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18.3 - Description of Exceptions and Suspensive Clauses regarding Political or Equity Rights stipulated in the Bylaws

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1.0 - Details of those responsible

Person responsible for the form's contents	**Francisco Ivens de Sá Dias Branco Júnior**
Position	CEO
Person responsible for the form's contents	**Gustavo Lopes Theodozio**
Position	Investor Relations Officer

1.1 - Statement from the Chief Executive Officer

Francisco Ivens de Sá Dias Branco Júnior, CEO of M. Dias Branco S.A. Ind. e Com. de Alimentos, hereby represents that:

a) he has reviewed the Reference Form;

b) all the information in the document complies with CVM Directive 480, especially articles 14 to 19 thereof

c) the information in this form comprehensively, precisely and truthfully reflects the Company's financial situation and the risks posed by its activities and the securities issued by it.

Francisco Ivens de Sá Dias Branco Júnior,
CEO
M. Dias Branco S.A. Ind. e Com. de Alimentos

1.2 - Statement from the Investor Relations Officer

Gustavo Lopes Theodozio, Investor Relations Officer of M. Dias Branco S.A. Ind. e Com. de Alimentos, hereby represents that:

a) he has reviewed the Reference Form;

b) all the information in the document complies with CVM Directive 480, especially articles 14 to 19 thereof

c) the information in this form comprehensively, precisely and truthfully reflects the Company's financial situation and the risks posed by its activities and the securities issued by it.

Gustavo Lopes Theodozio

Investor Relations Officer

M. Dias Branco S.A. Ind. e Com. De Alimentos

2.1/2.2 - Details and Compensation of the Auditors

Reference Form - 2020 - M. DIAS BRANCO S.A. IND COM DE ALIMENTOS

Does the company have an auditor?	YES
CVM Code	287-9
Auditor type	**National**
Name/Company Name	PRICEWATERHOUSECOOPERS AUDITORES INDEPENDENTES
CPF/CNPJ	61. 562.112/0013-64
Start Date	4/18/2017
Description of service engaged	a) Engagement date: April 18, 2017 a.1) Services engaged: - To audit and issue a report on the individual and consolidated financial statements of the company M. Dias Branco S.A. Indústria e Comércio de Alimentos (“Company”) for the financial year ended December 31, 2017, in addition to reviewing and issuing a report on the unaudited interim financial statements of the Company and its subsidiaries for the periods ended March 31, June 30 and September 30, 2017. b) Conduct a Limited Assurance on the figures in the 2017 Annual Report.
Overall compensation received by the independent auditors broken down by service	FY 2017 – a) Independent Audit: R$ 410 thousand. b) Annual Report Assurance: R$ 42.4 thousand.
Justification for replacement	Not Applicable
Reason presented by auditor in the event of disagreement with issuer's justification	Not applicable

Name of person in charge	ENGAGEMENT_START_DATE	CPF	Address
José Vital Pessoa Monteiro Filho	04/18/2017	856.126.184-68	Rua Padre Carapuceiro, 733, 8º andar, Boa Viagem, Recife, PE, Brazil, CEP 51020-280, Tel. (081) 34645034, Fax (081) 34645098, e-mail: jose.vital@pwc.com

Does the company have an auditor?	YES
CVM Code	287-9
Auditor type	**National**
Name/Company Name	PRICEWATERHOUSECOOPERS AUDITORES INDEPENDENTES
CPF/CNPJ	61. 562.112/0013-64
Start Date	1/12/2018
Description of service engaged	a) Service engagement: January 12, 2018 to May 29, 2018 a.1) Services Engaged: - To audit and issue a report on the individual and consolidated financial statements of the company M. Dias Branco S.A. Indústria e Comércio de Alimentos ("Company") for the financial year ended December 31, 2018, in addition to reviewing and issuing a report on the unaudited interim financial statements of the Company and its subsidiaries for the periods ended March 31, June 30 and September 30, 2018. a.2). Audit of the financial statements as of 12/31/2018 of Indústria de Produtos Alimentícios Piraquê S.A., examination of the Statement of Financial Position as of May 31, 2018 of Indústria de Produtos Alimentícios Piraquê S.A. and Review of Piraquê purchase price allocation, as part of the independent audit process.
Overall compensation received by the independent auditors broken down by service	R$ 886 thousand
Justification for replacement	Not Applicable
Reason presented by auditor in the event of disagreement with issuer's justification	Not applicable

Name of person in charge	ENGAGEMENT_START_DATE	CPF	Address
Vinícius Ferreira Brito Rego	01/12/2018	929.336.105-15	Rua Padre Carapuceiro, 910, 21º Andar - Torre A, Boa Viagem, Recife, PE, Brazil, CEP 51020-280, Tel. (081) 34645034, Fax (081) 34645098, e-mail: vinicius.rego@pwc.com

Does the company have an auditor?	YES
CVM Code	287-9
Auditor type	National
Name/Company Name	PRICEWATERHOUSECOOPERS AUDITORES INDEPENDENTES
CPF/CNPJ	61. 562.112/0013-64
Start Date	1/23/2018
Description of service engaged	b) Date service engaged: January 23, 2018 b.1) Provision of other services: - 2018 Annual Report assurance services
Overall compensation received by the independent auditors broken down by service	R$ 43 thousand
Justification for replacement	Not Applicable
Reason presented by auditor in the event of disagreement with issuer's justification	Not applicable

Name of person in charge	ENGAGEMENT_START_DATE	CPF	Address
José Vital Pessoa Monteiro Filho	1/23/2018	856.126.184-68	Rua Padre Carapuceiro, 733, 8º andar, Boa Viagem, Recife, PE, Brazil, CEP 51020-280, Tel. (081) 34645034, Fax (081) 34645098, e-mail: jose.vital@pwc.com

Does the company have an auditor?	YES
CVM Code	287-9
Auditor type	National
Name/Company Name	PRICEWATERHOUSECOOPERS AUDITORES INDEPENDENTES
CPF/CNPJ	61. 562.112/0013-64
Start Date	**4/30/2018**
Description of service engaged	d) Date service engaged: April 30, 2018 d.1) revision of tax credits.
Overall compensation received by the independent auditors broken down by service	R$ 51 thousand
Justification for replacement	Not Applicable
Reason presented by auditor in the event of disagreement with issuer's justification	Not applicable

Name of person in charge	ENGAGEMENT_START_DATE	CPF	Address
José Vital Pessoa Monteiro Filho	4/30/2018	856.126.184-68	Rua Padre Carapuceiro, 733, 8º andar, Boa Viagem, Recife, PE, Brazil, CEP 51020-280, Tel. (081) 34645034, Fax (081) 34645098, e-mail: jose.vital@pwc.com

Does the company have an auditor?	YES
CVM Code	287-9
Auditor type	National
Name/Company Name	PRICEWATERHOUSECOOPERS AUDITORES INDEPENDENTES
CPF/CNPJ	61. 562.112/0013-64
Start Date	5/5/2018
Description of service engaged	c) Date service engaged: May 05, 2018 c.1) shadowing process on the procedures carried out by the Independent Investigation Committee created by the Company's Board of Directors.
Overall compensation received by the independent auditors broken down by service	R$ 1,851 thousand
Justification for replacement	Not Applicable
Reason presented by auditor in the event of disagreement with issuer's justification	Not applicable

Name of person in charge	ENGAGEMENT_START_DATE	CPF	Address
José Vital Pessoa Monteiro Filho	5/5/2018	856.126.184-68	Rua Padre Carapuceiro, 733, 8º andar, Boa Viagem, Recife, PE, Brazil, CEP 51020-280, Tel. (081) 34645034, Fax (081) 34645098, e-mail: jose.vital@pwc.com

Does the company have an auditor?	YES
CVM Code	287-9
Auditor type	National
Name/Company Name	PRICEWATERHOUSECOOPERS AUDITORES INDEPENDENTES
CPF/CNPJ	61. 562.112/0013-64
Start Date	9/26/2018
Description of service engaged	e) Date service engaged: September 26, 2018 e. 1) revision of the PPA – Purchase Price Allocation report issued by the firm KPMG Corporate Finance Ltda. regarding the acquisition of the company Indústria de Produtos Alimentícios Piraquê S.A. (Piraquê).
Overall compensation received by the independent auditors broken down by service	R$ 64 thousand
Justification for replacement	Not Applicable
Reason presented by auditor in the event of disagreement with issuer's justification	Not applicable

Name of person in charge	ENGAGEMENT_START_DATE	CPF	Address
Anibal Manoel Gonçalves de Oliveira	09/26/2018	851.939.507-44	Rua do Russel, 804, 6º e 7º Andar Ed. Ma, Glória, Rio de Janeiro, RJ, Brazil, CEP 22210-907, Tel. (021) 32326112, e-mail: anibal.oliveira@pwc.com

Does the company have an auditor?	YES
CVM Code	287-9
Auditor type	National
Name/Company Name	PRICEWATERHOUSECOOPERS AUDITORES INDEPENDENTES
CPF/CNPJ	61. 562.112/0002-01
Start Date	5/30/2019
Description of service engaged	b) Date service engaged: May 30, 2019 b.1) Rectification of the ECD of the subsidiary Indústria de Produtos Alimentícios Piraquê S.A.
Overall compensation received by the independent auditors broken down by service	b) Rectification of the ECD of the subsidiary Indústria de Produtos Alimentícios Piraquê S.A. (R$ 15 thousand).
Justification for replacement	Not Applicable
Reason presented by auditor in the event of disagreement with issuer's justification	Not applicable

Name of person in charge	ENGAGEMENT_START_DATE	CPF	Address
Vinícius Ferreira Brito Rego	5/30/2019	929.336.105-15	Rua Padre Carapuceiro, 910, 21º Andar - Torre A, Boa Viagem, Recife, PE, Brazil, CEP 51020-280, Tel. (081) 34645034, Fax (081) 34645098, e-mail: vinicius.rego@pwc.com

Does the company have an auditor?	YES
CVM Code	287-9
Auditor type	**National**
Name/Company Name	PRICEWATERHOUSECOOPERS AUDITORES INDEPENDENTES
CPF/CNPJ	61. 562.112/0013-64
Start Date	5/30/2019
Description of service engaged	a) Date service engaged: May 30, 2019 a.1) Compliance review and assessment against tax standards and regulations related to the procedures regarding the exclusion of ICMS from the PIS/COFINS calculation base
Overall compensation received by the independent auditors broken down by service	a) Compliance review and assessment against tax standards and regulations related to the procedures regarding the exclusion of ICMS from the PIS/COFINS calculation base (R$ 1,424 thousand)
Justification for replacement	Not Applicable
Reason presented by auditor in the event of disagreement with issuer's justification	Not applicable

Name of person in charge	ENGAGEMENT_START_DATE	CPF	Address
Carlos Augusto Autran Pedral Sampaio Filho	05/30/2019	509.189.075-00	Rua Padre Carapuceiro, 910, 21º Andar - Torre A, Boa Viagem, Recife, PE, Brazil, CEP 51020-280, Tel. (081) 34645034, Fax (081) 34645098, e-mail: vinicius.rego@pwc.com

Does the company have an auditor?	YES
CVM Code	287-9
Auditor type	**National**
Name/Company Name	PRICEWATERHOUSECOOPERS AUDITORES INDEPENDENTES
CPF/CNPJ	61. 562.112/0013-64
Start Date	10/29/2019
Description of service engaged	a) Date service engaged: October 29, 2019 a.1) Appraisal of official shareholders' equity determined by relying on the accounting records as of September 30, 2019 of Indústria de Produtos Alimentícios Piraquê S.A;
Overall compensation received by the independent auditors broken down by service	a) Appraisal of official shareholders' equity determined by relying on the accounting records as of September 30, 2019 of Indústria de Produtos Alimentícios Piraquê S.A; (R$ 52 thousand).
Justification for replacement	Not Applicable
Reason presented by auditor in the event of disagreement with issuer's justification	Not applicable

Name of person in charge	ENGAGEMENT_START_DATE	CPF	Address
Vinícius Ferreira Brito Rego	10/29/2019	929.336.105-15	Rua Padre Carapuceiro, 910, 21º Andar - Torre A, Boa Viagem, Recife, PE, Brazil, CEP 51020-280, Tel. (081) 34645034, Fax (081) 34645098, e-mail: vinicius.rego@pwc.com

Does the company have an auditor?	YES
CVM Code	287-9
Auditor type	**National**
Name/Company Name	PRICEWATERHOUSECOOPERS AUDITORES INDEPENDENTES
CPF/CNPJ	61. 562.112/0013-64
Start Date	3/8/2020
Description of service engaged	a) Date service engaged: March 08, 2020 a.1) Contracted services: To audit and issue a report on the individual and consolidated financial statements of the company M. Dias Branco S.A. Indústria e Comércio de Alimentos (“Company”) for the financial year ended December 31, 2019, in addition to reviewing and issuing a report on the unaudited interim financial statements of the Company and its subsidiaries for the periods ended March 31, June 30 and September 30, 2019. a.2) Audit of the financial statements as of December 31, 2019 of Indústria de Produtos Alimentícios Piraquê S.A., as part of the independent audit process.
Overall compensation received by the independent auditors broken down by service	Audits of 2019 Financial statements: a) Fees for independent audit services (R$ 630 thousand); Other services in 2019
Justification for replacement	Not Applicable
Reason presented by auditor in the event of disagreement with issuer's justification	Not applicable

Name of person in charge	ENGAGEMENT_START_DATE	CPF	Address
Vinícius Ferreira Brito Rego	03/08/2020	929.336.105-15	Rua Padre Carapuceiro, 910, 21º Andar - Torre A, Boa Viagem, Cruzeiro do Sul, AC, Brazil, CEP 51020-280, Tel. (081) 34645034, Fax (081) 34645098, e-mail: vinicius.rego@pwc.com

Does the company have an auditor?	YES
CVM Code	287-9
Auditor type	**National**
Name/Company Name	PRICEWATERHOUSECOOPERS AUDITORES INDEPENDENTES
CPF/CNPJ	61. 562.112/0013-64
Start Date	**3/8/2020**
Description of service engaged	b) Date service engaged: January 20, 2020 b.1) Sustainability report assurance services.
Overall compensation received by the independent auditors broken down by service	b) limited assurance of sustainability report (R$ 50 thousand).
Justification for replacement	Not Applicable
Reason presented by auditor in the event of disagreement with issuer's justification	Not applicable

Name of person in charge	ENGAGEMENT_START_DATE	CPF	Address
Vinícius Ferreira Brito Rego	3/8/2020	929.336.105-15	Rua Padre Carapuceiro, 910, 21º Andar - Torre A, Boa Viagem, Recife, PE, Brazil, CEP 51020-280, Tel. (081) 34645034, Fax (081) 34645098, e-mail: vinicius.rego@pwc.com

2.3 - Other Material Information

As part of the Company's internal policy, all services to be provided by the independent audit firm will always require the Audit Committee's prior approval, in order to avoid any conflicts of interests.

The other material information related to this item has been cited in the items above.

3.1 - Consolidated Financial Information

(Reais)	Financial year (12/31/2019)	Financial year (12/31/2018)	Financial year (12/31/2017)
Equity	6,034,952,097.99	5,561,842,479.40	4,991,910,219.32
Total Assets	8,101,030,882.59	7,807,466,363.95	6,089,764,921.66
Net Revenue/Interim Revenue Fin./Ins. Prem Gains	6,103,608,464.53	6,025,053,178.29	5,415,421,500.75
Gross Profit	2,161,272,469.39	2,294,318,345.93	2,249,054,076.69
Net Income	556,883,657.46	723,497,297.49	844,182,806.24
Number of ex-treasury shares (Units)	339,000,000	339,000,000	339,000,000
Equity value of Share (Reais Units)	17.802219	16.406615	14.725399
Basic earnings per share	1.642725	2.134210	2.490215
Diluted earnings per share	1.64	2.13	2.49

3.2 - Non-GAAP Measurements

a. Inform value of Non-GAAP measures

i. Ebitda

	Financial year ended December 31		
	12/31/2017	12/31/2018	12/31/2019
Ebitda	**966,325,075.91**	**933,119,494.55**	**772,054,785.35**

The Company also monitors its performance based on its EBITDA, which pursuant to CVM Directive 527/12 consists of net income for the period, plus taxes on profit, financial expenses, net of financial revenue and depreciation, amortization and depletion. CVM Directive 527/12 (article 4) also states that the company may opt to report its EBITDA without net income related to discontinued operations and adjusting it for other items contributing to the information about the gross cash generation potential.

ii. Net Debt

	Financial year ended December 31		
	12/31/2017	12/31/2018	12/31/2019
Net Cash (Net Debt) (1)	**596,572,172.65**	**-763,484,144.40**	**-605,050,582.41**

(1) Comprises cash, cash equivalents and short and long-term call deposits.

The Company calculates net debt by summing loans and financing from financial institutions, tax financing programs, receivables and financing programs, less cash and cash equivalents and short and long-term call deposits.

b. Reconcile the reported figures and the figures in the audited financial statements

i. Ebitda

	Financial year ended December 31		
	12/31/2017	12/31/2018	12/31/2019
Net income (loss) for the year	**844,182,806.24**	**723,497,297.49**	**556,883,657.46**
Income and social contribution taxes	71,294,446.08	73,570,781.23	12,095,591.51
Financial revenue	-161,728,073.10	-233,107,076.07	-252,856,628.11
Finance costs	85,002,381.30	186,845,831.14	222,396,471.60
Depreciation and Amortization Expense on COGS	102,203,871.18	141,402,664.42	165,879,165.77
Depreciation and Amortization Expense on operating expenses	25,369,644.21	40,909,996.35	67,656,527.12
EBITDA	**966,325,075.91**	**933,119,494.55**	**772,054,785.35**
Negative goodwill on acquisition of investment	0.00	0.00	0.00
Adjusted EBITDA	**966,325,075.91**	**933,119,494.55**	**772,054,785.35**

ii. Net Cash Debt

	Financial year ended December 31		
Debt	**12/31/2017**	**12/31/2018**	**12/31/2019**
Cash [(1)]	938,247,262.49	464,053,469.52	368,551,130.13
Total Indebtedness [(2)]	(341,675,089.84)	(1,248,804,871.97)	(979,677,165.23)
Financial Instruments Receivable (Payable)	-	21,267,258.05	6,075,452.69
Net Cash (Net Debt) [(3)]	**596,572,172.65**	**(763,484,144.40)**	**(605,050,582.41)**

(1) Comprises cash, cash equivalents and short and long-term call deposits.
(2) This comprises loans and financing from financial institutions, tax financing programs, and short and long-term direct financing.
(3) The net debt calculation methodology changed on 12/31/2017, to include financial instruments. O amount above for 2016 has been restated based on the new methodology.

c. Explain why this measure is deemed most suitable for correctly understanding its financial situation and result of its operations

As the EBITDA is a financial indicator used to determine company earnings without the influence of its capital structure, taxes and other accounting impacts without a direct effect on its cash flow, as is the case of depreciation, the Company believes the EBITDA is an important measurement for understanding its financial solidity and cash generating capacity, in addition to helping understand its operational performance. This is additional information to its financial statements, and is normally used by market analysts and investors.

In management's opinion, this importance of the EBITDA this because it is one of the most suitable accounting measures for revealing the Company's cash generating potential of its operating assets, as it excludes from operating income items with no impact on cash in the period, such as depreciation and amortization.

3.3 - Subsequent Events to the Latest Financial Statements

The authorization for conclusion of the annual management report and these financial statements for the financial year ended December 31, 2019 was given by the Executive Board at a meeting held on March 06, 2020.

The Board of Directors approved the share buyback program on January 20, 2020, in order to acquire shares issued by the Company to be held as treasury stock and subsequently canceled or sold with a view to: (a) complying with the long-term incentive program for restricted shares approved at the Company's Extraordinary General Meeting held April 13, 2017; and (b) maximizing the value created for shareholders.

The number of shares to be purchased under the Buyback Program is limited to 8,472,614 common shares accounting for 10% (ten percent) of the Total Free Float as of 1/13/2020, over the term of 18 months, commencing 1/21/2020 and ending 7/21/2021.

The authorization for conclusion of the annual management report and these financial statements for the financial year ended December 31, 2018 was given by the Executive Board at its meeting held on March 11, 2019 and there was no subsequent event.

The authorization for conclusion of the annual management report and these financial statements for the financial year ended December 31, 2017 was given by the Executive Board at a meeting held on March 05, 2018.

3.4 - Result Allocation Policy

2. YEAR

	12/31/2017	12/31/2018	12/31/2019
a. Profit retention rules	The Company's Bylaws state that if proposed by the management boards, the general meeting may allocate to the tax incentive reserve the portion of the net income derived from government donations or subsidies for investments, which may be excluded from the calculation base of the mandatory dividend. After the legal reserve and tax incentive reserve have been made and the dividends established, the remaining portion of the profit will be allocated, unless resolved otherwise by the General Meeting, to create the statutory reserve called "Investment Plan Reserve". The Investment Plan Reserve is subject to the limit of 95% of the share capital and by resolution of the board of directors may be capitalized, used to absorb losses or to pay out dividends to shareholders. The balance of the profit reserves, except those for contingencies, tax incentives and unrealized profits, may not exceed the capital. Should this limit be reached, a general meeting shall decide whether the excess shall be used to pay in or to increase the capital, or to distribute dividends. The Annual General Meeting held April 12, 2018 resolved to allocate the balance of the remaining earnings to the Investment Plan Reserve, after allocating funds to the legal reserve and tax incentive reserve and establishing interest on shareholders' equity, part of which should be included as payment of the minimum mandatory dividends.	The Company's Bylaws state that if proposed by the management boards, the general meeting may allocate to the tax incentive reserve the portion of the net income derived from government donations or subsidies for investments, which may be excluded from the calculation base of the mandatory dividend. After the legal reserve and tax incentive reserve have been made and the dividends established, the remaining portion of the profit will be allocated, unless resolved otherwise by the General Meeting, to create the statutory reserve called "Investment Plan Reserve". The Investment Plan Reserve is subject to the limit of 95% of the share capital and by resolution of the board of directors may be capitalized, used to absorb losses or to pay out dividends to shareholders. The balance of the profit reserves, except those for contingencies, tax incentives and unrealized profits, may not exceed the capital. Should this limit be reached, a general meeting shall decide whether the excess shall be used to pay in or to increase the capital, or to distribute dividends. The Annual General Meeting held April 18, 2019 resolved to allocate the balance of the remaining earnings to the Investment Plan Reserve, after allocating funds to the legal reserve and tax incentive reserve and establishing interest on shareholders' equity, part of which should be included as payment of the minimum mandatory dividends.	The Company's Bylaws state that if proposed by the management boards, the general meeting may allocate to the tax incentive reserve the portion of the net income derived from government donations or subsidies for investments, which may be excluded from the calculation base of the mandatory dividend. After the tax incentive reserve and legal reserve have been formed and the dividends set, the remaining portion of the profit will be allocated, unless resolved otherwise by the General Meeting, to create the statutory reserve called "Investment Plan Reserve". The Investment Plan Reserve is subject to the limit of 95% of the share capital and by resolution of the board of directors may be capitalized, used to absorb losses or to pay out dividends to shareholders. The balance of the profit reserves, except those for contingencies, tax incentives and unrealized profits, may not exceed the capital. Should this limit be reached, a general meeting shall decide whether the excess shall be used to pay in or to increase the capital, or to distribute dividends. The Annual General Meeting held April 09, 2020 resolved to allocate the balance of the remaining earnings to the Investment Plan Reserve, after allocating funds to the legal reserve and tax incentive reserve and establishing interest on shareholders' equity, part of which should be included as payment of the minimum mandatory dividends.
a. i. Amounts of earnings retained	290,851,711.01	210,238,610.14	62,700,887.81
a. ii. Percentages over total profit declared	34.5%	29.1%	11.3%
b. Dividend distribution rules	Pursuant to the Company's Bylaws, the balance of net income was adjusted pursuant to article 202 of Law 6404/76 and 25% (twenty-five percent) of the adjusted balance discounted from the amounts allocated to the Tax Incentive Reserve was attributed to the payment of the mandatory dividend. In relation to FY 2017, the Company paid out interest on shareholders' equity, which was partly considered as payment of the minimum mandatory dividends. The total compensation accounted for 39.51% of the net income subject to distribution in 2017.	Pursuant to the Company's Bylaws, the balance of net income was adjusted pursuant to article 202 of Law 6404/76 and 25% (twenty-five percent) of the adjusted balance discounted from the amounts allocated to the Tax Incentive Reserve was attributed to the payment of the mandatory dividend. In relation to FY 2018, the Company paid out interest on shareholders' equity, which was partly considered as payment of the minimum mandatory dividends. The total compensation accounted for 39.80% of the net income subject to distribution in 2018.	Pursuant to the Company's Bylaws, the balance of net income was adjusted pursuant to article 202 of Law 6404/76 and 25% (twenty-five percent) of the adjusted balance discounted from the amounts allocated to the Tax Incentive Reserve was attributed to the payment of the mandatory dividend. In relation to FY 2019, the Company paid out interest on shareholders' equity, which was partly considered as payment of the minimum mandatory dividends. The total compensation accounted for 57.55% of the net income subject to distribution in 2019.

c. Dividend distribution frequency	Annual	Annual	Annual
d. Dividend distribution restrictions	There were no restrictions on dividend distributions imposed by legislation or special regulations applying to the Company. The Company actually distributes a percentage of dividends or interest on shareholders' equity imputed to the dividends greater than the minimum level established in the Bylaws of 25% of the adjusted net income.	There were no restrictions on dividend distributions imposed by legislation or special regulations applying to the Company. The Company actually distributes a percentage of dividends or interest on shareholders' equity imputed to the dividends greater than the minimum level established in the Bylaws of 25% of the adjusted net income.	There were no restrictions on dividend distributions imposed by legislation or special regulations applying to the Company. The Company actually distributes a percentage of dividends or interest on shareholders' equity imputed to the dividends greater than the minimum level established in the Bylaws of 25% of the adjusted net income.

3.5 - Dividend Distribution and Retained Earnings

(Reais)	Financial year 12/31/2019	Financial year 12/31/2018	Financial year 12/31/2017
Adjusted net income	147,700,887.82	349,238,610.14	480,851,711.01
Dividend paid out from the adjusted net income (%)	57.548740	39.800869	39.513221
Rate of return in relation to the issuer's shareholders' equity (%)	39.513221	13.008231	16.911017
Total dividend distributed	85,000,000.00	139,000,000.00	190,000,000.00
Net income retained	471,883,657.46	584,497,297.49	654,182,806.24
Retention approval date	4/9/2020	4/18/2019	4/12/2018

Net income retained		Amount	Dividend payment	Amount	Dividend payment	Amount	Dividend payment
Interest on Company Capital							
Common		85,000,000.00	4/30/2020	139,000,000.00	4/30/2019	57,630,000.00	8/31/2017
Common						132,370,000.00	4/27/2018

3.6 - Dividends Declared from Retained Earnings or Reserves

The Company did not pay out dividends from the retained earnings or reserves made in previous years.

3.7 - Indebtedness

Financial Year	Total Current Liabilities and Noncurrent Liabilities	Type of index Debt	Debt index	Description and reason for using other index
12/31/2019	2,066,078,784.59	Level of Debt	34.23521432	
	0.00	Other indexes	10.02577274	Net Debt: R$ 605,050,582.41 (The Company analyses its financial situation indebtedness by using the Net debt index, which is determined by summing loans and financing of financial institutions, tax financing programs, direct short and long-term financing less cash and cash equivalents and long-term call deposits)/ Shareholders' equity: R$ 6,034,952,097.99

Version: 4

Financial Year	Total Current Liabilities and Noncurrent Liabilities	Type of index	Debt index	Description and reason for using other debt index
12/31/2019	0.00	Other indexes	0.78368866	Net Debt: R$ 605,050,582.41 / EBITDA past 12 months: R$ 772,054,785.35 = 0.783688663. The Company analyses its financial situation indebtedness by using the Net debt index, which is determined by summing loans and financing of financial institutions, tax financing programs, direct short and long-term financing less cash and cash equivalents and long-term call deposits). The Company believes that the Net debt/EBITDA ratio for the last 12 months could help to correctly understand the Company's financial situation and level of indebtedness, as it appropriately reflects the Company's indebtedness and payment capacity. As the EBITDA is a financial indicator used to determine company earnings without the influence of its capital structure, taxes and other accounting impacts without a direct effect on its cash flow, as is the case of depreciation, the Company believes the EBITDA is an important measurement for understanding its financial solidity and cash generating capacity, in addition to helping understand its operational performance. For further details see item 3.2 of this Reference Form. The capacity of the Net debt/EBITDA ratio for the last 12 months to properly denote the Company's payment capacity derives from management's belief that the EBITDA reflects the operating income without the effect of material, non-cash items (such as depreciation).

3.8 - Obligations

Financial year (12/31/2019)							
Type of Obligation	Guarantee type	Other guarantees or privileges	Less than one year	One to three years	Three to five years	Over five years	Total
Debt securities	Collateral		0.00	65,741,217.98	10,488,461.03	205,586.16	76,435,265.17
Financing	Collateral		69,485,020.84	151,000,719.31	10,509,821.98	0.00	230,995,562.13
Financing	Ordinary		538,705,378.86	159,428,046.29	50,548,177.96	0.00	748,681,603.11
Debt securities	Ordinary		545,417,166.17	194,256,484.27	69,624,201.82	200,668,501.91	1,009,966,354.17
Total			1,153,607,565.87	570,426,467.85	141,170,662.79	200,874,088.07	2,066,078,784.58

Comment

3.9 - Other Material Information

The contracts signed by the Company are subject to covenants which are addressed in section 10.1 (item i) of this form. There are a number of FINAME loans between M DIAS BRANCO and a number of Financial Institutions with cross-default clauses.

All the information deemed material and pertinent to this topic has been presented in the above items.

4.1 - Description of Risk Factors

The risks described below are those which the Company currently believes could affect it and/or its subsidiaries adversely. Additional risks not known or deemed immaterial by the Company at this time could also have a material adverse effect on its business and/or trading price of its shares.

For the purpose of this section and section *4.2 - Market Risks*, and unless specifically stated otherwise or if so required by the context, the indication that a risk, uncertainty or problem could or will have an "adverse effect on the Company" means that the risk, uncertainty or problem may or may not have an adverse effect on its business, financial situation, liquidity, operating income, future business and/or value of the Company's common shares, including its subsidiaries. Similar expressions in this section should be read as having the same meaning.

a. Risks related to clients

Operational risk factor

The Company is subject to consumer complaints and product recalls, which could negatively affect its image and have a material impact on its costs, business and earnings.

The Company produces and sells food products for human consumption, which involves risks such as contamination, perishing, tampering etc. If the Company is held liable in a civil liability suit filed against its products or has to make a recall of its products, this could negatively impact its profitability for a period, depending on: (i) volume of the product in market; (ii) response of competitors; and
(iii) reaction of its consumers, also incurring recall costs, information in the press and to lawyers, in addition to possible payment of compensation. Even if they are not found liable in a court proceeding, the negative publicity which could be generated in relation to its products and quality could negatively affect its image in the eyes of existing and potential consumers, in addition to its corporate image and brand image, which could have an adverse effect on its business and earnings.

Strategic risk factor

Changes in consumer preferences could affect demand for Company's products

The food sector in general is frequently subject to changes in consumer trends, demands and preferences. If the Company is unable to successfully foresee, identify or react to such changes, it could experience a downturn in demand and price of its product, which could have an adverse effect on its business, its financial situation, its operational earnings and the market price of its shares.

b. Risks related to the Company

Strategic risk factor

The suspension or cancellation or failure to obtain new federal and state tax incentives by the Company could undermine its earnings.

The company has had state tax incentives since the end of the 1980s. As of December 31, 2019 8 (eight) of its plants had incentives awarded by the states of Ceará (3 manufacturing plants), Pernambuco, Bahia, Paraíba, Rio Grande do Norte and Rio de Janeiro. The Company has had federal tax incentives since 1990s. It currently has 8 (eight) manufacturing plants, all located in the north-east of Brazil, with incentives awarded by the North-East Development Agency (SUDENE). These incentives consist of funds transferred from the governments to be invested by the Company in the construction, installation and modernization of new manufacturing plants in the region. The incentives, especially federal ones, are only awarded after the Company has proven it has completed and brought into operation the manufacturing plants resulting from investments established in the projects approved in compliance with the laws that authorize the awarding of subsidies so these investments can be made.

Even though these are tax incentives are awarded after certain conditions have been met for an established time frame - which under Brazilian legislation cannot be unilaterally revoked by the respective governments before the concession term has expired - the Company could have its right to receive such incentives suspended or even canceled if it fails to comply with certain requirements during this term, such as: (i) not distributing the received tax incentive to shareholders; (ii) complying with all tax requirements on its operations, especially paying taxes on time; and (iii) annually submitting certain documents and reports to the respective authorities. Failure to perform these obligations could result in these tax incentives being suspended or canceled, where the Company could even be required to return the incentives received, plus charges, which could have an adverse effect on the Company.

Given the current tax reforms taking place in Brazil, the Company cannot guarantee it will continue obtaining new investment subsidies after the term of the current incentives has expired. If it does obtain them, it can't guarantee that such incentives will be awarded on the same terms. Cash generation could be materially undermined in the event tax incentives are not effectively secured.

Unfavorable decisions in judicial or administrative proceedings could have an adverse effect on the Company.

The Company is party to judicial and administrative proceedings involving tax, civil and labor claims. It may not prevail in a number of these proceedings. Its provisions for such contingencies may not be sufficient to cover the total amount the Company could be required to pay out, as estimates are provisioned for in relation to the probable losses. Unfavorable decisions in judicial or administrative proceedings could have an adverse effect on the Company.

For further information about these proceedings, the amounts involved and the provisions made see items 4.3 - Nonconfidential and material judicial, administrative or arbitration proceedings to 4.7 - *Other material contingencies* in this Reference Form.

Suboptimal product pricing could adversely affect the Company's earnings and market share.

The Company's market share growth and financial earnings could be impaired as prices are adjusted because of higher commodity and consumable costs. The Company adjusts product prices based on several variables including demand, competition and changes in the costs of leading commodities, exchange variance and other factors.

The Company's growth strategy through acquisitions could have an adverse effect on the Company.

Part of the Company's future growth strategy could involve the acquisition of companies or other assets, should opportunities arise in the markets the Company operates in or in new markets. Any acquisition of other companies or assets could involve the following risks:

4.1 - Description of Risk Factors

- Operational difficulties to integrate the new employees, information systems, products and customer base into its business. An acquisition could result in additional demands on its senior management, information systems and other Company departments.
- The acquired companies could have obligations and contingencies not identified in the audit or due diligence process conducted during the acquisition thereof, or for which the Company cannot obtain contractual compensation from the seller.
- Any delay in the integration process could cause an unexpected increase in operating expenses.
- Cultural differences between the companies could trigger mass redundancies or dissatisfaction amongst remaining employees, thus impacting the schedule or integration costs;
- The issuance of shares or debt securities to raise funds for new acquisitions could dilute its shareholders' interest in the share capital or subject the Company to restrictions or obligations which could impact its ability to put other parts of its strategy into practice.
- The acquisition process could be competitive and could increase the value of the intended transaction or even make it impossible to move forward with the potential acquisition.
- The result of acquiring other interests could also undermine the Company's capacity to pay out dividends to its shareholders, and
- Lead to problems in determining the acquisition price for obtaining permission from government anti-trust authorities in suitable time which could leave the Company to pull out of the acquisition or it having to acquire less attractive companies.

The Company may not pay dividends to its shareholders.
The Company's Bylaws state that it should pay shareholders at least 25.0% of its adjusted annual net income as a mandatory dividend, in due accordance with Brazilian corporation law. However, the net income may be capitalized, used to offset losses or retained, as established in Brazilian corporation law, and might therefore not be used to pay out dividends. The Company might not therefore pay out dividends to shareholders in a financial year, if its directors decide such a payment is inadvisable given its financial situation and this decision is approved by the shareholders' meeting. The Company may also change its dividend distribution policy at any time, subject to legal limits. In the event any of these events occur, the shareholders might not receive dividends.

Cyber risk factor

Failures in information technology could adversely affect the Company´s operations.
The Company depends on computer systems to process, transmit, store electronic information and maintain communications with its branches, customers and suppliers. As in any computerized system, the Company´s information systems could be vulnerable to operational outages due to events beyond the Company´s control, for example, natural disasters, failures in telecommunications, computer viruses, hacker attacks, segregation of duty failures and access profile controls or other security or operating issues. Computer systems going down could have adverse effects on the Company´s operations. Security breaches could lead to fraud and possible financial losses.

Operational risk factor

Losses not covered by the insurance policies or which exceed the compensation ceilings could have adverse effects on the Company's business.
The Company has several insurance policies from major insurance companies, which are market leaders, covering part of its property against potential existing risks. The Company accordingly has insurance policies covering damage to its manufacturing plants and other establishments and international transportation of consumables, amongst others.

It cannot guarantee that this coverage is sufficient to cover all losses and damages resulting from incidents that may arise in the everyday course of business. Therefore, if claims arise that are not covered or that exceed the compensation ceilings established in the insurance policies, the Company could incur significant unforeseen additional cost to replace or recover its property, which could adversely impact operating income. Furthermore, the Company cannot assure it will be able to maintain insurance policies at reasonable rates or on acceptable terms in the future, which could also adversely impact its earnings. The Company may also be judicially liable for paying compensation to third parties as a result of claims not covered by the insurance policies.

Strategic risk factor

The Company could raise funds in the future by issuing shares or convertible securities, which could lead to a dilution of investor equity interests.
The Company could need additional funds and may decide to obtain them via a public or private placement of debt securities or shares or other convertible securities, especially if public or private financing is not available. If the shareholders so decide, the additional funds to be secured through a capital increase could result in the dilution of investor interests.

Market risk factor

The Company could suffer a shortage of liquidity to honor its obligations.
If resources become scarce and/or costly to purchase, and access to the capital market is not possible or is limited, we may find ourselves in a situation where we are compelled to reduce the financial margins on our products in order to attract customers and/or to liquidate uncommitted and/or potentially impaired assets in order to honor our obligations. If market liquidity is reduced, demand pressures could adversely impact our prices as natural buyers may not be readily available. Should this occur, we may record significant negative goodwill on our assets, affecting our results of operations and financial position.

c. Risks related to our direct or indirect controlling shareholder or group

Compliance risk factor

Under the influence of the Company's controlling shareholder, management could take certain decisions relating to its business, which could conflict with the interests of the Company's minority shareholders and potential investors.

The controlling shareholder could work against the interests of the Company's investors, by way of corporate reorganization and dividend policy. The Company's minority shareholders might not agree with the direction the controlling shareholder takes the company in.

d. Risks related to suppliers

Operational risk factor

The price of the raw materials and packaging used by the Company is volatile, and a brusque or unforeseen oscillation in these prices could have an adverse effect on business.

The Company's main raw materials are: wheat, wheat flour, vegetable oil, vegetable fats and sugar, which account for approximately 56.5% of the cost of its goods sold in the financial year ended December 31, 2019. These raw materials and/or their components are commodities and as such their prices are stated in US dollars or Brazilian reais based on US dollar international prices. The prices of these consumables oscillate according to international commodity prices, which are affected by changes in global supply and demand. The price of such commodities in the international market has always been influenced by a series of factors. The Company does not have and will not have control over factors that influence commodity prices.

Packaging is also an important part of its production process and in the financial year ended December 31, 2019 accounted for approximately 9.7% of its costs of goods sold. The price of the packaging is directly or indirectly influenced by several factors, including international oil prices, which are established in US dollars. The price of packaging has always been influenced by a series of factors. The Company does not have and will not have control over factors that influence packaging prices.

A subtle or unexpected change in such commodity prices and packaging prices caused by exchange variance between the Brazilian real and US dollar and/or changes in the supply and demand of such products could directly impact the prices of the raw materials and packaging the company uses. In the event the prices of these consumables rise, it may not be possible to immediately pass through the entire increase to its prices, which could eat into the Company's margins and effect it adversely.

e. Risks related to the economic sectors in which the issuer operates

Market risk factor

Inflation and certain measures taken by the Federal Government to combat it may contribute to the uncertainty of the Brazilian economy, and could adversely affect the Company's activities and the trading of its shares.

In the past, Brazil has registered extremely high inflation rates. Inflation and certain measures taken by the Federal Government to control it, combined with speculation as to possible government measures to be adopted, have had a significant positive impact on the Brazilian economy, although because of economic uncertainty in the Brazil and overseas, there is heightened volatility in Brazilian securities markets.

Federal Government measures to control inflation have frequently included maintaining a restrictive monetary policy with low interest rates, thus expanding the availability of credit to help spur economic growth. Consequently, interest rates have fallen sharply.

However, Brazil could face significant increases in the inflation rates in the future. Inflationary pressure could result in the Government intervening in the economy, which could include implementing government policies that may have an adverse effect on the Company. Furthermore, if Brazil experiences inflation rates that significantly reduce consumer purchasing power, the Company may not be able to adjust the price of its products to sufficiently offset the effects of inflation on its cost structure, which may have an adverse effect on the Company.

The Federal Government exercised and continues to exercise significant influence on the Brazilian economy. This influence, together with the Brazilian economic and political situation, could have an adverse effect on the Company and on the market value of its shares.

The Government frequently intervenes in the country’s economy and occasionally makes significant changes to its policies, monetary, fiscal and credit standards, tariffs and regulations. Federal Government measures taken to control inflation, as well as other policies, norms and regulations, often involve, amongst other measures, lowering interest rates, changing fiscal policy, currency valuations, capital controls and limits on imports. The Company does not have any control over the measures or policies that Federal Government may adopt in the future, and cannot predict them. Its business, financial situation and its operational results, and the market price of its shares may be adversely affected by changes in the policies or norms that involve or affect certain factors, such as:

- Monetary, exchange and interest rate policies;
- Foreign exchange control policies and restrictions on remittances overseas;
- Inflation;
- Liquidity of financial markets and domestic capital markets;
- Fiscal policy and changes to tax legislation;
- Expropriation of private properties;
- Laws and regulations applicable to the sector, including environmental and health regulations;
- Interpretation of labor and social security laws;
- Rationing of electricity and water; and
- Other political, diplomatic, social and economic factors that occur in Brazil or that affect it.

The uncertainty as to whether the Federal Government will implement changes to policies or regulations that may affect these or other factors in the future may contribute to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets and securities issued abroad by Brazilian companies. Consequently, such uncertainties and other future developments in the Brazilian economy may adversely affect the Company's activities and its operating results and could adversely affect the trading of its shares.

The volatility of the Brazilian Real against the US dollar may have an adverse effect on the Company and its shares.

The Brazilian currency has devalued several times against the US dollar over the past decades. During this period, the Federal Government introduced various economic plans and adopted various exchange rate policies, which included sudden or periodic devaluations (during which the frequency of adjustments ranged from daily to monthly), exchange controls, parallel exchange markets and a system of floating exchange rates. From time to time, the value of the Real against the US dollar and other currencies has reported significant volatility.

In 2017, the Real devalued by 1.5% and closed the year at R$ 3.308 to USD 1.00. In 2018, the Real devalued by a further 17.1% and closed the year at R$ 3.8748 to USD 1.00. In 2019, the Real devalued by a further 4.0% and closed the year at R$ 4.030 to USD 1.00. The currency has therefore devalued by a total 22.7% in the last three years.

These devaluations of the Real against the US dollar could create inflationary pressures in Brazil, by increasing the prices of imported products or those whose prices are pegged to the dollar, which include wheat, vegetable oils, sugar and packaging, which are the Company's main raw materials and supplies and could result in recessionary policies being adopted by the Federal Government. On the other hand, the valuation of the Real against the US dollar may lead to a deterioration of the country's current account and its balance of payments, as well as a decline in export-led growth, which could then adversely affect the Company's business.

Increased concentration of the retail market could force down the margins of companies in the sector, with a potentially adverse impact on the Company.

A significant portion of the production of companies in the food sector is distributed through the retail market. The possibility of market concentration in a small number of large companies increases the negotiating power of those companies, which are able to use that power to force down the prices of companies in the sector. Such a reduction in prices could have an adverse impact on the Company. Furthermore, the concentration of the retail sector could also lead to a reduction in the Company's client base, increasing its dependence on the major retail groups above historical levels, which could have an adverse impact.

The Company operates in a highly competitive segment, with competitors ranging from small companies to corporations, including manufacturers of products that replace its own, which could have an adverse effect on its business.

Competition is fierce in the segment the Company operates in, including from other consolidated companies, operating regionally, nationally and internationally, which makes it easier for a number of these companies to access capital. The Company also faces competition from local small producers who serve niche sectors. In addition, new companies may also enter these markets. The Company cannot guarantee that this competition will not affect its sales or make it have to reduce prices or lead to smaller margins.

The Company is also exposed to competition from manufacturers of other product lines in the food sector which can be substitutes for their own products, having the effect of broadening their sphere of competition.

To varying degrees, its current and future competitors might be successful in particular product lines or regions, or have greater financial resources or better marketing campaigns, so that competition from those competitors might lead the Company to reduce its prices, increase its marketing expenditure, lose part of its market share, or be unsuccessful in launching new products; any of these events could have an adverse impact on its business.

Developments and the perception of risks in other countries, especially in emerging economies, the United States, the Euro zone and China, may adversely affect the market price of Brazilian securities, including trading of the Company's shares, and could have a negative impact on its operational results and financial situation. The market value of securities issued by Brazilian companies is affected, in varying degrees, by the economic and market conditions in other countries. The reaction of investors to developments in these other countries may have an adverse effect on the market value of securities of Brazilian companies, including the Company's shares. Crises in other emerging economies may diminish investor interest in securities of Brazilian companies, including the Company's securities. In the past, adverse economic conditions in other emerging economies resulted, in general, in a decline in investments and consequently a reduction of foreign capital being invested in Brazil, causing a negative impact on the price of securities traded in the country. In addition, financial institutions may not be willing to renew, extend or grant new credit lines on economically favorable terms, or they may be unable or unwilling to honor their commitments. Any of these factors could adversely affect the trading of the Company's shares, and may hinder its access to the capital markets and to financing for its operations in the future, under acceptable or absolute terms.

Political risks, trade sanctions and military interventions in the world can have an adverse effect on the Company, causing a negative impact on its operating results. Regional political instability, decisions related to trade sanctions and military interventions in various parts of the world can lead to instability in commodity prices and volatility in exchange rates, which could then affect the price of raw materials used by the Company in its production process, consequently affecting its production costs. For example, between 2012 and 2014, the Argentine government restricted the export of wheat, limiting the grain supply to other countries in South America. Since the second half of 2013 Ukraine, one of the world's most important wheat producers, has experienced political instability, which may affect its production and consequently create volatility in commodity prices. In 2014, tensions between Ukraine and Russia resulted in the international community imposing sanctions on Russia as a form of retaliation, which created uncertainty as to the wheat supply from this country. Also in 2014, the crisis in Greece, with the risk of non-payment of its debt and the possibility of it leaving the Euro zone has raised questions about the future of the European Union and its member countries, which has had an adverse effect on the international and Brazilian capital markets.

The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company could be prevented from using its best-known trademarks, which could have an adverse impact on the Company.
The trademarks, design and technology used in the manufacturing of the Company's products are continually exposed to misuse and/or infringement, by third parties, of its intellectual property rights. The counterfeiting of products and the misuse of intellectual property rights belonging to the Company could have an adverse impact not only on sales, but also on its final profits.

For further information about the trademarks and patents owned by the Company, see item 9.1.b – Intangible assets of this Reference Form.

Risk of extreme events in the world could undermine the Company's results.
Extreme events – such as pandemics, wars and natural disasters occurring in different parts of the world – could disrupt economies and global markets, affecting supply chains, commodities prices, foreign exchange variance and the value of our shares.

These events could result in measures being imposed such as shelter-in-place orders, restrictions on businesses, border closures and distribution disruptions, with potential consequences including genocides and local or global recessions. These measures could reduce consumption and industrial production, causing shortages, and increasing the prices, of commodities.

f. Risks related to regulations in the sectors in which the issuer operates

Compliance risk factor

The Company is subject to strict control and extensive environmental sanitation legislation, which could increase its costs, triggering a material adverse effect on its activities.
The Company is subject to international federal, state and municipal sanitation regulations and regulations of the Ministry of Agriculture governing the manufacturing of its products, in addition to hygiene, conservation, packaging, storage, distribution and transportation.
Without prejudice to the obligation to make reparation for any damages, non-compliance with the laws and regulations issued by sanitation authorities could lead to the application of penal and administrative sanctions such as a fines or partial or complete suspension of activities, where any of these sanctions could have an adverse effect on its activities.

Changes or amendments to current sanitation rules and regulations could lead to the requirement to make substantial investment to bring its activities into compliance with the new legislation, which could have an adverse effect on the Company. Furthermore, the imposition of any financial sanctions or other sanctions due to the violation of sanitation regulations could also have a material adverse effect on its activities.

Nevertheless, the existence of allergenic ingredients or traces of these ingredients, in the Company´s products could result in a reduction in demand and customers could look for substitute products.

g. Risks related to Socio-environmental issues

Socio-environmental risk factor

Environmental and climate risks may adversely affect the Company's activities and may have a negative impact on its operating results.
Environmental and climatic problems in regions that produce the raw materials used in the production process may generate volatility in the price of these products, thus affecting the company's production costs.

Furthermore, the shortage of water could affect not only the water supply for the population and industries, but also the electricity generated at hydroelectric plants. Water scarcity could lead to the rationing of water and electricity, which would impact the costs of these resources.

In order to mitigate certain environmental risks the Company has a Strategic Sustainability Agenda, which gives priority to themes capable of creating and protecting value for all stakeholders in the long run. The management of sustainability occurs through work groups (WG) with the purpose of making the social and environmental aspects part of the business culture.

The Company is subject to strict control and extensive environmental legislation, which could increase its costs, triggering a material adverse effect on its activities.
The Company's activities are subject to extensive federal, state and municipal legislation relating to environmental conservation.

Without prejudice to the obligation to make reparation for any damages, non-compliance with the laws and regulations issued by environmental authorities could lead to the application of penal and administrative sanctions such as a fines, partial or complete suspension of activities, loss or restriction on tax incentives and cancellation or suspension of financing facilities from official credit establishments, in addition to a prohibition on entering into contracts with the government, where any of these sanctions could have an adverse material effect on its activities.

Changes or amendments to current environmental rules and regulations could lead to the requirement to make substantial investment to bring its activities into compliance with the new legislation, which could have an adverse effect on the Company. Any delay in or failure by environmental authorities to issue or renew environmental licenses and any impossibility to meet the requirements established by such authorities in the course of the environmental licensing process could also prejudice or even prevent ventures from being established and operated, as the case may be. Furthermore, the imposition of any financial sanctions or other sanctions due to the violation of environmental legislation could also have a material adverse effect on its activities.

h. Risks related to shareholders
Management does not envisage any material risk that could arise from its shareholders that could materially influence the investment decision.

i. Risks related to subsidiaries and associated companies
The risks related to our subsidiaries and associated companies are the same as those related to the Company. We cannot provide an assurance that the Company will successfully implement its strategy and obtain synergy by integrating its subsidiaries and associates, which could impair the Company's results.

j. Risks related to foreign countries in which the issuer operates
Not applicable, as the Company does not have units or branches operating in other countries.
Information about other risks affecting the Company, informed promptly in order to maintain the market aware of the situation, have been disclosed in press releases published and filed at the CVM. Further details can be seen about some of these risks in the section *4.7 - Other Material Contingencies* of this form.

4.2 - Description of Main Market Risks

For the purpose of this section and section 5 - *Risk management and internal controls*, and unless specifically stated otherwise or if so required by the context, the indication that a risk, uncertainty or problem could or will have an "adverse effect on the Company" means that the risk, uncertainty or problem may or may not have an adverse effect on its business, financial situation, liquidity, operating income, future business and/or value of the Company's common shares, including its subsidiaries. Similar expressions in this section should be read as having the same meaning.

Presented below are the market risks that the Company believes could adversely affect it. Additional risks not known or deemed less material by the Company at this time could also have an adverse effect on its business and/or trading price of its shares.

Risk of national economic recession.
Our business could be adversely affected by changing political and economic circumstances in Brazil, creating increased market volatility and causing net losses.

Domestic political instability, combined with the global economic downturn and volatility in financial systems, are hampering Brazil's economic growth. The economic recession has limited the availability of credit, constraining investments in expanding our operations.

Uncertainty around anticipated changes in government policy could exacerbate economic uncertainties in Brazil and increase volatility in Brazilian securities markets and in the value of Brazilian stocks. This could result in higher financial-market volatility in the short term, and in a slower economic recovery in the long term. As a result, improvements in employment levels and income growth could be limited, adversely affecting our results of operations and financial position.

Price fluctuations of certain commodities and/or raw materials used in our production process could adversely affect our results of operations.
The prices of raw materials and consumables used in the production process are volatile. If there are significant changes in the prices of consumables and raw materials, the Company may not be able to transfer these increases to the prices of its products at the same rate as the increase in costs, which could affect its profit margin. As a policy to prevent short-term variations, the Company holds sufficient inventories of its main raw materials for approximately two months of consumption, which are administered based on analyses of the futures markets for the main raw materials. This procedure could result in variations between the average price of inventories and the market value on a given date.

In addition, the Company accompanies the international commodities market, monitoring the factors that have an impact on prices such as harvest periods, climatic events and economic political decisions, amongst others, with support from specialized consultants and on-line information systems with the main international commodities exchanges. Under these conditions, the Company evaluates the most opportune moment to purchase these commodities, and may agree purchase contracts for the future delivery of raw materials, with the price of the commodity fixed or not, but subject to the risk of commodity and exchange variations.

4.2 - Description of Main Market Risks

As of December 31, 2019, the Company had contracts for the purchase of wheat and oil for future payment and delivery for the amount of 437,506 tonnes, with 47,000 tonnes of oil with prices to be set and 390,506 tonnes with prices set, i.e. with a low risk of commodity price changes, although subject to exchange variance.

Exchange variance can adversely impact the value of the Company's financial assets and liabilities or its cash flow and future revenue.
The results reported by the Company and its subsidiaries are susceptible to significant variations from oscillations in foreign exchange rates on liabilities tied to foreign currencies, mainly the North American dollar, due mainly to the import of wheat grain and soy or palm vegetable oil, its main raw materials.

As a strategy to prevent and reduce the effects on results from variations in exchange rates, over the years, Management has sought to avoid or minimize mismatches between assets and liabilities indexed in foreign currencies, by means of contracting of protection operations exchange rate, more usually swap operations.

As of December 31, 2019 the Company had 26 existing contracts for swap operations related to import financing (Finimp) and working capital loans to purchase wheat, with several maturities until May 07, 2020, for which the long position receives, on average, the dollar plus 2.83% and the short position pays, on average, 101.47% of the CDI rate. The notional amount was R$ 469,803 and the fair gross value receivable for these derivative instruments receivable at December 31, 2019 was R$ 8,180.

In R$ Thousand	**Reference value**		**Curve value**		**Fair value**	
	2019	2018	**2019**	2018	**2019**	2018
Swap contracts						
Receivable Position						
Foreign currency (USD)	**469,803**	520,669	**499,175**	568,501	**497,959**	568,569
Payable Position						
CDI	**469,803**	520,669	**489,710**	540,834	**489,779**	541,207
Net income	-	-	**9,465**	27,667	**8,180**	27,362

It should be noted that there are no monthly verifications or payments for the swap contract operations, and the contracts were settled on their respective maturities. None of these swap contracts require deposits of margins as guarantees.

As of December 31, 2019 the Company did not have material mismatches in its asset and liability positions sensitive to exchange variance, as shown below:

In R$ Thousand	**Parent Company**		**Consolidated**	
	2019	2018	**2019**	2018
Loans/financing in foreign currency (a)	**499,192**	568,482	**499,192**	568,482
Swap contracts (b) - Receivable Position	**(499,175)**	(568,501)	**(499,175)**	(568,501)
Foreign-currency assets (b)	-	-	**(6)**	(6)
Deficit determined (a-b)	**17**	(19)	**11**	(25)

The sensitivity analysis took into account the possibility of three dollar exchange scenarios and the future results that would be generated. The probable scenario considered the dollar exchange rate of R$ 4.0307, the same closing rate on December 31, 2019. The other scenarios, remote and possible, factor in a US dollars rate increase of 25% (R$ 5.0384) and 50% (R$ 6.0461) respectively pursuant to CVM Resolution 475/2008.

	Position at risk (USD)	Risk	Probable Scenario	Possible Scenario R$ thou	Remote Scenario R$ thou
Futures contracts	115,594	Dollar f/x rise	-	(116,481)	(232,962)

Changes in interest rates could adversely impact the value of the Company's financial assets and liabilities or its cash flow and future revenue.

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

In R$ Thousand	**Parent Company**		**Consolidated**	
	2019	2018	**2019**	2018
Financial assets				
Short-term investments indexed to CDI	**365,284**	357,614	**365,284**	457,427
Financial liabilities				
Foreign currency operations with derivatives denominated in CDI[(i)]	**(499,192)**	(540,834)	**(499,192)**	(540,834)
Financing indexed to CDI and TJLP	**(267,769)**	(248,806)	**(267,769)**	(271,063)
Assets - liabilities	**(401,677)**	(432,026)	**(401,677)**	(354,570)

The probable scenario considered the CDI quotation on December 31, 2019 of 4.40% p.a. The other scenarios, possible and remote, considered an increase in price by 25% (5.50% p.a.) and 50% (6.60% p.a.), respectively. Company management believes that there is a low risk of significant changes in the CDI rate in 2020, given the history and market forecasts.

4.3 - Nonconfidential but Material Judicial, Administrative or Arbitration Proceedings

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

At December 31, 2019, of the total labor and civil processes, 3.77% is being discussed at the administrative level and 96.23% is being discussed at the judicial level, in the lower and higher courts, depending on each case. 49.36% of our tax proceedings are being disputed at the administrative level and 50.64% at the judicial level, in the lower and higher courts, depending on the case.

Management assesses the contingent risks, based on legal, economic and tax grounds, in order to rate them as probable, possible or remote according to their chances of defeat. The analysis is conducted in conjunction with the law firms handling the Company's cases.

The Company only provisions for those cases in which it is defendant and that are rated as a probable defeat. The amounts are sufficient to secure the estimated losses. The provisions for contingencies recorded therefore represent management's best estimate of the risks of defeat involved.

See below the proceedings in which the Company is a party and are individually material.

Labor

As of December 31, 2019 the Company was a defendant in 2,617 judicial and administrative labor claims, involving a total amount of approximately R$ 310 million. These claims are basically seeking overtime and entitlements, recognition of employment relationship, compensation for work-related accidents and occupational diseases, joint liability, compensation for pain and suffering, salary parity and accumulation or alteration of duties, amongst other matters.

The Company is not party to labor claims which individually could have a material impact.

Tax

As of December 31, 2019 M Dias Branco was party to 564 tax proceedings. See below non-confidential proceedings deemed material.

Investment subsidies

M Dias Branco is party to six administrative proceedings. As of December 31, 2019 these proceedings were a restated total of R$ 363.9 million, primarily related to the collection of IRPJ, CSLL, PIS and COFINS on the following state investment subsidies: PROVIN/CE, PROADI/RN, FAIN/PB and DESENVOLVE/BA.

Assessment notices 10380.723251/2012-34, 10380.009929/2004-62, 10380.009701/2004-72 and 10380-730.014/2014-91 for FYs 1999 to 2003, 2008 and 2014 are in progress before the Administrative Council for Tax Appeals (CARF) and the final decisions delivered by this Council can be contested judicially if they go against the Company. Administrative proceedings 10380.009928/2004-18 and 10380.009930/2004-97 for fiscal years 1999 to 2003 are in process at the 33rd Federal Court of Ceará and the Federal Regional Court of Region 5 respectively.

Following the enactment of Supplementary Law 160/2017 the dispute related to the investment subsidy is expected to end, as the aforesaid law introduced article 30 (4,5) of Law 12.973/14, stating that the tax incentives and benefits established in the Federal Constitution awarded by state governments and Distrito Federal are classified as investment subsidies and that this provision applies to the judicial and administrative proceedings still in progress.

4.3 - Nonconfidential but Material Judicial, Administrative or Arbitration Proceedings

In the opinion of legal advisers, the chance of defeat in these cases is remote.
See below details of the respective proceedings:

	CASE NO. 10380-730.014/2014-91
Court	Judgments Department– DRJ
Level	FEDERAL JUDGMENTS DEPARTMENT -RIBEIRAO PRETO-SP
Date filed	12/17/2014
Parties	Plaintiff: Federal Government
	Defendant: M. Dias Branco S.A. Ind. e Com.
Amounts, assets or rights involved	Restated Amount R$ 156,440,547.18
Key facts	This Delinquency Notice, issued on 12/17/2014, relates to the tax treatment for income tax and CSLL purposes of grants received by the company in calendar years 2009 and 2010 within the following programs: Ceará Industrial Development Incentive Program (“PROVIN/CE”), Rio Grande do Norte Institutional Development Support Program (“PROADI/RN”), Paraíba Industrial Development Support Fund (“FAIN/PB”) and Bahia State Development and Economic Integration Program (“DESENVOLVE”). The tax authorities concluded that the Company had failed to observe the tax rules applicable to taxation of government grants, and demanded payment of the unpaid income tax and CSLL amounts plus interest and a fine. The Company was asked to demonstrate that the states of Bahia, Paraíba, Rio Grande do Norte and Ceará had all adopted the provisions contained in ICMS Regulation no. 190/17. After complying with the request, a decision on appeal unanimously and fully canceled the delinquency notice. The case is currently pending any further appeal by the tax authorities or final dismissal.
The chance of defeat is:	Remote
Analysis of the impact in case of procedural defeat	Payment of the disputed amount only, with a material impact on the Company' financial and equity situation.

	CASE 10380.723251/2012-34
Court	Federal Internal Revenue Department of Fortaleza-CE
Level	Administrative Council for Tax Appeals
Date filed	3/15/2012
Parties	Plaintiff: Federal Government
	Defendant: M. Dias Branco S.A. Ind. e Com.
Amounts, assets or rights involved	Restated Amount R$ 1,817,407.18
Key facts	Assessment Notice issued after a tax audit demanding payment of PIS and COFINS for the periods 01/2008 to 12/2008 and IRPJ and CSLL for the period 12/2008. Two contestations were submitted. One for PIS/COFINS and another for IRPJ/CSLL, which were deemed partially founded. The demand was upheld for payment of IRPJ/aircraft lease and PIS/Cofins/Credit-Fuel. The Company was exonerated from the assessments for IRPJ and CSLL on investment subsidies. Appeals filed before CARF by Company and National Treasury. Following the reintroduction of tax debt financing under Act 11941/99, the Company applied pay, and proceeded to pay, its unpaid PIS/COFINS (fuel expenses) amounts in installments. The matter of government investment grants and taxation of aircraft expenses remains under dispute. The Company was asked to demonstrate that the states of Bahia, Paraíba, Rio Grande do Norte and Ceará had all adopted the provisions contained in ICMS Regulation no. 190/17. After complying with the request, an administrative decision on appeal partially accepted the Company’s Voluntary Appeal. The decision: (i) revoked the imposition of taxes on government investment grants, on the understanding that the tax treatment used by the Company was correct; but (ii) maintained the taxation of aircraft lease expenses. The tax authorities elected not to file an appeal in relation to investment grants, and the relevant tax amounts of R$ 70,198,773.20 were accordingly canceled, with only the taxes on aircraft lease expenses, in a total amount of R$ 1,8017,407.18, still remaining under dispute. The Company has brought a Special Appeal that is pending adjudication.
The chance of defeat is:	Remote
Analysis of the impact in case of procedural defeat	Payment of the disputed amount only, with a material impact on the Company' financial and equity situation.

4.3 - Nonconfidential but Material Judicial, Administrative or Arbitration Proceedings

	CASE 10380.009929/2004-62
Court	Federal Internal Revenue Department of Fortaleza-CE
Level	Administrative Council for Tax Appeals
Date filed	10/29/2004
Parties	Plaintiff: Federal Government Defendant: M. Dias Branco S.A. Ind. e Com.
Amounts, assets or rights involved	Restated Amount R$ 127,481,633.05
Key facts	On 10/29/2004 the federal tax authorities issued an assessment notice demanding COFINS in the years 1999 to 2003, due to: (i) discrepancy between the amounts stated in the DCTF and the amounts due, (ii) incorrect recording of monetary variance losses and recording of amounts as credits charged to foreign currency obligations, and (iii) failure to include in the calculation base subsidies received as a tax incentive from the states of Ceará and Rio Grande do Norte. Contestation submitted. The assessment was partially upheld by the Judgments Department - DRJ, changing the Cofins for taxable events in Apr/2003 and May/2003. Voluntary appeal filed by the Company. A decision was issued by the 4th Chamber of the 2nd CARF Taxpayers Council, partly accepting the Company's Voluntary Appeal and excluding foreign exchange variance gains and investment grants from the COFINS tax base, but maintaining ICMS-ST in the calculation. Special appeal filed by the government and motion for clarification filed by the Company. Motion for Clarification partly accepted to recognize the statute of limitations for the period January to April and September 1999. On 8/22/2019 a Special Appeal was lodged by the Company, which is pending judgment.
The chance of defeat is:	Remote
Analysis of the impact in case of procedural defeat	Payment of the disputed amount only, with a material impact on the Company' financial and equity situation.

	CASE 10380.009701/2004-72
Court	Federal Internal Revenue Department of Fortaleza-CE
Level	Administrative Council for Tax Appeals
Date filed	10/22/2004
Parties	Plaintiff: Federal Government Defendant: M. Dias Branco S.A. Ind. e Com.
Amounts, assets or rights involved	Restated Amount R$ 26,713,724.45
Key facts	The federal tax authorities issued an assessment notice demanding IRPJ (October/99) and CSLL (January to October/99) for the following irregularities: (i) failure, for the purpose of determining taxable income (IRPJ and CSLL), of earnings related to the working capital subsidy (PROVIN), not included in the calculation of the net income, (ii) failure to add CSLL to net income for the period relating to the SPIN-OFF event, in the determination of taxable income (CSLL) and (iii) improper reduction in IRPJ payable, as an exemption/production was claimed greater than the benefit awarded. Assessment notice upheld by Judgments Department – DRJ. Voluntary appeal filed by the Company. Appeal Decision issued by Administrative Council for Tax Appeals - CARF, which canceled requirements regarding the investment subsidy and exclusions of CSLL from the operating profit. The government filed a special appeal and the Company filed a motion for clarification. On 6/8/2016 the Company's motion for clarification was accepted with modifying effects, meaning the Company's voluntary appeal was accepted in its entirety. The government's special appeal has not been judged yet.
The chance of defeat is:	Remote.
Analysis of the impact in case of procedural defeat	Payment of the disputed amount only, with a material impact on the Company' financial and equity situation.

	CASE 0800433-12.2018.4.05.8100 formerly 10380.009928/2004-18
Court	Federal Courts of Ceará -JF/CE
Level	33rd Circuit Court of the Ceará Judiciary Branch
Date filed	1/18/2018
Parties	Plaintiff: Federal Government Defendant: M. Dias Branco S.A. Ind. e Com.
	Restated Amount R$ 36,857,388.38

Amounts, assets or rights involved	
Key facts	On 12/17/2003 the federal tax authorities issued an assessment notice demanding PIS for the years 1999 to 2003, due to the alleged irregularities: (i) discrepancies between the amounts stated in the DCTF and the amounts due, (ii) incorrect recording of monetary variance losses and recording of amounts as credits charged to foreign currency obligations, and (iii) failure to include in the calculation base subsidies received as a tax incentive from the states of Ceará and Rio Grande do Norte. The assessment was partly upheld by the administrative court. The Company filed Tax Debt Annulment Proceeding on 11/29/2017, recorded under no. 0815072-69.2017.4.05.8100. Before accepting properties offered to stay the enforceability of the tax liability, by way of the Prosecutions Department of the Ministry of Finance - PGFN the Federal Government filed Tax Enforcement on 1/18/2018, assessed under number 0800433-12.2018.4.05.8100, for which we submitted a surety bond. Case is pending judgment.
The chance of defeat is:	Remote
Analysis of the impact in case of procedural defeat	Payment of the disputed amount only, with a material impact on the Company' financial and equity situation.

	CASE 0811727-95.2017.4.05.8100 formerly 10380.009930/2004-97
Court	Federal Courts of Ceará -JF/CE
Level	8th Circuit Court of the Ceará Judiciary Branch
Date filed	9/4/2017
Parties	Plaintiff: Federal Government
	Defendant: M. Dias Branco S.A. Ind. e Com.
Amounts, assets or rights involved	Restated Amount R$ 14,633,701.27
Key facts	On 10/29/2004 the federal tax authorities issued an assessment notice demanding a single fine due to the alleged irregularities: (i) recording of PROVIN tax incentives (Program to Finance Company Operations) with funds from the FDI (Industrial Development Fund of Ceará state) and PROADI (Fund to Support the Industrial Development of Rio Grande do Norte), as an investment subsidy, failing to include it in net income for the purpose of calculating and determining CSLL and (ii) recording the gain from the tax subsidy during the settlement of ICMS financing rather than when entering into said financing program. The assessment was partly upheld by the administrative court. The company filed for a Writ of Mandamus on 9/4/2017, under case no. 0811727-95.2017.4.05.8100, seeking recognition of the unenforceability of an individual CSLL fine for calendar year 2003. On 3/16/2018 the writ was granted, voiding the fine. The decision is subject to review by a higher court. Case records sent to Federal Regional Court of Region 5 to judge the Federal Government's appeal.
The chance of defeat is:	Remote
Analysis of the impact in case of procedural defeat	Payment of the disputed amount only, with a material impact on the Company' financial and equity situation.

4.3 - Nonconfidential but Material Judicial, Administrative or Arbitration Proceedings

Granted ICMS Credits

The Company is party to four tax assessments issued demanding ICMS on the grounds that the company used credit granted by the State in conjunction with other credits on the purchases. The Treasury claims that the Company improperly appropriated ICMS credits as a "presumed pasta and cookies credit" when it had already recorded the credits on the acquisitions, both for products for resale and the goods used to manufacture the products, i.e., it appropriated the credit twice.
As of December 31, 2019 the total amount involved was R$ 330.4 million.

Assessment notices 4.045.881-7, 4.017.564-9 and 4.047698-4 were overturned defeated at the first administrative court and the Company filed an ordinary appeal before the Tax Tribunal (TIT). In the appeal, the judgment has been converted into a diligence. A new assessment notice was issued in March 2019 under no. 4.116.234-1, in the restated amount of R$ 100.2 million. Administrative contestation submitted and rejected. The Company therefore filed an Ordinary Appeal.

In the opinion of our lawyers, the risk of defeat in these cases is rated as possible in the administrative courts. The final decisions delivered by this Court can be contested judicially if they go against the Company.

See below details of the respective proceedings:

	CASE 4.017.564-9
Court	Sefaz/SP
Level	Tax Tribunal
Date filed	3/25/2013
Parties	Plaintiff: Sefaz/SP Defendant: M. Dias Branco S.A. Ind. e Com.
Amounts, assets or rights involved	Restated Amount R$ 193,664,138.55
Key facts	Assessment Notice issued on the grounds the Company: I - improperly appropriated ICMS credits as a "presumed pasta and cookies credit" when it had already recorded the credits on the acquisitions, both for products for resale and the consumables used to manufacture the products. The credits recorded are illegitimate in the periods April 2008 to November 2009 and December 2009 to December 2011. The Company submitted a defense against the assessment notice to the Tax Adjudication Bureau of Guarulhos. The judgment has been converted into a diligence. In response to the diligence the Company submitted a technical report. The assessment was upheld, and the fine and tax ratified. Ordinary Appeal filed by the Company. On 1/27/2014 the judgment was converted into a diligence to determine the reversals, i.e. to prove credits had not been appropriated twice. In May 2019 an administrative decision on appeal accepted the Ordinary Appeal filed by the Company, thus canceling the AIIM. Special appeal lodged by Ministry of Finance. The Company was summoned to submit counterarguments to the Ministry of Finance’s special appeal. The Company submitted counterarguments and is waiting for judgment.
The chance of defeat is:	Possible
Analysis of the impact in case of procedural defeat	Payment of the disputed amount only, with a material impact on the Company' financial and equity situation.

	CASE 4.045.881-7
Court	Sefaz/SP
Level	Tax Tribunal
Date filed	9/10/2014
Parties	Plaintiff: Sefaz/SP Defendant: M. Dias Branco S.A. Ind. e Com.
Amounts, assets or rights involved	Restated Amount R$ 27,904,217.68
Key facts	Assessment Notice issued on the grounds the Company: I - improperly appropriated ICMS credits as a "presumed pasta and cookies credit" when it had already recorded the credits on the acquisitions, both for products for resale and the consumables used to manufacture the products. The granted credits recorded are illegitimate. Referring to the period April to December 2012. Administrative Defense submitted. At the first level, the Judgments Department upheld the assessment, maintaining the fine and tax. Ordinary Appeal filed by the Company. The judgment was converted into a diligence to determine the reversals, i.e. to prove credits had not been appropriated twice. We are currently waiting the decision by the administrative court of appeal.
The chance of defeat is:	Possible
Analysis of the impact in case of procedural defeat	Payment of the disputed amount only, with a material impact on the Company' financial and equity situation.

	CASE 4.047698-4
Court	Sefaz/SP
Level	Regional Tax Office of São Bernardo do Campo
Date filed	11/7/2014
Parties	Plaintiff: Sefaz/SP Defendant: M. Dias Branco S.A. Ind. e Com.
Amounts, assets or rights involved	Restated Amount R$ 8,580,212.17
Key facts	Assessment Notice issued on the grounds the Company: I - improperly appropriated ICMS credits as a "presumed pasta and cookies credit" when it had already recorded the credits on the acquisitions, both for products for resale and the consumables used to manufacture the products. The granted credits recorded are illegitimate. Referring to the period January to March 2012. Contestation submitted. At the first level, the Judgments Department converted the judgment into a diligence. The assessment was then found to have grounds. Ordinary Appeal filed and rejected. The Company submitted a request to rectify judgment and a special appeal against this decision, which is pending judgment.
The chance of defeat is:	Possible
Analysis of the impact in case of procedural defeat	Payment of the disputed amount only, with a material impact on the Company' financial and equity situation.

	CASE 4.116.234
Court	Sefaz/SP
Level	Regional Tax Office of São Bernardo do Campo
Date filed	3/18/2019
Parties	Plaintiff: Sefaz/SP
	Defendant: M. Dias Branco S.A. Ind. e Com.
Amounts, assets or rights involved	Restated Amount R$ 100,242,744.21
Key facts	Assessment Notice issued on the grounds the Company: (i) improperly appropriated ICMS credits as a "presumed pasta and cookies credit" when it had already recorded the credits on the acquisitions, both for products for resale and the consumables used to manufacture the products. (ii) failed to pay ICMS due to the difference found between the amount of goods sent for storage at the general warehouse and the amount of goods returned compared with the inventory records and (iii) failed to record electronic invoices in the Digital Tax Accounting System - EFD. Referring to the period January to December 2015 to 2016. Submitted an administrative contestation regarding the credit awarded and dispatches omitted. Payment of the missing records infraction made. The contestation was found to be groundless, and the Company therefore filed an Ordinary Appeal which is pending judgment.
The chance of defeat is:	Possible
Analysis of the impact in case of procedural defeat	Payment of the disputed amount only, with a material impact on the Company' financial and equity situation.

ICMS – Added Value Margin – Protocol ICMS 46

Tax enforcement proceedings brought by the State of Piauí to enforce payment of taxes imposed under delinquency notices (nos. 45601, 45602, 45603, 45604 and 45605) for alleged underpayment of ICMS during the period from May to December 2001 and during fiscal years 2002, 2003, 2004 and 2005, as a result of the Company failing to pay ICMS on value-added margins.

The delinquency notice was issued on the grounds that the Company had failed to "pay part of the ICMS owed on goods purchased under the proxy taxation system, as it had incorrectly calculated the amount of tax owed using a blanket tax rate of 15% (fifteen percent) for the entire invoice, whereas Decree 10,500/01 establishes a tax rate of 20% (twenty percent) for pasta and 30% (thirty percent) for biscuits and crackers, with the taxpayer also failing to observe the minimum thresholds established in State Finance Department regulations." However, the tax authorities failed to recognize that since 2001 the Company's operations had been subject to the rules under ICMS Protocol 46/2000, which governs the taxation system for the sector and institutes a progressive proxy taxation system.

Under this system, the timing of ICMS tax payments is separated from the timing of the relevant taxable events; ICMS on future and presumed transactions of flour and flour-based products is paid in advance, at the time the wheat is originally imported. All subsequent transactions, including transactions involving branch sites, are exempt from further ICMS taxation, as this tax has been fully paid in advance.

After posting a judicial bond, the Company submitted a motion against the tax enforcement which is pending judgment at the lower court.

Our lawyers have rated the legal proceedings as a possible risk of defeat. As of December 31, 2019 the total amount involved was R$ 34.6 million.

See below details of the respective proceeding:

	CASE 129.482.010
Court	Piauí State Court of Appeal
Level	4th Public Finance Court of Teresina
Date filed	9/3/2010
Parties	Plaintiff: Piauí state
	Defendant: M. Dias Branco S.A. Ind. e Com.
Amounts, assets or rights involved	Restated Amount R$ 34,619,831.57
Key facts	Tax enforcement proceedings brought by the State of Piauí to enforce payment of taxes imposed under delinquency notices (nos. 45601, 45602, 45603, 45604 and 45605) for alleged underpayment of ICMS during the period from May to December 2001 and during fiscal years 2002, 2003, 2004 and 2005, as a result of the Company failing to pay ICMS on value-added margins. The Company filed a Motion to Stay Enforcement after agreeing to provide a letter of guarantee (no. 2.046.674-P) for the amount of R$ 23,650,000.00. The Company later requested permission to replace the bank guarantee with a surety bond. The State of Piauí expressed no objections to such replacement. The case was submitted for a decision on 11/12/2019. The enforcement proceedings are pending a decision on the merits.
The chance of defeat is:	Possible
Analysis of the impact in case of procedural defeat	Payment of the disputed amount only, with a material impact on the Company' financial and equity situation.

IPI – Zero Rate

The Federal Government, represented by the Prosecutions Department of the Ministry of Finance, brought four tax enforcement proceedings to collect IRPJ, CSLL, PIS and COFINS tax amounts that had been offset against IPI credits recognized under case no. 1999.16984-0 and upheld after the tax authorities filed a Rescissory Action.

In 1999 the Company filed a writ of mandamus seeking to use a balance of excise tax (IPI) credits generated prior to January 1999 on purchased inputs (raw materials, work in process and packaging materials) used in the manufacture of exempt or zero-rated products, against IPI amounts payable on other outgoing products, pursuant to Act 9779/99, without the limitations imposed by IN/SRF 33/99, having regard to the constitutional principle of non-cumulative taxation and other applicable ordinary legislation (Act 8383/91, Act 9430/96 and Act 9779/99). After securing the writ of mandamus, the Company calculated the amounts paid in excess and offset them against IRPJ, CSLL and COFINS tax amounts owed. However, although an unappealable decision had been issued in favor of the Company, and confirmed in a Rescissory Action (AR/5059), the Federal Government enforced the offset taxes on the understanding that, although the right to the credit had been recognized, the Company had failed to record those credits in its IPI Control Register.

Tax enforcement case no. 0816616-29.2016.4.05.8100, relating to tax liability certificates 30.6.10.002446-50, 30.6.10.002458-93, 30.6.10.002459-74, 30.6.10.002545-31 and 30.7.10.000523-08, is pending before the 20th Federal Court of Ceará and tax enforcement case no. 0000833-37.2015.4.05.8109, relating to tax liability certificates 30.2.10.000756-89, 30.6.10.002413-91, 30.6.10.002454-60 and 30.6.10.002546-12, is pending before the 34th Federal Court of Ceará. Both cases have been brought against M Dias Branco S/A Indústria e Comércio de Alimentos.

Tax enforcement case no. 0816408-45.2016.4.05.8100, relating to tax liability certificates 30.2.16.001655-57 and 30.6.16.005596-00, is pending before the 33rd Federal Court of Ceará and tax enforcement case no. 0000162-48.2014.4.05.8109, relating to tax liability certificate 30.7.13.000097-00, is pending before the 34th Federal Court of Ceará. Both cases have been brought against Pelágio Oliveira S/A, an acquisition.

Our lawyers have rated the enforcements as a possible risk of defeat. As of December 31, 2019 the total amount involved was R$ 142.6 million.

See below details of the respective proceedings:

	CASE 0816616-29.2016.4.05.8100
Court	Federal Courts of Ceará -JF/CE
Level	20th Circuit Court of the Ceará Judiciary Branch
Date filed	12/27/2016
Parties	Plaintiff: Federal Government
	Defendant: M. Dias Branco S.A. Ind. e Com.
Amounts, assets or rights involved	Restated Amount R$ 108,156,344.38
Key facts	Tax enforcement proceedings brought by the Federal Government against the Company to collect tax liabilities of R$ 97,533,355.66 under tax liability certificates 30.6.10.002446-50, 30.6.10.002458-93, 30.6.10.002459-74, 30.6.10.002545-31, and 30.7.10.000523-08, relating to taxes offset without ratification by the federal tax authorities against tax credits arising under a *res judicata* decision on a petition for writ of mandamus (case no. 0016984-67.1999.4.05.8100). A petition to provide property as a guarantee for the amount under dispute is pending a decision. The case has been submitted for adjudication.
The chance of defeat is:	Possible
Analysis of the impact in case of procedural defeat	Payment of the disputed amount only, with a material impact on the Company' financial and equity situation.

	CASE 0000833-37.2015.4.05.8109
Court	Federal Courts of Ceará -JF/CE
Level	34th Circuit Court of the Ceará Judiciary Branch
Date filed	3/17/2015
Parties	Plaintiff: Federal Government
	Defendant: M. Dias Branco S.A. Ind. e Com.
Amounts, assets or rights involved	Restated Amount: R$ 15,882,027.13
Key facts	Tax enforcement proceedings brought in connection with tax liability certificates 30.2.10.000756-89, 30.6.10.002413-91, 30.6.10.002454-60 and 30.6.10.002546-12, for the purpose of collecting R$ 14,356,783.08 in IRPJ taxes offset against tax credits arising from a *res judicata* decision in case no. 0016984-67.1999.4.05.8100 (IPI). A pledge was made on the Company's BACENJUD account for the amount under dispute. A request to replace the frozen amounts with real estate was denied. Interlocutory Appeal 2017.8423.002544-5 filed. An order was delivered under the enforcement on 8/30/2017 staying the case until the interlocutory appeal filed had been heard. An order was issued on 10/2/2019, informing the entire contents of the appeal decision delivered under the said interlocutory appeal. Pending reactivation of the case and analysis of substance.
The chance of defeat is:	Possible
Analysis of the impact in case of procedural defeat	Payment of the disputed amount only, with a material impact on the Company' financial and equity situation.

	CASE 0816408-45.2016.4.05.8100
Court	Federal Courts of Ceará -JF/CE
Level	33rd Circuit Court of the Ceará Judiciary Branch
Date filed	12/21/2016
Parties	Plaintiff: Federal Government
	Defendant: M. Dias Branco S.A. Ind. e Com.
Amounts, assets or rights involved	Restated Amount R$ 16,625,338.07
Key facts	Tax enforcement proceedings brought by the Federal Government against the Company to collect tax liabilities of R$ 15,075,504.93 under tax liability certificates 30.2.16.001655-57 and 36.6.16.005596-00, relating to taxes offset without ratification by the federal tax authorities against tax credits arising under a *res judicata* decision on a petition for writ of mandamus (case no. 0016984-67.1999.4.05.8100). The proceedings have been suspended pending a final decision on tax debt annulment proceedings (case no. 0803683-74.2016.4.05.0000) brought by the Company on 6/5/2016. A property has been offered as a guarantee for the amount under dispute. The tax debt annulment proceedings were unsuccessful and an appeal is currently pending adjudication. The Company was ordered to submit a new insurance policy in August 2019. The Company provided a surety bond in October 2019. which the tax authorities agreed to accept. The case was submitted for a decision in December 2019.
The chance of defeat is:	Possible
Analysis of the impact in case of procedural defeat	Payment of the disputed amount only, with a material impact on the Company' financial and equity situation.

	CASE 0000162-48.2014.4.05.8109
Court	Federal Courts of Ceará -JF/CE
Level	34th Circuit Court of the Ceará Judiciary Branch
Date filed	10/21/2014
Parties	Plaintiff: Federal Government
	Defendant: M. Dias Branco S.A. Ind. e Com.
Amounts, assets or rights involved	Restated Amount R$ 1,946,029.27
Key facts	Tax enforcement proceedings brought by the Federal Government against the Company to collect tax liabilities of R$ 1,583,479.83 under tax liability certificate 30.7.13.000097-00, relating to taxes offset without ratification by the federal tax authorities against tax credits arising under a *res judicata* decision on a petition for writ of mandamus (case no. 0016984-67.1999.4.05.8100). A pledge was made on the Company's BACENJUD account for the amount under dispute. A request to replace the frozen amounts with real estate was denied. Interlocutory Appeal 2017.8423.002541-0 filed. An order was delivered under the enforcement on 10/3/2017 staying the case until the interlocutory appeal filed had been heard. An order was issued on 11/25/2019, informing the entire contents of the appeal decision delivered under the said interlocutory appeal. Pending reactivation of the case and analysis of substance.
The chance of defeat is:	Possible
Analysis of the impact in case of procedural defeat	Payment of the disputed amount only, with a material impact on the Company' financial and equity situation.

4.3 - Nonconfidential but Material Judicial, Administrative or Arbitration Proceedings

Exclusion of ICMS from the PIS and COFINS Calculation Base

Final and unappealable decisions were issued in nine actions relating to this matter in the period from December 2018 to November 2019, including three brought by M. Dias Branco S.A. Indústria e Comércio de Alimentos and the remainder brought by acquired companies.

The Federal Supreme Court, in its decision on a Representative Appeal (RE 574.706/PR) under the auspices of reporting justice Cármen Lúcia, set a precedent that ICMS taxes are not incorporated in a taxpayer's assets and therefore are not included in the tax base for these social security taxes (PIS and COFINS), i.e. since ICMS is not part of a company's sales or gross revenue it is excluded from the tax base for PIS and COFINS.

M Dias Branco S/A Indústria e Comércio de Alimentos filed cases 2000.81.00.010313-1, 0007508-19.2010.4.05.8100 and 0803798.-11.2017.4.05.8100, and the others were filed by companies owned by the company as follows: 0014056-09.1987.4.03.6100 - Zabet S/A Indústria e Comércio, 2006.61.00.026027-0 - Adria Alimentos do Brasil Ltda, 2007.83.00.000169-2 - Indústria de Alimentos Bomgosto Ltda, 2008.81.00.004326-1 - Moinho Santas Lúcia, 2007.83.00.014726-1 - NPAP Alimentos S/A and 0011868-02.2007.4.05.8100 - Pelágio Oliveira S/A. and 0019578-67.2006.4.02.5101 filed by the subsidiary Industria de Produtos Alimentícios Piraquê S.A.

Over the course of 2019 the Company adopted procedures to measure and recognize the credits. For the period prior to FY 2004, the Company had not identified the physical and digital documentation supporting this finding, because specific digital systems did not exist. It is therefore seeking alternative mechanisms to measure the values for these periods.

As concerns the period between FYs 2008 and 2013, the Company identified various corporate events (acquisition of the companies Adria, Vitarella, Pelágio and Santa Lúcia) and several meaningful changes to the legislation related to its operations (COTEPE Acts 28/11, 53,11, ICMS Protocols 184/09, 81/10 and 86/10, amongst others), requiring more complex analyses to determine all the amounts. In the financial year ended December 31, 2019, the Company accordingly recognized the amount of R$ 174,351 restated by the Selic base interest rate for operations of M. Dias Branco based on the methodology established in COSIT Response to Inquiry 13/2018 (issued by the Federal Tax Authorities of Brazil) as it believes it is an incontestable amount that can be recovered. The Company will continue calculating and recognizing these amounts for the other periods involved, including by the methodology accepted by the Supreme Federal Court, where it expects to have completed the calculations and recognitions by June 2020.

Our lawyers have rated the legal proceedings as a remote to possible risk of defeat.

	CASE 2000.81.00.010313-1
Court	Federal Courts of Ceará -JF/CE
Level	Regional Federal Court of Circuit 5
Date filed	5/19/2000
Parties	Plaintiff: M. Dias Branco S.A. Ind. e Com.
	Defendant: Federal Government
Amounts, assets or rights involved	To be determined when the credit is used.
Key facts	The Company brought an ordinary action seeking a declaration of unconstitutionality of including ICMS paid on the sale of products in the tax base for Social Security Financing Contributions (COFINS). The action was partially accepted by the first-instance court, which recognized the exclusion of ICMS-ST only from the COFINS tax base. An appeal brought by the Company was dismissed. Special and Extraordinary Appeals filed. In light of the case law established by the Supreme Federal Court regarding the matter, the case records were sent to the Federal Regional Court to adapt the judgment of the retraction court. The court delivered an appeal decision determining the ICMS be removed from the calculation base of this contribution (COFINS). The federal government filed a motion for clarification against this appeal decision which was not entertained. A final and unappealable decision was issued on 12/18/2018 declaring there to be no tax relationship requiring the Company to pay COFINS on ICMS tax amounts, and recognizing the Company's right, following the decision becoming *res judicata*, to offset the amounts paid in excess against any federal taxes except those taxes referred to in article 11(sole paragraph)("a", "b" and "c") of Act 8212/91, subject to a prescriptive period of ten years.
The chance of defeat is:	No effect. Case ruled to have grounds, with final and unappealable decision delivered.
Analysis of the impact in case of procedural defeat	The Company would not be able to offset the tax credits against federal taxes if a rescissory action were brought and the Federal Supreme Court's decision were modified.

	CASE 0007508-19.2010.4.05.8100
Court	Federal Courts of Ceará -JF/CE
Level	Regional Federal Court of Circuit 5
Date filed	6/8/2010
Parties	Plaintiff: M. Dias Branco S.A. Ind. e Com.
	Defendant: Federal Government
Amounts, assets or rights involved	To be determined when the credit is used
Key facts	The Company filed for a writ of mandamus seeking a declaration of the unconstitutionality of including ICMS tax amounts paid on product sales in the tax base for Social Security Financing Contribution (COFINS) and Social Integration Program (PIS) contributions. Relief denied. An appeal brought by the Company was dismissed. Extraordinary Appeal filed. In light of the case law established by the Supreme Federal Court regarding the matter, the case records were sent to the Federal Regional Court to adapt the judgment of the retraction court. The court delivered an appeal decision determining the ICMS be removed from the calculation base of these contributions (PIS and COFINS). The Federal Government and the Company filed motions for clarification of the decision. The Company was successfully permitted to offset its credits against any taxes administered by the federal tax authorities. The Federal Government filed a special appeal, which was dismissed. A final and unappealable decision on the action was issued on 3/8/2019, recognizing as unconstitutional the inclusion of ICMS in the tax base for PIS and COFINS and granting the Company the right to offset the amounts unduly paid during the five years preceding the action, using appropriate administrative procedures.
The chance of defeat is:	No effect. Case ruled to have grounds, with final and unappealable decision delivered.
Analysis of the impact in case of procedural defeat	The Company would not be able to offset the tax credits against federal taxes if a rescissory action were brought and the Federal Supreme Court's decision were amended.

	CASE 0014056-09.1987.4.03.6100
Court	Federal Justice of São Paulo - JF/SP
Level	Regional Federal Court of Circuit 3
Date filed	9/21/1987
Parties	Plaintiff: M. Dias Branco S.A. Ind. e Com. (Incorporadora de Zabet S/A Indústria e Comércio).
	Defendant: Federal Government
Amounts, assets or rights involved	To be determined when the credit is used
Key facts	Zabet S/A Indústria e Comércio, a company acquired first by Adria Alimentos do Brasil Ltda. and subsequently by M Dias Branco S/A Indústria e Comércio de Alimentos, filed a declaratory action seeking recognition that no legal relationship exists requiring payment of Social Integration Program (PIS) and Social Investment Fund (FINSOCIAL) taxes on ICM tax amounts paid, as well as seeking the exclusion of canceled sales, returned products, discounts and rebates from the PIS and FINSOCIAL tax bases. A favorable decision was issued declaring that PIS and FINSOCIAL taxes are not payable on ICM tax amounts and excluding canceled sales, returned products, discounts and rebates from the PIS and FINSOCIAL tax bases. The Federal Government and the Company both filed appeals. The Company's appeal was dismissed and the Federal Government's appeal accepted, and the case was remanded. Special and Extraordinary Appeals filed. In light of the case law established by the Supreme Federal Court regarding the matter, the case records were sent to the Federal Regional Court to adapt the judgment of the retraction court. The court delivered an appeal decision determining the ICMS be removed from the calculation base of these contributions (PIS and COFINS). Motion filed by the government. Awaiting a ruling.
The chance of defeat is:	Possible
Analysis of the impact in case of procedural defeat	Failure to use tax credit against debits administrated by the Brazilian Federal Tax Authorities.

	CASE 2007.83.00.000169-2
Court	Federal Courts of Pernambuco -JF/PE
Level	Regional Federal Court of Circuit 5
Date filed	1/8/2007
Parties	Plaintiff: M. Dias Branco S.A. Ind. e Com. (Incorporadora de Indústria de Alimentos Bomgosto Ltda.)
	Defendant: Federal Government
Amounts, assets or rights involved	To be determined when the credit is used
Key facts	Indústria de Alimentos Bomgosto Ltda., a company acquired by M Dias Branco S/A Indústria e Comércio de Alimentos, filed for a writ of mandamus seeking recognition of the unconstitutionality of including ICMS tax amounts paid on product sales in the tax base for Social Security Financing Contribution (COFINS) and Social Integration Program (PIS) contributions. The writ of mandamus was granted. The Federal Government successfully filed an appeal to amend the decision. Special and Extraordinary Appeals filed by the Company. In light of the case law established by the Supreme Federal Court regarding the matter, the case records were sent to the Federal Regional Court to adapt the judgment of the retraction court. The court delivered an appeal decision determining the ICMS be removed from the calculation base of these contributions (PIS and COFINS). The Federal Government filed a motion for clarification, which was not entertained. Extraordinary Appeal filed by Federal Government, which was denied. Case ruled to have grounds, with final and unappealable decision delivered in favor of Company on 2/13/2019.
The chance of defeat is:	No effect. Case ruled to have grounds, with final and unappealable decision delivered.
Analysis of the impact in case of procedural defeat	Failure to use tax credit against debits administrated by the Brazilian Federal Tax Authorities.

	CASE 2008.81.00.004326-1
Court	Federal Courts of Ceará -JF/CE
Level	Regional Federal Court of Circuit 5
Date filed	3/28/2008
Parties	Plaintiff: M. Dias Branco S.A. Ind. e Com. (Incorporadora de Moinho Santa Lúcia Ltda.)
	Defendant: Federal Government
Amounts, assets or rights involved	To be determined when the credit is used
Key facts	Moinho Santa Lúcia Ltda., a company acquired by M Dias Branco S/A Indústria e Comércio de Alimentos, filed for a writ of mandamus seeking recognition of the unconstitutionality of including ICMS tax amounts paid on product sales in the tax base for Social Security Financing Contribution (COFINS) and Social Integration Program (PIS) contributions. The writ of mandamus was not granted. The Company filed an appeal which was dismissed. Special and Extraordinary Appeals filed by the Company. In light of the case law established by the Supreme Federal Court regarding the matter, the case records were sent to the Federal Regional Court to adapt the judgment of the retraction court. The court delivered an appeal decision determining the ICMS be removed from the calculation base of these contributions (PIS and COFINS). The Federal Government filed a motion for clarification, which was not entertained. Extraordinary Appeal filed by Federal Government, which was denied. Final and unappealable decision delivered in favor of Company on 2/5/2019.
The chance of defeat is:	No effect. Case ruled to have grounds, with final and unappealable decision delivered.
Analysis of the impact in case of procedural defeat	The Company would not be able to offset the tax credits against federal taxes if a rescissory action were brought and the Federal Supreme Court's decision were amended.

	CASE 2007.83.00.014726-1
Court	Federal Courts of Pernambuco -JF/PE
Level	Regional Federal Court of Circuit 5
Date filed	8/10/2007
Parties	Plaintiff: M. Dias Branco S.A. Ind. e Com. (Incorporadora de NPAP Alimentos S/A.)
Parties	Defendant: Federal Government
Amounts, assets or rights involved	To be determined when the credit is used
Key facts	NPAP Alimentos S/A, a company acquired by Indústria de Alimentos Bomgosto Ltda. and subsequently by M Dias Branco S/A Indústria e Comércio de Alimentos, filed for a writ of mandamus seeking recognition of the unconstitutionality of including ICMS tax amounts paid on product sales in the tax base for Social Security Financing Contribution (COFINS) and Social Integration Program (PIS) contributions. The writ

	of mandamus was not granted. The Company filed an appeal which was dismissed. Special and Extraordinary Appeals filed by the Company. In light of the case law established by the Supreme Federal Court regarding the matter, the case records were sent to the Federal Regional Court to adapt the judgment of the retraction court. The court delivered an appeal decision determining the ICMS be removed from the calculation base of these contributions (PIS and COFINS). The Federal Government filed a motion for clarification, which was not entertained. Extraordinary Appeal filed by Federal Government, which was denied. Case ruled to have grounds, with final and unappealable decision delivered in favor of Company on 11/7/2018.
The chance of defeat is:	No effect. Case ruled to have grounds, with final and unappealable decision delivered.
Analysis of the impact in case of procedural defeat	Failure to use tax credit against debits administrated by the Brazilian Federal Tax Authorities.

	CASE Nº 0011868-02.2007.4.05.8100
Court	Federal Courts of Ceará -JF/CE
Level	Regional Federal Court of Circuit 5
Date filed	7/17/2007
Parties	Plaintiff: M. Dias Branco S.A. Ind. e Com. (Incorporadora de Pelágio Oliveira S/A)
	Defendant: Federal Government
Amounts, assets or rights involved	To be calculated when using Credit
Key facts	Pelágio Oliveira S/A., a company merged into M Dias Branco S/A Indústria e Comércio de Alimentos filed a Writ of Mandamus seeking the declaration of unconstitutionality of the inclusion of ICMS embedded in the sale price of the products in the calculation basis of the Contribution for Social Security Financing - COFINS and Contribution for Social Integration Program. Writ of Mandamus dismissed. The Company filed an Appeal, which was also dismissed. Special and Extraordinary Appeal filed by the Company. In view of the case law set by the Federal Supreme Court on this matter, the records were sent to the Federal Regional Court for review of the matter adjudged for judicial retraction. Decision rendered by the Court determining the exclusion of ICMS from the basis of calculation of these contributions (PIS and COFINS). The Federal Government filed motion for clarification, which was dismissed. Extraordinary Appeal filed by Federal Government, which was dismissed. Final and unappealable decision rendered on 02.19.2019.
The chance of defeat is:	No effect. Final and unappealable decision favorable to the Company was rendered.
Analysis of the impact in case of procedural defeat	Non-use of the tax credit with debts managed by the Brazilian Brazilian Federal Revenue Service, in the case of filing a motion for relief from the judgment, if there is a modulation of the effects of the decision rendered by the Federal Supreme Court

	CASE 2006.61.00.026027-0
Court	Federal Courts of Ceará -JF/CE
Level	Regional Federal Court of Circuit 5
Date filed	7/17/2007
Parties	Plaintiff: M. Dias Branco S.A. Ind. e Com. (Incorporadora de Pelágio Oliveira S/A)
	Defendant: Federal Government
Amounts, assets or rights involved	To be determined when the credit is used
Key facts	Adria Alimentos do Brasil Ltda., a company acquired by M Dias Branco S/A Indústria e Comércio de Alimentos, filed for a declaratory action seeking recognition of the unconstitutionality of including ICMS tax amounts paid on product sales in the tax base for Social Security Financing Contribution (COFINS) and Social Integration Program (PIS) contributions. Case ruled misplaced. The Company filed an appeal which was dismissed. Special and Extraordinary Appeals filed by the Company. In light of the case law established by the Supreme Federal Court regarding the matter, the case records were sent to the Federal Regional Court to adapt the judgment of the retraction court. The court delivered an appeal decision determining the ICMS be removed from the calculation base of these contributions (PIS and COFINS). The Federal Government filed a motion for clarification, which was not entertained. Appeals filed by Federal Government. Extraordinary appeal not entertained and Special appeal rejected. Case

	ruled to have grounds, with final and unappealable decision delivered in favor of Company on 10/16/2019.
The chance of defeat is:	No effect. Case ruled to have grounds, with final and unappealable decision delivered.
Analysis of the impact in case of procedural defeat	Failure to use tax credit against debits administrated by the Brazilian Federal Tax Authorities.

	CASE 0803798.-11.2017.4.05.8100
Court	Federal Courts of Ceará -JF/CE
Level	Regional Federal Court of Circuit 5
Date filed	3/14/2017
Parties	Plaintiff: M. Dias Branco S.A. Ind. e Com.
	Defendant: Federal Government
Amounts, assets or rights involved	To be determined when the credit is used
Key facts	The Company filed for a writ of mandamus seeking a declaration of the unconstitutionality of including ICMS tax amounts paid on product sales in the tax base for Social Security Financing Contribution (COFINS) and Social Integration Program (PIS) contributions, even after the advent of Law 12.973/14, which changed the concept of gross revenue. Injunction awarded and upheld to declare there is no legal relationship obliging the Company from the enactment of Law No. 12.973/14, i.e. from 01/01/2015, to include the ICMS calculated on goods or services sold in the PIS and COFINS calculation base, regardless of the calculation method. Appeal filed by the Government, which was rejected. Case ruled to have grounds, with final and unappealable decision delivered in favor of Company on 7/11/2019.
The chance of defeat is:	No effect. Case ruled to have grounds, with final and unappealable decision delivered.
Analysis of the impact in case of procedural defeat	Failure to use tax credit against debits administrated by the Brazilian Federal Tax Authorities.

	CASE 0019578-67.2006.4.02.5101
Court	Federal Courts of Rio de Janeiro -JF/RJ
Level	Regional Federal Court of Circuit 2
Date filed	10/10/2007
Parties	Plaintiff: Indústria de Produtos Alimentícios Piraquê
	Defendant: Federal Government
Amounts, assets or rights involved	To be determined when the credit is used
Key facts	Indústria de Produtos Alimentícios Piraquê, a subsidiary of M Dias Branco S/A Indústria e Comércio de Alimentos, filed for a writ of mandamus seeking recognition of the unconstitutionality of including ICMS tax amounts paid on product sales in the tax base for Social Security Financing Contribution (COFINS) and Social Integration Program (PIS) contributions. The writ of mandamus was not granted. After the appeal had been filed, the Regional Court of Region 2 recognized the company's right not to include in the PIS and COFINS calculation base the ICMS tax substitution paid. However, it did not recognize the right to exclude the ICMS paid from the PIS and COFINS calculation base under the normal arrangement. Extraordinary and special appeals filed by the company, which were accepted to declare unconstitutional the addition of ICMS amounts in the PIS and COFINS calculation base. Case ruled to have grounds, with favorable final and unappealable decision delivered on 11/25/2019.
The chance of defeat is:	No effect. Case ruled to have grounds, with final and unappealable decision delivered.
Analysis of the impact in case of procedural defeat	Failure to use tax credit against debits administrated by the Brazilian Federal Tax Authorities.

Civil

As of December 31, 2019 the Company was a defendant in 411 judicial and administrative civil claims, involving a total amount of approximately R$ 38 million. Most of the civil claims in which the Company is a defendant involve routine business matters, such as claims for breach of contract, compensation for collections and incorrect inclusion in bad payer registers, compensation for road accidents, and the alleged presence of foreign bodies in products, amongst other things. The Company believes there is no individually material civil claim, except for the environmental administrative proceeding described below.

The civil proceedings to which the Company is party include, primarily, the following: (a) administrative proceedings before the Brazilian antitrust authority, CADE, based on an administrative investigation initiated by CADE, to which the Company timely submitted its defense and from which it is currently awaiting a decision; and (b) a notice of environmental violations in relation to the margarines and fats factory in Fortaleza, Ceará, which were considered material based on the following criteria: (i) possible damage to the Company's image in society due to the alleged violation of environmental and anti-corruption regulations; and/or ii) possible financial damages following the payment of fines.

Administrative Proceeding 08012.009957/2008-50	
Court	Managing Division of CADE
Level	1st Administrative
Date filed	October/2008
Parties	Plaintiff: Administrative Council for Economic Defense - CADE
	Defendant: M. Dias Branco S.A. Ind. e Com. and others
Amounts, assets or rights involved	Administrative proceedings brought by CADE to investigate an alleged cartel in the "North and Northeast wheat-flour markets."
Key facts	On November 12, 2008 the Office for Economic Affairs instituted a preliminary investigation after receiving a report from the Federal Public Prosecutors' Office. On April 9, 2013 CADE applied for a search and seizure warrant for M. Dias Branco and other milling companies. On January 7, 2014 CADE suspended the preliminary investigation after M Dias Branco secured an injunction preventing CADE's access to seized documents. On December 4, 2015 the investigation was resumed. On January 22, 2016 CADE instituted administrative proceedings. From December 2016 to January 2017 the respondents submitted their defense. On February 10, 2017 a Memorandum of Clarification rejected the preliminary defense. On February 24, 2017 the respondents issued a request for reconsideration. In December 2019 the Federal Public Prosecutors' Office issued opinion in favor of indicting the company. The case has now been suspended under a decision favorable to the respondents in interlocutory appeal no. 1039698-64.2019.4.01.0000 before the 5th Bench of the Federal Regional Court of the 1st Circuit.
The chance of defeat is:	Possible
Analysis of the impact in case of procedural defeat	Notwithstanding the administrative proceedings brought by CADE, (a) the application of any penalty will require an investigation of and demonstration that violations have been committed; and (b) any penalties applied can be challenged in court.
	Assessment Notice 9078653 (Administrative Proceeding)
Court	DIRECTOR FOR ENVIRONMENTAL PROTECTION OF IBAMA IN FORTALEZA/CE
Level	1st Administrative
Date filed	4/24/2015
Parties	Plaintiff: BRAZILIAN INSTITUTE OF THE ENVIRONMENT AND RENEWABLE NATURAL RESOURCES – IBAMA
	Defendant: M. Dias Branco S.A. Ind. e Com. - GME

Amounts, assets or rights involved	Fine of R$ 1,005,000.00 (one million and five thousand reais)
Key facts	The Company was assessed by IBAMA on April 07, 2015 for an incident by which a vegetable fat transfer pipe discharged its contents into the sea, which reached the region of the beach and beach rock closest to the accident's location (Mucuripe, Fortaleza/CE). The agency based the fine on a technical report which stated that the vegetable oil spill could have affected the biota in the location and caused social and economic losses in the region. The company submitted a defense in due course, stating that the product was not capable of damaging the biota and demonstrating there were no social and economic impacts in the region. We also questioned the composition of the fine amount, which did not follow legal considerations. **We are currently awaiting the decision by the lower administrative court.**
The chance of defeat is:	Possible
Analysis of the impact in case of procedural defeat	Based on the elements resulting from the probation deferment, the risk of the fine being upheld is possible.

4.3.1 Indicate the total amount provisioned for, if applicable, of the proceedings described in item 4.3

At December 31, 2019 the Company had a provision of approximately R$ 86.7 million for probable losses in labor and civil, judicial and administrative proceedings and, in connection with its business combination with Piraquê, the Company also recognized a provision of R$ 23,985 for labor and civil proceedings for which the risk of defeat has been rated as possible or remote. In relation to tax proceedings, the Company had a provision of R$ 83.1 million for probable losses, plus R$ 19.7 million for success fees.

For further details about proceedings provisioned for by the Company see section 4.6 of this Reference Form.

4.4 - Nonconfidential Judicial, Administrative or Arbitration Proceedings whose Adversaries are Executives or Former Executives, Parent Companies or Former Parent Companies or Investors

There are no judicial, administrative or arbitration proceedings that the issuer or its subsidiaries are party to and whose adversaries are executives or former executives, related parties of the issuer.

4.5 - Material Confidential Proceedings

As of December 31, 2019 the Company was not party to any confidential proceedings. All material proceedings have been described in section 4.3 above.

4.6 - Nonconfidential, Jointly Material or Repeated or Related Judicial, Administrative or Arbitration Proceedings

Labor

The main issues in the claims provisioned for are: overtime and effects, work-related accidents and occupational illnesses, joint liability, health risk and danger risk supplement, recognition of employment relationship, sales commission, salary parity, deviation or accumulation of positions, compensation for material damages, amongst other issues.

a. amounts involved

Provision for Labor Processes Grouped by Similar Claims	
Issues	**Amount** ***(In Reais)***
Overtime and related costs	15,955,384.28
Work-related accidents and occupational diseases	6,545,162.03
Health hazard or danger allowance	4,290,593.30
Joint liability	2,675,333.30
Equal pay, deviation or accumulation of positions	1,299,757.68
Recognition of employment relationship	690,855.39
Sales commission	625,469.69
Other unspecified matters	49,521,247.32

The Company has made a provision for the total value of these processes being legally discussed.

b. Practice adopted by the company or its subsidiary that caused the contingency

Overtime and related costs

The Company is the defendant in various processes filed claiming for overtime incorrectly paid by the Company, particularly by ex-employees that performed services outside of the Company's facilities, such as sales staff and external sales promoters. It is common in the labor courts for former employees, with testimony from other former employees, to make various claims against the companies, that may not necessarily always reflect the truth. The Company's practice is to pay overtime complying with legislation, and for such it has implemented an electronic control point for employees working internally, and there are no specific practices adopted by the Company that give rise to these contingencies. For this type of claim, the Company has made a provision of approximately R$ 15.9 million.

4.6 - Nonconfidential, Jointly Material or Repeated or Related Judicial, Administrative or Arbitration Proceedings

Health hazard or danger allowance

The Company is cited as the defendant in various processes that are claiming danger and health risk supplements, as a result of undertaking activities that are supposedly unhealthy or dangerous, respectively. Labor legislations deems the nature, working conditions or methods of harmful activities or operations expose employees to harmful agents in excess of the tolerance limits established, as a result of the agent's nature and concentration and the time for which employees are exposed. The regulations approved by the Ministry of Labor define hazardous activities or operations as those which by their nature or working methods involve permanent contact with inflammable or explosive substances in situations of high risk. The Company's practice is to adopt all of the work safety measures and to guarantee a safe working environment, and no procedure or attitude adopted by Company management has been identified that could be associated as the cause of these contingencies. For this type of claim in the labor sphere, the Company has registered a provision of approximately R$ 4.2 million.

Joint liability

The Company is cited as the defendant in various processes that refer to the Company's joint liability. Joint liability represents establishing the extent of the responsibility of the entity that contracts services in relation to the worker employed by the service entity, the effective employer. In the case of joint liability, the entity contracting the services is considered responsible for settling any labor charges due by the service entity to the employee, when the later company does not honor them. These contingencies originated from the fact that the internal controls adopted in the past by the Company were not sufficient to fully accompany the documentation of companies contracted to ensure that payments were made to these workers. For this type of claim, the Company has made a provision of approximately R$ 2.6 million.

Recognition of employment relationship

The Company is cited as the defendant in various labor claims that demand recognition of an employment relationship from employees from companies contracted by the Company, particularly sales representatives, as well as self-employed professionals. These processes originated from the fact that in the past the Company did not adopt the necessary measures to avoid an employment relationship being characterized between these third parties and self-employed workers and the Company (mainly with respect to the clear characteristic of direct subordination of the worker to the company contracted, and not to the Company, in the case of outsourced companies). For this type of claim, the Company has made a provision of approximately R$ 690 thousand.

Sales commissions

The Company is cited as the defendant in various labor claims in which former employees, mainly those that were employed as sales representatives, claim to be entitled to differences in commission on sales made and supposedly not paid by the Company. For this type of claim, the Company has made a provision of approximately R$ 625 thousand.

Equal pay, accumulation or alteration to function

The Company is cited as the defendant in various processes that refer to equal pay, accumulation or alteration to function. Equal pay is demanded when the plaintiff and the employee, whose salary is considered to be a paradigm for the equal pay, hold the same positions, have the same productivity and technical expertise, and the difference in the time they have held this position is less than two years. The accumulation of a function occurs when an employee not only performs the regular activities for his or her position, but also assumes, partially or fully, the responsibilities of another position within the company. In the case of accumulated functions, the employee holds a position with specific tasks and as from a certain moment, or as a result of specific events, such as a reduction in the number of staff, then starts to receive extra responsibilities related to another specific position. A deviation of a position occurs when an employee undertakes activities on a regular basis that correspond to another position, and which are different from what was agreed under contract, that is, occurs when he or she is contracted to perform a certain position and ends up performing the activities that refer to a different position. The Company's practice is to strictly adhere to the labor legislation, and no procedure or attitude adopted by Company management has been identified that could be associated as the cause of these contingencies. For this type of claim, the Company registered a provision of approximately R$ 1.2 million.

Other unspecified matters

The Company is cited as the defendant in labor processes that are questioning not only the claims stated above, but others, such as nonpayment of daily allowance for travel (payment for food and accommodation during work trips), double payment for working Sundays and public holidays (supposedly the weekly remunerated rest period, as stated in legislation, was not granted by the Company, which results in the employer having to pay the corresponding amount in double), salary differences, lawyers' fees, one third extra vacation pay, amongst others. The Company's practice is to strictly adhere to the labor legislation, and no procedure or attitude adopted by Company management has been identified that could be associated as the cause of these contingencies. For this type of claim, the Company has made a provision of approximately R$ 49.5 million, with R$ 23 million for the Piraquê business combination.

Tax

On December 31, 2019, the Company did not have any legal, administrative or repetitive arbitration or connected tax claims, based on facts or similar legal claims, which are not confidential and which together are considered relevant, beyond the judicial or administrative proceedings reported in item 4.3.

Civil

The main issues discussed in the civil processes provisioned refer to allegations of breach of contracts, allegations of incorrect collections and inclusions in default registers, indemnity for damage caused by traffic accidents, allegations of foreign bodies in products, amongst others.

a. amounts involved

Provision for Civil Processes grouped by similar claims	
Issues	**Amount** ***(In Reais)***
Breach of contractual terms/Indemnity for rescission of representation or distribution contracts	2,854,048.34
Traffic accidents	253,700.71
Foreign bodies in products	83,955.39
Incorrect collection demands/incorrect protests	42,148.67
Other unspecified matters	5,197,146.89

The Company has made a provision for the total value of these processes being legally discussed.

b. Practice adopted by the company or its subsidiary that caused the contingency

Breach of contractual terms/Indemnity for rescission of representation or distribution contracts

The Company is cited as the defendant in certain processes that allege breach of contracts by the Company, in relation to contractual terms provided, particular contracts to provide services and sales representation or distribution, such as noncompliance with exclusivity rules in the area where activities are undertaken, direct sales made by the Company, amongst other issues. For this type of claim, the Company has made a provision of approximately R$ 2.8 million.

Traffic accidents

The Company is cited as the defendant in certain civil processes that demand indemnity for moral, aesthetic and material damage from traffic accidents that were caused by the Company's employees. For this type of claim, the Company has registered a provision of approximately R$ 253 thousand.

Foreign bodies in products

The Company is cited as the defendant in certain civil processes in which consumers allege that they found foreign bodies in the products manufactured and sold by the Company, particularly insects and metal objects, which caused moral and material damage. For this type of claim, the Company has made a provision of approximately R$ 90 thousand.

Incorrect collections /Incorrect protests

The Company is cited as the defendant in certain civil processes questioning damage caused by collections and protests filed by the Company that were supposedly incorrect. A significant part of these claims originated when the Company changed its operational system. For this type of claim, the Company has made a provision of approximately R$ 50 thousand.

Other unspecified matters

The Company is cited as the defendant in certain civil processes that not only discuss the claims referred to above, but also other issues, such as discussions regarding brands and patents, collection for amounts supposedly not paid, consumer information, amongst others. The Company's practice is to strictly comply with Brazilian legislation, and no procedure or attitude adopted by Company management has been identified that could be associated as the cause of these contingencies. For this type of claim, the Company has made a provision of approximately R$ 5.1 million.

4.6.1. Total provisioned for

With respect to the processes reported in item 4.6, the total provision registered was R$ 78.3 million for labor processes and R$ 8.4 million for civil processes.

4.7 - Other Material Contingencies

All of the material contingencies for FY 2019 to which the Company is party have been described in items 4.3 to 4.6 above.

4.8 - Rules in Country of Origin and Country Where Securities are in Custody

Not applicable, given that the Company is Brazilian and all of the shares that it issued are held on the Brazilian Market.

5.1 - Risk Management Policy

a. if the issuer has a formal risk management policy, highlight, in this case, the body that approved it and the date it was approved, and if this is not the case, the reasons why the issuer did not adopt the policy

The Company has a formal risk management policy, revised by the Audit Committee and approved by the Board of Directors on 11/8/2019.

b. The objectives and strategies of the risk management policy, when such exists, including:

The objective of the risk management policy is to establish definitions, guidelines, assessment criteria, tendency to risk and responsibility for the corporate risk management process, to ensure that:

- The business risks inherent to the Company's activities are identified, assessed and minimized to an acceptable level given their perpetuity.
- The internal control structure is continuously reviewed to assess identified risks and minimize costs related to non-controlled risks and/or unnecessary controls activities.
- Transactions potentially creating conflicts of interest are identified and the related risks are minimized by implementing segregation of duties and/or monitoring activities.
- All employees clearly understand risk management objectives and the roles and responsibilities of the different levels of the organization.
- The company complies with established requirements.
- The Company's strategic objectives are fully complied with.

The Company's risk management policy strategy is primarily focused on reducing uncertainties which could affect shareholder returns and the Company's long-term value.

i. the risks for witch protection is sought

Through an assessment using qualitative and quantitative methods, the Risk Management function classifies existing risks as strategic, operational, reporting, compliance, cyber, market or social and environmental risks. Based on the Company's risk management methodology, risks are ranked at five different levels. Decisions on risk assessments and responses are taken by the Audit, Risk & Compliance department, under the oversight of the Audit Committee, and discussed with the appropriate organizational levels as indicated in the model below. Any acceptance of risks is also subject to these governance procedures.
Extreme risks are reported by the Audit Committee to the Board of Directors on a timely basis following identification. These risks are also included in annual Audit Committee reports.

ii. the instruments used for protection

The instruments adopted by the Company consist of continual improvement to the internal controls environment which is properly monitored, tested and up-dated in order to address each risk identified with at least one internal control capable of mitigating it.
Other instruments considered transferring risks through contracting insurance. The coverage takes into consideration the calculation of the impact, internal controls and existing coverage for the risks report

5.1 - Risk Management Policy

The Company uses GRC (Governance, Risk and Compliance) software for the electronic management of the risk matrices and internal audit test routines and monitoring of the corrective action plans.

iii. Organizational risk management framework

The Company has an Audit, Risks and Compliance Board with specific managements for each area, reporting directly to the Audit Committee. This, in turn, is a non-statutory advisory body for the Board of Directors, currently consisting of four independent members, one also being a member of the Board of Directors.

The Committee is responsible for giving support to the shareholders and to the Board in their activities of supervising relevant themes related to:

- the accuracy and reliability of the financial information reported to the Board, shareholders, and stakeholders in general.
- the efficiency and effectiveness of the risk management process and internal control systems.
- contracting, guiding, reviewing and assessing the activities of the Audit, Risk and Compliance Committee and the Independent Audit.
- adherence to legal requirements for financial, tax and accounting reporting.
- assessing and monitoring compliance by the Company's directors with the recommendations made in audit reports and by regulatory agencies.
- monitoring potential conflicts of interest and compliance with the Company's code of ethics.
- the encouragement, development and sustainability of good corporate governance practices.

To this end, the Committee held monthly meetings throughout 2019, in which it issued opinions and recommendations to Management and the Board, through formalizing and sending minutes.

In line with UN Sustainable Development Goal 16 – Peace, Justice and Strong Institutions, an Ethics Hotline is available for employees and other stakeholders to report potential violations of our Code of Ethics. This is an independent, free and confidential service, accessible by phone, e-mail or internet. The identity of whistle blowers is kept anonymous if they so choose, i.e. identification is optional. 876 complaints were made via the ethics channel in 2019, an increase of 23% on the previous year.

Ethics issues are addressed by the Ethics Committee, which reports directly to the Audit Committee. The ethics committee was structured in 2012, on a permanent and non-statutory basis, consisting of the organizational development, legal and audit, risk management and compliance officers. As of December 2019, 76% of whistle blowing reports received in the year had been addressed. Administrative action was taken for 54% of cases, disciplinary action for 6% of cases, and no action was required for 40% of cases.

c. adequacy of operational structure and internal controls to ascertain effectiveness of the policy in place

The company, in the pursuit of continual improvement in its structure for governance, risk and control, adopts as benchmarks the guidelines of the main entities in these areas, such as COSO (Committee of Sponsoring Organizations of the Treadway Commission) IIA (Institute of Internal Auditors) and IBGC (Brazilian Institute of Corporate Governance) and the standards issued by the CVM and B3.
In addition to risk assessment by the Company, on an annual basis the Audit Committee assesses the operational governance structure for adequacy, and approves budget funding deemed sufficient for the proper operation of the Audit Committee and the Audit, Risk & Compliance department.
The Audit Committee's duties include monitoring discipline in executing and implementing corrective action identified by the Company's governance functions, including corrective action recommended by the independent auditors and other third parties to improve the internal controls environment. The status of these action plans is also monitored on a monthly basis by the Statutory Board and Executive Committee.

5.2 - Market Risk Management Policy

a. if the issuer has a formal market risk management policy, highlight, in this case, the body that approved it and the date it was approved, and if this is not the case, the reasons why the issuer did not adopt the policy

The Company has a formal risk management policy, revised by the Audit Committee and approved by the Board of Directors on 11/8/2019.

b. The objectives and strategies of the market risk management policy, when such exists, including:

i. targeted market risks
The Company is seeking to hedge the risk of a changing exchange rate on liabilities denominated in foreign currencies, primarily the US dollar, mainly due to imported wheat in grains and palm oil.

ii. hedge strategy
As a strategy to prevent and reduce the effects of fluctuations in exchange rates on its results, Management takes out swaps to finance consumable imports.

iii. hedge instruments
Exchange variance is hedged by traditional swap operations when financing consumable imports.

iv. risk management parameters
In addition to analyzing temporary mismatches between assets and liabilities cash flow sensitive to certain risk factors, and in the case of exchange variance projected changes in the exchange rate in relation to the Real, every quarter the Company conducts a sensitivity analysis on financial liabilities denominated in US dollars, when necessary, in order to comply with CVM Directive 475/08.

v. if the issuer operates financial instruments with objectives other than the equity protection (hedge) and what are these objectives
The Company does not use financial instruments for non-hedge purposes.

vi. market risk management control - organizational structure
The Company does not have segregated policies for market risks, where the management of these risks is integrated into its corporate policy, as described in item 5.1.

c. adequacy of operational structure and internal controls to ascertain effectiveness of the policy in place

The company, in the pursuit of continual improvement in its structure for governance, risk and control, adopts as benchmarks the guidelines of the main entities in these areas, such as COSO (Committee of Sponsoring Organizations of the Treadway Commission) IIA (Institute of Internal Auditors) and IBGC (Brazilian Institute of Corporate Governance), and the standards issued by the CVM and B3.

In addition to risk assessment by the Company, on an annual basis the Audit Committee assesses the operational governance structure for adequacy, and approves budget funding deemed sufficient for the proper operation of the Audit Committee and the Audit, Risk & Compliance department.

The Audit Committee’s duties include monitoring discipline in executing and implementing corrective action identified by the Company’s governance functions, including corrective action recommended by the independent auditors and other third parties to improve the internal controls environment. The status of these action plans is also monitored on a monthly basis by the Statutory Board and Executive Committee.

5.2 - Description of Internal Controls

a. the main internal control practices and the degree of efficiency of such controls, including any defects and measures taken to remedy them

In addition to risk management, also in respect of internal controls, the company, in the pursuit of continual improvement in its structure for governance, risk and control, adopts as benchmarks the guidelines of the main entities in these areas, such as COSO (Committee of Sponsoring Organizations of the Treadway Commission) IIA (Institute of Internal Auditors) and IBGC (Brazilian Institute of Corporate Governance).

The Company uses GRC (Governance, Risk and Compliance) software for the electronic management of the risk matrices and internal controls, internal audit test routines, management of notices received through the Ethics Channel and monitoring of the corrective action plans. With this management tool, the controls are specified according to criteria previously defined by the Company. These criteria take into consideration the type of control, the way it is executed, its relevance within the organizational context, the frequency for executing it, if the control is a key control and the classification of the control.

According to the annual planning by the Audit, Risk Management and Compliance Directors, the control environment is assessed at two levels: if the design of the internal control meets Company expectations; and if the controls operate in accordance with previously defined criteria and mitigate the corresponding risks.

With respect to the controls to ensure the reliable preparation of the financial statements, in addition to the aspects stated above, the activities undertaken by the employees are determined by operational procedures, macro-flows and other normative documents approved and disclosed in channels that can be accessed by employees. The internal control environment observes the principles of segregation of duties, and access is granted to users of the Integrated Information System (ERP), subordinated to an assessment and approval process. Furthermore, the Company defined workflows that respect the authority limits necessary to register information, reviews and approvals of activities undertaken by the users involved in the preparation of the financial statements. Finally, reconciliation routines were defined to ensure the integrity and complete register of financial information in the Company´s system. Thus, the Company believes that the level of efficiency of the internal controls adopted to ensure the preparation of its financial statements is satisfactory, even considering possible limitations on these controls to prevent or detect errors.

b. the organizational structures involved

Each of the Company´s areas is responsible for the design and operation of the procedures and controls for its activities, however Internal Audit is responsible for assessing the Company´s internal control environment.

Management of Corporate Controllership is responsible for preparing the financial statements, and relies on involvement from the Planning and Contentious Taxation areas, Legal and Financial Area, for supplying information through the HFM – Hyperion Financial Management and CDM – Cognos Disclosure Management systems, tools that enable greater control over the process for disclosing information.

5.3 - Description of Internal Controls

c. if and given that the internal control work is supervised by management from the issuer, stating the positions of the persons responsible for this work As stated, each of the Company´s Managers and Directors is responsible for implementing the internal controls in their areas. Internal Audit periodically performs an independent assessment of the Company´s internal controls. The results of these assessments are presented to the managers and directors of each area, who are responsible for dealing with weaknesses, which are reported in order to be accompanied by Management and the Audit Committee.

d. weaknesses and recommendations for internal controls presented in the interim report, prepared and sent to the issuer by the independent auditors, in accordance with the regulations issued by the Securities Commission which deals with the registration and activities exercised by independent auditors

In reviewing the financial statements, the Independent Auditors obtain an understanding of the Company's controls environment to identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error. In making this assessment, the auditors consider the internal controls relevant to the preparation and presentation of financial statements, identifying any "material weaknesses" or "other weaknesses" in order to plan audit procedures that are appropriate in the circumstances. One material weakness identified by the independent auditors, and for which recommendations for improvement in internal controls have been made, relates to the absence of a procedure for periodically reviewing login credentials for computer and software systems.

e. officers' comments on the weaknesses stated in the management report prepared by the independent auditors and on the corrective measures adopted

The Company has a software system for controlling access credentials within its information systems. These credentials and their access permissions are reviewed on a one-off basis and, as recommended, we have agreed that one of the ways to mitigate related risks is to implement a procedure for regularly reviewing access credentials and access permissions. The Company is currently discussing the development of a procedure and policy for periodically reviewing access credentials.

5.4 - Integrity Program

a. whether the issuer has rules, policies, procedures or practices in place for preventing, detecting and remediating fraud and anti-bribery violations, specifying, if affirmative:

i. the key integrity mechanisms and procedures in place and their adequacy for the and risks identified by the issuer, how often risks are reassessed, and whether the policies, procedures and practices are fit for purpose.

Between August and December 2019, the Board of Directors approved a new edition of the Company's Code of Ethics, and revised or developed the policies below relating to its Compliance Program and the *Novo Mercado* Listing Rules:

- Anti-bribery Policy.
- Policy for gifts, presents, entertainment and hospitality.
- Consequences Policy.
- Donations and Sponsorship Policy.
- Internal investigation protocol and Reporting Hotline.
- Risk Management Policy.
- Related parties and Conflicts of interests Policy.
- Policy for Appointing Executives and Committee Members.
- Management Compensation Policy.

The Company has a risk management policy that has been reviewed by the Audit and Governance committees and approved by the Board of Directors. The Policy establishes definitions, guidelines and requirements on risk assessment, risk appetite and responsibilities for managing corporate risks in order to ensure they are identified, assessed and minimized to acceptable levels through a continually perfected internal controls framework. Risk matrices are reviewed and risk appetite and tolerance are set annually by the Audit Committee.

Using a qualitative and quantitative approach, the Policy classifies risks into strategic, operational, reporting, cyber, market, social and environmental, or compliance risks, including bribery risks. Based on the assessment and measurement of risks, the Company seeks protection against those that have the greatest potential to affect its results.

For both risk management and internal controls, we have adopted as benchmarks the guidelines of the main entities in these areas, such as COSO (Committee of Sponsoring Organizations of the Treadway Commission), IIA (Institute of Internal Audit) and IBGC (Brazilian Institute of Corporate Governance).

In 2019 a risk map was developed that included corruption, money laundering, antitrust and other risks. Considering the level of interaction with government officials and the different measures in place to ensure integrity in our activities, we assess our exposure to corruption risk as being moderate. Transactions involving service providers with greater exposure to corruption risk are continuously monitored.

ii. the organizational structures involved in monitoring the operation and efficiency of internal integrity mechanisms and procedures, including the relevant roles and responsibilities, whether those structures have been formally created and approved, the governance bodies they report to, and the mechanisms in place, if any, to ensure manager independence.

5.4 - Integrity Program

The Company has an Audit, Risk & Compliance department – with function-specific sub-departments – that is composed of independent members and reports administratively to the CEO and functionally to the Audit Committee. The Audit, Risk & Compliance department supports the Board of Directors in matters related to the integrity of financial information, in risk management, in evaluating the internal controls system, in regulatory and legal matters, and in monitoring compliance with the Code of Ethics.

In 2019 the Board of Directors approved the roles and duties of the Audit, Risk & Compliance Officer under Appendix II to the Company's Anti-bribery Policy, which covers the following aspects: (i) roles and responsibilities; (ii) authority; (iii) organization; (iv) independence and objectivity; (v) accountability; (vi) annual audit, risk and compliance plans; (vii) reporting and monitoring; (viii) quality certification and improvement programs.

The Company also has an Ethics Committee, comprising the Audit, Risk & Compliance, Legal, and Organizational Development officers, to assist the Audit Committee in its oversight of Code of Ethics implementation and to investigate concerns reported through the Company's Ethics Hotline.

In 2019 the Company created a Corporate Governance Committee tasked with assisting the Board of Directors in improving the corporate governance environment in alignment with applicable laws and regulations and industry best practices. It is also the Committee's responsibility to structure the Company's compliance program. A Corporate Governance Office was also created in the year to support the Board of Directors, its advisory committees and the Statutory Board.

iii. whether the issuer has a formally approved code of ethics or code of conduct, specifying:

• whether it applies to all officers, Audit Board members, Board of Directors members and employees and whether it also covers third parties such as suppliers, agents and associates.

Our Code of Ethics sets out the principles and values by which all employees and legal representatives of the Company are expected to abide, as well as the standards of behavior expected of business partners, investors and consumers.

• whether and how often the Company's officers, Audit Board members, Board of Directors members and employees receive training on the code of ethics or code of conduct and other related policies.

A Compliance Program was launched in November 2019 during a Business Leadership Meeting as part of the Company's Leadership Development Program (LDP). Training on approved policies, including the Anti-bribery Policy, was provided to 323 managers.

Employee communications (intranet, email, posters, magazines, etc.) and in-person training on the Code of Ethics were undertaken throughout the year, working with the Company's Internal Communications and Corporate Education departments, respectively.

5.4 - Integrity Program

For new hires, integrity training is included in the induction training process.

Compliance communications and training activities conform to general guidelines established in Appendix III to the Company's Anti-bribery Policy. The Company maintains a periodic and continuous training plan for direct and third-party employees (as applicable).

The frequency of training, never to be less than every 3 (three) years, is dependent on, among other factors, the level of exposure to risks, with the departments most exposed to integrity risks receiving training more frequently than other departments.

Where material changes are made to the Code of Ethics and/or other policies within the Company's integrity program, the Company organizes refresher training to ensure all affected direct and/or third-party employees are informed of such changes within 6 (six) months of implementation.

The Audit, Risk & Compliance, Legal, and Organizational Development departments jointly develop and implement annual compliance training programs covering, as a minimum requirement, the following aspects: (i) Target audience; (ii) Objectives; (iii) Syllabus; (iv) Training formats; (v) Frequency; and (vi) The managers responsible training development, delivery and oversight.

• the penalties applied for violations of the code or other related policies, specifying the document in which those penalties are established.

Under the Company's Code of Ethics and Consequences Policy, in the event of any violations of the Code of Conduct, Compliance Program and/or other related policies or procedures and applicable laws and regulations, the individuals involved are subject to the following disciplinary action: (i) verbal warning; (ii) written warning; (iii) suspension; (iv) termination without cause; (v) termination with cause; (vi) contractual penalties and/or contract termination (for third-party employees). Employees enjoy the protections provided by applicable labor regulations and disciplinary action is ensured to be proportional to the seriousness of the misconduct.

In addition to the disciplinary action above, direct (and third-party, if applicable) employees may be held personally liable, including for damages caused by their misconduct.

Any misconduct that potentially constitutes a civil, administrative or penal violation may be reported to the appropriate government authorities and regulatory bodies so that appropriate action is taken, in addition to any penalties applied by the Company as described herein.

• the governance body that approved the code, the date of approval and, if the issuer has made its code of conduct publicly available, the websites where it can be viewed.

5.4 - Integrity Program

The Code of Ethics and other policies described above are available for reference on the Company's intranet and website. These documents are subject to revision at any time by the Board of Directors, especially for the purpose of keeping them continuously up to date with best practices in corporate governance.

Any questions, suggestions or requests for guidance related to the Code of Ethics can be addressed through the Ethics Hotline as well as to the Audit, Risk & Compliance and Legal departments.

b. whether the issuer has a whistle blowing channel, specifying, if affirmative:

• whether the whistle blowing channel is managed in-house or by third parties.

• whether the whistle blowing channel is open to third-party or only employee reports.

• whether mechanisms are in place to keep the identities of whistle blowers anonymous and protect good-faith whistle blowers from retaliation.

In line with UN Sustainable Development Goal 16 – Peace, Justice and Strong Institutions, an Ethics Hotline is available for employees and other stakeholders to report potential violations of our Code of Ethics. This is an independent, free and confidential service, accessible by phone, e-mail or internet. The identity of whistle blowers is kept anonymous if they so choose, i.e. identification is optional.

In accordance with our Code of Ethics, we do not tolerate any threats, intimidation or retaliation against any person who (i) makes a good-faith report or complaint about a potential violation of this Code of Ethics, our Integrity Program and/or other policies or procedures or applicable laws, or (ii) expresses questions, suspicions or concerns on this matter.

876 complaints were made via the ethics channel in 2019, an increase of 23% on the previous year. As of December 2019, 76% of whistle blowing reports received in the year had been addressed. Administrative action was taken for 54% of cases, disciplinary action for 6% of cases, and no action was required for 40% of cases.

No corruption reports involving government officials or authorities were reported through the Company's Ethics Hotline in 2019. We were also subject to no administrative or legal sanctions for any anti-bribery violations involving domestic or foreign entities.

• the governance body responsible for investigating whistle blowing reports.

The Company's Whistle blowing Report and Investigation Protocol establishes rules, guidelines and procedures on (i) conducting internal investigations of whistle blowing reports received in connection with its operations; and (ii) the management and operation of the Company's Ethics Hotline.

The governance body responsible for handling an investigation is determined based on the nature of the report, as set out in the investigation procedures under the Protocol. The governance body handling the investigation is required to do so objectively and independently, and to possess adequate technical expertise and knowledge of the relevant operations.

c. whether the issuer implements due diligence procedures during mergers, acquisitions and corporate reorganizations to identify weaknesses and risks of misconduct in the entities involved.

Any corporate reorganizations, mergers & acquisitions (M&A) or joint venture arrangements are preceded by due diligence to assess the target's reputation and compliance, in order to avoid the risk of incurring legacy liabilities arising from any violations by the target of anti-corruption laws, as set out in the Joint Ventures, Consortia, Mergers & Acquisitions section of our Anti-bribery Policy.

d. if the issuer has no rules, policies, procedures or practices for preventing, detecting and remediating fraud and anti-bribery violations, specify the reasons" (NR).

Not applicable.

5.5 - Significant changes

Extreme events – such as pandemics, wars and natural disasters occurring in different parts of the world – could disrupt economies and global markets, affecting supply chains, commodities prices, foreign exchange variance and the value of our shares.

These events could result in measures being imposed such as shelter-in-place orders, restrictions on businesses, border closures and distribution disruptions, with potential consequences including genocides and local or global recessions. These measures could reduce consumption and industrial production, causing shortages, and increasing the prices, of commodities.

5.6 - Other material information - Risk Management and internal controls

All the material information pertinent to this topic has been presented in the above items.

6.1 / 6.2 / 6.4 - Incorporation of Issuer, Term of Duration and Date of Registration at CVM

Date of Issuer Incorporation	5/21/1951
Means of Issuer Incorporation	Limited Company
Country of Incorporation	Brazil
Term of Duration	Indefinite Term of Duration
Date of CVM Registration	10/11/2006

6.3 - Background

M. Dias Branco S.A. Indústria e Comércio de Alimentos started operating in October 1961, but, in the 1940s, Mr. Manuel Dias Branco, the Company's founder, started exploring activities related to baking and manufacturing biscuits in the state of Ceará, using traditional techniques, and on May 21, 1951 he incorporated the company M. Dias Branco & Cia Ltda. to undertake these activities.

As from 1953, when his son, Francisco Ivens de Sá Dias Branco joined the company then known as M. Dias Branco & Cia. Ltda., new guidelines were adopted for the business, particularly with respect to investments, which started to be concentrated on the mass production of the cookies and pastas that were being sold.

In the early 1960s the Company started developing its existing distribution model, which mainly aims to serve micro, small and medium retailers, based on door-to-door sales and visits to clients at least weekly, enabling it to check in loco the products and prices that its clients purchased and sold, and permitting it to adapt its market position, sales strategy and client relations on a continual basis.

Development of its distribution model, associated with mass production, resulted in the enormous expansion of its sales from the then single industrial unit, located initially in the state of Ceará and later in neighboring states. This growth encouraged the transfer of the industrial and sales complexes, located in Fortaleza, to the municipal of Eusébio, approximately 25km from the old head office, with this process concluded in 1980. During this period, the Company used the brand name Fortaleza, originating in the 1950s, which was already strong, and then started to focus on including and consolidating the brand name Richester, introduced in 1978, within its markets.

The deregulation of the wheat industry in Brazil in 1990 ushered in a new cycle of growth for the Company. In 1992, its first wheat milling unit was inaugurated in the state of Ceará, and the vertical integration process for cookies and pasta production began, since it was possible to produce the Company´s main raw material for its products at the new unit. At the same time, the Company also entered the competitive market of flour and wheat bran.

In 2000, the Company continued its expansion project, and opened its second flour mill in the state of Rio Grande do Norte, installing its second pasta factory in the same industrial complex, and integrating its operations. The model to eliminate the costs from transporting wheat flour to produce pasta was introduced at this complex.

During 2002, the Company focused on greater vertical integration of supplies and joining new market segments, consequently, a unit for the production of shortening, margarines and vegetable fats was inaugurated in the state of Ceará. As a result, the Company started to produce its second main raw material used to manufacture cookies and– vegetable fats, and it also started to produce and sell margarines and vegetable fats.

In 2003, the Company inaugurated its third wheat mill, in the state of Bahia, and it acquired the controlling interest in the company Adria, a traditional cookies and pasta manufacturer, and leader in the Southeast and South of Brazil (according to data provided by AC Nielsen), which provided the Company with a larger footprint in these regions, and it became the leader in the domestic market for pastas and cookies, according to data from AC Nielsen.

6.3 - Background

With the acquisition of Adria, the brand names Adria, Basilar, Isabela and Zabet were added to the brand names Richester and Fortaleza, resulting in the company reaching a wider range of customers throughout the country. In addition, its productive potential increased even further, given that Adria had three industrial units in the state of São Paulo state and one in the state of Rio Grande do Sul, which include three pasta factories and two cookies factories.

In 2005, as part of the model to integrate the wheat mills with the pasta and cookies factories within the same production unit, the fourth cookies factory and sixth pasta foods factory were inaugurated in the state of Bahia, with both integrated with the wheat mill installed in 2003. At this unit in the state of Bahia: (i) the model to eliminate the costs of transporting wheat to manufacture cookies and pasta was adopted; (ii) not only was the most modern technology in the world for milling and the manufacture of pasta and cookies adopted, but also the technology that enabled the Company to produce new products; (iii) the production bases were created to meet its project to expand in the Southeast and South of Brazil, given the strategic position of Bahia for such and the proximity of the Adria factories in the state of São Paulo; and (iv) the integration of this complex with a modern private port for mixed use, through which the Company started to import wheat grain at a lot lower cost compared to using public ports.

During the same year, the Company inaugurated its fourth wheat mill and its seventh food pasta factory in the state of Paraíba, and adopted the model of total integration with the mill, in order to eliminate the costs of transporting wheat flour.

For all of these developments, the Company adopted the same expansion plan for its distribution network model aimed at micro, small and medium retailers, including in the Southeast and South of Brazil, the areas covered mainly by the brands and sales structure of the subsidiary Adria.

In April 2006, the Company changed its corporate name to its current name, and in October 2006 it went public, trading its stock on the New Market segment of BM&FBOVESPA, with the ticker “MDIA3”.

In April 2008, as part of its strategy of growth through acquisitions, it acquired Indústria de Alimentos Bomgosto Ltda., known as Vitarella, a company from the cookies and pasta sector, and has its head office in the state of Pernambuco and an important presence in the Northeast of Brazil, particularly where the Company does not have a majority participation. The transaction contributed to extending its national leadership in the sale of cookies and pasta, and consolidated its presence in the Northeast, a region that reported significant economic growth when compared with average growth in Brazil.

In April 2011, continuing with its strategy of growth through acquisitions, the Company, through its subsidiary Indústria de Alimentos Bomgosto Ltda. (Vitarella), acquired NPAP Alimentos S.A., a company, located in the state of Pernambuco, that manufactures and sells cookies and pasta under the brand name “PILAR”.

In December 2011, the Company purchased all of the shares in J. Brandão Comércio e Indústria Ltda. and in Pelágio Participações S.A., which holds all of the shares in Pelágio Oliveira S.A., both located in the state of Ceará. These companies were, previously, controlled by the same economic group, and operated under the name “Estrela”, selling, cookies, cakes and snacks in the North and Northeast of Brazil, with the brand names “Estrela”, “Pelaggio” and “Salsito”.

The Company´s management board meeting, held in January 2012, approved the first issue of simple debentures, non-convertible into shares, unsecured, single series, for public distribution, which were issued in February 2012 and liquidated on November 22, 2013.

In May 2012, the Company acquired all of the shares in Mill St. Lucia Ltda., a company that has its headquarters in the state of Ceará and is involved in wheat milling and manufactures products derived from wheat, and also produces and sells biscuits and pasta in general, under the brand names "Predilleto" and "Bonsabor".

In 2012 and 2013, in order to simplify its corporate structure, the companies that had been acquired were merged into the Company and legally dissolved, with M. Dias Branco S.A. Indústria e Comércio de Alimentos assuming all of their rights and obligations.

The year 2014 was marked by intensive investments, both to expand the cookies and pasta production lines and to develop new production lines (cake mixes and packaged toast). We also initiated construction of a new flour mill in Ceará that will be incorporated into our production process. The Company also purchased, in a public auction, a wheat mill located in the state of Paraná, for the purpose of accelerating the vertical integration of its units in the Southeast.

In 2015, two new wheat mills started to operate: one mill is located in the city of Rolândia/PR and the other is located in the city of Eusébio/CE, with the latter being integrated with the pasta, biscuits and toasted biscuits plant. This has contributed to the increase in the vertical integration of our units, mainly those located in São Paulo state and in Jaboatão dos Guararapes/PE. The Company is continuing with the construction of a new wheat mill at Bento Gonçalves/RS integrated with the pasta and biscuits plant.

The Company experienced a number of advances and setbacks in 2016. Despite the economic challenges in Brazil, our team managed to make progress in the ongoing pursuit of solutions to achieve our planned business targets, in light of our commitment to generating satisfactory results for our various stakeholders in the short and long term. No event was more striking in 2016, however, than the demise of Mr. Ivens Dias Branco, the Company's founder, who started out with a bakery but with a great deal of dedication and hard work turned into the company that is now one of the major global players in cookies and pasta, and the leader of these segments in Brazil in sales volume. His example made us determined to honor his legacy, and to make M Dias Branco an even better and bigger company.

The important initiatives in 2016 included the implementation of the Multibrand Management Project (PGM), which unified the sales forces, restructuring the marketing and export departments, which have obtained the first satisfactory and promising results for the long-term plans and Honor to the Legacy sales campaign conducted soon after the death of Mr. Ivens Dias Branco, recalling the dreams and values that drove his work and that will be a source of inspiration to keep the team together and focused on preserving the foundations of the company's success.

In 2017, in line with its strategy, the Company expanded investments in marketing with several institutional campaigns to boost sales volumes and strengthen brand positioning. We also redesigned product packaging, created incentives for our merchandising team, acquired additional points of sale at large customers, and expanded our team of product demonstrators to increase in-store product sampling. In 2017 we launched the new line of wholemeal biscuits - 'Adria Plus Life' - that includes both sweet and savory biscuits, cookies and a new product unveiled by the Company: cereal bits. Another highlight in the year was the implementation of supply-chain improvements that have begun to generate results in the form of more accurate sales forecasting, higher service levels and improved productivity in product picking and shipping.

We acquired a new deodorizer for the margarines and fats plant in Fortaleza (CE) which, following completion, will supply products to all Company sites. In addition, we established a joint venture with Bunge Alimentos S.A. to lease land and public infrastructure for handling and storage of plant-based bulk solids, especially wheat, within the port of Rio de Janeiro, southeastern Brazil.

In 2018, the company acquired a 100% stake in Indústria de Produtos Alimentícios Piraquê S.A., a market leader for value-added biscuits in Rio de Janeiro, in line with the Company's strategy for expansion into the Southeast.

In the year, we also: initiated studies to reassess our logistics network; organized our first round of startup engagement activities (*Projeto Germinar*); improved our pricing model so that price adjustment decisions are better informed; expanded our exports to 37 countries, including a range of export-only products; and launched new items with high growth potential, such as Delicitá Cristal-branded biscuits, a significant innovation in the Crackers category. As additional highlights in the year, we conducted our first greenhouse gas emissions inventory, developed a nutritional map of our entire product portfolio, and continued to support charities in the communities where we operate.

In 2019 we completed a reorganization of our commercial structure. In order to better explore existing growth opportunities, we enhanced our pricing model, and implemented a more extensive go-to-market model designed to grow our customer base. Further progress was made on vertical integration and expanding our presence in the South and Southeast markets for flour, with the start of operation of our seventh wheat milling plant in Bento Gonçalves/RS. The new mill is part of our strategy to achieve 100% vertical integration in wheat flour production.
Also in 2019, we implemented a Corporate Governance Committee as well as a Corporate Governance Office to support the Board of Directors, its advisory committees and the Statutory Board.

The Company has been operating nationally since 2003, it is the market leader in cookies and pasta lines, has a vertical production process, strong brand names, a distribution system that penetrates extensively in the micro and small retail sector, flexibility in its production process, certificates that guarantee the quality of its processes and products, as well as a team of experienced executives who are aligned with the interest of its shareholders.

6.5 - Information about Bankruptcy Applications for Material Amounts or Applications for Judicial or Extrajudicial Reorganization

The Company has never undergone bankruptcy proceedings or judicial or extrajudicial reorganization.

6.6 - Other Material Information

All the material information pertinent to this item has been presented above.

7.1 - Description of Main Activities of the Issuer and its Subsidiaries

The Company has been active in the Brazilian food market for more than 60 years, and its product lines include: biscuits, pasta, flour and bran, cake mix, margarines and vegetable fats, cakes, corn and wheat snacks, toasted biscuits and refreshing drinks. Its corporate activities are as follows:

- manufacture and/or sell food products, specially biscuits, pasta, flour, cakes, snacks, cake mix, toasted biscuits and refreshing drinks;
- manufacture, import and export hydrogenated fats, margarines, vegetable oils;
- import, manufacture, and sell wheat, corn, animal feed and other cereals and goods related to these items for resale;
- import raw materials, secondary materials and packaging materials;
- import machinery, equipment, spare parts and other assets, for own use and also for sale, hire or lease; and
- invest in the capital of other companies, domestic and foreign, in associated companies or subsidiaries.

The Company is the market leader in the cookies and pasta segments in Brazil, and had a market share in terms of sales volumes, in 2019, of 33.7% in cookies (34.0% in 2018 retail + cash and carry, 32.5% in 2017 retail + cash and carry) and 35.7% in pasta (36.0% in 2018 retail + cash & carry, 32.4% in 2017 retail + cash and carry), according to data published by AC Nielsen. Its activities on the market consist of producing and/or selling and distributing food products through nine product lines: (i) cookies; (ii) pasta; (iii) flour and wheat bran; (iv) margarines and vegetable fats; (v) cakes (vi) snacks (vii) cake mix, (viii) toasted biscuits and (ix) refreshing drinks. Brazil is its main market and accounted for 99.2% of revenue less discounts in 2019.

Although 61.5% of the Company's revenue is concentrated in the Northeast, where the Company is the market leader, in terms of volume, with 58.8% for cookies and 60.9% for pastas, according to data published by AC Nielsen for YTD 2019, the Company is also the market leader for sales volume for cookies in the regions, North, Southeast and South, and Midwest. The Company is also the market leader for pasta sales in the South, Southeast and Northeast, based on Nielsen market research data.

This substantial market leadership is also because the Company operates extensively throughout Brazil and its proximity to the consumer market is achieved through its 15 industrial units, strategically located in nine Brazilian states, which, besides using the most modern technology available to manufacture its products, offer significant flexibility when determining the place and product to be manufactured, depending on the best combination between distance from the consumer market to be served, logistics costs, production costs and the tax onus applicable to each industrial unit. As a result, we can supply a wide range of products to the market, from the most popular to the highest added value, in any region of the country.

An important characteristic of the Company, which has significant impacts on its financial and equity situation, is its vertical integration, that is, the Company itself produces the majority of the two main raw materials used to produce cookies, pastas, cakes, cake mixture, snacks and toasted biscuits: flour and vegetable fats. In 2019, **86.7%** of the flour and **97.8%** of the vegetable fat used in the production process were manufactured in-house.

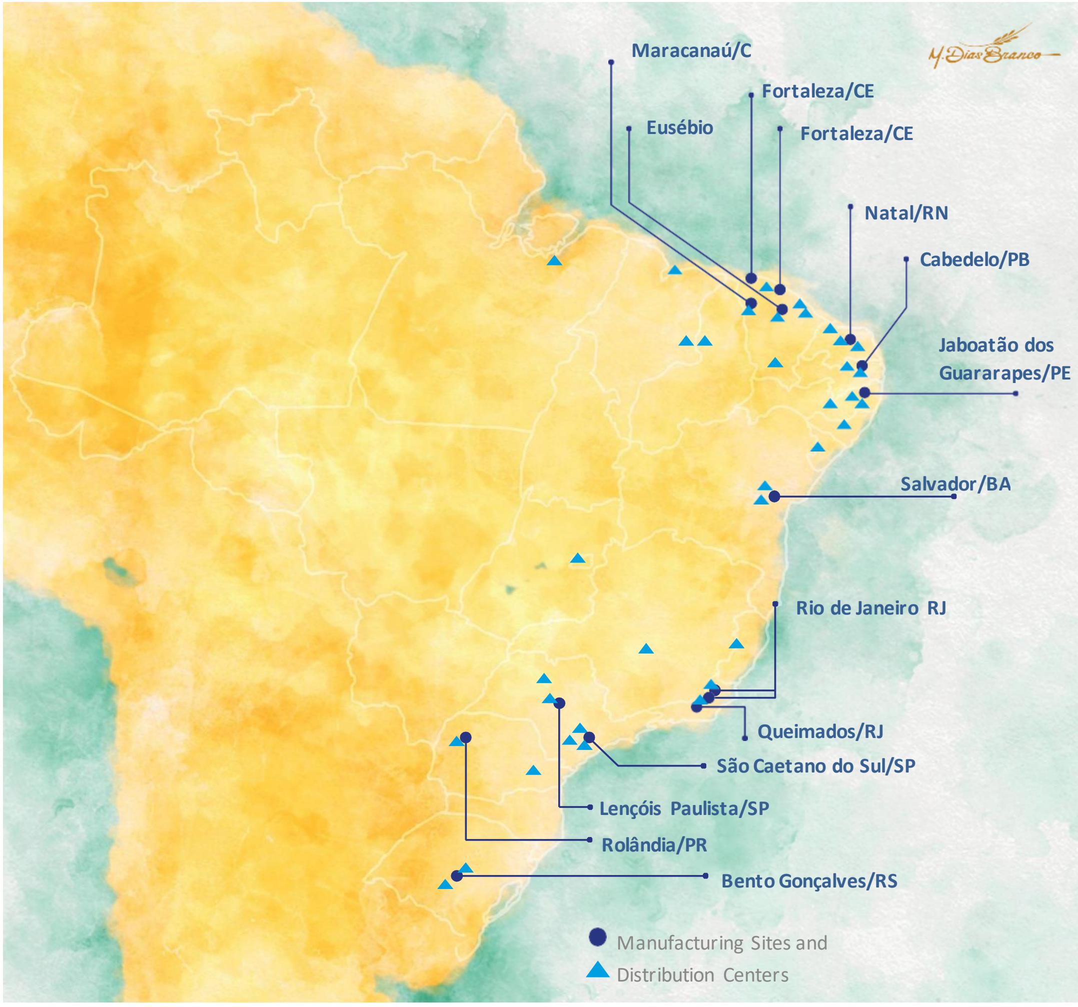
7.1 - Description of Core Activities of the Issuer and its Subsidiaries

The integrated production chain also provides the Company with better conditions to plan its production, to achieve: (i) greater quality products; (ii) greater efficiency in the consumption of key consumables; (iii) more competitive prices for products; and (iv) better control over production costs.

Another important aspect for the Company´s financial and equity situation is the fact that, for more than 60 years, it has developed and consolidated a network distribution model, which, without affecting the personalized service offered to its bigger clients, is structured to attend mainly micro, small and medium sized retailers, based on a system of door-to-door sales, involving weekly visits to clients.

The Company´s dedication to building solid business relations with its clients, together with its extensive client base, has meant that it is able to offer term sales to its clients, with a default level that is considered insignificant.

The following map presents the Company´s industrial units and distribution centers:



The Company has experienced significant growth in production volumes over the past 10 years (2009 to 2019), at an annual compound growth rate of 5.5%, driven by capacity expansion and acquisitions. The biscuits, margarines and vegetable fats, and pasta product lines grew at compound rates of respectively **4.2%, 10.5% and 4.3%** over the same period.

In relation to the subsidiaries:

M. Dias Branco International Trading LLC

Located in the United States of America, it is a direct subsidiary, and its main activity is acting as an intermediary 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.

Located in Uruguay, it is an indirect subsidiary, and its main activity is acting as intermediary in the purchase of raw materials, mainly wheat for milling that the Company uses in its production process. The company is not operational and the Company is therefore beginning to initiate the procedure of closing down this entity.

M. Dias Branco Argentina S. A.

The Company incorporated a public stock corporation, which has its head office in Buenos Aires with its main activities being the purchase, import and export of wheat grain, wheat flour and its derivatives. The new entity, however, never became operational and the Company decided to discontinue the process and wind up the entity.

In relation to jointly owned subsidiaries:

Terminal de Grãos de Fortaleza Ltda (“Tergran”)

The Company shares control of Tergran with Moinho Cearense S.A and J. Macêdo S.A, each of which holds a 33.33% stake and with which the Company mutually agrees on the appointment of Tergran’s General Manager. The Company considers the investment to be a joint operation, and its assets, liabilities, income and expenses in relation to its investment are only recognized in the consolidated statements, given that Tergran is constituted as a separate legal entity, and consequently the investment continues to be recognized using the equity method in the individual financial statements.

Tergran is a company with the core activity of providing port operator services, including the unloading and storing of wheat at the port in Fortaleza, with the priority being to increase productivity and reduce the costs of unloading ships carrying wheat for its three partners.

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

The Company has an equity interest in the joint venture in conjunction with Companhia Bunge Alimentos S.A (Bunge), which have an interest equal to 50% of its capital. Terminal de Trigo do Rio de Janeiro - Logística S.A. is the lessee in the contract entered into 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 within the organized port of Rio de Janeiro/RJ. The Company recognizes its investment for its interest in the operation by the equity income method, both in the individual and consolidated financial information.

The Company's participation in this procurement is part of its logistics upgrade strategy for providing consumables to industrial plants located in the south-east region of Brazil.

7.1.a - Specific information about mixed-capital companies

Does not apply to the Company.

7.2 - Segment reporting

a. Products and services sold

The Company operates in the food segment with the product lines: cookies, pasta, flour and bran, margarine and vegetable fats, cakes, snacks, cake mix, toasted biscuits and refreshing drinks.

Except for refreshing drinks, other product lines are managed on an integrated basis. It has a vertically integrated production structure. Part of wheat flour and vegetable fat production therefore goes into production. In addition, the Company has industrial plants in a number of Brazilian states, which gives it flexibility in the production of its different brands, reducing logistical costs and increasing distribution efficiency.

As well as the products already developed by the Company, the products of the companies it has taken over have been added to its portfolio (Adria in 2003, Vitarella in 2008, Pilar and Estrela in 2011, and Moinho Santa Lúcia in 2012 and Piraquê in 2018). Those acquisitions also led to synergies at operational, distribution and revenue level, as a result of the sale of products not previously found in the portfolios of the acquired brands.

Product lines and brands

The Company offers a wide variety of products under the following brands: Vitarella, Adria, Finna, Piraquê, Fortaleza, Pilar, Richester, Estrela, Pelaggio, Bonsabor, Zabet, Basilar, Isabela, Puro Sabor, Adorita, Medalha de Ouro, Amorela, Delicitos and Salsitos. The Company chooses to keep a variety of brands for many identical products because of their reputation and popularity, the aim being to cater for the widest possible range of consumers, from all socio-economic classes, and as a result, to cover a variety of Brazilian regions. For a better understanding of its sphere of activity, the information is presented by product line.

The Company's most representative product line, in terms of revenue, is cookies, followed by pasta. The following table shows the net operating revenue, in millions of reais, from sales of cookies, pasta, wheat flour and bran, margarines and vegetable fats, cakes and other product lines, together with the percentage of total net revenue represented by each product line, for each of the stated periods:

	Financial year ended December 31					
	2017	% AV	2018	% aV	2019	% aV
Cookies	2,870.1	53.0	3,327.7	55.2	3,287.0	53.9
Pasta	1,160.6	21.4	1,274.1	21.1	1,318.2	21.6
Flour and bran	918.6	17.0	953.1	15.8	1,025.7	16.8
Margarine and fats	326.7	6.0	318.9	5.3	334.5	5.5
Other product lines (1)	139.4	2.6	150.5	2.5	138.2	2.3
Other	-	-	0.8	0.0	-	-

(1) *Cakes, Snacks, Cake Mix, Packaged Toast and Refreshing Drinks.*

In line with modern concepts, the Company continues to develop new products and broaden its current portfolio.

In the period 2017 to 2019, the Company launched 178 new products on the market, which made R$ 124.2 million in gross revenue in the period.

In 2017 the following were launched: (i) Isabela brand vanilla and chocolate cookies; (ii) Salsito brand corn snacks; (iii) Finna brand cake mix; (iv) coated wafer and triwafer Isabela cookies and Vitarella Treloso mega wafer; (v) Vitarella brand spaghetti, pen and fusilli pasta; and (vi) Adria Plus Life line with sweet and savory biscuits, cookies and cereal bits.

7.2 - Segment reporting

In 2018 the following were launched: (i) Treloso white chocolate sandwich cookies, Treloso Power vanilla sandwich cookies and Treloso chocolate clubinho sandwich cookies of the Vitarella brand; (ii) Antenados cookies of the Estrela brand; (iii) toons chocolate and strawberry square sandwich cookies of the Isabela brand; (iv) chocolate, strawberry and lime wafers of the Adria brand; (v) traditional, wholemeal and crystal Delicitá cookies of the Vitarella brand; (vi) Adorita Tropical vegetable cream for export only; (vii) cookies, mini guava rolls and mini cornstarch rolls, brigadeiro sandwich biscuits and brigadeiro newafer, mini penne pasta and egg pasta fusilli, and Piraquê packaged toast.

In 2019 the following were launched: (i) Finna-branded Type 1, pastel and pizza flour in 5 Kg packaging; (ii) Piraquê-branded Pirachoko chocolate-covered wafer cookies; (iii) Isabela-branded Toons cakes; (iv) Adria Grano Duro whole wheat pasta; (v) Adria Plus Life cocoa and vanilla-flavored, gluten-free biscuits and cakes; (vi) Vitarella-branded Maria and Maizena whole-wheat cookies; and (vii) Bel Campo-branded vegetable oil spread for export only.

Cookies and Pasta

Our biscuit product range includes the following product categories: water biscuits/cream crackers, butter cookies, sweet cookies, Maria and Maizena cookies, mousses, sandwich cookies, *rosca* cookies, savory biscuits, and wafers. As far as its pasta products are concerned, the Company has a share in the markets for regular pasta, durum wheat pasta, semolina pasta, semolina egg pasta, lasagna, microwave pasta and instant noodles.

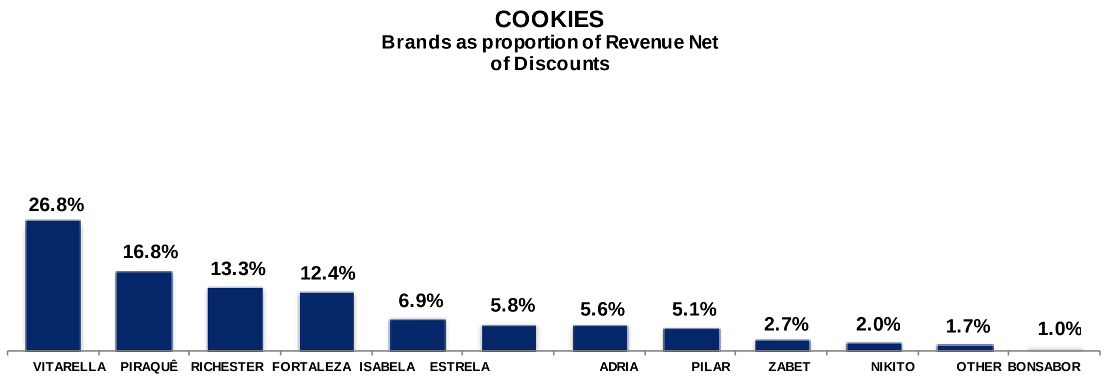
Its main cookies and pasta brands are Vitarella, Fortaleza, Richester, Adria, Isabela, Estrela, Pilar, Zabet, Basilar and Piraquê. The Company is the country's leading pasta and cookies manufacturer, with a market share of 35.7% and 33.7%, respectively, in terms of sales volume, and 32.1% and 29.6% in terms of turnover, according to a survey by Nielsen for 2019, including Piraquê.

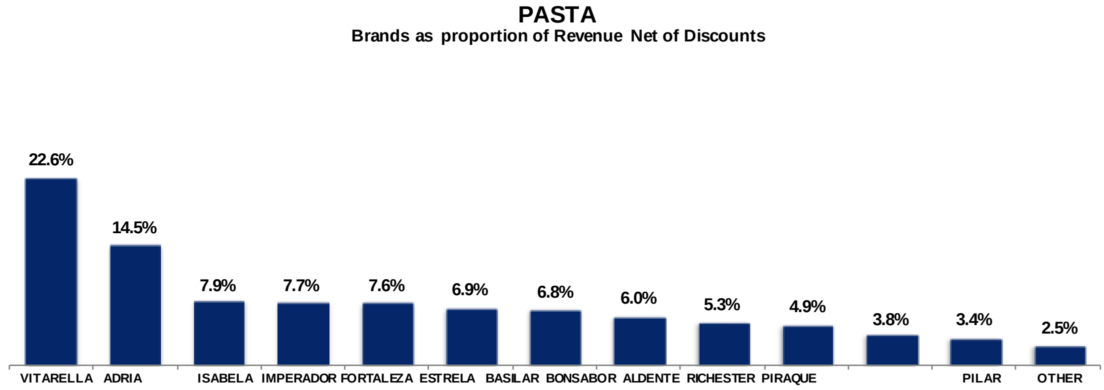
The main products of the Fortaleza brand, which heads the Company's portfolio, are water and salt crackers/cream crackers and semolina pasta. The main products of the Vitarella brand, which leads sales in the Northeast region, are water and salt crackers/cream crackers and sandwich cookies.

The Richester brand is seen as a modern, young and fun brand; it is a premium brand with a broad portfolio of cookies.

Our Piraquê brand is a market leader in the Southeast and especially Rio de Janeiro, with an extensive portfolio of value-added biscuits, cookies and pasta.

The graphs below show the percentage of revenues net of discounts represented by each cookies and pasta brand in 2019:

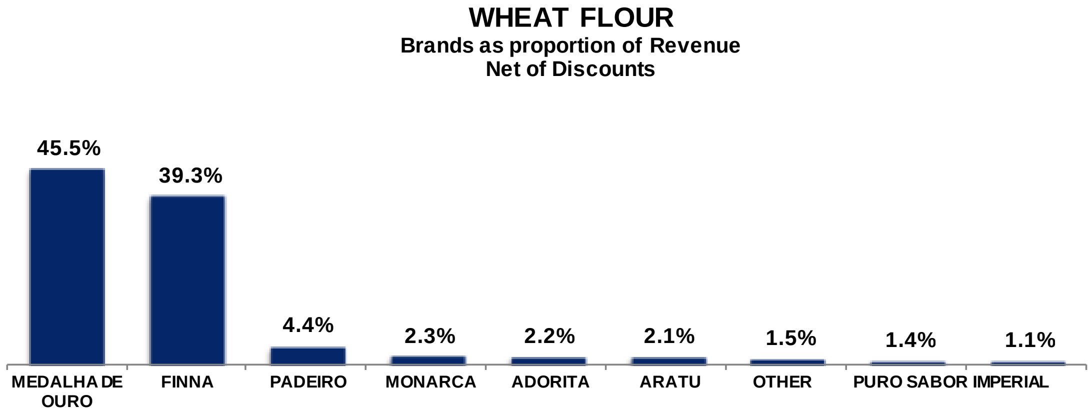




Wheat Bran and Flour

Flour and bran production includes flour for domestic and industrial purposes and coarse, fine and reground bran.

The main brands of flour are Medalha de Ouro, for the baking industry, and Finna, for the class A to E end consumer. The graph below shows the percentage of revenues net of discounts represented by flour brands in 2019:



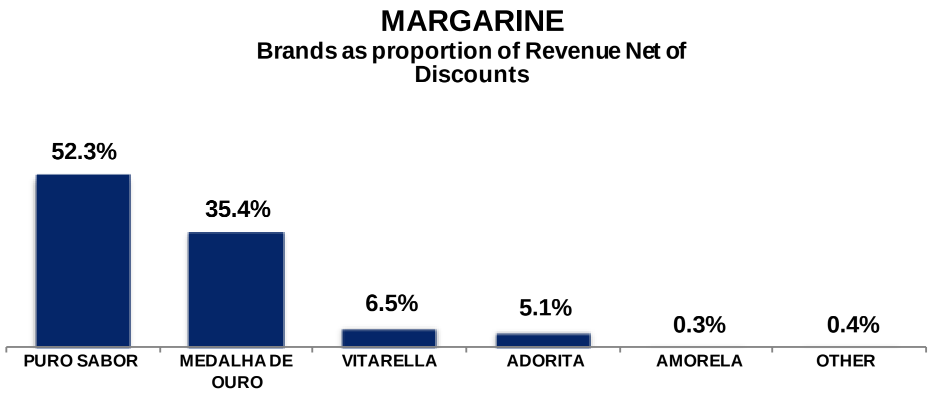
Among these brands, Medalha de Ouro, used for the bakery sector, is the most significant, having achieved 45.5% of revenues net of discounts for its flour line in 2019, followed by the Finna brand, characterized as domestic flour, which achieved 39.3% of representativeness during the same period.

Margarine and Fats

The Company's production includes domestic and industrial margarines and fats for various applications, such as deep frying, ice-cream, coverings, fillings and sprays.

Its main brands are Puro Sabor, Vitarella and Adorita, which meet the needs of the markets for classes B/C/D, and Medalha de Ouro directed towards food services.

Puro Sabor stands out among the margarine brands, representing 52.3% of revenues net of discounts in 2019, followed by Medalha de Ouro, which attained 35.4% of revenues net of discounts during the same period.



b. Revenue deriving from the segment and its share in the issuer's net revenue

The Company's entire net revenue derives from the foodstuff sector, which in FYs 2017, 2018 and 2019 was R$ 5,415.4 million, R$ 6,025.1 million and R$ 6,103.6 million respectively.

c. Profit or loss deriving from the segment and its share in the issuer's net revenue

The Company's entire net revenue derives from the foodstuff sector, which in FYs 2017, 2018 and 2019 was R$ 844.3 million, R$ 723.5 million and R$ 556.9 million respectively.

7.3 - Information about Products and Services Related to the Segment Reporting

a. Characteristics of the production process

The Company has a modern industrial park, which is strategically located in the main markets where it operates, with state-of-the art equipment, meeting the most rigorous quality standards.

The table below is related to Companhia's industrial plants on December 31, 2019:

Plant	Location	Land Area (m²)	Built-up Area (in m²)	Plant Owner
Wheat mill and biscuit, pasta and toasted biscuit factory	Eusébio - CE	697,725.66	190,923.91	Company
Fat and margarine plant	Fortaleza - CE	53,332.48	39,945.18	Company
Wheat mill	Fortaleza - CE	9,885.00	38,963.80	Company (lessee)
Biscuits, pasta, cake and snack factory	Maracanaú-CE	148,724.00	49,710.21	Company
Wheat mill and Pasta Factory	Natal - RN	9,107.00	22,613.45	Company
Wheat Mill and cookies, pasta and cake mixture factory	Salvador - BA	243,883.94	116,565.77	Company
Wheat mill and Pasta Factory	Cabedelo - PB	37,993.00	26,820.91	Company (lessee)
Pasta Factory	São Caetano do Sul - SP	9,777.00	14,671.00	Company
Wheat mill	Rolândia - PR	56,770.61	18,441.78	Company
Cookie Factory	Lençóis Paulista - SP	9,600.00	10,427.60	Company
Cookies and Pasta plant	Bento Gonçalves - RS	133,242.00	94,265.44	Company
Cookies and Pasta plant	Jaboatão dos Guararapes - PE	268,673.90	126,981.60	Company
Cookies, Pasta and Graphic Design	Rio de Janeiro – RJ	8,885.00	31,997.20	Company
Fat and margarine plant	Rio de Janeiro – RJ	6,945.00	20,014.00	Company
Cookie Factory	Queimados – RJ	72,509.92	37,672.00	Company

7.3 - Information about Products and Services Related to the Segment Reporting

The Company's production process does not significantly demand on any specific individual equipment.

The table below presents the main owners of the technology used in its industrial process:

Product Line	Main Equipment Suppliers
Cookies	Haas do Brasil, H. Tech Ind. e Com. de Máquinas Ltda, Bühler, Robert Bosch, Gonçalo Gonzaga Fabricação e Montagens Industriais EIRELI, Imaforni Intl S.P.A, CAMA 1 S.P.A, Peerless – Peters – Fedco, Sermotec Ltda, Varpe Brasil Tecnologia em Inspeção e Pesagem, Gotesp, Vantecis Industrial Service Ltda, Mettler – Toledo Safeline e Ramontec Ltda – EPP, Atlas Copco Brasil Ltda, Beheng Máquinas e Equipamentos Ltda, Cavanna Máquinas e Sistemas para Embalagens Ltda, Coppi Industrial Ltda, Flexlink Systems Ltda, Fortress Technology Sistemas de Inspeção Ltda, GEA Imaforni S.P.A, AERZEN do Brasil Ltda, LITEQ Indústria e Comércio Ltda, Rital Brasil Ltda, DANFOSS, Allen Bradley Automação, Dematic Brasil Ltda, Toledo do Brasil, FAVA S.P.A, TroCalor Indústria Mecânica Ltda, Ricefer Equipamentos Inox Ltda, Otis Elevadores, Europromec S.R.L.
Pasta	FAVA S.P.A, Gonçalo Gonzaga Fabricação e Montagens Industriais EIRELI, Landucci S.R.L, AET Engenharia e Soluções Tecnológicas Avançadas S.A, Forteserv Peças e Serviços Industriais Ltda – ME, Masipack Ind. e Com. de Máquinas Automáticas S.A, T. Freemantle Limited, Sangati Berga S.A e Robert Bosch, Forteusi Maq Alimenticias Ltda EPP, Weishaupt do Brasil Ind e Com Ltda, Baker Perkins, Bühler, AltoPack S.P.A, Dematic Brasil Ltda, Alfa Laval Ltda, Martini SRL Packaging Machines, Demag Cranes &Componentes Ltda, Pavan S.P.A, Alpina Equipmentos, Sabroe Do Brasil Ltda.
Flour and Bran	Sangati Berga S.A, Bühler, AET Engenharia e Soluções Teconológicas Avançadas S.A, MRP International Group LLC, Haver & Boecker Latino Americana Máquinas Limitada e Ramontec Ltda – EPP, ABB Ltda, Brabender GMBH & CO KG, Granolab do Brasil SA Tecnologia para a Ind. Alimentícia, Vazflux Sopradores, Vacuo e Dosadoras Ltda, Fawema GMBH, Aerzen do Brasil, Bmont Engenharia Eireli.
Margarine and Fats	FTA Serviços em Máq.Industriais Ltda, Hollbras Filtros e Equip Industriais Ltda, TCA Tubos e Conexões de Aço Ltda, Varpe Brasil Tecnologia em Inspeção e Pesagem, Hiper Centrifugation Ltda, Springer Carrier, JAV Distribuição de Materiais Elétricos e Automação Ltda, Isotermas Ltda – ME, Endress + Hauser Controle e Automação Ltda, VTR Vettor Equip. Industriais Ltda e Mettler – Toledo Safeline, DE Smet do Brasil Comércio e Indústria Ltda, Alfa Laval Ltda, HOLSTEIN KAPPERT S.A, Otis elevadores, Weg S.A, Alpina Equipamentos, Grundfos do Brasil Ltda, Siemens Brasil Ltda.

Maintenance for the equipment used in the production process is carried out in a systematic and preventive way, adhering to a calendar created by the engineering and maintenance area and taking each supplier's specifications into account. The manufacturer's maintenance manuals are always consulted in advance or when necessary when replacing machine parts. The periodic replacement of machine parts is carried out by qualified maintenance technicians or the manufacturers. The maintenance programs are prepared so that the equipment shut down time is kept to the minimum possible.

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

7.3 - Information about Products and Services Related to the Segment Reporting

Description	Compensation ceiling	Validity
Fire (including fire resulting from disturbances), lightning strikes and explosions of any nature	300,000	12/4/2019 to 12/4/2020
Falling aircraft or any other aerial or special objects	300,000	12/4/2019 to 12/4/2020
Windstorms, hurricanes, cyclones, tornadoes, hail, land vehicle impact and smoke damage	20,000	12/4/2019 to 12/4/2020
Structural collapse	10,000	12/4/2019 to 12/4/2020
Disturbances, strikes and lock-outs	5,000	12/4/2019 to 12/4/2020
Breakdown of machinery	4,500	12/4/2019 to 12/4/2020
Breakage or leakage from sprinklers and hydrant network	2,000	12/4/2019 to 12/4/2020
Own fermentation and involuntary heating	2,000	12/4/2019 to 12/4/2020

Throughout its history, the Company has never experienced any major stoppages of its productive process, whether on account of equipment problems or strikes by its employees. For further information about the relationship with trade unions, see item 14.4.

- Describe the relationship between the issuer and its pertinent trade unions.

7.3 - Information about Products and Services Related to the Segment Reporting

The table below shows the production capacity, total annual production in thousands of tonnes and level of use at each of the Company's industrial units in the designated periods:

Production Capacity / Effective Production	Cookies		Pasta		Flour and Bran		Margarine and Fats		Other product lines		Total	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Wheat Mill and cookies factory, pasta and cake mixture factory (Salvador-BA)	89.1	93.0	51.9	52.2	498.2	498.3	-	-	10.8	10.8	650.0	654.3
Wheat mill (Fortaleza - CE)	-	-	-	-	440.7	440.6	-	-	-	-	440.7	440.6
Wheat mill and Pasta Factory (Cabedelo - PB)	-	-	45.0	46.6	288.7	288.7	-	-	-	-	333.7	335.3
Wheat mill and biscuit, pasta and toasted biscuit factory (Eusébio - CE)	173.1	167.4	73.3	72.1	203.8	203.8	-	-	12.3	12.3	462.5	455.6
Cookies and Pasta Plant (Jaboatão dos Guararapes-PE)	279.7	273.3	94.1	89.1	-	-	-	-	-	-	373.8	362.4
Wheat mill and Pasta Factory (Natal - RN)	-	-	26.3	26.1	354.8	354.8	-	-	-	-	381.1	380.9
Fat and margarine plant (Fortaleza - CE)	-	-	-	-	-	-	360.0	360.0	-	-	360.0	360.0
Mill and Cookie and Pasta plant (Bento Gonçalves - RS)	71.4	71.9	39.1	38.6	-	50.9	-	-	-	-	110.5	161.4
Pasta Factory (São Caetano do Sul - SP)	-	-	98.1	102.2	-	-	-	-	-	-	98.1	102.2
Cookie Factory (Lençóis Paulista - SP)	46.8	39.0	-	-	-	-	-	-	-	-	46.8	39.0
Cookies, Pasta, Cake and Snack Factory (Maracanaú - CE)	93.1	92.2	54.0	49.7	-	-	-	-	20.3	16.4	167.4	158.3
Wheat mill (Rolândia - PR)	-	-	-	-	125.8	125.8	-	-	-	-	125.8	125.8
Cookies, Pasta and Graphic Design (Rio de Janeiro-RJ)	47.8	96.8	28.9	80.0	-	-	-	-	-	-	76.7	176.8
Shortening and Margarines Plant (Rio de Janeiro-RJ)	-	-	-	-	-	-	18.3	41.3	-	-	18.3	41.3
Cookies Plant (Queimados - RJ)	17.5	35.0	-	-	-	-	-	-	-	-	17.5	35.0
Total Production Capacity	**818.5**	**868.6**	**510.7**	**556.6**	**1,912.0**	**1,962.9**	**378.3**	**401.3**	**43.4**	**39.5**	**3,662.9**	**3,828.9**
Total Production	**568.8**	**550.8**	**398.4**	**391.0**	**1,477.5**	**1,503.5**	**175.4**	**185.2**	**16.5**	**15.2**	**2,636.6**	**2,645.7**
Capacity Utilization Rate	**69.5%**	**63.4%**	**78.0%**	**70.2%**	**77.3%**	**76.6%**	**46.4%**	**46.2%**	**38.0%**	**38.5%**	**72.0%**	**69.1%**

The Company seeks to adopt best environmental management practices available to undertake and execute its industrial activities. At the moment, its operational units are operating with the appropriate environmental licenses in force or are in the process of being renewed.

Production process

For a better understanding of the Company´s production process, the information is presented by product line.

Cookies

The main product line that generates the highest revenue for the Company is the cookies line. Within the diversified range of products, cookies are grouped as follows: dry, sweet, savory, crackers, filled, covered and wafers.

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The production process for cookies varies depending on the group presented above, and is divided as follows: Receiving and storing raw materials, ingredients and packaging materials, Milling and Sieving sugar, Sugar Inversion, preparing coating, dosage of raw materials and ingredients, mixing ingredients, adding fermentation, adding bran, lamination/ stamping, molding, baking, adding filling, adding vegetable cream spray, natural cooling, adding filling, forced cooling, stacking, packaging, boxing, placing on pallets, Storage and Distribution.

The above process begins with weighing the ingredients and preparing the cookies dough, according to the formulas and technical specifications for each type of product. During this stage, the ingredients used are divided into three categories, as follows:

- micro ingredients, which are those used in small quantities, up to approximately 3 kg, with the exception of some ingredients that make up the solutions, which can be up to 8 kg;
- Intermediary ingredients, which are those used in medium dosages, these are above 3kg and up to 45kg
- Macro ingredients, which are the ingredients used in large quantities, controlled and dosed automatically.

After being split, the ingredients are blended and homogenized by mixers. The dough resulting from this mix is placed in stainless steel trolleys/recipients and proceeds to fermentation or turning.

For fermented biscuits, the mass preparation takes place over two processes: the first stage is called sponge and the second booster according to the type of fermented cookie to be made, which can be produced in a single stage.

The fermentation process is biological performed by microorganisms, and using sugar and flour it transforms starches and sugars into alcohol and acids during the first phase. During the boosting phase, these reactions are structured with the fundamental points being pH control by adding sodium bicarbonate. The fermentation time is an important factor in determining the taste and aeration of the final product, and varied depending on the formulation.

After the mixing or fermentation stage is complete, the dough in a stainless steel trolley is taken to the dumper, which consists of two forks that lift the trolley, tumbling it into a tank with an outlet to an automatic system of feeder lines, where it then goes to the lamination/stamping stage depending on type of cookie being made.

In the rolling the dough is kneaded by a bench of cylinders that roll the dough (formation of rolls) to obtain the thickness desired to form the part (uncooked cookie). For each type of product a layer of bran can be applied between the layers of dough. For pastries the layers of dough overlap (up to 10 layers) and this stage is extremely important to achieve the texture and appearance of the product (example: Crackers)

When the final standard thickness has been achieved, the dough passes through a system consisting of rollers and cutters appropriate for each product, which create its shape. At this juncture there is a strict control over the process (weight) so that the product’s features are determined and standardized. The product then undergoes cooking, natural cooling and packaging.

7.3 - Information about Products and Services Related to the Segment Reporting

The molding determines the format that is given to the rotating cookies, such as butter cookies and filled cookies. It operates using a set of three cylinders: Fluted roller (force roll), mold (form stamper) and extraction (rubber roller), the equipment uses a blade to remove excess dough in the form stamper. The dough is pressed into the cavities of the mold to form individual cookies. For wafer cookies, the consistency of the cookies is very runny, it leaves the mixer and is pumped and deposited, using a punctured tube, directly onto the baking trays in the oven.

When the cookies have completed the rolling, cutting and molding process, if it is a part of their specifications they receive an application of granules (salt, sugar and confectionery) they are then sent to the baking process, where they are cooked based on a standard baking curve, complying with previous established standards of quality, according to each production line and product. Depending on the type of product, after this stage the products receive vegetable cream in spray through pulverization/sprinkling on their surface. The baked cookies then go through a cooling process.

Cooling can be natural or forced for filled products. This is necessary as the filling application process has temperatures recommended for the product (base) (ideal process temperature). The other products are subject to a natural cooling system, which consists of the product being exposed to room temperature.

The filled products receive a quantity of filling between the bases when they have completed the baking and cooling stages, which forms a type of sandwich cookies. The cream is fed into the fillers automatically using dosing pumps. After the sandwich has been made the product is carried on conveyor belts to the induced cooling tunnel where the filling is crystallized.

The chocolate coated products are fed into an enrober and receive a heated chocolate coating, passing through a “chocolate curtain” (full coating) or a chocolate “surface” (partial coating).

After cooling, the cookies (except the bulk cookies) continue on to the stacking process, using rails that act as guides, where they are sent to the packaging sector. It is should be noted that throughout the production process, the cookies pass through metal detectors, in order to ensure the safety of the product received by the consumer, and we also use a checkweight to guarantee the weight control in accordance with the legislation.

The cookies packaging process is fully automated. The packers work at a speed and temperature that is appropriate to attend total production generated along the production line. The packed products then go to the manual or automatic boxing/packaging process and are then organized in pallets in defined quantities to be sent to the dispatch sector for finished products, for subsequent distribution, based on the FIFO system (First In, First Out).

After blending, wafer dough is pumped by pipes until it is deposited on the oven forms. The dough passes through a float which prevents bubbles from forming before it is deposited through the nozzle. After baking, the form (lining) equalizes the temperature and humidity in a natural cooling tower to facilitate the application of the filling.

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The block (linings plus layers of filling) is cooled in the cooling tunnel (forced cooling) to crystallize the filling and then sent for cutting, where the item is shaped. It then proceeds for packaging.

All of the production process is performed under controlled conditions that comply with good manufacturing practices. There are registers to control the processes and quality controls of supplies and finished products.

Pasta

The Company produces various products based on 04 (four) types of pasta: Semolina or regular wheat flour pasta, semolina pasta with natural coloring and semolina pasta with egg powder and natural coloring and Instant semolina pasta (noodles).

The production process for these pastas is the same, the only difference is the ingredients that are added.

The aforementioned production process begins with the transport (pneumatic system) of the flour from the storage silos to the mini-silos, which are deposits between the silos and the mixers, located in the production area.

During another stage of the process, ingredients such as powered egg and/or natural coloring, flour and micro ingredients are added to the pre-mix mixture or micro dosing. This mixture or micro ingredients is transported to the mini-silos where it remains until it has been mixed with the flour. The volume of micro ingredients that is mixed with the flour is controlled by dosing or micro dosing.

A pneumatic system then transfers the flour and the micro ingredients to the kneading machine. In this machine, the flour that has been mixed with the micro ingredients and the water are dosed in previously determined quantities and in the right proportion to enable them to continue on to the next stage of the process.

The ingredients are mixed with the water in the kneading machine. The pasta then passes to the molds through the extrusion. The pasta then passes to the molds through the extrusion dies. The vacuum system removes the air, which prevent oxidation, the rough texture and coloring that is not characteristic of the dough after it has been processed, and also affects the quality during cooking. In the case of pasta, the dough is homogenized and deposited on a maturation roller.

Once the mixing and extrusion of the pasta has been completed, where it is pressed, it then goes to the “mold” stage, which has a certain number of formats that define the shape of the product. Before going through molding stage, the pasta passes through the pre-mold and a screen (filter) to avoid damaging the formats and retain any contaminating elements. In the case of noodles, the pasta proceeds to lamination and cutting.

After the spaghetti has pushed into the molds, it is received by rods and then cut. After the spaghetti has pushed into the molds, it is received by rods and then cut. It then goes to the pre-drying stage, which is the first stage to dry the spaghetti, where the pasta will assume its definitive shape, and is subject to strong ventilation accompanied by heat to prevent the spaghetti sticking, and it is then ready for the final drying, which occurs in the “Drying Gallery”, where it again is subject to strong ventilation and heat. In the case of pasta, the dough proceeds to cutting and folding and then cooking.

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The next step of the process is the cooling stage, when the temperature of the pasta is reduced to the room temperature, thus preventing it suffering a thermal shock when it comes into contact with the environment. The drying conditions vary depending on the type of pasta and according to the speed of the machine.

After cooling the long pasta goes through a cutting process to ensure it is the ideal size for packaging. The left-overs that result from the pasta cutting process are taken to a mill and return to the production process.

The packaging process is automatic, and is performed in "packing machines". During this process, the packages which are automatically weighted and checked, are subject to metal detectors, used to detect possible metallic particles in the products, and if identified, they are rejected, thus complying with Food Safety standards. The packets then pass through "bundlers" where they are grouped into bundles and then placed on "pallets" which are sent to the finished products dispatch sector for subsequent distribution, based on the FIFO method (First In, First Out).

All of the production process is performed under controlled conditions that comply with good manufacturing practices and the HACCP and FSSC2200 system. There are registers to control the processes and quality controls for the supplies and finished products.

Wheat Flour

The flour production process is divided into the following stages: Receiving wheat, preparing the wheat for milling, milling the wheat and finished goods.

Wheat is received by ship and transferred to the mill storage silos, with this operation performed by two mechanical unloaders (Portalino). This is modern equipment, consisting of a tower that moves along the length of the pier, operated by a command cabin, which consists of a moving chain conveyor, for moving in the holds of the ship, and a suction, filtering and waste collection system. It also has an acoustics cabin that houses the compressor and the hydraulic system, to minimize the noise.

After it has been unloaded from the ship, the wheat goes through a pre-cleaning stage. During this stage, the impurities larger and smaller than the size of the wheat grains are removed, together with any ferrous metal objects and impurities that are lighter than the grains, consisting basically of dust and straw, which are added to the bran (wheat byproduct). This is then stored in the silos and concrete stave silos.

The silos have transport installations and pneumatic valves that enable transfers between the silos, optimizing storage capacity and the airing of batches stored for longer periods.

All of the processes for moving wheat are subject to aspiration systems, consisting of ducts with different diameters, hose filters, medium and high pressure ventilators, that collect and filter particles, which ensures that clean air is returned to the atmosphere. It is important to note that the vacuumed product is decanted in the filter and dosed by the sluice in the residue silo, to enable the bran to be added.

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Prior to milling, the wheat goes through a 'preparation' process, consisting of two cleaning stages, separated by a humidifying and resting stage. The preparation stage guarantees the quality and ensures that the wheat is fully used during the milling process.

Wheat milling is a physical process that gradually reduces and selects the grains to separate the inside of the grain of wheat, called endosperm, from its shell, reducing the intermediary products until flour is obtain, which is the product, and bran which is a byproduct of the wheat.

The aforementioned process consists of subjecting the wheat and its intermediary products to successive fragmentation stages, interspersed with sieving phases and classification of asymmetrical particles, until the semolina is reduced to flour.
During the different sieving stages, which occur during the milling process, different qualities of flour are produced. The different types of flour are mixed using spiral conveyors, which results in two types of intermediary flours, called "F1" and "F2". The first flour is whiter, with a lower content of mineral material removed from the internal part of the grain. The second flour is darker, and has a higher content of mineral material, consisting of flour removed from the endosperm nearer the shell.

Both are transported to the flour silos by means of pneumatic pressure transport, and are raw materials for the mixture and production of the final flours. It should be noted that all of the movements of flour are controlled by electronic flow scales, which together with the other scales for wheat and bran, are integrated within an on-line system to control the yield from the process.

Then the "F1" and "F2" flours are mixed in different proportions, together with the flour corrective micro-ingredients and vitamin complexes. All of the mixtures are controlled and monitored via computer, which, together with a modern automation system and electronic scales, guarantees the accuracy and reliability of the dosages, providing an important differential in the flour produced by M. Dias Branco.

The flour then goes from the mixing lines to the silos for finished products, where it is bagged between different production lines, and then moved to dispatch.

The flour production process generates a sub-product, called bran. The brans produced in the mill: Dense bran and fine bran. The brans produced have independent transport lines and can be stored in silos. As with the wheat storage, the facilities enable the continual transport between bran silos, ensuring its continual movement, which prevents it from stagnating in the silo.

The bran can be bagged into two separate lines, in 30 or 40 kg bags, which are dispatched directly to the trucks or stocked in an exclusive area for this purpose.

Margarines and Vegetable Fats

The basic raw material in the fat production process is vegetable oil. The most common oils used are soy – obtained from crushing the soybeans-, and palm oil – extracted from the palm pulp – and cotton oil – extracted from its seeds. These oils are purchased on the domestic and international markets. Soy oil is normally purchased on the domestic market, but occasionally it is imported.

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Palm oil is normally acquired in Brazil or imported from Colombia, Venezuela and Asia. Cotton oil is purchased on the domestic Market.

The first stage of this process consists of refining the gross oil, and consists of the following operations: neutralization, bleaching, hydrogenation, interesterification and deodorizing. The neutralization consists of removing the free acid from the gross oil, based on chemical and mechanical centrifugation procedures. During bleaching the impurities and pigments are removed to clarify the product.

The oil then goes to the hydrogenation process which consists of injecting hydrogen gas in a reactor, under controlled conditions and in the presence of a catalyst. Another process is the interesterification process. During this process partially or totally hydrogenated fats are mixed with the liquid oil, and a reaction is obtained by adding a catalyst. The final product from this process is known as zero trans fat. Thus, we obtain the hydrogenated and/or interesterified (zero trans) fats that are the bases for producing the vegetable fats.

During the deodorizing stage, the residual fatty acids are removed, which are responsible for the odor and distinct taste of the oils and/or fats, by means of a distillation process, by means steam being directly injected. The deodorized vegetable fats are thus obtained, which are the bases for manufacturing vegetable fats for various industrial uses, such as baking, manufacturing cookies, cakes, ice-creams, chocolates and manufacturing margarines.

The vegetable fats for industrial use have different specifications, depending on their final use and the specifications of clients that need a differentiated product.

Margarine is produced from oils and deodorized fats, of vegetable origin, and other ingredients, such as: salt, milk, flavoring, natural coloring, stabilizers, emulsifiers, vitamins and water. Each of the ingredients is weighed in tank-scales, and the correct volume is added according to the formula for the product, to obtain the emulsion.

This emulsion consists of an aqueous phase with water-soluble ingredients (salt and preservatives) and an oily phase, which consists of vegetable oil and / or hydrogenated vegetable fat and / or interesterified fat (zero trans) with liposoluble ingredients (emulsifiers, flavorings etc.). This emulsion is then sent to the crystallization and homogenization process, which produces the margarine. The margarine is then sent for packaging, which can be in pots or tubs, in the case of domestic use, or in boxes, in the case of industrial or institutional use.

After it has been packaged, the margarine has to be stored in cooling chambers at temperatures between 8°C and 16°C, depending on the product and its use, for a minimum of 24 hours, for it to stabilize.

Cakes

The production process consists of various stages, as follows: Weighing the ingredients, preparing the dough, dosing the dough in trays, baking, cooling, injection of filling, packaging, boxing, palleting, dispatch/stock/distribution.

The first stage consists of weighing all of the ingredients based on the standard recipe.

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The stage to prepare the mix consists of manually placing the ingredients in the pre-mixer. The function of the pre-mixer is to homogenize the ingredients. After the dough has been homogenized it is then sent cooled to the turbo mixer which transforms the dough into emulsion. The emulsion is automatically transported to the dough doser.

The dosing device is an electronic system for dosing the mix and automatically adjusting its weight. Control over raw weights is performed manually during this stage on a sample basis.

After the dosing, the baking trays are automatically transported to the oven, and during this stage the product is baked, according to pre-established temperatures and times. The baked cakes then go through a natural cooling process, in a cooling tower, where the product is cooled at room temperature, whilst it is transported automatically.

After it has cooled, the product is filled, that is, each product receives the specific amount of filling using a needle system. After the cakes have been filled they are removed from the baking trays automatically and are transported in canvases to the wrapping process. Before being wrapped, the product goes through a metal detector, to ensure the safety of the food and then receives a preservative (anti-mold) to guarantee the desired shelf-life of the product.

After the products have been wrapped (40g), they are stored in displays of twelve units, and then in cardboard boxes with six displays, and organized on pallets to be transported to the finished products dispatch sector.

The Pelágio, Antenados, Adria, Vitarella, Richester and Isabela brands are currently being produced.

Snacks

Corn Snacks

Corn snacks are packaged in weights of 32g and 25g.

The process involves the extrusion of corn flour, where the latter is placed in a mixer with specific ingredients for each product to obtain a homogeneous mixture. The mixture is then transported to a dosing device. The corn flour is then mixed with water and transferred to a thread system at high pressure and temperatures using equipment called an extruder. It is during this stage that the Snacks become light and full of air, as a result of the difference in temperatures and pressure between the extruder and the environment. The cooked corn dough expands as a result of the difference between the pressure of the equipment and the outside environment. During the expansion, the format for the product is given by a part that is located in the extruder, called matrix and rotating knives.

After the extrusion process, the product is carried by pneumatic pipes to a dryer belt, to remove any moisture from the product and leave it crispy. After drying, the product goes through a mixing tunnel where flavoring, salt and fat are added to give the product flavor. Specific volumes of each ingredient are added to each product.

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During this process, the products are inspected by a trained employee, who performs quality control analyses, such as: humidity, sensory analysis and the amount of flavoring added during the process. All of these aspects are standardized for each product.

The product is then sent for packaging by elevator cups and then automatically packaged using scales that have metal detectors. After packaging, the products are put into bundles using automatic packers and manually grouped in larger bundles. The bundles are then placed on pallets and sent to the finished goods dispatch sector.

Wheat snacks

The wheat snack line produces savory snacks using the same standard dough, the only difference being the flavor, that is, the aroma that is added to the product.

The process is as follows: initially the dough is prepared, and the ingredients are added manually, except for water, according to the technical specifications; they are homogenized in a mixer for a fixed period of time and rotation period; the dough is then sent to the fermentation stage.

The fermentation process occurs at room temperature, for a controlled period of time. Once the ideal fermentation time has lapsed, the dough is cut manually and taken to the rolling mill, where it goes through a lamination system with rollers and cutters, where the product is cut based on the previously established standards.

After the lamination process, the product goes to a cooling chamber, and is then dipped in fat heated to specific temperatures. After being fried, the product is sent to exhauster to remove any excess fat.
It then goes through an aromatizing tunnel and a specific amount of flavor is given to each product. During this stage, a trained employee inspects the product during the process, and liberates the products for packaging.

Packaging is done using automatic scales with metal detectors, and the products are stored manually in cardboard boxed by trained employees, who check the products are sealed before being boxed. The sealed and dated boxes are then organized on pallets and sent to the finished goods dispatch sector.

Cake mixes

Seven types of cake mixes are manufactured, seven for the Finna mixtures – traditional line (Orange, chocolate, vanilla, creamy corn, brownie, Festa and coconut).

The production process begins with the transport of flour from the mill to the storage silo at the cake mix factory. Then the other macro-ingredients are also transported to the respective silos, using an automated transport system that is located at the mill dispatch area.

During the next stage, at the cake mix factory, the different medium, micro and fat ingredients are dosed and mixed in the mixer, according to each type of cake mix. For example: flavors, yeast, corn starch, emulsifiers, sugar, corn cream, cocoa power, flour and fat.

After all the ingredients have been mixed, the powdered mix is ready, and is then poured into a hopper and transported to carts and taken to the packaging machines. During this stage, a sample is taken for laboratory analysis of performance and monitoring.

The packages are filled automatically by "packer" machines, and each package is weighed and checked automatically by metal detectors, to detect any metallic particles in the product or any particles above the desired weight, and these are rejected if necessary, in order to comply with food safety standards. The packets are then sent for boxing, in groups of twelve units per box and then assembled on pallets. They are then transferred to storage for subsequent distribution, based on the FIFO system (First In, First Out).

All of the production process is performed under controlled conditions that comply with good manufacturing practices. There are registers to control the processes and quality controls for the supplies and finished products.

Packaged toast

The toast production process consists of the following steps: Receiving and storing raw materials, ingredients and packaging materials, dosage of raw materials and ingredients, mixing ingredients, lamination, fermentation, oven, climatization chamber, slicer, toasting oven, cooling, packaging, boxing, palleting, storage and distribution.

The above process begins with weighing the ingredients and preparing the cookies dough, according to the formulas and technical specifications for each type of product. The ingredients used are automatically dosed into the kneading machine, where the ingredients are mixed and homogenized, and then the dough goes to the lamination stage.

The lamination begins by layers of dough being formed. These layers pass through cylinders, which results in a standard final thickness, which then passes through a rolling system and are placed automatically in the molds which proceed to fermentation.

The fermentation process is performed using microorganisms that create volume in the dough for the next stage of the process.

After fermentation, the dough goes to the oven where it is cooked using a standard cooking curve, in accordance with previously established quality standards, during this stage the bread is baked and then removed from the trays and sent to the controlled climate chamber.

In the controlled climate chamber, the bread stabilizes, its temperature and humidity are controlled in accordance with previously established quality standards.

After stabilizing, the bread is sliced in accordance with previously established quality standards and then sent to the Toasting Oven.

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After toasting the slices, the toast is sent to the piling process using rollers, and is taken to the packers in the packaging sector.

The toast packaging process is fully automated. The packers work at a speed and temperature that is appropriate to attend total production generated along the production line. The packed products then go to the boxing process and are then organized in pallets in defined quantities to be sent to the dispatch sector for finished products, for subsequent distribution, based on the FIFO system (First In, First Out).

All of the production process is performed under controlled conditions that comply with good manufacturing practices. There are registers to control the processes and quality controls of supplies and finished products. It is should be noted that throughout the production process, the toast pass through metal and x-ray detectors, in order to ensure the safety of the product received by the consumer.

b. Information about the distribution process

The Company's sales are primarily made in Brazil. In 2017, 2018 and 2019, 99.5%, 99.4% and 99.2% of its operating revenue derived from sales made in Brazil respectively.

In Brazil its sales are made through a combination of direct and indirect sales channels. Direct sales consist of sales made by commercial representatives, in the rapid delivery system, and through the pre-sales team. The indirect sales consist of sales made by distributors and wholesalers. The Company has 36 distribution centers located in 16 Brazilian states and Distrito Federal, which are responsible for the sale and distribution of all products. The Company's products are not distributed by companies owned by the controlling shareholder.

The company's invoicing mix, net of discounts, relating to direct sales to consumers and intermediaries is as follows:

	Financial years ended December 31		
Type of sales channel	**2017**	**2018**	**2019**
Direct sales	46.6%	49.3%	51.6%
Sales to intermediaries	53.4%	50.7%	48.4%
Total	**100.0%**	**100.0%**	**100.0%**

The Company's commercial strategy combined with the recent incorporation of Piraquê customers led to growth in the share of direct sales in 2019 compared to 2018, reducing the share of intermediary sales channels.

Furthermore, the Company's products are distributed predominantly through highway transportation, using a company fleet of 329 vehicles, including 69 Kombi vans for prompt delivery in Fortaleza-CE, and an average of 19,935 third-party vehicles are used a month. In addition to these cargo vehicles, the Company also has 116 motorcycles used by presale sales representatives.

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c. Characteristics of its markets, particularly:

The Wheat and Wheat Milling Industry in Brazil

A Short History of the Wheat and Wheat Milling Industry in Brazil

Law 8096, which repealed Decree-Law 210/1967, came into force on November 22, 1990. Law 8,096/90 stated that the sale and industrialization of wheat from any sources is free, throughout national territory, and as a consequence, liberated the sale and industrialization of wheat in Brazil, with economic agents no longer restricted by government controls, quotas and limits, which also extends to the import of grain. Because of this notable change, the sector went through extensive transformation as a result of the abrupt deregulation and opening to foreign trade, especially Argentina, whose costs and production were lower than those in Brazil and produced wheat at more competitive prices than Brazil as a consequence.

More Recent Aspects of the Wheat Milling Industry in Brazil

The Government is currently adopting interventionist measures directed towards the sector, whether through Federal Governm ent Loans (EGF), the Minimum Price Guarantee Policy (PGPM) and Production Distribution Award (PEP). In practice, the PEP is a subsidy in two fields. The producer, where he charges the difference between the minimum price and market price and at companies as a subsidy for transporting wheat from the producing region to the mill.

Despite having evolved considerably in recent years, the productivity of national wheat cultivation is still low in relation to the main world wheat producers. The disadvantages involve climatic conditions unfavorable to the winter crop in the majority of the national territory, associated to soil characteristics, and has influenced the quality of Brazilian wheat and/or production costs for the grain.

Despite the State's efforts to guarantee producers' income, many suppliers, and particularly Argentina, are able to ship their wheat at costs lower than the national rate and/or with higher quality standards.

The table below presents Brazilian wheat consumption in the last 5 periods:

Wheat Production, Import and Consumption in Brazil

	Production	Change (%)	Import	Change (%)	Consumption	Change (%)
2015/16	5,540	-7.67%	5,922	25.51%	11,100	3.74%
2016/17	6,730	21.48%	7,788	31.51%	12,200	9.91%
2017/18	4,264	-36.64%	6,702	-13.94%	12,000	-1.64%
2018/19	5,428	27.30%	7,442	11.04%	12,100	0.83%
2019/20	5,200	-4.20%	7,100	-4.60%	12,100	0.00%

Source: United States Department of Agriculture – USDA

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Domestic production continues to be insufficient to fill consumer needs. Therefore, Brazil is still extremely dependent on wheat grain imports, from Argentina in particular. The need to import ascribes a strong vulnerability to the mills regarding international price oscillations of the commodity, which absorbs the influence of external factors, including speculation. Imports currently correspond to approximately half of national consumption.

General Aspects of Competition in the Wheat Milling Industry

According to the United States Department of Agriculture (USDA), world wheat production for the 2019/20 harvest was estimated at 764.3 million tonnes, a quantity 4.6% higher than 2018/19. The major wheat producers are China, the European Union, India, Russia and the United States, with Russia and the European Union being the largest exporters globally. Brazil is classified among the 5 largest importers in the world.

According to figures published by the Brazilian Wheat Industry Association - Abitrigo, Argentina was responsible for supplying most of the demand for wheat imported by Brazilian mills in 2019.

The tables below show the largest wheat producers, consumers and exporters in the world and production and consumption in Brazil:

Largest Global Wheat Producers

Year	EU	China	India	United States	Russia	Global Production
			(In thousand tons)			
2015/16	160,480	132,639	86,527	56,117	61,044	738,144
2016/17	145,369	133,271	87,000	62,832	72,529	756,313
2017/18	151,125	134,334	98,510	47,380	85,167	763,049
2018/19	136,685	131,430	99,870	51,306	71,685	730,536
2019/20	154,776	133,590	103,600	52,258	73,610	764,318

Source: United States Department of Agriculture – USDA (Production, Supply and Distribution – PSD)

Largest Global Wheat Consumers

Year	EU	China	India	Russia	United States	Global Consumption
			(In thousand tons)			
2015/16	129,850	117,500	88,548	37,000	31,943	715,919
2016/17	128,000	119,000	97,234	40,000	31,865	738,334
2017/18	130,400	121,000	95,677	43,000	29,250	741,959
2018/19	121,050	125,000	95,629	40,500	30,024	735,243
2019/20	123,000	126,000	96,112	40,000	31,489	748,549

Source: United States Department of Agriculture – USDA (Production, Supply and Distribution – PSD)

Largest Global Wheat Exporters

Year	United States	EU	Canada	Russia	Ukraine	Global Exports
			(In thousand tons)			
2015/16	21,817	34,760	22,099	25,546	17,431	171,744
2016/17	29,318	27,439	20,297	27,815	18,107	182,436
2017/18	23,226	23,383	22,019	41,431	17,775	184,000
2018/19	26,069	23,310	24,476	35,838	16,019	175,387
2019/20	26,500	35,000	22,800	33,500	20,500	183,204

Source: United States Department of Agriculture – USDA (Production, Supply and Distribution – PSD)

7.3 - Information about Products and Services Related to the Segment Reporting

According to ABITRIGO data as of February 2019, there were 165 wheat mills in operation in Brazil. A significant amount is concentrated in the south and southeast regions in the country (and, therefore, near to the main suppliers of the raw material).

Prospects for the Wheat Milling Industry

In 2019 Brazil harvested 5.15 million metric tons according to the Brazilian Food Supply Corporation (CONAB), a decrease of 5.1% on 2018. Cropland area (in thousands of ha) in 2019 declined by 0.1% compared to 2018 (2,040.5 vs 2,042.4).
In the 8th Grain Crop Survey 2019/2020, estimated production for 2020 stood at 5.43 million metric tons as of May.

Brazilian wheat faces competition from the subsidies awarded by the European Union, United States and Canada. In the absence of subsidies, Brazil would be competitive in this sector, as despite suffering from climatic aspects, which are less favorable than the climate in other countries, and higher prices with some of the raw materials, it has relatively cheap labor and can attain two annual harvests.

The Pasta Industry in Brazil

A Short Description of the Pasta Sector in Brazil

The productive process for pasta allows a pasta manufacturer to produce any type, requiring only small adaptations in the productive process and low investments, allowing the producer to offer a large variety of pasta. Therefore, the pasta industry presents low barriers to entry in terms of product diversity.

Pasta is a low added value product and freight has a significant weight on its final price, thereby justifying the establishment of regional production, consumption and distribution centers.

Recent Performance of the Pasta Sector in Brazil

The economic opening process experienced by the country from the 1990s, introduced new challenges in the Brazilian consumer goods market and resulted in structural changes in the industry.

In the pasta sector, this process has taken on decisive forms in terms of market consolidation and driven companies to invest in technology, state-of-the-art equipment and training its professionals. The result of these investments is an industrial park which is among the most modern in the world and perfectly able to supply quality products.

In Brazil, dry pasta is produced from soft wheat and is segmented into: semolina pasta with egg, semolina pasta, general purpose pasta and home-made pasta. The name "pasta" is popularly used, also on packaging, as a synonym for "pasta".

Many companies in the sector have an integrated process with a wheat mil, and generally have an extensive portfolio with other products derived from wheat, such as flour, cake mixes, cookies and cakes, etc. Instant noodles are one of the products offered by companies, with the possibility of adapting flavors according to the target audience.

7.3 - Information about Products and Services Related to the Segment Reporting

According to data from AC Nielsen published by the Brazilian Association of Biscuit, Pasta, Bread and Cookie Manufacturers (ABIMAPI), dry pasta remained highest weighted in the pasta segment in 2019, accounting for 50.7% of sales volumes in the year. Dry pasta sales in 2019 broke down as: (i) 34.97% semolina pasta without eggs;
(ii) 33.8% semolina pasta with eggs; (iii) 28.9% regular pasta; and (iv) 2.6% durum wheat pasta.

The Brazilian pasta market was quite dispersed until 1997, with the two main representatives in the sector, Adria Alimentos do Brasil (acquired by M Dias Branco in 2003) and Santista Alimentos, holding 6.8% and 6.7% respectively of consumption. This sector has become more consolidated following intensive merger and acquisition activity. More than half of the market is currently dominated by six companies in terms of volume sold: M. Dias Branco, J. Macedo, Selmi, Santa Amália and Vilma. The table below shows the market participation of competitors in the national pasta sector and northeast and southeast regions of the country for the period indicated:

Pasta Sector
Market share in terms of Volume sold

	Brazil	North-east	Southeast
M. Dias Branco	35.71%	63.58%	26.21%
J. Macedo	13.29%	13.55%	18.04%
Selmi	8.69%	1.38%	10.41%
Santa Amália	6.64%	0.25%	13.79%
Vilma	4.43%	2.14%	7.92%
Other	31.24%	19.10%	23.63%

Source: AC Nielsen (2019)

Pasta Sector
Market share in terms of Sales

	Brazil	North-east	Southeast
M. Dias Branco	32.1%	62.4%	24.8%
J. Macedo	12.0%	14.0%	15.4%
Selmi	10.5%	2.2%	11.5%
Santa Amália	8.0%	0.4%	15.5%
Vilma	4.8%	2.8%	8.0%
Other	32.6%	18.1%	24.8%

Source: AC Nielsen (2019)

The Cookie Industry in Brazil

A Short Description of the Cookie Sector in Brazil

Cookies are segmented into filled, water and salted crackers, wafers, Maria and Maisena (plain, sweet cookies), dry and sweet, buttery, salty, ring shaped and others. In consumption per capita, Brazil consumes approximately 7.021 kg per person per year according to AC Nielsen and IBGE data compiled and published by ABIMAPI.

7.3 - Information about Products and Services Related to the Segment Reporting

According to data from AC Nielsen, the southeast was responsible for the largest volume of cookies sales in Brazil in 2019, with approximately 46.5%, since it has the largest per capita income in the country and the consumption of these products is strongly influenced by families' purchasing power.

Brazil occupies 4th position as the largest world cookies seller in tonnes, with a record of 1.27 (million tonnes) sold in 2019, according to data from ABIMAPI and Euromonitor.

Global Cookie Sales (million tonnes)

	Countries	2017	2018	2019
1	United States	2.58	2.62	2.66
2	India	2.47	2.54	2.62
3	China	1.38	1.38	1.38
4	***Brazil***	***1.33***	***1.29***	***1.27***
5	Russia	1.07	1.08	1.10
6	Mexico	0.69	0.71	0.73
7	Italy	0.65	0.66	0.67
8	United Kingdom	0.66	0.65	0.64
9	Argentina	0.56	0.56	0.55
10	Germany	0.51	0.51	0.52

Until the start of the Real Plan (introduced in mid-1994), the sector as characterized as being predominantly of national capital and managed by family-run companies. The sector has experienced pronounced growth, leading to the start of a process of buying out small companies by the major international brands. In 2003, with the control of Adria passing to the Company (which subsequently took it over), leadership of the Brazilian market once more belonged to a company with national capital. Bauducco is second with a 8.6% market share, Nestle is third with a 8.5% market share, followed by Marilan (8.0%), Mondelez (8.0%) and Pepsico (5.4%), while M Dias Branco leads the market with 29.6%, according to data from AC Nielsen for YTD 2019. The remainder of the market is fragmented between a large number of companies.

Recent Performance of the Cookie Sector in Brazil

The population's upward mobility is encouraging the consumption of cookies, which also have a higher added value. Cookies which are considered healthy are also presenting expressive growth rates, demonstrating an opportunity to expand production.

The table below shows the competitors' market participation in the national cookies sector and northeast and southeast regions of the country for the period indicated, in terms of volume and turnover:

7.3 - Information about Products and Services Related to the Segment Reporting

Cookie Sector

Market share in terms of Volume sold

	Brazil	North-east	Southeast
M. Dias Branco	33.8%	58.8%	21.7%
Marilan	8.5%	5.9%	10.7%
Nestlé	7.2%	3.0%	9.5%
Bauducco	6.7%	3.1%	9.0%
Pepsico	5.0%	1.6%	6.3%
Mondelez	4.5%	1.7%	5.9%
Other	34.3%	25.8%	36.9%

Source: AC Nielsen (Retail + Cash & Carry: 2019)

Cookie Sector

Market share in terms of Sales

	Brazil	North-east	Southeast
M. Dias Branco	29.6%	53.7%	22.0%
Marilan	8.0%	5.9%	9.4%
Nestlé	8.5%	4.4%	10.1%
Bauducco	8.6%	5.3%	10.4%
Pepsico	5.4%	2.2%	6.2%
Mondelez	8.0%	4.2%	9.4%
Other	32.0%	24.2%	32.5%

Source: AC Nielsen (Retail + Cash & Carry: 2019)

Share in each market

The table below shows the operating revenue mix before discount of the Company by product line and region in the indicated periods:

	Financial years ended December 31					
	2017	%	2018	%	2019	%
Cookies	**3,634.0**	**100.0**	**4,237.7**	**100.0**	**4,179.6**	**100.0**
North-east	2,307.5	63.5	2,392.7	56.5	2,175.6	52.1
Southeast	698.9	19.2	1,154.8	27.3	1,319.3	31.6
South	281.3	7.7	310.1	7.3	303.6	7.3
North	160.5	4.4	171.3	4.0	163.6	3.9
Midwest	163.3	4.5	180.1	4.2	179.4	4.3
Exports	22.6	0.7	28.7	0.7	38.1	0.9
Pasta	**1,328.2**	**100.0**	**1,448.2**	**100.0**	**1,486.3**	**100.0**
North-east	857.1	64.5	846.3	58.4	0.0	0.0
Southeast	303.1	22.8	419.4	29.0	454.7	30.6
South	106.1	8.0	113.5	7.8	120.6	8.1
North	38.6	2.9	43.7	3.0	31.1	2.1
Midwest	18.5	1.4	18.4	1.3	19.4	1.3
Exports	4.8	0.4	6.9	0.5	6.0	0.4
Flour and bran	**1,050.1**	**100.0**	**1,111.0**	**100.0**	**1,204.5**	**100.0**
North-east	960.4	91.5	992.7	89.3	1,078.0	89.5
Southeast	34.5	3.3	68.5	6.2	70.5	5.9
North	34.9	3.3	22.5	2.0	23.8	2.0
Midwest	11.5	1.1	14.4	1.3	13.6	1.1
South	7.7	0.7	12.9	1.2	17.2	1.4
Exports	1.2	0.1	0.0	0.0	1.4	0.1
Margarine and fats	**386.4**	**100.0**	**381.1**	**100.0**	**391.3**	**100.0**
North-east	355.8	92.1	347.5	91.2	0.0	0.0

North	25.4	6.6	28.0	7.3	28.2	7.2
Exports	3.1	0.8	4.9	1.3	0.0	0.0
Southeast	2.0	0.5	0.7	0.2	2.2	0.6
Other product lines	**182.9**	**100.0**	**199.2**	**100.0**	**179.2**	**100.0**
North-east	105.6	57.7	116.6	58.5	104.2	58.1
Southeast	47.5	26.0	51.6	25.9	46.5	0.6
South	20.8	11.4	20.9	10.5	18.4	0.2
Midwest	4.7	2.6	5.2	2.6	4.6	0.1
North	3.5	1.9	4.0	2.0	2.9	0.0
Exports	0.8	0.4	0.9	0.5	2.6	0.0
Consolidated	**6,581.7**	**100.0**	**7,377.2**	**100.0**	**7,440.9**	**100.0**
North-east	4,586.7	69.7	4,695.8	63.7	4,563.3	61.3
Southeast	1,085.9	16.5	1,695.0	22.9	1,893.2	25.4
South	415.8	6.3	457.4	6.2	459.8	6.2
North	262.9	4.0	269.5	3.7	249.6	3.4
Midwest	198.0	3.0	218.1	2.9	217.0	2.9
Exports	32.4	0.5	41.4	0.6	58.0	0.8

7.3 - Information about Products and Services Related to the Segment Reporting

The Company's sales volumes are presented in the table below for the indicated periods, by product line and by region:

	Financial years ended December 31					
	2017	%	2018	%	2019	%
Cookies	**540.8**	**100.0**	**563.2**	**100.0**	**522.9**	**100.0**
North-east	341.1	63.1	333.3	59.2	295.1	56.4
Southeast	104.1	19.2	131.8	23.4	134.2	25.7
South	39.3	7.3	39.7	7.0	37.8	7.2
North	26.2	4.8	26.9	4.8	24.3	4.6
Midwest	25.1	4.6	25.7	4.6	24.3	4.6
Exports	5.0	1.0	5.8	1.0	7.2	1.4
Pasta	**365.3**	**100.0**	**394.6**	**100.0**	**375.9**	**100.0**
North-east	235.3	64.4	234.2	59.3	0.0	0.0
Southeast	82.8	22.7	109.9	27.9	110.6	29.4
South	29.1	8.0	30.2	7.7	30.2	8.0
North	11.5	3.1	13.0	3.3	8.1	2.2
Midwest	4.4	1.2	4.0	1.0	3.9	1.0
Exports	2.2	0.6	3.3	0.8	2.2	0.6
Flour and bran	**858.4**	**100.0**	**784.6**	**100.0**	**792.9**	**100.0**
North-east	772.9	90.0	694.2	88.5	699.6	88.2
Southeast	41.3	4.8	53.1	6.7	51.0	6.4
South	12.1	1.4	14.0	1.8	12.7	1.6
North	22.3	2.6	12.3	1.6	9.9	1.2
Midwest	9.0	1.0	11.0	1.4	19.0	2.4
Exports	0.8	0.1	0.0	0.0	0.7	0.1
Margarine and fats	**84.7**	**100.0**	**80.6**	**100.0**	**84.9**	**100.0**
North-east	77.8	91.9	73.4	91.1	0.0	0.0
North	5.7	6.7	6.0	7.4	6.1	7.2
Exports	0.8	0.9	1.1	1.4	0.0	0.0
Southeast	0.4	0.5	0.1	0.1	0.5	0.6
Other product lines	**16.7**	**100.0**	**17.1**	**100.0**	**15.0**	**100.0**
North-east	9.7	58.1	9.9	57.9	8.5	56.7
Southeast	4.2	25.1	4.4	25.7	3.9	26.0
South	2.0	12.0	1.9	11.1	1.7	11.3
Midwest	0.5	3.0	0.5	2.9	0.4	2.7
North	0.2	1.2	0.3	1.8	0.2	1.3
Exports	0.1	0.6	0.1	0.6	0.3	2.0
Consolidated	**1,865.9**	**100.0**	**1,840.1**	**100.0**	**1,791.6**	**100.0**
North-east	1,436.8	77.0	1,345.0	73.1	1,299.9	72.6
Southeast	232.8	12.5	299.3	16.3	300.2	16.8
South	82.5	4.4	85.8	4.7	88.7	5.0
North	66.0	3.5	58.5	3.2	51.4	2.9
Midwest	39.0	2.1	41.2	2.2	38.5	2.1
Exports	8.8	0.5	10.3	0.5	12.9	0.7

7.3 - Information about Products and Services Related to the Segment Reporting

ii. Competition conditions in the markets

Competition

Competition is fierce and dispersed in the segment M. Dias Branco operates in, including from other consolidated companies, both national and international, such as Nestlé, J. Macedo, Mondelez, Bunge, Bauducco, Arcor, Brasil Foods and Marilan, amongst others. The Company also faces competition from local small manufacturers who serve a number of sectors. To better understand M. Dias Branco's sector, see below information about our main competitors:

- Cookies: Marilan, Nestlé, Mondelez, Bauducco, Bagley and Pepsico;
- Pasta: Selmi, J. Macedo, Santa Amália, Vilma, Piraquê, Barilla, Tondo and Parati;
- Wheat flour: Bunge, J. Macedo, Moinhos Cruzeiro do Sul, Moinho Cearense and Grupo Motrisa;
- Margarine and vegetable fats: Bunge, BRF, JBS and Unilever;
- Cakes: Bauducco and Bimbo;
- Snacks: Pepsico and São Braz;
- Cake mixes: Dona Benta, Fleishmann, Renata, Sarandir and Vitamilho; and
- Toasted biscuits: Bauducco, Wickbold, Marilan and Visconti.

d. Seasonality

Generally speaking, the demand for the Company’s products is not seasonally adjusted.

7.3 - Information about Products and Services Related to the Segment Reporting

e. The main raw materials are as follows:

The main raw materials used in the Company's productive process are wheat, flour, vegetable oil and sugar, which contributed to 56.5% of its costs of products sold in the referred period of 2019. The importance of packaging in the Company's productive process should also be highlighted, representing 9.7% of costs for products sold in 2019.

i. A description of the relationships maintained with suppliers, and also if they are subject to control or government regulation, indicating the institutions and respective legislation applicable.

The Company does not hold exclusive agreements with the suppliers of these raw materials. However, many of its suppliers have a long-term relationship with the company.

The payment period for raw materials varies between 28 and 45 days following their delivery, except with regards to the acquisition of wheat in grains and vegetable oils, where this is made in cash or through financing, with a payment period of up to 360 days, and periods that vary between 5 and 35 days for sugar and advance payment in a few cases. The periods for national vegetable oil range between 10 and 28 days. In 2019, 76.68% of the volume of wheat imported by the Company was purchased in cash, while 100.0% of the volume of vegetable oil was paid for in this way.

Relationships between the Company and its suppliers are not subject to government controls or regulations.

ii. Possible dependence on a low number of suppliers

The Company is not dependent on any specific supplier.

iii. Possible volatility in prices

Wheat, vegetable oil and sugar are considered commodities and their values according to international market prices, which oscillate according to offer and demand, climatic conditions, etc. Therefore, the Company does not control their prices.

The price of packaging is relatively volatile, since it tends to follow the price of petroleum which has historically experienced major fluctuations.
The oscillation in the prices of wheat and vegetable oil (soy or palm) on the domestic and foreign markets significantly affects the cost of products sold by the Company, since they are the main raw materials used in its business.

Furthermore, among the Company's main raw materials, a percentage of the wheat and vegetable oil is purchased from suppliers abroad, which exposes its prices to exchange rate variations. In 2019, 91.57% of the wheat and 36.02% of the oil consumed at the Company was acquired through imports.

7.3 - Information about Products and Services Related to the Segment Reporting

Relationships between the Company and its suppliers are not subject to government controls or regulations. As a strategy to prevent and reduce the effects on results from variations in exchange rates, over the years, Management has sought to avoid or minimize mismatches between assets and liabilities indexed in foreign currencies, by means of contracting of hedge operations, normally swap operations.

7.4 - Clients Accounting for more than 10% of Total Net Revenue

The table below indicates the representativeness of its clients in relation to gross revenue less discounts:

	Financial year ended December 31		
	2017	**2018**	**2019**
1 largest	10.3%	11.0%	10.8%
10 Largest [1]	23.9%	25.6%	25.3%
50 Largest [2]	36.8%	38.5%	37.7%
100 Largest [3]	44.2%	45.8%	45.0%
Other	55.8%	54.2%	55.0%
Total [4]	**100.0%**	**100.0%**	**100.0%**

(1) Inclu([1] Includes the Largest;
(2) Includes the 10 Largest;
(3) Includes the 50 Largest;
(4) Sum of the 100 Largest and Other.

On December 31, 2019, the Company had approximately 123 thousand active clients from a wide range of activities, predominantly medium and small-scale companies.

The dispersion of its client base has assisted in minimizing its exposure to the risk of impact of reducing income, due to a possible loss of some of its major clients. Its 10 largest clients represented approximately 25.3% of the total of its revenues net of discounts in 2019 and its largest client represented 10.8% of the total of its revenues net of discounts.

The table below shows the representativeness, in terms of gross revenue less discounts, of the Company's main clients, grouped together according to their segment:

	Financial year ended December 31		
	2017	**2018**	**2019**
Retail	24.8%	27.2%	29.8%
Wholesale	28.2%	25.3%	24.2%
Key Account/Regional Chain	20.5%	21.0%	20.6%
Cash & Carry	17.9%	19.4%	18.9%
Distributors	6.9%	5.5%	4.5%
Industry	1.0%	0.9%	0.9%
Other	0.7%	0.7%	1.1%
Total	**100.0%**	**100.0%**	**100.0%**

a. Total revenue from the client

In 2019, 10.8% of net revenue originated from the company's top customer, amounting to R$ 805.1 million.

b. Operating segments affected by revenue from the client.

The origin of the revenue from the top customer derived from the sale of all the Company's product lines.

7.5 - Material Effects of State Regulations on Activities

a. The need for government permits for operations and a history of the company's relationship with the government in obtaining such permits

The Company's activities are subject to wide-ranging Brazilian environmental legislation in the federal, state and municipal spheres.

Compliance with this legislation is inspected by institutions and government agencies, which can impose administrative sanctions against the Company for any in observance of this legislation – for example the absence of an environmental license to operate a potentially contaminating activity – such as the application of fines of up to R$ 50 million (applicable in double or triple in the case of recurrence) and temporary or definitive suspension of its activities.

Violation of the Law of Environmental Crimes (Law nº 9.605/98) can also be characterized as an environmental crime, resulting in the application of criminal sanctions, such as: suspension or prohibiting the respective undertaking's activities; loss of benefits, such as suspension of financing and not qualifying for certification of competition and fiscal incentives.

The directors, administrators and other individuals who act as the Company's agents or authorized representatives, and take part in practicing environmental crimes attributed to it, are also subject to penalties restricting rights and custodial sentences, according to the extent of their culpability.

Additionally, the Law of Environmental Crimes includes the possibility of lifting the corporate veil in relation to the legal entity causing the environmental offense, whenever this is an obstacle to compensating for the damage caused to the quality of the environment.

It is emphasized that administrative and criminal sanctions will be applied independent of the obligation to make amends for the damage caused to the environment and third parties affected, considering that the three spheres of environmental responsibility – administrative, criminal and civil –are diverse and independent.

In the civil sphere, environmental damage could imply joint and several, direct and indirect liability. This means that the obligation to make amends for the damage caused may affect everyone involved either directly or indirectly, independent of proving the agents' guilt. As a consequence, hiring third parties to carry out any intervention in the Company's operations, such as the final disposal of waste, does not relieve it of its responsibility for any possible environmental damage caused by the contracted party.

Brazilian environmental legislation determines that the regular operation of activities considered effectively or potentially polluting or which cause damage to the environment in any way, are conditional upon previous environmental licensing. This procedure is necessary both for the initial installation and operation of the undertaking and any expansions, with the licenses issued requiring periodic renewal.

The environmental licensing of activities whose environmental impacts are considered significant is subject to a Previous Environmental Impact Study and its respective Environmental Impact Report (EIA/RIMA) or other environmental studies, and the introduction of mitigating and compensatory measures for the environmental impacts caused by the undertaking. The environmental licensing process for these activities are also subject to an environmental compensation payment, corresponding to 0.5% of the total cost envisaged for the establishment of the undertaking, according to the environmental impact caused by the undertaking and identified on the EIA/RIMA to create and maintain a Conservation Unit.

7.5 - Material Effects of State Regulations on Activities

According to applicable legislation, the environmental licensing process has three phases and basically comprises the issue of three licenses, all with a given period of validity: Preliminary License (LP); Installation License (LI); and Operation License (LO). Each of these licenses is issued according to the phase which the establishment of the undertaking is in and maintaining their validity depends on complying with the constraints established by the environmental licensing institution.

In the federal domain, the absence of an environmental license, independent of whether the activity is causing effective damage to the environment or otherwise, is characterized as the practice of an environmental crime, as well as the offender being subject to administrative penalties, such as fines which can come to R$ 10 million (applicable in double or triple in the case of recurrence) and prohibiting activities.

Furthermore, it is important to emphasize that National Council for the Environment (CONAMA) Resolution Nº 237/97 states that the request to renew an environmental license should be made up to 120 (one hundred and twenty) days before expiry of the validity period, so that the validity of the license can be automatically extended and the environmental institution can comment on the renewal.

Any delay in or failure by environmental authorities to issue or renew environmental licenses and any impossibility to meet the requirements established by such authorities in the course of the environmental licensing process could also prejudice or even prevent ventures from being established and operated, as the case may be.

The Company seeks to execute all of its activities while observing the environmental legislation in force, including obtaining licenses and environmental authorizations required by the appropriate institutions.

All of its operational units were submitted to the environmental licensing process and are operating with due current environmental licenses or they are in a renewal process. The environmental licensing process for the industrial site in Paraíba (Grande Moinho Tambaú) was subject to legal disputes, but the relevant claims were finally dismissed by decisions fully in favor of the Company.

b. **Issuer's environmental policy and the costs incurred for compliance with environmental regulations and, if applicable, other environmental practices, including adherence to international environmental standards**

The Company seeks to adopt best environmental management practices available to undertake and execute its industrial activities.

Conservation of the environment has always been present in its entrepreneurial philosophy, directing many of its actions, particularly in the attempt to balance social and economic growth with environmental conservation, with the view to materializing effective sustainable development. In 2019, the Company invested R$ 9.5 million to comply with environmental regulations and in actions directed towards environmental conservation and stewardship.

Note that the Company plants located in Eusébio (Ceará) and Jaboatão dos Guararapes (Pernambuco) have an Environmental Management System installed and certification according to NBR ISO 14001:2015. The Company has not signed any agreement adhering to international environmental protection standards.

7.5 - Material Effects of State Regulations on Activities

Water

The National Water Resources Policy (Law 9.433/97) determines that the use of bodies of water for the purposes of collecting and releasing effluent should be previously authorized by the appropriate authorities through the document granting the right to its use.

The Company uses water resources originating from superficial, underground or rainfall collection or public supplies by concessionaire companies in its activities. The Company seeks to obtain the grant for the right to use water resources for all of its collections of superficial and underground water which it carries out at its undertakings.

Some of the Company's plants have Effluent Treatment Stations on account of their location and the type of effluent generated. The units located in urban or industrial areas have a public waste collection network and they release their effluent in these. With this, the Company seeks to observe the emission standards established by applicable legislation.

Solid waste

The transportation, treatment and appropriate final destination of waste depend on the class that it belongs to and the projects in this area are subject to prior approval by the appropriate environmental institution. It should be observed that waste treatment is liable to licensing, so the companies hired to carry out this activity must demonstrate their regularity with environmental licensing, also under penalty of the waste generator being held administratively responsible, if it does not allocate its waste to a duly licensed organization.

In the civil area, inappropriate disposal and accidents as a result of transporting solid waste could be a factor for contaminating the soil and underground water and, therefore give rise to the application of sanctions in the administrative and criminal spheres, and responsibility for making amends for the damage caused.

The administrative penalties applicable include: warnings, fines, embargoes, suspension of financing and fiscal benefits, among others.

The Company's industrial activities generate solid waste, which should be managed according to applicable environmental legislation, ranging from temporary storage to its final destination. This waste includes recyclable materials, such as paper and cardboard, plastics, ferrous and non-ferrous metals and sludge from effluent treatment stations, products not within the Company's quality standards or has passed the sell-by date and empty packaging, among others.

Depending on the type of waste, the Company sends it for appropriate treatment, including co-processing, burning, reuse, decontamination, return to the supplier, recycling or sending to duly licensed sanitary landfills. Although this is a requirement in the recruitment process, some of the companies which receive solid waste and, more specifically, organic waste, are not completely licensed, which means that we could be held administratively responsible for non-observance of applicable environmental legislation. In 2015, the company implanted qualification procedures for the receivers of residues, in order to minimize the risks related to this activity. NN VC

Furthermore, although remote, the Company does not discard the possibility of it being held jointly responsible for damages caused by thirty party companies which manage their solid waste. See section "4.1 h Risk factors inherent to regulating the sectors in which the issuer operates".

7.5 - Material Effects of State Regulations on Activities

Controlled products

The Company uses products controlled by the Federal Police in its industrial activities, such as sodium hydroxide, among others, which are used in the effluent treatment process. The Company holds the licenses required by applicable legislation and the protocol for the use of these products on a monthly basis.

Sanitary Surveillance Regulations

The Company performs activities related to production, storage, distribution and selling food and is therefore subject to regulation and inspection by public authorities, particularly the National Sanitary Surveillance Agency (ANVISA) and Ministry of Agriculture, Cattle Farming and Supply (MAPA).

The Company is also subject to labor, environmental, commercial, tax and other laws in the normal course of its business.

With the aim of supplying the elements required to gain a full understanding of its activities, we present the main aspects of current regulation and to which producers and sellers are subject in relation to the following food products: (i) flour and bran;
(ii) biscuits/crackers; (iii) pasta; (iv) margarines; (v) spreads, fats and vegetable oils, (vi) cakes and cake mixes, (vii) snacks (corn puffs, wheat puffs and potato chips), (viii) cereal bits and (ix) drink mixes.

Law 9782 of January 26, 1999, which created ANVISA, defines the regulation, control and inspection of products and services which involve a risk to public health among its responsibilities, with the control and sanitary inspection of food, including drinks, their raw materials, packaging, food additives and contaminants among the goods and products submitted to sanitary control and inspection.

ANVISA Resolution Nº 23/00, later complemented by ANVISA Resolution Nº 240/18, lists the food products which should be registered with ANVISA and those dispensed from compulsory registration. Generally speaking, products allocated for special segments, such as: foods with functional and/or health claims, food for enteral nutrition, food for children, new food and new ingredients, packaging, new technologies (recycled), isolated bioactive and probiotic substances with functional or health claims compulsorily depend on registration with ANVISA to start their production and sale. The other food products are exempt from sanitary registration, only requiring attainment of the Start of Manufacture Memorandum.

Independent of the compulsory requirement or otherwise of the product's registration with ANVISA or MAPA, companies producing and selling food products should observe specific regulations related to technical requirements for producing and packaging each product, adopting the practices contained in the Best Manufacturing Practices and pre-requisites program and Food Safety Guidelines Manual, and keeping information regarding the update of product formulas dispensed from registration, which should be available for analysis by the sanitary authority when requested.

7.5 - Material Effects of State Regulations on Activities

Additionally, companies producing and selling food should observe regulations regarding product labeling, both with regards to technical aspects defined by ANVISA, MAPA, NATIONAL INSTITUTE OF METROLOGY, QUALITY AND TECHNOLOGY (INMETRO), and the MINISTRY OF JUSTICE, as established in Decree-Law Nº 986/69, and in relation to consumer protection, in the terms of Law Nº 8.078/90, which instituted the Consumer Protection Code.

It should also be emphasized that companies which perform activities related to production, industrialization, distribution, storage, transportation and the sale of food products should be duly licensed by the appropriate state or municipal sanitary authority, under the terms of applicable legislation, which will issue the Sanitary or Operating License prior to starting its activities or registered at MAPA with the Establishment's Register being issued. The Company's factories and establishments for production, storage, distribution, handling and the transportation of food products observe the licensing regulations imposed by the appropriate local authorities.

Also, according to sanitary legislation and without prejudice to applicable civil or criminal sanctions, the non-observance of sanitary legislation, particularly the operation of units without the due sanitary licensing and sale of products without the respective records or notifications, could be considered a punishable offense, alternatively or cumulatively, with the penalties of a warning, fines, seizure of the product, non-use of the product, banning the product, suspending sales and/or manufacture of the product, canceling the product’s registration, partial or total prohibition of the establishment, prohibiting advertising, canceling authorization for the company to operate, and/or canceling the establishment’s licensing permit, in the terms of Law nº 6.437/77, with the constitutional rights of a full defense and appeal being guaranteed in regular administrative proceedings to be instigated by the appropriate authority.

c. **Dependence on patents, trademarks, licenses, concessions, franchises or royalty agreements for the conduct of business.**

As of December 31, 2019 the Company had approximately 59 applications and 1,581 registered trademarks for brands in Brazil and 86 applications and 147 registered trademarks overseas. The Company's leading brands have been duly registered at the National Institute of Industrial Property - INPI, in the segment the Company operates in, and are as follows: Fortaleza, Richester, Adria, Isabela, Basilar, Zabet, Vitarella, Treloso, Pilar, Estrela, Pellagio, Piraquê, Salsitos, Delicitos, Predilleto, Bonsabor, Finna, Puro Sabor and Amorela.

The Company also has several secondary brand registration applications being analyzed by INPI, which guarantee the Company the right to release and advertise new products or new brands in the market. The Company therefore reaches various consumer profiles, embracing all regions and social classes of Brazil's population, thereby increasing the Company's billing, which is why the brands and brand registration applications are fundamental to the Company's existence.

In addition to seeking brand protection in Brazil, the Company seeks to protect its core brands in other countries like Argentina, Bolivia, Chile, Costa Rica, Ecuador, USA, Panama, Peru, Uruguay, Australia and others. The main brands registered overseas are Adria, Basilar, Elaine, Isabela, Piraquê, Nikito and Zabet, amongst others.

For further information about the Company's brands see section 9.1.b of this Reference Form.

7.5 - Material Effects of State Regulations on Activities

Patents

As of December 31, 2019 the Company had 2 (two) patent registration applications deposited at the INPI and 1 (one) patent awarded related to the process of manufacturing specific types of cookie and margarine. For further information about the Company's brands see section 9.1.b of this Reference Form.

Industrial designs

At December 31, 2019, the Company owned approximately 62 registers of industrial designs granted by INPI which aims to protect the shape of its products. The industrial designs include the different configurations applied to cookies and savory snacks, essential for undertaking the Company´s daily activities and to protect the identity of the products that it manufactures and sells.

Software licenses

The Company has software licenses that it purchased on the market and which are regularly used by the majority of Brazilian companies, such as Microsoft and Oracle, as well as off the shelf software licenses. As a result of the functions offered by the software licenses acquired, the Company has the tools necessary to manage its daily activities.

Domains

The Company owns approximately 200 domains registered in Brazil and 5 overseas; the most significant ones are: (i) “www.mdiasbranco.com.br”; (ii) “www.adria.com.br”; (iii) “www.vitarella.com.br”; (iv) “www.treloso.com.br”; (v) www.pilar.ind.br; (vi) www.fabricaestrela.com.br; and (vii) “www.piraque.com.br”. The names of the domains consist of a mechanism to facilitate them being recalled and used on the internet, thus providing greater exposure and recognition of the products manufactured by the Company.

Copyrights

The Company owns approximately 147 registers of authors’ rights with the Escola de Belas Artes da Universidade Federal do Rio de Janeiro, which aim to protect, mainly, designs used on the packaging of its products and which are also used as figurative or mixed brands with the INPI. These registers for authors’ rights are essential for the Company´s daily activities, since the designs are used on the product packaging, which creates a visual identify and enables consumers to differentiate the Company´s products from other products displayed in Brazilian supermarkets. The Company also has 5 (five) music registers with the National Library.

Concessions

Not applicable, since the Company does not depend on concessions to undertake its activities.

7.5 - Material Effects of State Regulations on Activities

Deductibles

Not applicable, since the Company does not use franchises to undertake its activities.

Royalties Contracts

The Company has a royalties contract to use images of Disney characters on the packaging of some of its products with the Pelaggio, Estrela and Salsitos brand names.

For more information on brands, patents, industrial designs, domains, author´s rights and software licenses relevant for undertaking the Company´s activities, see item 9.1.” b” of this Reference Form.

7.6 - Material Overseas Revenue

a. Revenue deriving from customers within the country in which the issuer is based and its share of the issuer's total net revenue:

	Financial years ended December 31					
	2017		2018		2019	
	R$ million	%	R$ million	%	R$ million	%
Net revenue of discounts of customers in issuer's country	6,549.1	99.5%	7,332.9	99.4%	7,381.4	99.2%

b. Revenue deriving from customers in each foreign country and its share of the issuer's total net revenue
Overseas sales do not account for a significant part of the Company's business. In 2017, 2018 and 2019, they accounted for 0.5%, 0.6% and 0.8% of its operating revenue net of discounts.

c. Total revenue deriving from foreign countries and its share in the issuer's total net revenue
As stated in the previous item, recipes from foreign countries are not significant to the Company´s business.

7.7 - Effects of Foreign Regulations on Activities

As stated in item 7.6, the Company´s operations in foreign countries are not significant and do not have significant impacts on its business.

7.8 - Social and Environmental Policies

a. If the issuer discloses social and environmental information

The Company has various projects within the area of social and environmental responsibility, which focus both on the internal and external stakeholders. M Dias Branco is pleased to present its annual report for the 5th consecutive year, which since 2014 has set out our achievements in economic and financial and socio-environmental matters. The report reflects M. Dias Branco's decision to define and disclose its strategic sustainability agenda, prepared with the participation of management and executives, by analyzing global macro trends impacting the food sector in addition to a sector study.

In addition, the Company has a Sustainability Committee that oversees implementation and dissemination of our culture of sustainability and supervises Working Group (WG) initiatives on strategic sustainability topics. In 2019 the Company implemented a Corporate Governance Committee to improve internal controls and corporate governance mechanisms in line with applicable laws and regulations and industry best practices.

In 2019 we published a Sustainability Policy in line with the principles of the Global Compact, the UN’s Framework on Business and Human Rights and the UN Sustainable Development Goals. We joined the UN Global Compact, strengthening our voluntary commitment to increasingly align our strategy and operations with the UN’s ten principles for promoting sustainable growth and good citizenship.

In March 2020 the company published its annual report for FY 2019.

b. The methodology used to prepare this information

The Company prepares its Annual Report, based on the Global Reporting Initiative (GRI STANDARDS).

In 2019 we published a Sustainability Policy in line with the principles of the Global Compact, the UN’s Framework on Business and Human Rights and the UN Sustainable Development Goals.

In 2019 we conducted an assessment on the materiality of each of the 17 SDGs to our business, and confirmed that 14 of those goals were supported by internal or external initiatives in the year, while SDGs 05, 11 and 17 had no related initiatives in 2019. Details on these initiatives are described throughout the Annual Report. The 17 SDGs are described below.

SDG 01. End poverty in all its forms everywhere
SDG 02. End hunger, achieve food security and improved nutrition and promote sustainable agriculture
SDG 03. Ensure healthy lives and promote well-being for all at all ages
SDG 04. Ensure inclusive and quality education for all and promote lifelong learning
SDG 05. Achieve gender equality and empower all women and girls
SDG 06. Ensure availability and sustainable management of water and sanitation for all **SDG 07.** Ensure access to affordable, reliable, sustainable and modern energy for all
SDG 08. Promote inclusive and sustainable economic growth, employment and decent work for all
SDG 09. Build resilient infrastructure, promote sustainable industrialization and foster innovation

7.8 - Socio-environmental Policies

SDG 10. Reduce inequality within and among countries
SDG 11. Make cities and human settlements inclusive, safe, resilient and sustainable
SDG 12. Ensure sustainable consumption and production patterns
SDG 13. Take urgent action to combat climate change and its impacts
SDG 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
SDG 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss
SDG 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
SDG 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development.

c. If this information is audited or revised by an independent entity

The sustainability information in the Integrated Annual Report 2019 was assured through an Insurance Letter issued by PricewaterhouseCoopers Auditores Independentes.

d. The site where this information can be viewed

Information related to sustainability actions and strategies performed by the Company is available on the site http://www.mdiasbranco.com.br/ri/ in the section “A Companhia | Sustentabilidade” and “Destaques | Relatório Anual” or on the site http://www.mdiasbranco.com.br in the section “Sustentabilidade | Cultura de Sustentabilidade”.

7.9 - Other Material Information

Competitive Advantages and Strong Points

The Company´s main competitive gains and Strong points include:

Leader on the market for cookies and pastas in Brazil, and significant placing on the domestic market for flour. Since 2003, the Company has been the leader on the cookies and pasta markets in Brazil, both in terms of volume (measured in tons) and in sales values, based on research into market share undertaken by Nielsen. The Company has grown consistently to become the leader in Brazil, in terms of market share and sales volume, increasing from 13.5% to 33.7% for cookies and from 17.8% to 35.7% for pastas, according to data published by Nielsen for the years 2003 and 2019 respectively, including Piraquê in 2019. Note that until 2016, the market share data published by Nielsen took into account retail establishments, but as of 2017 they started to also consider more Cash&Carry-type retail establishments. The Company believes that its leadership and the significant positioning for its product lines are due mainly to: (i) The strength of its portfolio of brand names which are recognized by the consumer public, such as Vitarella, Fortaleza, Richester, Pilar e Estrela, leaders in the North and Northeast of Brazil and Adria, Basilar, Isabela, Zabet and Piraquê, leaders in the Southeast and South, in volumes sold, according to Nielsen; (ii) the high quality of its products, together with its diversity to attend different markets (from popular to premium); (iii) its distribution model – which provides significant coverage particular for small and medium sized retailers; and (iv) the logistics of its production on a national scale.

High level of integration of its production process. The Company produces the majority of the two main raw materials used in the production of its products: flour and vegetable fats. In 2019, 86.7% of the flour used in its production process and 97.8% of the vegetable fat used were manufactured in-house. The Company believes that this level of vertical integration has no parallel amongst any of its competitors in Brazil. In addition, some of its plants have mills within the same complex, which eliminates the cost of transporting the flour used in production. Its integrated production chain also enables it to plan its production better, and improve the quality of its products (including healthy products), make better use of its main supplies, to offer more competitive prices for its products and manage the costs of its production better.

A portfolio of strong brand names with national coverage and extensive distribution. Through its main brands, which are highly recognized by its consumers, the Company operates throughout Brazil, through both national brand names (such as Vitarella, Adria and Piraquê), and with regional brands (such as Fortaleza, Richester, Isabela, Pilar and Estrela), which hold leading market positions. Its distribution enables it to achieve significant penetration in the small retail market, either through its direct distribution system or by means of distributors and wholesales, which contributes significant to reducing its dependence on large supermarket chains.

Based on revenue net of discounts, in 2019 the Company made its sales to the following customer groups:

7.9 - Other Material Information

	Financial year ended December 31		
	2017	2018	2019
Retail	24.8%	27.2%	29.8%
Wholesale	28.2%	25.3%	24.2%
Key Account/Regional Chain	20.5%	21.0%	20.6%
Cash & Carry	17.9%	19.4%	18.9%
Distributors	6.9%	5.5%	4.5%
Industry	1.0%	0.9%	0.9%
Other	0.7%	0.7%	1.1%
Total	**100.0%**	**100.0%**	**100.0%**

The Company believes that this enables it to reach consumers with different profiles, including those in the most distant places within Brazil, and to provide the same attendance differentials to its customers in locations where it does not have industrial plants. In the same period, the Company made sales to approximately 123 thousand active customers, and its largest customer represented, in 2019, 10.8% of its revenue net of discounts, and its fifty largest customers represented 37.7%.

A modern production park, with strategically located plants. The Company currently has 15 industrial units, equipped with the most modern production technology to produce food products in the world. All of the plants are strategically located and close to their main markets (eight in the Northeast, five in the Southeast and two in the South). This production structure provides amply flexibility in selecting the best production plant to attend each market that the Company serves, and also contributes towards: (i) a reduction in costs of transporting goods to customers; (ii) speedy deliveries; greater expertise and regular stocking at local markets; and (iv) a wider range of products in its portfolio.

The Company has made strategic expansions over the years, through the programmed construction of new industrial and sales units throughout Brazil. Our capital expenditure in 2018 was a total of R$ 301.1 million (including software licenses, trademarks and patents), with significant investments in the year including the ongoing construction of a new flour milling plant in Bento Gonçalves (RS), silo retrofits at our Cabedelo (PB) site, and storage expansion at the Maracanaú (CE) distribution center. Capital expenditure in 2019 was a total of R$ 321.3 million, with significant investments including: (i) completion of the new milling plant, construction of a distribution center and installation of new equipment in Bento Gonçalves (RS); (ii) a logistics redesign, including new distribution centers; (iii) a steel silo capacity expansion project (PR); and (iv) data center upgrades (CE).

Solid financial position and significant cash generated to sustain the growth strategy. The Company´s EBITDA reached R$ 772.1 million in 2019, 3.1% of CAGR compared to 2012. At the end of 2019, the Company's net debt/EBITDA ratio was 0.8. The Company understands that its organic expansion and acquisitions will enable it to continue with its growth strategy and qualify it as an important player to consolidate the national market for cookies and pastas. The Company believes that its various competitive differentials has enabled it to manage its sales strategy and pricing policy to adapt to variations in its costs of production, and to maintain its history of making profits.

7.9 - Other Material Information

Production lines located mainly in tax incentive regions.

The industrial units located in the Northeast of Brazil benefit from state tax incentives and federal tax incentives, since these units were built and implanted under the terms of the Investment Projects for New Economic Enterprises presented and approved by the respective states or, in the case of federal incentives, by the Northeast Development Agency (SUDENE), within the ambit of state or federal public policies to encourage development. These incentives, granted as investment subsidies, ensure that capital resources are available to invest in the expansion and modernization of the business. The federal incentives and benefits granted provided the Company with additional cash of approximately R$ 321.1 million, R$ 338.1 million and R$ 401.4 million in 2017, 2018 and 2019. For further information on these tax benefits, see section "7.1 Issuer´s activities– Tax Incentives" of this document.

An experienced management team and qualified employees. Its management team has extensive and consolidated experience in the sectors in which it operates, which the Company believes has contributed to the consistent growth of its market leadership position, its income and results, despite the unstable and occasionally adverse economic conditions. The Company believes that the continual growth in its revenue and the successful expansion of its business is the direct result of the strategies implemented by its experienced management team. In addition, the Company has a team of employees consisting of more than 17,000 professionals, as at December 2019, who are trained, motivated and involved in a profit sharing plan, when they achieve the specific goals, aligned with its budgetary and strategic plan.

Strategy

The Company´s main strategies are:

Expanding market leadership. The Company is committed to expanding and strengthening its lead position in the markets in which it operates and to increasing its profitability. For such, it intends: (i) continue the process of strengthening its brands by investing in marketing, in the media and institutional efforts at sales points; (ii) increase its significant customer base and at the same time, diversify this base, through geographical expansion, either through organic growth, particularly in areas where it does not have a significant market share or through acquisitions in Brazil or abroad; (iii) increase its sales to the market for food services outside the home and transformation of foods (food service), such as restaurants, hotels, bars, hospitals, clubs, sweet stores and bakeries; strengthen its structure for sales to small traders in order to increase its diversified customer base and its sales of new products through identification with its market lead products, through measures that include a remuneration policy for the sales team based on encouraging sales of products with higher added value and recently launched products.

Improved operational efficiency and Cost Control. The Company is committed to improving the efficiency of its processes and to make advances in its vertical integration strategy in order to obtain higher margins. For such, it intends to increase its productivity through: (i) optimizing the use of its infra-structure; (ii) optimizing the flexibility of its production chain; (iii) maintaining a modern industrial park with state-of-the-art technology and operations; (iv) increasing the supply of flour and vegetable fat to its industrial units that produce cookies and pasta, in order to attend 100% of its needs; and (v) increasing the efficiency of its distribution network in Brazil. Furthermore, the Company will continue to implement stricter and more modern cost controls, aimed to increase profitability, and to strengthen its programs aimed at optimizing energy consumption and the time that supplies are stocked by using production and purchase planning tools more effectively.

7.9 - Other Material Information

Develop and launch new products and products that complement existing lines. The Company intends to continue focusing its activities on development, production and marketing products with higher added value, such as new lines and complementary lines for products aimed at the market areas where it already operates. The Company is also looking for opportunities to join new product lines from the food sector that offer synergies with the lines it already operates.

Organic growth and the search for new acquisitions. With respect to organic growth, the Company intends to: (i) increase its production capacity through making investments to meet customers' demand for its products; (ii) use the structures of its plants to absorb new equipment quickly and within incurring significant costs; and (iii) use the land available at almost all of its plants to expand its physical structure quickly. For its national leader position in cookies and pastas product lines, the Company believes that it is an important player to consolidate these markets. Thus, the Company continues to look for opportunities to expand through acquiring companies, either for its existing product lines or other related lines. We could speed up the implementation of business strategies by benefiting from opportunities to acquire companies that have characteristics such as: (i) Strong brands in the regions where they operate; (ii) solid customer base; (iii) extensive distribution network or the possibility of developing one; (iv) active in regions where the Company does not operate or where it has little presence; or (v) possibility of benefiting from operational and distribution synergies.

Maintain dividend policy. The Company intends to maintain, whenever possible, and without adversely affecting its strategy or the quality of its operations, its dividends distribution policy adopted in recent years, which was consistently above the average required by the norms applicable to M. Dias Branco.

Federal Tax Incentives

The Company benefits from investment subsidies equivalent to 75.0% of income tax on operational profits from its main activities at the industrial units with head offices in the Northeast of Brazil, as detailed in the following table:

Manufacturing plants	Percentage reduction to IRPJ (%)	Shelf life
Wheat mill, pasta and cookie manufacturing facility (Eusébio - CE)	75	Jan 2016 to Dec 2025
Toasted biscuits plant (Eusébio - CE)	75	Jan 2016 to Dec 2025
Wheat mill (Fortaleza - CE)	75	Jan 2018 to Dec 2027
Special fat and margarine plant (Fortaleza - CE)	75	Jan 2018 to Dec 2027
Wheat mill (Natal - RN)	75	Jan 2018 to Dec 2027
Pasta factory (Natal - RN)	75	Jan 2014 to Dec 2023
Cookies and pasta factory (Salvador-BA)	75	Jan 2016 to Dec 2025
Wheat mill and cake mix (Salvador - BA)	75	Jan 2015 to Dec 2024
Pasta and cookie plant (Jaboatão dos Guararapes - PE)	75	Jan 2018 to Dec 2027
Cookies, cake and snack factory (Maracanaú - CE)	75	Jan 2016 to Dec 2025
Pasta plant (Maracanaú - CE)	75	Jan 2014 to Dec 2023

7.9 - Other Material Information

State tax incentives

The state investment subsidies the Company can use can be described as per the table below:

State tax incentives / Unit receiving the incentive	Percentage reduction to ICMS	Valid until
DESENVOLVE - Bahia: deferment of payment of ICMS due on the purchase of wheat grains for wheat mill.		
Wheat mill and cookies and pasta factory (Salvador-BA)	Up to 81%	Jun/2025
PROVIN – State of Ceará: deferment of payment of ICMS due on the purchase of wheat grains for wheat mill and ICMS on special margarine and fats operations using funds from the Industrial Development Fund - FDI for both plants		
Wheat mill (Fortaleza - CE)	74.25%	Nov/2024
Wheat mill integrated with pasta and cookie manufacturing facility (Eusébio-CE)	74.25%	Jul/2025
Special fat and margarine plant (Fortaleza - CE)	56.25%	Nov/2024
PROADI – State of Rio Grande do Norte: deferment of payment of ICMS due on the purchase of wheat grains and settlement of ICMS using Proadi funds		
Wheat mill and Pasta Factory (Natal - RN)	74.25%	Jul/2019
PROEDI – Rio Grande do Norte: presumed credit on the monthly ICMS debit balance		
Wheat mill and Pasta Factory (Natal - RN)	76.60%	Jun/2032
FAIN – Paraíba: deduction of part of ICMS due on the purchase of wheat grains for wheat mill.		
Wheat mill and Pasta Factory (Cabedelo - PB)	81%	Dec/2032
PRODEPE – Pernambuco: charge of 45% on the subsequent dispatches of products derived from flour and sent to the Northeast of Brazil or 51% on the subsequent dispatch of products derived from flour and sent to the north, central west, south or south east, on the ICMS due on wheat grain consumed by the industry in the equivalent to flour.		
Cookies and pasta factory(Jaboatão dos Guararapes-PE)	75% or 85%	Mar/2024
Special Tax Treatment - Rio de Janeiro (Piraquê Unit) - Reducing the tax so that the tax rate results in a percentage equal to 3% of the sales of production in internal and interstate operations, sales and transfers.		
Cookies and pasta plant (Queimados-RJ)	75% or 85%	Sep/2038

Company Management fulfilled all of the requirements to obtain these subsidies (Federal and State), particularly in relation to providing supporting evidence of the investments and obligations required by the respective agencies, generating jobs, production volumes, etc. and did not distribute the amounts from the subsidies in the form of dividends.

To date, the Company has not lapsed on any of the conditions which would prevent it from continuing to be entitled to the benefits from the government subsidies received.

8.1 - Extraordinary Business

The Company did not purchase or sell any significant asset that is not considered part of its normal operations for its business during the last three financial years.

8.2 - Significant Alterations to the Issuer's Business Procedures

There were no significant changes in the way the Company has undertaken its business during the previous three financial years.

8.3 - Material Contracts entered into by the Issuer and its Subsidiaries not Directly Related to their Core Activities

There are no relevant contracts agreed between the Company and its subsidiaries with third parties that are not related to their operational activities during the previous three financial years.

8.4 - Other Material Information - Extraordinary Business

There is no other material information that has not been reported in this section, which refers to the previous three financial years.

9.1 - Material Non-Current Assets - Other

Industrial designs

At December 31, 2019, the Company owned approximately 62 registers of industrial designs granted by INPI which aims to protect the shape of its products. The industrial designs include the different configurations applied to cookies and savory snacks, essential for undertaking the Company´s daily activities and to protect the identity of the products that it manufactures and sells.

i.Length

According to Brazilian legislation, Industrial Design Registers are valid for 10 years as from the date of depositing the register, and can be extended for a further 03 periods of 05 years each, up to a maximum of 25 years as from the date of depositing the register.

ii. Territorial Coverage

In Brazil, Industrial Design Registers guarantee the Company protection for its industrial designs and exclusive use throughout Brazil.

iii.Events that could result in the rights to these assets being lost

Cancellation of Industrial Design Registers results from: (i) expiry of the valid period;
(ii) waiver by the holder, subject to the rights of third parties; or (iii) the failure to pay the fee stated.

iv. Possible consequences from losing the rights for the issuing party

An industrial design provides a new and original result to the external format of the products to which it is applied. Losing the protection of industrial designs granted by the INPI registers could result in third parties producing, using, offering for sale or selling products with the same decorative format as the products manufactured by the Company. Thus, in the event the Company losses these rights, its competitors could offer products on the market with the same decorative format, which could result in consumers being confused at the moment of choosing products, which could have an adverse effect on the Company's financial results.

Domains

As of December 31, 2019 the Company owns approximately 200 domains registered in Brazil and 5 overseas; the most significant ones are: (i)"www.mdiasbranco.com.br";
(ii) "www.adria.com.br"; (iii)"www.vitarella.com.br"; (iv) "www.treloso.com.br"; (v) "www.pilar.ind.br"; (vi) "www.fabricaestrela.com.br" e (vii) "www.piraque.com.br".

Length

The register of domains in Brazil can be for periods of one, three, four or ten years upon payment of the corresponding fee, and they can be renewed indefinitely for any of these periods.

i.Territorial Coverage

Registering Domains in Brazil ensures the Company protection of its domains and their exclusive use throughout Brazil, with effect worldwide where there is access to the Internet, except countries with restrictions on contents. The extent of the protection for domains registered overseas is determined based on the rules of the country or regions where the domains are registered, even though they can be accessed worldwide, except in countries with restrictions on contents.

ii. Events that could result in the rights to these assets being lost

The Company's domains registered in the Center for Information and Coordination of Dot BR (NIC.br) are included in the category "com.br" and "net.br" used for commercial purposes. Domain names cannot be registered that (i) do not comply with the legislation in force; (ii) induce third parties to make mistakes; (iii) violate third party rights; (iv) represent concepts that are pre-defined on the Internet; (v) suggest profane or abusive words; (vi) symbolize acronyms for States or Ministries or others that are prohibited.

Losing the rights to these assets arises from: (i) nonpayment to maintain the domain; (ii) identification, at the time of registering or subsequently, the use of a false, invalid, incorrect or out of date corporate registration number (CNPJ) or personal registration number; (iii) not presenting the documents within the time frame; (iv) registration request filed by an entity that has filed a request for a brand or a registered brand related to the domain, with preemptive rights to the former owner of the domain in the event of any disputes between holders of applications for brands or registered brands of different classes; and (v) by court order; or express request by the applicant of the domain register.

iii. Possible consequences for the issuer of forfeiting these rights

The names of the domains consist of a mechanism that facilities memorizing and using the Internet addresses. Consequently, two people interested in registering the same name to enable Internet users to visit their pages on the net could face a possible conflict.

Nevertheless, the registering of domain names that reflect, directly or indirectly, applications to register brands or brands that have been registered by third parties has become frequent on the Internet. This situation was caused by the system adopted to register the domain names. Based on this system, the first person who presents a request to register the name of a domain will be the owner, except in certain situations. However, in the case of a dispute, the holder of the request to register a brand or of the registered band has preference in registering the domain. Thus, the Company may not obtain the register of new domain names related to new products to be launched on the market, in the event that any of these domain names have already been registered with NIC.br, since the request to register a domain that has already been registered by third parties is prohibited, except if by the holder of the requests to register brands or of brands registered that correspond to these domains.

Copyrights

As of December 31, 2019 the Company owns approximately 147 registers of authors' rights with the Escola de Belas Artes da Universidade Federal do Rio de Janeiro, which aim to protect, mainly, designs used on the packaging of its products and which are also used as figurative or mixed brands with the INPI. The Company also has 5 (five) music registers with the National Library.

i. Length

In general, the duration of copyrights is for a period of 70 years, as from January 01 of the year subsequent to the author's death of the author. After this period, the work falls within the public domain. Asset rights assigned to the Company for works subject to copyright are valid for an indefinite period.

ii. Territorial Coverage

Records of copyright works in Brazil ensure the Company protection throughout Brazil.

9.1 - Material Non-Current Assets - Other

These works can also be used in packaging, adverts and other promotional material for food products manufactured and/or sold by the Company for export.

iii. Events that could result in the rights to these assets being lost

The registration of copyright works provides recognition of his authorship, specific moral and equity rights and establishes protection periods, both for the owner and for their successors. The exploitation of copyrights may be fully or partially transferred to third parties by the author or by his successors, universally or individually, either personally or through representatives with special powers, by means of licensing, concession, assignment or other means accepted in law. As a rule, in the event of breach of contract and the use of copyright works without the author's consent, causes harm to the rights of third parties and results in the loss of rights to such assets, and possible payment of compensation for losses and damages.

iv. Possible consequences for the issuer of forfeiting these rights

The designs obtained from assignment of copyrights to the Company are used on packaging, publicity and other material to promote the food products manufactured and/or sold by the Company, and which are also used as figurative or mixed brands with the INPI. Consequently, these designs create a visual identify for the Company's products. If the Company uses these designs without authorization from the author, this could have adverse effects for the Company, and could result in it being cited as the defendant in legal claims in civil and penal courts.

9.1 - Material Non-Current Assets / 9.1.a - Property, Plant and Equipment

Description of the item of property, plant and equipment	Country of location	Location state	Municipality where	Type of ownership
Wheat mill and biscuit, pasta and toasted biscuit factory	Brazil	CEARÁ	Eusébio	Company owned
Fat and margarine plants	Brazil	CEARÁ	FORTALEZA	Company owned
Wheat mill	Brazil	CEARÁ	FORTALEZA	Lease
Cookie, Pasta, Snacks and Cake plant	Brazil	CEARÁ	Maracanaú	Company owned
Wheat mill and Pasta Factory	Brazil	RN	Christmas	Company owned
Wheat Mill and cookies, pasta and cake mixture factory	Brazil	BA	Salvador	Company owned
Wheat mill and Pasta Factories	Brazil	PB	Cabedelo	Lease
Cookies and Pasta plant	Brazil	PE	Jaboatão dos Guararapes	Company owned
Pasta Factory	Brazil	SP	São Caetano do Sul	Company owned
Cookie Factory	Brazil	SP	LENÇÓIS PAULISTA	Company owned
Cookies and Pasta plant	Brazil	RS	Bento Gonçalves	Company owned
Wheat mill	Brazil	PR	Rolândia	Company owned
Fat and margarine plants	Brazil	RJ	Rio de Janeiro	Company owned
Cookies and Pasta plant	Brazil	RJ	Rio de Janeiro	Company owned
Cookie Factory	Brazil	RJ	Queimados	Company owned

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Piraquê - Territory covered - Colombia	until 3/17/2028	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Piraquê - Territory covered - Trinidad and Tobago	until 3/17/2028	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Nome Richester / Territory covered - Brazil	until 12/18/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Trademark Richester / Territory covered - Brazil	until 9/4/2020	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Fortaleza Factory / Territory covered - Brazil	until 7/10/2026	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Fortinho/ Territory covered - Brazil	until 1/25/2029	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Name Richester / Territory covered - Argentina	until 12/27/2020	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Word Mark of Adria/ Territory covered -Brazil	until 4/4/2030	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Mixed Registration of Adria/ Territory covered - Brazil	until 7/13/2026	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Nome Isabela/ Territory covered - Brazil	until 8/1/2020	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Mixed Registration of Adria/ Territory covered -Brazil	As of 3/27/2022	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Mixed Registration of Zabet/ Territory covered - Brazil	until 1/2/2028	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Mixed Registration of Basilar/ Territory covered - Brazil	until 10/2/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Mixed Registration of Treloso/ Territory covered - Brazil	until 10/31/2020	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Amori/ Territory covered - Brazil	until 8/26/2024	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Escureto/ Territory covered - Brazil	until 10/14/2024	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of Asset	Description of Asset	Duration	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Brands	Puro Sabor/Territory covered -Colombia	until 10/30/2028	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademark	Adria/ Territory covered -Bolivia	until 6/14/2021	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded.. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Mixed Registration of Adria/ Territory covered -Canada	until 6/14/2022	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Name Richester / Territory covered - Paraguay	As of 5/26/2023	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	NIKITO/ Territory covered -Uruguay	As of 3/18/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Mixed Registration of Zabet/ Territory covered - Costa Rica	until 3/23/2029	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Mixed Registration of Adria/ Territory covered - Ecuador	until 3/12/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Mixed Registration of Isabela/ Territory covered - Mozambique	until 7/7/2025	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Mixed Registration of Basilar/ Territory covered - Mexico	until 4/19/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Mixed Registration of Adria/ Territory covered - New Zealand	until 7/23/2028	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Mixed Registration of Adria/ Territory covered - Panamá	until 3/19/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Mixed Registration of Isabela/ Territory covered - Brazil	until 3/13/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Name Zabet/ Territory covered - Paraguay	until 11/28/2024	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Mixed Registration of Adria/ Territory covered - Dominican Republic	until 3/1/2028	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Mixed Registration of Isabela/ Territory covered - Uruguay	until 3/10/2025	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Mixed Registration of Adria/ Territory covered - Zambia	until 6/1/2026	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Mixed Registration of Zabet/ Territory covered -Uruguay	until 3/12/2028	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Mixed Registration of Zabet/ Territory covered - USA	until 8/29/2026	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Mixed Registration of Adria/ Territory covered -Paraguay	until 11/12/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Mixed Registration of Isabela/ Territory covered - Bolivia	As of 4/23/2022	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Mixed Registration of Basilar/ Territory covered - Uruguay	until 3/12/2028	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Mixed Registration of Basilar/ Territory covered - Dominican Republic	until 3/1/2028	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Mixed Registration of Adria/ Territory covered -Chile	until 2/3/2024	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Mixed Registration of Zabet/ Territory covered -Chile	until 1/24/2026	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Mixed Registration of Isabela/ Territory covered - Barbados	until 9/28/2020	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Mixed Registration of Zabet/ Territory covered -Barbados	until 10/26/2020	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Finna/ Territory covered - Brazil	until 12/18/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Medalha de Ouro/ Territory covered - Brazil	until 9/6/2021	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Word Mark of Isabela/ Territory covered - Chile	until 8/28/2028	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Mixed Registration of Isabela/ Territory covered - Mexico	until 4/19/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Mixed Registration of Isabela/ Territory covered - OAPI	until 6/3/2029	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Adria-Chef/ Territory covered -Brazil	until 10/26/2020	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Name Basilar / Territory covered - Paraguay	until 11/22/2026	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Estrela/ Territory covered - Brazil	until 6/12/2022	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Salsito/ Territory covered -Brazil	until 3/1/2021	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Elaine / Territory covered - Paraguay	until 12/6/2024	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Mixed Registration of Adria/ Territory covered -Costa Rica	until 6/10/2026	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Word Mark of Pilar/ Territory covered -Brazil	until 5/25/2022	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Nikito/Territory covered Uruguay	until 6/13/2021	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Medalha de Ouro / Territory covered -Bolivia	until 5/25/2022	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Puro Sabor/Territory covered -OAPI	until 6/12/2029	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company’s competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Bonsabor/ Territory covered -Brazil	until 11/22/2021	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company’s competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	ADRIA/Territory covered -Mozambique	As of 7/7/2025	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	ZABET NIKITO/ Territory covered - Paraguay	As of 4/26/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	ADRIA/Territory covered -Puerto Rico	As of 4/26/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	ZABET NIKITO/Territory covered -Puerto Rico	As of 4/26/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	ZABET NIKITO/ Territory covered -Chile	As of 6/2/2028	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	ZABET NIKITO/Territory covered - Dominican Republic	As of 3/1/2028	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Symbol of the Fortaleza Factory-Current/ Territory covered - Brazil	until 9/25/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Name Fortaleza/ Territory covered - Brazil	until 6/22/2030	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Name Fortaleza/ Territory covered - Uruguay	until 5/12/2030	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Medalha de Ouro/ Territory covered - Chile	until 4/17/2028	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Mixed Registration of Isabela/ Territory covered - Australia	until 2/9/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Nome Piraquê / Territory covered - Brazil	until 3/12/2025	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Symbol Piraque / Territory covered - Brazil	until 3/20/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Piraquê - Territory covered - Argentina	until 4/12/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Piraquê - Territory covered - Paraguay	until 3/3/2028	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Piraquê - Territory covered - Dominican Rep	until 9/30/2026	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Piraquê - Territory covered - UK	until 11/10/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Piraquê - Territory covered - Portugal	until 11/10/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Piraquê - Territory covered - Chile	until 3/17/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Piraquê - Territory covered - Bolivia	until 1/16/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.b - Intangible Assets

Type of asset	Description of the asset	Length	Events that could lead to rights being forfeited	Consequence of forfeiting rights
Trademarks	Piraquê - Territory covered - Peru	until 2/21/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.
Trademarks	Piraquê - Territory covered - USA	until 7/4/2027	Due to expiry of the validity, without the proper and timely payment of the official fees for renewal; waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; expiry of the registration, due to unjustified failure to use the trademark, using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded. In the federal courts third parties could file claims to annul the registration of a trademark, within the statute of limitations of 05 years as from date registration is awarded. In the state courts, third parties with legal standing could file proceedings to prevent use of a trademark, in order to annul the administrative decision that awarded the trademark registration to the owner.	If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales. For further information about the possible consequences of forfeiting the right to use the leading brands of the Company, see item 4.1.g - Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company, of this Reference Form.

9.1 - Material Non-Current Assets / 9.1.c - Equity Interests

Company Name	CNPJ	CVM Code	Company type	Based in	Based in state	Based in municipality	Description of activities	Interest of issuer (%)
Financial Year	**Carrying amount - change %**	**Market value - change %**	**Amount of dividends received (Reais)**		**Date**	**Amount (Reais)**		
M. Dias Branco Argentina S.A	00.000.000/0000-00	-	Subsidiary	Argentina			Purchase and milling of wheat and selling or exporting the flour and its derivatives	98.330000
				Market value				
12/31/2019	0.000000	0.000000	0.00	**Carrying amount**	12/31/2019	861.49		
12/31/2018	0.000000	0.000000	0.00					
12/31/2017	0.000000	0.000000	0.00					

Reasons for acquiring and maintaining the interest

Optimize the acquisition process of wheat imported via intermediation.

Company Name	CNPJ	CVM Code	Company type	Based in	Based in state	Based in municipality	Description of activities	Interest of issuer (%)
M. Dias Branco International Trading LLC	00.000.000/0000-00	-	Subsidiary	USA			Sale of Wheat Grains	100.000000
				Market value				
12/31/2019	0.000000	0.000000	0.00	**Carrying amount**	12/31/2019	131,206.64		
12/31/2018	0.000000	0.000000	0.00					
12/31/2017	0.000000	0.000000	0.00					

Reasons for acquiring and maintaining the interest

Optimize the acquisition process of wheat imported via intermediation.

Company Name	CNPJ	CVM Code	Company type	Based in	Based in state	Based in municipality	Description of activities	Interest of issuer (%)
Tergran - Terminal de Grãos de Fortaleza Ltda.	01.591.524/0001-67	- company	Associated	Brazil	CEARA	FORTALEZA	Port operator, where it may lease and explore specialist port facilities, operate as a navigation agent and carry out the port operations provided for in law, more specifically, intermodal transit, transportation of cargo, import, export and sale of grains and byproducts in general.	33.330000
				Market value				
12/31/2019	-10.830000	0.000000	0.00	**Carrying amount**	12/31/2019	2,402,800.50		
12/31/2018	-4.940000	0.000000	0.00					
12/31/2017	-6.082295	0.000000	0.00					

Reasons for acquiring and maintaining the interest

9.1 - Material Non-Current Assets / 9.1.c - Equity Interests

Company Name	CNPJ	CVM Code	Company type	Based in	Based in state	Based in municipality	Description of activities	Interest of issuer (%)
Financial Year	**Carrying amount - change %**	**Market value - change %**	**Amount of dividends received (Reais)**		**Date**	**Amount (Reais)**		
Reduction in costs by sharing wheat unloading service.								
Terminal de Trigo do Rio de Janeiro - Logística S. A	18.245.532/0001-54	-	Associated company	Brazil	RJ	Rio de Janeiro	Port Operator Activities	50.000000
				Market value				
12/31/2019	-2.620000	0.000000	0.00	**Carrying amount**	12/31/2019	51,984,848.35		
12/31/2018	-11.400000	0.000000	0.00					
12/31/2017	-11.420000	0.000000	0.00					

Reasons for acquiring and maintaining the interest

Logistics upgrade strategy for providing consumables to industrial plants.

9.2 - Other Material Information

Other material information patents, trademarks, licenses, concessions, franchises and technology transfer agreements, stating

As of December 31, 2019, the Company had 15 manufacturing plants and 38 distribution centers, some of which are located in the manufacturing plants. The property, plant and equipment of all manufacturing plants and distribution centers of the Company are shown in the table below:

				12/31/2019	12/31/2018	12/31/2017
Description	**Depreciation rate (*)**	**Cost**	**Accumulated Depreciation**	**Net Property, Plant and Equipment**	**Net Property, Plant and Equipment**	**Net Property, Plant and Equipment**
Operating property, plant and equipment		**5,060,066**	**(2,049,477)**	**3,010,589**	**2,659,065**	**1,912,458**
Buildings	1.61	1,349,350	(256,458)	1,092,892	816,030	525,339
Machinery and equipment	5.92	2,821,915	(1,412,081)	1,409,834	1,351,869	1,027,079
Furniture and fixtures	8.19	103,213	(68,016)	35,197	30,532	26,619
Vehicles	6.91	99,735	(54,969)	44,766	20,043	23,062
Facilities	5.33	391,037	(161,299)	229,738	218,281	173,912
Other	4.95	294,816	(96,654)	198,162	222,310	136,447
Property, plant and equipment in progress		**341,021**	**-**	**341,021**	**531,423**	**555,503**
Total property, plant and equipment		**5,401,087**	**(2,049,477)**	**3,351,610**	**3,190,488**	**2,467,961**

** Current average annual depreciation rate (% p.a).*

See below the distribution of property, plant and equipment by location:

		Distribution by State (%)												
Period	**Net value (R$ k)**	**AL**	**BA**	**CE**	**MA**	**MG**	**PB**	**PE**	**PI**	**PR**	**RJ**	**RN**	**RS**	**SP**
Buildings														
2017	525,339	0.3	21.4	40.1	0.2	-	0.2	26.5	-	4.6	-	1.8	1.6	3.3
2018	816,030	0.2	13.5	29.9	0.2	-	-	16.8	-	4.1	30.8	1.1	1.1	2.2
2019	852,207	0.2	14.1	34.2	0.2	0.0	1.4	16.7	0.5	4.0	0.0	1.1	23.2	4.3
Plant and Equipment														
2017	966,589	-	12.0	34.8	-	-	4.0	30.2	0.2	3.9	-	5.8	3.9	5.2
2018	1,351,869	-	8.4	30.9	-	-	2.8	22.5	0.1	4.2	16.9	4.1	6.2	3.9
2019	1,409,835	0.0	7.8	30.2	0.0	0.0	3.0	22.5	0.1	4.4	13.9	3.8	10.7	3.6
Facilities														
2017	173,912	0.1	14.8	37.5	0.1	0.1	3.2	29.6	0.7	0.3	-	3.9	3.6	6.1
2018	218,281	0.2	9.5	42.9	-	-	2.6	27.0	0.3	1.8	6.0	7.2	0.9	1.6
2019	229,733	0.1	9.1	43.0	0.0	0.0	3.3	27.6	0.2	1.6	5.3	7.0	1.1	1.5
Property, plant and equipment in progress														
2017	555,503	0.2	3.1	43.1	-	2.4	8.7	-	5.8	-	1.1	32.6	3.0	
2018	531,423	-	2.7	31.7	-	2.6	11.5	-	1.5	1.4	0.6	46.6	1.5	
2019	341,020	0.2	5.4	40.8	0.0	0.0	0.0	17.2	-0.0	-0.0	11.4	1.3	17.3	6.3
Other PPE in progress														
2017	186,128	-	2.4	42.5	-	17.4	26.9	-	5.1	-	2.0	-1.2	4.9	
2018	272,886	-	2.6	31.0	-	8.8	16.8	0.5	2.9	32.6	1.7	0.1	2.9	
2019	278,127	0.0	2.9	28.1	0.0	0.0	8.0	11.1	0.4	4.5	38.4	1.8	0.7	2.9

9.2 - Other Material Information

Trademarks

As of December 31, 2019 the Company has approximately 1,581 registered trademarks and 59 applications for brand registration at INPI in Brazil, 86 applications and 147 registered trademarks overseas. The Company's main brands are Fortaleza, Richester, Adria, Isabela, Basilar, Zabet, Vitarella, Treloso, Pilar, Estrela, Pellagio, Piraquê, Salsitos, Delicitos, Predilleto, Bonsabor, Finna, Puro Sabor and Amorela.

The Company chooses to keep a variety of brands for many identical products because of their reputation and popularity, the aim being to cater for the widest possible range of consumers, from all socio-economic classes. This enables the Company to operate throughout Brazil, and it is recognized not only for its national brands (such as Adria, Vitarella, Finna and Piraquê), but also for its regional brands (such as Fortaleza, Richester, Isabela, Pilar, Estrela, Predilleto and Bonsabor).

In addition, the Company's brands are readily recognized by its consumers, which is the reason why the Company adopts a strong policy to protect its own brands. Therefore, protecting its brands is not limited only to ensuring the Company's rights and interests, but also those of the public consumer, who can associate the quality of the products manufactured with the Company's brand names, differentiating its products from those manufactured and sold by its competitors.

In addition to seeking brand protection in Brazil, the Company seeks to protect its core brands in other countries like Argentina, Bolivia, Chile, Costa Rica, Ecuador, USA, Panama, Peru, Uruguay, Australia and others. The main brands registered overseas are Adria, Basilar, Elaine, Isabela, Piraquê, Nikito and Zabet, amongst others.

i. Length

In Brazil, ownership of a brand name is acquired only when the register has been issued by the INPI, the body responsible for registering trademarks and patents, the owner is then assured exclusive use throughout Brazil for a fixed period of 10 years, which can be renewed for equal periods. During the registration process, the applicant has only one opportunity for the right to use the brands deposited to identify its products or services. The valid period and the requirements to extend the trademark registrations overseas are determined according to the rules of the country in which the brands are registered.

ii. Territorial Coverage

The brands registered in Brazil guarantee the Company protection for its brands and exclusive use throughout Brazilian territory. The brands registered overseas extend protection depending on the rules in the country or region in which the brand has been registered.

iii. Events that could result in the rights over such assets being forfeited

According to Law 9.279/96 (Industrial Property Legislation), the right to a brand name is determined upon valid registration being issued, which can be canceled (i) due to expiry of the validity, without the proper and timely payment of the official fees for renewal; (ii) waiver of the right held, which can be full or partial in relation to the respective products and services embraced by the brand; (iii) expiry of the registration, due to unjustified failure to use the trademark, (iv) using the trademark with a significant modification that results in a change to its original distinctive character, as stated on the registration certificate, for a period equal or greater than five years, as from any time following the date registration was awarded.

9.2 - Other Material Information

At the administrative head office, the INPI official or legitimate interested third parties may file an administrative proceeding to invalidate the registration within 180 days of it being granted.

In the legal sphere, the INPI or interested third parties may file claims aimed at invalidating the trademark registration in the Federal Courts, within the limitation period of 05 years from the date it was granted. In the State Courts, legitimate third parties may file actions aimed at preventing the use of a brand, although the administrative act that granted the registered trademark to the owner is not annulled, the intention is to prevent the brand name from being used in national territory, and the parties may also claim for damages arising from misuse of the brand.

It should be noted that the applications to register brands being considered before the INPI does not guarantee the holder the exclusive right of use in Brazil and it is possible that after the examination process, the granting authority may reject the request. Similarly, there is no guarantee that third parties will not oppose the use of the brand, on the grounds of violating their alleged prior rights.

Nevertheless, the Company's brands and brand registration applications may be contested by requests filed by third parties, administrative applications to nullify the brand and, in the courts, by demands claiming that the brand be canceled and prevented from being used, since the Company has a wide range of records and trademark registration applications with the INPI. However, the Company believes that it has never violated brand names belonging to third parties.

iv. Possible consequences for the issuer of forfeiting these rights

The Company believes that it has never violated brand names belonging to third parties, which is why it will not incur any adverse effects from questioning regarding intellectual property. On the other hand, given the large number of brands registered and requests to register brands held, the Company cannot guarantee that it will not be cited as the defendant in opposition processes and requests to cancel brands and/or prevent the use of brands, both in the administrative and legal spheres. If it is prevented from manufacturing a given product or using a given brand, this could have a negative effect on sales.

For full information about the possible consequences of forfeiting the right to use the leading brands of the Company, see the item *4.1. "Risk Factors - The Company's competitors could misuse its trademarks, patents or industrial designs, or the Company or its subsidiaries could be prevented from using its best-known trademarks, which could have an adverse impact on the Company*", of this Reference Form.

Patents

As of December 31, 2019 the Company had 2 (two) patent registration applications deposited at the INPI and 1 (one) patent awarded related to the process of manufacturing specific types of cookie and margarine.

Length

In Brazil, patents for inventions are valid for a period of 20 years, as from the date they are deposited. Brazilian legislation determines that the valid period cannot be less than 10 years for a patent for an invention as from the date it is granted, except in the event the INPI is prevented from examining the merit of the application, evidenced pending legal proceeding or unforeseen circumstances. After this period has lapsed, the patent falls into the public domain, and it is no longer possible to obtain protection.

9.2 - Other Material Information

i. Territorial Coverage

The registration of patents in Brazil protect the Company's brands and ensure their exclusive use throughout Brazilian territory.

ii. Events that could result in the rights over such assets being forfeited

The granting of the patent-letter is confirmation that the request to register the patent complies with all of the legal requirements. Depositing the patent application provides the depositor with a mere "expectation of rights" which may or may not be successful. After the patent application has been published, it is subject to a technical examination by what is known as technical examination requirement. Once the application has been deposited, this requirement has to be presented within 36 months. Failure to submit this requirement results in the simple filing of the request. Similarly, if the application is rejected or abandoned, this may result in losing the rights to the assets.

iii. Possible consequences for the issuer of forfeiting these rights

Protection for the patent is granted from the date it is deposited with the INPI. Therefore, the Company will only incur adverse effects from the sale of products that use these patents if this violated third party rights. Even if these patented cookies are not sold, this will not have a significant impact on the Company.

Software licenses

The Company has software licenses that it purchased on the market and which are regularly used by the majority of Brazilian companies, such as Microsoft and Oracle, as well as off the shelf software licenses. As a result of the functions offered by the software licenses acquired, the Company has the tools necessary to manage its daily activities.

The Company's policy does not therefore affect copyrights. Under this policy, the Company states employees cannot copy, install, use and/or distribute unauthorized copies of software programs, applications, products, information and e-mails to unauthorized persons, or install, use and/or run software that has not been approved by our Information Technology department on our servers and workstations.

i.Length

The duration of the software licenses depends on the general terms of each software license contracted. Thus, the Company's main licenses to use computer programs are valid, in general, between 12 and 36 months, and can be renewed. However, some software licenses are valid for an unlimited period.

ii. Territorial Coverage

The territorial coverage for the computer program licenses is limited according to the specific terms of each license granted to the Company. Some computer program licenses are allocated to a limited number of users or computers on which it can be installed.

iii. Events that could result in the rights over such assets being forfeited

Losing the right to software licenses will depend on the general aspects of each license. In general, in the event of a breach of contract and using software without acquiring the respective licenses, or using it outside of its parameters, harms the rights of third parties, involves discontinuing with the use of these assets and payment of compensation for losses and damage.

9.2 - Other Material Information

iv. Possible consequences for the issuer of forfeiting these rights

Losing the right to the Company's main computer program licenses could result in it being prevented from using these programs for its activities and it being required to replace them. There is also the possibility of the user of computer programs for which the license has expired or which is being used outside the parameters specified in the license, being subject to civil and criminal processes.

10.1 - Financial and Equity Conditions in general

a. Financial and equity conditions in general

Fiscal 2019 was an especially challenging year, with a combination of adverse factors that included high prices on commodities, raw materials and some inputs, contracted consumer spending, and high customer inventory levels.

In this context, we implemented measures in the year to improve both sales volumes and profitability while strengthening our leadership in the biscuit and pasta markets in Brazil, where our market share by sales volume in 2019 was 33.7% for biscuits (34.0% in 2018 and 32.5% in 2017) and 35.7% for pasta (36.0% in 2018 and 32.4% in 2017) based on Nielsen data for the period and including Piraquê from May 2018.

To simplify our ownership structure and enhance cost reduction from synergies, while maximizing asset-management, legal and financial benefits, on December 27, 2019 a resolution was passed to merge our 2018 acquisition, Indústria de Produtos Alimentícios Piraquê S.A. (Piraquê), into the Company as part of our strategy to actively participate in the consolidation of the sector.

An important general characteristic of the Company, which has significant impacts on its financial and equity situation, is its vertical integration, that is, the Company itself produces the majority of the two main raw materials used to produce cookies and pastas: flour and vegetable fat. In 2019, 86.7% of the flour and 97.8% of the vegetable fat used in the production process were manufactured in-house. Our new mill in Bento Gonçalves (RS) began operation, supplying flour to the South and Southeast markets.

Net revenue was R$ 6.1 billion in 2019, primarily deriving from the domestic market, which accounted for 99.2% of revenue net of discounts in the year. Of total sales, 29.8% were to retailers, 28.7% were to wholesalers and distributors, and only 20.6% were to large networks and regional networks. Of a population of approximately 123.0 thousand active clients, the Company's largest client in 2019 accounted for 10.8% of revenue, net of discounts, while the top fifty accounted for just 37.7%.

In order to run its business, develop and launch new products and expand its activities, the main sources of financial funding used by the Company refer to its own funds derived from selling its products - characterized as a strong source for generating cash and low defaults - in addition to amounts received State and Federal subsidies for investments (associated to the implantation/expansion of industrial units). In addition to this amount the company earns income from investing its available cash.

The Company’s main demands for its financial funds refer to investments to expand and modernize its production and logistics structure, to acquire other companies and amortize its indebtedness, pay taxes, research and develop new products, dividend distributions and other operational expenditure.

Thus, the Executive Board believes that the Company continues to present solid financial and equity conditions, sufficient to implement its business plan and fulfill its short and medium term obligations. In order to reflect these financial conditions, the Company has compiled a number of indicators based on liquidity rates, which reveals a satisfactory capacity to honor its obligations.

10.1 - Financial and Equity Conditions in general

Financial year ended December 31			
Liquidity Ratios	**2017**	**2018**	**2019**
General liquidity	2.49	1.27	1.41
Current liquidity	4.33	1.91	2.01
Quick Ratio	3.24	1.31	1.32
Cash Ratio	1.57	0.35	0.30

b. Capital structure and possibility of redemption of shares or quotas

As of December 31, 2019, the Company's shareholders' equity was R$ 6,034.9 million compared with R$ 5,561.8 million as of December 31, 2018, an increase of 8.5%. Of this increase, R$ 471.9 million came from earnings for the year less interest on shareholders' equity. The same date, the Company had cash and cash equivalents of R$ 348.4 million and short- and long-term investments of R$ 20.2 million. At the end of the period the net debt was R$ 605.0 million compared with R$ 767.4 million as of December 31, 2018, a contraction of 21.2%, mainly due to the reduction in the Company's debt.

As of December 31, 2018, the Company's shareholders' equity was R$ 5,561.8 million compared with R$ 4,992.0 million as of December 31, 2017, an increase of 11.4%. Of this increase, R$ 584.5 million came from earnings for the year less interest on shareholders' equity. The same date, the Company had cash and cash equivalents of R$ 451.0 million and long-term investments of R$ 13.1 million, registering a sharp contraction due to the acquisition of Piraquê. At the end of the period the net debt was R$ 763.5 million compared with a negative net debt of R$ 596.6 million as of December 31, 2017, which grew mainly because of the Company's borrowing requirement.

c. Capability to honor financial commitments

The Ebitda as of December 31, 2019 was R$ 772.1 million, 17.2% less than the Ebitda as of December 31, 2018, and the interest, exchange variance and swap payments incurred amounted to R$ 56.4 million in 2019. The Ebitda accordingly presented a coverage ratio of 13.68 times the interest, exchange variance and swap payments incurred in the financial year ended December 31, 2019.

The Ebitda as of December 31, 2018 was R$ 933.0 million, 3.5% less than the Ebitda as of December 31, 2017, and the interest, exchange variance and swap payments incurred amounted to R$ 36.8 million in 2018. The Ebitda accordingly presented a coverage ratio of 25.33 times the interest, exchange variance and swap payments incurred in the financial year ended December 31, 2018.

10.1 - Financial and Equity Conditions in general

The table below presents the Company's net debt and its ratio to Ebitda for the past 3 financial years

Financial year ended December 31					
Debt	**2017**	**2018**	**2019**	**2018/2017 (%)**	**2019/2018 (%)**
Total Indebtedness (1)	(341.6)	(1,252.8)	(979.7)	**n/a**	**(21.8)**
Cash (2)	938.2	464.1	368.6	**(50.5)**	**(20.6)**
Financial instruments (3)	-	21.3	6.1	**n/a**	**(71.2)**
Net Cash (Net Debt)	**596.6**	**(767.4)**	**(605.0)**	**n/a**	**(21.2)**
Ebitda	**966.4**	**933.0**	**772.1**	**(3.5)**	**(17.2)**
Net Cash (Debt) / Ebitda for last 12 months (4)	**0.6**	**(0.8)**	**(0.8)**	**n/a**	**(0.0)**

Note: The information presented is taken from the Company's consolidated financial statements.
(1) This comprises loans and financing from financial institutions, tax financing programs, and direct financing.
(2) Comprises cash, cash equivalents and short and long-term call deposits.
(3) Comprises financial instruments of current and non-current assets.
(4) As per CVM Directive 527/12, the Ebitda consists of net income for the period, plus taxes on profit, financial expenses, net of financial revenue and depreciation, amortization and depletion. CVM Directive 527/12 (article 4) also states that the company may opt to report its EBITDA and EBIT without net in come related to discontinued operations and adjusting it for other items contributing to the information about the gross cash generation potential.

Given its debt profile, based on the ratio Net Debt/EBITDA, the significant cash flow generated by operations and the current and general liquidity position, the Executive Board believes the Company has sufficient liquidity and capital to cover investments, expenses, debt and other amounts to be paid in the years ahead, although it cannot provide an assurance the situation will persist.

d. Sources of financing for working capital and investments in noncurrent assets

In general, the Company does not need additional working capital. However, if and when necessary the strategy adopted by the Company consists of pursuing funding and a lower cost from development banks and multilateral agencies, including with the purpose of minimizing its average weighted cost of capital.

In 2019 the Company elected for working capital financing and raw material import financing. This decision was made to bolster the Company's cash, after the settlement of various financing loans taken out in 2018 following the acquisition of Piraquê.

For non-current investments we use BNDES and BNB financing, which usually offer lengthier terms and lower interest rates.

Given the significant cash flows generated by operations, whenever the terms proposed by institutions are not compatible in terms of time frames and costs, or in the case the investments are not eligible for BNDES or BNB financing, the Company always opts to make payments using its own funds in all the above cases.

e. Sources of financing for working capital and investments in non-current assets intended to be used to cover liquidity deficiencies

The Company has limits approved by top line banks. However, these approved limits are used to cover investments and not to cover any liquidity shortfall, as it does not have this purpose. Should the Company require such, it can use working capital financing, from private financial institutions, such as foreign-currency loans (Law 4.131 issued September 3, 1962), Bank Credit Notes, Finimp (Import Financing), Revolving Credit or other facilities offered by them.

10.1 - Financial and Equity Conditions in general

f. Levels of indebtedness and characteristics of debts

The table below demonstrates the breakdown of the Company's debt in the financial years ended December 31, 2017, 2018 and 2019:

	Index	2017 R$	2018 R$	2019 Interest (p.a.)	2019 R$
		(In millions of reais)			
Domestic currency					
BNDES-FINAME	TJLP	11	24.5	2.17%	18.3
BNDES-PSI	R$	221.7	236.1	2.99%	105.6
BNDES-PSI	URTJLP	0.2	0.1	-	-
State Tax Financing (RN)	TR	-	0.1	-	-
State Tax Financing (CE)	TJLP	7.9	9.4	-	10.1
State Tax Financing (BA)	TJLP	0.3	-	-	0.6
BNB – FNE	-	44.9	35.1	-	-
Pilar share assignment instrument	100% CDI	15.4	3.3	-	2.2
Estrela share assignment instrument	100% CDI	7.5	8.3	-	5.1
Moinho Santa Lúcia share assignment instrument	100% CDI	32.3	4.9	-	-
Piraquê Share Assignment Instrument	-	-	224.6	-	231.5
BNDES-FINEM	IPCA	-	59.2	8.65%	49.4
BNDES-PROGEREN	IPCA	-	78.7	6.28%	57.7
Financial leasing	-	0.4	-	-	-
		341.6	**684.3**		**480.5**
Foreign currency					
Import financing for consumables	USD	-	347.9	3.14%	365.3
Working capital (Law 4.131)	USD	-	220.6	0.18%	133.9
		-	**568.5**		**499.2**
		341.6	**1,252.8**		**979.70**
Unamortized portion classified in the current liabilities		**(113.5)**	**(697.0)**		**(608.2)**
Non-current liabilities		**228.1**	**555.8**		**371.5**

As of December 31, 2019 the Company's debt amounted to R$ 979.7 million (62.1% current and 37.9% noncurrent), 21.8% less than the balance as of December 31, 2018 primarily due to the early settlement of Finame and FNE financing.

The table below presents the payment schedule of non-current obligations for the financial years ended December 31, 2017, 2018 and 2019:

	Financial year ended December 31		
	2017	2018	2019
		(In millions of reais)	
Maturity			
2019	58.3	-	-
2020	54.5	99.3	-
2021	46.9	137.6	120.9
2022	37.7	124.8	113.7
2023	23.1	82.7	75.7
2024 to 2025	7.6	111.4	61.2
Total	**228.1**	**555.8**	**371.5**

- **Material loan and financing contracts**

1. From financial institutions

As of December 31, 2019 the Company has national and foreign currency loans amounting to R$ 730.2 billion. Of these, 22 contracts are considered material and amount to R$ 632.5 million. These contracts were entered with various financial institutions, such as National Bank for Economic and Social Development (BNDES), Itaú BBA, The Bank of Nova Scotia and Banco Santander Brasil. Mrs. Maria Consuelo Saraiva Leão Dias Branco, the Chairman of the Board of Directors, is the guarantor jointly with other officers for most of the loans.

The table below provides details of the 31 financial contracts, which we can present as having the highest balances in force as of December 31, 2019, maintained by the company:

Contract	Financial Institution	Contract value (in millions of R$)	Interest	Contract Date	Maturity	Debit balance at 12/31/2019 (in millions of R$)
4131 - Working capital	Banco Itau BBA.	130.0	0.18% p.a.	4/17/2019	5/7/2020	133.90
17.02.0401.1	BNDES	70.0	6.28% p.a.	10/2/2017	10/15/2022	57.70
14.2.1298.1 A and B	BNDES	68.0	8.51% p.a.	2/10/2015	6/17/2024	44.10
Santander - 4121395	Banco Santander Brasil S.A	28.7	2.977% p.a.	4/5/2019	3/27/2020	30.80
DC/30007/MDB/0156	The Bank of Nova Scotia	27.2	3.39588% p.a.	3/11/2019	3/5/2020	29.60
DC/30007/MDB/0153	The Bank of Nova Scotia	26.3	3.56088% p.a.	1/9/2019	1/3/2020	29.60
Santander - 4122089	Banco Santander Brasil S.A.	27.8	2.944% p.a.	4/25/2019	4/15/2020	29.20
DC/30007/MDB/0161	The Bank of Nova Scotia	26.9	3.21375% p.a.	4/30/2019	4/23/2020	28.10
Santander - 4121762	Banco Santander Brasil S.A.	26.1	2.9764% p.a.	4/12/2019	4/2/2020	27.70
Santander - 4121460	Banco Santander Brasil S.A.	24.9	2.978% p.a.	4/8/2019	3/25/2020	26.90
Santander - 4121805	Banco Santander Brasil S.A.	24.8	2.9740% p.a.	4/16/2019	4/14/2020	26.40
Santander - 4121724	Banco Santander Brasil S.A.	24.4	2.982% p.a.	4/11/2019	3/18/2020	26.30
Santander - 4121640	Banco Santander Brasil S.A.	23.8	2.9665% p.a.	4/10/2019	4/6/2020	25.50
Santander - 4121916	Banco Santander Brasil S.A	23.7	2.988% p.a.	4/22/2019	4/8/2020	25.00
DC/30007/MDB/0155	The Bank of Nova Scotia	16.4	3.456% p.a.	2/13/2019	2/7/2020	18.40
14.2.1298.1 C	BNDES	28.5	2.17% p.a.	2/10/2015	6/17/2024	16.50
DC/30007/MDB/0154	The Bank of Nova Scotia	10.6	3.456% p.a.	2/13/2019	2/7/2020	11.90
DC/30007/MDB/0160	The Bank of Nova Scotia	8.6	3.337% p.a.	3/13/2019	3/6/2020	9.20
000050003557100 (PSI)	Banco Itau BBA.	15.6	3.50% p.a.	12/23/2013	1/15/2024	8.00
DC/30007/MDB/0158	The Bank of Nova Scotia	6.9	3.3370% p.a.	3/13/2019	3/6/2020	7.40
DC/30007/MDB/0157	The Bank of Nova Scotia	6.4	3.3370% p.a.	3/13/2019	3/6/2020	6.90
DC/30007/MDB/0159	The Bank of Nova Scotia	6.0	3.3370% p.a.	3/13/2019	3/6/2020	6.40
15.2.0531.1 A and B	BNDES	7.0	9.84% p.a.	2/10/2015	8/15/2024	5.30
15.2.0531.1 C	BNDES	2.9	2.17% p.a.	2/10/2015	8/15/2024	1.70

See below the contracts entered into by the Company with its main creditors.

Banco Itaú BBA

As of December 31, 2019 91 contracts in force with Banco Itaú BBA, amounting to R$ 198 million, maturing by January 2024. This financing consists of the pass-throughs of FINAME PSI and BNDES FINAME loans from BNDES, at an average rate of 3.01%. This financing was taken out to innovate and expand industrial facilities.

Banco do Brasil

As of December 31, 2019 the Company had 16 contracts in force with Banco do Brasil, amounting to R$ 14.7 million, maturing by July 2023. This financing consists of the pass-throughs of FINAME PSI loans from BNDES, at an average rate of 2.95% p.a. This financing was taken out to renew and expand our industrial facilities. As regards the submission of security for the Company's loan agreements in force, Mrs. Maria Consuelo Saraiva Leão Dias Branco, the Chairman of the Board of Directors, is the guarantor for these loans. A statutory lien has also been placed on said assets described in the respective contracts as guarantee.

Banco Bradesco

As of December 31, 2019 the Company had 15 contracts from this institution, amounting to R$ 17.9 million. This financing was acquired from BNDES in the form of FINAME PSI loans, to upgrade and expand our industrial facilities, at an average interest rate of 3% p.a. A statutory lien has been placed on said assets described in the respective contracts as guarantee.

10.1 - Financial and Equity Conditions in general

Banco Santander Brasil

As of December 31, 2019 the Company had 16 contracts from this institution, amounting to R$ 224.2 million. 08 of these contracts are deemed material and were acquired to finance imported consumables, amounting to R$ 217.7 million, maturing by April 2020 at an average rate of 2.97% p.a. plus exchange variance. The rest was financed through a FINAME PSI loan from BNDES, at an average rate of 2.97% p.a. As regards the submission of security for the Company's loan agreements in force, Mrs. Maria Consuelo Saraiva Leão Dias Branco, the Chairman of the Board of Directors, is the guarantor jointly with other officers. A statutory lien has also been placed on said assets described in the respective contracts as guarantee.

The Bank of Nova Scotia

As of December 31, 2019 the Company had 9 contracts from this institution deemed material, amounting to R$ 147.5 million. These contracts were acquired to finance imported consumables, maturing by April 2020 at an average rate of 3.39% p.a. plus exchange variance.

National Bank for Economic and Social Development

As of December 31, 2019 the Company had 3 material contracts in force with BNDES, amounting to R$ 125.4 million, maturing by August 2024. This financing consists of the pass-throughs of PROGEREN loans from BNDES, at the average rate of the IPCA price index of 6.28% p.a. and FINEM, indexed to IPCA, average rate of 8.65% p.a. and indexed to TJLP, average rate of 2.17% p.a. This financing was taken out by the company Piraquê S.A. to implement the manufacturing facility and for working capital purposes. As regards the provision of guarantees, the items described in the respective contracts are secured by mortgage and a bank guarantee.

2. Other material debts

Direct financing - Acquisition of shares/shares of the subsidiaries NPAP Alimentos, Pelágio Oliveira, J. Brandão, Moinho Santa Lúcia and Industria de Produtos Alimenticios Piraque S. A.

The Company has debts to the former owners/shareholders of acquisitions, the most significant being a debt in connection with the Piraquê acquisition. Of the acquisition price, R$ 231.5 million was withheld in relation to guarantees and potential contingencies, and is indexed to 100% of the CDI rate. The amount withheld includes two separate portions, each payable as follows:

i) R$ 165,505 to be paid in 5 installments maturing on 5/16/2020, 5/16/2021, 5/16/2022, 5/16/2023 and 12/31/2023, less any legacy liabilities of the sellers;

ii) R$ 66,039 in connection with contingent tax credits to be reimbursed to the sellers as they are either converted into income for Piraquê or offset. A total of R$ 9,098 of the total contingent price recognized (R$ 75,137) was paid in financial years 2018 and 2019.

- **Other long-term relationships with financial institutions**

The long-term relationships with financial institutions have been addressed in other sections of the document.

- **Level of subordination between debts**

Our financing contracts are secured by several instruments, including statutory lien, mortgage guarantee for certain operations and endorsement provided by the Chairman of the Board of Directors, Mrs. Maria Consuelo Saraiva Leão Dias Branco.

10.1 - Financial and Equity Conditions in general

Given the total of the Company's current liabilities and noncurrent liabilities, the breakdown according to the level of subordination was as follows on the indicated dates, pursuant to our consolidated financial statements:

	Financial year ended December 31		
	2017	2018	2019
			(In millions of reais)
Obligations with ordinary guarantees	776.1	1,809.7	1,828.5
Obligations with real guarantees	331.8	435.9	237.6
Total current liabilities and noncurrent liabilities	**1,097.9**	**2,245.6**	**2,066.1**

- **Any restrictions imposed on the issuer, especially on indebtedness, incurring new debts, paying out dividends, disposing of assets, issuing new securities and disposing of shareholding control.**

The financing contracts for credit available for importing goods, external financing, financing through credit lines from BNDES and FNE, include covenants, common for these types of operations. Failure to perform these covenants could lead to early maturity.

Amongst other conditions, these covenants limit the Company's independence in the event of a corporate ownership change, as they do not permit a change in the breakdown of share capital or acquisition, or the acquisition, spin-off or merger thereof, or direct or indirect transfer or assignment of the share control without the prior explicit consent of the financial institution involved, and require the Company does not (i) not suffer legitimate protests; (ii) there are no actions, claims or proceedings pending or about to be filed against the Company, which could have a prejudicial effect on its financial condition in the event of defeat, or impair the Company's capacity to honor contractual obligations; and the transfer or assignment of rights and obligations under contracts approved by the contracted financial institution and Finame. The acquisition agreements for Piraquê, in addition to the obligations above, contain clauses requiring that (i) minimum covenant percentages be maintained for the following ratios: Net Debt to EBITDA and Equity to Total Liabilities; and (ii) the staffing levels proposed in securing financing be maintained.

The Company is currently in compliance with all covenants in its contracts.

Even if it uses third-party funds, the Company is not dependent on loans to fund its operations.

g. Limits on the use of existing loans

As of December 31, 2019 all funds from loans already taken out from financial institutions via the BNDES - PSI credit facility to expand and renew its industrial facilities have been released.

h. Significant changes in each item of the financial statements

The summary of the Company's financial statements for the financial years ended December 31, 2017, 2018 and 2019, presented below, were taken from the consolidated financial statements. These statements have 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), consisting of Brazilian corporate legislation, the Pronouncements, Guidelines and Interpretations issued by the Accounting Pronouncements Committee (CPC) ratified by the Independent Auditors in accordance with international auditing standards and auditing standards applicable in Brazil, which fairly reflect the result of operations and the Company's equity and financial position in the respective financial years.

The tables below present a summary of the consolidated statement of financial position, consolidated statement of income, statement of cash flows and other financial information for the periods specified, including the percentage changes between the periods for each item of the respective statements, and the proportional representation of each item, be it in relation to the total assets in the statement of financial position or net revenue in the statement of income:

10.1 - Financial and Equity Conditions in general

Analysis of the statements of income, statement of financial position and cash flows for the financial years ended December 31, 2019 and 2018

Statement of income	2018	AV%	2019	AV%	2019/ 2018 (%)
			(In millions of reais, except percentages)		
Net operating revenue	**6,025.1**	**100.0**	**6,103.6**	**100.0**	**1.3**
Cost of goods sold	(4,007.0)	(66.5)	(4,250.5)	(69.6)	6.1
Subsidies for state investment	276.2	4.6	308.2	5.0	11.6
Gross profit	**2,294.3**	**38.1**	**2,161.3**	**35.4**	**(5.8)**
Operating revenue (expenses)					
Selling expenses	(1,186.2)	(19.7)	(1,333.9)	(21.9)	12.5
Administrative expenses	(269.5)	(4.5)	(293.3)	(4.8)	8.8
Other net operating income (expenses)	(86.4)	(1.4)	5.3	0.1	n/a
Net income before net financial revenue (expenses), equity income, and tax	**752.2**	**12.5**	**539.4**	**8.8**	**(28.3)**
Financial revenue	233.1	3.9	252.9	4.1	8.5
Finance costs	(186.8)	(3.1)	(222.4)	(3.6)	19.1
Operating income - after financial result	**798.4**	**13.3**	**569.9**	**9.3**	**(28.6)**
Share of profit (loss) of equity-accounted investees	(1.4)	0.0	(0.9)	0.0	(35.7)
Net income before income and social contribution taxes	**797.0**	**13.2**	**569.0**	**9.3**	**(28.6)**
Income and social contribution taxes	(73.5)	(1.2)	(12.1)	(0.2)	(83.5)
Net income for the year	**723.5**	**12.0**	**556.9**	**9.1**	**(23.0)**
Reconciliation to EBITDA					
Net income for the year	**723.5**	**12.0**	**556.9**	**9.1**	**(23.0)**
Income and social contribution taxes	73.5	1.2	12.1	0.2	(83.5)
Financial revenue	(233.1)	(3.9)	(252.9)	(4.1)	8.5
Finance costs	186.8	3.1	222.4	3.6	19.1
Depreciation and amortization included in CPV	141.4	2.3	165.9	2.7	17.3
Depreciation and amortization included in administrative and commercial expenses	40.9	0.7	67.7	1.1	65.5
EBITDA [(1)]	**933.0**	**15.5**	**772.1**	**12.6**	**(17.2)**

Note: The vertical analysis (AV%) is the representation of each item over net revenue.

(1) As per CVM Directive 527/12, the EBITDA consists of net income for the period, plus taxes on profit, financial expenses, net of financial revenue and depreciation, amortization and depletion. CVM Directive 527/12 (article 4) also states that the company may opt to report its EBITDA and EBIT without net income related to discontinued operations and adjusting it for other items contributing to the information about the gross cash generation potential.

10.1 - Financial and Equity Conditions in general

Statement of financial position	2018	AV%	2019	AV%	2019/2018 (%)
					(In millions of reais, except percentages)
Current assets	**2,449.2**	**31.4**	**2,321.7**	**28.7**	**(5.2)**
Cash and cash equivalents	451.0	5.8	348.4	4.3	(22.7)
Trade accounts receivable	1,043.0	13.4	957.5	11.8	(8.2)
Inventory	765.6	9.8	799.1	9.9	4.4
Recoverable taxes	132.2	1.7	162.4	2.0	22.8
Short-term investments	0.0	0.0	16.4	0.2	n/a
Derivative financial instruments	23.9	0.3	8.0	0.1	(66.5)
Other accounts receivable	25.7	0.3	22.1	0.3	(14.0)
Prepaid expenses	7.8	0.1	7.8	0.1	-
Noncurrent assets	**5,358.2**	**68.6**	**5,779.3**	**71.3**	**7.9**
Long-term assets	**399.5**	**5.1**	**597.2**	**7.4**	**49.5**
Short-term investments	13.1	0.2	3.8	0.0	(71.0)
Judicial deposits	243.0	3.1	257.4	3.2	5.9
Recoverable taxes	77.1	1.0	273.9	3.4	n/a
Trade accounts receivable	2.7	0.0	0.3	0.0	(88.9)
Tax incentives/other receivables	7.8	0.1	4.0	0.0	(31.0)
Indemnification assets	55.8	0.7	57.8	0.7	0.0
Investment	**15.8**	**0.2**	**52.9**	**0.7**	**234.8**
Investment property	**22.3**	**0.3**	**55.2**	**0.7**	**147.5**
Property, plant and equipment	**3,190.5**	**40.9**	**3,351.6**	**41.4**	**5.0**
Intangible assets	**1,730.1**	**22.2**	**1,722.4**	**21.3**	**(0.4)**
Total assets	**7,807.4**	**100.0**	**8,101.0**	**100.0**	**3.8**
Current liabilities	**1,280.9**	**16.4**	**1,153.6**	**14.2**	**(9.9)**
Trade payables	152.4	2.0	149.0	1.8	(2.0)
Financing and loans from financial institutions	678.8	8.7	568.7	7.0	(16.2)
Tax financing	3.1	0.0	5.3	0.1	71.0
Direct financing	15.1	0.2	34.2	0.4	126.5
Leases	0.0	0.0	15.1	0.2	n/a
Payroll and labor obligations	166.1	2.1	167.4	2.1	0.8
Tax liabilities	106.9	1.4	83.8	1.0	(21.6)
Customer advances	8.2	0.1	10.2	0.1	24.4
Derivative financial instruments	2.7	0.0	1.9	0.0	(29.6)
Other accounts payable	46.8	0.6	76.3	0.9	63.0
Dividends	87.3	1.1	36.9	0.5	(57.7)
Government grants	13.5	0.2	4.8	0.1	(64.4)
Non-current liabilities	**964.7**	**12.4**	**912.5**	**11.3**	**(5.4)**
Long-term liabilities	**964.7**	**12.4**	**912.5**	**11.3**	**(5.4)**
Financing and loans from financial institutions	323.4	4.1	161.5	2.0	(50.1)
Tax financing	6.4	0.1	5.3	0.1	(17.2)
Direct financing	226.0	2.9	204.7	2.5	(9.4)
Leases	0.0	0.0	86.9	1.1	n/a
Tax liabilities	1.0	0.0	1.0	0.0	-
Deferred income and social contribution taxes	208.7	2.7	205.2	2.5	(1.7)
Other accounts payable	10.9	0.1	34.4	0.4	n/a
Provision for civil, labor and tax contingencies	188.3	2.4	213.5	2.6	13.4
Equity	**5,561.8**	**71.2**	**6,034.9**	**74.5**	**8.5**
Share capital	2,258.6	28.9	2,508.4	31.0	11.1
Capital reserves	21.5	0.3	26.3	0.3	22.3
Accumulated translation adjustments	0.1	0.0	0.1	0.0	-
Profit reserves	3,229.9	41.4	3,452.0	42.6	6.9
Additional dividends	51.7	0.7	48.1	0.6	(7.0)
Total liabilities and shareholders' equity	**7,807.4**	**100.0**	**8,101.0**	**100.0**	**3.8**

Note: The vertical analysis (AV%) is the representation of each item over total assets.

10.1 - Financial and Equity Conditions in general

Statement of cash flows – Indirect Method	2018	2019	2019/ 2018 (%)
Cash flows from operating activities			
Net income before income and social contribution taxes	797.1	569.0	(28.6)
Reconciliation of income (loss) to cash provided by operating activities:			
Depreciation and amortization	182.3	233.5	28.1
Cost on the sale of permanent assets	1.8	7.4	n/a
Share of profit (loss) of equity-accounted investees	1.4	0.9	(35.7)
Restatement of financing and short-term investments and exchange variance gains and losses	89.8	79.4	(11.6)
Tax credits and restatements	(47.4)	(285.0)	n/a
Restatement of Judicial Deposits	(7.5)	(8.3)	10.7
Restatement of provision for civil, labor and tax risks	8.3	23.8	n/a
Commercial lease restatement	0	8.3	n/a
Provision for civil, labor and tax contingencies	34.8	44.2	27.0
Awarded shares recognized	3.5	4.8	37.1
Provision for doubtful accounts	17.4	30.6	75.9
Provision for IR on financing	2.7	3.1	14.8
Provisions for (Reversal of) inventory impairment	(0.8)	6.5	n/a
Provision for derivative contracts	(36.4)	(12.5)	(65.7)
Changes in assets and liabilities			
(Increase) decrease in trade accounts receivable	(166.7)	57.3	n/a
(Increase) in inventories	(70.9)	(27.9)	(60.6)
(Increase) in short-term investments	-	(16.4)	n/a
Decrease in recoverable taxes	67.8	73	7.7
(Increase) in other accounts receivable	(47.1)	(3.3)	(93.0)
(Decrease) in trade payables	(11.6)	(3.3)	(71.6)
Increase (decrease) in taxes and contributions	27.8	(5.9)	n/a
Increase (decrease) in government subsidies	5.9	(8.7)	n/a
Increase (decrease) in accounts payable and provisions	(15.0)	13.4	n/a
Interest paid	(31.1)	(45.3)	45.7
Exchange variance paid	(13.0)	(36.4)	n/a
Income and social contribution taxes paid	(52.3)	(45.4)	(13.2)
Receipts of funds due to settlement of derivative transactions	7.3	25.3	n/a
Release of incentives for reinvestment	5.8	0	(100.0)
Net cash and cash equivalents provided by operating activities	**753.9**	**682.1**	**(9.5)**
Cash flows from investment activities			
Acquisition of PPE and intangible assets	(300.0)	(319.6)	6.5
Amortization of debt on the acquisition of companies	(23.8)	(6.8)	(71.4)
Acquisition of equity interest	(1,306.4)	-	(100.0)
Noncurrent call deposits	-	(6.2)	n/a
Redemption of noncurrent call deposits	-	9.6	n/a
Investments	(7.7)	(38.0)	n/a
Cash and cash equivalents acquired	113.7	-	(100.0)
Net cash used in investment activities	**(1,524.2)**	**(361.0)**	**(76.3)**
Cash flows from financing activities			
Interest on shareholders' equity paid	(132.4)	(139.0)	5.0
Financing taken out	779.9	401.5	(48.5)
Financing payments	(352.1)	(663.5)	88.4
Commercial lease payments	0	(22.7)	n/a
Net cash used (produced) in financing activities	**295.4**	**(423.7)**	**n/a**
Statements of increase (decrease) in cash and cash equivalents	**(474.9)**	**(102.6)**	**(78.4)**
At beginning of period	925.9	451.0	(51.3)
At end of period	451.0	348.4	(22.7)
Increase (decrease) in cash and cash equivalents	**(474.9)**	**(102.6)**	**(78.4)**

Note: The information presented is taken from the Company's consolidated financial statements.

10.1 - Financial and Equity Conditions in general

Main income items in the financial year ended December 31, 2019 compared with the financial year ended December 31, 2018

Net revenue

Net revenue increased 1.3% in 2019 compared with 2018, reflecting an average price increase of 4.2%, which offset a 2.9% retraction and volumes.

Revenue from cookies, pasta, flour and bran, margarine and vegetable fats and other product lines accounted for 53.8%, 21.6%, 16.8%, 5.5% and 2.3% respectively of the net operating revenue in the financial year ended December 31, 2019, compared with 55.2%, 21.1%, 15.8%, 5.3% and 2.6%, respectively of net operating revenue in the financial year ended December 31, 2018.

The contribution of each product line: (i) cookies; (ii) pasta; (iii) wheat flour and bran; (iv) margarine and vegetable fats; and (v) other product lines to comprise and grow net operational revenue as per the table and comments below.

Product Lines	2018			2019			2019/2018 (%)		
	Net revenue*	Weight*	Average Price*	Net revenue*	Weight*	Average Price*	Net revenue*	Weight*	Average Price*
Cookies	3,327.7	556.9	5.98	3,287.0	514.5	6.39	(1.2)	(7.6)	6.9
Pasta	1,274.1	388.8	3.28	1,318.2	369.7	3.57	3.5	(4.9)	8.8
Flour and Bran	953.1	781.2	1.22	1,025.7	789	1.3	7.6	1.0	6.6
Margarine and Fats	318.9	80	3.99	334.5	84.1	3.98	4.9	5.1	(0.3)
Other product lines**	150.5	16.5	9.12	138.2	14.5	9.53	(8.2)	(12.1)	4.5
Other	0.8	0.6	1.33	-	-	-	n/a	n/a	n/a
TOTAL	**6,025.1**	**1,824.0**	**3.3**	**6,103.6**	**1,771.8**	**3.44**	**1.3**	**(2.9)**	**4.2**

* Net revenue in R$ million, Weight in thousand tons and Average price in R$ /kg.
** Cakes, Snacks, Cake Mix, Refreshing drinks and Packaged Toast.

Cookies

Net revenue for the Cookies and Crackers business decreased 1.2% in 2019 compared with 2018, reflecting a 7.6% reduction in volumes and a 6.9% increase in average prices.

Volume contraction occurred primarily in the Northeast, and especially for the water biscuit/cream cracker and sandwich cookie segments. On the upside, volumes grew in the sweet/butter cookie segments in the Southeast, Northeast and Midwest, and in the wafer segments in foreign markets and in the South and Midwest.

In the functional biscuits segment, we expanded our Adria Plus Life portfolio with gluten-free cookies and cakes for consumers on special diets.

Pasta

Net revenue in the Pasta segment increased 3.5% in 2019 compared to the prior year, driven by an 8.8% increase in average prices and offset by a 4.9% decrease in volumes.

On a regional basis, the Southeast and Northeast generated the strongest revenues, especially the Bonsabor, Vitarella and Imperador plain pasta brands in the Northeast, and the Aldente and Basilar plain pasta brands and the Piraquê and Vitarella pasta-with-eggs brands in the Southeast. Lower volumes occurred primarily in the plain and semolina pasta categories.

Flour and bran

Net revenue in the Flour and bran segment increased **7.6%** in **2019** compared to 2018, driven by a **6.6%** increase in average prices and **1.0%** increase in sales volumes.

In the flour segment, higher average prices were recorded in both the home baking and industrial category, with especially strong growth in the home baking category. The region with the strongest price growth was the Northeast, and particularly the Finna home baking and Medalha de Ouro industrial flower brands.

Another highlight in the year was the expansion of the Finna portfolio with the launch of a 5 KG pack size.

Margarine and fats

In margarine and fats, net revenue grew 4.9% in 2019 compared to the prior year, with sales volumes increasing 5.1% and average prices declining slightly by 0.3%.

Higher volumes were recorded primarily in the Northeast, for both our Vitarella household brand and our Puro Sabor and Medalha de Ouro industrial brands. Note that export sales also rose, primarily driven by the domestic category.

Cost of goods sold

The costs of goods sold rose by 6.1% in the financial year ended December 31, 2019 compared with the financial year ended December 31, 2018 and an increase of 3.1 percentage points in the proportion of net operating revenue. This was primarily due to the following factors: (i) 13.5% increase in the average cost of wheat consumed (BRL); (ii) increase in labor costs, due to pay rises under collective bargaining agreements, in line with inflation; (iii) higher general manufacturing expenses due to increases in gas and electricity rates and higher maintenance costs; (iv) higher depreciation and amortization costs, due to depreciation of the goodwill on Piraquê's assets and start-up of new production lines, such as the new mill in Bento Gonçalves (RS), amongst others; (v) 8% decrease in the average cost of oil consumed (BRL); and (vi) lower consumption of third-party flour and higher vertical integration of Piraquê production plants in Bento Gonçalves (RS), São Caetano do Sul (SP) and Lençóis Paulista (SP).

The table below presents the breakdown of the costs of goods sold in the periods specified:

	2018	AV%	2019	AV%	2019/2018 (%)
			(In millions of reais, except percentages)		
Raw materials	**2,530.4**	**42.0**	**2,688.9**	**44.1**	**6.3**
Wheat	1,541.0	25.6	1,729.2	28.3	12.2
Oil	408.8	6.8	380.3	6.2	(7.0)
Sugar	148.1	2.5	147.5	2.4	(0.4)
Flour acquired from third parties	143.7	2.4	139.9	2.3	(2.6)
Fat acquired from third parties	3.6	0.1	5.0	0.1	38.9
Other consumables	285.2	4.7	287.0	4.7	0.6
Packaging	**419.0**	**7.0**	**414.4**	**6.8**	**(1.1)**
Labor	**541.3**	**9.0**	**568.1**	**9.3**	**5.0**
General Manufacturing Expenses	**374.1**	**6.2**	**412.2**	**6.8**	**10.2**
Depreciation and Amortization	**141.4**	**2.3**	**165.9**	**2.7**	**17.3**
Cost of goods sold	**0.8**	**0.0**	**1.0**	**0.0**	**25.0**
Total CPV	**4,007.0**	**66.5**	**4,250.5**	**69.6**	**6.1**

Note: The vertical analysis (AV%) is the representation of the costs of goods sold over net revenue.

State subsidies for investments

Subsidies for state investments rose from R$ 276.2 million as of December 31, 2018 to R$ 308.2 million as of December 31, 2019, an increase of 11.6% primarily due to the increase in the acquisition price of wheat

Gross operating profit

The Company reported gross profit of R$ 2,161.3 million at December 31, 2019, a decrease of 5.8% on 2018 in nominal terms, with the gross margin diminishing by 2.7 percentage points, primarily due to lower sales volumes and higher costs, especially for wheat grain.

Operating expenses

Sales and administrative expenses

Selling expenses in the financial year ended December 31, 2019 rose by 11.1% and 1.9 percentage points as a proportion of net revenue, and administrative expenses rose by 8.0% in the financial year ended December 31, 2019. This increase was primarily due to the lower dilution of fixed expenses due to the downturn in sales volumes, non-recurring expenses on the integration of Piraquê, overhauling our staffing structure and other expenses on restructuring and implementing the new logistics model.

Other net operating expenses (income)

Other operating expenses (revenue) changed from an expense of R$ 40.7 million as of December 31, 2018 to revenue of R$ 56.2 million as of December 31, 2019. The most important of these events recorded in 2019 was the extemporaneous tax credit of R$ 191.0 million (R$ 36.8 million in 2018), primarily due to excluding ICMS and bonuses from the PIS/COFINS calculation base, recognizing PIS/Cofins credit on consumables shipping and social security contribution credits on indemnified prior notice and 1/3 of vacations.

Finance income (costs)

Finance income fell from revenue of R$ 46.3 million in 2018 to revenue of R$ 30.5 million in 2019, down by 34.1%. The change was primarily driven by the following factors: (i) addition for monetary restatement of labor provisions by the IPCA-E price index, (ii) lower yields on the Company's short-term investments, due to redeeming investments to pay for the acquisition of Piraquê and decrease in the CDI rate, (iii) higher interest on financing due to the withheld payment under the acquisition of Piraquê and funds borrowed in 2Q18, and (iv) recognizing lease interest of R$ 8.3 million in 2019, in compliance with Technical Pronouncement CPC 06. (R2) – Leases.

In 2019, we also recognized tax credit restatement of R$ 95.7 million, primarily due to PIS/Cofins credit processes following the exclusion of ICMS and bonuses from the calculation base, and restatement of the social security credit on indemnified prior notice and 1/3 of vacations.

10.1 - Financial and Equity Conditions in general

	Financial year ended				
	2018	AV%	2019	AV%	2019/2018 (%)
	(In millions of reais, except percentages)				
Financial revenue, excluding exchange variance	120.1	2.0	151.6	2.5	**(26.2)**
Financial expenses, excluding exchange variance	(63.6)	(1.1)	(105.1)	(1.7)	**65.3**
Exchange variance earnings	(46.6)	(0.8)	(28.6)	(0.5)	**(38.6)**
Swap gains / losses	36.4	0.6	12.6	0.2	**(65.4)**
Total	**46.3**	**0.8**	**30.5**	**0.5**	**(34.1)**

Note: The vertical analysis (AV%) represents financial revenue and expenses and exchange variance on revenue.

We also point out that M Dias Branco's stands firm in its commitment to a conservative policy consisting of using swaps, consisting of exchanging the currency risk plus a fixed rate for a percentage of the CDI rate to hedge important consumable and working capital transactions, which are recorded at fair value and recorded in financial income.

Income and social contribution taxes

	Financial year ended				
	2018	AV%	2019	AV%	2019/ 2018 (%)
	(In millions of reais, except percentages)				
Income and social contribution taxes	135.4	2.2	41.7	0.7	**(69.2)**
Federal tax incentive	(61.9)	(1.0)	(29.6)	(0.5)	**(52.2)**
Total	**73.5**	1.2	**12.1**	0.2	**83.5**

Note: The vertical analysis (AV%) is the representation of taxes and tax incentives over net revenue.

The 69.2% decrease in income and social contribution taxes on 2018 is primarily due to: (i) lower earnings in 2019 vs. 2018; (ii) greater proportion of state tax incentives excluded from the tax calculation base and (iii) recognition of presumed/awarded ICMS credit as an investment subsidy, in accordance with Supplementary Law 160, dated August 7, 2017, in the amount of R$ 63.6 million, which resulted in the portion of taxable earnings diminishing.

Federal income tax incentives decreased by 52.2% on 2018, due to the reduction in the provision for income tax for the aforesaid reasons.

Net income for the year

In light of this, net income changed from R$ 723.5 million in FY 2018 to R$ 556.9 million in 2019 (12.0% of net revenue in 2018 and 9.1% in 2019), a decrease of 23.0%.

EBITDA

EBITDA was R$ 772.1 million in 2019 (12.6% of net revenue), a decrease of 17.2% from 2018.

Analysis of the main changes in the statement of financial position accounts as of December 31, 2019 compared with December 31, 2018.

Assets

Current

Cash and cash equivalents

The balance of cash and cash equivalents as of December 31, 2018 amounted to R$ 451.0 million, changing to R$ 348.4 million as of December 31, 2019, a decrease of 22.7%. This decrease was due to the lower generation of cash from operating activities coupled with financing being settled above the volume secured and greater investments. As of December 31, 2018 and 2019 the balance of cash and cash equivalents accounted for 5.8% and 4.3% of total assets respectively.

Trade accounts receivable

Trade accounts receivable as of December 31, 2018 amounted to R$ 1,043.0 million and R$ 957.5 million as of December 31, 2019, a decrease of 8.2%. This decrease was primarily due to lower sales in December 2019 compared with the same period last year. As of December 31, 2018 and 2019 trade accounts receivable accounted for 13.4% and 11.8% of total assets respectively.

Inventory

The balance of inventory changed from R$ 765.6 million as of December 31, 2018 to R$ 799.1 million as of December 31, 2019, an increase of 4.4%, given the strategy of increasing inventory levels to restore them. As of December 31, 2018 and 2019 the balance of cash and cash equivalents accounted for 9.8% and 9.9% of total assets respectively.

Recoverable taxes

The balance of recoverable taxes changed from R$ 132.2 million as of December 31, 2018 to R$ 162.4 million as of December 31, 2019, an increase of 22.8%. This increase was primarily due to reclassifying from long-term to short-term the credit due to the final and unappealable decision regarding IPI on packaging. As of December 31, 2018 recoverable taxes accounted for 1.7% of total assets, and 2.0% of total assets as of December 31, 2019.

Noncurrent

Long-term assets

Recoverable taxes

The balance of recoverable taxes changed from R$ 77.1 million as of December 31, 2018 to R$ 273.9 million as of December 31, 2019, an increase of R$ 196.8 million. This increase was primarily due to the credit resulting from the final and unappealable decisions, including the exclusion of ICMS from the PIS/Cofins calculation base, also excluding benefits from the calculation base of these taxes, in addition to social security contribution credits on prior notice and 1/3 of vacations. As of December 31, 2018 recoverable taxes accounted for 1.0% of total assets, and 3.4% of total assets as of December 31, 2019, an increase of 2.4 percentage points in the period.

Property, plant and equipment

As of December 31, 2018 property, plant and equipment was R$ 3,190.5 million, rising to R$ 3,351.6 million at December 31, 2019, an increase of 5.0% primarily due to investments in the Bento Gonçalves Mill, logistical redesigning and recognition of the right-of-use asset in accordance with Accounting Pronouncement CPC 06 (R2), Leases. As of December 31, 2018 property, plant and equipment accounted for 40.9% of total assets, and 41.4% of total assets as of December 31, 2019.

Investment

As of December 31, 2018 the investments amounted to R$ 15.8 million, rising to R$ 52.9 million at December 31, 2019, an increase of R$ 37.1 million, primarily due to the share capital contributed to Terminal de Trigo do Rio de Janeiro - Logística S. A. Investments as a proportion of over total assets rose from 0.2% as of December 31, 2018 to 0.7% as of December 31, 2019, an increase of 0.5 percentage points.

Investment property

Investment properties as of December 31, 2018 amounted to R$ 22.3 million, changing to R$ 55.2 million as of December 31, 2019, an increase of R$ 32.9 million. This growth was due to closure of operations at the Pilar/PE plant and the decision not to install a manufacturing facility in Juiz de Fora/MG. As of December 31, 2018 and 2019 investment properties accounted for 0.3% and 0.7% of total assets respectively.

Liabilities

Current

Loans and financing from financing institutions

The balance of financing and loans from financial institutions amounted to R$ 678.8 million as of December 31, 2018 and R$ 568.7 million as of December 31, 2019, a decrease of 16.2%. The decrease is primarily due to the settlement of the working capital financing. As of December 31, 2018 financing accounted for 8.7% of total assets, and 7.0% of total assets as of December 31, 2019, a decrease of 1.7 percent in the period.

Non-current

Non-current liabilities

Loans and financing from financing institutions

The balance of financing and loans from financial institutions changed from R$ 323.4 million as of December 31, 2017 to R$ 161.5 million as of December 31, 2019, a decrease of 50.1%, influenced by the early settlement of Finame and FNE financing. As of December 31, 2018 the financing and loans from financial institutions accounted for 4.1% of total assets, and 2.0% of total assets as of December 31, 2019, a decrease of 2.1 percentage points in the period.

10.1 - Financial and Equity Conditions in general

Leases

In the process of analyzing the changes introduced by Accounting Pronouncement CPC 06 (R2) Leases, as stated in topic 10.4, the Company recognized lease liabilities, presenting a balance of R$ 86.9 million at December 31, 2019, or 1.1% of total assets.

Provision for civil, labor and tax contingencies

The balance of the provision for civil, labor and tax risks changed from R$ 188.3 million at December 31, 2018 to R$ 213.5 million at December 31, 2019, an increase of 13.4%, primarily due to monetary restatement of labor provisions by the IPCA-E price index. As of December 31, 2018 the provisions for civil, labor and tax risks accounted for 2.4% of total assets, and 2.6% of total assets as of December 31, 2019, an increase of 0.2 percentage points in the period.

Analysis of changes in cash flows as of December 31, 2019 compared with December 31, 2018

The Company's cash flow is primarily generated by operations, deriving from product sale revenue and finance activities, when the Company takes out financing.

The Company's cash flow is essentially used to make investments, consisting of the acquisition of other companies operating in the same sector, the expansion and modernization of production lines and financing activities, when repaying debt and compensating shareholders with dividends.

The table below shows net cash generated by the Company in FYs 2019 and 2018.

	Financial year ended December 31		
	2018	2019	2019/2018 (%)
	(In millions of reais, except percentages)		
Net cash provided by operations	753.9	682.1	(9.5)
Net cash used in investment activities	(1,524.2)	(361.0)	(76.3)
Net cash produced by (used in) financing activities	295.4	(423.7)	n/a
Increase (decrease) in cash and cash equivalents	**(474.9)**	**(102.6)**	**(78.4)**

Operating activities

Net equivalents provided by operating activities changed from R$ 753.9 million as of December 31, 2018 to R$ 682.1 million as of December 31, 2019, a decrease of 9.5%, primarily due to the decrease in net income.

Investment activities

Net equivalents used in investment activities changed from R$ 1,524.2 million as of December 31, 2018 to R$ 361.0 million as of December 31, 2019, a decrease of 76.3%, primarily due to the acquisition of Piraquê in 2018, for R$ 1.3 billion.

Financing activities

Financing activities produced cash equivalents of R$ 269.4 million as of December 31, 2018. Net equivalents invested amounted to R$ 423.7 million as of December 31, 2019. This change was due to the settlement of financing after funds borrowed in 2018.

10.1 - Financial and Equity Conditions in general

Analysis of the statements of income, statement of financial position and cash flows for the financial years ended December 31, 2018 and 2017

Statement of income	**2017**	***AV%***	**2018**	***AV%***	**2018/ 2017 (%)**
					(In millions of reais, except percentages)
Net operating revenue	**5,415.4**	**100.0**	**6,025.1**	**100.0**	**11.3**
Cost of goods sold	(3,379.8)	(62.4)	(4,007.0)	(66.5)	18.6
Subsidies for state investment	213.5	3.9	276.2	4.6	29.4
Gross profit	**2,249.1**	**41.5**	**2,294.3**	**38.1**	**2.0**
Operating revenue (expenses)					
Selling expenses	(1,101.3)	(20.3)	(1,186.2)	(19.7)	7.7
Administrative expenses	(203.7)	(3.8)	(269.5)	(4.5)	32.3
Other net operating income (expenses)	(104.7)	(1.9)	(86.5)	(1.4)	(17.4)
Net income before net financial revenue (expenses), equity income, and tax	**839.4**	**15.5**	**752.1**	**12.5**	**(10.4)**
Financial revenue	161.7	3.0	233.1	3.9	44.1
Finance costs	(85.0)	(1.6)	(186.8)	(3.1)	n/a
Operating income - after financial result	**916.1**	**16.9**	**798.4**	**13.3**	**(12.9)**
Share of profit (loss) of equity-accounted investees	(0.5)	0.0	(1.4)	0.0	n/a
Net income before income and social contribution taxes	**915.6**	**16.9**	**797.0**	**13.2**	**(13.0)**
Income and social contribution taxes	(71.3)	(1.3)	(73.5)	(1.2)	3.1
Net income for the year	**844.3**	**15.6**	**723.5**	**12.0**	**(14.3)**
Reconciliation to EBITDA					
Net income for the year	**844.3**	**15.6**	**723.5**	**12.0**	**(14.3)**
Income and social contribution taxes	71.3	1.3	73.5	1.2	3.1
Financial revenue	(161.7)	(3.0)	(233.1)	(3.9)	44.1
Finance costs	85.0	1.6	186.8	3.1	n/a
Depreciation and amortization included in CPV	102.2	1.9	141.4	2.3	38.4
Depreciation and amortization included in administrative and commercial expenses	25.3	0.5	40.9	0.7	61.7
EBITDA [(1)]	**966.4**	**17.8**	**933.0**	**15.5**	**(3.5)**

Note: The vertical analysis (AV%) is the representation of each item over net revenue.

(1) As per CVM Directive 527/12, the EBITDA consists of net income for the period, plus taxes on profit, financial expenses, net of financial revenue and depreciation, amortization and depletion. CVM Directive 527/12 (article 4) also states that the company may opt to report its EBITDA and EBIT without net income related to discontinued operations and adjusting it for other items contributing to the information about the gross cash generation potential.

10.1 - Financial and Equity Conditions in general

Statement of financial position	2017	AV%	2018	AV%	2018/2017 (%)
			(In millions of reais, except percentages)		
Current Assets	**2,551.7**	**41.9**	**2,449.2**	**31.4**	**(4.0)**
Cash and cash equivalents	925.9	15.2	451.0	5.8	(51.3)
Trade accounts receivable	806.4	13.2	1,043.0	13.4	29.3
Inventory	640.3	10.5	765.6	9.8	19.6
Recoverable taxes	149.0	2.4	132.2	1.7	(11.3)
Derivative financial instruments	0.0	0.0	23.9	0.3	n/a
Other accounts receivable	23.5	0.4	25.7	0.3	9.4
Prepaid expenses	6.6	0.1	7.8	0.1	18.2
Noncurrent Assets	**3,538.1**	**58.1**	**5,358.2**	**68.6**	**51.4**
Noncurrent assets	**181.9**	**3.0**	**399.5**	**5.1**	**n/a**
Short-term investments	12.3	0.2	13.1	0.2	6.5
Judicial deposits	125.7	2.1	243.0	3.1	93.3
Recoverable taxes	30.3	0.5	77.1	1.0	n/a
Trade accounts receivable	5.0	0.1	2.7	0.0	(46.0)
Tax incentives/other receivables	8.6	0.1	5.8	0.1	(32.6)
Indemnification assets	0.0	0.0	57.8	0.7	n/a
Investment	**8.7**	**0.1**	**15.8**	**0.2**	**81.6**
Investment property	**22.7**	**0.4**	**22.3**	**0.3**	**(1.8)**
Property, plant and equipment	**2,468.0**	**40.5**	**3,190.5**	**40.9**	**29.3**
Intangible assets	**856.8**	**14.1**	**1,730.1**	**22.2**	**n/a**
Total Assets	**6,089.8**	**100.0**	**7,807.4**	**100.0**	**28.2**
Current Liabilities	**589.2**	**9.7**	**1,280.9**	**16.4**	n/a
Trade payables	136.3	2.2	152.4	2.0	11.8
Financing and loans from financial institutions	56.2	0.9	678.8	8.7	n/a
Tax financing	2.1	0.0	3.1	0.0	47.6
Direct financing	55.2	0.9	15.1	0.2	(72.6)
Payroll and labor obligations	138.1	2.3	166.1	2.1	20.3
Tax liabilities	76.4	1.3	106.9	1.4	39.9
Customer advances	6.8	0.1	8.2	0.1	20.6
Derivative financial instruments	0.0	0.0	2.7	0.0	n/a
Other accounts payable	47.9	0.8	46.8	0.6	(2.3)
Dividends	62.6	1.0	87.3	1.1	39.5
Government grants	7.6	0.1	13.5	0.2	77.6
Non-current Liabilities	**508.6**	**8.4**	**964.7**	**12.4**	**89.7**
Non-current liabilities	**508.6**	**8.4**	**964.7**	**12.4**	**89.7**
Financing and loans from financial institutions	222.0	3.6	323.4	4.1	45.7
Tax financing	6.1	0.1	6.4	0.1	4.9
Direct financing	0.0	0.0	226.0	2.8	n/a
Tax liabilities	1.0	0.0	1.0	0.0	-
Deferred income and social contribution taxes	162.7	2.7	208.7	2.7	28.3
Other accounts payable	4.7	0.1	10.9	0.2	n/a
Provision for civil, labor and tax contingencies	112.1	1.8	188.3	2.4	68.0
Equity	**4,992.0**	**82.0**	**5,561.8**	**71.2**	**11.4**
Share capital	1,765.3	29.0	2,258.6	28.9	27.9
Capital reserves	18.0	0.3	21.5	0.3	19.4
Accumulated translation adjustments	0.1	0.0	0.1	0.0	-
Profit reserves	3,138.8	51.5	3,229.9	41.4	2.9
Additional dividends	69.8	1.1	51.7	0.7	(25.9)
Total Liabilities and Shareholders' equity	**6,089.8**	**100.0**	**7,807.4**	**100.0**	**28.2**

Note: The vertical analysis (AV%) is the representation of each item over total assets.

10.1 - Financial and Equity Conditions in general

Statement of cash flows – Indirect Method	2017	2018	2018/ 2017 (%)
Cash flows from operating activities			
Net income before income and social contribution taxes	915.5	797.1	(12.9)
Reconciliation of income (loss) to cash provided by operating activities:			
Depreciation and amortization	127.6	182.3	42.9
Cost on the sale of permanent assets	0.3	1.8	n/a
Share of profit (loss) of equity-accounted investees	0.5	1.4	n/a
Restatement of financing and short-term investments and exchange variance gains and losses	15.4	97.7	n/a
IPI tax credits on packaging and INSS on indemnified prior notice	0.0	(47.4)	n/a
Restatement of judicial deposits	(27.9)	(7.5)	(73.1)
Provision for civil, labor and tax contingencies	32.7	34.8	6.4
Estimated losses on tax impairment	27.8	-	(100.0)
Awarded shares recognized	1.5	3.5	n/a
Provision for doubtful accounts	16.6	17.4	4.8
Inventory impairment	3.6	(0.8)	n/a
Changes in assets and liabilities			
(Increase) in trade accounts receivable	(102.6)	(166.7)	62.5
(Increase) in inventories	(49.2)	(70.9)	44.1
Decrease in short-term investments	0.2	-	(100.0)
Decrease in recoverable taxes	45.1	60.0	33.0
(Increase) in other accounts receivable	(35.3)	(78.3)	n/a
(Decrease) in trade payables	(6.1)	(11.6)	90.2
Increase in taxes	28.6	30.5	6.6
Increase in government subsidies	2.9	5.9	n/a
(Decrease) in accounts payable and provisions	(34.4)	(4.1)	(88.1)
Interest and exchange variance paid	(23.4)	(44.1)	88.5
Income and social contribution taxes paid	(68.6)	(52.9)	(22.9)
Release of incentives for reinvestment	0.0	5.8	n/a
Net cash and cash equivalents provided by operating activities	**870.8**	**753.9**	**(13.4)**
Cash flows from investment activities			
Acquisition of PPE and intangible assets	(320.0)	(300.0)	(6.3)
Amortization of debt on the acquisition of companies	(11.4)	(23.8)	n/a
Acquisition of equity interest	(9.1)	(1,306.4)	n/a
Noncurrent call deposits	(1.1)	-	(100.0)
Investments	-	(7.7)	n/a
Cash and cash equivalents acquired	-	113.7	n/a
Net cash used in investment activities	**(341.6)**	**(1,524.2)**	**n/a**
Cash flows from financing activities			
Interest on shareholders’ equity paid	(176.3)	(132.4)	(24.9)
Financing taken out	47.5	779.9	n/a
Financing payments	(334.6)	(352.1)	5.2%
Net cash used (produced) in financing activities	**(463.4)**	**295.4**	**n/a**
Statements of increase (decrease) in cash and cash equivalents	**65.8**	**(474.9)**	**n/a**
At beginning of period	**860.1**	**925.9**	**7.7**
At end of period	**925.9**	**451.0**	**(51.3)**
Increase (decrease) in cash and cash equivalents	**65.8**	**(474.9)**	**n/a**

Note: The information presented is taken from the Company's consolidated financial statements.

10.1 - Financial and Equity Conditions in general

Main income items in the financial year ended December 31, 2018 compared with the financial year ended December 31, 2017

Net revenue

In 2018, net revenue totaled R$ 6,025.1 million, an increase of 11.3% compared to 2017, with an average price increase of 11.9% and a reduction in sales volume of 0.7%.

The acquisition of Piraquê and the increase in the average price across all product lines are the main factors explaining the growth in net revenue, despite the contraction in the "flour and bran" and "margarine and fats" lines. Because of the increases in wheat cost and the foreign exchange rate, in 2018 more dynamic price increases were implemented in excess of those normally practiced by the Company.

Revenue from cookies, pasta, flour and bran, margarine and vegetable fats and other product lines accounted for 55.2%, 21.1%, 15.8%, 5.3% and 2.6% respectively of the net operating revenue in the financial year ended December 31, 2018, compared with 53.0%, 22.6%, 17.0%, 6.0% and 2.6%, respectively of net operating revenue in the financial year ended December 31, 2017.

The contribution of each product line: (i) cookies; (ii) pasta; (iii) wheat flour and bran; (iv) margarine and vegetable fats; and (v) other product lines to comprise and grow net operational revenue as per the table and comments below.

	2017			2018			2018/2017 (%)		
Product Lines	**Net revenue***	**Weight***	**Average Price***	**Net revenue***	**Weight***	**Average Price***	**Net revenue***	**Weight***	**Average Price***
Cookies	2,870.1	528.8	5.43	3,327.7	556.9	5.98	15.9	5.3	10.1
Pasta	1,160.6	356.8	3.25	1,274.1	388.8	3.28	9.8	9.0	0.9
Flour and Bran	918.6	850.7	1.08	953.1	781.2	1.22	3.8	(8.2)	13.0
Margarine and Fats	326.7	83.6	3.91	318.9	80	3.99	-2.4	(4.3)	2.0
Other product lines**	139.4	16.2	8.6	150.5	16.5	9.12	8.0	1.9	6.0
Other	-	-	-	0.8	0.6	1.33	-	-	-
TOTAL	**5,415.4**	**1,836.1**	**2.95**	**6,025.1**	**1,824.0**	**3.3**	**11.3**	**(0.70)**	**11.9**

* Net revenue in R$ million, Weight in thousand tons and Average price in R$ /kg.
** Cakes, Snacks, Cake Mix, Refreshing drinks and Packaged Toast.

Cookies

Net revenue from cookies grew by 15.9% in 2018 on 2017, due to the average price increase of 10.1%, coupled with the volume increase of 5.3%, especially in the lines maria/cornstarch, sandwich cookies and savory cookies. We maintained double-digit growth in the category of cookies with higher added value, such as cookies, and saw average prices rise as a result of price changes occurring in the year and the acquisition of Piraquê, which has a portfolio of cookies with higher added value.

We also draw your attention to initiatives aimed at our functional biscuit range Adria Plus Life, which has maintained rapid growth and market share expansion since its launch (May 2017). In 2018, we activated points of sale and carried out product tastings, buy-and-win promo gifts and expanded the disclosure of our products on digital, sporting and nutritionist platforms.

According to data from Nielsen, the Company closed 2018 with 1.5 p.p. growth in its market share compared with 2017 (from 32.5% to 34.0%), including Piraquê's figures as from May-Jun/18.

10.1 - Financial and Equity Conditions in general

Pasta

Net pasta revenue rose by 9.8% from 2017 to 2018, with volume (9.0%) and average prices (0.9%) rising. The sales volume growth was greater in the categories common, durum wheat and egg pasta.

Common pasta sales rose sharply in the Southeast and North-east regions and exports. Sales of durum wheat and egg pasta also rose in the South-east, products with higher added value.
The Company also maintained its leading market position, expanding its market share from 32.4% in 2017 to 36.0% in 2018.

Wheat bran and flour

In 2018, net revenue from flour and bran grew by 3.8% on 2017, driven by an average price increase of 13.0%. However, the sales volume dropped by 8.2%.

The average price of wheat flour rose over the course of 2018 due to the increase in the cost of wheat grains and lower wheat flour volumes in the industrial category. The bran volume also contracted, as the production of wheat bran diminished in 2018 resulting in a lower supply of the byproduct in the market. Domestic wheat flour sales rose 4.8% and we closed 2018 with a market share of 28.8% in the North-East region of Brazil (27.7% in 2017) as a result of successful commercial and marketing initiatives implemented over the course of the year, and the buy-and-win promo campaigns.

Margarine and vegetable fats

Net margarine and fats revenue contracted by 2.4% in 2018 compared with the previous year, due to the sales volumes dropping by 4.3% and average prices rising by 2.0%. The volume decrease was due to the fact our prices were higher than our competitors.

In terms of new product development, we launched the Adorita Tropical vegetable cream, for export only, which has the advantage of not needing refrigeration, resulting in greater demand overseas.

Cost of goods sold

The costs of goods sold rose by 18.6% in the financial year ended December 31, 2018 compared with the financial year ended December 31, 2017 and an increase of 4.1 percentage points in the proportion of net operating revenue. This was primarily due to the following factors: (i) 30.3% increase in the average cost of wheat consumed, due to rising prices in US dollars and devaluation of the Brazilian currency in the period; (ii) increase in the average cost of vegetable oil consumed (3.7%) due to higher palm oil prices; (iii) decrease of 16.6% in the average cost of sugar; (iv) greater consumption of third-party flour, primarily due to the consumption requirements of Piraquê's manufacturing plants; (v) lower consumption of third-party fats due to the higher refinement capacity and the margarine and fats production plant in Fortaleza (CE) and introduction of another vegetable fat production plant as a result of acquiring Piraquê; (vi) higher labor expenses due chiefly to the pay rises established in collective employment agreements in the course of 2018; (vii) higher general manufacturing expenses due to increases in gas and electricity rates and maintenance costs; and (viii) greater depreciation due to amortizing goodwill on assets recognized following the acquisition of Piraquê and the start-up of new production lines.

10.1 - Financial and Equity Conditions in general

The table below presents the breakdown of the costs of goods sold in the periods specified:

	2017	AV%	2018	AV%	2018/2017 (%)
			(In millions of reais, except percentages)		
Raw materials	**2,135.3**	**39.4**	**2,530.4**	**42.0**	**18.5**
Wheat	1,245.4	23.0	1,541.0	25.6	23.7
Oil	357.9	6.6	408.8	6.8	14.2
Sugar	166.9	3.1	148.1	2.5	(11.3)
Flour acquired from third parties	59.5	1.1	143.7	2.4	n/a
Fat acquired from third parties	45.9	0.8	3.6	0.1	(92.2)
Other consumables	259.7	4.8	285.2	4.7	9.8
Packaging	**382.3**	**7.1**	**419.0**	**7.0**	**9.6**
Labor	**467.4**	**8.6**	**541.3**	**9.0**	**15.8**
General Manufacturing Expenses	**292.6**	**5.4**	**374.1**	**6.2**	**27.9**
Depreciation and Amortization	**102.2**	**1.9**	**141.4**	**2.3**	**38.4**
Cost of goods sold	**-**	**-**	**0.8**	**-**	**n/a**
Total CPV	**3,379.8**	**62.4**	**4,007.0**	**66.5**	**18.6**

Note: The vertical analysis (AV%) is the representation of the costs of goods sold over net revenue.

State subsidies for investments

Subsidies for state investments rose from R$ 213.5 million as of December 31, 2017 to R$ 276.2 million as of December 31, 2018, an increase of 29.4% primarily due to the increase in the acquisition price of wheat.

Gross operating profit

The Company reported gross income of R$ 2,294.3 million at December 31, 2018, an increase of 2.0%, with the gross margin diminishing by 3.4 percentage points, primarily due to lower sales volumes and higher costs, especially for wheat grain.

Note that the price increases over the course of the year coupled with the impacts of acquiring Piraquê contributed to partly offsetting the substantial increase in wheat cost.

Operating expenses

Selling expenses

In the financial year ended December 31, 2018 selling expenses decreased by 0.7 percentage points as a proportion of revenue, primarily due to tighter spending controls, due to lower investments in marketing and contracting external storage services. Furthermore, expenses on commercial actions at extra points, which until 2017 were recognized as commercial expenses, began to be classified as a gross revenue charge in 2018. The growth in absolute terms of 7.5% is primarily attributed to the higher expenses of Piraquê and adjustments of shipping rates.

Administrative expenses

Administrative expenses rose by 34.9%, in the financial year ended December 31, 2018 primarily due to expenses on integrating Piraquê (R$ 6.4 million), the Independent Committee (R$ 19.5 million) and inclusion of Piraquê's expenses (R$ 30.8 million).

Other net operating expenses (income)

Other operating expenses (revenue) changed from an expense of R$ 75.5 million as of December 31, 2017 to R$ 40.7 million as of December 31, 2018, a decrease of 46.1%. Among the events recorded in 2018, we emphasize: (i) Provisions for civil, labor and tax risks, as well as attorneys' fees for estimated legal victories and defeats in the amount of R$ 22.4 million (R$ 50.7 million in 2017); (ii) Contribution to the State Fund for Fiscal Balance (FEEF) in the amount of R$ 15.5 million (R$ 17.4 million in 2017); and (iii) in contrast, extemporaneous tax credits were recognized of R$ 36.8 million (R$ 17.3 million in 2017).

Finance income (costs)

Finance income fell from revenue of R$ 76.7 million in 2017 to R$ 46.3 million in 2018. The change was primarily driven by the diminished yields on the Company's short-term investments as a result of redeeming investments to pay for the acquisition of Piraquê and a lower CDI rate, in addition to higher interest on financing primarily due to the borrowing of funds to acquire core consumables.

10.1 - Financial and Equity Conditions in general

To facilitate your comprehension of the changes in financial result, exchange variance and swap transactions in the period have been reported separately from other financial revenue and expenses, as shown in the table below:

	Financial year ended				
	2017	AV%	2018	AV%	2018/2017 (%)
	(In millions of reais, except percentages)				
Financial revenue, excluding exchange variance	141.5	2.6	120.1	2.0	**(15.1)**
Financial expenses, excluding exchange variance	(54.4)	(1.0)	(63.6)	(1.1)	**16.9**
Exchange variance earnings	6.3	0.1	(46.6)	(0.8)	**n/a**
Swap gains / losses	(16.7)	(0.3)	36.4	0.6	**n/a**
Total	**76.7**	**1.4**	**46.3**	**0.8**	**(39.6)**

Note: The vertical analysis (AV%) represents financial revenue and expenses and exchange variance on revenue.

In 2018 tax credit restatement was also recognized of R$ 50.4 million, especially IPI credits on packaging and PIS/Cofins on imports.

Note that the Company uses swap contracts to hedge against the foreign exchange risk posed by importing consumables and fixed assets. These transactions are recorded at fair value in profit or loss and consist of swapping the foreign exchange risk plus a fixed rate for a percentage of the CDI rate, which generated a gain in the year.

Income and social contribution taxes

	Financial year ended				
	2017	AV%	2018	AV%	2018/ 2017 (%)
	(In millions of reais, except percentages)				
Income and Social Contribution Taxes	178.9	3.3	135.4	2.2	**(24.3)**
Federal Tax incentive	(107.6)	(2.0)	(61.9)	(1.0)	**(42.5)**
Total	**71.3**	1.3	**73.5**	1.2	**3.1**

Note: The vertical analysis (AV%) is the representation of taxes and tax incentives over net revenue.

Income and social contribution taxes rose by 3.1% on 2017, due to the decrease in federal tax incentives.

Income Tax Incentive

Federal income tax incentives decreased by 42.5% on 2017, due to the reduction in net income before tax, and the increase in the proportion of state tax incentives, excluded from the tax incentive calculation base.

Net income for the year

Net income changed from R$ 844.3 million in FY 2017 to R$ 723.5 million in 2018 (15.6% of net revenue in 2017 and 12.0% in 2018), a decrease of 14.3%.

EBITDA

EBITDA was R$ 933.0 million in 2018 (15.5% of net revenue), a decrease of 3.5% from 2017.

Analysis of the main changes in the statement of financial position accounts as of December 31, 2018 compared with December 31, 2017

Assets

Current

Cash and cash equivalents

Cash and cash equivalents as of December 31, 2017 amounted to R$ 925.9 million and R$ 451.0 million as of December 31, 2018, a decrease of 51.3%. This decrease was due to investment activities, especially the acquisition of Piraquê. As of December 31, 2017 and 2018 cash and cash equivalents accounted for 15.2% and 5.8% of total assets respectively.

10.1 - Financial and Equity Conditions in general

Trade accounts receivable

Trade accounts receivable as of December 31, 2017 amounted to R$ 806.4 million and R$ 1,043.0 million as of December 31, 2018, an increase of 29.3%. This increase was primarily due to consolidating Piraquê's accounts receivable and awarding a longer payment term to clients in the fourth quarter of the year. As of December 31, 2017 and 2018 trade accounts receivable accounted for 13.2% and 13.4% of total assets respectively.

Inventory

The balance of inventory changed from R$ 640.3 million as of December 31, 2017 to R$ 765.6 million as of December 31, 2018, an increase of 19.6%, This increase was essentially due to the higher inventory of raw material due to higher wheat prices and inventory.

Noncurrent

Long-term assets

Judicial deposits

The balance of judicial deposits changed from R$ 125.7 million as of December 31, 2017 to R$ 243.0 million as of December 31, 2018, an increase of 93.3%. This increase was primarily due to the addition of Piraquê's judicial deposits. As of December 31, 2018 judicial deposits accounted for 2.1% of total assets, and 3.1% of total assets as of December 31, 2018, an increase of 1.0 percentage points in the period.

Recoverable taxes

The balance of recoverable taxes changed from R$ 30.3 million as of December 31, 2017 to R$ 77.1 million as of December 31, 2018, an increase of R$ 46.8 million. This growth was primarily due to the IPI credit paid on packaging for the period 1993 to 1998. As of December 31, 2017 recoverable taxes accounted for 0.5% of total assets, and 1.0% of total assets as of December 31, 2018, an increase of 0.5 percentage points in the period.

Property, plant and equipment

As of December 31, 2017 property, plant and equipment was R$ 2,468.0 million, changing to R$ 3,190.5 million as of December 31, 2018, an increase of 29.3% primarily due to the increase in Piraquê's property, plant and equipment, and appreciation of Piraquê's fixed assets, based on the fair value appraisals of assets acquired and liabilities undertaken at the acquisition date.

Liabilities

Current

Loans and financing from financing institutions

The balance of financing and loans from financial institutions amounted to R$ 56.2 million as of December 31, 2017 and R$ 678.8 million as of December 31, 2018. The increase in the Company's financial leverage was due to financing taken out to acquire consumables (wheat and oil) and working capital. As of December 31, 2017 financing accounted for 0.9% of total assets, and 8.7% of total assets as of December 31, 2018, an increase of 7.8 percentage points in the period.

10.1 - Financial and Equity Conditions in general

Non-current

Non-current liabilities

Loans and financing from financing institutions

The balance of financing and loans from financial institutions changed from R$ 222.0 million as of December 31, 2017 to R$ 323.4 million as of December 31, 2018, an increase of 45.7%. This increase was due to consolidating Piraquê's financing. As of December 31, 2017 the financing and loans from financial institutions accounted for 3.6% of total assets, and 4.1% of total assets as of December 31, 2018, an increase of 0.5 percentage points in the period.

Deferred income and social contribution taxes

The balance of deferred taxes as of December 31, 2017 amounted to R$ 162.7 million and R$ 208.7 million as of December 31, 2018, an increase of 28.3%. This increase was primarily due to deferred taxes recorded on the amortization of goodwill paid on the future earnings for tax purposes and adjustments deriving from temporary differences between the depreciation expenses, based on estimated useful lives, and those based on tax rates. As of December 31, 2017 and December 31, 2018, deferred taxes accounted for 2.7% of total assets.

Provision for civil, labor and tax contingencies

The balance of the provision for civil, labor and tax risks changed from R$ 112.1 million at December 31, 2017 to R$ 188.3 million at December 31, 2018, an increase of 68.0%, primarily due to Piraquê's proceedings. As of December 31, 2017 the provisions for civil, labor and tax risks accounted for 1.8% of total assets, and 2.4% of total assets as of December 31, 2018, an increase of 0.6 percentage points in the period.

Analysis of changes in cash flows as of December 31, 2018 compared with December 31, 2017

The Company's cash flow is primarily generated by operations, deriving from product sale revenue and finance activities, when the Company takes out financing.
The Company's cash flow is essentially used to make investments, consisting of the acquisition of other companies operating in the same sector, the expansion and modernization of production lines and financing activities, when repaying debt and compensating shareholders with dividends.

The table below shows net cash generated by the Company in FYs 2018 and 2017.

	Financial year ended December 31		
	2017	**2018**	**2018/2017 (%)**
	(In millions of reais, except percentages)		
Net cash provided by operations	870.8	753.9	(13.4)
Net cash used in investment activities	(341.6)	(1,524.2)	n/a
Net cash produced by (used in) financing activities	(463.4)	295.4	n/a
Increase (decrease) in cash and cash equivalents	**65.8**	**(474.9)**	**n/a**

Operating activities

The net cash generated by operations changed from R$ 870.8 million as of December 31, 2017 to R$ 753.9 million as of December 31, 2018, a decrease of 13.4%. The Company experienced a decrease in cash equivalents primarily due to the increase in trade accounts receivable, caused by the higher volume of credit sales, plus the higher volume of inventory.

10.1 - Financial and Equity Conditions in general

Investment activities

The net cash used in investment activities rose from R$ 341.6 million at December 31, 2017 to R$ 1,524.2 million at December 31, 2018, primarily due to the acquisition of Piraquê and investments in intangible assets by installing the software programs Automatic Data Processing (ADP) and Oracle Human Capital Management Cloud (HCM).

Financing activities

As of December 31, 2017 the net cash used in financing activities amounted to R$ 463.4 million. As of December 31, 2018 net cash was generated of R$ 295.4 million. This change was due to expanding financial leverage as a result of consumables financing, thus raising the Company's capitalization level.

10.2 - Operational and Finance Income

a. Results of issuer operations, particularly:

i. Description of any important components of revenue

The revenue derives from the manufacturing and sale of the following product lines: (i) cookies; (ii) pasta; (iii) flour and wheat bran; (iv) margarines and vegetable fats and (v) other product lines, with an extensive operation throughout Brazil and proximity to the consumer market.

	Financial year ended December 31		
Product Lines	**2017**	**2018**	**2019**
Cookies	2,870.1	3,327.7	3,287.0
Pasta	1,160.6	1,274.1	1,318.2
Flour and Bran	918.6	953.1	1,025.7
Margarine and Fats	326.7	318.9	334.5
Other product lines*	139.4	151.3	138.2
TOTAL	**5,415.4**	**6,025.1**	**6,103.6**

* Cakes, snacks, cake mix, refreshing drinks and packaged toast.

The main reasons for the variations in revenue in 2017, 2018 and 2019 are detailed in section 10.1 item h.

ii. Factors that materially affected operating income and expenses

The main factors that affected our results for 2017, 2018 and 2019 are detailed in section 10.1 item h.

b. Changes in revenues arising from changes in prices, foreign exchange rates, inflation, changes in volumes and introduction of new products and services

The variations in the Company's revenues that can be attributed to alterations in prices, exchange rates, inflation, changes in volumes and introducing new products are reported in item 10.1.h, above, and in item 10.8.c, for the years 2017, 2018 and 2019, for each product line sold by the Company.

c. Effects of inflation, changes in the prices of feedstocks and products, foreign exchange rates and interest rates on operating and financial income and expenses of the issuer

The Company is exposed to market risks, mainly as a result of variations in the prices of its main supplies, and variations in exchange and interest rates, as a result of its financing and loan obligations.

Prices of consumables

The cost of goods sold and gross profit are directly affected by the price of the Company's main supplies, which include: commodities, such as wheat, vegetable oil and sugar, which represented 40.7%, 8.9% and 3.5% of the total cost of goods sold in 2019, respectively. In 2018, the average cost of wheat increased by 30.3%, the average cost of vegetable oil increased by 3.7% and the average cost of sugar fell by 16.6% compared to 2017. In 2019, the average cost of wheat increased by 13.5%, the average cost of vegetable oil increased by 8.0% and the average cost of sugar increased by 7.6% compared to 2018.

10.2 - Operational and Finance Income

Exchange variance

The company's operational results and its financial situation have been and will continue to be affected by the depreciation or appreciation of the Brazilian Real against the US Dollar, given that a significant part of its costs, such as wheat grain, soy or palm vegetable oil and sugar, is tied, directly or indirectly to the dollar.

Furthermore, the Company can maintain liabilities indexed to foreign currencies, mainly the US dollar, arising mainly from the import of core raw materials, wheat grains and soy and palm oil. However, as a strategy to prevent and reduce the effects on results from variations in exchange rates, over the years, Management has sought to avoid or minimize mismatches between assets and liabilities indexed in foreign currencies, by means of assessing the contracting of hedge operations, normally swap operations, swapping the foreign exchange risk for CDI variance.

As of December 31, 2019 the Company therefore had 26 existing contracts for swap operations related to import financing (Finimp) and working capital loans to purchase wheat, with several maturities until May 07, 2020, for which the long position receives, on average, the dollar plus 2.83% and the short position pays, on average, 101.47% of the CDI rate. The notional amount was R$ 469.8 million and the fair gross value receivable for these derivative instruments at December 31, 2019 was R$ 8.2 million.

As of December 31, 2019 the Company did not have material mismatches in its asset and liability positions sensitive to exchange variance, as shown below:

Description	Parent company		Consolidated	
	2019	2018	2019	2018
Loans/financing in foreign currency (a)	**499.2**	568.5	**499.2**	568.5
Swap contracts (b)	**(499.2)**	**(568.5)**	**(499.2)**	**(568.5)**
Foreign-currency assets (b)	-	-	-	-
Surplus determined (a-b)	-	-	-	-

Interest rate

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

Description	Parent company		Consolidated	
	2019	2018	2019	2018
Financial assets				
Short-term investments indexed to CDI	**365.3**	357.6	**365.3**	457.4
Financial liabilities				
Foreign currency operations with derivatives indexed to CDI	**(499.2)**	(540.8)	**(499.2)**	(540.8)
Financing indexed to CDI and TJLP	**(267.8)**	(248.8)	**(267.8)**	(271.1)
Assets - Liabilities	**(401.7)**	(432.0)	**(401.7)**	(354.5)

10.2 - Operational and Finance Income

CDI variance sensitivity analysis

The table below denotes the projected loss that would be recognized in the next 12 months if the position of the assets indexed to CDI were maintained net of the liabilities indexed to CDI and TJLP of R$ 401.7 million.

Description	Position at risk	Risk	Probable scenario	Possible scenario	Remote scenario
Net liabilities	(401.7)	CDI increase	-	(4.4)	(8.8)

The probable scenario considered the CDI quotation on December 31, 2019 of 4.40% p.a. The other scenarios, possible and remote, considered an increase in price by 25% (5.50% p.a.) and 50% (6.60% p.a.), respectively.

Company management believes that there is a low risk of significant changes in the CDI rate in 2020, given the history and market forecasts.

Finance costs

The financial expenses changed from R$ 63.6 million in the financial year ended December 31, 2018 to R$ 105.1 million in the financial year ended December 31, 2019, an increase of 65.3%. The increase in these expenses was primarily due to additional monetary restatement of labor provisions by the IPCA-E price index, the increase in interest on financing, due to the portion withheld on the acquisition of Piraquê and the borrowing of funds in 2Q18, plus the recognition of lease interest in accordance with Technical Pronouncement CPC 06 (R2) - Leases.

The financial expenses changed from R$ 54.4 million in the financial year ended December 31, 2017 to R$ 63.6 million in the financial year ended December 31, 2018, an increase of 16.9%. The increase in these expenses was chiefly due to the higher interest on financing, mainly due to the borrowing of funds to acquire core consumables.

10. 3 - Existing and Expected Events with Material Effects on the Financial Statements

a. Introduction or sale of an operational product line

At the moment the Company does not intend to make any alterations (sale or inclusion) of significant operational product lines.

b. Creation, acquisition or sale of an equity interest

The “Purchase and Sale Agreement” as entered on January 29, 2018 between M. Dias Branco S.A. and the group of shareholders of Indústria de Produtos Alimentícios Piraquê S.A. for R$ 1.5 billion, which acquire the entire share control, becoming a wholly-owned subsidiary owner. On accepting certain suspended contractual conditions, it finally concluded the acquisition process on May 16, 2018. The acquired company operating under the “Piraquê” trade name dates back to 1950, with construction of the first cookie factory in Madureira in the city of Rio de Janeiro, and with the passing years developed its brand names that became references in its region and in the area of foodstuffs. This operation is an integral part of the Company’s strategy to actively pursue consolidation in the sector, building national market leadership in the pasta and biscuits segments by accelerating growth in the South and Southeast, including growth in value added-product portfolios.

In order to simplify the Company’s ownership structure and enhance operational cost reduction through synergies created by shared use of resources, especially administrative resources, maximizing asset-management, legal and financial benefits, on December 27, 2019 a resolution was passed to merge Piraquê into the Company. Given that it is a wholly owned subsidiary, the incorporation did not change the consolidated equity position, the results or the corporate structure of the Company.

c. Unusual events or operations

Not applicable.

10.4 - Significant Changes in Accounting Practices - Qualifications and Emphasis of Matter Paragraphs in the Auditor's Report

a. Significant changes in accounting practices

The Company's consolidated financial statements for the financial years ended 2017, 2018 and 2019 were prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the IASB, and also in accordance with accounting practices adopted in Brazil.

In FY 2019 substantial changes were made to the accounting practices adopted by the Company as a result of the enactment of Accounting Pronouncement CPC 06 (R2) - "Leases", a standard which determined the lessees recognize as from the transition date 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 standard also establishes recognition exemption for short-term leases, i.e. those that have a remaining term at the date of adoption equal to or shorter than twelve months and the contracts for which the underlying asset is of low value. A simplified retrospective transition approach was adopted upon initial recognition consisting of the following initial criteria for recognizing and measuring assets and liabilities: i) lease assets were measured at the present value of the remaining payments, discounted at the incremental rate on loans, grouped by general nature of asset and contractual term; and ii) right-of-use assets were measured at fair value at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

In FY 2018 substantial changes were made to the accounting practices adopted by the Company as a result of the enactment of Accounting Pronouncement CPC 47 - Revenue from Contracts with Customers, which began recognizing sales when the control over the product is transferred, in line with the recognition conditions in place the previous year, providing there is no unsatisfied obligation that could affect acceptance of the client's products. 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. As following the introduction of CPC 48 - Financial Instruments on January 01, 2018 the Company began adopting a new hybrid expected and incurred loss model, recording expected losses throughout the life-cycle of trade accounts receivable through a simplified approach. The model assesses sales made in a 12-month period and the amount considered uncollectible during this period, and ascertains the client's payment profile to determine default rates. The default rates by receivable range are applied to the receivables balance.

b. Significant effects of the changes in accounting practices

In the process of analyzing the changes introduced by Accounting Pronouncement CPC 06 (R2) - Leases, the Company recognized assets and liabilities from lease agreements for port areas where three manufacturing plants are located, rental agreements for properties, printers, and the rental of vehicles.

10.4 - Significant Changes in Accounting Practices - Qualifications and Emphasis of Matter Paragraphs in the Auditor's Report

The equity and income effects on lease recognition are as follows:

Description	Parent company		Consolidated	
	31 December	01 January	31 December	01 January
Right-of-use asset				
Properties	**72.7**	33.4	**72.7**	34.6
Vehicles	**26.5**	7.1	**26.5**	36.6
Computers and peripherals	**0.9**	2.0	**0.9**	2.8
Total	**100.1**	**42.5**	**100.1**	**74.0**
Lease liabilities				
Current	**15.1**	8.0	**15.1**	15.7
Noncurrent	**86.9**	31.8	**86.9**	55.6
Total	**102.0**	39.8	**102.0**	71.3

Details of changes in profit and loss	Parent company	Consolidated
Amortizations of right of use	**10.1**	**18.9**
Interest on lease liabilities	**5.6**	**8.3**
Variable payments not included in the measurement of the lease liability	**1.5**	**1.5**
Balances at December 31, 2019	**17.2**	**28.7**

Because of the changes to accounting practices, in FY 2018 the Company found that certain transactions with customers not included in the master product supply agreement, such as commercial initiatives at points of sale, opening of stores, amongst others, formerly recognized as commercial expenses as they do not meet the specific conditions established by the standard to be recognized as expenses, will now be charged to revenue. In the period ended December 31, 2018 the amount of R$ 43.5 million was accordingly recognized as expense revenue deductions formally considered commercial expenses, representing a decrease in net revenue of 0.8% and the commercial expense of 4.0% in relation to the financial year ended December 31, 2017.

As regards the effects of the change on the recognition of estimated losses for doubtful accounts, a reversal was made of R$ 1.5 million.

c. Qualifications and emphasis of matter paragraphs in the auditor's report

The financial statements for the 2017, 2018 and 2019 financial years were audited by PricewaterhouseCoopers Auditores Independentes.

The independent auditors' report for the financial years ended December 31, 2019, 2018 and 2017 did not contain an emphasis of matter paragraph or qualifications.

10.5 - Critical Accounting Policies

The preparation of consolidated financial statements in accordance with IFRS and the accounting practices adopted in Brazil requires Company Management to make judgments, estimates and assumptions that affect the application of accounting policies. Actual results may therefore differ from these estimates.

In the preparation of the consolidated financial statements, the Company has relied on estimated and assumptions derived from historical experience and various other factors that it deems reasonable and relevant. The "Critical Accounting Estimates and Policies" are those that are considered important for determining the Company's financial position and results of its operations, and are difficult, subjective and complex to calculate, and frequently require that we adopt estimates regarding future questions that are inherently uncertain. Application of "Critical Accounting Estimates and Policies" generally requires that management make judgments in relation to the value of certain asset and liability items and the results of its operations. Liquidation of the transactions involving these estimates could affect the Company's equity and financial position and the results of its operations, if the estimates are confirmed.

Estimates and judgments are revised on an ongoing basis and such revisions are recognized in the periods they are revised in and in any future periods affected.

Assets and liabilities subject to estimates and assumptions include: residual value of property, plant and equipment, accounts receivable impairment losses, definite-lived inventory and intangible assets, deferred income and social contribution taxes, provision for litigation and legal proceedings, fair value of assets and liabilities in a business combination and measurement of financial instruments.

Allocating fair value in business combinations

Business combinations are accounted at the acquisition date – i.e. when control is transferred to the Company. The assets acquired and liabilities undertaken in a business combination are recognized at their respective fair values at the acquisition date.

The Company measures goodwill at the acquisition date as:

1. the fair value of the consideration transferred including the contingent consideration of the price; plus
2. the amount recognized of any NCI interest acquired, plus
3. If the acquisition is conducted in stages, the fair value of any interest held in the acquired party to the acquisition; less
4. indemnification assets; less
5. the net amount (fair value) of identifiable assets acquired and liabilities undertaken.

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

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

The transaction costs, other than those associated with the issuance of securities or equity debt, which the Company incurs under business combinations, are expensed as when they are incurred.

10.5 - Critical Accounting Policies

Recoverable value of property, plant and equipment and intangible assets and useful life of assets

Depreciation expenses are recognized on property, plant and equipment and amortization of intangible assets with a defined useful life using the straight-line method at the rates stated which take into account the estimated useful lives of the assets, since this method best reflects the consumption pattern of the future economic benefits of an asset. The depreciation and amortization methods, useful lives and residual values are revised at the end of each financial year and any adjustments are recognized prospectively.

Due to the nature of the company's business, the determination of useful life of assets requires a considerable degree of judgment. If we are required to materially change the assumptions used, the depreciation and amortization expenses, impairment losses and carrying amount of property, plant and equipment and intangible assets could be materially different.

Management reviews the net carrying amount of assets annually in order to evaluate events or changes in economic, operating or technological circumstances that could indicate impairment or loss of their recoverable value. When such evidence is identified and the net carrying amount exceeds the recoverable value, a provision for impairment is made.

Intangible assets with a defined useful life are tested annually for impairment on December 31, either individually or at cash generating unit level, as the case may be , or when circumstances indicate impairment. Intangible assets with an indefinite, useful life are tested for impairment annually (on December 31) by cash generating unit, regardless of whether there is any evidence of impairment.

Deferred income and social contribution taxes

The deferred income tax and social contribution assets are registered to reflect the future tax effects attributable to temporary differences between the tax base for assets and liabilities and the respective carrying values.

Deferred taxes are recognized based on projections compiled by management, which rely on assumptions and judgments. If we are required to materially change the assumptions used, the carrying amount of deferred taxes could be materially different.

The carrying amount of deferred income and social contribution tax assets is reviewed at each reporting date and reduced up to the limit where it is no longer probable that the future taxable earnings will permit the use of the tax credit.

Measurement of financial instruments

Nonderivative financial assets and liabilities

On January 1, 2018 the Company changed the classification of its nonderivative financial assets in the following categories, depending on the purpose for which they were acquired or contracted: (i) measured at amortized cost and (ii) at fair value through profit or loss. The Company does not maintain financial instruments classified at fair value through other comprehensive income. Nonderivative financial liabilities are measured at amortized cost using the effective interest rate method, when applicable.

10.5 - Critical Accounting Policies

Derivative financial instruments

The Company and its subsidiaries have derivative financial instruments to hedge their exposure to foreign currency risk and interest rate variations from financing contracts for supplies (wheat and oil) and working capital. Derivative financial instruments are measured at fair value and are presented as financial assets when the instrument's fair value is positive and as liabilities when fair value is negative. Any gains or losses arising from changes in fair value of derivatives during the period are recorded directly in the income statement.

All financial instruments are recognized in the accounting records and restricted to cash and cash equivalents, short term investments, trade accounts receivable, other receivables, accounts payable and borrowings, financing and Swap Contracts.

10.6 - Material Items not Presented in the Financial Statements

a. Assets and liabilities directly held by the issuer that do not appear in its statement of financial position (off-balance sheet items):

The Company does not have assets and liabilities that are not reflected in its financial statements and notes thereto.

b. Other items not presented in the financial statements

Not applicable.

10.7 - Comments about Items not Presented in the Financial Statements

a. How these items change or could change the revenue, expenses, operating income, financial expenses or other items of the issuer's financial statements

As explained in item 10.6 there are no items not reported in the financial statements.

b. Nature and purpose of the operation

As explained in item 10.6 there are no items not reported in the financial statements.

c. Nature and amount of the obligations undertaken and rights generated in favor of the issuer as a result of the operation

As explained in item 10.6 there are no items not reported in the financial statements.

10.8 - Business Plan

a. Investments, including: (i) a quantitative and qualitative description of the investments in progress and forecast investments, (ii) sources of financing for the investments and (iii) material divestments in progress and forecast divestments

The Company maintained its budget for investment projects aimed at expansion, diversification and modernization of its production capacity and corresponding increase in efficiency. These investments are primarily made to complete the construction of the new milling plant in Rio Grande do Sul state, to enhance the efficiency and quality of mills, and invest in the modernization of industrial equipment, expand capacity, productivity and meet legal requirements in the cookies and pasta manufacturing facilities.

The Executive Board anticipates that investments in 2020 will amount to R$ 280.4 million. The estimated investments are subdivided between categories and include all of the expansion and modernization of the industrial plants:

	2020
	(In millions of reais)
Facilities	46.5
Machinery and equipment	146.3
Civil construction	72.9
Vehicles	0.4
Computers and peripherals	5.3
Furniture and fixtures	2.9
Software licenses	3.3
Other	2.8
Total	**280.4**

The investments listed above refer to the Company´s forecasts and are based on estimates. The Company is not required to invest the amounts stated above, and the amounts actually invested could be significantly different as a result of a variety of factors, such as the evolution of the market and inflation indexes, the issue of licenses, amongst others.
The Company will obtain the funds necessary to make the investments from its own cash resources and using credit to be obtained from development banks, particularly from the BNDES financing line (Finame). There is no significant on going divesting and no provision for such.
These investment projects do not include any amounts to be invested in the future acquisition of companies.

b. Providing it has already been reported, state the acquisition of plants, equipment, patents or other assets that could have a material effect on the issuer's production capacity

Not applicable, as the investments are mainly intended to secure productivity efficiency gains, maintain capacity and complete the construction of the mill in Rio Grande do Sul state, which came into operation in the second half of 2019, thus expanding milling capacity.

c. New products and services:

The ongoing research represents confidential information that is not published prior to launching the product.

In the period 2017 to 2019, the Company launched 178 new products on the market, with the following highlights for each period:

In 2017 the following were launched: (i) Isabela brand vanilla and chocolate cookies; (ii) Salsito brand corn snacks; (iii) Finna brand cake mix; (iv) coated wafer and triwafer Isabela cookies and Vitarella Treloso mega wafer; (v) Vitarella brand spaghetti, pen and fusilli pasta; and (vi) Adria Plus Life line with sweet and savory biscuits, cookies and cereal bits.

10.8 - Business Plan

In 2018 the following were launched: (i) Treloso Power vanilla-flavored sandwich cookies of the Vitarella brand; Estrela brand Antenados cookies; (iii) traditional, wholemeal and crystal Delicitá cookies of the Vitarella brand; (iv) Adorita Tropical, a vegetable cream for export only, which does not have to be stored in the fridge; (v) cookies, mini guava rolls and mini cornstarch rolls, and Piraquê packaged toast.

In 2019 the following were launched: (i) Finna-branded Type 1, pastel and pizza flour in 5 Kg packaging; (ii) Piraquê-branded Pirachoko chocolate-covered wafer cookies; (iii) Isabela-branded Toons cakes; (iv) Adria Grano Duro whole wheat pasta; (v) Adria Plus Life cocoa and vanilla-flavored, gluten-free biscuits and cakes; (vi) Vitarella-branded Maria and Maizena whole-wheat cookies; and (vii) Bel Campo-branded vegetable oil spread for export only.

For the financial year ending December 31, 2019, we invested R$ 11.6 million in product research and development (R$ 8.7 million invested in 2018 and R$ 8.6 million invested in 2017). These amounts represented 0.19%, 0.14% and 0.16% of our net revenue in 2019, 2018 and 2017, respectively.

In 2020 the Company will work also on a pipeline of 59 projects focusing on food aligned with the established innovation strategy.

10.9 - Other Factors with Material Influence

All the information deemed material and pertinent to this topic has been presented in the above items.

11.1 - Disclosed Projections and Assumptions

The Company's practice is to not publish operational or financial projections.

11.2 - Follow-up and Alteration of Disclosed Projections

Not applicable, since, as mentioned in item 11.1, the Company's practice is to not publish operational or financial projections.

12.1 - Description of Administrative Structure

In accordance with its Articles of Association, established under the regulations of the Corporations Law and in accordance with the requirements contained in the 'New Market Regulations' published by B3, the Company is administrated by a Board of Directors and by an Executive Board. In addition to the Board of Directors and the Executive Board, the Company has an Audit Committee to advise the Board of Directors, and an Executive Committee , Ethics Committee, Sustainability Committee and Occupational Health and Safety Committee to advise the Executive Board.

Company Management is structured so that the Board of Directors and the Executive Board act with a strong strategic and collegiate vision, being supported by non-statutory executive committees that are responsible for the administration of various different areas within the Company and for compliance with the directives defined by the Board of Directors and the Executive Board.

a. **Responsibilities of each board and committee**

Board of Directors

The Board of Directors is the collegiate decision-making organ, responsible for the general guidance of the Company's business, including its long-term strategy. It is also, amongst other duties, responsible for the election of its directors and supervision of the management itself. The decisions of the Board of Directors are taken by a vote in favor by a majority of its members who are present at the respective meetings, with the Chairman of the Board of Directors or his/her substitute having the casting vote.

In accordance with the Company's Articles of Association, as well as the duties established by law, the Board of Directors is responsible for:

- Establishing the general guidance of the Company's business;
- Supervising the administration of the Executive Board and examining, at any time, the Company's books and documents;
- Call general meetings
- Issue a preliminary statement on the Management Report, Executive Board accounts, financial statements for the year and the examine the monthly trial balances;
- Distributing the compensation established by the General Meeting amongst the Company's administrators;
- Electing and dismissing directors, as well as deciding upon their duties and compensations;
- Establishing the criteria by which the sale of assets may be performed following the prior approval of the Board of Directors itself or the Collegiate Board, as well as authorizing the provision of guarantees of any type concerning the responsibilities of third parties;
- Choosing and dismissing the Company's independent auditors;
- Authorizing the Company's acquisition of shares which the Company itself has issued, for the effect of cancellation or permanence in cash liquidity, and later sale of such.
- Express opinions about any public share acquisition offer involving the Company's shares by way of a preliminary grounded report, published within 15 (fifteen) days of the date the public share acquisition offer notice is published, which shall address at least the following matters (i) the convenience and opportunity of the public share acquisition offering in terms of shareholder interest and the liquidity of the securities they own;

12.1 - Description of Administrative Structure

(ii) the repercussions of the public share acquisition offering on the Company's interests; (iii) the strategic plans released by the offeror in relation to the Company; (iv) other points the Board of Directors considers relevant, and the information required by CVM rules;

- Define the list of three companies specializing in corporate appraisals to prepare the appraisal of the Company's shares, in the event of an OPA to delist the company or withdraw it from the New Market
- Approving the Company's strategic plan as well as the respective plan for its implementation;
- Approving the Company's annual and multiannual budgets;
- Approving programs or plans for the division of results amongst managers and employees;
- Establishing the value criteria, duration, extension of the effects, nature of the operation and others, by means of which certain acts, including the acquisition of assets and rights, and the contracting of loans or financing of assets or liabilities, may only be practiced following the prior approval of the Board of Directors or the Collegiate Board, as established by the Board of Directors itself;
- Establishing the value criteria, duration, extension of the effects, nature of the operation and others, by means of which certain acts that imply the sale, even in fiduciary form, or encumbrance of the Company's permanent assets, including mortgage, pledging, endorsement, antichresis, provision of surety or guarantee, confession, waiver of rights, settlement or agreement, may only be practiced following prior approval by the Board of Directors itself or the Collegiate Board, as established by the Board of Directors itself;
- Establishing the maximum limits for donations or the practice of any gracious act, including those relating to tax benefits or reductions, as well as approving the performance of these acts when they surpass the established limits;
- Authorizing the acquisition of companies, participation in other companies, as well as the formation of consortiums, joint ventures and/or strategic partnerships, whilst respecting the powers of the General Meeting;
- Establishing directives, positions and opinions to be observed and exercised by the Company's representatives in meetings held by any controlling and/or shareholder/quotaholder group or General Meetings of any affiliate or subsidiaries, or others that involve consortiums, joint ventures or strategic partnerships in which the Company may be participating; and
- Deciding upon the creation of specific committees that may be connected to it, with or without the participation of Board Members, Directors, Company employees, or contracted third parties, with the purpose of monitoring or guiding certain processes or social activities.

For further information on the Company's Board of Directors, see item 12.3 – Description of rules, policies and practices of the issuer in relation to the Board of Directors, such which forms a part of this Reference Form.

Statutory Executive Board

The Company's directors are its legal representatives, being mainly responsible for the day-to-day administration and the implementation of the general policies and directives established by the General Meeting of its shareholders and by the Board of Directors.

12.1 - Description of Administrative Structure

In accordance with the Corporations Law, each member of the Executive Board should be resident and domiciled in Brazil, be they a shareholder or not. In addition, no more than one third of the members of the Board of Directors may be elected to the Company's Executive Board.

The directors are elected by the Company's Board of Directors for a mandate of three years, whilst their reelection is permitted and they may be dismissed at any time by the Board of Directors. In accordance with the Articles of Association, the Executive Board is composed of six serving members, such being a CEO and a Manufacturing Vice-President (cookies, doughs and margarines), a Manufacturing Vice-President (mills), a Commercial Vice-President, a Vice-President of Administration and Development, a Financial Vice-President and a Vice-President of Investments and Control, whilst an accumulation of duties is permitted. Since May 9, 2014, the Executive Board has been made up of six members, when Mr. Francisco Ivens de Sá Branco Júnior assumed the position of CEO and Francisco Ivens de Sá Branco Júnior became Manufacturing Vice-President (biscuits, doughs and margarines). The Executive Board was reelected at a meeting of the Board of Directors' meeting held on May 07, 2018.

Regulation of the New Market also establishes that all the directors should underwrite a term of agreement from the administrators, making the assumption of the respective positions conditional upon the signing of the document. By means of the signing of these terms, the Company's directors expressly assume personal responsibility for compliance with the rules contained in the Agreement for Participation of the New Market, the Regulation of the New Market and the Regulation of the Market's Arbitration Chamber.

In accordance with the Articles of Association, the Executive Board is responsible for exercising the duties that the law, the General Assembly, the Administrative Council and these Articles of Association confer upon it for the practice of the acts necessary for the regular operation of the Company, whilst it shall be responsible for administration of the Company and the practice of any and all acts that are not the exclusive responsibility of the General Assembly, as established by article 122 of the Corporations Law. Article 17 of the Bylaws state that the Company's Executive Board shall also:

- Ensure compliance with the law and these Articles of Incorporation
- Administrate, manage and oversee company business
- Prepare the report and financial statements for each financial year, and
- Carry out its duties as established in these bylaw and Internal Regulations of the Executive Board.

Audit Committee

The Company's Bylaws state that the Shareholders' Meeting may install a non-permanent Audit Committee whose members are elected by the General Assembly at any time, as long as such installation is required in the form of applicable legislation. The Audit Committee, once created, shall be composed of between three and five members with the same number of substitutes, be they shareholders or not. Only eligible for election to the Audit Committee are persons resident in Brazil who have graduated from university or who have performed the role of a company administrator or have been a member of an audit committee for a minimum period of three years. In accordance with the rules of the New Market, the members of the Audit Committee should, prior to their investiture in the position, sign the terms of agreement for the members of the Audit Committee established in the New Market Regulations.

Not eligible for election to the Audit Committee are persons not eligible for the position of administrator, or those who form part of the Board of Directors, the Executive Board or the workforce of the Company, or any subsidiary or company that is a member of the same group, or any spouse or relation, to third degree, of an administrator of the Company.

12.1 - Description of Administrative Structure

Committees

In the area of initiatives designed to improve the standard of governance within the Company, seven non-statutory committees have been created:

The Audit, Executive, Ethics, Occupational Health & Safety, Sustainability, Reputation and Corporate Governance, Compensation and Appointments Committees participate in the decision making processes of the administrative boards as consultant bodies.

Audit Committee

The Audit Committee was created on March 16, 2007, and acts as an advisory body to the Company's Administrative Council. As such the Committee should continually evaluate the internal and external audit work, risk identification systems and the internal controls in place for the Company and its subsidiaries, as well as ensure the conditions for control of the management of the risks to which the Company and its subsidiaries are subject, whilst it should also evaluate the quality and effectiveness of the decisions taken to mitigate these risks.

At a meeting held on May 10, 2019, four serving members and independent members were elected to form the Audit Committee - with a mandate of one year that would end on the date of the meeting of the Administrative Council and that would decide upon the financial statements for the first quarter of 2020.

Executive Committee

The Executive Committee, created on April 12, 2010, is an advisory body for the Statutory Directors, a permanent body, and is responsible for analyzing scenarios and growth opportunities, proposing the strategic direction, coordinating the deployment of the corporate goals in sector goals and facilitating the process for monitoring the results. It is composed of members of the Non-Statutory Committee.

Ethics Committee

In 2013, the Ethics Committee was created, the purpose of which is to advise the Audit Committee in supervising the communications received through the Ethics Channel. The committee is permanent, and has ordinary monthly meetings and extraordinary meetings whenever necessary, and is responsible for the following:

- consider and issue reports on communications received through the Ethics Channel;
- monitor compliance with the corrective actions proposed by the areas;
- promote the disclosure and application of the Ethics Code throughout the Company;
- report to the hierarchical levels all of the cases that it considers relevant for the continuity of the business.

12.1 - Description of Administrative Structure

Occupational Health and Safety Committee

The Occupational Health and Safety Committee was created in 2014. The committee is permanent, and has ordinary monthly meetings and extraordinary meetings whenever necessary, and is responsible for the following:

- It leads the SSO management excellence program;
- Defines and manages objectives and targets of the program and plants;
- Assures performance of strategic SSO programs.

Sustainability Committee

In 2015 a Sustainability Committee was created to advise the Executive Board on implementing the Company's sustainability practices. The Sustainability Committee is a standing committee that meets every six months and has the following responsibilities:

- Establish a sustainability policy for the Company.
- Manage the outcomes of working groups established for sustainability initiatives.
- Monitor the preparation of the Company's Annual Report.
- Submit sustainability program proposals to the Executive Committee for consideration.

Reputation Management Committee

The Reputation Management Committee was created in 2017 to build constructive stakeholder relations through targeted media communications, and to minimize negative impacts on the Company's reputation as a result of crises.

The Reputation Management Committee shall:

- Monitoring coverage of M. Dias Branco brands, especially its institutional brand, in the media
- Establishing the Company's positioning to the media
- Updating information about the Company on communications channels accessible to stakeholders (website, social media, etc.)
- Interacting with the media, responding to requests for information and providing media content about the Company's activities.

Corporate Governance Committee

The Governance Management Committee was established in 2019 as a permanent advisory body to the Board of Directors, responsible for improving the Company's internal controls and corporate governance mechanisms, and ensuring they are aligned with applicable laws and regulations and best industry practice. The Committee answers directly to the Company's Board of Directors and is independent from the Company's Executive Board. The Committee is composed of 3 (three) members appointed by the Board of Directors on May 10, 2019, serving a term of 01 (one) year, one of whom was appointed from among the Board's independent members.

For further information about committee members, see section 12.7/8 – Committee Composition of this Form.

12.1 - Description of Administrative Structure

Appointments and Compensation Committee

The Remuneration and Nomination Committee was created in 2019 to advise the Board of Directors on the appointment of members to the Board of Directors, its committees and the Statutory Board, and on the remuneration of members of the Board of Directors and Statutory Board. The main activities are:

• Evaluate candidates to elective positions.
• Provide recommendations on director remuneration.

b. Date for convening the audit committee, if it is not permanent, and the creation of committees

The establishment of a Fiscal Council was requested and approved at an Ordinary and Extraordinary General Meeting on April 29, 2008. However, its continuity was not requested at the Ordinary and Extraordinary General Meeting on April 24, 2009. Therefore, we do not currently have a Fiscal Council established. The Audit Committee was created on March 16, 2007, the Executive Committee on April 12, 2010, the Ethics Committee in 2013, the Occupational Health and Safety Committee in 2014, the Sustainability Committee in 2015, the Reputation Management Committee in 2017 and the Corporate Governance Committee in 2019.

c. Mechanisms for evaluating the performance of each board or committee

The members of the company's Statutory and Non-Statutory Board are evaluated using sectorial performance indicators, linked to corporate targets and defined annually during the company's strategic planning, which are used to pay for the profit-sharing plan.

The Annual and Extraordinary General Meeting held April 13, 2017 approved the awarding of the long-term incentive - awarding of shares restricted to the Company's nonstatutory executive board and on December 27, 2019 the registered employees appointed as statutory officers in 2019 were also included as beneficiaries. The incentives will be awarded annually for a period of 4 (four) years of the plan and will depend on the Company's ROIC performance (return on invested capital).

d. In relation to the executive board members, their responsibilities and individual powers

According to the company's Statute, its Board members have the following individual tasks:

The President: (a) define, introduce and coordinate actions which have the aim of preserving the company's vision, mission and values; (b) oversee and promote coordinated and integrated actions for the productive process and develop the company's activities; (c) oversee and control production levels and profitability for each Division; (d) actively and passively represent the company in or out of court; (e) sign agreements, take out loans and financing, dispose of, acquire, mortgage or in any event, encumber the company's assets and property and other rights; (f) accept, withdraw, endorse and approve exchange documents, trade bills, checks, promissory notes and any other debt securities which entail responsibility for the company; (g) open, perform operations and close bank accounts; See internal audit activities.

Industrial Vice-President - Biscuits, Pasta and Margarine: (a) Define policies and promote the corporate management of the productive processes for biscuits, pasta and margarine, striving for continual improvement, according to the strategic guidelines established by the President;

12.1 - Description of Administrative Structure

(b) Manage production activities, packaging and storing finished products and develop production engineering projects in the biscuit, pasta and margarine segments; (c) Ensure excellence in the maintenance process for the biscuit, pasta and margarine industrial parks by adopting preventive and corrective procedures; (d) Put forward and coordinate the execution of technological update, renewal and expansion projects for the biscuit, pasta and margarine manufacturing parks; (e) Establish policies and manage the corporate purchasing process of production supplies in the biscuit, pasta, margarine, toast, cakes and snacks segments, guaranteeing the quality of products acquired and competitive conditions negotiated with suppliers; (f) Lead the management of quality systems, food safety and environmental activities in the biscuit, pasta and margarine segments, so as to ensure compliance with current legislation and intensify certifications by specialist institutions; (g) Boost the production and profitability levels for the biscuit, pasta, margarine, toast, cakes and snacks manufacturing units, in line with corporate strategies; (h) Provide systematized information of the activities developed and results produced in the biscuit, pasta and margarine manufacturing units to the President through management reports and (i) Cooperate with the President to formulate strategies to develop and monitor the company's results, contributing to the continuous improvement of business performance, integrated with the other Vice-Presidents.

Industrial Vice-President - Milling: (a) Define policies and promote the corporate management of the productive processes for wheat, corn and other cereals at the Company's mills, striving for continual improvement, according to the strategic guidelines established by the President; (b) Manage production activities, packaging and storing finished products and develop production engineering projects in the milling segments; (c) Ensure excellence in the maintenance process for the milling plant industrial parks by adopting preventive and corrective procedures; (d) Put forward and coordinate the execution of technological update, renewal and expansion projects for the milling plant manufacturing parks; (e) Establish policies and manage the corporate purchasing process of production supplies in the milling plants, guaranteeing the quality of products acquired and competitive conditions negotiated with suppliers; (f) Lead the management of quality systems, food safety and environmental activities in the milling plants, so as to ensure compliance with current legislation and intensify certifications by specialist institutions; (g) Boost the production and profitability levels for the milling plants, in line with corporate strategies; (h) Provide systematized information of the activities developed and results produced in the milling plants to the President through management reports and (i) Cooperate with the President to formulate strategies to develop and monitor the company's results, contributing to the continuous improvement of business performance, integrated with the other Vice-Presidents.

Commercial Vice-President: (a) Manage the corporate process for selling the products manufactured by the Company, implementing actions aimed at market growth, according to the strategic guidelines established by the Chairman; (b) Plan the sales of products, establishing strategies, objectives and goals, and monitor the implementation of the Sales Plan; (c) Ensure excellence in the sales process for the Company's products, through management of its own teams, and those of its operators and distributors; (d) Coordinate the activities related to market studies and competition, in order to support the corporate market strategies proposed; (e) Manage corporate marketing activities, establishing Market Plans and monitoring their implementation, in order to increase the Company's business; (f) Provide the CEO systematized information of the activities developed and results produced in the through management reports and (g) Cooperate with the President to formulate strategies to develop and monitor the company's results, contributing to the continuous improvement of business performance, integrated with the other Vice-Presidents.

12.1 - Description of Administrative Structure

Vice-President of Management and Development: (a) Direct the coordination of administrative and development activities, at corporate level, in accordance with strategic guidelines established by the Chairman; (b) Encourage the development of information technology, at corporate level, aimed at finding solutions that are compatible with the Company's strategic objectives; (c) Ensure adequate computer infra-structure, and adopt an information security policy and provide hardware and software support; (d) Define corporate policies and implement personnel development actions, including recruitment and selection, training, performance management, positions and salaries, benefits, organizational culture and climate, aimed to achieve the business results established; (e) Implement corporate policies and actions to develop processes, applying rationalization norms and procedures, and continual improvements to work flows, aimed at encouraging business performance; (f) Coordinate the corporate activities related managing personal, including payroll management, labor charges, granting benefits and workplace medical and safety services, consistent with legislation and personnel development policies in force; (g) Provide administrative support to the Company's various units, involving corporate services related to gate entrance, reception, building maintenance, property security, control over assets, file management and administrative purchases; (h) Encourage productivity levels and efficiency of administrative and development activities, consistent with corporate strategies; (i) Provide the CEO systematized information of the activities developed and results produced in the through management reports, (j) Cooperate with the President to formulate strategies to develop and monitor the company's results, contributing to the continuous improvement of business performance, integrated with the other Vice-Presidents (l) Control the corporate product distribution and logistics process, involving the management from the distribution centers, inventory, logistics operators and transport structure, aimed at achieving maximum efficiency, lower costs and quality in the distribution; (m) Encourage periodic studies of the capacity and location of the distribution logistics network, suggesting improvements and monitoring implementation of such; and (n) Motivate productivity and profitability levels at the sales units, consistent with corporate strategies.

Financial Vice-President: (a) Direct and exercise the coordination of financial activities, at corporate level, in accordance with strategic guidelines established by the Chairman; (b) Define and implement the corporate policy for granting credit, including assessing credit and the guarantees offered, in order to minimize financial risks for the Company; (c) Establish criteria and manage the corporate process for accounts receivable, adopting actions that ensure efficiency in billing activities, control over recoveries and collections; (d) Coordinate corporate activities for accounts payable, controlling maturity dates of liabilities, preparing payments, controlling contracts and managing the financial position (e) Develop corporate treasury activities, through cash flow administration, banking transactions and control of check numbers; (f) Drive productivity levels and efficiency of financial activities, consistent with the Group's corporate strategies; (g) Provide the CEO managerial reports and systematized information on financial activities and (h) Cooperate with the CEO to formulate strategies to develop and monitor the company's results, contributing to the continuous improvement of business performance, integrated with the other Vice-Presidents.

Vice-President for Investments and Controllership: (a) Direct and exercise the coordination of investment and controller's department activities, at corporate level, in accordance with strategic guidelines established by the Chairman; (b) Define and implement the corporate policy for investment, securing alternative funding sources and the development of technical and economic feasibility studies related to the Company's ventures (c) Carry out investor relations activities on a corporate level, including the preparation of institutional documents, giving of presentations and forwarding of business, in accordance with the Company's strategies and legal provisions;

12.1 - Description of Administrative Structure

(d) Coordinate corporate and managerial controller's department activities, including the preparation of managerial statements, financial statements, assisting independent audits, managing corporate documents, controlling costs and budgetary management (e) Manage fiscal controller's department activities via tax planning, tax advisory services, management of tax obligations and litigation, in addition to assisting tax audits (f) Coordinate legal advisory and litigation activities; (g) Encourage productivity levels and efficiency of investment and controller's department activities, consistent with the Group's corporate strategies; (h) Provide the CEO systematized information of the investment and controller's department activities developed and results produced in the through management reports and (i) Cooperate with the CEO to formulate strategies to develop and monitor the company's results, contributing to the continuous improvement of business performance, integrated with the other Vice-Presidents.

e. Mechanisms for evaluating the performance of the Board of Directors, committees and executive board

As already mentioned in Item c on this topic, the company does not have any specific performance evaluation mechanism for members of the Board and committees.

The members of the company's Statutory and Non-Statutory Board are evaluated through strategic performance indicators, linked to corporate targets, defined annually during the company's strategic planning which are used to pay for the profit-sharing plan. The Annual and Extraordinary General Meeting held April 13, 2017 approved the awarding of the long-term incentive - awarding of shares restricted to the Company's nonstatutory executive board and on December 27, 2019 extended the benefit to registered employees hired as statutory directors in 2019. The incentives will be awarded annually for a period of 4 (four) years of the plan and will depend on the Company's ROIC performance (return on invested capital).

12.2 - General Meeting Rules, Policies and Practices

a. Call notice periods

The Company's Ordinary General Meeting is held within 4 (four) months subsequent to the financial year end for the purposes provided in legislation, and extra-ordinary meetings are held whenever corporate questions require meetings to be held.

The Corporations Act requires that notices of General Meetings be published in three editions of the official journal of the Federal Government or of the state in which the company's headquarters are located, as well as in a large-circulation, mainstream newspaper. The Company currently publishes notices in the Official Journal of the State of Ceará and in "*O Povo*", a newspaper circulating in the state of Ceará; the first notice is published at least 15 days prior and the second notice eight days prior to the General Meeting, as required by the Corporations Act. CVM may in certain circumstances, however, require the first notice of a general meeting be issued up to 30 days in advance of the date on which documentation describing the matters to be addressed is to be made available to shareholders. The Securities Commission can also, at the request of any shareholder, interrupt for up to 15 days, the course of the prior periods for summoning general meetings, in order to consider and analyze the proposals to be submitted in general meeting. Where possible, the Company provides earlier notice of general meetings than required by law, so that shareholders have access to information about the meeting as early as possible.

The General Meeting that is held to consider the cancellation of the company's register as a public stock corporation or to leave the New Market, has to be summoned giving a minimum of 30 days prior notice.

The notification calling for the general meeting should state the place, date, time and agenda for the general meeting, and in the case of alterations to its Bylaws, it should state the subject to be considered.

b. Skills

According to Corporate Legislation and applicable regulations, the following issues can only be discussed in the general meetings, and do not affect other issues that are the responsibility of the general meeting:

- Alterations to its Bylaws;
- Election and removal of members of the Management Board, and its Audit Committee, if applicable;
- determining the overall compensation of the members of the Management Board and Directors, and also the compensation of the Audit Committee, if applicable;
- allocation of bonus shares;
- approval of grouping and splitting of the shares it has issued;
- approval of option plans to subscribe or purchase shares for its managers and employees, as well as managers and employees of other companies that are directly or indirectly controlled by the Company;
- presentation of the statements by management and consideration of the financial statements they present;
- allocation of the net profit for the year and payment of dividends, in accordance with the proposal presented by management;

12.2 - General Meeting Rules, Policies and Practices

- leaving the New Market, except in the event this occurs as a result of breach of the New Market Regulations;
- cancellation of the company's register as a public stock corporation with the CVM, except in the event this occurs as a result of breach of Regulations applicable;
- select a specialized company responsible for determining its economic value for purposes of public offers provided in its Bylaws and the New Market Regulations, from the companies stated in a triple list, by its Management Board;
- authorize the issuance of founder shares.
- issue convertible debentures and/or debentures with a real guarantee for the issue;
- Suspension of rights of shareholders to exercise their rights if they have failed to comply with the obligations provided in legislation or in its Bylaws;
- appointment of experts or a specialized company to assess the assets that a shareholder intends to use to subscribe to the company's shares;
- transformation of the Company into a limited company or any other form authorized in corporate law;
- merger, incorporation into another company or any of the Company's companies or spin off;
- its dissolution and liquidation, and the election and dismissal of the liquidator and approve the accounts presented by the latter;
- authorization for its directors to declare bankruptcy or request judicial or extrajudicial recovery; and
- other matters submitted to it by the Board of Directors.

c. Virtual and physical addresses where the general meeting documents will be available for analysis by shareholders

The documents for the Company's general meetings shall be available at its registered office, at Rodovia BR 116 - Km 18, CEP 61760-000, Municipal of Eusébio, State of Ceará. The Company makes these documents available electronically on the worldwide computer network, at its site (www.mdiasbranco.com.br/ri), the CVM site (www.cvm.gov.br) and the B3 site (http://www.b3.com.br).

d. Identification and management of conflicts of Interest

Pursuant to article 32 of the articles of incorporation, the Company, its shareholders, managers, serving and alternate members of the audit committee, when convened, undertake to settle through arbitration at the Market Arbitration Chamber any between them arising from, or in connection with, their status as issuers, shareholders, executives and members of the audit committee and, in particular, those deriving from the provisions set out in Law 6385/76, Law 6404/76, the Company's By-Laws, standards issued by the Brazilian Monetary Council - CMN, the Brazilian Central Bank - BCB and the Brazilian Securities Commission -CVM, and any other regulations applicable to the securities market in general, as well as those contained in the Novo Mercado Regulations, the other regulations of B3 and the Novo Mercado participation agreement.

12.2 - General Meeting Rules, Policies and Practices

e. Requesting of proxies by management to exercise voting rights

A shareholder unable to attend a general meeting may be represented by a proxy holder appointed no more than 1 (one) year prior in accordance with article 126(1) of Act 6404/1976 (the "Corporations Act").

Under article 126(1) of the Corporations Act, a proxy holder must be either: (i) a shareholder or director of the Company, (ii) a lawyer, or (iii) a financial institution. For individual shareholders, a CVM resolution passed on November 4, 2014 (CVM no. RJ2014/3578) resolved that proxy holders are not required to be (i) a shareholder or director of the company, (ii) a lawyer, or a financial institution, and such shareholders may be represented as established in the Company's corporate documentation.

f. Formalities required to accept proxies awarded by shareholders, stating whether the issuer accepts proxies submitted online by shareholders

Where proxy holders are appointed in Brazil, the signature of the person granting proxy or their representative must be recognized at a notary office. Those awarded abroad shall be notarized by a duly qualified notary office, consularized at the Brazilian consulate and translated into Portuguese by a sworn translator.

The Company does not accept proxies that have been granted by shareholders electronically.

g. Maintenance of forums and websites to receive and share comments from shareholders about meeting agendas

The Company does not maintain forums and websites to receive and share comments from shareholders about meeting agendas.

h. Live streaming of video and/or audio feeds of the meetings

The Company does not Live stream video and/or audio feeds of the meetings.

i. The mechanisms used to include proposals submitted by shareholders in the agenda

To date, there have no inclusions, since no request for such has been made to the Company. The Company may accept such requests, if the legal rulings and regulations are presented and observed for each specific case.

12.3 - Board of Directors Rules, Policy and Practices

a. Number of meetings held in the last year, breaking down into annual and extraordinary meetings

The management board meets, normally, each semester, as scheduled in the Company´s Calendar of Corporate Events, and extraordinary, when summoned by the Chairman or two of its members, and for the meeting to take place, at a minimum, the majority of its members have to be present. There were four annual meetings and four extraordinary meetings of the Board of Directors in FY 2019.

b. If applicable, provisions of the shareholders' agreement establishing restrictions or conditions on the exercising of voting rights by board members

To date, there has been no shareholder agreement filed at the Company´s head office.

c. Rules for identifying and managing conflicts of Interest

In compliance with the Corporations Law, all members of the Company´s Board of Directors da Company are prohibited from voting in any Meeting or meeting of the Board, or from acting in any operation or business transaction in which there are interests in conflict with those of the Company.

The Company has a Policy for Related-Party Transactions and other situations involving conflicts of interest, available at the site:

https://ri.mdiasbranco.com.br/governanca-corporativa/politica-de-contratacao-de-partes-relacionadas/

12.4 - Description of Arbitration Clause for Resolving Conflicts through Arbitration

Pursuant to article 32 of the articles of incorporation, the Company, its shareholders, managers, serving and alternate members of the audit committee, when convened, undertake to settle through arbitration at the Market Arbitration Chamber any between them arising from, or in connection with, their status as issuers, shareholders, executives and members of the audit committee and, in particular, those deriving from the provisions set out in Law 6385/76, Law 6404/76, the Company's By-Laws, standards issued by the Brazilian Monetary Council - CMN, the Brazilian Central Bank - BCB and the Brazilian Securities Commission -CVM, and any other regulations applicable to the securities market in general, as well as those contained in the Novo Mercado Regulations, the other regulations of B3 and the Novo Mercado participation agreement.

12.5/6 - Composition and Professional Experience of Management and the Audit Committee

Name	Date of birth	Management board	Election date	Term	Number of Consecutive Terms
CPF	Profession	Elective position held	Date office taken	Appointed by controlling shareholder	Percentage attendance of meetings
Other positions or duties at the issuer		Description of other positions /duties held			
Rômulo Ruberti Calmon Dantas	7/21/1963	Belongs to Executive Board only	5/10/2019	2 years	0
742.287.497-04	Director	11 - Vice President / Managing Director	5/20/2019	No	0.00%
Gustavo Lopes Theodozio	7/4/1975	Belongs to Executive Board only	11/29/2019	2 years	0
620.569.564-20	Business administrator	11 - Vice President / Managing Director	12/2/2019	No	0.00%
Investor Relations Officer and Vice-President for Investments and Controllership, Date elected: 11/29/2019, Date Instated: 12/2/2019, Term: 2 year, appointed by controlling shareholder: No					
Daniel Mota Gutierrez	4/7/1973	Belongs only to Board of Directors	4/18/2019	1 year	7
468.231.903-53	Legal advisor	23 - Board of Directors (alternate)	5/10/2019	Yes	33.30%
Executive legal officer, serving member of the following committees: Ethics Committee; Occupational Health and Safety Committee; Reputation Management Committee and Corporate Governance Committee.					
Fernando Fontes Iunes	9/22/1962	Belongs only to Board of Directors	4/9/2020	1 year	3
077.518.888-30	Engineer	27 - Board of Directors Independent (Serving)	5/8/2020	No	62.50%
Independent member of the Corporate Governance Committee					
Luiza Andréa Farias Nogueira Ribeiro	11/30/1964	Belongs only to Board of Directors	4/18/2019	1 year	2

12.5/6 - Composition and Professional Experience of Management and the Audit Committee

Name	Date of birth	Management board	Election date	Term	Number of Consecutive Terms
CPF	Profession	Elective position held	Date office taken	Appointed by controlling shareholder	Percentage attendance of meetings
Other positions or duties at the issuer		Description of other positions /duties held			
231.470.753-20	Business Administrator	23 - Board of Directors (alternate)	5/10/2019	Yes	33.30%
Organizational Development Officer and Serving member of committees: Ethics; Occupational Health and Safety Committee Reputation Management Committee and Corporate Governance Committee.					
MARIA CONSUELO SARAIVA LEAO DIAS BRANCO	10/23/1934	Belongs only to Board of Directors	4/9/2020	1 year	4
272.898.853-68	Entrepreneur	20 - Chairman of the Board of Directors	5/8/2020	Yes	62.50%
Deputy Chairman of the Board of Directors from 2006 to 2016.					
Daniel Perecim Funis	3/26/1976	Belongs only to Board of Directors	4/18/2019	1 year	0
252.096.468-58	Engineer	27 - Board of Directors Independent (Serving)	5/10/2019	No	0.00%
No other position at the Company					
Guilherme Affonso Ferreira	5/9/1951	Belongs only to Board of Directors	4/9/2020	1 year	1
762.604.298-00	Entrepreneur	27 - Board of Directors Independent (Serving)	5/8/2020	No	50.00%
No other position at the Company.					
FRANCISCO MARCOS SARAIVA LEAO DIAS BRANCO	6/23/1964	Belongs only to Board of Directors	4/9/2020	1 year	1
220.794.163-91	Entrepreneur	22 – Board of Directors (Serving)	5/8/2020	No	12.50%
Commercial Vice President from 2006 to 2019.					
FRANCISCO CLAUDIO SARAIVA LEAO	1/14/1967	Belongs only to Board of Directors	4/9/2020	1 year	8

12.5/6 - Composition and Professional Experience of Management and the Audit Committee

Name	Date of birth	Management board	Election date	Term	Number of Consecutive Terms
CPF	**Profession**	**Elective position held**	**Date office taken**	**Appointed by controlling shareholder**	**Percentage attendance of meetings**
Other positions or duties at the issuer		**Description of other positions /duties held**			
262.329.013-04	Entrepreneur	21 - Deputy Chairperson of the Board of Directors	5/8/2020	Yes	100.00%
Industrial Vice-President - Milling, Date of election: 5/7/2018, Date Instated: 5/7/2018, Term in office: 3 years, Elected by controlling shareholder: No.					
Francisco Ivens de Sá Dias Branco Júnior	9/8/1960	Serves on Executive Board and Board of Directors	5/7/2018	3 years	3
155.400.143-91	Entrepreneur	36 - Director (Alternate) and Chairman	5/7/2018	No	0.00%
CEO and Industrial Vice-President – Cookies, Pasta and Margarine, Cakes and Snacks. Election date: 5/7/2018, Date Instated: 5/7/2018, Term: 3 year, appointed by controlling shareholder: No					
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA	7/17/1959	Serves on Executive Board and Board of Directors	4/9/2020	1 year	13
273.184.433-72	Lawyer	37 - Director (Alternate) and Vice Pres.	5/8/2020	Yes	37.50%
Financial Vice-President, Date elected: 5/7/2018, Date instated: 5/7/2018, Term: 3 year, appointed by controlling shareholder: No					
Maria Regina Saraiva Leão Dias Branco	12/15/1961	Serves on Executive Board and Board of Directors	4/9/2020	1 year	4
235.899.653-04	Entrepreneur	37 - Director (Alternate) and Vice Pres.	5/8/2020	Yes	75.00%
Vice-President for Management Development, Date elected: 5/7/2018, Date Instated: 5/7/2018, Term: 3 year, appointed by controlling shareholder: No. Chairman of the Corporate Governance Committee, Date elected: 11/29/2019, Date Instated: 12/2/2019, Term: 1 year, appointed by controlling shareholder: No.					

Professional experience / Independence Criteria

Rômulo Ruberti Calmon Dantas - 742.287.497-04

Mr. Rômulo Dantas, 57, holds a bachelor's degree in Business Administration and a graduate degree in Marketing from Escola Superior de Propaganda e Marketing (ESPM), an MBA in Business Administration from FGV, Business Executive Management Program certification from Insead (France), and certification as a board of directors member from the Institute for Social Security Professional Certification and the Brazilian Institute for Corporate Governance. Mr. Rômulo has extensive experience in executive positions at large corporations such as Kibon, Souza Cruz, PepsiCo Alimentos, Hypermarcas and Ontex Brasil. He has previously served as Vice President, Commercial at Pepsico Alimentos and Vice President, Commercial and Logistics at Ontex Brasil. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Gustavo Lopes Theodozio - 620.569.564-20

Mr. Gustavo Theodozio, 45, has a degree in Business Administration, an MBA in Business Management and a graduate degree in Accounting Science and Controllership. In more than 25 years of career experience, he has held leadership positions in Finances and Investor Relations at companies such as Biosev (Louis Dreyfus Company), Unipar Carbocloro (Solvay Indupa), JBS (JBS Couros, Vigor and Itambé) and Grupo JCPM (Bompreço Supermercados do NE and Sistema Jornal do Commercio de Comunicação). He has also served as a board member at Solvay Indupa, Solalban Energy and Tecsis. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Daniel Mota Gutierrez - 468.231.903-53

Daniel, 47 years, is the Legal Officer of the company M. Dias Branco. He started working as Corporate Legal Adviser at the company in July 2006. He is a lawyer and has been registered at the Order of Lawyers of Brazil, Ceará-OAB/CE Section since 1995 and the São Paulo OAB/SP Section since 2004. He is a specialist in Civil Procedural Law from the University of Fortaleza (UNIFOR). He holds a Master's and Doctorate in Civil Procedural Law from Pontifical Catholic University of São Paulo (PUC/SP). Former Manager of Corporate Legal Assistance at Cia. de Seguros Aliança do Brasil, having performed his duties in São Paulo. Master's Degree in Law. Was Vice-President of the OAB/CE Social Security Committee. Working as a partner at a law firm, he provided services to various companies and regional and national institutions in the field of business law, and in civil, consumer, administrative and labor law in particular. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Fernando Fontes Iunes - 077.518.888-30

Fernando, 58, has a bachelor's degree in Civil Engineering from the School of Engineering at Mackenzie University, and a master's degree and PhD from the University of London. He served as senior advisor, partner and executive director at the global investment banking arm of Banco Itaú BBA S.A. from 2010 to 2015, where he helped to establish one of Latin America's leading investment banking platforms, with operations in Brazil, Argentina, Chile, Colombia, Peru and Mexico. He has previously served in other positions at Itaú BBA S.A., where he headed the Capital Markets department from 2003 to 2010; at Itaú Banco de Investimento S.A., where he served as Executive Director from 2001 to 2003; and at Banco BBA Creditantalt S.A. and Creditanstalt in New York, in 1994. During this period, Fernando had a role in some of the highest profile mergers and acquisitions, corporate reorganizations and other M&A deals in Latin America. In 2016 and 2017, Fernando worked as a fellow at Harvard University, in the Advanced Leadership Initiative in Cambridge. The Advanced Leadership Initiative selects professionals to help prepare leaders for society's most pressing challenges. In the second half of 2017, Fernando was a member of faculty in one of the most prestigious courses at Harvard Kennedy School – "Exercising Leadership: The Politics of Change". This course applies strategic theory to the practice of leadership. Fernando also worked for a brief period in research on urban infrastructure and development at the World Bank in Washington. He has previously served as a professor of International Finance at Instituto Brasileiro de Mercado de Capitais (IBMEC, now renamed INSPER). Fernando is currently a member of the boards of directors of Gerdau S.A. and Metalúrgica Gerdau S.A. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Is an independent member.

Luiza Andréa Farias Nogueira Ribeiro - 231.470.753-20

Andrea, aged 56, Brazilian, has a Master's degree in Business Management and Graduated in Business Management, and has additional training in leadership and management. She has experience as an executive and consultant in human resources, strategic management and process management. She was appointed Director of Organizational Development at M Dias Branco in 2006, and is responsible for personnel management, communication, occupational health and sustainability. She does not have a criminal or administrative conviction preventing her from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified her from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

MARIA CONSUELO SARAIVA LEAO DIAS BRANCO - 272.898.853-68

Mrs. Consuelo, aged 86, is the Chairwoman of the Company's Board of Directors. She thought up the M. Dias Branco Historic Center and coordinates actions connected to social issues in communities affected by the company's zone of influence. Her first term at the company started in April 2006. Mrs. Consuelo has not worked at any other publicly-traded companies. She does not have a criminal or administrative conviction preventing her from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified her from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Daniel Perecim Funis - 252.096.468-58

Mr. Daniel Funis, 44, has a bachelor's degree in mechatronics engineering from the Polytechnic School at the University of São Paulo (USP) and an MBA from the University of Cambridge, UK. He also has a graduate degree in marketing from the Federal University of Paraná (UFPR), Brazil, and has taken courses at international institutions such as: Harvard Business School, Stanford and Universidad Austral. He has extensive experience in e-commerce, and has served as country manager at the luxury fashion e-commerce company Farfetch in Brazil since 2011, and regional manager for Latin America since 2017. He was also a member of the team that helped Groupon to initiate operations in Brazil. Prior to his experience in e-commerce, Mr. Funis worked for Fiat Group in engineering, production, sales, marketing and business development positions in Italy, France, Brazil and Argentina, from 2000 to 2009. He started his career at Unilever as an intern and trainee in the sales and marketing department. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and un appealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically e xposed person. Independent Member.

Guilherme Affonso Ferreira - 762.604.298-00

Mr. Guilherme, 69, has a degree in Production Engineering from the Polytechnic School at the University of São Paulo (USP), as well as a degree in Economics and Politics from Macalester College in St Paul/Minn. He has served as a managing partner at Teorema Capital since its foundation in 2003. Member of the Board of Directors of the following companies: Arezzo (April/2011 – to date), B3 (April/2017 – to date), Bahema (October/2017 – to date), M. Dias Branco (April/2019 – to date), Valid (2010-2017, April/2019 – to date), Mitre S.A (February/2020 – to date) and T4F (April/2013 – to date), all companies listed at B3.
His professional experience includes membership of the Board of Trustees of the charitable organization Instituto de Cidadania Empresarial. In recent years he has served on the Board of Directors of Petrobras (2015 – 2018), Unibanco (2007 – 2008), B2W / Submarino (2006 – 2009), Gafisa (2011 – 2018) and SulAmérica (2010 – 2019), Banco Indusval (2011 – 2014), amongst others. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. An independent member."

FRANCISCO MARCOS SARAIVA LEAO DIAS BRANCO - 220.794.163-91

Marcos, 56, began his business activities at the company in 1980. After making a name for himself in the commercial area of the company, Marcos was nominated Commercial Director in 1989, later being appointed Corporate Commercial Director in 2003. His first term at the company started in April 2006. In 2006 he was elected Commercial Vice-President of the Company, a position he held until February 25, 2019. Marcos has not worked at any trading companies. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

FRANCISCO CLAUDIO SARAIVA LEAO DIAS BRANCO - 262.329.013-04

Cláudio, aged 53, is the company's Industrial - Mills Vice-President, and has been a shareholder since 1998. He began his business activities at the company, taking on the role of Industrial Director of Moinho Dias Branco in 1992, the company's first wheat milling unit. He took on the position of Corporate Industrial Director – Company Mill Division in 2003 and in 2013 became a member of the Company's audit committee. Responsible for introducing the company's milling units, Cláudio graduated in Mechanical Engineering at the University of Fortaleza in 1990 and began a long career of specializing in wheat milling, taking part in numerous courses in a wide range of countries, highlighting the Milling Technology Course run by the Swiss Milling School, St.Gallen, in 1991. Cláudio was also a trainee at Weston Research Laboratories Ltd in Maidenhead, England in 1992. Cláudio took an apprenticeship at Weston Research, Maidenhead, UK in 1992. He took part in the Brazilian Association of Wheat Industries (ABITRIGO) Bakery and Milling Program in 1999. He was Director of the Federation of Industries of the State of Ceará (FIEC) between 1999 and 2002 and Director of the Brazilian Association of Wheat Industries (ABITRIGO) between 2002 and 2004. His first term at the company started in April 2006. Claudio has not worked at any other publicly-traded companies. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Francisco Ivens de Sá Dias Branco Júnior - 155.400.143-91

Mr. Ivens Jr, aged 60, currently the company's CEO and also acts as Industrial Vice-President – Biscuits, Pasta and Margarine, Cakes and Snacks. He started his professional activities at the company in 1976, working in various sectors. Standing out in the industrial area, he became a company shareholder and member of the Industrial Board in 1981. He made a fundamental contribution to the introduction of G.M.E. (Ceará), the company's industrial unit producing margarine and vegetable fats in 2002. Ivens Jr became the company's Managing Director in 2003, the position which he held until he was nominated for his current role. Throughout his career, Mr. Ivens Jr has been presented with a variety of awards and titles, highlighting the Edson Queiroz medal, awarded by the Legislative Assembly of Ceará in 2005. He became the company's Industrial Vice- President in 2006. Mr. Francisco Ivens de Sá Dias Branco Júnior has not worked at any other publicly-traded companies. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA - 273.184.433-72

Mrs. Graça, aged 61, is Deputy Chairman of the Board of Directors, participating as a shareholder since 1998. Mrs. Graça began her activities in the business environment in 1985, managing a company in the hotel sector, becoming Vice-President in 1987. In 2001 Mrs Graça became part of the Institutional Relations Board at the company, later becoming the Corporate Director of Institutional Relations in 2003, a role which she performed until April 2006 when she was nominated for her current position at the company, Financial Vice-President. Mrs. Graça graduated in Law at the Federal University of Ceará in 1985 and gained a MBA in Business Management in 2008. She was a member of the company's Audit Committee from May 2010 to May 2013. Mrs. Graça has not worked at any other publicly-traded companies. She does not have a criminal or administrative conviction preventing her from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified her from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Maria Regina Saraiva Leão Dias Branco - 235.899.653-04

Regina, aged 59, is currently the company's Vice-President of Administration and Development, and has been a shareholder since 1998. She began her business activities at the company in 1980. She became part of the company's Administrative Board in 1989, where she remained until 2003, the year in which she was nominated Corporate Administrative Director. She graduated in Company Administration in 1987 at the University of Fortaleza (UNIFOR). She completed a MBA in Business Management at Fundação Getúlio Vargas in 2008. She takes part at an event aimed at the managers of major organizations on leadership, strategy and management every year. She is also the Administrative Director of Idibra Participações S.A., a company which is a member of the company's same economic group, acting in the real estate development and civil construction market. Her first term at the company started in April 2006. Mrs. Regina has not worked at any other publicly-traded companies. She does not have a criminal or administrative conviction preventing her from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified her from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Nature of Conviction	Description of Conviction
Rômulo Ruberti Calmon Dantas - 742.287.497-04	
N/A	
Gustavo Lopes Theodozio - 620.569.564-20	
N/A	
Daniel Mota Gutierrez - 468.231.903-53	
N/A	
Fernando Fontes Iunes - 077.518.888-30 N/A	
N/A	
Luiza Andréa Farias Nogueira Ribeiro - 231.470.753-20	
N/A	
MARIA CONSUELO SARAIVA LEAO DIAS BRANCO - 272.898.853-68	
N/A	
Daniel Perecim Funis - 252.096.468-58	

N/A

Guilherme Affonso Ferreira - 762.604.298-00

N/A

FRANCISCO MARCOS SARAIVA LEAO DIAS BRANCO - 220.794.163-91

N/A

FRANCISCO CLAUDIO SARAIVA LEAO DIAS BRANCO - 262.329.013-04

N/A

Francisco Ivens de Sá Dias Branco Júnior - 155.400.143-91

N/A

MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA - 273.184.433-72

N/A

Maria Regina Saraiva Leão Dias Branco - 235.899.653-04

N/A

12.7/8 - Committee Members

Name	Committee type	Audit Type	Position held	Date of birth	Date of taking office	Term of office
CPF	**Description of other committees**	**Profession**	**Description of other positions held**	**Election date**	**Number of Consecutive Terms**	**Percentage attendance of meetings**
Other positions/roles performed at the issuing agency						
Carlos Roberto de Albuquerque Sá	Audit Committee	Non-Statutory Audit Committee	Committee Member (serving)	1/31/1950	5/10/2019	1 year
212.107.217-91		Economist		5/10/2019	2	100.00%
Does not hold another position at the Company.						
Elionor Jreige Weffort	Audit Committee	Non-Statutory Audit Committee	Committee Member (serving)	7/30/1969	5/10/2019	1 year
147.735.128-06		Lawyer and Accountant		5/10/2019	2	100.00%
Does not hold another position at the Company.						
Guilherme Affonso Ferreira	Audit Committee	Non-Statutory Audit Committee	Committee Member (serving)	5/9/1951	5/10/2019	1 year
762.604.298-00		Entrepreneur		5/10/2019	0	85.71%
Serving Independent Member of Board of Directors						
Jorge Roberto Manoel	Audit Committee	Non-Statutory Audit Committee	Committee Member (serving)	5/5/1953	5/10/2019	1 year
638.490.708-91		Accountant and Company Administrator		5/10/2019	2	100.00%
Does not hold another position at the Company.						
Daniel Mota Gutierrez	Compensation Committee		Committee Member (serving)	4/7/1973	12/23/2019	Indefinite
468.231.903-53		Legal advisor		12/23/2019	0	100.00%
Member (alternative) of the Board (Since 2011) – Corporate Legal Director (From 2009) – Legal Adviser (2006-2009).						
Daniel Perecim Funis	Compensation Committee		Committee Member (serving)	3/26/1976	12/23/2019	Indefinite
252.096.468-58		Engineer		12/23/2019	0	100.00%
Independent member of the Board of Directors						
Francisco Ivens de Sá Dias Branco Júnior	Compensation Committee		Committee Chairman	9/8/1960	12/23/2019	Indefinite
155.400.143-91		Entrepreneur		12/23/2019	0	100.00%
CEO and Industrial Vice-President – Cookies, Pasta and Margarine, Cakes and Snacks						
Luiza Andréa Farias Nogueira Ribeiro	Compensation Committee		Committee Member (serving)	11/30/1964	12/23/2019	Indefinite
231.470.753-20		Company Manager		12/23/2019	0	100.00%

12.7/8 - Committee Members

Name	Committee type	Audit Type	Position held	Date of birth	Date of taking office	Term of office
CPF	**Description of other committees**	**Profession**	**Description of other positions held**	**Election date**	**Number of Consecutive Terms**	**Percentage attendance of meetings**
Other positions/roles performed at the issuing agency						
Organizational Development Director (Since 2006)						
Maria Regina Saraiva Leão Dias Branco	Compensation Committee		Committee Member (serving)	12/15/1961	12/23/2019	Indefinite
235.899.653-04		Entrepreneur		12/23/2019	0	100.00%
Vice-President for Administration and Development and Member (alternate) of the Board of Directors						
Aled Parry	Other Committees		Committee Member (serving)	1/13/1965	11/25/2015	Indefinite
257.107.372-91	Sustainability Committee	Advertising agent		1/2/2015	0	100.00%
Sustainability Manager						
Antônio Rynaldo S. Guimarães	Other Committees		Committee Member (serving)	6/14/1942	8/4/2014	Indefinite
002.361.103-06	Executive Committee	Company Manager		8/4/2014	0	100.00%
Commercial Officer						
Aristófanes Martins de Alexandre	Other Committees		Committee Member (serving)	5/20/1965	10/1/2010	Indefinite
600.487.004-87	Executive Committee	Company Manager		10/1/2010	0	100.00%
Commercial Director (Since 2010)						
César Martins Rosa Vasconcelos Reis	Other Committees		Committee Member (serving)	10/30/1978	5/2/2016	Indefinite
012.720.516-09	Executive Committee	Internationalist		5/2/2016	0	100.00%
Exports Officer						
Daniel Mota Gutierrez	Other Committees		Committee Member (serving)	4/7/1973	1/2/2013	Indefinite
468.231.903-53	Ethics Committee	Legal advisor		1/2/2013	0	100.00%
-Member (alternative) of the Board (Since 2011) – Corporate Legal Director (From 2009) – Legal Adviser (2006-2009).						
Daniel Mota Gutierrez	Other Committees		Committee Member (serving)	4/7/1973	5/5/2010	Indefinite
468.231.903-53	Executive Committee	Legal advisor		4/12/2010	0	100.00%
-Member (alternative) of the Board (Since 2011) – Corporate Legal Director (From 2009) – Legal Adviser (2006-2009).						
Daniel Mota Gutierrez	Other Committees		Committee Member (serving)	4/7/1973	10/1/2014	Indefinite
468.231.903-53	Occupational Health and Safety Committee	Legal advisor		10/1/2014	0	100.00%
-Member (alternative) of the Board (Since 2011) – Corporate Legal Director (From 2009) – Legal Adviser (2006-2009).						
Daniel Mota Gutierrez	Other Committees		Committee Member (serving)	4/7/1973	12/8/2017	Indefinite

12.7/8 - Committee Members

Name	Committee type	Audit Type	Position held	Date of birth	Date of taking office	Term of office
CPF	**Description of other committees**	**Profession**	**Description of other positions held**	**Election date**	**Number of Consecutive Terms**	**Percentage attendance of meetings**
Other positions/roles performed at the issuing agency						
468.231.903-53	Reputation Management Committee	Legal advisor		12/8/2017	0	100.00%
Chief Officer, Legal						
Daniel Mota Gutierrez	Other Committees		Committee Member (serving)	4/7/1973	5/10/2019	1 year
468.231.903-53	Corporate Governance Committee	Legal advisor		5/10/2019	0	0.00%
Member (alternative) of the Board (Since 2011) – Corporate Legal Director (From 2009) – Legal Adviser (2006-2009).						
Denis Henrique Pacheco Almeida	Other Committees		Committee Member (serving)	9/16/1972	1/6/2020	Indefinite
938.653.176-34	Executive Committee	Company Manager		1/6/2020	0	100.00%
Executive Supplies Officer						
Ezequiel Leite do Nascimento	Other Committees		Committee Member (serving)	3/5/1965	10/1/2014	Indefinite
773.227.897-68	Occupational health and safety committee	Industrial Chemist		10/1/2014	0	100.00%
Corporate Environment and Safety Quality Manager.						
Fabio Cefaly de Campos Machado	Other Committees		Committee Member (serving)	7/23/1976	10/27/2016	Indefinite
273.203.558-09	Sustainability Committee	Company Manager		10/27/2016	0	100.00%
New Business and Investor Relations Officer						
Fabio Cefaly de Campos Machado	Other Committees		Committee Member (serving)	7/23/1976	10/27/2016	Indefinite
273.203.558-09	Executive Committee	Company Manager		10/27/2016	0	100.00%
New Business and Investor Relations Officer						
Fabio Cefaly de Campos Machado	Other Committees		Committee Member (serving)	7/23/1976	12/8/2017	Indefinite
273.203.558-09	Reputation Management Committee	Company Manager		12/8/2017	0	100.00%
New Business and Investor Relations Officer						
Fabio Luiz Pires de Melo	Other Committees		Committee Member (serving)	10/2/1981	1/17/2020	Indefinite
221.885.018-45	Executive Committee	Company Manager		1/17/2020	0	100.00%
Executive Marketing Officer						
Fernando Bocchi	Other Committees		Committee Member (serving)	10/27/1966	2/1/2013	Indefinite
101.789.668-27	Executive Committee	Food Engineer		2/1/2013	0	100.00%
-Research and Development Director (from 2013) – Manager of New Product Development (2004-2013)						

12.7/8 - Committee Members

Name	Committee type	Audit Type	Position held	Date of birth	Date of taking office	Term of office
CPF	**Description of other committees**	**Profession**	**Description of other positions held**	**Election date**	**Number of Consecutive Terms**	**Percentage attendance of meetings**
Other positions/roles performed at the issuing agency						
Fernando Bocchi	Other Committees		Committee Member (serving)	10/27/1966	12/8/2017	Indefinite
101.789.668-27	Reputation Management Committee	Food Engineer		12/8/2017	0	100.00%
Research and Development Director (from 2013) – Manager of New Product Development (2004-2013)						
Fernando Fontes Iunes	Other Committees		Committee Member (serving)	9/22/1962	5/10/2019	1 year
077.518.888-30	Corporate Governance Committee	Engineer		5/10/2019	0	0.00%
Independent Member of the Board of Directors						
Júlio Borges de Carvalho	Other Committees		Committee Member (serving)	8/1/1977	10/1/2014	Indefinite
033.604.546-85	Occupational Health and Safety Committee	Company Manager		10/1/2014	0	100.00%
Auditing, Risk and Compliance Officer (Since 2011)						
Júlio Borges de Carvalho	Other Committees		Committee Member (serving)	8/1/1977	11/25/2015	Indefinite
033.604.546-85	Sustainability Committee	Company Manager		1/2/2015	0	100.00%
Auditing, Risk and Compliance Officer (Since 2011)						
Júlio Borges de Carvalho	Other Committees		Committee Member (serving)	8/1/1977	1/2/2013	Indefinite
033.604.546-85	Ethics Committee	Company Manager		1/2/2013	0	100.00%
Auditing, Risk and Compliance Officer (Since 2011)						
Júlio Borges de Carvalho	Other Committees		Committee Member (serving)	8/1/1977	11/21/2011	Indefinite
033.604.546-85	Executive Committee	Company Manager		11/21/2011	0	100.00%
Auditing, Risk and Compliance Officer (Since 2011)						
Júlio Borges de Carvalho	Other Committees		Committee Member (serving)	8/1/1977	12/8/2017	Indefinite
033.604.546-85	Reputation Management Committee	Company Manager		12/8/2017	0	100.00%
Auditing, Risk and Compliance Officer (Since 2011)						
Luciane Nunes de Carvalho Sallas	Other Committees		Committee Member (serving)	1/19/1975	1/13/2020	Indefinite
995.411.224-34	Executive Committee	Company Manager		1/13/2020	0	100.00%
Executive Projects Officer						
Luís Cristiano Prazeires Albuquerque	Other Committees		Committee Member (serving)	6/19/1972	5/5/2010	Indefinite
426.857.963-04	Executive Committee	Economist		4/12/2010	0	100.00%

12.7/8 - Committee Members

Name	Committee type	Audit Type	Position held	Date of birth	Date of taking office	Term of office
CPF	**Description of other committees**	**Profession**	**Description of other positions held**	**Election date**	**Number of Consecutive Terms**	**Percentage attendance of meetings**
Other positions/roles performed at the issuing agency						
Administrative and IT Officer (Since 2009) Administrative Director (2008-2009)						
Luiza Andréa Farias Nogueira Ribeiro	Other Committees		Committee Member (serving)	11/30/1964	12/2/2019	1 year
231.470.753-20	Corporate Governance Committee	Business Administrator		11/29/2019	0	0.00%
Organizational Development Officer (Since 2006).						
Luiza Andréa Farias Nogueira Ribeiro	Other Committees		Committee Member (serving)	11/30/1964	11/25/2015	Indefinite
231.470.753-20	Sustainability Committee	Company Manager		1/2/2015	0	100.00%
Organizational Development Director (Since 2006)						
Luiza Andréa Farias Nogueira Ribeiro	Other Committees		Committee Member (serving)	11/30/1964	1/2/2013	Indefinite
231.470.753-20	Ethics Committee	Company Manager		1/2/2013	0	100.00%
Organizational Development Director (Since 2006)						
Luiza Andréa Farias Nogueira Ribeiro	Other Committees		Committee Member (serving)	11/30/1964	5/5/2010	Indefinite
231.470.753-20	Executive Committee	Company Manager		4/12/2010	0	100.00%
Organizational Development Director (Since 2006)						
Luiza Andréa Farias Nogueira Ribeiro	Other Committees		Committee Member (serving)	11/30/1964	10/1/2014	Indefinite
231.470.753-20	Occupational Health and Safety Committee	Company Manager		10/1/2014	0	100.00%
Organizational Development Director (Since 2006)						
Luiza Andréa Farias Nogueira Ribeiro	Other Committees		Committee Member (serving)	11/30/1964	12/8/2017	Indefinite
231.470.753-20	Reputation Management Committee	Company Manager		12/8/2017	0	100.00%
Organizational Development Director (Since 2006)						
Maria Regina Saraiva Leão Dias Branco	Other Committees		Committee Chairman	12/15/1961	12/2/2019	1 year
235.899.653-04	Corporate Governance Committee	Entrepreneur		11/29/2019	0	0.00%
Vice-President for Administration and Development and Member (alternate) of the Board of Directors.						
Mark Stanley Luyt	Other Committees		Committee Member (serving)	8/2/1961	5/5/2010	Indefinite
617.051.793-04	Executive Committee	Milling Technician		4/12/2010	0	100.00%
-Industrial Mill Officer (From 2006) -Technical Officer of the Mill Division (2003-2006) -Production Manager of the Dias Branco Mill (1999-2003).						
Maurício Freitas de Araújo	Other Committees		Committee Member (serving)	11/9/1955	5/5/2010	Indefinite

12.7/8 - Committee Members

Name	Committee type	Audit Type	Position held	Date of birth	Date of taking office	Term of office
CPF	**Description of other committees**	**Profession**	**Description of other positions held**	**Election date**	**Number of Consecutive Terms**	**Percentage attendance of meetings**
Other positions/roles performed at the issuing agency						
198.446.384-53	Executive Committee	Mechanical Engineer		4/12/2010	0	100.00%
Industrial Officer						
Paulo Sergio da Silva	Other Committees		Committee Member (serving)	8/16/1968	7/15/2019	Indefinite
108.187.258-69	Executive Committee	Company Manager		7/15/2019	0	100.00%
Executive Commercial Officer						
Sidney Leite dos Santos	Other Committees		Committee Member (serving)	3/31/1967	11/25/2015	Indefinite
062.489.078-38	Sustainability Committee	Company Manager		1/2/2015	0	100.00%
Technical and Operations Director (Since 2013)						
Sidney Leite dos Santos	Other Committees		Committee Member (serving)	3/31/1967	2/1/2013	Indefinite
062.489.078-38	Executive Committee	Company Manager		2/1/2013	0	100.00%
Technical and Operations Director (Since 2013)						
Sidney Leite dos Santos	Other Committees		Committee Member (serving)	3/31/1967	10/1/2014	Indefinite
062.489.078-38	Occupational Health and Safety Committee	Company Manager		10/1/2014	0	100.00%
Technical and Operations Director (Since 2013)						
Tiago Cid Timbó	Other Committees		Committee Member (serving)	10/28/1980	12/8/2017	Indefinite
856.928.833-68	Reputation Management Committee	Social Communicator - qualified in Marketing and Advertising		12/8/2017	0	100.00%
Communications Manager						

Professional experience / Independence Criteria

Carlos Roberto de Albuquerque Sá - 212.107.217-91

Mr. Carlos Roberto, 70, has a bachelor's degree in Accounting Sciences and Economic Sciences and a graduate degree in Finance from the Pontifical Catholic University of Rio De Janeiro (PUC/RJ). he has previously served as a professor in the MBA program in Corporate Risk Management & Internal Controls at Fundação Armando Alvares Penteado (FAAP). He has audit board and board of directors professional certification from the Brazilian Institute of Corporate Governance (IBGC), where he serves as a professor of Corporate Risk Management, and a member of the risk committee and the annual conference organization committee. He has previously served as a managing partner in the internal audit, risk and compliance practice at KPMG, as Controller at Det Norske Veritas and Schlumberger, as Chief Financial Officer at Castrol, Sobremetal and Vicom, and as Risk and Internal Audit Director at Net Serviços S.A. He currently works as a consultant in the areas of governance, risk and compliance for client such as Cyrela, Valid and Correias Mercúrio; and as head of the audit committees at Lojas Marisa and Camil Alimentos S.A. Member and Chairman of the Audit Committee. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Is an independent member.

Elionor Jreige Weffort - 147.735.128-06

Mrs. Elionor, 51, has a PhD in Controllership & Accountancy (FEA/USP), and bachelor's degrees in Law (FD/USP) and Accounting (FECAP). She currently serves as a professor and researcher in the master's program in Accounting Sciences at Fundação Escola e Comércio Álvares Penteado (FECAP), teaching subjects such as financial reporting, corporate governance and forensic accounting. She also advises companies and law firms on matters such as compliance, forensic accounting and financial reporting. She is currently an independent member of the Statutory Audit Committee at BR Distribuidora, and an independent member of the Board of Directors and chair of the Audit Committee at CPTM. She has previously served as a consultant to the UN/UNCTAD/ISAR's "Capacity-building framework for high-quality corporate reporting" project. She does not have a criminal or administrative conviction preventing her from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Is an independent member.

Guilherme Affonso Ferreira - 762.604.298-00

Mr. Guilherme, 69, has a degree in Production Engineering from the Polytechnic School at the University of São Paulo (USP), as well as a degree in Economics and Politics from Macalester College in St Paul/Minn. He has served as a managing partner at Teorema Capital since its foundation in 2003. Member of the Board of Directors of the following companies: Arezzo (April/2011 – to date), B3 (April/2017 – to date), Bahema (October/2017 – to date), M. Dias Branco (April/2019 – to date), Valid (2010-2017, April/2019 – to date), Mitre S.A (February/2020 – to date) and T4F (April/2013 – to date), all companies listed at B3.
His professional experience includes membership of the Board of Trustees of the charitable organization Instituto de Cidadania Empresarial. In recent served he has served on the Board of Directors of Petrobras (2015 – 2018), Unibanco (2007 – 2008), B2W / Submarino (2006 – 2009), Gafisa (2011 – 2018) and SulAmérica (2010 – 2019), Banco Indusval (2011 – 2014), amongst others. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. An independent member."

Jorge Roberto Manoel - 638.490.708-91

Mr. Jorge, 67, has a bachelor's degree in Accounting Sciences and Business Management and an MBA in Finance from the Federal University of Minas Gerais (UFMG), a degree in Knowledge, Technology and Innovation from the University of São Paulo (USP), a degree in Corporate Governance from the Yale School of Management, and a master's degree in Corporate Governance from FMU (Laureate Education Group). At PwC, where he pursued most of his career, working for 4 years in the US and for approximately 30 years as a partner, he led the operations (COO) and audit practices in South America, before retiring in 2016. He has previously served as a member of the Global Audit Forum, where he participated in discussions on audit methodology, and regulatory, quality and capacity building matters. He currently serves as coordinator of the Finance & Accounting Committee at the Brazilian Corporate Governance Institute (IBGC), where he is certified as a board of directors and audit board member. He has served as chairman of the Minas Gerais chapter of the Brazilian Independent Auditors Institute (IBRACON) and as professional development director of the national chapter. He has also served on the boards of directors, advisory boards and audit boards of entities such as Caixa Econômica Federal, the Methodist Corporate Education School and United Way Brasil, respectively, as well as on several corporate committees including the Audit Committees at Natura Cosméticos S.A and at Grupo Médico Latino Americano Biotoscana (GBT). He currently serves as chair of the Audit Committee at PREVI, a member of the Audit Committee at Sul América and a member of the Audit Board at YDUQS. He has previously served as chairman of the Minas Gerais chapter of the Brazilian Independent Auditors Institute (IBRACON) and as professional development director of the national chapter. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Is an independent member.

Daniel Mota Gutierrez - 468.231.903-53

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Mr. Daniel, 47 years, is the Legal Officer of the company M. Dias Branco. He started working as Corporate Legal Adviser at th e company in July 2006. He is a lawyer and has been registered at the Order of Lawyers of Brazil, Ceará-OAB/CE Section since 1995 and the São Paulo OAB/SP Section since 2004. He is a specialist in Civil Procedural Law from the Un iversity of Fortaleza (UNIFOR). He holds a Master's and Doctorate in Civil Procedural Law from Pontifical Catholic University of São Paulo (PUC/SP). Former Manager of Corporate Legal Assistance at Cia. de Seguros Aliança do Brasil, having performed his duties in São Paulo. Master's Degree in Law. Was Vice-President of the OAB/CE Social Security Committee. Working as a partner at a law firm, he provided services to various companies and regional and national institutions in the field of business law, and in civil, consumer, administrative and labor law in particular. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspend ed or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Daniel Perecim Funis - 252.096.468-58

N/A

Francisco Ivens de Sá Dias Branco Júnior - 155.400.143-91

N/A

Luiza Andréa Farias Nogueira Ribeiro - 231.470.753-20

Luiza Andréa Farias Nogueira Ribeiro - 231.470.753-20

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Luiza Andréa Farias Nogueira Ribeiro - 231.470.753-20

N/A

Maria Regina Saraiva Leão Dias Branco - 235.899.653-04

Maria Regina Saraiva Leão Dias Branco - 235.899.653-04

N/A

Aled Parry - 257.107.372-91

Aled Parry, aged 55, graduated in Advertising and Publicity, has a post-graduate degree from Fundação Álvares Penteado-SP, and is studying Journalism at FANOR, he has a MBA in Quality and Productivity from FGV, with a period spent in Japan and experience in the USA. He is curren tly pursuing a program in Sustainability at Unicristhus. He worked in the marketing area at Lundgren Tecidos, Glasslite, Jere issati Group, Unimed Fortaleza (in this case in environmental Social Responsibility and marketing) and Café Três Corações. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judic ial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Antônio Rynaldo S. Guimarães - 002.361.103-06

Mr. Antônio Rynaldo, aged 78, Brazilian, graduate in Business Administration, he worked for 21 years for the J. Macêdo Group as Regional Sales Manager between 1983 and 2004. He joined M. Dias Branco in 2004 as the regional sales manager and is currently the sales director. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Aristófanes Martins de Alexandre - 600.487.004-87

Aristófanes, aged 55, Brazilian, graduate in Business Administration, sales experience acquired with large companies, national and multinational, in the retail, food and drinks sectors – 9 years' experience with large companies in the retail sector (Lojas Americanas and Carrefour) and 12 years' experience in companies from the food and drinks sector, and he has been with M. Dias Branco for 8 years. Throughout his career he has undertaken various activities focusing on sales, strategic planning, sales restructuring, improvement projects and team leadership, amongst others. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

César Martins Rosa Vasconcelos Reis - 012.720.516-09

César, a Brazilian aged 42, is the Director of Exporting at M. Dias Branco S/A, and joined the company in May 2016. He is graduated in international relations and has a postgraduate degree in company management and foreign trade, in addition to specializing in international economic negotiations. He previously worked at Marilan Alimentos S.A., where since 2009 he headed the exports department, covering more than sixty countries, mainly in Latin America and the USA. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Denis Henrique Pacheco Almeida - 938.653.176-34

Dênis Almeida, a Brazilian aged 48, is the Executive Officer of Supplies at M. Dias Branco S/A, and joined the Company in January 2020. He has a degree in Accounting from the Federal University of Minas Gerais (UFMG) and an MBA in Business Management from Fundação Getúlio Vargas (FGV). He has extensive experience in strategic procurement management in the areas of commodities and packaging, services, MRO, logistics, shipping, marketing, etc. His primary interests are in strategic levers across procurement, vertical integration, supplier development, and market modeling. He has previously served as Procurement Director at Heineken and has held positions at Arcor do Brasil, Danone and Unilever. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Ezequiel Leite do Nascimento - 773.227.897-68

Ezequiel, 55, has a bachelor's degree in Industrial Chemical Engineering and a graduate degree in Environmental Engineering from the University of Campinas (UNICAMP) and an MBA in Business Management from the University of Fortaleza (UNIFOR). For 8 years he worked at the company Coca-Cola - NORSA as a corporate environment and safety quality manager. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Fabio Cefaly de Campos Machado - 273.203.558-09

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Fabio Cefaly de Campos Machado - 273.203.558-09

Mr. Fabio Cefaly, a Brazilian aged 44, is the Director of New Business and Investor Relations at M. Dias Branco S/A, and joined the company in October 2016. He is graduated in business management from Fundação Getúlio Vargas (FGV) and post-graduated in executive programs in finances, management and marketing at Fundação Getúlio Vargas (FGV), at the University of Cambridge, Universidad de los Andes and Insper. He is a former employee of Natura Cosméticos, having held the positions of new business and investor relations manager, in positions in the internal and finances audits in Brazil and Latin America. He also has prior experience in internal audit and finance at General Motors and Telefónica. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Fabio Luiz Pires de Melo - 221.885.018-45

Mr. Fabio Melo, a Brazilian aged 39, is the Executive Marketing at M. Dias Branco S/A, and joined the Company in January 2020. He has a bachelor's degree in Social Communications from Escola Superior de Propaganda e Marketing (ESPM-SP), an executive MBA from the Institute of Education and Research (INSPER), and an MBA in Management and Innovation from the Massachusetts Institute of Technology (MIT) and Hyper Island. He has previously served as marketing director at Mondelez Brasil. His prior experience also includes marketing positions at Pepsico, Unilever and Johnson&Johnson. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Fernando Bocchi - 101.789.668-27

Fernando Bocchi - 101.789.668-27

Mr. Fernando Bocchi, aged 54, Brazilian, food engineer graduated at Universidade Estadual de Campinas - Unicamp and with a post-graduate degree in Industrial Administration, from Fundação Vanzolini – USP. He was the New Product Development Engineer and Production Supervisor at Nabisco – now Mondelez, from 1992 to 1996), Project Manager at Nestlé (Nestec Biscuit Development Group, from 1996 to 2003). He is currently the P&D Director at M. Dias Banco S.A. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Fernando Fontes Iunes - 077.518.888-30

Fernando, 58, has a bachelor's degree in Civil Engineering from the School of Engineering at Mackenzie University, and a master's degree and PhD from the University of London. He served as senior advisor, partner and executive director at the global investment banking arm of Banco Itaú BBA S.A. from 2010 to 2015, where he helped to establish one of Latin America's leading investment banking platforms, with operations in Brazil, Argentina, Chile, Colombia, Peru and Mexico. He has previously served in other positions at Itaú BBA S.A., where he headed the Capital Markets department from 2003 to 2010; at Itaú Banco de Investimento S.A., where he served as Executive Director from 2001 to 2003; and at Banco BBA Creditantalt S.A. and Creditanstalt in New York, in 1994. During this period, Fernando had a role in some of the highest profile mergers and acquisitions, corporate reorganizations and other M&A deals in Latin America. In 2016 and 2017, Fernando worked as a fellow at Harvard University, in the Advanced Leadership Initiative in Cambridge. The Advanced Leadership Initiative selects professionals to help prepare leaders for society's most pressing challenges. In the second half of 2017, Fernando was a member of faculty in one of the most prestigious courses at Harvard Kennedy School – "Exercising Leadership: The Politics of Change". This course applies strategic theory to the practice of leadership. Fernando also worked for a brief period in research on urban infrastructure and development at the World Bank in Washington. He has previously served as a professor of International Finance at Instituto Brasileiro de Mercado de Capitais (IBMEC, now renamed INSPER). Since September 2015, he has been a member of the Board of Directors of Gerdau S.A. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Is an independent member.

Júlio Borges de Carvalho - 033.604.546-85

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Júlio Borges de Carvalho - 033.604.546-85

Mr. Júlio Borges de Carvalho, aged 43, graduated in Business Administration from FACED, with an MBA in Project Management from FGV, he is a CIA – Certified Internal Auditor, CCSA – Certification in Control Self-Assessment, CRMA – Certification in Risk Management Assurance, issued by IIA – Institute of Internal Auditors, and also CFE – Certified Fraud Examiner, issued by ACFE – Association of Certified Fraud Examiners. With solid years' experience in governance, audit, risk and compliance, he worked as an external auditor with Arthur Andersen and Deloitte. He was also an internal audit manager at the cement and concrete company, Holcim S.A. He currently serves as Audit, Risk & Compliance Officer at M. Dias Branco S.A., where he is a member of several committees. He has also attended Board of Directors and Audit Committee certification courses at the Brazilian Institute of Corporate Governance (IBGC). He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Luciane Nunes de Carvalho Sallas - 995.411.224-34

Luciane, 45, has a bachelor's degree in Business Administration from the University of Pernambuco, a graduate degree in Capital Markets from Instituto Brasileiro de Mercado de Capitais (IBMEC) and an MBA in Finances and Risk from the University of São Paulo (USP). She has prior experience in Finance, Procurement, IT, HR and Administrative management positions. She started her career at Grupo Pilar in Recife, later working for 10 years at AmBev/Ab-Inbev headquarters in São Paulo and Belgium, where she led a global productivity program focused on Europe and Asia. She returned to Recife as CFO of Areva-Koblitz, a renewable energy company operating in Latin America. She then worked for 5 years at Sistema Jornal do Commercio de Comunicação, a João Carlos Paes Mendonça group company, where she headed administrative, financial and IT functions as well as the digital business department as an executive for Portal NE10. For the past 3.5 years she has headed the financial planning function at Solar Coca-Cola.

Luís Cristiano Prazeires Albuquerque - 426.857.963-04

Cristiano, aged 48, graduated in Economics at Fortaleza University and postgraduate in Business Management from Fundação Getúlio Vargas. He worked for Credit Card Administrators, Textile and Clothing Industries and has experience in Financial and Risk Management, Controllership and Process Management. He is currently the Director of Administration and Information Technology at M Dias Branco S.A. He has no criminal or administrative conviction that prevents him from exercising administrative positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Mark Stanley Luyt - 617.051.793-04

Mark, Brazilian, aged 59 , He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Maurício Freitas de Araújo - 198.446.384-53

Maurício aged 65, Brazilian, graduate in Mechanical engineer, he was a general manager, administrative, industrial and factory director at the company Acumuladores Moura from 1985 to 2002. Between 2002 and 2008 he was the industrial Manager and Director, at Indústria de Alimen Bomgosto Ltda. He is currently the Industrial Officer at M. Dias Banco S.A. at the Jaboatão Plant. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company manageme nt. Not a politically exposed person. Not an independent member.

Paulo Sergio da Silva - 108.187.258-69

Mr. Paulo Sergio da Silva, a Brazilian aged 52, is the Executive Commercial Officer at M. Dias Branco S/A, having joined the Company in July 2019. He has a bachelor's degree in Business Administration from Faculdade São Marcos, and a graduate degree in Management and Marketing from The Business School (UNIMARCO). He has previously worked at BRF as Chief Commercial Officer, where he gained experience across all sales channels throughout Brazil. He also has prior experience in commercial, training and commercial intelligence positions at Pepsico do Brasil and Fini Guloseimas. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Sidney Leite dos Santos - 062.489.078-38

Sidney Leite dos Santos - 062.489.078-38

Sidney Leite dos Santos - 062.489.078-38

Sidney, aged 53, graduated in business administration, and worked for 17 years at Cervejaria Kaiser Brasil Ltda., holding positions ranging from coordinator to plant and corporate manager between Sept/1989 and Jan/2006; He was the Industrial Director at Norsa Refrigerantes (Coca-Cola/Northeast), from Jan/2006 to Feb/2012, at Vonpar Bebidas (Coca Cola/ Rio Grande do Sul and Santa Catarina), between Mar/2012 and Aug/2012- as consultant for planning demand, operations and inventories process. In Sep/2012 he joined M. Dias Branco as the Industrial Technical Consultant and is now the Technical and Operations Officer. He does not have a criminal or administrative conviction preventing him from holding management positions. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Tiago Cid Timbó - 856.928.833-68

Mr. Tiago, 40, joined M. Dias Branco in October 2006, where he helped to implement the Internal Communications function and later expanded his activities to brand communications and digital media. He has a bachelor's degree in advertising and publicity and a graduate degree in communications from the University of Fortaleza (UNIFOR). He has an MBA in Business Administration from Fundação Getúlio Vargas and is currently pursuing a graduate degree in People Management at Uni7. In the last 5 years there have been no criminal convictions in final and unappealable CVM, administrative or judicial proceedings and that have suspended or disqualified him from pursuing any professional or commercial activity as a member of Company management. Not a politically exposed person. Not an independent member.

Nature of Conviction	Description of Conviction

Carlos Roberto de Albuquerque Sá - 212.107.217-91

N/A

Elionor Jreige Weffort - 147.735.128-06

N/A

Guilherme Affonso Ferreira - 762.604.298-00

N/A

Jorge Roberto Manoel - 638.490.708-91

N/A

Daniel Mota Gutierrez - 468.231.903-53

Daniel Mota Gutierrez - 468.231.903-53

Daniel Mota Gutierrez - 468.231.903-53

Daniel Mota Gutierrez - 468.231.903-53

Daniel Mota Gutierrez - 468.231.903-53

Daniel Mota Gutierrez - 468.231.903-53

N/A

Daniel Perecim Funis - 252.096.468-58

N/A

Francisco Ivens de Sá Dias Branco Júnior - 155.400.143-91

N/A

Luiza Andréa Farias Nogueira Ribeiro - 231.470.753-20

Luiza Andréa Farias Nogueira Ribeiro - 231.470.753-20

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Luiza Andréa Farias Nogueira Ribeiro - 231.470.753-20

N/A

Maria Regina Saraiva Leão Dias Branco - 235.899.653-04

Maria Regina Saraiva Leão Dias Branco - 235.899.653-04

N/A

Aled Parry - 257.107.372-91

N/A

Antônio Rynaldo S. Guimarães - 002.361.103-06

N/A

Aristófanes Martins de Alexandre - 600.487.004-87

N/A

César Martins Rosa Vasconcelos Reis - 012.720.516-09

N/A

Denis Henrique Pacheco Almeida - 938.653.176-34

N/A

Ezequiel Leite do Nascimento - 773.227.897-68

N/A

Fabio Cefaly de Campos Machado - 273.203.558-09

Fabio Cefaly de Campos Machado - 273.203.558-09

Fabio Cefaly de Campos Machado - 273.203.558-09

N/A

Fabio Luiz Pires de Melo - 221.885.018-45

N/A

Fernando Bocchi - 101.789.668-27

Fernando Bocchi - 101.789.668-27

N/A

Fernando Fontes Iunes - 077.518.888-30

N/A

Júlio Borges de Carvalho - 033.604.546-85

Júlio Borges de Carvalho - 033.604.546-85

Júlio Borges de Carvalho - 033.604.546-85

Júlio Borges de Carvalho - 033.604.546-85

Júlio Borges de Carvalho - 033.604.546-85

N/A

Luciane Nunes de Carvalho Sallas - 995.411.224-34

N/A

Luís Cristiano Prazeires Albuquerque - 426.857.963-04

N/A

Mark Stanley Luyt - 617.051.793-04

N/A

Maurício Freitas de Araújo - 198.446.384-53

N/A

Paulo Sergio da Silva - 108.187.258-69

N/A

Sidney Leite dos Santos - 062.489.078-38

Sidney Leite dos Santos - 062.489.078-38

Sidney Leite dos Santos - 062.489.078-38 N/A
Tiago Cid Timbó - 856.928.833-68 N/A

12.9 - Existence of Marriage, Common-law Marriage or Relations up to the 2nd Degree between Administrators of the Issuer, Subsidiaries and Parent Companies

Name	CPF	Corporate name of issuer, subsidiary or parent company	CNPJ	Type of relation with the administrator of the issuer or subsidiary
Position				
Administrator of the issuer or subsidiary				
MARIA CONSUELO SARAIVA LEAO DIAS BRANCO	272.898.853-68	M. Dias Branco S.A. Ind e Comercio de Alimentos	07.206.816/0001-15	Father or Mother (1st degree by blood relation)
Chairman of the Board of Directors				
Related party				
Francisco Ivens de Sá Dias Branco Júnior	155.400.143-91	M. Dias Branco S.A. Ind e Comercio de Alimentos	07.206.816/0001-15	
CEO and Industrial Vice-President - Cookies, Pasta and Margarine				
Observation				
Mr. Francisco Ivens de Sá Dias Branco Júnior, Francisco Marcos Saraiva Leão Dias Branco, Francisco Cláudio Saraiva Leão Dias Branco, Maria das Graças Dias Branco da Escóssia and Maria Regina Saraiva Leão Dias Branco Ximenes, are the offspring of Mrs. Maria Consuelo Saraiva Leão Dias Branco. .				
Administrator of the issuer or subsidiary				
MARIA CONSUELO SARAIVA LEAO DIAS BRANCO	272.898.853-68	M. Dias Branco S.A. Ind e Comercio de Alimentos	07.206.816/0001-15	Father or Mother (1st degree by blood relation)
Chairman of the Board of Directors				
Related party				
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA	273.184.433-72	M. Dias Branco S.A. Ind e Comercio de Alimentos	07.206.816/0001-15	
Alternate member of the Board of Directors and Financial Vice President				
Observation				
Mr. Francisco Ivens de Sá Dias Branco Júnior, Francisco Marcos Saraiva Leão Dias Branco, Francisco Cláudio Saraiva Leão Dias Branco, Maria das Graças Dias Branco da Escóssia and Maria Regina Saraiva Leão Dias Branco Ximenes are the offspring of Mrs Maria Consuelo Saraiva Leão Dias Branco.				
Administrator of the issuer or subsidiary				
MARIA CONSUELO SARAIVA LEAO DIAS BRANCO	272.898.853-68	M. Dias Branco S.A. Ind e Comercio de Alimentos	07.206.816/0001-15	Father or Mother (1st degree by blood relation)
Chairman of the Board of Directors			**Related party**	

FRANCISCO MARCOS SARAIVA LEAO DIAS BRANCO	220.794.163-91	M. Dias Branco S.A. Ind e Comercio de Alimentos	07.206.816/0001-15

12.9 - Existence of Marriage, Common-Law Marriage or Relations up to the 2nd degree between Executives of the Issuer, Subsidiaries and Parent Companies

Name	CPF	Corporate name of issuer, subsidiary or parent company	CNPJ	Type of relation with the administrator of the issuer or subsidiary
Position				

Serving member of the Board of Directors

Observation

Mr. Francisco Ivens de Sá Dias Branco Júnior, Francisco Marcos Saraiva Leão Dias Branco, Francisco Cláudio Saraiva Leão Dias Branco, Maria das Graças Dias Branco da Escóssia and Maria Regina Saraiva Leão Dias Branco Ximenes, are the offspring of Mrs. Maria Consuelo Saraiva Leão Dias Branco.

Administrator of the issuer or subsidiary

MARIA CONSUELO SARAIVA LEAO DIAS BRANCO	272.898.853-68	M. Dias Branco S.A. Ind e Comercio de Alimentos	07.206.816/0001-15	Father or Mother (1st degree by blood relation)

Chairman of the Board of Directors

Related party

FRANCISCO CLAUDIO SARAIVA LEAO DIAS BRANCO	262.329.013-04	M. Dias Branco S.A. Ind e Comercio de Alimentos	07.206.816/0001-15	

Deputy Chairman of the Board of Directors and Industrial Vice-President for Mills

Observation

Mr. Francisco Ivens de Sá Dias Branco Júnior, Francisco Marcos Saraiva Leão Dias Branco, Francisco Cláudio Saraiva Leão Dias Branco, Maria das Graças Dias Branco da Escóssia and Maria Regina Saraiva Leão Dias Branco Ximenes, are the offspring of Mrs. Maria Consuelo Saraiva Leão Dias Branco.

Administrator of the issuer or subsidiary

MARIA CONSUELO SARAIVA LEAO DIAS BRANCO	272.898.853-68	M. Dias Branco S.A. Ind e Comercio de Alimentos	07.206.816/0001-15	Father or Mother (1st degree by blood relation)

Chairman of the Board of Directors

Related party

Maria Regina Saraiva Leão Dias Branco	235.899.653-04	M. Dias Branco S.A. Ind e Comercio de Alimentos	07.206.816/0001-15	

Alternate member of the Board of Directors and Vice President of Administration and Development

Observation

Mr. Francisco Ivens de Sá Dias Branco Júnior, Francisco Marcos Saraiva Leão Dias Branco, Francisco Cláudio Saraiva Leão Dias Branco, Maria das Graças Dias Branco da Escóssia and Maria Regina Saraiva Leão Dias Branco Ximenes, are the offspring of Mrs. Maria Consuelo Saraiva Leão Dias Branco.

12.10 - Relationships of Subordination, Provision of Services or Control Between Executives and Subsidiaries, Parent Companies and Others

Symbol	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			

Financial year 12/31/2019

Issuer Administrator

MARIA CONSUELO SARAIVA LEAO DIAS BRANCO	272.898.853-68	Control	Direct parent company
Chairman of the Board of Directors			

Related party

Dias Branco Adm. e Participações Ltda.	07.886.385/0001-85
Equity interest	

Observation

-

Issuer Administrator

MARIA CONSUELO SARAIVA LEAO DIAS BRANCO	272.898.853-68	Control	Supplier
Chairman of the Board of Directors			

Related party

Praia Centro Hotéis, Viagens e Turismo Ltda.	07.415.391/0001-54
Equity interest	

Observation

Hotel sector services

Issuer Administrator

MARIA CONSUELO SARAIVA LEAO DIAS BRANCO	272.898.853-68	Control	Debtor
Chairman of the Board of Directors			

Related party

Terminal Portuário Cotegipe S.A.	40.561.649/0001-04
Equity interest	

Observation

Provision of wheat unloading services and other services

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Issuer Administrator			
MARIA CONSUELO SARAIVA LEAO DIAS BRANCO	272.898.853-68	Control	Supplier
Chairman of the Board of Directors			
Related party			
Companhia Industrial de Cimento Apodi	10.260.249/0004-32		
Equity interest			
Observation			
Materials used in civil works			
Issuer Administrator			
MARIA CONSUELO SARAIVA LEAO DIAS BRANCO	272.898.853-68	Control	Supplier
Chairman of the Board of Directors			
Related party			
IDIBRA Participações Ltda.	06.258.768/0001-46		
Equity interest			
Observation			
Provision of civil construction services			
Issuer Administrator			
Francisco Ivens de Sá Dias Branco Júnior	155.400.143-91	Control	Direct parent company
CEO and Industrial Vice-President – Cookies, Pasta and Margarine, Cakes and Snacks			
Related party			
Dias Branco Adm. e Participações Ltda.	07.886.385/0001-85		
Equity interest			
Observation			
-			
Issuer Administrator			
Francisco Ivens de Sá Dias Branco Júnior	155.400.143-91	Control	Supplier

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
CEO and Industrial Vice-President – Cookies, Pasta and Margarine, Cakes and Snacks			
Related party			
Praia Centro Hotéis, Viagens e Turismo Ltda.	07.415.391/0001-54		
Equity interest			
Observation			
Hotel sector services			
Issuer Administrator			
Francisco Ivens de Sá Dias Branco Júnior	155.400.143-91	Control	Debtor
CEO and Industrial Vice-President – Cookies, Pasta and Margarine, Cakes and Snacks			
Related party			
Terminal Portuário Cotegipe S.A.	40.561.649/0001-04		
Equity interest			
Observation			
Provision of wheat unloading services and other services			
Issuer Administrator			
Francisco Ivens de Sá Dias Branco Júnior	155.400.143-91	Control	Supplier
CEO and Industrial Vice-President – Cookies, Pasta and Margarine, Cakes and Snacks			
Related party			
Companhia Industrial de Cimento Apodi	10.260.249/0004-32		
Equity interest			
Observation			
Materials used in civil works			
Issuer Administrator			
Francisco Ivens de Sá Dias Branco Júnior	155.400.143-91	Control	Supplier
CEO and Industrial Vice-President – Cookies, Pasta and Margarine, Cakes and Snacks			
Related party			

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification Job title/position	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
IDIBRA Participações Ltda. Equity interest **Observation** Provision of civil construction services			
Issuer Administrator Francisco Ivens de Sá Dias Branco Júnior CEO and Industrial Vice-President - Cookies, Pasta, Margarine, Cake and Snacks	155.400.143-91	Control	Supplier
Related party IDIBRA Participações Ltda. Equity interest **Observation** Provision of civil construction services	06.258.768/0001-46		
Issuer Administrator Francisco Ivens de Sá Dias Branco Júnior CEO and Industrial Vice-President – Cookies, Pasta and Margarine, Cakes and Snacks	155.400.143-91	Control	Supplier
Related party LDB Transportes de Cargas Ltda Equity interest **Observation** Cargo transportation service	09.411.448/0001-72		
Issuer Administrator Francisco Ivens de Sá Dias Branco Júnior CEO and Industrial Vice-President – Cookies, Pasta and Margarine, Cakes and Snacks	155.400.143-91	Control	Supplier
Related party LDB Logistica e Transporte Ltda Equity interest	16.906.199/0001-51		

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Observation			
Cargo transportation service			
Issuer Administrator			
FRANCISCO MARCOS SARAIVA LEAO DIAS BRANCO	220.794.163-91	Control	Direct parent company
Serving member of the board of directors			
Related party			
Dias Branco Adm. e Participações Ltda.	07.886.385/0001-85		
CEO			
Observation			
-			
Issuer Administrator			
FRANCISCO MARCOS SARAIVA LEAO DIAS BRANCO	220.794.163-91	Control	Supplier
Serving member of the board of directors			
Related party			
Praia Centro Hotéis, Viagens e Turismo Ltda.	07.415.391/0001-54		
Equity interest			
Observation			
Hotel sector services			
Issuer Administrator			
FRANCISCO MARCOS SARAIVA LEAO DIAS BRANCO	220.794.163-91	Control	Debtor
Serving member of the board of directors			
Related party			
Terminal Portuário Cotegipe S.A.	40.561.649/0001-04		
Equity interest			
Observation			
Provision of wheat unloading services and other services			

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Issuer Administrator			
FRANCISCO MARCOS SARAIVA LEAO DIAS BRANCO	220.794.163-91	Control	Supplier
Serving member of the board of directors			
Related party			
Companhia Industrial de Cimento Apodi	10.260.249/0004-32		
Equity interest			
Observation			
Materials used in civil works			
Issuer Administrator			
FRANCISCO MARCOS SARAIVA LEAO DIAS BRANCO	220.794.163-91	Control	Supplier
Serving member of the board of directors			
Related party			
Companhia Industrial de Cimento Apodi	10.260.249/0004-32		
Equity interest			
Observation			
Materials used in civil works			
Issuer Administrator			
FRANCISCO MARCOS SARAIVA LEAO DIAS BRANCO	220.794.163-91	Control	Supplier
Serving member of the board of directors			
Related party			
IDIBRA Participações Ltda.	06.258.768/0001-46		
Equity interest			
Observation			
Materials used in civil works			
Issuer Administrator			
FRANCISCO CLAUDIO SARAIVA LEAO DIAS BRANCO	262.329.013-04	Control	Direct parent company

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Industrial Vice-President - Milling			
Related party			
Dias Branco Adm. e Participações Ltda.	07.886.385/0001-85		
Vice President			
Observation			
-			
Issuer Administrator			
FRANCISCO CLAUDIO SARAIVA LEAO DIAS BRANCO	262.329.013-04	Control	Supplier
Industrial Vice-President - Milling			
Related party			
Praia Centro Hotéis, Viagens e Turismo Ltda.	07.415.391/0001-54		
Equity interest			
Observation			
Hotel sector services			
Issuer Administrator			
FRANCISCO CLAUDIO SARAIVA LEAO DIAS BRANCO	262.329.013-04	Control	Debtor
Industrial Vice-President - Milling			
Related party			
Terminal Portuário Cotegipe S.A.	40.561.649/0001-04		
CEO			
Observation			
Provision of wheat unloading services and other services			
Issuer Administrator			
FRANCISCO CLAUDIO SARAIVA LEAO DIAS BRANCO	262.329.013-04	Control	Supplier
Industrial Vice-President - Milling			
Related party			

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Companhia Industrial de Cimento Apodi	10.260.249/0004-32		
Equity Interest			
Observation			
Materials used in civil construction			
Issuer Administrator			
FRANCISCO CLAUDIO SARAIVA LEAO DIAS BRANCO	262.329.013-04	Control	Supplier
Industrial Vice-President - Milling			
Related party			
IDIBRA Participações Ltda.	06.258.768/0001-46		
Equity interest			
Observation			
Provider of civil construction services			
Issuer Administrator			
FRANCISCO CLAUDIO SARAIVA LEAO DIAS BRANCO	262.329.013-04	Control	Supplier
Industrial Vice-President - Milling			
Related party			
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	12.304.942/0001-42		
Equity interest			
Observation			
Provision of equipment installation and maintenance services			
Issuer Administrator			
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA		Control	Direct parent company
Financial Vice-President			
Related party			
Dias Branco Adm. e Participações Ltda.	07.886.385/0001-85		
Equity interest			

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Observation			
-			
Issuer Administrator			
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA	273.184.433-72	Control	Supplier
Financial Vice-President			
Related party			
Praia Centro Hotéis, Viagens e Turismo Ltda.	07.415.391/0001-54		
CEO			
Observation			
Hotel sector services			
Issuer Administrator			
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA	273.184.433-72	Control	Debtor
Financial Vice-President			
Related party			
Terminal Portuário Cotegipe S.A.	40.561.649/0001-04		
Equity interest			
Observation			
Provision of wheat unloading services and other services			
Issuer Administrator			
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA	273.184.433-72	Control	Supplier
Financial Vice-President			
Related party			
Companhia Industrial de Cimento Apodi	10.260.249/0004-32		
Equity interest			
Observation			
Materials used in civil construction			

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Issuer Administrator			
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA	273.184.433-72	Control	Supplier
Financial Vice-President			
Related party			
IDIBRA Participações Ltda.	06.258.768/0001-46		
Vice-President			
Observation			
Materials used in civil construction			
Issuer Administrator			
Maria Regina Saraiva Leão Dias Branco	235.899.653-04	Control	Direct parent company
Vice-President of Management and Development			
Related party			
Dias Branco Adm. e Participações Ltda.	07.886.385/0001-85		
Equity interest			
Observation			
-			
Issuer Administrator			
Maria Regina Saraiva Leão Dias Branco	235.899.653-04	Control	Supplier
Vice-President of Management and Development			
Related party			
Praia Centro Hotéis, Viagens e Turismo Ltda.	07.415.391/0001-54		
Vice-President			
Observation			
Hotel sector services			
Issuer Administrator			
Maria Regina Saraiva Leão Dias Branco	235.899.653-04	Control	Debtor

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Vice-President of Management and Development			
Related party			
Terminal Portuário Cotegipe S.A.	40.561.649/0001-04		
Equity interest			
Observation			
Provision of wheat unloading services and other services			
Issuer Administrator			
Maria Regina Saraiva Leão Dias Branco	235.899.653-04	Control	Supplier
Vice-President of Management and Development			
Related party			
IDIBRA Participações Ltda.	06.258.768/0001-46		
CEO			
Observation			
Provider of civil construction services			
Issuer Administrator			
Maria Regina Saraiva Leão Dias Branco	235.899.653-04	Control	Supplier
Vice-President of Management and Development			
Related party			
Companhia Industrial de Cimento Apodi	10.260.249/0004-32		
Equity interest			
Observation			
Materials used in civil construction			

Financial year 12/31/2018

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Issuer Administrator			
MARIA CONSUELO SARAIVA LEAO DIAS BRANCO	272.898.853-68	Control	Direct Controlling shareholder

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Chairman of the Board of Directors			
Related party			
Dias Branco Adm. e Participações Ltda.	07.886.385/0001-85		
Equity interest			
Observation			
Issuer Administrator			
MARIA CONSUELO SARAIVA LEAO DIAS BRANCO	272.898.853-68	Control	Supplier
Chairman of the Board of Directors			
Related party			
Praia Centro Hotéis, Viagens e Turismo Ltda.	07.415.391/0001-54		
Equity Interest			
Observation			
Hotel sector services			
Issuer Administrator			
MARIA CONSUELO SARAIVA LEAO DIAS BRANCO	272.898.853-68	Control	Debtor
Chairman of the Board of Directors			
Related party			
Terminal Portuário Cotegipe S.A.	40.561.649/0001-04		
Equity Interest			
Observation			
Provision of wheat unloading services and other services			
Issuer Administrator			
MARIA CONSUELO SARAIVA LEAO DIAS BRANCO	272.898.853-68	Control	Supplier
Chairman of the Board of Directors			
Related party			
Companhia Industrial de Cimento Apodi	10.260.249/0004-32		

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Equity interest			
Observation			
Materials used in civil works			
Issuer Administrator			
MARIA CONSUELO SARAIVA LEAO DIAS BRANCO	272.898.853-68	Control	Supplier
Chairman of the Board of Directors			
Related party			
IDIBRA Participações Ltda.	06.258.768/0001-46		
Equity interest			
Observation			
Provision of civil construction services			
Issuer Administrator			
Francisco Ivens de Sá Dias Branco Júnior	155.400.143-91	Control	Direct parent company
CEO and Industrial Vice-President – Cookies, Pasta and Margarine, Cakes and Snacks			
Related party			
Dias Branco Adm. e Participações Ltda.	07.886.385/0001-85		
Equity interest			
Observation			
Issuer Administrator			
Francisco Ivens de Sá Dias Branco Júnior	155.400.143-91	Control	Supplier
CEO and Industrial Vice-President – Cookies, Pasta and Margarine, Cakes and Snacks			
Related party			
Praia Centro Hotéis, Viagens e Turismo Ltda.	07.415.391/0001-54		
Equity interest			
Observation			

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Hotel sector services			
Issuer Administrator			
Francisco Ivens de Sá Dias Branco Júnior	155.400.143-91	Control	Debtor
CEO and Industrial Vice-President - Cookies, Pasta, Margarine, Cake and Snacks			
Related party			
Terminal Portuário Cotegipe S.A.	40.561.649/0001-04		
Equity interest			
Observation			
Provision of wheat unloading services and other services			
Issuer Administrator			
Francisco Ivens de Sá Dias Branco Júnior	155.400.143-91	Control	Supplier
CEO and Industrial Vice-President – Cookies, Pasta and Margarine, Cakes and Snacks			
Related party			
Companhia Industrial de Cimento Apodi	10.260.249/0004-32		
Equity interest			
Observation			
Materials used in civil works			
Issuer Administrator			
Francisco Ivens de Sá Dias Branco Júnior	155.400.143-91	Control	Supplier
CEO and Industrial Vice-President – Cookies, Pasta and Margarine, Cakes and Snacks			
Related party			
IDIBRA Participações Ltda.	06.258.768/0001-46		
Equity interest			
Observation			
Provision of civil construction services			
Issuer Administrator			

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Francisco Ivens de Sá Dias Branco Júnior	155.400.143-91	Control	Supplier
CEO and Industrial Vice-President - Cookies, Pasta, Margarine, Cake and Snacks			
Related party			
LDB Transportes de Cargas Ltda	09.411.448/0001-72		
Equity interest			
Observation			
Cargo transportation service			
Issuer Administrator			
Francisco Ivens de Sá Dias Branco Júnior	155.400.143-91	Control	Supplier
CEO and Industrial Vice-President – Cookies, Pasta and Margarine, Cakes and Snacks			
Related party			
LDB Logistica e Transporte Ltda	16.906.199/0001-51		
Participação societária			
Observation			
Cargo transportation service			
Issuer Administrator			
FRANCISCO MARCOS SARAIVA LEAO DIAS BRANCO	220.794.163-91	Control	Direct parent company
Serving member of the board of directors			
Related party			
Dias Branco Adm. e Participações Ltda.	07.886.385/0001-85		
CEO			
Observation			
Issuer Administrator			
FRANCISCO MARCOS SARAIVA LEAO DIAS BRANCO	220.794.163-91	Control	Supplier
Serving member of the board of directors			
Related party			

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Praia Centro Hotéis, Viagens e Turismo Ltda.	07.415.391/0001-54		
Equity interest			
Observation			
Hotel sector services			
Issuer Administrator			
FRANCISCO MARCOS SARAIVA LEAO DIAS BRANCO	220.794.163-91	Control	Debtor
Serving member of the board of directors			
Related party			
Terminal Portuário Cotegipe S.A.	40.561.649/0001-04		
Equity interest			
Observation			
Provision of wheat unloading services and other services			
Issuer Administrator			
FRANCISCO MARCOS SARAIVA LEAO DIAS BRANCO	220.794.163-91	Control	Supplier
Serving member of the board of directors			
Related party			
Companhia Industrial de Cimento Apodi	10.260.249/0004-32		
Equity interest			
Observation			
Materials used in civil works			
Issuer Administrator			
FRANCISCO MARCOS SARAIVA LEAO DIAS BRANCO	220.794.163-91	Control	Supplier
Serving member of the board of directors			
Related party			
IDIBRA Participações Ltda.	06.258.768/0001-46		
Equity interest			

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Observation			
Provision of civil construction services			
Issuer Administrator			
FRANCISCO CLAUDIO SARAIVA LEAO DIAS BRANCO	262.329.013-04	Control	Direct parent company
Industrial Vice-President - Milling			
Related party			
Dias Branco Adm. e Participações Ltda.	07.886.385/0001-85		
Vice President			
Observation			
Issuer Administrator			
FRANCISCO CLAUDIO SARAIVA LEAO DIAS BRANCO	262.329.013-04	Control	Supplier
Industrial Vice-President - Milling			
Related party			
Praia Centro Hotéis, Viagens e Turismo Ltda.	07.415.391/0001-54		
Equity interest			
Observation			
Hotel sector services			
Issuer Administrator			
FRANCISCO CLAUDIO SARAIVA LEAO DIAS BRANCO	262.329.013-04	Control	Debtor
Industrial Vice-President - Milling			
Related party			
Terminal Portuário Cotegipe S.A.	40.561.649/0001-04		
CEO			
Observation			
Provision of wheat unloading services and other services			

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Issuer Administrator			
FRANCISCO CLAUDIO SARAIVA LEAO DIAS BRANCO	262.329.013-04	Control	Supplier
Industrial Vice-President - Milling			
Related party			
Companhia Industrial de Cimento Apodi	10.260.249/0004-32		
Equity interest			
Observation			
Materials used in civil construction			
Issuer Administrator			
FRANCISCO CLAUDIO SARAIVA LEAO DIAS BRANCO	262.329.013-04	Control	Debtor
Industrial Vice-President - Milling			
Related party			
Terminal Portuário Cotegipe S.A.	40.561.649/0001-04		
CEO			
Observation			
Provision of wheat unloading services and other services			
Issuer Administrator			
FRANCISCO CLAUDIO SARAIVA LEAO DIAS BRANCO	262.329.013-04	Control	Supplier
Industrial Vice-President - Milling			
Related party			
IDIBRA Participações Ltda.	06.258.768/0001-46		
Equity interest			
Observation			
Provider of civil construction services			
Issuer Administrator			
FRANCISCO CLAUDIO SARAIVA LEAO DIAS BRANCO	262.329.013-04	Control	Supplier

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Industrial Vice-President - Milling			
Related party			
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	12.304.942/0001-42		
Equity interest			
Observation			
Provision of equipment installation and maintenance services			
Issuer Administrator			
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA	273.184.433-72	Control	Direct parent company
Financial Vice-President			
Related party			
Dias Branco Adm. e Participações Ltda.	07.886.385/0001-85		
Equity interest			
Observation			
Issuer Administrator			
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA	273.184.433-72	Control	Supplier
Financial Vice-President			
Related party			
Praia Centro Hotéis, Viagens e Turismo Ltda.	07.415.391/0001-54		
CEO			
Observation			
Hotel sector services			
Issuer Administrator			
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA	273.184.433-72	Control	Debtor
Financial Vice-President			
Related party			
Terminal Portuário Cotegipe S.A.	40.561.649/0001-04		

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Equity interest			
Observation			
Provision of wheat unloading services and other services			
Issuer Administrator			
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA	273.184.433-72	Control	Supplier
Financial Vice-President			
Related party			
Companhia Industrial de Cimento Apodi	10.260.249/0004-32		
Equity interest			
Observation			
Materials used in civil construction			
Issuer Administrator			
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA	273.184.433-72	Control	Supplier
Financial Vice-President			
Related party			
IDIBRA Participações Ltda.	06.258.768/0001-46		
Vice-President			
Observation			
Provider of civil construction services			
Issuer Administrator			
Maria Regina Saraiva Leão Dias Branco	235.899.653-04	Control	Direct parent company
Vice-President of Management and Development			
Related party			
Dias Branco Adm. e Participações Ltda.	07.886.385/0001-85		
Equity interest			
Observation			

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Issuer Administrator			
Maria Regina Saraiva Leão Dias Branco	235.899.653-04	Control	Supplier
Vice-President of Management and Development			
Related party			
Praia Centro Hotéis, Viagens e Turismo Ltda.	07.415.391/0001-54		
Vice-President			
Observation			
Hotel sector services			
Issuer Administrator			
Maria Regina Saraiva Leão Dias Branco	235.899.653-04	Control	Debtor
Vice-President of Management and Development			
Related party			
Terminal Portuário Cotegipe S.A.	40.561.649/0001-04		
Equity interest			
Observation			
Provision of wheat unloading services and other services			
Issuer Administrator			
Maria Regina Saraiva Leão Dias Branco	235.899.653-04	Control	Supplier
Vice-President of Management and Development			
Related party			
Companhia Industrial de Cimento Apodi	10.260.249/0004-32		
Equity interest			
Observation			
Materials used in civil construction			
Issuer Administrator			

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Maria Regina Saraiva Leão Dias Branco	235.899.653-04	Control	Supplier
Vice-President of Management and Development			
Related party			
IDIBRA Participações Ltda.	06.258.768/0001-46		
CEO			
Observation			
Provider of civil construction services			
Issuer Administrator			
Geraldo Luciano Mattos Júnior	144.388.523-15	Control	Supplier
Investor Relations Officer and Vice-President for Investments and Controllership			
Related party			
Terminal Portuário Cotegipe S.A.	40.561.649/0001-04		
Director			
Observation			
Provision of wheat unloading services and other services			

Financial year 12/31/2017

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Issuer Administrator			
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA	273.184.433-72	Control	Direct parent company
Deputy Chairman of the Board of Directors and Financial Vice President			
Related party			
Dias Branco Adm. e Participações Ltda.	07.886.385/0001-85		
Administrator of Francisco Ivens de Sá Dias Branco's Estate			
Observation			
Property rental			

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Issuer Administrator			
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA	273.184.433-72	Control	Debtor
Deputy Chairman of the Board of Directors and Financial Vice President			
Related party			
Terminal Portuário Cotegipe S.A.	40.561.649/0001-04		
Administrator of Francisco Ivens de Sá Dias Branco's Estate			
Observation			
Provision of wheat unloading services and other services			
Issuer Administrator			
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA	273.184.433-72	Control	Supplier
Deputy Chairman of the Board of Directors and Financial Vice President			
Related party			
Praia Centro Hotéis, Viagens e Turismo Ltda.	07.415.391/0001-54		
Administrator of Francisco Ivens de Sá Dias Branco's Estate			
Observation			
Hotel sector services			
Issuer Administrator			
Francisco Ivens de Sá Dias Branco Júnior	155.400.143-91	Control	Supplier
CEO and Industrial Vice-President – Cookies, Pasta and Margarine, Cakes and Snacks			
Related party			
LDB Transportes de Cargas Ltda	09.411.448/0001-72		
Partner and administrator			
Observation			
Cargo transportation service			
Issuer Administrator			
Francisco Ivens de Sá Dias Branco Júnior	155.400.143-91	Control	Supplier

12.10- Relationships of Subordination, Provision of Services or Control between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
CEO and Industrial Vice-President – Cookies, Pasta and Margarine, Cakes and Snacks			
Related party			
LDB Logistica e Transporte Ltda	16.906.199/0001-51		
Partner and administrator			
Observation			
Cargo transportation service			
Issuer Administrator			
FRANCISCO CLAUDIO SARAIVA LEAO DIAS BRANCO	262.329.013-04	Control	Supplier
Industrial Vice-President - Milling			
Related party			
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	12.304.942/0001-42		
Partner and administrator			
Observation			
Provision of equipment installation and maintenance services			
Issuer Administrator			
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA	273.184.433-72	Control	Direct parent company
Deputy Chairman of the Board of Directors and Financial Vice President			
Related party			
DIBRA FUNDO DE INVESTIMENTO EM AÇÕES.	07.973.152/0001-10		
Administrator of Francisco Ivens de Sá Dias Branco's Estate			
Observation			
Issuer Administrator			
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA	273.184.433-72	Control	Supplier
Deputy Chairman of the Board of Directors and Financial Vice President			
Related party			
Petroposto Com. de Derivados de Petróleo Ltda.	41.452.236/0001-46		

12.10 - Relationships of Subordination, Provision of Services or Control Between Executives and Subsidiaries, Parent Companies and Others

Identification	CPF/CNPJ	Type of relation of Administrator with related party	Type of related party
Job title/position			
Administrator of Francisco Ivens de Sá Dias Branco's Estate			
Observation			
Supply of Fuel			
Issuer Administrator			
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA	273.184.433-72	Control	Supplier
Deputy Chairman of the Board of Directors and Financial Vice President			
Related party			
IDIBRA Participações Ltda.	06.258.768/0001-46		
Administrator of Francisco Ivens de Sá Dias Branco's Estate			
Observation			
Provision of civil construction services			
Issuer Administrator			
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA	273.184.433-72	Control	Supplier
Deputy Chairman of the Board of Directors and Financial Vice President			
Related party			
Companhia Industrial de Cimento Apodi	10.260.249/0004-32		
Administrator of Francisco Ivens de Sá Dias Branco's Estate			
Observation			
Materials used in civil works			

12.11 - Agreements, including Insurance Policies, for Payment or Reimbursement of Expenses incurred by Executives

According to article 9 of its Articles of Incorporation, the company may take out insurance, at its own expense, to protect its property, Advisers and Directors against any losses caused by conflicts or demands deriving from management acts within or outside of the domain of the capital market. The company may also hire lawyers and other professionals, at its own expense, which are required to defend its Advisers and Directors for demands motivated by acts practiced while managing the company, even if these conflicts arise after the administrators' terms of office have come to a close.

12.12 - Further material information

We have been listed in the Novo Mercado segment of B3 since 2006 and the right to a 100% tag along. The Board of Directors has six members, 50% of whom are independent. In addition, since 2014 separate individuals have held the positions of Company CEO and Chairman of the Board of Directors.

We have a non-statutory Audit Committee comprised of independent members only, one also being a member of the Board of Directors, which bolsters our commitment to information transparency. The Audit, Risk and Compliance Board reports directly to the CEO and functionally to the Audit Committee, ensuring its independence.

In pursuit of ongoing progress we created an internal benchmark called iMDB – the M. Dias Branco Corporate Governance Index – embracing the following referential market requirements:
• New Market regulations (mandatory);
• Brazilian Corporate Governance Code (apply or explain);
• Dow Jones Sustainability Index (inspirational);
• Corporate Sustainability Index (ISE) (inspirational).

We can therefore direct improvement efforts and measure our progress against consolidated demand in the market and society, with objectivity and pragmatism.

Governance Bodies

In addition to the Audit Committee, the Company’s governance structure is supported by (non-statutory) subject-matter forums and committees that help to create a culture of transparency, information sharing and accountability.

These committees are collegial bodies composed of members who collectively possess the knowledge, skills and competencies required to perform their collective duties.

The committees aim to:
• Executive Committee: Implement, examine, discuss and formulate recommendations for the Strategy Board regarding strategic plans, studies and projects. It is an advisory board.
• Ethics Committee: Advises the Audit Committee on overseeing the application of our Code of Ethics and monitoring incidents reported and monitoring incidents reported in the Ethics Channel.
• Occupational Safety Committee: This Committee is responsible for Occupational Health & Safety (SSO) governance using a management framework in which our leadership team is engaged and encourages engagement across all levels of our organization.
• Reputation Management Committee: Cultivates a rewarding relationship with stakeholders through press releases, and aims to minimize negative impacts to the Company’s image resulting from crisis situations.
• Sustainability Committee: Monitors the implementation and dissemination of the sustainability culture and initiatives of the Workgroups (GTs) related to strategic sustainability matters.
• Compensation and Appointments Committee: Advises the Board of Directors with recommendations to appoint members to the Company's Board of Directors and its Committees and the Executive Board, and the compensation of members of the Board of Directors and Executive Board.
• Governance Committee: at a Board of Directors' meeting held 3/11/2019 it was decided to set up a Corporate Governance Committee consisting of at least 2 (two) members of the Company’s statutory or non-statutory management and 1 (one) independent member of the Board of Directors.

12.12 - Other material information

The Corporate Governance Committee's meetings shall take place once every two months and its internal regulations and the election of its members will take place at the Board of Directors' meeting.

Compliance and Code of Ethics

Our Code of Ethics sets out the principles and values by which all employees and legal representatives of the Company are expected to abide, as well as the standards of behavior expected of business partners, investors and consumers.

In line with UN Sustainable Development Goal 16 – Peace, Justice and Strong Institutions, an Ethics Hotline is available for employees and other stakeholders to report potential violations of our Code of Ethics. This is an independent, free and confidential service , accessible by phone, e-mail or internet. The identity of whistleblowers is kept anonymous if they so choose, i.e. identification is optional.

Through our Corporate University and Leadership Development Program (LDP), we provided training in the year on our Code of Ethics and other compliance topics, such as the Brazilian Anti-corruption Act.

13.1 - Description of the Compensation Policy or Practice, including the Non-statutory Executive Board

a. Objectives of the compensation policy or practice

Board of Directors:

The Company´s compensation practice, for the members of the Management Board, aims to provide compensation for the important role played by the Board in managing the Company, in accordance with the limit established in the Shareholders´ Meeting. Current compensation only refers to management fees and is paid only to the independent Board members.

Statutory Board:

The compensation policy for the statutory board is designed to contract and retain highly qualified professionals as members of Company management. Compensation of the statutory board, which complies with the limit established in the Shareholders' meeting, consists of salary or management fees, adjusted on the same basis as the adjustments for employees, and variable income. Variable income offered by the Company includes a profit sharing plan, depending on performance metrics and results, aligned with the interests of the Company and its members and, for officers joining from 2019, a long-term, performance-based incentive program awarding restricted shares, no compensation or benefit is dependent on corporate events.

Non-Statutory Board:

The Company´s compensation policy for non-statutory board members is based on market practices, identified based on research and inquiries into companies of similar size and with similar characteristics, and the directors' compensation is aligned with the results obtained. The compensation practice is designed to contract and retain highly qualified professionals as members of Company management. The compensation policy for its members complies with legislation in force, given that all of the directors have employment contracts, and aims to achieve results from benchmarking the compensation of each director. The Company provides its directors with a profit sharing plan, according to performance metrics and results, which is based on accompanying the market and a long-term, performance-based incentive program awarding restricted shares. The compensation policy has to be aligned with the interests of the company and its members, and no compensation or benefit is dependent on corporate events.

Audit Committee:

The Company no longer has a Audit Committee. Its Audit Committee existed until April 2009, but none of its members were remunerated.

Committee:

Audit Committee, Corporate Governance Committee and Appointments and Compensation Committee

The compensation for the members of the Board of Directors' advisory committee is based on fees, according to market research and inquiries into companies of similar size and with similar characteristics and aims to remunerate the committee according to the responsibilities assumed. Only the committee´s independent members receive compensation.

13.1 - Description of the Compensation Policy or Practice, including the Non-statutory Executive Board

Executive Committee, Ethics Committee, Sustainability Committee and Occupational Health and Safety Committee and Reputation Management Committee

The members of the Executive Committee, Ethics Committee, Sustainability Committee, Occupational Health and Safety Committee and Reputation Management Committee do not receive any compensation.

b. Composition of compensation, providing:

i. Description of each item of compensation, and the objective of each item

Board of Directors

- Fees – refers to monthly compensation and the objective is to provide fixed consideration for performing the responsibilities of the position held.

Statutory Executive Board

- Salaries or fees – refers to monthly compensation and is the fixed consideration received for performing the responsibilities of each position.

- Benefits – refer to a variety of benefits, including group life insurance, medical coverage, etc. the objective of which is to provide better quality of life for its professionals, and consequently, greater satisfaction in achieving the company's results.

- Variable compensation– i) profit sharing: and aims to align the performance of each manager with the corporate and sector results that the Company intends to achieve. and ii) a long-term, performance-based incentive program awarding restricted shares for officers joining from 2019: aim of creating a sense of ownership, driving enduring high performance levels, ensuring the overall compensation packages competitive and retaining key leaders.

- Other – refers to social security payments.

Non Statutory Board Members

- Salaries – refers to monthly compensation and is the fixed consideration received for performing the responsibilities of each position.

- Benefits – refer to a variety of benefits, including group life insurance, education grants, medical coverage, etc. the objective of which is to provide better quality of life for its professionals, and consequently, greater satisfaction in achieving the company's results.

- Variable compensation– i) profit sharing: and aims to align the performance of each manager with the corporate and sector results that the Company intends to achieve. and ii) a long-term, incentive program awarding restricted shares: aim of creating a sense of ownership, driving enduring high performance levels, ensuring the overall compensation packages competitive and retaining key leaders.

13.1 - Description of the Compensation Policy or Practice, including the Non-statutory Executive Board

- Other – refers to social security payments.

Audit Committee, Corporate Governance Committee and Appointments and Compensation Committee

- Fees – refers to monthly compensation and the objective is to provide fixed consideration for to the Committee's independent members for performing the responsibilities assumed.

- Other – refers to social security payments.

Executive Committee, Ethics Committee, Sustainability Committee and Occupational Health and Safety Committee and Reputation Management Committee

- This committee consists of professionals from the Company, who do not receive any additional compensation from participating in the Committee.

ii. Each item as a percentage of total compensation

	Salaries and fees	Benefits	Other	Variable Compensation	Total compensation
Board of Directors	82.3%	1.2%	16.5%	-	100.0%
Statutory Executive Board	36.9%	1.9%	6.4%	54.8%	100.0%
Non Statutory Board Members	60.5%	8.8%	9.9%	20.8%	100.0%
Audit Committee	92.3%	-	7.8%	-	100.0%

**Information for amounts paid in 2019.*

iii. Method for calculating and adjusting each item of compensation:

The compensation of the board of directors members and members of the Board of Directors advisory committees is negotiated annually, based on market conditions.

The adjustment to the statutory and non-statutory board´s fixed remuneration is made annually, based on the same adjustment parameters defined in the collective agreements with the unions for the Company´s employees, whilst that for variable income is defined based on the goals to be achieved.

iv. Explanations for the composition of compensation

Compensate professionals according to the responsibilities of the position, market practices and the Company´s competitive level.

c. Main performance metrics taken into consideration when determining each item of compensation.

Board of Directors: The Company does not use performance metrics to determine the items of compensation for the Management Board;

Statutory Board: The Company does not have performance metrics for salaries or fees and direct and indirect benefits. For profit sharing,

13.1 - Description of the Compensation Policy or Practice, including the Non-statutory Executive Board

The Company´s annual strategic planning establishes objectives to be achieved, and based on these objectives, the corporate goals are established, together with the criteria for variable compensation applicable when these goals are reached, whilst respecting the limit for multiple salaries approved by the Board of Directors. Under our long-term incentive plan with restricted shares (for officers hired from 2019 onwards), the number of shares to be effectively converted for full ownership of the plan participant depends on Company performance in terms of Return on Invested Capital (ROIC).

Non-Statutory Board: The Company does not have performance metrics for salaries and direct and indirect benefits. For profit sharing, the Company´s annual strategic planning establishes objectives to be achieved, and based on these objectives, the corporate goals are established, together with the criteria for variable compensation applicable when these goals are reached, in accordance with the terms negotiated and periodically defined with the unions for each category/state. Under our Long-Term Incentive Plan, the number of shares a plan participant is eligible to be awarded depends on Company performance in terms of Return on Invested Capital (ROIC).

Board of Directors' advisory committee: the Company does not have performance metrics to determine the items of compensation for the Audit Committee.

Committee for Strategy and Corporate Performance: No compensation is paid to the members of the Company´s strategic committee.

d. How the compensation is structured to be performance-based:

Performance-based compensation is the variable compensation paid to the statutory and non-statutory directors, which is proportional to achieving the performance and goals defined annually, as defined above, in addition to the Company's ROIC performance (return on invested capital).

e. How the compensation policy or practice is aligned with the interests of the Company in the short, medium and long term

Alignment with the Company´s short, medium and long term interests is achieved by the fact that compensation, based on market parameters, ensures that the best talents are retained, and is compatible with the responsibilities attributed to each manager and encourages results and the corporate objectives to be achieved, consistent with the Company´s strategic plan.

f. Existence of compensation paid by subsidiaries, or the Company´s direct or indirect controllers or subsidiaries

No compensation is paid by subsidiaries or the Company´s direct or indirect subsidiaries or controllers.

g. Existence of any compensation or benefit dependent on certain corporate events, such as the sale of the company´s controlling interest.

No compensation or benefit is dependent on corporate events.

13.2 - Total Compensation of Board of Directors, Executive Board and Audit Committee

Total compensation projected for current Financial Year 12/31/2020 - Annual amounts				
	Board of Directors	Statutory Executive Board	Audit Committee	Total
Total no. of members	6.00	6.00	0.00	12.00
No. of compensated members	0.00	0.00	0.00	0.00
Annual fixed compensation				
Salaries or management fees	1,256,031.00	12,816,094.81	0.00	14,072,125.81
Direct and indirect benefits	0.00	662,259.99	0.00	662,259.99
Participations in committees	332,073.00	0.00	0.00	332,073.00
Other	397,026.00	2,234,951.42	0.00	2,631,977.42
Description of other fixed compensation	Other (INSS)	Other (INSS)		
Variable compensation				
Bonuses	0.00	0.00	0.00	0.00
Profit sharing	0.00	7,801,563.78	0.00	7,801,563.78
Participation in meetings	0.00	0.00	0.00	0.00
Commissions	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Description of other variable compensation				
Post-employment	0.00	0.00	0.00	0.00
Termination of position	0.00	0.00	0.00	0.00
Share based (including options)	0.00	0.00	0.00	0.00
Observation			The Audit Committee is not expected to be convened in 2019. The fixed compensation: classified under “Other” denotes the social security contribution.	
Total compensation	1,985,130.00	23,514,870.00	0.00	25,500,000.00

Total compensation of the financial year ended as of 12/31/2019 - Annual amounts				
	Board of Directors	Statutory Executive Board	Audit Committee	Total
Total no. of members	6.00	6.00	0.00	12.00
No. of compensated members	0.00	0.00	0.00	0.00
Annual fixed compensation				
Salaries or management fees	1,182,510.31	12,269,413.38	0.00	13,451,923.69
Direct and indirect benefits	17,549.47	597,180.55	0.00	614,730.02
Participations in committees	0.00	0.00	0.00	0.00
Other	236,502.00	2,458,255.34	0.00	2,694,757.34

Description of other fixed compensation	Other (INSS)	Other (INSS)		
Variable compensation				
Bonuses	0.00	0.00	0.00	0.00
Profit sharing	0.00	7,160,346.73	0.00	7,160,346.73
Participation in meetings	0.00	0.00	0.00	0.00
Commissions	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Description of other variable compensation				
Post-employment	0.00	0.00	0.00	0.00
Termination of position	0.00	0.00	0.00	0.00
Share based (including options)	0.00	0.00	0.00	0.00
Observation			The Audit Committee is not expected to be convened in 2019. The fixed compensation: classified under “Other” denotes the social security contribution.	
Total compensation	1,436,561.78	22,485,196.00	0.00	23,921,757.78

Total compensation of the financial year ended as of 12/31/2018 - Annual amounts

	Board of Directors	Statutory Executive Board	Audit Committee	Total
Total no. of members	6.00	6.00		12.00
No. of compensated members	4.00	6.00		10.00
Annual fixed compensation				
Salaries or management fees	1,131,372.28	11,738,818.77		12,870,191.05
Direct and indirect benefits	16,790.54	571,355.29		588,145.83
Participations in committees	0.00	0.00		0.00
Other	226,274.40	2,351,947.32		2,578,221.72
Description of other fixed compensation	Other (INSS)	Other (INSS)		
Variable compensation				
Bonuses	0.00	0.00		0.00
Profit sharing	0.00	6,149,928.02		6,149,928.02
Participation in meetings	0.00	0.00		0.00
Commissions	0.00	0.00		0.00
Other	0.00	0.00		0.00

Description of other variable compensation				
Post-employment	0.00	0.00		0.00
Termination of position	0.00	0.00		0.00
Share based (including options)	0.00	0.00		0.00
Observation	Note: the Audit Committee was not convened in FY 2018. The executive compensation proposal for 2018 amounted to R$ 24.0 million. The total amount was 7.6% less than estimated, as the percent salary increase was less than anticipated for 2018.			
Total compensation	1,374,437.22	20,812,049.40		22,186,486.62

Total compensation of the financial year ended as of 12/31/2017 - Annual amounts

	Board of Directors	Statutory Executive Board	Audit Committee	Total
Total no. of members	5.67	6.00		11.67
No. of compensated members	3.50	6.00		9.50
Annual fixed compensation				
Salaries or management fees	870,870.92	11,388,129.52		12,259,000.44
Direct and indirect benefits	19,163.69	461,097.98		480,261.67
Participations in committees	0.00	0.00		0.00
Other	174,174.18	2,289,033.69		2,463,207.87
Description of other fixed compensation	Contribution to social security.	Contribution to social security.		
Variable compensation				
Bonuses	0.00	0.00		0.00
Profit sharing	0.00	6,284,014.61		6,284,014.61
Participation in meetings	0.00	0.00		0.00
Commissions	0.00	0.00		0.00
Other	0.00	0.00		0.00
Description of other variable compensation				
Post-employment	0.00	0.00		0.00
Termination of position	0.00	0.00		0.00
Share based (including options)	0.00	0.00		0.00

Observation	Note: the Audit Committee was not convened in FY 2017. The executive compensation proposal for 2017 amounted to R$ 24.0 million. The total amount was 11.7% less than estimated, as the percent salary increase was less than anticipated for 2017.			
Total compensation	1,064,208.79	20,422,275.80		21,486,484.59

13.3 - Variable Compensation of Board of Directors, Executive Board and Audit Committee

Projected for the Financial Year - 2020

Variable compensation (profit shares) was only awarded to the statutory board in FYs 2017, 2018 and 2019. Profit shares are only expected to be given to the statutory board in FY 2020 to.

Variable compensation forecast for the current year 2020

	Board of Directors	Statutory Executive Board	Audit Committee	Total
No. of members	-	6	-	6
Bonuses				
Minimum stipulated in the compensation plan	NA	NA	NA	NA
Maximum stipulated in the compensation plan	NA	NA	NA	NA
Amount stipulated in the compensation plan if the targets are met	NA	NA	NA	NA
Amount effectively recognized in profit or loss for the financial year	NA	NA	NA	NA
Profit sharing				
Minimum stipulated in the compensation plan	NA	6,241,251.02	NA	6,241,251.02
Maximum stipulated in the compensation plan	NA	7,801,563.78	NA	7,801,563.78
Amount stipulated in the compensation plan if the targets are met	NA	7,801,588.95	NA	7,801,588.95
Amount effectively recognized in profit or loss for the financial year	NA	-	NA	-

Nb: 80% of the targets have to be achieved to qualify for the minimum amount established in the compensation plan.

Variable compensation forecast for the year ended 2019

	Board of Directors	Statutory Executive Board	Audit Committee	Total
No. of members	-	6	-	6
Bonuses				
Minimum stipulated in the compensation plan	NA	NA	NA	NA
Maximum stipulated in the compensation plan	NA	NA	NA	NA
Amount stipulated in the compensation plan if the targets are met	NA	NA	NA	NA
Amount effectively recognized in profit or loss for the financial year	NA	NA	NA	NA
Profit sharing				
Minimum stipulated in the compensation plan	NA	5,790,871.16	NA	5,790,871.16
Maximum stipulated in the compensation plan	NA	7,238,588.95	NA	7,238,588.95
Amount stipulated in the compensation plan if the targets are met	NA	7,238,588.95	NA	7,238,588.95
Amount effectively recognized in profit or loss for the financial year	NA	5,540,808.91	NA	5,540,808.91

Nb: 80% of the targets have to be achieved to qualify for the minimum amount established in the compensation plan.

13.3 - Variable Compensation of Board of Directors, Executive Board and Audit Committee

Variable compensation forecast for the year ended 2018

	Board of Directors	Statutory Executive Board	Audit Committee	Total
No. of members	-	6	-	6
Bonuses				
Minimum stipulated in the compensation plan	NA	NA	NA	NA
Maximum stipulated in the compensation plan	NA	NA	NA	NA
Amount stipulated in the compensation plan if the targets are met	NA	NA	NA	NA
Amount effectively recognized in profit or loss for the financial year	NA	NA	NA	NA
Profit sharing				
Minimum stipulated in the compensation plan	NA	6,373,533.65	NA	6,373,533.65
Maximum stipulated in the compensation plan	NA	7,966,917.07	NA	7,966,917.07
Amount stipulated in the compensation plan if the targets are met	NA	7,966,917.07	NA	7,966,917.07
Amount effectively recognized in profit or loss for the financial year	NA	-	NA	-

Variable compensation forecast for the year ended 2017

	Board of Directors	Statutory Executive Board	Audit Committee	Total
No. of members	-	6	-	6
Bonuses				
Minimum stipulated in the compensation plan	NA	NA	NA	NA
Maximum stipulated in the compensation plan	NA	NA	NA	NA
Amount stipulated in the compensation plan if the targets are met	NA	NA	NA	NA
Amount effectively recognized in profit or loss for the financial year	NA	NA	NA	NA
Profit sharing				
Minimum stipulated in the compensation plan	NA	5,685,413.63	NA	5,685,413.63
Maximum stipulated in the compensation plan	NA	7,106,767.04	NA	7,106,767.04
Amount stipulated in the compensation plan if the targets are met	NA	7,106,767.04	NA	7,106,767.04
Amount effectively recognized in profit or loss for the financial year	NA	6,284,014.61	NA	6,284,834.30

13.4 - Share-based Compensation Plan of the Board of Directors and Statutory Board

To enhance our ability to attract key executives, an Extraordinary General Meeting on December 27, 2019 passed a resolution making registered employees hired as statutory directors from 2019 eligible for the “Share-based compensation plan: long-term incentive program awarding restricted shares approved at the General Meeting held April 13, 2017.

13.5 - Share-based Payments

We recognized no share-based compensation for the fiscal year ended December 31, 2019 due to the 03 (three) year vesting period for plan participants' share awards under the Plan, as described in section 13.4.

13.6 - Outstanding Options

As of December 31, 2019 there was no outstanding option held by a member of the Board of Directors and statutory Executive Board.

13.7 - Options Exercised and Shares Delivered

FY 2019

Agency	Board of Directors	Statutory Executive Board
Number of members	-	-
In relation to the exercised options, state:		
Number of shares	NA	NA
Weighted average strike price	NA	NA
Total value of the difference between the strike value and market value of the exercised options	NA	NA
In relation to the shares delivered state:	NA	NA
Number of shares	NA	NA
Average weighted acquisition price	NA	NA
Total value of the difference between the acquisition value and market value of the shares acquired	NA	NA

FY 2018

Agency	Board of Directors	Statutory Executive Board
Number of members	-	-
In relation to the exercised options, state:		
Number of shares	NA	NA
Weighted average strike price	NA	NA
Total value of the difference between the strike value and market value of the exercised options	NA	NA
In relation to the shares delivered state:	NA	NA
Number of shares	NA	NA
Average weighted acquisition price	NA	NA
Total value of the difference between the acquisition value and market value of the shares acquired	NA	NA

FY 2017

Agency	Board of Directors	Statutory Executive Board
Number of members	-	-
In relation to the exercised options, state:		
Number of shares	NA	NA
Weighted average strike price	NA	NA
Total value of the difference between the strike value and market value of the exercised options	NA	NA
In relation to the shares delivered state:	NA	NA
Number of shares	NA	NA
Average weighted acquisition price	NA	NA
Total value of the difference between the acquisition value and market value of the shares acquired	NA	NA

13.8 - Share/Options Pricing

a. Pricing model

This does not apply for the reasons set out in items 13.4. and 13.5.

b. The data and assumptions used in the pricing model include the average weighted price of the shares, strike price, expected volatility, option life, expected dividends and risk-free interest rate.

This does not apply for the reasons set out in items 13.4. and 13.5.

c. Method used and assumptions made to incorporate the expected effects of early exercising

This does not apply for the reasons set out in items 13.4. and 13.5.

d. Means of determining expected volatility

This does not apply for the reasons set out in items 13.4. and 13.5.

e. Whether any other feature of the option has been incorporated into its fair value measurement

This does not apply for the reasons set out in items 13.4. and 13.5.

13.9 - Interests held by Body

	No. of common shares	%
Controlling shareholder	214,650,000	63.32%
Executives	39,614,359	11.69%
Other	84,735,641	25.00%
Total	339,000,000	100.0 %

Ownership of the shares in Dibra Fundo de Investimentos em Ações is listed in topic *15.1/2 Share Ownership.*

13.10 - Information about Pension Plans awarded to Members of the Board of Directors and Officers

There are no pension plans in force awarded to members of the board of directors and officers by the Company.

13.11 - Maximum, Minimum and Average Individual Compensation of the Board of Directors, Executive Board and Audit Committee

Annual amounts

	Statutory Executive Board			Board of Directors		
	12/31/2019	12/31/2018	12/31/2017	12/31/2019	12/31/2018	12/31/2017
No. of members	6.00	6.00	6.00	6.00	6.00	5.67
No. of compensated members	6.00	6.00	6.00	6.00	4.00	3.50
Value of the highest compensation (Reais)	16,346,509.52	2,283,821.10	4,332,465.84	463,935.39	369,765.94	450,015.03
Value of the lowest compensation (Reais)	2,830,001.03	1,665,467.53	3,118,113.51	207,592.40	250,971.30	149,866.80
Average compensation (Reais)	5,593,085.77	1,795,481.34	3,403,712.63	343,024.28	282,843.07	304,059.65

Observation

Statutory Executive Board	
12/31/2019	Note: (i) The compensation of the members of the statutory board who also serve on the Board of Directors is included in the statutory board; (ii) The members of the statutory Executive Board with the highest and lowest individual compensation carried out their duties in the 11 months of FY 2019; (iii) The statutory board's compensation includes management fees/salaries, direct/indirect benefits, others and profit shares, including benefits resulting from stepping down from office, as a result of the changes in the Vice Presidency of Investments and Controller's Department;
12/31/2018	Note: (i) The compensation of the members of the statutory board who also serve on the Board of Directors is included in the statutory board; (ii) The members of the statutory Executive Board with the highest and lowest individual compensation carried out their duties in the 12 months of FY 2018; (iii) The statutory board's compensation includes management fees/salaries, direct/indirect benefits, others and profit shares.
12/31/2017	Note: (i) The compensation of the members of the statutory board who also serve on the Board of Directors is included in the statutory board; (ii) The members of the statutory Executive Board with the highest and lowest individual compensation carried out their duties in the 12 months of FY 2017; (iii) The statutory board's compensation includes management fees/salaries, direct/indirect benefits, others and profit shares.

Board of Directors	
12/31/2019	Note: To calculate the average individual compensation of the board of directors we summed the directors' compensation divided by four, which is the average number of members on the board of directors who received compensation and two members of the board did not receive compensation throughout the period.
12/31/2018	Note: To calculate the average individual compensation of the board of directors we summed the directors' compensation divided by 4, which is the average number of members on the board of directors who receive compensation; two board members did not receive compensation throughout the period and one member held their position for less than 12 months.
12/31/2017	Note: To calculate the average individual compensation of the board of directors we summed the directors' compensation divided by 3.50, which is the average number of members on the board of directors who receive compensation; two board members did not receive compensation throughout the period and one member held their position for less than 12 months.

13.12 - Mechanisms for Compensation or Indemnification for Executives in the case of Severance or Retirement

There are no insurance policies that formulate mechanisms for compensation or indemnification for executives in the case of severance or retirement.

13.13 - Percentage in the Total Compensation held by Executives and Members of the Audit Committee related to the Parent Companies

FY 2019

	Board of Directors	Statutory Executive Board
% Compensation executives - related parties	33.8	82.9

FY 2018

	Board of Directors	Statutory Executive Board
% Compensation executives - related parties	33.5%	82.9%

FY 2017

	Board of Directors	Statutory Executive Board
% Compensation executives - related parties	51.9%	82.7%

The Audit Committee was not convened in FYs 2017, 2018 and 2019.

13.14 - Compensation of the Administrators and Members of the Audit Committee, Grouped by Board, Received for any Reason other than their Position

No member of the Board Member, Statutory Board or Audit Committee received compensation from the Company for any services not related to their position, such as commission and consultancy or advisory services rendered for the past three financial years.

13.15 - Compensation of Administrators and Members of the Audit Committee Recognized in Profit or Loss of Direct or Indirect Parent Companies, Joint Ventures and Subsidiaries of Issuer

The direct or indirect controlling shareholders, companies under joint control and subsidiaries of the Company did not compensate the members of the Board of Directors, executive board or any other board in the last three financial years.

13.16 - Other Material Information

Not applicable, as all the material information has been presented in the previous topics.

14.1 Human Resources Policy

The company's human resources policy is based on three fundamental premises: alignment with business strategy, professionalization and orientation for results. Therefore, all of the employees' development projects have a strong link with achieving strategic objectives, seeking to consolidate corporate people management practices which fuel high performance and favor a working climate.

The recruitment and selection processes are carried out based on technical and behavioral requirements, directed towards attracting talent with the profile required by the business and with potential to develop new skills. The development programs are carried out based on essential skills which guide the organization's culture and providing internal and external training which develops the expertise required by co-workers.

M. Dias Branco continually invests in the coaching and betterment of its more than 20 thousand employees. In addition, it adopts management tools that encourage its teams at all of its units to make a joint effort to achieve the corporate results. Consequently, People and Management are business dimensions that are complementary and develop together in a sustainable manner.

M. Dias Branco strives for collective construction, involving several areas and perceptions, and disseminating its mission, vision and values among its employees, with the aim of strengthening the sense of common purpose.

In 2019 our Corporate University further supported the development of our employees, in line with UN Sustainable Development Goal 14 – Quality Education. We provided more than 786,000 hours of training in the year.

Through our Leadership Development Program (LDP), we aim to align the different levels of leadership with our business strategy, helping them to develop the skills and competencies they need to support strategic business goals.

In online education, we undertook initiatives to strengthen our distance-learning culture, covering a variety of business areas and a diverse audience, including leaders, specialists, product promoters, sales representatives, assistants and interns. We organized our "1st Distance Education Week" during the year, with new content launched each day. We also launched a "Reading Recommendations" program, with employee crowdsourced book recommendations. We completed implementation of a software-based training management tool for hosting internally developed training content. In total, employees took more than 60,000 hours of distance-education training in 2019.

As part of efforts to improve our education initiatives, we overhauled our "Expertise Partners" program to create a more active approach that gives analysts a more systemic vision, renaming it the "Knowledge Journey" program. Three editions of the program were organized, with more than 300 employees attending workshops on topics such as design thinking, soft skills, individual high performance and communication.

In 2019 the Industrial Operations department, working with the Corporate University, started its first class for a training course on biscuit, toast and cake production technology. Twenty-five employees were selected for three months of immersive training on topics like raw materials, basic chemistry, production processes, flavorings, packaging and equipment maintenance. The course provided more than 7 hours of training.

Our Product Promoter Training program delivered more than 25,000 hours of training on key merchandising concepts, including topics such as the shopping experience, time management and negotiation.

14.1 Human Resources Policy

In its effort to preserve good communications with employees, we have a dedicated Communications team that discloses information and develops educational campaigns. To this end it relies on internal vehicles such as bulletin boards, a printed newsletter, intranet and e-mail, among others. They all have a specific editorial line and are constantly updated in accordance with the profiles of various publics.

Furthermore, in partnership with the strategy and management and human resources team, the communications team also runs programs that foster personal meetings between employees at several levels, nurturing face-to-face communication and employee engagement, having a positive impact on the organizational environment.

As a way to support employees in developing their careers, M Dias Branco's Performance Management Program helps to align individual and strategic goals; informs promotion, selection and training processes and improvements to work procedures; helps to foster a merit-based culture; strengthens our leadership teams; and improves the organizational climate.

In 2019 the Performance Management Program covered more than 1,600 employees, including 1,117 specialists, 333 operations leaders and 178 managers. Through the program, we work to inculcate a culture of feedback and use a structured approach to employee development based on Individual Development Plans (IDPs).

Our Succession Program aims to create a pool of capable professionals to support the Company's continued growth and longevity. In 2019 we identified candidates for succession to 1st tier management positions for further development, as well as reviewing our succession map for executive-level positions.

The Health department team ran 250 health-related initiatives at our production sites – organizing variety of activities including workshops, vaccination campaigns, weekly health talks, massage therapy and education booths – to raise employee awareness about the importance of preventing diseases such as diabetes, high blood pressure, obesity, stress, mental illness, suicide, breast cancer, prostate cancer, auditory health, oral health and other relevant topics.

After compiling baseline health data in 2018 through health profile survey questionnaires, in 2019 we began monitoring certain at-risk groups at our manufacturing sites – including employees with high blood pressure, diabetes and pregnant women – through health checkups and consultations to advise these employees on treatment strategies and ways to prevent health complications.

We revised our Preventive Medicine Program – which establishes a program of preventive health initiatives and campaigns covering all M Dias Branco manufacturing assets – to include the subject of Mental well-being. We then worked with the Human Resources department to implement initiatives aiming to take better care of our employees' health and improve their quality of life on the job. This included preventive measures and support in reducing stress levels and the risk of employees experiencing problems such as anxiety and depression.

In July and August we organized a Health Week event at our manufacturing sites under the theme "caring for the mind and prioritizing life," addressing topics relevant to the mental health of our employees and conveying the importance of a healthy work-life balance for quality of life.

14.1 Human Resources Policy

To encourage exercise and healthy diets, in October 2019 the Fortaleza factory organized the third edition of its Adria Plus Life walking and running event on the factory premises. In our Preventive Medicine efforts, we work with different departments within the company as well as third-party partners.

We also implemented a benefit in which the Company pays part of the cost of fitness center fees and sports accessories throughout Brazil.

The Company's focus of social-environmental responsibility is on the structured sustainable development of three bottom lines: economic, social and environmental. The Company exercises an important corporate citizenship role, implementing continual actions aimed at the continual development of domestic and external communities.

Through Work Groups established to enhance sustainability practices across the business, M Dias Branco thus implements a strategic sustainability agenda. There is a total of eight working groups operating throughout Brazil, with separate activities, such as: culture, community, energy, environment, supplies, nutrition and health, health/safety and packaging. The groups report to a Sustainability Committee which supports and drives the initiatives.

The Company’s social initiatives are focused on encouraging culture and sports, education and professional training, prioritizing children and adolescents as its target public, as well as persons with special needs. In 2019 we allocated R$ 3.416 million to projects qualifying for tax incentives under Lei Rouanet, Lei de Esporte and Lei do Idoso, PRONON, PRONAS and Lei da Criança e do adolescente. We also donated products worth R$ 3,960.00 to 281 institutions.

We joined the UN Global Compact in 2019, strengthening our voluntary commitment to increasingly align our strategy and operations with the UN’s ten principles for promoting sustainable growth and good citizenship.

To promote sustainable actions in relation to the environment, the Company developed several activities aimed at environmental management, to minimize the environmental impacts of its factory units, through monitoring the quality of liquid and gaseous effluents, the correct destination of residues and compliance with the existing legislation. The Company invests in basic environmental education actions for its internal public.

Our efforts to develop a culture of sustainability are backed by education and communications initiatives that encourage employees to adopt a sustainable mindset in their day-to-day work. In 2019 these initiatives covered operations employees, specialists and managers, and included: dissemination of our annual sustainability report, sustainability meetings, our volunteering program, a sustainability champions meeting, sustainability improvement teams, and cleanups along beaches and rivers in Ceará on International Coastal Cleanup Day, involving 300 employees and family members as well as other companies.

The socio-environmental dimension is increasingly recognized by M Dias Branco as a relevant part of People and Management practices, and it encourages managers and employees to consider sustainability as an important area for exercising corporate citizenship. Every year it seeks to improve its actions and strengthen the Company’s values, mainly in its relationship with its stakeholders: investors/shareholders, customers, employees, the environment, government, community/society and suppliers.

a. Number of employees (total by group based on activity carried out and geographical location)

14.1 Human Resources Policy

At 31 December			
	2017	**2018**	**2019**
Area			
Production	**8,969**	**10,304**	**9,535**
Commercial	**3,311**	**4,715**	**4,188**
Logistics	**2,422**	**3,124**	**1,844**
Administrative/Financial	**1,840**	**2,254**	**2,097**
Grand Total	**16,542**	**20,397**	**17,661**

*** The total number of employees excludes trainees and persons retired due to disability.**

At 31 December			
STATE	**2017**	**2018**	**2019**
Alagoas	**84**	**84**	**81**
Amazonas	**33**	**37**	**34**
Bahia	**2,029**	**2,073**	**1,712**
Ceará	**6,774**	**6,822**	**6,024**
Distrito Federal	**93**	**103**	**102**
Espírito Santo	**-**	**163**	**113**
Maranhão	**284**	**273**	**222**
Minas Gerais	**60**	**205**	**171**
Pará	**38**	**41**	**40**
Paraíba	**419**	**434**	**380**
Paraná	**147**	**192**	**172**
Pernambuco	**3,117**	**3,006**	**2,509**
Piauí	**259**	**254**	**239**
Rio de Janeiro	**106**	**3,301**	**2,870**
Rio Grande do Norte	**462**	**458**	**435**
Rio Grande do Sul	**1,067**	**1,082**	**997**
São Paulo	**1,534**	**1,832**	**1,526**
Sergipe	**36**	**37**	**34**
Total	**16,542**	**20,397**	**17,661**

b. Number of outsourced staff (total by group based on activity carried out and geographical location)

	At 31 December		
	2017	**2018**	**2019**
Production	1,760	1,251	1,811
Commercial	812	689	862
Logistics	474	684	2,222
Administrative/Financial	627	569	728
Grand Total	**3,673**	**3,193**	**5,624**

14.1 Human Resources Policy

c. Turnover rate

	Year		
	2017	**2018**	**2019**
Turnover rate	**8.64%**	**8.04%**	**7.92%**
Turnover rate (Monthly average)	**0.72%**	**0.67%**	**0.66%**

d. Issuer exposure to labor contingencies and liabilities

The Company's labor contingencies and liabilities are described in items 4.3 to 4.7 of this document.

14.2 - Material Changes in Human Resources

In the fiscal year ended 2019 our workforce was reduced by 13.41%. We implemented a number of initiatives throughout the year to improve productivity and consequently downsize the workforce. The largest reduction was in Logistics following recent partnerships established with large logistics operators in high-demand markets, allowing for a leaner team of direct employees.

	Headcount change				
	At December 31				
	2017	2018	2018/2017 (%)	2019	2019/2018 (%)
No. of employees	16,546	20,397	23.27%	17,661	-13.41%

14.3 - Description of Employee Compensation Policy

a. Wage policy and variable compensation

The company adopts a payment strategy based on three pillars: alignment with the business' strategic priorities, strengthening a culture of results and internal/external balance in salaries (market practices), so as to guarantee its attractiveness and acquire and retain talent. The fixed salaries are readjusted annually, according to collective agreements or conventions with the employee categories and labor legislation.

The company also awards salary readjustments for merit, promoting co-workers with outstanding performances and who contribute in a distinctive way in response to business demands, in alignment with the Performance Management model and Positions, Careers and compensation Policy.

A variable monthly payment is awarded to the commercial team, as a way of fueling achieving the results established in the company's Strategic and Budget Management. In addition, a Profit or Results Sharing (PLR) program is adopted in a corporate manner, and includes all co-workers, linked to achieving sectorial and corporate targets, with numerous salaries aligned with market practices in organizations of a similar scale, and defined according to the nature of the position. In 2017 we implemented a Long-Term Incentive Plan (LTIP) for non-statutory directors and in 2019 we extended the plan to registered employees hired as statutory directors from 2019, helping to increase their engagement around business sustainability and long-term performance.

b. Benefits policy

Benefits packages for Company employees include life insurance, health insurance, grants for technical and behavioral training, shuttle bus transportation or transportation tickets, meals or meal tickets, grocery packs, daycare allowance, co-payment of fitness center fees and sports accessories throughout Brazil, and unpaid leave for career development opportunities, such as education overseas.

c. Share-based compensation plans for non-executive employees

Not applicable, as the Company does not have share-based compensation plans for non-executive employees.

14.4 - Description of Relationships between the Issuer and Trade Unions

The company has a relationship of permanent dialog with the trade unions at the units where it operates in Brazil, holding periodic meetings that deal with demands that require an adjustment in people management practices.

Negotiations are conducted by the Human Resources and Legal areas, always seeking parameters with the market to complement the Executive Board’s decisions.

14.5 - Other Material Information - Human Resources

All the information deemed material and pertinent to this topic has been presented in the above items.

15.1 / 15.2 - Shareholding Position

Shareholder					
Shareholder CPF/CNPJ	**Nationality-State**	**Party to the shareholders' agreement**	**Controlling shareholder**	**Last amendment**	
Shareholder Resident Overseas	**Name of Legal Representative or Agent**		**Type of entity**	**CPF/CNPJ**	
Number of common shares (Units)	**Common shares %**	**Number of preferred shares (Units)**	**Preferred shares %**	**Number of total shares (Units)**	**Total shares %**
Detail of share type (Units)					
Share class	**Number of shares (Units)**	**Shares %**			
DIBRA FUNDO DE INVESTIMENTO EM AÇÕES.					
07.973.152/0001-10	Brazilian-CE	No	Yes	3/17/2011	
No					
214,650,000	63.319%	0	0.000%	214,650,000	63.319%
OTHER					
123,329,871	36.380%	0	0.000%	123,329,871	36.380%
TREASURY STOCK - Date of last amendment:					
1,020,129	0.301%	0	0.000%	1,020,129	0.301%
TOTAL					
339,000,000	100.000%	0	0.000%	339,000,000	100.000%

15.1 / 15.2 - Shareholding Position

PARENT COMPANY / INVESTOR					
SHAREHOLDER					
Shareholder CPF/CNPJ	**Nationality-State**	**Party to the shareholders' agreement**	**Controlling shareholder**	**Last amendment**	
Shareholder Resident Overseas	**Name of Legal Representative or Agent**		**Type of entity**	**CPF/CNPJ**	
Detail of shares (Units)					
Number of common shares (Units)	**Common shares %**	**Number of preferred shares (Units)**	**Preferred shares %**	**Number of total shares (Units)**	**Total shares %**

PARENT COMPANY / INVESTOR				Shareholder CPF/CNPJ	Breakdown of paid-in capital
DIBRA FUNDO DE INVESTIMENTO EM AÇÕES.				**07.973.152/0001-10**	
FRANCISCO CLAUDIO SARAIVA LEAO DIAS BRANCO					
262.329.013-04	Brazilian-CE	No	No	3/19/2018	
No					
54	10.000	0	0.000	54	10.000
Class share	**Qty of shares (Units)**	**Shares %**			
TOTAL	0	0,000			
Francisco Ivens de Sá Dias Branco Júnior					
155.400.143-91	Brazilian-CE	No	No	3/19/2018	
No					
54	10.000	0	0.000	54	10.000
Share class	**Number of shares (Units)**	**Shares %**			
TOTAL	0	0,000			
FRANCISCO MARCOS SARAIVA LEAO DIAS BRANCO					
220.794.163-91	Brazilian-CE	No	No	3/19/2018	
No					
54	10.000	0	0.000	54	10.000
Share class	**Number of shares (Units)**	**Shares %**			
TOTAL	0	0,000			

15.1 / 15.2 - Shareholding Position

PARENT COMPANY / INVESTOR					
SHAREHOLDER					
Shareholder CPF/CNPJ	Nationality-State	Party to the shareholders' agreement	Controlling shareholder	Last amendment	
Shareholder Resident Overseas	Name of Legal Representative or Agent		Type of entity	CPF/CNPJ	
Detail of shares (Units)					
Number of common shares (Units)	Common shares %	Number of preferred shares (Units)	Preferred shares %	Number of total shares (Units)	Total shares %
PARENT COMPANY / INVESTOR				Shareholder CPF/CNPJ	Breakdown of paid-in capital
DIBRA FUNDO DE INVESTIMENTO EM AÇÕES.				**07.973.152/0001-10**	
MARIA CONSUELO SARAIVA LEAO DIAS BRANCO					
272.898.853-68	Brazilian-CE	No	No	3/19/2018	
No					
271	50.000	0	0.000	271	50.000
Class share Qty of shares (Units)		Shares %			
TOTAL 0		0,000			
MARIA DAS GRACAS DIAS BRANCO DA ESCÓSSIA					
273.184.433-72	Brazilian-CE	No	No	3/19/2018	
No					
54	10.000	0	0.000	54	10.000
Share class	Number of shares (Units)	Shares %			
TOTAL	0	0,000			
Maria Regina Saraiva Leão Dias Branco					
235.899.653-04	Brazilian-CE	No	No	3/19/2018	
No					
54	10.000	0	0.000	54	10.000
Share class	Number of shares (Units)	Shares %			
TOTAL	0	0,000			
OTHER					
0	0.000	0	0.000	0	0.000

15.1 / 15.2 - Shareholding Position

PARENT COMPANY / INVESTOR					
SHAREHOLDER					
Shareholder CPF/CNPJ	Nationality-State	Party to the shareholders' agreement	Controlling shareholder	Last amendment	
Shareholder Resident Overseas	Name of Legal Representative or Agent		Type of entity	CPF/CNPJ	
Detail of shares (Units)					
Number of common shares (Units)	Common shares %	Number of preferred shares (Units)	Preferred shares %	Number of total shares (Units)	Total shares %
PARENT COMPANY / INVESTOR				CPF/CNPJ shareholder	Capital breakdown
DIBRA FUNDO DE INVESTIMENTO EM AÇÕES.				07.973.152/0001-10	
TOTAL					
541	100.000	0	0.000	541	100.000

15.3 - Capital Distribution

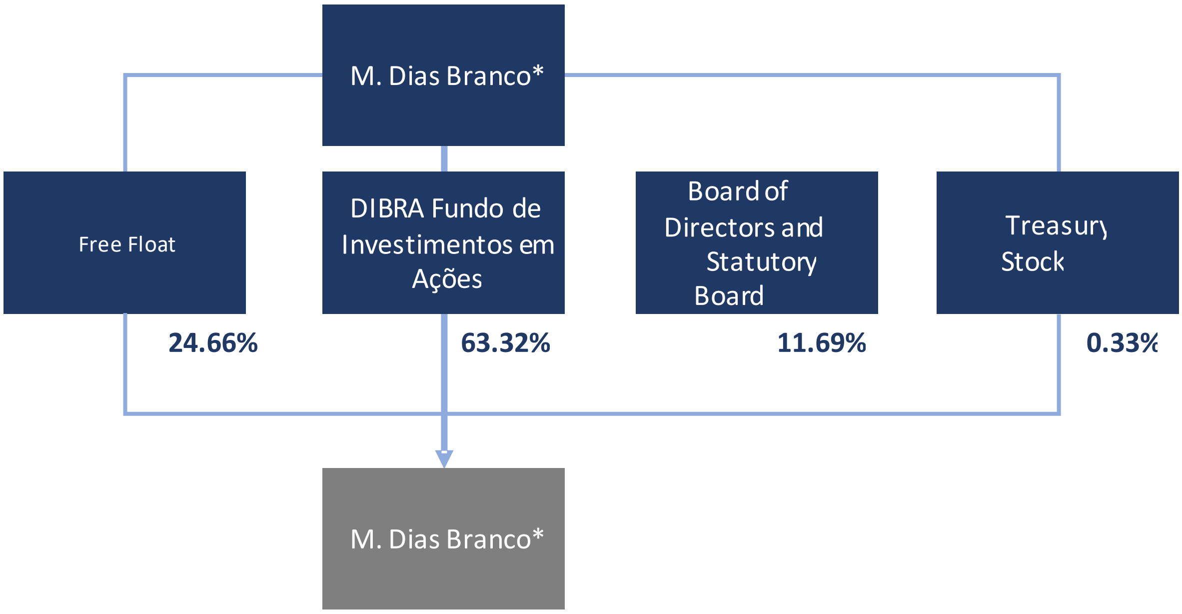
Date of last meeting / Date of last amendment	5/6/2020
Number of individual shareholders (Units)	62,395
Number of corporate shareholders (Units)	150
Number of institutional investors (Units)	519

Free Float

Free float denotes all issuer shares except for those held by the controlling shareholder, parties related to it, issuer executives and Treasury stock

Number of common shares (Units)	83,669,782	24.681%
Number of preferred shares (Units)	0	0.000%
Class A preferred	0	0.000000%
Total	83,669,782	24.681%

15.4 - Organizational Chart of Shareholders and the Economic Group



* Share ownership of Dibra Fundo de Investimentos em Ações is held by Mrs. Maria Consuelo Saraiva Leão Dias Branco and her offspring (Maria das Graças Dias da Escócia, Maria Regina Saraiva Leão Dias Branco Ximenes, Francisco Cláudio Saraiva Leão Dias Branco, Francisco Ivens de Sá Dias Branco Júnior and Francisco Marcos Saraiva Leão Dias Branco). Details of the fund's share ownership can be seen in the topic *15.1/2 Share Ownership*, in this Form.

15.5 - Shareholders' Agreement Filed at the Issuer's Head Office or to which the Parent Company is party

As mentioned in item 15.1 above, the Company does not have any shareholders' agreements.

15.6 - Indicate Relevant Alterations in the Share Interests held by Members of the Control Group and the Executive Officers of the Issuer

In the last three financial years, there were no material changes to the Company's control group. On June 08, 2020 the members of the Board of Directors and Statutory Officers directly or indirectly jointly held 254,310,089 common shares, accounting for 75.02% of the Company's share capital. The table below shows the number of shares held by shareholders accounting for 5% or more of the Company's shares by members of the Company's Board of Directors and the Selling Shareholder, and the treasury shares at the reporting date.

Shareholder	Shares	(%)
Dibra Fundo de Investimento em Ações	214,650,000	63.319%
Executives	39,660,089	11.699%
Other	83,669,782	24.681%
Treasury Stock	1,020,129	0.301%
Total	**339,000,000**	**100%**

15.7 - Main Corporate Operations

On December 27, 2019 the Company approved the merger of Indústria de Produtos Alimentícios Piraquê S.A. (“Piraquê”), a Brazilian company operating in the food industry, and specifically in the manufacture and marketing of pasta, biscuits, snacks and powdered drink mixes. The company was acquired on May 16, 2018. Piraquê has two manufacturing sites in the state of Rio de Janeiro: one in Madureira producing biscuits, pasta and vegetable fat, and one in Queimados producing biscuits. Both sites are integrated with storage and/or distribution assets in the states of Rio de Janeiro, Espírito Santo, São Paulo, Minas Gerais, Paraná and Bahia.

15.8 - Other Material Information - Control and Economic Group

On January 20, 2020 the Company announced its share buyback program ("Buyback Program"), in order to acquire shares issued by the Company to be held as treasury stock and subsequently canceled or sold with a view to: (a) complying with the long-term incentive program for restricted shares approved at the Company's Extraordinary General Meeting held April 13, 2017; and (b) maximizing the value created for shareholders.

The number of shares to be acquired under the Buyback Program is limited to 8,472,614 (eight million four hundred and seventy-two thousand six hundred and fourteen) registered book-entered common shares of the Company, accounting for 10% (ten percent) of the total Free Float at 1/13/2020, where the effective buyback of the total number of shares approved will depend, amongst other things, on the number of treasury shares held by the Company at the time of the transaction and the balance of available reserves, in order to comply with the limits established in article 8 of ICVM 567/15 and other applicable standards, especially the minimum free float, pursuant to Novo Mercado Regulations.

The operation must be carried out within a maximum time frame of 18 (eighteen) months, commencing January 21, 2020 inclusive and ending July 21, 2021, inclusive.

16.1 - Description of Issuer Rules, Policies and Practices for carrying out of Related-Party Transactions

The Contracting Related Parties Policy was approved by the Board on October 28, 2013 and revised on August 09, 2019, aiming to guarantee that all decisions involving related parties are taken while considering the company's interests and those of its shareholders, in strict compliance with the legal regulations contained in Law Nº 6.404/76 and standards issued by the Securities Commission of Brazil (CVM). The above-mentioned policy applies to all units and is based on the Company's Social Statute, the Joint Stock Company Act and Securities Commission of Brazil Standards on the subject, in the Accountancy Pronouncements Committee's Technical Pronouncement - CPC 05, New Market regulations and Best Practices for Corporate Governance.

According to the above-mentioned policy, performing a transaction with a related party should only take place when a number of minimum requirements are met, such as proving that the related party effectively has the conditions to sell or provide the service intended under the quality conditions required, when there is documentary proof that the related party charges prices compatible with the market and that the operation will not cause any losses to the company, among other requirements.

When involving a relevant amount, the transaction should be pre-analyzed by the Audit Committee, which should check the advantages of the transaction to the company. The analysis should then be forwarded to the Board, which will provide a clear statement on its approval.

As a rule, M. Dias Branco does not carry out financial operations with companies under the same control. However, in relation to the provision of guarantees, the Chairman of the Company's Board of Directors appears as guarantor in some of the financial agreements.

The companies which the Dias Branco[1] controls has a material equity interest or which changed with the issuer, are as follows: Dias Branco Administração e Participação Ltda., Praia Centro Hotel Viagens e Turismo Ltda., Terminal Portuário Cotegipe S.A., Companhia Industrial de Cimento Apodi and Idibra Participações Ltda., all companies which have or have had transactions with the issuer.

The Related Parties Procurement Policy is available in full on the RI site, in the topic Corporate Governance\ Other Policies/ Related Parties Procurement Policy and other situations involving conflicts-of-interest.

The operations contracted have been summarized in item 16.2 of this Reference Form.

[1] *The Dias Branco Family is comprised of Maria Consuelo Saraiva Leão Dias Branco, Maria das Graças Dias Branco da Escóssia, Maria Regina Sairaiva Leão Dias Branco Ximenes, Francisco Ivens de Sá Dias Branco Júnior, Francisco Marcos Saraiva Leão Dias Branco and Francisco Cláudio Saraiva Leão Dias Branco.*

16.2 - Information about Related-party Transactions

Related party	Transaction date	Amount involved (Reais)	Existing balance	Amount (Reais)	Length	Loan or other type of debt	Interest rate charged
MARIA CONSUELO SARAIVA LEAO DIAS BRANCO	10/8/2019	414,913,715.63	Balance at 12/31/2019: R$ 414,913,715.63	Not applicable	As of 1/15/2024	NO	0.000000

Relationship with issuer	Chairman of the Board of Directors
Contract description	Provision of guarantees in parties to the Company's financial contracts
Surety and insurance	Not applicable
Termination or cancellation	Not applicable
Nature and reasons for the operation	
Contractual position of issuer	Other
Specify	Guaranteed

Related party	Transaction date	Amount involved (Reais)	Existing balance	Amount (Reais)	Length	Loan or other type of debt	Interest rate charged
DIBRA FUNDO DE INVESTIMENTO EM AÇÕES.	3/1/2012	0.00	Balance at 12/31/2019: R$ 0.00	Not applicable	Indefinite	NO	0.000000

Relationship with issuer	Related party
Contract description	Property lease agreement for properties at Av.Vicente de Castro, Mucuripe, in which Parent company appears as lessee.
Surety and insurance	Not applicable
Termination or cancellation	Not applicable
Nature and reasons for the operation	
Contractual position of issuer	Other
Specify	The Company appears as lessee

Related party	Transaction date	Amount involved (Reais)	Existing balance	Amount (Reais)	Length	Loan or other type of debt	Interest rate charged
COEMDIBRA - COOPERATIVA DE EMPREGADOS DO M DIAS BRANCO	1/11/2019	540,599.16	Balance at 12/31/2019: R$ 30,626.28	Not applicable	Indefinite	NO	0.000000

Relationship with issuer	Related party
Contract description	Sale of products manufactured by parent company
Surety and insurance	Not applicable

16.2- Information about Related-party Transactions

Related party	Transaction date	Amount involved (Reais)	Existing balance	Amount (Reais)	Duration	Loan or other type of debt	Type of interest charged
Termination or cancellation	Not applicable						
Nature and reasons for the operation	Not applicable						
Contractual position of issuer	Creditor						
Specify							
AET - ENGENHARIA E SOLUÇÕES DE TECNOLOGIA AVANÇADAS LTDA	1/19/2019	2,180.65	Balance at 12/31/2019: R$ 0.00	Not applicable	Indefinite	NO	0.000000
Relationship with issuer	Related party						
Contract description	Sale of products manufactured by Company						
Surety and insurance	Not applicable						
Termination or cancellation	Not applicable						
Nature and reasons for the operation	Not applicable						
Contractual position of issuer	Creditor						
Specify							
TERMINAL PORTUÁRIO COTEGIPE S.A.	2/22/2019	7,780.64	Balance at 12/31/2019: R$ 0	Not applicable	Indefinite	NO	0.000000
Relationship with issuer	Related party						
Contract description	Sale of products manufactured by parent company						
Surety and insurance	Not applicable						
Termination or cancellation	Not applicable						

Nature and reasons for the operation	**Not applicable**
Contractual position of issuer	Other
Specify	Debtor

16.2 - Information about Related-party Transactions

Related party	Transaction date	Amount involved (Reais)	Existing balance	Amount (Reais)	Length	Loan or other type of debt	Interest rate charged
TERGRAN-TERMINAL DE GRÃOS DE FORTALEZA	1/7/2019	7,955,777.15	Balance at 12/31/2019: R$ 769,284.53	Not applicable	Indefinite	NO	0.000000
Relationship with issuer	Joint subsidiary						
Contract description	Wheat Unloading Service						
Surety and insurance	Not applicable						
Termination or cancellation	Not applicable						
Nature and reasons for the operation							
Contractual position of issuer	Debtor						
Specify							
IDIBRA Participações Ltda.	2/22/2019	2,376.93	Balance at 12/31/2019: R$ 0.0	Not applicable	Indefinite	NO	0.000000
Relationship with issuer	Related party						
Contract description	Sale of products manufactured by parent company						
Surety and insurance	Not applicable						
Termination or cancellation	Not applicable						
Nature and reasons for the operation							
Contractual position of issuer	Creditor						
Specify							
LDB TRANSPORTE DE CARGAS LTDA.	1/10/2019	10,694.65	Balance at 12/31/2019: R$ 3,174.45	Not applicable	Indefinite	NO	0.000000
Relationship with issuer	Related party						
Contract description	Sale of products manufactured by Parent Company						
Surety and insurance	Not applicable						

16.2 - Information about Related-party Transactions

Related party	Transaction date	Amount involved (Reais)	Existing balance	Amount (Reais)	Duration	Loan or other type of debt	Type of interest charged
Termination or cancellation	Not applicable						
Nature and reasons for the operation							
Contractual position of issuer	Creditor						
Specify							
Praia Centro Hotéis, Viagens e Turismo Ltda.	1/3/2019	27,378.61	Balance at12/31/2019: 1,584.05	Not applicable	Indefinite	NO	0.000000
Relationship with issuer	Related party						
Contract description	Sale of products manufactured by Company						
Surety and insurance	Not applicable						
Termination or cancellation	Not applicable						
Nature and reasons for the operation							
Contractual position of issuer	Creditor						
Specify							
AET - ENGENHARIA E SOLUÇÕES DE TECNOLOGIA AVANÇADAS LTDA	1/9/2019	2,341,539.63	Balance at 12/31/2019: R$ 90,747.26	Not applicable	Indefinite	NO	0.000000
Relationship with issuer	Related parties						
Contract description	Provision of equipment installation and maintenance services						
Surety and insurance	Not applicable						

Termination or cancellation	Not applicable
Nature and reasons for the operation	
Contractual position of issuer	Debtor

16.2 - Information about Related-party Transactions

Related party	Transaction date	Amount involved (Reais)	Existing balance	Amount (Reais)	Length	Loan or other type of debt	Interest rate charged
Dias Branco Adm. e Participações Ltda.	1/10/2019	8,477.92	Balance at 12/31/2019: R$ 0.00	Not applicable	Indefinite	NO	0.000000

Relationship with issuer	Related party
Contract description	Rental Agreement for Property at Rua João Cordeiro
Surety and insurance	Not applicable
Termination or cancellation	Not applicable
Nature and reasons for the operation	
Contractual position of issuer	Debtor
Specify	

Related party	Transaction date	Amount involved (Reais)	Existing balance	Amount (Reais)	Length	Loan or other type of debt	Interest rate charged
LDB TRANSPORTE DE CARGAS LTDA.	1/20/2019	10,605.00	Balance at 12/31/2019: R$ 0.0	Not applicable	Indefinite	NO	0.000000

Relationship with issuer	Related Parties
Contract description	Sale of other goods
Surety and insurance	Not applicable
Termination or cancellation	Not applicable
Nature and reasons for the operation	
Contractual position of issuer	Creditor
Specify	

Related party	Transaction date	Amount involved (Reais)	Existing balance	Amount (Reais)	Length	Loan or other type of debt	Interest rate charged
LDB LOGÍSTICA E TRANSPORTE LTDA.	1/9/2019	51,883.57	Balance at 12/31/2019: 22,959.43	Not applicable	Indefinite	NO	0.000000

Relationship with issuer	Related party
Contract description	Sale of products manufactured by parent company
Surety and insurance	Not applicable

16.2 - Information about Related-party Transactions

Related party	Transaction date	Amount involved (Reais)	Existing balance	Amount (Reais)	Length	Loan or other type of debt	Interest rate charged
Termination or cancellation	Not applicable						
Nature and reasons for the operation							
Contractual position of issuer	Creditor						
Specify							
Indústria de Produtos Alimentícios Piraquê S.A.	1/7/2019	67,614.39	Balance at 12/31/2019: R$ 0.00	Not applicable	Not applicable	NO	0.000000
Relationship with issuer	Subsidiary						
Contract description	Man. products						
Surety and insurance	Not applicable						
Termination or cancellation	Not applicable						
Nature and reasons for the operation	Not applicable						
Contractual position of issuer	Debtor						
Specify							
Praia Centro Hotéis, Viagens e Turismo Ltda.	1/2/2019	2,056,831.63	Balance at 12/31/2019: R$ 0.00	Not applicable	Indefinite	NO	0.000000
Relationship with issuer	Related party						
Contract description	Hotel services						
Surety and insurance	Not applicable						
Termination or cancellation	Not applicable						
Nature and reasons for the operation							
Contractual position of issuer	Debtor						

16.2 - Information about Related-party Transactions

Related party	Transaction date	Amount involved (Reais)	Existing balance	Amount (Reais)	Length	Loan or other type of debt	Interest rate charged
IDIBRA Participações Ltda.	1/2/2019	819,611.32	Balance at 12/31/2019: R$ 512,709.16	Not applicable	Indefinite	NO	0.000000
Relationship with issuer	Related party						
Contract description	Provision of civil construction services						
Surety and insurance	Not applicable						
Termination or cancellation	Not applicable						
Nature and reasons for the operation							
Contractual position of issuer	Debtor						
Specify							
AET - ENGENHARIA E SOLUÇÕES DE TECNOLOGIA AVANÇADAS LTDA	4/1/2019	1,604,889.63	Balance at 12/31/2019: R$ 0.0	Not applicable	Indefinite	NO	0.000000
Relationship with issuer	Related party						
Contract description	Purchase of property, plant and equipment and material for use and consumption						
Surety and insurance	Not applicable						
Termination or cancellation	Not applicable						
Nature and reasons for the operation							
Contractual position of issuer	Debtor						
Specify							
COEMDIBRA- COOPERATIVA DE EMPREGADOS DO M. DIAS BRANCO	2/19/2019	4,279.43	Balance at 12/31/2019: R$ 0.0	Not applicable	Indefinite	NO	0.000000
Relationship with issuer	Related party						
Contract description	Sale of property, plant and equipment and Dispatch of bonuses, donations or free gifts						
Surety and insurance	Not applicable						

16.2 - Information about Related-party Transactions

Related party	Transaction date	Amount involved (Reais)	Existing balance	Amount (Reais)	Duration	Loan or other type of debt	Type of interest charged

Termination or cancellation Not applicable

Nature and reasons for the operation Not applicable

Contractual position of issuer Creditor

Specify

Related party	Transaction date	Amount involved (Reais)	Existing balance	Amount (Reais)	Duration	Loan or other type of debt	Type of interest charged
LDB Logistica e Transporte Ltda	01/09/2019	51,883.57	Balance at12/31/2019: R$ 22,954.43	Not applicable	Indefinite	NO	0.000000

Relationship with issuer Related party

Contract description Sale of products manufactured by parent company

Surety and insurance Not applicable

Termination or cancellation Not applicable

Nature and reasons for the operation Not applicable

Contractual position of issuer Creditor

Specify

Related party	Transaction date	Amount involved (Reais)	Existing balance	Amount (Reais)	Duration	Loan or other type of debt	Type of interest charged
Indústria de Produtos Alimentícios Piraquê S.A.	2/21/2019	3,390,337.06	Balance at 12/31/2019: R$ 0.0	Not applicable	Indefinite	NO	0.000000

Relationship with issuer Related party

Contract description Sale of products manufactured by parent company

Surety and insurance Not applicable

Termination or cancellation	Not applicable
Nature and reasons for the operation	Not applicable
Contractual position of issuer	Creditor

16.2 - Information about Related-party Transactions

Related party	Transaction date	Amount involved (Reais)	Existing balance	Amount (Reais)	Length	Loan or other type of debt	Interest rate charged
Terminal Portuário Cotegipe S.A.	2/8/2019	873.20	Balance at 12/31/2010: R$ 0.00	Not applicable	Indefinite	NO	0.000000
Relationship with issuer	Related Party						
Contract description	Sale of other goods						
Surety and insurance	Not applicable						
Termination or cancellation	Not applicable						
Nature and reasons for the operation	Not applicable						
Contractual position of issuer	Creditor						
Specify							
LDB Logistica e Transporte Ltda	1/2/2019	10,624,373.06	Balance at 12/31/2018: R$ 142,344.80	Not applicable	Indefinite	YES	0.000000
Relationship with issuer	Related Party						
Contract description	Cargo Transportation Service						
Surety and insurance	Not applicable						
Termination or cancellation	Not applicable						
Nature and reasons for the operation	Not applicable						
Contractual position of issuer	Debtor						
Specify							
Indústria de Produtos Alimentícios Piraquê S.A.	1/16/2019	38,844,878.40	Balance at 12/31/2019: R$ 0.0	Not applicable	Indefinite	NO	0.000000
Relationship with issuer	Subsidiary						
Contract description	Sale of property, plant and equipment and other goods						
Surety and insurance	Not applicable						

16.2 - Information about Related-party Transactions

Related party	Transaction date	Amount involved (Reais)	Existing balance	Amount (Reais)	Duration	Loan or other type of debt	Type of interest charged
Termination or cancellation	Not applicable						
Nature and reasons for the operation							
Contractual position of issuer	Creditor						
Specify							
LDB Transportes de Cargas Ltda	01/02/2019	16,386,886.94	Balance at12/31/2019: R$ 202,753.65	Not applicable	Indefinite	NO	0.000000
Relationship with issuer	Related Party						
Contract description	Cargo Transportation Service						
Surety and insurance	Not applicable						
Termination or cancellation	Not applicable						
Nature and reasons for the operation	Not applicable						
Contractual position of issuer	Debtor						
Specify							
Terminal Portuário Cotegipe S.A.	2/11/2019	6,894,696.31	Balance at 12/31/2019: R$ 1,017,726.36	Not applicable	Indefinite	NO	0.000000
Relationship with issuer	Related party						
Contract description	Provision of wheat unloading services and other services						
Surety and insurance	Not applicable						
Termination or cancellation	Not applicable						

Nature and reasons for the operation	Not applicable
Contractual position of issuer	Debtor

16.2 - Information about Related-party Transactions

Related party	Transaction date	Amount involved (Reais)	Existing balance	Amount (Reais)	Length	Loan or other type of debt	Interest rate charged
COEMDIBRA - COOPERATIVA DE EMPREGADOS DO M DIAS BRANCO	1/2/2019	132,509.09	Balance at 12/31/2019: R$ 599.89	Not applicable	Indefinite	YES	0.000000
Relationship with issuer	Related Party						
Contract description	Purchase of property, plant and equipment and material for use and consumption						
Surety and insurance	not applicable						
Termination or cancellation	Not applicable						
Nature and reasons for the operation	Not applicable						
Contractual position of issuer	Debtor						
Specify							
Indústria de Produtos Alimentícios Piraquê S.A.	2/18/2019	645,942.00	Balance at 12/31/2019: R$ 0.0	Not applicable	Indefinite	YES	0.000000
Relationship with issuer	Subsidiary						
Contract description	Purchase of material for use and consumption.						
Surety and insurance	Not applicable						
Termination or cancellation	Not applicable						
Nature and reasons for the operation	Not applicable						
Contractual position of issuer	Debtor						
Specify							
Indústria de Produtos Alimentícios Piraquê S.A.	1/7/2019	35,628,522.50	Balance at 12/31/2019: R$ 0.00	Not applicable	Not applicable	NO	0.000000
Relationship with issuer	Subsidiary						
Contract description	Purchase of Products						
Surety and insurance	Not applicable						

16.2 - Information about Related-party Transactions

Related party	Transaction date	Amount involved (Reais)	Existing balance	Amount (Reais)	Duration	Loan or other type debt	Type of interest charged
Termination or cancellation	Not applicable						
Nature and reasons for the operation	Not applicable						
Contractual position of issuer	Debtor						
Specify							

16.3 - Identifying the Measures taken to Address Conflicts of Interest and Demonstrating the Strictly Equitable Nature of the Terms agreed or adequate Compensatory Payment

a. Identify the measures taken to address conflicts of interest

All of the Company´s operations, especially those involving related parties, were duly submitted to the Management to which they were subordinated in compliance with Company practices.

As mentioned in item 16.1, the company performs prior analyses of the conditions for transactions with related parties through its Board. In addition, it adopts corporate governance practices, Regulating a New Market and acts in compliance with the Joint Stock Company Act, which foresees that any shareholder or Board member is prohibited from voting on a decision on a subject in which he has interests conflicting with those of the company, among other matters.

To address conflicts-of-interest, the company has a specific policy setting out rules, guidelines and methods to be followed to guarantee that all decisions involving related-party transactions and other potential conflicts of are taken in the best interests of the Company and its shareholders. We have therefore rolled out the following measures: (i) creation of an Ethics Committee, tasked with advising the Audit Committee on supervising notifications received through the Ethics Channel, which should be consulted for all possible conflicts of interest; (ii) monitoring potential conflicts-of-interest and compliance with the Company's Ethics Code by the Audit Committee, a body consisting solely of independent members; (iii) Board of Directors' oversight of the relationship between executives and between them and other stakeholders, mediating and solving impasses and conflicts; and (iv) solving conflicts-of-interest through arbitration, pursuant to chapter X of the Bylaws.

b. Demonstrate the strictly equitable nature of the terms agreed or adequate compensatory payment

Operations with related parties are in line with market practices and are carried out under conditions that were satisfactory for the Company's interests, taking into consideration analyses prepared by management for each operation. The choice of company to be contracted also takes commercial conditions and/or applicable technical qualifications into consideration.

There are no interest charges in the agreements mentioned in item 16.2, considering the nature of these agreements. For further information see item 16.2 above.

Business and operations between the company and related parties, currently in force until the date of publication of this document, are summarized below.

Asset lease

The Company is lessee in certain property lease agreements with Idibra Participações S.A and Companhia Industrial Cimento Apodi, companies that are neither subsidiaries or associated companies of the Company, but in which Maria Consuelo Saraiva Leão Dias Branco, Francisco Ivens de Sá Dias Branco Júnior, Francisco Marcos Saraiva Leão Dias Branco, Francisco Cláudio Saraiva Leão Dias Branco, Maria das Graças Dias Branco da Escóssia and Maria Regina Saraiva Leão Dias Branco Ximenes hold material direct or indirect interests.

Property lease

The Company entered two property lease agreements with Dias Branco Administração e Participações Ltda., a company that is not a subsidiary or associated company of the Company, but in which Maria Consuelo Saraiva Leão Dias Branco, Francisco Ivens de Sá Dias Branco Júnior, Francisco Marcos Saraiva Leão Dias Branco, Francisco Cláudio Saraiva Leão Dias Branco, Maria das Graças Dias Branco da Escóssia and Maria Regina Saraiva Leão Dias Branco Ximenes hold material direct or indirect interests.

Lease Agreements

The Company is lessee for a property owned by Dias Branco Administração e Participações Ltda, a company that is not a subsidiary or associated company of the Company, but in which Maria Consuelo Saraiva Leão Dias Branco, Francisco Ivens de Sá Dias Branco Júnior, Francisco Marcos Saraiva Leão Dias Branco, Francisco Cláudio Saraiva Leão Dias Branco, Maria das Graças Dias Branco da Escóssia and Maria Regina Saraiva Leão Dias Branco Ximenes hold material direct or indirect interests. The conditions and fixed prices in the agreement are satisfactory to the company. In relation to the amounts involved in the three last financial years and balances as of December 31, 2019/8 see item 16.2.

Supply of raw materials and products

The company supplies wheat to its subsidiary Indústria de Produtos Alimentícios Piraquê S.A., which supplies products for sale between them, with prices and conditions appropriate to the market.

16.3 - Identifying the Measures taken to Address Conflicts of Interest and Demonstrating the Strictly Equitable Nature of the Terms agreed or adequate Compensatory Payment

The Company supplies products to the M. Dias Branco Employees' Cooperative (Coemdibra – Cooperativa de Empregados), practicing prices and conditions appropriate to the market.

In relation to the amounts involved in the three last financial years and balances as of December 31, 2019/8 see item 16.2.

Provision of wheat unloading service

Terminais de Grãos de Fortaleza Ltda (Tergran), a company with shared control, provides a wheat unloading service for the company on market prices and conditions. On these terms wheat unloading operations take place between the Company and Terminal Portuário Cotegipe S.A., a company that is not a subsidiary or associated company of the Company, but in which Maria Consuelo Saraiva Leão Dias Branco, Francisco Ivens de Sá Dias Branco Júnior, Francisco Marcos Saraiva Leão Dias Branco, Francisco Cláudio Saraiva Leão Dias Branco, Maria das Graças Dias Branco da Escóssia and Maria Regina Saraiva Leão Dias Branco Ximenes hold material direct or indirect interests.

In relation to the amounts involved in the three last financial years and balances as of December 31, 2019 see item 16.2.

Supply of fuel

The company purchases fuel to supply some of its distribution vehicles from the company Petroposto Comércio de Derivados de Petróleo Ltda, which from February 01, 2018 the partners considered to be the Company's related parties left the company.

In relation to the amounts involved in the three last financial years and balances as of December 31, 2019/8 see item 16.2.

Freight transportation

The company contracts a cargo transportation service from LDB Transporte de Cargas Ltda and LDB Logística e Transporte Ltda, companies that are neither subsidiaries or associated companies of the Company, but which Mr. Francisco Ivens de Sá Dias Branco Junior is a partner of. As is common in this type of contract, the company does not sign formal agreements to perform these operations but contracts them on demand, formalized through bills of lading. The value of the operations is determined by a specific negotiation with the above-mentioned company and also compared with transport prices on the market using the National Cost of Transport Capacity Index (INCTL), which is accepted as a market reference for this type of service.

In relation to the amounts involved in the three last financial years and balances as of December 31, 2019 see item 16.2.

Contracting hotel services

The Company procures hotel services for its employees and service providers from the company Praia Centro Hotel Viagens e Turismo Ltda., a company that is not a subsidiary or associated company of the Company, but in which Maria Consuelo Saraiva Leão Dias Branco, Francisco Ivens de Sá Dias Branco Júnior, Francisco Marcos Saraiva Leão Dias Branco, Francisco Cláudio Saraiva Leão Dias Branco, Maria das Graças Dias Branco da Escóssia and Maria Regina Saraiva Leão Dias Branco Ximenes hold material direct or indirect interests. This service is contracted by an independent travel agency.

In relation to the amounts involved in the three last financial years and balances as of December 31, 2019/8 see item 16.2.

Provision of equipment installation and maintenance services

The company contracts maintenance and equipment installation services from Engenharia e Soluções Tecnológicas Avançadas Ltda (AET), a company which provides maintenance and equipment installation services, which is neither controlled by nor affiliated to the company but which Mr. Francisco Cláudio Saraiva Leão Dias Branco is a partner of.

In relation to the amounts involved in the three last financial years and balances as of December 31, 2019/8 see item 16.2.

Supply of materials and providing civil construction services

The Company purchases civil works materials from Companhia Industrial de Cimento Apodi and procures civil construction services from Idibra Participações Ltda., companies that are neither subsidiaries or associated companies of the Company, but in which Maria Consuelo Saraiva Leão Dias Branco, Francisco Ivens de Sá Dias Branco Júnior, Francisco Marcos Saraiva Leão Dias Branco, Francisco Cláudio Saraiva Leão Dias Branco, Maria das Graças Dias Branco da Escóssia and Maria Regina Saraiva Leão Dias Branco Ximenes hold material direct or indirect interests.

16.3 - Identifying the Measures taken to address Conflicts of Interest and demonstrating the Strictly Equitable Nature of the Terms Agreed or Adequate Compensatory Payment

In relation to the amounts involved in the three last financial years and balances as of December 31, 2019/8 see item 16.2.

Submission of guarantees

Mrs. Maria Consuelo Saraiva Leão Dias Branco, Chairperson of the Board of Directors, appears as guarantor for most contracts. A number of statutory officers also appear as guarantors in some of these loans in conjunction with Mrs. Maria Consuelo.

In relation to the amounts involved in the three last financial years and balances as of December 31, 2019/8 see item 16.2.

16.4 - Other Material Information - Related-Party Transactions

All the information deemed material and pertinent to this topic has been presented in the above items.

17.1 - Information about the capital

Date of authorization or approval	Value of the capital (Reais)	Payment term	Number of common shares (Units)	Number of preferred shares Units)	Total number of shares (Units)
Type of capital	**Issued Capital**				
3/6/2020	2,567,941,479.94		339,000,000	0	339,000,000
Type of capital	**Paid-in capital**				
3/6/2020	2,567,941,479.94		339,000,000	0	339,000,000

17.2 – Share Capital increases

Resolution date	Agency that resolved the increase	Date of issue	Total issuance value (Reais)	Type of increase	Common (Units)	Preferred (Units)	Total shares (Units)	Subscription / Capital previous	Issuance price	Quote factor
3/10/2014	Board of Directors	3/10/2014	162,293,380.50	No share issuance	0	0	0	0.00000000	0.00	R$ by Unit

Criteria for determining issuance price

Means of payment

Resolution date	Agency that resolved the increase	Date of issue	Total issuance value (Reais)	Type of increase	Common (Units)	Preferred (Units)	Total shares (Units)	Subscription / Capital previous	Issuance price	Quote factor
2/27/2015	Board of Directors	2/27/2015	711,144,831.94	No share issuance	0	0	0	0.00000000	0.00	R$ by Unit

Criteria for determining issuance price

Means of payment

Resolution date	Agency that resolved the increase	Date of issue	Total issuance value (Reais)	Type of increase	Common (Units)	Preferred (Units)	Total shares (Units)	Subscription / Capital previous	Issuance price	Quote factor
10/26/2015	Board of Directors	10/26/2015	533,104.43	No share issuance	0	0	0	0.00000000	0.00	R$ by Unit

Criteria for determining issuance price

Means of payment

Resolution date	Agency that resolved the increase	Date of issue	Total issuance value (Reais)	Type of increase	Common (Units)	Preferred (Units)	Total shares (Units)	Subscription / Capital previous	Issuance price	Quote factor
8/1/2016	Board of Directors	8/1/2016	3,760,525.38	No share issuance	0	0	0	0.00000000	0.00	R$ by Unit

Criteria for determining issuance price

Means of payment

Resolution date	Agency that resolved the increase	Date of issue	Total issuance value (Reais)	Type of increase	Common (Units)	Preferred (Units)	Total shares (Units)	Subscription / Capital previous	Issuance price	Quote factor
3/6/2017	Board of Directors	3/6/2017	59,826,120.33	No share issuance	0	0	0	0.00000000	0.00	R$ by Unit

Criteria for determining issuance price

Means of payment

Resolution date	Agency that resolved the increase	Date of issue	Total issuance value (Reais)	Type of increase	Common (Units)	Preferred (Units)	Total shares (Units)	Subscription / Capital previous	Issuance price	Quote factor
3/5/2018	Board of Directors	3/5/2018	493,354,906.11	No share issuance	0	0	0	0.00000000	0.00	R$ by Unit

Criteria for determining issuance price

Means of payment

17.2 – Share Capital increases

Resolution date	Agency that resolved the increase	Date of issue	Total issuance value (Reais)	Type of increase	Common (Units)	Preferred (Units)	Total shares (Units)	Subscription / Capital previous	Issuance price	Quote factor
3/11/2019	Board of Directors	3/11/2019	249,767,191.68	No share issuance	0	0	0	0.00000000	0.00	R$ by Unit

Criteria for determining issuance price

Means of payment

Resolution date	Agency that resolved the increase	Date of issue	Total issuance value (Reais)	Type of increase	Common (Units)	Preferred (Units)	Total shares (Units)	Subscription / Capital previous	Issuance price	Quote factor
3/6/2020	Board of Directors	3/6/2020	59,540,915.21	No share issuance	0	0	0	0.00000000	0.00	R$ by Unit

Criteria for determining issuance price

Means of payment

Resolution date	Agency that resolved the increase	Date of issue	Total issuance value (Reais)	Type of increase	Common (Units)	Preferred (Units)	Total shares (Units)	Subscription / Capital previous	Issuance price	Quote factor
3/26/2021	Board of Directors	3/26/2021	29,714,998.50	No share issuance	0	0	0	0.00000000	0.00	R$ by Unit

Criteria for determining issuance price

Means of payment

17.3 - Information about Share Splitting, Grouping and Bonuses

Date of approval	Number of shares before approval (Units)			Number of shares after approval (Units)		
	Number of common shares	Number of preferred shares	Total number of shares	Number of common shares	Number of preferred shares	Total number of shares
Share Split						
4/13/2017	113,000,000	0	113,000,000	339,000,000	0	339,000,000

17.4 - Information about Share Capital Decreases

<u>Reason why table is empty:</u>

There was no capital decrease from January 2016 to December 2018.

17.5 - Other Material Information

On February 27, 2015, the members of the Management Board approved a capital increase of R$ 711,144,831.94, without altering the number of shares, through capitalization of the following amounts: (i) R$ 36,421,507.52 refers to reserves of income tax incentives for 2013; and (ii) R$ 674,723,324.42 refers to ICMS tax incentive reserves, made in the period 2008 to 2013, namely: (a) R$ 204,666,937.57 refers to the Program for Industrial Development and Economic Integration of Bahia State – Desenvolve; (b) R$ 98,577,894.53 refers to the Program of the Fund to Support the Industrial Development of Paraíba –FAIN/ICMS; (c) R$ 63,951,573.57 refers to the program supporting industrial development of Rio Grande do Norte state – PROADI; and (d) R$ 307,526,918.75, refers to the program to encourage the Industrial Development of Ceará State –PROVIN. As from this date, capital amounted to R$ 1,701,158,716.80, divided into 113,450,000 common shares, as reported in item 17.1 of this document.

On October 26, 2015 the members of the Board of Directors approved the share capital increase of R$ 533,104.43 without modifying the number of shares, via the capitalization of reinvestment reserves in 2013 of the merged company “Indústria de Alimentos Bomgosto Ltda.”, declared in the corporate income tax return for 2014, released by SUDENE on 6/29/2015, as per Official Letter 0938/2015.

As from this date, capital amounted to R$ 1,701,691,821.23, divided into 113,000,000 common shares, all registered, book-entered shares with no par value, as reported in item 17.1 of this document. The alteration of article 5 of the Bylaws, to assign the new number of shares representing the Company's share capital, shall be submitted to the first General Meeting held subsequent to this date.

On August 01, 2016 the members of the Board of Directors approved the capital increase of R$ 3,760,525.38, without altering the number of shares, through capitalization of part of the reinvestment reserves for 2014, released by SUDENE by way of Notice 0420/2016. As from this date, capital amounted to R$ 1,705,452,346.61, divided into 113,000,000 common shares, as reported in item 17.1 of this document.

On March 6, 2017, the members of the Board of Directors approved a capital increase of R$ 59,826,120.33, without altering the number of shares, through capitalization of part of the income tax reduction incentive reserve for 2014. As from this date, capital amounted to R$ 1,765,278,466.94, divided into 113,000,000 common shares, as reported in item 17.1 of this document.

On April 13, 2017 the Shareholders’ Meeting (AGOE) approved the share split, where 1 (one) common share issued by the Company became 3 (three) common shares, without diluting the shareholders’ interest in the Company’s share capital.

The Company’s share capital then consisted of 339,000,000 (three hundred and thirty-nine million) common shares with no par value. The Company's subscribed and paid-in capital remained at R$ 1,765,278,466.94 (one billion seven hundred sixty-five million two hundred seventy-eight thousand four hundred sixty-six reais and ninety-four cents) with the Company’s authorized capital remaining at up to 459,200,000 (four hundred fifty-nine million two hundred thousand) common shares.

On March 05, 2018, the members of the Board of Directors unanimously approved a capital increase of R$ 493,354,906.11, without altering the number of shares, through capitalization of ICMS tax incentive reserves made in the period 2014 to 2016. As from this date, capital amounted to R$ 2,258,633,373.05, divided into 339,000,000 common shares, as reported in item 17.1 of this document.

17.5 - Other Material Information

Pursuant to article 5 (4) of the Bylaws, on March 11, 2019 the Board of Directors' members unanimously approved the increase to the share capital of R$ 249,767,191.68 (two hundred forty-nine million seven hundred sixty-seven thousand one hundred ninety-one reais and sixty-eight cents), without changing the number of shares, by capitalizing the reinvestment reserves and IRPJ exemption reserve. As from this date, capital amounted to R$ 2,508,400,564.73, divided into 339,000,000 common shares, as reported in item 17.1 of this document.

On March 06, 2020, the members of the Board of Directors unanimously approved a capital increase of R$ 59,540,915.21, without altering the number of shares, through capitalization of part of the income tax reduction incentive reserve for 2018. As from this date, capital amounted to R$ 2,567,941,479.94, divided into 339,000,000 common shares, as reported in item 17.1 of this document.

18.1 - Share Rights

Type of shares or CDA	**Common**
Tag along	100.000000
Right to dividends	The Company's common shares entitle the holder thereof to receive dividends in proportion to their interests in the share capital.
Voting rights	Full
Convertible	No
Right to capital reimbursement	Yes
Description of capital reimbursement features	In the event of the Company's liquidation, shareholders are entitled to a capital reimbursement in proportion to their interest in the capital, after all social obligations have been performed.
Restriction on circulation	Yes
Description of restriction	The Company is subject to the rules established in CVM Directive 358 regarding the trading of its securities. It is therefore forbidden from trading its own securities, including derivative operations involving securities issued by the Company, its direct or indirect shareholders, Board Members, Officers and members of the Audit Committee, when convened, members of its committees and any other technical or advisory boards created in accordance with the bylaws and any individual who, as a result of their post, duty or position at the Company, its controlling shareholder, subsidiaries or associated companies has access to information concerning a material act or fact (considered insiders for the purpose of the securities), established in said directive.
Redeemable	No
Redemption situations and formula for calculating the redemption amount	
Terms for changing rights vested by such securities	In accordance with Brazilian corporation law, the Company's Bylaws and the New Market regulations, as the case may be, the resolutions approved at general meetings cannot deprive Company shareholders of their legal rights, although they may suspend rights of shareholders in default.
Other material features	All material features have been cited previously.

18.2 - Description of any Bylaws Rules that Impose Significant Restrictions on Shareholder Voting Rights or Oblige them to make a Public Offering

As stated in its Bylaws, the Company is obliged to make a public share offering in the following situations:

a) Sale of share control:

The sale of the Company's share control, be it through a single transaction or through successive transactions, shall be made under a suspensive or resolutory covenant that, subject to the terms and conditions established in the existing legislation and the New Market Regulations, whereby the party acquiring the common share control undertakes to make a public offering to acquire the shares from the other shareholders, so as to afford them the same terms as those given to the Controlling Shareholder making the sale.

b) Exit from Novo Mercado:

The company's voluntary withdrawal from Novo Mercado shall be submitted to B3 S.A. – Brasil, Bolsa, Balcão ("B3"), which will only accept if it has been preceded by an OPA subject to the procedures set out in the regulations issued by the CVM regarding public share acquisition offerings for the purpose of delisting. The company may withdraw from Novo Mercado as a result of:

(i) the decision of the controlling shareholder or the Company;
(ii) nonperformance of the obligations established in the Novo Mercado regulations; and
(iii) delisting of the Company or conversion of its listing category at the CVM, in this case subject to the existing legislation and regulations.

The OPA for withdrawing from Novo Mercado should follow the following requisites:

(i) The price submitted should be fair, it therefore being possible to request a new appraisal of the Company in due accordance with corporate legislation; and
(ii) shareholders holding more than 1/3 (one third) of the free float should accept the OPA or explicitly agree to withdraw from the segment without selling the shares.

The Company may withdraw from Novo Mercado voluntarily regardless of the OPA mentioned in article 27 being held, in the event of the waiver approved of the general meeting. The general meeting mentioned in the main section shall be convened at the first call in the presence of shareholders accounting for at least 2/3 (two thirds) of the total free float.

Applying the sanction on the Company of compulsory withdrawal from Novo Mercado depends on holding an OPA with the same features as the OPA occurring due to voluntary withdrawal from Novo Mercado.

18.3 - Description of Exceptions and Suspensive Clauses regarding Political or Equity Rights stipulated in the Bylaws

Not applicable, as the Company's Bylaws do not currently provide for any situation resulting in the suspension of political or equity rights.

18.4 - Trading Volumes and Highest and Lowest Prices of the Securities Traded

Financial Year **12/31/2019**

Quarter	Security	Type	Class	Market	Administrative entity	Financial volume traded (Reais)	Value of highest price (Reais)	Value of lowest price (Reais)	Quote factor	Average price (Reais)
3/29/2019	Shares	Common		Organized over-the-counter	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	1,369,711,785	48.78	40.81	R$ per unit	45.76
6/28/2019	Shares	Common		Organized over-the-counter	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	1,427,542,769	43.72	36.72	R$ per unit	39.67
9/30/2019	Shares	Common		Organized over-the-counter	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	1,554,523,268	41.97	32.64	R$ per unit	37.16
12/30/2019	Shares	Common		Organized over-the-counter	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	2,834,035,177	38.22	31.95	R$ per unit	34.90

Financial Year **12/31/2018**

Quarter	Security	Type	Class	Market	Administrative entity	Financial volume traded (Reais)	Value of highest price (Reais)	Value of lowest price (Reais)	Quote factor	Average price (Reais)
3/31/2018	Shares	Common		Organized over-the-counter	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	1,757,460,649	60.75	48.87	R$ per unit	54.37
6/30/2018	Shares	Common		Organized over-the-counter	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	1,769,456,466	50.80	37.39	R$ per unit	42.93
9/30/2018	Shares	Common		Organized over-the-counter	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	1,225,819,553	43.89	36.74	R$ per unit	39.90
12/31/2018	Shares	Common		Organized over-the-counter	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	1,409,948,113	52.10	39.00	R$ per unit	43.32

Financial Year **12/31/2017**

Quarter	Security	Type	Class	Market	Administrative entity	Financial volume traded (Reais)	Value of highest price (Reais)	Value of lowest price (Reais)	Quote factor	Average price (Reais)
3/31/2017	Shares	Common		Stock market	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	1,356,454,416	46.51	37.26	R$ per unit	42.75
6/30/2017	Shares	Common		Stock market	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	1,721,867,212	58.30	42.65	R$ per unit	50.35
9/30/2017	Shares	Common		Stock market	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	1,776,566,186	52.50	46.44	R$ per unit	49.45
12/31/2017	Shares	Common		Stock market	BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros	1,440,174,021	52.10	46.20	R$ per unit	48.65

18.5 - Other Securities issued in Brazil

Security	**Commercial Note**
Identification of security	Comercial Promissory Notes
Issuance date	4/23/2020
Expiry date	10/23/2020
Number (Units)	20
Total amount (Reais)	200,000,000.00
Outstanding Balance	200,000,000.00
Restriction on circulation	Yes
Restriction description	The Commercial Papers will circulate with a nominal endorsement, without guarantee by endorser, for mere transfer of ownership, pursuant to article 4 (1) of CVM Directive 566 and article 15 of Appendix I of the Geneva Convention, enacted by Decree 57.663, dated January 24, 1966. While subject to a centralized deposit, the Commercial Papers will circulate through the deeds recorded in the deposit accounts at B3, which will endorse the Commercial Papers' hard copies when registration at B3 is canceled.
Convertible	No
Redemption possible	Yes
Situations and calculation of the redemption amount	At its sole discretion and at any time from the Issuance Date onwards, Issuer may unilaterally redeem all of the Commercial Papers early (where partial early redemption is not permitted), with consequent cancellation of these Commercial Papers ("Optional Early Redemption"). At the time of Optional Early Redemption, the holders of Commercial Papers are entitled to payment of the Nominal Unit Value plus: (i) the respective Yield, calculated on a pro rata temporis basis from the Issuance Date until effective payment of the Optional Early Redemption; (ii) a flat premium of 2% (two percent) on the volume to be redeemed early plus the respective Compensation and; (iii) Arrears Charges owed and not paid up to the Optional Early Redemption, if applicable ("Value of Optional Early Redemption").
Features of the debt securities	The Commercial Papers will be issued as hard copies and held in custody as defined in the "Manual of Standards - Public Distribution CRA, Public Distribution CRI, Debentures and Commercial Papers" of B3 S.A. - Brasil, Bolsa, Balcão – Segment CETIP UTVM ("B3"), before an institution providing custody services for the storage of the Commercial Papers to be contracted by Company ("Custodian"), as to be defined in the respective Documents, so that for all intents and purposes ownership of the Commercial Papers is demonstrated by possession of the hard copy documents.
Other material features	All the rules and conditions regarding the Commercial Papers issuance were addressed in the minutes from the Board of Directors' meeting held 4/15/2020 and 4/23/2020.

18.5.a - Number of Securities Holders

Security	Individuals	Legal Entities	Institutional Investors
Commercial Note	0	0	20

18.6 - Brazilian Markets in which the Securities are Traded

The Company's common shares have been listed for traded at Novo Mercado of B3 S.A. - Brasil, Bolsa, Balcão ("B3") under the symbol “MDIA3” since October 2006.

18.7 - Information about the Class and Type of Security accepted for Trading on Foreign Exchanges

Reason why table is empty:

The Company did not have shares traded overseas in the period January 2016 to December 2018. All its shares are traded at BM&FBovespa. - Brasil, Bolsa, Balcão (“B3").

18.8 - Securities issued overseas

Reason why table is empty:

The Company did not have securities issued overseas in the period January 2016 to December 2018.

18.9 - Public Distribution Offerings

The Company, its subsidiaries and controlling shareholder have not made a public distribution offering in the last three financial years.

18.10 - Allocation of Public Offering Funds

Not applicable, because the Company, its subsidiaries and controlling shareholder have not made a public offering in the last three financial years.

18.11 - Public Acquisition Offerings

The Company, its subsidiaries and controlling shareholder have not made a public distribution offering for third-party shares in the last three financial years.

18.12 - Other Material Information - Securities

All the material information pertinent to this item has been presented above.

19.1 - Information about Issuer' Share Buyback Plans

Date resolved	Buyback period	Reserves and profits available (Reais)	Type	Class	Number of projected (Units)	% rel. CIR:	Number of acquired approved (Units)	PMP	Quote factor	% acquired
Other features										
1/20/2020	1/21/2020 to 7/21/2021	1,928,920.00	Common		8,472,614	10.000000	1,105,000	0.00	R$ per unit	1.304201
Aim: acquire shares issued by the Company to be held in the Treasury and subsequently canceled or sold at sight to: (a) complying with the long-term incentive program for restricted shares approved at the Company's Extraordinary General Meeting held April 13, 2017; and (b) maximizing the value created for shareholders.										

19.2 - Changes in Securities held as Treasury Stock

Financial year 12/31/2019

Shares

Share Type	Class of preferred share	Description of securities	Price factor
Common			

Change	Number (Units)	Weighted average acquisition/sale price (in reais)
Initial amount	0	
Amount acquired	0	0.00
Amount sold	0	0.00
Amount canceled	0	
Final amount	0	

List of free float securities 0.000000%

Financial year 12/31/2018

Shares

Share Type	Class of preferred share	Description of securities	Price factor
Common			

Change	Number (Units)	Weighted average acquisition/sale price (in reais)
Initial amount	0	
Amount acquired	0	0.00
Amount sold	0	0.00
Amount canceled	0	
Final amount	0	

List of free float securities 0.000000%

Financial year 12/31/2017

Shares

Share Type	Class of preferred share	Description of securities	Price factor
Common			

Change	Number (Units)	Weighted average acquisition/sale price (in reais)
Initial amount	0	
Amount acquired	0	0.00
Amount sold	0	0.00

19.2 - Changes in Securities held as Treasury Stock

Amount canceled	0
Final amount	0
List of free float securities	0.000000%

19.3 - Other Material Information - Buyback/treasury

All the material information pertinent to this item has been presented above.

The change in securities held in the treasury incurred in 2020 resulting from the share buyback program are also presented.

Financial year 12/31/2020

Shares

Share Type	Class of preferred share	Description of securities	Price factor
Common			

Change	Number (Units)
Initial amount	1,105,000
Amount Acquired	-
Amount Sold	-
Amount Can celled	-
Amount Awarded (compensation plan)	84,871
Final Amount	1,020,129

List of free float securities 1.22%

20.1 - Information about the Securities Trading Policy

Date approved 3/11/2019

Responsible for approval Board of Directors

Position and/or function Administrators or controllers of the Company or of the Selling Shareholder; Management or the controllers from any of the Institutions participating in the Offer or any of the International Placement Agents Spouses, partners, companions, ascendants, descendants or family members, up to second generation, related to any of the persons referred to in the previous items

Main features and consultation sites

The Policy for Trading Company Securities sets out the rules for trading the Securities issued by the Company and its Subsidiaries in order to avert insider-trading and tipping, and to maintain the transparency of transactions involving the Company's securities. The rules established in this Policy apply to the Company and Related Parties, as the case may be.

The Company's Securities Trading Policy can be seen on the site http://www.mdiasbranco.com.br/ri/ in the section "Corporate Governance |Disclosure and Training Policy".

Prohibition periods and description of monitoring procedures

In the following situations the Company and Relate Did are not permitted to trade our securities ("Blackout Period"):
(i) whenever the company is subject to an important event the Related parties are aware of;
(ii) whenever an option or mandate is in progress or has been awarded to acquire or sell shares of M. DIAS BRANCO by the company, its subsidiaries, associated companies or o ther company under joint control.
(iii) whenever there is the intention to conduct an acquisition, spin-off, split-off, merger, transformation or corporate reorganization
(iv) in the period between the decision taken by the respective board to increase or reduce shar e capital, pay out dividends, pay bonuses in shares or derivatives, split, group or issue securities and publish the following notices or announcements;
(v) in the period 15 (fifteen) days before the disclosure or publication, when applicable, of quarterly information (ITR) and the annual standardized financial statements (DFP); and
(vi) in all blackout periods decreed by the Company's Investor Relations Officer.

The prohibitions established in items (i), (iii) and (iv) above will expire as soon as the Company has disclosed the information to the market, except if the transaction could interfere in the business conditions of M. DIAS BRANCO after the information has been published, which could result in a loss for the Company or its shareholders, where this additional restriction should be informed by the Investor Relations Officer.

The prohibition established in item (iii) above will only exist on the date when the Company itself trades or informs the Related Parties that are trading its Securities.

The Company will adopt the procedures and measures below without prejudice to others it deems necessary, in order to avoid and audit any violations of the Policy:
(i) requirement for related parties to sign a Accession, as per Appendix A;
(ii) as disclosed to the Related Parties by the Investor Relations Officer, notifying the opening and closing of trading windows during the blackout periods;
(iii) monitoring Individual Investment Programs;
(iv) Carrying out training at the frequency and with the content to be determined by the Investor Relations Officer.

20.2 - Other Material Information

All the material information pertinent to this item has been presented above.

21.1 - Description of the Internal Regulations, Rules and Procedures for Reporting

The Company has a policy for disclosing and using information in negotiation of securities, included in the document entitled Manual for Disclosure and Use of Information in Negotiation of Securities in line with the rulings in CVM Instruction 358, which was approved and up dated in the Board Meeting of March 11, 2019.

This Policy: (i) establishes rules and guidelines for disclosing and using Material Information at the Company and its Subsidiaries and Associates, in addition to keeping such information confidential until it has been published; (ii) establishes the general rules and rules of conduct to be used by the Company to classify information as material and to disclose this information, providing investors and the market in general with the benefit of predictable procedures to be adopted by the Company; and (iii) avoid and curtail the selective dissemination of information regarding the Material Event.

These individuals have to sign the respective "Adhesion Contract'' to this Policy. The Company shall maintain, at its registered office, a list of the persons who have signed the Adhesion Contract, which will be updated whenever new persons have to be included. A copy of the signed contracts will be presented to the Vice President for Investments and Controllership and the Director of Investor Relations. Whenever this policy is altered, the signatories of the Adhesion Contract shall sign new contracts and promptly deliver them to the Company. These documents shall be made available to the regulatory bodies. The adhesion contracts should remain filed at the Company's head office during the period that the signatories remain with the Company, and for at least five years subsequent to them leaving the Company.

Principles of corporate communication

Ethics – The behavior of all persons subject to this policy shall be in accordance with the values of good faith, loyalty and honesty.

Access to Information – It is essential that the Company guarantees that relevant information is made available regularly and is of a high quality. In addition, persons subject to the rulings provided in this Policy should ensure that the disclosure of information related to the Company's financial and equity situation is correct, complete, continual and prepared by the managers who are responsible for such, and this should include data on the evolution of their respective shareholdings in the Company's capital, as provided in this Policy and legislation in force.

Equal Treatment – transparent, accurate and timely information is the main instrument available to the investing public, especially M DIAS BRANCO's shareholders and investors, to ensure that they receive fair treatment. The relationship of the Company with its investors and with opinion makers on the securities market shall be consistent and transparent. A continual flow of information shall be available, even in crisis situations.

Transparency – The information provided to investors should be transparent, i.e. it should accurately reflect the Company's operations and economic and financial situation. All disclosures of Material Events or any other information should comply with this Policy and existing legislation.

Freedom of decision-making – Investment decisions (selling, purchasing or retaining) are acts exclusive to each investor, as is the search for better returns, which should be based on an analysis and interpretation of the information disclosed to the market and never on insider access to this information.

21.1 - Description of the Internal Regulations, Rules and Procedures for Reporting

Mandatory reports

The mandatory reports (DFP, ITR, Financial Statements and Reference Form) are delivered by the Company in the manner and time stipulated by law and the regulations applicable. These documents must be simultaneously submitted to the CVM (in Portuguese and possibly in English), the Stock Exchanges and the IR website (Portuguese and English).

Earnings Releases

The quarterly reports shall inform the target public of the Company's operational and financial performance for the quarter and accumulated for the year in question (compared to the same period from the prior year and/immediately prior to that reported), by means of an objective analysis of the results obtained and its equity position.

Forecast and Estimated Results

The Company will not publish forecasts or estimates ("guidance") of its results or future performance.

Feedback to Management

The Investor Relations Officer is responsible for maintaining Company management informed of its perception of the market in relation to results, strategy and the Company's prospects.

Quiet Period

Under applicable laws and regulations, the Company may not internally or publicly disclose information about its financial statements other than to the persons involved in the preparation, review and approval of those financial statements, during the period preceding the filing of those financial statements with the Brazilian Securities Commission (" CVM") and Stock Exchange ("Quiet Period").

The Company observes a Quiet Period of 15 (fifteen) days prior to the public release of its quarterly or annual financial statements.

Practices to disclose Company results

The methods used by the Company for communications with investors include:

- **Selective Disclosure**

Selective disclosure – or the disclosure of Material Information to any individual prior to the disclosure of that information to investors – is a violation of this Policy unless the individual is bound by a duty of confidentiality and nondisclosure. If Material Information is inadvertently disclosed, the Company immediately procures that it is broadly disclosed in accordance with this Policy.

21.1 - Description of the Internal Regulations, Rules and Procedures for Reporting

- **Designated Spokesperson**

The Chief Investor Relations Officer is authorized to speak on behalf of the Company on matters related to or potentially affecting analysts', investors' or the media's perceptions of M. DIAS BRANCO's credibility, consolidated results or risks. Employees and Contractors, other than those formally authorized by Company management to speak on behalf of the Company, are instructed not to under any circumstances respond to any questions from investors, analysts or members of the media. Any Employees or Contractors who directly or indirectly receive questions from investors, analysts or members of the media are required to immediately report those questions to the Chief Investor Relations Officer.

- **Meetings with Analysts and Investors**

If meetings are held with trade associations, investors, analysts or selected audiences, whether in Brazil or abroad, to discuss matters that could constitute Material Information, then the Chief Investor Relations Officer or their designee either attends those meetings or receives a report on those matters that constitute Material Information.

Prior to or concurrently with such meetings, the Chief Investor Relations Officer widely discloses the business to be discussed, following applicable procedures, to avoid selective disclosure. If deemed appropriate, the Company transmits the audio of such meetings over the internet via webcast to ensure the matters presented and discussed in the meeting are widely disclosed.

- **Considerations on Analysts**

The Company may, upon request from any analyst, review its earnings release forms ("Earnings Releases") or coverage reports (research and projections) solely for the purpose of verifying the accuracy of information disclosed to the public.

The Company will, to the extent reasonably permitted by its time and resources, give analysts and authorities access to its information. The Chief Investor Relations Officer is accessible to all analysts and investors. Meetings requested with managers are scheduled during slots available in their schedules.

The Company will not under any circumstances deny analysts or investors access to its information on account of their negative views on the Company's Securities, subject to established limits.

The Company may publish on its IR Website the names of any analysts and/or firms that are covering the Company, provided none are given more favorable treatment than others. The Company may, with formal authorization from each analyst or firm, publish recommendations, target prices and reports prepared by such analysts and/or firms.

- **Publication of Annual Reports**

The Company annually publishes a report addressed to its employees, investors, market analysts, shareholders and the general market (e.g. a sustainability report), presenting its results of operations and financial performance in the previous year, as well as its projects, strategies, and social and environmental benefits and initiatives.

21.1 - Description of the Internal Regulations, Rules and Procedures for Reporting

- **Bulletins, maps and voting**

Company communications are considered to be the Company's notes regarding relevant Acts or Facts, voting charts and corporate documents, when they refer to notices and minutes of Management Board meetings published in mainstream newspapers where the Company's headquarters are located, where the Company's shares are traded and in the official Brazilian press.
All releases must be accurate, complete, consistent, and not misleading to investors; written in plain, clear, objective, and concise language; disclosed broadly, equitably and simultaneously to the entire market; and ensured to be useful for the valuation of the Company's Securities.

- **Rumors**

The Company will not comment on any rumors or speculation in the market about the Company, unless such rumors or speculation relate to any Material Fact that has developed beyond the Company's control or is causing abnormal fluctuations in the prices or trading volumes of Company Securities, in which case such information will be immediately disclosed

- **IR Website**

Our IR website is an important vehicle for the Company to communicate with investors and the market in general, and the information it discloses should always therefore boast the highest standards of regularity, quality and equity. The IR website should be kept continually up-to-date and contain the following minimum information: (i) all of the Company information sent to the CVM and stock exchanges (ii) presentations given to investors and transcriptions of any conference calls (iii) a basic tool that enables the stock exchange quotations to be accompanied (iv) calendar of events, corporate governance practices and estimates by analysts; (v) Annual Report; and (vi) information to contact the Company's investor relations team.

Information disclosed by the IR website should be produced in Portuguese and English. Company Collaboration with Investor Relations.

All Company departments shall provide extensive information on a timely basis (strategic, operational, technical or financial) to the Investor Relations Officer, who will then determine, together with the Disclosure Committee, whether the issue should be made public or not.

- **Specific Disclosures - Regulations of the B3 Novo Mercado**

Pursuant to Art. 20 (sole paragraph) of the Regulations of the B3 Novo Mercado, in the event the positions of Chairman of the Board of Directors and Company CEO are held by the same person because of a vacancy, the Company shall make an announcement: (i) informing this situation by the working day following the occurrence; and (ii) within 60 (sixty) days as from the date the vacancy remains, informing the measures taken to end the aforesaid dual holding of positions.

Pursuant to Art. 26 of the Regulations of the B3 Novo Mercado, by way of an announcement the Company shall disclose the resignation or dismissal of Company executives by the next working day following the day M. DIAS BRANCO is notified of the resignation or the dismissal is approved.

21.2 - Description of the policy for reporting material transactions or events and the procedures in place for keeping material information not disclosed confidential

Pursuant to the policy for disclosing and using information and trading the Company's Securities, material information means any decision by the controlling shareholders, resolution of the general meeting or company's management boards or any other political, administrative, technical, business or economic and financial event or fact occurring or related to company business that could substantially affect: (i) the price of the securities issued by the Company or benchmarked by it; (ii) investor decisions to buy, sell or hold the securities issued by the Company; and (iii) investor decisions to exercise any rights inherent to the securities they own issued by the Company or referenced to them. All of the situations set out in article 2 of CVM Directive 358/2002 are also considered material events.

The vice President of Investments and Controllership and Investor Relations is responsible for disclosing and informing the Securities Commission (CVM) and the Stock Exchanges, of any relevant act or fact that has occurred or is related to the Company's business which is considered relevant information and he should ensure immediate disclosure of relevant information on the stock exchanges and to the general public, including through announcements published in a national newspaper. In special circumstances, we can submit a request to the CVM for confidential treatment for a certain act or relevant fact, when our managers believe that its publishing could jeopardize the Company's legitimate interests.

All related parties (the Company´s controlling shareholders, its directors, members of the Board of Directors, Audit Committee and any other bodies that have technical or consultation roles created under Statute, the company´s managers and employees that have frequent access to significant information and other information that the Company considers necessary or convenient) should sign a term of adhesion to the Policy for Disclosing Information to the Market and ensure confidentiality of information that has not been disclosed, under penalty of having to indemnity the Company and other related parties for any losses that may be incurred .

Internal procedures for notifying and disclosing material acts or facts

The person who has had access to information related to the Company´s Relevant Act or Fact should inform the Director of Investor Relations, who may present the act or fact and the relevant information for consideration by the Disclosure Committee (Disclosure Document), which may then request the participation of the directors involved in the act that gave rise to the relevant fact or act.

The Controlling Shareholders, Management, Tax Advisors, Employees and Executives with access to relevant Information and also the members of any Bodies with Technical or Advisory Functions within the Company shall promptly report any relevant act or fact of which they are aware to the Vice President of Investments and Controllership and the Director of Investor Relations, who, according to the terms of this policy, shall take the necessary measures with the Investor Relations area to prepare a disclosure document for the market.

Once this document has been prepared, the Vice President of Investments and Controllership and the Director of Investor Relations are responsible for disclosing it to the stock market, supported by the investor relations advisory team.

Thus, as guidance, whenever there is doubt as to the relevance regarding privileged information, the person should contact the Vice President of Investments and Controllership and the Director of Investor Relations to resolve the doubt.

21.2 - Description of the policy for reporting material transactions or events and the procedures in place for keeping material information not disclosed confidential

The Controlling Shareholders, Management, Tax Advisors, Employees and Executives with access to relevant Information and also the members of any Bodies with Technical or Advisory Functions within the Company shall comply with the regulations that determine the disclosure of privileged information, and its use for securities trading.

21.3 - Executives responsible for Implementing, Maintaining, Evaluating and Monitoring the Reporting Policy

The Company´s Vice President of Investments and Controllership and Director of Investor Relations are responsible for accompanying the process for disclosing the Company´s relevant facts and acts, and information, and have to ensure the full disclosure and quality of the information made available to the market, and also the processes for controlling disclosures, taking into consideration, technical, legal, accounting and institutional aspects. When necessary, they will also review and update the Company´s disclosure policy.

21.4 - Other Material Information

All the material information pertinent to this item has been presented above.