

OUROFINO SAÚDE ANIMAL

EARNINGS CONFERENCE CALL

4Q20

Operator: Ladies and Gentlemen, good afternoon! Welcome to the virtual meeting promoted by Ourofino Saúde Animal. Extremely important event, where we will share the results of the Company in 2020. I thank you all for your kind presence. My name is Juliana Matthes, I am part of Ourofino's corporate communication team and I'm pleased to be here with you to conduct this meeting.

At the end of the presentation, we will open for questions. Please if you want to signal here in the chat that at the end, we will open the microphones for you to ask your question. We have a notice that I want to read to you all.

This presentation contains forward-looking statements that are subject to risks and uncertainties. Such statements are based on the beliefs and assumptions of our management and information to which the Company currently has access. Forward-looking statements include information about our current intentions, beliefs or expectations, as well as those of the members of the Company's Board of Directors and Officers.

Disclaimers regarding forward-looking statements and information also include information about potential or expected operating results, as well as statements that are preceded, followed or that include the words "believes", "may", "will", "continues", "expects", "predicts", "intends", "plans", "estimates" or similar expressions.

Forward-looking statements and information are not guarantees of performance. They involve risks, uncertainties and assumptions because they refer to future events, depending, therefore, on events that may or may not occur. Future results and value creation for shareholders may differ significantly from those expressed or suggested by forward-looking statements. Many of the factors that will determine these results and values are beyond our ability to control or predict.

Well, to conduct the presentations, we had the presence of our CEO, Kleber Gomes, and also our financial and investor relations Officer, Marcelo Silva. We also thank them for their presence here.

To continue, I give the floor then to Kleber.

Kleber Gomes: Hello, good afternoon everyone. It is a pleasure to have you here with us at our fourth quarter 2020 earnings conference. It's a very different, very important year ... so I wanted to start by thanking you. Special thanks, in fact, to all Ourofino employees, who faced this year with a lot of determination, you know, and helped us make the best year in the company's history in terms of results. My thanks to the whole team.

Yeah, everyone knows, we had a strategic plan in 2019, which was implemented now in 2020, at the beginning and the strategic plan had several pillars. One of the pillars was the governance pillar, and in this context a succession process was conducted, by our then president and founder, Mr. Jardel Massari. A process that was conducted in a professional manner, led by our board of directors and had a specialized consultancy, which evaluated both external and internal executives.

I had the happy honor, you know, to be appointed as CEO on April 1 of this year and then we started a trajectory, along with the pandemic, you know, that we were starting there and I can say, already anticipating the end, that it was a very positive year, we achieved several results.

But since I was still the CFO of the company, I already realized that it would be, that there was a need for us to make some changes, especially for us to recover a little of our Company values. And with that, we conducted a process of culture in the company, of resignification of values. It was also a very cool process, which we listened to all the employees, all the leaders of the company, including our board members, who were able to express themselves, about what were the values that were perceived in the company until then, and what were the desired values. And based on that work, we compiled it on the board, arriving at three new core values: play to win, care for people and connect with the world. And since then, this is what drives the company's day-to-day activities.

We made several changes, we changed our recruitment process, which is a process of cultural fit, we changed our performance management, so that the evidence of values is evaluated. We just finished renovating our space, our headquarters, that's where we broke the walls, removed the rooms, created a collaborative, innovative environment. And countless other actions that have been taken in relation to our culture. The values, they were officially announced in the company in mid-August, with a very cool event that also included the participation of Bernardo Rezende, Bernardinho, our "multi champion", the volleyball coach, who represents a lot of that spirit, of the three values. And I can say that it was a very nice thing, the values were very well received by the Company and in a way even faster than I expected and this helped us to stimulate several other actions.

At the beginning of my term, we promoted a structuring of the board, looking for a mix between experienced market professionals and professionals with experience at Ourofino. We made

several changes, I also understand that they were very successful, very fast changes, and that brought practical results already that year. I particularly highlight the creation of a new board, which is the board of strategic development and new business, which is our board that thinks about the future, seeks alliances, seeks strategic partnerships and also looks at our portfolio and pipeline of products.

It is after this restructuring, and we were already living there with the whole pandemic situation, it is us, for a pandemic, we have worked on 2 pillars since the beginning: the first, which was the health of our employees, the second, that it was the health of our business. We had no doubt that we should always look at the 2 pillars. So, right away we already put on leave all employees from the risk group, including employees over 50 years old, who had some comorbidity, pregnant women, everyone was on leave, we put our administrative team all in home office, in a well-organized way, but also very fast, privileging the security of our site with the implementation of all security protocols is, for employees. We were successful in this mission, but what I think was most important were the conversations, the dialogues that we had in a transparent and constant way with the whole team, explaining what was happening, as we were also going learning things and making it very clear that we would do everything so that there would be no layoffs, no salary reduction, but what we needed to look for is, this result and the sustainability of the business also together.

The team understood this very well, and we were successful. I can, I am very happy today to say that the company did not cut any positions due to the pandemic and besides not reducing any salary, the company did its promotions, its merits, normally and managed to pay its bonuses for reaching goals, including an additional salary at the end of the year, for all employees who helped us deliver the best result in history, even in this pandemic context.

We also had a very good development within the team, we are looking for more agility, more innovation. We brought a series of meetups, that we call, which are meetings with market experts on the topics, so that everyone could have it. We did several actions also seeking to respect diversity, we did many actions for our clients, bringing information, and in fact how to help them in this pandemic moment. We have done this both for our distributors in the segment of companion animals and for resellers in the segment of production animals. We made a very quick conversion of our business, with our main strength being access to the market, and we converted this to virtual actions while we were unable to make visits. We were very successful. So, we did a lot this year, it is a year that makes us proud of the actions that were done.

And linked to that, of course we had bad months there at the beginning of the pandemic, mainly April and May, months when we made 20, 30% of the sales budget, but because everything was

stopped and still, people didn't know how things were going to happen, but afterwards we started a very strong job and went to look for the result and we exceeded all our goals.

The scenario, this shows the strength of our segment, shows the importance of the drivers behind our business. And then talking a little bit about this macro scenario, I will highlight Production Animals. We are in the chain that feeds the world, there is nothing better than that, we produce food and in a way it is an essential activity, the Agro did not stop and livestock did not stop either. We had an impact of the reduction in the internal consumption of meat, mainly due to the stop in the "food service", but this loss of domestic consumption, it was more than offset by exports, especially to Asia, specifically to China, which was the country that most bought protein from Brazil.

So, looking at the scenery, lacking animals in the field, the prices were records for both the cattle and calves, and to meet this demand, it is necessary to adopt technology and then it was a very positive year, which we had a significant market growth, a specific growth of our Company in production animals.

Speaking of Pet, a little bit of this scenario, we know about the humanization of pets, as pets today are important for their tutors, especially in psychological support, we know that people marry less and less, live more and more and seek a pet, begin to treat them as family members. These animals, in turn, live longer and get sicker and need more treatments. And the pandemic only reinforced that, especially since people started to stay at their homes and live daily, minute by minute with their pets, which were their psychological support points. Look at the importance of the animal today in society, the companion animal, the pet. As a result, the market also accelerated sharply at the end of the year and the Company followed this trend, it was also very successful in its strategies and also exceeded its market expectations.

And last but not least, I'm going to talk a little bit about our operations outside Brazil and in other Latin American countries, countries like, where we have our own local operation, in Mexico and Colombia, and the 2 countries suffered a lot for the pandemic, they had strong lockdowns, but we also, there we had a little of the exchange rate favoring and we were also able to meet our goals.

So, it was a year of a lot of change for the company, changes that are being driven by our strategic planning. Changes that were very important for the future of the Company and the consolidation of how strong and resilient our market is and how much the Company is prepared to capture value in these markets.

We have also made progress in our portfolio management, I think this is a line that we sought to resume and we are very strong in the path of strategic alliances, partnerships.

We launched important products to help us in our portfolio.

Two moisturizers, we launched a line of dermo cosmetics. We launched Maxicam oral solution, which is a product more intended for cats, and cats which is the fastest growing market in the pet segment, due to the ease and independence of the cat on a daily basis, also showing our possibility of entering new markets, adjacent markets, such as dermo cosmetics, which is the Bris line, a line of shampoos and serums, with a lot of technology, for auxiliary treatment of skin problems. This line was launched and is being a success.

This is just the beginning, I'm sure we will have many more products ahead of us, many partnerships, many alliances, a lot of innovation.

We also made a path towards a digitalization process for the Company, we have several projects in progress in this sense.

All of this culminated in the Company's historic result, the highest revenue and the highest profitability in its history. So, I understand that for a complex year that we had, we were very successful and I speak again, a lot due to what our team bought from the ideas and was with us in this whole journey. So that was what I had to comment on.

I am sure that we will have an even better 2021 year. The market conditions are very positive, we already started seeing good results at the beginning of the year, so it is a continuity of work that will be increasingly strengthened and bring good results.

So, thank you all so much, I now turn the floor to the Operator.

Operator: Thank you Kleber. The floor from now on will be from Marcelo Silva, who will present the results.

Marcelo: Thank you Kleber, good afternoon everyone, it is a pleasure to be here to talk about the Company's results in the fourth quarter of 2020.

It is a year, which, as Kleber said, quite challenging, but in which we were very successful, both in the execution of our strategy and in the advancement of the work fronts, which allowed the company to achieve an excellent result.

Looking back here, we started the year 2020 with a lot of positive indicators. We had a first quarter with a growth of 23% in relation to the first quarter of 2019 and then, in the second quarter at the peak of the pandemic where we had our results, the worst result of the year, we involuted 2. almost 3% in relation to the quarter previous, but in the third quarter, we had a strong recovery in sales, a recovery in "V" basically, which shows the strength of our business, the fundamentals, the drivers that underlie both the protein market and the well-being of animals' market and exports and we achieved a record 46% growth in the third quarter and we are delivering the fourth quarter with a growth of 12%. A net revenue of 221 million versus 197 million in the quarter of the previous year, with the gross margin improvement from 50.2% of net revenue to 50.8%. As a result, we have an 18% growth in net revenue in 2020, reaching 730

million against 620 million last year. Growth also accompanied by improved margins and profitability. The Company's gross margin reached 51.2 percentage points of the net revenue against 50.3 of the previous year. We attribute this margin improvement to the transfer of prices, to the more favorable mix and also to the exchange rate, which helped sales in international operations.

Entering the business units a little more, the main one, starting with the production animals segment, this segment was the most resilient to the crisis in the whole year, practically felt very little in the second quarter and returned to historical levels in the third and fourth quarters, reflecting there what Kleber commented, the positive protein scenario, the farmers motivated, maintaining a high level of investments in health. I would also like to highlight the engagement and effort of our sales team here. The team, with initiatives that mitigated the pandemic impacts, especially at the moment of greater distancing. Several actions were taken to keep customers active and the commercial team engaged. We managed to achieve a 16% growth in the segment in 2020, also with the improvement in gross margin from 45.5 to 45.8% of net revenue.

The companion animals segment had a greater impact, it had decreased 23% in the second quarter, it was the period of lower growth, sales performance, as Kleber commented, we did 20, 30% of what was being forecasted for the year, but quickly in the third quarter we grew again at around 47% and we are delivering a growth of 26% now in the fourth quarter and year-to-date growth of 13%, reaching net revenue of R\$ 100 million. We had a rapid recovery in sales from the third quarter onwards, which reflects the increase in the number of animals at home and the empathy that exists between the tutor and the pet, which was intensified at that time of the pandemic. And the engagement of our commercial team, especially in the work of generating demand, with veterinarians. We maintained a healthy level of inventories in both the industry and distributors. An excellent level of sell-in and sell-out, that is, which guarantees us a very sustainable growth with the fundamentals of working capital well preserved.

We had a gain in gross margin in the fourth quarter, from 68.2 to 71.3%, already reflecting a price transfer movement made at the end of 2020.

International operations performed very well during the year, both in countries where we have stronger local operations, such as Mexico and Colombia, but we also had a good performance in the distribution of other countries in Latin America. We achieved growth of 19% in the quarter and 35% year-to-date, and this growth was also benefited by the favorable dollar in exports, but we have significantly advanced in local actions, mainly in Mexico and Colombia, with the strengthening of the team, strengthening of actions demand generation and greater proximity

to customers. The improvement in gross margin, both in the quarter and year-to-year, reflects a more favorable mix, also helped by the positive field in this period.

During the year we worked hard here with the entire management, to do the best for our shareholders, to bring the best results despite the adversities. We work hard to contain expenses without, however, giving up or failing to do it, maintaining the level of investment in the most strategic projects even in a time of pandemic and growing there more than 20%, it is growing strongly in revenues. We managed to bring a dilution of SG&A, from the Company from 38.5 in 2019 to 38.2. We segregate here from 2020 from SG&A, what are the expenses related to the commercial administrative expenses, the expenses related to the R&D. The objective here is for the investor to be able to better evaluate the expenses related to the present revenue for the year, the expenses related to the future revenue, which will be spent on the investment for the development of new products.

The combination of growth with margin improvement and containment of expenses, allowed the company to reach an EBITDA of R\$ 142 million. An increase of 33% in relation to last year, and within this result, inclusive, this additional bonus, which Kleber commented, is already accounted for, of an additional salary resulting from the exceeding of our goals foreseen in the budget.

So, we had an improvement in EBITDA margin and 17.3% in 2019, to 19.5% in 2020.

The Company's finance result was also favorable in relation to the previous year, largely due to the reduction in rates and indexes, mainly the Selic rate. So, the result of 20 was also better compared to last year. It is worth mentioning here also in relation to the finance result, that in this period the Company undertook the entire process of renegotiating short-term debt. At the beginning of the pandemic, in March, we worked to make a liquidity cushion, so that we could have peace of mind in order to develop our activities. Right after that, we worked on a renegotiation, an extension of the debt with rates and duration that was very favorable and adequate to the cycle term of our operations. It is also worth noting that, during this period, we contracted strategic funding for our research and development projects, a 180 million reais contract with FINEP, with a 12-year term and a TJLP index rate, which gives approximately 5.4% pa and a 3-year grace period.

So, we also ended the year 2020 with a reduction in the Company's net debt from 238 to 149 million, a reduction in leverage from 2.2 to 1.04 times EBITDA, which reflects the combination of growth with cash generation and a greater profitability of our products.

The company's operating cash generation was a historical cash generation of 136 million from operating cash. As a result, we were able to strengthen our cash position and close the year with 206 million reais.

In general terms, we increased our sales, generated cash above previous years and the combination of cash generation, with growth, allowed us to reduce our leverage and improve our liquidity in 2020.

As previously mentioned, the Company maintained investments in R&D. The total investment, both the portion related to the expenses that are in the result, and the portion related to the investments, totaled 48 million reais, equivalent to 7% of the net revenue in the period.

I wanted to conclude my speech, the presentation of the results, leaving the positive points of the Company. What we have to present in 2021: strong liquidity, with low leverage and a robust cash generation that allows the Company to advance more quickly in a strategic project agenda for the year 2021, all of which are very much in line with the strategic planning that Kleber commented at the beginning of his presentation. Thank you all

Operator: thanks Marcelo. Very well, ladies and gentlemen, we will then begin our question-and-answer session. You can write in our chat, the question together with your name and the name of the institution or company and we will open the microphone. We already have a question, from Glauber, he asks: dear all, in the fourth quarter report, you mentioned that sales of companion animals at the beginning of the year were negatively affected due to the restriction on people's mobility, however, pet shops were considered essential services and we understand that, as people spent more time with their pets, these sales should have been positively affected. How do you see this scenario?

Kleber Gomes: Glauber, thank you very much for your question, that was a lot, this variation occurred in the short period of time, but yes, in the beginning there was a retraction. In fact, the pet shops closed and I even had my dog that was sick at that time and we couldn't even get him to the treatment, it was super difficult, only one person entered, so for a short time, there was a retraction yes, even the team of distributors who visited the stores, also stayed in home office. That, if you remember a little, there was, between the beginning of the pandemic and in fact the designation of what the essential services were, there was a certain delay, and after that there was also the fear of professionals, pet shops, of exposing themselves at that initial moment of the pandemic. But it lasted a month or two, looking at Brazil as a whole and then, exactly what you brought happened, this positive action, people started to be at home, started to live with animals, started to notice some problems, and this was resumed in a very positive way and the year ends in general very positive in the pet segment.

But it is the period of time that we are mentioning, that yes, in the beginning there was a retraction but that later there was a recovery in V, as it was said.

Operator: Thank you Glauber, for your question. Now, Eugênia Cavalheiro from JP Morgan. Something new in the M&A strategy? Could you explore this pillar a little?

Kleber Gomes: Hi Eugênia, good afternoon, thanks for your question, it is ... we can't do that. We have a strategic plan that includes alliances and partnerships. Marcelo reported right here that the Company today has a cash, liquidity and leverage position, which allows us to move forward in our strategic actions, but we have nothing to unfortunately comment on at this moment for you yet.

Operator: Thank you Eugênia.

Paulo Morais: Are there any expectations that the newly announced share buyback plan will have a different development from the one announced and not carried out in 2017?

Kleber Gomes: it's a great question. It is also a little. This year, we implemented a long-term incentive for management, also within alignment actions, right with the strategic planning and the expected results of the Company. This plan, it provided for payment in shares, if the goals are met, then our share buyback plan has two purposes: the first and most basic, which is the possible buyback of shares to satisfy the long-term plan, but of course that we are very attentive to the possible position of the share, we understand that the share today is at a very competitive price and that eventually we can exercise something considering our current liquidity and the share price, but still have none action to be defined outside the one that was actually disclosed with the share buyback plan.

Operator: Juliana's next question, from Agência Estado: to what do you attribute the growth of investments by the producer in the sector in 2020? Was it a question of him being more capitalized because of the rise in price, or greater search for efficiency given the rising costs?

Kleber Gomes: it's a great question, thank you Juliana, for bringing up this topic. In fact, a combination of factors, as we said, let's start from the basics. Brazil is the major supplier of protein in the world. So, we have to know that this is a constant. Brazil has a low performance rate and still low productivity, so we know that it has a path of improvement for the increase and progress in this direction and that to increase productivity, the producer needs to invest in animal genetics, in nutrition and animal health. And now looking more specifically for the year, the producer was already in a good condition of profitability, being capitalized. The year brought

better prices, because as I said there was a positive pressure on exports and a lack of animals in the pasture. So, we need to produce more animals and then the technology comes in and the capitalized producer made more purchases and then he was more encouraged to use the technology. So, it is a combination of factors, I think it was a very positive year. Of course, we also realize that inputs have also increased due to the dollar, especially commodities, soybeans, corn, and also medicines and other inputs, but we still observe a very good position of profitability with the producer that will take him to continue investing. Thank you very much and your question is very good.

Operator: thank you also Juliana, for your question. Dears, any more questions? They can signal in the chat.

Then we ended our question-and-answer session. Thank you again for being so kind to be with us on this day. Our company is always open to live our values with you.

Kleber, in closing, the floor is yours.

Kleber Gomes: it's yours just wanted to thank everyone really. Returning mainly to our team. We are doing a very good job, I am very happy with the results obtained. I would like to thank our board of directors, our founders. It is for all the trust and support during the year 2020, and that already continuing in 2021. I want to thank our investors, who also always add to our business by asking questions and bringing different points of view. And I am very confident that we have a very nice journey ahead and that in the year 2021 we will continue at a good growth rate and that we have many things planted for the future in a very consistent way. Thank you all very much and see you soon. A hug.