Financial Statements

Years ended December 31, 2020 and 2019

(A free translation of the original in Portuguese)

INDEX

(in thousands of Brazilian Reais)

PARENT COMPANY FS / STATEMENT OF FINANCIAL POSITION

Account Code	Account Description	Current Year 12.31.20	Previous Year 12.31.19
1	Total Assets	53,358,988	43,587,677
1.01	Current Assets	18,215,168	13,568,404
1.01.01	Cash and Cash Equivalents	3,876,139	1,368,980
1.01.02	Marketable Securities	312,515	396,994
1.01.02.01	Financial Investments Evaluated at Fair Value through Profit and Loss	312,515	396,994
1.01.03	Trade Accounts Receivable	5,254,064	6,153,937
1.01.03.01	Trade Accounts Receivable	5,210,498	6,097,935
1.01.03.02	Other Receivables	43,566	56,002
1.01.04	Inventories	5,161,261	2,786,147
1.01.05	Biological Assets	2,044,288	1,545,127
1.01.06	Recoverable Taxes	841,226	314,771
1.01.06.01	Current Recoverable Taxes	841,226	314,771
1.01.06.01.01	Income and social contribution tax (IR/CS)	28,888	40,291
1.01.06.01.03	Recoverable Income Taxes	830,075	297,014
1.01.06.01.04	Provision for losses	(17,737)	(22,534)
1.01.08	Other Current Assets	725,675	1,002,448
1.01.08.02	Assets of Discontinued Operations	15,637	16,671
1.01.08.02.01	Assets Held for Sale	15,637	16,671
1.01.08.03	Other	710,038	985,777
1.01.08.03.01	Dividends and Interest on Shareholders' Equity Receivable	10	418
1.01.08.03.02	Derivative Financial Instruments	361,315	193,740
1.01.08.03.06	Restricted Cash	1	296,294
1.01.08.03.10	Other	348,712	495,325
1.02	Non-current Assets	35,143,820	30,019,273
1.02.01	Non-current Assets	8,866,461	9,046,922
1.02.01.01	Financial Instruments Evaluted at Fair Value through Profit and Loss	15,044	14,891
1.02.01.04	Trade Accounts Receivable	49,569	71,029
1.02.01.04.01	Trade Accounts Receivable	6,731	6,797
1.02.01.04.02	Other Receivables	42,838	64,232
1.02.01.06	Biological Assets	1,154,726	1,016,642
1.02.01.07	Deferred Taxes	2,068,769	1,808,494
1.02.01.07.01	Deferred Income Taxes and Social Contribution	2,068,769	1,808,494
1.02.01.10	Other Non-current Assets	5,578,353	6,135,866
1.02.01.10.03	Judicial Deposits	553,276	575,681
1.02.01.10.04	Income and social contribution tax (IR/CS)	63,108	273,413
1.02.01.10.05	Provision for losses from Income and social contribution tax (IR/CS)	(8,985)	(8,985)
1.02.01.10.06	Recoverable Income Taxes	5,023,001	5,311,676
1.02.01.10.07	Provision for losses	(154,782)	(144,660)
1.02.01.10.08	Derivative Financial Instruments	234	49,991
1.02.01.10.09	Restricted Cash	24,357	-
1.02.01.10.10	Other	78,144	78,750
1.02.02	Investments	11,922,325	6,499,517
1.02.02.01	Investments	11,922,325	6,499,517
1.02.02.01.01	Equity in Associates	8,291	7,204
1.02.02.01.02	Interest on Wholly-owned Subsidiaries	11,913,451	6,491,730
1.02.02.01.04	Other	583	583
1.02.03	Property, Plant and Equipment, Net	11,168,558	11,333,302
1.02.03.01	Property, Plant and Equipment in Operation	8,596,006	8,881,416
1.02.03.02	Right of Use in Progress	1,977,199	2,116,014
1.02.03.03	Property, Plant and Equipment in Progress	595,353	335,872
1.02.04	Intangible	3,186,476	3,139,532
1.02.04.01	Intangible	3,186,476	3,139,532
1.02.04.01.02	Software	158,968	164,072
1.02.04.01.03	Trademarks	1,152,885	1,152,885
1.02.04.01.04	Goodwill	1,783,655	1,783,655
1.02.04.01.05	Software Leased	41,534	10,890
1.02.04.01.08	Other	49,434	28,030

The accompanying notes are an integral part of the financial statements.

PARENT COMPANY FS / STATEMENT OF FINANCIAL POSITION

Account Code	Account Description	Current Year 12.31.20	Previous Year 12.31.19
2	Total Liabilities	53,358,988	43,587,677
2.01	Current Liabilities	22,502,817	17,495,267
2.01.01	Social and Labor Obligations	260,733	244,172
2.01.01.01	Social Obligations	104,411	96,634
2.01.01.02	Labor Obligations	156,322	147,538
2.01.02	Trade Accounts Payable	9,911,814	6,425,857
2.01.02.01	Domestic Suppliers	9,097,794	5,839,663
2.01.02.01.01	Domestic Suppliers	7,507,271	4,866,694
2.01.02.01.02	Supply Chain Finance	1,287,577	659,911
2.01.02.01.03	Leasing Liability	302,946	313,058
2.01.02.02	Foreign Suppliers	814,020	586,194
2.01.02.02.01	Foreign Suppliers	648,960	404,068
2.01.02.02.02	Supply Chain Finance	165,060	182,126
2.01.03	Tax Obligations	268,347	268,193
2.01.03.01	Federal Tax Obligations	62,144	57,578
2.01.03.01.02	Other Federal	62,144	57,578
2.01.03.02	State Tax Obligations	202,292	207,398
2.01.03.03	Municipal Tax Obligations	3,911	3,217
2.01.04	Short Term Debts	811,919	3,033,034
2.01.04.01	Short Term Debts	759,832	3,020,005
2.01.04.02	Debentures	52,087	13,029
2.01.05	Other Obligations	9,929,227	6,039,658
2.01.05.01	Advances from related parties	8,960,394	5,364,164
2.01.05.01.04	Advances from related parties	8,960,394	5,364,164
2.01.05.02	Other	968,833	675,494
2.01.05.02.04	Derivative Financial Instruments	378,543	151,722
2.01.05.02.05	Management and Employees Profit Sharing	255,153	194,606
2.01.05.02.08	Other Obligations	335,137	329,166
2.01.06	Provisions	1,320,777	1,484,353
2.01.06.01	Tax, Social Security, Labor and Civil Risk Provisions	860,889	1,081,103
2.01.06.01.01	Tax Risk Provisions	262,165	498,257
2.01.06.01.02	Social Security and Labor Risk Provisions	345,656	359,101
2.01.06.01.04	Civil Risk Provisions	253,068	223,745
2.01.06.02	Other Provisons	459,888	403,250
2.01.06.02.04	Vacations & Christmas Bonuses Provisions	344,950	315,254
2.01.06.02.05	Employee Benefits Provisions	114,938	87,996
2.02	Non-current Liabilities	22,270,387	18,196,787
2.02.01	Long-term Debt	18,498,335	13,395,970
2.02.01.01	Long-term Debt	15,528,417	12,653,239
2.02.01.02	Debentures	2,969,918	742,731
2.02.02	Other Obligations	2,413,091	3,584,266
2.02.02.01	Liabilities with Related Parties	41,892	960,056
2.02.02.01.04	Advances from Related Parties and Other Liabilities	41,892	960,056
2.02.02.02	Other	2,371,199	2,624,210
2.02.02.02.06	Suppliers	13,781	12,347
2.02.02.02.07	Leasing Liability	1,965,748	1,939,494
2.02.02.02.08	Other Obligations	390,943	672,366
2.02.02.02.09	Derivative Financial Instruments	727	3

PARENT COMPANY FS / STATEMENT OF FINANCIAL POSITION

Account Code	Account Description	Current Year 12.31.20	Previous Year 12.31.19
2.02.04	Provisions	1,358,961	1,216,551
2.02.04.01	Tax, Social Security, Labor and Civil Risk Provisions	837,106	709,760
2.02.04.01.01	Provisions for Tax Contingencies	165,001	85,059
2.02.04.01.02	Social Security and Labor Risk Provisions	285,369	241,409
2.02.04.01.04	Provisions for Civil Contingencies	89,639	82,731
2.02.04.01.05	Contingent Liability	297,097	300,561
2.02.04.02	Other Provisons	521,855	506,791
2.02.04.02.04	Employee Benefits Plans	521,855	506,791
2.03	Shareholders' Equity	8,585,784	7,895,623
2.03.01	Paid-in Capital	12,460,471	12,460,471
2.03.01.01	Paid-in Capital	12,553,418	12,553,418
2.03.01.02	Cost of Shares Issuance	(92,947)	(92,947)
2.03.02	Capital Reserves	18,142	154,606
2.03.02.01	Goodwill on the Shares Issuance	166,192	166,192
2.03.02.04	Granted Options	255,625	255,445
2.03.02.05	Treasury Shares	(123,938)	(38,239)
2.03.02.07	Gain on Disposal/Change of Shares	(73,094)	(73,094)
2.03.02.08	Acquisition of Non-Controlling Entities	(206,423)	(155,478)
2.03.02.10	Capital Transactions with Controlling Entities	(220)	(220)
2.03.05	Accumulated Earnings (Losses)	(2,594,028)	(3,996,985)
2.03.08	Other Comprehensive Loss	(1,298,801)	(722,469)
2.03.08.01	Gains (Loss) with Cash Flow Hedge	(438,221)	(356,721)
2.03.08.02	Financial Instruments (FVTOCI)	7,016	4,454
2.03.08.03	Cumulative Translation Adjustments of Foreign Currency	(678,969)	(193,379)
2.03.08.04	Actuarial Gain (Losses)	(188,627)	(176,823)

The accompanying notes are an integral part of the financial statements.

PARENT COMPANY FS / STATEMENT OF INCOME (LOSS)

Account Code	Account Description	Current Year 01.01.20 to 12.31.20	Previous Year 01.01.19 to 12.31.19
3.01	Net Sales	32,583,136	28,746,067
3.02	Cost of Goods Sold	(26,227,283)	(22,747,326)
3.03	Gross Profit	6,355,853	5,998,741
3.04	Operating (Expenses) Income	1,217,650	(2,731,468)
3.04.01	Selling	(4,405,558)	(3,990,848)
3.04.02	General and Administrative	(507,540)	(409,851)
3.04.03	Impairment Loss on Trade Receivables	(4,822)	(21,336)
3.04.04	Other Operating Income	-	503,998
3.04.05	Other Operating Expenses	(185,186)	-
3.04.06	Income from Associates and Joint Ventures	6,320,756	1,186,569
3.05	Income Before Financial and Tax Results	7,573,503	3,267,273
3.06	Financial Results	(6,417,845)	(2,263,577)
3.06.01	Financial Income	371,496	1,246,368
3.06.01.01	Financial Income	371,496	1,246,368
3.06.02	Financial Expenses	(6,789,341)	(3,509,945)
3.06.02.01	Financial Expenses	(2,568,149)	(2,838,637)
3.06.02.02	Foreign exchange and monetary variations	(4,221,192)	(671,308)
3.07	Income Before Taxes	1,155,658	1,003,696
3.08	Income and Social Contribution	227,906	198,544
3.08.01	Current	-	904
3.08.02	Deferred	227,906	197,640
3.09	Income from Continued Operations	1,383,564	1,202,240
3.10	Net Loss from Discontinued Operations	-	(904,628)
3.11	Income (Loss)	1,383,564	297,612
3.99	Earnings per Share - (Brazilian Reais/Share)		
3.99.01	Earnings per Share - Basic		
3.99.01.01	ON	1.70998	0.36673
3.99.02	Earning per Share - Diluted		
3.99.02.01	ON	1.70526	0.36568

The accompanying notes are an integral part of the financial statements.

(in thousands of Brazilian Reais)

PARENT COMPANY FS / STATEMENT OF COMPREHENSIVE INCOME (LOSS)

Account Code	Account Description	Current Year 01.01.20 to 12.31.20	Previous Year 01.01.19 to 12.31.19
4.01	Income (Loss)	1,383,564	297,612
4.02	Other Comprehensive Income	(576,332)	553,050
4.02.01	Gain (Loss) on Foreign Currency Translation of Foreign Operations	(207,734)	626,254
4.02.02	Loss on Net Investment Hedge	(277,856)	(66,818)
4.02.03	Gain on Debt Investments Measured at FVTOCI	178	2,184
4.02.04	Gain (Loss) on Equity Investments Measured at FVTOCI	2,384	100,721
4.02.05	Gain (Loss) on Cash Flow Hedge	(81,500)	39,444
4.02.07	Actuarial Gains on Pension and Post-employment Plans	(11,804)	(148,735)
4.03	Comprehensive Income (Loss)	807,232	850,662

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 financial statements.

(in thousands of Brazilian Reais)

PARENT COMPANY FS / STATEMENT OF CHANGES IN EQUITY

Account Code	Account Description	Paid-in Capital	Capital Reserves, Granted Options and Treasury Shares	Profit Reserves	Retained Earnings	Other Comprehensive Income	Shareholders' Equity
5.01	Balance at January 1, 2020	12,460,471	154,606	-	(3,996,985)	(722,469)	7,895,623
5.03	Opening Balance Adjusted	12,460,471	154,606	-	(3,996,985)	(722,469)	7,895,623
5.04	Share-based Payments	-	(136,464)	-	-	-	(136,464)
5.04.03	Options Granted	-	20,551	-	-	-	20,551
5.04.04	Acquisition of Treasury Shares	-	(106,070)	-	-	-	(106,070)
5.04.12	Acquisition (Write-off) of Non-Controlling Entities	-	(50,945)	-	-	-	(50,945)
5.05	Total Comprehensive Loss	-	-	-	1,402,957	(576,332)	826,625
5.05.01	Income for the Period	-	-	-	1,383,564	-	1,383,564
5.05.02	Other Comprehensive Loss	-	-	-	19,393	(576,332)	(556,939)
5.05.02.01	Financial Instruments Adjustments	-	-	-	-	(81,500)	(81,500)
5.05.02.06	Gains on Marketable Securities Measured at FVTOCI	-	-	-	-	2,562	2,562
5.05.02.07	Actuarial Gains on Pension and Post-employment Plans	-	-	-	-	7,589	7,589
5.05.02.08	Employee Benefits Remeasurement - Defined Benefit	-	-	-	19,393	(19,393)	-
5.05.02.09	Loss on Foreign Currency Translation of Foreign Operations	-	-	-	-	(207,734)	(207,734)
5.05.02.10	Losses on Hedge Investments, net	-	-	-	-	(277,856)	(277,856)
5.07	Balance at December 31, 2020	12,460,471	18,142	-	(2,594,028)	(1,298,801)	8,585,784

Account Code	Account Description	Paid-in Capital	Capital Reserves, Granted Options and Treasury Shares	Profit Reserves	Retained Earnings	Other Comprehensive Income	Shareholders' Equity
5.01	Balance at January 1, 2019	12,460,471	58,678	-	(4,279,003)	(1,275,519)	6,964,627
5.02	Previous Year Adjustment	-	-	-	6,287	-	6,287
5.02.01	Adoption of IFRS 16	-	-	-	6,287	-	6,287
5.03	Opening Balance Adjusted	12,460,471	58,678	-	(4,272,716)	(1,275,519)	6,970,914
5.04	Share-based Payments	-	95,928	-	-	-	95,928
5.04.03	Options Granted	-	11,576	-	-	-	11,576
5.04.12	Acquisition of Non-Controlling Entities	-	84,352	-	-	-	84,352
5.05	Total Comprehensive Loss	-	-	-	328,224	553,050	881,274
5.05.01	Loss for the Period	-	-	-	297,612	-	297,612
5.05.02	Other Comprehensive Loss	-	-	-	30,612	553,050	583,662
5.05.02.01	Financial Instruments Adjustments	-	-	-	-	39,444	39,444
5.05.02.06	Gains on Marketable Securities Measured at FVTOCI	-	-	-	-	102,905	102,905
5.05.02.07	Actuarial losses on pension and post-employment plans	-	-	-	-	(118,123)	(118,123)
5.05.02.08	Employee benefits remeasurement - defined benefit	-	-	-	30,612	(30,612)	-
5.05.02.09	Gain on Foreign Currency Translation of Foreign Operations	-	-	-	-	559,436	559,436
5.06	Statements of Changes in Shareholders' Equity	-	-	-	(52,493)	-	(52,493)
5.06.04	Realized Loss on Marketable Securities at FVTOCI	-	-	-	(52,493)	-	(52,493)
5.07	Balance at December 31, 2019	12,460,471	154,606	-	(3,996,985)	(722,469)	7,895,623

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

The accompanying notes are an integral part of the financial statements.

(in thousands of Brazilian Reais)

PARENT COMPANY FS / STATEMENT OF CASH FLOWS

Account Code	Account Description	Current Year 01.01.20 to 12.31.20	Previous Year 01.01.19 to 12.31.19
6.01	Operating Activities from Continued Operations	4,309,759	1,006,965
6.01.01	Cash from Operations	3,859,952	4,088,684
6.01.01.01	Income of continuing operations	1,383,564	1,202,240
6.01.01.03	Depreciation and Amortization	1,267,169	1,273,704
6.01.01.04	Depreciation and Depletion of Biological Assets	789,496	728,904
6.01.01.05	Result on Disposal of Property, Plant and Equipments and Investment	29,287	4,197
6.01.01.06	Tax Recoveries and Gains in Tax Lawsuits	(379,087)	(1,218,993)
6.01.01.08	Deferred Income Tax	(227,906)	(197,640)
6.01.01.09	Provision for Tax, Civil and Labor Risks	318,041	813,282
6.01.01.10	Financial Results, Net	6,417,845	2,263,577
6.01.01.11	Income from Associates and Joint Ventures	(6,320,756)	(1,186,569)
6.01.01.12	Write-down of Inventories to Net Rrealizable Value	93,592	138,526
6.01.01.14	Employee Profit Sharing	235,195	213,317
6.01.01.17	Other	253,512	54,139
6.01.02	Changes in Operating Assets and Liabilities	449,807	(3,019,048)
6.01.02.01	Trade Accounts Receivable	976,661	(806,010)
6.01.02.02	Inventories	(2,468,706)	2,746
6.01.02.03	Trade Accounts Payable	2,028,927	(43,628)
6.01.02.05	Supply Chain Finance	620,232	(31,788)
6.01.02.06	Payment of Tax, Civil and Labor Risks Provisions	(269,819)	(564,344)
6.01.02.07	Others Operating Assets and Liabilities	(78,553)	(201,059)
6.01.02.08	Investment in Securities at FVTPL	-	(89,046)
6.01.02.09	Redemption of Securities at FVTPL	102,064	37,516
6.01.02.13	Payment of Interest	(1,260,768)	(1,125,888)
6.01.02.15	Dividends and Interest on Shareholders' Equity Received	304,357	9,425
6.01.02.16	Biological assets - Current	(499,161)	(85,323)
6.01.02.17	Interest received	78,070	144,333
6.01.02.19	Derivative Financial Instruments	916,503	(265,982)
6.01.03	Other	-	(62,671)
6.01.03.01	Net Cash Used in Operating Activities from Discontinued Operations	-	(62,671)
6.02	Net Cash provided by (used in) Investing Activities	(1,360,555)	91,711
6.02.02	Redemptions of Securities at Amortized Cost	-	89,046
6.02.04	Redemptions of Securities at FVTOCI	-	209,448
6.02.05	Redemptions of Restricted Cash	285,672	579,159
6.02.06	Additions to Property, Plant and Equipment	(758,954)	(357,881)
6.02.07	Receivable from Disposal of Property, Plant and Equipments and Investment	126,540	400,523
6.02.08	Capital increase in subsidiaries	(10,065)	-
6.02.09	Additions to Intangible	(95,164)	(62,747)
6.02.10	Additions to Biological Assets - Non-current	(907,497)	(761,273)
6.02.11	Sale (aquisition) of Participation in Joint Ventures and Subsidiaries	(1,087)	(3,005)
6.02.17	Advance for Future Capital Increase	-	(1,559)
6.03	Net Cash Used in Financing Activities	(740,447)	(3,565,970)
6.03.01	Proceeds from Debt Issuance	9,701,377	5,158,456
6.03.02	Payment of Debt	(9,861,770)	(8,258,629)
6.03.06	Treasury Shares Acquisition	(106,070)	-
6.03.11	Payment of lease liabilities	(473,984)	(465,797)
6.04	Exchange Rate Variation on Cash and Cash Equivalents	298,402	9,576
6.05	Increase (Decrease) in Cash and Cash Equivalents	2,507,159	(2,457,718)
6.05.01	Balance at the Beginning of the Year	1,368,980	3,826,698
6.05.02	Balance at the End of the Year	3,876,139	1,368,980

FVTPL: Fair Value Through Profit and Loss.
FVTOCI: Fair Value Through Other Comprehensive Income.

The accompanying notes are an integral part of the financial statements.

(in thousands of Brazilian Reais)

PARENT COMPANY FS / STATEMENT OF VALUE ADDED

Account Code	Account Description	Current Year 01.01.20 to 12.31.20	Previous Year 01.01.19 to 12.31.19
7.01	Revenues	37,320,794	33,075,718
7.01.01	Sales of Goods, Products and Services	36,613,811	32,018,719
7.01.02	Other Income	52,241	718,941
7.01.03	Revenue Related to Construction of Own Assets	752,949	354,115
7.01.04	Allowance for Doubtful Accounts	(98,207)	(16,057)
7.02	Supplies Acquired from Third Parties	(24,191,382)	(20,430,744)
7.02.01	Costs of Products and Goods Sold	(20,383,346)	(17,447,311)
7.02.02	Materials, Energy, Third Parties Services and Other	(3,808,005)	(3,045,581)
7.02.03	Reversal (Provision) for Inventories Losses	(31)	62,148
7.03	Gross Added Value	13,129,412	12,644,974
7.04	Retentions	(2,056,665)	(2,002,608)
7.04.01	Depreciation, Amortization and Exhaustion	(2,056,665)	(2,002,608)
7.05	Net Added Value	11,072,747	10,642,366
7.06	Received from Third Parties	6,690,019	2,431,309
7.06.01	Income from Associates and Joint Ventures	6,320,756	1,186,569
7.06.02	Financial Income	371,496	1,246,368
7.06.03	Other	(2,233)	(1,628)
7.07	Added Value to be Distributed	17,762,766	13,073,675
7.08	Distribution of Added Value	17,762,766	13,073,675
7.08.01	Payroll	5,219,387	4,775,151
7.08.01.01	Salaries	3,736,854	3,617,236
7.08.01.02	Benefits	1,231,371	923,274
7.08.01.03	Government Severance Indemnity Fund for Employees Guarantee Fund for Length of Service - FGTS	251,162	234,641
7.08.02	Taxes, Fees and Contributions	4,218,820	3,464,640
7.08.02.01	Federal	1,534,926	1,280,778
7.08.02.02	State	2,643,539	2,142,776
7.08.02.03	Municipal	40,355	41,086
7.08.03	Capital Remuneration from Third Parties	6,940,995	3,631,644
7.08.03.01	Interests	6,811,017	3,529,152
7.08.03.02	Rents	129,978	102,492
7.08.04	Interest on Own Capital	1,383,564	1,202,240
7.08.04.03	Income of the Period	1,383,564	1,202,240

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

The accompanying notes are an integral part of the financial statements.

(in thousands of Brazilian Reais)

CONSOLIDATED FS / STATEMENT OF FINANCIAL POSITION

Account Code	Account Description	Current Year 12.31.20	Previous Year 12.31.19
1	Total Assets	49,664,906	41,700,631
1.01	Current Assets	22,911,984	15,045,427
1.01.01	Cash and Cash Equivalents	7,576,625	4,237,785
1.01.02	Marketable Securities	314,158	418,182
1.01.02.01	Measured at Fair Value through Profit and Loss	314,158	398,897
1.01.02.02	Financial Instruments Evaluted at Fair Value through Other Comprehensive Income	-	19,285
1.01.03	Trade Accounts Receivable	4,136,421	3,090,691
1.01.03.01	Trade Accounts Receivable	4,092,855	3,031,046
1.01.03.02	Other Receivables	43,566	59,645
1.01.04	Inventories	6,802,759	3,887,916
1.01.05	Biological Assets	2,129,010	1,603,039
1.01.06	Recoverable Income Taxes	942,960	626,218
1.01.06.01	Current Recoverable Taxes	942,960	626,218
1.01.06.01.01	Income and social contribution tax (IR/CS)	43,840	152,486
1.01.06.01.03	Recoverable Income Taxes	916,857	496,265
1.01.06.01.04	Provision for losses	(17,737)	(22,533)
1.01.08	Other Current Assets	1,010,051	1,181,596
1.01.08.02	Assets of Discontinued Operations	186,025	99,245
1.01.08.02.01	Assets Held for Sale	186,025	99,245
1.01.08.03	Other	824,026	1,082,351
1.01.08.03.02	Derivative Financial Instruments	377,756	195,324
1.01.08.03.06	Restricted Cash	1	296,294
1.01.08.03.10	Other	446,269	590,733
1.02	Non-current Assets	26,752,922	26,655,204
1.02.01	Non-current Assets	9,308,366	9,455,356
1.02.01.01	Financial Instruments Evaluated at Fair Value through Profit and Loss	15,044	14,891
1.02.01.02	Financial Instruments Evaluted at Fair Value through Other Comprehensive Income	42,029	26,678
1.02.01.03	Evaluated at Amortized Cost	287,504	265,783
1.02.01.04	Trade Accounts Receivable	49,864	71,029
1.02.01.04.01	Trade Accounts Receivable	7,026	6,797
1.02.01.04.02	Other Receivables	42,838	64,232
1.02.01.06	Biological Assets	1,221,749	1,081,025
1.02.01.07	Deferred Taxes	2,109,064	1,845,862
1.02.01.07.01	Deferred Income Taxes and Social Contribution	2,109,064	1,845,862
1.02.01.10	Other Non-current Assets	5,583,112	6,150,088
1.02.01.10.03	Judicial Deposits	553,341	575,750
1.02.01.10.04	Income and social contribution tax (IR/CS)	63,888	278,292
1.02.01.10.05	Provision for losses from Income and social contribution tax (IR/CS)	(9,029)	(9,029)
1.02.01.10.06	Recoverable Income Taxes	5,023,459	5,314,688
1.02.01.10.07	Provision for losses	(155,261)	(145,141)
1.02.01.10.08	Derivative Financial Instruments	234	49,991
1.02.01.10.09	Restricted Cash	24,357	-
1.02.01.10.10	Other	82,123	85,537
1.02.02	Investments	8,874	14,880
1.02.02.01	Investments	8,874	7,788
1.02.02.01.01	Equity in Associates	8,291	7,204
1.02.02.01.05	Other	583	584
1.02.02.02	Investments Property	-	7,092
1.02.02.02.01	Investments Property	-	7,092
1.02.03	Property, Plant and Equipment, Net	12,215,580	12,276,889
1.02.03.01	Property, Plant and Equipment in Operation	9,376,390	9,638,930
1.02.03.02	Right of Use in Progress	2,230,935	2,289,052
1.02.03.03	Property, Plant and Equipment in Progress	608,255	348,907
1.02.04	Intangible	5,220,102	4,908,079
1.02.04.01	Intangible	5,220,102	4,908,079
1.02.04.01.02	Software	166,024	171,101
1.02.04.01.03	Trademarks	1,327,738	1,322,262
1.02.04.01.04	Goodwill	2,935,577	2,713,602
1.02.04.01.05	Software Leased	41,534	10,890
1.02.04.01.08	Other	749,229	690,224

The accompanying notes are an integral part of the financial statements.

(in thousands of Brazilian Reais)

CONSOLIDATED FS / STATEMENT OF FINANCIAL POSITION

Account Code	Account Description	Current Year 12.31.20	Previous Year 12.31.19
2	Total Liabilities	49,664,906	41,700,631
2.01	Current Liabilities	15,440,328	13,324,005
2.01.01	Social and Labor Obligations	272,416	258,408
2.01.01.01	Social Obligations	111,546	102,783
2.01.01.02	Labor Obligations	160,870	155,625
2.01.02	Trade Accounts Payable	10,832,005	7,003,084
2.01.02.01	Domestic Suppliers	9,099,523	5,841,777
2.01.02.01.01	Domestic Suppliers	7,509,000	4,868,808
2.01.02.01.02	Supply Chain Finance	1,287,577	659,911
2.01.02.01.03	Leasing Liability	302,946	313,058
2.01.02.02	Foreign Suppliers	1,732,482	1,161,307
2.01.02.02.01	Foreign Suppliers	1,487,206	915,611
2.01.02.02.02	Supply Chain Finance	165,060	182,126
2.01.02.02.03	Leasing Liability	80,216	63,570
2.01.03	Tax Obligations	395,630	517,208
2.01.03.01	Federal Tax Obligations	123,950	177,691
2.01.03.01.01	Income and Social Contribution Payable	60,121	118,384
2.01.03.01.02	Other Federal	63,829	59,307
2.01.03.02	State Tax Obligations	267,769	336,288
2.01.03.03	Municipal Tax Obligations	3,911	3,229
2.01.04	Short Term Debts	1,059,984	3,132,029
2.01.04.01	Short Term Debts	1,007,897	3,119,000
2.01.04.02	Debentures	52,087	13,029
2.01.05	Other Obligations	1,505,727	905,898
2.01.05.02	Other	1,505,727	905,898
2.01.05.02.01	Dividends and Interest on Shareholders' Equity Payable	4,272	3,435
2.01.05.02.04	Derivative Financial Instruments	384,969	153,612
2.01.05.02.05	Management and Employees Profit Sharing	306,120	239,695
2.01.05.02.08	Other Obligations	810,366	509,156
2.01.06	Provisions	1,352,848	1,507,378
2.01.06.01	Tax, Social Security, Labor and Civil Risk Provisions	865,338	1,084,308
2.01.06.01.01	Tax Risk Provisions	262,165	498,257
2.01.06.01.02	Social Security and Labor Risk Provisions	349,283	361,605
2.01.06.01.04	Civil Risk Provisions	253,890	224,446
2.01.06.02	Other Provisons	487,510	423,070
2.01.06.02.04	Vacations & Christmas Bonuses Provisions	362,280	327,151
2.01.06.02.05	Employee Benefits Provisions	125,230	95,919
2.01.07	Liabilities of Discontinued Operations	21,718	-
2.01.07.01	Liabilities of Discontinued Operations	21,718	-
2.01.07.01.01	Liabilities directly associated with assets held for sale	21,718	-
2.02	Non-current Liabilities	25,411,044	20,228,277
2.02.01	Long-term Debt	21,344,442	15,488,250
2.02.01.01	Long-term Debt	18,374,524	14,745,519
2.02.01.02	Debentures	2,969,918	742,731
2.02.02	Other Obligations	2,551,368	3,351,101
2.02.02.02	Other	2,551,368	3,351,101
2.02.02.02.06	Suppliers	13,781	12,347
2.02.02.02.07	Leasing Liability	2,153,519	2,054,552
2.02.02.02.08	Other Obligations	383,341	1,284,199
2.02.02.02.09	Derivative Financial Instruments	727	3

(in thousands of Brazilian Reais)

CONSOLIDATED FS / STATEMENT OF FINANCIAL POSITION

Account Code	Account Description	Current Year 12.31.20	Previous Year 12.31.19
2.02.03	Deferred Taxes	26,527	85,310
2.02.03.01	Deferred Income Taxes and Social Contribution	26,527	85,310
2.02.04	Provisions	1,488,707	1,303,616
2.02.04.01	Tax, Social Security, Labor and Civil Risk Provisions	837,382	710,061
2.02.04.01.01	Provisions for Tax Contingencies	165,137	85,207
2.02.04.01.02	Social Security and Labor Risk Provisions	285,423	241,469
2.02.04.01.04	Provisions for Civil Contingencies	89,640	82,731
2.02.04.01.05	Contingent Liabilities	297,182	300,654
2.02.04.02	Other Provisons	651,325	593,555
2.02.04.02.04	Employee Benefits Plans	651,325	593,555
2.03	Shareholders' Equity	8,813,534	8,148,349
2.03.01	Paid-in Capital	12,460,471	12,460,471
2.03.01.01	Paid-in Capital	12,553,418	12,553,418
2.03.01.02	Cost of Shares Issuance	(92,947)	(92,947)
2.03.02	Capital Reserves	18,142	154,606
2.03.02.01	Goodwill on the Shares Issuance	166,192	166,192
2.03.02.04	Granted Options	255,625	255,445
2.03.02.05	Treasury Shares	(123,938)	(38,239)
2.03.02.07	Gain on Disposal/Change of Shares	(73,094)	(73,094)
2.03.02.08	Acquisition of Non-Controlling Interests	(206,423)	(155,478)
2.03.02.10	Capital Transactions with Controlling Entities	(220)	(220)
2.03.05	Accumulated Earnings (Losses)	(2,594,028)	(3,996,985)
2.03.08	Other Comprehensive Loss	(1,298,801)	(722,469)
2.03.08.01	Gains (Loss) with Cash Flow Hedge	(438,221)	(356,721)
2.03.08.02	Financial Instruments (FVTOCI)	7,016	4,454
2.03.08.03	Cumulative Translation Adjustments of Foreign Currency	(678,969)	(193,379)
2.03.08.04	Actuarial Gain (Losses)	(188,627)	(176,823)
2.03.09	Non-controlling Interest	227,750	252,726

The accompanying notes are an integral part of the financial statements.

(in thousands of Brazilian Reais)

CONSOLIDATED FS / STATEMENT OF INCOME (LOSS)

Account Code	Account Description	Current Year 01.01.20 to 12.31.20	Previous Year 01.01.19 to 12.31.19
3.01	Net Sales	39,469,700	33,446,980
3.02	Cost of Goods Sold	(29,998,822)	(25,370,042)
3.03	Gross Profit	9,470,878	8,076,938
3.04	Operating (Expenses) Income	(6,624,085)	(5,124,165)
3.04.01	Selling	(5,587,488)	(4,911,666)
3.04.02	General and Administrative	(770,282)	(615,683)
3.04.03	Impairment Loss on Trade Receivables	(12,137)	(23,899)
3.04.04	Other Operating Income	-	428,820
3.04.05	Other Operating Expenses	(254,178)	-
3.04.06	Income from Associates and Joint Ventures	-	(1,737)
3.05	Income Before Financial and Tax Results	2,846,793	2,952,773
3.06	Financial Results	(1,698,995)	(1,865,399)
3.06.01	Financial Income	420,757	1,304,187
3.06.01.01	Financial Income	420,757	1,304,187
3.06.02	Financial Expenses	(2,119,752)	(3,169,586)
3.06.02.01	Financial Expenses	(1,889,454)	(3,096,716)
3.06.02.02	Foreign exchange and monetary variations	(230,298)	(72,870)
3.07	Income Before Taxes	1,147,798	1,087,374
3.08	Income and Social Contribution	242,271	125,887
3.08.01	Current	(77,373)	(94,699)
3.08.02	Deferred	319,644	220,586
3.09	Income from Continued Operations	1,390,069	1,213,261
3.10	Net Loss from Discontinued Operations	-	(915,809)
3.11	Income/Loss	1,390,069	297,452
3.11.01	Attributable to: Controlling Shareholders	1,383,564	297,612
3.11.02	Attributable to: Non-controlling Interest	6,505	(160)
3.99	Earnings per Share - (Brazilian Reais/Share)		
3.99.01	Earnings per Share - Basic		-
3.99.01.01	ON	1.70998	0.36673
3.99.02	Earning per Share - Diluted		
3.99.02.01	ON	1.70526	0.36568

The accompanying notes are an integral part of the financial statements.

(in thousands of Brazilian Reais)

CONSOLIDATED FS / STATEMENT OF COMPREHENSIVE INCOME (LOSS)

Account Code	Account Description	Current Year 01.01.20 to 12.31.20	Previous Year 01.01.19 to 12.31.19
4.01	Income (Loss)	1,390,069	297,452
4.02	Other Comprehensive Income	(548,492)	520,598
4.02.01	Gain (Loss) on Foreign Currency Translation of Foreign Operations	(179,426)	595,588
4.02.02	Loss on Net Investment Hedge	(277,856)	(66,818)
4.02.03	Gain on Debt Investments Measured at FVTOCI	178	2,184
4.02.04	Gain (Loss) on Equity Investments Measured at FVTOCI	2,384	100,721
4.02.05	Gain (Loss) on Cash Flow Hedge	(81,500)	39,444
4.02.07	Actuarial Gains on Pension and Post-employment Plans	(12,272)	(150,521)
4.03	Comprehensive Income (Loss)	841,577	818,050
4.03.01	Attributable to: BRF Shareholders	807,232	850,662
4.03.02	Attributable to: Non-controlling Interests	34,345	(32,612)

The accompanying notes are an integral part of the financial statements.

(in thousands of Brazilian Reais)

CONSOLIDATED FS / STATEMENT OF CHANGES IN EQUITY

Account Code	Account Description	Paid-in Capital	Capital Reserves, Granted Options and Treasury Shares	Profit Reserves	Retained Earnings	Other Comprehensive Income	Shareholders' Equity	Non-Controlling Interests	Total Shareholders' Equity
5.01	Balance at January 1, 2020	12,460,471	154,606	-	(3,996,985)	(722,469)	7,895,623	252,726	8,148,349
5.03	Opening Balance Adjusted	12,460,471	154,606	-	(3,996,985)	(722,469)	7,895,623	252,726	8,148,349
5.04	Share-based Payments	-	(136,464)	-	-	-	(136,464)	(59,321)	(195,785)
5.04.03	Options Granted	-	20,551	-	-	-	20,551	-	20,551
5.04.04	Acquisition of Treasury Shares		(106,070)	-	-	-	(106,070)	-	(106,070)
5.04.13	Acquisition / Sale of Non-Controlling Interests	-	(50,945)	-	-	-	(50,945)	(54,863)	(105,808)
5.05	Total Comprehensive Loss	-	-	-	1,402,957	(576,332)	826,625	34,345	860,970
5.05.01	Income for the Period	-	-	-	1,383,564	-	1,383,564	6,505	1,390,069
5.05.02	Other Comprehensive Loss	-	-	-	19,393	(576,332)	(556,939)	27,840	(529,099)
5.05.02.01	Financial Instruments Adjustments	-	-	-	-	(81,500)	(81,500)	-	(81,500)
5.05.02.06	Gains on Marketable Securities Measured at FVTOCI	-	-	-	-	2,562	2,562	-	2,562
5.05.02.07	Actuarial Gains (Losses) on Pension and Post-employment Plans	-	-	-	-	7,589	7,589	(468)	7,121
5.05.02.08	Employee Benefits Remeasurement - Defined Benefit	-	-	-	19,393	(19,393)	-	-	-
5.05.02.09	Loss on Foreign Currency Translation of Foreign Operations	-	-	-	-	(207,734)	(207,734)	28,308	(179,426)
5.05.02.10	Losses on Hedge Investments, net	-	-	-	-	(277,856)	(277,856)	-	(277,856)
5.07	Balance at December 31, 2020	12,460,471	18,142	-	(2,594,028)	(1,298,801)	8,585,784	227,750	8,813,534

Account Code	Account Description	Paid-in Capital	Capital Reserves, Granted Options and Treasury Shares	Profit Reserves	Retained Earnings	Other Comprehensive Income	Shareholders' Equity	Non-Controlling Interests	Total Shareholders' Equity
5.01	Balance at January 1, 2019	12,460,471	58,678	-	(4,279,003)	(1,275,519)	6,964,627	567,150	7,531,777
5.02	Previous Year Adjustment	-	-	-	6,287	-	6,287	-	6,287
5.02.01	Adoption of IFRS 16	-	-	-	6,287	-	6,287	-	6,287
5.03	Opening Balance Adjusted	12,460,471	58,678	-	(4,272,716)	(1,275,519)	6,970,914	567,150	7,538,064
5.04	Share-based Payments	-	95,928	-	-	-	95,928	(281,812)	(185,884)
5.04.03	Options Granted	-	11,576	-	-	-	11,576	-	11,576
5.04.06	Dividends	-	-	-	-	-	-	(4,988)	(4,988)
5.04.13	Acquisition / Sale of Non-Controlling Interests	-	84,352	-	-	-	84,352	(276,824)	(192,472)
5.05	Total Comprehensive Loss	-	-	-	328,224	553,050	881,274	(32,612)	848,662
5.05.01	Loss for the Period	-	-	-	297,612	-	297,612	(160)	297,452
5.05.02	Other Comprehensive Loss	-	-	-	30,612	553,050	583,662	(32,452)	551,210
5.05.02.01	Financial Instruments Adjustments	-	-	-	-	39,444	39,444	-	39,444
5.05.02.06	Unrealized Losses on Marketable Securities at FVTOCI	-	-	-	-	102,905	102,905	-	102,905
5.05.02.07	Actuarial losses on pension and post-employment plans	-	-	-	-	(118,123)	(118,123)	(1,786)	(119,909)
5.05.02.08	Employee benefits remeasurement - defined benefit	-	-	-	30,612	(30,612)	-	-	-
5.05.02.09	Cumulative Translation Adjustments of Foreign Currency	-	-	-	-	559,436	559,436	(30,666)	528,770
5.06	Statements of Changes in Shareholders' Equity	-	-	-	(52,493)	-	(52,493)	-	(52,493)
5.06.04	Realized Loss on Marketable Securities at FVTOCI				(52,493)		(52,493)		(52,493)
5.07	Balance at December 31, 2019	12,460,471	154,606	-	(3,996,985)	(722,469)	7,895,623	252,726	8,148,349

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

The accompanying notes are an integral part of the financial statements.

(in thousands of Brazilian Reais)

CONSOLIDATED FS / STATEMENT OF CASH FLOWS

Account Code	Account Description	Current Year 01.01.20 to 12.31.20	Previous Year 01.01.19 to 12.31.19
6.01	Operating Activities from Continued Operations	4,417,630	2,521,230
6.01.01	Cash from Operations	5,825,096	5,271,158
6.01.01.01	Income of Continuing Operations	1,390,069	1,213,261
6.01.01.03	Depreciation and Amortization	1,517,402	1,503,039
6.01.01.04	Depreciation and Depletion of Biological Assets	876,976	798,239
6.01.01.05	Result on Disposal of Property, Plant and Equipments and Investment	40,220	15,402
6.01.01.06	Tax Recoveries and Gains in Tax Lawsuits	(379,087)	(1,218,993)
6.01.01.08	Deferred Income Tax	(319,644)	(220,586)
6.01.01.09	Provision for Tax, Civil and Labor Risks	319,237	836,357
6.01.01.10	Financial Results, Net	1,698,995	1,865,399
6.01.01.11	Income from Investments Under the Equity Method	-	1,737
6.01.01.12	Write-down of Inventories to Net Rrealizable Value	122,082	149,517
6.01.01.14	Employee Profit Sharing	283,065	269,755
6.01.01.15	Impairment	10,160	22,927
6.01.01.17	Other	265,621	35,104
6.01.02	Changes in Operating Assets and Liabilities	(1,407,466)	(2,640,694)
6.01.02.01	Trade Accounts Receivable	(481,192)	(182,126)
6.01.02.02	Inventories	(2,622,702)	(130,646)
6.01.02.03	Trade Accounts Payable	2,154,693	(392,533)
6.01.02.05	Supply Chain Finance	620,232	(31,760)
6.01.02.06	Payment of Tax, Civil and Labor Risks Provisions	(269,820)	(564,342)
6.01.02.07	Others Operating Assets and Liabilities	24,216	228,722
6.01.02.08	Investment in Securities at FVTPL	-	(92,911)
6.01.02.09	Redemption of Securities at FVTPL	102,172	39,189
6.01.02.13	Payment of Interest	(1,421,539)	(1,290,853)
6.01.02.14	Payment of Income Taxes	(155)	(98)
6.01.02.15	Dividends and Interest on Shareholders' Equity Received	-	15,551
6.01.02.16	Biological assets - Current	(524,414)	(94,087)
6.01.02.17	Interest received	87,334	180,686
6.01.02.19	Derivative Financial Instruments	923,709	(325,486)
6.01.03	Other	-	(109,234)
6.01.03.01	Net Cash Used in Operating Activities from Discontinued Operations	-	(109,234)
6.02	Net Cash Provided by (used in) Investing Activities	(1,430,989)	1,443,106
6.02.01	Investments in Securities at Amortized Cost	-	(15,362)
6.02.02	Redemptions of Securities at Amortized Cost	-	95,638
6.02.04	Redemptions of Securities at FVTOCI	26,352	264,965
6.02.05	Redemptions of Restricted Cash	285,672	599,847
6.02.06	Additions to Property, Plant and Equipment	(804,609)	(417,165)
6.02.07	Receivable from Disposal of Property, Plant and Equipments and Investment	126,540	1,879,220
6.02.09	Additions to Intangible	(96,181)	(64,320)
6.02.10	Additions to Biological Assets - Non-current	(1,006,222)	(837,930)
6.02.11	Sale (aquisition) of Participation in Joint Ventures and Sudsidiaries	(1,087)	(3,005)
6.02.13	Sale of Participation in Subsidiaries with Loss of Control	38,546	-
6.02.16	Net Cash Provided (used in) Investing Activities from Discontinued Operations	-	(58,782)
6.03	Net Cash used in Financing Activities	(587,042)	(4,817,102)
6.03.01	Proceeds from Debt Issuance	10,420,333	5,399,158
6.03.02	Payment of Debt	(10,247,359)	(9,481,138)
6.03.06	Treasury Shares Acquisition	(106,070)	-
6.03.09	Acquisition of Non-Controlling Interests	(100,390)	(183,672)
6.03.10	Net Cash Provided (used in) by Financing Activities from Discontinued Operations	-	1,567
6.03.11	Payment of Lease Liabilities	(553,556)	(553,017)
6.04	Exchange Rate Variation on Cash and Cash Equivalents	939,241	54,540
6.05	Increase (Decrease) in Cash and Cash Equivalents	3,338,840	(798,226)
6.05.01	Balance at the Beginning of the Year	4,237,785	5,036,011
6.05.02	Balance at the End of the Year	7,576,625	4,237,785

FVTPL: Fair Value Through Profit and Loss.
FVTOCI: Fair Value Through Other Comprehensive Income.

The accompanying notes are an integral part of the financial statements.

(in thousands of Brazilian Reais)

CONSOLIDATED FS / STATEMENT OF VALUE ADDED

Account Code	Account Description	Current Year 01.01.20 to 12.31.20	Previous Year 01.01.19 to 12.31.19
7.01	Revenues	44,209,570	38,128,568
7.01.01	Sales of Goods, Products and Services	43,503,289	37,055,006
7.01.02	Other Income	30,222	701,414
7.01.03	Revenue Related to Construction of Own Assets	778,151	367,148
7.01.04	(Provision) Reversal for Doubtful Accounts Reversal	(102,092)	5,000
7.02	Supplies Acquired from Third Parties	(28,454,248)	(23,429,604)
7.02.01	Costs of Products and Goods Sold	(23,866,153)	(19,854,190)
7.02.02	Materials, Energy, Third Parties Services and Other	(4,580,547)	(3,645,362)
7.02.03	Recovery (Loss) of Assets Values	(7,548)	69,948
7.03	Gross Added Value	15,755,322	14,698,964
7.04	Retentions	(2,394,378)	(2,301,278)
7.04.01	Depreciation, Amortization and Exhaustion	(2,394,378)	(2,301,278)
7.05	Net Added Value	13,360,944	12,397,686
7.06	Received from Third Parties	419,506	1,302,068
7.06.01	Equity Pick-Up	-	(1,737)
7.06.02	Financial Income	420,757	1,304,187
7.06.03	Other	(1,251)	(382)
7.07	Added Value to be Distributed	13,780,450	13,699,754
7.08	Distribution of Added Value	13,780,450	13,699,754
7.08.01	Payroll	5,784,055	5,243,091
7.08.01.01	Salaries	4,195,249	4,000,266
7.08.01.02	Benefits	1,321,332	998,014
7.08.01.03	Government Severance Indemnity Fund for Employees Guarantee Fund for Length of Service - FGTS	267,474	244,811
7.08.02	Taxes, Fees and Contributions	4,236,084	3,893,274
7.08.02.01	Federal	1,543,491	1,705,214
7.08.02.02	State	2,643,201	2,142,966
7.08.02.03	Municipal	49,392	45,094
7.08.03	Capital Remuneration from Third Parties	2,370,242	3,350,128
7.08.03.01	Interests	2,141,428	3,188,793
7.08.03.02	Rents	228,814	161,335
7.08.04	Interest on Own Capital	1,390,069	1,213,261
7.08.04.03	Income of the Period	1,383,564	1,202,240
7.08.04.04	Non-controlling interest	6,505	11,021

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

The accompanying notes are an integral part of the financial statements.

brf

Sadia Perdigão Qualy Claybom Banvit ساديا Sadia Perdix

MANAGEMENT REPORT
4Q20 AND 2020 RESULTS

2020

Know more at ri.brf-global.com

Conference Call
Friday
02/26/2021
10:00 a.m. BRT
8:00 a.m. EDT
Access at:
https://vcasting.voitel.com.br
/?transmissionId=8879

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São Paulo, February 25th, 2021 – BRF S.A. (B3: BRFS3; NYSE: BRF) – referred to as "BRF" or "Company" today announced the fourth quarter (4Q20) and 2020 results. This report includes results recorded in Brazilian reais, pursuant to Brazilian corporation laws, and accounting practices adopted within Brazil. These results are in compliance with the International Financial Reporting Standards (IFRS) and are comparable to the same period of 2019 when indicated as such.

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 regarding the future of the company. These expectations are highly dependent on market changes and the general economic performance of the country, the industry, and international markets, and are therefore subject to change.

MESSAGE FROM MANAGEMENT

To our shareholders,

BRF ended the challenging year of 2020 with consistent value generation, caring for people, reinforcing its culture, evolving brand recognition, also the corporate restructuring announced in June 2018 was successfully concluded. This journey, amid the complex and extraordinary event occurred in 2020, evidenced our strength, our capacity and BRF's joint efforts to execute and deliver the assumed commitments.

Our journey was guided by a strategic planning built in 2018, jointly with our Board of Directors, which defined our priorities: (i) creation of a team and high-performance culture; (ii) operational excellence; (iii) financial discipline; (iv) deployment of an integrated and interdependent management model; and (v) essential commitments concerning Safety, Integrity and Quality.

Thus, BRF emerged from a very critical situation in 2018, with a consolidated net loss of R$4.5 billion, an Adjusted EBITDA of R$2.5 billion, a financial leverage of 5.12x, with a very short debt average term of 3.0 years. With joint efforts, discipline and a focus on execution, BRF ends 2020 with a net income of R$1.4 billion, more than doubling the Adjusted EBITDA, with a leverage of 2.73x and a debt average term of nearly 10 years, thus, minimizing any risk of refinancing and paving the way for a new phase of growth. The indicators below evidence the consistency of our business evolution:

Financial Statement - R$ Million	2020	2019	2018	2020 x 2019	2020 X 2018
Net Revenues	39,470	33,447	30,188	18.0%	30.7%
Gross Profit	9,471	8,077	4,868	17.3%	94.6%
Gross Margin	24.0%	24.1%	16.1%	(0.2) p.p.	7.9 p.p.
Net (Loss) Income Continued Operations	1,390	1,213	(2,115)	14.6%	n.m.
Net Margin - Continued Op. (%)	3.5%	3.6%	(7.0%)	(0.1) p.p.	n.m.
Net (Loss) Income Total Consolidated	1,390	297	(4,466)	367.3%	n.m.
Net Margin - Total Consolidated (%)	3.5%	0.9%	(14.8%)	2.6 p.p.	n.m.
EBITDA	5,241	5,254	1,541	(0.2%)	240.1%
EBITDA Margin (%)	13.3%	15.7%	5.1%	(2.4) p.p.	8.2 p.p.
Adjusted EBITDA	5,187	5,317	2,462	(2.5%)	110.7%
EBITDA Adjusted Margin (%)	13.1%	15.9%	8.2%	(2.8) p.p.	5.0 p.p.
Leverage (Net Debt/Adj.EBITDA LTM)	2.73X	2.50X	5.12X	9.4%	(46.7%)
ROIC (%)	11.0%	7.5%	(0.7%)	3.5 p.p.	11.7 p.p.
Average Debt Term (Years)	9.9	4.6	3.0	115.2%	230.0%

Success does not exist without a solid and well-grounded culture. We intensively work to deploy a high-performance culture, the BRF Essence: a set of concepts guiding our decisions and actions based on our history, legacy, values, and vision of the future. Our essence has also oriented us during the pandemic through decisiveness and sensibility. We truly care for the people and communities in which we operate as demonstrated through several initiatives executed over previous quarters. Such actions have resulted in higher engagement.

A recent survey involving over 44,000 respondents reached an index of 86%, an evolvement across all categories, highlighting a greater confidence reported in decisions made by senior management that reached 95%. These levels of engagement are comparable to the best companies composing the high-performance global market[1], above the global market of non-durable consumer goods. We are a benchmarking in terms of quality, transparency, diversity, leadership, career, and development compared to companies of the high-performance global market[1].

We managed to combine growth and profitability by optimizing our channels, improving the mix of products, practicing intellectual leadership, promoting excellent commercial execution, and through customer support of our iconic brands. We also reinforced one of our most competitive advantages: our brands.

Sadia is the most valuable brand within Brazil's food segment valued at US$1.8 billion, according to Exame/Brand Finance. Sadia is recognized as the most remembered brand in 2020 and most preferred by consumers. Perdigão is the fastest-growing food brand over the last few years and conquered the preference of new consumers in 2020. Qualy is the most preferred margarine brand and the most memorable by over 50% of Brazilians, making it an absolute leader in this category. Banvit became the preferred brand among Turkish consumers, with a 54% preference, like Sadia in the Halal market, with a 38% preference.

Innovation also became a relevant issue for the company to boost growth. In 2020, we became increasingly connected to new consumer habits and demands. As a result, BRF rolled out more than 280 new SKUs, 80% with high value-added. We also innovated how we serve our consumers. We launched an online platform, the "Mercato em Casa," present in Brazil's main consumer centers and our new chain of brick-and-mortar stores. The "Mercato Sadia" will greatly enhance our expertise and consumer experience. We also set out various partnerships with major e-commerce apps, advanced the Store-In-Store project in order to improve our approach to products and consumers of our brands. We executed our intellectual leadership in digital transformation, which is already present in the company's daily routine to bolster processes, tools, operations, and to accelerate our business sustainably.

We improved the management of our long, live, and complex supply chain by developing the Operational Excellence System (SEO), already active across all production units. The "SEO Agro" provides managerial tools to bolster the operations of our partners and is present in 100% of our integrations. We significantly advanced the licensing of exporting plants. We always aim to increase the possibilities of performing in markets where we operate, as well as for new territories. We successfully developed the Territorial Intelligence Digital Platform which allows integrated monitoring of the agricultural commodities chain. Aside from transformational actions in health, safety, and the environment, SSMA concerning transportation reached an all-time's low in the accident index.

Sustainability is present across all the links of our supply chain. We undertake commitments with short, medium, and long-term targets. We have 22 commitments across 9 priority topics for the company, envisaging animal wellness, diversity, communities, water consumption, conscious food consumption, and others. To get more detailed information, please visit https://www.brf-global.com/sustentabilidade. Market recognitions in this area fill us with motivation, such as our inclusion for the 14th consecutive year in B3's Corporate Sustainability Index (ISE) and the Efficient Carbon Index (ICO2). The "BRF Essence" includes the ESG aspects that have improved and are increasingly being potentialized in our business.

Above all, although amid the Covid-19 pandemic, we maintained our focus on the future. We are poised for a growth upturn and increased profitability. Our purpose is to offer quality, delicious, and practical food products for millions of people across the globe. On BRF Day that took place in December 2020, we announced our Vision 2030: a proposition to become even more global food company, lead in the segments in which we operate with solid, innovative brands that constantly evolve. We aspire to be a company that respects social and environmental governance, financial commitments, and principles. Our focus is to add value with increasingly practical and tasty products, solid brands, with quality and reliability.

The Vision 2030's principle is increasingly transforming BRF into a HIGH VALUE-ADDED FOOD company, in line with our "Essence" and ramp up the preference and the strength of our brands. Our ambition by the end of this cycle is to reach R$100 billion net revenue with an EBITDA margin above 15%. Thus, we defined 5 core priorities for growth: (i) ready-to-eat meals (ii) high value-added pork (iii) meat substitutes (iv) pet food; and

[1] According to Willis Towers Watson methodology

(v) international expansion. We will work with these initiatives not forgetting our core and our achievements up to date. We will lead and transform these markets consistently and with the same disciplined execution that brought us here.

It is with a great pride and confidence in the future that, on my behalf and the executive committee, we would like to acknowledge the dedication and efforts of our 95,000+ employees, 15,000+ suppliers, nearly 10,000 partners, and 300,000+ customers. Together, these people help us achieve the objective of BRF's core principle: to offer quality, tasty, and practical food to people across the globe. Ultimately, we aspire to provide a BETTER LIFE for everyone.

I also want to thank our board of directors and shareholders for their continued support on our journey, the suppliers for their collaborative efforts, the communities in which we operate, and our customers for their loyalty to our products and brands.

Lorival Nogueira Luz Jr.
Global CEO

OPERATING AND FINANCIAL PERFORMANCE

Key Indicators

Highlights (Million R$)	4Q20	4Q19	Chg. % y/y	2020	2019	Chg. % y/y
Volume (Thousand Tons)	1,198	1,173	2.2%	4,479	4,373	2.4%
Net Revenues	11,474	9,290	23.5%	39,470	33,447	18.0%
Average Price (R$/kg)	9.58	7.92	20.9%	8.81	7.65	15.2%
COGS	(8,580)	(6,918)	24.0%	(29,999)	(25,370)	18.2%
Gross Profit	2,895	2,373	22.0%	9,471	8,077	17.3%
Gross Margin	25.2%	25.5%	(0.3) p.p.	24.0%	24.1%	(0.2) p.p.
Net (Loss) Income Continued Operations	902	690	30.8%	1,390	1,213	14.6%
Net Margin - Continued Op. (%)	7.9%	7.4%	0.4 p.p.	3.5%	3.6%	(0.1) p.p.
Net (Loss) Income Total Consolidated	902	680	32.6%	1,390	297	367.3%
Net Margin - Total Consolidated (%)	7.9%	7.3%	0.5 p.p.	3.5%	0.9%	2.6 p.p.
Adjusted EBITDA	1,587	1,413	12.3%	5,187	5,317	(2.5%)
EBITDA Adjusted Margin (%)	13.8%	15.2%	(1.4) p.p.	13.1%	15.9%	(2.8) p.p.
Tributary Impacts (ICMS and Staple Food Basket)	92	89	2.8%	92	884	(89.6%)
EBITDA Adjusted Ex-Tributary Effects*	1,496	1,324	13.0%	5,095	4,433	14.9%
EBITDA Adjusted Margin Ex-Tributary Effects* (%)	13.0%	14.3%	(1.2) p.p.	12.9%	13.3%	(0.3) p.p.
Cash Generation (Consumption)	(1,502)	(114)	1217.5%	3,066	2,875	6.6%
Net Debt	14,152	13,269	6.7%	14,152	13,269	6.7%
Leverage (Net Debt/Adj.EBITDA LTM)	2.73X	2.50X	9.1%	2.73X	2.50X	9.1%

* Excluding tax assets relating to exclusion of ICMS from the PIS/Cofins calculation basis and ICMS liabilities over Staple Basket

Below, our results by segment, and related quarterly and annual comparisons between 2020 and 2019:

BRAZILIAN SEGMENT

Brazil Segment	4Q20	4Q19	Chg. % y/y	2020	2019	Chg. % y/y
Volume (Thousand Tons)	629	608	3.4%	2,321	2,195	5.8%
Poultry (In Natura)	123	128	(4.0%)	466	504	(7.6%)
Pork and Others (In Natura)	26	31	(15.8%)	119	117	2.0%
Processed foods	480	450	6.8%	1,737	1,574	10.3%
Net Operating Revenues (R$, Million)	6,395	5,085	25.8%	20,985	17,489	20.0%
Average price (R$/Kg)	10.17	8.36	21.6%	9.04	7.97	13.4%
COGS	(4,631)	(3,702)	25.1%	(15,711)	(13,212)	18.9%
Gross Profit (R$, Million)	1,765	1,383	27.6%	5,274	4,278	23.3%
Gross Margin (%)	27.6%	27.2%	0.4 p.p.	25.1%	24.5%	0.7 p.p.
EBITDA Adjusted Ex-Tributary Effects*	1,101	841	30.9%	3,085	3,014	2.4%
EBITDA Adjusted Margin Ex-Tributary Effects* (%)	17.2%	16.5%	0.7 p.p.	14.7%	17.2%	(2.5) p.p.
Adjusted EBITDA ex-ICMS	1,010	752	34.3%	2,993	2,129	40.6%
EBITDA Adjusted Margin ex-ICMS (%)	15.8%	14.8%	1.0 p.p.	14.3%	12.2%	2.1 p.p.

* Excluding tax assets relating to exclusion of ICMS from the PIS/Cofins calculation basis and ICMS liabilities over Staple Basket

4Q20 x 4Q19

The solid performance is 4Q20 reflects our strategy in line with operational and commercial execution, mainly stemming from (i) an accelerated pace of innovations that reached 5.6% of revenue from 3.3% in 4Q19 (69.7% growth y/y); (ii) value-added mix share reached 84.0% of sales, 0.5 p.p. higher than in 4Q19; (iii) advance of the preference index with Perdigão and Qualy, when compared to 2019. It is also worth noting a recovery of market share that reached 42.8%, +0.5 p.p. higher than the previous bi-monthly period.

Brazilian segment net revenue totaled R$6,395 million, 25.8% higher y/y in 4Q20. Average prices increased by 21.6% y/y in 4Q20, due to an improved mix of products and channels, besides agile management to mitigate the grain price increase and Covid-19-related additional expenses. Total volume grew by 3.4% y/y, and higher value-added categories standing out, such as processed food and margarines, which increased by 6.8% y/y.

It is worth mentioning the best and successful year-end campaign since 2014, with a 10% growth in the sell-out volume versus 2019, highlighting the 4.4% advance in poultry. The net revenue from Christmas food products surged 10.2% y/y, as a result of (i) better commercial execution that played a leading role in points-of-sale; and (ii) 16% y/y average price increase, mainly deriving from an improved mix of products with new launches, such as the new Premium Line Speciale, the expansion of "Chester" portfolio, other Christmas dinner options with Sadia special chicken, the development of Supreme line and the rollout of Christmas deserts, with new flavors of Miss Daisy line.

Concerning kits, we totaled 2.8 million units sold. Several companies replaced kits with gift vouchers, making the company adopt a new multichannel strategy with sales diversification, with a focus on profitability. We increased the number of deliveries, especially door-to-door, from 4,500 in 2019 to 25,000, in 2020.

With the implementation of +Excelência program, we advanced commercial productivity through the recovery of customers, reaching 278,000 points-of-sale, a significant evolution compared to 262,000 in 3Q20. We also improved our delivery level of services, we stepped up productivity at distribution centers and we optimized the replacement of our products, with a focus on preventing and reducing breakage through structuring and automation projects.

This positive commercial performance, coupled with greater operating efficiency, mitigated the impact of high grain costs, as well as non-recurring expenses to prevent and fight against the effects of the Covid-19. Hence, gross margin rose 0.4 p.p. y/y to 27.6% in 4Q20.

Adjusted EBITDA significantly advanced 30.9% in 4Q20 y/y, with a margin of 17.2% (+0.7 p.p. y/y). Excluding costs and expenses related to the Covid-19 in the Brazilian segment, totaling R$54 million, the Adjusted EBITDA would total R$1,156 million (+37.4% y/y) in 4Q20, recording an Adjusted EBITDA Margin of 18.1% (+1.5 p.p. y/y).

2020 x 2019

Despite the challenges faced by the domestic market due to the pandemic, we kept the pace of our strategic planning, bolstering our competitive advantages, advancing business generation with profitability. We invested in our brands, we expanded our portfolio of high value-added products, we improved our performance in new channels and we reinforced those in which we were present, besides enhancing the level of services to our customers. Thus, we hit a record result: net revenue of R$20,985 million, a 20.0% growth y/y, highlighting the processed category, whose volume increased 10.3% y/y. The Adjusted EBITDA reached R$3,085 million (+2.4% y/y), and an adjusted margin of 14.7% (2.5 p.p. y/y) in 2020.

INTERNATIONAL SEGMENT

International Segment	4Q20	4Q19	Chg. % y/y	2020	2019	Chg. % y/y
Volume (Thousand Tons)	498	497	0.2%	1,880	1,909	(1.5%)
Poultry (In Natura)	373	386	(3.3%)	1,435	1,504	(4.6%)
Pork and Others (In Natura)	51	44	17.1%	194	152	27.9%
Processed foods	74	67	9.5%	252	253	(0.5%)
Net Operating Revenues (R$, Million)	4,708	3,924	20.0%	17,240	14,899	15.7%
Average price (R$/Kg)	9.45	7.89	19.7%	9.17	7.81	17.5%
COGS	(3,674)	(3,003)	22.4%	(13,315)	(11,303)	17.8%
Gross Profit (R$, Million)	1,033	921	12.2%	3,925	3,596	9.1%
Gross Margin (%)	22.0%	23.5%	(1.5) p.p.	22.8%	24.1%	(1.4) p.p.
Adjusted EBITDA (R$, Million)	477	571	(16.4%)	2,101	2,316	(9.3%)
Adjusted EBITDA Margin (%)	10.1%	14.5%	(4.4) p.p.	12.2%	15.5%	(3.4) p.p.

1) Asia

Asia	4Q20	4Q19	Chg. % y/y	2020	2019	Chg. % y/y
Volume (Thousand Tons)	139	138	1.0%	554	526	5.4%
Poultry (In Natura)	94	101	(7.1%)	378	398	(5.1%)
Pork and Others (In Natura)	40	32	26.6%	156	107	45.4%
Processed foods	5	5	2.0%	20	20	1.4%
Net Operating Revenues (R$, Million)	1,502	1,313	14.4%	5,658	4,541	24.6%
Average price (R$/Kg)	10.78	9.52	13.2%	10.21	8.64	18.2%
COGS	(1,081)	(919)	17.6%	(4,039)	(3,435)	17.6%
Gross Profit (R$, Million)	421	394	7.0%	1,619	1,107	46.3%
Gross Margin (%)	28.0%	30.0%	(2.0) p.p.	28.6%	24.4%	4.2 p.p.
Adjusted EBITDA (R$, Million)	342	375	(8.7%)	1,418	1,046	35.5%
Adjusted EBITDA Margin (%)	22.8%	28.6%	(5.8) p.p.	25.1%	23.0%	2.0 p.p.

4Q20 x 4Q19

In 4Q20, net revenue in the Asian market surged 14.4% y/y to R$1.5 billion, reflecting higher volumes shipped in the quarter (+1.0% y/y) and higher average prices in Reais (+13.2% y/y). The outbreak of African Swine Fever is still impacting supply in several Asian countries, resulting in higher demand for imported products. In China, for instance, despite the partial recovery of local breeding stock and imports banished from other supplying countries, demand remained strong with attractive prices, which contributed to net revenue growing 20% in the period. In Japan, we saw a market slight recovery after the Japanese government's incentive programs, such as "Go to Travel" and "Go to Eat", but not sufficient to restore demand to the levels of 2019. Accordingly, local inventories remained at high levels reinforcing the negative pressure of prices. In other markets, the Real depreciation versus the US dollar favored prices in Reais, but price variation in US dollars and volume fluctuation according to supply and demand were influenced by the pandemic.

Gross profit reached R$421 million in 4Q20, with a gross margin of 28.0% (-2.0 p.p. y/y). Lower profitability was mainly due to higher production costs and Covid-19-related expenses, besides the currency hedge effect. Expenses relating to actions to prevent and fight against the effects of Covid-19 in the Asia segment totaled R$15 million. Excluding these effects, Adjusted EBITDA would total R$357 million in 4Q20, with a margin of 23.8% (+4.8 p.p. y/y).

2020 x 2019

In 2020, the commercial dynamics in the Asian market went through adverse events, influenced by African Swine Fever and the pandemic of COVID-19. In China, demand for proteins remained strong with adjusted pricing. Our volumes to the Asian market soared 44% y/y, with a price increase in Reais of 15.9% y/y. On the other hand, Japan, the second-largest Asian market, saw a slow demand due to the postponement of the Olympic Games and extensive lockdowns to curb the dissemination of the Covid-19 pandemic. As a result, we saw a scenario of high poultry inventories, with lower US dollar prices. In other markets, our volumes surged in Singapore and Vietnam, but we saw pitfalls to expand in other markets, such as the Philippines, after the banishment of Brazilian product imports.

A positive commercial execution in 2020, coupled with strict control of US dollar-denominated expenses were sufficient to offset higher production costs, Covid-19-related expenses, and the currency hedge effect. Thus, Adjusted EBITDA advanced 35.5% y/y to R$1,418 million, with an adjusted EBITDA margin of 25.1%. Excluding the Covid-19 effects, Adjusted EBITDA would total R$1,479 million in 2020, with a margin of 26.1% (+3.1 p.p. y/y).

2) Halal Distribution – Halal DDP

Halal DDP	4Q20	4Q19	Chg. % y/y	2020	2019	Chg. % y/y
Volume (Thousand Tons)	184	184	(0.3%)	717	716	0.0%
Poultry (In Natura)	150	153	(2.0%)	593	586	1.2%
Others (In Natura)	1	0	68.7%	2	3	(37.3%)
Processed foods	33	30	6.8%	122	128	(4.2%)
Net Operating Revenues (R$, Million)	1,924	1,456	32.1%	7,282	5,821	25.1%
Average price (R$/Kg)	10.47	7.90	32.6%	10.16	8.13	25.1%
COGS	(1,457)	(1,102)	32.2%	(5,538)	(4,160)	33.1%
Gross Profit (R$, Million)	467	354	32.0%	1,744	1,661	5.0%
Gross Margin (%)	24.3%	24.3%	(0.0) p.p.	24.0%	28.5%	(4.6) p.p.
Adjusted EBITDA (R$, Million)	135	124	8.9%	556	824	(32.6%)
Adjusted EBITDA Margin (%)	7.0%	8.5%	(1.5) p.p.	7.6%	14.2%	(6.5) p.p.

4Q20 x 4Q19

Net revenue in Halal Distribution totaled R$1,924 million in 4Q20 (+32.1% y/y), favored by exchange rate depreciation of Real versus US dollar (31.0% y/y), despite a slight drop of -0.3% y/y in volumes. The temporary halt of the Kizad plant to export to Saudi Arabia, still adversely impacted performance in the region as a whole – especially the sale of processed food due to the need for redirecting volumes to other markets with lower profitability.

In Turkey, factors, such as the economic crisis, the Turkish lira depreciation, besides the Covid-19, adversely impacted the pace of production. However, our strategy proved to be appropriate as we kept the pace of our production, reinforcing our presence in retail, due to higher demand seen in 4Q20. Thus, net revenue in the referred country surged 26.6% y/y.

Improved net revenue in the period was fully offset by higher grain and production costs. Thus, gross margin remained in line with the same period of the previous year, at 24.3% in 4Q20. Expenses relating to actions to prevent and fight against the effects of Covid-19 in the Halal DDP segment totaled R$13 million. Excluding these effects, Halal Distribution's Adjusted EBITDA would total R$148 million in 4Q20, with an Adjusted EBITDA margin of 7.7% (-0.8 p.p. y/y).

2020 x 2019

We bolstered our presence in retail, we rolled out 36 new SKUs, targeting value-added portfolio, investments in our brands, which resulted in greater preference and market share. Thus, despite challenges, we sustained our volumes in line with 2019. The average price increased by 25.1% y/y, mainly due to currency depreciation. During 2020, we went through a few obstacles: (i) the halt of the Kizad plant to export to Saudi Arabia; (ii) political and economic crisis in Turkey; and (iii) impact on demand due to the Covid-19 pandemic. Net revenue surged 25.1%, but insufficient to mitigate higher grain and production costs. As a result, Adjusted EBITDA shrank 6.5 p.p. y/y, reaching 7.6% in 2020. If we exclude Covid-19-related expenses, the Adjusted EBITDA margin would be 8.6%.

3) Direct Exports

Direct Exports	4Q20	4Q19	Chg. % y/y	2020	2019	Chg. % y/y
Volume (Thousand Tons)	175	175	0.2%	609	667	(8.6%)
Poultry (In Natura)	128	131	(2.1%)	464	520	(10.8%)
Pork and Others (In Natura)	11	12	(10.5%)	36	42	(12.9%)
Processed foods	36	32	13.3%	109	105	3.8%
Net Operating Revenues (R$, Million)	1,282	1,155	11.0%	4,300	4,537	(5.2%)
Average price (R$/Kg)	7.32	6.61	10.8%	7.06	6.80	3.7%
COGS	(1,137)	(982)	15.8%	(3,738)	(3,709)	0.8%
Gross Profit (R$, Million)	145	173	(16.5%)	562	829	(32.2%)
Gross Margin (%)	11.3%	15.0%	(3.7) p.p.	13.1%	18.3%	(5.2) p.p.
Adjusted EBITDA (R$, Million)	(0)	72	n.m.	127	445	(71.5%)
Adjusted EBITDA Margin (%)	(0.0%)	6.2%	(6.2) p.p.	3.0%	9.8%	(6.8) p.p.

4Q20 x 4Q19

In 4Q20, net revenue from Direct Exports rose 11.0% y/y to R$1,282 million, reflecting higher average prices in Reais (+10.8% y/y), mainly sustained by currency depreciation and slight volume growth of 0.2% y/y. We point out Chile, where we keep the pace of our strategy of increasing our presence in the modern trade through Sadia and Qualy brands, resulting in market share gains.

The Halal market represents more than 50% of the volume. The temporary halt of the Dois Vizinhos plant to export to Saudi Arabia and higher inventories in the markets in which we operate are still impacting the region's performance. Also, higher grain, production costs, and US dollar-denominated expenses pressured the region's profitability. As a result, the Adjusted EBITDA came close to zero. If we exclude Covid-19-related expenses, the Adjusted EBITDA would total R$10 million, with a margin of 0.8% (-5.4 p.p. y/y).

2020 x 2019

During 2020, we kept the pace of our strategy to increase the number of licenses, aiming at potentializing the markets in which we operate, as well as new geographies and products. We also improved our distribution in Chile (+16% y/y) in 2020, mainly focused on margarines, with a greater presence in the modern trade. In Africa, in line with our strategy to increase the share of value-added products in the international market, we expanded our category of processed food from 70.8% in 2019 to 76.4% in 2020. However, the direct export market was severely affected by the Covid-19 pandemic. Demand shrank due to a partial closure of the foodservice, excessive inventory in various markets in which we operate, hurdles in the exports flow to Iraq, temporary halt of plants, and operational deleverage. As a result, volumes plunged 8.6% y/y and our net revenue dropped 5.2% y/y. Thus, our Adjusted EBITDA margin was 3.0%, down 6.8 p.p. y/y. If we exclude the Covid-19-related expenses, the Adjusted EBITDA would total R$173 million, with a margin of 4.0% (-5.8 p.p. y/y).

OTHER SEGMENTS

Other Segments + Ingredients	4Q20	4Q19	Chg. % y/y	2020	2019	Chg. % y/y
Volume (Thousand Tons)	71	67	5.4%	277	269	3.0%
Poultry (In Natura)	1	3	(73.7%)	3	10	(65.6%)
Pork and Others (In Natura)	2	1	138.8%	6	2	237.9%
Processed foods	1	1	(8.5%)	3	5	(33.8%)
Ingredients	42	44	(3.9%)	173	185	(6.7%)
Pet	1	1	8.2%	3	2	54.4%
Others Sales	25	18	36.0%	90	66	35.4%
Net Operating Revenues (R$, Million)	371	281	32.0%	1,244	1,058	17.6%
COGS	(274)	(215)	27.7%	(973)	(854)	13.9%
Gross Profit (R$, Million)	96	66	45.8%	272	204	33.1%
Gross Margin (%)	26.0%	23.5%	2.5 p.p.	21.8%	19.3%	2.5 p.p.
Adjusted EBITDA (R$, Million)	79	45	73.7%	213	132	61.2%
Adjusted EBITDA Margin (%)	21.2%	16.1%	5.1 p.p.	17.1%	12.5%	4.6 p.p.

Adjusted EBITDA for "Other Segments" [2] totaled R$79 million in 4Q20 and R$213 million in 2020, with an Adjusted EBITDA margin of 21.2% and 17.1%, respectively, especially fueled by better prices practiced in the Ingredients segment and higher volumes sold in our Global Desk, creating another level of gross margin, which grew 2.5 p.p y/y in both periods, and related higher EBITDA margin.

Corporate

Corporate - R$ Million	4Q20	4Q19	Chg. % y/y	2020	2019	Chg. % y/y
Gross Profit	-	2	n.m.	(0)	(2)	(96.2%)
Adjusted EBITDA	(69)	(44)	58.9%	(212)	(144)	47.2%

Expenses related to contingency actions to fight against the effects of Covid-19 in the Corporate segment totaled R$15 million in 4Q20 and R$82 million in 2020, main expenses were those related to donations in the period, specialized advisory services expenditures, institutional communication campaign, tests conducted at units, amongst others. Excluding these effects, Adjusted EBITDA would have totaled negative R$54 million in 4Q20, mainly composed of (i) R$41 million provisions for civil and tax contingencies; and (ii) R$17 million divestment losses. In 2020, excluding the pandemic-related expenses, the Adjusted EBITDA would total negative R$130 million, and key impacts were (i) R$204 million referring to a settlement to dismiss a Class Action in the United States; (ii) R$110 million provision for civil and tax contingencies; (iii) R$28 million divestment losses; and (iv) reversal of provision for arbitration proceeding totaling R$14.5 million referring to the sale of a distribution center in Itaitinga-CE.

MARKET SHARE, PREFERENCE, AND INNOVATION

1) Brazil

As a result of our competitive advantages, such as brand preference, wide distribution, comprehensive portfolio, commercial execution, amongst others, we reached the level of 42.8% market share, 0.5 p.p. higher than the previous bi-monthly period and we recovered results from Frozen Meals, Processed Food and Margarines.

In 4Q20, due to temporary operational deleverage and amid increased demand, BRF kept the pace of its sales prioritization strategy. Also, aiming at increasing the level of service and market share, the Company continues investing in improving its capacity, as well as reinforcing the commercial team's productivity and efficiency.

In Frozen Meals, in the 6th bi-monthly period, BRF expands its absolute leadership, reaching 45.9% market share (+0.7 p.p. vs. 5th bi-monthly period). Within innovations of this category, the Sadia brand's Veg&Tal and Speciale lines surged sales by 28% and 62%, respectively (in the bi-monthly comparison, 6th vs. 5th). In Ready Meals, BRF reached 67.2% Market Share (+1.5 p.p. vs. 5th bi-monthly period), highlighting the recently launched Mac&Cheese, with a 16.3% market share.

In the Processed Food category, BRF advances 1.1 p.p. in the 6th bi-monthly period vs. the 5th, reaching 35.3% market share, in Cold Cuts, despite a small shrinkage (-0.3 p.p. vs 5th bi-monthly period), we still lead the development of sliced cold cuts segment, significantly growing and reaching 44.8% Market Share under this format, +2,0 p.p. above the same period of 2019. Sadia Speciale's sales grew by 9% versus the 5th bi-monthly period.

Margarines, highlight in the bi-monthly period, came 2.1 p.p. higher than the previous bi-monthly period. Market Share reached 58.3%.

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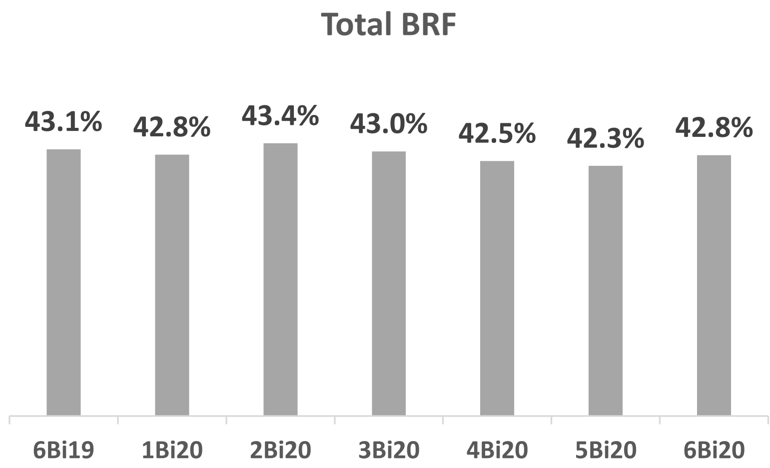
[2] The result of "Other Segments" is composed of results in the following units: (i) Ingredients (solutions in natural and innovative ingredients for health and nutrition industries); (ii) Global Desk (area in charge of settling few *in natura* products, negotiation of energy agreements, among others); (iii) Pets (animal food for the Pet Food market through Güd and Balance brands); and (iii) Corporate (corporate events not allocated to the segments, such as legal, tax provisions, Covid-19-related expenses, amongst others).

The Market Share recovery evidences our appropriate strategy of combining growth and profitability, despite the pressure on costs and adverse effects of the pandemic, ending 2020 with Market Share levels similar to in the beginning of the year. We also remind that Nielsen reading does not include the *In Natura* category and sales channels (ex.: foodservice), which are relevant for BRF, as well as a partial reading in small retail (referred to as "route").

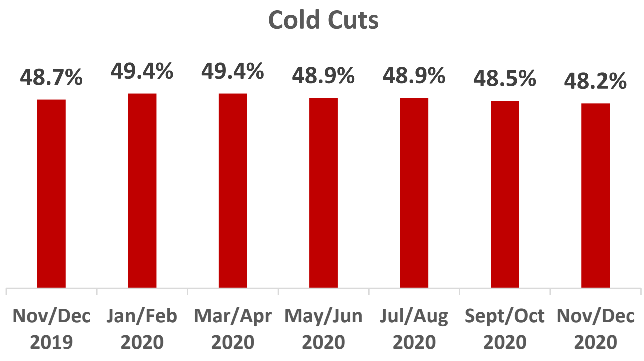
Concerning *In Natura* products, we point out the advance in the value-added portfolio, especially the Bio line, with volume growth of 40% versus 3Q20.

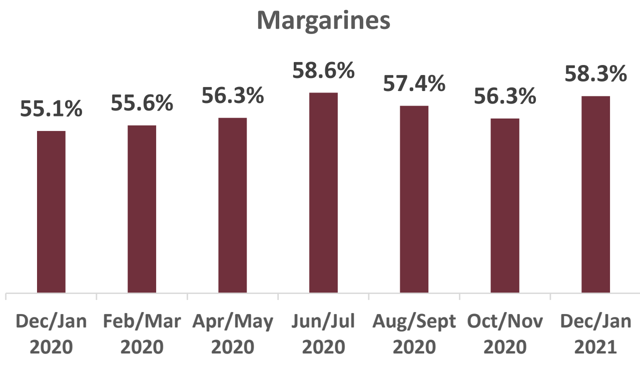
Concerning Innovations, we kept an accelerated during 4Q20, reaching 5.6% of revenue versus 3.3% in 4Q19 (69.7% growth y/y), highlighting the new Speciale line with Cold Cuts and Mortadella, new Miss Daisy pies, Cheese Roll, Butter, and Qualy Cream Cheese, Grilled Pork Beef Tenderloin, KFC Chicken Breast, Sadia new pork cuts, new Holiday food items and the new shelf-stable line of Perdigão with "Feijoada", Chicken Stroganoff, Chicken Breast with White Carrot, Thigh and Drumstick with mustard.

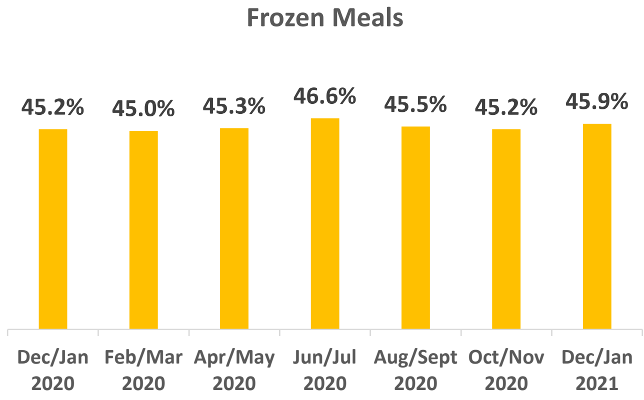
Concerning our brand performance, the preference index recorded a result similar to 2019 in total BRF, with 0.3 p.p. growth in Perdigão and 0.4 p.p. shrinkage in Sadia in the food scenario. Qualy grew 0.8 p.p. y/y in the Margarines category. We also reinforced our presence in the media with higher brand digital investment. Another positive performance was the NPS – Net Promoter Score, wherein BRF grew by 4% in Qualy, reaching 7.97, +2% in Perdigão, totaling 8.04, and Sadia which came in line with 2019 at 8.22.

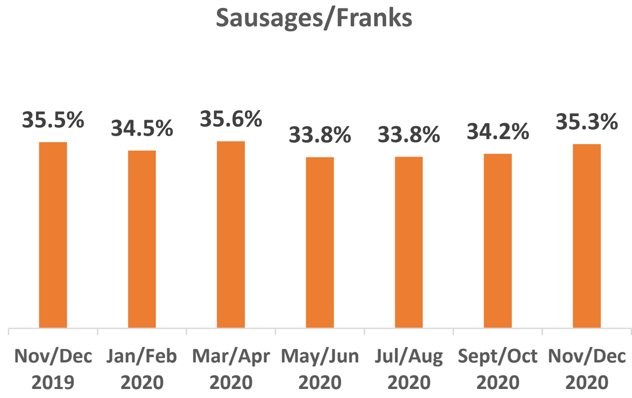


Source: Nielsen









Source: Nielsen Retail Bi-monthly – Margarines and Frozen Meals (December/January) reading; Processed Food and Cold Cuts (November/December) reading.
**Important: due to changes in Nielsen Retail bases, BRF's share level can be altered (up or down), already considering the latest reading and track record.*

2) International Segment

In the GCC region, we ended 2020 with an aggregate share of 37.1%, consolidating our leading position in the market. According to the last Nielsen reading, we have:

(i) griller with 49.6% (+ 1.5 p.p. y/y);

(ii) chicken cuts with 55.5% (+0.3 p.p. y/y);

(iii) processed food with 14.8% (- 6.0 p.p. y/y);

In Turkey, we ended 2020 with a 22.6% market share, 3.9 p.p. higher than in 2019. We highlight the processed food category that reached 25.9% market share, a 4.9 p.p. y/y growth. This is a result of actions to reinforce the Banvit brand, whose preference among consumers jumped from 39% to 54%, making the chicken brand the most preferred brand in Turkey, according to the Ipsos Institute.

ESG

1) Recognitions & Achievements:

- For the 14th year, we join the select group of B3's Corporate Sustainability Index that highlights companies and groups committed to sustainability.
- Inclusion in B3's Efficient Carbon Index (ICO2), evidencing our commitment to transparency of emissions, anticipating the vision how we are working towards a low-carbon economy.
- Zero Waste international certification granted by the Ministry of Environment and Urbanization of Turkey to the Bandirma plant and other two plants in Izmir.

- ISO Certification– 37001 – Anti-Bribery Management System
- 4th position in the Abrasca's Award of Best Integrated Report in 2020, with an honorable mention in the Economic and Financial Analysis category.

2) 4Q20 Highlights

- The Vice Presidency of Institutional Relations, Reputation, and Sustainability is created headed by Mrs. Grazielle Tallia Parenti.
- The Sustainability Policy is drawn up and disclosed, setting out the Company's guidelines concerning commitments and principles to be applied in business.
- For the fifth consecutive year in partnership with Sesc Nacional "Mesa Brasil" Program, we donated 250,000 "Chesters" in a campaign that already changed the Christmas of nearly 10 million consumers of 14 Brazilian states, since its deployment. Since 2016, we have already delivered over 1,250,000 units of "Chester".
- Inclusion of sustainability goals linked to the variable compensation of executives and those eligible for a bonus.
- We Movement: coalition of BRF and other food & beverage companies to support the small retailer during the pandemic.
- Support to the Amazon: participation in the solidary action "Juntos pelo Amazonas" (Together for the Amazon) along with other 14 companies to donate an oxygen generating plant amid the sanitation crisis faced by Amazonas state, due to the pandemic worsening.

3) 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, consistent with our commitment to always adopt the best practices to preserve health, wellness, and productivity.

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 customers, and suppliers. We have been working as a benchmark and example of good practices in this area.

In 4Q20 and 2020, expenses to fight the impacts of Covid-19 on the Company's businesses, as detailed in Note 1.4 to the standardized financial statements (DFP), are listed below:

4Q20

R$ Millions	Total	Brazil	Halal DDP	Asia	Direct Exp.	Corporate
Additional personnel expenses	27	17	3	4	3	0
Prevention and control expenses	52	0	0	7	0	-
Donations	8	-	0	3	-	5
Logistics	0	32	6	0	6	-
Others	20	5	4	1	1	10
Total	107	54	13	15	11	15

2020

R$ Millions	Total	Brazil	Halal DDP	Asia	Direct Exp.	Corporate
Losses and operational deleverage	80	47	8	13	11	-
Additional personnel expenses	111	68	17	15	11	0
Prevention and control expenses	140	18	3	20	3	-
Donations	42	-	5	4	-	33
Logistics	26	87	17	3	16	-
Others	101	23	19	6	5	48
Total	499	242	69	61	46	82

Additional personnel expenses: these mainly include 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, an incentive to produce vaccines, amongst others;

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, tests, institutional campaigns, raw material losses, legal counsels, travels, among others.

4) Commitments

We are strongly committed to sustainability, which is part of our Essence. Complementing various actions executed, we reiterate our mission of leading the global and cross-sectional ESG aspects, connected with BRF 2030 Vision, in synergy with a great global corporate sustainability initiative, the UN Global Compact. We defined 22 public commitments, for instance, related to animal wellness, traceability, natural resources, innovation, and diversity, the evolution of which can be observed in greater detail on our website https://www.brf-global.com/sustentabilidade/.

These are the 5 targets connected with compensation, composed of distinct sustainability topics, whose developments will be reported quarterly.

Category	Commitments up to 2025
Commodities	Ensure 100% traceability of grains acquired from the Amazon and the Brazilian Cerrado until 2025
Natural Resources	Reduce by 13% the water consumption index at BRF until 2025
Food Waste	Promote education to reduce food waste in 50 municipalities of10 Brazilian states until 2025
Diversity	Reach 30% of women in leadership positions until 2025
Packaging	Have 100% of packages recyclable, reusable or biodegradable until 2025

RELEVANT ACTIONS DURING 4Q20

Brazilian Segment:

Our consumer in the core of our initiatives is key for us to accomplish our business mission. In this regard, we act aiming at increasingly approaching our consumers, enhancing the relevance and preference of our brands and channels:

- Sadia: launch of campaigns (i) "Lasanha Sadia – O sabor que você adora" (Sadia Lasagna–your favorite flavor), with chef Felipe Bronze; (ii) Sadia Speciale with Conductor João Carlos Martins; (iii) sponsor of CCXP, Brazil's largest pop cultural event; (iv) digital campaign of Sadia Orgânico *(organic)* line.
- Perdigão: launch of campaigns: (i) "Qual o sabor de Perdigão na sua casa?" (Which is Perdigão flavor at home?), which reinforces the idea that "taste is a bond among people"; and (ii) Holiday Campaign, and Chester as the icon of Brazilians' Christmas tables and absolute market leader in premium poultry, a campaign selected by Exame magazine as one of 6 most thrilling Christmas campaigns in 2020.
- Qualy:(i) we kept the pace of "Fala com Qualy" campaign, which means, "Talk to Qualy", with an NPS of 8.43(ii) this brand received for the 15th consecutive year, the Folha Top of Mind Award as the margarine brand most reminded by consumers; and (iii) we concluded the "Porta-Potes" campaign, connecting purchase-win action at POS with exclusive activations in the digital environment.
- Store-in-Store: this project strongly advanced in partnership with key retail chains, reaching 109 stores in 2020, aiming an improved commercial execution and potentializing the value-added mix;
- Digital platforms: (i) B2B: we launched the CentralBRF, a platform 100% released with customer service, 24 hours/day, 7 weekdays; (ii) B2B2C: we concluded its activation in 100% of on-demand Apps, complementing the company's omnichannel strategy; (iii) Mercato em Casa (Market at Home): we expanded our e-commerce to approximately 80% of Brazil's e-commerce;
- Mercato Sadia: Official inauguration of the brick-and-mortar store in the city of São Paulo, which like the e-commerce will operate as a large hearing and testing laboratory. Our objective is to reach 12 stores by the end of 2021.

International Segment:

- 3 plants were licensed in 4Q20, totaling 44 new licenses in 2020, always concerned with greater possibilities for our operations in markets which we are already present, and for new territories;
- The suspended license of Lajeado and Dourados units for China is reversed;
- We expanded our portfolio by launching 149 SKUs for our export markets in 2020, with a focus on increasing penetration in higher value-added products:
  - 62% of value-added product launches; and
  - 38% of *in natura* product launches;
- The acquisition of Joody Al Sharqiya Food Production Factory is concluded, a company that performs food processing from a plant located in Dammam, Saudi Arabia. BRF will start deploying a project to increase this plant's processing capacity from 3,600 tons/year to 18,000 tons/year, with an additional investment of US$7.2 million.
- Aiming at approaching our consumers, several campaigns were executed in 2020, especially with the Sadia brand. Thus, for the second consecutive year, the SADIA brand was voted the brand #1 by Gulf consumers, reaching 33.6% of the Brand Equity Index, and sustaining its preference legacy in the poultry segment. Below, brand's key campaigns:

- Launch of the first 360-degree campaign "A Journey Of Quality From Our Farms To Your Table", to reinforce the superior quality of frozen chicken and educate on the benefits of the quick freezing process.
- Launch of the second-largest 360-degree campaign "It's a Matter Of Time" reiterating the message of safety, hygiene, positiveness within the context of the pandemic, Ramadan, and stay-at-home orders.
- Launch of the campaign "The New Dining Out Is Now Dining In" with a focus on innovations and value-added products, communicating the unique benefits of products, and positioning them as an excellent alternative to fast food.
- The last communication aimed at the launch of most premium products within the breaded segment, informing the product's differentiated aspects.

Other highlights in the quarter:

- Commodities 4.0 Journey: In December 2020, we developed the Geoanalytics Territorial Intelligence Digital Platform and the Smart Center, technologies allowing the integrated monitoring of agricultural commodities chain with geographic databank, aerospace vision, and territories traceability that impact grain supply, connected with sustainability initiatives underway;
- Operational Excellence System (SEO): we consistently advanced implementation, from 57% in 4Q19 to 76% of adhesion to pillars in the mandatory level in 4Q20, besides keeping the pace of PCL Pillar (Planning, Control, and Logistics) for other BRF units;
- Digital: the process digitalization is underway (digital traceability and logbook), reaching main units by the end of 2020;
- Value Engineering and Non-Price*:* R$33 million is captured in 4Q20, also contributing to ensure supply of materials and inputs to our units, with a minimum breakage index (despite the obstacles caused by the Covid-19 pandemic), also mitigating inflation in supplies processes.
- Agreements: we entered into a cooperation agreement with the public institution, the Chinese Academy of Inspection and Quarantine (CAIQ), to promote and execute projects concerned with laboratory method researches for food, animal food, and animal health;
- Certifications: the poultry production process of Sadia Bio line, in the city of Lucas do Rio Verde/MT, again received the WQS Certification and the Certified Humane, relevant recognitions in the adoption of production practices, animal wellness, and transparency with end consumer;
- Technology: the Salesforce platform is installed to globally manage BRF customers, including the "B2B Customer Portal", an open space for communication, whose main assumption is hearing customers improve services and products.
- Complaints: in December 2020, we recorded the best result of the Complaint Index over the past two years, with 5.37 parts per million (ppm), 24% below the Acceptable Maximum Value (VMA).
- People: in line with the digitalization strategy, we rolled out the People Portal and the Global Portal, which stood out for self-service, and employees' empowerment, accessible at any time, at any place. Among various functionalities, it is worth noting the Global Portal now is the key access to all systems, in-house channels, news, intelligent searches, approvals, and in-company rules.
- Health: the Telemedicine Program is launched, which consists of offering healthcare services, 24 hours/day, seven weekdays, via video calls for all employees and dependents, offering this service to over 170,000 people.

CONSOLIDATED PERFORMANCE

Net Operating Revenue (NOR)

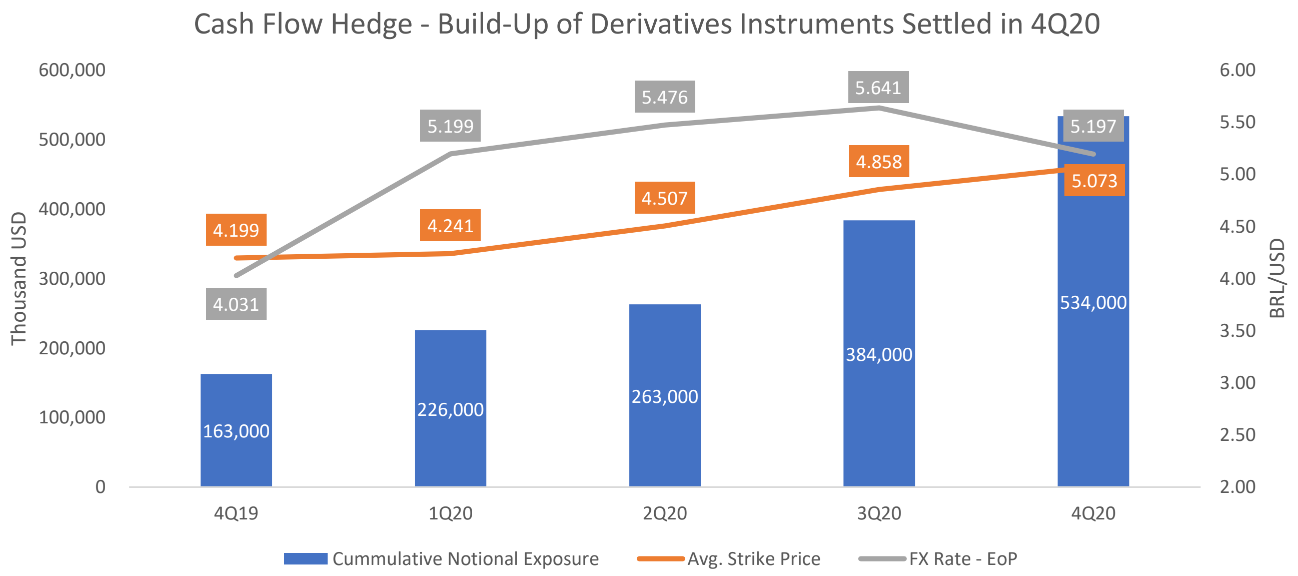
Volumes - Thousand Tons	4Q20	4Q19	Chg. % y/y	2020	2019	Chg. % y/y
Poultry (In Natura)	496	516	(3.9%)	1,904	2,018	(5.7%)
Pork and Others (In Natura)	79	75	4.7%	319	270	18.0%
Processed foods	554	515	7.6%	1,986	1,827	8.7%
Others Sales	69	66	4.0%	270	258	5.0%
Total	1,198	1,173	2.2%	4,479	4,373	2.4%
NOR (R$ Million)	11,474	9,290	23.5%	39,470	33,447	18.0%
Average Price (NOR)	9.58	7.92	20.9%	8.81	7.65	15.2%

Net revenue totaled R$11.5 billion (+23.5% y/y) in 4Q20 and R$39.5 billion (+18.0% y/y) in 2020, reflecting: (i) an improved business performance in the Brazilian Segment, which recorded a volume growth of 3.4% y/y and 5.8% in 2020, and a combination of a mix of products and prices; (ii) increase in net revenue from the International Segment, mainly boosted by exchange rate depreciation effects of approximately 31% in 4Q20 and 2020.

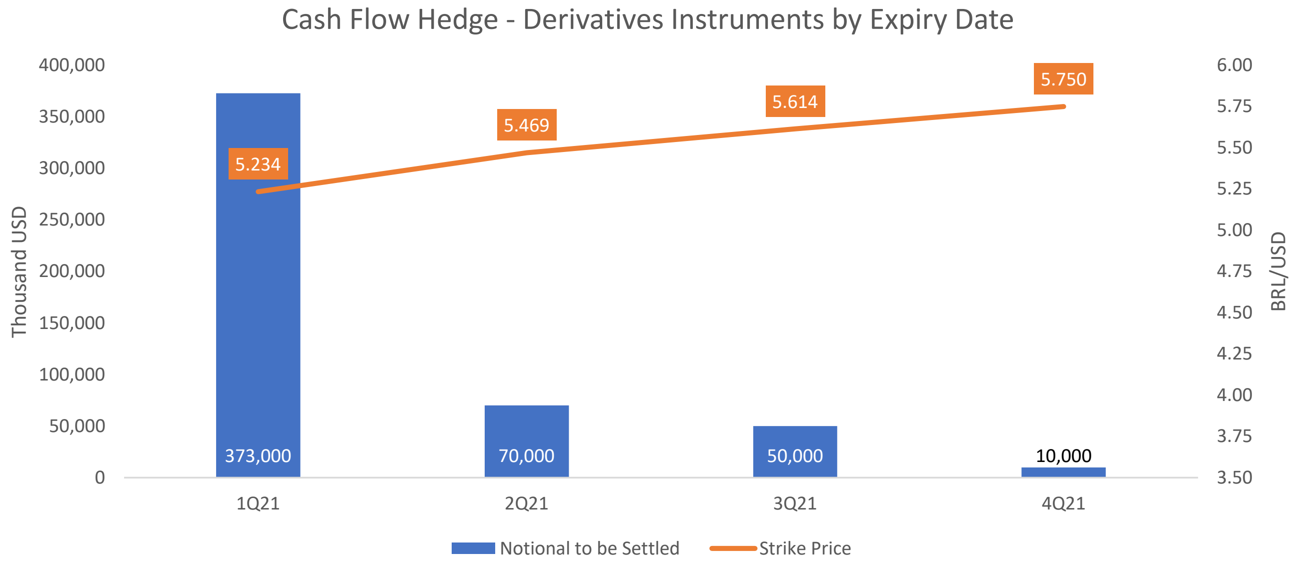
Hedge accounting strategy

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. This policy aims at bringing stability and predictability to the Company's results, reducing volatility and the Net Income at Risk. The exposure of operational results 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 4Q20 was established over 12 months before its settlement, and the contract timeframe has been defined by the Company.



According to Note 24.4.2 to the Company's financial statements, the position falling due, aiming at protecting/ hedging operational result, remains consistent with is PGRF, which was updated in December 2020 and can be found on our Investor Relations Webpage. We point out that we kept the hedge timeframe, the financial instruments to be used, and continued improvement of our monitoring and control procedures.



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.

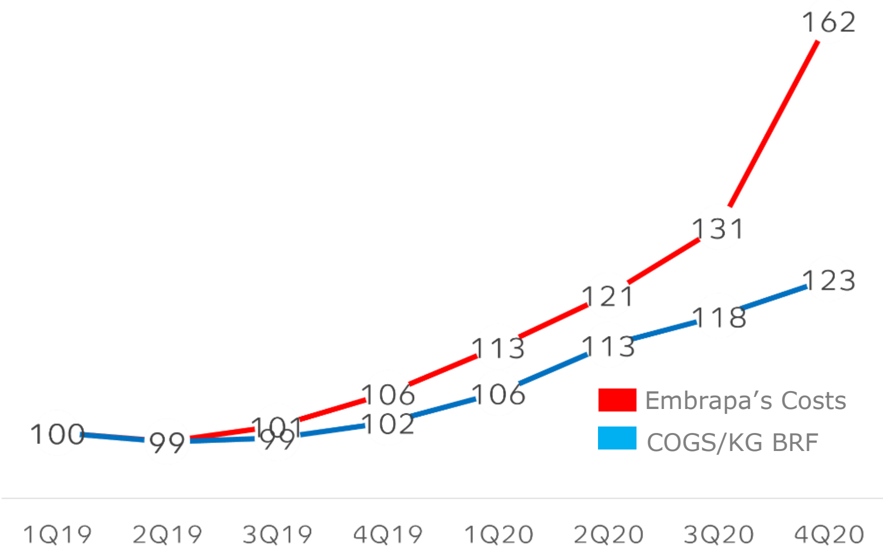
Cost of Sales (COGS)

COGS - R$ Million	4Q20	4Q19	Chg. % y/y	2020	2019	Chg. % y/y
Cost of Goods Sold	(8,580)	(6,918)	24.0%	(29,999)	(25,370)	18.2%
R$/Kg	7.16	5.90	21.4%	6.70	5.80	15.4%

COGS per kg rose 21.4% y/y in 4Q20 and 15.4% y/y in 2020, reflecting grain average price increase (+52.7% y/y considering the three months preceding the end of the quarter[3] and 51.2% y/y in 2020), as well as the exchange rate depreciation, approximately, +31% y/y in 4Q20 and in 2020 which impacted acquisition costs of inputs and supplies. It is worth noting that, according to Embrapa (Brazilian Company of Agribusiness Research), poultry and swine production theoretical costs rose 46.4% and 60.1%[4] y/y in 4Q20, respectively. In the accumulated period since early 2019, we saw ICP (production cost index) soaring nearly 62%. The Company's grain management strategy, which aims at ensuring costs below the market and contributing to achieving healthy margins, comprises increasing storage capacity, operating efficiency, and ideal occupation level, besides potentializing the consumption of alternative inputs, contributed to mitigate the impacts of higher commodities prices over production costs.

[3] Spot average prices, considering 2/3 – corn and 1/3 – soybean bran – Esalq/B3.
[4] Variation in the average production cost index of Embrapa (ICP-Poultry and ICP-Swine) between 4Q19 and 4Q20, publicly available on the website www.embrapa.br

Production Cost Index (ICP) Embrapa vs. BRF Cost (COGS/kg) - Basis 100



In 2020, according to Note 7 to the Financial Statements, our raw material inventories reached the balance of R$2,047 million (R$804 million in 2019), a 154.7% increase y/y. This result derives from the strategic decision of raising inventory levels, especially raw material and finished products, anticipating an upward trend in grain costs.

Also, the costs to fight the impact of Covid-19 on our operations totaled R$84 million in 4Q20 and R$357 million in 2020. However, these increases were partially mitigated by savings obtained with the Expense Matrix Management program (GMG), globally, in which 19 expense packages are managed by multidisciplinary teams under centralized coordination. Besides savings generated by GMG, which totaled approximately R$185 million in 2020, the Company periodically analyzes the management maturity level through the MMGP-Prado method, implemented with the support of the advisory firm, Falconi Consulting. On a scale from 1 to 5, we advanced to 2.52 in 2020 (2.10 in 2019).

Gross Profit

Gross Profit - R$ Million	4Q20	4Q19	Chg. % y/y	2020	2019	Chg. % y/y
Gross Profit	2,895	2,373	22.0%	9,471	8,077	17.3%
Gross Margin (%)	25.2%	25.5%	(0.3) p.p.	24.0%	24.1%	(0.2) p.p.

Gross margin was 25.2% (-0.3 p.p. y/y) in 4Q20 and 24.0% (-0.2 p.p. y/y) in 2020, affected by higher costs during periods, especially those related to prevent and fight the impact of Covid-19 on our operations that raised costs by R$84 million in 4Q20 and R$357 million in 2020. Excluding these costs, gross margin would have reached 26.0% in 4Q20 and 24.9% in 2020.

Operating Expenses

Operating Expenses - R$ Million	4Q20	4Q19	Chg. % y/y	2020	2019	Chg. % y/y
Selling Expenses	(1,573)	(1,363)	15.4%	(5,600)	(4,936)	13.5%
% of the NOR	(13.7%)	(14.7%)	1.0 p.p.	(14.2%)	(14.8%)	0.6 p.p.
General and Administrative Expenses	(220)	(197)	11.9%	(770)	(616)	25.1%
% of the NOR	(1.9%)	(2.1%)	0.2 p.p.	(2.0%)	(1.8%)	(0.1) p.p.
Operating Expenses	(1,793)	(1,560)	14.9%	(6,370)	(5,551)	14.7%
% of the NOR	(15.6%)	(16.8%)	1.2 p.p.	(16.1%)	(16.6%)	0.5 p.p.

Total operating expenses increased by 14.9% y/y in 4Q20, on the back of (i) expenses relating to prevention and fight against the effects of Covid-19 on our operations, totaling R$24 million; (ii) higher expenses denominated in Brazilian Reais in the international market, due to depreciated exchange rate; and (iii) higher expenses due to marketing campaigns not executed in the first half, which were postponed due to the pandemic. In 2020, total expenses rose 14.7%, owing to (i) expenses relating to prevention and fight against the effects of Covid-19 on our operations, totaling R$142 million; (ii) higher expenses denominated in Brazilian Reais in the international market, due to depreciated exchange rate; and (iii) freight expenses in Brazil, due to a greater industry demand for trucks. However, total expenses, as a percentage of net revenue, both in 4Q20 and in 2020 decreased 1.2 p.p. and 0.5 p.p., respectively, due to strict control of expenses in the period.

Other Operational Results

Other Operating Results - R$ Million	4Q20	4Q19	Chg. % y/y	2020	2019	Chg. % y/y
Other Operating Results	(141)	(14)	884.0%	(254)	429	(159.3%)
% of the NOR	(1.2%)	(0.2%)	(1.1) p.p.	(0.6%)	1.3%	(1.9) p.p.

In 4Q20, we recorded a net negative result of R$141 million under "Other Operational Results", which includes (i) employees and management profit-sharing totaling -R$123 million; (ii) impairment relating to the sale of Romania assets totaling -R$55 million; (iii) other expenses totaling -R$34 million; but partially offset by (i) exclusion of ICMS (State VAT) from PIS/COFINS (federal taxes on gross revenue) calculation basis, totaling R$40 million; (ii) PIS/Cofins additional credits of R$32 million; (iii) amnesty in the state of Rio de Janeiro referring to staple basket lawsuit totaling R$36 million. In 2020, we recorded a net negative result of R$254 million, which mainly includes (i) employees and management profit sharing totaling -R$283 million (ii) settlement to dismiss class action totaling -R$204 million (iii) provisions for civil and tax contingencies of -R$68 million (iv) impairment relating to the sale of Romania assets in the amount of -R$55 million, among others. These expenses were mainly offset by tax recoveries, especially, those referring to PIS and COFINS over marketing expenses, rebates and benefits, exclusion of ICMS from the PIS and COFINS calculation basis, and reversal of provisions totaling R$482 million. For greater detail of this item, see Note 27 to the Financial Statements.

Financial Result

Financial Results R$ Million	4Q20	4Q19	Chg. % y/y	2020	2019	Chg. % y/y
Net Interest	(434)	(267)	62.4%	(1,522)	(1,433)	6.2%
Interest over assets and Net Liabilities	(401)	(267)	50.3%	(1,333)	(1,272)	4.7%
Costs over Anticipated Debt Liquidation	(32)	-	n.m.	(189)	(160)	18.0%
Adjusted Present Value	(127)	(80)	57.9%	(418)	(305)	37.0%
Net Charges on Rights and Obligations	98	(132)	(174.1%)	(171)	40	(522.3%)
Interest on Rights	121	50	140.5%	252	1,050	(76.0%)
Interest over ICMS based on PIS/COFINS	59	12	387.4%	59	893	(93.4%)
Other Rights	62	38	62.1%	193	156	23.4%
Charges on Obligations	(23)	(182)	(87.4%)	(423)	(1,009)	(58.1%)
Charges on ICMS over Staple Food Basket	112	40	179.1%	112	(350)	n.m.
Actuarial Liabilities	(3)	(50)	(94.0%)	(34)	(50)	(32.9%)
Contigent Liabilities	(44)	(88)	(49.8%)	(155)	(224)	(30.8%)
Commercial lease	(53)	(41)	27.7%	(208)	(160)	29.7%
Commission and other charges	(35)	(43)	(17.9%)	(139)	(225)	(38.3%)
Exchange Rate Variation and Fair Value (MtM)	(13)	39	(134.3%)	(93)	80	(215.8%)
Exchange Rate Variation (Assets and Liabilities)	(7)	42	(117.3%)	(78)	171	n.m.
Hedge Accounting Ineffectiveness (Cash Flow)	-	-	n.m.	(6)	(55)	(88.6%)
Net Investment Hedge Ineffectiveness	3	-	n.m.	(14)	-	n.m.
Fair Value *Total Return Swap*	-	-	n.m.	-	5	n.m.
Fair Value of other Derivatives	(10)	(3)	279.4%	5	(40)	n.m.
Other Financial Results	10	(101)	(110.3%)	505	(248)	n.m.
Hyperinflation	(4)	(17)	(79.5%)	(5)	(44)	(87.8%)
Liabilities with Minorities	46	(90)	n.m.	580	(169)	n.m.
IOF and PIS/COFINS over Financial Results	(39)	(6)	521.0%	(50)	(64)	(20.6%)
Other Effects	6	12	(45.4%)	(19)	28	(168.1%)
Net Financial Results	(466)	(541)	(13.9%)	(1,699)	(1,865)	(8.9%)

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$434 million in 4Q20, R$167 million higher than in 4Q19, owing to exchange rate depreciation over interest expense corresponding to the foreign currency-denominated debt (average exchange rate of R$4.12/US$ in 4Q19 vs. R$5.39/US$ in 4Q20). The average DI reduction seen in the period (5.0% in 4Q19 vs. 1.9% in 4Q20), positively impacted fixed interest rates in Brazilian Reais, but not sufficient to offset the impact in foreign currency. In 2020, net interest totaled an expense of R$89 million higher than in 2019 due to currency depreciation and mitigated by lower average interest rate (DI) in the period (5.9% in 2019 vs. 2.7% in 2020).

(ii) Adjustment to Present Value (APV) totaled expenses of R$127 million in 4Q20, R$47 million higher than in 4Q19, reflecting a higher balance of suppliers in the q-o-q comparison. The APV refers to the net financial income (expense) linked to customers' and suppliers' accounts, and corresponding offset in gross profit. In 2020, APV totaled expenses of R$ 418 million vs. R$305 million in 2019, reflecting suppliers' higher payment term in 2020.

(iii) Net Charges on Rights and Obligations amounted to an income of R$98 million in 4Q20, vs. an expense of R$132 million in 4Q19, mainly owing to (i) interest income over ICMS in the calculation basis of PIS/COFINS at R$59 million in the quarter (R$47 million higher than in 4Q19); (ii) higher remuneration over other rights at R$24 million; (iii) reversal of ICMS charge expenses over the Staple Basket of R$112 million, according to Note 21 to the Financial Statements; (iv) lower impact from adjustments of actuarial liabilities of R$ 47 million; (v) lower expenses from contingent liabilities at R$44 million; and (vi) other net effects on liabilities charges of R$4 million. In the y/y comparison, excluding non-recurring effects (active interest income over ICMS in the PIS/COFINS calculation basis and expenses of ICMS charges over Staple Basket), expenses totaled R$342 million in 2020 (R$503 million in 2019), an R$161 million advance in 2020.

(iv) Exchange Rate Variation and Fair Value (MtM) totaled an expense of R$13 million in 4Q20 vs. income of R$39 million in 4Q19, reflecting (i) expense from exchange rate variation over assets and liabilities denominated in foreign currency of R$7 million, net of result from derivative financial instruments; and (ii) higher expenses from adjustments at market value of derivative financial instruments totaling R$7 million. In 2020, exchange rate variation expense totaled R$93 million owing to high currency volatility in the period (average exchange rate of R$3.95/US$ in 2019 vs. R$5.16/US$ in 2020), mitigated by lower financial expenses coupled with hedge effectiveness tests of R$35 million vs. 2019 and R$5 million income recorded in the period, as market value adjustment of derivative financial instruments.

(v) Other Financial Results, totaled a gain of R$10 million in 4Q20 compared to an expense of R$101 million in 4Q19. The variation was mainly due to the positive effect of R$46 million recorded in the period, such as the adjustment to the put option fair value relating to business combination (Banvit put option) according to Note 24.8.1 to the Financial Statements. In 2020, the total positive impact of Banvit put option fair value totaled R$580 million.

Net Income (Loss)

Net Income / (Loss) - R$ Million	4Q20	4Q19	Chg. % y/y	2020	2019	Chg. % y/y
Consolidated Net / (Loss) Income - Continued Op.	902	690	30.8%	1,390	1,213	14.6%
Net Margin (%)	7.9%	7.4%	0.4 p.p.	3.5%	3.6%	(0.1) p.p.
Consolidated Net / (Loss) Income - Total Consolidated	902	680	32.6%	1,390	297	367.3%

The Company posted a corporate net income of R$902 million in 4Q20, +32.6% y/y, and R$1,390 million in 2020 (+367.3% y/y). It is worth noting the evolution of operating performance reflected in margins, partially offset by expenses to fight the impacts of Covid-19 of R$107 million in 4Q20 and R$499 million in 2020. Excluding the impacts of Covid-19 on the result, adjusted by the standard tax rate, net income would total R$973 million in 4Q20 and R$1,720 million in 2020.

Adjusted EBITDA

EBITDA - R$ Million	4Q20	4Q19	Chg. % y/y	2020	2019	Chg. % y/y
Consolidated Net (Loss)	902	690	30.8%	1,390	1,213	14.6%
Income Tax and Social Contribution	(407)	(432)	(5.8%)	(242)	(126)	92.5%
Net Financial	466	541	(13.9%)	1,699	1,865	(8.9%)
Depreciation and Amortization	621	584	6.3%	2,394	2,301	4.0%
EBITDA	1,582	1,382	14.4%	5,241	5,254	(0.2%)
EBITDA Margin (%)	13.8%	14.9%	(1.1) p.p.	13.3%	15.7%	(2.4) p.p.
Impacts of Carne Fraca/Trapaça operations	18	21	(14.5%)	232	79	193.5%
Forest Fair value	(22)	28	n.m.	(22)	28	n.m.
Corporate Restructuring	-	(1)	n.m.	0	14	(99.6%)
Tax recoveries	(54)	(24)	129.1%	(350)	(54)	553.6%
Non controlling shareholders	6	1	357.6%	(7)	(11)	(41.0%)
Business Disposal	3	(1)	n.m.	29	(3)	n.m.
Costs on business diposed (Impairment)	55	7	651.9%	62	22	185.1%
Others	(0)	(2)	93.3%	(0)	(13)	(98.7%)
Adjusted EBITDA	1,587	1,413	12.3%	5,187	5,317	(2.5%)
Adjusted EBITDA Margin (%)	13.8%	15.2%	(1.4) p.p.	13.1%	15.9%	(2.8) p.p.
ICMS PIS/COFINS Impact	92	89	2.8%	92	884	(89.6%)
EBITDA Adjusted Ex-Tributary Effects*	1,496	1,324	13.0%	5,095	4,433	14.9%
EBITDA Adjusted Margin Ex-Tributary Effects* (%)	13.0%	14.3%	(1.2) p.p.	12.9%	13.3%	(0.3) p.p.

* *Excluding tax assets relating to the exclusion of ICMS from PIS/Cofins calculation basis and ICMS over Staple Basket*

Reflecting the Company's consistent strategy and confirming its capacity of execution, despite an extremely adverse and challenging scenario, the Adjusted EBITDA Ex-Tax Effects increased 13.0% y/y to R$1,496 million in 4Q20 and R$5,095 million (+14.9%) in 2020. Excluding the expenses relating to prevention and fight against the impacts of Covid-19 on the Company's operations, as previously mentioned, totaled R$107 million in 4Q20 and R$499 million in 2020. The y/y increase would be 21.1%, with an EBITDA of R$1,603 million in 4Q20 and +26.2% in 2020, with an EBITDA of R$5,594 million.

CAPITAL STRUCTURE

Free Cash Flow

Million BRL	4Q20	4Q19	2020	2019
EBITDA	1,582	1,382	5,241	5,254
Working Capital	(891)	(102)	(709)	(257)
Δ Accounts Receivable	(1,296)	(965)	(815)	(283)
Δ Inventories	(709)	549	(3,334)	(91)
Δ Suppliers	1,114	315	3,440	118
Others	(293)	(213)	572	(325)
Cash Flow from Operating Activities	397	1,068	5,104	4,672
CAPEX with IFRS16	(716)	(546)	(2,462)	(1,877)
Cash Flow from Operations with Capex	(319)	521	2,643	2,795
M&A and Sale of Assets	57	28	65	1,778
Cash Flow from Investments	(659)	(518)	(2,397)	(100)
Cash Flow from Financing Activities	(1,239)	(663)	358	(1,697)
Free Cash Flow	(1,502)	(114)	3,066	2,875
New Debt Amortizantions	(2,132)	(2,054)	173	(4,082)
Shares Buyback	-	-	(106)	-
Cash Variations	(3,634)	(2,168)	3,133	(1,207)

Million BRL	4Q20	4Q19	2020	2019
Cash and Cash Equivalents - Initial	12,272	7,672	5,505	6,711
Cash Variation	(3,634)	(2,168)	3,133	(1,207)
Cash and Cash Equivalents - Final	8,637	5,505	8,637	5,505
Total Debt - Initial	26,829	21,458	18,774	22,400
New Debt/Amortization	(2,132)	(2,054)	173	(4,082)
FX Variation on Total Debt	(1,481)	(336)	3,497	321
Debt Interest and Derivatives	(425)	(294)	346	134
Total Debt - Final	22,790	18,774	22,790	18,774
Net Debt	14,152	13,269	14,152	13,269

* The managerial cash flow above does not follow the same classification of the cash flow statement, especially concerning loans, where interest rates are considered a financial flow, amortization and funding are classified out of free cash generation, composing the total cash variation.

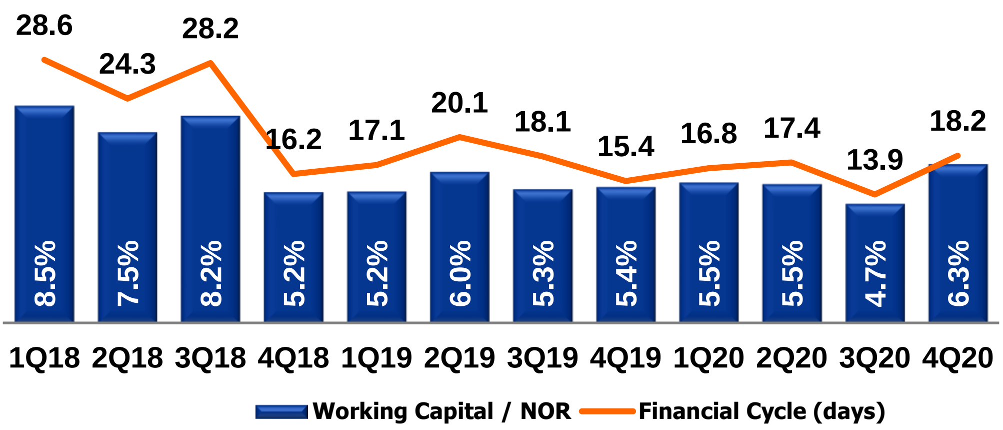
Free cash flow totaled -R$1.502 million in 4Q20, R$1,388 million lower than the same period of 2019. Despite such a move in 4Q20, due to a higher capital allocation in inventories, the Company ended 2020 with a free cash flow generation of R$3,066 million, R$190 million higher than in 2019, when divestments funds were raised relating to the Restructuring Plan announced in 2018.

Operating Cash Flow and Financial Cycle

Operating cash flow totaled R$397 million in 4Q20. Despite higher EBITDA, we saw higher cash consumption due to an increase in inventories and accounts receivable. In 2020, operating cash flow totaled R$5,104 million, higher than the R$4,672 million recorded in 2019, driven by tax credit monetization of R$863.6 million, according to Note 9 to the Financial Statements, which mitigated the pressure over the Company's financial cycle and related working capital implications.

The Company's financial cycle totaled 18.2 days in 4Q20, a 2.8-day increase compared to 4Q19. This increase is mainly due to a temporary increase in the average term of inventories and accounts receivable, reflecting the year-end sales seasonality, the impacts of liquidity caused by the pandemic in certain customers, and the strategic decision of continuing ramping up the inventory levels, especially raw material and finished products, in an anticipation of an upward trend of grain costs.

Financial Cycle (end of the period– Continuing Operations): Customers +Inventories[5] - Suppliers



Cash Flow from Investments

CAPEX - R$ Million	4Q20	4Q19	Chg. % y/y	2020	2019	Chg. % y/y
Growth	111	43	155.3%	388	94	313.6%
Efficieny	20	12	70.4%	56	40	40.9%
Support	139	75	85.0%	420	280	50.1%
Biological Assets	270	230	17.4%	971	809	20.0%
Commercial Lease and Others	176	61	189.4%	627	655	(4.3%)
Total	716	547	30.8%	2,462	1,877	31.1%

The cash flow from investments totaled -R$659 million in 4Q20 vs. -R$518 million in 4Q19. In 2020, net investments totaled R$2.397 million. Excluding the product from divestments in 2019, referring to the Restructuring Plan announced in 2018, Capex variation in 2020 was R$585 million higher than in 2019.

Investments made in 4Q20 totaled R$716 million, 8% higher than in 3Q20, with R$270 million allocated for growth, efficiency, and support (107% growth in 4Q20 vs. 4Q19 and 109% in 2020 vs. 2019); R$270 million for biological assets and R$176 million for leasing and others. In 2020, investments totaled R$2,462 million, 31% higher than in 2019.

The main projects in 4Q20 included:

- Growth:

(i) Projects to meet the demand for industrialized products in the Domestic Market, highlighting investments in the new Seropédica plant-RJ, and increase capacity of Uberlândia-MG and Tatuí-SP;
(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 and Chapecó-SC;
(iii) Project to increase egg production in Uberlândia (MG).

[5] Includes current biological assets

- Efficiency:

(i) Projects connected with the 4.0 Industry Program in chicken slaughtering units;
(ii) Projects to increase operating efficiency (ex. higher yield in the production process), aiming at diluting fixed costs and reducing expenditures;
(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.

Financial Cash Flow

The financial cash flow totaled -R$1,239 million in 4Q20 versus -R$663 million in 4Q19, mainly due to a concentration of payment of interest rates in the period and BRL appreciation against the USD in the period (variation of -R$0,44/US$ from 3Q20 to 4Q20 compared to a variation of -R$0.13/US$ from 3Q19 to 4Q19), with a negative effect of R$513 million over foreign currency-denominated cash position. In 2020, the BRL depreciation against the USD (variation of +R$1.17/US$ from 2019 to 2020 vs. variation of +R$0.16/US$ from 2018 to 2019) positively impacted foreign currency-denominated cash position at R$ 852 million, besides higher income with a balance sheet hedging derivatives of R$1,007 million, contributing to a R$358 million generation compared to a consumption of R$1,697 million in 2019 in financial cash flow.

Indebtedness

R$ Million	In 12.31.2020			In 12.31.2019	
Debt	Current	Non-current	Total	Total	Δ %
Local Currency	(485)	(6,180)	(6,665)	(7,614)	(12.5%)
Foreign Currency	(960)	(15,165)	(16,125)	(11,160)	44.5%
Gross Debt	(1,445)	(21,345)	(22,790)	(18,774)	21.4%
Cash Investments*					
Local Currency	4,394	66	4,461	2,051	117.5%
Foreign Currency	3,874	303	4,177	3,454	20.9%
Total Cash Investments	8,269	369	8,638	5,505	56.9%
Net Debt	6,824	(20,976)	(14,152)	(13,269)	6.7%

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

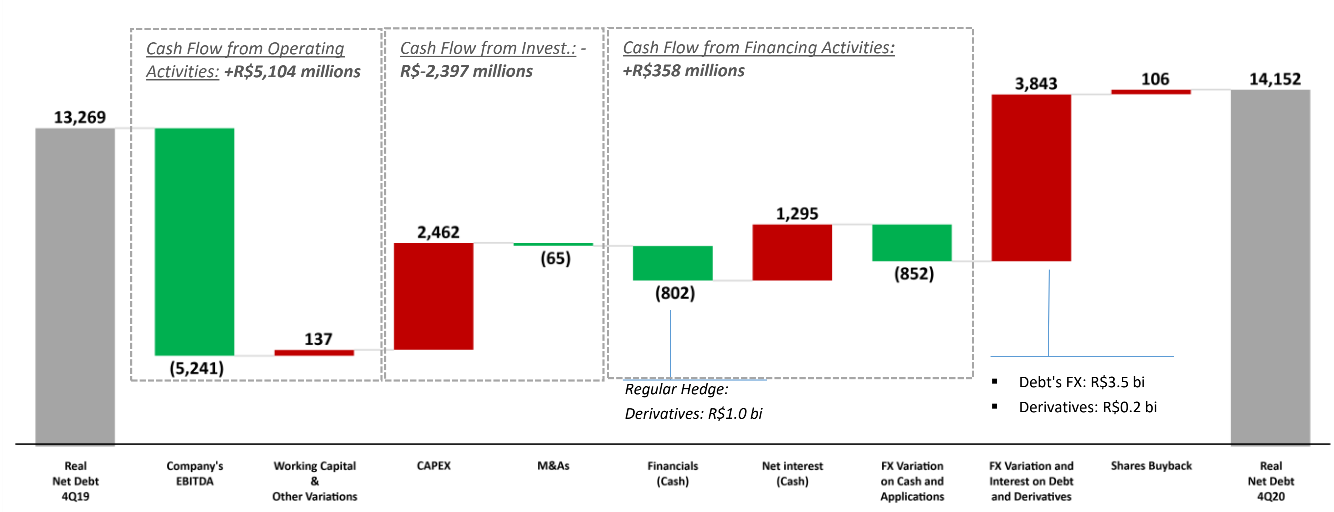
Total gross indebtedness came to R$22,790 million, as reported above, includes the item current and non-current Derivative Financial Instruments Liabilities, totaling R$386 million, according to Note 24.5 to the Financial Statements. Adjusted gross leverage ended 4Q20 at 4.39x. Funding totaled R$1,754 million and settlements totaled R$3,886 million, reflecting continued indebtedness optimization. Also, the average term of indebtedness was extended to 9.9 years in 4Q20, a 5.3-year increment from 4Q19.

The Company's net debt totaled R$14,152 million in 4Q20, R$883 million higher than in 4Q19, mainly reflecting (i) non-cash effects over gross debt, such as the exchange rate variation of R$3,497 million and liabilities derivatives of R$210 million[6], (ii) appropriation of interest rates, net of payment at R$136 million, (iii) share buyback in 2020 amounting to R$106 million; and (iv) free cash generation of R$3,066 million y/y. Therefore, the Company's net leverage, measured by net debt/Adjusted EBITDA in the last 12 months, reached 2.73x in 4Q20, vs. 2.50x in 4Q19. Only as a reference, should we apply the net indebtedness/Adjusted EBITDA ratio

[6] Derivatives relating to the operational result exposure in the next 12 months (hedge accounting), which impacts the item "Other Comprehensive Income" under shareholders' equity.

of the last 12 months, considering the exchange rate of December 31, 2020 (R$5.20) over net debt and the weighted average exchange rate (R$5.21) over Adjusted EBITDA in the last 12 months, net leverage in US dollars would be 2.73x in 4Q20, versus 2.46x in 4Q19, under the same criterion.

The Company reiterates that it does not have financial leverage covenants.



Early in 2020, the Company reviewed its net leverage guidance to the level between 2.35 - 2.75x for 2020. Net leverage reached this interval, with a solid lengthening of indebtedness average term.

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 fiscal year ended December 31, 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 02/25/21 it discussed, reviewed, and agreed with the information included in the independent auditor's review of 2020 Financial Statements.

CONSOLIDATED INCOME STATEMENT

Financial Statement - R$ Million	4Q20	4Q19	Chg. % y/y	2020	2019	Chg. % y/y
Net Operating Revenues	11,474	9,290	23.5%	39,470	33,447	18.0%
Cost of Sales	(8,580)	(6,918)	24.0%	(29,999)	(25,370)	18.2%
% of the NOR	(74.8%)	(74.5%)	(0.3) p.p.	(76.0%)	(75.9%)	(0.2) p.p.
Gross Profit	2,895	2,373	22.0%	9,471	8,077	17.3%
% of the NOR	25.2%	25.5%	(0.3) p.p.	24.0%	24.1%	(0.2) p.p.
Operating Expenses	(1,793)	(1,560)	14.9%	(6,370)	(5,551)	14.7%
% of the NOR	(15.6%)	(16.8%)	1.2 p.p.	(16.1%)	(16.6%)	0.5 p.p.
Selling Expenses	(1,573)	(1,363)	15.4%	(5,600)	(4,936)	13.5%
% of the NOR	(13.7%)	(14.7%)	1.0 p.p.	(14.2%)	(14.8%)	0.6 p.p.
Fixed	(975)	(858)	13.6%	(3,428)	(3,142)	9.1%
Variable	(598)	(505)	18.3%	(2,171)	(1,793)	21.1%
General and Administrative Expenses	(220)	(197)	11.9%	(770)	(616)	25.1%
% of the NOR	(1.9%)	(2.1%)	0.2 p.p.	(2.0%)	(1.8%)	(0.1) p.p.
Honorary of our Administrators	(13)	(26)	(49.5%)	(55)	(50)	8.7%
% of the NOR	(0.1%)	(0.3%)	0.2 p.p.	(0.1%)	(0.2%)	0.0 p.p.
General and Administrative	(207)	(171)	21.2%	(716)	(565)	26.6%
% of the NOR	(1.8%)	(1.8%)	0.0 p.p.	(1.8%)	(1.7%)	(0.1) p.p.
Operating Income	1,102	813	35.5%	3,101	2,526	22.8%
% of the NOR	9.6%	8.8%	0.9 p.p.	7.9%	7.6%	0.3 p.p.
Other Operating Results	(141)	(14)	884.0%	(254)	429	(159.3%)
Equity Income	-	-	n.m.	-	(2)	n.m.
EBIT	961	799	20.3%	2,847	2,953	(3.6%)
% of the NOR	8.4%	8.6%	(0.2) p.p.	7.2%	8.8%	(1.6) p.p.
Net Financial Income	(466)	(541)	(13.9%)	(1,699)	(1,865)	(8.9%)
Income before Taxes	495	257	92.3%	1,148	1,087	5.6%
% of the NOR	4.3%	2.8%	1.5 p.p.	2.9%	3.3%	(0.3) p.p.
Income Tax and Social Contribution	407	432	(5.8%)	242	126	92.5%
% of Income before Taxes	82.3%	168.0%	(51.0%)	21.1%	11.6%	9.5 p.p.
Consolidated Net Income (Loss) - Continued Operations	902	690	30.8%	1,390	1,213	14.6%
% of the NOR	7.9%	7.4%	0.4 p.p.	3.5%	3.6%	(0.1) p.p.
Consolidated Net Income (Loss) - Total Consolidated	902	680	32.6%	1,390	297	367.3%
% of the NOR	7.9%	7.3%	0.5 p.p.	3.5%	0.9%	2.6 p.p.
EBITDA	1,582	1,382	14.4%	5,241	5,254	(0.2%)
% of the NOR	13.8%	14.9%	(1.1) p.p.	13.3%	15.7%	(2.4) p.p.
Adjusted EBITDA	1,587	1,413	12.3%	5,187	5,317	(2.5%)
% of the NOR	13.8%	15.2%	(1.4) p.p.	13.1%	15.9%	(2.8) p.p.

CONSOLIDATED BALANCE SHEET

Balance Sheet - R$ Million	12.31.20	09.30.20	12.31.19
Assets			
Current Assets			
Cash and Cash Equivalents	7,577	11,399	4,238
Financial Investments	314	313	418
Accounts Receivable	4,136	2,895	3,091
Recoverable Taxes	943	404	626
Inventories	6,803	6,337	3,888
Biological Assets	2,129	1,903	1,603
Other Financial Assets	378	153	195
Other Receivables	237	340	366
Anticipated expenses	209	155	224
Restricted Cash	0	0	296
Current Assets held to sale	186	36	99
Total Current Assets	22,912	23,935	15,045
Non-Current Assets			
Long-term assets	9,308	9,590	9,455
Cash Investments	345	382	307
Accounts and other Receivable	50	57	71
Judicial Deposits	553	565	576
Biological Assets	1,222	1,169	1,081
Recoverable Taxes	4,923	5,315	5,439
Deferred Taxes	2,109	1,999	1,846
Restricted Cash	24	24	-
Other Receivables	82	77	86
Other Financial Assets	0	0	50
Permanent Assets	17,445	17,657	17,200
Investments	9	19	15
Property, Plant and Equipment	12,216	12,227	12,277
Intangible	5,220	5,411	4,908
Total Non-Current Assets	26,753	27,247	26,655
Total Assets	49,665	51,182	41,701

Balance Sheet - R$ Million	12.31.20	09.30.20	12.31.19
Liabilities and Equity			
Current Liabilities			
Loans and Financing	1,060	4,398	3,132
Suppliers*	9,379	8,425	6,161
Supply Chain Risk	1,453	1,121	842
Payroll and Mandatory Social Charges	941	1,089	825
Taxes Payable	396	362	517
Other Financial Liabilities	385	793	154
Provisions	865	1,072	1,084
Employee Pension Plan	125	98	96
Other Liabilities	836	753	513
Total Current Liabilities	15,440	18,112	13,324
Non-Current Liabilities			
Loans and Financing	21,344	21,616	15,488
Suppliers*	2,167	2,079	2,067
Taxes and Social Charges Payable	141	177	190
Provision for Tax, Civil and Labor Contingencies	837	743	710
Deferred Taxes	27	129	85
Employee Pension Plan	651	676	594
Other Liabilities	243	308	1,094
Total Non-Current Liabilities	25,411	25,728	20,228
Total Liabilities	40,851	43,840	33,552
Shareholders' Equity			
Capital Stock	12,460	12,460	12,460
Capital Reserves	142	141	193
Other Related Results	(1,299)	(1,868)	(722)
Retained Profits	(2,594)	(3,522)	(3,997)
Treasury Shares	(124)	(124)	(38)
Non-Controling Shareholders	228	255	253
Total Shareholders' Equity	8,814	7,342	8,148
Total Liabilities and Shareholders	49,665	51,182	41,701

** It includes R$383 million current leasing liability and R$2,154 million non-current, according to the standardized financial statements (DFP)*

Market Capitalization
R$18.93 bi
US$3.49 bi

Stock Prices
BRFS3 R$23.30
BRFS US$4.29

Shares outstanding:
812,473,246 common shares
4,766,084 treasury shares
Base: 12/30/2020

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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

				% equity interest	
Entity		Main activity	Country (1)	12.31.20	12.31.19
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.		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.		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.	(g)	Import and commercialization of products	Paraguay	-	99.00
Eclipse Holding Cöoperatief U.A.		Holding	The Netherlands	99.99	99.99
Buenos Aires Fortune S.A.	(n)	Holding	Argentina	4.36	5.00
Eclipse Latam Holdings		Holding	Spain	100.00	100.00
Buenos Aires Fortune S.A.	(o)	Holding	Argentina	95.64	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.	(f)	Financial fundraising	Cayman Island	-	100.00
Highline International	(h)	Financial fundraising	Cayman Island	-	100.00
Sadia Overseas Ltd.	(e)	Financial fundraising	Cayman Island	-	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 Namíbia	(k)	Import and commercialization of products	Namibia	-	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	UAE	100.00	100.00
Al-Wafi Food Products Factory LLC		Import, export, industrialization and commercialization of products	UAE	49.00	49.00
Badi Ltd.		Holding	UAE	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	75.00	75.00
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 Bandirma 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	UAE	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	UAE	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 Cöoperatief U.A.		Holding	The Netherlands	0.01	0.01
Establecimiento Levino Zaccardi y Cia. S.A.	(a) (l)	Industrialization and commercialization of dairy products	Argentina	99.99	99.94
BRF Energia S.A.		Commercialization of eletric energy	Brazil	100.00	100.00
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

Entity		Main activity	Country (1)	% equity interest 12.31.20	12.31.19
Sadia Chile S.A.	(i)	Import, export and marketing of products	Chile	60.00	-
Sadia International Ltd.		Import and commercialization of products	Cayman Island	100.00	100.00
Sadia Chile S.A.	(j)	Import, export and marketing of products	Chile	-	60.00
Sadia Uruguay S.A.	(i)	Import and commercialization of products	Uruguay	-	5.10
Sadia Uruguay S.A.	(i)	Import and commercialization of products	Uruguay	100.00	94.90
Sadia Alimentos S.A.		Holding	Argentina	56.90	56.90
Compañía Paraguaya Comercial S.A.	(g)	Import and commercialization of products	Paraguay	-	1.00
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) (m)	Industrialization and commercialization of dairy products	Argentina	0.01	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

(1) UAE – United Arab Emirates.

a) Dormant subsidiaries. The Company is evaluating the liquidation of these subsidiaries.
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 in FFM Further Processing Sdn. Bhd. to FFM Berhad for the amount equivalent to R$38,546 (USD7,350). The amount received is presented in the Investing Activities on the Statement of Cash Flows.
e) On July 8, 2020, Sadia Overseas Ltd. was liquidated.
f) On October 22, 2020 the subsidiary BFFI International Ltd. was dissolved.
g) On November 3, 2020 the subsidiary Compañía Paraguaya Comercial S.A. was dissolved.
h) On November 5, 2020 the subsidiary Highline International was dissolved.
i) On November 10, 2020 Sadia International Ltd. sold to BRF S.A. the participation of 50% held in Sadia Uruguay S.A.
j) On November 10, 2020 Sadia International Ltd. sold to BRF S.A. the participation of 60% held in Sadia Chile S.A.
k) On November 11, 2020 the subsidiary BRF Global Namíbia was dissolved.
l) On December 3, 2020, BRF S.A. became owner of 99.99% of Establecimiento Levino Zaccardi y Cia. S.A.
m) On December 3, 2020, Vip S.A. Empreendimentos e Participações Imobiliárias became owner of 0.01% of Establecimiento Levino Zaccardi y Cia. S.A.
n) On December 17, 2020, Eclipse Holding Cöoperatief U.A. became owner of 4.36% of Buenos Aires Fortune S.A.
o) On December 17, 2020, Eclipse Latam Holdings became owner of 95.64% of Buenos Aires Fortune S.A.

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 ("Al-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 (USD19,000), at which point Al-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 closed on January 18, 2021 (note 35.1).

On December 17, 2020 the Company executed a share purchase agreement with Aaylex System Group S.A. providing for the terms and conditions for the sale of 100% of the shares held in Banvitfoods SRL by the amount equivalent to R$129,471 (EUR 20,300). The requirements for the classification of the investment as held for sale were met (note 3.9) and all assets, in the amount of R$151,189, and liabilities related to this subsidiary, in the amount of R$21,718, were reclassified to Assets Held for Sale and Liabilities Directly Associated with Assets Held for Sale, and were measured at the lower of the book value and the fair value less costs to sell. Such measurement resulted in an impairment of R$55,242, recorded in Other Operating Income (Expenses). The results and cash flow of this subsidiary remain classified under the Continuing Operations of the Company since the subsidiary does not represent a separate major line of business or geographic area of operations.

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.

The main impacts observed as result of the referred investigations were recorded in Other Operating Expenses in the amount of R$28,004 for the year ended on December 31, 2020 (R$79,207 for the year ended on December 31, 2019) mostly related to expenditures with lawyers, legal advisors and consultants.

In addition to the impacts already recorded, there are uncertainties about the outcome of these investigations 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 Nº 12,846/2013 ("Anti-corruption Law"), which aims to verify eventual administrative responsibilities related to the facts object of the criminal lawsuit Nº 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. No changes related to the judgements given on September 28, 2018 occurred during 2019 and 2020.

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, Carambeí/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.

No decision related to the charges above occurred during 2020.

1.2.3. Governance enhancement

The Company has been taking actions to strengthen the compliance with its policies, procedures and internal controls.

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 improvement 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 to the lead plaintiff leave to file a Fourth Amended Complaint, which was filed on November 8, 2019. On December 13, 2019, the served defendants, including the Company, 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 the payment of an amount equivalent to R$204,436 (USD40,000), to resolve all pending and prospective claims by individuals or entities which 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. On October 23, 2020, the agreement was approved by the United States District Court for the Southern District of New York.

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 expense with 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 these financial statements, 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 direct and incremental expenditures, such as transportation, personnel, prevention, control and donations, which are presented in the statement of income (loss) within the following line items:

	Consolidated 12.31.20
Cost of sales	(356,960)
Selling expenses	(56,307)
General and administrative expenses	(86,032)
	(499,299)

Aiming to preventively strengthen its liquidity level, the Company contracted and withdrew credit facilities with financial institutions in Brazil in the aggregate amount of R$2,429,211 and average term of approximately 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$2,094,555 (note 15.5).

The management considered in its projections of results and cash flows, to the best of its knowledge, the effects and uncertainties regarding the pandemic. As described in note 14.1 no impairment was recognized to the cash generating units. Due to the high volatility and uncertainty around the length and the impact of the pandemic, the Company will continue to monitor the situation and evaluate the impacts on assumptions and estimates used in preparing our financial reporting.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The parent company's and consolidated financial statements were prepared in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board - IASB. All the relevant information applicable to the financial statements, and only them, are being evidenced and correspond to those used by administration in its management.

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

The preparation of the parent company's and consolidated financial statements 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 financial statements 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 instances where 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

3.1. Consolidation

The consolidated financial statements include BRF and the subsidiaries (note 1.1) of which BRF has direct or indirect control, obtained when the Company is exposed to or has right to variable returns of such subsidiaries and has the power to influence these returns.

The financial information of the subsidiaries was prepared using the same accounting policies of the Parent Company.

All transactions and balances between BRF and its subsidiaries have been eliminated upon consolidation, as well as the unrealized profits or losses arising from these transactions, net of taxes. Non-controlling interests are presented separately.

3.2. Accounting judgments, estimates and assumptions

The Management made the following judgments which have a material impact on the amounts recognized in the financial statements:

Main judgments:

- » control, significant influence and consolidation (note 1.1);
- » share-based payment transactions (note 19);
- » transfer of control for revenue recognition (note 26);
- » probability of exercise of a renewal option or anticipated termination of the lease agreements (note 18).

Main estimates:

- » fair value of financial instruments (note 24);
- » annual assessment of impairment of non-financial assets (note 14);
- » expected credit losses (note 6);
- » write-down of inventories to net realizable value (note 7);
- » fair value of biological assets (note 8);
- » annual assessment of recoverability of taxes (note 9 and 10);
- » useful lives of property, plant, equipment and intangible assets with definite useful life (note 13 and 14);
- » employee benefits (note 20);
- » provision for tax, civil and labor risks (note 21);

The Company reviews the estimates and underlying assumptions used in its accounting estimates in each reporting period. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

3.3. Functional currency and foreign currency transactions

The financial statements of each subsidiary included in consolidation are prepared using the currency of the main economic environment where it operates.

The financial statements of foreign subsidiaries with functional currency different from Reais are translated into Brazilian Reais, under the following criteria:

- assets and liabilities are translated at the closing exchange rate;
- income and expenses are translated at the monthly average rate;
- the cumulative effects of gains or losses upon translation are recognized in Other Comprehensive Income, within equity.

Goodwill arising from business combinations with foreign entities is expressed in the functional currency of that entity and translated by the closing exchange rate for the reporting currency of the acquirer, with the exchange variation effects recognized in Other Comprehensive Income.

The transactions in foreign currency follow the criteria below:

- non-monetary assets and liabilities, as well as incomes and expenses, are translated at the historical rate of the transaction;
- monetary assets and liabilities are translated at the closing exchange rate;
- the cumulative effects of gains or losses upon translation of monetary assets and liabilities are recognized in the statements of income (loss).

3.4. Hyperinflationary economies

The Company has subsidiaries in Argentina, which is considered a hyperinflationary economy. For these subsidiaries the accounting policies below are adopted:

Non-monetary items, as well as income and expenses, are adjusted by the changes in the inflation index between the initial recognition and the closing date, so that the balances are stated at current value.

The translation of the balances of the subsidiaries with a hyperinflationary economy to the reporting currency were made at the closing rate of the reporting period for both financial position and income statement balances.

The inflation rates used in 2020 and 2019 were, respectively, 34.04% and 53.46%.

3.5. Business combination

Business combinations are recorded according to the acquisition method, which determines that the cost of an acquisition is measured by the sum of the consideration transferred, assessed based on the fair value on the acquisition date, and the value of any non-controlling interest in the acquired company. The Company measures the non-controlling interest based on its participation in the net assets identified in the acquired company. Costs directly attributable to the acquisition are recorded as expense when incurred.

Business combinations with related parties are recognized using the acquisition method when the agreements have a substance and at cost when no substance is observed in the transaction.

In the acquisition of a business, Management assesses the acquired assets and liabilities assumed in order to classify and allocate them in accordance with the contractual terms, economic circumstances and relevant conditions on the acquisition date.

Initially, goodwill is measured as the excess of the consideration transferred over the fair value of the net assets acquired (identifiable assets and liabilities assumed, net).

After the initial recognition, goodwill is measured at cost less any accumulated impairment losses. For purposes of testing the recoverable amount, goodwill is allocated to each of the cash-generating units that will benefit from the acquisition.

The CPC 15 / IFRS 3 has changed the definition of a business, applicable from January 01, 2020. This change did not generate impacts in accounting practices nor the financial statements of Company.

3.6. Inventories

Inventories are measured at the lower of the average cost of acquisition or production of finished products and the net realizable value. The cost of finished products includes purchased raw materials, labor, production costs, transportation and storage, which are related to all the processes necessary for bringing the products to sales conditions. Write-down to net realizable value due to obsolescence, impaired items, slow-moving and realizable value through sale are evaluated and recorded in each reporting period, as appropriate. Normal production losses are included in the production cost for the respective month, while abnormal losses, if any, are expensed in Cost of sales without movement through inventories.

3.7. Biological assets

The consumable and production biological assets (live animals) and forests are measured at their fair value, using the cost approach technique to live animals and the revenue approach for forests. In determining the fair value of live animals, all losses inherent to the breeding process are already considered.

3.8. Income taxes

In Brazil, it comprises income tax ("IRPJ") and social contribution on profit ("CSLL"), which are calculated monthly based on taxable profit, after offsetting tax losses and negative social contribution base, limited to 30% of the taxable income, applying the rate of 15% plus an additional 10% for the IRPJ and 9% for the CSLL.

The results obtained from foreign subsidiaries are subject to taxation by the countries where they are based, according to applicable rates and legislation. In Brazil, these results suffer the effects of taxation on universal basis established by the Law No. 12,973 / 14. The Company analyzes the results of each subsidiary for the application of its Income Tax legislation, in order to respect the treaties signed by Brazil and avoid double taxation.

Deferred taxes represent credits and debits on unused tax losses carried forward and negative CSLL base, as well as temporary differences between the tax and accounting bases. Deferred income tax assets and liabilities are classified as non-current. When the Company's internal studies indicate that the future use of these credits over a 10-year horizon is not probable, the asset is derecognized (note 10.3).

Deferred tax assets and liabilities are presented net if there is enforceable legal right to be offset, and if they are under the responsibility of the same tax authority and under the same taxable entity.

Deferred tax assets and liabilities must be measured at the rates applicable in the period in which the asset is realized or the liability is settled, based on the rates (and tax legislation) that are in force on the financial position date.

In compliance with the interpretation ICPC 22 / IFRIC 23, the Company analyzed relevant tax decisions of higher courts and whether they conflict in any way with the positions adopted by the Company. Regarding the known uncertain tax positions, the Company reviewed the corresponding legal opinions and jurisprudence and did not identify impacts to be recorded, since it concluded that the tax authorities are not likely to reject the positions adopted.

The Company periodically evaluates the positions assumed in which there are uncertainties about the adopted tax treatment and will set up a provision when applicable.

3.9. Assets held for sale and discontinued operations

Assets held for sale are measured at the lower of the book value and the fair value less selling costs and are not depreciated or amortized. Such items are only classified under this item when its sale is highly probable and they are available for immediate sale in their current conditions.

Losses due to impairment are recorded under Other operating expenses.

The statement of income and cash flows are classified as discontinued operations and presented separately from continued operations of the Company when the operation represents a separate major line of business or geographical area of operations.

The prior periods of the statement of income (loss) and of the statement of cash flows are restated for comparative purposes. The statement of financial position remains as disclosed in prior periods.

3.10. Investments

Investments classified in this group are: i) in associated companies, that are entities over which the Company has significant influence, which is the power to participate in decisions on the investee's financial and operational policies, but without individual or joint control of these policies; and ii) in joint ventures, in which the control of the business is shared through contractual agreement and decisions about the relevant activities require the unanimous consent of the parties.

Investments are initially recognized at cost and subsequently adjusted using the equity method.

3.11. Property, plant and equipment

Property, plant and equipment are measured by the cost of acquisition, formation, construction or dismantling, less accumulated depreciation. Loans and borrowings costs are recorded as part of the costs of property, plant and equipment in progress, considering the weighted average rate of loans and borrowings effective on the capitalization date.

Depreciation is recognized based on the estimated economic useful life of each asset using the straight-line method. The estimated useful life, residual values and depreciation methods are reviewed annually and the effects of any changes in estimates are accounted for prospectively. Land is not depreciated.

The Company annually performs an impairment analysis for its cash-generating units, which include the balances of property, plant and equipment (note 13).

Gains and losses on disposal of property, plant and equipment are determined by comparing the sale value with the residual book value and are recognized in the statement of income on the date of sale under Other operating income (expense).

3.12. Intangible assets

Acquired intangible assets are measured at cost at initial recognition, while those arising from a business combination are recognized at fair value on the acquisition date. After initial recognition, are presented at cost less accumulated amortization and impairment losses, when applicable. Internally generated intangible assets, excluding development costs, are not capitalized and the expense is recognized in the income statement when incurred.

Intangible assets with definite useful lives are amortized on a straight-line basis over their economic useful lives. The amortization period and method for an intangible asset with definite life are reviewed at least at the end of each year, and any changes observed are applied prospectively. The amortization of intangible assets with finite lives is recognized in the income statement in the expense category related to their use.

Intangible assets with indefinite useful lives are not amortized, but are tested annually for impairment, being allocated to the cash-generating units (note 14). The Company records in this subgroup mainly goodwill and brands, which are expected to contribute indefinitely to its cash flows.

3.13. Contingent assets

Contingent assets are possible assets to which existence needs to be confirmed by the occurrence or not of one or more uncertain future events. The Company does not record contingent assets, however when the inflow of economic benefits is more likely than not to occur, the contingent assets are disclosed.

3.14. Leasing

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether:

» the contract involves the use of an identified asset, which may be explicit or implicit, and may be physically distinct or represent substantially the entire capacity of a physically distinct asset. If the supplier has a substantial right to replace the asset, then the asset is not identified;

- the Company has the right to obtain substantially all the economic benefits from using the asset throughout the period of use; and
- the Company has the right to direct the use of the asset throughout the period of use, which occurs in either of the following situations:
  - the Company has the right to direct how and for what purpose the asset is used, or
  - the conditions are predetermined so as the Company has the right to operate the asset or has designed the asset in a way that predetermined how and for what purpose it will be used.

At the beginning of the contract, the Company recognizes a right-of-use asset and a lease liability, which represents the obligation to make payments related to the underlying asset of the lease.

The right-of-use asset is initially measured at cost and comprises: the initial measurement of the lease liability adjusted for any payment made at or before the commencement date, less any incentive received; any initial direct costs incurred; and an estimate of costs in dismantling and removing the asset, restoring the site on which it is located or restoring the asset to the condition required by the terms of the lease.. Renewal or early termination options are analyzed individually considering the type of asset involved as well as its relevance in the Company's production process.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date until the end of the useful life of the right-of-use asset or until the end of the period of the lease. The estimated useful life of the right-of-use asset is determined on the same methodology used for the assets owned by the Company (note 3.11). Additionally, the right-of-use asset is adjusted by the subsequent measurement of the lease liability and when applicable, an impairment is recognized.

The lease liability is initially measured at the present value of the future lease payments using the incremental borrowing rate, and subsequently, measured at amortized cost using the effective interest method.

The liability is remeasured when there is a change in (i) future payments resulting from a change in index or rate, (ii) the amount expected to be payable under a residual value guarantee, or (iii) the assessment of whether the Company will exercise the purchase, renewal or termination option.

When the lease liability is remeasured, the corresponding adjustment is recorded in the book value of the right-of-use asset, or in the statement of income if the book value of the right-of-use asset has been reduced to zero.

The Company does not apply lease accounting model to: leases with a term of 12 months or less and that do not contain a purchase option; and leases for which the underlying asset is of low value. For these exemptions, the lease payments are recognized as an expense on a straight-line basis over the lease term.

Additionally, contracts with indefinite term and no fixed payments are expensed as incurred.

The CPC 06(R2) / IFRS 16 has been modified for the inclusion of an optional practical expedient related to benefits granted on lease agreements due to the COVID-19 pandemic, effective for periods beginning on or after June 1, 2020. The Company was not granted benefits in leases related to the pandemic and, therefore, has not adopted this expedient.

3.15. Share based payments

The Company offers to its executives stock option plans and restricted stock plans of its own issuance. The Company recognizes as expense the fair value of the options or shares, measured at the grant date, on a straight-line basis during the period of service required by the plan, with a corresponding entry: to the shareholders' equity for plans exercisable in shares; and to liabilities for cash exercisable plans. The accumulated expense recognized reflects the vesting period and the Company's best estimate of the number of shares to be delivered.

The expense of the plans is recognized in the income statement in accordance with the function performed by the beneficiary. The expense is reversed when vesting conditions are not met.

3.16. Pension and other post-employment plans

The Company sponsors supplementary defined benefit and defined contribution pension plans, as well as other post-employment benefits for which an actuarial appraisal is annually prepared by an independent actuary and is reviewed by Management. The cost of defined benefits is established separately for each plan using the projected unit credit method.

The measurements comprise the actuarial gains and losses, the effect of the limit on contributions and returns on the plan assets and are recognized in the financial position against Other Comprehensive Income when incurred, except Award for Length of Service, which its recognition occurs against statement of income. These measurements are not reclassified to statement of income in subsequent periods.

The Company recognizes the net defined benefit asset when:

- controls the resource and has the ability to use the surplus to generate future benefits;
- the control is the result of past events;
- future economic benefits are available for the Company in the form of a reduction in future contributions or cash refunds, either directly to the sponsor or indirectly to another loss-making fund. The effect of the asset limit (irrecoverable surplus) is the present value of these future benefits.

Past service costs are recognized in income for the year on the following dates, whichever comes first:

- date of changing the plan or significantly reducing the expected length of service;
- date in which the Company recognizes the costs related to restructuring.

The cost of services and net interest on the value of the defined benefit liability or asset are recognized in the expense categories related to the function the beneficiary performs and to the financial result, respectively.

3.17. Employee and management profit sharing

Employees are entitled to profit sharing based on certain targets agreed upon on an annual basis, whereas directors are entitled to profit sharing based on the provisions of the bylaws, proposed by the Board of Directors and approved by the shareholders. The profit-sharing amount is recognized in the statement of income when the targets are achieved.

3.18. Provision for tax, civil and labor risks and contingent liabilities

The provisions are recognized when the Company has a present obligation, formalized or not, as a result of a past event, the outflow of resources to settle the obligation is likely to occur and a reliable estimate can be made.

The Company is involved in several legal and administrative procedures, mainly in Brazil. Assessments of the likelihood of loss in these lawsuits include an analysis of the available evidences, the hierarchy of laws, the available jurisprudence, the most recent court decisions and their relevance in the legal system, as well as the assessment of outside lawyers. Provisions are reviewed and adjusted to reflect changes in circumstances, such as the applicable limitation period, conclusions of tax inspections or additional exposures identified based on new matters or court decisions.

In cases where there are a large number of lawsuits and the amounts are not individually relevant, the Company use historical studies to determine the probability and amounts of losses.

Contingent liabilities from business combinations are recognized if they arise from a present obligation that arose from past events and if their fair value can be measured reliably. The initial measurement is done by the fair value and subsequent measurements by the higher value between: the fair value on its acquisition date; and the amount by which the provision would be recognized.

3.19. Financial instruments

Financial instruments are contracts that give rise to a financial asset for one entity and a financial liability or equity instrument for another. Their presentation in the statement of financial position and explanatory notes takes place according to the characteristics of each contract.

3.19.1. Financial Assets

Financial assets are recognized when the entity becomes party to the contractual provisions of the instrument and classified based on the characteristics of its cash flows and on the management model for the asset. The table below shows financial assets are classified and measured:

Category	Initial Measurement	Subsequent Measurement
Amortized Cost	Accounts receivable from Clients and other receivables: billed amount adjusted to present value and, when applicable, reduced by expected credit losses For other assets: Fair value less costs directly attributable to its issuance	Interest, changes in amortized cost and expected credit losses recognized in the income statement.
Fair Value through Profit and Loss ("FVTPL")	Fair Value	Variation on the fair value recognized in the income statement.
Fair Value through Other Comprehensive Income ("FVTOCI").	Fair value less costs directly attributable to its issuance.	Changes in fair value recognized in other comprehensive income. Upon settlement or transfer, accumulated gains or losses are directly reclassified to Retained earnings or accumulated losses. For debt instruments, expected credit losses are recognized directly in the statement of income.

The Company evaluates expected credit losses in each reporting period for instruments measured at amortized cost and for debt instruments measured at Fair Value through Other Comprehensive Income. Losses and reversals of losses are recorded in the income statement.

The interests of financial assets are recorded on Financial Income (Expenses), net.

A financial asset is only derecognized when contractual rights expire or are effectively transferred.

Cash and cash equivalents: comprises the balances of cash, banks and securities of immediate liquidity whose maturities, at the time of acquisition, are equal to or less than 90 days, readily convertible into a known amount of cash and which are subject to an insignificant risk of change in value. Securities classified in this group, by their very nature, are measured at fair value through profit or loss.

Expected credit losses in Accounts receivable from customers and other receivables: the Company regularly assesses the historical losses on the customer portfolios it has in each region, taking in consideration the dynamics of the markets in which it operates and instruments it has for reducing credit risks, such as: letters of credit, insurance and collateral, as well as identifying specific customers whose risks are significantly different than the portfolio, which are treated according to individual expectations.

Based on these assessments, estimated loss factors are generated by portfolio and aging class, which, applied to the amounts of accounts receivable, generate the expected credit losses. Additionally, the Company evaluates macroeconomic factors that may influence these losses and, if necessary, adjusts the calculation model.

Securities receivable with legal proceedings in place are reclassified to noncurrent as well as the related estimated credit losses. The securities are written off against the estimated loss when the Management considers that they are no longer recoverable after taking all appropriate actions to collect them.

3.19.2. Financial liabilities

Financial liabilities are recognized when the entity becomes party to the contractual provisions of the instrument. The initial measurement is at fair value and subsequently at amortized cost using the effective interest rate method. The interests of financial liabilities are recorded on Financial Income (Expenses), net.

A financial liability is only derecognized when the contractual obligation expires, is settled or canceled.

3.19.3. Adjustment to present value

The Company measures the adjustment to present value on short and long-term balances of accounts receivable, suppliers and other obligations, being recognized as a deduction in the asset accounts against the financial result. The Company adopts the weighted average cost of capital to determine the adjustment to present value of the mentioned assets and liabilities, which corresponds to 9.8% per year on December 31, 2020 (11.3% p.a. on December 31, 2019).

3.19.4. Hedge accounting

Cash flow hedge: the effective portion of the gain or loss on the hedge instrument is recognized under Other Comprehensive Income and the ineffective portion in the Financial result. Accumulated gains and losses are reclassified to the Income statement or statement of financial position when the hedge object is recognized, adjusting the item in which the hedge object was accounted for.

When the instrument is designated in a cash flow hedge relationship, changes in the fair value of the future element of the forward contracts and the time value of the options are recognized under Other Comprehensive Income. When the instrument is settled, these hedge costs are reclassified to the income statement together with the intrinsic value of the instruments.

Fair value hedge: the effective portion of the hedge instrument's gain or loss is recognized in the Income Statement or statement of financial position, adjusting the item under which the hedge object is or will be recognized. The hedge object, when designated in this relationship, is also measured at fair value.

Net investment hedge: the effective result of the exchange variation of the instrument is recorded under Other Comprehensive Income, in the same item in which the accumulated translation adjustments of the investments (hedge objects) are recognized. Only when the hedged investments are sold, the accumulated amount is reclassified to the income statement, adjusting the gain or loss on the sale.

3.19.5. Reference interest rate reform

The Company does not have relationship designated for hedge accounting that involve operations indexed to the reference interest rates object from reform. Additionally, existing liabilities indexed to the reference interest rates have contractual arrangements foreseeing the replacement for similar rates. Thus, no relevant impact is expected for the Company if such interest rates cease to exist or are replaced.

3.20. Segment information

An operating segment is a component of the Company that develops business activities to obtain revenues and incur expenses. The operating segments reflect the way in which the Company's management reviews the financial information for decision making. The Company's management identified the operating segments, which meet the quantitative and qualitative parameters of disclosure, pursuant its current management model (note 25).

3.21. Revenue from contracts with customers

Sales revenues are recognized and measured observing the following steps: (i) identification of the contracts with customers, formalized through sales orders; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations in the contract; and (v) revenue recognition as it satisfies the performance obligations.

Revenues are recognized by the amount that reflects the Company's expectation to receive for the sale of products, net of applicable taxes, returns, rebates and discounts.

The sales process begins with sales orders. The discounts and rebates may be negotiated on a spot basis or may have its conditions formally defined in the agreements, generally signed with large retail and wholesale chains. In all cases, the performance condition is satisfied when the control of the goods is transferred to the client.

The Company has sales with immediate and deferred payments, for which the adjustment to present value is recognized for the financial component (note 3.19.3).

3.22. Government grants

Government grants are recognized at fair value when there is reasonable assurance that the conditions established will be met and the benefit will be received. The amounts appropriated as revenue in the income statement, when used to reduce income taxes, are transferred from retained earnings to the tax incentive reserve in the years the Company presents profit higher than the reclassification.

3.23. Statement of value added

The company prepared the individual and consolidated statements of added value ("DVA") under CPC 09, which are presented as part of the financial statements in accordance with practices adopted in Brazil. For IFRS, it represents supplemental financial information.

3.24. 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 year.

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 year 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 within the share-based payment plans).

The stock options shall only be considered dilutive when the strike price is lower than the current share price.

4. CASH AND CASH EQUIVALENTS

	Average rate (1)	Parent company 12.31.20	Parent company 12.31.19	Consolidated 12.31.20	Consolidated 12.31.19
Cash and bank accounts					
U.S. Dollar	-	520	403	1,185,208	1,356,128
Brazilian Reais	-	111,615	166,506	112,181	167,051
Euro	-	6,144	3,813	54,687	71,626
Other currencies	-	28	180	1,086,996	694,982
		118,307	170,902	2,439,072	2,289,787
Cash equivalents					
In Brazilian Reais					
Investment funds	0.05%	4,684	3,507	4,684	3,507
Bank deposit certificates	1.86%	3,650,812	869,473	3,662,448	879,758
		3,655,496	872,980	3,667,132	883,265
In U.S. Dollar					
Term deposit	0.71%	-	254,583	198,878	270,714
Overnight	0.07%	102,336	70,515	1,220,232	689,874
Other currencies					
Term deposit	-	-	-	51,311	104,145
		102,336	325,098	1,470,421	1,064,733
		3,876,139	1,368,980	7,576,625	4,237,785

(1) Weighted average annual rate.

5. MARKETABLE SECURITIES

	WAM (1)	Currency	Average rate (2)	Parent company 12.31.20	Parent company 12.31.19	Consolidated 12.31.20	Consolidated 12.31.19
Fair value through other comprehensive income							
Credit linked note	-	USD	-	-	-	-	19,285
Stocks	-	HKD	-	-	-	42,029	26,678
				-	-	42,029	45,963
Fair value through profit and loss							
Financial treasury bills	3.39	R$	1.90%	312,515	396,994	312,515	396,994
Investment funds - FIDC BRF	2.96	R$	-	15,044	14,891	15,044	14,891
Investment funds	-	ARS	-	-	-	1,643	1,903
				327,559	411,885	329,202	413,788
Amortized cost							
Sovereign bonds and others (3)	2.33	AOA	3.82%	-	-	287,504	265,783
				327,559	411,885	658,735	725,534
Current				312,515	396,994	314,158	418,182
Non-current (4)				15,044	14,891	344,577	307,352

(1) Weighted average maturity in years.
(2) Weighted average annual rate.
(3) It's comprised of private securities and sovereign securities of the Angola Government and are presented net of expected credit losses in the amount of R$9,894 (R$1,983 on December 31, 2019).
(4) Maturity until December of 2023.

On December 31, 2020, the amount of R$366,671 (R$100,435 on December 31, 2019) classified as cash and cash equivalents and marketable securities were 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	
	12.31.20	12.31.19	12.31.20	12.31.19
Trade accounts receivable				
Domestic customers	1,999,807	1,333,344	2,002,586	1,336,762
Domestic related parties	6,228	800	-	-
Foreign customers	537,584	457,413	2,716,551	2,215,050
Foreign related parties	3,239,348	4,779,202	-	-
	5,782,967	6,570,759	4,719,137	3,551,812
(-) Adjustment to present value	(10,026)	(8,522)	(13,316)	(10,121)
(-) Expected credit losses	(555,712)	(457,505)	(605,940)	(503,848)
	5,217,229	6,104,732	4,099,881	3,037,843
Current	5,210,498	6,097,935	4,092,855	3,031,046
Non-current	6,731	6,797	7,026	6,797
Other receivables				
Other receivables	113,949	150,156	113,949	153,799
(-) Adjustment to present value	(156)	(1,936)	(156)	(1,936)
(-) Expected credit losses	(27,389)	(27,986)	(27,389)	(27,986)
	86,404	120,234	86,404	123,877
Current	43,566	56,002	43,566	59,645
Non-current (1)	42,838	64,232	42,838	64,232

(1) Weighted average maturity of 2.26 years.

The Company performs credit assignments with no right of return to the BRF Clients' Credit Rights Investment Fund ("FIDC BRF"), which has the sole purpose to acquire credit rights arising from commercial transactions carried out between the Company and its clients in Brazil. On December 31, 2020, FIDC BRF had an outstanding balance of R$549,083 (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 December 31, 2020, other receivables are mainly represented by receivables from the sale of farms and various properties, with a balance of R$78,258 (R$109,419 on December 31, 2019).

The movements of the expected credit losses are presented below:

	Parent company		Consolidated	
	12.31.20	12.31.19	12.31.20	12.31.19
Beginning balance	(457,505)	(441,448)	(503,848)	(508,848)
(Additions) Reversals	(4,822)	(21,336)	(12,137)	(23,899)
Write-offs	5,869	18,859	19,451	44,039
Exchange rate variation	(99,254)	(13,580)	(109,406)	(15,140)
Ending balance	(555,712)	(457,505)	(605,940)	(503,848)

The aging of trade accounts receivable is as follows:

	Parent company 12.31.20	Parent company 12.31.19	Consolidated 12.31.20	Consolidated 12.31.19
Not overdue	5,206,584	6,028,415	4,010,140	2,820,308
Overdue				
01 to 60 days	29,631	29,232	104,195	143,303
61 to 90 days	1,357	5,549	6,045	19,409
91 to 120 days	469	1,568	398	3,723
121 to 180 days	458	876	7,024	3,934
181 to 360 days	3,448	5,166	15,688	20,748
More than 360 days	541,020	499,953	575,647	540,387
(-) Adjustment to present value	(10,026)	(8,522)	(13,316)	(10,121)
(-) Expected credit losses	(555,712)	(457,505)	(605,940)	(503,848)
	5,217,229	6,104,732	4,099,881	3,037,843

7. INVENTORIES

	Parent company 12.31.20	Parent company 12.31.19	Consolidated 12.31.20	Consolidated 12.31.19
Finished goods	2,162,977	1,302,419	3,610,585	2,257,119
Work in progress	191,110	147,022	192,335	149,470
Raw materials	1,920,891	721,278	2,046,681	803,520
Packaging materials	88,359	57,915	92,256	60,715
Secondary materials	522,125	367,311	531,801	375,744
Supplies	173,030	168,248	207,033	205,399
Imports in transit	107,829	61,021	107,829	61,021
Other	75,508	5,252	94,816	19,266
(-) Adjustment to present value	(80,568)	(44,319)	(80,577)	(44,338)
	5,161,261	2,786,147	6,802,759	3,887,916

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

Parent company	Realizable value through sale		Impaired inventories		Obsolete inventories		Total	
	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19
Beginning balance	(9,075)	(60,986)	(37,729)	(51,374)	(8,416)	(5,008)	(55,220)	(117,368)
Additions	(77,039)	(61,890)	(73,895)	(142,796)	(4,815)	(6,485)	(155,749)	(211,171)
Reversals	62,157	72,645	-	-	-	-	62,157	72,645
Write-offs	-	41,156	88,045	156,441	5,516	3,077	93,561	200,674
Ending balance	(23,957)	(9,075)	(23,579)	(37,729)	(7,715)	(8,416)	(55,251)	(55,220)

Consolidated	Realizable value through sale		Impaired inventories		Obsolete inventories		Total	
	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19
Beginning balance	(10,712)	(65,490)	(42,526)	(60,586)	(14,919)	(12,029)	(68,157)	(138,105)
Additions	(106,357)	(81,988)	(91,237)	(153,881)	(10,304)	(9,529)	(207,898)	(245,398)
Reversals	85,816	95,881	-	-	-	-	85,816	95,881
Write-offs	-	41,156	104,115	171,637	10,688	6,360	114,803	219,153
Exchange rate variation	98	(271)	(183)	304	(184)	279	(269)	312
Ending balance	(31,155)	(10,712)	(29,831)	(42,526)	(14,719)	(14,919)	(75,705)	(68,157)

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:

														Parent company
	Current						Non-current							
	Live animals						Live animals							
	Poultry		Pork		Total		Poultry		Pork		Forests		Total	
	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19
Beginning balance	557,773	529,524	987,354	930,280	1,545,127	1,459,804	350,285	319,318	337,804	317,185	328,553	362,893	1,016,642	999,396
Additions/Transfer	9,689,719	3,442,621	7,108,084	3,545,494	16,797,803	6,988,115	62,286	60,424	363,027	272,677	38,536	56,134	463,849	389,235
Changes in fair value (1)	2,050,419	1,570,343	368,019	209,083	2,418,438	1,779,426	49,623	19,793	(184,005)	(174,903)	21,711	(28,119)	(112,671)	(183,229)
Harvest	-	-	-	-	-	-	-	-	-	-	(59,586)	(48,890)	(59,586)	(48,890)
Write-off	-	-	-	-	-	-	-	-	-	-	(5,099)	(11,810)	(5,099)	(11,810)
Transfer between current and non-current	57,164	49,250	91,574	77,155	148,738	126,405	(57,164)	(49,250)	(91,574)	(77,155)	-	-	(148,738)	(126,405)
Transfer to assets held for sale	-	-	-	-	-	-	-	-	-	-	329	(1,655)	329	(1,655)
Transfer to inventories	(11,571,369)	(5,033,965)	(7,294,449)	(3,774,658)	(18,865,818)	(8,808,623)	-	-	-	-	-	-	-	-
Ending balance	783,706	557,773	1,260,582	987,354	2,044,288	1,545,127	405,030	350,285	425,252	337,804	324,444	328,553	1,154,726	1,016,642

														Consolidated
	Current						Non-current							
	Live animals						Live animals							
	Poultry		Pork		Total		Poultry		Pork		Forests		Total	
	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19
Beginning balance	615,685	582,853	987,354	930,280	1,603,039	1,513,133	414,668	381,236	337,804	317,185	328,553	362,893	1,081,025	1,061,314
Additions/Transfer	9,705,994	3,456,921	7,108,084	3,545,494	16,814,078	7,002,415	71,494	94,055	363,027	272,677	38,536	56,134	473,057	422,866
Changes in fair value (1)	2,059,397	1,564,807	368,019	209,084	2,427,416	1,773,891	51,660	(6,516)	(184,005)	(174,903)	21,711	(28,119)	(110,634)	(209,538)
Harvest	-	-	-	-	-	-	-	-	-	-	(59,586)	(48,890)	(59,586)	(48,890)
Write-off	-	-	-	-	-	-	-	-	-	-	(5,099)	(11,810)	(5,099)	(11,810)
Transfer between current and non-current	57,164	49,250	91,574	77,155	148,738	126,405	(57,164)	(49,250)	(91,574)	(77,155)	-	-	(148,738)	(126,405)
Transfer to assets held for sale	-	-	-	-	-	-	(10,389)	-	-	-	329	(1,655)	(10,060)	(1,655)
Transfer to inventories	(11,571,369)	(5,033,965)	(7,294,449)	(3,774,659)	(18,865,818)	(8,808,624)	-	-	-	-	-	-	-	-
Exchange variation	1,557	(4,181)	-	-	1,557	(4,181)	1,784	(4,857)	-	-	-	-	1,784	(4,857)
Ending balance	868,428	615,685	1,260,582	987,354	2,129,010	1,603,039	472,053	414,668	425,252	337,804	324,444	328,553	1,221,749	1,081,025

(1) The change in the fair value of biological assets includes depreciation of breeders and depletion of forests in the amount of R$789,496 (R$728,904 on December 31, 2019) in the parent company and R$876,976 (R$798,239 on December 31, 2019) in the consolidated.

The estimated balances and quantities of live animals are set forth below:

				Parent company
		12.31.20		12.31.19
	Quantity (thousand of heads)	Book value	Quantity (thousand of heads)	Book value
Consumable biological assets				
Immature poultry	178,143	783,706	170,071	557,773
Immature pork	4,204	1,260,582	4,098	987,354
Total current	182,347	2,044,288	174,169	1,545,127
Production biological assets				
Immature poultry	6,243	152,632	6,093	129,837
Mature poultry	10,207	252,398	10,329	220,448
Immature pork	203	93,466	211	77,027
Mature pork	457	331,786	455	260,777
Total non-current	17,110	830,282	17,088	688,089
	199,457	2,874,570	191,257	2,233,216

				Consolidated
		12.31.20		12.31.19
	Quantity (thousand of heads)	Book value	Quantity (thousand of heads)	Book value
Consumable biological assets				
Immature poultry	199,877	868,428	189,602	615,685
Immature pork	4,204	1,260,582	4,098	987,354
Total current	204,081	2,129,010	193,700	1,603,039
Production biological assets				
Immature poultry	7,320	188,967	7,042	160,415
Mature poultry	11,395	283,086	11,554	254,253
Immature pork	203	93,466	211	77,027
Mature pork	457	331,786	455	260,777
Total non-current	19,375	897,305	19,262	752,472
	223,456	3,026,315	212,962	2,355,511

The Company has forests pledged as collateral for financing and tax/civil contingencies on December 31, 2020 in the amount of R$68,381 in the parent company and in the consolidated (R$62,408 in the parent company and in the consolidated at December 31, 2019).

8.1. Sensitivity analysis

The fair value of animals and forests is determined using unobservable inputs, using the best practices available in the valuation circumstances, therefore it is classified in the Level 3 of the fair value hierarchy. The main assumptions used in the measurement of the fair value of forests and their impact on measurement are presented below.

Asset	Valuation methodology	Non observable significant inputs	The estimated fair value can change if: Increase	Decrease
Forests	Income approach	Estimated price of standing wood	Increase in the price of wood	Decrease in the price of wood
		Productivity per hectare estimated	Increase in yield per hectare	Decrease in yield per hectare
		Harvest and transport cost	Decrease of harvest cost	Increase of harvest cost
		Discount rate	Descrease in discount rate	Increase in discount rate
Live animals	Cost approach	Price of the feed inputs	Increase in feed cost	Decrease in feed cost
		Storage costs	Increase in storage cost	Decrease in storage cost
		Outgrowers cost	Increase in outgrowers cost	Decrease in outgrowers cost

The prices used in the valuation are those practiced in the regions where the Company is located and were obtained through market research. The discount rate corresponds to the average cost of capital and other economic assumptions for a market participant.

The weighted average price used in the valuation of biological assets (forests) on December 31, 2020 was equivalent to R$34.63 (thirty-four and sixty-three Reais) per stere (R$32.99 per stere on December 31, 2019).

The real discount rate used in the valuation of the biological asset (forests) on December 31, 2020 was 6.00% p.a. (7.07% p.a. on December 31, 2019).

9. RECOVERABLE TAXES

The rollforward of recoverable taxes are set forth below:

	Note	12.31.19	Additions	Compensations	Transfers (1)	Restatement	Parent company 12.31.20
ICMS and VAT	9.1						
Recoverable ICMS and VAT		1,476,595	298,792	(164,645)	(127,370)	240	1,483,612
(-) Impairment		(141,192)	(38,033)	3,022	21,482	-	(154,721)
PIS and COFINS	9.2						
Recoverable PIS and COFINS		2,986,235	728,955	(591,245)	-	43,056	3,167,001
(-) Impairment		(16,922)	-	2,694	-	-	(14,228)
IPI	9.3						
Recoverable IPI		848,861	2,315	(7,197)	(92,812)	57,357	808,524
(-) Impairment		(3,818)	(263)	2,097	-	-	(1,984)
INSS							
Recoverable INSS		255,949	88,616	(7,634)	-	4,893	341,824
(-) Impairment		(102)	-	-	-	-	(102)
Other taxes							
Other recoverable taxes		41,050	11,949	(884)	-	-	52,115
(-) Impairment		(5,160)	-	3,676	-	-	(1,484)
		5,441,496	1,092,331	(760,116)	(198,700)	105,546	5,680,557
Current		274,480					812,338
Non-current		5,167,016					4,868,219

	Note	12.31.19	Additions	Compensations	Transfers (1)	Restatement	12.31.20
Income taxes	9.4						
Recoverable income taxes		313,704	30,596	(256,644)	-	4,340	91,996
(-) Impairment		(8,985)	-	-	-	-	(8,985)
		304,719	30,596	(256,644)	-	4,340	83,011
Current		40,291					28,888
Non-current		264,428					54,123

(1) The transfers occur from Recoverable Taxes to Other Current Assets and Other Non-Current Assets. In the case of ICMS and VAT, transfers occur when the credits are sold to third parties and in the case of IPI, when the government acknowledges its obligation to pay the credit in cash to the Company.

	Note	12.31.18	Additions	Compensations	Transfers (1)	Restatement	Parent company 12.31.19
ICMS and VAT	9.1						
Recoverable ICMS and VAT		1,517,304	336,037	(184,910)	(192,076)	240	1,476,595
(-) Impairment		(140,964)	(79,896)	29,749	49,919	-	(141,192)
PIS and COFINS	9.2						
Recoverable PIS and COFINS		941,864	2,276,404	(265,861)	-	33,828	2,986,235
(-) Impairment		(17,418)	(496)	992	-	-	(16,922)
IPI	9.3						
Recoverable IPI		836,674	3,119	(3,307)	(31,199)	43,574	848,861
(-) Impairment		(13,562)	-	-	9,744	-	(3,818)
INSS							
Recoverable INSS		307,865	11,901	(74,820)	-	11,003	255,949
(-) Impairment		(102)	-	-	-	-	(102)
Other taxes							
Other recoverable taxes		52,330	-	(11,280)	-	-	41,050
(-) Impairment		(3,875)	(1,287)	2	-	-	(5,160)
		3,480,116	2,545,782	(509,435)	(163,612)	88,645	5,441,496
Current		340,116					274,480
Non-current		3,140,000					5,167,016

	Note	12.31.18	Additions	Compensations	Transfers (1)	Restatement	12.31.19
Income taxes	9.4						
Recoverable income taxes		426,134	44,249	(174,005)	-	17,326	313,704
(-) Impairment		(8,985)	-	-	-	-	(8,985)
		417,149	44,249	(174,005)	-	17,326	304,719
Current		410,340					40,291
Non-current		6,809					264,428

(1) The transfers occur from Recoverable Taxes to Other Current Assets and Other Non-Current Assets. In the case of ICMS and VAT, transfers occur when the credits are sold to third parties and in the case of IPI, when the government acknowledges its obligation to pay the credit in cash to the Company.

	Note	12.31.19	Additions	Compensations	Transfers (1)	Restatement	Exchange variation	Consolidated 12.31.20
ICMS and VAT	9.1							
Recoverable ICMS and VAT		1,635,663	570,056	(549,446)	(127,370)	240	39,832	1,568,975
(-) Impairment		(141,193)	(38,033)	3,022	21,483	-	-	(154,721)
PIS and COFINS	9.2							
Recoverable PIS and COFINS		2,990,313	729,213	(594,483)	-	43,056	-	3,168,099
(-) Impairment		(16,922)	-	2,694	-	-	-	(14,228)
IPI	9.3							
Recoverable IPI		848,865	2,319	(7,201)	(92,812)	57,357	-	808,528
(-) Impairment		(3,818)	(263)	2,097	-	-	-	(1,984)
INSS								
Recoverable INSS		255,967	88,621	(7,663)	-	4,893	7	341,825
(-) Impairment		(102)	-	-	-	-	-	(102)
Other taxes								
Other recoverable taxes		80,145	11,952	(901)	(38,277)	-	(30)	52,889
(-) Impairment		(5,639)	-	3,676	-	-	-	(1,963)
		5,643,279	1,363,865	(1,148,205)	(236,976)	105,546	39,809	5,767,318
Current		473,732						899,120
Non-current		5,169,547						4,868,198

	Note	12.31.19	Additions	Compensations	Transfers (1)	Restatement	Exchange variation	12.31.20
Income taxes	9.4							
Recoverable income taxes		430,778	58,007	(422,496)	-	4,341	37,098	107,728
(-) Impairment		(9,029)	-	-	-	-	-	(9,029)
		421,749	58,007	(422,496)	-	4,341	37,098	98,699
Current		152,486						43,840
Non-current		269,263						54,859

(1) The transfers occur from Recoverable Taxes to Other Current Assets and Other Non-Current Assets. In the case of ICMS and VAT, transfers occur when the credits are sold to third parties and in the case of IPI, when the government acknowledges its obligation to pay the credit in cash to the Company.

	Note	12.31.18	Additions	Compensations	Transfers (1)	Restatement	Exchange variation	Consolidated 12.31.19
ICMS and VAT	9.1							
Recoverable ICMS and VAT		1,632,110	480,007	(282,246)	(192,076)	240	(2,372)	1,635,663
(-) Impairment		(140,970)	(79,896)	29,755	49,918	-	-	(141,193)
PIS and COFINS	9.2							
Recoverable PIS and COFINS		946,399	2,276,859	(266,773)	-	33,828	-	2,990,313
(-) Impairment		(17,418)	(496)	992	-	-	-	(16,922)
IPI	9.3							
Recoverable IPI		836,676	3,123	(3,310)	(31,199)	43,575	-	848,865
(-) Impairment		(13,562)	-	-	9,744	-	-	(3,818)
INSS								
Recoverable INSS		307,897	11,905	(74,841)	-	11,004	2	255,967
(-) Impairment		(102)	-	-	-	-	-	(102)
Other taxes								
Other recoverable taxes		155,779	29,321	(107,484)	-	-	2,529	80,145
(-) Impairment		(3,873)	(1,780)	2	-	-	12	(5,639)
		3,702,936	2,719,043	(703,905)	(163,613)	88,647	171	5,643,279
Current		560,389						473,732
Non-current		3,142,547						5,169,547

	Note	12.31.18	Additions	Compensations	Transfers (1)	Restatement	Exchange variation	12.31.19
Income taxes	9.4							
Recoverable income taxes		522,758	92,270	(202,091)	1,027	17,326	(512)	430,778
(-) Impairment		(9,029)	-	-	-	-	-	(9,029)
		513,729	92,270	(202,091)	1,027	17,326	(512)	421,749
Current		506,483						152,486
Non-current		7,246						269,263

(1) The transfers occur from Recoverable Taxes to Other Current Assets and Other Non-Current Assets. In the case of ICMS and VAT, transfers occur when the credits are sold to third parties and in the case of IPI, when the government acknowledges its obligation to pay the credit in cash to the Company.

9.1. ICMS – Tax on Movement of Goods and Services and VAT – Value Added Taxes

As result of (i) export activity, (ii) tax benefits, (iii) sales in the domestic market subject to reduced rates; and (iv) acquisition of property, plant and equipment, the Company generates credits that are offset against debits arising from sales in the domestic market or transferred to third parties.

The Company has ICMS credit balances in the States of Paraná, Santa Catarina, Mato Grosso do Sul, Minas Gerais and Amazonas, which will be realized in the short and long term, based on the recoverability study reviewed and approved by the Management.

In other jurisdictions outside Brazil, value added taxes (VAT) are due in regular operations of the Company with goods and services.

9.2. PIS and COFINS –Social Integration Plan and Contribution for Social Security Financing

The accumulated PIS and COFINS tax credits arise from credits on raw material purchases subsequently used in the production of exported products or products for which sale is not taxed, such as fresh meat and margarine. In 2020 the Company has also recognized and used extemporaneous credits on items as commercial and labor expenses. The realization of these credits usually occurs through the compensation with debits on sales of taxed products in the domestic market, with other federal taxes, and more recently with social security contributions, or even, if necessary, through refund or reimbursement requests.

In the years of 2018, 2019 and 2020 the Company received unappealable judicial decisions to four processes, granting the Company the right to exclude ICMS from the PIS and COFINS calculation basis. Such processes comprehend, besides BRF S.A., the subsidiaries Perdigão Agroindustrial S.A., Sadia S.A. and Avipal S.A. Avicultura e Agropecuária (later Eleva Alimentos S.A.), all incorporated by BRF S.A. The periods involved in the processes are from September 1992 until March 2017, date from which the Company began to exclude the ICMS from the PIS and COFINS calculation basis. The Company, supported by its consultants, obtained the fiscal files for the period and reconciled them with the accessory obligations, measuring the credits reliably through the ICMS presented in the invoices.

In the year of 2018, the court issued unappealable decision to the process filled by Perdigão Agroindustrial S.A., for which the amount of R$556,970 was recognized under Recoverable PIS and COFINS, being R$225,600 of principal recorded in Other Operating Income and R$331,370 of interests recorded in Financial Income. In the year of 2019, the court issued unappealable decisions to the processes filled by Sadia S.A. and BRF S.A., for which the amount of R$2,078,610 was recognized under Recoverable PIS and COFINS, being R$1,185,386 of principal recorded in Other Operating Income and R$893,224 of interests recorded in Financial Income.

On October 23, 2020 the Company received an unappealable judicial decision to a process filled by Eleva Alimentos S.A., for which the amount of R$99,065 was recognized under Recoverable PIS and COFINS, being R$40,086 of principal recorded in Other Operating Income and R$58,979 of interests recorded in Financial Income.

As of December 31, 2020, the updated balance of the processes above is R$2,818,391 (R$2,674,629 as of December 31, 2019). In the study prepared by the Management, its realization is estimated through offsetting with federal taxes or through reimbursement of the amounts as expected below:

	PIS and COFINS
2021	479,225
2022	328,000
2023	537,000
2024	672,000
2025	377,847
2026	424,319
	2,818,391

9.3. IPI - Industrialized Product Tax

The Company recognized relevant tax assets as result of gains from lawsuits related to IPI, specially "crédito prêmio". The balance referring to these assets in the parent company and consolidated on December 31, 2020 is R$860,820 (R$1,037,901 on December 31, 2019), of which R$805,001 (R$840,455 on December 31, 2019) is recorded as Recoverable Taxes and the remainder, referring to cases in which the government will reimburse in cash, is recorded as Other Current Assets, in the amount of R$40,370 (R$194,388 on December 31, 2019) and as Other Non-Current Assets, in the amount of R$15,449 (R$3,058 on December 31, 2019).

In the study prepared by the Management, its realization is estimated through the refund of the amounts as expected below:

	IPI
2021	40,370
2022	15,449
2025	590,760
2026	214,241
	860,820

9.4. Income taxes

The accumulated income taxes credits arise, mostly, from withholding taxes on securities, interest and prepayments on of income tax and social contribution in Brazil. The realization occurs by offsetting with federal taxes and contributions.

9.5. Realization of Brazilian federal tax credits

The Company received in cash, through refunds related to IPI credits, the amount of R$235,405 for the year ended December 31, 2020 (null for the year ended December 31, 2019) in the parent company and consolidated.

Additionally, the Company used PIS, COFINS, IPI, IRPJ, CSLL, INSS and other tax credits to offset other federal taxes payable such as INSS and withholding Income Tax in the amount of R$863,604 for the year ended

December 31, 2020 in the parent company and consolidated (R$529.273 in the parent company and consolidated for the year ended December 31, 2019), preserving its liquidity and optimizing its capital structure.

10. DEFERRED INCOME TAXES

10.1. Composition

	Parent company		Consolidated	
	12.31.20	12.31.19	12.31.20	12.31.19
Assets				
Tax losses carryforward	2,052,843	1,780,424	2,060,846	1,785,027
Negative calculation basis (social contribution)	769,402	680,518	772,283	682,175
Temporary differences - Assets				
Provisions for tax, civil and labor risks	458,019	477,538	458,019	477,538
Suspended collection taxes	1,871	31,069	1,871	31,069
Expected credit losses	194,969	164,177	194,977	164,332
Impairment on tax credits	67,900	60,797	67,900	60,797
Provision for other obligations	115,959	64,661	115,959	64,661
Employees' profit sharing	86,752	66,166	86,752	66,166
Write-down to net realizable value of inventories	19,184	18,657	19,189	18,718
Employees' benefits plan	216,510	202,228	216,510	202,228
Lease basis difference	86,308	37,492	86,308	37,492
Other temporary differences	10,632	35,542	40,028	66,432
	4,080,349	3,619,269	4,120,642	3,656,635
Temporary differences - Liabilities				
Difference on tax x accounting basis for goodwill amortization	(320,729)	(319,592)	(320,729)	(319,592)
Difference on tax x accounting basis for depreciation (useful life)	(851,436)	(802,844)	(851,436)	(802,844)
Business combination (1)	(740,385)	(622,203)	(761,429)	(640,318)
Unrealized gains on derivatives, net	(42,493)	(43,428)	(42,493)	(43,428)
Unrealized fair value gains, net	(39,269)	(11,998)	(39,269)	(11,998)
Other temporary differences	(17,268)	(10,710)	(22,749)	(77,903)
	(2,011,580)	(1,810,775)	(2,038,105)	(1,896,083)
Total deferred taxes	2,068,769	1,808,494	2,082,537	1,760,552
Total Assets	2,068,769	1,808,494	2,109,064	1,845,862
Total Liabilities	-	-	(26,527)	(85,310)
	2,068,769	1,808,494	2,082,537	1,760,552

(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 income taxes, net, is set forth below:

	Parent company		Consolidated	
	12.31.20	12.31.19	12.31.20	12.31.19
Beginning balance	1,808,494	1,517,576	1,760,552	1,453,878
Deferred taxes on profit recognized in income	227,906	197,640	242,271	220,586
Deferred income taxes recognized in other comprehensive income	32,070	(5,232)	32,070	60
Deferred income taxes related to discontinued operations	-	97,749	-	116,883
Other (1)	299	761	47,644	(30,855)
Ending balance	2,068,769	1,808,494	2,082,537	1,760,552

(1) Mainly related to the foreign exchange variation effect on the balances in foreign companies.

10.2. Estimated period of realization

Deferred tax assets arising from temporary differences will be realized as the differences 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 on tax losses carryforward, Management considers its budget and strategic plans, which were approved by the Board of Directors, adjusted based on the estimates of the main tax additions and exclusions. The recoverability study is reviewed by the Fiscal Council and approved by the Board of Directors. 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	55,306	55,306
2022	140,612	140,612
2023	230,254	231,408
2024	288,074	291,677
2025	329,733	335,681
2026 to 2028	1,035,323	1,035,323
2029 onwards	742,943	743,122
	2,822,245	2,833,129

The Company has tax losses carryforward in Brazil, which at current tax rates represent R$4,589,674 on December 31, 2020 (R$2,747,192 on December 31, 2019). Within this amount, R$2,822,245 (R$2,460,942 on December 31, 2019) are recognized as an asset, according to the recoverability expectation above. 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 and the use to offset income taxes payable is limited to 30% of future taxable income.

10.3. Effective income tax rate reconciliation

	Parent company		Consolidated	
	12.31.20	12.31.19	12.31.20	12.31.19
Income before taxes	1,155,658	1,003,696	1,147,798	1,087,374
Nominal tax rate	34%	34%	34%	34%
Expense at nominal rate	(392,924)	(341,257)	(390,251)	(369,707)
Adjustments to income taxes				
Income from associates and joint ventures	2,149,057	403,434	-	73,995
Difference of tax rates on results of foreign subsidiaries	-	-	955,324	(74,172)
Difference of functional currency of foreign subsidiaries	-	-	1,142,762	73,380
Deferred tax assets not recognized (1)	(1,481,478)	(38,464)	(1,481,478)	(38,464)
Profits taxed by foreign jurisdictions	(63,252)	(79,435)	-	-
Share-based payment	(22,774)	(14,172)	(22,774)	(14,172)
Transfer price	(40,568)	(16,966)	(40,568)	(16,966)
Penalties	(5,261)	(48,633)	(5,261)	(48,633)
Investment grant	52,279	64,127	52,279	64,127
Reversal (recognition) of provision with no deferred tax constituted	-	274,693	-	481,356
Other permanent differences	32,827	(4,783)	32,238	(4,857)
	227,906	198,544	242,271	125,887
Effective rate	-19.7%	-19.8%	-21.1%	-11.6%
Current tax	-	904	(77,373)	(94,699)
Deferred tax	227,906	197,640	319,644	220,586

(1) Amount related to the non-recognition of deferred tax on tax losses carryforward in the amount of R$4,357,288 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 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
	Tax		Labor		Civil, commercial and other		Total	
	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19
Beginning balance	244,977	288,377	301,739	351,648	28,965	29,073	575,681	669,098
Additions	12,294	79,702	133,847	176,315	6,719	4,373	152,860	260,390
Release in favor of the Company	(11,948)	(9,440)	(51,414)	(36,461)	(370)	(382)	(63,732)	(46,283)
Release in favor of the counterparty	(907)	(123,371)	(126,405)	(198,819)	(2,055)	(4,825)	(129,367)	(327,015)
Interest	4,574	9,709	11,980	9,056	1,280	726	17,834	19,491
Ending balance	248,990	244,977	269,747	301,739	34,539	28,965	553,276	575,681

								Consolidated
	Tax		Labor		Civil, commercial and other		Total	
	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19
Beginning balance	244,977	288,377	301,808	351,648	28,965	29,073	575,750	669,098
Additions	12,294	79,702	133,847	176,406	6,719	4,373	152,860	260,481
Release in favor of the Company	(11,948)	(9,440)	(51,414)	(36,461)	(370)	(382)	(63,732)	(46,283)
Release in favor of the counterparty	(907)	(123,371)	(126,405)	(198,821)	(2,055)	(4,825)	(129,367)	(327,017)
Interest	4,574	9,709	11,980	9,056	1,280	726	17,834	19,491
Exchange rate variation	-	-	(4)	(20)	-	-	(4)	(20)
Ending balance	248,990	244,977	269,812	301,808	34,539	28,965	553,341	575,750

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	Establec. 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.	Sadia Chile 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.	12.31.20	12.31.19
a) Participation as of December 31, 2020																	
% of participation	100.00%	100.00%	99.99%	100.00%	100.00%	99.99%	43.10%	10.00%	100.00%	100.00%	60.00%	0.01%	100.00%	33.33%	33.33%		
Total quantity of shares and quotas	7,176,530	1	9,918,875	18,741,856	100	5,463,850	594,576,682	150,000	900,000	2,352,881,073	3,027,987,368	10,000	14,249,459	-	-		
Quantity of shares and quotas held	7,176,530	1	9,918,538	18,741,856	100	5,463,849	256,253,695	15,000	900,000	2,352,881,073	1,816,792,421	1	14,249,459	-	-		
														-			
b) Information as of December 31, 2020																	
Share capital	7,177	6,523	1,765	32,664	120	5,564	338,054	3	2,933	497,012	16,169	334,999	1,311	-	-		
Shareholders' equity	518	11,455,184	51	14,412	314,811	5,402	2,622	1,542	29,557	89,924	(41,752)	12,863	2,307	-	-		
Income (loss) for the year	(513)	2,285,391	(491)	(9,564)	679,585	(162)	(1,869)	1,500	28,613	3,334	10,204	2,125	42	-	-		
c) Movements of investments																	
Beginning balance (12.31.19)	1,031	6,148,777	-	19,083	-	5,564	4,791	-	235,307	74,821	-	-	2,356	2,353	4,851	6,498,934	4,042,451
Result Movements																	
Income (loss)	(513)	5,581,287	(456)	(9,671)	680,318	(162)	(2,968)	150	62,799	3,520	6,406	4	42	-	-	6,320,756	1,186,569
Dividends and interests on shareholders' equity	-	-	-	-	-	-	-	-	(303,859)	-	-	-	(90)	-	-	(303,949)	(8,665)
Capital movements																	
Capital increase	-	-	607	5,000	-	-	-	-	-	4,458	-	-	-	238	849	11,152	2,385
Capital transaction between subsidiaries	-	-	-	-	-	-	(3,232)	-	(218)	(4,050)	-	-	-	-	-	(7,500)	1,314,596
Acquisition (sale) of equity interest	-	-	-	-	-	-	-	-	-	-	(29,979)	-	-	-	-	(29,979)	(67,444)
Liquidation of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90,834
Goodwill on acquisition of non-controlling interests	-	-	-	-	(14,344)	-	-	-	-	-	-	-	-	-	-	(14,344)	-
Other																	
Other comprehensive income	-	(274,878)	12	-	(222,517)	-	2,539	14	(8,053)	11,174	(1,413)	(5)	(1)	-	-	(493,128)	(81,086)
Constitution (reversal) of provision for loss	-	-	(112)	-	(128,646)	-	-	(10)	43,581	-	24,986	1	-	-	-	(60,200)	128,757
Ending balance (12.31.20)	518	11,455,186	51	14,412	314,811	5,402	1,130	154	29,557	89,923	-	-	2,307	2,591	5,700	11,921,742	6,498,934

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

On December 31, 2020 and on December 31, 2019, 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:

						Parent company
	Average rate (1)	12.31.19	Additions	Disposals	Transfers (2)	12.31.20
Cost						
Land		546,976	6,260	(13,900)	21,520	560,856
Buildings, facilities and improvements		9,558,475	226,438	(86,330)	74,082	9,772,665
Machinery and equipment		7,669,528	9,487	(159,552)	345,070	7,864,533
Furniture and fixtures		101,855	468	(6,505)	10,213	106,031
Vehicles		121,079	97,535	(8,760)	(84)	209,770
Construction in progress		335,872	752,949	-	(493,468)	595,353
Advances to suppliers		-	-	-	923	923
		18,333,785	1,093,137	(275,047)	(41,744)	19,110,131
Depreciation						
Land (3)	20.97%	(4,258)	(6,834)	244	(1,800)	(12,648)
Buildings, facilities and improvements	9.74%	(3,126,532)	(614,982)	63,432	(5,021)	(3,683,103)
Machinery and equipment	6.67%	(3,790,298)	(441,873)	103,623	1,201	(4,127,347)
Furniture and fixtures	6.67%	(54,854)	(5,231)	5,461	(98)	(54,722)
Vehicles	27.12%	(24,541)	(40,913)	1,617	84	(63,753)
		(7,000,483)	(1,109,833)	174,377	(5,634)	(7,941,573)
		11,333,302	(16,696)	(100,670)	(47,378)	11,168,558

(1) Weighted average annual rate.
(2) Refers to the transfer of R$42,912 for intangible assets, R$4,555 for assets held for sale and R$(89) for biological assets.
(3) Land depreciation refers to right-of-use assets. The amount of R$4,266 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).

							Parent company
	Average rate (1)	12.31.18	Initial adoption IFRS 16	Additions	Disposals	Transfers	12.31.19
Cost							
Land		504,851	21,120	1,985	(5,879)	24,899	546,976
Buildings, facilities and improvements		7,108,551	2,128,038	202,393	(143,790)	263,283	9,558,475
Machinery and equipment		7,771,340	458	6,086	(209,229)	100,873	7,669,528
Furniture and fixtures		102,732	-	279	(6,997)	5,841	101,855
Vehicles		7,491	7,669	112,868	(7,876)	927	121,079
Construction in progress		418,630	-	354,115	-	(436,873)	335,872
Advances to suppliers		267	-	-	-	(267)	-
		15,913,862	2,157,285	677,726	(373,771)	(41,317)	18,333,785
Depreciation							
Land	20.77%	-	-	(4,285)	27	-	(4,258)
Buildings, facilities and improvements	6.17%	(2,534,557)	-	(599,818)	20,554	(12,711)	(3,126,532)
Machinery and equipment	6.60%	(3,485,179)	-	(490,308)	178,990	6,199	(3,790,298)
Furniture and fixtures	6.67%	(55,732)	-	(5,293)	5,399	772	(54,854)
Vehicles	27.65%	(7,221)	-	(20,349)	1,461	1,568	(24,541)
		(6,082,689)	-	(1,120,053)	206,431	(4,172)	(7,000,483)
		9,831,173	2,157,285	(442,327)	(167,340)	(45,489)	11,333,302

(1) Weighted average annual rate.

	Average rate (1)	12.31.19	Additions	Disposals	Transfers (2)	Exchange rate variation	Consolidated 12.31.20
Cost							
Land		603,479	7,582	(13,665)	6,031	4,962	608,389
Buildings, facilities and improvements		10,148,798	287,834	(148,793)	268	156,419	10,444,526
Machinery and equipment		8,177,047	20,293	(166,183)	278,530	85,833	8,395,520
Furniture and fixtures		140,439	851	(8,604)	18,946	5,453	157,085
Vehicles		213,199	165,737	(54,491)	(5,639)	27,412	346,218
Construction in progress		348,907	778,151	-	(516,360)	(2,443)	608,255
Advances to suppliers		528	8,885	-	3,851	(516)	12,748
		19,632,397	1,269,333	(391,736)	(214,373)	277,120	20,572,741
Depreciation							
Land (3)	21.32%	(5,086)	(7,132)	813	(1,802)	(593)	(13,800)
Buildings, facilities and improvements	9.45%	(3,263,801)	(688,767)	122,812	15,895	(37,364)	(3,851,225)
Machinery and equipment	6.64%	(3,950,250)	(487,956)	110,163	56,748	(32,712)	(4,304,007)
Furniture and fixtures	6.67%	(71,779)	(11,704)	6,931	(801)	(2,571)	(79,924)
Vehicles	25.87%	(64,592)	(72,562)	41,236	2,389	(14,676)	(108,205)
		(7,355,508)	(1,268,121)	281,955	72,429	(87,916)	(8,357,161)
		12,276,889	1,212	(109,781)	(141,944)	189,204	12,215,580

(1) Weighted average annual rate.
(2) Refers to the transfer of R$45,245 for intangible assets, R$96,788 to held for sale and R$(89) for biological assets.
(3) Land depreciation refers to right-of-use assets. The amount of R$4,266 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).

								Consolidated
	Average rate (1)	12.31.18	Initial adoption IFRS 16	Additions	Disposals	Transfers	Exchange rate variation	12.31.19
Cost								
Land		536,878	23,453	1,986	(5,879)	50,980	(3,939)	603,479
Buildings, facilities and improvements		7,590,545	2,278,982	219,145	(149,866)	196,829	13,163	10,148,798
Machinery and equipment		8,272,920	1,182	45,682	(212,637)	83,812	(13,912)	8,177,047
Furniture and fixtures		159,902	-	2,834	(25,264)	3,515	(548)	140,439
Vehicles		17,402	94,065	119,520	(9,959)	(10,502)	2,673	213,199
Construction in progress		409,696	-	367,148	-	(427,737)	(200)	348,907
Advances to suppliers		13,425	-	898	(1,173)	(16,959)	4,337	528
		17,000,768	2,397,682	757,213	(404,778)	(120,062)	1,574	19,632,397
Depreciation								
Land	22.31%	-	-	(5,134)	27	-	21	(5,086)
Buildings, facilities and improvements	5.83%	(2,602,188)	-	(667,622)	26,616	(15,167)	(5,440)	(3,263,801)
Machinery and equipment	6.57%	(3,620,421)	-	(527,007)	183,168	18,481	(4,471)	(3,950,250)
Furniture and fixtures	6.67%	(71,062)	-	(10,908)	6,331	2,665	1,195	(71,779)
Vehicles	32.37%	(10,099)	-	(59,348)	1,718	3,579	(442)	(64,592)
		(6,303,770)	-	(1,270,019)	217,860	9,558	(9,137)	(7,355,508)
		10,696,998	2,397,682	(512,806)	(186,918)	(110,504)	(7,563)	12,276,889

(1) Weighted average annual rate.

The amount of capitalized borrowing costs during the year ended on December 31, 2020 was of R$21,676 in the parent company and in the consolidated (R$19,207 in the parent company and in the consolidated during the year ended on December 31, 2019).

The weighted average rate used to determine the amount of borrowing costs subject to capitalization was 6.26% p.a. in the parent company and in the consolidated for the year ended on December 31, 2020 (6.60% p.a. in the parent company and in the consolidated for the year ended on December 31, 2019).

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	12.31.20	12.31.19
Land	Financial/Tax	223,918	221,727
Buildings, facilities and improvements	Financial/Tax	1,491,531	1,499,808
Machinery and equipment	Financial/Labor/Tax/Civil	1,470,295	1,488,889
Furniture and fixtures	Financial/Tax	15,700	14,090
Vehicles	Financial/Tax	294	369
		3,201,738	3,224,883

14. INTANGIBLE ASSETS

The intangible assets rollforward is set forth below:

						Parent company
	Average rate (1)	12.31.19	Additions	Disposals	Transfers	12.31.20
Cost						
Goodwill		1,783,655	-	-	-	1,783,655
Trademarks		1,152,885	-	-	-	1,152,885
Non-compete agreement		71,729	414	(379)	-	71,764
Outgrowers relationship		14,604	-	(9,276)	-	5,328
Patents		6,205	-	-	-	6,205
Software		491,682	72,783	(46,059)	94,635	613,041
Intangible in progress		11,450	94,733	-	(60,265)	45,918
		3,532,210	167,930	(55,714)	34,370	3,678,796
Amortization						
Non-compete agreement	36.27%	(57,690)	(11,779)	380	-	(69,089)
Outgrowers relationship	12.75%	(12,744)	(1,030)	9,079	-	(4,695)
Patents	10.00%	(5,524)	(473)	-	-	(5,997)
Software	34.59%	(316,720)	(148,317)	43,956	8,542	(412,539)
		(392,678)	(161,599)	53,415	8,542	(492,320)
		3,139,532	6,331	(2,299)	42,912	3,186,476

(1) Weighted average annual rate.

	Average rate (1)	12.31.18	adoption IFRS 16	Additions	Disposals	Transfers	Parent company 12.31.19
Cost							
Goodwill for future profitability		1,783,655	-	-	-	-	1,783,655
Trademarks		1,152,885	-	-	-	-	1,152,885
Non-compete agreement		63,624	-	8,105	-	-	71,729
Outgrowers relationship		15,022	-	-	(418)	-	14,604
Patents		5,970	-	-	-	235	6,205
Software		434,242	61	37,410	(66,604)	86,573	491,682
Intangible in progress		-	-	46,745	-	(35,295)	11,450
		3,455,398	61	92,260	(67,022)	51,513	3,532,210
Amortization							
Non-compete agreement	42.73%	(35,246)	-	(22,444)	-	-	(57,690)
Outgrowers relationship	13.02%	(11,552)	-	(1,546)	354	-	(12,744)
Patents	19.05%	(5,055)	-	(469)	-	-	(5,524)
Software	23.50%	(249,832)	-	(133,477)	66,598	(9)	(316,720)
		(301,685)	-	(157,936)	66,952	(9)	(392,678)
		3,153,713	61	(65,676)	(70)	51,504	3,139,532

(1) Weighted average annual rate.

	Average rate (1)	12.31.19	Additions	Disposals	Transfers (2)	Exchange rate variation	Consolidated 12.31.20
Cost							
Goodwill		2,713,602	-	-	(6,970)	228,945	2,935,577
Trademarks		1,322,262	-	-	-	5,476	1,327,738
Non-compete agreement		99,229	413	(379)	-	7,899	107,162
Outgrowers relationship		14,604	-	(9,276)	-	-	5,328
Patents		6,305	-	(115)	-	15	6,205
Customer relationship		892,758	-	-	-	174,955	1,067,713
Software		523,615	73,423	(45,851)	97,117	8,951	657,255
Intangible in progress		12,151	95,111	-	(61,434)	226	46,054
		5,584,526	168,947	(55,621)	28,713	426,467	6,153,032
Amortization							
Non-compete agreement	23.41%	(74,190)	(18,784)	379	-	(4,813)	(97,408)
Outgrowers relationship	12.75%	(12,744)	(1,030)	9,079	-	-	(4,695)
Patents	10.00%	(5,626)	(476)	115	-	(12)	(5,999)
Customer relationship	7.35%	(242,263)	(79,969)	-	-	(52,899)	(375,131)
Software	34.22%	(341,624)	(153,288)	43,718	9,562	(8,065)	(449,697)
		(676,447)	(253,547)	53,291	9,562	(65,789)	(932,930)
		4,908,079	(84,600)	(2,330)	38,275	360,678	5,220,102

(1) Weighted average annual rate.
(2) Related to transfer of R$6,970 to assets held for sales.

	Average rate (1)	12.31.18	Initial adoption IFRS 16	Additions	Disposals	Transfers	Exchange rate variation	Consolidated 12.31.19
Cost								
Goodwill for future profitability		2,694,967	-	-	-	-	18,635	2,713,602
Trademarks		1,336,162	-	-	-	-	(13,900)	1,322,262
Non-compete agreement		90,012	-	8,105	-	-	1,112	99,229
Outgrowers relationship		15,022	-	-	(418)	-	-	14,604
Patents		6,066	-	-	-	235	4	6,305
Customer relationship		896,039	-	-	-	-	(3,281)	892,758
Software		491,830	61	38,259	(95,275)	87,576	1,164	523,615
Intangible in progress		-	-	47,422	-	(35,294)	23	12,151
		5,530,098	61	93,786	(95,693)	52,517	3,757	5,584,526
Amortization								
Non-compete agreement	33.67%	(45,802)	-	(27,811)	-	-	(577)	(74,190)
Outgrowers relationship	13.02%	(11,552)	-	(1,546)	354	-	-	(12,744)
Patents	19.05%	(5,149)	-	(470)	-	-	(7)	(5,626)
Customer relationship	7.31%	(172,450)	-	(67,137)	-	-	(2,676)	(242,263)
Software	23.18%	(275,747)	-	(141,925)	77,027	(10)	(969)	(341,624)
		(510,700)	-	(238,889)	77,381	(10)	(4,229)	(676,447)
		5,019,398	61	(145,103)	(18,312)	52,507	(472)	4,908,079

(1) Weighted average annual rate.

14.1. Impairment Test

The impairment test of assets is carried out annually based on the discounted cash flow method, which is prepared in order to determine the value in use of the Company's cash-generating units ("CGU"). In 2020, the Company used its budget, strategic and financial planning with projections until 2025 and average perpetuity of the cash generating units of 3.25% p.a., based on the history of recent years, as well as in the economic and financial projections of each market in which the Company operates, in addition to official information from independent and governmental institutions.

The discount rate used by Management to prepare discounted cash flows varied from 11.21% p.a. to 13.22% p.a. according to the CGU. The assumptions presented in the table below were also adopted:

	2021	2022	2023	2024	2025
Inflation Brazil	2.84%	3.50%	3.56%	3.55%	3.40%
Inflation - United States	2.59%	2.56%	2.53%	2.51%	2.48%
Exchange rate - BRL / USD	4.89	4.32	4.07	3.95	3.87

The rates presented above don't consider the effects of income taxes.

Based on Management's analysis, no impairment adjustments were identified.

In addition to the analysis mentioned above, Management prepared a deterministic sensitivity analysis considering the variations in the Earnings Before Interest and Tax ("EBIT") margin and in the nominal discount rate as shown below:

	Variations		
Apreciation (devaluation)	1.0%	0.0%	(1.0%)
BRAZIL CGU			
Discount rate	14.22%	13.22%	12.22%
Ebit Margin	13.76%	12.76%	11.76%
INTERNATIONAL CGU´s			
Discount rate	12.21%	11.21%	10.21%
Ebit Margin	11.77%	10.77%	9.77%

The Company, in its sensitivity analysis, did not identify any scenarios in which an impairment was necessary.

15. LOANS AND BORROWINGS

										Parent company
	Charges (p.a.)	Average rate (1)	WAMT (2)	12.31.19	Borrowing	Amortization	Interest paid	Interest accrued	Exchange rate variation	12.31.20
Local currency										
Working capital	Fixed / CDI	3.25% (6.07% on 12.31.19)	0.6	3,312,639	1,200,000	(3,947,237)	(340,227)	143,506	-	368,681
Certificate of agribusiness receivables (3)	CDI / IPCA	10.21% (6.73% on 12.31.19)	3.0	1,597,447	-	(780,000)	(100,932)	104,578	-	821,093
Development bank credit lines	Fixed / Selic / TJLP	(5.09% on 12.31.19)	-	45,516	-	(45,470)	(427)	381	-	-
Export credit facility (4)	Fixed / CDI / USD	3.69% (5.83% on 12.31.19)	6.8	1,612,365	1,490,809	(1,113,176)	(111,498)	152,968	377,229	2,408,697
Special program asset restructuring	IGPM	(12.22% on 12.31.19)	-	284,308	-	(287,621)	(5,142)	8,455	-	-
Debentures	CDI / IPCA	8.28% (7.40% on 12.31.19)	7.7	755,760	2,124,725	-	(38,339)	179,859	-	3,022,005
Fiscal incentives	Fixed	2.40% (2.40% on 12.31.19)	-	5,720	73,671	(34,609)	(667)	701	-	44,816
				7,613,755	4,889,205	(6,208,113)	(597,232)	590,448	377,229	6,665,292
Foreign currency										
Bonds	Fixed / USD / EUR	4.91% (4.36% on 12.31.19)	13.8	8,407,975	4,282,961	(3,006,334)	(642,851)	777,917	2,432,658	12,252,326
Export credit facility	Fixed / LIBOR / USD	3.13% (5.77% on 12.31.19)	2.2	407,274	-	(118,113)	(20,685)	17,627	106,533	392,636
Advances for foreign exchange rate contracts	Fixed / USD	-	-	-	529,211	(529,210)	-	-	(1)	-
				8,815,249	4,812,172	(3,653,657)	(663,536)	795,544	2,539,190	12,644,962
				16,429,004	9,701,377	(9,861,770)	(1,260,768)	1,385,992	2,916,419	19,310,254
Current				3,033,034						811,919
Non-current				13,395,970						18,498,335

(1) Weighted average annual rate.
(2) Weighted average maturity in years.
(3) The Certificates of Agribusiness Receivables ("CRA") issued by the Company are backed by receivables of BRF S.A. from certain subsidiaries abroad.
(4) 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.

	Charges (p.a.)	Average rate (1)	WAMT (2)	12.31.18	Borrowing	Amortization	Interest paid	Interest accrued	Exchange rate variation	Parent company 12.31.19
Local currency										
Working capital	Pre- fixed / CDI	6.07% (7.78% on 12.31.18)	1.2	5,863,024	1,193,616	(3,745,967)	(421,600)	423,566	-	3,312,639
Certificate of agribusiness receivables	CDI / IPCA	6.73% (6.08% on 12.31.18)	2.5	2,597,502	-	(999,905)	(139,633)	139,483	-	1,597,447
Development bank credit lines	Pre- fixed / Selic / TJLP	5.09% (6.16% on 12.31.18)	0.3	264,545	-	(223,077)	(7,005)	11,053	-	45,516
Export credit facility	CDI	5.83% (9.02% on 12.31.18)	8.7	1,625,327	(22,403)	(31,700)	(108,845)	149,986	-	1,612,365
Special program asset restructuring	IGPM	12.22% (12.45% on 12.31.18)	0.2	273,426	-	-	(8,554)	19,436	-	284,308
Debentures	CDI / IPCA	7.40%	6.0	-	742,250	(15)	(16,372)	29,897	-	755,760
Fiscal incentives	Pre- fixed	2.40% (2.40% on 12.31.18)	-	3,317	70,203	(67,805)	(570)	575	-	5,720
				10,627,141	1,983,666	(5,068,469)	(702,579)	773,996	-	7,613,755
Foreign currency										
Bonds	Pre- fixed + e.r. USD and EUR	4.36% (3.85% on 12.31.18)	5.8	7,487,803	3,082,040	(2,542,949)	(385,612)	534,704	231,989	8,407,975
Export credit facility	LIBOR + e.r. USD	5.54% (4.76% on 12.31.18)	3.2	714,310	-	(319,742)	(27,448)	27,971	12,183	407,274
Advances for foreign exchange rate contracts	Pre- fixed + e.r. USD	(4.67% on 12.31.18)	-	214,192	92,750	(327,469)	(10,249)	12,831	17,945	-
				8,416,305	3,174,790	(3,190,160)	(423,309)	575,506	262,117	8,815,249
				19,043,446	5,158,456	(8,258,629)	(1,125,888)	1,349,502	262,117	16,429,004
Current				3,689,173						3,033,034
Non-current				15,354,273						13,395,970

(1) Weighted average annual rate.
(2) Weighted average maturity in years.

	Charges (p.a.)	Average rate (1)	WAMT (2)	12.31.19	Borrowing	Amortization	Interest paid	Interest accrued	Exchange rate variation	Consolidated 12.31.20
Local currency										
Working capital	Fixed / CDI	3.25% (6.07% on 12.31.19)	0.6	3,312,639	1,200,000	(3,947,237)	(340,227)	143,506	-	368,681
Certificate of agribusiness receivables (3)	CDI / IPCA	10.21% (6.73% on 12.31.19)	3.0	1,597,447	-	(780,000)	(100,932)	104,578	-	821,093
Development bank credit lines	Fixed / Selic / TJLP	(5.09% on 12.31.19)	-	45,516	-	(45,470)	(427)	381	-	-
Debentures	CDI / IPCA	8.28% (7.40% on 12.31.19)	7.7	755,760	2,124,725	-	(38,339)	179,859	-	3,022,005
Export credit facility (4)	Fixed / CDI / USD	3.69% (5.83% on 12.31.19)	6.8	1,612,365	1,490,809	(1,113,176)	(111,498)	152,968	377,229	2,408,697
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	73,671	(34,609)	(667)	701	-	44,816
				7,613,755	4,889,205	(6,208,113)	(597,232)	590,448	377,229	6,665,292
Foreign currency										
Bonds	Fixed / USD / EUR	4.81% (4.36% on 12.31.19)	12.4	10,407,484	4,282,961	(3,010,421)	(760,879)	881,137	3,029,711	14,829,993
Export credit facility	Fixed / LIBOR / USD	3.13% (5.77% on 12.31.19)	2.2	407,275	-	(118,113)	(20,686)	17,627	106,533	392,636
Advances for foreign exchange rate contracts	Fixed / USD	-	-	-	529,211	(529,210)	-	-	(1)	-
Working capital	Fixed / TRY	10.98% (16.56% on 12.31.19)	1.2	191,765	718,956	(381,502)	(42,742)	46,704	(16,676)	516,505
				11,006,524	5,531,128	(4,039,246)	(824,307)	945,468	3,119,567	15,739,134
				18,620,279	10,420,333	(10,247,359)	(1,421,539)	1,535,916	3,496,796	22,404,426
Current				3,132,029						1,059,984
Non-current				15,488,250						21,344,442

(1) Weighted average annual rate.
(2) Weighted average maturity in years.
(3) The Certificate of Agribusiness Receivable (“CRA”) issued by the Company are backed by receivables of BRF S.A. from certain subsidiaries abroad.
(4) 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.

	Charges (p.a.)	Average rate (1)	WAMT (2)	12.31.18	Borrowing	Amortization	Interest paid	Interest accrued	Exchange rate variation	Consolidated 12.31.19
Local currency										
Working capital	Pre-fixed / CDI	6.07% (7.78% on 12.31.18)	1.2	5,863,023	1,193,616	(3,745,967)	(421,600)	423,567	-	3,312,639
Certificate of agribusiness receivables	CDI / IPCA	6.73% (6.08% on 12.31.18)	2.5	2,597,502	-	(999,905)	(139,633)	139,483	-	1,597,447
Development bank credit lines	Pre-fixed / Selic / TJLP	5.09% (6.16% on 12.31.18)	0.3	264,545	-	(223,077)	(7,005)	11,053	-	45,516
Debentures	CDI / IPCA	7.90%	6.2	-	742,250	(15)	(16,372)	29,897	-	755,760
Export credit facility	CDI	5.83% (9.02% on 12.31.18)	8.7	1,625,327	(22,403)	(31,700)	(108,845)	149,986	-	1,612,365
Special program asset restructuring	IGPM	12.22% (12.45% on 12.31.18)	0.2	273,426	-	-	(8,554)	19,436	-	284,308
Fiscal incentives	Pre-fixed	2.40% (2.40% on 12.31.18)	-	3,317	70,203	(67,805)	(570)	575	-	5,720
				10,627,140	1,983,666	(5,068,469)	(702,579)	773,997	-	7,613,755
Foreign currency										
Bonds	Pre-Fixed + e.r. USD and EUR	4.36% (4.07% on 12.31.18)	6.0	9,746,446	3,082,040	(2,906,635)	(504,774)	648,991	341,416	10,407,484
Export credit facility	LIBOR + e.r. USD	5.54% (2.47% on 12.31.18)	3.2	1,383,192	-	(948,646)	(31,277)	28,937	(24,931)	407,275
Advances for foreign exchange rate contracts	Pre-Fixed + e.r. USD	(4.67% on 12.31.18)	-	214,192	92,750	(327,469)	(10,249)	12,831	17,945	-
Working capital	Pre-Fixed + e.r. TRY	16.56% (21.91% on 12.31.18)	1.1	194,474	240,702	(229,919)	(41,974)	42,237	(13,755)	191,765
				11,538,304	3,415,492	(4,412,669)	(588,274)	732,996	320,675	11,006,524
				22,165,444	5,399,158	(9,481,138)	(1,290,853)	1,506,993	320,675	18,620,279
Current				4,547,389						3,132,029
Non-current				17,618,055						15,488,250

(1) Weighted average annual rate.
(2) Weighted average maturity in years.

As of December 31, 2020 and December 31, 2019, 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. On October 28, 2020 the Company retained an additional revolving credit facility before Banco do Brasil, up to the limit of R$1,500,000, for the next three years. The referenced credit facilities can be withdrawn totally or partially, at the Company's will, whenever necessary. As of December 31, 2020, the credit facilities were available, but unused.

15.2. 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.

					Parent company and Consolidated	
					12.31.20	
Operation	Series	Issue date	Maturity	Rate	Notional	Updated Value
Debenture - 2nd Issue	1st Series	07.14.20	07.14.27	IPCA + 5.30% p.a.	705,000	724,110
Debenture - 2nd Issue	2nd Series	07.14.20	07.12.30	IPCA + 5.60% p.a.	1,495,000	1,526,757
					2,200,000	2,250,867

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

15.3. Issuance of Senior Unsecured Notes

BRF S.A. made international offerings of senior notes on September 21, 2020 in the amount equivalent to R$2,722,000 (USD500,000), at 98.247% of the principal amount, and on October 26, 2020 in the amount equivalent to R$1,689,840 (USD300,000), at 98.242% of the principal amount, under the same indenture. The notes are due on September 21, 2050 and the interests are paid semi-annually at the rate of 5.750% p.a. The Company incurred in issuance expenses of R$41,645 related to commissions and other costs, which, together with the R$86,869 of the issuance discount, are recognized on the statement of income over the term of the notes according to the effective interest rate method.

The Company used and will keep using the proceeds for general corporate purposes, which include the payment of the other loans.

15.4. Tender Offer for Senior Notes

The Company executed two tender offers between July 17 and July 24, 2020 and between September 21 and October 9, 2020 for the following senior notes: (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 repurchases reached the cap and were fully settled by September 28, 2020 and its results are shown in the table below:

Instrument	Currency	Maturity	Notional repurchased (loan currency)	Notional repurchased (Reais) (2)	Outstanding notional (1) (loan currency)	Outstanding notional (1) (Reais) (3)
BRF S.A. - BRFSBZ 2 3/4	EUR	June 3, 2022	158,109	977,194	166,672	1,063,017
BRF S.A. - BRFSBZ 5 7/8 (4)	USD	June 6, 2022	38,384	203,452	70,928	368,592
BRF S.A. - BRFSBZ 3.95	USD	May 22, 2023	111,956	600,585	234,033	1,216,199
BRF S.A. - BRFSBZ 4 3/4	USD	May 22, 2024	222,495	1,214,329	295,363	1,534,913
BRF GmbH - BRFSBZ 4.35	USD	Sep 29, 2026	718	3,932	499,282	2,594,619

(1) Outstanding notional after the tender offer.
(2) Represented by the amount in the original loan currency, translated by the foreign exchange rate at the settlement date of the repurchase.
(3) Represented by the amount in the original loan currency, translated by the foreign exchange rate at the settlement date 12.31.20.
(4) 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).

The Company paid the amount equivalent to R$3,160,274 for the repurchase of these liabilities, which includes notional, interest, premium and taxes. The Company incurred in financial expenses with the repurchases in the amount of R$112,206 with the premium paid, R$19,675 with taxes and R$16,900 with the write-off of the costs of issuance.

15.5. Prepayment of Credit Facilities

Additionally to the tender offer described above, during the second semester of 2020, the Company prepaid certain bilateral credit facilities in Brazil with original maturity between September 2020 and May 2022, in the aggregated notional, interest and premium amount of R$4,895,300, being R$2,094,555 related to the facilities described in note 1.4. The Company incurred in financial expenses with the prepayments in the amount of R$22,347 related to premium and write-off of the costs of issuance.

The transactions described in the items above, are 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.

15.6. Loans and borrowings maturity schedule

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

	Parent company 12.31.20	Consolidated 12.31.20
Current	811,919	1,059,984
Non-current	18,498,335	21,344,442
2022	1,863,809	2,114,622
2023	2,546,428	2,569,063
2024	1,782,687	1,782,687
2025	599,266	599,266
2026 onwards	11,706,145	14,278,804
	19,310,254	22,404,426

15.7. Guarantees

	Parent company 12.31.20	Parent company 12.31.19	Consolidated 12.31.20	Consolidated 12.31.19
Total loans and borrowings	19,310,254	16,429,004	22,404,426	18,620,279
Mortgage guarantees	44,816	51,237	44,816	51,237
Related to FINEM-BNDES	-	45,516	-	45,516
Related to tax incentives and other	44,816	5,721	44,816	5,721

On December 31, 2020, the amount of bank guarantees contracted by the Company was of R$590,933 (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 1.95% p.a. (1.77% p.a. as of December 31, 2019).

16. TRADE ACCOUNTS PAYABLE

	Parent company		Consolidated	
	12.31.20	12.31.19	12.31.20	12.31.19
Domestic suppliers				
Third parties	7,596,325	4,921,902	7,611,170	4,930,424
Related parties	13,100	6,392	-	-
	7,609,425	4,928,294	7,611,170	4,930,424
Foreign suppliers				
Third parties	648,960	404,068	1,487,206	915,611
	648,960	404,068	1,487,206	915,611
(-) Adjustment to present value	(88,373)	(49,253)	(88,389)	(49,269)
	8,170,012	5,283,109	9,009,987	5,796,766
Current	8,156,231	5,270,762	8,996,206	5,784,419
Non-current	13,781	12,347	13,781	12,347

Within the trade accounts payable balance as of December 31, 2020, R$2,510,757 in the parent company and R$2,576,071 in the consolidated (R$1,434,152 in the parent company and R$1,435,025 in the consolidated as of December 31, 2019) correspond 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	
	12.31.20	12.31.19
Supply chain finance - Domestic suppliers	1,309,167	671,869
Supply chain finance - Foreign suppliers	165,060	182,126
	1,474,227	853,995
(-) Adjustment to present value	(21,590)	(11,958)
	1,452,637	842,037

The Company has agreements 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 identifiable changes in other commercial conditions. These operations are presented in the cash flows of operating activities.

On December 31, 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 0.38% and 0.47% p.m. (0.38% to 0.67% p.m. on December 31, 2019).

On December 31, 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 0.18% and 0.40% 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, outgrowers, 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).

						Parent company
	Average rate (1)	12.31.19	Additions	Disposals	Transfers	12.31.20
Cost						
Land		20,499	4,732	(390)	20,751	45,592
Buildings		2,446,641	226,398	(28,008)	(2,487)	2,642,544
Machinery and equipment		114,571	5,518	(7,894)	-	112,195
Vehicles		112,917	97,535	(8,528)	-	201,924
Software		55,705	72,766	(35,625)	(18,264)	74,582
		2,750,333	406,949	(80,445)	-	3,076,837
Depreciation						
Land	15.97%	(4,258)	(6,560)	241	(1,799)	(12,376)
Buildings	28.28%	(459,122)	(408,625)	26,496	(6,765)	(848,016)
Machinery and equipment	42.53%	(96,684)	(17,634)	7,229	-	(107,089)
Vehicles	27.62%	(18,550)	(40,431)	1,406	-	(57,575)
Software	45.21%	(44,815)	(32,422)	35,625	8,564	(33,048)
		(623,429)	(505,672)	70,997	-	(1,058,104)
		2,126,904	(98,723)	(9,448)	-	2,018,733

(1) Weighted average annual rate.

							Parent company
	Average rate (1)	12.31.18	Initial adoption IFRS 16	Additions	Disposals	Transfers	12.31.19
Cost							
Land		-	21,120	-	(421)	(200)	20,499
Buildings		214,171	2,128,038	202,867	(119,541)	21,106	2,446,641
Machinery and equipment		129,589	458	4,110	(13,171)	(6,415)	114,571
Facilities		14,492	-	-	-	(14,492)	-
Vehicles		-	7,669	112,868	(7,620)	-	112,917
Software		68,424	61	(6,998)	(50,160)	44,378	55,705
		426,676	2,157,346	312,847	(190,913)	44,377	2,750,333
Depreciation							
Land	20.77%	-	-	(4,285)	27	-	(4,258)
Buildings	16.88%	(74,527)	-	(376,530)	1,948	(10,013)	(459,122)
Machinery and equipment	36.28%	(75,422)	-	(39,052)	9,502	8,288	(96,684)
Facilities	-	(1,725)	-	-	-	1,725	-
Vehicles	28.62%	-	-	(19,801)	1,251	-	(18,550)
Software	67.81%	(57,486)	-	(37,489)	50,160	-	(44,815)
		(209,160)	-	(477,157)	62,888	-	(623,429)
		217,516	2,157,346	(164,310)	(128,025)	44,377	2,126,904

(1) Weighted average annual rate.

	Average rate (1)	12.31.19	Additions	Disposals	Transfers	Exchange rate variation	Consolidated 12.31.20
Cost							
Land		22,790	5,900	(961)	20,751	181	48,661
Buildings		2,615,883	287,451	(86,557)	(2,487)	47,626	2,861,916
Machinery and equipment		115,173	5,518	(8,289)	-	191	112,593
Vehicles		207,443	165,699	(54,260)	-	26,036	344,918
Software		55,705	72,766	(35,625)	(18,264)	-	74,582
		3,016,994	537,334	(185,692)	-	74,034	3,442,670
Depreciation							
Land	16.32%	(5,086)	(6,861)	813	(1,799)	(593)	(13,526)
Buildings	29.11%	(512,836)	(464,159)	85,042	(6,765)	(16,098)	(914,816)
Machinery and equipment	42.48%	(96,958)	(17,865)	7,610	-	(103)	(107,316)
Vehicles	26.39%	(57,357)	(71,768)	41,024	-	(13,394)	(101,495)
Software	45.21%	(44,815)	(32,422)	35,625	8,564	-	(33,048)
		(717,052)	(593,075)	170,114	-	(30,188)	(1,170,201)
		2,299,942	(55,741)	(15,578)	-	43,846	2,272,469

(1) Weighted average annual rate.

	Average rate (1)	12.31.18	Initial adoption IFRS 16	Additions	Disposals	Exchange rate variation	Transfers	Consolidated 12.31.19
Cost								
Land		-	23,453	-	(421)	(42)	(200)	22,790
Buildings		214,171	2,278,982	216,514	(119,540)	4,650	21,106	2,615,883
Machinery and equipment		129,589	1,182	4,110	(13,321)	28	(6,415)	115,173
Facilities		14,492	-	-	-	-	(14,492)	-
Vehicles		-	94,065	119,422	(8,751)	2,707	-	207,443
Software		68,424	61	(6,998)	(50,160)	-	44,378	55,705
		426,676	2,397,743	333,048	(192,193)	7,343	44,377	3,016,994
Depreciation								
Land	22.31%	-	-	(5,134)	27	21	-	(5,086)
Buildings	17.79%	(74,527)	-	(429,600)	1,948	(644)	(10,013)	(512,836)
Machinery and equipment	36.32%	(75,422)	-	(39,361)	9,545	(8)	8,288	(96,958)
Facilities	-	(1,725)	-	-	-	-	1,725	-
Vehicles	34.32%	-	-	(58,325)	1,502	(534)	-	(57,357)
Software	67.81%	(57,486)	-	(37,489)	50,160	-	-	(44,815)
		(209,160)	-	(569,909)	63,182	(1,165)	-	(717,052)
		217,516	2,397,743	(236,861)	(129,011)	6,178	44,377	2,299,942

(1) Weighted average annual rate.

18.2. Lease liabilities

	WAM (1)	12.31.19	Additions	Payments	Interest paid	Interest accrued	Disposals	Transfers	Parent company 12.31.20
Land	6.6	18,707	4,732	(5,279)	(4,165)	4,166	(1,729)	19,502	35,934
Buildings	7.6	2,106,997	249,152	(374,390)	(87,864)	159,200	(761)	(18,929)	2,033,405
Machinery and equipment	2.0	25,349	5,518	(26,544)	(13,268)	13,268	(740)	8	3,591
Vehicles	2.8	100,362	97,535	(37,078)	(10,614)	10,614	(7,684)	(581)	152,554
Software	1.6	1,137	72,767	(30,693)	(3,967)	3,966	-	-	43,210
		2,252,552	429,704	(473,984)	(119,878)	191,214	(10,914)	-	2,268,694
Current		313,058							302,946
Non-current		1,939,494							1,965,748

(1) Weighted average maturity in years.

									Parent company
	WAMT (1)	12.31.18	Initial adoption IFRS 16	Additions	Payments	Interest paid	Interest accrued	Disposals	12.31.19
Land	4.8	-	21,120	-	(4,138)	(18)	2,163	(420)	18,707
Buildings	7.4	167,012	2,128,038	202,867	(361,536)	(75,887)	157,113	(111,134)	2,106,473
Machinery and equipment	0.9	66,534	458	4,110	(41,919)	(17,722)	17,723	(3,835)	25,349
Vehicles	3.0	-	7,669	112,868	(13,638)	(5,328)	5,327	(6,536)	100,362
Software	1.3	8,263	61	37,379	(44,566)	(85)	85	-	1,137
		241,809	2,157,346	357,224	(465,797)	(99,040)	182,411	(121,925)	2,252,028
Current		75,293							312,639
Non-current		166,516							1,939,389

(1) Weighted average maturity in years.

										Consolidated
	WAM (1)	12.31.19	Additions	Payments	Interest paid	Interest accrued	Disposals	Transfers	Exchange rate variation	12.31.20
Land	4.7	20,355	5,900	(5,819)	(4,716)	4,716	(1,729)	18,811	350	37,868
Buildings	3.4	2,227,026	310,204	(425,594)	(99,426)	170,763	(762)	(18,238)	31,434	2,195,407
Machinery and equipment	1.8	25,687	5,518	(26,776)	(13,285)	13,285	(755)	8	91	3,773
Vehicles	2.2	156,975	165,699	(64,674)	(15,231)	15,231	(14,155)	(581)	13,159	256,423
Software	1.6	1,137	72,767	(30,693)	(3,967)	3,966	-	-	-	43,210
		2,431,180	560,088	(553,556)	(136,625)	207,961	(17,401)	-	45,034	2,536,681
Current		376,628								383,162
Non-current		2,054,552								2,153,519

(1) Weighted average maturity in years.

										Consolidated
	WAMT (1)	12.31.18	Initial adoption IFRS 16	Additions	Payments	Interest paid	Interest accrued	Disposals	Exchange rate variation	12.31.19
Land	5.5	-	17,166	6,287	(4,505)	(762)	2,909	(421)	(319)	20,355
Buildings	4.3	167,012	2,278,982	216,514	(410,466)	(85,940)	167,689	(111,134)	4,369	2,227,026
Machinery and equipment	1.3	66,534	1,182	4,110	(42,216)	(17,756)	17,757	(3,898)	(26)	25,687
Vehicles	2.0	-	94,065	119,422	(51,263)	(11,359)	11,359	(7,438)	2,189	156,975
Software	1.3	8,263	61	37,379	(44,567)	(85)	86	-	-	1,137
		241,809	2,391,456	383,712	(553,017)	(115,902)	199,800	(122,891)	6,213	2,431,180
Current		75,293								376,628
Non-current		166,516								2,054,552

(1) Weighted average maturity in years.

18.3. Lease liabilities maturity schedule

The maturity schedule of the minimum required future payments are presented below:

	Parent company 12.31.20	Consolidated 12.31.20
Current	302,946	383,162
Non-current	1,965,748	2,153,519
2022	414,208	475,563
2023	322,251	367,486
2024	267,301	289,775
2025	191,838	203,854
2026 onwards	770,150	816,841
	2,268,694	2,536,681

18.4. Incremental borrowing rate

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

	12.31.20		12.31.19	
Contract Terms	Nominal rate % p.a.	Real rate % p.a.	Nominal rate % p.a.	Real rate % p.a.
1 year	5.69%	1.05%	8.46%	4.97%
2 years	5.96%	2.61%	9.49%	5.37%
3 years	6.80%	2.53%	10.60%	6.28%
4 years	8.50%	4.56%	11.43%	7.01%
5 years	8.98%	4.40%	11.84%	7.28%
6 years	-	-	12.13%	7.48%
8 years	10.47%	5.71%	12.43%	7.67%
9 years	10.75%	5.97%	12.51%	7.78%
10 years	11.39%	6.64%	12.61%	7.84%
11 years	-	-	12.68%	7.86%
13 years	11.68%	7.38%	12.81%	7.93%
14 years	11.84%	7.13%	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 nominal rates presented above as of December 31, 2020 refer to the incremental borrowing rates used in contracts recognized during the year ended on December 31, 2020 and the rates as of December 31, 2019 refer to the rates used in contracts recognized during the year ended on December 31, 2019.

18.5. Amounts recognized in the statement of income

The amounts directly recognized in the statement of income presented below relate to items exempt of recognition: low-value assets, short-term leases and leases with variable payments.

	Parent Company		Consolidated	
	12.31.20	12.31.19	12.31.20	12.31.19
Variable payments not included in the lease liabilities	48,424	19,454	300,949	222,096
Expenses related to short-term leases	51,349	149,651	162,313	226,010
Expenses related to low-value assets	2,946	4,154	3,531	4,890
	102,719	173,259	466,793	452,996

18.6. Sale-and-leaseback transactions

During the year ended on December 31, 2020 four sale-and-leaseback transactions of grain warehouses were concluded. These warehouses are located in: (i) Campo Erê – Santa Catarina, (ii) Pato Branco, (iii) Medianeira, and (iv) Paranaguá both in the state of Paraná; which were analyzed within of IFRS 16 premises. The right-of-use assets and lease liabilities of each contract were recognized and are presented in the additions of the Buildings class, with the following amounts: right-of-use asset of R$13,473 and lease liability of R$36,245. A gain was recognized under Other operating income in the amount of R$23,849.

19. SHARE-BASED PAYMENT

The Company grants to its eligible employees, stock options and restricted stocks, ruled by plans approved at the General Shareholder's Meeting, with the purpose of: (i) stimulating the expansion, success and achievement of the Company's social objectives; (ii) aligning the interests of the Company's shareholders with those of the eligible employees; and (iii) enabling the Company and its subsidiaries to attract and retain the employees. 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.

19.1. Stock options

The quantity of granted options is determined by the Board of Directors annually, and the exercise price is equivalent to the average closing price of the share in B3 at the last twenty trading sessions, prior to the grant date. The exercise price is adjusted monthly by the variation of the Extended Consumer Price Index ("IPCA") between the grant date and the month prior to the notification of the exercise by the beneficiary.

The vesting period, when the employee cannot exercise the option is from 1 to 4 years. The beneficiary acquires the right to exercise the option in each year, proportionally to the vesting period.

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

Date			Quantity		Grant (1)	Strike price (1)	
Grant date	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	1,275,000	9.21	56.00	69.61
05.31.16	05.31.17	05.31.21	3,351,220	1,145,330	10.97	46.68	57.58
			12,075,953	2,420,330			

(1) Amounts expressed in Brazilian Reais.

The weighted average exercise price of the outstanding options conditioned to services is R$63.92 (sixty-three Brazilian Reais and ninety-two cents) (R$60.96 as of December 31, 2019), and the weighted average remaining vesting term is 5 months (17 months as of December 31, 2019).

19.2. Restricted stocks

Annually, or whenever it deems appropriate, the Board of Directors approves the grant of restricted stocks, electing the beneficiaries in favor of which the Company will transfer the restricted stocks, establishing the terms, quantities and conditions of acquisition of rights related to restricted stocks.

The vesting is conditional to the: (i) continuity of the employment relationship with the Company for three years after the grant date; (ii) achievement of a minimum shareholder return defined by the Board of Directors in the granting agreements and measured at the end of the vesting period; or (iii) any other conditions determined by the Board of Directors in each grant.

Date		Quantity		Grant (1)
Grant	Vesting date	Shares granted	Outstanding shares	Fair value of the shares
10.01.18	10.01.21	2,311,394	876,120	21.44
07.01.19	07.01.22	1,815,649	1,071,515	30.61
09.16.19	10.01.22	68,605	45,736	30.61
06.01.20	06.01.23	3,571,736	3,459,647	21.28
		7,767,384	5,453,018	

(1) Amounts expressed in Brazilian Reais.

19.3. Rollforward of the stock options and restricted stock plans

The rollforward of the granted options and shares for the year ended on December 31, 2020, is presented as follows:

	Consolidated
Outstanding options/stocks as of December 31, 2019	5,820,274
Granted	
Restricted stocks - June 2020	3,571,736
Restricted stocks - April 2020	359,293
Exercised / Delivered:	
Restricted stocks – grant of April, 2020	(260,487)
Restricted stocks – grant of September, 2019	(16,580)
Restricted stocks – grant of June, 2019	(140,945)
Restricted stocks – grant of October, 2018	(267,475)
Restricted stocks – grant of June, 2018	(97,875)
Forfeiture (1) :	
Restricted stocks – grant of June, 2020	(112,089)
Restricted stocks - grant of April, 2020	(98,806)
Restricted stocks - grant of July, 2019	(440,302)
Restricted stocks - grant of June, 2019	(125,363)
Restricted stocks - grant of October, 2018	(244,863)
Stock options - grant of April, 2016	(73,170)
Outstanding options/stocks as of December 31, 2020	7,873,348

(1) The forfeitures are related to the resignation of eligible executive before the end of the vesting period.

The Company has recorded under shareholders' equity, the fair value of share-based compensation plans in the amount of R$223,191 (R$223,011 as of December 31, 2019) and under non-current liabilities, the amount of R$21,521 (R$11,761 as of December 31, 2019). In the statement of income for the year ended on December 31, 2020 the amount recognized as expense was R$45,219 (R$38,424 as of December 31, 2019).

19.4. Fair value measurement

The weighted average fair value of the outstanding options as of December 31, 2020 was R$4.84 (four Brazilian Reais and eighty-four cents) (R$10.03 as of December 31, 2019). The fair value of the stock options is measured at the grant date using the Black-Scholes pricing model, based on the following assumptions:

Assumptions	Value	Description
Expected period	Exercise in the 1st year - 3.5 years Exercise in the 2nd year - 4.0 years Exercise in the 3rd year - 4.5 years Exercise in the 4th year - 5.0 years	The beneficiaries will execise their options at the limit of the exercise period.
Risk-free interest rate	6.29% p.a.	National Treasury Bond ("NTN-B") available on the date of calculation and with maturity equivalent to the terms of the option.
Volatility	27.08%	Took into account the weighting of the trading history of the Company's shares.
Expected dividends	2.40%	Is based on the average payment of dividends per share in relation to the market value of the shares for the past four years.
Expected inflation rate	3.37% p.a.	Is based on estimated IPCA by Central Bank of Brazil, considering the remaining average terms of the option.

20. EMPLOYEES BENEFITS PLANS

20.1. Supplementary pension plans

The Company is the sponsor of the following pension plans for its employees and executives: i) Plan II - Variable Contribution with Defined Benefit option - closed for admissions; ii) Plan III - Defined Contribution - open for admissions; and iii) FAF Plan - Defined Benefit - closed for admissions.

These plans are managed by BRF Previdência, a closed supplementary pension entity, of non-economic and non-profit nature, and through its Deliberative Board, is responsible for defining pension objectives and policies, as well as establishing fundamental guidelines aa well as organization, operation and management rules. The Deliberative Board is composed of representatives from the sponsor and participants, in the proportion of 2/3 and 1/3 respectively.

20.1.1. Defined benefit plans

The Plan II is a variable contribution plan structured as defined contribution during the accumulation of mathematic provisions and at the benefit grant date the beneficiary may choose to convert the accumulated balance in a lifetime monthly income (defined benefit). The main related actuarial risks are (i) survival rates above the mortality tables and (ii) actual return on equity below the actual discount rate.

The FAF (Fundação Attílio Francisco Xavier Fontana) Plan aims to complement the benefit paid by the Brazilian Social Security ("INSS - Instituto Nacional de Seguridade Social"). The benefit is calculated based on the income of the participant and the amounts vary according to the type of the retirement, the length of the service and other criteria defined by the plan. The main actuarial risks related are: (i) survival rates above the mortality tables, (ii) turnover lower than expected, (iii) salary growth higher than expected, (iv) actual return on equity below the actual discount rate, (v) changes to the rules of social security, and (vi) actual family composition of the retired employee or executive different than the established assumption.

The actuarial calculations of the plans managed by BRF Previdência are prepared annually by independent specialists and reviewed by Management, according to the rules in force.

In the case of a deficit in the plans results, the sponsor, the participants and the beneficiaries, must support the plan according to the proportion of their contributions.

The economic benefit presented as an asset considers only the portion of the surplus that is actually recoverable. The recovery of the surplus on the plans is through reductions in future contributions.

20.1.2. Defined contribution plan

The Plan III is a defined contribution plan, in which the contributions are known and the benefit depends directly on the contributions made by participants and sponsors, on the contribution time and on the returns obtained through the investment of the contributions. The contributions made by the Company in the year ended on December 31, 2020 amounted R$21,706 (R$21,100 for the year ended on December 31, 2019). On December 31, 2020, the plan had 39,064 (thirty-nine thousand and sixty-four) participants (37,637 participants as of December 31, 2019).

When the participants of the plans II and III terminate the employment relationship with the sponsor, the unused balance of the contributions made by the sponsor forms a surplus fund that may be used to compensate future contributions of the sponsor.

20.1.3. Rollforward of defined benefit and variable contribution

The assets and actuarial liabilities, as well as the movement of the related rights and obligations are presented below:

				Consolidated
	FAF		Plan II	
	12.31.20	12.31.19	12.31.20	12.31.19
Composition of actuarial assets and liabilities				
Present value of actuarial liabilities	3,377,234	3,412,120	23,256	19,550
Fair value of assets	(3,553,215)	(3,771,792)	(24,170)	(29,580)
(Surplus) Deficit	(175,981)	(359,672)	(914)	(10,030)
Irrecoverable surplus - (asset ceiling)	175,981	359,672	167	6,777
Net actuarial (assets) liabilities	-	-	(747)	(3,253)
Rollforward of irrecoverable surplus				
Beginning balance of irrecoverable surplus	359,672	695,367	6,777	8,502
Interest on irrecoverable surplus	26,184	64,113	476	782
Changes in irrecoverable surplus during the year	(209,875)	(399,808)	(7,086)	(2,507)
Ending balance of irrecoverable surplus	175,981	359,672	167	6,777
Rollforward of present value of actuarial liabilities				
Beginning balance of the present value of liabilities	3,412,120	2,498,564	19,550	17,447
Interest on actuarial obligations	242,746	223,848	1,324	1,544
Current service cost	42,106	28,172	-	-
Past service cost - plan changes	(4,223)	-	-	-
Benefit paid	(154,096)	(142,390)	(1,612)	(1,353)
Actuarial losses - experience	148,984	85,002	5,273	(1,176)
Actuarial losses - hypothesis	(310,403)	718,924	(1,279)	3,088
Ending balance of actuarial liabilities	3,377,234	3,412,120	23,256	19,550
Rollforward of the fair value of the assets				
Beginning balance of the fair value of plan assets	(3,771,792)	(3,193,931)	(29,580)	(27,819)
Interest income on assets plan	(268,930)	(287,961)	(2,028)	(2,497)
Benefit paid	154,096	142,390	1,612	1,353
Return on assets higher (lower) than projection	333,411	(432,290)	5,826	(617)
Ending Balance of the fair value of the assets	(3,553,215)	(3,771,792)	(24,170)	(29,580)
Rollforward of comprehensive income				
Beginning balance	28,172	27,972	1,213	(567)
Reversion to accumulated losses	(28,172)	(27,972)	(1,213)	567
Actuarial gains (losses)	161,419	(803,925)	(3,994)	(1,911)
Return on assets higher (lower) than projection	(333,411)	432,289	(5,826)	617
Changes on irrecoverable surplus	209,875	399,808	7,086	2,507
Ending balance of comprehensive income	37,883	28,172	(2,734)	1,213
Costs recognized in statement of income				
Current service costs	(42,106)	(28,172)	-	-
Interest on actuarial obligations	(242,746)	(223,848)	(1,324)	(1,544)
Projected return on assets	268,930	287,961	2,028	2,497
Interest on irrecoverable surplus	(26,184)	(64,113)	(476)	(782)
Past service cost - plan changes	4,223	-	-	-
Costs recognized in statement of income	(37,883)	(28,172)	228	171
Estimated costs for the next year				
Costs of defined benefit	(26,741)	(42,106)	54	228
Estimated costs for the next year	(26,741)	(42,106)	54	228

20.1.4. Actuarial assumptions and demographic data

The main actuarial assumptions and demographic data used in the actuarial calculations are presented below:

				Consolidated
	FAF		Plan II	
	12.31.20	12.31.19	12.31.20	12.31.19
Actuarial assumptions				
Economic hypothesis				
Discount rate	7.49%	7.28%	7.25%	7.02%
Inflation rate	3.25%	3.80%	3.25%	3.80%
Wage growth rate	3.49%	4.47%	N/A	N/A
Demographic hypothesis				
Schedule of mortality	AT-2000 smoothed by 10%	AT-2000	AT-2000 smoothed by 10%	AT-2000
Schedule of disabled mortality	CSO-58	RRB-1983	CSO-58	RRB-1983
Demographic data				
Number of active participants	6,495	6,796	-	-
Number of beneficiary participants assisted	7,206	6,834	51	51

20.1.5. The composition of the investment portfolios

The composition of the investment portfolios is presented below:

	FAF				Plan II			
	12.31.20		12.31.19		12.31.20		12.31.19	
Composition of the fund's portfolio								
Fixed income	2,330,909	65.6%	2,542,188	67.4%	22,382	92.6%	28,396	96.0%
Variable income	579,174	16.3%	524,279	13.9%	870	3.6%	444	1.5%
Real estate	358,875	10.1%	369,636	9.8%	-	-	-	-
Structured investments	262,938	7.4%	313,059	8.3%	918	3.8%	740	2.5%
Transactions with participants	21,319	0.6%	22,630	0.6%	-	-	-	-
	3,553,215	100.0%	3,771,792	100.0%	24,170	100.0%	29,580	100.0%
% of nominal return on assets	7.49%		9.36%		7.25%		7.50%	

20.1.6. Expected benefit payments and average term of payments

The following amounts represent the expected benefit payments for future periods and the average duration of the plan's obligations:

	FAF	Plan II
2021	183,771	1,617
2022	194,992	1,658
2023	204,958	1,700
2024	211,397	1,740
2025	218,510	1,778
2026 to 2030	1,219,130	9,380
Weighted average duration - in years	13.50	9.78

20.1.7. Sensitivity analysis of the defined benefit plan - FAF

The quantitative sensitivity analysis regarding the relevant assumptions of defined benefit plan - FAF on December 31, 2020 is presented below:

		Variation of (+1%)		Variation of (-1%)	
Relevant assumptions	Assumptions utilized	Average rate	Actuarial liabilities	Average rate	Actuarial liabilities
Benefit plan - FAF					
Discount rate	7.49%	8.49%	2,992,764	6.49%	3,852,966
Wage growth rate	3.49%	4.49%	3,451,715	2.49%	3,314,607

20.2. Employee benefits: description and characteristics of benefits and associated risks

	Parent company		Consolidated	
	Liabilities		Liabilities	
	12.31.20	12.31.19	12.31.20	12.31.19
Medical assistance	185,802	187,274	185,802	187,274
F.G.T.S. Penalty (1)	282,229	247,485	282,229	247,485
Award for length of service	108,908	103,284	108,908	103,284
Other	59,854	56,744	199,616	151,431
	636,793	594,787	776,555	689,474
Current	114,938	87,996	125,230	95,919
Non-current	521,855	506,791	651,325	593,555

(1) FGTS – Government Severance Indemnity Fund for Employees

The Company has the policy to offer the following post-employment and other employee benefits plans in addition to the pension plans, which are measured by actuarial calculation and recognized in the financial statement:

20.2.1. Medical plan

The Company offers a medical plan with fixed contribution to the retired employees according to the Law No. 9,656/98.

It is ensured to the retired employee that has contributed to the health plan during the employment relationship for at least 10 years, the right of maintenance as beneficiary, on the same conditions of coverage existing when the employment contract was in force. The main related actuarial risks are (i) survival rates above the mortality tables, (ii) turnover lower than expected and (iii) medical costs growth higher than expected.

20.2.2. F.G.T.S. penalty by dismissal on retirement

As settled by the Regional Labor Court ("TRT") on April 20, 2007, retirement does not affect the employment contract between the Company and its employees. However, when the employee is retired through INSS and is dismissed from the Company, the Company has the practice to terminate their employment contracts, granting the payment of the benefit equivalent to the 40% penalty on the F.G.T.S. balance. The main related actuarial risks are: (i) survival rates above the mortality tables, (ii) turnover lower than expected and (iii) salary growth higher than expected.

20.2.3. Award for length of service

The Company has the policy to reward active employees that attain at least 10 years of services rendered and subsequently every 5 years, with an additional remuneration. The main related actuarial risks rare (i) survival rates above the mortality tables, (ii) turnover lower than expected and (iii) salary growth higher than expected.

20.2.4. Other – Parent company

i. Retirement compensation

On retirement, employees with more than 10 years of services rendered to the Company are eligible for additional compensation. The main actuarial related risks are (i) survival rates above the mortality tables, (ii) turnover lower than expected and (iii) salary growth higher than expected.

ii. Life insurance

The Company offers life insurance benefits to the employees who, at the time of their termination, are retired and during the employment contract opted for the insurance, with the period of benefit varying from 2 to 3 years. The main related actuarial risks are (i) survival rates above the mortality tables, (ii) turnover lower than expected and (iii) salary growth higher than expected.

20.2.5. Other – Consolidated

The Company has a liability recorded for defined benefit plans to certain subsidiaries located in Turkey, Saudi Arabia, Qatar and United Arab Emirates, related to end of service payments when certain conditions are met, which varies based on the labor laws for each country. The main related actuarial risks are: (i) survival rates above the mortality tables, (ii) turnover lower than expected and (iii) salary growth higher than expected.

20.2.6. Rollforward of actuarial liabilities

The rollforward of actuarial liabilities related to other benefits, which was prepared based on actuarial report reviewed by the Management, are as follows:

								Consolidated
	Medical plan		F.G.T.S. penalty		Award for length of service		Other (1)	
	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19
Composition of actuarial liabilities								
Present value of actuarial liabilities	185,802	187,274	282,229	247,485	108,908	103,284	199,616	151,431
Net actuarial liabilities	185,802	187,274	282,229	247,485	108,908	103,284	199,616	151,431
Rollforward of present value of actuarial liabilities								
Beginning balance of present value of actuarial liabilities	187,274	149,046	247,485	167,588	103,284	55,134	151,431	96,384
Interest on actuarial liabilities	13,586	13,503	13,993	11,840	6,275	4,366	8,883	4,260
Current service costs	-	-	12,718	6,471	5,741	2,574	23,174	22,237
Past service costs - plan change[2]	-	-	-	(61,871)	-	-	-	-
Benefits paid directly by the Company	(7,122)	(4,262)	(4,225)	(10,791)	(13,887)	(14,056)	(18,902)	(9,268)
Actuarial (gains) losses - experience	1,167	(7,235)	14,725	7,897	10,759	11,142	10,548	10,462
Actuarial (gains) losses - demographic hypothesis	13,462	-	10,195	84,158	5,717	34,950	1,535	14,066
Actuarial losses - economic hypothesis	(22,565)	36,222	(12,662)	42,193	(8,981)	9,174	4,778	13,290
Actuarial (gains) losses - exchange variation	-	-	-	-	-	-	18,169	-
Ending balance of liabilities	185,802	187,274	282,229	247,485	108,908	103,284	199,616	151,431
Rollforward of the fair value of the assets								
Benefits paid directly by the Company	7,122	4,262	4,225	10,791	13,887	14,055	18,902	9,268
Contributions of the sponsor	(7,122)	(4,262)	(4,225)	(10,791)	(13,887)	(14,055)	(18,902)	(9,268)
Ending Balance of the fair value of the assets	-	-	-	-	-	-	-	-
Rollforward of comprehensive income								
Beginning balance	(76,232)	(47,245)	(228,345)	(94,097)	-	-	(58,617)	(20,799)
Actuarial gains (losses)	7,936	(28,987)	(12,258)	(134,248)	-	-	(16,861)	(37,818)
Ending balance of comprehensive income	(68,296)	(76,232)	(240,603)	(228,345)	-	-	(75,478)	(58,617)
Costs recognized in statement of income								
Interest on actuarial liabilities	(13,586)	(13,503)	(13,993)	(11,840)	(6,275)	(4,366)	(8,883)	(4,260)
Current service costs	-	-	(12,718)	(6,471)	(5,741)	(2,574)	(23,174)	(22,236)
Past service costs - plan change (2)	-	-	-	61,871	-	-	-	-
Immediate recognition of reduction	-	-	-	-	(7,495)	(55,266)	-	-
Cost recognized in statement of income	(13,586)	(13,503)	(26,711)	43,560	(19,511)	(62,206)	(32,057)	(26,496)
Estimated costs for the next year								
Current service costs	-	-	(14,833)	(12,718)	(6,319)	(5,741)	(22,021)	(15,911)
Interest on actuarial liabilities	(13,975)	(13,586)	(15,711)	(13,993)	(6,656)	(6,275)	(11,217)	(8,201)
Estimated costs for the next year	(13,975)	(13,586)	(30,544)	(26,711)	(12,975)	(12,016)	(33,238)	(24,112)

(1) Considers the retirement compensation and life insurance benefits.

(2) Refers to a change in the legislation related to F.G.T.S. penalty. The Law Nº 13,932, of December 11, 2019, extinguished the social contribution due by the employer of 10%.

20.2.7. Actuarial assumptions and demographic data

The main actuarial assumptions and demographic data used in the actuarial calculations are summarized below:

						Consolidated
	Medical plan		F.G.T.S. penalty		Other (1)	
Actuarial assumptions	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19
Economic hypothesis						
Discount rate	7.68%	7.39%	6.51%	6.07%	6.51%	6.07%
Inflation rate	3.25%	3.80%	3.25%	3.80%	3.25%	3.80%
Medical inflation	6.35%	6.91%	N/A	N/A	N/A	N/A
Wage growth rate	N/A	N/A	3.25%	4.02%	3.25%	4.02%
F.G.T.S. balance growth	N/A	N/A	3.80%	3.90%	N/A	N/A
Demographic hypothesis						
Schedule of mortality	AT-2000 smoothed by 10%	AT-2000	AT-2000 smoothed by 10%	AT-2000		
Schedule of disabled	N/A	N/A	RRB-44	RRB-44		
Schedule of turnover - BRF's historical	2,020	2,019	2,020	2,019		
Demoraphic data						
Number of active participants	1,245	1,115	93,245	86,849		
Number of assisted beneficiary participants	559	572	-	-		

(1) Includes retirement compensation and life insurance benefits.

20.2.8. Expected benefit payments and average duration of obligations

The following amounts represent the expected benefit payments for future years (10 years), from the obligation of benefits granted and the average duration of the plan obligations:

Payments	Medical plan	F.G.T.S. penalty	Award for length of service	Other	Total
2021	7,675	81,789	13,329	22,335	125,128
2022	8,282	14,552	8,855	13,480	45,169
2023	8,940	18,353	10,970	15,556	53,819
2024	9,665	19,815	13,952	16,936	60,368
2025	10,439	21,916	12,553	18,603	63,511
2026 to 2030	64,829	132,454	66,195	125,521	388,999
Weighted average duration - in years	14.26	6.73	6.70	8.47	8.35

20.2.9. Sensitivity analysis of post-employment plans

The Company prepared sensitivity analysis regarding the relevant assumptions of the plans as of December 31, 2020, as presented below:

		(+) Variation		(-) Variation	
Relevant assumptions	Assumptions utilized	Average (%)	Actuarial liabilities	Average (%)	Actuarial liabilities
Medical plan					
Discount rate	7.68%	8.68%	164,011	6.68%	212,435
Medical inflation	6.35%	7.35%	211,694	5.35%	164,224
F.G.T.S. penalty					
Discount rate	6.51%	7.51%	265,825	5.51%	301,077
Wage growth rate	3.25%	4.25%	286,139	2.25%	278,672
Turnover	Historical	+3%	233,001	-3%	356,695

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 these financial statements, 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
	Tax		Labor		Civil, commercial and other		Contingent liabilities (1)		Total	
	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19
Beginning balance	583,316	230,150	600,510	466,713	306,476	279,591	300,561	369,631	1,790,863	1,346,085
Additions	103,773	450,992	434,264	630,368	52,858	45,972	-	-	590,895	1,127,332
Reversals	(246,499)	(83,098)	(249,666)	(265,592)	(34,556)	(30,861)	(3,464)	(69,070)	(534,185)	(448,621)
Payments	(70,699)	(457,349)	(298,599)	(413,727)	(29,889)	(20,283)	-	-	(399,187)	(891,359)
Interest	57,275	442,621	144,516	182,748	47,818	32,057	-	-	249,609	657,426
Ending balance	427,166	583,316	631,025	600,510	342,707	306,476	297,097	300,561	1,697,995	1,790,863
Current									860,889	1,081,103
Non-current									837,106	709,760

(1) Contingent liabilities recognized at fair value as of the acquisition date, arising from the business combination with Sadia.

										Consolidated
	Tax		Labor		Civil, commercial and other		Contingent liabilities (1)		Total	
	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19
Beginning balance	583,464	230,149	603,074	468,513	307,177	281,958	300,654	369,631	1,794,369	1,350,251
Additions	103,773	451,190	435,723	633,623	52,961	48,576	-	124	592,457	1,133,513
Reversals	(246,499)	(83,098)	(250,029)	(268,043)	(34,556)	(34,774)	(3,464)	(69,070)	(534,548)	(454,985)
Payments	(70,699)	(457,349)	(298,599)	(413,727)	(29,889)	(20,283)	-	-	(399,187)	(891,359)
Interest	57,275	442,622	144,516	182,749	47,818	32,058	-	-	249,609	657,429
Exchange rate variation	(12)	(50)	21	(41)	19	(358)	(8)	(31)	20	(480)
Ending balance	427,302	583,464	634,706	603,074	343,530	307,177	297,182	300,654	1,702,720	1,794,369
Current									865,338	1,084,308
Non-current									837,382	710,061

(1) Contingent liabilities recognized at fair value as of the acquisition date, arising from the business combination with Sadia.

21.1.1. Tax

The tax contingencies classified as probable losses relate to the following main legal proceedings:

ICMS: The Company is involved in disputes related to the ICMS tax arising from the maintenance of credits on the acquisition of products for which the subsequent sale has reduced tax base ("cesta básica"); maintenance of credits on the acquisition of goods for consumption, fixed assets, electricity and presumed credit; tax substitution; compensation with government debts; isolated fines; tax rate differential on seasoned product and others, in the amount of R$248,560 (R$418,963 as of December 31, 2019).

PIS and COFINS: The Company is involved in administrative and judicial of disputes related to the compensation of certain tax credits arising from the acquisition of supplies with federal taxes, in the amount of R$149,945 (R$139,711 as of December 31, 2019).

Other tax contingencies: The Company has other provisions for tax claims related to the payment of social security contribution, INCRA, FUNRURAL, SESI/SENAI/SEBRAE, debts included in the government regularization program (REFIS) with deposits awaiting consolidation and conversion into payment, differences in supplementary fiscal obligations, import taxes, IOF, industrialized products taxes and others, in the amount of R$75,360 (R$61,731 as of December 31, 2019).

21.1.2. Labor

The Company is defendant in several labor claims either filed by individuals or by the Public Prosecutors Office, mainly related to overtime, thermal rest, unhealthy environment, occupational accidents, among others. None of these labor claims is individually significant. The Company recorded a provision based on past history of payments, statistical models and on prognosis of loss.

21.1.3. Civil, commercial and others

Civil, commercial and other contingencies are mainly related to litigations containing allegations of contractual breaches and noncompliance of legal obligations of several natures as disputes arising from contracts in general, including outgrowers contracts, intellectual property disputes, regulatory issues, environmental and real state, traffic accidents, consumer relations, among others. The claims are mostly for compensation of losses and damages, application of penalties and obligations to do.

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. On December 31, 2020, the total amount of contingencies classified as possible was R$14,257,611 (R$13,299,190 as of December 31, 2019), of which solely the ones arising from the business combination with Sadia are provisioned, measured by the estimated fair value at the business combination date: R$297,182 (R$300,654 as of December 31, 2019). The remaining possible contingencies are presented below.

21.2.1. Tax

The tax contingencies for which losses have been assessed as possible amounted to R$12,536,528 as of December 31, 2020 (R$11,811,690 as of December 31, 2019). The most relevant cases are set forth below:

PIS and COFINS: The Company is involved in administrative and judicial disputes related to the non-cumulative system due to divergence on the concept of input and the use in the productive process, the requirement of taxation of revenues related to presumed ICMS credits, disputes on the fiscal classification of seasoned meats, Laws 2.445/88 and 2.449/88 ("semestralidade"), untimely credits and others, in the amount of R$5,549,431 (R$4,915,293 as of December 31, 2019).

ICMS: The Company is involved in disputes related to: (i) non-acceptance of ICMS credits in interstate sales from states that were unilaterally granted fiscal benefits without the approval of the National Finance Policy Council ("CONFAZ"), the so-called "guerra fiscal" in the amount of R$416,238 (R$1,457,867 as of December 31, 2019); (ii) lack of evidence of exports in the amount of R$265,590 (R$261,880 as of December 31, 2019);(iii) infraction notices from State of Rio de Janeiro related to the supposed non-compliance of Agreement Terms ("TARE") regarding tax benefits, in the amount of R$550,367 (R$536,799 as of December 31, 2019); (iv) Public Civil Action in Rio de Janeiro due do the use of tax benefits, in the amount of R$239,845; (v) infraction notice about ICMS in Goiás related to the exclusion of the reversal of the tax credit from the calculation base of PROTEGE, in the amount of R$105,866; and (vi) R$2,228,462 (R$2,291,608 on December 31, 2019) related to other claims. The relevant reduction in the amount related to "guerra fiscal" is mainly due to the recognition of the credits by the state of São Paulo, for which the probability of loss has been changed to remote.

Income Tax and Social Contribution (IRPJ and CSLL): The Company is involved in administrative and judicial disputes related to refunds and compensation of negative income tax and social contribution balances, including credits arising from the *Plano Verão* and requirement of IRPJ and CSLL related to the compensation of tax loss carryforwards above the limit of 30% due to incorporation of entities. The contingencies related to these taxes totaled R$1,249,062 (R$1,238,564 as of December 31, 2019).

Profits earned abroad: The Company was assessed by the Brazilian Federal Revenue for alleged underpayment of income tax and social contribution on profits earned by its subsidiaries located abroad, in a total amount of R$629,341 (R$534,819 as of December 31, 2019). The Company's legal defense is based on the facts that the subsidiaries located abroad are subject exclusively to the full taxation in the countries in which they are based as a result of the treaties signed to avoid double taxation.

IPI: The Company disputes administratively and judicially the denial of compensation of IPI credits resulting from purchases of duty-free goods, sales to Manaus Free Zone and purchases of supplies with PIS and COFINS from non-taxpayers. Such discussed cases totaled the amount of R$209,314 (R$291,723 as of December 31, 2019).

Social security taxes: The Company disputes cases related to the charges of social security on payroll, employees profit sharing, GILRAT additional for special retirement financing, SAT/RAT, as well as other cases, in a total amount of R$418,957 (R$274,278 as of December 31, 2019).

Other contingencies: The Company disputes cases related to the requirement of 50% fine on the compensations of PIS, COFINS and IRPJ not approved awaiting final decision of the processes, drawback proof, tax on services and others of several natures, fees, property tax, import tax and IOF, totaling R$674,055 (R$493,104 as of December 31, 2019).

21.2.2. Labor

On December 31, 2020 the labor contingencies assessed as possible loss totaled R$197,097 (R$84,039 as of December 31, 2019).

21.2.3. Civil, commercial and others

Civil, commercial and other contingencies for which losses were assessed as possible totaled R$1,523,987 (R$1,403,461 as of December 31, 2019) and are mainly related to litigations containing allegations of contractual breaches and noncompliance of legal obligations of several natures as disputes arising from contracts in general, including outgrowers contracts, intellectual property disputes, regulatory issues, environmental and real state, traffic accidents, consumer relations, among others. The claims are mostly for compensation of losses and damages, application of penalties and obligations to do.

21.2.4. Others

The Company has been subject to investigations conducted by public authorities denominated "Carne Fraca Operation" in 2017 and "Trapaça Operation" in 2018. The development of these processes and the already incurred effects are described in the note 1.2.

22. EQUITY

22.1. Capital stock

On December 31, 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 (one billion) common book-entry shares with no par value.

22.1.1. Breakdown of capital stock by nature

	Parent company	
	12.31.20	12.31.19
Common shares	812,473,246	812,473,246
Treasury shares	(4,766,084)	(713,446)
Outstanding shares	807,707,162	811,759,800

22.1.2. Breakdown of capital stock by owner

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

Shareholders	Quantity	12.31.20 %	Quantity	12.31.19 %
Major shareholders				
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)	74,856,852	9.21	76,974,752	9.47
Management				
Board of Directors	6,865,302	0.84	6,474,420	0.80
Executives	605,902	0.07	236,338	0.03
Treasury shares	4,766,084	0.59	713,446	0.09
Other	632,662,840	77.88	635,358,024	78.20
	812,473,246	100.00	812,473,246	100.00

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

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

22.1.3. Rollforward of outstanding shares

	Parent company Quantity of outstanding of shares	
	12.31.20	12.31.19
Shares at the beginning of the year	811,759,800	811,416,022
Purchase of treasury shares	(4,836,000)	-
Delivery of restricted shares	783,362	343,778
Shares at the end of the year	807,707,162	811,759,800

22.2. Capital reserves

	Parent company and Consolidated	
	12.31.20	12.31.19
Result on sale and exchange of shares	125,532	125,532
Share-based payment	223,191	223,011
Acquisition of non-controlling interest	(206,423)	(155,478)
Capital transactions with subsidiaries	(220)	(220)
	142,080	192,845

22.3. Absorption of accumulated losses

The earnings for the year of R$1,383,564 were fully used to offset accumulated losses.

22.4. Treasury shares

The Company has 4,766,084 shares held in treasury, with an average cost of R$26.00 (twenty-six Brazilian Reais) per share, and market value corresponding to R$105,044.

	Parent company Quantity of outstanding of shares	
	12.31.20	12.31.19
Shares at the beggining of the exercise	713,446	1,057,224
Purchase of treasury shares	4,836,000	-
Delivery of restricted shares	(783,362)	(343,778)
Shares at the end of the exercise	4,766,084	713,446

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

	Continued operations		Discontinued operations	Continued and discontinued operations
	12.31.20	12.31.19	12.31.19	12.31.19
Basic numerator				
Net earnings (loss) for the exercise attributable to controlling shareholders	1,383,564	1,202,240	(904,628)	297,612
Basic denominator				
Common shares	812,473,246	812,473,246	812,473,246	812,473,246
Weighted average number of outstanding shares - basic (except treasury shares)	809,110,872	811,539,167	811,539,167	811,539,167
Net earnings (loss) per share basic - R$	1.71	1.48	(1.11)	0.37
Diluted numerator				
Net earnings (loss) for the exercise attributable to controlling shareholders	1,383,564	1,202,240	(904,628)	297,612
Diluted denominator				
Weighted average number of outstanding shares - basic (except treasury shares)	809,110,872	811,539,167	811,539,167	811,539,167
Number of potential shares (1)	2,237,936	2,327,952	-	2,327,952
Weighted average number of outstanding shares - diluted	811,348,808	813,867,119	811,539,167	813,867,119
Net earnings (loss) per share diluted - R$	1.71	1.48	(1.11)	0.37

(1) Comprised of the restricted stocks under the share-based payment plans for which the payment is made in equity instruments.

24. FINANCIAL INSTRUMENTS AND RISK 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. The Risk Policy was approved by the Board of Directors on December 17, 2020, is valid for one year and is available at the Company's website.

The Company's risk management strategy, guided by the Risk Policy, has as main objectives:

- To protect operating and financial results of Company, as well its shareholders' equity from adverse changes in the market prices, specially commodities, foreign exchange and interests;
- To protect the Company against counterparty risks in existing financial operations as well as to establish guidelines for sustaining the necessary liquidity to fulfil its financial commitments;
- To protect the cash of Company against price volatilities, adverse conditions in the markets in which the Company acts and adverse conditions in its production chain.

The Risk Policy defines the governance of the bodies responsible for the execution, tracking and approval of the risk management strategies, as well as the limits and instruments that can be used.

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. The Company's credit risk exposure can be assessed in notes 4, 5, 6 and 24.

24.2.1. Credit risk in accounts receivable

The credit risk associated with trade accounts receivable is actively managed through specific systems and is supported by internal policies for credit analysis. The significant level of diversification and geographical dispersion of the customer portfolio significantly reduces the risk. However, the Company chooses to complement the risk management by contracting insurance policies for specific markets. The impairment of these financial assets is carried out based on expected credit losses.

24.2.2. Counterparty credit risk

The credit risk associated with marketable securities, cash and cash equivalents and derivative instruments in general is directed to counterparties with Investment Grade ratings. The maintenance of assets with counterparty risk is constantly assessed according to credit ratings and the Company's portfolio concentration, aligned with the applicable impairment requisites.

On December 31, 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, Citibank, HSBC, J.P. Morgan Chase Bank, T.Garanti Bankasi A.Ş. and Vakiflar Bankasi.

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

24.3. Capital management and liquidity risk

The Company is exposed to liquidity risk as far as it needs cash or other financial assets to settle its obligations in the respective terms. The Company's cash and liquidity strategy takes into consideration historical volatility scenarios of results as well as simulations of sectorial and systemic crisis. It is grounded on allowing resilience in scenarios of capital restriction.

The ideal capital structure definition at BRF is essentially associated with (i) strong cash position as a tolerance factor for liquidity shocks, which includes minimum cash analysis; (ii) net indebtedness; and (iii) maximization of the capital opportunity cost.

As a guideline, the gross debt must be concentrated at long-term. On December 31, 2020, the long-term consolidated gross debt represented 93.66% (82.50% as of December 31, 2019) of the total gross indebtedness, which has an average term higher than nine years.

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

				Consolidated
			12.31.20	12.31.19
	Current	Non-current	Total	Total
Foreign currency loans and borrowings	(575,147)	(15,163,987)	(15,739,134)	(11,006,524)
Local currency loans and borrowings	(484,837)	(6,180,455)	(6,665,292)	(7,613,755)
Derivative financial liabilities	(384,969)	(727)	(385,696)	(153,612)
Gross debt	(1,444,953)	(21,345,169)	(22,790,122)	(18,773,891)
Marketable securities and cash and cash equivalents	7,890,783	344,577	8,235,360	4,963,319
Derivative financial assets	377,756	234	377,990	245,315
Restricted cash	1	24,357	24,358	296,294
Net debt			(14,152,414)	(13,268,963)

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

								Parent company 12.31.20
	Book value	Contractual cash flow	2021	2022	2023	2024	2025	2026 onwards
Non derivative financial liabilities								
Loans and borrowings	19,310,254	30,458,014	1,356,069	3,008,190	3,346,457	2,555,287	1,305,454	18,886,557
Trade accounts payable	8,170,012	8,258,385	8,244,604	5,499	5,433	2,849	-	-
Supply chain finance	1,452,637	1,474,227	1,474,227	-	-	-	-	-
Lease liabilities	2,268,694	2,951,407	323,698	472,898	393,113	348,416	267,182	1,146,100
Derivative financial liabilities								
Financial instruments designated as cash flow hedge								
Currency derivatives	81,650	81,650	81,650	-	-	-	-	-
Commodities derivatives	269,361	269,361	268,634	727	-	-	-	-
Financial instruments not designated as cash flow hedge								
Interest rate derivatives	14,649	14,649	14,649	-	-	-	-	-
Currency derivatives	13,610	13,610	13,610	-	-	-	-	-

								Consolidated 12.31.20
	Book value	Contractual cash flow	2021	2022	2023	2024	2025	2026 onwards
Non derivative financial liabilities								
Loans and borrowings	22,404,426	34,310,033	1,731,718	3,405,806	3,491,994	2,668,153	1,418,320	21,594,042
Trade accounts payable	9,009,987	9,098,376	9,084,595	5,499	5,433	2,849	-	-
Supply chain finance	1,452,637	1,474,227	1,474,227	-	-	-	-	-
Lease liabilities	2,536,681	3,277,861	409,409	542,947	448,295	377,710	283,917	1,215,583
Derivative financial liabilities								
Financial instruments designated as cash flow hedge								
Currency derivatives	81,650	81,650	81,650	-	-	-	-	-
Commodities derivatives	269,361	269,361	268,634	727	-	-	-	-
Financial instruments not designated as cash flow hedge								
Interest rate derivatives	14,649	14,649	14,649	-	-	-	-	-
Currency derivatives	20,036	20,036	20,036	-	-	-	-	-

The Company does not expect that the cash outflows to fulfill the obligations shown above will be significantly influenced 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 interest rate risk may cause economic losses to the Company resulting from volatility in interest rates that affect its assets and liabilities.

The Company's Risk Policy does not restrict exposure to different interest rates, neither establishes limits for fixed or floating rates. However, the Company continually monitors the market interest rates in order to evaluate any need to enter into hedging transactions to protect from the fluctuation of such rates and manage the mismatch between its financial investments and debts.

The indebtedness is essentially linked to the fixed coupon (R$, USD, EUR e 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 used to hedge the exposure to interest rates as of December 31, 2020 are shown in the table below:

						12.31.20
Derivative instruments not designated	Maturity	Asset	Liability	Notional		Fair value (R$)
Parent company and Consolidated						
Interest rate swap	2nd Qtr. 2021	USD + 2.80% p.a.	CDI + 2.27% p.a.	49,900	USD	(14,649)
						(14,649)

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

The Risk Policy regarding statement of financial position exposure has the objective to balance assets and liabilities denominated in foreign currencies, hedging the Company's statement of financial position by using natural hedges, over-the-counter derivatives and exchange traded futures.

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:

		Consolidated
	12.31.20	12.31.19 (1)
Cash and cash equivalents	2,855,979	2,591,746
Trade accounts receivable	5,765,753	4,892,708
Trade accounts payable	(859,790)	(601,007)
Loans and borrowings	(14,947,793)	(8,854,826)
Other assets and liabilities, net	225,694	(162,341)
Exposure of assets and liabilities in foreign currencies	(6,960,157)	(2,133,720)
Derivative financial instruments (hedge)	6,849,947	1,734,517
Exposure in result, net	(110,210)	(399,203)

(1) In the financial statements for the year of 2019, the Company presented the exposure arising from monetary assets and liabilities in foreign entities, for which Real is the functional currency, in a single line item "Investments". For better management of the foreign exchange exposure, in 2020 the Company begun to break down such exposure, by classifying each asset or liability by its nature. Therefore, the comparative period has been restated for comparability.

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

Net P&L Exposure	12.31.20	12.31.19
Argentinian Peso (ARS)	(5,310)	(13,236)
Euros (EUR)	104,539	23,624
Pound Sterling (GBP)	9,394	6,949
Yen (JPY)	29,976	(17,285)
Rubles (RUB)	(1,261)	2,780
Turkish Liras (TRY)	178,906	(418,576)
U.S. Dollars (USD)	(426,454)	16,541
Total	(110,210)	(399,203)

The Company has exposure to other different currencies, although they have been grouped in the currencies above due to its high correlation or for not being individually significant.

The derivative financial instruments hired to hedge the foreign currency statement of financial position exposure on December 31, 2020 are not designated as hedge accounting and are set forth below:

							12.31.20
Derivative instruments not designated	Asset	Liability	Maturity	Notional		Exercise rate	Fair value (R$)
Parent company							
Non-deliverable forward	EUR	BRL	1st Qtr. 2021	EUR	265,000	6.2671	32,015
Non-deliverable forward	USD	BRL	1st Qtr. 2021	USD	340,000	5.1077	27,023
Non-deliverable forward	USD	BRL	2nd Qtr. 2021	USD	50,000	5.2800	(4,525)
Futures - B3	BRL	USD	1st Qtr. 2021	USD	553,000	5.1797	(9,086)
							45,427
Subsidiaries							
Non-deliverable forward	EUR	JPY	1st Qtr. 2021	EUR	19,789	126.3299	704
Non-deliverable forward	USD	EUR	1st Qtr. 2021	EUR	75,000	1.2274	(1,888)
Non-deliverable forward	EUR	RUB	1st Qtr. 2021	EUR	20,836	91.1883	2,655
Collar	TRY	USD	1st Qtr. 2021	USD	50,000	7.8800	8,544
Total Consolidated							55,442

ii. Operating income exposure

The Risk Policy regarding operating income exposure has the objective to hedge revenues and costs denominated in foreign currencies. The Company is supported by internal models to measure and monitor these risks, and uses financial instruments for hedging, designating the relations as cash flow hedges.

The derivative and non-derivative financial instruments designated as cash flow hedges for foreing exchange operating income exposure on December 31, 2020 are set forth below:

							12.31.20
Cash flow hedge - Derivative instruments	Hedged object	Asset	Liability	Maturity	Notional	Designation rate	Fair value
Parent company and consolidated							
Non-deliverable forward	USD Exports	BRL	USD	1st Qtr. 2021	USD 241,000	5.4084	53,721
Non-deliverable forward	USD Exports	BRL	USD	2nd Qtr. 2021	USD 25,000	5.6329	10,964
Non-deliverable forward	USD Exports	BRL	USD	3rd Qtr. 2021	USD 5,000	5.8018	2,940
Collar	USD Exports	BRL	USD	1st Qtr. 2021	USD 132,000	4.9158	(33,764)
Collar	USD Exports	BRL	USD	2nd Qtr. 2021	USD 45,000	5.3785	10,110
Collar	USD Exports	BRL	USD	3rd Qtr. 2021	USD 45,000	5.5933	18,967
Collar	USD Exports	BRL	USD	4th Qtr. 2021	USD 10,000	5.7500	5,457
							68,395

						12.31.20
Cash flow hedge - Non-derivative instruments	Hedged object	Liability	Maturity	Notional	Designation rate	Fair value (1)
Parent company and consolidated						
Bond BRF SA BRFSBZ 5 7/8 (2)	USD Exports	USD	2nd Qtr. 2022	USD 70,928	2.0213	(409,518)
Bond BRF SA BRFSBZ 3.95	USD Exports	USD	2nd Qtr. 2023	USD 150,000	2.0387	(473,700)
						(883,218)

(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, USD9,350 at the rate of 4.1827, USD27,190 at the rate of 5.1889 e USD11,194 at the rate of 5.5714. 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 Company holds investments abroad in functional currencies different than the Brazilian Real, which generate currency exposure that affects directly the Company's Equity, in Other Comprehensive Income.

The non-derivative financial instruments designated as net investment hedge instruments on December 31, 2020 are set forth below:

						12.31.20
Net investment hedge - Non-derivative instruments	Object (Investment)	Liability	Maturity	Notional	Rate	Fair value (1)
Parent company and consolidated						
Bond - BRF SA BRFSBZ 4.35	Federal Foods LLC	USD	3rd Qtr. 2026	USD 75,673	3.7649	(108,991)
Bond - BRF SA BRFSBZ 4.35	BRF Al Yasra Food	USD	3rd Qtr. 2026	USD 108,757	3.7649	(142,280)
Bond - BRF SA BRFSBZ 4.35	Al Khan Foodstuff LLC	USD	3rd Qtr. 2026	USD 65,570	3.7649	(93,403)
						(344,674)

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

24.4.3. Commodities price risk

In the ordinary course of business, the Company purchases commodities, mainly corn, soybean, soybean meal and soybean oil, individual components of the production costs.

Corn and soy prices are subject to volatility resulting from weather conditions, harvest productivity, transport and warehouse costs, government agricultural policies, FX rates and international market prices, among other factors.

The Risk Policy establishes coverage limits to the flow of purchases of corn and soy with the purpose of reducing the impact due to a price increase of these raw materials. The hedge may be reached using derivatives or by inventory management.

The financial instruments designated as cash flow hedges and fair value hedges for the commodities price exposure on December 31, 2020 are set forth below:

Cash flow hedge - Derivative instruments	Hedged object	Index	Maturity	Quantity		Exercise rate (USD/Ton)	12.31.20 Fair value
Parent company and consolidated							
Non-deliverable forward - buy	Soybean meal purchase - floating price	Soybean meal - CBOT	1st Qtr. 2021	5,000	ton	430.69	1,062
Non-deliverable forward - buy	Soybean meal purchase - floating price	Soybean meal - CBOT	2nd Qtr. 2021	80,995	ton	372.18	38,447
Non-deliverable forward - buy	Soybean meal purchase - floating price	Soybean meal - CBOT	3rd Qtr. 2021	128,995	ton	381.44	28,387
Non-deliverable forward - buy	Soybean meal purchase - floating price	Soybean meal - CBOT	4th Qtr. 2021	9,999	ton	390.12	590
Collar - buy	Soybean meal purchase - floating price	Soybean meal - CBOT	1st Qtr. 2021	4,990	ton	465.17	939
Collar - buy	Soybean meal purchase - floating price	Soybean meal - CBOT	2nd Qtr. 2021	9,072	ton	462.42	1,970
Collar - buy	Soybean meal purchase - floating price	Soybean meal - CBOT	4th Qtr. 2021	4,990	ton	402.67	431
Non-deliverable forward - buy	Soybean oil purchase - floating price	Soybean oil - CBOT	2nd Qtr. 2021	19,098	ton	762.42	13,524
Non-deliverable forward - buy	Soybean oil purchase - floating price	Soybean oil - CBOT	3rd Qtr. 2021	18,098	ton	731.37	12,892
Non-deliverable forward - buy	Soybean oil purchase - floating price	Soybean oil - CBOT	4th Qtr. 2021	1,000	ton	825.63	123
Collar - buy	Soybean oil purchase - floating price	Soybean oil - CBOT	3rd Qtr. 2021	2,994	ton	861.57	1,396
Collar - buy	Soybean oil purchase - floating price	Soybean oil - CBOT	4th Qtr. 2021	2,994	ton	858.26	1,376
							101,137

Fair value hedge - Derivative instruments	Hedged object	Index	Maturity	Quantity		Exercise rate (1)	12.31.20 Fair value
Parent company and consolidated							
Non-deliverable forward - sell	Soybean purchase - fixed price	Soybean - CBOT	1st Qtr. 2021	26,322	ton	411.58	(9,063)
Non-deliverable forward - sell	Soybean purchase - fixed price	Soybean - CBOT	2nd Qtr. 2021	29,998	ton	399.35	(11,788)
Non-deliverable forward - sell	Soybean purchase - fixed price	Soybean - CBOT	3rd Qtr. 2021	19,999	ton	383.18	(7,955)
Non-deliverable forward - sell	Corn purchase - fixed price	Corn - CBOT	1st Qtr. 2021	16,573	ton	140.98	(3,946)
Non-deliverable forward - sell	Corn purchase - fixed price	Corn - CBOT	2nd Qtr. 2021	743,321	ton	147.47	(148,541)
Non-deliverable forward - sell	Corn purchase - fixed price	Corn - CBOT	3rd Qtr. 2021	239,954	ton	142.95	(39,015)
Non-deliverable forward - sell	Corn purchase - fixed price	Corn - CBOT	4th Qtr. 2021	175,433	ton	146.65	(21,643)
Non-deliverable forward - sell	Corn purchase - fixed price	Corn - CBOT	1st Qtr. 2022	9,998	ton	153.33	(727)
Corn future - sell	Corn purchase - fixed price	Corn - B3	2nd Qtr. 2021	36,801	ton	1,040.42	(479)
Corn future - sell	Corn purchase - fixed price	Corn - B3	3rd Qtr. 2021	95,364	ton	972.98	(1,102)
Corn future - sell	Corn purchase - fixed price	Corn - B3	4th Qtr. 2021	6,480	ton	847.38	(94)
Collar - sell	Corn purchase - fixed price	Corn - B3	3rd Qtr. 2021	9,990	ton	1,104.39	(841)
							(245,194)

(1) Base price of each commodity in USD/ton, except for Corn – B3 denominated in R$/ton.

Fair value hedge - Derivative instruments	Protection object	Assets	Liabilities	Maturity	Notional		Exercise rate	12.31.20 Fair value
Parent company and consolidated								
Non-deliverable forward	Cost in USD	BRL	USD	1st Qtr. 2021	USD	13,170	5.4056	2,939
Non-deliverable forward	Cost in USD	BRL	USD	2nd Qtr. 2021	USD	121,597	5.2471	5,340
Non-deliverable forward	Cost in USD	BRL	USD	3rd Qtr. 2021	USD	41,966	5.5286	12,692
Non-deliverable forward	Cost in USD	BRL	USD	4th Qtr. 2021	USD	25,727	5.4991	5,958
Non-deliverable forward	Cost in USD	BRL	USD	1st Qtr. 2022	USD	1,533	5.4651	234
								27,163

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 12.31.20	Note	Exposure	Hedge accounting	Foreign Exchange	Commodities	Interest Rate	Consolidated Total
Net Sales				40,841,803	-	-	40,841,803
Derivatives result		Operating Results	Cash flow	(1,372,103)	-	-	(1,372,103)
Net Revenue	26			39,469,700	-	-	39,469,700
Cost of Sales				-	(29,816,160)	-	(29,816,160)
Derivatives result		Operating Results	Cash flow / Fair value	-	(182,662)	-	(182,662)
Cost of Sales				-	(29,998,822)	-	(29,998,822)
Interests on loans and borrowings				-	-	(1,545,825)	(1,545,825)
Interest Rate Derivatives result		Interest expenses	Cash flow	-	-	(32,909)	(32,909)
Foreign Exchange variation on assets and liabilities				(1,179,236)	-	-	(1,179,236)
Foreign Exchange Derivatives result		Financial Position	Not designated	981,847	-	-	981,847
Effects on Financial Result	28			(197,389)	-	(1,578,734)	(1,776,123)

Other Comprehensive Income 12.31.20	Exposure	Hedge accounting	Foreign Exchange	Commodities	Interest Rate	Consolidated Total
Derivative Instruments - current	Operating Results	Cash flow	(28,893)	211,751	-	182,858
Non-derivative Instruments – non-current	Operating Results	Cash flow	(306,340)	-	-	(306,340)
Non-derivative Instruments - non-current	Foreign investments	Net investment	(277,856)	-	-	(277,856)
Other Comprehensive Income (1)			(613,089)	211,751	-	(401,338)

(1) All effects are shown gross of taxes.

Statement of financial position 12.31.20	Note	Exposure	Hedge accounting	Foreign Exchange	Commodities	Interest Rate	Consolidated Total
Designated derivatives		Operating Results	Cash flow / Fair value	95,558	(144,057)	-	(48,499)
Not designated derivatives		Financial Position	Not designated	55,442	-	(14,649)	40,793
Asset / (Liability) net				151,000	(144,057)	(14,649)	(7,706)
Derivative Instruments - current (2)		Operating Results	Cash flow	47,942	171,306	-	219,248
Non-derivative instruments – non-current		Operating Results	Cash flow	(883,218)	-	-	(883,218)
Non-derivative Instruments - non-current		Foreign investments	Net investment	(344,674)	-	-	(344,674)
Other Comprehensive Income (1)				(1,179,950)	171,306	-	(1,008,644)
Derivatives result		Operating Results	Cash flow / Fair value	-	442,398	-	442,398
Inventories	7			-	442,398	-	442,398

(1) All effects are shown gross of taxes.
(2) Includes R$6,251 related to the time value of the foreign exchange option contracts, and R$6,178 related to the time value of the commodity options contracts.

Income for the period 12.31.19	Note	Exposure	Hedge accounting	Foreign Exchange	Commodities	Interest Rate	Consolidated Total
Net Sales				33,465,194	-	-	33,465,194
Derivatives result		Operating Results	Cash flow	(18,214)	-	-	(18,214)
Net Revenue	26			33,446,980	-	-	33,446,980
Cost of Sales				-	(25,339,804)	-	(25,339,804)
Derivatives result		Operating Results	Cash flow / Fair value	-	(30,238)	-	(30,238)
Cost of Sales				-	(25,370,042)	-	(25,370,042)
Interests on loans and borrowings				-	-	(1,516,677)	(1,516,677)
Interest Rate Derivatives result		Interest expenses	Cash flow	-	-	5,173	5,173
Foreign Exchange variation on assets and liabilities				100,480	-	-	100,480
Foreign Exchange Derivatives result		Financial Position	Not designated	(178,523)	-	-	(178,523)
Effects on Financial Result	28			(78,043)	-	(1,511,504)	(1,589,547)

Other Comprehensive Income 12.31.19	Exposure	Hedge accounting	Foreign Exchange	Commodities	Interest Rate	Consolidated Total
Derivative Instruments - current	Operating Results	Cash flow	46,110	(14,056)	-	32,054
Non-derivative Instruments – non-current	Operating Results	Cash flow	23,328	-	-	23,328
Non-derivative Instruments - non-current	Foreign investments	Net investment	(66,818)	-	-	(66,818)
Other Comprehensive Income (1)			2,620	(14,056)	-	(11,436)

Statement of financial position 12.31.19	Note	Exposure	Hedge accounting	Foreign Exchange	Commodities	Interest Rate	Consolidated Total
Designated derivatives		Operating Results	Cash flow / Fair value	93,312	(23,638)	-	69,674
Not designated derivatives		Financial Position	Not designated	22,026	-	-	22,026
Asset / (Liability) net				115,338	(23,638)	-	91,700
Derivative Instruments - current		Operating Results	Cash flow	76,835	(40,445)	-	36,390
Non-derivative Instruments - non-current		Operating Results	Cash flow	(576,877)	-	-	(576,877)
Non-derivative Instruments - non-current		Foreign investments	Net investment	(66,818)	-	-	(66,818)
Other Comprehensive Income (1)				(566,860)	(40,445)	-	(607,305)
Derivatives result		Operating Results	Cash flow / Fair value	-	47,374	-	47,374
Inventories	7			-	47,374	-	47,374

(1) All effects are shown gross of taxes.

In the Statement of Cash Flows, the effect of the derivative financial instruments designated as hedge accounting is presented in the line item in which the hedged object is recorded. For the instruments not designated, the effects are presented in the Derivative Financial Instruments line item.

Summarized financial position of derivative financial instruments:

	Parent company		Consolidated	
	12.31.20	12.31.19	12.31.20	12.31.19
Asset				
Designated as hedge accounting				
Currency derivatives	177,208	166,729	177,208	166,729
Commodities derivatives	125,304	25,191	125,304	25,191
Not designated as hedge accounting				
Currency derivatives	59,037	51,811	75,478	53,395
	361,549	243,731	377,990	245,315
Current assets	361,315	193,740	377,756	195,324
Non-current assets	234	49,991	234	49,991
Liabilities				
Designated as hedge accounting				
Currency derivatives	(81,650)	(73,417)	(81,650)	(73,417)
Commodities derivatives	(269,361)	(48,829)	(269,361)	(48,829)
Not designated as hedge accounting				
Currency derivatives	(13,610)	(29,479)	(20,036)	(31,369)
Interest rate derivatives	(14,649)	-	(14,649)	-
	(379,270)	(151,725)	(385,696)	(153,615)
Current liabilities	(378,543)	(151,722)	(384,969)	(153,612)
Non-current liabilities	(727)	(3)	(727)	(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 amounts below represent the possible impacts (incremental results) of the hedging instruments and their respective hedged positions, considering situations of increase and decrease in the selected risk factors.

The information used in the preparation of the analysis is based on the position as of December 31, 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 assumptions used. Positive values indicate gains and negative values indicate losses.

Exchange rate - Balance	Base	Scenario - 50%	- 25%	- 10%	+ 10%	+ 25%	+ 50%
USD	5.1967	2.5984	3.8975	4.6770	5.7164	6.4959	7.7951
Monetary Assets and Liabilities		2,891,741	1,445,871	578,348	(578,348)	(1,445,871)	(2,891,741)
Derivative Instruments - Not designated		(2,678,513)	(1,339,257)	(535,703)	535,703	1,339,257	2,678,513
Net effect		213,228	106,614	42,645	(42,645)	(106,614)	(213,228)
EUR	6.3935	3.1968	4.7951	5.7542	7.0329	7.9919	9.5903
Monetary Assets and Liabilities		684,591	342,295	136,918	(136,918)	(342,295)	(684,591)
Derivative Instruments - Not designated		(736,988)	(368,494)	(147,398)	147,398	368,494	736,988
Net effect		(52,397)	(26,199)	(10,480)	10,480	26,199	52,397
JPY	0.0503	0.0252	0.0377	0.0453	0.0553	0.0629	0.0755
Monetary Assets and Liabilities		(77,886)	(38,943)	(15,577)	15,577	38,943	77,886
Derivative Instruments - Not designated		62,925	31,463	12,585	(12,585)	(31,463)	(62,925)
Net effect		(14,961)	(7,480)	(2,992)	2,992	7,480	14,961
RUB	0.0698	0.0349	0.0524	0.0628	0.0768	0.0873	0.1047
Monetary Assets and Liabilities		(65,717)	(32,858)	(13,143)	13,143	32,858	65,717
Derivative Instruments - Not designated		66,348	33,174	13,270	(13,270)	(33,174)	(66,348)
Net effect		631	316	127	(127)	(316)	(631)
TRY	0.7061	0.3531	0.5296	0.6355	0.7767	0.8826	1.0592
Monetary Assets and Liabilities		51,616	25,808	10,323	(10,323)	(25,808)	(51,616)
Derivative Instruments - Not designated		(141,926)	(70,963)	(28,385)	28,385	70,963	141,926
Net effect		(90,310)	(45,155)	(18,062)	18,062	45,155	90,310

Exchange rate - Operating results	Base	Scenario - 50%	- 25%	- 10%	+ 10%	+ 25%	+ 50%
USD	5.1967	2.5984	3.8975	4.6770	5.7164	6.4959	7.7951
Revenue in USD		(1,881,018)	(940,509)	(376,204)	376,204	940,509	1,881,018
NDF		704,153	352,076	140,831	(140,831)	(352,076)	(704,153)
Collar		581,264	279,855	114,019	(94,283)	(260,303)	(561,712)
Loans - Designated		574,048	287,025	114,810	(114,810)	(287,025)	(574,048)
Net effect		(21,553)	(21,553)	(6,544)	26,280	41,105	41,105

Exchange rate - Operating results	Base	Scenario - 50%	- 25%	- 10%	+ 10%	+ 25%	+ 50%
USD	5.1967	2.5984	3.8975	4.6770	5.7164	6.4959	7.7951
Cost of Sales		(530,044)	(265,022)	(106,009)	106,009	265,022	530,044
NDF		530,044	265,022	106,009	(106,009)	(265,022)	(530,044)
Net effect		-	-	-	-	-	-

Operating results - Commodities	Base (1)	Scenario - 50%	- 25%	- 10%	+ 10%	+ 25%	+ 50%
Soy Grain - CBOT	475	238	356	428	523	594	713
Cost of Sales		(18,132)	(9,066)	(3,626)	3,626	9,066	18,132
NDF		18,132	9,066	3,626	(3,626)	(9,066)	(18,132)
Net effect		-	-	-	-	-	-
Soybean Meal - CBOT	430	215	322	387	473	537	645
Cost of Sales		52,458	26,229	10,492	(10,492)	(26,229)	(52,458)
Collar		(3,267)	(1,126)	(97)	753	2,038	4,180
NDF		(48,363)	(24,181)	(9,673)	9,673	24,181	48,363
Net effect		828	922	722	(66)	(10)	85
Soybean Oil - CBOT	770	385	578	693	847	963	1156
Cost of Sales		17,020	8,510	3,404	(3,404)	(8,510)	(17,020)
Collar		(1,775)	(488)	-	450	1,222	2,509
NDF		(14,714)	(7,357)	(2,943)	2,943	7,357	14,714
Net effect		531	665	461	(11)	69	203
Corn - CBOT	184	92	138	165	202	230	276
Cost of Sales		(108,892)	(54,446)	(21,778)	21,778	54,446	108,892
NDF		108,892	54,446	21,778	(21,778)	(54,446)	(108,892)
Net effect		-	-	-	-	-	-
Corn - B3	1,199	600	899	1,079	1,319	1,499	1,799
Cost of Sales		(5,990)	(2,995)	(1,198)	1,198	2,995	5,990
Collar		5,143	2,148	-	(1,198)	(2,995)	(5,990)
Net effect		(847)	(847)	(1,198)	-	-	-

(1) Base price of each commodity in USD/ton, except for Corn – B3 denominated in R$/ton.

24.7. Financial instruments by category

			Parent company 12.31.20
	Amortized cost	Fair value through profit and loss	Total
Assets			
Cash and bank	118,307	-	118,307
Cash equivalents	-	3,757,832	3,757,832
Marketable securities	-	327,559	327,559
Restricted cash	24,358	-	24,358
Trade accounts receivable	4,906,964	310,265	5,217,229
Other receivables	86,404	-	86,404
Derivatives not designated	-	59,037	59,037
Derivatives designated as hedge accounting (1)	-	302,512	302,512
Liabilities			
Trade accounts payable	(8,170,012)	-	(8,170,012)
Supply chain finance	(1,452,637)	-	(1,452,637)
Loans and borrowings (2)	(19,310,254)	-	(19,310,254)
Derivatives not designated	-	(28,259)	(28,259)
Derivatives designated as hedge accounting (1)	-	(351,011)	(351,011)
	(23,796,870)	4,377,935	(19,418,935)

(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
Assets			
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	-	191,920	191,920
Liabilities			
Trade accounts payable	(5,283,109)	-	(5,283,109)
Supply chain finance	(842,037)	-	(842,037)
Loans and borrowings	(16,429,004)	-	(16,429,004)
Derivatives not designated	-	(29,479)	(29,479)
Derivatives designated as hedge accounting	-	(122,246)	(122,246)
	(16,087,929)	1,927,910	(14,160,019)

					Consolidated 12.31.20
		Fair value through other comprehensive income			
	Amortized cost	Equity instruments	Debt instruments	Fair value through profit and loss	Total
Assets					
Cash and bank	2,439,072	-	-	-	2,439,072
Cash equivalents	-	-	-	5,137,553	5,137,553
Marketable securities	287,504	42,029	-	329,202	658,735
Restricted cash	24,358	-	-	-	24,358
Trade accounts receivable	3,789,616	-	-	310,265	4,099,881
Other receivables	86,404	-	-	-	86,404
Derivatives not designated	-	-	-	75,478	75,478
Derivatives designated as hedge accounting (1)	-	-	-	302,512	302,512
Liabilities					
Trade accounts payable	(9,009,987)	-	-	-	(9,009,987)
Supply chain finance	(1,452,637)	-	-	-	(1,452,637)
Loans and borrowings (2)	(22,404,426)	-	-	-	(22,404,426)
Derivatives not designated	-	-	-	(34,685)	(34,685)
Derivatives designated as hedge accounting (1)	-	-	-	(351,011)	(351,011)
Written option– business combination	-	-	-	(185,401)	(185,401)
	(26,240,096)	42,029	-	5,583,913	(20,614,154)

(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.

					Consolidated 12.31.19
		Fair value through other comprehensive income			
	Amortized cost	Equity instruments	Debt instruments	Fair value through profit and loss	Total
Assets					
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
Liabilities					
Trade accounts payable	(5,796,766)	-	-	-	(5,796,766)
Supply chain finance	(842,037)	-	-	-	(842,037)
Loans and borrowings	(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)
	(19,471,439)	26,678	19,285	1,972,507	(17,452,969)

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, 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.

The table below presents the overall classification of financial instruments measured at fair value by measurement hierarchy. For the year ended on December 31, 2020, there were no changes among the 3 levels of hierarchy.

						Parent company
			12.31.20			12.31.19
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Fair value through profit and loss						
Savings account and overnight	102,336	-	102,336	70,515	-	70,515
Term deposits	-	-	-	254,583	-	254,583
Bank deposit certificates	-	3,650,812	3,650,812	-	869,473	869,473
Financial treasury bills	312,515	-	312,515	396,994	-	396,994
Investment funds	19,728	-	19,728	18,398	-	18,398
Trade accounts receivable	-	310,265	310,265	-	225,941	225,941
Derivatives	-	361,549	361,549	-	243,731	243,731
Financial Liabilities						
Fair value through profit and loss						
Derivatives	-	(379,270)	(379,270)	-	(151,725)	(151,725)
	434,579	3,943,356	4,377,935	740,490	1,187,420	1,927,910

								Consolidated
				12.31.20				12.31.19
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
Fair value through other comprehensive income								
Credit linked notes	-	-	-	-	19,285	-	-	19,285
Stocks	42,029	-	-	42,029	26,678	-	-	26,678
Fair value through profit and loss								
Savings account and overnight	1,220,232	-	-	1,220,232	689,874	-	-	689,874
Term deposits	250,189	-	-	250,189	374,859	-	-	374,859
Bank deposit certificates	-	3,662,448	-	3,662,448	-	879,758	-	879,758
Financial treasury bills	312,515	-	-	312,515	396,994	-	-	396,994
Investment funds	21,371	-	-	21,371	20,301	-	-	20,301
Trade accounts receivable	-	310,265	-	310,265	-	225,941	-	225,941
Derivatives	-	377,990	-	377,990	-	245,315	-	245,315
Financial Liabilities								
Fair value through profit and loss								
Derivatives	-	(385,696)	-	(385,696)	-	(153,615)	-	(153,615)
Written option– business combination	-	-	(185,401)	(185,401)	-	-	(706,920)	(706,920)
	1,846,336	3,965,007	(185,401)	5,625,942	1,527,991	1,197,399	(706,920)	2,018,470

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.

	Currency	Maturity	Book value	Fair value	Book value	Fair value
					Parent company and Consolidated	
				12.31.20		12.31.19
BRF S.A.						
BRF SA BRFSBZ 5 7/8	USD	2022	(367,714)	(389,611)	(435,934)	(460,606)
BRF SA BRFSBZ 4 3/4	USD	2024	(1,538,086)	(1,659,891)	(2,086,169)	(2,191,726)
BRF SA BRFSBZ 3.95	USD	2023	(1,207,468)	(1,275,598)	(1,370,446)	(1,427,754)
BRF SA BRFSBZ 2 3/4	EUR	2022	(1,081,404)	(1,105,478)	(1,492,653)	(1,559,476)
BRF SA BRFSBZ 4 7/8	USD	2030	(3,951,539)	(4,333,054)	(3,022,773)	(3,160,573)
BRF SA BRFSBZ 5 3/4	USD	2050	(4,106,115)	(4,705,851)	-	-
Debenture - 1st Issue	BRL	2026	(771,138)	(778,016)	(755,760)	(832,213)
Debenture - 2nd Issue	BRL	2030	(2,250,867)	(2,225,796)	-	-
Parent company			(15,274,331)	(16,473,295)	(9,163,735)	(9,632,348)
BRF GmbH						
BRF SA BRFSBZ 4.35	USD	2026	(2,577,667)	(2,779,574)	(1,999,509)	(2,101,175)
Consolidated			(17,851,998)	(19,252,869)	(11,163,244)	(11,733,523)

24.8.1. Level 3 measurement

The Company holds 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, in Turkish Liras, to a multiple of the Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) 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 the present value of redemption amount using internal assumptions regarding the results of that economic group.

The effects of the subsequent measurement resulted in a gain in financial results of R$579,946 in the year ended on December 31, 2020 (loss of R$189,816 in the year ended on December 31, 2019), as per note 28.

The Company assessed the unobservable inputs used in the determination of the fair value of this instrument and observed that the premise which causes relevant impact is the expected EBITDA of the economic group object of the option. The other unobservable inputs, e.g. net debt, when submitted to the analysis have not shown relevant impacts on the fair value of the option. Below, 4 scenarios with the correspondent fair value of option are presented:

	Scenario				
	- 50%	- 25%	Base	+ 25%	+ 50%
Written option (business combination)	(88,528)	(136,965)	(185,401)	(233,837)	(282,274)

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 is prepared 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, for which the characteristics are described below:

- Poultry: production and sale of whole poultry and in-natura cuts.
- Pork and others: 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 items not allocated to the segments are presented as Corporate and refer to relevant events not attributable to the operating segments.

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

		Consolidated
Net sales	12.31.20	12.31.19
Brazil		
In-natura	5,014,250	4,635,597
Poultry	3,738,560	3,692,377
Pork and other	1,275,690	943,220
Processed	15,944,162	12,808,408
Other sales	26,707	45,474
	20,985,119	17,489,479
International		
In-natura	14,570,620	12,605,846
Poultry	12,246,499	11,262,954
Pork and other	2,324,121	1,342,892
Processed	2,366,204	2,119,918
Other sales	303,370	173,630
	17,240,194	14,899,394
Other segments	1,244,387	1,058,107
	39,469,700	33,446,980

The income (loss) before financial results for each segment and for Corporate is set forth below:

		Consolidated
	12.31.20	12.31.19
Brazil	2,081,150	1,818,813
International	1,100,212	1,275,285
Other segments	197,233	109,138
Sub total	3,378,595	3,203,236
Corporate	(531,802)	(250,463)
	2,846,793	2,952,773

The composition of the main effects not allocated to the operating segments and presented as Corporate is set forth below:

		Consolidated
Corporate	12.31.20	12.31.19
Investigations involving the Company (note 1.2)	(28,004)	(79,208)
Agreement - Class Action (note 1.3)	(204,436)	-
Tax and civil contingencies	(109,088)	(63,228)
Expenses COVID-19 (1)	(81,562)	-
Results with disposal of businesses	(29,471)	3,234
Results with sale and disposal of fixed assets	(28,178)	(14,642)
Expenses with demobilization	(16,494)	(39,281)
Impairment of investments	(62,006)	(21,751)
Restructuring plan	(58)	(14,460)
Other (2)	27,495	(21,127)
	(531,802)	(250,463)

(1) Mainly comprised of donations in Brazil, consultants and expenses with health and safety, which are not associated with the business segments.
(2) For the year ended on December 31, 2019, it includes the expense of R$19,045 in favor of the Municipality of Lucas do Rio Verde, arising from the housing incentive program for employees.

No customer individually or in aggregate (economic group) accounted for more than 5% of net sales for the year ended on December 31, 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:

						Consolidated
	Goodwill		Trademarks		Total	
	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19
Brazil	1,151,498	1,151,498	982,478	982,478	2,133,976	2,133,976
International	1,784,079	1,562,104	345,260	339,784	2,129,339	1,901,888
	2,935,577	2,713,602	1,327,738	1,322,262	4,263,315	4,035,864

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 management, which makes investment decisions and determine allocation of resources based on information about the consolidated assets.

26. NET SALES

	Parent company		Consolidated	
	12.31.20	12.31.19	12.31.20	12.31.19
Gross sales				
Brazil	26,017,981	21,645,253	26,017,981	21,645,253
International	10,498,363	10,314,884	18,514,099	16,191,795
Other segments	1,329,579	1,154,989	1,378,344	1,167,463
	37,845,923	33,115,126	45,910,424	39,004,511
Sales deductions				
Brazil	(5,032,862)	(4,155,774)	(5,032,862)	(4,155,774)
International	(103,382)	(111,518)	(1,273,905)	(1,292,401)
Other segments	(126,543)	(101,767)	(133,957)	(109,356)
	(5,262,787)	(4,369,059)	(6,440,724)	(5,557,531)
Net sales				
Brazil	20,985,119	17,489,479	20,985,119	17,489,479
International	10,394,981	10,203,366	17,240,194	14,899,394
Other segments	1,203,036	1,053,222	1,244,387	1,058,107
	32,583,136	28,746,067	39,469,700	33,446,980

27. OTHER OPERATING INCOME (EXPENSES), NET

	Parent company		Consolidated	
	12.31.20	12.31.19	12.31.20	12.31.19
Recovery of expenses (1)	407,690	1,291,920	408,161	1,293,623
Provision reversal	73,315	16,633	73,361	16,638
Scrap sales	11,936	11,350	12,204	12,494
Provision for civil and tax risks (2)	(67,264)	(395,223)	(68,295)	(395,389)
Other employees benefits	(27,741)	(11,042)	(27,741)	(13,500)
Insurance claims costs	(14,196)	(21,646)	(8,762)	(19,830)
Gains (losses) on the disposal of non-financial assets	(29,287)	(4,679)	(40,220)	(10,786)
Employee participation and bonuses	(235,195)	(213,317)	(283,065)	(269,755)
Demobilization expenses	(21,445)	(40,817)	(19,988)	(48,251)
Expected credit losses in other receivables	(1,016)	-	(989)	-
Impairment of investments	-	-	(62,090)	(21,751)
Other (3)	(281,983)	(129,181)	(236,754)	(114,673)
	(185,186)	503,998	(254,178)	428,820

(1) Includes recovery of taxes in the amount of R$293,789 for the year ended on December 31, 2020, mainly referring to PIS and COFINS taxes on marketing, rebates and benefit expenses. Additionally, are included the effects of the final decision related to exclusion of ICMS from the PIS and COFINS calculation basis from Eleva in the amount of R$40,086 (note 9). For the year ended on December 31, 2019, includes the effects of the final decision related to the exclusion of ICMS from the PIS and COFINS calculation base of R$1,185,386.

(2) For the year ended on December 31, 2019, includes the effects of the tax contingency on ICMS credit in the basic food basket products of R$358,935.

(3) Includes cost with investigations (note 1.2) and expenses with class action agreement (note 1.3) in the first quarter of 2020.

28. FINANCIAL INCOME (EXPENSES), NET

		Parent company		Consolidated	
	Note	12.31.20	12.31.19 (1)	12.31.20	12.31.19 (1)
Financial income		371,496	1,246,368	420,757	1,304,187
Interest on cash and cash equivalents	4	100,225	121,985	119,068	145,193
Income with marketable securities	5	25,205	82,057	54,094	115,130
Fair value throught other comprehensive income		-	-	538	630
Fair value throught profit and loss		9,115	21,087	8,771	21,065
Amortized cost		16,090	60,970	44,785	93,435
Interest on recoverable taxes (2)	9	204,933	1,027,582	205,066	1,027,835
Interest on other assets		41,133	14,744	42,529	16,029
Financial expenses		(2,568,149)	(2,838,637)	(1,889,454)	(3,096,716)
Interests on loans and borrowings	15	(1,375,915)	(1,349,503)	(1,545,825)	(1,516,677)
Interest with related parties	30	(345,133)	(172,863)	-	-
Interest on contingencies (3)	21	(42,641)	(573,588)	(42,641)	(574,432)
Interest on leases	18	(190,844)	(182,414)	(207,598)	(199,276)
Interest on actuarial liabilities		(28,084)	(48,089)	(33,549)	(49,900)
Interest on other liabilities		9,224	(23,603)	11,412	(2,447)
Written option - Business combination (4)		-	-	579,946	(189,816)
Adjustment to present value	6 and 16	(417,780)	(304,212)	(418,234)	(305,190)
Other		(176,976)	(184,365)	(232,965)	(258,978)
Monetary, exchange and derivative results, net		(4,221,192)	(671,308)	(230,298)	(72,870)
Exchange rate variation on monetary assets and liabilities		(5,153,490)	(552,059)	(1,179,236)	100,480
Derivative results		932,298	(119,249)	948,938	(173,350)
		(6,417,845)	(2,263,577)	(1,698,995)	(1,865,399)

(1) Due to the significant increase in the effects of exchange variations and results of derivatives in 2020, the Company begun to group such results in a line item separate from other financial income and expenses. Therefore, the comparative period was restated for comparability.

(2) The following effects are included: the final decision related to the exclusion of ICMS from the PIS and COFINS calculation basis from Eleva in the amount of R$58,979 for the year ended on December 31, 2020 (R$893,224 for the year ended on December 31, 2019 related to Sadia and BRF cases).

(3) For the year ended on December 31, 2019, the effect includes the tax contingency on ICMS credit in the basic food basket products of R$390,242.

(4) Refers to the measurement of the written option recorded from business combination (note 24.8.1). The behavior of the results of the economic group of the referred subsidiary resulted in a reduction of the liability with the corresponding increase in financial results in the year ended on December 31, 2020.

29. STATEMENT OF INCOME BY NATURE

The Company discloses its statement of income by function and thus presents below the details by nature:

	Parent company		Consolidated	
	12.31.20	12.31.19	12.31.20	12.31.19
Costs of sales				
Raw materials and supplies (1)	18,068,942	15,232,584	21,619,848	17,665,346
Salaries and employees benefits	3,975,219	3,566,863	4,046,054	3,618,779
Depreciation	1,714,668	1,662,310	1,873,422	1,787,506
Amortization	60,842	72,661	123,270	126,953
Others	2,407,612	2,212,908	2,336,228	2,171,458
	26,227,283	22,747,326	29,998,822	25,370,042
Sales expenses				
Indirect and direct logistics expenses	2,202,889	1,860,703	2,531,506	2,133,894
Marketing	467,252	438,112	632,870	558,043
Salaries and employees benefits	1,116,237	1,111,224	1,443,117	1,369,277
Depreciation	148,543	114,807	217,732	196,143
Amortization	63,386	65,201	91,683	87,423
Others	407,251	400,801	670,580	566,886
	4,405,558	3,990,848	5,587,488	4,911,666
Administrative expenses				
Salaries and employees benefits	213,598	182,727	352,212	298,368
Fees	54,739	50,349	54,739	50,349
Depreciation	31,856	17,297	47,682	26,064
Amortization	37,370	20,074	40,589	26,485
Others	169,977	139,404	275,060	214,417
	507,540	409,851	770,282	615,683

(1) For the year ended on December 31, 2020, includes tax recoveries in the amount of R$ 56,221 (null in the same periods of the previous year) mainly relating to social security contributions on labor benefits. Additionally, it includes increase in the fair value of forests in the amount of R$ 21,711 in the year ended on December 31, 2020 (reduction of R$28,122 in the year ended on December 31, 2019).

The Company incurred in expenses with internal research and development of new products of R$65,168 for the year ended on December 31, 2020 in the parent company and in the consolidated (R$67,846 in the parent company and in the consolidated in the same period of the previous year).

30. RELATED PARTIES

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 Directors 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 with the Parent Company

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

	Accounts receivable		Dividends and interest on shareholders' equity receivable		Loans		Trade accounts payable		Other rights		Advances and other liabilities	
	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19
Al-Wafi Food Products Factory LLC	-	-	-	-	-	-	-	-	-	30	-	(927)
Banvit	-	-	-	-	-	-	-	-	190	1,094	-	-
BRF Energia S.A.	-	-	-	-	-	-	(13,063)	(6,376)	-	-	-	-
BRF Foods GmbH	799,571	833,062	-	-	-	-	-	-	54	1,296	(56)	(1,733)
BRF Foods LLC	-	-	-	-	-	-	-	-	501	466	(2)	(2)
BRF Global GmbH	2,319,292	3,843,949	-	-	-	-	-	-	-	-	(7,095,587) (1)	(4,049,636)
BRF GmbH	-	-	-	-	-	-	-	-	995	1,520	(1,845,759) (2)	(1,311,123)
BRF Pet S.A.	6,228	800	-	-	-	-	(37)	(16)	480	167	-	-
Establecimiento Levino Zaccardi y Cia. S.A.	-	-	-	-	315	234	-	-	-	-	-	-
Federal Foods Qatar	-	-	-	-	-	-	-	-	-	-	-	(141)
FFM Further	-	-	-	-	-	-	-	-	-	70	-	-
Highline International Ltd.	-	-	-	-	-	-	-	-	-	-	-	(7,351)
One Foods Holdings	-	-	-	-	-	-	-	-	-	5,662	-	-
Perdigão International Ltd.	-	-	-	-	-	-	-	-	-	-	-	(905,550)
PSA Laboratório Veterinário Ltda.	-	-	-	396	-	-	-	-	-	-	-	-
Sadia Alimentos S.A.	-	-	-	-	-	-	-	-	-	-	(3,069)	(11,159)
Sadia Chile S.A.	114,742	99,095	-	-	-	-	-	-	3	-	-	-
Sadia International Ltd.	-	-	-	-	-	-	-	-	-	-	(18,990)	-
Sadia Uruguay S.A.	5,743	3,096	-	-	-	-	-	-	-	-	(38,823)	(36,598)
VIP S.A. Empreendimentos e Partic. Imob.	-	-	10	22	-	-	-	-	-	-	-	-
Total	3,245,576	4,780,002	10	418	315	234	(13,100)	(6,392)	2,223	10,305	(9,002,286)	(6,324,220)

(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) 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.

	Sales		Financial results, net		Purchases	
	12.31.20	12.31.19	12.31.20	12.31.19	12.31.20	12.31.19
Avex S.A.	-	1,439	-	-	-	-
BRF Energia S.A.	-	-	-	-	(249,759)	(229,874)
BRF Foods GmbH	179,656	166,924	-	-	-	-
BRF Global GmbH	11,150,215	9,720,724	(290,627)	(114,883)	-	-
BRF Pet S.A.	5,650	2,885	-	-	(62)	(39)
Campo Austral	-	1,448	-	-	-	-
Establecimiento Levino Zaccardi y Cia. S.A.	-	-	14	2	-	-
Perdigão International Ltd.	-	-	(51,939)	(52,397)	-	-
Sadia Alimentos S.A.	-	-	(447)	(1,200)	-	-
Sadia Chile S.A.	136,063	69,662	-	-	-	(46)
Sadia Uruguay S.A.	53,041	40,522	(2,134)	(4,385)	-	-
Total	11,524,625	10,003,604	(345,133)	(172,863)	(249,821)	(229,959)

The subsidiaries of the Company enter into loan agreements pursuant its cash management strategy. As of December 31, 2020, the balance of these transactions was R$2,116,463 (R$1,808,320 as of December 31, 2019) with a weighted average rate of 3.01% p.a. (4.43% p.a. as of December 31, 2019).

30.2. Other Related Parties

The Company has made contributions related to the post-employment benefit plans of its employees to BRF Previdência, which holds these plans (note 20). Additionally, the Company leased properties owned by BRF Previdência, and for the year ended on December 31, 2020, the total amount of lease payments was R$19,528 (R$18,200 for the year ended on December 31, 2019).

The Company maintains other transactions with related parties resulting from guarantees, transferences and donations to related associations and institutes, as well as leasing and other commercial transactions with related people and entities. Such transactions are compliant with the Related Party Transactions Policy and are not relevant, individually or in aggregate.

30.3. Management remuneration

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

		Consolidated
	12.31.20	12.31.19
Salary and profit sharing	67,814	59,589
Short term benefits (1)	2,777	257
Private pension	1,323	893
Post-employment benefits	-	125
Termination benefits	8,417	16,275
Share-based payment	17,397	12,052
	97,728	89,191

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

In addition, the executive officers (non-statutory) received among remuneration and benefits the total amount of R$20,319 for the year ended on December 31, 2020 (R$30,375 in the same period of the previous year).

31. GOVERNMENT GRANTS

The Company has tax benefits related to ICMS for investments granted by the governments of states as follows: Programa de Desenvolvimento Industrial e Comercial de Mato Grosso ("PRODEIC"), Programa de Desenvolvimento do Estado de Pernambuco ("PRODEPE") and Fundo de Participação e Fomento à Industrialização do Estado de Goiás ("FOMENTAR"). Such incentives are directly associated to the manufacturing facilities operations, job generation and to the economic and social development.

On December 31, 2020, this incentive totaled R$153,762 (R$188,610 as of December 31, 2019).

32. 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 12.31.20	Consolidated 12.31.20
Current	5,046,504	5,293,415
Non-current	1,409,922	1,504,551
2022	341,648	401,777
2023	251,299	271,022
2024	237,266	244,654
2025	168,593	175,982
2026 onwards	411,116	411,116
	6,456,426	6,797,966

33. INSURANCE COVERAGE – CONSOLIDATED

The Company's policy for insurances considers the concentration and relevance of the risks identified in its risk management program. Thus, according to Managements understanding, the contracted insurance coverage is adequate to the entity's size and nature of activities being sufficient to cover eventual damages. The Company also takes into consideration orientations provided by its advisors.

Assets covered	Coverage	12.31.20 Amount of coverage
Operational risks	Coverage against damage to buildings, facilities, inventory, machinery and equipment, loss of profits.	4,472,077
Transport of goods	Coverage of goods in transit and in inventories.	628,760
Civil responsability	Third party complaints.	415,736

Each legal entity has its own coverages, which are not complementary.

34. TRANSACTIONS THAT DO NOT INVOLVE CASH

The following transactions did not involve cash or cash equivalents during the year ended on December 31, 2020:

(i) Capitalized loan interest: as referred in note 13.

(ii) Addition of lease by right-of-use assets and respective lease liability: for the year ended on December 31, 2020, amounted to R$429,704 in the parent company and R$560,088 in the consolidated (R$2,514,570 in the parent company and R$2,775,168 in the consolidated in the year ended December 31, 2019).

35. EVENTS AFTER THE REPORTING PERIOD

35.1. Acquisition in Saudi Arabia

On May 7, 2020 the Company's wholly-owned subsidiary Badi Limited 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 was concluded on January 18, 2021, after the satisfaction of conditions precedent, for an amount equivalent to R$41,620 (SAR29,793) paid in cash, with a preliminary goodwill of R$12,684 (SAR9,013) and from this date, the Joody Al Sharqiya Food Production Factory has become a wholly-owned subsidiary of Badi Limited.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and the issuance authorized by the Board of Directors on February 25, 2021.

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	Ivandré Motiel da Silva
Independent Member	José Luiz Osório de Almeida Filho
Independent Member	Luiz Fernando Furlan
Independent Member	Marcelo Feriozzi Bacci
Independent Member	Roberto Rodrigues

FISCAL COUNCIL	
Chairman	Attílio Guaspari
Member	Maria Paula Soares Aranha
Member	André Vicentini

AUDIT AND INTEGRITY COMMITTEE	
Comittee Coordinator (Independent)	Augusto Marques da Cruz Filho
Non-Independent Member	Ivandré Motiel da Silva
Independent Member	Marcelo Feriozzi Bacci
External Member	Valmir Pedro Rossi
External Member	Jerônimo Antunes

BOARD OF EXECUTIVE OFFICERS	
Global Chief Executive Officer	Lorival Nogueira Luz Júnior
Chief Financial and Investor Relations Officer	Carlos Alberto Bezerra de Moura
Vice-President of Operations and Procurement	Vinícius Guimarães Barbosa
Vice-President of Brazil Market	Sidney Rogério Manzaro
Vice-President of People, Services and Technology	Alessandro Rosa Bonorino
Vice-President of Quality and Research & Development	Neil Hamilton dos Guimarães Peixoto Jr.
Vice-President of Integrated Planning and Logistics	Leonardo Campo Dallorto

Marcos Roberto Badollato
Accounting Director

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

COMENTARY ABOUT THE BEHAVIOR OF THE COMPANY'S PROJECTIONS

In the year ended on December 31, 2020, the Company's net leverage, as measured by the Net Debt / Adjusted EBITDA ratio, reached 2.73x.

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 of 2020. The net leverage reached this range with significant extension of the average term of the debt. Therefore, the Company decided not to issue any projections related to its debt.

On December 08, 2020, the management disclosed certain estimates and expectations in connection with the Company for the next ten years, including the following projections:

(a) Expectation to make investments of, approximately, R$ 55 billion within the next ten years, setting up a prudent net financial leverage limit (ratio between net debt and Adjusted EBITDA of the 12 prior months) up to three times;

(b) Period between 2021 and 2023: expectation to achieve a net revenue of approximately R$ 65 billion, with a growing EBITDA twice the size in comparison to the current one, considering the last 12 months ended September 30, 2020;

(c) Period between 2024 and 2026: growth expectation of the net revenue and of the EBITDA of approximately 2,5 times in relation to the current levels, considering the last 12 months ended September 30, 2020 and a revenue growth of more than 60% in the Brazilian market;

(d) Period between 2027 and 2030: expectation to reach a net revenue of more than R$ 100 billion and an EBTIDA growth of more than 3,5 times in relation to the current level, considering the last 12 months ended September 30, 2020, consistent EBITDA Margins above 15%, net margin of approximately 6% and return on invested capital ("ROIC") of approximately 16%.

The projections disclosed above are mere forecast and reflect the current management's expectation in relation to BRF's future. Nevertheless, these projections depend on certain factors and market conditions that escape the Company's control and, therefore, may differ in relation to numbers and results that will be effectively recorded by the Company.

INDEPENDENT AUDITORS' REPORT ON INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities Commission (CVM), containing individual and consolidated financial statements prepared in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board – IASB)

To the Shareholders and Management of BRF S.A.

Itajaí - SC

Opinion

We have audited the individual and consolidated financial statements of BRF S.A. (the Company), respectively referred to as parent company and consolidated, which comprise the statement of financial position as of December 31, 2020 and the statements of income (loss), comprehensive income (loss), changes in equity and cash flows for the year then ended, and the notes, comprising the significant accounting policies and other explanatory information. In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of BRF S.A. as of December 31, 2020, and its individual and consolidated financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with the Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements included in the Brazilian Accountant's Code of Professional Ethics and in the professional standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to explanatory notes 1.2 to the financial statements, individual and consolidated, 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 opinion is not modified in respect to this matter.

Key audit matters

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon and therefore, we do not provide a separate opinion on these matters.

Realization of deferred tax and social contribution assets

See notes 3.8 e 10 to the individual and consolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
The deferred tax assets relate to tax losses, negative basis of social contribution and temporary differences. The estimate of probable future taxable profit is based on subjective judgments regarding prospective assumptions such as sales prices of the products, commodity costs, operating and administrative expenses and are recorded to the extent that the Company considers probable the generation of future taxable income against which the deferred tax assets will be realized. The process of estimating the recoverability of deferred tax assets involves high degree of judgment required in assessing the significant assumptions and the interpretation of tax laws that are considered in the forecast of future taxable income. For these reasons, we consider this matter as significant in our audit.	We evaluated the design, implementation and effectiveness of the key internal controls over estimate of probable future taxable profit relating to the recoverability of deferred taxes assets, including controls related to the determination of estimates used in the preparation and review of the business plan, budget, technical studies prepared by the Company. We involved corporate finance professionals, who assisted in: evaluating the main assumptions and methodology used in the Company's forecast in the preparation of the future taxable income, especially those related to expectations of sales prices of the products, commodity costs, operating and administrative expenses and the consistency of these assumptions with the five-year strategic plan approved by the Board of Directors. We performed sensitivity analysis over the key assumptions to assess their impact on the Company's forecast of the future taxable income. In addition, we involved tax professionals, who assisted in assessing the Company's application of the tax laws and tax deductions considered in the Company's projections of future taxable profit. We also evaluated the disclosures made in the individual and consolidated financial statements related to the expected realization of deferred tax assets. Based on the results of the procedures summarized above, we consider acceptable the balance of the deferred tax assets recognized and the respective disclosures, in the context of the individual and consolidated financial statements taken as a whole.

Other matters – Statements of value added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2020, prepared under the responsibility of the Company's management, and presented herein as supplementary information for IFRS purposes, have been subject to audit procedures performed with the audit of the Company's financial statements. In order to form our opinion, we assessed whether those statements are reconciled with the financial statements and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the CPC 09 Technical Pronouncement - Statement of Value Added. In our opinion, the statements of value added have been fairly prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement, and are consistent with the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for the other information comprising the management report.

Our opinion on the individual and consolidated financial statements does not cover the management report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the management report and, in doing so, consider whether the management report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement on the management report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Individual and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company and its subsidiaries' financial reporting process.

Auditors' responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and, consequently, for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 25th, 2021

KPMG Auditores Independentes

CRC 2SP014428/O-6

Original report in Portuguese signed by

Fabian Junqueira Sousa

Accountant CRC 1SP235639/O-0

OPINION OF THE FISCAL COUNCIL

The Fiscal Council of BRF S.A., in fulfilling its statutory and legal duties, examined:

(i) the financial statements (parent company and consolidated) for the fiscal year ended on December 31, 2020.
(ii) the Management Report; and
(iii) the report issued without qualification by KPMG Auditores Independentes on February 25, 2021;

Based on the documents reviewed and the explanations provided, the members of the Fiscal Council, undersigned, issued the opinion that the financial statements and the management report are appropriately presented and in condition of appreciation by the Annual General Meeting.

São Paulo, February 25, 2021.

Attílio Guaspari
Chairman

Maria Paula Soares Aranha
Fiscal Council Member

André Vicentini
Fiscal Council Member

SUMMARIZED ANNUAL REPORT OF THE AUDIT AND INTEGRITY COMMITTEE

Summary of the Audit Committee Activities in 2020

The current composition of the Audit and Integrity Committee was elected on April 30, 2020, pursuant to the meeting of the Board of Directors, and have been meeting monthly since the election, in ordinary and extraordinary meetings, in the total of nineteen meetings, and the main topics of discussion are described in the following paragraphs. The Audit and Integrity Committee met with the Fiscal Council in a reserved opportunity and has discussed the main issues monitored during the year in a monthly basis with the Board of Directors.

Issues discussed by the Audit and Integrity Committee

The meetings were attended, whenever required and in accordance with the Agenda, by the Global Chief Executive Officer of the Company, the Vice-Presidents, Executive Directors, Executive Managers, Internal Auditors, Independent Auditors and external advisors to enable the understanding of the processes, internal controls, risks, possible deficiencies and eventual plans for improvement, as well as issuing their recommendations to the Board of Directors and Executive Board of the Company.

The main topics discussed by the Audit and Integrity Committee were:

- Discussion of the planning, scope and main conclusions obtained in the quarterly review (ITR) and opinion on the issuance of the financial statements of 2020;
- Follow-up on the analysis on the internal controls of the Company with emphasis on the most critical items;
- Follow-up on the implementation of improvements indicated in the internal controls report, as well as the respective action plans of the internal areas for the correction or improvement of the issues;
- Discussion, approval and supervision of the work plan and budget of the Internal Audit;
- Follow-up on the accomplishment of the plan and approval of eventual revisions;
- Follow-up and analysis of the outcomes of special investigations;
- Follow-up on the Internal Audit reports;
- Follow-up on the implementation of the action plans resulting from the audit reports, with emphasis on the most critical issues, reporting to the Board of Directors the most relevant ones;
- Follow-up on the Compliance activities and on the BRF Integrity System, and specifically monitoring of the highly critical investigations conducted by the Compliance Department, in special the independent investigations related to the *Carne Fraca* and *Trapaça* Operations;
- Follow-up on the class action filed in the U.S. Federal District Court in the Southern District of New York through advisors specialized in SEC;
- Evaluation and follow-up on the effectiveness of Internal Controls for processes mapping, key controls and indicators, as well as monitoring the action plans to avoid significant deficiencies that could be reported in the financial statements;
- Discussion and evaluation of the corporate risks map;
- Follow-up on the operation of the Transparency Hotline and on the inquiries and complaints classified as highly critical;
- Follow-up on the adoption of the Compliance policies, practices and trainings by the management and employees pursuant the anti-corruption law requirements;
- Follow-up on the management of the conduct adjustment terms entered with regulatory bodies;
- Follow-up on the questions related to the regulatory bodies and the respective answers sent by the management;
- Discussion and evaluation of stocks controls;
- Discussion and evaluation of the revenue recognition process (revenue cutoff);
- Discussion and evaluation of the fixed asset control and demobilization plan;

- Discussion and evaluation of the accounting and controls for client bonuses;
- Discussion about the implementation of controls in the subsidiaries of the Company;
- Opinion for approval, by the Board of Directors, of the annual financial statements;
- Review and comments on the quarterly financials (“ITR”);
- Evaluation and monitoring, with the management and Internal Audit, of the adequacy of the related parties’ transactions executed by the Company;
- Discussion and follow-up on the update of the Reference Form (“Formulário de Referência”);
- Analysis and opinion of the proposal sent to the Board of Directors for Independent Auditors services, supervision of activities of Independent Auditing, involving the scope and work plan, ensurance of their independence and of the quality of the services provided;
- Follow-up and adjustments in the execution of the Internal Audit Work Plan, as well as the Company’s risks resulting from the new context observed in 2020 due to COVID-19.

STATUTORY AUDIT COMMITTEE OPINION

In the exercise of its legal and statutory duties, BRF's Audit Committee has examined the financial statements (parent company and consolidated) for the fiscal year ended December 31, 2020, the management report and the report issued without qualification by KPMG Auditores Independentes on February 25, 2021.

Based on the examined documents and the clarifications rendered, the members of the Audit Committee, undersigned, issued the opinion that the financial statements are appropriately presented and in conditions for approval.

São Paulo, February 25, 2021.

Augusto Marques da Cruz Filho
Coordinator (Independent)

Ivandré Motiel da Silva
Non-Independent member

Marcelo Feriozzi Bacci
Independent member

Jerônimo Antunes
External member

Valmir Pedro Rossi
External member

OPINION OF EXECUTIVE BOARD ON THE CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

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

(i) reviewed, discussed and agreed with the Company's financial statements for the fiscal year ended on December 31, 2020, and
(ii) reviewed, discussed and agreed with the opinions expressed in the audit report issued by KPMG Auditores Independentes on February 25, 2021 for the Company's financial statements for the fiscal year ended on December 31, 2020.

São Paulo, February 25 2021.

Lorival Nogueira Luz Júnior
Global Chief Executive Officer

Carlos Alberto Bezerra de Moura
Chief Financial and Investor Relations Officer

Vinícius Guimarães Barbosa
Vice-President of Operations and Procurement

Sidney Rogério Manzaro
Vice-President of Brazil Market

Alessandro Rosa Bonorino
Vice-President of People, Services and Technology

Neil Hamilton dos Guimarães Peixoto Jr.
Vice-President of Quality and Research & Development

Leonardo Campo Dallorto
Vice-President of Integrated Planning and Logistics