601
2.02.04	Provisions	215,659	219,110
2.02.04.01	Provisions Tax, Social Security, Labor and Civil	215,659	219,110
2.02.04.01.01	Tax Provisions	100,228	103,127
2.02.04.01.02	Labor and Social Security Provisions	103,416	104,245
2.02.04.01.04	Civil Provisions	12,015	11,738
2.03	Shareholders' Equity	6,620,241	6,645,568
2.03.01	Realized Capital Stock	2,597,656	2,567,941

**Individual Financial statements / Balance Sheet – Liabilities****(in thousands)**

<b>Code of the account</b>	<b>Description of the code</b>	<b>Current Quarter 06/30/2021</b>	<b>Previous Period 12/31/2020</b>
2.03.02	Capital Reserves	28,903	27,595
2.03.02.08	Special Reserve	16,529	16,529
2.03.02.09	Granted Recognized Shares	12,374	11,066
2.03.04	Profit Reserves	3,921,529	4,057,414
2.03.04.01	Legal Reserves	320,874	320,874
2.03.04.02	Statutory Reserves	2,009,063	2,009,017
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	-49,323	-39,576
2.03.05	Accumulated Profits/Losses	123,497	0
2.03.06	Equity Adjustments	-51,497	-7,541
2.03.06.01	Gains (Losses) on Cash-Flow Hedge	-78,025	-11,053
2.03.06.02	Tax effects on Cash-Flow Hedge	26,528	3,512
2.03.07	Accumulated Translation Adjustments	153	159

**Individual Financial statements / Statement of Income****(in thousands)**

Code of the account	Description of the code	Current Quarter	Accumulated for the Current Period	Previous Period	Accumulated of the Previous Period
		04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
3.01	Revenue from Sale of Goods and/or Services	1,978,666	3,469,743	1,885,146	3,521,892
3.01.01	Gross sales and /or Services	2,384,935	4,186,314	2,286,949	4,282,282
3.01.02	Returns, Discounts and Cancellations	-406,269	-716,571	-401,803	-760,390
3.02	Cost of Goods Sold and/or Services Rendered	-1,428,779	-2,519,726	-1,265,151	-2,277,153
3.02.01	Cost of Goods Sold	-1,541,074	-2,708,712	-1,367,501	-2,456,250
3.02.02	Tax Incentives (ICMS)	112,295	188,986	102,350	179,097
3.03	Gross Income	549,887	950,017	619,995	1,244,739
3.04	Operating Income/Expenses	-456,663	-875,744	-457,620	-915,640
3.04.01	Selling Expenses	-362,200	-705,735	-388,433	-756,377
3.04.01.01	Selling Expenses	-346,971	-676,072	-379,235	-737,638
3.04.01.02	Depreciation and Amortization	-15,229	-29,663	-9,198	-18,739
3.04.02	General and Administrative Expenses	-80,054	-156,265	-78,437	-150,818
3.04.02.01	Administrative Expenses	-71,137	-138,858	-69,977	-133,773
3.04.02.04	Depreciation and Amortization	-8,917	-17,407	-8,460	-17,045
3.04.04	Other Operating Income	51,033	97,765	51,988	66,253
3.04.05	Other Operating Expenses	-64,130	-108,837	-41,236	-72,355
3.04.06	Equity in net Income of Subsidiaries	-1,312	-2,672	-1,502	-2,343
3.05	Income Before Financial Results and Tax	93,224	74,273	162,375	329,099
3.06	Financial Results	-4,996	1,037	-2,654	-6,603
3.06.01	Financial Income	122,603	167,972	18,888	37,360
3.06.02	Financial Expenses	-127,599	-166,935	-21,542	-43,963
3.07	Income Before Tax	88,228	75,310	159,721	322,496
3.08	Income Tax and Social Contribution	54,032	81,967	-7,325	-33,100
3.08.01	Current	29,080	94,157	-20,720	1,360
3.08.02	Deferred	24,952	-12,190	13,395	-34,460
3.09	Net Income from the Continuing Operations	142,260	157,277	152,396	289,396
3.11	Income for the period	142,260	157,277	152,396	289,396

**Individual Financial statements / Statement of Income****(in thousands)**

Code of the account	Description of the code	Current Quarter	Accumulated for the Current Period	Previous Period	Accumulated of the Previous Period
		04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
3.99	Earnings per Share - (Reais / Share)				
3.99.01	Basic Earnings per Share	0.41965	0.46394	0.44955	0.85368
3.99.01.01	Common				
3.99.02	Diluted Earnings per Share	0.42006	0.46493	0.45019	0.855
3.99.02.01	Common				

**Individual Financial statements / Statements of Comprehensive Income****(in thousands)**

Code of the account	Description of the code	Current Quarter	Accumulated for the Current Period	Previous Period	Accumulated of the Previous Period
		04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
4.01	Net Profit for the Period	142,260	157,277	152,396	289,396
4.02	Other Comprehensive Income	-60,310	-43,962	9	48
4.02.01	Gains (Losses) on Cash-Flow Hedges	-91,344	-66,972	0	0
4.02.02	Accumulated Translation Adjustments	-23	-6	9	48
4.02.03	Tax effects on Cash-Flow Hedges	31,057	23,016	0	0
4.03	Comprehensive Income for the Period	81,950	113,315	152,405	289,444



**Individual Financial statements / Statement of Cash Flow - Indirect Method****(in thousands)**

Code of the account	Description of the code	Accumulated for the Current Period	Accumulated for the Previous Period
		01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020
6.01	Net Cash from Operating Activities	382,258	569,257
6.01.01	Cash Generated from Operations	159,331	455,826
6.01.01.01	Net Income before Income Tax and Social Contribution	75,310	322,496
6.01.01.02	Depreciation and Amortization	140,283	124,995
6.01.01.03	Cost of Sale of Fixed Assets	11	1,581
6.01.01.04	Equity in Net Income of Subsidiaries	2,672	2,343
6.01.01.05	Loans, Investments and Exchange Variations Updates	50,990	229,882
6.01.01.06	Updated judicial deposits	-1,684	-2,936
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	-142,429	-50,406
6.01.01.09	Provision for Civil, Labor and Tax Risks	13,150	11,715
6.01.01.10	Provision for Impairment Losses of Customers	-9,634	15,445
6.01.01.11	Impairment Losses on Inventory	8,237	4,810
6.01.01.13	Granted Recognized Shares	4,411	2,693
6.01.01.14	Lease update	9,853	5,729
6.01.01.15	Provision arising from swap derivative contracts	884	-210,099
6.01.01.16	Update Provision for Civil, Labor and Tax Risks	4,506	2,579
6.01.01.17	Provision for Income tax on financing	2,771	1,919
6.01.01.18	Reversal of Provision for Impairment of Assets	0	-7,699
6.01.02	Changes in Assets and Liabilities	257,608	150,490
6.01.02.01	(Increase) Decrease in Trade Accounts Receivable	-115,253	78,088
6.01.02.02	(Increase) Decrease in Inventories	-26,209	-305,767
6.01.02.03	(Increase) Decrease in Recoverable Taxes	33,568	68,855
6.01.02.04	(Increase) Decrease in Financial Investments	-100	-21
6.01.02.06	(Increase) Decrease in Other Credits	11,300	-4,576
6.01.02.07	Increase (Decrease) in Suppliers	224,523	150,752
6.01.02.08	Increase (Decrease) in Taxes and Contributions	125,564	45,169
6.01.02.09	Increase (Decrease) in Government Subsidies	-323	5,796
6.01.02.12	Increase (Decrease) in Other Debts	4,538	112,194
6.01.03	Other	-34,681	-37,059
6.01.03.02	Interests Paid	-31,622	-22,216
6.01.03.03	Income tax and Social Contributions Paid	-11,687	-29,671
6.01.03.05	Receipts (payments) of resources for settlement of derivative transactions	48,634	116,149
6.01.03.06	Exchange Variations Paid	-40,006	-101,321
6.02	Net Cash from Investment Activities	-87,443	-120,521
6.02.01	Acquisition of Property and Intangible Assets	-83,499	-98,031
6.02.02	Payment of Debt from Purchase of Company	-7,161	-22,947
6.02.06	Redeem Financial Investment in the Long Term	3,317	557
6.02.07	Financial Investments	-100	-100
6.03	Net Cash from Financing Activities	68,385	593,982
6.03.01	Interest on Equity Paid	-188,323	-84,999
6.03.02	Acquisition Financing	813,642	1,108,189
6.03.03	Financing Payment	-514,638	-371,629
6.03.04	Acquisition of Company 's Shares	-12,850	-43,836
6.03.05	Lease Payment	-29,446	-13,743
6.05	Increase (decrease) in Cash and Cash Equivalents	363,200	1,042,718
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	1,576,073	1,391,030

**Individual Financial statements / Statement of Changes in Shareholders' Equity - 01/01/2021 to 06/30/2021****(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	-8,439	-126,138	-33,780	0	-138,642
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	-33,780	0	-33,780
5.04.10	Approval of Additional Dividends	0	0	-95,570	0	0	-95,570
5.04.11	Granted Recognized Shares	0	4,411	0	0	0	4,411
5.04.12	Exercise of the Restricted Shares Granting Plan with Treasury Shares	0	0	-853	0	0	-853
5.05	Total Comprehensive Income	0	0	0	157,277	-43,962	113,315
5.05.01	Net Profit for the Period	0	0	0	157,277	0	157,277
5.05.02	Other Comprehensive Income	0	0	0	0	-43,962	-43,962
5.05.02.01	Adjustments of Financial Instruments	0	0	0	0	-43,956	-43,956
5.05.02.04	Conversion Adjustments for the Period	0	0	0	0	-6	-6
5.07	Closing Balance	2,597,656	-20,420	3,970,852	123,497	-51,344	6,620,241

**Individual Financial statements / Statement of Changes in Shareholders' Equity - 01/01/2020 to 06/30/2020****(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	-42,018	-107,909	0	0	-90,386
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	2,693	0	0	0	2,693
5.04.12	Exercise of the Restricted Shares Granting Plan with Treasury Shares	0	-875	-293	0	0	-1,168
5.05	Total Comprehensive Income	0	0	0	289,396	48	289,444
5.05.01	Net Profit for the Period	0	0	0	289,396	0	289,396
5.05.02	Other Comprehensive Income	0	0	0	0	48	48
5.05.02.04	Conversion Adjustments for the Period	0	0	0	0	48	48
5.07	Closing Balance	2,567,941	-15,675	3,392,180	289,396	169	6,234,011

**Individual Financial statements / Statement of Value Added****(in thousands)**

Code of the account	Description of the code	Accumulated for the	Accumulated for the
		Current Period 01/01/2021 to 06/30/2021	Previous Period 01/01/2020 to 06/30/2020
7.01	Revenues	4,058,518	4,085,925
7.01.01	Sale of Goods, Products and Services	3,928,338	4,015,575
7.01.02	Other Revenues	96,501	57,939
7.01.03	Related to Construction of Own Assets	24,045	20,157
7.01.04	Provision/Reversal of Doubtful Accounts	9,634	-7,746
7.02	Input Acquired from Third Parties	-2,971,949	-2,718,073
7.02.01	Costs of Products, Goods and Services Sold	-1,905,111	-1,685,038
7.02.02	Materials, Energy, Third Party Services and Other	-1,066,532	-1,026,975
7.02.04	Other	-306	-6,060
7.02.04.01	Materials related to Construction of Own Assets	-306	-6,060
7.03	Gross Value Added	1,086,569	1,367,852
7.04	Retention	-140,283	-124,995
7.04.01	Depreciation, Amortization and Depletion	-140,283	-124,995
7.05	Net Value Added Produced	946,286	1,242,857
7.06	Value Added Received Through Transfer	165,300	35,017
7.06.01	Equity in net Income of Subsidiaries	-2,672	-2,343
7.06.02	Financial Revenue	167,972	37,360
7.07	Total Value Added to Distribute	1,111,586	1,277,874
7.08	Distribution of Value Added	1,111,586	1,277,874
7.08.01	Personnel	540,058	554,874
7.08.01.01	Direct Compensation	349,093	359,161
7.08.01.02	Benefits	152,089	161,880
7.08.01.03	Severance fund (FGTS)	38,876	33,833
7.08.02	Taxes, Fees and Contributions	221,883	375,496
7.08.02.01	Federal	68,035	186,744
7.08.02.02	State	147,316	182,802
7.08.02.03	Municipal	6,532	5,950
7.08.03	Remuneration of third party capital	192,368	58,108
7.08.03.01	Interest Rates	166,935	43,963
7.08.03.02	Rentals	25,433	14,145
7.08.04	Remuneration of Own Capital	-78,489	58,935
7.08.04.01	Interest on Equity	33,780	0
7.08.04.03	Retained Earnings/Losses for the Period	-112,269	58,935
7.08.05	Other	235,766	230,461
7.08.05.01	Government subsidies	235,766	230,461

**Consolidated Financial statements / Balance Sheet - Assets****(in thousands)**

<b>Code of the account</b>	<b>Description of the code</b>	<b>Current Quarter 06/30/2021</b>	<b>Previous Period 12/31/2020</b>
1	Total Assets	10,299,702	9,729,858
1.01	Current Assets	4,283,369	3,870,602
1.01.01	Cash and Cash Equivalents	1,576,251	1,213,007
1.01.02	Financial Investments	16,513	16,413
1.01.02.03	Financial Investments Valued at Amortized Cost	16,513	16,413
1.01.03	Trade Accounts Receivable	1,084,927	960,058
1.01.03.01	Clients	1,084,927	960,058
1.01.04	Inventory	1,210,041	1,216,085
1.01.06	Recoverable Taxes	362,457	398,893
1.01.06.01	Current Recoverable Taxes	362,457	398,893
1.01.07	Prepaid Expenses	13,124	10,305
1.01.08	Other Current Assets	20,056	55,841
1.01.08.03	Other	20,056	55,841
1.01.08.03.02	Derivative Financial Instruments	6,251	23,794
1.01.08.03.20	Other credits	13,805	32,047
1.02	Non-current Assets	6,016,333	5,859,256
1.02.01	Long-term Assets	783,957	618,596
1.02.01.03	Financial Investments Valued at Amortized Cost	0	3,306
1.02.01.10	Other Non-current Assets	783,957	615,290
1.02.01.10.03	Judicial Deposits	273,708	263,827
1.02.01.10.04	Recoverable Taxes	455,952	293,008
1.02.01.10.05	Tax Incentives/Other Credits	4,836	4,829
1.02.01.10.06	Indemnity assets	49,461	53,626
1.02.02	Investments	99,259	101,902
1.02.02.01	Shareholdings	44,887	47,289
1.02.02.01.04	Interest in subsidiaries	43,999	46,401
1.02.02.01.05	Other Shareholdings	888	888
1.02.02.02	Investment Properties	54,372	54,613
1.02.03	Property, Plant and Equipment	3,414,735	3,419,394
1.02.03.01	Property, Plant and Equipment in Operation	2,943,239	2,862,428
1.02.03.02	Right-of-use in Leasing	209,433	179,512
1.02.03.02.02	Right-of-Use	209,433	179,512
1.02.03.03	Property, Plant and Equipment in Progress	262,063	377,454
1.02.04	Intangible	1,718,382	1,719,364
1.02.04.01	Intangible	1,718,382	1,719,364
1.02.04.01.02	Brands and Patents	551,729	551,595
1.02.04.01.03	Software	73,456	68,533
1.02.04.01.04	Goodwill	944,412	944,412
1.02.04.01.05	Customer Relationships	148,405	154,341
1.02.04.01.06	Non-compete agreement	380	483

**Consolidated Financial statements / Balance Sheet - Liabilities****(in thousands)**

<b>Code of the account</b>	<b>Description of the code</b>	<b>Current Quarter 06/30/2021</b>	<b>Previous Period 12/31/2020</b>
2	Total Liabilities	10,299,702	9,729,858
2.01	Current Liabilities	1,441,761	1,634,008
2.01.01	Social and Labor Liabilities	190,686	176,568
2.01.01.01	Social Liabilities	57,556	52,324
2.01.01.02	Labor Liabilities	133,130	124,244
2.01.02	Suppliers	586,301	361,738
2.01.02.01	Domestic Suppliers	586,301	361,179
2.01.02.02	Foreign Suppliers	0	559
2.01.03	Tax Obligations	87,024	55,611
2.01.03.01	Federal Tax Obligations	21,481	19,245
2.01.03.01.01	Income Tax and Social Contribution	1,778	1,778
2.01.03.01.02	Other Federal Tax Obligations	19,703	17,467
2.01.03.02	State Tax Obligations	64,166	34,711
2.01.03.03	Municipal Tax Obligations	1,377	1,655
2.01.04	Loans and Financing	308,631	776,028
2.01.04.01	Loans and Financing	308,631	776,028
2.01.04.01.01	National Currency	308,415	439,570
2.01.04.01.02	Foreign Currency	216	336,458
2.01.05	Other Obligations	269,119	264,063
2.01.05.02	Other	269,119	264,063
2.01.05.02.01	Proposed dividends	5	58,978
2.01.05.02.04	Advances of Clients	13,676	11,144
2.01.05.02.05	Government Subsidies	12,052	12,375
2.01.05.02.06	Derivative Financial Instruments	69,232	18,125
2.01.05.02.07	Mercantile Leasing	43,005	41,109
2.01.05.02.20	Other debts	131,149	122,332
2.02	Non-current Liabilities	2,237,700	1,450,282
2.02.01	Loans and Financing	1,554,375	812,989
2.02.01.01	Loans and Financing	1,554,375	812,989
2.02.01.01.01	National Currency	1,054,155	293,319
2.02.01.01.02	Foreign Currency	500,220	519,670
2.02.02	Other Obligations	251,891	191,582
2.02.02.02	Other	251,891	191,582
2.02.02.02.04	Other debts	38,751	37,701
2.02.02.02.06	Derivative Financial Instruments	28,242	0
2.02.02.02.07	Mercantile Leasing	184,898	153,881
2.02.03	Deferred Taxes	215,775	226,601
2.02.03.01	Deferred Income Tax and Social Contribution	215,775	226,601
2.02.04	Provisions	215,659	219,110
2.02.04.01	Provisions Tax, Social Security, Labor and Civil	215,659	219,110
2.02.04.01.01	Tax Provisions	100,228	103,127
2.02.04.01.02	Labor and Social Security Provisions	103,416	104,245
2.02.04.01.04	Civil Provisions	12,015	11,738

**Consolidated Financial statements / Balance Sheet - Liabilities****(in thousands)**

<b>Code of the account</b>	<b>Description of the code</b>	<b>Current Quarter 06/30/2021</b>	<b>Previous Period 12/31/2020</b>
2.03	Shareholders' Equity	6,620,241	6,645,568
2.03.01	Realized Capital Stock	2,597,656	2,567,941
2.03.02	Capital Reserves	28,903	27,595
2.03.02.08	Special Reserve	16,529	16,529
2.03.02.09	Granted Recognized Shares	12,374	11,066
2.03.04	Profit Reserves	3,921,529	4,057,414
2.03.04.01	Legal Reserves	320,874	320,874
2.03.04.02	Statutory Reserves	2,009,063	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	-49,323	-39,576
2.03.05	Accumulated Profits/Losses	123,497	0
2.03.06	Equity Adjustments	-51,497	-7,541
2.03.06.01	Gains (Losses) on Cash-Flow Hedges	-78,025	-11,053
2.03.06.02	Tax effects on Cash-Flow Hedges	26,528	3,512
2.03.07	Accumulated Translation Adjustments	153	159

## Consolidated Financial statements / Statement of Income (in thousands)

Code of the account	Description of the code	Current Quarter	Accumulated for the Current Period	Previous Period	Accumulated of the Previous Period
		04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
3.01	Revenue from Sale of Goods and/or Services	1,978,666	3,469,743	1,885,146	3,521,892
3.01.01	Gross sales and / or Services	2,384,935	4,186,314	2,286,949	4,282,282
3.01.02	Returns, discounts and cancellations	-406,269	-716,571	-401,803	-760,390
3.02	Cost of Goods Sold and/or Services Rendered	-1,428,866	-2,519,907	-1,265,218	-2,277,257
3.02.01	Cost of Goods Sold	-1,541,161	-2,708,893	-1,367,568	-2,456,354
3.02.02	Tax Incentives (ICMS)	112,295	188,986	102,350	179,097
3.03	Gross Income	549,800	949,836	619,928	1,244,635
3.04	Operating Income/Expenses	-456,576	-875,562	-457,552	-915,536
3.04.01	Selling Expenses	-362,200	-705,735	-388,433	-756,377
3.04.01.01	Selling Expenses	-346,971	-676,072	-379,235	-737,638
3.04.01.02	Depreciation and Amortization	-15,229	-29,663	-9,198	-18,739
3.04.02	General and Administrative Expenses	-80,197	-156,576	-78,586	-151,110
3.04.02.01	Administrative Expenses	-71,280	-139,169	-70,126	-134,065
3.04.02.04	Depreciation and Amortization	-8,917	-17,407	-8,460	-17,045
3.04.04	Other Operating Income	51,152	98,005	52,138	66,557
3.04.05	Other Operating Expenses	-64,138	-108,854	-41,243	-72,371
3.04.06	Equity in net Income of Subsidiaries	-1,193	-2,402	-1,428	-2,235
3.05	Income Before Financial Results and Tax	93,224	74,274	162,376	329,099
3.06	Financial Results	-4,996	1,036	-2,655	-6,603
3.06.01	Financial Income	122,604	167,973	18,888	37,361
3.06.02	Financial Expenses	-127,600	-166,937	-21,543	-43,964
3.07	Income Before Tax	88,228	75,310	159,721	322,496
3.08	Income Tax and Social Contribution	54,032	81,967	-7,325	-33,100
3.08.01	Current	29,080	94,157	-20,720	1,360
3.08.02	Deferred	24,952	-12,190	13,395	-34,460
3.09	Net Income from the Continuing Operations	142,260	157,277	152,396	289,396
3.11	Income for the Period	142,260	157,277	152,396	289,396
3.11.01	Awarded to Members of the Parent Company	142,260	157,277	152,396	289,396



**Consolidated Financial statements / Statement of Income****(in thousands)**

Code of the account	Description of the code	Current Quarter	Accumulated for the Current Period	PreviousPeriod	Accumulated of the Previous Period
		04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
3.99	Earnings per Share - (Reais / Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common	0.41965	0.46394	0.44955	0.85368
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common	0.42006	0.46493	0.45019	0.85500

**Consolidated Financial statements / Statements of Comprehensive Income****(in thousands)**

Code of the account	Description of the code	Current Quarter	Accumulated for the Current Period	PreviousPeriod	Accumulated of the Previous Period
		04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
4.01	Net Profit for the Period	142,260	157,277	152,396	289,396
4.02	Other Comprehensive Income	-60,310	-43,962	9	48
4.02.01	Gains (Losses) on Cash-Flow Hedges	-91,344	-66,972	0	0
4.02.02	Accumulated Translation Adjustments	-23	-6	9	48
4.02.03	Tax effects on Cash-Flow Hedges	31,057	23,016	0	0
4.03	Comprehensive Income for the Period	81,950	113,315	152,405	289,444
4.03.01	Awarded to Members of the Parent Company	81,950	113,315	152,405	289,444

**Consolidated Financial Statements / Statement of Cash Flow - Indirect Method****(in thousands)**

Code of the account	Description of the code	Accumulated for the Current Period	Accumulated for the Previous Period
		01/01/2021 to 06/30/2021	01/01/2020 to 6/30/2020
6.01	Net Cash from Operating Activities	382,337	569,824
6.01.01	Cash Generated from Operations	159,061	455,718
6.01.01.01	Net Income before Income Tax and Social Contribution	75,310	322,496
6.01.01.02	Depreciation and Amortization	140,283	124,995
6.01.01.03	Cost of Sale of Fixed Assets	11	1,581
6.01.01.04	Equity in Net Income of Subsidiaries	2,402	2,235
6.01.01.05	Loans, Investments and Exchange Variations Updates	50,990	229,882
6.01.01.06	Updated judicial deposits	-1,684	-2,936
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	-142,429	-50,406
6.01.01.09	Provision for Civil, labor and Tax Risks	13,150	11,715
6.01.01.10	Provision for Impairment losses of Customers	-9,634	15,445
6.01.01.11	Impairment Losses on Inventory	8,237	4,810
6.01.01.13	Granted Recognized Shares	4,411	2,693
6.01.01.14	Lease update	9,853	5,729
6.01.01.15	Provision arising from swap derivative contracts	884	-210,099
6.01.01.16	Update Provision for Civil, Labor and Tax Risks	4,506	2,579
6.01.01.17	Provision for Income tax on financing	2,771	1,919
6.01.01.18	Reversal of Provision for Impairment of Assets	0	-7,699
6.01.02	Changes in Assets and Liabilities	257,957	151,237
6.01.02.01	(Increase) Decrease in Trade Accounts Receivable	-115,236	78,296
6.01.02.02	(Increase) Decrease in Inventories	-26,021	-305,579
6.01.02.03	(Increase) Decrease in Recoverable Taxes	33,568	68,855
6.01.02.04	(Increase) Decrease in Financial Investments	-100	-21
6.01.02.06	(Increase) Decrease in Other Credits	11,385	-4,494
6.01.02.07	Increase (Decrease) in Suppliers	224,563	150,942
6.01.02.08	Increase (Decrease) in Taxes and Contributions	125,571	45,107
6.01.02.09	Increase (Decrease) in Government Subsidies	-323	5,796
6.01.02.12	Increase (Decrease) in Other Debts	4,550	112,335
6.01.03	Other	-34,681	-37,131
6.01.03.02	Interests Paid	-31,622	-22,216
6.01.03.03	Income Tax and Social Contributions Paid	-11,687	-29,743
6.01.03.05	Receipts (payments) of resources for settlement of derivative transactions	48,634	116,149
6.01.03.06	Exchange Variations Paid	-40,006	-101,321
6.02	Net Cash from Investment Activities	-87,478	-120,942
6.02.01	Acquisition of Property, Plant and Equipment and Intangible Assets	-83,634	-98,552
6.02.02	Payment of Debt from Purchase of Company	-7,161	-22,947
6.02.06	Redeem Financial Investment in the Long Term	3,317	557
6.03	Net Cash from Financing Activities	68,385	593,982
6.03.01	Interest on Equity Paid	-188,323	-84,999
6.03.02	Acquisition Financing	813,642	1,108,189
6.03.03	Financing Payment	-514,638	-371,629
6.03.04	Acquisition of Company 's Shares	-12,850	-43,836
6.03.05	Lease Payment	-29,446	-13,743
6.05	Increase (Decrease) in Cash and Cash Equivalents	363,244	1,042,864
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	1,576,251	1,391,241

**Consolidated Financial Statements / Statement of Changes in Shareholders' Equity - 01/01/2021 to 06/30/2021****(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	-8,439	-126,138	-33,780	0	-138,642	0	-138,642
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	-33,780	0	-33,780	0	-33,780
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	4,411	0	0	0	4,411	0	4,411
5.04.12	Exercise of the Restricted Shares Granting Plan with Treasury Shares		0	0	-853	0	0	-853	0	-853
5.05	Total Comprehensive Income		0	0	0	157,277	-43,962	113,315	0	113,315
5.05.01	Net Profit for the Period		0	0	0	157,277	0	157,277	0	157,277
5.05.02	Other Comprehensive Income		0	0	0	0	-43,962	-43,962	0	-43,962
5.05.02.01	Adjustments of Financial Instruments		0	0	0	0	-43,956	-43,956	0	-43,956
5.05.02.04	Conversion Adjustments for the Period		0	0	0	0	-6	-6	0	-6
5.07	Closing Balance	2,597,656		-20,420	3,970,852	123,497	-51,344	6,620,241	0	6,620,241

**Consolidated Financial Statements / Statement of Changes in Shareholders' Equity - 01/01/2020 to 06/30/2020****(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	-42,018	-107,909	0	0	-90,386	0	-90,386
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	2,693	0	0	0	2,693	0	2,693
5.04.12	Exercise of the Restricted Shares Granting Plan with Treasury Shares	0	-875	-293	0	0	-1,168	0	-1,168
5.05	Total Comprehensive Income	0	0	0	289,396	48	289,444	0	289,444
5.05.01	Net Profit for the Period	0	0	0	289,396	0	289,396	0	289,396
5.05.02	Other Comprehensive Income	0	0	0	0	48	48	0	48
5.05.02.04	Conversion Adjustments for the Period	0	0	0	0	48	48	0	48
5.07	Closing Balance	2,567,941	-15,675	3,392,180	289,396	169	6,234,011	0	6,234,011

**Consolidated Financial Statements / Statement of Value Added****(in thousands)**

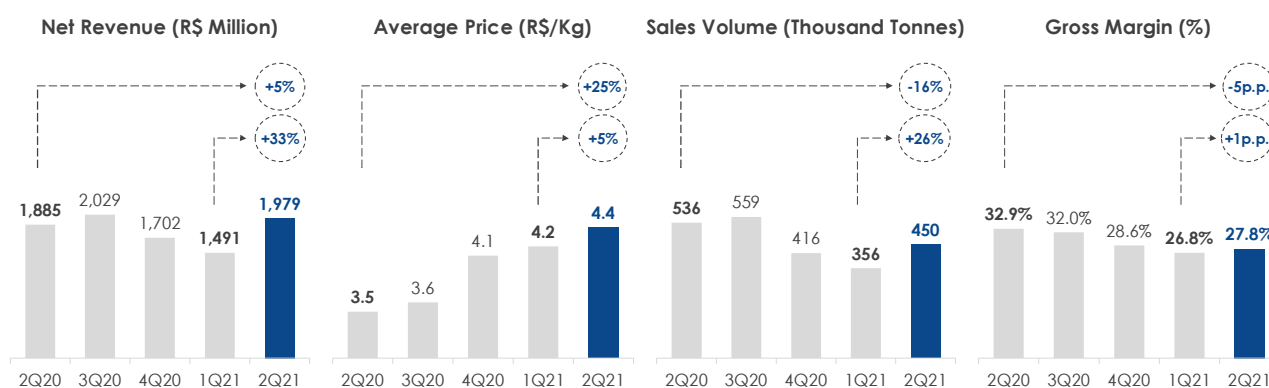
Code of the account	Description of the code	Accumulated of the Current Period	Accumulated of the Previous Period
		01/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020
7.01	Revenues	4,058,759	4,086,227
7.01.01	Sale of Goods, Products and Services	3,928,338	4,015,575
7.01.02	Other Revenues	96,742	58,242
7.01.03	Related to Construction of Own Assets	24,045	20,156
7.01.04	Provision/Reversal of Doubtful Accounts	9,634	-7,746
7.02	Input Acquired from Third Parties	-2,972,356	-2,718,379
7.02.01	Costs of Products, Goods and Services Sold	-1,905,293	-1,685,141
7.02.02	Materials, Energy, Third Party Services and Other	-1,066,757	-1,027,188
7.02.04	Other	-306	-6,050
7.02.04.01	Materials related to Construction of Own Assets	-306	-6,050
7.03	Gross Value Added	1,086,403	1,367,848
7.04	Retention	-140,283	-124,995
7.04.01	Depreciation, Amortization and Depletion	-140,283	-124,995
7.05	Net Value Added Produced	946,120	1,242,853
7.06	Value Added Received Through Transfer	165,571	35,126
7.06.01	Equity in net Income of Subsidiaries	-2,402	-2,235
7.06.02	Financial Revenue	167,973	37,361
7.07	Total Value Added to Distribute	1,111,691	1,277,979
7.08	Distribution of Value Added	1,111,691	1,277,979
7.08.01	Personnel	540,144	554,981
7.08.01.01	Direct Compensation	349,152	359,251
7.08.01.02	Benefits	152,104	161,886
7.08.01.03	Severance fund (FGTS)	38,888	33,844
7.08.02	Taxes, Fees and Contributions	221,893	375,512
7.08.02.01	Federal	68,035	186,744
7.08.02.02	State	147,325	182,815
7.08.02.03	Municipal	6,533	5,953
7.08.03	Remuneration of Third Party Capital	192,377	58,090
7.08.03.01	Interest Rates	166,937	43,964
7.08.03.02	Rentals	25,440	14,126
7.08.04	Remuneration of Own Capital	-78,489	58,935
7.08.04.01	Interest on Equity Paid	33,780	0
7.08.04.03	Retained Earnings/Losses for the Period	-112,269	58,935
7.08.05	Other	235,766	230,461
7.08.05.01	Government subsidies	235,766	230,461

## MANAGEMENT'S COMMENTS

To the Shareholders and the Public,

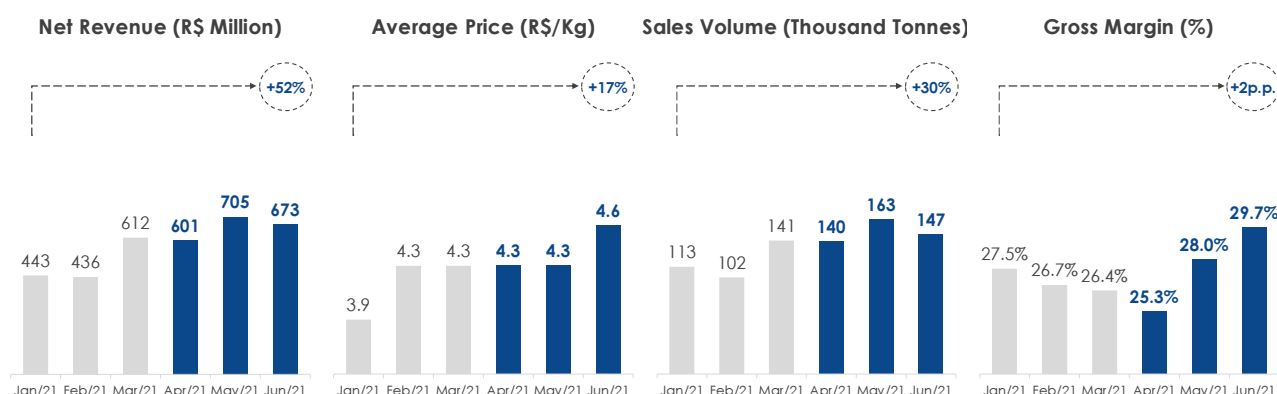
The Management of M. Dias Branco S.A. Indústria e Comércio de Alimentos announces and submits its results for the second quarter of 2021 (2Q21). The Company's consolidated interim financial information has been prepared in accordance with CPC 21 - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB).

In line with our profitable growth strategy, in 2Q21, net revenue grew 5% and 33% against 2Q20 and 1Q21, respectively, and margins increased during the first six months of the year, as a result of price management, greater dilution of fixed costs and initiatives aimed at productivity and efficiency, as illustrated below:

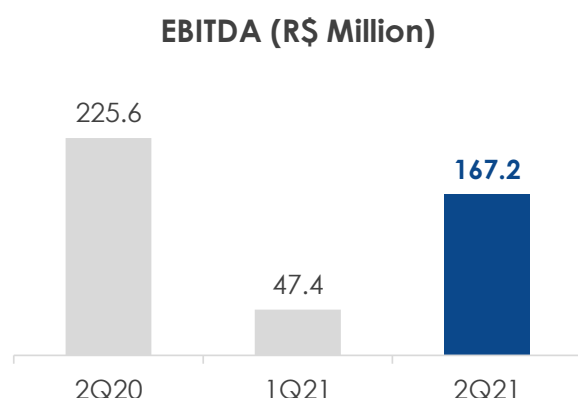


Regarding volumes, we highlight that 2Q20 was marked by a temporary and atypical increase in demand, when household consumption raised and government emergency aids were paid, creating a more challenging comparison base. Compared to 2Q19, 2Q21 volumes were stable and net revenue grew 28%.

During the first six months of 2021, as shown in the charts below, we observed a sequential increase in net revenue, average prices, volumes sold and gross margin. Volume recovery was positively impacted by the performance in the Attack (South, Southeast and Midwest) and Defense (North and Northeast) regions, as well as with the contributions from launches, in particular for higher value-added products, such as white chocolate coated wafers.



In 2Q21, EBITDA was 252.7% higher than in 1Q21 as a result of the improvement in volumes, price management, greater dilution of fixed costs and the ongoing efforts of the efficiency and productivity programs. The decrease in comparison with 2Q20, as illustrated in the table below, is explained by the increase in the price of commodities in U.S. Dollars and the drop in volumes, besides the unfavorable impact of the exchange rate. Additionally, effects from non-recurring items in the period totaled R\$14.2 million (R\$29.6 million from tax credits and R\$15.4 million in non-recurring expenses related to the Restructuring and the COVID pandemic).



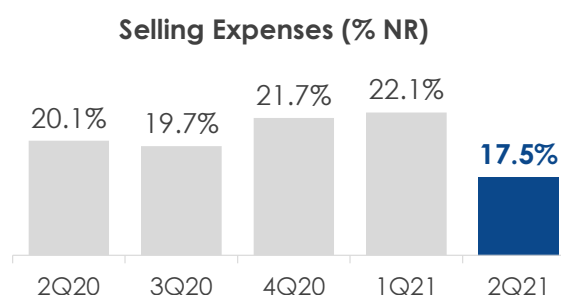
EBITDA 2Q20 (R\$ Million)	225.6
Operational Effects <sup>(1)</sup>	(26.5)
<b>Subtotal</b>	<b>199.1</b>
Exchange <sup>(2)</sup>	(46.1)
<b>Subtotal</b>	<b>153.0</b>
Non-Recurring Gains <sup>(3)</sup>	29.6
Expenses with COVID-19	(6.7)
Restructuring Expenses	(8.7)
<b>EBITDA 2Q21 (R\$ Million)</b>	<b>167.2</b>

(1) Price Effect, Sales Volume, Recurring Expenses, Costs (without Exchange Effect) and Recurring Gains with Efficiency and Productivity Program.

(2) Impact of the devaluation of the Real against the Dollar. It does not take into account the price variations of commodities in Dollars.

(3) The main factor was the exclusion of ICMS tax from the PIS/COFINS tax base.

As shown in the chart on the side, the decrease in selling expenses (% of net revenue) reflects the productivity and efficiency measures taken over the past quarters.



In 1Q21, we announced six tactical measures aligned with our profitable growth strategy. Therefore, by 4Q21, we will report the evolution of such measures. Below the advances made in 2Q21:

## Sales Growth

### 1. Onda Verde Piraquê!!! (Piraquê's Green Wave)

Accelerated growth and national expansion:

- Launch of higher value-added items, such as the chocolate coated wafer;
- Communication: actions in digital media with a focus on the launch of "Comida Di Buteco", with the campaign "Juntamos a Fome com a Vontade de ir ao Buteco" (We put together hunger and the desire to go to the bar);
- Actions in e-commerce and delivery apps:
  - We entered Rappi Turbo;
  - Campaigns to promote the launches of "Comida Di Buteco" on the Pão de Açúcar and Extra chains;
  - Campaigns on different platforms with diversified promotions (4 for the price of 3).





## 2. New Partnerships

Increase our distribution capillarity:

- BEES:
  - Initial sales in May/21;
  - Cookies & crackers and pasta (Piraquê brand);
  - Initial marketing region in RJ;
- Zé Delivery:
  - Partnership confirmed, sales are expected to start in Sep/21.

## 3. Leverage opportunities in the foreign market

- 2 new countries;
- 10 new customers;
- 2 launches in the private label segment.

## Productivity and Efficiency

### 4. Optimization of the number of SKUs

- Total discontinued SKUs (by June 30, 2021): 75 SKUs;
- Unification of brands.

### 5. Adjustment of the Industrial and Logistics Footprint

- Closing of 2 distribution centers concluded. Products are now delivered directly from the factory to customers;
- Readjustment of production capacity, from 113 to 106 active cookies & crackers and pastas lines: this initiative was suspended due to the resumption in sales volumes;
- Renegotiation of commercial conditions with logistics operators: in progress.

### 6. Corporate Restructuring

- In progress, with the assistance of a specialized consultancy firm. We remain confident this will become an important inspiration for best management and productivity practices.

The table below illustrates the evolution of the main result indicators in 2Q21 compared to 2Q20 and 1Q21.

Financial and Operating Results	2Q21	2Q20	Variation	1Q21	Variation	1H21	1H20	Variation
Net Revenue (R\$ million)	1,978.6	1,885.2	5.0%	1,491.1	32.7%	3,469.7	3,521.9	-1.5%
Total Sales Volume (thousand tonnes)	450.2	536.1	-16.0%	356.4	26.3%	806.6	1,012.6	-20.3%
Cookies & Crackers Sales Volume (thousand tonnes)	138.5	153.4	-9.7%	97.0	42.8%	235.5	291.3	-19.2%
Pasta Sales Volume (thousand tonnes)	103.4	129.7	-20.3%	71.6	44.4%	175.0	234.6	-25.4%
Market share of Cookies & Crackers (volume)*	31.9%	34.5%	-2.6 p.p	32.6%	-0.7 p.p	31.9%	33.8%	-1.9 p.p
Market share of Pasta (volume)*	31.3%	34.9%	-3.6 p.p	32.6%	-1.3 p.p	31.4%	33.1%	-1.7 p.p
Net Income (R\$ million)	142.3	152.4	-6.6%	15.0	848.7%	157.3	289.4	-45.6%
Ebitda (R\$ million)	167.2	225.6	-25.9%	47.4	252.7%	214.6	454.1	-52.7%
Ebitda Margin	8.5%	12.0%	-3.5 p.p	3.2%	5.3 p.p	6.2%	12.9%	-6.7 p.p
Net Cash (Debt) (R\$ million)	-361.5	-332.8	8.6%	-384.9	-6.1%	-361.5	-332.8	8.6%
Net Cash (Debt) / EBITDA (last 12 months)	-0.5	-0.4	25.0%	-0.5	0.0%	-0.5	-0.4	25.0%
Capex (R\$ million)	51.6	44.8	15.2%	40.7	26.8%	92.3	101.1	-8.7%
Net Cash generated from operating activities	365.8	492.4	-25.7%	16.5	n/a	382.3	569.8	-32.9%

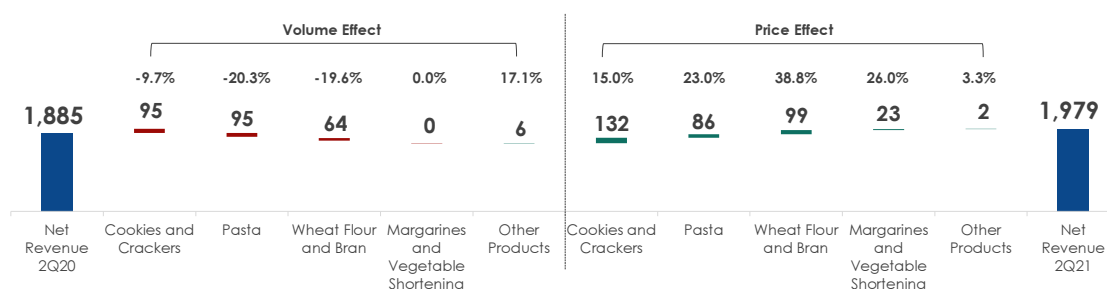
\* The values presented in 2Q21 and 2Q20 are from the period of May/Jun 2021 and 2020.

The values presented in 1Q21 are from the period of Jan/Feb 2021.

## • Revenue

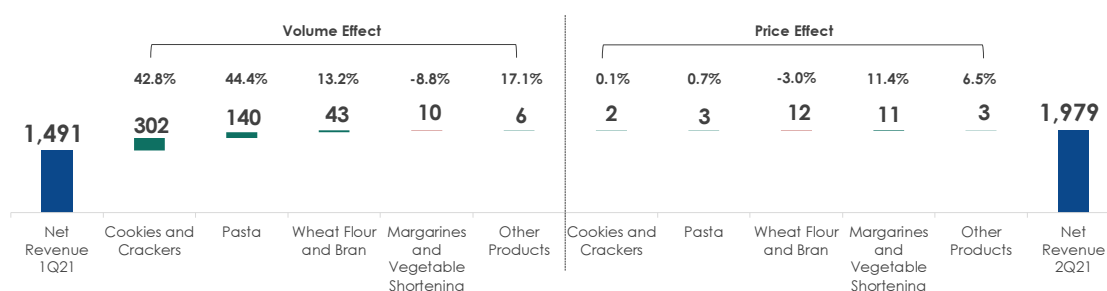
**Net revenue totaled R\$1.9 billion in 2Q21 (5% higher than in 2Q20 and 33% higher than in 1Q21).** As shown below, when compared to 2Q20, prices were 25% higher and volumes were 16% lower due to the more challenging comparison base, as previously mentioned.

**Net Revenue Variation 2Q21 vs 2Q20 (R\$ Million)**



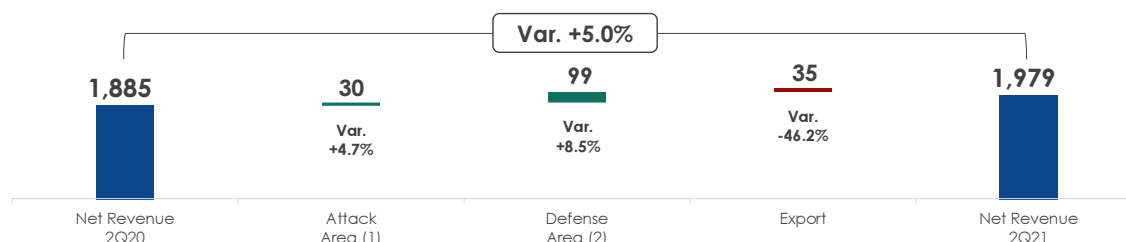
When compared to 1Q21, the sales recovery was achieved through the consistent resumption in volumes, as well as with the increase in the average price, which was necessary to recover margins amidst a scenario in which the costs of commodities also increased.

**Net Revenue Variation 2Q21 vs 1Q21 (R\$ Million)**



In the regional analysis, as observed in the chart below, net revenue in the Attack (South, Southeast and Midwest) and Defense (North and Northeast) regions increased by 4.7% and 8.5% respectively.

**Variation in Net Revenue by Regions 2Q21 vs 2Q20 (R\$ Million)**

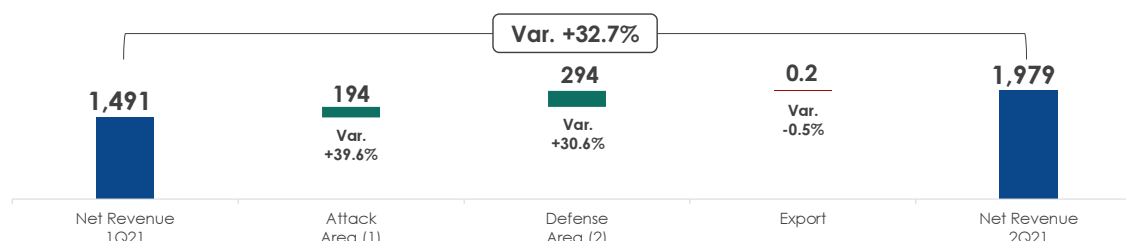


(1) Note: Attack Region comprises South, Southeast and Midwest.  
(2) Note: Defense Region comprises North and Northeast.

Exports have been growing rapidly. The downturn observed in 2Q21 over 2Q20 was essentially due to the higher comparison base in 2Q20, which was impacted by non-recurring sales of pasta and wheat flour to Latin American countries, through humanitarian aid programs related to the pandemic.

Compared to 1Q21, the Attack and Defense regions recorded double digit growth.

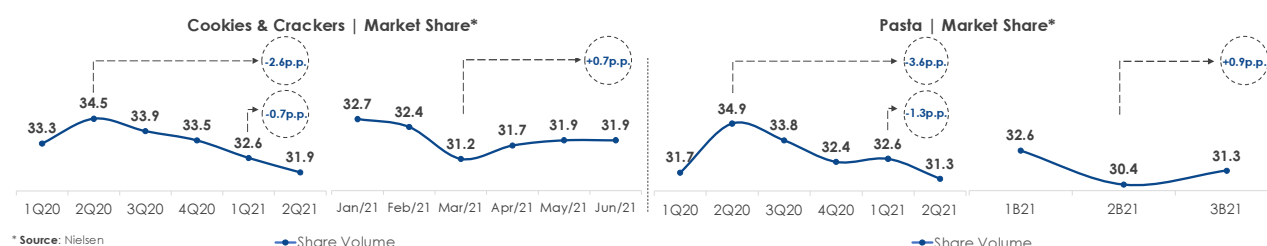
**Variation in Net Revenue by Regions 2Q21 vs 1Q21 (R\$ Million)**



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

## • Market Share

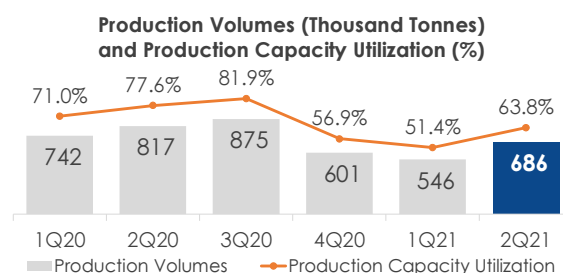
**M. Dias Branco maintained its leadership in the national<sup>1</sup> cookies & crackers and pasta markets.** The price readjustments applied to recover margins, initiated in 2Q20, influenced the market share retraction for the cookies & crackers and pasta segments. However, there was a recovery throughout 2Q21.



<sup>1</sup> NIELSEN data from January to June 2021.

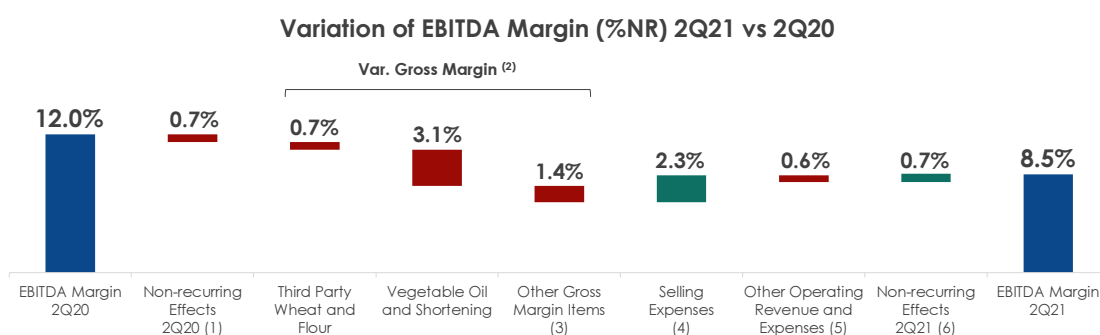
## • Production

The resumption in sales volumes in 2Q21 contributed to the increase in our production capacity utilization rate, which improved the dilution of fixed costs.



## • EBITDA

We ended 2Q21 with an EBITDA of R\$167.2 million and an EBITDA margin of 8.5%. Compared to 2Q20, as shown below, commodity prices continue to pressure margins, while recurring gains were captured in selling expenses.



(1) Note: Non-recurring effects of 2Q20.

(2) Note: % Variation in gross margin without considering the representativeness of the depreciation of the COGS over net revenue.

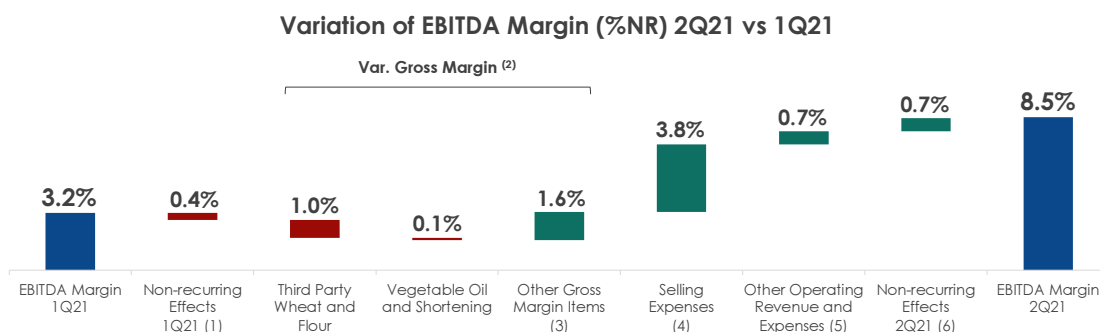
(3) Note: Disregards the non-recurring effects on the cost with COVID-19 (R\$5.6 million).

(4) Note: Disregards the non-recurring effects of expenses with COVID-19 (R\$0.7 million) and restructuring expenses (R\$1.3 million).

(5) Note: Disregards the non-recurring effects of expenses with COVID-19 (R\$0.4 million), restructuring expenses (R\$7.4 million) and revenue from extemporaneous tax credit (R\$29.6 million).

(6) Note: Non-recurring effects of 2Q21 with costs and expenses with COVID-19 (R\$6.7 million), restructuring expenses (R\$8.7 million) and revenue from extemporaneous tax credit (R\$29.6 million).

Compared to 1Q21, as shown below, the improvement in margins was due to the better dilution of fixed costs and expenses, as well as recurring gains in efficiency and productivity.



(1) Note: Non-recurring effects of 1Q21.

(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\$5.6 million).

(4) Note: Disregards the non-recurring effects of expenses with COVID-19 (R\$0.7 million) and restructuring expenses (R\$1.3 million).

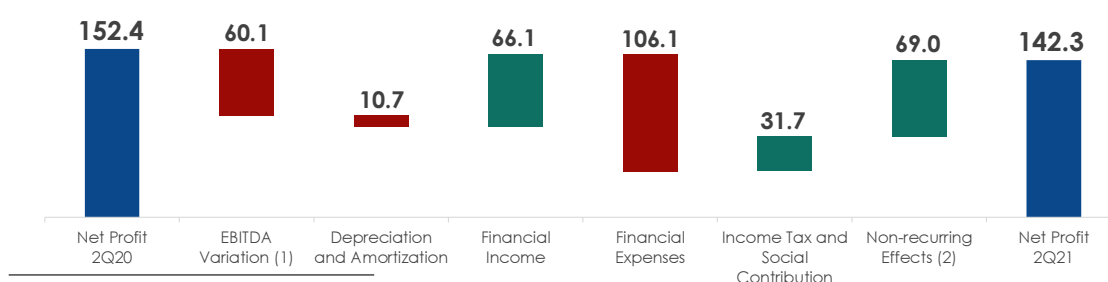
(5) Note: Disregards the non-recurring effects of expenses with COVID-19 (R\$0.4 million), restructuring expenses (R\$7.4 million) and revenue from extemporaneous tax credit (R\$29.6 million).

(6) Note: Non-recurring effects of 2Q21 with costs and expenses with COVID-19 (R\$6.7 million), restructuring expenses (R\$8.7 million) and revenue from extemporaneous tax credit (R\$29.6 million).

## • Net Income

**Net income increased 848.7% over 1Q21, totaling R\$ 142.3 million. When compared to 2Q20, a 6.6% decrease was recorded.** As shown in the graph below, the decline between 2Q21 vs 2Q20 was due to the variations in EBITDA, as explained above, and the negative variation in the financial result of R\$40.0 million (Financial Expenses of R\$106.1 million + Financial Revenue of R\$66.1 million), caused by three factors: (i) financial interest expenses and monetary restatement on debentures issued in 1Q21; (ii) contract costing of NDFs<sup>2</sup>; (iii) and exchange rate variation with exports.

**Net Income Variation 2Q21 vs 2Q20 (R\$ Million)**



<sup>(1)</sup> Note: EBITDA variation without non-recurring effects.

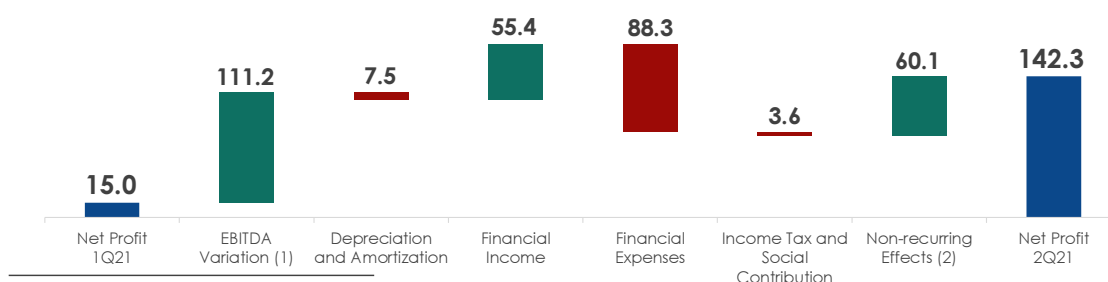
<sup>(2)</sup> Note: Variation in the non-recurring effects of 2Q21 (R\$81.7 million) vs 2Q20 (R\$12.7 million):

- **2Q21 (R\$81.7 million):** Includes costs and expenses with COVID-19 (R\$6.7 million), restructuring expenses (R\$8.7 million), revenue from extemporaneous tax credit (R\$29.6 million), financial income from 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).

- **2Q20 (R\$12.7 million):** Includes Piraguê integration expenses (R\$1.2 million), costs and expenses with COVID-19 (R\$19.5 million), restructuring expenses (R\$3.5 million), revenue from extemporaneous tax credit (R\$38.9 million), reimbursement of active supervenience (R\$2.2 million) and financial income from monetary restatement of extemporaneous tax credits (R\$0.2 million).

In the comparison between 2Q21 and 1Q21, growth was mainly driven by the increase in EBITDA, as a result of sales growth, greater dilution of fixed costs, price adjustments, and productivity and efficiency gains.

**Net Income Variation 2Q21 vs 1Q21 (R\$ Million)**



<sup>(1)</sup> Note: EBITDA variation without non-recurring effects.

<sup>(2)</sup> Note: Variation in the non-recurring effects of 2Q21 (R\$81.7 million) vs 1Q21 (R\$21.6 million):

- **2Q21 (R\$81.7 million):** Includes costs and expenses with COVID-19 (R\$6.7 million), restructuring expenses (R\$8.7 million), revenue from extemporaneous tax credit (R\$29.6 million), financial income from 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).

- **1Q21 (R\$21.6 million):** Includes Piraguê integration expenses (R\$0.8 million), costs and expenses with COVID-19 (R\$7.3 million), restructuring expenses (R\$13.7 million), revenue from extemporaneous tax credit (R\$27.5 million) and financial income from monetary restatement of extemporaneous tax credits (R\$15.9 million).



## • Investments

In 2Q21, investments stood at R\$51.6 million (15.2% higher than in 2Q20). We highlight (i) the acquisition of equipment and the adaptations made in the Bento Gonçalves (RS) unit; (ii) retrofit of machinery at the Madureira (RJ) unit; (iii) acquisition of equipment for the Fábrica Fortaleza (CE) and São Caetano do Sul (SP) units; and (iv) adaptations made in the distribution center at the Rio de Janeiro (RJ) unit.

## • Debt, Capitalization and Cash

In the quarter, net cash generated by operating activities totaled R\$365.8 million (25.7% lower than in 2Q20). We ended the quarter with a cash position of R\$1.6 billion (R\$1.4 billion in 2Q20) and a gross debt of R\$1.9 billion (stable vs 2Q20), resulting in leverage (net debt/LTM EBITDA) of 0.5x, similar to the leverage in 2Q20 (0.4x).

**MDIA**  
B3 LISTED NM

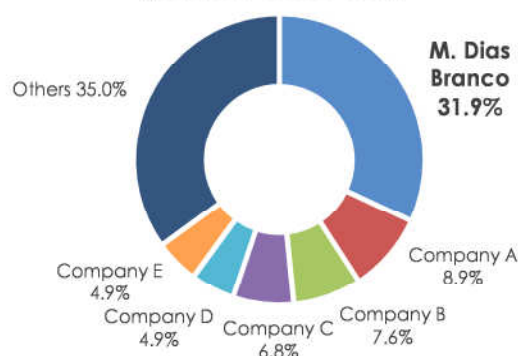
**IBRA B3    ICON B3    IGC B3    IGC-NM B3**  
**IGCT B3    INDX B3    ISE B3    ITAG B3    SMLL B3**

## MARKET HIGHLIGHTS

### MARKET SHARE

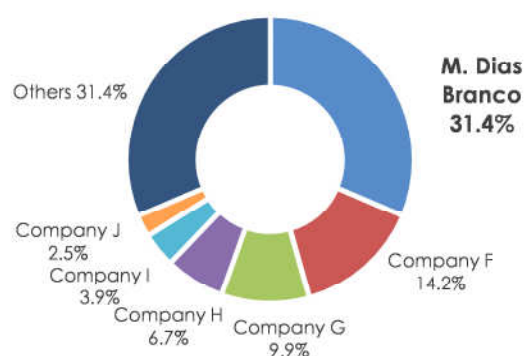
The graphs below show the Brazilian market share (in % of sales volume) of M. Dias Branco, the Brazilian leader in the cookies & crackers and pasta markets, and its main competitors between January and June 2021.

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



\* NIELSEN data from Jan/Jun of 2021.

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



\* NIELSEN data from Jan/Jun of 2021.

### SALES CHANNELS

In the comparison between 2Q21 and 2Q20, the Distributors and Key Account/Regional Chains channels recorded gains in representativeness. The Distributors channel increased in number of distributors.

Client Mix	2Q21	2Q20	Variation	1Q21	Variation	1H21	1H20	Variation
Small Retail	25.5%	27.3%	-1.8 p.p	27.9%	-2.4 p.p	26.5%	27.3%	-0.8 p.p
Wholesale	20.8%	23.3%	-2.5 p.p	21.7%	-0.9 p.p	21.2%	24.0%	-2.8 p.p
Key Accounts / Regional Chains	22.9%	19.8%	3.1 p.p	21.6%	1.3 p.p	22.3%	19.8%	2.5 p.p
Cash and Carry	16.8%	16.7%	0.1 p.p	14.7%	2.1 p.p	15.9%	18.2%	-2.3 p.p
Distributors	8.6%	7.2%	1.4 p.p	7.9%	0.7 p.p	8.3%	6.6%	1.7 p.p
Industry	1.8%	0.9%	0.9 p.p	1.7%	0.1 p.p	1.8%	0.9%	0.9 p.p
Other	3.6%	4.8%	-1.2 p.p	4.5%	-0.9 p.p	4.0%	3.2%	0.8 p.p
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>		<b>100.0%</b>	<b>100.0%</b>	

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

Major Clients		Sales 2Q21 (R\$ Million) *	Participation in Revenue excluding Discount Sales (%)		Sales 1H21 (R\$ Million) *	Participation in Revenue excluding Discount Sales	
Sequence	Accumulated		Individual	Accumulated		Individual	Accumulated
Major Client	1	214.7	9.3%	9.3%	358.6	8.9%	8.9%
49 Subsequent	50	689.7	29.8%	39.1%	1,173.4	29.0%	37.9%
50 Subsequent	100	176.1	7.6%	46.7%	307.3	7.6%	45.5%
900 Subsequent	1,000	677.2	29.3%	76.0%	1,203.4	29.8%	75.3%
Other Clients	All clients	553.7	24.0%	100.0%	1,000.8	24.7%	100.0%
<b>TOTAL</b>		<b>2,311.4</b>			<b>4,043.5</b>		

\* Gross revenue excluding discounts and returns.

## OPERATIONAL HIGHLIGHTS

### PRODUCTION CAPACITY UTILIZATION RATE

Effective Production / Production Capacity *	Cookies and Crackers		Pasta		Wheat Flour and Bran		Margarine and Vegetable Shortening		Other products **		Total	
	2Q21	2Q20	2Q21	2Q20	2Q21	2Q20	2Q21	2Q20	2Q21	2Q20	2Q21	2Q20
Total Production	138.7	154.8	102.3	132.4	397.9	480.8	42.5	44.7	4.6	4.4	686.0	817.1
Total Production Capacity	220.6	217.2	140.4	145.2	616.0	579.9	90.0	101.0	8.7	9.6	1,075.7	1,052.9
<b>Capacity Utilization</b>	<b>62.9%</b>	<b>71.3%</b>	<b>72.9%</b>	<b>91.2%</b>	<b>64.6%</b>	<b>82.9%</b>	<b>47.2%</b>	<b>44.3%</b>	<b>52.9%</b>	<b>45.8%</b>	<b>63.8%</b>	<b>77.6%</b>

\* 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	
	2Q21	1Q21	2Q21	1Q21	2Q21	1Q21	2Q21	1Q21	2Q21	1Q21	2Q21	1Q21
Total Production	138.7	101.8	102.3	78.3	397.9	322.1	42.5	39.5	4.6	3.8	686.0	545.5
Total Production Capacity	220.6	216.7	140.4	135.8	616.0	609.1	90.0	90.0	8.7	9.8	1,075.7	1,061.4
<b>Capacity Utilization</b>	<b>62.9%</b>	<b>47.0%</b>	<b>72.9%</b>	<b>57.7%</b>	<b>64.6%</b>	<b>52.9%</b>	<b>47.2%</b>	<b>43.9%</b>	<b>52.9%</b>	<b>38.8%</b>	<b>63.8%</b>	<b>51.4%</b>

\* 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	
	1H21	1H20	1H21	1H20	1H21	1H20	1H21	1H20	1H21	1H20	1H21	1H20
Total Production	240.5	304.2	180.6	240.9	720.0	915.1	82.0	90.6	8.4	8.2	1,231.5	1,559.0
Total Production Capacity	437.3	432.9	276.2	283.3	1,225.1	1,159.8	180.0	202.0	18.5	19.1	2,137.1	2,097.1
<b>Capacity Utilization</b>	<b>55.0%</b>	<b>70.3%</b>	<b>65.4%</b>	<b>85.0%</b>	<b>58.8%</b>	<b>78.9%</b>	<b>45.6%</b>	<b>44.9%</b>	<b>45.4%</b>	<b>42.9%</b>	<b>57.6%</b>	<b>74.3%</b>

\* Thousand tonnes

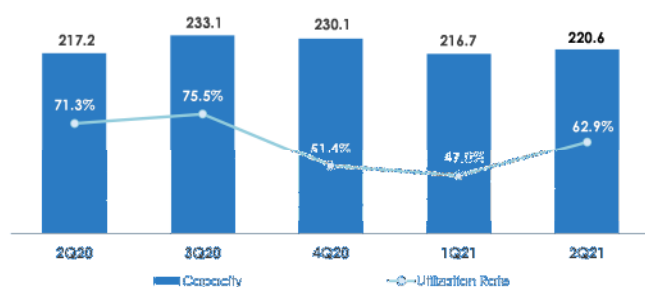
\*\* Cakes, snacks, cake mix and packaged toast

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.

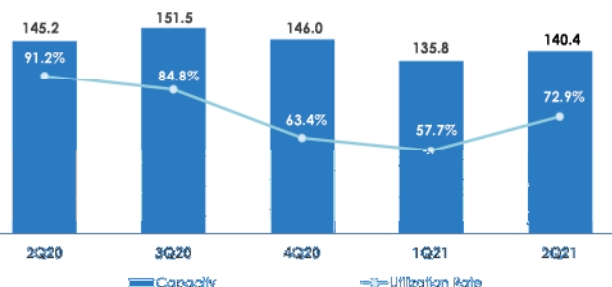
Highlight in 2Q21 vs 1Q21 for the increase in the production capacity utilization rate (+12.4p.p.), associated with the recovery of sales volume in the period (+26.3%).



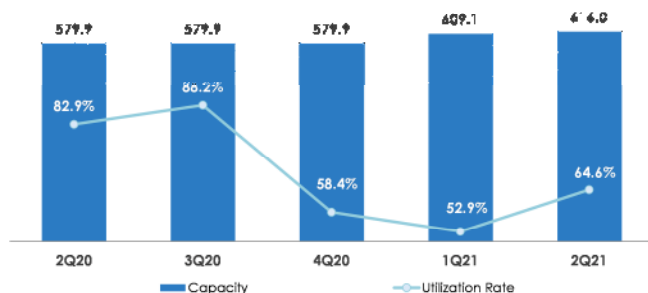
Production Capacity (‘000 tonnes) and Utilization Rate - Cookies and Crackers (%)



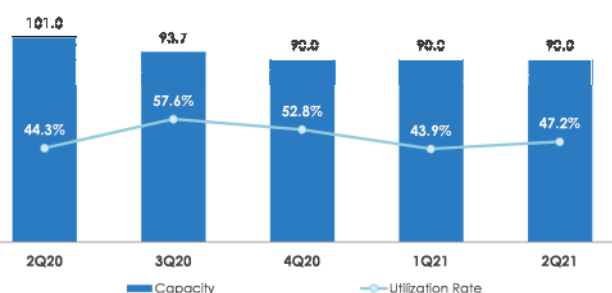
Production Capacity (‘000 tonnes) and Utilization Rate - Pasta (%)



Production Capacity (‘000 tonnes) and Utilization Rate - Wheat Flour and Bran (%)



Production Capacity (‘000 tonnes) and Utilization Rate - Margarine and Vegetable (%)

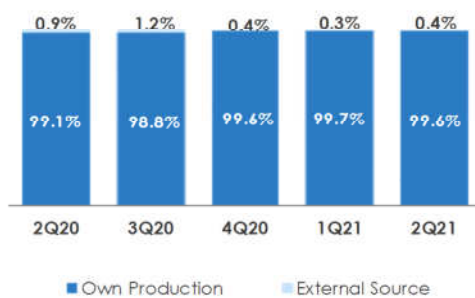


## VERTICAL INTEGRATION

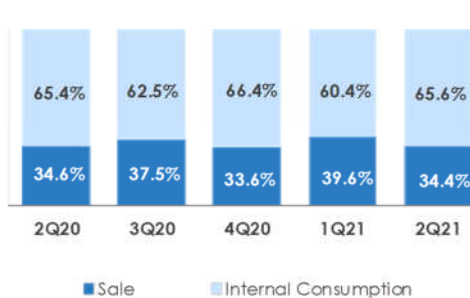
Maintained high levels for both wheat flour and vegetable shortening.

### WHEAT FLOUR

COMPANY'S CONSUMPTION

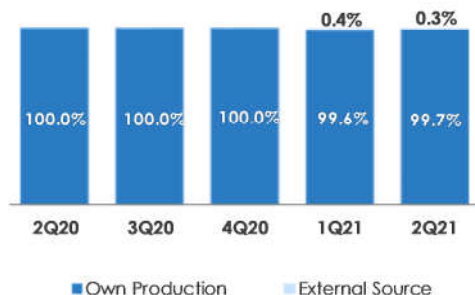


PRODUCTION ALLOCATION

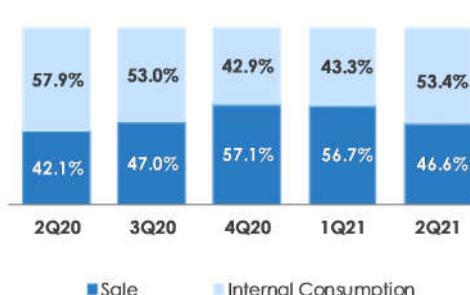


### VEGETABLE SHORTENING

COMPANY'S CONSUMPTION



PRODUCTION ALLOCATION



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 5.0% in 2Q21 over 2Q20, driven by the average increase of 24.7% in prices which offset the 16.0% retraction in volumes.

Segment	2Q21			2Q20			Variation		
	Net Revenue	Weight	Average Price	Net Revenue	Weight	Average Price	Net Revenue	Weight	Average Price
Cookies and Crackers	1,010.3	138.5	7.29	972.7	153.4	6.34	3.9%	-9.7%	15.0%
Pasta	458.8	103.4	4.44	468.3	129.7	3.61	-2.0%	-20.3%	23.0%
Wheat Flour and Bran	357.2	185.5	1.93	321.9	230.8	1.39	11.0%	-19.6%	38.8%
Margarine and Vegetable Shortening	111.4	18.7	5.96	88.5	18.7	4.73	25.9%	0.0%	26.0%
Other products **	40.9	4.1	9.98	33.8	3.5	9.66	21.0%	17.1%	3.3%
<b>TOTAL</b>	<b>1,978.6</b>	<b>450.2</b>	<b>4.39</b>	<b>1,885.2</b>	<b>536.1</b>	<b>3.52</b>	<b>5.0%</b>	<b>-16.0%</b>	<b>24.7%</b>

\* 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 marketing and sales initiatives carried out in 2Q21:



**Launches:** 21 new products, expanding our portfolio with a focus on higher value-added categories such as: white chocolate coated wafer for Piraquê, Vitarella, Richester and Isabela brands; potato chips with the Piraquê brand; and flavored cookies for the Isabela brand.

**Investments in marketing and sales:** "Cream Cracker" and "Delicita Cristal", of the Vitarella brand, "Criações Originais" (Original Creations), of the Piraquê brand, and "A vida acontece nos detalhes" (Life happens in the details), of the Adria brand, are some of the relevant campaigns that were carried out in 2Q21.



Net revenue grew 32.7% in 2Q21 over 1Q21, due to a 5.0% increase in the average price and a 26.3% increase in sales volume.

Segment	2Q21			1Q21			Variation		
	Net Revenue	Weight	Average Price	Net Revenue	Weight	Average Price	Net Revenue	Weight	Average Price
Cookies and Crackers	1,010.3	138.5	7.29	706.6	97.0	7.28	43.0%	42.8%	0.1%
Pasta	458.8	103.4	4.44	315.9	71.6	4.41	45.2%	44.4%	0.7%
Wheat Flour and Bran	357.2	185.5	1.93	326.1	163.8	1.99	9.5%	13.2%	-3.0%
Margarine and Vegetable Shortening	111.4	18.7	5.96	109.7	20.5	5.35	1.5%	-8.8%	11.4%
Other products **	40.9	4.1	9.98	32.8	3.5	9.37	24.7%	17.1%	6.5%
<b>TOTAL</b>	<b>1,978.6</b>	<b>450.2</b>	<b>4.39</b>	<b>1,491.1</b>	<b>356.4</b>	<b>4.18</b>	<b>32.7%</b>	<b>26.3%</b>	<b>5.0%</b>

\* 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

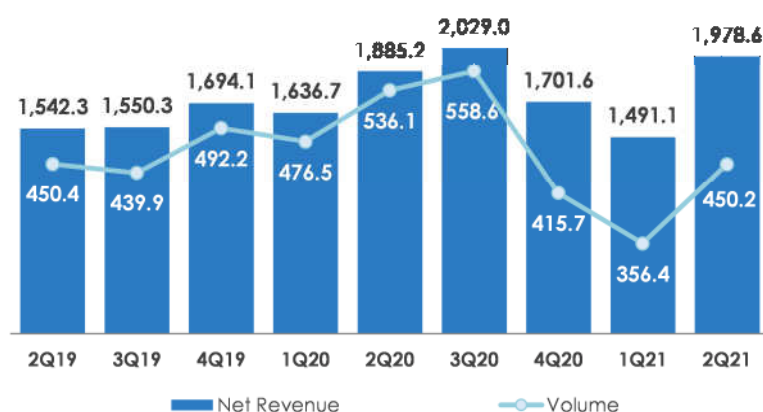
In 1H21 vs 1H20, net revenue dropped 1.5% due to the 20.3% decrease in volumes, caused by the retraction in sales in 1Q21 and by the higher comparison base in 2Q20, which was stimulated by emergency aid and increased consumption within homes. The average price increased (+23.6%).

Segment	1H21			1H20			Variation		
	Net Revenue	Weight	Average Price	Net Revenue	Weight	Average Price	Net Revenue	Weight	Average Price
Cookies and Crackers	1,716.9	235.5	7.29	1,839.6	291.3	6.32	-6.7%	-19.2%	15.3%
Pasta	774.7	175.0	4.43	842.9	234.6	3.59	-8.1%	-25.4%	23.4%
Wheat Flour and Bran	683.3	349.3	1.96	597.9	441.3	1.35	14.3%	-20.8%	45.2%
Margarine and Vegetable Shortening	221.1	39.2	5.64	172.9	38.4	4.50	27.9%	2.1%	25.3%
Other products **	73.7	7.6	9.70	68.6	7.0	9.80	7.4%	8.6%	-1.0%
<b>TOTAL</b>	<b>3,469.7</b>	<b>806.6</b>	<b>4.30</b>	<b>3,521.9</b>	<b>1,012.6</b>	<b>3.48</b>	<b>-1.5%</b>	<b>-20.3%</b>	<b>23.6%</b>

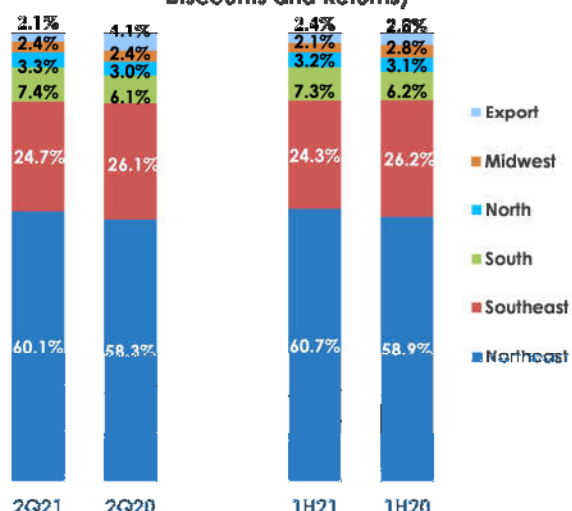
\* Net Revenue in R\$ million, Weight excluding sales returns in thousand tonnes and Net Average Price in R\$/Kg.

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

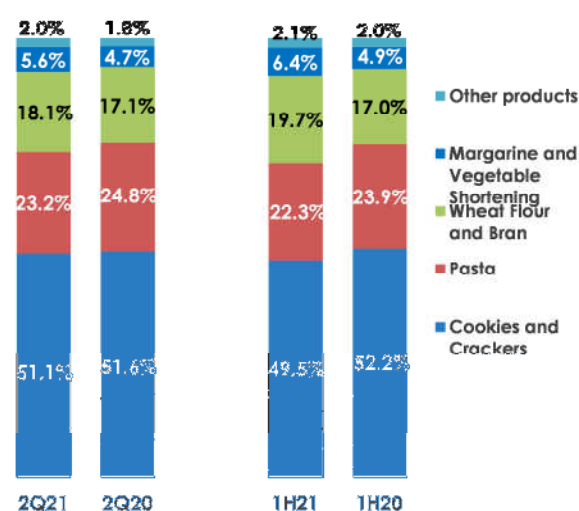
Net Revenue (R\$ Million) and Net Volume ('000 tonnes)



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



Net Revenue Breakdown



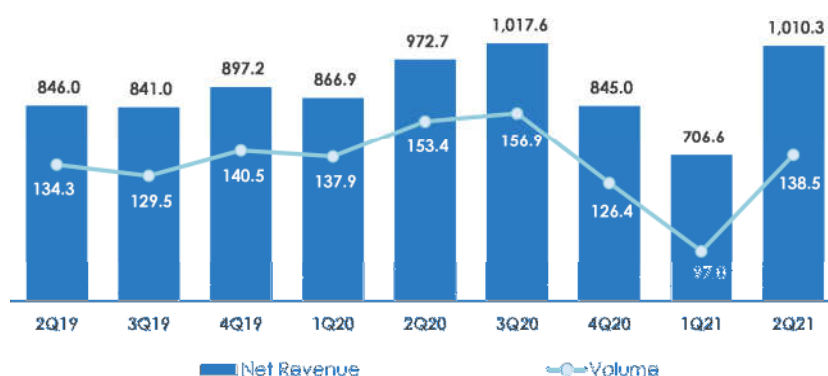
## HIGHLIGHTS – COOKIES & CRACKERS

Net revenue for the cookies & crackers segment increased 3.9% in 2Q21 over 2Q20, as sales volume fell 9.7% and the average price rose 15.0%.

Net revenue grew 43.0% in 2Q21 over 1Q21, as a result of a 42.8% increase in volumes and a stable average price (+0.1%). Volume growth was observed in all regions and subcategories.

Gross revenue from launches totaled R\$68.9 million in 2Q21, with 116 new products/flavors launched in the last 24 months (91 new products/flavors and gross revenue of R\$44.6 million in 2Q20).

Cookies and Crackers - Net Revenue (R\$ Million) and Net Volume ('000 tonnes)



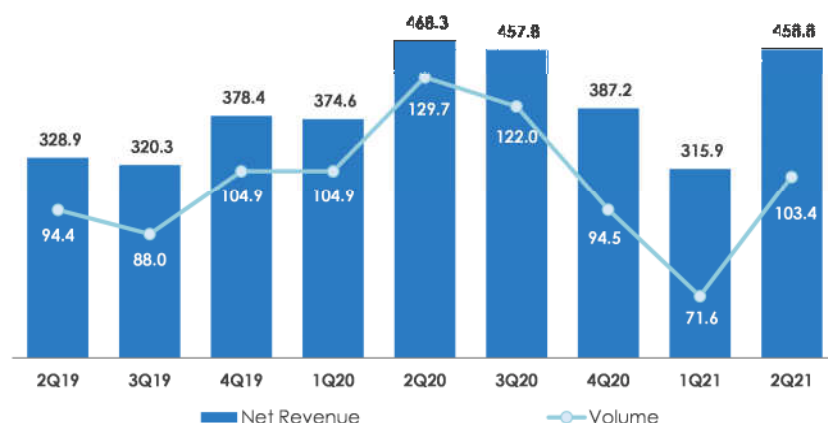
## HIGHLIGHTS – PASTA

Net revenue from pasta dropped 2.0% in 2Q21 over 2Q20, as sales volume fell 20.3% and the average price rose 23.0%.

The drop in volumes was observed across all regions, with emphasis on exports, which were positively impacted in 2Q20 by sales from the humanitarian aid programs carried out in Latin America, influenced by the pandemic.

When compared to 1Q21, net revenue increased 45.2%, as sales volume grew 44.4% and the average price rose 0.7% across all regions and subcategories.

Pasta - Net Revenue (R\$ Million) and Net Volume ('000 tonnes)

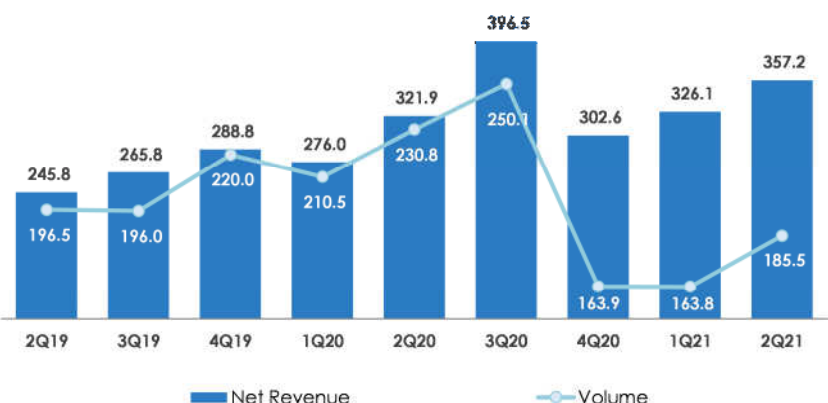


## HIGHLIGHTS – WHEAT FLOUR AND BRAN

Net revenue from wheat flour and bran increased 11.0% in 2Q21, due to a 19.6% drop in sales volume and a 38.8% rise in average price.

The decrease in volumes was influenced by both industrial and domestic wheat flours, with a retraction in the Defense region caused by price increases, and in exports, impacted in 2Q20 by sales from

Wheat Flour and Bran - Net Revenue (R\$ Million) and Net Volume ('000 tonnes)



the humanitarian aid programs. Despite the retraction observed, we registered greater volumes in the Attack region.

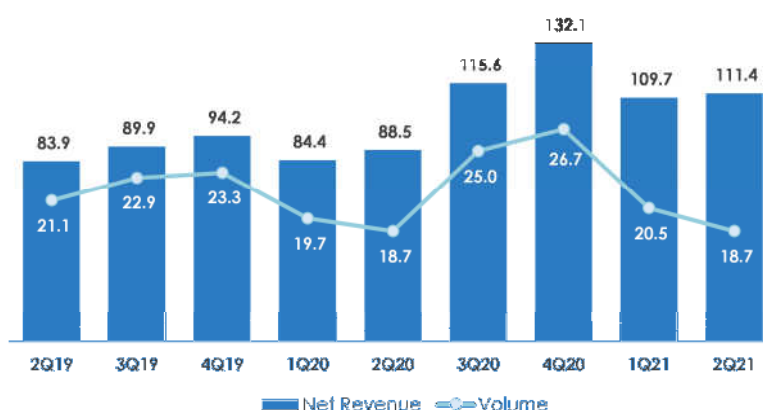
In the 2Q21 and 1Q21 comparison, net revenue increased 9.5%, with a 13.2% growth in volumes and a 3.0% reduction in the average price. We highlight the performance of industrial wheat flours nationwide and domestic, in particular for the Attack region, which recorded increases in volumes and average price.

## HIGHLIGHTS – MARGARINE AND VEGETABLE SHORTENING

Net revenue from margarine and vegetable shortening grew 25.9% in 2Q21 over 2Q20, with stable sales volume and a 26.0% increase in the average price.

Volumes remained at the same level as in 2Q20 and the category's performance was driven by price transfers. When compared to 1Q21, volumes fell 8.8% while net revenue increased 1.5% and the average price rose 11.4%.

Margarine and Vegetable Shortening - Net Revenue (R\$ Million) and Net Volume



## COSTS

COGS (R\$ Million)	2Q21	% Net Rev.	2Q20	% Net Rev.	Variation	1Q21	% Net Rev.	Variation	1H21	% Net Rev.	1H20	% Net Rev.	Variation
<b>Raw material</b>	<b>1,054.0</b>	<b>53.3%</b>	<b>921.0</b>	<b>48.9%</b>	<b>14.4%</b>	<b>774.5</b>	<b>51.9%</b>	<b>36.1%</b>	<b>1,828.5</b>	<b>52.7%</b>	<b>1,609.3</b>	<b>45.7%</b>	<b>13.6%</b>
Wheat	680.5	34.4%	635.3	33.7%	7.1%	498.2	33.4%	36.6%	1,178.7	34.0%	1,084.1	30.8%	8.7%
Vegetable Oil	213.1	10.8%	144.0	7.6%	48.0%	158.6	10.6%	34.4%	371.7	10.7%	251.8	7.1%	47.6%
Sugar	56.7	2.9%	46.9	2.5%	20.9%	38.7	2.6%	46.5%	95.4	2.7%	88.6	2.5%	7.7%
Third Party Flour	2.2	0.1%	2.6	0.1%	-15.4%	1.5	0.1%	46.7%	3.7	0.1%	11.1	0.3%	-66.7%
Third Party Vegetable Shortening	0.5	0.0%	0.4	0.0%	25.0%	0.3	0.0%	66.7%	0.8	0.0%	2.8	0.1%	-71.4%
Other	101.0	5.1%	91.8	4.9%	10.0%	77.2	5.2%	30.8%	178.2	5.1%	170.9	4.9%	4.3%
<b>Packages</b>	<b>131.3</b>	<b>6.6%</b>	<b>122.1</b>	<b>6.5%</b>	<b>7.5%</b>	<b>95.5</b>	<b>6.4%</b>	<b>37.5%</b>	<b>226.8</b>	<b>6.5%</b>	<b>230.2</b>	<b>6.5%</b>	<b>-1.5%</b>
<b>Labor</b>	<b>172.8</b>	<b>8.7%</b>	<b>163.9</b>	<b>8.7%</b>	<b>5.4%</b>	<b>148.2</b>	<b>9.9%</b>	<b>16.6%</b>	<b>321.0</b>	<b>9.3%</b>	<b>311.6</b>	<b>8.8%</b>	<b>3.0%</b>
<b>Indirect costs</b>	<b>134.4</b>	<b>6.8%</b>	<b>116.0</b>	<b>6.2%</b>	<b>15.9%</b>	<b>107.1</b>	<b>7.2%</b>	<b>25.5%</b>	<b>241.5</b>	<b>7.0%</b>	<b>217.9</b>	<b>6.2%</b>	<b>10.8%</b>
<b>Depreciation and amortization</b>	<b>48.7</b>	<b>2.5%</b>	<b>44.6</b>	<b>2.4%</b>	<b>9.2%</b>	<b>42.4</b>	<b>2.8%</b>	<b>14.9%</b>	<b>91.1</b>	<b>2.6%</b>	<b>87.4</b>	<b>2.5%</b>	<b>4.2%</b>
<b>Total</b>	<b>1,541.2</b>	<b>77.9%</b>	<b>1,367.6</b>	<b>72.5%</b>	<b>12.7%</b>	<b>1,167.7</b>	<b>78.3%</b>	<b>32.0%</b>	<b>2,708.9</b>	<b>78.1%</b>	<b>2,456.4</b>	<b>69.7%</b>	<b>10.3%</b>

In 2Q21, the cost of goods sold increased 12.7% over 2Q20, in absolute terms, and accounted for 77.9% of net revenue in the period (72.5% in 2Q20). We list below the main negative impacts on the cost of goods sold.

### NEGATIVE IMPACTS (2Q21 vs 2Q20)

- An 16.0% decrease in production volume, impacting on a lower dilution of fixed costs;
- Increase of 26.2%, 50.6% and 27.4% in the average cost (R\$) of wheat, oil and sugar, respectively.

In 2Q21, the cost of goods sold increased 32.0% over 1Q21, in absolute terms, and accounted for 77.9% of net revenue in the period (78.3% in 1Q21). Following, we list the main positive and negative impacts on the cost of goods sold.



### POSITIVE IMPACTS (2Q21 vs 1Q21)

- Increase of 25.8% in production volume, impacting on a lower dilution of fixed costs.

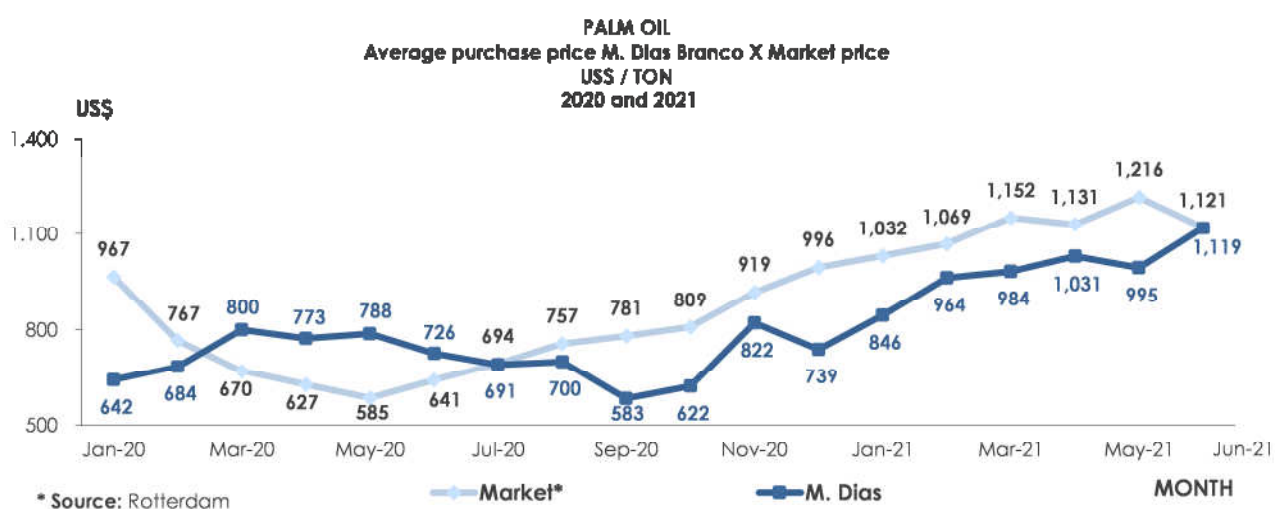
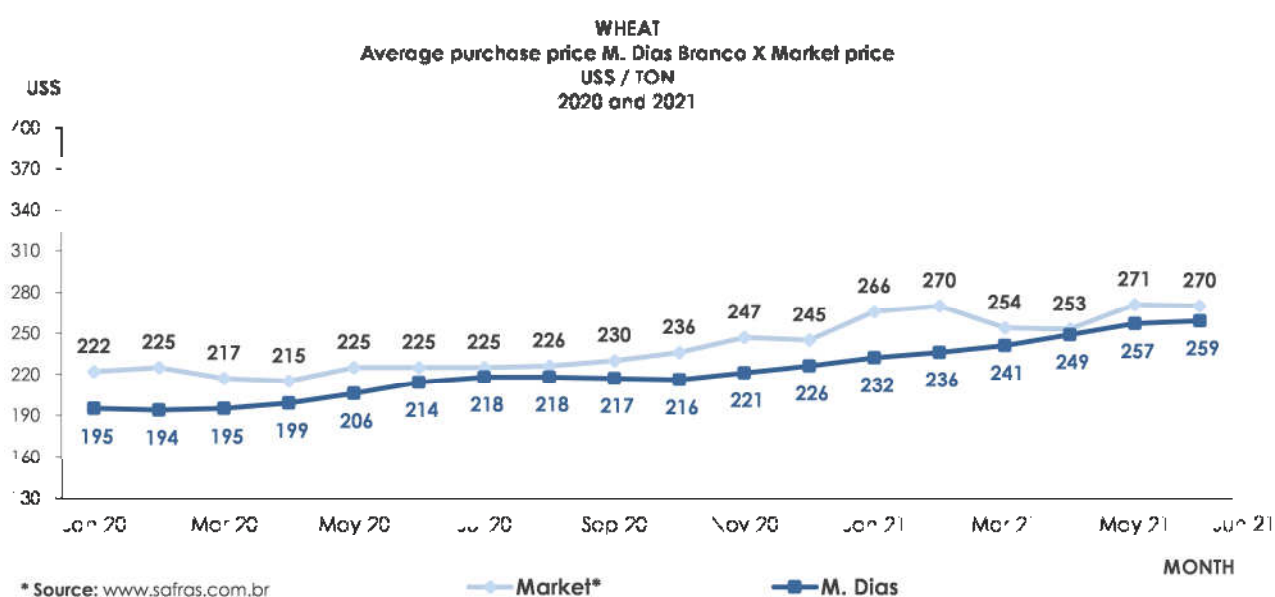
### NEGATIVE IMPACTS (2Q21 vs 1Q21)

- Increase of 6.5%, 14.1% and 6.3% in the average cost (R\$) of wheat, oil and sugar, respectively.

In 1H21, cost of goods sold increased 10.3% over 1H20, in absolute terms, and accounted for 78.1% of net revenue in the period (69.7% in 1H20).

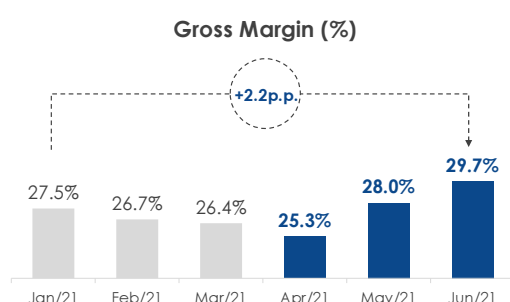
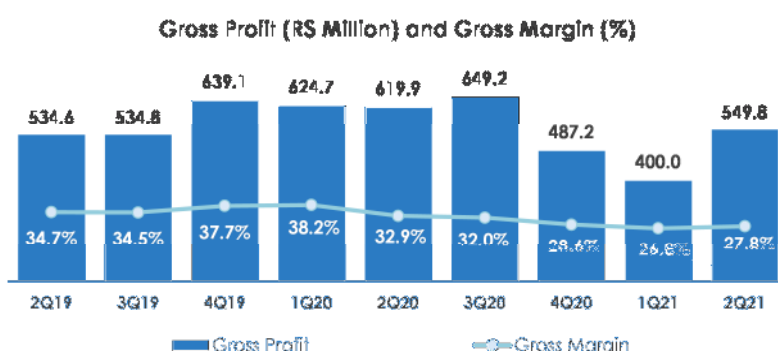
### NEGATIVE IMPACTS (1H21 vs 1H20)

- Decrease of 21.0% in production volume, impacting on a lower dilution of fixed costs;
- Increase of 34.1%, 59.6% and 26.7% in the average cost (R\$) of wheat, oil and sugar, respectively;
- Higher general expenses related to an increase in preventive and corrective maintenance and initiatives related to the pandemic.



## GROSS PROFIT

In 2Q21, gross profit dropped 11.3%, with a 5.1 p.p. decline in gross margin compared to 2Q20. The retraction in margin was influenced by lower sales and production volumes, impacting on a lower dilution of fixed costs, and the increase in the cost of main commodities in U.S. Dollars.



On the other hand, over the first six months of 2021, as shown in the graph on the side, there is a recovery in margins, as a result of price management, greater dilution of fixed costs and productivity and efficiency initiatives.

It is important to highlight that gross profit includes subsidies for state investments totaling R\$112.4 million in 2Q21 (R\$102.3 million in 2Q20) 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:

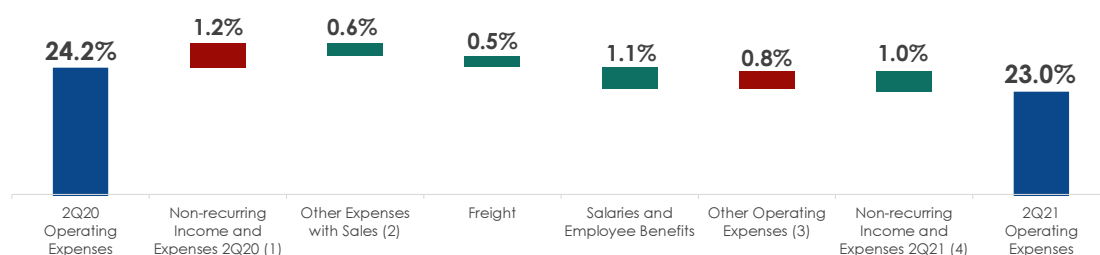
Operating Expenses (R\$ Million)	2Q21	% Net Rev.	2Q20	% Net Rev.	Variation	1Q21	% Net Rev.	Variation	1H21	% Net Rev.	1H20	% Net Rev.	Variation
Selling*	347.0	17.5%	379.2	20.1%	-8.5%	329.1	22.1%	5.4%	676.1	19.5%	737.6	20.9%	-8.3%
Administrative	58.6	3.0%	60.2	3.2%	-2.7%	53.7	3.6%	9.1%	112.3	3.2%	120.9	3.4%	-7.1%
Donations	9.2	0.5%	5.5	0.3%	67.3%	10.9	0.7%	-15.6%	20.1	0.6%	5.6	0.2%	n/a
Management fees	3.4	0.2%	4.5	0.2%	-24.4%	3.3	0.2%	3.0%	6.7	0.2%	7.6	0.2%	-11.8%
Taxes	9.4	0.5%	5.4	0.3%	74.1%	7.1	0.5%	32.4%	16.5	0.5%	11.3	0.3%	46.0%
Depreciation and amortization	25.2	1.3%	18.6	1.0%	35.5%	24.0	1.6%	5.0%	49.2	1.4%	37.6	1.1%	30.9%
Other operating expenses/(revenue)	2.5	0.1%	-17.3	-0.9%	n/a	-10.3	-0.7%	n/a	-7.8	-0.2%	-7.3	-0.2%	6.8%
<b>TOTAL</b>	<b>455.3</b>	<b>23.0%</b>	<b>456.1</b>	<b>24.2%</b>	<b>-0.2%</b>	<b>417.8</b>	<b>28.0%</b>	<b>9.0%</b>	<b>873.1</b>	<b>25.2%</b>	<b>913.3</b>	<b>25.9%</b>	<b>-4.4%</b>

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

In the 2Q21 and 2Q20 comparison, these expenses dropped 0.2% in absolute terms and 1.2 p.p. in representativeness over net revenue, mainly due to reductions in selling expenses, influenced by productivity and efficiency gains; and lower freight and loading/unloading expenses.

Non-recurring results in 2Q21 came in as a revenue of R\$19.8 million, arising from: (i) restructuring expenses; (ii) expenses related to COVID-19; and (iii) tax credits from prior periods, as shown below.

### Evolution Operating Expenses 2Q21 vs 2Q20 (%NR)



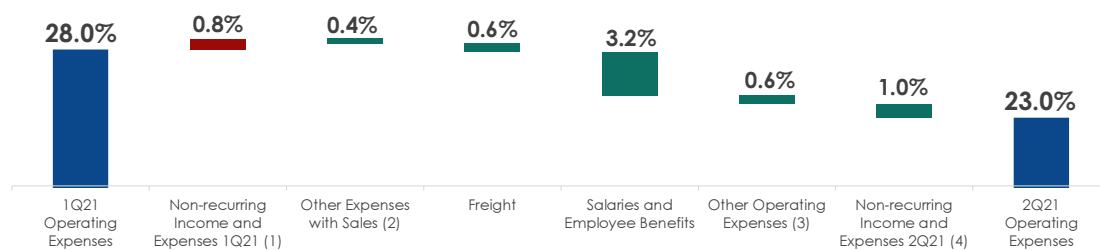
(1) **Note:** Non-recurring effects of 2Q20.

(2) **Note:** Disregards the non-recurring effects of expenses with COVID-19 (R\$0.7 million) and restructuring expenses (R\$1.3 million).

(3) **Note:** Disregards the non-recurring effects of expenses with COVID-19 (R\$0.4 million), restructuring expenses (R\$7.4 million) and revenue from extemporaneous tax credit (R\$29.6 million).

(4) **Note:** Non-recurring effects of 2Q21 with COVID-19 (R\$1.1 million), restructuring expenses (R\$8.7 million) and revenue from extemporaneous tax credit (R\$29.6 million).

### Evolution Operating Expenses 2Q21 vs 1Q21 (%NR)



(1) **Note:** Non-recurring effects of 1Q21.

(2) **Note:** Disregards the non-recurring effects of expenses with COVID-19 (R\$0.7 million) and restructuring expenses (R\$1.3 million).

(3) **Note:** Disregards the non-recurring effects of expenses with COVID-19 (R\$0.4 million), restructuring expenses (R\$7.4 million) and revenue from extemporaneous tax credit (R\$29.6 million).

(4) **Note:** Non-recurring effects of 2Q21 with COVID-19 (R\$1.1 million), restructuring expenses (R\$8.7 million) and revenue from extemporaneous tax credit (R\$29.6 million).

## FINANCIAL RESULT

To provide a better understanding of the variations in the financial result, we report and analyze exchange variations and derivative transactions in the period separately from other financial revenue and expenses, as shown below:

Financial Income (R\$ Million)	2Q21	2Q20	Variation	1Q21	Variation	1H21	1H20	Variation
Financial Revenue	54.4	12.9	n/a	26.0	n/a	80.4	23.8	n/a
Financial Expenses	-46.7	-17.7	n/a	-24.8	88.3%	-71.5	-37.7	89.7%
Exchange Variation	60.0	-62.0	n/a	-67.0	n/a	-7.0	-202.8	-96.5%
Losses/Gains on derivatives	-72.8	64.1	n/a	71.9	n/a	-0.9	210.1	n/a
<b>TOTAL</b>	<b>-5.1</b>	<b>-2.7</b>	<b>88.9%</b>	<b>6.1</b>	<b>-85.4%</b>	<b>1.0</b>	<b>-6.6</b>	<b>-115.2%</b>

In 2Q21, the Company recorded a negative financial result of R\$5.1 million, compared to a negative result of R\$2.7 million in 2Q20, increasing 88.9%, mainly due to higher financial interest expenses and monetary restatement on debentures (R\$24.8 million), contract costing of NDFs (R\$7.0 million), and exchange rate variation with exports (R\$12.4 million), which were partially offset by the increase in financial income from financial restatements on non-recurring ICMS tax credits on the PIS and COFINS calculation basis (R\$37.6 million).



## TAXES ON INCOME

In 2Q21, the Company recorded a reversal on income tax and social contribution (IRPJ and CSLL) of R\$54.1 million against a provision of R\$7.3 million in 2Q20. This reversal was mainly due to the recognition of R\$29.7 million in tax credit due after a final and unappealable decision of a lawsuit for the exclusion of IRPJ/CSLL taxes on a tax calculation basis, with retroactive effect to 2012, and Deferred Income Tax in the amount of R\$24.5 million, mainly due to losses with derivative transactions.

Income and Social Contribution Taxes (R\$ Million)	2Q21	2Q20	Variation	1H21	1H20	Variation
Income and Social Contribution Taxes	-54.1	13.2	n/a	-82.0	39.0	n/a
Income Tax Incentive	0.0	-5.9	-100.0%	0.0	-5.9	-100.0%
<b>TOTAL</b>	<b>-54.1</b>	<b>7.3</b>	<b>n/a</b>	<b>-82.0</b>	<b>33.1</b>	<b>n/a</b>

## 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\$163.6 million, which will be amortized over a minimum period of five years. This increase 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\$132.5 million and the contingent portion of the price of R\$65.5 million not yet settled). However, we expect to fully use the transaction goodwill in the amount of R\$361.6 million.

In 2Q21, we recognized R\$2.8 million in tax benefits resulting from amortization. This amount was R\$5.6 million in 1H21.

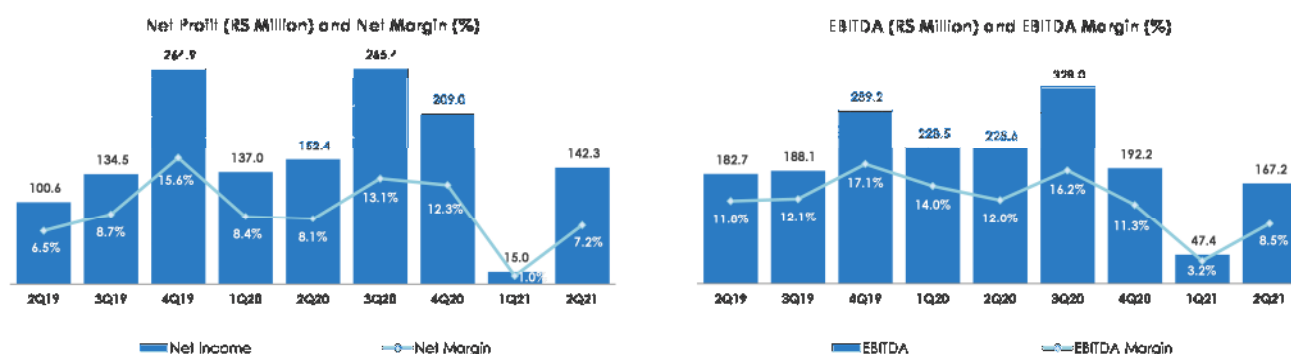
## EBITDA AND NET INCOME

### EBITDA – NET INCOME

EBITDA CONCILIATION (R\$ Million)	2Q21	2Q20	Variation	1Q21	Variation	1H21	1H20	Variation
<b>Net Profit</b>	<b>142.3</b>	<b>152.4</b>	<b>-6.6%</b>	<b>15.0</b>	<b>n/a</b>	<b>157.3</b>	<b>289.4</b>	<b>-45.6%</b>
Income Tax and Social Contribution	-54.1	13.2	n/a	-27.9	93.9%	-82.0	39.0	n/a
Income Tax Incentive	0.0	-5.9	-100.0%	0.0	n/a	0.0	-5.9	-100.0%
Financial Revenue	-122.5	-18.9	n/a	-45.4	n/a	-167.9	-37.4	n/a
Financial Expenses	127.6	21.6	n/a	39.3	n/a	166.9	44.0	n/a
Depreciation and Amortization of cost of goods	48.7	44.6	9.2%	42.4	14.9%	91.1	87.4	4.2%
Depreciation and Amortization Adm/Com Expenses	25.2	18.6	35.5%	24.0	5.0%	49.2	37.6	30.9%
<b>EBITDA</b>	<b>167.2</b>	<b>225.6</b>	<b>-25.9%</b>	<b>47.4</b>	<b>252.7%</b>	<b>214.6</b>	<b>454.1</b>	<b>-52.7%</b>
<b>EBITDA Margin</b>	<b>8.5%</b>	<b>12.0%</b>	<b>-3.5 p.p</b>	<b>3.2%</b>	<b>5.3 p.p</b>	<b>6.2%</b>	<b>12.9%</b>	<b>-6.7 p.p</b>

### EBITDA – NET REVENUE

EBITDA CONCILIATION (R\$ Million)	2Q21	2Q20	Variation	1Q21	Variation	1H21	1H20	Variation
<b>Net Revenue</b>	<b>1,978.6</b>	<b>1,885.2</b>	<b>5.0%</b>	<b>1,491.1</b>	<b>32.7%</b>	<b>3,469.7</b>	<b>3,521.9</b>	<b>-1.5%</b>
Cost of goods sold	-1,541.2	-1,367.6	12.7%	-1,167.7	32.0%	-2,708.9	-2,456.4	10.3%
Depreciation and Amortization of cost of goods	48.7	44.6	9.2%	42.4	14.9%	91.1	87.4	4.2%
Tax Incentive (ICMS)	112.4	102.3	9.9%	76.6	46.7%	189.0	179.1	5.5%
Operating Expenses	-455.3	-456.1	-0.2%	-417.8	9.0%	-873.1	-913.3	-4.4%
Equity in net income of subsidiaries	-1.2	-1.4	-14.3%	-1.2	0.0%	-2.4	-2.2	9.1%
Depreciation and Amortization Adm/Com Expenses	25.2	18.6	35.5%	24.0	5.0%	49.2	37.6	30.9%
<b>EBITDA</b>	<b>167.2</b>	<b>225.6</b>	<b>-25.9%</b>	<b>47.4</b>	<b>252.7%</b>	<b>214.6</b>	<b>454.1</b>	<b>-52.7%</b>
<b>EBITDA Margin</b>	<b>8.5%</b>	<b>12.0%</b>	<b>-3.5 p.p</b>	<b>3.2%</b>	<b>5.3 p.p</b>	<b>6.2%</b>	<b>12.9%</b>	<b>-6.7 p.p</b>



## DEBT, CAPITALIZATION AND CASH

Capitalization (R\$ Million)	6/30/2021	6/30/2020	Variation	Financial Indicator	6/30/2021	6/30/2020	Variation
Cash	1,576.2	1,391.2	13.3%	Cash (Debt) Net / EBITDA (last 12 months)	-0.5	-0.4	25.0%
Financial Investments Short Term	16.5	16.4	0.6%	Cash (Debt) Net / Shareholder's Equity	-5.5%	-5.3%	-0.2 p.p
Financial Investments Long Term	0.0	3.3	-100.0%	Indebtedness / Total Assets	18.1%	19.1%	-1 p.p
<b>Total Indebtedness</b>	<b>-1,863.0</b>	<b>-1,801.6</b>	<b>3.4%</b>				
(-) Short Term	-308.6	-1,475.5	-79.1%				
(-) Long Term	-1,554.4	-326.1	n/a				
<b>(-) Derivatives Financial Instruments</b>	<b>-91.2</b>	<b>57.9</b>	<b>n/a</b>				
<b>(=) Net Cash (Net Debt)</b>	<b>-361.5</b>	<b>-332.8</b>	<b>8.6%</b>				
Shareholder's Equity	6,620.3	6,234.0	6.2%				
<b>Capitalization</b>	<b>8,483.3</b>	<b>8,035.6</b>	<b>5.6%</b>				

We ended the period with cash and cash equivalents of R\$1.6 billion (R\$1.4 billion in 2Q20). Leverage (net debt/LTM EBITDA ratio) stood at 0.5x in 1Q21, a similar level to what was recorded in 2Q20 (0.4x).

Consolidated Debt (R\$ million)	Index	Interest (year)	6/30/2021	% Debt	6/30/2020	% Debt	Variation
<b>Domestic Currency:</b>			<b>1,362.6</b>	<b>73.1%</b>	<b>865.2</b>	<b>48.0%</b>	<b>57.5%</b>
BNDES - FINAME	TJLP	2.17%	12.2	0.7%	16.2	0.9%	-24.7%
BNDES - PSI	R\$	3.00% (2.97% in 06/30/20)	58.4	3.1%	88.9	4.9%	-34.3%
BNDES - FINEM	IPCA	8.64% (8.67% in 06/30/20)	28.3	1.5%	37.7	2.1%	-24.9%
BNDES - PROGEREN	IPCA	6.28%	43.3	2.3%	59.7	3.3%	-27.5%
FINIMP	100% CDI	3.80%	-	0.0%	134.2	7.4%	-100.0%
(PROVIN) Financing of state taxes	100% TJLP	-	10.6	0.6%	8.7	0.5%	21.8%
Working Capital	100% CDI	1.30% (2.50% in 06/30/20)	201.2	10.8%	100.8	5.6%	99.6%
Investment of assignment of Pilar's shares	100% CDI	-	3.9	0.2%	2.7	0.1%	44.4%
Investment of assignment of Estrela's shares	100% CDI	-	8.4	0.5%	5.4	0.3%	55.6%
Investment of assignment of Moinho Santa Lúcia's shares	100% CDI	-	0.7	0.0%	0.0	0.0%	n/a
Investment of assignment of Piraquê's shares	100% CDI	-	200.8	10.8%	209.0	11.6%	-3.9%
Commercial notes	100% CDI	3.13%	0.0	0.0%	201.9	11.2%	-100.0%
Debentures	IPCA	3.80% and 4.14%	794.8	42.7%	0.0	0.0%	n/a
<b>Foreign Currency:</b>			<b>500.4</b>	<b>26.9%</b>	<b>936.4</b>	<b>52.0%</b>	<b>-46.6%</b>
(FINIMP) Imports Financing and Working Capital - Law 4,131	USD	1.66% (1.91% in 06/30/20)	500.4	26.9%	936.4	52.0%	-46.6%
<b>TOTAL</b>			<b>1,863.0</b>	<b>100.0%</b>	<b>1,801.6</b>	<b>100.0%</b>	<b>3.4%</b>

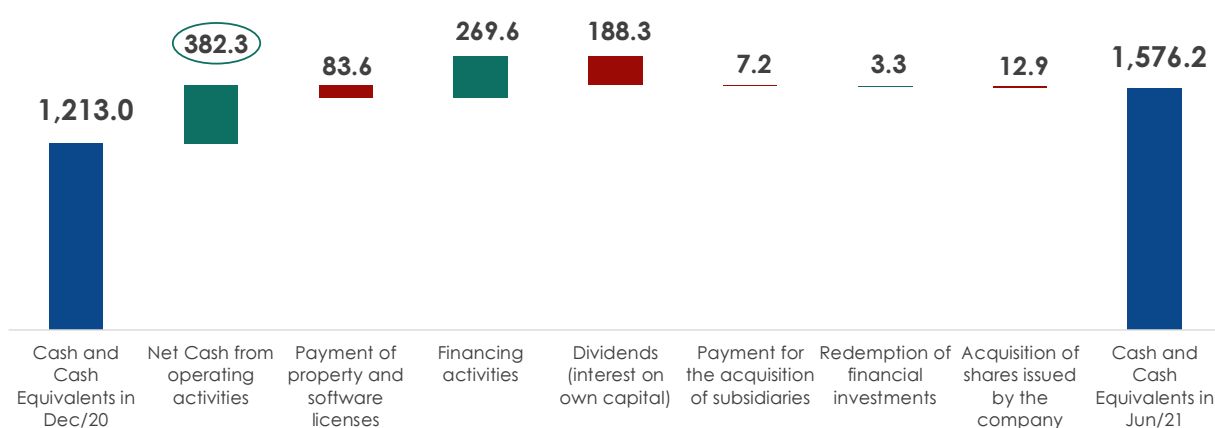
On June 30, 2021, the Company had a swap contract to hedge working capital financing in foreign currency with maturity on December 22, 2025, in which the long leg receives, on average, the Dollar plus 1.9475% and the short leg pays, on average, the CDI rate plus 1.50% per year with the (notional) reference value of R\$510.0 million and the fair value payable of R\$26.6 million.

To protect the debenture issues, on June 30, 2021, the Company had 18 swap contracts with different maturities, the last of which on March 17, 2031, in which the long leg receives, on average, the IPCA plus 4.02% per year and the short leg pays, on average, the CDI rate plus 0.88% per year. The (notional) reference values totaled R\$405.8 million and the gross fair value payable of these derivative instruments was R\$0.382 million on June 30, 2021. Debentures totaled R\$794.8 million net of the unamortized balance of transaction costs totaling R\$43.9 million.

Net cash generated by operating activities totaled R\$382.3 million and net cash generated by financing activities (third-party capital) reached R\$269.6 million, contributing to the cash and cash equivalents figure recorded in 2Q21:

R\$ Million

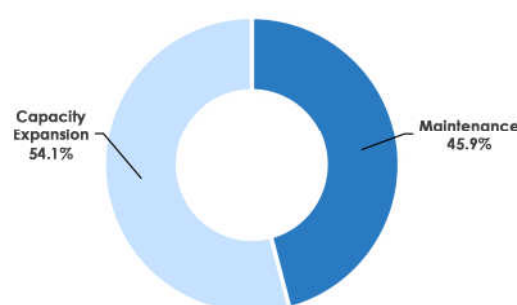
11.0% of Net Revenue



## INVESTMENTS

Investments (R\$ Million)	2Q21	2Q20	Variation	1H21	1H20	Variation
Buildings	5.7	3.4	67.6%	10.1	11.1	-9.0%
Machinery and equipment	21.5	24.8	-13.3%	42.2	56.4	-25.2%
Construction in progress	14.0	10.1	38.6%	24.1	20.2	19.3%
Vehicles	-	0.0	n/a	0.0	0.3	-100.0%
IT Equipment	3.2	1.0	n/a	4.0	1.6	n/a
Furniture and Fixtures	1.3	1.0	30.0%	3.0	3.7	-18.9%
Land	-	1.8	-100.0%	0.0	2.7	-100.0%
Software Use License	5.3	2.4	n/a	8.1	3.8	n/a
Others	0.6	0.3	100.0%	0.8	1.3	-38.5%
<b>Total</b>	<b>51.6</b>	<b>44.8</b>	<b>15.2%</b>	<b>92.3</b>	<b>101.1</b>	<b>-8.7%</b>

Investments 2Q21 - R\$51.6 million



Investments totaled R\$51.6 million in 2Q21 (R\$44.8 million in 2Q20), distributed between expansion and maintenance. Among the items that made up investment spending, we highlight (i) the acquisition of equipment and the adaptations made in the Bento Gonçalves (RS) unit; (ii) retrofit of machinery at the Madureira (RJ) unit; (iii) acquisition of equipment for the Fábrica Fortaleza (CE) and São Caetano do Sul (SP) units; and (iv) adaptations made in the distribution center at the Rio de Janeiro (RJ) unit.

During 1H21 the amount of R\$ 5.9 million was invested in the Research and Development of new products.

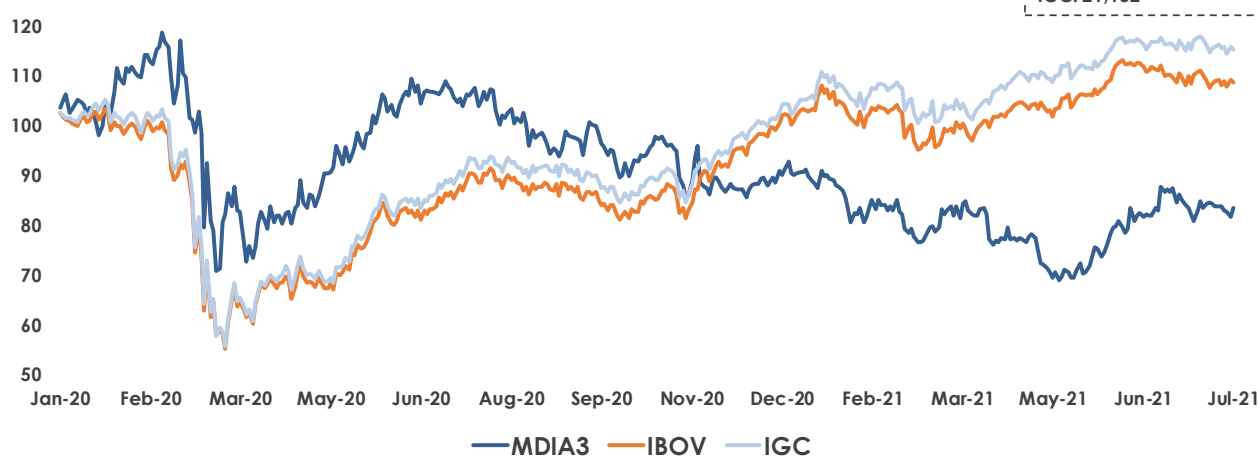
The Company has investments in the following subsidiaries: Tergran - Terminais de Grãos de Fortaleza Ltda.; M. Dias Branco International Trading LLC; M. Dias Branco International Trading Uruguay S.A. and M. Dias Branco Argentina S.A. The operations of those investments are detailed in the Notes to the 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 **June 30, 2021**, there were 82,747,433 outstanding shares, representing 24.4% of the Company's capital stock, priced at **R\$32.62** each, totaling **R\$ 2,699.2 million**. In 2Q21, the average daily trading volume was **6,691** (7,369 in 2Q20), and the average daily trading financial volume was **R\$39.9 million** (R\$43.3 million in 2Q20).

### Performance MDIA3 x IBOV x IGC 01/02/2020 – 06/30/2021

MDIA3 (06/30/2021):  
Stock Price: R\$ 32.62  
Volume: R\$ 39.3 Million  
IBOV: 126,802  
IGC: 21,152



## MAIN ADMINISTRATIVE FACTS

### Approval of the Quarterly Information

At the meeting of the Board of Directors held on August 06, 2021, the following was approved: (i) the Quarterly Information (ITR) for the period ended June 30, 2021; and (ii) other provisions.

## SOCIAL AND ENVIRONMENTAL HIGHLIGHTS



M. Dias Branco develops initiatives to honor its commitment to sustainability through working groups focused on strengthening sustainable practices in several areas of the business.

The Company has an area exclusively dedicated to environmental management and adopts practices to minimize its main environmental impacts related to the consumption of natural resources and generation of waste. We present below the results of the 2Q21 and 1H21 compared to the same periods in 2020, considering all M. Dias Branco's industrial units.

### Analysis of Indicators

Indicators	2Q21	2Q20	Variation	1H21	1H20	Variation
Average Energy Intensity (kwh/ton)	177.1	154.7	14.4%	185.1	161.7	14.5%
Water Consumption (m³/ton)	0.39	0.36	8.3%	0.44	0.37	18.9%
Waste Recycling Index (%)	89.2	85.3	+3.9p.p.	89.4	84.9	+4.5p.p.
Solid Waste Generation (kg/ton)	12.2	11.7	4.4%	13.4	11.7	14.5%
Frequency Rate of Occupational Accidents	0.73	0.69	+0.04p.p.	0.70	0.69	+0.01p.p.

### Energy Intensity *SDGs 7 and 12*

In the comparison between 2Q21 and 2Q20, an increase of 14.4% was recorded and, in 1H21, increased 14.5% (against 1H20), influenced by the higher number of stoppages and restarts of lines due to drop in production volumes.

### Water Consumption *SDGs 6, 9 and 12*

Increased 8.3% in 2Q21 over 2Q20 and was 18.9% higher in 1H21 over 1H20 due to lower production volumes. As actions are aimed at reducing consumption, the Company is working on increasing the availability of reused water.

### Waste Recycling Rate *SDGs 9 and 12*

Increased 3.9 p.p. in 2Q21 over 2Q20 and 4.5 p.p. in 1H21 over 1H20, due to ongoing efforts to seek and implement more sustainable waste destination alternatives.

### Solid Waste Generation *SDGs 9 and 12*

This indicator was impacted by the reduction in production volumes and increased 4.4% in 2Q21 over 2Q20 and 14.5% in 1H21 over 1H20. As with water, actions are being implemented by the improvement teams.

### Rate of Occupational Accidents *SDGs 3 and 8*

The rate of occupational accidents remained in line with previous quarters, thanks to campaigns to reinforce employees' risk perception, NR12<sup>3</sup> adjustments, safe transit campaigns and incentives to register security warnings, among other initiatives.

<sup>3</sup> Standard that deals with occupational safety in machinery and equipment.

## Other Initiatives and Achievements

- ✓ Start of the “Planet” Working Group, comprised of team that is engaged in the Climate Change theme; **SDG 13**
- ✓ “Land Landfill” Project, which adds greater value to waste generated in industrial operations, aiming for more sustainable alternatives for their disposal; **SDG 9**
- ✓ We intensified the co-product production, which is intended for animal feed and is obtained from solid waste produced by the food industry, preventing large volumes of waste from being disposed in landfills; **SDG 12**
- ✓ Use of forklifts with non-polluting batteries, increasing sustainability of processes across the production chain; **SDG 9**
- ✓ Support to the “Programa Dê a Mão para o Futuro” (Give a Hand to the Future Program), whose objective is to collect and recycle post-consumer packagings and involves public authorities, private players and recycling cooperatives and associations; **SDG 12**

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.

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



## 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, Predilieto, Richester, Salsito, Treloso, Vitarella, and Zabet.

## 2. Effects of the COVID-19 pandemic

Ever since March 2020, when the World Health Organization (WHO) classified the COVID-19 outbreak as a pandemic, M. Dias Branco has been able to continue its activities and has never stopped supplying the market with its goods. Because it is considered an essential service, the Company continued business as usual throughout the pandemic, adjusting its activities to the restrictions imposed to contain the spread of the virus and guaranteeing the conditions necessary to protect the health of its professionals in accordance with the determinations of government agencies.

One of the first initiatives that it implemented at the start of the pandemic, and that remains to this day, is the crisis committee comprised of managers from multiple departments in order to address and steer the initiatives being taken by the Company in a more agile fashion, on the following main fronts: (i) people management; (ii) client and brand management; (iii) supply chain management; and, (iv) financial management, as per the press release published on March 27, 2020.

Following the worsening of the pandemic in the first few months of 2021, the Company reintroduced more restrictive measures, always complying with government determinations. These measures have included:



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



- Systematic monitoring of daily reports on employees placed on sick leave due to COVID-19;
- Hygiene and social distancing protocols for direct and third-party employees;
- Enhanced facilities hygiene, layout reorganization and distancing measures;
- Installing physical barriers, issuing masks to employees, providing gel-based hand sanitizers, temperature screening, and H1N1 vaccination;
- New internal awareness campaigns; a dedicated 24/7 hotline to our medical teams;
- Extension of remote working where feasible;
- Investments in communications and collaboration technologies;
- Restricting travel and attendance at in-person events;
- Expansion of psychological counseling and mental health support for employees;
- Training and events primarily held online;
- An online program of health-related (e.g. occupational exercise) and cultural activities;
- A hotline for reporting violations of hygiene and social distancing protocols; and
- Providing computers and ergonomic chairs.

In addition to these initiatives, an online system was set up for employees to enter data on a daily basis, in order to gather information about the well-being and contamination risks to inform the taking of decisions on how to counter the pandemic.

Among the measures, we point to constant monitoring of implementation and effectiveness of measures implemented due to the pandemic. The auditing team incorporated into its normal activities 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.

To ensure it can continue operating, the Company closely monitors the situation to guarantee customer service and the seamless operation of its entire supply chain. It has also adapted its plan to produce and strengthen/develop new distribution channels such as online retail; and adopted measures to preserve and maximize the company's cash, in order to sustain its renowned financial solidity.

The Company has ramped up its social initiatives during the pandemic, especially the donation of food products to needy populations. In the first half of 2021 the Company donated R\$ 19.6 million of food products, equal to 3,358 tonnes. Since last year some R\$ 36 million and more than 6,800 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 June 30, 2021, expenses extraordinary incurred because of COVID-19 amounted to R\$ 14,032 (R\$ 19,509 as of June 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 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), and reflects all material information related to the interim financial information and that alone, which corresponds to that used by it in its management.



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



The authorization to issue this interim financial information was given by Board of Directors at its meeting held on August 06, 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;
- 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 <sup>(1)</sup>	Investment interest (%)			
	06/30/2021		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	-

<sup>(1)</sup> Foreign investments.

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



**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.

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



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

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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.

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**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.

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

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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	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Cash and banks	44,990	4,519	44,997	4,527
Fixed-income marketable securities	1,531,083	1,208,354	1,531,254	1,208,480
<b>Total</b>	<b>1,576,073</b>	<b>1,212,873</b>	<b>1,576,251</b>	<b>1,213,007</b>

The balance of fixed-income marketable securities, at June 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 103.48% of the CDI (102.91% at December 31, 2020). These marketable securities are held for immediate trading and used in Company operations.

**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	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Domestic	1,059,419	966,899	1,059,552	967,050
Foreign	76,663	69,079	76,663	69,079
(-) Estimated losses for doubtful accounts	(51,288)	(76,071)	(51,288)	(76,071)
<b>Total</b>	<b>1,084,794</b>	<b>959,907</b>	<b>1,084,927</b>	<b>960,058</b>

Aging list Description	Parent		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Not yet due	1,023,988	910,040	1,024,121	910,191
Overdue	112,094	125,938	112,094	125,938
1 to 30 days	23,323	31,016	23,323	31,016
31 to 60 days	8,066	7,800	8,066	7,800
61 to 90 days	4,969	10,684	4,969	10,684
91 to 180 days	16,509	8,484	16,509	8,484
181 to 360 days	13,483	15,694	13,483	15,694
Over 360 days	45,744	52,260	45,744	52,260
<b>Subtotal</b>	<b>1,136,082</b>	<b>1,035,978</b>	<b>1,136,215</b>	<b>1,036,129</b>
(-) Estimated losses for doubtful accounts	(51,288)	(76,071)	(51,288)	(76,071)
<b>Trade accounts receivable</b>	<b>1,084,794</b>	<b>959,907</b>	<b>1,084,927</b>	<b>960,058</b>

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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
<b>Balance at December 31, 2019</b>	<b>81,884</b>
Estimated losses for the year	22,952
Write-off	(28,765)
<b>Balance at December 31, 2020</b>	<b>76,071</b>
Estimated losses for the period <sup>(1)</sup>	<b>(9,634)</b>
Write-off <sup>(2)</sup>	<b>(15,149)</b>
<b>Balance at June 30, 2021</b>	<b>51,288</b>

<sup>(1)</sup> Mainly consists of estimated losses reversed due to the enforcement of the client's mortgage guarantee (R\$ 9,674);

<sup>(2)</sup> Refers to receivables more than 360 days overdue with no expectation of realization.

## 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	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Finished products	<b>314,214</b>	301,043	<b>314,214</b>	301,043
Work in progress	<b>52,407</b>	36,554	<b>52,407</b>	36,554
Raw materials	<b>454,439</b>	494,788	<b>454,439</b>	494,788
Warehouse and packaging materials	<b>266,550</b>	223,522	<b>266,550</b>	223,522
Auxiliary and maintenance materials	<b>64,460</b>	69,644	<b>64,483</b>	69,668
Imports in transit <sup>(1)</sup>	<b>57,910</b>	90,467	<b>57,910</b>	90,467
Advances to suppliers	<b>38</b>	43	<b>38</b>	43
<b>Total</b>	<b>1,210,018</b>	1,216,061	<b>1,210,041</b>	1,216,085

<sup>(1)</sup> These refer to imported wheat and oil.

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 June 30, 2021, the Company recorded an impairment loss for inventories of R\$ 10,738 (R\$ 11,577 at December 31, 2020).



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

Change details	Parent and Consolidated
<b>Balance at December 31, 2019</b>	<b>8,533</b>
Estimated losses for the year	8,545
Write-off	(5,501)
<b>Balance at December 31, 2020</b>	<b>11,577</b>
Estimated losses for the year	<b>4,477</b>
Write-off	<b>(5,316)</b>
<b>Balance at June 30, 2021</b>	<b>10,738</b>

## 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	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
ICMS (i)	<b>100,574</b>	85,412	<b>100,574</b>	85,412
Income tax and social contribution (ii)	<b>84,484</b>	44,232	<b>84,484</b>	44,232
PIS and Cofins (iii)	<b>478,146</b>	488,478	<b>478,146</b>	488,478
Withholding tax	<b>16,476</b>	6,773	<b>16,478</b>	6,775
IRPJ credit from the PAT incentive (iv)	<b>8,223</b>	8,136	<b>8,223</b>	8,136
Extemporaneous IOF Credits	<b>4,003</b>	3,991	<b>4,003</b>	3,991
INSS (v)	<b>50,326</b>	40,568	<b>50,326</b>	40,568
Extemporaneous Credit - PIS and Cofins (vi)	<b>11,280</b>	11,196	<b>11,280</b>	11,196
Tax credit on tax loss (vii)	<b>62,785</b>	-	<b>62,785</b>	-
Others	<b>2,106</b>	3,109	<b>2,110</b>	3,113
<b>Total</b>	<b>818,403</b>	691,895	<b>818,409</b>	691,901
Current	<b>363,451</b>	398,887	<b>362,457</b>	398,893
Non-current	<b>455,952</b>	293,008	<b>455,952</b>	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 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\$ 436,633 (R\$ 420,881 at December 31, 2020);



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- (iv) IRPJ credit from the Workers' Meal Program (PAT);
- (v) INSS credit arising from res judicata decision in proceedings, in the amount of R\$ 32,448 (R\$ 40,568 on December 31, 2020) and case seeking exclusion of the ICMS from the calculation base of the social security contribution on sales, in the amount of R\$ 17,878 (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
- (vii) Credit from taxes on the negative basis for calculating taxes, primarily resulting from increased share of state tax incentives in the results, which are not subject to withholding income taxes (IRPJ and CSLL).

**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 semester ended June 30, 2021, the Company also recognized tax credits on marketing expenses in the amount of R\$ 7,985 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).

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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 June 30, 2021 the Company recognized R\$ 62,149, restated by the Selic rate, due to additional documentation found for periods already recognized (R\$ 24,264 on March 31, 2021, where R\$ 2,016 will be reimbursed to the former partners of the acquired/merged companies).

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.

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 06/30/2021
2022	167,309
2023	270,088
2024	8,656
2025	707
From 2026 on	9,283
<b>Total</b>	<b>455,952</b>

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## 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.

### a. Breakdown of balances

Description	Parent		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Investments in subsidiaries and jointly controlled entities	46,305	48,983	43,999	46,401
Advance for capital subscription	1,979	1,879	-	-
Others	888	888	888	888
<b>Total</b>	<b>49,172</b>	<b>51,750</b>	<b>44,887</b>	<b>47,289</b>

### 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
<b>Balances at December 31, 2019</b>	<b>4,119</b>	<b>1</b>	<b>131</b>	<b>51,985</b>	<b>888</b>	<b>57,124</b>	<b>51,985</b>	<b>888</b>	<b>52,873</b>
Equity income	9	-	-	(5,584)	-	(5,575)	(5,584)	-	(5,584)
Foreign exchange variations	-	-	38	-	-	38	-	-	-
Advance for capital subscription	163	-	-	-	-	163	-	-	-
<b>Balances at December 31, 2020</b>	<b>4,291</b>	<b>1</b>	<b>169</b>	<b>46,401</b>	<b>888</b>	<b>51,750</b>	<b>46,401</b>	<b>888</b>	<b>47,289</b>
Equity income	(270)	-	-	(2,402)	-	(2,672)	(2,402)	-	(2,402)
Foreign exchange variations	-	-	(6)	-	-	(6)	-	-	-
Advance for capital subscription	100	-	-	-	-	100	-	-	-
<b>Balances at June 30, 2021</b>	<b>4,121</b>	<b>1</b>	<b>163</b>	<b>43,999</b>	<b>888</b>	<b>49,172</b>	<b>43,999</b>	<b>888</b>	<b>44,887</b>

## 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 June 30, 2021 (4.60% at December 31, 2020).

### a. Changes in investment properties

Change details	Parent and Consolidated		
	Buildings	Land	Total
<b>Balance at December 31, 2019</b>	<b>18,260</b>	<b>36,965</b>	<b>55,225</b>
Reclassification	(453)	453	-
Depreciation	(612)	-	(612)
<b>Balance at December 31, 2020</b>	<b>17,195</b>	<b>37,418</b>	<b>54,613</b>
Depreciation	(241)	-	(241)
<b>Balance at June 30, 2021</b>	<b>16,954</b>	<b>37,418</b>	<b>54,372</b>

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Our investment properties now comprise six properties in Bahia, Ceará, Pernambuco, Piauí and Minas Gerais. As of June 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:

Description	Depreciation rate % (p.a)	
	Parent and Consolidated	
	06/30/2021	12/31/2020
Buildings	1.79	1.80
Machinery and equipment	6.15	6.14
Fixtures and fittings	9.57	9.57
Vehicles	6.79	6.88
Facilities	5.42	5.47
Right-of-use <sup>(1)</sup>	13.38	14.79
Others	5.23	4.98

<sup>(1)</sup> 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
<b>Balances at December 31, 2019</b>	<b>1,345,291</b>	<b>2,819,174</b>	<b>103,137</b>	<b>99,735</b>	<b>390,278</b>	<b>341,021</b>	<b>294,573</b>	<b>5,393,209</b>
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 <sup>(1)</sup>	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 <sup>(2)</sup>	-	(209)	153	-	(287)	308	5	(30)
<b>Balances at December 31, 2020</b>	<b>1,387,241</b>	<b>2,996,661</b>	<b>108,567</b>	<b>115,279</b>	<b>411,509</b>	<b>377,454</b>	<b>306,934</b>	<b>5,703,645</b>
Additions	944	2,910	1,057	24	102	78,190	905	84,132
Recognition of tax credits	(2,607)	(4,506)	(1)	-	(1,702)	(4)	(56)	(8,876)
Right-of-use	24,596	726	-	26,338	-	-	847	52,507
Disposals	-	(12)	(21)	-	-	-	(7)	(40)
Transfers	38,617	100,285	8,058	-	32,065	(190,717)	11,692	-
Reclassification <sup>(2)</sup>	-	-	-	-	-	(2,859)	(2)	(2,861)
<b>Balances at June 30, 2021</b>	<b>1,448,791</b>	<b>3,096,064</b>	<b>117,660</b>	<b>141,641</b>	<b>441,974</b>	<b>262,064</b>	<b>320,313</b>	<b>5,828,507</b>

<sup>(1)</sup> See Note 13; <sup>(2)</sup> Reclassification of intangible assets to property, plant and equipment R\$ 30 in 2020 and R\$ 2,861 in the first half of 2021.

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Depreciation	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
<b>Balances at December 31, 2019</b>	<b>(253,865)</b>	<b>(1,409,723)</b>	<b>(67,966)</b>	<b>(54,970)</b>	<b>(160,975)</b>	-	<b>(96,520)</b>	<b>(2,044,019)</b>
Depreciation	(22,649)	(151,481)	(6,670)	(2,698)	(20,825)	-	(9,186)	(213,509)
Amortization of the right-of-use <sup>(1)</sup>	(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 <sup>(2)</sup>	-	16	(153)	-	287	-	(2)	148
<b>Balances at December 31, 2020</b>	<b>(287,953)</b>	<b>(1,568,176)</b>	<b>(74,764)</b>	<b>(67,253)</b>	<b>(181,485)</b>	-	<b>(107,475)</b>	<b>(2,287,106)</b>
Depreciation	(11,572)	(75,681)	(3,196)	(1,169)	(10,619)	-	(4,684)	(106,921)
Amortization of the right-of-use	(10,720)	(4,515)	-	(6,650)	-	-	(700)	(22,585)
Disposals	-	10	18	-	-	-	-	28
Transfers	-	(32)	33	-	(2)	-	1	-
Reclassification <sup>(2)</sup>	266	-	84	-	-	-	(342)	8
<b>Balances at June 30, 2021</b>	<b>(309,979)</b>	<b>(1,648,394)</b>	<b>(77,825)</b>	<b>(75,072)</b>	<b>(192,106)</b>	-	<b>(113,200)</b>	<b>(2,416,576)</b>
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
<b>Balances at June 30, 2021</b>	<b>1,138,812</b>	<b>1,447,670</b>	<b>39,835</b>	<b>66,569</b>	<b>249,868</b>	<b>262,064</b>	<b>207,113</b>	<b>3,411,931</b>

<sup>(1)</sup> See Note 13; <sup>(2)</sup> Reclassification of intangible assets to property, plant and equipment of R\$ 148 in 2020 and R\$ 8 in the first half of 2021.

At June 30, 2021, the balance of R\$ 207,113, recorded in "other", refers mainly to land (R\$ 148,627), improvements (R\$ 33,280), computers and peripheral equipment (R\$ 16,954) and other fixed assets (R\$ 8,251).

**Consolidated**

Cost	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
<b>Balances at December 31, 2019</b>	<b>1,349,350</b>	<b>2,821,915</b>	<b>103,213</b>	<b>99,735</b>	<b>391,037</b>	<b>341,021</b>	<b>294,816</b>	<b>5,401,087</b>
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 <sup>(1)</sup>	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 <sup>(2)</sup>	-	(209)	153	-	(287)	308	5	(30)
<b>Balances at December 31, 2020</b>	<b>1,391,344</b>	<b>2,999,704</b>	<b>108,643</b>	<b>115,279</b>	<b>412,672</b>	<b>377,454</b>	<b>307,184</b>	<b>5,712,280</b>
Additions	946	2,914	1,058	24	152	78,190	983	84,267
Recognition of tax credits	(2,607)	(4,506)	(1)	-	(1,702)	(4)	(56)	(8,876)
Right-of-use <sup>(1)</sup>	24,596	726	-	26,338	-	-	847	52,507
Disposals	-	(12)	(21)	-	-	-	(7)	(40)
Transfers	38,617	100,285	8,058	-	32,065	(190,717)	11,692	-
Reclassification <sup>(2)</sup>	-	-	-	-	-	(2,859)	(2)	(2,861)
<b>Balances at June 30, 2021</b>	<b>1,452,896</b>	<b>3,099,111</b>	<b>117,737</b>	<b>141,641</b>	<b>443,187</b>	<b>262,064</b>	<b>320,641</b>	<b>5,837,277</b>

<sup>(1)</sup> See Note 13; <sup>(2)</sup> Reclassification of intangible assets to property, plant and equipment R\$ 30 in 2020 and R\$ 2,861 in the first half of 2021.

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Depreciation	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
<b>Balances at December 31, 2019</b>	<b>(256,458)</b>	<b>(1,412,081)</b>	<b>(68,016)</b>	<b>(54,969)</b>	<b>(161,299)</b>	-	<b>(96,654)</b>	<b>(2,049,477)</b>
Depreciation	(22,843)	(151,491)	(6,674)	(2,699)	(20,901)	-	(9,223)	(213,831)
Amortization of the right-of-use <sup>(1)</sup>	(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 <sup>(2)</sup>	-	16	(153)	-	287	-	(2)	148
<b>Balances at December 31, 2020</b>	<b>(290,740)</b>	<b>(1,570,544)</b>	<b>(74,818)</b>	<b>(67,253)</b>	<b>(181,885)</b>	-	<b>(107,646)</b>	<b>(2,292,886)</b>
Depreciation	(11,649)	(75,724)	(3,198)	(1,169)	(10,664)	-	(4,704)	(107,108)
Amortization of the right-of-use <sup>(1)</sup>	(10,720)	(4,515)	-	(6,650)	-	-	(700)	(22,585)
Disposals	-	10	18	-	-	-	-	28
Transfers	-	(32)	33	-	(2)	-	1	-
Reclassification	266	-	84	-	-	-	(341)	9
<b>Balances at June 30, 2021</b>	<b>(312,843)</b>	<b>(1,650,805)</b>	<b>(77,881)</b>	<b>(75,072)</b>	<b>(192,551)</b>	-	<b>(113,390)</b>	<b>(2,422,542)</b>
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
<b>Balances at June 30, 2021</b>	<b>1,140,053</b>	<b>1,448,306</b>	<b>39,856</b>	<b>66,569</b>	<b>250,636</b>	<b>262,064</b>	<b>207,251</b>	<b>3,414,735</b>

<sup>(1)</sup> See Note 13; <sup>(2)</sup> Reclassification of intangible assets to property, plant and equipment of R\$ 148 in 2020 and R\$ 9 in the first half of 2021.

At June 30, 2021, the balance of R\$ 207,251, recorded in "other", refers mainly to land (R\$ 148,627), improvements (R\$ 33,280) and computers and peripheral equipment (R\$ 17,094) and other fixed assets (R\$ 8,250).

Depreciation recognized in the consolidated statement of income for the period ended June 30, 2021 amounted to R\$ 128,205 (R\$ 113,511 at June 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 June 30, 2021 totaled R\$ 33,280 (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	
	06/30/2021	12/31/2020
Improvements to buildings	<b>73,857</b>	73,857
Disposals	<b>(26)</b>	-
Accumulated depreciation	<b>(40,551)</b>	(38,909)
	<b>33,280</b>	34,948

**c) Guarantees**

At June 30, 2021, the value of assets securing various operations amounted to R\$ 664,508 (R\$ 664,005 at December 31, 2020), excluding accumulated depreciation.

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**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	
	06/30/2021	12/31/2020
<b>Assets with defined useful life</b>		
Software	109,510	82,345
(-) Accumulated amortization	(57,204)	(51,165)
	52,306	31,180
Software in progress <sup>(1)</sup>	21,150	37,353
	73,456	68,533
<b>Other intangible assets</b>		
Non-contractual relationship with customers	185,921	185,921
Non-competition agreements	1,035	1,035
(-) Accumulated amortization	(38,171)	(32,132)
	148,785	154,824
<b>Assets with indefinite useful life</b>		
<b>Brands</b>		
Vitarella	107,011	107,011
Pilar	33,815	33,815
Estrela, Pelágio and Salsito	75,559	75,559
Predilieto and Bonsabor	11,530	11,530
Piraquê and Aldente	318,510	318,510
Others	5,304	5,170
	551,729	551,595
<b>Goodwill</b>		
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 <sup>(2)</sup>	9,384	9,384
	944,412	944,412
	1,718,382	1,719,364

<sup>(1)</sup> The software implementation projects in progress have an estimated time for completion by 2021; <sup>(2)</sup> Goodwill arising from the net worth of the company Craiova Participações Ltda., incorporated in Adria Alimentos do Brasil Ltda. on August 27, 2002.



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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
<b>Balances at December 31, 2019</b>	<b>67,250</b>	<b>543,847</b>	<b>166,214</b>	<b>690</b>	<b>944,412</b>	<b>1,722,413</b>
Additions <sup>(1)</sup>	12,156	49	-	-	-	12,205
Reclassification <sup>(2)</sup>	(118)	-	-	-	-	(118)
Amortizations	(10,558)	-	(11,873)	(207)	-	(22,638)
Disposals	(197)	-	-	-	-	(197)
Reversal of provision for impairment of assets	-	7,699	-	-	-	7,699
<b>Balances at December 31, 2020</b>	<b>68,533</b>	<b>551,595</b>	<b>154,341</b>	<b>483</b>	<b>944,412</b>	<b>1,719,364</b>
Additions <sup>(1)</sup>	8,103	134	-	-	-	8,237
Reclassification <sup>(2)</sup>	2,859	-	-	-	-	2,859
Amortizations	(6,039)	-	(5,936)	(103)	-	(12,078)
<b>Balances at June 30, 2021</b>	<b>73,456</b>	<b>551,729</b>	<b>148,405</b>	<b>380</b>	<b>944,412</b>	<b>1,718,382</b>

<sup>(1)</sup> 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 half of 2021 these refer primarily to the implementation of the Procurement platform (R\$ 1,355), the Manufacturing Enterprise System (R\$ 911), automated inbound invoices (R\$ 781), implementation of a credit analysis tool (R\$ 704), and implementation of Facebook Workplace (R\$ 500), among others. <sup>(2)</sup> Reclassification of R\$ 118 to Property, Plant and Equipment in 2020, and R\$ 792 in the first half of 2021.

The Company expensed research and development costs of R\$ 5,942 for the period ended June 30, 2021 (R\$ 5,290 at June 30, 2020).

**b) Impairment testing of goodwill and brands**

As a result of the plan to resume the Predilieto brand ramped up over the course of the first half of 2020 and future performance projections, at June 30, 2020 the Company carried out a brand impairment test, which showed it was necessary to reverse the recognized impairment loss of R\$ 7,699.

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.



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

### 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 depreciated 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 June 30, 2021 and December 31, 2020:

#### a) Right-of-use

Parent and Consolidated	Properties <sup>(1)</sup>	Machinery and equipment	Vehicles	Computers and Peripherals	Total
<b>Balances as of December 31, 2019</b>	<b>72,668</b>	<b>-</b>	<b>26,513</b>	<b>913</b>	<b>100,094</b>
Additions <sup>(1)</sup>	27,305	62,714	17,805	4,867	112,691
Amortization	(14,524)	(5,603)	(11,903)	(1,243)	(33,273)
<b>Balances as of December 31, 2020</b>	<b>85,449</b>	<b>57,111</b>	<b>32,415</b>	<b>4,537</b>	<b>179,512</b>
Additions	24,596	726	26,338	847	52,507
Amortization	(10,720)	(4,515)	(6,650)	(700)	(22,585)
Reclassification	267	-	-	(267)	-
<b>Balances as of June 30, 2021</b>	<b>99,592</b>	<b>53,322</b>	<b>52,102</b>	<b>4,417</b>	<b>209,433</b>

<sup>(1)</sup> 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 <sup>(1)</sup>	Amortization rate
			Parent and Consolidated
Port properties	12.27%	May/32	7.98%
Properties	8.07%	Aug/29	16.58%
Machinery and equipment	6.80%	Oct/27	14.29%
Vehicles	9.28%	Apr/26	12.74%
Computers and peripherals	9.52%	Jan/25	21.08%

<sup>(1)</sup> Considered the last maturity of the group of contracts.

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**b) Lease liability**

Change details	Parent and Consolidated
<b>Balances as of December 31, 2019</b>	<b>101,979</b>
Additions <sup>(1)</sup>	6,980
Interest	5,729
Payments	(13,743)
<b>Balances as of June 30, 2020</b>	<b>100,945</b>
<b>Balances as of December 31, 2020</b>	<b>194,990</b>
Additions	52,507
Interest	9,853
Payments	(29,447)
<b>Balances as of June 30, 2021</b>	<b>227,903</b>
<b>Current</b>	<b>43,005</b>
<b>Non-current</b>	<b>184,898</b>

<sup>(1)</sup> Recognition of the right-of-use forklifts, properties and rented vehicles.

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

Maturity	Parent and Consolidated
2022	21,201
2023	44,174
2024	38,041
2025	23,272
2026 to 2032	58,210
<b>Total</b>	<b>184,898</b>

**c) Amounts recognized in profit or loss**

Change details	Parent and Consolidated	
	06/30/2021	06/30/2020
Amortization of rights-of-use	22,585	12,218
Interest on lease liabilities	9,853	5,729
Payments not included in the measurement of lease liabilities	1,087	1,158

**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:

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	June 30, 2021												
	Consolidated												
	<u>2Q21</u>	<u>12/31/2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>
<b>Liability</b>													
IFRS 16	227,903	205,430	163,641	119,281	81,129	58,005	34,758	17,622	12,078	7,661	4,749	1,478	-
CVM Official	262,374	242,080	198,035	149,088	105,496	78,085	48,969	26,304	18,609	12,197	7,719	2,452	-
	15.10%	17.80%	21.00%	25.00%	30.00%	34.60%	40.90%	49.30%	54.10%	59.20%	62.50%	65.90%	0.00%
<b>Right-of-use</b>													
IFRS 16	209,433	187,816	145,834	104,336	67,514	46,246	26,317	12,588	8,276	5,023	2,937	852	-
CVM Official	233,166	209,646	163,404	117,685	76,992	52,920	30,336	14,775	9,754	5,953	3,481	1,008	-
	11.30%	11.60%	12.00%	12.80%	14.00%	14.40%	15.30%	17.40%	17.90%	18.50%	18.50%	18.30%	0.00%
<b>Financial expense</b>													
IFRS 16	4,726	9,032	15,544	11,984	8,394	6,121	4,374	2,695	1,724	1,133	739	382	43
CVM Official	5,799	11,028	19,391	15,465	11,330	8,597	6,345	4,023	2,610	1,773	1,187	625	72
	22.70%	22.10%	24.70%	29.00%	35.00%	40.40%	45.10%	49.30%	51.40%	56.50%	60.60%	63.80%	66.20%
<b>Amortization</b>													
IFRS 16	11,230	21,365	41,982	41,498	36,822	21,268	19,929	13,730	4,312	3,253	2,085	2,085	852
CVM Official	11,853	23,520	46,242	45,719	40,693	24,072	22,584	15,560	5,021	3,801	2,472	2,472	1,008
	5.50%	10.10%	10.10%	10.20%	10.50%	13.20%	13.30%	13.30%	16.50%	16.80%	18.60%	18.60%	18.30%

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

Cash flow	06/30/2021		12/31/2020	
	Par value	Adjusted to present value	Par value	Adjusted to present value
Consideration for the lease	296,751	227,903	250,383	194,990
Potential PIS/ COFINS (9.25%)	27,449	21,081	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:

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Related parties	Nature of the transactions
<b>Subsidiaries <sup>(1)</sup></b>	
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
<b>Jointly controlled <sup>(1)</sup></b>	
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.
<b>Companies whose controller is the Company's chairman of the board of directors</b>	
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 works
<b>Companies in which the Company's president or vice president are registered as the partners</b>	
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
<b>Companies in which the Company's vice presidents are registered as shareholders</b>	
Coemdibra – Cooperativa de Empregados do M. Dias Branco	Sale of industrialized products Purchase of consumer materials

<sup>(1)</sup> The percentage equity interest and its characteristics 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.

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**Assets and liabilities with the related parties are presented below:**

Description	Parent		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
<b>Assets</b>				
<b>Current</b>				
<b>Accounts receivable</b>				
Coemdiبرا – Cooperativa de Empregados do M. Dias Branco	42	34	42	34
LDB Logística e Transporte Ltda.	15	9	15	9
LDB Transporte de Cargas Ltda.	3	1	3	1
Terminal Portuário Cotegipe S.A.	3	-	3	-
Idibra Participações S. A.	-	1	-	1
	63	45	63	45
<b>Liabilities</b>				
<b>Current</b>				
<b>Suppliers</b>				
LDB Transporte de Cargas Ltda.	313	280	313	280
LDB Logística e Transporte Ltda.	104	214	104	214
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	82	82	82	82
Idibra Participações S. A.	-	1	-	1
Coemdiبرا – Cooperativa de Empregados do M. Dias Branco	8	3	8	3
Tergran – Terminal de Grãos de Fortaleza Ltda.	-	21	-	-
Buhler & Scherler S.A.	107	65	107	65
The Ce Consultoria, Gerência de Riscos e Corretagem de Seguros Ltda.	-	132	-	132
WEF Engenharia e automação Ltda	53	-	53	-
	667	798	667	777
<b>Other accounts payable</b>				
Tergran – Terminal de Grãos de Fortaleza Ltda.	1,188	1,188	-	-
	1,188	1,188	-	-
<b>Non-current liabilities</b>				
<b>Accounts payable</b>				
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	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
<b>Sale of products</b>				
Terminal Portuário Cotegipe S. A.	6	4	6	4
Coemdiبرا – Cooperativa de Empregados do M. Dias Branco	272	268	272	268
LDB Transporte de Cargas Ltda.	12	7	12	7
LDB Logística e Transporte Ltda.	20	15	20	15
Praia Centro Hotéis, Viagens e Turismo Ltda.	1	5	1	5
	311	299	311	299
<b>Sale of fixed assets / other</b>				
Coemdiبرا – Cooperativa de Empregados do M. Dias Branco	2	2	2	2
Dias Branco Administração e Participações Ltda.	-	13	-	13
	2	15	2	15
<b>Purchase of fixed assets / others</b>				
Coemdiبرا – Cooperativa de Empregados do M. Dias Branco	45	89	45	89
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	99	432	99	432
	144	521	144	521

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Description	Parent		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
<b>Hiring of services</b>				
LDB Transporte de Cargas Ltda.	3,805	8,342	3,805	8,342
LDB Logística e Transporte Ltda.	939	6,847	939	6,847
Terminal Portuário Cotegipe S. A.	3,407	5,545	3,407	5,545
Tergran – Terminal de Grãos de Fortaleza Ltda.	3,506	4,176	-	-
Praia Centro Hotéis, Viagens e Turismo Ltda.	1	312	1	312
Idibra Participações S.A.	2	428	2	428
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	153	1,519	153	1,519
Buhler & Scherler S.A.	44	-	44	-
The Ce Consultoria, Gerência de Riscos e Corretagem de Seguros Ltda.	649	-	649	-
WEF Engenharia e automação Ltda	147	-	147	-
	<b>12,653</b>	<b>27,169</b>	<b>9,147</b>	<b>22,993</b>

### **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 June 30, 2021, the guaranteed balance for consolidated financing was R\$ 34,611 (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 June 30, 2021, the Company recognized R\$ 12,127 (R\$ 13,112 at June 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.

It should be noted that the amount of management fees evidenced in Note 27 refers only to direct remuneration, comprising items such as salaries, fees and bonuses. Thus, variable remuneration and benefits granted to key management personnel have not been included in the management fees.

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 June 30, 2021 and 2020.

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## 15. Suppliers and "Drawee's Risk" Transactions

Description	Parent		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Domestic suppliers	<b>382,250</b>	302,001	<b>382,383</b>	302,093
Foreign suppliers	-	559	-	559
<b>Subtotal</b>	<b>382,250</b>	302,560	<b>382,383</b>	302,652
"Drawee's risk" transactions	<b>203,918</b>	59,086	<b>203,918</b>	59,086
<b>Total</b>	<b>586,168</b>	361,646	<b>586,301</b>	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 an advance to our 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 June 30, 2021 in the amount of R\$ 1,863,006 (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.

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**16.1 Financing and borrowings with financial institutions**

Description	Index	Interest (p.a.)	Maturity <sup>(1)</sup>	Parent and Consolidated 06/30/2021	12/31/2020
<b>Domestic currency</b>					
BNDES-FINAME	TJLP	2.17	08/15/2024	12,203	14,228
BNDES-PSI <sup>(2)</sup>	-	3.00	01/15/2024	58,395	73,573
BNDES-FINEM	IPCA	8.64	08/15/2024	28,326	39,204
BNDES-PROGEREN	IPCA	6.28	10/15/2022	43,276	40,176
FINIMP	CDI	-	04/01/2021	-	138,070
Working Capital	CDI	1.30	11/17/2021	201,194	200,780
				<b>343,394</b>	<b>506,031</b>
<b>Foreign currency</b>					
Financing for imported supplies (FINIMP) and Working Capital (Law no. 4,131)	USD	1.66	12/22/2025	500,436	856,128
<b>Total</b>				<b>843,830</b>	<b>1,362,159</b>
<b>Current liabilities</b>				<b>267,770</b>	<b>743,764</b>
<b>Non-current liabilities</b>				<b>576,060</b>	<b>618,395</b>

<sup>(1)</sup> Final maturity for the group of contracts; <sup>(2)</sup> Contracts signed for the purchase of fixed assets.

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. The financing for importing supplies falls due annually for the principal and interest. 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
<b>Balance at December 31, 2019</b>	<b>730,188</b>
Release	907,103
Provision for interest, commission and tax	18,091
Exchange and monetary variation	210,469
Amortizations	(368,631)
Interest payment	(123,333)
<b>Balance at June 30, 2020</b>	<b>1,373,887</b>
<b>Balance at December 31, 2020</b>	<b>1,362,159</b>
Provision for interest, commission and tax	17,252
Exchange and monetary variation	6,306
Amortizations	(470,468)
Interest payment	(71,419)
<b>Balance at June 30, 2021</b>	<b>843,830</b>

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



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<b>Maturity</b>	<b>Parent and Consolidated</b>
2022	<b>38,603</b>
2023	<b>25,969</b>
2024	<b>11,268</b>
2025	<b>500,220</b>
<b>Total</b>	<b>576,060</b>

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\$ 642,637 (R\$1,081,379 at December 31, 2020).

The credit contracts for importing supplies, external financing, 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 June 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 June 30, 2021 totaled the amount of R\$ 10,643 (R\$ 9,893 at December 31, 2020) and the portion recorded in non-current liabilities mature as follows:

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<b>Maturity</b>	<b>Parent and Consolidated</b>
2022	<b>1,485</b>
2023	<b>4,087</b>
2024	<b>359</b>
2025	<b>1,276</b>
<b>Total</b>	<b>7,207</b>

### 16.3 Direct financing - Acquisition of Companies

<b>Description</b>	<b>Parent and Consolidated</b>	
	<b>06/30/2021</b>	<b>12/31/2020</b>
<b>Current liabilities</b>		
Shares in Pelágio	<b>3,020</b>	2,985
Shares in Pilar	<b>3,920</b>	2,108
Quotas in Piraquê	<b>21,749</b>	23,899
	<b>28,689</b>	28,992
<b>Non-current liabilities</b>		
Shares in Pelágio	<b>5,417</b>	5,417
Shares in Moinho Santa Lúcia	<b>667</b>	667
Shares in Piraquê	<b>179,000</b>	181,889
	<b>185,084</b>	187,973
<b>Total</b>	<b>213,773</b>	216,965
Current	<b>28,689</b>	28,992
Non-current	<b>185,084</b>	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\$ 200,749 (R\$ 205,788 at December 31, 2020) related to the acquisition of Piraquê is composed of:

- i) retained quota of the price in the amount of R\$ 134,710, which will be settled in 3 installments, maturing May/2022, May/2023 and December/2023, discounted from the paid contingencies of the seller responsibilities;
- ii) a contingent portion of the acquisition price, in the amount of R\$ 66,039, arising from the expected realization of tax credits payable to sellers, which will be paid as they are converted into income in favor of Piraquê or set off.

### 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).

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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 June 30, 2021, the value of the debentures was represented by an amount of R\$ 794,760, already net of the balance to be amortized from the transaction costs in the amount of R\$ 43,942.

Changes in debentures are as follows:

Change details	Parent and Consolidated
Debenture issuance	811,644
Monetary variance	18,383
Remunerative interest	8,675
(-) Transaction costs	(43,942)
<b>Balance at June 30, 2021</b>	<b>794,760</b>

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

Maturity	Parent and Consolidated
2021	2,606
2022	5,169
2023	5,169
2024	5,169
2025	5,169
2026 to 2031	20,660
<b>Total</b>	<b>43,942</b>

## 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 derivative financial instruments to hedge its exposure to foreign currency risk and interest rate variations in financing contracts (wheat and oil) and working capital. 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).

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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.

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**a) Financial instruments by category and disclosure of fair value**

Description	Index	Parent				Consolidated			
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
		06/30/2021	06/30/2021	12/31/2020	12/31/2020	06/30/2021	06/30/2021	12/31/2020	12/31/2020
Financial assets									
Financial assets measured at amortized cost									
Cash and cash equivalents		1,576,073	1,576,073	1,212,873	1,212,873	1,576,251	1,576,251	1,213,007	1,213,007
Trade accounts receivable		1,084,794	1,084,794	959,907	959,907	1,084,927	1,084,927	960,058	960,058
Other receivables		13,286	13,286	31,496	31,496	13,805	13,805	32,047	32,047
Financial investments		16,513	16,474	19,719	19,721	16,513	16,474	19,719	19,721
Financial assets measured at fair value									
Derivative financial instruments		6,251	6,251	23,794	23,794	6,251	6,251	23,794	23,794
Swap contracts		-	-	16,268	16,268	-	-	16,268	16,268
Non Deliverable Forwards (NDFs)		1,412	1,412	4,340	4,340	1,412	1,412	4,340	4,340
Option contracts		48	48	2,602	2,602	48	48	2,602	2,602
Future contracts		4,791	4,791	584	584	4,791	4,791	584	584
Financial liabilities									
Financial liabilities stated at amortized cost									
Trade payables		586,168	586,168	361,646	361,646	586,301	586,301	361,738	361,738
Financing with financial institutions		843,830	855,046	1,362,159	1,347,339	843,830	855,046	1,362,159	1,347,339
BNDES - Transfer operations	TJLP	12,203	12,203	14,228	14,228	12,203	12,203	14,228	14,228
BNDES PSI-Pré	Fixed-rate	58,395	54,913	73,573	71,374	58,395	54,913	73,573	71,374
BNDES – FINEM (Capital)	IPCA	28,326	29,025	39,204	39,966	28,326	29,025	39,204	39,966
BNDES PROGEREN (Capital)	IPCA	43,276	42,985	40,176	39,616	43,276	42,985	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	500,436	513,732	856,128	842,765	500,436	513,732	856,128	842,765
Working capital	CDI	201,194	202,188	200,780	200,277	201,194	202,188	200,780	200,277
Direct financing	CDI	213,773	213,773	216,965	216,965	213,773	213,773	216,965	216,965
Debentures	IPCA	838,703	840,001	-	-	838,703	840,001	-	-
(-) Debenture issuance costs		(43,943)	(43,943)	-	-	(43,943)	(43,943)	-	-
Leases		227,903	227,903	194,990	194,990	227,903	227,903	194,990	194,990
Other accounts payable		170,798	170,798	160,922	160,922	169,900	169,900	160,033	160,033
Financial liabilities stated at fair value									
Derivative financial instruments		97,474	95,408	18,125	18,125	97,474	95,408	18,125	18,125
Swap contracts		28,242	28,242	6,393	6,393	28,242	28,242	6,393	6,393
Non Deliverable Forwards (NDFs)		58,910	58,910	7,789	7,789	58,910	58,910	7,789	7,789
Option contracts		-	-	3,943	3,943	-	-	3,943	3,943
Future contracts		10,322	10,322	-	-	10,322	10,322	-	-

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**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.

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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\$ 286,456 (R\$ 231,997 at December 31, 2020). In addition, there is approximately R\$ 62,203 (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\$ 51,288 (R\$ 76,071 at December 31, 2020) representing 4.51% (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.



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*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.

The schedule for settling the long-term installments on borrowings and financing is presented in Note 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 June 30, 2021, the Company had contracts for the purchase of wheat and oil for future payment and delivery, for a volume of 166,000 tonnes (290,066 tonnes as at December 31, 2020), 28,000 tonnes of wheat and 9,000 tonnes of oil were priced. Thus, considering the market value for these cases and the price established for the contracts, they represented an amount equivalent to US\$ 40,133 of wheat and US\$ 18,615 of oil (US\$ 99,125 of oil and US\$ 43,035 of wheat as of December 31, 2020).

Due to the risk of fluctuations in wheat and oil prices, the Company has prepared a



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sensitivity analysis for the portion without fixed pricing of oil (9,000 tonnes) and wheat (28,000 tonnes). The analysis assumed three possible price fluctuation scenarios and the consequent future impacts. The probable scenario used oil prices of US\$ 980 and wheat prices of US\$ 296, at the same level of the market value at June 30, 2021. The other scenarios, possible and remote, factor in a price increase for the commodities of 25% and 50%, respectively. The USD exchange rate used for all three scenarios was R\$ 5.0022, the closing rate on June 30, 2021.

Description	Exposure (in ton)	Risk	Probable scenario	Possible scenario	Remote scenario
Future oil contracts (price to be fixed)	9,000	Increase in the commodity	-	(11,030)	(22,060)
Future wheat contracts (price to be fixed)	28,000	Increase in the commodity	-	(10,365)	(20,729)

The Company also has futures contracts for palm oil on the Bursa exchange (Malaysia) as outlined in its approved hedging policy. These instruments mature in July 2022, and the relevant payables have a fair value at June 30, 2021 of R\$ 5,483.

Description	Hedged item	Index	Amount (in ton)	Fair value receivable (payable)
Future + Put Options	Commodity price	Palm Oil – Bursa stock exchange (Malaysia)	68,100	(5,483)

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 June 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 the fair value payable of R\$ 26,558.

Swap contracts	Reference value		Curve value		Fair value	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020	06/30/2021	12/31/2020
<b>Asset position</b>						
Foreign currency (USD)	510,000	818,738	500,436	856,128	513,732	877,164
<b>Liability position</b>						
CDI	510,000	818,738	510,675	827,955	540,290	863,142
<b>Result</b>	-	-	(10,239)	28,173	(26,558)	14,022

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Accordingly, as of June 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	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Foreign currency loans/financing (a)	500,436	856,128	500,436	856,128
Swap contracts (b)	(500,436)	(856,128)	(500,436)	(856,128)
Foreign-currency assets (b)	-	-	(7)	(7)
<b>Surplus (a-b)</b>	-	-	<b>(7)</b>	<b>(7)</b>

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.

Description	Hedged item	Reference currency (notional)	Reference value (notional)	Curve value	Fair value receivable (payable)
Swap contract	Currency	Reais	510,000	(10,239)	(26,558)

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 June 30, 2021 the Company had 119 forward contracts maturing up to 07/01/2022, 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	237,783	(57,498)

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\$ 40,133 and for oil of US\$ 18,615, 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\$ 5.0022, the same closing rate as June 30, 2021. The remaining scenarios, possible and remote, consider increases in the dollar exchange rate of 25% (R\$ 6.2528) and 50% (R\$ 7.5033), respectively.

Description	Exposure (USD)	Risk	Probable scenario	Possible scenario	Remote scenario
Contracts for purchase of wheat	40,133	Rise in USD	-	(50,188)	(100,377)
Contracts for purchase of oil	18,615	Rise in USD	-	(23,279)	(46,558)

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*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 for 50% of the contracted debt, 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 June 30, 2021, the Company had 18 swap contracts with different maturities, the last of which on March 17, 2031, for which the asset position receives, on average, the IPCA plus 4.02% p.a. and the liability position pays, on average, CDI rate plus 0.88% p.a. The (notional) reference values totaled R\$ 405,822 and the gross fair value receivable of these derivative instruments was R\$ 382 on June 30, 2021.

Swap contracts	Reference value		Curve value		Fair value	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020	06/30/2021	12/31/2020
<b>Asset position</b>						
IPCA	405,822	-	419,352	-	432,062	-
<b>Liability position</b>						
CDI	405,822	-	410,167	-	431,680	-
<b>Result</b>	-	-	9,185	-	382	-

*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	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
<b>Financial assets</b>				
Financial investments indexed to the CDI	1,547,596	1,228,073	1,547,767	1,228,199
<b>Financial liabilities</b>				
Foreign currency derivative operations tied to CDI <sup>(1)</sup>	(500,436)	(856,128)	(500,436)	(856,128)
Foreign debentures derivative operations tied to CDI <sup>(1)</sup>	(410,167)	-	(410,167)	-
Financing indexed to the CDI and TJLP	(437,813)	(579,936)	(437,813)	(579,936)
<b>Assets – Liabilities</b>	199,180	(207,991)	199,351	(207,865)

<sup>(1)</sup> See item iv - Exchange rate risk and v – Inflation risk.

*Analysis of sensitivity to variations in the CDI*

The following table demonstrates the projected loss 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\$ 199,351.

Description	Risk position	Risk	Probable scenario	Possible scenario	Remote scenario
<b>Net liabilities</b>	199,351	CDI decrease	-	(2,068)	(4,137)

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The probable scenario considered the CDI quotation at June 30, 2021 at the level of 4.15% p.a. The other scenarios, possible and remote, considered a decrease in this quotation of 25% (3.11% p.a.) and 50% (2.08% p.a.), respectively.

As mentioned, the Company management believes that there is a low risk of significant changes in the CDI during 2021, taking into consideration the market forecast and 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.

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.

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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)
<b>Balances at December 31, 2020</b>	<b>(11,053)</b>
Gains in derivative instruments	24,883
Adjustment to raw materials costs hedged item	(25,556)
Changes in the fair value of derivative contracts	(66,972)
Reclassification for financial results	672
<b>Balances at June 30, 2021</b>	<b>(78,026)</b>

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

Description	Parent and Consolidated
<b>Cash-flow hedge balance at December 31, 2019</b>	-
Changes in the fair value of derivative contracts	(11,053)
Tax effects on the fair value of the hedging instrument	3,512
<b>Cash-flow hedge balance at December 31, 2020</b>	<b>(7,541)</b>
Changes in the fair value of derivative contracts	(66,972)
Tax effects on the fair value of the hedging instrument	23,016
<b>Cash-flow hedge balance at June 30, 2021</b>	<b>(51,497)</b>

**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 June 30, 2021 and December 31, 2020 were as follows:

Consolidated	06/30/2021	12/31/2020
<b>Debt from financing and borrowings</b>	<b>1,068,246</b>	1,589,017
<b>Debentures</b>	<b>794,760</b>	-
(-) Cash and cash equivalents	(1,576,251)	(1,213,007)
(-) Short-term financial investments	(16,513)	(16,413)
(-) Long-term financial investments	-	(3,306)
(-) Derivative financial instruments	91,223	(5,669)
<b>Net debt (net cash) (A)</b>	<b>361,465</b>	350,622
Shareholders' equity	6,620,241	6,645,568
<b>Total capital (B)</b>	<b>6,981,706</b>	6,996,190
<b>Financial leverage index (C = A / B x 100)</b>	<b>5.18%</b>	5.01%

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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 June 30, 2021 was 5.18% compared with 5.01% at December 31, 2020. The increase is primarily due to the Company's debt levels rising on account of the debentures issuance.

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

Consolidated	Less than a year	Between one and three years	Between three and five years	Greater than five years
<b>At June 30, 2021</b>	<b>1,441,761</b>	<b>498,275</b>	<b>680,196</b>	<b>1,059,229</b>
Financing and borrowings	308,632	279,798	511,848	762,729
Derivative financial instruments	69,232	-	28,242	-
Payables and other obligations	1,063,897	218,477	140,106	296,500
<b>At December 31, 2020</b>	<b>1,634,008</b>	<b>518,899</b>	<b>648,218</b>	<b>283,165</b>
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	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
<b>Financial income</b>				
Income from marketable securities	19,426	14,425	19,426	14,427
SELIC interest on tax credits <sup>(1)</sup>	53,698	2,166	53,698	2,166
Restatement of judicial deposits	1,684	2,936	1,684	2,936
Foreign exchange variations - assets	87,513	13,518	87,513	13,518
Others	5,651	4,315	5,652	4,314
	<b>167,972</b>	<b>37,360</b>	<b>167,973</b>	<b>37,361</b>
<b>Financial expenses</b>				
Interest on financing	(15,035)	(16,279)	(15,035)	(16,279)
Interest on debt from equity investments	(1,513)	(2,597)	(1,513)	(2,597)
Interest on leases	(9,853)	(5,729)	(9,853)	(5,729)
Interest on promissory notes	-	(2,186)	-	(2,186)
Interest on debentures	(8,675)	-	(8,675)	-
Foreign exchange variations - liabilities	(94,579)	(216,386)	(94,579)	(216,386)
Monetary variances - liabilities	(22,316)	(1,983)	(22,316)	(1,983)
Gains (losses) from derivative transactions	(884)	210,099	(884)	210,099
Commission and bank expenses	(4,449)	(3,081)	(4,450)	(3,083)
Update on contingencies provisions	(4,506)	(2,579)	(4,506)	(2,579)
Others	(5,125)	(3,242)	(5,126)	(3,241)
	<b>(166,935)</b>	<b>(43,963)</b>	<b>(166,937)</b>	<b>(43,964)</b>
<b>Net financial results</b>	<b>1,037</b>	<b>(6,603)</b>	<b>1,036</b>	<b>(6,603)</b>

<sup>(1)</sup> These refer to updated previously unused tax credits 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.



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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.

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	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
<b>Labor provisions</b>				
Provision for profit sharing	43,057	59,788	43,057	59,788
Provision for vacation pay	63,604	61,137	63,615	61,163
13th salary provision	23,720	-	23,741	-
Others	2,717	3,293	2,717	3,293
	133,098	124,218	133,130	124,244
<b>Social and labor charges</b>				
INSS	44,819	39,328	44,891	39,378
FGTS	11,083	11,228	11,092	11,237
Others	1,573	1,709	1,573	1,709
	57,475	52,265	57,556	52,324
<b>Total</b>	<b>190,573</b>	<b>176,483</b>	<b>190,686</b>	<b>176,568</b>

## 20. Tax liabilities

The balances comprise the following tax obligations:

Description	Parent		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
PIS/Cofins	13,895	774	13,940	801
Withholding tax	5,042	15,264	5,055	15,290
Income tax and social contribution	1,778	1,778	1,778	1,778
Other federal tax liabilities	702	1,372	708	1,376
ICMS	64,166	34,711	64,166	34,711
ISS	1,376	1,654	1,377	1,655
<b>Total</b>	<b>86,959</b>	<b>55,553</b>	<b>87,024</b>	<b>55,611</b>

## 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.

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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 June 30, 2021 the Company acquired the right to R\$ 188,986 (R\$ 179,097 on June 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 June 30, 2021 the Company acquired the right to R\$ 4,080 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
<b>DESENVOLVE - State of Bahia: Discount on part of the ICMS payment due on the purchase of wheat grain for the wheat mill.</b>		
Wheat mill and biscuits and pasta factory (Salvador-BA)	81%	Jun 2025
<b>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</b>		
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
<b>PROEDI - Rio Grande do Norte: presumed credit on monthly ICMS debit balance</b>		
Wheat mill and pasta factory (Natal-RN)	75% to 79%	Jun 2032
<b>FAIN - State of Paraíba: discount of part of the ICMS on purchases of wheat grain</b>		
Wheat mill and pasta factory (Cabedelo-PB)	81%	Dec 2032



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State tax incentives / Unit receiving the incentive	Percentage reduction of ICMS	Valid until
<b>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.</b>		
Biscuits and pasta factory (Jaboatão dos Guararapes-PE)	75% or 85%	Mar 2024
<b>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.</b>		
Biscuits and pasta factory (Queimados-RJ)	75% or 85%	Sep 2038
<b>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.</b>		
Operation with wheat flour products (Bayuex-PB)	50% to 78%	Mar 2024
<b>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”.</b>		
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 June 30, 2021 the Company was entitled to recognize R\$ 42,700 (R\$ 45,507 at June 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.

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.

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State	Validity		Extension	
	Beginning	End	Beginning	End
Pernambuco	Aug/16	Jul/18	Aug/18	Dec/22
Ceará <sup>(1)</sup>	Sep/16	Aug/18	Jan/19	Dec/21
Bahia	Sep/16	Dec/18	Jan/19	Dec/22
Paraíba	Oct/16	Mar/19	Apr/19	Sep/21
Rio de Janeiro	Dec/16	Dez/26	-	-

<sup>(1)</sup> 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 Law no. 17,251 (2020), the state of Ceará extended the FEEF to December 31, 2021, but has exempted taxpayers from payments in the period from March to December 2020.

At June 30, 2021, the expenses incurred by the Company related to these obligations amounted to R\$ 11,598 (R\$ 8,857 at June 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 June 30, 2021 the Company had not used the respective incentive, because there was no income tax due (R\$ 5,856 as of June 30, 2020).

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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)	75.00	Jan 2016 to Dec 2025
Toast factory (Eusébio - CE)	75.00	Jan 2016 to Dec 2025
Wheat mill (Fortaleza - CE)	75.00	Jan 2018 to Dec 2027
Special margarines and fats factory (Fortaleza - CE)	75.00	Jan 2018 to Dec 2027
Wheat mill (Natal - RN)	75.00	Jan 2018 to Dec 2027
Pasta factory (Natal - RN)	75.00	Jan 2014 to Dec 2023
Wheat mill and pasta factory (Cabedelo - PB)	75.00	Jan 2018 to Dec 2027
Biscuits and pasta factory (Salvador - BA)	75.00	Jan 2016 to Dec 2025
Wheat and ready cake mix mill (Salvador- BA)	75.00	Jan 2015 to Dec 2024
Biscuits and pasta factory (Jaboatão dos Guararapes - PE)	75.00	Jan 2018 to Dec 2027
Biscuits, cakes and snacks factory (Maracanaú - CE)	75.00	Jan 2016 to Dec 2025
Pasta factory (Maracanaú - CE)	75.00	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 June 30, 2021, 1.82% of the total labor and civil processes are being tried at the administrative level and 98.18% at the judicial level. 54.96% of tax processes are being tried at the administrative level and 45.04% 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.

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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 June 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	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Civil and labor	115,431	115,983	63,430	57,300	63,435	57,309
Tax	100,228	103,127	210,273	206,519	210,273	206,518
Total	215,659	219,110	273,703	263,819	273,708	263,827

On June 30, 2021, the judicial deposits for cases rated as a probable loss amounted to R\$ 82,961 (R\$ 79,774 at December 31, 2020).

**a) Changes in the processes during the year**

Parent and Consolidated	Civil and labor	Tax	Total
<b>Balances at December 31, 2019</b>	<b>110,721</b>	<b>102,824</b>	<b>213,545</b>
Additions	28,287	1,878	30,165
Restatements/reversals	7,393	1,615	9,008
Write-off/reversals	(30,418)	(3,190)	(33,608)
<b>Balances at December 31, 2020</b>	<b>115,983</b>	<b>103,127</b>	<b>219,110</b>
Additions	14,927	2,109	17,036
Restatements/reversals	1,376	3,130	4,506
Write-off/reversals <sup>(1)</sup>	(16,855)	(8,138)	(24,993)
<b>Balances at June 30, 2021</b>	<b>115,431</b>	<b>100,228</b>	<b>215,659</b>

<sup>(1)</sup> Primarily consists of the write-off of the provision against the appeal judicial deposit (R\$ 12,112) 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
<b>Balances at December 31, 2019</b>	<b>52,147</b>	<b>205,287</b>	<b>257,434</b>
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)
<b>Balances at December 31, 2020</b>	<b>57,300</b>	<b>206,519</b>	<b>263,819</b>
Additions	22,985	2,173	25,158
Restatements/reversals	88	1,596	1,684
Reclassification	15	(15)	-
Write-off	(16,958)	-	(16,958)
<b>Balances at June 30, 2021</b>	<b>63,430</b>	<b>210,273</b>	<b>273,703</b>

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Consolidated	Civil and labor	Tax	Total
<b>Balances at December 31, 2019</b>	<b>52,152</b>	<b>205,287</b>	<b>257,439</b>
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)
<b>Balances at December 31, 2020</b>	<b>57,309</b>	<b>206,518</b>	<b>263,827</b>
Additions	22,985	2,174	25,159
Restatements/reversals	88	1,596	1,684
Reclassification	15	(15)	-
Write-off	(16,962)	-	(16,962)
<b>Balances at June 30, 2021</b>	<b>63,435</b>	<b>210,273</b>	<b>273,708</b>

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

Maturity	Parent and Consolidated 06/30/2021
2022	4,920
2023	9,932
2024	24,703
2025	15,556
From 2026 on	45,117
<b>Total</b>	<b>100,228</b>

**c) Nature of processes**

**Civil and labor**

The Company is the defendant in approximately 1,164 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\$ 103,416 and R\$ 12,015, 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 June 30, 2021 and December 31, 2020, the provision for tax risks comprised the following:

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Description	Parent and Consolidated			
	06/30/2021		12/31/2020	
	Contingencies	Judicial deposits	Contingencies	Judicial deposits
IPI – judicial deposit (a)	6,425	6,425	6,394	6,394
IRPJ – judicial deposit (b)	32,719	32,719	32,516	32,516
IPTU – judicial deposit (c)	2,932	4,701	2,895	4,664
ICMS (d)	18,615	-	18,145	-
Legal fees (e)	19,610	-	19,456	-
Indemnifiable contingencies (f)	11,564	-	19,667	-
Others	8,363	2,586	4,054	2,003
	<b>100,228</b>	<b>46,431</b>	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 1.31.1992 and 2.28.1992, 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



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contingencies amount to approximately R\$ 1,180,370 (R\$ 1,100,150 at December 31, 2020).

The most significant tax processes involve the following matters: i) Investment grants amounting to R\$ 210,318; ii) ICMS credits incorrectly granted, totaling R\$ 335,561; iii) Undue ICMS credit - Value Added Margin - ICMS Protocol 46, totaling R\$ 35,193 and (iv) IPI rate zero, in the amount of R\$ 144,816.

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").

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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.

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

Description	Parent and Consolidated	
	06/30/2021	06/30/2020
<b>Accounting profit before Income tax and social contribution [A]</b>	<b>75,310</b>	322,496
<b>Combined tax rate [B]</b>	<b>34%</b>	34%
[A X B] Income tax and social contribution at the combined tax rate	<b>25,605</b>	109,649
<b>Permanent additions [C]</b>	<b>15,435</b>	5,776
Non-deductible expenses	<b>14,523</b>	4,871
Equity income from subsidiaries	<b>912</b>	905
<b>Permanent exclusions [D]</b>	<b>(123,007)</b>	(76,469)
Equity income from subsidiaries	<b>(4)</b>	(108)
State tax incentives <sup>(1)</sup>	<b>(80,161)</b>	(76,505)
Tax Benefits - Interest on equity	<b>(11,485)</b>	-
Other items <sup>(2)</sup>	<b>(31,357)</b>	144
<b>[A X B+C-D] Income tax and social contribution recorded in profit or loss before exemption</b>	<b>(81,967)</b>	38,956
Income exempt from income tax (Government subsidy) [E]	-	(5,856)
Income tax and social contribution recorded in profit or loss after exemption [F]	<b>(81,967)</b>	33,100
Current income tax and social contribution	<b>(94,157)</b>	(1,360)
Deferred income tax and social contribution	<b>12,190</b>	34,460
[F/A] Effective rate	-	10.26%

(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).



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

Description	Parent and Consolidated	
	06/30/2021	12/31/2020
<b>Deferred tax assets</b>		
Estimated losses for doubtful accounts	5,750	10,529
Provision for litigation and lawsuits	52,397	51,067
Provision for logistics expenses and contractual costs	22,193	22,248
Estimated losses on tax credits	13,134	13,134
Provision for legal fees	16,308	15,382
Profit sharing provisions and other events	14,742	20,735
Provision for impairment losses on assets	222	222
Provision for inventory impairment	3,651	3,936
Amortization of the balance sheet at fair value	13,596	13,780
Other provisions	17,735	18,185
	<b>159,728</b>	<b>169,218</b>
<b>Deferred tax liabilities</b>		
Differences in depreciation (useful lives and tax rates)	184,043	179,505
Tax amortization of goodwill paid for future profitability	202,254	196,652
Restatement of judicial deposits	10,071	9,498
Gains (Losses) on derivative contracts	(32,175)	5,070
Other provisions (reversals)	11,310	5,094
	<b>375,503</b>	<b>395,819</b>
<b>Net deferred tax liabilities</b>	<b>215,775</b>	<b>226,601</b>

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	56,626
2023	18,177
2024	15,740
2025	14,626
2026 to 2028	54,559
<b>Total</b>	<b>159,728</b>

**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

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reserves for the reduction of income tax, related to the calendar year 2019, increasing the capital to R\$ 2,597,656.

At June 30, 2021, the Company had a free float of 82,745,310 common shares, which represented 24.41% (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 June 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 June 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 June 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 June 30, 2021 and December 31, 2020, the special reserve amounted to R\$ 16,529.

*Treasury shares*

At the Board of Directors' meeting held January 20, 2020 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 8,472,614 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.

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



The share buyback operations could be settled within a maximum of 18 (eighteen) months, terminating July 21, 2021.

On June 30, 2021 the Company had acquired Treasury stock of 1,362,722 shares at an average price of R\$ 36.52 per share, for the minimum and maximum prices of R\$ 26.44 and R\$ 42.13 respectively, amounting to a total of R\$ 49,323.

**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 six months period ended June 30, 2021, the Company distributed R\$ 33,780 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 (e) ensure the competitiveness of the total compensation package and the retention of key strategic leaders.

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



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.

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.

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

Description	Number of restricted shares
<b>Balance at December 31, 2019</b>	<b>453,645</b>
Granted shares	355,433
Transferred shares	(148,014)
Awards canceled	(84,172)
<b>Balance at December 31, 2020</b>	<b>576,892</b>
Granted shares	518,687
Transferred shares	(117,216)
Awards canceled	(14,631)
<b>Balance at June 30, 2021</b>	<b>963,732</b>

The restricted shares are measured at fair value at the concession date and are recognized

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



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 June 30, 2021 in accordance with the term lapsed for acquiring the right to the restricted shares was R\$ 4,411 (R\$ 707 at June 30, 2020).

## 26. Net revenue

Description	Parent and Consolidated	
	06/30/2021	06/30/2020
<b>Gross revenue</b>	<b>4,186,314</b>	4,282,282
Domestic market	<b>4,072,214</b>	4,163,838
Foreign market	<b>114,100</b>	118,444
Returns, discounts and cancellations	<b>(257,975)</b>	(266,707)
Taxes on sales	<b>(458,596)</b>	(493,683)
<b>Net revenue</b>	<b>3,469,743</b>	3,521,892

The net revenue by product line of the Company and its subsidiaries as of June 30, 2021 and 2020 is as follows:

Description	Parent and Consolidated	
	06/30/2021	06/30/2020
Cookies and crackers	<b>1,716,946</b>	1,839,595
Pasta	<b>774,695</b>	842,878
Wheat flour and bran	<b>683,333</b>	597,881
Margarine and vegetable shortening	<b>221,083</b>	172,928
Other products <sup>(1)</sup>	<b>73,686</b>	68,610
<b>Net revenue</b>	<b>3,469,743</b>	3,521,892

<sup>(1)</sup> 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	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
<b>Cost of goods sold</b>				
Raw materials	<b>(1,828,352)</b>	(1,609,187)	<b>(1,828,533)</b>	(1,609,291)
- Wheat	<b>(1,178,540)</b>	(1,083,941)	<b>(1,178,721)</b>	(1,084,045)
- Oil	<b>(371,661)</b>	(251,742)	<b>(371,661)</b>	(251,742)
- Sugar	<b>(95,441)</b>	(88,608)	<b>(95,441)</b>	(88,608)
- Sourced flour	<b>(3,703)</b>	(11,138)	<b>(3,703)</b>	(11,138)
- Sourced vegetable shortening	<b>(830)</b>	(2,836)	<b>(830)</b>	(2,836)
- Others	<b>(178,177)</b>	(170,922)	<b>(178,177)</b>	(170,922)
Packaging	<b>(226,820)</b>	(230,237)	<b>(226,820)</b>	(230,237)
Labor	<b>(320,991)</b>	(311,550)	<b>(320,991)</b>	(311,550)
General factory costs <sup>(1)</sup>	<b>(241,458)</b>	(217,878)	<b>(241,458)</b>	(217,878)
Depreciation and amortization	<b>(91,091)</b>	(87,357)	<b>(91,091)</b>	(87,357)
Cost of goods resold	-	(41)	-	(41)
<b>Total</b>	<b>(2,708,712)</b>	(2,456,250)	<b>(2,708,893)</b>	(2,456,354)
<b>Selling expenses</b>				
Marketing and sales	<b>(247,608)</b>	(278,934)	<b>(247,608)</b>	(278,934)
Salaries and employee benefits	<b>(226,312)</b>	(242,645)	<b>(226,312)</b>	(242,645)
Freight	<b>(202,152)</b>	(216,059)	<b>(202,152)</b>	(216,059)
Depreciation and amortization	<b>(29,663)</b>	(18,739)	<b>(29,663)</b>	(18,739)
<b>Total</b>	<b>(705,735)</b>	(756,377)	<b>(705,735)</b>	(756,377)

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



Description	Parent		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
<b>Administrative and general expenses</b>				
Salaries and employee benefits	(73,129)	(70,588)	(73,215)	(70,662)
Others administrative expenses	(38,919)	(49,991)	(39,144)	(50,209)
Product donations	(20,064)	(5,627)	(20,064)	(5,627)
Management fees	(6,746)	(7,567)	(6,746)	(7,567)
Depreciation and amortization	(17,407)	(17,045)	(17,407)	(17,045)
<b>Total</b>	<b>(156,265)</b>	<b>(150,818)</b>	<b>(156,576)</b>	<b>(151,110)</b>
<b>Other income (expenses) net <sup>(2)</sup></b>				
Tax expenses	(16,496)	(11,269)	(16,506)	(11,285)
Depreciation and amortization	(2,123)	(1,854)	(2,123)	(1,854)
Other income (expenses)	7,547	7,021	7,780	7,325
<b>Total</b>	<b>(11,072)</b>	<b>(6,102)</b>	<b>(10,849)</b>	<b>(5,814)</b>

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

At June 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 34.1%, 59.6% and 26.7% 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	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
<b>Other operating income</b>				
Revenue from sale of damages, sweeps, scraps and inputs	16,430	4,373	16,430	4,373
Subsidies for investments - FUNDOPEM	4,080	-	4,080	-
Expense recovery	9,015	5,054	9,255	5,358
Extemporaneous credit – PIS/Cofins <sup>(1)</sup>	45,957	25,716	45,957	25,716
Extemporaneous credit – ICMS	4,620	17,612	4,620	17,612
Extemporaneous credit – INSS on revenues	11,597	-	11,597	-
Revenue from sale of electricity	1,856	19	1,856	19
Reversal of provisions for impairment	-	7,699	-	7,699
Others	4,210	5,780	4,210	5,780
	<b>97,765</b>	<b>66,253</b>	<b>98,005</b>	<b>66,557</b>
<b>Other operating expenses</b>				
Provisions for civil, labor and tax contingencies and success fees	(16,501)	(15,505)	(16,501)	(15,505)
Inmetro tax	(1,198)	(780)	(1,198)	(780)
Provisions (reversals) estimated or realized in inventories	(18,122)	(9,706)	(18,122)	(9,706)
State fund for tax equalization	(11,598)	(8,857)	(11,598)	(8,857)
Cost to sell damages, sweeps, scraps and inputs	(26,224)	(16,805)	(26,224)	(16,805)
Restructuring expenses	(4,392)	(170)	(4,392)	(170)
Provisions for recoverable taxes losses	-	(779)	-	(779)
Cost to sell electricity	(1,660)	(28)	(1,660)	(28)
Tax assessment	(16,496)	(11,269)	(16,506)	(11,285)
Depreciation and amortization expenses	(2,123)	(1,854)	(2,123)	(1,854)
Others	(10,523)	(6,602)	(10,530)	(6,602)
	<b>(108,837)</b>	<b>(72,355)</b>	<b>(108,854)</b>	<b>(72,371)</b>
<b>Total</b>	<b>(11,072)</b>	<b>(6,102)</b>	<b>(10,849)</b>	<b>(5,814)</b>

<sup>(1)</sup> See note 8.



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



## 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 year.

Diluted earnings per share for share 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	
	06/30/2021	06/30/2020
Net profit for the period	157,277	289,396
Weighted average number of common shares (a)	339,000	339,000
<b>Basic earnings per share (R\$)</b>	<b>0.46394</b>	0.85368
Adjustments for restricted shares (b)	641	493
Treasury shares (c)	(1,363)	(1,020)
Weighted average shares (thousand) (a + b + c)	338,279	338,473
<b>Diluted earnings per share (R\$)</b>	<b>0.46493</b>	0.85500

## 30. 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

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

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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 Controllershship

Rômulo Ruberti Calmon Dantas  
Vice-President - Sales

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



## Opinions and Declarations / Special Review Report – unqualified

### Share Ownership

Our capital stock on June 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 06/30/2020				
Shareholder	Number of Common Shares (In units)	%	Total Number of Shares (In units)	%
<b>Controlling Shareholder</b>	<b>214,650,000</b>	<b>63.32</b>	<b>214,650,000</b>	<b>63.32</b>
<b>Managers</b>	<b>39,660,089</b>	<b>11.70</b>	<b>39,660,089</b>	<b>11.70</b>
Board of Directors	13,924,577	4.11	13,924,577	4.11
Board of Executive Officers	25,735,512	7.59	25,735,512	7.59
<b>Treasury Shares</b>	<b>1,020,129</b>	<b>0.30</b>	<b>1,020,129</b>	<b>0.30</b>
<b>Other Shareholders</b>	<b>83,669,782</b>	<b>24.68</b>	<b>83,669,782</b>	<b>24.68</b>
<b>Total</b>	<b>339,000,000</b>	<b>100.00</b>	<b>339,000,000</b>	<b>100.00</b>
<b>Outstanding Shares</b>	<b>83,669,782</b>	<b>24.68</b>	<b>83,669,782</b>	<b>24.68</b>

CONSOLIDATED SHAREHOLDING OF CONTROLLING SHAREHOLDERS, MANAGERS AND OUTSTANDING SHARES Shareholding on 06/30/2021				
Shareholder	Number of Common Shares (In units)	%	Total Number of Shares (In units)	%
<b>Controlling Shareholder</b>	<b>214,650,000</b>	<b>63.32</b>	<b>214,650,000</b>	<b>63.32</b>
<b>Managers</b>	<b>40,241,968</b>	<b>11.87</b>	<b>40,241,968</b>	<b>11.87</b>
Board of Directors	14,187,637	4.19	14,187,637	4.19
Board of Executive Officers	26,054,331	7.69	26,054,331	7.69
<b>Treasury Shares</b>	<b>1,362,722</b>	<b>0.40</b>	<b>1,362,722</b>	<b>0.40</b>
<b>Other Shareholders</b>	<b>82,745,310</b>	<b>24.41</b>	<b>82,745,310</b>	<b>24.41</b>
<b>Total</b>	<b>339,000,000</b>	<b>100.00</b>	<b>339,000,000</b>	<b>100.00</b>
<b>Outstanding Shares</b>	<b>82,745,310</b>	<b>24.41</b>	<b>82,745,310</b>	<b>24.41</b>

**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 June 30, 2021 and 2020.

**Opinions and Declarations / Special Review Report – unqualified**

SHAREHOLDING OF THOSE HOLDING MORE THAN 5% OF THE SHARES OF EACH TYPE AND CLASS OF THE COMPANY'S CAPITAL STOCK				
Company: <b>M DIAS BRANCO S.A IND E COM DE ALIMENTOS</b>				
Shareholding on 06/30/2020 (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	39,660,089	11.70	39,660,089	11.70
Treasury Shares	1,020,129	0.30	1,020,129	0.30
Other Shareholders	83,669,782	24.68	83,669,782	24.68
<b>Total</b>	<b>339,000,000</b>	<b>100.00</b>	<b>339,000,000</b>	<b>100.00</b>

SHAREHOLDING OF THOSE HOLDING MORE THAN 5% OF THE SHARES OF EACH TYPE AND CLASS OF THE COMPANY'S CAPITAL STOCK				
Company: <b>M DIAS BRANCO S.A IND E COM DE ALIMENTOS</b>				
Shareholding on 06/30/2021 (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	40,241,968	11.87	40,241,968	11.87
Treasury Shares	1,362,722	0.40	1,362,722	0.40
Other Shareholders	82,745,310	24.41	82,745,310	24.41
<b>Total</b>	<b>339,000,000</b>	<b>100.00</b>	<b>339,000,000</b>	<b>100.00</b>

CAPITAL STOCK DISTRIBUTION OF CORPORATE ENTITY (COMPANY SHAREHOLDER), UP TO THE INDIVIDUAL LEVEL				
Company: <b>DIBRA Fundo de Investimentos em Ações</b>		Shareholding on 06/30/2021 (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 Cláudio Saraiva Leão Dias Branco	54.06	10.00	54.06	10.00
<b>Total</b>	<b>540.61</b>	<b>100.00</b>	<b>540.61</b>	<b>100.00</b>

**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 June 30, 2021, which comprises the balance sheet on June 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 six-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 enable us to obtain 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 six-month period ended June 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 (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 audit of the individual and consolidated balance sheet as at December 31, 2020 was conducted under the responsibility of the independent auditors, who issued an unmodified audit report thereon, dated March 31, 2021. The individual and consolidated interim financial information, related to the statement of income (loss) and the comprehensive income for the three and six months period ended June 30, 2020 and the statement of changes in equity and cash flows for the six-months period then ended was reviewed by other independent auditors who issued an unmodified report thereon, dated August 7, 2020. The corresponding figures related to the individual and consolidated statements of added value (DVA), for the six-months period ended June 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, August 6, 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 June 30, 2021.

Eusébio, August 6, 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 Controllershship

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 June 30, 2021.

Eusébio, August 6, 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 Controllershhip

Rômulo Ruberti Calmon Dantas  
Vice-President - Sales