The Management of Marfrig Global Foods ("Marfrig" or "Company") presents the Management Report and Financial Statements, accompanied by the reports of the Audit Board and Independent Auditors, for the fiscal year ended December 31, 2020.

1. MESSAGE FROM MANAGEMENT

The year 2020 was marked by major challenges and many achievements for Marfrig. The Company delivered record high results and showed that strategic decisions, combined with quality management, are fundamental to overcoming the adversities of the pandemic.

Marfrig successfully accomplished its mission of supplying essential food, in accordance with most stringent health protocols, without forgoing the safety of its employees and, importantly, with a strong commitment to sustainability.

In July 2020, we launched Marfrig Verde+, an ambitious action program that reinforces the Company's pioneering efforts in Environmental, Social and Governance (ESG) initiatives. Sustainability is the central pillar of Marfrig's strategy and our genuine commitment to the topic was recognized by leading organizations specializing in the field and by the investor community:

- We are the highest ranked company in our industry on the FAIRR list, which is an important beacon for the investor community worldwide;
- Marfrig scored "A" in all spheres of the Carbon Disclosure Projects (CDP);
- Marfrig is the only company in Latin America to participate in the Science Based Targets, which makes publicly available all information relating to harmful gas emissions; and
- In 2020, Marfrig was included in the Corporate Sustainability Index (ISE) and Carbon Efficient Index, both of the B3 Exchange.

Our operating efficiency, lean structure and efficient management proved fundamental in being able to deliver the Company's best results ever:

- Net Revenue of R$67.5 billion (+35.3% vs. 2019)
- Adj. EBITDA of R$9.6 billion with Margin of 14.2% (+99.4% and +460 bps, respectively, vs. 2019)
- Free Cash Flow of R$4.9 billion (+614.1% vs. 2019)
- Net Debt / EBITDA Ratio of 1.55x (-1.27x vs. 2019)
- Net income of R$3.3 billion (+1,222.9% vs. 2019)

Given the strong results achieved in 2020, the Company proposed to the Annual Shareholders Meeting, to be held on April 8, 2021, the distribution of dividends for fiscal year 2020 in the amount of R$141 million. The amount represents 50% of net income available for distribution to shareholders and is equivalent to approximately R$0.20/share. The payment demonstrates Management's commitment to creating value for all shareholders without abandoning our non-negotiable commitment to financial discipline.

On the plant-based product platform, our partnership with Archer-Daniels-Midland Company ("ADM") advanced in the creation of PlantPlus Foods, a joint venture that combines the innovation capacity, operating excellence and global scale of both companies to produce and sell plant-based products through retail and food service channels in the South American and North American markets.

Acknowledgements:

We thank our shareholders, clients and suppliers one again for their trust. To our employees, we are profoundly thankful for your dedication to an activity essential to everyone's lives: food production.

In 2021, we will continue to focus on creating value for all shareholders, on always operating sustainably, on creating value for all cattle producers and suppliers, on our local communities and, especially, on all our clients and partners.

Marcos Antonio Molina dos Santos
Chairman of the Board

***São Paulo, March 8, 2021** – Marfrig Global Foods S.A. – Marfrig (B3 Novo Mercado: MRFG3 and Level 1 ADR: MRRTY) announces today its results for 2020. To improve comparisons, the results herein are identified as "proforma," i.e., including 100% of the results of National Beef, Quickfood, Várzea Grande and Iowa Premium in 2019.*

Results described as "Continuing Operation" consider only the results of National Beef as of its acquisition in June 2018, the results of the Ohio beef patty business as of the sale of Keystone in December 2018, the results of Quickfood as of January 2019, the results of Várzea Grande as of April 2019 and, lastly, the results of Iowa as of its approval in June 2019.Marfrig is a publicly held corporation with shares listed on the Novo Mercado segment of B3 S.A. - Brasil, Bolsa, Balcão ("B3") under the ticker MRFG3. As a participant in the B3's Novo Mercado, the Corporation is subject to arbitration by the Market Arbitration Chamber, pursuant to the Arbitration Submission Clause in its Bylaws. Marfrig also trades via Level 1 American Depositary Receipts (ADR), with the ticker MRRTY, on the U.S. Over-the-Counter (OTC) market. Each ADR (USOTC:MRRTY) corresponds to one common share (B3:MRFG3).

2. MARFRIG GLOBAL FOODS

Marfrig's value-creation strategy is based on three core businesses: beef processing, further processing and plant-based products.

Beef processing: with total primary processing capacity of approximately 30,000 heads/day, the Corporation has been expanding its footprint in the North American market and reinforcing its exports to key geographies.

North America Operation: it is the fourth-largest beef processor and the industry's most profitable and efficient company in the United States. Marfrig has three primary processing plants in the country with capacity of 13,100 heads/day, which corresponds to over 3.7 million heads/year, or roughly 14% of U.S. primary processing capacity. Its products are sold domestically in the retail, wholesale and food service channels, as well as exported to various markets. Marfrig also is the leading U.S. exporter of chilled beef, with a focus on the Japanese and South Korean markets. In addition to the sale of complementary products and of subproducts from the process, the Corporation also has tannery and logistics operations and direct online sales to consumers. With a high value-added portfolio, the operation offers products with superior specifications and the highest quality, as well as widely recognized brands.

South America Operation: One of the region's leading beef producers, with primary processing capacity of approximately 17,000 heads/day, Marfrig is recognized for the quality of its products in both local and international markets. Marfrig is one of the region's main exporters and has the largest number (13) of plants in South America authorized to export to China. In Brazil, Marfrig is the second largest beef processor, with primary processing capacity of 12.1 head/day and the annual production capacity of 66 tons of beef patties. With brands renowned for their quality, such as Bassi and Montana, the

Company focuses on the retail and foodservice channels in the domestic market, with its clients including top restaurants and steakhouses. In Uruguay, it is the industry's largest company and the only one to produce and sell organic beef, especially for export to Europe, United States and Japan. In Argentina, in addition to having two primary processing plants, the Company is the leading producer and seller of beef patties and sausages and owns two of the region's most valuable and recognized brands (Paty and Vienissima!). In Chile, Marfrig is the country's leading beef importer and has a lamb primary processing plant in the Patagonia region.

Further Processing: the further processing business is responsible for producing and developing products such as beef patties, canned beef, meats with sauces, cold cuts, hot dogs and other products. Sold in South America and North America, the Company has operations in the United States, Brazil, Uruguay and Argentina.

Plant-based Products: PlantPlus Foods is the product of a partnership between Marfrig and ADM, which shared a vision to create a company that offers a complete portfolio of plant-based products to its consumers and follows ESG guidelines.

In this context, they created PlantPlus, a joint venture between Marfrig, which holds 70% of the new subsidiary, and ADM, which holds the remaining 30%. Marfrig is responsible for the production and distribution of products and may use its existing facilities in Várzea Grande, Mato Grosso and those of National Beef in the United States. ADM will provide technical knowledge, application development and a range of plant-based ingredients and flavors at its special protein complex in Campo Grande, Mato Grosso do Sul, as well as its protein units network located in the United States, including its new ingredient and flavor unit located in its new pea protein plant in Enderlin, North Dakota.

PlantPlus products already are being sold to large food service chains in Brazil and exported to Europe and Asia.

3. PERFORMANCE

NORTH AMERICA

Industry Overview

The spread of the coronavirus accelerated during the second quarter of 2020 and persisted throughout most of the year. The number of cases surged in the United States and led to a series of measures to restrict the circulation of people and the functioning of commercial establishments, which caused the migration of food service sales to large supermarket and distribution chains.

The industry's capacity utilization rate was significantly affected, especially during the first half of the year, which reduced the number of animals processed in all producer countries. In 2020, a total of 25.1 million head were processed (USDA F.I. Steer Heifer), which represents a decline of 3. 4% or 873,000 animals compared to 2019.

In a scenario of high cattle supply and a consequent decrease in cattle costs and increase in sales prices, a positive impact on industry margins was observed, with the cutout ratio (average beef price divided by the average cattle cost) increasing 13.3% on the prior year.

Operating | Financial Performance

NORTH AMERICA OPERATION	2020	2019	Chg.	
Tons (thousand)			**Tons**	**%**
Total Volume	1.982	1.895	87	4,6%
Domestic	1.678	1.605	73	4,6%
Exports	304	290	13	4,6%
US $ Million			**US$**	**%**
Net Revenue	9.442	8.868	573	6,5%
Domestic	8.376	7.729	646	8,4%
Exports	1.066	1.139	(73)	-6,4%
COGS	(7.776)	(7.685)	(91)	1,2%
Gross profit	1.665	1.183	482	40,8%
Gross Margin (%)	17,6%	13,3%		430 bps
Adj. EBITDA	1.438	982	456	46,5%
Adj. EBITDA Margin (%)	15,2%	11,1%		416 bps

Net Revenue

In 2020, net revenue from North America operation was US$9.4 billion, advancing 6.5% on 2019, mainly due to the 3.6% increase in the average price in the domestic market and the growth in total sales volume, reflecting the stronger demand for beef protein worldwide.

In Brazilian real, the operation's net revenue was R$48.9 billion, 39.5% higher than in 2019.

Gross Income

Gross income from the North America Operation in 2020 was US$1.7 billion, increasing 40.8% from 2019. The cutout ratio (average beef price divided by the average cattle cost) improved to 2.15, compared to 1.90 in 2019, explained by the higher average sale price (USDA Comprehensive), which reached US$233.30/cwt, up from US$219.13/cwt in 2019, and by the lower average price used as the reference for cattle purchase (USDA KS Steer), which was US$108.65/cwt in 2020, compared to US$115.94/cwt in 2019.

This combination supported gross margin expansion in 2020 to 17.6%, which is a record high for the operation.

In Brazilian real, gross profit was R$8.8 billion, advancing 87.9% from gross profit in 2019.

Adj. EBITDA & Adj. EBITDA Margin

In 2020, the North America Operation delivered its best result ever, with Adj. EBITDA of US$1,438 million and Adj. EBITDA Margin of 15.2%, representing growth of 46.5% on Adj. EBITDA in 2019.

In Brazilian real, Adj. EBITDA was R$7.7 billion, 96.1% higher than in 2019.

SOUTH AMERICA

Industry Overview

The global protein scenario remained solid despite the impacts caused by the coronavirus pandemic, with Asia remaining the largest international vector of beef protein imports, with China the main destination for exports in the region in 2020.

South America remained the region that most exports beef in the world in 2020, consolidating the positions of Brazil and Argentina in particular as the world's leading protein suppliers.

In **Brazil,** beef exports (fresh and further processed) reached some 2 million tons with sales of US$8.4 billion in 2020, according to data from the Foreign Trade Department (Secex) compiled by the Brazilian Meatpackers Association (Abrafrigo). The record result, led by strong demand from China, represented increases of 7.5% and 10.5% in relation to 2019 for fresh and further processed products, respectively.

In all, exports in 2020 to China and Hong Kong came to 1.2 million tons (58.6% of total volume), or US$5.1 billion (60.7% of total revenue). The second largest destination of exports was Egypt (128,000 tons, down 23%), followed by Chile (90,400 tons, down 18.2%) and the United States (59,500 tons, up 53.8%).

While Brazilian exports set new records for volume and revenue, the domestic market has yet to show signs of recovery and remains influenced by high raw material costs due to the lower cattle supply and the country's slow economic recovery.

Argentina, according to the Meat Export Consortium (ABC), exported a total of 900,000 tons of beef in the year, equivalent to US$2.7 billion, up 7% on 2019.

In **Uruguay**, the lower cattle supply in the first nine months of 2020 led to a reduction in the number of animals processed and consequently in total exports, which came to 415,000 tons, 11.5% lower than in 2019.

Operating | Financial Performance

SOUTH AMERICA OPERATION	2020	2019	Chg.	
Tons (thousand)			**Tons**	**%**
Total Volume	1.443	1.437	6	0,4%
Domestic	901	992	(90)	-9,1%
Exports	542	446	96	21,6%
R$ million			**R$**	**%**
Net Revenue	18.573	14.810	3.763	25,4%
Domestic	6.985	6.922	63	0,9%
Exports	11.588	7.888	3.700	46,9%
COGS	(15.692)	(13.065)	(2.627)	20,1%
Gross profit	2.881	1.745	1.135	65,1%
Gross Margin (%)	15,5%	11,8%		373 bps
Adj. EBITDA	2.066	1.003	1.063	106,0%
Adj. EBITDA Margin (%)	11,1%	6,8%		435 bps

Net Revenue

In 2020, net revenue from the South America Operation was R$18.6 billion, up 25.4% from 2019, explained by (i) the increases of 21.6% in volume and 20.8% in average export price; (iii) the local-currency depreciation of 30.7% in the period; and (iii) the average sales price in the domestic market 11% higher than in 2019, which offset the 9.1% decline in sales volume.

Gross Income

In 2020, gross income from the South America operation was R$2.9 billion, advancing 65.1% from 2019. The record result is explained by: (i) the excellent performance of exports due to the higher number of units authorized to export to China and a sales strategy that resulted in a better mix of destination countries; (ii) the better mix and pricing in Brazil's domestic market; (iii) the higher sales volume of further processed products and branded products; and (iv) the structural improvements in the operations and the reduction in costs and expenses and economies of scale produced by the operating improvement and efficiency program launched in 2019.

Adj. EBITDA & Adj. EBITDA Margin

In 2020, the Adjusted EBITDA of the South America Operation was R$2.1 billion, up 106% from 2019, with EBITDA Margin in 2020 of 11.1%, which represents a new record for the operation and expansion of 4.4 percentage points in relation to 2019.

3.1. Consolidated Results

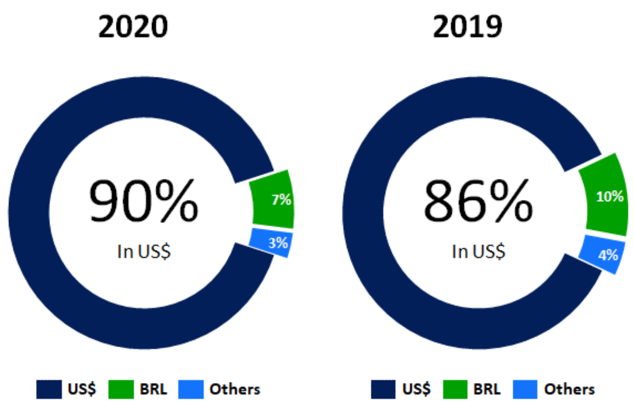
CONSOLIDATED RESULTS	2020	2019	Chg.	
Tons (thousand)			tons	%
Total Volume	3.425	3.332	93	2,8%
Domestic	2.580	2.597	(17)	-0,7%
Exports	845	736	110	14,9%
R$ Million			R$	%
Net Revenue	67.482	49.872	17.610	35,3%
Domestic	50.420	37.486	12.935	34,5%
Exports	17.061	12.386	4.675	37,7%
COGS	(55.760)	(43.425)	(12.335)	28,4%
Gross profit	11.722	6.447	5.275	81,8%
Gross Margin (%)	17,4%	12,9%		444 bps
SG&A	(3.519)	(2.838)	(681)	24,0%
(+) Depreciation & Amortization	(1.394)	(1.203)	(191)	15,8%
Adj. EBITDA	9.596	4.812	4.784	99,4%
Adj. EBITDA Margin (%)	14,2%	9,6%		457 bps

- **Net Revenue**

Marfrig Global Food's consolidated net revenue was R$67.5 billion in 2020, representing a record high for the Company and an increase of 35.3% on the prior year. The main factors were: (i) the continued excellent performance of the North America Operation, mainly in the domestic market; (ii) the higher export prices and volumes of the South America Operation; (iii) the 31% depreciation in the Brazilian real against the U.S. dollar; and (iv) the continued implementation of the improvement & operating efficiency program launched in 2019 in the South America Operation.

Marfrig is a highly internationalized company, with a large share of its revenue generated in currencies other than the Brazilian real. In 2020, net revenue denominated in foreign currency accounted for 90% of total revenue.

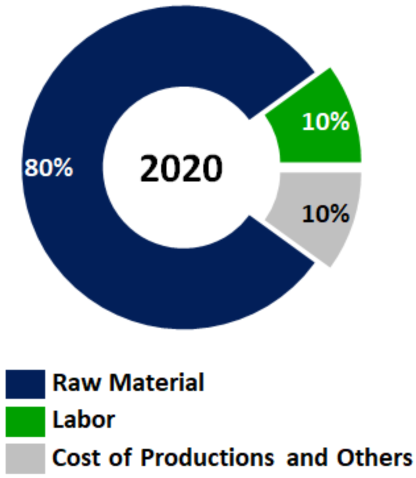
Revenue by Currency (%)



- **Cost of Goods Sold (COGS)**

In 2020, COGS amounted to R$55.8 billion, 28.4% higher than in 2019. The increase is mainly explained by the higher cattle cost in South America and the effects from Brazilian real depreciation against the U.S. dollar on the translation of costs in foreign currency.

Raw material costs accounted for around 80% of total costs.



- **Selling, General & Administrative Expenses**

SG&A expenses were R$3.5 billion, increasing 24.0% from 2019, which is mainly explained by the effects from the translation into Brazilian real of amounts at the international units. These effects were offset by the initiatives under the operating efficiency program and by the better control of costs, which led a reduction of 40 basis points in SG&A expenses as a percentage of net revenue (SG&A/NOR), which stood at 5.2% in 2020, compared to 5.6% in 2019.

In 2020, selling expenses amounted to R$2.6 billion. Selling expenses as a ratio of net revenue stood at 3.8%, down 30 basis points from 2019, with the initiatives to cut expenses, such as optimizing logistics and reducing travel, offsetting the higher sales volume.

General and administrative expenses were R$960 million. General and administrative expenses as a ratio of net revenue stood at 1.4%, down 10 basis points from 2019, mainly due to the streamlining of the corporate structure carried out in early 2020.

- **Adj. EBITDA & Adj. EBITDA Margin**

In 2020, Marfrig posted record Adj. EBITDA of R$9.6 billion, up 99.4% on the prior year. Adj. EBITDA margin was 14.2%, expanding 460 bps from 9.6% in 2019. The main factors explaining this performance were: (i) the record results in both operations, as explained above; (ii) the efficiency and productivity gains and reductions in costs; and lastly (iii) the local-currency depreciation in the period.

3.2. Financial Result | Continuing Operation

FINANCIAL RESULT	2020	2019	Chg.	
			R$	%
Net Interest Provisioned	(1.652)	(1.003)	(649)	65%
Other Financial Revenues and Expenses	168	(659)	827	-125%
RECURRING FINANCIAL RESULT	**(1.484)**	**(1.662)**	**178**	**-11%**
Non-recurring expenses	(271)	-	(271)	-
FINANCIAL RESULT BEFORE EXCHANGE VAR.	**(1.755)**	**(1.662)**	**(93)**	**6%**
Exchange Variation	(971)	(398)	(573)	144%
NET FINANCIAL RESULT	**(2.726)**	**(2.060)**	**(666)**	**32%**

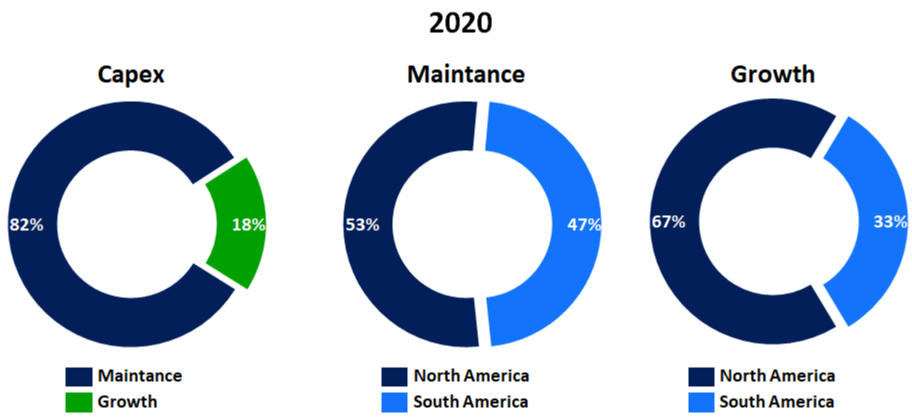
The net financial result in 2020 was an expense of R$2.7 billion, increasing 32.3% from R$2.0 billion in 2019.

Excluding the analysis of exchange variation effects, the net financial result was an expense of R$1.8 billion, up 5.6% on the prior year, explained mainly by non-recurring expenses of R$271 million, of which R$244 million were incurred in 1Q20 due to the prepayment of US$446 million in Senior Notes due in 2023 made on January 17, 2020. Of this amount, R$169 million was non-cash, since it refers to an accounting write-off of the issue's amortized costs.

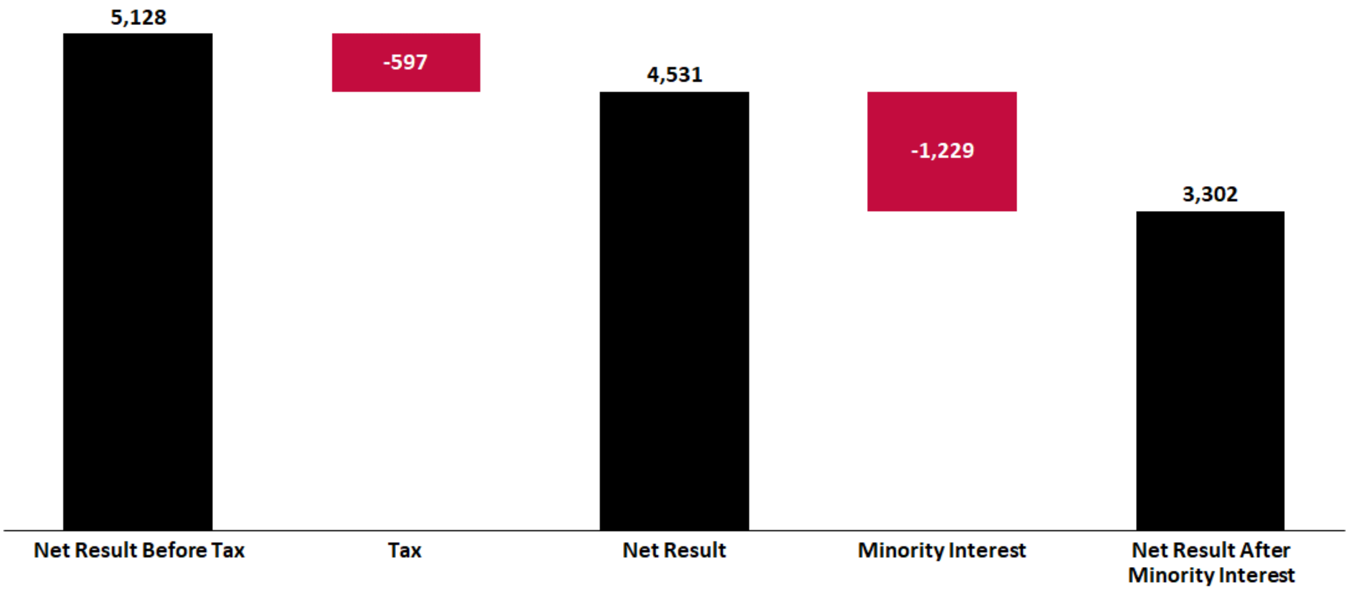
Including the line Interest and other expenses, the amount paid in 2020 was R$1.5 billion, down 11% in relation to 2019, reflecting the Company's efforts to reduce financial expenses and interest expenses.

3.3. CAPEX

In 2020, recurring capex was R$1.4 billion, up 71% in relation to 2019. This increase is explained by the effect from local-currency depreciation on the translation of investments made in foreign currency and by the increase in investments and projects in organic growth, especially (i) the technological improvement project at the plant in Liberal, Kansas to streamline operations in cuts and consumer-ready products; and (ii) the expansions of the deboning and patty areas at the Várzea Grande Unit. These projects are aligned with the Company's strategy to optimize its geographic footprint, which maximizes the potential of its most efficient units while closing less efficient plants.



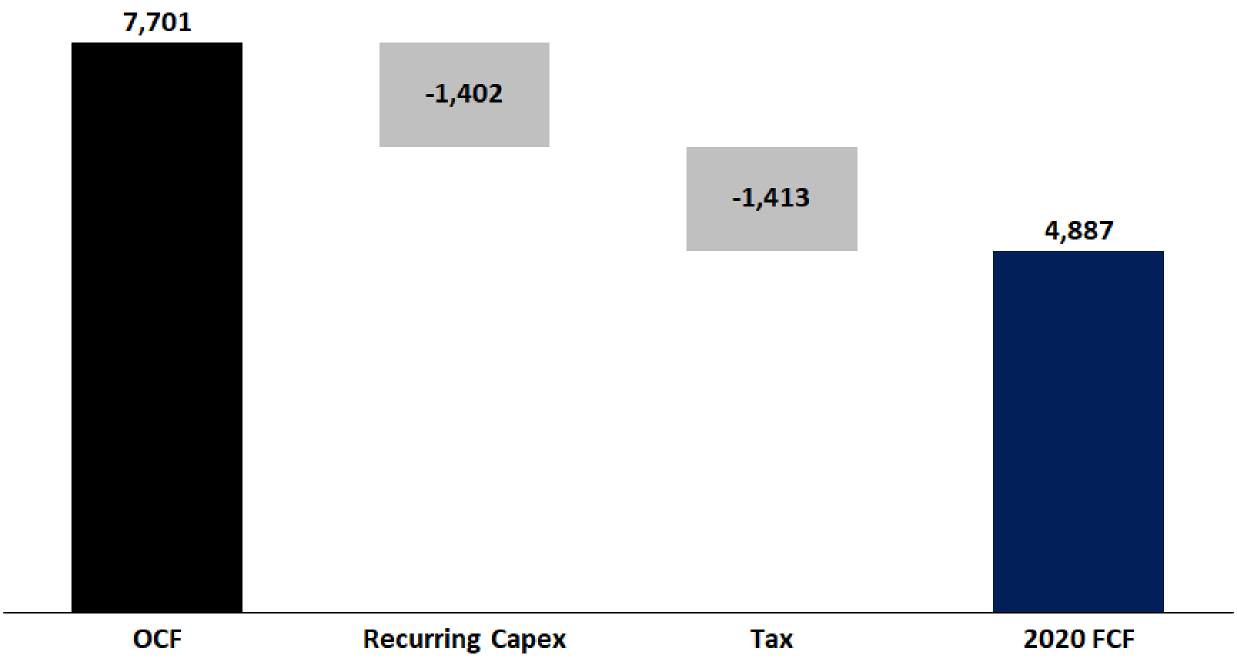
3.4. Net Income (Loss) | Continuing Operations



The Company posted record net income of R$3.3 billion in 2020, reaching the accounting base for the distribution of dividends and the creation of new reserves. As such, the Board of Directors proposed to the Annual Shareholders Meeting, to be held on April 8, 2021, the distribution of dividends for fiscal year 2020 in the amount of R$141 million. The amount represents 50% of net income available for distribution to shareholders and is equivalent to approximately R$0.20/share.

3.5. Cash Flow

(R$ million)



In 2020, operating cash flow ("OCF") was R$7.7 billion, increasing 196% from 2019, explained by the record operating performance of the North America and South America operations.

Better working capital management, lower financial expenses and the reduction in gross debt helped Marfrig to deliver record free cash flow in 2020, of R$4.9 billion.

3.6. Net Debt

Because a large portion of Marfrig's debt is denominated in U.S. dollar (debt denominated in USD or currencies other than the BRL ended 2020 at 88.8% of total debt), the variations discussed in this section are based on the amounts in U.S. dollar.

At December 31, 2020, net debt was US$2,897 million (R$15.1 billion), comprising gross debt of US$5,159 million and cash and marketable securities of US$2,262 million.

In 2020, a total of US$238 million (approximately R$1.3 billion) was paid in dividends to third parties.

Financial leverage, calculated by the ratio of net debt to proforma Adj. EBITDA LTM (last 12 months), stood at 1.60x in USD, down 0.08x from 3Q20. In BRL, the leverage ratio was 1.57x or 0.31x lower than the ratio in the previous quarter. This is the Company's lowest ratio ever in both USD and BRL.

Net Debt / LTM Adj. EBITDA in USD	Net Debt / LTM Adj. EBITDA in R$	Avg. Cost (% p.a.)	Avg. Term (years)
1,60x	1,57x	5,70%	3,48

DEBT PROFILE

On December 31, 2020, the Company's cash position covered its liabilities coming due in the next 40 months, while its average debt term stood at 3.48 years, with its long-term liabilities corresponding to 75% of the total.

The average debt cost ended the quarter at 5.70% p.a., down 56 bps from the end of 2019.

The downward trend in debt cost is one of the main indicators of the success of the ongoing efforts to reduce financial expenses and increase profitability.

CREDIT RISK RATING – GLOBAL SCALE

Marfrig remains in constant dialogue with rating agencies to ensure that its risk perception reflects its operating and financial performance.

In this context, the risk rating agency Fitch Ratings upgraded, in September, the Company's credit rating to 'BB' (from 'BB-'). Meanwhile, in November, Moody's upgraded its credit rating to 'Ba3' (from 'B1').In 2020, the outlook also was upgraded to positive by S&P. In all cases, the agencies justified their upgrades based on Marfrig's strong operating performance and the improvement in its credit metrics over the last two years, as well as the industry's positive outlook and adequate liquidity, which increases its capacity to weather volatility in the beef industry.

Agency	Brazilian Scale	Global Scale	Outlook
S&P	brAA+	BB-	Positive
FitchRatings	AA+bra	BB	Stable
Moody's	-	Ba3	Stable

4. CORPORATE GOVERNANCE

Marfrig Global Foods S.A. has a business management model that complies with the rules of the Securities and Exchange Commission of Brazil (CVM), the Novo Mercado Regulations of the São Paulo Stock Exchange (B3) and the recommendations of the Brazilian Code of Corporate Governance Best Practices of the Brazilian Corporate Governance Institute (IBGC). Business conduct is based on transparency in the reporting of information to its various stakeholders (shareholders, investors, clients, consumers, suppliers, employees and society) and adopts corporate governance practices that exceed legal recommendations and obligations.

In addition to a Board of Directors and a permanent Audit Board, the Corporation has four Advisory Committees to its Board of Directors, whose main function is ensuring that its activities are conducted to protect and increase the value of its assets and to optimize return on investment in the long term. These are the Statutory Audit Committee, Financial Committee, Compensation Committee, Corporate Governance & Human Resources Committee and Sustainability Committee.

Other instruments and policies supporting Marfrig's corporate governance activities include:

- **Code of Ethics & Conduct:** approved by the Board of Directors, the document, which is applicable to all Marfrig managers and employees, establishes the ethical and conduct principles that guide all internal and external relations and is aligned with best practices and legal requirements. The code is a set of expected behaviors and accepted and prohibited practices in the conduction of the Company's business. Once a year or whenever there are changes/updates, Marfrig administers training on the Code of Conduct to all applicable employees, whether officers, Audit Board members, directors, employees or interns. The document is available in three languages (Portuguese, English and Spanish) and widely disseminated by Marfrig's communication channels.
- **Anticorruption Policy:** also approved by the Board of Directors, the document, based on Brazilian anticorruption law, establishes guidelines for the conduct expected from employees, stakeholders and third parties when acting on behalf of Marfrig regarding anticorruption-related topics. The document is available in three languages (Portuguese, English and Spanish) and widely disseminated by Marfrig's communication channels.
- **Whistleblowing Channel:** called HELPLINE, the channel is available to all employees, clients, suppliers, service providers, investors, government officials and partners to receive reports on any activity in violation of the Company's standards and policies as well as of

governing law, in particular Brazil's Federal Law 12,846/13, which combats corruption.

- **Securities Trading Policy:** establishes the rules and procedures to be adopted by the Company and its related persons regarding trading in securities issued by it, assuring to all stakeholders that ethical conduct is adopted by those with access to material information.

- **Disclosure Policy:** establishes the practices for the disclosure and use of information to be observed by the Controlling Shareholder, Managers and members of the Audit Board, as well as by anyone who, due to their position, function or duties at the Company, may come to acquire knowledge of any material information of the Company, in accordance with CVM Instruction 358 of January 3, 2002 and with CVM Instruction 369 of June 11, 2002. The Company's material fact notices are published on the news portal of *Valor Econômico* (http://www.valor.com.br/valor-ri), on its Investor Relations website, and on the Regular and Special Information (IPE) system of the Securities and Exchange Commission of Brazil (CVM).
- **Dividend Policy:** When proposed by the Company, shareholder remuneration is paid in the form of dividends and/or interest on equity based on the limits set by law and by its Bylaws.
- **Related Party Policy:** ensures transparency for shareholders, investors and the market and promotes fair treatment of suppliers and clients, in line with the corporate governance best practices adopted by the market.
- **Market Risk Management Policy:** defines (i) the risk limits acceptable by the Company; (ii) the parameters for negotiating products to hedge Marfrig's exposures; (iii) the responsibilities and approval powers for contracting hedge instruments; (iv) the methodology for monitoring, communicating and informing the agents involved in market risk management.
- **Compliance Program:** the Compliance Program works to strengthen Marfrig's commitment to ethics and transparency, as well as to avoid, detect and address any deviation or breach.

  Based on best corporate governance practices and on the Marfrig Culture, the program's guiding principles are prevention, detection and response. The Program is structured based on five pillars:

  - Level responsible – The program is led by the Compliance Department, which reports to the Chief Legal Officer. This management structure also includes an Ethics & Compliance Committee, which meets quarterly and monitors topics relating to ethics and conduct.

  - Support from senior management – The Compliance structure can draw on the unlimited support of senior management for all actions, which is an essential condition for the program's effective implementation.

- Continuous risk management – Using a Compliance Risk Matrix that is periodically revised, the area manages all risks verified and then proposes mitigation measures and reinforces prevention mechanisms.

- Continuous Monitoring – To detect deviations in behavior and conduct, the Compliance team has mechanisms to monitor actions and performance indicators, which are important procedures in risk management.

- Policies and training – Marfrig's goal is to establish and uphold a culture guided by Integrity. It works on various fronts with employees and partners, which include the mandatory training agenda, regular communications and a compliance clause in all contracts with third parties.

Marfrig has a robust training program that is conducted annually using a technological platform and an on-site format to reach all employees. Training includes the content of all Compliance Policies, including the Code of Ethics and Conduct.

In 2020, training programs were administered to 100% of employees.

Marfrig has a set of Compliance policies that are regularly approved by our Board of Directors and can be accessed by all employees on the investor relations website, namely:

(i) Code of Ethics & Conduct;

(ii) Global Anticorruption Policy;

(iii) Policy on Donations, Sponsorships & Contributions;

(iv) Policy on Conflicts of Interest;

(v) Policy on Relations & Communication with Government Officials;

(vi) Policy on Business Gratuities, Entertainment & Hospitality;

(vii) Social Media Policy;

(viii) Policy on Prevention of Money Laundering and Terrorism Financing; and

(ix) Code of Ethics and Conduct of Third Parties.

Submission to Market Arbitration Chamber

The Company, its shareholders, Managers and Audit Board members undertake to resolve, through arbitration at the Market Arbitration Chamber, any and all controversies that arise between them related to or arising from their condition as issuer, shareholders, managers and Audit Board members and, in particular, from the provisions of Federal Law 6,385/76, Federal Law 6,404/76, the Corporation's Bylaws, the rules issued by the National Monetary Council, by the Central Bank of Brazil and by the Securities and Exchange Commission of Brazil and the other rules applicable to the capital markets in general, as well as those in the Novo Mercado Regulations, other regulations of the B3 and the Novo Mercado Listing Agreement.

Relationship with the independent auditors

Pursuant to CVM Instruction 381/2003, which refers to the rendering of services by our independent auditors, Grant Thornton Brasil, we hereby declare that the total fees related to services other than those associated with the independent audit did not represent more than 5% of the total fees paid to the group of auditors by Marfrig Global Foods S.A. and its subsidiaries, and none of the work affected the independence of the auditors.

International Chamber of Commerce

Since 2017, Marfrig is a member of the Commission on Corporate Responsibility and Anticorruption of the International Chamber of Commerce ("ICC") Brazil, an organization based in France whose purpose is to encourage and advise international commerce and globalization. The commission's purpose is to help strengthen compliance policies in the private sector and reestablish the country's international credibility.

In 2019, the ICC launched the campaign "Brazil Wants More," and the Corporation, as a supporter, participated in the launch ceremony that took place in São Paulo. The Corporation's executive officers were present and witnessed the execution of a Memorandum of Understanding between ICC Brazil and the Ministry of Justice and Public Security for the creation of an exclusive whistleblowing channel to receive reports of improper practices by government officials, with the goal of strengthening the fight against transnational corruption, money laundering, piracy and cybercrimes, as well as protecting fair competition and intellectual property rights. Within the scope of said campaign, the ICC also launched the Conduct Guide for Public-Private Relations prepared by the commission, which represents the first self-regulation in Brazil to guide practices based on integrity in relations between companies and the government.

In 2020, Marfrig reinforced its commitment to the ICC by approving, through its Board of Directors, its adherence to the Private Sector Commitment Integrity in the Production Chain, and started to require that all participants in its production chain follow the same standards of integrity established for its direct employees. Through this commitment, the Corporation expects to encourage a broad system of integrity and to disseminate best practices in compliance.

5. CAPITAL MARKETS & INVESTOR RELATIONS

Marfrig stock, which trades on the Novo Mercado segment of the São Paulo Stock Exchange (B3) under the ticker MRFG3, ended 2020 quoted at R$14.51/share, up 45.7% from the end of 2019. In 2020, average daily financial volume traded was approximately R$184.4 million.

Marfrig also trades through Level 1 American Depositary Receipts (ADR), with the ticker MRRTY, on the U.S. Over-the-Counter (OTC) market. Each ADR (USOTC:MRRTY) corresponds to one common share (B3:MRFG3).

Given the high liquidity of its stock, the Corporation was included in the IBRX – B3, the index of the 50 most traded stocks on the exchange.

In 2020, Marfrig also was included in the 16th portfolio of B3's Corporate Sustainability Index

(ISE). The indicator is a reference of good sustainability practices, since it compiles the stocks of companies that follow differentiated principles on the topic.

In one of the most turbulent years ever facing financial markets, the index tracking the performance of the Brazilian stock exchange (B3) ended 2020 with a gain of 3%, with 119,017 points on the last trading day of 2020.

6. SUSTAINABILITY & SOCIO-ENVIRONMENTAL PERFORMANCE

Sustainability is a key strategic pillar of Marfrig Global Foods. As such, Marfrig has been consistently working towards implementing best Environmental Social and Governance (ESG) practices, aligned with the principles of responsible investment. On the corporate governance front, Marfrig created a Sustainability Committee to discuss, assess and define its sustainability priorities.

Marfrig's commitment to sustainability is expressed in its business strategies, in the partnerships and commitments it undertakes with renowned social and environmental organizations and in its actions to promote animal welfare.

At the industry forefront in sustainable production and preserving biodiversity, Marfrig not only undertook, but continues to uphold and strengthen its various public commitments in partnership with major organizations.

Marfrig has developed and implemented a sustainability platform based on five core pillars:

1. Control of origin: managing the origin of raw materials, with key elements including biodiversity conservation, deforestation-free supply chain, labor conditions and indigenous lands;
2. Reducing greenhouse gas emissions: seeking the means and technologies for a low-carbon operation, including the development of new low-carbon products;
3. Animal welfare: rigorously following animal welfare principles, for which it adopts the recommendations of World Animal Protection and the most stringent international standards for humane slaughter;
4. Use of natural resources: promoting the conscientious use of water in production processes, while pursuing new ways to generate energy from clean and renewable sources;
5. Effluents and solid waste: ensuring the proper treatment and management of these subproducts so that they can be disposed of in an environmentally responsible manner.

Achievements and highlights of 2020

Marfrig Verde+: a pioneering program in the industry to combat deforestation in Amazonia and Cerrado biomes. With the program, Marfrig aims to ensure that 100% of its production chain is sustainable and free of deforestation by 2030.

Best beef protein company at FAIRR: Marfrig was the highest ranked beef protein company in the Coller FAIRR Protein Producer Index, placing fourth, up six positions from 2019. FAIRR is an initiative that gathers investors from around the world and that analyzes protein producers from different countries based on environmental, social and governance criteria.

Corporate Sustainability Index (ISE): Marfrig was included in the 16th portfolio of B3's Corporate Sustainability Index (ISE). The indicator is a reference of good sustainability practices, since it compiles the stocks of companies that follow differentiated principles on the topic.

Carbon Efficient Index (ICO2): The Corporation also is a component of the B3's Carbon Efficient Index (ICO2), whose portfolio includes the stocks of companies that adopt efficient measures to minimize the greenhouse gas emissions of their operations.

CDP A-List: Marfrig's management of water resources received a score of A from the CDP, a global non-profit organization that encourages companies and governments to reduce their greenhouse gas emissions, safeguard water resources and protect forests. Fewer than 10 companies in Latin America have attained this performance. In 2020, we also made progress in our scores in CDP categories related to Climate Change, going from C to A-, and to Forests (cattle products), from B to A-.

Carbon Neutral Beef: In partnership with Embrapa, Marfrig launched the Viva Carbon Neutral Beef (CCN) seal, which certifies that the products come from animals raised in a livestock-forest production system that neutralizes methane emissions.

Science Based Targets: Marfrig is Brazil's first animal protein company and Latin America's only beef producer to commit to Science Based Targets, an initiative to reduce greenhouse gas emissions to keep global warming below 2ºC, as envisaged in the Paris Accord.

Combating deforestation: The Corporation signed a public commitment coordinated by the Brazilian Business Council on Sustainable Development (CEBDS) whose goal is to collaborate with the Amazonia Council and combat illegal deforestation.

1st Green CPR in Brazil: In partnership with Banco Santander, Marfrig structured the first Green Agribusiness Rural Product Notes (CPR) in Brazil, which is a credit facility to encourage sustainable cattle raising. Funds are released based on criteria such as traceability, inclusion, zero deforestation and transparency, which are targeted by the **Marfrig Verde+ Program.**

Mitigation of Indirect Supplier Risks: Marfrig concluded its Indirect Supplier Risk Mitigation Map, which is an unprecedented initiative in the industry. With it, the Company gained more precise control of cattle rearing and raising areas in Brazil from the standpoint of socio-environmental risk.

Global Compact: Marfrig became a signatory to the United Nations (UN) Global Compact, an initiative to encourage companies to adopt policies on corporate and social responsibility and sustainability.

Authorization to produce organic beef under USDA protocols: The unit in Bataguassu, Mato Grosso was authorized to produce organic beef in accordance with the protocols of the U.S. Department of Agriculture (USDA), becoming eligible to export beef to the country.

Publication of Audit Report of the Public Commitment on Amazon Cattle Production: Marfrig is the only company in the industry to publish this document in 2020, which presents the results of the independent audit conducted to verify and ensure if the sourcing process used by it meets the criteria determined in the public commitment. These include not sourcing cattle from deforested areas, indigenous lands, conservation units or areas banned by the Brazilian Institute of the Environment and Renewable Resources (IBAMA) or from properties that use child and forced labor.

6.1 SOCIAL RESPONSIBILITY

To contribute to the development and social welfare of local communities, Marfrig carries out important programs to support communities in the various countries where it operates. The contributions range from partnerships with health institutions to financial support for social causes, as well as awareness-raising campaigns for employees and donation drives at units. **Marfrig Institute:**

Created in 2011, the Marfrig Fazer e Ser Feliz Institute is a non-profit organization that supports children in socially vulnerable situations between the ages of 6 and 16 by offering them a series of physical and intellectual development programs through sports and leisure activities and by fostering citizenship and respect for the environment.

Hospital do Amor:

Since 2017, the Corporation maintains a partnership with Hospital de Amor, an oncology center of excellence located in Barretos, São Paulo. Initially created to supply beef to satisfy daily consumption at the hospital, which serves around 20,000 people a month, the partnership was expanded to include the participation of cattle producers. Donations are used to maintain the cancer treatment, prevention and early diagnosis offered by the entity to the public for free through the Brazilian public healthcare service SUS.

Actions and donations to combat covid-19

Covid-19

The health and safety of everyone who works at the Company's sites, with continuous monitoring of conditions at units and following to the letter the protocols established by the World Health Organization and by the local authorities of the countries where it operates, remain Marfrig's first priority and focus.

We remain committed to keeping our units operational and to ensuring the supply of essential products to the majority of consumers.

South America Operation:

Marfrig maintained a testing program for all its 18,000 employees in Brazil. The goal is to identify employees who had contact with the novel coronavirus that causes covid-19 and, based on the data collected, to adopt additional preventive measures at its production units.

In this way, Marfrig further increased the efficiency of the preventive measures that it has taken since the onset of the crisis. The Várzea Grande unit in Mato Grosso, which has 3,000 employees, was the first to be tested under this program.

Marfrig, in partnership with two other food majors, ADM and Burger King®, announced the donation of over half a million plant-based burgers to projects run by non-governmental entities that assist people in socially vulnerable situations and health professionals. The products were delivered to the NGO Rio da Paz, the São Paulo Food Bank and SESC Mesa Brasil in São Paulo and Rio de Janeiro, which will be responsible for distribution to ensure that the food reaches those who most need it.

Also under the program, in May, the Company donated 26,500 hand sanitizer bottles to 27 institutions (hospitals and social organizations) in the 13 cities in which it operates in Brazil.

North America Operation

In the North America Operation, a Task Force to combat covid-19 was created in response to the most severe phase of the pandemic. The purpose of the task force is to formulate strategies in coordination and to implement the measures issued by the health authorities, such as the CDC, OSHA and other regulatory agencies. The Executive Safety & Health Officer was elected to head up the committee and several coordinators were appointed at each plant.

We now are focusing our efforts on supporting the communities where we live and work, as well as local companies that provide essential goods and services to our employees and their families. More than US$1.7 million was donated to assist local partners and communities.

Education - We know that teachers and students are facing major changes due to covid-19, which led us to donate funds to support key infrastructure needs of educational institutions, from notebooks for students and expanded internet access to support for additional sanitation supplies and reinforcement of school emergency funds.

Food, public utilities and basic needs – We donated funds and products, provided gift cards for meals in restaurants and supported small companies with their utility bills.

Health care - Hospitals, health professionals, first responders and public health experts have played vital roles in keeping our communities safe. To support their mission against covid-19, we provided tools and equipment with disinfectant solutions for ambulances and fire trucks, commercial washers and driers for sanitizing uniforms at emergency units, and meals for local county sheriff departments, police departments, fire departments, hospitals and other health facilities.

Elderly and children - We are focusing on these populations with special needs and the organizations that protect them. Our donation to a local nursing home enabled the acquisition of iPads for each resident so that they can maintain contact with their families during this period of long social distancing. We also supported veteran homes, community action centers, senior citizen homes, social assistance programs, boy's and girl's clubs, daycare centers and shelters for women and men.

7. PEOPLE MANAGEMENT

The business performance of Marfrig Global Foods is the product of the efforts of its 32,000 employees located in the various countries where it operates. Accordingly, the Company strives to support its professionals in their career development through good practices in recruiting, retaining and developing talent, while also encouraging diversity in the workplace.

Number of Employees

	2020	2019
North America Operation	9,766	9,378
South America Operation	22,244	22,844
Total Employees	**32,010**	**32,222**

In the South America operation, given the new reality in 2020, we revised our processes, adapted events and focused on the health of our employees without abandoning our mission to feed the world. Our employees were vaccinated against H1N1 to minimize the transmission risk of the novel corona virus. We tested everyone at all our units for covid-19, with the entire process monitored by our Health & Safety team, in accordance with our Covid-19 Contingency Plan. Employees who tested positive were placed on leave, during which we continued to provide medical assistance to them. At some units, employees were tested even more than once whenever the need was identified.

As a way to thank our employees for their effort and dedication, we donated over 660 tons of beef to our employees, which was distributed over 16 weeks.

In 2020, we created the Marfrig without Borders Project at the Várzea Grande Unit, which was conceived to support the company's social role in the community. The work, which is aligned with one of Marfrig's pillars, namely social responsibility and cooperation with local communities, is carried out through a partnership with Pastoral do Migrante, which supports refugees from various countries, especially Haitians, Venezuelans, Cubans and Bolivians.

We continue striving to ensure the safety of our employees: we reduced by 44% workplace accidents and by 65% lost-time accidents. And we created internal opportunities that spark interest in career advancement. In 2020, 46% of our leadership positions were filled through Internal Recruiting.

In the North America Operation, we worked to create an environment in which employees have the opportunity to deliver their best every day, in which their ideas and opinions are considered and they feel part of a family, the National Beef family. We fostered individual growth and opportunities through on-the-job training (workplace safety, food safety, development of specific skills, improvement in language skills and more) and organized opportunities for external training and managerial development/improvement training, as well as opportunities for reimbursement of tuition. We have a strong culture of career advancement in house, which provides career development and advancement opportunities. It also creates a greater sense of stability, resulting in higher retention among our employees.

In North America, where the workforce is formed by people of over 32 nationalities, the Company works to promote respect and to accommodate the wide variety of cultures that come together every day to work at our facilities. We partnered with local educational institutions to offer opportunities for employees to access English as a Second Language (ESL) classes and provide on-site Rosetta Stone training for employees who want to learn new language skills.

Launched in late-2018, the Share & Grow Together Program works to engage employees and increase retention through a space for conversations with employees to provide a forum so that their voices are heard, helping us to create an even better workplace. We already have concluded 16 hours of training on a Leadership Development Series for over 775 supervisors, managers and other key employees across the company.

In 2020, with the mission of ensuring the country's food supply, we remained in operation during the pandemic. Although we undertook this serious responsibility, our duty and priority always is to safeguard the health of our employees and communities. To recognize their inestimable contributions during this period, we offered Response to Special Emergencies Payments and Benefits to our production employees during 2020.

We created a covid-19 task force headed by a coordinator at each production unit, who was responsible for evaluating and planning the operations at each facility to ensure that all health regulatory guidelines are met. This team works in close collaboration with senior leaders at National Beef to develop new safety practices based on the evolution in the pandemic.

RECONCILIATION OF ADJUSTED EBITDA (R$ million)	2020	2019
Net Profit / Loss	**3.302**	**218**
(+) Provision for income and social contribution taxes	597	(230)
(+) Non-controlling Interest	1.229	1.364
(+) Net Exchange Variation	971	398
(+) Net Financial Charges	1.755	1.662
(+) Depreciation & Amortization	1.394	1.198
EBITDA	**9.248**	**4.610**
(+) Other Operacional Revenues/Expenses	348	161
Adj. EBITDA	**9.596**	**4.771**

PROFORMA

RECONCILIATION OF ADJUSTED EBITDA - PRO FORMA (R$ million)	2020	2019
Net Profit / Loss	**3.302**	**250**
(+) Provision for income and social contribution taxes	597	(230)
(+) Non-controlling Interest	1.229	1.364
(+) Net Exchange Variation	971	398
(+) Net Financial Charges	1.755	1.665
(+) Depreciation & Amortization	1.394	1.203
EBITDA	**9.248**	**4.650**
(+) Other Operacional Revenues/Expenses	348	162
Adj. EBITDA	**9.596**	**4.812**

Marfrig Global Foods S.A.

Parent Company and Consolidated
Financial Statements (DFP)

At December 31, 2020

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Taxes on income

Other information

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

Independent auditor's report on the individual and consolidated financial statements

To the Management and Shareholders of
Marfrig Global Foods S.A.
São Paulo – SP

Opinion

We have audited the individual and consolidated financial statements of Marfrig Global Foods S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the statement of financial position as of December 31, 2020, and the income statement, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and the corresponding explanatory notes, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the individual and consolidated financial position of Marfrig Global Foods S.A. as of December 31, 2020, and its individual and consolidated financial performance and individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements set forth in the Code of Ethics for Professional Accountants and the professional standards issued by the Federal Accounting Council and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

The key audit matters are those who, in our professional judgment, were the most significant in our audit of current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and when we formed our opinion on these individual and consolidated financial statements, and, accordingly, we do not express a separate opinion on these matters.

1. Revenue recognition - Notes 3.1.1 and 25

Why the matter was determined to be a KAM

As described in Note 25 - "Net sales revenue", as of December 31, 2020, the Company recognized revenues in the amounts of R$12,482,031 thousand and R$67,481,532 thousand, respectively, in the individual and consolidated financial statements for the year ended December 31, 2020. The Company's and its subsidiaries' revenues are subject to different operational frameworks, with a process of recording and capturing data considered complex (since they consider decentralized controls), which may entail differences in practices and possible distortions in recognizing revenue. Additionally, the Company's and its subsidiaries' revenue recognition process involves the use of different billing systems in multiple locations due to the capillarity of their business, which processes large volumes of data, with a combination of different products sold and prices in several countries; Therefore, after our analysis of all significant risks for the current year, we again considered the matter relevant and, thus, a key audit matter.

How the matter was addressed in the audit of the financial statements

Our audit procedures included, among others:

- Understand the key internal controls related to the revenue recognition process and the evaluation of the significant Information Technology systems used by the Company and its subsidiaries;
- Test revenues from sales of products (domestic and foreign markets) on a sampling basis, in order to: **(i)** analyze the commercial invoices supporting product sales; **(ii)** analyze financial settlements by the related customers; **(iii)** understand and test manual entries posted to revenue accounting records, when material; **(iv)** analyze commercial invoices issued in related-party transactions and their elimination in the consolidation process; **(v)** analyze shipments and transfers of goods to the customers, and **(vi)** match inventories written off to the respective revenue recognized;
- Perform confirmation procedures for certain outstanding invoices selected on a sample basis, and evaluate the revenue recognition criteria and the criteria for recognizing expected credit losses;
- Evaluate the assumptions used by Management and, also, if the revenue recognition and disclosure policies adopted by the Company and its subsidiaries are in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS).

Based on our audit approach and the procedures performed, we understand that the criteria and assumptions adopted by the Company and its subsidiaries to record and disclose operating revenue are appropriate in the context of the individual and consolidated financial statements taken as a whole.

2. Evaluation for impairment of certain intangible assets with finite useful life (goodwill) – Notes 3.1.7, 11 and 14

Why the matter was determined to be a KAM

As described in Notes 11– "Investments" and 14 – "Intangible assets", as of December 31, 2020, the Company had goodwill based on expected future profitability and certain intangible assets with finite useful life recorded in the individual and consolidated financial statements, in the amounts of R$1,048,685 thousand and R$7,985,473 thousand, respectively. The assets in question arise from acquisitions of investments made in the last years subject to critical judgments and assessments in determining their recoverability, which take into consideration the generation of future profits, among other assumptions.

Based on judgments and assumptions, the Company makes estimates to evaluate the likelihood of occurrence or not of future profits to realize said assets as well as to establish the assumptions and estimates that determine such profits.

By definition, the resulting accounting estimates will rarely be equal to the respective actual results (due to uncertainties and the high degree of judgment inherent in determining these assumptions and estimates). Therefore, the estimates and assumptions involve a significant risk and may require a material adjustment to the carrying amounts of the assets in the individual and consolidated financial statements at the date of the respective evaluations. For this reason, we considered this matter significant and, thus, a key audit matter.

How the matter was addressed in the audit of the financial statements

Our audit procedures included, among others:

- Evaluate and obtain an understanding of the processes, operating controls and cash flow projections considered in the impairment tests;
- Involve our corporate finance specialists in the valuation of financial and economic projections, review of mathematical calculations, analysis and understanding of the assumptions and methodology used to calculate and compare information to market expectations, and comparison of information to expectations from previous years and other historical information;
- Challenge the assumptions calculated by Management, such as interest and economic growth rates, to determine whether the assumptions were adequate, conservative or unrealistic based on economic data and market inputs;
- Evaluate the disclosures made by the Company in the individual and consolidated financial statements.

Based on our audit approach and the procedures performed, we understand that the amounts recorded and the criteria and assumptions adopted and disclosed in the financial statements to assess impairment of certain intangible assets, including goodwill, are appropriate in the context of the individual and consolidated financial statements taken as a whole.

3. Realization of federal and state tax credits – Notes 8 and 10

Why the matter was determined to be a KAM

As described in Notes 8 – “Recoverable taxes” and 10 – “Deferred income and social contribution taxes”, as December 31, 2020, the Company had federal and state tax credits recorded in the individual and consolidated financial statements, in addition to deferred income and social contribution tax assets arising from tax losses, negative social contribution basis and temporarily non-deductible and/or taxable differences, in the amounts of R$4,552,245 thousand and R$5,247,367 thousand, respectively. Said tax credits are subject to critical judgments and assessments in determining their recoverability. The accrual of tax credits by companies in the meatpacking industry is inherent in the business, due to the tax incentives granted by Brazilian legislation to exporters.

Management assesses the impairment risk of these assets when the likelihood of using these tax credits is remote, considering the following legal alternatives: **(i)** offset against other state and federal taxes, under the prevailing tax legislation; (ii) payments to suppliers; **(iii)** acquisition of equipment, inputs, and consumables by means of negotiation with suppliers; **(iv)** request for approval and refund, in kind, of said tax credits. Regarding the deferred income tax asset, based on judgment and assumptions, the Company makes estimates to evaluate the likelihood of occurrence or not of future profits to realize said asset as well as to establish the assumptions and estimates that determine such profits.

By definition, the resulting accounting estimates will rarely be equal to the respective actual results (due to uncertainties and the high degree of judgment inherent in determining these assumptions and estimates). Therefore, the estimates and assumptions involve a significant risk and may require a material adjustment to the carrying amounts of the assets in the individual and consolidated financial statements at the date of the respective evaluations. For this reason, we considered this matter significant and, thus, a key audit matter.

How the matter was addressed in the audit of the financial statements

Our audit procedures included, among others:

- Analyze the existence of disallowance of any tax credits taken during the year;
- Obtain a confirmation letter from the Company's attorneys for the ongoing requests for tax credit refund;
- Analyze, on a sampling basis, acquisitions of inputs, equipment and payments to suppliers during the year;
- Evaluate and gain an understanding of the processes, operating controls and cash flow projections considered in the impairment tests and involve our corporate finance specialists in the valuation of financial and economic projections, review of mathematical calculations, analysis and understanding of the assumptions and methodology used to calculate and compare information to market expectations, and comparison of information to expectations from previous years and other historical information;
- Analyze, on a sampling basis, the federal and state tax credits offset against tax debts of the same nature and evaluate requests for refund filed during the year;
- Challenge the assumptions calculated by Management, such as interest and economic growth rates, to determine whether the assumptions were adequate, conservative or unrealistic based on economic data and market inputs;
- Evaluate the disclosures made by the Company in the individual and consolidated financial statements.

Based on the audit approach and the procedures performed, we understand that the amounts recorded and criteria and assumptions adopted in recording tax credits and respective disclosures are appropriate in the context of the individual and consolidated financial statements taken as a whole.

4. Evaluation of judgment and estimate to record provisions for labor, tax and civil risks – Notes 3.1.3 and 23

Why the matter was determined to be a KAM

As described in Note 23 – “Provisions for risks”, as of December 31, 2020, the Company recorded provisions for tax, labor and civil risks in the individual and consolidated financial statements, in the amounts of R$345,352 thousand and R$428,939 thousand, respectively, arising from the normal course of its activities. Due to the complexity of the laws and regulations (mainly in Brazil) and the materiality of the pending litigation (in addition to the high degree of judgment required in the interpretation of laws and regulations, in the evaluation and estimates for the measurement of provisions for contingent liabilities, impact on the individual and consolidated financial statements and in the amount of the investment accounted for under the equity method in the individual financial statements), we again considered this issue a key audit matter.

How the matter was addressed in the audit of the financial statements

Our audit procedures included, among others:

- Evaluate the framework of internal controls relating to the identification, evaluation, measurement and disclosure of contingent labor, tax and civil risks as well as those relating to compliance with laws and regulations;
- Evaluate, on a test basis, the sufficiency of the provisions recognized by analyzing the criteria and assumptions used to measure the provision for contingent liabilities considering historical data and information based on the assessment of the Company’s and its investees’ internal and external legal advisors;

- Perform confirmation procedures with the legal advisors on the likelihood of loss on lawsuits, which is used as a basis for recognizing estimates and comparing to the amounts recorded by the Company, and, also, involve our tax, labor and social security specialists to the extent we deemed necessary to complete the respective analyses;

- Evaluate the disclosures made by the Company in the individual and consolidated financial statements.

Based on the audit approach and the procedures performed, we understand that the criteria and assumptions adopted by the Company to record and disclose the estimates relating to provisions for risks were appropriate in the context of the individual and consolidated financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2020, prepared under the responsibility of the Company's management and presented as supplemental information for IFRS purposes, have been subject to auditing procedures which were performed together with the audit of the Company's financial statements. In forming our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, according to the criteria defined in said technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Information other than the individual and consolidated financial statements and auditor's report thereon

The Company's management is responsible for this other information that is included in the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in Management Report, we are required to report this fact. We have nothing to report in this regard.

Responsibility of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of these individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements, unless Management either intends to liquidate the Company and its subsidiary or to cease operations, or has no realistic alternative to avoid doing so.

Those charged with the Company's and its subsidiaries' governance are those responsible for overseeing the financial reporting process.

Auditor’s responsibility for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve override of internal control, collusion, forgery, intentional omissions or misrepresentations;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s and its subsidiaries’ internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and, consequently, for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we may have identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including those regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements for the current year and are, therefore, the key audit matters.
We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 08, 2021

Jefferson Coelho Diniz

Grant Thornton Auditores Independentes

MARFRIG GLOBAL FOODS S.A.

Balance Sheet - Assets
As of December 31, 2020 and December 31, 2019

(In thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Note	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current Assets					
Cash and cash equivalents	4	291.563	244.698	2.041.924	1.774.902
Marketable securities	5	53.456	1.556.280	9.715.525	6.635.211
Trade accounts receivable - domestic	6	346.121	55.705	2.026.341	1.442.725
Trade accounts receivable - foreign	6	754.648	835.092	486.691	577.791
Inventories of goods and merchandise	7	623.150	681.792	2.851.160	2.383.486
Biological assets		-	-	36.922	29.139
Recoverable taxes	8	538.325	1.009.845	704.783	1.176.530
Prepaid expenses		12.148	15.461	93.107	61.823
Notes receivable	9	359.055	355.250	27.400	82.318
Advances to suppliers		81.473	71.493	154.978	110.044
Other receivables		37.671	8.637	281.071	146.135
		3.097.610	**4.834.253**	**18.419.902**	**14.420.104**
Non-Current Assets					
Court deposits		42.701	56.135	48.943	62.055
Notes receivable	9	14.078.584	7.335.451	2.150	-
Deferred income and social contribution taxes	10	1.037.059	940.957	1.542.293	1.413.253
Recoverable taxes	8	2.976.861	2.286.791	3.000.291	2.321.233
Other receivables		3.986	7.134	234.790	134.537
		18.139.191	**10.626.468**	**4.828.467**	**3.931.078**
Investments	11	7.714.909	4.558.779	60.023	45.694
Investment property	12	150.657	-	150.657	-
Property, plant and equipment	13	3.349.689	3.064.696	8.062.919	6.441.055
Intangible assets	14	295.482	318.894	7.985.473	6.734.090
		11.510.737	**7.942.369**	**16.259.072**	**13.220.839**
		29.649.928	**18.568.837**	**21.087.539**	**17.151.917**
Total Assets		**32.747.538**	**23.403.090**	**39.507.441**	**31.572.021**

The management notes are an integral part of the interim individual and consolidated financial statements.

MARFRIG GLOBAL FOODS S.A.

Balance Sheet - Liabilities and Equity
As of December 31, 2020 and December 31, 2019

(In thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Note	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current liabilities					
Trade accounts payable	15	730.037	1.088.611	2.764.643	2.670.322
Supply chain financing	16	3.426	176.881	3.426	176.881
Accrued payroll and related charges		107.822	111.019	1.545.664	757.699
Taxes payable	17	41.757	165.591	509.299	407.817
Loans, financing and debentures	18	5.089.995	2.076.246	6.566.089	4.594.444
Notes payable	22	119.703	104.584	125.899	108.483
Lease payable	20	11.875	20.112	161.432	131.093
Advances from customers	19	1.594.846	1.205.578	1.710.034	1.322.910
Dividends payable	21	70.542	-	70.542	-
Other payables		69.706	92.999	407.360	445.399
		7.839.709	**5.041.621**	**13.864.388**	**10.615.048**
Non-current liabilities					
Loans, financing and debentures	18	700.272	699.012	20.244.058	17.121.836
Taxes payable	17	157.080	709.113	372.302	768.129
Deferred income and social contribution taxes	10	-	-	98.831	136.275
Provisions for contingencies	23	345.352	291.343	428.939	361.884
Lease payable	20	157.528	81.780	527.998	392.740
Notes payable	22	21.452.888	15.961.656	246.356	233.094
Other payables		-	-	210.506	166.674
		22.813.120	**17.742.904**	**22.128.990**	**19.180.632**
Equity					
Share capital	24.1	8.204.391	8.204.391	8.204.391	8.204.391
Capital reserves, granted options and treasury shares	24.2	(1.684.338)	(1.271.370)	(1.684.338)	(1.271.370)
Legal reserve	24.3	59.327	44.476	59.327	44.476
Earnings reserve	24.4	148.431	7.348	148.431	7.348
Additional proposed dividend	24.5	70.542	-	70.542	-
Other comprehensive income	24.6	(4.703.644)	(3.271.650)	(4.703.644)	(3.271.650)
Accumulated losses		-	(3.094.630)	-	(3.094.630)
Controlling shareholders' equity		**2.094.709**	**618.565**	**2.094.709**	**618.565**
Non-controlling interest		-	-	1.419.354	1.157.776
Total equity		**2.094.709**	**618.565**	**3.514.063**	**1.776.341**
Total liabilities and shareholders' equity		**32.747.538**	**23.403.090**	**39.507.441**	**31.572.021**

The management notes are an integral part of the interim individual and consolidated financial statements.

MARFRIG GLOBAL FOODS S.A.

Statement of income
Years ended December 31, 2020 and 2019

(In thousands of Brazilian reais - R$, except earnings per share)

		Parent		Consolidated	
	Note	YTD 2020	YTD 2019	YTD 2020	YTD 2019
Net sales revenue	25	12.482.031	9.697.857	67.481.532	48.761.057
Cost of products and goods sold	26	(10.400.041)	(8.699.108)	(55.759.951)	(42.377.121)
Gross profit		**2.081.990**	**998.749**	**11.721.581**	**6.383.936**
Operating income (expenses)		2.560.097	406.437	(3.867.719)	(2.971.583)
Selling expenses	26	(577.456)	(617.864)	(2.559.284)	(2.054.213)
General and administrative expenses	26	(125.375)	(153.753)	(960.045)	(756.598)
Equity in earnings (losses) of subsidiaries	11	3.560.442	1.430.235	(656)	-
Other operating income (expenses)		(297.514)	(252.181)	(347.734)	(160.772)
Net income (loss) before net financial income (loses)		**4.642.087**	**1.405.186**	**7.853.862**	**3.412.353**
Financial income (expenses)	27	(1.924.968)	(1.899.689)	(2.725.568)	(2.059.726)
Financial income		3.214.936	1.247.051	3.091.980	2.113.170
Financial expenses		(5.139.904)	(3.146.740)	(5.817.548)	(4.172.896)
Net income (loss) before taxes		**2.717.119**	**(494.503)**	**5.128.294**	**1.352.627**
Income and social contribution taxes		**584.636**	**712.591**	**(597.442)**	**229.612**
Current and deferred income tax	30	488.533	549.846	(683.607)	193.814
Current and deferred social contribution	30	96.103	162.745	86.165	35.798
Net income (loss) for the year before interest		**3.301.755**	**218.088**	**4.530.852**	**1.582.239**
Attributable to:					
Controlling interest		3.301.755	218.088	3.301.755	218.088
Non-controlling interest		-	-	1.229.097	1.364.151
		3.301.755	**218.088**	**4.530.852**	**1.582.239**
Basic and diluted earnings (losses) per share - common	28	4,7176	0,3507	4,7176	0,3507
Basic and diluted (losses) earnings per share - Common - Total	28	**4,7176**	**0,3507**	**4,7176**	**0,3507**

The management notes are an integral part of the interim individual and consolidated financial statements.

MARFRIG GLOBAL FOODS S.A.

Statement of changes in shareholders' equity
Years ended December 31, 2020 and 2019

(In thousands of Brazilian reais - R$)

	Share Capital	Capital reserves, options granted and treasury shares	Legal reserve	Earnings reserve	Additional proposed dividend	Other comprehensive income	Accumulated losses	Total	Total non-controlling interest	Total shareholders' equity
At December 31, 2018	**7.319.467**	**155.824**	**44.476**	**7.348**	**-**	**(3.535.777)**	**(3.317.874)**	**673.464**	**3.338.093**	**4.011.557**
Capital increase	900.901	-	-	-	-	-	-	900.901	-	900.901
Costs with public offering	(15.977)	-	-	-	-	-	-	(15.977)	-	(15.977)
Cumulative translation adjustment and asset valuation adjustment	-	-	-	-	-	263.038	5.156	268.194	(2.571.959)	(2.303.765)
Operations to hedge against exchange variation	-	-	-	-	-	1.089	-	1.089	-	1.089
Acquisition of treasury shares	-	(69.193)	-	-	-	-	-	(69.193)	-	(69.193)
Goodwill stock option	-	(2.848)	-	-	-	-	-	(2.848)	-	(2.848)
Goodwill on capital transactions	-	(2.327.662)	-	-	-	-	-	(2.327.662)	-	(2.327.662)
Change in interest in subsidiary	-	972.509	-	-	-	-	-	972.509	(972.509)	-
Net income for the period	-	-	-	-	-	-	218.088	218.088	1.364.151	1.582.239
At December 31, 2019	**8.204.391**	**(1.271.370)**	**44.476**	**7.348**	**-**	**(3.271.650)**	**(3.094.630)**	**618.565**	**1.157.776**	**1.776.341**

	Share Capital	Capital reserves, options granted and treasury shares	Legal reserve	Earnings reserve	Additional proposed dividend	Other comprehensive income	Accumulated losses	Total	Total non-controlling interest	Total shareholders' equity
At December 31, 2019	**8.204.391**	**(1.271.370)**	**44.476**	**7.348**	**-**	**(3.271.650)**	**(3.094.630)**	**618.565**	**1.157.776**	**1.776.341**
Cumulative translation adjustment and asset valuation adjustment	-	(307.586)	-	-	-	(1.431.994)	89.893	(1.649.687)	(967.519)	(2.617.206)
Acquisition of treasury shares	-	(101.926)	-	-	-	-	-	(101.926)	-	(101.926)
Goodwill stock option	-	(3.456)	-	-	-	-	-	(3.456)	-	(3.456)
Dividends	-	-	-	(70.542)	-	-	-	(70.542)	-	(70.542)
Net income for the period	-	-	14.851	211.625	70.542	-	3.004.737	3.301.755	1.229.097	4.530.852
					-	-				
At December 31, 2020	**8.204.391**	**(1.684.338)**	**59.327**	**148.431**	**70.542**	**(4.703.644)**	**-**	**2.094.709**	**1.419.354**	**3.514.063**

The management notes are an integral part of the interim individual and consolidated financial statements.

MARFRIG GLOBAL FOODS S.A.

Statement of cash flows
Years ended December 31, 2020 and 2019

(In thousands of Brazilian reais - R$)

	Note	Parent		Consolidated	
		YTD 2020	YTD 2019	YTD 2020	YTD 2019
Net income for the period from operations		3.301.755	218.088	3.301.755	218.088
Non-cash items		**(2.323.605)**	**(839.612)**	**5.403.574**	**4.149.247**
Depreciation and amortization		283.499	312.374	1.393.607	1.197.515
Non-controlling interest		-	-	1.229.097	1.364.151
Provision for contingencies		54.009	(2.250)	72.787	(21.380)
Deferred taxes and tax liabilities		(96.103)	(162.745)	(86.165)	(79.331)
Equity in earnings (losses) of subsidiaries		(3.560.442)	(1.430.235)	656	-
Exchange variation on financing		748.937	66.456	724.466	69.154
Exchange variation on other assets and liabilities		48.743	164.832	246.267	342.388
Interest expenses on financial debt		73.734	47.741	1.412.936	1.110.576
Interest expenses on financial lease		3.985	10.216	23.699	24.466
Interest expenses on debentures		-	5.368	-	-
Cost with issue of financial operations		5.065	5.553	249.143	209.730
Leasing adjustment to present value		(275)	174	(272)	171
Estimated non-realization of inventories		(9.480)	(3.359)	(9.915)	(7.165)
Estimated losses with doubtful accounts		6.403	8.674	6.396	12.147
Estimated losses with non-realization of recoverable taxes		72.204	-	70.844	9.402
Other non-cash effects		46.116	137.589	70.028	(82.577)
Equity changes		**(3.893.175)**	**(874.855)**	**(1.014.124)**	**(1.767.245)**
Trade accounts receivable		164.645	(383.533)	220.825	(1.135.258)
Current inventory and biological assets		68.123	(183.526)	(41.716)	(418.522)
Court deposits		13.434	(14.662)	13.116	(14.588)
Accrued payroll and related charges		(3.197)	4.285	754.246	93.100
Trade payables and supplier chain financing		(516.025)	156.519	(739.338)	491.615
Current and deferred taxes		(966.622)	(772.561)	(596.773)	(532.530)
Notes receivable and payable		(2.604.194)	311.293	(258.319)	(129.529)
Other assets and liabilities		(49.339)	7.330	(366.165)	(121.533)
Cash flow (used in) provided by operating activities		**(2.915.025)**	**(1.496.379)**	**7.691.205**	**2.600.090**
Investing activities					
Investments		-	(51.970)	7	(13)
Acquisition of subsidiary, net of cash		(24.197)	-	(22.807)	(428.216)
Investments in fixed and non-current biological assets		(631.211)	(466.590)	(1.376.185)	(955.696)
Investments in intangible assets		(2.213)	(5.392)	(2.447)	(7.126)
Cash flow used in investing activities		**(657.621)**	**(523.952)**	**(1.401.432)**	**(1.391.051)**
Financing activities					
Interest settled debentures / Bonds		-	(45.665)	(2.440.411)	(1.441.838)
Debentures / Bonds		-	(570.000)	(1.941.126)	-
Loans and financing		2.187.273	1.065.989	1.719.497	6.063.982
Loans granted		7.075.578	4.643.274	11.521.783	17.405.894
Loans settled		(4.888.305)	(3.577.285)	(9.802.286)	(11.341.912)
Leases		(47.561)	(58.406)	(256.042)	(113.056)
Treasury shares		(101.926)	(69.193)	(101.926)	(69.193)
Acquisition of non-conrolling interest		(32.989)	-	(4.073)	(3.255.399)
Capital increase		-	900.901	4	900.901
Costs with issue of shares		-	(15.977)	-	(15.976)
Dividends received		-	792.572	-	-
Dividends (subsidiaries) paid to non-controlling shareholders		-	-	(1.283.405)	(2.075.044)
Cash flow (used in) provided by financing activities	33	**2.004.797**	**2.000.221**	**(4.307.482)**	**(5.623)**
Exchange variation on cash and equivalents		111.890	43.902	1.365.045	64.355
Discontinued operations net of cash		-	-	-	(49.364)
Cash flow in the period		**(1.455.959)**	**23.792**	**3.347.336**	**1.218.407**
Cash and cash equivalents					
Balance at end of period		345.019	1.800.978	11.757.449	8.410.113
Balance at start of period		1.800.978	1.777.186	8.410.113	7.191.706
Change in the period		**(1.455.959)**	**23.792**	**3.347.336**	**1.218.407**

The management notes are an integral part of the interim individual and consolidated financial statements.

MARFRIG GLOBAL FOODS S.A.

Statement of value added
Years ended December 31, 2020 and 2019

(In thousands of Brazilian reais - R$)

	Parent		Consolidated	
	YTD 2020	YTD 2019	YTD 2020	YTD 2019
Revenue	**13.298.880**	**10.322.580**	**68.573.563**	**49.744.936**
Sales of goods and services	13.298.964	10.335.144	68.551.925	49.630.368
Other revenues	6.319	(3.890)	28.034	123.741
Expected losses with doubtful accounts	(6.403)	(8.674)	(6.396)	(9.173)
Inputs purchased from other firms (including taxes - ICMS, IPI, PIS and Cofins)	**10.828.186**	**8.810.652**	**52.395.389**	**40.466.443**
Cost of goods sold and services rendered	8.883.251	7.019.035	46.325.199	33.856.203
Material, energy, outsourced services and other	1.944.935	1.791.617	6.070.190	6.610.240
Gross value added	**2.470.694**	**1.511.928**	**16.178.174**	**9.278.493**
Depreciation and amortization	283.499	312.374	1.393.607	1.197.515
Net value created by company	**2.187.195**	**1.199.554**	**14.784.567**	**8.080.978**
Value added received through transfer	**6.775.378**	**2.677.284**	**3.091.324**	**2.113.168**
Equity in earnings (losses) of subsidiaries	3.560.442	1.430.235	(656)	-
Financial income and exchange rate gains	3.214.936	1.247.051	3.091.980	2.113.170
Other	-	(2)	-	(2)
Total value added to be distributed	**8.962.573**	**3.876.838**	**17.875.891**	**10.194.146**
Value added distribution	**8.962.573**	**3.876.838**	**17.875.891**	**10.194.146**
Employees	**726.560**	**725.963**	**6.240.627**	**3.995.282**
Direct compensation	557.667	565.042	6.055.240	3.820.874
Benefits	133.798	123.160	147.523	133.590
FGTS (severance pay fund)	35.095	37.761	37.864	40.818
Taxes payable	**(222.414)**	**(231.680)**	**1.092.830**	**327.616**
Federal	(469.559)	(539.928)	749.095	(77.983)
State	242.238	304.177	338.787	401.478
Municipal	4.907	4.071	4.948	4.121
Value distributed to providers of capital	**5.156.672**	**3.164.467**	**6.011.582**	**4.289.009**
Interest	5.139.904	3.146.740	5.817.548	4.172.896
Rentals	16.768	17.727	194.034	155.277
Other	-	-	-	(39.164)
Value distributed to shareholders	**3.301.755**	**218.088**	**4.530.852**	**1.582.239**
Net income from operations in the year	3.301.755	218.088	3.301.755	218.088
Non-controlling interest	-	-	1.229.097	1.364.151

The management notes are an integral part of the interim individual and consolidated financial statements.

MARFRIG GLOBAL FOODS S.A.

Statement of comprehensive income
Years ended December 31, 2020 and 2019

(In thousands of Brazilian reais - R$)

	Parent		Consolidated	
	YTD 2020	YTD 2019	YTD 2020	YTD 2019
Net income (loss) in the year	3.301.755	218.088	4.530.852	1.582.239
Exchange variation on net investments and balance sheet translation	(1.431.994)	263.038	(2.399.513)	(2.308.921)
Operations to hedge against exchange variation	-	1.089	-	1.089
Total comprehensive income (loss) for the year	(1.431.994)	264.127	(2.399.513)	(2.307.832)
Total comprehensive inocme	**1.869.761**	**482.215**	**2.131.339**	**(725.593)**
Attributable to:				
Controlling interest	1.869.761	482.215	1.869.761	482.215
Non-controlling interest	-	-	261.578	(1.207.808)

The management notes are an integral part of the interim individual and consolidated financial statements.

1. Operations

Marfrig Global Foods S.A. is a multinational corporation operating in the food industry, in the food service, retail and convenience, industrial and export channels in Brazil and around the world. With a production footprint spanning the Americas, it has a diversified and comprehensive portfolio of products and its operations are founded on its commitment to excellence and quality, which has assured its products presence in the world's largest restaurant chains and supermarkets, as well as homes in nearly 100 countries. The Corporation's activities include the production, processing, further processing, sale and distribution of animal-based (beef, lamb and fish) and plant-based proteins. The Corporation is domiciled in Brazil and headquartered in the city of São Paulo.

The Corporation is a publicly held corporation with its shares listed on the Novo Mercado listing segment of the Brazilian Stock Exchange B3 S.A. – Brasil, Bolsa, Balcão ("B3") under the stock symbol MRFG3. Because it is listed on the Novo Mercado special corporate governance segment of B3, the Corporation is subject to arbitration under the Market Arbitration Chamber, pursuant to the arbitration clause in its by-laws, it is also traded as ADR (American Depositary Receipt), Level I (MRRTY code), on the Over-the-Counter (OTC) in the United States. Each ADR (USOTC: MRRTY) is equivalent to one common share (BOV: MRFG3).

The Corporation's stock is also a component of the main performance indicators of Brazil's Capital Markets, such as the Bovespa Index (Ibovespa, the most important indicator of the average performance of Brazilian stocks). Marfrig stock is also a component of the stock indexes of the Brazilian Stock Exchange: Broad Brazil Index BM&FBOVESPA (IbrA); Brazil 100 Index (IBrX 100); Brazil 50 Index (IBrX 50); Consumption Sector Index (ICON); Corporate Governance Trade Index (IGCT); Special Corporate Governance Stock Index (IGC); Novo Mercado Corporate Governance Index (IGC-NM); Industrial Sector Index (INDX); Special Tag-Along Stock Index (ITAG); Small Cap Index (SMLL).

2. Presentation and preparation of the parent company and consolidated financial statements

The Management of the Corporation approved the issue of these separate and consolidated financial statements on March 8, 2021, and warrants that, based on its judgment, all material information is substantiated and corresponds to that used in its management activities.

2.1. Statement of compliance

Consolidated financial statements

The Corporation's consolidated financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The accounting practices adopted in Brazil include those provided for in Brazilian Corporations Law, the Brazilian Accounting Standards (NBCs) and resolutions and instructions issued by the Securities and Exchange Commission of Brazil (CVM).

The parent company and consolidated Statement of Added Value (DVA) is required under Brazilian Corporation Law and the accounting practices adopted in Brazil applicable to public companies. IFRS standards do not require said statement. As a result, under IFRS, this statement is being presented as supplementary information, without prejudice to the complete set of interim financial statements.

Parent company financial statements

The parent company financial statements were prepared based on the accounting practices adopted in Brazil and resolutions issued by CFC and are disclosed jointly with the consolidated financial statements, observing the accounting guidelines based on Brazilian Corporation Law (Federal Law 6,404/76), which include the provisions introduced, amended and revoked by Law 11,638 of December 28, 2007, Law 11,941 of May 27, 2009 (former Provisional Presidential Decree 449 of December 3, 2008) and Law 12,973 of May 13, 2014.

There is no difference between the shareholders' equity and consolidated income (loss) and the parent company's shareholders' equity and income (loss) disclosed in the parent company financial statements. Thus, the consolidated/parent company financial statements are being presented in the same document.

2.2. Basis of presentation

The parent company and consolidated financial statements are denominated in Brazilian real (R$), which is the reporting currency, and all amounts are rounded to thousands of Brazilian real, unless otherwise stated.

The consolidated financial statements were prepared on the historical cost basis, unless otherwise stated. Certain assets and financial instruments may be stated at fair value.

The preparation of parent company and consolidated financial statements in accordance with IFRS and NBCs requires Management to make certain accounting estimates. The areas involving considerable judgment or use of estimates for the parent company and consolidated financial statements are stated in note 3.1.

2.3. Foreign currency translation

Functional and reporting currency

The financial statements of each consolidated subsidiary and those used as a basis for accounting for investments under the equity method are prepared using the functional currency of each entity.

Under NBC TG 02/R3 (CVM Resolution 640/10) – effect of changes in exchange rates and translation of financial statements, functional currency is the currency of the primary economic environment in which the entity operates. To define the functional currency of each subsidiary, Management considered which currency significantly influences the sale price of their goods and services and the currency in which most of their production input costs are paid or incurred. The consolidated financial statements are expressed in Brazilian real (R$), which is the functional and reporting currency of Marfrig Global Foods S.A.

Transactions and balances

Foreign currency transactions are translated into the functional currency of the Corporation using the exchange rate at the transaction date. Gains and losses resulting from the difference between the monetary asset and liability balance translation at the end of the period or year and the translation of the transaction balances are recognized in the income statement. Non-monetary assets and liabilities in foreign currency measured at fair value are translated at the exchange rate on the date on which their fair value is determined and the differences resulting from such translation will be recognized under other comprehensive income on the closing date of each period or year.

Group companies

The results of operations and the financial position of all consolidated subsidiaries and investments accounted for under the equity method, whose functional currency differs from the reporting currency, are translated from the reporting currency, as follows:

- **i.** Asset and liability balances are translated using the exchange rate in effect at the date of the consolidated financial statements;
- **ii.** Statement of operation accounts are translated using the monthly average exchange rate; and
- **iii.** All differences arising from the foreign currency translation are recognized in shareholders' equity and in consolidated comprehensive income (loss) under "Cumulative translation adjustments."

3. Summary of significant accounting practices

3.1. Significant accounting practices

The significant accounting practices adopted to prepare these financial statements are as follows:

3.1.1 Results of operations

Results of operations are recorded on the accrual basis.

- **Revenue**

Revenue from sales of products is recognized in accordance with NBC TG 47 (IFRS 15) – Revenue from contracts with customers, establishing a model of five steps to determine the measurement of revenue and how it will be recognized. Therefore, the Corporation recognizes revenue when the products are delivered and duly accepted by its clients, upon which the risks and benefits related to ownership are transferred. The property of risks and benefits is transferred when the products are shipped with the corresponding sales invoice, taking into account the incoterms. These conditions are met when the goods are transferred to the buyer, complying with main freights modalities used by the Corporation.

Revenue is shown net of taxes on returns, rebates and discounts and the consolidated financial statements are also net of intercompany sales eliminations.

- **Financial revenue and expenses**

Revenue comprises gains on changes in the value of financial assets and liabilities measured at fair value through profit or loss, as well as interest income obtained with the effective interest method.

They include interest income on invested amounts (including financial assets and liabilities measured at fair value through profit or loss), gains on the disposal of financial assets and changes in the fair value of financial assets measured at fair value through profit or loss. Interest income is recognized in the statement of operations using the effective interest method.

Financial expenses basically comprise interest on loans. Loan costs directly attributable to acquisition, construction or manufacture of a qualified asset and are capitalized jointly with the investment.

3.1.2 Segment reporting

The information by operating segment is based on internal reporting to the chief operating decision maker, according to NBC TG 22/R2 (CVM Resolution 582/09) – Segment reporting. The chief operating decision makers are the chief executive officer, the chief financial officer and the chief executive of each division (South America and North America).

This Management identified the two main reportable segments that are strategically organized according to the divisions, as per note 31.

3.1.3 Accounting estimates

The preparation of the parent company and consolidated financial statements in accordance with Brazilian accounting practices and IFRS requires Management to make estimates and assumptions that, in its best judgment, affect the reported amounts of assets and liabilities. These estimates and assumptions include, when applicable, the determination of the residual value of property, plant and equipment, allowance for estimated doubtful accounts, estimated inventory losses, deferred Income and Social Contribution tax assets and provisions for tax, labor and civil contingencies. Transaction settlement involving those estimates may result in values different from estimates, due to the inherent inaccuracy of the process. The Corporation and its subsidiaries review estimates and assumptions at least quarterly.

The issues requiring Corporation's estimates are as follows:

- Useful life of property, plant and equipment and intangible assets with finite useful lives (Note 13 and 14, respectively);
- Measurement of the fair value of biological assets (Note 3.1.6);
- Impairment of taxes (Note 8);
- Loss on impairment of intangible assets with undefined life, including goodwill (Note 14);
- Measurement of items arising from business combinations at fair value (Note 11);
- Fair value of financial instruments and derivatives (Note 29);
- Expected loss on doubtful accounts (Note 6);
- Expected loss with inventory obsolescence (Note 7);
- Deferred Income and Social Contribution tax assets (Note 10);
- Provisions (legal, tax, labor and civil proceedings) (Note 23);
- Stock option plan (Note 34.5);

3.1.4 Financial instruments

Financial instruments include financial investments, debt and equity instruments, accounts receivable and other receivables, cash and cash equivalents, derivative financial instruments, loans and financing, as well as accounts payable and other debts.

Financial instruments were recognized in accordance with NBC TG 48 (IFRS 9) – Financial instruments, as per CVM Decision 763/16.

The initial recognition of these financial assets and liabilities occurs when the Company becomes part of contractual provisions of the instruments and are recognized at their fair value plus, for instruments that are not recognized at fair value through profit or loss, any directly attributable transaction costs.

After the initial recognition, the Company classifies financial assets as subsequently measured at:

- **Amortized cost:** when the financial assets are held for the purpose of receiving contractual cash flows and the contractual terms of these assets must originate, exclusively, cash flows arising from payment of principal and interest on the amount of principal outstanding.

- **Fair value through other comprehensive income (FVOCI):** when financial assets are held both for the purpose of receiving contractual cash flows and for the sale of such financial assets. In addition, contractual terms must originate exclusively cash flows from the payment of principal and interest on the amount of principal outstanding.

- **Fair value through profit or loss (FVPL):** when financial assets are not measured at the amortized costs, fair value through other comprehensive income or designated as such upon initial adoption. Financial instruments designated are for measurement at their fair value through profit or loss when the Corporation manages and takes decisions to purchase or sell those investments, based on their fair value and in accordance with the strategy to invest and manage the Company's documented risk. After initial recognition, after initial recognition, transaction costs that are attributable to the acquisition of the investment are recognized in the statement of operations when incurred, along with their fluctuations in fair value.

The classification of the financial assets is based both on the Corporation's business financial asset management model and on their cash flow characteristics.

Similarly, the Corporation classifies financial assets and liabilities as subsequently measured at their amortized cost, FVPL or FVOCI. Financial liabilities measured at amortized cost use the effective interest method, adjusted for any reductions in the settlement value.

- **Derivative financial instruments and hedge accounting**

Derivative financial instruments designed in hedge operations are initially recognized at their fair value on the date of the derivative contract, and subsequently revaluated also at fair value. Derivatives are presented as financial assets when the fair value of the instrument is positive and as financial liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives during the year are recorded directly in the income statement, except for the financial instruments designated for hedge accounting, which are recognized directly in shareholders' equity as other comprehensive income. The amounts booked under other comprehensive income are immediately transferred to the income statement when the transaction underlying the hedge affects profit or loss.

3.1.5 Foreign currency

Management defined the Brazilian real as the functional currency of the Corporation and its companies in Brazil, according to the provisions of NBC TG 02/R3 (CVM Resolution 640/10) – effects on changes in foreign exchange rates and translation of financial statements.

The functional currency of foreign companies is the legal tender of the country in which they operate, except for companies located in the Netherlands, United Kingdom and in Uruguay, whose functional currency is the US dollar. Translations into the reporting currency are also in accordance with NBC TG 02/R3 (CVM Resolution 640/10) – effects on changes in foreign exchange rates and translation of financial statements.

Foreign currency transactions, i.e., all transactions not made in the functional currency, are translated using the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the closing exchange rate. Non-monetary assets and liabilities acquired or entered into in foreign currency are translated using the exchange rates on the transaction dates or the dates at which they are stated at fair value when fair value is used. Exchange rate variation gains or losses on monetary and non-monetary assets and liabilities are recognized in the statement of income.

3.1.6 Current and non-current assets

The main practices adopted for current and non-current assets are as follows:

- **Cash and cash equivalents**

Consist of cash, banks and short-term highly liquid financial investments that are readily converted to known amounts of cash and that are subject to an insignificant risk of changes in value.

- **Marketable Securities**

These include virtually all investments of the following types: Time deposit, Interest-bearing deposit and Repurchase agreements. These investments may be readily redeemed and have an insignificant risk of change in value.

- **Trade accounts receivable**

Trade accounts receivable are recorded at the fair value and when applicable, discounted to present value, according to NBC TG 12 (CVM Resolution 564/08) – Present value adjustment.

The expected loss with doubtful accounts is set up in an amount deemed sufficient by Management to cover possible losses on the realization of receivables, calculated on an individual basis and considering in its assumptions the concept of expected credit losses, as introduced by NBC TG 48 (IFRS 9) – Financial instruments.

- **Inventories**

Inventories are stated at the average acquisition or production cost, adjusted at net realizable value, if lower than the average cost.

- **Investments**

Corporation's investments in subsidiaries and affiliates are accounted for using the equity method in the parent company financial statements.

- **Investment property**

Investment property is recognized at fair value, which reflects the market conditions on the reporting date, in compliance with NBC TG 28/R3 (CVM Resolution 584/09).

Investment properties are written off when sold or when the investment property is no longer permanently used and no future economic benefit is expected from its sale.

The difference between the net value obtained from the sale and the book value of the asset is recognized in profit or loss in the period the asset is written off.

- **Property, plant and equipment**

Property, plant and equipment are stated at acquisition or construction cost, less depreciation calculated using the straight-line method at the rates mentioned in note 13 and take into consideration the estimated useful lives of assets and property lease terms with respect to leasehold improvements.

Finance charges on financing agreements incurred when property, plant and equipment items are being built are capitalized until the asset begins its operations.

Other expenditures are capitalized only if the economic benefits associated with the property, plant and equipment item increase. Another type of cost is recognized as an expense when incurred.

Pursuant to NBC TG 01/R4 (CVM Resolution 639/10) – asset impairment, an asset is tested for impairment on an annual basis. The asset's value must be estimated only if there is any indication of impairment.

- **Lease (Right of use)**

Applied as from January 1, 2019 to unify the lease accounting model, the standard NBC TG 06 (R3)/IFRS 16 requires that for all lease agreements under the scope of this standard – except those entitled to exemptions –lessees must recognize the liabilities assumed as corresponding entries to the respective right-of-use assets. The Corporation used the modified retrospective approach. This approach does not impact the Corporation's equity on the date of initial adoption, as the amount of right-of-use assets equals the amount of lease liabilities adjusted to present value. Furthermore, it allows the Corporation to apply the practical expedient for defining the lease contract in the transition.

The Corporation opted to use the exemptions proposed by the standard for lease agreements with terms ending 12 months as from initial adoption and for lease agreements whose underlying assets are of low value.

The impact from initial adoption on January 1, 2019 on the separate and consolidated accounting statements for right-of-use assets and lease liabilities was, respectively, R$145,784 and R$458,859. Shareholders' equity was not impacted upon initial adoption as the Corporation opted for the simplified retrospective approach model.

As of January 1, 2019, the previous balance recorded under leased property, plant and equipment (financial lease) was reclassified to right-of-use assets and the corresponding lease liabilities were incorporated under lease payables, as described in Notes 13 and 20.

- **Intangible assets**

Intangible assets consist of assets acquired from third parties, including through business combinations, and those generated internally by the Corporation. They are stated at acquisition or formation cost, less amortization calculated using the straight-line method, and based on the recovery estimated periods.

Intangible assets with indefinite useful lives and goodwill resulting from expected future profitability are not amortized and are tested annually for impairment.

The goodwill represents the excess of total consideration paid over the difference between the fair value of acquired assets and liabilities assumed on the takeover date of the acquired company.

Goodwill is capitalized as an intangible asset and any impairment is recognized in the statement of operations. Whenever the fair value of the acquired assets and assumed liabilities exceeds total consideration paid, the full difference will be recognized in the consolidated comprehensive loss on the acquisition date. The Corporation's intangible assets are described in note 14.

- **Biological assets**

According to NBC TG 29/R2 (CVM Resolution 596/09) - biological assets and agricultural products, agricultural activity is the management of the biological transformation of assets (living animals and/or plants) for sale, into agricultural products or into additional biological assets. The Corporation classifies living cattle as biological assets.

The Corporation recognizes biological assets when it controls these assets as a result of past events and it is probable that future economic benefits will flow to the Corporation and the fair value of the asset can be reliably measured.

Under NBC TG 29/R2 (CVM Resolution 596/09) – biological assets and agricultural products, biological assets should be measured on initial recognition and at the end of each reporting period at fair value less costs to sell, unless fair value cannot be reliably measured.

The Corporation values cattle at its fair value based on market prices.

3.1.7 Impairment

Impairment tests on goodwill and other intangible assets with indefinite economic useful life are annually conducted at the end of the year. Other non-financial assets, such as property, plant and equipment and intangible assets are submitted to impairment tests whenever events or changes in circumstances indicate that its book value may not be recoverable. Once the book value of an asset exceeds its recoverable value (i.e., the highest between the use and fair value minus selling costs), a loss is recognized to bring the book value to its recoverable value.

When it is not possible to estimate the impairment of an individual asset, the impairment test is conducted in its cash generating unit (CGU): the smallest group of assets to which the asset belongs and for which there are cash flows separately identifiable. The Corporation adopts as CGU for assessing the recoverable value of an asset, its segmentation by business unit.

Goodwill recorded in the initial recording of an acquisition is allocated to each BU of the Corporation that expects to benefit from combination synergies that originated the goodwill, for purposes of impairment testing.

Impairment losses are included in the statement of operations. An impairment loss recorded as goodwill is not reversed.

3.1.8 Current and non-current liabilities

Current and non-current liabilities are stated at known or estimated amounts, plus the related charges, exchange rate gains (losses) and/or monetary changes incurred through the balance sheet date, when applicable.

3.1.9 Provisions

Provisions are recorded in case of probable exit of future economic benefits resulting from past events and these can be safely estimated.

3.1.10 Share-based compensation plan

The effects of the share-based compensation plan are calculated at fair value and recognized in the balance sheet and the statement of operations as contract conditions are met and as commented in note 34.5.

3.1.11 Income and Social Contribution taxes

The Company recognizes deferred taxes on tax losses and temporary differences. In the consolidated statements, deferred income tax is estimated in compliance with the regulations of the various jurisdictions in which the Corporation conducts business and with NBC TG 32/R4 (CVM Instruction 371/02 and CVM Resolution 599/09) – taxes on income, which requires estimating the current tax position and assessing any temporary differences between the tax and accounting treatments.

Tax losses calculated in Brazil are not time-barred, but are limited to the use of 30% on taxable income for the year.

The book value of a deferred asset is revised quarterly. The book value of a deferred tax asset is written off when it is improbable that there is sufficient taxable income to allow part or the entire benefit of the deferred asset to be used. The recognition is made when it is possible that there is sufficient taxable income for its offset.

Deferred tax assets and liabilities are offset when the legally enforceable right to offset current tax assets and liabilities exists and the deferred tax assets and liabilities relate to income taxes levied by the same taxing authority.

Furthermore, Income and Social Contribution Taxes for the current year are calculated based on taxable income in accordance with the legislation in force in each jurisdiction in which the Corporation operates.

3.1.12 Dividends and Interest on Equity

Management's proposal for distribution of dividends and interest on equity within the mandatory minimum dividend amount is recorded as current liabilities since it is considered a legal obligation set forth in the bylaws. The amount that exceeds mandatory minimum dividend, which is declared by Management before the end of the reporting period and has not yet been approved by the shareholders, is recorded as proposed additional dividend in shareholders' equity.

3.1.13 Earnings per share

- **Basic**

Basic earnings/losses per share is calculated by dividing the earnings or losses attributable to the Corporation's controlling and non-controlling shareholders by the weighted average number of common shares outstanding during the period, pursuant to NBC TG 41/R2 (CVM Resolution 636/10) – earnings/losses per share, excluding the common shares held as treasury shares.

- **Diluted**

Diluted earnings/losses per share is calculated by dividing the earnings/losses attributed to the Corporation's common shareholders by the weighted average number of common shares, which would be issued in the conversion of all diluted potential common shares into common shares. The effect of dilution of earnings (loss) per share does not generate significant difference between basic and diluted earnings (loss). The dilution percentage is shown in note 28.

3.1.14 Share issuance expenses

In accordance with NBC TG 08 (CVM Resolution 649/10) – transaction costs and premium on issue of securities, transaction costs incurred with the raising of funds through the issuance of equity securities should be separately recorded in a valuation allowance which reduces shareholders' equity, less possible tax effects.

3.1.15 Treasury shares

Treasury shares are Corporation shares acquired by the Corporation itself and kept in the treasury with the specific purpose of carrying out the Corporation's stock option plan, as per note 24.2.2. Treasury shares are recorded in a separate account, and, for the purpose of balance sheet presentation, are deducted from the Income Reserve, whose balance was used in such operation.

3.1.16 Business combination

Business combinations are recognized using the acquisition method. Cost of an acquisition is the sum of the consideration transferred, measured at fair value on the acquisition date, and any non-controlling interest in the acquiree. For each business combination, the acquirer should measure the non-controlling interest in the acquiree at the fair value or based on the acquirer's share in fair value of the acquiree's identifiable net assets. Costs that are directly attributable to the acquisition should be recorded as an expense when incurred.

In a business acquisition, Management assesses the assets acquired and the liabilities assumed with the objective of classifying and allocating them according to contractual provisions, economic circumstances and relevant conditions on the acquisition date.

Goodwill is initially measured as the excess of the consideration transferred in the business combination over the fair value of the net assets acquired (identifiable assets and liabilities assumed, net). If the consideration is less than the fair value of the net assets acquired, the difference should be recognized as a gain in the statement of operations.

3.1.17 Consolidation

Accounting practices are uniformly applied to all consolidated companies and are consistent with those applied in previous years.

Description of the main consolidation procedures:

- Elimination of the balances of intercompany assets and liabilities;
- Elimination of ownership interest, reserves and retained earnings of subsidiaries;
- Elimination of the balances of intercompany revenues and expenses and unrealized profits resulting from intercompany transactions.

3.1.18 Statement of value added

The Corporation prepared the parent company and consolidated statement of value added in accordance with NBC TG 09 (CVM Resolution 557/08) – statement of value added, which is an integral part of the financial statements under applicable Brazilian accounting standards to publicly-held companies, while it represents additional information for IFRS standards.

3.1.19 Accounting in hyperinflationary economies

The Argentinean National Institute of Statistics and Census ("INDEC") published data for the wholesale price index for May 2018, which has been published consistently in Argentina and used only for monitoring the country's inflation. The publication shows that cumulative inflation in the last three years surpassed 100%. As a result of this and other factors, as described in NBC TG 42 – Accounting in hyperinflationary inflations (CVM Resolution 805/18), the Corporation concluded that Argentina classifies as a hyperinflationary economic environment. Accordingly, non-monetary items such as profit or loss were restated by the variation in the inflation index between the initial recognition period and the reporting period, with the aim of registering the balance sheet of subsidiaries at current value.

Inflation adjustment recognized in the years ended December 31, 2020 and 2019 was recorded as a corresponding entry to financial result, registering a gain of R$173,620 and R$161,021, respectively.

The translation of the balances of subsidiaries located in a hyperinflationary economy into the reporting currency was made at the exchange rate in force at the end of the month, for balance sheet and income statement items.

The Corporation used the Consumer Price Index ("IPC") to adjust for inflation the balances for the period between January 1, 2017 and the current period. The cumulative variations used in years 2020 and 2019 were 36.14% and 53.83%, respectively.

3.1.20 ITG 22 – Uncertainty over income tax treatments

ITG 22 clarifies how to apply the requirements for recognition and measurement of NBC TG 32/R4 (IAS 12) – Income taxes (CVM Resolution 804/2018), when there is uncertainty over income tax treatments. The Corporation must recognize and measure its current or deferred assets or liabilities by applying the requirements under NBC TG 32/R4 based on taxable income (tax loss), tax loss carryforwards, unused tax losses, unused tax credits and tax rates by applying such Interpretation. The interpretation was approved on December 21, 2018 and came into force on January 1, 2019.

The Management of the Corporation believes that there were no impacts stemming from the interpretation, as all procedures adopted for calculation and payment of income taxes are supported by the applicable legislation and precedents in administrative proceedings and courts of law.

3.2. Comments on COVID-19

On March 11, 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic, which led government authorities in various jurisdictions to impose quarantines or other restrictions to contain the spread of the virus, leading many companies to suspend or pare back their activities. However, the food industry is part of the supply chain of essential goods, along with the hospital, personal care and home care industries, which remained in operation.

The Corporation continues to evaluate constantly the impact of COVID-19 on its business and operations. To date, we know that situation is extremely challenging and, as the pandemic's effects reach regions where the Corporation operates, we are working actively to mitigate them. The main impacts on the Corporation's business as at December 31, 2020 are summarized below:

a) Operations

In the fiscal year 2020, the Corporation's operations were not adversely affected by the pandemic, as reflected in its record results registered in this period.

The geographies where Marfrig has operations were more affected by the end of the first quarter. However, the Corporation did not register operating losses given the market dynamics in both regions. On the one hand, sales in domestic markets for the food service channel decreased, but, on the other hand, sales increased significantly in the retail channel as people started to stock food to stay at home for a longer time.

Regarding exports, which is a significant matter for the South America operations, the Corporation's outlined a strategy, in December 2019, anticipating the slowdown of the Chinese market due to the year-end holidays, which proved to be more advantageous than expected given the outbreak of the pandemic that affected exports to China during the first quarter and the normalization of levels during the period.

b) Exchange variation

The depreciation in the Brazilian real against the U.S. dollar caused a positive impact on revenue for 2020, since approximately 92.9% of the Corporation's revenue is in currencies other than the Brazilian real. Regarding the effects from exchange variation on the financial result, we inform that they do not affect the Corporation's cash, since it is mostly pegged to long-term loan operations denominated in foreign currency to be realized in future periods

c) Social Aspects

Marfrig's operations are indispensable for the food safety of the communities where the Corporation is located and of the homes of consumers in approximately 100 countries. For this reason, the Corporation undertook a commitment to keep its units functioning during the crisis caused by the pandemic to ensure the supply of products necessary to most consumers, all with the utmost sense of responsibility, putting the health and safety of its employees first and monitoring constantly the conditions at our units.

The main social actions conducted by the Corporation during this period, which amounted to R$68.1 million, are described below:

In South America:

- ✓ Donation of R$7.5 million to the Ministry of Health of Brazil for purchasing coronavirus tests;
- ✓ Donation of R$1 million for medical care for vulnerable communities in Amazonia;
- ✓ Distribution of hand sanitizer free of cost to employees, social organizations and hospitals located in the cities in which the Corporation has operations in the amount of R$0.6 million;
- ✓ Donation of 48,000 cans of meat to complement emergency staple food baskets distributed by the Ministry of Social Development of Uruguay in the amount of R$0.3 million;
- ✓ Donation in Brazil of 2.5 kg of meat to each employee once a week, reinforcing the meals of our employees and their families in the first half of 2020, which represents the amount of R$12.5 million;
- ✓ Marfrig provided its employees with examinations and other prevention materials during the seven months of the pandemic, in the total amount of R$23.4 million;
- ✓ To maintain its supply to the public without exposing the health of its employees, Marfrig made other investments in prevention measure, in the amount of R$9 million;
- ✓ In addition, Marfrig implemented the #TMJMarfrig Program, focusing on supporting 5,000 micro and small businesses in the food service segment, which includes bars, restaurants, cafeterias, bakeries and steakhouses across Brazil;
- ✓ Investment of approximately R$50 million to lengthen the payment terms of invoices and to increase, up to three times, the credit limit for purchases by partner clients.

In North America:

- ✓ In Ohio, we contribute to the local Food Bank by donating US$123,000 (R$0.7 million) in chilled beef;
- ✓ Donation of meat kits to all employees and contractors at all operational units, in the amount of US$172,000 (R$1 million);
- ✓ Donations of US$2.3 million (R$12 million) to institutions that help to fight the spread of the virus and to local companies affected by the COVID-19 pandemic;
- ✓ Donation of US$25,000 (R$0.1 million) in refrigerated beef to companies that contribute to the distribution of food to families affected by the COVID-19 pandemic.
- ✓ In addition, all employees who are paid per hour are receiving a US$2 raise per hour in their base-salary.

d) Outlook

The COVID-19 pandemic continues to affect the countries in which the Corporation maintains its operations. However, as vaccination campaigns advance, the restrictions imposed by governments should be lifted and other activities affected the most should normalize. The Corporation, based on its studies and projections, does not expect significant impacts on its operations due to COVID-19. Nevertheless, it will continue to monitor the effects from the pandemic in the coming months to register, if any, potential significant effects on the financial statements when they become substantially known and measurable.

3.3. New standards and interpretations

The Corporation describes the main points of review required by the new standards issued by the Federal Accounting Board effective as of year 2020 as follows:

✓ **CVM Resolution 854**

On April 24, 2020, the Securities and Exchange Commission of Brazil ("CVM") issued CVM Resolution 854, which mandated publicly held companies to revise the standards NBC TG 38/R3, NBC TG 40/R2 and NBC TG 48, issued by the Federal Accounting Council (CFC), applicable to fiscal years started on or after January 1, 2020. The amendments to NBC TG 38/R3, NBC TG 40/R2 and NBC TG 48 establish changes involving:

- Uncertainty arising from the reform of the reference interest rate; and
- Application of specific requirements involving hedge accounting.

The changes to the technical pronouncements, envisaged by CVM Resolution 854, were assessed and taken into account by the Corporation as from January 1, 2020, without any effects on the financial statements herein.

✓ **Amendments to IFRS 16 and CVM Resolution 859/2020**

In May 2020, the IASB approved an amendment to the standard IFRS 16, which grants benefits in the profit or loss during the period affected by the COVID-19 pandemic to lessees, thereby not characterizing a modification of the contract. On July 7, 2020, the CVM published Resolution 859/2020, which approves the revision of NBC TG 06 (R3)/IFRS 16 that came into force as from January 1, 2020.

✓ **Amendments to NBC TG 26 (R5)/IAS 1 and NBC TG 23 (R2)/IAS 8**

Amendments to NBC TG 26 (R5)/IAS 1 and NBC TG 23 (R2)/IAS 8 clarify the definition of materiality and align the definition used in the conceptual structure and other accounting standards.

The Management evaluated the impacts of the adoption of these new standards and there are no significant impacts on the Corporation's parent company and consolidated financial statements.

3.4. Consolidated financial statements

The consolidated financial statements include the accounts of the Corporation and its subsidiaries, as per the table showing the equity interests of the Corporation in note 11.1 – Direct investments of the parent company.

The following table presents the direct and indirect equity interests composing the consolidated financial statements as of December 31, 2020:

Equity Interests

Parent Company	Core Activity
Marfrig Global Foods S.A	Processing and marketing of product (formed by cattle slaughter facilities in operation, which are also used in beef processing, for lamb primary processing, for producing home and personal care products, and for producing animal feed, located in the States of São Paulo, Mato Grosso, Mato Grosso do Sul, Pará, Rondônia, Goiás and Rio Grande do Sul, in addition to Distribution Centers in the States of São Paulo, Rio de Janeiro, Pernanbuco and Paraná, which are also used for beef procesing).
Subsidiaries	**Core Activity**
Masplen Ltd	Holding company
Pampeano Alimentos S.A	Producer of canned meat and other processed products
Marfrig Overseas Ltd	Specific Purpose Entity - SPEs
Marfrig Comercializadora de Energia Ltda	Energy trading and associated services
Inaler S.A	Processing and marketing of products
Establecimientos Colonia S.A	Processing and marketing of products
Frigorífico Tacuarembó S.A	Processing and marketing of products
Indusol S.A	Specific Purpose Entity - SPE for comission of industry in Uruguay
Prestcott International S.A	Holding company
Cledinor S.A	Processing and marketing of products: beef and lamb
Abilun S.A	Holding company
Dicasold	Marketing and distribution of food products
Marfrig Chile S.A	Processing and marketing of products
Frigorífico Patagônia S.A	Processing and marketing of products
Marfrig Peru S.A.C.	Marketing of products
Las Animas S.A.	Holding company
Marfrig Argentina S.A.	Processing and marketing of products
Estancias del Sur S.A	Processing and marketing of products
MFG Holdings SAU	Holding company
Quickfood S.A.	Processing and marketing of products
Campo Del Tesoro	Processing and marketing of products
Marfrig Holdings (Europe) B.V	Holding company whose purpose is to raise funds
Marfrig Beef (UK) Limited	Holding company
Weston Importers Ltd	Trading company
MARB Bondco PLC	Holding company whose purpose is to raise funds
MBC Bondco Limited	Holding company whose purpose is to raise funds
Marfrig China	Holding company whose purpose is to raise funds
Marfrig Beef International Ltd.	Holding company
Marfrig NBM Holdings Ltd.	Holding company
Beef Holdings Limited	Holding company
Ltd	Joint Venture
COFCO Keystone Supply Chain (China) Investment Lt	Joint Venture
COFCO Keystone Supply Chain Logistics (China)	Joint Venture
NBM US Holdings, Inc.	Holding company whose purpose is to raise funds
National Beef Packing Company, LLC	Processing and marketing of products
MF Foods USA LLC.	Marketing of products
Plant Plus Foods , LLC	Joint Venture
Iowa Premium LLC	Processing and marketing of products
National Carriers, Inc.	Transportation
NCI Leasing, Inc	Leasing transportation
National Beef California, LP	Processing and marketing of products
National Beef Japan, Inc.	Marketing of products
National Beef Korea, Ltd.	Marketing of products
Kansas City Steak Company, LLC	DTC Marketing of products
National Elite Transportation LLC	Transportation
National Beef Leatrhers, LLC	Processing of leather
National Beef de León S. de R.L. de C.V.	Processing of leather
National Beef Ohio	Processing and marketing of products
National Beef aLF , LLC	Holding company
aLF Ventures, LLV	Processing and marketing of products

The financial statements of subsidiaries located abroad were originally prepared in domestic currency, according to the applicable laws of each country where the companies are located. They were converted into the accounting practices issued by the International Accounting Standards Board (IASB) at their relating functional currencies. Later, those financial statements were translated into Brazilian Reais, using the exchange rate prevailing on the balance sheet date.

(In thousands of Brazilian reais, except where otherwise indicated)

4. Cash and cash equivalents

Cash and cash equivalents are composed of cash on hand and demand deposits, as follows:

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cash and banks	33,432	162,265	1,458,344	1,347,462
Cash equivalents	258,131	82,433	583,580	427,440
	291,563	**244,698**	**2,041,924**	**1,774,902**

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cash and banks:				
Brazilian real	176,314	115,317	180,869	117,556
US dollar	114,608	128,921	1,677,384	1,514,174
Other	641	460	183,671	143,172
	291,563	**244,698**	**2,041,924**	**1,774,902**

5. Marketable Securities

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Marketable securities	53,456	1,556,280	9,715,525	6,635,211
	53,456	**1,556,280**	**9,715,525**	**6,635,211**

The Corporation's financial investments by type are as follows:

	PMPV [(1)]	Currency	Average interest rate p.a.%	Parent 12/31/2020	Parent 12/31/2019
Bank deposit certificates - CDB [(2)]	-	BRL	1.83%	7,192	329,930
Repurchase and reverse repurchase agreements	-	BRL	0.00%	-	822,610
Fixed income bond	-	BRL	0.49%	14,939	12,961
Brazilian prize-draw investment bonds	-	BRL	0.00%	1,056	-
Time Deposit [(2)]	-	-	0.00%	-	371,197
FIDC [(2)]	0.21	BRL	5.47%	30,269	19,582
Total				53,456	1,556,280
Total current				**53,456**	**1,556,280**

	PMPV [(1)]	Currency	Average interest rate p.a.%	Consolidated 12/31/2020	Consolidated 12/31/2019
Bank deposit certificates - CDB [(2)]	-	BRL	1.83%	7,192	329,931
Repurchase and reverse repurchase agreements	-	BRL	0.00%	-	822,610
Time Deposit [(2)]	1.23	USD	1.28%	9,661,766	5,449,811
FIDC [(2)]	0.21	BRL	5.47%	30,269	19,582
Fixed income bond	-	BRL	0.53%	16,298	13,277
Total				9,715,525	6,635,211
Total current				**9,715,525**	**6,635,211**

(1) Weighted average maturity in years.

(In thousands of Brazilian reais, except where otherwise indicated)

(2) Transactions have daily liquidity and can be redeemed at any time. Said maturity is the maturity of the operation.

The Corporation maintains the following types of financial investments:

5.1. Bank Certificate of Deposit (CDB)

Bank certificates of deposit are investments made at financial institutions at variable rates and yield on average 96.00% to 100.00% of the variation in the Interbank Deposit Rate (CDI).

5.2. Repurchase and reverse repurchase agreements

Transactions based on outstanding daily cash denominated in Brazilian real that bear interest pegged to the Interbank Deposit Rate (CDI). This operation has immediate liquidity, for it can be early redeemed without yield loss.

5.3. Time Deposit

Fixed-rate investments issued by financial institutions on international markets.

5.4. FIDC – *Fundos de Investimentos em Direitos Creditórios* (Receivables Backed Investment Funds)

These are shares of an investment fund that invests in receivables rights.

5.5. Fixed Income Bonds

These are investments in fixed income securities issued by top tier financial institutions at fixed rates.

6. Trade accounts receivable – domestic and foreign customers

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Trade accounts receivable - domestic	346,121	55,705	2,026,341	1,442,725
Trade accounts receivable - foreign	754,648	835,092	486,691	577,791
	1,100,769	**890,797**	**2,513,032**	**2,020,516**
Amounts not yet due	1,088,294	868,068	1,735,137	1,336,185
Amounts overdue				
From 1 to 30 days	6,532	17,595	655,772	631,204
From 31 to 60 days	4,243	1,977	48,704	25,390
From 61 to 90 days	1,700	3,157	73,419	27,737
More than 90 days	37,411	31,008	57,851	47,255
(-) Expected losses with doubtful accounts	(37,411)	(31,008)	(57,851)	(47,255)
	1,100,769	**890,797**	**2,513,032**	**2,020,516**

The expected loss with doubtful accounts was set up in an amount deemed sufficient by Management to cover possible losses on the realization of its receivables, adopting the criteria of provisioning for the full amount of receivables overdue more than 90 days. The Corporation does not have a history of relevant problems with collection, which reinforces the reasonable reserves estimated by the Company.

In addition, the Corporation revised its estimated losses, given the counter-cyclical measures adopted to combat COVID-19 pandemic, and, despite the requests for deferral of payments by certain clients, the Corporation concluded that there is no significant evidence that would lead to a change in the criterion adopted by the Company to record the expected losses from doubtful accounts.

(In thousands of Brazilian reais, except where otherwise indicated)

Changes in expected losses for doubtful accounts are as follows:

	Parent	Consolidated
Balance on December 31, 2019	**(31,008)**	**(47,255)**
Estimate accrued	(6,403)	(6,396)
Exchange rate variation		(4,200)
Balance on December 31, 2020	**(37,411)**	**(57,851)**

A receivables-backed investment fund (*Fundo de Investimento de Direitos Creditórios* - FIDC) was created in June 2014 to sell a portion of the receivables from the installment sale in the domestic market, up to the limit of R$160,000 (principal), of which R$16,000 consists of mezzanine subordinated shares and increase of R$13,000 in July 2020, considering the amount of R$173,000. On December 31, 2020, there was R$162,195 of bills traded with the fund MRFG.

The program to sell non-recourse receivables with a prime financial institution in Europe, structured by the Corporation's indirect subsidiary Weston Importers Ltd., was concluded in the period ended June 30, 2020.

7. Inventories of products and merchandise

In the years ended December 31, 2020 and December 31, 2019, inventories of finished products were carried at average purchase and/or production cost, as explained below:

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2018
Finished products	547,458	614,649	2,213,842	1,885,431
Raw materials	7,690	8,248	255,014	213,676
Packaging and storeroom supplies	79,167	79,540	394,827	306,621
(-) Expected losses	(11,165)	(20,645)	(12,523)	(22,242)
	623,150	**681,792**	**2,851,160**	**2,383,486**

The Corporation grounds its estimates on historical losses, as follows:

	Parent	Consolidated
Balance on December 31, 2019	(20,645)	(22,242)
Reversal of estimates	9,480	9,915
Translation gains (losses)		(196)
Balance on December 31, 2020	**(11,165)**	**(12,523)**

During 2020, the Corporation's Management evaluated the estimated losses for inventories, and found coherent the amounts of R$11,165 and R$12,523 for the parent company and consolidated, respectively.

(In thousands of Brazilian reais, except where otherwise indicated)

8. Recoverable taxes

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
ICMS (State VAT)	562,198	418,479	573,642	423,978
PIS and Cofins (taxes on sales) credits	1,620,754	1,935,806	1,693,189	2,011,654
IRPF / IRPJ and CSLL (taxes on income) recoverable	1,408,983	945,303	1,428,286	977,153
Other	14,530	16,123	115,938	120,259
(-) Expected losses from non-realization	(91,279)	(19,075)	(105,981)	(35,281)
	3,515,186	3,296,636	3,705,074	3,497,763
Current assets	**538,325**	**1,009,845**	**704,783**	**1,176,530**
Non-current assets	**2,976,861**	**2,286,791**	**3,000,291**	**2,321,233**

8.1. ICMS (State VAT)

The balance of recoverable ICMS derives from credits taken for ICMS paid on the acquisition of raw, packaging and other materials and inputs, in amounts higher than the debts generated from domestic sales, since foreign market sales are free from this tax. The Corporation has been seeking ways to optimize these balances, when authorized, through transfers to third parties, for payments to suppliers of equipment, raw materials, consumption inputs and, in certain states, requests for reimbursement in cash.

8.2. PIS and COFINS taxes

The Company has noncumulative PIS and COFINS credits, pursuant to Federal Laws 10.637/02 and 10.833/03, on the acquisition of raw, packaging, and other materials used in goods sold in domestic and foreign markets. With the changes established by Federal Law 13,670 in August 2018, which permitted the offsetting of social security liabilities using other credits from the taxpayer generated as from said date, the Corporation started settling its social security liabilities using such credits, successfully using its PIS and COFINS tax credits generated since then.

Furthermore, the Corporation and the Office of the General Counsel for the National Treasury (PGFN) entered into with an agreement named "Procedural Legal Transaction (NJP) (SEI Procedure 19839.108398/2019-15), in which this accrued balance will be used for mandatory offsets, pursuant to Articles 73 and 74 of Federal Law 9,430/96, of its tax liability, mainly for the liabilities included under the special tax amnesty programs.

8.3. IRRF / IRPJ and CSLL recoverable

Refers to the withholding of income tax at source on services rendered to related companies located abroad, financial investments, negative balance of income and social contribution taxes for prior periods and income tax paid abroad on net income made available in Brazil. Income tax paid abroad is payable via offsetting of income and social contribution taxes calculated on profit for future periods and is not time-barred.

(In thousands of Brazilian reais, except where otherwise indicated)

8.4. Expected losses from non-realization of tax credits

The estimated losses for non-realization of tax credits were calculated based on the best estimate of realization of the Corporation's recoverable taxes balances, in which main credits are mainly from PIS/COFINS.

In the year ended December 31, 2020, the changes in this item were as follows:

	Parent	Consolidated
Balance at December 31, 2019	**(19,075)**	**(35,281)**
Addition	(72,204)	(72,775)
Write-off	-	1,931
Translation gains (losses)	-	144
Balance at December 31, 2020	**(91,279)**	**(105,981)**

9. Notes receivable

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Related-party transactions [a]	14,426,523	7,672,441	17,879	60,461
Market transactions receivable [b]	-	14,355	449	17,166
Other notes receivable	11,116	3,905	11,222	4,691
Total	**14,437,639**	**7,690,701**	**29,550**	**82,318**
Current assets	**359,055**	**355,250**	**27,400**	**82,318**
Non-current assets	**14,078,584**	**7,335,451**	**2,150**	**-**

(a) The amount presented at the Parent Company refers mostly to balances resulting from transactions with its subsidiaries, as described in note 33 Related parties;

(b) In the note 29, we break down financial instrument operations practiced by the Corporation. The Corporation and its subsidiaries are subject to market risks related to foreign exchange variations, interest rates fluctuations and commodities prices variations. These represent the amount of mark-t-market adjustment of derivatives receivable.

10. Deferred income and social contribution taxes

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Income tax	758,159	671,237	1,248,506	1,132,018
Social contribution tax	278,900	269,720	293,787	281,235
Deferred tax assets	**1,037,059**	**940,957**	**1,542,293**	**1,413,253**
Income tax		-	(98,831)	(136,275)
Deferred tax liabilities	-	-	(98,831)	(136,275)
Total deferred taxes	**1,037,059**	**940,957**	**1,443,462**	**1,276,978**

Deferred income and social contribution tax assets and liabilities are offset when there is a legal right to offset tax liabilities using tax credits and provided they are related to the same tax authority and legal person.

Credits from deferred tax assets on tax losses are booked to the extent that it is probably that the future taxable income will be available for use when the effective payment is made and/or said additions and exclusions of temporary differences are realized, when these will become deductible and taxable for the calculation of the taxable income, based on the assumptions and conditions established in the Corporation's business model.

The carrying amount of the deferred tax asset is revised periodically and projections, limited to five years, are revised annually, and if there are relevant factors that modify the projections, they are revised during the Corporation's fiscal year.

The estimates for assessing the probability of the occurrence or not of future profits for the offsetting of tax credits described above are based on the judgments and assumptions incorporated into the projections. By definition, the resulting accounting estimates rarely are equal to the corresponding actual results (due to uncertainties and the high level of judgment applicable to determining such assumptions and estimates). Therefore, such estimates and assumptions represent significant risk, with the probability of requiring a significant adjustment to the carrying amounts of the assets in the individual and consolidated financial statements at the time of the respective assessments.

Note that the projections were based on the assumptions for net income and historical data on the Corporation's profitability, adjusted by more recent material facts, taking into account the diverse economic scenarios of 7each market where the Corporation operates, due to its global and diversified presence in the Americas (approximately 92.9% of revenue came from international units, and most of them are located in economically stable countries).

The technical feasibility studies that support the recoverability of the deferred tax liability, which were prepared by the Management and approved by the Board of Directors, took into consideration the end of the operational restructuring process started in 2013 and concluded in 2018, whereby the Corporation adjusted its capital structure and debt level through a sequence of strategic initiatives.

In 2018, the Corporation successfully carried out two relevant strategic transactions: the acquisition of a controlling interest in National Beef and the conclusion of the sale of Keystone Foods, bringing its capital structure and financial indicators to levels within its long-term targets and becoming a reference in the industry. And, as part of an ongoing action, in 2019, the Corporation conducted additional strategic movements, such as the acquisitions of Quickfood (Argentina), of Iowa Premium Beef (USA) and of an additional interest in National Beef (USA), in which the Corporation now holds a controlling interest of 81.73% and, lastly, the primary offering of shares in the amount of R$900.9 million, reinforcing the direction towards becoming a simpler business focused on the beef industry, with a better footprint of operations that complement each other, capturing the financial benefits of a capital structure better suited to its business model..

(In thousands of Brazilian reais, except where otherwise indicated)

Based on the above, note that expected realization of "Deferred Tax Assets," based on a technical feasibility study, is as follows:

Year	Parent	Consolidated
2021	294,891	403,233
2022	330,855	441,262
2023	350,444	461,976
2024	60,869	150,094
2025	-	85,728
	1,037,059	**1,542,293**

The following table presents the reconciliation of deferred taxes in the year ended December 31, 2020:

	Parent		Consolidated	
ASSETS	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Income tax losses	1,535,829	1,529,473	1,822,975	1,768,722
Social contribution tax loss carryforwards	554,001	564,704	571,454	581,584
Temporary differences	201,666	169,575	322,382	401,289
Total assets	**2,291,496**	**2,263,752**	**2,716,811**	**2,751,595**
LIABILITIES				
Temporary differences	(1,254,436)	(1,322,795)	(1,273,349)	(1,474,617)
Total liabilities	**(1,254,436)**	**(1,322,795)**	**(1,273,349)**	**(1,474,617)**
Deferred tax assets, net	**1,037,060**	**940,957**	**1,443,462**	**1,276,978**

11. Investments

	Parent		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Interest in subsidiaries	6,961,696	3,980,728	-	-
Goodwill derived from business combinations	753,203	578,041	-	-
Other investments	10	10	60,023	45,694
	7,714,909	**4,558,779**	**60,023**	**45,694**

(In thousands of Brazilian reais, except where otherwise indicated)

11.1. Direct investments by the parent company

Investments in Subsidiaries on December 31, 2020:

	Shares / Units of interest	% interest	Country	Share capital	Equity	Continuing net income (loss)	Equity according to % interest (1)	Total assets	Total liabilities	Continuing interest from non-controlling shareholders	Net revenue	Interest - continuing net income (loss)	Goodwill
Marfrig Chile S.A.	9,950	99.50	Chile	84,674	272,716	38,511	271,352	471,051	198,327	8	683,094	38,318	-
Inaler S.A.	66,247,320	100.00	Uruguay	48,222	45,488	30,284	45,488	256,645	211,157	-	742,157	30,284	124,720
Frigorífico Tacuarembó S.A.	163,448,688	99.96	Uruguay	33,223	200,563	41,780	200,483	598,339	397,776	-	1,365,132	41,763	186,317
Masplen Ltd	5,050	100.00	Jersey Island	19,184	(51,531)	761	(51,531)	635,208	686,739	-	633,256	761	55,417
Prestcott International S.A.	79,638,916	100.00	Uruguay	15,185	93,306	(1,515)	93,306	472,656	379,350	-	631,321	(1,515)	71,467
Estab. Colonia S.A.	80,647,477	100.00	Uruguay	180,347	54,370	29,716	54,370	489,076	434,706	-	1,117,631	29,716	381,982
Marfrig Overseas Ltd	1	100.00	Cayman Islands	-	(1,310,633)	(130,469)	(1,310,633)	9,385,740	10,696,373	-	-	(130,469)	-
Marfrig Argentina S.A.	1,249,300,248	99.95	Argentina	77,373	(136,107)	10,841	(136,039)	374,257	510,367	(3)	862,972	10,836	-
Marfrig Com. de Energia Ltda	149,985	99.99	Brazil	-	(2,610)	(675)	(2,610)	18,149	20,759	-	59,522	(675)	-
Marfrig Holdings (Europe) BV	426,842	100.00	Netherlands	2,421,221	4,530,217	139,628	4,530,217	17,302,579	12,772,362	-	-	139,628	-
Marfrig Peru S.A.C.	4,988	99.76	Peru	7	(824)	(64)	(823)	101	925	-	-	(64)	-
Marfrig Beef (UK) Limited	2,001	100.00	United Kingdom	1,473,826	1,402,859	1,003,799	1,402,859	16,266,732	14,863,873	-	9,478,197	1,003,799	-
Marfrig Beef International Limited	2,001	100.00	United Kingdom	739,628	1,779,972	2,433,706	1,779,972	21,368,254	17,666,502	1,921,780	49,067,826	2,433,706	-
Abilun S.A.	400,000	100.00	Uruguay	49	(2,980)	2,016	(2,980)	43,244	48,117	(1,893)	171,311	2,016	-
MFG Holdings SAU	100,000	100.00	Argentina	-	55,812	(23,927)	55,812	779,610	689,676	34,122	2,843,833	(23,927)	-
QuickFood S.A.	57,900,314	10.00	Argentina	273,247	341,220	(18,590)	34,122	686,024	400,070	(55,266)	2,843,833	(1,859)	-
Las Animas S.A	4,950,000	99.99	Paraguay	4	(6)	(10)	(6)	6	12	-	-	(10)	-
Campo Del Tesoro	39,351,200	95.00	Argentina	4,690	22,240	(2,218)	21,128	97,163	74,923	-	97,766	(2,107)	-

(In thousands of Brazilian reais, except where otherwise indicated)

The changes in investments on December 31, 2020 are shown below:

	12/31/2019	Acquisition	Dividends	Bargain purchase	Other comprehensive income	Equity in earnings (losses) of subsidiaries	12/31/2020 [(2)]
Marfrig Chile S.A.	173,750	-	-	-	59,015	37,733	270,498
Inaler S.A.	13,100	-	-	-	2,088	30,300	45,488
Frigorífico Tacuarembó S.A.	123,720	-	-	-	34,430	41,907	200,057
Masplen Ltd	(62,830)	-	-	-	(156)	(8,189)	(71,175)
Prestcott International S.A.	75,609	-	-	-	19,184	(1,564)	93,229
Estab. Colonia S.A.	21,058	-	-	-	3,478	29,561	54,097
Marfrig Overseas Ltd	(915,715)	-	-	-	(264,449)	(130,469)	(1,310,633)
Marfrig Argentina S.A.	(96,157)	-	-	-	(50,996)	10,539	(136,614)
MFG Com. de Energia Ltda	(1,935)	-	-	-	-	(675)	(2,610)
Marfrig Holdings (Europe) BV	3,449,807	-	-	-	940,782	139,628	4,530,217
Marfrig Peru S.A.C.	(606)	-	-	-	(153)	(64)	(823)
Marfrig Beef (UK) Limited	1,277,601	-	(1,316,563)	-	438,014	1,003,801	1,402,853
Marfrig Beef International Limited	(148,234)	-	(389,957)	-	(115,543)	2,433,706	1,779,972
Abilun S.A.	(3,141)	-	-	-	(1,048)	1,209	(2,980)
MFG Holdings SAU	74,701	-	-	-	3,179	(23,004)	54,876
QuickFood S.A. [(1)]	-	32,989	-	-	2,993	(1,860)	34,122
Las Animas S.A [(3)]	-	-	-	-	4	(10)	(6)
Campo Del Tesoro [(4)]	-	24,668	-	2,994	(4,427)	(2,107)	21,128
Total	**3,980,728**	**57,657**	**(1,706,520)**	**2,994**	**1,066,395**	**3,560,442**	**6,961,696**

[(1)] The Company carries out a restructuring in May 2020, with the acquisition, from its direct subsidiary MFG SAL, of 10% interest in its indirect subsidiary Quickfood S.A, and the transaction was carried out at accounting values.

[(2)] Refers to the percentage of the Corporation's interest in its subsidiaries, adjusted by profit on unrealized inventories upon the consolidation of balances

[(3)] The Corporation acquired a holding company in Paraguay for its operations in the country.

[(4)] The Company acquired a processing plant in Argentina for its operations in the country.

11.1.1. Las Animas

On September 4, 2020, the Company announced a Non-binding Letter of Intent with the Paraguayan Association of Meat Producers and Exporters (APPEC) to form jointly a new company in the Republic of Paraguay to explore potential investments in the country.

Marfrig will contribute with its know-how in technology, production, marketing and logistics, while APPEC will ensure a significant amount of raw material and its broad knowledge of the local market to enable the sustainable development of the business with quality and competitive prices. The operation aims to replicate the successful model that Marfrig has been developing in National Beef, having local producers as partners in the venture.

On September 24, 2020, Las Animas was formed under the laws of the Republic of Paraguay, with offices in the city of Asunción, Paraguay, in which Marfrig holds an ownership interest of 100%.

The company has authorized capital of (PYG) Gs.5,000 million, represented by registered and endorsable shares, each one with nominal value of Gs50,000 and entitled to one vote.

11.1.2. Campo del Tesoro

On October 5, 2020, the Company entered into an agreement with the shareholders of Campo del Tesoro to acquire 100% of the company's shares in Argentina. The total transaction amount is US$4.6 million (R$25,966).

Campo del Tesoro is the leading producer of beef patties for the food service channel in Argentina. The company operates a plant located in Pilar, Buenos Aires Province, with capacity to process around 15,000 tons/year of beef patties and serves primarily one of the world's largest players in the food service channels.

For Marfrig, the transaction strengthens its portfolio of value-added products and is aligned with its strategic growth plan.

Marfrig has total capacity of 54,000 tons/year of beef patties in Argentina and is the leader in the country's retail and food service channels with the brands Paty and Good Mark, which serve international markets such as Brazil, Colombia and Chile.

(In thousands of Brazilian reais, except where otherwise indicated)

The Corporation measured the assets acquired and the liabilities assumed at fair value on the acquisition date, as follows:

	R$
Current assets	32,241
Property, plant and equipment	48,400
Intangible assets	2,589
Other non-current assets	2,258
Current liabilities	(35,907)
Non-current liabilities	(20,464)
Total identified assets, net of fair value	**29,117**
Bargain purchase	(3,151)
Total consideration transferred	**25,966**
Consideration transferred by the Parent - 95%	24,668
Consideration transferred by the Company's subsidiary - 5%	1,298
	25,966

11.2. INDIRECT INVESTMENTS

11.2.1 Quickfood S.A.

On January 3, 2019, the Corporation, through its subsidiary MFG Holding S.A.U.., entered into an agreement with BRF S.A. (“BRF”), whereby it acquired 532,041,681 shares representing 91.89% of the total and voting capital of Quickfood S.A. (“Quickfood”), a company headquartered in Argentina.

Quickfood has been traded on the Buenos Aires Stock Exchange since 2002 under the ticker “PATY” and is Argentina’s leading producer of beef products The company operates 3 plants in San Jorge, Baradero and Arroyo Seco, with primary processing capacity of 620 head/day and further processing capacity of around 6,000 tons/month of beef patties, hot dogs, cold cuts and frozen vegetables.

For the Corporation, a leading global beef producer, the transaction strengthens its portfolio of value-added products and is aligned with its strategic growth plan. The transaction also includes potential synergies and economies of scale with Marfrig’s operations in the country.

As a result of acquisition of Quickfood, the Corporation carried out a public tender offer for shares representing 8.11% of the capital of Quickfood traded on the Buenos Aires Stock Exchange (BCBA), in accordance with governing law. The offer was concluded on May 8, 2019, which changed the interest held from 91.89% to 98.5%.

11.2.2 PlantPlus Foods, LLC

On May 26, 2020, the Company entered into an agreement with Archer-Daniels-Midland Company ("ADM") to create PlantPlus Foods, a joint venture that will combine the innovation capacity, operating excellence and global scale of both companies to produce and sell plant-based products through retail and food service channels in the South America and North America markets.

(In thousands of Brazilian reais, except where otherwise indicated)

Marfrig, one of the world's largest beef and patties producers, and ADM, a global leader in nutrition, already have a history of success by joining forces to develop and produce sustainable and plant-based products, including the beef patties for Burger King's Rebel Whopper and for Outback Steakhouse's Aussie Plant Burger in Brazil, as well as products sold under Marfrig's brand Revolution. Now, PlantPlus Foods will enable the expansion of this successful relationship and unique expertise to offer to its clients beef patties, nuggets, cold cuts, sausages and other high-quality plant-based products.

Marfrig holds 70% of the new company and ADM the remaining 30%. Marfrig will be responsible for the production, sale and distribution of PlantPlus Foods, using its facilities in Várzea Grande, Mato Grosso state and in the state of Ohio in the United States. ADM will provide technical knowledge, application development and a range of plant-based ingredients made from its special protein complex in Campo Grande, Mato Grosso do Sul, as well as its protein units network located in the USA, including its new pea protein plant in Enderlin, North Dakota.

Marfrig and ADM plan to start operations at the new company as soon as the regulatory authorities in USA and Brazil approve it.

After obtaining the approval by competent regulatory authorities, the formation of PlantPlus Foods LLC was concluded on October 26, 2020, under the laws of Delaware, with offices in Chicago, Illinois.

12. Investment property

Investment property refers to tanneries and industrial plants that, under the Corporation's strategy, are held to generate lease income, whose amounts are registered at fair value.

The measurement at fair value in the fiscal year ended December 31, 2020 is as follows:

	Parent and Consolidated		
	Land	Constructions and buildings	Total
Tannery in Promissão	3,246	2,953	6,199
Tannery in Bataguassú	-	43,656	43,656
Plant in Capão do Leão	3,340	36,638	39,978
Plant in Mato Leitão	2,060	13,031	15,091
Plant in Pirenópolis	2,845	42,888	45,733
Net balance at 12/31/2020	**11,491**	**139,166**	**150,657**

13. Property, plant and equipment

The following tables show the weighted average annual depreciation rate determined using the straight-line method and based on the economic useful life of the assets and their balances. With the adoption of IFRS 16, assets related to leases are now recognized as right-of-use assets under property, plant and equipment.

Therefore, the following tables present separately:

(In thousands of Brazilian reais, except where otherwise indicated)

Changes in property, plant and equipment (Parent Company):

	Parent						
	Property, plant and equipment				Right-of-use		
Description	Land, constructions and Buildings	Machinery, equipment, furniture and fixtures	Construction in progress	Other	Plants	Other	Total
Avg. annual depreciation rates	**3.65%**	**15.57%**	**-**	**13.63%**	**10.64%**	**20.00%**	
Acquisition cost	2,950,225	926,191	43,700	384,552	117,020	7,979	4,429,667
Accumulated depreciation	(678,760)	(535,613)	-	(123,662)	(20,802)	(6,134)	(1,364,971)
Net balance on 12/31/2019	**2,271,465**	**390,578**	**43,700**	**260,890**	**96,218**	**1,845**	**3,064,696**
Additions	12,518	154,294	454,232	10,167	107,782	3,580	742,573
Write-offs	-	(923)	(665)	(25,758)	(21,703)	-	(49,049)
Transfers	430,392	476	(436,314)	5,768	-	(322)	-
Reclassification	(150,657)	-	(691)	-	-	-	(151,348)
Depreciation in the period	(116,795)	(74,290)	-	(47,467)	(17,724)	(907)	(257,183)
Net balance on 12/31/2020	**2,446,923**	**470,135**	**60,262**	**203,600**	**164,573**	**4,196**	**3,349,689**
Acquisition cost	3,242,480	1,079,890	60,262	372,687	203,098	11,237	4,969,654
Accumulated depreciation	(795,557)	(609,755)	-	(169,087)	(38,525)	(7,041)	(1,619,965)
Net balance at the end of the year	**2,446,923**	**470,135**	**60,262**	**203,600**	**164,573**	**4,196**	**3,349,689**

Changes in property, plant and equipment (Consolidated):

	Consolidated							
	Property, plant and equipment				Right-of-use			
Description	Land, constructions and buildings	Machinery, equipment, furniture and fixtures	Construction in progress	Other	Plants	Machinery and equipment	Other	Total
Avg. annual depreciation rates	**3.59%**	**12.12%**	**-**	**7.52%**	**9.36%**	**13.11%**	**19.02%**	
Acquisition cost	4,717,596	3,775,670	412,071	609,542	172,334	403,730	10,445	10,101,388
Accumulated depreciation	(1,177,886)	(2,138,440)	-	(219,438)	(31,788)	(84,672)	(8,109)	(3,660,333)
Net balance on 12/31/2019	**3,539,710**	**1,637,230**	**412,071**	**390,104**	**140,546**	**319,058**	**2,336**	**6,441,055**
Additions	15,837	165,731	1,191,447	128,625	109,255	42,590	4,701	1,658,186
Acquisition through business combination	17,150	29,695	-	217	-	-	-	47,062
Write-offs	(7,272)	(9,518)	(665)	(25,910)	(23,499)	(3,578)	(123)	(70,565)
Transfers	539,598	197,817	(865,304)	128,211	-	-	(322)	-
Reclassification	(150,657)	-	(691)	-	-	-	-	(151,348)
Translation gains (losses)	347,400	370,376	84,747	16,751	12,714	90,722	294	923,004
Depreciation in the year	(191,886)	(358,268)	-	(77,582)	(29,768)	(125,005)	(1,966)	(784,475)
Net balance on 12/31/2020	**4,109,880**	**2,033,063**	**821,605**	**560,416**	**209,248**	**323,787**	**4,920**	**8,062,919**
Acquisition cost	5,511,125	4,891,481	821,605	881,134	274,650	543,370	14,989	12,938,354
Accumulated depreciation	(1,401,245)	(2,858,418)	-	(320,718)	(65,402)	(219,583)	(10,069)	(4,875,435)
Net balance at the end of the year	**4,109,880**	**2,033,063**	**821,605**	**560,416**	**209,248**	**323,787**	**4,920**	**8,062,919**

Pursuant to NBC TG 01/R4 (CVM Resolution 639/10) – asset impairment, an asset is tested for impairment on an annual basis. The asset's value must be estimated only if there is any indication of impairment.

If any indication of impairment is found, recoverability analysis comprises projecting the profitability and future cash of the Corporation's business units, which are discounted to present value to identify the degree of recoverability of the asset.

During the year ended December 31, 2020, the book values of the Corporation's assets were not greater than the amounts which could be obtained by use or sale.

The Corporation and its subsidiaries recorded property, plant and equipment that are fully depreciated and still in operation, as well as temporarily idle items, as follows:

(In thousands of Brazilian reais, except where otherwise indicated)

	Parent/Consolidated	
	12/31/2019	
Description	Temporarily idle property, plant and equipment	Property, plant and equipment fully depreciated and still in operation
Land, constructions and buildings	81,774	230
Machinery, equipment , furniture and fixtures	10,961	62,823
Other property, plant and equipment	36,246	36,883
	128,981	99,936

14. Intangible assets

The Corporation has the subgroup intangible assets, composed of non-current assets, presented pursuant to NBC TG 04/R4 (CVM Resolution 644/10) – intangible assets, as shown in the summary below:

		Parent		Consolidated	
	Amortization rate	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Goodwill	0.00%	-	-	1,763,232	1,361,554
Trademark and patents	4.92%	22,883	22,883	1,530,318	1,279,876
Software and licenses	15.70%	24,709	28,952	30,563	34,092
Client relationship	7.62%	-	-	2,198,933	1,908,723
Right of use	5.50%	37,655	40,566	37,655	40,566
Sales channels	5.50%	210,235	226,493	210,235	226,493
Supplier relationship	6.67%	-	-	2,206,848	1,871,758
Other intangible assets	35.87%	-	-	7,689	11,028
		295,482	318,894	7,985,473	6,734,090

Goodwill from the acquisition of businesses by September 30, 2008 (last acquisition previous to transition date as of January 1, 2009, referring to complete adoption of the International Financial Reporting Standards (IFRS)) was calculated based on the accounting standards previous to NBC TG 15/R4 (CVM Resolution 665/11) - business combination. According to “IFRS Optional Exemptions,” the Corporation decided to adopt IFRS in all business acquisitions as from September 30, 2008. These goodwill amounts were based on expected future profitability, and supported by valuation reports from experts. The trademarks acquired from third parties, prior to December 31, 2009, were measured at the paid amount, while trademarks and list of clients acquired as part of business combination after September 30, 2008 were calculated at fair value pursuant to NBC TG 15/R4 (CVM Resolution 665/11) – business combination, for more details on the business combinations and the respective values derived from each one, see the Company's previous financial statements.

According to NBC TG 01/R4 (CVM Resolution 639/10) – asset impairment, the impairment test of goodwill and intangible assets with indefinite useful lives is conducted annually, and other intangible assets with finite useful lives are tested whenever there is evidence of non-realization of those items. Intangible assets represented by patents and a list of clients are amortized at their respective useful lives, if applicable. Certain intangible assets of the Corporation have undefined useful lives, according to the experts' valuation, and are annually tested for impairment.

Such analysis comprised projecting the profitability and future cash of the Corporation’s business units, which are discounted to present value to identify the degree of recoverability of the asset.

(In thousands of Brazilian reais, except where otherwise indicated)

Discounted cash flows to assess asset impairment were prepared for a period of at most 5 years, strictly in line with the applicable accounting standard. These cash flows are in line with the Corporation's strategic plan and growth projections based on past information updated by material facts for the Corporation, such as the export scenario in South America, the new levels of margins in the U.S. beef industry, the acquisitions of Quickfood (Argentina) and Iowa Premium Beef (USA), the increase in the equity interest in National Beef (USA) and the primary issue of shares, as well as market projections prepared by non-governmental agencies and entities. The calculation of the discount rates of these cash flows adopted the WACC method and were duly discussed and validated by the Management of the Corporation.

In the year ended December 31, 2020, the Corporation did not identify any indications of asset recorded in its books at an amount higher than that recoverable through use or sale.

14.1. CHANGES IN INTANGIBLE ASSETS

Changes in the intangible assets accounts for the year ended December 31, 2020 are as follows:

Parent Company

	Amortization rate	Balance at December 31, 2019	Acquisition / Write-off	Reclassification	Amortization	Balance at December 31, 2020
Sales channels	6%	226,493	-	-	(16,257)	210,236
Rights of use	6%	40,567	-	-	(2,912)	37,655
Software and licenses	21%	28,951	2,213	691	(7,147)	24,708
Trademarks and patents	0%	22,883	-	-	-	22,883
Total		318,894	2,213	691	(26,316)	295,482

Consolidated

	Amortization rate	Balance at December 31, 2019	Acquisition/ Write-off	Exchange variation	Acquisition through business combination	Reclassification	Amortization	Balance on December 31, 2020
Goodwill	0%	1,361,554	-	401,678	-	-	-	1,763,232
Sales channel	5%	226,493	-	(1)	-	-	(16,257)	210,235
Rights of use	16%	40,566	-	1	-	-	(2,912)	37,655
Software and Licenses	8%	34,092	2,447	1,578	-	691	(8,245)	30,563
Trademarks and patents	6%	1,279,876	-	357,701	471	-	(107,730)	1,530,318
Client relationship	6%	1,908,723	-	549,892	2,118	-	(261,800)	2,198,933
Supplier relationship	7%	1,871,758	-	539,928	-	-	(204,838)	2,206,848
Other intangible assets	36%	11,028	-	4,011	-	-	(7,350)	7,689
Total		6,734,090	2,447	1,854,788	2,589	691	(609,132)	7,985,473

The goodwill generated from acquisitions of ownership interests abroad is expressed in the business unit's functional currency and is translated at the closing rate, in accordance with NBC TG 02/R3 (CVM Resolution 540/10) – effects of changes in exchange rates and translation of accounting statements.

(In thousands of Brazilian reais, except where otherwise indicated)

15. Trade payables

	Parent		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Third parties	406,437	1,023,616	2,469,624	2,613,772
Related parties [1]	323,600	64,995	295,019	56,550
	730,037	**1,088,611**	**2,764,643**	**2,670,322**

[1] Most of trade and other accounts payable include balances from transactions with its Subsidiaries and other related parties, as described in Note 33 – Related parties.

16. Supply chain finance

	Parent		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Supply chain finance	3,426	176,881	3,426	176,881
	3,426	**176,881**	**3,426**	**176,881**

The Corporation entered into structured supply chain financing operations to extend raw material purchase terms with certain suppliers, considering the conditions practiced in the market. With the adoption of a new approach, the Corporation reduced the volume of these operations over fiscal year 2020.

17. Taxes payable

	Parent		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2018**
Income and social contribution taxes payable	56,532	55,564	689,481	326,034
Special tax debt installment plans	128,472	806,563	129,380	807,555
Other taxes, fees and contributions payable	13,833	12,577	62,740	42,357
	198,837	**874,704**	**881,601**	**1,175,946**
Current liabilities	41,757	165,591	509,299	407,817
Non-current liabilities	157,080	709,113	372,302	768,129

(In thousands of Brazilian reais, except where otherwise indicated)

17.1. SPECIAL TAX DEBT INSTALLMENT PAYMENT PLAN – LAWS 11,941/09, 12,865/2013, 12,996/2014, PERT LAW 13,496/2017, "NJP" – PGFN AND TA 120 OF THE STATE OF MATO GROSSO DO SUL

On November 8, 2019, the Corporation entered into a Procedural Legal Transaction, simply referred to as "NJP", based on Articles 190 and 191 of the Code of Civil Procedure and the Administrative Rules of the Office of the General Counsel for the National Treasury (PGFN) 360 of June 13, 2018 and 742 of December 21, 2018. This agreement provides for the formalization of a plan to pay federal tax liabilities in installments through the use of PIS and COFINS tax credits with requests for reimbursement analyzed and approved by the Federal Revenue Service of Brazil, complementing the payments for November and December 2019.

In conformity with the agreements signed, during 2020, Brazil's Federal Revenue Service conducted settlements on its own initiative of the remaining tax credits already inspected, adjusted by the Selic interest rate, in the amount of R$614 million.

Changes in special installment payment plans are as follows:

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Opening balance	806.563	917.919	807.555	919.059
(+) Adhesion to the installment payment program	-	57.738	-	57.738
(-) Inflation adjustment interest	16.777	37.393	16.796	37.437
(-) Debt recalculation	-	(47.153)	-	(47.246)
(-) Payments made / tax credits	(80.430)	(159.334)	(80.533)	(159.433)
(-) Offset with tax credits	(614.438)	-	(614.438)	-
Debt balance	128.472	806.563	129.380	807.555
Current liabilities	27.924	153.015	28.028	153.061
Non-current liabilities	100.548	653.548	101.352	654.494

(In thousands of Brazilian reais, except where otherwise indicated)

18. Loans, financing and debentures

Parent

Credit facility	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	12/31/2020	12/31/2019
Local currency					
FINAME/FINEP	TJLP + Fixed Rate	5.50%	0.04	1	13
NCE/Working Capital	Fixed Rate + %CDI	4.08%	1.14	1,330,922	618,476
Credit note (a)	CDI	4.40%	0.85	1,180,979	-
Non-convertible debentures	104% CDI	3.08%	2.11	497,448	247,751
Total local currency		**4.04%**		**3,009,350**	**866,240**
Foreign currency:					
NCE/Prepayment (US$) / ACC (US$)	Fixed Rate+ FX	4.28%	0.34	2,780,917	1,909,018
Total foreign currency		**4.28%**		**2,780,917**	**1,909,018**
Total loans, financing and debentures		**4.16%**		**5,790,267**	**2,775,258**
Current liabilities				5,089,995	2,076,246
Non-current liabilities				700,272	699,012

Consolidated

Credit facility	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	12/31/2020	12/31/2019
Local currency					
FINAME/FINEP	TJLP + Fixed Rate	5,50%	0,04	1	1.001
NCE/Working capital	Fixed Rate + %CDI	4,08%	1,14	1.330.955	618.476
Credit note (a)	CDI	4,40%	0,85	1.180.979	-
Non-convertible debentures - CRA (b)	104% CDI	3,08%	2,11	497.449	247.751
Total local currency		**4,04%**		**3.009.384**	**867.228**
Foreign currency					
Prepayment/NCE / ACC (US$)	Fixed Rate + FX	4,28%	0,34	2.832.883	1.909.018
Bonds (US$)	Fixed Rate + FX	6,89%	4,99	16.546.530	15.039.625
Bank loan (US$)	Fixed Rate + FX	3,81%	1,36	2.739.359	2.267.132
Revolving credit facility	Fixed Rate + FX	2,37%	1,44	1.681.991	1.633.277
Total foreign currency		**5,91%**		**23.800.763**	**20.849.052**
Total loans, financing and debentures		**5,70%**		**26.810.147**	**21.716.280**
Current liabilities				6.566.089	4.594.444
Non-current liabilities				20.244.058	17.121.836

(In thousands of Brazilian reais, except where otherwise indicated)

The changes in loans and financing, debentures and interest on debentures are as follows:

	12/31/2019	Acquisitions	Loan costs	Payments	Interest	Exchange variation	Balance sheet conversion adjustments	12/31/2020
Parent	**2,775,258**	7,075,578	5,065	(4,888,305)	73,734	748,937	-	**5,790,267**
Consolidated	**21,716,280**	11,521,783	249,143	(14,183,823)	1,412,936	724,466	5,369,362	**26,810,147**

Loans, financing, debentures and interest on debentures fall due as follows:

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
2020	-	2,076,246	-	4,594,444
2021	5,089,995	248,666	6,566,089	259,549
2022	474,166	227,413	2,859,065	1,851,941
2023	226,106	222,933	1,214,054	1,917,393
2024	-	-	3,884,751	3,002,949
2025 to 2029	-	-	12,286,188	10,090,004
Total	**5,790,267**	**2,775,258**	**26,810,147**	**21,716,280**

The main type of loans and financings contracted by the Corporation is described as follows:

(a) Credit Note

In 2020, new financing facilities were contracted in the amount of R$1,180,979, through financial instruments such as Bank Credit Notes (CCB) and Rural Product Notes (CPR). Both contracts executed with financial institutions are valid for approximately 1 year. Currently, these facilities benefit from interest rates in Brazilian real that are significantly below the historical average and a temporary IOF rate of zero. They also enable the Corporation to diversify the type of currency in the profile of its total gross debt.

(b) Non-convertible debentures - CRA

On July 15, 2020, the Corporation announced the issue of two hundred and fifty thousand (250,000) non-convertible, unsecured debentures, issued in a single series by the Corporation, with unit face value of one thousand reais (R$1,000.00), in the aggregate amount of two hundred and fifty million reais (R$250,000,000), issued for private placement and with final maturity in July 2022, with this being the seventh (7th) Issue of Debentures of the Corporation.

On September 17, 2019, the Corporation announced the issue of two hundred and fifty thousand (250,000) non-convertible, unsecured debentures, issued in a single series by the Corporation, with unit face value of one thousand reais (R$1,000.00), in the aggregate amount of two hundred and fifty million reais (R$250,000,000), issued for private placement and with final maturity in September 2022, with this being the sixth (6^{th}) Issue of Debentures of the Corporation.

(c) Senior Notes - BONDS

The main capital raising operation – Senior Notes – BONDS - from previous years, are described in Note 20 to the Financial Statements for the year ended December 31, 2019, with the transactions in the year ended December 31, 2020 are described below:

(In thousands of Brazilian reais, except where otherwise indicated)

On January 17, 2020, the Corporation concluded the early settlement, using own funds, of the senior notes with remuneration of 8% per year and maturity in 2023, issued on June 8, 2016 by Marfrig Holdings (Europe) B.V., with aggregate principal of US$446 million ("Senior Notes 2023"). The Senior Notes 2023 were the Corporation's debt instruments with the highest cost, and their early settlement is aligned with the strategy to reduce financial cost and improve capital allocation, reinforcing its commitment to financial discipline.

Moreover, of the funds raised in the thirteenth operation, referred to as Sustainable Transition Bonds, in the amount of US$500 million and allocated to the purchase of cattle in the Amazon Biome, the Corporation has used the total proceeds from this issue and an additional amount of US$100 million through other resources since contracting the operation, which is equivalent to R$3,000 million (US$600 million) as of December 31, 2020. Even though the Bond matures in 10 years as from its issue date, Marfrig has used the total amount in 12 months. Always seeking best practices and good relations with its investors, Marfrig informs that it used the total amount of the funds raised in a much shorter period than the 36 months to which it committed.

In 2020, a total of 573,502 animals were slaughtered in compliance with the commitments related to the Sustainable Transition Bond, which represented 60.8% of the animals acquired in the period in the Amazon biome. The animals came from a property with an area of 1,946,408ha, which were monitored and met the socio-environmental criteria undertaken by the Corporation in said biome.

Note that one of the criterion to be met is that the animals must be acquired from properties included in the Marfrig Club protocol. The protocol was created in 2010 to further reinforce the commitment to the sustainable production and to share with producers the socio-environmental commitments undertaken by the Corporation, as well as to guide and encourage these new agribusiness practices in supplier farms to ensure safer production with lower environmental impacts.

In 2020, Marfrig included 100% of its suppliers under this protocol, which means that currently all suppliers of cattle for primary processing in the Corporation already are part of the Marfrig Club. This was other commitment undertaken by the Corporation under the Bond issue.

18.1. Guarantees for loans and financing

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Balance of financing	5,790,267	2,775,258	26,810,147	21,716,280
Guarantees:				
Surety	956,295	787,810	1,035,630	833,924
Leased asset	1	13	1	13
Export document	-	-	125,394	70,637
Facilities	-	-	1,829,756	1,692,513
Marketable securities	-	-	23,856	20,039
Mortgage	-	-	135,154	91,451
No guarantees	4,833,971	1,987,435	23,660,356	19,007,703

(In thousands of Brazilian reais, except where otherwise indicated)

18.2. Covenants

The Corporation is party to some loan and financing contracts that contain clauses requiring the maintenance of specific limits of consolidated debt, through covenants. These covenants set the limit of 4.75 for the ratio of Net Debt to EBITDA in the last 12 months. Failure to comply therewith could lead creditors to request the early maturity of the Corporation's debt.

Due to the contractual provisions (carve-out) that allow the exclusion of foreign exchange variation effects from the calculation of leverage ratio (net debt/EBITDA LTM), the Corporation clarifies that based on this methodology, the current leverage ratio (net debt/EBITDA LTM) stood at 0.98.

The leverage ratio is calculated as follows:

	12/31/2020
Consolidated gross debt	26,810,147
(-) Consolidated cash and cash equivalents	11,757,449
Consolidated net debt	15,052,698
EBITDA in the period ended December 31, 2019*	9,595,869
EBITDA ratio	1.57
Consolidated net debt	15,052,698
(-) Effect from exchange variation (carve-out)	5,694,293
Consolidated adjusted net debt	9,358,405
Leverage ratio	0.98

The Corporation did not identify any breach of its covenants as of December 31, 2020 and 2019.

19. Advances from clients

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Advances from clients	1,594,846	1,205,578	1,710,034	1,322,910
	1,594,846	**1,205,578**	**1,710,034**	**1,322,910**
Current	1,594,846	1,205,578	1,710,034	1,322,910

Advances from clients refer to amounts received in advance from clients in accordance with the Company's credit policies.

(In thousands of Brazilian reais, except where otherwise indicated)

20. Lease payable

The Corporation measures lease liabilities at the present value of installments and costs associated with the lease agreement, according to NBC TG 6/R3 (CVM Resolution 787/17).

The following table presents the breakdown of lease payables:

	Parent			
Lease	Weighted average interest rate (p.a.)	Weighted average maturity (years)	12/31/2020	12/31/2019
Plants, facilities and buildings	7.00%	7.3	185,552	123,131
Software license	13.33%	-	16	1,553
Other	5.78%	0.7	4,141	1,528
Interest to incur			(20,306)	(24,320)
Total	**7.81%**		**169,403**	**101,892**
Current liabilities			11,875	20,112
Non-current liabilities			157,528	81,780

	Consolidated			
Lease	Weighted average interest rate (p.a.)	Weighted average maturity (years)	12/31/2020	12/31/2019
Plants, facilities and buildings	6.42%	6.7	233,817	176,623
Software license	13.33%	-	16	1,553
Machinery and equipment	2.62%	3.5	390,861	407,122
Other	3.32%	6.5	97,133	2,916
Interest to incur			(32,397)	(64,381)
Total	**4.13%**		**689,430**	**523,833**
Current liabilities			161,432	131,093
Non-current liabilities			527,998	392,740

Financial charges are recognized as financial expenses and recognized based on the real discount rate, according to the remaining period of the agreement.

The following table presents the changes in lease payables:

	12/31/2019	Acquisitions	Financial expense	Payments	Write-offs	Translation gains (losses)	Balance sheet conversion adjustment	Adjustment at present value	12/31/2020
Parent	**101,892**	111,362	3,985	(25,858)	(21,703)	-	-	(275)	**169,403**
Consolidated	**523,833**	274,115	23,699	(234,336)	(21,703)	24	124,070	(272)	**689,430**

(In thousands of Brazilian reais, except where otherwise indicated)

The following table presents the maturity schedule of lease agreements:

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Up to 1 year	11,875	20,112	161,432	131,093
From 1 to 5 years	52,319	70,577	336,863	367,751
More than 5 years	105,209	11,203	191,135	24,989
Total	**169,403**	**101,892**	**689,430**	**523,833**

20.1. Potential right to PIS and COFINS

The Corporation holds the potential right to recoverable PIS/COFINS taxes embedded in the consideration of leases for industrial plants and others. The measurement of the cash flows from the leases did not detail the tax credits, with the potential effects from PIS/COFINS presented in the following table:

	Nominal	Adjustment at present value
Lease consideration	185.552	166.354
Potential PIS/COFINS (9.25%)	17.164	15.388

20.2. Inflationary effects

The Corporation adopted as accounting policy the requirements of NBC TG 06/R3 (CVM Resolution 787/17) to measure and remeasure its right of use, based on discounted cash flow without considering inflation. The Management evaluated the impacts of using nominal flows and concluded that they do not present significant differences from the information presented. To ensure the faithful representation of the information with regard to the requirements of NBC TG 06/R3 (CVM Resolution 787/17) and to comply with the orientations of the CVM, the balances of right-of-use assets, depreciation, lease liabilities and financial expenses without inflation, referred to as actual flow, and the estimate of the balances adjusted for inflation in the comparison period, referred to as inflation-adjusted flow, are presented. Other assumptions, such as the timetable for the maturity of liabilities and the interest rates used in the calculation, are presented in other items of these notes, enabling the users of the financial statements to determine the inflation-adjusted flows. The Company used the Broad Consumer Price Index - IPCA (4.44% p.a.) to adjust the balances for inflation.

(In thousands of Brazilian reais, except where otherwise indicated)

Right-of-use assets

Real flow	Parent 12/31/2020	Consolidated 12/31/2020
Right of use	187,400	694,694
Depreciation	(18,631)	(156,739)
	168,769	**537,955**

Inflation-adjusted flow	Parent 12/31/2020	Consolidated 12/31/2020
Right of use	195,728	714,561
Depreciation	(19,458)	(160,709)
	176,270	**553,852**

Lease liabilities

Real flow	Parent 12/31/2020	Consolidated 12/31/2020
Lease liabilities	173,388	713,129
Financial expenses	(3,985)	(23,699)
	169,403	**689,430**

Inflation-adjusted flow	Parent 12/31/2020	Consolidated 12/31/2020
Lease liabilities	181,093	733,114
Financial expenses	(4,162)	(24,325)
	176,931	**708,789**

20.3. Effects from COVID-19 on lease agreements

On July 7, 2020, the Securities and Exchange Commission of Brazil ("CVM") issued Resolution 859, which approves Technical Pronouncements Revision Document 16/2020, which establishes requirements aimed at facilitating for lessees the recognition of any concessions obtained in agreements due to COVID-19, such as rent forgiveness, rent forbearance or even temporary reductions in rent payments.

The Corporation's Management evaluated the requirements of CVM Resolution 859 and concluded that there are no effects on these parent company and consolidated financial statements.

21. Dividends payable

The Corporation's bylaws set forth that dividends must not be less than 25% of net income for the fiscal year attributable to the controlling shareholders' interest; therefore, the Corporation recognized the obligation at the end of 2020 for minimum mandatory dividends. Dividends payable are recognized in liabilities on December 31 of every year whenever profit is recorded.

Dividends payable

	12/31/2020
Net income for fiscal year 2020	3,301,755
Offset of accumulated losses	(3,004,737)
Net income after offset of accumulated losses	**297,018**
(-) Legal reserve - 5%	(14,851)
Net inocme adjusted for the purposes of dividends	**282,167**
Mandatory dividends payable - 25%	**70,542**
Proposed dividends	**70,542**
Profit reserve	**141,084**

(In thousands of Brazilian reais, except where otherwise indicated)

22. Notes payable

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Notes payable for investments in Brazil (a)	233,742	308,210	233,742	308,210
Market transactions payable (b)	105,768	13,266	111,964	17,165
Related parties (c)	21,206,532	15,728,562	-	-
Other	26,549	16,202	26,549	16,202
	21,572,591	**16,066,240**	**372,255**	**341,577**
Current liabilities	119,703	104,584	125,899	108,483
Non-current liabilities	21,452,888	15,961,656	246,356	233,094

(a) The amount refers primarily to the balance of the acquisition of all shares in Mercomar Empreendimentos e Participações Ltda., acquired in May 2015, with final maturity scheduled for March 2024;

(b) In note 29, we break down financial instrument operations practiced by the Corporation. The Corporation and its subsidiaries are subject to market risks related to foreign exchange variations, interest rates fluctuations and commodities price variations. These represent the amount of mark-t-market adjustment of derivatives payable; and

(c) The amount refers to loans with subsidiaries. A breakdown of the balance can be found in Note 33 Related-party transactions.

23. Provisions for contingencies

23.1. Provisions

The Corporation and its subsidiaries are involved in several civil, tax and labor proceedings, in the ordinary course of business, for which provisions based on legal counsel's estimates have been set up. The principal information about these proceedings is presented below:

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Labor and social security	48,781	48,142	92,215	82,353
Tax	216,299	167,674	237,310	197,511
Civil	80,272	75,527	99,414	82,020
	345,352	291,343	428,939	361,884

The following table shows the changes in provisions in the year ended December 31, 2020:

	Parent				Consolidated			
	Labor and social security	Tax	Civil	Total	Labor and social security	Tax	Civil	Total
Balance on December 31, 2019	48,142	167,674	75,527	291,343	82,353	197,511	82,020	361,884
Addition to provision	59,214	71,662	4,745	135,621	84,026	74,240	16,262	174,528
Reversal of provision	(27,413)	(23,037)	-	(50,450)	(37,055)	(33,031)	(493)	(70,579)
Payments	(31,162)	-	-	(31,162)	(34,394)	(401)	-	(34,795)
Translation gains (losses)	-	-	-	-	(4,480)	(1,393)	(1,812)	(7,685)
Acquisition through business combination	-	-	-	-	1,765	384	3,437	5,586
Balance on December 31, 2020	48,781	216,299	80,272	345,352	92,215	237,310	99,414	428,939

(In thousands of Brazilian reais, except where otherwise indicated)

23.1.1. Labor and social security

As at December 31, 2020, the Corporation and its subsidiaries are parties to various labor claims. Based on the Corporation's and its subsidiaries' payment history, a provision of R$92,215 was set up. In the opinion of the Management and legal counsel, this provision is sufficient to face probable losses. Most of the labor claims filed against the Corporation and its subsidiaries refer to matters usually questioned in this industry, such as dismissal for just cause, preparation time, breaks for personnel who work in refrigerated environments, commuting time and ergonomic risk, among others. The Management of the Corporation believes no individual labor claim is relevant.

23.1.2 Tax

Based on the opinion of its legal advisors, the Corporation revised its estimate for unmaterialized tax risks in view of certain processes and legal discussions involving the Administrative Council of Tax Appeals (CARF), in addition to decisions on matters under dispute. Management reassessed the reserve in the total amount of R$237,310, with the main discussions including the exclusion of ICMS tax from the calculation base of PIS/COFINS, disallowance compensation of estimated IRPJ/CSLL, lack of addition of profits abroad in the calculation of taxes and contributions on income, GILRAT and ICMS proof of exports. The Corporation, supported by its legal advisors, considered sufficient the amounts registered in provision for potential impacts in the event that such risks materialize.

23.1.3 Civil

Based on the opinion of legal advisors, the Management recognized on December 31, 2020 a provision for the number of shares considered to be of probable risk, totaling R$99,414. The civil suits of the Corporation and its subsidiaries involve disputes typically related to business agreements and indemnities. The provisioned amount is substantially composed of the early termination of the agreement for sponsorship of the Brazilian National Football Teams entered into with the Brazilian Football Confederation (CBF), and reflects the adjustment of the existing risk for inflation.

23.2. Contingent liabilities

Contingent liabilities, whose probability of loss for the Corporation was defined by its legal advisors as possible and, as such, are not recorded in the books of account according to prevailing legislation, are shown below:

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Labor and social security	72,784	83,903	78,615	90,615
Tax	791,214	1,178,190	823,770	1,179,548
Civil	9,859	4,622	9,950	4,709
	873,857	1,266,715	912,335	1,274,872

23.2.1 Labor and social security

The labor and social security lawsuits in which the Corporation and its subsidiaries are parties typically involve issues usually claimed in the segment, such as dismissal without cause, preparation time, breaks for persons working in refrigerated environments, overtime, ergonomic hazards and others, which are individually insignificant.

23.2.2 Tax

The main tax matters discussed at court that in the opinion of the Management and legal counsel are rated as possible losses for the Corporation and its subsidiaries is presented below.

a) Federal Taxes and Contributions

As at December 31, 2020, the Corporation was a party to administrative proceedings and court claims filed by the Federal Government at the total historical value of R717,993, claiming:

(i) No increase in taxable income and IRPJ/CSLL base for profits earned abroad in calendar year 2009, disallowance of goodwill amortization and non-subjection to tax of interest from loan agreements in force with subsidiaries abroad, in the historical amount of R$83,911;

(ii) Disallowance of PIS/COFINS credits for calendar year 2014 used for the payment of taxes in the historical amount of R$324,379;

(iii) Payment of IOF for calendar year 2016 related to checking account agreements executed among the companies of the group in the historical amount of R$21,923;

(iv) The Corporation and its subsidiaries have federal tax debits, whose collection suits are individually immaterial, totaling R$287,780.

b) State VAT – ICMS

On December 31, 2020, the Corporation had administrative proceedings, and court claims in the historical amount of R$104,426, claiming the following:

(i) Tax Deficiency Notices discussing the collection of ICMS taxes in the state of Goiás related to the disallowance of ICMS tax credits due to noncompliance with accessory obligations, error in the basis for calculation of the value due in ICMS taxes, failure to return credits granted after goods were returned, failure to return ICMS credits on the acquisition of inputs/goods proportionally to disbursements, failure to substantiate exports of goods abroad, which amount to a historical amount of R$55,358;

(ii) The Corporation and its subsidiary Pampeano are parties to administrative proceedings and legal suits, whose collection suits are individually immaterial, totaling R$49,068.

c) Taxes on Services of Any Nature (ISSQN)

On December 31, 2020, the Corporation is involved in three lawsuits (two in the administrative level and the other in legal court) which claim the collection of local government taxes in the historical amount of R$1,351.

23.2.3 Civil

The civil suits of the Corporation and its subsidiaries involve disputes typically related to business agreements and indemnities, which are not individually relevant.

(In thousands of Brazilian reais, except where otherwise indicated)

23.2.4 Additional information

Sale of the Keystone business

The Corporation is disputing the price adjustment and negotiation practices adopted by the buyer in the agreement for the sale of the business unit Keystone Foods in civil lawsuits with the U.S. courts. The items related to price adjustment were submitted to evaluation in the arbitration process established in the agreement. The buyer filed an action discussing, among other things, the repurchase of McKey Korea LLC (Korean company owned by Keystone Foods) by Marfrig. The proceeding is in the evidentiary stage and testimony of witnesses.

National Beef business

Four class actions were filed in the United States alleging that the company and its subsidiary, National Beef, with other companies in the industry, colluded to control cattle prices. In all the actions, the court issued decisions that excluded Marfrig as a defendant and maintained National Beef, which is defending the action. In January 2020, two class actions were filed in the United States alleging that National Beef labeled certain products inappropriately, in violation of U.S. state laws. The claims were denied by the lower court and the plaintiffs filed appeal against the decision. National Beef also was notified of a civil investigation by the U.S. Department of Justice regarding the purchase of fed cattle and responded to it by providing the required information.

24. Shareholders' equity

On December 31, 2020 and 2019, shareholders' equity was broken down as follows:

	Note	12/31/2020	12/31/2019
Share capital	24.1	8.204.391	8.204.391
Capital reserves, options granted and treasury shares	24.2	(1.684.338)	(1.271.370)
Legal reserve	24.3	59.327	44.476
Earnings reserve	24.4	148.431	7.348
Additional proposed dividend	24.5	70.542	-
Other comprehensive income	24.6	(4.703.644)	(3.271.650)
Accumulated losses		-	(3.094.630)
		2.094.709	**618.565**

24.1. Share capital

Subscribed and paid-in share capital as at December 31, 2020 and December 31, 2019 was R$8,204,391, represented by 711,369,913 common shares without par value. On December 31, 2020, 341,330,644 shares, or 47.98% of the capital was held by the controlling shareholder: Marcos Antonio Molina dos Santos, Marcia Aparecida Pascoal Marçal dos Santos and MMS Participações Ltda. (company controlled by Marcos and Marcia, each holding a 50% ownership interest). The free float was 370,039,269 shares, or 52,02% (of which 19,413,106 shares are held in treasury, and 975,641 shares are held by its Board of Directors, Audit Board and Executive Board).

(In thousands of Brazilian reais, except where otherwise indicated)

Share Capital

Common shares	Balance at December 31, 2020	Balance at December 31, 2019
Controlling shareholders	341.330.644	297.663.617
Total controlling shareholders	**341.330.644**	**297.663.617**
Treasury shares	19.413.106	10.372.329
Shares held by Directors	975.641	155.937
Other shares outstanding	349.650.522	403.178.030
Total free-float	**370.039.269**	**413.706.296**
Number of shares	**711.369.913**	**711.369.913**
Total share capital (R$ '000)	**8.204.391**	**8.204.391**

On December 17, 2019, the Corporation concluded the capital increase in the amount of R$901 million, equivalent to the issue of 90,090,091 new shares, through the primary offering. The costs incurred with the funding process amounted to R$15,977.

On December 20, 2019, BNDES Participações S.A. (“BNDESPAR”) sold all its common shares issued by the Corporation and, consequently, the Corporation’s Shareholders Agreement entered into by and between MMS Participações Ltda. and BNDESPAR on August 5, 2010 was terminated by operation of law for all purposes.

24.2. Capital reserves, options granted and treasury shares

On December 31, 2020, the balances of the capital reserves, options granted and treasury shares were broken down as follows:

Capital reserves, options granted and treasury shares	Balance on December 31, 2019	Translation gains (losses)	Acquisition	Balance on December 31, 2020
Capital reserve				
Goodwill on capital transactions - National Beef	(1,355,153)	(307,586)	-	(1,662,739)
Goodwill on capital transactions - Tacuarembó	(158)	-	-	(158)
Goodwill on Stock Option	(8,332)	-	(3,456)	(11,788)
Common shares	184,800	-	-	184,800
	(1,178,843)	**(307,586)**	**(3,456)**	**(1,489,885)**
Treasury shares				
Treasury shares	(92,527)	-	(101,926)	(194,453)
	(92,527)	**-**	**(101,926)**	**(194,453)**
	(1,271,370)	**(307,586)**	**(105,382)**	**(1,684,338)**

(In thousands of Brazilian reais, except where otherwise indicated)

24.2.1 Capital reserves

The capital reserves reflect the contributions made by shareholders that are directly related to the formation or increase of the capital stock, the changes in the relative interests of the parent company in subsidiaries that do not result in the gain or loss of control, as well as Goodwill on capital transactions. On December 31, 2020, the balance of the capital reserves was R$1,489,885.

On November 29, 2019, the Corporation, through its subsidiary, NBM US Holdings, Inc, increased its interest in the capital stock of its subsidiary National Beef, with the transfer to NBM and to the other non-controlling shareholders of 31.17% of the voting and total capital of National Beef, with this representing the total amount of shares held by the shareholder Jefferies Financial Group Inc., which withdrew from the company.

NBM's interest increased from the current 51% to 81.73%, with the interests of the remaining shareholders as follows: BPI 2.44%, USPB 15.07% and Tim Klein 0.76% of the voting and total shareholders capital of National Beef.

24.2.2 Treasury shares

On December 31, 2020, Corporation held 19,413,106 common shares in treasury, which were booked at the amount of R$182,762, which corresponds to an average cost of R$9.41 per share.

Changes in treasury shares in the year are shown in the table below:

Held in treasury	Number of shares	Amount (R$ '000)
Balance as at December 31, 2019	10,372,329	80,837
(+) Acquisition - Repurchase program	10,862,000	115,874
(-) Disposal - Stock options	(1,821,223)	(13,949)
Balance as at December 31, 2020	**19,413,106**	**182,762**

On December 31, 2020, treasury shares amounted to R$194,453, of which R$11,691 refers to treasury shares cancelled.

Share buyback program

Shares repurchased were held in treasury for exercise of stock options by the beneficiaries of the Corporation's Stock Option Plan and/or subsequent cancellation or sale.

On November 11, 2020, the Corporation's Board of Directors approved the use of available capital and profit reserve to acquire shares. The buyback program includes the acquisition of up to 4,214,072 registered, book-entry common shares without par value, limited to ten percent (10%) of the Corporation's outstanding shares. The maximum period for effecting the purchase transactions is eighteen (18) months, starting on November 11, 2020 and ending on May 11, 2022.

24.3. Legal reserve

It is 5% (five per cent) of the Corporation's net income, as defined in its by-laws and current legislation.

On December 31, 2020, the Corporation recognized legal reserve of R$14,851, as shown in Note 21. Accordingly, the balance as of December 31, 2020 is R$59,327.

(In thousands of Brazilian reais, except where otherwise indicated)

24.4. Earnings reserve

On December 31, 2020 and 2018, the Corporation recognized earnings reserve in the amount of R$211,625, as shown in Note 21. Accordingly, the balance as of December 31, 2020 is R$218,973.

24.5. Additional proposed dividend

The Corporation will submit to the Annual Shareholders Meeting a proposal for the payment of dividends in addition to the mandatory amount corresponding to, at minimum, twenty-five percent (25%) of net income for the year adjusted by deductions and additions provided for in the Corporation's policy for allocation profit, in the amount of R$70,542.

24.6. Other comprehensive income

This account recognizes, before being recorded in the statement of operations, translation gains (losses) resulting from the translation of interim financial information of subsidiaries abroad, whose functional currency differs from that of the Corporation, the corresponding entries of increases or decreases in the amount attributed to asset and liability items arising from their adjustment to market price on investments in subsidiaries directly and indirectly held by the Corporation. Such accumulated effect will be transferred to the statement of operations for the period as gain or loss only upon the disposal or write-off of the investment.

This account also recognized the effects from the adoption of deemed cost, currency differences in the translation of loan transactions and the result of derivative financial instruments designated for hedge accounting not yet realized.

On December 31, 2020, the balance of other comprehensive income was broken down as follows:

Other comprehensive income	Balance at December 31, 2019	Exchange effect	Realization	Balance at December 31, 2020
Exchange variation on net investments and balance sheet conversion	1,650,961	954,323	-	2,605,284
Exchange variation on loan	(5,392,344)	(2,784,902)	-	(8,177,246)
Exchange variation on goodwill	326,844	488,478	-	815,322
Deemed cost	142,889	-	(89,893)	52,996
	(3,271,650)	**(1,342,101)**	**(89,893)**	**(4,703,644)**

24.7. Shareholder compensation

When proposed by the Corporation, shareholder compensation is paid in the form of dividends and/or interest on equity based on the limits set by law and by the Corporation's Bylaws.

The Corporation will distribute dividends in the amount of R$70,542 to its shareholders, as shown in Note 21.

(In thousands of Brazilian reais, except where otherwise indicated)

25. Net sales revenue

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Revenue from sales of products				
Domestic sales	5,835,089	5,729,419	51,334,437	37,244,983
Foreign sales	7,463,875	4,605,725	17,217,488	12,385,380
	13,298,964	**10,335,144**	**68,551,925**	**49,630,363**
Deductions from gross sales				
Taxes on sales	(356,337)	(374,856)	(436,850)	(416,573)
Returns and discounts	(460,596)	(262,431)	(633,543)	(452,733)
	(816,933)	**(637,287)**	**(1,070,393)**	**(869,306)**
Net sales revenue	**12,482,031**	**9,697,857**	**67,481,532**	**48,761,057**

26. Costs and expenses by nature

The Corporation has decided to present the statements of income by function. The breakdown by nature is below:

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cost of sales				
Inventory costs	9,494,217	7,754,628	48,919,343	37,778,527
Depreciation and amortization	249,154	277,414	1,012,064	898,379
Employee salaries and benefits	656,670	667,066	5,828,544	3,700,215
	10,400,041	**8,699,108**	**55,759,951**	**42,377,121**
Administrative expenses				
Depreciation and amortization	33,693	34,456	371,618	287,547
Employee salaries and benefits	70,143	20,815	376,263	284,779
Other	21,539	98,482	212,164	184,272
	125,375	**153,753**	**960,045**	**756,598**
Selling expenses				
Depreciation and amortization	652	504	9,925	11,589
Employee salaries and benefits	51,300	57,041	161,820	152,029
Freight	338,160	384,867	1,868,319	1,477,575
Other	187,344	175,452	519,220	413,020
	577,456	**617,864**	**2,559,284**	**2,054,213**

27. Net financial result

The Corporation's net financial income (expenses) is as follows:

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Interest received, earnings from marketable securities	19,424	60,713	30,464	186,736
Interest, debentures and lease with financial institutions	(388,891)	(568,425)	(1,815,948)	(1,686,333)
Inflation adjustments, bank expenses, amortiz. cost on debt and other	(757,821)	(1,160,690)	30,649	(162,101)
Translation gains and losses	(797,680)	(231,287)	(970,733)	(398,028)
Total	**(1,924,968)**	**(1,899,689)**	**(2,725,568)**	**(2,059,726)**
Financial income	3,214,936	1,247,051	3,091,980	2,113,170
Financial expenses	(5,139,904)	(3,146,740)	(5,817,548)	(4,172,896)
Total	**(1,924,968)**	**(1,899,689)**	**(2,725,568)**	**(2,059,726)**

28. Earnings (loss) per share

The following table shows the calculation of earnings (loss) per share for the years ended December 31, 2020 and 2019 (in thousands, unless otherwise stated):

	12/31/2020	12/31/2019
Profit attributable to shareholders of the Corporation	3,301,755	218,088
Weighted average number of shares in the year (units)	711,369,913	623,994,866
Weighted average number of shares held in treasury (units)	(11,495,081)	(2,082,303)
Weighted average number of outstanding common shares (units)	699,874,832	621,912,562
Earnings or losses attributable to shareholders of the Corporation	4.7176	0.3507

29. Financial instruments - risk management

29.1. Overview

The Corporation and its subsidiaries are exposed to market risks related to exchange rate gains (losses), interest rate and commodities price fluctuations of a nature considered normal to their business. In order to minimize these risks, the Corporation has policies and procedures to minimize these exposures and may use hedging instruments, as long as previously approved by the Board of Directors.

Among the Corporation's guidelines we highlight: Monitoring levels of exposure to each market risk; measuring these risks; setting limits for making decisions and using hedging mechanisms, always aiming at minimizing the foreign exchange exposure of its debts, cash flows and interest rates.

The Corporation shall be represented exclusively by its Officers and Attorney-in-Fact, observing the limitations provided in the Bylaws, and subject to approval of the Board of Directors for acts and transactions in amounts exceeding such limit.

The Corporation only enters into transactions with derivatives or similar instruments that offer a maximum protection against: foreign currencies, interest rates and commodity prices, and also adopts a conservative policy of not entering into transactions that could affect its financial position. The Corporation does not enter into leveraged transactions with derivatives or similar instruments

(In thousands of Brazilian reais, except where otherwise indicated)

The Corporation also has a sound financial policy, maintaining a high level of cash balance, cash equivalents and short-term financial investments. At the same time, the maturity of the Corporation's long-term indebtedness is such way that it is not concentrated in any single year.

29.2. Credit risk management

The Corporation and its subsidiaries are subject to credit risk. Credit risk deals with group's financial losses if a client or counterpart in a financial instrument fails to comply with contractual obligations, which arise from most receivables.

The Corporation and its subsidiaries limit their exposure by analyzing credit and managing client's portfolio, seeking to minimize the economic exposure to a certain client and/or market that may represent significant losses.

The Global Credit Risk Policy determines the guideline for financial credit risk management based on the following:

- Limit of counterparty's credit risk concentration to 15% of total current assets;
- Investments in solid and prime financial institutions, based on their financial rating;
- Balance between assets and liabilities.

Conducted evaluations are based on information flows and follow-up of the volume of purchases in the market. The internal controls cover the assignment of credit limits.

The maximum exposure to credit risk for the Corporation and its subsidiaries are the trade accounts receivable shown in note 6, where the value of the effective risk of possible losses is presented as provision for credit risk is also shown.

Values subject to credit risk:

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cash and cash equivalents	291,563	244,698	2,041,924	1,774,902
Marketable securities	53,456	1,556,280	9,715,525	6,635,211
Receivables from Brazilian clients	346,121	55,705	2,026,341	1,442,725
Receivables from foreign clients	754,648	835,092	486,691	577,791
Other receivables	41,657	15,771	515,861	280,672
Total	**1,487,445**	**2,707,546**	**14,786,342**	**10,711,301**

29.3. Liquidity risk management

Liquidity risk arises from the Corporation's and its subsidiaries' working capital management and the amortization of the principal and finance charges of debt instruments. This is the risk that the Corporation and its subsidiaries will find to settle its falling due payables.

The Corporation and its subsidiaries manage their capital based on parameters to optimize the shareholding structure focused on liquidity and leverage metrics that enable a return to shareholders over the medium term, consistent with the risks assumed in the transaction.

(In thousands of Brazilian reais, except where otherwise indicated)

The main indicator for monitoring is the modified immediate liquidity ratio, which is the ratio between cash and cash equivalents and current indebtedness (short term).

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Short-term cash, cash equivalents and marketable securities	345,019	1,800,978	11,757,449	8,410,113
Short-term loans and financings	5,089,995	2,076,246	6,566,089	4,594,444
Modified liquidity ratio	**0.07**	**0.87**	**1.79**	**1.83**

29.4. Market risk management

The Corporation is exposed to market risks arising from commodity prices, interest rates and exchange rates. For each risk, the Corporation conducts a continuous management and sensitivity studies presented in this note.

29.4.1 Interest rate risk

Interest rate risk refers to the Corporation's risk of incurring economic losses due to negative changes in interest rates. This exposure basically refers to changes in market interest rates which affect the Corporation's assets and liabilities indexed to the TJLP (long-term interest rate), LIBOR (London Interbank Offered Rate) or CDI (interbank deposit rate).

In order to reduce debt service costs, the Corporation and its subsidiaries continually monitor market interest rates to assess the need to enter into new derivative contracts to hedge its operations against the risk of fluctuations of these rates.

The interest rate exposure risk of the Corporation and its subsidiaries as of December 31, 2020 and 2019 is as follows:

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2019	12/31/2018
Exposure to CDI rate:				
Loans pegged to CDI rate	3,009,349	866,227	3,009,383	866,227
(-) CDB-DI (R$)	(7,191)	(329,930)	(7,191)	(329,931)
Subtotal	3,002,158	536,297	3,002,192	536,296
Exposure to LIBOR rate:				
Revolving Credit Facility (US$)	-	-	4,421,350	3,900,409
Subtotal	-	-	4,421,350	3,900,409
Exposure to TJLP rate:				
FINAME/FINEP	1	13	1	1,001
Subtotal	**1**	**13**	**1**	**1,001**
Total	**3,002,159**	**536,310**	**7,423,543**	**4,437,706**

The Corporation entered into non-speculative swap contracts to minimize the effects of exchange rates fluctuations on the settlement of its loans and financing, as follows:

Consolidated							
						12/31/2020	12/31/2019
Instrument	Register	Asset	Receivable	Notional(USD)	Notional(USD)	MTM	MTM
Interest Rate Swap	CETIP	R$	USD	64,881	337,168	(105,833)	(962)
				64,881	**337,168**	**(105,833)**	**(962)**

(In thousands of Brazilian reais, except where otherwise indicated)

- **Interest rate variation sensitivity analysis**

The table below presents the sensitivity analysis for interest rate risks. The Corporation considered scenario I as appreciation of 10% and scenarios II and III as deterioration of 25% and 50% for interest rate volatility using as reference the closing rate on December 31, 2020.

Consolidated					
Parity - 5% + USD x 127% CDI					
Instrument	Risk	Current scenario	Scenario I	Scenario II	Scenario III
SWAP	Interest rate decrease	(105,833)	(105,338)	(109,250)	(110,577)

29.4.2 Commodity price risk

In its activities, the Corporation purchases its main commodity, cattle, which is the largest individual components of its production costs and is subject to certain variables. The price of cattle acquired from third parties is directly related to market conditions, and is influenced by domestic availability and foreign market demand. To reduce the impact of risks on commodity prices, the Corporation holds cattle in feedlots and trades derivative financial instruments in the futures market, as well as other operations.

The derivative financial instruments used to hedge against commodity price risks on December 31, 2020, which are not designated for hedge accounting, are as follows:

Consolidated						
					12/31/2020	12/31/2019
Instrument	Hedge object	Register	Notional US$	Notional R$	MTM R$	MTM R$
Futures	Fed cattle	BM&F	-	(4,809)	(65)	(815)
Futures	Fed cattle	CME	349	-	47	316
			349	(4,809)	(18)	(499)

- **Commodities sensitivity analysis**

The table below shows the sensitivity analysis for the price of commodities. The Corporation considered scenario I as appreciation of 10% and scenarios II and III as deterioration of 25% and 50% for commodity price volatility, using as reference the closing price on December 31, 2020.

Consolidated					
Parity - USDA Price - Cattle - R$/US$					
Instrument	Risk	Current scenario	Scenario I	Scenario IV	Scenario V
Futures	Increase in fed cattle price	(65)	(481)	1,202	2,405
Futures	Increase in fed cattle price	47	229	(406)	(860)
		(18)	(252)	796	1,545

29.4.3 Exchange rate risk

Exchange rate risk consists of the risk of foreign exchange fluctuations leading the Corporation and its subsidiaries to incur losses and causing a reduction in the values of assets or an increase in the values of liabilities. The Corporation's main current exchange rate exposure relates to the US dollar fluctuation against the Brazilian real.

Given that approximately 92.9% of the Corporation's revenues are denominated in currencies other than the Brazilian real, the Corporation has a natural *hedge* against the maturities of future obligations in foreign currency.

(In thousands of Brazilian reais, except where otherwise indicated)

The Corporation also has a sound financial policy, maintaining a high level of cash balance and short-term financial investments with solid financial institutions. Assets and liabilities in foreign currency are presented as follows:

Parent

Description	12/31/2020	12/31/2019	Effects of translation gains (losses) 2020
Operating			
Trade accounts receivable	754.648	835.092	(115.179)
Imports payable	(42.487)	(41.042)	132.915
Subtotal	**712.161**	**794.050**	**17.736**
Financial			
Loans and financing	(2.780.917)	(1.909.018)	(748.937)
Notes payable and receivable	346.191	329.433	(178.368)
Balance of banks and marketable securities (*)	115.249	500.579	111.889
Subtotal	**(2.319.477)**	**(1.079.006)**	**(815.416)**
Total	**(1.607.316)**	**(284.956)**	**(797.680)**
Translation gains			2.425.031
Translation losses			(3.222.711)
Translation gains (losses), net			(797.680)

(*) Refers only to banks and marketable securities that generated translation gains (losses).

Consolidated

Description	12/31/2020	12/31/2019	Effects of translation gains (losses) 2020
Operating			
Trade accounts receivable	486.691	577.791	(159.340)
Imports payable	(209.824)	(166.027)	140.465
Other	(97.117)	(35.254)	17.727
Subtotal	**179.750**	**376.510**	**(1.148)**
Financial			
Loans and financing	(23.800.763)	(20.849.052)	(724.466)
Notes payable and receivable	368.130	335.275	(356.405)
Balance of banks and marketable securities (*)	327.348	587.914	111.286
Subtotal	**(23.105.285)**	**(19.925.863)**	**(969.585)**
Total	**(22.925.535)**	**(19.549.353)**	**(970.733)**
Translation gains			2.687.717
Translation losses			(3.658.450)
Translation gains (losses), net			(970.733)

(*) Refers only to banks and marketable securities that generated translation gains (losses).

Over the course of 2020, the Corporation contracted Non-Deliverable Forwards (NDFs), all of them non-speculative in nature, to minimize the effects of the foreign exchange variation on exports, as per the breakdown below, the results of which are accounted for under the items "Exchange Rate Gains” and “Exchange Rate Losses.”

(In thousands of Brazilian reais, except where otherwise indicated)

Consolidated								
							12/31/2020	12/31/2019
Instrument	Hedge object	Register	Vencimento	Receivable	Payable	Notional Payable	MTM R$	MTM R$
Operations not designated for Hedge Accounting								
NDF	FX rate	OTC	USD	GBP	18,084	13,234	(3,874)	(533)
NDF	FX rate	OTC	USD	EUR	1,936	1,578	(378)	(202)
NDF	FX rate	OTC	USD	AUD	1,592	2,061	(570)	-
NDF	FX rate	OTC	USD	CLP	8,235	5,857,144	(974)	(670)
							(5,796)	**(1,405)**
Operations designated for Hedge Accounting*								
NDF	FX rate	OTC	BRL	USD	-	-	-	1,089
					-	-	-	**1,089**
							(5,796)	**(316)**

The Company did not designate operations to hedge accounting for the fiscal year ended December 31, 2020. The operations designated to hedge accounting in the quarter ended March 31, 2020 were fully settled and are described in Note 28.4.3 of the interim financial statements as of March 31, 2020.

- **Consolidated exchange rate exposure sensitivity analysis**

The table below shows the sensitivity analysis for the consolidated exchange rate exposure. The Corporation considered scenario I as appreciation of 10% and scenarios II and III as deterioration of 25% and 50% for foreign exchange volatility, using as reference the closing rate on December 31, 2020.

Consolidated					
Parity - US$ x EUR		Current	Scenario I	Scenario II	Scenario III
Instrument	Risk	scenario			
NDF	Appreciation of US$	(378)	(1,597)	2,564	5,536
Parity - US$ x GBP		Current	Scenario I	Scenario II	Scenario III
Instrument	Risk	scenario			
NDF	Appreciation of US$	(3,874)	(15,321)	24,755	53,381
Parity - US$ x AUD		Current	Scenario I	Scenario II	Scenario III
Instrument	Risk	scenario			
NDF	Appreciation of US$	(570)	(1,392)	1,486	3,542
Parity - US$ x CLP		Current	Scenario I	Scenario II	Scenario III
Instrument	Risk	scenario			
NDF	Depreciation of US$	(974)	4,274	(10,685)	(21,370)

(In thousands of Brazilian reais, except where otherwise indicated)

29.5. Financial instruments by category

The Corporation's financial assets and liabilities are classified as below:

Parent

Financial assets	Amortized cost		Fair value through - Profit or loss		Fair value through - Other comprehensive income (loss)	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cash and cash equivalents	291,563	244,698	-	-	-	-
Marketable securities	53,456	1,556,280	-	-	-	-
Trade accounts receivable	1,100,769	890,797	-	-	-	-
Notes receivable - derivatives	-	-	-	2,379	-	11,976
Related parties	14,426,523	7,672,441	-	-	-	-
Total financial assets	**15,872,311**	**10,364,216**	**-**	**2,379**	**-**	**11,976**

Financial liabilities	Amortized cost		Fair value through - Profit or loss		Fair value through - Other comprehensive income (loss)	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Trade accounts payable and supply chain finan	733,463	1,265,492	-	-	-	-
Loans, financing and debentures	5,790,267	2,775,258	-	-	-	-
Finance lease	169,403	101,892	-	-	-	-
Notes payable - derivatives	-	-	105,768	4,157	-	9,109
Notes payable - investments Brazil	233,742	308,210	-	-	-	-
Related parties	21,206,532	15,728,562	-	-	-	-
Total financial liabilities	**28,133,407**	**20,179,414**	**105,768**	**4,157**	**-**	**9,109**

Consolidated

Financial assets	Amortized cost		Fair value through - Profit or loss		Fair value through - Other comprehensive income (loss)	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cash and cash equivalents	2,041,924	1,774,902	-	-	-	-
Marketable securities	9,715,525	6,635,211	-	-	-	-
Trade accounts receivable	2,513,032	2,020,516	-	-	-	-
Notes receivable - derivatives	-	-	449	5,190	-	11,976
Related parties	17,879	60,461	-	-	-	-
Total financial assets	**14,288,360**	**10,491,090**	**449**	**5,190**	**-**	**11,976**

Financial liabilities	Amortized cost		Fair value through - Profit or loss		Fair value through - Other comprehensive income (loss)	
	12/31/2020	31-12-19	12/31/2020	31-12-19	12/31/2020	31-12-19
Trade accounts payable and supply chain financ	2,768,069	2,847,203	-	-	-	-
Loans, financing and debentures	26,810,147	21,716,280	-	-	-	-
Finance lease	689,430	523,833	-	-	-	-
Notes payable - derivatives	-	-	111,964	8,056	-	9,109
Notes payable - investments Brazil	233,742	308,210	-	-	-	-
Related parties	-	-	-	-	-	-
Total financial liabilities	**30,501,388**	**25,395,526**	**111,964**	**8,056**	**-**	**9,109**

Details of the accounting policies and methods used (including criteria for recognition, measurement bases and criteria for recognition of gains and losses) for each class of financial instruments and equity are presented in note 3.1.

(In thousands of Brazilian reais, except where otherwise indicated)

Assets and liabilities presented on the balance sheet under "notes receivable" and "notes payable" regarding derivative transactions, which are intended for equity hedging, are shown below:

	Parent		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Notes receivable - derivatives (note 9)	-	14,355	449	17,166
Notes payable - derivatives (note 22)	(105,768)	(13,266)	(111,964)	(17,165)
Total, net	**(105,768)**	**1,089**	**(111,515)**	**1**

29.6. Fair value of financial instruments

The method used by the Corporation to determine market value consists in calculating the future value based on contracted conditions and determining the present value based on market curves obtain from Bloomberg's database, except for futures market derivatives whose fair values are calculated based on the on daily adjustments of variations in market prices of commodities and futures acting as consideration.

According to NBC TG 40/R3 (CVM Resolution 684/12), the Corporation and its subsidiaries classify the measurement of fair value according to hierarchical levels which reflect the importance of indices used in such measurement, as follows:

- **Level 1:** Prices quoted in (non-adjusted) active market for identical assets and liabilities;
- **Level 2:** Other available information, except those of Level 1, where quoted prices relate to similar assets and liabilities, whether directly, by obtaining prices in active markets, or indirectly, such as evaluation techniques using active market data.
- **Level 3:** Indices used for the calculation do not derive from an active market. The Corporation and its subsidiaries do not have instruments at this measurement level.

Currently, the fair value of all the financial instruments of the Marfrig Group is reliably measured and hence these are classified as level 1 and 2, as shown below:

	Parent		Consolidated	
	Level 1	**Level 2**	**Level 1**	**Level 2**
Current assets				
Marketable securities	-	53.456	-	9.715.525
Notes receivable - derivatives	-	-	-	449
Non-current liabilities				
Notes payable - derivatives	(105.768)	-	(111.562)	(402)
Total	**(105.768)**	**53.456**	**(111.562)**	**9.715.572**

Management understands that the results obtained with derivative transactions are in line with the risk management strategy adopted by the Corporation and its subsidiaries.

(In thousands of Brazilian reais, except where otherwise indicated)

30. Income and social contribution taxes

Income and Social Contribution Taxes were calculated according to prevailing legislation and Federal Law 12,973/2014.

Income and Social Contribution Tax calculations and returns, when required, are open to review by tax authorities for varying statutory years in relation to the payment or filing date.

Below are the calculation and reconciliation of income and social contribution taxes in the income statements for the year:

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Net income (loss) before taxes	**2.717.119**	**(494.503)**	**5.128.294**	**1.352.627**
Non-controlling interest on profit or loss before taxes	-	-	(1.229.097)	(1.364.151)
Net loss before taxes - adjusted	**2.717.119**	**(494.503)**	**3.899.197**	**(11.524)**
Income and social contribution taxes - Nominal rate (34%)	(923.820)	168.131	(1.325.727)	3.918
Adjustments to determine the effective tax rate:				
Taxation on profit of companies abroad	(1.632.789)	(539.091)	(1.632.789)	(419.163)
Credit of tax paid abroad	829.908	483.195	829.908	483.195
Effect from differences in tax rate of companies abroad	-	-	291.404	-
Effect from difference of depreciation rate	-	-	-	28.627
Tax losses and social contribution carryforwards not recognized	-	-	-	14.885
Tax incentives	39.888	33.217	84.802	51.923
Equity income (loss)	1.210.550	486.280	(223)	-
Other additions/exclusions	1.060.899	80.859	1.155.183	66.226
Total	**584.636**	**712.591**	**(597.442)**	**229.612**
Total current taxes	488.533	549.846	(683.607)	193.814
Total deferred taxes	96.103	162.745	86.165	35.798
	584.636	**712.591**	**(597.442)**	**229.612**
Effective tax rate (*)	-22%	144%	15%	1992%

(*) The difference between nominal and effective rate is significantly affected by equity income (loss) in Parent and taxes on profit abroad in Consolidated.

31. Segment reporting

The Corporation established an integrated and geographically diversified business model, which consists of production units located in strategic places, combined with a broad distribution network with access to the world's main channels and consumer markets.

Currently, Marfrig operates 20 cattle processing plant in Brazil, Argentina, Uruguay and the United States, as well as a lamb processing plant in Chile. For processed products, such as beef patties, canned beef, plant-based products, etc., the Corporation has over 12 plants located in the same countries in which it has cattle processing plants.

The Corporation believes that continuous improvement in its internal processes will enable it to further enhance efficiency and cut costs, which, coupled with a result-driven management that is committed to profitable growth, will drive profitability and cash generation.

Furthermore, to better evaluate and analyze the operating performance of its two main operating segments, the Corporation presents a new structure formed by a corporate headquarter and non-operating entities, referred to as *Corporate*. This new structure is in conformity with NBC TG 22/R2 *CVM Resolution 582/09) – Segment reporting.

(In thousands of Brazilian reais, except where otherwise indicated)

	Net Revenue		Operating Income		Non-current assets	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2018
North America	48,908,548	33,950,954	7,000,597	3,302,285	515,031	5,375,561
South America	18,572,984	14,810,103	1,370,073	469,125	9,455,102	8,331,682
Corporate	-	-	(516,808)	(359,057)	11,117,406	3,444,674
Total	**67,481,532**	**48,761,057**	**7,853,862**	**3,412,353**	**21,087,539**	**17,151,917**

32. Insurance coverage

The Corporation's policy is to insure its property, plant and equipment and inventories subject to risk, at amounts deemed sufficient to cover possible losses, taking into consideration the nature of its activities and the insurance advisors' opinion.

Based on the maximum risk weighting, the Corporation does not have a policy of maintaining insurance policies to protect against lost profits, given the broad geographic distribution of its plants and the fact that its operations can be reorganized in the event that any need arises.

The risk assumptions adopted, given their nature, are not part of the scope of an audit of financial statements and, accordingly, were not reviewed by the Corporation's independent auditors.

Below is a summary of the amounts insured by the Corporation:

	Parent		Consolidated	
Description	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Buildings and meatpacking plants	2,552,871	3,138,848	6,634,632	7,458,982
Inventories	438,911	446,039	1,043,471	975,872
Third-party warehouse	72,731	215,553	118,457	253,327
Vehicles	12,802	13,128	31,472	27,571
Transportation of goods	75,482	60,307	3,698,860	1,708,646
Officers' guarantees	519,670	25,000	561,260	49,184
Civil liability	26,900	201,535	505,077	919,160
Aircraft	548,794	201,535	1,068,464	604,605
Other	705,431	339,624	771,690	384,917
	4,953,592	**4,641,569**	**14,433,383**	**12,382,264**

(In thousands of Brazilian reais, except where otherwise indicated)

33. Related-party transactions

33.1. Related parties to the Parent Company

The following tables, except for transactions with controlling shareholders, show the transactions between the Corporation and its wholly owned subsidiaries:

	Parent							
	Outstanding Balance				Recognized as profit or loss			
	Amounts receivable		Amounts payable		Income		Expenses	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Prestcott International S.A.	-	-	774	1,768	-	-	9,261	9,140
Establecimientos Colonia S.A.	2,541	8,064	82	2,031	16,361	34,140	5,549	15,317
Frigorífico Tacuarembó S.A.	416	1,150	3,176	1,349	1,839	5,975	13,770	17,271
Inaler S.A.	-	-	485	1,018	-	-	3,150	6,630
Marfrig Argentina S.A	388,608	309,562	1,831	3,060	-	-	11,202	13,690
Marfrig Chile S.A.	3,099	24,716	55,485	-	291,171	379,484	6,207	5,529
Marfrig Holdings (Europe) BV	8,587,820	5,242,175	13,744,877	10,272,787	-	-	-	-
Marfrig Overseas Ltd.	3,426,020	623,336	211,864	132,714	-	-	-	-
Marfrig Comercializadora de Energia Ltda	20,638	443	-	-	-	-	56,622	50,233
Masplen Ltd	590,575	423,214	4	62	367,037	220,768	-	614
Marfrig Beef UK Limited	1,838,168	1,526,086	7,249,762	5,323,369	6,464,692	3,565,265	-	-
Marfrig Beef International Limited	18,256	25,013	-	-	1,197	538	144	-
MFG Holdings SAU	240,314	272,447	15,324	35	42,107	34,605	20,741	-
Campo Del Tesoro	-	-	6,797	-	-	-	6,897	-
Controlling shareholders	-	1	3,435	1,198	29	30	-	-
Key management personnel	2,695	3	3,450	69	101	144	3,048	3,240
Other related parties	32,600	60,465	290,787	55,297	42	41	568,389	276,147
	15,151,750	8,516,675	21,588,133	15,794,757	7,184,576	4,240,990	704,980	397,811

The nature of related-party transactions between Marfrig Group companies is represented by commercial transactions (purchases and sales) and sending of cash for payment of such transactions, as well as for working capital.

Intercompany transactions (instruments receivable and payable) in Brazil (parent company and subsidiaries) are managed by checking accounts held between the companies based on the centralized cash system managed by the parent company. For loan transactions with subsidiaries abroad, the loan rate is 3% plus 6-month LIBOR (London Interbank Offered Rate). The main variations in the balances of related-party transactions were due to the fluctuation in the price of the U.S. dollar against the Brazilian real. For the balances of related-party receivables, the appreciation in the U.S. dollar represented 37% of the variation, with the remaining 62% referring to new agreements (funding operations) to fund the operation. For balances payable, the fluctuation in the U.S. dollar price accounted for 79% of the total variation.

Purchases and sales of products are made at market values. No guarantees or estimated losses with doubtful accounts are required. These transactions involve purchase and sale of fresh meat and cattle, poultry and lamb processed products.

Transactions between subsidiaries do not have an impact on consolidated financial statements, given that they are eliminated in consolidation.

(In thousands of Brazilian reais, except where otherwise indicated)

33.2. Consolidated related parties

	Consolidated							
	Outstanding balance				Recognized as profit or loss			
	Accounts receivable		Accounts payable		Income		Expenses	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Controlling shareholders	-	1	3,435	1,198	29	30	-	-
Key management personnel	2,695	3	4,233	1,253	132	150	3,048	3,240
Other related parties	32,600	60,465	290,787	55,297	42	41	568,389	276,147
Joint venture	947	-	-	-	-	-	-	-
	36,242	60,469	298,455	57,748	203	221	571,437	279,387

33.3. Controlling shareholders

A suretyship agreement was entered into with the controlling shareholder, MMS Participações Ltda., under which said shareholder guarantees certain obligations of the Corporation. These transactions were conducted on an arm's length basis and in accordance with internal guidelines formally established by the Corporation.

33.4. Other related parties

The controlling shareholders own membership interests in other entities that have businesses with Marfrig Group. The aggregate amount of transactions is represented in the table above under "other related parties." Most of transactions refer primarily to sale of animals for slaughter and to associated logistics services. These transactions are carried out on an arm's length basis, in accordance with internal guidelines formally established by the Corporation that are periodically verified by the Corporation management to attest their compliance with market conditions.

33.5. Joint Ventures

The indirect subsidiaries Beef Holdings Limited and NBM US Holdings, Inc have 1 joint venture, which is recognized through the equity method of accounting.

The following table summarizes the main financial information on unconsolidated joint ventures in the interim financial information, in accordance with NBC TG 18/R3 (CVM Resolution 696/12) – Investments in associates, subsidiaries and joint ventures.

	% Interest	Country	Total assets	Total liabilities	Loss for the period
COFCO-Keystone Supply Chain	45%	China	156.722	157.077	-
Plant Plus Foods LLC, Inc.	70%	USA	-	947	(938)
Total			156.722	158.024	(938)

33.6. Statutory Audit Committee

The Company's Statutory Audit Committee was established by the Board of Directors Meeting held on November 29, 2019. The compensation of the Audit Committee is paid monthly, without variable remuneration.

34. Management compensation

The compensation policy is designed to establish the criteria, responsibilities and directions for the short- or long-term compensation program of Marfrig Group's Management (Bonus and Stock Option).

The purpose of this policy is to motivate the Corporation's executive officers to grow and develop to achieve maximum performance, in line with the business objectives, through a short- and long-term reward payout.

The Compensation, Corporate Governance and Human Resources Committee is the advisory body to the Board of Directors in assessing management compensation. The committee is composed solely of members of the Corporation's Board of Directors and one of them is the Committee Coordinator.

The parameters used to determine Management's compensation are based on market practices.

34.1. Board of directors

The compensation of the Board of Directors is set annually for each director and paid monthly, with no variable compensation.

The board members' compensation is determined through market research with the major companies in the industry whereby a compensation base is defined and submitted to Corporation's Compensation, Corporate Governance and Human Resources Committee for validation.

34.2. Officers appointed as per Bylaws

The Board of Executive Officers' compensation consists of a fixed and variable portion.

Fixed portion – An annual amount is set for each member and paid on a monthly basis.

Variable portion – Consists of short-term (bonus) and long-term (stock option) compensation. In general, the goals set by the Corporation for Management evaluation refer to economic objectives and individual goals. As part of the compensation payment, the Company may determine that up to 70% of its Managers' variable compensation be paid by directly granting treasury shares, with the calculation of the share price, in accordance with Article 4, Sole Paragraph of CVM Instruction 567, based on the average share price in the last 20 trading sessions prior to the payment date of the variable compensation, which occurred on April 30, 2020.

The gain on the Stock Option Plan is tied to the appreciation of the market price of the share, i.e. the value added to the Corporation by the performance of the individual and the Management as a whole will reflect on the gain on the stock option plan, maintaining at the same time its interests in line with the Corporation's interests in the long term.

The exercise price of the stock options related to share-based compensation under "Specific Programs" is the average of the last 20 trading sessions prior to the first business day of March of each year and the grant price with a 50% discount starting with the grants in 2010.

The vesting period follows these criteria:

- 25% after 12 months of the grant;
- 25% after 24 months of the grant;
- 25% after 36 months of the grant;
- 25% after 48 months of the grant.

(In thousands of Brazilian reais, except where otherwise indicated)

The officers' compensation is determined through market research with the major companies in the industry whereby measurement criteria are established according to the significance of the position within the organization. The macro policies are approved by the Compensation, Corporate Governance and Human Resources Committee.

34.3. Audit Board

The Corporation's Audit Board was set up after approval at the Annual Shareholders' Meeting held on April 30, 2010. In the by-laws amended by the Special Shareholders' Meeting held on March 11, 2011, the Audit Board became a permanent body.

The Audit Board's is fixed on an annual basis and paid on a monthly basis. There is no variable portion.

34.4. Consolidated compensation

Management and Board members compensation is made up of the compensation of six members of the Board of Directors (the other two opted for not receiving compensation as board members, one of whom is also a member of the Statutory Board of Executive Officers and receives compensation from that body), six members of the Audit Board (there of whom are alternate members) and four officers appointed as per the Corporation's by-laws.

The added value of the compensation received by the Corporation's Management and Board members for their services is defined through market practices, with the participation of the Compensation, Corporate Governance and Human Resources Committee, made up exclusively of members of the Board of Directors of the Corporation, one of whom acts as Coordinator of the Committee:

	12/31/2020	12/31/2019
Consolidated Management compensation	58,119	27,655
Total	**58,119**	**27,655**

34.5. Stock option plan

In the year ended December 31, 2020, a total of 1,127,599 shares were transferred to the Management of the Corporation under the stock option plans. The changes in options exercised throughout the year are shown in the tables below:

Total options exercised by month

	Number of shares exercised	Average Market Price[1] (R$ per share)
January/20	-	11.29
February/20	-	12.00
March/20	204,751	9.08
April/20	21,776	10.01
May/20	367,816	13.19
June/20	310,979	12.86
July/20	60,859	13.92
August/20	62,013	15.95
September/20	99,405	16.29
Options exercised - 2020	1,127,599	

[1] Average monthly quote disclosed by B3 S.A. - Brasil, Bolsa e Balcão, related to Marfrig's common shares, traded under ticker MRFG3.

(In thousands of Brazilian reais, except where otherwise indicated)

Consolidated Changes	2020	2019
(Options)		
Opening balance	**3,653,287**	**3,081,827**
Options granted	121,253	1,882,773
Options exercised	(1,127,599)	(959,246)
Options canceled and expired	(176,209)	(352,067)
Closing balance	**2,470,732**	**3,653,287**

The expected dilution of ownership interest of current shareholders, when stock options are exercised at the vesting date, up to the limit of shares held in the treasury for this purpose, is 0.36% of all shares at December 31, 2020, as detailed in the table below:

Percentage of Dilution

	ESP X LP 15-16 Plan	ESP XI LP 16-17 Plan	ESP XII LP 17-18 Plan	ESP XIII LP 18-19 Plan	ESP XIV LP 19-20 Plan	Total
Granting date	07/11/2016	20/12/2017	25/09/2018	14/08/2019	11/11/2020	
Unexercised agreements	963	99.924	898.960	1.349.632	121.253	2.470.732
Treasury stock						(19.413.106)
Total shares except treasury stock						691.956.807
Percentage of dilution	0,00%	0,01%	0,13%	0,20%	0,02%	0,36%

The Corporation recognized expenses relating to granting of plans in effect for the year ended December 31, 2020 and 2019, as detailed in the table below:

Effects from the exercise of options (R$ '000)	2020	2019
Amount received from sale of shares - Exercised options	3,456	2,848
(-) Cost of treasury shares disposed of	(8,651)	(5,548)
Effect on disposal of shares	**(5,195)**	**(2,700)**

Due to the exercise of stock options, the Corporation incurred costs with the sale of treasury shares of R$8,651. At December 31, 2020, the book value of treasury shares was recorded under the Corporation's shareholders' equity in the amount of R$182,462 (R$80,836 at December 31, 2019).

The fair value of the options was measured on an indirect basis, according to the Black-Scholes pricing method, based on the following assumptions:

- **Standard deviation:** 24.89%. Volatility is measured taking into consideration the daily prices of the Corporation's shares traded on the Brazilian stock exchange (B3) under the ticker MRFG3, from July 1, 2020 to December 31, 2020;

- **Risk-free interest rate:** 4.55% p.a. The Corporation uses as risk-free interest rate the Long-Term Interest Rate (TJLP) annualized on calculation date and available on the federal revenue service website: receitafederal-idg.receita.fazenda.gov.br/orientacao/tributária/pagamentos-e-parcelamentos/taxa-de-juros-de-longo-prazo-tjlp.

The fair value of options as of December 31, 2020 ranged between a minimum of R$8.37 and a maximum of R$11.87 per share for SPECIAL plans.

(In thousands of Brazilian reais, except where otherwise indicated)

Changes to the stock option programs are presented below:

Plans	Granting Date	Performance (vesting) period	Option expiration date	Options granted	Vested options	Options exercised in the period	Options cancelled and/or expired in the period	Options exercised and/or cancelled in prior periods	Unexercised agreements	Option exercise price
Options Exercised/Canceled in Previous Periods				**12,833,129**	**8,922,718**			**7,868,529**	**3,653,287**	
ESP X LP 15-16	11-07-16	03-03-20	09-02-20	306,219	306,219	205,109	28,434	71,713	963	R$ 3.0281
ESP XI LP 16-17	12-20-17	03-03-20	09-02-20	126,517	126,517	90,881	12,100	22,210	1,326	R$ 3.3592
ESP XI LP 16-17	12-20-17	03-03-21	09-02-21	126,337	7,368	0	5,561	22,178	98,598	R$ 3.3592
ESP XII LP 17-18	09-25-18	03-03-20	09-02-20	504,385	504,385	414,575	42,032	38,581	9,197	R$ 3.1789
ESP XII LP 17-18	09-25-18	03-03-21	09-02-21	504,385	0	0	20,854	38,581	444,950	R$ 3.1789
ESP XII LP 17-18	09-25-18	03-03-22	09-02-22	504,189	0	0	20,838	38,538	444,813	R$ 3.1789
ESP XIII LP 18-19	08-14-19	03-03-20	09-02-20	470,753	470,753	417,034	30,173	17,437	6,109	R$ 2.9110
ESP XIII LP 18-19	08-14-19	03-03-21	09-02-21	470,753	0	0	5,407	17,437	447,909	R$ 2.9110
ESP XIII LP 18-19	08-14-19	03-03-22	09-02-22	470,753	0	0	5,407	17,437	447,909	R$ 2.9110
ESP XIII LP 18-19	08-14-19	03-03-23	09-02-23	470,514	0	0	5,403	17,406	447,705	R$ 2.9110
ESP XIV LP 19-20	11-11-20	03-03-21	09-02-21	30,314	0	0	0	0	30,314	R$ 6.1857
ESP XIV LP 19-20	11-11-20	03-03-22	09-02-22	30,314	0	0	0	0	30,314	R$ 6.1857
ESP XIV LP 19-20	11-11-20	03-03-23	09-02-23	30,314	0	0	0	0	30,314	R$ 6.1857
ESP XIV LP 19-20	11-11-20	03-03-24	09-02-24	30,311	0	0	0	0	30,311	R$ 6.1857
Total on	**12-31-20**			**12,954,382**	**10,293,566**	**1,127,599**	**176,209**	**9,179,842**	**2,470,732**	

Plans	Granting Date	Market value of unvested options at the end of the period (R$ '000)	Market value of outstanding vested options at the end of the period (R$ '000)	Effects in the result of the period in case of recognition (R$ '000)
ESP X LP 15-16	11-07-16	11.1	11.1	6.1
		11.1	**11.1**	**6.1**
ESP XI LP 16-17	12-20-17	14.8	14.8	8.0
ESP XI LP 16-17	12-20-17	1,102.0	0.0	597.0
		1,116.8	**14.8**	**605.1**
ESP XII LP 17-18	09-25-18	104.2	104.2	57.3
ESP XII LP 17-18	09-25-18	5,052.7	0.0	2,774.5
ESP XII LP 17-18	09-25-18	5,113.5	0.0	2,773.7
		10,270.4	**104.2**	**5,605.5**
ESP XIII LP 18-19	08-14-19	70.9	70.9	39.7
ESP XIII LP 18-19	08-14-19	5,205.4	0.0	2,912.9
ESP XIII LP 18-19	08-14-19	5,262.9	0.0	2,912.9
ESP XIII LP 18-19	08-14-19	5,315.5	0.0	2,911.6
		15,854.6	**70.9**	**8,777.3**
ESP XIV LP 19-20	11-11-20	253.8	0.0	97.9
ESP XIV LP 19-20	11-11-20	262.1	0.0	97.9
ESP XIV LP 19-20	11-11-20	270.1	0.0	97.9
ESP XIV LP 19-20	11-11-20	278.0	0.0	97.9
		1,064.0	**0.0**	**391.5**
Total on	**12-31-20**	**28,316.8**	**200.9**	**15,385.5**

(In thousands of Brazilian reais, except where otherwise indicated)

34.6. Direct Granting of Shares

During the fiscal year ended December 31, 2020, 693,624 shares were transferred to the managers of the Company. The changes are shown in the following table:

Total shares granted by month	Number of shares granted
January - 20	-
February - 20	-
March - 20	-
April - 20	693,624
May - 20	-
June - 20	-
July - 20	-
August - 20	-
September - 20	-
October - 2020	-
November - 20	-
December - 20	-
Shares granted - 2020	**693,624**

The stock price was calculated at R$9.98 per share (weighted average price of the 20 trading sessions prior to April 30, 2020).

35. Additional information of the cash flow statements

In compliance with items 43 and 44(a) of NBC TG 03/R3 (CVM Resolution 641/10) – Statement of Cash Flows, the following table presents the changes in liabilities from financing activities arising from cash and non-cash flows:

	Parent					
	Balance on		Non-cash change			Balance on
Description	12/31/2019	Cash flow	New agreements	Exchange rate fluctuation	Other [1]	12/31/2020
Loans, financing and debentures	2,775,258	2,187,273	-	748,937	78,799	5,790,267
Lease payable	101,892	(47,561)	111,362	-	3,710	169,403
Capital reserves, options granted and treasury shares	(1,271,370)	(101,926)	-	(537,115)	39,586	(1,870,825)
	1,605,780	**2,037,786**	**111,362**	**211,822**	**122,095**	**4,088,845**

	Consolidated						
	Balace on		Non-cash change				Balace on
Description	12/31/2019	Cash flow	Business combination	New agreements	Exchange rate fluctuation	Other [1]	12/31/2020
Non-controlling interest	1,157,776	(1,287,478)	-	-	319,959	1,229,097	1,419,354
Loans, financing and debentures	21,716,280	(2,662,040)	6,198	-	6,120,171	1,629,538	26,810,147
Lease payable	523,833	(256,042)	-	274,115	124,097	23,427	689,430
Capital reserves, options granted and treasury shares	(1,271,370)	(101,926)	-	-	(537,115)	39,586	(1,870,825)
	22,126,519	**(4,307,486)**	**6,198**	**274,115**	**6,027,112**	**2,921,648**	**27,048,106**

(1) The amounts presented under other for loans, financing and debentures and for lease payable refer to interest expenses incurred in the year and for non-controlling interest refers to the amount attributed to the income or loss for the year.

36. Events after the reporting period

Issue of Senior Notes 2031

On January 14, 2021, the Corporation announced to its shareholders and the market that its subsidiary MARB BondCo PLC ("MARB" or "Issuer") concluded, on said date, its international bonds offering in the aggregate amount of US$1.5 billion. The issue received demand 4.5 times higher than the offer. The bonds maturing in 2031 were issued with an interest rate of 3.95% p.a., the Corporation's lowest ever. The operation was rated "BB-" in foreign currency by Standard & Poor's ("S&P") and "BB" by Fitch Ratings. The transaction is guaranteed by Marfrig Global Foods S.A., NBM US Holdings, Marfrig Holdings (Europe) B.V. and Marfrig Overseas Limited. The issue is part of the Liability Management process to lengthen the Corporation's debt maturity profile and reduce the cost of its capital structure, and will be used in the Tender Offer of Senior Notes due in 2024 with remuneration of 7.000% p.a. and the Senior Notes due in 2025 with remuneration of 6.875% p.a., as announced on January 11, 2021.

Notice to the Market – Redemption of Senior Notes 2024

On February 12, 2021, the Corporation announced to its shareholders and the market, jointly with its subsidiaries MARB, Marfrig Holdings (Europe) B.V. and Marfrig Overseas Limited, in addition to the Tender Offers described in Notice to the Market disclosed on February 10, 2021, the redemption of 100% of the remaining outstanding senior notes due in 2024 with remuneration of 7.000% ("Notes 2024"), issued on March 15, 2017 by MARB. The redemption of the remaining Notes 2024 will occur on March 15, 2021 ("Redemption Date ") for the redemption price of 101.750%, or US$1,017.50 per US$1,000, of the principal amount of Notes 2024, plus interest accrued and not paid until, but not including, the Redemption Date.

Conclusion of Repurchase of Senior Notes 2025 (Bond)

On February 16, 2021, the Corporation announced to its shareholders and the market, jointly with its subsidiaries MARB, Marfrig Holdings (Europe) B.V. and Marfrig Overseas Limited, in addition to the Tender Offers described in Notice to the Market disclosed on February 10, 2021, the redemption of 100% of the remaining outstanding senior notes due in 2025 with remuneration of 6.875% ("Notes 2025"), issued on January 19, 2018 by MARB. The redemption of the remaining Notes 2025 will occur on February 16, 2021 ("Redemption Date ") for the redemption price of 103.438%, or US$1,034.38 every US$1,000, of the principal amount of Notes 2025, plus interest accrued and not paid until, but not including, the Redemption Date.

&Green

On February 24, 2021, the Company announced to its shareholders and the market that it entered into with a financing agreement of US$30 million with the international investment fund &Green. The agreement also drew on the support of IDH. To enable the financial support, &Green provides for a series of commitments by Marfrig, as follows: zero deforestation, forest conservation, replacement or compensation of native vegetation and intensification of use of low productivity areas. &Green requires the fulfillment of rigorous environmental, social and governance (ESG) criteria, and Marfrig obtaining this financing demonstrates that the Corporation can comply with these rigorous sustainability criteria. IDH, The Sustainable Trade Initiative, is a social enterprise that works with financiers, governments, businesses and civil society to support sustainable commerce in global value chains. &Green is an international mixed investment fund launched in July 2017, with an evergreen structure, which invests in commercial projects in agricultural production value chains in order to protect and restore tropical forests and make agriculture more sustainable and inclusive – involving local communities, producers, financiers, supply chain companies, local and national government and civil society. Some of the main sponsors of the Fund are: Norway's International Climate and Forest Initiative (NICFI), Unilever and the Global Environment Facility, which operates through the UN Environment Program.

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MARFRIG GLOBAL FOODS S.A.
Corporate Taxpayer ID (CNPJ/MF) 03.853.896/0001-40
Company Registry (NIRE) 35.300.341.031
Publicly Held Company

FISCAL COUNCIL´S OPINION

The Fiscal Council analyzed the Financial Statements and corresponding Explanatory Notes, the Annual Management Report, and the Independent Auditors' Report for the fiscal year ended on December 31, 2020. Throughout the year, the Fiscal Council followed up the Company's reporting work through interviews and requests for clarification on the understanding of relevant accounting, equity and management issues, in sessions with representatives of the Company's Management about: **a)** the disclosures to shareholders, including the quarterly reports with the presence of the Independent Auditors; **b)** evaluation of the assumptions and judgments made by Management regarding possible impacts of COVID-19 on the Financial Information; **c)** the assumptions and calculations related to the impairment evaluations; **d)** the partnership between Marfrig and Archer-Daniels-Midland Company "ADM" in the incorporation of PlantPlus Foods LLC, a joint venture for production and commercialization of vegetable-based products through the retail and food service channels in the South and North American markets; **e)** advances in sustainability with: i) the launch of the Marfrig Green+ Plan, whose goal is to ensure that 100% of the production chain is sustainable and deforestation-free over the next ten years; ii) joining B3's Corporate Sustainability Index (ISE) and Carbon Efficient Index (ICO2); iii) joining the group of signatories of the United Nations (UN) Global Compact, an initiative aimed at encouraging companies to adopt corporate social responsibility and sustainability policies; **f)** at the end of 4Q20 the Company had a leverage ratio measured by the ratio between net debt and EBITDAAj (last 12 months) of 1.60x in dollars and 1.57x in reais; **g)** issuance of US$ 1.5 billion in senior notes (bonds) with maturity in 2031 were issued with an interest rate of 3.95% p.a. **CONCLUSION:** Based on this work and evidence and in view of the understandings held and the Report issued by Grant Thornton Auditores Independentes, the members of the Fiscal Council are of the opinion that the Financial Statements and corresponding Explanatory Notes and the Annual Management Report for the fiscal year ended on December 31, 2020, are adequately presented and in conditions to be appreciated by the Company's shareholders, at the Annual General Meeting.

São Paulo, March 08, 2021.

Eduardo Augusto Rocha Pocetti
President

Axel Erhard Brod
Effective Member

Ricardo Florence dos Santos
Effective Member

SUMMARY ANNUAL REPORT ON THE ACTIVITIES OF THE STATUTORY AUDIT COMMITTEE

FINANCIAL YEAR 2020

MARFRIG GLOBAL FOODS S.A.

1) General Information

The Statutory Audit Committee of Marfrig Global Foods was established in 2019 under the CVM Instruction No. 509 of November 16, 2011.

The Statutory Audit Committee is a statutory advisory and instruction board, directly linked to the Board of Directors, on a permanent basis, governed by the applicable law and regulation, and by the provisions of Marfrig Global Foods S.A.'s Bylaws and Internal Regulations.

During 2020, the Committee held 7 meetings with the attendance of the Company executives, internal auditors and representatives of Grant Thornton Auditores Independentes to allow the understanding of processes, internal controls, risks, as well as to issue its recommendations to the Board of Directors and to the Company's Management.

2) Performed Activities

The following are the main themes and activities performed by the Statutory Audit Committee:

- Evaluation of annual financial statements and quarterly reports, always with the presence of independent auditors;
- Monitoring of the planning on the work of the independent auditors and internal auditors for the financial year 2020;
- Follow-up and monitoring, together with the Company's Management, of the work in the areas of Internal Audit and Internal Controls and evaluation of the internal audit reports that were prepared;
- Supervision of the external auditors' activities to assess the independence, quality and adequacy of the services provided to the needs of the Company;
- Evaluation with the Independent Auditors of the possible impacts of Coronavirus pandemic on the financial statements;
- Analysis and discussion with the Company's Management on the Internal Controls Letter prepared by Grant Thornton Auditores Independentes and

the respective internal areas action plans for the correction or improvement of points;

- Follow-up of the work in the preparation area of the Company's financial statements;
- Evaluation of the adequacy of transactions with related parties carried out by the company and respective proofs;
- Discussions with the Company's Risk Management area and understanding of the Market Risk Management Policy;
- Opinion for approval by the Board of Directors of the annual financial statements.

The members of the Committee reported that there were no situations in which there was a significant divergence between the company's management, the independent auditors and this Committee regarding the company's financial statements.

São Paulo, March 8, 2021

Antonio dos Santos Maciel Neto
Committee Coordinator

José Mauro Depes Lorga
Committee Member

Lúcio Abrahão Monteiro Barros
Committee Member

MARFRIG GLOBAL FOODS S.A.
CNPJ/ME 03.853.896/0001-40
NIRE 35.300.341.031
Publicly-held Company

STATUTORY AUDIT COMMITTEE'S OPINION

The Statutory Audit Committee analyzed the Financial Statements and corresponding Notes, the Management's Annual Report, and the Independent Auditors' Report for the fiscal year ended December 31, 2020. Under the Normative Instruction of the Securities and Exchange Commission No. 509 of November 16, 2011, the main activities performed by the Committee in the fiscal year 2020 are described in the Summary Annual Report of Activities presented together with these financial statements. Based on these documents and evidence, and in accordance with the understandings maintained, the Committee members assess that the Financial Statements and corresponding Notes and the Management's Annual Report for the fiscal year ended December 31, 2020, are properly presented and able to be analyzed by the Company's shareholders at the Ordinary General Meeting.

São Paulo, March 8, 2021

Antonio dos Santos Maciel Neto
Coordinator

José Mauro Depes Lorga

Lúcio Abrahão Monteiros Bastos

Statement of Executive Officers on the Financial Statements

Statement of Executive Officers on the Financial Statements

In compliance with the provisions of CVM Instruction 480, the Board of Executive Officers declares that it has discussed, reviewed and agreed to the financial statements related to the fiscal year ended December 31, 2020.

Sao Paulo, March 08, 2021.

Executive Officers:

Miguel de Souza Gularte Chief Executive Officer	**Tang David** Chief Administrative and Financial and IR
Heraldo Geres Chief Legal Officer	**Rodrigo Marçal Filho** Executive Officer

Statement of Executive Officers on the Independent Auditors Report

Statement of Executive Officers on the Independent Auditors Report

In compliance with the provisions of CVM Instruction 480, the Board of Executive Officers declares that it has discussed, reviewed and agreed with the opinions expressed in the Independent Auditors Report on the financial statements related to the fiscal year ended December 31, 2020.

Sao Paulo, March 08, 2021.

Executive Officers:

Miguel de Souza Gularte
Chief Executive Officer

Tang David
Chief Administrative and Financial and IR

Heraldo Geres
Chief Legal Officer

Rodrigo Marçal Filho
Executive Officer