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Company Data / Capital Stock

Number of Shares (in thousands)	Current quarter 09/30/2020
Paid-in Capital	
Common	339,000,000
Preferred	-
Total	**339,000,000**
Treasury Shares	
Common	997,696
Preferred	-
Total	**997,696**

Individual Financial statements / Balance Sheet – Assets

(in thousands)

Code of the account	Description of the code	Current Quarter 09/30/2020	Previous Period 12/31/2019
1	Total Assets	9,677,788	8,101,914
1.01	Current Assets	3,985,743	2,320,833
1.01.01	Cash and Cash Equivalents	1,305,827	348,312
1.01.02	Financial Investments	16,413	16,392
1.01.02.03	Financial Investments Valued at Amortized Cost	16,413	16,392
1.01.03	Trade Accounts Receivable	938,979	957,325
1.01.03.01	Clients	938,979	957,325
1.01.04	Inventory	1,240,756	799,044
1.01.06	Recoverable Taxes	379,323	162,535
1.01.06.01	Current Recoverable Taxes	379,323	162,535
1.01.07	Prepaid Expenses	13,697	7,736
1.01.08	Other Current Assets	90,748	29,489
1.01.08.03	Other	90,748	29,489
1.01.08.03.02	Derivative Financial Instruments	68,728	7,963
1.01.08.03.20	Other Credits	22,020	21,526
1.02	Non-current Assets	5,692,045	5,781,081
1.02.01	Long-term Assets	465,287	597,129
1.02.01.03	Financial Investments Valued at Amortized Cost	3,293	3,782
1.02.01.04	Trade Accounts Receivable	6	263
1.02.01.04.01	Clients	6	263
1.02.01.10	Other Non-current Assets	461,988	593,084
1.02.01.10.03	Judicial Deposits	262,746	257,434
1.02.01.10.04	Recoverable Taxes	138,445	273,880
1.02.01.10.05	Tax Incentives/Other Credits	6,098	3,997
1.02.01.10.06	Indemnity Assets	54,699	57,773
1.02.02	Investments	108,394	112,349
1.02.02.01	Shareholdings	53,660	57,124
1.02.02.01.02	Subsidiaries	184	132
1.02.02.01.03	Interest in Subsidiaries	52,588	56,104
1.02.02.01.04	Other Shareholdings	888	888
1.02.02.02	Investment Properties	54,734	55,225
1.02.03	Property, Plant and Equipment	3,400,039	3,349,190
1.02.03.01	Property, Plant and Equipment in Operation	2,860,466	2,908,075
1.02.03.02	Right-of-use in Leasing	165,704	100,094
1.02.03.02.02	Right-of-Use	165,704	100,094
1.02.03.03	Property, Plant and Equipment in Progress	373,869	341,021
1.02.04	Intangible	1,718,325	1,722,413
1.02.04.01	Intangible	1,718,325	1,722,413
1.02.04.01.02	Brands and Patents	551,546	543,847
1.02.04.01.03	Software	64,523	67,250
1.02.04.01.04	Goodwill	944,412	944,412
1.02.04.01.05	Customer Relationships	157,309	166,214
1.02.04.01.06	Non-compete agreement	535	690

Individual Financial statements / Balance Sheet – Liabilities

(in thousands)

Code of the account	Description of the code	Current Quarter 09/30/2020	Previous Period 12/31/2019
2	Total Liabilities	9,677,788	8,101,914
2.01	Current Liabilities	2,211,532	1,154,542
2.01.01	Social and Labor Liabilities	238,239	167,344
2.01.01.01	Social Liabilities	93,223	53,238
2.01.01.02	Labor Liabilities	145,016	114,106
2.01.02	Suppliers	261,537	149,219
2.01.02.01	Domestic Suppliers	261,031	148,713
2.01.02.02	Foreign Suppliers	506	506
2.01.03	Tax Obligations	165,794	83,646
2.01.03.01	Federal Tax Obligations	64,977	19,449
2.01.03.01.01	Income Tax and Social Contribution	11,748	-
2.01.03.01.02	Other Federal Tax Obligations	53,229	19,449
2.01.03.02	State Tax Obligations	99,279	62,829
2.01.03.03	Municipal Tax Obligations	1,538	1,368
2.01.04	Loans and Financing	1,330,642	608,190
2.01.04.01	Loans and Financing	1,330,642	608,190
2.01.04.01.01	National Currency	545,623	108,999
2.01.04.01.02	Foreign Currency	785,019	499,191
2.01.05	Other Obligations	215,320	146,143
2.01.05.02	Other	215,320	146,143
2.01.05.02.01	Proposed dividends	4	36,929
2.01.05.02.04	Advances of Clients	18,285	10,164
2.01.05.02.05	Government Subsidies	17,320	4,799
2.01.05.02.06	Derivative Financial Instruments	0	1,887
2.01.05.02.07	Leasing	36,124	15,075
2.01.05.02.20	Other Debts	143,587	77,289
2.02	Non-current Liabilities	963,603	912,419
2.02.01	Loans and Financing	319,697	371,487
2.02.01.01	Loans and Financing	319,697	371,487
2.02.01.01.01	National Currency	319,697	371,487
2.02.02	Other Obligations	177,658	122,173
2.02.02.02	Other	177,658	122,173
2.02.02.02.03	Tax Obligations	0	968
2.02.02.02.04	Other Debts	34,306	34,301
2.02.02.02.07	Leasing	143,352	86,904
2.02.03	Deferred Taxes	250,768	205,214
2.02.03.01	Deferred Income Tax and Social Contribution	250,768	205,214
2.02.04	Provisions	215,480	213,545
2.02.04.01	Provisions Tax, Social Security, Labor and Civil	215,480	213,545
2.02.04.01.01	Tax Provisions	103,063	102,824
2.02.04.01.02	Labor and Social Security Provisions	100,973	101,536
2.02.04.01.04	Civil Provisions	11,444	9,185
2.03	Shareholders' Equity	6,502,653	6,034,953
2.03.01	Realized Capital Stock	2,567,941	2,508,400
2.03.02	Capital Reserves	25,670	26,343
2.03.02.08	Special Reserve	16,529	16,529
2.03.02.09	Granted Recognized Shares	9,141	9,814

Individual Financial statements / Balance Sheet – Liabilities

(in thousands)

Code of the account	Description of the code	Current Quarter 09/30/2020	Previous Period 12/31/2019
2.03.04	Profit Reserves	3,352,544	3,500,089
2.03.04.01	Legal Reserves	308,459	308,459
2.03.04.02	Statutory Reserves	1,928,567	1,928,920
2.03.04.07	Tax Incentive Reserve	1,155,094	1,214,635
2.03.04.08	Additional Proposed Dividend	0	48,075
2.03.04.09	Treasury Shares	-39,576	0
2.03.05	Accumulated Profits/Losses	554,777	0
2.03.06	Equity Adjustments	1,547	0
2.03.06.01	Gains (Losses) on Cash-Flow Hedge	1,547	0
2.03.07	Accumulated Translation Adjustments	174	121

Individual Financial statements / Statement of Income
(in thousands)

Code of the account	Description of the code	Current Quarter 07/01/2020 to 09/30/2020	Accumulated for the Current Period 01/01/2020 to 09/30/2020	Previous Quarter 07/01/2019 to 09/30/2019	Accumulated for the Previous Period 01/01/2019 to 09/30/2019
3.01	Revenue from Sale of Goods and/or Services	2,028,950	5,550,842	1,391,969	3,945,697
3.01.01	Gross sales and /or Services	2,461,686	6,743,968	1,701,235	4,916,965
3.01.02	Returns, Discounts and Cancellations	-432,736	-1,193,126	-309,266	-971,268
3.02	Cost of Goods Sold and/or Services Rendered	-1,380,279	-3,657,432	-926,541	-2,629,639
3.02.01	Cost of Goods Sold	-1,499,105	-3,955,355	-995,491	-2,832,501
3.02.02	Tax Incentives (ICMS)	118,826	297,923	68,950	202,862
3.03	Gross Income	648,671	1,893,410	465,428	1,316,058
3.04	Operating Income/Expenses	-387,520	-1,303,159	-337,250	-1,010,254
3.04.01	Selling Expenses	-413,577	-1,169,954	-285,070	-836,784
3.04.01.01	Selling Expenses	-399,610	-1,137,248	-280,748	-824,140
3.04.01.02	Depreciation and Amortization	-13,967	-32,706	-4,322	-12,644
3.04.02	General and Administrative Expenses	-83,068	-233,904	-59,196	-180,037
3.04.02.01	Administrative Expenses	-74,796	-208,569	-54,337	-165,937
3.04.02.04	Depreciation and Amortization	-8,290	-25,335	-4,859	-14,100
3.04.04	Other Operating Income	160,429	226,683	65,687	145,882
3.04.05	Other Operating Expenses	-49,950	-122,305	-47,286	-119,076
3.04.06	Equity in net Income of Subsidiaries	-1,336	-3,679	-11,385	-20,239
3.05	Income Before Financial Results and Tax	261,151	590,251	128,178	305,804
3.06	Financial Results	30,509	23,905	20,257	2,552
3.06.01	Financial Income	100,244	137,603	57,075	147,891
3.06.02	Financial Expenses	-69,735	-113,698	-36,818	-145,339
3.07	Income Before Tax	291,660	614,156	148,435	308,356
3.08	Income Tax and Social Contribution	-26,279	-59,379	-13,945	-16,314
3.08.01	Current	-15,981	-14,622	-1,119	-13,035
3.08.02	Deferred	-10,298	-44,757	-12,826	-3,279
3.09	Net Income from the Continuing Operations	265,381	554,777	134,490	292,042
3.11	Income for the period	265,381	554,777	134,490	292,042
3.99	Earnings per Share - (Reais / Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common	0.78283	1.63651	0.39673	0.86148
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common	0.78354	1.63863	0.39619	0.86056

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

Code of the account	Description of the code	Current Quarter 07/01/2020 to 09/30/2020	Accumulated for the Current Period 01/01/2020 to 09/30/2020	Previous Quarter 07/01/2019 to 09/30/2019	Accumulated for the Previous Period 01/01/2019 to 09/30/2019
4.01	Net Profit for the Period	265,381	554,777	134,489	292,042
4.02	Other Comprehensive Income	1,552	1,600	11	9
4.02.01	Equity Adjustments	1,547	1,547	0	0
4.02.02	Accumulated Translation Adjustments	5	53	11	9
4.03	Comprehensive Income for the Period	266,933	556,377	134,500	292,051

Individual Financial statements / Statement of Cash Flow - Indirect Method

(in thousands)

Code of the account	Description of the code	Current Quarter 01/01/2020 to 09/30/2020	Previous Period 01/01/2019 to 09/30/2019
6.01	Net Cash from Operating Activities	710,533	685,367
6.01.01	Cash Generated from Operations	616,733	396,513
6.01.01.01	Net Income before Income Tax and Social Contribution	614,156	308,356
6.01.01.02	Depreciation and Amortization	191,743	123,121
6.01.01.03	Cost of Sale of Fixed Assets	1,609	1,667
6.01.01.04	Equity in Net Income of Subsidiaries	3,679	20,239
6.01.01.05	Loans, Investments and Exchange Variations Interests	265,944	68,237
6.01.01.06	Updated judicial deposits	-3,748	-3,410
6.01.01.07	Estimated losses due to impairment of taxes	779	0
6.01.01.08	Tax Credits and Updates	-279,323	-183,276
6.01.01.09	Provision for Civil, Labor and Tax Risks	24,507	36,138
6.01.01.10	Provision for Impairment Losses of Customers	18,383	14,662
6.01.01.11	Impairment Losses on Inventory	2,761	5,411
6.01.01.13	Granted Recognized Shares	4,718	3,042
6.01.01.14	Lease update	12,531	3,239
6.01.01.15	Provision arising from swap derivative contracts	-243,011	-28,448
6.01.01.16	Update Provision for Civil, Labor and Tax Risks	6,981	24,695
6.01.01.17	Provision for Income tax on financing	2,723	2,480
6.01.01.18	Reversal of provision for impairment of assets	-7,699	0
6.01.02	Changes in Assets and Liabilities	140,450	350,757
6.01.02.01	(Increase) Decrease in Trade Accounts Receivable	221	253,190
6.01.02.02	(Increase) Decrease in Inventories	-442,801	22,080
6.01.02.03	(Increase) Decrease in Recoverable Taxes	277,928	76,507
6.01.02.04	(Increase) Decrease in Financial Investments	-21	-16,269
6.01.02.06	(Increase) Decrease in Other Credits	-6,875	166
6.01.02.07	Increase (Decrease) in Suppliers	112,317	25,223
6.01.02.08	Increase (Decrease) in Taxes and Contributions	72,877	-18,645
6.01.02.09	Increase (Decrease) in Government Subsidies	12,522	-6,988
6.01.02.12	Increase (Decrease) in Other Debts	114,282	15,493
6.01.03	Other	-46,650	-61,543
6.01.03.02	Interests Paid	-28,774	-24,733
6.01.03.03	Income tax and Social Contributions Paid	-41,057	-26,472
6.01.03.05	Receipts (payments) of resources for settlement of derivative transactions	144,430	24,074
6.01.03.06	Exchange Variations Paid	-121,249	-34,412
6.02	Net Cash from Investment Activities	-174,949	-233,205
6.02.01	Acquisition of Property and Intangible Assets	-152,396	-195,320
6.02.02	Amortization of Debt Acquisition of Companies	-22,947	-6,840
6.02.03	Rescue long-term financial application	0	-6,208
6.02.06	Redeem Financial Investment in the Long Term	557	9,579
6.02.07	Financial Investments	-163	-34,416
6.03	Net Cash from Financing Activities	421,931	-225,481
6.03.01	Interest on equity Paid	-84,999	-139,000
6.03.02	Acquisition Financing	1,110,857	399,274
6.03.03	Financing Payment	-535,973	-477,740

Individual Financial statements / Statement of Cash Flow - Indirect Method

(in thousands)

Code of the account	Description of the code	Current Quarter 01/01/2020 to 09/30/2020	Previous Period 01/01/2019 to 09/30/2019
6.03.04	Acquisition of Shares Issued by Co.	-43,836	0
6.03.05	Lease Payment	-24,118	-8,015
6.05	Increase (decrease) in Cash and Cash Equivalents	957,515	226,681
6.05.01	Opening Balance of Cash and Cash Equivalents	348,312	350,896
6.05.02	Closing Balance of Cash and Cash Equivalents	1,305,827	577,577

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

(in thousands)

Code of the account	Description of the code	Capital Stock	Capital Reserves, Options Granted and Shares in Treasury	Profit Reserves	Retained Earnings or Accumulated Losses	Comprehensive Income	Shareholders' Equity
5.01	Opening Balance	2,508,400	26,343	3,500,089	0	121	6,034,953
5.03	Adjusted Opening Balance	2,508,400	26,343	3,500,089	0	121	6,034,953
5.04	Capital Transactions with Associates	59,541	-40,249	-107,969	0	0	-88,677
5.04.01	Increase in Capital Stock	59,541	0	-59,541	0	0	0
5.04.04	Acquired Treasury Shares	0	-39,576	0	0	0	-39,576
5.04.10	Approval of Additional Dividends	0	0	-48,075	0	0	-48,075
5.04.11	Granted Recognized Shares	0	-673	-353	0	0	-1,026
5.05	Total Comprehensive Income	0	0	0	554,777	1,600	556,377
5.05.01	Net Profit for the Period	0	0	0	554,777	0	554,777
5.05.02	Other Comprehensive Income	0	0	0	0	1,600	1,600
5.05.02.01	Financial Instrument Adjustments	0	0	0	0	1,547	1,547
5.05.02.04	Translation Adjustments for the Period	0	0	0	0	53	53
5.07	Closing Balance	2,567,941	-13,906	3,392,120	554,777	1,721	6,502,653

Individual Financial statements / Statement of Changes in Shareholders´ Equity - 01/01/2019 to 09/30/2019

(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	2,258,633	21,506	3,281,587	0	117	5,561,843
5.03	Adjusted Opening Balance	2,258,633	21,506	3,281,587	0	117	5,561,843
5.04	Capital Transactions with Associates	249,767	3,042	-301,457	0	0	-48,648
5.04.01	Increase in Capital Stock	249,767	0	-249,767	0	0	0
5.04.10	Approval of Additional Dividends	0	0	-51,690	0	0	-51,690
5.04.11	Granted Recognized Shares	0	3,042	0	0	0	3,042
5.05	Total Comprehensive Income	0	0	0	292,042	9	292,051
5.05.01	Net Profit for the Period	0	0	0	292,042	0	292,042
5.05.02	Other Comprehensive Income	0	0	0	0	9	9
5.05.02.04	Translation Adjustments for the Period	0	0	0	0	9	9
5.07	Closing Balance	2,508,400	24,548	2,980,130	292,042	126	5,805,246

Individual Financial statements / Statement of Value Added

(in thousands)

Code of the account	Description of the code	Current Quarter 01/01/2020 to 09/30/2020	Previous Period 01/01/2019 to 09/30/2019
7.01	Revenues	6,838,498	4,692,435
7.01.01	Sale of Goods, Products and Services	6,325,973	4,511,146
7.01.02	Other Revenues	218,231	143,540
7.01.03	Related to Construction of Own Assets	304,978	52,411
7.01.04	Provision/Reversal of Doubtful Accounts	-10,684	-14,662
7.02	Input Acquired from Third Parties	-4,642,141	-3,120,489
7.02.01	Costs of Products, Goods and Services Sold	-2,761,643	-1,928,678
7.02.02	Materials, Energy, Third Party Services and Other	-1,622,201	-1,173,622
7.02.04	Other	-258,297	-18,189
7.02.04.01	Materials related to Construction of Own Assets	-258,297	-18,189
7.03	Gross Value Added	2,196,357	1,571,946
7.04	Retention	-191,743	-123,121
7.04.01	Depreciation, Amortization and Depletion	-191,743	-123,121
7.05	Net Value Added Produced	2,004,614	1,448,825
7.06	Value Added Received Through Transfer	133,924	127,652
7.06.01	Equity in net Income of Subsidiaries	-3,679	-20,239
7.06.02	Financial Revenue	137,603	147,891
7.07	Total Value Added to Distribute	2,138,538	1,576,477
7.08	Distribution of Value Added	2,138,538	1,576,477
7.08.01	Personnel	853,665	687,224
7.08.01.01	Direct Compensation	557,585	437,804
7.08.01.02	Benefits	246,179	201,894
7.08.01.03	Severance fund (FGTS)	49,901	47,526
7.08.02	Taxes, Fees and Contributions	596,421	428,856
7.08.02.01	Federal	303,292	239,531
7.08.02.02	State	283,980	181,344
7.08.02.03	Municipal	9,149	7,981
7.08.03	Remuneration of third-party capital	133,675	168,355
7.08.03.01	Interest Rates	113,698	145,339
7.08.03.02	Rentals	19,977	23,016
7.08.04	Remuneration of Own Capital	149,491	68,996
7.08.04.03	Retained Earnings/Losses for the Period	149,491	68,996
7.08.05	Other	405,286	223,046
7.08.05.01	Government subsidies	405,286	223,046

Consolidated Financial statements / Balance Sheet - Assets

(in thousands)

Code of the account	Description of the code	Current Quarter 09/30/2020	Previous Period 12/31/2019
1	Total Assets	9,677,291	8,101,031
1.01	Current Assets	3,987,182	2,321,779
1.01.01	Cash and Cash Equivalents	1,306,387	348,377
1.01.02	Financial Investments	16,413	16,392
1.01.02.03	Financial Investments Valued at Amortized Cost	16,413	16,392
1.01.03	Trade Accounts Receivable	939,127	957,533
1.01.03.01	Clients	939,127	957,533
1.01.04	Inventory	1,240,779	799,068
1.01.06	Recoverable Taxes	379,329	162,537
1.01.06.01	Current Recoverable Taxes	379,329	162,537
1.01.07	Prepaid Expenses	13,795	7,788
1.01.08	Other Current Assets	91,352	30,084
1.01.08.03	Other	91,352	30,084
1.01.08.03.02	Derivative Financial Instruments	68,728	7,963
1.01.08.03.20	Other credits	22,624	22,121
1.02	Non-current Assets	5,690,109	5,779,252
1.02.01	Long-term Assets	465,291	597,131
1.02.01.03	Financial Investments Valued at Amortized Cost	3,293	3,782
1.02.01.04	Trade Accounts Receivable	6	263
1.02.01.04.01	Clients	6	263
1.02.01.10	Other Non-current Assets	461,992	593,086
1.02.01.10.03	Judicial Deposits	262,753	257,439
1.02.01.10.04	Recoverable Taxes	138,445	273,880
1.02.01.10.05	Tax Incentives/Other Credits	6,095	3,994
1.02.01.10.06	Indemnity assets	54,699	57,773
1.02.02	Investments	103,681	108,098
1.02.02.01	Shareholdings	48,947	52,873
1.02.02.01.04	Interest in subsidiaries	48,059	51,985
1.02.02.01.05	Other Shareholdings	888	888
1.02.02.02	Investment Properties	54,734	55,225
1.02.03	Property, Plant and Equipment	3,402,812	3,351,610
1.02.03.01	Property, Plant and Equipment in Operation	2,863,239	2,910,496
1.02.03.02	Right-of-use in Leasing	165,704	100,093
1.02.03.02.02	Right-of-Use	165,704	100,093
1.02.03.03	Property, Plant and Equipment in Progress	373,869	341,021
1.02.04	Intangible	1,718,325	1,722,413
1.02.04.01	Intangible	1,718,325	1,722,413
1.02.04.01.02	Brands and Patents	551,546	543,847
1.02.04.01.03	Software	64,523	67,250
1.02.04.01.04	Goodwill	944,412	944,412
1.02.04.01.05	Customer Relationships	157,309	166,214
1.02.04.01.06	Non-compete agreement	535	690

Consolidated Financial statements / Balance Sheet - Liabilities

(in thousands)

Code of the account	Description of the code	Current Quarter 09/30/2020	Previous Period 12/31/2019
2	Total Liabilities	9,677,291	8,101,031
2.01	Current Liabilities	2,210,962	1,153,607
2.01.01	Social and Labor Liabilities	238,386	167,428
2.01.01.01	Social Liabilities	93,329	53,303
2.01.01.02	Labor Liabilities	145,057	114,125
2.01.02	Suppliers	261,396	149,044
2.01.02.01	Domestic Suppliers	260,890	148,538
2.01.02.02	Foreign Suppliers	506	506
2.01.03	Tax Obligations	165,997	83,819
2.01.03.01	Federal Tax Obligations	65,179	19,619
2.01.03.01.01	Income Tax and Social Contribution	11,856	71
2.01.03.01.02	Other Federal Tax Obligations	53,323	19,548
2.01.03.02	State Tax Obligations	99,279	62,829
2.01.03.03	Municipal Tax Obligations	1,539	1,371
2.01.04	Loans and Financing	1,330,642	608,190
2.01.04.01	Loans and Financing	1,330,642	608,190
2.01.04.01.01	National Currency	545,623	108,999
2.01.04.01.02	Foreign Currency	785,019	499,191
2.01.05	Other Obligations	214,541	145,126
2.01.05.02	Other	214,541	145,126
2.01.05.02.01	Proposed dividends	4	36,929
2.01.05.02.04	Advances of Clients	18,285	10,164
2.01.05.02.05	Government Subsidies	17,320	4,799
2.01.05.02.06	Derivative Financial Instruments	0	1,887
2.01.05.02.07	Leasing	36,124	15,075
2.01.05.02.20	Other debts	142,808	76,272
2.02	Non-current Liabilities	963,676	912,471
2.02.01	Loans and Financing	319,697	371,487
2.02.01.01	Loans and Financing	319,697	371,487
2.02.01.01.01	National Currency	319,697	371,487
2.02.02	Other Obligations	177,731	122,225
2.02.02.02	Other	177,731	122,225
2.02.02.02.03	Tax Obligations	0	968
2.02.02.02.04	Other debts	34,379	34,353
2.02.02.02.07	Leasing	143,352	86,904
2.02.03	Deferred Taxes	250,768	205,214
2.02.03.01	Deferred Income Tax and Social Contribution	250,768	205,214
2.02.04	Provisions	215,480	213,545
2.02.04.01	Provisions Tax, Social Security, Labor and Civil	215,480	213,545

Consolidated Financial statements / Balance Sheet - Liabilities

(in thousands)

Code of the account	Description of the code	Current Quarter 09/30/2020	Previous Period 12/31/2019
2.02.04.01.01	Tax Provisions	103,063	102,824
2.02.04.01.02	Labor and Social Security Provisions	100,973	101,536
2.02.04.01.04	Civil Provisions	11,444	9,185
2.03	Shareholders’ Equity	6,502,653	6,034,953
2.03.01	Realized Capital Stock	2,567,941	2,508,400
2.03.02	Capital Reserves	25,670	26,343
2.03.02.08	Special Reserve	16,529	16,529
2.03.02.09	Granted Recognized Shares	9,141	9,814
2.03.04	Profit Reserves	3,352,544	3,500,089
2.03.04.01	Legal Reserves	308,459	308,459
2.03.04.02	Statutory Reserves	1,928,567	1,928,920
2.03.04.07	Tax Incentive Reserve	1,155,094	1,214,635
2.03.04.08	Additional Proposed Dividend	0	48,075
2.03.04.09	Treasury Shares	-39,576	0
2.03.05	Accumulated Profits/Losses	554,777	0
2.03.06	Equity Adjustments	1,547	0
2.03.06.01	Gains (Losses) on Cash-Flow Hedge	1,547	0
2.03.07	Accumulated Translation Adjustments	174	121

Consolidated Financial statements / Statement of Income

(in thousands)

Code of the account	Description of the code	Current Quarter 07/01/2020 to 09/30/2020	Accumulated for the Current Period 01/01/2020 to 09/30/2020	Previous Quarter 07/01/2019 to 09/30/2019	Accumulated for the Previous Period 01/01/2019 to 09/30/2019
3.01	Revenue from Sale of Goods and/or Services	2,028,950	5,550,842	1,550,328	4,409,539
3.01.01	Gross sales and / or Services	2,461,686	6,743,968	1,902,975	5,501,638
3.01.02	Returns, discounts and cancellations	-432,736	-1,193,126	-352,647	-1,092,099
3.02	Cost of Goods Sold and/or Services Rendered	-1,379,799	-3,657,056	-1,015,519	-2,887,310
3.02.01	Cost of Goods Sold	-1,498,625	-3,954,979	-1,087,157	-3,097,109
3.02.02	Tax Incentives (ICMS)	118,826	297,923	71,638	209,799
3.03	Gross Income	649,151	1,893,786	534,809	1,522,229
3.04	Operating Income/Expenses	-387,890	-1,303,426	-408,134	-1,211,534
3.04.01	Selling Expenses	-413,577	-1,169,954	-341,318	-990,804
3.04.01.01	Selling Expenses	-399,610	-1,137,248	-334,108	-969,559
3.04.01.02	Depreciation and Amortization	-13,967	-32,706	-7,210	-21,245
3.04.02	General and Administrative Expenses	-83,280	-234,390	-67,857	-206,508
3.04.02.01	Administrative Expenses	-74,990	-209,055	-62,439	-190,664
3.04.02.02	Depreciation and Amortization	-8,290	-25,335	-5,418	-15,844
3.04.04	Other Operating Income	160,583	227,140	67,215	154,000
3.04.05	Other Operating Expenses	-49,925	-122,296	-66,001	-167,679
3.04.06	Equity in net Income of Subsidiaries	-1,691	-3,926	-173	-543
3.05	Income Before Financial Results and Tax	261,261	590,360	126,675	310,695
3.06	Financial Results	30,508	23,904	18,351	-6,329
3.06.01	Financial Income	100,244	137,605	60,009	157,023
3.06.02	Financial Expenses	-69,736	-113,701	-41,658	-163,352
3.07	Income Before Tax	291,769	614,264	145,026	304,366
3.08	Income Tax and Social Contribution	-26,388	-59,487	-10,536	-12,324
3.08.01	Current	-16,090	-14,730	-1,359	-13,310
3.08.02	Deferred	-10,298	-44,757	-9,177	986
3.09	Net Income from the Continuing Operations	265,381	554,777	134,490	292,042
3.11	Income for the Period	265,381	554,777	134,490	292,042
3.11.01	Awarded to Members of the Parent Company	265,381	554,777	134,490	292,042
3.99	Earnings per Share - (Reais / Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common	0.78283	1.63651	0.39673	0.86148
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common	0.78354	1.63863	0.39619	0.86056

Consolidated Financial statements / Statements of Comprehensive Income

(in thousands)

Code of the account	Description of the code	Current Quarter 07/01/2020 to 09/30/2020	Accumulated for the Current Period 01/01/2020 to 09/30/2020	Previous Quarter 07/01/2019 to 09/30/2019	Accumulated for the Previous Period 01/01/2019 to 09/30/2019
4.01	Net Profit for the Period	265,381	554,777	134,489	292,042
4.02	Other Comprehensive Income	1,552	1,600	11	9
4.02.01	Equity Adjustments	1,547	1,547	0	0
4.02.02	Accumulated Translation Adjustments	5	53	11	9
4.03	Comprehensive Income for the Period	266,933	556,377	134,500	292,051
4.03.01	Awarded to Members of the Parent Company	266,933	556,377	134,500	292,051

Consolidated Financial Statements / Statement of Cash Flow - Indirect Method

(in thousands)

Code of the account	Description of the code	Current Quarter 01/01/2020 to 09/30/2020	Previous Period 01/01/2019 to 09/30/2019
6.01	Net Cash from Operating Activities	711,428	700,083
6.01.01	Cash Generated from Operations	617,088	425,924
6.01.01.01	Net Income before Income Tax and Social Contribution	614,264	304,366
6.01.01.02	Depreciation and Amortization	191,743	172,190
6.01.01.03	Cost of Sale of Fixed Assets	1,609	1,675
6.01.01.04	Equity in Net Income of Subsidiaries	3,926	543
6.01.01.05	Loans, Investments and Exchange Variations Interests	265,944	79,466
6.01.01.06	Updated judicial deposits	-3,748	-6,480
6.01.01.07	Estimated losses due to impairment of taxes	779	0
6.01.01.08	Tax Credits and Updates	-279,323	-192,286
6.01.01.09	Provision for Civil, labor and Tax Risks	24,507	35,593
6.01.01.10	Provision for Impairment losses of Customers	18,383	17,639
6.01.01.11	Impairment Losses on Inventory	2,761	5,411
6.01.01.13	Granted Recognized Shares	4,718	3,042
6.01.01.14	Lease update	12,531	5,297
6.01.01.15	Provision arising from swap derivative contracts	-243,011	-28,448
6.01.01.16	Update Provision for Civil, Labor and Tax Risks	6,981	25,436
6.01.01.17	Provision for Income tax on financing	2,723	2,480
6.01.01.18	Reversal of provision for impairment of assets	-7,699	0
6.01.02	Changes in Assets and Liabilities	138,735	345,506
6.01.02.01	(Increase) Decrease in Trade Accounts Receivable	281	259,107
6.01.02.02	(Increase) Decrease in Inventories	-442,589	14,058
6.01.02.03	(Increase) Decrease in Recoverable Taxes	277,924	85,032
6.01.02.04	(Increase) Decrease in Financial Investments	-21	-16,269
6.01.02.06	(Increase) Decrease in Other Credits	-6,933	-4,400
6.01.02.07	Increase (Decrease) in Suppliers	112,352	13,364
6.01.02.08	Increase (Decrease) in Taxes and Contributions	70,543	-19,145
6.01.02.09	Increase (Decrease) in Government Subsidies	12,522	-6,988
6.01.02.12	Increase (Decrease) in Other Debts	114,656	20,747
6.01.03	Other	-44,395	-71,347
6.01.03.02	Interests Paid	-28,774	-32,267
6.01.03.03	Income Tax and Social Contributions Paid	-38,802	-28,742
6.01.03.05	Receipts (payments) of resources for settlement of derivative transactions	144,430	24,074
6.01.03.06	Exchange Variations Paid	-121,249	-34,412
6.02	Net Cash from Investment Activities	-175,349	-251,278
6.02.01	Acquisition of Property, Plant and Equipment and Intangible Assets	-152,959	-214,809
6.02.02	Amortization of Debt Acquisition of Companies	-22,947	-6,840
6.02.03	Rescue long-term financial application	0	-6,208
6.02.06	Redeem Financial Investment in the Long Term	557	9,579
6.02.07	Financial Investments	0	-33,000
6.03	Net Cash from Financing Activities	421,931	-254,810
6.03.01	Interest on equity Paid	-84,999	-139,000
6.03.02	Acquisition Financing	1,110,857	399,274
6.03.03	Financing Payment	-535,973	-500,082

Consolidated Financial Statements / Statement of Cash Flow - Indirect Method

(in thousands)

Code of the account	Description of the code	Current Quarter 01/01/2020 to 09/30/2020	Previous Period 01/01/2019 to 09/30/2019
6.03.04	Acquisition of Shares Issued by Co.	-43,836	0
6.03.05	Lease Payment	-24,118	-15,002
6.05	Increase (Decrease) in Cash and Cash Equivalents	958,010	193,995
6.05.01	Opening Balance of Cash and Cash Equivalents	348,377	451,000
6.05.02	Closing Balance of Cash and Cash Equivalents	1,306,387	644,995

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

(in thousands)

Code of the account	Description of the code	Capital Stock	Capital Reserves, Options Granted and Shares in Treasury	Profit Reserves	Retained Earnings or Accumulated Losses	Comprehensive Income	Shareholders' Equity	Participation of Non-Controlling	Consolidated Shareholders' Equity
5.01	Opening Balance	2,508,400	26,343	3,500,089	0	121	6,034,953	0	6,034,953
5.03	Adjusted Opening Balance	2,508,400	26,343	3,500,089	0	121	6,034,953	0	6,034,953
5.04	Capital Transactions with Associates	59,541	-40,249	-107,969	0	0	-88,677	0	-88,677
5.04.01	Increase in Capital Stock	59,541	0	-59,541	0	0	0	0	0
5.04.04	Acquired Treasury Shares	0	-39,576	0	0	0	-39,576	0	-39,576
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	-673	-353	0	0	-1,026	0	-1,026
5.05	Total Comprehensive Income	0	0	0	554,777	1,600	556,377	0	556,377
5.05.01	Net Profit for the Period	0	0	0	554,777	0	554,777	0	554,777
5.05.02	Other Comprehensive Income	0	0	0	0	1,600	1,600	0	1,600
5.05.02.01	Financial instrument adjustments	0	0	0	0	1,547	1,547	0	1,547
5.05.02.04	Translation Adjustments for the Period	0	0	0	0	53	53	0	53
5.07	Closing Balance	2,567,941	-13,906	3,392,120	554,777	1,721	6,502,653	0	6,502,653

Consolidated Financial Statements / Statement of Changes in Shareholders´ Equity - 01/01/2019 to 09/30/2019

(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	2,258,633	21,506	3,281,587	0	117	5,561,843	0	5,561,843
5.03	Adjusted Opening Balance	2,258,633	21,506	3,281,587	0	117	5,561,843	0	5,561,843
5.04	Capital Transactions with Associates	249,767	3,042	-301,457	0	0	-48,648	0	-48,648
5.04.01	Increase in Capital Stock	249,767	0	-249,767	0	0	0	0	0
5.04.10	Approval of Additional Dividends	0	0	-51,690	0	0	-51,690	0	-51,690
5.04.11	Granted Recognized Shares	0	3,042	0	0	0	3,042	0	3,042
5.05	Total Comprehensive Income	0	0	0	292,042	9	292,051	0	292,051
5.05.01	Net Profit for the Period	0	0	0	292,042	0	292,042	0	292,042
5.05.02	Other Comprehensive Income	0	0	0	0	9	9	0	9
5.05.02.04	Translation Adjustments for the Period	0	0	0	0	9	9	0	9
5.07	Closing Balance	2,508,400	24,548	2,980,130	292,042	126	5,805,246	0	5,805,246

Consolidated Financial statements / Statement of Value Added

(in thousands)

Code of the account	Description of the code	Current Quarter 01/01/2020 to 09/30/2020	Previous Period 01/01/2019 to 09/30/2019
7.01	Revenues	6,838,954	5,251,871
7.01.01	Sale of Goods, Products and Services	6,325,973	5,065,441
7.01.02	Other Revenues	218,687	151,658
7.01.03	Related to Construction of Own Assets	304,978	52,411
7.01.04	Provision/Reversal of Doubtful Accounts	-10,684	-17,639
7.02	Input Acquired from Third Parties	-4,642,090	-3,411,719
7.02.01	Costs of Products, Goods and Services Sold	-2,761,266	-2,037,988
7.02.02	Materials, Energy, Third Party Services and Other	-1,622,527	-1,355,542
7.02.04	Other	-258,297	-18,189
7.02.04.01	Materials related to Construction of Own Assets	-258,297	-18,189
7.03	Gross Value Added	2,196,864	1,840,152
7.04	Retention	-191,743	-172,190
7.04.01	Depreciation, Amortization and Depletion	-191,743	-172,190
7.05	Net Value Added Produced	2,005,121	1,667,962
7.06	Value Added Received Through Transfer	133,679	156,480
7.06.01	Equity in net Income of Subsidiaries	-3,926	-543
7.06.02	Financial Revenue	137,605	157,023
7.07	Total Value Added to Distribute	2,138,800	1,824,442
7.08	Distribution of Value Added	2,138,800	1,824,442
7.08.01	Personnel	853,776	824,129
7.08.01.01	Direct Compensation	557,670	522,930
7.08.01.02	Benefits	246,188	232,981
7.08.01.03	Severance fund (FGTS)	49,918	68,218
7.08.02	Taxes, Fees and Contributions	596,561	521,198
7.08.02.01	Federal	303,400	290,398
7.08.02.02	State	284,009	221,639
7.08.02.03	Municipal	9,152	9,161
7.08.03	Remuneration of Third Party Capital	133,686	187,073
7.08.03.01	Interest Rates	113,701	163,352
7.08.03.02	Rentals	19,985	23,721
7.08.04	Remuneration of Own Capital	149,491	62,058
7.08.04.03	Retained Earnings/Losses for the Period	149,491	62,058
7.08.05	Other	405,286	229,984
7.08.05.01	Government subsidies	405,286	229,984

MANAGEMENT'S COMMENTS

To the Shareholders and the Public,

The Management of **M. Dias Branco S.A.** Indústria e Comércio de Alimentos announces and submits its results for the third quarter of 2020 (3Q20). The Company's consolidated interim financial information has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil (BR GAAP).

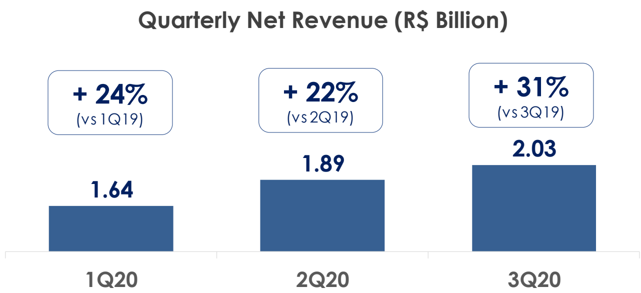
M. Dias Branco announces its consolidated results for the third quarter of 2020 (3Q20) and first nine months of 2020 (9M20) reaffirms its commitment to the best transparency and disclosure practices, dedicated to providing shareholders and society with the broadest and most accurate interpretation of its operations and purposes.

Financial and Operating Results	3Q20	3Q19	Variation	2Q20	Variation	9M20	9M19	Variation
Net Revenue (R$ million)	2,029.0	1,550.3	30.9%	1,885.2	7.6%	5,550.9	4,409.5	25.9%
Total Sales Volume (thousand tonnes)	558.6	439.9	27.0%	536.1	4.2%	1,571.2	1,279.6	22.8%
Cookies & Crackers Sales Volume (thousand tonnes)	156.9	129.5	21.2%	153.4	2.3%	448.2	374.0	19.8%
Pasta Sales Volume (thousand tonnes)	122.0	88.0	38.6%	129.7	-5.9%	356.6	264.8	34.7%
Market share of Cookies & Crackers (volume)*	33.9%	33.2%	0.7 p.p	34.5%	-0.6 p.p	33.9%	34.7%	-0.8 p.p
Market share of Pasta (volume)*	33.8%	34.3%	-0.5 p.p	34.9%	-1.1 p.p	33.3%	36.9%	-3.6 p.p
Net Income (R$ million)	265.4	134.5	97.3%	152.4	74.1%	554.8	292.0	90.0%
Ebitda (R$ million)	328.0	188.1	74.4%	225.6	45.4%	782.1	482.9	62.0%
Ebitda Margin	16.2%	12.1%	4.1 p.p	12.0%	4.2 p.p	14.1%	11.0%	3.1 p.p
Net Cash (Debt) (R$ million)	-255.5	-470.2	-45.7%	-332.8	-23.2%	-255.5	-470.2	-45.7%
Net Cash (Debt) / EBITDA (last 12 months)	-0.2	-0.7	-71.4%	-0.4	-50.0%	-0.2	-0.7	-71.4%
Capex (R$ million)	54.4	77.0	-29.4%	44.8	21.4%	155.5	219.6	-29.2%
Net Cash generated from operating activities	141.6	267.4	-47.0%	492.4	-71.2%	711.4	700.0	1.6%

* The values presented on 3Q20 and 3Q19 are from the period of Jul/Aug 2020 and 2019.
* The values presented on 2Q20 are from the period of May/Jun 2020.
* The values presented on 9M20 and 9M19 are from the period of Jan/Aug 2020 and 2019.
* The values presented in 3Q19 and 9M19 changed due to the reprocessing of bases, carried out by Nielsen.

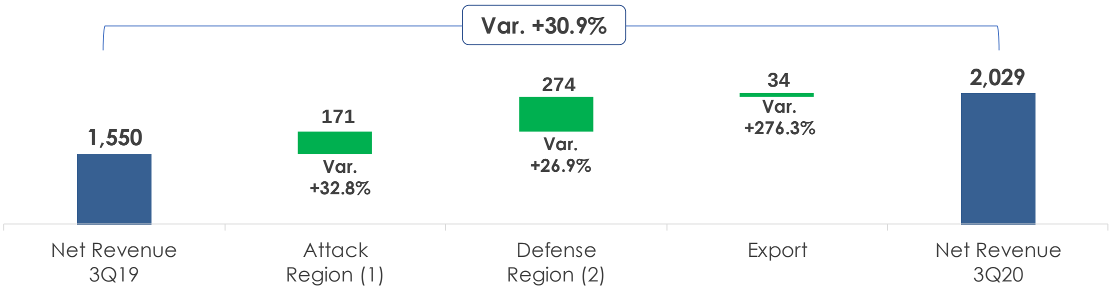
• Revenue

Net revenue reached R$ 2 billion, a quarterly record. In 9M20, with R$ 5.5 billion, we recorded double-digit growth in all quarters, as shown in the graph on the right.



In 3Q20, in line with our strategy, we continued to grow at a fast pace in the three growth areas: +32.8% in the Attack area (South, Southeast and Midwest), +26.9% in the Defense area (Northeast and North) and +276.3% in Exports.

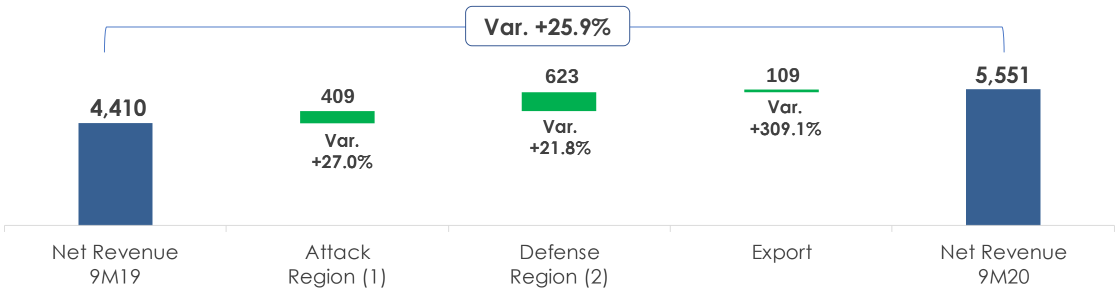
Variation in the Volume of the Regions - 3Q20 vs. 3Q19 (R$ MM)



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

In the accumulated result for the year, with R$ 5.5 billion in net revenue and growth of 25.9%, we expanded our operations in the regions of Attack (South, Southeast and Midwest), Defense (Northeast and North) and Exports.

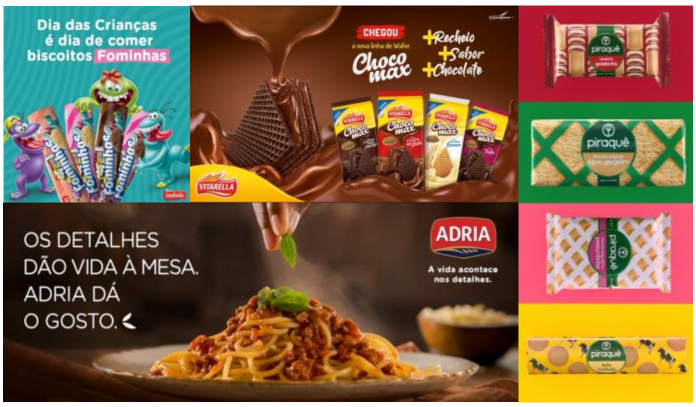
Variation in the Volume of the Regions - 9M20 vs. 9M19 (R$ MM)



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

The maintenance of the accelerated pace of growth is due to the increase in sales in regions still little explored, including through distributors, to the new products in the category of cookies, to our brand architecture, with items in practically all price ranges, in addition to the commitment and hard work of our teams, which guaranteed the functioning of all our production units and distribution centers in the face of the restrictions imposed by the pandemic.

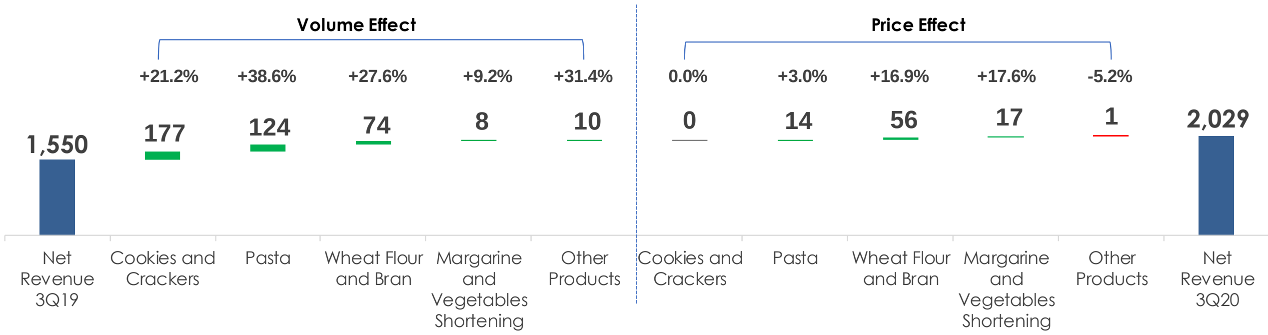
In addition, in this quarter, we launched the largest and most robust marketing campaign in the history of M. Dias Branco. There were six campaigns focused on strengthening our priority brands, as well as initiatives that increase the visibility of our products within stores and accelerate sell-out. These marketing investments are being made while, through innovation, we have strengthened our portfolio in segments with higher added value, with items in the personal cracker, wafers and cookies families.



Our products are also gaining relevance in the main e-commerce platforms, maintaining a fast growth rate and placing M. Dias Branco in a new distribution channel. In view of the accelerated and promising growth, we restructured our team and started to have employees fully dedicated to this channel.

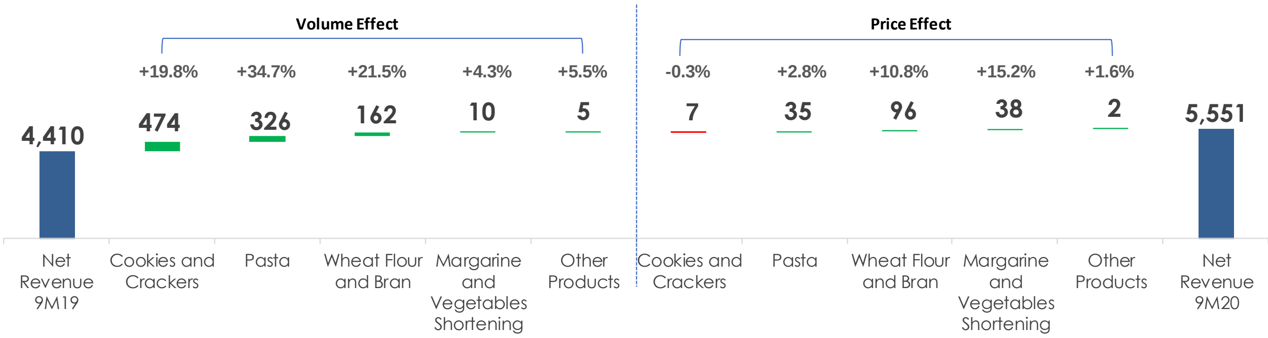
Still on revenue, we can see in the graph below that the growth in net revenue in the quarter was mainly due to the increase in volumes in all categories.

Net Revenue Variation - 3Q20 vs. 3Q19 (R$ MM)



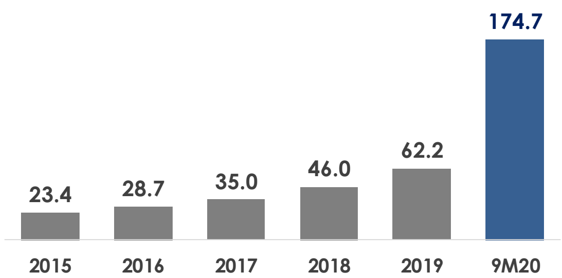
In 9M20, volume recorded double-digit growth in cookies & crackers, pasta and wheat flour and bran, driven by an increase in the average price in all categories, except for cookies & crackers, as a result of more substantial growth in items with a lower average price.

Net Revenue Variation - 9M20 vs. 9M19 (R$ MM)



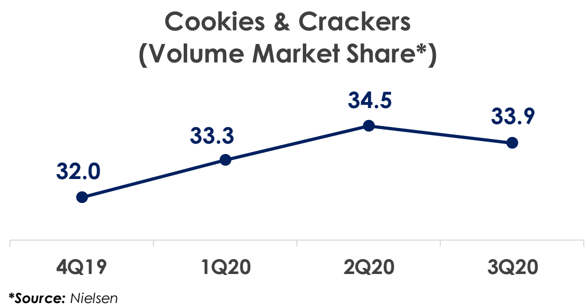
With set priorities, alignment between areas and focus on execution and clients in 37 countries, exports totaled R$174.7 million in 9M20. Highlights include the sale of cookies & crackers, pasta and margarine in South America and cookies & crackers and pasta in the United States. The growth of exports is following the plan to launch products and packaging more adapted to the international markets and focus on markets with greater growth potential, such as South America, the United States, Africa and Central America.

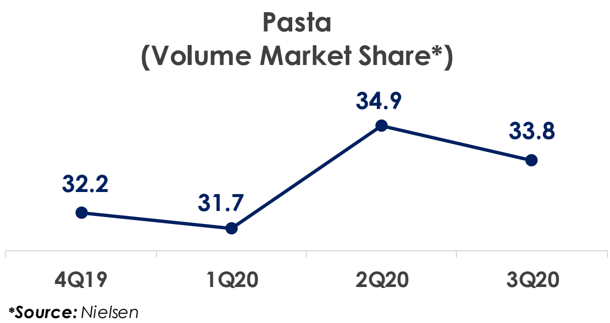
Export Gross Revenue (R$ MM)



• Market Share

Continued leadership in the national[1] cookies & crackers and pasta markets. In 2020 (3Q20 vs. 4Q19), we expanded our share of the cookies & crackers and pasta markets, led by the Southeast and Midwest regions.





• Production

The investments in infrastructure we made over the last few years have been supporting our accelerated growth strategy. **We produced 875.1 thousand tons in 3Q20, exceeding the record of 2Q20.** Vertical integration remained close to 100% in wheat flour and vegetable shortening.

We highlight the year-on-year growth in wheat flour and bran production volume in 3Q20, driven by an increase in production at the Bento Gonçalves mill (RS), inaugurated in the second half of 2019.

• EBITDA

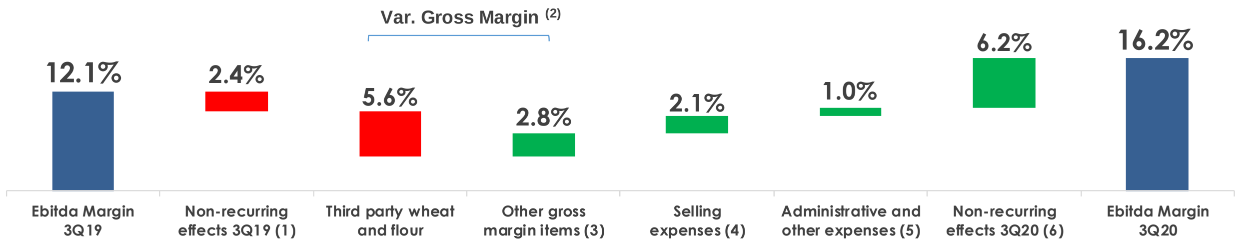
EBITDA came to R$328.0 million (EBITDA margin of 16.2%), 74.4% higher than in 3Q19 (EBITDA margin of 12.1%).

The graph below shows the following effects on our margin between 3Q19 and 3Q20:

- 5.6% margin decline due to a 22.2% increase in **third-party wheat and wheat flour**, mainly driven by the 35.4% depreciation of the Real.
- Favorable structural impacts of the Efficiency and Productivity Program (*Multiplique*) on our **cost and expense** structure, greater dilution of costs and expenses thanks to higher production and sales volume, as shown in the graph below.
- 6.2% of positive **non-recurring items**, equivalent to R$124.8 million, as a result of R$151.1 million in revenue (tax credits from prior periods) and R$26.3 million in non-recurring expenses (COVID-19, restructuring and Piraquê integration).

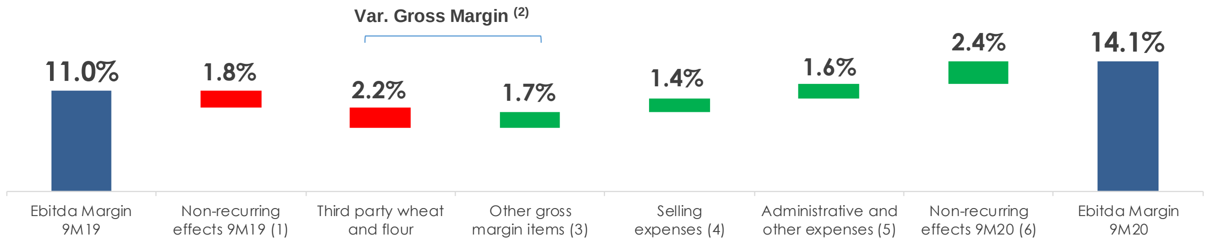
[1] NIELSEN data for July and August 2020, including Piraquê.

Variation of EBITDA Margin (%NR) 3Q20 vs. 3Q19



[(1)]**Nota:** Non-recurring effects 3Q19.
[(2)]**Nota:** % Variation in Gross Margin without considering the representativeness of the depreciation of the COGS over net revenue.
[(3)]**Nota:** Excludes non-recurring effects on the costs of COVID-19 (R$ 10.1 million).
[(4)]**Nota:** Excludes non-recurring effects on the costs of COVID-19 (R$ 3.3 million) and restructuring expenses (R$ 3.7 million).
[(5)]**Nota:** Excludes non-recurring effects on the costs of COVID-19 (R$ 2.6 million), restructuring expenses (R$ 6.0 million), Piraquê integration expenses (R$ 0.8 million) and evenue from extemporaneous tax credit (R$ 151.1 million).
[(6)]**Nota:** Non-recurring effects in 3Q20, expenses and costs with COVID-19 (R$ 15.9 million), restructuring expenses (R$ 9.6 million), Piraquê integration expenses (R$ 0.8 million) and evenue from extemporaneous tax credit (R$ 151.1 million).

Variation of EBITDA Margin (%NR) 9M20 vs. 9M19

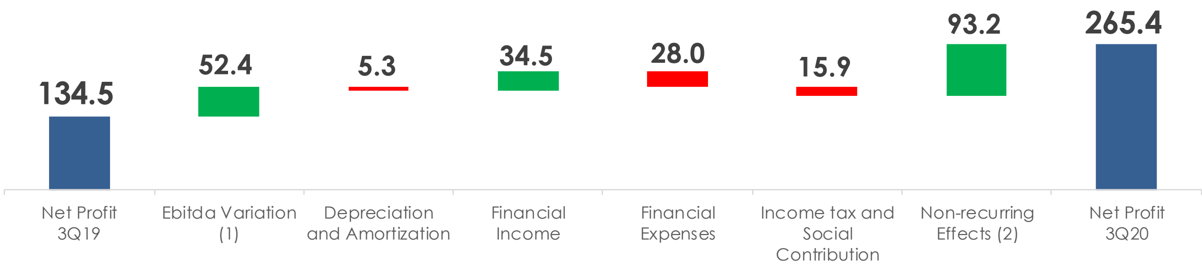


[(1)]**Nota:** Non-recurring effects 9M19.
[(2)]**Nota:** % Variation in Gross Margin without considering the representativeness of the depreciation of the COGS over net revenue.
[(3)]**Nota:** Excludes non-recurring effects on the costs of COVID-19 (R$ 20.3 million).
[(4)]**Nota:** Excludes non-recurring effects on the costs of COVID-19 (R$ 7.5 million) and restructuring expenses (R$ 9.6 million).
[(5)]**Nota:** Excludes non-recurring effects on the costs of COVID-19 (R$ 7.7 million), restructuring expenses (R$ 7.2 million), Piraquê integration expenses (R$ 5.2 million), expense with reimbursement of active supervenience (R$ 2.2 million) and revenue from extemporaneous tax credit (R$ 194.5 million).
[(6)]**Nota:** Non-recurring effects in 9M20, expenses and cost with COVID-19 (R$ 35.4 million), restructuring expenses (R$ 16.8 million, Piraquê integration expenses(R$ 5.2 million) and revenue from extemporaneous tax credit (R$ 194.5 million).

• Net Income

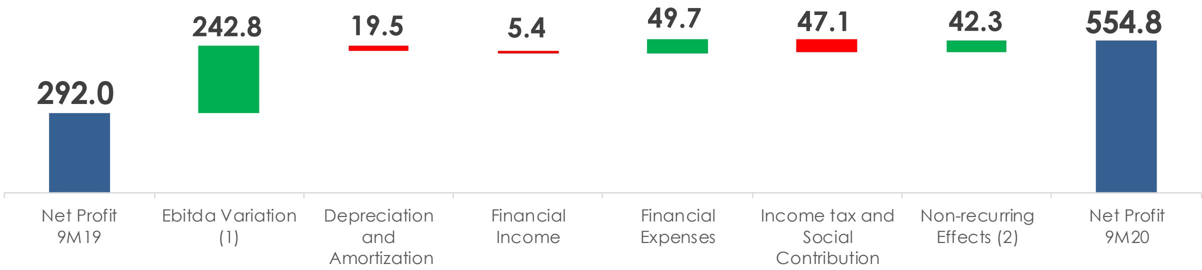
Net income grew 97.3% year on year to R$265.4 million in 3Q20. As shown in the graph below, net income grew due to higher EBITDA and non-recurring revenue from tax credits from prior periods and exchange gains.

Net Income Variation 3Q20 vs. 3Q19 (R$ MM)



[(1)]**Note:** EBITDA variation without non-recurring effects.
[(2)]**Note:** Variation in the non-recurring effects of 3Q20 (R$ 162.5 million) vs 3Q19 (R$ 69.3 million):
- 3Q20 (R$ 162.5 million): Includes Piraquê integration expenses (R$ 0.8 million), costs and expenses with COVID-19 (R$ 15.9 million), restructuring expenses (R$ 9.6 million), revenue from extemporaneous tax credit (R$ 151.1 million) and financial income from monetary restatement of extemporaneous tax credits (R$ 37.7 million).
- 3Q19 (R$ 69.3 million): Includes Piraquê integration expenses (R$ 2.3 million), restructuring expenses (R$ 23.9 million), revenue from extemporaneous tax credit (R$ 63.5 million) and financial income from monetary restatement of extemporaneous tax credits.

Net Income Variation 9M20 vs. 9M19 (R$ MM)



[(1)]**Note:** EBITDA variation without non-recurring effects.
[(2)]**Note:** Variation in the non-recurring effects of 9M20 (R$ 174.7 million) vs 9M19 (R$ 132.4 million):
- 9M20 (R$ 174.7 million): Includes Piraquê integration expenses (R$ 5.2 million), costs and expenses with COVID-19 (R$ 35.4 million), restructuring expenses (R$ 16.8 million), expense with reimbursement of active supervenience (R$ 2.2 million), revenue from extemporaneous tax credit (R$ 194.5 million) and financial income from monetary restatement of extemporaneous tax credits (R$ 39.8 million).
- 9M19 (R$ 132.4 million): Includes Piraquê integration expenses (R$ 36.2 million), restructuring expenses (R$ 23.9 million), revenue from extemporaneous tax credit (R$ 138.6 million) and financial income from monetary restatement of extemporaneous tax credits (R$ 53.9 million).

- ## Investments

Investments totaled R$54.4 million in 3Q20 (-29.4% vs. 3Q19) and R$155.5 million in 9M20 (-29.2% vs. 9M19), led by (i) the acquisition of equipment and expansion of the new milling unit in Bento Gonçalves (RS); (ii) the construction of a truck yard for wheat trucks in Bento Gonçalves (RS); (iii) the renovation of the distribution center in the Rio de Janeiro unit; (iv) the long pasta line for the Piraquê unit; (v) an effluent treatment plant for the Maracanaú unit; (vi) the restructuring of the São Caetano do Sul unit (SP); and (vii) the retrofit of sieves for Fábrica Fortaleza (CE).

• Capitalization, Debt and Cash

Net cash generated from operating activities totaled R$ 711.4 million (1.6% higher than in 9M19), as a result of higher EBITDA and working capital management, especially a reduction of three days in days of sales outstanding, an increase of nine days in days payable outstanding and a decline in recoverable taxes, release more than R$ 138 million in working capital.

We closed 3Q20 with a cash position of R$ 1.3 billion (R$645.0 million in 3Q19) and a reduction in net debt (R$ 255.5 million in 3Q20 vs. R$ 470.2 million in 3Q19). Leverage (net debt by EBITDA) was 0.2x in 3Q20, less than 3Q19 (0.7x) and 2Q20 (0.4x).

• Social and Environmental Highlights

We continue to affirm our social and environmental commitment and adopt sustainable practices in the different dimensions of the business. In 3Q20, the solid waste generation rate was 10.4% lower than 3Q19, reflecting the start of activities at the co-product plant installed at the Fortaleza plant. Water consumption was 17.5% below that recorded in 3Q19, due to the increase in volumes produced and the continuity of initiatives for the reuse and conscious consumption of the resource.

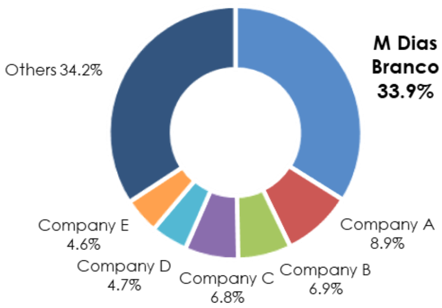
We remain confident in the sustainable growth potential of M. Dias Branco, as we strongly believe we are making the necessary investments and working hard to create value for the Company and make our brands increasingly recognized and desired by our clients and consumers.

MARKET HIGHLIGHTS

MARKET SHARE

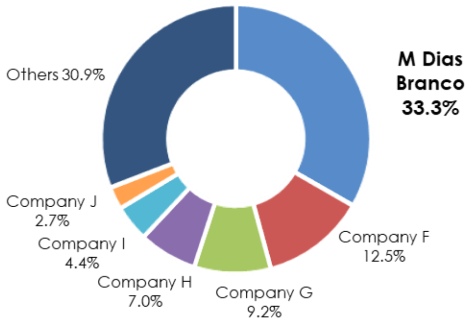
The graph below shows the Brazilian market share (in % of sales volume) of M. Dias Branco, the national leader in the cookies & crackers and pasta markets, and its main competitors between January and August 2020.

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



* NIELSEN data from Jan/Aug of 2020.

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



* NIELSEN data from Jan/Aug of 2020.

SALES CHANNELS

In line with our growth strategy, the Distribution and Export channels recorded the biggest growth in the period, accounting for a larger share of the client mix.

Client Mix	3Q20	3Q19	Variation	9M20	9M19	Variation
Small Retail	26.4%	30.7%	-4.3 p.p	27.0%	29.8%	-2.8 p.p
Wholesale	21.6%	24.4%	-2.8 p.p	23.1%	23.8%	-0.7 p.p
Key Accounts / Regional Chains	20.1%	20.2%	-0.1 p.p	20.0%	20.5%	-0.5 p.p
Cash and Carry	19.8%	18.5%	1.3 p.p	18.8%	19.3%	-0.5 p.p
Distributors	7.7%	4.3%	3.4 p.p	6.9%	4.6%	2.3 p.p
Industry	1.0%	0.8%	0.2 p.p	0.9%	0.9%	0 p.p
Other	3.4%	1.1%	2.3 p.p	3.3%	1.1%	2.2 p.p
TOTAL	**100.0%**	**100.0%**		**100.0%**	**100.0%**	

Note: Client mix, considering gross revenue excluding discounts.

Major Clients		Sales 3Q20 (R$ million) *	Participation in Revenue excluding Discount Sales (%)		Sales 9M20 (R$ million) *	Participation in Revenue excluding Discount Sales	
Sequence	Accumulated		Individual	Accumulated		Individual	Accumulated
Major Client	1	283.3	11.7%	11.7%	732.4	11.0%	11.0%
49 Subsequent	50	670.7	27.7%	39.4%	1,824.3	27.5%	38.5%
50 Subsequent	100	181.0	7.5%	46.9%	506.8	7.6%	46.1%
900 Subsequent	1,000	681.5	28.2%	75.1%	1,882.5	28.4%	74.5%
Other Clients	All clients	603.1	24.9%	100.0%	1,688.4	25.5%	100.0%
TOTAL		**2,419.6**			**6,634.4**		

* Gross Revenue excluding Discount

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	
	3Q20	3Q19	3Q20	3Q19	3Q20	3Q19	3Q20	3Q19	3Q20	3Q19	3Q20	3Q19
Total Production	176.0	121.0	128.5	83.3	511.5	347.7	54.0	43.9	5.1	3.3	875.1	599.2
Total Production Capacity	233.1	223.4	151.5	142.2	579.9	478.0	93.7	100.3	9.9	10.0	1,068.1	953.9
Capacity Utilization	**75.5%**	**54.2%**	**84.8%**	**58.6%**	**88.2%**	**72.7%**	**57.6%**	**43.8%**	**51.5%**	**33.0%**	**81.9%**	**62.8%**

Effective Production / Production Capacity *	Cookies and Crackers		Pasta		Wheat Flour and Bran		Margarine and Vegetable Shortening		Other products **		Total	
	3Q20	2Q20	3Q20	2Q20	3Q20	2Q20	3Q20	2Q20	3Q20	2Q20	3Q20	2Q20
Total Production	176.0	154.8	128.5	132.4	511.5	480.8	54.0	44.7	5.1	4.4	875.1	817.1
Total Production Capacity	233.1	217.2	151.5	145.2	579.9	579.9	93.7	101.0	9.9	9.6	1,068.1	1,052.9
Capacity Utilization	**75.5%**	**71.3%**	**84.8%**	**91.2%**	**88.2%**	**82.9%**	**57.6%**	**44.3%**	**51.5%**	**45.8%**	**81.9%**	**77.6%**

Effective Production / Production Capacity *	Cookies and Crackers		Pasta		Wheat Flour and Bran		Margarine and Vegetable Shortening		Other products **		Total	
	9M20	9M19	9M20	9M19	9M20	9M19	9M20	9M19	9M20	9M19	9M20	9M19
Total Production	480.2	395.3	369.4	283.9	1,426.6	1,075.7	144.6	135.2	13.3	11.5	2,434.1	1,901.6
Total Production Capacity	666.0	647.6	434.8	415.3	1,739.7	1,434.0	295.7	300.6	29.0	29.6	3,165.2	2,827.1
Capacity Utilization	**72.1%**	**61.0%**	**85.0%**	**68.4%**	**82.0%**	**75.0%**	**48.9%**	**45.0%**	**45.9%**	**38.9%**	**76.9%**	**67.3%**

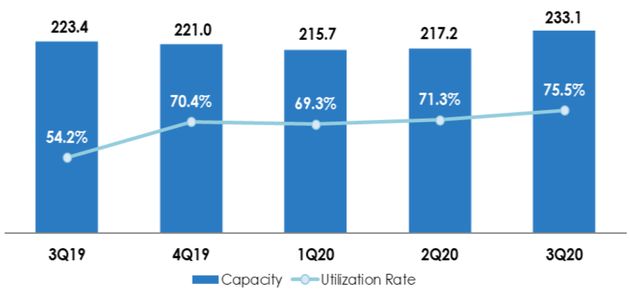
* Thousand tonnes

** Cakes, snacks, cake mix and packaged toast

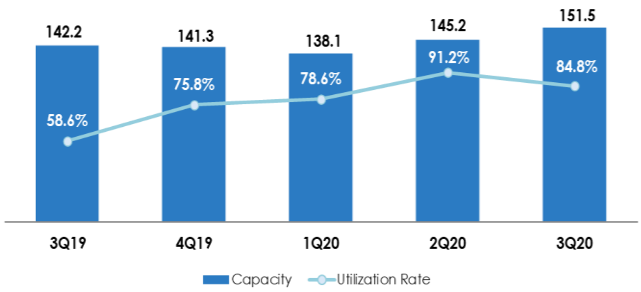
Note: Total production capacity refers to the maximum yield that can be extracted from the equipment considering the losses caused by maintenance stoppages, setup time, line clean-up, restrictions on the maximum number of shifts in each plant, etc.

The investments made over the last few years, such as the new wheat mill in Bento Gonçalves (RS), the increase in margarine and vegetable shortening production capacity at the production unit in Fortaleza (CE) and the inclusion of new production shifts and Piraquê units supported our growth strategy.

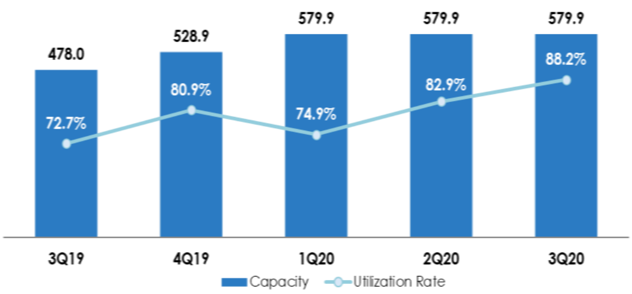
Production Capacity ('000 tonnes) and Utilization Rate - Cookies and Crackers (%)



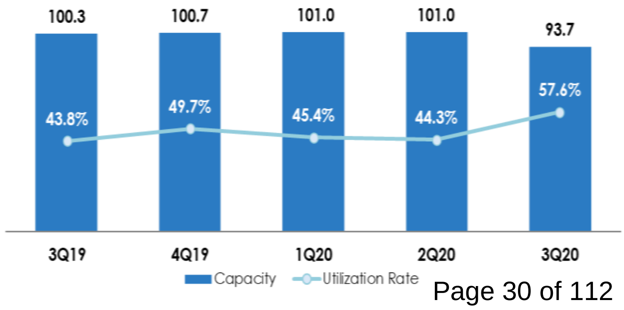
Production Capacity ('000 tonnes) and Utilization Rate - Pasta (%)



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



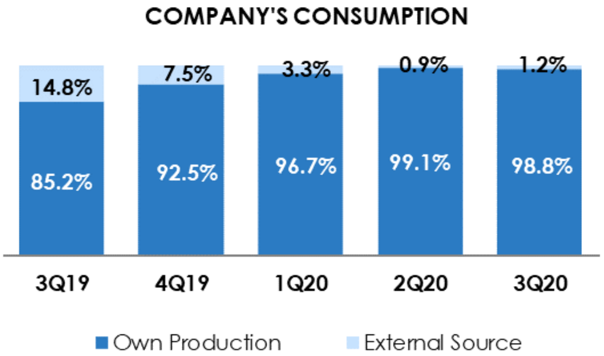
Production Capacity ('000 tonnes) and Utilization Rate - Margarine and Vegetable (%)

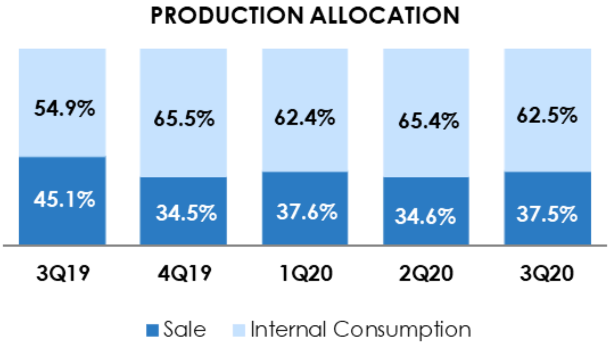


VERTICAL INTEGRATION

WHEAT FLOUR

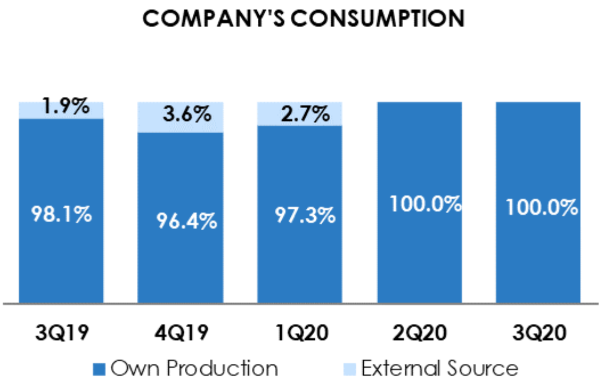
In 3Q20, the wheat flour vertical integration level remained in line with 2Q20, reaching 98.8% (85.2% in 3Q19), as the wheat mill in Bento Gonçalves (RS) started operating in 2H19 and began supplying our units in the South and Southeast regions.

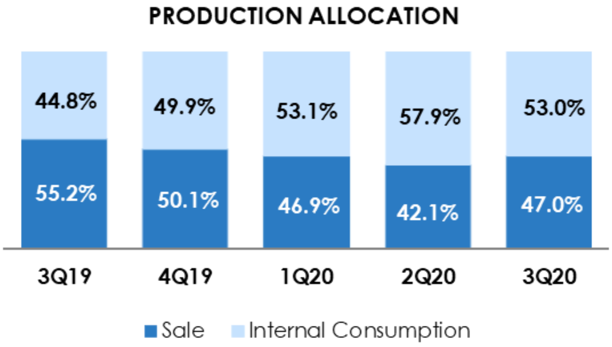




VEGETABLE SHORTENING

Full vertical integration for the second consecutive quarter.





Note: In the Company's consumption charts, we show the origin of the wheat flour and vegetable shortening consumed in the period, with a 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 grew 30.9% in 3Q20 compared to 3Q19, due to an increase of 3.1% in the average price and 27.0% in sales volume.

	3Q20			3Q19			Variation		
Segment	Net Revenue	Weight	Average Price	Net Revenue	Weight	Average Price	Net Revenue	Weight	Average Price
Cookies and Crackers	1,017.6	156.9	6.49	841.0	129.5	6.49	21.0%	21.2%	0.0%
Pasta	457.8	122.0	3.75	320.3	88.0	3.64	42.9%	38.6%	3.0%
Wheat Flour and Bran	396.5	250.1	1.59	265.8	196.0	1.36	49.2%	27.6%	16.9%
Margarine and Vegetable Shortening	115.6	25.0	4.62	89.9	22.9	3.93	28.6%	9.2%	17.6%
Other products **	41.5	4.6	9.02	33.3	3.5	9.51	24.6%	31.4%	-5.2%
TOTAL	**2,029.0**	**558.6**	**3.63**	**1,550.3**	**439.9**	**3.52**	**30.9%**	**27.0%**	**3.1%**

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

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

We present below some of our launches and sales and marketing initiatives carried out in 3Q20:

Launches: 20 new products that expanded Piraquê's portfolio with salty and whole meal cookies, sandwich cookies under the Isabela brand and Chocomax wafer under the Vitarella brand.

Investments in marketing and sales: TV and digital media campaigns, highlighting the attributes of our main brands, in addition to promotional campaigns for the Fortaleza brand (*Toda Mulher é uma Fortaleza* - Every Woman is a Fortress), the Isabela brand (*Receita de Carinho Isabela* - Isabela Love Recipe), the Richester brand *(Evoluiu com Richester* - Evolved with Richester) and the Piraquê brand (*Por um Mundo Mais Original* - For a More Original World).

Compared to 2Q20, net revenue rose 7.6%, due to an increase of 4.2% in sales volume and 3.1% in the average price.

	3Q20			2Q20			Variation		
Segment	Net Revenue	Weight	Average Price	Net Revenue	Weight	Average Price	Net Revenue	Weight	Average Price
Cookies and Crackers	1,017.6	156.9	6.49	972.7	153.4	6.34	4.6%	2.3%	2.4%
Pasta	457.8	122.0	3.75	468.3	129.7	3.61	-2.2%	-5.9%	3.9%
Wheat Flour and Bran	396.5	250.1	1.59	321.9	230.8	1.39	23.2%	8.4%	14.4%
Margarine and Vegetable Shortening	115.6	25.0	4.62	88.5	18.7	4.73	30.6%	33.7%	-2.3%
Other products **	41.5	4.6	9.02	33.8	3.5	9.66	22.8%	31.4%	-6.6%
TOTAL	**2,029.0**	**558.6**	**3.63**	**1,885.2**	**536.1**	**3.52**	**7.6%**	**4.2%**	**3.1%**

* 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

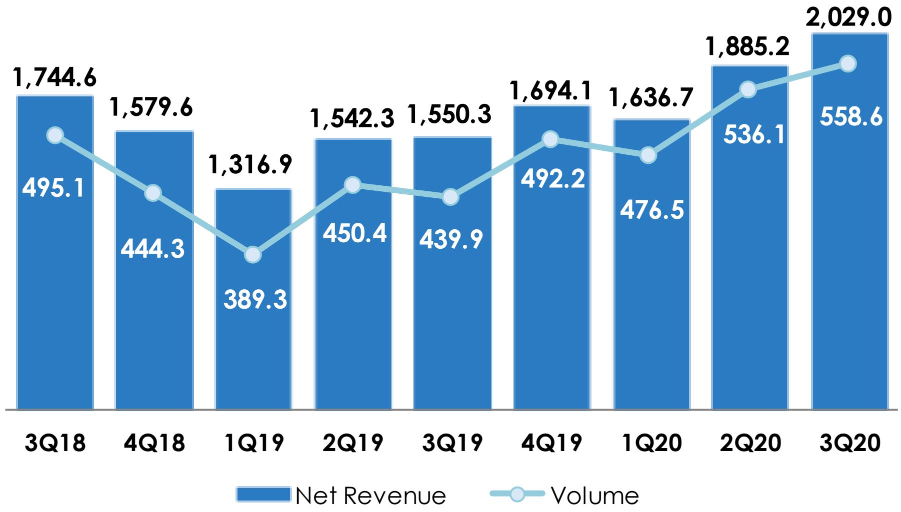
Between 9M19 and 9M20, net revenue grew 25.9%, due to an upturn of 22.8% in sales volume and 2.3% in the average price.

	9M20			9M19			Variation		
Segment	Net Revenue	Weight	Average Price	Net Revenue	Weight	Average Price	Net Revenue	Weight	Average Price
Cookies and Crackers	2,857.2	448.2	6.37	2,389.8	374.0	6.39	19.6%	19.8%	-0.3%
Pasta	1,300.7	356.6	3.65	939.8	264.8	3.55	38.4%	34.7%	2.8%
Wheat Flour and Bran	994.4	691.4	1.44	736.9	569.0	1.30	34.9%	21.5%	10.8%
Margarine and Vegetable Shortening	288.5	63.4	4.55	240.3	60.8	3.95	20.1%	4.3%	15.2%
Other products **	110.1	11.6	9.49	102.7	11.0	9.34	7.2%	5.5%	1.6%
TOTAL	**5,550.9**	**1,571.2**	**3.53**	**4,409.5**	**1,279.6**	**3.45**	**25.9%**	**22.8%**	**2.3%**

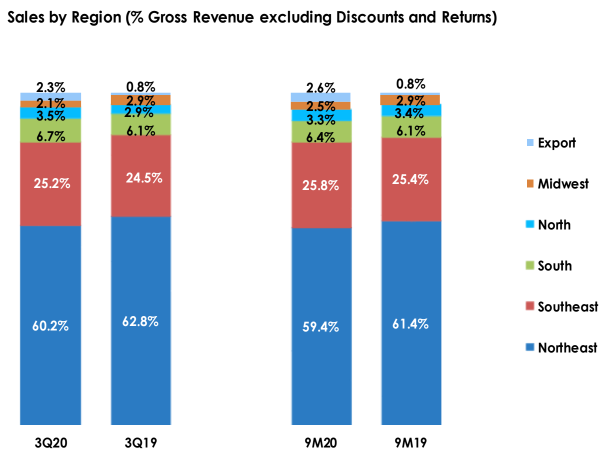
* Net Revenue in R$ million, Weight excluding sales returns in thousand tonnes and Net Average Price in R$/Kg.

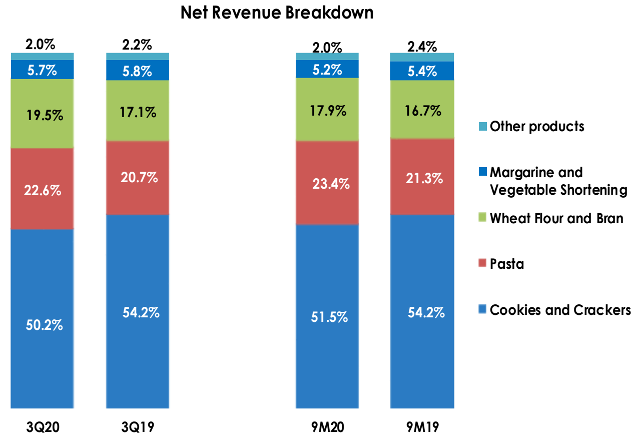
** Cakes, snacks, cake mix, juice powder and packaged toast

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

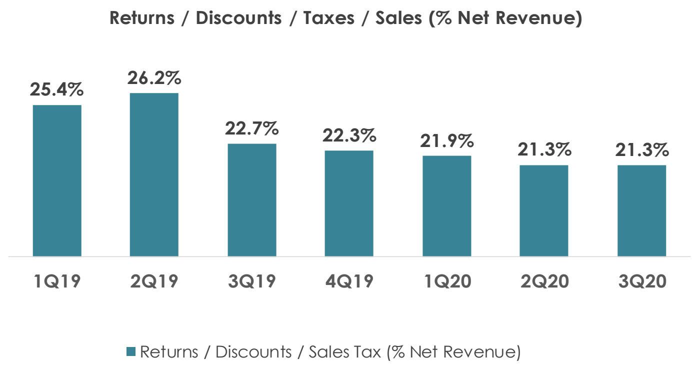


As in previous quarters and in line with our strategy, we continued to grow in all regions, especially in the attack area (Southeast, South and Midwest).





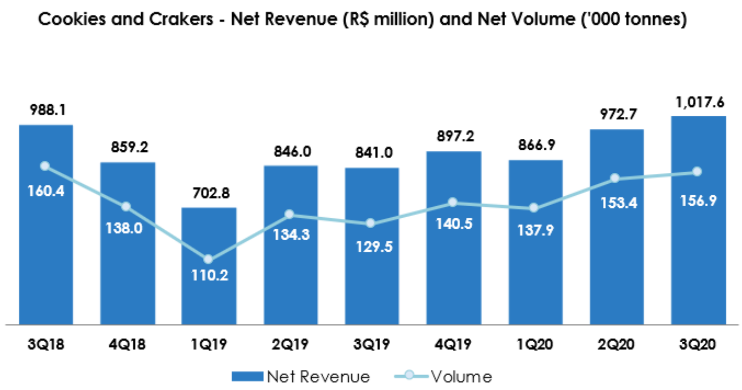
With a more effective pricing model, **we maintained discounts at appropriate and competitive levels for the fifth consecutive quarter.**



HIGHLIGHTS – COOKIES & CRACKERS

Net revenue from cookies & crackers rose 21.0% year on year in 3Q20, as sales volume grew 21.2%.

It is worth noting that Água e Sal/Cream Cracker, Maria/Maizena and sandwich cookies recorded double-digit growth in sales volume. Sales volume grew by double digit in all regions, especially the Southeast and the North.



Gross revenue from launches totaled R$104.4 million in 3Q20, with 125 new products/flavors launched in the last 24 months (75 new products/flavors and gross revenue of R$33.8 million in 3Q19).

Compared to 2Q20, revenue increased 4.6%, as sales volume moved up 2.3% and the average price rose 2.4%.

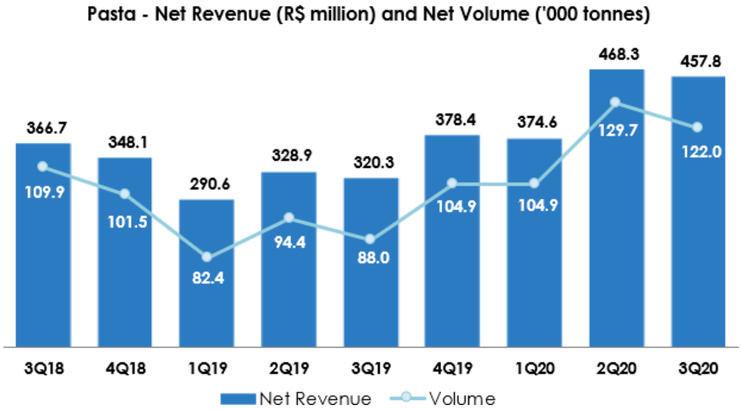
In 9M20, net revenue from cookies & crackers climbed 19.6% over 9M19, as sales volume grew 19.8% and the average price edged down 0.3%.

HIGHLIGHTS – PASTA

Net revenue from pasta rose 42.9% year on year in 3Q20, as sales volume grew 38.6% and the average price increased 3.0%.

All pasta subcategories grew by double-digit, led by common and instant pasta.

Sales volume recorded an excellent performance, with double-digit growth in all regions.



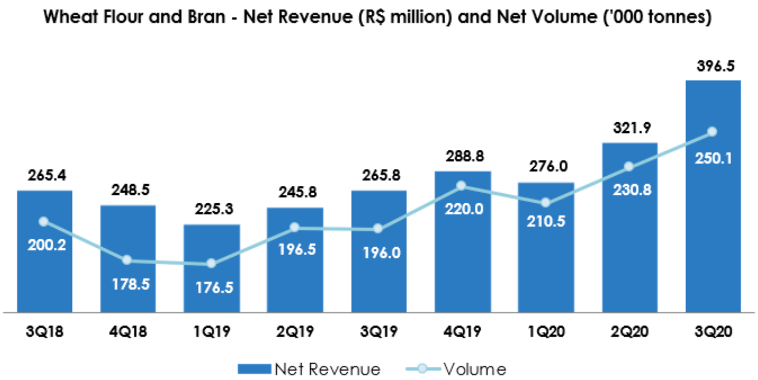
Compared to 2Q20, net revenue fell 2.2%, as sales volume declined 5.9% and the average price rose 3.9%. The decrease was mainly due to lower export volume.

In 9M20, net revenue from pasta climbed 38.4% over 9M19, as sales volume grew 34.7% and the average price rose 2.8%.

HIGHLIGHTS – WHEAT FLOUR AND BRAN

Net revenue from wheat flour and bran rose 49.2% year on year in 3Q20, as sales volume grew 27.6% and the average price increased 16.9%.

We highlight the increase in domestic and industrial flour sales volume in the South and Southeast regions, with double-digit growth, supported by the new flour mill in Bento Gonçalves (RS).

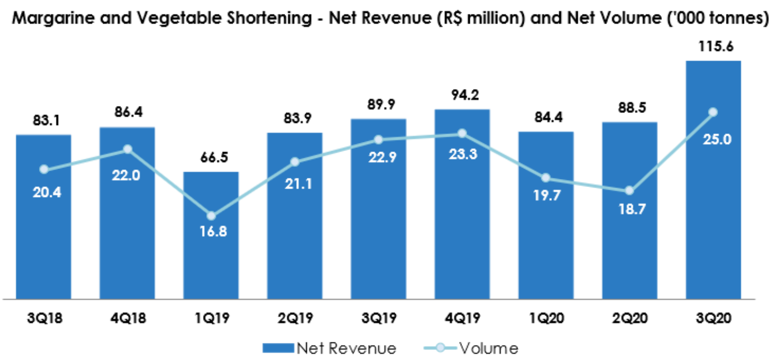


Compared to 2Q20, net revenue increased 23.2% in 3Q20, as sales volume moved up 8.4% and the average price rose 14.4%. In 9M20, net revenue climbed 34.9%, due to an increase of 21.5% in sales volume and 10.8% in the average price.

HIGHLIGHTS – MARGARINE AND VEGETABLE SHORTENING

Net revenue from margarine and vegetable shortening grew 28.6% in 3Q20 over 3Q19, as sales volume grew 9.2% and the average price rose 17.6%.

Sales volume grew due to an increase in margarine and vegetable shortening exports.



Compared to 2Q20, revenue increased 30.6%, as sales volume moved up 33.7% and the average price fell 2.3%. In 9M20, net revenue climbed 20.1%, as sales volumes grew 4.3% and the average price rose 15.2%.

COSTS

COGS (R$ million)	3Q20	% Net Rev.	3Q19	% Net Rev.	Variation	2Q20	% Net Rev.	Variation	9M20	% Net Rev.	9M19	% Net Rev.	Variation
Raw material	**1,050.6**	**51.8%**	**680.5**	**43.9%**	**54.4%**	**921.0**	**48.9%**	**14.1%**	**2,659.9**	**47.9%**	**1,949.2**	**44.2%**	**36.5%**
Wheat	726.6	35.8%	432.6	27.9%	68.0%	635.3	33.7%	14.4%	1,810.7	32.6%	1,236.0	28.0%	46.5%
Vegetable Oil	166.2	8.2%	98.9	6.4%	68.0%	144.0	7.6%	15.4%	418.0	7.5%	279.4	6.3%	49.6%
Sugar	49.4	2.4%	38.1	2.5%	29.7%	46.9	2.5%	5.3%	138.0	2.5%	109.1	2.5%	26.5%
Third Party Flour	2.9	0.1%	38.5	2.5%	-92.5%	2.6	0.1%	11.5%	14.0	0.3%	115.5	2.6%	-87.9%
Third Party Vegetable Shortening	0.1	0.0%	0.9	0.1%	-88.9%	0.4	0.0%	-75.0%	2.9	0.1%	2.3	0.1%	26.1%
Other	105.4	5.2%	71.5	4.6%	47.4%	91.8	4.9%	14.8%	276.3	5.0%	206.9	4.7%	33.5%
Packages	**132.5**	**6.5%**	**104.1**	**6.7%**	**27.3%**	**122.1**	**6.5%**	**8.5%**	**362.7**	**6.5%**	**301.4**	**6.8%**	**20.3%**
Labor	**155.6**	**7.7%**	**150.7**	**9.7%**	**3.3%**	**163.9**	**8.7%**	**-5.1%**	**467.2**	**8.4%**	**419.1**	**9.5%**	**11.5%**
Indirect costs	**116.6**	**5.7%**	**107.2**	**6.9%**	**8.8%**	**116.0**	**6.2%**	**0.5%**	**334.5**	**6.0%**	**303.3**	**6.9%**	**10.3%**
Depreciation and amortization	**43.3**	**2.1%**	**44.4**	**2.9%**	**-2.5%**	**44.6**	**2.4%**	**-2.9%**	**130.7**	**2.4%**	**123.3**	**2.8%**	**6.0%**
Other	**0.0**	**0.0%**	**0.2**	**0.0%**	**-100.0%**	**0.0**	**0.0%**	**n/a**	**0.0**	**0.0%**	**0.8**	**0.0%**	**-100.0%**
Total	**1,498.6**	**73.9%**	**1,087.1**	**70.1%**	**37.9%**	**1,367.6**	**72.5%**	**9.6%**	**3,955.0**	**71.2%**	**3,097.1**	**70.2%**	**27.7%**

In 3Q20, the cost of goods sold increased 37.9% in absolute terms and grew 3.8 p.p. as a percentage of net revenue compared to 3Q19.

We list below the main favorable and unfavorable impacts on the cost of goods sold in these periods.

POSITIVE IMPACTS

- Greater dilution of fixed costs, due to a 46% increase in production volume;
- Gains from shift optimization and renegotiation with suppliers as a result of our Efficiency and Productivity Program (*Multiplique*); and
- Higher flour vertical integration.

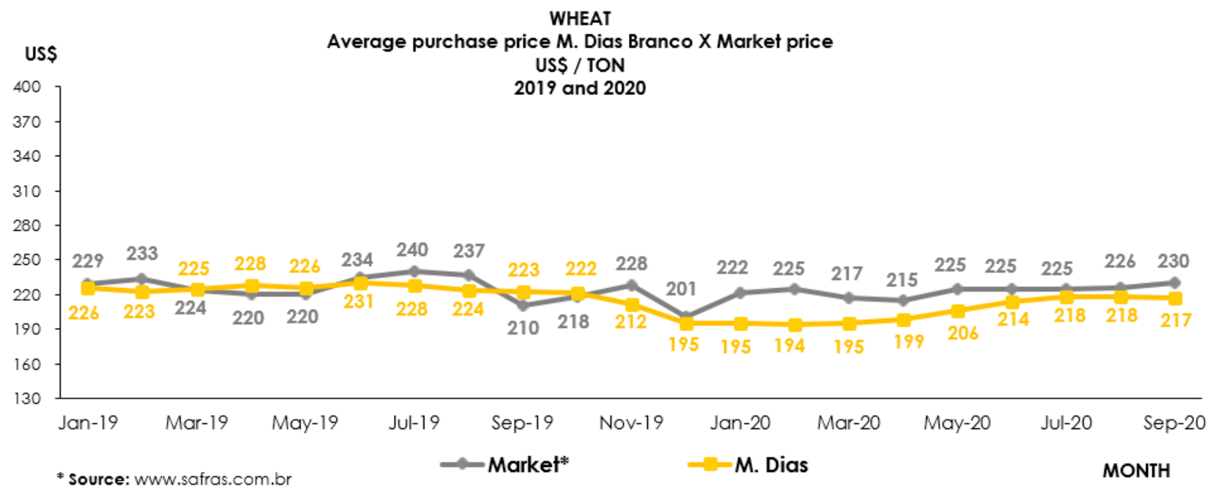
NEGATIVE IMPACTS

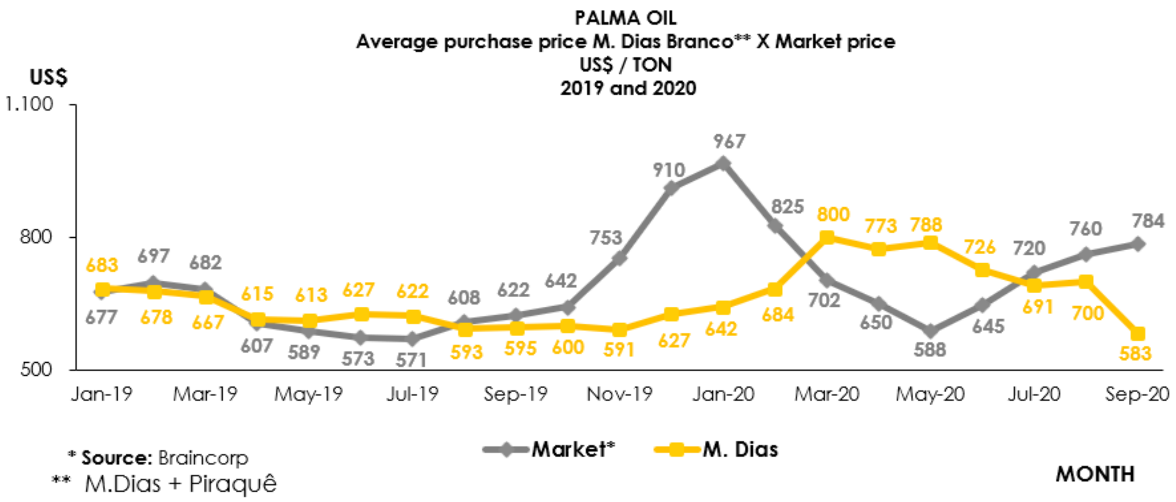
- An increase of 22.2% in the average cost of consumed wheat (BRL), due to the depreciation of the BRL against the USD between 3Q19 and 3Q20;
- Growth of 47.7% in the average cost of consumed vegetable oil (BRL), due to the depreciation of the BRL against the USD between 3Q19 and 3Q20;

- An increase of 13.5% in the average cost of consumed sugar (BRL), due to lower supply in the market;
- Higher labor costs resulting from pay rises in line with inflation following collective bargaining agreements; and
- Increased general expenditures, driven by initiatives to minimize the impacts of the pandemic, such as a more thorough cleaning routine, transport materials and accident prevention.

Compared to 2Q20, the cost of goods sold grew 9.6% in absolute terms and 1.4 p.p. as a percentage of net revenue, from 72.5% in 2Q20 to 73.9% in 3Q20, mainly driven by an increase in the average cost of the main commodities used in the production process, especially due to the depreciation of BRL against the USD.

In 9M20, costs grew 27.7% over 9M19, an increase of 1 p.p. as a percentage of net revenue, driven by an upturn in the average cost of the main commodities due to the depreciation of BRL against the USD, which was partially offset by growth of 22.8% in sales volume, resulting in greater dilution of fixed costs and increased wheat flour vertical integration.

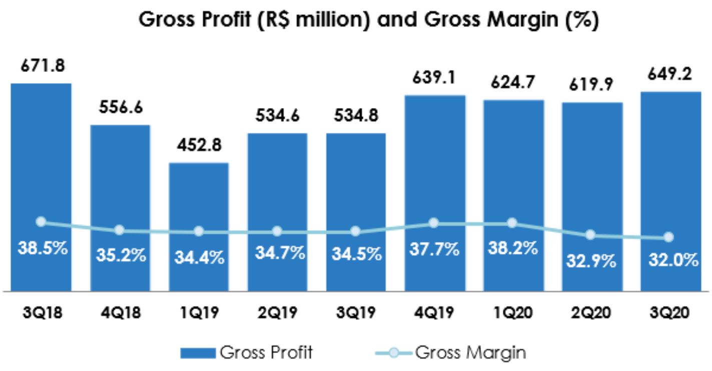




Note: M. Dias Branco is no longer disclosing the graph showing the average purchase price of soybean oil in its inventory in the Earnings Release, but it will continue to disclose this information on its Investor Relations website: https://ri.mdiasbranco.com.br/.

GROSS PROFIT

Gross profit grew 21.4% and the gross margin declined 2.5 p.p. in 3Q20. The gross margin decline reflected an increase in the average cost of the main commodities used in the industrial process, influenced by the depreciation of the real against the dollar.



Compared to 2Q20, gross profit grew 4.7%, while the gross margin decreased 0.9 p.p., from 32.9% in 2Q20 to 32.0% in 3Q20, also due to rise in the price of the main commodities used in the industrial process.

It is important to highlight that gross profit includes subsidies for state investments totaling R$118.8 million in 3Q20 (R$71.6 million in 3Q19) through profit or loss in compliance with CPC 07 - 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. Please see below:

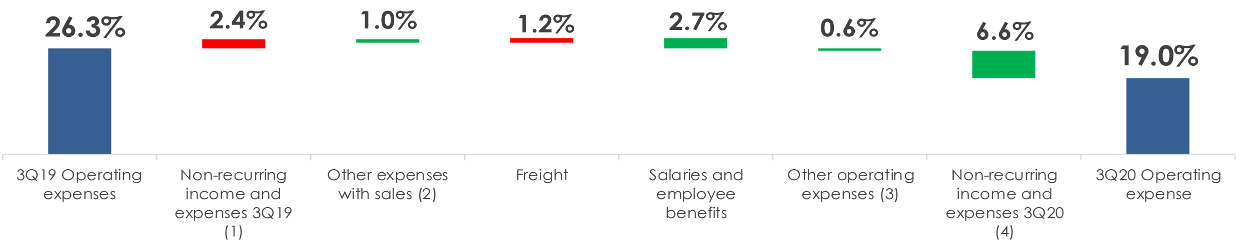
Operating Expenses (R$ million)	3Q20	% Net Rev.	3Q19	% Net Rev.	Variation	2Q20	% Net Rev.	Variation	9M20	% Net Rev.	9M19	% Net Rev.	Variation
Selling*	399.6	19.7%	334.1	21.6%	19.6%	379.2	20.1%	5.4%	1,137.2	20.5%	969.6	22.0%	17.3%
Administrative	71.5	3.5%	58.7	3.8%	21.8%	65.7	3.5%	8.8%	198.0	3.6%	180.7	4.1%	9.6%
Management fees	3.5	0.2%	3.7	0.2%	-5.4%	4.5	0.2%	-22.2%	11.1	0.2%	9.9	0.2%	12.1%
Taxes	8.1	0.4%	7.7	0.5%	5.2%	5.4	0.3%	50.0%	19.4	0.3%	24.4	0.6%	-20.5%
Depreciation and amortization	23.4	1.2%	17.0	1.1%	37.6%	18.6	1.0%	25.8%	61.0	1.1%	48.9	1.1%	24.7%
Other operating expenses/(revenue	-119.9	-5.9%	-13.2	-0.9%	n/a	-17.3	-0.9%	n/a	-127.2	-2.3%	-22.5	-0.5%	n/a
TOTAL	**386.2**	**19.0%**	**408.0**	**26.3%**	**-5.3%**	**456.1**	**24.2%**	**-15.3%**	**1,299.5**	**23.4%**	**1,211.0**	**27.5%**	**7.3%**

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

Operating expenses fell 7.3 p.p. as a percentage of net revenue between 3Q19 and 3Q20. In addition to the results already obtained from our Efficiency and Productivity Program (*Multiplique*), we highlight the following reasons for a decline in expenses: (i) greater dilution of fixed expenses thanks to higher volume, (ii) lower payroll and related expenses in selling and administrative expenses and (iii) higher other operating revenues, mainly due to tax credits from prior periods as a result of ICMS tax from the PIS and COFINS tax base.

Non-recurring items had a positive effect of R$ 124.8 million, as a result of (i) expenses related to the integration of Piraquê (R$ 0.8 million); (ii) expenses related to COVID-19 (R$ 5.9 million); (iii) restructuring expenses (R$ 9.6 million); and (iv) tax credits from prior periods (R$ 151.1 million), as shown below.

Evolution Operating expenses (%NR) | 3Q20 vs 3Q19



[(1)] **Note:** Non-recurring effects of 3Q19.
[(2)] **Note**: Disregards the non-recurring effects of expenses with COVID-19 (R$ 3.3 million) and restructuring expenses (R$ 3.7 million).
[(3)] **Note**: Disregards the non-recurring effects of expenses with COVID-19 (R$ 2.6 million), expenses with Piraquê integration (R$ 0.8 million), restructuring expenses (R$ 6.0 million) and revenue from extemporaneous tax credit (R$ 151.1 million).
[(4)] **Note:** Non-recurring effects of 3Q20 with COVID (R$ 5.9 million), restructuring expenses (R$ 9.6 million), expenses with Piraquê integration (R$ 0.8 million) and revenue from extemporaneous tax credit (R$ 151.1 million).

Compared to 2Q20, operating expenses fell 5.2 p.p. as a percentage of net revenue in 3Q20, due to an increase in other revenues as a result of higher tax credits from prior periods, especially PIS/COFINS credits.

FINANCIAL RESULT

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

Financial Income (R$ million)	3Q20	3Q19	Variation	2Q20	Variation	9M20	9M19	Variation
Financial Revenue	48.0	46.1	4.1%	12.9	n/a	71.8	94.9	-24.3%
Financial Expenses	-31.1	-21.1	47.4%	-17.7	75.7%	-68.8	-89.7	-23.3%
Exchange Variation	-19.3	-36.9	-47.7%	-62.0	-68.9%	-222.1	-40.1	n/a
Losses/Gains on derivatives	32.9	30.2	8.9%	64.1	-48.7%	243.0	28.5	n/a
TOTAL	**30.5**	**18.3**	**66.7%**	**-2.7**	**n/a**	**23.9**	**-6.4**	**n/a**

The Company recorded a positive financial result of R$ 30.5 million in 3Q20, against a positive financial result of R$ 18.3 million in 3Q19.

The year-on-year improvement in the financial result in 3Q20 was mainly due to higher financial income from monetary restatements of credits from prior periods and exchange gains.

It is worth mentioning that M. Dias Branco is reiterating its commitment to a conservative policy by maintaining swap contracts, through which the foreign exchange risk plus a fixed rate is swapped for a percentage of the CDI rate to hedge financing of working capital and input imports. Swap contracts are recognized at fair value under the financial result.

TAXES ON INCOME

The Company recorded a provision for income tax and social contribution of R$ 26.4 million in 3Q20, against a provision of R$ 10.5 million in 3Q19. This upturn was mainly due to an increase of 101.2% in income before tax and social contribution, from R$145.0 million in 3Q19 to R$ 291.8 million in 3Q20.

Income and Social Contribution Taxes (R$ million)	3Q20	3Q19	Variation	9M20	9M19	Variation
Income and Social Contribution Taxes	56.1	25.9	n/a	95.1	32.5	n/a
Income Tax Incentive	-29.7	-15.4	92.9%	-35.6	-20.2	76.2%
TOTAL	**26.4**	**10.5**	**n/a**	**59.5**	**12.3**	**n/a**

GOODWILL

In 2020, due to the merger of Piraquê, approved on December 27, 2019, the Company began the tax amortization of goodwill arising from the acquisition. It is estimated that all goodwill will be tax deductible, totaling R$ 361.6 million. However, the current benefit considers the portion of goodwill actually paid, which will be amortized over a minimum period of five years. The Company recognized a tax benefit resulting from amortization in the amount of R$ 2.8 million in 3Q20 and R$ 8.0 million in 9M20.

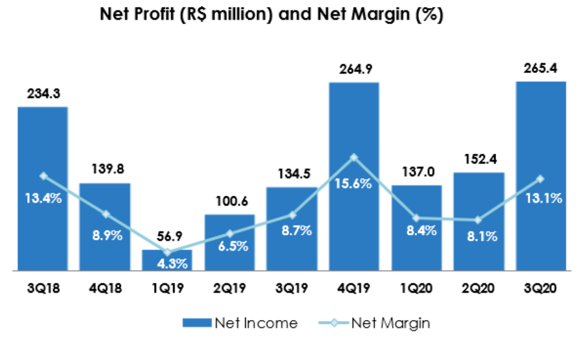
EBITDA AND NET INCOME

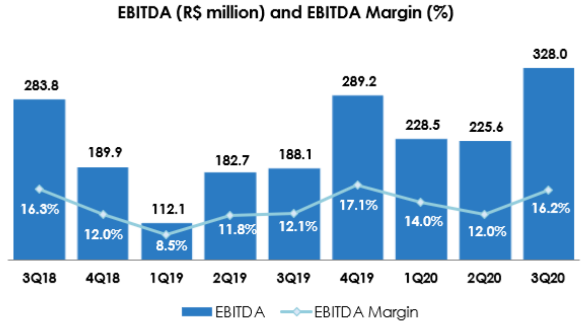
EBITDA – NET INCOME

EBITDA CONCILIATION (R$ million)	3Q20	3Q19	Variation	2Q20	Variation	9M20	9M19	Variation
Net Profit	**265.4**	**134.5**	**97.3%**	**152.4**	**74.1%**	**554.8**	**292.0**	**90.0%**
Income Tax and Social Contribution	56.1	25.9	n/a	13.2	n/a	95.1	32.5	n/a
Income Tax Incentive	-29.7	-15.4	92.9%	-5.9	n/a	-35.6	-20.2	76.2%
Financial Revenue	-100.2	-60.0	67.0%	-18.9	n/a	-137.6	-157.0	-12.4%
Financial Expenses	69.7	41.7	67.1%	21.6	n/a	113.7	163.4	-30.4%
Depreciation and Amortization of cost of goods	43.3	44.4	-2.5%	44.6	-2.9%	130.7	123.3	6.0%
Depreciation and Amortization Adm/Com Expenses	23.4	17.0	37.6%	18.6	25.8%	61.0	48.9	24.7%
EBITDA	**328.0**	**188.1**	**74.4%**	**225.6**	**45.4%**	**782.1**	**482.9**	**62.0%**
EBITDA Margin	**16.2%**	**12.1%**	**4.1 p.p**	**12.0%**	**4.2 p.p**	**14.1%**	**11.0%**	**3.1 p.p**

EBITDA – NET REVENUE

EBITDA CONCILIATION (R$ million)	3Q20	3Q19	Variation	2Q20	Variation	9M20	9M19	Variation
Net Revenue	**2,029.0**	**1,550.3**	**30.9%**	**1,885.2**	**7.6%**	**5,550.9**	**4,409.5**	**25.9%**
Cost of goods sold	-1,498.6	-1,087.1	37.9%	-1,367.6	9.6%	-3,955.0	-3,097.1	27.7%
Depreciation and Amortization of cost of goods	43.3	44.4	-2.5%	44.6	-2.9%	130.7	123.3	6.0%
Tax Incentive (ICMS)	118.8	71.6	65.9%	102.3	16.1%	297.9	209.8	42.0%
Operating Expenses	-386.2	-408.0	-5.3%	-456.1	-15.3%	-1,299.5	-1,211.0	7.3%
Equity in net income of subsidiaries	-1.7	-0.1	n/a	-1.4	21.4%	-3.9	-0.5	n/a
Depreciation and Amortization Adm/Com Expenses	23.4	17.0	37.6%	18.6	25.8%	61.0	48.9	24.7%
EBITDA	**328.0**	**188.1**	**74.4%**	**225.6**	**45.4%**	**782.1**	**482.9**	**62.0%**
EBITDA Margin	**16.2%**	**12.1%**	**4.1 p.p**	**12.0%**	**4.2 p.p**	**14.1%**	**11.0%**	**3.1 p.p**





CAPITALIZATION, DEBT AND CASH

Capitalization (R$ million)	9/30/2020	9/30/2019	Variation
Cash	1,306.4	645.0	n/a
Financial Investments Short Term	16.4	16.3	0.6%
Financial Investments Long Term	3.3	9.2	-64.1%
Total Indebtedness	**-1,650.3**	**-1,160.8**	**42.2%**
(-) Short Term	-1,330.6	-656.3	n/a
(-) Long Term	-319.7	-504.5	-36.6%
Derivatives Financial Instruments	**68.7**	**20.1**	**n/a**
(=) Net Cash (Net Debt)	**-255.5**	**-470.2**	**-45.7%**
Shareholder's Equity	6,502.6	5,805.1	12.0%
Capitalization	**8,152.9**	**6,965.9**	**17.0%**

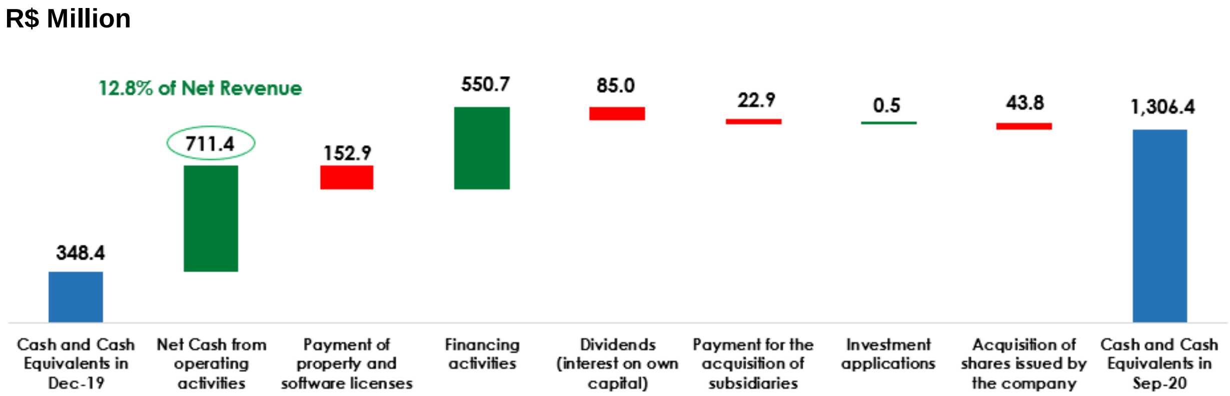
Financial Indicator	9/30/2020	9/30/2019	Variation
Cash (Debt) Net / EBITDA (last 12 months)	-0.2	-0.7	-71.4%
Cash (Debt) Net / Shareholder's Equity	-3.9%	-8.1%	4.2 p.p
Indebtedness / Total Assets	17.1%	14.5%	2.6 p.p

We closed 3Q20 with a cash position of R$ 1.3 billion, up 102.5% from R$ 645 million in 3Q19. Leverage (net debt-to-EBITDA ratio) stood at 0.2x in 3Q20, lower than in 3Q19 (0.7x) and 2Q20 (0.4x).

Consolidated Debt (R$ million)	Index	Interest (year)	9/30/2020	% Debt	9/30/2019	% Debt	Variation
Domestic Currency:			**865.3**	**52.4%**	**622.3**	**53.6%**	**39.0%**
BNDES - FINAME	TJLP	2.17%	15.2	0.9%	19.3	1.7%	-21.2%
BNDES - PSI	R$	2.98% (4.45% in 09/30/19)	81.2	4.9%	192.6	16.6%	-57.8%
BNDES - FINEM	IPCA	8.62%	37.4	2.3%	48.1	4.1%	-22.2%
BNDES - PROGEREN	IPCA	6.28%	61.4	3.7%	84.7	7.3%	-27.5%
BNDES - PSI	TJLP	6.15% in 09/30/19	0.0	0.0%	0.1	0.0%	-100.0%
FINIMP	100% CDI	3.80%	136.1	8.2%	0.0	0.0%	n/a
(PROADI) Financing of state taxes	TR	3.00% in 09/30/19	0.0	0.0%	0.1	0.0%	-100.0%
(PROVIN) Financing of state taxes	100% TJLP	-	10.1	0.6%	9.9	0.9%	2.0%
(DESENVOLVE) Financing of state taxes	100% TJLP	-	0.0	0.0%	0.5	0.0%	-100.0%
BNB-FNE - Financing	Flat rate	8.24% in 09/30/19	0.0	0.0%	26.7	2.3%	-100.0%
Working Capital - Law 4,131	100% CDI	2.50%	101.9	6.2%	0.0	0.0%	n/a
Investment of assigment of Pilar's shares	100% CDI	-	2.1	0.1%	2.2	0.2%	-4.5%
Investment of assigment of Estrela's shares	100% CDI	-	5.2	0.3%	5.9	0.5%	-11.9%
Investment of assigment of Moinho Santa Lúcia's shares	100% CDI	-	0.0	0.0%	0.1	0.0%	-100.0%
Investment of assigment of Piraquê's shares	100% CDI	-	209.9	12.7%	232.1	20.0%	-9.6%
Commercial notes	100% CDI	3.13%	204.8	12.4%	0.0	0.0%	n/a
Foreign Currency:			**785.0**	**47.6%**	**538.5**	**46.4%**	**45.8%**
(FINIMP) Imports Financing and Working Capital - Law 4,131	USD	1.99% (3.18% in 09/30/19)	785.0	47.6%	404.3	34.8%	94.2%
Working Capital - Law 4,131	EUR	0.18% in 09/30/19	0.0	0.0%	134.2	11.6%	-100.0%
TOTAL			**1,650.3**	**100.0%**	**1,160.8**	**100.0%**	**42.2%**

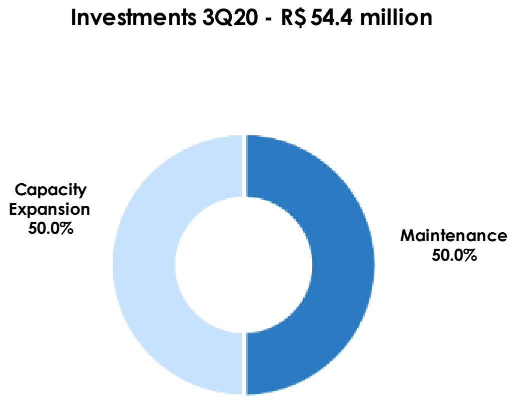
The Company uses swap contracts to hedge foreign exchange risk. These contracts are recorded at fair value through profit or loss and consist of swapping the exchange rate risk plus a fixed rate for a percentage of the CDI rate.

M. Dias Branco closed 3Q20 with R$1.7 billion in debt, of which R$785.0 million (47.6%) refers to liabilities in foreign currency arising from input imports, which are hedged by swap transactions. In this sense, on September 30, 2020, the Company had 17 swap contracts to hedge working capital and wheat import financing (FINIMP) with different maturities, the last of which on April 16, 2021, in which the long leg receives, on average, the dollar plus 2.3482% and the short leg pays, on average, 204.20% of the CDI rate. The (notional) reference values totaled R$ 689,738 and the gross fair value payable of these derivative instruments was R$ 84,576 on September 30, 2020.



INVESTMENTS

Investments (R$ Million)	3Q20	3Q19	Variation	9M20	9M19	Variation
Buildings	5.8	12.2	-52.5%	16.9	34.7	-51.3%
Machinery and equipme	32.0	41.3	-22.5%	88.4	104.9	-15.7%
Construction in progress	10.8	16.9	-36.1%	31.0	53.7	-42.3%
Vehicles	-	0.2	-100.0%	0.3	0.4	-25.0%
IT Equipment	0.9	0.7	28.6%	2.5	1.4	81.2%
Furniture and Fixtures	1.9	1.8	5.6%	5.6	8.0	-30.0%
Land	1.1	-	n/a	3.8	1.5	n/a
Software Use License	1.6	3.1	-48.4%	5.4	13.7	-60.6%
Others	0.3	0.8	-62.5%	1.6	1.3	23.1%
Total	**54.4**	**77.0**	**-29.4%**	**155.5**	**219.6**	**-29.2%**



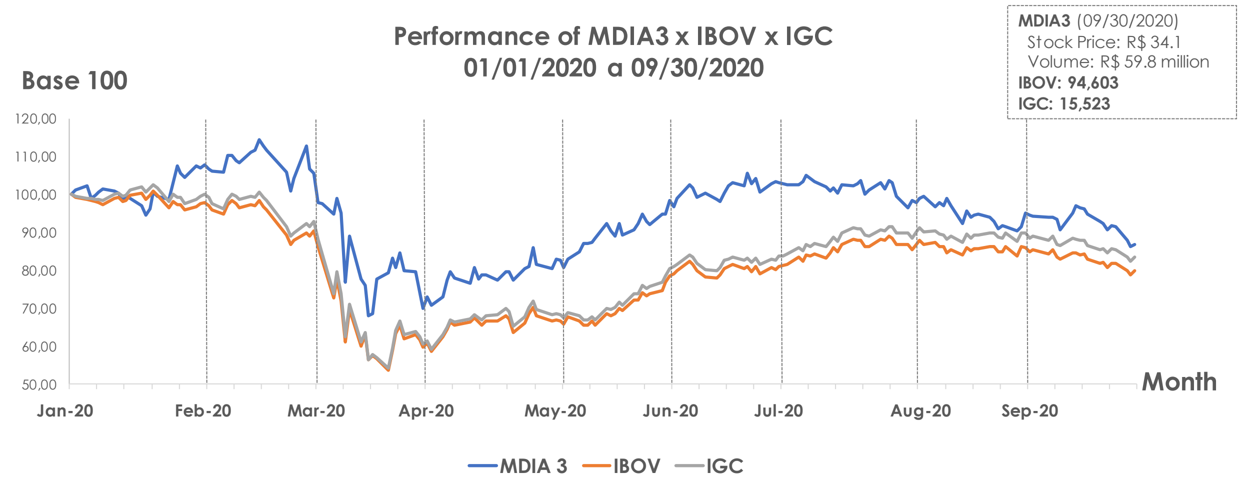
Investments totaled R$54.4 million in 3Q20 (R$77.0 million 3Q19), led by (i) the acquisition of equipment and expansion of the new milling unit in Bento Gonçalves (RS); (ii) the construction of a truck yard for wheat trucks in Bento Gonçalves (RS); (iii) the renovation of the distribution center in the Rio de Janeiro unit; (iv) the long pasta line for the Piraquê unit; (v) an effluent treatment plant for the Maracanaú unit; (vi) the restructuring of the São Caetano do Sul unit (SP); and (vii) the retrofit of sieves for Fábrica Fortaleza (CE).

During 9M20 the amount of R$ 7.9 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 e Balcão) under the ticker MDIA3 and are listed in the Novo Mercado segment. On **September 30, 2020,** there were 83,701,778 outstanding shares, representing 24.69% of the Company's capital stock, priced at **R$ 34.1** each, totaling **R$2,858.5 million**. The average daily trading volume was 5,944 in 3Q20 (3,508 in 3Q19), and the average daily trading financial volume was R$ 39.5 million in 3Q20 (R$ 23.9 million in 3Q19).



MAIN ADMINISTRATIVE FACTS

Approval of shareholder payout guidelines

On October 9, 2020, the Company announced to the market the new shareholder payout guidelines, with interim distributions of five centavos (R$0.05) per share, on a quarterly basis, as a partial advance on the total payment due in the fiscal year in question.

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

On September 28, the Company announced to the market that Fitch Ratings reaffirmed our 'AAA(bra)' National Long-term Rating.

Approval of the Quarterly Information

At the meeting of the Board of Directors held on November 6, 2020, the following was approved: (i) the Quarterly Information (ITR) for the quarter ended September 30, 2020; and (ii) other provisions.

SOCIAL AND ENVIRONMENTAL HIGHLIGHTS

M. Dias Branco has continued to reinforce its commitment to sustainability through working groups focused on strengthening sustainable practices in several areas of the business.

Analysis of Indicators

Indicators	3Q20	3Q19	Variation	9M20	9M19	Variation
Average Energy Intensity (Kwh/ton)*	125.3	158.8	-21.1%	128.1	145.6	-12.0%
Water consumption (m³/ton)*	0.33	0.40	-17.5%	0.3	0.39	-12.8%
Waste Recycling Index (%)*	83.8	89.2	-5.4pp	85.2	89.7	-4.6pp
Solid waste generation (Kg/Ton)*	8.3	9.3	10.4%	8.4	9.3	-10.1%
Frequency rate of occupational accidents**	0.63	0.64	-0,01pp	0.67	0.91	-0,2pp

** Without Piraquê*

*** With Piraquê*

Energy intensity SDGs 7 and 12

Energy intensity fell 21.1% (Kwh/ton), due to higher production volume and fewer line interruptions.

Water consumption SDGs 6, 9 and 12

Relative water consumption fell 17.5% in 3Q20 compared to the same period in 2019, due to higher production volume and the continuation of reuse and conscious water consumption initiatives.

Waste recycling rate SDGs 9 and 12

The Company's waste recycling rate fell 5.4 p.p. between 3Q19 and 3Q20. The decline was due to the issue of MAPA Normative Instruction 81/2018, which limited the reuse of organic waste, such as waste resulting from returned products, sweeping, expired products and infested products, in the production of animal feed. The Company continued to implement action plans to reduce environmental impacts and increase the recycling rate in the units with the support of the improvement team.

Solid waste generation SDGs 9 and 12

Solid waste generation fell 10.4% between 3Q19 and 3Q20, thanks to the start of activities at the co-product plant installed at the Fortaleza plant and the evolution of several initiatives implemented by the teams dedicated to World-Class Management improvements, including lower process losses and lower return waste.

Rate of occupational accidents SDGs 3 and 8

The rate of occupational accidents fell in 3Q20, thanks to campaigns to reinforce employees' risk perception, NR12 adjustments[2], traffic safety campaigns and incentives to register security warnings, among other initiatives.

[2]Standard that deals with occupational safety in machinery and equipment.

Other initiatives and achievements

- ✓ M. Dias Branco, in partnership with Senai Ceará, launched the third edition of the Germinar program. The purpose of the program is to connect with startups to solve five challenges related to the Company's innovation strategy. The total incentive reached R$1 million; **SDGs 8 and 4**
- ✓ M. Dias Branco won the '100 Open Startups award. The recognition shows that the Company is on the right track by connecting with the startup's ecosystem, bringing increasingly technological solutions and innovations for the Company, in addition to helping entrepreneurs grow; **SDG 8**
- ✓ M. Dias Branco conducted the Yellow September Campaign, commemorating the International Suicide Prevention Day with the purpose of raising awareness about suicide prevention. **SDG 3**

We believe these actions will allow us to develop a culture of sustainability, with the gradual integration of social and environmental aspects into the decision-making process and in the Company's value creation.

INDEPENDENT AUDITORS

The Company's independent auditors are PricewaterhouseCoopers Auditores Independentes, contracted to audit the individual and consolidated interim financial information for the year ended December 31, 2020 and review of the individual and consolidated interim financial information for the quarters ended March 31, June 30 and September 30, of the respective year, and did not provide conflicting services, as provided in CVM Instruction 308. The non-financial information on the Company and its subsidiaries, as well as management's expectations regarding the future performance of the Company and its subsidiaries, were not revised by the independent auditors.

1. Operations

M. Dias Branco S. A. Indústria e Comércio de Alimentos (the "Company") is a publicly traded corporation, with its shares listed on B3 S.A., in the Novo Mercado (New Market) segment (MDIA3). 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.

On December 27, 2019 the Company approved the acquisition of Indústria de Produtos Alimentícios Piraquê S.A. (Piraquê), a Brazilian company producing and marketing pasta, cookies, crackers, snacks and powdered beverages. The acquisition was concluded on May 16, 2018. Piraquê has two production sites in the state of Rio de Janeiro, one in Madureira, where the company produces cookies, crackers, pasta and vegetable fat, and another in Queimados, producing cookies and crackers. The two sites are integrated with storage and/or distribution facilities in the states of Rio de Janeiro, Espírito Santo, São Paulo, Minas Gerais, Paraná and Bahia.

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

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

2. Impacts of the Novel Coronavirus (COVID-19)

In light of the global COVID-19 pandemic, the Company has been monitoring the effects of this outbreak in Brazil in order to ensure the safety of its staff, maintain the uninterrupted supply of its products in the marketplace and map out this pandemic's impacts on its business operations.

We firstly emphasize that the Company has continued its food distribution and production operations. Complementing the government's determination to ensure food companies keep producing, the measures we have rolled out have proven decisive to maintaining normal operations.

In order to protect the health and safety of its staff, the Company has adopted several prudent initiatives based primarily on the guidelines issued by the World Health Organization and Brazil's Ministry of Health.

To this end the Company has set up a 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.

We have taken a range of preventive measures since the outbreak of the COVID-19 coronavirus pandemic. These measures have included:

- 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;
- Internal awareness campaigns, and a dedicated 24/7 hotline to our medical teams;
- Implementing remote working for office employees;
- Restricting travel and attendance at events;
- Psychological counseling;
- Online training on exercise, stretching and health and safety for employees working from home, many of whom were also provided with ergonomic chairs and computers.

We also implemented business continuity measures, including:

- Contingency plan with the opening of five hundred (500) new temporary vacancies to continue to meet market demands;
- A phased re-induction plan for employees working from home, including distancing arrangements and provision of personal hygiene materials for all employees;
- Providing financial incentives for high attendance rates for operators working on-site;
- Intensified monitoring to guarantee service to our clients and the continuity of our entire supply chain;
- Adjustment of our production planning and incentive to development of new distribution channels, such as online retail;
- Measures to preserve and maximize the Company's cash, designed to maintain the Company's renowned financial strength.

The Committee understands the importance of continually updating the Company's decisions in accordance with judicial and administrative decisions and the legislation and regulations in force.

Lastly, conscious of its social role, the Company has ramped up donations to communities surrounding its manufacturing facilities, in accordance with the Company's donations policy. Furthermore, in April 2020 it made donations to blood centers to support the deployment of mobile blood donation centers and hematology research.

The Company clarifies that to date it has not observed significant impacts from COVID-19 on its operations constituting adjusting events.

3. Corporate reorganization

As previously described, in 2018 the Company acquired the entire share capital of Piraquê for a total price of R$ 1,449,032, of which R$ 1,299,032 was paid up front and R$ 150,000 will be paid in 5 (five) installments incurring interest at the CDI rate, less any contingencies paid by Piraquê in connection with events prior to the acquisition, as described in Note 17.3 (i).

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

It should be noted that the economic benefits arising from contingent assets determined by Piraquê for periods prior to the acquisition date, as well as certain tax credits already recognized and judicial deposits already made by Piraquê up to that date, converted into income in favor of Piraquê or compensated, shall be transferred to the sellers.

This acquisition was part of the Company's strategy of participating actively in the segment's consolidation process, expanding its domestic leadership in the areas of pasta and cookies with accelerated growth in the southern and southeastern regions, by including greater value-added products in its portfolio.

In terms of recognition of the business-combination transaction, the Company completed the period in which assets acquired and liabilities assumed were measured at fair value on May 16, 2019 and, based on a valuation report issued by specialized, independent consultants, allocated the acquisition price as follows:

	Allocation of acquisition price
Fixed quota of acquisition price	**1,449,032**
Quota of contingent consideration of the price (i)	**75,137**
Total consideration transferred	**1,524,169**
(-) Indemnity assets (ii)	**(55,829)**
Total consideration	**1,468,340**
(-) Shareholders' equity of the acquired company	**(405,847)**
Overpay price	**1,062,493**
(-) Intangible assets identified at fair value	**(505,466)**
Brands (iii)	*(318,510)*
Non-contractual relationship with client (iv)	*(185,921)*
Non-competition agreement (v)	*(1,035)*
(-) Goodwill on fixed assets	**(247,496)**
(-) Adjustment to fair value of other assets and liabilities	**52,785**
Goodwill (unallocated quota of the price)	**362,316**

Note: *(i)The fair value of the contingent consideration on the date of acquisition based on the expectation of realization of credits that may be reimbursed to the former partners; (ii) Refers to the acquirer's indemnification asset recognized as a result of the obligation of sellers to return or deduct from the retained quota of the price any contingencies that may materialize. Indemnification assets were R$ 54,699 at September 30, 2020, reflecting the addition of a contractual guarantee for reimbursements (R$ 3,862) and deduction of the retained portion (R$ 4,992); (iii) indefinite useful life; (iv) defined useful life estimated at 15.6 years; (v) defined useful life estimated at 5 years.*

To simplify the Company's ownership structure and deliver greater synergies through operating cost reductions achieved through the shared use of assets, especially administrative assets, and in order to maximize the legal and financial benefits from the acquisition, an Extraordinary General Meeting held on December 27, 2019 approved the merger of Piraquê into the Company.

The net assets acquired by the Company have the following composition:

Assets of Piraquê	**12/27/2019**
Current assets	234,062
Non-current assets	519,335
Assets Total	**753,397**
Current liabilities	129,978
Non-current liabilities	184,057
Non-current liabilities Total	**314,035**
Net assets incorporated	**439,362**

Because Piraquê was a wholly owned subsidiary, the merger had no effects on the Company's consolidated asset position, results or ownership structure.

As a result of the Piraquê merger, the portion of the excess value paid that was recognized as investment in subsidiaries at the date of the merger was transferred to the relevant account groups in the statement of financial position (indemnification assets to long-term assets; negative goodwill on fixed assets to property, plant and equipment; brands, non-contractual relationships with customers, non-competition agreements and goodwill to intangible assets; contingent liabilities to non-current liabilities).

4. Basis of preparation of the financial statements

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.

The authorization to issue this interim financial information was given by Board of Directors at its meeting held on November 06, 2020.

(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 statements 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 the 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 these estimates and assumptions include the residual value of property, plant and equipment, the losses on impairment of trade accounts receivables and inventories and intangible assets with indefinite life cycle, deferred income tax, provision for legal actions, fair value of assets and liabilities in a business combination and the valuation of financial instruments.

5. 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 interim financial information are described in detail below.

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

a) Consolidation

i. Subsidiaries

For purposes of preparing the individual and consolidated interim financial information, the interim financial information of the subsidiaries was used that ends on the same reporting date and has accounting policies consistent with those of the Company.

Equity interest in subsidiaries

Description	Investment interest (%)			
	09/30/2020		12/31/2019	
	Direct	Indirect	Direct	Indirect
M.Dias Branco International Trading LLC (a)	100.00	-	100.00	-
M.Dias Branco International Trading Uruguay S.A (a)	-	100.00	-	100.00
M.Dias Branco Argentina S.A. (a)	100.00	-	100.00	-
Indústria de Produtos Alimentícios Piraquê S.A (b)	-	-	100.00	-

Notes: *(a) Foreign Investments;*
(b) Company incorporated on December 27, 2019.

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 publicly traded 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%. The Terminal de Trigo do Rio de Janeiro - Logística S.A. is the lessee in the contract entered on September 21, 2017 with the government, in the form of the Ministry of Transportation, Ports and Civil Aviation, which addresses the leasing of public infrastructure and land to handle and store solid vegetable bulk, especially wheat, located in the port of Rio de Janeiro/RJ.

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

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

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

b) Conversion of foreign currency balances

i. Foreign currency transactions and balances

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

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

ii. Foreign operations

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

c) Impairment losses

i. Financial assets

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

Financial assets at amortized cost

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

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

Financial assets stated at fair value through profit or loss

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

Financial assets stated at fair value through other comprehensive income

These assets are subsequently stated at fair value. Net income, including interest, is recognized in other comprehensive income under equity and upon derecognition, the cumulative change in fair value through other comprehensive income is reclassified to profit or loss.

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 26.

e) Revenue recognition

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

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

f) Segment reporting

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

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

g) Business combination and goodwill

Business combinations are stated on the acquisition date – i.e. when control is transferred to the Company. Assets acquired and liabilities assumed in a business combination are recognized at their respective fair values on the acquisition date.

The Company measures goodwill on the acquisition date as:

- the fair value of the amount transferred that includes the contingent consideration of the price; plus
- the recognized amount of any NCI interest acquired; plus
- if the acquisition is conducted in stages, fair value of any interest held in the acquired party prior to acquisition; less

- indemnity assets; less
- the net amount (at fair value) of identifiable assets acquired and liabilities undertaken.

After initial recognition, goodwill is measured at cost less any accrued impairment losses.

When the surplus is negative, a gain deriving from the advantageous purchase is immediately recognized in profit or loss for the year.

Transaction costs other than those associated with securities or equity debt issues that the Company incurs under business combinations, are expensed as/when incurred.

h) Hedge accounting

At July 2020 the Company adopted CPC 48 – Financial Instruments with respect to transactions of derivative instruments (currency forwards) used for the purpose of hedging against the risk of foreign-exchange variance in its operations. 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 when the Company cancels the hedging relationship, the hedge expires or it ceases to meet the qualification criteria (after taking into account any rebalancing of the hedge relationship), i.e. when the hedge relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting. Where the transaction is no longer expected to occur (hedged item), the accumulated gains or losses and deferred taxes under equity are immediately recognized in profit or loss.

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

The effects of hedge accounting are described in Note 18.

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

6. Cash and cash equivalents

Description	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Cash and banks	**2,002**	3,202	**2,010**	3,267
Fixed-income marketable securities	**1,303,825**	345,110	**1,304,377**	345,110
Total	**1,305,827**	348,312	**1,306,387**	348,377

The balance of fixed-income marketable securities, at September 30, 2020, consists exclusively of floating Bank Deposit Certificates (CDB), remunerated by the variation in the CDI - Interbank Deposit Rate at the average rate of 102.99% of the CDI (101.52% at December 31, 2019). These marketable securities are held for immediate trading and used in Company operations.

7. Trade accounts receivable

Trade accounts receivable are recognized at the original selling price less discounts awarded, customer credits and estimated losses and are presented as follows:

Breakdown of balances	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Domestic	**938,713**	1,012,360	**938,861**	1,012,568
Foreign	**76,856**	27,112	**76,856**	27,112
(-) Estimated losses for doubtful accounts	**(76,584)**	(81,884)	**(76,584)**	(81,884)
Total	**938,985**	957,588	**939,133**	957,796
Current	**938,979**	957,325	**939,127**	957,533
Non-current	**6**	263	**6**	263

Aging list	Parent		Consolidated	
Description	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Not yet due	**890,756**	877,762	**890,904**	877,970
Overdue	**124,813**	161,710	**124,813**	161,710
1 to 30 days	**38,285**	60,135	**38,285**	60,135
31 to 60 days	**4,737**	6,223	**4,737**	6,223
61 to 90 days	**3,579**	8,040	**3,579**	8,040
91 to 180 days	**8,677**	13,529	**8,677**	13,529
181 to 360 days	**19,621**	24,665	**19,621**	24,665
Over 360 days	**49,914**	49,118	**49,914**	49,118
Subtotal	**1,015,569**	1,039,472	**1,015,717**	1,039,680
(-) Estimated losses for doubtful accounts	**(76,584)**	(81,884)	**(76,584)**	(81,884)
Trade accounts receivable	**938,985**	957,588	**939,133**	957,796

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 are applied to the accounts receivables balance.

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

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

Change details	Parent	Consolidated
Balance at December 31, 2018	**57,885**	**74,714**
Acquisition assets	7,520	-
Estimated losses for the year	27,103	30,658
Write-off	(10,624)	(23,488)
Balance at December 31, 2019	**81,884**	**81,884**
Estimated losses for the year	**18,383**	**18,383**
Write-off	**(23,683)**	**(23,683)**
Balance at September 30, 2020	**76,584**	**76,584**

8. Inventories

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

The balances of inventories are presented as follows:

Description	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Finished products	**355,837**	213,134	**355,837**	213,134
Work in progress	**41,898**	25,231	**41,898**	25,231
Raw materials	**563,868**	308,026	**563,868**	308,026
Warehouse and packaging materials	**206,234**	154,154	**206,234**	154,154
Auxiliary and maintenance materials	**61,102**	31,910	**61,125**	31,934
Imports in transit [1]	**11,774**	61,172	**11,774**	61,172
Advances to suppliers	**43**	5,417	**43**	5,417
Total	**1,240,756**	799,044	**1,240,779**	799,068

Note: *[1] 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 September 30, 2020, the Company recorded an impairment loss for inventories of R$ 11,294 (R$ 8,533 at December 31, 2019).

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

Change details	Parent and Consolidated
Balance at December 31, 2018	**4,885**
Estimated losses for the year	3,902
Write-off	(254)
Balance at December 31, 2019	**8,533**
Estimated losses for the year	**2,761**
Balance at September 30, 2020	**11,294**

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

9. Taxes recoverable

Description	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
ICMS (i)	**97,661**	107,480	**97,661**	107,480
Income tax and social contribution (ii)	**3,475**	32,060	**3,475**	32,060
PIS and Cofins (iii)	**312,652**	194,606	**312,652**	194,606
Withholding tax	**52,807**	4,371	**52,809**	4,373
IRPJ credit from the PAT incentive (iv)	**8,104**	7,713	**8,104**	7,713
Extemporaneous IOF Credits	**3,987**	3,967	**3,987**	3,967
IPI on Packaging	**-**	44,836	**-**	44,836
INSS (v)	**37,527**	36,136	**37,527**	36,136
Others	**1,555**	5,246	**1,559**	5,246
Total	**517,768**	436,415	**517,774**	436,417
Current	**379,323**	162,535	**379,329**	162,537
Non-current	**138,445**	273,880	**138,445**	273,880

The main origins of recoverable taxes are highlighted:

(i) ICMS: these are substantially of 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;

(ii) Income Tax (IRPJ) and Social Contribution on Net Income (CSLL), resulting from the annual adjustment of the corporate income tax return and CSLL 92 - Unappealable decision;

(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$ 294,201;

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

(v) INSS credit arising from a partially *res judicata* decision in proceedings (prior notice indemnities and 1/3 vacation payments), in the amount of R$ 37,527.

Recognition of tax credits arising from a *res judicata* decision in proceedings seeking the exclusion of ICMS tax from the PIS and COFINS tax base

In relation to this matter, the Company has nine suits in which *res judicata* decisions were issued between December 2018 and November 2019, three of which were brought by M. Dias Branco S.A. Indústria e Comércio de Alimentos and the remainder by acquired companies.

In 2019, the Company adopted procedures for measuring and recognizing these credits. For periods prior to 2004, the Company has identified no physical or digital documents supporting those credits, as no dedicated digital systems are in place. We are therefore considering alternative mechanisms for measuring the amounts in those periods, based on a review and examination of tax documents.

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

For the period 2008 to 2013, the Company has identified a number of Merger and Acquisition transactions (the acquisitions of Adria, Vitarella, Pelágio, Santa Lúcia) and significant changes in the regulations applying to those transactions (COTEPE Acts 28/11 and 53,11, ICMS Protocols 184/09, 81/10 and 86/10, etc.), which has required more complex analysis to comprehensively determine the amounts of credits.

In the financial year ended December 31, 2019, the Company recognized an amount of R$ 174,351 indexed by the SELIC rate, based solely on the methodology described in COSIT Response to Inquiry no. 13/2018 (issued by the Brazilian Internal Revenue Service), because the company believes that, based on the documentation available at that time, this was the amount recoverable according to the Company's best estimates. The Company stated in its financial statements for the financial year ended December 31, 2019 that throughout 2020 it would continue to assess those credits in accordance with the methodology established in the Federal Supreme Court decision on the lead case, as well as those credits for which it lacked electronic documentation.

In the quarter ended September 30, 2020, the Company completed the process of refining its methodology for and assessment of additional credits in accordance with the requirements established by the Federal Supreme Court for two of the nine adjudicated cases, namely case no. 0007508-19.2010.4.05.8100 (2009 to 2014) and case no. 08037981120174.05.8100 (2015 to July 2019), based on available electronic documentation.

With respect to case no. 0007508-19.2010.4.05.8100, covering the period 2005-2014, the Company is in the process of compiling tax documentation supporting its assessment of credits for the period prior to 2009, which will result in recognition of additional credits once the assessment process has been completed. The Company therefore recognized an additional amount of R$ 174,415 in September 2020, indexed to the SELIC rate, relating to credits arising under the two cases described above based on the criteria established in the Federal Supreme Court decision.

The Company has also filed applications for recognition of credits arising under the two cases described above, which have been accepted by the Internal Revenue Service, and has begun to offset those credits against taxes.

The Company will continue to assess and recognize credits as they are determined to exist for the periods involved and estimates it will complete the assessment and recognition within financial year 2020.

The realization of taxes recoverable, recorded in non-current assets, is anticipated as follows:

Maturity	Parent and Consolidated 09/30/2020
2021	**111,856**
2022	**6,353**
2023	**3,079**
2024	**9,053**
2025 on	**8,104**
Total	**138,445**

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

10. Investments

In the parent company's interim 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	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Investments in subsidiaries and jointly controlled entities	**50,893**	54,520	**48,059**	51,985
Advance for capital subscription	**1,879**	1,716	**-**	-
Others	**888**	888	**888**	888
Total	**53,660**	57,124	**48,947**	52,873

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	Indústria de Produtos Alimentícios Piraquê S.A.[2]	Others	Total	Terminal de Trigo do Rio de Janeiro – Logística S. A	Others	Total
Balances at December 31, 2018	**2,694**	**2**	**126**	**14,874**	**1,531,350**	**139**	**1,549,185**	**14,874**	**888**	**15,762**
Equity income [1]	(291)	-	-	(889)	15,904	-	14,724	(889)	-	(889)
Unrealized profits on operations with subsidiaries [1]	-	-	-	-	(2,810)	-	(2,810)	-	-	-
Depreciation, amortization and write-down of net assets [1]	-	-	-	-	(22,625)	-	(22,625)	-	-	-
Acquisition of company share	-	-	-	-	696	-	696	-	-	-
Capital increase	-	-	-	38,000	-	-	38,000	38,000	-	38,000
Advance for capital subscription	1,716	-	-	-	-	-	1,716	-	-	-
Foreign exchange variations	-	(1)	5	-	-	-	4	-	-	-
Acquisition assets	-	-	-	-	(436,651)	749	(435,902)	-	-	-
Transfer of goodwill, negative goodwill on net assets and unrealized profits	-	-	-	-	(1,085,864)	-	(1,085,864)	-	-	-
Balances at December 31, 2019	**4,119**	**1**	**131**	**51,985**	**-**	**888**	**57,124**	**51,985**	**888**	**52,873**
Acquisition of company share	**247**	**-**	**-**	**(3,926)**	**-**	**-**	**(3,679)**	**(3,926)**	**-**	**(3,926)**
Foreign exchange variations	**-**	**-**	**52**	**-**	**-**	**-**	**52**	**-**	**-**	**-**
Advance for capital subscription	**163**	**-**	**-**	**-**	**-**	**-**	**163**	**-**	**-**	**-**
Balances at September 30, 2020	**4,529**	**1**	**183**	**48,059**	**-**	**888**	**53,660**	**48,059**	**888**	**48,947**

Notes: *[1]The equity income recorded in FY 2019 amounted to (R$ 10,711), where R$ 14,724 denotes the equity income in subsidiaries, (R$ 22,625) the amortization of asset goodwill and (R$ 2,810) the reversal of unrealized profits on subsidiary operations. Equity income recorded in the first nine-month period ended of 2020 totaled R$ (3,679).* *[2] Indústria de Alimentos Piraquê was merged into the Company on December 27, 2019.*

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

11. 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 4.61% at September 30, 2020 (1.90% at December 31, 2019).

a. Changes in investment properties

Change details	Parent and Consolidated		
	Buildings	Land	Total
Balance at December 31, 2018	**11,181**	**11,163**	**22,344**
Addition [1]	12,502	27,677	40,179
Disposals [2]	-	(1,875)	(1,875)
Depreciation	(5,423)	-	(5,423)
Balance at December 31, 2019	**18,260**	**36,965**	**55,225**
Reclassification	**(453)**	**453**	**-**
Depreciation	**(491)**	**-**	**(491)**
Balance at September 30, 2020	**17,316**	**37,418**	**54,734**

Notes: [1] *Reclassification of property, plant and equipment to investment property;*
[2] *Partial sale of land in Moinho Santa Lúcia.*

In 2019, following the decision not to build the proposed manufacturing plant in Juiz de Fora, the land purchased for the plant was transferred to investment property, as well as a property in Recife previously hosting distribution operations that have now been transferred to a new distribution center in Paulista/PE. Our investment properties now comprise six properties in Bahia, Ceará, Pernambuco, Piauí and Minas Gerais.

As of September 30, 2020, and December 31, 2019, while the fair value of these properties was R$ 112,782, based on appraisal reports issued by independent appraisers.

12. 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:

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

Depreciation rate % (p.a)				
Description	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Buildings	**1.80**	1.67	**1.80**	1.61
Machinery and equipment	**6.11**	5.94	**6.11**	5.92
Fixtures and fittings	**9.53**	9.48	**9.53**	8.19
Vehicles	**6.87**	6.88	**6.87**	6.91
Facilities	**5.49**	5.72	**5.49**	5.33
Right-of-use [1]	**14.67**	11.93	**14.67**	14.73
Others	**4.96**	4.95	**4.96**	4.95

Note: *[1] See Note 14.*

a) Changes in property, plant and equipment

Parent

Cost	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
Balances at December 31, 2018	**768,984**	**2,128,744**	**82,605**	**62,941**	**339,279**	**524,091**	**215,423**	**4,122,067**
Additions	2,317	7,830	2,245	565	1,580	271,051	4,298	289,886
Recognition of tax credits	(16,232)	(6,343)	-	-	-	-	-	(22,575)
Acquisition assets	184,440	417,729	10,583	31,191	21,158	39,092	15,451	719,644
Goodwill on assets	91,271	78,397	1,050	(87)	-	-	76,865	247,496
Right-of-use [1]	78,219	-	-	7,609	-	-	1,185	87,013
Disposals	(794)	(5,966)	(294)	(2,944)	(32)	(82)	(164)	(10,276)
Transfers	249,518	198,783	6,948	460	29,181	(493,265)	8,375	-
Reclassification [2]	(12,432)	-	-	-	(888)	134	(26,860)	(40,046)
Balances at December 31, 2019	**1,345,291**	**2,819,174**	**103,137**	**99,735**	**390,278**	**341,021**	**294,573**	**5,393,209**
Additions	**1,167**	**6,451**	**1,680**	**255**	**429**	**136,691**	**3,316**	**149,989**
Recognition of tax credits	**-**	**(3,007)**	**-**	**-**	**-**	**-**	**-**	**(3,007)**
Right-of-use	**12,564**	**57,841**	**-**	**13,642**	**-**	**-**	**4,865**	**88,912**
Disposals	**(1)**	**(1,989)**	**(287)**	**(2,263)**	**1**	**-**	**(231)**	**(4,770)**
Transfers	**4,236**	**79,592**	**2,165**	**1**	**15,639**	**(104,124)**	**2,491**	**-**
Reclassification [2]	**-**	**(209)**	**153**	**-**	**(287)**	**281**	**2**	**(60)**
Balances at September 30, 2020	**1,363,257**	**2,957,853**	**106,848**	**111,370**	**406,060**	**373,869**	**305,016**	**5,624,273**

Notes: *[1] See Note 14; [2] Reclassification mainly of property, plant and equipment to investment properties R$ 40,179 in 2019 and from intangible assets to property, plant and equipment R$ 134 in 2019 and R$ 61 in the first nine-month period ended of 2020.*

Depreciation	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
Balances at December 31, 2018	**(204,753)**	**(1,005,478)**	**(55,545)**	**(43,186)**	**(134,001)**	**-**	**(78,719)**	**(1,521,682)**
Depreciation	(13,992)	(107,305)	(5,221)	(2,676)	(18,609)	-	(7,133)	(154,936)
Acquisition assets	(30,139)	(286,311)	(7,195)	(8,861)	(9,129)	-	(8,518)	(350,153)
Goodwill on assets	(4,334)	(13,900)	(202)	73	-	-	(366)	(18,729)
Amortization of the right-of-use [1]	(5,833)	-	-	(3,158)	-	-	(1,094)	(10,085)
Disposals	24	3,259	230	2,838	14	-	155	6,520
Transfers	56	12	(33)	-	(7)	-	(28)	-
Reclassification [2]	5,106	-	-	-	757	-	(817)	5,046
Balances at December 31, 2019	**(253,865)**	**(1,409,723)**	**(67,966)**	**(54,970)**	**(160,975)**	**-**	**(96,520)**	**(2,044,019)**
Depreciation	**(16,946)**	**(113,099)**	**(5,133)**	**(2,068)**	**(15,547)**	**-**	**(7,427)**	**(160,220)**
Amortization of the right-of-use [1]	**(10,337)**	**(3,415)**	**-**	**(8,624)**	**-**	**-**	**(929)**	**(23,305)**
Disposals	**1**	**921**	**59**	**2,181**	**-**	**-**	**-**	**3,162**
Transfers	**3,084**	**(2,962)**	**(213)**	**(116)**	**33**	**-**	**174**	**-**
Reclassification [2]	**-**	**17**	**(153)**	**-**	**287**	**-**	**(3)**	**148**
Balances at September 30, 2020	**(278,063)**	**(1,528,261)**	**(73,406)**	**(63,597)**	**(176,202)**	**-**	**(104,705)**	**(2,224,234)**
Net balances								
Balances at December 31, 2019	1,091,426	1,409,451	35,171	44,765	229,303	341,021	198,053	3,349,190
Balances at September 30, 2020	**1,085,194**	**1,429,592**	**33,442**	**47,773**	**229,858**	**373,869**	**200,311**	**3,400,039**

Notes: *[1] See Note 14; [2] Reclassification to investment properties R$ 5,046 in 2019 and from intangible assets to property, plant and equipment R$ 149 in the first nine-month period ended of 2020.*

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

At September 30, 2020, the balance of R$ 200,311, recorded in "others", refers mainly to land (R$ 147,839), improvements (R$ 35,485), computers and peripheral equipment (R$ 9,884) and other fixed assets (R$ 7,103).

Consolidated

Cost	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
Balances at December 31, 2018	**1,046,175**	**2,626,505**	**93,391**	**64,284**	**360,786**	**531,423**	**310,371**	**5,032,935**
Additions	3,434	11,802	2,842	565	1,993	303,759	3,557	327,952
Recognition of tax credits	(16,232)	(6,343)	-	-	-	-	-	(22,575)
Right-of-use [1]	79,561	-	-	37,408	-	-	2,016	118,985
Disposals	(795)	(6,823)	(2,641)	(2,982)	(33)	(785)	(2,165)	(16,224)
Transfers	249,518	199,028	6,948	460	29,181	(493,510)	8,375	-
Reclassification [2]	(12,311)	(2,254)	2,673	-	(890)	134	(27,338)	(39,986)
Balances at December 31, 2019	**1,349,350**	**2,821,915**	**103,213**	**99,735**	**391,037**	**341,021**	**294,816**	**5,401,087**
Additions	**1,211**	**6,689**	**1,680**	**255**	**708**	**136,691**	**3,318**	**150,552**
Recognition of tax credits	**-**	**(3,007)**	**-**	**-**	**-**	**-**	**-**	**(3,007)**
Right-of-use [1]	**12,564**	**57,841**	**-**	**13,642**	**-**	**-**	**4,865**	**88,912**
Disposals	**(1)**	**(1,989)**	**(287)**	**(2,263)**	**1**	**-**	**(231)**	**(4,770)**
Transfers	**4,236**	**79,592**	**2,165**	**1**	**15,639**	**(104,124)**	**2,491**	**-**
Reclassification [2]	**-**	**(209)**	**153**	**-**	**(287)**	**281**	**1**	**(61)**
Balances at September 30, 2020	**1,367,360**	**2,960,832**	**106,924**	**111,370**	**407,098**	**373,869**	**305,260**	**5,632,713**

Notes: *[1] See Note 14; [2] Reclassification mainly of property, plant and equipment to investment properties R$ 40,179 and from intangible assets to property, plant and equipment R$ 134 in 2019 and R$ 61 in the first nine-month period ended of 2020.*

Depreciation	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
Balances at December 31, 2018	**(230,145)**	**(1,274,636)**	**(62,859)**	**(44,241)**	**(142,505)**	**-**	**(88,061)**	**(1,842,447)**
Goodwill	(2,600)	(8,389)	(74)	44	-	-	(218)	(11,237)
Depreciation	(22,006)	(137,358)	(4,636)	(1,490)	(19,557)	-	(7,664)	(192,711)
Amortization of the right-of-use [1]	(6,893)	-	-	(10,895)	-	-	(1,104)	(18,892)
Disposals	24	6,922	1,257	1,613	14	-	934	10,764
Transfers	56	12	(33)	-	(7)	-	(28)	-
Reclassification [2]	5,106	1,368	(1,671)	-	756	-	(513)	5,046
Balances at December 31, 2019	**(256,458)**	**(1,412,081)**	**(68,016)**	**(54,969)**	**(161,299)**	**-**	**(96,654)**	**(2,049,477)**
Depreciation	**(17,075)**	**(113,087)**	**(5,136)**	**(2,067)**	**(15,597)**	**-**	**(7,470)**	**(160,432)**
Amortization of the right-of-use [1]	**(10,337)**	**(3,415)**	**-**	**(8,624)**	**-**	**-**	**(929)**	**(23,305)**
Disposals	**1**	**921**	**59**	**2,181**	**2**	**-**	**-**	**3,164**
Transfers	**3,084**	**(2,962)**	**(213)**	**(116)**	**33**	**-**	**174**	**-**
Reclassification [2]	**-**	**17**	**(153)**	**-**	**285**	**-**	**-**	**149**
Balances at September 30, 2020	**(280,785)**	**(1,530,607)**	**(73,459)**	**(63,595)**	**(176,576)**	**-**	**(104,879)**	**(2,229,901)**
Net balances								
Balances at December 31, 2019	1,092,892	1,409,834	35,197	44,766	229,738	341,021	198,162	3,351,610
Balances at September 30, 2020	**1,086,575**	**1,430,225**	**33,465**	**47,775**	**230,522**	**373,869**	**200,381**	**3,402,812**

Notes: *[1] See Note 14; [2] Reclassification to investment properties of R$ 5,046 in 2019 and reclassification from intangible assets to property, plant and equipment R$ 149 in the first nine-month period ended of 2020.*

At September 30, 2020, the balance of R$ 201,381, recorded in "others", refers mainly to land (R$ 147,839), improvements (R$ 35,485) and computers and peripheral equipment (R$ 9,957) and other fixed assets (R$ 7,100).

Depreciation recognized in the consolidated statement of income at September 30, 2020 amounted to R$ 174,630 (R$ 155,541 at September 30, 2019).

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

b) Improvements to leased properties

The Company has lease contracts for port areas where three manufacturing plants are installed, located in the cities of Cabedelo (PB), Fortaleza (CE) and Natal (RN). Improvements are made to the real estate, and the costs are amortized over the shorter of the lease contract period and the useful life of the asset. The balance as of September 30, 2020 totaled R$ 35,767 (R$ 37,630 at December 31, 2019).

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

Description	Parent and Consolidated	
	09/30/2020	12/31/2019
Improvements to buildings	73,857	73,218
Accumulated depreciation	(38,090)	(35,588)
Total	**35,767**	**37,630**

c) Guarantees

At September 30, 2020, the value of assets securing various operations amounted to R$ 663,818 (R$ 939,135 at December 31, 2019), excluding accumulated depreciation.

d) Costs of borrowings

The costs of borrowings capitalized at September 30, 2020 amounted to R$ 139 (R$ 139 at September 30, 2019). The average rate used for capitalization was 5.44% (5.44% at September 30, 2019).

e) 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.

13. 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:

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

Description	Parent and Consolidated	
	09/30/2020	12/31/2019
Assets with defined useful life		
Software	**89,407**	88,730
Software in progress [1]	**31,504**	26,841
(-) Accumulated amortization	**(56,388)**	(48,321)
	64,523	67,250
Other Intangible assets		
Non-contractual relationship with customers	**157,309**	166,214
Non-competition agreements	**535**	690
	157,844	166,904
Assets with indefinite useful life		
Brands		
Vitarella	**107,011**	107,011
Pilar	**33,815**	33,815
Estrela, Pelágio and Salsito	**75,559**	75,559
Predilleto and Bonsabor	**11,530**	11,530
Piraquê and Aldente	**318,510**	318,510
(-) Estimated losses for impairment of assets [2]	**-**	(7,699)
Others	**5,121**	5,121
	551,546	543,847
Goodwill		
Adria Alimentos do Brasil Ltda.	**34,037**	34,037
Vitarella	**400,710**	400,710
Pilar	**27,941**	27,941
Pelágio and J. Brandão	**67,661**	67,661
Moinho Santa Lúcia	**42,363**	42,363
Piraquê	**362,316**	362,316
Others [3]	**9,384**	9,384
	944,412	944,412
	1,718,325	1,722,413

Notes: *[1] The software implementation projects in progress have an estimated time for completion by 2020; [2] Provision/reversal for impairment of the Predilleto brand; [3] Goodwill arising from the net worth of the company Craiova Participações Ltda., incorporated in Adria Alimentos do Brasil Ltda. on August 27, 2002.*

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.

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

a) Changes in intangible assets

Parent

Change details	Software	Brands	Non-contractual customers relationship	Non-competition agreement	Goodwill	Total
Balances at December 31, 2018	**63,324**	**225,288**	**-**	**-**	**582,096**	**870,708**
Additions [1]	13,715	49	-	-	-	13,764
Acquisition assets	471	-	-	-	-	471
Goodwill	-	318,510	166,214	690	362,316	847,730
Disposals	(58)	-	-	-	-	(58)
Reclassification [2]	(134)	-	-	-	-	(134)
Amortizations	(10,068)	-	-	-	-	(10,068)
Balances at December 31, 2019	**67,250**	**543,847**	**166,214**	**690**	**944,412**	**1,722,413**
Additions [1]	**5,414**	**-**	**-**	**-**	**-**	**5,414**
Reclassification [2]	**(88)**	**-**	**-**	**-**	**-**	**(88)**
Amortizations	**(8,053)**	**-**	**(8,905)**	**(155)**	**-**	**(17,113)**
Reversal of provision for asset impairment	-	**7,699**	-	-	-	**7,699**
Balances at September 30, 2020	**64,523**	**551,546**	**157,309**	**535**	**944,412**	**1,718,325**

Notes: *[1] This primarily involves ADP projects - payroll R$ 5,293, HCM - human capital management R$ 4,833 and other projects R$ 2,606 in 2019 and HCM - human capital management R$ 2,175; Automation of incoming invoices R$ 1,454; ADP - payroll R$ 384;* Hyperion Planning-FASE V-FF R$ 382 *and CGF- improvement to the supplier procurement management system R$ 213 in the first nine-month period ended of 2020; [2] Reclassification to property, plant and equipment R$ 134 in 2019 and R$ 88 in the first nine-month period ended of 2020.*

Consolidated

Change details	Software	Brands	Non-contractual customers relationship	Non-competition agreement	Goodwill	Total
Balances at December 31, 2018	**63,625**	**543,798**	**178,038**	**897**	**943,716**	**1,730,074**
Business Combination-Piraquê	-	-	-	-	696	696
Goodwill amortizations	-	-	(11,824)	(207)	-	(12,031)
Additions	14,164	49	-	-	-	14,213
Disposals	(57)	-	-	-	-	(57)
Reclassification	(134)	-	-	-	-	(134)
Amortizations	(10,348)	-	-	-	-	(10,348)
Balances at December 31, 2019	**67,250**	**543,847**	**166,214**	**690**	**944,412**	**1,722,413**
Additions	**5,414**	**-**	**-**	**-**	**-**	**5,414**
Reclassification	**(88)**	**-**	**-**	**-**	**-**	**(88)**
Amortizations	**(8,053)**	**-**	**(8,905)**	**(155)**	**-**	**(17,113)**
Reversal of provision for asset impairment	-	7,699	-	-	-	7,699
Balances at September 30, 2020	**64,523**	**551,546**	**157,309**	**535**	**944,412**	**1,718,325**

The Company expensed research and development costs of R$ 7,868 for the period ended on September 30, 2020 (R$ 8,628 at September 30, 2019).

b) Impairment testing of goodwill and brands

The Company carries out impairment testing on its indefinite-lived intangible assets every year, or when it identifies evidence of impairment. At December 31, 2019, the Company realized impairment testing of the carrying values of goodwill and brands registered as intangible assets, based on value-in-use, and it did not result in the need to recognize impairment, because the carrying value of these assets did not exceed their estimated value-in-use.

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

As a result of the plan to resume the Predilleto brand ramped up over the course of the first half of 2020 and future performance projections, in the period ended 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.

14. 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 12, letter b, property rental agreements, printers, vehicle rental and during the quarter ended September 30, 2020, the Company recognized rights of use for forklifts under an eight-year contract, representing an addition of R$ 57,841. Rights of use were also added in respect of two properties and rented vehicles.

See below the initial measurement of the assets and liabilities and changes in the period ended September 30, 2020:

a) Right-of-use

Parent	Properties [1]	Machinery and equipment	Vehicles	Computers and Peripherals	Total
Initial recognition on January 1, 2019	**33,324**	**-**	**7,119**	**2,027**	**42,470**
Additions	45,090	-	-	-	45,090
Acquisition assets	282	-	22,062	822	23,166
Agreements adjustment	(195)	-	489	(842)	(548)
Amortization	(5,833)	-	(3,158)	(1,094)	(10,085)
Balances as of December 31, 2019	**72,668**	**-**	**26,512**	**913**	**100,093**
Additions	12,563	57,841	13,643	4,866	88,913
Amortization	(10,336)	(3,415)	(8,623)	(929)	(23,303)
Balances as of September 30, 2020	**74,895**	**54,426**	**31,532**	**4,850**	**165,703**

Note: *[1] Initial recognition considers the balance of deferred expenses at December 31, 2018 for prepayment of the lease contract in the amount of R$ 2,667.*

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

Consolidated	Properties [1]	Machinery and equipment	Vehicles	Computers and Peripherals	Total
Initial recognition on January 1, 2019	**34,617**	**-**	**36,550**	**2,829**	**73,996**
Additions	45,090	-	369	-	45,459
Agreements adjustment	(146)	-	488	(813)	(471)
Amortization	(6,893)	-	(10,895)	(1,103)	(18,891)
Balances as of December 31, 2019	**72,668**	**-**	**26,512**	**913**	**100,093**
Additions	12,563	57,841	13,643	4,866	88,913
Amortization	(10,336)	(3,415)	(8,623)	(929)	(23,303)
Balances as of September 30, 2020	**74,895**	**54,426**	**31,532**	**4,850**	**165,703**

***Note* [1]:** *Initial recognition considers the balance of deferred expenses at December 31, 2018 for prepayment of the lease contract in the amount of R$ 2,667.*

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

Nature of contracts	Average discount rate	Maturity [1]	Amortization rate
			Parent and Consolidated
Port properties	**12.27%**	May/32	**8.06%**
Properties	**9.43%**	Aug/29	**15.54%**
Machinery and equipment	**6.80%**	Jun/27	**14.29%**
Vehicles	**10.06%**	May/23	**23.82%**
Printer	**9.52%**	Jan/25	**21.25%**

Note: *[1] Considered the last maturity of the group of contracts.*

b) Lease liability

Change details	Parent	Consolidated
Initial recognition on January 1, 2019	**39,803**	**71,329**
Additions	45,090	45,459
Acquisition assets	24,221	-
Disposals	(547)	(409)
Interest	5,640	8,307
Payments	(12,228)	(22,707)
Balances as of December 31, 2019	**101,979**	**101,979**
Additions [1]	88,913	88,913
Reclassification	172	172
Interest	12,530	12,530
Payments	(24,118)	(24,118)
Balances as of September 30, 2020	**179,476**	**179,476**
Current	**36,124**	**36,124**
Non-current	**143,352**	**143,352**

Note: *[1] Recognition of rights of use in respect of forklift trucks, properties and rented vehicles.*

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

The amounts recorded as non-current liabilities at September 30, 2020 mature as follows:

Maturity	Parent and Consolidated
2021	**8,273**
2022	**33,641**
2023	**27,797**
2024	**22,798**
2025 to 2032	**50,843**
Total	**143,352**

c) Amounts recognized in profit or loss

Change details	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Amortization of rights-of-use	**23,303**	10,085	**23,303**	18,891
Interest on lease liabilities	**12,530**	5,640	**12,530**	8,307
Payments not included in the measurement of lease liabilities	**1,734**	1,435	**1,734**	1,510

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

On December 18, 2019 the Brazilian Securities Commission (CVM) issued CVM/SNC/SEP/Official Circular No. 02/2019 containing guidance on requirements contained in CPC 06 (R2) – IFRS 16 that are applicable to the preparation of the financial statements of lessees for the financial year ended December 31, 2019.

In compliance with the above Circular, 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:

	September 30, 2020													
	Consolidated													
	09/30/2020	Oct to Dec 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Liability														
IFRS 16	179,476	167,616	134,370	100,563	72,682	49,950	36,449	22,126	14,539	9,855	6,158	3,817	1,188	-
CVM Official	199,603	192,876	158,646	122,230	91,033	64,779	48,704	30,893	21,065	14,689	9,459	5,971	1,892	-
	11.2%	15.1%	18.1%	21.5%	25.2%	29.7%	33.6%	39.6%	44.9%	49.0%	53.6%	56.4%	59.2%	-
Right-of-use														
IFRS 16	165,703	155,976	120,710	87,907	61,855	41,678	29,016	16,583	10,353	6,748	4,048	2,366	684	-
CVM Official	184,372	174,546	136,042	100,041	71,096	48,461	33,969	19,729	12,468	8,176	4,938	2,886	834	-
	11.3%	11.9%	12.7%	13.8%	14.9%	16.3%	17.1%	19.0%	20.4%	21.2%	22.0%	22.0%	21.9%	-
Financial expense														
IFRS 16	12,530	3,888	13,845	10,751	7,997	5,568	4,143	3,031	2,002	1,416	917	594	307	35
CVM Official	15,366	4,480	16,194	12,940	9,927	7,164	5,507	4,158	2,856	2,077	1,386	919	483	55
	22.6%	15.2%	17.0%	20.4%	24.1%	28.7%	32.9%	37.2%	42.7%	46.7%	51.2%	54.8%	57.5%	59.5%
Amortization														
IFRS 16	23,303	9,014	35,265	32,804	26,052	20,177	12,661	12,434	6,229	3,605	2,700	1,682	1,682	684
CVM Official	26,138	9,826	38,504	35,923	28,945	22,713	14,492	14,240	7,261	4,292	3,238	2,052	2,052	834
	12.2%	9.0%	9.2%	9.5%	11.1%	12.6%	14.5%	14.5%	16.6%	19.0%	19.9%	22.0%	22.0%	21.9%

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

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

Cash flow	09/30/2020		12/31/2019	
	Par value	Adjusted to present value	Par value	Adjusted to present value
Consideration for the lease	214,515	179,476	146,743	101,979
Potential PIS/ COFINS (9.25%)	19,843	16,602	13,574	9,433

15. Related-party transactions

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

The Company's controlling shareholder is DIBRA Fundo de Investimentos em Participações.

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

Related parties	Nature of the transactions
Subsidiaries (1)	
M. Dias Branco International Trading LLC	Purchase of raw materials, but no transactions during the period
M. Dias Branco International Trading Uruguay S. A.	Purchase of raw materials, but no transactions during the period
M. Dias Branco Argentina S. A.	Not operating and in the process of being liquidated
Indústria de Produtos Alimentícios Piraquê S.A	Purchase and sale of industrialized products, however the Company was taken over on December 27, 2019.
Jointly controlled(1)	
Tergran – Terminal de Grãos de Fortaleza Ltda.	Services related to unloading wheat
Terminal de Trigo do Rio de Janeiro - Logística S.A.	Provision of raw material unloading services and other services.
Companies whose controller is the Company's chairman of the board of directors	
Dias Branco Administração e Participação Ltda. (2)	Rent of property
Idibra Participações S. A.	Civil constructions
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
Companies in which the Company's president or vice president are registered as the partners	
LDB Transporte de Cargas Ltda.	Cargo transport
LDB Logística e Transporte Ltda.	Cargo transport
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	Equipment installation and maintenance services rendered
Companies in which the Company's vice presidents are registered as shareholders	
Coemdibra – Cooperativa de Empregados do M. Dias Branco	Sale of industrialized products Purchase of consumer materials

Notes: *(1) The percentage equity interest and its characteristics disclosed in Note 5; (2) Cancellation made in August 2019 with Dias Branco Administração e Participação Ltda.*

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

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: IWS Construções Ltda., IMC Intermediação e Administração de Negócios Ltda., Apodi Transporte e Locação Ltda., Apodi Distribuição e Logística Ltda., Hotel Praia Mar Ltda., Aquiraz Investimentos Turísticos S. A., Colemont Seg Consultoria, Gerência de Riscos e Corretagem de Seguros 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., Dias Branco Empreendimentos Imobiliários Ltda SPE 006 S/A., Ponta da Praia Empreendimentos Imobiliários SPE 001 Ltda.; Rio Douro Consultoria Empresarial 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 and IDB Condominium Incorporações SPE 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 the case of transactions with Piraquê until incorporation, the purchase and sale were made with a DSO of 30 days. Tergran is paid upon submission of the invoice, as is the case with all other related-party transactions.

b) Assets and liabilities with the related parties are presented below:

Description	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Assets				
Current				
Accounts receivable				
Coemdibra – Cooperativa de Empregados do M. Dias Branco	**38**	31	**38**	31
LDB Logística e Transporte Ltda.	**19**	3	**19**	3
LDB Transporte de Cargas Ltda.	**15**	23	**15**	23
Praia Centro Hotéis, Viagens e Turismo Ltda.	**-**	1	**-**	1
	72	58	**72**	58
Liabilities				
Current				
Suppliers				
LDB Transporte de Cargas Ltda.	**274**	203	**274**	203
LDB Logística e Transporte Ltda.	**286**	142	**286**	142
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	**135**	91	**135**	91
Terminal Portuário Cotegipe S. A.	**-**	1,018	**-**	1,018
Idibra Participações S. A.	**-**	513	**-**	513
Coemdibra – Cooperativa de Empregados do M. Dias Branco	**228**	1	**228**	1
Tergran – Terminal de Grãos de Fortaleza Ltda.	**512**	769	**-**	-
	1,435	2,737	**923**	1,968

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

Description	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Other accounts payable				
Tergran – Terminal de Grãos de Fortaleza Ltda.	**1,188**	1,188	**-**	-
	1,188	1,188	**-**	-
Non-current liabilities				
Accounts payable				
M.Dias Branco Trading LLC	**3**	3	**-**	-
Terminal Portuário Cotegipe S. A.	**1,238**	1,238	**1,238**	1,238
	1,241	1,241	**1,238**	1,238

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

Description	Parent		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Sale of products				
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	**-**	2	**-**	2
Terminal Portuário Cotegipe S. A.	**4**	6	**4**	6
Coemdibra – Cooperativa de Empregados do M. Dias Branco	**384**	442	**384**	442
LDB Transporte de Cargas Ltda.	**18**	11	**18**	11
LDB Logística e Transporte Ltda.	**19**	28	**19**	28
Idibra Participações S. A.	**-**	1	**-**	1
Praia Centro Hotéis, Viagens e Turismo Ltda.	**5**	20	**5**	20
Indústria de Produtos Alimentícios Piraquê S.A	**-**	22,976	**-**	-
	430	23,486	**430**	510
Purchase of products				
Indústria de Produtos Alimentícios Piraquê S.A	**-**	14,445	-	-
	-	14,445	**-**	**-**
Sale of fixed assets / other				
Coemdibra – Cooperativa de Empregados do M. Dias Branco	**3**	4	**3**	4
Terminal Portuário Cotegipe S. A.	**-**	1	**-**	1
Dias Branco Administração e Participações Ltda.	**13**	-	**13**	-
LDB Logística e Transporte Ltda.	**-**	11	**-**	11
Indústria de Produtos Alimentícios Piraquê S.A	**-**	3,159	**-**	-
	16	3,175	**16**	16
Purchase of fixed assets / others				
Coemdibra – Cooperativa de Empregados do M. Dias Branco	**118**	110	**118**	110
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	**432**	479	**432**	479
Dias Branco Administração e Participações Ltda.	**-**	8	**-**	8
Indústria de Produtos Alimentícios Piraquê S.A	**-**	19	**-**	-
	550	616	**550**	597
Hiring of services				
LDB Transporte de Cargas Ltda.	**11,478**	12,579	**11,478**	12,579
LDB Logística e Transporte Ltda.	**10,652**	7,825	**10,652**	7,825
Terminal Portuário Cotegipe S. A.	**7,247**	4,896	**7,247**	4,896
Tergran – Terminal de Grãos de Fortaleza Ltda.	**4,176**	5,430	**-**	-
Praia Centro Hotéis, Viagens e Turismo Ltda.	**359**	1,854	**359**	1,854
Idibra Participações S. A.	**1,061**	243	**1,061**	243
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	**1,723**	1,433	**1,723**	1,433
Indústria de Produtos Alimentícios Piraquê S.A	**-**	4	**-**	-
	36,696	34,264	**32,520**	28,830

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

Other matters

The Company is a lender in loan agreements for a property with Dias Branco Administração e Participações Ltda. and movable assets with Idibra Participações S.A.. It is also tenant of movable assets with 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 most loans. A number of statutory officers also appear as guarantors in some of these loans in conjunction with Mrs. Maria Consuelo.

As at September 30, 2020, the guaranteed balance for consolidated financing was R$ 48,245 (R$ 414,914 at December 31, 2019).

Remuneration paid to key management personnel

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

On September 30, 2020 the Company recognized R$ 14,063 (R$ 11,986 at September 30, 2019) in compensation for key management personnel, including salaries, management fees, bonuses, short-term benefits and, in particular, profit sharing, where applicable. It should be noted that the amount of management fees evidenced in Note 28 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.

Following the amendment of the Company's share-based payment plan, as approved at an Extraordinary General Meeting held on December 27, 2019, all statutory directors hired under the Consolidated Labor Regulations as from 2019 are deemed potential plan beneficiaries. For further information see Note 26.

The Company's bylaws do not provide for Management to receive profit shares, and, no amount has therefore been recorded for profit sharing for the periods ended September 30, 2020 and 2019.

16. Suppliers and "Drawee's Risk" Transactions

Description	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Domestic suppliers	**257,218**	148,713	**257,077**	148,538
Foreign suppliers	**506**	506	**506**	506
	257,724	149,219	**257,583**	149,044
"Drawee's risk" transactions	**3,813**	-	**3,813**	-
Total	**261,537**	149,219	**261,396**	149,044

In July 2020 the Company initiated "drawee's risk" (risco sacado) transactions with suppliers, who transfer their rights under receivables to a bank, which then becomes a creditor in the transaction.

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

17. Financing and borrowings

The financing and borrowings of the Company 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.

Financing and borrowings recorded at September 30, 2020 in the amount of R$ 1,650,339 (R$ 979,677 at December 31, 2019) are distributed between four categories, as follows: financing and borrowings with financial institutions, financing for taxes, direct financing and promissory notes.

17.1 Financing and borrowings with financial institutions

Description	Index	Interest (p.a.)	Parent and Consolidated		
			Due date [1]	09/30/2020	12/31/2019
Domestic currency					
BNDES-FINAME	**TJLP**	**2.17**	**08/15/24**	**15,240**	18,281
BNDES-PSI [2]	**R$**	**2.98**	**01/15/24**	**81,152**	105,607
BNDES-FINEM	**IPCA**	**8.62**	**08/15/24**	**37,371**	49,456
BNDES-PROGEREN	**IPCA**	**6.28**	**10/15/22**	**61,375**	57,653
FINIMP	**CDI**	**3.80**	**04/01/21**	**136,149**	-
Working capital (Law 4,131)	**CDI**	**2.50**	**05/07/21**	**101,928**	-
				433,215	**230,997**
Foreign currency					
Financing for imported supplies (FINIMP and Working capital (Law 4,131)	**USD**	**1.99**	**04/16/21**	**785,019**	365,248
Working capital (Law 4,131)	**EUR**	**0.18**	**05/07/20**	**-**	133,943
				785,019	499,191
Total				**1,218,234**	730,188
Current liabilities				**1,092,841**	568,677
Non-current liabilities				**125,393**	161,511

Notes: [1] *Final maturity for the group of contracts;* [2] *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.

See below the changes in loans and financing:

Change details	Parent	Consolidated
Balance at December 31, 2018	**783,394**	**1,002,239**
Release	392,104	392,104
Acquisition assets	163,421	-
Provision for interest, commission and tax	28,061	40,471
Exchange and monetary variation	29,155	33,947
Amortizations	(602,205)	(656,974)
Interest payment	(63,742)	(81,599)
Balance at December 31, 2019	**730,188**	**730,188**
Release	**907,103**	**907,103**
Provision for interest, commission and tax	**28,985**	**28,985**
Exchange and monetary variation	**233,380**	**233,380**
Amortizations	**(531,820)**	**(531,820)**
Interest payment	**(149,602)**	**(149,602)**
Balance at September 30, 2020	**1,218,234**	**1,218,234**

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

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

Maturity	Parent and Consolidated
2021	**27,886**
2022	**61,505**
2023	**25,353**
2024	**10,649**
Total	**125,393**

The consolidated financing and borrowings are secured by real estate mortgage, bank guarantee, promissory notes (see Note 15) and/or chattel mortgages over the assets financed, in the amount of R$ 1,218,234 (R$ 730,188 at December 31, 2019).

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

These covenants, amongst other conditions, restrict the Company's autonomy in the case of any alterations to its corporate structure. It is not possible to alter the capital structure or implement the takeover, spin-off or merger of the Company, directly or indirectly transfer or assign its controlling interest, without the prior express consent of the creditor financial institutions. The contracts determine that the Company does not have: (i) legal protests, (ii) pending actions, demands or processes, or any that are in the process of being filed, which, if decided against the Company, would have an adverse effect on its financial position, or which could affect its ability to fulfill the contractual terms; and also require that any transfer or assignment of rights or obligations arising from the contract be approved by the financial institution and by the Government Agency for Machinery and Equipment Financing (FINAME). In addition to the above-mentioned clauses (i) certain ratio percentages should be preserved during the contract's lifetime: Net Indebtedness / Ebitda and Shareholders' Equity / Total Liabilities and (ii) maintaining the workforce presented in the financing release request and the company committing (i) not to use funds secured in financial transactions that could be used in terrorist activities or result in breaches of any applicable anticorruption or antiterrorism legislation as far as it is aware; and (ii) ensure that each of its associated companies, subsidiaries and all individuals acting on its behalf or under the management of the Company or any of its subsidiaries conduct themselves in accordance with the anticorruption legislation applicable in jurisdictions where the company or any of its associated companies or subsidiaries do business. As of September 30, 2020, the Company was in compliance with all covenants in its contracts.

17.2 Tax financing - PROVIN

The Company is the beneficiary of investment subsidies from the government, as explained in Note 22. The financing classified here denotes the non-incentive portion of the taxes and is based on monthly ICMS due.

Tax financing payments (Provin) are restated monthly by the TJPL rate and can mature every two or three years.

The balances of tax financing amounts at September 30, 2020 totaled the amount of R$ 10,064 (R$ 10,661 at December 31, 2019) and the portion recorded in non-current liabilities mature as follows:

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

Maturity	Parent and Consolidated
2021	**1,101**
2022	**4,918**
2023	**441**
Total	**6,460**

17.3 Direct financing - Acquisition of Companies

Description	Parent and Consolidated	
	09/30/2020	12/31/2019
Current liabilities		
Shares in Pelágio	**2,970**	2,609
Shares in Pilar	**2,133**	2,206
Quotas in Moinho Santa Lúcia	**-**	7
Quotas in Piraquê	**24,300**	29,358
	29,403	34,180
Non-current liabilities		
Shares in Pelágio	**2,263**	2,462
Shares in Piraquê	**185,581**	202,186
	187,844	204,648
Total	**217,247**	238,828
Current	**29,403**	34,180
Non-current	**187,844**	204,648

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$ 209,881 related to the acquisition of Piraquê is composed of:

i) retained quota of the price in the amount of R$ 143,842, which will be settled in 4 installments, maturing on 05/2021, 05/2022, 05/2023 and 12/2023, 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, as stated in Note 3. During 2018 and 2019, R$ 9,098 was settled of the total recognized contingent price (R$ 75,137).

17.4 Promissory notes

On April 15, 2020, the Board of Directors approved the first issue of commercial promissory notes for public distribution, with restricted distribution efforts. In order to bolster cash reserves, on April 23, 2020 the Company issued 20 promissory notes in a single series worth R$ 200,000.

The Commercial Notes mature 183 days after the issuance date, i.e. October 23, 2020, and yield compensatory interest on the respective nominal unit value, equal to 100% of the CDI rate, plus 3.13% p.a.

As of September 30, 2020, the balance of promissory notes consisted of R$ 204,794 including transaction costs.

18. 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; (ii) at fair value through profit or loss and (iii) fair value through other comprehensive income. Non-derivative financial liabilities are measured at amortized cost using the effective interest rate method, when applicable.

The Company has swap derivative financial instruments to hedge its exposure to foreign currency risk and interest rate variations in financing contracts for inputs (wheat and oil) and working capital. It also initiated NDF - Non Deliverable Forwards 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 period are recorded directly in profit or loss, except when qualified as cash-flow hedges, in which case they are recognized in equity as other comprehensive income and, upon settlement, accumulated gains and losses are adjusted in the hedged item, affecting profit or loss at the time the hedged item is realized. Any portion of the hedge relationship which is deemed ineffective is transferred/reclassified to finance revenue (expense).

All financial instruments are recognized in the accounting records and are restricted to cash and cash equivalents, short-term investments, trade accounts receivable, other receivables, borrowings, leases, financing, trade payables, accounts payable, swap contracts and Non Deliverable Forwards (NDFs).

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

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

a) Financial instruments by category and disclosure of fair value

Description	Index	Parent				Consolidated			
		Carrying amount 09/30/2020	Fair value 09/30/2020	Carrying amount 12/31/2019	Fair value 12/31/2019	Carrying amount 09/30/2020	Fair value 09/30/2020	Carrying amount 12/31/2019	Fair value 12/31/2019
Financial assets									
Financial assets measured at amortized cost									
Cash and cash equivalents		**1,305,827**	**1,305,827**	348,312	348,312	**1,306,387**	**1,306,387**	348,377	348,377
Trade accounts receivable		**938,985**	**968,985**	957,588	957,588	**939,133**	**939,133**	957,796	957,796
Other receivables		**22,020**	**22,020**	21,526	21,526	**22,624**	**22,624**	22,121	22,121
Financial investments		**19,706**	**19,708**	20,174	20,179	**19,706**	**19,708**	20,174	20,179
Financial assets measured at fair value									
Derivative financial instruments		**68,728**	**68,728**	7,963	7,963	**68,728**	**68,728**	7,963	7,963
Swap contracts		66,385	66,385	7,963	7,963	66,385	66,385	7,963	7,963
Non Deliverable Forwards (NDFs)		2,343	2,343	-	-	2,343	2,343	-	-
Financial liabilities									
Financial liabilities stated at amortized cost									
Trade payables		**261,537**	**261,537**	149,219	149,219	**261,396**	**261,396**	149,044	149,044
Financing with financial institutions		**1,218,234**	**1,222,495**	730,188	746,651	**1,218,234**	**1,222,495**	730,188	746,651
Transfer operations – BNDES	TJLP	**15,240**	**15,240**	18,281	18,281	**15,240**	**15,240**	18,281	18,281
BNDES PSI-Pré	Fixed-rate	**81,152**	**80,373**	105,607	101,658	**81,152**	**80,373**	105,607	101,658
BNDES – FINEM (Working capital)	IPCA	**37,371**	**38,418**	49,456	53,069	**37,371**	**38,418**	49,456	53,069
BNDES PROGEREN (Working capital)	IPCA	**61,375**	**60,868**	57,653	58,948	**61,375**	**60,868**	57,653	58,948
Financing imputs (FINIMP)	CDI	**136,149**	**138,160**	-	-	**136,149**	**138,160**	-	-
External financing (FINIMP and Working capital)	USD	**785,019**	**786,756**	365,248	380,752	**785,019**	**786,756**	365,248	380,752
Working capital	CDI	**101,928**	**102,680**	133,943	133,943	**101,928**	**102,680**	133,943	133,943
Promissory Notes	CDI	**204,794**	**204,794**	-	-	**204,794**	**204,794**	-	-
Direct financing	CDI	**217,247**	**217,247**	238,828	238,828	**217,247**	**217,247**	238,828	238,828
Leases		**179,476**	**179,476**	101,979	101,979	**179,476**	**179,476**	101,979	101,979
Accounts payable		**177,893**	**177,893**	111,590	111,590	**177,187**	**177,187**	110,625	110,625
Financial liabilities stated at fair value									
Derivative financial instruments Swap contracts		-	-	1,887	1,887	-	-	1,887	1,887

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 and Non Deliverable Forwards (NDFs) recorded at fair value, for which the measurement process used is classified as Level 2, as established in CPC 40 - 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, with spreads of between 2.17% p.a. and 7.17% p.a. (2.17% p.a. and 7,38% p.a. at December 31, 2019), respectively.

The fair value of pre-fixed financing was 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 interim financial information. The rate used was 3.76% p.a of the Finame-PSI operations (5.32% p.a. at December 31, 2019).

The fair value of material financing and working capital indexed by the CDI rate was determined on the basis of future cash flows discounted by the market interest rate prevailing on the reporting date. A spread of 1.62% p.a. was used.

The fair value of material financing denominated in US dollars was determined on the basis of future cash flows discounted by the market interest rate prevailing on the reporting date. A spread of 1.51% p.a. was used for contracts denominated in US dollars over 360 days (2.50% p.a. at December 31, 2019), respectively.

The fair value of the debts in respect of the acquisition of Pilar, Pelágio, 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.

Swap contracts and NDF

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

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

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$ 26,880, effective for the period from July 1, 2019 to September 30, 2020. Currently, credit insurance coverage is provided against approximately 184 clients, totaling R$ 211,764 (R$ 203,056 at December 31, 2019). In addition, there is approximately R$ 45,603 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$ 76,584 (R$ 81,884 at December 31, 2019) representing 7.54% (7.88% at December 31, 2019) of the balance of trade accounts receivable to cover the credit risk.

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

ii. Liquidity risk

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

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

In general, the Company does not need additional working capital, because when financing conditions are favorable it opts for payment terms of up to a year for its main raw materials (wheat and vegetable oil), which is longer than the terms granted to its customers for the products acquired. Therefore, management believes that the Company presents the solid financial and equity conditions required to implement its business plan and to fulfill its short- and medium-term obligations.

The schedule for settling the long-term installments on borrowings and financing is presented in Note 17.

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. If required, the Company can use working capital financing from private financial institutions.

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.

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

As at September 30, 2020, the Company had contracts for the purchase of wheat and oil for future payment and delivery, at fixed prices, for a volume of 346,550 tons (437,506 tons as at December 31, 2019), 97,000 tonnes of oil and 30,000 tonnes of wheat were priced. Thus, considering the market value for these cases and the price established for the contracts, they represented an amount equivalent to US$ 68,566 of oil and US$ 6,958 of wheat (US$ 39,445 of oil and US$ 76,149 of wheat on December 31, 2019).

Due to the risk of fluctuations in oil prices, the Company has prepared a sensitivity analysis for the portion of oil without fixed pricing of oil (97,000 tons) and wheat (30,000 tons), assuming three possible price fluctuation scenarios and the consequent future impacts. The probable scenario used wheat and oil prices of USD 231.94 and USD 706.87, respectively, at the same level of the market value at September 30, 2020. The other scenarios, remote and possible, factor in a price increase for the commodities of 25% and 50% respectively pursuant to CVM Resolution 475/2008.

Description	Exposure (tonnes)	Risk	Probable scenario	Possible scenario (US$) (1)	Remote scenario (US$) (1)
Future wheat contracts	30,000	Increase in the commodity	-	(1,740)	(3,479)
Future oil contracts	97,000	Increase in the commodity	-	(17,141)	(34,283)

Note: *(1) Value in US$ thousand.*

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 (US 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.

Accordingly, on September 30, 2020, the Company had seventeen current swap contracts to protect the financing of wheat import financing (FINIMP) and working capital, with different maturities, until April 16, 2021, where, on the active side, it receives, on average, the dollar plus 2.3482% and on the passive side, it pays, on average, 204.20%% of the CDI. The reference values (notional) totaled R$ 689,738 and the gross fair value receivable from these derivative instruments on September 30, 2020 totaled R$ 84,576.

Swap contracts	Reference value		Curve value		Fair value	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Asset position						
Foreign currency (USD)	**689,738**	339,803	**785,019**	365,232	**787,480**	364,794
Foreign currency (EUR)	**-**	130,000	**-**	133,943	**-**	133,165
Liability position						
CDI	**689,738**	469,803	**695,992**	489,710	**702,904**	489,779
Result	**-**	-	**89,027**	9,465	**84,576**	8,180

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

Accordingly, as of September 30, 2020, the Company did not present significant mismatches in the position of assets and liabilities sensitive to exchange variation, as shown below:

Description	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Foreign currency loans/financing (a)	**785,019**	499,191	**785,019**	499,191
Swap contracts (b)	**(785,019)**	(499,175)	**(785,019)**	(499,175)
Foreign-currency assets (b)	-	-	**(8)**	(6)
Surplus (a-b)	**-**	16	**(8)**	10

As a strategy to prevent and reduce the effects on results from variations in exchange rates, the Company began contracting operations based on future cash flow projections compiled from budgetary and interim forecasts, consisting of Non Deliverable Forwards - NDFs to lock in exchange rates.

So, as of September 30, 2020 the Company had two forward deliverables maturing by 11/03/2020, with a notional value of US$ 6,569 and fair value receivable of R$ 2,343.

Description	Hedging object	Reference currency (notional)	Reference value (notional)	Fair value
NDF – US$ /R$	Currency	US$	6,569	2,343

As described in "Market risk: Commodities prices", the Company signed contracts for the purchase of wheat and oil for future delivery in return for the payment of oil at US$ 95,828 and wheat US$ 47,383, subject to foreign exchange risk (US$ 115,594 as at December 31, 2019).

Sensitivity analysis of the variation in the US dollar for contracts to purchase wheat for future delivery

The sensitivity analysis considered the possibility of three U.S. dollar exchange scenarios and the future results that would be generated. The probable scenario considered the dollar exchange rate of R$ 5.6407, the same closing rate as September 30, 2020. The remaining scenarios, possible and remote, consider increases in the dollar exchange rate of 25% (R$ 7.0509) and 50% (R$ 8.4611), respectively, according to the terms of CVM 475/2008.

Description	Exposure (USD)	Risk	Probable scenario	Possible scenario (R$)	Remote scenario (R$)
Future contracts	143,211	Rise in USD	-	(201,953)	(403,905)

v. Interest rate risk

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

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

Description	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Financial assets				
Financial investments indexed to the CDI	**1,323,531**	365,284	**1,324,083**	365,284
Financial liabilities				
Foreign currency derivative operations tied to CDI [1]	**(785,019)**	(499,191)	**(785,019)**	(499,191)
Financing indexed to the CDI and TJLP	**(685,422)**	(267,770)	**(685,422)**	(267,770)
Assets – Liabilities	**(146,910)**	(401,677)	**(146,358)**	(401,677)

Note: *[1] See item iv - Exchange rate 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$ 146,358.

Description	Risk position	Risk	Probable scenario	Possible scenario	Remote scenario
Net liabilities	(146,358)	CDI increase	-	(695)	(1,390)

The probable scenario considered the CDI quotation at September 30, 2020 of 1.90% p.a. The other scenarios, possible and remote, considered an increase in the quotation of 25% (2.38% p.a.) and 50% (2.85% p.a.), respectively.

Company management believes that there is a low risk of significant changes in the CDI during 2020, taking into consideration the history of the base interest rate in the Brazilian economy and the market forecast.

e) Hedge accounting

The Company has implemented hedge accounting in non-deliverable forward (NDF) transactions, 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.

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

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 are denominated.

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

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

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

The effects of formally designated hedging relationships are shown below:

Description	Parent and Consolidated
	Cash-flow hedge
Balances at December 31, 2019	**-**
Additions of non-deliverable forward (NDF) contracts	10,225
Adjustment to raw materials costs	(7,715)
Financial results	(167)
Balances at September 30, 2020	**2,343**

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

Description	Parent and Consolidated
Cash-flow hedge balance at December 31, 2019	-
Fair value of hedge instruments recognized in other comprehensive income	2,343
Tax effects on the fair value of the hedging instrument	(796)
Cash-flow hedge balance at September 30, 2020	**1,547**

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

f) Capital management

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

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

The indexes for financial leverage at September 30, 2020 and December 31, 2019 were as follows:

Consolidated	09/30/2020	12/31/2019
Debt from financing and borrowings	**1,445,545**	979,677
Promissory notes	**204,794**	-
(-) Cash and cash equivalents	**(1,306,387)**	(348,377)
(-) Short-term financial investments	**(16,413)**	(16,392)
(-) Long-term financial investments	**(3,293)**	(3,782)
(-) Derivative financial instruments	**(68,728)**	(6,076)
Net debt (net cash) (A)	**255,518**	605,050
Shareholders' equity	**6,502,653**	6,034,953
Total capital (B)	**6,758,171**	6,640,003
Financial leverage index (C = A / B x 100)	**3.78%**	9.11%

The change in the Company's financial leverage ratio is represented by the ratio of net debt to equity. The figure in the period ended September 30, 2020 was 3.78% compared with 9.11% at December 31, 2019. The decrease was primarily due to cash fund growth of R$ 958,010.

The amounts recorded in current and non-current liabilities at September 30, 2020 and December 31, 2019 mature as follows:

Consolidated	Less than a year	Between one and three years	Between three and five years	Greater than five years
At September 30, 2020	**2,210,962**	**529,115**	**134,495**	**300,066**
Financing and borrowings	1,330,642	309,046	10,651	-
Payables and other obligations	880,320	220,069	123,844	300,066
At December 31, 2019	**1,153,607**	**570,426**	**141,171**	**200,874**
Financing and borrowings	608,190	310,429	61,058	-
Derivative financial instruments	1,887	-	-	-
Payables and other obligations	543,530	259,997	80,113	200,874

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

19. Net financial results

Description	Parent		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Financial income				
Income from marketable securities	**22,513**	24,451	**22,515**	28,992
SELIC interest on tax credits	**39,846**	53,887	**39,846**	53,881
Restatement of judicial deposits	**3,748**	3,410	**3,748**	6,480
Foreign exchange variations - assets	**65,772**	62,068	**65,772**	62,130
Others	**5,724**	4,075	**5,724**	5,540
	137,603	147,891	**137,605**	157,023
Financial expenses				
Interest on financing	**(26,368)**	(20,716)	**(26,368)**	(34,716)
Interest on debt from equity investments	**(3,253)**	(7,142)	**(3,253)**	(7,142)
Interest on leases	**(12,531)**	(3,239)	**(12,531)**	(5,297)
Interest on promissory notes	**(4,845)**	-	**(4,845)**	-
Foreign exchange variations - liabilities	**(287,898)**	(102,185)	**(287,898)**	(102,206)
Gains (loss) from derivative transactions	**243,011**	28,448	**243,011**	28,448
Commission and bank expenses	**(7,033)**	(4,950)	**(7,034)**	(5,794)
Update on contingencies provisions	**(13,015)**	(25,110)	**(13,015)**	(25,110)
Others	**(1,766)**	(10,445)	**(1,768)**	(11,535)
	(113,698)	(145,339)	**(113,701)**	(163,352)
Net financial results	**23,905**	2,552	**23,904**	(6,329)

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

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

In addition to the amounts recognized in other comprehensive income, in the quarter ended September 30, 2020 the Company recognized R$ 19,094 in net gains/losses on NDF contracts not qualified for hedge accounting.

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.

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

20. Social security and labor liabilities

The balances comprise the following provisions and charges:

Description	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Labor provisions				
Provision for profit sharing	**41,300**	55,193	**41,300**	55,193
Provision for vacation pay	**63,602**	55,787	**63,615**	55,806
13th salary provision	**36,161**	-	**36,190**	-
Others	**3,953**	3,126	**3,952**	3,126
	145,016	114,106	**145,057**	114,125
Social and labor charges				
INSS	**75,533**	40,860	**75,629**	40,908
FGTS	**16,045**	10,809	**16,055**	10,826
Others	**1,645**	1,569	**1,645**	1,569
	93,223	53,238	**93,329**	53,303
Total	**238,239**	167,344	**238,386**	167,428

21. Tax liabilities

The balances comprise the following tax obligations:

Description	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
PIS/Cofins	**47,481**	7,220	**47,555**	7,293
Income tax	**4,742**	11,093	**4,756**	11,114
Other federal tax liabilities	**12,754**	2,104	**12,868**	2,180
ICMS	**99,279**	62,829	**99,279**	62,829
ISS	**1,538**	1,368	**1,539**	1,371
Total	**165,794**	84,614	**165,997**	84,787
Current	**165,794**	83,646	**165,997**	83,819
Non-current	**-**	968	**-**	968

22. 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.

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.

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

At the close of the financial 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.

22.1 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.

At September 30, 2020, the Company received R$ 297,923 (R$ 209,799 at September 30, 2019), as a result of the following state incentives:

State tax incentives / Unit receiving the incentive	Percentage reduction of ICMS	Valid until
DESENVOLVE - State of Bahia: Discount on part of the ICMS payment due on the purchase of wheat grain for the wheat mill.		
Wheat mill and biscuits and pasta factory (Salvador-BA)	Up to 81%	Jun 2025
PROVIN - State of Ceará: deferment of part of the ICMS payment due on the purchase of wheat for the wheat mill and the ICMS due on the operations involving special fats and margarines, settled using funds from FDI - Industrial Development Fund for both units		
Wheat mill (Fortaleza-CE)	74.25%	Nov 2024
Wheat mill integrated with the biscuits and pasta factory (Eusébio-CE)	74.25%	Jul 2025
Vegetable fats and margarines industrial factory (Fortaleza-CE)	56.25%	Nov 2024
PROEDI – Rio Grande do Norte: presumed credit on monthly ICMS debit balance		
Wheat mill and pasta factory (Natal-RN)	Up to 79%	Jun 2032
FAIN - State of Paraíba: discount of part of the ICMS on purchases of wheat grain		
Wheat mill and pasta factory (Cabedelo-PB)	81%	Dec 2032
PRODEPE - State of Pernambuco: calculated at the rate of 75% of the ICMS charged on wheat grain consumed in the equivalent of flour, in addition to 5% of the freight due on sales outside of the Northeastern Region, provided that the total value of the subsidy does not exceed the equivalent of 85% of the ICMS on the wheat grain included in the wheat flour consumed.		
Biscuits and pasta factory (Jaboatão dos Guararapes-PE)	75% or 85%	Mar 2024
Special Tax Treatment – Rio de Janeiro (Piraquê Unit) – Reduction of tax so that the tax burden results in a percentage equal to 3% of the value of own production dispatches in internal and interstate operations, by sale and transfer.		
Biscuits and pasta factory (Queimados-RJ)	75% or 85%	Sep 2038

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

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

Treatment of presumed credit as investment subsidies

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

State	Validity		Extension	
	Beginning	End	Beginning	End
Pernambuco	Aug/2016	Jul/2018	Aug/2018	Dec/2022
Ceará [1]	Sep/2016	Aug/2018	Jan/2019	Dec/2021
Bahia	Sep/2016	Dec/2018	Jan/2019	Dec/2022
Paraíba	Oct/2016	Mar/2019	Apr/2019	Sep/2021
Rio de Janeiro	Dec/2016	Sep/2020	-	-
Rio Grande do Norte	Jan/2018	Dec/2019	-	-

Note: *[1] Through Law no. 17251(2020), the state of Ceará extended the FEEF to December 31, 2021, previously in force until 08/31/2020.*

By way of Law 8,645/2019, Rio de Janeiro state replaced the State Fund for Fiscal Balance - FEEF - with the Temporary Budgetary Fund – FOT, effective from 3/10/2020, and will produce effects while the Fiscal Recovery Arrangement - RRF is in force in Rio de Janeiro state, which has a term of 36 months commencing 09/2017, and can be extended for an equal period. Note that only after the aforesaid law was regulated by Decree 47,057 issued May 04, 2020 did the state began demanding the new funds be paid from the accrual period 04.2020. The Tax Recovery Framework has not yet been extended, but an interim decision by the Federal Audit Court has extended the framework pending an assessment by the government, which should occur within six months.

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 September 30, 2020, the expenses incurred by the Company related to this obligation amounted to R$ 12,327(R$ 14,512 at September 30, 2019).

22.2 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. On September 30, 2020, the Company was entitled to R$ 35,640 (R$ 20,184 on September 30, 2019).

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

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

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.

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

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

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

There are ongoing disputes in the administrative and judicial courts. At September 30, 2020, 7.05% of the total labor and civil processes are being tried at the administrative level and 92.95% at the judicial level. 50.88% of tax processes are being tried at the administrative level and 49.12% 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 as described in Note 3, and therefore are classified as an indemnifiable contingency.

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

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

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

At September 30, 2020 and December 31, 2019, the Company reported the following provisions and judicial deposits, related to civil, labor and tax risks:

Description	Provision		Judicial deposits			
	Parent and Consolidated		Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Civil and labor	**112,417**	110,721	**56,851**	52,147	**56,858**	**52,152**
Tax	**103,063**	102,824	**205,895**	205,287	**205,895**	**205,287**
Total	**215,480**	213,545	**262,746**	257,434	**262,753**	**257,439**

On September 30, 2020, the judicial deposits for cases rated as probable loss amounted to R$ 76,486 (R$ 76,435 at December 31, 2019).

a) Changes in the processes during the year

Parent	Civil and labor	Tax	Total
Balances at December 31, 2018	**50,860**	**51,427**	**102,287**
Additions	32,784	4,358	37,142
Acquisition assets	9,715	32,640	42,355
Indemnifiable contingencies	23,985	19,667	43,652
Restatements/reversals	16,691	(138)	16,553
Write-off/reversals	(23,314)	(5,130)	(28,444)
Balances at December 31, 2019	**110,721**	**102,824**	**213,545**
Additions	**19,530**	**1,840**	**21,370**
Restatements/reversals	**5,511**	**1,470**	**6,981**
Write-off/reversals	**(23,345)**	**(3,071)**	**(26,416)**
Balances at September 30, 2020	**112,417**	**103,063**	**215,480**

Consolidated	Civil and labor	Tax	Total
Balances at December 31, 2018	**85,545**	**102,792**	**188,337**
Additions	33,876	4,358	38,234
Restatements/reversals	16,691	804	17,495
Write-off/reversals	(25,391)	(5,130)	(30,521)
Balances at December 31, 2019	**110,721**	**102,824**	**213,545**
Additions	**19,530**	**1,840**	**21,370**
Restatements/reversals	**5,511**	**1,470**	**6,981**
Write-off/reversals	**(23,345)**	**(3,071)**	**(26,416)**
Balances at September 30, 2020	**112,417**	**103,063**	**215,480**

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

b) Changes in judicial deposits during the year

Parent	Civil and labor	Tax	Total
Balances at December 31, 2018	**38,386**	**91,318**	**129,704**
Additions	30,980	679	31,659
Acquisition assets	9,762	112,152	121,914
Restatements/reversals	832	3,540	4,372
Write-off	(27,813)	(2,402)	(30,215)
Balances at December 31, 2019	**52,147**	**205,287**	**257,434**
Additions	**28,553**	**20,339**	**48,892**
Restatements/reversals	**529**	**3,220**	**3,749**
Reclassification	**3,201**	**(3,201)**	**-**
Write-off	**(27,579)**	**(19,750)**	**(47,329)**
Balances at September 30, 2020	**56,851**	**205,895**	**262,746**

Consolidated	Civil and labor	Tax	Others	Total
Balances at December 31, 2018	**40,876**	**197,135**	**5,021**	**243,032**
Additions	35,730	756	-	36,486
Restatements	1,029	7,214	101	8,344
Write-off	(27,889)	(2,534)	-	(30,423)
Reclassification	2,406	2,716	(5,122)	-
Balances at December 31, 2019	**52,152**	**205,287**	**-**	**257,439**
Additions	**28,556**	**20,339**	**-**	**48,895**
Restatements	**528**	**3,220**	**-**	**3,748**
Reclassification	**3,201**	**(3,201)**	**-**	**-**
Write-off	**(27,579)**	**(19,750)**	**-**	**(47,329)**
Balances at September 30, 2020	**56,858**	**205,895**	**-**	**262,753**

The expected realization timing of tax processes as of September 30, 2020 is as follows:

Maturity	Parent and Consolidated 09/30/2020
2021	**639**
2022	**9,799**
2023	**32,482**
2024	**15,442**
2025 onwards	**44,701**
Total	**103,063**

c) Nature of processes

Civil and labor

The Company is the defendant in approximately 1,092 cases (949 at December 31, 2019) involving labor and civil matters, for which the likelihood of loss has been rated as probable, in the amounts of R$ 100,973 and R$ 11,444, respectively (R$ 78,303 and R$ 8,433 at December 31, 2019), and by virtue of the business combination, also for cases rated as possible and remote risks, of R$ 16,360. The labor claims for 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.

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

Tax

At September 30, 2020 and of December 31, 2019 the provision for tax risks comprised the following:

Description	Parent and Consolidated			
	09/30/2020		12/31/2019	
	Contingencies	Judicial deposits	Contingencies	Judicial deposits
IPI – judicial deposit (a)	**6,382**	**6,382**	6,325	6,294
IRPJ – judicial deposit (b)	**32,441**	**32,441**	32,082	31,885
IPTU – judicial deposit (c)	**2,881**	**4,650**	2,895	4,549
ICMS (d)	**18,108**	**-**	17,932	-
Legal fees (e)	**19,537**	**-**	20,995	-
Indemnifiable contingencies (f)	**19,667**	**-**	19,667	-
Others	**4,047**	**1,999**	2,928	2,289
	103,063	**45,472**	102,824	45,017

(a) The Company has filed 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) The incorporated Company Piraquê filed an ordinary lawsuit seeking the cancellation of the administrative collection of IRPJ, due to the limitation of 30% (thirty percent) of the tax loss carryforward (article 42 of Law 8981/1995). It is claimed the occurrence of a limitation, under the terms of article 156 (V) and 174 of the National Tax Code and proceeded with the court deposit in its entirety to stay the enforceability of the tax credit. The lawsuit was deemed partly to have grounds by the lower court, and 85.64% of the tax assessment notice was canceled. The Federal Government filed an appeal, which is awaiting judgment by the 2nd Region's Federal Regional Court. The Federal Government successfully appealed. Piraquê filed a Special Appeal that was rejected, and an interlocutory appeal has been brought that is currently pending a decision by the High Court of Justice.

Piraquê filed writs of mandamus against having to add to net profit the portions of amortization, depletion or cost of assets written down for any reason, in order to define the IRPJ calculation base for the monthly base periods ended on 01.31.1992 and 02.28.1992, equal to the monetary restatement difference according to the IPC and Fiscal BTN rates for 1990, pursuant to articles 39 and 41 of decree no. 332/91. Piraquê made the court deposit covering the liability's full amount. The case is pending a Federal Supreme Court decision on extraordinary appeal no. 545.796.

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

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

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

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

Contingent liabilities – probability of loss rated as possible

In addition to the provisions made, the Company has several labor, civil and tax contingencies in progress, in which they are the defendants, and the likelihood of loss, based on the opinions of the internal and external legal advisors, is considered possible. The contingencies amount to approximately R$ 1,087,390 (R$ 1,081,918 at December 31, 2019).

The most significant tax processes involve the following matters: i) Investment grants amounting to R$ 367,578; ii) ICMS credits incorrectly granted, totaling R$ 334,998; iii) Undue ICMS credit - Value Added Margin - ICMS Protocol 46, totaling R$ 34,943 and (iv) IPI rate zero, in the amount of R$ 143,850.

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 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).

"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.

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

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

Contingent assets

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

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

Considering the procedures used to recognize tax credits under *res judicata* decisions regarding the same matters, as described in Note 9, 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.

24. 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 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.

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

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

Description	Parent		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Accounting profit before Income tax and social contribution [A]	**614,156**	308,356	**614,265**	304,366
Combined tax rate [B]	**34%**	34%	**34%**	34%
[A X B] Income tax and social contribution at the combined tax rate	**208,813**	104,841	**208,850**	103,484
Permanent additions [C]	**15,611**	12,677	**15,611**	4,907
Non-deductible expenses	**14,131**	3,978	**14,131**	4,718
Equity income from subsidiaries	**1,480**	8,699	**1,480**	189
Permanent exclusions [D]	**(129,405)**	(81,020)	**(129,334)**	(75,883)
Equity income from subsidiaries	**(229)**	(8,627)	**(229)**	(224)
State tax incentives [(1)]	**(125,819)**	(68,973)	**(125,819)**	(73,254)
Other items	**(3,357)**	(3,420)	**(3,286)**	(2,405)
[A X B+C-D] Income tax and social contribution recorded in profit or loss before exemption	**95,019**	36,498	**95,127**	32,508
Income exempt from income tax (Government subsidy) [(1)]	**(35,640)**	(20,184)	**(35,640)**	(20,184)
Income tax and social contribution recorded in profit or loss after exemption [F]	**59,379**	16,314	**59,487**	12,324
Current income tax and social contribution	**14,622**	13,035	**14,730**	13,310
Deferred income tax and social contribution	**44,757**	3,279	**44,757**	(986)
[F/A] Effective rate	**9.67%**	5.29%	**9.68%**	4.05%

Note: *[(1)] Incentive supplement for the 2019 period.*

The Company assessed the probability of accepting the tax authorities' tax treatment of income taxes considered uncertain and concluded there are no impacts from IFRIC 23/ ICPC 22, providing the procedures adopted to determine and recognize income taxes follow the tax regulations and suitable interpretations based on administrative and judicial precedent and decisions.

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

Description	Parent and Consolidated	
	09/30/2020	12/31/2019
Deferred tax assets		
Estimated losses for doubtful accounts	**10,311**	11,413
Provision for litigation and lawsuits	**49,805**	64,366
Provision for logistics expenses and contractual costs	**22,698**	11,160
Estimated losses on tax credits	**13,134**	17,119
Provision for legal fees	**14,135**	14,715
PLR provisions and other events	**14,729**	19,568
Provision for impairment losses on assets	**222**	2,840
Provision for inventory impairment	**3,840**	2,901
Amortization of the balance sheet at fair value	**14,954**	1,338
Other provisions	**18,555**	15,340
	162,383	160,760

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

Description	Parent and Consolidated	
	09/30/2020	12/31/2019
Deferred tax liabilities		
Differences in depreciation (useful lives and tax rates)	**178,151**	167,088
Tax amortization of goodwill paid for future profitability	**193,870**	185,922
Restatement of judicial deposits	**9,330**	11,294
Losses (gains) on swap contracts	**29,529**	3,063
Other provisions (reversals)	**2,271**	(1,393)
	413,151	365,974
Net deferred tax liabilities	**250,768**	205,214

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
2021	**35,554**
2022	**20,057**
2023	**41,774**
2024	**17,597**
2025 to 2027	**47,401**
Total	**162,383**

25. Shareholders' equity

a) Capital - Parent

On December 31, 2019, the Company made a capital increase of R$ 2,508,400 represented by 339,000,000 common shares.

On March 06, 2020, the members of the Board of Directors approved a capital increase of R$ 59,541, without altering the number of shares, through the capitalization of fiscal incentive reserves for the reduction of income tax and reinvestment, related to the calendar year 2018, increasing the capital to R$ 2,567,941.

At September 30, 2020, the Company had a free float of 83,701,778 common shares, which represented 24.69% (25.00% at December 31, 2019).

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 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 Law 6,404/76, the reserve is recorded at a rate of 5% of net income for the year, less the portion relating to investment subsidies, up to a limit of 20% of the Company's share capital.

At September 30, 2020 and of December 31, 2019 the Company's legal reserve amounted to R$ 308,459.

Tax incentive reserve

This reserve is established annually based on the portion of profit arising from the subsidies for investments received by the Company, as detailed in Note 22. At September 30, 2020, the tax incentive reserves totaled R$ 1,155,094 (R$ 1,214,635 at December 31, 2019).

Reserve for investment plan

This reserve is contemplated in the Company's bylaws, and is constituted based on the remaining profit, i.e. profit for the year, net of the tax incentive reserve, the legal reserve and proposed dividends, except if decided otherwise at the General Shareholders Meeting. The purpose of this reserve is to bolster the Company's working capital and to reinvest funds generated internally. This reserve can, after a decision by the Board of Directors, be capitalized, used to absorb losses or distributed as dividends to shareholders. At September 30, 2020 the investment plan reserve totaled R$ 1,928,567 (R$ 1,928,920 at December 31, 2019). 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 8,200/1991

Prior to 1995, the Company recorded special monetary restatement on permanent assets, in accordance with article 2 of Law 8,200/1991. At September 30, 2020 and December 31, 2019, 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 26, 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.

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

On September 30, 2020 the Company had acquired Treasury stock of 997,696 shares at an average price of R$ 39,67 per share, for the minimum and maximum prices of R$ 37.28 and R$ 42.13 respectively, amounting to a total of R$ 39,576.

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 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 23, 2019 approved a credit in the amount of R$ 85,000, for the shareholders, as interest on own capital. The credit was made on December 31, 2019, based on the shareholding positions at the close of trading at B3 on December 30, 2019 and payment to shareholders occurred on April 30, 2020.

The proposal was submitted for approval at the General Shareholders Meeting on April 09, 2020.

d) Equity appraisal adjustment

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

e) Accumulated conversion adjustments

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

26. Share-based remuneration plan

The Company has a share-based remuneration plan, approved on April 13, 2017, 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 (non-statutory board of directors); (b) foster the attainment of high levels of sustainable performance in the short and long term; (c) nurture the development of senior 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 leaders.

This is a long-term incentive program in which participants are awarded restricted shares. 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.

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

The shares are awarded annually, for a 4-year plan term, vested annually in May, documented in an accession to the plan between the Company and the beneficiaries. For potential beneficiaries hired in or after 2019, shares are awarded in proportion to their length of service at the Company, and the amount used as a basis for determining the price of the shares is the same as for other beneficiaries in the relevant year. The shares awarded cannot exceed 0.25% of the Company's total shares over the plan period.

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.

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

Description	Number of restricted shares	
	09/30/2020	12/31/2019
Balance at beginning of the year	**453,645**	**287,371**
Granted shares	**355,433**	**230,755**
Transferred shares	**(148,014)**	**-**
Awards canceled	**(51,192)**	**(64,481)**
Balance at end of the year	**609,872**	**453,645**

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

The expense denoting the fair value of the restricted shares, including payroll charges, recognized in the period ended September 30, 2020 in accordance with the term lapsed for acquiring the right to the restricted shares was R$ 2,733(R$ 4,813 at September 30, 2019).

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

27. Net revenue

Description	Parent		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Gross revenue	**6,743,968**	4,916,965	**6,743,968**	5,501,638
Domestic market	**6,569,248**	4,875,294	**6,569,248**	5,459,080
Foreign market	**174,720**	41,671	**174,720**	42,558
Returns, discounts and cancellations	**(417,995)**	(405,818)	**(417,995)**	(436,197)
Taxes on sales	**(775,131)**	(565,450)	**(775,131)**	(655,902)
Net revenue	**5,550,842**	3,945,697	**5,550,842**	4,409,539

The net revenue by product line of the Company and its subsidiaries as of September 30, 2020 and 2019 is as follows:

Description	Parent		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Cookies and Crackers	**2,857,187**	2,007,361	**2,857,187**	2,389,822
Pasta	**1,300,717**	847,469	**1,300,717**	939,782
Wheat flour and bran	**994,410**	754,353	**994,410**	736,849
Margarine and vegetable shortening	**288,495**	237,523	**288,495**	240,348
Other products (1)	**110,033**	98,991	**110,033**	102,738
Net revenue	**5,550,842**	3,945,697	**5,550,842**	4,409,539

Note: *(1) Refers to the other product lines: cakes, snacks, cake mix, juice powder and packaged toast.*

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

28. 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:

Cost of goods sold	Parent		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Raw materials	**(2,660,278)**	(1,840,689)	**(2,659,902)**	(1,949,203)
- Wheat	**(1,811,041)**	(1,236,545)	**(1,810,665)**	(1,235,964)
- Oil	**(417,979)**	(262,763)	**(417,979)**	(279,407)
- Sugar	**(138,039)**	(101,052)	**(138,039)**	(109,135)
- Sourced flour	**(14,011)**	(54,244)	**(14,011)**	(115,512)
- Sourced vegetable shortening	**(2,889)**	(2,270)	**(2,889)**	(2,269)
- Others	**(276,319)**	(183,815)	**(276,319)**	(206,916)
Packaging	**(362,674)**	(278,801)	**(362,674)**	(301,371)
Labor	**(467,133)**	(374,143)	**(467,133)**	(419,148)
General factory costs (1)	**(334,483)**	(244,039)	**(334,483)**	(303,277)
Depreciation and amortization	**(130,746)**	(94,829)	**(130,746)**	(123,314)
Cost of goods resold	**(41)**	-	**(41)**	(796)
Total	**(3,955,355)**	(2,832,501)	**(3,954,979)**	(3,097,109)
Selling expenses				
Marketing and sales	**(426,286)**	(289,174)	**(426,286)**	(326,343)
Salaries and employee benefits	**(361,860)**	(297,990)	**(361,860)**	(391,123)
Freight	**(349,102)**	(236,976)	**(349,102)**	(252,093)
Depreciation and amortization	**(32,706)**	(12,644)	**(32,706)**	(21,245)
Total	**(1,169,954)**	(836,784)	**(1,169,954)**	(990,804)
Administrative and general expenses				
Salaries and employee benefits	**(107,803)**	(92,573)	**(107,915)**	(104,082)
Others administrative expenses	**(89,693)**	(63,442)	**(90,067)**	(76,660)
Management fees	**(11,073)**	(9,922)	**(11,073)**	(9,922)
Depreciation and amortization	**(25,335)**	(14,100)	**(25,335)**	(15,844)
Total	**(233,904)**	(180,037)	**(234,390)**	(206,508)
Other income (expenses) net (2)				
Tax expenses	**(19,326)**	(22,710)	**(19,359)**	(24,390)
Depreciation and amortization	**(2,956)**	(1,548)	**(2,956)**	(11,786)
Other income (expenses)	**126,660**	51,064	**127,159**	22,497
Total	**104,378**	26,806	**104,844**	(13,679)

Notes: *(1) Refers to the powerhouse, maintenance and other costs; (2) See Note 29.*

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

29. Other operational income (expenses), net

See below the other operational (income) expenses:

Description	Parent		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Other operating income				
Sale of damaged goods and scrap	**7,056**	3,430	**7,056**	3,641
Expense recovery	**6,149**	1,052	**6,605**	1,052
Sale of property, plant and equipment	**1,348**	4,796	**1,348**	2,629
Extemporaneous credit – PIS/COFINS	**176,263**	122,325	**176,263**	125,679
Extemporaneous credit – ICMS	**18,228**	5,724	**18,228**	11,379
Extemporaneous credit – INSS on revenues	**-**	1,558	**-**	1,558
Reversal of provision for impairment losses on assets	**7,699**	-	**7,699**	-
Others	**9,940**	6,997	**9,941**	8,062
	226,683	145,882	**227,140**	154,000
Other operating expenses				
Provisions for civil, labor and tax contingencies and success fees	**(28,297)**	(36,138)	**(28,297)**	(35,593)
Cost of sales of property, plant and equipment	**(1,609)**	(1,667)	**(1,609)**	(2,075)
Inmetro tax	**(1,008)**	(2,974)	**(1,008)**	(2,974)
Provisions (reversals) estimated or realized in inventories	**(12,532)**	(13,688)	**(12,532)**	(17,521)
State fund for tax equalization	**(12,327)**	(14,513)	**(12,327)**	(14,513)
Cost of selling sweeps, scrap and inputs	**(29,478)**	(10,658)	**(29,478)**	(10,658)
Restructuring expenses	**(5,088)**	(10,587)	**(5,088)**	(41,405)
Tax assessment	**(19,326)**	(22,710)	**(19,359)**	(24,390)
Depreciation and amortization expenses	**(2,956)**	(1,548)	**(2,956)**	(11,786)
Others	**(9,684)**	(4,593)	**(9,642)**	(6,764)
	(122,305)	(119,076)	**(122,296)**	(167,679)
Total	**104,378**	26,806	**104,844**	(13,679)

30. 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	
	09/30/2020	09/30/2019
Net profit for the period	**554,777**	292,042
Weighted average number of common shares (a)	**339,000**	339,000
Basic earnings per share (R$)	**1.63651**	0.86148
Adjustments for restricted shares (b)	**560**	363
Actions in Treasury (c)	**(998)**	-
Weighted average shares (thousand) (a + b+ c)	**338,532**	339,363
Diluted earnings per share (R$)	**1,63863**	0,86056

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

31. Insurance coverage (unreviewed)

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	12/04/2019 to 12/04/2020
Crashes of airplanes or any aircraft	300,000	12/04/2019 to 12/04/2020
Storms, hurricane, cyclone, tornado, hailstorm, impact of land vehicles and smoke damage	20,000	12/04/2019 to 12/04/2020
Collapse (landslides)	10,000	12/04/2019 to 12/04/2020
Riots, strikes and lock-out	5,000	12/04/2019 to 12/04/2020
Machinery breakdown - Material damage	4,500	12/04/2019 to 12/04/2020
Sprinkler spillage or leakage and hydrants network	2,000	12/04/2019 to 12/04/2020
Own fermentation and spontaneous combustion	2,000	12/04/2019 to 12/04/2020

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

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

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

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

Gustavo Lopes Theodozio
Vice-President - Investments and Controllership

Rômulo Ruberti Calmon Dantas
Vice-President - Sales

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

Other Information Deemed as Relevant by the Company

Share Ownership

Our capital stock on September 30, 2020, is R$ 2,567.9 million, fully subscribed, paid-up and divided into 339,000,000 shares, all non-par, common, registered, book-entry shares.

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

CONSOLIDATED SHAREHOLDING OF CONTROLLING SHAREHOLDERS, MANAGERS AND OUTSTANDING SHARES Shareholding on 09/30/2019				
Shareholder	Number of Common Shares (In units)	%	Total Number of Shares (In units)	%
Controlling Shareholder	**214,650,000**	**63.32**	**214,650,000**	**63.32**
Managers	**39,599,918**	**11.68**	**39,599,918**	**11.68**
Board of Directors	13,901,715	4.10	13,901,715	4.10
Board of Executive Officers	25,698,203	7.58	25,698,203	7.58
Treasury Shares	**-**	**-**	**-**	**-**
Other Shareholders	**84,750,082**	**25.00**	**84,750,052**	**25.00**
Total	**339,000,000**	**100.00**	**339,000,000**	**100.00**
Outstanding Shares	**84,750,082**	**25.00**	**84,750,082**	**25.00**

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

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 is not permanent and was not installed on September 30, 2020 and 2019.

Other Information Deemed as Relevant by the Company

CAPITAL STOCK DISTRIBUTION OF CORPORATE ENTITY (COMPANY SHAREHOLDER), UP TO THE INDIVIDUAL LEVEL				
Company: DIBRA Fundo de Investimentos em Participações	Shareholding on 09/30/2020 (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 Ximenes	54.06	10.00	54.06	10.00
Francisco Marcos Saraiva Leão Dias Branco	54.06	10.00	54.06	10.00
Francisco Claúdio Saraiva Leão Dias Branco	54.06	10.00	54.06	10.00
Total	**540.61**	**100.00**	**540.61**	**100.00**

SHAREHOLDING OF THOSE HOLDING MORE THAN 5% OF THE SHARES OF EACH TYPE AND CLASS OF THE COMPANY'S CAPITAL STOCK, UP TO THE INDIVIDUAL LEVEL				
Company: M DIAS BRANCO S.A IND E COM DE ALIMENTOS Shareholding on 09/30/2019 (In units of shares)				
Shareholder	Common Shares		Total	
	Number	%	Number	%
DIBRA Fundo de Investimentos em Participações	214,650,000	63.32	214,650,000	63.32
Board of Directors and Executive Officers	39,599,918	11.68	39,599,918	11.68
Treasure Shares	-	-	-	-
Other Shareholders	84,750,082	25.00	84,750,082	25.00
Total	**339,000,000**	**100.00**	**339,000,000**	**100.00**

SHAREHOLDING OF THOSE HOLDING MORE THAN 5% OF THE SHARES OF EACH TYPE AND CLASS OF THE COMPANY'S CAPITAL STOCK, UP TO THE INDIVIDUAL LEVEL				
Company: M DIAS BRANCO S.A IND E COM DE ALIMENTOS Shareholding on 09/30/2020 (In units of shares)				
Shareholder	Common Shares		Total	
	Number	%	Number	%
DIBRA Fundo de Investimentos em Participações	214,650,000	63.32	214,650,000	63.32
Broad of Directors and Executive Officers	39,650,526	11.70	39,650,526	11.70
Treasure Shares	997,696	0.29	997,696	0.29
Other Shareholders	83,701,778	24.69	83,701,778	24,69
Total	**339,000,000**	**100.00**	**339,000,000**	**100.00**

Opinions and Declarations / Special Review Report – unqualified

(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Stockholders
M. Dias Branco S.A. Indústria e Comércio de Alimentos

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of M. Dias Branco S.A. Indústria e Comércio de Alimentos ("Parent company" or "Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2020, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and nine-month periods then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, issued by the Brazilian Accounting Pronouncements Committee (CPC), and the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for 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 Brazilian and 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 in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Opinions and Declarations / Special Review Report – unqualified

(A free translation of the original in Portuguese)

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the nine-month period ended September 30, 2020. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Recife, November 6, 2020

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Vinícius Ferreira Britto Rêgo
Contador CRC 1BA024501/O-9

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 financial statements for the period ended September 30, 2020.

Eusébio, November 6, 2020.

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

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

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

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

Gustavo Lopes Theodozio
Vice-President - Investments and Controllership

Rômulo Ruberti Calmon Dantas
Vice-President - Sales

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

We declare, as the directors of M. Dias Branco S.A. Indústria e Comércio de Alimentos, a publicly traded corporation with its registered office in the Municipality of Eusébio, State of Ceará, at Rodovia BR 116 KM 18, s/n, Jabuti, CEP 61760-000, registered with CNPJ under number 07.206.816/0001-15, that we have revised, discussed and agreed with the opinions expressed in the independent auditors' report in respect of the financial statements for the period ended September 30, 2020.

Eusébio, November 6, 2020.

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

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

Maria Regina Saraiva Leão Dias Branco
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Vice-President - Investments and Controllership

Rômulo Ruberti Calmon Dantas
Vice-President - Sales