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MARB BondCo PLC

(a public limited company organized and existing under the laws of England and Wales)

U.S.$1,500,000,000 3.950% Senior Notes due 2031
Unconditionally and Irrevocably Guaranteed by
Marfrig Global Foods S.A., Marfrig Holdings (Europe) B.V., Marfrig Overseas Limited and NBM US Holdings, Inc.

We are offering U.S.$1,500,000,000 aggregate principal amount of MARB BondCo PLC 3.950% Senior Notes due 2031 (the "notes"). MARB BondCo PLC is an indirect, wholly-owned subsidiary of Marfrig (as defined below), and a public limited company organized and existing under the laws of England and Wales. The notes are unconditionally and irrevocably guaranteed by Marfrig Global Foods S.A., a *sociedade por ações* incorporated under the laws of the Federative Republic of Brazil (referred to as "Marfrig," the "Company" or "we"). The notes are also unconditionally and irrevocably guaranteed by Marfrig Holdings (Europe) B.V. a private limited liability company incorporated and existing under the laws of The Netherlands, Marfrig Overseas Limited, an exempted limited liability company incorporated under the laws of the Cayman Islands and NBM US Holdings, Inc., a corporation incorporated under the laws of the State of Delaware (collectively referred to as the "subsidiary guarantors").

We will pay interest on the notes semi-annually on January 29 and July 29 of each year, commencing on July 29, 2021. The notes will mature on January 29, 2031. We may redeem some or all of the notes on or after January 29, 2026 at the redemption prices set forth in this offering memorandum. Prior to January 29, 2026 we may, at our option, redeem the Notes, in whole at any time or in part from time to time, at the redemption prices set forth in this Offering Memorandum. There is no sinking fund for the notes. See "Description of the Notes—Optional Redemption."

The notes will be unsecured senior obligations and will rank *pari passu* with all unsecured and unsubordinated obligations of the Issuer. The guarantees of the notes will be senior unsecured obligations of Marfrig and the subsidiary guarantors and will rank *pari passu* with all unsecured and unsubordinated obligations of Marfrig and the subsidiary guarantors. For a more detailed description of the notes, see "Description of the Notes."

We intend to use the net proceeds from this offering to fund the tender offers, as described further under "Use of Proceeds."

We intend to make an application to admit the notes to listing on the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF market.

Investing in the notes involves risks. See "Risk Factors" beginning on page 19.

Price: 100%

plus accrued interest, if any, from January 29, 2021.

Delivery of the notes in book-entry form will be made on or about January 29, 2021.

The notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). The notes will be offered to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act ("Rule 144A") and to certain non-U.S. persons in reliance on Regulation S under the Securities Act ("Regulation S"). You are hereby notified that sellers of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For more information on transfer of the notes, see "Transfer Restrictions."

This offering memorandum constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectuses for securities dated July 16, 2019.

Global Coordinators & Joint Bookrunners

BNP PARIBAS **Bradesco BBI** **HSBC** **Jefferies** **J.P. Morgan** **Santander**

Joint Bookrunners

Safra **BTG Pactual** **Itaú BBA** **Rabo Securities** **UBS Investment Bank**

The date of this offering memorandum is March 25, 2021.

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We are responsible for information contained in this offering memorandum. We have not authorized anyone to give you any other information, and we take no responsibility for any other information that others may give you. Neither we, nor the Issuer, nor BNP Paribas Securities Corp., Banco Bradesco BBI S.A., HSBC Securities (USA) Inc., Jefferies LLC, J.P. Morgan Securities LLC, Santander Investment Securities Inc., Banco BTG Pactual S.A. – Cayman Branch, Banco Safra S.A., acting through its Cayman Islands Branch, Itau BBA USA Securities, Inc., Rabo Securities USA, Inc. and UBS Securities LLC referred to in this offering memorandum as the initial purchasers, have authorized anyone to provide you with information different from, or additional to, that contained in this offering memorandum. This offering memorandum may only be used and the notes are being offered, and offers to purchase the notes are being sought, only in jurisdictions where offers and sales are permitted. The information contained in this offering memorandum is accurate only as of the date of this offering memorandum, regardless of the time of delivery of this offering memorandum or of any sale of the notes.

In this offering memorandum, references to "Marfrig," the "Company," "we," "us" and "our" are to Marfrig Global Foods S.A., a corporation (*sociedade por ações*) incorporated under the laws of the Federative Republic of Brazil, which is a guarantor of the notes, together with its direct and indirect subsidiaries, except where the context requires otherwise. All references to "MARB" or the "Issuer" are to MARB BondCo PLC, an indirect, wholly-owned subsidiary of Marfrig, a public limited company organized and existing under the laws of England and Wales, and the issuer of the notes. All references to "subsidiary guarantors" are to Marfrig Holdings (Europe) B.V. ("Marfrig Holdings"), a wholly-owned subsidiary of Marfrig, incorporated and existing under the laws of The Netherlands as a private limited liability company, Marfrig Overseas Limited ("Marfrig Overseas"), an exempted limited liability company incorporated under the laws of the Cayman Islands and NBM US Holdings Inc. ("NBM"), a corporation incorporated under the laws of the State of Delaware. All references to the "guarantors" are to Marfrig, Marfrig Holdings, Marfrig Overseas, and NBM. The guarantees of the notes are unconditional (subject to any limitations on such guarantees by virtue of applicable local law). When used in this offering memorandum, the term "Marfrig Group" or the "Group" refer to Marfrig together with its subsidiaries,

taken as a whole. References to "controlling shareholder" are to MMS Participações Ltda. ("MMS Participações"). Marcos Antonio Molina dos Santos and Marcia Aparecida Pascoal Marçal dos Santos collectively hold all of the voting stock of MMS Participações and together hold, directly and indirectly, 47.60% of our voting stock as of September 30, 2020. References to "principal shareholders" refer to persons who own 5.0% or more of our capital stock.

When used in this offering memorandum, the term "domestic markets" refers to the internal markets of each of the 5 countries in which we operate, and the term "export markets" refers to the international markets to which we export our final products from such domestic markets as final destinations.

The term "Brazil" refers to the Federative Republic of Brazil. The term "Brazilian government" refers to the federal government of Brazil, and the term "Central Bank" refers to the Central Bank of Brazil (*Banco Central do Brasil*).

All references in this offering memorandum to "*real*," "*reais*" or "R$" are to the legal currency of Brazil, and all references to "U.S. dollar," "U.S. dollars" or "U.S.$" are to the legal currency of the United States of America. This offering memorandum contains translations of various *real* amounts into U.S. dollars at specified rates solely for your convenience. You should not construe these translations as representations by us that the *real* amounts actually represent these U.S. dollar amounts have been or could be converted into U.S. dollars at the rates indicated or at any other rates. Unless otherwise indicated, we have translated the *real* amounts using a rate of R$5.6401 to U.S.$1.00, the U.S. dollar selling rate as of September 30, 2020, as reported by the Central Bank.

Neither the SEC nor any state securities commission nor any other regulatory authority has approved or disapproved the offering of the notes nor has any of the foregoing authorities passed on or endorsed the merits of the offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

We are relying on exemptions from registration under the Securities Act for offers and sales of securities that do not involve a public offering in the United States. The notes offered through this offering memorandum are subject to restrictions on transferability and resale, and may not be transferred or resold in the United States, except as permitted under the Securities Act and applicable U.S. state securities laws pursuant to registration or exemption from them. By purchasing the notes, you will be deemed to have made the acknowledgments, representations, warranties and agreements described under the heading "Transfer Restrictions" in this offering memorandum. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. In making investment decisions, you must rely on your own examination of our business and the terms of the offering, including the merits and risks involved.

You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the notes or possess or distribute this offering memorandum and must obtain any consent, approval or permission required for your purchase, offer or sale of the notes or common shares issuable on conversion of the notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the initial purchasers will have any responsibility therefor.

We and the initial purchasers reserve the right to reject, in whole or part, and for any reason, any offer to purchase notes offered hereby. We and the initial purchasers also reserve the right to sell or place less than all of notes offered hereby.

No representation or warranty, express or implied, is made by the initial purchasers or their respective affiliates as to the accuracy or completeness of any of the information set out in this offering memorandum. Nothing contained in this offering memorandum is or shall be relied upon as a promise or representation by the initial purchasers, whether as to the past or to the future.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains estimates and forward-looking statements, principally in the sections "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business." Our estimates and forward-looking statements are based on our current expectations and projections of future events and trends, which affect or may affect our businesses and results of operations. Words such as "believe," "anticipate," "seek," "expect," "estimate," "will," "plan," "may," "could," "intend," "predict," "project" and other similar words are used in this offering memorandum to identify forward-looking statements.

Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to us. Many important factors, in addition to the ones discussed in this offering memorandum, may adversely affect our profitability, financial condition and results of operations, including, but not limited to, the following:

- fluctuations in commodity prices and in the availability of raw materials, especially live cattle and other resources, could negatively impact our profitability, financial condition and results of operations;
- changes in market prices, customer preferences and competitive conditions;
- impacts of, and associated responses to, the novel coronavirus ("COVID-19") pandemic;
- the outbreak of disease affecting animals;
- the adoption of sanitary regulations in domestic markets;
- Marfrig's ability to keep a high degree of customer satisfaction;
- Marfrig's ability to develop innovative products and concepts and to implement its products within defined timelines;
- government interventions resulting from changes in economic conditions, in taxes or the regulatory frameworks of the United States, Brazil and the other countries in which Marfrig operates;
- the macroeconomic conditions and the political, social and business conditions in the United States, Brazil and other countries in which Marfrig operates;
- the adoption of tariffs, trade barriers, sanitary regulations or other import restrictions by countries to which Marfrig exports or plans to export its products;
- developments in, or changes to, the tax, social security, labor and environmental laws and regulations, including the regulatory framework, which could make Marfrig's business model or products less attractive;
- the conditions of infrastructure in countries in which Marfrig operates;
- fluctuations of the *real* against the U.S. dollar and the other currencies in the countries in which Marfrig operates;
- Marfrig's ability to integrate the operations of acquired assets with its ongoing business;
- Marfrig's ability to compete successfully;
- Marfrig's ability to implement its business strategy, including its financial strategy and investment plan;
- Marfrig's ability to obtain financing when necessary and on favorable terms;
- developments in, or changes to, international laws and regulations, including with respect to health or food safety;

- unfavorable findings in judicial or administrative proceedings to which we are a party;
- adverse weather conditions and natural disasters that may affect our supply chain, facilities or markets in which we operate or to which we export;
- liabilities or other issues relating to the sale of Marfrig's assets or subsidiaries;
- cybersecurity attacks or issues, including the theft of customer or supplier information;
- Marfrig's ability to execute its expansion plans, and to fund the costs and capital expenditures related to these plans;
- Marfrig's level of debt and other financial obligations and ability to refinance its debt;
- anti-corruption investigations involving Marfrig's chairman and controlling shareholder, or other directors, officers or employees, which could materially or adversely affect Marfrig's public perception and/or reputation, business or financial condition;
- other factors or trends affecting Marfrig's liquidity, financial condition and results of operations; and
- the factors discussed in the section "Risk Factors" of this offering memorandum.

Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. Our future results may differ materially from those expressed in the estimates and forward-looking statements. In light of these risks and uncertainties, the estimates and forward-looking statements discussed in this offering memorandum might not occur and our future results and performance may differ materially from those expressed in the forward-looking statements, or from our past results and performance, due to the aforementioned or other factors. Because of these risks and uncertainties, you should not make any investment decision based on the estimates and forward-looking statements. The forward-looking statements included in this offering memorandum are made only as of the date of this offering memorandum, and neither we nor the initial purchasers undertake any obligation to update or to revise this information.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

We prepare our financial statements in accordance with accounting practices adopted in Brazil, which are based on:

- Brazilian corporate law (Law No. 6,404, dated December 15, 1976, as amended, including the provisions of Law No. 11,638, dated December 28, 2007, Law No. 11,941, dated May 27, 2009 and Law No. 12,431, dated June 24, 2011) ("Brazilian Corporate Law");
- accounting pronouncements issued by the Accounting Pronouncements Committee (*Comitê de Pronunciamentos Contábeis*, or the "CPC"); and
- as we are a public company in Brazil, rules and regulations issued by the Brazilian security and exchange commission (*Comissão de Valores Mobiliários*, or the "CVM").

We refer to these accounting practices as "Brazilian GAAP." Brazilian GAAP has changed in recent years to converge with International Financial Reporting Standards, International Accounting Standards and Interpretations ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Our consolidated financial statements as of and for the nine-month periods ended September 30, 2020 and 2019, and as of and for the years ended December 31, 2019 and 2018 were prepared in accordance with IFRS and Brazilian GAAP.

This offering memorandum contains unaudited consolidated interim financial statements as of and for the nine-month period ended September 30, 2020 and the notes thereto, which have been reviewed, but have not been audited, by Grant Thornton Auditores Independentes and contains the review report of Grant Thornton Auditores Independentes with respect thereto. The financial statements as of and for the nine-month period ended September 30, 2020 also contain comparative information as of and for the nine-month period ended September 30, 2019 which is derived from our unaudited consolidated interim financial statements as of and for the nine-month period ended September 30, 2019, which are not contained in this offering memorandum. This offering memorandum also contains our financial information derived from our audited consolidated and individual financial statements as of and for the years ended December 31, 2019 and 2018 (which contain comparative information for the financial year ended December 31, 2018 and 2017, respectively), and the notes thereto, and contains the audit report of Grant Thornton Auditores Independentes with respect thereto. See below for further discussion. Our consolidated financial statements include both guarantor and non-guarantor companies.

In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5"), in periods where we have either disposed of, or classified for sale, an operation, we are also required to disclose in the current period those operations' results as discontinued operations. When such conditions exist, we are required to present the results of operations of discontinued businesses and any gain on sale of a discontinued businesses as a single amount in our statement of income separate from our continuing operations for the current period, to present the comparative period results of operations on a similar basis and to present any assets held for sale separately in our consolidated balance sheet in the period in which the transaction occurs. During the year ended December 31, 2018, we disposed of the Keystone Foods ("Keystone") business, as described in more detail below, and our audited consolidated financial statements as of and for the year ended December 31, 2018 include the required disclosure of the results of operations of the discontinued business.

On November 30, 2018, we sold to Tyson Foods, Inc. ("Tyson") our entire ownership interest in certain Marfrig subsidiaries that own and operate the Keystone business unit. The total consideration for the sale was U.S.$2.4 billion, and the amount received by Marfrig after contractual adjustments, such as the exclusion of Keystone's net debt, was U.S.$1.4 billion, which remains subject to purchase price adjustments. See "Discontinued Operations."

On June 5, 2018, we acquired a 51% controlling interest in National Beef Packing Company, LLC ("National Beef") from Jefferies Financial Group Inc. ("Jefferies") and other shareholders for

R$3.7 billion. See note 12.2 to our audited consolidated financial statements as of and for the year ended December 31, 2018. On November 29, 2019, we acquired an additional 31.1715% interest in National Beef for an amount in cash equal to U.S.$860,000,000 plus all applicable accrued but unpaid distributions, which amounted to an aggregate consideration of U.S.$970,000,000 that was partially financed by external sources, bringing our interest from 51% to 81.73%. See note 11.2.3 to our audited consolidated financial statements as of and for the year ended December 31, 2019.

Our audited consolidated statements of income and cash flow for the year ended December 31, 2018 (i) include the results of the National Beef business only from the date of acquisition on June 5, 2018 and (ii) exclude the results of operations of the Keystone business, reflecting their status as discontinued operations (the "Discontinued Operations"). Our consolidated statement of financial position, consolidated statement of changes in shareholders' equity and consolidated statement of added value as of December 31, 2018 exclude Discontinued Operations.

Unless otherwise indicated, all financial data contained in this offering memorandum are presented on the basis of continuing operations only.

Adjusted EBITDA

Marfrig's earnings before interest, taxation, depreciation and amortization ("Adjusted EBITDA") consists of net income (loss) adjusted by net financial income (expenses), income taxes and social contribution, equity in earnings (losses) of subsidiaries, other operating income (expenses) and depreciation and amortization. Adjusted EBITDA (continuing operations) excludes the financial results of assets classified as discontinued operations for the periods indicated. For the year ended December 31, 2018, Adjusted EBITDA (continuing operations) includes the gain on sale of discontinued operations of R$3,445 million after tax, in accordance with IFRS 5.

For a reconciliation of Adjusted EBITDA (continuing operations) to net income, see "Selected Financial Information—Adjusted EBITDA Reconciliation." We use Adjusted EBITDA as an additional measure to monitor our operating and economic performance. Adjusted EBITDA is not a measure recognized under Brazilian GAAP, IFRS or U.S. GAAP and should not be considered individually as an alternative to net income, as a measure of operating performance, as an alternative to cash flow or as a measure of liquidity. Other companies may calculate Adjusted EBITDA in a manner that is different from ours. We publish Adjusted EBITDA because we use it as a measure of performance, and we consider Adjusted EBITDA a useful measure because it is frequently used by capital markets analysts, investors and other parties interested in evaluating companies in our industry. Because Adjusted EBITDA does not reflect financial revenues or expenses, taxes, social contribution tax or depreciation and amortization, it is an indicator of our general financial performance, which is not affected by changes in interest rates, debt, taxes, social contribution tax rates or rates of depreciation and amortization. As a result, we believe that Adjusted EBITDA is a useful tool to compare our operating performance in different periods, and as a basis for certain management decisions. In addition to our general financial performance, we believe that Adjusted EBITDA also enables us to better understand our ability to discharge our liabilities and to finance our capital expenses and working capital. However, the usefulness of Adjusted EBITDA as a measure of profitability is limited, since it does not reflect a number of the costs and expenses involved in doing business, such as financial expenses, taxes, depreciation, capital expenses and other related costs, any of which may have a significant effect on our net income.

Rounding

Certain amounts and percentages included in this offering memorandum have been rounded to facilitate their presentation. The totals presented in certain tables therefore may not be exactly the sum of the preceding amounts.

Convenience Translations into U.S. Dollars

Certain Brazilian *real* amounts included in this offering memorandum have been translated, solely for the purposes of convenience for the reader, into U.S. dollars at the exchange rate as of September 30, 2020 of R$5.6401 to U.S.$1.00. Where those amounts have been translated, the relevant figures have been annotated.

Market Information

We have obtained the market and competitive position data, including market forecasts, used throughout this offering memorandum from internal surveys, market research, publicly available information and industry publications. We include data from reports prepared by us; the United States Department of Agriculture (the "USDA"); the Brazilian Ministry of Agriculture, Livestock and Supply (*Ministério da Agricultura, Pecuária e Abastecimento*, or "MAPA"); the Brazilian Ministry of Labor and Employment (*Ministério do Trabalho e Emprego*, or "MTE"); Dom Cabral Foundation (*Fundação Dom Cabral*), an educational institution located in the city of Belo Horizonte, state of Minas Gerais, in the city of Nova Lima, state of Minas Gerais, and in the city of São Paulo, state of São Paulo; the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*, or the "IBGE"); School of Agriculture Luiz de Queiroz (*Escola Superior de Agricultura Luiz de Queiroz*, or the "ESALQ"); the International Monetary Fund ("IMF"); and the Food and Agriculture Organization of the United Nations (the "FAO"), among others. Industry publications, including the ones referred to in this offering memorandum, generally state that the information presented in that publication has been obtained from sources believed to be reliable, but that the accuracy and completeness of the information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while we believe to be reliable, have not been independently verified, and neither we nor the initial purchasers make any representation as to the accuracy of the information. Information from third parties has been accurately reproduced and as far as we are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Operational Information

Unless otherwise indicated, all production, plant and capacity data contained in this offering memorandum are presented on the basis of continuing operations only, which includes the National Beef business, but excludes the Keystone business.

Covenant Net Debt

This offering memorandum contains information with respect to our net debt as adjusted to take into account the difference in the value in *reais* of our foreign currency denominated debt as of the date of the incurrence of such debt (using the then current exchange rate) and as of the last day of the most recent financial statements available ("Covenant Net Debt"). Covenant Net Debt is calculated pursuant to the terms of our financing agreements for the purposes of compliance with certain financial covenants therein, including Covenant Net Debt/EBITDA ratio. See note 17.2 to our unaudited consolidated financial statements as of and for the nine-month period ended September 30, 2020, "—EBITDA" and "Selected Financial Information—EBITDA Reconciliation."

SUMMARY

We present below a summary of our activities, financial and operating information, strengths and strategies. Before investing in the notes, potential investors should carefully read this entire offering memorandum to best understand our business and the offering, including our financial statements and related notes, as well as the sections "Risk Factors," "Summary of Financial and Other Information," "Selected Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Some of the statements in this summary constitute forward-looking statements. See "Forward-Looking Statements."

Introduction

We are a multinational corporation and the world's second largest beef company in terms of production capacity. As of September 30, 2020, we operated 20 slaughter plants and 12 processed food plants across North America and South America. Our activities include the production, processing, sale and distribution of foods made from animal protein, primarily beef, as well as a variety of other food products, such as frozen vegetables, lamb, pork, fish, sauces and desserts.

For the nine-month period ended September 30, 2020, approximately 74% of our revenue came from our North America business and 26% came from our South America business. In South America approximately 11% of our revenue originates from sales of processed products such as canned meat, hamburgers and vegetables.

With approximately 32,000 employees, we operate in the food service, retail and wholesale channels, offering innovative, safe and healthy choices. We have a diversified and comprehensive portfolio of products that can be found in major restaurant and supermarket chains and that reach millions of individual customers in approximately 100 countries.

As of September 30, 2020, we had a daily slaughtering capacity of 30,100 head of cattle and 6,500 lambs. Together, this production platform gives us important geographic diversity which mitigates fluctuations in the cattle cycle given the spread of our production over many countries in the Americas as well as the ability to hedge against certain industry risks.

On June 5, 2018, we acquired a 51% controlling interest in National Beef from Jefferies and other shareholders for R$3.7 billion. On November 29, 2019, we acquired an additional 31.1715% interest in National Beef for an aggregate consideration of U.S.$970,000,000, bringing our interest from 51% to 81.73%. See note 11.2.3 to our audited consolidated financial statements as of and for the year ended December 31, 2019. On November 30, 2018, we sold to Tyson, for consideration of U.S.$2.4 billion (subject to purchase price adjustments), our entire ownership interest in our subsidiaries that owned and operated the Keystone business unit. See "Risk Factors—Risks Relating to Our Business and Industry—The corporate transactions we engage in may adversely affect us" and "Discontinued Operations."

The strategy behind the purchase of National Beef and the sale of Keystone was to allow us to focus on our core beef business, expand our footprint in North America, the world's largest consumer beef market, and reduce our leverage.

Our business structure comprises two main divisions: North America and South America.

- *North America* — Our North America business consists mainly of National Beef, which is the fourth largest beef processor in the United States. With three slaughter plants with a capacity of approximately 13,100 head/day, National Beef represents approximately 14% of the fed steer and heifer processing capacity in the United States. As of September 30, 2020, the North America business also had a production capacity of approximately 120,000 tons of beef patties per year and one of the largest and most technologically advanced beef patty plants in the United States. The North America business's products are sold domestically in the retail, wholesale, foodservice and

processed foods channels, and exported to various markets. It is also the United States' leading exporter of chilled beef, with a focus on the Japanese and South Korean markets. This business also operates a wet blue tannery, a refrigerated and livestock transportation business and an online direct-to-consumer business offering high-quality beef and other gourmet food items for home delivery.

- *South America* — Our South America business is one of the region's leading beef producers, with a slaughter capacity of approximately 17,000 head/day. It is recognized for its quality products and as one of South America's main exporters. In Brazil, our business has slaughter capacity of 12,100 animals/day and the capacity to produce 77,000 tons of beef patties per year, with a focus on the retail and foodservice channels. We are the largest producer and exporter of organic beef in the Uruguayan industry where we focus on the production and sale of organic beef for export. In Argentina, we own two slaughter plants, are the leading producer and seller of beef patties and own one of the region's most valuable and most recognized brands. In Chile, we are the leading beef importer and have a lamb slaughter plant in the Patagonia region.

In the nine-month period ended September 30, 2020, we recorded R$49,215.4 million in net sales and R$8,985.4 million in gross profit, an increase of 42.5% and 108.6%, respectively, compared to R$34,543.2 million in net sales and R$4,308.0 million in gross profit in the nine-month period ended September 30, 2019. In the year ended December 31, 2019, we recorded R$48,761.1 million in net sales and R$6,384.0 million in gross profit, an increase of 64.1% and 66.2%, respectively, compared to R$29,715.2 million in net sales and R$3,842.3 million in gross profit in the year ended December 31, 2018.

In the nine-month period ended September 30, 2020, Adjusted EBITDA amounted to R$7,487.6 million, an increase of 137.5% from R$3,152.5 million in the nine-month period ended September 30, 2019. In the year December 31, 2019, Adjusted EBITDA amounted to R$4,770.7 million, an increase of 83.4% from R$2,600.6 million in the year ended December 31, 2018.

In the nine-month period ended September 30, 2020, the volume of products sold totaled 2,515.5 thousand tons, an increase of 5.9% in comparison to the 2,375.8 thousand tons sold in the nine-month period ended September 30, 2019. In the year ended December 31, 2019, the volume of products sold totaled 3,255.8 thousand tons, an increase of 37.3% in comparison to the 2,371.0 thousand tons sold in the year ended December 31, 2018.

Financial Information

The tables below show certain financial information derived from our consolidated financial statements and results of operations for the periods indicated.

	For the nine-month period ended September 30,			For the year ended December 31,		
	2020	2020	2019	2019	2019	2018
	(U.S.$)[4] (unaudited)	(R$)		(U.S.$)[3][4] (unaudited)	(R$)	
	(in millions, except percentages)					
Net sales[1]	8,726.0	49,215.4	34,543.2	8,645.4	48,761.1	29,715.2
Net income (loss) in the period from continuing operations[1][2]	550.9	3,107.3	1,183.4	280.5	1,582.2	(1,489.3)
Adjusted EBITDA (continuing operations)[3]	1,327.6	7,487.6	3,152.5	845.9	4,770.7	2,600.6
Adjusted EBITDA margin (continuing operations)[3][6]	15.2%	15.2%	9.1%	9.8%	9.8%	8.8%

Notes:—

(1) Net sales and net income (loss) for each period reflect the financial information of the continuing operations only.

(2) Net income refers to income attributable to Marfrig and excludes minority interest.

(3) Adjusted EBITDA (continuing operations) excludes the financial results of assets classified as discontinued operations for the periods indicated. See "Presentation of Financial and Other Information."

(4) Solely for the convenience of the reader, Brazilian *real* amounts have been translated into U.S. dollars at the exchange rate as of September 30, 2020 of R$5.6401 to U.S.$1.00.

(5) Adjusted EBITDA (continuing operations) divided by net sales from continuing operations.

	As of September 30,			As of December 31,		
	2020	2020	2019	2019	2019	2018
	(U.S.$) (unaudited)	(R$) (unaudited)		(U.S.$)[5] (unaudited)	(R$)	
		(in millions, except percentages)				
Cash and cash equivalents	246.3	1,389.0	1,495.2	314.7	1,774.9	2,459.2
Marketable securities	1,465.5	8,265.4	6,864.4	1,176.4	6,635.2	4,732.5
Short-term debt[1]	812.8	4,584.4	2,698.6	814.6	4,594.4	3,665.5
Long-term debt[2]	3,937.9	22,210.1	16,386.2	3,035.7	17,121.8	11,567.9
Total debt[3]	4,750.7	26,794.5	19,084.8	3,850.3	21,716.2	15,233.4
Net debt[4]	3,039.0	17,140.1	10,725.2	2,359.2	13,306.1	8,041.7

Notes:—

(1) Short-term debt is the current portion of loans and financing plus debentures payable (short-term portion) plus interest on debentures. Finance leases are not considered in the debt amounts for any periods shown. See note 17 to our audited consolidated financial statements as of and for the year ended December 31, 2019.

(2) Long-term debt is the non-current portion of loans and financing plus debentures payable.

(3) Total debt is short-term debt plus long-term debt.

(4) Net debt is short-term debt plus long-term debt, less cash and cash equivalents and marketable securities.

(5) Solely for the convenience of the reader, Brazilian *real* amounts have been translated into U.S. dollars at the exchange rate as of September 30, 2020 of R$5.6401 to U.S.$1.00.

Production Capacity

The table below shows the operational production capacity for our business as of September 30, 2020, December 31, 2019 and December 31, 2018 (in each case, exclusive of Discontinued Operations):

	As of September 30,	As of December 31,	
	2020	2019	2018
Cattle[1]	30,100	31,200	33,490
Lamb[1]	6,500	6,500	6,500

Note:—

(1) Slaughtering capacity in head per day.

Competitive Strengths

As a result of our history of internal growth and strategic acquisitions and disposals, we believe we are in a unique position to continue to build out our client base as well as seize business opportunities in the retail, wholesale and food service segments. In addition, we believe we have the following competitive strengths:

- *Large Multinational Food Producer*. We are a diversified multinational corporation and the world's second largest beef company in terms of production capacity. We have operations strategically located in North America and South America and offer a broad portfolio of products in the protein segment. We believe the diversity of our products, our production capacity and the global nature of our operations makes us one of the world leaders in the industry, with activities in a sector that we consider particularly promising, considering the global trend towards increased daily consumption of protein.
- *High value-added Products.* We have 12 processed food plants producing canned beef, kibbeh, meatballs, sauces and other products. In accordance with our strategy to focus more on higher value-added products, we are one of the world's leading beef patty producers. Many of our processing facilities have been designed to produce a wide range of beef and lamb products, including high value-added products such as specialized cuts and frozen pre-cooked beef. Our modern facilities provide us the opportunity to cater to customers such as global supermarket chains that require the highest quality standards from their suppliers. Accordingly, we believe current investments in our industrial plants, coupled with a greater focus on the expansion of our core business, should provide us with a steady and growing profitability as more brands and products are included in our portfolio.
- *Diversified Global Platform and Product Offering and Global Distribution Network*. Our global platform consists of 20 slaughter plants and 12 processed food plants across North America and South America, together with a distribution network that allows us to access approximately 100 countries. Our beef slaughter facilities are strategically located in the United States, Brazil, Argentina and Uruguay, countries that have vast grazing lands and longstanding traditions of animal husbandry, which leads to relatively low production costs and competitive pricing. We believe that these factors will continue to help us to achieve good margins. Our sales volume, which comprises export and domestic markets sales, gives us the necessary scale to maintain and expand our activities in competitive markets. In addition, through our diversified product portfolio we are able to offer customers a wide variety of products, which we believe results in increased customer loyalty. Lastly, our strategy of geographic and product diversification creates a natural hedge against industry risks.
- *Strong Reputation with Our Clients.* We believe we have built a solid reputation over time of maintaining high-quality processing and service levels, which have contributed to strong relationships with some of the most important global food service operators, wholesalers and retailers. We believe that our beef business is considered a top-quality food service provider in our domestic markets and abroad.
- *Experienced and Entrepreneurial Management.* Our management team has extensive experience in the food sector, which has provided significant advantages when exploring market opportunities and adjusting our business plans to meet demand. We believe we have local managers with relevant industry experience in each of our international operations.

Our Strategy

Our primary goals are (i) financial strength focused on free cash flow and net income, (ii) operational excellence to achieve synergies and integration among operations, management, performance and food safety, (iii) sustainability by prioritizing social and environmental responsibility, partnerships with producers and third-party organizations and animal welfare, (iv) prioritizing products and clients by focusing on higher value-added products, leveraging our sales and portfolio and increasing brand value, and (v) corporate governance, implementing best practices, greater transparency and constantly enhancing our compliance system. To achieve these goals, we have implemented and will continue to pursue the following strategic objectives:

- *Capture business opportunities in the global protein market*. The years 2018 and 2019 marked a shift in our strategic direction with a focus on beef protein. The divestment of Keystone Foods and the acquisitions of National Beef, Iowa Premium, Quickfood and Várzea Grande solidified our

product portfolio and our position as a diversified beef product platform in North and South America with the capacity to serve the world's leading and most profitable consumer markets. We remain focused on sustainable growth supported by a solid capital structure and the consistent generation of profits and free cashflow.

- *Strengthen our capital structure and financial discipline.* Our consolidated debt, as of September 30, 2020 was R$26,794.5 million and as of December 31, 2019 and 2018 it was R$21,716.2 million and R$15,233.4 million, respectively, where 82.9%, 78.8% and 75.9% of these values represent long-term debt, respectively. We are working to reduce our leverage ratios and further improve our debt profile through liability management transactions. We will continue to concentrate our efforts on maximizing value, pursuing the most profitable channels and capturing operational efficiency in the market without abandoning our commitment to financial discipline.
- *Maintain a high utilization rate of our assets*. Since 2015 we have shut down and reopened various plants depending on our needs and market conditions to better align our capacity with raw material supplies and customer demand. This flexibility has allowed us to achieve increased utilization rates, improving operational efficiency and diluting fixed costs without losing geographic diversification or client base. We intend to maintain the strategy to adjust our capacity to market conditions and maintain profitability.
- *Focus on the retail and food service channels*. We intend to continue increasing our market share in the retail and food service channels, where we can deliver a wide range of products. Additionally, we are seeking new opportunities by region and business division and are exploring untapped markets, while at the same time continuing to invest in the expansion and strengthening of our position in the various domestic markets in which we operate.

Recent Developments

COVID-19

In December 2019, COVID-19 was first identified in Wuhan, China and was subsequently declared a pandemic by the World Health Organization ("WHO"). On February 4, 2020, the Ministry of Health declared a national emergency in response to the pandemic. The COVID-19 pandemic has had an unprecedented impact across industries; however, for the nine-month period ended September 30, 2020, our consolidated operations were not adversely affected by the pandemic. In addition, we remained fully operational during the peak of the outbreak in Brazil. Furthermore, the markets in which we operate are beginning to stabilize, as such, we are continuously monitoring the effects of COVID-19 in the coming months to address any significant effects on our results of operations as they become known and measurable. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Effects of the COVID-19 Pandemic."

Campo del Tesoro Acquisition

On October 5, 2020 we acquired 100% of shares in the Argentine company, Campo del Tesoro for U.S.$4.6 million. The acquisition will be made by Marfrig Global Foods S.A. as sole purchaser. Campo del Tesoro is the leading producer of beef patties in the food services sector in Argentina. Campo del Tesoro operates a plant in Pilar, province of Buenos Aires, with an annual processing capacity of approximately 15,000 tons. This acquisition is aligned with our strategic growth plan and will strengthen our portfolio of value-added products.

PlantPlus Foods

On October 26, 2020, we formally established and launched PlantPlus Foods LLC, a joint venture with Archer Daniels Midland Company ("ADM"), which will offer a wide range of finished plant-based food products across North and South America. We own 70% of the venture and ADM owns the remaining 30%. This joint venture combines Marfrig and ADM's capacity for innovation, operational excellence and global

scale in production and sale of plant-based products through the retail and foodservice channels in North and South America.

Tender Offers

On January 11, 2021, we, together with HSBC Securities (USA) Inc. ("HSBC"), as purchaser, announced that we launched cash tender offers to repurchase up to U.S.$1,250,000,000, on a total cash basis, of the outstanding (i) 6.875% Senior Notes due 2025 (the "2025 Notes") issued on January 19, 2018 by MARB BondCo PLC under an indenture dated as of January 19, 2018 as supplemented from time to time (the "2025" Offer)" and (ii) 7.000% Senior Notes due 2024 (the "2024 Notes" and, together with the 2025 Notes, the "Existing Notes") issued on March 15, 2017 by MARB BondCo PLC under an indenture dated as of March 15, 2017 as supplemented from time to time (the "2024 Offer" and, together with the 2025 Offer, the "Tender Offers"), with priority given to the 2025 Notes. On January 14, 2021, the terms of the Tender Offers were amended with respect to the outstanding 2025 Notes and 2024 Notes to increase the aggregate offer limit to up to U.S.$1,750,000,000 on a total cash basis.

The Tender Offers will expire at 11:59 p.m. (New York City time) on February 8, 2021, unless extended or earlier terminated (such date and time, including as extended or earlier terminated, the "Expiration Date"). Holders of Existing Notes who validly tender (and do not validly withdraw) their Existing Notes at or prior to 5:00 p.m. (New York City Time) on January 25, 2021, unless extended or earlier terminated (such date and time, including as extended or earlier terminated, the "Early Tender Time") will be eligible to receive a total consideration that includes an early tender payment. Holders of Existing Notes who validly tender Existing Notes after the Early Tender Time but at or prior to the Expiration Date will not be eligible to receive the early tender payment. The 2025 Notes tendered may be validly withdrawn at any time at or prior to 5:00 p.m. (New York City time) on January 25, 2021 (such date and time, including as extended or earlier terminated, the "Withdrawal Deadline"), but not thereafter, except as required by applicable law. The early settlement of the Tender Offers is expected to occur concurrently with the closing of this offering.

The Tender Offers are conditioned upon, among other things, the satisfaction, or waiver by us, of certain conditions, including, but not limited to, the receipt of net cash proceeds from this offering on terms and conditions satisfactory to us and in an amount sufficient to effect the repurchase of the Existing Notes validly tendered and accepted for purchase pursuant to the Tender Offers, including the payment of any premiums, accrued interest and costs and expenses incurred in connection therewith. Completion of this offering is expected to satisfy this condition.

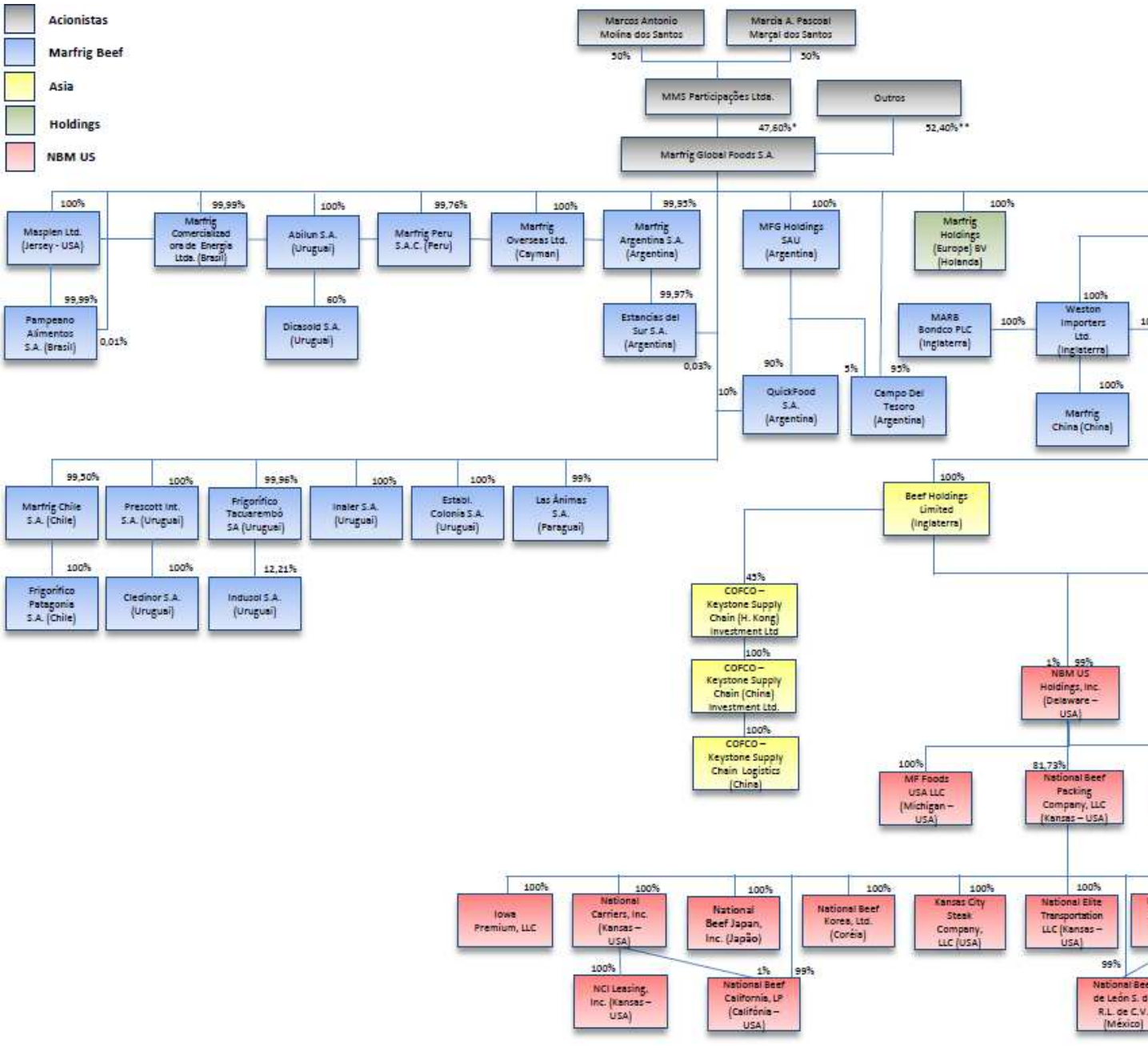
This offering is not conditioned upon the completion of the Tender Offers. The Tender Offers are not conditioned on any minimum participation by the Holders.

We intend to redeem the rest of the Existing Notes that are not tendered pursuant to the Tender Offers. As of the date of this offering memorandum, U.S.$1,000,000,000 million and U.S.$750,000,000 aggregate principal amount of 2025 Notes and 2024 Notes, respectively were outstanding.

We intend to use the net proceeds from this offering to fund the Tender Offers and to pay fees, premiums and expenses associated with the Tender Offers. To the extent that the cash used to purchase the Existing Notes pursuant to the Tender Offers is less than the proceeds of this offering, the remaining net proceeds will be used to redeem the remaining Existing Notes and to repay other outstanding debt (including but not limited to open market repurchases of certain of our outstanding debt securities). This offering memorandum is not an offer to purchase, or the solicitation of an offer to sell, the Existing Notes. The Tender Offers are made only by and pursuant to the terms of the offer to purchase dated January 11, 2021 (as amended or supplemented from time to time, the "Offer to Purchase") and the letter of transmittal (as it may be amended or supplemented from time to time, the "Letter of Transmittal") as the same may be amended or supplemented. For more information on the Tender Offers and the Existing Notes, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Material Contracts—Individual financings with outstanding balances equal to or in excess of R$100.0 million and Senior Notes."

Corporate Structure

The chart below shows our corporate structure as of the date hereof:


Acionistas
Marfrig Beef
Asia
Holdings
NBM US
Marcos Antonio Molina dos Santos
Marcia A. Pascoal Marçal dos Santos
50%
50%
MMS Participações Ltda.
Outros
47,60%*
52,40%**
Marfrig Global Foods S.A.
Masplen Ltd. (Jersey - USA)
Marfrig Comercializadora de Energia Ltda. (Brasil)
Abilun S.A. (Uruguai)
Marfrig Peru S.A.C. (Peru)
Marfrig Overseas Ltd. (Cayman)
Marfrig Argentina S.A. (Argentina)
MFG Holdings SAU (Argentina)
Marfrig Holdings (Europe) BV (Holanda)
Pampeano Alimentos S.A. (Brasil)
Dicasold S.A. (Uruguai)
Estancias del Sur S.A. (Argentina)
MARB Bondco PLC (Inglaterra)
Weston Importers Ltd. (Inglaterra)
QuickFood S.A. (Argentina)
Campo Del Tesoro (Argentina)
Marfrig China (China)
Marfrig Chile S.A. (Chile)
Prescott Int. S.A. (Uruguai)
Frigorífico Tacuarembó SA (Uruguai)
Inaler S.A. (Uruguai)
Estasol. Colonia S.A. (Uruguai)
Las Ánimas S.A. (Paraguai)
Beef Holdings Limited (Inglaterra)
Frigorífico Patagonia S.A. (Chile)
Cledinor S.A. (Uruguai)
Indusol S.A. (Uruguai)
COFCO – Keystone Supply Chain (H. Kong) Investment Ltd
COFCO – Keystone Supply Chain (China) Investment Ltd.
COFCO – Keystone Supply Chain Logistics (China)
NBM US Holdings, Inc. (Delaware – USA)
MF Foods USA LLC (Michigan – USA)
National Beef Packing Company, LLC (Kansas – USA)
Iowa Premium, LLC
National Carriers, Inc. (Kansas – USA)
National Beef Japan, Inc. (Japão)
National Beef Korea, Ltd. (Coréia)
Kansas City Steak Company, LLC (USA)
National Elite Transportation LLC (Kansas – USA)
NCI Leasing, Inc. (Kansas – USA)
National Beef California, LP (California – USA)

Our corporate headquarters are located at Avenida Queiroz Filho, 1560 – Block 5, 3rd Floor, Room 301, São Paulo, SP, 05319-000, Brazil. Our telephone and fax numbers are +55-11-3792-8600 and +55-11-3792-8601, respectively. Our website address is www.marfrig.com.br. The information contained on, or accessible through, our website is not part of this offering memorandum and is not incorporated herein by reference. For further information about our operations, see "Business."

SUMMARY OF THE OFFERING

The following summary contains a summary of certain terms of the indenture that will govern the notes and is qualified in its entirety by the more detailed information under the heading "Description of the Notes" elsewhere in this offering memorandum. Certain descriptions in this offering memorandum of provisions of the indenture that will govern the notes are summaries of such provisions and are qualified herein by reference to the indenture that will govern the notes.

Issuer:	MARB BondCo PLC
Notes Offered:	U.S.$1,500,000,000 aggregate principal amount of 3.950% Senior Notes due 2031.
Issue Price:	100% of the principal amount of the notes, plus accrued interest, if any, from January 29, 2021.
Maturity Date:	January 29, 2031.
Interest:	Interest at 3.950% per annum will be payable semi-annually in arrears on January 29 and July 29 of each year, commencing on July 29, 2021.
Guarantees:	Marfrig, Marfrig Holdings, Marfrig Overseas and NBM will irrevocably and unconditionally guarantee on a senior unsecured basis the full and punctual payment of principal of, interest, and Additional Amounts on, and all other amounts that may become due and payable in respect of the notes. See "Description of the Notes—The Guarantees and—Subsidiary Guarantors." If, at any time, any of Marfrig's Restricted Subsidiaries constitutes a Significant Subsidiary (each as defined under "Description of the Notes"), then such Significant Subsidiary will also guarantee the notes. Although it may constitute a Significant Subsidiary, National Beef will not guarantee the Issuer's obligations under the notes due to restrictions in its limited liability company agreement. Accordingly, at the time of the issuance of the notes, Marfrig, Marfrig Holdings, Marfrig Overseas and NBM will be the only guarantors.
Ranking of the Notes:	The notes will be the Issuer's senior unsecured obligations and will rank equally with any unsecured debt of the Issuer (except those obligations preferred by operation of law) and will be senior to any subordinated debt of the Issuer. As of the date of this offering memorandum, the Issuer has no borrowings or debt in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptance credits, mortgages, charges or guarantees or other contingent liabilities other than those described under "The Issuer." The claims of holders of the notes will be structurally subordinated, with regard to assets and cash flows of our subsidiaries that are not guarantors, to claims of creditors of those subsidiaries. The amount of these claims as of September 30, 2020 was R$870.0 million.

Ranking of the Guarantees:	The guarantees will be general irrevocable and unconditional senior obligations of Marfrig, Marfrig Holdings, Marfrig Overseas, and NBM and are not secured by any collateral. The guarantees will rank equally with the senior unsecured debt of Marfrig, Marfrig Holdings, Marfrig Overseas and NBM (except those obligations preferred by operation of law) and will be senior to the subordinated debt of Marfrig, Marfrig Holdings, Marfrig Overseas and NBM. The guarantees will effectively be subordinated to the secured debt of Marfrig, Marfrig Holdings, Marfrig Overseas and NBM, to the extent of the value of the assets securing such debt. Marfrig Holdings, Marfrig Overseas and NBM will be the subsidiary guarantors at the time of the issuance of the notes. As of September 30, 2020, Marfrig had an aggregate outstanding amount of R$26,794.5 million of consolidated debt, including R$2,017.1 million of consolidated secured debt, which is senior to the notes offered hereby, and R$24,777.4 million of consolidated senior unsecured debt, which ranks *pari passu* with the notes offered hereby. As of that date, MARB had an aggregate outstanding amount of R$9,829.0 million of debt, Marfrig Holdings and Marfrig Overseas had no outstanding debt and NBM had an aggregate outstanding amount of R$11,142.4 million of debt.
Optional Redemption:	We may redeem any of the notes at any time on or after January 29, 2026 in whole or in part, in cash, at the redemption prices described in this offering memorandum, plus accrued and unpaid interest to the date of redemption. Prior to January 29, 2026, we may redeem the notes, in whole or in part, pursuant to a "make-whole" call, plus accrued and unpaid interest on the notes to, but not including, the redemption date. See "Description of the Notes—Optional Redemption."
Additional Amounts:	All payments of principal and interest by or on behalf of the Issuer in respect of the notes will be made free and clear of, and without withholding or deduction for or on account of any present or future taxes or other governmental charges of whatever nature, imposed or assessed by or within the United States, Brazil, England and Wales, The Netherlands, the Cayman Islands, or any other jurisdiction in which the Issuer, the Company, or a subsidiary guarantor is organized or resident for tax purposes or from or through which payments are made, unless such withholding or deduction is required by law. In such event, we will pay such additional amounts as are necessary to ensure that the holders of the notes receive the same amount as such holders would have received without such withholding or deduction, subject to certain exceptions. See "Description of the Notes—Additional Amounts."

Optional Tax Redemption:	We may redeem the notes, in whole but not in part, at a price in U.S. dollars equal to the outstanding principal amount thereof plus accrued and unpaid interest and additional amounts, if any, at any time upon the occurrence of specified events relating to tax laws. See "Description of the Notes—Optional Tax Redemption."
Change of Control Offer:	Upon the occurrence of specified change of control events in respect of Marfrig, holders of notes will have the right to require the Issuer and the Company to offer to purchase the notes at a price equal to 101% of their principal amount plus accrued and unpaid interest, if any, through the date of purchase. See "Description of the Notes—Restrictive Covenants—Repurchases at the Option of the Holders of Notes upon Change of Control Repurchase Event."
Restrictive Covenants:	The indenture governing the notes will contain covenants that, among other things, will limit our ability and the ability of our restricted subsidiaries to: (i) incur additional indebtedness; (ii) pay dividends on, redeem or repurchase our Capital Stock; (iii) make investments; (iv) issue or sell capital stock of Restricted Subsidiaries; (v) sell assets; (vi) enter into sale and leaseback transactions; (vii) engage in transactions with affiliates; (viii) create unrestricted subsidiaries; (ix) create certain liens; and (x) consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis. These covenants are subject to important exceptions and qualifications that are described under "Description of the Notes—Restrictive Covenants."
Use of Proceeds:	We intend to use the net proceeds from this offering to fund the Tender Offers and to pay fees, premiums and expenses associated with the Tender Offers. To the extent that the cash used to fund the Tender Offers is less than the proceeds of this offering, the remaining net proceeds will be used to redeem the remaining Existing Notes and to repay other outstanding debt (including but not limited to open market repurchases of certain of our outstanding debt securities). See "Use of Proceeds."

Events of Default:	For a discussion of certain events of default that will permit acceleration of the principal of the notes plus accrued interest, see "Description of the Notes—Events of Default."
Additional Notes:	We may, from time to time, without notice to or consent of the holders of the notes, create and issue an unlimited principal amount of additional notes of the same series as the notes initially issued in this offering, subject to satisfaction of the conditions set forth in the indenture and provided that if any such additional notes are not fungible with the notes for U.S. federal income tax purposes, such additional notes will have a separate CUSIP and other identifying number from those of the notes.
Form and Denomination:	The notes sold in the United States in reliance on Rule 144A will be evidenced by one or more notes in global form ("restricted global notes"), which will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("DTC"). The notes sold outside the United States in reliance on Regulation S will be evidenced by one or more notes in global form ("Regulation S global notes"), which will be deposited with a custodian for, and registered in the name of a nominee of, DTC. Transfers of beneficial interests between the restricted global note and the Regulation S global note are subject to certification requirements. The notes will be issued in fully registered form in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. See "Description of the Notes."
Trading and Listing:	We intend to make an application to admit the notes to listing on the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF market.
No Registration Rights:	We are not required to register the notes for resale under the Securities Act, or the securities laws of any other jurisdiction, and are not required to offer to exchange the notes for notes registered under the Securities Act or the laws of any other jurisdiction.
Governing Law:	The indenture and the notes (including the guarantees) will be governed by, and will be construed in accordance with, the laws of the State of New York.
Trustee, Registrar, New York Paying Agent and Transfer Agent:	The Bank of New York Mellon.
Luxembourg Listing Agent:	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Risk Factors:	See "Risk Factors" and the other information in this offering memorandum for a discussion of factors you should carefully consider before deciding to invest in the notes.

SUMMARY FINANCIAL AND OTHER INFORMATION

You should read and analyze the information below in conjunction with our unaudited consolidated financial statements and related notes and audited consolidated financial statements and related notes included elsewhere in this offering memorandum as well as with the information in the sections "Presentation of Financial and Other Information," "Selected Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The following summary financial and other information is derived from our unaudited consolidated financial statements as of and for the nine-month periods ended September 30, 2020 and 2019 and our audited consolidated financial statements as of and for each of the years ended December 31, 2019 and 2018 included elsewhere in this offering memorandum and has been prepared in accordance with Brazilian GAAP and IFRS. See "Presentation of Financial and Other Information."

On June 5, 2018, we acquired a 51% controlling interest in National Beef from Jeffries and other shareholders for R$3.7 billion. See note 12.2 to our audited consolidated financial statements as of and for the years ended December 2018. On November 29, 2019, we acquired an additional 30.7368% interest in National Beef for an aggregate consideration of U.S.$970,000,000, bringing our interest to 81.73%. See note 11.2.3 to our audited consolidated financial statements as of and for the year ended December 31, 2019.

On November 30, 2018, we sold to Tyson our entire ownership interest in certain Marfrig subsidiaries that own and operate the Keystone business unit. The total consideration for the sale was U.S.$2.4 billion, and the amount received by Marfrig after contractual adjustments, such as the exclusion of Keystone's net debt, was U.S.$1.4 billion, which remains subject to purchase price adjustments. See "Discontinued Operations." Our statements of income for the years ended December 31, 2018 present the operations of Keystone as discontinued operations. See notes 3.1.19, 3.4 and 31 to our audited consolidated financial statements as of and for the years ended December 31, 2018.

Our audited consolidated statements of income and cash flow for the year ended December 31, 2018 (i) include the results of the National Beef business only from the date of acquisition on June 5, 2018 and (ii) exclude the results of operations of the Keystone business, reflecting their status as discontinued operations (the "Discontinued Operations"). Our consolidated statement of financial position, consolidated statement of changes in shareholders' equity and consolidated statement of added value as of December 31, 2018 exclude Discontinued Operations.

Solely for your convenience, certain *real* amounts in this offering memorandum have been translated into U.S. dollars at the commercial selling rate at closing for purchase of U.S. dollars, published by the Central Bank on September 30, 2020 of R$5.6401 to U.S.$1.00. On January 8, 2021, the exchange rate published by the Central Bank was R$5.4205 per U.S.$1.00. The U.S. dollar equivalent information should not be construed to imply that the *real* amount represents, or could have been or could be converted into, U.S. dollars at this rate or at any other rate. For further information on exchange rate instability, see "Risk Factors—Risks Relating to Brazil—Exchange rate instability and the devaluation of the *real* may adversely affect the Brazilian economy and us."

Marfrig's Financial Information and Other Information

The following income statement data for the nine-month periods ended September 30, 2020 and 2019, and the years ended December 31, 2019 and 2018 present the financial results of our continuing operations.

Statement of Income Data

	Nine-month period ended September 30,			Year ended December 31,		
	2020	2020	2019	2019	2019	2018[2]
	(U.S.$)[1] (unaudited)	(R$) (unaudited)		(U.S.$)[1] (unaudited)	(R$)	
		(in millions)				
Net sales	**8,726.0**	**49,215.4**	**34,543.2**	**8,645.4**	**48,761.1**	**29,715.2**
Cost of goods sold	(7,132.9)	(40,230.0)	(30,235.2)	(7,513.5)	(42,377.1)	(25,872.9)
Gross profit	**1,593.1**	**8,985.4**	**4,308.0**	**1,131.9**	**6,384.0**	**3,842.3**
Operating income (expenses)	(488.6)	(2,755.9)	(2,021.9)	(526.9)	(2,971.6)	(3,420.2)
Selling expenses	(322.7)	(1,819.8)	(1,496.7)	(364.2)	(2,054.2)	(1,475.0)
General and administrative expenses	(124.3)	(700.9)	(548.2)	(134.1)	(756.6)	(419.9)
Other operating income (expenses)	(41.7)	(235.2)	23.0	(28.5)	(160.8)	(1,525.3)
Net income before net financial income (losses)	**1,104.5**	**6,229.5**	**2,286.1**	**605.0**	**3,412.4**	**422.1**
Financial income (expenses)	(455.7)	(2,570.0)	(1,449.3)	(365.2)	(2,059.8)	(2,308.9)
Financial income	383.2	2,161.2	1,524.2	374.7	2,113.1	1,991.7
Financial expenses	(838.9)	(4,731.2)	(2,973.5)	(739.9)	(4,172.9)	(4,300.6)
Loss before tax effects	**648.8**	**3,659.5**	**836.8**	**239.8**	**1,352.6**	**(1,886.8)**
Income and social contribution taxes	**(97.9)**	**(552.2)**	**346.6**	**40.7**	**229.6**	**397.5**
Current and deferred income tax	(114.6)	(646.5)	189.6	32.6	183.7	243.8
Current and deferred social contribution	16.7	94.3	157.0	8.1	45.9	153.7
Net loss in the year from continuing operations	**550.9**	**3,107.3**	**1,183.4**	**280.5**	**1,582.2**	**(1,489.3)**
Net loss in the year from discontinued operations	**—**	**—**	**—**	—	—	**3,643.3**
Net income (loss) in the year before interest	**550.9**	**3,107.3**	**1,183.4**	**280.5**	**1,582.2**	**2,154.0**
Attributable to:						
Controlling interest - continued operations	377.8	2,130.7	191.2	38.7	218.1	(2,212.9)
Controlling interest – discontinued operations	**—**	**—**	—	—	—	3,608.2
Non-controlling interest - continued operation	173.2	976.6	992.2	241.9	1,364.1	723.6
Non-controlling interest - discontinued operation	**—**	**—**	—	—	—	35.1

Notes:—

(1) Solely for the convenience of the reader, Brazilian *real* amounts have been translated into U.S. dollars at the exchange rate as of September 30, 2020 of R$5.6401 to U.S.$1.00.

(2) Reflects the results of operation of the National Beef business only from the acquisition date of June 5, 2018.

Balance Sheet Data

Our audited consolidated balance sheet as of September 30, 2020 and December 31, 2019 and 2018 is presented below.

	As of September 30,		As of December 31,		
	2020	2020	2019	2019	2018[2]
	(U.S.$)[1] (unaudited)	(R$) (unaudited)	(U.S.$)[1] (unaudited)	(R$)	
			(in millions)		
Assets					
Cash and equivalents	246.3	1,389.0	314.7	1,774.9	2,459.2
Marketable securities	1,465.5	8,265.4	1,176.4	6,635.2	4,732.5

	As of September 30,		As of December 31,		
	2020	2020	2019	2019	2018[2]
	(U.S.$)[1] (unaudited)	(R$) (unaudited)	(U.S.$)[1] (unaudited)	(R$)	
			(in millions)		
Trade accounts receivable – domestic	346.6	1,955.1	255.8	1,442.7	1,068.6
Trade accounts receivable – foreign	97.6	550.2	102.4	577.8	175.3
Inventories of goods and merchandise	526.5	2,969.6	422.6	2,383.5	1,822.3
Biological assets	10.3	58.2	5.2	29.1	16.6
Recoverable taxes	138.2	779.4	208.6	1,176.5	1,144.9
Prepaid expenses	11.5	64.9	11.0	61.8	53.8
Notes receivable	5.5	30.9	14.6	82.3	118.3
Advances to suppliers	25.8	145.5	19.5	110.0	58.6
Other receivables	66.4	374.7	25.9	146.3	112.9
Total current assets	**2,940.2**	**16,582.9**	**2,556.7**	**14,420.1**	**11,763.0**
Court deposits	13.5	76.0	11.0	62.1	47.5
Notes receivable	0.6	3.5	—	—	0.2
Deferred income and social contribution taxes	329.5	1,858.5	250.6	1,413.3	999.8
Recoverable taxes	436.9	2,464.0	411.6	2,321.2	1,780.3
Other receivables	50.5	285.0	23.8	134.4	82.7
Investments	11.0	62.2	8.1	45.7	42.5
Property, plant and equipment	1,446.7	8,159.3	1,142.0	6,441.1	5,231.2
Intangible assets	1,560.8	8,802.9	1,194.0	6,734.1	6,557.1
Total non-current assets	**3,849.5**	**21,711.4**	**3,041.1**	**17,151.9**	**14,741.3**
Total assets	**6,789.7**	**38,294.3**	**5,597.8**	**31,572.0**	**26,504.3**
Liabilities					
Trade accounts payable	446.2	2,516.5	473.4	2,670.3	2,149.0
Supply chain finance	1.5	8.4	31.4	176.9	182.6
Accrued payroll and related charges	258.7	1,458.9	134.3	757.7	564.4
Taxes payable	139.9	788.9	72.3	407.8	345.4
Loans, financing and debentures	812.8	4,584.4	814.6	4,594.4	3,665.5
Notes payable	26.1	147.1	19.2	108.5	185.5
Lease payable	31.4	177.1	23.2	131.1	3.2
Advances from customers	255.7	1,442.4	234.6	1,322.9	1,093.2
Other payables	67.7	382.1	79.0	445.4	457.6
Total current liabilities	**2,040.0**	**11,505.8**	**1,882.0**	**10,615.0**	**8,646.4**
Loans, financing and debentures	3,937.9	22,210.1	3,035.7	17,121.8	11,567.9
Taxes payable	63.4	357.7	136.2	768.1	833.6
Deferred income and social contribution taxes	17.1	96.6	24.2	136.3	118.9
Tax, labor and civil provisions	64.1	361.4	64.2	361.9	301.7
Lease payable	81.4	459.0	69.6	392.7	2.1
Notes payable	58.5	330.1	41.3	233.1	301.9
Advances from customers	—	—	—	—	387.5
Other payables	40.7	229.8	29.6	166.7	332.7
Total non-current liabilities	**4,263.1**	**24,044.7**	**3,400.8**	**19,180.6**	**13,846.3**
Share capital	1,454.7	8,204.4	1,454.7	8,204.4	7,319.5
Capital reserves, granted options and treasury shares	(369.0)	(2,081.3)	(225.4)	(1,271.4)	155.8

	As of September 30,		As of December 31,		
	2020	2020	2019	2019	2018[2]
	(U.S.$)[1] (unaudited)	(R$) (unaudited)	(U.S.$)[1] (unaudited)	(R$)	
			(in millions)		
Profit Reserves	9.2	51.8	9.2	51.8	51.8
Other comprehensive loss	(768.7)	(4,335.6)	(580.1)	(3,271.6)	(3,535.7)
Accumulated losses	(155.0)	(874.4)	(548.7)	(3,094.6)	(3,317.9)
Controlling shareholders' equity	**171.2**	**964.9**	**109.7**	**618.6**	**673.5**
Non-controlling interest	315.4	1,778.9	205.3	1,157.8	3,338.1
Total shareholders' equity	**486.6**	**2,743.8**	**315.0**	**1,776.4**	**4,011.6**
Total liabilities and shareholders' equity	**6,789.7**	**38,294.3**	**5,597.8**	**31,572.0**	**26,504.3**

Notes:—

(1) Solely for the convenience of the reader, Brazilian *real* amounts have been translated into U.S. dollars at the exchange rate as of September 30, 2020 of R$5.6401 to U.S.$1.00.

(2) Reflects the asset and liabilities of the National Beef business. Does not reflect Discontinued Operations.

Adjusted EBITDA Reconciliation (Unaudited)

	Nine-month period ended September 30,		
	2020	2020	2019
	(U.S$)[1]	(R$)	
	(in millions, except margins)		
Net income (loss) in the year from continuing operations	550.9	3,107.3	1,183.4
Income and social contribution taxes	97.9	552.2	(346.6)
Financial income (expense)	455.7	2,570.0	1,449.3
Other operating income (expenses)	41.7	235.2	(23.0)
Depreciation and amortization	181.4	1,022.9	889.4
Adjusted EBITDA (continuing operations)	1,327.6	7,487.6	3,152.5
Adjusted EBITDA margin (continuing operations)	15.2%	15.2%	9.1%

Note:—

(1) Solely for the convenience of the reader, Brazilian real amounts have been translated into U.S. dollars at the exchange rate as of September 30, 2020 of R$5.6401 to U.S.$1.00.

Additional Financial Information

The below sets forth additional financial information as of and for the dates indicated:

	As of and for the nine month period ended September 30,		As of and for the year ended December 31	
	2020	2020	2019	2019
	(U.S.$)[7] (unaudited)	(R$)	(U.S.$)[7] (unaudited)	(R$)
		(in millions, except ratios)		
Short-term debt[1]	812.8	4,584.4	814.6	4,594.4
Long-term debt[2]	3,937.9	22,210.1	3,035.7	17,121.8
Net debt[3]	3,039.0	17,140.1	2,359.2	13,306.1
Total debt[4]/ Adjusted EBITDA (continuing operations)[5]	3.6	3.6	4.6	4.6
Net debt[3]/ Adjusted EBITDA (continuing operations)[6]	2.3	2.3	2.8	2.8
Covenant Net Debt[8]	1,702.0	9,599.2	2,016.9	11,375.5
Covenant Net Debt[3]/Adjusted EBITDA (continuing operations)[6]	1.3	1.3	2.4	2.4

Notes:—

(1) Short-term debt is the current portion of loans and financing plus debentures payable (short-term portion) plus interest on debentures. Finance leases are not considered in the debt amounts for any periods shown.

(2) Long-term debt is the non-current portion of loans and financing plus debentures payable.

(3) Net debt is short-term debt plus long-term debt, less cash and cash equivalents and marketable securities.

(4) Total debt is short-term debt plus long-term debt.

(5) The total debt/Adjusted EBITDA (continuing operations) ratio has been presented for the nine-month period ended September 30, 2020 using Adjusted EBITDA for the nine-month period ended September 30, 2020. Adjusted EBITDA for the nine-month period ended September 30, 2020 was R$7,487.6 million (U.S.$1,327.6 million). The total debt/Adjusted EBITDA (continuing operations) ratio has been presented for the year ended December 31, 2019 using Adjusted EBITDA for the year ended December 31, 2019. Adjusted EBITDA for the year ended December 31, 2019 was R$4,770.7 million (U.S.$845.9 million).

(6) The net debt/Adjusted EBITDA (continuing operations) ratio has been presented for the nine-month period ended September 30, 2020 using Adjusted EBITDA for the nine-month period ended September 30, 2020 (see note (5) above). The net debt/Adjusted EBITDA (continuing operations) ratio has been presented for the year ended December 31, 2019 using Adjusted EBITDA for the year ended December 31, 2019 (see note (5) above).

(7) Solely for the convenience of the reader, Brazilian *real* amounts have been translated into U.S. dollars at the exchange rate as of September 30, 2020 of R$5.6401 to U.S.$1.00.

(8) Covenant Net Debt is net debt as adjusted to take into account the difference in the value in *reais* of our foreign currency denominated debt as of the date of the incurrence of such debt (using the then current exchange rate) and as of the last day of the most recent financial statements available, pursuant to the terms of our financing agreements. The exchange rate difference as of September 30, 2020 was R$7,540.9 million (U.S.$1,337.0 million). The exchange rate difference as of December 31, 2019 was R$1,930.6 million (U.S.$342.3 million). See “Presentation of Financial and Other Information—Covenant Net Debt.”

RISK FACTORS

An investment in the notes involves a high degree of risk. You should carefully consider all the risks set forth in this section before making an investment decision. Our business, financial condition and results of operations may be materially and adversely affected by any of these risks. The market price of the notes may decrease due to any of these risks or other factors, and you may lose all or a substantial part of your investment. The risks described in this section are those that we currently believe may materially affect us. Additional risks and uncertainties not currently known to us, or those that we currently deem to be immaterial, may also materially affect us.

Risks Relating to Our Business and Industry

Fluctuations in commodity prices and in the availability of raw materials, especially live cattle and other resources, could negatively impact our profitability, financial condition and results of operations.

Our results of operations and financial condition, as well as the prices of our products, are dependent upon the cost and supply of commodities and raw materials, such as beef, packaging materials and energy. The production and pricing of these commodities is determined by changing market forces of supply and demand over which we have limited or no control. Such factors include, among others, global weather patterns, outbreaks of disease, the global level of supply inventories and demand for raw materials, as well as agricultural and energy policies of domestic and foreign governments.

Volatility in our commodity and raw material costs directly impact our gross margin and profitability.

We may not be able to increase the prices of our products to sufficiently offset increased raw material costs due to consumer price sensitivity or our competitors' pricing. In addition, if we were to increase prices to offset higher costs, we could experience lower demand for our products and reduced sales volumes.

Conversely, decreases in our commodity and other input costs may create pressure on us to decrease our prices. Over time, if we were unable to price our products to cover increased costs, and offset operating cost increases with improved savings, then commodity and raw material price volatility or increases could materially and adversely affect our profitability, financial condition and results of operations.

We are dependent on a limited number of large customers.

In the nine-month period ended September 30, 2020, sales to our top 10 customers accounted for approximately 31.0% of our net sales, compared to approximately 26.6% in the nine-month period ended September 30, 2019. In addition, many of our customers generally place orders for products on an as-needed basis and, as a result, their order levels have varied from period to period in the past and may vary significantly in the future. The loss of any of our largest customers and an inability to secure substitute business would have a material adverse effect on our business, operating results and financial condition.

Changes in consumer preferences could adversely affect our business.

The food industry, in general, is subject to changing consumer trends, demands and preferences. Our products compete with other protein sources, including fish and plant-based protein. Trends within the food industry frequently change, and our failure to anticipate, identify or react to changes in these trends could lead to reduced demand and prices for our products, among other concerns, and could have a material adverse effect on our business, financial condition, results of operations and market price of the notes.

The outbreak of COVID-19 and associated responses could adversely impact our business and results of operations.

In 2020, the novel coronavirus spread to several continents with sustained transmission between people, and the COVID-19 pandemic has triggered severe restrictive measures by government authorities around the world with the aim of controlling the outbreak, including quarantines and lockdowns, restrictions on travel

and public transportation, prolonged closure of workplaces, interruptions in the supply chain, closure of retail outlets and a general reduction in consumption by the population. Some countries where we operate followed these restrictive policies to prevent or slow the spread of the disease, such as restrictions on movement and social isolation, which resulted in the closure of parks, shopping malls, restaurants and other public spaces. In addition, these measures influenced the behavior of our customers and of the overall population, resulting in the reduction and, in some cases, halting commercial activity by companies in various sectors.

While we have seen changes in trends in the different sectors in which we operate, reduced consumption in some sectors, for example food services, have generally been offset by increased consumption in other sectors, such as retail; however, it is not possible to fully predict what consequences COVID-19 might have, nor whether we may be forced to adopt additional measures in response to the COVID-19 pandemic.

Because our business is considered essential, our facilities have continued production despite government-imposed restrictions in the geographies in which we operate; consequently, our results of operations were not adversely affected by the COVID-19 pandemic as of the nine-month period ended September 30, 2020.

Our operations are indispensable for the food safety of the communities where we operate and for consumers in approximately 100 countries. For this reason, we are committed to keeping our production facilities operating throughout the pandemic to ensure the supply of our products, all this with the utmost sense of responsibility, putting the health and safety of our employees first and constantly monitoring the conditions at our production facilities.

Although the markets in which we operate are stabilizing given the reduction in restrictive measures imposed by governments and the development and deployment of several vaccines, we continue to monitor the effects of COVID-19 to address any significant effects on our results of operations as they become known and measurable given that these effects may cause additional disruption and uncertainties which could result in delays or modifications to our strategic plans and other initiatives and hinder our ability to implement our strategy. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Effects of the COVID-19 Pandemic."

Adverse developments with respect to the health and safety of food, and/or publicity regarding the same, may increase our costs of operations or decrease demand for our products.

We are subject to risks affecting the food industry generally, including risks posed by contamination or food spoilage, evolving nutritional and health-related concerns, consumer product liability claims, product tampering, the possible unavailability and expense of liability insurance and the potential cost and disruption of a product recall. Consumption of a misbranded, adulterated, contaminated, or spoiled product may result in personal illness or injury. Any actual or perceived health risks associated with our products, including any adverse publicity concerning these risks, could cause customers to lose confidence in the safety and quality of our products, reducing the level of consumption of those products, which could cause a material adverse effect on us. In March 2017, for example, the "carne fraca" or "weak meat" scandal involving the protein industry may have temporarily lowered demand for beef across the Brazilian beef industry following public perception of health risks and lower standards.

In addition, we could be subject to claims or lawsuits relating to an actual or alleged illness or injury, which, could negatively affect our business, whether successful or not. Even if our own products are not affected by contamination, our industry may face adverse publicity if the products of other producers become contaminated, which could result in reduced consumer demand for our products in the affected category. We maintain systems designed to comply with food safety regulations; however, our systems for compliance with governmental regulations may not be fully effective in mitigating risks related to food safety. Any product contamination could have a material adverse effect on our financial condition, results of operations or cash flows.

Raising animals and meat processing involve animal health and disease control risks, which could have an adverse impact on us.

Our operations involve raising cattle and lamb, which require us to maintain animal health and control disease. We could be required to destroy animals or suspend the sale of some of our products to customers in the United States and Brazil and abroad in the event of an outbreak of disease affecting animals, such as (i) in the case of cattle and certain other animals, foot-and-mouth disease and (ii) in the case of cattle, bovine spongiform encephalopathy, known as "mad cow disease." Destruction of cattle or other animals would preclude recovery of costs incurred in raising or purchasing these animals and result in additional expense for the disposal of the animals.

Outbreaks, or fears of outbreaks, of any of these or other animal diseases may have an adverse effect in our principal export markets and in the United States and Brazil. An outbreak of large proportions would adversely and materially affect us.

More stringent trade barriers in key export markets may adversely affect us.

Because of the growing market share of Brazilian beef products in the international markets, Brazilian exporters have been increasingly affected by measures taken by importing countries to protect local producers. The competitiveness of Brazilian companies has led certain countries to establish trade barriers to limit the access of Brazilian companies to their markets or even to subsidize local producers. Some countries impose quotas on Brazilian beef products, and delays in allocating these quotas or changes in laws or policies regarding these quotas can adversely affect our exports. National Beef may in the future experience similar trade barriers in countries such as Japan, Mexico, South Korea, Hong Kong, China, Taiwan, Italy and Canada, its key export markets.

Any of the aforementioned restrictions may affect our export volume and, as a result, our sales from export markets and financial condition. In the case of newly created trade barriers in our key export markets, it may be difficult for us to sell our products in other markets at favorable conditions, which may cause a material adverse effect upon us.

We are subject to extensive governmental legislation and regulations in the United States, Brazil and in the international markets in which we operate, as well as in countries to which we export our products.

Our principal business activities—the production, processing and selling of food products, both in our domestic and export markets—and our facilities are subject to regular federal, state and local laws and regulations of the markets in which we operate, as well as foreign regulations and inspections with respect to processing, conditioning, storage, distribution, publicity and labeling. Our products are often inspected by foreign food safety officials and any failure to pass those inspections can result in our being required to return all or part of a shipment to its country of origin, destroy all or part of a shipment or incur costs because of delays in delivering products to our customers, all of which may cause a material adverse effect on us.

In addition, changes in government regulations relating to our principal business activities in the countries in which we operate and in the countries to which we export our products, may impose a significant burden on us, including requirements to make additional investments or incur other unforeseen costs to meet the necessary specifications for our products, which may cause a material adverse effect on us.

Environmental laws and regulations may require increased expenditures for us to properly operate, and non-compliance with these laws and regulations may result in criminal and administrative penalties.

We, like other food producers in the markets in which we operate, are subject to extensive federal, state and local environmental laws, regulations, licenses, water grants, authorizations and permits concerning, among other subjects, the handling and disposal of waste, discharges of pollutants into the air, water and soil, water extraction and remediation of contaminated areas, all of which affect our business. In Brazil, we are also required to environmentally preserve certain areas of native vegetation on all rural properties in which we or

our partners carry out activities. These rural properties should be registered with a rural register entitled "C*adastro Ambiental Rural*" or "CAR." The registration of such areas is mandatory. Currently, our properties are materially in compliance with these environmental laws and regulations. However, any failure to comply with these laws and regulations or any lack of water grants, permits, authorizations or licenses may result in administrative and criminal penalties. In Brazil, administrative violations may result in fines totaling up to R$50.0 million each, cancellation of authorizations or revocation of environmental permits, suspension of activities, among other penalties, in addition to negative publicity and liability for remediation for environmental damage in a civil proceeding, which may represent significant amounts.

We also face social and environmental risks in our chain of suppliers, such as our possible association with suppliers that have practices which violate human rights (including those in connection with slave labor or similar work and violations of indigenous and minority rights), or that unlawfully use environmentally protected areas resulting in the intensification of illegal deforestation in the Amazon biome or in other biomes. Our association with these suppliers may result in a decrease in the value of our brand and image, termination of agreements with significant customers and may compromise our supply of raw materials. Furthermore, our ability to serve markets and to implement our expansion strategy may be adversely affected. Additionally, there is a risk that we may be held jointly and severally liable with such suppliers for the remediation of the environmental damage that they have caused, including potential fines. We cannot guarantee that our suppliers are in compliance with all applicable laws.

In addition, under most environmental laws, such as the U.S. Comprehensive Environmental Response, Compensation and Liability Act and analogous state laws, we could be held liable for the cost to investigate or remediate any contamination at properties we own or operate, or as to which we arrange for the disposal or treatment of hazardous substances, without regard to fault.

We have incurred, and will continue to incur, capital and operating expenditures to comply with these laws and regulations. Because of the possibility of unanticipated regulatory measures or other developments, particularly as environmental laws become more stringent in Brazil, the United States and in other domestic markets in which we operate, the amount and timing of future expenditures required to maintain compliance could increase from current levels and could adversely affect the availability of funds for capital expenditures and other purposes. Compliance with existing or new environmental laws and regulations could result in increased costs and expenses.

We are subject to risks associated with non-compliance with Brazil's General Personal Data Protection Law and may be adversely affected by the application of fines and other types of sanctions.

Law No. 13,709/2018, as amended by Law No. 13,853/2019, the General Personal Data Protection Law (*Lei Geral de Proteção de Dados Pessoais* or "LGPD"), regulates practices relating to the processing of personal data in Brazil. The LGPD sets out, among other things, the rights of holders of personal data, the legal bases applicable to the protection of personal data, the obligations and requirements relating to information security incidents involving personal data, the transfer and sharing of personal data, as well as sanctions for non-compliance with its provisions.

Furthermore, the LGPD authorizes the creation of the entity responsible for preparing guidelines on the provisions of the LGPD (the "ANPD") and applying the administrative sanctions provided for in the LGPD. On October 20, 2020 the Brazilian Senate confirmed the nominees who will be on the ANPD board; however, as of the date of this offering memorandum, the ANPD is not yet operating.

The LGPD became effective on September 18, 2020 for most of its provisions, except for the applicability of its administrative sanctions that are expected to come into effect on August 1, 2021, pursuant to Law No. 14,010/2020. However, failure to comply with any provisions in the LGPD, prior to August 1, 2021, has the following risks: (1) the filing of lawsuits against us seeking reparations for damages resulting from violations, based not only on the LGPD, but also on other data protection legislation in force, such as the Brazilian Consumer Protection Code and the Brazilian Civil Rights Framework for the Internet; and (2) the application

of the penalties pursuant to the Consumer Protection Code and the Brazilian Civil Rights Framework for the Internet by some consumer protection entities and other supervisory bodies, such as the Public Prosecutors' Office, given that these entities have imposed such penalties before the LGPD came into effect and the ANPD board becomes operational, especially in cases of security incidents that result in improper access to personal data.

In addition, when LGPD sanctions come into force, any failure to protect the personal data processed by us, as well as failure to comply with applicable legislation, including with regard to cybersecurity incidents, may result in (1) warnings, with the imposition of a deadline for the adoption of corrective measures; (2) a one-time fine of up to 2% of gross sales of the company or a group of companies or a maximum amount of R$50,000,000 per violation; (3) a daily fine, up to a maximum amount of R$50,000,000 per violation; (4) public disclosure of the violation; (5) the restriction of access to the personal data to which the violation relates until corrective measures are implemented; and (6) deletion of the personal data to which the violation relates.

Our level of debt may harm our business.

We have a significant level of debt and we may incur additional significant amounts of debt. As of September 30, 2020, our outstanding debt was R$26,794.5 million. Of our total outstanding debt as of September 30, 2020, 6.7% (or R$1,784.1 million) was denominated in *reais* and 93.3% (or R$25,010.4 million) was denominated in other currencies. We had R$4,584.4 million (or 17.1% of our total debt) of short-term debt (which includes the current portion of loans and financing, interest on debentures and debentures payable) and R$22,210.1 million (or 82.9% of our total debt) of long-term debt (which includes the non-current portion of loans and financing and debentures payable) as of September 30, 2020.

To refinance our maturing debt, we may incur borrowings and seek funds from other sources, such as raising equity or disposing of assets. If our funding strategies are unsuccessful, we may be unable to make necessary investments and capital expenditures in our business, which could reduce our future sales and negatively affect our financial position. In addition, the required capital resources to fulfill our debt obligations may reduce the capital amount that is available for our operations, which could harm us.

If we are unable to refinance maturing debt or our cash flow from operations does not grow as expected or significantly decreases for any reason, we will not be able to fulfill our debt obligations.

Covenant breaches under our material financial contracts may adversely affect us.

The contracts that govern a large portion of our debt contain cross-default or cross-acceleration clauses that provide that a default in one of our debt obligations may be considered a default in our other debt obligations or may result in the acceleration of the maturity date of such debt. Therefore, a default in any of our debt obligations may cause other debt obligations to become immediately due, which, in turn, would adversely affect us and the price of the notes. While we monitor compliance with our covenants, there can be no assurance that we will be successful in preventing breaches in the future.

Certain financings incurred contain clauses that prevent us from incurring or maintaining debt, unless our net debt to EBITDA ratio (as defined in such agreements) is less than 4.75 to 1.00. In addition, some of our contracts impose restrictions on our ability to distribute dividends, sell our assets or even to provide guarantees to third parties. Thus, if any event of default occurs that is provided for in these contracts, our cash flow and other financial conditions could be materially and adversely affected. For more information on the restrictions to which we are subject to on as a result of the debt contracts to which we are a party, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations" of this offering memorandum.

We may not be able to successfully integrate the operations of companies we may acquire or benefit from growth opportunities.

We may choose to pursue selected growth opportunities in the future. These types of opportunities may expose us to successor liability relating to actions involving any acquired entities, their respective management or contingent liabilities incurred prior to our involvement. A material liability associated with these types of opportunities, or our failure to successfully integrate any acquired entities into our business, could adversely affect our reputation and have a material adverse effect on us.

Undisclosed liabilities from our acquisitions may harm our financial condition and operating results. If we make acquisitions in the future, the transactions may be structured in such a manner that would result in the assumption of undisclosed liabilities or liabilities not identified during pre-acquisition due diligence. These obligations and liabilities could harm our financial condition and operating results.

We may not be able to successfully benefit from any growth opportunities we may undertake in the future or successfully implement appropriate operational, financial and administrative systems and controls to achieve the benefits that we expect to result therefrom. These risks include: (1) failure of the acquired entities to achieve expected results, (2) possible inability to retain or hire key personnel of the acquired entities and (3) possible inability to achieve expected synergies and/or economies of scale. In addition, the process of integrating businesses could cause interruption of, or loss of momentum in, the activities of our existing business. The diversion of our management's attention and any delays or difficulties encountered in connection with the integration of these businesses could adversely affect our business, results of operations, prospects and the market price of the notes.

The corporate transactions we engage in may adversely affect us.

We regularly engage in a variety of corporate transactions. For example, in the past five years, we have implemented among other transactions, (i) the sale of Moy Park to JBS; (ii) the acquisition of National Beef in the United States; (iii) the sale of Keystone to Tyson in the United States; (iv) the purchase of Quickfood in Argentina; (v) the purchase of several plants in Brazil from BRF S.A.; (vi) exchange of a slaughterhouse with Minerva in Brazil; and (vii) the purchase of Iowa Premium in the United States.

Future transactions to be analyzed and potentially implemented by us may include share repurchase plans, corporate restructurings, debt restructurings, issuance of debt and equity securities and mergers and acquisitions, among others. Although at the date of this offering memorandum there is no concrete transaction which we have not announced to the market and our shareholders, we may implement any such transactions and explore any such opportunities in the near future. There can be no assurance that these transactions will be successful in the future and this could adversely affect us or our financial condition.

We may face adverse effects, including from price adjustments, following the closing of these corporate transactions. For example, we have a disagreement with Tyson, the buyer of Keystone, in relation to a purchase price adjustment arising from the agreements relating to our sale of Keystone. For additional information on this dispute, see "Business—Legal and Administrative Proceedings—Civil and Environmental Proceedings."

Anti-corruption investigations involving us, our chairman and controlling shareholder, Mr. Marcos Molina, or our other directors, officers and employees and any related allegations, charges, proceedings or settlements may have an adverse effect on the Company and our public perception or reputation.

We could experience harm, reputational or otherwise, as a result of any alleged involvement of us, our chairman and controlling shareholder, Mr. Marcos Molina, or any of our other directors, officers or employees in anti-corruption investigations or proceedings.

Any such investigations or proceedings and their eventual outcomes may have an adverse impact on our image and reputation, as well as on the image and reputation of Mr. Molina, other directors, officers

and employees. If the public image or reputation of any such persons were to be damaged as a result of such investigations or proceedings, our public image, our results of operations and the trading price of our ordinary shares could be adversely affected. For information on proceedings against our controlling shareholder, see "Business—Legal and Administrative Proceedings—Proceedings Involving our Controlling Shareholder."

Any deterioration of labor relations with our employees could adversely affect us.

We depend on intensive use of labor in our activities. Most of our employees are represented by unions and their employment contracts are regulated by collective bargaining agreements. New collective bargaining agreements may have shorter terms than our previous agreements and, if we are not able to negotiate collective bargaining agreements on acceptable terms to us, we may be subject to a significant increase in labor costs, deterioration of employee relations, slowdowns or work stoppages, which could have a material adverse effect on us and the market price of the notes.

Unfavorable findings in certain judicial or administrative proceedings could have a material adverse effect on our business, our financial condition, and our results of operations.

We are a defendant in certain judicial or administrative proceedings, and we cannot guarantee that the outcome of these proceedings will be favorable or in any case that we have made adequate provisions for any such claims. Unfavorable judicial decisions can involve substantial liability and may prevent us from entering into or benefitting from transactions as initially planned and could have a material adverse effect on our business, our financial condition, and our results of operations. For additional information regarding our judicial or administrative proceedings, see "Business—Legal and Administrative Proceedings."

The consolidation trend in our customers' industries may have an adverse effect on us.

Some of our customers, such as supermarket chains, club stores and wholesale food distributors were involved in consolidations in recent years. The consolidation trend created large and sophisticated customers who have increased purchasing power and, therefore, greater ability to operate with smaller inventories, resist price increases and demand lower prices, discounts and tailor-made products. The customers may also use the spaces where our products are currently displayed to display their own competing products. If we cannot react to this market trend, we may face a slower increase in our sales volume or may be forced to decrease prices or increase promotional expenditures. Any of these factors could have a material adverse effect on us.

We depend on members of our senior management and on our ability to recruit and retain qualified professionals.

We depend on members of our senior management and other qualified professionals to implement our business strategies and carry out our operations. We also depend on our ability to recruit and retain qualified professionals. We cannot assure you that we will not incur substantial costs to hire qualified professionals. The loss of key professionals may adversely affect us.

We face strong competition from U.S., Brazilian and foreign companies in the production, processing and sales of our products.

We operate in a highly competitive market. We face strong competition from U.S., Brazilian and foreign companies in the production, processing and sales of our products regarding the cost and quality of raw material and workforce. In addition, our products compete with a number of other protein sources, including fish and plant-based protein.

The principal competitive factors in the animal protein processing industries are operating efficiency and the availability, quality and cost of raw materials and labor, price, quality, food safety, product distribution, technological innovations and brand loyalty. Our ability to be an effective competitor depends on our ability to compete on the basis of these factors. In addition, some of our competitors have more financial resources

and larger product and client portfolios than we do. If we are not able to keep our competitive position in the market, we will face a decrease in our market share, which, in turn, may adversely affect our results of operations and the price of the notes.

We are subject to risks relating to the countries in which we operate.

In addition to our operations in the United States and Brazil, we also have operations in Argentina, Chile and Uruguay. Foreign sales account for a significant portion of our net sales, representing 24.6% of our total net sales for the nine-month period ended September 30, 2020 compared with 24.3% of our total net sales for the nine-month period ended September 30, 2019. We are subject to risks relating to the economic, political and social conditions in the domestic markets in the countries in which we operate and in our major export markets. We may be adversely affected by trade restrictions, protective tax measures, import and export license requirements and other factors that are beyond our control in these markets, such as:

- the interference of local governments in economic policies;
- exchange rate instability and devaluation of local currencies;
- the deterioration of economic conditions;
- inflation and interest rates;
- exchange controls and restrictions on remittances abroad;
- tax policies and laws;
- negative consequences resulting from regulatory changes;
- the difficult and costs related to compliance with foreign laws, treaties and regulations;
- distribution costs, transportation interruptions or reduction in the availability of freight;
- liquidity in the financial and capital markets;
- expropriation and nationalization of private companies and government interference with their operations;
- salary increases ordered by the government and changes in labor regulation;
- adoption of sanitary regulations;
- developments in environmental laws and regulations; and
- other political, social and economic developments in or affecting the domestic markets in the countries in which we operate or our major export markets.

The occurrence of any of the aforementioned factors as well as any other factor that affects the economic, political and social conditions of the domestic markets in the countries in which we operate, or our major export markets may adversely and materially affect us.

Risks Relating to Brazil

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This influence as well as Brazilian political and economic conditions may adversely affect us and the market price of the notes.

The Brazilian government frequently intervenes in the economy and occasionally makes significant changes in economic policy and regulations. The Brazilian government's actions to control inflation and other policies and regulations have often involved increases in interest rates, changes in tax policies, price and salary controls, currency devaluations, capital controls and limits on imports, among other measures.

We may be materially and adversely affected by changes in policy or regulations involving or affecting factors, such as:

- fiscal policy;
- interest rates;
- exchange controls and restrictions on remittances abroad;
- monetary policy;
- currency fluctuations;
- changes in labor laws and other laws and regulations;
- inflation;
- liquidity in the domestic financial and capital markets;
- expansion and contraction of the Brazilian economy;
- tax policies and laws;
- adoption of tariffs, trade barriers or other import/export restrictions;
- social and political instability; and
- other political, diplomatic, social and economic developments in or affecting Brazil.

Uncertainty as to whether the Brazilian government will implement changes in policy or regulations affecting these or other factors in the future may contribute to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets and the securities issued by Brazilian companies.

Moreover, the Brazilian economy has experienced a marked downturn in recent years, due in part to the Brazilian government's interventionist economic and monetary policies and to the global decline in commodity prices. It is unclear whether the current Brazilian government will obtain the necessary support in the Brazilian congress to approve additional specific reforms, such as the social security reform. As of the date of this offering memorandum, much of the public spending proposed in Brazil's budget has been maintained, and it is not clear whether other expenditures will be reduced or eliminated altogether. If certain or all of this public spending is maintained, Brazil will continue to exhibit a budget deficit in 2021 and in subsequent years. We cannot predict what effects any such budget deficit will have on the Brazilian economy.

Brazilian markets have been experiencing heightened volatility due to the uncertainties derived from the ongoing Lava Jato (Car Wash) investigation, which is being conducted by the Office of the Brazilian Federal Prosecutor, and its impact on the Brazilian economy and political environment. As a result of the ongoing Lava Jato investigation, a number of senior politicians, including congressmen and officers of some of the major state-owned companies in Brazil have resigned or been arrested. Other senior elected officials and other public officials in Brazil are being investigated for allegations of unethical and illegal conduct identified during the Lava Jato investigation. The potential outcome of these investigations is uncertain, but they have adversely affected, and we expect that they will continue to adversely affect, the Brazilian markets and trading prices of securities issued by Brazilian issuers. We cannot predict whether these allegations will lead to further political and economic instability or whether new allegations against government officials or other companies in Brazil will arise in the future. In addition, we can neither predict the outcome of any such allegations nor their effect on the Brazilian economy. These corruption cases could have a material adverse effect on us.

Economic and political crises in Brazil could adversely affect our business, operations and financial condition.

Brazil has experienced economic instability caused by various political and economic events observed in recent years, with the deceleration of GDP growth and effects on supply (*e.g.*, investment levels, increase and

use of production technologies, etc.) and demand factors (*e.g.*, employment and income levels, etc.). Consequently, the uncertainty as to whether the Brazilian federal government will be able to approve the economic reforms needed to improve the deterioration of the economy has led to a decline in confidence from the market in the Brazilian economy and in the Brazilian federal government. The Brazilian economy is still subject to government policies and acts, which, if not successful or implemented, may affect the financial operations and performance of companies, including us. In recent years, the Brazilian political situation underwent intense instability, mainly as a result of the uncovering of a scheme of corruption involving many politicians, including high-ranking members, which culminated in the impeachment of the last Brazilian president and actions against her successor and her team. The recent political and economic instability has led to a negative perception of the Brazilian economy and an increase in volatility in the Brazilian securities market, which could also adversely affect our business and operations. Any economic instability and political uncertainties could adversely affect our business and operations.

Government efforts to combat inflation may hinder the growth of the Brazilian economy and could harm our business.

Brazil has in the past experienced extremely high rates of inflation and, as a result, has adopted monetary policies that have resulted in one of the highest real interest rates in the world. The Central Bank sets the base interest rates generally available to the Brazilian banking system, based on the expansion or contraction of the Brazilian economy, inflation rates and other economic indicators. The Central Bank has actively reduced and increased the base interest rate (*Sistema Especial de Liquidação e Custódia*, or the "SELIC" rate) in response to economic and market conditions. As recently as 2016, the SELIC rate was as high as 14.25%. Over the course of 2017 and 2018, the SELIC rate was gradually lowered to 6.50%. On December 31, 2019, the SELIC rate was 4.50%. As of September 30, 2020, the SELIC rate was 2.00%.

Inflation and the Brazilian government's measures to fight it, principally through the Central Bank, have had and may have significant effects on the Brazilian economy and our business. Tight monetary policies with high interest rates may restrict Brazil's growth and the availability of credit. Conversely, more lenient government and Central Bank policies and interest rate decreases may trigger increases in inflation, and, consequently, growth volatility and the need for sudden and significant interest rate increases, which could negatively affect our business. In addition, we may not be able to adjust the prices we charge our customers to offset the effects of inflation on our cost structure.

Exchange rate instability and the devaluation of the* real *may adversely affect the Brazilian economy and us.

As a result of inflationary pressures, the Brazilian currency has been devalued periodically in the past in relation to the U.S. dollar and other foreign currencies. The Brazilian government has in the past implemented various economic plans and utilized a number of exchange rate policies, including sudden devaluations, periodic mini-devaluations during which the frequency of adjustments has ranged from daily to monthly, floating exchange rate systems, exchange controls and dual exchange rate markets. From time to time, there have been significant fluctuations in the exchange rate between the Brazilian currency and the U.S. dollar and other currencies. For example, during the financial crisis in 2010, the *real*/U.S. dollar exchange rate reached a low of R$1.66 per U.S.$1.00. Until 2015, the *real* depreciated against the U.S. dollar in part because of weak economic performance in Brazil, reaching R$3.90 per U.S.$1.00. Since 2015, the *real* has depreciated gradually against the U.S. dollar. On January 8, 2021, the exchange rate was R$5.4205 per U.S.$1.00.

Devaluations of the *real* relative to the U.S. dollar could create additional inflationary pressures in Brazil, lead to increases in interest rates, limit our access to foreign financial markets and prompt the adoption of recessionary policies by the Brazilian government. Conversely, the appreciation of the *real* against the U.S. dollar may lead to a deterioration of Brazil's current account and balance of payments and cause a decrease of Brazilian exports. Any of the foregoing developments may negatively affect the Brazilian economy as a whole, and, consequently, our results of operations and the market price of the notes.

In addition, almost all of our export sales are denominated in U.S. dollars. When the *real* depreciates against the U.S. dollar, our revenues from export sales increase, assuming the international market prices of our products remain constant. Conversely, when the *real* appreciates against the U.S. dollar and the international market prices for our products remain constant, our revenues from export sales decrease. This variation occurs because many of our customers pay for our export products in U.S. dollars but we maintain our accounting records in *reais*. In addition, our financing agreements contain financial covenants that require us to maintain certain ratios. A sudden and material devaluation of the *real* relative to the U.S. dollar could result in our inability to comply with such ratios in certain of our financing agreements. Thus, changes in exchange rates may result in losses or gains on our sales and U.S. dollar-denominated debt.

Developments and the perception of risk in other countries, especially in the United States and emerging market countries, may adversely affect the market price of Brazilian securities, including the notes.

The market price of securities of Brazilian companies is affected to varying degrees by economic and market conditions in other countries, including the United States and other Latin American and emerging market countries. Investors' reactions to developments in these other countries may have an adverse effect on the market price of securities of Brazilian issuers, including the notes. Crises in the United States and emerging market countries or economic policies of other countries may diminish investors' interest in securities of Brazilian issuers, including the notes. This could adversely affect the market price of the notes and could also make it more difficult for us to access the capital markets and finance our operations in the future on acceptable terms or at all.

Brazil's economy remains vulnerable to external shocks, including those that could be caused by future significant economic difficulties of its major regional trading partners or by more general "contagion" effects, which could have a material adverse effect on Brazil's economy and us.

Global economic downturns and related instability in the international financial system have had, and may continue to have, a negative effect on economic growth in Brazil. Global economic downturns reduce the availability of liquidity and credit to fund the continuation and expansion of business operations worldwide. While Brazil exports a more diversified bundle of products, both in terms of products and destinations, relative to its peers, a significant decline in the economic growth of or demand for imports from any of Brazil's major trading partners, such as the European Union, China or the United States, could have a material adverse impact on Brazil's exports and balance of trade and adversely affect Brazil's economic growth.

In addition, because international investors' reactions to the events occurring in one emerging market country sometimes produce a "contagion" effect, in which an entire region or class of investment is disfavored by international investors, Brazil could be adversely affected by negative economic or financial developments in other countries. Such developments may affect the Brazilian economy in the future and, consequently, our results of operations.

Risks Relating to the Offer and the Notes

Enforcement of civil liabilities and judgments against us, the subsidiary guarantors or any of their or our respective directors or officers may be difficult.

We are a *sociedade por ações* incorporated under the laws of the Federative Republic of Brazil. A significant portion of our assets and a substantial majority of our operations are located, and a substantial majority of our revenues are derived, outside the United States. In addition, our directors are non-residents of the United States, and all or a substantial portion of the assets of such person are or may be located outside the United States. The subsidiary guarantors, Marfrig Holdings, Marfrig Overseas and NBM are a private limited liability company incorporated under the laws of The Netherlands, an exempted limited liability company incorporated under the laws of the Cayman Islands and a corporation incorporated under the laws of the State of Delaware, respectively. A significant portion of their assets and all of their operations are located, and all

of their revenues are derived, outside the United States. In addition, the subsidiary guarantors' directors are non-residents of the United States, and all or a substantial portion of the assets of such person are or may be located outside the United States.

As a result of the above, investors may be unable to effect service of process within the United States upon such persons, or to enforce judgments against them obtained in the United States courts, including judgments predicated upon the civil liability provisions of the United States federal and state securities laws. There is uncertainty as to whether the courts of Brazil, England and Wales, The Netherlands Cayman Islands, or other jurisdictions would enforce (i) judgments of United States courts obtained against the guarantor or the subsidiary guarantors, or such affiliated persons, predicated upon the civil liability provisions of the United States federal and state securities laws or (ii) in original actions brought in such countries, liabilities against us or the subsidiary guarantors, or such affiliated persons, predicated upon the United States federal and state securities laws. See "Enforcement of Judgments and Service of Process."

The foreign exchange policy of Brazil may affect the ability of Marfrig to make money remittances outside Brazil in respect of its guarantee.

Under Brazilian regulations, Brazilian companies are not required to obtain authorization from the Central Bank in order to make payments in U.S. dollars outside Brazil under guarantees in favor of foreign persons, such as the holders of the notes. We cannot assure you that these regulations will continue to be in force at the time Marfrig may be required to perform its payment obligations under the guarantee. If these regulations or their interpretation are modified and an authorization from the Central Bank is required, Marfrig would need to seek an authorization from the Central Bank to transfer the amounts under the guarantee out of Brazil or, alternatively, make payments with funds held by Marfrig outside Brazil. We cannot assure you that the authorization will be obtained or that funds will be available.

An active trading market for the notes may not develop.

The notes constitute a new issuance of securities, for which there is no existing market. Although we intend to apply to admit the notes to trading on the alternative market of the Luxembourg Stock Exchange (Euro MTF), we cannot provide you with any assurances that the application will be accepted. Furthermore, no assurance can be provided regarding the future development of a market for the notes, the ability of holders of the notes to sell their notes or the price at which these holders may be able to sell their notes. If such a market were to develop, the notes could trade at prices that may be higher or lower than the initial offering price depending on many factors. These factors include prevailing interest rates, our results of operations and financial condition, prospects for other companies in our industry, political and economic developments in and affecting Brazil and the market for similar securities. If an active market for the notes does not develop or is interrupted, the market price and liquidity of the notes may be adversely affected.

Judgments of Brazilian courts enforcing our obligations under the notes are payable only in Brazilian reais.

If proceedings were brought in the courts of Brazil seeking to enforce our obligations under the notes, we would not be required to discharge our obligations in a currency other than *reais*. Any judgment obtained against us in Brazilian courts in respect of any payment obligations under the notes will be expressed in *reais* equivalent to the U.S. dollar amount of the payment at the exchange rate as published by the Central Bank on (i) the date of actual payment, (ii) the date on which the judgment is rendered, or (iii) the actual due date of the obligations. There can be no assurance that the rate of exchange will afford you full compensation of the amount invested in the notes plus accrued interest.

The guarantees will be unsecured and will be effectively junior to our and the subsidiary guarantors' existing and future secured debt.

As of the date of this offering memorandum, the notes will be guaranteed by us and by our subsidiaries Marfrig Holding, a private limited liability company incorporated under the laws of The Netherlands, Marfrig

Overseas, an exempted limited liability company incorporated under the laws of Cayman Islands and NBM, a corporation incorporated under the laws of the State of Delaware. The guarantees will be unsecured and will constitute our and the subsidiary guarantors' unsubordinated and unsecured obligation that we and the subsidiary guarantors have agreed will rank *pari passu* in priority of payment with all our and its other present and future unsubordinated and unsecured obligations. Although the guarantees will provide noteholders with a direct, but unsecured, claim on our and the subsidiary guarantors' assets and property, the guarantees will be effectively junior to our and the subsidiary guarantors' secured debt, to the extent of the assets and property securing this debt. As of September 30, 2020, we had an aggregate outstanding amount of R$26,794.5 million of consolidated debt, including R$2,017.1 million of consolidated secured debt, which is senior to the notes offered hereby, and R$24,777.4 million of consolidated unsecured debt, which ranks *pari passu* with the notes offered hereby.

Payment on the notes and the guarantees under the notes offered hereby will also be structurally subordinated to the payment of secured and unsecured debt and other obligations of our subsidiaries (except the guarantors). For the nine-month period ended September 30, 2020, Marfrig's EBITDA (continuing operations) was R$7,252.4 million and its Adjusted EBITDA (continuing operations) was R$7,487.6 million. In the year ended December 31, 2019, Marfrig's EBITDA was R$4,609.9 million and its Adjusted EBITDA was R$4,770.7 million. In the event of a bankruptcy, liquidation or judicial or extrajudicial reorganization of National Beef or any of our other subsidiaries (except the guarantors), holders of their debt and their trade creditors will generally be entitled to payment in full of their claims from the assets of those subsidiaries before any assets are made available for distribution to us.

Upon a liquidation or reorganization of Marfrig, or that of a subsidiary guarantor, any right of the holders of the notes offered hereby to participate in our assets or the assets of the subsidiary guarantors, including the capital stock of our respective subsidiaries, will be subject to the prior claims of our secured creditors and the subsidiary guarantors' secured creditors, as well as to other statutory preferences, including post-petition claims, claims for salaries, wages, social security, taxes and court fees and expenses, and any such right to participate in the assets of our subsidiaries or the subsidiary guarantors' subsidiaries will be subject to the prior claims of the creditors of such subsidiaries.

In addition, we and the subsidiary guarantors may, in the future, grant additional liens to secure debt without equally and ratably securing the guarantees. If we or the subsidiary guarantors become insolvent or are liquidated, or default in the payment of these obligations, these secured creditors will be entitled to exercise the remedies available to them under applicable law. These creditors will have a prior claim on our and the subsidiary guarantors' assets covered by their liens. Our subsidiaries may also incur additional debt without providing guarantees to the notes.

Our and the subsidiary guarantors' obligations under the guarantees will be subordinated to certain statutory liabilities.

The notes will be issued by the Issuer and guaranteed by the guarantors. The Issuer is a public limited company organized and existing under the laws of England and Wales. The Company and the subsidiary guarantors are organized or incorporated under the laws of the United States, Brazil, The Netherlands, Cayman Islands and the State of Delaware, respectively. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in the United States, Brazil, England and Wales, The Netherlands and/or the Cayman Islands. Your rights under the notes and the guarantees may thus be subject to the laws of multiple jurisdictions, and there can be no assurance that you will be able to effectively enforce your rights in multiple bankruptcy, insolvency or other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of your rights.

In addition, the bankruptcy, insolvency, administrative and other laws of such jurisdictions of organization may be materially different from, or in conflict with, one another and those in other jurisdictions

with which you may be familiar in certain area, including creditors' rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceedings. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the notes.

Under Brazilian law, our, Marfrig Holdings', Marfrig Overseas' and NBM's obligations under the guarantees are subordinated to certain statutory preferences. In the event of our, Marfrig Holdings', Marfrig Overseas' or NMB's liquidation or bankruptcy, these statutory preferences, including motions for restitution, post-petition claims, claims for salaries, wages, social security, taxes and court fees and expenses and claims secured by collateral, among others, will have preference and priority over any other claims, including any claims in respect of the guarantees.

On June 23, 2016, the United Kingdom ("UK") voted by a majority in favor of the British government taking the necessary action for the UK to leave the European Union.

The outcome of the UK's referendum on membership of the European Union , held on June 23, 2016, was that the UK voted by a majority in favor of the British government taking the necessary action for the UK to leave the European Union ("Brexit"). In March 2017, the UK gave notice of its intention to leave the EU under Article 50 of the Treaty on European Union.

In November 2018, a withdrawal agreement ("Withdrawal Agreement") setting out the terms of the UK's exit from the EU, and a political declaration on the framework for the future relationship between the UK and EU were agreed between the UK and EU governments. The Withdrawal Agreement includes the terms of a transition or "standstill" period until December 31, 2020, during which the UK will have formally withdrawn from the EU but will still be treated for most purposes as an EU member state. This transition period may be extended (by agreement before July 2020) until the end of 2021 or 2022.

On April 10, 2019, the European Council agreed to extend the Article 50 period until October 31, 2019, meaning that the UK would leave the EU at 11 p.m. on that date. The European Council also agreed that if the Withdrawal Agreement is ratified by both the UK and the EU, it should enter into force on the first day of the month after that in which it is ratified.

On January 31, 2020, the UK formally withdrew from the European Union, starting an 11-month transition period that expired on December 31, 2020 during which the UK and EU negotiated post-withdrawal terms, including trading agreements and security cooperation; an agreement, which has been ratified by the British Parliament and European Union governments, was reached on December 24, 2020 (the "UK-EU Trade Agreement") and provisionally came into effect on January 1, 2021 pending ratification by certain organs of the European Union.

Although the UK-EU Trade Agreement has provisionally come into effect, there may be increased costs on trade and regulatory compliance between the UK and other countries, including those in the EU, as well as shipping and other transportation and logistics delays because of the need for customs inspections and procedures and shortages of certain goods. Future unanticipated trade disputes between the UK and the EU, including but limited to the equivalency of regulations and standards, may also disrupt the movement of goods between the UK and member states of the EU. In addition, changes to UK and EU immigration laws as a result of the UK's withdrawal may result in increased difficulties in recruiting and relocating employees.

Following withdrawal from the EU, the UK will also need to negotiate new tax and trade treaties with other countries, and such negotiations may not begin or complete for a number of years. The withdrawal continues to create significant political, social and macroeconomic uncertainty. We continue to evaluate the risks associated with the withdrawal, including the potential for supply chain disruptions and foreign currency volatility.

The notes will be subject to transfer restrictions which could limit your ability to resell your notes.

The notes have not been and will not be registered under the Securities Act or any state securities laws and may not be altered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Such exemptions include offers and sales that occur outside the United States in compliance with Regulation S and in accordance with any applicable securities laws of any other jurisdiction and sales to qualified institutional buyers as defined under Rule 144A. For a discussion of certain restrictions on resale and transfer, see "Transfer Restrictions." Consequently, a holder of notes must be able to bear the economic risk of its investment in the notes for the term of the notes.

Developments in other countries may adversely affect the market value of the notes.

The market price of the notes may be adversely affected by developments in the international financial markets and world economic conditions. Brazilian securities markets are influenced, to varying degrees, by economic and market conditions in other countries, especially those in Latin America and other emerging markets. Although economic conditions are different in each country, investor reaction to the developments in one country may affect the securities of issuers in other countries, including Brazil. We cannot assure you that the market for the securities of Brazilian issuers will not be affected negatively by events elsewhere or that such developments will not have a negative impact on the market value of the notes. For example, an increase in the interest rates in a developed country, such as the United States, or a negative event in an emerging market, may induce a significant capital outflows from Brazil and depress the notes price of the notes.

We cannot assure you that the credit ratings of the notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. The ratings of the notes are not a recommendation to buy, sell or hold the notes, and the ratings do not comment on market prices or suitability for a particular investor. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the notes.

Negative developments in our business, results of operations and financial condition or other factors could cause the ratings agencies to lower the credit ratings, or ratings outlook, of our short- and long-term debt and consequently, impair our ability to raise new financing or refinance our current borrowings and increase our costs of issuing any new debt instruments. Any of these factors could adversely affect our business.

We may redeem the notes prior to maturity.

The notes are redeemable at our option in the event of certain changes in applicable taxes and at our option for any other reason. We may choose to redeem those notes at times when prevailing interest rates may be relatively low. Accordingly, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the notes.

USE OF PROCEEDS

The net proceeds from the sale of the notes are expected to amount to approximately U.S.$1,485,500,000 after deducting certain expenses and commissions (including those to be paid to the initial purchasers) in connection with the offering.

We intend to use the net proceeds from this offering to fund the Tender Offers as described under "Management's Discussion and Analysis of Financial Condition and Result of Operations—Material Contracts—Senior Notes," and to pay fees, premiums and expenses associated with the Tender Offers. To the extent that the cash used to purchase the Existing Notes pursuant to the Tender Offers is less than the proceeds of this offering, the remaining net proceeds will be used to redeem the remaining Existing Notes and to repay other outstanding debt (including but not limited to open market repurchases of certain of our outstanding debt securities).

This offering memorandum is not an offer to purchase, or the solicitation of an offer to sell, the Existing Notes. The Tender Offers are made only by and pursuant to the terms of the Offer to Purchase and the related Letter of Transmittal, as the same may be amended or supplemented.

CAPITALIZATION

The table below sets forth consolidated information on our short-term and long-term debt, shareholders' equity and total capitalization as of September 30, 2020.

In addition, the table below sets forth adjustments to reflect the offering of the notes and the use of proceeds thereof to fund the Tender Offers as described under "Use of Proceeds."

Our capitalization as of September 30, 2020 has been derived from our unaudited consolidated financial statements as of and for the nine-month period ended September 30, 2020.

You should read the table below in conjunction with the information in the sections "Summary of Financial and Other Information," "Selected Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as our financial statements and notes thereto, included elsewhere in this offering memorandum.

	As of September 30, 2020			
	Actual		As adjusted to give effect to the offering of notes[1]	
	(U.S.$)[2] (unaudited)	(R$) (unaudited)	(U.S.$)[2] (unaudited)	(R$) (unaudited)
	(in millions)			
Short-term debt[3]				
Loans, financing and interest on debentures	812.8	4,584.4	812.8	4,584.4
Total short-term debt	**812.8**	**4,584.4**	**812.8**	**4,584.4**
Long-term debt[4]				
Loans, financing and debentures	3,937.9	22,210.1	2,437.9	13,749.9
Notes offered hereby	—	—	1,500	8,460.2
Total long-term debt	**3,937.9**	**22,210.1**	**3,937.9**	**22,210.1**
		26,794.5		
Total debt	**4,750.7**		**4,750.7**	**26,794.5**
Total shareholders' equity	**486.5**	**2,743.8**	**486.5**	**2,743.8**
		29,538.3		
Total capitalization[5]	**5,237.2**		**5,237.2**	**29,538.3**

Notes:—

(1) As adjusted to reflect the offering of the notes and the application of the net proceeds of the offering to the Tender Offers and other outstanding debt. Notes issue costs are not reflected in the capitalization table.

(2) Solely for the convenience of the reader, Brazilian *real* amounts have been translated into U.S. dollars at the exchange rate as of September 30, 2020 of R$5.6401 to U.S.$1.00.

(3) Short-term debt is the current portion of loans and financing.

(4) Long-term debt is the non-current portion of loans and financing.

(5) Total capitalization equals total debt plus total shareholders' equity.

SELECTED FINANCIAL INFORMATION

You should read and analyze the information below in conjunction with our unaudited consolidated financial statements and related notes and audited consolidated financial statements and related notes included elsewhere in this offering memorandum as well as with the information in the sections "Presentation of Financial and Other Information," "Summary Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The following selected financial information is derived from our unaudited consolidated financial statements as of and for each of the nine-month periods ended September 30, 2020 and 2019 and our audited consolidated financial statements as of and for each of the years ended December 31, 2019 and 2018 included elsewhere in this offering memorandum and has been prepared in accordance with Brazilian GAAP and IFRS. See "Presentation of Financial and Other Information."

On June 5, 2018, we acquired a 51% controlling interest in National Beef from Jefferies and other shareholders for R$3.7 billion. See note 12.2 to our audited consolidated financial statements as of and for the year ended December 31, 2018. On November 29, 2019, we acquired an additional 31.1715% interest in National Beef for an aggregate consideration of U.S.$970,000,000, bringing our interest from 51% to 81.73%. See note 11.2.3 to our audited consolidated financial statements as of and for the year ended December 31, 2019.

On November 30, 2018, we sold our entire ownership interest in certain Marfrig subsidiaries that own and operate the Keystone business unit. The total consideration for the sale was U.S.$2.4 billion, and the amount received by Marfrig after contractual adjustments, such as the exclusion of Keystone's net debt, was U.S.$1.4 billion, which remains subject to purchase price adjustments. See "Discontinued Operations." Our statements of income for the year ended December 31, 2018 present the operations of Keystone as discontinued operations. See notes 3.1.19, 3.4 and 31 to our audited consolidated financial statements as of and for the year ended December 31, 2018.

Our audited consolidated statements of income and cash flow for the years ended December 31, 2018 (i) include the results of the National Beef business only from the date of acquisition on June 5, 2018 and (ii) exclude the results of operations of the Keystone business, reflecting their status as discontinued operations (the "Discontinued Operations"). Our consolidated statement of financial position, consolidated statement of changes in shareholders' equity and consolidated statement of added value as of December 31, 2018 exclude Discontinued Operations.

Solely for your convenience, certain *real* amounts in this offering memorandum have been translated into U.S. dollars at the commercial selling rate at closing for purchase of U.S. dollars, published by the Central Bank on September 30, 2020 of R$5.6401 to U.S.$1.00. On January 8, 2021, the exchange rate was R$5.4205 per U.S.$1.00. The U.S. dollar equivalent information should not be construed to imply that the *real* amount represents, or could have been or could be converted into, U.S. dollars at this rate or at any other rate. For further information on exchange rate instability, see "Risk Factors—Risks Relating to Brazil—Exchange rate instability and the devaluation of the *real* may adversely affect the Brazilian economy and us."

Marfrig's Financial Information

The below income statement data for the nine-month periods ended September 30, 2020 and 2019 and the years ended December 31, 2019 and 2018 present the financial results of our continuing operations.

Statement of Income Data

	Nine-month period ended September 30,			Year ended December 31,		
	2020	2020	2019	2019	2019	2018[2]
	(U.S.$)[1] (unaudited)	(R$) (unaudited)		(U.S.$)[1] (unaudited)	(R$)	
			(in millions)			
Net sales	**8,726.0**	**49,215.4**	**34,543.2**	**8,645.4**	**48,761.1**	**29,715.2**
Cost of goods sold	(7,132.9)	(40,230.0)	(30,235.2)	(7,513.5)	(42,377.1)	(25,872.9)
Gross profit	**1,593.1**	**8,985.4**	**4,308.0**	**1,131.9**	**6,384.0**	**3,842.3**
Operating income (expenses)	(488.6)	(2,755.9)	(2,021.9)	(526.9)	(2,971.6)	(3,420.2)
Selling expenses	(322.7)	(1,819.8)	(1,496.7)	(364.2)	(2,054.2)	(1,475.0)
General and administrative expenses	(124.3)	(700.9)	(548.2)	(134.1)	(756.6)	(419.9)
Other operating income (expenses)	(41.7)	(235.2)	23.0	(28.5)	(160.8)	(1,525.3)
Net income before net financial income (losses)	**1,104.5**	**6,229.5**	**2,286.1**	**605.0**	**3,412.4**	**422.1**
Financial income (expenses)	(455.7)	(2,570.0)	(1,449.3)	(365.2)	(2,059.8)	(2,308.9)
Financial income	383.2	2,161.2	1,524.2	374.7	2,113.1	1,991.7
Financial expenses	(838.9)	(4,731.2)	(2,973.5)	(739.9)	(4,172.9)	(4,300.6)
Loss before tax effects	**648.8**	**3,659.5**	**836.8**	**239.8**	**1,352.6**	**(1,886.8)**
Income and social contribution taxes	**(97.9)**	**(552.2)**	**346.6**	**40.7**	**229.6**	**397.5**
Current and deferred income tax	(114.6)	(646.5)	189.6	32.6	183.7	243.8
Current and deferred social contribution	16.7	94.3	157.0	8.1	45.9	153.7
Net loss in the year from continuing operations	**550.9**	**3,107.3**	**1,183.4**	**280.5**	**1,582.2**	**(1,489.3)**
Net loss in the year from discontinued operations	**—**	**—**	**—**	—	—	**3,643.3**
Net income (loss) in the year before interest	**550.9**	**3,107.3**	**1,183.4**	**280.5**	**1,582.2**	**2,154.0**
Attributable to:						
Controlling interest - continued operations	377.8	2,130.7	191.2	38.7	218.1	(2,212.9)
Controlling interest – discontinued operations	**—**	**—**	—	—	—	3,608.2
Non-controlling interest - continued operation	173.2	976.6	992.2	241.9	1,364.1	723.6
Non-controlling interest - discontinued operation	**—**	**—**	—	—	—	35.1

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Notes:—

(1) Solely for the convenience of the reader, Brazilian *real* amounts have been translated into U.S. dollars at the exchange rate as of September 30, 2020 of R$5.6401 to U.S.$1.00.

(2) Reflects the results of operation of the National Beef business only from the acquisition date of June 5, 2018.

Balance Sheet Data

Our audited consolidated balance sheet as of September 30, 2020 and December 31, 2019 and 2018 is presented below.

	As of September 30,		As of December 31,		
	2020	2020	2019	2019	2018[2]
	(U.S.$)[1] (unaudited)	(R$) (unaudited)	(U.S.$)[1] (unaudited)	(R$)	
			(in millions)		
Assets					

	As of September 30,		As of December 31,		
	2020	2020	2019	2019	2018[2]
	(U.S.$)[1] (unaudited)	(R$) (unaudited)	(U.S.$)[1] (unaudited)	(R$)	
			(in millions)		
Cash and equivalents	246.3	1,389.0	314.7	1,774.9	2,459.2
Marketable securities	1,465.5	8,265.4	1,176.4	6,635.2	4,732.5
Trade accounts receivable – domestic	346.6	1,955.1	255.8	1,442.7	1,068.6
Trade accounts receivable – foreign	97.6	550.2	102.4	577.8	175.3
Inventories of goods and merchandise	526.5	2,969.6	422.6	2,383.5	1,822.3
Biological assets	10.3	58.2	5.2	29.1	16.6
Recoverable taxes	138.2	779.4	208.6	1,176.5	1,144.9
Prepaid expenses	11.5	64.9	11.0	61.8	53.8
Notes receivable	5.5	30.9	14.6	82.3	118.3
Advances to suppliers	25.8	145.5	19.5	110.0	58.6
Other receivables	66.4	374.7	25.9	146.3	112.9
Total current assets	**2,940.2**	**16,582.9**	**2,556.7**	**14,420.1**	**11,763.0**
Court deposits	13.5	76.0	11.0	62.1	47.5
Notes receivable	0.6	3.5	—	—	0.2
Deferred income and social contribution taxes	329.5	1,858.5	250.6	1,413.3	999.8
Recoverable taxes	436.9	2,464.0	411.6	2,321.2	1,780.3
Other receivables	50.5	285.0	23.8	134.4	82.7
Investments	11.0	62.2	8.1	45.7	42.5
Property, plant and equipment	1,446.7	8,159.3	1,142.0	6,441.1	5,231.2
Intangible assets	1,560.8	8,802.9	1,194.0	6,734.1	6,557.1
Total non-current assets	**3,849.5**	**21,711.4**	**3,041.1**	**17,151.9**	**14,741.3**
Total assets	**6,789.7**	**38,294.3**	**5,597.8**	**31,572.0**	**26,504.3**
Liabilities					
Trade accounts payable	446.2	2,516.5	473.4	2,670.3	2,149.0
Supply chain finance	1.5	8.4	31.4	176.9	182.6
Accrued payroll and related charges	258.7	1,458.9	134.3	757.7	564.4
Taxes payable	139.9	788.9	72.3	407.8	345.4
Loans, financing and debentures	812.8	4,584.4	814.6	4,594.4	3,665.5
Notes payable	26.1	147.1	19.2	108.5	185.5
Lease payable	31.4	177.1	23.2	131.1	3.2
Advances from customers	255.7	1,442.4	234.6	1,322.9	1,093.2
Other payables	67.7	382.1	79.0	445.4	457.6
Total current liabilities	**2,040.0**	**11,505.8**	**1,882.0**	**10,615.0**	**8,646.4**
Loans, financing and debentures	3,937.9	22,210.1	3,035.7	17,121.8	11,567.9
Taxes payable	63.4	357.7	136.2	768.1	833.6
Deferred income and social contribution taxes	17.1	96.6	24.2	136.3	118.9
Tax, labor and civil provisions	64.1	361.4	64.2	361.9	301.7
Lease payable	81.4	459.0	69.6	392.7	2.1
Notes payable	58.5	330.1	41.3	233.1	301.9
Advances from customers	—	—	—	—	387.5

	As of September 30,		As of December 31,		
	2020	2020	2019	2019	2018[2]
	(U.S.$)[1] (unaudited)	(R$) (unaudited)	(U.S.$)[1] (unaudited)	(R$)	
			(in millions)		
Other payables	40.7	229.8	29.6	166.7	332.7
Total non-current liabilities	**4,263.1**	**24,044.7**	**3,400.8**	**19,180.6**	**13,846.3**
Share capital	1,454.7	8,204.4	1,454.7	8,204.4	7,319.5
Capital reserves, granted options and treasury shares	(369.0)	(2,081.3)	(225.4)	(1,271.4)	155.8
Profit Reserves	9.2	51.8	9.2	51.8	51.8
Other comprehensive loss	(768.7)	(4,335.6)	(580.1)	(3,271.6)	(3,535.7)
Accumulated losses	(155.0)	(874.4)	(548.7)	(3,094.6)	(3,317.9)
Controlling shareholders' equity	**171.2**	**964.9**	**109.7**	**618.6**	**673.5**
Non-controlling interest	315.4	1,778.9	205.3	1,157.8	3,338.1
Total shareholders' equity	**486.6**	**2,743.8**	**315.0**	**1,776.4**	**4,011.6**
Total liabilities and shareholders' equity	**6,789.7**	**38,294.3**	**5,597.8**	**31,572.0**	**26,504.3**

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Notes:—

(1) Solely for the convenience of the reader, Brazilian *real* amounts have been translated into U.S. dollars at the exchange rate as of September 30, 2020 of R$5.6401 to U.S.$1.00.

(2) Reflects the asset and liabilities of the National Beef business. Does not reflect Discontinued Operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in these forward-looking statements as a result of various factors, including, without limitation, those set forth in the sections "Forward-Looking Statements" and "Risk Factors."

The discussion below is based on, and should be read in conjunction with, the financial statements contained elsewhere in this offering memorandum and discussed in this section, which include our unaudited consolidated financial statements and related notes as of and for the nine-month periods ended September 30, 2020 and 2019 and our audited consolidated financial statements and related notes as of and for the years ended December 31, 2019 and 2018, as well as the information under "Presentation of Financial and Other Information," "Summary Financial and Other Information" and "Selected Financial Information."

Overview

We are a multinational corporation and the world's second largest beef company in terms of production capacity. As of September 30, 2020, we operated 20 slaughter plants and 12 processed food plants across North America and South America. Our activities include the production, processing, sale and distribution of foods made from animal protein, primarily beef, as well as a variety of other food products, such as frozen vegetables, lamb, pork, fish, sauces and desserts.

For the nine-month period ended September 30, 2020, approximately 74% of our revenue came from our North America business and 26% came from our South America business. In South America approximately 11% of our revenue originates from sales of processed products such as canned meat, hamburgers and vegetables.

With approximately 32,000 employees, we operate in the food service, retail and wholesale channels, offering innovative, safe and healthy choices. We have a diversified and comprehensive portfolio of products that can be found in major restaurant and supermarket chains and that reach millions of individual customers in approximately 100 countries.

As of September 30, 2020, we had a daily slaughtering capacity of 30,100 head of cattle and 6,500 lambs. Together, this production platform gives us important geographic diversity which mitigates fluctuations in the cattle cycle given the spread of our production over many countries in the Americas as well as the ability to hedge against certain industry risks.

On June 5, 2018, we acquired a 51% controlling interest in National Beef from Jefferies and other shareholders for R$3.7 billion. On November 29, 2019, we acquired an additional 31.1715% interest in National Beef for an aggregate consideration of U.S.$970,000,000, bringing our interest from 51% to 81.73%. See note 11.2.3 to our audited consolidated financial statements as of and for the year ended December 31, 2019. On November 30, 2018, we sold to Tyson, for consideration of U.S.$2.4 billion (subject to purchase price adjustments), our entire ownership interest in our subsidiaries that owned and operated the Keystone business unit. See "Risk Factors—Risks Relating to Our Business and Industry—The corporate transactions we engage in may adversely affect us" and "Discontinued Operations."

The strategy behind the purchase of National Beef and the sale of Keystone was to allow us to focus on our core beef business, expand our footprint in North America, the world's largest consumer beef market, and reduce our leverage.

Our business structure comprises two main divisions: North America and South America.

- *North America* — Our North America business consists mainly of National Beef, which is the fourth largest beef processor in the United States. With three slaughter plants with a capacity of

approximately 13,100 head/day, National Beef represents approximately 14% of the beef slaughter capacity in the United States. As of September 30, 2020, the North America business also had a production capacity of approximately 120,000 tons of beef patties per year and one of the largest and most technologically advanced beef patty plants in the United States. The North America business's products are sold domestically in the retail, wholesale, foodservice and processing channels, and exported to more than 35 countries. It is the United States' leading exporter of chilled beef, with a focus on the Japanese and South Korean markets. This business also operates a wet blue tannery, a refrigerated and livestock transportation business and an online direct-to-consumer business offering high-quality beef and other gourmet food items for home delivery.

- *South America* — Our South America business is one of the region's leading beef producers, with a slaughter capacity of approximately 17,000 head/day. It is recognized for its quality products and as one of South America's main exporters. In Brazil, our business has slaughter capacity of 12,100 animals/day and the capacity to produce 77,000 tons of beef patties per year, with a focus on the retail and foodservice channels. We are the largest producer and exporter of organic beef in the Uruguayan industry where we focus on the production and sale of organic beef for export. In Argentina, we own two slaughter plants, are the leading producer and seller of beef patties and own one of the region's most valuable and most recognized brands. In Chile, we are the leading beef importer and have a lamb slaughter plant in the Patagonia region.

In the nine-month period ended September 30, 2020, we recorded R$49,215.4 million in net sales and R$8,985.4 million in gross profit, an increase of 42.5% and 108.6%, respectively, compared to R$34,543.2 million in net sales and R$4,308.0 million in gross profit in the nine-month period ended September 30, 2019. In the year ended December 31, 2019, we recorded R$48,761.1 million in net sales and R$6,384.0 million in gross profit, an increase of 64.1% and 66.2%, respectively, compared to R$29,715.2 million in net sales and R$3,842.3 million in gross profit in the year ended December 31, 2018.

In the nine-month period ended September 30, 2020, Adjusted EBITDA amounted to R$7,487.6 million, an increase of 137.5% from R$3,152.5 million in the nine-month period ended September 30, 2019. In the year December 31, 2019, Adjusted EBITDA amounted to R$4,770.7 million, an increase of 83.4% from R$2,600.6 million in the year ended December 31, 2018.

In the nine-month period ended September 30, 2020, the volume of products sold totaled 2,515.5 thousand tons, an increase of 5.9% in comparison to the 2,375.8 thousand tons sold in the nine-month period ended September 30, 2019. In the year ended December 31, 2019, the volume of products sold totaled 3,255.8 thousand tons, an increase of 37.3% in comparison to the 2,371.0 thousand tons sold in the year ended December 31, 2018.

Macroeconomic Conditions

United States

In the past years, financial systems worldwide have experienced difficult credit and liquidity conditions and disruptions leading to less liquidity and greater volatility. Global economic conditions deteriorated significantly between 2007 and 2009, and the United States fell into recession. On August 6, 2011, Standard & Poor's downgraded the rating for long-term United States debt to "AA+" from "AAA" for the first time in 70 years.

During 2015 and 2016, the U.S. economy has continued its gradual recovery since the global economic and financial crisis of 2007-2008. In 2015, consumer sentiment reached its highest level in over 10 years, in spite of volatility associated with the impact of falling oil prices and a slowdown in key economies such as China. Labor market conditions and household and business spending maintained modest improvements. Job growth in the United States totaled 2.2 million in 2016, less than the increase of 2.7 million in 2015, and resulting in an unemployment rate of 4.7% for December 2016, 4.1% for December 2017, 3.9% for December 2018 and 3.5% for December 2019. As of September 30, 2020, the unemployment rate was 7.9%. Despite

stronger economic data in various regions, wage growth, energy prices, credit market volatility, emerging market and geopolitical concerns continue to weigh on investor sentiment.

The U.S. economy expanded by an annualized rate of 1.7% in 2016 according to the U.S. Bureau of Economic Analysis's advance estimate, below the average annual increase of 2.4% for the 12 months ended 2015. The U.S. economy expanded at an annualized rate of 2.3% in 2017, 3.0% in 2018 and 2.2% in 2019. U.S. employers terminated approximately 701,000 jobs in March 2020 compared to approximately 196,000 jobs added in the same period of the prior year. The Bureau of Labor Statistics preliminarily reported that employers added a monthly average of 170,917 net new nonfarm payroll jobs during 2019. U.S. employers added 145,000 jobs in December 2019, as compared to 312,000 in the same period of the prior year.

In December 2019, COVID-19 was first identified in Wuhan, China and was subsequently declared a pandemic by WHO. On March 13, 2020, the U.S. declared a national emergency in response to the pandemic. The COVID-19 pandemic has had an unprecedented impact on the U.S. economy, with spending, consumer confidence and GDP in the U.S. decreasing by 1.76% , 10.27% and 5.0%, respectively in the first quarter of 2020. The extent of the economic impact from the pandemic on the economy is still largely unknown and it may take months to be fully realized.

The 10-year U.S. Treasury yield ended March 2020 at 0.70%, down 171 basis points from March 2019. 10-year U.S. Treasury yields have remained well below the historic average over the last few decades, in large part due to market expectations that the Federal Reserve Open Market Committee will only moderately raise the federal funds rate over the next few years.

Brazil

Our financial condition and results of operations are influenced by the Brazilian macroeconomic environment. The effects of the global financial crisis in Brazil in 2008 and 2009 were moderate in comparison with the effects of previous crises. While liquidity in the Brazilian banking industry was affected by the global financial crisis, the Central Bank provided liquidity to the Brazilian market during this period. Brazil's gross GDP decreased 0.2% in 2009 and increased by 7.6%, 3.9%, 1.8%, 2.7%, and 0.1% in 2010, 2011, 2012, 2013 and 2014, respectively. The Brazilian economy began to stall in 2014 due to a number of factors including weak fiscal policies, lower commodity prices, decreased internal consumption and reduced foreign investment resulting from increased political and market instability. Accordingly, Brazil's GDP contracted by 3.8% in 2015 and 3.5% in 2016, had no growth in 2017, grew by 1.10% in 2018 and grew by 1.4% in 2019.

The inflation rate index for consumer goods (Índice Nacional de Preços ao Consumidor Amplo, or the "IPCA"), as published by the IBGE, was 2.95%, 3.75% and 4.31% for 2017, 2018 and 2019 respectively.

After appreciating for several years, the *real* has depreciated significantly against the U.S. dollar since 2011. After reaching an exchange rate of R$1.66 per U.S.$1.00 as of December 31, 2010, in 2011, the *real* depreciated against the U.S. dollar by 12.5%, reaching an exchange rate of R$1.87 per U.S.$1.00 as of December 31, 2011. In 2012, the *real* depreciated against the U.S. dollar by 9.9%, reaching an exchange rate of R$2.04 per U.S.$1.00 as of December 31, 2012. During 2013, the *real* continued to depreciate against the U.S. dollar by 14.7%, reaching an exchange rate of R$2.34 per U.S.$1.00 as of December 31, 2013. As a result of the aforementioned political and economic instability, the *real* also continued its decline against the U.S. dollar in 2014 and 2015, reaching R$2.66 per U.S.$1.00 on December 31, 2014, R$3.90 per U.S.$1.00 on December 31, 2015, R$3.26 per U.S.$1.00 on December 31, 2016, R$3.31 per U.S.$1.00 on December 31, 2017, R$3.87 per U.S.$1.00 on December 31, 2018, and R$4.031 per U.S.$1.00 on December 31, 2019. As of September 30, 2020, the *real*/U.S. dollar exchange rate was R$5.6401 per U.S.$1.00.

In response to the effects of the global financial crisis on the Brazilian economy, in 2009 the Central Bank significantly reduced the SELIC rate, from 13.75% to 8.75% as of December 31, 2009. In 2010, the Central Bank raised the SELIC rate to 10.75%. The SELIC rate was gradually lowered to 7.50% in August 2012. To control inflation during 2013, the Central Bank gradually raised the SELIC rate to 10.00% in December. The

Central Bank continued to raise the SELIC rate to 11.75% in December 2014 and 14.25% in July 2015. In last quarter of 2016, the Central Bank reduced the SELIC rate, from 14.25% to 13.75% as of December 31, 2016. Over the course of 2017, it was gradually lowered from 13.00% to 7.00%. During 2018, the SELIC rate lowered from 7.00% to 6.43%. During 2019, the SELIC rate decreased from 6.43% to 4.50. As of September 30, 2020, the SELIC rate was 2.00%.

The table below shows GDP growth, inflation rates and average interest rates in Brazil and the *real*/U.S. dollar exchange rate for the periods indicated:

	For the Year Ended December 31,	
	2019	**2018**
GDP growth	1.14%	1.32%
Inflation rate (IGP-M)[(1)]	7.30%	7.55%
Inflation rate (IPCA)[(2)]	4.31%	3.75%
CDI[(3)]	5.96%	6.42%
SELIC rate[(4)]	4.50%	6.50%
Appreciation (depreciation) of *real* against the U.S. dollar	3.70%	17.17%
Exchange rate of *reais* against U.S.$1.00	R$4.02	R$3.88
Average exchange rate – reais against U.S.$1.00[(5)]	R$3.95	R$3.68

Sources: IBGE, Central Bank, B3 and FGV.

(1) IGP-M is the general index of market prices calculated by the FGV (accumulated for the year).

(2) IPCA is a consumer price index calculated by the IBGE (accumulated for the year).

(3) The CDI rate is the average interbank deposit index applicable in Brazil (accumulated for the year).

(4) As of the last day of the relevant year.

(5) Average exchange rate for the last day of each month for the year.

In December 2019, COVID-19 was first identified in Wuhan, China and was subsequently declared a pandemic by WHO. On February 4, 2020, the Ministry of Health declared a national emergency in response to the pandemic. The COVID-19 pandemic has had an unprecedented impact on the Brazilian economy, with spending, consumer confidence and GDP in the Brazil decreasing by 2.0%, 3.5% and 1.5%, respectively in the first quarter of 2020. The extent of the economic impact from the pandemic on the economy is still largely unknown and it may take months to be fully realized.

China

Our financial condition and results of operations are influenced by macroeconomic conditions in China as China is a significant consumer of our products.

The Chinese economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. The People's Republic of China ("PRC") government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over PRC's economic growth through allocation of resources, controlling payment of foreign currency denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment

of sound corporate governance in business enterprises, a substantial portion of the productive assets in PRC is still owned by the PRC government.

China experienced a long period of economic growth that peaked in 2007 when the economy began to decelerate. We believe that a number of factors have contributed to this deceleration, including appreciation of the RMB, which has adversely affected China's exports, and excess production capacity. In addition, we believe the deceleration has been exacerbated by the global crisis in the financial services and credit markets, which has resulted in significant volatility and dislocation in the global capital markets, as well as a general economic slowdown in the countries that purchase Chinese exports.

In July 2018, U.S. President Donald Trump, alleging unfair trade practices from China, announced the imposition of tariffs on China. Since then, the United States has imposed tariffs on U.S.$250 billion worth of Chinese products. China reacted by setting tariffs on U.S.$110 billion worth of U.S. goods, and threats of more tariffs continue on both sides. Although there may be an agreement between the United States and China with respect to these trade disputes in the short-term, political risks remain high and the future of bilateral relations between the United States and China remains uncertain.

In part due to lower export demand resulting from slow economic recoveries in the United States and Europe and a weak economic environment in Japan, China's GDP growth has decelerated since 2012. In 2018, China's GDP recorded the lowest growth rate in 28 years. This slowdown, which the IMF expects to continue, reinforces the outlook for the next few years of a "soft landing" for China. China's year-over-year GDP growth rate was 6.6% in 2018, 6.8% in 2017, 6.7% in 2016 and 6.9% in 2015.

The Chinese economy is export oriented and its investments are focused on consumption. China's demand for commodities remained high in 2019, which supported the development of its infrastructure.

COVID-19 was first identified in Wuhan, China in December 2019 prompting mass lockdowns across China. As a result, China's GDP and consumer spending decreased by 6.8% and 76.82%, respectively, and inflation increased by 4.3% in the first quarter of 2020. Despite the government's efforts to jumpstart the economy, several sectors remain affected, particularly as the pandemic continues to spread internationally.

Slowing economic growth in the PRC could result in weakening growth and demand for our products which could reduce our revenues and income. The failure of the PRC to continue to grow at historical or anticipated rates, or at all, and any slowdowns or declines in the PRC economy or consumer spending, may materially and adversely affect our business, financial condition, results of operations and prospects. In addition, in the event of a recovery in the PRC economy, renewed high growth levels may lead to inflation. The PRC government's attempts to control inflation may adversely affect the business climate and growth of private enterprise. Moreover, our profitability may be adversely affected if prices for our products rise at a rate that is insufficient to compensate for the rise in inflation.

Principal Factors Affecting our Results of Operations

Effects of Acquisitions and Disposals

Fiscal Year 2019

- On January 3, 2019 we acquired 91.89% of the total voting capital of QuickFood S.A. for U.S.$54.9 million. Quickfood is Argentina's leading producer of beef products and has a slaughter capacity of 620 head/day.
- On January 24, 2019, we concluded the takeover of Várzea Grande in the State of Mato Grosso and entered into a supply partnership with BRF S.A. for R$100 million. The partnership will allow us to further expand our supply relationships to global foodservice companies in Brazil.
- On February 28, 2019, NBM US Holdings, Inc. sold all of the membership interests of Ohio Beef USA LLC to National Beef for U.S.$60 million. Following the closing of this transaction, Ohio Beef USA LLC changed its name to National Beef Ohio, LLC.

- On June 10, 2019, we completed the acquisition of Iowa Premium in Tama, Iowa, in conjunction with other National Beef shareholders.
- In August 2019, in partnership with the Archer Daniels Midland Company (ADM), one of the largest agricultural processors and food ingredients suppliers in the world, we began producing and selling vegetable-based products in Brazil.
- On November 29, 2019, we acquired an additional interest in National Beef, bringing our interest to 81.73% for an amount in cash equal to U.S.$860,000,000 plus all applicable accrued but unpaid distributions, which amounted to an aggregate consideration of U.S.$970,000,000 that was partially financed by external sources.

Fiscal Year 2018

- On June 5, 2018, we acquired a 51% controlling interest in National Beef from Jefferies and other shareholders for R$3.7 billion. This acquisition represented a new strategic direction for us, with a focus on the beef industry and a more simplified structure that creates value in a sustainable way.
- On November 30, 2018, we sold to Tyson our entire ownership interest in certain Marfrig subsidiaries that own and operate the Keystone business unit. The total consideration for the sale was U.S.$2.4 billion, and the amount received by Marfrig after contractual adjustments, such as the exclusion of Keystone's net debt, was U.S.$1.4 billion, which remains subject to purchase price adjustments. With the sale of the Keystone business, which was mostly focused on poultry, we continued to focus our operations on the beef industry and significantly reduced our leverage.

Growth of Gross Domestic Product and Demand for our Products

Sales in our domestic markets in each country in which we operate accounted for 75.4% of our total net sales in the nine-month period ended September 30, 2020. In the nine-month period ended September 30, 2019, sales in our domestic markets accounted for 75.7% of our total net sales. Accordingly, we are significantly affected by economic conditions in our main domestic markets. Our sales and financial situation have been, and will continue to be, affected by the GDP growth of and demand for our products in our main domestic markets.

Effects of Fluctuations in the Prices of Raw Materials (Cattle)

Fluctuations in the prices of cattle in the domestic and international markets in which we operate significantly affect our net sales and our cost of goods sold, as discussed below.

Effects on Net Sales

The domestic and international prices of our products are generally determined by market conditions outside of our control. These prices are also affected by the additional markup that retailers charge end consumers, some of which we negotiate on a case by case basis. Among the main factors that influence the prices of our products are cattle prices, outbreaks of diseases and sanitary, trade and customs restrictions imposed in Brazil, the United States and abroad.

Effects on Cost of Goods Sold

Cattle is our main raw material. Purchases of raw materials represented 79.1% and 80.7% of our total cost of goods sold in the nine-month periods ended September 30, 2020 and 2019, respectively. Among other material costs are direct and indirect labor, direct and indirect industrial costs, packaging materials and electric power.

We do not control cattle prices, the cost of cattle varies in accordance with domestic and export market prices, which fluctuate depending on supply and demand. We generally purchase cattle to be delivered within

30 days, and the price we pay is based on market prices at the time of purchase. As a result, fluctuations in the market price directly affect our cost of goods sold.

Effect of Export Levels on our Financial Performance

In our South America operations, we generally obtain higher prices and margins in export markets for our products than those we obtain in domestic markets. The difference in prices and margins between the domestic and export markets results in part from generally higher demand for higher value-added products in export markets, particularly with respect to premium cuts and processed products, and the higher purchasing power in more developed countries.

Our South America export sales represented 63.2% and 50.5% of our net sales in the nine-month periods ended September 30, 2020 and 2019, respectively. Our net sales from foreign sales increased 58.6%, from R$5,162.0 million in the nine-month period ended September 30, 2019 to R$8,188.3 million in the nine-month period ended September 30, 2020.

Effects of Exchange Rate Variations

Our results of operations and financial condition have been, and will continue to be, affected by the rate of the depreciation or appreciation of the *real* against the U.S. dollar.

A substantial portion of our net revenue is linked to the U.S. dollar because a substantial portion of our revenue is linked to U.S. dollars. Practically all of our exports are denominated in U.S. dollars. Any depreciation or appreciation of the *real* against foreign currencies may impact our revenues, causing a monetary increase or decrease, provided that the other variables remain unchanged.

In addition, a substantial portion of our loans and financings is denominated in foreign currencies, primarily U.S. dollars. For this reason, any depreciation of the *real* against foreign currencies may significantly increase our finance expense and our current and non-current loans and financings denominated in *reais*. Conversely, any appreciation of the *real* against foreign currencies may significantly decrease our finance expense and current and non-current loans and financings denominated in *reais*. See "Risk Factors – Risks relating to Brazil – Exchange rate instability and the devaluation of the real may adversely affect the Brazilian economy and us."

With 93.1% and 89.3% of our net sales generated in currencies other than the *real* in the nine-month periods ended September 30, 2020 and 2019, respectively, we believe we have a natural hedge against maturities of our future obligations in foreign currencies. Furthermore, we have a solid financial policy, maintaining high balances of cash and short-term marketable securities with first-rate institutions.

We do not enter into leveraged transactions with derivatives or similar instruments. Except as described in connection with the structure of this offering, we only use derivatives or similar instruments to provide protection against our exposure to debt denominated in foreign currencies, and we have a conservative policy of not entering into derivative or similar instruments or transactions that could jeopardize our financial position.

Effect of Level of Debt

As of September 30, 2020, our total debt was R$26,794.5 million, of which 6.7% (or R$1,784.1 million) was denominated in *reais* and 93.3% (or R$25,010.4 million) was denominated in other currencies. We had R$4,584.4 million of short-term debt (which includes the current portion of loans and financing, interest on debentures and debentures payable) and R$22,210.1 million of long-term debt (which includes the non-current portion of loans and financing and debentures payable) as of September 30, 2020.

The level of our debt results in significant financial expenses, which consist of interest expense, exchange variations of foreign currency denominated debt, and other items as set forth in note 17 to our audited consolidated financial statements as of and for the year ended December 31, 2019.

In the nine-month period ended September 30, 2020, we recorded net financial expenses of R$2,570.0 million, consisting of R$4,731.2 million in financial expenses, which was partially offset by R$2,161.2 million in financial revenues.

Effects of the COVID-19 Pandemic

On March 11, 2020, WHO declared COVID-19 a global pandemic, which led governments across the globe to impose quarantines and other restrictions to contain the spread of the virus, forcing many companies to suspend or pare back their activities. However, our business is considered essential, allowing us to continue operating through the span of the pandemic.

We are constantly evaluating the impact of COVID-19 on our business and results of operations. We understand the gravity and challenges of the current situation and, as the effects of the pandemic reach the regions in which we operate, we are actively working to mitigate such effects. The main impacts on our business as of September 30, 2020 are summarized below:

Operations

As of the nine-month period ended September 30, 2020, our consolidated operations were not adversely affected by the pandemic. Some geographies in which we operate were impacted toward the end of the three-month period ended March 31, 2020. However, we did not register operating losses overall given the market dynamics in the North America and South America regions. Our sales in the food service sector of our domestic markets decreased in the closing weeks of March 2020; however, this was offset by increased sales in the retail sector as consumers increased purchases of our products when faced with longer stay-at-home orders. In terms of exports, we reduced the concentration of sales to China in the beginning of the year 2020 as part of our 2019 strategy in anticipation of the Chinese holidays early in 2020, and directed them to other regions, such as the Middle East and Europe, thereby mitigating the impact from China's shutdown early in the year.

In North America, our operations were impacted primarily in April, May and June 2020. We experienced unprecedented employee absenteeism and had to shut down our Tama, Iowa facility for two weeks. Our processing facilities in Kansas experienced reduced throughput, unit margins increased as cattle prices decreased and boxed beef values increased significantly. For the nine-month period ended September 30, 2020, we spent approximately U.S.$80 million on COVID-related expenses, primarily in terms of increased labor costs and costs associated with promoting employee health and safety and social distancing measures.

With regard to the sourcing of cattle, fed cattle prices in North America declined more than 6.5% to a low of $94.74 in early July as a result of industry-wide throughput reduction due to COVID-related absenteeism. Given the essential nature of our operations in the communities in which we operate, governments in these communities have taken the steps necessary to ensure the continuity of our operations.

Exchange Variation

The depreciation in the *real* against the U.S. dollar caused a positive impact in revenue for the nine-months ended September 30, 2020, since approximately 93.1% of our revenues are denominated in currencies other than the *real*. Furthermore, the exchange variation did not affect our cash reserves, since it is mostly pegged to long-term loan operations denominated in foreign currencies with maturity dates in future periods.

Social Responsibility

Our operations provide safe and wholesome food to the communities where we operate and for consumers in approximately 100 countries. Therefore, we committed to keep our production facilities in operation throughout the pandemic to ensure the supply of our products, putting the health and safety of our employees first and constantly monitoring the conditions at our production facilities. Our social contributions as of the nine-month period ended September 30, 2020 amounted to R$55.4 million.

Outlook

During the peak of the COVID-19 outbreak in Brazil between April 2020 and September 2020, we remained fully operational and achieved positive operating results. We note that the markets in which we operate are beginning to stabilize. We are continuously monitoring the effects of COVID-19 in the coming months to address any significant effects on our results of operations as they become known and measurable.

Accounting Practices

For a summary of our significant accounting practices, see note 3 to our financial statements as of and for the nine-month period ended September 30, 2020.

Our Financial Statements

To analyze our financial statements, potential investors should consider our changes in the companies and business units we control during the periods indicated. In particular, our financial statements as of and for the year ended December 31, 2018 present Keystone as Discontinued Operations and include the operations of National Beef only from the acquisition date of June 5, 2018.. See "Presentation of Financial Information." For further information on acquisitions and dispositions, see "Summary—Recent Developments" and "Business—History of Our Organic Growth, Acquisitions and Disposals."

Nine-month Period Ended September 30, 2020 Compared to Nine-month Period Ended September 30, 2019

Since the acquisition of National Beef in June 2018, we have released our results by region. The following discussion is presented on a consolidated basis, as well as by business unit, meaning, North America, comprised of National Beef, and South America, comprised of assets in Brazil, Argentina, Uruguay and Chile.

Net Sales

Net sales increased by 42.5%, from R$34,543.2 million in the nine-month period ended September 30, 2019 to R$49,215.4 million in the nine-month period ended September 30, 2020, as a result of the acquisition of National Beef, higher average domestic sales prices in North America, higher prices and export volumes in South America and depreciation of the *real*. In the nine-month period ended September 30, 2020, average sales prices increased by 34.6% due to an increase in demand, mainly from China, higher average domestic sales prices in North America and the devaluation of the *real* against the Dollar.

The table below shows our net sales for our business units:

	Nine-month period ended September 30,		% Growth
	2020	2019	2020 x 2019
	(in millions of R$)		
North America			
Domestic Market	32,331.0	21,098.4	53.2%
Exports	3,924.0	3,215.5	22.0%
Total—North America	**36,255.0**	**24,313.9**	**49.1%**
South America			
Domestic Market	4,772.1	5,067.3	(5.8)%
Exports	8,188.3	5,162.0	58.6%
Total—South America	**12,960.4**	**10,229.3**	**26.7%**

	Nine-month period ended September 30,		% Growth
	2020	2019	2020 x 2019
	(in millions of R$)		
Marfrig Consolidated			
Domestic Market	37,103.1	26,165.7	41.8%
Exports	12,112.3	8,377.5	44.6%
Total Marfrig Consolidated	**49,215.4**	**34,543.2**	**42.5%**

Below is a discussion of the changes in our net sales by business unit as set out in the table above:

North America

North America net sales for the nine-month period ended September 30, 2020 increased by 49.1% from R$24,313.9 million in the nine-month period ended September 30, 2019 to R$36,255.0 million in the nine-month period ended September 30, 2020. This was primarily a result of increased throughput and higher average selling prices for boxed beef items, offset, in part, by lower prices for hides. Increased volume through our direct-to-consumer business also contributed to the increase in net sales.

Domestic Market

Due to increased throughput and higher average prices for boxed beef items, offset, in part, by lower prices for hides along with increased volume through our direct-to-consumer business, domestic sales across North America increased by 53.2% from R$21,098.4 million in the nine-month period ended September 30, 2019 to R$32,331.0 million in the nine-month period ended September 30, 2020. This was primarily due to (i) increased demand for beef, (ii) reduced supply of beef resulting from plant closures across the industry due to COVID-19 and (iii) depreciation of the *real*.

Export Market

Export net sales across North America operations increased by 22% from R$3,215.5 million in the nine-month period ended September 30, 2019 to R$3,924.0 million in net sales in the nine-month period ended September 30, 2020. This increase was primarily due to the devaluation of the *real* against the Dollar.

South America

South America net sales increased by 26.7%, from R$10,229.3 million in the nine-month period ended September 30, 2019 to R$12,960.4 million in the nine-month period ended September 30, 2020. This increase was primarily due to higher export sales volume and prices mainly in the Chinese market.

Domestic Market

Domestic market net sales across our South America operation decreased by 5.8%, from R$5,067.3 million in the nine-month period ended September 30, 2019 to R$4,772.1 million in the nine-month period ended September 30, 2020. This decrease was primarily due to sales redirected to exports and the impact of the COVID-19 pandemic primarily in the food service industry.

Export Market

Export net sales across our South America operation increased by 58.6% from R$5,162.0 million in the nine-month period ended September 30, 2019 to R$8,188.3 million in the nine-month period ended September 30, 2020. This increase was mainly due to new export permits to China, growing world demand for beef, better prices across regions and the devaluation of the *real*.

Cost of Products and Goods Sold

Cost of products and goods sold increased by 33.1% from R$30,235.5 million in the nine-month period ended September 30, 2019 to R$40,230.0 million in the nine-month period ended September 30, 2020. This increase was mainly due to an increase in cattle prices, mainly in Brazil and Uruguay, and the depreciation of the *real* partially offset by the lower cost of cattle in the United States.

The table below shows the composition of cost of products and goods sold:

Cost of Products and Goods Sold	Nine-month ended September 30,			
	2020	**%**	**2019**	**%**
	(in millions of R$, except where indicated)			
Direct and Indirect Labor	4,329.1	10.8%	2,644.6	8.7%
Raw Materials	31,831.1	79.1%	24,396.1	80.7%
Production Costs	4,069.8	10.1%	3,194.8	10.6%
Total	**40,230.0**	**100%**	**30,235.5**	**100.0%**

Raw materials, which include animals, remained the chief component of cost of goods sold, accounting for 79.1% of the total cost of goods sold in the nine-month period ended September 30, 2020 as compared to 80.7% in the nine-month period ended September 30, 2019. The cost of cattle, which comprises the largest expenditure within the raw materials component, represented 98.6% of raw materials cost in the nine-month period ended September 30, 2020, compared to 97.2% in the nine-month period ended September 30, 2019.

Gross Profit

As a result of the above factors, our gross profit increased by 108.6% from R$4,308.0 million in the nine-month period ended September 30, 2019 to R$8,985.4 million in the nine-month period ended September 30, 2020. The main reasons for this increase were (i) the higher average domestic sales price in North America; (ii) an increase in the average sales price and sales volume of exports, especially to China; (iii) the operating efficiency gains and cost reductions achieved in South America; and (iv) the higher local currency depreciation in South America.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses totaled R$2,520.7 million in the nine-month period ended September 30, 2020, a 23.3% increase from the R$2,044.9 million recorded in the nine-month period ended September 30, 2019. The main reason for this increase was the depreciation of the *real* and higher selling expenses, mainly due to the increase in export volume from South America. In the nine-month period ended September 30, 2020, SG&A expenses corresponded to 5.1% of net sales compared to 5.9 % for the nine-month period ended September 30, 2019.

Selling expenses increased by 21.6% from R$1,496.7 million in the nine-month period ended September 30, 2019 to R$1,819.8 million in the nine-month period ended September 30, 2020. The increase was mainly due to higher sales volume, mainly growth in the volume of exports from South America and the depreciation of the *real*. In the nine-month period ended September 30, 2020, selling expenses corresponded to 3.7% of net sales compared to 4.3% for the nine-month period ended September 30, 2019. This decrease was mainly due to cost-cutting actions, such as optimizing logistics and reducing travel, which offset the higher sales volume.

General and administrative expenses increased by 27.9% from R$548.2 million in the nine-month period ended September 30, 2019 to R$700.9 million in the nine-month period ended September 30, 2020. The increase was mainly due to the weaker *real* and the translation of expenses in foreign currency.

Other Operating Income (Expenses)

Other operating expense, net, increased by 1,117.8%, from a net operating income of R$23.0 million in the nine-month period ended September 30, 2019 to a net operating expense of R$235.2 million in the nine-month period ended September 30, 2020. This increase was primarily attributable to (i) expenses related to COVID-19, such as, providing personal protective equipment to employees and installing containment barriers; (ii) increasing hourly wages and weekly bonuses; and (iii) other accounting expenses related to plants that were closed or hibernated during the year.

Financial Income (Expenses)

The financial result in the nine-month period ended September 30, 2020 was a net expense of R$2,570.0 million, compared to a net expense of R$1,449.3 million in the nine-month period ended September 30, 2019. This increase was primarily due to exchange rate variations and the effect of translating debt interests from foreign currencies.

The table below includes a breakdown of our financial result:

	Nine-month period ended September 30,		
	2020	**2019**	**% Chg. 2020 x 2019**
		(in millions of R$)	
Financial Result			
Interest received, earnings from marketable securities	36.9	138.2	(73.3)%
Interest, debentures and lease with financial institutions	(1,361.3)	(1,216.5)	11.9%
Bank expenses, amortization cost on debt, commissions, financial discounts, other	(70.5)	(140.2)	(49.7)%
Exchange rate gains (losses)	(1,175.1)	(230.8)	409.1%
Total	**(2,570.0)**	**(1,449.3)**	**77.3%**
Financial income	2,161.2	1,524.2	41.8%
Financial expenses	(4,731.2)	(2,973.5)	59.1%
Financial Income (expense)	**(2,570.0)**	**(1,449.3)**	**77.3%**

We do not enter into leveraged transactions involving derivatives or similar instruments. Derivatives transactions are designed to provide minimum protection against our exposure to other currencies, and we maintain a conservative policy of not taking positions that could jeopardize our financial position. Our net loss from trading is explained by the hedging instruments detailed in note 27 to our unaudited consolidated financial statements as of and for the nine-month period ended September 30, 2020.

Income and Social Contribution Taxes

We recorded tax costs from income and social contribution taxes in the amount of R$552.2 million in the nine-month period ended September 30, 2020, due to improved results, mainly in North America and their conversion into *reais*.

In the nine-month period ended September 30, 2019, we recorded tax credits from income and social contribution taxes in the amount of R$346.6 million, due to (i) the inclusion of National Beef's results, (ii) generating tax substitution credits and different distributions between countries and (iii) accounting for deferred taxes.

Net Income from Continuing Operations

Net income from continuing operations in the nine-month period ended September 30, 2020 amounted to R$3,107.3 million, compared to a net income of R$1,183.4 million in the nine-month period ended September 30, 2019. This change is attributable to National Beef's performance during the period.

Net margin in the nine-month period ended September 30, 2020 was a positive 6.3%, compared to a positive 3.4% in the nine-month period ended September 30, 2019, mainly due to National Beef's performance during the period.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

The discussion below in reference to the years ended December 31, 2019 and 2018 is exclusive of Discontinued Operations.

Net Sales

Net sales increased by 64.1%, from R$29,715.2 million in the year ended December 31, 2018 to R$48,761.1 million in the year ended December 31, 2019, as a result of higher net revenue from our North America operations primarily due to the acquisition of National Beef, which in 2019 added R$33,950.9 million to our net sales, and the depreciation of the *real*. In the year ended December 31, 2019, average sales prices increased by 15.0%, mainly as a result of increased domestic sales prices in North America, which offset the decrease in export sales prices in South America.

The table below shows our net sales for our business units:

	Year ended December 31,		% Growth
	2019	**2018**	**2019 x 2018**
	(in millions of R$)		
North America			
Domestic Market	29,565.3	14,472.2	104.3%
Exports	4,385.6	2,491.6	76.0%
Total—North America	**33,950.9**	**16,963.8**	**100.1%**
South America			
Domestic Market	6,922.3	6,039.8	14.6%
Exports	7,887.9	6,711.6	17.5%
Total—South America	**14,810.2**	**12,751.4**	**16.1%**
Marfrig Consolidated			
Domestic Market	36,487.6	20,512.0	77.9%
Exports	12,273.5	9,203.2	33.4%
Total Marfrig Consolidated	**48,761.1**	**29,715.2**	**64.1%**

Below is a discussion of the changes in our net sales by business unit as set out in the table above:

North America

North America net sales for the year ended December 31, 2019 increased by 100.1% from R$16,963.8 million in the year ended December 31, 2018 to R$33,950.9 million in the year ended December 31, 2019. This was primarily a result of a full accounting of National Beef in our results which were converted into a

weaker *real*, a higher average price in the local market and higher total sales volume, reflecting the improved performance of the U.S. economy and the higher capacity utilization rates associated with high cattle supply.

Domestic Market

Due to the acquisition of National Beef, domestic sales across North America increased by 104.3% from R$14,472.2 million in the year ended December 31, 2018 to R$29,565.3 million in the year ended December 31, 2019. The main driving factors were (i) the acquisition of National Beef; (ii) the conversion of results in Dollars into a weaker *real*; and (iii) an increase in the average sales price, given U.S. economic growth that supported increasing demand for beef.

Export Market

Export net sales across North America operations increased by 76.0% from R$2,491.6 million in the year ended December 31, 2018 to R$4,385.6 million in net sales in the year ended December 31, 2019. This was due to the acquisition of National Beef, the conversion of results in Dollars into a weaker *real* and increased demand, mainly from Asia.

South America

South America net sales increased by 16.1%, from R$12,751.4 million in the year ended December 31, 2018 to R$14,810.2 million in the year ended December 31, 2019. This increase was primarily due to (i) the 15.5% increase in average export prices; (ii) higher average prices in the domestic market, which rose by 11.1%; and (iii) the local currency depreciation during the period.

Domestic Market

Domestic market net sales across our South America operation increased by 14.6%, from R$6,039.8 million in the year ended December 31, 2018 to R$6,922.3 million in the year ended December 31, 2019. This increase was primarily due to higher average prices following the economic improvement in the region.

Export Market

Export net sales across our South America operation increased by 17.5% from R$6,711.6 million in the year ended December 31, 2018 to R$7,887.9 million in the year ended December 31, 2019. This increase was mainly due to increased demand for beef, mainly from China due to the effect of the African Swine Fever.

Cost of Products and Goods Sold

Cost of products and goods sold increased by 63.8% from R$25,872.9 million in the year ended December 31, 2018 to R$42,377.1 million in the year ended December 31, 2019. This increase was mainly due to the acquisition of National Beef and the depreciation of the *real*.

The table below shows the composition of cost of products and goods sold:

	Year ended December 31,			
Cost of Products and Goods Sold	**2019**	**%**	**2018**	**%**
	(in millions of R$, except where indicated)			
Direct and Indirect Labor	3,700.9	8.7%	2,291.9	8.9%
Raw Materials	34,195.7	80.7%	21,556.4	83.3%
Production Costs	4,480.5	10.6%	2,024.6	7.8%
Total	**42,377.1**	**100%**	**25,872.9**	**100.0%**

Raw materials, which include animals, remained the chief component of cost of goods sold, accounting for 80.7% of the total cost of goods sold in the year ended December 31, 2019 as compared to 83.3% in the year ended December 31, 2018. The cost of cattle, which comprises the largest expenditure within the raw materials component, represented 97.6% of raw materials cost in the year ended December 31, 2019, compared to 98.7% in the year ended December 31, 2018.

Gross Profit

As a result of the above factors, our gross profit increased by 66.2% from R$3,842.3 million in the year ended December 31, 2018 to R$6,384.0 million in the year ended December 31, 2019. The main reason for this increase was improved results from National Beef during 2019, higher volume sold and higher sales prices across regions partially offset by an increase in cattle prices.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses totaled R$2,810.8 million in the year ended December 31, 2019, a 48.3% increase from the R$1,894.9 million recorded in the year ended December 31, 2018. The main reason for this increase was full year results from National Beef and the effect of converting other currencies into *reais*. In the year ended December 31, 2019, SG&A expenses corresponded to 5.8% of net sales compared to 6.4% for the year ended December 31, 2018.

Selling expenses increased by 39.3% from R$1,475.0 million in the year ended December 31, 2018 to R$2,054.2 million in the year ended December 31, 2019. The increase was mainly due to full year results from National Beef and the effect of converting foreign currencies into *reais*. In the year ended December 31, 2019, selling expenses corresponded to 4.2% of net sales compared to 5.0% for the year ended December 31, 2018 due to reductions in expenses, mainly logistical expenses.

General and administrative expenses increased by 80.2% from R$419.9 million in the year ended December 31, 2018 to R$756.6 million in the year ended December 31, 2019. The increase was mainly due to including full year results for National Beef and the effect of converting foreign currencies into *reais*. In the year ended December 31, 2019, general and administrative expenses corresponded to 1.6% of net sales compared to 1.4% for the year ended December 31, 2018.

Other Operating Income (Expenses)

Other operating expenses, net, decreased by 89.5%, from a net operating expense of R$1,525.3 million in the year ended December 31, 2018 to a net operating expense of R$160.8 million in the year ended December 31, 2019. This decrease was primarily attributable to non-recurring events in 2018, including settling certain tax expenses and reevaluating the availability of certain federal tax credits.

Financial Income (Expenses)

The financial result in the year ended December 31, 2019 was a net expense of R$2,059.8 million, compared to a net expense of R$2,308.9 million in the year ended December 31, 2018. This decrease was primarily due to lower interest payments with the settlement of working capital operations that had a higher financial cost.

The table below includes a breakdown of our financial result:

	Year ended December 31,		
Financial Result	**2019**	**2018**	**% Chg. 2019 x 2018**
		(in millions of R$)	
Interest received, earnings from marketable securities.....	186.7	123.4	51.3%

Financial Result	Year ended December 31, 2019	2018	% Chg. 2019 x 2018
		(in millions of R$)	
Interest, debentures and lease with financial institutions	(1,149.7)	(1,115.3)	3.1%
Bank expenses, amortization cost on debt, commissions, financial discounts, other	(698.8)	(934.5)	(25.2)%
Exchange rate gains (losses)	(398.0)	(382.5)	(4.1)%
Total	**(2,059.8)**	**(2,308.9)**	**(10.8)%**
Financial income	2,113.2	1,991.7	6.1%
Financial expenses	(4,172.9)	(4,300.6)	(3.0)%
Financial Income (expense)	**(2,059.8)**	**(2,308.9)**	**(10.8)%**

We do not enter into leveraged transactions involving derivatives or similar instruments. Derivatives transactions are designed to provide minimum protection against our exposure to other currencies, and we maintain a conservative policy of not taking positions that could jeopardize our financial position. Our net loss from trading is explained by the hedging instruments detailed in note 27 to our unaudited consolidated financial statements as of and for the year ended December 31, 2019.

Income and Social Contribution Taxes

We recorded tax credits from income and social contribution taxes in the amount of R$229.6 million in the year ended December 31, 2019, due to the profitability of operations, partially offset by the recovery of federal tax credits.

In the year ended December 31, 2018, we recorded tax credits from income and social contribution taxes in the amount of R$397.5 million, due to profitability of operations, partially offset by the recovery of federal tax credits.

Net Income (Loss) from Continuing Operations

Net income from continuing operations in the year ended December 31, 2019 amounted to R$1,582.2 million, compared to a net loss of R$1,489.3 million in the year ended December 31, 2018. This change is attributable to including full-year results from National Beef and improved results across both the North America and South America operations.

Net margin in the year ended December 31, 2019 was a positive 3.2%, compared to a negative 5.0% in the year ended December 31, 2018.

Liquidity and Capital Resources

Sources and Uses of Cash

Our main sources of cash are (i) our cash flow from operations, (ii) our raising of long- and short-term debt and (iii) equity raising transactions. Our main uses of cash are costs and expenses related to our operations, cash requirements for capital expenditures related to investments in expansion and/or modernization of our plants, and repayment of debt.

The table below shows our cash flows for the periods indicated:

	Nine-month period ended September 30,		Year ended December 31,	
	2020	2019	2019	2018
	(in millions of R$)			
Net cash provided by operating activities	5,367.5	1,425.3	2,600.1	1,518.8
Net cash used in investing activities	(909.7)	(1,068.9)	(1,391.1)	(4,344.1)
Net cash provided by (used in) financing activities	(5,442.0)	578.2	(5.6)	204.1
Exchange rate effect on cash and cash equivalents	2,228.6	282.7	64.4	742.8
Discontinued operations net of cash	—	(49.4)	(49.4)	4,667.8
Cash flow for the periods	1,244.4	1,167.9	1,218.4	2,789.4

Cash provided by Operating Activities

Our cash flows from operations for the nine-month periods ended September 30, 2020 and 2019 amounted to an inflow of R$5,367.5 million and an inflow of R$1,425.3 million, respectively. In addition to requiring cash to finance our operations, we needed cash to acquire new businesses, make investments and pay our debts. Our cash needs in these periods were mainly supplied by short- and long-term debt and equity transactions.

Our cash flows from operations for the years ended December 31, 2019 and 2018 amounted to an inflow of R$2,600.1 million and R$1,518.8 million, respectively. In addition to requiring cash to finance our operations, we needed cash to acquire new businesses, make investments and pay our debts. Our cash needs in these periods were mainly supplied by short- and long-term debt and equity transactions.

Cash Used for Investments

Net cash used for investments and purchases of fixed, non-current biological and intangible assets in the nine-month periods ended September 30, 2020 and 2019, amounted to R$909.7 million and R$1,068.9 million, respectively.

In the nine-month periods ended September 30, 2020 and 2019, our allocations of resources were directed mainly to purchase fixed and intangible assets and fund working capital. In the nine-month periods ended September 30, 2020 and 2019, we invested R$909.7 million and R$640.7 million, respectively, in the construction, acquisition, maintenance, modernization and/or expansion of our plants.

Net cash used for investments and purchases of fixed, non-current biological and intangible assets in the years ended December 31, 2019 and 2018, amounted to R$1,391.1 million and R$4,344.1 million, respectively.

In the years ended December 31, 2019 and 2018, our allocations of resources were directed mainly to purchase fixed, biological and intangible assets and working capital usages. In the years ended December 31, 2019 and 2018, we invested R$962.8 million and R$685.2 million, respectively, in the construction, acquisition, maintenance, modernization and/or expansion of our plants.

Cash from Financing Activities

We used R$5,442.0 million (net) in financing activities in the nine-month period ended September 30, 2020. We received R$578.2 million (net) in financing activities in the nine-month period ended September 30, 2019. Our principal financing activities in the nine-month period ended September 30, 2020 included the

repurchase of debt securities in the principal amount of U.S.$446.1 million in addition to the regular debt repayment schedule.

We used R$5.6 million (net) in financing activities in the year ended December 31, 2019. We received R$204.1 million (net) in financing activities in the year ended December 31, 2018.

Other Applications of Funds

In the nine-month period ended September 30, 2020, and in the nine-month period ended September 30, 2019, we did not accrue any interest on equity capital.

In the years ended December 31, 2019 and 2018, we did not accrue any interest on equity capital.

Debt

Our outstanding debt as of September 30, 2020 was R$26,794.5 million, compared to R$19,084.8 million as of September 30, 2019, representing an increase of 40.4% in the period. This debt was composed of R$4,584.4 million in short-term debt (or 17.1% of the total, compared to 14.1% as of September 30, 2019) and R$22,210.1 million of long-term debt (or 82.9 % of the total, compared to 85.9% as of September 30, 2019).

As of September 30, 2020, 6.7% (or R$1,784.1 million) of our debt was denominated in *reais* and 93.3% (or R$25,010.4 million) was denominated in other currencies (of which the vast majority was denominated in U.S. dollars). As of September 30, 2020, we had R$4,584.4 million of short-term notes and R$22,210.1 million of long-term notes payable. The average cost of our U.S. dollar-denominated bank debt decreased to 6.0% annually as of September 30, 2020, compared to 6.7% as of September 30, 2019, and the average cost of our *real*-denominated bank debt decreased to 3.8% annually as of September 30, 2020 compared to 6.3% annually as of September 30, 2019. The average cost of our total bank debt decreased to 5.9% as of September 30, 2020 compared to 6.7% as of September 30, 2019.

Our net debt as of September 30, 2020 was R$17,140.1 million, compared to net debt of R$10,725.2 million as of September 30, 2019. Our Covenant Net Debt as of September 30, 2020 was R$9,599.2 million, compared to Covenant Net Debt of R$8,114.6 million as of September 30, 2019. See "Presentation of Financial and Other Information—Financial Information."

The table below describes our consolidated debt as of September 30, 2020 and December 31, 2019, as well as changes in our loans and financings for the periods indicated:

	Charges (% p.a.)	Weighted Average Interest Rate (p.a.)	Weighted Average Maturity (years)	Balance on September 30, 2020	Balance on December 31, 2019
				(in millions of R$)	
Credit Facility					
Local currency					
FINAME[(1)] FINEP[(2)]	TJLP + Fixed Rate	5.5%	0.3	—	1.0
NCE/Working Capital	Fixed Rate + % CDI	3.9%	1.9	855.8	618.5
CPR/CCB	CDI	4.6%	1.2	435.7	—
Non-convertible debentures	104% CDI	3.1%	2.4	492.6	247.8
Total Local Currency		**3.8%**		**1,784.1**	**867.3**
Foreign Currency					
Prepayment/NCE/ACC (U.S.$)	Fixed Rate + FX	4.5%	0.4	3,225.4	1,909.0

	Charges (% p.a.)	Weighted Average Interest Rate (p.a.)	Weighted Average Maturity (years)	Balance on September 30, 2020	Balance on December 31, 2019
				(in millions of R$)	
Bonds (U.S.$)	Fixed Rate + FX	6.9%	5.4	17,871.1	15,039.6
Bank Loan (U.S.$)	Post-Fixed Rate + FX	4.0%	2.9	2,793.9	2,267.1
Revolving Credit Facility	Post-Fixed Rate + FX	2.1%	1.7	1,120.0	1,633.2
Total Foreign Currency		**6.0%**		**25,010.4**	**20,848.9**
Total Loans and Financing		**5.9%**		**26,794.5**	**21,716.2**
Current Liabilities[3]				4,584.4	4,594.4
Loans and Financing				22,210.1	17,121.8

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Notes:

(1) Finance for Machinery and Equipment (*Financiamento de Máquinas e Equipamentos*, or "FINAME").

(2) Studies and Projects Financing Entity (*Financiadora de Estudos e Projetos*, or "FINEP").

(3) Current liabilities is calculated by adding loans and financing and interest on debentures as presented on the balance sheet as of September 30, 2020 and December 31, 2019.

The table below shows the maturity of our consolidated short-term and long-term debt, including loans and financings, Debentures payable and interest on Debentures as of September 30, 2020. For more information, see note 17 to the financial statements as of and for the nine-month period ended September 30, 2020.

Maturity Schedule	Consolidated September 30, 2020
	(in millions of R$)
2020	608.4
2021[1]	4,194.9
2022	1,525.9
2023[2]	2,884.9
2024[3]	4,213.1
2025 to 2029[4] [5] [6]	13,367.3
Total Debt	26,794.5

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Notes:—

(1) On March 25, 2014, we announced the commencement of a tender offer by Marfrig Holdings to purchase for cash up to an aggregate principal amount of U.S.$100.0 million of the outstanding 2021 Notes. An amount equivalent to U.S.$57.1 million in aggregate principal amount of the 2021 Notes were validly tendered and accepted for purchase pursuant to the tender offer. On June 5, 2014, we announced the commencement of a tender offer by HSBC Securities (USA) Inc. to purchase for cash any and all of the outstanding 2021 Notes, representing R$342.7 million of debt scheduled to mature in 2021. An amount equivalent to U.S.$291.5 million in aggregate principal amount of the 2021 Notes were validly tendered and accepted for purchase pursuant to the tender offer. On September 29, 2015, we announced the commencement of a tender offer by Marfrig Holdings to purchase for cash any and all of the outstanding 2021 Notes. An amount equivalent to U.S.$22.2 million in aggregate principal amount of the 2021 Notes were validly tendered and accepted for purchase pursuant to the tender offer. Between October 9, 2015 and February 18, 2016, Marfrig Holdings repurchased U.S.$1.3 million in aggregate principal amount of 2021 Notes through open market purchases. The 2021 Notes were redeemed and paid in full in September 2019.

(2) On June 8, 2016, Marfrig Holdings issued U.S.$1,000.0 million in aggregate principal amount of initial notes due June 8, 2023. The 2023 Notes were issued to finance the tender offers for the 9.625% Senior Notes due 2016 issued

on November 16, 2006 by Marfrig Overseas under an indenture dated as of November 16, 2006, as supplemented by the first supplemental indenture thereto dated as of March 25, 2010 (the "2016 Notes"), 9.875% Senior Notes due 2017 issued on January 24, 2013 by Marfrig Holdings under an indenture dated as of January 24, 2013 as supplemented by the supplemental indenture thereto dated as of June 20, 2014 the ("2017 Notes"), 2018 Notes and our then-outstanding 9.50% notes due 2020 ("2020 Notes") announced on May 23, 2016, and to pay fees and expenses associated with those transactions, with remaining net proceeds used to repay other outstanding debt (including but not limited to open market repurchases of certain of our outstanding debt securities) and for general corporate purposes. The 2023 notes bear interest of 8.000% per year with semi-annual interest payments due on June 8 and December 8 of each year, beginning on December 8, 2016. The 2023 notes are unconditionally and irrevocably guaranteed by Marfrig and Marfrig Overseas. The 2023 Notes were redeemed and paid in full in January 2020.

(3) On March 15, 2017, the Issuer issued U.S.$750.0 million in aggregate principal amount of senior notes due March 15, 2024. The notes were issued to finance tender offers for the 2018 and 2020 Notes and to pay fees and expenses associated with those transactions, with remaining net proceeds used to repay other outstanding debt (including but not limited to open market repurchases of certain of our outstanding debt securities) and for general corporate purposes. An amount equivalent to U.S.$281.9 million in aggregate principal amount of the 2018 Notes and U.S.$484.7 million in aggregate principal amount of the 2020 Notes were then outstanding. An amount equivalent to U.S.$66.1 million in aggregate principal amount of the 2018 Notes, or approximately 23.44% of the 2018 Notes outstanding, and U.S.$280.3 million in aggregate principal amount of the 2020 Notes, or approximately 57.84% of the 2020 Notes outstanding, were validly tendered and accepted for purchase pursuant to the tender offer.

(4) On January 19, 2018, the Issuer issued U.S.$1 billion in aggregate principal amount of senior notes due January 19, 2025. The notes were issued to finance tender offers for the 2018 and 2019 Notes and to pay fees and expenses associated with those transactions, with remaining net proceeds used to repay other outstanding debt (including but not limited to open market repurchases of certain of our outstanding debt securities) and for general corporate purposes. An amount equivalent to U.S.$277.1 million in aggregate principal amount of the 2018 Notes, or approximately 58.0% of the 2018 Notes outstanding, and U.S.$151.9 million in aggregate principal amount of the 2019 Notes, or approximately 23.0% of the 2019 Notes outstanding, were validly tendered and accepted for purchase pursuant to the tender offer. The 2019 Notes were repaid in full on June 24, 2019.

(5) On May 14, 2019, NBM US Holdings, Inc. issued the 2026 Notes. The notes were issued to finance tender offers for the 2021 and 2023 Notes and to pay fees and expenses associated with those transactions, with remaining net proceeds used to repay other outstanding debt (including but not limited to open market repurchases of certain of our outstanding debt securities). An amount equivalent to U.S.$6.3 million in aggregate principal amount of the 2021 Notes, or approximately 22.59% of the 2021 Notes outstanding, and U.S.$553.9 million in aggregate principal amount of the 2023 Notes, or approximately 55.39% of the 2023 Notes outstanding, were validly tendered and accepted for purchase pursuant to the tender offer.

(6) On August 6, 2019, NBM US Holdings, Inc. issued U.S.$500 million 6.625% senior notes due August 6, 2029. The notes were issued to fund Marfrig's sustainable transition project aimed at purchasing cattle in the Amazon Biome region with a view towards contributing to the preservation of the environment and a more sustainable world (the "Sustainable Transition Project"). The notes were offered to QIBs in the United States in reliance on the exemption from registration provided by Rule 144A and to certain non-U.S. persons in offshore transactions in reliance on Regulation S. The notes are unconditionally and irrevocably guaranteed by Marfrig, MARB, Marfrig Holdings and Marfrig Overseas.

Contractual Obligations

As of September 30, 2020, our contractual obligations amounted to R$27,682.7 million, of which (i) R$26,794.5 million consisted of bank debt, debentures and interest on debentures; (ii) R$252.1 million consisted of notes payable for investment in Brazil; and (iii) R$636.1 million related to finance leasing obligations. Other than the interest due on the debentures, the table below sets forth the outstanding balance of our contractual obligations as of September 30, 2020 only for capital obligations and not the interest falling due in future periods:

	2020	2021	2022	2023	2024	2025 to 2029	Total
Total debt[(1)]	608.4	4,194.9	1,525.9	2,884.9	4,213.1	13,367.3	26,794.5
Notes payable for investment in Brazil	22.3	70.7	70.7	70.7	17.7	—	252.1

	2020	2021	2022	2023	2024	2025 to 2029	Total
Lease payables	43.7	174.6	140.4	88.9	91.3	97.2	636.1
Total contractual obligations	**674.4**	**4,440.2**	**1,737.0**	**3,044.5**	**4,322.1**	**13,464.5**	**27,682.7**

Note:—

(1) Total debt is our consolidated short-term and long-term debt, including loans and financings, debentures payable and interest on debentures as of September 30, 2020.

Ability to Pay Our Debt

We currently have significant debt and we may incur more debt in the future. As of September 30, 2020, our outstanding debt was R$26,794.5 million, of which 6.7% or R$1,784.1 million, was denominated in *reais* and 93.3% or R$25,010.4 million was denominated in other currencies.

As of September 30, 2020, we had R$9,654.4 million in cash and cash equivalents and marketable securities, compared to R$4,584.4 million of short-term debt. Considering our debt profile and our historical ability to raise capital and generate cash in U.S. dollars, pounds and *reais*, we expect that we will be able to pay our debts, by using a combination of different capital resources, such as our cash, the cash generated from our operating activities, debt and equity issuances and extended payment terms with our suppliers.

We also believe that our focus on our core business, together with the investments we plan to make in future years will allow us to increase our generation of cash. This, in turn, may gradually enhance our ability to repay our financial obligations.

Material Contracts

Individual financings with outstanding balances equal to or in excess of R$100.0 million and Senior Notes

The table below shows our main financing agreements outstanding as of September 30, 2020 that individually represents debt with an outstanding balance equal to or in excess of R$100.0 million and the Senior Notes issued by our subsidiaries:

Financial Institution	Type of Operation	Original Amount	Date of Agreement	Cost (per year)	Outstanding Balance as of September 30, 2020
		(in millions)			***(in millions of R$)***
Banco do Brasil	Export Finance Note	U.S.$19.2	08/05/2020	4.7%	108.3
JP Morgan	Export Finance Note	U.S.$20.0	03/09/2020	3.9%	112.8
ING	Export Finance Note	U.S.$20.0	02/06/2020	4.9%	112.8
BNP	Export Finance Note	U.S.$20.0	01/13/2020	4.9%	112.8
Safra	Export Finance Note	U.S.$20.0	08/06/2020	3.5%	112.8
JP Morgan	Export Finance Note	U.S.$20.0	03/09/2020	4.0%	112.8
ING	Export Finance Note	U.S.$20.0	06/24/2020	4.6%	112.8
BNP	Export Finance Note	U.S.$20.0	04/03/2020	5.1%	112.8
BNP	Export Finance Note	U.S.$20.0	04/07/2020	5.1%	112.8
JP Morgan	Export Finance Note	U.S.$20.0	05/08/2020	5.1%	112.8
ING	Export Finance Note	U.S.$20.0	05/21/2020	4.9%	112.8
BTG	Export Finance Note	U.S.$20.0	06/09/2020	5.3%	112.8
Itaú	Bank Credit Note	R$350.0	09/14/2020	4.7%	350.8
RB Capital Companhia de Securitização	Non-convertible debentures	R$250.0	09/13/2019	2.0%	250.2

RB Capital Companhia de Securitização.....	Non-convertible debentures	R$250.0	07/14/2020	4.2%	252.3
Bradesco.....	Export Credit Note	R$121.5	09/03/2020	4.8%	121.9
Bradesco.....	Export Credit Note	R$409.7	10/11/2019	3.1%	415.6
HSBC.....	Export Credit Agreement	U.S.$50.0	03/25/2019	3.5%	197.5
Total					**2,937.7**
Subsidiaries					
Senior Notes.....	Senior Notes	U.S.$1,000.0	05/14/2019	7.0%	5,793.2
Senior Notes.....	Senior Notes	U.S.$500.0	08/06/2019	6.6%	2,848.9
Senior Notes[(1)].....	Senior Notes	U.S.$750.0	03/15/2017	7.0%	4,242.9
Senior Notes[(1)].....	Senior Notes	U.S.$1,000.0	01/19/2018	6.9%	5,720.4
Rabobank	Term Loan	U.S.$500.0	06/26/2020	4.0%	2,644.7
CoBank	Revolving Cr. Line	U.S.$375.0	06/05/2018	3.0%	202.5
Total					**21,452.5**

Note:—

(1) On January 11, 2021, we, together with HSBC announced that we launched the Tender Offers to repurchase up to U.S.$1,250,000,000, on a total cash basis, of the outstanding (i) 2025 Notes and (ii) 2024 Notes, with priority given to the 2025 Notes. The Tender Offers will expire on the Expiration Date (i.e., 5:00 p.m. (New York City time) on February 8, 2021, unless extended or earlier terminated). On January 14, 2021, the terms of the Tender Offers were amended with respect to the outstanding 2025 Notes and 2024 Notes to increase the aggregate offer limit to up to U.S.$1,750,000,000 on a total cash basis.

The loans and financings with the financial institutions set forth above can be further described by type of operation as follows:

Export Finance Notes with Banco do Brasil, JP Morgan, ING, BNP, Safra and BTG

During the nine-month period ended September 30, 2020, we entered into export finance notes with several banks. These types of notes are used to strengthen our working capital, with the purpose of supporting production intended for export. As of September 30, 2020, the outstanding amount under these agreements was R$1,349.3 million.

Credit Note with Itaú

In September 2020, we entered into a Bank Credit Note with Itaú in the principal amount of R$350.0 million due December 2021. This facility benefits from interest rates in *reais* that are significantly below the historical average and a temporary IOF rate of zero. They also enable us to diversify the type of currency in our total gross debt profile. The agreement accrues interest at a rate of 100% of the interbank deposit rate (CDI) plus an additional fixed rate of 2.75% per year. As of September 30, 2020, the outstanding amount under this agreement was R$350.8 million.

2019 Non-convertible debentures

In September 2019, we issued 250,000 non-convertible unsecured debentures in the aggregate principal amount of R$250 million due September 2023 (the "2023 Debentures"). The 2023 Debentures bear interest at a rate of 104% of the interbank deposit rate (CDI). The 2023 Debentures were subscribed by RB Capital Companhia de Securitização using the proceeds from a public offering of agribusiness receivables certificates ("CRAs"). The CRAs are backed by the 2023 Debentures and we will use the proceeds of the 2023 Debentures to acquire live cattle from rural Brazilian producers.

2020 Non-convertible debentures

In July 2020, we issued 250,000 non-convertible unsecured debentures in the aggregate principal amount of R$250 million due July 2022 (the "2022 Debentures"). The 2022 Debentures bear interest at a rate of 100% of the interbank deposit rate (CDI) plus a fixed rate of 2.2% per year. The 2022 Debentures were subscribed by RB Capital Companhia de Securitização using the proceeds from a public offering of agribusiness receivables certificates ("CRAs"). The CRAs are backed by the 2022 Debentures and we will use the proceeds of the 2022 Debentures to acquire live cattle from rural Brazilian producers.

2019 Export Credit Note with Bradesco

In October 2019, we entered into an export credit note with Bradesco in the principal amount of R$409.7 million due October 2023. This type of note is used to strengthen our working capital, with the purpose of supporting production intended for export. The note accrues interest at a rate of 127.9% of the interbank deposit rate (CDI). As of September 30, 2020, the outstanding amount under this agreement was R$415.6 million.

2020 Export Credit Notes with Bradesco

In September 2020, we entered into an export credit note with Bradesco in the principal amount of R$121.5 million due August 2021. This type of note is used to strengthen our working capital, with the purpose of supporting production intended for export. The note accrues interest at a rate of 100% of the interbank deposit rate (CDI) plus a fixed rate of 2.86% per year. As of September 30, 2020, the outstanding amount under this agreement was R$121.9 million.

In September 2020, we also entered into an export credit note with Bradesco in the principal amount of R$195 million due September 2021. The note accrues interest at a rate of 100% of the interbank deposit rate (CDI) plus a fixed rate of 2.86% per year.

In October 2020, we entered into an export credit note with Bradesco in the principal amount of R$105 million due October 2021. The note accrues interest at a rate of 100% of the interbank deposit rate (CDI) plus a fixed rate of 2.36% per year.

In December 2020, we entered into an export credit note with Bradesco in the principal amount of R$217.7 million due December 2021. The note accrues interest at a rate of 100% of the interbank deposit rate (CDI) plus a fixed rate of 2.4% per year.

Credit Notes with Banco do Brasil

In October 2020, we entered into a credit note with Banco do Brasil in the principal amount of R$100 million due November 2021. The agreement accrues interest at a rate of 174.5% of the interbank deposit rate (CDI).

In November 2020, we entered into a credit note with Banco do Brasil in the principal amount of R$200 million due November 2021. The agreement accrues interest at a fixed rate of 4.0% per year.

Rural Product Notes with Banco Santander

In October 2020, we entered into a rural product note with Banco Santander in the principal amount of R$100 million due October 2021. The note accrues interest at a rate of 100% of the interbank deposit rate (CDI) plus a fixed rate of 2.85% per year.

In October 2020, we also entered into a rural product note with Banco Santander in the principal amount of R$120 million due October 2021. The note accrues interest at a rate of 100% of the interbank deposit rate (CDI) plus a fixed rate of 2.85% per year.

Credit Note with Banco Santander

In November 2020, we entered into a bank credit note with Banco Santander in the principal amount of R$196 million due November 2021. The note accrues interest at a rate of 100% of the interbank deposit rate (CDI) plus a fixed rate of 2.35% per year.

Pre-Export Financing Agreement with HSBC

In March 2019, we entered into a Pre-Export Financing Agreement with HSBC MÉXICO S.A., in the principal amount of U.S.$50 million, and in September 2019 we amended the Pre-Export Financing Agreement to reduce the principal amount to U.S.$35 million. This type of agreement is used to strengthen our working capital, with the purpose of supporting production intended for export. The agreement accrues interest at an annual rate of LIBOR+ 4.5%. As of September 30, 2020, the outstanding amount under this agreement was R$197.5 million.

2024 Notes

On March 15, 2017, MARB BondCo PLC issued U.S.$750.0 million in aggregate principal amount of senior notes due March 15, 2024 ("2024 Notes"). The notes were issued to finance tender offers for the 2018 and 2020 Notes and to pay fees and expenses associated with those transactions, with remaining net proceeds used to repay other outstanding debt (including but not limited to open market repurchases of certain of our outstanding debt securities) and for general corporate purposes. The notes were offered to QIBs in the United States in reliance on the exemption from registration provided by Rule 144A and to certain non-U.S. persons in offshore transactions in reliance on Regulation S. The notes bear interest of 7.000% per year with semi-annual interest payments due on March 15 and September 15 of each year, beginning on September 15, 2017. The notes are unconditionally and irrevocably guaranteed by Marfrig, Marfrig Overseas and Marfrig Holdings.

On January 11, 2021, we, together with HSBC announced that we launched the Tender Offers to repurchase up to U.S.$1,250,000,000, on a total cash basis, of the outstanding (i) 2025 Notes and (ii) 2024 Notes, with priority given to the 2025 Notes. On January 14, 2021, the terms of the Tender Offers were amended with respect to the outstanding 2025 Notes and 2024 Notes to increase the aggregate offer limit to up to U.S.$1,750,000,000 on a total cash basis.

The 2024 Offer will expire at the Expiration Date (i.e., 11:59 p.m. (New York City time) on February 8, 2021, unless extended or earlier terminated). Holders of 2024 Notes who validly tender (and do not validly withdraw) their 2024 Notes at or prior to the Early Tender Time (i.e., 5:00 p.m. (New York City time) on January 25, 2021, unless extended or earlier terminated), will be eligible to receive U.S.$1,025.00 for each U.S.$1,000 principal amount of 2024 Notes validly tendered (and not validly withdrawn), which includes an early tender payment equal to U.S.$30.00 (the "2024 Notes Early Tender Payment"), plus accrued interest. Holders of 2024 Notes who validly tender 2024 Notes after the Early Tender Time but at or prior to the Expiration Date in the manner described in the Statement will not be eligible to receive the 2024 Notes Early Tender Payment and will therefore only be eligible to receive, for each U.S.$1,000 principal amount of 2024 Notes accepted for purchase, U.S.$995.00, plus accrued interest.

The 2024 Offer is not conditioned on any minimum participation by the holders of 2024 Notes.

Our obligation to accept for purchase, and to pay for, the 2024 Notes tendered pursuant to the Tender Offers is subject to, and conditioned upon, among other things, the satisfaction or waiver of certain conditions, including, but not limited to, the receipt of net cash proceeds from a concurrent offering on terms and conditions satisfactory to us. Completion of this offering is expected to satisfy this condition.

2025 Notes

On January 19, 2018, MARB BondCo PLC issued U.S.$1.0 billion in aggregate principal amount of senior notes due January 19, 2025 ("2025 Notes"). The notes were issued to finance tender offers for the 2018 and 2019 Notes and to pay fees and expenses associated with those transactions, with remaining net proceeds

used to repay other outstanding debt (including but not limited to open market repurchases of certain of our outstanding debt securities) and for general corporate purposes. The notes were offered to QIBs in the United States in reliance on the exemption from registration provided by Rule 144A and to certain non-U.S. persons in offshore transactions in reliance on Regulation S. The notes bear interest of 6.875% per year with semi-annual interest payments due on January 19 and July 19 of each year, beginning on July 19, 2018. The notes are unconditionally and irrevocably guaranteed by Marfrig, Marfrig Overseas and Marfrig Holdings.

On January 11, 2021, we, together with HSBC announced that we launched the Tender Offers to repurchase up to U.S.$1,250,000,000, on a total cash basis, of the outstanding (i) 2025 Notes and (ii) 2024 Notes, with priority given to the 2025 Notes. On January 14, 2021, the terms of the Tender Offers were amended with respect to the outstanding 2025 Notes and 2024 Notes to increase the aggregate offer limit to up to U.S.$1,750,000,000 on a total cash basis.

The 2025 Offer will expire at the Expiration Date (i.e., 11:59 p.m. (New York City time) on February 8, 2021, unless extended or earlier terminated). Holders of 2025 Notes who validly tender (and do not validly withdraw) their 2025 Notes at or prior to the Early Tender Time (i.e., 5:00 p.m. (New York City time) on January 25, 2021, unless extended or earlier terminated), will be eligible to receive U.S.$1,037.50 for each U.S.$1,000 principal amount of 2025 Notes validly tendered (and not validly withdrawn), which includes an early tender payment equal to U.S.$30.00 (the "2025 Notes Early Tender Payment"), plus accrued interest. Holders of 2025 Notes who validly tender 2025 Notes after the Early Tender Time but at or prior to the Expiration Date in the manner described in the Statement will not be eligible to receive the 2025 Notes Early Tender Payment and will therefore only be eligible to receive, for each U.S.$1,000 principal amount of 2025 Notes accepted for purchase, U.S.$1,007.50, plus accrued interest.

The 2025 Offer is not conditioned on any minimum participation by the holders of 2025 Notes. We intend to redeem the rest of the 2025 Notes that are not tendered pursuant to the 2025 Offer.

Our obligation to accept for purchase, and to pay for, the 2025 Notes tendered pursuant to the Tender Offers is subject to, and conditioned upon, among other things, the satisfaction or waiver of certain conditions, including, but not limited to, the receipt of net cash proceeds from a concurrent offering on terms and conditions satisfactory to us. Completion of this offering is expected to satisfy this condition.

2026 Notes

On May 14, 2019, NBM US Holdings, Inc. issued U.S.$1.0 billion in aggregate principal amount of senior notes due May 14, 2026 ("2026 Notes"). The notes were issued to finance tender offers for the 2021 and 2023 Notes and to pay fees and expenses associated with those transactions, with remaining net proceeds used to repay other outstanding debt (including but not limited to open market repurchases of certain of our outstanding debt securities). The notes were offered to QIBs in the United States in reliance on the exemption from registration provided by Rule 144A and to certain non-U.S. persons in offshore transactions in reliance on Regulation S. The notes bear interest of 7.000% per year with semi-annual interest payments due on May 14 and November 14 of each year, beginning on November 14, 2019. The notes are unconditionally and irrevocably guaranteed by Marfrig, MARB, Marfrig Holdings and Marfrig Overseas.

2028 Notes

On January 3, 2018, our indirect subsidiary Cleidnor S.A., Inc. issued U.S.$60 million in aggregate principal amount of senior notes due January 3, 2028 ("2028 Notes"). The notes were issued to optimize our capital structure and finance future investment in Uruguay. The notes were offered to local investors in Uruguay. The 2028 Notes bear interest of 5.82% per year with quarterly interest payments due on January 3, April 3, July 3 and October 3 of each year, beginning on April 3, 2018. The notes are unconditionally and irrevocably guaranteed by Frigorífico Tacuarembó S.A., Inaler S.A and Establecimientos Colonia S.A.

2029 Notes

On August 6, 2019, NBM US Holdings, Inc. issued U.S.$500 million in aggregate principal amount of senior notes due August 6, 2029 ("2029 Notes"). The notes were issued to fund Marfrig's Sustainable Transition Project in the Amazon Biome region in Brazil. The notes were offered to QIBs in the United States in reliance on the exemption from registration provided by Rule 144A and to certain non-U.S. persons in offshore transactions in reliance on Regulation S. The notes bear interest of 6.625% per year with semi-annual interest payments due on August 6 and February 6 of each year, beginning on February 6, 2020. The notes are unconditionally and irrevocably guaranteed by Marfrig, MARB, Marfrig Holdings and Marfrig Overseas.

National Beef Credit Facility

On September 26, 2013, National Beef entered into a credit agreement with Coöperatieve Rabobank U.A., New York Branch, as Syndication Agent, and Cobank ACB, as Lead Arranger, for a revolving credit facility in an aggregate principal amount of U.S.$456 million. On June 9, 2017, National Beef, the Syndication Agent and the Lead Arranger entered into an amended and restated credit agreement for (i) a revolving credit facility in an aggregate principal amount not to exceed U.S.$275,000,000 and (ii) a reducing revolving credit facility in an aggregate principal amount not to exceed U.S.$275,000,000. On March 30, 2018, National Beef executed an amendment to the amended and restated credit facility which increased the reducing revolving commitment under the credit agreement to U.S.$375,000,000. On November 20, 2019, we signed a Facility Increase Notice with the Syndication Agent and Lead Arranger to increase the reducing revolving commitment under the credit agreement by U.S.$100,000,000. On April 24, 2020, we signed a Facility Increase Notice with the Syndication Agent and Lead Arranger to increase the reducing revolving commitment under the credit agreement by U.S.$75,000,000 for a total of U.S. $550 million. As of the date of this offering memorandum, the combined aggregate principal amount of the credit agreement is U.S.$787.5 million, with the maturity date remaining as June 9, 2022.

NBM US Holdings, Inc. Bridge Facility

On November 30, 2019, NBM US Holdings, Inc., as borrower, Marfrig Global Foods S.A., as parent guarantor, MARB BondCo PLC, Marfrig Holdings (Europe) B.V. and Marfrig Overseas Limited, as subsidiary guarantors, entered into a credit agreement with Coöperatieve Rabobank U.A., New York Branch, as Administrative Agent, Sole Lead Arranger and Sole Bookrunner for a senior secured credit facility in an aggregate principal amount of U.S.$500 million with a maturity date of May 30, 2021. We prepaid this facility on June 26, 2020, through a term facility. See "—NBM US Holdings, Inc. Term Facility."

NBM US Holdings, Inc. Term Facility

On June 26, 2020 NBM US Holdings, Inc., as borrower, Marfrig Global Foods S.A., as parent guarantor, MARB BondCo PLC, Marfrig Holdings (Europe) B.V. and Marfrig Overseas Limited, as subsidiary guarantors, entered into a credit agreement with Coöperatieve Rabobank U.A., New York Branch, as Administrative Agent, Coöperatieve Rabobank U.A., New York Branch and Cobank, ACB as Joint Lead Arrangers and Joint Bookrunners for a senior secured term facility in an aggregate principal amount of U.S.$500 million with a maturity date of June 26, 2023. We used the proceeds from this term facility to prepay the NBM US Holdings, Inc. Bridge Facility.

Financing agreements entered into with the initial purchasers or their affiliates

On the date of this offering memorandum, and except for working capital facilities entered into in the ordinary course of business and as otherwise disclosed herein in "—Material Contracts," we have no other financing agreements entered into with the initial purchasers or their affiliates.

Covenants

We are subject to restrictive covenants under the debt agreements evidencing or governing our outstanding indebtedness, such as but not limited to limitations on incurrence of indebtedness, liens, restricted payments and investments, among other restrictive covenants that are standard in the types of debt instruments we enter into, including the following:

- Not to incur any Indebtedness (as defined in such agreements) which, on the date of such incurrence, considering its pro-forma effect, would cause the net debt to EBITDA ratio (as defined in such agreements) to be greater than 4.75 to 1.00 or, in the case of bank financings, maintain a net financial debt to EBITDA ratio (as defined in such agreements), not to exceed 4.75 to 1.00.
- Not to restrict our and our subsidiaries' ability to (1) pay dividends/other intergroup distributions, (2) incur or repay intercompany debts/advances or (3) transfer properties or assets among them.
- Not to sell any assets unless (1) the asset disposition is for fair market value, (2) at least 75% of the consideration consists of cash or assets/properties related to our business, and (3) within 360 days after the receipt of such proceeds, they are used for repayment of debts or acquisition of additional assets in businesses related to our business.
- Not to issue, sell or transfer voting shares of subsidiaries, except if to our self or to our subsidiaries or in compliance with the clauses that provided for limitation on the sale of assets or limitation on restricted payments.

In addition, certain facilities include cross default provisions for defaults of the Company or its subsidiaries.

We have continued to service our debt and make scheduled payments of principal and interest.

Off Balance Sheet Arrangements

We do not have any operations, contracts, obligations or other types of agreements in unconsolidated companies or other operations generating material current or future effects on our financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that are not recorded on our balance sheet.

Qualitative and Quantitative Disclosure about Market Risks

We are exposed to market risks arising from the ordinary course of our business. These market risks, which are beyond our control, mainly involve the possibility that changes in interest rates, exchange rates, inflation and commodity prices will adversely affect the value of our financial assets and liabilities or future cash flows and earnings.

Exchange Rate Risk

A substantial portion of our debt is denominated in U.S. dollars, which exposes us to foreign currency exchange rate risk. To partially offset the risk of any devaluation of the *real* against the U.S. dollar and for risk management purposes, we attempt to reduce our foreign exchange exposure by exporting beef products, which generates receivables payable in foreign currencies. In addition, with 93.1% and 89.3% of our net sales generated in currencies other than the *real* in the nine-month periods ended September 30, 2020 and 2019, respectively, we believe we have a natural hedge against maturities of our future obligations in foreign currencies. We also occasionally enter into derivative contracts to hedge exchange rate variations related to specific contractual obligations.

We do not enter into leveraged transactions with derivatives or similar instruments. Except as described in connection with the structure of this offering, we only use derivatives or similar instruments to provide protection against floating interest rates and our exposure to debts denominated in foreign currencies, and we

have a conservative policy of not entering into derivative or similar instruments transactions that could jeopardize our financial position.

Furthermore, we have a solid financial policy, maintaining high balances of cash and short-term marketable securities with first-rate institutions.

Commodity Price Risk

The availability and prices of cattle and beef fluctuate significantly due to unpredictable factors, such as weather, worldwide government agricultural programs and policies, changes in global demand, fluctuations in the amount of cattle offered by the producers, the relative cost of feed, cattle diseases and changes in standards of living. As part of our strategy to reduce the impact over commodities, we manage inventory levels, keep cattle in feedlots and trade derivative financial instruments in the futures markets.

Interest Rate Risk

Interest rate risk refers to Marfrig's risk of incurring economic losses due to negative changes in interest rates. This exposure relates to changes in market interest rates which affect Marfrig's assets and liabilities indexed to the TJLP (long-term interest rate), LIBOR (London Interbank Offered Rate) or CDI (interbank deposit rate). Our financial instruments related to derivatives bear interest at fixed rates, therefore, fluctuations in the interest rates do not significantly affect our results. In order to reduce debt service costs, we monitor market interest rates to assess the need to enter into new derivative contracts to hedge our operations against the risk of fluctuations of these rates.

Derivatives

The Company 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 Company 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 Company's policies we highlight: monitoring levels of exposure to each market risk; measuring these risks; setting limits for making decisions and using hedging mechanisms; and always aiming at minimizing the foreign exchange exposure of its debts, cash flows and interest rates. In North America in particular, we enter into derivative instruments pursuant to our established policies, including forward purchase contracts for cattle for use in our beef plants and exchange traded futures contracts for cattle and agricultural products.

Management is authorized to perform any and all acts listed below up to the amount equivalent to 10 per cent (10%) of the Company's equity based on the last quarterly financial information disclosed in the market, except that for amounts higher than five per cent (5%) of shareholder's equity, an additional authorization from the Company's Finance Committee is necessary.

The Company's actions mentioned in the previous paragraph are as follows: (a) Offer guarantee for the obligations of the Company's subsidiaries and/or wholly-owned subsidiaries; (b) approve the acquisition and/or sale of permanent asset items; (c) approve financial transactions, including leases; and (d) approve single or group of transactions involving the Company and related parties, directly or indirectly.

The Company does not enter into leveraged transactions with derivatives or similar instruments which do not offer a minimum protection against its exposure to other currencies, and also adopts a conservative policy of not entering into transactions that could affect its financial position.

The Company believes that it also has a sound financial policy, maintaining a high level of cash balance and short-term marketable securities. At the same time, the maturity of the Company's long-term debt is such that it does not impact a single year.

Interest Rate Risk Management

Interest rate risk refers to Marfrig's risk of incurring economic losses due to negative changes in interest rates. This exposure relates to changes in market interest rates which affect Marfrig's assets and liabilities indexed to the TJLP (long-term interest rate), LIBOR (London Interbank Offered Rate) or CDI (interbank deposit rate). Our financial instruments related to derivatives bear interest at fixed rates, therefore, fluctuations in the interest rates do not significantly affect our results.

In order to reduce debt service costs, Marfrig and its subsidiaries 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.

In order to minimize the effects of exchange rate fluctuations on the settlement of loans and financings, we entered into non-speculative swap contracts, as described in the table below:

						September 30, 2020	**September 30, 2019**
Instrument	**Register**	**Receivable**	**Payable**	**Notional**	**Notional**	**Amount receivable**	**Amount receivable**
				(in millions of U.S.$)	***(in millions of R$)***	***(-) payable***	***(-) payable***
Interest Swap Rate	CETIP	USD	BRL	72.6	479.6	191.0	(1.0)
Total				**72.6**	**479.6**	**191.0**	**(1.0)**

Commodity Price Risk Management

During its activities, Marfrig and its subsidiaries purchase some commodities, such as: cattle, grains and energy, which are the biggest individual components of the production cost and are 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.

Maize, wheat and soya bean meal ("grains") are subject to volatility resulting from weather conditions, crop yield, transport costs, warehousing costs, agricultural policy, exchange rates, international prices, among others, which is not under Management's control.

There are exposures to variation in the price of gasoline, diesel fuel, natural gas and electricity ("energy"), whose movements are due to factors out of Management's control.

So as to reduce the impact over commodities, Marfrig and its subsidiaries manage inventory levels, keep cattle in feedlots and trade derivative financial instruments in the futures market.

The Company and its subsidiaries purchase financial instruments to reduce the price risk related to the needs for commodities within 12 months.

Some of our financial instruments come from the futures market, which are traded on the Chicago Board of Trade.

Exchange Risk Management

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

Given that 93.1% of the Company's revenues are denominated in currencies other than the Brazilian *real*, Marfrig has a natural hedge against the maturities of future obligations in foreign currency.

The Company also has a sound financial policy, maintaining a high level of cash balance and short-term marketable securities with solid financial institutions.

The Company believes that Marfrig's and its subsidiaries' consistent financial policy, grounded in a well-distributed capital structure, allows it to consolidate synergies achieved through the acquisitions made.

The Global Beef and Veal Industry

Consumption

Beef is a source of nutrition rich in protein and is the world's third most consumed type of meat, after pork and poultry. According to the USDA, in 2019, approximately 59.3 million metric tons of beef and veal were consumed globally. The largest consumer of beef and veal in the world is the United States, followed by China, Brazil and the European Union. Argentina is the sixth largest consumer of beef and veal in the world.

Despite having remained stable in recent years, world beef and veal consumption is expected to grow in the medium-and long-term according to the FAO. This growth is expected to be driven by the growing world population and higher incomes in developing countries since beef consumption per capita is strongly correlated with economic growth. In addition, beef and veal consumption is expected to increase worldwide as sanitary concerns over beef, including Bovine Spongiform Encephalopathy ("BSE"), and Foot-and-Mouth Disease ("FMD"), have generally been allayed given the improvements of sanitary status around producers. Consumers are increasingly aware about the quality and origin of the meat and so exporting countries have taken the appropriate action to ensure the best quality and the business continuity.

The following table illustrates beef and veal consumption in the indicated countries from 2016 through 2019:

	Global Beef and Veal Consumption			
	2016	**2017**	**2018**	**2019**
	(in thousands of metric tons – Carcass Weight Equivalent)			
Country				
United States	11,676	12,052	12,181	12,408
China	6,873	7,236	7,808	8,826
Brazil	7,695	7,801	7,925	7,929
European Union[(1)]	7,940	7,884	8,071	7,889
India	2,461	2,444	2,729	2,776
Argentina	2,441	2,557	2,568	2,379
Mexico	1,833	1,868	1,902	1,904
Pakistan	1,702	1,736	1,753	1,756
Russia	1,797	1,780	1,790	1,758
Japan	1,193	1,254	1,298	1,319
Canada	963	988	1,014	1,030
Others	9,613	9,537	9,618	9,612
Total	**56,187**	**57,137**	**58,657**	**59,586**

Source: USDA.

Note:—

(1) Includes data from the 27-member countries of the European Union in all of the years indicated.

Production

According to data released by the IBGE, in 2019 the total number of head in Brazil was 214.9 million, 32.0 million in Mato Grosso, 19.4 million in Mato Grosso do Sul, 22.8 million in Goiás, 20.9 million in Pará, 14.3 million in Rondônia, 19.4 million in Rio Grande do Sul and 10.5 million in São Paulo, which are the main states in which we operate.

According to the USDA, in 2019 Brazil had approximately 238 million head of cattle and it is estimated that Brazil will have 244 million head of cattle in 2020. According to the USDA, Brazilian production is expected to recover significantly given growing beef demand in China and Hong Kong, together with higher domestic demand. The table below shows the significant head of cattle worldwide, by country and year from 2016 through 2019:

	Head of Cattle by Country			
	2016	**2017**	**2018**	**2019**
		(in thousand head)		
Country				
India	301,000	301,400	301,900	302,700
Brazil	219,180	226,045	232,350	238,158
United States	91,888	93,625	94,298	94,805
China	90,558	88,345	90,388	89,153
European Union[(1)]	89,152	89,152	88,819	87,450
Argentina	53,118	54,163	54,793	55,008
Australia	27,413	24,971	26,176	25,734
Russia	18,528	18,248	18,195	18,050
Mexico	16,615	16,490	16,584	16,699
Turkey	12,016	11,864	11,744	11,396
Uruguay	11,610	11,535	11,565	11,480
Others	32,136	32,446	32,629	32,663
Total	**963,214**	**968,284**	**979,441**	**983,296**

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Source: USDA.

Note:—

(1) Includes data from the 27 member countries of the European Union in all of the years indicated.

The United States is the largest producer of beef and veal in the world, followed by Brazil and the European Union. The table below illustrates the global production of beef and veal in the indicated countries, from 2016 through 2019:

	Global Beef and Veal Production			
	2016	**2017**	**2018**	**2019**
	(in thousands of metric tons – Carcass Weight Equivalent)			
Country				
United States	11,507	11,943	12,256	12,384
Brazil	9,284	9,550	9,900	10,200
European Union[(1)]	7,880	7,869	8,003	7,878
China	6,169	6,346	6,440	6,670
India	4,170	4,230	4,240	4,270
Argentina	2,650	2,840	3,050	3,125
Mexico	1,879	1,925	1,980	2,030
Australia	2,125	2,149	2,306	2,432
Pakistan	1,750	1,780	1,800	1,820
Russia	1,339	1,325	1,357	1,374
Canada	1,130	1,201	1,265	1,342

	Global Beef and Veal Production			
	2016	2017	2018	2019
Others	8,082	8,024	8,074	8,117
Total	**57,965**	**59,182**	**60,671**	**61,642**

Source: USDA.

Note:—

(1) Includes data from the 27 member countries of the European Union in all of the years indicated.

The slaughter rate is the ratio of the number of slaughtered cattle to the size of the herd for a one-year period. The table below sets forth the annual slaughter rates in the indicated countries between 2016 and 2019:

	Cattle Slaughter Rate			
	2016	2017	2018	2019
	(in %)			
Country				
United States	38.2%	38.2%	38.5%	38.0%
India	22.4%	22.6%	22.7%	22.8%
Brazil	22.0%	21.6%	21.3%	21.2%
China	54.0%	55.2%	51.7%	56.9%
European Union[(1)]	33.8%	33.1%	32.5%	32.7%
Argentina	26.8%	27.2%	27.1%	27.2%
Australia	24.1%	38.8%	34.8%	33.8%
Russia	38.3%	41.0%	42.3%	43.8%
Mexico	39.5%	39.9%	39.6%	40.0%
Uruguay	42.1%	39.9%	41.7%	45.0%
Canada	36.8%	37.7%	37.1%	37.8%

Source: USDA.

Note:—

(1) Includes data from the 27 member countries of the European Union in all of the years indicated.

Exports

According to a report issued by the FAO, exports of beef will increase in the next years to meet the increasing global demand, especially in developing countries. According to USDA, in 2019, Brazil was the largest exporter of beef in the world, followed by Australia and India. The following table sets forth the world's leading beef and veal exporting countries from 2016 through 2019:

	World's Leading Beef and Veal Exporting Countries			
	2016	2017	2018	2019
	(in thousands of metric tons – Carcass Weight Equivalent)			
Country				
Brazil	1,652	1,803	2,021	2,314
Australia	1,412	1,416	1,582	1,738
India	1,709	1,786	1,511	1,494

	World's Leading Beef and Veal Exporting Countries			
	2016	**2017**	**2018**	**2019**
United States	1,160	1,297	1,433	1,373
Argentina	209	283	501	763
New Zealand	560	564	602	623
Canada	418	444	478	525
Uruguay	396	409	437	436
Mexico	227	245	272	315
Paraguay	377	366	358	339
European Union[(1)]	299	314	295	330
Others	574	588	616	642
Total	**8,993**	**9,515**	**10,106**	**10,892**

Source: USDA.

Note:—

(1) Includes data from the 27 member countries of the European Union in all of the years indicated.

Imports

China, the United States and Japan are currently the world's largest beef and veal importers. According to the USDA, China reached the first position, surpassing the United States, given continuous increases in consumption and commercial transactions with Brazil and Argentina. On the other hand, demand from the Middle East and North Africa region is likely to bear the brunt of lower oil prices which pressure economic growth. The following table sets forth the world's leading beef and veal importing countries from 2016 through 2019:

	World's Leading Beef and Veal Importing Countries			
	2016	**2017**	**2018**	**2019**
	(in thousands of metric tons – Carcass Weight Equivalent)			
Country				
China	761	902	1,369	2,177
United States	1,366	1,358	1,360	1,387
Japan	698	793	840	853
Korea, South	450	468	515	550
Hong Kong	442	524	521	356
Russia	470	469	449	401
European Union[(1)]	359	329	363	341
Chile	290	273	308	347
Egypt	340	250	300	340
Canada	245	229	236	204
Malaysia	206	199	204	197
Others	1,590	1,614	1,634	1,667
Total	**7,217**	**7,408**	**8,099**	**8,820**

Source: USDA.

Note:—

(1) Includes data from the 27 member countries of the European Union in all of the years indicated.

Competition

The competitiveness of a beef producer in the international market is significantly affected by its cost structure. The two main components of the overall cost structure are raw materials and industrialization costs. The net effective cost of a producer takes into account revenues generated from the sale of by-products from beef production, such as hides, offal and rendered products. The competitiveness of a plant servicing the international market is also affected by the relative quality of the cattle available for slaughter and by transportation and distribution costs.

The revenues generated from sales of the edible and non-edible by-products extracted from cattle following slaughter are an important factor that reduces a beef producer's net operating costs. Revenues from these products, generally known as the "fifth quarter," can be substantial, and in certain cases can cover a significant portion of the fixed costs of operating a slaughterhouse. Fifth quarter products can be divided into the following categories: white sausage meat, red sausage meat (liver, heart and tongue), other sausage meat (pancreas, intestine and stomach), inedible fats and others (blood, bone and hides).

Trade Restrictions and Sanitary Risks

The international beef market is divided into the Pacific block (North and Central America, Oceania and the Far East) and the Atlantic block (Europe, Africa, the Middle East and South America). This division reflects historical and geographical ties and also certain sanitary criteria. The Pacific block prohibits imports of beef (except for pre-cooked and industrial products) from countries or regions where there are active FMD vaccination programs. Europe allows imports of fresh meat from certain regions within countries that have been affected by FMD if those regions have not been directly affected. However, the European Union has restricted the free trade of fresh meat through an import quota system and also has banned the import of U.S. beef treated with hormones used to promote growth.

Sanitary risks include outbreaks of animal diseases. Bilateral sanitation agreements vary from country to country. The occurring of outbreaks can result in the imposition of trade barriers between countries. Consumers are increasingly aware about the quality and origin of the meat. The main diseases in cattle are the following:

Foot-and-mouth disease: FMD disease is a contagious viral disease illness affecting cattle and swine as well as sheep, goats, and other cloven-hoofed ruminants. The virus is transmitted by air, water and food. Affected animals have a high fever and lesions in the mouth and on their hooves. Although it does not affect people, when detected, an outbreak of FMD disease can lead to sanitary barriers being imposed by some countries. FMD is endemic in several parts of Asia, most of Africa and the Middle East. In Latin America, the majority of countries applied zoning, according to the directives of the World Organization for Animal Health ("OIE") and are recognized free of FMD with or without vaccination and the disease remains endemic in only a few countries. Brazil's territory is divided in zones according to the vaccination status. Australia, New Zealand and Indonesia, Central and North America and continental Western Europe are currently free of FMD. However, FMD can occur sporadically in typically free areas.

Bovine Spongiform Encephalopathy: BSE is a progressive, fatal disease which causes disorders of the nervous system of cattle. The disease has a long incubation period and there is, currently, no treatment or vaccine for the disease. OIE established official recognition of the sanitary status of countries and zones. According to OIE, Argentina, Paraguay, Uruguay and Brazil have a negligible risk to be exposed to BSE.

The Beef Industry in the United States

Consumption

During the past several decades, consumer demand for beef products in the United States has been driven by population growth, which is the primary driver of aggregate demand. Historically, consumer demand for beef products in the United States has remained relatively stable during economic downturns.

Production

In 2020, it is estimated that the United States produced around 12.4 million tons of beef. The beef industry in the United States is characterized by daily price oscillations based on patterns of seasonal consumption and on the supply and demand for beef and other sources of protein in the United States and other countries. Cattle prices vary over time and are influenced by stock levels, production cycles, weather and cattle feeding costs, among other factors.

Beef processors include vertically integrated companies, who own and raise cattle on feed for use in their processing facilities, and pure processors, who do not own cattle on feed. Pure U.S. beef processors generally buy cattle raised in confinement on the spot market or pursuant to market-priced supply agreements. They process the cattle in their own facilities and sell the beef at spot prices. Cattle is normally purchased at market prices and kept for less than one day before slaughter. Thus, such processors are typically exposed to oscillations in market prices for less than two weeks. Pure beef processors are primarily "spread" operators, and their operating profit is largely determined by the operational efficiency of their facilities and not by fluctuations in the market prices for cattle and beef.

Exports and Imports

The United States has been the largest beef producer in the world, and was the second largest importer in 2019 with 1.4 million tons of beef and veal, after China, which reached 2.2 million tons. The United States is well positioned to expand market share in top markets. Japan, South Korea and Australia, the top competitor to U.S. beef in Asia, are struggling with production issues caused by flood conditions in Australia's northeastern region, leading to lower exportable supplies. On the other hand, it is likely that U.S. shipments to China will be limited by current U.S.-China trade tensions, despite the expected increase in China's demand for beef.

The Brazilian Beef Industry

Consumption

Brazil has a very large domestic market and consumed approximately 77.3% of the country's beef production in 2019, according to the USDA. Beef consumption has generally remained stable, including through economic downturns and recent higher average beef prices.

Production

The USDA estimates that Brazil had 238 million head of cattle in 2019, making it the largest cattle herd in the world for commercial purposes. India has the largest cattle herd in the world but does not raise a significant number of cattle for commercial purposes due to religious reasons.

Recent herd expansion as well as genetic and pasture improvements are forecast to generate an increase in Brazil's cattle inventories, boosting slaughter-ready supplies. These factors, combined with an estimated increase in Brazilian cattle carcass weights in 2019, are expected to increase production, according to the USDA.

The productivity of Brazilian cattle farmers, as measured by the slaughter rate, was 21.2% in 2019, according to the USDA. The slaughter rate represents the percentage of the entire Brazilian herd that has been slaughtered in a given year. Brazilian percentage is low when compared to other countries. Russia, China, the United States, the European Union, Mexico, Australia, Canada and Uruguay showed slaughter rates above 30% in 2019. Brazil has high potential for improving its cattle output by increasing the slaughter rate.

According to data from the IBGE, 30.7 million head of cattle were slaughtered in Brazil in 2014, dropping to 29.7 million in 2015, 29.7 million in 2016, and increasing to 30.9 million in 2017 and 31.9 million in 2018. As of September 30, 2020, the average price of beef was R$17.11 per kilogram, 58.3% higher than in the same period in 2019, according to data from the ESALQ.

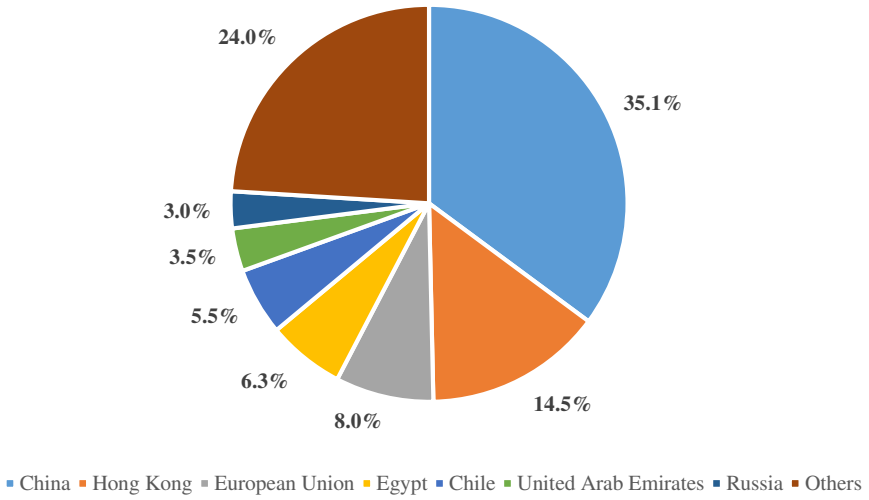
Exports

The Brazilian beef industry has undergone intense internationalization. Brazil's market share of global beef exports increased from approximately 5% in the early 1990s, to approximately 21% in 2019.

	Evolution of Brazilian Beef Exports			
	2016	**2017**	**2018**	**2019**
Revenue (in millions of U.S.$)	5,364	6,092	6,569	7,656
Price (U.S.$/ton)	3,97	4,12	4,00	4,10

Source: ABIEC.

The graph below shows the main export markets per revenues for Brazilian beef through 2019.



Source: ABIEC.

Competitive Advantages

Brazil offers several competitive advantages in producing beef when compared to its competitors in the international market, including:

- Extensive cattle raising: unlike most other major beef producers (including the United States and European Union countries), the Brazilian cattle is mostly grass fed, which is one of the factors that eliminate the risk of a BSE outbreak among Brazilian cattle;
- Health and quality advantages: raising cattle on the fields, which is the most common practice in Brazil, has been viewed as one of the most nutritious cattle raising practices, according to data from ABIEC. The meat of cattle raised on fields has less fat than cattle raised in feedlots;
- Brazil is one of the few countries that still has large areas for agriculture and cattle raising at attractive costs, which enables expansion with low environmental impact and low number of animals per hectare; and

- Hilton Quota: The European Union agreed a quota of 10 thousand tons to Brazil. It allows the country to ship high quality beef to the EU-27 each year with low import duties.

Trade Restrictions and Sanitary Risks

Countries like Canada, Japan, South Korea and Mexico are among the most important markets where Brazilian beef (*in natura*) is still not sold. These countries apply restrictions on imports of fresh beef from countries or regions with an active foot-and-mouth disease vaccination program. These countries only accept import of processed beef.

Brazil currently has sanitary regulations that take into account regional distinctions. This method of sanitary regulation is called regionalization and establishes that in the case of the occurrence of a disease in a territory of a certain country, the geographical location of the disease is put in quarantine and all animal movement is forbidden until the outbreak episode is ended, so that the country can continue to export products (from animal and vegetable sources) from the others regions that are free of the disease, The regionalization concept is suggested by OIE and accepted for the major part of countries.

The European Union allows the import of fresh beef from certain regions in countries affected by FMD, provided these regions are not directly affected by the disease. However, the European Union restricts the free trade of fresh beef by imposing an import quota system and high extra-quota import tariffs. In addition to the European Union, other large importers of fresh beef tend to follow OIE guidelines, but have the autonomy to establish their own rules for beef imports.

In 2008, the European Union restricted the import of Brazilian beef, by controlling the number of Brazil's cattle farms eligible to export, alleging problems in the traceability system, the system of registration and identification of cattle and buffalo herds on national territory. According to MAPA, in the end of 2011, approximately 2,200 ranches were qualified to supply fresh meat for export to the European Union, which is a much lower number of farms than were exporting before the embargo (more than 20,000 holdings). The main reason for the drop-in export volume to the European Union was a reduced supply of cattle for slaughter. In February 2012, the European Union decided to allow Brazil to manage the list of farms able to export to the European Union. This new decision reduced bureaucracy in the approval process and increased the number of animal eligible to supply meat to the European Union.

In August 2014, the Russian government announced trade barriers on the import of beef, pork and chicken from the United States and the European Union. At the same time, the Russian government authorized the import of such products from several plants in Brazil. The Marfrig Group has a total of 12 plants in Brazil authorized to export to Russia.

In May 2015, the Chinese government lifted import bans imposed on Brazilian beef due to atypical cases of BSE since December 2012, applicable to 8 slaughterhouses. The restricted slaughterhouses have undergone thorough technical revisions by Chinese sanitary agencies and in June 2015, 17 facilities were authorized to export beef to China. The Marfrig Group has a total of seven plants in Brazil authorized to export to China, namely, Alegrete (Mercosul), Bagé (Mercosul), Bataguassu, Várzea Grande, Promissão 1, São Gabriel and Pontes e Lacerda. In 2016, Saudi Arabia and the United States also opened up its market to Brazil.

However, most recently, in 2017 the Russian government-imposed import bans on Brazilian beef and pork, which were partially lifted at the end of 2018. Also, in 2017, the United States announced restrictions on the import of fresh beef; however, in February 2020, the United States Department of Agriculture's Food Safety and Inspection Service reauthorized Brazil to export fresh meat to the United States stating that the previous concerns had been materially resolved.

Foot-and-mouth Disease

Brazil is divided into zones according to FMD vaccination status. In the last years, Brazil made significant progress in its control of FMD, especially when considering that practically the entire Brazilian territory was

affected by the disease in 1998. According to MAPA, almost 90% of Brazilian cattle is free of FMD. This success is due to the Brazilian government's efforts to increase vaccination. MAPA developed the National Program for Eradication and Prevention of FMD (*Programa Nacional Erradicação e Prevenção de Febre Aftosa*) with the goals of maintaining FMD-free zones and eliminating FMD in South America, in accordance with the guidelines established by OIE. Exports of fresh meat during outbreaks are restricted to avoid economic damages in the export markets.

Santa Catarina is the only Brazilian state categorized as free of FMD without vaccination, while 24 other states and the federal district are considered free of FMD with vaccination. While some north and northeast states have vaccination program in course and are working to get a FMD free status.

The Argentine Beef Industry

Consumption

According to the USDA, Argentina is the sixth largest consumer of beef in the world. From 2015 to 2019, Argentines were the second largest per capita consumers of beef in the world, with per capita consumption of more than 51 kilograms per person per year in 2019.

Production

According to USDA data, Argentina has a substantial cattle herd for commercial purposes, with 55 million head of cattle in 2019, behind India, Brazil, China, the United States and the European Union. Argentina has been an important producer in the international beef market for many years. According to OIE, Argentine cattle is currently classified as free of FMD with vaccination. The cattle price has increased in recent years due to global commodities inflation.

Exports

The estimated export volume is 763 thousand metric tons in 2019, an increase of 52.3% from 2018.

Competitive Advantages

- Argentina had the second highest consumption per capita of beef in the world in 2019, according to the USDA;
- About 55 million head of cattle in 2019, according to the USDA; and
- Hilton Quota: The European Union agreed a quota of 29.5 thousand tons to Argentina. It allows the country to ship high quality beef to the EU-27 each year with low import duties.

Trade Restrictions and Sanitary Risks

- Sanitary risks: an outbreak of disease such as FMD disease can lead to trade barriers and affect exports from Argentina; and
- Trade barriers: the economic crisis has led to increased protectionism by some governments seeking to protect their local economies. Trade barriers and industry subsidies by importing countries can affect Argentine exports and diminish the competitive advantage of its products.

The Uruguayan Beef Industry

Consumption

Uruguay's production is substantially oriented towards the export market and was ranked in the top 10 largest beef exporters in the world in 2019. In 2019, Uruguay registered a per capita consumption of nearly 48 kg, down from 56 kg in the previous year.

Exports

According to the USDA, the export volume was 436 thousand metric tons in 2019, a decrease of 0.2% from 2018.

Competitive Advantages

- Uruguay had the highest per capita consumption of beef in the world in 2019, according to the USDA;
- Free of FMD (with vaccination); and
- The country is able to export fresh beef to the main consumer markets globally, except to Japan.

Trade Restrictions and Sanitary Risks

- Sanitary risks: an outbreak of disease such as FMD disease can lead to trade barriers and affect exports from Uruguay.
- Trade barriers: the economic crisis has led to increased protectionism by some governments seeking to protect their local economies. Trade barriers and industry subsidies by importing countries can affect Uruguayan exports and diminish the competitive advantage of Uruguayan products.

DISCONTINUED OPERATIONS

Keystone Sale

On November 30, 2018, we sold to Tyson our entire ownership interest in certain Marfrig subsidiaries that own and operate the Keystone business unit. The total consideration for the sale was U.S.$2.4 billion, and the amount received by Marfrig after contractual adjustments, such as the exclusion of Keystone's net debt, was U.S.$1.4 billion, which remains subject to purchase price adjustments. The table below sets forth applicable adjustments to the sales price and profit from the transaction.

	(in millions of R$)
Sales price	9,088.1
Sales price adjustment	(5,007.8)
Expenses for legal counsel and independent consultants[1]	(57.7)
Adjusted sales price	4,022.6
Write off of assets and other comprehensive income[2]	1,197.4
Income from the sale before taxes	5,220.0
Income and social contribution taxes[4]	(1,774.8)
Profit from the transaction	**3,445.2**

The Keystone Business

The Keystone business was a leading global supplier of high-value protein products, mostly poultry, to the fast food (quick service restaurants), retail and food processing industries. Keystone was headquartered in the United Kingdom, with presence and operations located in seven U.S. states and five countries in the Asia Pacific, Middle East and Australia region. It combined its vast expertise in the food industry with a strong focus on clients to offer a complete mix of fresh and frozen products.

Results of Discontinued Operations

The Keystone business unit described above was classified as discontinued operations in our financial statements as of and for the year ended December 31, 2018. The tables below set forth certain selected income statement line items relating to our Discontinued Operations for the year ended December 31, 2018.

	Year ended December 31, 2018
	(in millions of R$)
Net sales	**9,427.4**
Cost of goods sold	(8,746.5)
Gross profit	680.9
Operating and financial income (expenses)	4,818.6
Net operating income (loss)	5,499.5
Income and social contribution taxes	(1,856.1)
Net income from discontinued operations	**3,643.4**
Non-controlling interest	(35.2)
Net income (loss) from discontinued operations	**3,608.2**

The tables below set forth certain selected cash flow statement line items relating to our Discontinued Operations for the year ended December 31, 2018:

	Year ended December 31, 2018
	(in millions of R$)
Net income for the period	3,608.2
Non-cash items	(3,553.1)
From changes in equity	573.7
Used in investing activities	4,732.8
Used in financing activities	390.2
Exchange variation on cash and equivalents	70.4
Cash flow from discontinued operations	5,822.2
Cash from operations	(1,154.4)
Discontinued operations, net of cash	**4,667.8**

For additional information, see note 31 to our audited consolidated financial statements as of and for the year ended December 31, 2018.

THE ISSUER

The Issuer is an indirect, wholly-owned subsidiary of Marfrig, organized and existing under the laws of England and Wales. The Issuer as a public limited company on March 1, 2017 and registered with the United Kingdom's registrar of companies, Companies House, under file number 10645768. The registered office of the Issuer is at 35 Great St Helen's, London, United Kingdom, EC3A 6AP.

As of the date of this offering memorandum, the Issuer is a non-trading company and does not have any operations.

The Issuer's constitutional documents and any other documents referred to in this offering memorandum concerning the Issuer can be inspected at Marfrig's headquarters in Brazil. Copies of the Issuer's articles of association are available during normal business hours at our executive offices, the offices of the Trustee and the Listing Agent, in each case at the address set out on the back cover of this offering memorandum.

The issued and fully paid up share capital of the Issuer amounts to a total of £50,000, divided into 50,000 common shares, each with a nominal value of £1.

The management structure of the Issuer is comprised of three directors and a corporate secretary. Pursuant to its articles of association, its board of directors has the authority to represent the Issuer.

The financial information contained in this offering memorandum does not include any financial information of the Issuer. The Issuer's financial information is consolidated into Marfrig's consolidated financial statements. The Issuer's financial year runs from January 1 to December 31 each year.

As of the date of this offering memorandum, the current board of directors of the Issuer consists of three directors: Tang David, Hudson Cedro and Marcos Molina Dos Santos. The directors are appointed by ordinary resolution or by a decision of the directors. The board of directors of MARB BondCo PLC was appointed on April 15, 2020. The directors' terms, the manner in which they are elected and other related issues are established in the memorandum of association of MARB BondCo PLC. The registered office for all directors is at 35 Great St Helen's, London, EC3A 6AP, United Kingdom.

THE GUARANTORS

The notes are unconditionally and irrevocably guaranteed by Marfrig, Marfrig Holdings, Marfrig Overseas and NBM. See "Description of the Notes" for further information on the guarantees. This section summarizes certain aspects of the business of each of the guarantors.

Marfrig Global Foods S.A.

Marfrig is a Brazilian publicly held corporation (*sociedade por ações*), founded in 2000 with an undetermined term and is headquartered at Avenida Queiroz Filho, 1560 – Block 5, 3rd Floor, Room 301, São Paulo, SP, 05319-000, Brazil. It was registered at CVM on September 18, 2007. Its corporate purposes are (i) to explore cold storage activities, the slaughter of cattle, pigs, lambs, birds, fish and the processing and sale of animal products and subproducts, consumable or not, including, but not limited to, the processing and sale of leather products and subproducts, in its own establishments or third parties' establishments; (ii) the purchase, sale, distribution, representation, import and export for food products in general, including beverages, alcoholic or not, and others; (iii) the purchase and sale of live cattle, birds, pigs, fish and lamb; (iv) the supply of manpower together with other companies; (v) the exploration of agricultural activity; (vi) taking interest as a partner of shareholder in any business or civil company; (vii) the distribution and commercialization of food products in general; (viii) the production, distribution and commercialization of soaps, washing preparations, antiseptics, softeners and other cleaning and hygiene products; (ix) the cogeneration, production and commercialization of energy and biodiesel; (x) taking interest in the financial markets, as well as carbon credit market; (xi) the commercialization and production of products derived from vegetables, as well as of all derivatives and succedaneums thereof; feed, canned food and fats; and (xii) the transport of its products and third party's products; as well as other related transactions necessary to accomplish its corporate purposes. For more information regarding its business, see "Business."

Marfrig's unaudited consolidated financial statements as of and for the nine-month periods ended September 30, 2020 and 2019 and audited consolidated financial statements as of and for the years ended December 31, 2019 and 2018 are included elsewhere in this offering memorandum.

Marfrig Global Foods S.A. holds 100% of Marfrig Beef UK Limited and holds 100% of Marfrig Beef International Limited. Marfrig NBM Holdings Limited is held by Marfrig Beef International Limited (73.5%) and by Marfrig Beef UK Limited (26.5%). Marfrig NBM Holdings Limited, in turn, holds: (i) 100% of Beef Holdings Limited, a holding company that consolidates the operations of the businesses in Asia; and (ii) 99% of NBM US Holdings, Inc., which serves as a holding company that consolidates the operations of the National Beef businesses. Marfrig Beef UK Limited is also the holder of 100% of Weston Importers Ltd.

Marfrig Holdings (Europe) B.V.

Marfrig Holdings, a wholly-owned subsidiary of Marfrig, incorporated and existing under the laws of The Netherlands, was incorporated as a private limited liability company on October 8, 2007 and registered with the Trade Register of the Chamber of Commerce under file number 28117368. The registered office of Marfrig Holdings is at Naritaweg 165 Telestone 8, 1043 BW Amsterdam, The Netherlands.

The purposes for which Marfrig Holdings is established are (i) to incorporate, participate in, conduct the management of and take any other financial interest in other companies and enterprises, (ii) to render administrative, technical, financial, economic or managerial services to other companies, persons or enterprises, (iii) to acquire, dispose of, manage and exploit real and personal property, including patents, marks, licenses, permits and other industrial property rights and (iv) to borrow and or lend monies, act as surety or guarantor in any other manner, and bind itself jointly and severally or otherwise in addition to or on behalf of others, the foregoing whether or not in collaboration with third parties, and inclusive of the performance and promotion of all activities which directly and indirectly relate to those objects, all of this in the broadest sense.

Marfrig Holdings' constitutional documents and any other documents referred to in this offering memorandum concerning Marfrig Holdings can be inspected at Marfrig's headquarters in Brazil. The articles of association of Marfrig Holdings have most recently been amended by a deed of amendment, dated December 1, 2016.

Marfrig Holdings' financial information is consolidated into Marfrig's consolidated financial statements.

Marfrig Holdings does not have any subsidiaries or equity participation in any undertaking as from November 30, 2016 and it does not have any substantial assets except for intragroup loans. Marfrig Holdings has to fully rely on the ability of the Company and its operational subsidiaries to generate cash to allow for the repayment of all the existing credit agreements and noteholders. The issued and fully paid up share capital of Marfrig Holdings amounts to a total of €121,863,391, divided into 426,842 common shares, each with a nominal value of €285.50.

The sole managing director of Marfrig Holdings is Trust International Management (T.I.M.) B.V., a private limited liability company incorporated and existing under the laws of The Netherlands, having its corporate seat in Amsterdam, The Netherlands, registered with the Trade Register of the Chamber of Commerce under file number 33160097. In accordance with article 15 of the articles of association of Marfrig Holdings, its board of managing directors has the authority to represent Marfrig Holdings.

Marfrig Overseas Limited

Marfrig Overseas is a wholly-owned subsidiary of Marfrig and was incorporated in the Cayman Islands as an exempted company with limited liability on October 25, 2006 with Registration Number 175913 for an unlimited period. The registered office is at P.O. Box 309, Ugland House, Grand Cayman, KY1 – 1104, Cayman Islands, and its constitutional documents and any other documents concerning Marfrig Overseas which are referred to in this offering memorandum can be inspected at Marfrig's headquarters in Brazil.

According to the laws of the Cayman Islands, in a company limited by shares, the liability of each member in respect of the shares it holds in Marfrig Overseas is limited to the amount from time to time unpaid on such member's shares.

The objects for which Marfrig Overseas is established are restricted to, among other things, borrowing and/or lending monies, acting as surety or guarantor, giving indemnities, supporting or securing the performance of all or any of the obligations jointly and severally or otherwise in addition to or on behalf of others and to enter into such other agreements and documents and taking such other actions which the directors of Marfrig Overseas may consider necessary or desirable in connection with any of the objects for which Marfrig Overseas is established.

Marfrig Overseas shall have full power and authority to carry out any object not prohibited by the Companies Law (2018 Revision) or as the same may be revised from time to time or any other law of the Cayman Islands, as referred in its memorandum of association.

Marfrig Overseas does not have any subsidiaries or equity participation in any undertaking. Marfrig Overseas' authorized share capital is U.S.$50,000, divided into 50,000 shares of U.S.$1.00 par value each. The issued share capital of Marfrig Overseas is one share which has been fully paid up. The board of directors of Marfrig Overseas consists of two directors, Marcos Molina dos Santos and Márcia Aparecida Pascoal Marçal dos Santos. The directors are elected by majority approval of the ordinary shareholders until such time they are removed from office by an ordinary shareholders' resolution or resign from office or otherwise in accordance with the memorandum and articles of association of Marfrig Overseas. The board of directors of Marfrig Overseas was appointed on October 25, 2006. The directors' terms, the manner in which they are elected and other related issues are established in the memorandum of association of Marfrig Overseas.

Marfrig Overseas has not audited or published, and does not propose to audit or publish, any financial statement since it is not required to do so under the laws of the Cayman Islands. Marfrig Overseas does not prepare audited consolidated financial statements.

The financial information contained in this offering memorandum does not include any financial information of Marfrig Overseas.

As of the date of this offering memorandum, Marfrig Overseas has no borrowings or debt in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptance credits, mortgages, charges or guarantees or other contingent liabilities

There has been no change in the capitalization of Marfrig Overseas since the date of its incorporation.

NBM US Holdings, Inc.

NBM is an indirect, wholly-owned subsidiary of Marfrig and was incorporated under the laws of the State of Delaware on April 15, 2018 and registered with the Secretary of State of the State of Delaware. The registered office is at The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County.

NBM's corporate governance documents and any other documents referred to in this offering memorandum concerning NBM can be inspected at Marfrig's headquarters in Brazil. Copies of NBM's bylaws are available during normal business hours at our executive offices.

NBM's financial information is consolidated into Marfrig's consolidated financial statements.

The issued and fully paid up share capital of NBM amounts to a total of U.S.$1.00, divided into 100 common shares, each with a nominal value of U.S.$0.01.

The board of directors of NBM consists of three directors, the directors are appointed by ordinary resolution or by a decision of the directors. The directors' terms, the manner in which they are elected and other related issues are established in the bylaws of NBM US Holdings, Inc.

As of the date of this offering memorandum, each of Marfrig, Marfrig Holdings, Marfrig Overseas and NBM acts either as an issuer or as a guarantor of the following debts of the Marfrig Group:

Debt Instrument	Issuer/Borrower	Guarantors	Principal Amount
7.000% Senior Notes due 2024	MARB BondCo PLC.	(1) Marfrig Global Foods S.A. (2) Marfrig Overseas Limited (3) Marfrig Holdings (Europe) B.V.	U.S.$750,000,000
7.875% Senior Notes due 2025	MARB BondCo PLC.	(1) Marfrig Global Foods S.A. (2) Marfrig Overseas Limited (3) Marfrig Holdings (Europe) B.V.	U.S.$1,000,000,000
7.000% Senior Notes due 2026	NBM US Holdings, Inc.	(1) Marfrig Global Foods S.A. (2) Marfrig Overseas Limited (3) Marfrig Holdings (Europe) B.V. (4) MARB BondCo PLC	U.S.$1,000,000,000
6.625% Senior Notes due 2029	NBM US Holdings, Inc.	(1) Marfrig Global Foods S.A. (2) Marfrig Overseas Limited	U.S.$500,000,000

(3) Marfrig Holdings (Europe) B.V.

(4) MARB BondCo PLC

For more information on the debt described above, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Material Contracts.”

BUSINESS

Introduction

We are a multinational corporation and the world's second largest beef company in terms of production capacity. As of September 30, 2020, we operated 20 slaughter plants and 12 processed food plants across North America and South America. Our activities include the production, processing, sale and distribution of foods made from animal protein, primarily beef, as well as a variety of other food products, such as frozen vegetables, lamb, fish, sauces and desserts.

For the nine-month period ended September 30, 2020, approximately 74% of our revenue came from our North America operations and 26% came from our South America operations. In South America approximately 11% of our revenue originates from sales of processed products such as canned meat, hamburgers and vegetables.

With approximately 32,000 employees, we operate in the food service, retail and wholesale channels, offering innovative, safe and healthy choices. We have a diversified and comprehensive portfolio of products that can be found in major restaurant and supermarket chains and that reach millions of individual customers in approximately 100 countries.

As of September 30, 2020, we had a daily slaughtering capacity of 30,100 head of cattle and 6,500 lambs. Together, this production platform gives us important geographic diversity which mitigates fluctuations in the cattle cycle given the spread of our production over many countries in the Americas as well as the ability to hedge against certain industry risks as well as the ability to hedge against certain industry risks.

On June 5, 2018, we acquired a 51% controlling interest in National Beef from Jefferies and other shareholders for R$3.7 billion. On November 29, 2019, we acquired an additional 31.1715% interest in National Beef for an aggregate consideration of U.S.$970,000,000, bringing our interest from 51% to 81.73%. See note 11.2.3 to our audited consolidated financial statements as of and for the year ended December 31, 2019. On November 30, 2018, we sold to Tyson, for consideration of U.S.$2.4 billion (subject to purchase price adjustments), our entire ownership interest in our subsidiaries that owned and operated the Keystone business unit. See "Risk Factors—Risks Relating to Our Business and Industry—The corporate transactions we engage in may adversely affect us" and "Discontinued Operations."

The strategy behind the purchase of National Beef and the sale of Keystone was to allow us to focus on our core beef business, expand our footprint in North America, the world's largest consumer beef market, and reduce our leverage.

Our business structure comprises two main divisions: North America and South America.

- *North America* — Our North America business consists mainly of National Beef, which is the fourth largest beef processor in the United States. With three beef slaughter plants with a capacity of approximately 13,100 head/day, National Beef represents approximately 14% of the fed steer and heifer beef slaughter capacity in the United States. As of September 30, 2020, the North America business also had a production capacity of approximately 120,000 tons of beef patties per year and one of the largest and most technologically advanced beef patty plants in the United States. The North America business's products are sold domestically in the retail, wholesale, foodservice and processed foods channels, and exported to more than 35 countries. It is the United States' leading exporter of chilled beef, with a focus on the Japanese and South Korean markets. This business also operates a wet blue tannery, a refrigerated and livestock transportation business and an online direct-to-consumer business offering high-quality beef and other gourmet food items for home delivery.
- *South America* — Our South America business is one of the region's leading beef producers, with slaughter capacity of approximately 17,000 head/day. It is recognized for its quality products and as one of South America's main exporters. In Brazil, our business has slaughter capacity of 12,100

animals/day and the capacity to produce 77,000 tons of beef patties per year, with a focus on the retail and foodservice channels. We are the largest producer and exporter of organic beef in the Uruguayan industry. In Argentina, we own two slaughter plants, are the leading producer and seller of beef patties and own one of the region's most valuable and most recognized brands. In Chile, we are the leading beef importer and have a lamb slaughter plant in the Patagonia region.

In the nine-month period ended September 30, 2020, we recorded R$49,215.4 million in net sales and R$8,985.4 million in gross profit, an increase of 42.5% and 108.6%, respectively, compared to R$34,543.2 million in net sales and R$4,308.0 million in gross profit in the nine-month period ended September 30, 2019. In the year ended December 31, 2019, we recorded R$48,761.1 million in net sales and R$6,384.0 million in gross profit, an increase of 64.1% and 66.2%, respectively, compared to R$29,715.2 million in net sales and R$3,842.3 million in gross profit in the year ended December 31, 2018.

In the nine-month period ended September 30, 2020, Adjusted EBITDA amounted to R$7,487.6 million, an increase of 137.5% from R$3,152.5 million in the nine-month period ended September 30, 2019. In the year December 31, 2019, Adjusted EBITDA amounted to R$4,770.7 million, an increase of 83.4% from R$2,600.6 million in the year ended December 31, 2018. In the nine-month period ended September 30, 2020, the Guarantors' Adjusted EBITDA amounted to R$936.8, which represented 12.9% of our Adjusted EBITDA. In the nine-month period ended September 30, 2020, the Guarantors' total assets amounted to R$74,835.9, which represented 195.4% of our total assets.

In the nine-month period ended September 30, 2020, the volume of products sold totaled 2,515.5 thousand tons, an increase of 5.9% in comparison to the 2,375.8 thousand tons sold in the nine-month period ended September 30, 2019. In the year ended December 31, 2019, the volume of products sold totaled 3,255.8 thousand tons, an increase of 37.3% in comparison to the 2,371.0 thousand tons sold in the year ended December 31, 2018.

Our Subsidiaries

The subsidiary and affiliated companies presented in the corporate chart above should be considered within the operational context of the integrated activities of our subsidiaries, exclusive of Discontinued Operations. See "Summary—Corporate Structure."

North America

United States

National Beef

Marfrig Global Foods S.A., one of the guarantors of the notes, holds, directly or indirectly, the following:

- 100% of NBM US Holdings Inc., and NBM US Holdings Inc. holds 81.73% of National Beef.

National Beef holds, directly or indirectly, the following:

- 100% of Kansas City Steak Company, LLC which sells portioned beef and other products directly to customers through online services, direct mail and direct response television.
- 100% of National Carriers, Inc., a wholly-owned transportation and logistics company that is one of the largest refrigerated and livestock carrier operations in the U.S. and transports products for National Beef and a variety of other customers.
- 100% of National Beef Ohio, LLC, previously known as Ohio Beef USA LLC, National Beef Ohio is a hamburger beef plant in North Baltimore, Ohio. It was initially carved out of Keystone prior to Keystone's sale to Tyson and was later sold by the Issuer to National Beef.
- 100% of National Beef aLF, LLC which owns 47.5% of aLF Ventures, LLC, a joint venture formed to market a patented food safety technology process in which activated lactoferrin is used as an

antimicrobial agent for protein food safety purposes. The patented technology was not commercially viable and both aLF Ventures and National Beef aLF have been dormant for over ten years. National Beef aLF's 47.5% equity interest in aLF Ventures is its only asset. Similarly, aLF Ventures's single asset is the commercially unviable activated lactoferrin technology patent, which expired in 2019 and has no market value.

- 100% of National Beef Leathers, LLC, a wet blue leather tannery located in St. Joseph, Missouri. The tannery processes a significant portion of the hides produced by our beef slaughter plants which are then sold to produce leather for the automotive, luxury good, shoe apparel and furniture industries.
- 100% of National Elite Transportation, LLC, a wholly owned subsidiary of National Beef. National Elite provides non-asset based logistics services to truck-load shippers and carriers in the domestic trucking industry.
- 100% of National Beef Japan, Inc., formed to operate our business in Japan. Our Japan office, and National Beef Japan, does not itself conduct sales transactions in Japan and, therefore, does not directly generate sales (or any other) revenues. The office acts as a liaison with customers in the Japanese market, with the actual sales being made by National Beef through its international sales office in Chicago.
- 100% of National Beef Korea, Ltd. was formed to operate our business in the Republic of Korea. This entity was formed for the same reason, and operates in the same manner, as National Beef Japan, Inc.
- 99% of National Beef California, LP, formed to purchase, own and operate a beef processing facility in Brawley, California. The facility was closed in 2014 and sold in 2016. Therefore, National Beef California no longer owns any assets and exists solely to address any contingent liabilities that may arise in the future (we currently are not aware of any such liabilities). National Carriers, Inc. owns the remaining 1% of National Beef California, LP.
- 99% of National Beef de León S. de R.I. de C.V., formed primarily to conduct certain hide sales transactions in Mexico. National Beef Leathers, LLC owns the remaining 1% of National Beef de León.
- 100% of NCI Leasing, Inc., a subsidiary of National Carriers, Inc. It was formed to purchase tractors and trailers and to lease these items to National Carriers drivers who drive as owners/operators. It also purchases tractors and trailers and leases them to National Carriers in a structure that reduces state property tax liabilities.
- 100% of Iowa Premium, LLC, which is headquartered in Tama, Iowa and has a daily processing capacity of 1,100 head of cattle.

PlantPlus Foods

Marfrig Global Foods S.A. holds 70% of PlantPlus Foods LLC.

South America

Brazil, Argentina, Uruguay, the United States, Chile and Europe

Marfrig Global Foods S.A.

Marfrig Global Foods S.A., one of the guarantors of the notes, holds directly or indirectly, the following:

- 100% of Pampeano Alimentos S.A. ("Pampeano") (company based in Brazil) which comprises twenty three cattle slaughter and beef processing facilities, which is also used for slaughtering sheep and for industrialization of beef, tanneries factories which produces cleaning and hygiene products,

feedlot, canned meats and other industrialized products, developing livestock activities comprising the breed, treatment, handling, fatstock, purchase and sale and transportation of cattle, goat, lamb and buffaloes - living and embryos, with nine feedlots, located in the States of São Paulo, Rio Grande do Sul, Goiás, Mato Grosso do Sul, Mato Grosso, Pará, Paraná and Rondônia and the United States.

- 99.96% of Frigorífico Tacuarembó S.A. which holds 12.21% of Indusol S.A., both Frigorífico and Indusol operate cattle and lamb slaughter and beef processing facilities in Uruguay.
- 100% of Inaler S.A., which operates a cattle and lamb slaughter and beef processing facility in Uruguay.
- 100% of Prescott International S.A., which holds 100% of Cledinor S.A. both a beef and lamb packing plant in the city of Salto.
- 100% of Establecimientos Colonia S.A., which operates a beef packing plant in the city of Colonia and operates a feedlot in Rio Negro.
- 99.50% of Marfrig Chile S.A., which operates a meat deboning and trading facility, both in the Chilean market which holds 100% of Frigorífico Patagonia S.A. (Chile), which operates a lamb packing plant in Patagonia. Marcos Molina owns 0.25% and Marcia Pascoal Marçal owns the remaining 0.25% of Marfrig Chile.
- 99.76% of Marfrig Peru S.A.C., a trading company organized in Peru, but which ended operations on March 31, 2019. Marcos Molina owns the remaining 0.24%.
- 100% of Marfrig Holdings (Europe) B.V., a finance company established for the purpose of (i) incorporating, participating in, or taking any other financial interests in other companies and enterprises; and (ii) borrowing and/or lending monies, acting as surety or guarantor in any other manner, and binding itself jointly and severally or otherwise in addition to or on behalf of others, the foregoing whether or not in collaboration with third parties, and inclusive of the performance and promotion of all activities which directly and indirectly relate to those objects, all of this in the broadest sense.
- 100% of Marfrig Overseas Limited, a finance company for the purpose of engaging in any financing transactions involving us or our subsidiaries and engaging in or carrying out any other activity of any nature.
- 100% of Masplen Ltd., a holding company which holds 99.99% of Pampeano.
- 99.95% of Marfrig Argentina S.A., which holds 99.97% of Estancias del Sur S.A. Mr. Molina holds the remaining 0.05% of Marfrig Argentina. Marfrig Global Foods holds the remaining 0.03% of Estancias del Sur.
- 100% of MFG Holdings SAU, a holding company which holds 90% of Quickfood. The company operates three plants with combined monthly production capacity of 6,000 tons of processed products. Quickfood owns some of the most recognized brands in the Argentina market, such as Paty beef patties and Vieníssima hot dogs, the latter being the leader in its industry segment.
- 100% of Abilun S.A. which holds 60% of Dicasold S.A. a company that works in retail and food service import and distribution operations.
- 99.99% of Marfrig Comercializadora de Energia Ltda., a Brazilian company that purchases and provides energy to Marfrig Global Foods S.A. and its subsidiaries in Brazil. Marcos Molina owns the remaining .01%.
- 100% of Marfrig Beef International Limited, a holding company organized in England and Wales.
- 100% of Marfrig Beef (UK) Limited which holds 100% of Weston Importers Limited which holds 100% of the Issuer, MBC Bondco Limited and Marfrig China.

- 100% of Marfrig NBM Holdings Limited which holds 100% of Beef Holdings Limited ("Beef Holdings"), which holds 45% of China National Cereals, Oils and Foodstuffs Corporation ("COFCO") – Keystone Supply Chain (H.Kong) Investment Limited, which holds 100% of COFCO – Keystone Supply Chain (China) Investment Limited, which holds 100% of COFCO – Keystone Supply Chain Logistics. Both COFCO – Keystone Supply Chain (H.Kong) Investment Limited and COFCO – Keystone Supply Chain (China) Investment Limited are joint ventures that were established on April 15, 2011 with the objective of developing food logistics and distribution services for the Chinese market.
- 100% of MF Foods USA LLC is a Delaware limited liability company that works with the canned beef import and distribution business and the beef jerky business.
- 99% of Las Ánimas S.A., a company in Paraguay created to explore investment opportunities;
- 95% of Campo del Tesoro; MFG Holdings SAU owns the remaining 5%.

Marfrig

We are a Brazilian publicly held corporation (*sociedade por ações*), founded in 2000 with an undetermined term and headquartered at Avenida Queiroz Filho, 1560 – Block 5, 3rd Floor, Room 301, São Paulo, SP, 05319-000, Brazil. We were registered at CVM on June 18, 2007. Our corporate purposes are (i) to explore cold storage activities, the slaughter of cattle, pigs, lamb, poultry, fish and the processing and sale of animal products and subproducts, consumable or not, including, but not limited to, the processing and sale of leather products and subproducts, in our own establishments or third parties' establishments; (ii) the purchase, sale, distribution, representation, import and export of food products in general, including beverages, alcoholic or not, and others; (iii) purchase and sale of live cattle, poultry, pigs, fish and lamb; (iv) supply of manpower together with other companies; (v) exploration of agricultural activity; (vi) interest as a partner of shareholder in any business or civil company; (vii) distribution and commercialization of food products in general; (viii) production, distribution and commercialization of soaps, washing preparations, antiseptics, softeners and other cleaning and hygiene products; (ix) cogeneration, production and commercialization of energy and biodiesel; (x) interest in the financial market, as well as carbon credit market; (xi) commercialization and production of products derived from vegetables, as well as of all derivatives and succedaneums thereof; feed, canned food and fats; and (xii) transport of our products and third party's products; representations and other related transactions necessary to accomplish our corporate purposes.

History of Organic Growth, Acquisitions and Disposals

The following summarizes our organic growth as well as key acquisitions and disposals.

- In 1986, at the age of 16, Mr. Marcos Antonio Molina dos Santos opened his first protein distribution business.
- In 1998 Mr. Molina opened his first distribution center in the city of Santo André, state of São Paulo.
- In 2000, our founding shareholders established Marfrig Frigoríficos e Comércio de Alimentos Ltda., which would later be transformed into Marfrig Global Foods S.A., and we leased our first slaughterhouse and processing plant (which we later acquired) in the city of Bataguassu, state of Mato Grosso do Sul.
- From 2001 to 2007, we focused on increasing our capacity and regional diversification throughout Brazil, Argentina and Uruguay through the acquisition of many plants and over 22 companies.
- On June 29, 2007, we completed our initial public offering, listing on the São Paulo Stock Exchange.
- From 2008-2011, we acquired an additional 21 companies. We made various investments and acquisitions during this time, the most significant of which are detailed below:

- On April 15, 2008, we acquired DaGranja Agroindustrial Ltda. ("DaGranja"), a large poultry and pork producer.
- On November 3, 2008, we completed the acquisition of the companies of the Moy Park group in England, Northern Ireland, France and The Netherlands.
- On January 4, 2010, we purchased the Seara business from Cargill for R$1,500.2 million.
- On January 22, 2010, we completed the acquisition of Zenda a producer of semi-finished, finished and cut leather.
- On August 3, 2010, we completed the acquisition of O'Kane Poultry Ltd., located in Ballymena, Northern Ireland.
- On October 1, 2010, we purchased the Keystone businesses for R$1,821.9 million.
- On April 11, 2011, we formed two joint ventures in China: the first, with Cofco Ltd. ("COFCO"), China's largest food producer, and the second, with Chinwhiz Agribusiness Co., Ltd. ("Chinwhiz"), a private company located in Weifang in the province of Shandong, respectively.

- On April 30, 2012, the Company sold its specialized fast-food distribution, logistics and global freight management businesses in the United States, Europe, Asia and Oceania to The Martin-Brower Company, LLC for a total amount of U.S.$400.4 million.
- On June 11, 2012, the Company and BRF S.A. ("BRF") closed an asset swap transaction pursuant to which the Company received Athena Alimentos S.A. and BRF received Quickfood and certain other assets.
- On September 30, 2013, we sold the Seara business and the Zenda business to JBS for aggregate consideration of R$5.85 billion. The sale of the Zenda Business closed on June 30, 2013 and the sale of the Seara Business closed on September 30, 2013.
- On September 28, 2015, we sold to JBS, for consideration of U.S.$1.21 billion, our entire ownership interest in our subsidiaries that own and operate the Moy Park business unit.
- In the first quarter of 2016, we sold certain Beef operations consisting of: (i) four operational units of our Marfrig Argentina S.A. subsidiary for consideration of U.S.$75.0 million; (ii) the beef jerky business of our Marfood subsidiary for consideration of U.S.$3.1 million; and (iii) our ownership interest in MFG Agropecuária Ltda. for consideration of R$95.0 million.
- On June 5, 2018, we purchased a 51% controlling interest in National Beef from Jefferies and other shareholders for U.S.$969 million.
- On November 30, 2018, we sold the Keystone business to Tyson for U.S.$2.4 billion, and the amount received by Marfrig after contractual adjustments, such as the exclusion of Keystone's net debt, was U.S.$1.4 billion, which remains subject to purchase price adjustments.
- On January 3, 2019, we acquired 91.89% of Quickfood for U.S.$54.9 million.
- On January 24, 2019, we concluded the takeover of the Várzea Grande operation in the State of Mato Grosso and entered into a supply partnership with BRF S.A. for R$100 million.
- On February 28, 2019, NBM US Holdings, Inc. sold all of the membership interests of Ohio Beef USA LLC to National Beef for U.S.$60 million. Ohio Beef USA LLC changed its name to National Beef Ohio, LLC.
- On March 11, 2019, NBM US Holdings, Inc., together with the other members of National Beef, entered into a Membership Interest Purchase Agreement with Sysco Holdings, LLC for the acquisition of all of the membership interests of Iowa Premium, LLC for an aggregate purchase

price of U.S.$150 million. The transaction closed on June 10, 2019. Immediately upon closing, the buyers contributed their interests in Iowa Premium, LLC to National Beef.

- On November 17, 2019, NBM US Holdings, Inc. entered into a Membership Interest Purchase Agreement with Jefferies Financial Group Inc. for the purchase of 5,395.17 shares representing 31.1715% of the capital stock of National Beef Packing Company, LLC for an amount in cash equal to U.S.$860,000,000, plus all applicable accrued but unpaid distributions in the amount of U.S.$110,000,000, which amounted to an aggregate consideration of U.S.$970,000,000. With this purchase, our interest in National Beef increased from 51% to 81.73%. This transaction closed on November 29, 2019.
- On October 5, 2020 we entered into an agreement with the shareholders of Campo del Tesoro in Argentina, for the acquisition of 100% of the shares of the Company.
- On October 13, 2020 we purchased Las Ànimas, a company in Paraguay.
- On October 26, 2020, we formally established and launched PlantPlus Foods LLC, a joint venture with ADM, which will offer a wide range of finished plant-based food products across North and South America. We own 70% of the venture and ADM owns the remaining 30%.

Ratings Changes

On August 23, 2018, we announced that the credit rating agency Standard & Poor's Global Ratings ("S&P") raised our global scale corporate credit rating from "B+" to "BB-," with a stable outlook, in light of the improvement of our leverage profile following the National Beef acquisition and the announced divestment of the Keystone Foods business unit. Our national scale corporate credit rating was also upgraded by S&P to "brAA+."

On September 22, 2020, we announced that the credit rating agency Fitch Ratings, Inc. ("Fitch") confirmed our global scale corporate credit of "BB" with a stable outlook. This rating confirmation highlighted the National Beef acquisition and Keystone divestment transactions as positive.

As of November 23, 2020, the credit rating agency Moody's Investors Service rated our outlook as stable with a long-term debt rating of "Ba3."

Geographic Presence

As of September 30, 2020, we believe we were the world's second largest beef producer with 20 slaughter plants in operation, and the largest beef patty producer worldwide with 12 processed food plants in operation. Our primary plants are located in the following regions:

- Three beef slaughter plants in North America with an aggregate processing capacity of approximately 13,100 head per day.
- 17 beef and lamb slaughter plants in South America with an aggregate processing capacity of 17,000 head per day, with 12,100 head per day in Brazil, 3,700 head per day in Uruguay and 1,200 head per day in Argentina.

Our processed food plants are located in the following regions:

- Five processed food plants in North America with an aggregate processing capacity of 204,000 tons of beef patties per year, in addition to producing case-ready beef and pork, cut steaks and wet blue leather.
- Seven processed food plants in South America with an aggregate processing capacity of 227,000 tons per year (143,000 tons per year in Brazil, 12,000 tons per year in Uruguay and 72,000 tons per year in Argentina)

In addition, we have 10 distribution centers and sales offices in South America, Europe and Asia. In Chile, we believe we are the country's leading beef importer.

Description of Our Business Units

Since the consummation of the sale of Keystone and the National Beef acquisition, our organizational structure has been organized along two major business units: North America and South America.

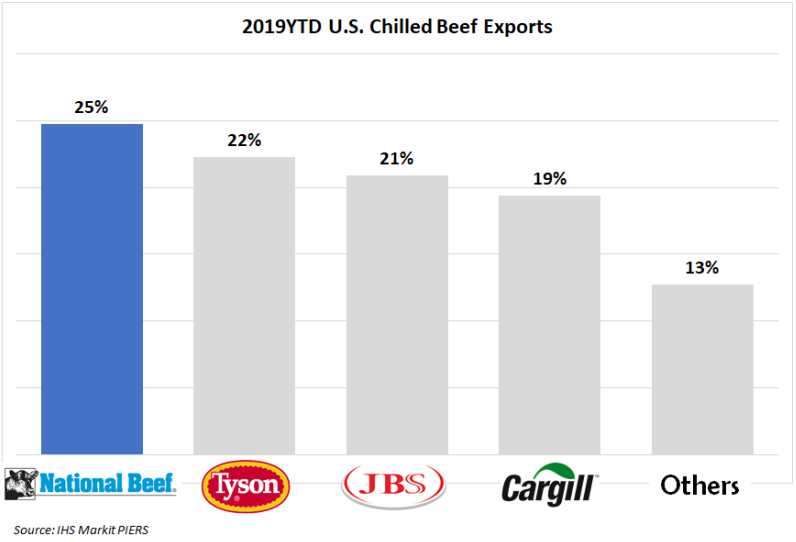
North America

In June 2018, we completed the National Beef acquisition. As a result of this acquisition, we are now the world's second largest beef producer in terms of production capacity. Our North America business consists mainly of National Beef, which is the fourth largest beef processor in the United States. Based in Kansas City, Missouri, our operations in North America generated total revenues of R$36,255.0 million in the nine-month period ended September 30, 2020, and R$33,951.0 million in the year ended December 31, 2019.

As the fourth largest beef processor in the United States, National Beef has three beef slaughter plants with a capacity of approximately 13,100 head/day. National Beef represents approximately 14% of the federally-inspected fed steer and heifer slaughter capacity of the United States' 123,000. The North America business's products are sold domestically in the retail, wholesale, foodservice and processed foods channels, and exported to more than 35 countries. It is the United States' leading exporter of chilled beef, with a focus on the Japanese and South Korean markets. This business also operates a wet blue tannery, a refrigerated and livestock transportation business and an online direct-to-consumer business offering high-quality beef and other gourmet food items for home delivery.

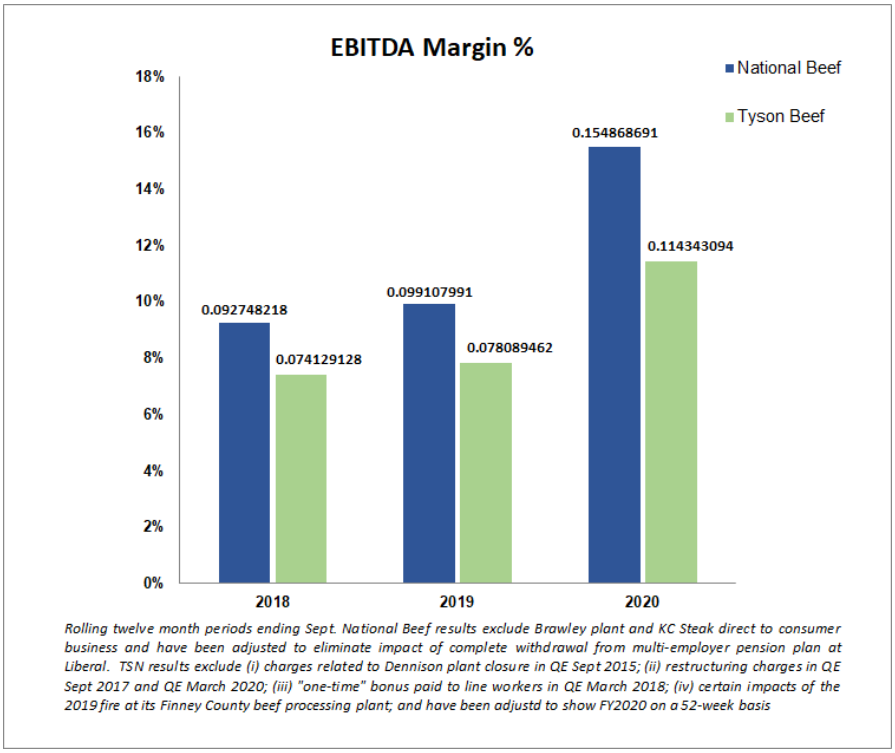
North America Highlights

We are a leader in higher value-added products and operating efficiency in North America, which results in increased profitability and makes us a leader in the chilled meats export segment, as shown in the graphs below.



Note:—

(1) Figures are as of December 18, 2020.



In addition, our slaughtering plants in Kansas have a slaughtering capacity of approximately 6,000 head/day at each plant.

South America

Our South American business is one of the region's leading beef producers, with a slaughter capacity of approximately 17,000 head/day. It is recognized for its quality products and as one of South America's main exporters. In Brazil, our business has a slaughter capacity of 12,100 animals/day and the capacity to produce 77,000 tons of beef patties per year, with a focus on the retail and foodservice channels. We are the largest producer and exporter of organic beef in the Uruguayan industry. In Argentina, we own two slaughter plants, are the leading producer and seller of beef patties and own two of the region's most valuable and most recognized brands. In Chile, we are the leading beef importer and have a lamb slaughter plant in the Patagonia region.

Brazil

We have 11 operating cattle slaughterhouses in Brazil as of the date of this offering memorandum, distributed throughout seven states (Rio Grande do Sul, São Paulo, Goiás, Mato Grosso do Sul, Mato Grosso, Pará and Rondônia). We have a total operating authorized slaughter capacity in Brazil of 12,100 head of cattle per day. We also have a production capacity of 143,000 metric tons of industrialized and processed products a year in three different plants. Our plants are capable of producing frozen cooked beef, meat in portions, canned meats, ready-made meals, beef jerky and animal pet food. Approximately 29% of the products processed in Brazil are exported, while 71% are sold in the domestic market.

Our plants are strategically located close to cattle suppliers and near the largest consumer markets and export channels. This geographic diversity is important in mitigating the risks related to restrictions and trade barriers imposed by importing countries.

We believe we are recognized for our high quality and recognizable brands, which include Bassi, Montana, GJ and Pampeano.

We believe we are one of the leaders in the food service segment, with a diverse portfolio of products. We believe we are one of the leaders in importing and distributing premium beef cuts and other food products (lamb cuts, premium beef cuts (such as rump cover steak, ancho steak, chorizo steak), salmon and fish, etc.) to retailers, as well as being one of the largest distributors of pre-cooked, frozen potatoes. We supply a variety of products, with a strong presence in the states of São Paulo and Rio de Janeiro and in the South and Northeast of Brazil. Our customer base in this business unit includes restaurants and fast food chains.

Uruguay

We began diversifying geographically in 2006 in Uruguay, when we acquired Tacuarembó, which produces frozen cooked beef, beef jerky, bresaola (a product made for the Italian community in the United States and also in Italy) and organic meat (a certified product produced to meet demand mainly from the United States). Also, in 2006, we strengthened this business unit with the acquisition of Inaler to begin our Uruguayan lamb operations.

Our expansion continued in 2007 with the acquisitions of the La Caballada, a refrigerated warehouse, for the slaughter of cattle and lamb, and Colonia, with the Paty brand. In 2008, we began producing canned industrialized products and beef jerky in a new unit leased from Fray Bentos in Uruguay. Approximately 30% of the products processed in Uruguay are exported, while 70% are sold in the domestic market.

The Uruguayan operation has four facilities in Uruguay. The slaughtering capacity of our Uruguayan operation is 3,700 head of cattle per day and the industrialization capacity is 2,063 metric tons a year.

The excellent sanitary conditions in Uruguay give the country, and consequently us, the status of a producer that is able to export fresh meat from South America to practically every location around the world.

Our main brands in Uruguay are Tacuarembó, Viva and Bernina.

Argentina

With a focus on higher value-added products, in December 2018 we announced our decision to acquire a controlling interest in Quickfood, a leading producer of beef-based foods in Argentina and owner of Paty, a leading brand in the local beef patty market and with 100% of its products sold in the domestic market.

Among South America's largest countries, Argentina recorded the highest percentage growth in processing volume in 2018 according to the Ministry of Agriculture, with 13.4 million head slaughtered a year.

The Argentine operation has two processing facilities. The slaughtering capacity in our Argentine operation is 1,200 head of cattle per day and the industrialization capacity is 72,000 metric tons a year across two processing facilities.

In the nine-month period ended September 30, 2020, Argentina recorded a volume of 10.3 million head slaughtered per year, an increase of 1.8% compared to the same period in 2019 due to higher volume of exports given the new global protein market and devaluation of the peso.

Chile

We are the leading beef importer in Chile and have a lamb slaughter plant in the Patagonia region. Our Chilean subsidiary, Marfrig Chile S.A., acquired a 97.82% interest in the Patagonia S.A. refrigerator, located in Comuna Porvenir, Tierra del Fuego, Chile.

Raw Materials

North America

Cattle

The primary raw material for the beef slaughter plants is live fed cattle. Live cattle prices change daily based on supply and demand for beef and other proteins, cattle inventory levels, weather and other factors. Our three beef slaughter plants in North America are located in Dodge City and Liberal, Kansas and Tama, Iowa and are nearby to a significant portion of the U.S. supply of fed cattle. The proximity of our operation to large cattle suppliers allows us to visit feedlots regularly and develop strong relationships with our cattle suppliers.

We are party to a long-term cattle supply agreement with U.S. Premium Beef, LLC ("USPB"), a producers' association that owns a minority interest in National Beef. Under this supply agreement we have agreed to purchase from the members of USPB, and USPB has agreed to cause its members to deliver 735,385 head of cattle each year (subject to adjustment) at prices based on those published by the U.S. Department of Agriculture, subject to adjustments for cattle performance.

The supply agreement is in effect through June 10, 2024 and is automatically renewable for successive five-year periods unless otherwise terminated. In the nine-month period ended September 30, 2020 and the years ended December 31, 2019 and 2018, we purchased approximately 24%, 24% and 25%, respectively, of the total cattle we processed from USPB members pursuant to the cattle supply agreement.

South America

Cattle

We only purchase cattle for slaughter in South America. Except for our activities in our termination feedlots (a feedlot is used for fattening cattle in the last three or four months before slaughter), we do not raise cattle. We purchase cattle from cattle ranchers in Brazil, Argentina and Uruguay. Cattle is then transported in a combination of proprietary and third-party trucks to our plants, where they are slaughtered, deboned, processed and industrialized. We purchase cattle from ranchers located within a radius of up to 300 km of our slaughtering facilities to minimize transportation costs and to improve meat quality by reducing stress on cattle.

Our cattle purchasers are located throughout the principal cattle producing areas in South America. These purchasers visit ranches and buy cattle on the open spot market. They are trained to select high-quality, disease-free animals, and their performance is regularly monitored by us. We purchase cattle only from select, registered producers based on a rigorous animal selection process. Our cattle suppliers are required to document the quality of their operations and verify that their use of antibiotics and agricultural chemicals follows the respective manufacturer's standards.

Cattle purchases are paid within a 30-day period from delivery, or with cash upon delivery with a discount of up to 1.5% on the price, depending on market conditions at the time of purchase. Our strategy is to lower our purchase costs by favoring purchases made with cash as long as the discount is financially attractive to us. In line with industry practice, we do not enter into long-term arrangements for the purchase of cattle. Historically, cattle prices have been subject to substantial fluctuations. Cattle supplies and prices are affected by factors such as land prices, weather and farmers' access to capital. Supply is also affected by cycles, when there is a high rate of the slaughtering of cows causing a fall in the supply of calves in the next period. During these periods there is a tendency for cattle prices to increase, and when the cattle restocking process begins until the equilibrium returns to normal.

We also carry out feedlot of termination activities in South America. During this operation, the cattle is bought thin, approximately three months before it is slaughtered. The animal is kept confined for approximately three months and fed to reach its fit-for-slaughter weight. The feedlots provide a greater supply

of cattle and improved price control during drought periods when pasture lands dry up, which reduces the supply of cattle of a weight fit for slaughter.

Moreover, we acquire cattle carcasses from third parties. In this operation, cattle are slaughtered by a third party and we acquire only the animal carcass. The decision to acquire carcasses from third parties is essentially a financial-economic decision that we make when it is the most profitable option.

We believe we are able to pass on increased cattle prices to the end consumer in each of our markets because our beef product prices tend to mirror cattle prices.

Lamb

We do not raise lamb at our properties. We acquire lamb used in our products from third parties. Lamb are usually slaughtered between October and March. We produce fresh and industrialized lamb for sale domestically and on the export markets.

Production Facilities

As of September 30, 2020, we believe we were the world's second largest beef producer with 20 slaughter plants in operation and the largest beef patty producer worldwide with 12 processed food plants in operation. Our primary plants are located in the following regions:

- Three beef slaughter plants in North America with an aggregate processing capacity of approximately 13,100 head per day.
- 17 beef and lamb slaughter plants in South America with an aggregate processing capacity of 17,000 head per day in Brazil, 3,700 head per day in Uruguay and 1,200 head per day in Argentina.

Our processed food plants are located in the following regions:

- Five processed food plants in North America with an aggregate processing capacity of 204,000 tons of beef patties per year, in addition to producing case-ready beef and pork, cut steaks and wet blue leather.
- Seven processed food plants in South America with an aggregate processing capacity of 227,000 tons per year (143,000 tons per year in Brazil, 12,000 tons per year in Uruguay and 72,000 tons per year in Argentina).

In addition, we have 10 distribution centers and sales offices in South America, Europe and Asia. In Chile, we believe we are the country's leading beef importer.

Our processing plants use modern equipment and can customize the processing and packaging of our products. We also customize the production and packaging of products for several large domestic and international customers. The design of our facilities emphasizes work safety to ensure compliance with all regulations and to reduce work-related injuries. Our processing plants are also designed to reduce waste and dispose of waste materials in accordance with applicable environmental standards.

Our entire animal protein production is subject to controls on animal husbandry and food safety procedures. Our processing plants operate under strict food safety rules and quality assurance requirements to comply with domestic and international customer requirements and U.S., Brazilian and foreign governmental safety standards. We maintain rigorous quality control measures at each stage of our production process and are committed to the humane treatment and slaughter of animals.

The table below shows the operational production capacity for our business as of September 30, 2020 and as of December 31, 2019 and 2018:

	As of September 30,	As of December 31,	
	2020	2019	2018
Cattle[(1)]	30,100	31,200	33,490
Lamb[(1)]	6,500	6,500	6,500

Note:—

(1) Slaughtering capacity in head per day.

North America

We own three beef slaughter facilities located in Liberal and Dodge City, Kansas and Tama, Iowa, which can process an aggregate of approximately 13,100 cattle per day. We have three consumer-ready processing facilities in Hummels Wharf, Pennsylvania, Moultrie, Georgia and Kansas City, Kansas, a direct-to-consumer warehouse and fulfillment facility in Kansas City, Kansas and a beef patty manufacturing facility in North Baltimore, Ohio. Our wet blue tanning facility is in St. Joseph, Missouri. See "Business—History of Organic Growth, Acquisitions and Disposals" for more information on the Iowa Premium acquisition.

South America

Cattle

We are one of the region's leading beef producers in South America, with a slaughter capacity of approximately 17,000 head per day. We are recognized for the quality of our products in both local and international markets, and we are one of the main exporters in the region. We are one of the largest beef processors in Brazil, with a slaughter capacity of approximately 12,100 animals per day and capacity to produce 77,000 tons of beef patties per year. Focused on the retail and foodservice business in the local market, our clients include major restaurant and steakhouse chains. In Uruguay, we are the industry's largest company and have distinguished ourselves by the production and commercialization of organic beef, particularly for export. In Argentina, in addition to having two slaughter plants, we are the leading producer and seller of beef patties. In Chile, we believe we are the country's leading beef importer and have a lamb slaughter plant in the Patagonia region.

We believe that this geographical diversity helps to limit the adverse impact on our revenue stream caused by import restrictions imposed by countries as a result of outbreaks of diseases or trade barriers.

The processing plants are designed to perform the full range of activities related to our fresh meat products: slaughtering, deboning, preparation of traditional, premium and exports cuts, packaging and shipping, either to our distribution centers or directly to customers. In addition, our processing plants are capable of producing frozen cooked beef, beef in portions, canned meats, ready-made meals and beef jerky.

The processing plants also permit the removal of cattle hides, which are then sold to local tanneries.

The table below set forth the growth of our cattle slaughtering capacity from 2013 through September 30, 2020, taking into account our plants in Brazil, Uruguay and Argentina:

	As of September 30,	As of December 31,						
	2020	2019	2018	2017	2016	2015	2014	2013
	Slaughtering Capacity – Head per Day[(1)]							
Brazil	12,100	13,200	16,320	15,820	10,970	10,470	14,706	15,086
Uruguay	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,450
Argentina	1,200	1,200	1,470	1,550	850	850	750	750
Total	**17,000**	**18,100**	**21,490**	**21,070**	**15,520**	**15,520**	**19,156**	**19,286**

Source: Internal data from Marfrig.

Note:—

(1) We calculate production capacity based on the authorized capacity of our plants in operation.

The production capacity of our plants results from slaughter capacity, deboning capacity, storage capacity and the availability of trained workers. Typically, a plant can have its output increased not only by having its deboning capacity increased but also by increasing slaughter capacity, buying carcasses from third parties and adding workforce.

Our beef production process follows the MAPA monitoring system requirements. This system allows for the tracking of cattle from their birth to their slaughter. In addition, MAPA has established regulations to closely monitor each step of the production process and to ensure that all cattle are vaccinated and inspected by a veterinarian prior to being shipped for slaughter. According to Brazilian law, we must have inspectors from MAPA on site in each of our plants on a permanent basis. These inspectors are responsible for determining the minimum required sanitary conditions, including those related to the traceability of the meat and the sealing of containers at the plant in order to expedite export procedures at the ports. All of our plants are authorized by MAPA to export. Our plants located in Promissão, Bataguassu, Tangará da Serra, Paranatinga and Mineiros, also have European Union sanitation certificates allowing us to export to members of the European Union. The Promissão plant, located in the state of São Paulo, is also authorized to export frozen cooked beef to the United States, Canada and Japan, countries that do not impose these restrictions. We also have four plants authorized to export fresh beef to the United States, located in the cities of Paranatinga, Promissão, Bataguassu and São Gabriel.

All plants have boilers to generate steam and supply the hot water that is required for our production. The boilers do not produce electricity, but they reduce our consumption. We intend to install electricity generators that consume gases from by-products of our production in all of our plants, which would reduce our dependence on local electricity distributors.

In addition to fresh and processed beef meat that we produce for sale to domestic and export markets, we use every other part of the animal. The products we sell include:

Product	Purpose
Tallow (fat)	Tanning; chemical, cosmetic and pharmaceutical industries; feed
Meal (meat or bone)	Mineral salt, feed
Offal	Cosmetics, footwear and food industries
Hide and horns	Grinding, chemical and artisanal industries
Tripe	Sausage, sporting and surgical product industries
Blood	Pharmaceutical industry, feed, bio digester

Lamb

As of September 30, 2020, we had an operating slaughter capacity of 6,500 head of lamb per day in one slaughterhouse in Chile. Our processing plant is located in Chile's Patagonia, a lamb producing region. The plant is designed for breeding, slaughtering, deboning, preparation of cuts, packaging and transportation to our distribution centers or directly to our customers.

Customers

North America

As of September 30, 2020, we have approximately 800 customers (excluding the thousands of direct-to-consumer customers of our Kansas City Steak Business). This diversification enables us to reduce market risks by selling our products to different niches and by quickly shifting the allocation of our production in case of sanitary or economic restrictions in any particular market.

In the nine-month period ended September 30, 2020, we sold our products to wholesale and food service customers in the United States and exported to approximately 33 other countries. In the nine-month period ended September 30, 2020, our 10 largest export customers accounted for approximately 95.5% of our export sales, or approximately 10.5% of our total net sales. We do not have any export customers that individually represent more than 5.5% of our total net sales. In the nine-month period ended September 30, 2020, our 10 largest domestic customers accounted for approximately 46.8% of our domestic sales, or approximately 41.7% of our total net sales. We did not have any domestic customer that individually represented more than 6.5% of our net sales in the nine-month period ended September 30, 2020.

In the year ended December 31, 2019, we sold our products to wholesale and food service customers in the United States and exported to approximately 35 other countries. In the year ended December 31, 2019, our 10 largest export customers accounted for approximately 97.2% of our export sales, or approximately 12.6% of our total net sales. We do not have any export customers that individually represent more than 6.2% of our total net sales. In the year ended December 31, 2019, our 10 largest domestic customers accounted for approximately 43.0% of our domestic sales, or approximately 37.4% of our total net sales. We did not have any domestic customer that individually represented more than 5.5% of our net sales in the year ended December 31, 2019.

South America

As of September 30, 2020, we had a diversified pool of customers which enables us to reduce market risks by selling our products to different niches and by quickly shifting the allocation of our production in case of sanitary or economic restrictions in any particular market.

In the nine-month period ended September 30, 2020, we sold our products to wholesale and food service customers in Brazil and exported to approximately 76 other countries. In the nine-month period ended September 30, 2020, our 10 largest export customers accounted for approximately 22.1% of our export sales, or approximately 14.0% of our total net sales. We do not have any export customers that individually represent more than 2.9% of our total net sales. In the nine-month period ended September 30, 2020, our 10 largest domestic customers accounted for approximately 20.3% of our domestic sales, or approximately 7.5% of our total net sales. We did not have any domestic customer that individually represented more than 2.1% of our net sales in the nine-month period ended September 30, 2020.

In the year ended December 31, 2019, we sold our products to wholesale and food service customers in Brazil and exported to approximately 82 other countries. In the year ended December 31, 2019, our 10 largest export customers accounted for approximately 19.9% of our export sales, or approximately 10.6% of our total net sales. We do not have any export customers that individually represent more than 1.9% of our total net sales. In the year ended December 31, 2019, our 10 largest domestic customers accounted for approximately

16.0% of our domestic sales, or approximately 7.5% of our total net sales. We did not have any domestic customer that individually represented more than 1.7% of our net sales in the year ended December 31, 2019.

We currently balance our domestic market sales against export sales for both our North and South America segments in order to maintain the flexibility that protects us against adverse external conditions, including sanitary restrictions and potential commercial barriers.

Seasonality

For North America, demand for beef is generally greatest in the spring and summer months due to ample cattle availability and generally decreases during the winter months. In South America, generally the first quarter is the weakest quarter, while the third and fourth quarters are the strongest quarters because of the relative demand in these quarters for our products.

Our export markets as a whole are not materially affected by seasonality, in part because seasonality varies across our export markets. However, net sales in specific export markets sometimes vary according to the season.

In general terms, we see the following seasonal variations:

Cattle

In countries where cattle are raised extensively, such as in Brazil, Argentina and Uruguay, the seasonal period is usually connected with climatic conditions. During the dry months, there is normally a decrease in the supply of cattle for slaughter because of the reduced pasture area. This decrease has been partially offset by using cattle fattened in feedlots of termination. Although there is seasonality in our purchase of raw material, this does not have a material effect on our sales.

In North America, the beef cattle production cycle is primarily driven by beef cowherds that are raised extensively on grass pastures. Calves are typically weaned at 6-8 months of age and are then backgrounded on forage-based diets for several months before being moved to feedyards where they are fed a grain-based diet for approximately 180 days prior to slaughter. The supply of slaughter-ready cattle typically peaks in the early summer in conjunction with peak domestic demand for beef.

Lamb

Lamb slaughter is typically seasonal in Uruguay and Chile, where it takes place in the warmer months of the year, from October through March. During the colder months of April through September, the pasture area is reduced and there is no slaughter.

Marketing

As one of the world's largest food companies, our sales strategies are aimed at leveraging our leadership in the food service and small and medium retail segments through the offering of innovative, safe and healthy food products, high-quality service and the production of premium products.

Our North America and South America business divisions also develop customized strategies to meet the demands of their specific markets.

North America

In North America, we market our products to national and regional retailers, including supermarket chains, independent grocers, club stores, wholesalers and distributors, food service providers and further processors. In addition, we sell beef by-products to the medical, feed processing, fertilizer and pet food industries. We export products to more than 35 countries. In the nine-month period ended September 30, 2020 and the year ended December 31, 2019, export sales represented approximately 10.8% and 12.9% of revenues,

respectively. The demand for beef is generally greatest in the spring and summer months and generally decreases during the winter months.

We emphasize the sale of higher-margin, value-added products, which include branded boxed beef, consumer-ready beef and pork, portion control beef and wet blue hides. We believe our value-added products can command higher prices than commodity products because of our ability to consistently meet product specifications, based on quality, trim, weight, size, breed or other factors, tailored to the needs of our customers. In addition to the value-added brands we own, we license the use of Certified Angus Beef®, a registered trademark of Certified Angus Beef LLC, and Certified Hereford Beef®, a registered trademark of Certified Hereford Beef LLC.

South America

In South America, our products are sold in Brazil through retail, including supermarket chains, wholesale and food service channels, and are also exported to various markets. Additionally, in Brazil we pioneered a web platform where customers can purchase our entire product line at any time. Customers of our food service segment and small retail customers can directly purchase all of our products securely and can pay by credit card.

Brazil's food service industry has been registering annual growth rates in the double digits. To meet this growth, the marketing strategy of our Beef business unit focuses on developing comprehensive solutions for corporate clients that involve offerings of special beef cuts from different breeds to the distribution of complementary products, such as frozen vegetables and fish, under a one-stop-shop sales model.

Recognized worldwide for the premium quality of our products and as a reference in sustainable development for our comprehensive and integrated production and livestock-sourcing management systems, our marketing strategy is also based on attributing greater value to our products by improving the sustainability of our operations, an aspect that we believe is becoming increasingly important to consumers worldwide.

This strategy has led our Beef business to become the world's first beef and leather producer to have a production unit certified by Rainforest Alliance Certified for the production of food and products.

We also produce certified organic beef in Uruguay and work in partnership with producers of special beef cattle breeds, such as Angus and Hereford, to promote and disseminate the production and consumption of premium quality beef.

With strategies that also target growth through the retail channel and private label brands, Beef develops special product lines under the brands Bassi, which targets the gourmet segment, and Montana, which specializes in meats for grilling.

Information Technology

North America

The Information Technology procedures implemented in North America are consistent with our company-wide strategy for innovating value-added technologies, maintaining competitive cost structures and taking care of our customers. We deliver value through integrating commercially-based software with internally developed systems to measure and manage critical areas. These solutions are balanced though a layered information security approach that utilizes automated systems, distributed polices and oversight throughout the organization.

South America

In 2007 we implemented an Enterprise Resource Planning software system that gives us better internal controls and improves our decision-making capacity. More recently we have implemented distribution planning software that optimizes deliveries for our retail customers by efficiently organizing cargo in delivery trucks and managing our fleet using GPS monitoring.

We use highly developed software to control all our administrative, financial, accounting and tax operations. On the industrial side, we use software to automate and manage our processes.

Our information security policy is part of our code of ethics and is known and practiced by all users. Additionally, we have made constant investments to develop a cost system that complies with corporate and tax law and allows us to track the cost of our products from slaughter. The system monitors the receipt and shipping of merchandise and the average cost of purchases or production.

Corporate Responsibility

We develop and implement innovative actions and wide-ranging policies to foster corporate social and environmental responsibility in our commodity supply chain, aiming to ensure the long-term sustainability of our business. To this end, each business division in our group develops actions in accordance with its local operational specificities, which, together, ensure and promote the sustainability of our entire productive system. We abide by a single code of ethics, which permeates all our industrial, commercial and administrative units, in every country in which we operate. This helps us to develop a single global culture, governed by the same set of social and environmental values.

Sustainability

Sustainability is one of the pillars of our corporate strategy and permeates all of our activities and divisions. We are committed to always balancing the economic, social and environmental aspects of our business in order to contribute to the development of society and help preserve the planet.

We are continually working to implement environmental, social and governance (ESG) best practices. Our sustainability practices are applied to all regions in which we operate. We understand there are regions with particularities that must be respected and to this end we have developed specific actions and tools to address these challenges. A comprehensive list of our efforts and achievements with regard to sustainability are available on our website, at https://www.marfrig.com.br/sustentabilidade/plataforma-de-sustentabilidade.

This commitment is further reinforced by Marfrig's strategic pillars of sustainability, which are as follows:

Work Environment: compliance, diversity and inclusion, employee development, ethics and integrity, safety and health and well-being.

Suppliers: animal welfare, responsible supply, engagement and development supplier, supply chain assurance and sustainable cattle raising.

Social: social engagement, volunteering among employees, social economic development and social entrepreneurship.

Environment: climate change, energy, environmental management systems, materials and waste, natural resources, water.

Customers: food safety, innovation and growth, engagement and communication with stakeholders, nutritional value and value generation.

We are a benchmark for sustainability in our industry and market segments. Always respecting local cultural aspects and business practices, we adopt a strategy of continuous improvement and technological innovation combined with high levels of transparency and robust corporate governance practices.

By adhering to the main public commitments related to corporate sustainability in the sector, we are committed to a proactive approach to anticipate efficient solutions for our operations and supply chain, rather than merely reacting to legal requirements.

The most visible face of our commitment to sustainable practices can be found in the working groups we lead or participate in, and in the public commitments we have made in partnership with some of the most important world organizations in favor of sustainable production and biodiversity conservation.

Sustainability Initiatives

North America Sustainability Initiatives

Sustainability is part of our corporate strategy. We review the economic, social and environmental aspects of our business activities on an ongoing basis. In addition, we adhere to a strategy of continuous improvement and technological innovation in all of our operations. We are committed to a proactive approach to anticipate efficient solutions in our operations and supply chain, rather than merely reacting to legal requirements.

Our sustainable business practices incorporate all aspects of our operations, including environmental impact, food safety, animal welfare and regulatory affairs. Our ongoing goal is to meet the expectations of all of our stakeholders, from our customers to our employees. Our approach to operate a sustainable business is rooted in integrity and plays a key role in enhancing our future.

We believe in holding ourselves accountable for managing a sustainable business that will deliver consistent results for our stakeholders today and in the future. We maintain a belief that by conducting our business activities in an ethical, moral and legal manner, we will consistently deliver sustainable business results through the production of value-added products and services for our customers. We believe that this is achievable without negative impacts on the environment or the marketplace.

Our sustainability efforts include:

- Developing a series of initiatives and sustainable processes, including: capturing and recycling methane gas, salt reclamation, chrome reclamation in tannery operations, extensive water reuse, sustainable management of fresh water resources and groundwater aquifers, by-product waste elimination and BQA certification of all cattle suppliers;
- Integrating our approach to training, monitoring and auditing systems that ensure the proper and humane care of our animals upon arrival and during the production process; and
- Striving to ensure that our suppliers act in an ethical and responsible manner.

Certifications

We are committed to delivering safe products to customers and consumers through safety-related training, procedures and protocols. Our plants follow standards set forth in the Biologic® Food Safety System, a proprietary beef safety program, and all of our food facilities are audited by the British Retail Consortium and hold a AA rating.

South America Sustainability Initiatives

In South America, our sustainability initiatives include the following:

Marfrig Verde + Programa: Established in 2020, this program establishes a strategy to eradicate deforestation from our production chain within the next 10 years. One of the program's priorities is the development of low-carbon livestock, with priority given to the conservation of biodiversity and the rational use of resources, thus adapting our production to the challenges imposed by climate change. This plan foresees investments of almost U.S.$100 million to ensure the conservation of biodiversity in Brazil, particularly in the Amazon and Cerrado biomes. The full text of this plan is available on our website.

Amazon Biome Pact: We reaffirmed our commitment not to source animals from deforested areas and/or areas that violate indigenous land rights and/or Conservation Units (agreeing to annual audits by independent

audit companies to verify compliance with the requirements of the agreement) and proposed new advances in the context of the commitment signed in 2009. We continue to honor our commitment even after the NGO Greenpeace left the pact in 2017.

According to the audit report published in the first half of 2020 by the international consulting firm DNV-GL, we remain in conformity with the commitment for the seventh consecutive year. We are also the only company using georeferenced maps for 100% of our direct suppliers in the Amazon Biome since 2014.

Rainforest Alliance Certified: In partnership with European clients, we launched the first Rainforest Alliance certified beef patty in 2015, which is available in retail chains in Europe and uses beef produced in accordance with the highest environmental, social, economic, animal welfare and production management standards. In 2016, products with this seal were made available to Brazilian consumers. We currently have four plants certified to manufacture products with the Rainforest seal: Bataguassu, Mato Grosso do Sul; Promissão, São Paulo; Pampeano, Rio Grande do Sul; and Tangará da Serra, Mato Grosso.

ISE B3: On December 1, 2020, we announced that we were selected to become part of the 16th Corporate Sustainability Index (*Índice de Sustentabilidade Empresarial* or ISE), announced by the Brazilian Stock Exchange. ISE is a tool for comparative analysis of the performance of publicly traded companies in terms of environmental, social, and corporate governance practices. The new portfolio is effective from January 4, 2021 to December 30, 2021 which will bring together 46 shares of 39 companies, representing R$1.8 trillion of market value.

Tacuarembó Unit: In Uruguay, installation of a wind farm at the Tacuarembó meatpacking plant for internal generation was completed and put into operation. The power generated supplies, on average, approximately 13% of the plant's needs, with a focus on sustainable and cleaner production.

Other corporate actions we are involved in include:

- Carbon Disclosure Project ("CDP");
- Business Benchmark on Farm Animal Welfare ("BBFAW") (we were named one of the most engaged companies globally on animal welfare issues);
- Coller FAIRR Protein Producer Index;
- Greenhouse Gas ("GHG") Emissions Inventory (using GHG protocol standard and working with scope 3);
- Global Reporting Initiative Standard Sustainability Report ("GRI Standard") (reporting sustainability aligned with the highest levels of disclosure and transparency);
- Global Roundtable for Sustainable Beef ("GRSB");
- Tropical Forest Alliance 2020 ("TFA 2020") (Consumer Goods Forum initiative to address tropical deforestation. We are the only company in the world of our kind taking part in the TFA 2020);
- Brazilian Roundtable on Sustainable Livestock ("GTPS") (to debate and formulate, in a transparent manner, common principles, standards and practices to be adopted by the sector which contribute to the development of sustainable, socially fair, environmentally sound and economically viable livestock);
- Indirect Suppliers Working Group ("GTFI");
- Institute for the National Pact to Eradicate Slave Labor ("InPACTO"); and
- Beef on Track Project (Project developed jointly with the Federal Public Prosecution Office – Ministério Público Federal or "MPF") focused on providing support and boosting the implementation of socio-environmental commitments).

We continue to focus on our strategy for sustainable development. The strategy applies to all business units, serves as reference for the development of local actions and fosters and ensures the sustainability of the entire production system. The strategic pillars forming our sustainability strategy consist of: (1) customers, (2) suppliers, (3) the environment, (4) workplace, (5) economic and (6) social.

As part of our commitment to sustainable production and preserving biodiversity, we have undertaken various public commitments in partnership with large organizations. Some highlights include:

- Zero Deforestation Pact: An audit in 2020 concluded that Marfrig was the only company in the protein industry with 100% geo-referenced maps in the Amazon Biome, which attests to its leadership in collaboration with its supply chain. Marfrig works with its suppliers to develop good management practices, ensuring higher productivity and improving environmental preservation and, consequently, making it possible to access more demanding markets. This effort led to an increase in exports to the European market and sales of canned meat at a major supermarket chain in the United Kingdom. In 2017, Greenpeace discontinued the initiative, but we continue to conduct the audits prescribed thereby to confirm our compliance with the standards set out therein.
- Rainforest Alliance Certified™: Marfrig launched the first Rainforest Alliance-certified hamburger, in partnership with a European client. The patty is made from beef produced in accordance with the highest environmental, social, economic, animal welfare and production management standards, and will be sold at retail chains across Europe.
- United Protocol for Cattle Sourcing: methodology developed with MPF to monitor cattle supplies in Amazonia. We implemented this protocol as of July 2020.

Social Responsibility

Grounded on the principles of social responsibility, Marfrig's various businesses organize important programs to support local communities. These include:

North America

We encourage our employees to become active in their community by volunteering their time, whether through faith communities, youth activities, homeless shelters or schools. We believe a commitment to the community drives a long-term employee commitment, which benefits our company, our customers, employees and the communities in which we operate. Our social programs include:

- Donations to local non-profit groups in communities near our National Beef plants (Wounded Warrior Project, TAPS Honor Gala, Special Olympics, homeless shelters, food drives, schools, etc.);
- Encouraging employee contributions to United Way and to specific local agencies;
- Contributing food and cash to local food pantries;
- Contributing time, cash and product to support numerous fund-raising activities focused on local community organizations, support networks and churches;
- Participating in local politics (i.e. city council and local hospital boards) and community organizations;
- Organizing a "buy out," and subsequent donation of tickets to local sporting events and community activities;
- Hosting community wide events that provide family-focused entertainment to both employees and the broader local community; and

- Preparing and delivering holiday meals to families in need.

South America

Grounded in the principles of social responsibility, our plants have developed programs to support local communities. Some examples follow:

Marfrig Institute

Created in 2011, the Marfrig Institute of Sustainability (*Institutio Marfrig de Sustantabilidade*) is a non-profit organization that serves children in situations of social vulnerability and provides a series of physical and intellectual development programs, through sports and leisure activities, fostering citizenship and respect for the environment.

Social Campaigns

Other social campaigns we are involved in include:

- Toy and Food Drives;
- Pink October: awareness campaign focusing on the importance of the prevention and early diagnosis of breast cancer;
- Blue November: awareness campaign focusing on the prevention and diagnosis of prostate cancer;
- Anti-Drug Campaign;
- Campaign Against Discrimination;
- Awareness Campaign on Yellow Fever, Zika, Chikungunya and dengue and, at some units, vaccination;
- Campaigns on STDs and the distribution of condoms during the Carnival season;
- Combating water waste and promoting conscientious water consumption;
- Get-together on Children's Day for employees and their families to strengthen the bond between families and the company;
- Combating slave labor;
- Campaign on World No Tobacco Day to warn about avoidable smoking-related illnesses and death;

  Financial and/or food donations to institutions supporting social causes. Some examples follow:

  - Financial donations: Children with Disabilities Assistance Association (AACD);
  - Food donations: Hospital do Amor (around 10 tons of meat per month);
  - Donations to local non-profit groups in communities near the National Beef plants (Wounded Warrior Project, TAPS Honor Gala, Special Olympics, homeless shelters, food drives, schools, etc.);
- First-aid campaigns (National Night Out, National Fire Safety, Drug Awareness Education);
- Donations of trees to be planted in different parts of the city;
- Donation of unused paper destined for recycling to Hospital de Pediatría Garrahan (Argentina);
- Donation of cattle organs to schools for practical anatomy classes; and
- In 2020, we created Marfrig sem Fronteiras, a partnership with Pastoral do Migrante, which serves refugees in the Várzea Grande community.

Competition

Competitive conditions exist both in the purchase of live cattle, as well as in the sale of beef and beef by-products. Beef products compete with other protein sources, including pork and poultry, but our principal competition comes from other beef processors. We believe the principal competitive factors in the beef processing industry are price, quality, food safety, customer service, product distribution, technological innovations (such as food safety interventions and packaging technologies) and brand loyalty. Some of our competitors have substantially larger beef operations, greater financial and other resources and wider brand recognition for their products.

Employees and Unions

Due to our growth in recent periods, our human resources activities have been focused on the integration of our new employees with the objective of seeking excellence in our workforce and promoting our values. Our investment in training and development and encouragement of participatory management encourage our employees to become leaders and add value to the personnel assets of the companies we acquire.

As of September 30, 2020, we had 31,824 employees worldwide, a 1.2% decrease from our worldwide employees as of December 31, 2019. As of December 31, 2019, we had 32,222 employees worldwide, a 6.8% increase from our employees worldwide as of December 31, 2018. As of December 31, 2018, we had 33,318 employees worldwide.

The following table shows the allocation of our employees for the periods indicated

	As of September 30,	As of December 31,	
	2020	2019	2018
North America (National Beef)	9,793	9,378	8,122
South America	22,151	22,844	4,118
Total	**31,824**	**32,222**	**30,167**

North America

Of our 9,793 employees, approximately 5,650 are represented by collective bargaining agreements. Approximately 2,750 employees at the Liberal plant are represented by the United Food and Commercial Workers International Union under a collective bargaining agreement scheduled to expire in December 2026, approximately 2,500 employees at the Dodge City plant are represented by the United Food and Commercial Workers International Union under a collective bargaining agreement scheduled to expire in December 2026, approximately 160 employees at the St. Joseph plant are represented by the United Cereal Workers (R.W.D.S.U./U.F.C.W.) under a collective bargaining agreement scheduled to expire in June 2024 and another group of approximately 225 employees at the North Baltimore plant are represented by a collective bargaining agreement scheduled to expire in December 2025.

South America

A negligible number of our employees in South America are represented by collective bargaining agreements.

In South America, we have a stock option plan directed to our management, employees and service providers. See “Management—Stock Option Plan.”

Human Resources

We continue to work on unifying our human resources practices and policies across all group companies. We strive to be known for our corporate social responsibility and a management that is focused on employees and surrounding communities.

Our workplace health and safety guidelines were enhanced to diminish worker exposure to accidents and occupational illnesses. We have conducted various internal campaigns to combat certain viruses, provide driving education opportunities and collected donations for victims of natural disasters. We comply with all resolutions of the International Labor Organization (ILO), as well as the laws of the countries where we operate, developing safety awareness campaigns, training on the adequate use of personal protection equipment and registering all workplace accidents and illnesses.

We have a Code of Ethics inspired by moral values that go beyond merely complying with the law and which solidify our relationship with clients, consumers, employees, shareholders, suppliers, government authorities and society. Our Code of Ethics is implemented across all Marfrig companies and subsidiaries.

In 2020, we have reviewed our processes and readjusted company events and initiatives given the challenges presented by the COVID-19 pandemic. We have focused on the health of our employees and have implemented actions to mitigate the risk of contamination by COVID-19. In addition to strengthening prophylactic measures, we conducted COVID-19 tests in all of our facilities, including production units, distribution centers, and corporate offices as determined in our contingency plan. If an employee tests positive for COVID-19, we follow the recommendations of national and international health organizations for removal, treatment and return to activities. All health actions are supervised by the Board of Occupational Health and our corporate human resources manager. Additionally, to show our gratitude for our employees, we donated more than 660 tons of meat to our employees over a 16-week period.

North America

In June 2019, our North America business acquired Iowa Premium, in Tama, Iowa, which added approximately 850 employees to our operation. See "Summary—Recent Developments—Iowa Premium Acquisition" for more information.

In our North America business, we promote individual growth and opportunities through on-the-job training programs (workplace safety, food safety, specific skills development, language improvement among others) and external training opportunities. We also offer management development and improvement training programs as well as opportunities for tuition reimbursement. We strive to ensure our employees feel as though they are part of the National Beef family by creating an environment that values their ideas and opinions and provides a place where they can do their best. We have a strong culture of internal promotion which offers growth and career advancement opportunities to all employees. This generates a greater sense of stability and improves retention among our employees.

The workforce in North America is diversified, with over 20 nationalities. We work to promote respect and accommodate the wide variety of cultures that work in our facilities daily. We have partnered with local educational institutions to offer our employees access to ESL (English as a Second Language) courses and to provide on-site Rosetta Stone training for employees who wish to learn new language skills.

South America

During the first quarter of 2019, our South America business concluded the acquisition of Quickfood, which added around 1,800 employees and the acquisition of a processing plant in Várzea Grande, in the state of Mato Grosso, which added approximately 1,600 employees.

During 2019, our South American human resources strategy was focused on unifying our operating activities. We shut down operations at four facilities (Paranatinga, Mato Grosso, Nova Xavantina, Mato Grosso, Paranaíba, Mato Grosso do Sul, and Pirenópolis, Goiás) and acquired the Várzea Grande Complex, in Mato Grosso, relocating a total of nearly 2,700 employees. In Várzea Grande, we implemented a second

production shift (slaughter and deboning). We have also implemented a second deboning shift at our Promissão facility.

We continue to care for the safety of our employees. During the nine-month period ended September 30, 2020, our number of workplace accidents fell 32%, and their severity was down 37%.

In 2019, we promoted 28% more leaders as compared to 2018. We created training courses to promote the development of our employees, which increased the number of employees promoted to specific operational positions by 10%. We created internal opportunities that sparked interest in career advancement.

In 2020 we continued to care for the safety of our employees and created internal opportunities for career advancement. In 2020, 46% of our leadership positions were filled through internal promotions.

Compliance and Corporate Governance

We organized our compliance and corporate governance department in June 2015 to demonstrate we are committed to comply with internal and external operating regulations. In the years 2017 and 2018, we completed an internal audit of our compliance and corporate governance policies to identify areas of opportunity and growth. As a result of this internal audit we implemented new compliance policies which were approved by our board of directors.

In 2019 we began offering compliance and corporate governance-related training opportunities to our employees, including our executive officers. In 2020, we implemented training opportunities related to anti-money laundering and terrorism financing prevention and code of ethics and third-party conduct; these training were completed by 100% of our administrative and operational workforce, including the executive officers, in Brazil, Argentina, Chile, Uruguay and the United Kingdom.

We have several policies aimed at preventing, detecting and remedying fraud and illicit acts and which are shared with all employees during the onboarding process, in addition to those mentioned above, our policies include:

- Code of ethics and conduct;
- Global anti-corruption policy;
- Donation, sponsorship and contribution policy;
- Conflict of interest policy;
- Relationship and communication with public agents policy;
- Gifts, entertainment and hospitality policy;
- Social media policy;

Additionally, we operate a reporting hotline were employees, customers, suppliers, service providers and partners can report violations of our policies or anti-corruption legislation, particularly Law 12,846/2013. Complaints received through this hotline are investigated and addressed with the corresponding internal department.

Plant, Property and Equipment

North America

As of September 30, 2020, we owned three beef slaughter facilities located in Liberal and Dodge City, Kansas and Tama, Iowa, with an aggregate processing capacity of approximately 13,100 cattle per day. We have three consumer-ready processing facilities in Hummels Wharf, Pennsylvania, Moultrie, Georgia and Kansas City, Kansas, a direct-to-consumer warehouse and fulfillment facility in Kansas City, Kansas and a beef patty manufacturing facility in North Baltimore, Ohio. Our wet blue tanning facility is in St. Joseph,

Missouri. The Kansas City, Kansas facilities are owned by an unrelated third-party and leased to National Beef.

South America

Our Promissão I plant, which commenced operations in 2006, is owned by a third party and operated by us as rural lessee. Our Fray Bentos plant is also owned by a third party and operated by our Uruguay team as rural lessee. We also lease the plant Paranaíba from Margen S.A. The plants in Alegrete, Nova Xavantina, Pontes Lacerda, Ji-Paraná and Itupeva (CD and Pet), are also owned by third parties.

The table below shows some of our material plants that are encumbered:

Company	Destination	Creditor/Beneficiary	Status
Marfrig	Santo André-SP	Fazenda do Estado de São Paulo	Distribution Center: 1st Public Finance Court - Tax Enforcement – Proc. No. 0033852-22.2011.8.26.0554 and Proc. No. 554.01.2011.033852-0 - R$22,010,786.49
Marfrig	Santo André-SP	Ivone Pires da Silva	Distribution Center: Labor Court of Vilhena-Labor Claim – Proc. No. 0001030-98.2015.5.14.0141 R$200,000.00 (R.30)
Marfrig	Santo André-SP	Claudia Valeria da Silva	Distribution Center: Labor Court of Vilhena / RO - Labor Claim – Proc. No. 0010430-10.2013.5.14.0141 - R$261,217.28 (R.29)
Marfrig	Santo André-SP	Paulo Sergio dos Reis	Distribution Center: Labor Court of Mogi Guaçu - Labor Claim - Court – Proc. No. 0000492-82.2010.5.15.0071 - R$798,565.57
Marfrig	Bataguassu-MS	Fazenda de Estado de São Paulo	Industrial Plant: 2nd Civil Court of Promissão - Tax Foreclosure – Proc. No. 1500023-16.2016.8.26.0484 - R$7,325,435.32
Marfrig	Bataguassu-MS	União Federal	Industrial Plant: Mortgage bond - 13th Federal Court of São Paulo - Precautionary Action - Case No. 0012598-43.2013.403.6100 (Av. 20) - R$500,000.00
Marfrig	Curtume Promissão I-SP	–Odeci Lodi	Labor claim: 50th Labor Court of São Paulo – Proc. No. 0189900-02.2002.5.02.0050 - R$434,589.23
Marfrig	Promissão II SP	Fazenda do Estado de São Paulo	Industrial Plant: 2nd Civil Court of Santo André - Tax Foreclosure – Proc. No. 0002387-87.2014.8.26.0554 - R$14,635,695.03
Marfrig	Promissão II SP	União Federal	Industrial Plant: 2nd Federal Court of São Paulo - Tax Enforcement – Proc. No. 0030142-26.2012.403.6182 - R$16,480,817.31

Company	Destination	Creditor/Beneficiary	Status
Marfrig	Promissão II SP	Fazenda do Estado de São Paulo	Industrial Plant: Court of State Tax Foreclosures - Tax Foreclosure – Proc. No. 0543107-82.0089.8.26.0014 - R$675,298.94
Marfrig	Promissão II SP	Fazenda do Estado de São Paulo	Industrial Plant: 1st Civil Court of Promissão - Tax Enforcement – Proc. No. 1500025-20.2015.8.26.0484 - R$42,327,717.74
Marfrig	Promissão II SP	Fazenda do Estado de São Paulo	Industrial Plant: 2nd Civil Court of Promissão - Tax Foreclosure – Proc. No. 1000250-92.2018.8.26.0484 - R$86,321,645.62
Marfrig	Promissão II SP	Alirio Moreira dos Santos	Industrial Plant: 5th Labor Court of Santos - Labor claim – Proc. No. 0001221-11.2013.5.02.0445 - R$4,049,106.79
Marfrig	Promissão II SP	Marcelo Raimundo Jales	Industrial Plant: Labor Court of Vilhena - Labor claim - Process No. 0010130-48.2013.5.14.014 - R$460,927.67
Marfrig	São Gabriel-RS	Fazenda do Estado do Rio Grande do Sul	Industrial Plant: 1st Civil Court of São Gabriel - Tax Enforcement No. 0000617-17.2014.8.21.0031 - R$23,505,061.99
Marfrig	Bagé–RS	Sindicato dos Trabalhadores de Pelotas	Industrial Plant: 1st Labor Court of Pelotas-Process No. 0020101-87.2018.5.04.0811 (R.38) - R $ 4,323,619.45
Marfrig	Capão do Leão-RS	Banco Banrisul, Votorantim, Bradesco e Outros	Mercosur Slaughterhouse Mortgage – R$418,984,169.03
Marfrig	Capão do Leão-RS	Sindicato dos Trabalhadores de Pelotas	Industrial Plant: Class Action - 1st Labor Court of Pelotas – Proc. No. 0020712-41.2015.5.04.0101 - R$11,394,198.16
Marfrig	Capão do Leão-RS	Sindicato dos Trabalhadores de Pelotas	Industrial Plant: Class Action - 1st Labor Court of Pelotas – Proc. No. 0000309- 90.2011.5.04.0101 - R$11,394,198.16
Marfrig	Capão do Leão-RS	Sindicato dos Trabalhadores de Pelotas	Industrial Plant: Class Action – 2nd Labor Court of Pelotas Proc. No. 0000316-79.2011.5.04.0102 - R$11,394,198.16
Marfrig	Capão do Leão-RS	Sindicato dos Trabalhadores de Pelotas	Industrial Plant: Class Action – 3rd Labor Court of Pelotas Proc. No. 0000313-24.2011.5.04.0103 - R$11,394,198.16
Marfrig	Mato Leitão-RS	Banco Banrisul, Votorantim, Bradesco e Outros	Mercosur Slaugherhouse Mortgage– R$418,984,169.03
Marfrig	Mineiros-GO	União Federal	Industrial Plant: Tax Foreclosure - 6th Federal Court - Case No. 0046150-10.2014.403.618 - R$32,891,580.62
Marfrig	Mineiros-GO	União Federal	Industrial Plant: 12th Federal Court - Case No. 0050546-64.2013.4.03.6182 - R $ 97,041,366.72

Company	Destination	Creditor/Beneficiary	Status
Marfrig	Nova Londrina-PR	Banco Banrisul, Votorantim, Bradesco e Outros	Mercosur Slaughterhouse Mortgage – R$418,984,169.03 – R.2
Marfrig	Pirenópolis-GO	Banco Banrisul, Votorantim, Bradesco e Outros	Mercosur Slaughterhouse Mortgage– R$418,984,169.03 – R.2
Marfrig	Tucumã-PA	Banco Banrisul, Votorantim, Bradesco e Outros	Mercosur Slaughterhouse Mortgage– R$418,984,169.03 – R.2
Marfrig	Várzea Grande-MT	BNDES (BRF)	1st degree Mortgage (R.15)
Marfrig	Várzea Grande-MT	Humberto Fernando Valim Porto (BRF)	Industrial Plant: TRT 10th Region - Labor claim – Proc. No. 0000842.44-2012.5.10.0102.

Insurance

We are currently insured against a variety of risks in the United States, Brazil and elsewhere, including losses and damages relating to our slaughter, processing and industrializing plants, vehicle fleet and general and public liabilities. We also carry a directors' and officers' liability policy issued by Chubb Seguros Brazil S.A., which includes all of our officers in Brazil and elsewhere, with global coverage in the amount of U.S.$50.0 million and that expires on November 17, 2021. In North America, we carry a directors' and officers' liability policy issued by Federal Insurance Company (Chubb), which includes all of our officers, with global coverage in the amount of U.S.$10.0 million. The policy is set to expire October 6, 2021.We believe our level of insurance coverage is appropriate for a company of our size and that the type of insurance we have is appropriate for our activities.

Regulatory Matters

One of our top priorities is strict compliance with all sanitary and environmental laws at the federal, state and municipal levels in every jurisdiction in which we operate. This includes keeping our permits up to date and in compliance with the respective technical conditions.

North America

Our operations are subject to extensive regulation by the USDA including the USDA's Food Safety and Inspection Service ("FSIS"), Animal and Plant Health Inspection Service ("APHIS") and Grain Inspection, Packers and Stockyards Administration ("GIPSA"); the Food and Drug Administration ("FDA"); the U.S. Environmental Protection Agency ("EPA") and other federal, state, local and foreign authorities regarding the processing, packaging, storage, safety, distribution, advertising and labeling of our products. We are also subject to the Packers and Stockyards Act of 1921 ("PSA").

The Dodge City and Liberal facilities are subject to Title V permitting pursuant to the Federal Clean Air Act and the Kansas Air Quality Act. The St. Joseph and Tama facilities are subject to a secondary air permit which are in place. The Dodge City, Liberal, Tama, Hummels Wharf and Moultrie facilities are subject to Clean Air Act Risk Management Plan requirements relating to the use of ammonia as a refrigerant.

All of our plants except Tama are indirect dischargers of wastewater to publicly owned treatment works. Tama discharges directly to the Iowa River after treatment in the plant's wastewater treatment system. All plants are subject to requirements under the federal Clean Water Act, state and municipal laws, as well as agreements or permits with state, municipal or county authorities. Upon renewal of these agreements and

permits, we are required, from time to time, to make capital expenditures to upgrade or expand wastewater treatment facilities to address new, more stringent discharge requirements imposed at the time of renewal. Storm water discharges from our plants are also regulated by state and local authorities.

All of our facilities generate solid waste streams including small quantities of hazardous waste. We are subject to laws that provide for strict, and in certain circumstances, joint and several liability for remediation of hazardous substances at contaminated sites; however, we have not received any indication that we have any liability at sites under the Comprehensive Environmental Response, Compensation and Liability Act ("Superfund") or state counterparts. All plants are subject to community right to know reporting requirements under the Superfund Amendments and Reauthorization Act of 1986, which requires yearly filings as to the substances used on facility premises.

We are committed to ensuring that we conduct all of our operations and activities in accordance with best practices. We actively engage with local, state and national agencies to monitor all applicable mandates, and we utilize independent third-party audits to help us benchmark our operations and identify opportunities and innovations that will improve our processes.

South America

We have incurred, and will continue to incur, capital and operating expenditures to comply with the Brazilian sanitary and environmental laws. We have adopted practices in accordance with environmental and labor laws, including by executing an agreement to observe the National Pact for the Eradication of Slave Labor, in March 2008. In addition, we monitor the location of cattle suppliers to avoid purchasing from suppliers whose farms invade protected indigenous lands.

Sanitary Regulations

North America

Our slaughter and production activities in the United States are subject to extensive regulation by the USDA FSIS, FDA and other governmental authorities regarding the processing, packaging, storage, distribution, labeling and compliance with federal safety standards. Sanitary practices and procedures in the meat processing industry are subject to scrutiny and oversight by the USDA FSIS. Each of our US locations subject to USDA FSIS oversight conforms to established HAACP programs, GMPs, and SOPs that are implemented and monitored by local management and the local Technical Services personnel. Product labels are authorized by the USDA FSIS and managed by the corporate Technical Services Department. The U.S. food processing industry is subject to extensive governmental legislation and regulations in the United States and the international markets to which we supply products.

We hold all necessary grants of inspection that authorize us to operate and exercise our activities. We are not aware of any material administrative proceedings currently in progress against us for non-compliance with regards to USDA FSIS regulations.

South America

Our slaughter activities and meat processing operations in Uruguay, Chile and Argentina are subject to extensive regulations in each country, as well as to regulations in the foreign countries to which we export. Our slaughter activities and meat processing operations in Brazil, which are responsible for the greatest portion of our business in South America, are subject to extensive regulation by Brazilian Ministry of Agriculture and by other state or local authorities regarding the processing, packaging, storage, distribution, advertising and labeling of products, including our adherence to safety standards. Our South America facilities export to over 100 countries and comply with all applicable regulations.

Our processing plants, which are responsible for the greatest portion of our business in South America, are subject to extensive regulation by Brazilian Ministry of Agriculture and by other state or local authorities

regarding the processing, packaging, storage, distribution, advertising and labeling of products, including our adherence to safety standards.

In recent years, sanitation practices and procedures in the meat processing industry have been subject to more intensive scrutiny and oversight by Brazilian Ministry of Agriculture. Each of our sites in which these activities are performed must be previously licensed by the authorities and we must maintain a technician responsible for each site. The labels of products of animal origin must be registered with Brazilian Ministry of Agriculture. For further information, see "Risk Factors—Risks Relating to Our Business and Industry—We are subject to extensive governmental legislation and regulations in the United States and Brazil and in the international markets in which we operate, as well as in countries to which we export our products."

With respect to the sanitary licenses, we hold all necessary sanitary authorizations for us to operate and exercise our activities. Also, there are no material administrative proceedings currently in progress against us for non-compliance with sanitary regulation, and we have not been penalized for any infringement.

Environmental Matters

Environmental Laws

North America

To control the environmental impact of our U.S. operations, we implement the necessary control, capture, treatment and/or monitoring systems to achieve environmental compliance. Additionally, we hold and maintain all environmental operating permits and authorizations necessary to meet compliance with applicable environmental laws in the jurisdictions in which we operate. Furthermore, we maintain an active preventive maintenance program, which audits our processes and corrects all deficiencies in order to meet compliance. We strictly adhere to all periodic reporting requirements mandated in our environmental operating permits.

We audit our products, processes, and operations for environmental compliance. Through our environmental management programs, we seek to identify opportunities for improving production processes, as well as preventing the occurrence of negative environmental issues.

We keep a preventive maintenance process for our equipment and filters, as well as programs for the efficient use of water in an effort to control the environmental impact of our operations.

South America

We periodically evaluate the environmental impact of our products, processes, operations and services to identify those that cause or could cause material environmental harm. Through our environmental management programs, we seek to identify opportunities for improving production processes, as well as preventing the occurrence of negative environmental impact and lawsuits.

In regard to environmental responsibility, we seek to follow strict rules about acquiring cattle only from ranches that are properly registered with the Brazilian federal environmental agency – IBAMA and have observed the MTE slave labor blacklist. We act proactively when producers fail to comply with the law by immediately removing them from our list of authorized suppliers of animals for slaughter.

The procedures we have adopted include requesting an environmental license to assure that the properties are properly registered with IBAMA or the competent environmental agency (including daily monitoring of the list of blocked ranches), checking the rural property registration form and other environmental documents when necessary, as well as establishing internal environmental committees at all of our units that operate on the principle of access to information and prevention of environmental problems.

In addition, in December 2007 we implemented a Code of Ethics that establishes guidelines for our relationship with suppliers and includes detailed verification of its implementation. We hold periodic meetings with employees and suppliers, as well as meetings with evaluation committees, to guarantee that these rules

are known and complied with. We have also created a hot line to report problems as an additional way to monitor our commercial relationship with our partners.

Environmental Permits

North America

The U.S. food industry is subject to extensive environmental laws and regulations. As a producer of animal-derived products which require a wide range of industrial processes, including animal slaughter and meat processing, our plants are subject to operational permits and monitoring of water rights, air, water discharge limits, and the appropriate use of water for processing.

All local, state, and federal environmental laws and regulations we are subject to require permits for any activity that potentially impacts the environment. These permits are required for each location's approval, installation, operation, expansion, or amendments with all of our activities being periodically reviewed for compliance. In addition, permits set out technical conditions that must be complied with for the permit to remain valid.

Federal, state and municipal entities are responsible for granting permits relevant to our business. Environmental permits are granted for specific operations or activities. The process of acquiring an environmental permit involves application with the appropriate entity, development of a program for compliance and control, monitoring for compliance, and periodic reviews by the granting authority. Operating without the relevant environmental permit or violating the operating conditions could possibly result in administrative actions. Administrative action and/or penalties vary from simple warnings, total or partial suspension of activities, or fines.

South America

We are subject to extensive environmental laws and regulations. As a producer of animal-derived products which use a wide range of industrial processes, including animal slaughtering and meat processing, our plants are subject to operational permits and water grants to use water resources. Additionally, we are required to observe applicable regulations regarding protected areas, such as permanent preservation areas, conservation units, indigenous areas and legal reserve areas ("Reserva Legal").

Brazilian environmental laws and regulations require permits for any activity that causes an actual or potential harm to the environment. These permits are required for location approval, installation, operations, and any significant expansion or amendments of our activities and have to be periodically renewed, in a timely manner. In addition, permits set out technical conditions that must be fulfilled by us so the permit may remain valid. According to the Resolutions 1/1986 and 237/1997 of the Environmental National Council (*Conselho Nacional do Meio Ambiente*, or "CONAMA"), permits for certain specific activities which are deemed to have a high impact on the environment are subject to a more complex procedure and require the presentation of an Environmental Impact Assessment (*Estudo Prévio de Impacto Ambiental*, or "EIA"), and an Environmental Impact Report (*Relatório de Impacto Ambiental*, or "RIMA" and, together, "EIA/RIMA"), a multidisciplinary environmental assessment.

In addition, Federal Law 9,985/2000 regulates the National System of Conservation Units (*Sistema Nacional de Unidades de Conservação*). According to such law and Federal Decrees 4,340/2002 and 6,848/2009, certain activities deemed to cause an actual or potential significant environmental impact must maintain conservation units by paying an amount that is proportional to the impact caused by such activity, based on information provided in the EIA/RIMA. CONAMA's Resolution 237/1997 and Supplementary Law 140/2011 determine which authority (Federal, State or Municipal) is responsible for granting the relevant permit. Generally, environmental permits are granted as follows: (i) by IBAMA, in cases of certain predetermined activities listed for a specific regulation, or if the activity involves or has an environmental impact on more than one state or certain environmental protected areas; (ii) by the Municipal Environmental Agency, if the activity involves or has a local environmental impact; and (iii) by the state environmental

agency, if the activity does not meet the parameters for federal or municipal permits. The process of acquiring an environmental permit involves three permits with determined terms: the preliminary permit, the installation permit and the operational permit. Each permit is granted according to the phase of the activity and their validity will depend on the adherence to the technical conditions imposed by the competent agency. Operating a potentially pollutant activity without the relevant environmental permit or in violation of the applicable operating conditions may lead to criminal and administrative liabilities, regardless of the obligation to repair any damages in the civil sphere. Administrative penalties vary from simple warnings to total or partial suspension of the activities, in addition to the imposition of fines that could range from R$500.0 to R$10.0 million, depending on the seriousness of the violation, the violator's economic capacity and past record.

There are three types of environmental liabilities that arise under Brazilian Environmental Law, which may be applied separately and cumulatively: (i) civil, (ii) criminal and (iii) administrative.

Civil liability for environmental damages is strict and applies to any individual or legal entity, whether public or private, that directly or indirectly harms the environment or third parties irrespective of fault or intent by those that have caused the damage. Evidence of a causal link between the action (or omission) and the damage is sufficient to establish liability. The person or company responsible for environmental damage cannot invoke in their defense causes of disclaimer, such as third-party exclusive fault, fortuitous event or force majeure. Such liability obliges the remediation of the damages or the payment of indemnification when the damages cannot be remediated. In addition, civil liability for environmental damage is not subject to a statute of limitation, since it relates to diffuse and collective interests, which must be largely protected. However, lawsuits filed by third parties affected by the environmental damages (individual claims) are subject to a statute of limitation period of 3 years starting from the cognizance of the damages. Civil liability also applies jointly and severally to those directly or indirectly responsible for activities that cause environmental degradation. As a result, the party bringing the environmental claim may freely choose whom to sue. In recent years there has been a tendency to claim damages from the party with the greater capacity for repayment, known as the Deep Pocket Doctrine. The party that is being sued may be held liable to repair all of the damage caused. However, such party may in turn bring a lawsuit against the party who was directly responsible for the damage, in order to recover any amounts they paid out to effect the remediation. There is no limit to the amount that Brazilian courts may award to cover the costs of repairing the damage or, if the damage cannot be repaired, the payment of an indemnity and/or compensation.

We may be held liable for potentially pollutant activities carried out by us as well as for the hiring of third parties that cause environmental damage in the performance of services on the Company's projects, including vegetation suppression, earthworks and the final disposal of solid waste, if such third parties do not perform their activities in accordance with applicable environmental standards.

Federal Law 9,605/98 (Environmental Crimes Act or "ECA") allows for the assignment of criminal liability to individuals and to legal entities when (i) the decision to commit the act was taken by the legal or contractual representative or the board of executive officers; and (ii) the offence was committed for the company's benefit or interest. The environmental criminal liability is subjective, personal and untransferable (i.e., it depends on the evidence of fault and succession is not applied). Individuals are subject to fines and imprisonment, but imprisonment is usually substituted in certain circumstances for the restriction of rights. Legal entities are subject to fines, the partial or total suspension of activities and temporary shutdowns, among other penalties. There is a rebuttable presumption of negligence on the part of the legal entity, a presumption that can be difficult to discharge. The liability of the legal entity does not exempt the liability of the individuals who concur to the crime. This includes members of legal entities who participated in the decision or, who having knowledge of the criminal conduct, fail to prevent its execution when they could have done so. The ECA also provides for the possibility of disregarding the corporate form in assessing environmental damages when it presents an obstacle in recovering damages caused to the environment. In these instances, the shareholders and officers may become personally liable for recovering any damages caused to the environment.

According to Federal Decree 6,514/08, administrative penalties may also be imposed whenever a violation of environmental legislation is identified, and it results in the imposition penalties (such as warnings, fines ranging from R$50.00 to R$50.0 million and the suspension of activities) by environmental protection agencies, graded in accordance with the size of the activity and economic capacity of the offender. If the fines are not paid, the respective amounts are considered tax debts, subject to tax foreclosure proceedings.

The application of penalties and/or expenditures with repair or indemnification of environmental damages may impact or even suspend the installation and operation of our plants. For further information on the risk related to non-compliance with environmental laws, see "Risk Factors—Risks Relating to Our Business and Industry—Environmental laws and regulations may require increased expenditures for compliance, and non-compliance with these laws and regulations may result in criminal and administrative penalties."

The environmental regulation imposes other additional burden on us, including the requirement of an appropriate destination to our solid waste and issuing grants for water capture and effluents disposal.

Based on the advice of our internal counsel, we believe that we are in substantial compliance with all material Brazilian governmental environmental laws and regulations, and we endeavor our best efforts to maintain all material environmental permits necessary to our operations, which are in full force and effect.

For each cattle purchase, we check the National Register of Legal Entities (*Cadastro Nacional de Pessoa Jurídica*, or "CNPJ") of the supplier, as well as the Taxpayer's Card No. (*Cadastro de Pessoas Físicas*, or "CPF") on the list published by the Ministry of Labor and Employment. We also are in compliance in the following areas:

- suppliers regarding areas seized by IBAMA;
- suppliers regarding slave labor;
- animal supply regarding environmentally protected areas; and
- animal supply regarding deforestation.

The company holds one ISO 14001 Certification, achieved after an audit carried out to analyze the efficiency of our Environmental Management System.

Intellectual Property

North America

We hold a number of patents, trademarks and domain names that we believe are material to our business and which are registered with the United States Patent and Trademark Office. Our main trademarks include *National Beef®*, *BioLogic® Food Safety System*, *Black Canyon® Angus Beef*, and *Black Canyon® Premium Reserve*. We have also registered the *National Beef®* and *Black Canyon®* trade names and trademarks in most of the foreign countries in which we sell our products. In addition to trademark protection, we attempt to protect our unregistered marks and other proprietary information under trade secret laws, employee and third-party non-disclosure agreements and other laws and methods of protection.

South America

We own several trademark applications and registrations in Argentina, Brazil, Chile, and Uruguay, which are mainly related to commercialization of food. Our main trademarks, such as "BASSI," "MARFRIG," "TACUAREMBÓ," "Marfrig Global Foods," "BONA PET," "REVOLUTION BURGER," "VEGETAL SABOR ANIMAL" and "PLANT PLUS" are currently duly registered at the Brazilian Patent and Trademark Office (*Instituto Nacional da Propriedade Industrial,* "INPI"). We have also filed an application for the trademark "Revolution Burger" with the INPI.

Our main trademarks are duly registered in the service and product classes that refer to their activities. We carefully manage our trademark applications. We do not rely on brands, licenses, concessions, franchises or royalty agreements to develop our activities.

We also own several internet domain names duly registered in Brazil, including "marfrig.com.br."

We also have trademarks and internet domain registered outside of Brazil. We have a license to use the trademarks Castle Lea, Kitchen Range Foods, O'Kane, and Jaime Oliver. We currently own one patent for "meat product and method and apparatus for making a meat product," registered under UK Patent application number 1213457.3, and do not own industrial designs. As of the date of this offering memorandum, all copies of third-party software we use are currently duly licensed.

Data Protection

We are in the process of becoming compliant with the LGPD. The LGPD establishes detailed rules for the collection, use, processing and storage of personal data and affects all economic sectors, including the relationship between customers and suppliers of goods and services, employees and employers and other relationships in which personal data is collected, whether in a digital or physical environment. The penalties and fines for violations of the LGPD, when it becomes effective, will include: (1) warnings, with the imposition of a deadline for the adoption of corrective measures; (2) a one-time fine of up to 2% of gross sales of the company or a group of companies or a maximum amount of R$50,000,000 per violation; (3) a daily fine, up to a maximum amount of R$50,000,000 per violation; (4) public disclosure of the violation; (5) the restriction of access to the personal data to which the violation relates until corrective measures are implemented; and (6) deletion of the personal data to which the violation relates.

The obligations established by the LGPD became effective on September 18, 2020, but fines and sanctions under the LGPD will not be imposed on companies that fail to comply with LGPD rules until August 1, 2021. However, compliance with the LGPD is still required as of September 18, 2020 as LGPD rules may be enforced by other means pursuant to Law No. 14,010/20 and individuals whose personal data is affected, the public prosecutor's offices, and private associations are able to file lawsuits to enforce the provisions of the LGPD and to seek redress prior to August 1, 2021.

Moreover, although the administrative sanctions of the LGPD will not be enforceable until August 1, 2021, this delay does not preclude the enforcement of administrative sanctions outlined in other laws dealing with privacy and data protection matters, such as the consumer protection code and the Brazilian Internet Law (*Marco Civil da Internet*). The public prosecutor's offices and consumer protection agencies have the capacity to enforce these administrative sanctions.

Investments and Divestments

We do not classify certain transactions between us and our wholly-owned subsidiaries as related-party transactions when they are made in the ordinary course of business, are integrated into our consolidated financial statements and have no impact on our results. We did not have any transactions of this nature for the year ended December 31, 2018. For the year ended December 31, 2019, the only transactions that met these criteria were a capital increase of Inaler S.A and Establecimento Colonia S.A in the amount of R$24.9 for both companies.

We will continue to evaluate potential investment and sale opportunities in the future. For further information on our current capital investments and sales, see "History of Our Organic Growth, Acquisitions and Disposals."

In the year ended December 31, 2018, we completed the sale of the Keystone business and the purchase of National Beef. See notes 12.2 and 21 to our audited consolidated financial statements as of and for the year ended December 31, 2018.

Material Contracts

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Material Contracts" for information on our material contracts.

Legal and Administrative Proceedings

We are party to lawsuits and administrative proceedings incidental to the normal course of our business. Our policy is to provision 100% of the liabilities for which the risk of losses is evaluated as probable. We do not make provisions when the risk of losses is evaluated as possible or remote. We classify each lawsuit into one of these three categories based upon the opinion of outside counsel and specialized technical advisors responsible for each matter.

For further information on material lawsuits with a possible risk of loss, see note 21 to our audited consolidated financial statements as of and for the year ended December 31, 2019.

As of September 30, 2020, we had provisions in the aggregate amount of R$361.4 million related to (i) lawsuits and administrative proceedings in which we were a defendant, including tax and social security, labor and civil matters and other matters, and (ii) certain unrealized tax contingencies.

Tax Proceedings

As of September 30, 2020, the Company accrued a reserve of tax contingency provisions for risks in the total amount of R$177.4 million.

Federal Taxes and Contributions

As of September 30, 2020, the Company was party to administrative and judicial proceedings involving contingencies in the total historical amount of R$689.4 million.

Income tax (IRPJ) and social contribution on net profit (CSLL)

The Company was a party to administrative proceedings deriving from IRPJ and CSLL profits of foreign branches, subsidiaries or affiliated companies in the year ended December 31, 2009, that resulted in the disallowance of goodwill amortization and non-subjection to tax of interest from loan agreements in force with subsidiaries abroad corresponding to a historical value of approximately R$83.9 million. Marfrig has filed judicial defenses and participated in a judicial proceeding for obtaining a gloss of the amount deducted in the calculation base of the IR and CSLL in the years 2007, 2008 and 2011, in the historical amount of R$37.4 million.

Federal Taxes

The company and our subsidiaries also have certain of federal taxes debts that individually are not significant and which in their totality are valued at R$339.3 million.

ICMS Tax

The most relevant proceedings relating to ICMS arise out of tax assessments issued by the tax authorities of the State of São Paulo claiming amounts related to deemed credit taken on transfer of goods carried out by the branch located in the State of Mato Grosso do Sul to the branches in the State of São Paulo (this discussion is locally known as "tax war"). The historical amount involved in such proceedings is R$435.3 million.

Marfrig also has 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, miscalculation of ICMS taxes due, failure to return credits granted after goods were returned, failure to return ICMS credits on the acquisition of inputs/goods proportional to disbursements, failure to substantiate exports of goods abroad, which amount to a historical amount of R$49.8 million.

The company and Pampeano have administrative and judicial procedures which are not material individually, but in the aggregate amount to R$87.6 million.

Taxes on Services (ISSQN)

As of September 30, 2020, the Company had tax assessments related to the lack of collection of the municipal services tax (*Imposto Sobre Serviços de Qualquer Natureza*, or "ISSQN"). The historical value of the tax assessment is R$1.4 million.

Labor and Social Security Proceedings

As of September 30, 2020, Marfrig and its subsidiaries were parties to various labor lawsuits and administrative proceedings in which the estimated total risk of losses evaluated as probable and possible was estimated at R$71.8 million. Based on the history of payments made by the Company, we have made a provision of, approximately, R$94.9 million in connection with these lawsuits. Our management and external counsel believe that the provision is enough to cover potential losses. A large percentage of the labor lawsuits filed against us relate to issues commonly alleged against other meat producers, such as dismissal for just cause, preparation time, breaks for personnel who work in refrigerated environments, commuting time and ergonomic risk.

Civil and Environmental Proceedings

As of September 30, 2020, Marfrig and its subsidiaries were parties to various civil lawsuits in which the risk of losses evaluated as possible was in the estimated total amount of R$9.9 million, for which we provisioned R$89.1 million based on the assessment of a probable risk of loss by our management and external counsel. Our civil lawsuits typically involve claims related to our commercial dealings or damages claims.

On April 23, 2019, news outlets reported a class action suit by the Ranchers Cattlemen Action Legal Fund United Stockgrowers of America (the *In re Cattle Antitrust Litigation)*, who claim that our subsidiary National Beef, together with JBS and Cargill, among others, have colluded on prices since January 2015. On September 29, 2020 the U.S. District Court for the District of Minnesota granted our motion to dismiss. We are defendants in three other lawsuits based on the same facts as *In re Cattle Antitrust Litigation*, namely, *Peterson et al. v JBS USA Food Company Holdings, et al.*, *Samuels v. Cargil, Inc., et al.* and *Erbert & Gerbert's, Inc. v JBS USA Food Company Holdings, et al.* As of the date of this offering memorandum, all four lawsuits are amending their claims given our successful motion to dismiss in *In re Cattle Antitrust Litigation*. We believe we have meritorious defenses to these claims and are contesting these lawsuits vigorously. In addition, we are subject to a U.S. Department of Justice investigation under the same facts as the lawsuits described above with which we are cooperating fully.

We are regularly subject to information requests, investigations and inquiries from regulatory and governmental agencies. It is our practice to cooperate with these requests, investigations and inquiries.

Additionally, we have a disagreement with Tyson, the buyer of Keystone, in relation to a purchase price adjustment arising from the agreements relating to our sale of Keystone. We filed a summons and notice with respect to this dispute on April 15, 2019 (the "Beef Holdings' Lawsuit") and continue analyzing our rights under these agreements with our external advisors. On October 11, 2019, Tyson filed a motion to compel arbitration on the purchase price adjustment claims and dismiss the fraud claims and all other remaining claims in the Beef Holdings' Lawsuit. Our opposition to the October 11, 2019 motion was filed on December 19, 2019. In late October 2019, we sought to file an amended complaint to add certain allegations to the fraud claim. Tyson objected and asked the court to deny our amended complaint. The court moved the Beef Holdings Lawsuit to arbitration and as of the date of this offering memorandum, we continue to be in arbitration proceedings and are waiting for Tyson to comply with a court order to produce documents related to the purchase price adjustment.

Furthermore, on October 31, 2019, Tyson filed a lawsuit (the "Tyson Lawsuit") asserting claims for declaratory judgment, breach of contract and fraud against Beef Holdings and Marfrig. The Tyson Lawsuit relates to alleged breaches by Beef Holdings of certain representations and warranties in the agreement governing Tyson's acquisition of the Keystone Foods business. The Tyson Lawsuit also includes claims related to Beef Holdings' alleged breach of its obligation under the agreement governing Tyson's acquisition of the Keystone Foods business to repurchase McKey Korea LLC (the "Korea Business"). Our answer or other response to the Tyson Lawsuit was due on December 12, 2019. Tyson has requested that the court expedite its consideration of the request for specific performance of Beef Holdings' alleged obligation to repurchase the Korea Business. As of the date of this offering memorandum, we are waiting for Tyson to comply with a court order to produce documents related to the Korean Business.

Proceedings Involving our Controlling Shareholder

Under Operation Cui Bono, the Brazilian Federal Public Prosecutor's Office brought criminal proceedings against Mr. Molina. On May 22, 2018, Mr. Molina entered into an agreement with the Brazilian Federal Prosecution Office related to Operation Cui Bono. The agreement is based on civil law with the purpose of repairing economic, moral and social damages. Furthermore, we are not a party to this agreement and are not financially liable for any payment as a result of Mr. Molina's entry into this agreement, although we will benefit from said agreement.

On October 22, 2019, a preliminary decision issued by the Federal Regional Court of the 1st Region in Brazil was rendered in response to a petition for urgent relief. The decision suspended the criminal lawsuit and on December 3, 2019, the Criminal Panel of the Federal Regional Court of the 1st Region unanimously confirmed the preliminary decision, essentially dismissing the criminal proceedings. According to Mr. Molina's legal advisors, the decision may be appealed, but it is unlikely that it would be reversed.

Despite the possibility of an appeal by the Federal Public Prosecutor's office, our counsel believes such an appeal has a low probability of success.

Lastly, in September 2017, the Federal Police issued a final report for Operation Acrônimo, which found insufficient evidence to support the allegations of criminal activity against us.

MANAGEMENT

Pursuant to our by-laws, our management is composed of a board of directors (*conselho de administração*) and a board of executive officers (*diretoria*). Our by-laws also provide for a permanent fiscal council.

Board of Directors

Our board of directors is a collective decision-making body responsible for the formulation and monitoring for implementation of overall business policies, including our long-term strategy. It is also responsible, among its other functions, for the appointment and supervision of our executive officers. Under Brazilian Corporate Law, the board of directors is also responsible for the hiring of independent auditors.

All board of directors' decisions are made by majority vote of those members present at the relevant meeting.

Pursuant to our by-laws, our board of directors must be composed of a minimum of five and a maximum of eleven members. The directors are elected at our annual shareholders' meeting, for a unified, two-year term of office. The members of our board of directors can be re-elected and removed at any time by our shareholders in a shareholders' meeting. Under the *Novo Mercado* listing segment regulation, a minimum of 20% of the members of our board of directors should be independent, however, our shareholders have decided that a majority of the members of our board of directors will be independent.

In addition, under Brazilian Corporate Law, the members of our board of directors are prohibited from acting in any transaction or business in which their interests conflict with our own.

The current members of our board of directors were elected at the annual shareholders' meeting held on April 26, 2019, for a unified two-year term, which is set to expire at the date of our annual shareholders' meeting to be held in 2021.

The table below sets forth the name, age, title and date of election of the members of our board of directors:

Name	Age	Position	Date of Election
Marcos Antonio Molina dos Santos	50	Chairman	April 26, 2019
Marcia Aparecida Pascoal Marçal dos Santos	47	Director	April 26, 2019
Rodrigo Marçal Filho	46	Director	April 26, 2019
Alain Emilie Henry Martinet	77	Director	April 26, 2019
Antonio dos Santos Maciel Neto	63	Independent Director	April 26, 2019
Roberto Faldini	72	Independent Director	April 26, 2019
Herculano Aníbal Alves	67	Independent Director	April 26, 2019
Roberto Silva Waack	60	Independent Director	April 26, 2019

Below is a brief biographical description of each member of our board of directors:

Marcos Antonio Molina dos Santos. Mr. Molina dos Santos is currently the chairman of our board of directors. He has extensive experience in the sectors we operate in. He has worked in the beef sector since the age of 16 when he started his own business. Since Marfrig's incorporation, he has worked actively with key clients to strengthen commercial relations in the national and international markets and to support the development and improvement of industrial and quality processes. Mr. Molina dos Santos was our chief executive officer from the incorporation of our company until January 2014. Mr. Molina dos Santos is also

shareholder and chief executive officer of MMS Participações, our controlling shareholder. Mr. Molina dos Santos holds a high school degree.

Marcia Aparecida Pascoal Marçal dos Santos. Ms. Marçal dos Santos has been a member of our board of directors since March 2007. She has extensive experience in the beef sector and has amassed a long experience at Marfrig, having served as head of the financial department from 2000 to 2006 and as head of internal audit from 2000 to 2006. From November 12, 2010 to May 6, 2019, she has been a member of our internal audit committee and since June 22, 2020, she has been a member of our Finance Committee. Ms. Marçal dos Santos is an active participant and Executive President of Marfrig's social investment institute (*Instituto Marfrig Fazer e Ser Feliz de Responsabilidade Social*). Ms. Marçal dos Santos also is a partner and executive vice-president at MMS Participações Ltda., our controlling shareholder. Ms. Marçal dos Santos holds a high school degree.

Rodrigo Marçal Filho. Mr. Marçal Filho has been a member of our board of directors since March 26, 2007 and is also one of our executive officers. His professional life has been connected to the agribusiness area, having worked as farm manager until May 2000, when he joined us. He was the officer responsible for infrastructure and later became the officer responsible for the purchase of cattle and a member of the board of directors. Mr. Marçal Filho holds a high school degree.

Alain Emilie Henry Martinet. Mr. Martinet has been working in the beef industry for more than 30 years. From 1978 to 1984 he worked as the manager of the international area of the beef division of Louis Dreyfus Corporation USA. From 1985 to 1991 he was the general manager and from 1991 to 1992 the commercial officer of Frigorífico Rio-Platense. He served as an officer of Swift Argentina for five years, starting in 2001. He joined our Company in October 2006, and previously held the position of the chief executive officer of our Argentine operations, our trading companies and our United States operations. Mr. Martinet has been an independent director of the Corporation since December 2009.

Antonio dos Santos Maciel Neto. Mr. Maciel Neto has served as independent member of the board of directors of Marfrig since May 2007 and is currently an entrepreneur in the cattle raising, biotechnology and executive education sectors. He is also a member of the board of directors of Archer Daniels Midland Company, a U.S.-based global food processing and commodities trading corporation. He was the chief executive officer of CAOA Group, a leading automotive distribution and manufacturing company in Brazil. From 2006 to 2012 he served as the chief executive officer of Suzano Papel e Celulose S/A, one of Latin America's largest vertically integrated producers of paper and eucalyptus pulp. From 1999 to May 2006, Mr. Maciel Neto held various executive positions with the Ford conglomerate, including as corporate vice president of the Ford Motor Company (2004), chief executive officer of Ford Brazil (1999 – 2003) and President of Ford South America Operations (2003 – 2006). Previously, he served as Chairman of Grupo Itamarati (sugarcane, renewable energy; from 1997 to 1999) and CECRISA – Revestimentos Cerâmicos (ceramic tiles, from 1993 to 1997). Between 1990 and 1993, he held various positions in the federal government of Brazil, including as Adjunct Director of the Manufacturing and Commerce Department of the Ministry of Development Manufacturing and Trade, and National Adjunct Secretary of Economics of the Ministry of Finance, and Vice Minister of the Ministry of Industry, Commerce and Tourism. In the same period, he was technical coordinator of the Brazilian Quality and Productivity Program (*Programa Brasileiro de Qualidade e Produtividade*) or PBQP. He began his professional career at Petrobras in 1980, where he worked for 10 years. Mr. Maciel Neto holds a graduate degree in Mechanical Engineering (1979) from the Federal University of Rio de Janeiro.

Roberto Faldini holds a bachelor's degree in Business Administration from the School of Economics and Business Administration at the Getúlio Vargas Foundation (EAESP-FGV). He also completed non-degree programs in Advanced Management at the Dom Cabral Foundation, INSEAD – Fontainebleau, Entrepreneurship at Boston Babson College and Corporate Governance Board Leadership – (Training of Trainers) at the International Finance Corporation and Brazilian Corporate Governance Institute ("IBGC"). He is the co-founder of the IBGC, an organization dedicated to promoting corporate governance in Brazil, is an associate member of the Brazilian Institute of Financial Executives, an institute that promotes professional

and social relationships among professionals in the financial industry and a member of the Family Business Network in Brazil. He was executive officer, director and shareholder at Metal Leve S.A., an automotive components producer. Previously at Metal Leve S.A., he served as chief financial officer and investor relations officer from 1980 to 1992 and as a board member from 1993 to 1996. He served as president of the CVM in 1992. He also served as the director in São Paulo of the Family Business Center at the Dom Cabral Foundation (FDC) from 2002 to 2007. Over the course of his career, he has served on the board of directors or advisory boards of various companies, including: (i) BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros or B3, the Brazilian Stock Exchange; (ii) CPFL – Companhia Paulista de Força e Luz S.A.; (iii) KlickNet S.A.; (iv) Inpar S.A.; and (v) Sadia S.A./ BRF S.A.; (vi) Grupo Everest de Hóteis; and (vii) non-statutory board member of EMIBRA Indústria de Embalagens Gráficas Ltda. In addition, he is an arbiter on the Market Arbitration Chamber of B3, a member of the Content Development Board of FBN – Family Business Network in Brazil and a member of the Corporate Governance and Business committees of Amcham - SP. He is currently a statutory board member of the following companies: (i) VULCABRAS|AZALEIA S.A. (since 2011); (ii) Banco BMG S.A. (since 2013); (iii) Metalúrgica Golin S.A. (Chairman) since April 2016; and (iv) Marfrig Global Foods S.A. since December 2016.

Roberto Silva Waack. Mr. Waack is President of Fundação Renova, an organization created to manage repairs following the collapse of the "Barragem do Fundão" in Mariana, Minas Gerais. He is the founder, shareholder and former CEO and subsequently Chairman of the Board of Amata S.A., a forestry company engaged in the stewardship and cultivation of native and exotic species. He has extensive experience as an executive of Brazilian and multinational companies in the pharmaceutical and forestry industries, as general director and specifically in the technology, marketing and planning areas. As an entrepreneur, he is engaged directly in the private placement and creation of management and governance structures. He participates actively on the board of directors of organizations such as Wisewood (recycled plastics), CHS Agroindustrial (grain trading), Global Reporting Initiative (GRI), Forest Stewardship Council (FSC), Brazilian Corporate Governance Institute (IBGC), Instituto Ethos, Fundo Brasileiro de Biodiversidade (Funbio), ISE-Bovespa and WWF. He has been engaged directly in environmental and social movements since the 1980s, always acting at the interface between the private sector and ONGs. He holds a B.Sc. in Biology from IB-USP and an MBA from FEA-USP. Previously he worked at the following boards: Amata S.A. (Chairman of the Board, 2013-2015); CHS Agronegócio Ltda. (Advisory Board, 2014-2016); Brazilian Corporate Governance Institute - IBGC (Director, 2014-2016); Global Reporting Initiative – GRI (Director, 2010-2016); Instituto Ethos (Director, 2013-2016); WWF Brasil (Director and Chairman of the Board, 2014-2016); Instituto Ipê (Director, 2012-2016); BOVESPA Corporate Sustainability Index - ISE (Advisory Board, 2014-2016); Enterprises for Climate Initiative - EPC/FGV (Advisory Board, 2011-2016); Rede Amigos da Amazônia - RAM (Advisory Board, 2008-2014); Fundo Brasileiro para a Biodiversidade - FUNBIO (Director, 2009-14); Forest Stewardship Council – FSC (Director, 2006-12; Chairman of the Board, 2008-10); Steering Committee of the Amazon Alternative – IDH The Sustainable Trade Initiative – Holland (2011-14); Instituto para a Agricultura Sustentável - ARES (Chairman of the Board, 2007-11); Global Campaign for Climate Action - Brazilian Section (Advisory Board, 2009-10); Grupo Orsa Holding (Advisory Board, 2005-06); Centro de Referencia para Informação Ambiental - CRIA (Director, 2005-11); Forest Stewardship Council Brazilian Initiative (Director, 2005-07); Ybios, a joint venture of Orsa, Natura and Centroflora for R&D in products from biodiversity (Founder and Director, 2004-06); Plantations Review Group at Forest Stewardship Council (2004-05); Foundation Institute of the Business and Economics School of the University of São Paulo (FIA/USP) ; PENSA Agribusiness Program at FEA-USP (Advisory Board, 2001-06). His appointment as member was subject to formal confirmation by BNDES Participações S.A. under the Shareholders' Agreement.

Herculano Aníbal Alves. Mr. Anibal Alves holds a bachelor's in economics from Pontifical Catholic University of São Paulo, he completed a program in Financial Administration at Getúlio Vargas Foundation, received a master's degree in Finance and Investment from Fundação Getúlio Vargas and completed a program at Kellog University. He also completed an executive education program in Risk, Compliance and Governance at the Risk University of KPMG. He is certified as a Portfolio Manager by the Securities and Exchange Commission of Brazil (CVM) and a Certified Professional by the Brazilian Financial and Capital Markets

Association (Anbima-CGA). Previously he worked in the financial industry as investment director, stock manager and credit analyst at BRAM - Bradesco Asset Management, ABN AMRO, Unibanco and Banco Bozzano Simonsen, and in the administrative and financial areas of Empresa de Onibus Vila Carrão. At his three former companies, he was a member of the Credit and Investment committees and on the BRAM monthly committee at Banco Bradesco. He has served as a director at Tim Brasil (2015 to present) and at Marfrig Brasil Foods (2015 to November 2016). He has served as a member of the Audit Board at Cielo (2015 to present), Grendene (2015 to present), Grupo Fleury and Ecorodovias (2018 to present), Gerdau (2017 to 2018), Fundo de Private Equity de Tecnologia da GP (2001 to 2005), Fundo de Valor e Liquidez da Bradesco Templeton (1998 to 2001) and alternate member at Fundo de Private Equity da 2Bcapital (2013 to January 2019). He has served as a partner at Araxá Investimentos (2015 to 2016) and Barigui Gestão de Recursos (Nov. 16 to present). He is a member of the Bylaws Audit Committee at Tim Brasil, Chairman of the Risk and Financial Specialist Committee. Participation in various associations, including as a member of the Mergers & Acquisition Committee (2015 to 2018), Analyst Supervisory Board (2016 to present) and Association of Capital Markets Investors - AMEC (2011 to 2016), Chairman of the Stock Funds Committee of Brazilian Financial and Capital Markets Association - Anbima (2012 to 2016) and Board Member and Technical Director at Abamec, currently the Capital Market Professionals and Investors Association - Apimec (1988 to 1992). He has participated as a lecturer at events hosted by APIMEC, Investidor Profissional and Info Money. He has given interviews to Bloomberg TV and to newspapers including Valor, Estadão, Folha de São Paulo and O Globo, to periodicals including Exame and Istoé Dinheiro and to various websites. His appointment as member was subject to formal confirmation by BNDES Participações S.A. under the Shareholders' Agreement.

Advisory Committees to our Board of Directors

Our by-laws provide for the creation of technical and consulting committees to assist our board of directors. These committees may be comprised of members of our board of directors, our executive committee or external service providers. Once installed, our board of directors will determine the attributes of our committees, as well as their goals. The Audit Committee, the Finance and Risk Management Committee and the Compensation, Corporate Governance and Human Resources Committee were created on July 16, 2007 and its current guidelines were approved at a meeting of our board of directors held on October 31, 2018. The Sustainability Committee was created on May 6, 2019 and the Statutory Audit Committee was created on November 29, 2020, replacing the Audit Committee. The current members of all committees were elected on June 22, 2020. We currently have the following committees:

Statutory Audit Committee

Our audit committee is responsible for supervising our internal and external audit procedures, in matters involving accounting and disclosure of financial information, and in evaluating our legal and internal financial compliance controls. Our audit committee also monitors the quality and integrity of the internal controls we have adopted and assesses and monitors our risk exposure.

Finance Committee

This committee is responsible for periodically examining our investment and financing plans and their impacts on our capital structure, as well as determining parameters for monitoring liquidity and predetermined capital structures.

Compensation, Corporate Governance and Human Resources Committee

This committee is the deliberative body in charge of assessing and reviewing management compensation and focuses on strategic human resources issues.

Sustainability Committee

This committee is the deliberative body in charge of assessing the board's compliance with its duties to create a culture of sustainability and animal welfare as part of our strategic positioning.

Board of Executive Officers

The members of our board of executive officers are our legal representatives and are responsible mainly for the day-to-day management of our business and for implementing the general policies and directives established by our board of directors.

Members of our board of directors may hold a position on our board of executive officers.

Our executive officers are elected by our board of directors for a three-year term of office. Our executive officers can be reelected and removed by our board of directors at any time.

Our by-laws provide that our board of executive officers will have a minimum of two, and a maximum of seven members with the following positions: chief executive officer, chief financial officer, investor relations officer and general counsel while the remaining officers do not have specific titles. The executive officers must, prior to taking office, sign an instrument of consent (*Termo de Anuência dos Administradores*), as established in the *Novo Mercado* listing segment regulation. Currently, our board of executive officers is composed of four members, for a term of office set to end three years from their respective election dates, reelection being permitted.

In March 2020, we reorganized our structure, dissolving the corporate segment within our organization in order to facilitate the operational development of our North American and South America business segments. As a result of this reorganization, we also named a new chief executive officer, chief financial officer and investment relations officer.

The table below sets forth the name, age, position and date of election of the members of our board of executive officers:

Name	Age	Position	Date of Election
Miguel de Souza Gularte	62	Chief Executive Officer	March 16, 2020
Tang David	51	Chief Financial Officer and Investor Relations Officer	March 16, 2020
Heraldo Geres	52	General Counsel	March 16, 2020
Rodrigo Marçal Filho	46	Executive Officer	March 16, 2020

Below is a brief biographical description of the members of our executive committee (except for Mr. Rodrigo Marçal Filho, who is also a member of the board of directors):

Miguel de Souza Gularte. Mr. Gularte has been our Chief Executive Officer since March 16, 2020 and also serves as CEO for South America and is responsible for the Brazil and ConeSul divisions. Mr. Gularte holds a degree in veterinary medicine from URCAMP (RS) and has been in the food industry for 38 years. He began his professional career in the Industrial Cooperative of Meats and Derivatives (*Cicade*), having held various positions as Manager of Quality Control, Manager and Industrial Director. In 1996, he moved to Uruguay where he joined the PUL Beef Industry where served as Commercial Director, General Director and President. In 2011, Mr. Gularte oversaw the sale of the PUL refrigerator to Minerva Foods. He then assumed the position as International Vice President of Minerva, a position he held until June 2013. In 2015, he became President of JBS Mercosul and was responsible for the Meat, Leather and New Business Divisions in Brazil and JBS Argentina, Uruguay and Paraguay.

Tang David. Mr. Tang David is our Chief Financial Officer and Investor Relations Officer since March 16, 2020 and also serves as Chief Financial Officer for South America. Beginning in 1991, he worked for 11 years in the treasury department at Asea Brown Boveri – ABB Brasil, where his last position was Executive

Officer of Banco ABB S.A., which is the financial arm of ABB Brasil. From 2002 to 2006 he worked for 4 years in the treasury department at JBS Friboi, where his last position was as Controller of the In-Natura department.

Heraldo Geres. Mr. Geres is our General Counsel and Vice President of Human Resources. He holds a law degree and has been a member of the Brazilian Bar Association since 1994. He also holds a postgraduate degree in tax law from the Pontifical Catholic University of São Paulo (PUC-SP). Additionally, he holds a bachelor's degree in business administration from PUC-SP, a master's degree in political and economic law from Universidade Presbiteriana Mackenzie and a certificate in global business administration from the Thunderbird School of Business. Mr. Geres was recognized as a leading legal practitioner by Legal 500 (GC Powerlist) in 2018.

Board of Executive Officers of Our Business Units

Our management is organized by a board of executive officers by business unit. This board of executive officers is comprised of experienced professionals in each area.

The names, dates and positions of each of the members of our board of executive officers by division are presented below:

Name	Position	Age
Miguel de Souza Gularte	Chief Executive Officer of Marfrig and Head of South America	62
Timothy M. Klein	Head of North America	64

The heads of our business units can remain in their respective offices indefinitely or may be removed at any time. Below is a brief biographical description of the heads of our business units (other than those officers who are also members of our board of directors or of our board of executive officers):

Miguel de Souza Gularte. See "—Board of Executive Officers"

Timothy M. Klein. Mr. Klein serves as the Chief Executive Officer and President of National Beef Packing Company, LLC. Mr. Klein has been owner of TMK Holding Inc. since July 27, 2009. Mr. Klein also owns TMKCo, LLC and serves as President of TKK Investments, LLC. Mr. Klein has been Chief Executive Officer of National Beef since July 27, 2009 and serves as its President. He has more than 29 years of experience in the beef processing industry. Mr. Klein served as the Chief Operating Officer of National Beef from 1998 to July 27, 2009, as President from 1998 to July 27, 2009 and as Executive Vice President from 1992 to 1998. Mr. Klein served as Executive Vice President of Sales and Procurement of NBP LLC from 1992 to 1998. Prior to 1992, Mr. Klein served as Vice President of Planning and Analysis of Cargill Inc. and Vice President of Operations Analysis of Armour Food Company, a subsidiary of ConAgra Foods Inc. Mr. Klein served as Vice President of Sales and Pricing at EA Miller Inc. Mr. Klein began his career in the meat industry at IBP Inc., where he served as Manager of Scheduling from 1980 to 1983. He has been a Member of the Board of Managers of National Beef since July 27, 2009. He has served as a Director of the North American Meat Institute.

Executive Committee

The Executive Committee, which was created by our board of directors and announced in a material fact released on November 7, 2012, is a body which acts as an advisory group to our chief executive officer, primarily with respect to financial and strategic management, relationships with financial institutions and rating agencies, and general management support, budget preparation and control. Mr. Miguel de Souza Gularte chairs the Executive Committee.

Fiscal Council

Pursuant to Brazilian Corporate Law, the fiscal council (*Conselho Fiscal*) is a body independent of the management and the Company's independent auditors. The primary responsibilities of the fiscal council are monitoring management activities, reviewing the Company's financial statements, and reporting its findings to the Company's shareholders. Our fiscal council will also assist in supervising the performance of internal controls we have adopted.

Whenever established, the fiscal council will be composed of a minimum of three and a maximum of five members with an equal number of alternates. Only residents of Brazil who hold a university degree or who have served in the position of company manager or on a fiscal council may be elected. The members of our fiscal council must also sign, prior to taking office, the instrument of consent of members of the fiscal council, as established in the *Novo Mercado* listing segment regulation.

The fiscal council may not be composed of members who are also members of our board of directors, board of executive officers or work in a subsidiary or a company of the same group. This prohibition extends to our administrators' spouses or close family member. In addition, Brazilian Corporate Law established that members of the fiscal council will be compensated with at least 10% of the average salary paid to each executive officer, excluding benefits, expenses and profit sharing.

Our fiscal council is a permanent body composed of three effective members and three alternate members, who are appointed for a one-year term of office with the possibility of reelection.

The table below sets forth the name, age, position and date of election of the members of our fiscal council:

Name	Age	Position	Date of Election
Eduardo Augusto Rocha Pocetti	66	Effective Member	March 30, 2020
Ricardo Florence dos Santos	65	Effective Member	March 30, 2020
Axel Erhard Brod	63	Effective Member	March 30, 2020
Ely Carlos Perez	50	Alternate Member	March 30, 2020
José Osvaldo Bozzo	55	Alternate Member	March 30, 2020
Christiano Ernesto Burmeister	75	Alternate Member	March 30, 2020

Below is a brief biographical description of the current members of our fiscal council:

Eduardo Augusto Rocha Pocetti. Mr. Pocetti has been a member of the fiscal council of Marfrig Global Foods S.A. since April 2014. Mr. Pocetti holds a graduate degree in accounting and a master's degree in business administration from the Business Administration School of the Getúlio Vargas Foundation (Fundação Getúlio Vargas, or "FGV"). He serves as President of the Brazilian Institute of Independent Auditors (IBRACON). With over 30 years of experience in auditing, he was a partner of KPMG Auditores Independentes from 2004 to 2011, Chairman of BDO Auditores Independentes, and representative of BDO Brasil before the global network of BDO member firms. He is highly experienced in finance, accounting, independent auditing, economic and financial planning, coordinating middle and upper management in multiple domestic and international large-cap manufacturing companies and financial conglomerates and was lead partner in multiple IPOs and corporate project finance transactions in mergers and acquisitions. Mr. Pocetti has not occupied positions on the board or management of Brazilian public companies.

Ricardo Florence dos Santos. Mr. Florence has been a member of our fiscal council since March 30, 2020. He has acted as an independent member of the board of directors of Movida Rental Car, S.A. since 2016 and as a member of the Fiscal Council of CPFL Energia since 2017. He served as CFO of Marfrig Global Foods S.A. from 2013 to 2016 and as Executive Director of Investor Relations from 2007 to 2014. He has a degree in chemical engineering from the Polytechnic School of USP and in business administration from Universidade Mackenzie, he holds a master's in business administration with a focus on strategy and finance

from IBMEC-SP. He worked at Grupo Pão de Açúcar from 1984 to 2000 in various positions, including as Director of Strategic Planning, Finance and Executive Director of Investor Relations. He was also responsible for investor relations at UOL Inc. Grupo Folha de São Paulo from 2000 to 2001 and Brasil Telecom from 2005 to 2007. He served on the board of directors of Grupo Pão de Açúcar from 1995 to 1999, UOL – Grupo Folha in 2001 and the Brazilian Institute of Investor Relations from 1998 to 2001 and from 2014 to 2019. He was also CEO at the Brazilian Institute of Investor Relations from 2010 to 2013 and at Dentalcorp S.A. Advisory Board from 2002 to 2006.

Axel Erhard Brod. Mr. Brod holds a graduate degree in business administration from the Universität des Saarlandes em Saarbrücken in Germany and from the Pontifical Catholic University of Rio de Janeiro (PUC-RJ), as well as a master's degree in finance from PUC-RJ. He is currently the managing partner of ABZ Assessoria e Consultoria Empresarial. He is a member of the fiscal council for the following companies: Mahle Metal Leve S.A., Queiroz Galvão Exploração e Produção Participações S.A., Santos Brasil S.A. and A.W. Faber Castell S.A. He was also a member of the Fiscal Council of Metalúrgica Gerdau S.A. From 1999 to 2010, he worked in the MAHLE Group, exercising a wide variety functions, including managing teams at the MAHLE Group's global operations; as member and Chairman of several boards of directors in joint ventures and group companies; and in MAHLE Metal Leve S.A. as the chief financial, administrative and investor relations officer from 1999 to 2010, where he also served as the vice chief executive officer from 2004 to 2010. From 1990 to 1998, he worked in the Thyssen Group in the trading and services division, holding several positions, including as chief administrative and financial officer for South America. From 1984 to 1989, he worked in KPMG Auditores Independentes as audit manager of the German Desk at their Rio de Janeiro branch office. Mr. Brod has served as an effective member of the fiscal council of Marfrig Global Foods S.A. since April 2013.

Ely Carlos Perez. Mr. Perez has been an alternate member of our fiscal council since May 2016. He studied accounting at the University of Sao Marcos (*Universidade de São Marcos*) and received a master's degree in business administration from the Getúlio Vargas Foundation (*Fundação Getúlio Vargas*). He has extensive experience in finance, accounting and general systems management. Prior to joining us, Mr. Perez was a business consultant advising clients on system implementation and information management for over 17 years. He also previously worked for over 10 years at Datasul S.A.

José Osvaldo Bozzo. Mr. José Osvaldo Bozzo has been an alternate member of our fiscal council since March 30, 2020. He has a law degree from the University of Ribeirão Preto and has worked for more than 30 years as a tax consultant, with a strong specialization in agribusiness, tax consult and provided audit support for several ethanol and sugar producing companies in Brazil. He began his career in 1989 as a tax consultant at PriceWaterhouseCoopers, in Ribeirão Preto, and worked there until 1997. In 1998 he became a manager at Trevisan Auditores (currently BDO), in the area of tax. He was a partner at KPMG until December 2012. He served as partner and tax consultant at MJC Consultores e Auditores de Ribeirão Preto until December 2018, and currently works at Jbozzo Consultores providing specialized consulting in the accounting, tax, corporate, labor and social security practice areas. In addition to being a consultant, he was a professor of tax planning at USP's school of business. He participated in the Tax Services Quality Assurance Review in Portugal and at the XIV Annual Meeting for BDO partners in Latin America. He also has several articles published in magazines, newspapers and websites addressing tax and legal issues of interest to agribusiness.

Christiano Ernesto Burmeister. Mr. Burmeister holds graduate degrees in Business Administration and Electronic Engineering from Universidade Mackenzie in São Paulo. He has been with GBS Consultoria - Governança Corporativa e Coaching, a corporate governance advisory and coaching services firm, since 2010. Previously, from 1975 to 2003, he worked for BASF S.A. in a number of positions, last having served as Executive Vice President of BASF South America. He has been a member of the Fiscal Council of Associação Beneficente Mahle since April 2009 and a member of the Higher Committee for Agriculture (*Conselho Superior do Agronegócio*, or "COSAG") of the São Paulo Federation of Industries since November 2009. He was appointed to the position by former Minister of Agriculture, Roberto Rodrigues, the then Chairman of the COSAG. In addition, Mr. Burmeister is a former member of the Directive Board of the National Association

for Vegetal Protection (*Associação Nacional de Defesa Vegetal*) having served for the 1987-1989, 1993-1997 and 2006-2010 terms. He is a former member (2006-2010) of the Advisory Board of the National Pesticide Trade Union (*Sindicato Nacional de Defensivos Agrícolas*) and, as a representative of Tasa do Brasil Consultores de Recursos Humanos S/C Ltda., former Board member with the Brazil-Germany Chamber of Commerce and Industry (January 2005 - March 2006). Mr. Burmeister has served as an effective fiscal council member of Marfrig Global Foods S.A. since April 2013.

Ownership of Shares

The table below sets forth the number of shares issued by us and held directly or indirectly by our directors and executive officers as of September 30, 2020:

Name	Number of Common Shares	(%)
Controlling Shareholders[(1)]	338,595,548	47.60%
Board of Directors	100,153	0.01%
Board of Executives	66,661	0.01%
Fiscal Council	840,927	0.12%
Others	357,097,161	50.20%
Treasury Stock	14,669,463	2.06%
Total	711,369,913	100%

Note:—

(1) The number of shares held by "Controlling Shareholders" indicated above comprises the common shares held by MMS Participações Ltda., Mr. Marcos A. Molina and Ms. Marcia Aparecida Pascoal Marças dos Santos, collectively. Additionally, Mr. Marcos A. Molina dos Santos and Ms. Marcia Aparecida Pascoal Marçal dos Santos are the indirect holders of our controlling shareholder, MMS Participações Ltda. See "Principal Shareholders."

Compensation

Pursuant to Brazilian Corporate Law, our shareholders are responsible for establishing, at a shareholders' meeting, on an annual basis, the total amount of compensation of the members of our management. Our board of directors is responsible for deciding how to allocate the amount fixed between its members and those of our board of executive officers.

For the year ended December 31, 2019, the aggregate compensation of the members of our management totaled R$27.7 million, including charges and benefits. At our general shareholders' meeting held on April 24, 2019, our shareholders approved an aggregate compensation for the members of our management of up to R$31.7 million, including benefits and charges for the year ended 2019.

The table below sets forth the aggregate compensation that our directors and officers received during 2019:

	Fixed	Variable	Total
		(in thousands of R$)	
Board of Directors	5,737	0	5,737
Management	12,466	8,625	21,091
Audit Committee	826	0	826
Total	**19,029**	**8,625**	**27,655**

Stock Option Plan

We have a stock option plan (the "Plan"), which was originally approved on May 7, 2007 at a special shareholders' meeting. The Plan was revised and consolidated on May 29, 2009 at a special shareholders' meeting.

The Plan establishes that our board of directors may create stock option programs with specific conditions regarding its participants, number of options granted, performance targets or performance achieved, exercise price and other conditions, which may be different from the general conditions established in the Plan (the "Specific Programs").

Specific Programs have been developed within the framework of the Plan. They were analyzed by our Compensation, Corporate Governance and Human Resources Committee, and submitted to our board of directors. The Specific Programs and contract model were prepared with the assistance of a Brazilian law firm to assure compliance with Brazilian Corporate Law.

The beneficiaries must follow our Securities Trading Policy, which is available on our investor relations website.

Share Acquisitions Through Our Repurchase Program for the Stock Option Plan and Our Treasury Stocks

As of September 30, 2020, there were 14,669.5 shares held in treasury (balance) registered in our financial statements in the amount of R$112 thousand.

In 2008 and 2011 our board of directors approved share buyback programs pursuant to which we acquired a total of 695,000 and 1,965,500 shares, respectively.

On September 14, 2018, our board of directors approved the use of the available capital reserve to acquire shares. The buyback program includes the acquisition of up to 12,000,000 registered, book-entry common shares without par value, limited to three percent (3%) of our outstanding shares. The maximum period for effecting the purchase transactions is eighteen (18) months, starting on September 14, 2018 and ending on March 13, 2020.

Stock Option Grants

The granting of stock options of our Specific Programs has been approved by our Compensation, Corporate Governance and Human Resources Committee, and by our board of directors, as authorized by our shareholders, at shareholders' meetings. Under the Specific Programs, one quarter of the stock options granted in a specific year are eligible to be exercised in each of the following four years.

The exercise prices are:

- R$3.028124 for the long-term grant regarding the 2015/2016 period;
- R$3.359221 for the long-term grant regarding the 2016/2017 period;
- R$3.178854 for the long-term grant regarding the 2017/2018 period; and
- R$2.9110 for the long-term grant regarding the 2018/2019 period.

The following criteria were adopted for purpose of exercise of stock options in 2015, 2016, 2017, and 2018:

- **2015:** Specific Plan IX – Long Term 2014/2015: Average weighted price in the 20 trading sessions prior to March 3, 2015: R$4.743975.
- **2016:** Specific Plan X – Long Term 2015/2016: Average weighted price in the 20 trading sessions prior to March 3, 2016: R$6.056249.

- **2017**: Specific Plan XI – Long Term 2016/2017: Average weighted price in the 20 trading sessions prior to March 1, 2017 (as approved by the board of directors at a meeting held on December 20, 2017): R$6.718332.
- **2018**: Specific Plan XII – Long Term 2017/2018: Average weighted price in the 20 trading sessions prior to March 1, 2018 (as approved by the board of directors at a meeting held on September 25, 2018): R$6.357707.
- **2019**: Specific Plan XIII – Long Term 2018/2019: Average weighted price in the 20 trading sessions prior to March 1, 2019 (as approved by the board of directors at a meeting held on August 14, 2019): R$5.821920.

Considering the 10 programs developed and reviewed by the Compensation, Corporate Governance and Human Resources Committee and submitted to the board of directors, the total number of stock options granted as of September 30, 2020 was 12,833,129 shares. 112,739 shares were cancelled or expired in the nine-month period ended September 30, 2020. The total number of shares granted by these 10 plans corresponds to 1.8% of the capital stock. There were 115 participants in our stock option program on September 30, 2020. See note 32.5 to our unaudited consolidated financial statements as of and for the nine-month period September 30, 2020.

Participants' Rights Under the Plan

All dividends and distributions or their equivalent (whether in cash, shares or another form) for unexercised restricted shares are rights of the participant and will be credited by us to their account for release when the restrictions terminate.

We will have the option to pay these credits for accumulated dividends or distributions or their equivalent in cash, in our shares in lieu of cash or by other means. If the payment is made in shares, their conversion will be made at the weighted average price from the previous 20 trading sessions on the B3 before the payment date, adjusted for the net income tax amount levied on the credit granted.

The rights will elapse if the participant ceases to be our employee or to provide services to us for any reason other than death, disability, retirement or involuntary termination that is not for cause. In these cases, all restricted shares will terminate and those not exercised will become released amounts, fully exercised.

When our capital is increased, the participants will have the right to exercise their subscription rights with their own funds for the total of the amount granted, and the shares subscribed will be immediately released to the participant.

Stock Option Plan Movements and its Effects in Our Income Statement as if We Had Accounted for the Stock Option Plan Movements on September 30, 2020

For details on the demonstration of the bonuses paid through restricted shares to our executive officers and through stock options to our directors and information regarding the effects of these payments on our income statement as if we had accounted for the payments on September 30, 2020, please see note 32.5 to our financial statements as of and for the nine-month period ended September 30, 2020.

Total Options Granted

The compensation policy is designed to establish the criteria, responsibilities and directions for the short- and long-term compensation program of Marfrig Group's management (bonus and stock option).

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

The Compensation, Corporate Governance and Human Resources Committee is responsible for evaluating/analyzing Management's compensation. The Committee is made up of a coordinator and two other

members, who are all on the board of directors. Meetings are held periodically to discuss strategic human resources issues.

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

Options granted are broken down as follows:

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 all prior periods	Unexercised Agreements	Option Exercise Price
Options Exercised/cancelled in the Previous Periods				**12,833,129**	**8,922,718**			**7,868,529**	**3,653,287**	
ESP X LP 15-16	11/07/2016	03/03/2020	09/02/2020	306,219	306,219	202,133	28,434	71,713	3,939	R$3.0281
ESP XI LP 16-17	12/20/2017	03/03/2020	09/02/2020	126,517	126,517	89,500	12,100	22,210	2,707	R$3.3592
ESP XI LP 16-17	12/20/2017	03/03/2021	09/02/2021	126,337	7,368	0	0	22,178	104,159	R$3.3592
ESP XII LP 17-18	09/25/2018	03/03/2020	09/02/2020	504,385	504,385	414,575	42,032	38,581	9,197	R$3.1789
ESP XII LP 17-18	09/25/2018	03/03/2021	09/02/2021	504,385	0	0	0	38,581	465,804	R$3.1789
ESP XII LP 17-18	09/25/2018	03/03/2022	09/02/2022	504,189	0	0	0	38,538	465,651	R$3.1789
ESP XIII LP 18-19	08/14/2019	03/03/2020	09/02/2020	470,753	470,753	417,034	30,173	17,437	6,109	R$2.9110
ESP XIII LP 18-19	08/14/2019	03/03/2021	09/02/2021	470,753	0	0	0	17,437	453,316	R$2.9110
ESP XIII LP 18-19	08/14/2019	03/03/2022	09/02/2022	470,753	0	0	0	17,437	453,316	R$2.9110
ESP XIII LP 18-19	08/14/2019	03/03/2023	09/02/2023	470,514	0	0	0	17,406	453,108	R$2.9110
Total on	**09/30/2020**			**12,833,129**	**10,293,566**	**1,123,242**	**112,739**	**9,179,842**	**2,417,306**	

Plans	Granting Date	Market Value of Unvested Option 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	11/07/2016	48.1	48.1	18.2
		48.1	**48.1**	**18.2**
ESP XI LP 16-17	12/20/2017	32.2	32.2	11.6
ESP XI LP 16-17	12/20/2017	1,245.7	0.0	445.6
		1,277.9	**32.2**	**457.2**
ESP XII LP 17-18	09/25/2018	111.0	111.0	41.0
ESP XII LP 17-18	09/25/2018	5,653.1	0.0	2076.7
ESP XII LP 17-18	09/25/2018	5,720.8	0.0	2076.0
		11,484.9	111.0	4,193.8
ESP XIII LP 18-19	08/14/2019	75.4	75.4	28.9
ESP XIII LP 18-19	08/14/2019	5,620.5	0.0	2,142.5
ESP XIII LP 18-19	08/14/2019	5,682.5	0.0	2,142.5
ESP XIII LP 18-19	08/14/2019	5,738.9	0.0	2,142.5
		17,117.3	**75.4**	**6,455.3**
Total on	**09/30/2020**	**29,928.3**	**266.7**	**11,124.4**

Family Relationship Among Management, as well as Between Managers and Our Shareholders

Mr. Marcos Antonio Molina dos Santos, the chairman of our board of directors, and his wife Ms. Marcia Aparecida Pascoal Marçal dos Santos, a member of our board of directors, hold, directly and indirectly, 47.60% of our capital stock as of September 30, 2020. Mr. Rodrigo Marçal Filho, one of our executive officers and a member of our board of directors, is Ms. Marcia Aparecida Pascoal Marçal dos Santos's brother.

PRINCIPAL SHAREHOLDERS

Principal Shareholders

The table below sets forth information relating to the ownership of our common shares by each holder of 5% or more of our capital stock, as well as by the members of our board of directors and our treasury stock as of September 30, 2020.

Shareholders	Number of Common Shares	(%)
MMS Participações[(1)]	273,264,087	38.41%
Treasury Stock	14,669,463	2.06%
Others	423,436,363	59.52%
Total	**711,369,913**	**100.00%**

Note:—

(1) As of September 30, 2020, Mr. Marcos Antonio Molina dos Santos and Ms. Marcia Aparecida Pascoal Marçal dos Santos directly owned 56,705,177 (7.97%) and 8,626,284 (1.21%), respectively, common shares of the Company.

The table below sets forth the beneficial ownership structure of MMS Participações as of September 30, 2020:

MMS Participações Ltda.	Number of Common Shares	(%)	Total capital stock	(%)
Marcos Antonio Molina dos Santos	102,817,625	50.0%	102,817,625	50.0%
Marcia Aparecida Pascoal Marçal dos Santos	102,817,625	50.0%	102,817,625	50.0%
Total	**205,635,250**	**100.0**	**205,635,250**	**100.0**

Information on Our Principal Shareholders

MMS Participações Ltda.

MMS Participações, our controlling shareholder, is a corporation organized under the laws of Brazil, with registered office in the city of São Paulo, state of São Paulo. MMS Participações' corporate purpose is to manage its own assets, acquire interests in companies in Brazil and elsewhere and make investments in general. As of the date of this offering memorandum, MMS Participações holds the controlling power, and is controlled by Marcos Antonio Molina dos Santos and Marcia Aparecida Pascoal Marçal dos Santos.

RELATED PARTY TRANSACTIONS

According to the Company's by-laws, the board of directors must approve any transactions or group of transactions involving the Company and any related parties, whose annual value exceeds the limit defined by the board of directors. The Company defines a "related party" as any member of management, employee or shareholder of the Company that holds, directly or indirectly, more than a 10% interest in the Company's share capital. Our board of executive officers and our financial committee may approve transactions between related parties whose value is below the limit defined by the board of directors.

The Company's controlling shareholder, MMS Participações, and its sole partners, have endorsed some financial agreements of the Company. No amounts were paid to the controlling shareholder or to its partners for the guarantees offered. In case of default, creditors can demand payment directly from the controlling shareholder and from its partners and, if they make the payment, they will be entitled to reimbursement from the Company. There are no other relationships with officers or shareholders of Marfrig Group with the Company.

In addition, in the ordinary course of business, companies within the Marfrig Group enter into transactions on an arm's length basis. The nature of related-party transactions between Marfrig Group companies are represented by commercial transactions (purchases and sales of products) and sending cash as payment of such transactions, as well as for working capital.

Intercompany loans (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 transactions with subsidiaries abroad, the loan rate is 3% plus 6-month LIBOR (London Interbank Offered Rate).

Purchases and sales of products are made at market values. No guarantees or estimated losses with doubtful accounts are required. These transactions involve the 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.

For further information on related party transactions, see note 31 to our financial statements as of and for the nine-month period ended September 30, 2020.

DESCRIPTION OF THE NOTES

The following summary describes certain provisions of the notes and the indenture. This summary does not purport to be complete and is subject to and qualified in its entirety by reference to the provisions of the indenture and the notes. Capitalized terms used in the following summary and not otherwise defined herein shall have the meaning ascribed to them in the indenture. You may obtain copies of the indenture and the notes upon request to the Company as set forth under "Listing and General Information."

The notes (the "Notes") are to be issued under and governed by an indenture, to be dated as of January 29, 2021 (the "Indenture"), among MARB BondCo PLC, as Issuer, Marfrig Global Foods S.A., as Guarantor, Marfrig Holdings (Europe) B.V. ("Marfrig Holdings"), Marfrig Overseas Limited ("Marfrig Overseas") and NBM US Holdings, Inc. ("NBM"), as Subsidiary Guarantors and The Bank of New York Mellon, as trustee, registrar, transfer agent and New York paying agent (the "Trustee"). Copies of the Indenture will be available for inspection during normal business hours at the Company's principal office and at the Corporate Trust Office of the Trustee in New York City, New York. The holders of the Notes are entitled to the benefits of, are bound by, and are deemed to have notice of, all the provisions of the Indenture. Wherever defined terms of the Indenture are referred to, such defined terms are incorporated herein by reference. Certain terms used in this description are defined under the subheading "—Certain Definitions." For purposes of this "Description of the Notes," the term the "Company" means Marfrig Global Foods S.A. and its successors under the Indenture, in each case excluding its Subsidiaries; the "Issuer" means MARB BondCo PLC, and its successors under the Indenture, in each case excluding its Subsidiaries; and the "Subsidiary Guarantors" means certain subsidiaries of the Company that are from time to time guarantors of the Notes pursuant to the provisions described below under "—Subsidiary Guarantors," unless the context indicates otherwise. Marfrig Holdings, Marfrig Overseas and NBM will be the only Subsidiary Guarantors of the Notes at the time of the issuance of the Notes.

General

The Indenture will not limit the aggregate principal amount of the debt securities that may be issued under the Indenture. The initial outstanding principal amount of the Notes will be U.S.$1,500,000,000. The Issuer may issue an unlimited principal amount of additional notes having identical terms and conditions as the Notes (the "Additional Notes"), which shall have identical terms as the Notes issued on the date of issuance, other than with respect to the date of issuance and issue price. The Issuer will only be permitted to issue such Additional Notes if at the time of such issuance, the Company and the Issuer are in compliance with the covenants contained in the Indenture. Any Additional Notes will be part of the same issue as the Notes that the Issuer is currently offering and will vote on all matters with the holders of the Notes, provided that if any such Additional Notes are not fungible with the Notes for U.S. federal income tax purposes, such Additional Notes will have a separate CUSIP and other identifying number from those of the Notes.

The Notes will be issued in fully registered form in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof and will be issued as one or more Global Notes. Principal is to be payable, and the Notes will be transferable and exchangeable, at the Issuer's office or agency maintained for such purposes in New York City, New York, which initially will be the Corporate Trust Office of the Trustee; *provided* that the Global Notes will be exchangeable only in the manner and to the extent set forth under "—Form and Registration." The Notes may be transferred, combined or divided without payment of any charge other than taxes or other governmental charges.

The Notes will mature on January 29, 2031 (the "Maturity Date"), and the aggregate principal amount of Notes outstanding at such time will become due and payable. On such date, the Issuer will pay the registered holder(s) of the Notes principal in an amount in U.S. dollars equal to the outstanding principal amount of the Notes.

The Notes will bear interest at the rate per annum of 3.950% from January 29, 2021, the date of issuance, or from the most recent interest payment date to which interest has been paid or provided for. Interest on the Notes will be payable semi-annually on January 29 and July 29 of each year, commencing on July 29, 2021, to the person in whose name a Note is registered at the close of business on the preceding January 28 or July 28 (each a "Record Date"), as the case may be. Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months. Holders of the Notes must surrender the Notes to any paying agent for the Notes to collect principal payments. Except as described under "—Form and Registration," the Issuer will pay principal and interest at the office or agency of the Issuer maintained for that purpose in New York City, New York.

The principal of and interest on the Notes will be payable in U.S. dollars or in such other coin or currency of the United States as at the time of payment is legal tender for the payment of public and private debts.

The Guarantees

The Company and each Subsidiary Guarantor will unconditionally and irrevocably guarantee the due and punctual payment of the principal of, and interest and Additional Amounts on, the Notes, as well as any other amounts whatsoever owed under the Indenture.

Neither the Notes nor the Guarantees of the Notes will be secured by any of the assets or properties of the Company, the Issuer or the Subsidiary Guarantors. As a result, if the Company or any Subsidiary Guarantor is required to pay under their respective Guarantees, holders of the Notes would be unsecured creditors of the Company and such Subsidiary Guarantor.

Subsidiary Guarantors

If, at any time, any of the Company's Restricted Subsidiaries constitutes a Significant Subsidiary, then the Company shall promptly cause such Significant Subsidiary to guarantee, on an unsecured basis, all of the obligations of the Company under the Notes and the Indenture by executing a supplemental indenture.

Notwithstanding the foregoing, each Guarantee of the Notes will be limited to the maximum amount that (1) would not render such Significant Subsidiary's obligations subject to avoidance under applicable law, including applicable fraudulent conveyance laws or (2) would not result in a breach or violation by such Significant Subsidiary of any then-existing agreement to which it is a party. By virtue of these limitations, a Subsidiary Guarantor's obligation under its Guarantee of the Notes could be significantly less than amounts payable with respect to the Notes, or a Subsidiary Guarantor may have effectively no obligation under its Guarantee of the Notes.

The Guarantee of a Subsidiary Guarantor may be terminated upon:

(i) a sale or other disposition (including by way of consolidation or merger) by the Company of all or a portion of the Capital Stock of such Subsidiary Guarantor, or the sale or disposition of assets of such Subsidiary Guarantor, in each case following which such Subsidiary Guarantor is no longer a Significant Subsidiary;

(ii) defeasance or discharge of the Notes, as described in "—Satisfaction and Discharge" and "—Defeasance"; or

(iii) the designation of such Subsidiary Guarantor as an Unrestricted Subsidiary.

Marfrig Holdings, Marfrig Overseas and NBM will be the Subsidiary Guarantors at the time of the issuance of the Notes. The Luxembourg Stock Exchange will be notified by the Company in the event a Significant Subsidiary becomes a Subsidiary Guarantor.

Ranking

The Notes will be the Issuer's senior unsecured obligations. The Notes will rank equally in right of payment with all other existing and future unsecured Senior Indebtedness of the Issuer (except those obligations preferred by statute or operation of law).

The Company Guarantee and the Subsidiary Guarantees will constitute the unconditional, senior unsubordinated obligation of the Company and each Subsidiary Guarantor, respectively, ranking *pari passu* with all of the Company's and each Subsidiary Guarantor's existing and future senior unsecured obligations (except those obligations preferred by statute or operation of law).

As of the date of this offering memorandum, the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptance credits, mortgages, charges or guarantees or other contingent liabilities other than as described in "The Issuer."

As of September 30, 2020, the Company had an aggregate outstanding amount of R$26,794.5 million of consolidated indebtedness, including R$2,017.1 million of consolidated secured indebtedness, which is senior to the Notes, and R$24,777.4 million of consolidated unsecured indebtedness, which ranks *pari passu* with the Notes. As of September 30, 2020, Marfrig Holdings and Marfrig Overseas had no outstanding indebtedness. As of that date, NBM had an aggregate outstanding amount of R$11,142.4 million of indebtedness.

The claims of holders of the Notes will be structurally subordinated, with regard to assets and cash flows of the Company's subsidiaries that are not Guarantors, to claims of creditors of those subsidiaries. The amount of these claims as of September 30, 2020 was R$870.0 million.

Optional Redemption

Except as set forth below, the Issuer will not be entitled to redeem the Notes at its option prior to maturity.

At any time prior to January 29, 2026, the Issuer may at its option on one or more occasions redeem Notes (which includes Additional Notes, if any) in an aggregate principal amount not to exceed 35% of the aggregate principal amount of the Notes (which includes Additional Notes, if any) originally issued prior to the redemption date at a redemption price (expressed as a percentage of principal amount) of 103.950%, *plus* accrued and unpaid interest to the redemption date, with the Net Cash Proceeds from one or more Equity Offerings; *provided*, *however*, that

(1) at least 65% of such aggregate principal amount of Notes (which includes Additional Notes, if any) remains outstanding immediately after the occurrence of each such redemption (other than Notes held, directly or indirectly, by the Issuer or the Company or their Affiliates); and

(2) each such redemption occurs within 90 days after the date of the related Equity Offering.

At any time on or after January 29, 2026, the Issuer may, at its option redeem some or all of the Notes at a redemption price, calculated by the Issuer, equal to the percentage of principal amount set forth below *plus* accrued and unpaid interest, if any, to, but excluding, the applicable redemption date (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period beginning on January 29 of the years set forth below:

Period	Percentage (%)
2026	101.975%
2027	100.988%
2028	100.494%
2029 and thereafter	100.000%

In addition, at any time prior to January 29, 2026, the Issuer, at its option, may on one or more occasions redeem all or a part of the Notes, upon not less than 15 nor more than 60 days' prior written notice to the holders and the trustee, at a redemption price equal to 100% of the principal amount of Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, but not including, the date of redemption (subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date).

Selection and Notice of Redemption

If the Issuer is redeeming less than all the Notes at any time, the Notes shall be redeemed on a *pro rata* basis or according to methods commonly accepted by the relevant international central securities depositaries and stock exchanges (subject to the applicable procedures of DTC).

No Notes of a principal amount of U.S.$1,000 or less may be redeemed in part and Notes of a principal amount in excess of U.S.$1,000 may be redeemed in part in multiples of U.S.$1,000 only. The Issuer will cause notices of redemption to be sent by electronic transmission (for notes held in global form) or mailed by first-class mail at least 15 but not more than 60 days before the redemption date to each holder to be redeemed at its registered address.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount thereof to be redeemed. The Issuer will issue a new Note in a principal amount equal to the unredeemed portion of the original Note in the name of the holder upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

Optional Tax Redemption

The Notes may be redeemed at the Issuer's election, as a whole, but not in part, by the giving of notice as provided in the Indenture, at a price in U.S. dollars equal to the outstanding principal amount thereof, together with any Additional Amounts and accrued and unpaid interest to the redemption date, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined under " – Additional Amounts"), or any political subdivision or taxing authority thereof or therein, or any change in the official application, administration or interpretation of such laws, regulations or rulings in a Relevant Taxing Jurisdiction, or any political subdivision or taxing authority thereof or therein, the Issuer has or will become obligated to pay Additional Amounts on the Notes, if such change or amendment is first announced on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; *provided*, *however*, that (1) for the avoidance of doubt, reasonable measures shall not include changing the jurisdiction of the Issuer or the incurrence of material out-of-pocket costs by the Issuer or an Affiliate thereof and (2) no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts, were a payment in respect of the Notes then due.

Notice of any redemption will be sent at least 15 days but not more than 60 days before the redemption date to each holder of Notes to be redeemed.

Prior to the giving of notice of redemption of such Notes pursuant to the Indenture, the Company or the Issuer will deliver to the Trustee an Officers' Certificate and a written opinion of recognized English or Brazilian counsel, as the case may be, independent of the Company and the Issuer, to the effect that all governmental approvals necessary for the Issuer to effect such redemption, including any required approvals from the Central Bank of Brazil, the central bank of the United Kingdom or the Luxembourg Stock Exchange, if applicable, have been or at the time of redemption will be obtained and in full force and effect and that the Issuer is entitled to effect such a redemption pursuant to the Indenture, and setting forth, in reasonable detail, the circumstances giving rise to such right of redemption.

Unless the Issuer defaults in payment of the redemption price, on and after the redemption date interest will cease to accrue on the Notes.

Restrictive Covenants

Limitation on Restricted Payments

(1) The Company will not, and will not permit any Restricted Subsidiary, directly or indirectly, to:

(a) declare or pay any dividend or make any distribution on or in respect of its or any of its Restricted Subsidiaries' Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any Subsidiary of the Company) or similar payment to the direct or indirect holders of its Capital Stock except dividends or distributions payable solely in the form of its Capital Stock (other than Disqualified Stock) and except dividends or distributions payable to the Company or any Restricted Subsidiary (and, if such Restricted Subsidiary has shareholders other than the Company or any other Restricted Subsidiary, to its other shareholders on a *pro rata* basis); *provided*, *however*, that payment of interest pursuant to debt securities mandatorily convertible into common stock of the Company or any Restricted Subsidiary that are considered Capital Stock shall not be deemed a Restricted Payment (as defined below) under this clause (a);

(b) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company held by Persons other than the Company or another Restricted Subsidiary (other than a purchase, redemption, retirement or other acquisition for value that would constitute a Permitted Investment);

(c) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations (other than the purchase, repurchase, redemption, defeasance or other acquisition of Subordinated Obligations made in anticipation of satisfying a sinking fund obligation, a principal installment or a final maturity, in each case, due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition); or

(d) make any Investment (other than a Permitted Investment) in any Person;

(the actions described in clauses (a) through (d) above being herein referred to as "Restricted Payments" and each, a "Restricted Payment"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(i) an Event of Default will have occurred and be continuing;

(ii) after giving effect to the Restricted Payment, the Net Debt to EBITDA Ratio would be greater than 4.75:1; or

(iii) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, to be determined in good faith by the management of the Company or the applicable Restricted Subsidiary) declared or made subsequent to the Closing Date would exceed the sum of, without duplication:

(A) 100% of Consolidated Net Income accrued during the period (treated as one accounting period) from September 30, 2020 to the end of the most recent fiscal quarter for which financial statements are available prior to the date of such Restricted Payment (or, in case such Consolidated Net Income will be a deficit, *minus* 100% of such deficit); *plus*

(B) the aggregate Net Cash Proceeds, and the Fair Market Value of any property, received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock, but including debt securities mandatorily convertible into common stock of the Company that are considered Capital Stock) or other capital contributions subsequent to the Closing Date (other than Net Cash Proceeds received from an issuance or sale of such Capital

Stock to a Restricted Subsidiary of the Company or an employee stock ownership plan, option plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or Guaranteed by the Company or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination); *plus*

(C) (1) the amount of a Guarantee of the Company or any Restricted Subsidiary upon the unconditional release in full of the Company or such Restricted Subsidiary from such Guarantee if such Guarantee was previously treated as a Restricted Payment; and

(2) in the event that the Company or any Restricted Subsidiary makes an Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary, an amount equal to the Company's or such Restricted Subsidiary's existing Investment in such Person;

provided that any amount added pursuant to clauses (1) and (2) of this clause (C) shall not exceed the amount of such Investment or Guarantee, respectively, previously made and treated as a Restricted Payment and not previously added pursuant to this clause (iii); *provided*, *however*, that no amount will be included under this clause (C) to the extent it is already included in Consolidated Net Income; *plus*

(D) the amount by which Indebtedness of the Company or any Restricted Subsidiary is reduced on the Company's balance sheet or the balance sheet of any Restricted Subsidiary, in each case, upon the conversion or exchange (other than for Indebtedness held by the Company or any Restricted Subsidiary) subsequent to the Closing Date of any such Indebtedness for Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash or the Fair Market Value of other property distributed by the Company or any Restricted Subsidiary upon such conversion or exchange); *plus*

(E) the amount equal to the net reduction of Investments (other than Permitted Investments) made by the Company or any Restricted Subsidiary in any Person resulting from repurchases or redemptions of such Investment by such Person, proceeds realized upon the sale of such Investment, repayments of loans or advances or other transfers of assets (including by way of dividend or distribution) by such Person to the Company or any Restricted Subsidiary; *provided* that any amount added pursuant to this clause (E) shall not exceed the amount of such Investment previously made and treated as a Restricted Payment; *provided*, *however*, that no amount will be included under this clause (E) to the extent it is already included in Consolidated Net Income.

(2) The provisions of clause (1) above will not prohibit:

(a) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Capital Stock or Subordinated Obligations of the Company made by exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock and other than Capital Stock issued or sold to a Restricted Subsidiary of the Company or an employee stock ownership plan or other trust established by the Company or any of its Restricted Subsidiaries to the extent that such sale to an employee stock ownership plan or other trust was financed by loans from or Guaranteed by the Company or a Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination); *provided*, *however*, that (x) such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments and (y) the Net Cash Proceeds from such sale of Capital Stock, to the extent such Net Cash Proceeds are used for such purchase, repurchase, redemption, defeasance, acquisition or retirement, will be excluded from clause (1)(d)(iii)(B) of this covenant;

(b) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations of the Company made by exchange for, or out of the proceeds of the substantially concurrent sale of, Subordinated Obligations of the Company that is permitted to be Incurred pursuant to the covenant described under "—Limitation on Indebtedness" below; *provided*, *however*, that such purchase, repurchase, redemption, defeasance or other acquisition or retirement for value will be excluded in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;

(c) so long as no Default has occurred and is continuing, any purchase or redemption of Subordinated Obligations at a purchase price of up to 101% of the principal amount thereof (together with accrued and unpaid interest) in the event of the occurrence of a Change of Control Repurchase Event; *provided*, *however*, that prior to such purchase or redemption, the Company (or a third party to the extent permitted by the Indenture) has made the Change of Control Offer described under "—Repurchases at the Option of the Holders of the Notes upon a Change of Control Repurchase Event" and has purchased all Notes validly tendered and not withdrawn pursuant thereto; and *provided further* that any such purchase shall be included in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;

(d) dividends paid in accordance with applicable law after the date of declaration thereof if at such date of declaration such dividend would have complied with this covenant; *provided*, *however*, that the payment or declaration, but not both the payment and the declaration, of such dividend will be included in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;

(e) as long as no Default or Event of Default has occurred and is continuing, any purchase or redemption of Subordinated Obligations from Net Available Cash to the extent permitted by the covenant described under "—Limitation on Sales of Assets"; *provided*, *however*, that such purchase or redemption shall be included in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;

(f) the payment of the Minimum Legally Required Dividends; *provided*, *however*, that such payment shall be included in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;

(g) so long as no Default or Event of Default has occurred and is continuing, the purchase, redemption or other acquisition, cancellation or retirement for value of any of the Company's Capital Stock or any Capital Stock of any of its Restricted Subsidiaries held by any then-existing or former director, officer, employee, independent contractor or consultant of the Company or any of its Restricted Subsidiaries or their assigns, estates or heirs, in each case in connection with the repurchase provisions under employee stock option or stock purchase agreements or other agreements to compensate management employees; *provided*, *however*, that the price paid for all repurchased, redeemed, acquired, cancelled or retired Capital Stock in all cases does not exceed U.S.$5.0 million in the aggregate;

(h) so long as no Default or Event of Default has occurred and is continuing, the payment of any dividend by a Restricted Subsidiary, on a *pro rata* basis or on a basis more favorable to the Company, to all holders of any class of Capital Stock of such Restricted Subsidiary;

(i) repurchases of Capital Stock of the Company or any Restricted Subsidiary deemed to occur upon exercise of warrants, options or rights to acquire Capital Stock in each case in connection with employee stock option or stock purchase agreements or other agreements to compensate management employees, if such Capital Stock represents a portion of the exercise price of such warrants, options or rights or nominal cash payments in lieu of issuances of fractional shares; and

(j) other Restricted Payments in an aggregate amount not to exceed U.S.$30.0 million since the Closing Date; *provided*, *however*, that at the time of, and after giving effect to, the proposed Restricted

Payment (a) no Default or Event of Default has occurred and is continuing, and (b) the Company could incur at least an additional U.S.$1.00 of Indebtedness under the Net Debt to EBITDA Ratio test set forth in paragraph (1) of the covenant described under the caption "—Limitation on Indebtedness."

The amount of all Restricted Payments (other than cash) shall be the Fair Market Value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred, issued, purchased, repurchased, redeemed, retired, defeased or otherwise acquired by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment; *provided*, that if such Restricted Payment or related series of Restricted Payments involves aggregate consideration in excess of (a) U.S.$15.0 million, as determined by the management of the Company, such determination shall be approved by the Board of Directors of the Company, and (b) U.S.$30.0 million, as determined by the management of the Company, such determination shall be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of recognized standing.

Limitation on Indebtedness

(1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness; *provided*, *however*, that the Company or any Restricted Subsidiary may Incur Indebtedness if, on the date of such Incurrence and after giving effect thereto and the application of the proceeds therefrom, the Net Debt to EBITDA Ratio would be no greater than 4.75:1.

(2) Notwithstanding clause (1) above, the Company or any Restricted Subsidiary may Incur the following Indebtedness:

(a) intercompany Indebtedness between or among the Company and any Restricted Subsidiary or between or among Restricted Subsidiaries; *provided*, *however*, that:

(i) if the Company or any Restricted Subsidiary is the obligor on such Indebtedness Incurred, such Indebtedness must be subordinated to the Notes in right of payment, in the case of the Company, or any applicable Subsidiary Guarantee; and

(ii) any subsequent issuance or transfer of Capital Stock or any other event that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary and any sale or other transfer of any such Indebtedness to a Person that is neither the Company nor a Restricted Subsidiary will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (a);

(b) Indebtedness:

(i) represented by the Notes and the Subsidiary Guarantees (other than any Additional Notes);

(ii) outstanding on the Closing Date; or

(iii) consisting of Refinancing Indebtedness Incurred in respect of any Indebtedness described in this subclause (b) or in clause (1) above.

(c) (i) Indebtedness of a Restricted Subsidiary Incurred and outstanding on or prior to the date on which such Restricted Subsidiary was acquired by the Company (other than Indebtedness Incurred as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary of, or was otherwise acquired by, the Company); *provided*, *however*, that on the date that such Restricted Subsidiary is acquired by the Company, the Company would have been able to Incur U.S.$1.00 of additional Indebtedness pursuant to clause

(1) above after giving effect to the Incurrence of such Indebtedness pursuant to this subclause (i); and

(ii) Refinancing Indebtedness Incurred by the Company or a Restricted Subsidiary in respect of Indebtedness Incurred pursuant to this clause (c);

(d) Indebtedness in respect of bankers' acceptances, deposits, promissory notes, letters of credit, self-insurance obligations, performance, surety, appeal or similar bonds and Guarantees provided by the Company or any Restricted Subsidiary in the ordinary course of its business or Indebtedness with respect to reimbursement type obligations regarding workers' compensation claims;

(e) Purchase Money Obligations, which may include Capitalized Lease Obligations, in an aggregate principal amount not in excess of U.S.$50.0 million at any time outstanding and Refinancing Indebtedness Incurred in respect of Indebtedness Incurred pursuant to this clause (e);

(f) Hedging Obligations of the Company or any Restricted Subsidiary in the ordinary course of business or directly related to Indebtedness permitted to be Incurred by the Company or any Restricted Subsidiary pursuant to the Indenture;

(g) (i) Indebtedness of another Person Incurred and outstanding on or prior to the date on which such Person consolidates with or merges with or into the Company (other than Indebtedness Incurred as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Person consolidates with or merges with or into the Company); *provided*, *however*, that on the date that such transaction is consummated, the Company would have been able to Incur U.S.$1.00 of additional Indebtedness pursuant to clause (1) above after giving effect to the Incurrence of such Indebtedness pursuant to this subclause (i); and (ii) Refinancing Indebtedness Incurred by the Company or any successor thereof, which successor is in compliance with the covenant described under "—Consolidation, Merger, Conveyance, Sale or Lease" below in respect of Indebtedness Incurred pursuant to this clause (g);

(h) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within five Business Days of its Incurrence;

(i) (i) Indebtedness incurred to pay all or a portion of the purchase price or lease of: (A) equipment useful in a Related Business, (B) vehicles and trucks used to transport cattle to the Company's or a Restricted Subsidiary's slaughterhouses or containers or other shipments of its beef and other products destined for export or domestic sale and (C) aircraft up to an aggregate amount not to exceed U.S.$15.0 million; *provided* that in each case (A), (B) and (C), the equipment, vehicles, trucks or aircraft are used in the ordinary course of business of the Company or its Restricted Subsidiaries; and (ii) Refinancing Indebtedness Incurred in respect of Indebtedness Incurred pursuant to this clause (i);

(j) Indebtedness of the Company that is convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Company, *provided* that such convertible indebtedness must be subordinate in terms of payments to the Notes and, as such, no payments of interest on such convertible indebtedness may be made in any given year until all payments of interest and Additional Amounts, if any, are paid on the Notes, and no payments of principal on such convertible indebtedness may be made until the Notes have been paid in full;

(k) Indebtedness to the extent that the net proceeds thereof are promptly deposited to defease, or to satisfy and discharge, all of the outstanding Notes in accordance with the provisions of "—Satisfaction and Discharge" and "—Defeasance";

(l) Indebtedness arising from agreements providing for adjustment of purchase price or other similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or a Restricted Subsidiary; *provided*, *however*, that the maximum aggregate liability in respect of such Indebtedness shall at no time exceed the gross proceeds actually received by the Company or any of its Restricted Subsidiaries in connection with such disposition;

(m) Indebtedness in an aggregate principal amount at any time outstanding not to exceed the greater of (i) U.S.$100.0 million (or the equivalent amount thereof at the time of determination) and (ii) 4.0% of Consolidated Net Tangible Assets as of the most recent period for which financial statements are available; and

(n) Indebtedness consisting of Guarantees of Indebtedness of the Company or any Restricted Subsidiary incurred under any other clause of this covenant.

(3) For purposes of determining compliance with this covenant:

(a) in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including clause (1) above, the Company, in its sole discretion, may classify, and from time to time may reclassify, such item of Indebtedness in one of the types of Indebtedness described above, including clause (1) above; and

(b) the Company will be entitled to divide and classify, and from time to time may reclassify, an item of Indebtedness in more than one of the types of Indebtedness described above, including clause (1) above.

Notwithstanding any other provision of this covenant, neither the Company nor any Restricted Subsidiary shall, with respect to any outstanding Indebtedness Incurred, be deemed to be in violation of this covenant solely as a result of fluctuations in the exchange rates of currencies.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate determined on the date of Incurrence, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness. The principal amount of any Indebtedness Incurred to Refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being Refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated calculated based on the relevant currency exchange rates as calculated in the first sentence of this paragraph. Any and all calculations shall be performed by the Company.

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to incur, issue or assume any Indebtedness secured by a Lien (the "Initial Lien") upon any property or assets of the Company or any Restricted Subsidiary without effectively providing that the Notes (together with, if the Company so determines, any other Indebtedness or obligations then existing or thereafter created) shall be secured equally and ratably with (or prior to) such Indebtedness so long as such Indebtedness shall be so secured; *provided*, *however*, that any Lien created for the benefit of the holders of the Notes (and, if applicable, holders of such other Indebtedness or obligations) pursuant to the foregoing shall provide by its terms that such Lien will be automatically and unconditionally released and discharged upon release and discharge of the Initial Lien; except that the foregoing provisions shall not apply to (without duplication):

(a) Liens which secure only Indebtedness owing by any Restricted Subsidiary to the Company and/or by the Company to one or more Restricted Subsidiaries;

(b) Liens on any property or assets acquired from a Person which is merged with or into the Company or any Restricted Subsidiary, or any Liens on the property or assets of any Person or other entity

existing at the time such Person or other entity becomes a Restricted Subsidiary and, in either such case, is not created as a result of or in connection with or in anticipation of any such transaction; *provided* that such Liens may not extend to any other property owned by the Company or any Restricted Subsidiary;

(c) any Lien on any property or assets existing at the time of acquisition thereof and which is not created as a result of or in connection with or in anticipation of such acquisition; *provided* that such Liens may not extend to any other property owned by the Company or any Restricted Subsidiary;

(d) Liens for taxes, assessments, governmental charges, levies or claims which are not yet due or thereafter can be paid without penalty or are being contested in good faith by appropriate proceedings or the period within which such proceedings may be initiated has not expired;

(e) pledges or deposits in connection with workers' compensation laws, unemployment insurance laws or similar legislation, any deposit to secure appeal bonds in proceedings being contested in good faith to which the Company or any Restricted Subsidiary is a party, good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which the Company or any Restricted Subsidiary is a party or deposits for the payment of rent, in each case made in the ordinary course of business;

(f) any Lien in favor of issuers of surety or performance bonds or letters of credit, or other obligations of a like nature, issued pursuant to the request of and for the account of the Company or any Restricted Subsidiary in the ordinary course of business;

(g) Liens imposed by law, such as carriers', warehousemen's and mechanics' Liens and other similar Liens, on the property or assets of the Company or any Restricted Subsidiary arising in the ordinary course of business and securing payment of obligations that are not yet due or are being contested in good faith by appropriate proceedings;

(h) Defects, easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and encumbrances consisting of zoning restrictions, licenses, restrictions on the use of property or assets or imperfections in title that do not materially impair the value or use of the property or assets affected thereby, and any leases and subleases of real property that do not interfere with the ordinary conduct of the business of the Company or any Restricted Subsidiary, and which are made on customary and usual terms applicable to similar properties;

(i) Liens arising solely by virtue of any statutory or common law provision relating to bankers' liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; *provided*, *however*, that such deposit account is not a dedicated cash collateral account and is not intended by the Company or any Restricted Subsidiary to provide collateral to such depository institution;

(j) any rights of set-off of any Person with respect to any deposit account of the Company or any Restricted Subsidiary arising in the ordinary course of business;

(k) Liens granted to secure borrowing from (i) *Banco Nacional de Desenvolvimento Econômico e Social—BNDES* or any other Brazilian governmental development bank or credit agency, or (ii) any international or multilateral development bank, government-sponsored agency, export-import bank or official export-import credit insurer;

(l) judgment Liens not giving rise to an Event of Default so long as such Lien is bonded in accordance with applicable law and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(m) any Liens on the inventory or receivables of the Company or any Restricted Subsidiary (and all intangibles related thereto and proceeds thereof), securing the obligations of such Person under any credit facility or in connection with any structured export or import financing or other trade transaction; *provided* that the aggregate principal amount of receivables securing Indebtedness shall not exceed (i) with respect to transactions secured by receivables from export sales, 80% of the Company's consolidated gross revenues from export sales for the 12-month period ending on the last day of the Company's most recently completed fiscal quarter or (ii) with respect to transactions secured by receivables from non-export sales, 80% of the Company's consolidated gross revenues from non-export sales for the 12-month period ending on the last day of the Company's most recently completed fiscal quarter; and, *provided*, *further*, that Advance Transactions will not be deemed transactions secured by receivables for purpose of the above calculation;

(n) Liens on property or assets (including Capital Stock) of any Person that secure Indebtedness Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of such property or asset and which attach within 365 days after the date of such purchase or the completion of construction or improvement;

(o) Liens in existence on the Closing Date;

(p) other Liens securing obligations in an aggregate amount not to exceed 20.0% of Consolidated Net Tangible Assets;

(q) any Lien securing Hedging Obligations so long as such Hedging Obligations are entered into for bona fide, non-speculative purposes or are otherwise permitted to be Incurred under the Indenture;

(r) Liens in respect of options, put and call arrangements, rights of first refusal and similar rights relating to Investments in Permitted Joint Ventures and the like, to the extent that such Investments are permitted under "–Limitation on Restricted Payments"; and

(s) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the clauses (b), (c), (k), (n) or (o) above or of any Indebtedness secured thereby, *provided* that the principal amount of Indebtedness so secured shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement (*plus* premiums, interest and reasonable expenses incurred in connection therewith), and that such extension, renewal or replacement Lien shall be limited to all or part of the property which secured the Lien extended, renewed or replaced (*plus* improvements on or additions to such property).

Liens or deposits required by any contract or statute or other regulatory requirements in order to permit the Company or a Restricted Subsidiary to perform any contract or subcontract made by it with or at the request of a governmental entity or any department, agency or instrumentality thereof, or to secure partial progress, advance or any other payments to the Company or any Restricted Subsidiary by a governmental entity or any department, agency or instrumentality thereof pursuant to the provisions of any contract or statute shall not be deemed to create Indebtedness secured by Liens.

Limitation on Sales of Assets

(1) The Company will not, and will not permit any Subsidiary to, make any Asset Disposition unless the following conditions are met:

(a) The Asset Disposition is for Fair Market Value;

(b) At least 75% of the consideration consists of all or part of any of the following, received at closing, (i) cash and Temporary Cash Investments or (ii) Additional Assets;

(c) Within 360 days after the receipt of any Net Available Cash from an Asset Disposition, the Net Available Cash may be used:

(i) to permanently prepay, repay or purchase Indebtedness, other than Subordinated Obligations, of the Company or of any of its Restricted Subsidiaries, in each case owing to a Person other than the Company or any Subsidiary;

(ii) to acquire all or substantially all of the assets of a Related Business, or a majority of the Voting Stock of another Person that thereupon becomes a Restricted Subsidiary engaged in a Related Business, or to make capital expenditures or otherwise acquire long-term assets that are to be used in a Related Business;

(iii) to acquire Additional Assets for the Company or its Restricted Subsidiaries; or

(iv) in connection with a combination of any of the foregoing;

(d) The Net Available Cash of an Asset Disposition not applied pursuant to clause (c) above within 360 days of the Asset Disposition shall constitute "Excess Proceeds." Excess Proceeds of less than U.S.$50.0 million (or the equivalent thereof at the time of determination) will be carried forward and accumulated. When accumulated Excess Proceeds equals or exceeds U.S.$50.0 million, the Issuer must, and the Company shall cause the Issuer to, within 30 days, make an Offer (as defined in clause (2) below) having a principal amount equal to:

(i) accumulated Excess Proceeds, multiplied by

(ii) a fraction (x) the numerator of which is equal to the then outstanding principal amount of the Notes and (y) the denominator of which is equal to the then outstanding aggregate principal amount of the Notes and all *pari passu* Senior Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Disposition, rounded down to the nearest U.S.$1,000.

Upon completion of the Offer (as defined in clause (2) below), Excess Proceeds will be reset at zero and the Company shall be entitled to use any remaining proceeds for any corporate purposes to the extent permitted under the Indenture.

(1) In the event of an Asset Disposition that requires the purchase of Notes pursuant to clause (d) above, the Issuer will, and the Company shall cause the Issuer to, (a) make an offer (an "Offer") to purchase such Notes (and any other *pari passu* Senior Indebtedness), at a purchase price, in U.S. dollars, of 100% of such Notes principal amount *plus* accrued and unpaid interest (including Additional Amounts, if any) thereon, to the date of purchase; and (b) if the aggregate principal amount of Notes (and any other Senior Indebtedness) tendered pursuant to the Offer exceeds the Net Available Cash allotted to their purchase, the Company shall select the Notes and other Senior Indebtedness to be purchased on a pro rata basis (subject to the applicable procedures of DTC) but in round denominations, which in the case of the Notes will be denominations of U.S.$1,000 principal amount or incremental multiples thereof.

(2) The Issuer and the Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other applicable securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any applicable securities laws or regulations conflict with provisions of this covenant, each of the Issuer and the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue of its compliance with such securities laws or regulations.

Solely for the purposes of clause (1)(b) above, the following will be deemed to be cash:

(a) any liabilities (as shown on the Company's most recent consolidated balance sheet or in the footnotes thereto, or if incurred or accrued subsequent to the date of such balance sheet, such

liabilities that would have been shown on the Company's consolidated balance sheet or in the footnotes thereto if such incurrence or accrual had taken place on or prior to the date of such balance sheet, as determined in good faith by the Company) of the Company or any Restricted Subsidiary, other than liabilities that are by their terms subordinated to the Notes or to any Subsidiary Guarantee, that are assumed by the transferee of any such assets (or are otherwise extinguished in connection with the transactions relating to such Asset Disposition) and for which the Company and all of its Restricted Subsidiaries have been validly released; and

(b) securities received by the Company or any of its Restricted Subsidiaries from the transferee that are converted within 90 days into cash or Temporary Cash Investments.

Limitation on Transactions with Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate, involving an amount in excess of U.S.$3.0 million (each, an "Affiliate Transaction"), unless:

(a) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary, taken as a whole, than those that would have been obtained in a comparable arm's-length transaction by the Company or such Restricted Subsidiary with a Person that is not an Affiliate; and

(b) the Company delivers to the Trustee:

(i) with respect of any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.$10.0 million, an Officers' Certificate stating that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by the management of the Company; and

(ii) with respect of any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.$40.0 million, an opinion as to the fairness to the Company or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an investment banking firm of recognized standing.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(i) transactions between or among the Company and any Restricted Subsidiary or between two or more Restricted Subsidiaries, if any;

(ii) any agreement in effect as of the Closing Date or any amendment, supplement, restatement, replacement, renewal, extension, refinancing thereof or thereto (so long as the renewed or replaced agreement, when taken as a whole, is not more disadvantageous to the holders of the Notes in any material respect than the original agreement in effect on the Closing Date) or any transaction contemplated thereby;

(iii) transactions or payments pursuant to any employee, officer or director compensation or benefit plans, customary indemnifications or arrangements entered into in the ordinary course of business;

(iv) (A) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and on market terms or (B) transactions with Permitted Joint Ventures on market terms;

(v) the issuance or sale of any Capital Stock (other than Disqualified Stock) of, and any contribution of capital to, the Company;

(vi) Restricted Payments that are permitted by the provisions of the covenant described under "—Limitation on Restricted Payments" above; and

(vii) transactions on arm's-length terms with any Person that is not an Affiliate prior to such transaction but becomes an Affiliate as a result of such transaction, in an aggregate amount, together with all other transactions made pursuant to this clause (vii), not exceeding U.S.$30.0 million.

Limitation on Sale and Lease-Back Transactions

The Company covenants and agrees that neither the Company nor any Restricted Subsidiary will enter into any Sale and Lease-Back Transaction unless either the Company or such Restricted Subsidiary would be entitled:

(a) (i) pursuant to the provisions of the covenant described under "—Limitation on Indebtedness" above to Incur Indebtedness in a principal amount equal to or exceeding the Attributable Debt in respect of such Sale and Lease-Back Transaction; and

(ii) pursuant to the provisions of the covenant described under "—Limitation on Liens" above to Incur a Lien to secure such Indebtedness; or

(b) the Company, during or immediately after the expiration of three months after the effective date of such Sale and Lease-Back Transaction (whether made by the Company or a Restricted Subsidiary), applies to the voluntary retirement of Funded Debt, an amount equal to the Value of such Sale and Lease-Back Transaction, less an amount equal to the sum of: (i) the principal amount of Notes delivered, within such three-month period, to the Trustee for retirement and cancellation and (ii) the principal amount of other Funded Debt voluntarily retired by the Company within such three-month period, in each case excluding retirements of Notes and other Funded Debt as a result of conversions or pursuant to mandatory sinking fund or mandatory prepayment provisions or by payment at maturity.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any Restricted Subsidiary or with respect of any other interest or participation in, or measured by, its profits;

(2) pay any Indebtedness owed to the Company or any Restricted Subsidiary;

(3) make loans or advances to the Company or any Restricted Subsidiary; or

(4) transfer any of its properties or assets to the Company or any Restricted Subsidiary.

However, the preceding restrictions will not apply to encumbrances or restrictions:

(a) existing under or by reason of applicable law or governmental rule, regulation or order;

(b) on any property or assets acquired from a Person which is merged with or into the Company or any Restricted Subsidiary, or by reason of any Liens on the property or assets, or relating to the Indebtedness, of any Person or other entity existing at the time such Person or other entity becomes a Restricted Subsidiary, or restriction relating to Indebtedness of any such Person and, in any such case, is not created as a result of or in connection with or in anticipation of any

such transaction; *provided* that such Liens and any extensions, renewals, replacements or refinancings thereof may not extend to any other property owned by the Company or any Restricted Subsidiary; and *provided further* that the encumbrances and restrictions in the extension, renewal, replacement or refinancing are, taken as a whole, no less favorable in any material respect to the holders of the Notes than the encumbrances or restrictions being extended, renewed, replaced or refinanced;

(c) on any property or assets existing at the time of acquisition thereof and which are not created as a result of or in connection with or in anticipation of such acquisition; *provided* that such encumbrances and restrictions and any extensions, renewals, replacements or refinancings thereof may not extend to any other property owned by the Company or any Restricted Subsidiary; and *provided further* that the encumbrances and restrictions in the extension, renewal, replacement or refinancing are, taken as a whole, no less favorable in any material respect to the holders of the Notes than the encumbrances or restrictions being extended, renewed, replaced or refinanced;

(d) in the case of clause (4) above:

(i) that exist by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture;

(ii) that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any such lease, license or other contract or contractual right;

(iii) contained in mortgages, pledges or other security agreements permitted under the Indenture securing Indebtedness of the Company or a Restricted Subsidiary to the extent such encumbrances or restrictions restrict the transfer of the property subject to such mortgages, pledges or other security agreements;

(iv) imposed by Purchase Money Obligations for property acquired in the ordinary course of business or by Capitalized Lease Obligations permitted under the Indenture on the property so acquired, but only to the extent that such encumbrances or restrictions restrict the transfer of the property; or

(v) arising or agreed to in the ordinary course of business, not relating to Indebtedness, and that do not, individually or in the aggregate, detract from the value of the property or assets of the Company or any Restricted Subsidiary in any manner material to the Company and its Restricted Subsidiaries.

(e) imposed by the standard loan documentation in connection with loans from (i) *Banco Nacional de Desenvolvimento Econômico e Social—BNDES* or any other Brazilian governmental development bank or credit agency, or (ii) any international or multilateral development bank, government sponsored agency, export-import bank or official export-import credit insurer;

(f) imposed pursuant to a provision in a credit agreement or any other agreement to which a Restricted Subsidiary is party that limits such Restricted Subsidiary's ability to pay more than 50% of the aggregate amount of its net income accrued on a cumulative basis during the period, taken as one accounting period, beginning on the issue date and ending on the last day of such Restricted Subsidiary's most recently completed fiscal quarter as dividends or any other distributions on its Capital Stock;

(g) existing by reason of Liens that secure Indebtedness otherwise permitted to be incurred under the provisions of the covenant described under "—Limitation on Liens" above and that limit the right of the debtor to dispose of the assets subject to such Liens;

(h) imposed with respect of a Restricted Subsidiary pursuant to an agreement entered into for the sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary pending the closing of such sale or disposition;

(i) with respect to a Restricted Subsidiary and imposed pursuant to a customary provision in a Permitted Joint Venture or other similar agreement with respect to such Restricted Subsidiary; or

(j) existing on the Closing Date and any amendments, extensions, renewals, replacements or refinancings thereof; *provided* that the encumbrances and restrictions in the extension, renewal, replacement or refinancing are, taken as a whole, no less favorable in any material respect to the holders of the Notes than the encumbrances or restrictions being extended, renewed, replaced or refinanced.

Consolidation, Merger, Conveyance, Sale or Lease

Nothing contained in the Indenture will prevent the Company from consolidating with or merging into another Person or conveying, transferring or leasing the Company's properties and assets substantially as an entirety to any Person; *provided* that,

(a) the Person formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the Company's properties and assets substantially as an entirety is a Person (the "Successor Company") organized and existing under the laws of Brazil or the United States, any State thereof, the District of Columbia or any other country member of the Organisation for Economic Co-operation and Development (OECD) and expressly assumes, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of (and premium, if any) and interest, if any, on all the Notes and the performance of every covenant in the Indenture on the part of the Company to be performed or observed;

(b) immediately after giving effect to such transaction no Default or Event of Default shall have occurred and be continuing;

(c) immediately after giving effect to such transaction, the Successor Company (i) could Incur at least an additional U.S.$1.00 of Indebtedness under clause (1) of the covenant described under "— Limitation on Indebtedness" above or (ii) would have a Net Debt to EBITDA Ratio less than or equal to the Company's Net Debt to EBITDA Ratio immediately prior to such transaction;

(d) each Subsidiary Guarantor (unless it is the other party to the transactions above, in which case clause (a) above shall apply) shall have by supplemental indenture confirmed that its Subsidiary Guarantee shall apply to such Person's obligations in respect of the Indenture and the Notes; and

(e) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with the Indenture and that all conditions precedent set forth therein relating to such transaction have been satisfied.

The Company will not permit the Issuer or any Subsidiary Guarantor to consolidate with or merge with or into, or convey, transfer or lease, in one transaction or a series of transactions, all or substantially all of its assets to any Person (other than with or into or to the Company or any Restricted Subsidiary) unless:

(1) (x) the resulting, surviving or transferee Person (if not the Company or such Subsidiary Guarantor) shall be a Person organized and existing under the laws of the jurisdiction under which such Person was organized or under the laws of Brazil, the United States or The Netherlands, any State thereof, the District of Columbia or any other country member of the Organisation for Economic Co-

operation and Development (OECD), and (y) in the case of a consolidation, merger, conveyance, transfer or lease of all or substantially all of the assets of a Subsidiary Guarantor, such Person shall expressly assume, by a guarantee agreement substantially similar in all respects to the Subsidiary Guarantee to which such Subsidiary Guarantor was a party and in a form satisfactory to the Trustee, all the obligations of such Subsidiary Guarantor, if any, under such Subsidiary Guarantee; *provided* that the foregoing shall not apply in the case of a Subsidiary Guarantor that (A) has been disposed of in its entirety to another Person (other than to the Company or a Restricted Subsidiary), whether through a merger, consolidation or sale of Capital Stock or assets or (B) as a result of the disposition of all or a portion of its Capital Stock, ceases to be a Restricted Subsidiary, in both cases, if in connection therewith the Company provides an Officers' Certificate to the Trustee to the effect that the Company shall comply with its obligations under the covenants described under "—Limitation on Sales of Assets" in respect of such disposition);

(2) immediately after giving effect to such transaction or transactions on a *pro forma* basis (and treating any Indebtedness which becomes an obligation of the resulting, surviving or transferee Person as a result of such transaction as having been issued by such Person at the time of such transaction), no Default shall have occurred and be continuing; and

(3) the Company delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease, such guarantee agreement, if any, and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture complies with the Indenture and that all conditions precedent set forth therein relating to such transaction have been satisfied.

Other Covenants

In addition, the Indenture will (subject to exceptions, qualifications and materiality thresholds, where appropriate) contain covenants regarding permitted lines of business of the Company, the performance of the Company's and the Issuer's obligations under the Notes, the maintenance of the Company's and the Issuer's corporate existence, the maintenance of the Company's and any Subsidiary Guarantors' properties, the compliance with applicable laws, maintenance of the Company's, the Issuer's and any Subsidiary Guarantors' governmental approvals, the Company's, the Issuer's and any Subsidiary Guarantors' payment of taxes and other claims, the appointment of the Trustee, the maintenance of insurance, the maintenance of the Company's, the Issuer's and the Subsidiary Guarantors' books and records, the maintenance of an office or agency in the State of New York, the ranking of the Notes, notices of certain events, further actions and the use of proceeds.

Repurchases at the Option of the Holders of the Notes upon a Change of Control Repurchase Event

If a Change of Control Repurchase Event occurs, each holder of Notes will have the right to require the Issuer and the Company to repurchase all or any part (equal to U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof) of that holder's Notes pursuant to a Change of Control Offer (as defined below) on the terms set forth in the Indenture. No such purchase in part shall reduce the outstanding principal amount at maturity of the Notes held by any holder to below U.S.$200,000. In the Change of Control Offer, the Issuer and the Company will offer a "Change of Control Payment" in U.S. dollars equal to 101% of the aggregate principal amount of Notes repurchased *plus* accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased, to the date of purchase (subject to the right of the holders of record on the relevant Record Date to receive interest and Additional Amounts, if any, on the relevant interest payment date).

No later than 30 days following a Change of Control Repurchase Event, the Issuer and the Company will make a "Change of Control Offer" by notice to each holder of Notes by mailing and publishing such notice in accordance with the provision set out under "—Notices" below, describing the transaction or transactions that constitute the Change of Control Repurchase Event and offering to repurchase Notes on the date specified in the notice (the "Change of Control Payment Date"), which date will be no earlier than 30 days and no later

than 60 days from the date such notice is mailed, pursuant to the procedures required by the Indenture and described in such notice.

Notwithstanding anything to the contrary contained herein, the Issuer and the Company may make an offer to purchase in advance of a Change of Control and conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the offer to purchase is made.

The Issuer and the Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other applicable securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any applicable securities laws or regulations conflict with provisions of this covenant, each of the Issuer and the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue of its compliance with such securities laws or regulations.

On the Change of Control Payment Date, the Issuer and the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered, if applicable, to the Trustee for cancellation the Notes properly accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer and the Company.

The paying agents will promptly deliver to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will upon written order of the Issuer authenticate and deliver (or cause to be transferred by book entry) to each holder a new note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each new note will be in a principal amount of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Issuer and the Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuer and the Company to make a Change of Control Offer following a Change of Control Repurchase Event will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control Repurchase Event, the Indenture will not contain provisions that permit the holders of the Notes to require that the Issuer and the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Issuer and the Company will not be required to make a Change of Control Offer upon a Change of Control Repurchase Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements, set forth in the Indenture, that are applicable to a Change of Control Offer made by the Issuer and the Company and such third party purchases all Notes properly tendered and not withdrawn under the Change of Control Offer.

Suspension of Covenants

If on any date following the Closing Date:

(1) the Notes have been assigned an Investment Grade Rating by any two Rating Agencies; and

(2) no Default shall have occurred and be continuing,

then, beginning on that day and subject to the provisions of the following paragraph, the covenants specifically listed under the following captions will automatically, without any notice of any kind, be suspended (and the Company and its Subsidiaries will have no obligation or liability whatsoever with respect to such covenants):

(a) "—Limitation on Restricted Payments";

(b) "—Limitation on Indebtedness";

(c) "—Limitation on Sales of Assets";

(d) "—Limitation on Transactions with Affiliates";

(e) "—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(f) "—Limitation on Sale and Lease-Back Transactions"; and

(g) clause (c) of "—Consolidation, Merger, Conveyance, Sale or Lease."

Clauses (a) through (g) above are collectively referred to as the "Suspended Covenants."

If, during any period in which the Suspended Covenants are suspended, the Notes cease to have an Investment Grade Rating by two Rating Agencies, the Suspended Covenants will thereafter be reinstated and be applicable pursuant to the terms of the Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of the Indenture), unless and until the Notes subsequently attain an Investment Grade Rating by any two Rating Agencies (in which event the Suspended Covenants will again be suspended for such time that the Notes maintain an Investment Grade Rating by any two Rating Agencies); *provided*, *however*, that no Default or breach or violation of any kind will be deemed to exist under the Indenture, the Notes, the Company Guarantee or any Subsidiary Guarantee with respect to the Suspended Covenants (whether during the period when the Suspended Covenants were suspended or thereafter) based on, and none of the Issuer, the Company or any of its Restricted Subsidiaries will bear any liability (whether during the period when the Suspended Covenants were suspended or thereafter) for, any actions taken or events occurring after the Notes attain an Investment Grade Rating by any two Rating Agencies and before any reinstatement of the Suspended Covenants as provided above, or any actions taken at any time (whether during the period when the Suspended Covenants were suspended or thereafter) pursuant to any contractual obligation arising prior to the reinstatement, regardless of whether those actions or events would have been permitted if the applicable Suspended Covenant had remained in effect during such period. The Issuer shall provide notice to the Trustee within five Business Days of any date in which the covenants are suspended or reinstated.

Events of Default

An Event of Default with respect to the Notes will be defined in the Indenture as being a:

- default for 30 days in payment of any interest or Additional Amounts on the Notes when the same becomes due and payable;
- default in payment of principal of or premium, if any, on the Notes when the same becomes due and payable, upon optional redemption, upon required purchase, upon declaration of acceleration or otherwise;
- failure by the Company or any Restricted Subsidiary to comply with the provisions described under "—Restrictive Covenants—Consolidation, Merger, Conveyance, Sale or Lease";
- default in the performance, or breach, of any other covenant or obligation of the Company or any Restricted Subsidiary in the Indenture and continuance of such default or breach for a period of 60 consecutive days after written notice is given to the Company by the Trustee or to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the Notes;

- default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness by the Company or any Restricted Subsidiary (or the payment of which is Guaranteed by the Company or any Restricted Subsidiary) whether such Indebtedness or Guarantee now exists, or is created after the Closing Date, if that default:
  - is caused by a failure to pay principal of or interest or premium (or Additional Amounts) on such Indebtedness within any applicable grace period (a "Payment Default"); or
  - results in the acceleration of such Indebtedness prior to its Stated Maturity,

  and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates U.S.$40.0 million or more;
- except as permitted by the Indenture, any Subsidiary Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Subsidiary Guarantor, or any Person acting on behalf of any Subsidiary Guarantor, shall contest the enforceability thereof in a pleading in any court of competent jurisdiction or similar body;
- the Company Guarantee shall fail to be in full force and effect or is declared null and void or the Company denies that it has further liability under the Indenture and the Company Guarantee, or gives notice to such effect (other than by reason of the termination of the Indenture or the release of the Company Guarantee in accordance with the provisions of the Indenture); and
- certain events of bankruptcy, insolvency or reorganization of the Issuer, Company or any Significant Subsidiary.

The Company will deliver to the Trustee, within thirty business days after obtaining actual knowledge thereof, written notice of any Default or Event of Default that has occurred and is still continuing, its status and what action the Company is taking or proposing to take in respect thereof. The Indenture will provide that the Trustee may withhold notice to the holders of the Notes of any Default or Event of Default (except in payment of principal of, or interest or premium (and Additional Amounts), if any, on the Notes) if the Trustee in good faith determines that it is in the interest of the holders of the Notes to do so. The Indenture will provide that, if an Event of Default (other than an Event of Default involving a bankruptcy, insolvency or similar event in respect of the Company) with respect to the Notes specified therein shall have happened and be continuing, either the Trustee or the holders of at least 25% in aggregate principal amount of the Notes, by written notice to the Company (and to the Trustee if notice is given by the holders), may declare the principal amount of (and interest on) all the Notes to be due and payable immediately. The Indenture will provide that if an Event of Default involving a bankruptcy, insolvency or other similar event in respect of the Company shall have happened, the principal amount of all the Notes will be immediately due and payable without notice or any other act on the part of the Trustee or any holder of the Notes. In this case, the Company will comply with any and all then applicable regulations of the Central Bank of Brazil for remittance of funds outside of Brazil. However, if the Company cures all Defaults (except the nonpayment of principal of and accrued interest or premium (and Additional Amounts) on Notes at maturity or which shall become due by acceleration) and certain other conditions are met, such declaration may be rescinded and annulled by the holders of not less than a majority in aggregate principal amount of the Notes. In addition, past Defaults with respect to the Notes may be waived by the holders of not less than a majority in aggregate principal amount of the Notes except (i) a Default in the payment of principal of (or premium, if any) or interest or premium (and Additional Amounts), if any, on any Note or (ii) in respect of a provision of the Indenture which cannot be amended without the consent of the holder of each outstanding Note affected thereby.

The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders of the Notes, unless such holders shall have offered to the Trustee security or indemnity reasonably satisfactory to the Trustee. Subject to such provision for indemnification, the

holders of a majority in principal amount of the Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or of exercising any trust or power conferred on the Trustee with respect to the Notes, *provided* that the Trustee shall have the right to decline to follow any such direction if the Trustee shall determine that the action so directed conflicts with any law or the provisions of the Indenture, if the Trustee shall determine that such action would be prejudicial to holders of the Notes not taking part in such direction or if the Trustee determines in good faith that such action would involve the Trustee in personal liability and the Trustee is not offered indemnity or security satisfactory to it.

No holder of any Note shall have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless:

- such holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Notes;
- the holders of not less than 25% in principal amount of the outstanding Notes shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee thereunder;
- such holder or holders have offered to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request;
- the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders of a majority in principal amount of the outstanding Notes,

it being understood and intended that no one or more of such holders shall have any right in any manner whatsoever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other of such holders, or to obtain or to seek to obtain priority or preference over any other of such holders or to enforce any right under the Indenture, except in the manner therein provided and for the equal and ratable benefit of all such holders.

Notwithstanding any other provision of the Indenture, the contractual right of the holder of any Note to institute suit for the payment of the principal of (and premium, if any) and interest (and Additional Amounts), if any, on such Note, on or after the respective due dates expressed or provided for in such Note, shall not be amended without the consent of such holder.

Additional Amounts

All payments of principal and interest by the Issuer or on behalf of the Issuer in respect of the Notes (including any payment made pursuant to the Company Guarantee or any Subsidiary Guarantee) shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Brazil, England and Wales, The Netherlands, the Cayman Islands or any other jurisdiction in which the Issuer, the Company, or a Subsidiary Guarantor is organized or resident for tax purposes or from or through which payments by or on behalf of the Issuer (including any payment made pursuant to the Company Guarantee or any Subsidiary Guarantee) are made (each, a "Relevant Taxing Jurisdiction") or by or within any political subdivision thereof or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In the event of any such withholding or deduction, the Issuer (in the case of payments made by the Issuer), the Company (in the case of payments made by the Company) or any Subsidiary Guarantor (in the case of payments made by a Subsidiary Guarantor), shall pay to holders of the Notes in U.S. dollars such additional amounts ("Additional Amounts") as will result in the payment to such holder of the U.S. dollar amount that would otherwise have been receivable by such holder in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable:

(a) in respect of any tax that would not have been so withheld or deducted but for the existence of any present or former connection, including a permanent establishment, between the holder or beneficial owner of the Note (or, if the holder or beneficial owner is an estate, nominee, trust, partnership or corporation, between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over, the holder or beneficial owner) and the applicable Relevant Taxing Jurisdiction or any political subdivision thereof, other than the mere receipt of such payment or the mere holding or ownership of such Note or beneficial interest or enforcement of rights thereunder;

(b) in respect of any tax to the extent that such tax would not have been so withheld or deducted if the Note had been presented for payment within 30 days after the Relevant Date (as defined below);

(c) in respect of any tax that would not have been so withheld or deducted but for the failure by the holder or the beneficial owner of the Note to (i) make a declaration of non-residence or any other claim or filing for exemption to which it is entitled or (ii) comply with any reasonable certification, identification, information, documentation or other reporting requirement concerning its nationality, residence, identity or connection with the applicable Relevant Taxing Jurisdiction or any political subdivision thereof, if (1) compliance is required, as a precondition to exemption from, or reduction in the rate of, such tax and (2) the Issuer or payor on behalf of the Issuer, as applicable, has given the holder at least 30 days' notice that holders will be required to provide such certification, identification, information or documentation or comply with such other reporting requirement; *provided* that, in no event, shall such holder's or beneficial owner's requirement to make a valid and legal claim for exemption from or reduction of such tax require such holder or beneficial owner to provide any materially more onerous information, documents or other evidence than would be required to be provided had such holder or beneficial owner been required to file a U.S. IRS Form W-8 or W-9;

(d) in respect of any estate, inheritance, gift, value-added, sales, use, excise, transfer, personal property or similar taxes, duties, assessments or other governmental charges;

(e) in respect of any tax, assessment or other government charge payable other than by withholding or deduction;

(f) in respect of any payment to a holder of a Note that is a fiduciary or partnership or any Person other than the sole beneficial owner of such payment or Note, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment or Note would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual holder of such Note;

(g) in respect of any taxes imposed in connection with a Note presented for payment by or on behalf of a holder thereof who is a resident of the European Union for tax purposes and who would have been able to avoid such tax by presenting the relevant Note to another paying agent in a member state of the European Union to whom presentation could have been made;

(h) for or on account of any tax, duty, assessment or governmental charge that is imposed by reason of (A) the holder's or beneficial owner's past or present status as the actual or constructive owner of 10% or more of the total combined voting power of all classes of stock of the Issuer entitled to vote within the meaning of Section 871(h)(3) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), (B) the holder's or beneficial owner's past or present status as a controlled foreign corporation that is related directly or indirectly to the Issuer through stock ownership within the meaning of Section 864(d)(4) of the Code, (C) the holder's or beneficial owner's being or having been a bank (or being or having been so treated) that is treated as receiving amounts paid on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, or (D) the holder's or beneficial owner's failure to fulfill the statement requirements of Section 871(h) or 881(c) of the Code;

(i) for or on account of any tax, duty, assessment or governmental charge imposed by reason of the holder's or beneficial owner's past or present status (or the past or present status of a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such holder or beneficial owner, if such holder or beneficial owner is an estate, a trust, a partnership or a corporation) as a personal holding company, private foundation or other tax exempt organization, controlled foreign corporation with respect to the United States, or as a corporation that accumulates earnings to avoid U.S. federal income tax; or

(j) in respect of any combination of (a) through (i) above.

Notwithstanding any other provision herein, any amounts to be paid on the Notes by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "FATCA Withholding"). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

"Relevant Date" means, with respect to any payment due from the Issuer or the Company, whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in New York City, New York by the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the holders of the Notes in accordance with the Indenture.

All references to principal and interest in respect of the Notes shall be deemed also to refer to any Additional Amounts, unless the context requires otherwise, which may be payable as set forth in the Indenture or in the Notes.

At least ten Business Days prior to the first Interest Payment Date (and at least ten Business Days prior to each succeeding Interest Payment Date if there has been any change with respect to the matters set forth in the below-mentioned Officers' Certificate), the Issuer or the Company, as the case may be, will furnish to the Trustee and each paying agent an Officers' Certificate instructing the Trustee and each such paying agent whether payments of principal of or interest on the Notes due on such Interest Payment Date shall be without deduction or withholding for or on account of any tax. If any such deduction or withholding shall be required, prior to such Interest Payment Date, the Issuer or the Company, as the case may be, will furnish the Trustee and each such paying agent with an Officers' Certificate which specifies the amount, if any, required to be withheld on such payment to holders of the Notes and certifies that the Issuer or the Company, as the case may be, shall pay such withholding or deduction. Any Officers' Certificate required by the Indenture to be provided to the Trustee and any paying agent for these purposes shall be deemed to be duly provided if delivered to the Trustee and such paying agent, with originals to follow.

The Issuer or the Company shall furnish to the Trustee the official receipts (or a certified copy of the official receipts), if applicable, evidencing payment of any tax. Copies of such receipts shall be made available to holders of the Notes upon request.

The Issuer and the Company shall promptly pay when due any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration of each Note or any other document or instrument referred to herein or therein, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of a Relevant Taxing Jurisdiction and except, in certain cases, for taxes, charges or similar levies resulting from certain registration of transfer or exchange of Notes.

Reports

The Company shall provide the Trustee and, upon request, the holders of the Notes:

- within 120 days following the end of each fiscal year of the Company after the Closing Date, the annual financial statements (including the notes thereto) of the Company in a form substantially similar to the financial statements included in this offering memorandum prepared in accordance with Brazilian GAAP and presented in the English language and a report thereon by the Company's certified independent public accountants; provided that such obligations shall be satisfied if the annual financial statements are available on a publicly-accessible page of the Company's website on the date such annual financial statements are required to be delivered in accordance herewith.
- within 60 days following the end of the first three fiscal quarters in each fiscal year of the Company beginning with the quarter ending after the Closing Date, all quarterly financial statements (including the notes thereto) of the Company, prepared in accordance with Brazilian GAAP and presented in the English language; provided that this obligation shall be satisfied if the quarterly financial statements are available on a publicly-accessible page of the Company's website on the date such quarterly financial statements are required to be delivered in accordance herewith.

In addition, the Issuer and the Company will furnish to the holders of the Notes and to prospective investors, upon request of such holders or investors, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the Notes are not freely tradable under the Securities Act.

For so long as any of the Notes are outstanding, the above information will be made available at the specified offices of each paying agent. For so long as the Notes are listed on the Euro MTF Market of the Luxembourg Stock Exchange, the above information will also be made available, upon request, at the offices of the Luxembourg Listing Agent.

Modification of the Indenture

The Indenture will contain provisions permitting the Issuer, the Company and the Trustee, with the consent of the holders of a majority in aggregate in principal amount of the outstanding Notes to modify the Indenture or any supplemental indenture or the rights of the holders of the Notes; *provided* that no modification shall without the consent of the holder of each outstanding Note affected thereby:

- change the stated maturity upon which the principal of or the interest on any Note is due and payable, or reduce the principal amount thereof or the rate of interest thereon (including Additional Amounts) or any premium payable upon the redemption thereof, or change any place of payment or the currency in which, any Note or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after redemption date);
- reduce the percentage of the principal amount of the outstanding Notes whose holders' consent is required for any waiver (of compliance with certain provisions of the Indenture or certain defaults thereunder and their consequences) provided for in the Indenture;
- amend or modify any provision of the Company Guarantee that would adversely affect the holders of the Notes; or
- modify certain other provisions of the Indenture.

The Indenture will provide that Notes owned by the Company or any of its Affiliates shall be deemed not to be outstanding for, among other purposes, consenting to any modification.

The Indenture will also contain provisions permitting the Issuer, the Company and the Trustee to amend the Indenture in certain circumstances without the consent of the holders of any Notes to evidence the Company's merger, the replacement of the Trustee and for certain other purposes.

No Personal Liability of Directors, Officers, Employees and Shareholders

No past, present or future director, officer, partner, employee, incorporator, shareholder or member of the Issuer, the Company or any Subsidiary of the Company shall have any liability for any obligations of the Issuer, the Company or any Subsidiary of the Company under the Notes or the Indenture, the Company Guarantee or any Subsidiary Guarantee, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes, by accepting a Note, waives and releases all such liability. Such waivers and releases are part of the consideration for issuance of the Notes. The waivers may not be effective to waive liabilities under the U.S. federal securities laws or under the Brazilian Corporate Law and Dutch corporate law.

Luxembourg Listing

We intend to make an application to admit the Notes to listing on the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF Market. Following the issuance of the Notes, we will use our commercially reasonable efforts to obtain listing of the Notes on the Luxembourg Stock Exchange for trading on the Euro MTF Market. If the European Union's directive (2003/0045(COD), the "Transparency Directive") would require us to publish financial information either more regularly than we would otherwise be required to or according to accounting principles which are materially different from the accounting principles which we would otherwise use to prepare our published financial information, we may delist the Notes and, at our option, seek an alternative admission to listing, trading and/or quotation for the Notes by another listing authority, stock exchange and/or quotation system outside the European Union, provided that, in any event, we will use all reasonable efforts to ensure that the Notes are listed on a "recognized stock exchange" for the purposes of section 1005 of the United Kingdom Income Tax Act 2007. In such event, we will give notice of the identity of such other listing authority, stock exchange and/or quotation system to the holders of the Notes as described under "—Notices."

In the event that a Significant Subsidiary provides a Subsidiary Guarantee or is released from its obligations under a Subsidiary Guarantee at a time when the Notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market, the Issuer and the Company will, to the extent required by the rules of the Luxembourg Stock Exchange, send a copy of such notice to the Luxembourg Stock Exchange and, in the case of the granting of a new Subsidiary Guarantee, deposit a copy of the Subsidiary Guarantee with the Luxembourg Stock Exchange and the Luxembourg Listing Agent and execute a supplemental indenture and inform the Luxembourg Stock Exchange of such execution.

Paying Agents, Registrar and Transfer Agents; Listing Agent

Until the Notes have been paid, we will maintain a paying agent, a registrar and a transfer agent in New York City and, if and for so long as the Notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market, we will maintain a paying agent and transfer agent in Luxembourg.

The Trustee will initially act as paying agent, registrar and transfer agent for the Notes in New York. The Bank of New York Mellon SA/NV, Luxembourg Branch is the Luxembourg Listing Agent. The addresses of the Trustee and Luxembourg Listing Agent are set forth on the inside back cover of this offering memorandum.

We may change any paying agent, registrar or transfer agent without prior notice to holders. We will promptly provide notice of the termination or appointment of any paying agent, registrar or transfer agent, or of any change in the office of any paying agent, registrar or transfer agent as described under "—Notices."

Notices

All notices shall be deemed to have been given upon the mailing by first class mail, postage prepaid, of such notices to the holders of the Notes at their registered addresses as recorded in the Notes register not later than the latest date, and not earlier than the earliest date, prescribed in the Notes for the giving of such notice.

As long as the Notes are listed on the Euro MTF Market of the Luxembourg Stock Exchange, the Issuer and the Company will also give notices to the holders of the Notes as required by the rules of such exchange for so long as it is required by its rules.

Neither the failure to give any notice to a particular holder of Notes, nor any defect in a notice given to a particular holder of Notes, will affect the sufficiency of any notice given to another holder of Notes.

In the case of Global Notes, notices will be delivered to holders via DTC in accordance with its procedures.

Form and Registration

The Notes will be represented by Regulation S Global Notes (as defined below) and Restricted Global Notes (as defined below) (each sometimes referred to herein as a "Global Note" and together referred to herein as the "Global Notes").

Notes sold outside the United States in reliance on Regulation S will be represented by one or more Global Notes in definitive, fully registered form without interest coupons (collectively, "Regulation S Global Notes") and will be deposited with the Trustee, as custodian for DTC, and registered in the name of DTC or its nominee for the accounts of Euroclear and Clearstream (as indirect participants in DTC).

Notes sold in reliance on Rule 144A under the Securities Act initially will be represented by one or more Global Notes in definitive, fully registered form without interest coupons (collectively, "Restricted Global Notes") and will be deposited with the Trustee, as custodian for DTC and registered in the name of DTC or its nominee. Restricted Global Notes will be subject to certain restrictions on transfer and will bear a legend to that effect as described under "Transfer Restrictions."

Beneficial interests in Regulation S Global Notes may be transferred to a person who takes delivery in the form of an interest in Restricted Global Notes only upon receipt by the Trustee of a written certification from the transferor (in the form provided in the Indenture) to the effect that such transfer is being made to a person that the transferor reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Beneficial interests in Restricted Global Notes may be transferred to a person who takes delivery in the form of an interest in Regulation S Global Notes only upon receipt by the Trustee of a written certification from the transferor (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

Global Notes

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them. The Issuer and the Company take no responsibility for these operations and procedures and urge investors to contact the systems or their participants directly to discuss these matters.

Upon the issuance of Regulation S Global Notes and Restricted Global Notes, DTC or its custodian will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the initial purchasers. Ownership of beneficial interests in a Global Note will be

limited to persons who have accounts with DTC ("DTC Participants") or persons who hold interests through DTC Participants. Ownership of beneficial interests in the Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interests of persons other than DTC Participants).

So long as DTC or its nominee is the registered owner or holder of a Global Note, DTC, or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Indenture. No beneficial owner of an interest in a Global Note will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Indenture.

Investors may hold their interests in Regulation S Global Notes directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold interests in the Regulation S Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which in turn will hold such interests in Regulation S Global Notes in customers' securities accounts in the depositaries' names on the books of DTC. Investors that are qualified institutional buyers may hold their interests in Restricted Global Notes directly through DTC if they are DTC Participants, or indirectly through organizations that are DTC Participants.

Payments of the principal and interest and any Additional Amounts on individual Notes represented by a Global Note registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner of the Global Note representing such Notes. None of the Issuer, the Company, the Trustee or any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising, or reviewing any records relating to such beneficial ownership interests. The Issuer and the Company expect that DTC or its nominee, upon receipt of any payment of principal, interest or Additional Amounts, if any, in respect of a Global Note representing any Notes held by it or its nominee, will credit DTC Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Issuer and the Company also expect that payments by DTC Participants to owners of beneficial interests in such Global Note held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC Participants.

Transfers between DTC Participants will be effected in accordance with DTC rules and procedures and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and procedures.

The laws of some states require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in a Global Note to such persons may be limited because DTC can only act on behalf of DTC Participants, who in turn act on behalf of indirect participants and certain banks. Accordingly, the ability of a person having a beneficial interest in a Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of each interest, may be affected by the lack of a physical certificate for such interest.

Subject to compliance with the transfer restrictions applicable to the Notes described above and under "Transfer Restrictions," cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected in DTC in accordance with DTC rules and procedures on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (Brussels, Belgium time). Euroclear or Clearstream, as the case may be, will, if the

transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in Regulation S Global Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date, and the credit of any transactions in interests in a Global Note settled during such processing will be reported to the relevant Euroclear or Clearstream participant on such day. Cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a DTC Participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

DTC has advised the Issuer and the Company that it will take any action permitted to be taken by a holder of Notes (including, without limitation, the presentation of Notes for transfer, exchange or conversion as described below) only at the direction of one or more DTC Participants to whose account with DTC interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction. However, in the limited circumstances described herein, DTC will exchange the Global Notes for certificated Notes in definitive form, which it will distribute to DTC Participants and which, if representing interests in the Restricted Global Note, will be legended as set forth under "Transfer Restrictions." See "—Certificated Notes."

DTC has advised the Issuer and the Company as follows: DTC will act as the depositary for the Notes. The Notes will be issued as fully registered senior notes registered in the name of Cede & Co., which is DTC's partnership nominee. Fully registered Global Notes will be issued for the Notes, in the aggregate principal amount of the issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes to participants' accounts, thereby eliminating the need for physical movement of certificates. Direct participants of DTC include securities brokers and dealers, including the initial purchasers of the Notes, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to DTC's system is also available to indirect participants, which includes securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

To facilitate subsequent transfers, all Global Notes representing the Notes which are deposited with, or on behalf of, DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of Global Notes with, or on behalf of, DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership.

DTC has no knowledge of the actual beneficial owners of the Global Notes representing the Notes; DTC's records reflect only the identity of the direct participants to whose accounts the Notes are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Global Notes representing the Notes. Under its usual procedure, DTC mails an omnibus proxy to the Issuer as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the Notes are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

DTC may discontinue providing its services as securities depositary with respect to the Notes at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depositary is not obtained, certificated Notes are required to be printed and delivered. See "—Certificated Notes."

Under certain circumstances, the Issuer and the Company may decide to discontinue use of the system of book-entry transfers through DTC or a successor securities depositary. In that event, certificated Notes will be printed and delivered. See "—Certificated Notes."

Although DTC, Euroclear and Clearstream have agreed to the procedures described above in order to facilitate transfers of interests in the Global Notes among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. None of the Trustee, the Paying Agent, the Issuer or the Company will have any liability or responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Notes

If (i) DTC is at any time unwilling or unable to continue as a depositary for the Global Notes and a successor depositary is not appointed by the Issuer within 90 days or (ii) an Event of Default shall have occurred and be continuing and the beneficial holder of a Note shall have requested that the Issuer issue to such beneficial holder its proportionate interest in a Global Note, the Issuer and the Company will issue certificated Notes which may bear the legend referred to under "Transfer Restrictions," in exchange for the Global Notes. Holders of an interest in a Global Note may receive certificated Notes, which may bear the legend referred to under "Transfer Restrictions," in accordance with DTC's rules and procedures in addition to those provided for under the Indenture; *provided*, *however*, that if the Issuer is issuing certificated Notes pursuant to clause (ii) above, the Issuer and the Company shall only be required to issue certificated Notes to the beneficial owners of the Notes who request certificated Notes.

The holder of a definitive Note may transfer such Note by surrendering it at the office or agency maintained by the Issuer and the Company for such purpose in the Borough of Manhattan, The City of New York, which initially will be the Corporate Trust Office of the Trustee. Upon the transfer, exchange or replacement of definitive Notes bearing the legend, or upon specific request for removal of the legend on a definitive Note, the Issuer and the Company will deliver only definitive Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer, the Company and the Trustee such satisfactory evidence, which may include an Opinion of Counsel, as may reasonably be required by the Issuer and the Company and the Trustee, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Neither the Trustee, nor any paying agent, registrar or transfer agent shall be required to register the transfer of or exchange definitive Notes for a period from the record date to the due date for any payment of

principal of, or interest on, the Notes or register the transfer of or exchange any Notes for 15 days prior to selection for redemption through the date of redemption.

Prior to presentment of a Note for registration of transfer (including a Global Note), the Issuer, the Company, the Trustee and any agent of the Issuer, the Company or the Trustee may treat the person in whose name such Note is registered as the owner or holder of such Note for the purpose of receiving payment of principal, interest and any Additional Amounts on such Note and for all other purposes whatsoever, whether or not such Note is overdue, and none of the Issuer, the Company, the Trustee or any agent of the Issuer, the Company or the Trustee shall be affected by notice to the contrary.

Satisfaction and Discharge

The Indenture will be discharged and (together with any Subsidiary Guarantee) will cease to be of further effect as to all Notes issued thereunder, when:

(1) (a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable and the Issuer or the Company or any Restricted Subsidiary has irrevocably deposited or caused to be deposited with the Trustee as funds in trust solely for the benefit of the holders, cash in U.S. dollars, in amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and is continuing on the date of the deposit or will occur as a result of the deposit and the deposit will not result in a breach or violation of, or constitute a default under, any other material instrument to which the Issuer, the Company or any Restricted Subsidiary is a party or by which the Issuer, the Company or any Restricted Subsidiary is bound;

(3) the Issuer, the Company or any Restricted Subsidiary has paid or caused to be paid all other sums payable by it under the Indenture; and

(4) the Issuer and the Company have delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Issuer and the Company must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Defeasance

The Issuer and the Company, at their option:

(1) will be discharged from any and all obligations in respect of the Notes and the Company Guarantee (except in each case for certain obligations, including to register the transfer or exchange of Notes, replace stolen, lost or mutilated Notes, maintain paying agencies and hold moneys for payment in trust), or

(2) need not comply with certain covenants of the Indenture,

if the Issuer or the Company irrevocably deposits with the Trustee, in trust:

- money, or

- in certain cases, U.S. Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount, or
- a combination thereof,

in each case, sufficient (without reinvestment) in the opinion of a certified public accounting firm to pay and discharge (without reinvestment) the principal of each installment of principal and interest and Additional Amounts, if any, on the outstanding Notes on the dates such payments are due, in accordance with the terms of the Notes, to and including the redemption date irrevocably designated by the Issuer and the Company pursuant to the final sentence of this section on the day on which payments are due and payable in accordance with the terms of the Indenture and of the Notes; and no Default or Event of Default (including by reason of such deposit) shall have occurred and be continuing on the date of such deposit or during the period ending on the 91st day after such date.

To exercise any such option, the Issuer and the Company are required to deliver to the Trustee:

(a) an opinion of recognized U.S. counsel independent of the Issuer and the Company to the effect:
- that the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit, defeasance and discharge of certain obligations, which in the case of clause (1) above must be based on a change in law or a ruling by the U.S. Internal Revenue Service, and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred; and
- that the defeasance trust is not, or is not required to be registered as, an investment company under the U.S. Investment Company Act of 1940, as amended; and

(b) an Opinion of Counsel and an Officers' Certificate as to compliance with all conditions precedent provided for in the Indenture relating to the satisfaction and discharge of the Notes.

If the Issuer or the Company has deposited or caused to be deposited money or U.S. Government Obligations to pay or discharge the principal of (and premium, if any) and interest, if any, on the outstanding Notes to and including a redemption date on which all of the outstanding Notes are to be redeemed, such redemption date shall be irrevocably designated by a resolution of each of the Board of Directors of the Issuer and the management of the Company delivered to the Trustee on or prior to the date of deposit of such money or U.S. Government Obligations and such resolutions shall be accompanied by an irrevocable request from the Issuer and the Company that the Trustee give notice of such redemption in the name and at the expense of the Issuer and the Company not less than 15 nor more than 60 days prior to such redemption date in accordance with the Indenture.

Governing Law; Consent to Jurisdiction; Service of Process and Currency Indemnity

The Indenture, the Company Guarantee, the Subsidiary Guarantees and the Notes provide that they will be governed by, and construed in accordance with, the laws of the State of New York. The Issuer, the Company and each Subsidiary Guarantor have consented to the non-exclusive jurisdiction of the courts of the State of New York and the United States courts located in the Borough of Manhattan, New York City, New York with respect to any action that may be brought in connection with the Indenture or the Notes and have irrevocably appointed Corporation Service Company as agent for service of process.

If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder to the holder of a Note from U.S. dollars into another currency, the Issuer and the Company has each agreed, and each holder by holding such Note will be deemed to have agreed, to the fullest extent that the Issuer, the Company and they may effectively do so, that the rate of exchange used shall be that at which in accordance

with normal banking procedures such holder could purchase U.S. dollars with such other currency in New York City, New York on the day two Business Days preceding the day on which final judgment is given.

The Issuer and the Company's obligation in respect of any sum payable by it to the Trustee or holder of a Note shall, notwithstanding any judgment in a currency (the "judgment currency") other than U.S. dollars, be discharged only to the extent that on the Business Day following receipt by the Trustee or holder of such Note of any sum adjudged to be so due in the judgment currency, the Trustee or holder of such Note may, in accordance with normal banking procedures, purchase U.S. dollars with the judgment currency; if the amount of the U.S. dollars so purchased is less than the sum originally due to the Trustee or holder of such Note in the judgment currency (determined in the manner set forth in the preceding paragraph), each of the Issuer and the Company agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Trustee or holder of such Note against such loss, and if the amount of the U.S. dollars so purchased exceeds the sum originally due to the Trustee or holder of such Note, the Trustee or such holder, as applicable, agrees to remit to the Issuer or the Company such excess, *provided* that the Trustee or such holder, as applicable, shall have no obligation to remit any such excess as long as the Issuer or the Company shall have failed to pay the Trustee or such holder, as applicable, any obligations due and payable under such Note, in which case such excess may be applied to the Issuer and the Company's obligations under such Note in accordance with the terms thereof.

Certain Definitions

Set out below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for the full definition of all such terms as well as any other capitalized terms used herein for which no definition is provided. Unless the context otherwise requires, an accounting term not otherwise defined has the meaning assigned to it under and in accordance with Brazilian GAAP.

"Additional Amounts" has the meaning given to it under "—Additional Amounts."

"Additional Assets" means:

(1) any property or assets (other than Indebtedness and Capital Stock) to be used by the Company or a Restricted Subsidiary in a Related Business;

(2) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or another Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary;

provided, *however*, that any such Restricted Subsidiary described in clause (2) or (3) above is primarily engaged in a Related Business.

"Additional Notes" has the meaning given to it under "—General."

"Advance Transaction" means an advance from a financial institution involving either (a) a foreign exchange contract (ACC—*Adiantamento sobre Contrato de Câmbio*) or (b) an export contract (ACE—*Adiantamento sobre Contrato de Exportação*).

"Affiliates" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. For purposes of the provisions described under "—Restrictive Covenants—Limitation on Transactions with Affiliates" only, "Affiliate" of any Person shall also mean any beneficial owner of shares representing 5% or more of the total voting power of the Voting Stock (on a fully diluted basis including all rights or warrants to

purchase such Voting Stock (whether or not currently exercisable)) of such Person and any Person known to such Person who would be an Affiliate of any such beneficial owner pursuant to this sentence or the first sentence hereof.

"Applicable Premium" means, with respect to any Note on any redemption date, the greater of: (1) 1.0% of the principal amount of the Note and (2) the excess of: (a) the present value at such redemption date of (i) the redemption price of the Note at January 29, 2026 (such redemption price being set forth in the table appearing above under the caption "— Optional Redemption"), plus (ii) all required interest payments due on the Note through January 29, 2031 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points over (b) the principal amount of such Note. The trustee shall have no duty to calculate or verify the calculation of the Applicable Premium.

"Asset Disposition" means any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) by the Company or any Restricted Subsidiary, including any disposition by means of a merger, consolidation, or similar transaction (each referred to for the purposes of this definition as a "disposition"), of:

(1) any shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares or shares required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary);

(2) all or substantially all the assets of any division or line of business of the Company or any Restricted Subsidiary; or

(3) any other assets of the Company or any Restricted Subsidiary outside of the ordinary course of business of the Company or such Restricted Subsidiary,

provided, *however*, that Asset Disposition will not include:

(a) a disposition by a Restricted Subsidiary to the Company or another Restricted Subsidiary or by the Company to a Restricted Subsidiary;

(b) for purposes of the provisions described under "—Restrictive Covenants—Limitation on Sales of Assets" only, a Restricted Payment;

(c) a disposition of assets with a Fair Market Value of less than U.S.$30.0 million;

(d) (i) a disposition of obsolete equipment or other obsolete assets or other property which is uneconomical and no longer useful for the Company or any Restricted Subsidiary in the ordinary course of business; or (ii) a disposition of assets that are exchanged for or are otherwise replaced by comparable or superior assets within a reasonable period of time;

(e) the disposition of all or substantially all of the assets of the Company in a manner permitted under the covenant described under "—Restrictive Covenants—Consolidation, Merger, Conveyance, Sale or Lease";

(f) the disposition of assets in a Sale and Lease-Back Transaction, if permitted by the covenant described under "—Restrictive Covenants—Limitation on Sale and Lease-Back Transactions"

(g) the Incurrence of any Lien permitted by the covenant described under "—Restrictive Covenants—Limitation on Liens"; or

(h) sales, transfers or other dispositions of assets for non-cash consideration at least equal to the Fair Market Value (as certificated in an Officers' Certificate) of such assets, to the extent that such non-cash consideration would constitute Additional Assets.

"Attributable Debt" in respect of a Sale and Lease-Back Transaction means, as at the time of determination, the present value (discounted at the interest rate implicit in the Sale and Lease-Back Transaction) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale and Lease-Back Transaction (including any period for which such lease has been extended).

"Average Life" means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing:

(1) the sum of the products of the numbers of years (rounding to the nearest one-twelfth of one year) from the date of determination to the dates of each remaining scheduled principal payment (including the payment at final maturity) of such Indebtedness or redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment, by

(2) the sum of all such payments.

"Board of Directors" means, with respect to any Person, the board of directors of such Person or any committee thereof duly authorized to act on behalf of the board of directors of such Person, or similar governing body of such Person, including any managing partner or similar entity of such Person.

"Brazil" means The Federative Republic of Brazil and any branch of power, ministry, department, authority or statutory corporation or other entity (including a trust) owned or controlled directly or indirectly by it or any of the foregoing or created by law as a public entity.

"Brazilian GAAP" means the accounting practices adopted in Brazil as applicable to public companies (*companhias abertas*), as in effect from time to time, it being understood that the Company's consolidated financial statements under Brazilian GAAP currently comply with IFRS as adopted by IASB.

"Business Day" means each day that is not a Saturday, Sunday or other day on which banking institutions in New York City, New York, or São Paulo, Brazil are authorized or required by law to close.

"Capital Stock" of any Person means any and all quotas, shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock and partnership interests, but excluding any debt securities convertible or exchangeable into such equity (other than debt securities mandatorily convertible or exchangeable into common stock of the Company or any Restricted Subsidiary).

"Capitalized Lease Obligation" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"Central Bank of Brazil" means the Central Bank of Brazil (*Banco Central do Brasil*).

"Change of Control" means any Person (other than a Permitted Holder) directly or indirectly possesses a majority of the Voting Stock of the Company.

"Change of Control Offer" has the meaning given to it under "—Repurchases at the Option of the Holders of the Notes upon a Change of Control Repurchase Event."

"Change of Control Payment" has the meaning given to it under "—Repurchases at the Option of the Holders of the Notes upon a Change of Control Repurchase Event."

"Change of Control Payment Date" has the meaning given to it under "—Repurchases at the Option of the Holders of the Notes upon a Change of Control Repurchase Event."

"Change of Control Repurchase Event" means the occurrence of both a Change of Control and a Ratings Decline.

"Clearstream" means Clearstream Banking, *société anonyme*, Luxembourg.

"Closing Date" means January 29, 2021.

"Company" means Marfrig Global Foods S.A.

"Company Guarantee" means any Guarantee by the Company of the Issuer's obligations with respect to the Notes, executed pursuant to the provisions of the Indenture.

"Consolidated EBITDA" means, for any period, the amount equal to the sum of the Company's and its Restricted Subsidiaries' net income (loss) of controlling shareholders plus net financial expenses, *plus* income taxes and social contribution plus depreciation and amortization *plus* minority interest.

"Consolidated Net Income" means, for any period, the aggregate net income (or loss) of the Company and its consolidated Restricted Subsidiaries, if any, for such period determined on a consolidated basis in conformity with Brazilian GAAP.

"Consolidated Net Indebtedness" means consolidated financial indebtedness of the Company and its consolidated Restricted Subsidiaries, if any, as set forth on the most recent consolidated quarterly balance sheet of the Company and its consolidated Restricted Subsidiaries, if any, *minus* the sum of cash and cash equivalents and marketable securities recorded as current assets in the Company's most recent consolidated quarterly financial statements (except for any Capital Stock in any Person).

"Consolidated Net Tangible Assets" means the total amount of assets of the Company and its consolidated Restricted Subsidiaries (less applicable depreciation, amortization and other valuation reserves), except to the extent resulting from write-ups of capital assets subsequent to the Closing Date, after deducting therefrom (i) all current liabilities of the Company and its consolidated Restricted Subsidiaries (excluding intercompany items) and (ii) goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles as set forth on the most recent consolidated quarterly financial statements of the Company.

"Control" means, with respect to any Person, possession, directly or indirectly, of (a) at least a majority of all voting shares of capital stock of such Person, (b) the voting power to elect or cause the election of at least a majority of the Board of Directors of such Person and (c) the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Default" means any event which is an Event of Default or which, after notice or passage of time or both, would be an Event of Default.

"Disqualified Stock" means, with respect to any Person, any Capital Stock that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event:

(1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock; or

(3) is redeemable at the option of the holder thereof, in whole or in part,

in each case on or prior to the first anniversary of the Stated Maturity of the Notes; *provided*, *however*, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" occurring prior to the first anniversary of the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "asset sale" provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the provisions of the Indenture.

"DTC Participants" has the meaning given to it under "—Form and Registration—Global Notes."

"Equity Offering" means any sale of Capital Stock (other than Disqualified Stock).

"Euroclear" means Euroclear Bank, S.A./N.V.

"Event of Default" has the meaning given to it under "—Events of Default."

"Exchange Act" means the United States Securities and Exchange Act of 1934, as amended.

"Fair Market Value" of any property, asset, share of Capital Stock, other security, Investment or other item means, on any date, the fair market value of such property, asset, share of Capital Stock, other security, Investment or other item on that date as determined in good faith by the management of the Company.

"Fitch" means Fitch Ratings Ltd. and its successors.

"Funded Debt" means Indebtedness of the Company (including the Notes) or any Restricted Subsidiary maturing by the terms thereof more than one year after the original creation thereof.

"Global Notes" has the meaning given to it under "—Form and Registration."

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and any obligation, direct or indirect, contingent or otherwise, of any Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise); or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, *however*, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a correlative meaning. The term "Guarantor" shall mean any Person Guaranteeing any obligation.

"Hedging Obligations" of any Person means the obligations of such Person under any agreement relating to any swap, option, forward sale, forward purchase, index transaction, cap transaction, floor transaction, collar transaction or any other similar transaction, in each case, for purposes of hedging or capping against Brazilian inflation, interest rates, currency or commodities price fluctuations.

"IFRS" means International Financing Reporting Standards as adopted by the International Accounting Standards Board.

"Incur" means issue, assume, Guarantee, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person is merged or consolidated with the Company or becomes a Subsidiary of the Company (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time of such merger or consolidation or at the time it becomes a Subsidiary of the Company. The term "Incurrence" when used as a noun shall have a correlative meaning. Neither the accretion of principal of a non-interest bearing or other discount security nor the capitalization of interest on Indebtedness shall be deemed the Incurrence of Indebtedness.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication):

(1) the principal in respect of indebtedness of such Person for borrowed money;

(2) the principal and premium, if any, in respect of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables and contingent obligations to pay earn-outs), which purchase price is due more than nine-months after the date of placing such property in service or taking delivery and title thereto;

(4) all reimbursement obligations of such Person in respect of the face amount of letters of credit or other similar instruments (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (1) through (3) above) entered into in the ordinary course of business of such Person, such as import tax credits and import transactions, to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the third business day following receipt by such Person of a demand for reimbursement following payment on the letter of credit);

(5) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock (but excluding, in each case, any accrued dividends);

(6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided*, *however*, that the amount of Indebtedness of such Person shall be the lesser of:

(h) the Fair Market Value of such asset at such date of determination; and

(i) the amount of such Indebtedness of such other Persons;

(7) to the extent not otherwise included in this definition, all Hedging Obligations of such Person; and

(8) all obligations of the type referred to in clauses (1) through (7) above of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to any contingent obligations, the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of such contingent obligations at such date.

"Indenture" has the meaning given to it in the first paragraph of this Description of the Notes.

"Initial Lien" has the meaning given to it under "—Restrictive Covenants—Limitation on Liens."

"Interest Payment Date" means each January 29 and July 29 of each year, commencing on July 29, 2021.

"Investment" in any Person means any direct or indirect advance, loan (other than advances to customers or suppliers in the ordinary course of business that are recorded as accounts receivable, prepaid expenses or deposits on the balance sheet of the applicable lender) or other extension of credit (including by way of Guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person. For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under "—Restrictive Covenants—Limitation on Restricted Payments":

(1) Investment shall include the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Company at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that, upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

(a) the Company's Investment in such Subsidiary at the time of such redesignation, minus

(b) the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and the Company's Investment in such Subsidiary at the time of such redesignation, minus

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer.

"Investment Grade Rating" means a rating equal to or higher than (a) BBB- by S&P or Fitch and (b) Baa3 by Moody's.

"Issuer" has the meaning given to it in the first paragraph of this Description of the Notes.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"Maturity Date" has the meaning given to it under "—General."

"Minimum Legally Required Dividend" means, for any Person and any period, an amount equal to the sum of (a) the minimum dividend required to be distributed under applicable Brazilian law by such Person to holders of its Capital Stock during such period and (b) the minimum dividend required to be distributed to holders of Preferred Stock in such Person during such period so as to avoid such holders from acquiring or maintaining any voting rights under Brazilian law.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Available Cash" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case *minus*:

(1) all legal fees and expenses, title and recording tax expenses, commissions and other fees and expenses Incurred, and all federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability in accordance with Brazilian GAAP, as a consequence of such Asset Disposition;

(2) all payments, including any prepayment premiums or penalties, made on any Indebtedness that is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) appropriate amounts to be provided by the seller as a reserve, in accordance with Brazilian GAAP, against any liabilities associated with the property or other assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

"Net Cash Proceeds" with respect to any issuance or sale of Capital Stock or sale or other disposition of any Investment, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees and expenses actually Incurred in connection with such issuance or sale and net of taxes paid or payable in connection with such issuance, sale or disposition.

"Net Debt to EBITDA Ratio" means at any date (i) Consolidated Net Indebtedness divided by (ii) Consolidated EBITDA for the period of four consecutive fiscal quarters ending on or most recently prior to such date for which financial statements are available; *provided*, *however*, that:

(a) if since the beginning of such period the Company or any Restricted Subsidiary shall have made any Asset Disposition, the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) directly attributable to the assets that are the subject of such Asset Disposition for such period; *provided* that *pro forma* effect shall be given to the proceeds applied of the Asset Disposition as if the event had occurred on the first day of such period;

(b) if since the beginning of such period the Company or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Person that is merged with or into the Company or any Restricted Subsidiary (or any Person that becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto (including the Incurrence of any Indebtedness) as if such Investment or acquisition occurred on the first day of such period;

(c) if since the beginning of such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Disposition or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (a) or (b) above if made by the Company or a Restricted Subsidiary during such period, Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Asset Disposition, Investment or acquisition of assets occurred on the first day of such period; and

(d) *pro forma* effect shall be given to any Indebtedness Incurred (or repaid) since the most recently consolidated quarterly balance sheet of the Company.

To the extent that *pro forma* effect is to be given to an acquisition or disposition of a company, division or line of business, the *pro forma* calculation will be (i) based upon the most recent four full fiscal quarters for which the relevant financial information is available and (ii) determined in good faith by a financial or accounting officer of the Company. In connection with an acquisition or disposition of a company, division or line of business (an "Acquired Entity") for which audited or reviewed financial statements are not available, EBITDA for such Acquired Entity shall be calculated in good faith by the Company based upon management reports or other similar information ("Acquired Entity EBITDA"). Notwithstanding any other provision of this covenant, neither the Company nor any Restricted Subsidiary shall, with respect to any Indebtedness Incurred pursuant to this Acquired Entity EBITDA calculation, be deemed to be in violation of the covenant described under " —Limitation on Indebtedness."

"Non-Recourse Debt" means Indebtedness of a Person:

(1) as to which neither the Company nor any Restricted Subsidiary (a) provides any Guarantee or credit support of any kind (including any undertaking, guarantee, indemnity, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable (as a guarantor or otherwise);

(2) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit (upon notice, lapse of time or both) any holder of any other Indebtedness of the Company or any Restricted Subsidiary to declare a default under such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and

(3) the explicit terms of which provide there is no recourse against any of the assets of the Company or any Restricted Subsidiary.

"Notes" has the meaning given to it in the first paragraph of this Description of the Notes.

"OECD" means Organisation for Economic Co-operation and Development.

"Offer" has the meaning given to it under "—Restrictive Covenants—Limitation on Sales of Assets."

"Officers' Certificate" means a certificate signed by the Chief Executive Officer of the Company or by two Officers (as defined in the Indenture) of the Company or, with respect to the Issuer or any Restricted Subsidiary, by two Officers of the Issuer or such Restricted Subsidiary, respectively.

"Opinion of Counsel" means a written opinion from legal counsel who may be an employee of or counsel to the Company, which opinion shall be reasonably satisfactory to the Trustee.

"Permitted Financial Institution" means any of Banco Bradesco S.A., Banco do Brasil S.A., Banco Santander S.A., Caixa Econômica Federal and Itaú Unibanco S.A. or any of their respective affiliates.

"Permitted Holders" means each of Marcos Antonio Molina dos Santos and Marcia Aparecida Pascoal Marçal dos Santos, their respective sons and daughters, or any of their respective heirs or any Affiliate of any of the foregoing Persons.

"Permitted Investment" means:

(1) an Investment by the Company or any Restricted Subsidiary in the Company or any Restricted Subsidiary;

(2) an Investment by the Company or any Restricted Subsidiary in another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary or becomes a Restricted Subsidiary; *provided*, *however*, that such Person's primary business is a Related Business;

(3) cash and cash equivalents and marketable securities as determined in accordance with Brazilian GAAP;

(4) Temporary Cash Investments;

(5) any Investment acquired from a Person which is merged with or into the Company or any Restricted Subsidiary, or any Investment of any Person existing at the time such Person becomes a Restricted Subsidiary and, in either such case, is not created as a result of or in connection with or in anticipation of any such transaction;

(6) stocks, obligations or securities received in settlement, compromise or resolution of (or foreclosure with respect to) debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of a debtor;

(7) any Investment existing on the Closing Date and any Investment that replaces, refinances or refunds an existing investment; provided that the new Investment is in an amount that does not exceed the amount of, and is in the same Person as, the Investment so replaced, refinanced or refunded;

(8) Hedging Obligations permitted under clause (2)(f) of the covenant described under "—Restrictive Covenants—Limitation on Indebtedness";

(9) Guarantees of Indebtedness permitted under the covenant described under "—Restrictive Covenants—Limitation on Indebtedness";

(10) Investments which are made exclusively with Capital Stock of the Company (other than Disqualified Stock);

(11) any acquisition and holding of (a) Brazilian federal and state tax credits acquired solely to pay amounts owed by the Company to Brazilian tax authorities and (b) discounted obligations of any

Brazilian governmental authority acquired solely to pay tax amounts owed by the Company to such Brazilian governmental authority;

(12) Investments made as a result of the receipt of non-cash consideration from an Asset Disposition that was made in compliance with the covenant described in "—Restrictive Covenants—Limitation on Sales of Assets";

(13) loans and advances to officers, directors or employees of or independent contractors to the Company or any of its Restricted Subsidiaries made in the ordinary course of business in an aggregate amount outstanding at any one time not to exceed U.S.$2.0 million;

(14) Investments in Unrestricted Subsidiaries in an aggregate amount which, when taken together with all Investments made pursuant to this clause (14), does not exceed U.S.$2.0 million in the aggregate at any one time outstanding;

(15) Investments in connection with pledges, deposits, payments or performance bonds made or given in the ordinary course of business in connection with or to secure statutory, regulatory or similar obligations, including obligations under health, safety or environmental obligations;

(16) repurchases of Notes;

(17) Investments in one or more Permitted Joint Ventures having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (17) that are at the time outstanding, that does not exceed the greater of (i) U.S.$150.0 million (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value) and (ii) 0.75% of the Consolidated Net Tangible Assets; and

(18) other Investments by the Company or any of its Restricted Subsidiaries, together with all other Investments made pursuant to this clause (18), in an aggregate amount at any time outstanding not to exceed U.S.$30.0 million.

"Permitted Joint Venture" means a joint venture in a Related Business between the Company or any Restricted Subsidiary and any other Person.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"Preferred Stock," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"Purchase Money Obligations" means Indebtedness:

(1) consisting of the deferred purchase price of an asset, conditional sale obligations, obligations under any title retention agreement and other purchase money obligations, in each case where the maturity of such Indebtedness does not exceed the anticipated useful life of the asset being financed; and

(2) Incurred to finance the acquisition by the Company or a Restricted Subsidiary of such asset, including construction, additions and improvements;

provided, *however*, that such Indebtedness is Incurred within 360 days before or after the acquisition by the Company or such Restricted Subsidiary of such asset.

"Rating Agency" means Fitch, Moody's and/or S&P.

"Ratings Decline" means that at any time within 60 days (which period shall be extended so long as the rating of the Company is under publicly announced consideration for possible downgrade by any Rating Agency) after the date of a public notice of a Change of Control or of the Company's intention or that of any Person to effect a Change of Control, the then-applicable rating of the Company is decreased by two of the Rating Agencies by one or more categories; provided that any such Ratings Decline is in whole or in part in connection with a Change of Control.

"*Real*," "*Reais*" or "R$" means the lawful currency of Brazil.

"Receivables" means all rights of the Company or any Restricted Subsidiary to payments (whether constituting accounts, chattel paper, instruments, general intangibles or otherwise, and including the right to payment of any interest or finance charges), which rights are identified (or, in the case of future rights to payments, are expected to be identified) in the accounting records of the Company or such Restricted Subsidiary as accounts receivable.

"Refinance" means, in respect of any Indebtedness, to refinance, extend (including pursuant to any defeasance or discharge mechanism), renew, refund, repay, replace, prepay, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. "Refinanced" and "Refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means Indebtedness that is Incurred to Refinance any Indebtedness of the Company or any Restricted Subsidiary existing on the Closing Date or Incurred in compliance with the Indenture (including Indebtedness that Refinances Refinancing Indebtedness); *provided*, *however*, that:

(1) the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being Refinanced (*plus* premiums, interest and reasonable expenses incurred in connection therewith); and

(3) if the Indebtedness being Refinanced is Subordinated Obligations, such Refinancing Indebtedness is subordinated in right of payment to the Notes at least to the same extent as the Indebtedness being Refinanced;

provided, *further*, that Refinancing Indebtedness shall not include Indebtedness of the Company or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary.

"Regulation S Global Notes" has the meaning given to it under "—Form and Registration."

"Related Business" means any business conducted by the Company and the Restricted Subsidiaries on the Closing Date and any business related, incidental, ancillary or complementary thereto.

"Relevant Date" has the meaning given to it under "—Additional Amounts."

"Relevant Taxing Jurisdiction" has the meaning given to it under "—Additional Amounts."

"Restricted Global Notes" has the meaning given to it under "—Form and Registration."

"Restricted Payment" has the meaning given to it under "—Restrictive Covenants—Limitation on Restricted Payments."

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"S&P" means S&P Global Ratings and its successors.

"Sale and Lease-Back Transaction" means any arrangement with any Person (other than the Company or a Restricted Subsidiary), or to which any such Person is a party, providing for the leasing to the Company or a Restricted Subsidiary for a period of more than three years of any property or assets which property or assets have been or are to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person (other than the Company or a Restricted Subsidiary) to which funds have been or are to be advanced by such Person on the security of the leased property or assets.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Senior Indebtedness" means all unsubordinated Indebtedness of the Company or of any Restricted Subsidiary, whether outstanding on the Closing Date or Incurred thereafter.

"Significant Subsidiary" means any Restricted Subsidiary either (i) the assets of which, as of the date of the Company's most recent consolidated quarterly balance sheet at the time of determination, constituted at least 20% of the total assets of the Company and its consolidated Restricted Subsidiaries or (ii) the gross revenues of which, for the twelve-month period ending on the date of the Company's most recent consolidated quarterly statement of income at the time of determination, constituted at least 20% of the total gross revenues of the Company and its consolidated Restricted Subsidiaries for such period.

"Stated Maturity" means, with respect to any Indebtedness, the date specified in such Indebtedness as the fixed date on which the final payment of principal of such Indebtedness is due and payable, including, with respect to any principal amount which is then due and payable pursuant to any mandatory redemption provision, the date specified for the payment thereof (but excluding any provision providing for the repurchase of any such Indebtedness upon the happening of any contingency unless such contingency has occurred).

"Subordinated Obligation" means any Indebtedness that is subordinate or junior in right of payment to the Notes and Subsidiary Guarantees pursuant to a written agreement.

"Subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with Brazilian GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity:

(1) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent; or

(2) that is, as of such date, otherwise controlled by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary Guarantee" means any Guarantee by a Significant Subsidiary (other than National Beef Packing Company, LLC and any of its Subsidiaries, which shall not become Subsidiary Guarantors) of the Issuer's obligations with respect to the Notes, executed pursuant to the provisions of the Indenture.

"Subsidiary Guarantor" means any Subsidiary of the Company that has provided a Subsidiary Guarantee.

"Successor Company" has the meaning given to it under "—Restrictive Covenants—Consolidation, Merger, Conveyance, Sale or Lease."

"Temporary Cash Investments" means any of the following:

(1) any investment in direct obligations of the United States or any agency thereof or obligations Guaranteed by the United States or any agency thereof;

(2) investments in time deposit accounts, certificates of deposit and money market deposits (collectively, "Deposit Accounts") issued by a bank or trust company that is organized under the laws of the United States, any state thereof or any foreign country recognized by the United States (in all events not excluding Brazil) having capital, surplus and undivided profits aggregating in excess of U.S.$50.0 million (or the foreign currency equivalent thereof) and whose long-term debt is rated "A" (or such similar equivalent rating, including similar equivalent ratings in foreign countries) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act);

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank meeting the qualifications described in clause (2) above;

(4) investments in commercial paper maturing not more than 90 days after the date of acquisition issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States, Brazil or any other foreign country recognized by the United States with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P (or such similar equivalent rating, including similar equivalent ratings in foreign countries);

(5) investments in securities with maturities of twelve months or less from the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or "A" by Moody's (or such similar equivalent rating);

(6) investments in securities with maturities of twelve months or less from the date of acquisition issued or fully Guaranteed by Brazil;

(7) certificates of deposit, banker's acceptances and time deposits issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any Brazilian or United States office of any Permitted Financial Institution;

(8) certificates of deposit, banker's acceptances and time deposits maturing within one year from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any other Brazilian bank or any OECD bank, *provided* that (i) the aggregate amount of investments permitted under this clause (8) with any single bank and its Affiliates does not at any time exceed U.S.$10.0 million, (ii) the aggregate amount of all investments permitted under this clause (8) does not at any time exceed U.S.$20.0 million and (iii) the local investment grade rating of such Brazilian bank is AA or higher by S&P and Aa or higher by Moody's or the international or local investment grade rating of any such OECD bank is BBB- or higher by S&P and Baa3 by Moody's, or the equivalent thereof; and

(9) investments in money market funds substantially all the assets of which are comprised of investments of the types described in clauses (1) through (6) above.

"Treasury Rate" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to January 29, 2031, provided, however, that if the period from the redemption date to January 29, 2031, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"Trustee" has the meaning given to it in the first paragraph of this Description of the Notes.

"United States" means the United States of America.

"Unrestricted Subsidiary" means:

(1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the management of the Company in the manner provided below; and

(2) any Subsidiary of an Unrestricted Subsidiary.

The management of the Company may designate any Restricted Subsidiary of the Company (including any newly acquired or newly formed Subsidiary of the Company) to be an Unrestricted Subsidiary pursuant to clause (1) above unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Company or any Restricted Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; *provided*, *however*, that either:

(a) the Subsidiary to be so designated has total consolidated assets of U.S.$1,000 or less; or

(b) if such Subsidiary has consolidated assets greater than U.S.$1,000, then such Investment and designation would be permitted under "—Restrictive Covenants—Limitation on Restricted Payments."

The management of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided*, *however*, that immediately after giving effect to such designation:

(i) such designation shall be deemed an Incurrence of Indebtedness by a Restricted Subsidiary and such designation shall only be permitted if such Indebtedness is permitted under "—Restrictive Covenants—Limitation on Indebtedness"; and

(ii) no Event of Default shall have occurred and be continuing.

Any such designation of a Subsidiary as a Restricted Subsidiary, and any such designation of a Subsidiary as an Unrestricted Subsidiary pursuant to clause (1) above, by the management of the Company shall be evidenced to the Trustee by promptly filing with the Trustee an Officers' Certificate certifying that such designation complied with the foregoing provisions.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States is pledged and that are not callable or redeemable at the issuer's option.

"Value" shall mean, with respect to a Sale and Lease-Back Transaction, as of any particular time, the amount equal to the greater of: (1) the net proceeds of the sale or transfer of the property leased pursuant to such Sale and Lease-Back Transaction or (2) the Fair Market Value of such property at the time of entering into such Sale and Lease-Back Transaction, in either case divided first by the number of full years of the term of the lease and then multiplied by the number of full years of such term remaining at the time of determination, without regard to any renewal or extension options contained in the lease.

"Voting Stock" of a Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding that are entitled (without regard to the occurrence of any contingency) to vote in the election of the directors of such Person, but excluding such classes of Capital Stock or other interests that are entitled, as a group in a separate cast, to appoint one director of such Person as representative of the minority shareholders.

TAXATION

The following discussion summarizes certain material Brazilian, United States and United Kingdom income tax considerations that may be relevant to the acquisition, ownership and disposition of notes. This summary is of a general nature and does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult your own tax advisors about the tax consequences of investing in and holding the notes, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws.

This summary is based on certain Brazilian, United States and United Kingdom tax laws as in effect on the date of this offering memorandum, which are subject to change, in certain cases with retroactive effect, and to differing interpretations. Any such change could affect the continued validity of this summary. You should consult your own tax advisors as to the Brazilian, United States and United Kingdom or other tax consequences of the purchase, ownership and disposition of notes.

Certain Brazilian Tax Considerations

The following discussion summarizes the main Brazilian tax considerations relating to the acquisition, ownership and disposition of the notes by an individual, entity, trust or organization resident or domiciled outside Brazil ("Non-Brazilian Holder"). The following discussion is based on the tax laws of Brazil as in effect on the date hereof, is subject to any change in Brazilian law that may come into effect after such date, and is applicable to us. The information set forth below is intended to be a general description only and does not address all possible tax consequences relating to an investment in the notes and is not applicable to all categories of investors, some of which may be subject to special rules. The discussion below does not address any tax consequences under the tax laws of any state or locality of Brazil. The earnings of foreign companies and persons not resident in Brazil are taxed in Brazil when derived from Brazilian sources or when the transaction giving rise to such earnings involves assets in Brazil. Investors should note that, as to the discussions below, other income tax rate or treatment may be provided for in any applicable tax treaty between Brazil and the country where the non-resident holder is domiciled.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE CONSEQUENCES OF PURCHASING THE NOTES, INCLUDING, WITHOUT LIMITATION, THE CONSEQUENCES OF THE RECEIPT OF INTEREST AND THE SALE, REDEMPTION OR REPAYMENT OF THE NOTES.

Payments on the Notes Made by the Issuer (MARB BondCo PLC)

Generally, a Non-Brazilian Holder is taxed in Brazil only when income is derived from Brazilian sources or gains are realized on the disposition of assets located in Brazil. Therefore, as the Issuer is considered as being domiciled abroad for tax purposes, any income (including accrued interest, fees, commissions, expenses, and any other income) payable by the Issuer in respect of the Notes in favor of Non-Resident Holders should not be subject to withholdings or deductions in respect to Brazilian income tax or any other taxes, duties, assessments or governmental charges in Brazil, provided that such payments are made with funds held by the Issuer outside of Brazil.

Capital Gains

Capital gains generated outside Brazil as a result of a transaction between two non-residents of Brazil involving assets located in Brazil are subject to taxation in Brazil, regardless of whether the acquiror is a resident or domiciled in Brazil, according to article 26 of Law No. 10,833, enacted on December 29, 2003. Based on the fact that the notes are issued and registered abroad and, thus, should not fall within the definition of assets located in Brazil for purposes of Law No. 10,833, gains on the sale or other disposition of the notes made outside Brazil by a Non-Brazilian Holder (other than a branch or subsidiary of a Brazilian resident) to another non-Brazilian resident should not be subject to Brazilian taxes. Notwithstanding, considering the

general and unclear scope of Law No. 10,833 and the absence of judicial guidance in respect thereof, we cannot assure prospective investors that such interpretation of this law will prevail in the courts of Brazil.

As a result, gains recognized by a Non-Brazilian Holder from the sale or other disposition of the notes to either a non-resident or a resident in Brazil, in the case the notes are deemed to be located in Brazil, may be subject to income tax in Brazil at progressive rates, as provided for by Law No. 13,259, applicable as from January 1, 2017, that may vary from 15.0% to 22.5% depending on the amount of the gain: (i) 15.0% for the part of the gain up to R$5.0 million, (ii) 17.5% for the part of the gain that exceeds R$5.0 million but does not exceed R$10.0 million, (iii) 20.0% for the part of the gain that exceeds R$10.0 million but does not exceed R$30.0 million, and (iv) 22.5% for the part of the gain that exceeds R$30.0 million.

If such Non-Brazilian Holder is located in a country or location which does not impose any income tax or which imposes it at a maximum rate lower than 20.0% (or 17.0% in certain cases as detailed below) ("Low or Nil Tax Jurisdiction") or where the local legislation imposes restrictions on the disclosure of the shareholding composition, of the ownership of the investment or of the identity of the effective beneficiary of the income attributed to non-residents, the income tax rate that may be applicable to such gains is 25.0%.

Lower rates may be applicable to such gains as provided for in an applicable tax treaty entered into between Brazil and the country where the Non-Brazilian Holder of the payment is resident.

Discussion on Low or Nil Tax Jurisdictions

On June 23, 2008, Law No. 11,727 enlarged the concept of a Low or Nil Tax Jurisdiction and introduced the concept of "Privileged Tax Regime," which is considered to be a regime that (i) does not tax income or taxes income at a maximum rate lower than 20%, or 17% in certain cases as detailed below; (ii) grants tax advantages to a non-resident entity or individual (a) without the need to carry out a substantial economic activity in the country or dependency, or (b) conditioned on the non-exercise of a substantial economic activity in the country or dependency; (iii) does not tax income generated outside the jurisdiction, or that taxes such income at a maximum rate lower than 20%, or 17% in certain cases as detailed below; or (iv) does not provide access to information related to shareholding composition, ownership of goods and rights or the economic transactions carried out.

In addition, on June 4, 2010, the Brazilian tax authorities enacted Normative Ruling No. 1,037, as amended, listing (i) the countries and jurisdictions considered as tax haven jurisdictions, and (ii) the Privileged Tax Regimes. The Ordinance 488/2014 amended the list, reducing the rate for purposes of the definition of Low or Nil Tax Jurisdiction and Privileged Tax Regime from 20% to 17% only to countries and regimes aligned with international standards of fiscal transparency, in accordance with rules to be established by the Brazilian tax authorities.

Although the interpretation of the current Brazilian tax legislation could lead to the conclusion that such concept of Privileged Tax Regime will be applied solely for purposes of the observance of Brazilian transfer pricing and thin capitalization rules and specific deductibility rules, it is still not clear whether this Privileged Tax Regime concept will also be applied to interest payments made to Non-Brazilian Holders in respect of the notes, under the scenario reviewed above. If the Brazilian tax authorities determine that payments on the notes will be made to a recipient that will benefit from a Privileged Tax Regime, such payments could be subject to Brazilian withholding tax at a rate of 25%. Potential investors should consult with their own tax advisors regarding the consequences of the implementation of Law No. 11,727, Ordinance No. 1,037 and of any related Brazilian tax law or regulation concerning Low or Nil Tax Jurisdictions and Privileged Tax Regimes. However, the current understanding of the Brazilian tax authorities is that the 25% rate of withholding income tax is not applicable if the Non-Resident Holder is a resident in a Privileged Tax Regime (Answer to Tax Ruling COSIT No. 575, dated December 20, 2017).

Payments on the Notes Made by the Guarantor (Marfrig)

In the event the Issuer fails to timely pay any due amount, including any payment of principal, interest or any other amount that may be due and payable in respect of the notes, Marfrig as guarantor will be required to assume the obligation to pay such due amounts. As there is no specific legal provision dealing with the imposition of withholding income tax on payments made by Brazilian sources to non-resident beneficiaries under guarantees and no uniform decision from the Brazilian courts, there is a risk that tax authorities will take the position that the funds remitted by Marfrig as guarantor to the Non-Brazilian Holders may be subject to the imposition of withholding income tax at a general 15% rate, or at a 25% rate, if the Non-Brazilian Holder is located in a Low or Nil Tax Jurisdiction.

Arguments exist to sustain that (a) payments made under the guarantee structure should be subject to imposition of withholding income tax according to the nature of the guaranteed payment, in which case only interest and fees should be subject to taxation at the rates of 15% or 25%, in cases of beneficiaries located in Low or Nil Tax Jurisdiction, as defined by the Brazilian legislation; or (b) that payments made under guarantee by Brazilian sources to non-resident beneficiaries should not be subject to the imposition of withholding income tax, to the extent that they should qualify as a credit transaction by the Brazilian party to the borrower. The imposition of withholding income tax under these circumstances has not been settled by the Brazilian courts.

In the event the guarantors are required to make any payment as guarantors in connection with the notes to the Non-Brazilian Holders, the guarantors would be required, subject to certain exceptions, to pay such additional amounts as may be necessary to ensure that the net amounts receivable by the Non-Brazilian Holders after withholding for any Brazilian taxes will equal the amounts that would have been payable in the absence of such withholding.

Other Brazilian Tax Considerations

Pursuant to Decree No. 6,306, of December 14, 2007, Brazilian law imposes a Tax on Foreign Exchange Transactions (*Imposto sobre Operações de Crédito*, *Câmbio e Seguro*, *ou relativas a Títulos e Valores Mobiliários*, or "IOF/Exchange"), due on the conversion of Brazilian *reais* into foreign currency and on the conversion of foreign currency into Brazilian *reais*.

Currently, the IOF/Exchange standard rate for foreign currency exchange transactions is 0.38%, unless a different rate is determined by the legislature, which would most probably be applicable to foreign exchange transactions in connection with payments under the guarantee by Marfrig to Non-Brazilian Holders. According to Section 15-B of the Decree No. 6,306, the liquidation of exchange transactions in connection with foreign financing or loans, for both inflow and outflow of proceeds into and from Brazil, is subject to IOF/Exchange at a zero percent rate. However, in the case of the liquidation of agreed foreign exchange transactions (including simultaneous foreign exchange transactions) beginning from June 4, 2014, in connection with the inflow of proceeds to Brazil deriving from foreign loans, including those obtained through the issuance of notes in the international market, with the minimum average term not exceeding 180 days, the IOF/Exchange tax rate is 6% (this rate of 6% will be levied with penalties and interest in the case of financings or international notes with a minimum average term longer than 180 days in which an early redemption occurs in the first 180 days). The Brazilian government is permitted to increase this rate at any time up to 25.0%. Any such increase in rates may only apply to future transactions.

In addition, the Brazilian tax authorities could argue that a Tax on Loan Transactions (*Imposto sobre Operações de Crédito*, *Câmbio e Seguro*, *ou relativas a Títulos e Valores Mobiliários*, or "IOF/Loan"), due on loan transactions could be imposed upon any amount paid in respect of the notes by the guarantor under the guarantee given at a rate of up to 1.88% of the total amount paid.

Generally, there are no stamp, transfer or other similar taxes in Brazil with respect to the transfer, assignment or sale of the notes outside Brazil, nor any inheritance, gift or succession tax applicable to the ownership, transfer or disposition of the notes, except for gift and inheritance taxes imposed in some States of

Brazil on gifts and bequests by individuals or entities not domiciled or residing in Brazil to individuals or entities domiciled or residing within such Brazilian States.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of notes. Prospective purchasers of notes should consult their own tax advisors concerning the tax consequences of their particular situations.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of notes by a U.S. Holder (as defined below). This summary deals only with purchasers of notes pursuant to this offering that acquire the notes for an amount of cash equal to the "issue price" of the notes, that are U.S. Holders and that will hold the notes as capital assets (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). Generally, the issue price of a note will be the first price at which a substantial amount of notes included in the issue of which the note is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. This summary does not address purchasers of notes who participate in the Tender Offers. Additionally, the discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of notes by particular investors, and does not address state, local, non-U.S. or other tax laws or any U.S. tax considerations (e.g., estate or gift tax) other than U.S. federal income tax considerations. This summary also does not discuss the alternative minimum tax or the Medicare tax on net investment income, or all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, traders in securities that elect mark-to-market treatment, investors that will hold the notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the notes in connection with a trade or business conducted outside of the United States, individuals living outside the United States, holders that are required to take certain amounts into income no later than the time such amounts are reflected on an applicable financial statement, or holders whose functional currency is not the U.S. dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds notes, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisors concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of notes by the partnership.

This summary is based on the tax laws of the United States, including the Code, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

This summary assumes that a substantial amount of notes that are sold pursuant to this offering are purchased by investors who are not holders of Existing Notes participating in the Tender Offers. Prospective purchasers who are holders of Existing Notes participating in the Tender Offers should consult their own tax

advisors concerning the U.S. federal income tax consequences to them of the acquisition of the notes offered hereby and the sale of their Existing Notes pursuant to the Tender Offers.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest and Additional Amounts

General

Payments of interest on a note (including any Additional Amounts and withheld taxes therefrom) generally will be taxable to a U.S. Holder as ordinary income at the time such payments are received or accrued, depending on such U.S. Holder's method of accounting for U.S. federal income tax purposes. Interest received or accrued on the note generally will constitute income from sources outside the United States. It is expected, and this discussion assumes, that the notes will not be issued with original issue discount of more than a de minimis amount.

Subject to certain generally applicable conditions and limitations, a U.S. Holder will generally be entitled to a credit against its U.S. federal income tax liability (or a deduction in computing its U.S. federal taxable income if the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid during the taxable year) for any foreign income taxes withheld from payments on the notes. For purposes of the foreign tax credit limitation, foreign source income is classified in one of two "baskets," and the credit for foreign taxes on income in any basket is limited to U.S. federal income tax allocable to that income. Interest and Additional Amounts generally will constitute "passive category income" for purposes of the foreign tax credit. The rules governing foreign tax credits are complex. Prospective purchasers should consult their tax advisors concerning the foreign tax credit implications of the payment of any non U.S. taxes.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the Notes

A U.S. Holder will generally recognize gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a note equal to the difference between the amount realized on the sale, exchange, redemption, retirement or other taxable disposition and such U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note will generally be its U.S. dollar cost. The amount realized does not include any amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Gain or loss recognized by a U.S. Holder on the sale, exchange, redemption, retirement or other taxable disposition of a note will be capital gain or loss and will be long-term capital gain or loss if the note was held by the U.S. Holder for more than one year. Certain non-corporate U.S. Holders (including certain individuals) may be eligible for preferential tax rates in respect of long-term capital gains. The deductibility of capital losses by U.S. Holders is subject to limitations.

Gain or loss realized by a U.S. Holder on the sale, exchange, redemption, retirement or other taxable disposition of a note generally will be U.S. source. Therefore, a U.S. Holder may have insufficient foreign source income to utilize foreign tax credits attributable to any non-U.S. withholding or income tax imposed on the disposition. Alternatively, a U.S. Holder may be eligible to claim a deduction against its U.S. federal taxable income. Prospective purchasers should consult their tax advisors as to the foreign tax credit implications of the sale, exchange, redemption, retirement or other taxable disposition of notes.

Backup Withholding and Information Reporting

Payments of principal and interest (including any Additional Amounts) on, and the proceeds of sale, exchange, redemption, retirement, or other taxable disposition of notes by a U.S paying agent or other U.S. intermediary will be reported to the U.S. Internal Revenue Service (the "IRS") and to the U.S. Holder as may

be required under applicable U.S. Treasury regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to information reporting and backup withholding. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder may be allowed as a refund (or credited against such U.S. Holder's U.S. federal income tax liability, if any), provided the required information is properly furnished to the IRS.

U.S. Holders should consult their tax advisors about these rules and any other reporting obligations that may apply to the ownership or disposition of the notes, including requirements related to the holding of certain "specified foreign financial assets."

Certain United Kingdom Taxation Considerations

The comments in this part are based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs). They do not necessarily apply where the income is deemed for tax purposes to be the income of a person other than the holder of a note. They relate only to the position of persons who hold their notes as investments (regardless of whether the holder also carries on a trade, profession or vocation through a permanent establishment, branch or agency to which the notes are attributable) and are the absolute beneficial owners thereof. (In particular, holders of notes holding their notes via a depositary receipt system or clearance service should note that they may not always be the beneficial owners thereof.) Certain classes of persons such as dealers, certain professional investors, or persons connected with the Issuer may be subject to special rules and this summary does not apply to such holders of notes.

References in this part to "interest" shall mean amounts that are treated as interest for the purpose of United Kingdom taxation.

United Kingdom Withholding Taxes

Interest payable on the notes will be regarded as yearly interest arising in the United Kingdom and consequently the person by or through whom a payment of interest is made will have an obligation to withhold an amount representing income tax on the interest at the basic rate in force at the time the payment is made, currently 20%, unless an exemption from the duty to withhold applies.

Payments of interest on the notes may be made without withholding or deduction for or on account of United Kingdom income tax provided the notes are and remain listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The Luxembourg Stock Exchange is a recognised stock exchange for these purposes. The notes will be treated as listed on the Luxembourg Stock Exchange if they are both admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market and officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in European Economic Area states.

There are other exemptions from withholding of United Kingdom income tax which may or may not be applicable if for any reason the notes are not listed on a recognised stock exchange at the time of payment of interest on the notes. Under certain of these other exemptions, the place of residence and tax position of the recipient of the interest may be of relevance to the question of the withholding of United Kingdom income tax.

The United Kingdom withholding tax treatment of payments by the guarantors under the terms of the guarantees in respect of interest on the notes (or other amounts due under the notes other than the repayment of amounts subscribed for the notes) is uncertain. In particular, such payments by the guarantors may not be eligible for the exemption in respect of securities listed on a recognised stock exchange described above in relation to payments of interest by the Issuer. Accordingly, if any guarantor makes any such payments, these may be subject to United Kingdom withholding tax at the basic rate (currently 20%).

Where notes are to be, or may fall to be, redeemed at a premium, then any such element of premium may constitute a payment of interest that would be subject to the rules on United Kingdom withholding tax outlined above.

United Kingdom Corporation Tax Payers

In general, holders of notes which are within the charge to United Kingdom corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the notes (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

Other United Kingdom Tax Payers

Taxation of Interest Received on the Notes

Holders of notes who are either individuals or trustees and are resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the notes are attributable will generally be liable to United Kingdom tax on the amount of any interest received in respect of the notes.

Taxation of Chargeable Gains

The notes will not constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, disposals by holders of notes may give rise to chargeable gains or allowable losses for the purposes of the UK taxation of chargeable gains.

Accrued Income Scheme

On a disposal of notes by a holder of notes, any interest which has accrued since the preceding interest payment date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the Income Tax Act 2007, if that holder of notes is an individual or trustee and is resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the notes are attributable.

Taxation of Premium

If an additional capital amount above par value of the notes is paid in connection with an optional redemption of the notes, this additional amount may be subject to United Kingdom taxation as income and may be subject to withholding tax as discussed above.

Holders of Notes Who Are Not United Kingdom Tax Resident

The interest has a United Kingdom source and accordingly may be chargeable to United Kingdom tax by direct assessment irrespective of the residence of the holder of notes. However, where the interest is paid without withholding or deduction on account of United Kingdom tax, the interest will not be assessed to United Kingdom tax in the hands of holders of notes (other than certain trustees) who are not resident for tax purposes in the United Kingdom, except where the holder of notes carries on a trade, profession or vocation through a branch or agency, or in the case of a corporate holder, carries on a trade through a permanent establishment in the United Kingdom, in connection with which the interest is received or to which the notes are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the United Kingdom branch or agency, or permanent establishment.

A holder of notes who is not resident for taxation purposes in the United Kingdom will have no liability to United Kingdom taxation on any gain arising on a disposal of the notes unless carrying on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the

notes are held (and where that holder of notes is a company, unless it carries on a trade in the United Kingdom through a permanent establishment in connection with which the notes are held).

Stamp Duty and Stamp Duty Reserve Tax (SDRT)

No United Kingdom stamp duty or SDRT is payable on the issue or transfer by delivery of a note.

ERISA AND CERTAIN OTHER CONSIDERATIONS

The following discussion is not intended or written to be used, and cannot be used by any person, for the purpose of avoiding U.S. federal tax penalties, and was written to support the promotion or marketing of the offering. Each prospective investor should seek advice based on such person's particular circumstances from an independent tax advisor.

The U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA plans") and on those persons who are fiduciaries with respect to ERISA plans. Investments by ERISA plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA plan's investments be made in accordance with the documents governing the ERISA plan. The prudence of a particular investment must be determined by the responsible fiduciary of the ERISA plan by taking into account the ERISA plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed above under "Risk Factors."

Section 406 of ERISA and Section 4975 of the Internal Revenue Code of 1986, as amended ("the Code"), prohibit certain transactions involving the assets of an ERISA plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA plans, "Plans")) and certain persons (referred to as "parties in interest" for purposes of ERISA or "disqualified persons" for purposes of the Code) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. Among other possible adverse results, a party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

Governmental plans, non-U.S. plans and certain church and other plans, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to other federal, state, local or non-U.S. laws that are substantially similar to the foregoing provisions of ERISA and the Code ("Similar Law"). Fiduciaries of any such plans should consult with their counsel before purchasing any notes.

The fiduciary of a Plan that proposes to purchase and hold any notes should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, or (iii) the transfer to, or use by or for the benefit of, a party in interest or disqualified person, of any Plan assets. Such parties in interest or disqualified persons could include, without limitation, Marfrig, the initial purchasers or any of their respective affiliates. Depending on the satisfaction of certain conditions which may include the identity of the Plan fiduciary making the decision to acquire or hold the notes on behalf of a Plan, Section 408(b)(17) of ERISA or Prohibited Transaction Class Exemption ("PTCE") 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by insurance company general accounts) or PTCE 96-23 (relating to transactions directed by an in-house asset manager) (such PTCEs collectively, the "Class Exemptions") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. We cannot assure you that any exemption will be available with respect to any particular transaction involving the notes, or, if available, that any of these Class Exemptions or any other will cover all possible prohibited transactions.

By its acquisition of any notes or interests in notes, the purchaser thereof, and any transferee thereof, will be deemed to have represented and agreed either that (a) it is not, and for so long as it holds the notes or interests in notes will not be, a Plan, an entity whose underlying assets include the assets of any such Plan or

a governmental plan, church plan, non-U.S., or other plan that is subject to Similar Law or (b) its acquisition, holding or disposition of the notes or interests in notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental plan, church plan, non-U.S. or other plan, a violation of any Similar Law).

The foregoing discussion is general in nature and not intended to be all inclusive. Any Plan fiduciary who proposes to cause a Plan to purchase any notes or interests in notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such investment and holding will not constitute or result in a prohibited transaction or any other violation of an applicable requirement of ERISA.

The sale of notes or interests in notes to a Plan is in no respect a representation by us or the initial purchasers that such an investment meets all relevant requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

TRANSFER RESTRICTIONS

The notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the notes are being offered hereby only (a) to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act), or QIBs, in compliance with Rule 144A under the Securities Act and (b) in offers and sales that occur outside the United States to persons other than U.S. persons ("non-U.S. purchasers," which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)), in offshore transactions meeting the requirements of Rule 903 or Rule 904 of Regulation S. As used herein, the terms "offshore transactions," "United States" and "U.S. person" have the respective meanings given to them in Regulation S.

Each purchaser of notes will be deemed to have represented and agreed with the Issuer, the Company, the subsidiary guarantors and the initial purchasers as follows:

(1) It is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is (a) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A under the Securities Act or (b) a non-U.S. purchaser that is outside the United States (or a non-U.S. purchaser that is a dealer or other fiduciary as referred to above);

(2) It understands that the notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the notes have not been and will not be registered under the Securities Act, and that the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) It shall not resell or otherwise transfer any of such notes, except:

- to the Issuer, the Company or any of their subsidiaries;
- pursuant to a registration statement which has been declared effective under the Securities Act;
- within the United States to a QIB in compliance with Rule 144A under the Securities Act;
- outside the United States to non-U.S. purchasers in offshore transactions meeting the requirements of Rule 903 or Rule 904 of Regulation S under the Securities Act; or
- pursuant to another available exemption from the registration requirements of the Securities Act;

(4) It agrees that it will give notice of any restrictions on transfer of such notes to each person to whom it transfers the notes;

(5) It understands that the certificates evidencing the notes (other than the Regulation S Global Notes) will bear a legend substantially to the following effect unless otherwise agreed by us and the trustee:

> THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR OTHER SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, (A) IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 903 OR 904 OF REGULATION S AND, WITH RESPECT TO (A) AND (B), EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO SUCH ACCOUNT, (2) AGREES FOR THE BENEFIT OF MARB

BONDCO PLC AND THE GUARANTORS THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN PRIOR TO THE RESALE RESTRICTION TERMINATION DATE (AS DEFINED IN THE NEXT PARAGRAPH), EXCEPT (A) (I) TO MARB BONDCO PLC OR THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (II) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (III) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (IV) IN AN OFFSHORE TRANSACTION COMPLYING WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (V) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "US PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

THE RESALE RESTRICTION TERMINATION DATE WILL BE THE DATE:

(1) THAT IS AT LEAST ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE HEREOF; AND (2) ON WHICH MARB BONDCO PLC INSTRUCTS THE TRUSTEE THAT THIS LEGEND (OTHER THAN THE FIRST PARAGRAPH HEREOF) SHALL BE DEEMED REMOVED FROM THIS SECURITY, IN ACCORDANCE WITH THE PROCEDURES DESCRIBED IN THE INDENTURE RELATING TO THIS SECURITY.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH PARAGRAPH 2A(V) ABOVE, MARB BONCO PLC, THE GUARANTORS AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.*

* This legend (other than the first paragraph hereof) shall be deemed removed from the face of this Security without further action of MARB BondCo PLC, the guarantors, the Trustee, or the holders of this Security at such time as MARB BondCo PLC and the guarantors instruct the Trustee to remove such legend pursuant to the Indenture.

(6) If it is a non-U.S. purchaser acquiring a beneficial interest in a Regulation S Global Note offered pursuant to this offering memorandum, it acknowledges and agrees that, until the expiration of the 40-day "distribution compliance period" within the meaning of Regulation S, any offer, sale, pledge or other transfer shall not be made by it in the United States or to, or for the account or benefit of, a U.S. person, except pursuant to Rule 144A to a QIB taking delivery thereof in the form of a beneficial interest in a Rule 144A Global Note, and that each Regulation S Global Note will contain a legend to substantially the following effect:

PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S ("REGULATION S") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")), THIS SECURITY MAY NOT BE REOFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT

OF, A U.S. PERSON (AS DEFINED IN REGULATION S), EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF THE INDENTURE REFERRED TO HEREIN.

(7) It is not, and for so long as it holds the notes or interests in notes will not be, (a) a Plan, an entity whose underlying assets include the assets of any such Plan or a governmental plan, church plan, non-U.S. or other plan that is subject to Similar Law or (b) its acquisition, holding or disposition of the notes or interests in notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental plan, church plan, non-U.S. or other plan, a violation of any Similar Law);

(8) It acknowledges that the foregoing restrictions apply to holders of beneficial interests in the notes, as well as holders of the notes;

(9) It acknowledges that the Trustee will not be required to accept for registration of transfer any notes acquired by it, except upon presentation of evidence satisfactory to the Issuer, the Company and the Trustee that the restrictions set forth herein have been complied with; and

(10) It acknowledges that the Issuer, the Company, the Trustee, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the notes are no longer accurate, it shall promptly notify the Issuer, the Company, the Trustee and the initial purchasers. If it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

PLAN OF DISTRIBUTION

BNP Paribas Securities Corp., Banco Bradesco BBI S.A., HSBC Securities (USA) Inc, Jefferies LLC, J.P. Morgan Securities LLC, Santander Investment Securities Inc., Banco BTG Pactual S.A. – Cayman Branch, Banco Safra S.A., acting through its Cayman Islands Branch, Itau BBA USA Securities, Inc., Rabo Securities USA, Inc. and UBS Securities LLC are acting as initial purchasers for the offering of the notes. Under the terms and subject to the conditions contained in a purchase agreement, dated January 14, 2021, the Issuer and Marfrig have agreed to sell to the initial purchasers the principal amount of the notes set forth opposite its name in the table below:

	Principal Amount of Notes
	(in U.S.$)
Initial Purchaser	
BNP Paribas Securities Corp.	$162,500,000
Banco Bradesco BBI S.A	$162,500,000
HSBC Securities (USA) Inc.	$162,500,000
Jefferies LLC	$162,500,000
J.P. Morgan Securities LLC	$162,500,000
Santander Investment Securities Inc	$162,500,000
Rabo Securities USA, Inc.	$150,000,000
Banco Safra S.A., acting though its Cayman Islands Branch	$104,167,000
Itau BBA USA Securities, Inc.	$104,166,000
UBS Securities LLC	$83,334,000
Banco BTG Pactual S.A. – Cayman Branch	$83,333,000
Total	$1,500,000,000

Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have, severally and not jointly, agreed to purchase all of the notes sold under the purchase agreement if any of these notes are purchased.

The Issuer, the Company and the subsidiary guarantors have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

Bradesco Securities Inc. will act as agent of Banco Bradesco BBI S.A. for sales of the notes in the United States of America. Banco Bradesco BBI S.A. is not a broker-dealer registered with the SEC, and therefore may not make sales of any notes in the United States to U.S. persons. Banco Bradesco BBI S.A. and Bradesco Securities Inc. are affiliates of Banco Bradesco S.A.

Banco BTG Pactual S.A. – Cayman Branch is not a broker-dealer registered with the SEC, and therefore may not make sales of any notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that Banco BTG Pactual S.A. – Cayman Branch intends to sell the notes in the United States, it will do so only through BTG Pactual US Capital, LLC or one or more U.S. registered broker-dealers, or otherwise as permitted by applicable U.S. law.

Banco Safra S.A., acting through its Cayman Islands Branch, is not a broker-dealer registered with the SEC, and therefore may not make sales of any notes in the United States or to U.S. persons except in compliance with applicable laws and regulations, including but not limited to SEC Rule 15a-6. To the extent that Banco Safra S.A., acting through its Cayman Islands Branch, intends to effect sales of the notes in the

United States or to U.S. persons, it will do so only (i) as described under the applicable affiliate broker-dealer agreement with Safra Securities LLC; (ii) as described in any agreement(s) in place with other U.S. registered broker-dealers; or (iii) as otherwise permitted by the applicable laws and regulations.

The initial purchasers propose initially to offer the notes at the offering price set forth on the cover page of this offering memorandum. The initial purchasers may offer and sell notes through certain of their respective affiliates or selling agents. The notes have not been registered under the Securities Act or any state securities laws. The initial purchasers propose to offer the notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The initial purchasers will not offer or sell the notes except to persons they reasonably believe to be qualified institutional buyers or pursuant to offers and sales to non-U.S. persons that occur outside of the United States within the meaning of Regulation S. Each purchaser of the notes will be deemed to have made acknowledgments, representations and agreements as described under "Transfer Restrictions."

The Issuer, the Company and the Subsidiary Guarantors have agreed that they will not, for a period of 90 days after the date of this offering memorandum, without first obtaining the prior written consent of the initial purchasers, directly or indirectly, issue, sell, offer to contract or grant any option to sell, pledge, transfer or otherwise dispose of, any debt securities or securities exchangeable for or convertible into debt securities, except for the notes sold to the initial purchasers pursuant to the purchase agreement.

In connection with the offering, the initial purchasers may purchase and sell the notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater principal amount of notes than they are required to purchase in the offering. The initial purchasers must close out any short position by purchasing notes in the open market. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the initial purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market.

None of the Issuer, the Company, the Subsidiary Guarantors and the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, none of the Issuer, the Company, the Subsidiary Guarantors and the initial purchasers make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

The initial purchasers and their respective affiliates have engaged in, and may in the future engage in, investment banking, market making and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their respective business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own accounts and for the accounts of their respective customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the initial purchasers or their affiliates that has a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps

or short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. Affiliates of the initial purchasers may also be lenders under the Company's credit facilities. For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Material Contracts."

HSBC Securities (USA) Inc. is acting as offeror and BNP Paribas Securities Corp, Banco Bradesco BBI S.A., HSBC Securities (USA) Inc., Jefferies LLC, J.P. Morgan Securities LLC, Santander Investment Securities Inc., Banco BTG Pactual – Cayman Branch, Banco Safra S.A., acting through its Cayman Islands Branch, Itau BBA USA Securities, Inc., Rabo Securities USA, Inc. and UBS Securities LLC are acting as Dealer Managers in the Tender Offers in respect of the outstanding 2025 Notes and 2024 Notes. Certain of the initial purchasers and their respective affiliates may hold 2025 Notes or 2024 Notes to be redeemed. See "Summary—Recent Developments" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Material Contracts—Senior Notes."

Prohibition of Sales to European Economic Area Retail Investors

The notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

Prohibition of Sales to United Kingdom Retail Investors

The notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the United Kingdom. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA ("UK MiFIR"). Consequently no key information document required by the PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

United Kingdom

Each initial purchaser has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of

Section 21 of the FSMA) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the guarantors; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Republic of Ireland

The notes are not being offered, directly or indirectly, to the general public in Ireland and no offers or sales of any securities under or in connection with this offering memorandum may be effected except in conformity with the provisions of Irish law including the Irish Companies Acts 1963 to 2009, the Prospectus (Directive 2003/7 1/EC) Regulations 2005 of Ireland, the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) of Ireland and the Market Abuse (Directive 2003/6/EC) Regulations 2005 of Ireland.

Italy

This offering of notes has not been cleared by the Italian Securities Exchange Commission (*Commissione Nazionale per le Società e la Borsa*, or the "CONSOB") pursuant to Italian securities legislation and, accordingly, the notes may not and will not be offered, sold or delivered, nor may or will copies of this offering memorandum or any other documents relating to the notes or the offer be distributed in Italy except:

(a) to qualified investors (*investitori qualificati*), pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998 (the "Consolidated Financial Services Act") and Article 34-*ter*, paragraph 1, letter b), of CONSOB Regulation No. 11971 of May 14, 1999 (the "CONSOB Regulation"), all as amended; or

(b) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under Article 100 of the Consolidated Financial Services Act and Article 34-*ter* of the CONSOB Regulation.

Subject to the foregoing, any offer, sale or delivery of the notes or distribution of copies of this offering memorandum or any other document relating to the notes or the offer in Italy under (a) and (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Consolidated Financial Services Act, Legislative Decree No. 385 of September 1, 1993 (the "Banking Act"), and CONSOB Regulation No. 16190 of October 29, 2007, all as amended from time to time;

(ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and

(iii) in compliance with any securities, tax, exchange control and any other applicable laws and regulations including any limitation or requirement which may be imposed from time to time, inter alia, by the CONSOB or the Bank of Italy.

Any investor purchasing the notes in the offer is solely responsible for ensuring that any offer or resale of notes it purchased in the offer occurs in compliance with applicable laws and regulations.

This offering memorandum, any other document relating to the notes, and the information contained in this offering memorandum are intended only for the use of its recipient and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its content.

Spain

Neither the notes nor this offering memorandum have been approved or registered in the administrative registries of the Spanish National Securities Exchange Commission (*Comisión Nacional del Mercado de Valores*). Accordingly, the notes may not be offered in Spain except in circumstances which do not constitute a public offer of securities in Spain within the meaning of articles 30bis of the Spanish Securities Market Law of 28 July 1988 (*Ley 24/1988*, *de 28 de Julio*, *del Mercado de Valores*), as amended and restated, and supplemental rules enacted thereunder.

Switzerland

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the notes described herein. The notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, or a simplified prospectus or a prospectus as such term is defined in the Swiss Federal Act on Collective Investment Schemes, and neither this offering memorandum nor any other offering or marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland.

This offering memorandum and any other offering or marketing material relating to the notes may only be made available in or from Switzerland to regulated financial intermediaries as defined in Article 10(3)(a) or (b) of the Swiss Federal Act on Collective Investment Schemes, i.e. banks, securities dealers, fund management companies, asset managers of collective investment schemes, central banks and insurance companies. Neither this offering memorandum nor any other offering or marketing material relating to the notes may be copied, reproduced, distributed or passed on to third parties without the Managers' prior written consent.

Neither this offering memorandum nor any other offering or marketing material relating to the offering, nor the Issuer nor the notes have been or will be filed with or approved by any Swiss regulatory authority. The notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA, and investors in the notes will not benefit from protection or supervision by such authority.

Brazil

The notes have not been, and will not be, registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*). Any public offering, sale, marketing effort or distribution of the notes in Brazil, as defined under Brazilian laws and regulations, requires prior registration under Law No. 6,385, of December 7, 1976, as amended, and Instruction No. 400, issued by the CVM on December 29, 2003, as amended. Documents relating to an offering of the notes by this offering memorandum, as well as information contained in those documents, may not be distributed to the public in Brazil, nor be used in connection with any offer for subscription or sale of the notes to the public in Brazil. The notes may not be offered or sold in Brazil, except in circumstances that do not constitute a public offering or distribution under Brazilian laws and regulations.

Chile

Neither the Issuer nor the notes are registered in the Securities Registry (*Registro de Valores*) or the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the Chilean Securities and Insurance Commission (*Superintendencia de Valores y Seguros de Chile*, or "SVS"), or subject to the control and supervision of the SVS. This offering memorandum and other offering materials relating to the offer of the

notes do not constitute a public offer of, or an invitation to subscribe for or purchase, the notes in the Republic of Chile, other than to individually identified purchasers pursuant to a private offering within the meaning of Article 4 of the Chilean Securities Market Act (*Ley de Mercado de Valores*) (an offer that is not "addressed to the public at large or to a certain sector or specific group of the public").

Hong Kong

This offering memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. No person (i) may offer or sell in Hong Kong (the "SFO"), by means of any document, any notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; or (ii) has issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1 A), and in accordance with the conditions, specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA shares and debentures of that corporation or the beneficiaries' rights (however described) and interest in that trust shall not be transferred within six months after that corporation or that trust has acquired the notes pursuant to and offer made under Section 275 of the SFA except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), or to any person arising from any offer referred to in Section 275(1A), or Section 276(4)(i)(B) of the SFA; (ii) where no consideration is given for the transfer; (iii) where the transfer is or will be given by operation of law; (iv) as specified in Section 276(7) of the SFA; or (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2018 of Singapore).

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice

SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

France

No offering memorandum (including any amendment, supplement or replacement thereto) has been prepared in connection with this offering of the notes that has been approved by the *Autorité des marchés financiers* or by the competent authority of another State that is a contracting party to the Agreement on the European Economic Area and notified to the Autorité des marchés financiers; no notes have been offered or sold and will be offered or sold, directly or indirectly, to the public in France except to permitted investors ("Permitted Investors") consisting of persons licensed to provide the investment service of portfolio management for the account of third parties, qualified investors (*investisseurs qualifiés*) acting for their own account and/or corporate investors meeting one of the four criteria provided in article D. 341-1 of the French *Code Monétaire et Financier* and belonging to a limited circle of investors (*cercle restreint d'investisseurs*) acting for their own account, with "qualified investors" and "limited circle of investors" having the meaning ascribed to them in Article L. 411-2, D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French *Code Monétaire et Financier*; none of this offering memorandum or any other materials related to the offer or information contained in this offering memorandum or in the other materials relating to the notes has been released, issued or distributed to the public in France except to Permitted Investors; and the direct or indirect resale to the public in France of any notes acquired by any Permitted Investors may be made only as provided by articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code Monétaire et Financier* and applicable regulations thereunder.

Germany

This document has not been prepared in accordance with the requirements for a securities or sales prospectus under the German Securities Prospectus Acts (*Wertpapierpropesktgesetz*), the German Sales Prospectus Act (*Verkaufspropesktgesetz*), or the German Investment Act (*Investmentgesetz*). Neither the German Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*—BaFin) nor any other German authority has been notified of the intention to distribute the notes in Germany. Consequently, the notes may not be distributed in Germany by way of public offering, public advertisement or in any similar manner and this document and any other document relating to the offering, as well as information or statements contained in this document or any other document, may not be supplied to the public in Germany or used in connection with any offer for subscription of the notes to the public in Germany or any other means of public marketing. The notes are being offered and sold in Germany only to qualified investors which are referred to in Section 3, paragraph 2 no. 1, in connection with Section 2, no. 6, of the German Securities Prospectus Act, Section 8f paragraph 2 no. 4 of the German Sales Prospectus Act, and in Section 2 paragraph 11 sentence 2 no. 1 of the German Investment Act. This document is strictly for use of the person who has received it. It may not be forwarded to other persons or published in Germany.

Dubai International Financial Centre

This offering memorandum relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority ("DFSA"). This offering memorandum is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth in this offering memorandum and has no responsibility for this offering memorandum. The notes to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the notes offered should conduct their own due diligence on the notes. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor.

In relation to its use in the DIFC, this offering memorandum is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the notes may not be offered or sold directly or indirectly to the public in the DIFC.

Cayman Islands

No invitation, whether directly or indirectly, may be made to the public in the Cayman Islands to subscribe for the notes unless the Issuer is listed on the Cayman Islands Stock Exchange.

Japan

The notes have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the notes nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any "resident" of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

General

Purchasers of notes sold outside the United States may be required to pay stamp taxes and other charges in compliance with the laws and practices of the country of purchase in addition to the price to investors on the cover page of this offering memorandum.

The initial purchasers have advised us that they intend to make a market in the notes as permitted by applicable law. They are not obligated, however, to make a market in the notes and any market-making may be discontinued at any time at their sole discretion.

We expect that delivery of the notes will be made against payment therefore on or about the tenth business day following the date of pricing of the notes (this settlement cycle being referred to as "T+10"). Under Rule 15c6-1 of the U.S. Securities Exchange Commission under the U.S. Securities Exchange Act of 1934, as

amended, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade on the date of pricing or on the next succeeding seven business days will be required, by virtue of the fact that the notes initially will settle in T+10, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes on the date of pricing or on the next succeeding seven business days should consult their own advisor.

In connection with the issuance of the notes, HSBC Securities (USA) Inc. (the "Stabilizing Manager") (or any person acting on behalf of the Stabilizing Manager) may over-allot notes or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the notes and 60 days after the date of the allotment of the notes.

VALIDITY OF NOTES

The validity of the notes offered and sold pursuant to this offering and certain other matters under New York law will be passed upon for us by Linklaters LLP. Certain matters under New York law will be passed upon for the initial purchasers by Jones Day. Certain matters of Brazilian law relating to the notes will be passed upon for us by Lefosse Advogados and for the initial purchasers by Pinheiro Neto Advogados. Certain matters of Dutch law and English law relating to the notes will be passed upon for us by Linklaters LLP. Certain matters of Cayman Islands law relating to the notes will be passed upon for us by Maples and Calder.

INDEPENDENT AUDITORS

The consolidated financial statements of Marfrig Global Foods S.A. (i) as of and for the years ended December 31, 2019 and 2018 have been audited and (ii) as of and for the nine-month period ended September 30, 2020 and 2019 have been reviewed, by Grant Thornton Auditores Independentes, independent auditors with an address at Avenida Engenheiro Luis Carlos Berrini, 105 – suite 12, São Paulo – SP 04571-900, as stated in their reports appearing in this offering memorandum. Grant Thornton Auditores Independentes is a member of the Brazilian Institute of Accountants (*Instituto dos Auditores Independentes do Brasil*, or the "IBRACON") and the Brazilian Federal Accounting Council (*Conselho Federal de Contabilidade*, or the "CFC"). The auditor's report as of and for the years ended December 31, 2019 and 2018 and the review report as of and for the nine-month period ended September 30, 2020 contain an explanatory paragraph regarding the presentation of the consolidated statements of added value ("DVA") required by Brazilian Corporate Law for public companies.

ENFORCEMENT OF JUDGMENTS AND SERVICE OF PROCESS

Brazil

We have been advised by our special Brazilian legal counsel, Lefosse Advogados, that a final conclusive judgment for the payment of money rendered by any New York court or federal court sitting in New York City in respect of the guarantee of the notes by the Company would be enforced in the courts of Brazil (to the extent that Brazilian courts may have jurisdiction), and such courts would enforce such judgment without any retrial or reexamination of the merits of the original lawsuit *provided that* such judgment has been previously recognized by the Brazilian Superior Court of Justice (*Superior Tribunal de Justiça*). Decisions on interlocutory measures may likewise be enforced in Brazil in accordance with applicable laws. Recognition will occur, according to the Brazilian Code of Civil Procedure (Law No. 13,105/2015, as amended), if the foreign decision:

- is issued by a competent court and/or authority in the jurisdiction where it was awarded, after proper service of process on the parties, which service must be in accordance with Brazilian law if made in Brazil, or after enough evidence of the parties' absence (*revelia*) has been given, in accordance with applicable law;
- is final and binding and therefore not subject to appeal in the jurisdiction in which it was issued;
- where a Brazilian court has jurisdiction, there is no other legal proceeding involving the same parties, cause of action or claim brought in Brazil to which *res judicata* applies;
- is authenticated by a Brazilian consular office in the country where the foreign judgment is issued, except if it is apostilled by a competent authority of the country in which the decision was issued, according to the Hague Convention Abolishing the Requirement of Legalization for Foreign Public Documents, dated October 5, 1961;
- is translated into Portuguese by a certified translator, unless an exemption is provided by an international treaty to which Brazil is a signatory; and
- is not contrary to Brazilian national sovereignty, public policy, morality or human dignity (as provided in Article 17 of Decree Law No. 4,657/1942, in article 963, VI, of the Brazilian Code of Civil Procedure and in article 216 F of the Brazilian Superior Court of Justice's regiment).

Notwithstanding the foregoing, no assurance can be given that such recognition would be obtained, that the process described above could be conducted in a timely manner or that a Brazilian court would enforce a foreign judgment with respect to the notes.

We have also been advised that:

- lawsuits may be filed before Brazilian courts in connection with this offering memorandum based on the federal securities laws of the United States and that, subject to applicable law, Brazilian courts may enforce a judgment in such lawsuits against us (*provided that* provisions of the federal securities laws of the United States do not contravene Brazilian public policy, good morals or national sovereignty and *provided further that* Brazilian courts can assert jurisdiction over the particular action); and
- a plaintiff, whether Brazilian or non-Brazilian, who resides outside Brazil or is outside Brazil during the course of the litigation in Brazil and who does not own real property in Brazil, must post bond to secure the payment of the defendant's legal fees and court expenses. The bond must have a value sufficient to satisfy the payment of court fees and the defendant's attorney fees, as determined by a Brazilian judge. This requirement does not apply to collection claims stemming from a "*título executivo extrajudicial*" (an instrument which may be enforced in Brazilian courts without a review on its merits) or to an enforcement of judgment procedure, which includes the enforcement of

foreign judgments which have been duly recognized by the Brazilian Superior Court of Justice or counterclaims as established under Article 83 of the Brazilian Code of Civil Procedure (*Código de Processo Civil*). Furthermore, a bond will not be necessary if an international treaty does not require it.

United Kingdom

The Issuer is organized under the laws of England and Wales. All of the directors of the Issuer are resident outside of the United States. All the assets of the Issuer are located outside the United States. Although the Issuer has agreed, in accordance with the terms of the Indenture, to accept agent for service of process in the United States by agents designated for such purpose, it may not be possible for holders of the Notes to (a) effect service of process upon the Issuer, or its directors or officers, or (b) enforce judgments of courts of the United States predicated upon the civil liability of such entities or persons under the U.S. securities laws and state securities laws or other laws against any such entities or persons in the courts of a foreign jurisdiction. Even though the enforceability of U.S. court judgments outside the United States is described below for England and Wales, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

The following summary with respect to the enforceability of certain U.S. court judgments in England and Wales is based upon advice provided to us by our English legal advisors, Linklaters LLP. The United States and England currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in England and Wales. In order to enforce any such U.S. judgment in England and Wales, proceedings must first be initiated before a court of competent jurisdiction in England and Wales. In such an action, an English court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by an English court in such an action is conditional upon (among other things) the following:

(a) the U.S. court having had jurisdiction over the original proceeding according to English conflicts of laws principles and rules of English private international law;

(b) the U.S. judgment not having been given in breach of a jurisdiction or arbitration clause;

(c) the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a definite sum of money;

(d) the U.S. judgment not contravening English public policy or the Human Rights Act 1998;

(e) the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine, or otherwise involving the enforcement of a non-English penal or revenue law;

(f) the U.S. judgment not being contrary to the Protection of Trading Interests Act 1980;

(g) the U.S. judgment not having been obtained by fraud or in breach of English principles of natural justice;

(h) there not having been a prior inconsistent decision of an English court in respect of the same matter involving the same parties; and

(i) the English enforcement proceedings being commenced within six years from the date of the U.S. judgment.

Subject to the foregoing, investors may be able to enforce judgments in England and Wales, in civil and commercial matters that have been obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be recognized or enforceable in England and Wales. In addition, it is questionable whether an English court would accept jurisdiction and impose civil liability if proceedings were commenced in England or Wales in an original action predicated solely upon U.S. federal securities laws. Further, it may not be possible to obtain a judgment in England and Wales or to enforce the judgment if the judgment debtor is subject to any insolvency or similar proceedings, of if the judgment debtor has any setoff or counterclaim against the judgment creditor. Finally, note that, in any enforcement proceedings, the judgment debtor may raise any counterclaim that could have been brought if the action had been originally brought in England and Wales unless the subject of the counterclaim was in issue and denied in the U.S. proceedings.

LISTING AND GENERAL INFORMATION

(1) The notes have been accepted for clearance through DTC, Euroclear and Clearstream. The CUSIP and ISIN numbers for the notes are as follows:

	Rule 144A Global Note	Regulation S Global Note
CUSIP	566007 AC4	G5825A AC6
ISIN	US566007AC41	USG5825AAC65
Common Codes	229089692	229080636

(2) We intend to make an application to admit the notes to listing on the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF market.

(3) For as long as the offered notes are listed on the official list of the Luxembourg Stock Exchange and admitted for trading on the Luxembourg Stock Exchange's Euro MTF Market, copies of our latest audited annual financial statements, unaudited quarterly financial statements and any other documents or reports to be published by the Issuer and furnished to holders of the notes may be obtained during normal business hours at our executive offices, the offices of the trustee and the Luxembourg Listing Agent. Copies of Marfrig's bylaws (*estatuto social*), as well as the indenture (including forms of the notes), will be available during normal business hours for inspection at our executive offices, the offices of the trustee and the Luxembourg Listing Agent, in each case at the addresses set out on the back cover of this offering memorandum free of charge.

As long as the offered notes are listed on the official list of the Luxembourg Stock Exchange, we will maintain a listing agent in Luxembourg. We reserve the right to vary such appointment and we will publish notice of such change of appointment in a newspaper having a general circulation in Luxembourg. We have appointed The Bank of New York Mellon SA/NV, Luxembourg Branch as Luxembourg Listing Agent.

(4) Except as disclosed in this offering memorandum, there has been no material adverse change the prospects and in our financial position since September 30, 2020, the date of the latest financial statements included in this offering memorandum.

(5) Except as disclosed in this offering memorandum, we are not or have not been involved in any governmental, legal or arbitration proceedings during the 12-month period immediately preceding the date of this offering memorandum that had or may reasonably be expected to have any material adverse effect on our financial position and results of operations.

(6) To the best of the knowledge of the Issuer and each of the guarantors (each of which has taken all reasonable care to ensure that such is the case) the information contained in this offering memorandum is in accordance with the facts and contains no omission likely to affect the import of such information.

(7) The creation and issuance of the notes were authorized by the Issuer's board of directors on January 14, 2021.

(8) The approval to guarantee the notes was authorized by the board of directors of Marfrig on January 14, 2021.

(9) The approval to guarantee the notes was authorized by Marfrig Holdings' shareholder by means of a written resolution dated on January 14, 2021 and by the board of directors of Marfrig Holdings on January 14, 2021, by means of a written resolution dated January 14, 2021.

(10) The approval to guarantee the notes was authorized by the board of directors of Marfrig Overseas on January 11, 2021, by means of a written resolution dated January 11, 2021.

(11) The approval to guarantee the notes was authorized by the board of directors of NBM on January 14, 2021, by means of a written resolution dated January 14, 2021.

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Marfrig Global Foods S.A.

Consolidated Quarterly Information
(ITR)

At September 30, 2020

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

Report on the review of quarterly financial information

Grant Thornton Auditores Independentes

Av. Eng. Luís Carlos Berrini, 105 - 12º andar Itaim Bibi, São Paulo (SP) Brasil

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To the Board of directors and shareholders of
Marfrig Global Foods S.A.
São Paulo – SP

Introduction

We have reviewed the accompanying individual and consolidated interim accounting information of Marfrig Global Foods S.A. ("the Company"), comprised in the Quarterly Information Form for the quarter ended September 30, 2020, comprising the statement of financial position as of September 30, 2020 and the respective statements of income and comprehensive income for the periods of three and nine months then ended, and the changes in shareholders' equity and cash flows for the period of nine months then ended, including the footnotes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with NBC TG 21 – Interim Financial Information and with international standard IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (Iasb), such as for the presentation of these information in accordance with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

Review scope

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

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Conclusion on the individual and the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information form referred to above has not been prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of interim financial information, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Other matters

Statements of value added

The quarterly information referred to above includes the individual and consolidated statements of value added for the period of nine months ended September 30, 2020, prepared under the responsibility of the Company's management and presented as supplementary information for the purposes of IAS 34. This statements were submitted to the same review procedures in conjunction with the review of the Company's interim financial information in the order to conclude they are reconciliated to the interim financial information and to the accounting records, as applicable, and whether the structure and content are in accordance with the criteria established by NBC TG 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of value added were not prepared, in all material respects, in accordance with the criteria defined in this Standard and with the individual and consolidated interim financial information taken as a whole.

São Paulo, November 11, 2020

Jefferson Coelho Diniz
Assurance Partner

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	Note	9/30/2020	12/31/2
Current Assets			
Cash and cash equivalents	4	190,992	24
Marketable securities	5	451,059	1,55
Trade accounts receivable - domestic	6	306,768	5
Trade accounts receivable - foreign	6	847,350	83
Inventories of goods and merchandise	7	654,280	68
Biological assets		-	
Recoverable taxes	8	560,065	1,00
Prepaid expenses		7,711	1
Notes receivable	9	415,434	35
Advances to suppliers		76,081	7
Other receivables		116,145	
		3,625,885	**4,83**
Non-Current Assets			
Court deposits		69,918	5
Notes receivable	9	11,702,153	7,33
Deferred income and social contribution taxes	10	1,302,570	94
Recoverable taxes	8	2,436,972	2,28
Other receivables		4,220	
		15,515,833	**10,62**
Investments	11	9,175,268	4,55
Property, plant and equipment	12	3,237,982	3,06
Intangible assets	13	301,173	31
		12,714,423	**7,94**
		28,230,256	**18,56**
Total Assets		**31,856,141**	**23,40**

The management notes are an integral part of the interim separate and consolidat

Current liabilities		
Trade accounts payable	14	768,058
Supply chain financing	15	8,381
Accrued payroll and related charges		148,810
Taxes payable	16	44,884
Loans, financing and debentures	17	4,034,831
Notes payable	20	145,137
Lease payable	19	13,090
Advances from customers	18	1,214,417
Other payables		55,462
		6,433,070
Non-current liabilities		
Loans, financing and debentures	17	918,298
Taxes payable	16	161,732
Deferred income and social contribution taxes	10	-
Provisions for contingencies	21	281,651
Lease payable	19	53,340
Notes payable	20	23,043,166
Other payables		-
		24,458,187
Equity		
Share Capital	22.1	8,204,391
Capital reserves, granted options and treasury shares	22.2	(2,081,336)
Profit reserves	22.3	51,824
Other comprehensive income	22.4	(4,335,602)
Accumulated losses		(874,393)
Controlling shareholders' equity		**964,884**
Non-controlling interest		-
Total equity		**964,884**
Total liabilities and shareholders' equity		**31,856,141**

The management notes are an integral part of the interim separate and consoli

Net sales revenue

Cost of products and goods sold
Gross profit

Operating income (expenses)

Selling expenses
General and administrative expenses
Equity in earnings (losses) of subsidiaries
Other operating income (expenses)

Net income (loss) before net financial income (losses)

Financial income (expenses)

Financial income
Financial expenses

Net income (loss) before taxes

Income and Social Contribution taxes

Current and deferred income tax
Current and deferred social contribution

Net income (loss) for the period before interest

Attributable to:
Controlling interest
Non-controlling interest

Basic and diluted earnings per share - Common

The m

MARFRIG GLO

Statement of changes
Years ended Septem

(In thousands of

	Share Capital	Capital reserves, options granted and treasury shares
At December 31, 2018	**7,319,467**	**155,824**
Cumulative translation adjustment and asset valuation adjustment	-	-
Operation to hedge against exchange variation	-	-
Acquisition of treasury shares	-	(55,265)
Goodwill stock option	-	(2,757)
Net income for the period	-	-
At September 30, 2019	**7,319,467**	**97,802**

	Share Capital	Capital reserves, options granted and treasury shares
At December 31, 2019	**8,204,391**	**(1,271,370)**
Cumulative translation adjustment and asset valuation adjustment	-	(775,327)
Acquisition of treasury shares	-	(31,196)
Goodwill stock option	-	(3,443)
Goodwill on capital transactions	-	-
Net income for the period	-	-
At September 30, 2020	**8,204,391**	**(2,081,336)**

The management notes are an integral part of the in

Interest expenses on debentures		-
Cost with issue of financial operations		3,311
Leasing adjustment to present value		(302)
Estimated non-realization of inventories		(14,388)
Estimated losses with doubtful accounts		6,710
Estimated losses with non-realization of recoverable taxes		72,204
Other non-cash effects		47,458
Equity changes		**(2,230,550)**
Trade accounts receivable		(211,951)
Current inventory and biological assets		41,901
Court deposits		(13,783)
Accrued payroll and related charges		37,792
Trade payables and supplier chain financing		(475,865)
Current and deferred taxes		(440,694)
Notes receivable and payable		(1,035,822)
Other assets and liabilities		(132,128)
Cash flow (used in) provided by operating activities		**(1,750,855)**
Investing activities		
Investments		-
Acquisition of subsidiary, net of cash		-
Investments in fixed and non-current biological assets		(408,217)
Investments in intangible assets		(2,191)
Cash flow used in investing activities		**(410,408)**
Financing activities		
Interest settled debentures / Bonds		-
Debentures / Bonds		-
Loans and financing		1,006,627
Loans granted		4,701,291
Loans settled		(3,694,664)
Lease payable		(41,893)
Lease granted		-
Lease settled		(41,893)
Treasury shares		(31,196)
Acquisition of non-conrolling interest		(38,721)
Dividends received		-
Dividends (subsidiaries) paid to non-controlling shareholders		-
Cash flow (used in) provided by financing activities	33	**894,817**
Exchange variation on cash and equivalents		107,519
Exchange variation on cash and equivalents - discontinued		-
Discontinued operations net of cash		-
Cash flow in the period		**(1,158,927)**
Cash and cash equivalents		
Balance at end of period		642,051
Balance at start of period		1,800,978
Change in the period		**(1,158,927)**

The management notes are an integral part of the interim separate and consolidated fin

Sales of goods and services	9,404,835	7,15
Other revenues	5,153	(
Expected losses with doubtful accounts	(6,710)	(
Inputs purchased from other firms (including taxes - ICMS, IPI, PIS and Cofins)	**7,498,846**	**6,02**
Cost of goods sold and services rendered	6,099,829	4,98
Material, energy, outsourced services and other	1,399,017	1,04
Gross value added	**1,904,432**	**1,12**
Depreciation and amortization	210,909	24
Net value created by company	**1,693,523**	**87**
Value added received through transfer	**5,058,474**	**1,89**
Equity in earnings (losses) of subsidiaries	2,741,098	1,15
Financial income and exchange rate gains	2,317,376	83
Other	-	(9
Total value added to be distributed	**6,751,997**	**2,76**
Value added distribution	**6,751,997**	**2,76**
Employees	**544,496**	**53**
Direct compensation	418,340	41
Benefits	99,624	9
FGTS (severance pay fund)	26,532	2
Taxes payable	**(162,939)**	**(24**
Federal	(328,396)	(46
State	161,813	22
Municipal	3,644	
Value distributed to providers of capital	**4,239,758**	**2,28**
Interest	4,227,920	2,26
Rentals	11,838	1
Other	-	
Value distributed to shareholders	**2,130,682**	**19**
Net loss from operations in the period	2,130,682	19
Non-controlling interest	-	

The management notes are an integral part of the interim separate and consolidated

MARFRIG

Statement
Years ended

(In thous

	3rd Quarter 2020	
Net income (loss) in the year	673,665	
Exchange variation on net investments and balance sheet translation	13,765	
Operations to hedge against exchange variation	-	
Total comprehensive income in the period	13,765	
Total comprehensive income (loss)	**687,430**	
Attributable to:		
Controlling interest	687,430	
Non-controlling interest	-	

The management notes are an integral pa

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.

The Corporation's stock is also a component of the main performance indicators of Brazil's capital markets: Brazil Broad Index BM&FBOVESPA – IBrA; Brazil 100 Index - IBrX 100; Brazil 50 Index - IBrX 50; Consumption 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 interim financial statements

The Management of the Corporation approved the issue of these separate and consolidated interim financial statements on November 11, 2020, 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 interim financial statements

The Corporation's consolidated interim 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 separate interim financial statements of the parent company were prepared in accordance with the accounting practices adopted in Brazil and are disclosed jointly with the consolidated interim financial statements.

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 interim financial statements

The parent company interim financial statements were prepared based on the accounting practices adopted in Brazil and resolutions issued by CFC, 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 interim financial statements. Thus, the consolidated/parent company interim financial statements are being presented in the same document.

2.2. Basis of presentation

The parent company and consolidated interim 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 interim 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 interim 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 interim financial statements are stated in note 3.1.

2.3. Foreign currency translation

Functional and reporting currency

The interim 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 interim 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 fiscal 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 interim 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 interim financial statements were prepared in accordance with NBC TG 21/R3 (CVM Resolution 673/11) – Interim financial statements, which sets forth the minimum interim accounting information to be reported and the principles of recognition and measurement for complete or condensed interim financial statements. Thus, the quarterly information presented here was prepared based on the accounting policies and estimate calculation methods used while preparing the annual financial statements for the fiscal year ended December 31, 2019. There has been no change in said policies and estimate calculation methods.

As allowed by NBC TG 21/R3 (CVM Resolution 673/11), and based on the recommendations contained in Official Letter CVM/SNC/SEP/No. 003/2011, management chose to not report once again the details presented in Note 3. "Summary of significant accounting practices", in order to avoid repeating the information already disclosed in its latest annual financial statements. As a result, users must read these quarterly financial statements together with the annual financial statements for the fiscal year ended December 31, 2018, to have a better understanding.

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 September 30, 2020 are summarized below:

a) Operations

In the first nine months of 2020, the Corporation's operations were not adversely affected by the pandemic, as reflected in its record margins 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. One the one hand, sales in domestic markets for the food service channel decreased in the closing weeks of March, 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. Marfrig reduced the concentration of sales to the Chinese market in the first couple of months of the year and directed them to other regions, such as the Middle East and Europe, thereby attenuating the impact from China's shutdown.

With regard to the sourcing of cattle, at the end of the first quarter, we observed a reduction in price in the North America operations, while prices remained stable in the South America operations.

Given the essential nature of its operations to the communities where it is present, governments have been taking the measures necessary to ensure the continuity of production.

b) Exchange Variation

The depreciation in the Brazilian real against the U.S. dollar caused a positive impact on revenue for the first nine months of 2020, since approximately 93.3% of the Corporation's revenues are denominated 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$55.4 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$0.5 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$14.9 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$7.1 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$1.7 million (R$9,8 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

During the second and third quarter, when Brazil was most affected by COVID-19, Marfrig's operations remained resilient and maintained positive operating results. The Corporation observed that the markets in which it operates are normalizing with the reduction in the restrictive measures imposed by governments. The Corporation will continue to monitor the effects from the pandemic in the coming months to register the significant effects on the financial statements when they become substantially known and measurable.

3.3. New standards and interpretations

The Corporation describes the key points of revision of the new standards issued by the Federal Accounting Council, effective for the fiscal year started in 2020, as presented below:

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 interim financial information herein.

3.4. Consolidated interim financial statements

The consolidated interim 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.

Summary of the equity interests held by the Corporation by business segment include in the consolidated interim financial statements as of September 30, 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
Marfrig Argentina S.A.	Processing and marketing of products
Frigorifico Tacuarembó S.A	Processing and marketing of products
Inaler S.A	Processing and marketing of products
Marfrig Chile S.A	Processing and marketing of products
Frigorífico Patagônia S.A	Processing and marketing of products
Abilun S.A	Holding company
Dicasold	Marketing and distribution of food products
Prestcott International S.A	Holding company
Cledinor S.A	Processing and marketing of products: beef and lamb
Establecimientos Colonia S.A	Processing and marketing of products
Weston Importers Ltd	Trading company
Marb Bondco PLC	Holding company whose purpose is to raise funds
Marfrig Peru S.A.C.	Marketing of products
Marfrig Holdings (Europe) B.V	Holding company whose purpose is to raise funds
Marfrig Beef (UK) Ltd.	Holding company
Marfrig Beef International Ltd.	Holding company
Marfrig NBM Holdings Ltd.	Holding company
MFG Holdings SAU	Holding company
Quickfood S.A.	Processing and marketing of products
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
Las Ánimas S.A.	Holding company

The interim 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.

4. Cash and cash equivalents

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

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Cash and banks	37,090	162,265	999,694	1,347,462
Cash equivalents	153,902	82,433	389,343	427,440
	190,992	**244,698**	**1,389,037**	**1,774,902**

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Cash and banks:				
Brazilian real	42,725	115,317	45,570	117,556
US dollar	147,490	128,921	1,069,385	1,514,174
Other	777	460	274,082	143,172
	190,992	**244,698**	**1,389,037**	**1,774,902**

5. Marketable Securities

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

				Parent	
	PMPV [1]	Currency	Average interest rate p.a.%	9/30/2020	12/31/2019
Bank deposit certificates - CDB [2]	-	BRL	1.82%	406,101	329,930
Repurchase and reverse repurchase agreements	-	-	-	-	822,610
Fixed income bond	-	BRL	0.29%	15,089	12,961
Time Deposit [2]	-	-	-	-	371,197
FIDC [2]	0.05	BRL	3.14%	29,869	19,582
Total				451,059	1,556,280
Total current				**451,059**	**1,556,280**

				Consolidated	
	PMPV [1]	Currency	Average interest rate p.a.%	9/30/2020	12/31/2019
Bank deposit certificates - CDB [2]	-	BRL	1.82%	406,100	329,931
Repurchase and reverse repurchase agreements	-	-	-	-	822,610
Time Deposit [2]	1.64	USD	1.61%	7,814,070	5,449,811
FIDC [2]	0.05	BRL	3.14%	29,869	19,582
Fixed income bond	-	BRL	0.33%	15,395	13,277
Total				8,265,434	6,635,211
Total current				**8,265,434**	**6,635,211**

(1) Weighted average maturity in years.

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

There were no changes in the types of financial investments held by the Corporation for the period ended September 30, 2020.

6. Trade accounts receivable – domestic and foreign customers

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Trade accounts receivable - domestic	306,768	55,705	1,955,119	1,442,725
Trade accounts receivable - foreign	847,350	835,092	550,151	577,791
	1,154,118	**890,797**	**2,505,270**	**2,020,516**
Amounts not yet due	1,134,860	868,068	1,826,938	1,336,185
Amounts overdue				
From 1 to 30 days	14,170	17,595	541,899	631,204
From 31 to 60 days	2,209	1,977	96,995	25,390
From 61 to 90 days	2,879	3,157	39,438	27,737
More than 90 days	37,718	31,008	61,704	47,255
(-) Expected losses with doubtful accounts	(37,718)	(31,008)	(61,704)	(47,255)
	1,154,118	**890,797**	**2,505,270**	**2,020,516**

The expected loss with doubtful accounts was set up in an amount deemed sufficient by Management of the Corporation 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 losses estimated by the Corporation.

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.

Changes in expected loss with doubtful accounts are as follows:

	Parent	Consolidated
Balance on December 31, 2019	**(31,008)**	**(47,255)**
Estimate accrued	(6,710)	(8,844)
Translation gains (losses)	-	(5,605)
Balance on September 30, 2020	**(37,718)**	**(61,704)**

In June 2014, a receivables backed investment fund (*Fundo de Investimento de Direitos Creditórios* - FIDC) was created to sell a portion of the receivables from the installment sale in the domestic market, in the amount of R$160,000 (principal), of which R$16,000 consists of mezzanine subordinated shares. On September 30, 2020, invoices negotiated with the fund MRFG amounted to R$159,734.

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 period ended September 30, 2020 and fiscal year ended December 31, 2019, inventories of finished products were carried at average purchase and/or production cost, as explained below:

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Finished products	579,925	614,649	2,401,022	1,885,431
Raw materials	5,144	8,248	175,738	213,676
Packaging and storeroom supplies	75,468	79,540	400,500	306,621
(-) Expected losses	(6,257)	(20,645)	(7,675)	(22,242)
	654,280	**681,792**	**2,969,585**	**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	14,388	14,994
Translation gains (losses)	-	(427)
Balance on September 30, 2020	**(6,257)**	**(7,675)**

During 2019, the Corporation's Management evaluated the estimated losses for inventories, and found coherent the amounts of R$6,257 and R$7,675 for the parent company and consolidated, respectively.

8. Recoverable taxes

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
ICMS (State VAT)	539,249	418,479	548,272	423,978
PIS and Cofins (taxes on sales) credits	1,583,472	1,935,806	1,665,734	2,011,654
IRPF / IRPJ and CSLL (taxes on income) recoverable	949,393	945,303	990,769	977,153
Other	16,202	16,123	145,611	120,259
(-) Expected losses from non-realization	(91,279)	(19,075)	(106,976)	(35,281)
	2,997,037	**3,296,636**	**3,243,410**	**3,497,763**
Current assets	**560,065**	**1,009,845**	**779,414**	**1,176,530**
Non-current assets	**2,436,972**	**2,286,791**	**2,463,996**	**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 by offsetting debits under a non-cumulative regime for the domestic market, or through transfers to third parties.

8.2. PIS and COFINS taxes

Pursuant to Federal Laws 10.637/02 and 10.833/03, the Corporation has noncumulative PIS and COFINS credits on the acquisition of raw, packaging, and other materials used in goods sold in foreign and domestic markets.

With the changes provided for by 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 is being used for mandatory offsets, pursuant to Articles 73 and 74 of Federal Law 9,430/96, the amount used in fiscal year 2020 was R$614,438 (see note 16).

8.3. IRRF / IRPJ and CSLL recoverable

Refers to the amounts of withholding of income tax at source on services rendered to related companies located abroad and financial investments, prepayments of income and social contribution taxes, calculated based on estimation, suspense account balance sheet and taxation based on annual taxable income and Income Tax paid abroad on net income made available in Brazil. These are payable via the offsetting of income and social contribution taxes calculated on profit for future periods and have no time limit.

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 period ended September 30, 2020, the changes in this item were as follows:

	Parent	Consolidated
Balance at December 31, 2019	**(19,075)**	**(35,281)**
Addition	(72,204)	(72,433)
Write-off	-	1,078
Translation gains (losses)	-	(340)
Balance at September 30, 2020	**(91,279)**	**(106,976)**

9. Notes receivable

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Related-party transactions [(a)]	12,101,852	7,672,441	16,931	60,461
Market transactions receivable [(b)]	-	14,355	1,102	17,166
Other notes receivable	15,735	3,905	16,404	4,691
Total	**12,117,587**	**7,690,701**	**34,437**	**82,318**
Current assets	**415,434**	**355,250**	**30,937**	**82,318**
Non-current assets	**11,702,153**	**7,335,451**	**3,500**	**-**

(a) The amount presented at the Parent Company refers mostly to balances resulting from loan transactions with its subsidiaries, as described in note 31 Related parties;

(b) In the note 27, 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	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Income tax	944,002	671,237	1,487,924	1,132,018
Social contribution tax	358,568	269,720	370,622	281,235
Deferred tax assets	**1,302,570**	**940,957**	**1,858,546**	**1,413,253**
Income tax	-	-	(96,648)	(136,275)
Deferred tax liabilities	-	-	(96,648)	(136,275)
Total deferred taxes	**1,302,570**	**940,957**	**1,761,898**	**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 and social contribution tax loss carryforwards from previous years are limited to 30% and 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/exclusions of temporary differences are realized, when these will become deductible/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 interim 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 the most recent material information, taking into account the diverse economic scenarios of each market where the Corporation operates, due to its global and diversified presence in the Americas (approximately 93.3% of the Corporation's revenues are denominated in currencies other than the Brazilian real).

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 82% 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.

Based on the above, note that expected realization of "Deferred Tax Assets," based on a technical feasibility study as per CVM Instruction 371 of June 27, 2002 is as follows:

Year	Parent	Consolidated
2020	159,034	253,501
2021	174,227	269,450
2022	201,724	298,315
2023	202,870	295,872
2024	564,715	741,408
	1,302,570	**1,858,546**

The following table presents the reconciliation of deferred taxes in the period ended September 30, 2020:

	Parent		Consolidated	
ASSETS	**9/30/2020**	**12/31/2019**	**9/30/2020**	**12/31/2019**
Income tax losses	2,628,455	1,529,473	2,938,023	1,768,722
Social contribution tax loss carryforwards	960,110	564,704	977,200	581,584
Temporary differences	126,502	169,575	287,033	401,289
Total assets	**3,715,067**	**2,263,752**	**4,202,256**	**2,751,595**
LIABILITIES				
Temporary differences	(2,412,497)	(1,322,795)	(2,440,358)	(1,474,617)
Total liabilities	**(2,412,497)**	**(1,322,795)**	**(2,440,358)**	**(1,474,617)**
Deferred tax assets, net	**1,302,570**	**940,957**	**1,761,898**	**1,276,978**

11. Investments

	Parent		Consolidated	
	9/30/2020	**12/31/2019**	**9/30/2020**	**12/31/2019**
Interest in subsidiaries	8,355,355	3,980,728	-	-
Goodwill derived from business combinations	819,903	578,041	-	-
Other investments	10	10	62,234	45,694
	9,175,268	**4,558,779**	**62,234**	**45,694**

11.1 Direct investments by the parent company

Investments in Subsidiaries on September 30, 2020:

	Shares / Units of interest	% Interest	Country	Share Capital	Equity	Net income (loss)	Equity according to % interest[1]	Total assets	Total liabilities	Inte s
Marfrig Chile S.A.	9,950	99.50	Chile	83,514	264,049	26,453	262,729	487,075	223,018	
Inaler S.A.	66,247,320	100.00	Uruguay	42,120	19,052	1,846	19,052	211,811	192,759	
Frigorífico Tacuarembó S.A.	163,448,688	99.96	Uruguay	36,062	187,008	13,258	186,933	428,867	241,859	
Masplen Ltd	5,050	100.00	Jersey	20,823	(51,262)	1,090	(51,262)	563,181	614,443	
Prestcott International S.A.	79,638,916	100.00	Uruguay	16,483	76,632	(24,657)	76,632	478,589	401,957	
Estab. Colonia S.A.	80,647,477	100.00	Uruguay	181,920	39,171	10,780	39,171	453,887	414,716	
Marfrig Overseas Ltd	1	100.00	Cayman Islands	-	(1,370,474)	(77,887)	(1,370,474)	7,754,913	9,125,387	
Marfrig Argentina S.A.	1,249,300,248	99.95	Argentina	92,622	(123,091)	37,645	(123,029)	400,071	523,165	
Marfrig Com. de Energia Ltda	149,985	99.99	Brazil	-	(2,569)	(634)	(2,569)	18,884	21,453	
Marfrig Holdings (Europe) BV	426,842	100.00	Netherlands	2,628,087	4,723,532	(40,301)	4,723,532	19,050,758	14,327,226	
Marfrig Peru S.A.C.	4,988	99.76	Peru	8	(908)	(76)	(905)	113	1,021	
Marfrig Beef (UK) Limited	2,001	100.00	United Kingdom	1,599,748	2,655,688	825,794	2,655,688	17,159,698	14,504,010	
Marfrig Beef International Limited	2,001	100.00	United Kingdom	802,821	1,859,102	1,980,608	1,859,102	22,708,410	18,567,800	
Abilun S.A.	400,000	100.00	Uruguay	53	(4,241)	253	(4,241)	40,572	47,520	
MFG Holdings SAU	100,000	100.00	Argentina	-	73,776	(1,209)	73,776	879,388	767,377	
QuickFood S.A.	57,900,314	10.00	Argentina	327,102	321,513	(9,782)	32,151	776,122	454,609	
Las Animas S.A	99	99.00	Paraguay	28	-	28	-	-	-	

The changes in investments as of September 30, 2020 are shown below:

	12/31/2019	Acquisition [1]	Other comprehensive income (loss)	Equity in earnings (losses) of subsidiaries	9/30/2020 [2]
Marfrig Chile S.A.	173,749	-	58,739	25,797	258,285
Inaler S.A.	13,100	-	4,090	1,856	19,046
Frigorífico Tacuarembó S.A.	123,721	-	49,392	13,614	186,727
Masplen Ltd	(62,831)	-	(216)	(9,796)	(72,843)
Prestcott International S.A.	75,609	-	25,652	(24,637)	76,624
Estab. Colonia S.A.	21,057	-	7,215	10,426	38,698
Marfrig Overseas Ltd	(915,715)	-	(376,872)	(77,887)	(1,370,474)
Marfrig Argentina S.A.	(96,158)	-	(64,611)	37,617	(123,152)
Marfrig Com. de Energia Ltda	(1,935)	-	-	(634)	(2,569)
Marfrig Holdings (Europe) BV	3,449,807	-	1,314,026	(40,301)	4,723,532
Marfrig Peru S.A.C.	(605)	-	(224)	(76)	(905)
Marfrig Beef (UK) Limited	1,277,602	-	552,285	825,799	2,655,686
Marfrig Beef International Limited	(148,234)	-	26,729	1,980,608	1,859,103
Abilun S.A.	(3,140)	-	(1,354)	253	(4,241)
MFG Holdings SAU	74,701	-	185	(1,232)	73,654
QuickFood S.A. [1]	-	32,989	5,476	(281)	38,184
Las Ánimas S.A [3]	-	28	-	(28)	-
Total	**3,980,728**	**33,017**	**1,600,512**	**2,741,098**	**8,355,355**

[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.

12. 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 NBC TG 6/R3, assets related to leases are now recognized as right-of-use assets under property, plant and equipment. Therefore, the following tables present separately:

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	**3.58%**	**15.87%**	**-**	**13.61%**	**22.61%**	**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	10,933	105,772	283,217	8,236	-	3,580	411,738
Write-offs	-	(508)	(663)	(24,581)	(21,703)	-	(47,455)
Transfers	244,715	476	(245,043)	(148)	-	-	-
Depreciation in the period	(85,386)	(55,593)	-	(35,339)	(14,030)	(649)	(190,997)
Net balance on 9/30/2020	2,441,727	440,725	81,211	209,058	60,485	4,776	3,237,982
Acquisition cost	3,205,876	1,031,812	81,211	366,455	95,316	11,559	4,792,229
Accumulated depreciation	(764,149)	(591,087)	-	(157,397)	(34,831)	(6,783)	(1,554,247)
Net balance at the end of the period	**2,441,727**	**440,725**	**81,211**	**209,058**	**60,485**	**4,776**	**3,237,982**

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	**3.46%**	**12.02%**	**-**	**7.44%**	**14.39%**	**13.15%**	**19.12%**	
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	12,971	112,620	777,381	125,705	1,473	6,972	4,701	1,041,823
Write-offs	(3,669)	(1,613)	(663)	(24,721)	(23,398)	(3,340)	(123)	(57,527)
Transfers	284,300	105,415	(438,444)	48,729	-	-	-	-
Translation gains (losses)	468,515	496,647	165,123	41,609	16,606	117,923	357	1,306,780
Depreciation in the period	(139,895)	(260,563)	-	(55,336)	(22,957)	(92,644)	(1,469)	(572,864)
Net balance on 9/30/2020	**4,161,932**	**2,089,736**	**915,468**	**526,090**	**112,270**	**347,969**	**5,802**	**8,159,267**
Acquisition cost	5,559,717	5,077,014	915,468	839,427	172,910	561,708	15,869	13,142,113
Accumulated depreciation	(1,397,785)	(2,987,278)	-	(313,337)	(60,640)	(213,739)	(10,067)	(4,982,846)
Net balance at the end of the period	**4,161,932**	**2,089,736**	**915,468**	**526,090**	**112,270**	**347,969**	**5,802**	**8,159,267**

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 period ended September 30, 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:

	Parent/Consolidated	
	9/30/2020	
Description	Temporarily idle property, plant and equipment	Property, plant and equipment fully depreciated and still in operation
Land, constructions and buildings	143,024	230
Machinery, equipment , furniture and fixtures	32,004	57,934
Other property, plant and equipment	51,129	29,999
	226,157	**88,163**

13. 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:

Changes in the intangible assets accounts for the period ended September 30, 2020 are as follows:

Parent Company

	Amortization rate	Balance on December 31, 2019	Acquisition / Write-off	Amortization	Balance on September 30, 2020
Sales channels	6.00%	226,493	-	(12,193)	214,300
Rights of use	6.00%	40,566	-	(2,184)	38,382
Software and licenses	21.00%	28,952	2,191	(5,535)	25,608
Trademarks and patents	-	22,883	-	-	22,883
Total		**318,894**	**2,191**	**(19,912)**	**301,173**

Consolidated

	Amortization rate	Balance on December 31, 2019	Acquisition / Write-off	Translation gains (losses)	Amortization	Balance on September 30, 2020
Goodwill	-	1,361,554	-	553,140	-	1,914,694
Sales channels	5.00%	226,493	-	-	(12,193)	214,300
Right of use	16.00%	40,566	-	-	(2,184)	38,382
Software and licenses	8.00%	34,092	2,323	2,108	(6,446)	32,077
Trademark and patents	6.00%	1,279,876	-	485,552	(79,451)	1,685,977
Client relationship	6.00%	1,908,723	-	741,011	(193,243)	2,456,491
Supplier relationship	7.00%	1,871,758	-	730,859	(151,217)	2,451,400
Other intangible assets	33.00%	11,028	-	3,787	(5,269)	9,546
Total		**6,734,090**	**2,323**	**2,516,457**	**(450,003)**	**8,802,867**

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.

14. Trade payables

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Third parties	707,706	1,023,616	2,463,527	2,613,772
Related parties [(1)]	60,352	64,995	52,946	56,550
	768,058	**1,088,611**	**2,516,473**	**2,670,322**

(1) Most of trade payables include balances from transactions with its Subsidiaries and other related parties, as described in Note 31 – Related parties.

15. Supply chain finance

	Parent/ Consolidated	
	9/30/2020	12/31/2019
Supply chain finance	8,381	176,881
	8,381	**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.

16. Taxes payable

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Income and social contribution taxes payable	56,412	55,564	961,555	326,034
Special tax debt installment plans	138,935	806,563	139,883	807,555
Other taxes, fees and contributions payable	11,269	12,577	45,250	42,357
	206,616	**874,704**	**1,146,688**	**1,175,946**
Current liabilities	44,884	165,591	788,944	407,817
Non-current liabilities	161,732	709,113	357,744	768,129

Special Installment Payment Programs – Federal Law 11,941/09, 12,865/2013, 12,996/2014, Special Tax Amnesty Program (PERT) under Federal Law 13,496/2017, Procedural Legal Transaction (NJP) – Office of the General Counsel for the National Treasury (PGFN) and TA 120 of the State of Mato Grosso

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.

Changes in special installment payment plans are as follows:

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	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	8,720	37,393	8,736	37,437
(-) Debt recalculation	-	(47,153)	-	(47,246)
(-) Payments made	(61,910)	(159,334)	(61,970)	(159,433)
(-) Offseting with tax credits	(614,438)	-	(614,438)	-
Debt balance	138,935	806,563	139,883	807,555
Current liabilities	33,615	153,015	33,718	153,061
Non-current liabilities	105,320	653,548	106,165	654,494

17. Loans, financing and debentures

		Parent			
Credit facility	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	9/30/2020	12/31/2019
Local currency					
FINAME/FINEP	TJLP + Fixed Rate	5.50%	0.29	4	13
NCE/Working Capital	Fixed Rate + %CDI	3.90%	1.85	855,844	618,476
Credit Note (a)	CDI	4.58%	1.15	435,709	-
Non-convertible debentures	104% CDI	3.08%	2.36	492,608	247,751
Total local currency		**3.84%**		**1,784,165**	**866,240**
Foreign currency:					
NCE/Prepayment (US$) / ACC (US$)	Fixed Rate+ FX	4.47%	0.43	3,168,964	1,909,018
Total foreign currency		**4.47%**		**3,168,964**	**1,909,018**
Total loans, financing and debentures		**4.24%**		**4,953,129**	**2,775,258**
Current liabilities				4,034,831	2,076,246
Non-current liabilities				918,298	699,012

		Consolidated			
Credit facility	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	9/30/2020	12/31/2019
Local currency					
FINAME/FINEP	TJLP + Fixed Rate	5.50%	0.29	4	1,001
NCE/Working Capital	Fixed Rate+%CDI	3.90%	1.85	855,844	618,476
Credit Note (a)	CDI	4.58%	1.15	435,709	-
Non-convertible debentures	104% CDI	3.08%	2.36	492,608	247,751
Total local currency		**3.84%**		**1,784,165**	**867,228**
Foreign currency:					
Prepayment / NCE / ACC (US$)	Fixed Rate + FX	4.48%	0.43	3,225,370	1,909,018
Bonds (US$) (c)	Fixed Rate + FX	6.89%	5.41	17,871,079	15,039,625
Bank loan (US$)	Post-Fixed Rate + FX	3.95%	2.90	2,793,875	2,267,132
Revolving credit facility	Post-Fixed Rate + FX	2.09%	1.69	1,120,078	1,633,277
Total foreign currency		**6.04%**		**25,010,402**	**20,849,052**
Total loans and financing		**5.89%**		**26,794,567**	**21,716,280**
Current liabilities				4,584,425	4,594,444
Non-current liabilities				22,210,142	17,121,836

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

	12/31/2019	Acquisitions	Cost of loans	Payments	Interest	Exchange variation	Translation adjustments	9/30/2020
Parent	**2.775.258**	4.701.291	3.311	(3.694.664)	44.860	1.123.073	-	**4.953.129**
Consolidated	**21.716.280**	7.352.227	230.715	(11.731.211)	1.042.730	1.116.003	7.067.823	**26.794.567**

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

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
2020	286,470	2,076,246	608,425	4,594,444
2021	3,966,363	248,666	4,194,860	259,549
2022	474,180	227,413	1,525,949	1,851,941
2023	226,116	222,933	2,884,920	1,917,393
2024	-	-	4,213,120	3,002,949
2025 a 2029	-	-	13,367,293	10,090,004
Total	**4,953,129**	**2,775,258**	**26,794,567**	**21,716,280**

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

(a) Credit Note

During the third quarter, new financing facilities were contracted in the amount of R$435,709, 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 (6th) Issue of Debentures of the Corporation.

(c) Senior Notes - BONDS

The main capital raising operation – Senior Notes – BONDS - from previous fiscal years, are described in Note 17 to the Financial Statements for the year ended December 31, 2019, with the transactions in the period ended September 30, 2020 are described below:

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, since contracting the operation, an amount equivalent to R$2,448 million (US$494 million) as of September 30, 2020. Even though the Bond matures in 10 years as from its issue date, Marfrig has committed to use the total amount within 36 months. Always seeking best practices and good relations with its investors, Marfrig informs that it has used nearly the total amount of the funds raised in a much shorter period.

In 3Q20, a total of 154,863 animals were slaughtered in compliance with the commitments related to the Sustainable Transition Bond, which represented 65.9% of the animals acquired in the period in the Amazon biome. The animals came from a property with an area of 1,047,707ha, 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.

17.1. Guarantees for loans and financing

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Balance of financing	**4,953,129**	**2,775,258**	**26,794,567**	**21,716,280**
Guarantees:				
Surety	698,468	787,810	699,709	833,924
Leased asset	4	13	4	13
Export document	-	-	136,424	70,637
Facilities	-	-	1,153,761	1,692,513
Marketable securities	-	-	21,610	20,039
Mortgage	-	-	5,651	91,451
No guarantees	4,254,657	1,987,435	24,777,408	19,007,703

17.2. 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 1.06.

The leverage ratio is calculated as follows:

	9/30/2020
Consolidated gross debt	26,794,567
(-) Consolidated cash and cash equivalents	9,654,471
Consolidated net debt	17,140,096
EBITDA in the period ended June 30, 2020*	9,080,680
EBITDA ratio	1.89
Consolidated net debt	17,140,095
(-) Effect from exchange variation (carve-out)	7,540,903
Consolidated adjusted net debt	9,599,192
Leverage ratio	1.06

** EBITDA is presented on a pro forma basis, including the operations/companies acquired, considering the results of the last 12 months.*

The Corporation did not identify any breach of its covenants as of September 30, 2020 and December 31, 2019.

18. Advances from clients

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Advances from clients	1,214,417	1,205,578	1,442,355	1,322,910
	1,214,417	**1,205,578**	**1,442,355**	**1,322,910**
Current	1,214,417	1,205,578	1,442,355	1,322,910

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

19. Lease payable

The Corporation measures its lease liabilities at the present value of installments and costs associated with the lease agreement, as provided for in 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)	9/30/2020	12/31/2019
Plants, facilities and buildings	7.00%	5.1	73,800	123,131
Software license	13.33%	-	16	1,553
Other	6.03%	0.9	4,540	1,528
Interest to incur			(11,926)	(24,320)
Total	**8.19%**		**66,430**	**101,892**
Current liabilities			13,090	20,112
Non-current liabilities			53,340	81,780

	Consolidated			
Lease	Weighted average interest rate (p.a.)	Weighted average maturity (years)	9/30/2020	12/31/2019
Plants, facilities and buildings	5.68%	4.8	138,102	176,623
Software license	13.33%	-	16	1,553
Machinery and equipment	3.79%	3.5	449,797	407,122
Other	3.36%	6.3	109,854	2,916
Interest to incur			(61,658)	(64,381)
Total	**4.49%**		**636,111**	**523,833**
Current liabilities			177,097	131,093
Non-current liabilities			459,014	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)	Translation adjustment	9/30/2019
Parent	**101,892**	3,522	2,909	(20,190)	(21,703)	-	-	**66,430**
Consolidated	**523,833**	132,699	17,590	(182,355)	(21,703)	16	166,031	**636,111**

The following table presents the maturity schedule of lease agreements:

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Up to 1 year	13,090	20,112	177,097	131,093
From 1 to 5 years	37,047	70,577	361,811	367,751
More than 5 years	16,293	11,203	97,203	24,989
Total	**66,430**	**101,892**	**636,111**	**523,833**

19.1. 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	Adjusted at present value
Lease consideration	73,800	63,953
Potential PIS/COFINS (9.25%)	6,827	5,916

19.2. Inflationary effects

The Corporation adopted as accounting policy the requirements of NBC TG 6/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 6/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, while the inflation rates are observable in the market, enabling the users of the interim financial statements to determine the inflation-adjusted flows.

Right-of-use assets

	Parent	Consolidated
Real flow	9/30/2020	9/30/2020
Right of use	79,940	583,109
Depreciation	(14,679)	(117,069)
	65,261	**466,040**

Lease liabilities

	Parent	Consolidated
Real flow	9/30/2020	9/30/2020
Lease liabilities	69,339	653,701
Financial expenses	(2,909)	(17,590)
	66,430	**636,111**

	Parent	Consolidated
Inflation-adjusted flow	9/30/2020	9/30/2020
Right of use	81,489	593,221
Depreciation	(14,964)	(119,097)
	66,525	**474,124**

	Parent	Consolidated
Inflation-adjusted flow	9/30/2020	9/30/2020
Lease liabilities	70,683	664,988
Financial expenses	(2,965)	(17,896)
	67,718	**647,092**

19.3. 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 this individual and consolidated accounting information.

20. Notes payable

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Notes payable for investments in Brazil (a)	252,136	308,210	252,136	308,210
Market transactions payable (b)	191,457	13,266	193,418	17,165
Related parties (c)	22,713,082	15,728,562	-	-
Other	31,628	16,202	31,628	16,202
	23,188,303	**16,066,240**	**477,182**	**341,577**
Current liabilities	145,137	104,584	147,098	108,483
Non-current liabilities	23,043,166	15,961,656	330,084	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 27, 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.

(c) The amount refers to loans with subsidiaries. A breakdown of the balance can be found in Note 31 Related-party transactions.

21. Provisions for contingencies

21.1. 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	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Labor and social security	48,704	48,142	94,868	82,353
Tax	153,472	167,674	177,376	197,511
Civil	79,475	75,527	89,136	82,020
	281,651	291,343	361,380	361,884

The following table shows the changes in provisions in the period ended September 30, 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	27,975	8,836	3,948	40,759	47,512	10,523	6,462	64,497
Reversal of provision	(27,413)	(23,038)	-	(50,451)	(36,078)	(32,965)	(13)	(69,056)
Payments	-	-	-	-	(2,416)	(401)	-	(2,817)
Translation gains (losses)	-	-	-	-	3,497	2,708	667	6,872
Balance on September 30, 2020	**48,704**	**153,472**	**79,475**	**281,651**	**94,868**	**177,376**	**89,136**	**361,380**

21.1.1. Labor and social security

As at September 30, 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$94,868 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.

21.1.2. 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$177,376, with the main discussions including the exclusion of ICMS tax from the calculation base of PIS/COFINS, disallowance compensation of estimated IR/CS, income tax and social contribution lack of addition of profits abroad, GILRAT and ICMS proof of exports. The Corporation believes that it its entitled to the potential impacts in the event that such risks materialize.

21.1.3. Civil

Based on the opinion of legal advisors, the Management recognized on September 30, 2020 a provision for the number of shares considered to be of probable risk, totaling R$89,136. 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.

21.2. Contingent liabilities

Contingent liabilities, which are not recorded in the books of account, according to prevailing legislation, are shown below:

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Labor and social security	65,074	83,903	71,802	90,615
Tax	824,851	1,178,190	828,180	1,179,548
Civil	9,653	4,622	9,896	4,709
	899,578	**1,266,715**	**909,878**	**1,274,872**

21.2.1. 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.

21.2.2. 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 September 30, 2020, the Corporation was a party to administrative proceedings and court claims filed by the Federal Government at the total historical value of R$689,364, 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$244,189;

(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$339,341.

b) State VAT – ICMS

On September 30, 2020, the Corporation had administrative proceedings, and court claims in the historical amount of R$137,449, 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$49,813;

(ii) The Corporation and its subsidiary Pampeano are parties to administrative proceedings and legal suits, whose collection suits are individually immaterial, totaling R$87,636.

c) Taxes on Services of Any Nature (ISSQN)

On September 30, 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$1,367.

21.2.3. Civil

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

21.2.4. 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.

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 the company 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.

22. Shareholders' equity

22.1. Share capital

Subscribed and paid-in share capital as at September 30, 2020 and December 31, 2019 totals R$8,204,391 and is represented by 711,369,913 common shares without par value. On September 30, 2020, 338,595,548 shares, or 47.60% 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 372,774,365 shares, or 52.40%, of which 14,669,463 shares are held in treasury, and 1,007,741 shares are held by its Board of Directors, Audit Board and Executive Board.

22.2. Capital reserves, options granted and treasury shares

On September 30, 2020, the balances of the capital reserves, options granted and treasury shares were broken down as follows:

22.2.1. 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 September 30, 2020, the capital reserves amounted to R$1,957,612.

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.

The amount of consideration transferred was R$3,255 million and the goodwill paid in the transaction was R$2,327 million. This goodwill, adjusted to September 30, 2020, amounted to R$3,108 million and was recognized in the capital reserve group, which had a negative impact on the Corporation's shareholders' equity. The transaction, as well as its respective negative effects on the shareholders' equity of the Corporation, were registered in accordance with ITG 09 (R1) – Individual Financial Statements, Separate Statements, Consolidated Statements and Adoption of the Equity Method of Accounting.

22.2.2. Treasury shares

On September 30, 2020, Corporation held fourteen million, six hundred sixty-nine thousand and three hundred, sixty-three (14,669,463) common shares in treasury, which were booked at the amount of R$112,034, which corresponds to an average cost of seven reais and sixty-four centavos (R$7.64) per share.

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

	Held in treasury	
	Number of shares	Value (R$ '000)
Balance as at December 31, 2019	10,372,329	80,837
(+) Acquisition - Repurchase program	6,114,000	45,103
(-) Disposal - Stock options	(1,816,866)	(13,906)
Balance as at September 30, 2020	**14,669,463**	**112,034**

On September 30, 2020, canceled treasury shares in the amount of R$11,691.

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 September 14, 2018, the Corporation's Board of Directors approved the use of the available capital reserve to acquire shares. The buyback program includes the acquisition of up to 12,000,000 registered, book-entry common shares without par value, limited to three percent (3%) of the Corporation's free-float shares. The maximum period for effecting the purchase transactions is eighteen (18) months, starting on September 14, 2018 and ending on March 13, 2020.

On March 16, 2020, the Corporation's Board of Directors approved the use of the available capital and profit reserve to acquire shares. The buyback program includes the acquisition of up to 5,910,145 registered, book-entry common shares without par value, limited to ten percent (10%) of the Corporation's free-float shares. The maximum period for effecting the purchase transactions is eighteen (18) months, starting on March 16, 2020 and ending on September 16, 2021.

22.3. Income reserves

On September 30, 2020, the balance of the profit reserves was broken down as follows:

22.3.1. Legal reserve

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

On September 30, 2020, the Corporation did not recognize a legal reserve, as the Company used the profit for the period to offset accumulated losses. Accordingly, the balance as of September 30, 2020 remained at R$44,476, the same as at December 31, 2019.

22.3.2. Retained earnings

At September 30, 2020 and December 31, 2019, the Company did not propose any retention of earnings, since the net profit for the period was fully allocated to offset accumulated losses. Accordingly, the balance as of September 30, 2020 remained at R$7,348, the same as at December 31, 2019.

22.4. Other comprehensive income

This account recognizes, before being recorded in the statement of operations for the period, translation gains (losses) resulting from the translation of interim financial statements 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 and the result of derivative financial instruments designated for hedge accounting not yet realized.

22.5. 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.

23. Net sales revenue

	Parent		Consolidated	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Revenue from sales of products				
Domestic sales	4,007,916	4,167,876	37,747,394	26,708,878
Foreign sales	5,396,918	2,988,300	12,224,415	8,450,837
	9,404,834	**7,156,176**	**49,971,809**	**35,159,715**
Deductions from gross sales				
Taxes on sales	(238,573)	(271,280)	(293,775)	(296,782)
Returns and discounts	(343,806)	(187,709)	(462,627)	(319,751)
	(582,379)	**(458,989)**	**(756,402)**	**(616,533)**
Net sales	**8,822,455**	**6,697,187**	**49,215,407**	**34,543,182**

24. 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	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Cost of sales				
Inventory costs	6,519,013	5,412,586	35,158,709	26,923,721
Depreciation and amortization	185,254	222,845	742,212	667,584
Employee salaries and benefits	493,182	496,927	4,329,088	2,643,899
	7,197,449	**6,132,358**	**40,230,009**	**30,235,204**
Administrative expenses				
Depreciation and amortization	25,183	25,850	273,840	213,140
Employee salaries and benefits	48,892	13,061	271,997	206,657
Other	5,362	72,407	155,112	128,424
	79,437	**111,318**	**700,949**	**548,221**
Selling expenses				
Depreciation and amortization	472	363	6,815	8,663
Employee salaries and benefits	39,367	42,194	120,722	114,957
Freight	249,776	296,963	1,350,046	1,081,254
Other	127,678	132,958	342,259	291,863
	417,293	**472,478**	**1,819,842**	**1,496,737**

25. Net financial result

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

	Parent		Consolidated	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Interest received, earnings from marketable securities	17,949	50,339	36,919	138,210
Interest, debentures and lease with financial institutions	(301,379)	(406,481)	(1,361,313)	(1,216,453)
Inflation adjustments, bank expenses, amortiz. cost on debt and other	(539,674)	(850,041)	(70,534)	(140,168)
Translation gains and losses	(1,087,440)	(228,897)	(1,175,031)	(230,962)
Total	**(1,910,544)**	**(1,435,080)**	**(2,569,959)**	**(1,449,373)**
Financial income	2,317,376	833,510	2,161,187	1,524,155
Financial expenses	(4,227,920)	(2,268,590)	(4,731,146)	(2,973,528)
Total	**(1,910,544)**	**(1,435,080)**	**(2,569,959)**	**(1,449,373)**

26. Earnings (loss) per share

The following table shows the calculation of earnings per share for the fiscal periods ended September 30, 2020 and 2019 (in thousands, unless otherwise stated):

	9/30/2020	9/30/2019
Profit attributable to shareholders from the Corporation	2,130,682	191,182
Weighted average number of shares in the period (units)	711,369,913	621,279,822
Weighted average number of shares held in treasury (units)	(10,808,067)	(1,953,963)
Weighted average number of outstanding common shares (units)	700,561,846	619,325,859
Basic and Diluted Earnings (in R$)	3.0415	0.3087
Earnings or losses attributable to shareholders from the Corporation	3.0415	0.3087

27. Financial instruments - risk management

27.1. 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

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.

27.2. 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	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Cash and cash equivalents	190,992	244,698	1,389,037	1,774,902
Marketable securities	451,059	1,556,280	8,265,434	6,635,211
Receivables from Brazilian clients	306,768	55,705	1,955,119	1,442,725
Receivables from foreign clients	847,350	835,092	550,151	577,791
Other receivables	120,365	15,771	659,603	280,672
Total	**1,916,534**	**2,707,546**	**12,819,344**	**10,711,301**

27.3. 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.

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	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Short-term cash, cash equivalents and marketable securities	642,051	1,800,978	9,654,471	8,410,113
Short-term loans and financings	4,034,831	2,076,246	4,584,425	4,594,444
Modified liquidity ratio	**0.16**	**0.87**	**2.11**	**1.83**

27.4. 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.

27.4.1. 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 September 30, 2020 and December 31, 2019 is as follows:

	Parent		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Exposure to CDI rate:				
ECNs / Working capital	1,784,161	866,227	1,784,161	866,227
(-) CDB-DI	(406,101)	(329,930)	(406,100)	(329,931)
Subtotal	**1,378,060**	**536,297**	**1,378,061**	**536,296**
Exposure to LIBOR rate:				
Revolving Credit Facility (US$)	-	-	3,913,953	3,900,409
Subtotal	**-**	**-**	**3,913,953**	**3,900,409**
Exposure to TJLP rate:				
FINAME/FINEP	4	13	4	1,001
Subtotal	**4**	**13**	**4**	**1,001**
Total	**1,378,064**	**536,310**	**5,292,018**	**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			
						9/30/2020	12/31/2019
Instrument	Register	Asset	Receivable	Notional(USD)	Notional(USD)	MTM	MTM
Interest Rate Swap	OTC	BRL	USD	72,624	479,580	191,044	(962)
				72,624	**479,580**	**191,044**	**(962)**

27.4.2. 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 September 30, 2020, which are not designated for hedge accounting, are as follows:

					Consolidated		
Instrument	Hedge object	Register	Receivable	Payable	Notional(USD)	Notional(R$)	MTM(R$)
Futures	Fed cattle	BM&F	BRL	BRL	(15,886)	(89,610)	(414)
Futures	Fed cattle	CME	USD	USD	429	2,419	55
					413	**(87)**	**(359)**

27.4.3. 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 93.3% 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.

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	9/30/2020	12/31/2019	Effects of translation gains (losses) 2020
Operating			
Trade accounts receivable	847,350	835,092	89,113
Imports payable	(27,540)	(41,042)	(22,096)
Subtotal	**819,810**	**794,050**	**67,017**
Financial			
Loans and financing	(3,168,964)	(1,909,018)	(1,123,072)
Notes payable and receivable	376,868	329,433	(138,904)
Balance of banks and marketable securities (*)	148,267	500,579	107,519
Subtotal	**(2,643,829)**	**(1,079,006)**	**(1,154,457)**
Total	**(1,824,019)**	**(284,956)**	**(1,087,440)**
Translation gains			1,681,208
Translation losses			(2,768,648)
Translation gains (losses), net			(1,087,440)

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

	Consolidated		
Description	9/30/2020	12/31/2019	Effect of translation gain (losses) 2020
Operating			
Trade accounts receivable	550,151	577,791	54,664
Imports payable	(213,384)	(166,027)	(11,170)
Other	(90,517)	(35,254)	17,339
Subtotal	**246,250**	**376,510**	**60,833**
Financial			
Loans and financing	(25,010,402)	(20,849,052)	(1,116,002)
Notes payable and receivable	403,131	335,275	(232,120)
Balance of banks and marketable securities (*)	298,613	587,914	112,258
Subtotal	**(24,308,658)**	**(19,925,863)**	**(1,235,864)**
Total	**(24,062,408)**	**(19,549,353)**	**(1,175,031)**
Translation gains			1,881,328
Translation losses			(3,056,359)
Translation gains (losses), net			(1,175,031)

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

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

			Consolidated				
Instrument	Hedge object	Register	Receivable	Payable	Notional(USD)	Notional(R$)	MTM(R$)
Operations not designated for Hedge Accounting							
NDF	FX rate	OTC	USD	GBP	13,986	78,893	(562)
NDF	FX rate	OTC	USD	EUR	4,375	24,679	(955)
NDF	FX rate	OTC	USD	AUD	186	1,047	(111)
NDF	FX rate	OTC	USD	CLP	6,130	34,577	715
					24,677	**139,196**	**(913)**

The Company did not designate operations to hedge accounting for the quarter ended September 30, 2020. The operations designated to hedge accounting in the quarter ended March 31, 2020 were fully settled and are described in Note 27.4.3 of the interim financial statements as of March 31, 2020.

27.5. Sensitivity Analysis

The Management considers that the most relevant risks that could affect the Corporation's results are the volatility of exchange rates, interest rates and commodity prices.

To provide information about the behavior of market risks that the Corporation and its subsidiaries were exposed to as at September 30, 2020, three scenarios are considered one of 10% appreciation and two more scenarios with deterioration of 25% and 50% of the risk variable taken into account, denominated as Scenario I, Scenario II and Scenario III, respectively.

The following scenarios are in accordance with CVM Instruction 475 of December 17, 2008 and present the possible impacts from derivative financial instruments, considering appreciation and depreciation scenarios of the risk factors listed. The amounts presented correspond to the impact of the Mark to Market (MTM) value of the derivative financial instruments contracted for hedge purposes.

The information used in preparing these analyses was detailed in the items above. Future results to be measured could differ significantly from the estimated values if actual conditions differ from the assumptions adopted. Positive values indicate gains and negative ones indicate losses. The following table, in thousands of Brazilian reais, presents the sensitivity scenarios:

Consolidated					
Parity - US$ x EUR		**Current**	**Scenario I**	**Scenario II**	**Scenario III**
Instrument	**Risk**	**Scenario**	**Increase of 10%**	**Decrease of 25%**	**Decrease of 50%**
NDF	Appreciation of US$	**(955)**	**(3,946)**	**6,524**	**14,002**
Parity - US$ x GBP		**Current**	**Scenario I**	**Scenario II**	**Scenario III**
Instrumento	**Risk**	**Scenario**	**Increase of 10%**	**Decrease of 25%**	**Decrease of 50%**
NDF	Appreciation of US$	**(562)**	**(10,813)**	**25,065**	**50,692**
Parity - US$ x AUD		**Current**	**Scenario I**	**Scenario II**	**Scenario III**
Instrumento	**Risk**	**Scenario**	**Increase of 10%**	**Decrease of 25%**	**Decrease of 50%**
NDF	Appreciation of US$	**(111)**	**(197)**	**104**	**319**
Parity - CLP x US$		**Current**	**Scenario I**	**Scenario II**	**Scenario III**
Instrumento	**Risk**	**Scenario**	**Increase of 10%**	**Decrease of 25%**	**Decrease of 50%**
NDF	Depreciation of US$	**715**	**3,479**	**(8,696)**	**(17,393)**
Parity - USDA Price - Cattle - US$		**Current**	**Scenario I**	**Scenario II**	**Scenario III**
Instrument	**Risk**	**Scenario**	**Increase of 10%**	**Decrease of 25%**	**Decrease of 50%**
Future	Increase in fed cattle price	(414)	(8,961)	22,403	44,805
Future	Decrease in fed cattle price	55	297	(550)	(1,155)
		(359)	**288**	**(528)**	**44**
Parity - 5% + USD x 127% CDI		**Current**	**Scenario I**	**Scenario II**	**Scenario III**
Instrument	**Risk**	**Scenario**	**Increase of 10%**	**Decrease of 25%**	**Decrease of 50%**
SWAP	Depreciation of US$	**(191,044)**	**(190,315)**	**(192,905)**	**(194,826)**

27.6. Financial instruments by category

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

Parent						
Financial assets			**Fair value through**			
	Amortized cost		**Profit or loss**		**Other comprehensive income (loss)**	
	9/30/2020	**12/31/2019**	**9/30/2020**	**12/31/2019**	**9/30/2020**	**12/31/2019**
Cash and cash equivalents	190,992	244,698	-	-	-	-
Marketable securities	451,059	1,556,280	-	-	-	-
Trade accounts receivable	1,154,118	890,797	-	-	-	-
Notes receivable - derivatives	-	-	-	2,379	-	11,976
Related parties	12,101,852	7,672,441	-	-	-	-
Total financial assets	**13,898,021**	**10,364,216**	**-**	**2,379**	**-**	**11,976**

Financial liabilities			**Fair value through**			
	Amortized cost		**Profit or loss**		**Other comprehensive income (loss)**	
	9/30/2020	**12/31/2019**	**9/30/2020**	**12/31/2019**	**9/30/2020**	**12/31/2019**
Trade accounts payable and supply chain fina	776,439	1,265,492	-	-	-	-
Loans, financing and debentures	4,953,129	2,775,258	-	-	-	-
Finance lease	66,430	101,892	-	-	-	-
Notes payable - derivatives	-	-	191,457	4,157	-	9,109
Notes payable - investments Brazil	252,136	308,210	-	-	-	-
Related parties	22,713,082	15,728,562	-	-	-	-
Total financial liabilities	**28,761,216**	**20,179,414**	**191,457**	**4,157**	**-**	**9,109**

	Consolidated					
Financial assets			Fair value through			
	Amortized cost		Profit or loss		Other comprehensive income (loss)	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Cash and cash equivalents	1,389,037	1,774,902	-	-	-	-
Marketable securities	8,265,434	6,635,211	-	-	-	-
Trade accounts receivable	2,505,270	2,020,516	-	-	-	-
Notes receivable - derivatives	-	-	1,102	5,190	-	11,976
Related parties	16,931	60,461	-	-	-	-
Total financial assets	**12,176,672**	**10,491,090**	**1,102**	**5,190**	**-**	**11,976**

Financial liabilities			Fair value through			
	Amortized cost		Profit or loss		Other comprehensive income (loss)	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Trade accounts payable and supply chain f	2,524,854	2,847,203	-	-	-	-
Loans, financing and debentures	26,794,567	21,716,280	-	-	-	-
Finance lease	636,111	523,833	-	-	-	-
Notes payable - derivatives	-	-	193,418	8,056	-	9,109
Notes payable - investments Brazil	252,136	308,210	-	-	-	-
Related parties	-	-	-	-	-	-
Total financial liabilities	**30,207,668**	**25,395,526**	**193,418**	**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.

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	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Notes receivable - derivatives (note 9)	-	14,355	1,102	17,166
Notes payable - derivatives (note 20)	(191,457)	(13,266)	(193,418)	(17,165)
Total, net	**(191,457)**	**1,089**	**(192,316)**	**1**

27.7. 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/R2 (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	-	451,059	-	8,265,434
Notes receivable - derivatives	-	-	715	387
Non-current liabilities				
Notes payable - derivatives	(191,044)	(414)	(192,671)	(746)
Total	**(191,044)**	**450,645**	**(191,956)**	**8,265,075**

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

28. 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 period:

	Parent		Consolidated	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Net income (loss) before taxes	**1,769,069**	**(395,542)**	**3,659,513**	**836,748**
Non-controlling interest on profit or loss before taxes	-	-	(976,608)	(992,184)
Net loss before taxes - adjusted	**1,769,069**	**(395,542)**	**2,682,905**	**(155,436)**
Income and social contribution taxes - Nominal rate (34%)	(601,484)	134,485	(912,188)	52,848
Adjustments to determine the effective tax rate:				
Taxation on profit of companies abroad	-	53,045	-	217,187
Effect from differences in tax rate of companies abroad	-	-	214,830	7,073
Equity income (loss)	931,983	393,142	-	-
Unrecognized deferred taxes in the period	-	-	-	31,406
Tax incentives	29,377	-	65,556	-
Other additions/exclusions	1,737	6,052	79,579	38,104
Total	**361,613**	**586,724**	**(552,223)**	**346,618**
Total current taxes	-	-	(859,385)	(188,127)
Total deferred taxes	361,613	586,724	307,162	534,745
	361,613	**586,724**	**(552,223)**	**346,618**
Effective tax rate (*)	-20%	148%	21%	223%

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

29. 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) – Reporting by segment.

	Net Revenue		Operating Income		Non-current assets	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019	9/30/2020	12/31/2019
North America	36,254,971	24,313,816	5,519,060	2,267,113	6,719,986	5,375,561
South America	12,960,436	10,229,366	1,104,884	249,611	9,555,295	8,331,682
Corporate	-	-	(394,472)	(230,603)	5,436,143	3,444,674
Total	**49,215,407**	**34,543,182**	**6,229,472**	**2,286,121**	**21,711,424**	**17,151,917**

30. 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	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Buildings and meatpacking plants	3,138,848	3,138,848	8,601,515	7,458,982
Inventories	446,039	446,039	1,052,772	975,872
Third-party warehouse	215,553	215,553	267,696	253,327
Vehicles	12,922	13,128	33,331	27,571
Transportation of goods	84,396	60,307	4,976,266	1,708,646
Officers' guarantees	25,000	25,000	87,049	49,184
Civil liability	308,935	201,535	838,562	919,160
Aircraft	564,070	201,535	1,128,140	604,605
Other	463,576	339,624	530,443	384,917
	5,259,339	**4,641,569**	**17,515,774**	**12,382,264**

31. Related-party transactions

31.1. 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	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Prestcott International S.A.	651	-	564	1,768	-	-	5,996	5,274
Establecimientos Colonia S.A.	874	8,064	571	2,031	13,131	18,906	4,513	10,418
Frigorífico Tacuarembó S.A.	1,968	1,150	2,981	1,349	1,839	5,584	9,043	11,440
Inaler S.A.	527	-	526	1,018	-	-	3,150	4,585
Marfrig Argentina S.A	428,263	309,562	3,968	3,060	-	-	5,767	9,439
Marfrig Chile S.A.	19,725	24,716	-	-	204,199	297,919	5,174	5,529
Marfrig Holdings (Europe) BV	7,535,023	5,242,175	14,758,623	10,272,787	-	-	-	-
Marfrig Overseas Ltd.	2,036,453	623,336	121,758	132,714	-	-	-	-
Marfrig Comercializadora de Energia Ltda	21,320	443	-	-	-	-	42,204	35,086
Masplen Ltd	499,406	423,214	4	62	228,561	169,003	-	587
Marfrig Beef UK Limited	1,955,940	1,526,086	7,832,671	5,323,369	4,761,361	2,127,438	-	-
Marfrig Beef International Limited	78,481	25,013	-	-	-	49	144	-
MFG Holdings SAU	256,968	272,447	438	35	21,638	28,506	-	-
Controlling shareholders	-	1	1,727	1,198	11	19	-	-
Key management personnel	-	3	3,236	69	76	89	2,216	537
Other related parties	46,038	60,465	48,094	55,297	22	35	291,845	149,006
	12,881,637	**8,516,675**	**22,775,161**	**15,794,757**	**5,230,838**	**2,647,548**	**370,052**	**231,901**

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 69% of the variation, with the remaining 29% referring to new agreements (funding operations) to fund the operation. For balances payable, the fluctuation in the U.S. dollar price accounted for 90% 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 interim financial statements, given that they are eliminated in consolidation.

31.2. Consolidated related parties

	Consolidated							
	Outstanding balance				Recognized as profit or loss			
	Accounts receivable		Accounts payable		Income		Expenses	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Controlling shareholders	-	1	1,727	1,198	11	19	-	-
Key management personnel	-	3	4,852	1,253	100	93	2,216	537
Other related parties	46,038	60,465	48,094	55,297	22	35	291,845	149,006
	46,038	**60,469**	**54,673**	**57,748**	**133**	**147**	**294,061**	**149,543**

31.3. 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.

31.4. 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.

31.5. Joint Ventures

The indirect subsidiary Beef Holdings Limited has 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 statements, 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 in the period
COFCO-Keystone Supply Chain	45.00%	China	170,180	170,540	(1)
Total			170,180	170,540	(1)

31.6. 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.

32. Management compensation

The compensation policy establishes the criteria and responsibilities and defines the compensation for managers of the Marfrig Group, in the short or long term (bonus and stock option).

The purpose of this policy is to encourage the Company's executives to grow and develop to reach their full potential, in line with the business objectives, and to recognize their performance through the payment of an Incentive (short and long term).

The Compensation, Corporate Governance and Human Resources Committee is the body that supports the Board of Directors in its assessment of manager compensation. The committee is formed exclusively by members of the Board of Directors of the Company, one of whom is the Committee Coordinator.

The parameters used to define management compensation are based on market practices.

32.1. Board of Directors

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

Variable compensation – Consists of a short-term bonus or stock options.

The composition of the directors' compensation is based on a market survey of major companies in the food industry, which is used to formulate the base compensation to be validated by the Compensation, Corporate Governance and Human Resources Committee of Marfrig Global Foods.

32.2. Statutory Officers

The compensation of the Statutory Officers is composed of a fixed component and a variable component.

Fixed compensation – An annual amount is set for each statutory officer and paid monthly.

Variable Compensation – Composed of short-term (bonus) and long-term (stock option) compensation. The targets established by the Company to assess the Managers generally consist of economic and individual targets. 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.

Gains in the Stock Option Plan are associated with the appreciation of the stock price in the market, i.e., the value that the officer and the executive board as a whole add to the Company through their work will be reflected in gains in this kind of compensation, while keeping their interests aligned with those of the Company over the long term.

The Exercise Price of the stock option compensation under the "Specific Programs" is based on the share price in the latest 20 trading sessions prior to the first business day of March of each year and a grant price with a 50% discount from the grants of 2010.

The exercise in each annual vesting period is subject to the following criteria:

- 25% after 12 months from the grant;

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

The compensation of the officers is based on a market survey of major companies in the food industry, which is used to formulate measurement criteria based on the importance of the position in the organization. The macro policies are approved by the Compensation, Corporate Governance and Human Resources Committee.

32.3. Audit Board

The Audit Board of the Company was formed on the occasion of the Annual Shareholders Meeting held on April 30, 2020. In the restatement of the bylaws carried out by intermediation of the Extraordinary Shareholders Meeting on March 11, 2011, the Audit Board became a standing body with permanent functioning.

The compensation of the Audit Board is set annually and paid monthly, with no variable compensation.

32.4. Consolidated compensation

The compensation of Management and Board members 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 (three 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:

	9/30/2020	9/30/2019
Consolidated Management compensation	51,787	20,313
Total	**51,787**	**20,313**

32.5 Stock option plan

In the period ended September 30, 2020, a total of 1,123,242 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	95,048	16.29
Options exercised - 2020	1,123,242	

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

Consolidated Changes	2020	2019
(Options)		
Opening balance	**3,653,287**	**3,081,827**
Options granted	-	1,882,773
Options exercised	(1,123,242)	(959,246)
Options canceled and expired	(112,739)	(352,067)
Closing balance	**2,417,306**	**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 0.35% of all shares at September 30, 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	Total
Granting date	11/072016	12/20/2017	09/25/2018	08/14/2019	
Unexercised agreements	3,939	106,866	940,652	1,365,849	**2,417,306**
Treasury stock					**(14,669,463)**
Total shares except treasury stock					**696,700,450**
Percentage of dilution	**0.00%**	**0.02%**	**0.14%**	**0.20%**	**0.35%**

The Corporation recognized expenses relating to granting of plans in effect for the period ended September 30, 2020, as detailed in the table below:

Effects from the exercise of options (R$ '000)	2020	2019
Amount received from sale of shares - Exercised options	3,444.6	2,846.9
(-) Cost of treasury shares disposed of	(8,610.4)	(5,547.8)
Effect on disposal of shares	**(5,165.9)**	**(2,700.9)**

Due to the exercise of stock options, the Corporation incurred costs with the sale of treasury shares of R$8,610.4. At September 30, 2020, the book value of treasury shares was recorded under the Corporation's shareholders' equity in the amount of R$112,034 (R$80,837 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:** 33.24%. 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 April 1, 2020 to September 30, 2020;

- **Risk-free interest rate:** 4.91% 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/tributaria/pagamentos-e-parcelamentos/taxa-de-juros-de-longo-prazo-tjlp.

The fair value of options as of September 30, 2020 ranged between a minimum of R$11.89 and a maximum of R$12.67 per share for SPECIAL plans.

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 / expired in the period	Options exercised / 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	202,133	28,434	71,713	3,939	R$ 3.0281
ESP XI LP 16-17	12-20-17	03-03-20	09-02-20	126,517	126,517	89,500	12,100	22,210	2,707	R$ 3.3592
ESP XI LP 16-17	12-20-17	03-03-21	09-02-21	126,337	7,368	0	0	22,178	104,159	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	0	38,581	465,804	R$ 3.1789
ESP XII LP 17-18	09-25-18	03-03-22	09-02-22	504,189	0	0	0	38,538	465,651	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	0	17,437	453,316	R$ 2.9110
ESP XIII LP 18-19	08-14-19	03-03-22	09-02-22	470,753	0	0	0	17,437	453,316	R$ 2.9110
ESP XIII LP 18-19	08-14-19	03-03-23	09-02-23	470,514	0	0	0	17,406	453,108	R$ 2.9110
Total on	**9/30/2020**			**12,833,129**	**10,293,566**	**1,123,242**	**112,739**	**9,179,842**	**2,417,306**	

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	48.1	48.1	18.2
		48.1	**48.1**	**18.2**
ESP XI LP 16-17	12-20-17	32.2	32.2	11.6
ESP XI LP 16-17	12-20-17	1,245.7	0.0	445.6
		1,277.9	**32.2**	**457.2**
ESP XII LP 17-18	09-25-18	111.0	111.0	41.0
ESP XII LP 17-18	09-25-18	5,653.1	0.0	2,076.7
ESP XII LP 17-18	09-25-18	5,720.8	0.0	2,076.0
		11,484.9	**111.0**	**4,193.8**
ESP XIII LP 18-19	08-14-19	75.4	75.4	28.9
ESP XIII LP 18-19	08-14-19	5,620.5	0.0	2,142.5
ESP XIII LP 18-19	08-14-19	5,682.5	0.0	2,142.5
ESP XIII LP 18-19	08-14-19	5,738.9	0.0	2,141.5
		17,117.3	**75.4**	**6,455.3**
Total on	**9/30/2020**	**29,928.3**	**266.7**	**11,124.4**

32.6. Direct Granting of Shares

During the period ended September 30, 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	-
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).

33. Additional information of the cash flow statements

In compliance with item 44(a) of NBC TG 03/R3 – 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]	9/30/2020
Loans, financing and debentures	2,775,258	1,006,627	-	1,123,072	48,172	4,953,129
Lease payable	101,892	(41,893)	3,522	-	2,909	66,430
Capital reserves, options granted and treasury shares	(1,271,370)	(31,196)	-	(537,115)	(3,443)	(1,843,124)
	1,605,780	**933,538**	**3,522**	**585,957**	**47,638**	**3,176,435**

	Consolidated					
	Balance on					Balance on
Description	12/31/2019	Cash flow	New agreements	Exchange rate fluctuation	Other [1]	6/30/2020
Non-controlling interest	1,157,776	(827,916)	-	472,430	976,608	1,778,898
Loans, financing and debentures	21,716,280	(4,388,769)	-	8,226,153	1,240,903	26,794,567
Lease payable	523,833	(203,933)	132,699	165,902	17,610	636,111
Capital reserves, options granted and treasury shares	(1,271,370)	(31,196)	-	(537,115)	(3,443)	(1,843,124)
	22,126,519	**(5,451,814)**	**132,699**	**8,327,370**	**2,231,678**	**27,366,452**

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

34. Events after the reporting period

Acquisition of processed food plant in Argentina – Campo del Tosoro

On October 5, 2020, the Corporation executed an agreement with the shareholders of Campo del Tesoro for the acquisition of 100% of the shares of the company in Argentina. The amount of the transaction is US$4.6 million.

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.

Creation of PlantPlus

On October 26, 2020, the Company, complementing the Material Fact notice dated May 26, 2020, announced the execution of an agreement with Archer-Daniels-Midland Company ("ADM") to create a joint venture for producing and marketing plant-based products. After obtaining approval from the competent regulatory authorities, the Corporation concluded the creation of PlantPlus Foods LLC, incorporated under the laws of Delaware, with principal place of business in Chicago, Illinois, United States of America.

* * *

Marfrig Global Foods S.A.

Separate and Consolidated Financial Statements

On December 31, 2019

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(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

Grant Thornton Auditores Independentes

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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 at December 31, 2019 and the respective statements of income, of comprehensive income, of changes in equity and 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 referred to above present fairly, in all material respects, the individual and consolidated financial position of Marfrig Global Foods S.A. as at December 31, 2019 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 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 described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section. 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 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.

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Key audit matters

Key audit matters ("KAM") are those matters that, in our judgment, were of most significance in our audit of the financial statements in the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements taken as a whole and in forming our opinion on such individual and consolidated financial statements and, therefore, we do not provide a separate opinion on these matters.

1. Revenue recognition (Note 3.1.1)

Reason why the matter was considered a KAM

The Company's and its subsidiaries' revenues are subject to different operational structures, using a registration and data capture process considered complex (since they take into account decentralized controls), which may generate differences in practices and possible distortions upon revenue recognition. Additionally, the Company's and its subsidiaries' revenue recognition process involves using different billing systems in multiple locations due to the capillarity of their businesses, which process large volumes of data, with a combination of different products sold and prices in several countries. As a result, after our analysis of all significant risks of the current year, we again considered the matter relevant and, therefore, critical to our audit.

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 these 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 evaluated the revenue recognition criteria and the criteria for recognizing an estimate for expected 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.

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2. Valuation of impairment of assets, including intangible assets with indefinite useful live (goodwill) – Note 13

Reason why the matter was considered a KAM

The Company recorded goodwill based on expected future profitability (goodwill) arising from acquisitions of investments carried out in recent years (whose recoverability is based on the expected generation of future profits), subject to significant valuations and judgments in determining its recoverability. Based on judgments and assumptions, the Company makes looking-forward estimates to evaluate the likelihood of future profitability generation to realize such asset as well as establish the assumptions and estimates that determine such likelihood. By definition, the resulting accounting estimates will hardly be identical to the respective actual results (due to uncertainties and the high level of judgment inherent in determining these assumptions and estimates). Therefore, 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 again considered the matter relevant and, therefore, critical to our audit.

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, operationg 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 assets, including intangible assets the indefinite useful life, are appropriate in the context of the individual and consolidated financial statements taken as a whole.

3. Realization of federal and state credit taxes (Notes 9 and 11)

Reason why the matter was considered a KAM

The Company and its subsidiaries have federal and state tax credits recorded in the individual and consolidated financial statements, in addition to deferred income tax and social contribution assets arising from tax loss carryforwards and temporarily non-deductible and/or taxable differences, which are subject to significant evaluations and judgments in the determination of their recoverability. The accumulation of tax credits in the exporting fridge industry is inherent to the business, due to the tax incentives granted by Brazilian legislation to exporters.

Management evaluates the risk of impairment of these assets when the probability 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 looking-forward estimates to evaluate the likelihood of future taxable income to realize such asset as well as establish the assumptions and estimates that determine such likelihood. By definition, the resulting accounting estimates will hardly be identical to the respective actual results (due to uncertainties and the high level of judgment inherent in determining these assumptions and estimates).

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Therefore, 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 again considered the matter relevant and, therefore, critical to our audit.

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 refunding;
- Analyze, on a sampling basis, acquisitions of inputs, equipment and payments from suppliers during the year;
- 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;
- 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;
- 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 criteria and assumptions adopted and disclosed in the financial statements are appropriate in the context of the individual and consolidated financial statements taken as a whole.

4. Evaluation of the judgment and estimate to record provisions for labor, tax and civil risks (Note 21)

Reason why the matter was considered a KAM

The Company and its investees are parties to tax, labor and civil lawsuits arising from the normal course of their activities. Due to the complexity of the laws and regulations (mainly in Brazil) and the materiality of the ongoing lawsuits (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). For this reason, we again considered the matter relevant and, therefore, critical to our audit.

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, the assessment of the Company's internal and external legal advisors and their investees (obtained by means of confirmation procedures), in addition to the involvement of our tax, labor and social security specialists to the extent we deemed necessary to complete the respective analyses;

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- For lawsuits for which there is uncertainty in relation to the outcome of certain matters that have long been discussed at the judicial levels, we obtained the opinion of the Company's legal advisors to confirm the likelihood of an unfavorable outcome;
- 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, 2019, 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 Technical Pronouncement CPC 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 subsidiaries 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.

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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 Company's and its subsidiaries' 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 and its subsidiaries 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 identify 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.

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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, February 19, 2020

Jefferson Coelho Diniz
Assurance Partner

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MARFRIG GLOBAL FOODS S.A.

Balance Sheet - Assets
As of December 31, 2019 and December 31, 2018

(In thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Note	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Current Assets					
Cash and cash equivalents	4	244.698	157.799	1.774.902	2.459.202
Marketable securities	5	1.556.280	1.619.387	6.635.211	4.732.504
Trade accounts receivable - domestic	6	55.705	41.090	1.442.725	1.068.553
Trade accounts receivable - foreign	6	835.092	353.059	577.791	175.287
Inventories of goods and merchandise	7	681.792	494.907	2.383.486	1.822.280
Biological assets		-	-	29.139	16.570
Recoverable taxes	8	1.009.845	963.809	1.176.530	1.144.888
Prepaid expenses		15.461	3.907	61.823	53.833
Notes receivable	9	355.250	226.438	82.318	118.307
Advances to suppliers		71.493	38.592	110.044	58.628
Other receivables		8.637	26.700	146.135	112.905
		4.834.253	**3.925.688**	**14.420.104**	**11.762.957**
Non-Current Assets					
Court deposits		56.135	41.473	62.055	47.526
Notes receivable	9	7.335.451	460.176	-	220
Deferred income and social contribution taxes	10	940.957	778.212	1.413.253	999.844
Recoverable taxes	8	2.286.791	1.752.685	2.321.233	1.780.342
Other receivables		7.134	9.149	134.537	82.567
		10.626.468	**3.041.695**	**3.931.078**	**2.910.499**
Investments	11	4.558.779	11.292.664	45.694	42.545
Property, plant and equipment	12	3.064.696	2.871.484	6.441.055	5.231.216
Intangible assets	13	318.894	344.300	6.734.090	6.557.055
		7.942.369	**14.508.448**	**13.220.839**	**11.830.816**
		18.568.837	**17.550.143**	**17.151.917**	**14.741.315**
Total Assets		**23.403.090**	**21.475.831**	**31.572.021**	**26.504.272**

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, 2019 and December 31, 2018

(In thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Note	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Current liabilities					
Trade accounts payable	14	1.088.611	936.578	2.670.322	2.148.983
Supply chain financing	15	176.881	182.635	176.881	182.635
Accrued payroll and related charges		111.019	106.734	757.699	564.391
Taxes payable	16	165.591	238.230	407.817	345.438
Loans, financing and debentures	17	2.076.246	1.973.511	4.594.444	3.665.455
Notes payable	20	104.584	183.205	108.483	185.522
Lease payable	19	20.112	2.545	131.093	3.209
Advances from customers	18	1.205.578	829.722	1.322.910	1.093.168
Other payables		92.999	91.347	445.399	457.589
		5.041.621	**4.544.507**	**10.615.048**	**8.646.390**
Non-current liabilities					
Loans, financing and debentures	17	699.012	226.304	17.121.836	11.567.895
Taxes payable	16	709.113	832.406	768.129	833.591
Deferred income and social contribution taxes	10	-	-	136.275	118.911
Provisions for contingencies	21	291.343	293.593	361.884	301.667
Lease payable	19	81.780	1.578	392.740	2.102
Notes payable	20	15.961.656	14.903.979	233.094	301.945
Advances from clients	18	-	-	-	387.480
Other payables		-	-	166.674	332.734
		17.742.904	**16.257.860**	**19.180.632**	**13.846.325**
Equity					
Share Capital	22.1	8.204.391	7.319.467	8.204.391	7.319.467
Capital reserves, granted options and treasury shares	22.2	(1.271.370)	155.824	(1.271.370)	155.824
Profit reserves	22.3	51.824	51.824	51.824	51.824
Other comprehensive income	22.4	(3.271.650)	(3.535.777)	(3.271.650)	(3.535.777)
Accumulated losses		(3.094.630)	(3.317.874)	(3.094.630)	(3.317.874)
Controlling shareholders' equity		**618.565**	**673.464**	**618.565**	**673.464**
Non-controlling interest		-	-	1.157.776	3.338.093
Total equity		**618.565**	**673.464**	**1.776.341**	**4.011.557**
Total liabilities and shareholders' equity		**23.403.090**	**21.475.831**	**31.572.021**	**26.504.272**

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, 2019 and 2018

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

	Note	Parent		Consolidated	
		YTD 2019	YTD 2018	YTD 2019	YTD 2018
Net sales revenue	23	9.697.857	9.461.129	48.761.057	29.715.176
Cost of products and goods sold	24	(8.699.108)	(8.452.396)	(42.377.121)	(25.872.891)
Gross profit		**998.749**	**1.008.733**	**6.383.936**	**3.842.285**
Operating income (expenses)		406.437	(1.867.681)	(2.971.583)	(3.420.204)
Selling expenses	24	(617.864)	(677.918)	(2.054.213)	(1.474.953)
General and administrative expenses	24	(153.753)	(143.181)	(756.598)	(419.923)
Equity in earnings (losses) of subsidiaries	11	1.430.235	437.178	-	-
Other operating income (expenses)		(252.181)	(1.483.760)	(160.772)	(1.525.328)
Net income (loss) before net financial income (loses)		**1.405.186**	**(858.948)**	**3.412.353**	**422.081**
Financial income (expenses)	25	(1.899.689)	(1.921.083)	(2.059.726)	(2.308.966)
Financial income		98.645	159.160	403.687	447.251
Exchange gain		1.148.406	1.045.336	1.709.483	1.544.458
Financial expenses		(1.767.047)	(1.849.029)	(2.065.385)	(2.373.680)
Exchange Loss		(1.379.693)	(1.276.550)	(2.107.511)	(1.926.995)
Net income (loss) before taxes		**(494.503)**	**(2.780.031)**	**1.352.627**	**(1.886.885)**
Income and Social Contribution taxes		**712.591**	**567.131**	**229.612**	**397.536**
Current and deferred income tax	28	669.511	417.008	183.754	243.801
Current and deferred social contribution	28	43.080	150.123	45.858	153.735
Net income (loss) for the year from continuing operations		**218.088**	**(2.212.900)**	**1.582.239**	**(1.489.349)**
Net income (loss) for the year from discontinued operations	31	-	3.608.160	-	3.643.319
Net income (loss) for the year before interest		**218.088**	**1.395.260**	**1.582.239**	**2.153.970**
Attributable to:					
Controlling interest – continuing operations		218.088	(2.212.900)	218.088	(2.212.900)
Controlling interest – discontinued operations		-	3.608.160	-	3.608.160
Controlling interest - Total		**218.088**	**1.395.260**	**218.088**	**1.395.260**
Non-controlling interest - continuing operations		-	-	1.364.151	723.551
Non-controlling interest - discontinued operations		-	-	-	35.159
Total non-controlling interest		**-**	**-**	**1.364.151**	**758.710**
		218.088	**1.395.260**	**1.582.239**	**2.153.970**
Basic and diluted losses per common share - continuing operations	26	0,3507	(3,5630)	0,3507	(3,5630)
Basic and diluted earnings (losses) per share - common - discontinued operations	26	-	5,8096	-	5,8096
Basic and diluted (losses) earnings per share - Common - Total	26	**0,3507**	**2,2466**	**0,3507**	**2,2466**

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, 2019 and 2018

(In thousands of Brazilian reais - R$)

	Share Capital	Capital reserves, options granted and treasury shares	Profit reserves	Other comprehensive income	Retained earnings/ (Accumulate losses)
At December 31, 2017	**7.319.467**	**167.762**	**51.824**	**(425.222)**	**(4.721.2**
Cumulative translation adjustment and asset valuation adjustment	-	-	-	(1.177.754)	8.1
Acquisition of treasury shares	-	(9.872)	-	-	-
Goodwill stock option	-	(2.066)	-	-	-
Divestment of subsidiary	-	-	-	(1.932.801)	-
Acquisition of non-controlling interest due to business combination	-	-	-	-	-
Net income for the year	-	-	-	-	1.395.2
At December 31, 2018	**7.319.467**	**155.824**	**51.824**	**(3.535.777)**	**(3.317.8**

	Share Capital	Capital reserves, options granted and treasury shares	Profit reserves	Other comprehensive income	Retained earnings/ (Accumulate losses)
At December 31, 2018	**7.319.467**	**155.824**	**51.824**	**(3.535.777)**	**(3.317.8**
Capital increase	900.901	-	-	-	-
Costs with public offering	(15.977)	-	-	-	-
Cumulative translation adjustment and asset valuation adjustment	-	-	-	263.038	5.1
Operations to hedge against exchange variation	-	-	-	1.089	-
Acquisition of treasury shares	-	(69.193)	-	-	-
Goodwill stock option	-	(2.848)	-	-	-
Capital transactions with partners	-	(2.327.662)	-	-	-
Change in interest in subsidiary	-	972.509	-	-	-
Net income for the period	-	-	-	-	218.0
At December 31, 2019	**8.204.391**	**(1.271.370)**	**51.824**	**(3.271.650)**	**(3.094.6**

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, 2019 and 2018

(In thousands of Brazilian reais - R$)

	Note	Parent		Consolidated	
		YTD 2019	YTD 2018	YTD 2019	YTD 2018
Net income (loss) for the period from continuing operations		218.088	(2.212.900)	218.088	(2.212.900)
Non-cash items		**(839.612)**	**1.124.530**	**4.149.247**	**4.054.429**
Depreciation and amortization		312.374	244.784	1.197.515	653.165
Non-controlling interest		-	-	1.364.151	723.551
Provision for contingencies		(2.250)	210.390	(21.380)	210.594
Deferred taxes and tax liabilities		(162.745)	30.613	(79.331)	105.790
Equity in earnings (losses) of subsidiaries		(1.430.235)	(437.178)	-	-
Exchange variation on financing		66.456	83.051	69.154	91.510
Exchange variation on other assets and liabilities		164.832	148.164	342.388	252.046
Interest expenses on financial debt		47.741	32.054	1.110.576	1.093.295
Interest expenses on financial lease		10.216	748	24.466	748
Interest expenses on debentures		5.368	86.308	-	-
Cost with issue of financial operations		5.553	3.151	209.730	203.239
Leasing adjustment to present value		174	409	171	409
Estimated non-realization of inventories		(3.359)	(8.562)	(7.165)	(8.244)
Estimated losses with doubtful accounts		8.674	(2.778)	12.147	(6.973)
Estimated losses with non-realization of recoverable taxes		-	727.433	9.402	727.433
Other non-cash effects		137.589	5.943	(82.577)	7.866
Equity changes		**(874.855)**	**1.291.153**	**(1.767.245)**	**(322.776)**
Trade accounts receivable		(383.533)	(204.819)	(1.135.258)	(80.071)
Current inventory and biological assets		(183.526)	113.593	(418.522)	74.341
Court deposits		(14.662)	24.195	(14.588)	25.524
Accrued payroll and related charges		4.285	40.133	93.100	159.138
Trade payables and supplier chain financing		156.519	(336.733)	491.615	(229.725)
Current and deferred taxes		(772.561)	(356.293)	(532.530)	(289.400)
Notes receivable and payable		311.293	2.015.044	(129.529)	(7.320)
Other assets and liabilities		7.330	(3.967)	(121.533)	24.737
Cash flow (used in) provided by operating activities		**(1.496.379)**	**202.783**	**2.600.090**	**1.518.753**
Investing activities					
Investments		(51.970)	-	(13)	11
Acquisition of subsidiary, net of cash		-	-	(428.216)	(3.658.909)
Investments in fixed and non-current biological assets		(466.590)	(387.039)	(955.696)	(676.628)
Investments in intangible assets		(5.392)	(8.369)	(7.126)	(8.569)
Cash flow used in investing activities		**(523.952)**	**(395.408)**	**(1.391.051)**	**(4.344.095)**
Financing activities					
Interest settled debentures / Bonds		(45.665)	(86.308)	(1.441.838)	(809.881)
Debentures / Bonds		(570.000)	-	-	-
Loans and financing		1.065.989	660.739	6.063.982	1.487.944
Loans granted		4.643.274	2.095.074	17.405.894	10.288.191
Loans settled		(3.577.285)	(1.434.335)	(11.341.912)	(8.800.247)
Lease payable		(58.406)	(2.515)	(113.056)	(2.923)
Lease granted		1.745	1.579	33.071	2.005
Lease settled		(60.151)	(4.094)	(146.127)	(4.928)
Treasury shares		(69.193)	(9.872)	(69.193)	(9.872)
Acquisition of non-conrolling interest		-	-	(3.255.399)	-
Capital increase		900.901	-	900.901	-
Costs with issue of shares		(15.977)	-	(15.976)	-
Dividends received		792.572	15.121	-	-
Dividends (subsidiaries) paid to non-controlling shareholders		-	-	(2.075.044)	(461.173)
Cash flow (used in) provided by financing activities	34	**2.000.221**	**577.165**	**(5.623)**	**204.095**
Exchange variation on cash and equivalents		43.902	49.732	64.355	742.815
Discontinued operations net of cash	31	-	55.829	(49.364)	4.667.785
Cash flow in the period		**23.792**	**490.101**	**1.218.407**	**2.789.353**
Cash and cash equivalents					
Balance at end of period		1.800.978	1.777.186	8.410.113	7.191.706
Balance at start of period		1.777.186	1.287.085	7.191.706	4.402.353
Change in the period		**23.792**	**490.101**	**1.218.407**	**2.789.353**

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

MARFRIG GLOBAL FOODS S.A.

Statement of added value
Years ended December 31, 2019 and 2018

(In thousands of Brazilian reais - R$)

	Parent		Consolidated	
	YTD 2019	YTD 2018	YTD 2019	YTD 2018
Revenue	**10.322.580**	**10.370.103**	**49.744.936**	**35.649.644**
Sales of goods and services	10.335.144	10.158.178	49.630.368	30.413.051
Other revenues	(3.890)	209.146	123.741	5.233.149
Losses with doubtful accounts	(8.674)	2.779	(9.173)	3.444
Inputs purchased from other firms (including taxes - ICMS, IPI, PIS and Cofins)	**8.810.652**	**9.810.974**	**40.466.443**	**26.107.693**
Cost of goods sold and services rendered	7.019.035	6.603.954	33.856.203	21.421.039
Material, energy, outsourced services and other	1.791.617	3.207.020	6.610.240	4.686.654
Gross value added	**1.511.928**	**559.129**	**9.278.493**	**9.541.951**
Depreciation and amortization	312.374	244.784	1.197.515	653.165
Net value created by company	**1.199.554**	**314.345**	**8.080.978**	**8.888.786**
Value added received through transfer	**2.677.284**	**6.646.269**	**2.113.168**	**2.005.730**
Equity in earnings (losses) of subsidiaries	1.430.235	437.178	-	-
Financial income and exchange rate gains	1.247.051	1.204.496	2.113.170	1.991.709
Other	(2)	5.004.595	(2)	14.021
Total value added to be distributed	**3.876.838**	**6.960.614**	**10.194.146**	**10.894.516**
Value added distribution	**3.876.838**	**6.960.614**	**10.194.146**	**10.894.516**
Employees	**725.963**	**736.974**	**3.995.282**	**2.489.589**
Direct compensation	565.042	594.037	3.820.874	2.334.719
Benefits	123.160	107.182	133.590	116.413
FGTS (severance pay fund)	37.761	35.755	40.818	38.457
Taxes payable	**(231.680)**	**1.682.119**	**327.616**	**1.840.544**
Federal	(539.928)	1.370.458	(77.983)	1.538.442
State	304.177	306.108	401.478	296.498
Municipal	4.071	5.553	4.121	5.604
Value distributed to providers of capital	**3.164.467**	**3.146.261**	**4.289.009**	**4.410.413**
Interest	3.146.740	3.125.579	4.172.896	4.300.675
Rentals	17.727	20.682	155.277	96.323
Other	-	-	(39.164)	13.415
Value distributed to shareholders	**218.088**	**1.395.260**	**1.582.239**	**2.153.970**
Net loss from operations in the year	218.088	1.395.260	218.088	1.395.260
Non-controlling interest			1.364.151	758.710

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, 2019 and 2018

(In thousands of Brazilian reais - R$)

	Parent		Consolidated	
	YTD 2019	YTD 2018	YTD 2019	YTD 2018
Net income (loss) in the year	218.088	1.395.260	1.582.239	2.153.970
Exchange variation on net investments and balance sheet translation	263.038	(1.177.754)	(2.308.921)	(403.174)
Operations to hedge against exchange variation	1.089	-	1.089	-
	264.127	(1.177.754)	(2.307.832)	(403.174)
Total comprehensive income (loss) for the year	**482.215**	**217.506**	**(725.593)**	**1.750.796**
Attributable to:				
Controlling interest – continuing operations	482.215	(3.390.654)	482.215	(3.390.654)
Controlling interest – discontinued operations	-	3.608.160	-	3.608.160
Controlling interest - Total	**482.215**	**217.506**	**482.215**	**217.506**
Non-controlling interest - continuing operations	-	-	(1.207.808)	1.498.131
Non-controlling interest - discontinued operations	-	-	-	35.159
Total non-controlling interest	**-**	**-**	**(1.207.808)**	**1.533.290**

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.

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); 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 February 19, 2020, 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 separate financial statements of the parent company were prepared in accordance with the accounting practices adopted in Brazil and are disclosed jointly with the consolidated financial statements.

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, 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 and unrealized profits on inventories.

- **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/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) – Information by segment. 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 29.

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;
- Measurement of the fair value of biological assets;
- Impairment of taxes;
- Loss on impairment of intangible assets with undefined life, including goodwill;
- Measurement of items arising from business combinations at fair value;
- Fair value of financial instruments and derivatives;
- Estimated loss on doubtful accounts;
- Estimated loss with inventory obsolescence;
- Deferred Income and Social Contribution tax assets;
- Provisions (legal, tax, labor and civil proceedings);
- Stock option plan;

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 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

- **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 estimated 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.

- **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 12 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**

Finance lease

Certain lease agreements transfer substantially all risks and benefits of ownership of an asset to the Corporation. These agreements are finance leases and are initially recognized as a right-of-use asset with an offsetting entry under lease liability at the present value of remaining lease payments, discounted by the incremental rate, in accordance with NBC TG 06/R3 (CVM Resolution 645/10) – Leases.

Operating lease

Certain agreements are classified as operating leases when its substance does not meet the finance lease requirements. These agreements are initially recognized as a right-of-use asset with an offsetting entry under lease liability at the present value of remaining lease payments, discounted by the incremental rate, in accordance with NBC TG 06/R3 (CVM Resolution 645/10) – Leases.

The Corporation's operating lease transactions are described in note 19.2.

- **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 13.

3.1.7 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.

3.1.8 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.

3.1.9 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.

3.1.10 Provisions

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

3.1.11 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 33.2.

3.1.12 Income and Social Contribution taxes

Current and deferred Income Tax and Social Contribution for the year are calculated based on the rate of 15% plus an additional 10% on the taxable income that exceeds R$240 annually for income tax and an additional 9% on the taxable income for social contribution on net income, and considering the offsetting of tax losses and social contribution tax loss carryforwards limited to 30% of annual taxable income. Tax losses and social contribution tax loss carryforwards are not subject to time barring.

Deferred income tax is recognized through the future estimated effect of temporary differences and tax losses and social contribution tax loss carryforwards, which are recorded in compliance with tax laws and with NBC TG 32/R4 (CVM Instruction 371/02 and CVM Resolution 599/09) – income taxes. A deferred income tax liability is recognized for all temporary tax differences, while deferred income tax assets are recognized only to the extent that it is likely that taxable income exists against which the temporary difference may be used. Deferred tax assets and liabilities are classified as long-term. Income tax related to items recognized directly under shareholders' equity in the current year or previous year are recognized directly in the same account.

Deferred income tax and social contribution are calculated based on income tax losses, social contribution tax loss carryforwards and the corresponding temporary differences between the tax calculation bases on assets and liabilities and the carrying amounts on the financial statements. The rates of these taxes, currently applicable to the calculation of these deferred credits, are 25% for income tax and 9% for social contribution.

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 on the following cases:

3.1.13 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.

3.1.14 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 26.

3.1.15 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.

3.1.16 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 22.2.2. 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.

3.1.17 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.

3.1.18 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.

3.1.19 Discontinued operations and assets held for sale

An operation is classified as discontinued operation when it is sold or it complies with criteria for classification as held-for-sale, if it occurs first. When an operation is classified as a discontinued operation, the statements of income and cash flows are presented as if the operation was discontinued since the beginning of comparative year.

These assets are measured by the lower between the book value and the fair value less selling expenses.

Once they are classified as held-for-sale, intangible and fixed assets can no longer be amortized or depreciated.

The result from discontinued operations is presented as a single amount in the statement of income, and includes the total result after these operations' Income Tax and Social Contribution less any impairment loss, and is presented in notes 31.

3.1.20 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.

3.1.21 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.

Since the hyperinflationary economy was identified only for the subsidiaries in Argentina, and the parent company is not located in a hyperinflationary economy, the Corporation did not restate prior balances, as required under NBC TG 02/R3 (CVM Resolution 640/10) – Effect from changes in exchange rates and translation of financial statements. Inflation adjustment recognized in the years ended December 31, 2019 and 2018 was recorded as a corresponding entry to financial result, registering a gain of R$161,021 and R$38,982, 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 2018 and 2019 were 47.65% and 53.83%, respectively.

3.2. 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 2019 as follows:

NBC TG 06/R3 (IFRS 16) – Leases

As of January 1, 2019, the Corporation adopted NBC TG 06/R3 (IFRS 16) - Leases using the modified retrospective approach. This approach does not impact the Company'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, i.e. the Corporation opted to adopt the standard for contracts that previously were identified as leases in accordance with NBC TG 06/R2. Therefore, the Corporation will not apply the standard to contracts that previously were identified as contracts that contain lease agreements under NBC TG 06/R2.

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 the separate and consolidated accounting statements for right-of-use assets and lease liabilities was, respectively, R$145,784 and R$458,859. In the profit or loss for the year, the net impact was positive at R$7,443 and R$18,010, respectively, on the Parent Company and Consolidated statements. 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 12 and 19.

ITG 22 (CVM Resolution 804/2018) – 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, 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.

3.3. 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.

Summary of the equity interests held by the Corporation by business segment include in the consolidated financial statements as of December 31, 2019:

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 processing).
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
Marfrig Argentina S.A.	Processing and marketing of products
Frigorifico Tacuarembó S.A	Processing and marketing of products
Inaler S.A	Processing and marketing of products
Marfrig Chile S.A	Processing and marketing of products
Frigorífico Patagônia S.A	Processing and marketing of products
Abilun S.A	Holding company
Dicasold	Marketing and distribution of food products
Prestcott International S.A	Holding company
Cledinor S.A	Processing and marketing of products: beef and lamb
Establecimientos Colonia S.A	Processing and marketing of products
Weston Importers Ltd	Trading company
Marb Bondco PLC	Holding company whose purpose is to raise funds
Marfrig Peru S.A.C.	Marketing of products
Marfrig Holdings (Europe) B.V	Holding company whose purpose is to raise funds
Marfrig Beef (UK) Ltd.	Holding company
Marfrig Beef International Ltd.	Holding company
Marfrig NBM Holdings Ltd.	Holding company
MFG Holdings SAU	Holding company
Quickfood S.A.	Processing and marketing of products
NBM US Holdings, Inc.	Holding company
National Beef Packing Company, LLC	Processing and marketing of products
MF Foods USA LLC.	Marketing of products
Iowa Premium, LLC	Processing and marketing of products
Ohio Beef USA LLC	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.

4. Cash and cash equivalents

The Corporation adopts the policy of presenting the following items within the cash and cash equivalents group:

- Cash on hand;
- Demand deposits.

	Parent		Consolidated	
	12/31/2019	**12/31/2018**	**12/31/2019**	**12/31/2018**
Cash and banks	162,265	128,007	1,347,462	973,391
Cash equivalents	82,433	29,792	427,440	1,485,811
	244,698	**157,799**	**1,774,902**	**2,459,202**

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cash and banks:				
Brazilian real	115,317	45,985	117,556	48,448
US dollar	128,921	110,721	1,514,174	2,364,495
Other	460	1,093	143,172	46,259
	244,698	**157,799**	**1,774,902**	**2,459,202**

5. Marketable Securities

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Marketable securities	1,556,280	1,619,387	6,635,211	4,732,504
	1,556,280	**1,619,387**	**6,635,211**	**4,732,504**

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

				Parent	
	PMPV [1]	Currency	Average interest rate p.a%	12/31/2019	12/31/2018
Bank deposit certificates - CDB [2]	-	BRL	4.33%	329,930	878,236
Repurchase and reverse repurchase agreements	-	BRL	2.60%	822,610	88,108
Fixed income bond	-	BRL	4.24%	12,961	12,914
Time Deposit [2]	0.21	USD	3.00%	371,197	622,277
FIDC [2]	0.51	BRL	8.05%	19,582	17,852
Total				1,556,280	1,619,387
Total current				**1,556,280**	**1,619,387**

				Consolidated	
	PMPV [1]	Currency	Average interest rate p.a.%	12/31/2019	12/31/2018
Bank deposit certificates - CDB [2]	-	Real	4.33%	329,931	878,236
Repurchase and reverse repurchase agreements	-	Real	2.60%	822,610	88,108
Time Deposit [2]	1.63	Dolar	2.42%	5,449,811	3,735,394
FIDC [2]	0.51	Real	8.05%	19,582	17,852
Fixed income bonds	-	Real	4.24%	13,277	12,914
Total				6,635,211	4,732,504
Total current				**6,635,211**	**4,732,504**

(1) Weighted average maturity in years.
(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 100.25% 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. 5.3Time Deposit

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

5.4. 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	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Trade accounts receivable - domestic	55,705	41,090	1,442,725	1,068,553
Trade accounts receivable - foreign	835,092	353,059	577,791	175,287
	890,797	**394,149**	**2,020,516**	**1,243,840**
Amounts not yet due	868,068	358,233	1,336,185	738,028
Amounts overdue				
From 1 to 30 days	17,595	10,742	631,204	424,898
From 31 to 60 days	1,977	527	25,390	36,033
From 61 to 90 days	3,157	24,647	27,737	44,881
More than 90 days	31,008	22,334	47,255	38,082
(-) Expected losses with doubtful accounts	(31,008)	(22,334)	(47,255)	(38,082)
	890,797	**394,149**	**2,020,516**	**1,243,840**

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.

Changes in expected losses for credit risks are as follows:

	Parent	Consolidated
Balance on December 31, 2018	**(22,334)**	**(38,082)**
Estimate accrued	(8,674)	(12,147)
Exchange rate variation	-	2,974
Balance on December 31, 2019	**(31,008)**	**(47,255)**

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 million (principal), of which R$16 million consists of mezzanine subordinated shares. On December 31, 2019, there was R$123,129 of bills traded with the fund MRFG.

In March 2017, the Corporation's wholly-owned subsidiary Weston Importers Ltd. structured a program to sell non-recourse receivables with a prime financial institution in Europe. The program's main objective is to convert into cash the term sales involving exports originated by the South America Operation. The securitization program may sell, on a rotating basis, up to US$100 million over a contractual period of 3 years. Under the program, the Corporation receives up to 100% of the total balance of eligible receivables sold, in accordance with the program's rules and limited to the contractual capacity. As of December 31, 2019, US$100 million (R$403.1 million) had been negotiated under the program.

7. Inventories of products and merchandise

In the years ended December 31, 2019 and December 31, 2018, inventories of finished products were carried at average purchase and/or production cost, as explained below:

	Parent		Consolidated	
	12/31/2019	**12/31/2018**	**12/31/2019**	**12/31/2018**
Finished products	614,649	457,011	1,893,678	1,454,071
Raw materials	8,248	-	205,429	166,250
Packaging and storeroom supplies	79,540	61,900	306,621	227,780
(-) Expected losses	(20,645)	(24,004)	(22,242)	(25,821)
	681,792	**494,907**	**2,383,486**	**1,822,280**

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

	Parent	Consolidated
Balance on December 31, 2018	**(24,004)**	**(25,821)**
Reversal of estimates	3,359	7,165
Translation gains (losses)	-	(816)
Acquisition through business combination	-	(2,770)
Balance on December 31, 2019	**(20,645)**	**(22,242)**

8. Recoverable taxes

	Parent		Consolidated	
	12/31/2019	**12/31/2018**	**12/31/2019**	**12/31/2018**
ICMS (State VAT)	418,479	406,929	423,978	439,415
PIS and Cofins (taxes on sales) credits	1,935,806	3,398,488	2,011,654	3,473,509
IRPF / IRPJ and CSLL (taxes on income) recoverable	945,303	386,870	977,153	420,219
Other	16,123	16,078	120,259	85,652
(-) Expected losses from non-realization	(19,075)	(1,491,871)	(35,281)	(1,493,565)
	3,296,636	**2,716,494**	**3,497,763**	**2,925,230**
Current assets	**1,009,845**	**963,809**	**1,176,530**	**1,144,888**
Non-current assets	**2,286,791**	**1,752,685**	**2,321,233**	**1,780,342**

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 by offsetting debits under a non-cumulative regime for the domestic market, or through transfers to third parties.

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 amounts of withholding of income tax at source on services rendered to related companies located abroad and financial investments, prepayments of income and social contribution taxes, calculated based on estimation, suspension balance sheet and taxation based on annual taxable income and Income Tax paid abroad on net income made available in Brazil. These, meanwhile, are realizable through offset using income tax and social contribution calculated on profit for future periods and are not subject to time barring.

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, 2019, the changes in this item were as follows:

	Parent	Consolidated
Balance at December 31, 2018	**(1,491,871)**	**(1,493,565)**
Addition	-	(9,402)
Write-off	1,472,796	1,472,796
Translation gains (losses)	-	2,452
Acquisition through business combination	-	(7,562)
Balance at December 31, 2019	**(19,075)**	**(35,281)**

To reflect Management's more optimistic expectations for the use of tax credits, in the third quarter of 2019, the Corporation wrote off the recoverable balance and the respective estimated recoverable PIS and COFINS tax losses.

9. Notes receivable

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Related-party transactions [a]	7,672,441	671,864	60,461	-
Market transactions receivable [b]	14,355	-	17,166	102,975
Other notes receivable	3,905	14,750	4,691	15,552
Total	**7,690,701**	**686,614**	**82,318**	**118,527**
Current assets	**355,250**	**226,438**	**82,318**	**118,307**
Non-current assets	**7,335,451**	**460,176**	**-**	**220**

(a) The amount presented at the Parent Company refers mostly to balances resulting from transactions with its subsidiaries, as described in note 32 Related parties;

(b) In the note 27, 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	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Income tax	671,237	556,481	1,132,018	769,461
Social contribution tax	269,720	221,731	281,235	230,383
Deferred tax assets	**940,957**	**778,212**	**1,413,253**	**999,844**
Income tax	-	-	(136,275)	(118,911)
Deferred tax liabilities	-	-	(136,275)	(118,911)
Total deferred taxes	**940,957**	**778,212**	**1,276,978**	**880,933**

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 and social contribution tax loss carryforwards from previous years are limited to 30% and 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/exclusions of temporary differences are realized, when these will become deductible/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 material facts recently disclosed, taking into account the diverse economic scenarios of each market where the Corporation operates, due to its global and diversified presence in the Americas (approximately 88.7% 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. In addition, 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 82% 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.

Based on the above, note that expected realization of "Deferred Tax Assets," based on a technical feasibility study as per CVM Instruction 371 of June 27, 2002 is as follows:

Year	Parent	Consolidated
2020	159,034	253,501
2021	174,227	269,450
2022	201,724	298,315
2023	202,870	295,872
2024	203,102	296,115
	940,957	**1,413,253**

The following table presents the reconciliation of deferred taxes in the year ended December 31, 2019:

	Parent		Consolidated	
ASSETS	**12/31/2019**	**12/31/2018**	**12/31/2019**	**12/31/2018**
Income tax losses	1,529,473	1,241,957	1,768,722	1,464,872
Social contribution tax loss carryforwards	564,704	460,971	581,584	475,874
Temporary differences	169,575	135,817	401,289	131,892
Total assets	**2,263,752**	**1,838,745**	**2,751,595**	**2,072,638**
LIABILITIES				
Temporary differences	(1,322,795)	(1,060,533)	(1,474,617)	(1,191,705)
Total liabilities	**(1,322,795)**	**(1,060,533)**	**(1,474,617)**	**(1,191,705)**
Deferred tax assets, net	**940,957**	**778,212**	**1,276,978**	**880,933**

11. Investments

	Parent		Consolidated	
	12/31/2019	**12/31/2018**	**12/31/2019**	**12/31/2018**
Interest in subsidiaries	3,980,728	10,738,033	-	-
Goodwill derived from business combinations	578,041	554,621	-	-
Other investments	10	10	45,694	42,545
	4,558,779	**11,292,664**	**45,694**	**42,545**

11.1 Direct investments by the parent company

Investments in Subsidiaries on December 31, 2019:

	Marfrig Chile S.A.	Inaler S.A.	Frigorífico Tacuarembó S.A.	Masplen Ltd	Prestcott International S.A.	Estab. Colonia S.A.	Marfrig Overseas Ltd	Marfrig Argentina S.A.	Marfrig Com. de Energia Ltda	Marfrig Holdings (Europe) BV	Marfrig Peru S.A.C.	Marfr L
1) Interest												
Shares / Units of interest	9,950	66,247,320	163,448,688	5,050	79,638,916	80,647,477	1	1,249,300,248	149,985	426,842	4,988	
% Interest	99.50	100.00	99.95	100.00	100.00	100.00	100.00	99.95	100.00	100.00	99.76	
Country	Chile	Uruguai	Uruguai	Ilha Jersey	Uruguai	Uruguai	Ilhas Cayman	Argentina	Brasil	Holanda	Peru	
2) Information												
Share Capital	62,635	30,098	25,769	14,879	11,778	129,995	-	84,122	-	1,877,964	6	
Equity	174,894	13,116	124,339	(52,136)	75,637	21,176	(915,715)	(95,927)	(1,935)	3,449,807	(607)	
Net income (loss)	12,781	(12,973)	18,656	(21,063)	(8,541)	(6,244)	(210,503)	79,302	912	18,108	(9)	
Equity according to % interest [1]	174,020	13,116	124,277	(52,136)	75,637	21,176	(915,715)	(95,879)	(1,935)	3,449,807	(606)	
Total assets	312,240	180,533	427,050	391,397	407,255	375,030	3,406,833	296,422	14,486	13,371,277	100	
Total liabilities	137,341	167,417	302,711	443,533	331,617	353,854	4,322,548	392,351	16,421	9,921,470	707	
Interest from non-controlling shareholders	5	-	-	-	-	-	-	(2)	-	-	-	
Net Revenue	677,350	471,234	1,139,582	445,839	594,907	891,585	-	716,413	59,692	-	-	
Interest - net income (loss) [1]	12,717	(12,973)	18,646	(21,063)	(8,541)	(6,244)	(210,503)	79,262	912	18,108	(9)	
Goodwill	-	87,269	130,728	38,866	50,410	270,767	-	-	-	-	-	
3) Changes												
Opening balance at 12/31/2018	**164,998**	**2,083**	**147,242**	**(43,561)**	**81,405**	**3,278**	**(673,455)**	**(144,672)**	**(2,847)**	**3,299,951**	**(569)**	
Dividends	-	-	(49,904)	-	-	-	-	-	-	-	-	
Equity in earnings (losses) of subsidiaries	12,455	(12,989)	18,639	(19,253)	(8,569)	(6,154)	(210,503)	79,153	912	18,108	(9)	
Capital reduction/increase	-	24,952	-	-	-	24,952	-	2,066	-	-	-	
Capital transactions with partners [2]	-	-	-	-	-	-	-	-	-	-	-	
Change in interest in subsidiary [2]	-	-	-	-	-	-	-	-	-	-	-	
Other comprehensive income	(3,704)	(946)	7,744	(17)	2,773	(1,019)	(31,757)	(32,705)	-	131,748	(27)	
Closing balance at 12/31/2019	**173,749**	**13,100**	**123,721**	**(62,831)**	**75,609**	**21,057**	**(915,715)**	**(96,158)**	**(1,935)**	**3,449,807**	**(605)**	

[1] The balance corresponds to the Corporation's interest in its subsidiaries, adjusted by any unrealized profits at the time of consolidation and balances.

[2] The balance corresponds to impacts from the acquisition of another 30.73% interest in the Corporation's indirect subsidiary National Beef Packing Company, LLC

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%.

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

	R$
Current assets	302.181
Property, plant and equipment	263.920
Intangible assets	101.464
Other non-current assets	49.992
Current liabilities	(374.704)
Non-current liabilities	(46.654)
Total identified assets, net of fair value	**296.199**
Non-controlling interest	(24.024)
Bargain purchase	(89.382)
Total consideration transfered	**182.793**

The acquisition costs of R$990 were recognized in the statement of income as administrative expenses.

11.2.2 Iowa Premium, LLC

On June 10, 2019, the Corporation, through its subsidiary NBM US Holdings, LLC, jointly with Jefferies Financial Group, Inc (through its subsidiary JIAC LLC), U.S. Premium Beef, LLC, TMK Holdings, LLC and NBPCo Holdings, LLC, entered into an agreement with Sysco Holdings, LLC ("Sysco"), for the acquisition of 100.00% of the voting and total capital of Iowa Premium, LLC ("Iowa"), which subsequently was paid in as capital in National Beef Packing Company, LLC ("National Beef").
Iowa Premium is a U.S.-based company with primary processing capacity of 1,100 head/day and net revenue of US$644 million in 2018. It operates exclusively with superior-quality animals (Black Angus) and specializes in USDA Choice and Prime grade beef.

The transaction is fully aligned with the strategy of National Beef, expanding its capacity to serve markets seeking high quality beef, and represents an opportunity to capture synergies and economies of scale in

its operation. It also demonstrates the strength of the long-term partnership among Marfrig, Jefferies, USPB, TMK and NBPCo, as well as the commitment of all shareholders to National Beef.

Furthermore, as a result of the transaction, a supply agreement was signed with Sysco for five years.

The Company measured preliminarily the assets acquired and the liabilities assumed at their historical fair value, as follows:

	R$
Current assets	175,166
Property, plant and equipment	188,367
Intangible assets	228,518
Other non-current assets	563
Current liabilities	(61,926)
Total identified assets, net of fair value	**530,688**
Goodwill paid for expected future profitability	63,883
Total consideration transferred	**594,571**
Consideration transferred by the Company's subsidiary	303,231
Consideration transferred by other non-controlling shareholders	291,340

The acquisition costs, in an amount equivalent to R$12,734, were recognized in the income state as administrative expenses.

11.2.3 National Beef Packing Company, LLC

On June 5, 2018, the Corporation, through its subsidiary NBM US Holdings Inc., entered into an agreement with Jefferies Financial Group Inc ("Jefferies") and other shareholders, the parent company of National Beef Packing Company, LLC ("National Beef"), to acquire 51% of the total and voting capital of National Beef Packing Company, LLC ("National Beef").

The acquisition of National Beef represented a new strategic direction for the Corporation, with a focus on the beef industry, in which it is now the world's second-largest company in terms of installed capacity. The strategic shift is aligned with Marfrig's objective, which is to create a simple, focused company that creates value sustainably.

On November 29, 2019, once again 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 5,395.17 shares representing 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 voting and total shareholders capital of National Beef.

The amount of consideration transferred was R$3,255 million and the goodwill paid in the transaction in the amount of R$2,327 million was recognized in the capital reserve group, which had a negative impact on the Corporation's shareholders' equity, as described in ICPC 09 (R2) – Individual Financial Statements, Separate Statements, Consolidated Statements and Adoption of the Equity Method of Accounting.

12. 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:

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	**3.53%**	**16.30%**	**-**	**12.75%**	**22.00%**	**19.99%**	
Acquisition cost	2,957,893	818,370	36,208	322,831	-	-	4,135,302
Accumulated depreciation	(646,688)	(470,882)	-	(146,248)	-	-	(1,263,818)
Net balance on 12/31/2018	**2,311,205**	**347,488**	**36,208**	**176,583**	**-**	**-**	**2,871,484**
Additions	320,149	157,335	180,706	57,469	145,784	1,592	863,035
Write-offs	(233,500)	(30,374)	(3,290)	(96,427)	(24,655)	-	(388,246)
Transfers	(7,904)	1,619	(169,924)	175,319	-	890	-
Depreciation in the period	(118,485)	(85,490)	-	(52,054)	(24,911)	(637)	(281,577)
Net balance on 12/31/2019	**2,271,465**	**390,578**	**43,700**	**260,890**	**96,218**	**1,845**	**3,064,696**
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 at the end of the year	**2,271,465**	**390,578**	**43,700**	**260,890**	**96,218**	**1,845**	**3,064,696**

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	**3.55%**	**12.56%**	**-**	**11.21%**	**16.60%**	**13.20%**	**22.03%**	
Acquisition cost	4,385,446	3,005,049	291,699	479,111	-	-	-	8,161,305
Accumulated depreciation	(1,047,721)	(1,658,012)	-	(224,356)	-	-	-	(2,930,089)
Net balance on 12/31/2018	**3,337,725**	**1,347,037**	**291,699**	**254,755**	**-**	**-**	**-**	**5,231,216**
Additions	335,341	173,102	635,435	60,740	198,139	387,567	2,508	1,792,832
Acquisition through business combination	198,670	211,583	12,182	25,646	1,723	-	2,483	452,287
Write-offs	(233,575)	(37,741)	(4,555)	(96,590)	(25,435)	(367)	(1,069)	(399,332)
Transfers	66,370	280,360	(539,589)	191,969	-	(87)	977	-
Reclassification	-	(199)	-	-	-	-	-	(199)
Translation gains (losses)	9,530	27,953	16,899	23,152	2,092	12,203	(230)	91,599
Depreciation in the year	(174,351)	(364,865)	-	(69,568)	(35,973)	(80,258)	(2,333)	(727,348)
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**
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 at the end of the year	**3,539,710**	**1,637,230**	**412,071**	**390,104**	**140,546**	**319,058**	**2,336**	**6,441,055**

In the first half of 2019, the Corporation entered into an agreement with BRF S.A. for the acquisition of the Várzea Grande asset complex in the state of Mato Grosso. It also entered into an asset swap agreement with Minerva Foods, acquiring the processing plant that is part of the Várzea Grande Complex. In consideration, the Corporation granted Minerva Foods the Paratininga plant, which also is located in the state of Mato Grosso.

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, 2019, 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:

	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	143,024	230
Machinery, equipment , furniture and fixtures	31,996	39,141
Other property, plant and equipment	51,129	23,327
	226,149	**62,698**

13. 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	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Goodwill	-	-	-	1,361,554	1,247,908
Trademark and patents	4.90%	22,883	22,883	1,279,876	1,115,363
Software and licenses	16.84%	28,952	35,189	34,092	39,983
Client relationship	7.64%	-	-	1,908,723	1,924,704
Right of use	5.50%	40,566	43,478	40,566	43,478
Sales channels	5.50%	226,493	242,750	226,493	242,750
Supplier relationship	6.67%	-	-	1,871,758	1,942,869
Other intangible assets	31.07%	-	-	11,028	-
		318,894	**344,300**	**6,734,090**	**6,557,055**

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.

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.

The discounted cash flows for assessing asset impairment were prepared encompassing the maximum period of the subsequent 5 years, in full compliance with the applicable accounting rule. These cash flows are aligned with the Corporation's strategic plan and growth projections based on the historical series updated through the material information statements of the Corporation, such as the export scenario in South America, the new level of margins in the U.S. beef industry, the acquisition of Quickfood (Argentina) and Iowa Premium Beef (USA), the increase in the interest in National Beef (USA) and the primary offering of shares, as well as the market projections from associations and government agencies. The calculation of the discount rates of these cash flows adopt the WACC method and was duly discussed and validated by the Management of the Corporation.

In the year ended December 31, 2019, the Corporation did not identify any indications of asset recorded in its books at an amount higher than that recoverable through use or sale.

13.1 Changes in intangible assets

Changes in the intangible assets accounts for the year ended December 31, 2019 are as follows:

Parent Company

	Balance on December 31, 2018	Acquisition / Write-off	Amortization	Balance on December 31, 2019
Sales channels	242,750	-	(16,257)	226,493
Rights of use	43,478	-	(2,912)	40,566
Software and licenses	35,189	5,391	(11,628)	28,952
Trademarks and patents	22,883	-	-	22,883
Total	**344,300**	**5,391**	**(30,797)**	**318,894**

Consolidated

	Balance on December 31, 2018	Acquisition/ Write-off	Exchange variation	Acquisition through business combination	Reclassification	Amortization	Balance on December 31, 2019
Goodwill	1,247,908	-	53,144	88,671	(28,169)	-	1,361,554
Sales channel	242,750	-	-	-	-	(16,257)	226,493
Rights of use	43,478	-	-	-	-	(2,912)	40,566
Software and Licenses	39,983	7,061	167	-	-	(13,119)	34,092
Trademarks and patents	1,115,362	8	46,608	188,470	14,324	(84,896)	1,279,876
Client relationship	1,924,704	-	77,852	101,294	2,030	(197,157)	1,908,723
Supplier relationship	1,942,870	-	75,443	-	9,108	(155,663)	1,871,758
Other intangible assets	-	-	(4,239)	15,430	-	(163)	11,028
Total	**6,557,055**	**7,069**	**248,975**	**393,865**	**(2,707)**	**(470,167)**	**6,734,090**

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.

14. Trade payables

	Parent		Consolidated	
	12/31/2019	**12/31/2018**	**12/31/2019**	**12/31/2018**
Third parties	1,023,616	884,731	2,613,772	2,112,618
Related parties [(1)]	64,995	51,847	56,550	36,365
	1,088,611	**936,578**	**2,670,322**	**2,148,983**

(1) Most of trade and other accounts payable include balances from transactions with its Subsidiaries and other related parties, as described in Note 32 – Related parties.

15. Supply chain finance

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Supply chain finance	176,881	182,635	176,881	182,635
	176,881	**182,635**	**176,881**	**182,635**

The Corporation entered into structured supply chain financing operations to extend raw material purchase terms with certain suppliers, based on market conditions.

16. Taxes payable

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Income and social contribution taxes payable	55,564	54,274	326,034	139,531
Special tax debt installment plans	806,563	917,919	807,555	919,059
Other taxes, fees and contributions payable	12,577	98,443	42,357	120,439
	874,704	**1,070,636**	**1,175,946**	**1,179,029**
Current liabilities	165,591	238,230	407,817	345,438
Non-current liabilities	709,113	832,406	768,129	833,591

Special Installment Payment Programs – Federal Law 11,941/09, 12,865/2013, 12,996/2014, Special Tax Amnesty Program (PERT) under Federal Law 13,496/2017, Procedural Legal Transaction (NJP) – Office of the General Counsel for the National Treasury (PGFN) and TA 120 of the State of Mato Grosso

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. 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.

Accordingly, in November and December 2019, amounts related to the reimbursement claims analyzed and approved by the Federal Revenue Service of Brazil were offset, in the amount of R$84 million, with cash payments amounting to R$32 million.

Furthermore, in compliance with the agreement to be executed, during next years, the Federal Revenue Service of Brazil will offset the remaining tax credits already formalized, adjusted by the Selic interest rate, in the amount of approximately R$600 million. Accordingly, part of the current balances of the Federal Tax Installment Programs, which currently amount to R$755 million.

Changes in special installment payment plans are as follows:

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Opening balance	917,919	1,023,418	919,059	1,024,603
(+) Adhesion to the installment payment program	57,738	5,252	57,738	5,252
(-) Inflation adjustment interest	37,393	44,742	37,437	44,792
(-) Debt recalculation	(47,153)	-	(47,246)	-
(-) Payments made / tax credits	(159,334)	(155,493)	(159,433)	(155,588)
Debt balance	806,563	917,919	807,555	919,059
Current liabilities	153,015	139,787	153,061	139,865
Non-current liabilities	653,548	778,132	654,494	779,194

17. Loans, financing and debentures

		Parent			
Credit facility	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	12/31/2019	12/31/2018
Local currency					
FINAME/FINEP	TJLP + Fixed Rate	5.50%	1.04	13	25
NCE/Working Capital	Fixed Rate + %CDI	6.13%	2.96	618,476	203,496
Non-convertible debentures	104% CDI	5.00%	3.20	247,751	610,292
Total local currency		**5.81%**		**866,240**	**813,813**
Foreign currency:					
NCE/Prepayment (US$) / ACC (US$)	Fixed Rate+ FX	5.43%	0.52	1,909,018	1,386,002
Total foreign currency		**5.43%**		**1,909,018**	**1,386,002**
Total loans, financing and debentures		**5.55%**		**2,775,258**	**2,199,815**
Current liabilities				2,076,246	1,973,511
Non-current liabilities				699,012	226,304

		Consolidado			
Credit facility	Charges (% p.a.)	Weighted average interest rate (p.a.)	Weighted average maturity (years)	12/31/2019	12/31/2018
Local currency					
FINAME/FINEP	TJLP + Fixed Rate	4.02%	0.14	1,001	6,942
NCE/Working capital	Fixed Rate+%CDI	6.13%	2.96	618,476	203,496
Non-convertible debentures	104% CDI	5.00%	3.20	247,751	-
Total local currency		**5.80%**		**867,228**	**210,438**
Foreign currency					
Prepayment/NCE / ACC (US$)	Fixed Rate + FX	5.43%	0.52	1,909,018	1,386,003
Bonds (US$)	Fixed Rate + FX	7.01%	5.81	15,039,625	12,829,328
Bank loan (US$)	Fixed Rate + FX	4.05%	0.48	2,267,132	291,757
Revolving credit facility	Fixed Rate + Libor	3.64%	2.44	1,633,277	515,824
Total foreign currency		**6.28%**		**20,849,052**	**15,022,912**
Total loans, financing and debentures		**6.26%**		**21,716,280**	**15,233,350**
Current liabilities				4,594,444	3,665,455
Non-current liabilities				17,121,836	11,567,895

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

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
2019	-	1,973,511	-	3,665,463
2020	2,076,246	176,443	4,594,444	201,361
2021	248,666	49,861	259,549	178,344
2022	227,413	-	1,851,941	650,475
2023	222,933	-	1,917,393	3,815,450
2024	-	-	3,002,949	2,838,455
2025 to 2029	-	-	10,090,004	3,883,802
Total	**2,775,258**	**2,199,815**	**21,716,280**	**15,233,350**

There were no changes in the types of loan and financing of the Corporation for the year ended December 31, 2019.

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

17.1. 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, 2018, with the transactions in the year ended December 31, 2019 are described below:

The 12th operation, which was concluded in May 2019, involved the issue by NBM US Holdings, Inc. of US$1 billion in Senior Notes, with interest coupon of 7.000% p.a. and semiannual interest payments, with the principal due in 7 years (May 2026), which was assigned foreign-currency credit-risk ratings of 'BB-' by Standard & Poor's ("S&P") and 'BB-' by Fitch Ratings. This operation was guaranteed by Marfrig Global Foods S.A., Marb Bondco PLC, Marfrig Overseas Limited and Marfrig Holdings (Europe) B.V. and the proceeds were allocated to reducing the debt cost and lengthen the debt maturity profile.

In May 2019, the Company repurchased around US$5.6 million, or 20.43% of the outstanding Notes of the 5th Issue and the principal of approximately US$553.7 million, or 55.37%, of the outstanding Notes of the 7th Issue, the latter fully settled in June 2019.

The 13th operation, referred to as the Sustainable Transition Bonds and concluded in July 2019, involved the issue by NBM US Holdings, Inc. of US$500 million in Senior Notes with interest coupon of 6.625% p.a. and semiannual interest payments, with the principal due in 10 years (August 2029), which was assigned foreign-currency credit-risk ratings of 'BB-' by Standard & Poor's ("S&P") and 'BB-' by Fitch Ratings. This operation was guaranteed by Marfrig Global Foods S.A., Marb Bondco PLC, Marfrig Overseas Limited and Marfrig Holdings (Europe) B.V. The proceeds will be invested in the sourcing of cattle from the Amazon biome, specifically from the states of Mato Grosso, Pará and Rondônia, that meet specific criteria for controlling deforestation, the non-use of indigenous lands and the eradication of forced and child labor through increased control of cattle traceability, drawing on the innovations developed by the Corporation. At the time of raising the capital, the Management estimated the use of funds to occur within 36 months. As of December 31, 2019, the equivalent of R$730 million (US$181 million) of the funds had been used, and the remainder will be used based on the criteria described above, which is currently invested awaiting their due use.

In September 2019, the Corporation prepaid the remaining balance of the 5th Issue placed on September 20, 2013 by Marfrig Holdings (Europe) B.V. with aggregate principal of US$21.5 million and interest of US$1.2 million, amounting to US$22.7 million.

On December 18, 2019, the Corporation informed that, using own funds, it would carry out the early settlement of the senior notes, with remuneration of 8.000% per year and maturity in 2023, issued on June 8, 2016 by Marfrig Holdings (Europe) B.V. with aggregate principal amount of US$446,088,000.00 ("Senior Notes 2023"). The Senior Notes 2023 are currently 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.

17.2. Guarantees for loans and financing:

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Balance of financing	**2,775,258**	**2,199,815**	**21,716,280**	**15,233,350**
Guarantees:				
Bank guarantee	-	155,870	-	155,870
Surety	787,810	440,051	833,924	475,320
Leased asset	13	25	13	25
Export document	-	-	70,637	65,943
Facilities	-	-	1,692,513	707,314
Marketable securities	-	-	20,039	3,490
Mortgage	-	-	91,451	5,972
No guarantees	1,987,435	1,603,869	19,007,703	13,819,416

17.3. 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 2.36.

The leverage ratio is calculated as follows:

	12/31/2019
Consolidated gross debt	21,716,280
(-) Consolidated cash and cash equivalents	8,410,113
Consolidated net debt	13,306,167
EBITDA in the period ended December 31, 2019*	4,811,924
EBITDA ratio	2.77
Consolidated net debt	13,306,167
(-) Effect from exchange variation (carve-out)	1,930,599
Consolidated adjusted net debt	11,375,568
Leverage ratio	2.36

**EBITDA is presented on a pro forma basis, including the operations/companies acquired, considering the results of the last 12 months.*

The Corporation did not identify any breach of its covenants as of December 31, 2019 and December 31, 2018.

18. Advances from clients

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Advances from clients	1,205,578	829,722	1,322,910	1,480,648
	1,205,578	**829,722**	**1,322,910**	**1,480,648**
Current	1,205,578	829,722	1,322,910	1,093,168
Non-current	-	-	-	387,480

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

19. Lease payable

With the adoption of NBC TG 6 (IFRS 16) as of January 1, 2019, the Company now also recognizes the liabilities arising from leases, previously recorded as operating leases. Measurement of lease liabilities is composed of the present value of installments and costs associated with the lease agreement.

The following table presents the breakdown of lease payables:

	Parent			
Lease	Weighted average interest rate (p.a.)	Weighted average maturity (years)	12/31/2019	12/31/2018
Plants, facilities and buildings	7.00%	6.1	123,131	-
Software license	13.24%	1.0	1,553	3,984
Other	12.78%	1.0	1,528	1,362
Interest to incur			(24,320)	(1,223)
Total			**101,892**	**4,123**
Current liabilities			20,112	2,545
Non-current liabilities			81,780	1,578

	Consolidated			
Lease	Weighted average interest rate (p.a.)	Weighted average maturity (years)	12/31/2019	12/31/2018
Plants, facilities and buildings	6.15%	5.3	176,623	-
Software license	13.24%	0.6	1,553	3,984
Machinery and equipment	3.77%	4	407,122	479
Other	9.61%	1.3	2,916	2,071
Interest to incur			(64,381)	(1,223)
Total			**523,833**	**5,311**
Current liabilities			131,093	3,209
Non-current liabilities			392,740	2,102

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:

	12/31/2018	Initial adoption	Acquisitions	Financial expense	Payments	Write-offs	Translation gains (losses)	12/31/2019
Parent	**4,123**	145,784	1,745	10,390	(34,824)	(25,326)	-	**101,892**
Consolidated	**5,311**	458,859	164,757	24,642	(120,797)	(25,326)	16,387	**523,833**

The following table presents the maturity schedule of lease agreements:

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Up to 1 year	20,112	2,545	131,093	3,209
From 1 to 5 years	70,577	1,578	367,751	2,102
More than 5 years	11,203	-	24,989	-
Total	**101,892**	**4,123**	**523,833**	**5,311**

19.1. Potential right to recoverable PIS and COFINS

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

	Nominal	Adjusted to present value
Lease payable	123,131	99,187
Potential of PIS/COFINS (9,25%)	11,390	9,175

19.2. Inflacionary effects

The Company adopted as accounting policy the requirements of NBC TG 06 (R3) in the measurement and re-measurement of its use rights, for which it uses the discounted cash flow method without adjustment for inflation. The Management evaluated the use of nominal flows and concluded that they do not present material distortions in the information presented. To ensure the faithful representation of the information with regard to the requirements of NBC TG 06 (R3) and to comply with the orientations of the CVM, the balances of right of use, depreciation, lease payable and interest expenses without inflation adjustment nominated real flow and an estimate of the balances adjusted for inflation in the comparison period nominated inflacionated flow are provided. Other variables, 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, while the inflation rates are observable in the market, enabling the users of the financial statements to determine the inflacionated flows.

Asset of right of use

Real flow	Parent 12/31/2019	Consolidated 12/31/2019
Right of use	123,610	580,503
Depreciation	(25,547)	(118,563)
	98,063	**461,940**

Inflacionated flow	Parent 12/31/2019	Consolidated 12/31/2019
Right of use	127,613	594,424
Depreciation	(26,375)	(121,433)
	101,238	**472,991**

Lease payable

Real flow	Parent 12/31/2019	Consolidated 12/31/2019
Lease payable	112,283	548,475
interest expenses	(10,391)	(24,642)
	101,892	**523,833**

Inflacionated flow	Parent 12/31/2019	Consolidated 12/31/2019
Lease payable	115,919	561,548
interest expenses	(10,727)	(25,289)
	105,192	**536,259**

20. Notes payable

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Notes payable for investments in Brazil (a)	308,210	378,744	308,210	378,743
Market transactions payable (b)	13,266	98,906	17,165	101,224
Related parties (c)	15,728,562	14,602,034	-	-
Other	16,202	7,500	16,202	7,500
	16,066,240	**15,087,184**	**341,577**	**487,467**
Current liabilities	104,584	183,205	108,483	185,522
Non-current liabilities	15,961,656	14,903,979	233,094	301,945

(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 27, 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.

(c) The amount refers to loans with subsidiaries. A breakdown of the balance can be found in Note 32 Related-party transactions.

21. Provisions for contingencies

21.1 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	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Labor and social security	48,142	50,345	82,353	58,358
Tax	167,674	169,021	197,511	169,021
Civil	75,527	74,227	82,020	74,288
	291,343	293,593	361,884	301,667

The following table shows the changes in provisions in the year ended December 31, 2019:

	Parent				Consolidated			
	Labor and social security	Tax	Civil	Total	Labor and social security	Tax	Civil	Total
Balance on December 31, 2018	50,345	169,021	74,227	293,593	58,358	169,021	74,288	301,667
Addition do provision	-	-	1,300	1,300	25,195	1,926	6,260	33,381
Realization of provision	(2,203)	(1,347)	-	(3,550)	(44,915)	(10,037)	191	(54,761)
Reclassification	-	-	-	-	3,660	25,742	-	29,402
Translation gains (losses)	-	-	-	-	(14,913)	(9,643)	(2,440)	(26,996)
Acquisition through business combination	-	-	-	-	54,968	20,502	3,721	79,191
Balance on December 31, 2019	48,142	167,674	75,527	291,343	82,353	197,511	82,020	361,884

21.1.1 Labor and social security

As at December 31, 2019, 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$82,353 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.

21.1.2 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$197,511, with the main discussions including the exclusion of ICMS tax from the calculation base of PIS/COFINS, disallowance compensation of estimated IR/CS, income tax and social contribution lack of addition of profits abroad, GILRAT and ICMS proof of exports. The Corporation believes that it its entitled to the potential impacts in the event that such risks materialize.

21.1.3 Civil

Based on the opinion of legal advisors, the Management recognized on December 31, 2019 a provision for the number of shares considered to be of probable risk, totaling R$82,020. 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.

21.2 Contingent liabilities

Contingent liabilities, which are not recorded in the books of account, according to prevailing legislation, are shown below:

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Labor and social security	83,903	134,826	90,615	137,957
Tax	1,178,190	1,099,723	1,179,548	1,102,005
Civil	4,622	2,294	4,709	2,294
	1,266,715	**1,236,843**	**1,274,872**	**1,242,256**

21.2.1 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.

21.2.2 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, 2019, the Corporation was a party to administrative proceedings and court claims filed by the Federal Government at the total historical value of R$389,091, 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$83,910. Administrative defenses were submitted.

(ii) Disallowance of amounts deducted from the calculation base of income and social contribution taxes for the years 2007, 2008 and 2011 in the historical amount of R$37,450;

(iii) The Corporation and its subsidiaries have federal tax debits, whose collection suits are individually immaterial, totaling R$267,731.

b) State VAT – ICMS

On December 31, 2019, the Corporation had administrative proceedings, and court claims in the historical amount of R$790,346, claiming the following:

(i) The most significant proceedings regarding ICMS were filed by the Finance Department of the State of São Paulo claiming amounts related to deemed credit taken on transfer invoices of goods sent by the branches located in the states of Mato Grosso do Sul, Mato Grosso and Goiás to the branches in the State of São Paulo, that is, a "Tax War". The assessed amounts correspond to the difference between the amount separately identified in the goods receiving documents at the distribution center and that paid to the State of origin. The total historical amount claimed in these proceedings is R$590,660;

(ii) 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$69,932;

(iii) The Corporation and its subsidiary Pampeano are parties to administrative proceedings and legal suits, whose collection suits are individually immaterial, totaling R$129,754.

c) Taxes on Services of Any Nature (ISSQN)

On December 31, 2019, the Corporation is involved in two lawsuits (one in the administrative level and the other in legal court) which claim the collection of local government taxes in the historical amount of R$111.

21.2.3 Civil

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

21.2.4 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 and filed a civil lawsuit with the U.S. courts against the acquirer.

National Beef business

In 3Q19, three lawsuits were filed against the Corporation and its subsidiary National Beef claiming that, since January 2015, National Beef, in conjunction with other companies, has been conducting practices to control the cattle price. In all lawsuits, the court rendered decisions excluding the Corporation from the action.

22. Shareholders' equity

22.1 Share capital

Subscribed and paid-in share capital as at December 31, 2019 was R$8,204,391, represented by 711,369,913 common shares and as at December 31, 2018 was R$7,319,467 and is represented by 621,279,822 common shares without par value. On December 31, 2019, 297,663,617 shares, or 41.84% 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 413,706,296 shares, or 58.16% (of which 10,372,329 shares are held in treasury, and 155,937 shares are held by its Board of Directors and Executive Board).

On December 17, 2019, the Corporation concluded the capital increase in the amount of R$900.901, 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.

22.2 Capital reserves, options granted and treasury shares

On December 31, 2019, the balances of the capital reserves, options granted and treasury shares were broken down as follows:

22.2.1 Capital reserves

The capital reserves reflect the contributions made by shareholders that are directly related to the formation or increase of the capital stock and the changes in the relative interests of the parent company in subsidiaries that do not result in the gain or loss of control. On December 31, 2019, the balance of the capital reserves was R$1,190,533.

22.2.2 Treasury shares

On December 31, 2019, Corporation held ten million, three hundred seventy-two thousand and three hundred twenty-nine (10,372,329) common shares in treasury, which were booked at the amount of R$80,837, which corresponds to an average cost of seven reais and seventy-nine centavos (R$7.79) 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, 2018	**2,138,475**	**11,644**
(+) Acquisition - Repurchase program	9,193,100	74,741
(-) Disposal - Stock options	(959,246)	(5,548)
Balance as at December 31, 2019	**10,372,329**	**80,837**

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 September 14, 2018, the Corporation's Board of Directors approved the use of the available capital reserve to acquire shares. The buyback program includes the acquisition of up to 12,000,000 registered, book-entry common shares without par value, limited to three percent (3%) of the Corporation's outstanding shares. The maximum period for effecting the purchase transactions is eighteen (18) months, starting on September 14, 2018 and ending on March 13, 2020.

22.3 Income reserves

On December 31, 2019, the balance of the profit reserves was broken down as follows:

22.3.1 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, 2019, the Corporation did not recognize a legal reserve given that profit for the fiscal was fully offset by losses. Accordingly, the balance as of December 31, 2019 remained at R$44,476, the same as at December 31, 2018.

22.3.2 Retained earnings

On December 31, 2019 and 2018, the Corporation did not propose any retained earnings, since the profit for the fiscal year will be fully allocated to offset the accrued losses. Accordingly, the balance as of December 31, 2019 remained at R$7,348, the same as at December 31, 2018.

22.4 Other comprehensive income

This account recognizes, before being recorded in the statement of operations, translation gains (losses) resulting from the translation of financial statements 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 year 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.

22.5 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.

23. Net sales revenue

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Revenue from sales of products				
Domestic sales	5,729,419	5,468,102	37,244,983	21,076,556
Foreign sales	4,605,725	4,690,076	12,385,380	9,336,495
	10,335,144	**10,158,178**	**49,630,363**	**30,413,051**
Deductions from gross sales				
Taxes on sales	(374,856)	(295,878)	(416,573)	(278,998)
Returns and discounts	(262,431)	(401,171)	(452,733)	(418,877)
	(637,287)	**(697,049)**	**(869,306)**	**(697,875)**
Net sales	**9,697,857**	**9,461,129**	**48,761,057**	**29,715,176**

24. 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	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cost of sales				
Inventory costs	7,754,628	7,567,913	37,778,527	23,108,367
Depreciation and amortization	277,414	209,391	898,379	472,655
Employee salaries and benefits	667,066	675,092	3,700,215	2,291,869
	8,699,108	**8,452,396**	**42,377,121**	**25,872,891**
Administrative expenses				
Depreciation and amortization	34,456	35,022	287,547	179,249
Employee salaries and benefits	20,815	37,589	284,779	220,941
Other	98,482	70,570	184,272	19,733
	153,753	**143,181**	**756,598**	**419,923**
Selling expenses				
Depreciation and amortization	504	371	11,589	1,261
Employee salaries and benefits	57,041	50,975	152,029	97,404
Freight	384,867	366,656	1,477,575	387,553
Other	175,452	259,916	413,020	988,735
	617,864	**677,918**	**2,054,213**	**1,474,953**

25. Net financial result

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

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Financial income				
Market transactions	13,117	102,158	14,881	276,233
Interest received, earnings from marketable securities	85,098	53,877	186,679	123,362
Translation adjustments, discounts, interests and other	430	3,125	202,127	47,656
Total financial income	**98,645**	**159,160**	**403,687**	**447,251**
Exchange rate gains	**1,148,406**	**1,045,336**	**1,709,483**	**1,544,458**
Financial expense				
Interest, debentures and lease with financial institutions	(1,023,943)	(938,991)	(1,149,735)	(1,115,283)
Market transactions	-	(185,685)	(13,827)	(281,071)
Bank expenses, amortiz. cost on debt, commissions, financial discou	(743,104)	(724,353)	(901,823)	(977,326)
Total financial expense	**(1,767,047)**	**(1,849,029)**	**(2,065,385)**	**(2,373,680)**
Exchange rate losses	**(1,379,693)**	**(1,276,550)**	**(2,107,511)**	**(1,926,995)**
Net financial result	**(1,899,689)**	**(1,921,083)**	**(2,059,726)**	**(2,308,966)**

26. Earnings (loss) per share

The following table shows the calculation of earnings (loss) per share for the years ended December 31, 2019 and 2018 (in thousands, unless otherwise stated):

	12/31/2019	12/31/2018
Profit (loss) attributable to shareholders from continuing operations	218,088	(2,212,900)
Profit (loss) attributable to shareholders from discontinued operations	-	3,608,160
Profit (loss) attributable to shareholders from the Corporation	218,088	1,395,260
Weighted average number of shares in the year (units)	623,994,866	621,279,822
Weighted average number of shares held in treasury (units)	(2,082,303)	(208,026)
Weighted average number of outstanding common shares (units)	621,912,562	621,071,796
Basic and Diluted Earnings (Losses) (in R$) from continuing operations	0.3507	(3.5630)
Basic and Diluted Earnings (Losses) (in R$) from discontinued operations	-	5.8096
Earnings or losses attributable to shareholders of the Corporation	0.3507	2.2466

27. Financial instruments - risk management

27.1 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

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.

27.2 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	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cash and cash equivalents	244,698	157,799	1,774,902	2,459,202
Marketable securities	1,556,280	1,619,387	6,635,211	4,732,504
Receivables from Brazilian clients	55,705	41,090	1,442,725	1,068,553
Receivables from foreign clients	835,092	353,059	577,791	175,287
Other receivables	15,771	35,849	280,672	195,472
Total	**2,707,546**	**2,207,184**	**10,711,301**	**8,631,018**

27.3 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.

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	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Short-term cash, cash equivalents and marketable securities	1,800,978	1,777,186	8,410,113	7,191,706
Short-term loans and financings	2,076,246	1,973,511	4,594,444	3,665,455
Modified liquidity ratio	**0.87**	**0.90**	**1.83**	**1.96**

27.4 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.

27.4.1 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, 2019 and December 31, 2018 is as follows:

	Parent		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Exposure to CDI rate:				
ECNs / Working capital	866,227	203,496	866,227	203,496
(-) CDB-DI (R$)	(329,930)	(878,236)	(329,931)	(878,236)
	536,297	**(674,740)**	**536,296**	**(674,740)**
Exposure to LIBOR rate:				
Revolving Credit Facility (US$)	-	-	3,900,409	515,824
	-	**-**	**3,900,409**	**515,824**
Exposure to TJLP rate:				
FINAME/FINEP	13	25	1,001	6,942
	13	**25**	**1,001**	**6,942**
Total	**536,310**	**(674,715)**	**4,437,706**	**(151,974)**

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			
						12/31/2019	12/31/2018
Instrument	Register	Asset	Receivable	Notional(USD)	Notional(USD)	MTM	MTM
Interest Rate Swap	CETIP	R$	USD	101,632	409,650	(962)	-
				101,632	**409,650**	**(962)**	**-**

27.4.2 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, 2019, which are not designated for hedge accounting, are as follows:

					Consolidated		
Instrument	Hedge object	Register	Receivable	Payable	Notional(USD)	Notional(R$)	MTM(R$)
Futures	Fed cattle	BM&F	R$	R$	(5,959)	(24,020)	(815)
Futures	Fed cattle	CME	USD	USD	1,728	6,964	316
					(4,232)	**(17,056)**	**(499)**

27.4.3 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 89.8% 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.

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		
Exposure			
Description	**12/31/2019**	**12/31/2018**	**Effects of translation gains (losses) 2019**
Operating			
Trade accounts receivable	835,092	353,059	(248,961)
Imports payable	(41,042)	(40,307)	38,037
Subtotal	**794,050**	**312,752**	**(210,924)**
Financial			
Loans and financing	(1,909,018)	(1,386,002)	(66,456)
Notes payable and receivable	329,433	204,643	2,191
Balance of banks and marketable securities (*)	500,579	734,090	43,902
Subtotal	**(1,079,006)**	**(447,269)**	**(20,363)**
Total	**(284,956)**	**(134,517)**	**(231,287)**
Translation gains			1,148,406
Translation losses			(1,379,693)
Translation gains (losses), net			**(231,287)**

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

	Consolidated		
Description	**12/31/2019**	**12/31/2018**	**Effects of translation gains (losses) 2019**
Operating			
Trade accounts receivable	577,791	123,427	(241,057)
Imports payable	(166,027)	(129,144)	46,871
Other	(35,254)	(53,082)	30,489
Subtotal	**376,510**	**(58,799)**	**(163,697)**
Financial			
Loans and financing	(20,849,052)	(15,022,912)	(69,154)
Notes payable and receivable	335,275	196,852	(219,906)
Balance of banks and marketable securities (*)	587,914	1,430,217	54,729
Subtotal	**(19,925,863)**	**(13,395,843)**	**(234,331)**
Total	**(19,549,353)**	**(13,454,642)**	**(398,028)**
Translation gains			1,709,483
Translation losses			(2,107,511)
Translation gains (losses), net			(398,028)

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

Over the course of 2019, 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" for operations not designated for hedge accounting and under the item "Other comprehensive income" for operations designated for hedge accounting.

			Consolidated				
Instrument	**Hedge object**	**Register**	**Receivable**	**Payable**	**Notional(USD)**	**Notional(R$)**	**MTM(R$)**
Operations not designated for Hedge Accounting							
NDF	FX rate	OTC	USD	GBP	5,978	24,094	(533)
NDF	FX rate	OTC	USD	EUR	2,387	9,620	(202)
NDF	FX rate	OTC	USD	CLP	7,900	31,843	(670)
					16,265	**65,557**	**(1,405)**
Operations designated for Hedge Accounting*							
NDF	FX rate	OTC	BRL	USD	410,000	1,652,587	1,089
					410,000	**1,652,587**	**1,089**
					426,265	**1,718,144**	**(316)**

* The impacts from operations designated for hedge accounting are described in Note 27.5

27.5 Hedge Accounting

Marfrig adopts Hedge Accounting policies to protect its export revenues against potential impacts from exchange variation. The Corporation may conduct transactions considering up to 100% of the highly probable net flows from exports. The contracting of each instrument considers the best opportunities in the market and is based on the Corporation's strategic guidelines approved for each fiscal year. Furthermore, the Management is responsible for approving the contracting of such instruments.

Financial instruments designated as accounting hedges were classified as cash flow hedges. Accordingly, variations in the fair value of derivatives designated as accounting hedges that refer exclusively to the portion effectively hedged are recognized directly under shareholders' equity in the item "other comprehensive income." The amounts booked under other comprehensive income are immediately transferred to the income statement when the hedged item affects profit or loss. In the event of the ineffectiveness of the hedging relationship, this portion will be recognized directly in the profit or loss upon its occurrence.

The Corporation documents, at the start of the operation, the relations between the hedge instruments and the underlying hedged items (highly probable transactions), as well as the objectives of the risk management.

The Corporation also documents the assessments of the effectiveness of the designated hedging relationships on a continuous basis.

The efficacy of the operations is measured periodically in a reliable way and documented over the duration of the contract through qualitative assessment of the critical terms of the hedging instrument and the hedged item, since they are corresponding. Note that the value of the hedging instrument and the value of the hedged item generally move in opposite directions since they are exposed to the same risk and, as such, an economic relationship exists between the hedged item and the hedging instrument.

The operations designated for hedge accounting on December 31, 2019 are listed in Note 27.4.3.

In the year ended December 31, 2019, the Corporation did not identify ineffective portions in the hedging relationship for operations designated as hedge accounting.

27.6 Sensitivity Analysis

The Management considers that the most relevant risks that could affect the Corporation's results are the volatility of exchange rates, interest rates and commodity prices.

To provide information about the behavior of market risks that the Corporation and its subsidiaries were exposed to as at December 31, 2019, three scenarios are considered one of 10% appreciation and two more scenarios with deterioration of 25% and 50% of the risk variable taken into account, denominated as Scenario I, Scenario II and Scenario III, respectively.

The following scenarios are in accordance with CVM Instruction 475 of December 17, 2008 and present the possible impacts from derivative financial instruments, considering appreciation and depreciation scenarios of the risk factors listed. The amounts presented correspond to the impact of the Mark to Market (MTM) value of the derivative financial instruments contracted for hedge purposes.

The information used in preparing these analyses was detailed in the items above. Future results to be measured could differ significantly from the estimated values if actual conditions differ from the assumptions adopted. Positive values indicate gains and negative ones indicate losses. The following table, in thousands of Brazilian reais, presents the sensitivity scenarios:

Consolidated					
Parity - US$ x EUR		**Current**	**Scenario I**	**Scenario II**	**Scenario III**
Instrument	**Risk**	**Scenario**	**Increase of 10%**	**Decrease of 25%**	**Decrease of 50%**
NDF	Appreciation of US$	**(202)**	**169**	**(281)**	**(583)**
Parity - US$ x GBP		**Current**	**Scenario I**	**Scenario II**	**Scenario III**
Instrument	**Risk**	**Scenario**	**Increase of 10%**	**Decrease of 25%**	**Decrease of 50%**
NDF	Appreciation of US$	**(533)**	**1,110**	**(2,233)**	**(4,622)**
Parity - CLP x US$		**Current**	**Scenario I**	**Scenario II**	**Scenario III**
Instrument	**Risk**	**Scenario**	**Increase of 10%**	**Decrease of 25%**	**Decrease of 50%**
NDF	Depreciation of US$	**(670)**	**3,194**	**(7,985)**	**(15,971)**
Parity - R$ x US$		**Current**	**Scenario I**	**Scenario II**	**Scenario III**
Instrument	**Risk**	**Scenario**	**Increase of 10%**	**Decrease of 25%**	**Decrease of 50%**
NDF	Appreciation of US$	**1,089**	**(162,799)**	**417,030**	**831,193**
Parity - Cotação USDA - Cattle - R$/US$		**Current**	**Scenario I**	**Scenario II**	**Scenario III**
Instrument	**Risk**	**Scenario**	**Increase of 10%**	**Decrease of 25%**	**Decrease of 50%**
Future	Increase in fed cattle price	(815)	(12,357)	28,040	56,895
Future	Increase in fed cattle price	316	(17,998)	38,966	79,655
		(499)	**(30,355)**	**67,006**	**136,550**
Parity - 5% + USD x 127% CDI		**Current**	**Scenario I**	**Scenario II**	**Scenario III**
Instrument	**Risco**	**Scenario**	**Increase of 10%**	**Decrease of 25%**	**Decrease of 50%**
SWAP	Appreciation of US$	**(962)**	**(716)**	**(2,937)**	**(4,670)**

27.7 Financial instruments by category

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

	Parent					
Financial assets			Fair value through			
	Amortized cost		Profit or loss		Other comprehensive income (loss)	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cash and cash equivalents	244,698	157,799	-	-	-	-
Marketable securities	1,556,280	1,619,387	-	-	-	-
Trade accounts receivable	890,797	394,149	-	-	-	-
Notes receivable - derivatives	-	-	2,379	-	11,976	-
Related parties	7,672,441	671,864	-	-	-	-
Total financial assets	**10,364,216**	**2,843,199**	**2,379**	**-**	**11,976**	**-**

Financial liabilities			Fair value through			
	Amortized cost		Profit or loss		Other comprehensive income (loss)	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Trade accounts payable and supply chain finance	1,265,492	1,119,213	-	-	-	-
Loans, financing and debentures	2,775,258	2,199,815	-	-	-	-
Finance lease	101,892	4,123	-	-	-	-
Notes payable - derivatives	-	-	4,157	98,906	9,109	-
Notes payable - investments Brazil	308,210	378,744	-	-	-	-
Related parties	15,728,562	14,602,034	-	-	-	-
Total financial liabilities	**20,179,414**	**18,303,929**	**4,157**	**98,906**	**9,109**	**-**

	Consolidated					
Financial assets			Fair value through			
	Amortized cost		Profit or loss		Other comprehensive	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cash and cash equivalents	1,774,902	2,459,202		-	-	-
Marketable securities	6,635,211	4,732,504	-	-	-	-
Trade accounts receivable	2,020,516	1,243,840	-	-	-	-
Notes receivable - derivatives	-	-	5,190	102,975	11,976	-
Total financial assets	**10,491,090**	**8,435,546**	**5,190**	**102,975**	**11,976**	**-**

Financial liabilities			Fair value through			
	Amortized cost		Profit or loss		Other comprehensive	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Trade accounts payable and supply chain finance	2,847,203	2,331,618	-	-	-	-
Loans, financing and debentures	21,716,280	15,233,350	-	-	-	-
Finance lease	523,833	5,311	-	-	-	-
Notes payable - derivatives	-	-	8,056	101,224	9,109	-
Notes payable - investments Brazil	308,210	378,743	-	-	-	-
Total financial liabilities	**25,395,526**	**17,949,022**	**8,056**	**101,224**	**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.

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	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Notes receivable - derivatives (note 9)	14,355	-	17,166	102,975
Notes payable - derivatives (note 20)	(13,266)	(98,906)	(17,165)	(101,224)
Total, net	**1,089**	**(98,906)**	**1**	**1,751**

In the year ended December 31, 2019, the consolidated net financial gain was R$13,117 million at the parent company and R$1,054 million at the consolidated, of which R$13,117 and R$881 corresponded to income at the Parent Company and Consolidated, respectively, and R$13,827 million to expenses in the Consolidated.

27.8 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 IFRS 7, 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	-	1,556,280	-	6,635,211
Notes receivable - derivatives	2,379	11,976	5,190	11,976
Non-current liabilities				
Notes payable - derivatives	(4,157)	(9,109)	(7,321)	(9,844)
Total	**(1,778)**	**1,559,147**	**(2,131)**	**6,637,343**

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

28. 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	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Net income (loss) before taxes	**(494.503)**	**(2.780.031)**	**1.352.628**	**(1.886.885)**
Non-controlling interest on profit or loss before taxes	-	-	(1.364.151)	(758.710)
Net loss before taxes - adjusted	**(494.503)**	**(2.780.031)**	**(11.523)**	**(2.645.595)**
Income and social contribution taxes - Nominal rate (34%)	168.131	945.211	3.918	899.502
Adjustments to determine the effective tax rate:				
Taxation on profit of companies abroad	(55.896)	(559.971)	64.032	(571.026)
Effect from differences in tax rate of companies abroad	-	-	28.627	-
Deferred taxes not recognized in the period	-	-	14.885	47.206
Equity results	486.280	148.641	-	-
Tax incentives	33.217	-	51.923	-
Other additions/exclusions	80.859	33.250	66.227	21.854
Total	**712.591**	**567.131**	**229.612**	**397.536**
Total current taxes	549.846	1.394.256	193.814	1.301.812
Total deferred taxes	162.745	(827.125)	35.798	(904.276)
	712.591	**567.131**	**229.612**	**397.536**
Effective tax rate (*)	144%	20%	1993%	15%

(*) The difference between the nominal rate and the effective rate is substantially affected by the equity results (Parent company) and by the taxation of profits abroad (Consolidated).

29. 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 23 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 – Reporting by segment.

	Net Revenue		Operating Income		Non-current assets	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
North America	33,950,954	16,868,491	3,302,285	1,653,429	5,375,561	3,778,174
South America	14,810,103	12,846,685	469,125	(953,128)	8,331,682	7,092,646
Corporate	-	-	(359,057)	(278,220)	3,444,674	3,870,495
Total	**48,761,057**	**29,715,176**	**3,412,353**	**422,081**	**17,151,917**	**14,741,315**

30. 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	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Buildings and meatpacking plants	3,138,848	2,898,972	7,458,982	5,970,861
Inventories	446,039	446,972	975,872	956,777
Third-party warehouse	215,553	212,553	253,327	258,424
Vehicles	13,128	22,005	27,571	37,739
Transportation of goods	60,307	68,032	1,708,646	148,065
Officers' guarantees	25,000	193,740	49,184	217,003
Civil liability	201,535	25,500	919,160	640,578
Aircraft	201,535	224,006	604,605	611,486
Other	339,624	329,481	384,917	332,033
	4,641,569	4,421,261	12,382,264	9,172,966

31. Result from discontinued operations

▪ Divestment of the Keystone Foods business

On March 29, 2018, the Board of Directors decided to dispose of the assets of the Keystone Foods business unit and authorized the Corporation's management to make all efforts to comply with the decision.

On November 30, 2018, the Corporation concluded the transaction for sale of the Keystone Foods business to Tyson Foods, Inc. ("Tyson"). The transaction was worth R$2.4 billion, although the amount effectively received, as of the reporting date, by Marfrig, after contractual adjustments, such as the exclusion of Keystone Food's net debt, was US$1.4 billion, as follows:

	R$ '000
Sales price	9,088,080
(-) Sales price adjustment (*)	(5,007,802)
(-) Expenses with legal counsels and independent consultants	(57,681)
(=) Adjusted sales price	4,022,597
(+) Write-off of assets and other comprehensive income	1,197,409
(=) Income (loss) from the sale before taxes	**5,220,006**
(-) Income and social contribution taxes	(1,774,802)
(=) Profit (loss) from the operation	**3,445,204**

(*) Adjustment to sales price are materially due to the exclusion of the net debt of the traded companies, non-controlling interest, working capital and others, in accordance with the sale agreement.

Gains and losses in the current year related to the divested business were recorded under "Net income (loss) in the year from discontinued operations," and the gains and losses in the comparison year were reclassified pursuant to NBC TG 31/R4 (CVM Resolution 598/09) – Non-current assets held for sale and discontinued operations.

- **Discontinued operations**

As described in transactions for divestment of the Keystone Foods business, the result from discontinued operations and cash flow for the years ended December 31, 2019 and 2018 are summarized as follows:

Result from discontinued operations

	Consolidated	
	12/31/2019	12/31/2018
Net Revenue	-	9,427,415
Cost of Goods Sold	-	(8,746,462)
Gross Profit	-	680,953
Operating and financial income (expenses)	-	4,818,520
Net operating income (loss)	-	5,499,473
Income and social contribution taxes	-	(1,856,154)
Net income from discontinued operations	-	**3,643,319**
Non-controlling interest	-	(35,159)
Net income (loss) from discontinued operations	-	**3,608,160**

Cash flow from discontinued operations

	Consolidated	
	12/31/2019	**12/31/2018**
Net income (loss) for the year	-	3,608,160
Non-cash items	-	(3,553,070)
From changes in equity	(49,364)	573,744
Used in investing activities	-	4,732,842
Used in financing activities	-	390,181
Exchange variation on cash and equivalents	-	70,353
Casn flow from discontinued operations	**(49,364)**	**5,822,210**
Cash from operations	-	(1,154,425)
Cash flow from discontinued operations, net of cash	**(49,364)**	**4,667,785**

32. Related-party transactions with the Parent Company

32.1. 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	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Prestcott International S.A.	-	1,211	1,768	6,648	-	-	9,140	6,667
Establecimientos Colonia S.A.	8,064	6,824	2,031	2,329	34,140	47,865	15,317	10,751
Frigorífico Tacuarembó S.A.	1,150	3,338	1,349	35,139	5,975	13,951	17,271	15,698
Inaler S.A.	-	1,001	1,018	3,204	-	-	6,630	11,045
Marfrig Argentina S.A	309,562	258,765	3,060	3,657	-	-	13,690	10,383
Marfrig Chile S.A.	24,716	31,435	-	71	379,484	397,157	5,529	2,086
Marfrig Holdings (Europe) BV	5,242,175	100	10,272,787	9,480,517	-	-	-	-
Marfrig Overseas Ltd.	623,336	15	132,714	721,723	-	-	-	-
MFG Comercializadora de Energia Ltda	443	12,070	-	-	-	-	50,233	37,111
Masplen Ltd	423,214	398,278	62	47	220,768	172,744	614	-
Marfrig Beef UK Limited	1,526,086	313,428	5,323,369	4,364,655	3,565,265	3,345,530	-	-
Marfrig Beef International Limited	25,013	6,849	-	-	538	6,286	-	-
MFG Holdings SAU	272,447	-	35	-	34,605	-	-	-
Controlling shareholders	1	5	1,198	-	30	37	-	-
Key management personnel	3	4	69	-	144	28	3,240	839
Other related parties	60,465	3	55,297	35,891	41	35	276,147	272,008
	8,516,675	**1,033,326**	**15,794,757**	**14,653,881**	**4,240,990**	**3,983,633**	**397,811**	**366,588**

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).

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.

32.2. Consolidated related parties

	Consolidated							
	Outstanding balance				Recognized as profit or loss			
	Accounts receivable		Accounts payable		Income		Expenses	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Controlling shareholders	1	5	1,198	-	30	37	-	-
Key management personnel	3	3	1,253	429	150	33	3,240	839
Other related parties	60,465	3	55,297	35,936	41	35	276,147	272,008
	60,469	**11**	**57,748**	**36,365**	**221**	**105**	**279,387**	**272,847**

32.3. 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.

32.4. 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.

32.5.Joint Ventures

The indirect subsidiary Beef Holdings Limited has 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 financial statements, in accordance with NBC TG 18(R3) – Investments in associates, subsidiaries and joint ventures.

	% Interest	Country	Total assets	Total liabilities	Net income (loss) in the period
COFCO-Keystone Supply Chain	45.00%	China	121,005	121,260	(21)
Total			121,005	121,260	(21)

33. Management compensation

The compensation policy is designed to establish the criteria, responsibilities and directions for the short- and 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.

33.1 Board of directors

The Board of Directors' 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 – Short-term bonus or stock option-based payment.

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 Marfrig Global Foods's Compensation, Corporate Governance and Human Resources Committee for validation.

33.2 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.

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 the Executive Officers' interests aligned 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.

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.

33.3 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.

33.4 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 five 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:

	12/31/2019	12/31/2018
Consolidated Management compensation	27,655	30,844
Total	**27,655**	**30,844**

33.5 Stock option plan

In the year ended December 31, 2019, a total of 959,246 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/19	114	5.77
February/19	-	5.80
March/19	98,210	5.87
April/19	155,318	6.82
May/19	290,010	6.81
June/19	154,963	6.57
July/19	82,926	6.59
August/19	37,678	7.69
September/19	110,896	9.79
October/19	11,141	11.47
November/19	11,432	10.91
December/19	6,558	10.53
Options exercised - 2019	959,246	

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

Consolidated Changes	2019	2018
(Options)		
Opening balance	**3,081,827**	**2,009,227**
Options granted	1,882,773	2,017,344
Options exercised	(959,246)	(791,664)
Options canceled and expired	(352,067)	(153,080)
Closing balance	**3,653,287**	**3,081,827**

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 0.52% of all shares at December 31, 2019, 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	Total
	11/07/2016	12/20/2017	09/25/2018	08/14/2019	
Granting date	234,506	208,466	1,397,259	1,813,056	**3,653,287**
Unexercised agreements					**(10,372,329)**
Treasury stock					**700,997,584**
Total shares except treasury stock	**0.03%**	**0.03%**	**0.20%**	**0.26%**	**0.52%**
Percentage of dilution					

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

Effects from the exercise of options (R$ '000)	2019	2018
Amount received from sale of shares - Exercised options	2,846.9	2,068.5
(-) Cost of treasury shares disposed of	(5,547.8)	(4,741.3)
Effect on disposal of shares	**(2,700.9)**	**(2,672.8)**

Due to the exercise of stock options, the Corporation incurred costs with the sale of treasury shares of R$5,548. At December 31, 2019, the book value of treasury shares was recorded under the Corporation's shareholders' equity in the amount of R$80,837 (R$11,644 at December 31, 2018).

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:** 37.55%. 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, 2019 to December 31, 2019;

- **Risk-free interest rate:** 5.57% 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/tributaria/pagamentos-e-parcelamentos/taxa-de-juros-de-longo-prazo-tjlp.

The fair value of options as of December 31, 2019 ranged between a minimum of R$6.63 and a maximum of R$7.54 per share for SPECIAL plans.

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				**10,950,356**	**7,660,247**			**6,923,785**	**3,081,827**	
ESP IX LP 14-15	6/24/2015	3/3/2019	9/2/2019	395,069	395,069	232,212	46,172	116,685	0	R$ 2.3720
ESP X LP 15-16	11/7/2016	3/3/2019	9/2/2019	306,410	306,410	210,743	31,847	63,820	0	R$ 3.0281
ESP X LP 15-16	11/7/2016	3/3/2020	9/2/2020	306,219	29,658	0	7,944	63,769	234,506	R$ 3.0281
ESP XI LP 16-17	12/20/2017	3/3/2018	9/2/2018	126,517	126,517	114	0	126,403	0	R$ 3.3592
ESP XI LP 16-17	12/20/2017	3/3/2019	9/2/2019	126,517	126,517	92,686	18,849	14,982	0	R$ 3.3592
ESP XI LP 16-17	12/20/2017	3/3/2020	9/2/2020	126,517	7,368	0	7,228	14,982	104,307	R$ 3.3592
ESP XI LP 16-17	12/20/2017	3/3/2021	9/2/2021	126,337	7,368	0	7,218	14,960	104,159	R$ 3.3592
ESP XII LP 17-18	9/25/2018	3/3/2019	9/2/2019	504,385	504,385	423,491	72,516	8,378	0	R$ 3.1789
ESP XII LP 17-18	9/25/2018	3/3/2020	9/2/2020	504,385	0	0	30,203	8,378	465,804	R$ 3.1789
ESP XII LP 17-18	9/25/2018	3/3/2021	9/2/2021	504,385	0	0	30,203	8,378	465,804	R$ 3.1789
ESP XII LP 17-18	9/25/2018	3/3/2022	9/2/2022	504,189	0	0	30,170	8,368	465,651	R$ 3.1789
ESP XIII LP 18-19	8/14/2019	3/3/2020	9/2/2020	470,753	0	0	17,437	0	453,316	R$ 2.9110
ESP XIII LP 18-19	8/14/2019	3/3/2021	9/2/2021	470,753	0	0	17,437	0	453,316	R$ 2.9110
ESP XIII LP 18-19	8/14/2019	3/3/2022	9/2/2022	470,753	0	0	17,437	0	453,316	R$ 2.9110
ESP XIII LP 18-19	8/14/2019	3/3/2023	9/2/2023	470,514	0	0	17,406	0	453,108	R$ 2.9110
Total on	**12/31/2019**			**12,833,129**	**8,922,718**	**959,246**	**352,067**	**7,868,529**	**3,653,287**	

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 IX LP 14-15	6/24/2015	n/a	n/a	0.0
		0.0	**0.0**	**0.0**
ESP X LP 15-16	11/7/2016	n/a	n/a	0.0
ESP X LP 15-16	11/7/2016	1,632.4	0.0	1,117.5
		1,632.4	**0.0**	**1,117.5**
ESP XI LP 16-17	12/20/2017	n/a	n/a	0.0
ESP XI LP 16-17	12/20/2017	n/a	n/a	0.0
ESP XI LP 16-17	12/20/2017	691.9	0.0	462.5
ESP XI LP 16-17	12/20/2017	709.8	0.0	461.9
		1,401.7	**0.0**	**924.4**
ESP XII LP 17-18	9/25/2018	n/a	n/a	0.0
ESP XII LP 17-18	9/25/2018	3,172.9	0.0	2,149.6
ESP XII LP 17-18	9/25/2018	3,252.7	0.0	2,149.6
ESP XII LP 17-18	9/25/2018	3,331.5	0.0	2,148.9
		9,757.1	**0.0**	**6,448.0**
ESP XIII LP 18-19	8/14/2019	3,208.1	0.0	2,213.4
ESP XIII LP 18-19	8/14/2019	3,279.1	0.0	2,213.4
ESP XIII LP 18-19	8/14/2019	3,348.8	0.0	2,213.4
ESP XIII LP 18-19	8/14/2019	3,416.8	0.0	2,212.4
		13,252.7	**0.0**	**8,852.5**
Total on	**12/31/2019**	**26,043.8**	**0.0**	**17,342.4**

34. Additional information of the cash flow statements

In compliance with NBC TG 03/R3 – 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 changes				Balance on
Description	12/31/2018	Cash flow	Adoption of IFRS 16	Capital transactions	Exchange rate fluctuation	Changes in fair value	12/31/2019
Share capital	7,319,467	884,924	-	-	-	-	8,204,391
Loans, financing and debentures	2,199,815	450,324	-	-	66,456	58,663	2,775,258
Lease payable	4,123	(58,406)	145,784	-	-	10,391	101,892
Capital reserves, options granted and treasury shares	155,824	(69,193)	-	(969,444)	-	(2,848)	(885,661)
	9,679,229	**1,207,649**	**145,784**	**(969,444)**	**66,456**	**66,206**	**10,195,880**

	Consolidated							
	Balance on		Non-cash changes					Balance on
Description	12/31/2018	Cash flow	Business combination	Capital transaction	Adoption of IFRS 16	Exchange rate fluctuation	Changes in fair value	12/31/2019
Share capital	7,319,467	884,924	-	-	-	-	-	8,204,391
Non-controlling interest	3,338,093	(3,255,399)	-	-		(289,069)	1,364,151	1,157,776
Loans, financing and debentures	15,233,350	4,622,144	85,458	-	-	455,021	1,320,307	21,716,280
Lease payable	5,311	(113,056)	-	-	458,859	16,388	156,331	523,833
Capital reserves, options granted and treasury shares	155,824	(69,193)	-	(969,444)	-	-	(2,848)	(885,661)
	26,052,045	**2,069,420**	**85,458**	**(969,444)**	**458,859**	**182,340**	**2,837,941**	**30,716,619**

35. Events after the reporting period

On January 20, 2020, the Corporation informed that, using its own funds, it concluded, on January 17, the early settlement of the senior notes, with remuneration of 8.000% per year and maturity in 2023, issued on June 8, 2016 by Marfrig Holdings (Europe) B.V. with aggregate principal of US$446,088,000.00 ("Senior Notes 2023").

The Senior Notes 2023 were the Company's liabilities with the highest cost and their early settlement is aligned with the strategy to reduce financial costs and improve capital allocation and to its commitment to financial discipline.

* * *

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