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.

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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OPERATING HIGHLIGHTS (Continuing Operations)

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[1])
- Adjusted EBITDA margin of **11.3%** in 2Q20 (-3.3 p.p. y-o-y[1])
- Net income of **R$307 million** in 2Q20 (+60.8% y-o-y[2])

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[1])
- Adjusted EBITDA Margin of **11.7%** in 2Q20 (+0.4 p.p. y-o-y[1])

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[3]
- Extension of debt average term from 3.2 to **4.9 years**[4]

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[1] Ex-tax effects in 2Q19.
[2] Continuing operations.
[3] Includes revolving line of credit of R$1.5 billion.
[4] 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^2 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[5], 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 financial institutions in Brazil, totaling R$965 million. As a result, we re-balanced the participation of Real-

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[5] Includes revolving line of credit of R$1.5 billion.

denominated debts from 27% in 1Q20 to 35%[6]. We also extended the average term of our indebtedness from 4.5 years in 1Q20 to 4.9[2] 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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[6] Proforma gross debt includes debt issues and redemptions made in Jul-20.

HIGHLIGHTS

Key Financial Indicators

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

* 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).

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 Mianmar. 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 CIEX 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[7] 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

[7] 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
Volume (Thousand Tons)	552	519	6.3%	562	(1.8%)
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%
Net Operating Revenues (R$, Million)	4,643	4,082	13.7%	4,655	(0.3%)
Average price (R$/Kg)	8.41	7.86	7.0%	8.28	1.5%
COGS	(3,622)	(3,100)	16.8%	(3,506)	3.3%
Gross Profit (R$, Million)	1,020	982	4.0%	1,149	(11.2%)
Gross Margin (%)	22.0%	24.0%	(2.1) p.p.	24.7%	(2.7) p.p.
EBITDA Adjusted Ex-Tributary Effects*	544	790	(31.2%)	611	(10.9%)
EBITDA Adjusted Margin Ex-Tributary Effects* (%)	11.7%	19.4%	(7.6) p.p.	13.1%	(1.4) p.p.
Adjusted EBITDA ex-ICMS	544	462	17.7%	611	(10.9%)
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.

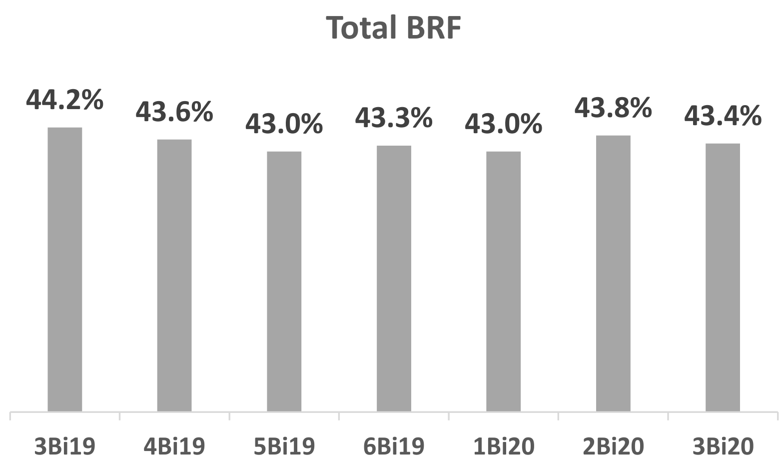
This positive business performance mitigated the impact of higher grain costs but partially offset the non-recurring expenses to prevent and fight the effects of Covid-19. Hence, gross margin shrank 2.1 p.p. in the y-o-y comparison, reaching 22.0% in 2Q20.

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).

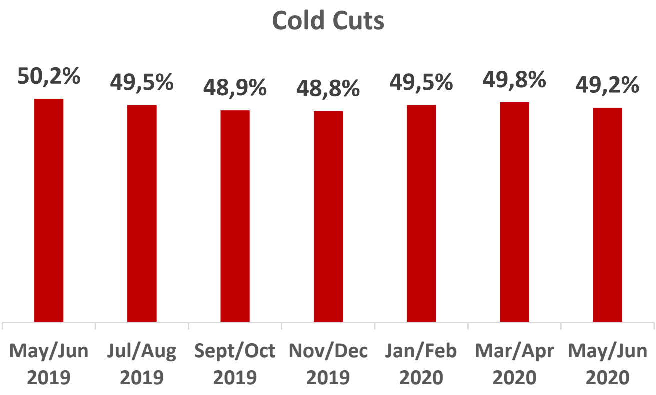
Market Share

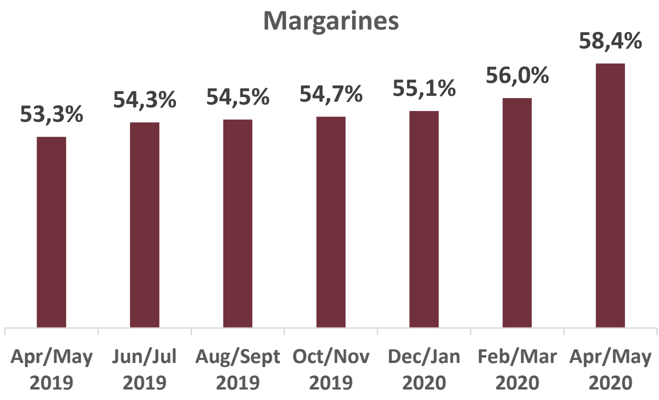
In the third bi-monthly period of 2020, the Company's consolidated market share reached 43.4%, 0.8 p.p. lower than the same period last year.

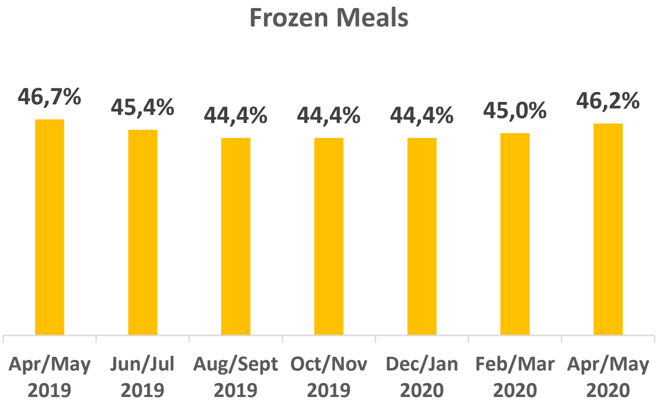
Compared to the last reading, we recorded growth in Margarine (+2.4 p.p.) and Frozen Meals (+1.2 p.p.). On the other hand, the Processed Food and Cold Cuts categories declined 1.7 p.p. and 0.6 p.p., respectively, due to temporary halt of our plants to protect our employees' health against the effects 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.

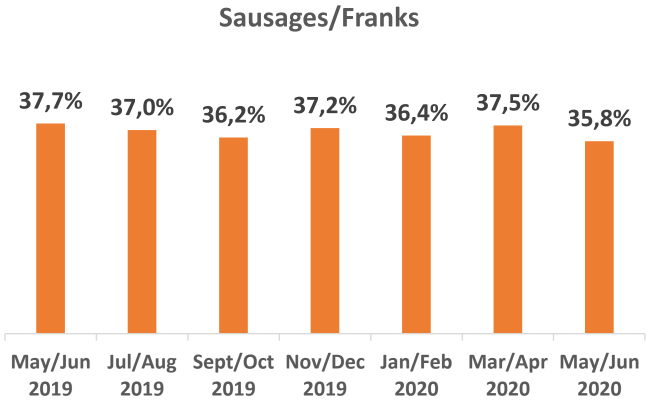


Source: Nielsen









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%
Net Operating Revenues (R$, Million)	4,207	3,985	5.6%	4,016	4.8%
Average price (R$/Kg)	9.08	7.89	15.0%	8.77	3.5%
COGS	(3,288)	(2,939)	11.9%	(2,966)	10.8%
Gross Profit (R$, Million)	920	1,047	(12.1%)	1,049	(12.4%)
Gross Margin (%)	21.9%	26.3%	(4.4) p.p.	26.1%	(4.3) p.p.
Adjusted EBITDA (R$, Million)	468	693	(32.5%)	680	(31.1%)
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
Volume (Thousand Tons)	144	140	3.5%	135	7.3%
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%)
Net Operating Revenues (R$, Million)	1,424	1,159	22.9%	1,326	7.4%
Average price (R$/Kg)	9.86	8.31	18.7%	9.85	0.11%
COGS	(1,043)	(901)	15.7%	(887)	17.58%
Gross Profit (R$, Million)	381	257	48.2%	439	(13.2%)
Gross Margin (%)	26.8%	22.2%	4.6 p.p.	33.1%	(6.3) p.p.
Adjusted EBITDA (R$, Million)	334	249	34.3%	407	(18.0%)
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
Volume (Thousand Tons)	176	183	(3.7%)	184	(4.2%)
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%
Net Operating Revenues (R$, Million)	1,821	1,574	15.7%	1,702	7.0%
Average price (R$/Kg)	10.35	8.61	20.15%	9.27	11.67%
COGS	(1,419)	(1,057)	34.23%	(1,288)	10.13%
Gross Profit (R$, Million)	402	517	(22.3%)	413	(2.7%)
Gross Margin (%)	22.1%	32.9%	(10.8) p.p.	24.3%	(2.2) p.p.
Adjusted EBITDA (R$, Million)	101	273	(63.0%)	165	(38.8%)
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
Volume (Thousand Tons)	143	183	(21.7%)	139	2.5%
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%
Net Operating Revenues (R$, Million)	962	1,252	(23.2%)	988	(2.6%)
Average price (R$/Kg)	6.73	6.86	(1.9%)	7.09	(5.04%)
COGS	(826)	(981)	(15.7%)	(791)	(4.44%)
Gross Profit (R$, Million)	136	272	(50.0%)	197	(31.0%)
Gross Margin (%)	14.1%	21.7%	(7.6) p.p.	19.9%	(5.8) p.p.
Adjusted EBITDA (R$, Million)	33	172	(80.6%)	107	(69.0%)
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%
Net Operating Revenues (R$, Million)	254	276	(8.1%)	278	(8.8%)
COGS	(215)	(214)	0.3%	(224)	(3.86%)
Gross Profit (R$, Million)	39	62	(37.2%)	55	(28.9%)
Gross Margin (%)	15.3%	22.4%	(7.1) p.p.	19.7%	(4.3) p.p.
Adjusted EBITDA (R$, Million)	26	46	(42.9%)	41	(36.0%)
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%
Total	1,083	1,090	(0.7%)	1,087	(0.4%)
NOR (R$ Million)	9,104	8,338	9.2%	8,949	1.7%
Average Price (NOR)	8.41	7.65	10.0%	8.23	2.1%

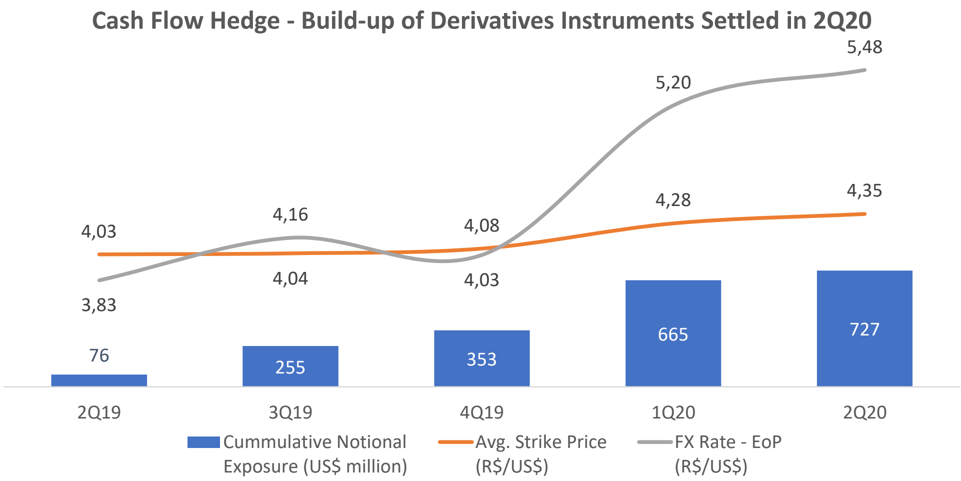
In 2Q20, net revenue totaled R$9.1 billion, up 9.2% y-o-y, reflecting: (i) an improved business performance in the Brazil Segment, which recorded a volume growth of 6.3% y-o-y (+12.9% y-o-y in processed food) and better prices +7.0% y-o-y; (ii) 5.6% y-o-y increase in net revenue from the International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

Hedge accounting strategy

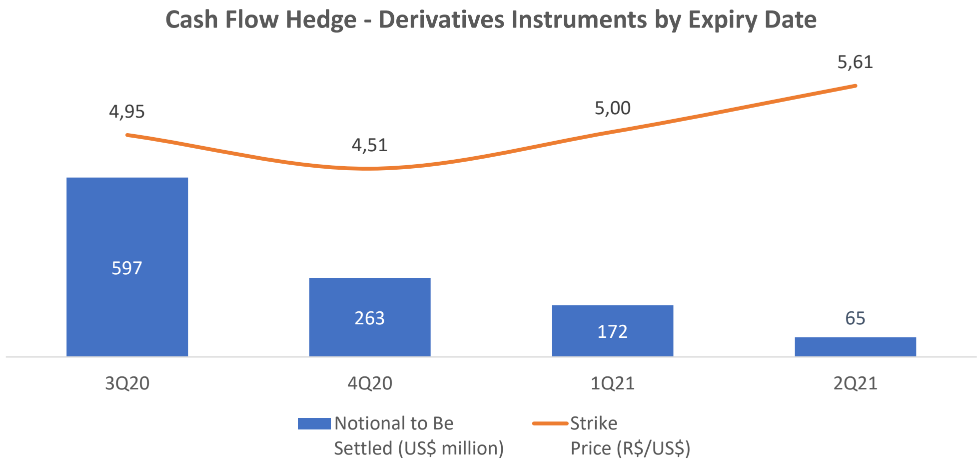
BRF's Financial Risk Management Policy ("PGRF") sets forth the guidelines relating to its financial risk management, mainly focused on market risk, counterparties, and liquidity.

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.



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.

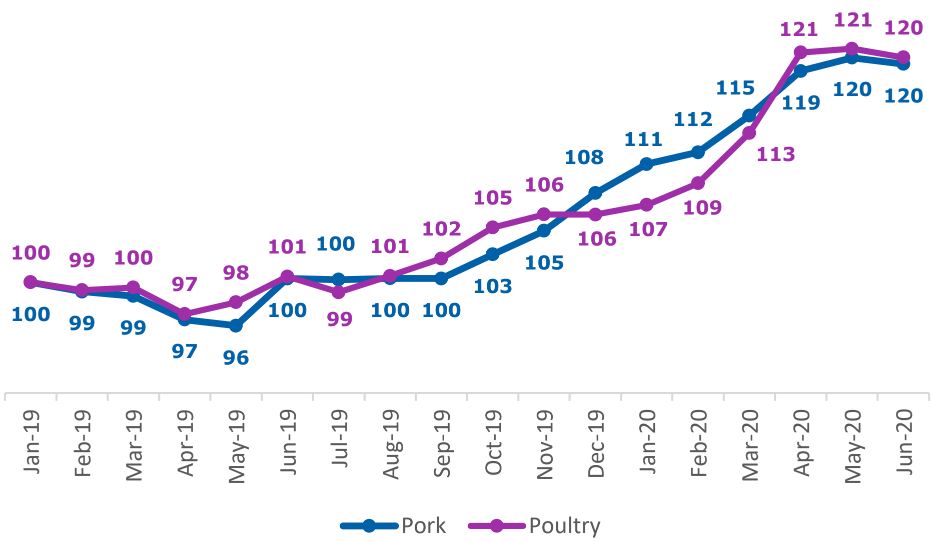
Cost of Sales (COGS)

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[8]), 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%[9] in the period, respectively.

[8] Spot average prices, considering 2/3 – corn and 1/3 – soybean bran – Esalq/B3.
[9] 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%)
Interest on Rights	32	414	(92.3%)	67	(52.5%)
Interest over ICMS based on PIS/COFINS	-	366	n.m.	-	n.m.
Other Rights	32	48	(33.2%)	67	(52.5%)
Charges on Obligations	(116)	(544)	(78.6%)	(160)	(27.0%)
Charges on ICMS over Staple Food Basket	-	(390)	n.m.	-	n.m.
Actuarial Liabilities	(10)	-	n.m.	-	n.m.
Contigent 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.
Net Financial Results	(190)	(619)	(69.3%)	(606)	(68.6%)

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^2 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$ Millons	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	-	-	24
Logistics	19	9	3	4	3	-
Others	(1)	6	12	2	1	(22)
Total	218	117	43	31	24	2

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
Consolidated Net (Loss)	307	191	60.8%	(38)	(903.3%)
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%
EBITDA	1,177	1,507	(21.9%)	1,126	4.5%
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 diposed (Impairment)	-	13	n.m.	8	n.m.
Others	(0)	(1)	(98.5%)	(0)	68.6%
Adjusted EBITDA	1,031	1,547	(33.3%)	1,251	(17.6%)
Adjusted EBITDA Margin (%)	11.3%	18.6%	(7.2) p.p.	14.0%	(2.7) p.p.
ICMS PIS/COFINS Impact	-	687	n.m.	-	n.m.
ICMS Staple Food Basket Impact	-	(359)	n.m.	-	n.m.
EBITDA Adjusted Ex-Tributary Effects*	1,031	1,219	(15.4%)	1,251	(17.6%)
EBITDA Adjusted Margin Ex-Tributary Effects* (%)	11.3%	14.6%	(3.3) p.p.	14.0%	(2.7) p.p.

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

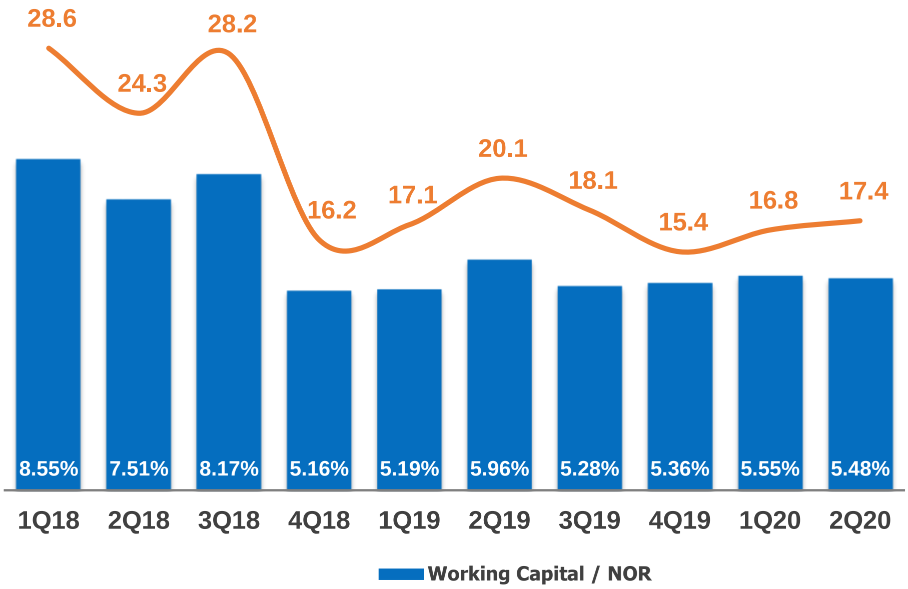
As mentioned above, the cost/expense items relating to prevention and fight against the effects of Covid-19 on the Company's operations totaled R$218 million. Thus, Adjusted EBITDA would total R$1,250 million in 2Q20, up by 2.5% y-o-y[10], evidencing the Company's solid business and operational strategy,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

[10] 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[1] - 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
EBITDA	1,177	1,507	1,126
Working Capital	64	(295)	10
Δ Accounts Receivable	235	(62)	342
Δ Inventories	(510)	19	(919)
Δ Suppliers	339	(251)	586
Others	177	(51)	384
Cash Flow from Operating Activities	1,418	1,162	1,520
CAPEX with IFRS16	(582)	(470)	(501)
Cash Flow from Operations with Capex	836	692	1,019
M&A and Sale of Assets	(6)	1,249	10
Cash Flow from Investments	(588)	779	(491)
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
Cash Flow from Financing Activities	(23)	(568)	1,745
Free Cash Flow	807	1,373	2,774
New Debt Amortizantions	1,009	(651)	709
Shares Buyback	(106)	-	-
Cash Variations	1,709	721	3,483

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

** 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

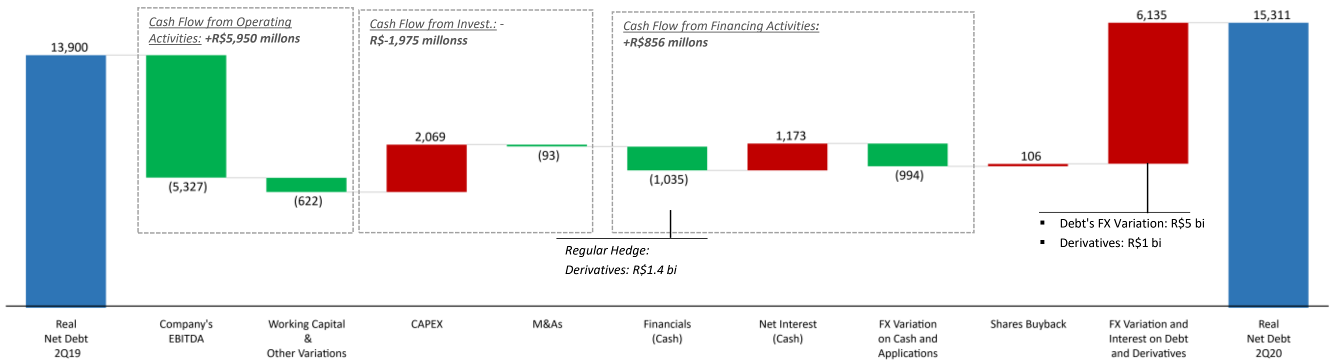
R$ Million	In 06.30.2020			In 12.31.2019	
Debt	Current	Non-current	Total	Total	Δ %
Local Currency	(3,131)	(6,092)	(9,223)	(7,614)	21.1%
Foreign Currency	(2,042)	(14,743)	(16,785)	(11,160)	50.4%
Gross Debt	(5,173)	(20,836)	(26,008)	(18,774)	38.5%
Cash Investments*					
Local Currency	4,821	92	4,913	2,051	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%
Net Debt	5,080	(20,391)	(15,311)	(13,269)	15.4%

** 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[11], (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.

[11] 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%
Efficieny	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%)
Total	582	470	23.8%	501	16.2%

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
Net Operating Revenues	9,104	8,338	9.2%	8,949	1.7%
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.
Gross Profit	1,979	2,092	(5.4%)	2,253	(12.2%)
% of the NOR	21.7%	25.1%	(3.3) p.p.	25.2%	(3.4) 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.
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.
Fixed	(794)	(812)	(2.2%)	(816)	(2.7%)
Variable	(546)	(443)	23.2%	(501)	9.0%
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.
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.
Operating Income	449	700	(35.9%)	793	(43.4%)
% of the NOR	4.9%	8.4%	(3.5) p.p.	8.9%	(3.9) p.p.
Other Operating Results	139	230	(39.9%)	(239)	n.m.
Equity Income	-	(1)	n.m.	-	n.m.
EBIT	587	930	(36.9%)	555	5.9%
% of the NOR	6.4%	11.2%	(4.7) p.p.	6.2%	0.3 p.p.
Net Financial Income	(190)	(619)	(69.3%)	(606)	(68.6%)
Income before Taxes	397	311	27.7%	(52)	n.m.
% 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.
Consolidated Net Income (Loss) - Continued Operations	307	191	60.8%	(38)	n.m.
% of the NOR	3.4%	2.3%	1.1 p.p.	(0.4%)	n.m.
Consolidated Net Income (Loss) - Total Consolidated	307	325	(5.5%)	(38)	n.m.
% of the NOR	3.4%	3.9%	(0.5) p.p.	(0.4%)	n.m.
EBITDA	1,177	1,507	(21.9%)	1,126	4.5%
% of the NOR	12.9%	18.1%	(5.1) p.p.	12.6%	0.3 p.p.
Adjusted EBITDA	1,031	1,547	(33.3%)	1,251	(17.6%)
% 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
Assets		
Current Assets		
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
Total Current Assets	21,336	19,460
Non-Current Assets		
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
Total Non-Current Assets	27,572	27,845
Total Assets	48,909	47,304

Balance Sheet - R$ Million	06.30.20	03.31.20
Liabilities and Equity		
Current Liabilities		
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
Total Current Liabilities	16,886	16,312
Non-Current Liabilities		
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
Total Non-Current Liabilities	24,977	24,196
Total Liabilities	41,863	40,508
Shareholders' Equity		
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-Controling Shareholders	252	320
Total Shareholders' Equity	7,045	6,796
Total Liabilities and Shareholders	48,909	47,304