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Company Data / Capital Stock

Number of Shares (in thousands)	Current quarter 03/31/2021
Paid-in Capital	
Common	339,000,000
Preferred	-
Total	**339,000,000**
Treasury Shares	
Common	997,696
Preferred	-
Total	997,696

Individual Financial statements / Balance Sheet – Assets

(in thousands)

Code of the account	Description of the code	Current Quarter 03/31/2021	Previous Period 12/31/2020
1	Total Assets	10,424,098	9,730,512
1.01	Current Assets	4,475,899	3,869,655
1.01.01	Cash and Cash Equivalents	1,671,657	1,212,873
1.01.02	Financial Investments	16,413	16,413
1.01.02.03	Financial Investments Valued at Amortized Cost	16,413	16,413
1.01.03	Trade Accounts Receivable	853,152	959,907
1.01.03.01	Clients	853,152	959,907
1.01.04	Inventory	1,445,626	1,216,061
1.01.06	Recoverable Taxes	407,225	398,887
1.01.06.01	Current Recoverable Taxes	407,225	398,887
1.01.07	Prepaid Expenses	16,255	10,224
1.01.08	Other Current Assets	65,571	55,290
1.01.08.03	Other	65,571	55,290
1.01.08.03.02	Derivative Financial Instruments	40,067	23,794
1.01.08.03.20	Other Credits	25,504	31,496
1.02	Non-current Assets	5,948,199	5,860,857
1.02.01	Long-term Assets	715,097	618,591
1.02.01.03	Financial Investments Valued at Amortized Cost	2,542	3,306
1.02.01.10	Other Non-current Assets	712,555	615,285
1.02.01.10.03	Judicial Deposits	268,503	263,819
1.02.01.10.04	Recoverable Taxes	373,470	293,008
1.02.01.10.05	Tax Incentives/Other Credits	7,316	6,776
1.02.01.10.06	Indemnity Assets	46,294	51,682
1.02.01.10.07	Derivative Financial Instruments	16,972	0
1.02.02	Investments	104,899	106,363
1.02.02.01	Shareholdings	50,406	51,750
1.02.02.01.02	Subsidiaries	186	170
1.02.02.01.03	Interest in Subsidiaries	49,332	50,692
1.02.02.01.04	Other Shareholdings	888	888
1.02.02.02	Investment Properties	54,493	54,613
1.02.03	Property, Plant and Equipment	3,410,731	3,416,539
1.02.03.01	Property, Plant and Equipment in Operation	2,906,227	2,859,573
1.02.03.02	Right-of-use in Leasing	193,944	179,512
1.02.03.02.02	Right-of-Use	193,944	179,512
1.02.03.03	Property, Plant and Equipment in Progress	310,560	377,454
1.02.04	Intangible	1,717,472	1,719,364
1.02.04.01	Intangible	1,717,472	1,719,364
1.02.04.01.02	Brands and Patents	551,595	551,595
1.02.04.01.03	Software	69,661	68,533
1.02.04.01.04	Goodwill	944,412	944,412
1.02.04.01.05	Customer Relationships	151,373	154,341
1.02.04.01.06	Non-compete agreement	431	483

Individual Financial statements / Balance Sheet – Liabilities

(in thousands)

Code of the account	Description of the code	Current Quarter 03/31/2021	Previous Period 12/31/2020
2	Total Liabilities	10,424,098	9,730,512
2.01	Current Liabilities	1,428,674	1,634,730
2.01.01	Social and Labor Liabilities	148,276	176,483
2.01.01.01	Social Liabilities	52,459	52,265
2.01.01.02	Labor Liabilities	95,817	124,218
2.01.02	Suppliers	447,893	361,646
2.01.02.01	Domestic Suppliers	447,893	361,087
2.01.02.02	Foreign Suppliers	0	559
2.01.03	Tax Obligations	74,628	55,553
2.01.03.01	Federal Tax Obligations	14,897	19,188
2.01.03.01.01	Income Tax and Social Contribution	1,778	1,778
2.01.03.01.02	Other Federal Tax Obligations	13,119	17,410
2.01.03.02	State Tax Obligations	57,913	34,711
2.01.03.03	Municipal Tax Obligations	1,818	1,654
2.01.04	Loans and Financing	501,697	776,028
2.01.04.01	Loans and Financing	501,697	776,028
2.01.04.01.01	National Currency	372,966	439,570
2.01.04.01.02	Foreign Currency	128,731	336,458
2.01.05	Other Obligations	256,180	265,020
2.01.05.02	Other	256,180	265,020
2.01.05.02.01	Proposed dividends	58,978	58,978
2.01.05.02.04	Advances of Clients	10,712	11,144
2.01.05.02.05	Government Subsidies	18,062	12,375
2.01.05.02.06	Derivative Financial Instruments	930	18,125
2.01.05.02.07	Leasing	47,007	41,109
2.01.05.02.20	Other Debts	120,491	123,289
2.02	Non-current Liabilities	2,316,567	1,450,214
2.02.01	Loans and Financing	1,625,057	812,989
2.02.01.01	Loans and Financing	1,625,057	812,989
2.02.01.01.01	National Currency	1,055,327	293,319
2.02.01.01.02	Foreign Currency	569,730	519,670
2.02.02	Other Obligations	207,152	191,514
2.02.02.02	Other	207,152	191,514
2.02.02.02.04	Other Debts	38,079	37,633
2.02.02.02.06	Derivative Financial Instruments	4,950	0
2.02.02.02.07	Leasing	164,123	153,881
2.02.03	Deferred Taxes	271,784	226,601
2.02.03.01	Deferred Income Tax and Social Contribution	271,784	226,601
2.02.04	Provisions	212,574	219,110
2.02.04.01	Provisions Tax, Social Security, Labor and Civil	212,574	219,110
2.02.04.01.01	Tax Provisions	95,552	103,127
2.02.04.01.02	Labor and Social Security Provisions	103,985	104,245
2.02.04.01.04	Civil Provisions	13,037	11,738
2.03	Shareholders’ Equity	6,678,857	6,645,568
2.03.01	Realized Capital Stock	2,597,656	2,567,941
2.03.02	Capital Reserves	29,519	27,595

Individual Financial statements / Balance Sheet – Liabilities

(in thousands)

Code of the account	Description of the code	Current Quarter 03/31/2021	Previous Period 12/31/2020
2.03.02.08	Special Reserve	16,529	16,529
2.03.02.09	Granted Recognized Shares	12,990	11,066
2.03.04	Profit Reserves	4,027,699	4,057,414
2.03.04.01	Legal Reserves	320,874	320,874
2.03.04.02	Statutory Reserves	2,009,917	2,008,788
2.03.04.07	Tax Incentive Reserve	1,640,914	1,671,758
2.03.04.08	Additional Proposed Dividend	95,570	95,570
2.03.04.09	Treasury shares	-39,576	-39,576
2.03.05	Accumulated Profits/Losses	15,017	0
2.03.06	Equity Adjustments	8,790	-7,541
2.03.06.01	Gains (Losses) on Cash-Flow Hedge	13,319	-11,053
2.03.06.02	Tax effects on Cash-Flow Hedge	-4,529	3,512
2.03.07	Accumulated Translation Adjustments	176	159

Individual Financial statements / Statement of Income (in thousands)

Code of the account	Description of the code	Current Quarter 01/01/2021 to 03/31/2021	Previous Period 01/01/2020 to 03/31/2020
3.01	Revenue from Sale of Goods and/or Services	1,491,077	1,636,746
3.01.01	Gross sales and /or Services	1,801,379	1,995,333
3.01.02	Returns, Discounts and Cancellations	-310,302	-358,587
3.02	Cost of Goods Sold and/or Services Rendered	-1,090,947	-1,012,002
3.02.01	Cost of Goods Sold	-1,167,638	-1,088,749
3.02.02	Tax Incentives (ICMS)	76,691	76,747
3.03	Gross Income	400,130	624,744
3.04	Operating Income/Expenses	-419,081	-458,020
3.04.01	Selling Expenses	-343,535	-367,944
3.04.01.01	Selling Expenses	-329,102	-358,403
3.04.01.02	Depreciation and Amortization	-14,433	-9,541
3.04.02	General and Administrative Expenses	-76,211	-72,381
3.04.02.01	Administrative Expenses	-67,721	-63,796
3.04.02.04	Depreciation and Amortization	-8,490	-8,585
3.04.04	Other Operating Income	46,732	14,265
3.04.05	Other Operating Expenses	-44,707	-31,119
3.04.06	Equity in net Income of Subsidiaries	-1,360	-841
3.05	Income Before Financial Results and Tax	-18,951	166,724
3.06	Financial Results	6,033	-3,949
3.06.01	Financial Income	45,369	18,472
3.06.02	Financial Expenses	-39,336	-22,421
3.07	Income Before Tax	-12,918	162,775
3.08	Income Tax and Social Contribution	27,935	-25,775
3.08.01	Current	65,077	22,079
3.08.02	Deferred	-37,142	-47,854
3.09	Net Income from the Continuing Operations	15,017	137,000
3.11	Income for the period	15,017	137,000
3.99	Earnings per Share - (Reais / Share)		
3.99.01	Basic Earnings per Share		
3.99.01.01	Common	0.04430	0.40413
3.99.02	Diluted Earnings per Share		
3.99.02.01	Common	0.04435	0.40491

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

Code of the account	Description of the code	Current Quarter 01/01/2021 to 03/31/2021	Previous Period 01/01/2020 to 03/31/2020
4.01	Net Profit for the Period	15,017	137,000
4.02	Other Comprehensive Income	16,348	39
4.02.01	Gains (Losses) on Cash-Flow Hedges	24,372	0
4.02.02	Accumulated Translation Adjustments	17	39
4.02.03	Tax effects on Cash-Flow Hedges	-8,041	0
4.03	Comprehensive Income for the Period	31,365	137,039

Individual Financial statements / Statement of Cash Flow - Indirect Method

(in thousands)

Code of the account	Description of the code	Current Quarter 01/01/2021 to 03/31/2021	Previous Period 01/01/2020 to 03/31/2020
6.01	Net Cash from Operating Activities	16,377	76,952
6.01.01	Cash Generated from Operations	37,543	252,905
6.01.01.01	Net Income before Income Tax and Social Contribution	-12,917	162,775
6.01.01.02	Depreciation and Amortization	66,400	61,797
6.01.01.03	Cost of Sale of Fixed Assets	5	1,419
6.01.01.04	Equity in Net Income of Subsidiaries	1,360	841
6.01.01.05	Loans, Investments and Exchange Variations Updates	87,308	155,699
6.01.01.06	Updated judicial deposits	-565	-1,848
6.01.01.08	Tax Credits and Updates	-44,132	-6,455
6.01.01.09	Provision for Civil, Labor and Tax Risks	4,047	4,991
6.01.01.10	Provision for Impairment Losses of Customers	-7,032	9,282
6.01.01.11	Impairment Losses on Inventory	4,497	1,099
6.01.01.13	Granted Recognized Shares	1,926	939
6.01.01.14	Lease update	5,127	2,734
6.01.01.15	Provision arising from swap derivative contracts	-71,895	-146,057
6.01.01.16	Update Provision for Civil, Labor and Tax Risks	1,706	4,587
6.01.01.17	Provision for Income tax on financing	1,708	1,102
6.01.02	Changes in Assets and Liabilities	-13,938	-155,066
6.01.02.01	(Increase) Decrease in Trade Accounts Receivable	113,787	16,877
6.01.02.02	(Increase) Decrease in Inventories	-241,277	-184,534
6.01.02.03	(Increase) Decrease in Recoverable Taxes	-19,942	4,649
6.01.02.04	(Increase) Decrease in Financial Investments	0	-21
6.01.02.06	(Increase) Decrease in Other Credits	688	-33,360
6.01.02.07	Increase (Decrease) in Suppliers	86,247	-26,253
6.01.02.08	Increase (Decrease) in Taxes and Contributions	84,151	48,811
6.01.02.09	Increase (Decrease) in Government Subsidies	5,686	8,810
6.01.02.12	Increase (Decrease) in Other Debts	-43,278	9,955
6.01.03	Other	-7,228	-20,887
6.01.03.02	Interests Paid	-11,715	-9,601
6.01.03.03	Income tax and Social Contributions Paid	-7,205	-9,718
6.01.03.05	Receipts (payments) of resources for settlement of derivative transactions	44,165	31,055
6.01.03.06	Exchange Variations Paid	-32,473	-32,623
6.02	Net Cash from Investment Activities	-35,725	-53,285
6.02.01	Acquisition of Property and Intangible Assets	-36,490	-53,270
6.02.06	Redeem Financial Investment in the Long Term	765	85
6.02.07	Financial Investments	0	-100
6.03	Net Cash from Financing Activities	478,132	422,637
6.03.02	Acquisition Financing	812,303	642,334
6.03.03	Financing Payment	-319,397	-169,258
6.03.04	Acquisition of Company 's Shares	0	-43,836
6.03.05	Lease Payment	-14,774	-6,603
6.05	Increase (decrease) in Cash and Cash Equivalents	458,784	446,304
6.05.01	Opening Balance of Cash and Cash Equivalents	1,212,873	348,312
6.05.02	Closing Balance of Cash and Cash Equivalents	1,671,657	794,616

Individual Financial statements / Statement of Changes in Shareholders´ Equity - 01/01/2021 to 03/31/2021

(in thousands)

Code of the account	Description of the code	Capital Stock	Capital Reserves, Options Granted and Shares in Treasury	Profit Reserves	Retained Earnings or Accumulated Losses	Comprehensive Income	Shareholders' Equity
5.01	Opening Balance	2,567,941	-11,981	4,096,990	0	-7,382	6,645,568
5.03	Adjusted Opening Balance	2,567,941	-11,981	4,096,990	0	-7,382	6,645,568
5.04	Capital Transactions with Associates	29,715	1,924	-29,715	0	0	1,924
5.04.01	Increase in Capital Stock	29,715	0	-29,715	0	0	0
5.04.11	Granted Recognized Shares	0	1,924	0	0	0	1,924
5.05	Total Comprehensive Income	0	0	0	15,017	16,348	31,365
5.05.01	Net Profit for the Period	0	0	0	15,017	0	15,017
5.05.02	Other Comprehensive Income	0	0	0	0	16,348	16,348
5.05.02.01	Adjustments of Financial Instruments	0	0	0	0	16,331	16,331
5.05.02.04	Conversion Adjustments for the Period	0	0	0	0	17	17
5.07	Closing Balance	2,597,656	-10,057	4,067,275	15,017	8,966	6,678,857

Individual Financial statements / Statement of Changes in Shareholders´ Equity - 01/01/2020 to 03/31/2020

(in thousands)

Code of the account	Description of the code	Capital Stock	Capital Reserves, Options Granted and Shares in Treasury	Profit Reserves	Retained Earnings or Accumulated Losses	Comprehensive Income	Shareholders' Equity
5.01	Opening Balance	2,508,400	26,343	3,500,089	0	121	6,034,953
5.03	Adjusted Opening Balance	2,508,400	26,343	3,500,089	0	121	6,034,953
5.04	Capital Transactions with Associates	59,541	-42,898	-59,541	0	0	-42,898
5.04.01	Increase in Capital Stock	59,541	0	-59,541	0	0	0
5.04.04	Acquisition of Treasury Shares	0	-43,836	0	0	0	-43,836
5.04.11	Granted Recognized Shares	0	938	0	0	0	938
5.05	Total Comprehensive Income	0	0	0	137,000	39	137,039
5.05.01	Net Profit for the Period	0	0	0	137,000	0	137,000
5.05.02	Other Comprehensive Income	0	0	0	0	39	39
5.05.02.04	Conversion Adjustments for the Period	0	0	0	0	39	39
5.07	Closing Balance	2,567,941	-16,555	3,440,548	137,000	160	6,129,094

Individual Financial statements / Statement of Value Added

(in thousands)

Code of the account	Description of the code	Current Quarter 01/01/2021 to 03/31/2021	Previous Period 01/01/2020 to 03/31/2020
7.01	Revenues	1,747,856	1,886,131
7.01.01	Sale of Goods, Products and Services	1,684,680	1,871,111
7.01.02	Other Revenues	46,047	14,214
7.01.03	Related to Construction of Own Assets	10,097	10,088
7.01.04	Provision/Reversal of Doubtful Accounts	7,032	-9,282
7.02	Input Acquired from Third Parties	-1,306,539	-1,202,263
7.02.01	Costs of Products, Goods and Services Sold	-827,991	-719,275
7.02.02	Materials, Energy, Third Party Services and Other	-478,306	-480,576
7.02.04	Other	-242	-2,412
7.02.04.01	Materials related to Construction of Own Assets	-242	-2,412
7.03	Gross Value Added	441,317	683,868
7.04	Retention	-66,400	-61,797
7.04.01	Depreciation, Amortization and Depletion	-66,400	-61,797
7.05	Net Value Added Produced	374,917	622,071
7.06	Value Added Received Through Transfer	44,009	17,631
7.06.01	Equity in net Income of Subsidiaries	-1,360	-841
7.06.02	Financial Revenue	45,369	18,472
7.07	Total Value Added to Distribute	418,926	639,702
7.08	Distribution of Value Added	418,926	639,702
7.08.01	Personnel	264,468	267,215
7.08.01.01	Direct Compensation	171,839	177,594
7.08.01.02	Benefits	71,092	72,983
7.08.01.03	Severance fund (FGTS)	21,537	16,638
7.08.02	Taxes, Fees and Contributions	88,730	205,873
7.08.02.01	Federal	30,794	112,649
7.08.02.02	State	54,958	89,902
7.08.02.03	Municipal	2,978	3,322
7.08.03	Remuneration of third party capital	50,711	29,614
7.08.03.01	Interest Rates	39,336	22,421
7.08.03.02	Rentals	11,375	7,193
7.08.04	Remuneration of Own Capital	-83,264	39,696
7.08.04.03	Retained Earnings/Losses for the Period	-83,264	39,696
7.08.05	Other	98,281	97,304
7.08.05.01	Government subsidies	98,281	97,304

Consolidated Financial statements / Balance Sheet - Assets

(in thousands)

Code of the account	Description of the code	Current Quarter 03/31/2021	Previous Period 12/31/2020
1	Total Assets	10,423,514	9,729,858
1.01	Current Assets	4,476,785	3,870,602
1.01.01	Cash and Cash Equivalents	1,671,846	1,213,007
1.01.02	Financial Investments	16,413	16,413
1.01.02.03	Financial Investments Valued at Amortized Cost	16,413	16,413
1.01.03	Trade Accounts Receivable	853,225	960,058
1.01.03.01	Clients	853,225	960,058
1.01.04	Inventory	1,445,650	1,216,085
1.01.06	Recoverable Taxes	407,231	398,893
1.01.06.01	Current Recoverable Taxes	407,231	398,893
1.01.07	Prepaid Expenses	16,313	10,305
1.01.08	Other Current Assets	66,107	55,841
1.01.08.03	Other	66,107	55,841
1.01.08.03.02	Derivative Financial Instruments	40,067	23,794
1.01.08.03.20	Other credits	26,040	32,047
1.02	Non-current Assets	5,946,729	5,859,256
1.02.01	Long-term Assets	715,100	618,596
1.02.01.03	Financial Investments Valued at Amortized Cost	2,542	3,306
1.02.01.10	Other Non-current Assets	712,558	615,290
1.02.01.10.03	Judicial Deposits	268,509	263,827
1.02.01.10.04	Recoverable Taxes	373,470	293,008
1.02.01.10.05	Tax Incentives/Other Credits	7,313	6,773
1.02.01.10.06	Indemnity assets	46,294	51,682
1.02.01.10.07	Derivative Financial Instruments	16,972	0
1.02.02	Investments	100,573	101,902
1.02.02.01	Shareholdings	46,080	47,289
1.02.02.01.04	Interest in subsidiaries	45,192	46,401
1.02.02.01.05	Other Shareholdings	888	888
1.02.02.02	Investment Properties	54,493	54,613
1.02.03	Property, Plant and Equipment	3,413,584	3,419,394
1.02.03.01	Property, Plant and Equipment in Operation	2,909,080	2,862,428
1.02.03.02	Right-of-use in Leasing	193,944	179,512
1.02.03.02.02	Right-of-Use	193,944	179,512
1.02.03.03	Property, Plant and Equipment in Progress	310,560	377,454
1.02.04	Intangible	1,717,472	1,719,364
1.02.04.01	Intangible	1,717,472	1,719,364
1.02.04.01.02	Brands and Patents	551,595	551,595
1.02.04.01.03	Software	69,661	68,533
1.02.04.01.04	Goodwill	944,412	944,412
1.02.04.01.05	Customer Relationships	151,373	154,341
1.02.04.01.06	Non-compete agreement	431	483

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

Code of the account	Description of the code	Current Quarter 03/31/2021	Previous Period 12/31/2020
2	Total Liabilities	10,423,514	9,729,858
2.01	Current Liabilities	1,428,015	1,634,008
2.01.01	Social and Labor Liabilities	148,365	176,568
2.01.01.01	Social Liabilities	52,521	52,324
2.01.01.02	Labor Liabilities	95,844	124,244
2.01.02	Suppliers	448,000	361,738
2.01.02.01	Domestic Suppliers	448,000	361,179
2.01.02.02	Foreign Suppliers	0	559
2.01.03	Tax Obligations	74,693	55,611
2.01.03.01	Federal Tax Obligations	14,959	19,245
2.01.03.01.01	Income Tax and Social Contribution	1,778	1,778
2.01.03.01.02	Other Federal Tax Obligations	13,181	17,467
2.01.03.02	State Tax Obligations	57,913	34,711
2.01.03.03	Municipal Tax Obligations	1,821	1,655
2.01.04	Loans and Financing	501,697	776,028
2.01.04.01	Loans and Financing	501,697	776,028
2.01.04.01.01	National Currency	372,966	439,570
2.01.04.01.02	Foreign Currency	128,731	336,458
2.01.05	Other Obligations	255,260	264,063
2.01.05.02	Other	255,260	264,063
2.01.05.02.01	Proposed dividends	58,978	58,978
2.01.05.02.04	Advances of Clients	10,712	11,144
2.01.05.02.05	Government Subsidies	18,062	12,375
2.01.05.02.06	Derivative Financial Instruments	930	18,125
2.01.05.02.07	Mercantile Leasing	47,007	41,109
2.01.05.02.20	Other debts	119,571	122,332
2.02	Non-current Liabilities	2,316,642	1,450,282
2.02.01	Loans and Financing	1,625,057	812,989
2.02.01.01	Loans and Financing	1,625,057	812,989
2.02.01.01.01	National Currency	1,055,327	293,319
2.02.01.01.02	Foreign Currency	569,730	519,670
2.02.02	Other Obligations	207,227	191,582
2.02.02.02	Other	207,227	191,582
2.02.02.02.04	Other debts	38,154	37,701
2.02.02.02.06	Derivative Financial Instruments	4,950	0
2.02.02.02.07	Mercantile Leasing	164,123	153,881
2.02.03	Deferred Taxes	271,784	226,601
2.02.03.01	Deferred Income Tax and Social Contribution	271,784	226,601
2.02.04	Provisions	212,574	219,110
2.02.04.01	Provisions Tax, Social Security, Labor and Civil	212,574	219,110

Consolidated Financial statements / Balance Sheet - Liabilities

(in thousands)

Code of the account	Description of the code	Current Quarter 03/31/2021	Previous Period 12/31/2020
2.02.04.01.01	Tax Provisions	95,552	103,127
2.02.04.01.02	Labor and Social Security Provisions	103,985	104,245
2.02.04.01.04	Civil Provisions	13,037	11,738
2.03	Shareholders' Equity	6,678,857	6,645,568
2.03.01	Realized Capital Stock	2,597,656	2,567,941
2.03.02	Capital Reserves	29,519	27,595
2.03.02.08	Special Reserve	16,529	16,529
2.03.02.09	Granted Recognized Shares	12,990	11,066
2.03.04	Profit Reserves	4,027,699	4,057,414
2.03.04.01	Legal Reserves	320,874	320,874
2.03.04.02	Statutory Reserves	2,009,917	2,009,917
2.03.04.07	Tax Incentive Reserve	1,640,914	1,670,629
2.03.04.08	Additional Proposed Dividend	95,570	95,570
2.03.04.09	Treasury shares	-39,576	-39,576
2.03.05	Accumulated Profits/Losses	15,017	0
2.03.06	Equity Adjustments	8,790	-7,541
2.03.06.01	Gains (Losses) on Cash-Flow Hedges	13,319	-11,053
2.03.06.02	Tax effects on Cash-Flow Hedges	-4,529	3,512
2.03.07	Accumulated Translation Adjustments	176	159

Consolidated Financial statements / Statement of Income

(in thousands)

Code of the account	Description of the code	Current Quarter 01/01/2021 to 03/31/2021	Previous Period 01/01/2020 to 03/31/2020
3.01	Revenue from Sale of Goods and/or Services	1,491,077	1,636,746
3.01.01	Gross sales and / or Services	1,801,379	1,995,333
3.01.02	Returns, discounts and cancellations	-310,302	-358,587
3.02	Cost of Goods Sold and/or Services Rendered	-1,091,041	-1,012,039
3.02.01	Cost of Goods Sold	-1,167,732	-1,088,786
3.02.02	Tax Incentives (ICMS)	76,691	76,747
3.03	Gross Income	400,036	624,707
3.04	Operating Income/Expenses	-418,986	-457,984
3.04.01	Selling Expenses	-343,535	-367,944
3.04.01.01	Selling Expenses	-329,102	-358,403
3.04.01.02	Depreciation and Amortization	-14,433	-9,541
3.04.02	General and Administrative Expenses	-76,379	-72,524
3.04.02.01	Administrative Expenses	-67,889	-63,939
3.04.02.04	Depreciation and Amortization	-8,490	-8,585
3.04.04	Other Operating Income	46,854	14,419
3.04.05	Other Operating Expenses	-44,717	-31,128
3.04.06	Equity in net Income of Subsidiaries	-1,209	-807
3.05	Income Before Financial Results and Tax	-18,950	166,723
3.06	Financial Results	6,032	-3,948
3.06.01	Financial Income	45,369	18,473
3.06.02	Financial Expenses	-39,337	-22,421
3.07	Income Before Tax	-12,918	162,775
3.08	Income Tax and Social Contribution	27,935	-25,775
3.08.01	Current	65,077	22,079
3.08.02	Deferred	-37,142	-47,854
3.09	Net Income from the Continuing Operations	15,017	137,000
3.11	Income for the Period	15,017	137,000
3.11.01	Awarded to Members of the Parent Company	15,017	137,000
3.99	Earnings per Share - (Reais / Share)		
3.99.01	Basic Earnings per Share		
3.99.01.01	Common	0.04430	0.40413
3.99.02	Diluted Earnings per Share		
3.99.02.01	Common	0.04435	0.40491

Consolidated Financial statements / Statements of Comprehensive Income

(in thousands)

Code of the account	Description of the code	Current Quarter 01/01/2021 to 03/31/2021	Previous Period 01/01/2020 to 03/31/2020
4.01	Net Profit for the Period	15,017	137,000
4.02	Other Comprehensive Income	16,348	39
4.02.01	Gains (Losses) on Cash-Flow Hedges	24,372	0
4.02.02	Accumulated Translation Adjustments	17	39
4.02.03	Tax effects on Cash-Flow Hedges	-8,041	0
4.03	Comprehensive Income for the Period	31,365	137,039
4.03.01	Awarded to Members of the Parent Company	31,365	137,039

Consolidated Financial Statements / Statement of Cash Flow - Indirect Method

(in thousands)

Code of the account	Description of the code	Current Quarter 01/31/2021 to 03/31/2021	Last Period 01/31/2020 to 03/31/2020
6.01	Net Cash from Operating Activities	16,521	77,379
6.01.01	Cash Generated from Operations	37,393	252,871
6.01.01.01	Net Income before Income Tax and Social Contribution	-12,917	162,775
6.01.01.02	Depreciation and Amortization	66,400	61,797
6.01.01.03	Cost of Sale of Fixed Assets	5	1,419
6.01.01.04	Equity in Net Income of Subsidiaries	1,209	807
6.01.01.05	Loans, Investments and Exchange Variations Updates	87,308	155,699
6.01.01.06	Updated judicial deposits	-565	-1,848
6.01.01.08	Tax Credits and Updates	-44,132	-6,455
6.01.01.09	Provision for Civil, labor and Tax Risks	4,047	4,991
6.01.01.10	Provision for Impairment losses of Customers	-7,032	9,282
6.01.01.11	Impairment Losses on Inventory	4,497	1,099
6.01.01.13	Granted Recognized Shares	1,926	939
6.01.01.14	Lease update	5,128	2,734
6.01.01.15	Provision arising from swap derivative contracts	-71,895	-146,057
6.01.01.16	Update Provision for Civil, Labor and Tax Risks	1,706	4,587
6.01.01.17	Provision for Income tax on financing	1,708	1,102
6.01.02	Changes in Assets and Liabilities	-13,644	-154,534
6.01.02.01	(Increase) Decrease in Trade Accounts Receivable	113,863	16,908
6.01.02.02	(Increase) Decrease in Inventories	-241,187	-184,442
6.01.02.03	(Increase) Decrease in Recoverable Taxes	-19,941	4,649
6.01.02.04	(Increase) Decrease in Financial Investments	0	-21
6.01.02.06	(Increase) Decrease in Other Credits	729	-33,294
6.01.02.07	Increase (Decrease) in Suppliers	86,262	-25,992
6.01.02.08	Increase (Decrease) in Taxes and Contributions	84,160	48,769
6.01.02.09	Increase (Decrease) in Government Subsidies	5,686	8,810
6.01.02.12	Increase (Decrease) in Other Debts	-43,216	10,079
6.01.03	Other	-7,228	-20,958
6.01.03.02	Interests Paid	-11,715	-9,601
6.01.03.03	Income Tax and Social Contributions Paid	-7,205	-9,789
6.01.03.05	Receipts (payments) of resources for settlement of derivative transactions	44,165	31,055
6.01.03.06	Exchange Variations Paid	-32,473	-32,623
6.02	Net Cash from Investment Activities	-35,814	-53,620
6.02.01	Acquisition of Property, Plant and Equipment and Intangible Assets	-36,579	-53,705
6.02.06	Redeem Financial Investment in the Long Term	765	85
6.03	Net Cash from Financing Activities	478,132	422,637
6.03.02	Acquisition Financing	812,303	642,334
6.03.03	Financing Payment	-319,397	-169,258
6.03.04	Acquisition of Company 's Shares	0	-43,836
6.03.05	Lease Payment	-14,774	-6,603
6.05	Increase (Decrease) in Cash and Cash Equivalents	458,839	446,396
6.05.01	Opening Balance of Cash and Cash Equivalents	1,213,007	348,377
6.05.02	Closing Balance of Cash and Cash Equivalents	1,671,846	794,773

Consolidated Financial Statements / Statement of Changes in Shareholders´ Equity - 01/01/2021 to 03/31/2021

(in thousands)

Code of the account	Description of the code	Capital Stock	Capital Reserves, Options Granted and Shares in Treasury	Profit Reserves	Retained Earnings or Accumulated Losses	Comprehensive Income	Shareholders' Equity	Participation of Non-Controlling	Consolidated Shareholders' Equity
5.01	Opening Balance	2,567,941	-11,981	4,096,990	0	-7,382	6,645,568	0	6,645,568
5.03	Adjusted Opening Balance	2,567,941	-11,981	4,096,990	0	-7,382	6,645,568	0	6,645,568
5.04	Capital Transactions with Associates	29,715	1,924	-29,715	0	0	1,924	0	1,924
5.04.01	Increase in Capital Stock	29,715	0	-29,715	0	0	0	0	0
5.04.11	Granted Recognized Shares	0	1,924	0	0	0	1,924	0	1,924
5.05	Total Comprehensive Income	0	0	0	15,017	16,348	31,365	0	31,365
5.05.01	Net Profit for the Period	0	0	0	15,017	0	15,017	0	15,017
5.05.02	Other Comprehensive Income	0	0	0	0	16,348	16,348	0	16,348
5.05.02.01	Adjustments of Financial Instruments	0	0	0	0	16,331	16,331	0	16,331
5.05.02.04	Conversion Adjustments for the Period	0	0	0	0	17	17	0	17
5.07	Closing Balance	2,597,656	-10,057	4,067,275	15,017	8,966	6,678,857	0	6,678,857

Consolidated Financial Statements / Statement of Changes in Shareholders´ Equity - 01/01/2020 to 03/31/2020

(in thousands)

Code of the account	Description of the code	Capital Stock	Capital Reserves, Options Granted and Shares in Treasury	Profit Reserves	Retained Earnings or Accumulated Losses	Comprehensive Income	Shareholders' Equity	Participation of Non-Controlling	Consolidated Shareholders' Equity
5.01	Opening Balance	2,508,400	26,343	3,500,089	0	121	6,034,953	0	6,034,953
5.03	Adjusted Opening Balance	2,508,400	26,343	3,500,089	0	121	6,034,953	0	6,034,953
5.04	Capital Transactions with Associates	59,541	-42,898	-59,541	0	0	-42,898	0	-42,898
5.04.01	Increase in Capital Stock	59,541	0	-59,541	0	0	0	0	0
5.04.04	Acquisition of Treasury Shares	0	-43,836	0	0	0	-43,836	0	-43,836
5.04.11	Granted Recognized Shares	0	938	0	0	0	938	0	938
5.05	Total Comprehensive Income	0	0	0	137,000	39	137,039	0	137,039
5.05.01	Net Profit for the Period	0	0	0	137,000	0	137,000	0	137,000
5.05.02	Other Comprehensive Income	0	0	0	0	39	39	0	39
5.05.02.04	Conversion Adjustments for the Period	0	0	0	0	39	39	0	39
5.07	Closing Balance	2,567,941	-16,555	3,440,548	137,000	160	6,129,094	0	6,129,094

Consolidated Financial Statements / Statement of Value Added

(in thousands)

Code of the account	Description of the code	Current Quarter 01/01/2021 to 03/31/2021	Last Period 01/01/2020 to 03/31/2020
7.01	Revenues	1,747,977	1,886,284
7.01.01	Sale of Goods, Products and Services	1,684,680	1,871,111
7.01.02	Other Revenues	46,168	14,368
7.01.03	Related to Construction of Own Assets	10,097	10,087
7.01.04	Provision/Reversal of Doubtful Accounts	7,032	-9,282
7.02	Input Acquired from Third Parties	-1,306,591	-1,202,392
7.02.01	Costs of Products, Goods and Services Sold	-828,086	-719,312
7.02.02	Materials, Energy, Third Party Services and Other	-478,263	-480,678
7.02.04	Other	-242	-2,402
7.02.04.01	Materials related to Construction of Own Assets	-242	-2,402
7.03	Gross Value Added	441,386	683,892
7.04	Retention	-66,400	-61,797
7.04.01	Depreciation, Amortization and Depletion	-66,400	-61,797
7.05	Net Value Added Produced	374,986	622,095
7.06	Value Added Received Through Transfer	44,160	17,666
7.06.01	Equity in net Income of Subsidiaries	-1,209	-807
7.06.02	Financial Revenue	45,369	18,473
7.07	Total Value Added to Distribute	419,146	639,761
7.08	Distribution of Value Added	419,146	639,761
7.08.01	Personnel	264,514	267,287
7.08.01.01	Direct Compensation	171,868	177,656
7.08.01.02	Benefits	71,103	72,987
7.08.01.03	Severance fund (FGTS)	21,543	16,644
7.08.02	Taxes, Fees and Contributions	88,900	205,882
7.08.02.01	Federal	30,961	112,649
7.08.02.02	State	54,961	89,908
7.08.02.03	Municipal	2,978	3,325
7.08.03	Remuneration of Third Party Capital	50,715	29,592
7.08.03.01	Interest Rates	39,337	22,421
7.08.03.02	Rentals	11,378	7,171
7.08.04	Remuneration of Own Capital	-83,264	39,696
7.08.04.03	Retained Earnings/Losses for the Period	-83,264	39,696
7.08.05	Other	98,281	97,304
7.08.05.01	Government subsidies	98,281	97,304

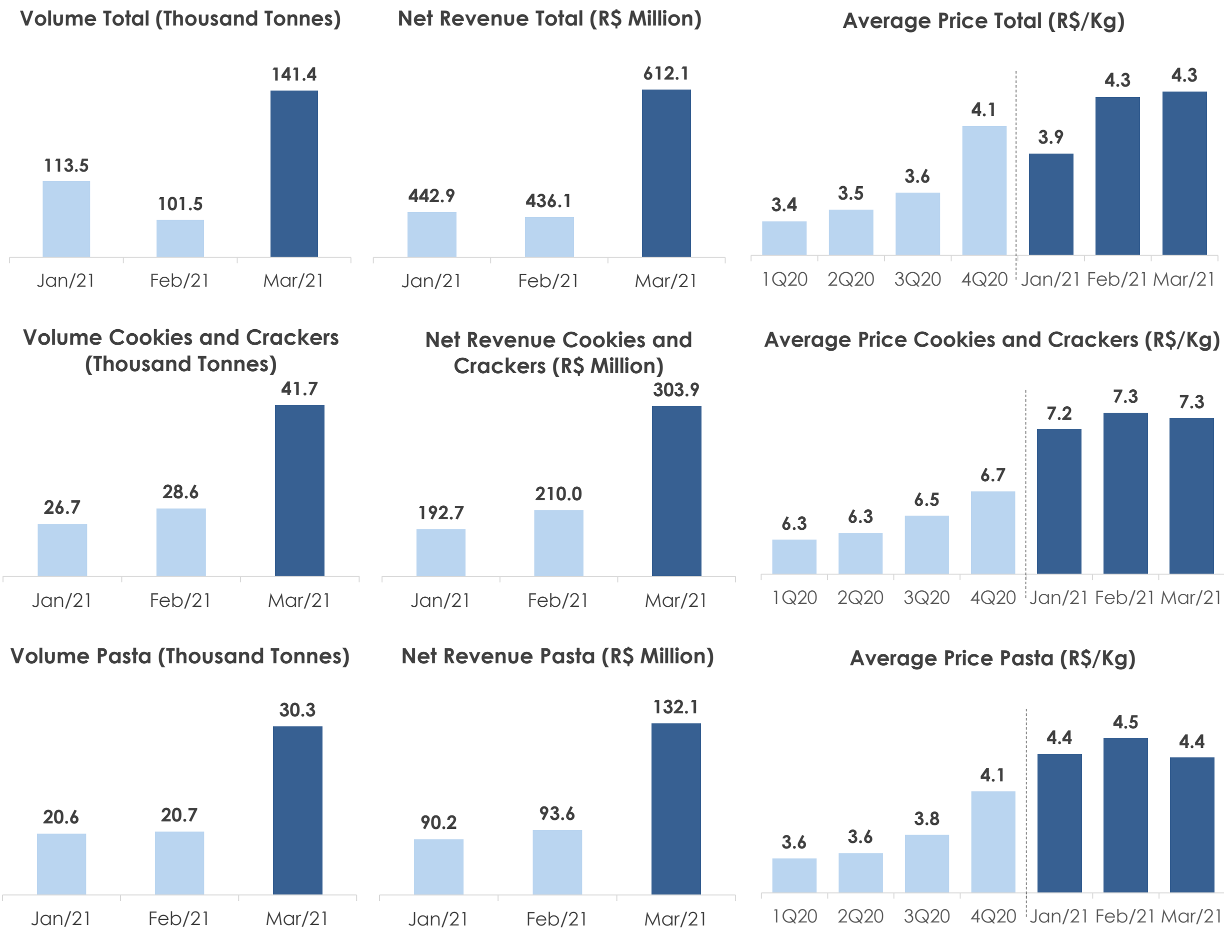
MANAGEMENT'S COMMENTS

To the Shareholders and the Public,

The Management of M. Dias Branco S.A. Indústria e Comércio de Alimentos announces and submits its results for the first quarter of 2021 (1Q21). The Company's consolidated interim financial information has been prepared in accordance with CPC 21 - Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB).

In line with our profitable growth strategy and amidst a scenario of high commodity prices, we concentrated our efforts on capturing productivity gains, launching higher value-added products, increasing distribution capillarity (also through new partnerships) and adjusting our prices in order to achieve a gradual margin recovery.

Regarding price adjustments, the average price increase of 10% in January faced strong trade resistance, which pressured volume until the end of February. As shown in the graphs below, in March, already with the new prices, sales volume increased and, consequently, so did net revenue.



In 1Q21, EBITDA was affected by a decline in sales volume (-R$135 million), the negative foreign exchange effect (-R$136 million), and non-recurring effects related to tax credits and non-recurring expenses.

EBITDA 1Q20 (R$ Million)	229
Price Effect, Volume, Recurring Expenses and Costs (without Exchange Effect)	(135)
Subtotal	***94***
Recurring Gains with Efficiency and Productivity Program | *Multiplique*	85
Subtotal	***179***
Exchange*	(136)
Subtotal	***43***
Non-Recurring Gains**	27
Expenses with COVID-19	(8)
Restructuring Expenses	(14)
Piraquê Integration Expenses	(1)
EBITDA 1Q21 (R$ Million)	**47**

* Exclusive impact of the devaluation of the Real against the Dollar. It does not take into account the price variations of commodities in dollars.
** The main factor was the exclusion of ICMS tax from the PIS and COFINS tax base.

On March 24, our first issue of Agribusiness Receivables Certificates (CRA) raised R$811 million, with demand totaling R$2.3 billion (2.9x the original amount). They comprise two series of seven and ten years, AAA rating, with a Green Bond second opinion. This issue changed our debt profile, substantially increasing the long-term portion of debt from 23.4% in 1Q20 to 76.4% in 1Q21.

The chart below shows the evolution of the main indicators in our 1Q21 results compared to 1Q20 and 4Q20.

Financial and Operating Results	1Q21	1Q20	Variation	4Q20	Variation
Net Revenue (R$ million)	1,491.1	1,636.7	-8.9%	1,701.6	-12.4%
Total Sales Volume (thousand tonnes)	356.4	476.5	-25.2%	415.7	-14.3%
Cookies & Crackers Sales Volume (thousand tonnes)	97.0	137.9	-29.7%	126.4	-23.3%
Pasta Sales Volume (thousand tonnes)	71.6	104.9	-31.7%	94.5	-24.2%
Market share of Cookies & Crackers (volume)*	32.6%	33.3%	-0.7 p.p	33.5%	-0.9 p.p
Market share of Pasta (volume)*	32.6%	31.7%	0.9 p.p	32.4%	0.2 p.p
Net Income (R$ million)	15.0	137.0	-89.1%	209.0	-92.8%
Ebitda (R$ million)	47.4	228.5	-79.3%	192.2	-75.3%
Ebitda Margin	3.2%	14.0%	-10.8 p.p	11.3%	-8.1 p.p
Net Cash (Debt) (R$ million)	-384.9	-660.7	-41.7%	-350.7	9.8%
Net Cash (Debt) / EBITDA (last 12 months)	-0.5	-0.7	-28.6%	-0.4	25.0%
Capex (R$ million)	40.7	56.3	-27.7%	66.3	-38.6%
Net Cash generated from operating activities	16.5	77.4	-78.7%	-18.2	n/a

* The values presented in 1Q21 and 1Q20 are from the period of Jan/Feb 2021 and 2020.
The values presented in 4Q20 are from the period of Nov/Dec 2020.
The values presented in 1Q20 changed due to the reprocessing of bases, carried out by Nielsen.

At this moment, we have designed and implemented a set of six measures in place to resume profitable growth.

Sales Growth

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

Accelerated growth and national expansion driven by:

i. Launch of snacks, covered cookies and American-style cookies, such as the new potato snacks and the "Comida Di Buteco" special edition, at an average price of over R$ 39,0/kg[1];
ii. Strengthening of the brand, with increased media presence, including "Festa Original Piraquê" (Piraquê's Original Party) on BBB21;
iii. Appropriate packaging for each channel profile;
iv. Greater presence on e-commerce platforms, with higher investments in activation, including commemorative dates;
v. Higher presence in premium POS, with the new items.

2. New Partnerships

Increase our distribution capillarity

- Since May, a selection of our portfolio has been offered in partnership with AMBEV on the BEES platform, targeted at retailers and with potential to increase our capillarity.

3. Leverage opportunities in the foreign market due to the greater competitiveness of our products.

i. Latin America: Pasta and Wheat Flour;
ii. USA: Private Label and resumption of toast sales;
iii. Number of Customers, 65 in 1Q21 vs. 56 in 1Q20; and
iv. Number of countries, 30 in 1Q21 vs 23 in 1Q20.

Productivity and Efficiency

Focus on the gradual improvement in margins and returns, reinvesting part of the gains in our growth strategy, brand strengthening and technology

4. SKU Optimization. Over the next two quarters, 137 SKUs of cookies & cracker and pastas (17% of total SKUs and 3% of revenue) will be removed from our portfolio, reducing the complexity of operations and improving execution throughout the chain.

[1] Average price calculated based on net revenue for the item

5. Adjustment of the industrial and logistics footprint:

i. Closing of 2 of the 32 distribution centers;
ii. Higher capacity utilization rate in the production lines. Over the coming quarters, we will concentrate our production in fewer production lines, reducing the number of active lines from 113 to 106 in cookies & crackers and pastas; and
iii. Renegotiation of rates with logistics operators.

6. Adjustment of the organizational structure:

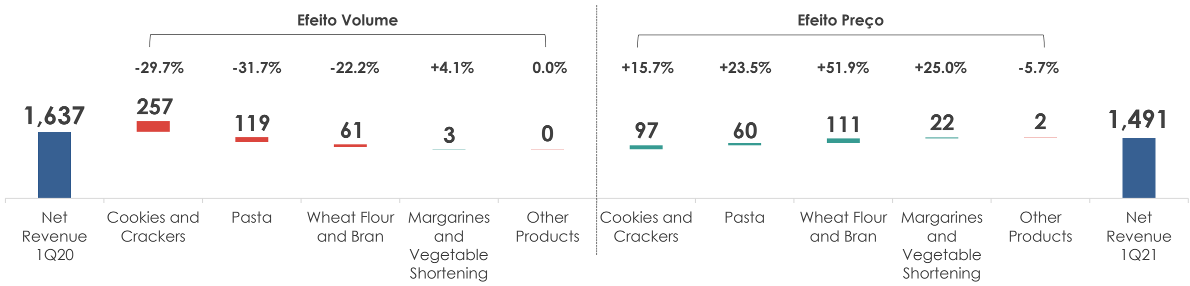
Gradus consultancy was hired to support the transformation of the organization in line with its strategy, placing the company on the same level as the best references in the market.

Over the coming quarters, we will share the evolution and impacts of these measures.

- ## Revenue

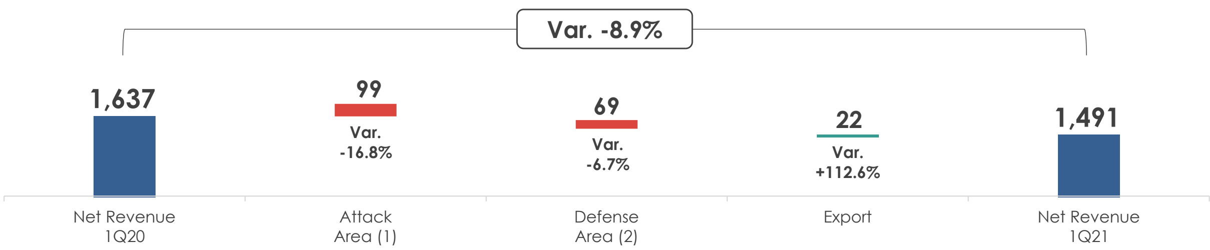
Net revenue totaled R$1.5 billion in 1Q21, 9% lower than in 1Q20. We highlight the "volume" and "price" effects below. In wheat flour and bran, margarine and vegetable shortening, price increases offset the decline in sales volume. This has not yet occurred in cookies & crackers and pasta, as sales volume fell in January and February, when we adjusted prices.

Net Revenue Variation 1Q21 vs 1Q20 (R$ MM)



As for revenue trends by region, the chart below shows that exports recorded three-digit growth and net revenue dropped in the Attack (South, Southeast and Midwest) and Defense (North and Northeast) regions.

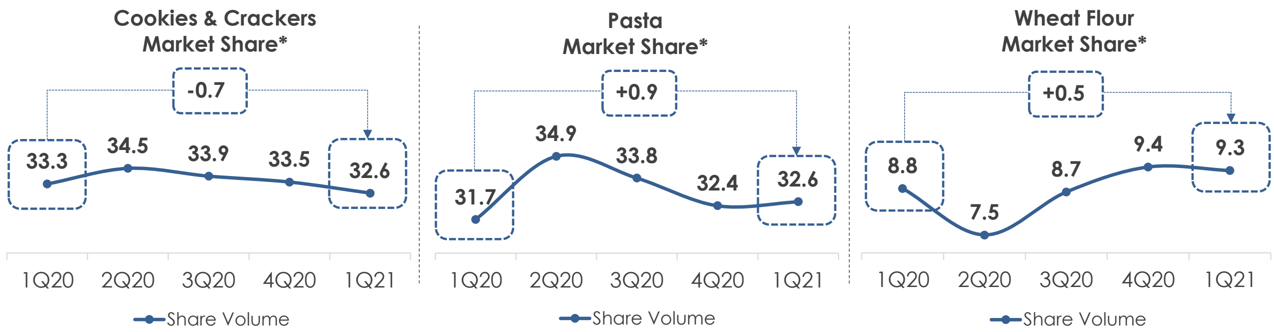
Variation in Net Revenue by Regions 1Q21 vs 1Q20 (R$ MM)



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

• Market Share

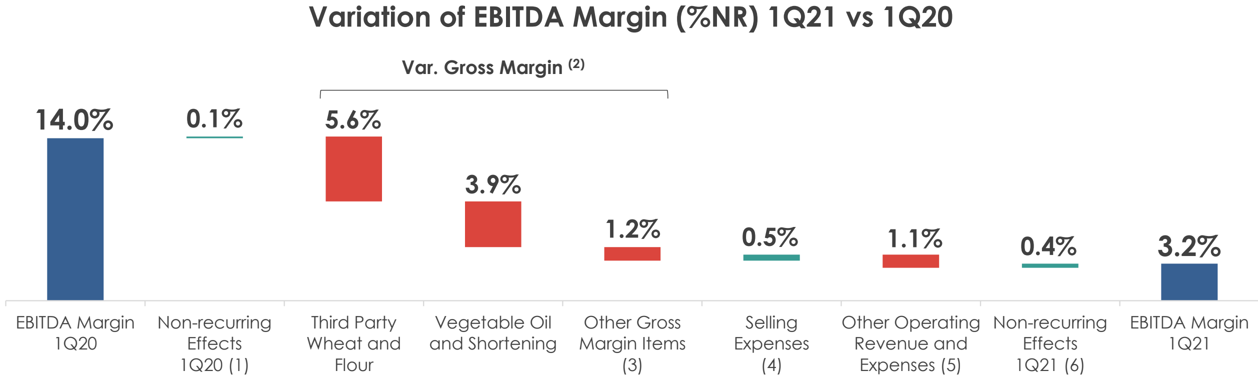
We maintained our leadership in the national[2] cookie & cracker and pasta markets, with an increase in the pasta market share and a decline in cookie & cracker market share. Our pasta market share grew compared to both 1Q20 and 4Q20.



* **Source**: Nielsen

• EBITDA

EBITDA totaled R$47.4 million in 1Q21, 79.3% less than in 1Q20, and the EBITDA margin stood at 3.2%, down from 14.0% in 1Q20. As shown below, the EBITDA margin dropped mostly due to the negative impact of the increase in the price of commodities (wheat, oil and sugar) and the lower dilution of fixed costs stemming from a 26.5% reduction in production volume.

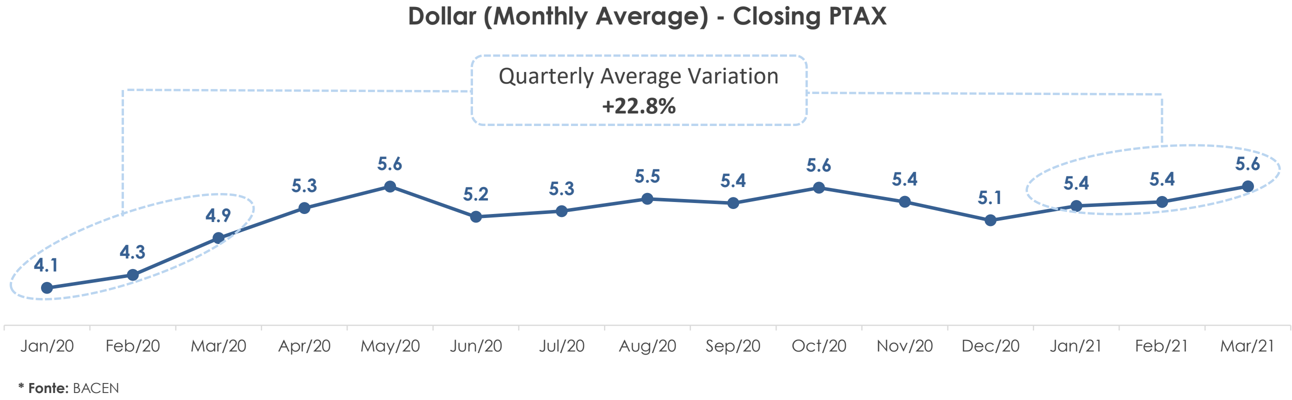


(1) **Note:** Non-recurring effects of 1Q20.
(2) **Note:** % Variation in gross margin without considering the representativeness of the depreciation of the COGS over net revenue.
(3) **Note:** Disregards the non-recurring effects on the cost with COVID-19 (R$ 6.6 millions).
(4) **Note:** Disregards the non-recurring effects of expenses with COVID-19 (R$ 0.6 million) and restructuring expenses (R$ 12.6 millions).
(5) **Note:** Disregards the non-recurring effects of expenses with COVID-19 (R$ 0.5 million), expenses with Piraquê integration (R$ 0.8 million), restructuring expenses (R$ 1.1 million) and revenue from extemporaneous tax credit (R$ 27.4 millions).
(6) **Note:** Non-recurring effects of 1Q21 with costs and expenses with COVID-19 (R$ 7.7 millions), restructuring expenses (R$ 13.7 millions), expenses with Piraquê integration (R$ 0.8 million) and revenue from extemporaneous tax credit (R$ 27.4 millions).

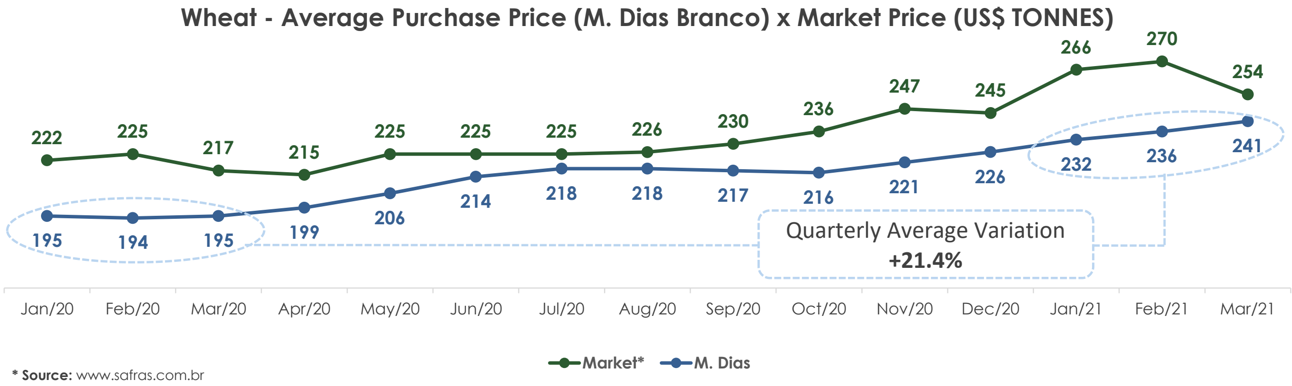
2 NIELSEN data from January to February 2021.

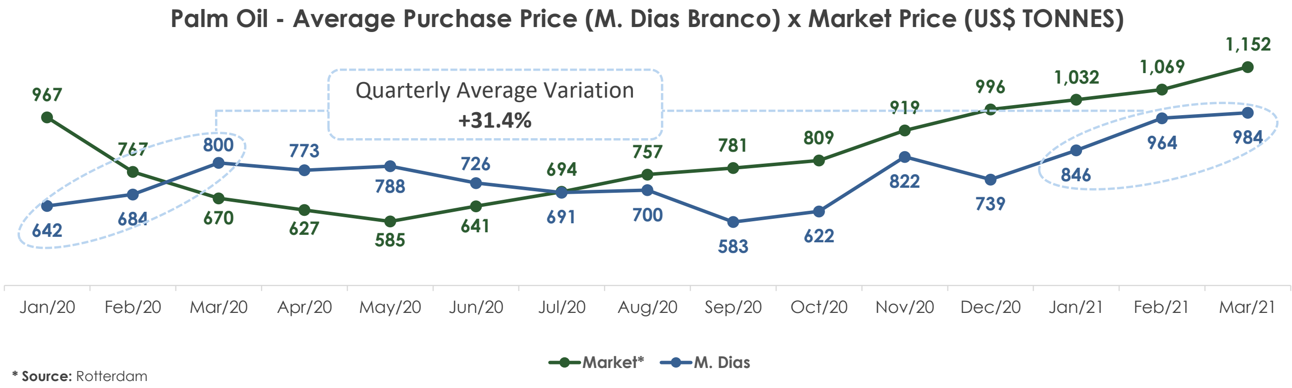
The graphs below show an increase in the price of commodities in reais, due to the depreciation of the real against the dollar and an upturn in the price of commodities in U.S. dollars.

The 22.8% increase in the average dollar between 1Q21 and 1Q20 had a direct impact on our costs.

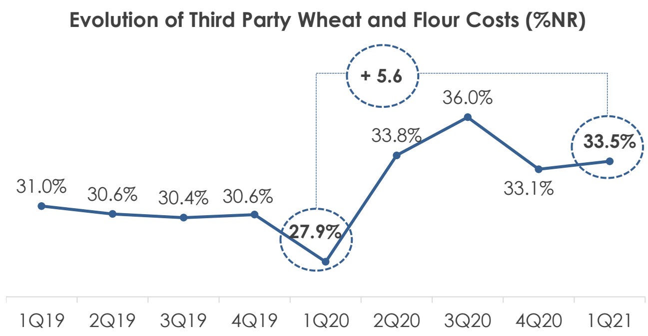


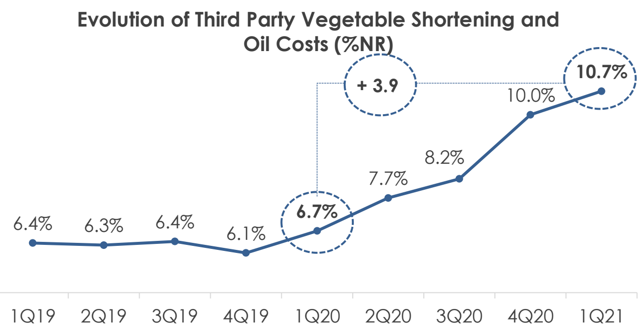
As for wheat and palm oil, the two graphs below show that even with more competitive Dollar prices than those of the market, the double-digit increase in the price of these commodities has substantially impacted our costs.





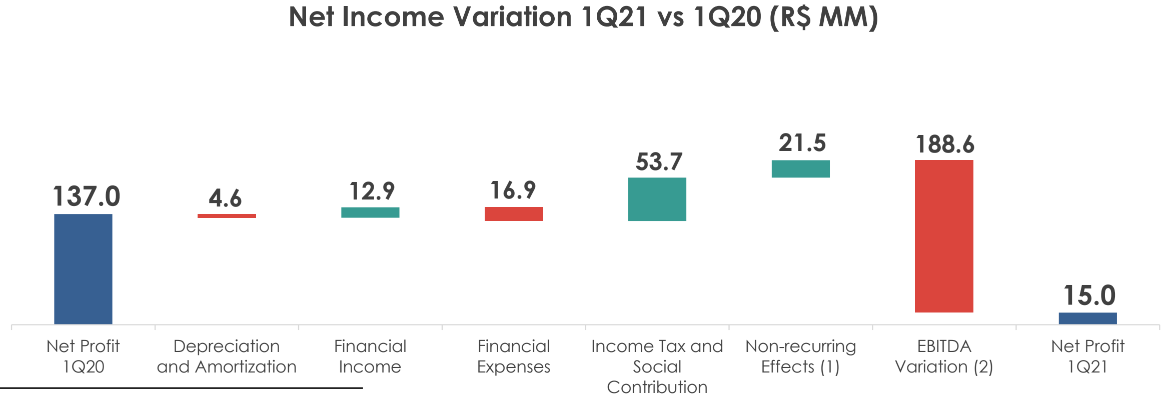
Finally, as a direct result of the combination of the two factors described above (depreciation of the real against the dollar and an increase in wheat and palm oil prices in dollars), the cost of goods sold increased substantially as a percentage of net revenue.





- ## Net Income

Net income fell 89.1% from 1Q20, totaling R$15.0 million. As shown in the graph below, the decline was mainly due to the drop in EBITDA.



(1) **Nota: Note:** Variation in the non-recurring effects of 1Q21 (R$ 21.1 millions) vs 1Q20 (R$ -0.4 million):
- 1Q21 (R$ 21.1 millions): Includes Piraquê integration expenses (R$ 0.8 million), costs and expenses with COVID-19 (R$ 7.7 millions), restructuring expenses (R$ 13.7 millions), revenue from extemporaneous tax credit (R$ 27.4 millions) and financial income from monetary restatement of extemporaneous tax credits (R$ 15.9 millions).
- 1Q20 (R$ -0.4 million): Includes Piraquê integration expenses (R$ 3.2 millions), restructuring expenses (R$ 3.7 millions), revenue from extemporaneous tax credit (R$ 4.5 millions) and financial income from monetary restatement of extemporaneous tax credits (R$ 2.0 millions).
(2) **Note:** EBITDA variation without non-recurring effects.

- ## Investments

We invested R$ 40.7 million in 1Q21 (-27.7% vs. 1Q20). We highlight (i) the acquisition of equipment for the Bento Gonçalves unit (RS); (ii) investment in management software in the Salvador unit (BA); (iii) adjustment and acquisition of machinery and equipment in the Natal unit (RN); (iv) adjustment of the distribution center of the Rio de Janeiro unit (RJ); and (v) opening of the distribution center in Vitória da Conquista (BA).

- ## Debt, Capitalization and Cash

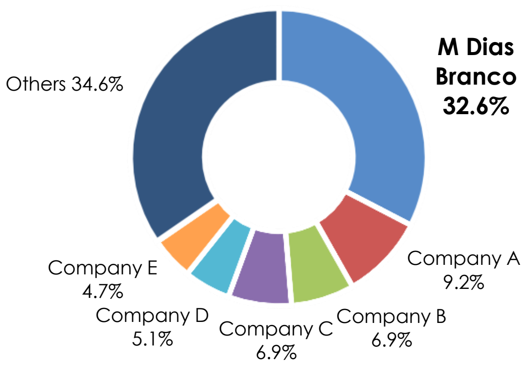
Net cash generated by operating activities totaled R$16.5 million in 1Q21 (-78.7% vs 1Q20), and we closed the quarter with a cash position of R$1.7 billion (R$0.8 billion in 1Q20) and gross debt of R$2,126.7 million (R$1,567.3 million in 1Q20), resulting in leverage (net debt/LTM EBITDA) of 0.5x, lower than in 1Q20 (0.7x).

MARKET HIGHLIGHTS

MARKET SHARE

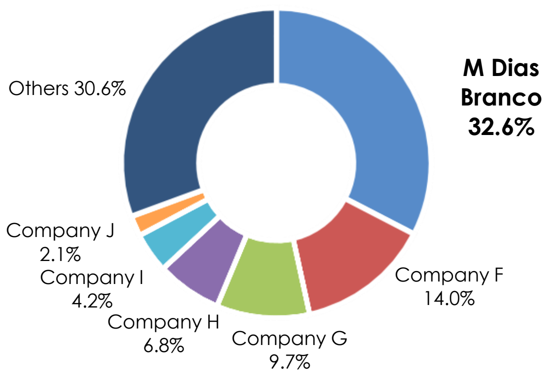
The charts below show the Brazilian market share (in % of sales volume) of M. Dias Branco, the national leader in the cookie & cracker and pasta markets, and its main competitors in January and February 2021.

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



* NIELSEN data from Jan/Feb of 2021.

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



* NIELSEN data from Jan/Feb of 2021.

SALES CHANNELS

In line with our growth strategy, the Distributors and Exports channels accounted for a larger share of sales between 1Q20 and 1Q21. The Distributors channel, which plays an important role in increasing our capillarity in the Attack (Southeast, South and Midwest) region, increased its share of sales due to the inclusion of 24 new distributors between 1Q21 and 1Q20 (from 46 to 70 distributors), especially in Goiás, Minas Gerais and the Federal District.

The share of the Wholesale and Cash & Carry channels fell, driven by a decline in sales volume, especially in January and February, due to price pass-throughs.

Client Mix	1Q21	1Q20	Variation	4Q20	Variation
Small Retail	27.9%	27.2%	0.7 p.p	26.3%	1.6 p.p
Wholesale	21.7%	24.9%	-3.2 p.p	20.4%	1.3 p.p
Key Accounts / Regional Chains	21.6%	19.9%	1.7 p.p	23.2%	-1.6 p.p
Cash and Carry	14.7%	19.9%	-5.2 p.p	16.4%	-1.7 p.p
Distributors	7.9%	5.9%	2 p.p	8.2%	-0.3 p.p
Industry	1.7%	0.8%	0.9 p.p	1.4%	0.3 p.p
Other	4.5%	1.4%	3.1 p.p	4.1%	0.4 p.p
TOTAL	**100.0%**	**100.0%**		**100.0%**	

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

Major Clients		Sales 1Q21 (R$ million) *	Participation in Revenue excluding Discount Sales (%)	
Sequence	Accumulated		Individual	Accumulated
Major Client	1	143.9	8.3%	8.3%
49 Subsequent	50	483.7	27.9%	36.2%
50 Subsequent	100	131.2	7.6%	43.8%
900 Subsequent	1,000	526.2	30.4%	74.2%
Other Clients	All clients	447.1	25.8%	100.0%
TOTAL		**1,732.1**		

* Gross revenue excluding discounts and returns.

OPERATIONAL HIGHLIGHTS

PRODUCTION CAPACITY UTILIZATION RATE

Effective Production / Production Capacity *	Cookies and Crackers		Pasta		Wheat Flour and Bran		Margarine and Vegetable Shortening		Other products **		Total	
	1Q21	1Q20	1Q21	1Q20	1Q21	1Q20	1Q21	1Q20	1Q21	1Q20	1Q21	1Q20
Total Production	101.8	149.4	78.3	108.5	322.1	434.3	39.5	45.9	3.8	3.8	545.5	741.9
Total Production Capacity	216.7	215.7	135.8	138.1	609.1	579.9	90.0	101.0	9.8	9.5	1,061.4	1,044.2
Capacity Utilization	**47.0%**	**69.3%**	**57.7%**	**78.6%**	**52.9%**	**74.9%**	**43.9%**	**45.4%**	**38.8%**	**40.0%**	**51.4%**	**71.0%**

* Thousand tonnes

** Cakes, snacks, cake mix and packaged toast

Effective Production / Production Capacity *	Cookies and Crackers		Pasta		Wheat Flour and Bran		Margarine and Vegetable Shortening		Other products **		Total	
	1Q21	4Q20	1Q21	4Q20	1Q21	4Q20	1Q21	4Q20	1Q21	4Q20	1Q21	4Q20
Total Production	101.8	118.2	78.3	92.6	322.1	338.5	39.5	47.5	3.8	3.7	545.5	600.5
Total Production Capacity	216.7	230.1	135.8	146.0	609.1	579.9	90.0	90.0	9.8	9.7	1,061.4	1,055.7
Capacity Utilization	**47.0%**	**51.4%**	**57.7%**	**63.4%**	**52.9%**	**58.4%**	**43.9%**	**52.8%**	**38.8%**	**38.1%**	**51.4%**	**56.9%**

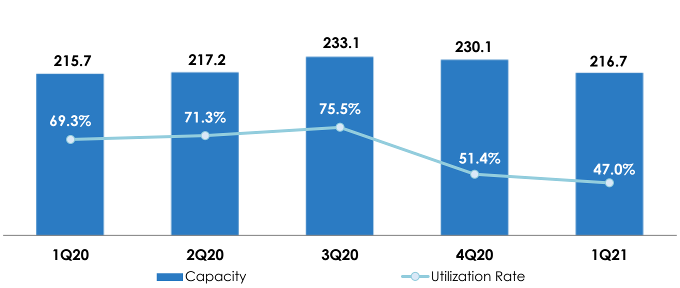
* Thousand tonnes

** Cakes, snacks, cake mix and packaged toast

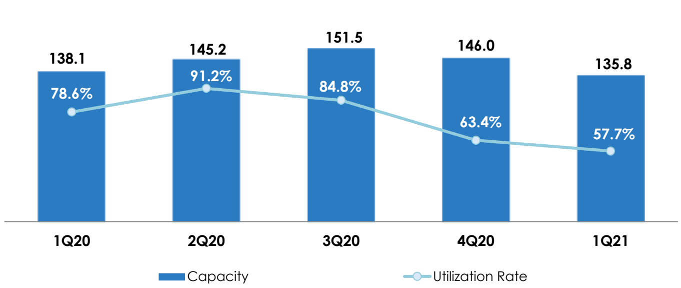
Note: Total production capacity refers to the maximum yield that can be extracted from the equipment considering the losses caused by maintenance stoppages, setup time, line clean-up, restrictions on the maximum number of shifts in each plant, etc.

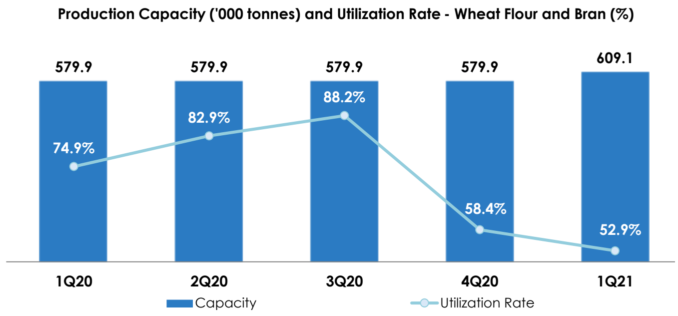
The capacity utilization rate fell 19.6p.p. from 1Q20 and 5.5p.p. from 4Q20, due to a decline of 25.2% year on year and 14.3% quarter on quarter.

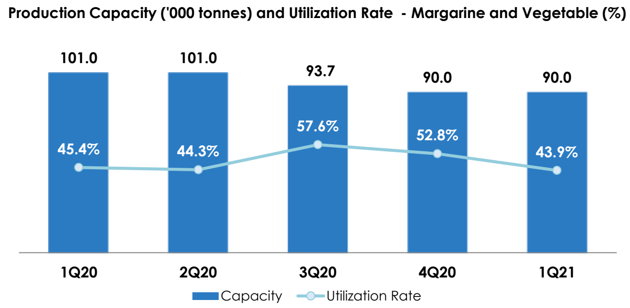
Production Capacity ('000 tonnes) and Utilization Rate - Cookies and Crackers (%)



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



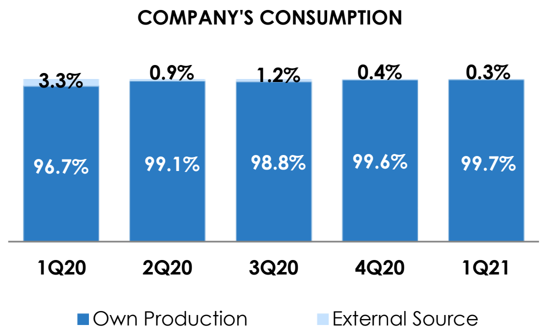


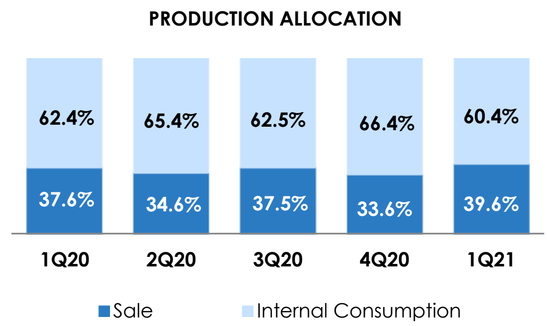


VERTICAL INTEGRATION

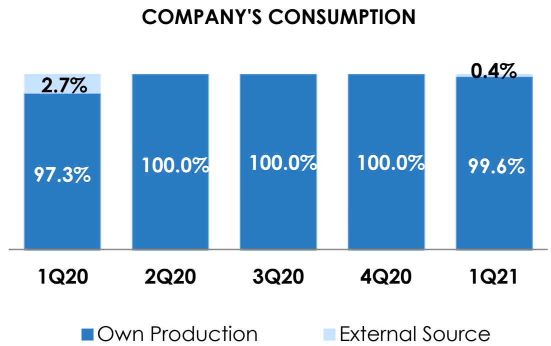
Following the strategy of vertical integration of the main inputs used in the industrial process, we maintained high vertical integration levels of 99.7% in wheat flour and 99.6% in vegetable shortening in 1Q21.

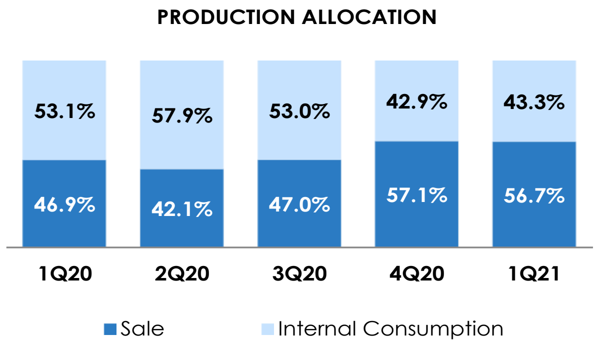
WHEAT FLOUR





VEGETABLE SHORTENING





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

ECONOMIC AND FINANCIAL HIGHLIGHTS

NET REVENUE

Net revenue fell 8.9% from 1Q20, driven by a decline of 25.2% in sales volume and an increase of 21.9% in the average price.

	1Q21			1Q20			Variation		
Segment	Net Revenue	Weight	Average Price	Net Revenue	Weight	Average Price	Net Revenue	Weight	Average Price
Cookies and Crackers	706.6	97.0	7.28	866.9	137.9	6.29	-18.5%	-29.7%	15.7%
Pasta	315.9	71.6	4.41	374.6	104.9	3.57	-15.7%	-31.7%	23.5%
Wheat Flour and Bran	326.1	163.8	1.99	276.0	210.5	1.31	18.2%	-22.2%	51.9%
Margarine and Vegetable Shortening	109.7	20.5	5.35	84.4	19.7	4.28	30.0%	4.1%	25.0%
Other products **	32.8	3.5	9.37	34.8	3.5	9.94	-5.7%	0.0%	-5.7%
TOTAL	**1,491.1**	**356.4**	**4.18**	**1,636.7**	**476.5**	**3.43**	**-8.9%**	**-25.2%**	**21.9%**

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

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

We present below some of our launches and sales and marketing initiatives carried out in 1Q21:

Launches: 10 new products, expanding Piraquê's portfolio (with "Comida Di Buteco" snacks) and Vitarella (with milk flour-, brownie- and raspberry-flavored sandwich cookies under the Treloso line, and instant pasta, with beef- and free-range chicken-flavored ramen).

We continue to invest in marketing and sales: we highlight investments in Piraquê's nationalization campaign and Viratella's campaigns "Cream Cracker 7 camadas #1" (focus on the Southeast and Midwest) and "Delicitá Cristal" (Northeast), in addition to merchandising initiatives at BBB21.

Participation in events: presence at Gulfood in Dubai (United Arab Emirates), the world's largest food and beverage trade exhibition.

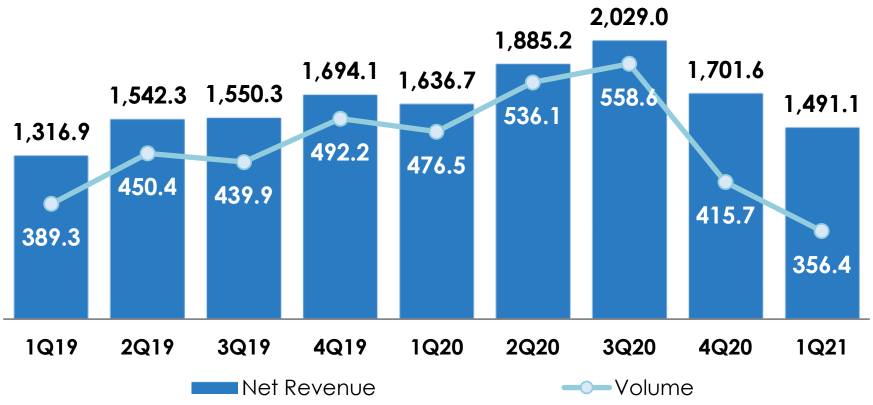
Net revenue dropped 12.4% in 1Q21 compared to 4Q20, with a 2.2% increase in the average price and a 14.3% reduction in sales volume.

	1Q21			4Q20			Variation		
Segment	Net Revenue	Weight	Average Price	Net Revenue	Weight	Average Price	Net Revenue	Weight	Average Price
Cookies and Crackers	706.6	97.0	7.28	845.0	126.4	6.69	-16.4%	-23.3%	8.8%
Pasta	315.9	71.6	4.41	387.2	94.5	4.10	-18.4%	-24.2%	7.6%
Wheat Flour and Bran	326.1	163.8	1.99	302.6	163.9	1.85	7.8%	-0.1%	7.6%
Margarine and Vegetable Shortening	109.7	20.5	5.35	132.1	26.7	4.95	-17.0%	-23.2%	8.1%
Other products **	32.8	3.5	9.37	34.7	4.2	8.26	-5.5%	-16.7%	13.4%
TOTAL	**1,491.1**	**356.4**	**4.18**	**1,701.6**	**415.7**	**4.09**	**-12.4%**	**-14.3%**	**2.2%**

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

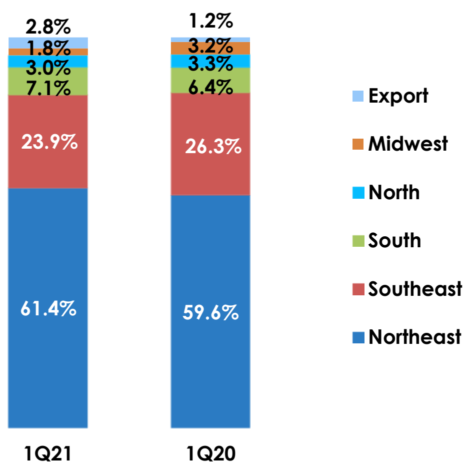
** Cakes, snacks, cake mix, juice powder and packaged toast

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

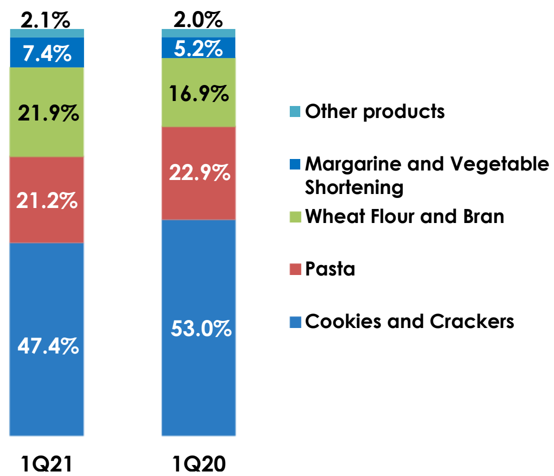


Gross revenue from exports reached R$59.0 million in 1Q21 (R$25.1 million in 1Q20). The growth of exports is in line with the strategic plan, supported by (i) innovation in packaging and products more adapted to the markets; (ii) development of own brands and production for customer brands (private label); and (iii) focus on markets with high growth potential, such as South and Central America, USA, Africa and the Middle East.

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

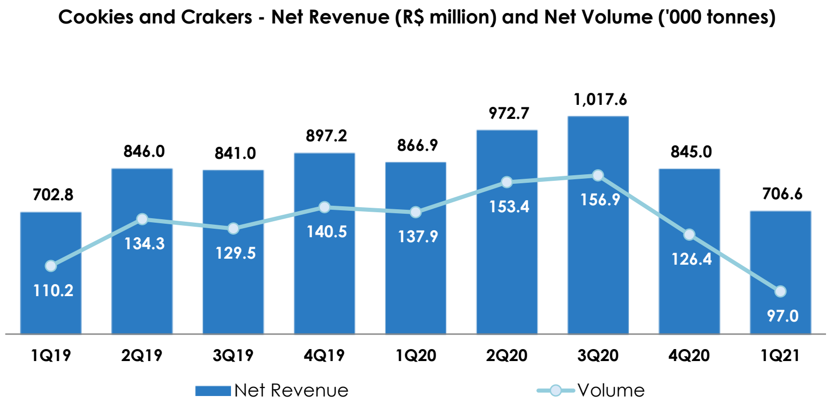


Net Revenue Breakdown



HIGHLIGHTS – COOKIES & CRACKERS

Net revenue from cookies & crackers dropped 18.5%, due to a 29.7% decrease in sales volume and a 15.7% upturn in the average price.



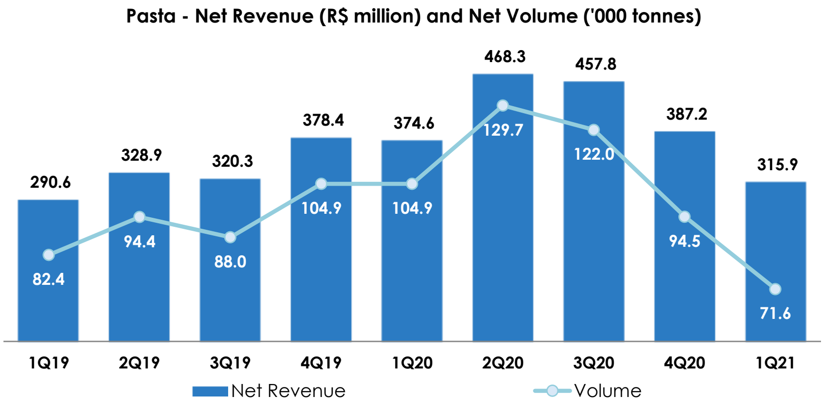
The decline in sales volume, especially in January and February, was mostly due to an increase in the average price across all sub-categories and regions. We highlight the ring-shaped cookie sub-category, whose sales volume grew substantially in the Attack and Defense regions.

Gross revenue from launches totaled R$47.1 million in 1Q21, with 107 new products/flavors launched in the last 24 months (gross revenue of R$35.8 million and 86 new products/flavors in 1Q20).

HIGHLIGHTS – PASTA

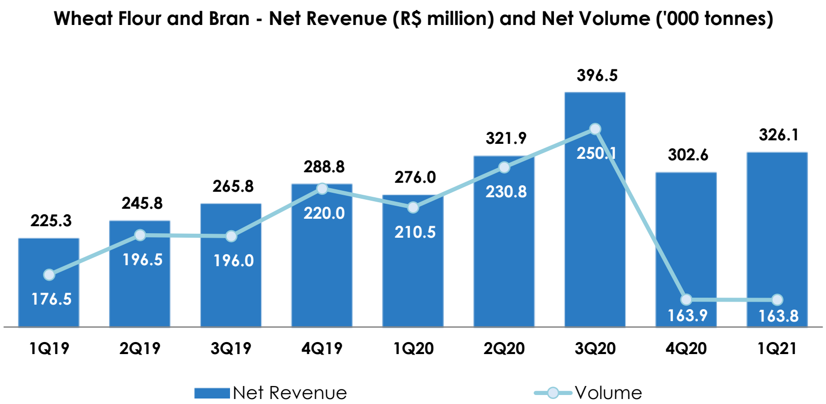
Net revenue from pasta dropped 15.7% in 1Q21 over 1Q20, as sales volume fell 31.7% and the average price rose 23.5%.

The decline in sales volume was seen across all sub-categories and regions, especially in January and February, mostly due to an increase in the average price.



HIGHLIGHTS – WHEAT FLOUR AND BRAN

Net revenue from wheat flour and bran moved up 18.2% in 1Q21, due to a decrease of 22.2% in sales volume and an increase of 51.9% in the average price.

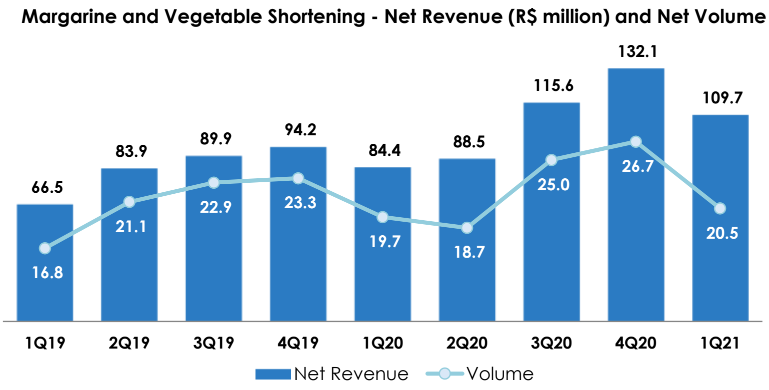


The sales volume decline was mostly driven by lower industrial wheat flour volume, especially in the Northeast region. On the other hand, domestic wheat flour volume increased 5%, influenced by the South and Southeast regions and exports.

HIGHLIGHTS – MARGARINE AND VEGETABLE SHORTENING

Net revenue from margarine and vegetable shortening grew 30.0% in 1Q21 over 1Q20, as sales volume grew 4.1% and the average price rose 25.0%.

Sales volume grew in the industrial sub-category, offsetting the decline in the domestic segment. In the period, the average price increased in both the Attack and the Defense regions.



COSTS

COGS (R$ million)	1Q21	% Net Rev.	1Q20	% Net Rev.	Variation	4Q20	% Net Rev.	Variation
Raw material	**774.5**	**51.9%**	**688.3**	**42.1%**	**12.5%**	**872.3**	**51.3%**	**-11.2%**
Wheat	498.2	33.4%	448.8	27.4%	11.0%	560.4	32.9%	-11.1%
Vegetable Oil	158.6	10.6%	107.8	6.6%	47.1%	170.1	10.0%	-6.8%
Sugar	38.7	2.6%	41.7	2.5%	-7.2%	44.6	2.6%	-13.2%
Third Party Flour	1.5	0.1%	8.5	0.5%	-82.4%	2.3	0.1%	-34.8%
Third Party Vegetable Shortening	0.3	0.0%	2.4	0.1%	-87.5%	0.0	0.0%	n/a
Other	77.2	5.2%	79.1	4.8%	-2.4%	94.9	5.6%	-18.7%
Packages	**95.5**	**6.4%**	**108.1**	**6.6%**	**-11.7%**	**115.6**	**6.8%**	**-17.4%**
Labor	**148.2**	**9.9%**	**147.7**	**9.0%**	**0.3%**	**156.4**	**9.2%**	**-5.2%**
Indirect costs	**107.1**	**7.2%**	**101.9**	**6.2%**	**5.1%**	**118.1**	**6.9%**	**-9.3%**
Depreciation and amortization	**42.4**	**2.8%**	**42.8**	**2.6%**	**-0.9%**	**45.9**	**2.7%**	**-7.6%**
Total	**1,167.7**	**78.3%**	**1,088.8**	**66.5%**	**7.2%**	**1,308.3**	**76.9%**	**-10.7%**

In 1Q21, the cost of goods sold increased 7.2% compared to 1Q20 and accounted for 78.3% of net revenue in the period (66.5% in the 1Q20).

We list below the main positive and negative impacts on the cost of goods sold.

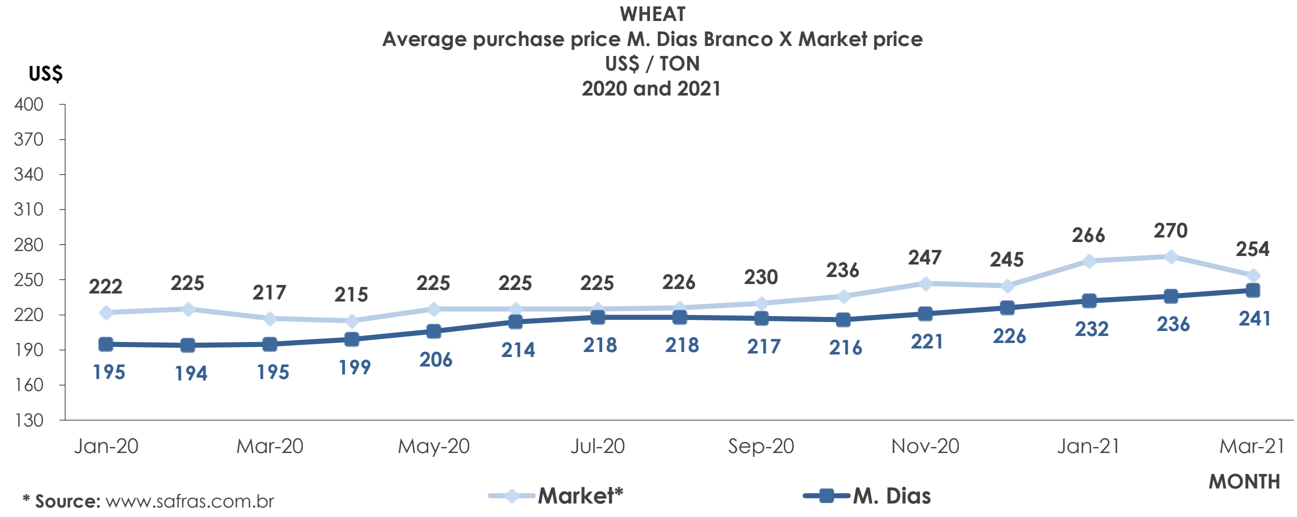
POSITIVE IMPACTS (1Q21 vs. 1Q20)

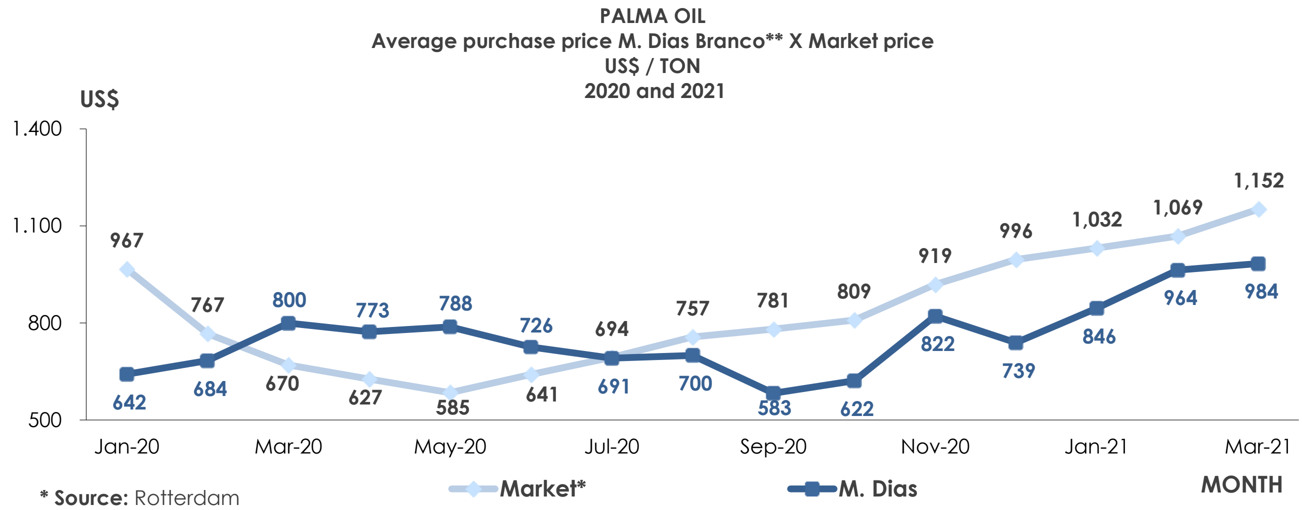
- Reduction in packaging costs, thanks to the results of the efficiency productivity project (*Multiplique*);

NEGATIVE IMPACTS (1Q21 vs. 1Q20)

- Decline of 26.5% in production volume, leading to lower dilution of fixed costs;
- Increase of 44.0%, 69.5% and 25.2% in the average cost (R$) of wheat, oil and sugar, respectively; and
- Upturn in general expenditures due to the pandemic, including a more thorough cleaning routine and prevention materials.

The cost of goods sold fell 10.7% in absolute terms compared to 1Q20 and represented 78.3% of net revenue in the period (76.9% in 4Q20).



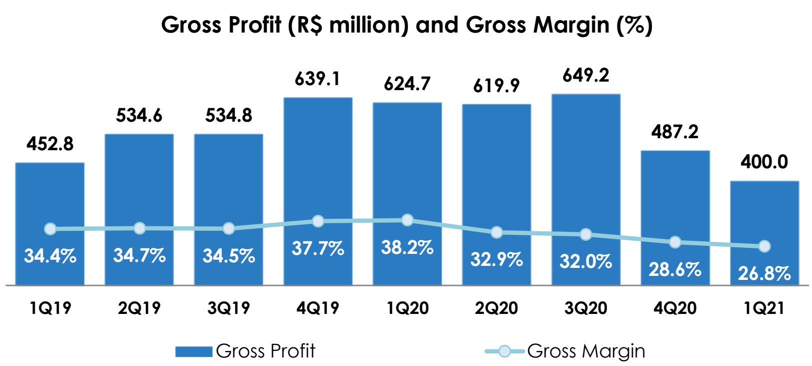


Note: M. Dias Branco is no longer disclosing the graph showing the average purchase price of soybean oil in its inventory in the Earnings Release, but it will continue to disclose this information on its Investor Relations website: https://ri.mdiasbranco.com.br/.

GROSS PROFIT

Gross profit dropped 36.0% from 1Q20, with an 11.4p.p. decline in the gross margin.

The margin decline was mainly due to a reduction in production volume and an increase in the average commodity price, impacted by the appreciation of the dollar against the real.



It is important to highlight that gross profit includes subsidies for state investments totaling R$76.6 million in 1Q21 (R$76.8 million in 1Q20), through profit or loss in compliance with CPC 07 - Government Grants.

OPERATING EXPENSES

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

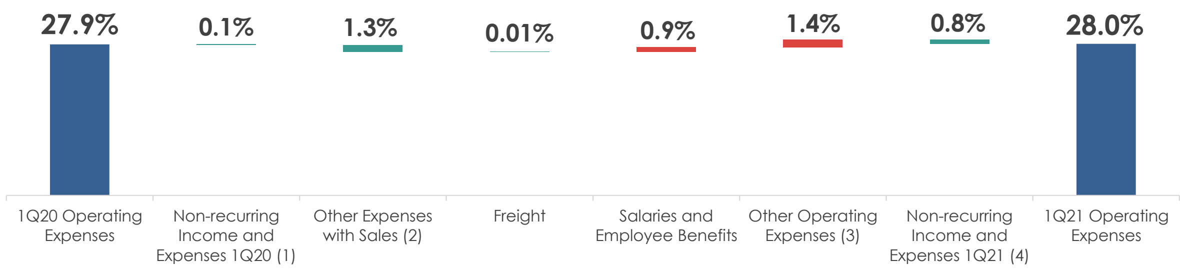
Operating Expenses (R$ million)	1Q21	% Net Rev.	1Q20	% Net Rev.	Variation	4Q20	% Net Rev.	Variation
Selling*	329.1	22.1%	358.4	21.9%	-8.2%	369.2	21.7%	-10.9%
Administrative	53.7	3.6%	60.7	3.7%	-11.5%	57.1	3.4%	-6.0%
Donations	10.9	0.7%	0.1	0.0%	n/a	8.5	0.5%	28.2%
Management fees	3.3	0.2%	3.1	0.2%	6.5%	4.1	0.2%	-19.5%
Taxes	7.1	0.5%	5.9	0.4%	20.3%	12.6	0.7%	-43.7%
Depreciation and amortization	24.0	1.6%	19.0	1.2%	26.3%	22.1	1.3%	8.6%
Other operating expenses/(revenue)	-10.3	-0.7%	10.0	0.6%	n/a	-112.2	-6.6%	-90.8%
TOTAL	**417.8**	**28.0%**	**457.2**	**27.9%**	**-8.6%**	**361.4**	**21.2%**	**15.6%**

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

Operating expenses dropped 8.6% in absolute terms and increased 0.1p.p. as a percentage of net revenue between 1Q20 and 1Q21.

The decline in absolute terms was due to the *Multiplique* project, which focuses on productivity and efficiency, with a reduction in market and trade expenses (R$8.1 million) and logistics expenses (R$17.4 million). We also recorded a positive non-recurring result of R$27.4 million related to revenue from tax credits from prior periods.

Evolution Operating Expenses 1Q21 vs 1Q20 (%NR)



(1) **Note:** Non-recurring effects of 1Q20.
(2) **Note:** Disregards the non-recurring effects of expenses with COVID-19 (R$ 0.6 million) and restructuring expenses (R$ 12.6 millions).
(3) **Note:** Disregards the non-recurring effects of expenses with COVID-19 (R$ 0.5 million), expenses with Piraquê integration (R$ 0.8 million), restructuring expenses (R$ 1.1 million) and revenue from extemporaneous tax credit (R$ 27.4 millions).
(4) **Note:** Non-recurring effects of 1Q21 with COVID-19 (R$ 1.1 million), restructuring expenses (R$ 13.7 millions), expenses with Piraquê integration (R$ 0.8 million) and revenue from extemporaneous tax credit (R$ 27.4 millions).

FINANCIAL RESULT

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

Financial Income (R$ million)	1Q21	1Q20	Variation	4Q20	Variation
Financial Revenue	26.0	10.9	n/a	110.5	-76.5%
Financial Expenses	-24.8	-20.0	24.0%	-23.7	4.6%
Exchange Variation	-67.0	-140.8	-52.4%	53.5	n/a
Losses/Gains on derivatives	71.9	146.0	-50.8%	-83.2	n/a
TOTAL	**6.1**	**-3.9**	**-256.4%**	**57.1**	**-89.3%**

The Company recorded a positive financial result of R$6.1 million in 1Q21, against a negative financial result of R$3.9 million in 1Q20. The improvement was influenced by the recognition of the financial restatement of credits from prior periods totaling R$15.9 million (R$2.0 million in 1Q20).

TAXES ON INCOME

In 1Q21, the Company recorded deferred tax credits on the negative tax base, mainly due to the exclusion of state tax incentives that are not taxed for income tax and social contribution purposes, gains on swap transactions not yet settled and deduction of profit sharing for 2020, paid in March/21.

Income and Social Contribution Taxes (R$ million)	1Q21	1Q20	Variation
Income and Social Contribution Taxes	-27.9	25.8	n/a
Income Tax Incentive	0.0	0.0	n/a
TOTAL	**-27.9**	**25.8**	**n/a**

GOODWILL

As of 2020, due to the merger of Piraquê, approved on December 27, 2019, the Company began the tax amortization of goodwill arising from the acquisition, currently totaling R$163.6 million, which will be amortized over a minimum period of five years. This increase considers the effectively paid portion of the acquisition price (acquisition price of R$1.5 billion, less the retained portion of the acquisition price of R$132.5 million and the contingent portion of the price of R$65.5 million not yet settled). However, we expect to fully use the transaction goodwill, in the amount of R$361.6 million.

In 1Q21, was recognized R$ 2.8 million about tax benefit resulting from amortization.

EBITDA AND NET INCOME

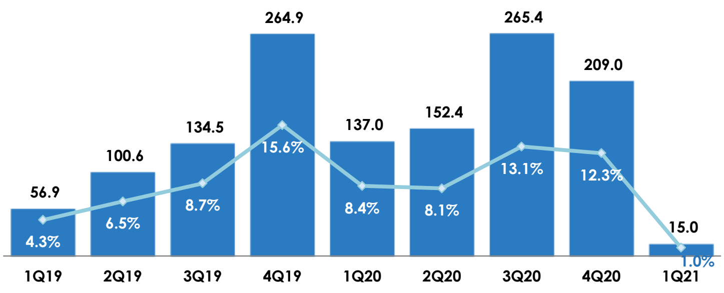
EBITDA – NET INCOME

EBITDA CONCILIATION (R$ million)	1Q21	1Q20	Variation	4Q20	Variation
Net Profit	**15.0**	**137.0**	**-89.1%**	**209.0**	**-92.8%**
Income Tax and Social Contribution	-27.9	25.8	n/a	-30.5	-8.5%
Income Tax Incentive	0.0	0.0	n/a	2.8	-100.0%
Financial Revenue	-45.4	-18.5	n/a	-197.6	-77.0%
Financial Expenses	39.3	22.4	75.4%	140.5	-72.0%
Depreciation and Amortization of cost of goods	42.4	42.8	-0.9%	45.9	-7.6%
Depreciation and Amortization Adm/Com Expenses	24.0	19.0	26.3%	22.1	8.6%
EBITDA	**47.4**	**228.5**	**-79.3%**	**192.2**	**-75.3%**
EBITDA Margin	**3.2%**	**14.0%**	**-10.8 p.p**	**11.3%**	**-8.1 p.p**

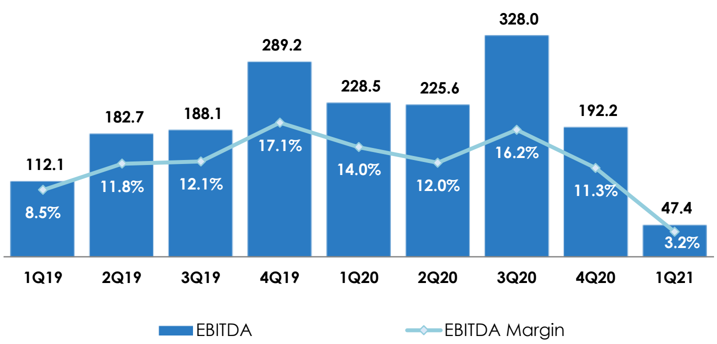
EBITDA – NET REVENUE

EBITDA CONCILIATION (R$ million)	1Q21	1Q20	Variation	4Q20	Variation
Net Revenue	**1,491.1**	**1,636.7**	**-8.9%**	**1,701.6**	**-12.4%**
Cost of goods sold	-1,167.7	-1,088.8	7.2%	-1,308.3	-10.7%
Depreciation and Amortization of cost of goods	42.4	42.8	-0.9%	45.9	-7.6%
Tax Incentive (ICMS)	76.6	76.8	-0.3%	93.9	-18.4%
Operating Expenses	-417.8	-457.2	-8.6%	-361.4	15.6%
Equity in net income of subsidiaries	-1.2	-0.8	50.0%	-1.6	-25.0%
Depreciation and Amortization Adm/Com Expenses	24.0	19.0	26.3%	22.1	8.6%
EBITDA	**47.4**	**228.5**	**-79.3%**	**192.2**	**-75.3%**
EBITDA Margin	**3.2%**	**14.0%**	**-10.8 p.p**	**11.3%**	**-8.1 p.p**

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



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



CAPITALIZATION, DEBT AND CASH

Capitalization (R$ million)	3/31/2021	3/31/2020	Variation
Cash	1,671.8	794.8	110.3%
Financial Investments Short Term	16.4	16.4	0.0%
Financial Investments Long Term	2.5	3.7	-32.4%
Total Indebtedness	**-2,126.7**	**-1,567.3**	**35.7%**
(-) Short Term	-501.7	-1,201.1	-58.2%
(-) Long Term	-1,625.0	-366.2	n/a
(-) Derivatives Financial Instruments	**51.1**	**91.7**	**-44.3%**
(=) Net Cash (Net Debt)	**-384.9**	**-660.7**	**-41.7%**
Shareholder's Equity	6,678.9	6,129.1	9.0%
Capitalization	**8,805.6**	**7,696.4**	**14.4%**

Financial Indicator	3/31/2021	3/31/2020	Variation
Cash (Debt) Net / EBITDA (last 12 months)	-0.5	-0.7	-28.6%
Cash (Debt) Net / Shareholder's Equity	-5.8%	-10.8%	5 p.p
Indebtedness / Total Assets	20.4%	17.7%	2.7 p.p

We closed March 2021 with cash and cash equivalents of R$1.7 billion (R$0.8 billion in 1Q20). Leverage (net debt-to-LTM EBITDA ratio) stood at 0.5x in 1Q21, down from 0.7x in 1Q20.

With the 1st issue of green bond Agribusiness Receivables Certificates (R$811.6 million), which received an 'AAA' Long-term National Rating from Fitch Rating, we changed our debt profile: most of debt, 76.4%, is now due in the long term (vs. 23.4% in 1Q20).

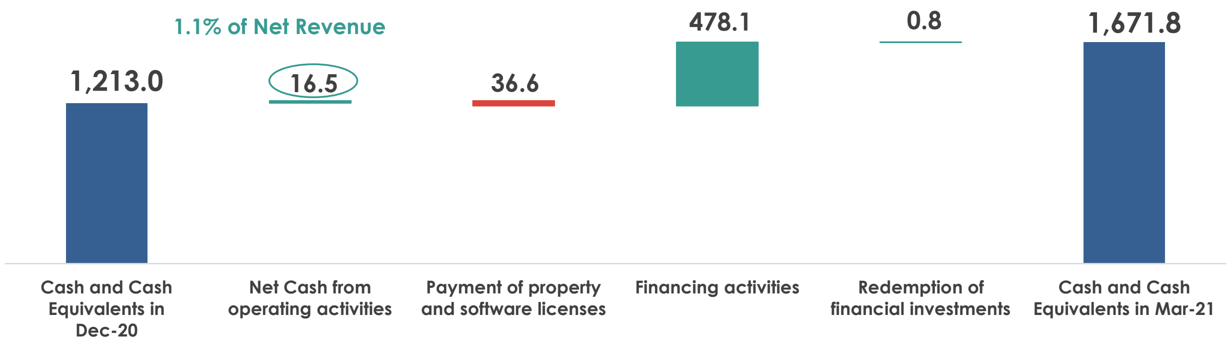
Consolidated Debt (R$ million)	Index	Interest (year)	3/31/2021	% Debt	3/31/2020	% Debt	Variation
Domestic Currency:			**1,428.3**	**67.2%**	**512.3**	**32.7%**	**178.8%**
BNDES - FINAME	TJLP	2.17%	13.2	0.6%	17.3	1.1%	-23.7%
BNDES - PSI	R$	2.99% (2.98% in 03/31/20)	66.0	3.1%	97.2	6.2%	-32.1%
BNDES - FINEM	IPCA	8.63% (8.65% in 03/31/20)	41.0	1.9%	51.2	3.3%	-19.9%
BNDES - PROGEREN	IPCA	6.28%	41.8	2.0%	59.4	3.8%	-29.6%
FINIMP	100% CDI	3.80%	64.9	3.1%	37.0	2.4%	75.4%
(PROVIN) Financing of state taxes	100% TJLP	-	10.4	0.5%	9.6	0.6%	8.3%
Working Capital	100% CDI	1.30%	202.4	9.5%	0.0	0.0%	n/a
Investment of assigment of Pilar's shares	100% CDI	-	3.9	0.2%	2.2	0.1%	77.3%
Investment of assigment of Estrela's shares	100% CDI	-	8.4	0.4%	5.0	0.3%	68.0%
Investment of assigment of Moinho Santa Lúcia's shares	100% CDI	-	0.7	0.0%	0.0	0.0%	n/a
Investment of assigment of Piraquê's shares	100% CDI	-	206.7	9.7%	233.4	14.9%	-11.4%
Debentures	IPCA	3.80% and 4.14%	768.9	36.2%	0.0	0.0%	n/a
Foreign Currency:			**698.4**	**32.8%**	**1,055.0**	**67.3%**	**-33.8%**
(FINIMP) Imports Financing and Working Capital - Law 4,131	USD	1.90%	698.4	32.8%	885.6	56.5%	-21.1%
Working Capital - Law 4,131	EUR	0.18% in 03/31/20	0.0	0.0%	169.4	10.8%	-100.0%
TOTAL			**2,126.7**	**100.0%**	**1,567.3**	**100.0%**	**35.7%**

On March 31, 2021, the Company had 5 swap contracts to hedge working capital and wheat import financing (FINIMP), 4 maturing in April 2021 and 1 on December 22, 2025, in which the long leg receives, on average, the dollar plus 2.27% and the short leg pays, on average, 176.97% of the CDI rate. The (notional) reference values totaled R$621,410 and the gross fair value receivable of these derivative instruments was R$38,174 on March 31, 2021.

To protect the debenture issues, on March 31, 2021, the Company had 18 swap contracts with different maturities, the last of which on March 17, 2031, in which the long leg receives, on average, the IPCA plus 4.02% and the short leg pays, on average, 133.56% of the CDI rate. The (notional) reference values totaled R$405,822 and the gross fair value payable of these derivative instruments was R$4,950 on March 31, 2021. On the date in question, debentures totaled R$768,896 net of the unamortized balance of transaction costs totaling R$44,966.

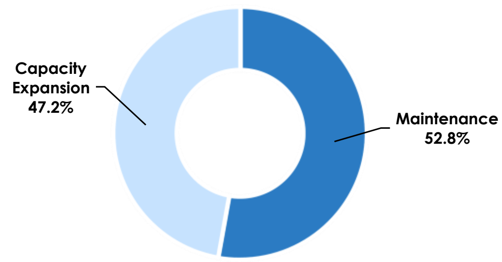
Net cash generated by operating activities totaled R$ 16.5 million and net cash generated by financing activities (third-party capital) reached R$ 478.1 million, contributing to the cash and cash equivalents figure recorded in 1Q21, as shown below.

R$ Million



INVESTMENTS

Investments (R$ Million)	1Q21	1Q20	Variation
Buildings	4.4	7.7	-42.9%
Machinery and equipment	20.7	31.6	-34.5%
Construction in progress	10.1	10.1	0.0%
Vehicles	-	0.3	-100.0%
IT Equipment	0.8	0.6	33.3%
Furniture and Fixtures	1.7	2.7	-37.0%
Land	-	0.9	-100.0%
Software Use License	2.8	1.4	100.0%
Others	0.2	1.0	-80.0%
Total	**40.7**	**56.3**	**-27.7%**



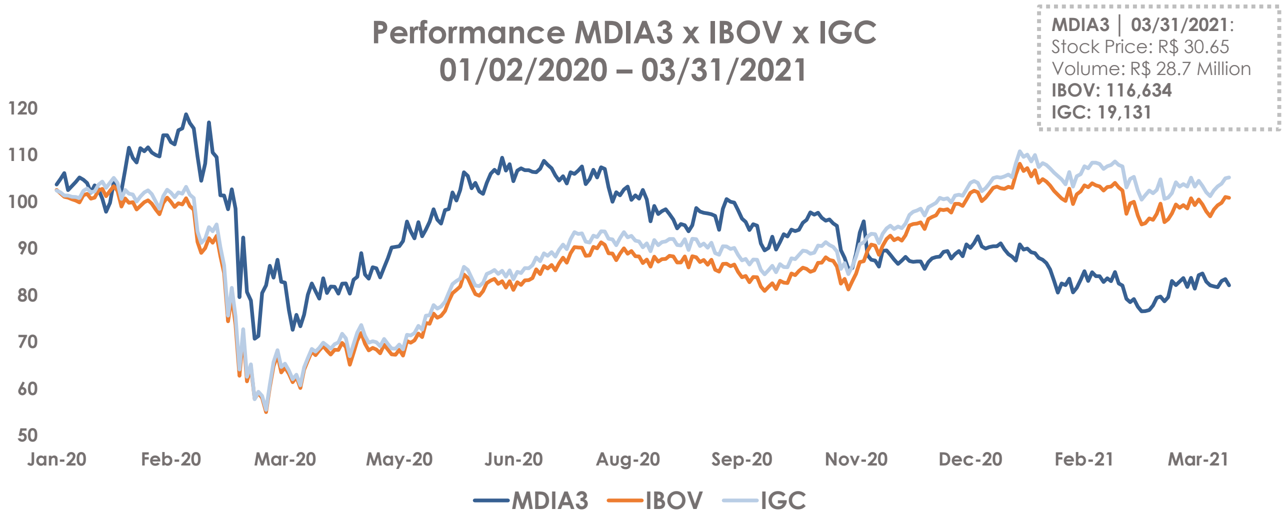
Investments totaled R$40.7 million in 1Q21 (R$56.3 million in 1Q20), distributed between expansion and maintenance, including (i) the acquisition of equipment for the Bento Gonçalves unit (RS); (ii) investment in management software in the Salvador unit (BA); (iii) adjustment and acquisition of machinery and equipment in the Natal unit (RN); (iv) adjustment of the distribution center of the Rio de Janeiro unit (RJ); and (v) opening of the distribution center in Vitória da Conquista (BA).

During 1Q21 the amount of R$ 2.9 million was invested in the Research and Development of new products.

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

CAPITAL MARKET

The Company's shares are traded on B3 (Brasil, Bolsa e Balcão) under the ticker MDIA3 and are listed in the Novo Mercado segment. On **March 31, 2021**, there were 83,530,822 outstanding shares, representing 24.6% of the Company's capital stock, priced at **R$ 30.65** each, totaling **R$ 2,560.2 million.** The average trading volume was 5,827 in 1Q21 (8,831 in 1Q20), and the average daily trading financial volume was R$34.4 million in 1Q21 (R$63.4 million in 1Q20).



MAIN ADMINISTRATIVE FACTS

Approval of the Quarterly Information

At the meeting of the Board of Directors held on May 7, 2021, the following was approved: (i) the Quarterly Information (ITR) for the quarter ended March 31, 2021; and (ii) other provisions.

Shareholders' Meeting

At the Annual and Extraordinary Shareholders' Meeting held on April 30, 2021, the following resolutions were approved by a majority vote: (i) the annual management report and the financial statements accompanied by the independent auditors' report for the fiscal year ended on December 31, 2020; (ii) the allocation of net income for 2020, as proposed by the Board of Directors at a meeting held on March 26, 2021; (iii) proposals for (a) amendment of the overall management compensation for fiscal year 2020 and (b) overall management compensation for fiscal year 2021; (iv) Proposal for Share-Based Compensation Plan (Long-term Incentive Program – Grant of Restricted Shares) for the 2021-2024 cycle; and (v) proposal for amendment of the following provisions in the Bylaws: (a) amendment of the wording of paragraph 2 of article 9, which establishes general management standards; (b) amendment of the wording of the *caput* and paragraph 4 of article 10, which sets out rules for the membership of the Board of Directors; (c) amendment of the wording of item "xiv" of article 14, which describes the duties of the Board of Directors; and (d) change in the share capital set forth in the *caput* of article 5.

Raising of R$ 811.6 million through CRAs classified as Green Bonds

The initiative, which shows the Company's commitment to ESG policies, raised R$811,644,000.00. The funds will be used to promote and encourage sustainable agricultural development, ensuring the continuous improvement of food and nutritional security of the products offered to consumers.

SOCIAL AND ENVIRONMENTAL HIGHLIGHTS

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

The Company has an area exclusively dedicated to environmental management and adopts practices to minimize its main environmental impacts related to the consumption of natural resources and generation of waste. We present below the results of the first quarter of 2021 (1Q21) compared to the same period in 2020, considering all M. Dias Branco's industrial units.

Analysis of Indicators

Indicators	1Q21	1Q20	Variation
Average Energy Intensity (Kwh/ton)	193.0	171.7	12.4%
Water consumption (m³/ton)	0.50	0.38	31.6%
Waste Recycling Index (%)	89.6	84.5	+5.1p.p.
Solid waste generation (Kg/Ton)	14.5	11.7	24.7%
Frequency rate of occupational accidents	0.7	0.7	0.0

***Energy intensity* SDGs 7 and 12**

Increase of 12.4% between 1Q20 and 1Q21, due to line stoppages and restarts.

***Water consumption* SDGs 6, 9 and 12**

Relative water consumption increased 31.6% between 1Q20 and 1Q21, mainly due to a decline in production volume. With initiatives focused on reducing water consumption, improvement teams will be implemented in key units of the Company.

Waste Recycling Rate SDGs 9 and 12

The waste recycling rate improved 5.1p.p. in 1Q21 compared to 1Q20, thanks to constant efforts to seek and implement more sustainable waste destination alternatives, such as recycling, composting and reuse, reducing the amount of waste sent to landfills.

Solid Waste Generation SDGs 9 and 12

Due to the decline in production volume, this indicator increased 24.7%. As with water, we will implement improvement teams to work at key units.

Frequency of occupational accidents SDGs 3 and 8

The rate of occupational accidents remained in line with 1Q20, thanks to campaigns to reinforce employees' risk perception, NR12[3] adjustments, safe transit campaigns and incentives to register security warnings, among other initiatives.

Other initiatives and achievements

- ✓ Publication of the Integrated Annual Report, based on the methods recommended by the International Integrated Reporting Council (IIRC), providing transparency as to how the organization allocates its capital to create value, and the Global Reporting Initiative (GRI); **SDG 12**
- ✓ Beginning of the Strategic Sustainability Agenda Review Project ; **SDGs 12 and 16**
- ✓ By March 2021 we had already donated over 1,800 tons of food; **SDGs 1, 2 and 10**
- ✓ Beginning of registration in M. Dias Branco's Internship Program – Future One. Seeking candidates to work on Information Technology and Industrial Performance, the selection is composed of tests and online interviews, games, business case presentation and final interview with the area manager; **SDG 8**

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

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

INDEPENDENT AUDITORS

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

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

1. Operations

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

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

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

2. Effects of the COVID-19 pandemic

Since the World Health Organization (WHO) classified the COVID-19 outbreak as a pandemic in March 2020, the Company has been adapting its activities to the restrictions in order to stop the spread of the virus and mapping out the respective effects on its business activities.

The production, sale and distribution of food products are considered essential services by the government. This meant we could keep operating and providing products to the market, guaranteeing the conditions necessary to protect the health of our professionals in accordance with WHO guidelines and the determinations of government agencies.

At the beginning of the pandemic the Company has set up a crisis committee comprised of managers from multiple departments in order to address and steer the initiatives being taken by the Company in a more agile fashion, on the following main fronts: (i) people management; (ii) client and brand management; (iii) supply chain management; and, (iv) financial management, as per the press release published on March 27, 2020.

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

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

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

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

The company has ramped up its social initiatives during the pandemic, especially the donation of food products to needy populations. In the first quarter of 2021 the Company donated R$ 10.5 million of food products, equal to 1,851 tonnes. Since last year some R$ 28 million and more than 5,000 tonnes of pasta, cookies, flour and margarine have been donated to more than 150 institutions in 17 Brazilian states, helping spare the most vulnerable population from the impacts of the pandemic.

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

Extraordinary expenses incurred because of COVID-19 amounted to R$ 44,446 in 2020 and R$ 8,150 as of March 31, 2021.

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

3. Basis of preparation of the financial statements

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

The authorization to issue this interim financial information was given by Board of Directors at its meeting held on May 07, 2021.

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

(a) Basis for measurement

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

(b) Functional currency

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

(c) Significant accounting judgments, estimates and assumptions

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

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

- Allowance for doubtful accounts - Note 6, Inventory - Note 7 and indefinite-lived intangible assets - Note 12;
- Measurement and recognition of tax credits - Note 8;
- Residual value of property, plant and equipment - Note 11;
- Leases - Note 13;
- Provision for litigation and judicial claims - Note 22;
- Deferred income and social contribution taxes - Note 23;
- Fair value measurement of financial instruments - Note 17;
- Share-based compensation plan - Note 25.

4. Significant accounting policies

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

a) Consolidation

i. Subsidiaries

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

Equity interest in subsidiaries

Description	Investment interest (%)			
	03/31/2021		12/31/2020	
	Direct	Indirect	Direct	Indirect
M.Dias Branco International Trading LLC (a)	**100.00**	**-**	100.00	-
M.Dias Branco International Trading Uruguay S.A (a)	**-**	**100.00**	-	100.00
M.Dias Branco Argentina S.A. (a)	**100.00**	**-**	100.00	-

Notes: *(a) Foreign Investments;*

Characteristics of the main subsidiaries

M. Dias Branco International Trading LLC

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

M. Dias Branco International Trading Uruguay S.A.

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

M. Dias Branco Argentina S.A.

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

ii. Jointly controlled entities

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

Joint Operation

Terminal de Grãos de Fortaleza Ltda ("Tergran")

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

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

Jointly controlled enterprise

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

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

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

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

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

b) Conversion of foreign currency balances

i. Foreign currency transactions and balances

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

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

ii. Foreign operations

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

c) Impairment losses

i. Financial assets

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

Financial assets at amortized cost

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

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

Financial assets stated at fair value through profit or loss

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

Financial assets stated at fair value through other comprehensive income

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

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

ii. Non-financial assets

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

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

d) Employee benefits

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

For the non-statutory board there is also a share-based remuneration plan, as explained in Note 25, to which registered officers are entitled.

e) Revenue recognition

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

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

f) Segment reporting

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

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

g) Changes in accounting policies and disclosures

Hedge accounting

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

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

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

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

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

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

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

The effects of hedge accounting are described in Note 17.

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

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

5. Cash and cash equivalents

Description	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Cash and banks	**9,382**	4,519	**9,391**	4,527
Fixed-income marketable securities	**1,662,275**	1,208,354	**1,662,455**	1,208,480
Total	**1,671,657**	1,212,873	**1,671,846**	1,213,007

The balance of fixed-income marketable securities, at March 31, 2021, consists exclusively of floating Bank Deposit Certificates (CDB), remunerated by the variation in the CDI - Interbank Deposit Rate at the average rate of 103.60% of the CDI (102.91% at December 31, 2020). These marketable securities are held for immediate trading and used in Company operations.

6. Trade accounts receivable

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

Breakdown of balances	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Domestic	**838,477**	966,899	**838,550**	967,050
Foreign	**78,396**	69,079	**78,396**	69,079
(-) Estimated losses for doubtful accounts	**(63,721)**	(76,071)	**(63,721)**	(76,071)
Total	**853,152**	959,907	**853,225**	960,058

Aging list Description	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Not yet due	**804,030**	910,040	**804,103**	910,191
Overdue	**112,843**	125,938	**112,843**	125,938
1 to 30 days	**21,886**	31,016	**21,886**	31,016
31 to 60 days	**9,191**	7,800	**9,191**	7,800
61 to 90 days	**5,964**	10,684	**5,964**	10,684
91 to 180 days	**10,198**	8,484	**10,198**	8,484
181 to 360 days	**11,828**	15,694	**11,828**	15,694
Over 360 days	**53,776**	52,260	**53,776**	52,260
Subtotal	**916,873**	1,035,978	**916,946**	1,036,129
(-) Estimated losses for doubtful accounts	**(63,721)**	(76,071)	**(63,721)**	(76,071)
Trade accounts receivable	**853,152**	959,907	**853,225**	960,058

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

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

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

Change details	Parent and Consolidated
Balance at December 31, 2019	**81,884**
Estimated losses for the year	22,952
Write-off	(28,765)
Balance at December 31, 2020	**76,071**
Estimated losses for the year[1]	**(7,032)**
Write-off	**(5,318)**
Balance at March 31, 2021	**63,721**

[1] Mainly consists of estimated losses reversed due to the enforcement of the client's mortgage guarantee.

7. Inventories

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

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

The balances of inventories are presented as follows:

Description	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Finished products	**342,147**	301,043	**342,147**	301,043
Work in progress	**47,976**	36,554	**47,976**	36,554
Raw materials	**735,725**	494,788	**735,725**	494,788
Warehouse and packaging materials	**245,785**	223,522	**245,785**	223,522
Auxiliary and maintenance materials	**64,501**	69,644	**64,525**	69,668
Imports in transit [1]	**9,360**	90,467	**9,360**	90,467
Advances to suppliers	**132**	43	**132**	43
Total	**1,445,626**	1,216,061	**1,445,650**	1,216,085

[1] These refer to imported wheat and oil.

The Company adopts the policy of evaluating inventory obsolescence, based on the expiry dates of inventory items and the analysis of those items that have not moved for more than 180 days. At March 31, 2021, the Company recorded an impairment loss for inventories of R$ 7,599 (R$ 11,577 at December 31, 2020).

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

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

Change details	Parent and Consolidated
Balance at December 31, 2019	**8,533**
Estimated losses for the year	8,545
Write-off	(5,501)
Balance at December 31, 2020	**11,577**
Estimated losses for the year	**736**
Write-off	**(4,714)**
Balance at March 31, 2021	**7,599**

8. Taxes recoverable

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

The Company's recoverable tax balances are as follows:

Description	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
ICMS (i)	**92,780**	85,412	**92,780**	85,412
Income tax and social contribution (ii)	**44,869**	44,232	**44,869**	44,232
PIS and Cofins (iii)	**470,043**	488,478	**470,043**	488,478
Withholding tax	**25,366**	6,773	**25,368**	6,775
IRPJ credit from the PAT incentive (iv)	**8,169**	8,136	**8,169**	8,136
Extemporaneous IOF Credits	**3,994**	3,991	**3,994**	3,991
INSS (v)	**58,487**	40,568	**58,487**	40,568
Extemporaneous Credit - PIS and Cofins (vi)	**11,222**	11,196	**11,222**	11,196
Tax credit on tax loss	**63,918**	-	**63,918**	-
Others	**1,847**	3,109	**1,851**	3,113
Total	**780,695**	691,895	**780,701**	691,901
Current	**407,225**	398,887	**407,231**	398,893
Non-current	**373,470**	293,008	**373,470**	293,008

The main origins of recoverable taxes are highlighted:

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

(ii) Income Tax (IRPJ) and Social Contribution on Net Income (CSLL), resulting from the annual adjustment of the corporate income tax return and CSLL 1992 - Unappealable decision;

(iii) Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) credits from overpayment, credits on acquisitions of inputs and extemporaneous credits arising from lawsuits or administrative proceedings, especially for the exclusion of ICMS in the PIS/COFINS calculation basis, in the amount of R$ 417,273 (R$ 420,881 at December 31, 2020);

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

(v) INSS credit arising from a partially res judicata decision in proceedings (prior notice indemnities and 1/3 vacation payments), in the amount of R$ 40,701 and case seeking exclusion of the ICMS from the calculation base of the social security contribution on sales, in the amount of R$ 17,786 (2013 to 2015); and

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

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

The High Court of Justice, in its ruling on Special Appeal no. 1.221.170/PR in February 2017, expanded the concept of inputs for the purpose of recognizing PIS and COFINS credits, then a highly disputed and controversial tax matter. Following this decision, the Company commissioned legal opinions and technical reports to determine the extent to which certain expenses in its value chain are essential and material to the business, especially marketing expenses and the costs of transporting finished products. Relying on those opinions and reports, the Company recognized post-claimed tax credits of R$ 83,049 in 2020 for the previous 5 years. In the quarter ended March 31, 2021, the Company also recognized tax credits on marketing expenses in the amount of R$ 4,148.

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

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

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

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

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

Continuing with the appropriation of the credits, in the quarter ended March 31, 2021 the Company recognized the amount of R$ 24,264 restated by the Selic rate, where R$ 2,016 will be reimbursed to the former partners of the acquired/merged companies.

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

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

The periods pending recognition of tax credits are shown below:

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

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

The Company has applied to opt into the tax credit scheme resulting from case no. 0007508-19.2010.4.05.8100 (for the period 2009-2014) and case no. 08037981120174.05.8100 (for the period 2015 to July 2019). These applications have been accepted by the tax authorities and the Company has initiated recognition of the relevant tax credits. In addition, after the relevant taxes were declared unconstitutional by the High Court of Justice, the Company adjusted its recognition policies for those credits and began to recognize them concurrently with the relevant taxes, generating additional credits of R$ 74,035 (2018 to 2020).

The Company will continue to assess and recognize credits as they are determined to exist for the periods involved, and estimates it will complete the assessment and recognition by June 30, 2021.

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

Maturity	Parent and Consolidated
	03/31/2021
2022	**294,874**
2023	**66,386**
2024	**2,194**
2025	**788**
2026 on	**9,228**
Total	**373,470**

9. Investments

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

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

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

a. Breakdown of balances

Description	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Investments in subsidiaries and jointly controlled entities	**47,639**	48,983	**45,192**	46,401
Advance for capital subscription	**1,879**	1,879	**-**	-
Others	**888**	888	**888**	888
Total	**50,406**	51,750	**46,080**	47,289

b. Changes in investments in direct subsidiaries

Change details	Parent						Consolidated		
	Tergran – Terminal de Grãos de Fortaleza Ltda.	M. Dias Branco Argentina S. A.	M. Dias Branco International Trading LLC	Terminal de Trigo do Rio de Janeiro – Logística S. A	Others	Total	Terminal de Trigo do Rio de Janeiro – Logística S. A	Others	Total
Balances at December 31, 2019	**4,119**	**1**	**131**	**51,985**	**888**	**57,124**	**51,985**	**888**	**52,873**
Equity income [1]	**9**	**-**	**-**	**(5,584)**	**-**	**(5,575)**	**(5,584)**	**-**	**(5,584)**
Foreign exchange variations	**-**	**-**	**38**	**-**	**-**	**38**	**-**	**-**	**-**
Advance for capital subscription	**163**	**-**	**-**	**-**	**-**	**163**	**-**	**-**	**-**
Balances at December 31, 2020	**4,291**	**1**	**169**	**46,401**	**888**	**51,750**	**46,401**	**888**	**47,289**
Equity income [1]	**(151)**	**-**	**-**	**(1,209)**	**-**	**(1,360)**	**(1,209)**	**-**	**(1,209)**
Foreign exchange variations	**-**	**-**	**16**	**-**	**-**	**16**	**-**	**-**	**-**
Balances at March 31, 2021	**4,140**	**1**	**185**	**45,192**	**888**	**50,406**	**45,192**	**888**	**46,080**

[1] The equity income recorded in FY 2020 amounted to (R$ 5,575) and R$ (1,360) in the first quarter of 2021.

10. Investment properties

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

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

a. Changes in investment properties

Change details	Parent and Consolidated		
	Buildings	Land	Total
Balance at December 31, 2019	**18,260**	**36,965**	**55,225**
Reclassification	(453)	453	-
Depreciation	(612)	-	(612)
Balance at December 31, 2020	**17,195**	**37,418**	**54,613**
Depreciation	**(120)**	**-**	**(120)**
Balance at March 31, 2021	**17,075**	**37,418**	**54,493**

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

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

11. Property, plant and equipment

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

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

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

Depreciation rate % (p.a)		
Description	Parent and Consolidated	
	03/31/2021	12/31/2020
Buildings	**1.80**	1.80
Machinery and equipment	**6.14**	6.14
Fixtures and fittings	**9.60**	9.57
Vehicles	**6.82**	6.88
Facilities	**5.43**	5.47
Right-of-use [1]	**14.79**	14.79
Others	**5.24**	4.98

[1] See Note 13.

a) Changes in property, plant and equipment

Parent

Cost	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
Balances at December 31, 2019	**1,345,291**	**2,819,174**	**103,137**	**99,735**	**390,278**	**341,021**	**294,573**	**5,393,209**
Additions	1,308	9,841	2,138	254	475	191,586	3,955	209,557
Recognition of tax credits	(815)	(5,586)	-	-	(210)	-	(2)	(6,613)
Right-of-use [1]	27,306	62,714	-	17,805	-	-	4,866	112,691
Disposals	(1)	(1,989)	(433)	(2,516)	1	-	(231)	(5,169)
Transfers	14,152	112,716	3,572	1	21,252	(155,461)	3,768	-
Reclassification [2]	-	(209)	153	-	(287)	308	5	(30)
Balances at December 31, 2020	**1,387,241**	**2,996,661**	**108,567**	**115,279**	**411,509**	**377,454**	**306,934**	**5,703,645**
Additions	**599**	**988**	**462**	**24**	**12**	**35,439**	**425**	**37,949**
Recognition of tax credits	**(1,936)**	**(1,921)**	**(1)**	**-**	**(345)**	**(4)**	**(56)**	**(4,263)**
Right-of-use	**19,540**	**726**	**-**	**4,674**	**-**	**-**	**847**	**25,787**
Disposals	**-**	**(12)**	**(21)**	**-**	**-**	**-**	**-**	**(33)**
Transfers	**25,485**	**54,709**	**900**	**-**	**10,254**	**(101,537)**	**10,189**	-
Reclassification [2]	**-**	**-**	**-**	**-**	**-**	**(792)**	**(1)**	**(793)**
Balances at March 31, 2021	**1,430,929**	**3,051,151**	**109,907**	**119,977**	**421,430**	**310,560**	**318,338**	**5,762,292**

[1] See Note 13; [2] Reclassification of intangible assets to property, plant and equipment R$ 30 in 2020 and R$ 793 in the first quarter of 2021.

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

Depreciation	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
Balances at December 31, 2019	**(253,865)**	**(1,409,723)**	**(67,966)**	**(54,970)**	**(160,975)**	**-**	**(96,520)**	**(2,044,019)**
Depreciation	(22,649)	(151,481)	(6,670)	(2,698)	(20,825)	-	(9,186)	(213,509)
Amortization of the right-of-use (1)	(14,524)	(4,905)	-	(11,903)	-	-	(1,941)	(33,273)
Disposals	1	921	191	2,434	-	-	-	3,547
Transfers	3,084	(3,004)	(166)	(116)	28	-	174	-
Reclassification (2)	-	16	(153)	-	287	-	(2)	148
Balances at December 31, 2020	**(287,953)**	**(1,568,176)**	**(74,764)**	**(67,253)**	**(181,485)**	**-**	**(107,475)**	**(2,287,106)**
Depreciation	**(5,747)**	**(37,645)**	**(1,560)**	**(606)**	**(5,221)**	**-**	**(2,357)**	**(53,136)**
Amortization of the right-of-use	**(5,146)**	**(2,253)**	**-**	**(3,624)**	**-**	**-**	**(332)**	**(11,355)**
Disposals	**-**	**10**	**18**	**-**	**-**	**-**	**-**	**28**
Transfers	**-**	**(5)**	**4**	**-**	**-**	**-**	**1**	**-**
Reclassification (2)	**267**	**-**	**84**	**-**	**-**	**-**	**(343)**	**8**
Balances at March 31, 2021	**(298,579)**	**(1,608,069)**	**(76,218)**	**(71,483)**	**(186,706)**	**-**	**(110,506)**	**(2,351,561)**
Net balances								
Balances at December 31, 2020	1,099,288	1,428,485	33,803	48,026	230,024	377,454	199,459	3,416,539
Balances at March 31, 2021	**1,132,350**	**1,443,082**	**33,689**	**48,494**	**234,724**	**310,560**	**207,832**	**3,410,731**

(1) See Note 13; (2) Reclassification of intangible assets to property, plant and equipment of R$ 148 in 2020.

At March 31, 2021, the balance of R$ 207,832, recorded in "other", refers mainly to land (R$ 148,634), improvements (R$ 34,101), computers and peripheral equipment (R$ 17,389) and other fixed assets (R$ 7,708).

Consolidated

Cost	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
Balances at December 31, 2019	**1,349,350**	**2,821,915**	**103,213**	**99,735**	**391,037**	**341,021**	**294,816**	**5,401,087**
Additions	**1,352**	**10,143**	**2,138**	**254**	**879**	**191,586**	**3,962**	**210,314**
Recognition of tax credits	**(815)**	**(5,586)**	**-**	**-**	**(210)**	**-**	**(2)**	**(6,613)**
Right-of-use (1)	**27,306**	**62,714**	**-**	**17,805**	**-**	**-**	**4,866**	**112,691**
Disposals	**(1)**	**(1,989)**	**(433)**	**(2,516)**	**1**	**-**	**(231)**	**(5,169)**
Transfers	**14,152**	**112,716**	**3,572**	**1**	**21,252**	**(155,461)**	**3,768**	-
Reclassification (2)	**-**	**(209)**	**153**	**-**	**(287)**	**308**	**5**	**(30)**
Balances at December 31, 2020	**1,391,344**	**2,999,704**	**108,643**	**115,279**	**412,672**	**377,454**	**307,184**	**5,712,280**
Additions	**601**	**988**	**462**	**24**	**61**	**35,439**	**463**	**38,038**
Recognition of tax credits	**(1,936)**	**(1,921)**	**(1)**	**-**	**(345)**	**(4)**	**(56)**	**(4,263)**
Right-of-use (1)	**19,540**	**726**	**-**	**4,674**	**-**	**-**	**847**	**25,787**
Disposals	**-**	**(12)**	**(21)**	**-**	**-**	**-**	**-**	**(33)**
Transfers	**25,485**	**54,709**	**900**	**-**	**10,254**	**(101,537)**	**10,189**	-
Reclassification (2)	**-**	**-**	**-**	**-**	**-**	**(792)**	**(1)**	**(793)**
Balances at March 31, 2021	**1,435,034**	**3,054,194**	**109,983**	**119,977**	**422,642**	**310,560**	**318,626**	**5,771,016**

(1) See Note 13; (2) Reclassification of intangible assets to property, plant and equipment R$ 30 in 2020 and R$ 793 in the first quarter of 2021.

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

Depreciation	Buildings	Machinery and equipment	Fixtures and fittings	Vehicles	Facilities	Assets in progress	Others	Total
Balances at December 31, 2019	**(256,458)**	**(1,412,081)**	**(68,016)**	**(54,969)**	**(161,299)**	**-**	**(96,654)**	**(2,049,477)**
Depreciation	(22,843)	(151,491)	(6,674)	(2,699)	(20,901)	-	(9,223)	(213,831)
Amortization of the right-of-use [1]	(14,524)	(4,905)	-	(11,903)	-	-	(1,941)	(33,273)
Disposals	1	921	191	2,434	-	-	-	3,547
Transfers	3,084	(3,004)	(166)	(116)	28	-	174	-
Reclassification [2]	-	16	(153)	-	287	-	(2)	148
Balances at December 31, 2020	**(290,740)**	**(1,570,544)**	**(74,818)**	**(67,253)**	**(181,885)**	**-**	**(107,646)**	**(2,292,886)**
Depreciation	(5,785)	(37,667)	(1,560)	(606)	(5,243)	-	(2,366)	(53,227)
Amortization of the right-of-use [1]	(5,146)	(2,253)	-	(3,624)	-	-	(332)	(11,355)
Disposals	-	10	18	-	-	-	-	28
Transfers	-	(5)	4	-	-	-	1	-
Reclassification	267	-	84	-	-	-	(343)	8
Balances at March 31, 2021	**(301,404)**	**(1,610,459)**	**(76,272)**	**(71,483)**	**(187,128)**	**-**	**(110,686)**	**(2,357,432)**
Net balances								
Balances at December 31, 2020	1,100,604	1,429,160	33,825	48,026	230,787	377,454	199,538	3,419,394
Balances at March 31, 2021	**1,133,630**	**1,443,735**	**33,711**	**48,494**	**235,514**	**310,560**	**207,940**	**3,413,584**

[1] See Note 13; [2] Reclassification of intangible assets to property, plant and equipment of R$ 148 in 2020.

At March 31, 2021, the balance of R$ 207,940, recorded in "other", refers mainly to land (R$ 148,634), improvements (R$ 34,101) and computers and peripheral equipment (R$ 17,496) and other fixed assets (R$ 7,709).

Depreciation recognized in the consolidated statement of income for the period ended March 31, 2021 amounted to R$ 60,918 (R$ 56,021 at March 31, 2020).

b) Improvements to leased properties

The Company has lease contracts for port areas where three manufacturing plants are installed, located in the cities of Cabedelo (PB), Fortaleza (CE) and Natal (RN). Improvements are made to the real estate, and the costs are amortized over the shorter of the lease contract period and the useful life of the asset. The balance as of March 31, 2021 totaled R$ 34,101 (R$ 34,948 at December 31, 2020).

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

Description	Parent and Consolidated	
	03/31/2021	12/31/2020
Improvements to buildings	73,831	73,857
Accumulated depreciation	(39,730)	(38,909)
	34,101	**34,948**

c) Guarantees

At March 31, 2021, the value of assets securing various operations amounted to R$ 664,195 (R$ 664,005 at December 31, 2020), excluding accumulated depreciation.

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

d) Impairment testing of assets

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

12. Intangible assets

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

The Company’s intangible assets comprise:

Description	Parent and Consolidated	
	03/31/2021	12/31/2020
Assets with defined useful life		
Software	**82,690**	82,345
(-) Accumulated amortization	**(53,626)**	(51,165)
	29,064	31,180
Software in progress [1]	**40,597**	37,353
	69,661	68,533
Other Intangible assets		
Non-contractual relationship with customers	**185,921**	185,921
Non-competition agreements	**1,035**	1,035
(-) Accumulated amortization	**(35,152)**	(32,132)
	151,804	154,824
Assets with indefinite useful life		
Brands		
Vitarella	**107,011**	107,011
Pilar	**33,815**	33,815
Estrela, Pelágio and Salsito	**75,559**	75,559
Predilleto and Bonsabor	**11,530**	11,530
Piraquê and Aldente	**318,510**	318,510
Others	**5,170**	5,170
	551,595	551,595
Goodwill		
Adria Alimentos do Brasil Ltda.	**34,037**	34,037
Vitarella	**400,710**	400,710
Pilar	**27,941**	27,941
Pelágio and J. Brandão	**67,661**	67,661
Moinho Santa Lúcia	**42,363**	42,363
Piraquê	**362,316**	362,316
Others [2]	**9,384**	9,384
	944,412	944,412
	1,717,472	1,719,364

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

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

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

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

a) Changes in intangible assets

Parent and Consolidated

Change details	Software	Brands	Non-contractual customers relationship	Non-competition agreement	Goodwill	Total
Balances at December 31, 2019	**67,250**	**543,847**	**166,214**	**690**	**944,412**	**1,722,413**
Additions [1]	12,156	49	-	-	-	12,205
Reclassification [2]	(118)	-	-	-	-	(118)
Amortizations	(10,558)	-	(11,873)	(207)	-	(22,638)
Disposals	(197)	-	-	-	-	(197)
Reversal of provision for impairment of assets	-	7,699	-	-	-	7,699
Balances at December 31, 2020	**68,533**	**551,595**	**154,341**	**483**	**944,412**	**1,719,364**
Additions	2,797	-	-	-	-	2,797
Reclassification [2]	792	-	-	-	-	792
Amortizations	(2,461)	-	(2,968)	(52)	-	(5,481)
Balances at March 31, 2021	**69,661**	**551,595**	**151,373**	**431**	**944,412**	**1,717,472**

[1] This refers primarily to the following projects: Digital Desktop (R$ 3,221); HCM (human capital management R$ 2,552); Incoming invoice automation (R$ 1,920); Procurement platform implementation (R$1,215); Trademaster credit limit underwriting automation (R$ 572); Hyperion Planning-PHASE V-FF (R$ 468); ADP (payroll; R$ 460); and CGF (improvements to the supplier contract management system R$ 213) in financial year 2020; [2] Reclassification to property, plant and equipment R$ 118 in financial year 2020 and R$ 792 in the first quarter of 2021.

The Company expensed research and development costs of R$ 2,854 for the period ended March 31, 2021 (R$ 2,832 at March 31, 2020).

b) Impairment testing of goodwill and brands

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

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

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

The Company believes there are no triggers impairment for the period ended March 31, 2021.

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

13. Leases

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

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

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

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

a) Right-of-use

Parent and Consolidated	Properties [1]	Machinery and equipment	Vehicles	Computers and Peripherals	Total
Balances as of December 31, 2019	**72,668**	**-**	**26,513**	**913**	**100,094**
Additions [1]	27,305	62,714	17,805	4,867	112,691
Amortization	(14,524)	(5,603)	(11,903)	(1,243)	(33,273)
Balances as of December 31, 2020	**85,449**	**57,111**	**32,415**	**4,537**	**179,512**
Additions	19,540	726	4,674	847	25,787
Amortization	(5,146)	(2,253)	(3,624)	(332)	(11,355)
Reclassification	267	-	-	(267)	-
Balances as of March 31, 2021	**100,110**	**55,584**	**33,465**	**4,785**	**193,944**

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

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

Nature of contracts	Average discount rate	Maturity [1]	Amortization rate
			Parent and Consolidated
Port properties	**12.27%**	May/32	**7.98%**
Properties	**8.35%**	Aug/29	**16.43%**
Machinery and equipment	**6.80%**	Oct/27	**14.29%**
Vehicles	**10.06%**	May/23	**22.05%**
Computers and Peripherals	**9.52%**	Jan/25	**21.08%**

[1] Considered the last maturity of the group of contracts.

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

b) Lease liability

Change details	Parent and Consolidated
Balances as of December 31, 2019	**101,979**
Additions [1]	112,691
Reclassification	172
Interest	17,427
Payments	(37,279)
Balances as of December 31, 2020	**194,990**
Additions	**25,787**
Interest	**5,127**
Payments	**(14,774)**
Balances as of March 31, 2021	**211,130**
Current	**47,007**
Non-current	**164,123**

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

The amounts recorded as non-current liabilities at March 31, 2021 mature as follows:

Maturity	Parent and Consolidated
2022	**32,820**
2023	**37,458**
2024	**30,848**
2025	**16,694**
2026 to 2032	**46,303**
Total	**164,123**

c) Amounts recognized in profit or loss

Change details	Parent and Consolidated	
	03/31/2021	12/31/2020
Amortization of rights-of-use	**11,355**	33,273
Interest on lease liabilities	**5,127**	17,427
Payments not included in the measurement of lease liabilities	**519**	2,231

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

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

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

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

	March 31, 2021 Consolidated												
	1Q21	Apr to Dec 2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Liability													
IFRS 16	211,130	175,862	131,613	93,328	62,980	46,296	28,929	17,584	12,078	7,661	4,749	1,478	-
CVM Official	240,738	206,959	159,615	117,378	82,533	62,723	41,040	26,255	18,609	12,197	7,719	2,452	-
	14.0%	17.7%	21.3%	25.8%	31.0%	35.5%	41.9%	49.3%	54.1%	59.2%	62.5%	65.9%	-
Right-of-use													
IFRS 16	193,944	160,091	116,633	81,027	52,455	36,890	21,826	12,557	8,276	5,023	2,937	852	-
CVM Official	215,897	178,758	131,829	92,363	60,344	42,620	25,389	14,741	9,754	5,953	3,481	1,008	-
	11.3%	11.7%	13.0%	14.0%	15.0%	15.5%	16.3%	17.4%	17.9%	18.5%	18.5%	18.3%	-
Financial expense													
IFRS 16	5,127	12,521	13,370	9,890	6,869	5,092	3,771	2,477	1,723	1,133	739	382	43
CVM Official	5,363	14,719	16,108	12,323	8,913	6,860	5,264	3,620	2,609	1,773	1,187	625	72
	4,6%	17.6%	20.5%	24.6%	29.7%	34.7%	39.6%	46.2%	51.4%	56.5%	60.6%	63.8%	66.2%
Amortization													
IFRS 16	11,355	32,259	40,458	31,664	25,572	15,315	15,064	9,270	4,281	3,253	2,085	2,085	852
CVM Official	12,515	34,720	43,704	35,182	28,794	17,506	17,230	10,649	4,987	3,801	2,472	2,472	1,008
	10.2%	7.6%	8.0%	11.1%	12.6%	14.3%	14.4%	14.9%	16.5%	16.8%	18.6%	18.6%	18.3%

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

Cash flow	03/31/2021		12/31/2020	
	Par value	Adjusted to present value	Par value	Adjusted to present value
Consideration for the lease	274,905	211,130	250,383	194,990
Potential PIS/ COFINS (9.25%)	25,429	19,530	23,160	18,037

14. Related-party transactions

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

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

Related parties	Nature of the transactions
Subsidiaries (1)	
M. Dias Branco International Trading LLC	Purchase of raw materials, but no transactions during the year
M. Dias Branco International Trading Uruguay S. A.	Purchase of raw materials, but no transactions during the year
M. Dias Branco Argentina S. A.	Not operating and in the process of being liquidated
Jointly controlled (1)	
Tergran – Terminal de Grãos de Fortaleza Ltda.	Services related to unloading wheat
Terminal de Trigo do Rio de Janeiro - Logística S.A.	Provision of raw material unloading services and other services.

Related parties	Nature of the transactions
Companies whose controller is the Company's chairman of the board of directors	
Dias Branco Administração e Participação Ltda. (2)	Property lending agreement
Idibra Participações S. A.	Civil constructions and equipment leasing
Praia Centro Hotel Viagens e Turismo Ltda.	Services related to accommodation for employees and other professionals
Terminal Portuário Cotegipe S. A.	Services related to unloading wheat and other services
Companhia Industrial de Cimento Apodi	Purchase of materials used in civil works
Companies in which the Company's president or vice president are registered as the partners	
LDB Transporte de Cargas Ltda.	Cargo transport
LDB Logística e Transporte Ltda.	Cargo transport
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	Equipment installation and maintenance services rendered
The Ce Consultoria, Gerência de Riscos e Corretagem de Seguros Ltda.	Advisory or consultancy services
Buhler & Scherler S.A.	Equipment installation and maintenance services rendered
WEF Engenharia e automação Ltda.	Equipment installation and maintenance services rendered
Companies in which the Company's vice presidents are registered as shareholders	
Coemdibra – Cooperativa de Empregados do M. Dias Branco	Sale of industrialized products Purchase of consumer materials

(1) The percentage equity interest and its chacacteristics are disclosed in Note 4.

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

a) Terms of the transactions with the main related parties

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

Assets and liabilities with the related parties are presented below:

NOTES TO THE FINANCIAL INFORMATION AS OF MARCH 31,2021
(All amounts in thousands of Reais, except if stated otherwise)

Description	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Assets				
Current				
Accounts receivable				
Coemdibra – Cooperativa de Empregados do M. Dias Branco	**19**	34	**19**	34
LDB Logística e Transporte Ltda.	**25**	9	**25**	9
LDB Transporte de Cargas Ltda.	**13**	1	**13**	1
Idibra Participações S. A.	**-**	1	**-**	1
	57	45	**57**	45
Liabilities				
Current				
Suppliers				
LDB Transporte de Cargas Ltda.	**308**	280	**308**	280
LDB Logística e Transporte Ltda.	**79**	214	**79**	214
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	**-**	82	**-**	82
Idibra Participações S. A.	**1**	1	**1**	1
Coemdibra – Cooperativa de Empregados do M. Dias Branco	**7**	3	**7**	3
Tergran – Terminal de Grãos de Fortaleza Ltda.	**18**	21	**-**	-
Buhler & Scherler S.A.	**107**	65	**107**	65
The Ce Consultoria, Gerência de Riscos e Corretagem de Seguros Ltda.	**-**	132	**-**	132
WEF Engenharia e automação Ltda	**38**	-	**38**	-
	558	798	**540**	777
Other accounts payable				
Tergran – Terminal de Grãos de Fortaleza Ltda.	**1,188**	1,188	**-**	-
	1,188	1,188	**-**	-
Non-current liabilities				
Accounts payable				
M.Dias Branco Trading LLC	**3**	3	**-**	-
Terminal Portuário Cotegipe S. A.	**1,238**	1,238	**1,238**	1,238
	1,241	1,241	**1,238**	1,238

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

Description	Parent		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Sale of products				
Terminal Portuário Cotegipe S. A.	**1**	3	**1**	3
Coemdibra – Cooperativa de Empregados do M. Dias Branco	**122**	145	**122**	145
LDB Transporte de Cargas Ltda.	**12**	3	**12**	3
LDB Logística e Transporte Ltda.	**20**	9	**20**	9
Idibra Participações S/A	**-**	5	**-**	5
Praia Centro Hotéis, Viagens e Turismo Ltda.	**1**	-	**1**	-
	156	165	**156**	165
Sale of fixed assets / other				
Coemdibra – Cooperativa de Empregados do M. Dias Branco	**1**	1	**1**	1
Dias Branco Administração e Participações Ltda.	**-**	13	**-**	13
LDB Logística e Transporte Ltda.	**-**	1	**-**	1
	1	15	**1**	15
Purchase of fixed assets / others				
Coemdibra – Cooperativa de Empregados do M. Dias Branco	**22**	35	**22**	35
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	**-**	414	**-**	414
	22	449	**22**	449

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

Description	Parent		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Hiring of services				
LDB Transporte de Cargas Ltda.	**2,319**	3,478	**2,319**	3,478
LDB Logística e Transporte Ltda.	**689**	3,313	**689**	3,313
Terminal Portuário Cotegipe S. A.	**2,360**	2,608	**2,360**	2,608
Tergran – Terminal de Grãos de Fortaleza Ltda.	**1,429**	1,688	**-**	-
Praia Centro Hotéis, Viagens e Turismo Ltda.	**1**	735	**1**	735
Idibra Participações S. A.	**1**	224	**1**	224
AET – Engenharia e Soluções Tecnológicas Avançadas Ltda.	**122**	857	**122**	857
Buhler & Scherler S.A.	**44**	-	**44**	-
The Ce Consultoria, Gerência de Riscos e Corretagem de Seguros Ltda.	**264**	-	**264**	-
WEF Engenharia e automação Ltda	**82**	-	**82**	-
	7,311	12,903	**5,882**	11,215

Other matters

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

As regards the submission of security for the Company's loan agreements in force, Mrs. Maria Consuelo Saraiva Leão Dias Branco, the Chairperson of the Board of Directors, is the guarantor for most loans. A number of statutory officers also appear as guarantors in some of these loans in conjunction with Mrs. Maria Consuelo.

As at March 31, 2021, the guaranteed balance for consolidated financing was R$ 39,159 (R$ 43,704 at December 31, 2020).

Remuneration paid to key management personnel

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

At March 31, 2021, the Company recognized R$ 5,790 (R$ 5,027 at March 31, 2020) in compensation for key management personnel, including salaries, management fees, bonuses, short-term benefits, especially profit-sharing, and long-term benefits for registered employees appointed as statutory officers, as described in Note 25.

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

The Company's bylaws do not provide for Management to receive profit shares, and no amount has therefore been recorded for profit sharing for the years ended March 31,2021 and December 31, 2020.

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

15. Suppliers and "Drawee's Risk" Transactions

Description	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Domestic suppliers	**345,192**	302,001	**345,299**	302,093
Foreign suppliers	**-**	559	**-**	559
	345,192	302,560	**345,299**	302,652
"Drawee's risk" transactions	**102,701**	59,086	**102,701**	59,086
Total	**447,893**	361,646	**448,000**	361,738

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

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

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

16. Financing and borrowings

Loans and financing are recognized as financial liabilities carried at amortized cost, and are measured at their restated amounts using the contractual rates. The fair values of these loans are the same as their carrying amounts, as they are financial instruments of a specific nature deriving from specifically created sources.

The financing and borrowings of the Company are monetarily restated, when applicable, for the related contractual charges, and any financing subject to foreign exchange variation is restated using the respective selling exchange rate in force on the last business day of the period.

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

Financing and borrowings recorded at March 31, 2021 in the amount of R$ 2,126,754 (R$ 1,589,017 at December 31, 2020) are distributed between four categories, as follows: financing and borrowings with financial institutions, financing for taxes, direct financing and debentures.

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

16.1 Financing and borrowings with financial institutions

Description	Index	Interest (p.a.)	Parent and Consolidated Maturity (1)	03/31/2021	12/31/2020
Domestic currency					
BNDES-FINAME	**TJLP**	**2.17**	**08/15/2024**	**13,217**	14,228
BNDES-PSI (2)	**-**	**2.99**	**01/15/2024**	**65,986**	73,573
BNDES-FINEM	**IPCA**	**8.63**	**08/15/2024**	**40,988**	39,204
BNDES-PROGEREN	**IPCA**	**6.28**	**10/15/2022**	**41,784**	40,176
FINIMP	**CDI**	**3.80**	**04/01/2021**	**64,915**	138,070
Working Capital	**CDI**	**1.30**	**11/17/2021**	**202,402**	200,780
				429,292	506,031
Foreign currency					
Financing for imported supplies (FINIMP) and Working Capital (Law 4,131)	**USD**	**1,90**	**12/22/2025**	**698,461**	856,128
Total				**1,127,753**	1,362,159
Current liabilities				**466,758**	743,764
Non-current liabilities				**660,995**	618,395

(1) *Final maturity for the group of contracts;* (2) *Contracts signed for the purchase of fixed assets.*

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

See below the changes in loans and financing:

Change details	Parent and Consolidated
Balance at December 31, 2019	**730,188**
Release	1,617,103
Provision for interest, commission and tax	38,897
Exchange and monetary variation	176,127
Amortizations	(1,035,313)
Interest payment	(164,843)
Balance at December 31, 2020	**1,362,159**
Provision for interest, commission and tax	**10,608**
Exchange and monetary variation	**75,376**
Amortizations	**(276,240)**
Interest payment	**(44,150)**
Balance at March 31, 2021	**1,127,753**

The amounts recorded in non-current liabilities at March 31, 2021 mature as follows:

Maturity	Parent and Consolidated
2022	**54,383**
2023	**25,792**
2024	**11,090**
2025	**569,730**
Total	**660,995**

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

Some consolidated financing and borrowings are secured by real estate mortgage, bank guarantee, promissory notes (see Note 14), Standby Letter of Credit and/or chattel mortgages over the assets financed, in the amount of R$ 925,351 (R$1,081,379 at December 31, 2020).

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

These covenants, amongst other conditions, restrict the Company's autonomy in the case of any alterations to its corporate structure. It is not possible to alter the capital structure or implement the takeover, spin-off or merger of the Company, directly or indirectly transfer or assign its controlling interest, without the prior express consent of the creditor financial institutions. The contracts determine that the Company does not have: (i) legal protests, (ii) pending actions, demands or processes, or any that are in the process of being filed, which, if decided against the Company, would have an adverse effect on its financial position, or which could affect its ability to fulfill the contractual terms; and also require that any transfer or assignment of rights or obligations arising from the contract be approved by the financial institution and by the Government Agency for Machinery and Equipment Financing (FINAME). In addition to the above-mentioned clauses (i) certain ratio percentages should be preserved during the contract's lifetime: Net Indebtedness / Ebitda and Shareholders' Equity / Total Liabilities and (ii) maintaining the workforce presented in the financing release request and the company committing (i) not to use funds secured in financial transactions that could be used in terrorist activities or result in breaches of any applicable anticorruption or antiterrorism legislation as far as it is aware; and (ii) ensure that each of its associated companies, subsidiaries and all individuals acting on its behalf or under the management of the Company or any of its subsidiaries conduct themselves in accordance with the anticorruption legislation applicable in jurisdictions where the company or any of its associated companies or subsidiaries do business. As of March 31, 2021, the Company was in compliance with all covenants in its contracts.

16.2 Tax financing - PROVIN

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

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

The balances of tax financing amounts at March 31, 2021 totaled the amount of R$ 10,378 (R$ 9,893 at December 31, 2020) and the portion recorded in non-current liabilities mature as follows:

Maturity	Parent and Consolidated
2022	**2,243**
2023	**3,815**
2024	**216**
2025	**318**
Total	**6,592**

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

16.3 Direct financing - Acquisition of Companies

Description	Parent and Consolidated	
	03/31/2021	12/31/2020
Current liabilities		
Shares in Pelágio	**2,999**	2,985
Shares in Pilar	**3,942**	2,108
Quotas in Piraquê	**23,576**	23,899
	30,517	28,992
Non-current liabilities		
Shares in Pelágio	**5,417**	5,417
Shares in Moinho Santa Lúcia	**667**	667
Shares in Piraquê	**183,126**	181,889
	189,210	187,973
Total	**219,727**	216,965
Current	**30,517**	28,992
Non-current	**189,210**	187,973

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

The amount of R$ 206,702 (R$ 205,788 at December 31, 2020) related to the acquisition of Piraquê is composed of:

i) retained quota of the price in the amount of R$ 140,663, which will be settled in 4 installments, maturing on May/2021, May/2022, May/2023 and December/2023, discounted from the paid contingencies of the seller responsibilities;

ii) a contingent portion of the acquisition price, in the amount of R$ 66,039, arising from the expected realization of tax credits payable to sellers, which will be paid as they are converted into income in favor of Piraquê or set off. During 2018 and 2019, R$ 9,098 was settled of the total recognized contingent price (R$ 75,137).

16.4 Debentures

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

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

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

As of March 31, 2021, the value of the debentures was represented by an amount of R$ 768,896, already net of the balance to be amortized from the transaction costs in the amount of R $ 44,966.

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

Changes in debentures are as follows:

Change details	Parent and Consolidated
Balance at December 31, 2020	**-**
Debenture issuance	811,644
Monetary variance	1,581
Interest on debentures	637
(-) Transaction costs	(44,966)
Balance at March 31, 2021	**768,896**

The transaction costs recorded in liabilities as March 31, 2021 mature as follows:

Maturity	Parent and Consolidated
2021	**3,871**
2022	**5,138**
2023	**5,138**
2024	**5,138**
2025	**5,138**
2026 to 2031	**20,543**
Total	**44,966**

17. Financial instruments and risk management

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

The Company has derivative financial instruments to hedge its exposure to foreign currency risk and interest rate variations in financing contracts (wheat and oil) and working capital. It also initiated NDF - Non Deliverable Forwards, currency and commodity options and futures contracts, for the sole purpose of hedging the exchange variance risk posed by its consumable acquisitions.

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

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

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

NOTES TO THE FINANCIAL INFORMATION AS OF MARCH 31,2021
(All amounts in thousands of Reais, except if stated otherwise)

a) Financial instruments by category and disclosure of fair value

Description	Index	Parent				Consolidated			
		Carrying amount 03/31/2021	Fair value 03/31/2021	Carrying amount 12/31/2020	Fair value 12/31/2020	Carrying amount 03/31/2021	Fair value 03/31/2021	Carrying amount 12/31/2020	Fair value 12/31/2020
Financial assets									
Financial assets measured at amortized cost									
Cash and cash equivalents		**1,671,657**	**1,671,657**	1,212,873	1,212,873	**1,671,846**	**1,671,846**	1,213,007	1,213,007
Trade accounts receivable		**853,152**	**853,152**	959,907	959,907	**853,225**	**853,225**	960,058	960,058
Other receivables		**25,504**	**25,504**	31,496	31,496	**26,040**	**26,040**	32,047	32,047
Financial investments		**18,955**	**18,953**	19,719	19,721	**18,955**	**18,953**	19,719	19,721
Financial assets measured at fair value									
Derivative financial instruments		**57,039**	**57,039**	23,794	23,794	**57,039**	**57,039**	23,794	23,794
Swap contracts		**23,890**	**23,890**	16,268	16,268	**23,890**	**23,890**	16,268	16,268
Non Deliverable Forwards (NDFs)		**25,976**	**25,976**	4,340	4,340	**25,976**	**25,976**	4,340	4,340
Option contracts		**2,231**	**2,231**	2,602	2,602	**2,231**	**2,231**	2,602	2,602
Future contracts		**4,941**	**4,941**	584	584	**4,941**	**4,941**	584	584
Financial liabilities									
Financial liabilities stated at amortized cost									
Trade payables		**447,893**	**447,893**	361,646	361,646	**448,000**	**448,000**	361,738	361,738
Financing with financial institutions		**1,127,753**	**1,114,092**	1,362,159	1,347,339	**1,127,753**	**1,114,092**	1,362,159	1,347,339
BNDES - Transfer operations	TJLP	**13,217**	**13,217**	14,228	14,228	**13,217**	**13,217**	14,228	14,228
BNDES PSI-Pré	Fixed-rate	**65,986**	**63,090**	73,573	71,374	**65,986**	**63,090**	73,573	71,374
BNDES – FINEM (Capital)	IPCA	**40,988**	**41,661**	39,204	39,966	**40,988**	**41,661**	39,204	39,966
BNDES PROGEREN (Capital)	IPCA	**41,784**	**41,320**	40,176	39,616	**41,784**	**41,320**	40,176	39,616
Financing for imported supplies (FINIMP)	CDI	**64,915**	**64,921**	138,070	139,113	**64,915**	**64,921**	138,070	139,113
External financing (FINIMP and Working capital)	USD	**698,461**	**687,752**	856,128	842,765	**698,461**	**687,752**	856,128	842,765
Working capital	CDI	**202,402**	**202,131**	200,780	200,277	**202,402**	**202,131**	200,780	200,277
Direct financing	CDI	**219,727**	**219,727**	216,965	216,965	**219,727**	**219,727**	216,965	216,965
Debentures	IPCA	**813,862**	**838,406**	-	-	**813,862**	**838,406**	-	-
(-) Debenture issuance costs		**(44,966)**	**(44,966)**	-	-	**(44,966)**	**(44,966)**	-	-
Leases		**211,130**	**211,130**	194,990	194,990	**211,130**	**211,130**	194,990	194,990
Accounts payable		**158,570**	**158,570**	160,922	160,922	**157,725**	**157,725**	160,033	160,033
Financial liabilities stated at fair value									
Derivative financial instruments		**5,880**	**5,880**	18,125	18,125	**5,880**	**5,880**	18,125	18,125
Swap contracts		**5,777**	**5,777**	6,393	6,393	**5,777**	**5,777**	6,393	6,393
Non Deliverable Forwards (NDFs)		**-**	**-**	7,789	7,789	**-**	**-**	7,789	7,789
Option contracts		**103**	**103**	3,943	3,943	**103**	**103**	3,943	3,943

b) Measuring fair value

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

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

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

Marketable securities (cash equivalents)

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

Short-term investments (amortized cost)

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

Financing and borrowings

The fair value of working capital financing denominated in TJLP and IPCA was determined by the future cash flows, discounted by the average borrowing rates in the current operations, with spreads of between 2.17% p.a. and 7.44% p.a. (2.17% p.a. and 7.44% p.a. at December 31, 2020, respectively).

The fair value of pre-fixed financing was determined based on the present value of the principal sum and future cash flows, discounted at the market interest rate determined at the reporting date of the financial information. The rate used was 7.24% p.a of the Finame-PSI operations (5.57% p.a. at December 31, 2020).

The fair value of material financing and working capital indexed by the CDI rate was determined on the basis of future cash flows discounted by the market interest rate prevailing on the reporting date. A spread of 1.45% was used (1.50% p.a. at December 31, 2020).

The fair value of material financing and working capital denominated in US dollars was determined on the basis of future cash flows discounted by the market interest rate prevailing on the reporting date. A spread of 1.71% p.a. was used for contracts of working capital and 2.60% for contracts of inputs denominated in US dollars (2.20% p.a. at December 31, 2020), respectively.

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

Debenture issuances are restated by the variance of the IPCA price index and the average rate of existing operations, presenting a spread of 4.02% p.a. and the fair value was determined by projecting the future value by the contracted rate, from the start of the operation through maturity, restated to present value by the market rate.

Derivative *contracts*

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

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

Leases

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

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

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

d) Financial risk management

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

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

i. Credit risk

Credit risk arises from the possibility of the Company not recovering amounts from sales or credits held with institutions, such as deposits and marketable securities. To minimize this risk, the sales policies adopted by the Company are subordinated to the credit policies determined by Management and seek to minimize any problems arising from customer default. Management achieves this objective through the careful selection of the customer portfolio, which considers the ability to make payments (credit analysis) and the diversity of sales (risk spread). In addition, the Company has credit insurance to protect against defaults by specific customers, which ensures an indemnity of 90% of any net losses on receivables due from these customers. The maximum compensation is R$ 35,000, effective for the period from September 30, 2020 to September 30, 2021. Currently, credit insurance coverage is provided against approximately 164 clients, totaling R$ 227,877

(R$ 231,997 at December 31, 2020). In addition, there is approximately R$ 62,963 (R$ 45,603 at December 31, 2020) in guarantees contracted through mortgages and bank sureties.

Furthermore, the Company recorded estimated losses for doubtful accounts, in the consolidation, in the amount of R$ 63,721 (R$ 76,071 at December 31, 2020) representing 6.95% (7.34% at December 31, 2020) of the balance of trade accounts receivable to cover the credit risk.

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

ii. Liquidity risk

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

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

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

The schedule for settling the long-term installments on borrowings and financing is presented in Note 16.

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

iii. Market risk: Commodities prices

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

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

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

As at March 31, 2021, the Company had contracts for the purchase of wheat and oil for future payment and delivery, for a volume of 176,132 tons (290,066 tons as at December 31, 2020), 18,000 tonnes of oil were priced. Thus, considering the market value for these cases and the price established for the contracts, they represented an amount equivalent to US$ 39,630 of wheat and US$ 27,381 of oil (US$ 99,125 of oil and US$ 43,035 of wheat as of December 31, 2020).

Due to the risk of fluctuations in oil prices, the Company has prepared a sensitivity analysis for the portion of oil without fixed pricing of oil (18,000 tons), assuming three possible price fluctuation scenarios and the consequent future impacts. The probable scenario used oil prices of USD 1,028.85, at the same level of the market value at March 31, 2021. The other scenarios, remote and possible, factor in a price increase for the commodities of 25% and 50%, respectively.

Description	Exposure (tonnes)	Risk	Probable scenario	Possible scenario (US$) (1)	Remote scenario (US$) (1)
Future oil contracts (price to be fixed)	18,000	Increase in the commodity	-	(4,630)	(9,260)

(1) *Value in US$ thousand.*

The Company also entered into futures contracts for palm oil on the Bursa exchange (Malaysia) as outlined in its approved hedging policy. These instruments mature in November 2021, and the relevant receivables have a fair value at March 31, 2021 of R$ 6,079.

Description	Objeto de proteção	Index	Amount (in ton)	Fair Value
Future + Put Options	Commodity price	Palm Oil – Bursa stock exchange (Malaysia)	8,175	6,079

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

iv. Exchange rate risk

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

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

At March 31, 2021, the Company accordingly had five contracts in force for swap operations related to import financing for the purchase of wheat (FINIMP) and working capital, 4 maturing in April 2021 and 1 on December 22, 2025, for which the asset position receives, on average, the US Dollar rate plus 2.27% and the liability position pays, on average, 176.97% of the CDI. The (notional) reference values totaled R$ 621,410 and the gross fair value receivable from these derivative instruments as at March 31, 2021 was R$ 38,174.

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

Swap contracts	Reference value		Curve value		Fair value	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Asset position						
Foreign currency (USD)	**621,410**	818,738	**698,461**	856,128	**700,560**	877,164
Liability position						
CDI	**621,410**	818,738	**631,096**	827,955	**662,386**	863,142
Result	**-**	-	**67,365**	28,173	**38,174**	14,022

Accordingly, as of March 31, 2021, the Company did not present significant mismatches in the position of assets and liabilities sensitive to exchange variation, as shown below:

Description	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Foreign currency loans/financing (a)	**698,461**	856,128	**698,461**	856,128
Swap contracts (b)	**(698,461)**	(856,128)	**(698,461)**	(856,128)
Foreign-currency assets (b)	-	-	**(8)**	(7)
Surplus (a-b)	**-**	-	**(8)**	(7)

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

Description	Hedged item	Reference currency (notional)	Reference value (notional)	Curve value	Fair value receivable (payable)
Swap contract	Currency	Reais	510,000	58,055	30,220

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

At March 31, 2021 the Company had 29 forward contracts maturing up to 7/1/2021 and 5 option contracts maturing up to 5/3/2021, with the notional amounts and fair values specified below:

Description	Hedged item	Reference currency (notional)	Reference value (notional)	Fair value receivable (payable)
NDF - US$ /R$	Currency	US$	61,184	25,976
Options - US$ /R$	Currency	US$	9,305	990
Total			**70,489**	**26,966**

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

As described in "Market risk: Commodities prices", the Company signed contracts for the purchase of wheat and oil for future delivery in return for the payment of US$ 27,381 for oil and US$ 39,630 for wheat, subject to foreign exchange risk (US$ 142,160 as at December 31, 2020).

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

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

The sensitivity analysis considered the possibility of three U.S. dollar exchange scenarios and the future results of oil and wheat that would be generated. The probable scenario considered the dollar exchange rate of R$ 5.6973, the same closing rate as March 31, 2021. The remaining scenarios, possible and remote, consider increases in the dollar exchange rate of 25% (R$ 7.1216) and 50% (R$ 8.5460), respectively.

Description	Exposure (USD)	Risk	Probable scenario	Possible scenario (R$)	Remote scenario (R$)
Contracts for purchase of wheat	39,630	Rise in USD	-	(56,446)	(112,892)

v. Inflation Risk

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

As a strategy to prevent and reduce the effects of changes in this index, the Company took out swaps for 50% of the contracted debt, swapping the risk of IPCA variance for CDI interest plus the interest rate, as it believes the risk of changes in the CDI rate is low, and it is used to index its short-term investments.

At March 31, 2021, the Company had 18 swap contracts with different maturities, the last of which on March 17, 2031, for which the asset position receives, on average, the IPCA plus 4.02% and the liability position pays, on average, 133.56% of the CDI rate. The (notional) reference values totaled R$ 405,822 and the gross fair value payable of these derivative instruments was R$ 4,950 on March 31, 2021.

Swap contracts	Reference value		Curve value		Fair value	
	03/31/2021	12/31/2020	03/31/2021	03/31/2021	12/31/2020	03/31/2021
Asset position						
IPCA	**405,822**	-	**406,930**	-	**414,253**	-
Liability position						
CDI	**405,822**	-	**406,104**	-	**419,203**	-
Result	**-**	-	**826**	-	**(4,950)**	-

vi. Interest rate risk

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

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

Description	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Financial assets				
Financial investments indexed to the CDI	**1,681,230**	1,228,073	**1,681,410**	1,228,199
Financial liabilities				
Foreign currency derivative operations tied to CDI [1]	**(698,461)**	(856,128)	**(698,461)**	(856,128)
Foreign debentures derivative operations tied to CDI [1]	**(406,104)**	-	**(406,104)**	-
Financing indexed to the CDI and TJLP	**(510,639)**	(579,936)	**(510,639)**	(579,936)
Assets – Liabilities	**66,026**	(207,991)	**66,206**	(207,865)

[1] *See item iv - Exchange rate risk.*

Analysis of sensitivity to variations in the CDI

The following table demonstrates the projected loss that would be recognized for the next 12 months, if the Company were to maintain the same position for assets indexed to the CDI, net of liabilities linked to CDI and TJLP, of R$ 66,206.

Description	Risk position	Risk	Probable scenario	Possible scenario	Remote scenario
Net liabilities	66,206	CDI decrease	-	439	877

The probable scenario considered the CDI quotation at March 31, 2021 of 2.65% p.a. The other scenarios, possible and remote, considered an decrease in the quotation of 25% (2.38% p.a.) and 50% (2.85% p.a.), respectively.

As already highlighted, the Company management believes that there is a low risk of significant changes in the CDI during 2021, taking into consideration the history of the base interest rate in the Brazilian economy and the market forecast.

e) Hedge accounting

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

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

In general, the hedged item is future cash flow from purchases of commodities subject to foreign exchange risk (wheat, oil, sugar and cocoa), based on budgetary projections and interim forecasts. The hedged item (future purchases of imported commodities) is therefore deemed a highly probable transaction and qualifies as a hedged item, since these commodities are essential for the Company's production process. Furthermore, the hedged item is related to foreign-currency loans, in order to hedge the Company's cash flow against the risk of exchange variance in the amortization and payment of interest.

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

The derivative instruments used to hedge against foreign exchange risk have a direct economic relationship with the hedged item, as they are transactions in the same currencies in which commodities imports and borrowings contracts are denominated.

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

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

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

The effects of formally designated hedging relationships are shown below:

Description	Parent and Consolidated
	Cash-flow hedge
Gains in derivative instruments	16,323
(-) Adjustment to raw materials costs hedged item	(16,161)
Changes in the fair value of derivative contracts	11,053
(-) Reclassification for financial results	(162)
Balances at December 31, 2020	**(11,053)**
Gains in derivative instruments	10,618
(-) Adjustment to raw materials costs hedged item	(10,909)
Changes in the fair value of derivative contracts	24,372
(-) Reclassification for financial results	292
Balances at March 31, 2021	**13,318**

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

Description	Parent and Consolidated
Cash-flow hedge balance at December 31, 2019	-
Changes in the fair value of derivative contracts	(11,053)
Tax effects on the fair value of the hedging instrument	3,512
Cash-flow hedge balance at December 31, 2020	**(7,541)**
Changes in the fair value of derivative contracts	24,372
Tax effects on the fair value of the hedging instrument	(8,041)
Cash-flow hedge balance at March 31, 2021	**8,790**

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

f) Capital management

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

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

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

Consolidated	03/31/2021	12/31/2020
Debt from financing and borrowings	**1,357,858**	1,589,017
Debentures	**768,896**	-
(-) Cash and cash equivalents	**(1,671,846)**	(1,213,007)
(-) Short-term financial investments	**(16,413)**	(16,413)
(-) Long-term financial investments	**(2,542)**	(3,306)
(-) Derivative financial instruments	**(51,159)**	(5,669)
Net debt (net cash) (A)	**384,794**	350,622
Shareholders' equity	**6,678,857**	6,645,568
Total capital (B)	**7,063,651**	6,996,190
Financial leverage index (C = A / B x 100)	**5.45%**	5.01%

The change in the Company's financial leverage ratio is represented by the ratio of net debt to equity. The figure in the period ended March 31, 2021 was 5.45% compared with 5.01% at December 31, 2020. The increase is primarily due to the Company's debt levels rising on account of the debentures issuance.

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

Consolidated	Less than a year	Between one and three years	Between three and five years	Greater than five years
At March 31, 2021	**1,428,015**	**568,596**	**682,787**	**1,065,259**
Financing and borrowings	501,697	287,618	570,048	767,391
Derivative financial instruments	930	-	-	4,950
Payables and other obligations	925,388	280,978	112,739	292,918
At December 31, 2020	**1,634,008**	**518,899**	**648,218**	**283,165**
Financing and borrowings	776,028	293,319	519,670	-
Derivative financial instruments	18,125	-	-	-
Payables and other obligations	839,855	225,580	128,548	283,165

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

18. Net financial results

Description	Parent		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Financial income				
Income from marketable securities	**6,701**	5,509	**6,701**	5,510
SELIC interest on tax credits	**15,907**	1,980	**15,907**	1,980
Restatement of judicial deposits	**565**	1,849	**565**	1,849
Foreign exchange variations - assets	**19,395**	7,595	**19,395**	7,595
Others	**2,801**	1,539	**2,801**	1,539
	45,369	18,472	**45,369**	18,473
Financial expenses				
Interest on financing	**(8,967)**	(6,169)	**(8,967)**	(6,169)
Interest on debt from equity investments	**(593)**	(1,530)	**(593)**	(1,530)
Interest on leases	**(5,127)**	(2,733)	**(5,127)**	(2,733)
Interest on promissory notes	**(636)**	-	**(636)**	-
Foreign exchange variations - liabilities	**(86,439)**	(148,463)	**(86,439)**	(148,463)
Gains (loss) from derivative transactions	**71,895**	146,057	**71,895**	146,057
Commission and bank expenses	**(2,017)**	(1,912)	**(2,018)**	(1,912)
Update on contingencies provisions	**(5,501)**	(5,431)	**(5,501)**	(5,431)
Others	**(1,951)**	(2,240)	**(1,951)**	(2,240)
	(39,336)	(22,421)	**(39,337)**	(22,421)
Net financial results	**6,033**	(3,949)	**6,032**	(3,948)

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

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

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

19. Social security and labor liabilities

The balances comprise the following provisions and charges:

Description	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Labor provisions				
Provision for profit sharing	**21,588**	59,788	**21,588**	59,788
Provision for vacation pay	**59,600**	61,137	**59,613**	61,163
13th salary provision	**11,976**	-	**11,990**	-
Others	**2,653**	3,293	**2,653**	3,293
	95,817	124,218	**95,844**	124,244

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

Description	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Social and labor charges				
INSS	**40,856**	39,328	**40,908**	39,378
FGTS	**9,969**	11,228	**9,978**	11,237
Others	**1,634**	1,709	**1,635**	1,709
	52,459	52,265	**52,521**	52,324
Total	**148,276**	176,483	**148,365**	176,568

20. Tax liabilities

The balances comprise the following tax obligations:

Description	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
PIS/Cofins	**1,447**	1,014	**1,487**	1,041
Income tax	**11,892**	15,264	**11,907**	15,290
Other federal tax liabilities	**1,558**	2,910	**1,565**	2,914
ICMS	**57,913**	34,711	**57,913**	34,711
ISS	**1,818**	1,654	**1,821**	1,655
Total	**74,628**	55,553	**74,693**	55,611

21. Government subsidies

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

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

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

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

21.1 State tax incentives

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

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

In the majority of cases, the state government subsidies are calculated based on the ICMS value attributed to the cost of production, and are allocated to profit or loss, in a line in the statement of income immediately below the cost of goods sold.

In March 2021 the Company became entitled to use FUNDOPEM ("Fundo Operação Empresa do Estado do Rio Grande do Sul"), with the effects backdated to February 2020. This program is a partnership instrument that fosters social and economic development in Rio Grande do Sul state, which consists of partial financing using the incremental monthly ICMS generated on its operation, with a financing percentage of 75%. Under the Industrial Development Harmonization Program of Rio Grande do Sul state, an incentive is awarded that accounts for 42.80% of the financed portion, which may be increased by up to 10% by creating jobs.

At March 31, 2021, the Company received R$ 80,315 (R$ 76,747 at March 31, 2020), as a result of the following state incentives:

State tax incentives / Unit receiving the incentive	Percentage reduction of ICMS	Valid until
DESENVOLVE - State of Bahia: Discount on part of the ICMS payment due on the purchase of wheat grain for the wheat mill.		
Wheat mill and biscuits and pasta factory (Salvador-BA)	81%	Jun 2025
PROVIN - State of Ceará: deferment of part of the ICMS payment due on the purchase of wheat for the wheat mill and the ICMS due on the operations involving special fats and margarines, settled using funds from FDI - Industrial Development Fund for both units		
Wheat mill (Fortaleza-CE)	74.25%	Nov 2024
Wheat mill integrated with the biscuits and pasta factory (Eusébio-CE)	74.25%	Jul 2025
Vegetable fats and margarines industrial factory (Fortaleza-CE)	56.25%	Nov 2024
PROEDI – Rio Grande do Norte: presumed credit on monthly ICMS debit balance		
Wheat mill and pasta factory (Natal-RN)	75% to 79%	Jun 2032
FAIN - State of Paraíba: discount of part of the ICMS on purchases of wheat grain		
Wheat mill and pasta factory (Cabedelo-PB)	81%	Dec 2032
PRODEPE - State of Pernambuco: calculated at the rate of 75% of the ICMS charged on wheat grain consumed in the equivalent of flour, in addition to 5% of the freight due on sales outside of the Northeastern Region, provided that the total value of the subsidy does not exceed the equivalent of 85% of the ICMS on the wheat grain included in the wheat flour consumed.		
Biscuits and pasta factory (Jaboatão dos Guararapes-PE)	75% or 85%	Mar 2024
Special Tax Treatment – Rio de Janeiro (Piraquê Unit) – Reduction of tax so that the tax burden results in a percentage equal to 3% of the value of own production dispatches in internal and interstate operations, by sale and transfer.		
Biscuits and pasta factory (Queimados-RJ)	75% or 85%	Sep 2038
Special taxation arrangement - Paraíba (Bayuex plant) - Tax reduction whereby the tax rate for products subject to ICMS Substitution results in a percentage equal to 5%, and for other products the normal ICMS results in a percentage equal to 4% on the sale.		
Operation with wheat flour products (Bayuex-PB)	50% to 78%	Mar 2024
Special Tax Treatment – Bento Gonçalves (Moinho Isabela plant) – Rebate of ICMS owed by its industrial operation, settled using funds from FUNDOPEM – "Fundo Operação Empresa do Estado do Rio Grande do Sul".		
Wheat mill and pasta and cookies manufacturing facility (Moinho Isabela- RS)	32.10% to 39.60%	Jul 2027

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

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

Treatment of presumed credit as investment subsidies

Based on Complementary Act 160 (August 7, 2017), in 2019 the Company began treating as investment subsidies the tax incentives awarded in the form of presumed/awarded tax credits under the ICMS Regulations of the states of Rio de Janeiro, Paraná, São Paulo and Rio Grande do Sul, on the transactions of industrial and commercial operations involving food products. As of March 31, 2021 the Company was entitled to recognize R$ 17,966 (R$ 20,511 at March 31, 2020) in presumed tax credits.

State Fund for Tax Equalization

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

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

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

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

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

By way of Law 8,645/2019, Rio de Janeiro state replaced the State Fund for Fiscal Balance - FEEF - with the Temporary Budgetary Fund – FOT, effective from 3/10/2020, and will produce effects while the Fiscal Recovery Arrangement – RRF, which began in May 2017. Only after the aforesaid law was regulated by Decree 47,057 issued May 04, 2020 did the state began demanding the new funds be paid from the accrual period 04.2020. The Fiscal Recovery Arrangement was extended in January 2021 for up to nine financial years, guaranteeing the State continuity of the FOT through December 2026.

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

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

At March 31, 2021, the expenses incurred by the Company related to this obligation amounted to R$ 4,010 (R$ 4,576 at March 31, 2020).

21.2 Federal tax incentive

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

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

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

The federal grant is presented in the Income Statement as a deduction from corporate income tax. As of March 31, 2021 the Company had not used the respective incentive, because there was no income tax due (As of March 31, 2020, the Company had not used the incentive either, for the same reason).

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

Manufacturing plants	Percentage reduction of IRPJ (%)	Valid period
Wheat mill, biscuits and pasta factory (Eusébio - CE)	75.00	Jan 2016 to Dec 2025
Toast factory (Eusébio - CE)	75.00	Jan 2016 to Dec 2025
Wheat mill (Fortaleza - CE)	75.00	Jan 2018 to Dec 2027
Special margarines and fats factory (Fortaleza - CE)	75.00	Jan 2018 to Dec 2027
Wheat mill (Natal - RN)	75.00	Jan 2018 to Dec 2027
Pasta factory (Natal - RN)	75.00	Jan 2014 to Dec 2023
Wheat mill and pasta factory (Cabedelo - PB)	75.00	Jan 2018 to Dec 2027
Biscuits and pasta factory (Salvador - BA)	75.00	Jan 2016 to Dec 2025
Wheat and ready cake mix mill (Salvador- BA)	75.00	Jan 2015 to Dec 2024
Biscuits and pasta factory (Jaboatão dos Guararapes - PE)	75.00	Jan 2018 to Dec 2027
Biscuits, cakes and snacks factory (Maracanaú - CE)	75.00	Jan 2016 to Dec 2025
Pasta factory (Maracanaú - CE)	75.00	Jan 2014 to Dec 2023

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

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

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

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

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

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

There are ongoing disputes in the administrative and judicial courts. At March 31, 2021, 0.71% of the total labor and civil processes are being tried at the administrative level and 99.29% at the judicial level. 50.74% of tax processes are being tried at the administrative level and 49.26% are being discussed in court.

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

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

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

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

Description	Provision		Judicial deposits			
	Parent and Consolidated		Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Civil and labor	**117,022**	115,983	**60,129**	57,300	**60,135**	57,309
Tax	**95,552**	103,127	**208,374**	206,519	**208,374**	206,518
Total	**212,574**	219,110	**268,503**	263,819	**268,509**	263,827

On March 31, 2021, the judicial deposits for cases rated as a probable loss amounted to R$ 81,277 (R$ 79,774 at December 31, 2020).

a) Changes in the processes during the year

Parent and Consolidated	Civil and labor	Tax	Total
Balances at December 31, 2019	**110,721**	**102,824**	**213,545**
Additions	28,287	1,878	30,165
Restatements/reversals	7,393	1,615	9,008
Write-off/reversals	(30,418)	(3,190)	(33,608)
Balances at December 31, 2020	**115,983**	**103,127**	**219,110**

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

Parent and Consolidated	Civil and labor	Tax	Total
Additions	**7,243**	**415**	**7,658**
Restatements/reversals	**1,559**	**147**	**1,706**
Write-off/reversals[(1)]	**(7,763)**	**(8,137)**	**(15,900)**
Balances at March 31, 2021	**117,022**	**95,552**	**212,574**

[(1)] Primarily consists of the write-off of the provision against the appeal judicial deposit (R$ 5,318) and reversal of the provision for indemnifiable contingencies (R$ 8,102) against the indemnification asset, as a result of reassessing the risk.

b) Changes in judicial deposits during the year

Parent	Civil and labor	Tax	Total
Balances at December 31, 2019	**52,147**	**205,287**	**257,434**
Additions	38,503	20,339	58,842
Restatements/reversals	401	3,843	4,244
Reclassification	3,201	(3,201)	-
Write-off	(36,952)	(19,749)	(56,701)
Balances at December 31, 2020	**57,300**	**206,519**	**263,819**
Additions	**10,601**	**1,342**	**11,943**
Restatements/reversals	**37**	**528**	**565**
Reclassification	**15**	**(15)**	**-**
Write-off	**(7,824)**	**-**	**(7,824)**
Balances at March 31, 2021	**60,129**	**208,374**	**268,503**

Consolidated	Civil and labor	Tax	Total
Balances at December 31, 2019	**52,152**	**205,287**	**257,439**
Additions	38,507	20,339	58,846
Restatements/reversals	401	3,843	4,244
Reclassification	3,201	(3,201)	-
Write-off	(36,952)	(19,750)	(56,702)
Balances at December 31, 2020	**57,309**	**206,518**	**263,827**
Additions	**10,601**	**1,343**	**11,944**
Restatements/reversals	**37**	**528**	**565**
Reclassification	**15**	**(15)**	**-**
Write-off	**(7,827)**	**-**	**(7,827)**
Balances at March 31, 2021	**60,135**	**208,374**	**268,509**

The expected realization timing as of March 31, 2021 is as follows:

Maturity	Parent and Consolidated 03/31/2021
2022	**898**
2023	**9,894**
2024	**31,863**
2025	**15,504**
2026 on	**37,393**
Total	**95,552**

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

c) Nature of processes

Civil and labor

The Company is the defendant in approximately 1,134 cases (1,120 at December 31, 2020) involving labor and civil matters, for which the likelihood of loss has been rated as probable, in the amounts of R$ 103,985 and R$ 13,037, respectively (R$ 104,245 and R$ 11,738 at December 31, 2020), and by virtue of the business combination, also for cases rated as possible and remote risks, of R$ 12,609. The labor claims to which the Company is party primarily concern: recognition of employment relationships, overtime and related charges, occupational injury compensation, joint liability, moral and property damages, and other matters. Most civil actions involve problems that are normal and specific to the business, consisting of claims for indemnity due to incorrect referral to the credit protection agencies, actions for rescission of clauses in distribution contracts, actions for compensation for damages, among others.

Tax

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

Description	Parent and Consolidated			
	03/31/201		12/31/2020	
	Contingencies	Judicial deposits	Contingencies	Judicial deposits
IPI – judicial deposit (a)	**6,406**	**6,406**	6,394	6,394
IRPJ – judicial deposit (b)	**32,592**	**32,592**	32,516	32,516
IPTU – judicial deposit (d)	**2,909**	**4,678**	2,895	4,664
ICMS (d)	**18,551**	**-**	18,145	-
Legal fees (e)	**19,546**	**-**	19.456	-
Indemnifiable contingencies (f)	**11,564**	**-**	19,667	-
Others	**3,984**	**2,576**	4,054	2,003
	95,552	**46,252**	103,127	45,577

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

(b) In 1992, Piraquê filed writs of mandamus against having to add to net profit the portions of amortization, depletion or cost of assets written down for any reason, in order to define the IRPJ calculation base for the monthly base periods ended on 1.31.1992 and 2.28.1992, equal to the monetary restatement difference according to the IPC and Fiscal BTN rates for 1990, pursuant to articles 39 and 41 of decree no. 332/91. Piraquê made the court deposit covering the liability's full amount. The case is pending a Federal Supreme Court decision on extraordinary appeal no. 545,796.

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

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

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

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

Contingent liabilities – probability of loss rated as possible

In addition to the provisions made, the Company has several labor, civil and tax contingencies in progress, in which they are the defendants, and the likelihood of loss, based on the opinions of the internal and external legal advisors, is considered possible. The contingencies amount to approximately R$ 1,121,662 (R$ 1,100,150 at December 31, 2020).

The most significant tax processes involve the following matters: i) Investment grants amounting to R$ 369,112; ii) ICMS credits incorrectly granted, totaling R$ 336,944; iii) Undue ICMS credit - Value Added Margin - ICMS Protocol 46, totaling R$ 35,079 and (iv) IPI rate zero, in the amount of R$ 144,378.

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

We point out that the Attorney General of the National Treasury, after partial judgment proceeding from the administrative proceedings 10380.009928/2004-18 in the Administrative Council for Tax Appeals - CARF, extinguished part of the tax credit, leaving the judicial dispute remaining.

In addition, the amount payable under case no. 10380.723251/2012-34 in relation to investment subsidies has been excluded by the CARF, with the proceedings now limited to a dispute over IRPJ tax on non-necessary expenses (leased aircraft).

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

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

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

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

Contingent assets

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

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

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

23. Current and deferred income tax and social contribution

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

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

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

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

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

Description	Parent and Consolidated	
	03/31/2021	03/31/2020
Accounting profit before Income tax and social contribution [A]	**(12,918)**	162,775
Combined tax rate [B]	**34%**	34%
[A X B] Income tax and social contribution at the combined tax rate	**(4,392)**	55,344
Permanent additions [C]	**11,092**	1,954
Non-deductible expenses	**10,626**	1,636
Equity income from subsidiaries	**466**	318
Permanent exclusions [D]	**(34,635)**	(31,478)
Equity income from subsidiaries	**(4)**	(32)
State tax incentives	**(33,416)**	(33,207)
Other items	**(1,215)**	1,761
[A X B+C-D] Income tax and social contribution recorded in profit or loss before exemption	**(27,935)**	25,820

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

Description	Parent and Consolidated	
	03/31/2021	03/31/2020
Income exempt from income tax (Government subsidy) [E]	-	(45)
Income tax and social contribution recorded in profit or loss after exemption [F]	**(27,935)**	25,775
Current income tax and social contribution	**(65,077)**	(22,079)
Deferred income tax and social contribution	**37,142**	47,854
[F/A] Effective rate	-	15.83%

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

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

Description	Parent and Consolidated	
	03/31/2021	12/31/2020
Deferred tax assets		
Estimated losses for doubtful accounts	**7,661**	10,529
Provision for litigation and lawsuits	**51,415**	51,067
Provision for logistics expenses and contractual costs	**19,650**	22,248
Estimated losses on tax credits	**13,134**	13,134
Provision for legal fees	**15,708**	15,382
Profit sharing provisions and other events	**7,283**	20,735
Provision for impairment losses on assets	**222**	222
Provision for inventory impairment	**2,584**	3,936
Amortization of the balance sheet at fair value	**13,664**	13,780
Other provisions	**29,057**	18,185
	160,378	169,218
Deferred tax liabilities		
Differences in depreciation (useful lives and tax rates)	**181,729**	179,505
Tax amortization of goodwill paid for future profitability	**199,434**	196,652
Restatement of judicial deposits	**9,690**	9,498
Gains on derivative contracts	**33,428**	5,070
Other provisions (reversals)	**7,881**	5,094
	432,162	395,819
Net deferred tax liabilities	**271,784**	226,601

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

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

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

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

Maturity	Parent and Consolidated
2022	**50,080**
2023	**18,402**
2024	**16,736**
2025	**17,078**
2026 to 2028	**58,082**
Total	**160,378**

24. Shareholders' equity

a) Capital - Parent

On December 31, 2020, the Company made a capital increase of R$ 2,567,941 represented by 339,000,000 common shares.

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

At March 31, 2021, the Company had a free float of 83,530,822 common shares, which represented 24.64% (24.69% at December 31, 2020).

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

b) Reserves

Legal reserve

In compliance with article 193 of Act 6,404/76, the reserve is recorded at a rate of 5% of net income for the year, less the portion relating to investment subsidies, up to a limit of 20% of the Company's share capital. At March 31, 2021 and at December 31,2020, the Company's legal reserve amounted to R$ 320,874.

Tax incentive reserve

This reserve is constituted annually based on the portion of profit arising from the subsidies for investments received by the Company, as detailed in Note 22. At March 31, 2021, the tax incentive reserves totaled R$ 1,640,914 (R$ 1,670,629 at December 31, 2020).

Reserve for investment plan

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

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

Special reserve - Law 8,200/1991

Prior to 1995, the Company recorded special monetary restatement on permanent assets, in accordance with article 2 of Law 8,200/1991. At December 31, 2020 and December 31, 2019, the special reserve amounted to R$ 16,529.

Treasury shares

At the Board of Directors' meeting held January 20, 2020 the Company approved the share buyback plan in order to meet the long-term incentive program with restricted shares, as detailed in Note 25, and to maximize the creation of value for shareholders, in the maximum amount of 8,472,614 common shares. The share buyback operations will be supported by the overall capital and profit reserves available, except the legal reserve, unrealized profits reserve, special undistributed dividend reserve and the tax incentives reserve, as applicable. The share buyback operations will be settled within a maximum of 18 (eighteen) months, terminating July 21, 2021.

On March 31, 2021 the Company had acquired Treasury stock of 997,696 shares at an average price of R$ 39.67 per share, for the minimum and maximum prices of R$ 37.28 and R$ 42.13 respectively, amounting to a total of R$ 39,576.

c) Shareholders' Remuneration

The Company's bylaws provide for the distribution of a minimum dividend of 25% of the net profit for the year, adjusted in accordance with art. 202 of Law 6,404/1976, and also permits payments to shareholders, in the form of interest on own capital, within the limits provided by Law. The amount calculated for interest on own capital should always be considered as part of the compulsory dividend.

The Board of Directors meeting held on December 18, 2020 approved a credit in the amount of R$ 154,544, for the shareholders, as interest on own capital. The credit was made on December 31, 2020, based on the shareholding positions at the close of trading at B3 on December 23, 2020 and the shareholders will be paid on May 03, 2021.

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

The proposal was submitted for approval at the General Shareholders Meeting on April 30, 2021.

d) Equity valuation adjustment

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

e) Accumulated conversion adjustments

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

25. Share-based remuneration plan

The Company has a share-based remuneration plan, approved on April 13, 2017, with the aim of permitting eligible participants to acquire shares in order to: (a) create a sense of ownership, fostering the feeling of being an "owner of the business", thereby intensifying and strengthening the bond between the Company and its executives (non-statutory board of directors); (b) foster the attainment of high levels of sustainable performance in the short and long term; (c) nurture the development of senior leadership; (d) make possible the existence of a "win-win" rewards model based on the return created for shareholders; and (e) ensure the competitiveness of the total compensation package and the retention of key leaders.

This is a long-term incentive program in which participants are awarded restricted shares. The program was initially limited to non-statutory directors but has since been modified to include statutory directors hired under the Consolidated Labor Regulations as from 2019, under a resolution passed by the Extraordinary General Meeting held on December 27, 2019.

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

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

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

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

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

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

In the quarter ended March 31, 2021 there were no changes in the restricted shares awarded.

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

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

Description	Number of restricted shares
Balance at December 31, 2019	**453,645**
Granted shares	355,433
Transferred shares	(148,014)
Awards canceled	(51,192)
Balance at December 31, 2020	**609,872**

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

The expense denoting the fair value of the restricted shares, recognized in the period ended March 31, 2021 in accordance with the term lapsed for acquiring the right to the restricted shares was R$ 1,924 (R$ 1,709 at March 31, 2020).

26. Net revenue

Description	Parent and Consolidated	
	03/31/2021	03/31/2020
Gross revenue	**1,801,379**	1,995,333
Domestic market	**1,742,348**	1,970,238
Foreign market	**59,031**	25,095
Returns, discounts and cancellations	**(116,700)**	(124,222)
Taxes on sales	**(193,602)**	(234,365)
Net revenue	**1,491,077**	1,636,746

The net revenue by product line of the Company and its subsidiaries as of March 31, 2021 and 2020 is as follows:

Description	Parent and Consolidated	
	03/31/2021	03/31/2020
Cookies and Crackers	**706,573**	866,941
Pasta	**315,885**	374,603
Wheat flour and bran	**326,095**	276,036
Margarine and vegetable shortening	**109,686**	84,421
Other products (1)	**32,838**	34,745
Net revenue	**1,491,077**	1,636,746

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

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

27. Results by nature

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

Description	Parent		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Cost of goods sold				
Raw materials	**(774,426)**	(688,260)	**(774,520)**	(688,297)
- Wheat	**(498,050)**	(448,739)	**(498,144)**	(448,775)
- Oil	**(158,594)**	(107,830)	**(158,594)**	(107,830)
- Sugar	**(38,702)**	(41,672)	**(38,702)**	(41,673)
- Sourced flour	**(1,510)**	(8,501)	**(1,510)**	(8,501)
- Sourced vegetable shortening	**(331)**	(2,417)	**(331)**	(2,417)
- Others	**(77,239)**	(79,101)	**(77,239)**	(79,101)
Packaging	**(95,497)**	(108,106)	**(95,497)**	(108,106)
Labor	**(148,219)**	(147,690)	**(148,219)**	(147,690)
General factory costs [1]	**(107,084)**	(101,868)	**(107,084)**	(101,868)
Depreciation and amortization	**(42,412)**	(42,783)	**(42,412)**	(42,783)
Cost of goods resold	**-**	(42)	**-**	(42)
Total	**(1,167,638)**	(1,088,749)	**(1,167,732)**	(1,088,786)
Selling expenses				
Marketing and sales	**(116,288)**	(136,737)	**(116,288)**	(136,737)
Salaries and employee benefits	**(120,994)**	(120,800)	**(120,994)**	(120,800)
Freight	**(91,820)**	(100,866)	**(91,820)**	(100,866)
Depreciation and amortization	**(14,433)**	(9,541)	**(14,433)**	(9,541)
Total	**(343,535)**	(367,944)	**(343,535)**	(367,944)
Administrative and general expenses				
Salaries and employee benefits	**(35,108)**	(35,932)	**(35,155)**	(35,971)
Others administrative expenses	**(29,316)**	(24,754)	**(29,437)**	(24,858)
Management fees	**(3,297)**	(3,110)	**(3,297)**	(3,110)
Depreciation and amortization	**(8,490)**	(8,585)	**(8,490)**	(8,585)
Total	**(76,211)**	(72,381)	**(76,379)**	(72,524)
Other income (expenses) net [2]				
Tax expenses	**(7,129)**	(5,891)	**(7,133)**	(5,901)
Depreciation and amortization	**(1,064)**	(888)	**(1,064)**	(888)
Other income (expenses)	**10,218**	(10,075)	**10,334**	(9,920)
Total	**2,025**	(16,854)	**2,137**	(16,709)

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

In the quarter ended March 31, 2021 the Company experienced an increase in the cost of raw materials in relation to the same period the previous year, given the rising cost of core commodities, both in US dollar and due to the devaluation of the Brazilian Real, with increases of 44.0%, 69.5% and 25.2% in the average cost of wheat, oil and sugar, respectively.

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

28. Other operational income (expenses), net

See below the other operational (income) expenses:

Description	Parent		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Other operating income				
Sale of damaged goods and scrap	**6,723**	1,942	**6,723**	1,942
Sale of property, plant and equipment	**-**	1,111	**-**	1,111
Subsidies for investments - FUNDOPEM	**3,625**	-	**3,625**	-
Reversal of operating provisions	**36**	-	**36**	-
Expense recovery	**6,682**	4,870	**6,682**	5,024
Extemporaneous credit - PIS/Cofins [1]	**12,585**	1,281	**12,585**	1,281
Extemporaneous credit – ICMS	**2,991**	3,266	**2,991**	3,266
Extemporaneous credit – INSS on revenues	**11,597**	-	**11,597**	-
Extemporaneous credit - Refund of debts	**280**	-	**280**	-
Claim merchandise refund	**293**	116	**293**	116
Others	**1,920**	1,679	**2,042**	1,679
	46,732	14,265	**46,854**	14,419
Other operating expenses				
Provisions for civil, labor and tax contingencies and success fees	**(6,309)**	(8,807)	**(6,309)**	(8,807)
Cost of sales of property, plant and equipment	**(5)**	(1,419)	**(5)**	(1,419)
Inmetro tax	**(336)**	(777)	**(336)**	(777)
Provisions (reversals) estimated or realized in inventories	**(9,046)**	(2,602)	**(9,046)**	(2,602)
State fund for tax equalization	**(4,010)**	(4,576)	**(4,010)**	(4,576)
Cost of selling sweeps, scrap and inputs	**(13,539)**	(5,735)	**(13,539)**	(5,735)
Restructuring expenses	**(443)**	-	**(443)**	-
Tax assessment	**(7,129)**	(5,891)	**(7,133)**	(5,901)
Depreciation and amortization expenses	**(1,064)**	(888)	**(1,064)**	(888)
Others	**(2,826)**	(424)	**(2,832)**	(423)
	(44,707)	(31,119)	**(44,717)**	(31,128)
Total	**2,025**	(16,854)	**2,137**	(16,709)

[1] See note 8.

29. Earnings per share

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

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

Description	Parent and Consolidated	
	03/31/2021	03/31/2020
Net profit for the period	**15,017**	137,000
Weighted average number of common shares (a)	**339,000**	339,000
Basic earnings per share (R$)	**0.04430**	0.40413

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

Description	Parent and Consolidated	
	03/31/2021	03/31/2020
Adjustments for restricted shares (b)	**610**	454
Treasury shares (c)	**(998)**	(1,105)
Weighted average shares (thousand) (a + b + c)	**338,612**	338,349
Diluted earnings per share (R$)	**0.04435**	0.40491

30. Insurance coverage

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

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

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

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

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

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

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

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

Gustavo Lopes Theodozio
Vice-President - Investments and Controllership

Rômulo Ruberti Calmon Dantas
Vice-President - Sales

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

Opinions and Declarations / Special Review Report – unqualified

Share Ownership

Our capital stock on March 31, 2021, is R$ 2,597.7 million, fully subscribed, paid-up and divided into 339,000,000 shares, all non-par, common, registered, book-entry shares.

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

CONSOLIDATED SHAREHOLDING OF CONTROLLING SHAREHOLDERS, MANAGERS AND OUTSTANDING SHARES Shareholding on 03/31/2020				
Shareholder	**Number of Common Shares (In units)**	**%**	**Total Number of Shares (In units)**	**%**
Controlling Shareholder	**214,650,000**	**63.32**	**214,650,000**	**63.32**
Managers	**39,635,859**	**11.69**	**39,635,859**	**11.69**
Board of Directors	13,901,715	4.10	13,901,715	4.10
Board of Executive Officers	25,734,144	7.59	25,734,144	7.59
Treasury Shares	**1,105,000**	**0.33**	**1,105,000**	**0.33**
Other Shareholders	**83,609,141**	**24.66**	**83,609,141**	**24.66**
Total	**339,000,000**	**100.00**	**339,000,000**	**100.00**
Outstanding Shares	**83,609,141**	**24.66**	**83,609,141**	**24.66**

CONSOLIDATED SHAREHOLDING OF CONTROLLING SHAREHOLDERS, MANAGERS AND OUTSTANDING SHARES				
Shareholding on 03/31/2021				
Shareholder	**Number of Common Shares (In units)**	**%**	**Total Number of Shares (In units)**	**%**
Controlling Shareholder	**214,650,000**	**63.32**	**214,650,000**	**63.32**
Managers	**39,821,482**	**11.75**	**39,821,482**	**11.75**
Board of Directors	14,088,014	4.16	14,088,014	4.16
Board of Executive Officers	25,733,468	7.59	25,733,468	7.59
Treasury Shares	**997,696**	**0.29**	**997,696**	**0.29**
Other Shareholders	**83,530,822**	**24.64**	**83,530,822**	**24.64**
Total	**339,000,000**	**100.00**	**339,000,000**	**100.00**
Outstanding Shares	**83,530,822**	**24.64**	**83,530,822**	**24.64**

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

In accordance with Article 20 of our social status, the Fiscal Council has not found permanent and is installed on March 31, 2021 and 2020.

Opinions and Declarations / Special Review Report – unqualified

SHAREHOLDING OF THOSE HOLDING MORE THAN 5% OF THE SHARES OF EACH TYPE AND CLASS OF THE COMPANY'S CAPITAL STOCK, UP TO THE INDIVIDUAL LEVEL				
Company: M DIAS BRANCO S.A IND E COM DE ALIMENTOS Shareholding on 03/31/2020 (In units of shares)				
Shareholder	Common Shares		Total	
	Number	%	Number	%
DIBRA Fundo de Investimentos em Ações	214,650,000	63.32	214,650,000	63.32
Board of Directors and Executive Officers	39,635,859	11.69	39,635,859	11.69
Treasury Shares	1,105,000	0.33	1,105,000	0.33
Other Shareholders	83,609,141	24.66	83,609,141	24.66
Total	**339,000,000**	**100.00**	**339,000,000**	**100.00**

SHAREHOLDING OF THOSE HOLDING MORE THAN 5% OF THE SHARES OF EACH TYPE AND CLASS OF THE COMPANY'S CAPITAL STOCK, UP TO THE INDIVIDUAL LEVEL				
Company: M DIAS BRANCO S.A IND E COM DE ALIMENTOS Shareholding on 03/31/2021 (In units of shares)				
Shareholder	Common Shares		Total	
	Number	%	Number	%
DIBRA Fundo de Investimentos em Ações	214,650,000	63.32	214,650,000	63.32
Board of Directors and Executive Officers	39,821,482	11.75	39,821,482	11.75
Treasury Shares	997,696	0.29	997,696	0.29
Other Shareholders	83,530,822	24.64	83,530,822	24.64
Total	**339,000,000**	**100.00**	**339,000,000**	**100.00**

CAPITAL STOCK DISTRIBUTION OF CORPORATE ENTITY (COMPANY SHAREHOLDER), UP TO THE INDIVIDUAL LEVEL				
Company: DIBRA Fundo de Investimentos em Participações	Shareholding on 03/31/2021 (In units of quotas)			
Unitholders	Quotas		Total	
	Number	%	Number	%
Maria Consuelo Saraiva Leão Dias Branco	270.30	50.00	270.30	50.00
Francisco Ivens de Sá Dias Branco Júnior	54.06	10.00	54.06	10.00
Maria das Graças Dias Branco da Escóssia	54.06	10.00	54.06	10.00
Maria Regina Saraiva Leão Dias Branco	54.06	10.00	54.06	10.00
Francisco Marcos Saraiva Leão Dias Branco	54.06	10.00	54.06	10.00
Francisco Claúdio Saraiva Leão Dias Branco	54.06	10.00	54.06	10.00
Total	**540.61**	**100.00**	**540.61**	**100.00**

Report on Review of Quarterly Financial Information – ITR

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

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

Introduction

We have reviewed the interim, individual and consolidated quarterly financial information of M.Dias Branco S.A. Indústria e Comércio de Alimentos ("Company"), contained in the Quarterly Information Form - ITR for the quarter ended March 31, 2021, which comprises the balance sheet on March 31, 2021 and the related statements of income, the comprehensive statements of income, the statement of changes in shareholders' equity and statements of cash flows for the three-month period then ended, in addition to the notes to the financial statements.

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

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily to the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently does not able us toobtain assurance that we would become aware of all significant matters that might be identified by an audit. Accordingly, we do not express an audit opinion.

Conclusion about the individual and consolidated interim information

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

Other matters - Statements of added value

The interim individual and consolidated statements of added value(DVA) for the three month period ended March 31, 2021, prepared under the responsibility of the Company´s Management, and presented herein as supplementary information for purposes of the IAS 34, have been subject to review procedures jointly performed with the review of Company´s interim financial statements. In order to form our conclusion, we assessed whether those statements are reconciled with the financial statements and accounting records, as applicable, and whether their format and content are in accordance with criteria determined in the Technical Pronouncement 09 (CPC 09) - Statement of Value Added issued by the Committee for Accounting Pronouncements (CPC). Based on our review, nothing has come to our attention that causes us to believe that the statements of value added were not prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement, and are consistent with the overall individual and consolidated financial statements.

Corresponding figures

The audit of the individual and consolidated balance sheet as at December 31, 2020 was conducted under the responsibility of the independent auditors, who issued an unmodified audit report thereon, dated March 31, 2021. The individual and consolidated interim financial information, related to the statement of income (loss) and the comprehensive income for the three month period ended March 31, 2020 and the statement of changes in equity and cash flows for the three-month period then ended was reviewed by other independent auditors who issued an unmodified report thereon, dated May 8, 2020. The corresponding figures related to the individual and consolidated statements of added value (DVA), for the three-month period ended March 31, 2020, were submitted to the same review procedures by those independent auditors and, based on their review, those auditors issued a report reporting that they were not aware of any fact that would lead them to believe that the DVA was not prepared, in all material respects, in a manner consistent with the individual and consolidated interim financial information taken as a whole.

Fortaleza, May 7, 2021

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

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

Reports and Statements/Statement from Directors on the financial statements

We declare, as the directors of M. Dias Branco S.A. Indústria e Comércio de Alimentos, a publicly traded corporation with its registered office in the Municipality of Eusébio, State of Ceará, at Rodovia BR 116 KM 18, s/n, Jabuti, CEP 61760-000, registered with CNPJ under number 07.206.816/0001-15, that we have revised, discussed and approved the interim financial information for the period ended March 31, 2021.

Eusébio, May 7, 2021.

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

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

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

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

Gustavo Lopes Theodozio
Vice-President - Investments and Controllership

Rômulo Ruberti Calmon Dantas
Vice-President - Sales

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

We declare, as the directors of M. Dias Branco S.A. Indústria e Comércio de Alimentos, a publicly traded corporation with its registered office in the Municipality of Eusébio, State of Ceará, at Rodovia BR 116 KM 18, s/n, Jabuti, CEP 61760-000, registered with CNPJ under number 07.206.816/0001-15, that we have revised, discussed and agreed with the opinions expressed in the independent auditors' report in respect of the interim financial information for the period ended March 31, 2021.

Eusébio, May 7, 2021.

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

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

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