Frigol S.A.

(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 review of interim financial information

As of June 30, 2022

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(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail. See Note 32 to the financial statements.)

Independent auditor’s report on review of interim financial information

Grant Thornton Auditoria e Consultoria Ltda.

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To the Shareholders and Management of
Frigol S.A.

Introduction

We have reviewed the statement of financial position of Frigol S.A. (“Company”) as of June 30, 2022, and the statement of profit and loss, comprehensive income, changes in equity, and cash flows for the six-months period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with accounting practices adopted in Brazil. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information referred to above does not present fairly, in all material respects, the Company´s financial position as of June 30, 2022, and its financial performance and cash flows for the six-month period then ended in accordance with accounting practices adopted in Brazil.

Other matters

Review of opening balances

The examination of the consolidated and individual financial information for the year ended December 31, 2021 and the review of the interim financial information for the six-months period ended June 30, 2021 were conducted under the responsibility of other auditors, who issued its audit and review report thereon, without modifications, dated March 02, 2022 and August 10, 2021, respectively.

Ribeirão Preto, August 01, 2022

Marcelo Castro Valentini
CT CRC 1SP-239.472/O-2

Grant Thornton Auditoria e Consultoria Ltda.
CRC 2SP-034.766/O-0

Frigol S.A.

Statement of financial position as of June 30, 2022 and December 31, 2021

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

(In thousands of reais)

ASSETS

	Notes	06/30/2022	12/31/2021
Current assets			
Cash and cash equivalents	6	214.980	96.956
Other investments	7	48	48
Trade receivables	8	202.035	133.405
Inventories	10	116.376	105.964
Biological assets	10.1	1.433	3.367
Recoverable taxes	11	68.610	37.153
Advances to suppliers	-	5.992	4.905
Derivatives receivable	29	8.863	781
Other receivables	9	9.061	2.350
Total current assets		627.398	384.929
Noncurrent assets			
Recoverable taxes	11	54.249	48.769
Deferred taxes	12	23.306	19.436
Judicial deposits	24	3.133	2.743
Advances to suppliers	-	2.183	2.183
Related parties	14	8.362	5.392
Other receivables	9	12.420	10.975
		103.653	89.498
Property, plant and equipment	15	247.545	237.445
Intangible assets	-	1.045	1.184
Right-of-use assets	19	12.251	13.775
		260.841	252.404
Total noncurrent assets		364.494	341.902
Total assets		991.892	726.831

The accompanying notes are an integral part of this interim financial information.

Frigol S.A.

Statement of financial position as of June 30, 2022 and December 31, 2021

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

(In thousands of reais)

LIABILITIES AND EQUITY

	Notes	06/30/2022	12/31/2021
Current liabilities			
Trade payables	16	50.634	137.545
Suppliers - related parties	14 / 16	250	1.567
Borrowings, financing and debentures	18	308.303	222.646
Leases payable	19	2.035	2.664
Payroll and related taxes	20	44.584	24.714
Taxes and contributions payable	21	6.890	9.116
Advances from customers	17	31.134	39.294
Indemnities payable - civil lawsuits	22	1.334	1.682
Interest on capital payable	23	2.713	6.273
Derivatives payable	29	13.678	329
Other payables	-	4.662	1.134
Total current liabilities		466.217	446.964
Noncurrent liabilities			
Borrowings, financing and debentures	18	178.677	40.866
Taxes and contributions payable	21	17.408	18.192
Leases payable	19	10.387	11.287
Provision for risks	24	4.745	4.836
Indemnities payable - civil lawsuits	22	6.557	7.307
Other payables	-	1.726	1.808
Total noncurrent liabilities		219.500	84.296
Equity	25		
Share capital		126.935	126.935
Legal reserve		3.575	3.575
Revaluation reserve		8.247	8.391
Valuation adjustments to equity		2.345	2.386
Tax incentive reserves		55.980	55.980
Unrecognized tax incentive reserves		-	-
Other comprehensive income		(14.275)	(1.696)
Retained earnings		123.368	-
Total equity		306.175	195.571
Total liabilities and equity		991.892	726.831

The accompanying notes are an integral part of this interim financial information.

Frigol S.A.

Statements of profit and loss
for the periods ended June 30, 2022 and 2021

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

(In thousands of reais)

	Notes	04/01/2022 to 06/30/2022 (3 months)	01/01/2022 to 06/30/2022 (6 months)	04/01/2021 to 06/30/2021 (3 months)	01/01/2021 to 06/30/2021 (6 months)
Net operating revenue	26	892.775	1.885.390	747.770	1.406.511
Cost of sales	27	(720.804)	(1.546.979)	(657.103)	(1.280.584)
Gross profit		171.971	338.411	90.667	125.927
General and administrative expenses	27	(25.049)	(44.824)	(15.271)	(30.512)
Selling expenses	27	(68.637)	(125.740)	(30.580)	(63.707)
Other expenses		(238)	(554)	(397)	(1.168)
Other income		2.929	3.403	13.900	14.009
Total general, administrative and selling expenses		(90.995)	(167.715)	(32.348)	(81.378)
Profit before finance income (costs) and taxes		80.976	170.696	58.319	44.549
Finance income (costs), net	28	(14.555)	(12.163)	2.764	(19.021)
Profit before taxes on income		66.421	158.533	61.083	25.528
Current income tax and social contribution	12	(17.956)	(38.484)	-	-
Deferred income tax and social contribution	12	2.726	3.870	(20.123)	(5.801)
Profit from continuing operations		51.191	123.919	40.960	19.727
Loss from discontinued operations	30	(351)	(736)	(2.698)	(7.472)
Profit for the period		50.840	123.183	38.262	12.255
Earnings per share		0,43	1,04	0,32	0,10

The accompanying notes are an integral part of this interim financial information.

Frigol S.A.

Statements of comprehensive income
for the periods ended June 30, 2022 and 2021

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

(In thousands of reais)

	04/01/2022 to 06/30/2022 (3 months)	01/01/2022 to 06/30/2022 (6 months)	04/01/2021 to 06/30/2021 (3 months)	01/01/2021 to 06/30/2021 (6 months)
Profit for the year	50.840	123.183	38.262	12.255
Other comprehensive income				
Realization of revaluation reserve	93	185	93	186
Balancing entry to adjustment to hedging transactions	18.860	12.579	-	-
Comprehensive income for the period	69.793	135.947	38.355	12.441

The accompanying notes are an integral part of this interim financial information.

Frigol S.A.

Statements of changes in equity
for the periods ended June 30, 2022 and 2021

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

(In thousands of reais)

	Share capital	Legal reserve	Tax incentive reserve	Revaluation reserve	Valuation adjustment to equity	Other comprehensive income	Retained earnings/ (accumulated losses)	Total
Balances at January 1, 2021	126.935	1.904	18.965	8.683	2.468	-	4.899	163.854
Realization of revaluation reserve	-	-	-	(146)	-	-	146	-
Recognition of tax incentive reserve	-	-	3.683	-	-	-	(3.683)	-
Realization of deemed cost of property, plant and equipment	-	-	-	-	(40)	-	40	-
Profit for the period	-	-	-	-	-	-	12.255	12.255
Balances at June 30, 2021	126.935	1.904	22.648	8.537	2.428	-	13.657	176.109
Balances at January 1, 2022	126.935	3.575	55.980	8.391	2.386	(1.696)	-	195.571
Realization of revaluation reserve	-	-	-	(144)	-	-	144	-
Realization of deemed cost of property, plant and equipment	-	-	-	-	(41)	-	41	-
Balancing entry to adjustment of hedging transactions	-	-	-	-	-	(12.579)	-	(12.579)
Profit for the period	-	-	-	-	-	-	123.183	123.183
Balances at June 30, 2022	126.935	3.575	55.980	8.247	2.345	(14.275)	123.368	306.175

The accompanying notes are an integral part of this interim financial information.

Frigol S.A.

Statements of cash flows
for the periods ended June 30, 2022 and 2021

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

(In thousands of reais)

	06/30/2022	06/30/2021
Operating activities		
Profit for the period	123.183	12.255
Depreciation and amortization	7.276	7.537
Deferred income tax and social contribution	(3.870)	5.801
Interest and exchange rate changes on borrowings and financing	10.230	9.154
Accrued profit sharing	9.603	-
Allowance for expected credit losses	528	548
Realization of allowance for inventory losses	356	(1.028)
Net value of fixed assets disposed of	135	2.897
Provision for risks	(91)	(83)
Balancing entry to adjustment of hedging transactions	(12.579)	-
Net variances in right of use/lease liability	332	(2.665)
	135.103	34.416
Increase/(decrease) in operating assets and liabilities, net		
Other investments	-	6
Trade receivables	(69.158)	(3.497)
Inventories	(8.834)	(15.394)
Recoverable taxes	(36.937)	(21.911)
Advances to suppliers	(1.087)	(5.914)
Other trade receivables	(16.238)	(1.154)
Judicial deposits	(390)	(132)
Trade payables	(86.911)	(46.707)
Payroll and related taxes	10.267	4.660
Taxes and contributions payable	(3.010)	(1.243)
Other payables	15.698	2.629
Advances from customers	(8.160)	22.613
Interest on capital paid	(3.560)	-
Dividends paid	-	(2.444)
Cash provided by operating activities	(73.217)	(34.072)
Investing activities		
Purchases of property, plant and equipment/intangible assets, net	(15.849)	(8.445)
Net cash used in investing activities	(15.849)	(8.445)
Financing activities		
Borrowings and financing	820.984	931.256
Repayment of borrowings and financing - principal	(596.363)	(885.477)
Repayment of borrowings and financing - interest	(11.383)	(7.537)
Related parties	(4.287)	(4.790)
Lease payments	(1.861)	(3.474)
Cash flows provided by financing activities	207.090	29.978
Decrease in cash and cash equivalents	118.024	(12.539)
Cash and cash equivalents at beginning of year	96.956	54.889
Cash and cash equivalents at end of year	214.980	42.350
Decrease in cash and cash equivalents	118.024	(12.539)

The accompanying notes are an integral part of this interim financial information.

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

Notes to the interim financial information for the period ended June 30, 2022

(In thousands of reais)

1. General information

1.1. Operations

The Company was incorporated on July 1, 1992 under the business name “Frigol Comercial Ltda.” to engage in beef and pork slaughtering, processing, import, export and wholesale of beef and pork meat. On August 14, 2009, the shareholders unanimously approved the transformation of the Company into a corporation, Frigol S.A. and the consolidation of its new bylaws, and elected its executive officers. Following the Company’s transformation, the Company converted its shares as a limited liability company into shares in its stock capital at the same value. Therefore, there were no amendments to the Company’s articles of organization.

The Company’s share capital is 100% Brazilian. On November 9, 2020, under the minutes of the Extraordinary and General Shareholders’ Meeting registered with State of São Paulo Division of Corporations (Jucesp) under No. 531.590/20-3, of December 11, 2020, the address of the Company’s registered office, which hosts its administrative activities, was changed to Rua Ana Neri, 392, Vila Maria Cristina CEP 18681-160, in the city of Lençóis Paulista, State of São Paulo.

The Company has three plants in Lençóis Paulista: one for beef slaughtering, one for pork slaughtering, and a rendering plant; these plants are responsible for supplying foreign customers and domestic customers in the cities of the State of São Paulo, including the capital. The Company also has two beef slaughtering plants in the State of Pará, in the cities of Água Azul do Norte and São Félix do Xingu which are responsible for supplying the Northeast and Southeast Regions of Brazil, in addition to serving foreign customers.

Additionally, there is distribution center managed by third parties in the city of Bauru, State of São Paulo, at Rodovia Marechal Rondon, km 348, Núcleo Residencial Edison Bastos Gasparini, which is used for storage and distribution to the domestic market, with a focus on retail distribution across the inner cities of the State of São Paulo.

The Company exploits cattle raising activities at farms named Maguari, Água Boa and São Félix do Xingu located in the cities of São Félix do Xingu/PA, and, also, farm Santo Expedito, located in the city of Água Azul do Norte/PA, which are used in operations such as cattle raising, breeding and fattening as well as cattle confinement and semi-confinement activities.

1.2. Impact of Covid-19

The Company has carefully monitored the developments of the pandemic and its health, social and economic impacts on health as has maintained protocols to ensure the safety of its employees, suppliers and customers.

The Company implemented a set of additional measures to protect the health of its employees, including the adoption of the work from home model (remote work) by the administrative and sales areas, delivery of training programs, holding meetings using videoconference tools, suspension of domestic and international travels; employees who were part of the risk group, such as pregnant employees, employees suffering from high blood pressure, and employees above the age recommended by the World Health Organization (WHO) were put in quarantine. In addition, the Company has made hand sanitizers available at various locations, monitored the temperature at the entrance of all plants and took all other measures necessary to meet the requirements in Inter-ministerial Ordinance MTP/MS/MAPA No. 7, of December 6, 2021, which amended Attachment I to Joint Ordinance No. 19/STRAB/SEPRT-ME/SPA-MAPA/SVS-MS, of June 18, 2020.

Even though the restrictions adopted in Brazil has become more relaxed, the Company continues to adopt its Covid Zero protocols in its plants, by following the strictest health protocols, also seeking the safety of its employees and the healthiest products for customers and suppliers.

2. Basis of preparation of interim financial information

The interim financial information have been prepared and are presented in accordance with accounting practices adopted in Brazil, the provisions in Brazilian Corporate Law, and the changes introduced by Law 11.638/07 and Law 11.941/09, and the technical pronouncements issued by the Accounting Pronouncements Committee (CPC), as approved by the Federal Accounting Council (CFC).

We hereby confirm that all information that is relevant for the interim financial information, and only this information, is disclosed, and it corresponds to the information used by Management in managing the Company.

On July 28, 2022, the Company's Executive Board authorized the issuance of the interim financial information as of June 30, 2022.

a) Basis of measurement

The interim financial information have been prepared at historical cost, except for the measurement of certain assets and liabilities such as financial instruments, which are measured at fair value.

b) Functional and presentation currency

The functional currency of an entity is the currency of the primary economic environment where it operates. In defining the functional currency of each one of the subsidiaries, Management considered which currency significantly influences the sale price of its products and services rendered, and the currency in which most of the cost of its production inputs are paid or incurred. The interim financial information are presented in Brazilian real (R$), which is the Company's functional currency.

c) Use of estimates and judgments

The preparation of interim financial information in accordance with CPC standards requires Management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are revised on an ongoing basis. Revisions related to accounting estimates are recognized in the period in which estimates are revised and in any affected future periods.

Information on the use of the estimates and judgments adopted by Management and that affect the amounts recognized in the interim financial information is disclosed in the following notes:

- **Note 08** - Allowance for expected credit losses;
- **Note 12** - Deferred tax assets and liabilities;
- **Note 15** - Useful life of property, plant and equipment;
- **Note 14** - Provision for risks; and
- **Note 27** - Financial instruments.

3. Summary of significant accounting policies

The accounting policies detailed below have been consistently applied to all the reporting periods presented in these interim financial information:

a) Revenue and expenses recognition

Results from operations (revenue, costs and expenses) are recognized on the accrual basis. Revenue from sales of products is recognized when its amount can be reliably measured and all risks and rewards are transferred to the buyer.

b) Foreign currency

i) Foreign-currency transactions

Foreign currency-denominated transactions are translated into the Company’s functional currency at the exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting periods are retranslated into the functional currency at the rates prevailing at that date. Exchange gain or loss on monetary items is the difference between the amortized cost of the functional currency at the beginning of the year, adjusted by interest rates and actual payments during the year, and the amortized cost in foreign currency at the exchange rate prevailing at the end of the reporting period. Foreign currency-denominated non-monetary assets and liabilities that are measured at fair value are retranslated into the functional currency at the exchange rate prevailing at the date their fair values were determined.

Foreign exchange differences arising on translation are recognized in profit or loss for the period. Nonmonetary items that are measured at historical cost in a foreign currency are translated using the exchange rates prevailing on the transaction date.

c) Financial instruments

i) Non-derivative financial assets

Financial assets are classified into the following categories: fair value through profit or loss (residual FVTPL), fair value through other comprehensive income (FVTOCI), fair value through other comprehensive income for equity instruments, and amortized cost. The classification depends on the nature and purpose of the financial assets and is determined on the initial recognition date.

The balance of these Company’s financial assets is comprised of cash and cash equivalents (Note 6), trade receivables, and other receivables. With the main criteria being the following:

ii) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with original maturities of three months or less as of the contract date.

iii) Non-derivative financial liabilities

The Company initially recognizes borrowings on the date they were originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are initially recognized on trade date when the Company becomes a party to the underlying contract. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, overdue and paid.

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off recognized amounts and the intent to either settle them on a net basis, or to recognize the asset and settle the liability simultaneously.

The Company has the following nonderivative financial liabilities: borrowings and financing, trade payables, other payables, and intragroup borrowings.

These financial liabilities are initially recognized at fair value plus any attributable transaction costs.

After initial recognition, these financial liabilities are measured at amortized cost under the effective interest method.

iv) Share capital

Common shares

The Company's common shares are classified as equity.

d) Inventories

Inventories are stated at the lower of cost and net realizable value, adjusted to market value and for any losses, when applicable. The inventory cost includes expenditures incurred on purchase of inventories, production and transformation costs, and other costs incurred in bringing the inventories to their present location and condition.

An allowance for obsolete inventories, adjustment to net realizable value and impairment are recorded when necessary. Losses incurred in the normal course of production are an integral part of production costs; unusual losses, if any, are recognized directly as expenses for the year.

e) Property, plant and equipment

i) Recognition and measurement

Property, plant and equipment items are measured at the historical purchase or construction cost, less accumulated depreciation and, where applicable, accumulated impairment losses.

Cost includes expenditures directly attributable to the purchase of an asset. The cost of assets built by the Company itself includes costs of materials and direct labor, any other costs necessary for bringing the asset to the place and condition necessary for it to be capable of operating in the manner intended by Management, and borrowing costs on qualifying assets for which the date of commencement for capitalization is January 1, 2009, or after, when they are material.

The Company elected to remeasure property, plant and equipment items at deemed cost. The Company engaged independent appraisers to verify the deemed cost of its fixed assets for comparison to the carrying amounts and control of appreciation, which resulted in Management´s decision to record property, plant and equipment items at deemed cost.

The use of the deemed cost led to an increase in property, plant and equipment, recognized as a balancing item to equity, net of taxes (see note 15).

The adoption of the fair value as deemed cost of property, plant and equipment resulted in an immaterial increase in the depreciation expense in future years. For this reason, the Company did not change its dividend policy.

Expenditures on the replacement of a property, plant and equipment item, including inspections, are separately accounted for and classified in property, plant and equipment. Other expenditures are capitalized only when there is an increase in the economic benefits derived from such property, plant and equipment item. Any other type of expenditure is recognized in profit or loss as an expense.

When components of an item of property, plant and equipment have different useful lives, they are recognized as separate items of property, plant and equipment (key components).

Gains and losses on the disposal of a property, plant and equipment item are calculated by comparing the disposal proceeds with the carrying amount of the property, plant and equipment item, and are recognized at their net amount, in line item "Other income" in profit or loss.

ii) Subsequent costs

The cost of a replacement of an item of property, plant and equipment is recognized in the carrying amount of the item when it is probable that the economic benefits derived therefrom will flow into the Company and its cost can be reliably measured. The carrying amount of the property, plant and equipment item replaced is written off. Daily maintenance costs are recognized in profit or loss as incurred.

iii) Depreciation

Depreciation is calculated on the depreciable amount, which is the purchase cost of an asset or another cost value after deducting its residual value.

Depreciation is recognized in profit or loss on a straight-line basis, based on the estimated useful lives of each part of a property, plant and equipment item, as this method is more representative of the time pattern in which economic benefits from the asset are consumed. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Description	Annual weighted average
Machinery and equipment	6.38
Plants	17.53
Furniture and fixtures	5.07
Vehicles	3.39
Properties and buildings	37.27
IT equipment	2.66
Aircraft	4.50
Tools	7.38
Draft animals	1.87

The depreciation methods, the estimated useful lives and the residual values are revised at each yearend, and any adjustments are recognized as changes in accounting estimates.

As permitted by Law No. 11.638/07 and mentioned in Note 15, the revaluation reserve balance will be held until its full amortization, either by full depreciation or sale of the assets.

f) Leases

Contracts are considered as leases when the following two conditions are satisfied:

- An identifiable and tangible asset; and
- The right of use of the asset over the term of the contract.

A right of use is initially measured at cost and comprises the initial lease liability amount adjusted for any improvement made before the beginning of the contract.

The right-of-use asset is depreciated subsequently using the straight-line method from the start to the end of the useful life of the right of use or the termination of the lease term.

The lease liability is initially measured at the present value of the payments yet to be made. The lease liability is subsequently measured at amortized cost using as base the index estimated and accumulated in the annual period (IGPM - General Market Price Index). In case this index is not available, the adjustment will be made using the average variation of the inflation indices for the current year in which rentals are executed.

A lessee recognizes a right-of-use asset that represents their right to use the leased asset and a lease liability that represents their obligation to make lease payments.

g) Intangible assets

Separately acquired intangible assets are measured at purchase cost on initial recognition and subsequently stated less accumulated amortization and impairment losses, where applicable.

Internally generated intangible assets, less capitalized product development costs, are recognized in profit or loss for the year.

Intangible assets with finite useful lives are amortized over their estimated economic useful lives and, when there are indications of impairment, are tested for impairment. Intangible assets with indefinite useful life are not amortized but annually tested for impairment.

i) Software

Software and enterprise resource planning (ERP) system licenses acquired are amortized at cost, and expenditures on their maintenance are recognized as expenses when incurred.

h) Impairment

i) Financial assets (including receivables)

A financial asset not measured at fair value is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. An asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that such loss event had a negative effect on the projected future cash flows that can be reliably estimated.

Objective evidence that a financial asset is impaired may include the default or delinquency on payment by the borrower, indications that a borrower or issuer will file for bankruptcy, or the disappearance of an active market for a security.

In assessing impairment losses, the Company uses historical trends for probability of default, time for recovery and the amounts of loss incurred, adjusted to reflect Management’s judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than those suggested by historical trends.

An impairment of a financial asset measured at amortized cost is calculated as the difference between the carrying amount and the present value of the estimated cash flows, discounted at the effective original interest rate of the financial asset.

Losses are recognized in profit (loss) and reflected in an allowance against receivables, when applicable. Interest on an impaired asset continues to be recognized through the reversal of the discount. When a subsequent event indicates reversal of impairment, the impairment loss is reversed and recognized in profit or loss.

The Company's Management did not identify any evidence indicating the need for recognizing an allowance for impairment loss on financial assets.

ii) Nonfinancial assets

The carrying amounts of the Company's nonfinancial assets, other than investment properties, inventories and deferred income tax and social contribution, are revised at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable value is estimated.

For goodwill and intangible assets with indefinite useful life or intangible assets under development not yet available for use, the recoverable value is annually estimated at the same time of the year.

The recoverable value of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market conditions with respect to the capital recovery period and the risks specific to the asset.

As for other assets, impairment losses recognized in prior periods are tested at the end of each reporting period to determine if there are any indications that the loss has increased, decreased, or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

i) Derivative financial instruments

The financial instruments were recognized in conformity with NBC TG 48 (IFRS 9) – Financial Instruments, according to CVM Resolution No. 763/16. These financial assets and financial liabilities are initially recognized when the Company becomes a counterpart to the underlying financial instrument contracts and they are recognized at the fair value through profit or loss, plus any directly attributable transaction costs.

The Company classifies financial assets as subsequently measured at:

- **Amortized cost**: amounts receivable and other receivables are classified as amortized cost; trade receivables are short term and already net of expected losses recognized in profit or loss. The carrying amount of borrowings and financing are accounted for at the effective interest rates;
- **Fair value through other comprehensive income (FVTOCI):** 'Other comprehensive income' states the portion of gains or losses arising from hedging instruments in zero cost transactions, forwards in dollar (NDF), swap contracts, and BGI futures contracts traded on B3;

- **Fair value through profit or loss:** Short-term investments are adjusted at effective rate, have a short-term maturity, are contracted with prime financial institutions, and their value on recognition approximates the fair value;
- **Derivatives and hedge accounting:** derivative financial instruments intended for hedging are initially recognized at fair value on the date transactions are contracted and, subsequently, are measured at fair value. Derivatives are stated as financial assets when the fair value of the instrument is positive and as financial liabilities when the fair value is negative. Any gain or loss resulting from changes in the fair value of derivatives during the year are recorded directly in the statement of profit and loss, except for hedge accounting, which is recognized directly in equity, classified as other comprehensive income, with a balancing entry to 'Adjustments to hedging transactions.' The amounts accounted for in other comprehensive income are transferred to the statement of profit and loss when the hedged transaction affects profit or loss.

j) Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and incurred as expenses as the related service is provided.

The liability is recognized at the expect amount to be paid under the cash-bonus or short-term profit share plans when the Company has a legal or constructive obligation to pay such amount as a result of the past service provided by an employee, and such obligation can be reliably estimated.

k) Provisions

A provision is recognized when the Company has a present legal or constructive obligation, as a result of a past event, that can be reliably estimated and it is probable that an outflow of economic resources will be required to settle the obligation. Provisions are recorded based on the best estimates of the risk involved.

l) Revenue recognition

Operating revenue from product sales in the normal course of business is measured at the fair value of the consideration received or receivable. Revenue is recognized when there is convincing evidence that the most significant risks and rewards of ownership of goods have been transferred to the buyer, it is probable that future economic benefits will flow into the entity, the associated costs and possible return of goods can be reliably estimated, there is no continued involvement with the goods sold, and the amount of the operating revenue can be reliably measured.

If it is probable that discounts will be granted and the value thereof can be reliably measured, then the discount is recognized as a reduction of the operating revenue as sales are recognized.

m) Finance income (costs)

Finance income consists of interest revenues on funds invested and changes in the fair value of financial assets measured at fair value through profit or loss. Interest income is recognized in profit or loss under the effective interest method. Distributions received from investees recognized by the equity method reduce the value of the investment.

Finance costs include interest expenses on borrowings and financing. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are measured through profit or loss under the effective interest method.

n) Income tax and social contribution

Deferred and current income tax for the year is calculated, respectively, at the rate of 15% (plus a surtax of 10% on taxable income exceeding R$240 for income tax) and social contribution is calculated at the rate of 9% on taxable income; this calculation takes into consideration tax loss offset, limited to 30% of taxable income.

Income tax and social contribution expenses comprise current and deferred income taxes. Deferred and current taxes are recognized in profit or loss unless they are related to other comprehensive income.

Current tax is the expected tax payable or receivable on taxable income or loss for the year at tax rates that have been enacted or substantially enacted at the statement of financial position date and any adjustment to taxes payable in relation to prior years.

The deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used for tax purposes. Deferred tax is measured at the rates that are expected to be applied on temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to taxes imposed by the same tax authority on the same entity subject to taxation.

A deferred income tax and social contribution asset is recognized for all tax losses, tax credits, and temporary deductible differences to the extent that it is probable that future profit will be available against which those tax losses, tax credits, and temporary deductible differences can be utilized.

Deferred income tax and social contribution assets are revised at the end of each reporting period and reduced to the extent that their realization is no longer probable.

o) Contingent assets and contingent liabilities, and legal obligations

The accounting policies adopted to record and disclose contingent assets and contingent liabilities and legal obligations are as follows: **(i)** contingent assets are recognized only when there are collaterals or favorable, unappealable court decisions. Contingent assets assessed as probable gain are only disclosed in an explanatory note; **(ii)** a provision for risks on contingent liabilities is recorded when losses are assessed as probable and the involved amounts can be reliably measured. Contingent liabilities assessed as possible losses are only disclosed in a note to the financial information and contingent liabilities assessed as remote losses are neither provided for nor disclosed; and **(iii)** legal obligations are recorded as liabilities, regardless of the evaluation of the probabilities of success, for proceedings whereby the Company has challenged the constitutionality of taxes.

p) Environmental aspects

The Company's production facilities and manufacturing and agricultural activities are subject to environmental regulations. The Company mitigates risks associated with environmental matters by performing operating procedures, controls and investments in pollution control equipment and systems. The Company believes that no provision for environmental losses is currently required, under current laws and regulations. In March 2022, the Company issued its first sustainability report and, during 2022, will issue an inventory of greenhouse gas emissions, which will allow the Company setting goals for reducing emissions for the coming years. During the second quarter of 2022, the Company made its first purchase of 100% renewable energy for 100% of its consumptions over 2023 and 2024.

Such purchase is in line with the Company´s goals for reduction of greenhouse gas emissions mentioned in the first sustainability report for 2022. The transaction was performed with Auren (Votorantim Energia - Votener), which has already been providing energy to the Company over the last three years, with a 70% renewable percentage.

4. Fair value measurement

Several Company policies and accounting disclosures require the measurement of the fair value both of financial assets and financial liabilities and nonfinancial assets and nonfinancial liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods below. Where applicable, additional information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

- **Cash and cash equivalents:** comprised of trading assets. The carrying amounts reported in the statement of financial position approximate their fair values due to the short-term maturity of these instruments;
- **Trade and other receivables, trade payables, intragroup loans and borrowings, and other accounts directly arising from the Company's operations:** The fair value is estimated based on the present value of the future cash flows, discounted at the interest market rate on the reporting period. The fair values were not presented, since the differences in relation to the carrying amounts are not deemed significant;
- **Borrowings and financing:** classified as other financial liabilities and are recognized at amortized cost. the fair value, which is determined for disclosure purposes, is calculated based on the present value of the principal and future cash flows, discounted using a market interest rate determined at the end of the reporting period. For finance leases, the interest rate is determined based on similar lease agreements. The Company did not disclose, since there are no differences in relation to the carrying amounts.

5. Financial risk management

Overview

On August 18, 2021, the Company's Board of Directors approved the release of the credit, market and liquidity risk management policy.

The Company is exposed to the following risks arising from the use of financial instruments or its operating activities:

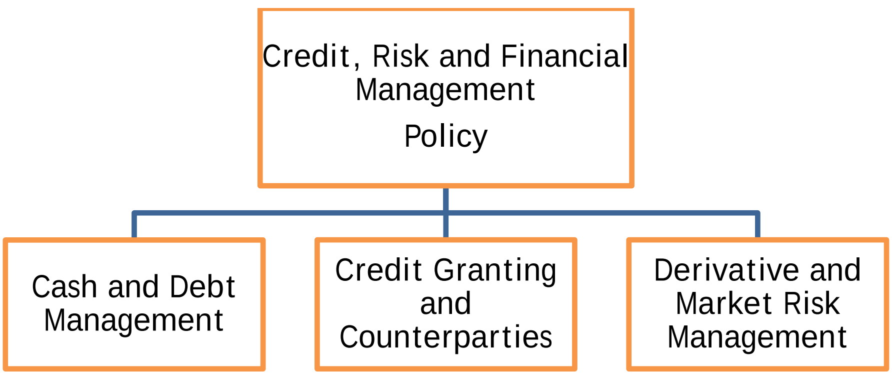
- Credit risk;
- Liquidity risk;
- Market risk; and

§ Operational risk.

This Note presents information on the Company's exposure to each one of the risks above, the Company's objectives, policies, risk measurement and management processes and policies, and capital management.

Additional quantitative disclosures are included throughout these financial information.

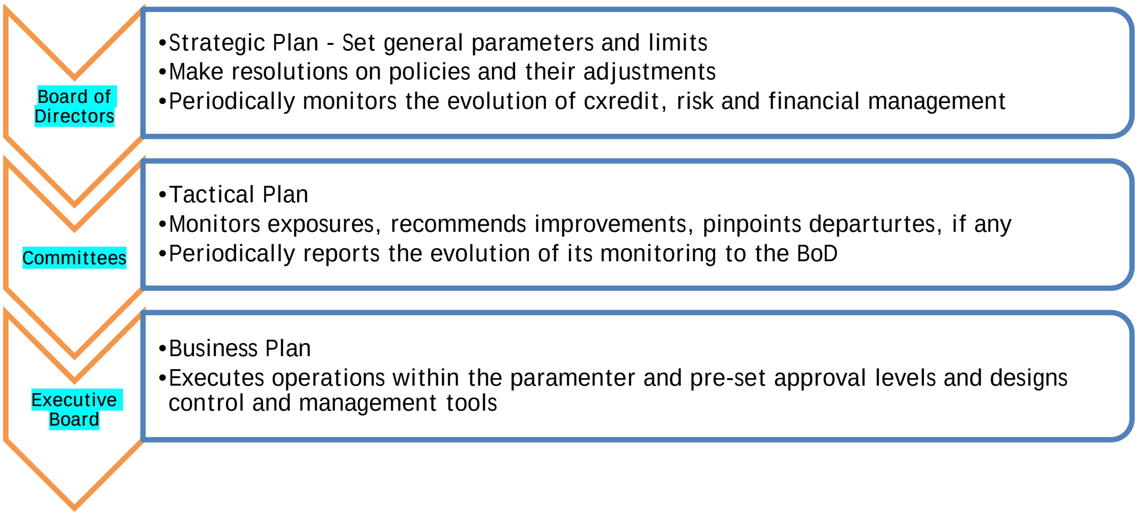
Policy Structure



Objective

Establish policies based on sound criteria, approval levels and decisions that involve management of the following: **(i)** cash flow, liquidity and indebtedness; **(ii)** credit granting and counterparties; **(iii)** exposures to market risks, and **(iv)** use of derivatives solely intended to hedge business.

Governance and roles and responsibilities



5.1. Credit risk

Credit risk is the risk of the Company incurring losses if a customer or a counterparty to a financial instrument fails to perform its contractual obligations, which arises mainly from trade receivables and investment securities.

Trade and other receivables

The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer.

However, Management also considers the demography of the customer base, including the credit risk arising from the customers’ industry and countries, since these factors may have an impact on the credit risk, mainly considering the uncertainty of today’s economic circumstances. There are no transactions concentrated in a single major customers that account for more than 10%.

Management has established a credit policy whereby the payment capacity of every new customer is analyzed individually before the standard payment and delivery terms and conditions are offered.

Approved customers are monitored through credit protection platforms for a period of three months, which coincides with the validity term of the customer information. If significant restrictions are identified in face of the approved credit limit, supply is preventatively suspended until the restrictions are cancelled or their content is proven to be null based on supporting documentation provided to the Company´s internal team.

Management´s analyses include external assessments, when available, and, in certain cases, bank referrals. The Company does not adopt generic limits based on the customers’ segment, as some companies do. The amounts released for billing are determined after a series of analyses are made. In addition to general characteristics of the customers´ business, the Company also assesses specifics of each legal entity subject to the evaluation process, which include the following:

- Operating segment;
- Domestic and foreign markets;
- Historical default;
- Share capital; and
- Company foundation date.

The abovementioned factors, and other essentially subjective factors (economic scenario, regional variables, sales seasonality, etc.) are used to make credit decisions and for maintenance of the risk over time.

Recurring late payments, credit restrictions on behalf of the company or its respective partners, excess sales returns, among others, may result in customers to be blocked. In cases such as these, customers will only be able to make new purchases by paying in advance or by making a bank deposit.

Customers that fail to meet the credit limit set by the Company may only operate with the Company if prepayments are made. The credit risk concentration is minimized due to the pulverization of the trade receivables portfolio. The Company does not require collaterals for sales in installments.

The Company recognizes an allowance for impairment that represents its estimates of losses incurred on trade and other receivables.

5.2. Liquidity risk

The objective of the liquidity financial risk management is to minimize the impacts caused by events that may compromise the Company's performance from the cash standpoint.

The specific objective of liquidity management is to maintain funds at a volume that is compatible with the business cycles and seasonality and to provide guidance on the acceptable classes of assets and counterparties for the Company's financial investments.

The Company's leverage ratio (Net Debt/Adjusted EBITDA) stood at a level 2.0 times lower than the Adjusted EBITDA accrued over the last current 12 months as provided for in the related Policy.

5.3. Market risk

Market risk is the risk that changes in market prices, such as risk associated with currency, interest rates and prices in commodities, will impact the Company's earnings or its share in financial instruments. The purpose of market risk management is to manage and control market risk exposures, within acceptable parameters, while improving return.

Since the Company´s functional currency is the Brazilian real, all controls and Executive Board's efforts are mainly focused on preserving cash flow in said currency by observing the convergence of the integrated management of all other risk factors, that is, monitor the Company's exposure on a systemic basis.

Currency risk

The Company is subject to currency risk, especially the US dollar (USD) in sales and borrowings denominated in currencies other than the Company's functional currency.

The Company has currency hedges to protect against exposures in revenues from sales to foreign customers, which account for 54.76% of all net sales.

The Company has a specific policy for its exposures in derivatives to hedge against currency fluctuations that may cause variances in its results, as shown in the table below:

Hedging table

	Maximum currency hedge	
Months	**Minimum**	**Maximum**
M	60%	80%
M+1	50%	70%
M+2	40%	60%

Currency hedge above 90 days as well as hedge for the rates above may be contracted by the Company provided that previously assessed by the Risks, Financial and Compliance Committee and subsequent Board of Directors' approval.

Interest rate risk

Interest rate risk is the risk that the Company will have economic losses due to adverse changes in interest rates, which may be caused by factors related to economic crises and/or changes in the monetary policy both in the local and foreign markets. Such exposure mainly refers to changes in the interest rates prevailing in the market that affect the Company's assets and liabilities indexed by the Libor rate, CDI and TR (benchmark rate), in addition to transactions with fixed positions in relation to one of the abovementioned indices which may cause unrealized losses and/or realized loss originated from the determination of the fair value prevailing in the market (Mark to Market).

For the Company's short-term investments, the index is the CDI for operations in the domestic market. If the CDI rate increases, results will be favorable; otherwise, they will be negative.

The Policy established by the Company in 2021 determines two specific criteria on cash equivalents intended for short-term investments, as follows:

- Prime banks are those whose rating is issued by the main risk rating agencies (S&P, Fitch, Moody's) and that have been assigned at least a BB- rating; and
- A cash concentration higher than 25% in a single financial institution will not be allowed, except if authorized by the Board of Directors.

Commodity risk

In the normal course of operations, the Company purchases commodities, mainly livestock, which is the main individual component of production costs.

The price of cattle acquired from third parties is subject to market conditions and is influenced by internal availability and demand levels in the local and international markets, among other aspects.

The objective of the Policy established by the Company in 2021 is to provide guidelines on the risk management process associated with fluctuations in the price of arroba, since cattle is the Company´s key input.

One hundred percent of the animals acquired for future delivery must be protected by hedge when purchase transactions are carried out. Additionally, exposures arising from the confinement of own or partners' animals must also be assessed, and the exposed balance must be 100% hedged.

To mitigate the market risks arising from financial and operating transactions, the following instruments are approved:

i) Futures contracts;

ii) Non-deliverable forwards (NDFs);

iii) Swaps (stock exchange and/or over-the-counter); and

iv) Call options and put options without leverage (ZCC).

Criteria for selecting transactions and counterparties:

i) Transactions preferably performed in an organized market (stock exchange);

ii) Over-the-count transactions only with previously approved counterparties;

iii) Transactions with brokerage houses may only be made with those that are linked to or controlled by banks and, consequently, subject to the minimum rating specified in this Policy, and

iv) Put options are prohibited.

In 2021, there was a change in the risk management policy for application of hedge accounting according to the guidelines provided in the Commodity and Financial Risk Management, which are approved by the Company's Board of Directors.

5.4. Operational risk

It is the risk of incurring direct or indirect losses due to a series of reasons associated to the Company's business processes, personnel, technology, and infrastructure, as well as external factors, except credit, market and liquidity risks, such as those arising from legal and regulatory requirements, and generally accepted corporate behavior standards. The operating risks relate to all the Company's operations.

Management's objective is to manage the operational risk to avoid financial losses and damages to the Company's reputation.

The Executive Board has the primary responsibility for developing and implementing controls over operational risks. This responsibility is supported by the development of general standards for the Company to manage operational risks covering the following issues:

- Appropriate segregation of duties requirements, including independent authorization of transactions;
- Transaction reconciliation and monitoring requirements;
- compliance with regulatory and legal requirements;
- Control and procedure documentation;
- Required periodic assessment of operational risks faced and adjustment of controls and procedures to address the identified risks;
- Operating loss and proposed corrective actions reporting requirements;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance, where effective.

Capital management

The main objective of the capital risk management assessment is to ensure the proper continuity of the Company, that is, with a structure that is capable of generating value to shareholders, with appropriate level of borrowings, and the advantages, and the security provided by a healthy share capital position.

The main action over such management arises from the Company's choice to use equity capital (capital contribution and earnings retention) or debt capital to finance its operations. To mitigate liquidity risks and optimize the weighted average capital cost, the Company constantly monitors the indebtedness levels according to market standards.

6. Cash and cash equivalents

	06/30/2022	12/31/2021
Cash on hand	22	26
Cash on bank	169,377	38,943
Short-term investments	45,581	57,987
Total	**214,980**	**96,956**

Short-term investments:

	06/30/2022	12/31/2021
Short-term investments in local currency		
Bank Certificates of Deposit (CDB)	41,547	53,795
Investment BM&F and other	4,034	4,192
Total	**45,581**	**57,987**

There was a significant increase in cash and cash equivalents, which amounted to R$ 214,980, due to the consistent generation of results in the quarter and the issuance of a Receivables Agribusiness Certificate (CRA) in June 2022, in the amount of R$ 100,000.

Short-term investments are highly liquid, can be immediately converted into a known cash amount and are subject to an insignificant risk of change in value.
Short-term investments refer substantially to bank certificates of deposit (CDBs) yielding the interbank deposit rate (CDI).

The fair value of short-term investments, when applicable, is calculated based on market quotations or information available in the market, taking into consideration future rates of similar papers.

The Company's exposure to rate risks and a sensitivity analysis for assets and financial liabilities are disclosed in Note 29.

The Company's financial assets were classified according to their characteristics and intent into: **(i)** measured through profit or loss; and **(ii)** amortized costs, as shown below:

	06/30/2022	**12/31/2021**
Measured at fair value through profit or loss	214,980	96,956
Total	**214,980**	**96,956**

7. Other investments

The Company has capitalization bonds whose redemption term is in excess of 90 days as of the contract date:

	06/30/2022	**12/31/2021**
Measured at amortized cost	48	48
Total	**48**	**48**

Capitalization bonds yield a percentage of the lump sum payment, adjusted for inflation on a monthly basis on the 1st day of the month at the basic remuneration rate applied to savings accounts for the 1st day of the adjustment month and capitalized at a rate of 0.5% per month, thus, resulting in the redeemable amount. These bonds are subject to an insignificant risk of change in value.

8. Trade receivables

	06/30/2022	**12/31/2021**
Domestic customers	109,373	66,148
Foreign customers	102,124	76,191
Subtotal	**211,497**	**142,339**
(-) Allowance for expected credit losses	(9,462)	(8,934)
Total	**202,035**	**133,405**

Trade receivables from foreign customers are originated in US dollars and, the, remeasured into reais at the exchange rates prevailing at the reporting date.

As of June 30, 2022, the Company did not have any transactions that would generate a material adjustment to present value.

Aging list of receivables:

	06/30/2022	12/31/2021
Current	**199,563**	**132,380**
Past due:		
Up to 30 days	1,755	825
31-60 days	616	110
61-90 days	101	90
Over 90 days	9,462	8,934
Total	**211,497**	**142,339**

Changes in the allowance for expected credit losses:

	06/30/2022	12/31/2021
Opening balances	**(8,934)**	**(8,144)**
Receivables reversed	54,953	101,981
Allowance recognized	(55,481)	(102,771)
Closing balances	**(9,462)**	**(8,934)**

The allowance for expected credit losses was recognized in an amount considered by Management as sufficient to cover potential losses.

The expense on the recognition of the allowance for expected credit losses was recorded in line item ‘Selling expenses,’ in the statement of profit and loss. When after all collection efforts have been exhausted, the receivables recognized in the allowance for expected credit losses are often reserved and the related trades note are written off.

The Company does not have collaterals for balances in arrears. When negotiation with customers has been exhausted, court collection procedures are initiated.

9. Other receivables

	06/30/2022	12/31/2021
Assignment of receivables **(a)**	8,308	8,795
Unrecognized expenses **(b)**	6,574	1,078
Trade notes receivable **(c)**	2,616	3,452
Indemnities receivable **(d)**	3,983	-
Total	**21,481**	**13,325**
Current assets	9,061	2,350
Noncurrent assets	**12,420**	**10,975**

(a) Owned by JSS Com. Atacadista de Carnes - Lawsuit 0013041-87.2009.8.20.0001 8th Civil Court of Natal-RN;

(b) Expenses incurred on the structuring of the issue of debentures and Receivables Agribusiness Certificate (CRA) and brokerage fees in contracting Pre-Payment of Export (PPE);

(c) Receivable relating to investments made in the meatpacking facilities of Frigorífico Juruena Ltda.;

(d) Amount relating to an arbitration decision favorable to the Company against Kyon PS Trader Energia S.A. p- Proceeding 1020446.75.2022.8.26.0506.

10. Inventories and biological assets

	06/30/2022	12/31/2021
Finished products	94,151	89,654
Biological assets (Note 10.1)	1,433	3,367
Storeroom supplies and other **(a)**	25,088	18,817
Allowance for inventory losses **(b)**	(2,863)	(2,507)
Total	**117,809**	**109,331**

(a) The variance recorded from 2021 to 2022 is due to the acquisition of wood to supply the demand during the rainfall season at units Água Azul do Norte and São Félix do Xingu/PA; and

(b) An allowance for inventory losses was recognized considering the realizable market prices of finished products in relation to their carrying amounts.

Management expects inventories to be recovered within a period of less than 12 months.

Allowance for inventory losses:

	06/30/2022	12/31/2021
Opening balances	**(2,507)**	**(2,334)**
Reversals	18,624	24,247
Recognition	(18,980)	(24,420)
Closing balances	**(2,863)**	**(2,507)**

10.1. Biological assets

Since the Company has cattle rising activities arising from cattle confinement, the fair value of its assets must be determined based on the market value concept at least at the end of the six-month periods. The effects of the measurement are recognized directly in profit or loss. As of June 30, 2022, the fair value of the biological assets measured in 2022 approximates their historical cost. Therefore, Management elected to record them at historical costs.

Transactions involving biological assets are represented by short-term confined cattle for own slaughtering, whose market value can be reliably measured due to the existence of an active market for such measurement.

As of June 30, 2022, confined cattle for slaughtering were comprised of 353 head (667 head as of December 31, 2021) of cattle under the fattening stage in the Company's own pasture fields.

11. Recoverable taxes

	06/30/2022	12/31/2021
State VAT (ICMS) **(a)**	4,351	546
Social security contribution (Cofins) **(b)**	29,047	13,767
Social Integration Program (PIS) **(b)**	5,558	7,019
Cofins - exclusion of ICMS from calculation basis **(c)**	16,279	16,279
PIS - exclusion of ICMS from calculation basis **(c)**	3,618	3,618
IRPJ (corporate income tax) **(d)**	24,479	14,864
CLSS (social contribution) **(d)**	9,088	5,542
Federal VAT (IPI) **(e)**	609	-
Rural Tax Debt Refinancing Program (PRR)	29,584	24,104
Withholding income tax (IRRF)	244	181
Social security contribution (INSS)	2	2
Total	**122,859**	**85,922**
Current assets	68,610	37,153
Noncurrent assets	**54,249**	**48,769**

(a) The event triggering the ICMS credit was the determination and recovery of ICMS credits taken on inputs proportionally to the exports made by the establishment enrolled with the Corporate Taxpayers' Registry (CNPJ) under No. 68.067.446/0010-68, located in Água Azul do Norte - PA, under article 155, Paragraph 2, X, a, of Federal Constitution and article 70 of the ICMS Regulation of State of Pará, in the amount of R$ 546, and R$ 3,863 taken on cattle acquired in interstate transactions by the establishment enrolled with the Corporate Taxpayers' Registry (CNPJ) under No. 68.067.446/0004-10, located at Rua Dr. Gabriel de Oliveira Rocha, 704, in Lençóis Paulista - SP. Said credits will be used to offset debits generated in subsequent months.

(b) The PIS and Cofins credits basically arise from credits taken on purchases of raw materials used in the production of products intended for export or products whose sale is taxed at a zero rate. The Company engaged an independent consulting firm to validate the credits and meet the requirements in Cofins Declaratory Act No. 25/2010. The Company filed a request for refund the of the credits relating to the period from October 2009 to June 2022 with the Federal Revenue Service and has been offsetting debits relating to withholding income tax and social security contributions. Since revenue from exports increased in 2022, the volume of credits generated was higher than that generated through December 31, 2021.

(c) In 2021, the Company recorded R$ 19,897, of which R$ 9,688 relating to tax credits and R$ 10,209 relating to inflation adjustment of such credits being discussed in the lawsuit claiming the exclusion of ICMS from the Cofins calculation basis (Lawsuit No. 0007482-71.2009.4.03.6108) and PIS (Lawsuit No. 0007481-86.2009.4.03.6108), which had a final unappealable decision in 2021.

The Federal Supreme Court (STF) analyzed the motion for clarification filed by the Federal Government on the matters in the Extraordinary Appeal RE No. 574.706 and settled that:

- The exclusion of ICMS from PIS and Cofins calculation basis will be effective after March 15, 2017, except for lawsuits and administrative proceedings filed through March 15, 2017; and
- The ICMS to be excluded from PIS and Cofins calculation basis is that shown separately in invoices.

The decision on Extraordinary Appeal RE No. 574.706 PR, closed on March 15, 2017, established the exclusion of ICMS from PIS and Cofins calculation basis due to the General Repercussion System under which the Appeal was judged, under article 543-B of Law No. 5.869/73.

(d) The balance arises from monthly income tax and social contribution payments made on an estimate basis through June 30, 2022 in the amount of R$ 31,653. In 2021, all requests filed by the Company were granted a favorable decision from the Regional Federal Court (TRF-3). Also, in 2021, supported by the TRF-3's decision and the last cases judged by the Administrative Board of Tax Appeals (CARF) and relying on a legal opinion, the Company began using State of Paraná tax benefits for purposes of reducing the taxable income tax and social contribution base. Although the Company has been using the related amounts, the Company conservatively elected to file a request for refund, rather than filing a request for offset to avoid tax assessment by tax authorities.

(e) On February 14, 2022, a final unappealable decision was issued on Lawsuit No.5011822-11.2020.4.03.6100 which was not favorable to the Company. Under the lawsuit, the Company had claimed the right to take IPI credits on purchases of exempt inputs originating from Manaus Free Trade Zone, under articles 43, paragraph 2, Item III, of Federal Constitution of 1988, and 40 of ADCT (Act of Temporary Constitutional Provisions), with application of the rates provided for in the Federal VAT Table (TIPI) on the amount of the acquired products.

12. Income tax and social contribution

i) Deferred income tax and social contribution

Deferred taxes are stated as follows:

	Assets		Liabilities		Net	
	06/30/2022	**12/31/2021**	**06/30/2022**	**12/31/2021**	**06/30/2022**	**12/31/2021**
Temporary differences - assets						
Allowance for expected credit losses	9,462	8,934	-	-	9,462	8,934
Provision for risks	4,745	4,837	-	-	4,745	4,837
Allowance for impairment of inventories	2,863	2,507	-	-	2,863	2,507
Accrued profit sharing plan	12,246	2,643	-	-	12,246	2,643
Tax loss	55,277	54,573	-	-	55,277	54,573
Temporary differences - liabilities						
Realization of revaluation reserve	-	-	(12,493)	(12,714)	(12,493)	(12,714)
Deemed cost	-	-	(3,553)	(3,615)	(3,553)	(3,615)
Deferred tax base	**84,593**	**73,494**	**(16,046)**	**(16,329)**	**68,547**	**57,165**
Deferred income tax - temporary difference	21,148	18,374	(4,011)	(4,082)	17,137	14,291
Deferred social contribution - temporary difference	7,613	6,614	(1,444)	(1,470)	6,169	5,145
Total deferred taxes on temporary differences	**28,761**	**24,988**	**(5,455)**	**(5,552)**	**23,306**	**19,436**

Changes in deferred taxes are as follows:

	12/31/2021	Recognized in profit or loss	06/30/2022
Deferred tax assets			
Opening balances	**24,988**	**-**	**24,988**
Allowance for expected credit losses	-	180	180
Provision for risks	-	(31)	(31)
Allowance for impairment of inventories	-	121	121
Accrued profit sharing plan	-	3,265	3,265
Tax loss	-	239	239
Closing balances	**24,988**	**3,774**	**28,762**
Deferred tax liabilities			
Opening balances	**(5,552)**	**-**	**(5,552)**
Realization of revaluation reserve	-	75	75
Deemed cost	-	21	21
Closing balances	**(5,552)**	**96**	**(5,456)**
Deferred taxes, net	**19,436**	**3,870**	**23,306**

Deferred tax assets arising from temporary differences will be realized as they are settled or realized. The period these credits will be settled or realized varies and is subject to several market factors. However, Management understands that the amounts recognized will be recovered in five years.

Tax loss is subject to the exclusion of ICMS from the PIS and Cofins calculation basis, as mentioned in Note 11 **(c)**.

ii) Current income tax and social contribution

Income tax and social contribution are calculated and recorded based on the taxable result, including tax incentives that are recognized as taxes are paid and taking into consideration the rates established by the prevailing tax legislation.

Reconciliation of income tax and social contribution balances and expenses

The accrued balance and the result of the taxes on profit are as follows:

	06/30/2022	06/30/2021
Profit before taxes	**157,797**	**18,056**
Statutory rate	(34%)	(34%)
Expected income tax and social contribution expenses	(53,651)	(6,139)
Income tax and social contribution adjustment		
Temporary additions	93,438	77,711
Temporary exclusions	(127,482)	(123,364)
Tax base before offsetting tax loss and CSLL negative basis	**123,753**	**(27,597)**
Offset of tax losses and CSLL negative basis	(10,565)	-
Tax base after offsetting tax loss and CSLL negative basis	**113,188**	**(27,597)**
Balance of tax losses	**(54,270)**	**(38,136)**
Current taxes	(38,484)	-
Effective tax rate	(24.39%)	-

iii) Revision – grants

On October 11, 2019, a decision was issued by the 1st Federal Civil Court of São Paulo on Temporary Injunction No. 5028609-86.2018.4.03.6100 for the exclusion of ICMS tax incentive and benefits granted under state government grants from the income tax and social contribution calculation basis.

Such discussion is grounded on the decision issued on the Special Appeal No. 1.517.492/PR by the First Section of the Superior Court of Justice ("STJ") which settled that the deemed ICMS credit is not an integral part of the calculation basis of the IRPJ and CSLL taxable income.

In addition to the ground to rule out the ICMS tax incentives from the IRPJ and CSLL taxation, Supplementary Law No. 160/2017 amended Law No. 12.973/2014, to make it clear that all ICMS tax incentive and benefits are investment grants and therefore, may not be subject to IRPJ and CSLL, as set forth in article 38, paragraph 2, of Decree Law 1.598/1977and article 30 of Law 12.973/2014.

The Federal Regional courts have issued their decisions relying on the position expressed by the First Section of the Superior Court of Justice – that is, the understanding that said incentives shall not be subject to taxation under Supplementary Law No. 160/2017 has prevailed –, and all accounting requirements for the non-taxation of these amounts, as provided for in article 30 of Law No. 12.973/2014, shall be complied with.

Income tax returns are subject to review by tax authorities for a period of five years as of the income tax return filing date. The Company may be subject to additional collection of taxes, fines and interest as a result of such reviews.

Through June 30, 2022, the economic benefit expected for said lawsuit, adjusted for inflation, is R$ 236,957, as shown below:

Description	Principal (R$)	Selic interest through 06/2022 (R$)	Total at 06/2022
IRPJ tax loss carryforwards	**50,507**	**15,446**	**65,953**
Reduction of IRPJ in subsequent years - tax loss	107,613	-	**107,613**
Total Corporate Income Tax (IRPJ)	**158,120**	**15,446**	**173,566**
CSLL tax loss carryforwards	**18,895**	**5,744**	**24,639**
Reduction of CSLL in subsequent years - negative basis	38,752	-	**38,752**
Total Social Contribution on Net Profit (CSLL)	**57,647**	**5,744**	**63,391**
Grand total	**215,767**	**21,190**	**236,957**

13. Transactions with key management personnel (Executive Board and Board of Directors)

The Company's key management personnel are comprised of the Executive Board and Board of Directors elected at the Board of Directors' meeting. The compensation for services in the respective areas in the years ended June 30, 2022 and 2021, as follows:

Description	2022 Amount (R$)	% - Variance	2021 Amount (R$)
Executive Board	3,033	128.91	1,325
Board of Directors	1,430	(0.28)	1,434
Total	**4,463**		**2,759**

The General Shareholders' Meeting of March 22, 2022 approved the new overall management key personnel compensation.

The 128.91% variance recorded in Executive Board was due to non-recurring expenses incurred on severance costs due to the dismissal of the former chief executive officer in the amount of R$ 498 and, also, to an increase in expenses resulting from the hiring of a commercial director and a chief financial officer.

14. Related parties

Transactions affecting profit or loss

During the year ended June 30, 2022, there were transactions with related parties that affected costs of sales. The transactions that affected profit or loss in the reporting years are as follows:

Movements - assets:

	12/31/2021	Debit	Credit	06/30/2022
Intragroup loans				
Frigol Holding S.A.	1,662	2,825	(205)	4,282
Xingu Agro de Alim. Ltda.	3,730	350	-	4,080
Total	**5,392**	**3,175**	**(205)**	**8,362**

The intragroup borrowing obtained from Frigol Holding S.A. is intended to cover operating expenses that will be offset against future dividends. Regarding Xingu Agroindustrial de Alimentos Ltda., advances were made to cover expenses and will be offset against lease of rural properties.

Movements - liabilities:

	12/31/2021	Debit	Credit	06/30/2022
Suppliers				
Xingu Agro Alimentos Ltda.	(250)	1,500	(1,500)	(250)
Durval G. Oliveira e Outros	(1,317)	11,657	(10,340)	-
Raimundo N. Moraes Silva	-	1,817	(1,817)	-
Lincoln Jesus Sousa Santos	-	164	(164)	-
Total	**(1,567)**	**15,138**	**(13,821)**	**(250)**

The amounts corresponding to suppliers are operational in nature, as described below:

- **a)** Lease contracts relating to the properties located in the State of Pará with Xingu Agroindustrial de Alimentos Ltda., which is an entity belonging to shareholders of the Company; and
- **b)** Durval Gonzaga de Oliveira and Other, Raimundo Nonato de Moraes Silva, and Lincoln de Jesus Sousa Santos are suppliers of animals for slaughtering.

15. Property, plant and equipment

	Land	Machinery, equipment and industrial facilities	Furniture and fixtures	Vehicles and SUVs	Properties and buildings	IT equipment	Aircraft	Leasehold improvements	Other property, plant and equipment	Total
Cost or deemed cost										
Balances at January 1, 2022	**8,006**	**77,536**	**3,424**	**5,152**	**136,517**	**5,490**	**18,622**	**22,934**	**35,540**	**313,221**
Additions	-	1,876	210	2,046	-	434	-	90	11,063	**15,719**
Transfers	-	2,817	24	30	1,028	5	-	(13,014)	9,110	**-**
Sales	-	(3)	(4)	(91)	-	(37)	-		(76)	**(211)**
Balances at June 30, 2022	**8,006**	**82,226**	**3,654**	**7,137**	**137,545**	**5,892**	**18,622**	**10,010**	**55,637**	**328,729**
Depreciation										
Balances at January 1, 2022	**-**	**(41,545)**	**(1,450)**	**(3,400)**	**(7,083)**	**(3,676)**	**(9,311)**	**(9,220)**	**(91)**	**(75,776)**
Depreciation	-	(2,253)	(134)	(245)	(1,580)	(286)	(931)	(35)	(18)	**(5,482)**
Transfers	-	6	(6)	-	(958)	-	-	958	-	**-**
Sales	-	3	2	40	-	31	-	-	-	**76**
Balances at June 30, 2022	**-**	**(43,789)**	**(1,588)**	**(3,605)**	**(9,621)**	**(3,931)**	**(10,242)**	**(8,297)**	**(109)**	**(81,182)**
Carrying amount										
At January 1, 2022	8,006	35,991	1,974	1,752	129,434	1,814	9,311	13,714	35,449	**237,445**
Balances at June 30, 2022	**8,006**	**38,437**	**2,066**	**3,532**	**127,924**	**1,961**	**8,380**	**1,713**	**55,528**	**247,547**

		Machinery, equipment and industrial facilities	Furniture and fixtures	Vehicles and SUVs	Properties and buildings	IT equipment	Aircraft	Leasehold improveme nts	Other property, plant and equipment	Total
Cost or deemed cost										
Balances at January 1, 2021	**7.814**	**74.646**	**2.892**	**3.949**	**130.771**	**4.395**	**18.622**	**23.937**	**21.744**	**288.770**
Additions	192	2.423	582	907	5.746	504	-	8.714	8.629	**27.697**
Transfers	-	781	32	332	-	621	-	(7.476)	5.710	**-**
Sales	-	(314)	(82)	(36)	-	(30)	-	(2.241)	(543)	**(3.246)**
Balances at December 31, 2021	**8.006**	**77.536**	**3.424**	**5.152**	**136.517**	**5.490**	**18.622**	**22.934**	**35.540**	**313.221**
Depreciation										
Balances at January 1, 2021	**-**	**(37.484)**	**(1.285)**	**(2.945)**	**(3.928)**	**(2.981)**	**(7.448)**	**(9.146)**	**(67)**	**(65.284)**
Depreciation	-	(4.135)	(212)	(479)	(3.155)	(726)	(1.863)	(74)	(26)	**(10.670)**
Transfers	-	(16)	10	(3)	-	7	-	-	2	**-**
Sales	-	90	37	27	-	24	-	-	-	**178**
Balances at December 31, 2021	**-**	**(41.545)**	**(1.450)**	**(3.400)**	**(7.083)**	**(3.676)**	**(9.311)**	**(9.220)**	**(91)**	**(75.776)**
Carrying amount										
At January 1, 2021	7.814	37.162	1.607	1.004	126.843	1.414	11.174	14.791	21.677	**223.486**
Balances at December 31, 2021	**8.006**	**35.991**	**1.974**	**1.752**	**129.434**	**1.814**	**9.311**	**13.714**	**35.449**	**237.445**

a) Deemed cost

With the adoption of Technical Pronouncement CPC 27 - Property, plant and equipment and, in conformity with Technical Interpretation ICPC 10 - Interpretation on the Initial Application to Property, Plant and Equipment and Investment Property of Technical Pronouncements CPCs 27, 28, 37 and 43, which describes the treatment to be considered in recording the deemed cost of property, plant and equipment. In 2010, the Company engaged an independent firm to appraise property, plant and equipment. The appraisal compared the market value of the assets to their carrying amounts.

b) Impairment tests

The Company defined that the assets classified in property, plant and equipment represent a single cash-generating unit in the context of its operations. The Company understands that there are no indications of impairment that would require the performance of impairment tests on these assets.

16. Trade payables

	06/30/2022	12/31/2021
Domestic suppliers		
Raw material **(a)**	29,658	108,671
Materials and services	20,976	28,874
Related parties (Note 14)	250	1,567
Total	**50,884**	**139,112**

(a) The decrease in trade payables is mainly due to the payment in installments of cattle purchased at the end of 2021, payable in January and February 2022. Making purchases in installments at the end of a year for payment usually in January of the following year is a commonly used practice in the cattle raising sector.

Aging list of trade payables:

	06/30/2022	12/31/2021
Current	**49,047**	**137,112**
Past due		
Up to 30 days	732	799
From 31 to 90 days	187	138
Over 91 days	918	1,063
Total	**50,884**	**139,112**

17. Advances from customers

	06/30/2022	12/31/2021
Domestic customers	12,558	15,002
Foreign customers	18,576	24,292
Total	**31,134**	**39,294**

The Company has a sales policy whereby advances are made by customers to ensure the production and future supply of goods. For domestic customers, advances are basically used to provide slaughtering byproducts and, for foreign customers, frozen boneless beef. The variance from 2021 to 2022 is chiefly due to the settlement of export contracts and the supply of byproducts in the period.

18. Borrowings and financing and debentures

	Finance charges and interest rate	06/30/2022	12/31/2021
Local currency			
Working capital	CDI fluctuation + 1.71% p.m.	39,990	47,639
Leases	0.68% p.m.	3,468	1,224
Overdraft account/CCE **(a)**	CDI + 0.75% p.m.	83,956	47,424
Nonconvertible debentures - CRA **(b)**	CDI + 5.75% p.a.	100,000	-
Total		**227,414**	**96,287**
Foreign currency			
Advances on Export Contracts (ACC)	Forex US$ + 7.60% p.a.	204,940	113,491
Leases	Forex US$ + 7.2510% p.a.	13,201	14,889
PPE **(c)**	Forex US$ + 6.00% p.a.	25,363	-
PPE - pre-export **(d)**	Libor fluctuation + 3% spread p.a.	16,062	38,845
Total		**259,566**	**167,225**
Total borrowings, financing and debentures		**486,980**	**263,512**
Current		308,303	222,646
Noncurrent		**178,677**	**40,866**

The noncurrent portion matures as follows:

Years	06/30/2022	12/31/2021
2023	37,608	17,225
2024	61,463	15,638
2025	34,800	2,102
2026	27,005	2,102
2027	14,505	2,102
2027 onwards	3,296	1,697
Total	**178,677**	**40,866**

Changes in borrowings, financing and debentures:

	06/30/2022	12/31/2021
Opening balance	**263,512**	**210,639**
Borrowings	820,984	1,949,264
Adjustment for interest and exchange rate changes	10,230	84,893
Payment of interest	(11,383)	(53,120)
Principal repayment	(596,363)	(1,928,164)
Closing balance	**486,980**	**263,512**

(a) The variance in the volume of CDBs issued in 2022 was due to the higher volume of borrowing obtained, mainly from Banco Safra S.A., in the amount of R$ 10,000, with final maturity on March 31, 2025, subject to interest of 3.08% p.a. + CDI, and from Caixa Econômica Federal, in the amount of R$ 40,000, with a grace period of 3 months, payable in 34 installments, and subject to interest of 2.18% p.a. + CDI.

(b) On June 09, 2022, the Board of Directors authorized the 1st issue of simple, non-convertible debentures, for private placement. The total issue amount is R$ 100,000; 100,000 debentures with a unit par value of R$ 1,000.00 each were issued. Debentures were issued as ballast for the issue of a Certificate of Agribusiness Receivables (CRA), a Company's long-term structured transaction in capital markets. Bonds will mature in up to 5 years and return to investors will be CDI + 5.75% per year. The issue was underwritten by Banco Safra.

(c) PPE - Pre-export Payment transaction with Banco Santander (Brasil) S.A., Grand Cayman Branch, in the amount of US$ 4,822, with final maturity on May 23, 2024, subject to interest of 6% p.a. + CDI.

(d) As of June 30, 2022, the PPE debt amounts to R$ 16,062 and is collateralized by the following:

- **Mortgage and commercial pledge:** consecutive annual payments will be made until the debt is fully settled in 2024, subject to 12-month LIBOR for the debt in US dollars and to TR (benchmark rate) plus interest of 3% p.a. for balances in reais;

- **Guarantees:** mortgage of the meatpacking plant located at Rua Dr. Gabriel de Oliveira Rocha, 704, Vila Mamedina, in the city of Lençóis Paulista/SP, collateralize the borrowings and financing relating to Pre-export Payment (PPE) contracts.

19. Lease liability and right-of-use assets

CPC 06 (R2) introduced a single model to account for leases in the lessees' financial information. As a result, the Company, as a lessee, recognizes right-of-use assets that represent its rights to use the leased assets and lease liabilities that represents its obligation to make lease payments.

Under CPC 06 (R2), the Company recognizes right-of-use assets and lease liabilities for most of the leases - that is, these leases are recorded in the statement of financial position.

The Company has operating lease contracts with related parties. The contracts effective as of June 30, 2022 are as follows:

- Operating lease contract with Xingu Agroindustrial de Alimentos Ltda., effective through May 1, 2027, relating to farm Maguari, in the city of São Felix do Xingu - PA. The total present value of minimum future payments over the lease term is R$ 5,364;
- Operating lease contract with Xingu Agroindustrial de Alimentos Ltda., effective through October 2, 2027, relating to farm Água Boa, in the city of São Felix do Xingu - PA.
  The total present value of minimum future payments over the lease term is R$ 5,952; and
- Operating lease contract with Xingu Agroindustrial de Alimentos Ltda., effective through April 30, 2024, relating to farm São Félix do Xingu, in the city of São Felix do Xingu - PA.
  The total present value of minimum future payments over the lease term is R$ 1,106;

Also, for such lease contracts, as required by CPC 06 (R2), the Company recognized depreciation and interest expenses, rather than recording operating lease expenses.

Changes in right of use during the year ended June 30, 2022 were as follows:

	06/30/2022	**12/31/2021**
Opening balances	**13,775**	**15,004**
Addition - new contracts	-	1,760
Inflation adjustment - contracts	-	7,287
Write-off	-	(6,756)
Amortization	(1,524)	(3,520)
Closing balances	**12,251**	**13,775**

Changes in lease liability during the year ended June 30, 2022 were as follows:

	06/30/2022	12/31/2021
Opening balances	**13,951**	**19,315**
Adjustment to present value	332	8,002
Payment of principal	(1,861)	(5,364)
Write-off	-	(9,762)
Addition - new contracts	-	1,760
Closing balances	**12,422**	**13,951**
Current	2,035	2,664
Noncurrent	**10,387**	**11,287**

The leases of rural properties are in line with the Company´s strategy to allow the production of own and third parties' cattle (fattening for third parties), with better classification for exports and finishing focused on foreign market lines.

The leased properties are located in the city of São Félix do Xingu/PA and are intended for the semi-confinement of cattle for slaughtering.

20. Payroll and related taxes

	06/30/2022	12/31/2021
Salaries **(a)**	6,700	5,387
Payroll taxes - FGTS and INSS **(a)**	7,744	5,765
Accrued vacation pay, 13^{th} salary and related charges **(a)**	17,276	10,067
Accrued profit sharing and variable compensation plan **(b)**	12,246	2,643
Other wages and charges **(c)**	618	852
Total	**44,584**	**24,714**

(a) The Company has been restructuring its departmental structure based on best governance practices and, in 2022, expanded its staff by hiring new executive officers and other professionals in strategic roles. Another important factor for the variance were the collective bargaining agreements which impacted salaries, payroll taxes, and accruals by 10% in the State of Pará and 12.4% in the State of São Paulo. In 2022, the Company recognized a provision for social security contribution relating to the suspension of the "S" system payment, whose maximum limit is 20 minimum wages, as set forth in the temporary injunction;

(b) In 2022, there was as addition to the accrued profit sharing and variable compensation due to the achievement of a better performance in the first half of 2002 compared to that reached in December 2021, resulting in an increase in balances as shown above;

(c) The variance is attributable to compensations paid under labor lawsuits, which recorded a decrease compared to December 31, 2021.

21. Taxes and contributions payable

The table below shows the breakdown of taxes and contributions:

	06/30/2022	12/31/2021
State VAT (ICMS) **(a)**	1,254	2,003
ICMS in installments **(b)**	185	212
Taxes in installments - Law 12.996/14 **(c)**	10,342	10,830
Taxes in installments - Pert Program - Law 13.496/17 **(d)**	7,234	7,402
Income tax and social contribution in installments **(e)**	2,431	3,166
Rural Production Contribution **(f)**	1,418	1,476
Withholding income tax on interest on capital **(g)**	-	1,107
Other taxes and fees **(h)**	1,434	1,112
Total	**24,298**	**27,308**
Current	6,890	9,116
Noncurrent	**17,408**	**18,192**

(a) ICMS balances payable refer to sales of goods and the difference between tax rates in purchases of consumables originating from other States.

(b) In November 2020, the Company filed a request to pay the ICMS (No. 7215510001165) debt due by the Água Azul do Norte/PA branch in 60 installments.

(c) On November 27, 2009, the Company joined the federal tax debt refinancing program (“Refis”) launched by Law 11.941, of May 27, 2009, and was granted a reduction in interest, fines and legal charges.

In 2014, as Refis was re-launched by Law 12.996, of June 18, 2014, the Company joined the Program to refinance:

- Other debts with the Federal Revenue Service (RFB);
- Other debts with the National Treasury Attorney General (PGFN);
- Social security debts with the Federal Revenue Service (RFB; and
- Social security debts with the National Treasury Attorney General (PGFN).

The consolidation of the tax debt refinancing in installments was regulated by Joint Ordinances PGFN/RFB Nos. 13/2014 and 550/2016 and was divided into two stages, the first one covered “Other debts” and the second, “Social security debts”.

Summarized below is the status of the consolidated debt by nature:

(c.1) Other debts with the Federal Revenue Service (RFB) - Refis

The debt consolidation was made on September 22, 2015. Part of the debts payable in installments was not available on e-CAC system when the debt was consolidated. Thus, on September 25, 2015, we filed a request for revision of the consolidation so that the remaining debts are included.

The request for revision was made under Administrative Proceeding No. 18186.720802/2016-40, which, on August 19, 2016, was authorized by the Federal Revenue Service Tax Administration Department of São Paulo State (Derat).

The debt consolidation will be made manually by RFB’s staff responsible for the tax debt refinancing program. Until this occurs, the related debts will remain suspended as supported by a representation.

(c.2) Other debts with the National Treasury Attorney General (PGFN) - Refis

The debt consolidation was fully made on e-CAC system on September 22, 2015.

On September 10, 2016, we filed a request for revision of the consolidation of 'Other debts with the National Treasury Attorney General (PGFN) - Refis' subject to Proceeding No. 10880.735919/2011-74. We requested the recognition that the collection of the underlying tax debts is time barred and, hence, the removal of the Proceeding from the tax debt refinancing program under Law 11.941/2009 (re-launched by Law 12.996/2014).

(c.3) Social security debts with the Federal Revenue Service (RFB) - Refis

The debt consolidation was made on July 25, 2016. However, the social security debt relating to the 13th salary/2013 payable in installments by the Company was not available on e-CAC system when the debt was consolidated. Thus, on July 28, 2016, we filed a request for revision of the consolidation so that said debt is included.

The request for revision was made under Administrative Proceeding No. 13986.720080/2016-94.

On August 01, 2016, Letter No. 053/2016 was issued by Derat-SP authorizing the inclusion of the 13th salary/2013 debt in the tax debt refinancing which was consolidated under DEBCAD No. 12.908.278-3.

(c.4) Social security debts with National Treasury Attorney General (PGFN) - Refis

The consolidation was fully made on e-CAC system on July 25, 2016, without any restrictions. Below is the statement of Refis debts by nature as of June 30, 2022.

Statement of taxes in installments under Refis program (in reais):

Description	**Other debts - RFB**	**Other debts - PGFN**	**Social security debts - RFB**	**Social security debts - PGFN**	**Total (R$)**
Debt adjusted for inflation	7,320,783	11,735,064	4,484,921	9,781,576	**33,322,344**
(-) Reductions for payment in up to 180 installments	(1,110,883)	(3,539,431)	(516,461)	(2,740,140)	**(7,906,915)**
(=) Debt after reductions	**6,209,900**	**8,195,633**	**3,968,460**	**7,041,436**	**25,415,429**
(-) Amortization before consolidation	(813,637)	(2,071,309)	(777,318)	(2,058,129)	**(5,720,393)**
(-) Use of PF and BCN of social contribution	(1,403,854)	(3,801,357)	(583,062)	(1,895,973)	**(7,684,246)**
(=) Balances	**3,992,409**	**2,322,967**	**2,608,080**	**3,087,334**	**12,010,790**
(+) Interest accrued through 06/2022	1,620,260	2,256,493	811,962	1,200,672	**5,901,839**
(-) Amortization after consolidation	(2,235,426)	(1,715,872)	(1,482,043)	(2,124,845)	**(7,337,666)**
Balances at 06/30/2022	**3,377,243**	**2,863,588**	**1,937,999**	**2,163,161**	**10,341,991**

(d) On December 03, 2015, the Company filed a request for paying social security debts with the Federal Revenue Service in 60 installments, which was approved on December 10, 2015, under Proceeding No. 13804.726065/2015-60.

On September 27, 2017, the Company dropped the tax debt refinancing program which is the subject of article 10 of Law 10.522, of July 19, 2002 - social security debts under Proceeding No. 61.478.020-9 and joined the Special Tax Regularization Program ("Pert") to pay its social security debt in 145 installments, in the original amount of R$ 62,863, as shown below:

Statement of taxes in installments and payments - Pert (in reais)

Description	Principal	Interest	Late payment fine	Total (R$)
Total debt	**8,274,425**	**2,465,360**	**1,654,885**	**12,394,670**
Down payment (5%)	(413,721)	(123,268)	(82,744)	**(619,733)**
Debt balances	**7,860,704**	**2,342,092**	**1,572,141**	**11,774,937**
Discounts	-	80%	50%	**-**
Discounts (R$)	-	(1,873,674)	(786,071)	**(2,659,745)**
Debt after discounts	7,860,703	468,418	786,071	**9,115,192**
Interest at Selic through 06/30/2022	-	-	-	**2,009,446**
Monthly installments paid through 06/2022 (53/145)	-	-	-	**(3,891,069)**
Debt balances at 06/30/2022	**-**	**-**	**-**	**7,233,569**

(e) On October 15, 2020, the Company filed a request for paying its debt with PGFN in up to 60 installments, with a total reduction of 45%, as supported by Tax Debt Negotiation Receipt No. 00191000201513101318 and Taxes in Installments Schedule No. 003.764.954 - Other debts, under Law 13.988, of April 14, 2020, PGFN Ordinance No. 14.402, of June 16, 2020, Art. 9, Item II, Letter B. Below is the statement of taxes in installments and payments.

Statement of taxes in installments and payments - Law 13.988/2020 (in reais)

Description	Principal	Interest/Fine	Fees	Total (R$)
Debt amount	**1,609,223**	**3,889,135**	**549,835**	**6,048,193**
Benefits granted	-	(3,008,986)	(323,767)	**(3,332,753)**
Debt balances	**1,609,223**	**880,149**	**226,068**	**2,715,440**
Monthly installments - 01 to 12	-	-	-	**19,237**
Monthly installments - 13 to 60	-	-	-	**36,935**
Interest at Selic through 06/30/2022	-	-	-	**238,749**
Monthly installments paid through 06/2022 (18/60)	-	-	-	**(522,866)**
Debt balances at 06/30/2022	**-**	**-**	**-**	**2,431,323**

(f) The Rural Production Contribution arises from purchases of raw materials (beef and pork). The tax is withheld on the slaughtering date and paid or offset against PIS and Cofins credits under a Request for Tax Offset (PerdComp) filed with the Federal Revenue Service.

(g) The withholding income tax (IRRF) amount was accrued at a rate of 15% on the accrued interest on capital and was settled in January 2022 (Note 23).

(h) Refers to taxes and contributions withheld on purchases of services and labor (IRRF, PIS, Cofins, and CSLL and INSS), as well as IRRF withheld on payroll.

22. Indemnities payable - civil lawsuits

The Company was a party to a lawsuit involving the amount R$ 12,563, collected by a financial institution due to the write-off of an advance on a foreign exchange contract. On June 5, 2018, under Lawsuit 1010005-46.2014.8.26.0011, a court settlement was made at the 3rd Civil Court of São Paulo in the amount of R$ 15,832, payable in in120 installments and subject to interest of 6% p.a. plus the benchmark rate (TR). In the period ended June 30, 2022, the balance reported in the financial information is as follows:

	06/30/2022	**12/31/2021**
Current	1,334	1,682
Noncurrent	6,557	7,307
Total	**7,891**	**8,989**

23. Interest on equity

In December, an accrual for interest of capital was recognized in the amount of R$ 6,273. In 2022, the amount of R$ 3,560 was paid; the remaining balance of R$ 2,713 will be distributed on June 30, 2022.

24. Provision for risks

The Company is a party to civil, labor and tax lawsuits arising in the normal course of business. The Company classifies potential loss on lawsuits as "probable," "possible" or "remote." The amount of the provision for risks is determined by the Company's Management based on an assessment of its legal counsel and reasonably reflects the estimated probable loss.

The Company's Management believes that the provision for tax, civil and labor risks, recorded under technical pronouncement CPC 25 - Contingent assets and liabilities, is sufficient to cover potential losses arising from lawsuits and administrative proceeding, as shown below.

As of June 30, 2022, the provision for risks in the amount of R$ 4,745 (as of December 31, 2021, R$ 4,836), refers to the following:

	06/30/2022	**12/31/2021**
Labor **(a)**	4,040	4,119
Tax **(b)**	505	505
Civil **(c)**	200	212
Total	**4,745**	**4,836**

(a) **Labor lawsuits:** As of June 30, 2022, the Company was a defendant to labor lawsuits. Conservatively, and based on past experience, the Company recorded a provision for labor risks when it received the related judicial notifications before lawsuits are judged. Accordingly, the Company's Management and its legal counsel understand that the provision of R$ 4,040 is sufficient to cover potential losses arising from the pending litigation. Labor lawsuits primarily claim overtime, salary equalization, time being at the employer's disposal, hazardous duty premium, non-recognition of termination with cause, and for certain workers' accident compensations. Despite the varying nature of the claims, the Company's Management understands that none of the labor lawsuits to which it is a defendant deserves to be discussed individually.

(b) Tax lawsuits: In 2021, the Company recorded a provision for potential losses on “tax war” disputes with the State Finance Department of São Paulo, the National Infrastructure and Transportation Department, Sesi, and Senai, as shown below:

No.	Plaintiff	Detailed subject	Proceeding No.	Amount (R$ thousand)
1	State Finance Dept. SP	ICMS Tax War	0003662-73.2009.8.26.0319	417
2	DNIT	Tax execution – fines - weight	1000609-22.2020.4.01.3905	12
3	DNIT	Tax execution - fines - weight	0001836-98.2019.4.01.3905	4
4	DNIT	Tax execution - fines - weight	1003100-02.2020.4.01.3905	2
5	DNIT	Tax execution - fines - weight	1002579-57.2020.4.01.3905	38
6	Sesi	Social contributions to Sesi	1028566-35.2020.8.26.0100	12
7	Senai	Social contributions to Senai	1027249-02.2020.8.26.0100	20
Total				**505**

(c) Civil lawsuits: as of the same date, the Company was a defendant to civil lawsuits and, according to Management and the legal counsel, a provision of R$ 200 is sufficient to cover potential loss arising from such lawsuits.

The civil lawsuits the Company is a defendant involve consumer complaints, sundry compensations, disputes on contractual clauses, among others, not deserving to be discussed individually.

As of June 30, 2022, the Company has judicial deposits in the amount of R$ 3,133 (as at December 31, 2021 - R$ 2,743).

	06/30/2022	12/31/2021
Labor	1,363	972
Tax	537	537
Civil	1,233	1,234
Total	**3,133**	**2,743**

25. Equity

i) Share capital

As of June 30, 2022, subscribed paid-in capital is R$ 126,935, represented by 118,304,341 common shares (as of December 31, 2021, the same share capital and number of shares).

ii) Legal reserve

The legal reserve account was recognized at 5% of profit for the period, under art.193 of Law No. 6.404/1976, up to a maximum of 20% of share capital. In the year when the balance of the legal reserve, plus the amounts of capital reserves referred to in paragraph 1 of article 182 of Law No. 6.404/76 exceeds 30% of share capital, allocating a portion of the profit for the year to the legal reserve will not be mandatory.

iii) Revaluation reserve

A revaluation reserve is recognized due to appraisals of property, plant and equipment prior to December 31, 2007.

The revaluation reserve has been realized through depreciation, write-off or recognition of an impairment allowance for the revalued assets against retained earnings or accumulated losses, net of taxes.

iv) Valuation adjustment to equity

Valuation adjustments to equity include adjustments arising on the adoption of deemed cost of property, plant and equipment on the date of transition. The amounts recognized in valuation adjustments to equity are partially or fully reclassified to profit or loss for the year when the underlying assets are sold, depreciated and written off.

Tax incentive reserve

The tax incentive reserve is comprised of grants for investments granted by state governments as ICMS credits deemed and/or granted as an incentive for the implementation or expansion of economic projects, under Section II of Chapter XVI, article 195-A of Law 6.404/1976.

26. Net operating revenue

	%	**2nd quarter 2022**	**%**	**YTD - 2022**	**2nd quarter 2021**	**YTD - 2021**
Domestic customers **(a)**	5.1	437,572	8.9	933,525	416,371	857,261
Foreign customers **(b)**	43.6	532,321	72.8	1,082,428	370,666	626,362
Tax gross revenue	**23.2**	**969,893**	**35.9**	**2,015,953**	**787,037**	**1,483,623**
(-) Taxes on sales	4.1	(26,237)	1.7	(54,180)	(25,212)	(53,260)
(-) Returns and rebates **(c)**	260.0	(50,881)	220.0	(76,383)	(14,055)	(23,852)
Net revenue	**19.4**	**892,775**	**34.0**	**1,885,390**	**747,770**	**1,406,511**

(a) For the domestic market, sales stood stable;

(b) The variance in revenue mainly in the foreign market is due to the sales made to China, which were significantly higher than those made in the previous quarter;

(c) Returns - In the second quarter of 2022, indicators reached levels above the historical average. However, returns were only related to the reprocessing of certain containers for export, which generated a return and a new billing by completion of the process, not representing a loss for the Company.

27. Costs and expenses

Costs and expenses by nature, and their variations, classified by function are as follows:

	2nd quarter 2022	% NOR	Year to Date 2022	% ROL	2nd quarter 2021	% NOR	Year to Date 2021	% NOR
Cost of sales **(a)**	(720,804)	(80.7%)	(1,546,99)	(82.1%)	(655,845)	(87.7%)	(1,280,584)	(91.0%)
Administrative expenses **(b)**	(25,049)	(2.8%)	(44,824)	(2.4%)	(15,271)	(2.0%)	(30,512)	(2.2%)
Commercial/sales **(c)**	(68,637)	(7.7%)	(125,740)	(6.7%)	(30,580)	(4.1%)	(63,707)	(4.5%)
Total	**(814,490)**	**(91.2%)**	**(1,717,543)**	**(91.1%)**	**(701,696)**	**(93.8%)**	**(1,374,803)**	**(97.7%)**
Other expenses **(d)**	(238)	0.0%	(554)	0.0%	(395)	(0.1%)	(1,168)	(0.1%)
Other revenues **(e)**	2,929	0.3%	3,403	0.2%	13,843	1.9%	14,009	1.0%
Total	**2,691**	**0.3%**	**2,849**	**0.2%**	**13,448**	**1.8%**	**12,841**	**0.9%**

(a) The year-to-date 2022 cost of sales increased in notional terms in relation to the same period of 2021, although cost of sales as a percentage of net revenue has decreased (8.9) percentage points. The main reasons for that were: **(i)** the volume of slaughtered cattle increased from 216 thousand head in YTD 2021 to 239 thousand head in YTD 2022; **(ii)** variance in the cost of arroba of cattle; in 2022, arroba reached an average of R$ 312.9, above the R$ 300.20 average reached in 2021; **(iii)** correction of costs of inputs and direct labor based on the changes in inflation of 11.92%; **(iv)** freight cost on transportation of cattle, whose variance was 44.1% per arroba of slaughtered cattle, mainly due to recurring increases in diesel price; **(v)** in addition to costs on salaries, which were adjusted based on INPC in the first and second quarters of 2022, which reached 12.47%.

(b) In 2022, we continued to diligently monitor expenditures and were successful in reaching a balance in the administrative expenses to net revenue relation by 2.4% compared to the same period of 2021, which was 2.2%. The main variances in the period from 2021 to 2022 are due an increase in the accrual for profit sharing and variable compensation by R$ 12.3 million due to the positive performance and achievement of goals in the period, which exceeded the levels posted in the same period of the previous period, and, also, an adjustment to administrative salaries based on the INPC accumulated through May 2022, in the amount of R$ 1.3 million.

(c) The increase in selling expenses was due to variable expenses relating to freight and commissions, which followed the 34% increase in net revenue compared to the previous period. Another important factor was the pressure of costs on freight, which increased due to recurring rises in oil price in the period. Other significant variances in the period from 2021 to 2022 are due an increase in the accrual for profit sharing and variable compensation due to the positive performance posted in the period, which exceeded the levels posted in the same period of the previous period, and, also, an adjustment to administrative salaries based on the INPC accumulated through May 2022.

(d) The variance in other expenses in YTD 2021 compared to the same YTD 2022 arises from a change in the criteria used to post entries of the cost to acquire free energy;

(e) The variance in other revenue for YTD 2021 compared to YTD 2022 is due to tax credits arising from the exclusion of ICMS from PIS and Cofins calculation basis recognized in the second quarter of 2021, and also include reversal of contingencies.

28. Finance income (costs)

	2nd Quarter 2022	YTD - 2022	2nd Quarter 2021	YTD - 2021
Finance income				
Income from short-term investments	467	693	70	119
Discounts obtained	244	687	608	1,146
Gain on derivatives transactions **(c)**	8,767	8,767	-	-
Interest on PIS/Cofins tax refund	-	-	8,346	8,346
Interest on inflation adjustment - IGP-M **(d)**	1,730	1,730	-	-
Interest received	264	820	150	438
Subtotal	**11,472**	**12,697**	**9,174**	**10,049**
Finance costs (a)				
Interest on financing	(5,936)	(14,965)	(7,060)	(13,657)
Interest on foreign exchange contracts	(6,419)	(9,334)	(4,474)	(7,525)
Loss on BM&F investments	-	-	-	(38)
Discounts granted	(1,882)	(4,638)	(7,097)	(9,748)
Other	(1,102)	(1,831)	(774)	(1,376)
Subtotal	**(15,339)**	**(30,768)**	**(19,405)**	**(32,344)**
Exchange rate changes, net (b)				
Exchange gain	47,338	95,066	26,324	35,172
Exchange loss	(58,026)	(89,158)	(13,329)	(31,898)
Subtotal	**(10,688)**	**5,908**	**12,995**	**3,274**
Finance income (costs), net	**(14,555)**	**(12,163)**	**2,764**	**(19,021)**

(a) Finance costs in the period ended in 2022 achieved reached 1.63% in relation to net operating revenue against 2.30% in 2021, although CDI increased from 4.15% in June 2021 to 13.15% in June 2022, showing a continuous improvement in the ratio of debt which has become less onerous, thus, preserving the Company's results.

(b) The exchange rate change is due to appreciation of the dollar against real and an increase in debt in dollars, mainly in Advance on Foreign Exchange Contracts ("ACCs"), the Company's main source of working capital to finance production intended for export.

(c) Hedge of liabilities, a gain relating to the protection of real against fluctuations in the dollar exchange rate.

(d) Inflation adjustment based on IGP-M arising from an arbitration procedure relating to Proceeding No. 1020446.75.2022.8.26.0506, whose decision was favorable to Frigol against Kyon OS Trader Energia S.A.

29. Classification of assets and liabilities at fair value at amortized cost

All transactions with financial instruments are recognized in the Company's financial information as shown in the tables below:

	Notes	Fair value through profit or loss 06/30/2022	Amortized cost 06/30/2022
Assets			
Cash and cash equivalents	6	214,980	-
Other investments	7	-	48
Trade receivables	8	-	202,035
Advances to suppliers	-	-	8,175
Related parties	13	-	8,362
Other	-	-	30,344
Liabilities			
Trade payables	15	-	(50,634)
Suppliers - related parties	15	-	(250)
Advances from customers	16	-	(31,134)
Other payables	-	-	(20,066)
Indemnities payable	21	-	(7,891)
Interest on capital	22	-	(2,713)
Borrowings and financing	17	-	(486,980)
Total		**214,980**	**(350,704)**

	Notes	Fair value through profit or loss 12/31/2021	Amortized cost 12/31/2021
Assets			
Cash and cash equivalents	6	96,956	-
Other investments	7	-	48
Trade receivables	8	-	133,405
Advances to suppliers	-	-	7,088
Related parties	13		5,392
Other	-	-	14,106
Liabilities			
Trade payables	15	-	(137,545)
Suppliers - related parties	15	-	(1,567)
Advances from customers	16	-	(39,294)
Other payables	-	-	(3,271)
Indemnities payable	21	-	(8,989)
Dividends payable	24	-	(6,273)
Borrowings and financing	17	-	(263,512)
Total		**96,956**	**(300,412)**

Fair value through profit or loss

Short-term investments are adjusted at effective rate, have a short-term maturity, are contracted with prime financial institutions, and their value on recognition approximates the fair value.

Recognized at amortized cost

Amounts receivable and other receivables are classified as amortized cost; trade receivables are short term and already net of expected losses recognized in profit or loss. The carrying amount of borrowings and financing are accounted for at the effective interest rates.

Fair value hierarchy

The table below shows the financial instruments stated at fair value under a valuation technique. The different levels are as follows:

- **Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** - Inputs, except for quoted prices, included in Level 1, that are observable for the asset or liability, directly (prices) or indirectly (derived from prices).
- **Level** 3 - Assumptions, considered for assets or liabilities, not based on observable market data (non-observable inputs).

		2022		
	Notes	**Level 1**	**Level 2**	**Level 3**
Assets				
Cash and cash equivalents	6	214,980	-	-
Other investments	7	-	48	-
Total		**214,980**	**48**	**-**

		2021		
Assets	**Notes**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	6	96,956	-	-
Other investments	7	-	48	**-**
Total		**96,956**	**48**	**-**

Credit risk

The carrying amounts of financial assets represent the maximum credit exposure. The maximum credit risk exposure at the reporting date is as follows:

	Notes	**06/30/2022**	**12/31/2021**
Assets			
Cash and cash equivalents	6	214,980	96,956
Other investments	7	48	48
Trade receivables	8	202,035	133,405
Advances to suppliers	-	8,175	7,088
Other		30,344	14,106
Total		**455,582**	**251,603**

Liquidity risk

The table below shows the contractual maturities of financial liabilities, including accrued interest payments and excluding the impact of currency trading arrangements at their net amount.

Cash flows arising from the maturity of financial liabilities are not expected to have significant fluctuations in relation to those shown below:

	06/30/2022				
	Carrying amount	**Less than 01 year**	**01-02 years**	**02-05 years**	**More than 05 years**
Financial liabilities					
Borrowings and financing	(486,980)	(308,303)	(121,396)	(54,299)	(2,982)
Trade payables	(50,884)	(50,884)	-	-	-
Other	(20,066)	(18,340)	(825)	(550)	(351)

	12/31/2021				
	Carrying amount	**Less than 01 year**	**01-02 years**	**02-05 years**	**More than 05 years**
Borrowings and financing					
Trade payables	(263,512)	(222,646)	(16,645)	(19,842)	(4,379)
Other	(139,112)	(139,112)	-	-	-
Borrowings and financing	(3,271)	(1,463)	(535)	(804)	(469)

Interest rate risk

The Executive Board understands that the Company's exposure to interest risk as at June 30, 2022 and December 31, 2021, as shown below, is in accordance with its financial risk management policy. The profile of the Company's financial instruments subject to floating interest was the following:

	Carrying amount	
	06/30/2022	**12/31/2021**
Instruments at floating rates		
Financial assets		
Cash and cash equivalents:		
Yielding the CDI rate	41,547	57,987
Total	**41,547**	**57,987**
Financial liabilities		
Borrowings and financing:		
Subject to the benchmark rate (TR)	-	(653)
Subject to the CDI rate	(223,946)	(47,424)
Subject to Libor	(16,062)	(38,845)
Total	**(240,008)**	**(86,922)**
Net exposure of assets and liabilities	**(198,461)**	**(28,935)**

Sensitivity analysis of financial assets and financial liabilities

As required by technical pronouncement CPC 40 (R1), the Company presents the sensitivity analysis of its risk positions as of June 30, 2022.

Such analysis considers Management´s expectation of the internal and external macroeconomic scenario.

To provide information on the market risks the Company is exposed as of June 30, 2022, three scenarios are considered: the probable scenario is the fair value as of June 30, 2022 plus a 10% decrease and the possible and remote scenarios consider, respectively, a decrease of 25% and 50% of the risk variable considered.

The Company’s financial instruments related to significant risks are represented by cash and cash equivalents, trade receivables, and borrowings and financing, and are stated at cost, plus income earned or charges incurred, which as of June 30, 2022 approximate their fair values.

The main risks arising from the Company’s operations are pegged to the variation of the CDI, to dollar and Libor for borrowings and financing, and to CDI, for short-term investments.

Interest rate sensitivity analysis

Interest rate risk is the risk that the Company will have economic losses due to adverse changes in interest rates, which may be caused by factors related to economic crises and/or changes in the monetary policy both in the local and foreign markets. Such exposure mainly refers to changes in the interest rates prevailing in the market that affect the Company’s assets and liabilities indexed by the Libor rate and CDI, in addition to transactions with fixed positions in relation to one of the abovementioned indices which may cause unrealized losses and/or realized loss originated from the determination of the fair value prevailing in the market (Mark to Market).

Debt is pegged to Libor, TR, CDI, and fixed coupon (“BRL and USD”). If adverse changes occur in the market that result in a rise in Libor, TR or CDI, the floating debt cost will increase and, on the other hand, the fixed debt cost will decrease in relative terms.

For the Company’s short-term investments, the main index is the CDI for transactions in the local market and fixed coupon (“USD”) for transactions in the foreign market. If the CDI rate increases, results will be favorable; otherwise, they will be negative.

The table below summarizes the changes in interest rates and impacts for the Company:

	Fixed interest risk		
Rate	**Exposure**	**Variation**	**Impact**
CDI	Short-term investments	+	-
CDI	Short-term investments	-	+
CDI	Obligations	+	+
CDI	Obligations	-	-
Libor/Coupon USD	Obligations	+	+
Libor/Coupon USD	Obligations	-	-

	Fixed interest risk		
Rate	**Exposure**	**Variation**	**Impact**
CDI	Short-term investments	+	+
CDI	Short-term investments	-	-
CDI	Obligations	+	-
CDI	Obligations	-	+
Libor/Cupom USD	Obligations	+	-
Libor/Cupom USD	Obligations	-	+

Currency risk

The main exposures to currency risks are as follows:

	USD		R$	
	06/30/2022	**12/31/2021**	**06/30/2022**	**12/31/2021**
Operational				
Cash and cash equivalents	342	116	1,794	648
Trade receivables	19,497	13,653	102,123	76,191
Subtotal	**19,839**	**13,769**	**103,917**	**76,839**
Financial				
Advances from customers	(3,546)	(4,353)	(18,576	(24,292)
Borrowings and financing	(35,190)	(29,966)	(184,324)	(167,224)
Subtotal	**(38,736)**	**(34,319)**	**(202,90(**	**(191,516)**
Total exposure	**(18,897)**	**(20,550)**	**(98,983)**	**(114,677)**
Derivatives (notional value)				
Non deliverable forwards (NDF's) Sales	(43,700)	(15,500)	(217,908)	(86,497)
Non deliverable forwards (NDF's) Purchases	9,444	-	47,239	-
Derivatives Zero Cost transactions	-	(3,500)	-	(19,532)
Total derivatives	**(39,256)**	**(19,000)**	**(170,669)**	**(106,029)**
Net exposure	**(53,153)**	**(39,550)**	**(269,652)**	**(220,706)**

The Company has derivatives to hedge against currency risk arising from trade receivables (sales to foreign customers). The financial instrument contracted by the Company are Non-Deliverable Forwards (NDF) and Zero Cost transactions.

Also, in the second quarter of 2022, the Company contracted Non-Deliverable Forwards (NDF) to hedge against currency risk arising from its debt in dollars (purchases) with a view to partly mitigate possible fluctuations in the exchange rate.

All derivatives used as hedging instruments are listed in the table below, which includes information on the type of instrument, issuer, date of start, maturity and benchmark amounts in dollars and reais.

Instrument	Institution	Position	Maturity date	06/30/2022 Amount in (USD) thousand	06/30/2022 Amount in (R$) thousand	06/30/2022 Gain (loss) R$ (thousand)
NDF	Banco Bradesco S.A.	Sale	07/25/2022	(1,000)	(5,248)	(11)
NDF	Banco Bradesco S.A.	Sale	07/28/2022	(1,000)	(5,219)	(45)
NDF	Banco Bradesco S.A.	Sale	07/29/2022	(4,700)	(24,111)	(629)
NDF	Banco Bradesco S.A.	Purchase	08/26/2022	1,000	4,899	399
NDF	Banco Bradesco S.A.	Sale	08/29/2022	(2,000)	(10,028)	(577)
NDF	Banco Bradesco S.A.	Sale	08/30/2022	(1,000)	(5,078)	(227)
NDF	Banco Bradesco S.A.	Sale	08/31/2022	(2,000)	(10,585)	(38)
NDF	Banco Bradesco S.A.	Purchase	09/23/2022	2,000	9,874	791
NDF	Banco Bradesco S.A.	Sale	09/27/2022	(1,000)	(4,928)	(408)
NDF	Banco Bradesco S.A.	Sale	09/29/2022	(1,000)	(4,941)	(399)
NDF	Banco Bradesco S.A.	Sale	09/30/2022	(2,000)	(9,993)	(694)
NDF	Banco Bradesco S.A.	Purchase	10/11/2022	795	3,988	271
NDF	Banco Bradesco S.A.	Purchase	10/18/2022	3,146	15,804	1,066
NDF	Banco Bradesco S.A.	Purchase	11/18/2022	2,503	12,674	845
Subtotal				**(6,256)**	**(32,892)**	**344**
NDF	Banco Pine S.A.	Sale	07/18/2022	(1,000)	((5,291)	41
NDF	Banco Pine S.A.	Sale	07/25/2022	(2,000)	(9,790)	(724)
NDF	Banco Pine S.A.	Sale	09/28/2022	(1,000)	(4,942)	(400)
Subtotal				**(4,000)**	**(20,023)**	**(1,083)**
NDF	Banco Daycoval S.A.	Sale	08/15/2022	(2,500)	(12,100)	(1,105)
NDF	Banco Daycoval S.A.	Sale	08/22/2022	(2,500)	(12,112)	(1,434)
Subtotal				**(5,000)**	**(24,212)**	**(2,539)**
NDF	Banco BTG Pactual S.A.	Sale	07/28/2022	(1,000)	(4,966)	(295)
NDF	Banco BTG Pactual S.A.	Sale	07/29/2022	(1,000)	(4,915)	(347)
NDF	Banco BTG Pactual S.A.	Sale	08/11/2022	(350)	(1,814)	(36)
NDF	Banco BTG Pactual S.A.	Sale	08/15/2022	(9,100)	(43,689)	(4,371)
NDF	Banco BTG Pactual S.A.	Sale	08/18/2022	(350)	(1,816)	(37)
NDF	Banco BTG Pactual S.A.	Sale	08/25/2022	(1,350)	(6,825)	(332)
NDF	Banco BTG Pactual S.A.	Sale	08/31/2022	(3,500)	(17,906)	(679)
NDF	Banco BTG Pactual S.A.	Sale	09/01/2022	(350)	(1,823)	(37)
NDF	Banco BTG Pactual S.A.	Sale	09/28/2022	(1,000)	(4,886)	(452)
NDF	Banco BTG Pactual S.A.	Sale	09/30/2022	(1,000)	(4,902)	(441)
Subtotal				**(19,000)**	**(93,542)**	**(7,027)**
Total				**(34,256)**	**(170,669)**	**(10,305)**

Instrument	Institution	Maturity date	12/31/2021 Amount in (USD) thousand	12/31/2021 Amount in (R$) thousand	12/31/2021 Gain (loss) R$ (thousand)
NDF	Banco Daycoval S.A.	02/01/2021	(3,000)	(16,742)	247
Subtotal			**(3,000)**	**(16,742)**	**247**
NDF	Banco BTG Pactual S.A.	01/03/2022	(3,500)	(19,531)	(26)
NDF	Banco BTG Pactual S.A.	01/03/2022	(3,500)	(19,531)	21
NDF	Banco BTG Pactual S.A.	01/17/2022	(3,000)	(16,742)	205
NDF	Banco BTG Pactual S.A.	02/01/2022	(3,000)	(16,741)	179
NDF	Banco BTG Pactual S.A.	02/15/2022	(3,000)	(16,741)	155
Subtotal			**(16,000)**	**(89,286)**	**534**
Total			**(19,000)**	**(106,028)**	**781**

Commodity price risk

The Company is in the agribusiness industry and, in the normal course of business, is exposed to fluctuations in the prices of commodities, such as finished and unfinished cattle in the domestic market. The commodity market is characterized by a high volatility due to external factors, such as climate, offering volume, transportation costs, warehousing, and agricultural policies, among others.
The Executive Board is responsible for mapping the exposures to commodity prices and proposing strategies to mitigate such exposure.

Breakdown of the derivatives hedging commodities:

Instrument	Institution	Maturity date	06/30/2022 Amount in (R$) - Notional	06/30/2022 Gain (loss) - R$
BGI	Necton Corretora	07/31/2022	42,420	109
BGI	Necton Corretora	08/31/2022	45,160	(7)
BGI	Necton Corretora	09/30/2022	43,011	(4)
BGI	Necton Corretora	10/31/2022	43,060	(1)
BGI	Necton Corretora	11/30/2022	43,060	(1)
Total			**216,711**	**96**

Instrument	Institution	Maturity date	12/31/2021 Amount in (R$) - Notional	12/31/2021 Gain (loss) - R$
BGI	Necton Corretora	01/31/2022	(50,600)	(302)
BGI	Necton Corretora	02/25/2022	(5,859)	(35)
BGI	Necton Corretora	03/31/2022	5,116	8
Total			**(51,343)**	**(329)**

Foreign currency sensitivity analysis

To verify the net sensitivity between assets and liabilities subject to fluctuations in the USD exchange rate, the Company adopted three scenarios: a probable scenario and two scenarios showing the effects of a decrease in the fair value of the Company's financial instruments.

Exposure at June 30, 2022:

	Scenarios		
Currency risk	**Probable**	**Possible**	**Remote**
Scenarios and price levels	**10% (5.7618 BRL/USD)**	**25% (6.5475 BRL/USD)**	**50% (7.8570 BRL/USD)**
Operational	114,309	129,897	155,876
Financial	(223,191)	(253,626)	(304,351)
Derivatives	(197,378)	(224,293)	(269,152)
Net exposure	**(306,260)**	**(348,022)**	**(417,627)**

30. Profit (loss) from discontinued operations

Assets

	06/30/2022
Current	**157**
Other receivables	150
Property, plant and equipment	7
Total assets	**157**

Liabilities

	06/30/2022
Current	**360**
Payroll and related taxes	360
Equity	(203)
Total liabilities and equity	**157**

Profit (loss) from discontinued operations is presented on an individual basis, encompasses the period from January to March 2022 and refers to the discontinuation of the activities of Cachoeira Alta/GO branch, in 2021.

Profit (loss) from discontinued operations	06/30/2022	12/31/2021
Net revenue	-	840
Cost of sales	-	(1,203)
Gross profit	**-**	**(363)**
Selling expenses	-	(624)
General and administrative expenses	(736)	(1,484)
Finance income (costs)	-	(38)
Other operating expenses	-	(6,296)
Other operating income	-	185
Profit (loss) from discontinued operations	**(736)**	**(8,620)**

31. Insurance

The Company´s insurance policy considers the concentration and relevance of the risks identified by its risk management program.

Accordingly, insurance coverage is compatible with the size and the nature of the Company's activity, and the insured amounts are considered sufficient by Management to cover potential losses, based on the advice of its insurance brokers.

As of June 30, 2022, the Company has insurance for properties, machinery and loss of profit contracted with insurance companies HDI and Tokio Marine, in the total amount of R$ 421,330, as broken down below:

	Address	Status	Total
1	Beef meatpacking - Lençóis Paulista/SP	Active	**122,580**
2	Beef meatpacking - São Félix do Xingu/PA	Active	**81,000**
3	Beef meatpacking - Água Azul do Norte/PA	Active	**112,000**
4	Escritório Corporativo - Lençóis Paulista/SP	Active	**5,000**
5	Pork meatpacking - Lençóis Paulista/SP	Active	**13,500**
6	Rendering plant - Lençóis Paulista/SP	Active	**6,200**
7	Beef meatpacking - Cachoeira Alta/GO	Discontinued	**64,000**
8	Distribution Center - Bauru/SP	Active	**17,050**
Total			**421,330**

32. Explanation added to the translation into English

The accompanying financial statements were translated into English from the original Portuguese version prepared for local purposes. Certain accounting policies applied by the Company that conform to those accounting practices adopted in Brazil may not conform to the generally accepted accounting principles in the countries where these financial statements may be used.

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