

# Interim Financial Information

June 30, 2020

(A free translation of the  
original in Portuguese)



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## STATEMENT OF FINANCIAL POSITION

ASSETS	Note	Parent company		Consolidated	
		06.30.20	12.31.19	06.30.20	12.31.19
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4	4,469,307	1,368,980	9,671,275	4,237,785
Marketable securities	5	309,460	396,994	337,183	418,182
Trade and other receivables	6	6,578,951	6,153,937	2,848,634	3,090,691
Inventories	7	3,447,795	2,786,147	5,103,218	3,887,916
Biological assets	8	1,803,882	1,545,127	1,882,925	1,603,039
Recoverable taxes	9	371,098	274,480	609,955	473,732
Recoverable income tax and social contribution	9	60,688	40,291	93,781	152,486
Derivative financial instruments	24	237,757	193,740	244,362	195,324
Restricted cash		1	296,294	1	296,294
Assets held for sale		15,874	16,671	42,284	99,245
Other current assets		422,909	495,743	502,874	590,733
Total current assets		17,717,722	13,568,404	21,336,492	15,045,427
<b>NON-CURRENT ASSETS</b>					
<b>LONG-TERM RECEIVABLES</b>					
Marketable securities	5	14,728	14,891	415,456	307,352
Trade and other receivables	6	63,237	71,029	63,237	71,029
Recoverable taxes	9	5,249,535	5,167,016	5,249,509	5,169,547
Recoverable income tax and social contribution	9	90,759	264,428	97,197	269,263
Deferred income taxes	10	2,131,882	1,808,494	2,180,059	1,845,862
Judicial deposits	11	560,469	575,681	560,549	575,750
Biological assets	8	1,065,330	1,016,642	1,146,000	1,081,025
Receivables from related parties	30	325	234	-	-
Derivative financial instruments	24	4,881	49,991	4,881	49,991
Restricted cash		24,178	-	24,178	-
Other non-current assets		65,881	78,516	70,990	85,537
Total long-term receivables		9,271,205	9,046,922	9,812,056	9,455,356
Investments	12	11,912,608	6,499,517	17,801	14,880
Property, plant and equipment, net	13	11,073,266	11,333,302	12,265,597	12,276,889
Intangible assets	14	3,239,478	3,139,532	5,476,891	4,908,079
Total non-current assets		35,496,557	30,019,273	27,572,345	26,655,204
<b>TOTAL ASSETS</b>		<b>53,214,279</b>	<b>43,587,677</b>	<b>48,908,837</b>	<b>41,700,631</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Loans and borrowings	15	3,935,263	3,033,034	4,071,950	3,132,029
Trade accounts payable	16	5,958,687	5,270,762	6,725,495	5,784,419
Supply chain finance	17	982,237	842,037	982,237	842,037
Lease liability	18	244,450	313,058	317,435	376,628
Payroll, related charges and employee profit sharing		964,760	754,032	1,008,666	825,254
Tax payable		205,701	268,193	489,833	517,208
Derivative financial instruments	24	1,098,175	151,722	1,100,649	153,612
Provision for tax, civil and labor risks	21	1,135,183	1,081,103	1,139,238	1,084,308
Employee benefits	20	87,996	87,996	97,688	95,919
Advances from related parties	30	8,926,155	5,364,164	-	-
Other current liabilities		226,488	329,166	952,824	512,591
Total current liabilities		23,765,095	17,495,267	16,886,015	13,324,005
<b>NON-CURRENT LIABILITIES</b>					
Loans and borrowings	15	17,730,549	13,395,970	20,791,601	15,488,250
Trade accounts payable	16	7,718	12,347	7,718	12,347
Lease liability	18	1,995,738	1,939,494	2,161,196	2,054,552
Tax payable		182,924	190,257	182,924	190,257
Provision for tax, civil and labor risks	21	709,199	709,760	709,546	710,061
Deferred income tax	10	-	-	120,589	85,310
Liabilities with related parties	30	1,165,241	960,056	-	-
Employee benefits	20	535,733	506,791	654,297	593,555
Derivative financial instruments	24	43,905	3	43,905	3
Other non-current liabilities		284,277	482,109	305,581	1,093,942
Total non-current liabilities		22,655,284	18,196,787	24,977,357	20,228,277
<b>EQUITY</b>					
Capital	22	12,460,471	12,460,471	12,460,471	12,460,471
Capital reserves		147,280	192,845	147,280	192,845
Accumulated losses		(3,739,036)	(3,996,985)	(3,739,036)	(3,996,985)
Treasury shares		(138,098)	(38,239)	(138,098)	(38,239)
Other comprehensive loss		(1,936,717)	(722,469)	(1,936,717)	(722,469)
Attributable to controlling shareholders		6,793,900	7,895,623	6,793,900	7,895,623
Non-controlling interests		-	-	251,565	252,726
Total equity		6,793,900	7,895,623	7,045,465	8,148,349
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>53,214,279</b>	<b>43,587,677</b>	<b>48,908,837</b>	<b>41,700,631</b>

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

## STATEMENT OF INCOME (LOSS)

	Note	Parent company				Consolidated			
		April to June 2020	January to June 2020	April to June 2019	January to June 2019	April to June 2020	January to June 2020	April to June 2019	January to June 2019
<b>CONTINUING OPERATIONS</b>									
<b>NET SALES</b>	26	<b>7,063,409</b>	<b>14,512,454</b>	7,025,848	13,443,794	<b>9,103,926</b>	<b>18,052,991</b>	8,338,009	15,697,259
Cost of sales	29	(6,182,886)	(12,011,795)	(5,649,846)	(10,919,670)	(7,125,034)	(13,821,122)	(6,246,360)	(12,088,540)
<b>GROSS PROFIT</b>		<b>880,523</b>	<b>2,500,659</b>	1,376,002	2,524,124	<b>1,978,892</b>	<b>4,231,869</b>	2,091,649	3,608,719
<b>OPERATING INCOME (EXPENSES)</b>									
Selling expenses	29	(1,057,781)	(2,090,348)	(987,445)	(1,887,936)	(1,360,889)	(2,645,223)	(1,256,777)	(2,392,072)
General and administrative expenses	29	(122,609)	(209,890)	(85,753)	(177,433)	(190,465)	(333,025)	(136,157)	(277,386)
Impairment loss on trade receivables	29	22,024	(9,078)	(1,035)	(7,573)	21,096	(11,755)	1,709	(3,798)
Other operating income (expenses), net	27	147,221	(84,110)	263,008	175,516	138,553	(100,000)	230,477	153,801
Income (loss) from associates and joint ventures	12	2,086,260	6,073,512	137,670	350,038	-	-	(860)	(1,025)
<b>INCOME BEFORE FINANCIAL RESULTS AND INCOME TAXES</b>		<b>1,955,638</b>	<b>6,180,745</b>	702,447	976,736	<b>587,187</b>	<b>1,141,866</b>	930,041	1,088,239
Financial expenses	28	(577,883)	(1,192,623)	(982,549)	(1,494,651)	(166,563)	(735,913)	(1,048,018)	(1,551,277)
Financial income	28	66,332	173,109	460,656	540,550	81,833	194,711	474,668	560,729
Foreign exchange and monetary variations	28	(1,037,987)	(4,851,516)	68,931	(75,350)	(105,573)	(255,570)	(45,972)	(77,039)
<b>INCOME (LOSS) BEFORE TAXES</b>		<b>406,100</b>	<b>309,715</b>	249,485	(52,715)	<b>396,884</b>	<b>345,094</b>	310,719	20,652
Income taxes	10	(102,230)	(51,766)	(61,591)	128,546	(89,755)	(76,197)	(119,696)	57,093
<b>INCOME FROM CONTINUING OPERATIONS</b>		<b>303,870</b>	<b>257,949</b>	187,894	75,831	<b>307,129</b>	<b>268,897</b>	191,023	77,745
<b>DISCONTINUED OPERATIONS</b>									
<b>INCOME (LOSS) FROM DISCONTINUED OPERATIONS</b>		-	-	134,931	(753,941)	-	-	133,931	(765,122)
<b>INCOME (LOSS) FOR THE PERIOD</b>		<b>303,870</b>	<b>257,949</b>	322,825	(678,110)	<b>307,129</b>	<b>268,897</b>	324,954	(687,377)
<b>Net Income from Continuing Operation Attributable to</b>									
Controlling shareholders		303,870	257,949	187,894	75,831	303,870	257,949	187,894	75,831
Non-controlling interest		-	-	-	-	3,259	10,948	3,129	1,914
		<b>303,870</b>	<b>257,949</b>	187,894	75,831	<b>307,129</b>	<b>268,897</b>	191,023	77,745
<b>Net Income (Loss) From Discontinued Operation Attributable to</b>									
Controlling shareholders		-	-	134,931	(753,941)	-	-	134,931	(753,941)
Non-controlling interest		-	-	-	-	-	-	(1,000)	(11,181)
		-	-	134,931	(753,941)	-	-	133,931	(765,122)
<b>INCOME PER SHARE FROM CONTINUING OPERATIONS</b>									
Weighted average shares outstanding - basic						809,612,517	810,672,698	811,440,470	811,428,248
Income per share - basic	23					0.38	0.32	0.23	0.09
Weighted average shares outstanding - diluted						809,875,209	810,935,390	811,440,470	811,428,248
Income per share - diluted	23					0.38	0.32	0.23	0.09
<b>INCOME (LOSSES) PER SHARE FROM DISCONTINUED OPERATIONS</b>									
Weighted average shares outstanding - basic						809,612,517	810,672,698	811,440,470	811,428,248
Income (losses) per share - basic	23					-	-	0.17	(0.93)
Weighted average shares outstanding - diluted						809,612,517	810,672,698	811,440,470	811,428,248
Income (losses) per share - diluted	23					-	-	0.17	(0.93)

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

## STATEMENT OF COMPREHENSIVE INCOME (LOSS)

	Note	Parent company				Consolidated			
		April to June 2020	January to June 2020	April to June 2019	January to June 2019	April to June 2020	January to June 2020	April to June 2019	January to June 2019
<b>Income (loss) for the period</b>		<b>303,870</b>	<b>257,949</b>	<b>322,825</b>	<b>(678,110)</b>	<b>307,129</b>	<b>268,897</b>	<b>324,954</b>	<b>(687,377)</b>
<b>Other comprehensive income (loss)</b>									
Gain (loss) on foreign currency translation of foreign operations		(46,972)	(148,522)	(49,293)	659,167	(63,994)	(105,697)	(80,629)	617,836
Loss on net investment hedge		(69,236)	(342,111)	-	-	(69,236)	(342,111)	-	-
Gain (loss) on cash flow hedge	24	268,028	(741,483)	81,045	95,284	268,028	(741,483)	81,045	95,284
Gain (loss) on debt investments measured at FVTOCI (1)	5	2,703	(170)	1,175	1,568	2,703	(170)	1,175	1,568
<b>Net other comprehensive income (loss), to be reclassified to the statement of income in subsequent periods</b>		<b>154,523</b>	<b>(1,232,286)</b>	<b>32,927</b>	<b>756,019</b>	<b>137,501</b>	<b>(1,189,461)</b>	<b>1,591</b>	<b>714,688</b>
Gain (loss) on equity investments measured at FVTOCI (1)	5	4,636	5,003	19,298	80,314	4,636	5,003	19,298	80,314
Actuarial gains on pension and post-employment plans	20	6,647	13,035	4,393	5,311	6,623	12,964	4,373	4,956
<b>Net other comprehensive income, with no impact into subsequent statement of income</b>		<b>11,283</b>	<b>18,038</b>	<b>23,691</b>	<b>85,625</b>	<b>11,259</b>	<b>17,967</b>	<b>23,671</b>	<b>85,270</b>
<b>Total comprehensive income (loss), net of taxes</b>		<b>469,676</b>	<b>(956,299)</b>	<b>379,443</b>	<b>163,534</b>	<b>455,889</b>	<b>(902,597)</b>	<b>350,216</b>	<b>112,581</b>
<b>Attributable to</b>									
Controlling shareholders		469,676	(956,299)	379,443	163,534	469,676	(956,299)	379,443	163,534
Non-controlling interest		-	-	-	-	(13,787)	53,702	(29,227)	(50,953)
		<b>469,676</b>	<b>(956,299)</b>	<b>379,443</b>	<b>163,534</b>	<b>455,889</b>	<b>(902,597)</b>	<b>350,216</b>	<b>112,581</b>

(1) FVTOCI: Fair Value Through Other Comprehensive Income.

Items above are stated net of tax and the related taxes are disclosed in note 10.

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

## STATEMENT OF CHANGES IN EQUITY

	Attributed to of controlling shareholders											
	Paid-in capital	Capital reserve	Treasury shares	Other comprehensive income (loss)					Retained earnings (losses)	Total equity	Non-controlling interest	Total shareholders' equity (consolidated)
				Accumulated foreign currency translation adjustments	Marketable securities at FVTOCI	Gain (losses) on cash flow hedge	Actuarial losses					
<b>BALANCES AT DECEMBER 31, 2018</b>	12,460,471	115,354	(56,676)	(752,815)	(98,451)	(396,165)	(28,088)	(4,279,003)	6,964,627	567,150	7,531,777	
Adoption of IFRS 16	-	-	-	-	-	-	-	6,287	6,287	-	6,287	
<b>Comprehensive income (loss) (1)</b>												
Gain (loss) on foreign currency translation of foreign operations	-	-	-	626,254	-	-	-	-	626,254	(30,666)	595,588	
Loss on net investment hedge	-	-	-	(66,818)	-	-	-	-	(66,818)	-	(66,818)	
Gains on marketable securities measured at FVTOCI (2)	-	-	-	-	102,905	-	-	-	102,905	-	102,905	
Unrealized gains in cash flow hedge	-	-	-	-	-	39,444	-	-	39,444	-	39,444	
Actuarial losses on pension and post-employment plans	-	-	-	-	-	-	(148,735)	-	(148,735)	(1,786)	(150,521)	
<b>Income (loss) for the year</b>	-	-	-	-	-	-	-	297,612	297,612	(160)	297,452	
<b>SUB-TOTAL COMPREHENSIVE INCOME (LOSS)</b>	-	-	-	559,436	102,905	39,444	(148,735)	297,612	850,662	(32,612)	818,050	
Realized loss in marketable securities at FVTOCI (2)	-	-	-	-	-	-	-	(52,493)	(52,493)	-	(52,493)	
Employee benefits remeasurement - defined benefit	-	-	-	-	-	-	-	30,612	30,612	-	30,612	
<b>Appropriation of income (loss)</b>												
Dividends	-	-	-	-	-	-	-	-	-	(4,988)	(4,988)	
Share-based payments	-	(6,861)	18,437	-	-	-	-	-	11,576	-	11,576	
Acquisition (sale) of non-controlling interests	-	84,352	-	-	-	-	-	-	84,352	(276,824)	(192,472)	
<b>BALANCES AT DECEMBER 31, 2019</b>	12,460,471	192,845	(38,239)	(193,379)	4,454	(356,721)	(176,823)	(3,996,985)	7,895,623	252,726	8,148,349	
<b>Comprehensive income (loss) (1)</b>												
Gain (loss) on foreign currency translation of foreign operations	-	-	-	(148,522)	-	-	-	-	(148,522)	42,825	(105,697)	
Loss on net investment hedge	-	-	-	(342,111)	-	-	-	-	(342,111)	-	(342,111)	
Gains on marketable securities measured at FVTOCI (2)	-	-	-	-	4,833	-	-	-	4,833	-	4,833	
Unrealized losses in cash flow hedge	-	-	-	-	-	(741,483)	-	-	(741,483)	-	(741,483)	
Actuarial gains (losses) on pension and post-employment plans	-	-	-	-	-	-	13,035	-	13,035	(71)	12,964	
<b>Income for the period</b>	-	-	-	-	-	-	-	257,949	257,949	10,948	268,897	
<b>SUB-TOTAL COMPREHENSIVE INCOME (LOSS)</b>	-	-	-	(490,633)	4,833	(741,483)	13,035	257,949	(956,299)	53,702	(902,597)	
Share-based payments	-	5,380	6,211	-	-	-	-	-	11,591	-	11,591	
Acquisition (sale) of non-controlling interests (3)	-	(50,945)	-	-	-	-	-	-	(50,945)	(54,863)	(105,808)	
Acquisition of treasury shares	-	-	(106,070)	-	-	-	-	-	(106,070)	-	(106,070)	
<b>BALANCES AT JUNE 30, 2020</b>	12,460,471	147,280	(138,098)	(684,012)	9,287	(1,098,204)	(163,788)	(3,739,036)	6,793,900	251,565	7,045,465	

- (1) All changes in other comprehensive income are presented net of taxes.
- (2) FVTOCI: Fair Value Through Other Comprehensive Income.
- (3) Acquisition of remaining participation in the subsidiary Al Wafi (note 1.1).

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

## STATEMENT OF CASH FLOWS

	Parent company		Consolidated	
	January to June 2020	January to June 2019	January to June 2020	January to June 2019
<b>OPERATING ACTIVITIES</b>				
Income from continuing operations	257,949	75,831	268,897	77,745
<b>Adjustments for:</b>				
Depreciation and amortization	610,390	635,429	741,053	745,932
Depreciation and depletion of biological assets	377,490	360,936	420,747	396,053
Result on disposals of property, plant and equipments	2,380	(24,223)	7,409	(18,248)
Write-down of inventories to net realizable value	40,021	83,670	63,180	89,553
Provision for tax, civil and labor risks	181,851	508,062	182,108	505,675
Income from associates and joint ventures	(6,073,512)	(350,038)	-	1,025
Financial results, net	5,871,030	1,029,451	796,772	1,067,587
Tax recoveries and gains in tax lawsuits	(224,820)	(687,371)	(224,820)	(687,371)
Deferred income tax	51,766	(128,546)	37,865	(143,931)
Employee profit sharing	121,399	101,684	117,992	110,455
Other (1)	251,911	82,466	259,024	56,644
	<b>1,467,855</b>	<b>1,687,351</b>	<b>2,670,227</b>	<b>2,201,119</b>
Trade accounts receivable	(395,989)	(901,666)	643,436	348,735
Inventories	(701,669)	(78,771)	(1,223,384)	(218,889)
Biological assets - current	(258,755)	(30,054)	(268,631)	(49,177)
Trade accounts payable	286,358	(195,476)	522,587	(381,973)
Supply chain finance	140,750	(299,603)	140,750	(299,575)
<b>Cash (applied) generated by operating activities</b>	<b>538,550</b>	<b>181,781</b>	<b>2,484,985</b>	<b>1,600,240</b>
Investments in securities at FVTPL (2)	2,800	(89,046)	-	(92,911)
Redemptions of securities at FVTPL (2)	99,264	19,866	102,172	20,244
Interest received	50,925	94,254	57,176	108,632
Dividends and interest on shareholders' equity received	196	8,247	-	15,551
Payment of tax, civil and labor provisions	(129,746)	(173,762)	(129,748)	(173,762)
Payment of interest	(474,804)	(486,667)	(553,441)	(557,228)
Derivative financial instruments	1,137,007	(94,366)	1,141,152	(109,092)
Payment of income tax and social contribution	-	-	(146)	(68)
Other operating assets and liabilities	947,290	(628,334)	450,922	(97,323)
<b>Net cash (applied) provided by operating activities</b>	<b>2,171,482</b>	<b>(1,168,027)</b>	<b>3,553,072</b>	<b>714,283</b>
Net cash (applied) provided by operating activities from discontinued operations	-	48,342	-	(109,234)
<b>Net cash (applied) provided by operating activities</b>	<b>2,171,482</b>	<b>(1,119,685)</b>	<b>3,553,072</b>	<b>605,049</b>
<b>INVESTING ACTIVITIES</b>				
Investments in securities at amortized cost	-	-	-	(15,362)
Redemptions of securities at amortized cost	-	89,046	-	95,638
Redemptions of securities at FVTOCI (3)	-	100,547	-	131,997
Redemption (Investments) of restricted cash	285,622	9,834	285,622	30,522
Additions to property, plant and equipment	(274,851)	(162,159)	(285,323)	(178,085)
Additions to biological assets - non-current	(423,203)	(353,318)	(470,300)	(391,839)
Proceeds from disposals of property, plant, equipment and investments	65,717	379,256	65,717	1,789,751
Additions to intangible assets	(64,428)	(43,071)	(59,067)	(43,283)
Business combination, net of cash	-	-	-	(183,672)
Sale of participation in associated entities	-	-	38,546	-
Sale (acquisition) of participation in joint ventures and associated entities	(547)	1,971	(547)	1,971
Capital increase (decrease) in associates and joint ventures	(5,000)	-	-	-
Advance for future capital increase	-	(1,559)	-	-
<b>Net cash provided (used in) investing activities</b>	<b>(416,690)</b>	<b>20,547</b>	<b>(425,352)</b>	<b>1,237,638</b>
Net cash provided (used in) investing activities from discontinued operations	-	-	-	(58,782)
<b>Net cash provided (used in) investing activities</b>	<b>(416,690)</b>	<b>20,547</b>	<b>(425,352)</b>	<b>1,178,856</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from debt issuance	2,855,552	1,668,093	3,357,785	1,783,550
Repayment of debt	(1,381,422)	(2,395,287)	(1,639,768)	(3,121,428)
Treasury shares acquisition	(106,070)	-	(106,070)	-
Acquisition of non-controlling interests	-	-	(100,390)	-
Payment of lease liabilities	(221,046)	(238,305)	(268,264)	(279,086)
<b>Net cash provided (used in) by financing activities</b>	<b>1,147,014</b>	<b>(965,499)</b>	<b>1,243,293</b>	<b>(1,616,964)</b>
Net cash provided (used in) by financing activities from discontinued operations	-	-	-	1,567
<b>Net cash provided (used in) by financing activities</b>	<b>1,147,014</b>	<b>(965,499)</b>	<b>1,243,293</b>	<b>(1,615,397)</b>
<b>EFFECT OF EXCHANGE RATE VARIATION ON CASH AND CASH EQUIVALENTS</b>	<b>198,521</b>	<b>8,903</b>	<b>1,062,477</b>	<b>31,572</b>
Net increase (decrease) in cash and cash equivalents	<b>3,100,327</b>	<b>(2,055,734)</b>	<b>5,433,490</b>	<b>200,080</b>
At the beginning of the period	1,368,980	3,826,698	4,237,785	5,036,011
At the end of the period	<b>4,469,307</b>	<b>1,770,964</b>	<b>9,671,275</b>	<b>5,236,091</b>

- (1) Includes provision for class action agreement (note 1.3).
- (2) FVTPL: Fair Value Through Profit and Loss.
- (3) FVTOCI: Fair Value Through Other Comprehensive Income.

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

## STATEMENT OF VALUE ADDED

	Parent company		Consolidated	
	January to June 2020	Restated (1) January to June 2019	January to June 2020	Restated (1) January to June 2019
<b>1 - REVENUES</b>	<b>16,501,955</b>	<b>15,401,404</b>	<b>19,998,832</b>	<b>17,849,033</b>
Sales of goods and products	16,317,046	14,960,053	19,859,521	17,386,060
Other income	38,180	277,842	18,082	266,806
Revenue related to construction of own assets	272,645	155,251	264,438	159,210
Expected credit losses	(125,916)	8,258	(143,209)	36,957
<b>2 - RAW MATERIAL ACQUIRED FROM THIRD PARTIES</b>	<b>(10,837,295)</b>	<b>(9,701,424)</b>	<b>(12,834,954)</b>	<b>(11,121,046)</b>
Costs of goods sold	(9,226,376)	(8,278,794)	(10,887,673)	(9,344,518)
Materials, energy, third parties services and other	(1,620,836)	(1,443,640)	(1,945,822)	(1,804,238)
Reversal for inventories losses	9,917	21,010	(1,459)	27,710
<b>3 - GROSS ADDED VALUE (1-2)</b>	<b>5,664,660</b>	<b>5,699,980</b>	<b>7,163,878</b>	<b>6,727,987</b>
<b>4 - DEPRECIATION AND AMORTIZATION</b>	<b>(987,880)</b>	<b>(996,365)</b>	<b>(1,161,800)</b>	<b>(1,141,985)</b>
<b>5 - NET ADDED VALUE (3-4)</b>	<b>4,676,780</b>	<b>4,703,615</b>	<b>6,002,078</b>	<b>5,586,002</b>
<b>6 - RECEIVED FROM THIRD PARTIES</b>	<b>6,245,730</b>	<b>889,945</b>	<b>194,653</b>	<b>559,612</b>
Income from associates and joint ventures	6,073,512	350,038	-	(1,025)
Financial income	173,109	540,550	194,711	560,729
Others	(891)	(643)	(58)	(92)
<b>7 - ADDED VALUE TO BE DISTRIBUTED (5+6)</b>	<b>10,922,510</b>	<b>5,593,560</b>	<b>6,196,731</b>	<b>6,145,614</b>
<b>8 - DISTRIBUTION OF ADDED VALUE</b>	<b>10,922,510</b>	<b>5,593,560</b>	<b>6,196,731</b>	<b>6,145,614</b>
<b>Payroll</b>	<b>2,504,040</b>	<b>2,294,875</b>	<b>2,743,528</b>	<b>2,503,839</b>
Salaries	1,829,075	1,718,794	2,021,894	1,890,010
Benefits	544,184	461,296	582,713	492,363
Government severance indemnity fund for employees	130,781	114,785	138,921	121,466
<b>Taxes, Fees and Contributions</b>	<b>2,045,361</b>	<b>1,582,357</b>	<b>2,085,446</b>	<b>1,837,334</b>
Federal	850,068	603,475	886,296	856,227
State	1,174,975	959,009	1,174,972	959,115
Municipal	20,318	19,873	24,178	21,992
<b>Capital Remuneration from Third Parties</b>	<b>6,115,160</b>	<b>1,640,497</b>	<b>1,098,860</b>	<b>1,726,696</b>
Interests, including exchange variation	6,052,527	1,580,544	999,871	1,638,859
Rents	62,633	59,953	98,989	87,837
<b>Interest on Own-Capital</b>	<b>257,949</b>	<b>75,831</b>	<b>268,897</b>	<b>77,745</b>
Income of the period	257,949	75,831	257,949	75,831
Non-controlling interest	-	-	10,948	1,914

(1) The comparative period was restated for better disclosure of exchange variations.

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

# MANAGEMENT REPORT

## SECOND QUARTER 2020 RESULTS

São Paulo, August 12, 2020 – BRF S.A. (B3: BRFS3; NYSE: BRF) – “BRF” or “Company” today announced its second quarter (2Q20) results. This report includes results recorded in Brazilian reais, pursuant to the Brazilian corporation laws and the accounting practices adopted in Brazil, and in compliance with the International Financial Reporting Standards (IFRS), and are compared to the same period in 2019, where indicated.

### OPERATING HIGHLIGHTS (Continuing Operations)

#### Market Capitalization

R\$ 18.44 bi  
US\$3.39 bi

#### Stock Prices

BRFS3 R\$ 22.70  
BRFS US\$4.17

Base: 12.08.2020

#### Shares outstanding:

812,473,246 common shares  
5,310,626 treasury shares  
Base: 06/30/2020

#### Conference Call

Thursday  
08/13/2020  
10:00 a.m. BRT  
9:00 a.m. EDT

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IR Manager

#### SOCIAL RESPONSIBILITY

- **R\$218 million** spent in 2Q20 on initiatives to fight the Covid-19 pandemic and preserve health and safety

#### CONSOLIDATED

- Net revenue of **R\$9,104 million** in 2Q20 (+9.2% y-o-y)
- Adjusted EBITDA of **R\$1,031 million** in 2Q20 (-15.4% y-o-y<sup>1</sup>)
- Adjusted EBITDA margin of **11.3%** in 2Q20 (-3.3 p.p. y-o-y<sup>1</sup>)
- Net income of **R\$307 million** in 2Q20 (+60.8% y-o-y<sup>2</sup>)

#### BRAZIL SEGMENT

- Net revenue of **R\$4,643 million** in 2Q20 (+13.7% y-o-y)
- Adjusted EBITDA of **R\$544 million** in 2Q20 (+17.7% y-o-y<sup>1</sup>)
- Adjusted EBITDA Margin of **11.7%** in 2Q20 (+0.4 p.p. y-o-y<sup>1</sup>)

#### INTERNATIONAL SEGMENT

- Net revenue of **R\$4,207 million** in 2Q20 (+5.6% y-o-y)
- Adjusted EBITDA of **R\$468 million** in 2Q20 (-32.5% y-o-y)
- Adjusted EBITDA Margin of **11.1%** in 2Q20 (-6.3 p.p. y-o-y)

#### FINANCIAL HIGHLIGHTS

- Operating cash generation of **R\$1,418 million** in 2Q20 vs. R\$1,162 million in 2Q19.
- Net leverage (Net Debt/ Adjusted EBITDA) of **2.89x** in 2Q20 vs. 3.74x in 2Q19.
- Total liquidity of **R\$12.2 billion** at the end of 2Q20<sup>3</sup>
- Extension of debt average term from 3.2 to **4.9 years**<sup>4</sup>

<sup>1</sup> Ex-tax effects in 2Q19.

<sup>2</sup> Continuing operations.

<sup>3</sup> Includes revolving line of credit of R\$1.5 billion.

<sup>4</sup> Proforma, includes funding and settlements in July and August/20.

## Disclaimer

The statements included in this report concerning the Company's prospective business, projections, and potential growth are merely forecasts based on management's expectations with regards to the future of the Company. These expectations are highly dependent on market changes and the general economic performance of the country, the industry, and the international markets, and are therefore subject to change.

## MESSAGE FROM MANAGEMENT

Dear Shareholders,

First, I would like to express my condolences regarding the passing of our dear friend at BRF, our board member, Walter Malieni. Walter was a dedicated team player, and through his huge technical expertise, played a relevant role to build BRF's recovery process, which we are now reaping the benefits. I would like to extend our deepest sympathies with his wife, Luciana, all his family members, and close friends of our dearly missed Walter.

At the present time, we are undergoing one of the most challenging seasons in our 86 years of operation. It is vital that we maintain adequate food production and supplies for the population, especially in current times where people are seeking normality in their day-to-day lives. The Covid-19 pandemic has demanded agility, tranquility, resilience, attitude and leadership to overcome the many hurdles and advance in our journey. We effectively undertook these responsibilities as high priority. All possible efforts have been made and resources utilized to protect our people and fight the effects of Covid-19 on our operations and communities in which we operate. We have already invested R\$247 million in resources, of which R\$218 million during this quarter. We are very proud of our actions, taking part in a solidarity group and exercising corporate citizenship.

We have concentrated our efforts to keep our widespread and complex supply chain running as smoothly as possible. Starting with the grain origination and feed production, handling of our genetics, providing support to our partners, coordinating complex logistics to deliver inputs and transport animals, operating slaughtering and production plants, coordinating domestic and international distribution logistics, and finally, managing warehouses and servicing customers in over 130 countries in which we operate. Keeping the pace and rhythm of each interdependent link of this vast supply chain has demanded immense of diligence and dedication on our part.

For this second quarter, the most relevant initiatives related to Covid-19, designed to protect our employees, communities, and sustain our complex operations, are outlined below:

- First company in the sector to sign a nationwide commitment with Brazil's Labor Prosecution Office – MPT, a benchmark for the market and the country;
- One of the first companies to announce and initiate a donation plan to the communities in which we operate, and to researches to fight Covid-19;
- One of the first companies to publicly commit to no dismissals;
- In early March, we proactively placed on leave approximately 8,200 employees, belonging to risk groups and resulting from virus screening, recommending that they stay at their homes, receiving care, attention and with no impact on their remuneration;
- We hired approximately 6,700 temporary workers to attend our plants, distribution centers, and restocking operations;
- We implemented a weekly recognition plan for BRF employees, with added financial and food which benefitted nearly 65,000 employees;
- We expanded the 24h hotline (Dr. BRF) to over 30,000 beneficiaries, including outsourced workers and partners;
- We distributed over 3 million PFF2 masks and sanitized approximately 230 tons of face masks per month;
- Nearly 600,000 liters of hand sanitizer were distributed to hundreds of sanitization stations;
- We installed approximately 10,000 m<sup>2</sup> acrylic shields to separate critical work operations and dining halls;
- We replaced over 8,300 air conditioning filters for immediate replacement and continued monitoring;

- We installed 33 thermal cameras and acquired over 2,000 thermometers for use at our facilities;
- We added over 400 buses to employee charter buses which more than doubled our charter fleet;
- We created a Covid-19 testing team comprised of over 70 people solely dedicated to conducting tests for employees at 40 different sites;
- Albert Einstein Hospital physicians and nurses conducted and monitored Covid-19 tests at different locations;
- We hired 400+ guards to measure employees' temperature and maintain traffic flow at our various facilities;
- We installed over 465 workstations correlated with intensified asepsis;
- We added approximately 3.3 million km in agribusiness logistics to transport animals - preventing potential supply chain disruption and complying with the best animal welfare practices;
- We added nearly 20,000 pallet positions in port warehouses for added supply chain resilience;
- We maintained 7,000+ stock boys and vendors to guarantee services for clients and consumers;
- We monitored and analyzed more than 480 Decrees and 113 Legislative Proposals that could potentially impact the sector;
- We produced over 90 different items for communication purposes, which included banners, panels, and videos with a focus on prevention and the "Aqui A Gente Se Cuida" (We Take Care of Our Own) campaign;
- We made donations to over 90 cities in Brazil, the United Arab Emirates, Kuwait, Oman, Qatar and Turkey, ultimately benefiting over 180 entities;
- We made 1.3 million PPEs available in 35 Brazilian municipalities;
- We are donating R\$5 million to the Butantan Institute, contributing to increase its vaccine production capacity, and another R\$2.0 million to other research institutes, such as Hospital das Clínicas of the University of São Paulo Medicine Faculty and Oswaldo Cruz Foundation (Fiocruz).

These actions reflect the foundation of our essence, culture, way of being, and care of employees, communities and society as a whole. We play our part in the global community, and spare no effort for the greater good of all.

Despite all obstacles and adversities during a period heavily impacted by the pandemic, we are proud to announce our 2Q20 results. We managed to sell over 1 million tons of products, the same level recorded in the second quarter of 2019 (2Q19), building consistent margins, likewise the last five quarters, with solid evolution of net income.

Notwithstanding the adversities and uncertainties surrounding the global pandemic, our processed food volume in the domestic market surged by nearly 13%, directing our portfolio assortment to higher value-added products, ramping up the strength and credibility of our key brands: Sadia, Perdigão, Qualy and Banvit. Our consolidated net revenue totaled R\$9.1 billion, 9% higher than in 2Q19, mainly fueled by high margins and volumes in processed food.

Due to higher production and operational costs, especially those relating to initiatives mentioned above for Covid-19, gross margin reached 22%. However, if we exclude Covid-19 expenses, our gross margin remained close to the 25% level recorded over the last quarters. Our Adjusted EBITDA came to R\$1.0 billion, with an Adjusted EBITDA margin of 11.3%. If we exclude Covid-19 expenses, our Adjusted EBITDA would total R\$1.2 billion, with a margin level above 14% recorded over the last quarters.

Our operational performance generated free cash of R\$800 million, reinforcing our solid cash position. We ended 2Q20 with total liquidity of nearly R\$12.2 billion<sup>5</sup>, prudent level, and consistent with our financial liabilities management.

In July 2020, we announced the issue of debentures totaling R\$2.2 billion, used as collateral for the issue of agribusiness receivables certificates – CRA, the largest operation of this type in Brazil. At the same time, we announced the buyback of bonds in the international market totaling US\$296 million, significantly reducing bonds to mature in 2022, 2023, and 2024. Also, in early August, we prepaid short-term debts with

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<sup>5</sup> Includes revolving line of credit of R\$1.5 billion.

financial institutions in Brazil, totaling R\$965 million. As a result, we re-balanced the participation of Real-denominated debts from 27% in 1Q20 to 35%<sup>6</sup>. We also extended the average term of our indebtedness from 4.5 years in 1Q20 to 4.9<sup>2</sup> years.

Despite a period of extreme volatility, we did not lose track of strategy and our aspirations for the future. We launched over 70 SKUs during the quarter, and we are reshaping the future through several initiatives being elaborated, with a focus on growth and expansion of new products, with the strength of our brands. We reinforced our commitment to environmental, social, and corporate governance aspects (ESG) with the following actions:

- We adhered to the movement of the Brazilian Business Council for Sustainable Development – CEBDS to fight illegal Amazon deforestation, support social and economic inclusion of local communities, minimize environmental impacts on the use of natural resources, and preserve biodiversity, among others;
- We participated in the co-creation of the We Movement (Movimento Nós): an initiative created by eight major Brazilian food & beverage companies to support the small retailer in the processes of i) safe reopening with a focus on health; ii) seamless inventory replenishment; iii) strengthening of business and consumers relationship; and iv) release of quality content to the market to benefit nearly 3 million Brazilians;
- At the Annual Shareholders' Meeting held on April 27, 2020, we renewed the Board of Directors by an absolute majority of shareholders, composed of independent members, market professionals, with flawless reputation, including the election of three new members, building a more diverse governance, with complementary skills and experiences.

The publication of our Integrated Report, available on our investor relations website, evidences BRF's mission to protect the environment, social relations, value corporate governance, and our commitment to safety, quality, and integrity. We know there is still a lot of work to be done, and we will work more and more and better. We are the single company in Brazil's food sector included in the Corporate Sustainability Index – ISE of B3.

On my behalf and the Executive Committee, I would like to highlight the dedication, efforts, and engagement of more than 90,000 employees, 15,000 suppliers, and nearly 10,000 integrated out growers. Each and every one embedded with a sense of initiative and dissemination of BRF's core principles: to **offer quality food, that is also tasty and practical, to people across the globe, providing a BETTER LIFE for everyone**. With this energy, we launched the "Aqui A Gente Se Cuida" (We Take Care of Our Own) and #NossaPartePeloTodo (We Contribute to the Whole) campaigns. We are proud to take care of our people so that they can serve more than 250,000 clients and millions of consumers around the world.

The Covid-19 pandemic is still causing relevant impacts on our company, on Brazil's economy, and on a worldwide scale. We are currently living in times of widespread uncertainty. However, I am confident we will overcome this crisis together. Here at BRF, we will continue to protect our employees, their families, **and provide quality food, providing a better life for everyone**. We will continue improving our business, management systems, monitoring risks, enhancing our efficiency, and ensuring business sustainability.

Lastly, I would like to thank our Board of Directors for their unconditional support, our shareholders for their trust in a company that values corporate citizenship, our partners and suppliers for their collaborative efforts, the communities in which we operate for their responsiveness, and consumers for their loyalty in our products and brands.

**Lorival Nogueira Luz Jr.**

Global CEO

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<sup>6</sup> Proforma gross debt includes debt issues and redemptions made in Jul-20.

# HIGHLIGHTS

## Key Financial Indicators

Highlights ( Million R\$)	2Q20	2Q19	Chg. % y/y	1Q20	Chg. % q/q
Volume (Thousand Tons)	1,083	1,090	(0.7%)	1,087	(0.4%)
<b>Net Revenues</b>	<b>9,104</b>	<b>8,338</b>	<b>9.2%</b>	<b>8,949</b>	<b>1.7%</b>
Average Price (R\$/kg)	8.41	7.65	10.0%	8.23	2.1%
COGS	(7,125)	(6,246)	14.1%	(6,696)	6.4%
<b>Gross Profit</b>	<b>1,979</b>	<b>2,092</b>	<b>(5.4%)</b>	<b>2,253</b>	<b>(12.2%)</b>
Gross Margin	21.7%	25.1%	(3.3) p.p.	25.2%	(3.4) p.p.
<b>Net (Loss) Income Continued Operations</b>	<b>307</b>	<b>191</b>	<b>60.8%</b>	<b>(38)</b>	<b>n.m.</b>
Net Margin - Continued Op. (%)	3.4%	2.3%	1.1 p.p.	(0.4%)	3.8 p.p.
<b>Net (Loss) Income Total Consolidated</b>	<b>307</b>	<b>325</b>	<b>(5.5%)</b>	<b>(38)</b>	<b>n.m.</b>
Net Margin - Total Consolidated (%)	3.4%	3.9%	(0.5) p.p.	(0.4%)	3.8 p.p.
<b>Adjusted EBITDA</b>	<b>1,031</b>	<b>1,547</b>	<b>(33.3%)</b>	<b>1,251</b>	<b>(17.6%)</b>
EBITDA Adjusted Margin (%)	11.3%	18.6%	(7.2) p.p.	14.0%	(2.7) p.p.
Tributary Impacts ( ICMS and Staple Food Basket)	-	328	n.m.	-	n.m.
<b>EBITDA Adjusted Ex-Tributary Effects*</b>	<b>1,031</b>	<b>1,219</b>	<b>(15.4%)</b>	<b>1,251</b>	<b>(17.6%)</b>
EBITDA Adjusted Margin Ex-Tributary Effects* (%)	11.3%	14.6%	(3.3) p.p.	14.0%	(2.7) p.p.
<b>Cash Generation (Consumption)</b>	<b>807</b>	<b>1,373</b>	<b>(41.2%)</b>	<b>2,774</b>	<b>(70.9%)</b>
Net Debt	(15,311)	(13,900)	10.2%	(15,589)	(1.8%)
<b>Leverage (Net Debt/Adj.EBITDA LTM)</b>	<b>2.89X</b>	<b>3.74X</b>	<b>(22.8%)</b>	<b>2.68X</b>	<b>7.7%</b>

\* Excludes ICMS contingent tax assets/liabilities over the calculation basis of PIS/Cofins and ICMS over Staple Basket, as reported in 2Q19.

## Quarter Highlights and Subsequent Events

- Implementation of a set of actions to fight against the effects of Covid-19, aiming the safety of our employees, partners, the communities in which the Company operates, clients and consumers, with additional expenses of R\$218 million in 2Q20 and R\$247 million in 1H20.
- Co-creation of the We Movement (Movimento Nós), an initiative to contribute to small retailer's business recovery, and assist nearly 300,000 points-of-sale, 1 million workers, and 3 million Brazilians.
- In Brazil segment, expansion of Sadia Veg&Tal category - by launching four options in our plant-based line: cauliflower, broccoli, peas, and vegetable mix -, launching smoked loin, smoked chicken, new flavors of Salamitos, among others. In the International segment, launch of french fries line in the Halal market, expansion of the breaded cuts and hamburgers line, among others;
- Perdigão and Sadia were consumers' most preferred brands in 2019, in the food category, and Qualy, in the margarine category, according to a study by Kantar Brand Footprint. In the first four months of the year, Sadia and Perdigão brands are also ranked on the Top 10 brands that gained higher penetration in the period;
- Market share growth in the following categories compared to the latest reading: Margarine +2.4 p.p. and Frozen Meals +1.2 p.p.;
- Share of processed food category in Brazil segment reached 75.2%, 4.3 p.p. higher than in 2Q19;
- Startup of our e-commerce *Mercato em Casa* with delivery in the cities of Curitiba and São Paulo;
- The digital platform has been rapidly growing across all segments and has been consolidated as one of the Company's strategic pillars.
- Issue of 2.2 million Debentures in two series, being 705,000 of the first series, with a 7-year term and 1,495 million of the second series with a 10-year term, totaling R\$2.2 billion.
- Buyback in the international market of bonds to mature in 2022, 2023, and 2024, totaling the aggregate amount of US\$296 million.
- Prepayment of loan operations totaling R\$965 million, with Brazilian financial institutions;

## Tactical actions during 2Q20

### Brazil Segment:

Our performance in the domestic market was positive, reflecting the actions consistently implemented, aiming at protecting our profitability and serving our clients according to their new consumption habits.

A focus on improved delivery services and our product replenishment, seeking to mitigate the impact of stockout, and pursue a higher value-added mix, bolstered by our innovations, also positively contributed to our results.

With higher value-added of our brands, services, and distribution, we were capable of protecting our *in natura* category from market fluctuations and sustain the portfolio profitability.

The We Movement, created by 8 major Brazilian food & beverage companies to support the small retailer, initiated its activities in June, with official launches in the States of Santa Catarina, Mato Grosso do Sul and Tocantins. The first signs evidence high adhesion and responsiveness from selected POS. We believe that business conditions offered by BRF and its partners will give a boost for them to recover business.

Our marketing actions continue increasingly approaching our consumers and enhancing preference for our brands. Quality content associated with the current situation of higher consumption at home, strongly contributed in this regard. Positive messages in line with each brand's profile, with useful recipes that facilitate daily routine, creating a relevant database, enabled us to build up a dialogue with our consumers.

Also, the launch of Sadia Bio and Veg&Tal lines reinforced our value proposal, with higher quality food, with a focus on new consumption habits.

The campaign of new "Sadia Mac'n'Cheese", targeting youngsters, was a great success. In the digital environment, we produced a specific content, such as live entertainment that was among the most viewed on YouTube. We also sponsored backcountry live shows and Internet's largest BBQ channel.

In Qualy, we also resumed the online Collectible Cup Campaign, combining packages and reuse. This campaign resulted in the highest NPS (Net Promoter Score) of the brand's history. With the Deline brand, we set in motion the traditional moment of this brand, the "São João" festivities.

All these initiatives increased the accesses to our brands sites by 286%, and with the support of our Performance Lab, we improved the average time of visit by 33%. Brands NPS, overall, improved 3 p.p. when compared to the same period last year.

The digital platform has been consolidated as a relevant lever of business growth, both in B2C and B2B. We highlight our partnerships with Rappi, Zé Delivery, Menu and içougue, activations in the platforms of major retailers and creation of a consumer-direct sales platform, **Mercato em Casa** ([www.mercatoemcasa.com.br](http://www.mercatoemcasa.com.br)).

In Secondary Logistics, we reached historical levels of service, besides increasing fleet productivity with occupation gains that also reduced costs. The performance of our return indexes contributed to improving delivery efficiency. The implementation of a solid contingency plan significantly contributed to achieving the performance metrics. We also invested in operational security reinforcement by accelerating the implementation of technology tools to monitor and control operations.

### International Segment:

The international segment delivered solid results in 2Q20, amid a different reality. On the one hand, China continues boosting demand for both poultry and swine, although the poultry segment saw a heightened competition after the US entry. Even so, we continue consistently advancing our strategy to the extent we explore and broaden our local distribution.

We expanded our portfolio by launching 57 new SKUs (Stock Keeping Unit), exploring other possibilities in higher value-added products, allowing us to capture solid margins. On the other hand, the direct export market has been struggling with a lack of liquidity in relevant markets, such as Angola and Libya, especially where oil

represents most of these economies' revenue. Also, exports highly rely on foodservice, a segment severely hit by an extended halt of commerce in 2Q20.

In the Halal DDP segment, we continue focused on ramping up higher value-added products, launched new products and continued gaining market share. The channel mix re-orientation, due to Covid-19, allowed us to expand business in the "Modern Trade", partially offsetting adverse effects on foodservice, thanks to the strength of our brands. We maintained our operating efficiency with strict control over our receivables and product availability, creating partnerships with governments to ensure the local population's food safety. However, we are still facing an economic challenge in Turkey, where export constraints, the economic crisis aggravated by Covid-19, and the halt of foodservice have been squeezing prices in a predominantly frozen chicken market.

We added new licenses to export chicken to Canada, Chile, Egypt and South Korea, besides receiving authorization to export pork to Myanmar. The geographic diversification of our exports benefits the Company when it is necessary to reschedule exports, by quickly and efficiently redirecting to other markets.

### **Integrated Planning and Logistics:**

Our integrated planning actions were concentrated in reviewing the supply and inventory models, pursuing a higher service level. We also created an optimization model for a manufacturing footprint review that resulted in agility and flexibility when adapting our production to specific issues caused by the pandemic.

At Logistics, we sustained our productivity gains in loads and unloads at plants and distribution centers, reaching the lowest historical values and reducing logistics costs. The technology actions and ongoing Health, Safety, and Environment – SSMA processes enabled us to achieve the lowest accident index of our history. Our fleet occupation project also kicked off, pursuing greater operational leverage.

Concerning Commodities/Grains:

- We focused on the execution and commercial positioning in the markets in which we operate, and also on the utilization of alternative inputs, seeking to sustain cost competitiveness against exchange rate volatility, projected carryover stocks in the market and weather forecasts;
- We expanded our storage capacity, operating efficiency, and ideal occupation levels, besides new regional partnerships;
- We invested in the development of processes and operational safety in the grains logistics area, including monitoring, tracking, and control;
- We accelerated our digital transformation journey, by adopting georeferencing tools;
- We set up the BRF Commodities Academy, aiming at fomenting employees' professional development and improvement while reinforcing the Company's mission of qualifying people.

In the Protein Intelligence area, jointly with each market's business areas, we reviewed the short-term strategies and built scenarios for the decision-making process within the context of the Covid-19 pandemic.

### **Operations and Supplies:**

Our Operational Excellence System (SEO) shows 20% more adhesion to pillars vs. 1Q20. Pilot tests to implement the new PCL Pillar (Programming, Control, and Logistics) were also concluded. In the second half this year, we will roll out the PCL Pillar in other BRF's units. We also started building and implementing the CIEP Pillar (Center of Innovation and Industrial and Agribusiness Excellence). Processes digitalization (digital traceability and onboard diary) continues advancing, reaching key units by the end of 2020.

In our Direct and Indirect Supplies area, we managed to capture through Value Engineering projects, nearly R\$36 million in 2Q20. We also guaranteed the supply of materials and inputs for our units with a minimum out-of-stock level, despite the volatile and adverse scenario of Covid-19 (for instance, suppliers' ratification fast track and higher inventories of sanitization materials and PPE, ensuring employees' protection). We adopted close-supply chain management, sharing good management practices and control in partnerships with suppliers. We also achieved average mitigation of 55% of inflation on procurement spend during 2Q20, decisively contributing to our cost management.

Below, the evolution of a few indicators of industrial and agribusiness segments, versus 2Q19:

- Turnover: 35% reduction in VP of Operations;
- Productivity: 3.2% growth;
- Packed chicken griller- +2 p.p.;
- Idleness (Agribusiness + Industry) – ex-impacts of Covid-19: -44%;
- Production process losses – ex-impacts of Covid-19: -57%;
- Advance in digitalization, with 90% of partner producers connected through apps.

### **Quality, R&D, and Sustainability:**

Tactical actions in 2Q20 concerning Quality, R&D, and Sustainability focused on:

- Release of BRF 2019 Integrated Report, available on our Investor Relations website, structured in three key chapters: Essence, Strategy, and Results;
- 21% reduction in complaint index against the same period last year for products sold in Brazil and 54% for exported products;
- Solid evolution of the Net Promoter Score (NPS), reaching 84.2 points in 2Q20 related to answers to consumers' complaints. With a 10% year-on-year increase, BRF is now positioned in the zone of excellence, according to the NPS methodology;
- Environment Campaign, including employees, stakeholders, and media: highlight to the 100% digital event held in partnership with O Globo newspaper, to stress the relevance of sustainability in the planet's future and under the private enterprise and specialists perspective. The live stream reached 505,000 people, with 573,000 views;
- Authorization to launch our products in three markets, namely: Canada (hydrolysate), Chile (flour) and Bolivia (margarine), as well as 14 new licenses or renewals for Oman (processed food), Egypt (poultry meat), South Korea (poultry meat) and Philippines (poultry and pork meat).

### **Strategy, Innovation, and Management:**

Our board of executive officers, focused on the consolidation of BRF Essence, has been designing the BRF 2030 Vision, which aims at determining and detailing the Company's growth plan and key strategic levers to achieve such growth.

Our revenue from innovation/new products<sup>7</sup> accounted for 4.6% of Brazil segment's gross revenue, against 3.1% in 2Q19. This represents a significant evolution towards becoming a company increasingly more innovative and attentive to clients' and consumers' needs.

Through BRF Hub, a collaborative innovation platform, we launched a partnership with the Israeli company, IBI-Tech, a global hub of disruptive food technology (foodtechs) and agribusiness (agtechs). Besides fomenting IT initiatives, we plan to devise new solutions, products and technology, as well as methodologies developed in Israel; setting out new cooperation, considering the perimeter of businesses to be developed; and expand the startups' ecosystem.

### **People, Services, and Technology:**

During 2Q20, our initiatives remained focused on our employees' development. We adjusted formats and content to the current needs of the pandemic. We launched new channels that expand and strengthen the BRF learning ecosystem, such as webinars and podcasts with internal or external specialists invited to discuss current issues, while reinforcing key messages of Culture principles, such as Interdependence and Collaboration. The podcasts recorded over 1,000 views. We also carried on Diversity actions, with the

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<sup>7</sup> Products launched during 24 months preceding the reporting date.

LGBTQIA+ Pride month campaign, stressing the promotion of transparency channels to report discriminatory acts.

Regarding our Digital Transformation initiatives, we are increasingly evolving in the use of agile methods, cybersecurity, availability of tools, and digital infrastructure for meetings and collaboration, especially after reaching over 10,000 employees working from home on account of Covid-19. In addition to the several forums, some of them with more than 3,000 employees online, we held the first Annual and Extraordinary Shareholders' Meeting (AESM) in the hybrid format, in presence and online.

An important example of Digital Transformation is the agribusiness digitalization project, connecting over 8,000 poultry and swine producers at the mobile platform *AgroBRF* to have access to breeding production data, supply chain-related news, notifications on processes, such as slaughter and important warnings that interact with daily information on production progress.

Concerning Covid-19, we keep the focus on people's health and wellness with Employee Protection. Besides all the measures mentioned herein, we had the specialized assistance of Dr. Esper Kallás and Hospital Israelita Albert Einstein in a coordinated effort to prevent and fight against the pandemic. The strategy included tests for Covid-19 conducted in 100% of our employees in the most critical cities and sample testing in other locations.

Moving on with our positive agenda for our employees, we held a pulse survey that relied on over 9,000 participants and indicated that 96% of employees realize that BRF is adopting appropriate measures during the pandemic, with efficient communication and guidelines to employees. We also saw advances in our employees' perception concerning our Journey of Culture, with attitudes that compose our core principles, dealing with opportunities and enhancing stress management actions.

In corporate communications, we intensified internal campaigns ("Aqui A Gente Se Cuida" - We Take Care of Our Own), with an emphasis on expected behavior, individual responsibility, and interdependence, and we launched regional media campaigns #NossaPartePeloTodo.

## OPERATING PERFORMANCE

### BRAZIL SEGMENT

Brazil Segment	2Q20	2Q19	Chg. % y/y	1Q20	Chg. % q/q
<b>Volume (Thousand Tons)</b>	<b>552</b>	<b>519</b>	<b>6.3%</b>	<b>562</b>	<b>(1.8%)</b>
Poultry (In Natura)	105	122	(13.8%)	128	(17.7%)
Pork and Others (In Natura)	31	29	7.9%	30	3.8%
Processed foods	416	368	12.9%	404	2.8%
<b>Net Operating Revenues (R\$, Million)</b>	<b>4,643</b>	<b>4,082</b>	<b>13.7%</b>	<b>4,655</b>	<b>(0.3%)</b>
Average price (R\$/Kg)	8.41	7.86	7.0%	8.28	1.5%
COGS	(3,622)	(3,100)	16.8%	(3,506)	3.3%
<b>Gross Profit (R\$, Million)</b>	<b>1,020</b>	<b>982</b>	<b>4.0%</b>	<b>1,149</b>	<b>(11.2%)</b>
Gross Margin (%)	22.0%	24.0%	(2.1) p.p.	24.7%	(2.7) p.p.
<b>EBITDA Adjusted Ex-Tributary Effects*</b>	<b>544</b>	<b>790</b>	<b>(31.2%)</b>	<b>611</b>	<b>(10.9%)</b>
EBITDA Adjusted Margin Ex-Tributary Effects* (%)	11.7%	19.4%	(7.6) p.p.	13.1%	(1.4) p.p.
<b>Adjusted EBITDA ex-ICMS</b>	<b>544</b>	<b>462</b>	<b>17.7%</b>	<b>611</b>	<b>(10.9%)</b>
EBITDA Adjusted Margin ex-ICMS (%)	11.7%	11.3%	0.4 p.p.	13.1%	(1.4) p.p.

\* Excluding ICMS contingent tax assets/liabilities over calculation basis of PIS/Cofins and ICMS over Staple Basket, as reported in 2Q19.

### 2Q20 x 2Q19

Constraints caused by the Covid-19 pandemic changed consumers' habits, stimulating cooking and food consumption at home. Thus, with small and large retail absorbing the foodservice volume, our competitive advantages, such as brand preference, broad distribution, comprehensive portfolio, among others, especially in the processed food and margarine categories, stood out. It is worth noting a recovery in the pace of innovations, which saw strong and solid growth during 2Q20, highlighting Mac'n Cheese, Veg&Tal, Speciale, and Bio lines.

Our brands performance advanced 3.1 p.p. in preference compared to the first half of 2019, 1.9 p.p. at Perdigão, 1.2 p.p. at Sadia and 0.6 p.p. at Qualy. We also reinforced our presence in the media with 14.5% higher digital investment in brands. Another positive performance index was the NPS – Net Promoter Score, wherein BRF grew by 3% vs. 2019.

As a result, total volume rose 6.3% y-o-y, especially in the processed food category (+12.9% y-o-y), also fueled by marketing campaigns, trade activations, and disciplined execution. Average prices increased 7.0% y-o-y in 2Q20, on the back of appropriate business strategy and a better mix of products and channels. Thus, Brazil segment's net revenue rose 13.7% y-o-y in 2Q20, in line with growth strategy and operation's profitability.

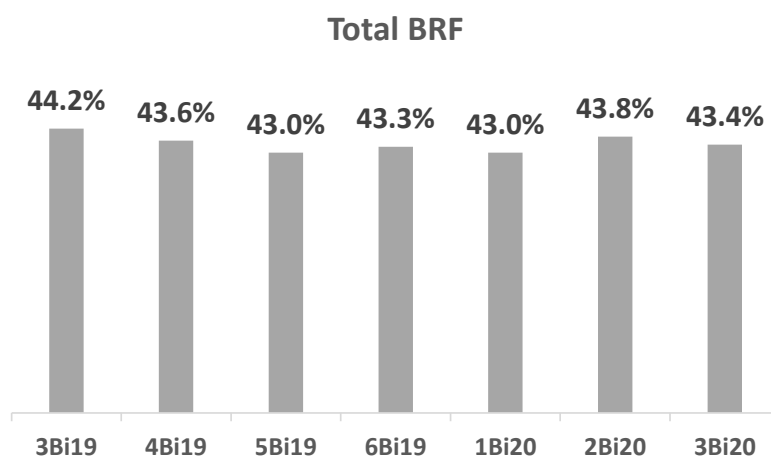
This positive business performance mitigated the impact of higher grain costs but partially offset the non-recurring expenses to prevent and fight the effects of Covid-19. Hence, gross margin shrank 2.1 p.p. in the y-o-y comparison, reaching 22.0% in 2Q20.

Excluding costs and expenses relating to Covid-19 in Brazil segment, totaling R\$117 million, Adjusted EBITDA would total R\$661 million (+43.0% y-o-y) in 2Q20, with an Adjusted EBITDA margin of 14.2% (+2.9 p.p. y-o-y).

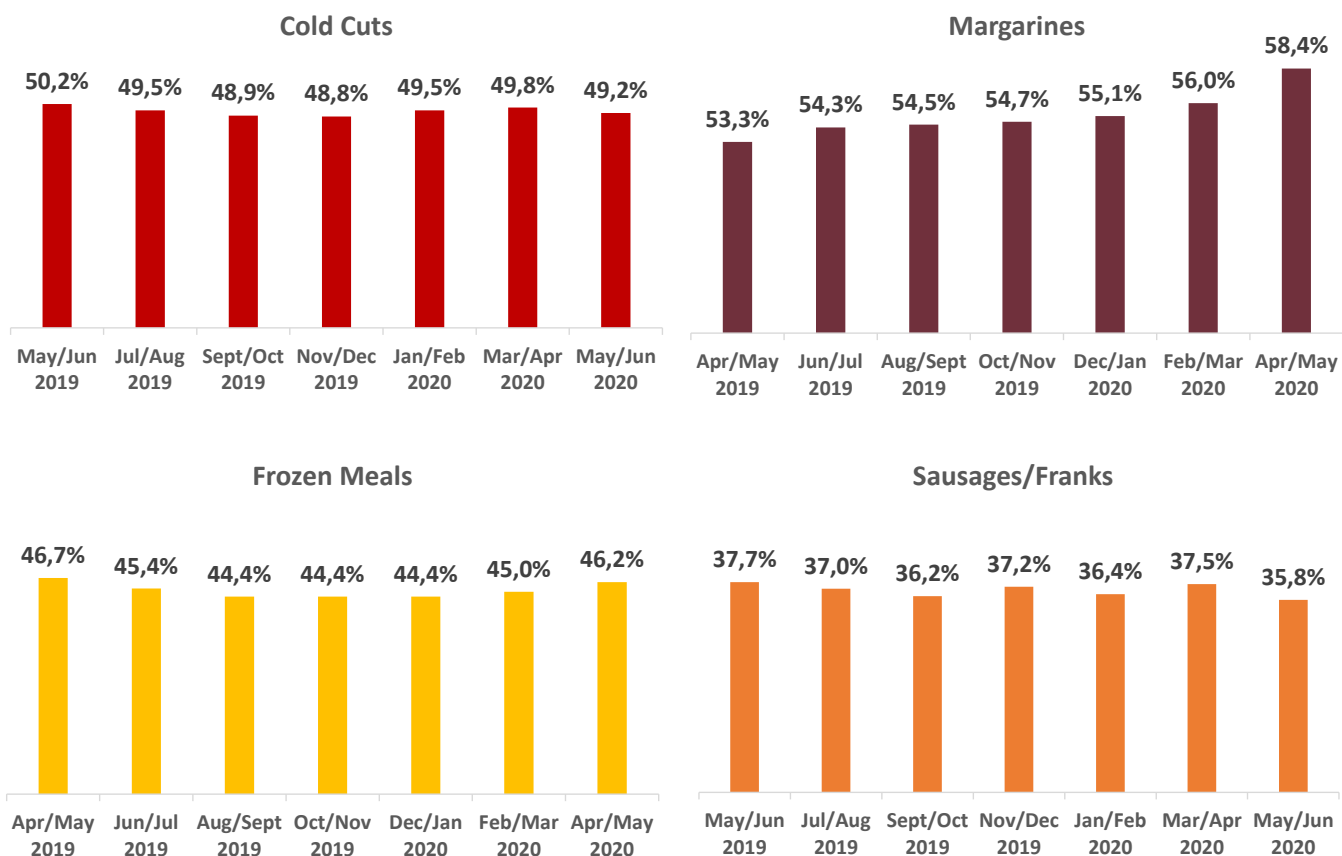
### Market Share

In the third bi-monthly period of 2020, the Company's consolidated market share reached 43.4%, 0.8 p.p. lower than the same period last year.

Compared to the last reading, we recorded growth in Margarine (+2.4 p.p.) and Frozen Meals (+1.2 p.p.). On the other hand, the Processed Food and Cold Cuts categories declined 1.7 p.p. and 0.6 p.p., respectively, due to temporary halt of our plants to protect our employees' health against the effects of Covid-19. It is worth noting that Nielsen reading partially reflects the market in which BRF operates, not including some categories (*in natura*) and channels (foodservice), which are relevant for BRF.



Source: Nielsen



Source: Nielsen Retail Bi-monthly – Margarine and Frozen Meals (April/May) reading; Sausages/Franks and Cod Cuts (May/June reading).

## INTERNATIONAL SEGMENT

As announced in the first quarter of 2020, the Company changed the way it reports international segment data, in connection with its current management model. From early 2020, this segment is being managed in three different groups, namely: (i) Asia; (ii) Halal Distribution – Halal DDP; and (iii) Direct Exports, as detailed below, according to this new criterion. The quarterly historical data compared to this new methodology can be accessed in the fundamentals spreadsheet at the investor relations website (<https://ri.brf-global.com/>).

International Segment	2Q20	2Q19	Chg. % y/y	1Q20	Chg. % q/q
Volume (Thousand Tons)	463	505	(8.2%)	458	1.2%
Poultry (In Natura)	352	402	(12.4%)	358	(1.7%)
Pork and Others (In Natura)	48	39	23.7%	44	9.8%
Processed foods	63	64	(1.3%)	56	13.7%
<b>Net Operating Revenues (R\$, Million)</b>	<b>4,207</b>	<b>3,985</b>	<b>5.6%</b>	<b>4,016</b>	<b>4.8%</b>
Average price (R\$/Kg)	9.08	7.89	15.0%	8.77	3.5%
COGS	(3,288)	(2,939)	11.9%	(2,966)	10.8%
<b>Gross Profit (R\$, Million)</b>	<b>920</b>	<b>1,047</b>	<b>(12.1%)</b>	<b>1,049</b>	<b>(12.4%)</b>
Gross Margin (%)	21.9%	26.3%	(4.4) p.p.	26.1%	(4.3) p.p.
<b>Adjusted EBITDA (R\$, Million)</b>	<b>468</b>	<b>693</b>	<b>(32.5%)</b>	<b>680</b>	<b>(31.1%)</b>
Adjusted EBITDA Margin (%)	11.1%	17.4%	(6.3) p.p.	16.9%	(5.8) p.p.

On June 30, 2020, a heavy rainfall hit the states of Santa Catarina, Paraná and Rio Grande do Sul, due to a weather phenomenon called “bomb cyclone”. This event resulted in delivery hurdles, on account of impediments to issue certifications and relocate vessels, due to adverse weather conditions. The impact on shipment reschedule, in June postponed to July, totaled approximately 8,000 tons.

In addition, given the reduction in operating leverage and adjustments made in our production chain, due to Covid-19, we stopped producing and serving 22 thousand tons of protein, of which 13 thousand tons in Asia and 9 thousand tons in the segment of direct exports to the Middle East.

The net operating revenue growth is restrained by the currency hedge, as described in the financial performance section, due to the strong depreciation of the Brazilian Real against the US dollar during a short time period, affecting the hedge positions created in the 12 months preceding the end of this quarter.

Higher productions costs, on the back of grains scenario and operational deleverage, caused by Covid-19 – with higher impact on certain plants with Brazil’s volumes directed to exports – also significantly impacted businesses, squeezing gross profit. On the other hand, the Company adopted several actions to manage costs and expenses in the International segment to mitigate these effects, like postponing personnel replacement, reducing travels, reviewing administrative contracts, etc.

## 1) Asia

Asia	2Q20	2Q19	Chg. % y/y	1Q20	Chg. % q/q
<b>Volume (Thousand Tons)</b>	<b>144</b>	<b>140</b>	<b>3.5%</b>	<b>135</b>	<b>7.3%</b>
Poultry (In Natura)	100	107	(6.7%)	94	6.63%
Pork and Others (In Natura)	39	27	43.3%	35	10.33%
Processed foods	5	5	4.9%	5	(1.66%)
<b>Net Operating Revenues (R\$, Million)</b>	<b>1,424</b>	<b>1,159</b>	<b>22.9%</b>	<b>1,326</b>	<b>7.4%</b>
Average price (R\$/Kg)	9.86	8.31	18.7%	9.85	0.11%
COGS	(1,043)	(901)	15.7%	(887)	17.58%
<b>Gross Profit (R\$, Million)</b>	<b>381</b>	<b>257</b>	<b>48.2%</b>	<b>439</b>	<b>(13.2%)</b>
Gross Margin (%)	26.8%	22.2%	4.6 p.p.	33.1%	(6.3) p.p.
<b>Adjusted EBITDA (R\$, Million)</b>	<b>334</b>	<b>249</b>	<b>34.3%</b>	<b>407</b>	<b>(18.0%)</b>
Adjusted EBITDA Margin (%)	23.4%	21.5%	2.0 p.p.	30.7%	(7.3) p.p.

## 2Q20 x 2Q19

Net revenue in the Asian market surged 22.9% y-o-y to R\$1.4 billion, fueled by higher volumes shipped in the quarter (+3.5% y-o-y) and higher average prices in Reais (+18.7 % y-o-y). The outbreak of African Swine Fever is still impacting supply in several Asian countries, resulting in higher demand for imported products. In China, our volumes soared 70% in 2Q20, mainly impacted by a higher number of licensed plants during the second half of 2019. In Japan, due to the postponement of the Olympic Games and restricted inventory levels, average prices tumbled, partially offset by Singapore, where demand for frozen products grew, in detriment of demand for products from other markets.

Our gross profit reached R\$381 million in 2Q20, with a gross margin of 26.8% (+4.6 p.p. y-o-y). Improved commercial and operational performance were key drivers to stimulate profitability in the region, despite the hedge effect. Expenses relating to actions to prevent and fight against the effects of Covid-19 in Asia segment totaled R\$31 million. Excluding these effects, Adjusted EBITDA would total R\$365 million in 2Q20, with a margin of 25.6% (+4.2 p.p. y-o-y).

## 2) Halal Distribution– Halal DDP

Halal DDP	2Q20	2Q19	Chg. % y/y	1Q20	Chg. % q/q
<b>Volume (Thousand Tons)</b>	<b>176</b>	<b>183</b>	<b>(3.7%)</b>	<b>184</b>	<b>(4.2%)</b>
Poultry (In Natura)	146	149	(1.98%)	154	(4.96%)
Others (In Natura)	0	1	(68.42%)	0	(1.67%)
Processed foods	30	33	(10.18%)	30	0.01%
<b>Net Operating Revenues (R\$, Million)</b>	<b>1,821</b>	<b>1,574</b>	<b>15.7%</b>	<b>1,702</b>	<b>7.0%</b>
Average price (R\$/Kg)	10.35	8.61	20.15%	9.27	11.67%
COGS	(1,419)	(1,057)	34.23%	(1,288)	10.13%
<b>Gross Profit (R\$, Million)</b>	<b>402</b>	<b>517</b>	<b>(22.3%)</b>	<b>413</b>	<b>(2.7%)</b>
Gross Margin (%)	22.1%	32.9%	(10.8) p.p.	24.3%	(2.2) p.p.
<b>Adjusted EBITDA (R\$, Million)</b>	<b>101</b>	<b>273</b>	<b>(63.0%)</b>	<b>165</b>	<b>(38.8%)</b>
Adjusted EBITDA Margin (%)	5.6%	17.4%	(11.8) p.p.	9.7%	(4.2) p.p.

### 2Q20 x 2Q19

Net revenue in the Halal Distribution grew by 15.7% y-o-y to R\$1.8 billion in 2Q20, favored by the depreciated exchange rate of 37.4% y-o-y. Covid-19 impacted demand in a period seasonably stronger, the Ramadan, due to social distancing measures. Thus, volume dropped 3.7% y-o-y, especially in the Foodservice channel, which was partially mitigated by higher demand at retail. Also, the temporary halt of plants in the cities of Dois Vizinhos and Kizad to export to Saudi Arabia, besides the impact on volume, adversely affected prices in US dollar (-12.7% y-o-y), especially the Kizad plant, due to lower processed food sales in that country, re-directing volumes to other markets in the region, and affecting profitability.

In Turkey, despite the redirection of foodservice volumes to the modern trade, factors such as the economic crisis, the Turkish lira depreciation and constraints in the exports flow to Iraq, impacted our performance.

Market share in the GCC region ended the quarter at 37.1%, consolidating our leading position in the market, despite all the impacts mentioned. According to the last Nielsen reading, we have:

- (i) griller with 50.7% (+2.1 p.p. y-o-y);
- (ii) chicken cuts with 56.4% (-3.6 p.p. y-o-y);
- (iii) processed food with 14% (-5.0 p.p. y-o-y);

Still referring to market share, our market share in Turkey reached 24.3% in 2Q20, 5.0 p.p. higher than in 2Q19, fueled by continual actions to strengthen Banvit brand and redirect channels, and change in consumer's habits. Therefore, we sustained our leading position in nearly all brands. It is worth noting that Nielsen's methodology was changed during the period, which led Banvit's share in 2Q19 to 18.4%. Considering this change, the gain in market share is of 5.9 p.p.

Gross margin decreased by 10.8 p.p. y-o-y to 22.1%, due to hedge effect and higher grains, production and freight costs. The exchange rate depreciation, besides affecting costs in the region, also pressured general and administrative expenses, despite a stricter control of expenses. Expenses relating to actions to prevent and fight against the effects of Covid-19 in the Halal DDP segment totaled R\$43 million. Excluding these effects, Halal Distribution's Adjusted EBITDA would total R\$144 million in 2Q20, with Adjusted EBITDA Margin of 7.9% (-9.4 p.p. y-o-y).

### 3) Direct Exports

Direct Exports	2Q20	2Q19	Chg. % y/y	1Q20	Chg. % q/q
<b>Volume (Thousand Tons)</b>	<b>143</b>	<b>183</b>	<b>(21.7%)</b>	<b>139</b>	<b>2.5%</b>
Poultry (In Natura)	106	145	(27.3%)	111	(4.36%)
Pork and Others (In Natura)	9	11	(19.2%)	8	7.56%
Processed foods	28	26	8.5%	21	37.36%
<b>Net Operating Revenues (R\$, Million)</b>	<b>962</b>	<b>1,252</b>	<b>(23.2%)</b>	<b>988</b>	<b>(2.6%)</b>
Average price (R\$/Kg)	6.73	6.86	(1.9%)	7.09	(5.04%)
COGS	(826)	(981)	(15.7%)	(791)	(4.44%)
<b>Gross Profit (R\$, Million)</b>	<b>136</b>	<b>272</b>	<b>(50.0%)</b>	<b>197</b>	<b>(31.0%)</b>
Gross Margin (%)	14.1%	21.7%	(7.6) p.p.	19.9%	(5.8) p.p.
<b>Adjusted EBITDA (R\$, Million)</b>	<b>33</b>	<b>172</b>	<b>(80.6%)</b>	<b>107</b>	<b>(69.0%)</b>
Adjusted EBITDA Margin (%)	3.5%	13.7%	(10.2) p.p.	10.9%	(7.4) p.p.

#### 2Q20 x 2Q19

In 2Q20, net revenue from Direct Exports plunged 23.2% y-o-y to R\$962 million, reflecting lower volumes shipped in the quarter (-21.7% y-o-y) and lower average prices in Brazilian Reais (-1.9% y-o-y), aggravated by currency hedge. In this sub-division, the Halal market accounts for slightly more than half of volume. The weaker business performance derives from:

- (i) lower purchase power of clients in key markets, such as Angola, which is a country highly dependent on oil, price of which depreciated in the period, aggravated by local government's delay to issue import licenses to clients, despite (i) the redirection of volumes to Egypt, as result of recent license; and (ii) VAT increase, from 5% to 15%, in Saudi Arabia, which resulted in higher demand;
- (ii) temporary halt of our Lajeado plant, causing constraints in griller availability; and
- (iii) chicken breast prices historically low due to the halt of foodservice channel, where this protein is mainly consumed. In particular, a slower consumption in Europe, worsened by a weak tourism activity, caused an excess supply in key BRF markets, especially the Middle East.

Besides the effects mentioned above, lower operating leverage, higher grains costs, production and costs denominated in US dollars, impacted by the exchange rate depreciation, affected Direct Exports' profitability. Expenses related to actions to prevent and fight against the effects of Covid-19 in the Direct Exports segment totaled R\$24 million. Excluding these effects, the Adjusted EBITDA would total R\$57 million in 2Q20, with a margin of 6.0% (-7.7 p.p. y-o-y).

We believe that the economic activity resumption in several regions, clients' demand in the foodservice segment and global accounts (caterings, hospitality) and new licenses obtained by the Company, will improve the future outlook of this segment.

## OTHER SEGMENTS

Other Segments + Ingredients	2Q20	2Q19	Chg. % y/y	1Q20	Chg. % q/q
Volume (Thousand Tons)	67	66	1.2%	67	0.2%
Poultry (In Natura)	1	2	(59.8%)	1	(45.6%)
Pork and Others (In Natura)	2	0	775.6%	1	17.4%
Processed foods	0	0	45.3%	1	(51.3%)
Others Sales	64	64	0.4%	63	1.5%
<b>Net Operating Revenues (R\$, Million)</b>	<b>254</b>	<b>276</b>	<b>(8.1%)</b>	<b>278</b>	<b>(8.8%)</b>
COGS	(215)	(214)	0.3%	(224)	(3.86%)
<b>Gross Profit (R\$, Million)</b>	<b>39</b>	<b>62</b>	<b>(37.2%)</b>	<b>55</b>	<b>(28.9%)</b>
Gross Margin (%)	15.3%	22.4%	(7.1) p.p.	19.7%	(4.3) p.p.
<b>Adjusted EBITDA (R\$, Million)</b>	<b>26</b>	<b>46</b>	<b>(42.9%)</b>	<b>41</b>	<b>(36.0%)</b>
Adjusted EBITDA Margin (%)	10.4%	16.8%	(6.4) p.p.	14.9%	(4.4) p.p.

Adjusted EBITDA for "Other Segments" totaled R\$26 million in 2Q20, with Adjusted EBITDA margin of 10.4%, constrained by a decline in the mix of products, due to lower sales of breeders.

## Corporate

Corporate - R\$ Million	2Q20	2Q19	Chg. % y/y	1Q20	Chg. % q/q
Net Operating Revenues	-	(5)	n.m.	-	n.m.
Gross Profit	0	1	(99.1%)	(0)	n.m.
Adjusted EBITDA	(7)	17	n.m.	(81)	(91.4%)

Expenses related to contingency actions to fight against the effects of Covid-19 in the Corporate segment totaled R\$2.2 million, R\$24.4 million referring to donations made in the period, net of a R\$22.2 million reversal of additional allowance for doubtful accounts due to the pandemic. Excluding these effects, Adjusted EBITDA came negative at R\$5 million in 2Q20, mainly impacted by: (i) R\$19 million provisions for civil and tax contingencies; and (ii) a reversal of provision for arbitration proceeding, totaling R\$14.5 million referring to the sale of a distribution center in Itaitinga-CE.

# FINANCIAL PERFORMANCE

## Net Operating Revenue (NOR)

Volumes - Thousand Tons	2Q20	2Q19	Chg. % y/y	1Q20	Chg. % q/q
Poultry (In Natura)	458	525	(12.9%)	487	(6.0%)
Pork and Others (In Natura)	81	68	18.9%	75	7.5%
Processed foods	478	432	10.6%	460	3.9%
Others Sales	66	64	2.1%	64	2.3%
<b>Total</b>	<b>1,083</b>	<b>1,090</b>	<b>(0.7%)</b>	<b>1,087</b>	<b>(0.4%)</b>
<b>NOR (R\$ Million)</b>	<b>9,104</b>	<b>8,338</b>	<b>9.2%</b>	<b>8,949</b>	<b>1.7%</b>
Average Price (NOR)	8.41	7.65	10.0%	8.23	2.1%

In 2Q20, net revenue totaled R\$9.1 billion, up 9.2% y-o-y, reflecting: (i) an improved business performance in the Brazil Segment, which recorded a volume growth of 6.3% y-o-y (+12.9% y-o-y in processed food) and better prices +7.0% y-o-y; (ii) 5.6% y-o-y increase in net revenue from the International Segment, mainly boosted by Asia and exchange rate depreciation effects.

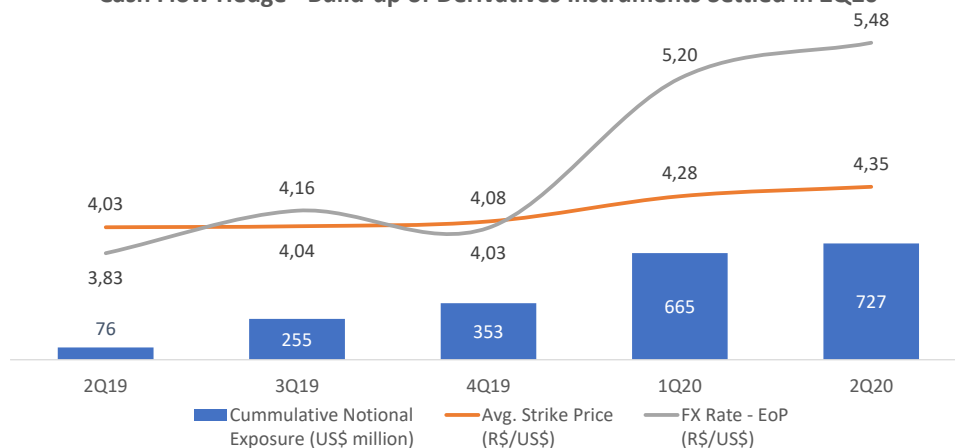
## Hedge accounting strategy

BRF's Financial Risk Management Policy ("PGRF") sets forth the guidelines relating to its financial risk management, mainly focused on market risk, counterparties, and liquidity.

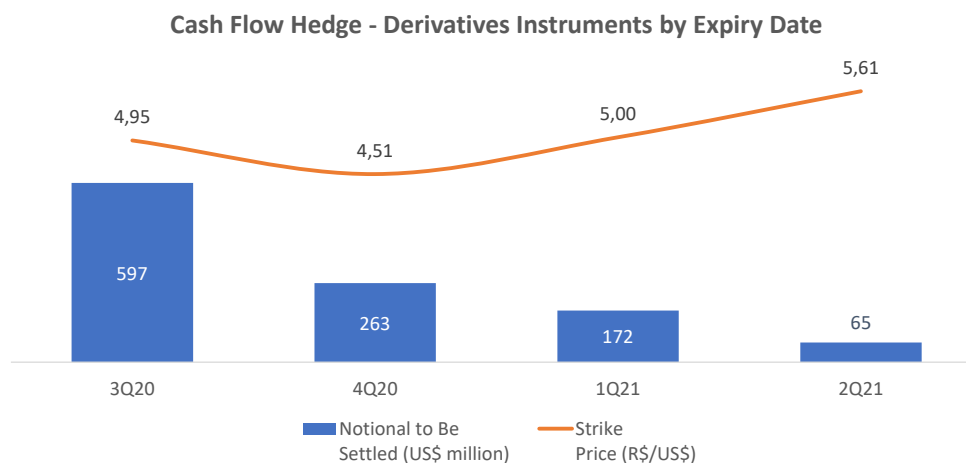
The exposure of operational result derives from the projection of income and expense directly and indirectly indexed to foreign currency. The direct exposure derives from income and expense originated in these currencies, such as exports, for instance. The indirect exposure refers to the amounts denominated in Reais, with the indirect influence of the exchange rate when defining prices and costs. To mitigate and control these risks, assessment and control procedures are executed, considering i) the periodic calculation of net operational result exposure in foreign currency; ii) the validation of exports coverage, retrospectively and prospectively, with sufficient margin to absorb eventual market fluctuations; iii) the continued monitoring of instruments amortization flow; and iv) the monitoring and quantification of limits, adopting proprietary methodologies and its effects on the Company's financial statements.

The position settled during 2Q20 was established over 12 months before its settlement, and the contract timeframe has been defined by the Company. Due to a sharp Real depreciation as of March 2020, the Company was affected by the hedge account effect recorded for 2Q20.

**Cash Flow Hedge - Build-up of Derivatives Instruments Settled in 2Q20**



According to Note 24.4.2 of the Company's financial statements, the position falling due, aiming at protecting/hedging operational result, remains consistent with PGRF. Likewise, BRF did not amend its PGRF, keeping the hedge timeframe, the financial instruments to be used, and continued improvement of its monitoring and control procedures.



Thus, the total position falling due has a notional value of US\$1,097 million, with an average exchange rate contracted of approximately R\$4.89. In the event the exchange rate reaches R\$6.00, on average, the effect would slightly exceed R\$1.2 billion, against exports revenue growth. On the other hand, if the exchange rate reaches R\$4.00, the effect would be R\$1 billion, approximately, offsetting the lower revenue generated by exports.

The Company can make additional contracts for cash flow hedge, as provided for in its Policy, always backed by expected export volumes, and to the extent its probability increases, assuming a 12-month timeframe. For the purposes of cash flow hedge, we point out that its objective is to hedge its operational result and reduce volatility, not allowing, under any circumstance, the contract of derivative financial instruments for speculation purposes.

### Cost of Sales (COGS)

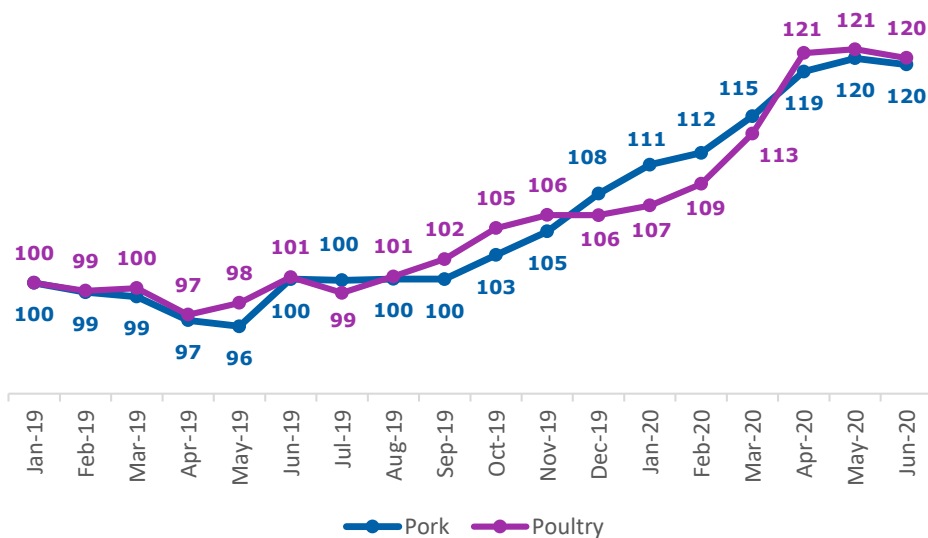
COGS - R\$ Million	2Q20	2Q19	Chg. % y/y	1Q20	Chg. % q/q
Cost of Goods Sold	(7,125)	(6,246)	14.1%	(6,696)	6.4%
R\$/Kg	6.58	5.73	14.9%	6.16	6.8%

COGS per kg rose 14.9% y-o-y in 2Q20, reflecting grain average price increase (+25.9% y-o-y considering the three months preceding the end of the quarter<sup>8</sup>), as well as the exchange rate depreciation (+37.3% y-o-y in 2Q20) which impacted acquisition costs of inputs and supplies. Also, costs to fight the impact of Covid-19 on operations totaled R\$174 million. However, these increases were partially mitigated by gains deriving from our Matrix Management Expenses program. It is worth noting that, according to Embrapa (Brazilian Company of Agribusiness Research), poultry and swine production theoretical costs rose 22.4% and 23.5%<sup>9</sup> in the period, respectively.

<sup>8</sup> Spot average prices, considering 2/3 – corn and 1/3 – soybean bran – Esalq/B3.

<sup>9</sup> Variation in the average production cost index of Embrapa (ICPPoultry and ICPSwine) between 2Q19 and 2Q20.

## Production Cost Index (ICP) Embrapa – Basis 100



## Gross Profit

Gross Profit - R\$ Million	2Q20	2Q19	Chg. % y/y	1Q20	Chg. % q/q
Gross Profit	1,979	2,092	(5.4%)	2,253	(12.2%)
Gross Margin (%)	21.7%	25.1%	(3.3) p.p.	25.2%	(3.4) p.p.

Gross margin was 21.7% (-3.3 p.p. y-o-y) in 2Q20, affected by higher costs during the quarter, especially those related to prevent and fight the impact of Covid-19 on our operations, raised costs by R\$174 million. Excluding these costs, gross margin would have reached 23.6% in 2Q20, slightly lower than the level seen in 2Q19.

## Operating Expenses

Operating Expenses - R\$ Million	2Q20	2Q19	Chg. % y/y	1Q20	Chg. % q/q
Selling Expenses	(1,340)	(1,255)	6.8%	(1,317)	1.7%
% of the NOR	(14.7%)	(15.1%)	0.3 p.p.	(14.7%)	0.0 p.p.
General and Administrative Expenses	(190)	(136)	39.9%	(143)	33.6%
% of the NOR	(2.1%)	(1.6%)	(0.5) p.p.	(1.6%)	(0.5) p.p.
Operating Expenses	(1,530)	(1,391)	10.0%	(1,460)	4.8%
% of the NOR	(16.8%)	(16.7%)	(0.1) p.p.	(16.3%)	(0.5) p.p.

Operating expenses increased by 10.0% y-o-y in 2Q20, on account of (i) expenses relating to prevention and fight against the effects of Covid-19 on our operations, totaling R\$45 million; and (ii) higher expenses in Brazilian Reais in the international market, due to depreciated exchange rate. However, total expenses, as a percentage of net revenue, came in line, reflecting a stricter cost control in the period.

## Other Operational Results

Other Operating Results - R\$ Million	2Q20	2Q19	Chg. % y/y	1Q20	Chg. % q/q
Other Operating Results	139	230	(39.9%)	(239)	n.m.
% of the NOR	1.5%	2.8%	(1.3) p.p.	(2.7%)	4.2 p.p.

In 2Q20, we recorded a net positive result of R\$139 million under “Other Operational Results”, whose main impact is related to the tax recoveries of PIS and COFINS over marketing expenses, rebates and benefits totaling R\$150 million to be fully offset with other taxes due during the fiscal year of 2020.

## Financial Result

Financial Results R\$ Million	2Q20	2Q19	Chg. % y/y	1Q20	Chg. % q/q
Net Interest	(304)	(364)	(16.4%)	(296)	2.9%
Interest over assets and Net Liabilities	(304)	(364)	(16.4%)	(296)	2.9%
Adjusted Present Value	(91)	(77)	18.2%	(91)	(0.4%)
Net Charges on Rights and Obligations	(85)	(130)	(35.1%)	(92)	(8.5%)
<b>Interest on Rights</b>	<b>32</b>	<b>414</b>	<b>(92.3%)</b>	<b>67</b>	<b>(52.5%)</b>
Interest over ICMS based on PIS/COFINS	-	366	n.m.	-	n.m.
Other Rights	32	48	(33.2%)	67	(52.5%)
<b>Charges on Obligations</b>	<b>(116)</b>	<b>(544)</b>	<b>(78.6%)</b>	<b>(160)</b>	<b>(27.0%)</b>
Charges on ICMS over Staple Food Basket	-	(390)	n.m.	-	n.m.
Actuarial Liabilities	(10)	-	n.m.	-	n.m.
Contingent Liabilities	(29)	(48)	(39.5%)	(57)	(49.2%)
IFRS 16	(52)	(40)	28.9%	(52)	(1.3%)
Commission and other charges	(26)	(66)	(61.1%)	(50)	(49.1%)
Exchange Rate Variation and Fair Value (MtM)	(74)	28	n.m.	(123)	(40.2%)
Exchange Rate Variation (Assets and Liabilities)	(55)	(4)	n.m.	(119)	n.m.
Hedge Accounting Ineffectiveness (Cash Flow)	(6)	(2)	223.7%	(1)	284.8%
Net Investment Hedge Ineffectiveness	-	-	n.m.	(15)	n.m.
Fair Value of other Derivatives	(13)	33	n.m.	12	n.m.
Other Financial Results	363	(76)	n.m.	(4)	n.m.
Argentinian Hyperinflation	23	(20)	n.m.	(23)	n.m.
Liabilities with Minorities	338	(20)	n.m.	53	541.0%
IOF and PIS/COFINS over Financial Results	(3)	(22)	(84.3%)	(5)	(33.8%)
Other Effects	6	(15)	n.m.	(29)	n.m.
<b>Net Financial Results</b>	<b>(190)</b>	<b>(619)</b>	<b>(69.3%)</b>	<b>(606)</b>	<b>(68.6%)</b>

The net financial result was an expense of R\$190 million in 2Q20. The main components were grouped into the following categories:

- (i) **Net Interest** on gross debt and cash and derivatives amounted to a net expense of R\$304 million in 2Q20, a R\$60 million improvement compared to 2Q19. Interest expense increase is related to the amount of indebtedness denominated in foreign currency, due to exchange rate depreciation (R\$3.92/US\$ in 2Q19 vs. R\$5.39/US\$ in 2Q20); however, this effect was offset by a reduction of average CDI in the period (6.4% in 2Q19 vs. 3.1% in 2Q20), impacting fixed interest rates, resulting in a combined net savings of approximately R\$20 million. Also, we could see derivatives lower interest expenses, coupled with a reduction of DI spread vs. exchange coupon (interest rate difference).
- (ii) **Adjustment to Present Value (APV)** totaled expenses of R\$91 million in 2Q20, R\$14 million higher than in 2Q19, reflecting a higher balance of suppliers in the q-o-q comparison. The APV refers to the financial income (expense) linked to clients' and suppliers' accounts. This amount is offset in the gross profit.
- (iii) **Net Charges on Rights and Obligations** amounted to an expense of R\$85 million in 2Q20, R\$45 million higher than in 2Q19, mainly owing to: (i) interest income over ICMS in the calculation basis of PIS/COFINS at R\$366 million in 2Q19; and (ii) lower revenue from Other Rights of R\$16 million; (iii) the impact of expenses related to ICMS charges over Staple Basket at R\$390 million in 2Q19; (iv) lower expenses with commissions and other charges at R\$40 million; and (v) other effects that increased charges over obligations at R\$3 million.
- (iv) **Exchange Rate Variation and Fair Value (MtM)** totaled an expense of R\$74 million in 2Q20 vs. an income of R\$28 million in 2Q19, reflecting (i) the exchange rate variation expense over assets and liabilities denominated in foreign currency of R\$55 million, net of result from derivative financial instruments; (ii) expense deriving from adjustments to the market value of derivative financial instruments totaling R\$13 million; and (iii) other net effects totaling R\$6 million.

(v) **Other Financial Results**, totaled an income of R\$363 million in 2Q20, compared to an expense of R\$76 million in 2Q19. The variation was mainly due to the effect of R\$338 million deriving from measurement at the fair value of business combination put option (Banvit put option) according to NE 24.8 and 28.

## Net Income (Loss)

Net Income / (Loss) - R\$ Million	2Q20	2Q19	Chg. % y/y	1Q20	Chg. % q/q
Consolidated Net / (Loss) Income - Continued Op.	307	191	60.8%	(38)	n.m.
Net Margin (%)	3.4%	2.3%	1.1 p.p.	(0.4%)	3.8 p.p.
Consolidated Net / (Loss) Income - Total Consolidated	307	325	(5.5%)	(38)	n.m.

The Company posted a net income for continuing operations of R\$307 million in 2Q20, +60.8% y-o-y, fueled by operational improvement, partially offset by expenses to fight the effects of Covid-19 on operations of R\$218 million, and lower net financial expenses. Excluding the impacts of Covid-19 on the quarterly result, net income would total R\$477 million.

## Covid-19 Expenses

The pandemic of Covid-19 poses great challenges, we promptly and consistently acted to protect our employees, outsourced workers, and maintain our production levels. We innovated by negotiating a Commitment Agreement with the Labor Prosecution Office, complementing our commitment to always adopt the best practices to preserve health, wellness, and productivity. Key items were:

- 8,200 employees-at-risk group on leave and virus screening;
- 6,700 temporary workers (ex. replacement of those on leave, collection and delivery of fabric face masks, enhanced cleaning at units);
- +3 million PFF2 masks distributed (118% above the usual);
- +1.1 million face masks added to uniform (all increment is due to COVID-19);
- +600,000 liters of hand sanitizer available (600% above the usual);
- +400 buses added to employees-chartered fleet (+116%);
- +9,800 m<sup>2</sup> acrylic shields to separate critical activities and dining halls (~1,627% increase in parts);
- +8,300 air conditioning filters replaced;
- +3.3 million km added in agribusiness activities to avoid chain disruption (transportation of animals for slaughtering in other plants).

The pandemic resulted in greater volatility and business uncertainty, impacting the domestic and global economies. We keep focused on safe food production, protecting our employees, especially those at the higher risk group, and supporting the communities in which we operate, our clients, and suppliers. In 2Q20, expenses to fight the impacts of Covid-19 on the Company's businesses, as detailed in Note 1.4 of the interim financial statements (ITR), are listed below:

R\$ Millions	Total	Brazil	Halal DDP	Asia Direct Exp.	Corporate
Losses and operational deleverage	79	47	8	13	11
Additional personnel expenses	54	32	10	7	5
Prevention and control expenses	38	23	5	6	4
Donations	29	-	5	-	-
Logistics	19	9	3	4	3
Others	(1)	6	12	2	1
<b>Total</b>	<b>218</b>	<b>117</b>	<b>43</b>	<b>31</b>	<b>24</b>

**Losses and operational deleverage** these mainly include factory idleness, removal of eggs and loss of raw material;

**Additional personnel expenses:** these mainly include, weekly recognition, temporary workers and overtime;

**Prevention and control expenses:** these mainly include, personal protection equipment (PPE), additional chartered buses for employees, healthcare plan, dining hall adequacy, testing, control of temperature, among others;

**Donations:** food, PPEs, tests for Covid-19, containment and prevention actions, support to research and development, among others, according to the Company's commitment to donate a total amount of R\$50 million.

**Logistics:** increase in the primary and secondary agribusiness transportation fleet, extra daily rates in primary logistics, additional exports, and fuel expenses.

**Others:** expenses related to advisory services, attorneys, travels, among others, net of loan losses expected and recorded in 1Q20.

### Adjusted EBITDA

EBITDA - R\$ Million	2Q20	2Q19	Chg. % y/y	1Q20	Chg. % q/q
<b>Consolidated Net (Loss)</b>	<b>307</b>	<b>191</b>	<b>60.8%</b>	<b>(38)</b>	<b>(903.3%)</b>
Income Tax and Social Contribution	90	120	(25.0%)	(14)	n.m.
Net Financial	190	619	(69.3%)	606	(68.6%)
Depreciation and Amortization	590	577	2.2%	572	3.2%
<b>EBITDA</b>	<b>1,177</b>	<b>1,507</b>	<b>(21.9%)</b>	<b>1,126</b>	<b>4.5%</b>
EBITDA Margin (%)	12.9%	18.1%	(5.1) p.p.	12.6%	0.3 p.p.
Impacts of Carne Fraca/Trapaça operations	11	31	(65.5%)	199	(94.6%)
Corporate Restructuring	(0)	(0)	(91.8%)	0	n.m.
Tax recoveries	(153)	(1)	(30478.2%)	(74)	106.4%
Non controlling shareholders	(3)	(3)	4.2%	(8)	57.6%
Costs on business disposed (Impairment)	-	13	n.m.	8	n.m.
Others	(0)	(1)	(98.5%)	(0)	68.6%
<b>Adjusted EBITDA</b>	<b>1,031</b>	<b>1,547</b>	<b>(33.3%)</b>	<b>1,251</b>	<b>(17.6%)</b>
<b>Adjusted EBITDA Margin (%)</b>	<b>11.3%</b>	<b>18.6%</b>	<b>(7.2) p.p.</b>	<b>14.0%</b>	<b>(2.7) p.p.</b>
ICMS PIS/COFINS Impact	-	687	n.m.	-	n.m.
ICMS Staple Food Basket Impact	-	(359)	n.m.	-	n.m.
<b>EBITDA Adjusted Ex-Tributary Effects*</b>	<b>1,031</b>	<b>1,219</b>	<b>(15.4%)</b>	<b>1,251</b>	<b>(17.6%)</b>
<b>EBITDA Adjusted Margin Ex-Tributary Effects* (%)</b>	<b>11.3%</b>	<b>14.6%</b>	<b>(3.3) p.p.</b>	<b>14.0%</b>	<b>(2.7) p.p.</b>

\* Excluding ICMS contingent tax assets/liabilities over the calculation basis of PIS/Cofins and ICMS over Staple Basket, as reported in 2Q19.

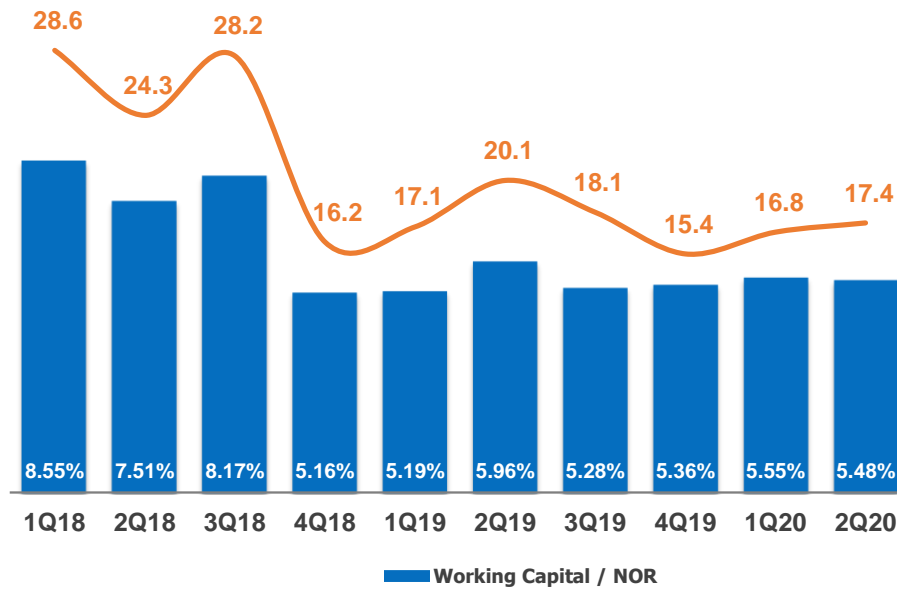
As mentioned above, the cost/expense items relating to prevention and fight against the effects of Covid-19 on the Company's operations totaled R\$218 million. Thus, Adjusted EBITDA would total R\$1,250 million in 2Q20, up by 2.5% y-o-y<sup>10</sup>, evidencing the Company's solid business and operational strategy, despite an extremely adverse and challenging scenario.

<sup>10</sup> Excluding ICMS contingent tax assets/liabilities over the calculation basis of PIS/Cofins and ICMS over Staple Basket, as reported in 2Q19.

## WORKING CAPITAL AND FINANCIAL CYCLE

The Company's financial cycle totaled 17.4 days in 2Q20, a 2.7-day reduction compared to 2Q19, only considering continuing operations. The financial cycle stability seen over the last quarter reflects the Company's commitment to disciplined working capital management, optimizing the conversion of cash of its operating results.

**Financial Cycle (end of the period – Continuing Operations): Clients + Inventories<sup>1</sup> - Suppliers**



## MANAGERIAL CASH FLOW

Operating cash flow amounted to R\$1,418 million in 2Q20 vs. cash flow generation of R\$1,162 million in the same period last year. Despite a lower Company's EBITDA in the period, lower working capital employed contributed to higher operating cash generation.

The cash flow from investments totaled R\$588 million in 2Q20, versus a net generation of R\$779 million in 2019, on the back of divestments made, within the scope of the Company's Operational and Financial Restructuring Plan announced and initiated in 2018.

Lastly, free cash flow totaled R\$807 million in 2Q20 vs. R\$1,373 million in 2Q19. Despite lower free cash generation in 2Q20, when we exclude receivables referring to the Divestment Plan, we have a cash generation of R\$683 million higher than in 2Q19.

Million BRL	2Q20	2Q19	1Q20
<b>EBITDA</b>	<b>1,177</b>	<b>1,507</b>	<b>1,126</b>
<b>Working Capital</b>	<b>64</b>	<b>(295)</b>	<b>10</b>
Δ Accounts Receivable	235	(62)	342
Δ Inventories	(510)	19	(919)
Δ Suppliers	339	(251)	586
<b>Others</b>	<b>177</b>	<b>(51)</b>	<b>384</b>
<b>Cash Flow from Operating Activities</b>	<b>1,418</b>	<b>1,162</b>	<b>1,520</b>
CAPEX with IFRS16	(582)	(470)	(501)
<b>Cash Flow from Operations with Capex</b>	<b>836</b>	<b>692</b>	<b>1,019</b>
M&A and Sale of Assets	(6)	1,249	10
<b>Cash Flow from Investments</b>	<b>(588)</b>	<b>779</b>	<b>(491)</b>
Cash - Financial Results	(78)	(162)	1,147
Interest Income	95	26	1
Interest Expenses	(369)	(389)	(185)
FX Variation on Cash and Cash Equivalents	329	(43)	781
<b>Cash Flow from Financing Activities</b>	<b>(23)</b>	<b>(568)</b>	<b>1,745</b>
<b>Free Cash Flow</b>	<b>807</b>	<b>1,373</b>	<b>2,774</b>
New Debt Amortizations	1,009	(651)	709
Shares Buyback	(106)	-	-
<b>Cash Variations</b>	<b>1,709</b>	<b>721</b>	<b>3,483</b>

Million BRL	2Q20	2Q19	1Q20
<b>Cash and Cash Equivalents - Initial</b>	<b>8,988</b>	<b>6,278</b>	<b>5,505</b>
Cash Variation	1,709	721	3,483
<b>Cash and Cash Equivalents - Final</b>	<b>10,697</b>	<b>6,999</b>	<b>8,988</b>
<b>Total Debt - Initial</b>	<b>24,577</b>	<b>21,776</b>	<b>18,774</b>
New Debt/Amortization	1,009	(651)	709
FX Variation on Total Debt	924	(152)	3,546
Debt Interest and Derivatives	(501)	(74)	1,548
<b>Total Debt - Final</b>	<b>26,008</b>	<b>20,899</b>	<b>24,577</b>
<b>Net Debt</b>	<b>15,311</b>	<b>13,900</b>	<b>15,589</b>

\* Amounts referring to Derivatives compose the variation in the balance of gross debt in 2Q20 are mainly associated with hedging operating exposure in the next 12 months, as provided for in the Financial Risk Management Policy, published on December 19, 2019.

# INDEBTEDNESS

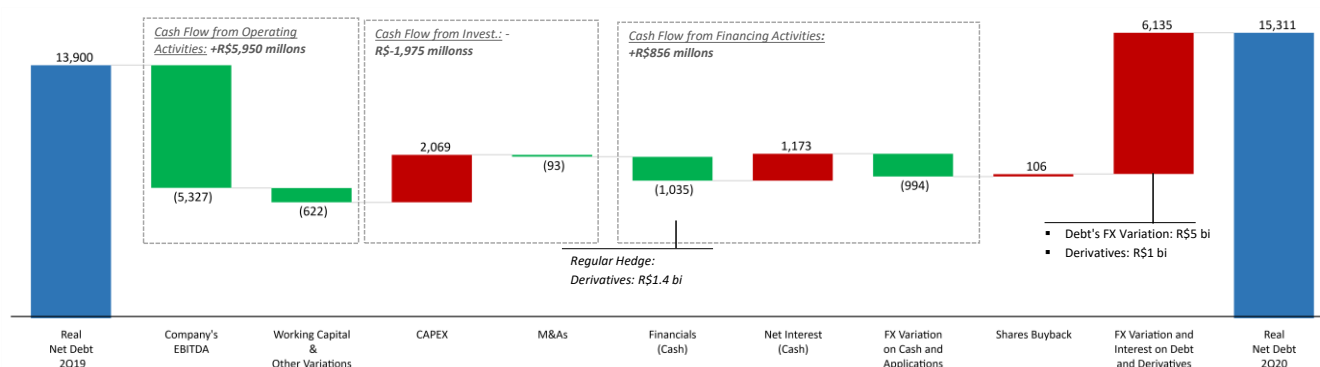
R\$ Million	In 06.30.2020		In 12.31.2019		
Debt	Current	Non-current	Total	Total	Δ %
Local Currency	(3,131)	(6,092)	(9,223)	(7,614)	21.1%
Foreign Currency	(2,042)	(14,743)	(16,785)	(11,160)	50.4%
<b>Gross Debt</b>	<b>(5,173)</b>	<b>(20,836)</b>	<b>(26,008)</b>	<b>(18,774)</b>	<b>38.5%</b>
<b>Cash Investments*</b>					
Local Currency	4,821	92	4,913	2,051	139.6%
Foreign Currency	5,432	352	5,784	3,454	67.5%
Total Cash Investments	10,253	445	10,697	5,505	94.3%
<b>Net Debt</b>	<b>5,080</b>	<b>(20,391)</b>	<b>(15,311)</b>	<b>(13,269)</b>	<b>15.4%</b>

\* Cash considered is comprised of Cash and Cash Equivalents, Financial Investments, Restricted Cash, and Derivative Financial Assets

Total gross indebtedness of continuing operations in the amount of R\$26,008 million, as reported above, includes the item, current and non-current Derivative Financial Instruments Liabilities, totaling R\$1,145 million, according to the Note 24.5 of the Interim Financial Information (ITR). In 2Q20, the amortizations net of funding totaled R\$1,009 million. Adjusted gross leverage ended 2Q20 at 4.90x versus 5.62x in the same period last year. Also, the average term of indebtedness was extended to 4.2 years, an increment of 1 year from 2Q19.

The Company's net debt totaled R\$15,311 million in 2Q20, R\$1,411 million higher than the R\$13,900 million in 2Q19, mainly reflecting: (i) non-cash effects over gross debt, such as the exchange rate variation of R\$4,970 million and liabilities derivatives of R\$1,020 million<sup>11</sup>, (ii) the share buyback in the total amount of R\$106 million and (iii) free cash generation of R\$4,830 million, versus 2Q19. Thus, the Company's net leverage, measured by the ratio between the net debt and LTM Adjusted EBITDA, reached 2.89x in 2Q20, versus 3.74x in 2Q19. As a reference, if we calculate the ratio between net debt and LTM Adjusted EBITDA, all denominated in US dollars, considering the exchange rate for the net debt on June 30, 2020 (R\$ 5.48) and the weighted average exchange rate for the LTM Adjusted EBITDA (R\$ 4.40), the net leverage would be at 2.32x in 2Q20, compared to 3.77x in 2Q19 using the same criteria.

Finally, the Company reaffirms that it does not have financial leverage covenants.



## INVESTMENTS (CAPEX)

Investments made in the quarter amounted to R\$582 million, or a 24% increase from 2Q19, of which R\$203 million was allocated to growth, efficiency, and support; R\$236 million to biological assets and R\$144 million to leasing and others.

<sup>11</sup> Derivatives relating to the operational result exposure in the next 12 months (hedge accounting), which impacts the item "Other Comprehensive Income" under shareholders' equity.

CAPEX - R\$ Million	2Q20	2Q19	Chg. % y/y	1Q20	Chg. % q/q
Growth	86	22	297.9%	49	75.5%
Efficiency	14	8	66.0%	10	40.0%
Support	103	75	38.1%	80	28.8%
Biological Assets	236	195	21.2%	217	8.8%
Commercial Lease and Others	144	171	(15.8%)	146	(1.4%)
<b>Total</b>	<b>582</b>	<b>470</b>	<b>23.8%</b>	<b>501</b>	<b>16.2%</b>

The main projects in 2Q20 included:

- **Market Demand:**

- (i) Projects to manufacture industrialized products to meet the demand of the domestic market, highlighting investments in the new Seropédica plant-RJ;
- (ii) Measures to increase the production of *in natura* items to meet the demand of the domestic and foreign markets, highlighting investments in adjustments to Mineiros-GO, Buriti Alegre-GO and Nova Mutum - MT units (underway);
- (iii) Project to increase egg production in Uberlândia (MG) to expand production volume;
- (iv) Acquisition of Joody Al Sharqiya Food Production Factory, a processing unit located in Dammam, Saudi Arabia, whose portfolio of products includes breaded, seared cuts and hamburgers, among others, for approximately US\$8.0 million, jointly with an additional expansion plan totaling US\$7.2 million, raising its capacity from 3.6kton/year to 18.0kton/year.

- **Efficiency:**

- (i) Projects connected with the 4.0 Industry Program in chicken slaughtering units;
- (ii) Projects to reduce costs through greater operating efficiency (e.g. higher yield in the production process);
- (iii) Energy efficiency projects for production units.

- **Support/IT:**

- (i) Projects to replace industrial assets;
- (ii) Improvements in working conditions for employees in the production process;
- (iii) Optimization projects and control of processes related to the commercial and supply chain areas;
- (iv) IT projects to meet the Compliance, Corporate Governance, Human Resources policy requirements.
- (v) Renewal of licenses necessary to maintain the Company's activities concerning information technology.

- **Support/Quality:**

- (i) Projects to improve control and quality processes in meatpacking units, factories, and farms.

## RELATIONSHIP WITH INDEPENDENT AUDITORS

Pursuant to CVM Instruction No. 381, dated January 14, 2003, the Company reports that its policy of engagement of services unrelated to the external audit is based on principles that protect auditor independence.

Pursuant to CVM Instruction No. 381/03, in the quarter ended June 30, 2020, KPMG Auditores Independentes was not engaged in providing services unrelated to external audits.

Pursuant to CVM Instruction No. 480/09, the Company's management states that at a meeting held on 08/12/20 it discussed, reviewed, and agreed with the information included in the independent auditor's review of the 2Q20 interim financial information.

# CONSOLIDATED INCOME STATEMENT

Financial Statement - R\$ Million	2Q20	2Q19	Chg. % y/y	1Q20	Chg. % q/q
<b>Net Operating Revenues</b>	<b>9,104</b>	<b>8,338</b>	<b>9.2%</b>	<b>8,949</b>	<b>1.7%</b>
Cost of Sales	(7,125)	(6,246)	14.1%	(6,696)	6.4%
% of the NOR	(78.3%)	(74.9%)	(3.3) p.p.	(74.8%)	(3.4) p.p.
<b>Gross Profit</b>	<b>1,979</b>	<b>2,092</b>	<b>(5.4%)</b>	<b>2,253</b>	<b>(12.2%)</b>
% of the NOR	21.7%	25.1%	(3.3) p.p.	25.2%	(3.4) p.p.
<b>Operating Expenses</b>	<b>(1,530)</b>	<b>(1,391)</b>	<b>10.0%</b>	<b>(1,460)</b>	<b>4.8%</b>
% of the NOR	(16.8%)	(16.7%)	(0.1) p.p.	(16.3%)	(0.5) p.p.
<b>Selling Expenses</b>	<b>(1,340)</b>	<b>(1,255)</b>	<b>6.8%</b>	<b>(1,317)</b>	<b>1.7%</b>
% of the NOR	(14.7%)	(15.1%)	0.3 p.p.	(14.7%)	0.0 p.p.
Fixed	(794)	(812)	(2.2%)	(816)	(2.7%)
Variable	(546)	(443)	23.2%	(501)	9.0%
<b>General and Administrative Expenses</b>	<b>(190)</b>	<b>(136)</b>	<b>39.9%</b>	<b>(143)</b>	<b>33.6%</b>
% of the NOR	(2.1%)	(1.6%)	(0.5) p.p.	(1.6%)	(0.5) p.p.
Honorary of our Administrators	(17)	(8)	118.1%	(12)	46.3%
% of the NOR	(0.2%)	(0.1%)	(0.1) p.p.	(0.1%)	(0.1) p.p.
General and Administrative	(173)	(128)	35.0%	(131)	32.5%
% of the NOR	(1.9%)	(1.5%)	(0.4) p.p.	(1.5%)	(0.4) p.p.
<b>Operating Income</b>	<b>449</b>	<b>700</b>	<b>(35.9%)</b>	<b>793</b>	<b>(43.4%)</b>
% of the NOR	4.9%	8.4%	(3.5) p.p.	8.9%	(3.9) p.p.
<b>Other Operating Results</b>	<b>139</b>	<b>230</b>	<b>(39.9%)</b>	<b>(239)</b>	<b>n.m.</b>
<b>Equity Income</b>	<b>-</b>	<b>(1)</b>	<b>n.m.</b>	<b>-</b>	<b>n.m.</b>
<b>EBIT</b>	<b>587</b>	<b>930</b>	<b>(36.9%)</b>	<b>555</b>	<b>5.9%</b>
% of the NOR	6.4%	11.2%	(4.7) p.p.	6.2%	0.3 p.p.
<b>Net Financial Income</b>	<b>(190)</b>	<b>(619)</b>	<b>(69.3%)</b>	<b>(606)</b>	<b>(68.6%)</b>
<b>Income before Taxes</b>	<b>397</b>	<b>311</b>	<b>27.7%</b>	<b>(52)</b>	<b>n.m.</b>
% of the NOR	4.4%	3.7%	0.6 p.p.	(0.6%)	4.9 p.p.
Income Tax and Social Contribution	(90)	(120)	(25.0%)	14	n.m.
% of Income before Taxes	(22.6%)	(38.5%)	(41.3%)	(26.2%)	3.6 p.p.
<b>Consolidated Net Income (Loss) - Continued Operations</b>	<b>307</b>	<b>191</b>	<b>60.8%</b>	<b>(38)</b>	<b>n.m.</b>
% of the NOR	3.4%	2.3%	1.1 p.p.	(0.4%)	n.m.
<b>Consolidated Net Income (Loss) - Total Consolidated</b>	<b>307</b>	<b>325</b>	<b>(5.5%)</b>	<b>(38)</b>	<b>n.m.</b>
% of the NOR	3.4%	3.9%	(0.5) p.p.	(0.4%)	n.m.
<b>EBITDA</b>	<b>1,177</b>	<b>1,507</b>	<b>(21.9%)</b>	<b>1,126</b>	<b>4.5%</b>
% of the NOR	12.9%	18.1%	(5.1) p.p.	12.6%	0.3 p.p.
<b>Adjusted EBITDA</b>	<b>1,031</b>	<b>1,547</b>	<b>(33.3%)</b>	<b>1,251</b>	<b>(17.6%)</b>
% of the NOR	11.3%	18.6%	(7.2) p.p.	14.0%	(2.7) p.p.

# BALANCE SHEET

Balance Sheet - R\$ Million	06.30.20	03.31.20
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	9,671	7,961
Financial Investments	337	331
Accounts Receivable	2,849	3,023
Recoverable Taxes	704	679
Inventories	5,103	4,765
Biological Assets	1,883	1,703
Other Financial Assets	244	282
Other Receivables	302	352
Anticipated expenses	200	238
Restricted Cash	0	24
Current Assets held to sale	42	102
<b>Total Current Assets</b>	<b>21,336</b>	<b>19,460</b>
<b>Non-Current Assets</b>		
Long-term assets	9,812	10,047
Cash Investments	415	382
Accounts and other Receivable	63	68
Judicial Deposits	561	576
Biological Assets	1,146	1,113
Recoverable Taxes	5,347	5,425
Deferred Taxes	2,180	2,395
Restricted Cash	24	-
Other Receivables	71	81
Other Financial Assets	5	7
Permanent Assets	17,760	17,798
Investments	18	17
Property, Plant and Equipment	12,266	12,376
Intangible	5,477	5,405
<b>Total Non-Current Assets</b>	<b>27,572</b>	<b>27,845</b>
<b>Total Assets</b>	<b>48,909</b>	<b>47,304</b>

Balance Sheet - R\$ Million	06.30.20	03.31.20
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Loans and Financing	4,072	3,881
Suppliers	7,043	6,819
Supply Chain Risk	982	927
Payroll and Mandatory Social Charges	1,009	677
Taxes Payable	490	564
Other Financial Liabilities	1,101	1,533
Provisions	1,139	1,110
Employee Pension Plan	98	98
Other Liabilities	953	703
<b>Total Current Liabilities</b>	<b>16,886</b>	<b>16,312</b>
<b>Non-Current Liabilities</b>		
Loans and Financing	20,792	19,124
Suppliers	2,169	2,203
Taxes and Social Charges Payable	183	186
Provision for Tax, Civil and Labor Contingencies	710	732
Deferred Taxes	121	108
Employee Pension Plan	654	630
Other Liabilities	349	1,213
<b>Total Non-Current Liabilities</b>	<b>24,977</b>	<b>24,196</b>
<b>Total Liabilities</b>	<b>41,863</b>	<b>40,508</b>
<b>Shareholders' Equity</b>		
Capital Stock	12,460	12,460
Capital Reserves	147	199
Other Related Results	(1,937)	(2,103)
Retained Profits	(3,739)	(4,043)
Treasury Shares	(138)	(38)
Non-Controlling Shareholders	252	320
<b>Total Shareholders' Equity</b>	<b>7,045</b>	<b>6,796</b>
<b>Total Liabilities and Shareholders</b>	<b>48,909</b>	<b>47,304</b>

## 1. COMPANY'S OPERATIONS

BRF S.A. ("BRF") and its subsidiaries (collectively the "Company") is a publicly traded company, listed on the segment Novo Mercado of Brasil, Bolsa, Balcão ("B3"), under the ticker BRFS3, and listed on the New York Stock Exchange ("NYSE"), under the ticker BRFS. The Company's registered office is at Rua Jorge Tzachel, nº 475, Bairro Fazenda, Itajaí - Santa Catarina and the main business office is in the city of São Paulo.

BRF is a Brazilian multinational company, with global presence, which owns a comprehensive portfolio of products, and it is one of the world's largest companies of food products. The Company operates by raising, producing and slaughtering poultry and pork for processing, production and sale of fresh meat, processed products, pasta, margarine and others.

The Company holds as main brands Sadia, Perdigão, Qualy, Chester®, Kidelli, Perdix and Banvit, present mainly in Brazil, Turkey and Middle Eastern countries.

## 1.1. Equity interest

Entity	Main activity	Country	% equity interest	
			06.30.20	12.31.19
BRF Energia S.A.	Commercialization of electric energy	Brazil	100.00	100.00
BRF GmbH	Holding	Austria	100.00	100.00
BRF Foods LLC	Import, industrialization and commercialization of products	Russia	99.90	99.90
BRF Global Company Nigeria Ltd.	(a) Marketing and logistics services	Nigeria	99.00	99.00
BRF Global Company South Africa Proprietary Ltd.	Administrative, marketing and logistics services	South Africa	100.00	100.00
BRF Global Company Nigeria Ltd.	(a) Marketing and logistics services	Nigeria	1.00	1.00
BRF Global GmbH	Holding and trading	Austria	100.00	100.00
BRF Foods LLC	Import, industrialization and commercialization of products	Russia	0.10	0.10
BRF Japan KK	Marketing and logistics services, import, export, industrialization and commercialization of products	Japan	100.00	100.00
BRF Korea LLC	Marketing and logistics services	Korea	100.00	100.00
BRF Shanghai Management Consulting Co. Ltd.	Provision of consultancy and marketing services	China	100.00	100.00
BRF Shanghai Trading Co. Ltd.	Import, export and commercialization of products	China	100.00	100.00
BRF Singapore Foods PTE Ltd.	Administrative, marketing and logistics services	Singapore	100.00	100.00
BRF Hungary LLC	(c) Import and commercialization of products	Hungary	-	100.00
Compañía Paraguaya Comercial S.A.	(a) Import and commercialization of products	Paraguay	99.00	99.00
Eclipse Holding Coöperatief U.A.	Holding	The Netherlands	99.99	99.99
Buenos Aires Fortune S.A.	Holding	Argentina	5.00	5.00
Eclipse Latam Holdings	Holding	Spain	100.00	100.00
Buenos Aires Fortune S.A.	Holding	Argentina	95.00	95.00
Perdigão Europe Lda.	Import, export of products and administrative services	Portugal	100.00	100.00
Perdigão International Ltd.	Import and export of products	Cayman Island	100.00	100.00
BFF International Ltd.	Financial fundraising	Cayman Island	100.00	100.00
Highline International	Financial fundraising	Cayman Island	100.00	100.00
Sadia Overseas Ltd.	(a) Financial fundraising	Cayman Island	100.00	100.00
ProudFood Lda	Import and commercialization of products	Angola	90.00	90.00
Sadia Chile S.A.	Import, export and commercialization of products	Chile	40.00	40.00
BRF Global Namibia	(a) Import and commercialization of products	Namibia	100.00	100.00
Wellax Food Logistics C.P.A.S.U. Lda.	Import, commercialization of products and administrative services	Portugal	100.00	100.00
BRF Austria GmbH	Holding	Austria	100.00	100.00
One Foods Holdings Ltd	Holding	United Arab Emirates	100.00	100.00
Al-Wafi Food Products Factory LLC	Import, export, industrialization and commercialization of products	United Arab Emirates	49.00	49.00
Badi Ltd.	Holding	United Arab Emirates	100.00	100.00
Al-Wafi Al-Takamol International for Foods Products	(b) Import and commercialization of products	Saudi Arabia	100.00	75.00
BRF Al Yasra Food K.S.C.C. ("BRF AFC")	Import, commercialization and distribution of products	Kuwait	49.00	49.00
BRF Foods GmbH	Industrialization, import and commercialization of products	Austria	100.00	100.00
Al Khan Foodstuff LLC ("AKF")	Import, commercialization and distribution of products	Oman	70.00	70.00
FFM Further Processing Sdn. Bhd.	(d) Industrialization, import and commercialization of products	Malaysia	-	70.00
FFQ GmbH	Industrialization, import and commercialization of products	Austria	100.00	100.00
TBQ Foods GmbH	Holding	Austria	60.00	60.00
Banvit Bandırma Vitaminli	Import, industrialization and commercialization of products	Turkey	91.71	91.71
Banvit Enerji ve Elektrik Üretim Ltd. Sti.	(a) Generation and commercialization of electric energy	Turkey	100.00	100.00
Banvit Foods SRL	Industrialization of grains and animal feed	Romania	0.01	0.01
Nutrinvestments BV	Holding	The Netherlands	100.00	100.00
Banvit ME FZE	Marketing and logistics services	United Arab Emirates	100.00	100.00
Banvit Foods SRL	Industrialization of grains and animal feed	Romania	99.99	99.99
One Foods Malaysia SDN. BHD.	Marketing and logistics services	Malaysia	100.00	100.00
Federal Foods LLC	Import, commercialization and distribution of products	United Arab Emirates	49.00	49.00
Federal Foods Qatar	Import, commercialization and distribution of products	Qatar	49.00	49.00
BRF Hong Kong LLC	(a) Import, commercialization and distribution of products	Hong Kong	100.00	100.00
Eclipse Holding Coöperatief U.A.	Holding	The Netherlands	0.01	0.01
Establecimiento Levino Zaccardi y Cia. S.A.	(a) Industrialization and commercialization of dairy products	Argentina	99.94	99.94
BRF Pet S.A.	Industrialization, commercialization and distribution of feed and nutrients for animals	Brazil	100.00	100.00
PP-BIO Administração de bem próprio S.A.	Management of assets	Brazil	33.33	33.33
PR-SAD Administração de bem próprio S.A.	Management of assets	Brazil	33.33	33.33
ProudFood Lda	Import and commercialization of products	Angola	10.00	10.00
PSA Laboratório Veterinário Ltda.	Veterinary activities	Brazil	99.99	99.99
Sino dos Alpes Alimentos Ltda.	(a) Industrialization and commercialization of products	Brazil	99.99	99.99
Sadia Alimentos S.A.	Holding	Argentina	43.10	43.10
Sadia International Ltd.	Import and commercialization of products	Cayman Island	100.00	100.00
Sadia Chile S.A.	Import, export and marketing of products	Chile	60.00	60.00
Sadia Uruguay S.A.	Import and commercialization of products	Uruguay	5.10	5.10
Compañía Paraguaya Comercial S.A.	(a) Import and commercialization of products	Paraguay	1.00	1.00
Sadia Alimentos S.A.	Holding	Argentina	56.90	56.90
Sadia Uruguay S.A.	Import and commercialization of products	Uruguay	94.90	94.90
Vip S.A. Empreendimentos e Participações Imobiliárias	Commercialization of owned real state	Brazil	100.00	100.00
Establecimiento Levino Zaccardi y Cia. S.A.	(a) Industrialization and commercialization of dairy products	Argentina	0.06	0.06
PSA Laboratório Veterinário Ltda.	Veterinary activities	Brazil	0.01	0.01
Sino dos Alpes Alimentos Ltda.	(a) Industrialization and commercialization of products	Brazil	0.01	0.01

(a) Dormant subsidiaries. The Company is evaluating the liquidation of these subsidiaries.

On July 8, 2020, Sadia Overseas Ltd. was liquidated.

(b) On April 21, 2020, Badi Ltd. acquired the non-controlling portion of Al-Wafi Al-Takamol International for Foods Products by the amount equivalent to R\$100,390 (USD 19,000).

(c) On June 10, 2020, BRF Hungary LLC was dissolved.

(d) On June 24, 2020, BRF Foods GmbH sold all shares held of FFM Further Processing Sdn. Bhd to FFM Berhad for the amount equivalent to R\$38,546 (USD7,350). The amount paid is presented in the Investing Activities on the Statement of Cash Flows.

On August 20, 2019, the Company's wholly-owned subsidiary Badi Limited executed a Share Purchase Agreement with Al Takamul International Company for Commercial Investment Limited for the purchase of the remaining 25% of the capital stock owned by non-controlling shareholders in Al Wafi Al Takamul International Company for Food Products Limited ("Wafi"), a company incorporated in the Kingdom of Saudi Arabia responsible for distributing BRF products in that country. The transaction closed on April 21, 2020 for an amount equivalent to R\$100,390 thousand (USD19,000 thousand), at which point Wafi became a wholly-owned subsidiary of Badi Limited. The amount paid is presented in the Financing Activities on the Statement of Cash Flows and the difference between the amount paid and the book value of the participation in the subsidiary was recorded in Capital Reserves, in the amount of R\$50,945.

On May 07, 2020, the Company executed a share purchase agreement with Hungry Bunny Limited and others, establishing the terms and conditions for the acquisition of 100% of the capital stock of Joody Al Sharqiya Food Production Factory, a food processing company in Saudi Arabia. The transaction considered an enterprise value equivalent to R\$43,808 (USD8,000). The closing of this transaction is subject to the satisfaction of conditions precedent applicable to transactions of this nature, including the approval by regulatory authorities.

Except for the associates PP-BIO and PR-SAD in which the Company records the investments by the equity method, all other entities shown in the table above were consolidated.

## 1.2. Investigations involving BRF

The Company has been subject to two external investigations, denominated "*Carne Fraca Operation*" in 2017 and "*Trapaça Operation*" in 2018, as detailed below. The Company's Audit and Integrity Committee conducted independent investigations, along with the Independent Investigation Committee, composed of external members and with external legal advisors in Brazil and abroad with respect to the allegations involving BRF employees and former employees in the scope of the aforementioned operations and other ongoing investigations.

For the six-month period ended on June 30, 2020, the main impacts observed as result of the referred investigations were recorded in other operating expenses in the amount of R\$24,072 (R\$42,320 in the same period of the previous year), and for three-month period ended on June 30, 2020 the referred impacts amounted R\$11,771 (R\$31,207 in the same period of the previous year) mostly related to expenditures with lawyers, legal advisors and consultants.

In addition to the impacts already registered, there are uncertainties about the outcome of these operations which may result in penalties, fines and normative sanctions, right restrictions and other forms of liabilities, for which the Company is not able to make a reliable estimate of the potential losses.

The outcomes may result in payments of substantial amounts, which may cause a material adverse effect on the Company's financial position, results and cash flows in the future.

### 1.2.1. Carne Fraca Operation

On March 17, 2017, BRF became aware of a decision issued by a judge of the 14th Federal Court of Curitiba - Paraná, authorizing the search and seizure of information and documents, and the detention of certain individuals in the context of the *Carne Fraca Operation*. Two BRF employees were detained and subsequently released, as well as three others were identified for questioning.

In April 2017, the Brazilian Federal Police and the Brazilian federal prosecutors filed charges against BRF employees, which were accepted by the judge responsible for the process, and its main allegations in this phase involved misconduct related to improper offers and/or promises to government inspectors.

On June 04, 2018, the Company was informed about the establishment of a responsibility administrative process ("PAR") by the Office of the Comptroller General ("CGU"), under the Law N° 12,846/2013 ("Anti-corruption Law"), which aims to verify eventual administrative responsibilities related to the facts object of the criminal lawsuit N° 5016879-04.2017.4.04.7000, ("Criminal Lawsuit") in progress under the 14th Federal Court of the subsection of Curitiba/PR, as a consequence of the *Carne Fraca* Operation.

BRF has informed certain regulators and governmental entities, including the U.S. Securities and Exchange Commission ("SEC") and the U.S. Department of Justice ("DOJ") about the *Carne Fraca* Operation and is cooperating with such authorities, which are conducting their own investigations.

On September 28, 2018, the sentence of the Criminal Lawsuit in first instance was published, discharging one of the BRF employees and convicting a former employee for six months of detention with the possibility of substitution for a right-restricting penalty. The Brazilian federal prosecutors presented appeal to the first instance decision. Since then, the appeal is being analyzed by the Federal Regional Court of the 4th region.

### **1.2.2. Trapaça Operation**

On March 5, 2018, the Company learned of a decision issued by a judge of the 1st Federal Court of Ponta Grossa/PR, authorizing the search and seizure of information and documents due to allegations involving misconduct relating to quality violations, improper use of feed components and falsification of tests at certain BRF manufacturing plants and accredited labs. Such operation was denominated as *Trapaça* Operation. On March 5, 2018, BRF received notice from the Ministry of Agriculture, Livestock and Food Supply ("MAPA") immediately suspending exports from its Rio Verde/GO, Carambei/PR and Mineiros/GO plants to 12 countries that require specific sanitary requirements for the control of the bacteria group *Salmonella spp* and *Salmonella pullorum*.

On May 14, 2018, the Company received the formal notice that twelve plants located in Brazil were removed from the list that permits imports of animal origin products by the European Union's countries. The measure came into force as of May 16, 2018 and affects only the plants located in Brazil and which have export licenses to the European Union, not affecting the supply to other markets or other BRF plants located outside Brazil and that export to the European market.

On October 15, 2018, the Federal Police Department submitted to the 1st Federal Criminal Court of the Judicial Branch of Ponta Grossa - PR the final report of its investigation in connection to the *Trapaça* Operation. The police inquiry indicted 43 people, including former key executives of the Company.

On December 04, 2019, the Public Prosecution filed charges against eleven people related to allegations about Premix (compound of vitamins, minerals, and amino acids for the inclusion of micro ingredients in the feed for the ideal nutrition of the animals) as outcome of the *Trapaça* Operation. No administration member, director or executive in current management position has been identified.

BRF informed certain regulators and government entities, including SEC and DOJ about the *Trapaça* Operation and has been cooperating with such authorities, which are conducting their own investigations.

### **1.2.3. Governance enhancement**

The Company is cooperating with the investigations and collaborates to the clarification of the facts. The Company has been taking actions to strengthen the compliance with its policies, procedures and internal controls. In this sense, the Company has decided to move away, independently of the results of the investigations, all employees mentioned in the Federal Police's final report of the *Trapaça* Operation until all facts are clarified.

The Company believes that its efforts strengthens and consolidates its governance to ensure the highest levels of safety standards, integrity and quality.

Among the actions implemented, are: (i) strengthening in the risk management, specially compliance, (ii) continuous strengthening of the Compliance, Internal Audit and Internal Controls departments, (iii)

review and issuance of new policies and procedures specifically related to applicable anticorruption laws, (iv) review and enhancement of the procedures for reputational verification of business partners, (v) review and enhancement of the processes of internal investigation, (vi) expansion of the independent reporting channel, (vii) review of transactional controls, and (viii) review and issuance of new consequence policy for misconduct.

### 1.3. U.S. Class Action

On March 12, 2018, a shareholder class action lawsuit was filed against the Company, some of its former managers and one current officer before the United States Federal District Court in the city of New York, on behalf of holders of American Depositary Receipts (“ADR”) between April 4, 2013 and March 5, 2018. The suit alleged violations of the federal securities laws of the United States related to allegations concerning, among other matters, *Carne Fraca* Operation and *Trapaça* Operation. On July 2, 2018, that Court appointed the City of Birmingham Retirement and Relief System lead plaintiff in the action. On October 25, 2019, the Court granted lead plaintiff leave to file a Fourth Amended Complaint, which was filed on November 8, 2019. On December 13, 2019, the served defendants filed a motion to dismiss. On January 21, 2020, the Lead Plaintiff filed its opposition motion and, on February 11, 2020, the defendants filed a response.

On March 27, 2020, the parties reached an agreement to settle this class action by payment of an amount equivalent to R\$204,436 (USD40,000), to resolve all pending and prospective claims by individuals or entities who purchased or otherwise acquired BRF’s ADRs between April 4, 2013 and March 5, 2018. On May 27, 2020, the amount was transferred to an escrow account in the name of the lawyers of the Lead Plaintiff. The settlement is subject to court ratification and execution of final settlement documentation.

The agreement does not constitute any admission of liability or wrongdoing by BRF or its executives and expressly provides that BRF denies any misconduct or that any plaintiff has suffered any damages or was harmed by any conduct alleged in this action.

The provision for the aforementioned amount was recognized in other operating expenses (note 27) in the first quarter of 2020.

### 1.4. Coronavirus (COVID-19)

On January 31, 2020 the World Health Organization announced that the COVID-19 is a global health emergency and on March 11, 2020 declared it a global pandemic. The outbreak has triggered significant decisions from governments and private sector entities, which in addition to the potential impact, increased the uncertainty level for the economic agents and may cause effects in the amounts recognized in the financial statements.

BRF continues to operate its industrial complexes, distribution centers, logistics, supply chain and administrative offices, even if temporarily and partially under remote work regime in some of the corporate offices. Therefore, until the date of approval of the interim financial information, there has been no relevant change in its production plan, operation and/or commercialization. Additionally, management has developed and implemented contingency plans to maintain the operations and monitors the effects of the pandemic through a permanent multidisciplinary monitoring committee, formed by executives, specialists in the public health area and consultants.

Due to the pandemic, the Company has incurred in losses and additional expenditures, mainly related to idleness, personnel, prevention, control and donations, as shown below:

	Consolidated	
	April to June 2020	January to June 2020
Cost of sales	(173,674)	(174,288)
Selling expenses	(18,575)	(46,317)
General and administrative expenses	(25,893)	(26,066)
	<u>(218,142)</u>	<u>(246,671)</u>

Aiming to preventively strengthen its liquidity level, the Company contracted credit facilities with financial institutions in Brazil in the aggregate amount of, approximately, R\$2,430,000 and average term of one year, without any financial covenant clause. During July and August of 2020, the Company prepaid part of the referred credit facilities in the aggregated notional and interest amount of R\$964,484 (note 33.3).

The management also understands that the projections of results and cashflows used for the impairment test of the cash generating units are still substantially adequate and there are no indications of possible impairment. Due to the high volatility and uncertainty around the length and the impact of the pandemic, the Company will keep monitoring the situation and evaluating the impacts on assumptions and estimates used in preparing our financial reporting.

## 1.5. Seasonality

During the months of November and December of each year, the Company is impacted by seasonality in the Brazil operating segment due to Christmas and New Year's Celebrations. The products that are relevant contributors are: turkey, Chester®, ham and pork cuts (hind leg/pork loin).

In the International operating segment, seasonality is due to Ramadan, which is the holy month of the Muslim calendar. The beginning of Ramadan depends on the beginning of the moon cycle and in 2020 occurred between April 24, 2020 and May 23, 2020.

Consequently to the pandemic, the behavior of the Company's seasonality has circumstantially changed, due to the decreased movement of people, redirection of channels and changes in the consumption habits.

## 2. BASIS OF PREPARATION AND PRESENTATION OF INTERIM FINANCIAL STATEMENTS

The parent company's and consolidated interim financial information were prepared in accordance with the CPC 21 (R1) – Interim Financial Statements and the IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board - IASB as well as with the standards issued by the Brazilian Securities and Exchange Commission ("CVM"). All the relevant information applicable to the interim financial information, and only them, are being evidenced and correspond to those used by administration in its management.

The parent company's and consolidated interim financial information are expressed in thousands of Brazilian Reais ("R\$") and the disclosures of amounts in other currencies, when applicable, were also expressed in thousands, unless otherwise stated.

The preparation of the parent company's and consolidated interim financial information require Management to make judgments, use estimates and adopt assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the disclosures of contingent liabilities. The uncertainty inherent to these judgments, assumptions and estimates could result in material adjustments to the carrying amount of certain assets and liabilities in future periods.

Any judgments, estimates and assumptions are reviewed at each reporting period.

The parent company's and consolidated interim financial information were prepared based on the recoverable historical cost, except for the following material items recognized in the statements of financial position:

- (i) derivative financial instruments and non-derivative financial instruments measured at fair value;
- (ii) share-based payments and employee benefits measured at fair value;
- (iii) biological assets measured at fair value; and
- (iv) assets held for sale in the cases the fair value is lower than historical cost.

The Company prepared parent company's and consolidated financial statements under the going concern assumption and disclosed all relevant information in its explanatory notes, in order to clarify and complement the accounting basis adopted.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The interim financial information, in this case quarterly financial information, aim to provide updated information based on the last annual financial statements disclosed. Therefore, the quarterly financial information focus on new activities, events and circumstances and do not duplicate the information previously disclosed, except when Management judges that the maintenance of the information is relevant.

The interim financial information was prepared based on the accounting policies and estimates calculation methodologies adopted in the preparation of the annual financial statements for the year ended December 31, 2019 (note 3).

There were no changes on such policies and estimates calculation methodologies. As allowed by CPC 21 (R1), Management decided not to disclose again the details of the accounting policies adopted by the Company. Hence, the interim financial information should be read along with the annual financial statements for the year ended December 31, 2019, in order to allow the users to further understand the Company's financial conditions and liquidity, as well as its capacity to generate profits and cash flows.

## 4. CASH AND CASH EQUIVALENTS

	Average rate (p.a.)	Parent company		Consolidated	
		06.30.20	12.31.19	06.30.20	12.31.19
<b>Cash and bank accounts</b>					
U.S. Dollar	-	557	403	1,986,273	1,356,128
Brazilian Reais	-	55,070	166,506	55,886	167,051
Euro	-	16,065	3,813	61,634	71,626
Other currencies	-	219	180	1,254,978	694,982
		<b>71,911</b>	<b>170,902</b>	<b>3,358,771</b>	<b>2,289,787</b>
<b>Cash equivalents</b>					
In Brazilian Reais					
Investment funds	0.27%	3,924	3,507	3,924	3,507
Bank deposit certificates	2.97%	4,090,514	869,473	4,104,358	879,758
		<b>4,094,438</b>	<b>872,980</b>	<b>4,108,282</b>	<b>883,265</b>
In U.S. Dollar					
Term deposit	0.90%	-	254,583	45,332	270,714
Overnight	0.07%	302,958	70,515	2,132,116	689,874
Other currencies					
Term deposit	-	-	-	26,774	104,145
		<b>302,958</b>	<b>325,098</b>	<b>2,204,222</b>	<b>1,064,733</b>
		<b>4,469,307</b>	<b>1,368,980</b>	<b>9,671,275</b>	<b>4,237,785</b>

## 5. MARKETABLE SECURITIES

	WAM (1)	Currency	Average interest rate (p.a.)	Parent company		Consolidated	
				06.30.20	12.31.19	06.30.20	12.31.19
<b>Fair value through other comprehensive income</b>							
Credit linked note	2.90	USD	3.85%	-	-	25,899	19,285
Stocks	-	R\$ and HKD	-	-	-	42,307	26,678
				-	-	<b>68,206</b>	<b>45,963</b>
<b>Fair value through profit and loss</b>							
Financial treasury bills	3.89	R\$	2.15%	309,460	396,994	309,460	396,994
Investment funds - FIDC BRF	3.46	R\$	-	14,728	14,891	14,728	14,891
Investment funds	0.09	ARS	-	-	-	1,824	1,903
				<b>324,188</b>	<b>411,885</b>	<b>326,012</b>	<b>413,788</b>
<b>Amortized cost</b>							
Sovereign bonds and others (2)	2.83	AOA	3.82%	-	-	358,421	265,783
				<b>324,188</b>	<b>411,885</b>	<b>752,639</b>	<b>725,534</b>
Current				309,460	396,994	337,183	418,182
Non-current (3)				14,728	14,891	415,456	307,352

(1) Weighted average maturity in years.

(2) It's comprised of private securities and sovereign securities of the Angola Government and are presented net of expected losses in the amount of R\$2,062 (R\$1,983 on December 31, 2019).

(3) Maturity until December of 2023.

Additionally, as of June 30, 2020, the amount of R\$88,098 (R\$100,435 on December 31, 2019) was pledged as guarantee, with no use restrictions, for USD denominated future contracts, traded on B3.

## 6. TRADE ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	Parent company		Consolidated	
	06.30.20	12.31.19	06.30.20	12.31.19
<b>Trade accounts receivable</b>				
Domestic customers	660,003	1,333,344	676,209	1,336,762
Domestic related parties	2,091	800	-	-
Foreign customers	562,011	457,413	2,773,937	2,215,050
Foreign related parties	5,896,260	4,779,202	-	-
	<u>7,120,365</u>	<u>6,570,759</u>	<u>3,450,146</u>	<u>3,551,812</u>
( - ) Adjustment to present value	(5,174)	(8,522)	(6,522)	(10,121)
( - ) Expected credit losses	(583,421)	(457,505)	(647,057)	(503,848)
	<u>6,531,770</u>	<u>6,104,732</u>	<u>2,796,567</u>	<u>3,037,843</u>
Current	6,525,316	6,097,935	2,790,113	3,031,046
Non-current	6,454	6,797	6,454	6,797
<b>Other receivables</b>	139,306	150,156	144,192	153,799
( - ) Adjustment to present value	(1,390)	(1,936)	(1,390)	(1,936)
( - ) Expected credit losses	(27,498)	(27,986)	(27,498)	(27,986)
	<u>110,418</u>	<u>120,234</u>	<u>115,304</u>	<u>123,877</u>
Current	53,635	56,002	58,521	59,645
Non-current (1)	56,783	64,232	56,783	64,232

(1) Weighted average maturity of 2.50 years.

The Company performs credit assignments with no right of return to the BRF Clients' Credit Rights Investment Fund ("FIDC BRF"), whose sole purpose is to acquire credit rights arising from commercial transactions carried out between the Company and its clients in Brazil. On June 30, 2020, FIDC BRF had an outstanding balance of R\$650,761 (R\$730,251 on December 31, 2019) related to such credit rights, which are no longer recorded in the Company's statement of financial position.

On June 30, 2020, other receivables are mainly represented by receivables from the sale of farms and various properties, with a balance of R\$94,575 (R\$109,419 on December 31, 2019).

The movements of the expected credit losses are presented below:

	Parent company	Consolidated
	06.30.20	06.30.20
<b>Beginning balance</b>	(457,505)	(503,848)
Provision	(9,077)	(11,790)
Write-offs	3,704	3,954
Exchange rate variation	(120,543)	(135,373)
<b>Ending balance</b>	<u>(583,421)</u>	<u>(647,057)</u>

The aging of trade accounts receivable is as follows:

	Parent company		Consolidated	
	06.30.20	12.31.19	06.30.20	12.31.19
Not overdue	6,529,758	6,028,415	2,541,307	2,820,308
<b>Overdue</b>				
01 to 60 days	17,072	29,232	234,327	143,303
61 to 90 days	2,202	5,549	23,589	19,409
91 to 120 days	2,787	1,568	16,261	3,723
121 to 180 days	3,970	876	9,200	3,934
181 to 360 days	2,565	5,166	12,772	20,748
More than 360 days	562,011	499,953	612,690	540,387
( - ) Adjustment to present value	(5,174)	(8,522)	(6,522)	(10,121)
( - ) Expected credit losses	(583,421)	(457,505)	(647,057)	(503,848)
	<b>6,531,770</b>	<b>6,104,732</b>	<b>2,796,567</b>	<b>3,037,843</b>

## 7. INVENTORIES

	Parent company		Consolidated	
	06.30.20	12.31.19	06.30.20	12.31.19
Finished goods	1,624,840	1,302,419	3,074,295	2,257,119
Work in progress	168,179	147,022	171,668	149,470
Raw materials	833,198	721,278	954,796	803,520
Packaging materials	79,442	57,915	89,149	60,715
Secondary materials	468,102	367,311	476,762	375,744
Supplies	192,776	168,248	229,609	205,399
Imports in transit	105,470	61,021	105,470	61,021
Other	26,103	5,252	51,791	19,266
(-) Adjustment to present value	(50,315)	(44,319)	(50,322)	(44,338)
	<b>3,447,795</b>	<b>2,786,147</b>	<b>5,103,218</b>	<b>3,887,916</b>

The additions and reversals in the write-down of inventories to the net realizable value of inventories, which were recorded against the Cost of Sales, are presented in the table below:

	Parent company			
	Realizable value through sale	Impaired inventories	Obsolete inventories	Total
Beginning balance	(9,075)	(37,729)	(8,416)	(55,220)
Additions	(29,257)	(33,954)	(1,913)	(65,124)
Reversals	25,103	-	-	25,103
Write-offs	-	48,724	1,214	49,938
Ending balance	<b>(13,229)</b>	<b>(22,959)</b>	<b>(9,115)</b>	<b>(45,303)</b>

	Consolidated			
	Realizable value through sale	Impaired inventories	Obsolete inventories	Total
Beginning balance	(10,712)	(42,526)	(14,919)	(68,157)
Additions	(46,146)	(40,638)	(5,284)	(92,068)
Reversals	28,888	-	-	28,888
Write-offs	-	57,640	4,413	62,053
Exchange rate variation	215	(219)	(328)	(332)
Ending balance	<b>(27,755)</b>	<b>(25,743)</b>	<b>(16,118)</b>	<b>(69,616)</b>

## 8. BIOLOGICAL ASSETS

The live animals are represented by poultry and pork and segregated into consumables and animals for production. The rollforward of the biological assets are presented below:

	Current			Parent company 06.30.20			
	Live animals			Non-current			
	Poultry	Pork	Total	Poultry	Pork	Forests	Total
<b>Beginning balance</b>	557,773	987,354	1,545,127	350,285	337,804	328,553	1,016,642
Additions/Transfer	4,369,848	3,214,326	7,584,174	32,856	164,462	19,760	217,078
Changes in fair value (1)	961,656	225,466	1,187,122	19,458	(83,491)	-	(64,033)
Harvest	-	-	-	-	-	(31,368)	(31,368)
Write-off	-	-	-	-	-	(37)	(37)
Transfer between current and non-current	29,002	44,059	73,061	(29,002)	(44,059)	-	(73,061)
Transfer to assets held for sale	-	-	-	-	-	109	109
Transfer to inventories	(5,261,831)	(3,323,771)	(8,585,602)	-	-	-	-
<b>Ending balance</b>	<b>656,448</b>	<b>1,147,434</b>	<b>1,803,882</b>	<b>373,597</b>	<b>374,716</b>	<b>317,017</b>	<b>1,065,330</b>

	Current			Consolidated 06.30.20			
	Live animals			Non-current			
	Poultry	Pork	Total	Poultry	Pork	Forests	Total
<b>Beginning balance</b>	615,685	987,354	1,603,039	414,668	337,804	328,553	1,081,025
Additions/Transfer	4,375,532	3,214,326	7,589,858	40,967	164,462	19,760	225,189
Changes in fair value (1)	965,848	225,466	1,191,314	15,187	(83,491)	-	(68,304)
Harvest	-	-	-	-	-	(31,368)	(31,368)
Write-off	-	-	-	-	-	(37)	(37)
Transfer between current and non-current	29,002	44,059	73,061	(29,002)	(44,059)	-	(73,061)
Transfer between held for sale	-	-	-	-	-	109	109
Transfer to inventories	(5,261,831)	(3,323,771)	(8,585,602)	-	-	-	-
Exchange variation	11,255	-	11,255	12,447	-	-	12,447
<b>Ending balance</b>	<b>735,491</b>	<b>1,147,434</b>	<b>1,882,925</b>	<b>454,267</b>	<b>374,716</b>	<b>317,017</b>	<b>1,146,000</b>

- (1) The change in the fair value of biological assets includes depreciation of breeders and depletion of forests in the amount of R\$377,490 (R\$728,904 on December 31, 2019) in the parent company and R\$420,747 (R\$798,239 on December 31, 2019) in the consolidated.

The quantities and balances of live animal are set forth below:

	06.30.20		Parent company 12.31.19	
	(thousand of heads)	Value	(thousand of heads)	Value
<b>Consumable biological assets</b>				
Immature poultry	168,267	656,448	170,071	557,773
Immature pork	4,200	1,147,434	4,098	987,354
<b>Total current</b>	<b>172,467</b>	<b>1,803,882</b>	<b>174,169</b>	<b>1,545,127</b>
<b>Production biological assets</b>				
Immature poultry	5,789	126,223	6,093	129,837
Mature poultry	10,188	247,374	10,329	220,448
Immature pork	90	86,346	211	77,027
Mature pork	455	288,370	455	260,777
<b>Total non-current</b>	<b>16,522</b>	<b>748,313</b>	<b>17,088</b>	<b>688,089</b>
	<b>188,989</b>	<b>2,552,195</b>	<b>191,257</b>	<b>2,233,216</b>

	06.30.20		Consolidated 12.31.19	
	(thousand of heads)	Value	(thousand of heads)	Value
<b>Consumable biological assets</b>				
Immature poultry	187,799	735,491	189,602	615,685
Immature pork	4,200	1,147,434	4,098	987,354
<b>Total current</b>	<b>191,999</b>	<b>1,882,925</b>	<b>193,700</b>	<b>1,603,039</b>
<b>Production biological assets</b>				
Immature poultry	6,663	160,006	7,042	160,415
Mature poultry	11,552	294,261	11,554	254,253
Immature pork	90	86,346	211	77,027
Mature pork	455	288,370	455	260,777
<b>Total non-current</b>	<b>18,760</b>	<b>828,983</b>	<b>19,262</b>	<b>752,472</b>
	<b>210,759</b>	<b>2,711,908</b>	<b>212,962</b>	<b>2,355,511</b>

As of June 30, 2020, the Company has forests pledged as collateral for financing and tax/civil contingencies in the amount of R\$84,245 in the parent company and in the consolidated (R\$62,408 in the parent company and in the consolidated at December 31, 2019).

## 9. RECOVERABLE TAXES

	Parent company		Consolidated	
	06.30.20	12.31.19	06.30.20	12.31.19
<b>Recoverable taxes</b>				
ICMS ("State VAT")	1,473,619	1,476,595	1,710,718	1,635,664
PIS and COFINS ("Federal Taxes to Social Fund Programs")	3,157,052	2,986,235	3,158,382	2,990,313
IPI ("Federal VAT")	869,242	848,862	869,245	848,865
INSS ("Brazilian Social Security")	257,025	255,950	257,031	255,967
Other	42,754	41,048	43,632	80,144
(-) Impairment on recoverable taxes	(179,059)	(167,194)	(179,544)	(167,674)
	<u>5,620,633</u>	<u>5,441,496</u>	<u>5,859,464</u>	<u>5,643,279</u>
Current	371,098	274,480	609,955	473,732
Non-current	5,249,535	5,167,016	5,249,509	5,169,547
<b>Recoverable income tax and social contribution</b>				
Income and social contribution tax ("IR/CS")	160,432	313,704	200,007	430,778
(-) Impairment on recoverable taxes	(8,985)	(8,985)	(9,029)	(9,029)
	<u>151,447</u>	<u>304,719</u>	<u>190,978</u>	<u>421,749</u>
Current	60,688	40,291	93,781	152,486
Non-current	90,759	264,428	97,197	269,263

The rollforward of the impairment on recoverable taxes are set forth below:

	Parent company					
	06.30.20					
	ICMS	PIS and COFINS	IR/CS	IPI	Other	Total
Beginning balance	(141,193)	(16,922)	(8,985)	(3,818)	(5,261)	(176,179)
Additions	(25,724)	-	-	(263)	-	(25,987)
Write-offs	5,654	2,694	-	2,097	3,677	14,122
Ending balance	<u>(161,263)</u>	<u>(14,228)</u>	<u>(8,985)</u>	<u>(1,984)</u>	<u>(1,584)</u>	<u>(188,044)</u>
	Consolidated					
	06.30.20					
	ICMS	PIS and COFINS	IR/CS	IPI	Other	Total
Beginning balance	(141,193)	(16,922)	(9,029)	(3,818)	(5,741)	(176,703)
Additions	(25,724)	-	-	(263.00)	-	(25,987)
Write-offs	5,654	2,694	-	2,097	3,677	14,122
Exchange rate variation	-	-	-	-	(5)	(5)
Ending balance	<u>(161,263)</u>	<u>(14,228)</u>	<u>(9,029)</u>	<u>(1,984)</u>	<u>(2,069)</u>	<u>(188,573)</u>

## 10. INCOME AND SOCIAL CONTRIBUTION TAXES

### 10.1. Deferred income and social contribution taxes

	Parent company		Consolidated	
	06.30.20	12.31.19	06.30.20	12.31.19
<b>Assets</b>				
Tax loss carryforwards (corporate income tax)	1,784,359	1,780,424	1,828,398	1,785,027
Negative calculation basis (social contribution tax)	676,882	680,518	678,953	682,175
<b>Temporary differences - Assets</b>				
Provisions for tax, civil and labor risks	493,962	477,538	493,962	477,538
Suspended collection taxes	13,409	31,069	13,409	31,069
Expected credit losses	179,231	135,219	179,231	135,374
Impairment on tax credits	66,771	60,771	66,771	60,771
Provision for other obligations	83,578	93,619	83,578	93,619
Employees' profit sharing	49,551	66,166	49,551	66,166
Write-down to net realizable value of inventories	15,003	18,657	15,003	18,718
Employees' benefits plan	212,068	202,228	212,068	202,228
Difference on tax x accounting basis for leases	58,950	37,492	58,950	37,492
Unrealized losses on fair value measurement	193,200	-	193,200	-
Adjustment to estimated annual effective tax rate - CPC 21	275,051	-	275,051	-
Other temporary differences	32,927	35,568	33,246	66,458
	<b>4,134,942</b>	<b>3,619,269</b>	<b>4,181,371</b>	<b>3,656,635</b>
<b>Temporary differences - Liabilities</b>				
Unrealized fair value gains	-	(11,998)	-	(11,998)
Difference on tax x accounting basis for goodwill amortization	(320,160)	(319,592)	(320,160)	(319,592)
Difference on tax x accounting basis for depreciation (useful life)	(829,223)	(802,844)	(829,223)	(802,844)
Business combination - Sadia (1)	(668,458)	(622,203)	(691,855)	(640,318)
Unrealized gains on derivatives	(171,167)	(43,428)	(171,167)	(43,428)
Other - exchange rate variation	-	-	(85,957)	(69,142)
Other temporary differences	(14,052)	(10,710)	(23,539)	(8,761)
	<b>(2,003,060)</b>	<b>(1,810,775)</b>	<b>(2,121,901)</b>	<b>(1,896,083)</b>
<b>Total deferred tax</b>	<b>2,131,882</b>	<b>1,808,494</b>	<b>2,059,470</b>	<b>1,760,552</b>
<b>Total Assets</b>	<b>2,131,882</b>	<b>1,808,494</b>	<b>2,180,059</b>	<b>1,845,862</b>
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>(120,589)</b>	<b>(85,310)</b>
	<b>2,131,882</b>	<b>1,808,494</b>	<b>2,059,470</b>	<b>1,760,552</b>

- (1) The deferred tax asset on the Sadia business combination was recorded on the amortization difference between the accounting and tax goodwill calculated as of the purchase price allocation date. The deferred tax liability on the Sadia business combination is substantially represented by the allocation of goodwill to property, plant and equipment, brands and contingent liabilities.

The roll-forward of deferred tax assets is set forth below:

	Parent company January to June 2020	Consolidated January to June 2020
<b>Beginning balance</b>	<b>1,808,494</b>	<b>1,760,552</b>
Deferred income and social contribution recognized in the statement of income	(51,766)	(76,197)
Deferred income and social contribution recognized in other comprehensive income	374,855	374,855
Other	299	260
<b>Ending balance</b>	<b>2,131,882</b>	<b>2,059,470</b>

## 10.2. Estimated period of realization

Deferred tax assets arising from temporary differences will be realized as they are settled or realized. The period of settlement or realization of such differences is subject to externalities and is linked to several factors that are not under the control of Management.

In estimating the realization of deferred tax credits recorded on tax losses and negative social contribution basis, Management considers its budget and strategic plans, adjusted based on the estimates of the main tax additions and exclusions, which were approved by the Board of Directors, as recommended by the Company's Fiscal Council. Based on this estimate, Management believes that it is probable that these deferred tax credits will be realized, as shown below:

	Parent company	Consolidated
2021	100,037	100,037
2022	159,307	159,307
2023	267,209	267,209
2024	291,568	291,568
2025 to 2027	945,298	945,298
2028 onwards	697,822	743,932
	<b>2,461,241</b>	<b>2,507,351</b>

The deferred tax credits on tax losses and negative social contribution basis related to the parent company and its subsidiaries domiciled in Brazil do not expire.

## 10.3. Income and social contribution taxes reconciliation

	Parent company				Consolidated			
	April to June 2020	January to June 2020	April to June 2019	January to June 2019	April to June 2020	January to June 2020	April to June 2019	January to June 2019
Income (loss) before income and social contribution taxes - continued operations	406,100	309,715	249,485	(52,715)	396,884	345,094	310,719	20,652
Nominal tax rate	34%	34%	34%	34%	34%	34%	34%	34%
<b>Credit (expense) at nominal rate</b>	<b>(138,074)</b>	<b>(105,303)</b>	<b>(84,825)</b>	<b>17,923</b>	<b>(134,941)</b>	<b>(117,332)</b>	<b>(105,644)</b>	<b>(7,022)</b>
Reconciling items								
Income from associates and joint ventures	709,328	2,064,994	46,808	119,013	-	-	(12,635)	(16,691)
Difference of tax rates on results of foreign subsidiaries	-	-	-	-	435,282	998,676	35,600	106,590
Difference of functional currency of foreign subsidiaries	-	-	-	-	283,238	1,053,917	(13,439)	(17,333)
Deferred tax assets not recognized (1)	(958,804)	(2,291,220)	26,427	(27,909)	(958,804)	(2,291,220)	26,427	(27,909)
Penalties	(2,117)	(6,181)	885	702	(2,117)	(6,181)	886	702
Investment grant	8,980	19,514	30,689	30,689	8,980	19,514	30,689	30,689
Estimated annual effective tax rate - CPC 21	279,691	275,051	(201,796)	(4,837)	279,691	275,051	(201,796)	(4,837)
Reversal (recognition) of provision with no deferred tax constituted	-	-	109,251	(21,139)	-	-	109,251	(21,139)
Other permanent differences	(1,234)	(8,621)	10,970	14,104	(1,084)	(8,622)	10,965	14,043
	<b>(102,230)</b>	<b>(51,766)</b>	<b>(61,591)</b>	<b>128,546</b>	<b>(89,755)</b>	<b>(76,197)</b>	<b>(119,696)</b>	<b>57,093</b>
Current income tax	-	-	-	-	(21,983)	(38,332)	(62,738)	(86,838)
Deferred income tax	(102,230)	(51,766)	(61,591)	128,546	(67,772)	(37,865)	(56,958)	143,931

- (1) Amount related to the non-recognition of deferred tax on tax losses and negative basis in the amount of R\$6,738,883 in the parent company and in the consolidated, due to limited capacity of realization (note 10.2).

The Company's management determined that the total profits recorded by the holdings of its wholly owned subsidiaries abroad will not be redistributed. Such funds will be used for investments in the wholly owned subsidiaries.

Income tax returns in Brazil are subject to review by the tax authorities for a period of five years from the date of their delivery. The Company may be subject to additional collection of taxes, fines and interest as a result of these reviews. The results obtained by wholly owned subsidiaries abroad are subject to taxation in accordance with the tax laws of each country.

## 11. JUDICIAL DEPOSITS

The rollforward of the judicial deposits is set forth below:

	Parent company 06.30.20			
	Tax	Labor	Civil, commercial and other	Total
Beginning balance	244,977	301,739	28,965	575,681
Additions	-	63,168	4,414	67,582
Reversals	(10,747)	(22,308)	(61)	(33,116)
Write-offs	(907)	(55,866)	(357)	(57,130)
Interest	2,863	4,183	406	7,452
<b>Ending balance</b>	<b>236,186</b>	<b>290,916</b>	<b>33,367</b>	<b>560,469</b>

	Consolidated 06.30.20			
	Tax	Labor	Civil, commercial and other	Total
Beginning balance	244,977	301,808	28,965	575,750
Additions	-	63,168	4,414	67,582
Reversals	(10,747)	(22,308)	(61)	(33,116)
Write-offs	(907)	(55,866)	(357)	(57,130)
Interest	2,863	4,183	406	7,452
Exchange rate variation	-	11	-	11
<b>Ending balance</b>	<b>236,186</b>	<b>290,996</b>	<b>33,367</b>	<b>560,549</b>

## 12. INVESTMENTS

The rollforward of the direct investments in subsidiaries and affiliates of the parent company is set forth below:

	Subsidiaries												Affiliates		Total	
	BRF Energia S.A.	BRF GmbH	Estabec. Levino Zaccardi	BRF Pet S.A.	BRF Austria GmbH	PSA Labor. Veter. Ltda	Sadia Alimentos S.A.	Proud Food Lda	Sadia International Ltd.	Sadia Uruguay S.A.	Eclipse Holding Cooperatief	VIP S.A. Empr. e Particip. Imob	PP-BIO Adm. Bem próprio S.A.	PR-SAD Adm. Bem próprio S.A.	06.30.20	12.31.19
<b>a) Participation as of June 30, 2019</b>																
% of participation	100.00%	100.00%	99.94%	100.00%	100.00%	99.99%	43.10%	10.00%	100.00%	94.90%	0.01%	100.00%	33.33%	33.33%		
Total quantity of shares and quotas	7,176,530	1	100	18,741,856	100	5,463,850	594,576,682	150,000	900,000	2,444,753,091	10,000	14,249,459	-	-		
Quantity of shares and quotas held	7,176,530	1	100	18,741,856	100	5,463,849	256,253,695	15,000	900,000	2,319,989,778	1	14,249,459	-	-		
<b>b) Information as of June 30, 2019</b>																
Share capital	7,177	6,523	1,186	32,664	120	5,564	338,054	3	2,933	497,012	334,999	50	-	-		
Shareholders' equity	607	11,337,111	(305)	19,698	135,707	5,369	9,786	(254)	313,739	90,068	(29,937)	2,382	-	-		
Income (loss) for the year	(423)	2,561,650	(175)	(4,316)	477,442	(195)	(2,890)	(141)	(2,652)	(4,179)	(708)	26	-	-		
<b>c) Movements of Investments</b>																
<b>Beginning balance (12.31.19)</b>	1,031	6,148,777	-	19,083	-	5,564	4,791	-	235,307	74,821	-	2,355	2,354	4,851	<b>6,498,934</b>	4,042,451
<b>Result Movements</b>																
Income (loss)	(423)	5,538,499	(163)	(4,385)	477,566	(195)	21	(14)	66,742	(4,162)	-	26	-	-	<b>6,073,512</b>	1,186,569
Dividends and interests on shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,665)
<b>Capital movements</b>																
Capital increase	-	-	-	5,000	-	-	-	-	-	-	-	-	121	426	<b>5,547</b>	2,385
Capital transaction between subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,314,596
Acquisition (sale) of equity interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(67,444)
Liquidation of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90,834
Goodwill on acquisition of non-controlling interests	-	-	-	-	(50,945)	-	-	-	-	-	-	-	-	-	<b>(50,945)</b>	-
<b>Other</b>																
Other comprehensive income	-	(350,166)	(30)	-	(162,268)	-	(595)	(1)	11,690	14,785	(1)	-	-	-	<b>(486,586)</b>	(81,086)
Provision for losses on investments	-	-	193	-	-	-	-	15	-	-	1	-	-	-	<b>209</b>	128,757
Reversal of provision for losses on investments	-	-	-	-	(128,646)	-	-	-	-	-	-	-	-	-	<b>(128,646)</b>	(109,463)
<b>Ending balance (06.30.20)</b>	<b>608</b>	<b>11,337,110</b>	<b>-</b>	<b>19,698</b>	<b>135,707</b>	<b>5,369</b>	<b>4,217</b>	<b>-</b>	<b>313,739</b>	<b>85,444</b>	<b>-</b>	<b>2,381</b>	<b>2,475</b>	<b>5,277</b>	<b>11,912,025</b>	<b>6,498,934</b>

The Company owns other investments in the amount of R\$583 in the parent company and R\$10,049 in the consolidated (R\$583 at parent company and R\$7,676 in the consolidated as of December 31, 2019).

On June 30, 2020, these associates, affiliates and joint ventures do not have any restriction to amortize their loans or advances to the Company.

### 13. PROPERTY, PLANT AND EQUIPMENT, NET

The rollforward of property, plant and equipment is set forth below:

	Weighted average depreciation rate (p.a.)	12.31.19	Additions	Disposals	Transfers (1)	Parent company 06.30.20
<b>Cost</b>						
Land		546,976	-	(5,945)	21,519	562,550
Buildings, facilities and improvements		9,558,475	81,210	(30,617)	77,614	9,686,682
Machinery and equipment		7,669,528	2,939	(51,718)	115,064	7,735,813
Furniture and fixtures		101,855	193	(584)	5,067	106,531
Vehicles		121,079	16,625	(7,633)	(87)	129,984
Construction in progress		335,872	272,645	-	(257,496)	351,021
Advances to suppliers		-	141	-	-	141
		<b>18,333,785</b>	<b>373,753</b>	<b>(96,497)</b>	<b>(38,319)</b>	<b>18,572,722</b>
<b>Depreciation</b>						
Land (2)	20.77%	(4,258)	(3,085)	37	(1,799)	(9,105)
Buildings, facilities and improvements	9.53%	(3,126,532)	(294,102)	18,977	(5,307)	(3,406,964)
Machinery and equipment	6.65%	(3,790,298)	(224,938)	28,962	1,341	(3,984,933)
Furniture and fixtures	6.67%	(54,854)	(2,556)	454	48	(56,908)
Vehicles	27.85%	(24,541)	(18,130)	1,041	84	(41,546)
		<b>(7,000,483)</b>	<b>(542,811)</b>	<b>49,471</b>	<b>(5,633)</b>	<b>(7,499,456)</b>
		<b>11,333,302</b>	<b>(169,058)</b>	<b>(47,026)</b>	<b>(43,952)</b>	<b>11,073,266</b>

(1) Refers to the transfer of R\$39,532 for intangible assets, R\$4,413 for assets held for sale and R\$7 for biological assets.

(2) Land depreciation refers to right-of-use assets. The amount of R\$2,095 of depreciation was recognized in the cost of formation of forests and will be realized in the result according to the depletion (note 18.1).

	Weighted average depreciation rate (p.a.)	12.31.19	Additions	Disposals	Transfers (1)	Exchange rate variation	Consolidated 06.30.20
<b>Cost</b>							
Land		603,479	1,321	(6,514)	20,303	12,398	630,987
Buildings, facilities and improvements		10,148,798	133,333	(51,720)	76,936	202,541	10,509,888
Machinery and equipment		8,177,047	19,755	(54,369)	116,851	128,623	8,387,907
Furniture and fixtures		140,439	193	(640)	8,621	16,057	164,670
Vehicles		213,199	19,530	(51,994)	(1,360)	33,010	212,385
Construction in progress		348,907	264,438	-	(259,810)	2,359	355,894
Advances to suppliers		528	1,743	-	139	111	2,521
		<b>19,632,397</b>	<b>440,313</b>	<b>(165,237)</b>	<b>(38,320)</b>	<b>395,099</b>	<b>20,264,252</b>
<b>Depreciation</b>							
Land (2)	22.31%	(5,086)	(3,107)	605	(1,799)	(727)	(10,114)
Buildings, facilities and improvements	9.06%	(3,263,801)	(336,046)	40,046	(10,968)	(49,301)	(3,620,070)
Machinery and equipment	6.60%	(3,950,250)	(247,080)	30,368	10,703	(47,715)	(4,203,974)
Furniture and fixtures	6.67%	(71,779)	(5,807)	496	(745)	(5,379)	(83,214)
Vehicles	27.34%	(64,592)	(36,153)	39,287	(2,823)	(17,002)	(81,283)
		<b>(7,355,508)</b>	<b>(628,193)</b>	<b>110,802</b>	<b>(5,632)</b>	<b>(120,124)</b>	<b>(7,998,655)</b>
		<b>12,276,889</b>	<b>(187,880)</b>	<b>(54,435)</b>	<b>(43,952)</b>	<b>274,975</b>	<b>12,265,597</b>

(1) Refers to the transfer of R\$39,532 for intangible assets, R\$4,413 to held for sale and R\$7 for biological assets.

(2) Land depreciation refers to right-of-use assets. The amount of R\$2,095 of depreciation was recognized in the cost of formation of forests and will be realized in the result according to the depletion (note 18.1).

The amount of capitalized borrowing costs during the six-month period ended on June 30, 2020 was of R\$8,388 in the parent company and in the consolidated (R\$10,543 in the parent company and in the consolidated in the same period of the previous year) and during the three-month period ended on June 30, 2020 was of R\$4,330 in the parent company and in the consolidated (R\$5,241 in the parent company and R\$5,219 in the consolidated in the same period of the previous year).

The weighted average rate used to determine the amount of borrowing costs subject to capitalization was 6.09% p.a. in the parent company and in the consolidated (6.41% p.a. in the parent company and 2.32% in the consolidated in the same period of the previous year).

The book value of the property, plant and equipment items that are pledged as collateral for transactions of different natures are set forth below:

		Parent company and Consolidated	
Type of collateral		06.30.20	12.31.19
Land	Financial/Tax	225,127	221,727
Buildings, facilities and improvements	Financial/Tax	1,487,465	1,499,808
Machinery and equipment	Financial/Labor/Tax/Civil	1,459,453	1,488,889
Furniture and fixtures	Financial/Tax	15,364	14,090
Vehicles	Financial/Tax	358	369
		<b>3,187,767</b>	<b>3,224,883</b>

## 14. INTANGIBLE ASSETS

The intangible assets rollforward is set forth below:

	Weighted average amortization rate (p.a.)	12.31.19	Additions	Disposals	Transfers	Parent company 06.30.20
<b>Cost</b>						
Goodwill		1,783,655	-	-	-	1,783,655
Trademarks		1,152,885	-	-	-	1,152,885
Non-compete agreement		71,729	-	(379)	-	71,350
Outgrowers relationship		14,604	-	-	-	14,604
Patents		6,205	-	-	-	6,205
Software		491,682	72,766	(35,744)	70,775	599,479
Intangible in progress		11,450	57,321	-	(39,784)	28,987
		<b>3,532,210</b>	<b>130,087</b>	<b>(36,123)</b>	<b>30,991</b>	<b>3,657,165</b>
<b>Amortization</b>						
Non-compete agreement	35.65%	(57,690)	(6,946)	379	-	(64,257)
Outgrowers relationship	13.09%	(12,744)	(593)	-	-	(13,337)
Patents	19.05%	(5,524)	(237)	-	-	(5,761)
Software	32.44%	(316,720)	(61,896)	35,744	8,540	(334,332)
		<b>(392,678)</b>	<b>(69,672)</b>	<b>36,123</b>	<b>8,540</b>	<b>(417,687)</b>
		<b>3,139,532</b>	<b>60,415</b>	<b>-</b>	<b>39,531</b>	<b>3,239,478</b>

	Weighted average amortization rate (p.a.)	12.31.19	Additions	Disposals	Transfers	Exchange rate variation	Consolidated 06.30.20
<b>Cost</b>							
Goodwill		2,713,602	-	-	-	298,138	3,011,740
Trademarks		1,322,262	-	-	-	30,333	1,352,595
Non-compete agreement		99,229	-	(379)	-	9,485	108,335
Outgrowers relationship		14,604	-	-	-	-	14,604
Patents		6,305	-	(106)	-	6	6,205
Customer relationship		892,758	-	-	-	255,491	1,148,249
Software		523,615	74,453	(35,771)	71,744	10,437	644,478
Intangible in progress		12,151	57,380	-	(40,752)	208	28,987
		<b>5,584,526</b>	<b>131,833</b>	<b>(36,256)</b>	<b>30,992</b>	<b>604,098</b>	<b>6,315,193</b>
<b>Amortization</b>							
Non-compete agreement	27.10%	(74,190)	(10,285)	379	-	(6,051)	(90,147)
Outgrowers relationship	13.09%	(12,744)	(593)	-	-	-	(13,337)
Patents	19.05%	(5,626)	(237)	106	-	(14)	(5,771)
Customer relationship	7.34%	(242,263)	(39,177)	-	-	(76,955)	(358,395)
Software	32.06%	(341,624)	(64,662)	35,771	8,540	(8,677)	(370,652)
		<b>(676,447)</b>	<b>(114,954)</b>	<b>36,256</b>	<b>8,540</b>	<b>(91,697)</b>	<b>(838,302)</b>
		<b>4,908,079</b>	<b>16,879</b>	<b>-</b>	<b>39,532</b>	<b>512,401</b>	<b>5,476,891</b>

During the six-month period ended on June 30, 2020, Management did not identify any event that could indicate an impairment of such assets.

## 15. LOANS AND BORROWINGS

	Charges (p.a.)	Weighted average interest rate (p.a.)	WAMT (1)	12.31.19	Borrowing	Amortization	Interest paid	Interest accrued	Exchange rate variation	Parent company 06.30.20
<b>Local currency</b>										
Working capital	Fixed / CDI	3.74% (6.07% on 12.31.19)	0.9	3,312,639	800,000	(930,218)	(96,045)	101,284	-	3,187,660
Certificate of agribusiness receivables (2)	CDI / IPCA	5.03% (6.73% on 12.31.19)	2.0	1,597,447	-	-	(23,819)	42,575	-	1,616,203
Development bank credit lines	Fixed / Selic / TJLP	(5.09% on 12.31.19)	-	45,516	-	(45,470)	(427)	381	-	-
Export credit facility (3)	Fixed / CDI / USD	5.58%	5.4	1,612,365	1,492,084	-	(45,408)	79,214	483,672	3,621,927
Special program asset restructuring	IGPM	(12.22% on 12.31.19)	-	284,308	-	(287,621)	(5,142)	8,455	-	-
Debentures	CDI / IPCA	5.63% (7.40% on 12.31.19)	5.5	755,760	-	-	(20,579)	21,835	-	757,016
Fiscal incentives	Fixed	2.40% (2.40% on 12.31.19)	-	5,720	34,532	-	(338)	367	-	40,281
				<u>7,613,755</u>	<u>2,326,616</u>	<u>(1,263,309)</u>	<u>(191,758)</u>	<u>254,111</u>	<u>483,672</u>	<u>9,223,087</u>
<b>Foreign currency</b>										
Bonds	Fixed / USD / EUR	4.37% (4.36% on 12.31.19)	5.3	8,407,975	(275)	-	(270,264)	281,185	3,058,442	11,477,063
Export credit facility	Fixed / LIBOR / USD	4.13% (5.77% on 12.31.19)	2.7	407,274	-	(118,113)	(12,782)	10,328	127,617	414,324
Advances for foreign exchange rate contracts	Fixed / USD	3.88	0.8	-	529,211	-	-	4,262	17,865	551,338
				<u>8,815,249</u>	<u>528,936</u>	<u>(118,113)</u>	<u>(283,046)</u>	<u>295,775</u>	<u>3,203,924</u>	<u>12,442,725</u>
				<u>16,429,004</u>	<u>2,855,552</u>	<u>(1,381,422)</u>	<u>(474,804)</u>	<u>549,886</u>	<u>3,687,596</u>	<u>21,665,812</u>
Current				3,033,034						3,935,263
Non-current				13,395,970						17,730,549

(1) Weighted average maturity in years.

(2) The Certificates of Agribusiness Receivables ("CRA") issued by the Company are backed by receivables of BRF S.A. from certain subsidiaries abroad.

(3) The Export Credit Facility was issued in Reais simultaneously and in connection with a foreign exchange rate swap, resulting essentially in a net cash flow in U.S. Dollars. As the transactions are inseparable, both are recorded together under Loans and Borrowings by their amortized cost.

										Consolidated
	Charges (p.a.)	Weighted average interest rate (p.a.)	WAMT (1)	12.31.19	Borrowing	Amortization	Interest paid	Interest accrued	Exchange rate variation	06.30.20
<b>Local currency</b>										
Working capital	Fixed / CDI	3.74% (6.07% on 12.31.19)	0.9	3,312,639	800,000	(930,218)	(96,045)	101,284	-	3,187,660
Certificate of agribusiness receivables (2)	CDI / IPCA	5.03% (6.73% on 12.31.19)	2.0	1,597,447	-	-	(23,819)	42,575	-	1,616,203
Development bank credit lines	Fixed / Selic / TJLP	(5.09% on 12.31.19)	-	45,516	-	(45,470)	(427)	381	-	-
Debentures	CDI / IPCA	5.63% (7.40% on 12.31.19)	5.5	755,760	-	-	(20,579)	21,835	-	757,016
Export credit facility (3)	Fixed / CDI / USD	4.58%	5.4	1,612,365	1,492,084	-	(45,408)	79,214	483,672	3,621,927
Special program asset restructuring	IGPM	(12.22% on 12.31.19)	-	284,308	-	(287,621)	(5,142)	8,455	-	-
Fiscal incentives	Fixed	2.40% (2.40% on 12.31.19)	-	5,720	34,532	-	(338)	367	-	40,281
				<b>7,613,755</b>	<b>2,326,616</b>	<b>(1,263,309)</b>	<b>(191,758)</b>	<b>254,111</b>	<b>483,672</b>	<b>9,223,087</b>
<b>Foreign currency</b>										
Bonds	Fixed / USD / EUR	4.37% (4.36% on 12.31.19)	5.5	10,407,484	(275)	-	(326,755)	316,917	3,799,257	14,196,628
Export credit facility	Fixed / LIBOR / USD	4.13% (5.77% on 12.31.19)	2.7	407,275	-	(118,113)	(12,782)	10,328	127,616	414,324
Advances for foreign exchange rate contracts	Fixed / USD	3.88	0.8	-	529,211	-	-	4,262	17,865	551,338
Working capital	Fixed / TRY	10.19% (16.56% on 12.31.19)	1.4	191,765	502,233	(258,346)	(22,146)	23,294	41,374	478,174
				<b>11,006,524</b>	<b>1,031,169</b>	<b>(376,459)</b>	<b>(361,683)</b>	<b>354,801</b>	<b>3,986,112</b>	<b>15,640,464</b>
				<b>18,620,279</b>	<b>3,357,785</b>	<b>(1,639,768)</b>	<b>(553,441)</b>	<b>608,912</b>	<b>4,469,784</b>	<b>24,863,551</b>
Current				3,132,029						4,071,950
Non-current				15,488,250						20,791,601

(1) Weighted average maturity in years.

(2) The Certificate of Agribusiness Receivable ("CRA") issued by the Company are backed by receivables of BRF S.A. from certain subsidiaries abroad.

The Export Credit Facility was issued in Reais simultaneously and in connection with a foreign exchange rate swap, resulting essentially in a net cash flow in U.S. Dollars. As the transactions are inseparable, both are recorded together under Loans and Borrowings by their amortized cost.

As of December 31, 2019 and June 30, 2020, the Company did not have any financial covenant clauses related to its loans and borrowings agreements.

## 15.1. Revolving Credit Facility

With the purpose of maintaining a prudential and sustainable short-term liquidity position, continuing with the strategy of extending its average debt maturity and reducing the cost of debt, on December 27, 2019, the Company retained from Banco do Brasil a revolving credit facility up to the limit of R\$1,500,000 for a period of three years. The referenced credit facility can be disbursed totally or partially, at the Company's will, whenever necessary. As of June 30, 2020, the facility was available, but unused.

## 15.2. Loans and borrowings maturity schedule

The maturity schedule of the loans and borrowings is as follows:

	Parent company 06.30.20	Consolidated 06.30.20
Current	3,935,263	4,071,950
Non-current	17,730,549	20,791,601
July to december 2021	1,850,633	1,959,689
2022	3,365,885	3,600,786
2023	3,157,481	3,157,739
2024	3,167,562	3,159,866
2025 onwards	6,188,988	8,913,521
	<b>21,665,812</b>	<b>24,863,551</b>

## 15.3. Guarantees

	Parent company		Consolidated	
	06.30.20	12.31.19	06.30.20	12.31.19
Total of loans and financing	21,665,812	16,429,004	24,863,551	18,620,279
Mortgage guarantees	40,281	51,237	40,281	51,237
Related to FINEM-BNDES	-	45,516	-	45,516
Related to tax incentives and other	40,281	5,721	40,281	5,721

On June 30, 2020, the amount of bank guarantees contracted by the Company was of R\$593,028 (R\$666,335 as of December 31, 2019) which were offered mainly in litigations involving the Company's use of tax credits. These guarantees have an average cost of 1.79% p.a. (1.77% p.a. as of December 31, 2019).

## 16. TRADE ACCOUNTS PAYABLE

	Parent company		Consolidated	
	06.30.20	12.31.19	06.30.20	12.31.19
<b>Domestic suppliers</b>				
Third parties	5,460,334	4,921,902	5,472,974	4,930,424
Related parties	9,850	6,392	-	-
	<b>5,470,184</b>	<b>4,928,294</b>	<b>5,472,974</b>	<b>4,930,424</b>
<b>Foreign suppliers</b>				
Third parties	556,241	404,068	1,320,280	915,611
	<b>556,241</b>	<b>404,068</b>	<b>1,320,280</b>	<b>915,611</b>
(-) Adjustment to present value	(60,020)	(49,253)	(60,041)	(49,269)
	<b>5,966,405</b>	<b>5,283,109</b>	<b>6,733,213</b>	<b>5,796,766</b>
Current	5,958,687	5,270,762	6,725,495	5,784,419
Non-current	7,718	12,347	7,718	12,347

On the trade accounts payable balance as of June 30, 2020, R\$1,674,014 in the parent company and R\$1,675,566 in the consolidated (R\$1,434,152 in the parent company and R\$1,435,025 in the consolidated as of December 31, 2019) corresponds to supply chain finance transactions in which there were no changes in the payment terms and prices negotiated with the suppliers.

## 17. SUPPLY CHAIN FINANCE

	Parent company and Consolidated	
	06.30.20	12.31.19
Supply chain finance - Domestic suppliers	694,136	671,869
Supply chain finance - Foreign suppliers	300,609	182,126
	<b>994,745</b>	<b>853,995</b>
(-) Adjustment to present value	(12,508)	(11,958)
	<b>982,237</b>	<b>842,037</b>

The Company has partnerships with several financial institutions that allow the suppliers to anticipate their receivables. The suppliers may choose whether to participate and if so, with which institution. The anticipation allows the suppliers to better manage their cash flow needs. This flexibility allows the Company to intensify its commercial relations with the network of suppliers by potentially leveraging benefits such as preference for supply in case of restricted supply, better price conditions and/or more flexible payment terms, among others, without changes in other commercial conditions. These operations are presented in the cash flow of operating activities.

On June 30, 2020, the discount rates applied to the supply chain finance transactions agreed between our suppliers and the financial institutions in the domestic market were set between 0.46% and 0.68% p.m. (0.38% to 0.67% p.m. on December 31, 2019).

On June 30, 2020, the discount rates applied to the supply chain finance transactions agreed between our suppliers and the financial institutions in the external market were set between 0.32% and 0.45% p.m. (0.32% to 0.46% p.m. on December 31, 2019).

## 18. LEASES

The Company is lessee in several lease agreements for forest lands, offices, distribution centers, integrated producers, vehicles, among others. Some contracts have a renewal option for an additional period at the end of the agreement, established by contractual amendments. Automatic renewals or renewals for undetermined periods are not allowed.

The contract clauses mentioned, with respect to renewal, readjustment and purchase option, are contracted according to market practices. In addition, there are no clauses of contingent payments or restrictions on dividends distribution, payments of interest on shareholders' equity or obtaining debt.

### 18.1. Right-of-use assets

The right-of-use assets as set forth below are part of the balances of property, plant and equipment and intangible assets (notes 13 and 14).

	Weighted average depreciation rate (p.a.)	Parent company				06.30.20
		12.31.19	Additions	Disposals	Transfers	
<b>Cost</b>						
Land		20,499	-	(182)	20,751	41,068
Buildings		2,446,641	81,205	(1,387)	(2,487)	2,523,972
Machinery and equipment		114,571	1,073	(7,681)	-	107,963
Vehicles		112,917	16,625	(7,616)	-	121,926
Software		55,705	72,766	(35,624)	(18,264)	74,583
		<b>2,750,333</b>	<b>171,669</b>	<b>(52,490)</b>	<b>-</b>	<b>2,869,512</b>
<b>Depreciation</b>						
Land	14.77%	(4,258)	(3,086)	37	(1,799)	(9,106)
Buildings	28.79%	(459,122)	(190,934)	723	(6,765)	(656,098)
Machinery and equipment	40.97%	(96,684)	(13,573)	7,024	-	(103,233)
Vehicles	28.75%	(18,550)	(17,886)	1,025	-	(35,411)
Software	45.21%	(44,815)	(16,577)	35,624	8,564	(17,204)
		<b>(623,429)</b>	<b>(242,056)</b>	<b>44,433</b>	<b>-</b>	<b>(821,052)</b>
		<b>2,126,904</b>	<b>(70,387)</b>	<b>(8,057)</b>	<b>-</b>	<b>2,048,460</b>

	Weighted average depreciation rate (p.a.)	Consolidated				06.30.20	
		12.31.19	Additions	Disposals	Exchange rate variation		Transfers
<b>Cost</b>							
Land		22,790	1,167	(751)	617	20,751	44,574
Buildings		2,615,883	133,093	(22,443)	61,134	(2,487)	2,785,180
Machinery and equipment		115,173	1,073	(7,729)	213	-	108,730
Vehicles		207,443	19,501	(51,975)	31,480	-	206,449
Software		55,705	72,766	(35,625)	-	(18,264)	74,582
		<b>3,016,994</b>	<b>227,600</b>	<b>(118,523)</b>	<b>93,444</b>	<b>-</b>	<b>3,219,515</b>
<b>Depreciation</b>							
Land	16.54%	(5,086)	(3,107)	605	(727)	(1,799)	(10,114)
Buildings	28.61%	(512,836)	(223,884)	21,780	(21,910)	(6,765)	(743,615)
Machinery and equipment	40.99%	(96,958)	(13,727)	7,056	(114)	-	(103,743)
Vehicles	28.77%	(57,357)	(35,725)	39,271	(15,594)	-	(69,405)
Software	45.21%	(44,815)	(16,577)	35,624	-	8,564	(17,204)
		<b>(717,052)</b>	<b>(293,020)</b>	<b>104,336</b>	<b>(38,345)</b>	<b>-</b>	<b>(944,081)</b>
		<b>2,299,942</b>	<b>(65,420)</b>	<b>(14,187)</b>	<b>55,099</b>	<b>-</b>	<b>2,275,434</b>

## 18.2. Lease liabilities

	WAM (1)	12.31.19	Additions	Payments	Interest paid	Interest accrued	Disposals	Transfers	Parent company
									06.30.20
Land	6.6	18,707	83	(3,543)	(2,169)	2,169	(210)	17,501	32,538
Buildings	7.4	2,106,997	89,637	(170,175)	(41,931)	78,980	(693)	(17,501)	2,045,314
Machinery and equipment	1.1	25,349	1,073	(16,111)	(6,694)	6,694	(733)	-	9,578
Vehicles	2.5	100,362	16,625	(15,806)	(4,972)	4,972	(6,915)	-	94,266
Software	2.0	1,137	72,766	(15,411)	(2,237)	2,237	-	-	58,492
		<b>2,252,552</b>	<b>180,184</b>	<b>(221,046)</b>	<b>(58,003)</b>	<b>95,052</b>	<b>(8,551)</b>	<b>-</b>	<b>2,240,188</b>
Current		313,058							244,450
Non-current		1,939,494							1,995,738

(1) Weighted average maturity in years.

	WAM (1)	12.31.19	Additions	Payments	Interest paid	Interest accrued	Disposals	Transfers	Exchange rate variation	Consolidated
										06.30.20
Land	5.0	20,355	1,250	(3,861)	(2,458)	2,458	(210)	17,501	(42)	34,993
Buildings	4.5	2,227,026	141,525	(201,487)	(47,890)	84,939	(693)	(17,501)	40,905	2,226,824
Machinery and equipment	1.1	25,687	1,073	(16,267)	(6,704)	6,704	(747)	-	102	9,848
Vehicles	1.7	156,975	19,501	(31,238)	(7,318)	7,318	(13,388)	-	16,624	148,474
Software	2.0	1,137	72,766	(15,411)	(2,237)	2,237	-	-	-	58,492
		<b>2,431,180</b>	<b>236,115</b>	<b>(268,264)</b>	<b>(66,607)</b>	<b>103,656</b>	<b>(15,038)</b>	<b>-</b>	<b>57,589</b>	<b>2,478,631</b>
Current		376,628								317,435
Non-current		2,054,552								2,161,196

(1) Weighted average maturity in years.

## 18.3. Lease liabilities maturity schedule

The minimum future payments required for these finance leases are segregated as follows, and were recorded in current and non-current liabilities:

	Parent company	Consolidated
	06.30.20	06.30.20
Current	244,450	317,435
Non-current	1,995,738	2,161,196
July to december 2021	670,047	714,004
2022	325,344	368,428
2023	266,158	284,173
2024	211,437	217,127
2025 onwards	522,752	577,464
	<b>2,240,188</b>	<b>2,478,631</b>

## 18.4. Incremental rate

The Company uses nominal incremental rates to measure its lease liabilities. The nominal and real interest rates are presented below.

Contract Terms	06.30.20		12.31.19	
	Nominal rate% p.a.	Actual rate% p.a.	Nominal rate% p.a.	Actual rate% p.a.
1 year	5.69%	1.05%	8.46%	4.97%
2 years	6.64%	2.38%	9.49%	5.37%
3 years	6.81%	2.60%	10.60%	6.28%
4 years	-	-	11.43%	7.01%
5 years	-	-	11.84%	7.28%
6 years	-	-	12.13%	7.48%
8 years	-	-	12.43%	7.67%
9 years	-	-	12.51%	7.78%
10 years	-	-	12.61%	7.84%
11 years	-	-	12.68%	7.86%
13 years	-	-	12.81%	7.93%
14 years	-	-	12.86%	7.96%
15 years	-	-	12.90%	7.97%
18 years	-	-	13.01%	8.03%
20 years	13,26%	9,00%	13.12%	8.12%

The rates presented above as of June 30, 2020 refer to the incremental rates used in contracts recognized in the first semester of 2020 and the rates as of December 31, 2019 refer to the rates used in contracts recognized in 2019.

## 18.5. Amounts recognized in the statement of income

Below are the amounts directly recognized in the statement of income related to items exempt of recognition: low-value assets, short-term leases and leases with variable payments.

	Parent Company		Consolidated	
	April to June 2020	January to June 2020	April to June 2020	January to June 2020
Variable payments not included in the lease liabilities	11,403	22,151	79,202	161,730
Expenses related to short-term assets	12,805	28,539	42,045	84,249
Expenses related to low-value assets	1,188	1,264	1,406	1,707
	<b>25,396</b>	<b>51,954</b>	<b>122,653</b>	<b>247,686</b>

## 18.6. Sale-and-leaseback transactions

During the six-month period ended on June 30, 2020 three sale-and-leaseback transactions of grain warehouses were concluded. These warehouses are located in: (i) Campo Erê – Santa Catarina, (ii) Pato Branco, and (iii) Medianeira, both in the state of Paraná; which were analyzed according to the IFRS 16 premises and the right-of-use assets were recognized, as well as the lease liabilities of each contract. These transactions contained in the addition movements of the Buildings class.

## 19. SHARE-BASED PAYMENT

The rules for the stock options and restricted shares plans granted to executives were disclosed in the financial statements for the year ended on December 31, 2019 (note 20). On April 27, 2020, the general shareholder's meeting approved changes to the plans, increasing the limit of grants from 0.5% to 2.5% of the common, registered, book-entry shares with no par value, representative of the Company's total capital stock.

The breakdown of the outstanding granted stock options is set forth as follows:

Grant date	Date		Quantity		Grant (1)	Strike price (1)	
	Beggining of exercise	End of the exercise	Options granted	Outstanding options	Fair value of the option	Granting date	Updated IPCA
04.26.16	04.30.17	04.30.21	8,724,733	1,325,000	9.21	56.00	66.73
05.31.16	05.31.17	05.31.21	3,351,220	1,156,990	10.97	46.68	55.20
			<b>12,075,953</b>	<b>2,481,990</b>			

(1) Amounts expressed in Brazilian Reais.

The breakdown of the outstanding granted restricted shares is set forth as follows:

Grant	Date	Vesting date	Quantity		Grant (1)
			Shares granted	Outstanding shares	Fair value of the shares
10.01.18		10.01.21	2,311,394	1,293,330	21.44
07.01.19		07.01.22	1,815,649	1,306,455	30.61
09.16.19		10.01.22	68,605	68,605	30.61
04.01.20		04.01.22	359,293	359,293	18.40
06.01.20		06.01.23	3,571,736	3,571,736	21.28
			<b>8,126,677</b>	<b>6,599,419</b>	

(1) Amounts expressed in Brazilian Reais.

The rollforward of the granted options and shares for the six-month period ended on June 30, 2020, is presented as follows:

	Consolidated
<b>Outstanding options/shares as of December 31, 2019</b>	<b>4,722,734</b>
<b>Granted</b>	
Restricted shares - June 2020	1,315,566
Restricted shares - April 2020	359,293
<b>Exercised / Delivered:</b>	
Restricted Shares - grant of June, 2019	(140,945)
Restricted Shares - grant of June, 2018	(97,875)
<b>Forfeiture:</b>	
Restricted shares - Grant of 2019	(83,824)
Restricted shares - Grant of 2018	(95,128)
Stock options - Grant of 2016	(11,510)
<b>Outstanding options/shares as of June 30, 2020</b>	<b>5,968,311</b>

The weighted average exercise price of the outstanding options conditioned to services is R\$60.98 (sixty Brazilian Reais and ninety-eight cents) (R\$60.96 as of December 31, 2019), and the weighted average remaining vesting term is 11 months (17 months as of December 31, 2019).

The Company has registered as capital reserve, under shareholders' equity, the fair value of share-based compensation plans in the amount of R\$260,825 (R\$255,445 as of December 31, 2019). In the statement of income for the six-month period ended on June 30, 2020 the amount recognized as expense was R\$5,380 (R\$11,691 in the same period of the previous year), and during the three-month period

ended on June 30, 2020 the amount recognized as expense was R\$1,209 (R\$1,351 in the same period of the previous year).

## 20. EMPLOYEES BENEFITS PLANS

The Company offers pension and other post-employment plans to the employees. The characteristics of such benefits were disclosed in the annual financial statements for the year ended on December 31, 2019 (note 21) and have not been changed during the following periods. The actuarial liabilities are presented below:

	Parent company		Consolidated	
	Liabilities		Liabilities	
	06.30.20	12.31.19	06.30.20	12.31.19
Medical assistance	194,067	187,274	194,067	187,274
F.G.T.S. Penalty (1)	260,840	247,485	260,840	247,485
Award for length of service	109,292	103,284	109,292	103,284
Other	59,530	56,744	187,786	151,431
	<b>623,729</b>	<b>594,787</b>	<b>751,985</b>	<b>689,474</b>
Current	87,996	87,996	97,688	95,919
Non-current	535,733	506,791	654,297	593,555

(1) FGTS - Government Severance Indemnity Fund for Employees

The Company estimated costs for the year of 2020 according to an appraisal report prepared in 2019 by an actuarial expert and recorded in the statement of income for the six-month period ended on June 30, 2020 against other comprehensive income a gain of R\$13,035 in the parent company and R\$12,964 in consolidated (R\$5,311 in the parent company and R\$4,956 in the same period of the previous year) and for the three-month period ended on June 30, 2020 a gain of R\$6,647 in the parent company and R\$6,623 in consolidated (R\$4,393 in the parent company and R\$4,373 in consolidated in the same period of the previous year).

## 21. PROVISION FOR TAX, CIVIL, LABOR AND OTHER RISKS

The Company and its subsidiaries are involved in certain legal matters arising in the normal course of business, which include civil, tax, social security, labor, commercial and other processes.

Company's Management believes that, based on the elements existing at the base date of the interim financial information, the provision for tax, civil, labor, commercial and other risks, is sufficient to cover eventual losses with administrative and legal proceedings, as set forth below.

### 21.1. Contingencies with probable losses

The rollforward of the provisions for tax, labor, civil, commercial and other risks classified as with probable loss, and contingent liabilities is presented below:

Parent company  
06.30.20

	Tax	Labor	Civil, commercial and other	Contingent liabilities (Business combination)	Total
<b>Beginning balance</b>	<b>583,316</b>	<b>600,510</b>	<b>306,476</b>	<b>300,561</b>	<b>1,790,863</b>
Additions	54,362	160,277	19,112	-	233,751
Reversals	(6,641)	(61,375)	(17,237)	(1,388)	(86,641)
Payments	(37,809)	(134,174)	(14,895)	-	(186,878)
Interest	30,115	43,707	19,465	-	93,287
<b>Ending balance</b>	<b>623,343</b>	<b>608,945</b>	<b>312,921</b>	<b>299,173</b>	<b>1,844,382</b>
Current					1,135,183
Non-current					709,199

Consolidated  
06.30.20

	Tax	Labor	Civil, commercial and other	Contingent liabilities (Business combination)	Total
<b>Beginning balance</b>	<b>583,464</b>	<b>603,074</b>	<b>307,177</b>	<b>300,654</b>	<b>1,794,369</b>
Additions	54,363	160,535	19,112	-	234,010
Reversals	(6,641)	(61,375)	(17,237)	(1,388)	(86,641)
Payments	(37,809)	(134,174)	(14,895)	-	(186,878)
Interest	30,115	43,707	19,465	-	93,287
Exchange rate variation	23	474	126	14	637
<b>Ending balance</b>	<b>623,515</b>	<b>612,241</b>	<b>313,748</b>	<b>299,280</b>	<b>1,848,784</b>
Current					1,139,238
Non-current					709,546

## 21.2. Contingencies with possible losses

The Company is involved in contingencies for which losses have been assessed as possible by Management with support from legal advisors, and for which no provision has been recorded. On June 30, 2020, the total amount of contingencies classified as possible was R\$14,304,807 (R\$13,299,190 as of December 31, 2019), of which R\$299,280 (R\$300,654 as of December 31, 2019) were recorded at fair value as a result of the business combination with Sadia, presented in the table above.

## 22. SHAREHOLDERS' EQUITY

### 22.1. Capital Stock

On June 30, 2020, the subscribed and paid capital of the Company was R\$12,553,418, which is composed of 812,473,246 common book-entry shares with no par value. The value of the capital stock is net of the public offering expenses of R\$92,947, made on July 22, 2009.

The Company is authorized to increase the capital stock, irrespective of amendment to the bylaws, up to the limit of 1,000,000,000 common book-entry shares with no par value.

### 22.1.1. Breakdown of capital stock by nature

	Parent company and Consolidated	
	06.30.20	12.31.19
Common shares	812,473,246	812,473,246
Treasury shares	(5,310,626)	(713,446)
<b>Outstanding shares</b>	<b>807,162,620</b>	<b>811,759,800</b>

### 22.1.2. Rollforward of outstanding shares

	Parent company	
	Quantity of outstanding of shares	
	06.30.20	12.31.19
Shares at the beginning of the period	811,759,800	811,416,022
Purchase of treasury shares	(4,836,000)	-
Delivery of restricted shares	238,820	343,778
<b>Shares at the end of the period</b>	<b>807,162,620</b>	<b>811,759,800</b>

## 22.2. Treasury shares

The Company has 5,310,626 shares held in treasury, with an average cost of R\$26.00 (twenty-six Brazilian Reais) per share, and market value corresponding to R\$112,904.

	Parent company	
	Quantity of outstanding of shares	
	06.30.20	12.31.19
Shares at the beginning of the period	713,446	1,057,224
Purchase of treasury shares	4,836,000	-
Delivery of restricted shares	(238,820)	(343,778)
<b>Shares at the end of the period</b>	<b>5,310,626</b>	<b>713,446</b>

The program of repurchase of own shares, which was approved by the Board of Directors on March 26, 2020, was concluded on May 22, 2020. The Company purchased 4,836,000 common shares, representing 0,60% of its capital stock, at the cost of R\$106,070, with the purpose to maintain in treasury for eventual disposal, cancellation, as well as to comply with obligations and commitments made under the Stock Option Plan and the Restricted Stocks Plan.

## 23. EARNINGS (LOSS) PER SHARE

The basic earnings (losses) per share are calculated by dividing the earnings (losses) attributable to the owners of ordinary shares, by the weighted average quantity of available ordinary shares during the period.

The diluted earnings (losses) per share are calculated by dividing the earnings (losses) attributable to the owners of ordinary shares by the weighted average quantity of available ordinary shares during the

period summed to the weighted average quantity of ordinary shares that would be available on the conversion of all potential dilutive ordinary shares (stock options and restricted shares).

	Continued operations				Discontinued operations		Continued and discontinued operations	
	April to June 2020	January to June 2020	April to June 2019	January to June 2019	April to June 2019	January to June 2019	April to June 2019	January to June 2019
<b>Basic numerator</b>								
Net earnings (loss) for the exercise attributable to controlling shareholder	303,870	257,949	187,894	75,831	134,931	(753,941)	322,825	(678,110)
<b>Basic denominator</b>								
Common shares	812,473,246	812,473,246	812,473,246	812,473,246	812,473,246	812,473,246	812,473,246	812,473,246
Weighted average number of outstanding shares - basic (except treasury shares)	809,612,517	810,672,698	811,440,470	811,428,248	811,440,470	811,428,248	811,440,470	811,428,248
<b>Net earnings (loss) per share basic - R\$</b>	<b>0.38</b>	<b>0.32</b>	0.23	0.09	0.17	(0.93)	0.40	(0.84)
<b>Diluted numerator</b>								
Net earnings (loss) for the exercise attributable to controlling shareholder	303,870	257,949	187,894	75,831	134,931	(753,941)	322,825	(678,110)
<b>Diluted denominator</b>								
Weighted average number of outstanding shares - basic (except treasury shares)	809,612,517	810,672,698	811,440,470	811,428,248	811,440,470	811,428,248	811,440,470	811,428,248
Number of potential shares	262,692	262,692	-	-	-	-	-	-
Weighted average number of outstanding shares - diluted	809,875,209	810,935,390	811,440,470	811,428,248	811,440,470	811,428,248	811,440,470	811,428,248
<b>Net earnings (loss) per share diluted - R\$</b>	<b>0.38</b>	<b>0.32</b>	0.23	0.09	0.17	(0.93)	0.40	(0.84)

## 24. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT

### 24.1. Overview

In the ordinary course of business, the Company is exposed to credit, liquidity and market risks, which are actively managed in compliance with the Financial Risk Management Policy ("Risk Policy") and internal guidelines and strategic documents subject to such policy, executing the formal designation of its hedge accounting relations in accordance with CPC 48 / IFRS 09, as disclosed in the financial statements for the year ended on December 31, 2019.

### 24.2. Credit risk management

The Company is exposed to the credit risk related to the financial assets held: trade and non-trade accounts receivable, marketable securities, derivative instruments and cash and equivalents.

On June 30, 2020, the Company held financial investments over R\$100,000 at the following financial institutions: Banco Bradesco, Banco BIC, Banco BNP Paribas, Banco do Brasil, Banco BTG Pactual, Banco Itaú, Banco Safra, Banco Santander, Banco Votorantim, Caixa Econômica Federal, Citibank, HSBC, J.P. Morgan Chase Bank, National Commercial Bank, T.Garanti Bankasi A.Ş. and Vakıflar Bankasi.

The Company also held derivative contracts with the following financial institutions: Banco Bradesco, Banco Itaú, Banco Safra, Banco Santander, Banco Votorantim, Bank of America Merrill Lynch, Banco BNP Paribas, Citibank, Deutsche Bank, ING Bank, J.P. Morgan Chase Bank, Morgan Stanley and Rabobank.

### 24.3. Capital management and liquidity risk

On June 30, 2020, the long-term consolidated gross debt represented 80.1% (82.5% as of December 31, 2019) of the total gross indebtedness, which has an average term higher than four years.

The Company monitors the gross debt and net debt as set forth below:

	06.30.20			Consolidated 12.31.19
	Current	Non-current	Total	Total
Foreign currency debt	(940,938)	(14,699,526)	(15,640,464)	(11,006,524)
Local currency debt	(3,131,012)	(6,092,075)	(9,223,087)	(7,613,755)
Derivative financial liabilities	(1,100,649)	(43,905)	(1,144,554)	(153,612)
<b>Gross debt</b>	<b>(5,172,599)</b>	<b>(20,835,506)</b>	<b>(26,008,105)</b>	<b>(18,773,891)</b>
Marketable securities and cash and cash equivalents	10,008,458	415,456	10,423,914	4,963,319
Derivative financial assets	244,362	4,881	249,243	245,315
Restricted cash	1	24,178	24,179	296,294
<b>Net debt</b>	<b>5,080,222</b>	<b>(20,390,991)</b>	<b>(15,310,769)</b>	<b>(13,268,963)</b>

The table below summarizes the significant commitments and contractual obligations that may impact the Company's liquidity:

	Book value	Contractual cash flow	Up to 12 months	July to december 2021	2022	2023	2024	Parent company 06.30.20 2025 onwards
<b>Non derivative financial liabilities</b>								
Loans and financing	21,665,812	26,231,999	4,579,708	2,263,004	4,203,614	3,859,809	3,662,471	7,663,393
Trade accounts payable	5,966,405	6,026,425	6,018,697	2,011	2,913	2,697	107	-
Supply chain finance	982,237	994,745	994,745	-	-	-	-	-
Lease payables	2,240,188	2,758,299	261,195	740,060	383,954	335,622	284,883	752,585
<b>Derivative financial liabilities</b>								
<b>Financial instruments designated as cash flow hedge</b>								
Interest rate derivatives	35,561	35,561	-	35,561	-	-	-	-
Currency derivatives	1,008,908	1,008,908	1,004,188	4,720	-	-	-	-
Commodities derivatives	28,799	28,799	25,174	3,625	-	-	-	-
<b>Financial instruments not designated as cash flow hedge</b>								
Currency derivatives	68,812	68,812	68,812	-	-	-	-	-

	Book value	Contractual cash flow	Up to 12 months	July to december 2021	2022	2023	2024	Consolidated 06.30.20 2025 onwards
<b>Non derivative financial liabilities</b>								
Loans and financing	24,863,551	30,288,641	4,855,431	2,450,753	4,574,209	3,987,075	3,781,574	10,639,599
Trade accounts payable	6,733,213	6,793,254	6,785,526	2,011	2,913	2,697	107	-
Supply chain finance	982,237	994,745	994,745	-	-	-	-	-
Lease payables	2,478,631	3,044,828	339,179	788,610	434,799	358,339	292,549	831,352
<b>Derivative financial liabilities</b>								
<b>Financial instruments designated as cash flow hedge</b>								
Interest rate derivatives	35,561	35,561	-	35,561	-	-	-	-
Currency derivatives	1,008,908	1,008,908	1,004,188	4,720	-	-	-	-
Commodities derivatives	28,799	28,799	25,174	3,625	-	-	-	-
<b>Financial instruments not designated as cash flow hedge</b>								
Currency derivatives	71,286	71,286	71,286	-	-	-	-	-

The Company does not expect that the cash outflows to fulfill the obligations shown above will be significantly anticipated, by factors unrelated to its best interests, or substantially modified outside the normal course of business.

## 24.4. Market risk management

### 24.4.1. Interest rate risk

The indebtedness is essentially linked to fixed coupons (R\$, USD, EUR and TRY), Interbank Deposit Certificate ("CDI"), Broad Consumer Price Index ("IPCA") and London Interbank Offered Rate ("LIBOR"). In situations of adverse market changes that result in an increase in these rates, the cost of floating-rate debt rises and on the other hand, the cost of fixed-rate debt decreases in relative terms.

Regarding the marketable securities, the Company holds, mainly, instruments indexed by the CDI for investments in Brazil and fixed coupon in USD for investments in the foreign market.

The Company's exposure to interest rates can be assessed in notes 5 and 15.

The derivative financial instruments hired to hedge the exposure to interest rates as of June 30, 2020 were designated as hedge accounting and are shown in the table below:

							06.30.20
Cash flow hedges - Derivative instruments	Maturity	Hedged Object	Asset	Liability	Notional		Fair value (R\$)
<b>Subsidiaries</b>							
Interest rate swap	3rd Qtr. 2021	Debt	118,00% CDI	5.60% p.a.	810,000 BRL		(28,212)
Interest rate swap	4th Qtr. 2021	Debt	118,00% CDI	5.72% p.a.	180,000 BRL		(7,349)
							<b>(35,561)</b>
<b>Derivative instruments not designated</b>							
Parent company and Consolidated	Maturity	Hedged Object	Asset	Liability	Notional		Fair value (R\$)
Interest rate swap	2th Qtr. 2021	Debt	E.R. + 2.80% p.a.	CDI + 2.27% p.a.	49,900 USD		(380)
							<b>(380)</b>

## 24.4.2. Foreign exchange risk

This risk is the one that may cause unexpected losses to the Company resulting from volatility of the FX rates, reducing its assets and revenues or increasing its liabilities and costs. The Company's exposure is managed in three dimensions: statement of financial position exposure, operating income exposure and investments exposure.

### i. Statement of financial position exposure

Assets and liabilities denominated in foreign currency for which the exchange variations are recognized in the Financial Results are as follows, summarized in Brazilian Reais:

	06.30.20	Consolidated 12.31.19 (1)
Cash and cash equivalents	4,458,051	2,591,746
Trade accounts receivable	6,473,734	4,892,708
Trade accounts payable	(900,875)	(601,007)
Loans and financing	(14,562,591)	(8,854,826)
Other assets and liabilities, net	(234,839)	(162,341)
<b>Exposure of assets and liabilities in foreign currencies</b>	<b>(4,766,520)</b>	<b>(2,133,720)</b>
Derivative financial instruments (hedge)	4,489,296	1,734,517
<b>Exposure in result, net</b>	<b>(277,224)</b>	<b>(399,203)</b>

(1) Restated for better presentation of the amount previously classified in Investments, which was relocated to the corresponding assets and liabilities.

The net P&L exposure is mainly composed of the following currencies:

Net P&L Exposure	06.30.20	12.31.19
Argentinian Peso (ARS)	(12,499)	(13,236)
Euros (EUR)	(60,808)	23,624
Pound Sterling (GBP)	8,980	6,949
Yen (JPY)	(34,361)	(17,285)
Rubles (RUB)	23,907	2,780
Turkish Liras (TRY)	(16,571)	(418,576)
U.S. Dollars (USD)	(185,872)	16,541
<b>Total</b>	<b>(277,224)</b>	<b>(399,203)</b>

The derivative financial instruments hired to hedge the foreign currency statement of financial position exposure on June 30, 2020 are not designated as hedge accounting and are set forth below:

Derivative instruments not designated	Asset	Liability	Maturity	Notional	Exercise rate	06.30.20 Fair value (R\$)
<b>Parent company</b>						
Non-deliverable forward	EUR	BRL	3rd Qtr. 2020	EUR 265,000	6.1570	(6,379)
Non-deliverable forward	USD	BRL	3rd Qtr. 2020	USD 340,000	5.4778	(9,569)
Non-deliverable forward	USD	BRL	2nd Qtr. 2021	USD 50,000	5.2800	9,772
Non-deliverable forward	BRL	USD	3th Qtr. 2020	USD 9,000	4.3210	(10,064)
Non-deliverable forward	BRL	USD	4th Qtr. 2020	USD 6,000	4.3314	(6,677)
Collar	BRL	USD	4th Qtr. 2020	USD 31,000	4.2996	(35,672)
Futures - B3	USD	BRL	3rd Qtr. 2020	USD 128,250	5.4400	309
						<b>(58,280)</b>
<b>Subsidiaries</b>						
Non-deliverable forward	EUR	JPY	3rd Qtr. 2020	EUR 20,773	120.3499	1,119
Non-deliverable forward	EUR	USD	3rd Qtr. 2020	EUR 55,000	1.1237	535
Non-deliverable forward	EUR	RUB	3rd Qtr. 2020	EUR 18,887	79.4177	2,578
Collar	TRY	USD	3rd Qtr. 2020	USD 50,000	7.1875	(101)
<b>Total Consolidated</b>						<b>(54,149)</b>

## ii. Operating income exposure

The derivative and non-derivative financial instruments designated as cash flow hedges for foreign exchange operating income exposure on June 30, 2020 are set forth below:

Cash flow hedge - Derivative instruments	Hedged object	Asset	Liability	Maturity	Notional	Designation rate	06.30.20 Fair value
<b>Parent company and consolidated</b>							
Non-deliverable forward	USD Exports	BRL	USD	3rd Qtr. 2020	USD 66,000	5.0223	(27,975)
Non-deliverable forward	USD Exports	BRL	USD	4th Qtr. 2020	USD 9,000	4.1090	(12,012)
Collar	USD Exports	BRL	USD	3rd Qtr. 2020	USD 531,000	4.9460	(297,160)
Collar	USD Exports	BRL	USD	4rd Qtr. 2020	USD 254,000	4.5206	(242,225)
Collar	USD Exports	BRL	USD	1th Qtr. 2021	USD 172,000	4.9970	(95,138)
Collar	USD Exports	BRL	USD	2st Qtr. 2021	USD 65,000	5.6098	5,239
							<b>(669,271)</b>
<b>Cash flow hedge - Non-derivative instruments</b>							
<b>Parent company and consolidated</b>							
Bond BRF SA BRFSBZ5 (2)	USD Exports	-	USD	2nd Qtr. 2022	USD 109,312	2.0213	(436,066)
Bond BRF SA BRFSBZ3	USD Exports	-	USD	2nd Qtr. 2023	USD 150,000	2.0387	(515,595)
							<b>(951,661)</b>

(1) Corresponds to the effective portion of the hedge result accumulated in Other Comprehensive Income.

- (2) For this instrument, the initial designation was of USD150,000, however there were repurchases with corresponding revocation of the designation in the amounts of USD31,338 at the rate of 3.2408 and USD9,350 at the rate of 4.1827. The accumulated exchange rate variation of the revoked portions is fixed and reserved in Other Comprehensive Income until the recognition of the hedge object in the second quarter of 2022.

### iii. Investments exposure

The non-derivative financial instruments designated as net investment hedge instruments on June 30, 2020 are set forth below:

Net investment hedge - Non-derivative instruments	Protection (Investment)	Asset	Liability	Maturity	Notional	Rate	06.30.20 Fair value (1)
<b>Parent company and consolidated</b>							
Bond - BRF SA BRFSBZ4	Federal Foods LLC	-	USD	3rd Qtr. 2026	USD 75,673	3.7649	(130,129)
Bond - BRF SA BRFSBZ4	BRF Al Yasra Food	-	USD	3rd Qtr. 2026	USD 108,757	3.7649	(167,003)
Bond - BRF SA BRFSBZ4	Al Khan Foodstuff LLC	-	USD	3rd Qtr. 2026	USD 65,570	3.7649	(111,797)
							<b>(408,929)</b>

- (1) Corresponds to the effective portion of the hedge result accumulated in Other Comprehensive Income.

### 24.4.3. Commodities price risk

The financial instruments designated as cash flow hedges and fair value hedges for the commodities price exposure on June 30, 2020 are set forth below:

Cash flow hedge - Derivative instruments	Hedged object	Index	Maturity	Quantity	Exercise rate (USD/Ton)	06.30.20 Fair value	
<b>Parent company and consolidated</b>							
Non-deliverable forward - buy	Soybean meal purchase - floating price	Soybean meal - CBOT	3rd Qtr. 2020	54,985 ton	123.25	(7,814)	
Non-deliverable forward - buy	Soybean meal purchase - floating price	Soybean meal - CBOT	4rd Qtr. 2020	19,997 ton	118.46	(578)	
Non-deliverable forward - buy	Soybean meal purchase - floating price	Soybean meal - CBOT	1th Qtr. 2021	34,993 ton	117.08	(442)	
Non-deliverable forward - buy	Soybean meal purchase - floating price	Soybean meal - CBOT	2st Qtr. 2021	59,999 ton	115.31	572	
Non-deliverable forward - buy	Soybean purchase - floating price	Soybean - CBOT	3rd Qtr. 2020	5,001 ton	334.67	(323)	
Collar - buy	Soybean purchase - floating price	Soybean - CBOT	3rd Qtr. 2020	4,001 ton	331.06	(222)	
Non-deliverable forward - buy	Corn purchase - floating price	Corn - CBOT	4nd Qtr. 2020	39,999 ton	131.55	1,406	
Non-deliverable forward - buy	Corn purchase - floating price	Corn - CBOT	1nd Qtr. 2021	59,999 ton	136.96	1,722	
Non-deliverable forward - buy	Soybean oil purchase - floating price	Soybean oil - CBOT	3rd Qtr. 2020	21,697 ton	629.39	(624)	
Non-deliverable forward - buy	Soybean oil purchase - floating price	Soybean oil - CBOT	4rd Qtr. 2020	20,495 ton	616.65	2,249	
Non-deliverable forward - buy	Soybean oil purchase - floating price	Soybean oil - CBOT	1st Qtr. 2021	10,297 ton	626.18	938	
Non-deliverable forward - buy	Soybean oil purchase - floating price	Soybean oil - CBOT	2st Qtr. 2021	5,999 ton	645.92	(6)	
							<b>(3,122)</b>

Fair value hedge - Derivative instruments	Hedged object	Index	Maturity	Quantity	Exercise rate (USD/Ton)	06.30.20 Fair value	
<b>Parent company and consolidated</b>							
Non-deliverable forward - sell	Soybean purchase - fixed price	Soybean - CBOT	3rd Qtr. 2020	30,488 ton	339.75	2,918	
Non-deliverable forward - sell	Soybean purchase - fixed price	Soybean - CBOT	4th Qtr. 2020	39,488 ton	340.82	3,596	
Non-deliverable forward - sell	Soybean purchase - fixed price	Soybean - CBOT	1st Qtr. 2021	5,998 ton	317.10	(189)	
Non-deliverable forward - sell	Corn purchase - fixed price	Corn - CBOT	3rd Qtr. 2020	298,898 ton	157.20	37,237	
Non-deliverable forward - sell	Corn purchase - fixed price	Corn - CBOT	4th Qtr. 2020	549,034 ton	152.20	42,680	
Non-deliverable forward - sell	Corn purchase - fixed price	Corn - CBOT	1st Qtr. 2021	299,131 ton	153.96	19,176	
Non-deliverable forward - sell	Corn purchase - fixed price	Corn - CBOT	2nd Qtr. 2021	584,548 ton	147.62	4,158	
Non-deliverable forward - sell	Corn purchase - fixed price	Corn - CBOT	3rd Qtr. 2021	209,303 ton	141.70	(3,156)	
Non-deliverable forward - sell	Corn purchase - fixed price	Corn - CBOT	4rd Qtr. 2021	33,391 ton	145.56	(233)	
Corn future - sell	Corn purchase - fixed price	Corn - B3	3rd Qtr. 2020	32,319 ton	710.75	(539)	
							<b>105,648</b>

06.30.20

Fair value hedge -	Protection object	Assets	Liabilities	Maturity	Notional	Exercise rate	Fair value
<b>Derivative instruments</b>							
<b>Parent company and consolidated</b>							
Non-deliverable forward	Cost in USD	BRL	USD	3rd Qtr. 2020	USD 57,352	4.2031	(70,947)
Non-deliverable forward	Cost in USD	BRL	USD	4th Qtr. 2020	USD 97,022	4.4466	(97,261)
Non-deliverable forward	Cost in USD	BRL	USD	1st Qtr. 2021	USD 47,949	4.5868	(41,737)
Non-deliverable forward	Cost in USD	BRL	USD	2nd Qtr. 2021	USD 86,290	5.1581	(28,458)
Non-deliverable forward	Cost in USD	BRL	USD	3rd Qtr. 2021	USD 28,601	5.5164	(116)
Non-deliverable forward	Cost in USD	BRL	USD	4rd Qtr. 2021	USD 5,918	5.5659	43
							<b>(238,476)</b>

## 24.5. Effects of hedge instruments on financial information

The effects of financial instruments for hedging exchange rate, commodities price and interest rates in the income for the period, in other comprehensive income and in the financial position are set forth below:

Income for the period							Consolidated
April to June 2020	Reference	Exposure	Hedge accounting	Foreign Exchange	Commodities	Interest Rate	Total
Net Sales				9,798,045	-	-	9,798,045
Derivatives result		Operating Results	Cash flow	(694,119)	-	-	(694,119)
<b>Net Revenue</b>	<b>26</b>			<b>9,103,926</b>	<b>-</b>	<b>-</b>	<b>9,103,926</b>
Cost of Goods Sold				-	(7,085,743)	-	(7,085,743)
Derivatives result		Operating Results	Cash flow / Fair value	-	(39,291)	-	(39,291)
<b>Cost of Goods Sold</b>				<b>-</b>	<b>(7,125,034)</b>	<b>-</b>	<b>(7,125,034)</b>
Interests on Loans and Financing				-	-	(317,077)	(317,077)
Interest Rate Derivatives result		Interest expenses	Cash flow	-	-	(4,164)	(4,164)
Foreign Exchange variation on assets and liabilities				(334,800)	-	-	(334,800)
Foreign Exchange Derivatives result		Financial Position	Not designated	233,391	-	-	233,391
<b>Financial Results</b>	<b>28</b>			<b>(101,409)</b>	<b>-</b>	<b>(321,241)</b>	<b>(422,650)</b>

Other Comprehensive Income							Consolidated
April to June 2020	Reference	Exposure	Hedge accounting	Foreign Exchange	Commodities	Interest Rate	Total
Derivative Instruments - current		Operating Results	Cash flow	451,206	40,059	(13,125)	478,140
Derivative Instruments - non-current		Operating Results	Cash flow	(71,907)	-	-	(71,907)
Non-derivative Instruments - non-current		Foreign investments	Net investment	(69,236)	-	-	(69,236)
<b>Other Comprehensive Income (1)</b>				<b>310,063</b>	<b>40,059</b>	<b>(13,125)</b>	<b>336,997</b>

Income for the period							Consolidated
January to June 2020	Reference	Exposure	Hedge accounting	Foreign Exchange	Commodities	Interest Rate	Total
Net Sales				18,963,157	-	-	18,963,157
Derivatives result		Operating Results	Cash flow	(910,166)	-	-	(910,166)
<b>Net Revenue</b>	<b>26</b>			<b>18,052,991</b>	<b>-</b>	<b>-</b>	<b>18,052,991</b>
Cost of Goods Sold				-	(13,754,387)	-	(13,754,387)
Derivatives result		Operating Results	Cash flow / Fair value	-	(66,735)	-	(66,735)
<b>Cost of Goods Sold</b>				<b>-</b>	<b>(13,821,122)</b>	<b>-</b>	<b>(13,821,122)</b>
Interests on Loans and Financing				-	-	(631,570)	(631,570)
Interest Rate Derivatives result		Interest expenses	Cash flow	-	-	(399)	(399)
Foreign Exchange variation on assets and liabilities				(1,533,734)	-	-	(1,533,734)
Foreign Exchange Derivatives result		Financial Position	Not designated	1,278,563	-	-	1,278,563
<b>Financial Results</b>	<b>28</b>			<b>(255,171)</b>	<b>-</b>	<b>(631,969)</b>	<b>(887,140)</b>

Other Comprehensive Income							Consolidated
January to June 2020	Reference	Exposure	Hedge accounting	Foreign Exchange	Commodities	Interest Rate	Total
Derivative Instruments - current		Operating Results	Cash flow	(751,260)	32,673	(29,954)	(748,541)
Derivative Instruments - non-current		Operating Results	Cash flow	(374,784)	-	-	(374,784)
Non-derivative Instruments - non-current		Foreign investments	Net investment	(342,111)	-	-	(342,111)
<b>Other Comprehensive Income (1)</b>				<b>(1,468,155)</b>	<b>32,673</b>	<b>(29,954)</b>	<b>(1,465,436)</b>

Equity balances							Consolidado
06.30.20	Reference	Exposure	Hedge accounting	Foreign Exchange	Commodities	Interest Rate	Total
Designated derivatives		Operating Results	Cash flow / Fair value	(907,747)	102,526	(35,561)	(840,782)
Not designated derivatives		Financial Position	Not designated	(54,149)	-	(380)	(54,529)
<b>Asset / (Liability) net</b>				<b>(961,896)</b>	<b>102,526</b>	<b>(35,941)</b>	<b>(895,311)</b>
Derivative Instruments - current (2)		Operating Results	Cash flow	(674,424)	(7,772)	(29,954)	(712,150)
Derivative Instruments - non-current		Operating Results	Cash flow	(951,661)	-	-	(951,661)
Non-derivative Instruments - non-current		Foreign investments	Net investment	(408,929)	-	-	(408,929)
<b>Other Comprehensive Income (1)</b>				<b>(2,035,014)</b>	<b>(7,772)</b>	<b>(29,954)</b>	<b>(2,072,740)</b>
Derivatives result		Operating Results	Cash flow / Fair value	-	196,590	-	196,590
<b>Inventories</b>	<b>7</b>			<b>-</b>	<b>196,590</b>	<b>-</b>	<b>196,590</b>

(1) All effects are shown gross of taxes.

(2) Includes R\$40,401 related to the time value of the foreign exchange option contracts.

The cash effect of hedge instruments is presented in the Statement of Cash Flows, as Derivative Financial Instruments.

Summarized financial position of derivative financial instruments:

	Parent company		Consolidated	
	06.30.20	12.31.19	06.30.20	12.31.19
<b>Asset</b>				
<b>Designated as hedge accounting</b>				
Currency derivatives	101,161	166,729	101,161	166,729
Commodities derivatives	131,325	25,191	131,325	25,191
<b>Not designated as hedge accounting</b>				
Currency derivatives	10,152	51,811	16,757	53,395
	<b>242,638</b>	<b>243,731</b>	<b>249,243</b>	<b>245,315</b>
Current assets	237,757	193,740	244,362	195,324
Non-current assets	4,881	49,991	4,881	49,991
<b>Liabilities</b>				
<b>Designated as hedge accounting</b>				
Currency derivatives	(1,008,908)	(73,417)	(1,008,908)	(73,417)
Commodities derivatives	(28,799)	(48,829)	(28,799)	(48,829)
Interest rate derivatives	(35,561)	-	(35,561)	-
<b>Not designated as hedge accounting</b>				
Currency derivatives	(68,432)	(29,479)	(70,906)	(31,369)
Interest rate derivatives	(380)	-	(380)	-
	<b>(1,142,080)</b>	<b>(151,725)</b>	<b>(1,144,554)</b>	<b>(153,615)</b>
Current liabilities	(1,098,175)	(151,722)	(1,100,649)	(153,612)
Non-current liabilities	(43,905)	(3)	(43,905)	(3)

## 24.6. Sensitivity analysis

The Management understands that the most relevant risks that may affect the Company's results are the volatility of commodities prices and foreign exchange rates. Currently the fluctuation of the interest rates does not affect significantly the Company's results since Management has chosen to keep at fixed rates a considerable portion of its debts.

The scenarios below present the possible impacts of the financial instruments considering situations of increase and decrease in the selected risk factors. The amounts of exports used correspond to the notional amount of the financial instruments designated for hedge accounting.

The information used in the preparation of the analysis is based on the position as of June 30, 2020, which has been described in the items above. The future results may diverge significantly of the estimated values if the reality presents different than the considered premises. Positive values indicate gains and negative values indicate losses.

Parity - R\$ x USD		5.4760	4.9284	4.1070	6.8450	8.2140
		Current Scenario	Scenario I 10% appreciation	Scenario II 25% appreciation	Scenario III 25% devaluation	Scenario IV 50% devaluation
Transaction/Instrument	Risk					
<b>Designated as hedge accounting</b>						
Non-deliverable forward	Devaluation of R\$	(283,508)	(65,491)	261,535	(828,550)	(1,373,593)
Options - currencies	Devaluation of R\$	(636,684)	(141,392)	593,057	(1,987,147)	(3,386,265)
Bonds	Devaluation of R\$	(893,235)	(751,236)	(538,237)	(1,248,233)	(1,603,231)
Exports (object)	Appreciation of R\$	1,572,169	893,808	(115,245)	3,380,305	5,237,096
Cost (object)	Appreciation of R\$	241,258	64,311	(201,110)	683,625	1,125,993
<b>Not designated as hedge accounting</b>						
NDF - Purchase	Appreciation of R\$	(612)	(186,796)	(466,072)	464,848	930,308
NDF - Sale	Devaluation of R\$	17,262	9,048	(3,273)	37,797	58,332
Options - currencies	Devaluation of R\$	(36,467)	(19,491)	496	(78,906)	(121,345)
Future purchase - B3	Appreciation of R\$	4,612	(65,617)	(170,962)	180,187	355,761
<b>Net effect</b>		<b>(15,205)</b>	<b>(262,856)</b>	<b>(639,811)</b>	<b>603,926</b>	<b>1,223,056</b>

Parity - R\$ x EUR		6.1539	5.5385	4.6154	7.6924	9.2309
		Current Scenario	Scenario I 10% appreciation	Scenario II 25% appreciation	Scenario III 25% devaluation	Scenario IV 50% devaluation
Transaction/Instrument	Risk					
<b>Not designated as hedge accounting</b>						
NDF - Purchase EUR x USD	Appreciation of EUR	41	(33,806)	(84,575)	84,658	169,274
NDF - Purchase EUR x RUB	Appreciation of EUR	900	(9,654)	(21,124)	37,456	88,546
NDF - Purchase	Appreciation of R\$	(817)	(163,895)	(408,513)	406,879	814,575
<b>Net effect</b>		<b>124</b>	<b>(207,355)</b>	<b>(514,212)</b>	<b>528,993</b>	<b>1,072,395</b>

Price parity CBOT - Corn - USD/Ton		141.35	127.22	106.01	176.69	212.03
		Current Scenario	Scenario I Decrease 10%	Scenario II Decrease 25%	Scenario III Increase 25%	Scenario IV Increase 50%
Transaction/Instrument	Risk					
<b>Designated as hedge accounting</b>						
Non-deliverable forward - Corn sale	Increase in the price of corn	100,447	253,266	482,495	(281,601)	(663,650)
Non-deliverable forward - Corn purchase	Decrease in the price of corn	3,589	(4,151)	(15,761)	22,940	42,291
Cost (object)	Increase in the price of corn	(104,036)	(249,115)	(466,734)	258,661	621,359
<b>Net effect</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Price parity CBOT - Soybean meal - USD/Ton		115.44	103.90	86.58	144.30	173.17
		Current Scenario	Scenario I Decrease 10%	Scenario II Decrease 25%	Scenario III Increase 25%	Scenario IV Increase 50%
Transaction/Instrument	Risk					
<b>Designated as hedge accounting</b>						
Non-deliverable forward - Soybean meal purchase	Decrease in the price of soybean meal	(2,951)	(13,696)	(29,814)	23,912	50,775
Cost (object)	Increase in the price of soybean meal	2,951	13,696	29,814	(23,912)	(50,775)
<b>Net effect</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Price parity CBOT - Soybean - USD/Ton		323.28	290.95	242.46	404.10	484.92
		Current Scenario	Scenario I Decrease 10%	Scenario II Decrease 25%	Scenario III Increase 25%	Scenario IV Increase 50%
Transaction/Instrument	Risk					
<b>Designated as hedge accounting</b>						
NDF - Soybean sale	Increase in the price of soybean	6,340	19,789	39,964	(27,284)	(60,908)
NDF - Soybean purchase	Decrease in the price of soybean	(312)	(1,197)	(2,525)	1,901	4,114
Soybean options	Decrease in the price of soybean	(179)	(886)	(1,948)	1,275	3,044
Cost (object)	Increase in the price of soybean	(5,849)	(17,706)	(35,491)	24,108	53,750
<b>Net effect</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Price parity CBOT - Soybean oil - USD/Ton		634.10	570.69	475.58	792.63	951.15
		Current Scenario	Scenario I Decrease 10%	Scenario II Decrease 25%	Scenario III Increase 25%	Scenario IV Increase 50%
Transaction/Instrument	Risk					
<b>Designated as hedge accounting</b>						
NDF - Soybean oil purchase	Decrease in the price of soybean oil	2,576	(17,733)	(48,196)	53,348	104,120
Cost (object)	Increase in the price of soybean oil	(2,576)	17,733	48,196	(53,348)	(104,120)
<b>Net effect</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 24.7. Financial instruments by category

	Parent company 06.30.20		
	Amortized cost	Fair value through profit and loss	Total
<b>Assets</b>			
Cash and bank	71,911	-	71,911
Cash equivalents	-	4,397,396	4,397,396
Marketable securities	-	324,188	324,188
Restricted cash	24,179	-	24,179
Trade accounts receivable	6,335,207	196,563	6,531,770
Other receivables	110,418	-	110,418
Derivatives not designated	-	10,152	10,152
Derivatives designated as hedge accounting (1)	-	232,486	232,486
<b>Liabilities</b>			
Trade accounts payable	(5,966,405)	-	(5,966,405)
Supply chain finance	(982,237)	-	(982,237)
Loans and financing (2)	(21,665,812)	-	(21,665,812)
Derivatives not designated	-	(68,812)	(68,812)
Derivatives designated as hedge accounting (1)	-	(1,073,268)	(1,073,268)
	<u>(22,072,739)</u>	<u>4,018,705</u>	<u>(18,054,034)</u>

(1) All derivatives are measured at fair value. Those designated as hedge accounting have their gains and losses also affecting other comprehensive income and inventories.

(2) All loans and borrowings are measured at amortized cost. Those designated as hedge accounting have their gains and losses also affecting shareholders' equity.

	Parent company 12.31.19		
	Amortized cost	Fair value through profit and loss	Total
<b>Assets</b>			
Cash and bank	170,902	-	170,902
Cash equivalents	-	1,198,078	1,198,078
Marketable securities	-	411,885	411,885
Restricted cash	296,294	-	296,294
Trade accounts receivable	5,878,791	225,941	6,104,732
Other receivables	120,234	-	120,234
Derivatives not designated	-	51,811	51,811
Derivatives designated as hedge accounting (1)	-	191,920	191,920
<b>Liabilities</b>			
Trade accounts payable - Restated	(5,283,109)	-	(5,283,109)
Supply chain finance	(842,037)	-	(842,037)
Loans and financing (2)	(16,429,004)	-	(16,429,004)
Derivatives not designated	-	(29,479)	(29,479)
Derivatives designated as hedge accounting (1)	-	(122,246)	(122,246)
	<u>(16,087,929)</u>	<u>1,927,910</u>	<u>(14,160,019)</u>

		Fair value through other comprehensive income		Fair value through profit and loss	Consolidated 06.30.20 Total
	Amortized cost	Equity instruments	Debt instruments		
<b>Assets</b>					
Cash and bank	3,358,771	-	-	-	3,358,771
Cash equivalents	-	-	-	6,312,504	6,312,504
Marketable securities	358,421	42,307	25,899	326,012	752,639
Restricted cash	24,179	-	-	-	24,179
Trade accounts receivable	2,600,004	-	-	196,563	2,796,567
Other receivables	115,304	-	-	-	115,304
Derivatives not designated	-	-	-	16,757	16,757
Derivatives designated as hedge accounting (1)	-	-	-	232,486	232,486
<b>Liabilities</b>					
Trade accounts payable	(6,733,213)	-	-	-	(6,733,213)
Supply chain finance	(982,237)	-	-	-	(982,237)
Loans and financing (2)	(24,863,551)	-	-	-	(24,863,551)
Derivatives not designated	-	-	-	(71,286)	(71,286)
Derivatives designated as hedge accounting (1)	-	-	-	(1,073,268)	(1,073,268)
Written option- business combination	-	-	-	(422,188)	(422,188)
	<b>(26,122,322)</b>	<b>42,307</b>	<b>25,899</b>	<b>5,517,580</b>	<b>(20,536,536)</b>

- (1) All derivatives are measured at fair value. Those designated as hedge accounting have their gains and losses also affecting other comprehensive income and inventories.
- (2) All loans and borrowings are measured at amortized cost. Those designated as hedge accounting have their gains and losses also affecting shareholders' equity.

		Fair value through other comprehensive income		Fair value through profit and loss	Consolidated 12.31.19 Total
	Amortized cost	Equity instruments	Debt instruments		
<b>Assets</b>					
Cash and bank	2,289,787	-	-	-	2,289,787
Cash equivalents	-	-	-	1,947,998	1,947,998
Marketable securities	265,783	26,678	19,285	413,788	725,534
Restricted cash	296,294	-	-	-	296,294
Trade accounts receivable	2,811,902	-	-	225,941	3,037,843
Other receivables	123,877	-	-	-	123,877
Derivatives not designated	-	-	-	53,395	53,395
Derivatives designated as hedge accounting	-	-	-	191,920	191,920
<b>Liabilities</b>					
Trade accounts payable - Restated	(5,796,766)	-	-	-	(5,796,766)
Supply chain finance	(842,037)	-	-	-	(842,037)
Loans and financing	(18,620,279)	-	-	-	(18,620,279)
Derivatives not designated	-	-	-	(31,369)	(31,369)
Derivatives designated as hedge accounting	-	-	-	(122,246)	(122,246)
Written option- business combination	-	-	-	(706,920)	(706,920)
	<b>(19,471,439)</b>	<b>26,678</b>	<b>19,285</b>	<b>1,972,507</b>	<b>(17,452,969)</b>

## 24.8. Fair value of financial instruments

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Depending on the inputs used for measurement, the financial instruments at fair value may be classified into 3 hierarchy levels:

- » Level 1 – Uses quoted prices (unadjusted) for identical instruments in active markets. In this category are classified investments in stocks, credit linked notes, savings accounts, overnights, term deposits, Financial Treasury Bills (“LFT”) and investment funds;
- » Level 2 – Uses prices quoted in active markets for similar instruments, prices quoted for identical or similar instruments in non-active markets and evaluation models for which inputs are observable. In this level are classified the investments in Bank Deposit Certificates (“CDB”) and derivatives, which are measured by well-known pricing models: discounted cash flows and Black-Scholes. The observable inputs are interest rates and curves, volatility factors and foreign exchange rates;
- » Level 3 – Instruments for which significant inputs are non-observable. The Company has a financial liability arising from a put option written in the context of a business combination. This option gives the non-controlling shareholder the right to sell its equity stake in the subsidiary for an amount equivalent to a multiple of the income before taxes, interests, depreciation and amortization of the economic group of this subsidiary in the last 12 months prior to the exercise. The exercise period is comprised of the six-month period beginning on May 25, 2021. This liability is measured at fair value using internal assumptions regarding the results of that economic group. The effects of the remeasurement resulted in a gain in financial results of R\$390,353 in the six-month period ended on June 30, 2020 (loss of R\$19,967 in the same period of the prior year), as per note 28.

The table below presents the overall classification of financial instruments measured at fair value by measurement hierarchy. For the six-month period ended on June 30, 2020, there were no changes among the 3 levels of hierarchy.

	06.30.20			Parent company		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Financial Assets</b>						
<b>Fair value through profit and loss</b>						
Savings account and overnight	302,958	-	302,958	70,515	-	70,515
Term deposits	-	-	-	254,583	-	254,583
Bank deposit certificates	-	4,090,514	4,090,514	-	869,473	869,473
Financial treasury bills	309,460	-	309,460	396,994	-	396,994
Investment funds	18,652	-	18,652	18,398	-	18,398
Trade accounts receivable	-	196,563	196,563	-	225,941	225,941
Derivatives	-	242,638	242,638	-	243,731	243,731
<b>Financial Liabilities</b>						
<b>Fair value through profit and loss</b>						
Derivatives	-	(1,142,080)	(1,142,080)	-	(151,725)	(151,725)
	<b>631,070</b>	<b>3,387,635</b>	<b>4,018,705</b>	<b>740,490</b>	<b>1,187,420</b>	<b>1,927,910</b>

	06.30.20				Consolidated 12.31.19			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>								
<b>Fair value through other comprehensive income</b>								
Credit linked notes	25,899	-	-	25,899	19,285	-	-	19,285
Stocks	42,307	-	-	42,307	26,678	-	-	26,678
<b>Fair value through profit and loss</b>								
Savings account and overnight	2,132,116	-	-	2,132,116	689,874	-	-	689,874
Term deposits	72,106	-	-	72,106	374,859	-	-	374,859
Bank deposit certificates	-	4,104,358	-	4,104,358	-	879,758	-	879,758
Financial treasury bills	309,460	-	-	309,460	396,994	-	-	396,994
Investment funds	20,476	-	-	20,476	20,301	-	-	20,301
Trade accounts receivable	-	196,563	-	196,563	-	225,941	-	225,941
Derivatives	-	249,243	-	249,243	-	245,315	-	245,315
<b>Financial Liabilities</b>								
<b>Fair value through profit and loss</b>								
Derivatives	-	(1,144,554)	-	(1,144,554)	-	(153,615)	-	(153,615)
Written option- business combination	-	-	(422,188)	(422,188)	-	-	(706,920)	(706,920)
	<b>2,602,364</b>	<b>3,405,610</b>	<b>(422,188)</b>	<b>5,585,786</b>	<b>1,527,991</b>	<b>1,197,399</b>	<b>(706,920)</b>	<b>2,018,470</b>

Except for the items set forth below, the fair value of all other financial instruments is approximate to their book value. The fair value of the bonds set forth below is based in prices observed in active markets, level 1 of the fair value hierarchy, while the debentures are based in level 2 and are measured by discounted cash flows.

	Maturity	Parent company and Consolidated			
		Book value	06.30.20 Fair value	Book value	12.31.19 Fair value
<b>BRF bonds</b>					
BRF SA BRFSBZ5	2022	(595,863)	(623,833)	(435,934)	(460,606)
BRF SA BRFSBZ4	2024	(2,840,225)	(2,878,792)	(2,086,169)	(2,191,726)
BRF SA BRFSBZ3	2023	(1,877,298)	(1,897,818)	(1,370,446)	(1,427,754)
BRF SA BRFSBZ2	2022	(2,000,452)	(1,996,879)	(1,492,653)	(1,559,476)
BRF SA BRFSBZ4 7/8	2030	(4,163,225)	(3,992,887)	(3,022,773)	(3,160,573)
Debentures	2030	(757,016)	(822,166)	(755,760)	(832,213)
<b>Parent company</b>		<b>(12,234,079)</b>	<b>(12,212,375)</b>	<b>(9,163,735)</b>	<b>(9,632,348)</b>
<b>BRF GmbH bonds</b>					
BRF SA BRFSBZ4	2026	(2,719,565)	(2,683,338)	(1,999,509)	(2,101,175)
<b>Consolidated</b>		<b>(14,953,644)</b>	<b>(14,895,713)</b>	<b>(11,163,244)</b>	<b>(11,733,523)</b>

## 25. SEGMENT INFORMATION

The operating segments are reported consistently with the management reports provided to the main strategic and operational decision makers for assessing the performance of each segment and allocation of resources. The operating segments information are elaborated considering three reportable segments, being: Brazil, International and Other Segments.

The operating segments include the sales of all distribution channels and are subdivided according to the nature of the products whose characteristics are described below:

- » Poultry: production and sale of whole poultry and in-natura cuts.
- » Pork and other: production and sale of in-natura cuts.
- » Processed: production and sale of processed food, frozen and processed products derived from poultry, pork and beef, margarine, vegetables and soybean-based products.
- » Other sales: sale of flour for food service and others.

Other segments are comprised of commercialization and development of animal nutrition ingredients, human nutrition, plant nutrition (fertilizers) and health care (health and wellness), as well as commercialization of agricultural products.

The net sales for each reportable operating segment is set forth below:

Net sales	Consolidated			
	April to June 2020	January to June 2020	April to June 2019	January to June 2019
<b>Brazil</b>				
In-natura	1,093,445	2,350,532	1,140,672	2,239,820
Poultry	793,689	1,763,725	908,900	1,794,305
Pork and other	299,756	586,807	231,772	445,515
Processed	3,541,008	6,933,812	2,937,848	5,775,094
Other sales	8,402	13,665	3,176	7,249
	<b>4,642,855</b>	<b>9,298,009</b>	<b>4,081,696</b>	<b>8,022,163</b>
<b>International</b>				
In-natura	3,563,006	7,016,267	3,373,477	6,009,675
Poultry	3,007,661	5,978,347	3,040,066	5,449,083
Pork and other	555,345	1,037,920	333,411	560,592
Processed	563,054	1,074,175	547,066	1,048,979
Other sales	81,226	132,547	64,955	120,715
	<b>4,207,286</b>	<b>8,222,989</b>	<b>3,985,498</b>	<b>7,179,369</b>
<b>Other segments</b>				
	253,785	531,993	270,815	495,727
	<b>9,103,926</b>	<b>18,052,991</b>	<b>8,338,009</b>	<b>15,697,259</b>

The operating income (loss) for each segment is set forth below:

	Consolidated			
	April to June 2020	January to June 2020	April to June 2019	January to June 2019
Brazil	352,266	716,145	490,325	556,933
International	227,685	668,333	425,668	551,134
Other segments	22,628	60,157	40,557	40,531
<b>Sub total</b>	<b>602,579</b>	<b>1,444,635</b>	<b>956,550</b>	<b>1,148,598</b>
Corporate	(15,392)	(302,769)	(26,509)	(60,359)
	<b>587,187</b>	<b>1,141,866</b>	<b>930,041</b>	<b>1,088,239</b>

The items presented above as Corporate refer to relevant events not attributable to the normal course of business neither to the operating segments. The composition of the main effects in the Corporate segment is set forth below:

Corporate	Consolidated			
	April to June 2020	January to June 2020	April to June 2019	January to June 2019
Investigations involving the Company (note 1.2)	(11,771)	(24,072)	(31,207)	(42,320)
Agreement - Class Action (note 1.3)	-	(204,436)	-	-
Tax and Civil Contingencies (note )	(19,263)	(59,889)	4,503	4,246
Arbitration reversal	14,520	14,520	-	-
COVID-19 - Expenses and expected credit losses	(2,182)	(26,260)	-	-
Restructuring plan	-	-	-	(16,431)
Other	3,304	(2,632)	195	(5,854)
	<b>(15,392)</b>	<b>(302,769)</b>	<b>(26,509)</b>	<b>(60,359)</b>

No customer individually or in aggregate (economic group) accounted for more than 5% of net sales for the six-month period ended on June 30, 2020 and 2019.

The goodwill arising from business combinations and the intangible assets with indefinite useful life (trademarks) were allocated to the reportable operating segments, considering the economic benefits generated by such intangible assets. The allocation of these intangible assets is presented below:

	Goodwill		Trademarks		Consolidated Total	
	06.30.20	12.31.19	06.30.20	12.31.19	06.30.20	12.31.19
	Brazil	1,151,498	1,151,498	982,478	982,478	2,133,976
International	1,860,242	1,562,104	370,117	339,784	2,230,359	1,901,888
	<b>3,011,740</b>	<b>2,713,602</b>	<b>1,352,595</b>	<b>1,322,262</b>	<b>4,364,335</b>	<b>4,035,864</b>

Information related to total assets by reportable segment is not disclosed, as it is not included in the set of information made available to the Company's administration, which makes investment decisions and determine allocation of resources based on information about the consolidated assets.

## 26. NET SALES

	Parent company				Consolidated			
	April to June 2020	January to June 2020	April to June 2019	January to June 2019	April to June 2020	January to June 2020	April to June 2019	January to June 2019
<b>Gross sales</b>								
Brazil	5,739,830	11,506,128	5,069,822	9,951,874	5,739,830	11,506,128	5,069,822	9,951,942
International	2,198,586	4,751,730	2,704,490	4,970,220	4,537,513	8,804,578	4,289,643	7,745,612
Other segments	274,412	566,044	298,480	558,305	283,285	590,579	305,893	554,970
	<b>8,212,828</b>	<b>16,823,902</b>	<b>8,072,792</b>	<b>15,480,399</b>	<b>10,560,628</b>	<b>20,901,285</b>	<b>9,665,358</b>	<b>18,252,524</b>
<b>Sales deductions</b>								
Brazil	(1,096,975)	(2,208,119)	(988,126)	(1,929,779)	(1,096,975)	(2,208,119)	(988,126)	(1,929,779)
International	(24,698)	(48,646)	(30,665)	(55,620)	(330,227)	(581,589)	(304,145)	(566,243)
Other segments	(27,746)	(54,683)	(28,153)	(51,206)	(29,500)	(58,586)	(35,078)	(59,243)
	<b>(1,149,419)</b>	<b>(2,311,448)</b>	<b>(1,046,944)</b>	<b>(2,036,605)</b>	<b>(1,456,702)</b>	<b>(2,848,294)</b>	<b>(1,327,349)</b>	<b>(2,555,265)</b>
<b>Net sales</b>								
Brazil	4,642,855	9,298,009	4,081,696	8,022,095	4,642,855	9,298,009	4,081,696	8,022,163
International	2,173,888	4,703,084	2,673,825	4,914,600	4,207,286	8,222,989	3,985,498	7,179,369
Other segments	246,666	511,361	270,327	507,099	253,785	531,993	270,815	495,727
	<b>7,063,409</b>	<b>14,512,454</b>	<b>7,025,848</b>	<b>13,443,794</b>	<b>9,103,926</b>	<b>18,052,991</b>	<b>8,338,009</b>	<b>15,697,259</b>

## 27. OTHER OPERATING INCOME (EXPENSES), NET

	Parent company				Consolidated			
	April to June 2020	January to June 2020	April to June 2019	January to June 2019	April to June 2020	January to June 2020	April to June 2019	January to June 2019
Recovery of expenses (1)	156,174	234,651	695,513	703,323	156,370	235,057	695,814	704,811
Provision reversal	70,625	70,625	357	14,080	70,625	70,625	357	14,085
Scrap sales	2,742	5,434	2,868	5,865	2,787	5,562	3,221	6,837
Provision for civil and tax risks (2)	(22,796)	(65,272)	(356,726)	(363,884)	(23,045)	(65,520)	(356,210)	(363,918)
Other employees benefits	(8,214)	(15,649)	(7,458)	(14,916)	(8,214)	(15,649)	(9,918)	(17,374)
Insurance claims costs	(1,791)	(5,476)	(2,345)	(13,845)	(828)	(2,517)	(2,193)	(14,977)
Net gains (losses) from the disposals of investments	-	-	(482)	(482)	223	256	(2,354)	(2,354)
Net gains (losses) from the disposals of property, plant and equipment	7,390	(2,380)	13,978	24,223	3,467	(7,409)	9,128	18,248
Employee participation and bonuses	(71,874)	(121,399)	(51,873)	(101,684)	(71,347)	(117,992)	(52,843)	(110,455)
Demobilization expenses	(2,108)	(5,863)	(8,404)	(17,187)	(1,998)	(6,255)	(10,949)	(21,932)
Expenses with investigations and class action (3)	(9,773)	(204,757)	(23,921)	(35,034)	(11,771)	(209,151)	(31,207)	(42,320)
Expected credit losses in other receivables	(92)	(3,185)	-	-	308	(3,157)	-	-
Other	26,938	29,161	1,501	(24,943)	21,976	16,150	(12,369)	(16,850)
	<b>147,221</b>	<b>(84,110)</b>	<b>263,008</b>	<b>175,516</b>	<b>138,553</b>	<b>(100,000)</b>	<b>230,477</b>	<b>153,801</b>

- (1) Includes recovery of PIS and COFINS taxes on marketing, rebates and benefit expenses in the amount of R\$224,466 for the six-month period ended on June 30, 2020 and R\$150,509 for the three-month period ended on June 30, 2020. For the three-month and six-month periods ended on June 30, 2019, includes the effects of the final decision related to the exclusion of ICMS from the PIS and COFINS calculation base of R\$696,127.
- (2) For the three-month and six-month periods ended on June 30, 2019, includes the effects of the tax contingency on ICMS credit in the basic food basket products of R\$358,935.
- (3) Includes provision for class action agreement (note 1.3) in the first quarter of 2020.

## 28. FINANCIAL INCOME (EXPENSES), NET

	Note	Parent company				Consolidated			
		April to June 2020	January to June 2020	Restated (1) April to June 2019	Restated (1) January to June 2019	April to June 2020	January to June 2020	Restated (1) April to June 2019	Restated (1) January to June 2019
<b>Financial Income</b>		<b>66,332</b>	<b>173,109</b>	460,656	540,550	<b>81,833</b>	<b>194,711</b>	474,668	560,729
Interest on cash and cash equivalents	4	32,813	53,847	22,828	59,692	21,474	51,029	34,901	69,451
Revenues from marketable securities	5	2,478	21,921	26,152	44,642	28,800	45,387	27,868	54,404
Fair value through other comprehensive income		-	-	-	-	243	454	152	323
Fair value through profit and loss		2,306	6,060	5,740	10,244	2,305	5,716	5,352	9,856
Amortized cost		172	15,861	20,412	34,398	26,252	39,217	22,364	44,225
Interest on recoverable taxes	9	23,659	80,256	401,731	419,335	23,704	80,340	401,797	419,467
Interest on other assets		7,382	17,085	9,945	16,881	7,855	17,955	10,102	17,407
<b>Financial expenses</b>		<b>(577,883)</b>	<b>(1,192,623)</b>	(982,549)	(1,494,651)	<b>(166,563)</b>	<b>(735,913)</b>	(1,048,018)	(1,551,277)
Interest on loans and financing	15	(272,631)	(550,464)	(299,517)	(588,543)	(317,077)	(631,570)	(340,960)	(674,531)
Interest with related parties	30	(100,565)	(181,326)	(37,672)	(76,070)	-	-	-	-
Interest on contingencies	21	(38,121)	(104,164)	(437,637)	(456,591)	(39,042)	(105,940)	(437,637)	(457,436)
Interest on leases	18	(47,015)	(95,261)	(45,284)	(90,830)	(51,494)	(103,863)	(49,651)	(99,707)
Interest on other liabilities		3,956	5,360	(20,961)	(26,316)	3,977	5,384	(21,320)	(4,984)
Written option - Business combination (2)		-	-	-	-	337,677	390,353	(20,056)	(19,967)
Adjustment to present value	6 e 16	(90,680)	(181,468)	(76,011)	(143,501)	(90,557)	(181,498)	(76,634)	(145,092)
Other		(32,827)	(85,300)	(65,467)	(112,800)	(10,047)	(108,779)	(101,760)	(149,560)
<b>Monetary, exchange and derivative results, net</b>		<b>(1,037,987)</b>	<b>(4,851,516)</b>	68,931	(75,350)	<b>(105,573)</b>	<b>(255,570)</b>	(45,972)	(77,039)
Exchange rate variation on monetary assets and liabilities		(1,265,586)	(6,120,056)	162,148	70,690	(334,800)	(1,533,734)	46,854	82,544
Derivative results		227,599	1,268,540	(93,217)	(146,040)	229,227	1,278,164	(92,826)	(159,583)
		<b>(1,549,538)</b>	<b>(5,871,030)</b>	(452,962)	(1,029,451)	<b>(190,303)</b>	<b>(796,772)</b>	(619,322)	(1,067,587)

- (1) The comparative period was restated for better disclosure of exchange variations effects and derivative results.
- (2) Refers to the fair value remeasurement of the written option recorded from business combination (note 24.8).

## 29. STATEMENT OF INCOME BY NATURE

The Company has chosen to disclose its statement of income by function and thus presents below the details by nature:

	Parent company				Consolidated			
	April to June 2020	January to June 2020	April to June 2019	January to June 2019	April to June 2020	January to June 2020	April to June 2019	January to June 2019
<b>Costs of sales</b>								
Raw materials and consumables (1)	4,231,356	8,139,255	3,770,516	7,206,588	5,047,664	9,722,981	4,298,158	8,224,665
Salaries and employees benefits	983,001	1,914,252	896,650	1,759,779	1,002,007	1,947,175	910,021	1,785,418
Depreciation	419,500	835,104	417,998	833,222	460,821	913,052	448,822	893,489
Amortization	12,704	26,389	19,884	36,229	29,238	57,583	33,630	62,820
Others	536,325	1,096,795	544,798	1,083,852	585,304	1,180,331	555,729	1,122,148
	<b>6,182,886</b>	<b>12,011,795</b>	5,649,846	10,919,670	<b>7,125,034</b>	<b>13,821,122</b>	6,246,360	12,088,540
<b>Sales expenses</b>								
Indirect and direct logistics expenses	547,545	1,063,078	454,180	867,678	624,692	1,208,409	503,961	1,002,381
Marketing	86,606	203,672	133,615	221,640	136,138	290,233	198,023	337,448
Salaries and employees benefits	267,851	517,086	258,731	508,602	353,584	671,734	319,209	631,950
Depreciation	37,740	68,621	23,923	49,861	57,533	111,113	45,376	89,795
Amortization	15,319	29,038	17,492	32,480	22,753	42,712	22,990	43,325
Others	102,720	208,853	99,504	207,675	166,189	321,022	167,218	287,173
	<b>1,057,781</b>	<b>2,090,348</b>	987,445	1,887,936	<b>1,360,889</b>	<b>2,645,223</b>	1,256,777	2,392,072
<b>Administrative expenses</b>								
Salaries and employees benefits	50,540	90,720	42,902	85,282	85,617	155,839	72,505	142,882
Fees	17,350	29,213	7,954	14,215	17,350	29,213	7,954	14,215
Depreciation	8,172	14,483	4,123	8,698	12,130	21,627	6,203	12,305
Amortization	6,646	14,245	4,889	11,281	7,505	15,713	7,011	15,438
Others	39,901	61,229	25,885	57,957	67,863	110,633	42,484	92,546
	<b>122,609</b>	<b>209,890</b>	85,753	177,433	<b>190,465</b>	<b>333,025</b>	136,157	277,386

- (1) Includes abnormal losses in the production chain.

The Company incurred in expenses with internal research and development of new products of R\$31,187 for the six-month period ended on June 30, 2020 in the parent company and in the consolidated (R\$31,516 in the parent company and in the consolidated in the same period of the previous year) and R\$14,872 in the parent company and in the consolidated for the three-month period ended on June 30, 2020 (R\$16,851 in the parent company and in the consolidated in the same period of the previous year).

### 30. RELATED PARTIES - PARENT COMPANY

In the normal course of business, rights and obligations arise between related parties, resulting from transactions of sale and purchase of products, as well as from financial operations.

The Company holds a Related Parties Transactions Policy, which was reviewed and approved by the Board of Executive Officers and applies to all subsidiaries of the group.

The policy mentioned above provides the conditions that must be observed for the realization of a transaction between related parties, as well as establishes approval hierarchies according to the value and nature of the transactions involved. The policy also foresees situations of conflict of interests and how they must be conducted.

## 30.1. Transactions and balances

The balances of the transactions with related parties registered in the statement of financial position of the Parent Company are as follows:

	Accounts receivable		Dividends and interest on the shareholders' equity receivable		Loans		Trade accounts payable		Other rights		Advances and other liabilities	
	06.30.20	12.31.19	06.30.20	12.31.19	06.30.20	12.31.19	06.30.20	12.31.19	06.30.20	12.31.19	06.30.20	12.31.19
Al-Wafi Food Products Factory LLC	-	-	-	-	-	-	-	-	-	30	-	(927)
Banvit	-	-	-	-	-	-	-	-	236	1,094	-	-
BRF Energia S.A.	-	-	-	-	-	-	(9,813)	(6,376)	-	-	-	-
BRF Foods GmbH	849,134	833,062	-	-	-	-	-	-	-	-	-	-
BRF Foods GmbH - Branch	-	-	-	-	-	-	-	-	-	1,296	(2,354)	(1,733)
BRF Foods LLC	-	-	-	-	-	-	-	-	552	466	(2)	(2)
BRF Global GmbH	4,859,603	3,843,949	-	-	-	-	-	-	-	-	(7,142,683)	(4,049,636)
BRF GmbH	-	-	-	-	-	-	-	-	1,830	1,520	(1,780,933)	(1,311,123)
BRF Pet S.A.	2,091	800	-	-	-	-	(37)	(16)	299	167	-	-
Establecimiento Levino Zaccardi y Cia. S.A.	-	-	-	-	325	234	-	-	-	-	-	-
Federal Foods Qatar	-	-	-	-	-	-	-	-	-	-	-	(141)
FFM Further	-	-	-	-	-	-	-	-	-	70	-	-
Highline International Ltd.	-	-	-	-	-	-	-	-	-	-	-	(7,351)
One Foods Holdings	-	-	-	-	-	-	-	-	7,693	5,662	-	-
Perdigão International Ltd.	-	-	-	-	-	-	-	-	-	-	(1,117,287)	(905,550)
PSA Laboratório Veterinário Ltda.	-	-	200	396	-	-	-	-	-	-	-	-
Sadia Alimentos S.A.	-	-	-	-	-	-	-	-	-	-	(10,266)	(11,159)
Sadia Chile S.A.	160,128	99,095	-	-	-	-	-	-	-	-	-	-
Sadia Uruguay S.A.	27,395	3,096	-	-	-	-	-	-	-	-	(37,871)	(36,598)
VIP S.A. Empreendimentos e Partic. Imob.	-	-	22	22	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5,898,351</b>	<b>4,780,002</b>	<b>222</b>	<b>418</b>	<b>325</b>	<b>234</b>	<b>(9,850)</b>	<b>(6,392)</b>	<b>10,610</b>	<b>10,305</b>	<b>(10,091,396)</b>	<b>(6,324,220)</b>

- (1) The amount corresponds to export pre-payments, usual operation between the productive units in Brazil with the wholly-owned subsidiaries that operate as trading companies in the international market.
- (2) Exercising its power as parent Company, BRF S.A. performs reimbursement to certain subsidiaries for losses incurred in the normal course of their operations, generating liabilities recorded as Other Obligations with Related Parties.

	Revenue				Financial results, net				Purchases			
	April to June 2020	January to June 2020	April to June 2019	January to June 2019	April to June 2020	January to June 2020	April to June 2019	to June 2019	April to June 2020	January to June 2020	April to June 2019	to June 2019
Avex S.A.	-	-	-	1,439	-	-	-	-	-	-	-	-
BRF Energia S.A.	-	-	-	-	-	-	-	-	(58,002)	(131,460)	(58,002)	(117,191)
BRF Foods GmbH	47,582	93,362	56,769	118,497	-	-	-	-	-	-	-	-
BRF Global GmbH	2,693,708	5,307,306	2,520,702	4,603,783	(82,774)	(147,907)	(23,152)	(48,050)	-	-	-	-
BRF Pet S.A.	1,317	2,487	366	749	-	-	-	-	(21)	(58)	(21)	(26)
Campo Austral	-	-	-	1,448	-	-	-	-	-	-	-	-
Establecimiento Levino Zaccardi y Cia. S.A.	-	-	-	-	4	7	-	-	-	-	-	-
Perdigão International Ltd.	-	-	-	-	(17,084)	(31,879)	(11,821)	(25,320)	-	-	-	-
Sadia Alimentos S.A.	-	-	-	-	(166)	(361)	(731)	(731)	-	-	-	-
Sadia Chile S.A.	46,936	79,518	18,139	30,170	-	-	-	-	-	-	-	(46)
Sadia Uruguay S.A.	11,270	20,713	9,793	19,991	(544)	(1,186)	(1,969)	(1,969)	-	-	-	-
<b>Total</b>	<b>2,800,813</b>	<b>5,503,386</b>	<b>2,605,769</b>	<b>4,776,077</b>	<b>(100,564)</b>	<b>(181,326)</b>	<b>(37,673)</b>	<b>(76,070)</b>	<b>(58,023)</b>	<b>(131,518)</b>	<b>(58,023)</b>	<b>(117,263)</b>

The subsidiaries of the Company enter into loan agreements pursuant its cash management strategy. As of June 30, 2020, the balance of these transactions was R\$2,497,871 (R\$1,808,320 as of December 31, 2019) with a weighted average rate of 4.44% p.a. (4.43% p.a. as of December 31, 2019).

## 30.2. Other Related Parties

The Company leased properties owned by BRF Previdência, for the six-month period ended on June 30, 2020, the total amount paid as rent was R\$9,764 (R\$8,462 in the same period of the previous year) for the three-month ended on June 30, 2020, the total amount paid as rent was of R\$4,882 (R\$4,231 in the same period of the previous year).

Due to the acquisition of biodigesters from Instituto Sadia de Sustentabilidade, the Company has an outstanding payable to this entity of R\$1,962 on June 30, 2020 (R\$3,053 as of December 31, 2019) included in Other Liabilities.

## 30.3. Granted guarantees

The Company recorded a liability in the amount of R\$543 (R\$844 as of December 31, 2019) related to the fair value of the guarantees offered to BNDES concerning a loan made by Instituto Sadia de Sustentabilidade.

The Company is the guarantor of loans related to a special program that aims the local development and were obtained by outgrowers in the central region of Brazil. The proceeds of such loans are utilized by the outgrowers to improve farm conditions and will be paid by them in 10 years, taking as collateral the land and equipment acquired through this program. The value of these guarantees on June 30, 2020 totaled R\$6,195 (R\$12,949 as of December 31, 2019).

## 30.4. Management remuneration

The total remuneration and benefits expense with board members, statutory directors and the head of internal audit are set forth below:

	Consolidated			
	April to June 2020	January to June 2020	April to June 2019	January to June 2019
Salary and profit sharing	23,638	35,605	12,752	22,722
Short term benefits (1)	1,492	1,611	114	131
Private pension	589	896	180	302
Post-employment benefits	-	-	-	47
Termination benefits	1,439	4,403	3,484	8,169
Share-based payment	4,360	8,394	2,155	3,983
	<b>31,518</b>	<b>50,909</b>	<b>18,685</b>	<b>35,354</b>

(1) Comprises: medical assistance, educational expenses and others.

In addition, the executive officers received among remuneration and benefits the total amount of R\$9,435 for the six-month period ended on June 30, 2020 (R\$23,051 in the same period of the previous year)

and R\$4,835 for the three-month period ended on June 30, 2020 (R\$9,230 in the same period of the previous year).

## 31. COMMITMENTS

In the normal course of the business, the Company enters into agreements with third parties for the purchase of raw material, mainly corn and soymeal. The agreed prices in these agreements can be fixed or variable. The Company also enters into other agreements, such as electricity supply, packaging supplies, construction of buildings and others for the supply of its manufacturing activities. The firm commitments schedule is set forth below:

	Parent company 06.30.20	Consolidated 06.30.20
<b>Current</b>	<b>4,809,544</b>	<b>5,123,497</b>
<b>Non-current</b>	<b>1,849,078</b>	<b>1,890,505</b>
July to december 2021	617,655	634,736
2022	285,482	309,828
2023	200,098	200,098
2024	192,744	192,744
2025 onwards	553,099	553,099
	<b>6,658,622</b>	<b>7,014,002</b>

## 32. TRANSACTIONS THAT DO NOT INVOLVE CASH

The following transactions did not involve cash or cash equivalents during the six-month period ended on June 30, 2020:

- (i) Capitalized loan interest: as referred in note 13.
- (ii) Addition of lease by right-of-use assets and respective lease liability: in the six-month period ended on June 30, 2020, amounted to R\$171,669 in the parent company and R\$227,600 in the consolidated (R\$2,174,821 in the parent company and R\$2,422,669 in the consolidated in the same period of the previous year) and in the three-month period ended on June 30, 2020, amounted to R\$21,260 in the parent company and R\$21,463 in the consolidated (R\$10,091 in the parent company and R\$17,541 in the consolidated in the same period of the previous year).

## 33. SUBSEQUENT EVENTS

### 33.1. Issuance of Debentures

On July 17, 2020, 2,200,000 (two million, two hundred thousand) Debentures were subscribed with a notional value of R\$ 1,000.00 (one thousand Brazilian Reais), in a total amount of R\$2,200,000 (two billion and two hundred million Brazilian Reais), in two series as shown in the table below. The Debentures are simple, not convertible into shares, unsecured and for private placement. The Debentures were privately placed with VERT Companhia Securitizadora, to back its forty-sixth issuance of Agribusiness Receivables Certificates, in two series, which were object of public distribution with restricted placement efforts.

Operation	Series	Issue date	Maturity	Parent company and Consolidated Rate	Consolidated Main value
Debenture - 2nd Issue	1st Series	07.14.20	07.14.27	IPCA + 5.30% p.a.	705,000
Debenture - 2nd Issue	2nd Series	07.14.20	07.12.30	IPCA + 5.60% p.a.	1,495,000
					<b>2,200,000</b>

The issuance costs of R\$75,275 will be recognized on the statement of income over the term of the debt according to the effective interest rate method.

This transaction is adherent to the Company's capital structure management strategy, which includes, among other aspects, the sustaining of liquidity, the lengthening of the average tenor of its indebtedness, and the diversification of its sources of financing.

### 33.2. Tender offer for Senior Notes

Between July 17 and July 24, 2020 the Company executed an offer to repurchase any and all outstanding (i) (a) 5.875% Senior Notes due 2022, (b) 2.750% Senior Notes due 2022, (c) 3.950% Senior Notes due 2023; and (d) 4.750% Senior Notes due 2024 all issued by BRF; and (ii) 4.350% Senior Notes due 2026, issued by BRF GmbH and guaranteed by BRF. The offer was conditioned on the aggregate amount of the repurchase price of USD300,000 and the results are shown in the table below:

Instrument	Maturity	Notional repurchased		Outstanding notional (1)	
		(debt currency)	(Reais) (2)	(debt currency)	(Reais) (2)
BRF SA BRFSBZ2 - 5,875% - USD (3)	2022	27,190	141,086	82,122	426,123
BRF SA BRFSBZ3 - 3,950% - USD	2023	60,567	314,276	285,422	1,481,026
BRF SA BRFSBZ4 - 4,750% - USD	2024	64,144	332,837	453,714	2,354,277
BRF SA BRFSBZ5 - 2,750% - EUR	2022	119,061	723,355	205,720	1,249,852

- (1) Outstanding notional after the tender offer.
- (2) Represented by the amount in the original debt currency, translated by the foreign exchange rate at the settlement date of the repurchase.
- (3) Loan fully designated as hedge accounting (note 24.4.2.ii). The exchange rate variation between the designation date and the settlement date of the repurchased portion will remain in Other Comprehensive Income until the realization of the highly probable sales (hedge object).

On July 27, 2020 and on July 28, 2020, the Company paid the amount equivalent to R\$1,554,850 for the repurchase of these liabilities, which includes notional, interest and premium. The Company incurred in financial expenses with the repurchase in the amount of R\$34,033 for the premium paid, R\$5,998 with taxes and R\$8,961 with the write-off of the costs of issuance.

### 33.3. Prepayment of credit facilities

Additionally to the tender offer described above, in July and August 2020, the Company prepaid certain bilateral credit facilities in Brasil with original maturity between September 2020 and August 2021, in the aggregated notional and interest amount of R\$1,593,176, being R\$964,484 related to the facilities described in note 1.4.

## 34. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim financial information was approved and the issuance authorized by the Board of Directors on August 12, 2020.

### BOARD OF DIRECTORS

Chairman (Independent)	Pedro Pullen Parente
Vice-Chairman (Independent)	Augusto Marques da Cruz Filho
Independent Member	Dan Ioschpe
Independent Member	Flavia Buarque de Almeida
Independent Member	Flavia Maria Bittencourt
Non-Independent Member	Ivandr� Motiel da Silva
Independent Member	Jos� Luiz Os�rio de Almeida Filho
Independent Member	Luiz Fernando Furlan
Independent Member	Marcelo Feriozzi Bacci
Independent Member	Roberto Rodrigues

### FISCAL COUNCIL

Chairman	At�lio Guaspari
Member	Maria Paula Soares Aranha
Member	Andr� Vicentini

### AUDIT AND INTEGRITY COMMITTEE

Committee Coordinator (Independent)	Augusto Marques da Cruz Filho
Non-Independent Member	Ivandr� Motiel da Silva
Independent Member	Marcelo Feriozzi Bacci
External Member	Valmir Pedro Rossi
External Member	Jer�nimo Antunes

### BOARD OF EXECUTIVE OFFICERS

Global Chief Executive Officer	Lorival Nogueira Luz J�nior
Vice-President of Finance and Investor Relations	Carlos Alberto Bezerra de Moura
Vice-President of Operations and Procurement Officer	Vin�cius Guimarães Barbosa
Vice-President of Commercial Brazil Market	Sidney Rog�rio Manzano
Vice-President of Human Resources and Shared Services	Alessandro Rosa Bonorino
Vice-President of Strategy, Managing and Innovation	Rubens Fernandes Pereira
Vice-President of Quality and Sustainability	Neil Hamilton dos Guimar�es Peixoto Jr.
Vice-President of Sales & Operations Planning and Supply Chain	Leonardo Campo Dallorto

Marcos Roberto Badollato  
Accounting Director

Joloir Nieblas Cavichini  
Accountant – CRC 1SP257406/O-5

## COMENTARY ABOUT THE COMPANY PROJECTIONS BEHAVIOUR

In the twelve-month period ended December 31, 2019, Company's net leverage, as measured by the Net Debt / Adjusted EBITDA ratio, reached 2.50x.

The projections initially disclosed on June 29, 2018 for the fiscal year ending December 31, 2019 were replaced on February 7, 2019, on June 3, 2019, on August 9, 2019 and finally on November 8, 2019. Following the completion of the Monetization Plan, the Company revised the net leverage guidance indicator to approximately 2.75X at the end of 2019 and maintained its guidance of approximately 2.65x for 2020. On March 3, 2020 the Company revised the net leverage guidance to a range between 2.35 - 2.75x for the year 2020.

## BREAKDOWN OF THE CAPITAL BY OWNER (NOT REVIEWED)

The shareholding position of the shareholders holders of more than 5% of the voting stock, management, members of the Board of Directors is presented below:

Shareholders	Quantity	06.30.20 %	Quantity	12.31.19 %
<b>Major shareholders</b>				
Fundação Petrobras de Seguridade Social - Petros (1)	92,716,266	11.41	92,716,266	11.41
Caixa de Previd. dos Func. do Banco do Brasil (1)	76,290,652	9.39	76,974,752	9.47
<b>Management</b>				
Board of Directors	6,596,580	0.81	6,474,420	0.80
Executives	355,643	0.04	236,338	0.03
Treasury shares	5,310,626	0.65	713,446	0.09
Other	631,203,479	77.70	635,358,024	78.20
	<b>812,473,246</b>	<b>100.00</b>	<b>812,473,246</b>	<b>100.00</b>

(1) The pension funds are controlled by employees that participate in the respective companies.

The Company is bound to arbitration in the Market Arbitration Chamber, as established by the arbitration clause in the by-laws.



## INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors and Shareholders of  
BRF S.A.  
Itajaí - SC

### Introduction

We have reviewed the accompanying individual and consolidated interim financial information of BRF S.A. ("Company") contained in the Quarterly Information Form - ITR for the quarter ended June 30, 2020, which comprises the statement of financial position as of June 30, 2020 and the respective statements of income (loss) and comprehensive income (loss) for the three and six-month period then ended and changes in equity and cash flows for the six-month period then ended, including the explanatory notes.

The Company's management is responsible for the preparation of this individual and consolidated interim financial information in accordance with Technical Pronouncement CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in accordance with standards issued by *Comissão de Valores Mobiliários*, applicable to the preparation of Quarterly Information - ITR. 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 the Brazilian and International standards on review engagements of interim financial information (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the Quarterly Information referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, issued by IASB, applicable to the preparation of Quarterly Information - ITR, and presented in accordance with the standards issued by *Comissão de Valores Mobiliários*.

### Emphasis of matter

We draw attention to explanatory note 1.2 to the individual and consolidated interim financial information, which describe the investigations involving the Company, as well as their current and potential developments. In the current stage of the investigations, it is not possible to determine the potential financial and non-financial impacts on the Company resulting from them and of their potential developments and, consequently, to record potential losses which could have a material adverse effect on the Company's financial position, results of operations and cash flows in the future. Our conclusion is not modified in respect to this matter.

### Other matters - Statements of Value Added

The individual and consolidated interim financial information related to statements of value added (DVA) for the six-month period ended June 30, 2020, prepared under the responsibility of the Company's management, presented herein as supplementary information for IAS 34 purposes, have been subject to review procedures jointly performed with the review of the Quarterly Information - ITR of the Company. In order to form our conclusion, we assessed whether those statements are reconciled with the interim financial information and accounting records, as applicable, and whether their format and contents are in accordance with the criteria determined in the Technical Pronouncement CPC 09 - *Demonstração do Valor Adicionado*. Based on our review, nothing has come to our attention that causes us to believe that the statements of value added above referred were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

São Paulo, August 12, 2020

KPMG Auditores Independentes  
CRC 2SP014428/O-6

Original report in Portuguese signed by  
Fabian Junqueira Sousa  
Accountant CRC 1SP235639/O-0

## OPINION OF THE AUDIT AND INTEGRITY COMMITTEE

The Audit and Integrity Committee of BRF S.A., in fulfilling its statutory and legal duties, reviewed:

- (i) the interim financial information (parent company and consolidated) for the six-month period ended on June 30, 2020;
- (ii) the Management Report; and
- (iii) the review report issued without modification by KPMG Auditores Independentes.

Based on the documents reviewed and on the explanations provided, the members of the Audit and Integrity Committee, undersigned, issued an opinion for the approval of the interim financial information for the six-month period ended on June 30, 2020.

São Paulo, August 12, 2020.

Augusto Marques da Cruz Filho  
Coordinator (Independent)

Ivandr  Motiel da Silva  
Non-Independent member

Marcelo Feriozzi Bacci  
Independent member

Valmir Pedro Rossi  
External member

Jer nimo Antunes  
External member

## STATEMENT OF EXECUTIVE BOARD ON THE INTERIM FINANCIAL INFORMATION AND INDEPENDENT AUDITOR'S REPORT

In compliance with the dispositions of sections V and VI of article 25 of CVM Instruction No. 480/09, the executive board of BRF S.A., states:

- (i) reviewed, discussed and agreed with the Company's interim financial information for the six-month period ended on June 30, 2020, and
- (ii) reviewed, discussed and agreed with conclusions expressed in the review report issued by KPMG Auditores Independentes for the Company's interim financial information for the six-month period ended on June 30, 2020.

São Paulo, August 12, 2020.

Lorival Nogueira Luz Júnior  
Global Chief Executive Officer

Carlos Alberto Bezerra de Moura  
Vice President of Finance and Investor Relations

Vinícius Guimarães Barbosa  
Vice-President of Operations and Procurement Officer

Sidney Rogério Manzano  
Vice-President of Commercial Brazil Market

Alessandro Rosa Bonorino  
Vice-President of Human Resources and Shared Services

Rubens Fernandes Pereira  
Vice-President of Strategy, Managing and Innovation

Neil Hamilton dos Guimarães Peixoto Jr.  
Vice-President of Quality and Sustainability

Leonardo Campo Dallorto  
Vice-President of Sales & Operations Planning and Supply Chain