

Earnings Release
1Q21

Our Purpose

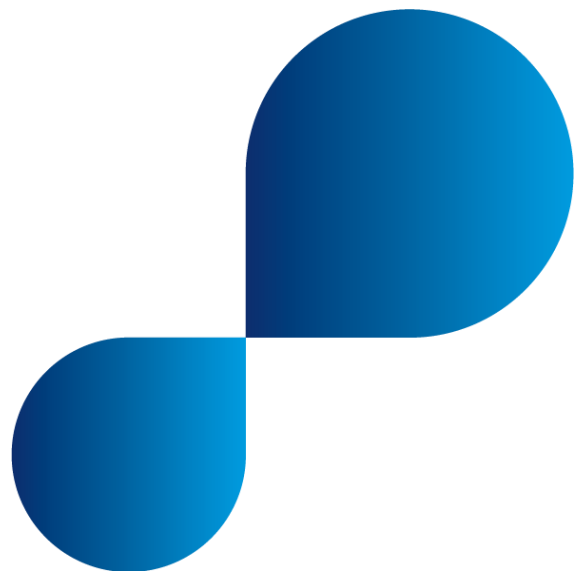
Reimagining animal health

Our Values

Play to Win

Care for people

Connected with the world



Highlights

Net revenue in 1Q21 grows 51% to R\$ 169 million

1Q21 adjusted EBITDA grows 383% and reaches R\$ 25 million

R\$ 9.6 million adjusted net income in 1Q21

Operating cash generation at R\$ 23.5 million in 1Q21

Net debt declines 30% and leverage is 0.9x Adjusted EBITDA

Video conference

Portuguese with simultaneous translation into English

May 7, 2021

15h (BRT) / 2pm (ET)

https://ourofino.zoom.us/webinar/register/WN_r5KdLWgiSqKKKo3v4F2Qozg

Investor Relations

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Cravinhos, May 6, 2020 - Ouro Fino Saúde Animal Participações S.A. (“Company” or “Ourofino”) (B3: OFSA3), a company engaged in research, development, production and sales of veterinary drugs, vaccines and other veterinary products for production and companion animals, announces today its financial results for the period ended March 31, 2021 (1Q21).

Message from Management

We started the 2021 recording solid performance, as a result of the Company's ability to adapt and the advances we brought during 2020, based on the acceleration of the initiatives outlined in our strategic planning, supported by our values and purpose, fostered by our unique access to the market in which we operate and strengthened by the robust financial structure we have built.

We held our Ourofino Day 2021 under a 100% online model, in which we had the opportunity to showcase the consistency of the management model implemented. We brought the results we have achieved so far, and most importantly, we show the prospects for the Company's future growth in all our business lines, with operating strategies focused on the evolution of the customer journey, the generation of demand and access adjacent markets with high growth potential and high scale synergies with our current operations. We remain confident in the strategy adopted, by centralizing our work on two fundamental pillars: taking care of business and people.

We took important steps towards our environmental, social and corporate governance (ESG), which are more detailed in our sustainability report, released in March this year, in which we explain the continuous concern with the impacts of our operations on the environment and the initiatives that we have adopted, always in the search of the best results in a sustainable way.

In addition, we are very proud to share that we are among the Best Companies to Work, after receiving the Great Place to Work (GPTW) certification. We were in a prominent position between the years 2008 to 2014 and, after a period without participating in the ranking due to internal decisions, we are very happy to receive this certification again, which is a reflection of all the work carried out in 2020, with the reframing and living of our values. The actions historically implemented by the Company, as well as those recently adopted, were experienced by the team, and the result, with the certification, is the representation of this constant work of seeking evolution, passionate about what we do and for whom we do.

We operate in a segment deemed essential, which has proven to be quite resilient in the face of the uncertainties of the scenario in which we currently live. In addition to the positive outlook, we add our ability to access the market with efficiency and adaptability, and, once again, we managed to surpass ourselves, presenting good results consecutively, a sequence that was broken only in 2Q20, the most critical moment of the pandemic for the market. We achieved a historic first quarter in financial results, brought at the end of 1Q21 a strong growth in net revenue when compared to 1Q20 (51% y/y), with 8.7 pp dilution of net expenses and the consequent improvement in Adjusted EBITDA of R\$ 19.9 million in the period. Highlight for the 30% reduction in net debt and leverage at 0.9x Adjusted EBITDA.

The positive scenario for exports and protein prices continue to enable very strong investments in animal health across the market, mainly in the reproductive line, which has a direct link with the increase in use of technology and rural productivity. In view of this context, the **Production Animals segment** recorded a 62% growth in 1Q21 as compared to 1Q20. Aligning market opportunities with the engagement of the team, we maintained our close and differentiated relationship with our broad and diversified customer base, increasing not only the generation of demand, but also the positivation of sales in the period.

The segment of **Companion Animals** also maintains strong positive perspectives, increasingly supported by the humanization of pets, by the growth of animals at homes, with an important share of the cat population, and by the increased concern for the needs of animals that are living longer and, consequently, requiring more care. In line with the scenario presented and with the assertive internal efforts, we highlight the result achieved, with a 42% growth in net sales in 1Q21 when compared to 1Q20.

In **International Operations**, we achieved a 20% growth in net revenue in 1Q21, highlighting the positive impact of the exchange rate and growth in local currency in Mexico and Colombia. With commercial teams focused on demand generation, based on close relationships with customers and the distributors who represent us in these countries, we have also presented positive results in our international business, with sales growth and gains in gross margin.

The impacts arisen from the pandemic encouraged us to reimagine our work with our customers and the other links in our chain, in order to remain focused on accelerating the execution of our strategic planning. Leveraging the opportunities the market has been bringing us, with the maintenance of the positive outlook we have experienced in 2020, and the engagement of our entire team with our goals, we remain committed to an agenda of growth and value creation for the Company.

We remain constantly concerned about the global macroeconomic scenario, which is still very volatile due to the uncertainties of the moment and new restrictions on mobility. We reaffirm our commitment to caring for people and our willingness to actively contribute to the challenges brought by this global pandemic and reinforce confidence in our actions and initiatives, based on our values and purpose, ensuring that the advances and results we have brought so far will be our engines of growth for the future.

Kleber Gomes
Chief Executive Officer

Marcelo da Silva
Chief Financial Officer and
Investor Relations Officer

Financial Performance

R\$ Million	1Q20	1Q21	Var %
Net revenue	111,9	168,8	50,8%
Cost of goods sold	(60,6)	(85,5)	41,1%
Gross profit	51,3	83,2	62,2%
(gross margin)	45,8%	49,3%	3,5 p.p.
Net expenses*	(52,6)	(64,6)	22,8%
Operating profit (loss)	(1,3)	18,6	N.A.
(operating margin)	-1,2%	11,0%	N.A.
Net financial result	(1,5)	(4,5)	200,0%
Income tax and social contribution*	(0,3)	(4,5)	1400,0%
Adjusted profit (loss)	(3,1)	9,6	N.A.
(adjusted profit margin)	-2,8%	5,7%	N.A.
Adjusted EBITDA	5,2	25,1	382,7%
(Adjusted EBITDA margin)	4,6%	14,9%	10,3 p.p.

(*) excluding extemporaneous tax credits from previous years in 1Q20, as well as non-recurring expenses with EY consultancy and Follow-on related expenses. Excluding non-recurring expenses with refurbishment of the corporate building in 1Q20. Including respective tax effects were considered in both periods reported.



Net Revenue

R\$ Million	1Q20	1Q21	Var %
Net sales revenue	111.9	168.8	50.8%
Production animals	71.5	115.6	61.7%
Companion animals	21.0	30.0	42.9%
International operations	19.4	23.2	19.6%

The Company's consolidated net revenue in 1Q21 amounted to R\$ 168.8 million, a 50.8% increase as compared to the same period of the previous year. Below are the comments on the performance for the three segments:

Production animals: the segment recorded net revenue at R\$ 115.6 million in 1Q21, a 61.7% increase as compared to 1Q20. This result was based on volume and price gains, with an emphasis on the ectoparasiticide, reproductive and inoculant line.

The increased investments in animal health by the producer, especially in the reproductive line according to data from the Brazilian Association of Artificial Insemination (ASBIA), has been gaining strength in view of the positive scenario for exports and protein prices. Such events have had a direct impact on the livestock cycle and investments in the use of technologies and good practices in rural production, aiming at increasing productivity and optimizing rural resources.

We aligned market opportunities with the engagement of the team in sustaining our unique relationship with customers, increasing not only the generation of demand, but also the positivation of sales.

Company animals: the segment recorded a 42.9% increase in net revenue in 1Q21 compared to 1Q20, reaching R\$ 30.0 million in net sales, substantially as a result of volume and price gains.

The prospects for the segment remain positive, given the increase in pet care and the increasingly humanized relationships with companion animals. The affective ties and the higher concern to the needs of pets, established during the pandemic, have brought an important weight in the revenue growth, but it is also worth highlighting our constant efforts to generate demand and increase positivation of sales, to increase *sell-out* and to maintain inventory levels at distributors.

International Operations: the segment recorded net revenue of R\$ 23.2 million in 1Q21 and a 19.6% increase versus 1Q20, with emphasis on the exchange rate effect, which had a 21% positive impact on net revenue growth. The increase in net revenue was due to volume gains and favorable exchange rates in Mexico of 103.3% and in Colombia of 64.8%, which offset the 38.2% decline in net sales in other countries.

Gross Profit and Gross Margin

R\$ Million	1Q20	1Q21	Var %
Gross profit	51.3	83.2	62.2%
(gross margin)	45.8%	49.3%	3.5 p.p.
Gross profit - production animals	25.8	46.1	78.7%
(gross margin - production animals)	36.1%	39.9%	3.8 p.p.
Gross profit - companion animals	13.8	21.1	52.9%
(gross margin - companion animals)	65.7%	70.3%	4.6 p.p.
Gross profit - international operations	11.7	16.0	36.8%
(gross margin - international operations)	60.3%	69.0%	8.7 p.p.

Gross margin in 1Q21 was 49.3%, a 3.5 p.p. increase as compared to 1Q20.

Production Animals: the segment recorded 39.9% gross margin in 1Q21, with a 3.8 p.p. gain versus 1Q20. A gross margin gain was recorded versus the previous year, due to the increase in sales and prices, also supported by the mix of products sold, which offset the increase in costs for the period.

Companion Animals: the segment recorded 70.3% gross margin in 1Q21, with 4.6 p.p. growth as compared to 1Q20. When compared to the previous year, a significant gain in volume and prices can be seen, as well as the dilution of manufacturing production costs.

International Operations: the segment recorded 69.0% gross margin in 1Q21, with 8.7 p.p. increase versus 1Q20. The positive result is mainly due to the favorable exchange rate, volume gains in Mexico and Colombia and the mix improvement other countries.

Selling, General and Administrative Expenses

R\$ Million	1Q20	1Q21	Var %
Selling, general and administrative expenses and others	(44.7)	(53.1)	18.8%
Percentages on net revenue	39.9%	31.5%	-8.4 p.p.

Selling, general and administrative expenses in 1Q21, excluding R&D expenses (table below) amounted to R\$ 53.1 million, a 18.8% increase when compared to 1Q20, with 8.4 pp percentage dilution as related to net revenues.

Concerning the growth in expenses when compared to the previous year, we highlight the higher personnel expenses, due to the provision of the variable compensation policy amounts approved for 2021, called short-term incentive (ICP), which aims to reward the performance of professionals for achieving results and pre-agreed goals, in addition to the impact of the collective bargaining agreement.

Expenses on Research and Development

R\$ Million	1Q20	1Q21	Var %
Expenses on research and innovation and portfolio management	(7.9)	(11.6)	46.4%
Percentages on net revenue	7.1%	6.9%	-0.2 p.p.

Research and Development expenses in 1Q21 amounted to R\$ 11.6 million, a 46.4% increase versus 1Q20, with percentage in relation to net revenues in line with the same period of the previous year.

EBITDA and EBITDA Margin

R\$ Million	1Q20	1Q21	Var %
Adjusted profit	(3,1)	9,6	N.A.
(+) Non-recurring results*	1,0	(0,1)	N.A.
Profit for the period	(2,1)	9,5	N.A.
(+) Net financial result	1,5	4,5	200,0%
(+) Income tax and social contribution	1,0	4,5	350,0%
(*) Depreciation and amortization	6,4	6,5	1,6%
EBITDA	6,8	25,0	267,6%
(+) Non-recurring effects*	(1,6)	0,1	N.A.
Adjusted EBITDA	5,2	25,1	382,7%
Net sales revenue	111,9	168,8	50,8%
EBITDA margin	6,1%	14,8%	8,7 p.p.
Adjusted EBITDA margin %	4,6%	14,9%	10,3 p.p.

(*) excluding extemporaneous tax credits from previous years in 1Q20, as well as non-recurring expenses with EY consultancy and Follow-on related expenses. Excluding non-recurring expenses with refurbishment of the corporate building in 1Q20. Including respective tax effects were considered in both periods reported.

Adjusted EBITDA in 1Q21 amounted to R\$ 25.1 million, representing a 382.7% growth versus 1Q20. The growth reflects the substantial improvement in gross margin as well as the dilution of selling, general and administrative expenses.

Financial Result

R\$ Million	1Q20	1Q21	Var %
Net financial result	(1.5)	(4.5)	200.0%

Net financial result in 1Q21 recorded a negative amount of R\$ 4.5 million, versus R\$ 1.5 million in 1T20. The increase in financial expenses was due to the fundraising made over 2020, which contributed for reducing the company's indebtedness to the cost of 5.29% p.a. and a debt profile with 75% of maturities in the long term.

Additionally, we had an impact from mark-to-market of derivatives linked to foreign currency debt swap to fixed rate, due to the volatility of exchange rates and future interest rates recorded in 1Q21. This specific swap effect was related to a debt of R\$ 30 million with a term of 1 year taken in euros and swapped to a fixed rate of 4.85% pa, which was settled in the second half of April.

Income Tax and Social Contribution

R\$ Million	1Q20	1Q21	Var %
Income tax and social contribution	(0,3)	(4,5)	1400,0%
Percentage on profit before IT and SC	10,7%	-31,9%	N.A.

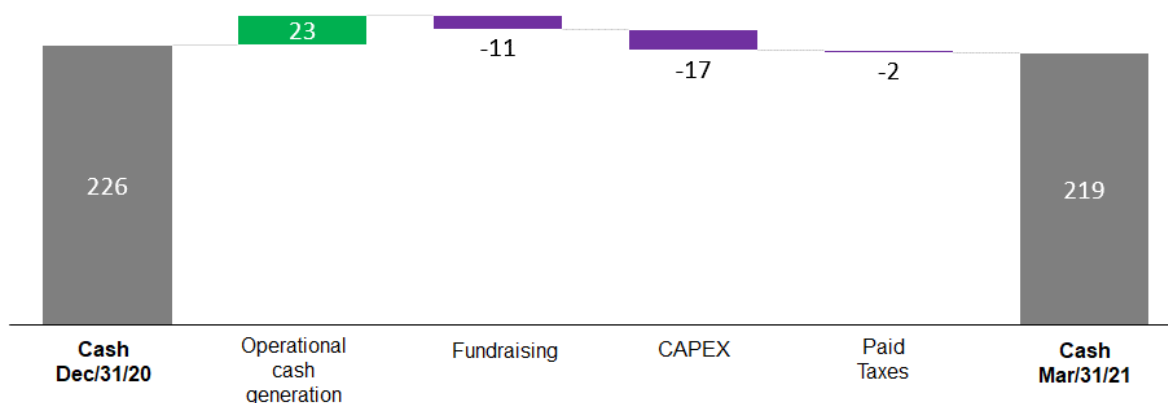
Income tax and social contribution in 1Q21 recorded a negative balance in the amount of R\$ 4.5 million compared to R\$ 0.3 million negative balance in 1Q20. It should be noted that the calculation of income tax and social contribution is carried out on tax bases other than the accounting profit or loss.

Adjusted Net Profit

R\$ Million	1Q20	1Q21	Var %
Adjusted net profit (loss)	(3,1)	9,6	N.A.
margin	-2,8%	5,7%	N.A.

Adjusted net income in 1Q21 amounted to R\$ 9.5 million. This result is due to the gain in gross margin and dilution of SG&A which offset the impact of the financial result and income tax and social contribution.

Cash Position and Financial Cycle



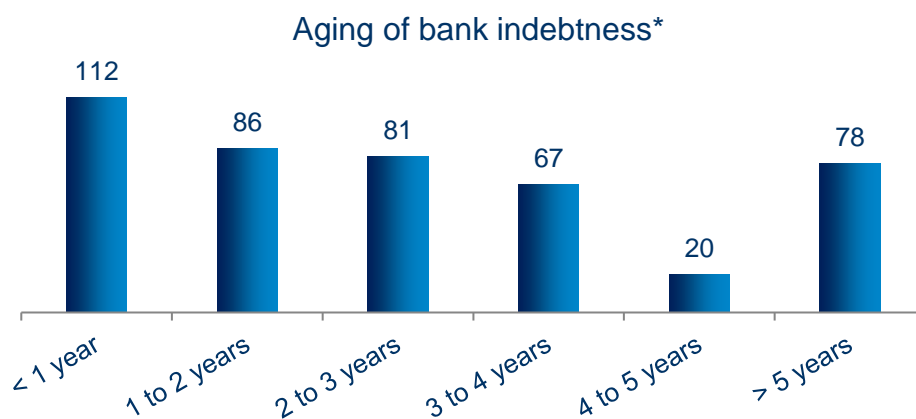
In 1Q21, cash generated from operations amounted to R\$ 23 million, 43.7% lower than the same period last year. There was a higher need for working capital, mainly due to increases in inventories and the payment of short-term incentives to teams (cash effect of the impact on 4Q20 results), excluding such effects, operating cash generation would have grown.

The increase in inventories was due to the efforts of the supply chain monitoring management, aiming to ensure adequate levels of supply for our operations, in view of the pandemic and the sales growth in the period. It is worth mentioning that in 1Q21 there was an improvement of 8 days in the average storage period when compared to 1Q20.

Indebtedness

In R\$ million	March 31, 2020	March 31, 2021
Current	188.8	99.0
Non-current	155.1	289.8
Gross Debt	343.9	388.8
Related derivative financial instruments	(6.3)	(3.6)
Gross Debt considering related derivatives	337.6	385.2
(-) Cash and cash equivalents and short-term investments	125.7	236.9
Net Debt	211.9	148.3
Average cost of debt (year) ¹	5.74%	5.29%
LTM net debt/adjusted annual EBITDA	1.89	0.91

¹Net debt with banks considering related derivatives and bank-issued guarantee costs.



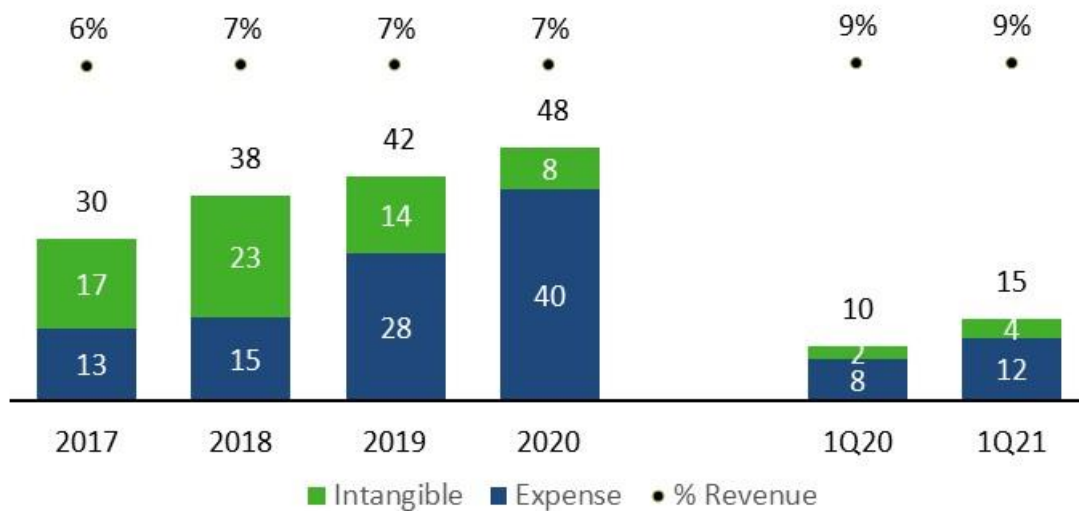
* Amounts include future financial charges and, therefore, differ from the balances disclosed in the Balance Sheet.

Net debt recorded a 30% reduction when compared to the first quarter of 2020, with leverage at 0.91x Adjusted EBITDA.

In addition, the average cost of debt is lower compared to the same period of the previous year, at 5.29% p.a.

Investments in Research and Development

In 1Q21, 9% of net revenue was invested in R&D, amounting to R\$ 15 million. While the amount invested was higher, the dilution of investments was higher as a result of the increase in net revenue, remaining at the same percentage as in 1Q20. The graph below shows the Company's R&D total investments from 2016 to the first quarter of 2021.



LAUNCH IN 1Q21

OUROFINO'S REPRODUCTION LINE HAS SURPASSED ITSELF



Supravac[®] 10

Surpass
your results

Supravac[®] 10 arrives to make the Ourofino's Reproduction Line even more complete.

- Highly effective reproductive vaccine for bovines.
- Prevents the main reproductive diseases.
- Complete, preventive and safe.

Income Statement - Adjusted

Income Statement (R\$ thousands)	1Q20	1Q21
Revenues	111,879	168,784
Cost of sales	(60,576)	(85,521)
Gross profit	51,303	83,262
Selling Expenses	(34,349)	(40,745)
Expenses on research and innovation	(7,925)	(11,651)
General and administrative expenses*	(10,098)	(12,233)
Other expenses, net*	(140)	(100)
Operating profit (loss)	(1,209)	18,533
Financial revenues	310	1,169
Finance expenses	(2,746)	(4,751)
Derivative financial instruments, net	13,681	1,275
Foreign exchange variation, net	(12,730)	(2,171)
Financial result	(1,485)	(4,478)
Profit (loss) before income tax and social contribution	(2,694)	14,055
Current and deferred income tax and social contribution	(459)	(4,516)
Net income (loss) for the period	(3,153)	9,539

(*) Excluding non-recurring expenses and their respective tax effects.

Income Statement - Corporate

Income Statement (R\$ thousands)	1Q20	1Q21
Revenues	111,879	168,784
Cost of sales	(60,576)	(85,521)
Gross profit	51,303	83,262
Selling Expenses	(34,349)	(40,745)
Expenses on research and innovation	(7,925)	(11,651)
General and administrative expenses	(10,537)	(12,308)
Other expenses, net	1,854	(175)
Operating profit	346	18,458
Financial revenues	310	1,169
Financial expenses	(2,746)	(4,751)
Derivative financial instruments, net	13,681	1,275
Foreign exchange variation, net	(12,730)	(2,171)
Financial result	(1,485)	(4,478)
Profit (loss) before income tax and social contribution	(1,139)	13,980
Current and deferred income tax and social contribution	(1,023)	(4,490)
Net income (loss) for the period	(2,162)	9,490

Cash Flow Statement

Cash Flow Statement (R\$ thousands)	1Q20	1Q21
Cash flows from operating activities		
Profit (loss) before income tax and social contribution	(1,139)	13,980
Adjustments for:		
Provision (reversal) for expected credit loss	9	(10)
Provision for inventory losses and write-offs	1,821	2,238
Provision (reversal) of returns on sales	13	
Reversal of provision for customer bonuses	(367)	(497)
Depreciation and amortization	6,416	6,459
Provision (reversal) for impairment of intangible assets	(21)	
Gain (loss) on disposal of property, plant and equipment	(63)	(11)
Gain (loss) on disposal of intangible assets	21	
Interest and monetary/foreign exchange variations, net	16,061	6,414
Derivative financial instruments	(13,681)	(1,275)
Provision for contingencies	152	(597)
Stock options granted	37	110
Changes in working capital		
Trade accounts receivable	52,536	38,242
Inventories	(11,572)	(41,928)
Taxes recoverable	(2,335)	3,696
Other assets	(2,839)	(2,355)
Trade accounts payable	(2,055)	15,925
Taxes payable	672	124
Other liabilities	(2,005)	(17,047)
Cash provided by operations	41,661	23,468
Interest paid	(2,478)	(3,572)
Income tax and social contribution paid	(1,481)	(2,000)
Net cash from operating activities	37,702	17,896
Cash flows from investment activities		
Investment in intangible assets	(2,596)	(3,065)
Purchase of property, plant and equipment	(8,188)	(13,942)
Proceeds from sale of property, plant and equipment	184	170
Net cash used in investing activities	(10,600)	(16,837)
Cash flows from financing activities		
New loans and financing	90,000	
Repayments of loan and financing	(42,185)	(8,191)
Realized derivative financial instruments	5,170	
Net cash provided by (used in) financing activities	52,985	(8,191)
Increase (decrease) in cash and cash equivalents, net	80,087	(7,132)
Cash and cash equivalents at the beginning of the period	45,009	225,575
Foreign exchange gains on cash and cash equivalents	590	278
Cash and cash equivalents at the end of the period	125,686	218,721

Balance Sheet

Balance Sheet (R\$ thousands)	31/12/2020	31/03/2021
Assets		
Current assets	679,623	677,748
Cash and cash equivalents	225,575	218,721
Financial investments	18,039	18,150
Trade accounts receivable	209,409	172,807
Derivative financial instruments	2,298	3,573
Inventories	190,301	228,644
Taxes recoverable	22,751	24,026
Income tax and social contribution to recover	3,891	2,114
Related parties	427	428
Other assets	6,932	9,285
Non-Current Assets	424,314	432,493
Long-term receivables	73,068	67,673
Taxes recoverable	44,024	39,005
Deferred income tax and social contribution	24,121	23,672
Inventories	3,332	3,369
Other assets	1,591	1,627
Permanent	351,246	364,820
Intangible	73,941	77,332
Property, plant and equipment	277,305	287,488
Total assets	1,103,937	1,110,241
Liabilities and equity		
Current Liabilities	238,693	242,168
Trade accounts payable	55,812	74,222
Loans and financing	96,553	98,955
Salaries and payroll charges	39,434	26,168
Taxes payable	6,718	5,035
Income tax and social contribution payable		1,671
Dividends and interest on equity	21,309	21,309
Related parties	150	234
Commissions on sales	5,782	4,388
Other liabilities	12,935	10,186
Non-Current Liabilities	304,434	296,820
Loans and financing	297,786	289,810
Provision for contingencies	6,384	5,815
Other liabilities	264	1,195
Total liabilities	543,127	538,988
Total Net Equity	560,778	571,217
Non-controlling interest	32	36
Total liabilities and equity	1,103,937	1,110,241

