

OUROFINO SAÚDE ANIMAL

EARNINGS CONFERENCE CALL

1Q21

Operator: Good afternoon everyone, welcome to the virtual meeting, promoted by Ourofino Saúde Animal, to share the Company's results in the first quarter of 2021. 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 presentations, we will open for questions. Please if you want to ask any questions, just write in our Q&A space, ok. We have a notice that I want to read to you all. Legal notice.

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.

To conduct the presentations, we have 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. Good afternoon Kleber.

Kleber Gomes: Good afternoon Ju, thank you, good afternoon everyone, nice to have you here with us again for our first quarter earnings report. I am very happy, we are very happy with the result that we had, a historic result in terms of growth. I start by highlighting our strategy, you

know, the strategy connection. We had a strategic plan in 2019, we concluded, right, we have been implementing it since 2020 and we are reaping very good results and we had the opportunity, on Ourofino Day 2021, which happened on March 12, to present much of this strategy to you, our investors, our shareholders, highlighting all of our growth avenues, our growth opportunities and how we would be focused on a nice execution.

We have seen the results in practice, and with that we have been following a sequence of very positive results, for the last 6 quarters for example, we just did not grow in the pandemic quarter, which was 2Q20. All other quarters also had very positive growth. This shows our adherence to the strategy and a nice execution.

Later on, Marcelo will highlight all the growth points, but we see a lot of all the strategic planning actions that have been delimited and that focus on growth in areas that are not penetrated, underlying markets, partnerships, alliances, people development, cultural work. So, there's a lot of cool stuff in that sense.

And also, it is always good to say, we are very concerned with our sustainability system. I would also like to point out to everyone that on March 4, together with the financial statements, we released the Company's sustainability report, showing our full commitment to the Company's environmental, social and governance actions.

And lastly, right, but not least, as we always say, we always emphasize that everything we get is here, with people, and we are very proud of the team we have, a very hard-working team, a very professional team, with a lot of knowledge of the market and after many years, that we did not participate in the ranking of the best companies to work for. We participated until 2014, always with a lot of prominence, we participated again this year, we still don't have the ranking result, but we can already say that we were certified as one of the best companies to work for, by GPTW, and with a very nice feature of this work, we had 93% of our employees responding to the survey, which is a very positive index, right, including, considering even the benchmark of GPTW itself, we had a satisfaction note from employees of 89%, which is, in my opinion, excellent, remembering that the company that had the best score in Brazil last year, had 92. So, we understand that we are managing to live our values in practice. Values that we also launched in August 2020, where we work with the purpose of reimagining animal health, seeking to lead the evolution of the sector and playing to win, care for people and connect with the world. This for us, you know, the result of the research shows a lot the connection that we are making, between people, our customers, and our partners, with our strategy.

So quite happy in that sense here. A lot of positive things, with a lot of work, we are seeing the performance of the markets in a very positive way as well, and here, we have always highlighted our growth drivers, whoever has been with us for a long time will remember, that we say that

in production animals, for example, the main driver of growth is in line with the growth in demand for protein in the world, with Brazil being a great supplier, right, the barn of the world and that for this to happen, the farmer would need technification. And we are experiencing this very clearly in recent times. We have seen Asia demanding protein, especially China. We have seen the lack of animals in the field and that to meet this demand, producers are using a lot of technology, mainly the reproductive protocols, right, the artificial insemination protocols for a fixed time. So in this very positive scenario, right, of protein demand, the prices of commodities very heated, the price of the cattle in historical levels, the prices of calves in historical record levels, with a team that we have that is a very qualified team and the largest team for generating demand and visiting customers, within our differentiated model of market access, that is, different from the large multinationals that use distributors in production animals, we go directly to agricultural stores, serving around 5 thousand customers per month. So, we are capturing this good market moment, which for me is not a moment, right, it is what we talked about all the time that would happen, and what is happening, so we had a very positive result in production animals.

And in the same way that we talked, when we talked about the growth driver of companion pets, we always highlighted the humanization of pets, you know, that is the question that we know that pets them, people are increasingly more urban, they marry less, have fewer children, they adopt pets in these moments of life, they treat these animals as family members, who in turn live longer, have more diseases, heat up the market. The veterinarian who was previously a general practitioner becomes a specialist, makes better diagnoses, demands more specific treatments and so on, you know.

And we saw that now in the pandemic, this was even more present, since people started to live daily with their animals. There was an increase, including animal adoptions, we see this happening in the segment and this has brought a strong growth in revenue, not only from sell-in, we measure that the sell-out is a sell-out that has happened a lot strong and very positive. So once again highlighting that everything we talked about as a growth driver is happening in a very present way.

And our other major aspect of growth, which is our international operations, basically our operations at LATAM, especially in Mexico and Colombia, where we still have a smaller share, therefore, a lot of growth space, whether due to market access, or for new products that are being registered in these countries and launched in those countries. It is also favored by the strong position of the exchange rate, which brings us a margin, for example, which is also very good in international operations.

So, a set of information and very positive news that we bring, a lot of confidence in the work that is being carried out, and with an expectation of closing a very positive year, as we communicated to you at Ourofino Day.

So, we will be here afterwards to answer the questions and now I give the floor back to Juliana.

Operator: Thank you also Kleber. Well, from now on, Marcelo Silva is in charge, and he will present our results. Good afternoon Marcelo.

Marcelo: Good afternoon Juliana, good afternoon everyone, it is a pleasure to be here to communicate the results for the first quarter of 2021.

Well, as you will see, we continue a path of strong growth, with margin improvement, cash generation and keeping indebtedness levels low.

We grew in the first quarter of 2021, which was the best quarter in history and consolidates a growth trajectory as Kleber well put it, 51%, we reached R\$ 169 million in net revenue and improved our gross margin, which went from 45.8% in 2020 to 49.3% in 2021. So, this reflects the efforts of the Company, the good moment or the market trend as Kleber rightly said, and shows that the Company is on the right track, reaping the fruits of all the work implemented and developed in the strategic planning project.

Getting more specifically into the segments, in production animals, we had a growth of 62%, net revenue reached R\$ 116 million. In addition to revenue growth, we also had an improvement in gross margin, which reached 39.9% against 36% last year, in the first quarter of 2020. This growth reflects the positive scenario for exports and protein prices, right, which has kept the farmer excited about maintaining levels of investment in health and technology in the field, and highlighting here also the reproductive line, given the need to replace the herd and replacement calves. The alignment of opportunities with our unique relationship, that is, Ourofino's way of accessing the market is differentiated and this brings us a competitive advantage, mainly due to the incentives and increased efforts to generate demand, that is, the team's work on the farmers, on the farm, showing the effectiveness and productivity that our products can bring and effectively increase the profitability of the property. And the gain in gross margin reflects, of course, the increase in volume that brings dilution of the industrial facility, but we also had a price transfer, right, the price was readjusted in relation to last year, so we have a positive price impact. We also had an improvement in the mix. So, these factors combined bring a gain in gross margin in the production animals segment compared to the first quarter of 2020.

Companion Animals, a 43% growth, net revenue of R\$ 30 million and a gross margin of 70.3%, against 65% in 2020. This is the segment that has grown a lot, right, as Kleber has already commented, the pandemic brought a movement in the number, the increase in the number of animals domiciled, right, and our perspectives are very positive, because the care with pets has

been increasing more and more and the humanized relationship between companion animals and their owners. We have maintained a very balanced growth between sell-in and sell-out, that is, the margin improvement also reflects dilution of the industrial facility cost, and a more favorable mix, and we also had expressive price transfers in the period, which contributed to the gross margin growth as well.

International operations, a growth of 20%, we reached R\$ 23 million, against R\$ 19 million last year, a gross margin of 69%. The gross margin does reflect the favorable exchange rate, you know, which has a direct price impact, but we also had an increase in volume in local operations and an improvement in the levels of revenue mix. And also to expand our operations, you know, we have done a very strong job of expanding the company's participation in other LATAM countries, not just Mexico and Colombia, which are the countries in which we work with local partners, with local distributors.

Well, we grew by diluting SG&A, the SG&A went from 39.9% to 31.5%, we had a dilution of expenses due to revenue growth. Yes, we also had, on the other hand, we kept, as we always did, even during the pandemic period, our research and development investment agenda was strong. So, in the result, spending on R&D, the research part, went from R\$ 8 million to R\$ 12 million in the first quarter of 2021. You will see in the consolidated result later that the company is expanding, increasing the speed and intensity of the research and development projects to accelerate the portfolio expansion actions, which were also foreseen in our strategic planning.

The combination of growth, with dilution of expenses, brings an EBITDA of R\$ 25 million, against R\$ 5 million in the first quarter of 2020, a very expressive growth there, and also an improvement in the margin, right, the margin was 4.6, now is 15% in the first quarter of 2021.

We had a less favorable impact on financial expenses compared to the first quarter of 2020. Basically, it is the impact of marking the derivatives market linked to foreign currency debt SWAP, of a pre-fixed rate, right, as a result of the exchange rate volatility. The exchange rate increased a lot in the first quarter compared to 1Q20, and this specific effect in the first quarter of 2021, refers to a SWAP transaction of a debt of R\$ 30 million, with a term of 1 year that we took in April of the year to make a liquidity cushion. It was a debt in euros, swapped, at a fixed rate of 4.85% per year, but which was settled now in the second half of April, so it is not a recurring effect.

Net income reached R\$ 9.6 million, a margin of 5,7%, before a loss last year, also reflecting an improvement in the operating result, also reflecting a gain in the Company's net profit.

It is worth mentioning the generation of operating cash, which was R\$ 23 million. We generated almost 1 cash generation EBITDA in the quarter, had the payment of debt and interest

amortization, CAPEX of R\$ 17 million, and ended the first quarter of 2021 with a cash position of R\$ 219 million, against R\$ 226 million December 2020.

The Company's net debt remains very low, we remain little leveraged, we reduced our net debt by 30%, which dropped from R\$ 212 million in the first quarter of 2020 to R\$ 148 million in the first quarter of 2021, from 1.89x, dropped to 0.9x. So, we maintain low leverage. The Company's cash today, which is in the amount of more than R\$ 200 million, is used for strategic projects, our operating cash generation is robust and sufficient to support the Company's growth, right, to support working capital, so this resource is destined for operations linked to strategic planning, mainly in accessing underlying markets, as we said during the Ourofino Day event.

Well, I commented on this picture earlier. If you see, we invested there, right between investment and expense, R\$ 15 million in R&D, against R\$ 5 million last year, maintaining 9% of the net revenue directed for projects aimed at product launches.

I thank everyone for your confidence. We are available here for questions, and thank you Juliana, I'll turn the floor over to you.

Operator: thanks Marcelo for your presentation. Ok, so let's start our question-and-answer moment then. I want to invite all of you to participate. Just write the question here in our Q&A space. Write the question, your name and the name of the institution or company, right? So, here's the first question, from Kaio. Kaio, thank you for your participation. He first congratulates us for the results and asks if there has been any progress on the possibility of producing covid-19 vaccines in Ourofino laboratories.

Kleber Gomes: Kaio thank you very much for your question. I don't know if this is a topic familiar to everyone who is following us here, but anyway, I would like to highlight that we made a statement to the market on April 20 this year, once you know, that there was several public news about the possibility of the company, of the veterinary pharmaceutical companies, some of them, you know, that have industrial facilities for the production of biologicals, for the production of vaccines, to be used for the production of covid. So, in this statement, we expressed our position there, that we have been following, we have had some contacts, but we continue with the same position that there is still nothing concrete to be commented on, I emphasize that we as some other laboratories in the sector, we have perhaps one of the best industrial parks in Brazil for the production of vaccines. An NB3 + level plant, which is practically the highest level of biosafety in the world for the production of foot-and-mouth disease vaccines, which we have been producing in expressive volumes for over 10 years, and we also have a plant that was recently opened at the end of 2019. A recombinant vaccine plant, which you all know that we have a project that is being developed to cover the rest of the market. So, we have followed all the developments, we are taking care of the contacts, but there is nothing

concrete to be communicated, there is no agreement in this regard. Fine? And thank you very much for your question.

Operator: the next question is from Victor Jr. Victor, thank you also for your participation and presence. He also congratulates us for the results and questions, the Companion Animals sector, which had been growing more rapidly, grew in line with production animals in this quarter. Do you see that this will be the trend for the next results? That balance of growth? And along the same lines, even with a favorable exchange rate, exports grew below national sales, what is the reason for this behavior?

Marcelo da Silva Good afternoon Victor, thank you for the question. I don't think it's the pet sector that has slowed down, okay?! It grew 43% and our expectation is that it will continue to grow a lot, because it is a thriving market. We see an increase in both the adoption and the per capita spending of the owner with pets. What happened in the first quarter was that production animals grew a lot, grew 62%, but pet has a very fast growth of 43%, and our expectations are that it will continue to grow, even above the production animals' segment. In relation to international operations, exports, in 1Q20 we had a one-off operation to export a product, which is the foot-and-mouth disease vaccine, to Uruguay, and it did not occur in the first quarter of 2021. So, this is the reason, and it will probably occur now in the second quarter, right. Then there was a mismatch in the sale of this product, which is very seasonal and is linked to the campaign in the country. This is the main one, so if you look at the explanatory note on the opening of sales by the main countries and exclude this effect, the growth of the area is of 60%. Comparable growth, so to speak. Thank you.

Operator: Very well, Marcel Rubio. He also congratulates us for the results. Thank you, Marcelo?! And the question is: How does Ourofino observe the current supply chain disruption in the world? And what actions have you taken to avoid/mitigate the risk of delays in strategic inputs, for the development and launch of products.

Marcelo da Silva: Marcel, thank you for the question too. It is an excellent question. We are seeing India there, right, starting a second wave of covid. What we have been doing, right, and have been doing since last year: the issue of countries, especially China and India, closely monitored, from where part of our active inputs comes from. There was a fine job here, with the area of operations, sales planning and our decision was to increase the level of inventory coverage. So, if you look at our inventory level, in the first quarter of 20, with the first quarter of 2021, you will see that there is a significant increase in inputs, mainly raw material, which is a cover, an additional security, we are working with a level of coverage slightly above the historical average to ensure that there is really no disruption in our production. We do not see

any risk of disruption, we did not have a disruption in 2020, and we have been working to prevent this from occurring in 2021 as well.

We have an office in China, which locally follows all suppliers, a very close relationship also with our suppliers in India, so our countermeasure is to be even closer, to maintain a slightly higher level of safety inventory, so that coverage is adequate and does not bring disruption to the process.

Operator: Very well, Eugenia Cavaleiro now has two questions for us: How have you seen the demand and price environment for reproduction protocols? And how is the pipeline of new products and vaccines? Eugenia, thank you for your questions.

Kleber Gomes: Hi Eugenia, everything fine? Everything okay with you? Well, excellent question, you know, I just talked a little bit about how we are experiencing the growth drivers of production animals very strongly in those moments, when we said that the adoption of technology would increase the productivity needed to provide protein to the world, right. And reproduction is the main aspect that has been used as technology, the market is extremely heated, it was like that last year, you know, the ASBIA report showed a growth in the amount of 30% in reproduction last year, and we expect that this segment remains very heated. It is a market, for those who are seeing a lack of animals in the field, you need to produce calf, you produce calf with reproduction. And we are happy to have a complete line, right, our protocol is quite complete, here we have the work of an amazing technical team, which even manages to innovate in this sector with very important protocols, which are having a lot of adherence by our customers. So, we see this market continuing to be very heated, and we are capturing a good part of it with our field workforce. Thank you very much for your question.

Operator: Kleber, we have one more question from Eugenia, about the pipeline of new products and vaccines.

Kleber Gomes: Eugenia, thank you, we are steadfast in the development of our products, our vaccines. I would like to highlight here, in the first question about the covid, we did not abandon any project, we continued to execute all of our projects here, strictly as they were established. We have made a lot of progress. I cannot bring any information here in advance, but we are on the path that we are pursuing, obtaining results from research, from very positive developments, within our objective of having a very relevant position in the near future in a few years, especially in pigs, cattle and companion animals, okay, thanks.

Operator: Thank you also Kleber, very well. We don't have any more questions, so I thank you all for being so kind, in being with us this afternoon. And our company is always open to live our values, together with you. To finish: Kleber, the floor is yours.

Kleber Gomes: Well, thanks, Ju, thanks to everyone. Thank you, Marcelo, for being here with us, I would first like to thank everyone who was with us listening to us, who follow our Company. I would like you to have a lot of confidence that we are doing a very hard job, and that the results are becoming very transparent for everyone. But I would like to say a special thanks again to our team, Ourofino team, team that in the field, that wakes up early, that fights, that makes it all happen right?! And I would also like to make a special mention this year, at this time now, for our board of directors, for the other management bodies of the Company. The board of directors has been a great partner of management. We have been doing a very good joint work. But it is just thanks to everyone, we are always here at your disposal. Good afternoon, thank you and see you next time!