

4Q22_Results

March 8th, 2023

Video Conference

March 9th, 2023 (Thursday)

11am Brasília | 9am EST | 2pm GMT

Webcast

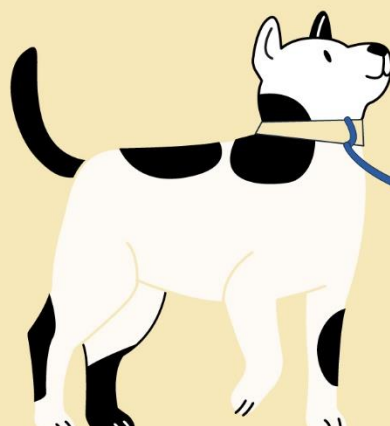


CENTRO VETERINÁRIO
seres



petix.
o melhor para seu pet

CANSEI DE
SER GATO



São Paulo, March 8th, 2023 – Pet Center Comércio e Participações S.A. (“Petz Group” or “Company”) (B3: PETZ3) announces its results for the fourth quarter of 2022 (4Q22). It is worth mentioning that the Petz Group results below include the consolidation of (i) Zee.Dog from January to December 2022; and (ii) Petix from July to December 2022, except when indicated. **For 4Q21, the result of Petz Standalone reflects the recurring effect of the tax refund process (ICMS-ST) related to CAT-42 in the period**, as explained in the 4Q21 earnings release.

Since 2019, our Financial Statements have been prepared in accordance with IFRS 16. To better represent the current economic reality of the business, the numbers in this report are presented under the previous reporting standard IAS 17/CPC 06. The reconciliation with IFRS 16 in 4Q22 is available on pages 27-29.

Results | 4Q22

- **Petz Stores: 218** units, with **18 openings** (50 stores in 2022)
- **Petz Group Gross Revenue (GR)¹: R\$934.8mn; +34.6% y/y**
- **Petz Standalone Gross Revenue (PGR): R\$847.0mn; +22.0% y/y**
- **Petz Group Digital Gross Revenue (DGR): R\$354.3mn; +65.2% y/y; 37.9% of GR**
- **Petz Standalone Digital Gross Revenue (PDGR): R\$305.7mn; +42.5% y/y; 36.1% of PGR (+5.2 p.p. y/y); Omnichannel Ratio of 90.6% of PDGR**
- **Petz Standalone Gross Profit²: R\$334.6mn; +17.1% y/y; Gross Margin of 39.5% of PGR (-1.6 p.p. y/y)**
- **Petz Standalone Adjusted EBITDA³: R\$73.6mn; +12.3% y/y; Adjusted EBITDA Margin of 8.7% of PGR (-0.7 p.p. y/y)**

B3: PETZ3

R\$6.77

Per share

462,471,262

Total Shares

R\$3.1 bilhões

Market Cap

IR Contact

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Data as March 8th, 2023

Summary of Results and Indicators (IAS 17)

R\$ thousands, unless otherwise stated	4Q22	4Q21	Change	2022	2021	Change
Financial Results Petz Group						
Total Gross Revenue¹	934,820	694,447	34.6%	3,366,845	2,471,532	36.2%
Gross Revenue Petz Standalone	846,973	694,447	22.0%	3,084,986	2,471,532	24.8%
Gross Revenue from Acquisitions	102,004	-	(1.7%)	317,466	-	8.9%
Digital Gross Revenue	354,305	214,501	65.2%	1,219,732	750,024	62.6%
Digital Penetration ¹ (% GR)	37.9%	30.9%	7.0 p.p.	36.2%	30.3%	5.9 p.p.
Digital Gross Revenue Petz Standalone	305,667	214,501	42.5%	1,054,857	750,024	40.6%
Digital Penetration (% PGR)	36.1%	30.9%	5.2 p.p.	34.2%	30.3%	3.8 p.p.
Gross Profit²	365,735	285,682	28.0%	1,352,845	1,012,867	33.6%
% Total Gross Revenue	39.1%	41.1%	(2.0 p.p.)	40.2%	41.0%	(0.8 p.p.)
Petz Standalone Gross Profit ²	334,553	285,682	17.1%	1,245,161	1,012,867	22.9%
% Petz Standalone Gross Revenue	39.5%	41.1%	(1.6 p.p.)	40.4%	41.0%	(0.6 p.p.)
Adjusted EBITDA³	69,183	65,552	5.5%	259,466	241,641	7.4%
% Total Gross Revenue	7.4%	9.4%	(2.0 p.p.)	7.7%	9.8%	(2.1 p.p.)
Petz Standalone Adjusted EBITDA ³	73,641	65,552	12.3%	271,609	241,641	12.4%
% Petz Standalone Gross Revenue	8.7%	9.4%	(0.7 p.p.)	8.8%	9.8%	(1.0 p.p.)
Adjusted Net Income⁴	24,899	36,924	(32.6%)	109,450	107,864	1.5%
% Total Gross Revenue	2.7%	5.3%	(2.7 p.p.)	3.3%	4.4%	(1.1 p.p.)
Operational Indicators Petz Standalone						
Number of Stores	218	168	50	218	168	50
Store Openings	18	15	3	50	37	13
Footage (m ²)	201,510	165,172	22.3%	201,510	165,172	22.3%
Seres Veterinary Centers	155	132	23	155	132	23

¹ Considers the effect of Intercompany Eliminations in the amount of R\$14.2 million (details page 11).

² 4Q21 reflects recurring impacts related to the tax refund process related to CAT-42, explained in the 4Q21 results.

³ Does not consider the effect of IFRS 16, in addition to the adjustments explained on page 20. 4Q21 reflects recurring impacts related to the tax refund process related to CAT-42, explained in the 4Q21 results.

⁴ Adjustments explained on page 21. Does not consider the effect of IFRS 16, therefore it should not be used as a reference for calculating dividends.

Petz Group Highlights | 4Q22/2022



Petz Group Gross Revenue **R\$3.4 billion in 2022**, **+36% y/y** and a **3x increment vs. 2019**



Petz Standalone Gross Revenue of **R\$3.1 billion in 2022**, an increase of **~25% y/y**, under a strong comparison base (+45% y/y in 2021)



Achievement of Petz store expansion guidance in 2022, with 50 openings, marking the entry into 3 new states in 4Q22



Petz Standalone Digital Gross Revenue of **R\$1.1 billion in 2022**, **+41% y/y**, already under a strong comparison base (+90% y/y in 2021)



50% of stores located outside São Paulo, **1st time in history** (+6 p.p. y/y)



Petz Standalone Digital Gross Revenue **>R\$1 billion for the 1st time in history**, consolidating the leadership position in the channel



Petz Standalone EBITDA margin of **8.8% in 2022** (-1.0 p.p. y/y), **in line with expectations**, even with several profitability offenders



Petz Standalone Digital share of **36% in 4Q22** (+5.2 p.p. y/y, but in line vs. 3Q22)



New **initiatives to improve the profitability of Digital**, with emphasis on the **implementation of the service fee**, innovating and being the first-mover in the Pet segment



Omnichannel ratio of 91% in 4Q22, **a record in the Company's history**



Domestic inflation in the Pet segment has **cooled down** – still at high levels, but with more **normalized growth prospects** for Petz in 2023



Omnichannel customers with an **average monthly spend 55-60% higher** vs. physical channel



Launch of **new Zee.Dog Kitchen product lines**, with emphasis on Topper - a trending category



~94% of Ship from Store sales delivered within 1 business day



Zee.Now: **successful pilot at ABC hub (SP) and Méier (RJ) in early 2023** – full roll-out of hubs as Petz “store” by mid-1H23



~370 thousand subscribers (about +45% y/y), representing **28%** of Petz Standalone Gross Revenue in December



Start of operations of the Petix Slim dog pads machine, with the **launch of the new Super Secão Slim line** in February 2023



App Petz accounting for about **70% of Petz Standalone Digital sales**, with **+1MM of MAU¹ in December**

¹ MAU (Monthly Active Users)

Message from Management

2022: Record store expansion pace and Digital Sales, consolidating leadership in the Pet segment in Brazil - despite macroeconomic challenges

The year 2022 will be marked by achievements such as the **delivery of the guidance of 50 new units**, a record in the Company's history and one of the largest area growths in Brazilian retail. We also reached **R\$1 billion in revenue on the Digital channel** for the first time, demonstrating the strength of the Petz brand and its Omnichannel platform, with a unique value proposition for customers. The investments made throughout the year, added to discipline in the capital allocation process and execution, allowed the Company - once again - to gain market share in 2022. We ended the period with an 8.3% share, an increase of about +1 p.p. y/y.

These achievements reinforce the resilience of our business, despite the fact that we are not immune to macro adversities in the country. After the period between 2020 and 2021 - a cycle of expressive growth in the Pet segment and expansion of Petz's leadership position in Brazil (which represents a strong basis for comparison) - we observed in 2022 a reality slightly different from what we had foreseen from the demand side. Interest and inflation rates remained at high levels for a longer than expected period, putting pressure on the Company's cost and expense structure and, mainly, on consumers' purchasing power. Despite the recent cooling down in Pet inflation - which still remains at high levels - discretionary categories, such as accessories, still performed below expectations, combined with a reduction in the trade-up trend in recurring categories, such as food, even with a higher level of pets humanization.

When we evaluated the main assumptions of the Petz Standalone budget for 2022, we highlighted the scenario of pressure on the EBITDA margin due to the acceleration in the pace of store openings. However, the **higher-than-expected share of Digital sales was also a major offender, given that this channel has healthy margin levels, but lower than the physical channel margin.** Additionally, the greater share of Food within the product mix contributes to the pressure on profitability. Finally, it is worth mentioning that the year marked the beginning of the integration process of the 4 acquisitions - adding differentiated and complementary skills - and which will be fundamental for Petz Ecosystem, but which still have different levels of profitability and/or stages of maturation when compared to the Company's core business.

Under the same context, when analyzing Petz Group performance, margins were impacted by a **below then expected performance of the acquired companies, mainly Zee.Dog**, explained by: (i) macro factors impacting demand in Brazil and abroad; (ii) slower-than-expected synergy capture curve; and (iii) investments in new products/projects/growth avenues. On this last point, we highlight the **launch of Zee.Dog Kitchen (ZDK)** - Zee.Dog's natural pet food vertical - and the **structuring of a production line for slim dog pads** at the Petix factory. Both projects demand initial investments - currently seen as optionalities - which can result in relevant initiatives to generate value in the medium/long term.

The productivity agendas and the search for efficiency gains are part of the Company's culture, always guided by data-driven decisions and constant mapping of opportunities. Therefore, it is important to highlight that, despite all the challenges in the macro scenario, **we continued with healthy levels of profitability, which allowed us to deliver robust growth without making structural adjustments to Petz's strategy.**

2023: focus on profitability and cash generation agenda to continue sustainable growth, maintaining the level of competitiveness and investments in the main projects of the Ecosystem construction process

Petz Group strategy seeks the best balance between Growth, Profitability and Innovation. Thus, continuing the structured agenda for 2022, the **focus and discipline of the management in 2023 will be on keeping profitability levels minimally stable for Petz Standalone and improving the Group's cash generation profile.** These initiatives will allow us to continue growing sustainably over the years, maintaining the level of competitiveness and investments in the main Ecosystem construction projects, with efficiency and governance in the capital allocation process, mainly in relation to capex and working capital.

In this sense, the goal is to continue expanding the leadership position in the segment, through **investments in the Omnichannel platform, added to the creation of new competitive differentials**, such as: (i) the implementation of new functionalities in the sales channels to increase the engagement level - and share of wallet - of customers; (ii) launch of a new loyalty program within a 100% integrated SuperApp; (iii) new store formats; (iv) execution of a new pipeline of exclusive brands, which already includes the launch of the exclusive brand “Spike” in the accessories category in January; and (v) the development of new SKUs in Zee.Dog Kitchen and Petix. Initiatives like these seek to leverage the skills we currently have, structuring a **unique value proposition for our customers and their pets**.

For 2023, the Profitability agenda is structured based on the following pillars: (i) improve Petz's Digital margin; (ii) seek new efficiency levers in the expansion and stores operation; (iii) increase productivity in veterinary and grooming services; and (iv) accelerate the curve for synergies capture in the integration process of acquired companies.

Since the end of 2022, we have been implementing initiatives to improve the Digital margin, which seeks to continue the process of reducing the profitability gap vs. the physical channel. As an example, we mention the reduction in the Pick-up discount, the adjustments in the free shipping policy (increase in the minimum purchase amount) and the implementation of the service fee (in line with the practice of other super express delivery apps in the local and international market). We were pioneers in the implementation of the service fee in the Pet segment in Brazil and we are continuously monitoring the results through tests and control groups in all regions, always taking into account the competitive dynamics in each of the markets where we operate.

It is worth noting that the balance, so far, is of building value and above our expectations. However, it is important to mention that these are recent movements and that require a longer period of data analysis on customer buying behavior, in order to have a more structural and quantitative view of these levers. As market leaders also in the Digital channel, **we believe in the importance of leading initiatives like these in favor of greater rationality and better profitability in the segment**. In this sense, over the last few weeks, we have **already observed adjustments in commercial initiatives such as the free shipping policy and the reduction of cumulative discounts by our main competitors**, which corroborates our view of being a structural movement of the Pet segment, considering the relevance that Digital gained for companies.

Another front is the **search for new efficiency levers in the expansion process and stores operation**. As previously mentioned, we are working with a range of 30-40 openings in 2023, in line with the expectation shared in the IPO in September 2020. Furthermore, **based on a solid execution model and well-structured governance**, we are constantly attentive to the several input variables for our store format. With an experienced team and a very robust data amount, the focus is on finding alternatives that maximize productivity and efficiency in capital allocation, without changing the value proposition/experience for customers. In this sense, we have been able to reduce the average store area, working on the assortment and mix, while constantly revisiting assumptions regarding capex, average store headcount, occupancy cost and other expenses.

On the **services** side, our focus remains on bringing productivity improvements (capacity utilization) and greater cost efficiency across all business units of the new Vice Presidency. With a team structure made up of professionals with a business background, process structuring and technology, operational synergies and relevant cross-sell opportunities are expected, in addition to a simpler and more fluid journey for tutors and their pets, always aiming at health and animal welfare.

In this sense, in February 2023, **some units of veterinary and grooming services were temporarily deactivated as a result of studies to resize the current network**. The decision represents the first movement of this new strategic agenda, which, **in addition to seeking better levels of profitability and operational focus, also aims to structure the necessary foundations for the launch of a pet insurance pilot throughout 1H23**.

Finally, we reinforce our commitment to accelerate the synergy capture curve in the process of integrating the acquired companies. Regarding Zee.Dog, the focus continues on Zee.Now systems (Super Express Delivery App) that will allow (i)

current hubs to take advantage of all the robustness of Petz's operational, commercial and supply structure, in addition to integrate the growth and data analytics part of CRM; and (ii) the possibility of adding Zee.Now's value proposition to Petz stores. On the first topic - the Zee.Now hubs operating as a Petz store - it is worth mentioning that **we successfully implemented pilots at the ABC hub in São Paulo and the Méier hub in Rio de Janeiro** in early 2023. The expectation is that by the middle of 1H23 all hubs will already be included in this same model. This initiative is **a fundamental step in the roadmap for the implementation of Zee.Now hubs integrated with Petz stores, which should be piloted throughout the second half of 2023.**

Regarding the synergy levers, it is also worth noting that the Petix slim dog pad machine is already in the operational roll-out phase, with the launch of the Super Secção line of slim dog pads, which increases the brand's addressable market in Brazil. Thus, we expect to start capturing cost synergy gains and greater working capital efficiency with the production of Zee.Dog's slim pad ("Zee.Pad") - currently the brand's best-selling SKU - during the second semester.

About working capital dynamics, we expect an **improvement in inventory levels throughout the year**, mainly due to (i) better negotiation terms with suppliers; (ii) greater efficiency in the flow of imports and increased sell out; and (iii) a more normalized scenario in the national and global supply chain. In addition, it is worth highlighting the **gain in tax efficiency of the cash cycle with the Hidrolândia-GO DC**, still in the ramp-up process after being inaugurated during the second half of 2022 (significant reduction in the accumulation of tax credits).

It is important to mention that, regarding the Company's capital structure, we are always evaluating the most efficient options to finance our investment plans. Despite a net cash position at the end of 4Q22, on January 16, 2023, we announced plans to issue a debenture in the amount of R\$400 million, in order to secure funds for the coming years of growth at very attractive conditions. Despite the transaction not being carried out due to the turbulence in the local credit market, we are **making concrete progress on alternatives that continue to reflect commercial conditions and debt cost close to those previously announced (i.e. CDI + 1.55% p.a. with the term of 5 years).**

In this context, we take this opportunity to announce the implementation of a **new organizational structure**, which seeks to leverage the expertise and background of all Vice Presidents and Executive Directors and further **increase the level of cohesion and integration among all business units of Petz Group**. In summary, the main changes are: (i) PMO & Integration of the acquired companies will now report to the VP of Services, Massanori Shibata; (ii) Trade and Commercial become part of VP of Retail and Commercial, led by Rodrigo Cruz; and (iii) Marketing, Petz Innovation Studios (PIS) and Alô Petz (customer service structure) now report to the VP of Digital and Innovation, Marcelo Maia.

We have a dedicated agenda of corporate sustainability for 2023. We started studies on the impact of our business and **initiated our climate management strategy by collecting data to build and report the Company's first Greenhouse Gas Inventory (GHG) , as well as our first Sustainability Report.** These actions are fundamental for the Company's evolution and later for the publication of public sustainable goals and mitigation indicators. Our ESG activities are based on our mission to enhance the relationship between pets and their families, creating value for our business, society and the planet. In this context, we operate mainly through Adote Petz, focusing on initiatives in favor of animal welfare, in addition to products with a cause. Currently, we have spaces dedicated to animal adoptions in our stores, also supporting more than 130 NGOs and carrying out several social projects.

In this context, it is worth mentioning the actions carried out recently on the north coast of SP as a result of the rains. After the tragedy in the region, Petz sent a team of Seres veterinarians equipped with hospital supplies to care for the impacted pets and, in more complex cases, we also offered our hospitals for care and a vaccination campaign to control zoonoses (especially leptospirosis). In addition, Adote Petz, through Editora MOL, made a financial donation to the NGO GRAD (Group for the Rescue of Animals in Disasters) equivalent to almost 4 tons of feed (about 50,000 meals for pets), in addition to promoting adoption event for abandoned animals in the region. Our stores located on the coast of São Paulo (in Guarujá and Caraguatatuba) continue to act as collection points for collecting donations of food, water, clothing and hygiene and cleaning products. Through initiatives like these, we reinforce our commitment to animal welfare.

We remain confident in our work and thank our stakeholders for the partnership and trust placed over the last year. Our objective is to be able to repay them with focus on the operation, solid results and maximum satisfaction of our clients throughout 2023. **We know that the scenario still presents high levels of uncertainty and volatility, but we believe we have the necessary skills and tools to continue executing our strategy efficiently - seeking the best balance between growth, profitability and innovation, so that we can continue to be the major consolidator of this segment in Brazil.**

Sergio Zimmerman

Results 4Q22

Petz Standalone

Petz Standalone Gross Revenue showed a **solid growth of 22.0% y/y in 4Q22**, explained by another **expressive performance of Digital**, which totaled revenues of R\$305.7 million in the quarter, +42.5% y/y - performance already under a strong comparison base in 4Q21 (+57.1% y/y). Thus, Digital reached a record penetration level of 36.1% in the Company's revenue (+5.2 p.p. y/y, but in line with 3Q22). This result reflects (i) **excellence and consistency in terms of service**; (ii) **improvements in navigability and shopping experience for our customers**; (iii) **a vast and complete assortment**; (iv) **efficient management of product breakage rates**; and (v) **competitive commercial conditions**. Finally, it is also worth mentioning that the **advance of Digital was benefited by the geographic expansion of the store network outside São Paulo state, considering that in these areas the penetration of digital channels is greater, in addition to the growth in the number of new customers**.

Petz Standalone gross margin was 39.5% in 4Q22, a pressure of -1.6 p.p. y/y (already considering the recurring effect in 4Q21 of the tax refund process related to CAT-42). This result is mainly explained by (i) **the increase in Digital Penetration**; (ii) **growth in the Food category within the product mix**, which has attractive profitability, but slightly lower than Non-Food products; and (iii) **the ramp-up of the use of the Hidrolândia-GO DC**, with a potential reduction in the accumulation of ICMS credits in São Paulo due to the lack of tax substitution in the State of Goiás, with a positive impact on Petz's working capital management (more details on page 16). It is worth mentioning that Petz's **capacity to pass on prices to the final consumer** helped to partially mitigate these effects.

Petz Standalone Adjusted EBITDA grew by 12.3% y/y in the quarter. Adjusted EBITDA margin in the quarter represented 8.7% of Petz "Standalone" Gross Revenue, a decrease of 0.7 p.p. vs. 4Q21, reflecting the pressure on gross margin and the acceleration in the store opening process - and the maturation curve of new units; partially offset by efficiency initiatives in performance marketing, shipping and payment methods.

Acquisitions

In 4Q22, Gross Revenue from Acquisitions was R\$102.0 million, a slight decrease vs. the same period of the previous year (-1.7% y/y). This performance reflects a decrease of -3.1% y/y in Zee.Dog's revenues, explained by a strong comparison base in 4Q21 in the International business unit, since the year 2022 was impacted by conjunctural effects such as the macroeconomic effect of global inflation, which mainly affects discretionary categories, thus reducing the sell out of accessories. Meanwhile, Petix presented Gross Revenue in line with 4Q21 (+0.9% y/y), which is basically explained by **ticket growth, given the increase in product prices in October 2022**.

EBITDA from Acquisitions was -R\$4.5 million. In this sense, Zee.Dog was responsible for -R\$4.8 million, reflecting the (i) **ramp-up curve of Zee.Dog Kitchen**, a product launched in May 2022; (ii) **Zee.Dog Internacional's operational deleveraging** - as previously mentioned; partially offset by the **synergy capture from the integration with Petz, mainly in the Zee.Now vertical**. Regarding Petix, EBITDA in 4Q22 amounted to R\$0.3 million, a result of the challenging scenario in the international price of commodities, with emphasis on cellulose, one of the main inputs for the manufacture of pet pads. Due to the increase in prices for customers at the beginning of 4Q22, there was an advance purchase movement by customers in September, and consequently, operational deleveraging in the period.

Petz Group Income Statement

Petz Group	4Q22	4Q21 ²	Change	2022	2021	Change
R\$ thousands, unless otherwise stated						
Gross Revenue from Products and Services	934,820	694,447	34.6%	3,366,845	2,471,532	36.2%
Taxes and other Deductions	(146,798)	(102,219)	43.6%	(532,311)	(374,006)	42.3%
Net Revenue from Products and Services	788,022	592,228	33.1%	2,834,534	2,097,526	35.1%
Cost of Goods Sold and Services Rendered	(422,287)	(306,546)	37.8%	(1,481,689)	(1,084,659)	36.6%
Gross Profit	365,735	285,682	28.0%	1,352,845	1,012,867	33.6%
Operating Revenue (Expenses)	(296,552)	(220,130)	34.7%	(1,093,379)	(771,226)	41.8%
Selling	(212,781)	(163,910)	29.8%	(787,480)	(578,514)	36.1%
General & Administrative	(77,789)	(50,563)	53.8%	(281,249)	(174,466)	61.2%
Other Operating Income (expenses), net	(5,982)	(5,657)	5.7%	(24,650)	(18,246)	35.1%
Adjusted EBITDA	69,183	65,552	5.5%	259,466	241,641	7.4%
Non-Recurring Results	(6,210)	(12,417)	(50.0%)	(15,646)	(11,521)	35.8%
Stock Option Plan ³	(3,070)	(7,816)	(60.7%)	(26,819)	(13,102)	104.7%
Write-off of Fixed Assets	-	(20)		(235)	(863)	(72.8%)
Depreciation & Amortization	(37,318)	(24,029)	55.3%	(127,101)	(85,447)	48.7%
Operating Profit before Financial Income	22,585	21,270	6.2%	89,665	130,708	(31.4%)
Financial Results	13,022	1,193	991.5%	22,317	(10,731)	n/a
Financial Income	24,284	8,462	187.0%	64,333	16,874	281.3%
Financial Expenses	(11,262)	(7,269)	54.9%	(42,016)	(27,605)	52.2%
Earnings before Income Tax and Social Contribution	35,607	22,463	58.5%	111,982	119,977	(6.7%)
Income Tax and Social Contribution	(11,869)	1,107	n/a	(36,694)	(28,364)	29.4%
SOP, M&A, Non-Recurring and tax effects	1,161	13,354	(91.3%)	34,162	16,251	110.2%
Adjusted Net Income	24,899	36,924	(32.6%)	109,450	107,864	1.5%

Petz Standalone Income Statement

Petz Standalone	4Q22	4Q21 ⁴	Change	2022	2021	Change
R\$ thousand, unless otherwise indicated						
Gross Revenue from Products and Services	846,973	694,447	22.0%	3,084,986	2,471,532	24.8%
Taxes and other Deductions	(123,080)	(102,219)	20.4%	(468,864)	(374,006)	25.4%
Net Revenue from Products and Services	723,894	592,228	22.2%	2,616,122	2,097,526	24.7%
Cost of Goods Sold and Services Rendered	(389,341)	(306,546)	27.0%	(1,370,961)	(1,084,659)	26.4%
Gross Profit	334,553	285,682	17.1%	1,245,161	1,012,867	22.9%
Operating Revenue (Expenses)	(260,912)	(220,130)	18.5%	(973,552)	(771,226)	26.2%
Selling	(195,928)	(163,910)	19.5%	(735,326)	(578,514)	27.1%
General & Administrative	(58,938)	(50,563)	16.6%	(213,281)	(174,466)	22.2%
Other Operating Income (expenses), net	(6,046)	(5,657)	6.9%	(24,945)	(18,246)	36.7%
Adjusted EBITDA	73,641	65,552	12.3%	271,610	241,641	12.4%

² Reflecting the CAT-42 tax refund process for the indicated period, as explained in the 4Q21 results.

³ Non-cash effect and accounted for from the moment the grants are distributed, taking into account the vesting period of each option. In this sense, it is worth mentioning that most of these expenses refer to the second stock option plan approved at the time of the IPO, and calculated based on the share price in July/August 2021.

Petz Store Network and Seres Veterinary Centers

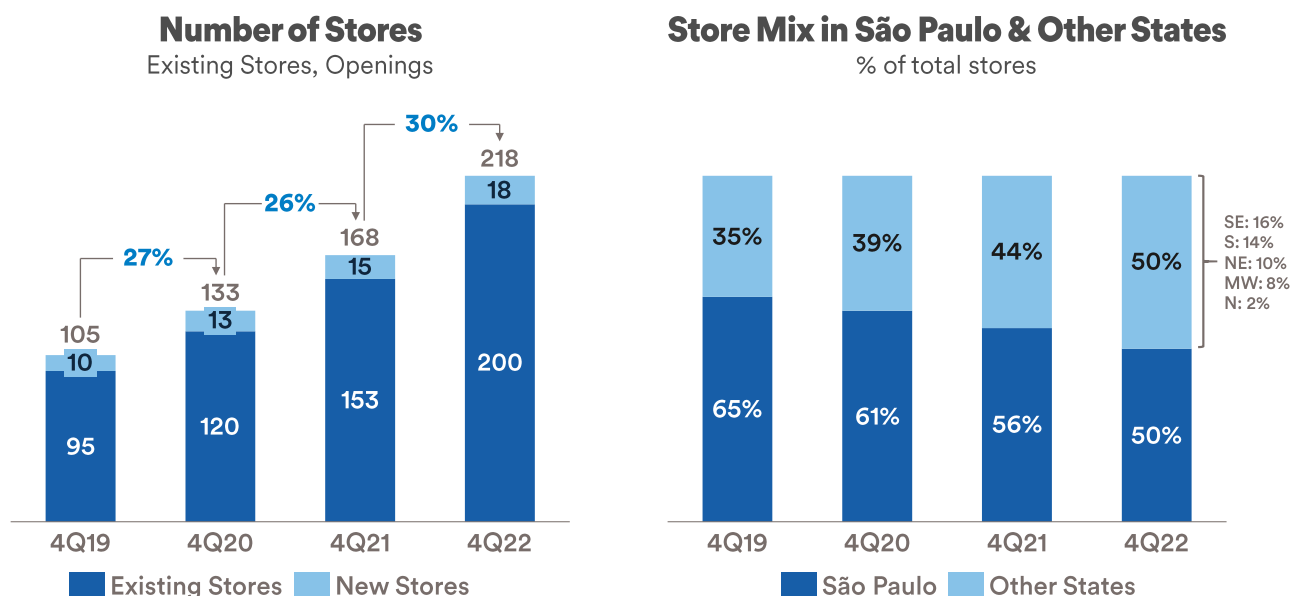
Throughout 4Q22, we opened 18 stores, a quarterly record, demonstrating the solid ability to execute the expansion plan. Of the opened stores, 12 are located outside the state of São Paulo (SP), and 3 of them marked our entry into new states: **Belém-PA, Porto Velho-RO and São Luís-MA**. As a result, for the first time in our history, **the number of units located outside the state of São Paulo was equal to the number of stores within SP at the end of 4Q22**, that reinforces the strategy of regional diversification throughout the national territory.

We ended 2022 **reaching the guidance of 50 openings**, a record in the Company's history, in 17 states. We ended 4Q22 with 218 stores in 23 states in the 5 regions of Brazil, strengthening our leadership position as the largest Pet platform in the country, not only in terms of revenue, but also in number of units and geographic coverage.

We highlight that around **53% of the stores have not yet completed their third year of operation (with 23% still in their first year)**, that is, they have not yet reached their full expected revenue and profitability potential. Given our accelerated pace of store openings in 2022 - which includes 31 openings in the second half of the year - it is expected that we will continue to have impacts, arising from the maturation process of these new units, on short-term results (more details on our store vintages on page 19).

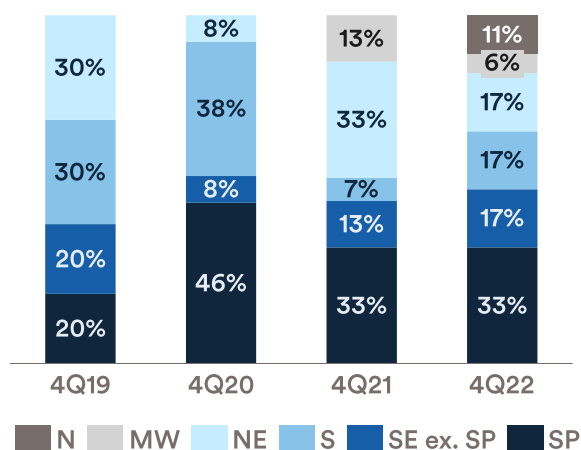
Regarding the expansion of the “Seres” brand, we ended the period with 155 Veterinary Centers, 17 of which are hospitals, which are present in 13 UFs. In 4Q22, 1 new hospital was opened in São Luís - MA.

Finally, as mentioned earlier in the release, **in February 2023, some veterinary and grooming services units were temporarily deactivated as a result of studies for resizing the current network**. The decision represents a first step in this new strategic agenda from the VP of Services, which **in addition to seeking better levels of profitability, also aims to structure the necessary foundations for the launch of a pet insurance pilot throughout 1H23**.



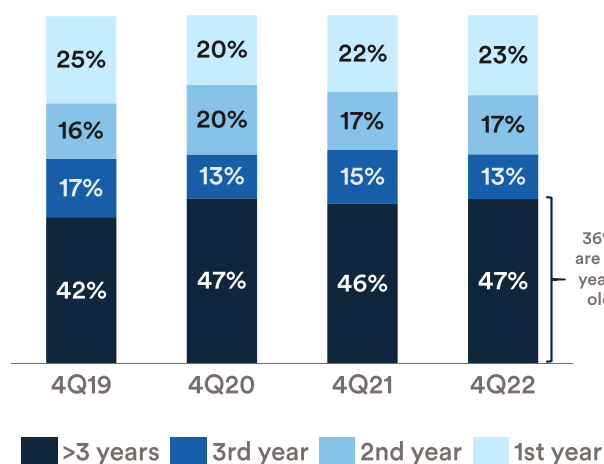
Mix of Stores Opening by Region

% of total stores



Distribution by Age

% of total stores



Total Gross Revenue

R\$ thousands, unless otherwise stated	4Q22	4Q21	Change	2022	2021	Change
Gross Revenue Petz Standalone⁴	846,973	694,447	22.0%	3,084,986	2,471,532	24.8%
Products	811,628	664,044	22.2%	2,948,026	2,358,289	25.0%
Physical Stores	505,961	449,543	12.6%	1,893,169	1,608,265	17.7%
Digital	305,667	214,501	42.5%	1,054,857	750,024	40.6%
Services & Others	35,345	30,403	16.3%	136,960	113,243	20.9%
Total Gross Revenue "Acquisitions"⁵	102,004	-	(1.7%)	317,466	-	8.9%
Intercompany ⁶	(14,158)	-	-	(35,608)	-	-
Total Gross Revenue Petz Group	934,819	694,447	34.6%	3,366,844	2,471,532	36.2%
Digital Petz Group⁷	354,305	214,501	65.2%	1,219,732	750,024	62.6%

The Petz Group's Gross Revenue includes sales (i) of **Petz Standalone**: products and services carried out in the Petz physical store network, and also sales of products originated by Petz digital channels, which consider Omnichannel sales (Pick-up and Ship from Store) and E-commerce (sales shipped directly to the customer from the distribution center); (ii) from **Zee.Dog**: sales of exclusive and third-party products on the Zee.Now App, exclusive products on Zee.Dog Brasil (B2B, physical retail and E-Commerce), on Zee.Dog Internacional (B2B and E-Commerce), in addition to Zee.Dog Kitchen, a natural pet food line by Zee.Dog (E-Commerce and physical retail); and (iii) **Petix**: sales of exclusive products in Brazil (B2B) and Internacional (B2B and E-Commerce).

⁴ Includes revenues from Cansei de Ser Gato and Cão Cidadão.

⁵ Includes revenues from Zee.Dog from January to December 2022 and from Petix from July to December 2022

⁶ Effect of sales of Petix and Zee.Dog products made from this to Petz, to supply Petz's physical stores and digital channels.

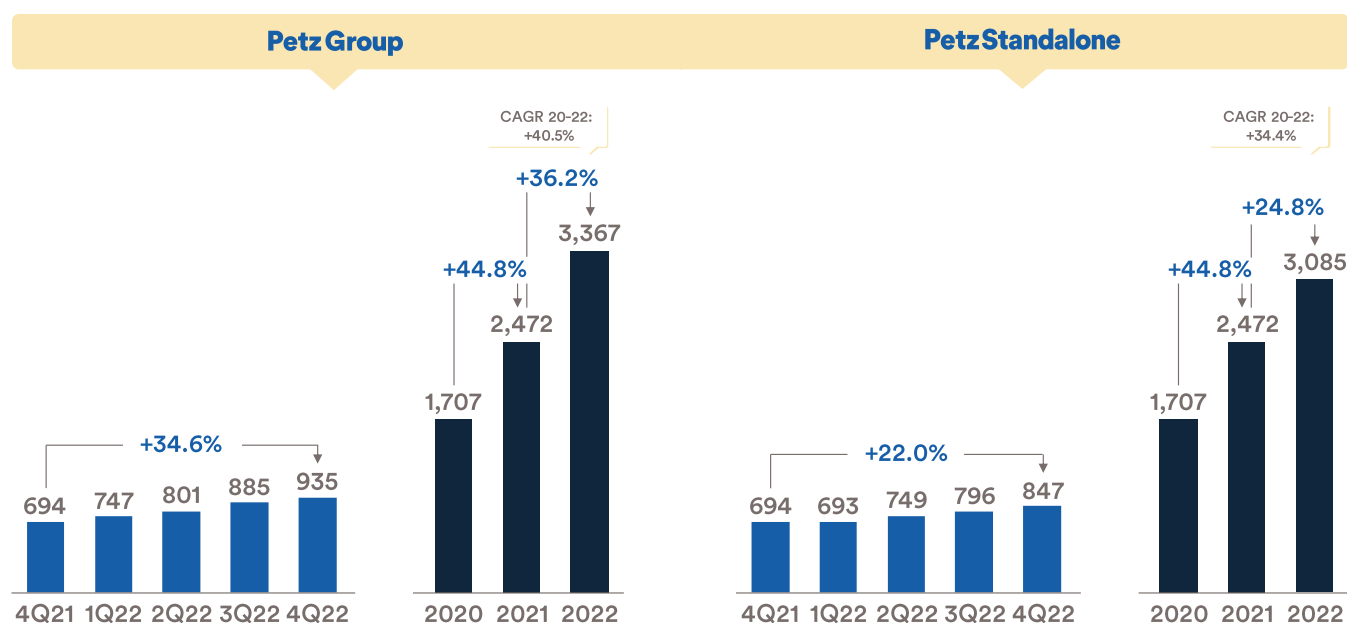
⁷ Considers all (i) sales originating on the Petz website and application, in addition to sales on partner marketplaces and super Apps; and (ii) sales of Zee.Now, E-Commerce Zee.Dog Brasil and E-Commerce Zee.Dog Internacional.

Petz Group Gross Revenue

In 4Q22, Petz Group Gross Revenue was R\$934.8 million, an increase of 34.6% when compared to the same period of the previous year. We ended 2022 with Total Gross Revenue of R\$3,366.8 million, a growth of 36.2% y/y - or an increase of approximately R\$900 million - and 3x bigger vs. 2019.

Gross Revenue

R\$ million



Petz Standalone Gross Revenue

In 4Q22, Petz Standalone Gross Revenue was R\$847.0 million, a solid growth of 22.0% y/y, vs. a comparison basis of +32.3% y/y in 4Q21.

Petz Standalone total sales in 4Q22 were driven by the products segment (+22.2% y/y), with emphasis again on the increase in Digital revenue, which grew 42.5% on a strong basis of comparison in 4Q21 (+57.1% y/y). Thus, Digital Penetration over Total Gross Revenue reached a record level of 36.1% (+5.2 p.p. vs. 4Q21, but in line vs. 3Q22), a result explained in the "Digital Performance" section.

In the Services and Others segment, we grew 16.3% y/y. This performance is explained by (i) pricing adjustments made throughout 2H22; (ii) the maturation of the network of hospitals and clinics; and (iii) the opening of new stores with service units.

We ended 2022 with Petz Standalone Gross Revenue of R\$3,085.0 million, an increase of 24.8% compared to the previous year, based on a strong comparison base of +44.8% in 2021.

Gross Revenue - Acquisitions

In 4Q22, Gross Revenue from Acquisitions was R\$102.0 million – a slight decrease vs. the same period of the previous year (-1.7% y/y) – a reflection of (i) Petix's performance, numbers that started to be consolidated from 3Q22; and (ii) the performance in the unit of Zee.Dog International, explained below.

Zee.Dog's Gross Revenue in 4Q22 amounted to R\$64.5 million, a decrease of 3.1% y/y, reflecting:

- **Zee.Now:** the robust result of this vertical (+21.6% y/y) continues to be driven by (i) the differentiated value proposition of the super express delivery App, with an average delivery time of 48 minutes, of which 97% within

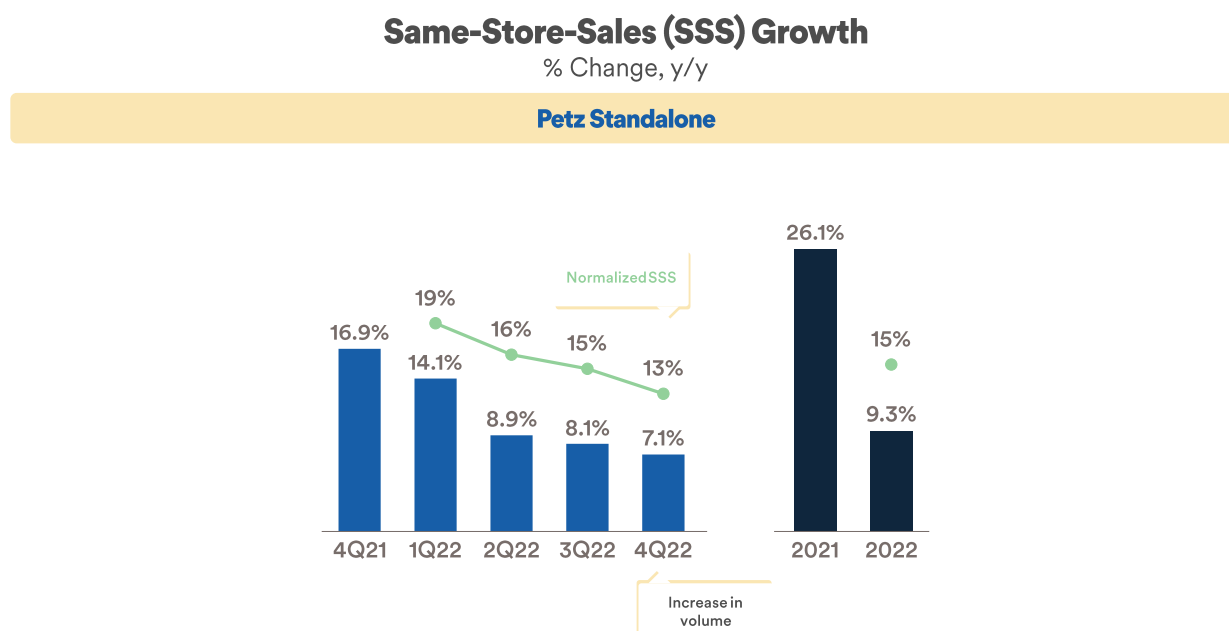
the promised time frame; (ii) hub maturation; and (iii) capture of synergies with Petz, mainly in relation to better disruption management. In this sense, it is also worth mentioning that Same-Hub-Sales was 20.5% y/y in 4Q22.

- **Zee.Dog Kitchen (ZDK):** the launch of ZDK, which took place during 2Q22, continues to perform in line with our expectations, mainly within the Petz channels. It is worth mentioning that the products are currently sold in all Petz stores and channels, in addition to the Zee.Dog website and the Zee.Now App.
- **Zee.Dog Brasil:** in line with the dynamics observed in Petz channel sales - in which tutors choose to postpone the purchase and replacement of discretionary items, such as accessories and toys - Zee.Dog Brasil's performance in general followed a challenging macroeconomic environment. On the other hand, we highlight the positive performance of this unit on Black Friday - a successful event held in advance in October.
- **Zee.Dog International:** as mentioned in the last 2 quarters, this unit's performance was impacted by conjunctural effects such as the macroeconomic environment of global inflation, which mainly affects discretionary categories, thus reducing the sell out of accessories.

In 2022, Zee.Dog's Gross Revenue grew by 12.8% y/y. It is important to mention that this y/y performance excludes one-off sales of private label products to a global partner (business line with low profitability). Disregarding this adjustment, Zee.Dog's Gross Revenue totaled R\$235.5 million, an increase of 7.8% y/y in 2022.

As of 3Q22, we also started consolidating the results of Petix, given that the transaction was concluded in July 2022. **In 4Q22, Petix's Gross Revenue was R\$37.5 million - in line with 4Q21 (+0.9% y/y) - explained by the ticket growth, given the increase in product prices in October 2022.** This transfer movement reflects an anticipation of purchases on September and demonstrates the responsibility of leadership in category in being pioneers in the movement of adequacy in the prices of the segment. Analyzing the 2H22, period in which we consolidate Petix numbers, **Gross Revenue was R\$81.9 million, an increase of 12.3% y/y.**

Petz Standalone Same-Store-Sales (SSS) Growth



Same-Store-Sales (SSS) Petz Standalone grew by 7.1% y/y in 4Q22, performance explained by: (i) solid comparison base (vs. +16.9% y/y in 4Q21); (ii) the cooling of internal inflation in the Pet segment, at the same time that we are seeing a slight increase in volume ("coupon") after two quarters; and (iii) accelerated pace of store openings in 2022. **It is worth mentioning that, excluding the stores that were impacted by the opening of new Petz units in the areas of influence and/or in the same city, the SSS was around 13% in 4Q22.**

It is important to mention that, despite a slight deceleration compared to the SSS of +8.1% in 3Q22, **we observed a sequential improvement m/m throughout 4Q22, with December presenting an SSS performance in line with the level reported in the previous quarter.**

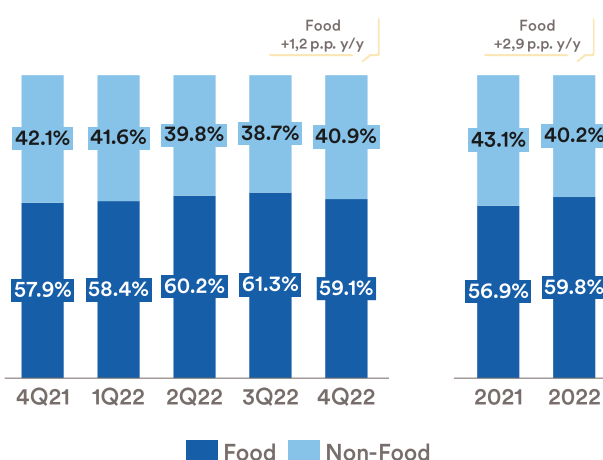
For the year 2022, the SSS was 9.3% (+26.1% in 2021), for the same reasons mentioned above. Performing the same normalization analysis by the effect of new stores and stores under renovation/temporarily closed, the SSS was around 15%.

Gross Revenue from Products

Gross Revenue from Products

% by category

Petz Standalone

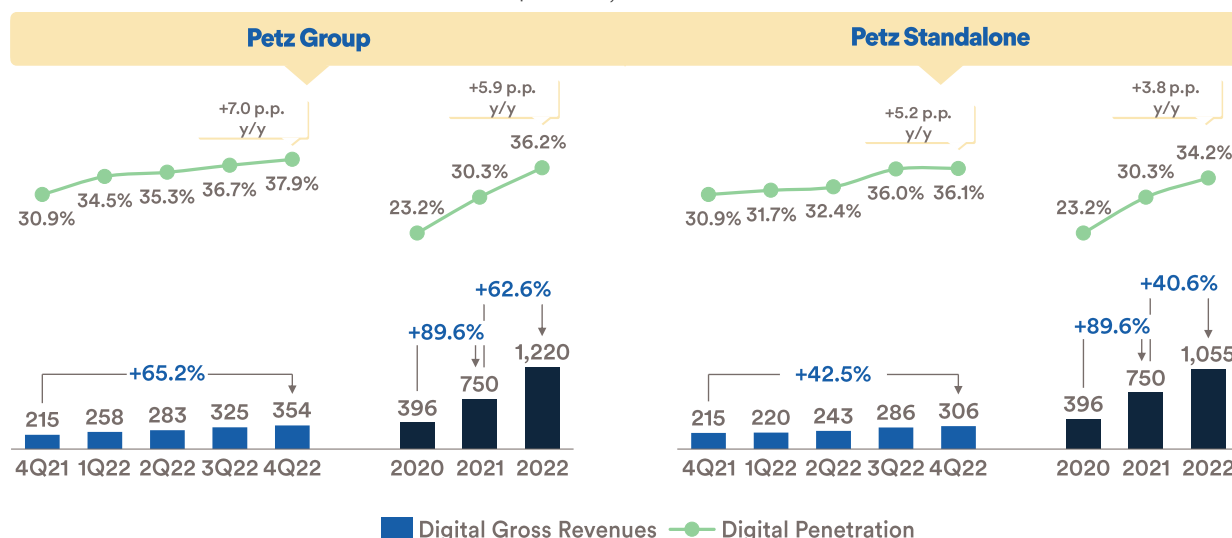


Gross Revenue from Petz Standalone Products in the Food category grew 25.0% when compared to the same period of the previous year, representing **59.1% of Petz Standalone products revenue in 4Q22, an increase of 1.2 p.p. compared to 4Q21**. This change in the product mix between Food and Non-Food is mainly a reflection of: (i) **the scenario of inflationary pressure**, given that the demand for Food is not very elastic, allowing a greater pass-through of prices to the final consumer vs. Non-Food; and (ii) **the greater penetration of Digital in the Company's sales, which structurally has a greater share of Food**. In 2022, Gross Revenue from Petz Standalone Products totaled R\$2,948.0 million, a growth of 25.0% y/y. In this context, the Food category accounted for 59.8% of Petz Standalone product sales in the period, an increase of 2.9 p.p. y/y.

Digital Performance

Digital Gross Revenue and Digital Penetration

R\$ million, % Gross Revenue



The Petz Standalone Digital continues to be the main highlight of the results. Revenues in this channel totaled R\$305.7 million in 4Q22, **an expressive growth of 42.5% y/y, a performance already under a strong comparison base in 4Q21 (+57.1% y/y)**. Thus, Digital reached another penetration record: **36.1% of Petz Standalone Gross Revenue, an increase of 5.2 p.p. y/y**. It is important to point out that despite a high level of Digital penetration in Petz Standalone Sales, a **stabilization of this index can be seen in the period vs. 3Q22**, reflecting seasonal aspects, but also **initiatives implemented to improve the profitability of this channel, such as: (i) reduction in the Pick-up discount, (ii) adjustments to the free shipping policy; and (iii) addition of the service fee.**

Overall, 4Q22 Digital's performance reflects (i) **excellence and consistency in the service level**, given that 94% of sales made through the Ship from Store modality are delivered within 1 business day (83% when we analyze all sales deliveries made through digital channels); (ii) **improvements in navigability and customers' shopping experience**, which reflect in record conversion/repurchase indicators, increasing the level of personalization through initiatives such as the "My Offers" program within the Petz App - a channel that already represents for around 70% of Digital revenues in December 2022, with +1 million monthly active users (MAU – Monthly Active Users); (iii) a **vast and complete assortment**, which positions the Company as the largest offer in the segment; (iv) **efficient management of product stockout rates**, which even in the face of disruption in the global supply/logistics chains, reached similar levels with pre-pandemic levels; and (v) **competitive commercial conditions**, such as the Subscription Program that already has almost 370 thousand subscribers (~45% y/y), representing 28% of Petz Standalone Total Gross Revenue in December 2022 (+5 p.p. y/y).

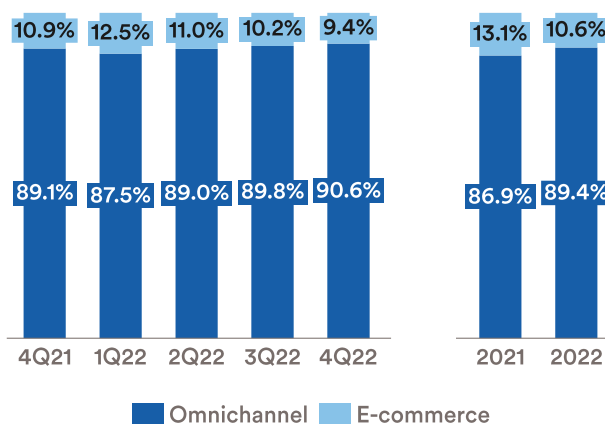
In the **year 2022**, Petz Standalone reached a historic milestone, with Digital revenue of **R\$1,054.9 million (+40.6% y/y)**, representing channel penetration of 34.2% of total revenue (+4 p.p. vs. 2021).

Considering Zee.Now, Zee.Dog Brasil's and Zee.Dog Internacional's E-Commerce sales, Grupo Petz's Digital Revenue totaled R\$354.3 million (+65.2% y/y) in 4Q22, representing channel penetration of 37.9% of Grupo Petz's Total Gross Revenue (+7.0 p.p. vs. 4Q21). **In 2022, Grupo Petz's Digital Revenue totaled R\$ 1,219.7 million, a growth of 62.6% y/y, ending with a penetration of 36.2% of Total Revenue (+5.9 p.p. a/a).**

Omnichannel Ratio and E-commerce Share

% Petz Standalone Digital Gross Revenue

Petz Standalone



In 4Q22, Petz Standalone Gross Revenue from the Omnichannel platform - which includes sales made through Pick-up and Ship from Store - grew 44.8% y/y, reaching a record Omnichannel Ratio of 90.6% (vs. 89.1% in 4Q21), a reference level in Brazilian and global retail. In 2022, the Omnichannel Index was 89.4% (+2.4p.p. y/y).

Gross Profit

The Petz Group's Gross Profit in 4Q22 totaled R\$365.7 million, an increase of +28.0% y/y. The gross margin was 39.1%, a pressure of -2.0 p.p. y/y. This result reflects the performance of Petz Standalone, as explained below, as well as the consolidation of Petix numbers in 4Q22 – this business model (factory, B2B) which presents a different profitability profile. In 2022, Petz Group's Gross Profit totaled R\$1,352.8 million, a growth of 33.6% y/y.

Petz Standalone gross margin was 39.5% in 4Q22, a pressure of -1.6 p.p. y/y, mainly explained by: (i) **increase in Digital Penetration**; (ii) **growth in the Food category within the product mix**, which has attractive profitability, but slightly lower than Non-Food products; and (iii) **the ramp-up of the use of the Hidrolândia-GO DC**, with a potential reduction in the accumulation of ICMS credits in São Paulo due to the lack of tax substitution in the State of Goiás, with a positive impact on Petz's working capital management.

It should be noted that, with the increasing use of the Hidrolândia/GO DC to supply some stores, we have a temporal (negative) effect of mismatch in the gross margin caused by the difference in ICMS recognition from CAT-42. Previously, the recognition happened when products were transferred from DCs in SP to stores outside SP.

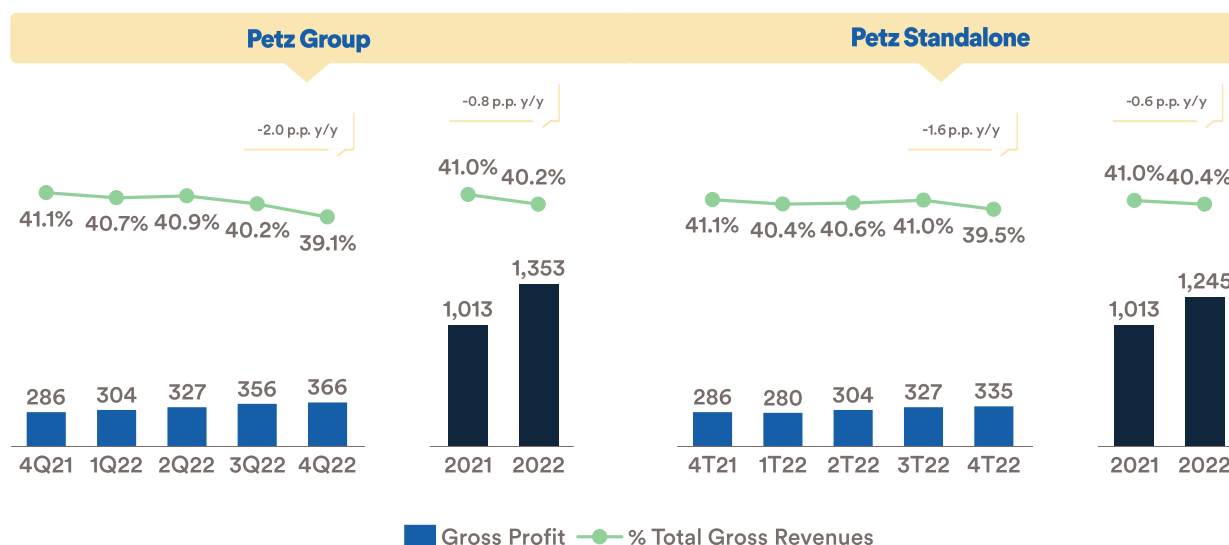
With the usage of Goiás, this effect occurs when the products from the stores supplied by Goiás are sold to the final consumer, which implies dependence on the average turnover of inventories at the store level to stabilize margins at levels equal to or greater than those practiced in distribution via DCs in São Paulo.

It is worth mentioning that (i) **Petz's capacity to pass on prices to the final consumer** and (ii) **the continuous work in search of opportunities and efficiency gains**, helped to partially mitigate these effects.

In 2022, Gross Profit of Petz "Standalone" was R\$1,245.2 million (+22.9% y/y), which represents a gross margin of 40.4%, a slight decrease of 0.6 p.p. a/a, given the same factors mentioned above.

Gross Profit

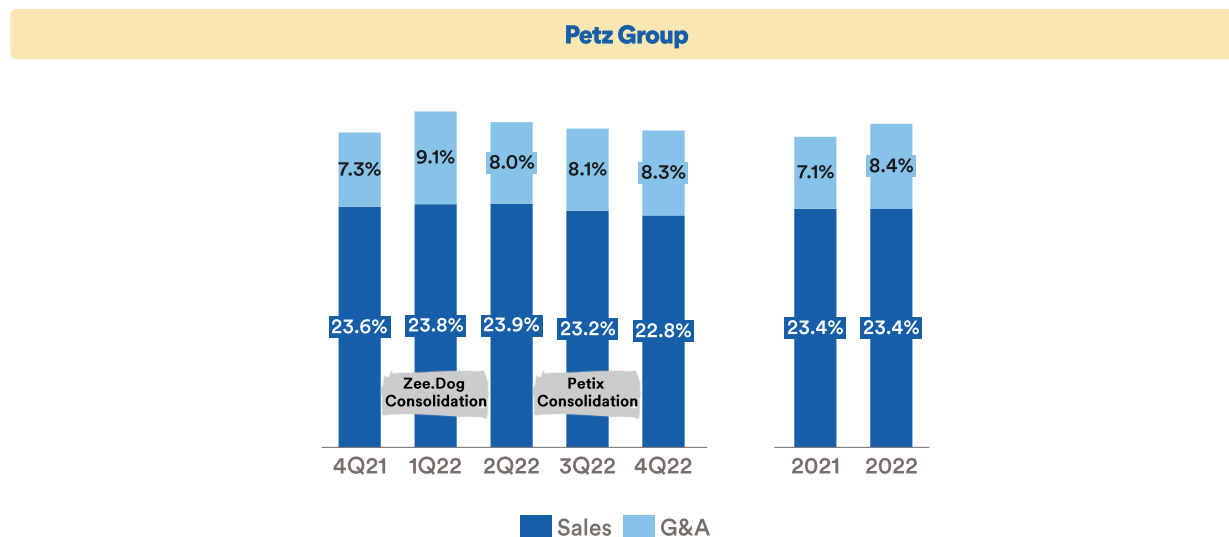
R\$ million, % Gross Revenue



Operating Expenses

Selling, General & Administrative Expenses (SG&A)

% Petz Group Gross Revenue



Petz Group Operating Expenses totaled R\$296.6 million in 4Q22 (+34.7% y/y), representing a level of 31.7% of Petz Group Gross Revenue (flat y/y), reflecting gains in efficiency in the Petz Standalone expense lines - explained below - which offset the effect of the consolidation of Zee.Dog and Petix in the 4Q22 results.

Petz Group Selling Expenses were R\$212.8 million in 4Q22, +29.8% above the same period last year, representing 22.8% of Total Gross Revenue (vs. 23.6% in 4Q21). This performance is a reflection of **efficiency gains at Petz Standalone** in the lines of (i) Digital variable expenses, especially in performance marketing and freight (last mile); and (ii) means of payment, with the implementation of the PIX in Petz's digital channels, which has been available since 2Q22, and (iii) efficiency initiatives in store personnel. These positive effects more than offset pressures related to (i) **acceleration in the stores opening and maturation of the current fleet**, taking into account that the store takes, on average, 6 months to reach breakeven (in 2022 we opened 50 stores, 31 of which openings only in 2H22); which is mainly reflected in (ii)

higher **rent expenses**; and (iii) **transport**, impacted by the **greater diversification of the store network** (in more distant areas of SP), **the logistics network** (new DCs in operation) and **higher fuel prices**.

The General & Administrative Expenses of Petz Group (G&A) totaled R\$77.8 million in 4Q22, +53.8% y/y, representing 8.3% of Grupo Petz's Total Gross Revenue (+1.0 p.p. y/y). This performance reflects (i) **the increase in expenses with rental of DCs**, given the inauguration of the centers in Mauá-SP (4Q21) and Hidrolândia-GO (2Q22), respectively; and (ii) **investments in personnel and IT for developing corporate initiatives** (technology/digital, as well as new projects for the Grupo Petz ecosystem, also focusing on services and human resources structures).

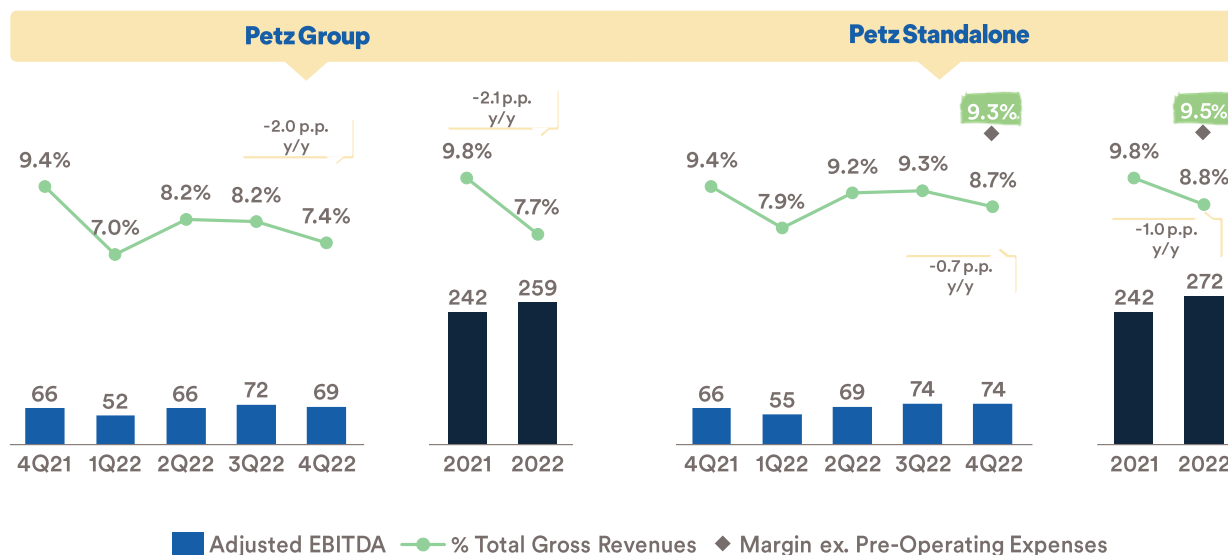
In 2022, **Operating Expenses** amounted to **R\$1,093.4 million**, an **increase of 41.8% y/y**, representing 32.5% of total revenue (+1.3 p.p. y/y).

Petz Group R\$ thousands, unless otherwise stated	4Q22	4Q21	Change	2022	2021	Change
Selling, General and Administrative Expenses (SG&A)	290,570	214,473	35.5%	1,068,729	752,980	41.9%
% Total Gross Revenue	31.1%	30.9%	0.2 p.p.	31.7%	30.5%	1.3 p.p.
Selling Expenses	212,781	163,910	29.8%	787,480	578,514	36.1%
% Total Gross Revenue	22.8%	23.6%	(0.8 p.p.)	23.4%	23.4%	0.0 p.p.
General & Administrative Expenses	77,789	50,563	53.8%	281,249	174,466	61.2%
% Total Gross Revenue	8.3%	7.3%	1.0 p.p.	8.4%	7.1%	1.3 p.p.
Others Operating Expenses	5,982	5,657	5.7%	24,650	18,246	35.1%
% Total Gross Revenue	0.6%	0.8%	(0.2 p.p.)	0.7%	0.7%	(0.0 p.p.)
Total Operating Expenses	296,552	220,130	34.7%	1,093,379	771,226	41.8%
% Total Gross Revenue	31.7%	31.7%	0.0 p.p.	32.5%	31.2%	1.3 p.p.

Adjusted EBITDA

Adjusted EBITDA

R\$ million, % Gross Revenue



\$ thousands, unless otherwise stated	4Q22			4Q21		
	Petz Group	Petz Standalone	Acquisitions ⁸	Petz Group	Petz Standalone	Acquisitions ⁸
Total Gross Revenue	934,820	846,973	102,004	694,447	694,447	-
Adjusted EBITDA	69,183	73,641	(4,458)	65,552	65,552	-
Adjusted EBITDA /Total Gross Revenues	7.4%	8.7%	(4.4%)	9.4%	9.4%	-

R\$ thousands, unless otherwise stated	2022			2021		
	Petz Group	Petz Standalone	Acquisitions ⁸	Petz Group	Petz Standalone	Acquisitions ⁸
Total Gross Revenue	3,366,845	3,084,986	317,466	2,471,532	2,471,532	-
Adjusted EBITDA	259,466	271,609	(12,143)	241,641	241,641	-
Adjusted EBITDA /Total Gross Revenues	7.7%	8.8%	(3.8%)	9.8%	9.8%	-

Petz Group Adjusted EBITDA was R\$69.2 million in 4Q22 (+5.5% y/y), representing 7.4% of Total Gross Revenue (-2.0p.p. y/y), explained below. In 2022, Petz Group Adjusted EBITDA was R\$259.5 million, which represents an Adjusted EBITDA margin of 7.7% (-2.1 p.p. y/y).

Petz Standalone Adjusted EBITDA was R\$73.6 million in 4Q22, an increase of 12.3% y/y. Adjusted EBITDA margin in the quarter represented 8.7% of Petz Standalone Gross Revenue, a decrease of 0.7 p.p. vs. 4Q21, reflecting mainly the pressure on gross margin and the acceleration in the store opening process - and the maturation curve of new units; partially offset by: (i) efficiency initiatives in performance marketing, freight and payment methods and (ii) lower compensation payment in 2022 vs. 2021 depending on the lowest percentage achievement of goals for the year.

In 2022, Petz Standalone Adjusted EBITDA was R\$271.6 million, a growth of 12.4% y/y, with a margin of 8.8% (-1.0 p.p. y/y), in line with expectations. It is worth mentioning that the harvest of stores continues to show a high adherence to the real returns obtained vs. to those initially foreseen the internal feasibility dossiers.

4-wall EBITDA (IAS 17)

% Gross Revenue

Petz Standalone

Vintage	# Stores	4-wall EBITDA (2022)
Up to 2018	80	18.9%
2019	26	18.8%
2020	28	16.2%
2021	37	14.0%
2022	50	9.4%*

4-wall EBITDA
+
Holding, pre-operating and storage expenses
=
Petz Standalone EBITDA

*2022 vintage: excluding the 18 stores opened in 4Q22 (7 in December alone), EBITDA 4-wall (IAS 17) would have been 10.3%

⁸ Includes Zee Dog's revenue from January to December 2022 and Petix from July to December 2022

4Q22 Zee.Dog's EBITDA was -R\$4.8 million, reflecting the (i) **ramp-up curve of Zee.Dog Kitchen (ZDK)**, a product launched in May 2022; and (ii) **operational deleveraging in Zee.Dog Internacional** - as previously mentioned; partially offset by the **capture of synergy from the integration with Petz, mainly in the Zee.Now vertical**.

In 2022, Zee.Dog's EBITDA was -R\$13.6 million. It is worth mentioning that **ZDK had a negative impact on EBITDA of -R\$5.7 million in 2022. This performance was a reflection of the initial investments made in the go-to-market strategy and the launch of new products**. The natural food category in Brazil is still little penetrated in Brazil, thus representing potential for Petz Group to be a protagonist in the segment with differentiated products, supported by (i) Zee.Dog's expertise in branding and storytelling; (ii) the capillarity of Petz's retail channels and know-how; and (iii) a team of professionals from the Seres Veterinary Center, as opinion makers towards the tutors. **Thus, disregarding ZDK's result, Zee.Dog's EBITDA would have been -R\$7.9 million in 2022.**

Regarding Petix, EBITDA in 4Q22 amounted to R\$0.3 million, a result of the challenging scenario in the international price of commodities, the main one being pulp (raw material for the production of carpets). Due to the increase in product prices for customers at the beginning of 4Q22, there was an anticipation of purchases in September, and consequently, operational deleveraging in the next period. In the year 2022, Petix's EBITDA was R\$1.4 million.

Petz Group R\$ thousands, unless otherwise stated	4Q22	4Q21	Change	2022	2021	Change
Adjusted Net Income	24,899	36,924	(32.6%)	109,450	107,864	1.5%
(+) Stock Option Plan (SOP) ⁹	(3,070)	(7,816)	(60.7%)	(26,819)	(13,102)	104.7%
(+) Non-Recurring Effects Adjusted on EBITDA	(6,210)	(12,417)	(50.0%)	(15,646)	(11,521)	35.8%
(+) Interest in accounts payable to selling shareholders	11,766	-	-	4,445	-	-
(+) Tax effects	(3,647)	6,879	n/a	3,858	8,372	(53.9%)
Net Income	23,738	23,570	0.7%	75,288	91,613	(17.8%)
(-) Income Tax & Social Contribution	11,869	(1,107)	n/a	36,694	28,364	29.4%
(-) Depreciation & Amortization	37,318	24,029	55.3%	127,101	85,447	48.7%
(-) Financial Results	(13,022)	(1,193)	991.5%	(22,317)	10,731	n/a
EBITDA	59,903	45,299	32.2%	216,766	216,155	0.3%
(-) Stock Option Plan (SOP) ⁹	3,070	7,816	(60.7%)	26,819	13,102	104.7%
(-) Write-off of PP&E	-	20	n/a	235	863	(72.8%)
(-) Non-recurring results	6,210	12,417	(50.0%)	15,646	11,521	35.8%
(-) Non-recurring income	-	(2,220)	n/a	-	(9,668)	-
(-) Non-recurring expenses	6,210	14,637	(57.6%)	15,646	21,189	(26.2%)
Adjusted EBITDA	69,183	65,552	5.5%	259,466	241,641	7.4%
<i>Adjusted EBITDA / Total Gross Revenues</i>	<i>7.4%</i>	<i>9.4%</i>	<i>(2.0 p.p)</i>	<i>7.7%</i>	<i>9.8%</i>	<i>(2.1 p.p)</i>

In 4Q22, Petz Group Non-Recurring Result, which totaled R\$6.2 million, mainly refers to expenses related to (i) recognition (non-cash) of the annual installment referring to the earnout of the Zee.Dog transaction; (ii) expenses with integration of acquired companies; and (iii) legal advisors for the Petix transaction. In addition, it is worth noting that in 4Q22 the Stock Option Plan line contains the full effect of canceling options, recognized from the moment the grant is distributed, referring to executive beneficiaries of the plan who left the Company during 2022.

In 2022, in addition to the effects mentioned above, we had expenses related to the hiring of strategic consultants, including remuneration based on success fee for an operational efficiency project (savings obtained throughout 2022); and closing of the Petix transaction.

⁹ Non-cash effect and accounted for from the moment the grants are distributed, taking into account the vesting period of each option. In this sense, it is worth mentioning that most of these expenses refer to the second stock option plan approved at the time of the IPO, and calculated based on the share price in July/August 2021.

Depreciation and Amortization, Financial Result and I Income Tax/Social Contribution

Depreciation & Amortization expenses in 4Q22 totaled R\$37.3 million, which represents an increase of 55.3% y/y. **The evolution is explained by the relevant investments made by the Company in recent years**, mainly in (i) the expansion of the Petz Standalone store chain, most of which have been operating for less than three years; and (ii) in the Digital channel, with the aim of improving our customers' navigability and shopping experience, seeking more efficiency through intelligent pricing systems and reinforcing/modernizing the IT infrastructure, ensuring scalability.

The Financial Result in 4Q22 totaled R\$13.0 million, compared to R\$1.2 million recorded in 4Q21, explained by higher financial income. It is worth noting that in 4Q22 (i) Financial Income, which totaled R\$24.3 million, included R\$14.2 million related to the adjustment to fair value of the installments based on Petz's share price in the context of the acquisition of Cão Cidadão, due to the devaluation of the shares in the period in question since the closing of the transaction; and (ii) Financial Expenses, which totaled R\$11.3 million, included R\$2.4 million related to the correction of amounts to be paid in the future to the shareholders of the acquired companies.

Expenses with Income Tax and Social Contribution totaled R\$11.9 million in 4Q22 vs. -R\$1.1 million in the same period of the previous year. Taking into account the effects detailed in the following section, as well as the Lei do Bem and the payment of interest on equity, the effective rate was 24.8% in 4Q22.

Depreciation & Amortization expenses in 2022 totaled R\$127.1 million, which represents an increase of 48.7% y/y, a result explained by the effects mentioned above.

In 2022, the Financial Result was R\$22.3 million, compared to -R\$10.7 million recorded in 2021, explained by the inflow of follow-on funds at the end of 2021 and the increase in interest rates between the analyzed periods, resulting in higher income from financial investments, partially offset by the correction of amounts to be paid in the future to the shareholders of the acquired companies, in the amount of R\$9.8 million in 2022.

Expenses with Income Tax and Social Contribution totaled R\$36.7 million in 2022 vs. R\$28.4 million in the same period of the previous year, representing effective rates (taking into account the effects detailed in the next section) of 27.0% and 25.4%, respectively, impacted by the effects explained above.

Adjusted Net Income

Petz Group Adjusted Net Income in 4Q22 totaled R\$24.9 million, down 32.6% y/y, reflecting (i) operating income and growth in Depreciation & Amortization, as explained in the previous sections; (ii) consolidation of acquisitions, mainly the negative result of Zee.Dog; (iii) lower JCP tax benefit, given that the amount deliberated was R\$10.0 million in 4Q21 vs. R\$5.0 million in 4Q22; and (iv) Lei do Bem, given that in 4Q21 the benefit was R\$5.3 million vs. R\$1.6 million in 4Q22.

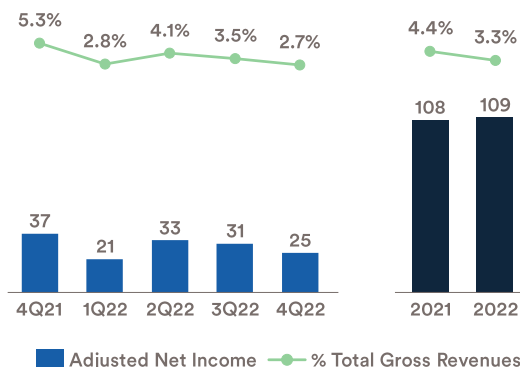
The adjustments made to Net Income were the exclusion of: (i) financial expenses / interest on amounts to be paid in the future to shareholders of acquired companies (non-cash); (ii) Stock Option plan expenses (non-cash); (iii) non-recurring expenses, already explained in the Adjusted EBITDA section and which now also include the recognition of the annual (non-cash) portion of the earn-out of Zee.Dog's founding partners; and (iv) financial income related to the fair value adjustment of the installments based on Petz's share price in the context of the acquisition of Cão Cidadão (explained in the previous section). It is important to mention that for the calculation of these adjustments, the exclusion of the effects on IR/CS is carried out considering the rate of 34%. The effective IR/CS rate also considers the 34% effect on the subsidiaries' EBT.

In 2022, Adjusted Net Income, considering the same adjustments detailed above, was R\$109.5 million, in line with 2021.

Adjusted Net Income

R\$ million, % Gross Revenue

Petz Group



Adjusted Cash Flow¹⁰

Operating Cash Flow in 4Q22 generated R\$75.9 million vs. R\$7.3 million in the same period of the previous year, highlighting (i) the **stabilization of the tactical reinforcement of inventories**, a strategic movement carried out throughout 2H21/1H22 due to the scenario of disruption in the supply chains, thus preventing disruption of products and ensuring superior availability than the competition; and (ii) the gradual **normalization of imported inventories** - which have accumulated since 4Q21 due to challenges in the global supply chain and sales below expectations of discretionary/accessories categories. Both movements offset the openings of new stores (18 openings in 4Q22 vs. 15 in 4Q21), with emphasis on the increase in stores further away from São Paulo, which implies a higher volume of goods in transit.

It is also worth mentioning the inauguration of the Mauá-SP (4Q21) and Hidrolândia-GO (2Q22) DCs, the latter with potential for tax efficiency (less exposure to the tax substitution regime and, consequently, better operating cash flow due to the significant reduction in accumulation of ICMS credits). In terms of Accounts Receivable, the result reflects the higher share of credit sales, partially offset by the entry of PIX in Petz's digital channels in 2Q22.

In terms of Net Cash Flow, the Company consumed R\$77.0 million in 4Q22 vs. generation of R\$528.8 million in the same period of the previous year, mainly explained by the consumption of Cash Flow from Financing in 4Q22 vs. cash inflow from follow-on funds in 4Q21; partially offset by (i) higher generation of Operating Cash Flow in 4Q22, explained above; and (ii) lower Investments in 4Q22 (R\$123.9 million vs. R\$167.6 million in 2021).

In 2022, the Company consumed R\$488.3 million, compared to a generation of R\$229.9 million in 2021, a comparison primarily explained by the inflow of follow-on funds in 4Q21. In addition, it is worth highlighting that in 2022 we had (i) lower generation of Operating Cash Flow; (ii) higher year-over-year investment cash flows (including the acquisition of Petix and other projects from the acquired companies); partially offset by lower loan payments (R\$130.8 million in 2022 vs. R\$274.0 million in 2021).

We also emphasize that the Company does not carry out so-called “forfait” operations (also known as “withdrawal risk” or “supplier financing transactions”).

¹⁰ The Company understands that, in order to better represent its Cash Flow, the effects of the capital structure on the Operating Cash Flow should be disregarded, in addition to using the theoretical IR rate (34%) on EBIT. For the Financing Cash Flow, one must consider the effects of the capital structure, in addition to the IR on the Financial Result.

Petz Group R\$ thousands, unless otherwise stated	4Q22	4Q21	Change	2022	2021	Change
Adjusted EBITDA	69,183	65,552	5.5%	259,466	241,641	7.4%
Non-recurring Result	(6,210)	148	n/a	(15,646)	(11,521)	35.8%
Income Tax (34% x EBIT)	(7,679)	(7,232)	6.2%	(30,486)	(44,441)	(31.4%)
Assets	55,294	58,468	(5.4%)	213,334	185,679	14.9%
Accounts Receivables	(5,838)	(22,231)	(73.7%)	(65,716)	(73,030)	(10.0%)
Inventory	(7,003)	(48,701)	(85.6%)	(81,231)	(125,114)	(35.1%)
Suppliers	55,084	39,432	39.7%	27,849	89,470	(68.9%)
Other Assets/Liabilities	(21,590)	(19,649)	9.9%	(57,620)	(17,379)	231.6%
Cash Flow from Operating Activities	75,947	7,320	937.6%	36,616	59,626	(38.6%)
Cash Flow from Investing Activities	(123,854)	(167,581)	(26.1%)	(411,071)	(344,841)	19.2%
Cash Flow from Financing Activities	(29,075)	684,565	n/a	(128,471)	482,945	n/a
Borrowings and Financing	8,409	-	-	8,409	-	-
Repayment of borrowings and financing	(24,009)	(72,010)	(66.7%)	(130,798)	(274,038)	(52.3%)
Capital increase	56	779,068	-	1,205	800,859	(99.8%)
Dividends	(11,131)	-	-	(18,116)	(13,872)	30.6%
Others	(2,400)	(22,493)	(89.3%)	10,829	(30,004)	n/a
Free Cash Flow Generation	(76,982)	524,304	n/a	(502,926)	197,730	n/a
Financial applications	(20)	4,522	n/a	14,665	32,185	(54.4%)
Free Cash Flow, Net	(77,002)	528,826	n/a	(488,261)	229,915	n/a

Debt

The Company ended 4Q22 with Net Cash of R\$72.3 million, corresponding to leverage of -0.3x Adjusted EBITDA for 2022 (vs. -1.9x in 4Q21).

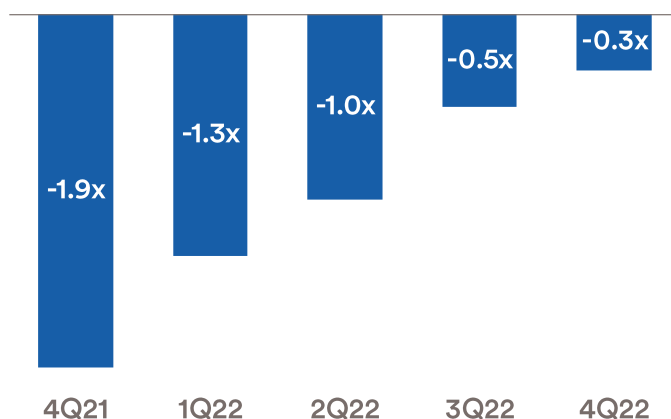
Regarding the Company's capital structure, it is important to mention that we are always evaluating the most efficient options to finance our investment plans. Thus, despite a net cash position, on January 16, 2023, we announced plans to issue a debenture in the amount of R\$400 million, in order to secure funds for the next years of growth at very attractive conditions. Despite the non-completion of the operation due to the turbulence in the local credit market, **we are making concrete progress in alternatives that continue to reflect commercial conditions and debt cost close to those previously announced (i.e. CDI + 1.55% y.y. with the term of 5 years).**

R\$ thousands, unless otherwise stated	4Q22	4Q21	Change
Gross Debt	113,101	226,081	(50.0%)
Current Loans and Financing	86,269	128,268	(32.7%)
Noncurrent Loans and Financing	26,832	97,813	(72.6%)
Cash & Cash Equivalents and Financial Investments	185,411	688,204	(73.1%)
Cash & Cash Equivalents	185,411	673,672	(72.5%)
Financial applications	-	14,532	-
Net Debt	(72,310)	(462,123)	(84.4%)
Adjusted EBITDA (LTM)	259,466	241,640	7.4%
Net Debt/Adjusted EBITDA (LTM)	(0.3x)	(1.9x)	1.6x

Leverage

Net Debt/Adjusted EBITDA 12M

Petz Group



Investments

Total Investments amounted to R\$118.3 million in 4Q22, growth of 15.7% y/y. In line with our expansion strategy, R\$70.7 million was invested in the construction of new stores and hospitals, a decrease of 1.2% y/y, even with more store openings in the period (18 openings in 4Q22 vs. 15 in 4Q21). Despite the number of stores inaugurated being higher in 4Q22, we have been more efficient in implementing new stores.

We invested R\$24.7 million in Technology and Digital in 4Q22 (+63.8% y/y), with emphasis on (i) initiatives aimed at improving our customers' navigability and shopping experience, especially in the app; (ii) intelligent pricing systems; and (iii) reinforcement and modernization of the IT infrastructure, ensuring scalability.

Renovations, Maintenance and Others, totaled R\$22.8 million in 4Q22, representing an increase of 47.1% y/y. This increase is mainly due to (i) consolidation of the acquired companies' capex (Zee Dog, Petix and Cansei de Ser Gato); and (ii) maintenance of our network of stores and DCs.

In 2022, Total Investments amounted to R\$369.5 million, growth of 30.4% y/y.

R\$ thousands, unless otherwise stated	4Q22	4Q21	Change	2022	2021	Change
New Stores & Hospitals	70,743	71,605	(1.2%)	242,538	198,048	22.5%
Technology & Digital	24,749	15,107	63.8%	69,800	49,148	42.0%
Renovation, Maintenance & Others	22,805	15,507	47.1%	57,153	36,175	58.0%
Total Investments	118,297	102,219	15.7%	369,492	283,372	30.4%
Non-Cash Effect	1,653	(3,429)	n/a	13,052	(11,051)	n/a
Cash Flow from Fixed & Intangible Assets	119,950	98,790	21.4%	382,544	272,321	40.5%

Balance Sheet

Petz Group	4Q22	3Q22	2Q22	1Q22	4Q21
R\$ thousands, unless otherwise stated					
ASSETS					
Current Assets	1,090,432	1,139,442	1,193,089	1,257,682	1,363,903
Cash & Cash Equivalents	185,411	262,413	392,357	497,925	673,672
Financial applications	-	-	28	658	14,532
Accounts Receivable	328,299	326,974	290,715	269,749	259,605
Inventories	428,092	421,089	391,720	383,238	334,524
Recoverable Taxes and Contributions	121,212	104,654	95,094	81,505	68,193
Other Credits	27,418	24,312	23,175	24,607	13,377
Noncurrent Assets	1,589,877	1,484,209	1,344,751	1,294,958	1,252,439
Other Credits	28,743	23,323	19,296	17,509	16,033
Recoverable Taxes and Contributions	22,797	18,457	3,198	3,798	3,760
Deferred Income Tax and Social Contribution	19,815	20,037	14,083	19,711	15,477
Property, Plant and Equipment	800,700	736,583	671,474	627,386	592,996
Intangible Assets	717,822	685,809	636,700	626,554	624,173
Total Assets	2,680,309	2,623,651	2,537,840	2,552,640	2,616,342
LIABILITIES & SHAREHOLDERS' EQUITY					
Current Liabilities	637,290	584,068	534,571	556,574	619,762
Suppliers	366,585	313,569	284,692	295,720	339,433
Loans, Financing and Debentures	86,269	88,904	95,261	96,866	128,268
Payroll and Related Taxes	76,078	91,225	73,903	84,686	74,957
Taxes Payable	42,988	41,883	32,164	29,020	27,543
Dividends Payable	12,027	13,831	13,851	17,816	17,816
Accounts payable for the acquisition of subsidiaries	12,798	5,679	5,588	5,857	5,684
Other Payable	37,404	26,302	26,078	23,783	22,725
Loyalty Program	3,141	2,675	3,034	2,826	3,336
Non-current Liabilities	130,758	143,230	148,657	169,965	191,103
Loans, Financing and Debentures	26,832	39,027	50,420	74,116	97,813
Accounts payable for the acquisition of subsidiaries	86,789	96,347	90,549	88,478	86,041
Other Payable	1,043	914	1,200	1,293	1,073
Provisions for Civil and Labor Risks	16,094	6,942	6,488	6,078	6,176
Shareholders' Equity	1,912,261	1,896,353	1,854,612	1,826,101	1,805,477
Capital	1,724,444	1,724,388	1,724,259	1,724,259	1,578,065
Capital Reserves	39,505	39,505	39,505	39,505	39,505
Reserve for Options Granted	41,675	38,605	30,542	22,672	14,856
Special Goodwill Reserve	24,825	24,825	24,825	24,825	24,825
Equity adjustment	(129,594)	(128,785)	(145,045)	(146,859)	-
Profit Reserves	211,406	197,815	180,526	16,699	148,226
Total Liabilities and Shareholders' Equity	2,680,309	2,623,651	2,537,840	2,552,640	2,616,342

Cash Flow – Indirect Method

Petz Group	4Q22	4Q21	2022	2021
R\$ thousands, unless otherwise stated				
Cash Flow from Operating Activities	73,547	6,784	48,418	51,967
Operating Profit before income tax	35,607	22,463	111,982	119,977
CAT-42 tax refund effect	-	12,565	-	-
Depreciation & Amortization	37,384	24,096	127,365	85,713
Allowance for Inventory Losses	136	(5,731)	141	213
Recognized options granted	3,070	7,817	26,819	13,102
Interest on Loans and Financing	4,649	5,891	21,606	22,119
PP&E Write-off	530	69	1,252	914
Loyalty Program	466	704	(195)	321
Provision for Civil and Labor Risks	280	118	1,225	(277)
Interest from Financial Applications	-	(264)	(153)	(1,181)
Monetary restatement on income tax and social contribution	-	(281)	-	(281)
Interest in accounts payable to selling shareholders	(11,766)	-	(4,445)	-
Depreciation & Amortization - Refund of Improvements	(66)	(67)	(265)	(266)
Working Capital Variation	3,257	(60,596)	(236,914)	(188,387)
ASSETS				
Accounts Receivables	(5,838)	(22,231)	(65,716)	(73,030)
Inventory	(7,139)	(42,970)	(81,372)	(125,327)
Recoverable Taxes and Contributions	(24,550)	(18,765)	(75,313)	(18,295)
Other Credits	(5,437)	(2,498)	(23,210)	(11,237)
LIABILITIES				
Suppliers	55,084	39,432	27,849	89,470
Payroll and Related Taxes	(15,161)	3,485	(289)	17,830
Taxes Payable	1,058	(2,690)	12,728	(16,802)
Accounts Payable	16,738	1,468	21,546	3,480
Income Tax and Social Contribution Paid	(7,620)	(9,158)	(33,202)	(33,242)
Interest Paid on Borrowings and Financing	(3,878)	(6,669)	(19,935)	(21,234)
Cash flow from investing activities	(123,874)	(163,059)	(396,406)	(312,656)
Financial applications	(20)	4,522	14,665	32,185
Investments	(3,904)	(68,791)	(28,527)	(72,520)
Purchase of Property, Plant and Equipment	(119,950)	(98,790)	(382,544)	(272,321)
Cash Flow from Financing Activities	(26,675)	685,101	(140,273)	490,604
Borrowings and Financing	8,409	-	8,409	-
Repayment of borrowings and financing	(24,009)	(72,010)	(130,798)	(274,038)
Capital increase	56	779,068	1,205	800,859
Transaction costs of shares issuance	-	(21,957)	(973)	(22,345)
Dividends	(11,131)	-	(18,116)	(13,872)
Free Cash Flow, Net	(77,002)	528,826	(488,261)	229,915
Cash BoP	262,413	144,846	673,672	443,757
Cash EoP	185,411	673,672	185,411	673,672

Appendix I: IFRS 16 Impact – Statement of Income

Petz Group R\$ thousands, unless otherwise stated	4Q22		Change
	IAS 17	IFRS 16	
Gross Revenue from Products and Services	934,820	934,820	-
Taxes and other Deductions	(146,798)	(146,798)	-
Net Revenue from Products and Services	788,022	788,022	-
Cost of Goods Sold and Services Rendered	(422,287)	(422,287)	-
Gross Profit	365,735	365,735	-
Operating Revenue (Expenses)	(343,150)	(330,551)	(12,599)
Selling	(242,802)	(231,813)	(10,989)
General & Administrative	(85,086)	(83,048)	(2,038)
Other Operating Income (expenses), net	(15,262)	(15,690)	428
Operating Profit before Financial Income	22,585	35,184	(12,599)
Financial Results	13,022	(9,738)	22,760
Financial Income	24,284	24,284	-
Financial Expenses	(11,262)	(34,022)	22,760
Earnings before Income Tax and Social Contribution	35,607	25,446	10,161
Income Tax and Social Contribution	(11,869)	(8,447)	(3,422)
Net profit	23,738	16,999	6,739

Appendix II: BITDA Reconciliation – Financial Statements vs. Adjusted EBITDA

Petz Group R\$ thousands, unless otherwise stated	4Q22	4Q21	2022	2021
Earnings Before Interest Tax (EBIT)	35,183	42,956	135,670	162,204
(+) Depreciation & Amortization	37,318	24,029	127,100	85,446
(+) Depreciation – Right of Use (CPC 06 (R2))/IFRS 16)	37,759	29,169	140,877	103,417
EBITDA	110,260	96,154	403,647	351,067
(+) Rental Expenses ⁹	(50,264)	(38,290)	(186,622)	(134,694)
EBITDA	59,996	57,864	217,025	216,373
(-) Stock Option Plan (SOP)	3,071	7,816	26,819	13,101
(-) PP&E Write-off	-	20	235	863
(-) Right of use (CPC 06 (R2))/IFRS 16) Write-off	(94)	-	(260)	(217)
(-) CAT-42 tax refund effect	-	(12,565)	-	-
(-) Non-recurring results	6,210	12,417	15,646	11,521
(-) Non-recurring income	(7,743)	(2,220)	(7,743)	(9,668)
(-) Non-recurring expenses	13,953	14,637	23,389	21,189
Adjusted EBITDA	69,183	65,552	259,465	241,641

Appendix III: IFRS 16 Impact – Balance Sheet

Petz Group	4Q22		Change
R\$ thousands, unless otherwise stated	IAS 17	IFRS 16	
ASSETS			
Current Assets	1,090,432	1,089,232	1,200
Cash & Cash Equivalents	185,411	185,411	-
Financial applications	-	-	-
Accounts Receivable	328,299	328,299	-
Inventories	428,092	428,092	-
Recoverable Taxes and Contributions	121,212	121,212	-
Other Credits	27,418	26,218	1,200
Noncurrent Assets	1,589,877	2,557,897	(968,020)
Other Credits - L	28,743	28,743	-
Recoverable Taxes and Contributions	22,797	22,797	-
Deferred Income Tax and Social Contribution	19,815	56,470	(36,655)
Property, Plant and Equipment	800,700	1,744,660	(943,960)
Intangible Assets	717,822	705,227	12,595
Total Assets	2,680,309	3,647,129	(966,820)
LIABILITIES & SHAREHOLDERS' EQUITY			
Current Liabilities	637,290	737,213	(99,923)
Suppliers	366,585	366,585	-
Loans, Financing and Debentures	86,269	86,269	-
Payroll and Related Taxes	76,078	76,078	-
Taxes Payable	42,988	42,988	-
Dividends Payable	12,027	12,027	-
Accounts payable for the acquisition of subsidiaries	12,798	12,798	-
Other Payable	37,404	13,701	23,703
Loyalty Program	3,141	3,141	-
Leasing Right of Use Payable (IFRS 16)	-	123,626	(123,626)
Non-current Liabilities	130,758	1,069,344	(938,586)
Loans, Financing and Debentures	26,832	26,832	-
Accounts payable for the acquisition of subsidiaries	86,789	86,789	-
Other Payable	1,043	1,043	-
Provisions for Civil and Labor Risks	16,094	16,094	-
Leasing Right of Use Payable (IFRS 16)	-	938,586	(938,586)
Shareholders' Equity	1,912,261	1,840,572	71,689
Capital	1,724,444	1,724,444	-
Capital Reserves	39,505	39,505	-
Reserve for Options Granted	41,675	41,675	-
Special Goodwill Reserve	24,825	24,825	-
Equity adjustment	(129,594)	(129,594)	-
Profit Reserves	211,406	139,717	71,689
Total Liabilities and Shareholders' Equity	2,680,309	3,647,129	(966,820)

Appendix IV: IFRS 16 Impact – Cash Flow

Petz Group R\$ thousands, unless otherwise stated	4Q22		Change
	IAS 17	IFRS 16	
Cash Flow from Operating Activities	73,547	112,447	(38,900)
Profit Before Income Tax and Social Contribution	35,607	25,445	10,162
Depreciation & Amortization	37,384	37,384	-
Depreciation – Right of Use (CPC 06 (R2))/IFRS 16)	-	37,759	(37,759)
Interest Expenses – Right of use (CPC 06 (R2))/IFRS 16)	-	24,576	(24,576)
Allowance for Inventory Losses	136	136	-
Recognized options granted	3,070	3,070	-
Interest on Loans and Financing	4,649	4,649	-
PP&E Write-off	530	530	-
Right of use (CPC 06 (R2))/IFRS 16) Write-off	-	(100)	100
Loyalty Program	466	466	-
Provision for Civil and Labor Risks	280	280	-
Interest from Financial Applications	-	-	-
Monetary restatement on income tax and social contribution	-	-	-
Interest in accounts payable to selling shareholders	(11,766)	(11,766)	-
Depreciation & Amortization - Refund of Improvements	(66)	(66)	-
ASSETS			
Accounts Receivables	(5,838)	(5,838)	-
Inventory	(7,139)	(7,139)	-
Recoverable Taxes and Contributions	(24,550)	(24,550)	-
Other Credits	(5,437)	(5,437)	-
LIABILITIES			
Suppliers	55,084	55,084	-
Payroll and Related Taxes	(15,161)	(15,161)	-
Taxes Payable	1,058	1,058	-
Accounts Payable	16,738	11,234	5,504
Income Tax and Social Contribution Paid	(7,620)	(7,620)	-
Interest Paid on Borrowings and Financing	(3,878)	(3,878)	-
Interest Paid on Right of Use (CPC 06 (R2))/IFRS 16)	-	(7,669)	7,669
Cash flow from investing activities	(123,874)	(123,874)	-
Financial applications	(20)	(20)	-
Investments	(3,904)	(3,904)	-
Purchase of Property, Plant and Equipment	(119,950)	(119,950)	-
Cash Flow from Financing Activities	(26,675)	(65,575)	38,900
Debt Capitalization	8,409	8,409	-
Repayment of borrowings and financing	(24,009)	(24,009)	-
Capital increase	56	56	-
Transaction costs of shares issuance	-	-	-
Dividends	(11,131)	(11,131)	-
Payment of Right of Use (CPC 06 (R2))/IFRS 16)	-	(38,900)	38,900
Free Cash Flow, Net	(77,002)	(77,002)	-
Cash BoP	262,413	262,413	-
Cash EoP	185,411	185,411	-

Glossary

Operational Data Petz Standalone

Petz Standalone refers to Petz metrics, including the acquisitions Cansei de Ser Gato and Cão Cidadão (unless otherwise stated).

- **Same-Store-Sales (SSS)** - SSS includes (i) sales of products and services by physical stores functioning for more than 12 months, (ii) Omnichannel sales (Pick-up and Ship-from-Store) of physical stores operating for over 12 months and (iii) e-commerce sales (shipped from the DC directly to the customer).
- **Digital Gross Revenue** – Considers all sales made on the Petz website and mobile app, as well as sales through partner marketplaces and super apps
- **Omnichannel Sales** – All Pick-up and Ship-from-Store sales.
- **Pick-up** – Sales made through the digital channel in which the customer chooses to pick up at physical stores.
- **Ship from Store** – Sales made through digital channels that are shipped to the customer's home from one of our physical stores
- **Omnichannel Ratio** – this ratio considers Omnichannel Sales as a percentage of Digital Gross Revenue
- **E-commerce Sales** – Include all sales shipped from our DC directly to the customer
- **Food Category** – Includes pet products such as prescription pet food, super premium, premium, and standard pet food, wet food, snacks and more.
- **Non-Food Category** – Includes products such as accessories, hygiene, cleaning products, drugs, and others.

Non-Accounting Measures

- **Adjusted EBITDA and Adjusted EBITDA Margin** – Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) is a non-accounting measurement disclosed by the Company in compliance with CVM Instruction 527/12. EBITDA is adjusted to exclude non-recurring effects and, for comparison purposes, the effect of the adoption of CPC 06/IFRS 16, effective on January 1, 2019, is excluded as well, resulting in Adjusted EBITDA. Non-recurring affects are characterized by extraordinary effects that impact the Company's result. Since these amounts are not a recurring portion of the result, the Company chooses to make such adjustment so that Adjusted EBITDA considers only recurring numbers. The Company uses Adjusted EBITDA as a performance measure for managerial purposes and for comparison with peers.
- **Net Debt** - Results from the sum of short- and long-term loans, registered under Current and Non-Current Liabilities, minus the sum of Cash and Cash Equivalents with Marketable Securities, registered under Current and Non-Current Assets.
- The Company understands that the **Net Debt/Adjusted EBITDA ratio** helps to determine leverage and liquidity. Last Twelve Months (LTM) **Adjusted EBITDA** is the sum of Last Twelve Months EBITDA and also represents an alternative to operating cash generation
- **Adjusted EBITDA, Adjusted Net Income, Net Debt, Net Debt/LTM Adjusted EBITDA and Operating Cash Generation** presented in this document are not measurements of profit in accordance with the accounting principles adopted in Brazil and do not represent cash flows in the periods presented. Therefore, they are not alternative measures of results or cash flows.
- **Operating Cash Generation** presented here is a managerial measurement resulting from the cash flow from operational activities presented in the Statement of Cash Flow, adjusted by the "Right-of-use Lease" which, after the adoption of CPC 06/IFRS 16, began to be accounted for in the Statement of Cash Flow as a financing activity.

Disclaimer

Statements contained in this document regarding business prospects, projections of operating and financial results and growth prospects for Petz are merely projections and, as such, based exclusively on expectations of the Management regarding the future of the business. These expectations substantially depend on market conditions, performance of the Brazilian economy, the industry and international markets and, therefore, are subject to change without prior notice. All changes presented herein are calculated based on numbers in thousands of Brazilian reais, as well as rounded numbers. This performance report includes accounting and non-accounting data, such as operational, pro forma financial data, and forecasts based on Management expectations. Non-accounting data was not reviewed by the Company's independent auditors.

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