



brf

# 2022

RESULTS



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## FINANCIAL RESULTS

# 2Q22



**NET REVENUES**  
R\$ MILLION

**12,939**

11,637 in 2Q21



**OPERATING CASH  
FLOW**  
R\$ MILLION

**961**

667 in 2Q21



**ADJUSTED  
EBITDA**  
R\$ MILLION

**1,368**

1,271 in 2Q21



**NET LEVERAGE**

**3.14x**

2.73x in 2Q21



**NET INCOME<sup>1</sup>**  
R\$ MILLION

**(451)**

(199) in 2Q21



**AVERAGE  
DEBT TERM**

**9.0 years**

9.5 years in 2Q21

(1) Continuing Operations

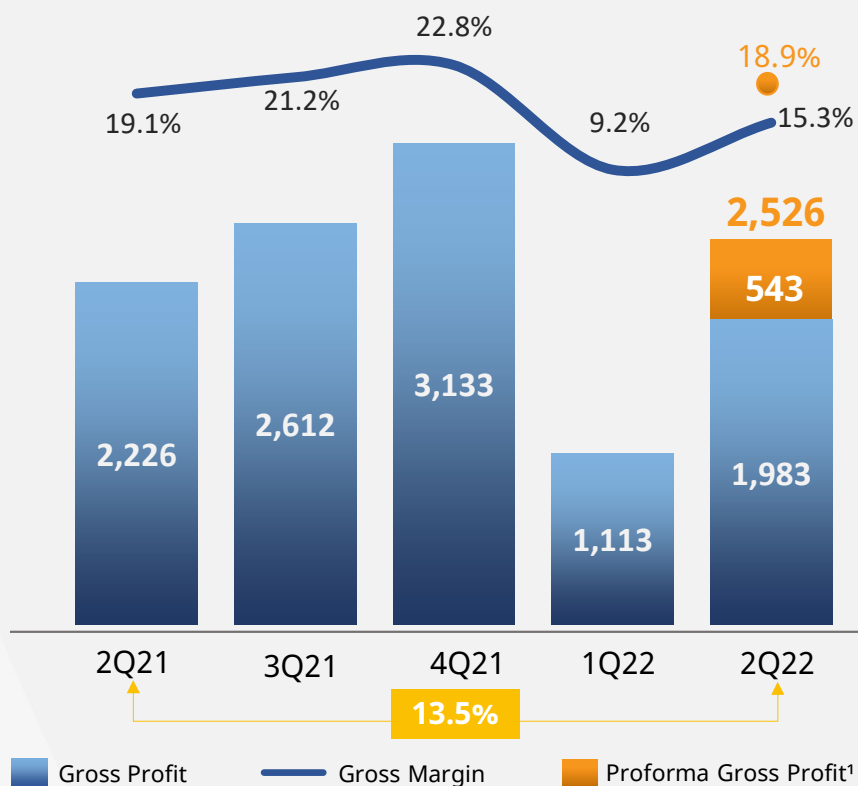
# ACCOUNTING IMPACT IN THE FINANCIAL STATEMENT

Highlights (R\$ Million)	Consolidated Results	Debt Designated as Hedge Accounting	Turkey's Hyperinflation	Proforma Consolidated Results
<b>Net Revenues</b>	<b>12,939</b>	<b>445</b>	<b>(54)</b>	<b>13,330</b>
COGS	(10,956)	0	152	(10,804)
<b>Gross Profit</b>	<b>1,983</b>	<b>445</b>	<b>98</b>	<b>2,526</b>
Gross Margin (%)	15.3%			18.9%
<b>EBITDA</b>	<b>897</b>	<b>445</b>	<b>75</b>	<b>1,417</b>
EBITDA Margin (%)	6.9%			10.6%
<b>Adjusted EBITDA<sup>1</sup></b>	<b>1,368</b>	<b>0</b>	<b>0</b>	<b>1,368</b>
Adjusted EBITDA Margin (%)	10.6%			10.3%
<b>Net Income</b>	<b>(451)</b>	<b>294</b>	<b>(147)</b>	<b>(304)</b>

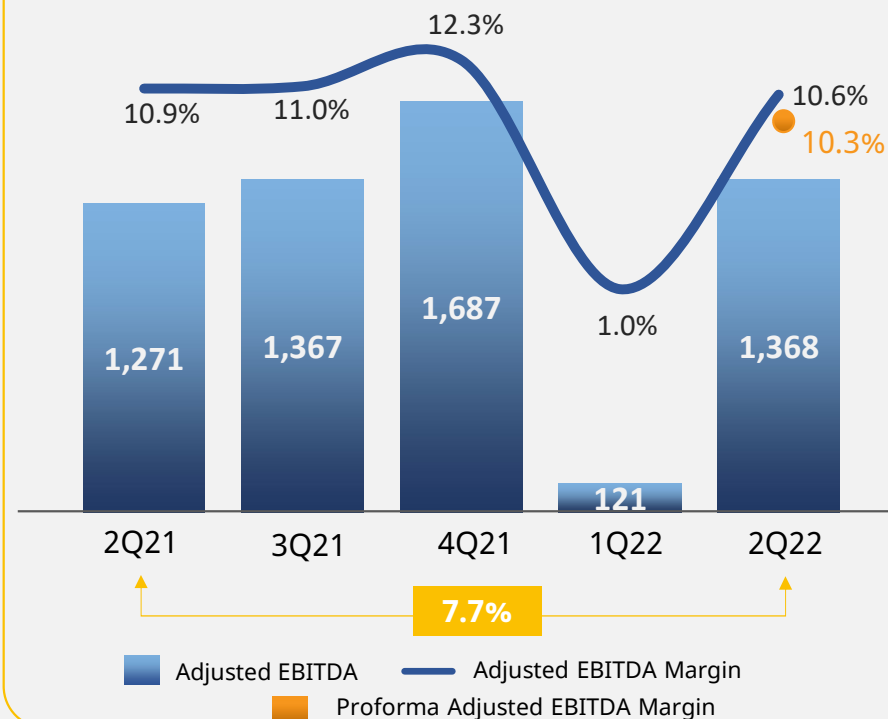
<sup>1</sup>Combined Impact of i) Currency Variation of the debt (bond2022), according to note 24.5; and ii) Impact of Turkey's hyperinflation

# MARGIN IMPROVEMENT IN ALL MARKETS

## GROSS PROFIT AND MARGIN (R\$ MILLION) (%)



## ADJUSTED EBITDA AND MARGIN (R\$ MILLION) (%)



<sup>1</sup> Gross Profit ex Currency Variation of the debt (bond2022), according to note 24.5; and ii) Impact of Turkey's hyperinflation



# BUSINESS ENVIRONMENT **BRAZIL**



**Resume of healthy profitability level** in face of a more favorable consumption scenario despite the uncertainties of the macroeconomic environment.



**Balanced production chain** and inventories at adequate levels contributed to improve commercial execution and to optimize the mix of products and sales channels.



**Broad portfolio** to capture opportunities in different scenarios.



**Industry costs** kept under pressure in the second quarter with emphasis on soy (+12.5% y/y)<sup>2</sup>, corn (+1.0% y/y)<sup>2</sup>, soybean oil (+32.1% y/y)<sup>2</sup>, diesel (+56.7% y/y)<sup>3</sup> and plastic packaging (+5.9% y/y)<sup>4</sup>.

## Brand Preference<sup>1</sup>

**Sadia** **27.7%**  
(+0.5 p.p.)

**PERDIGÃO** **15.6%**  
(+0.8 p.p.)

**Qualy**  
**Claybom** **62.0%**  
**Deline**  
(+1.6 p.p.)

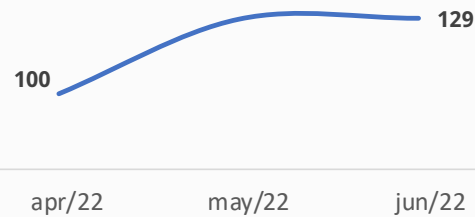
<sup>1</sup>Kantar Data – YTD in comparison to the same period of 2021; <sup>2</sup>- Annual change in the 6-month moving average of grains and oils prices 2Q22 vs 2Q21, Source: Bloomberg and CEPEA/ESALQ; <sup>3</sup> Source: National Agency of Petroleum, Natural Gas and Biofuels – ANP (quarterly variation y/y); <sup>4</sup> Source: Polyethylene, quarterly variation y/y Source: Bloomberg

# BUSINESS PERSPECTIVES 2022

## BRAZIL

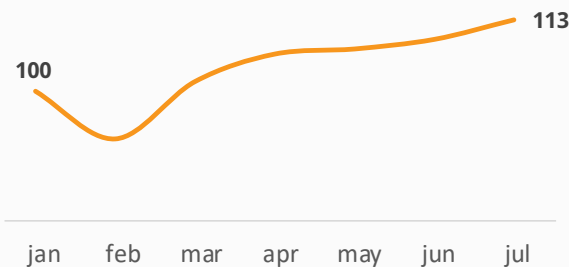
**Results improvement** over the quarter, given the positive trend in processed foods and *in natura* poultry.

**BRF Gross Profit- Base 100**

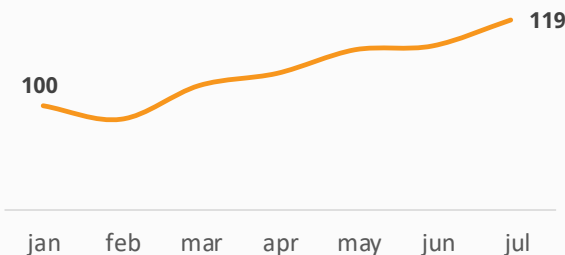


**Chicken and pork price recovery.**

**Whole chicken price - CEPEA (Base 100)<sup>1</sup>**

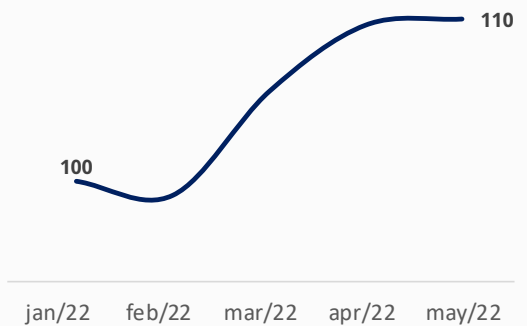


**Pork carcass price- CEPEA (Base 100)<sup>1</sup>**



**Food resilience...**

**Consumption in Brazilian homes (ABRAS)<sup>2</sup>**



... despite the **challenging** macroeconomic scenario.

Average real labor income **-6.3% y/y<sup>3</sup>**

Inflation **IPCA +11.9%<sup>4</sup>  
IGP-M +10.7%<sup>5</sup>**

<sup>1</sup> Source: CEPEA - Monthly average; <sup>2</sup> Source: ABRAS (Brazilian Supermarkets Association) - Consumption at Home contemplates all food retail formats operated by the supermarket sector aiming to follow the food consumption reality (Base 100); <sup>3</sup> Average Income from Work. Source: Brazilian Institute of Geography and Statistics; <sup>4</sup> 12-month cumulative variation. Source: Brazilian Institute of Geography and Statistics; <sup>5</sup> 12-month cumulative variation. Source: Fundação Getúlio Vargas

# BUSINESS ENVIRONMENT

## INTERNACIONAL SEGMENT

Market  
Share<sup>1</sup>

ساديا  
Sadia

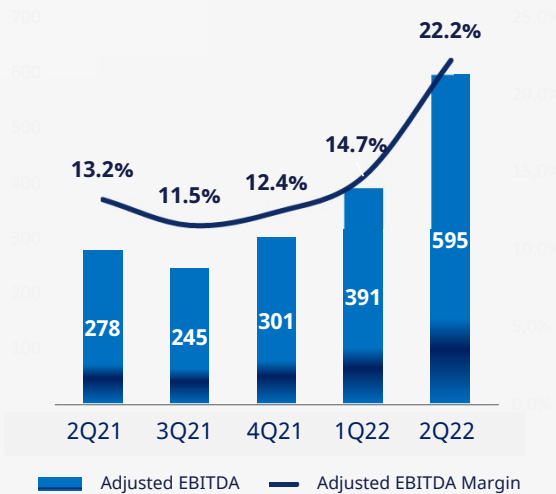
38.8%  
(+2.1 p.p vs. 1Q21)

Banvit

21.3%  
(+0.8 p.p vs. 2Q21)

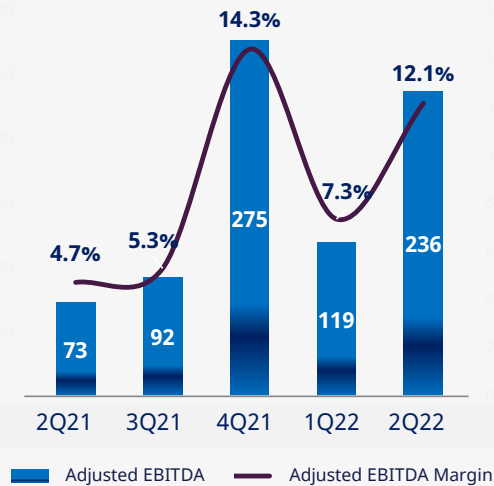
### HALAL DDP

Volume increase and margin expansion



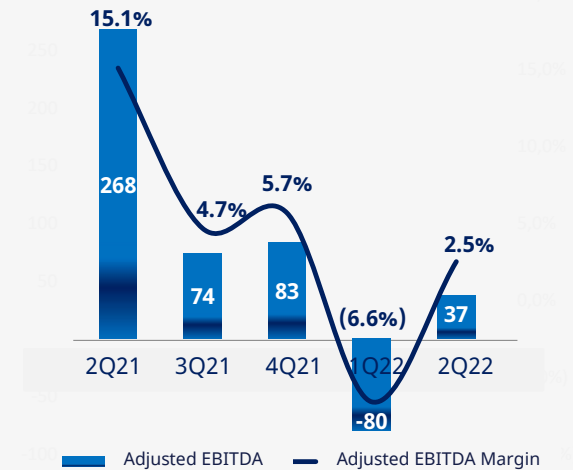
### DIRECT EXPORTS

Agility to capture business opportunities



### ASIA

Slight improvement in profitability, affected by the pork supply imbalance



<sup>1</sup> Source: Nielsen.



# BUSINESS PERSPECTIVES INTERNACIONAL 2022

## HALAL DDP

**Absolute leadership with more than 45 years in the Halal market**

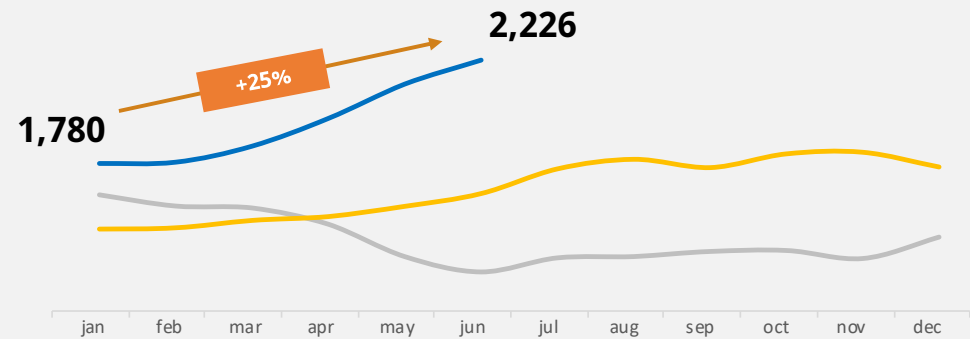
- **Opening of the Dammam plant, Saudi Arabia.**  
Increase in the production capacity of value-added items
- **Return** to the export of processed foods from the **factory in Abu Dhabi, UAE**, to Saudi Arabia
- Recovery of tourism and **expansion of the local economy** with emphasis on the World Cup in Qatar
- **Strong commercial and logistical structure** enable to capture greater profitability in the value chain



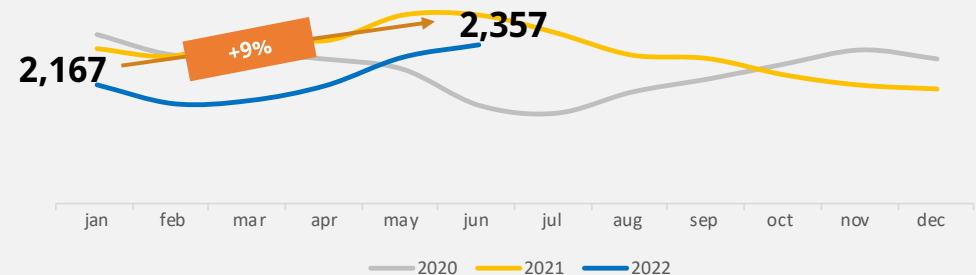
## DIRECT EXPORTS

**Growing trend in the volume and prices of Brazilian chicken exports**

Chicken export price - SECEX (USD/Kton)



Pork export price - SECEX (USD/Kton)

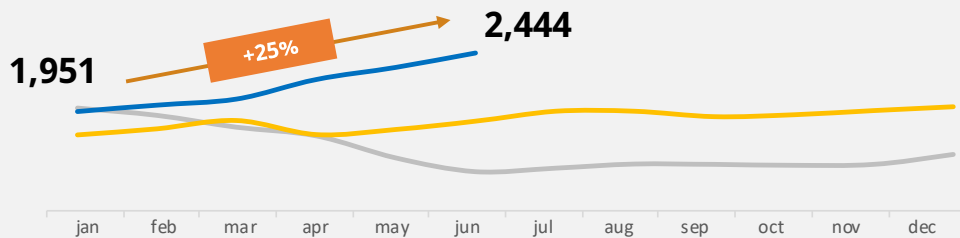


# BUSINESS PERSPECTIVES INTERNACIONAL 2022

## JAPAN

7%<sup>1</sup> reduction of local inventory in Japan, favoring price dynamics

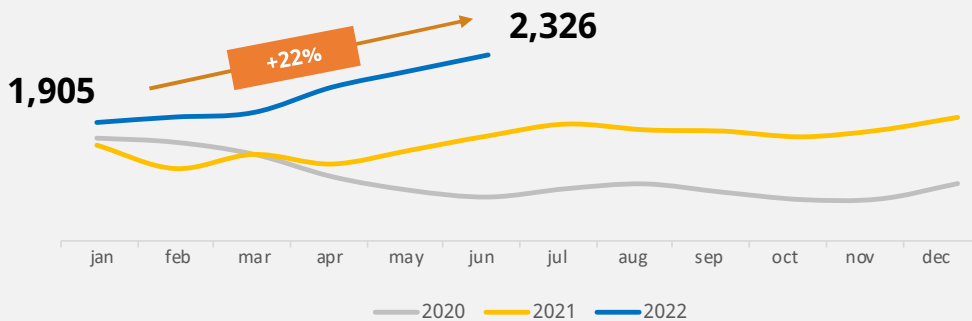
Chicken export price – SECEX (USD/Kton)



## SOUTH KOREA

Increase in chicken sales to South Korea due to import tax exemption

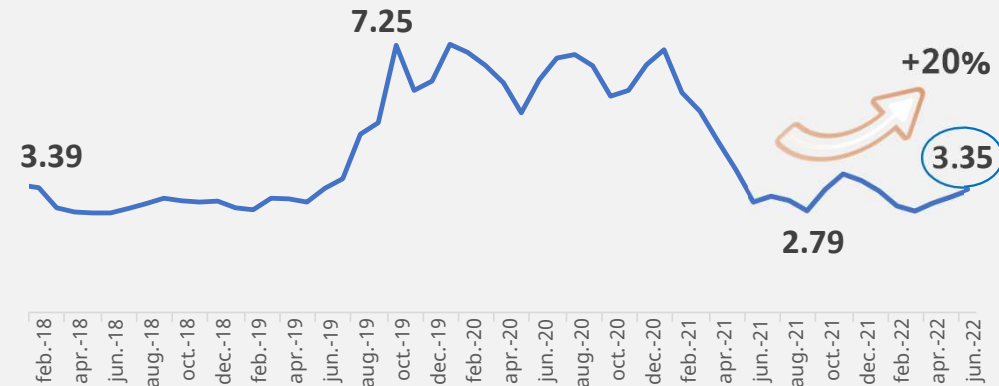
Chicken export price – SECEX (USD/Kton)



## CHINA

Chinese market shows signs of recovery, with prices returning to pre-ASF levels

Wholesale pork spot price<sup>2</sup> – China (USD/Kg)



1.Source: Agriculture & LiveStock Corporation – frozen meat stock imported into Japan 2Q22 x 2Q21; 2.. Source: Bloomberg – China Ministry of Commerce

## OTHER SEGMENTS

### PET FOOD

**SYNERGIES** BEING CAPTURED, WITH TOP AND BOTTOM LINE GROWTH



Expansion of production capacity with investment in wet dog foods and **optimization of the industrial footprint.**

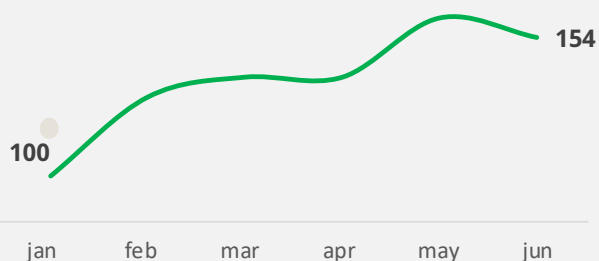


**Expansion of direct distribution** in Rio de Janeiro and São Paulo with logistics consolidation and portfolio optimization.



- Guabi Natural and Biofresh – **ANCLIVEPA**
- Balance and Faro – **APAS**
- **Balance Campaign** – for healthier pets

**PET Gross Profit Evolution – Base 100**



### INGREDIENTS

CIRCULAR ECONOMY WITH **VALUE GENERATION FOR NUTRITION AND HEALTH**



**Growth in sales volume** and maintaining profitability at high levels, with good price capture.

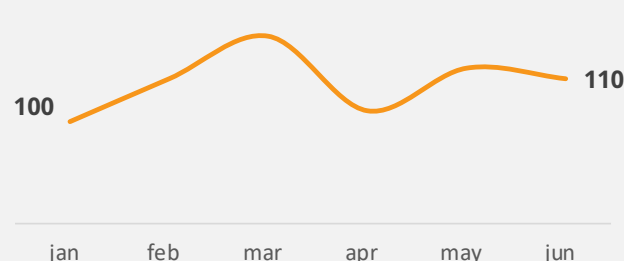


**Presence** in new countries, starting the commercialization of **ingredients for animal nutrition in new markets.**



**Launch** of the new brand of hydrolysates, products with higher added value, and presence at FENAGRA, the largest fair in the Ingredients sector.

**Ingredients Gross Profit Evolution – Base 100**



# ESG HIGHLIGHTS

**Gold Category** in the Corporate Initiatives for Animals Monitor (MICA), by the NGO Mercy For Animals.



**10 Years of the BRF Institute:** Implementation of several initiatives to promote socioeconomic inclusion, social innovation, and corporate citizenship on two fronts: 1. education for waste reduction; 2. education for the future.



**4th best rated food company in ESG Responsibility** in the Merco Consultoria ranking.



**1 year of Net Zero Journey:**

Achievement of around 90%<sup>1</sup> traceability of grains from direct suppliers in the Amazon and Cerrado biomes. Promotion of clean energy utilization in our operations and in the operations of our integrated partners.



1. Cumulative result from January to June 2022



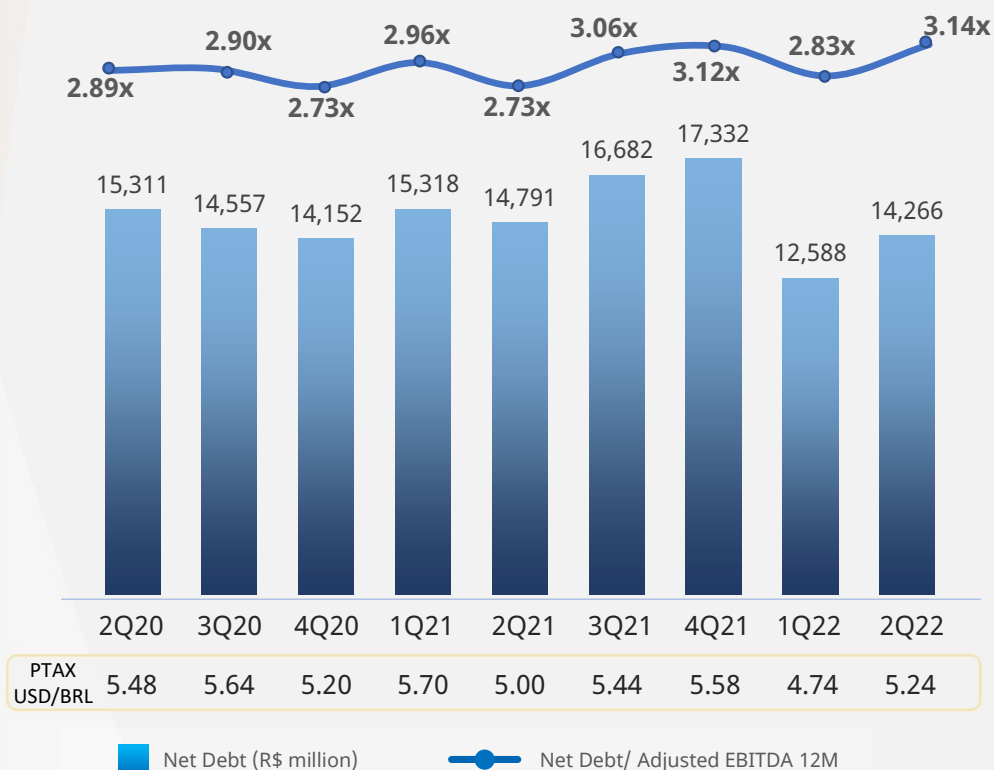
# CAPITAL STRUCTURE



QUEM AMA PREFERE.

# CAPITAL MANAGEMENT | STRONG LIQUIDITY DESPITE OF NET LEVERAGE INCREASED

## NET LEVERAGE



## DEBT MATURITY PROFILE (R\$ MILLION)

### Gross Debt

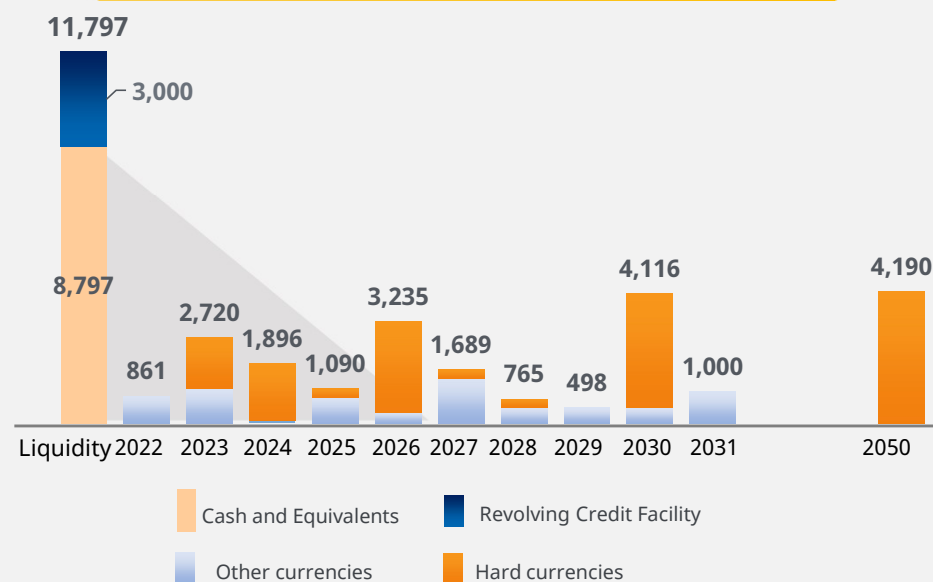
Other Currency (R\$): 32%

Hard Currency (R\$): 68%

### Average Term

2Q22: 9,0 years

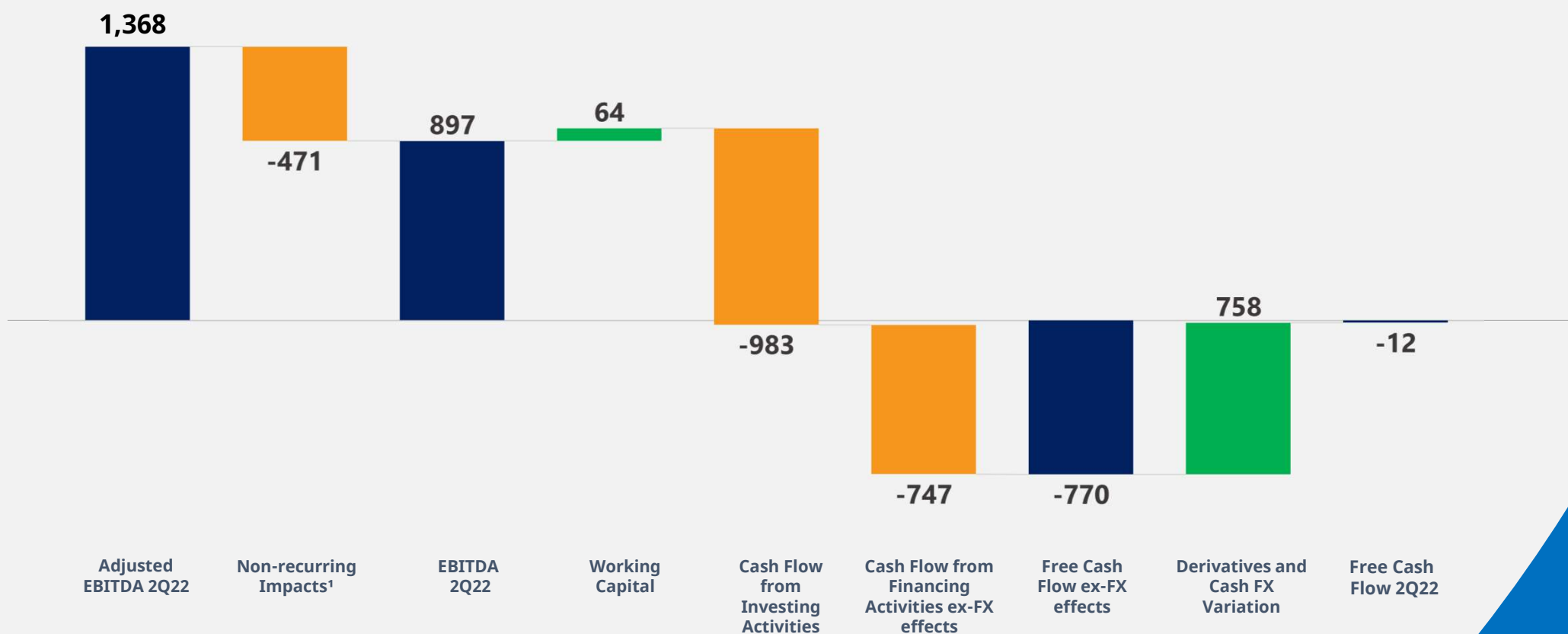
2Q21: 9,5 years



Debt schedule considers only the principal amount. See total indebtedness, explanatory note 15.

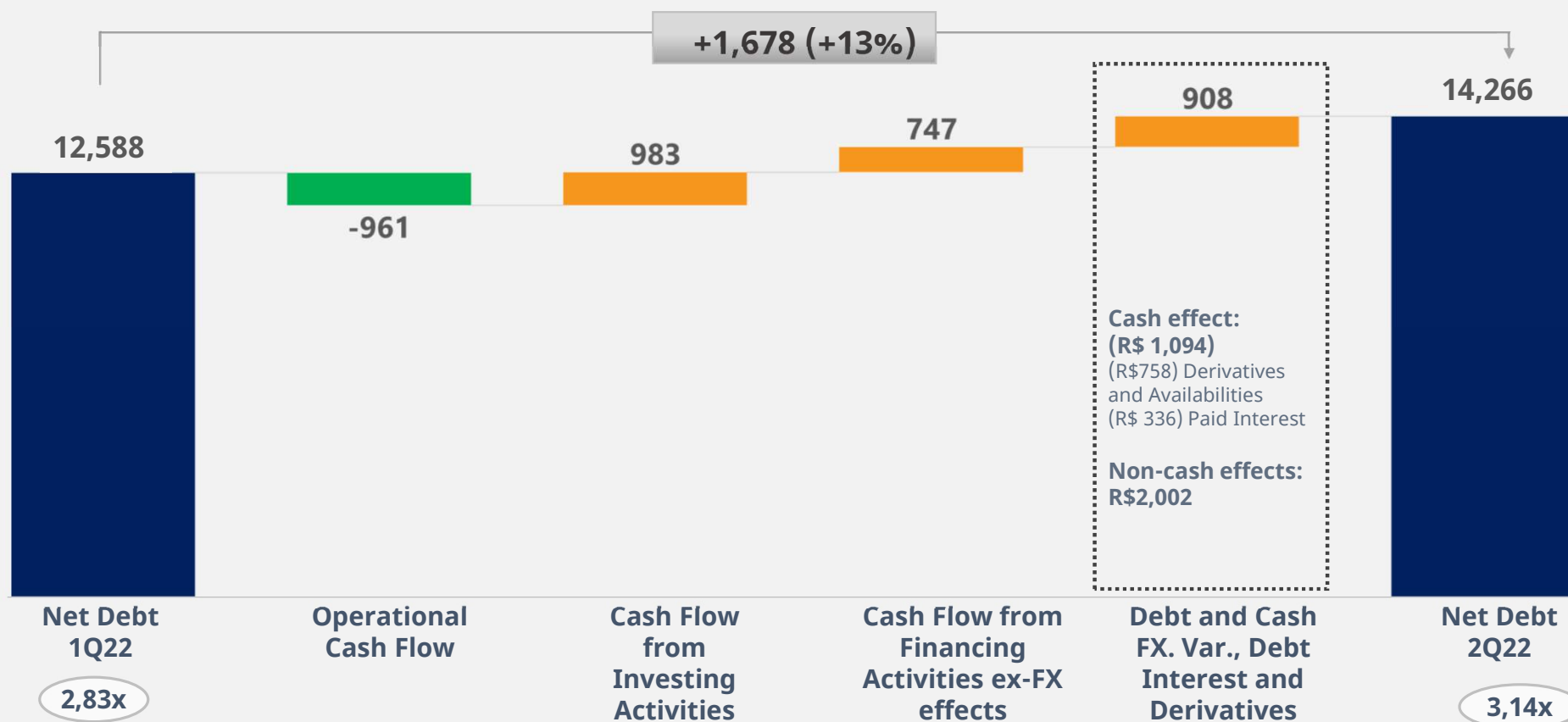


# FREE CASH FLOW STATEMENT (R\$ MILLION)



<sup>1</sup> Impact of Currency Variation of the debt, Turkey's hyperinflation and others non-recurring items

# NET DEBT EVOLUTION (R\$ MILLION)



○ Net Leverage (net debt/Adjusted EBITDA)



Sadia

# FINAL REMARKS

# FINAL REMARKS



## BUSINESS

Margin improvement in all segments<sup>1</sup>.



## FOCUS 2022

Simplification plan contributes to more agility in capturing market opportunities for efficiency and growth.

Service level and commercial execution as a driver for capturing new sales volumes.

Reduction of invested capital to maximize free cash flow generation.



## OPPORTUNITIES FOR 2<sup>ND</sup> SEMESTER

Positive outlook with the World Cup contributing to operations in Brazil and in the Middle East.



Q&A

