

1Q22 Earnings Release

Video Conference

May 6th, 2022 (Friday)

10 a.m. Brasília | 9 a.m. EST | 1 p.m. GMT

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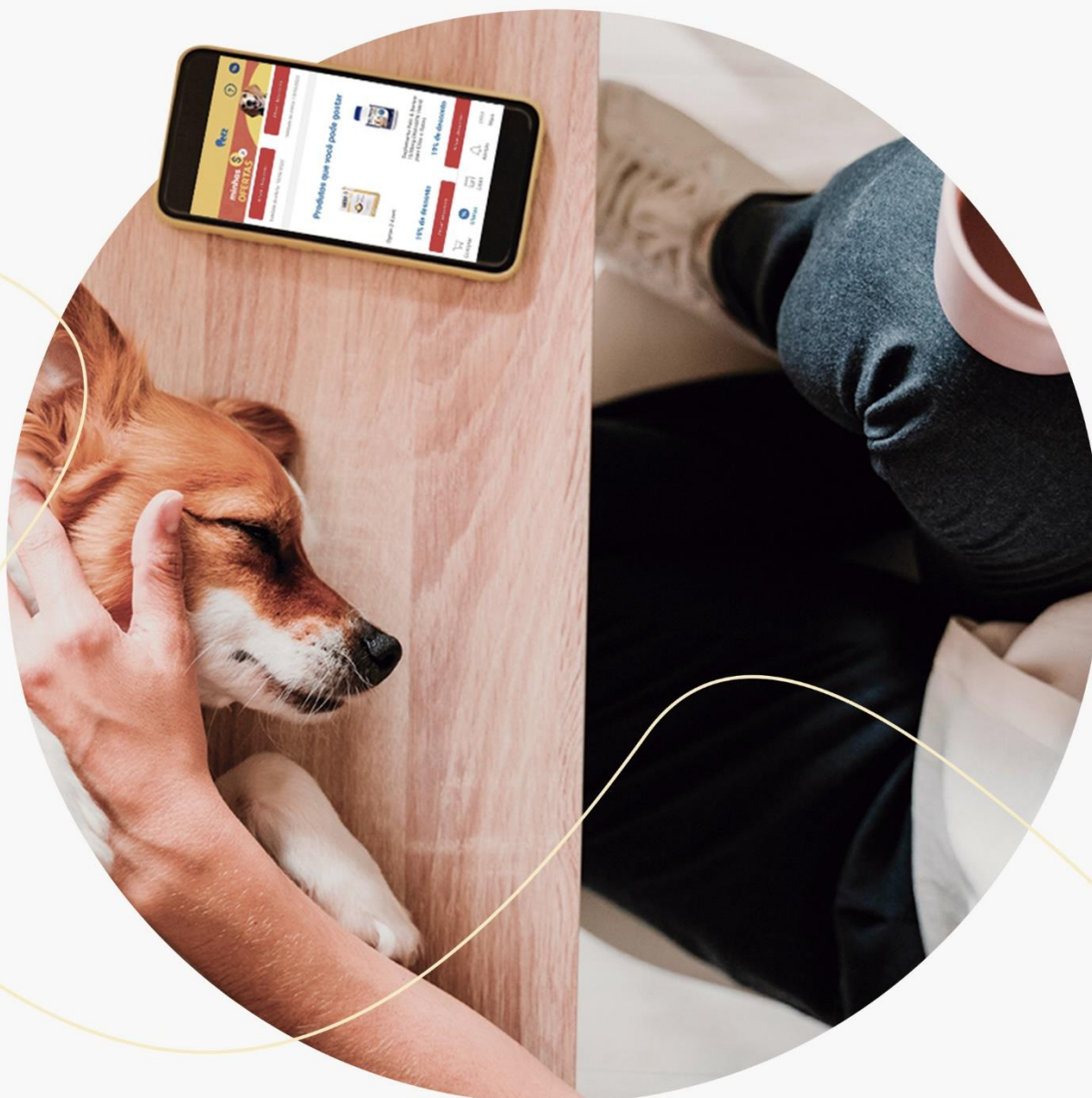
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São Paulo, May 5th, 2022 – Pet Center Comércio e Participações S.A. (B3: PETZ3) announces its results of the first quarter of 2022 (1Q22). It is worth noting that the results below include the consolidation of Zee.Dog from January to March 2022, except when indicated. **For 1Q21, the results consider only the numbers reported by Petz Standalone, but now reflect the tax refund process (ICMS-ST) related to CAT-42, as explained in the 4Q21 results.**

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 1Q22 is available on pages 25-27.

Highlights | 1Q22

- **Petz Stores¹**: 178 units, with 10 openings (42 LTM)
- **Petz Group Gross Revenue (GR)²**: R\$746.7mm; **+38.9% y/y**
- **Petz Standalone Gross Revenue (PGR)**: R\$693.1mm; **+28.9% y/y**
- **Zee.Dog Gross Revenue (ZGR)**: R\$58.7mm; **+47.9% y/y**
- **Petz Group Digital Gross Revenue (DGR)**: R\$257.6mm; **+65.6% y/y**; 34.5% of GR
- **Petz Standalone Digital Gross Revenue (PDGR)**: R\$220.0mm; **+41.5% y/y**; 31.7% of PGR; Omnichannel Ratio of 87.5% of PDGR
- **Petz Group Gross Profit³**: R\$304.1mm; **+39.1% y/y**; 40.7% of GR
- **Petz Standalone Gross Profit³**: R\$280.0mm; **+28.1% y/y**; 40.4% of PGR
- **Petz Standalone Adjusted EBITDA⁴**: R\$54.9mm; **+26.3% y/y**; 7.9% of PGR
- **Petz Group Adjusted Net Income⁵**: R\$21.1mm; **+57.7% y/y**

B3: PETZ3

R\$15.17

Per share

459,940,195

Total Shares

R\$7.0 billion

Market Cap

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Data as of May 5th, 2022

Summary of Results and Indicators

R\$ thousands, unless otherwise stated	1Q22	1Q21	Change
Financial Results Petz Group			
Total Gross Revenue ²	746,660	537,516	38.9%
Gross Revenue Petz Standalone	693,114	537,516	28.9%
Gross Revenue Zee.Dog	58,665	-	47.9%
Digital Gross Revenue	257,587	155,513	65.6%
Digital Penetration (% Total Gross Revenue)	34.5%	28.9%	5.6 p.p.
Gross Profit ³	304,053	218,524	39.1%
% Total Gross Revenue	40.7%	40.7%	0.1 p.p.
Adjusted EBITDA			
Ajusted EBITDA Petz Group ⁴	52,035	43,496	19.6%
% Total Gross Revenue	7.0%	8.1%	(1.1 p.p)
Ajusted EBITDA Petz Standalone ⁴	54,930	43,496	26.3%
% Gross Revenue Petz Standalone	7.9%	8.1%	(0.2 p.p)
Adjusted Net Income ⁵	21,103	13,380	57.7%
% Total Gross Revenue	2.8%	2.5%	0.3 p.p.
Operational Indicators Petz Standalone			
Number of Stores ¹	178	138	40
Store Openings	10	5	5
Footage (m ²)	173,510	145,922	27,588
Seres Veterinary Centers	139	116	23

¹ Considers the closing of Convivas in Barra da Tijuca, Rio de Janeiro, and Granja Viana in Cotia, Greater São Paulo units on 2Q21.

² Consider the effect of Intercompany Eliminations in the amount of R\$5.1 million.

³ Both periods reflect impacts related to the tax refund process related to CAT-42, explained in the 4Q21 results. As a reference, the amount of this effect in 1Q21 was R\$3.3 million.

⁴ Does not consider the effect of IFRS 16, in addition adjustments explained on page 18. Both periods reflect impacts related to the tax refund process related to CAT-42, explained in the 4Q21 results.

⁵ Adjustments explained on page 20. It does not consider the effect of IFRS 16, therefore it should not be used as a reference for the calculation of dividends.

Message from Management

Introduction

The first quarter of 2022 was marked by advances in the main strategic fronts of the Petz Group to achieve the vision of "being recognized worldwide as the best ecosystem in the Pet segment by 2025", with emphasis on: **(i) the announcement of the acquisition of Petix¹**, which fits perfectly into what we are looking for when selecting potential targets: leading companies in their respective segments, which offer obvious competitive advantages and access to differentiated entrepreneurs; **(ii) the start of the Zee.Dog integration process**, after the closing of the transaction on December 30, 2021, which progresses according to expectations and aims at the best balance between quality and speed throughout the process, with a focus on creating medium/long term value without changing the essence, autonomy and culture of the investee; **(iii) the holding of the first committee of the companies acquired**, a space for exchanging experiences, cross-sell opportunities and synergies between the group's platforms; **(iv) the acceleration of the process of analysis of the front of laboratories in the vertical of pet health**, both through the project together with a specialized strategic consultancy, as well as inorganic opportunities; and **(v) the acceleration of the Petz store expansion plan**, reaching a historic record level of 42 openings in 16 different Federative Units (FUs) in the last 12 months, which demonstrates our solid capacity to execute the store opening plan and focus on the strategy of geographic spread throughout the national territory.

In this sense, we continue with the **objective of being a "one-stop-shop" solution**, that is, increasingly positioning ourselves as a complete, reliable, and, above all, integrated platform to offer the best for pets and pet parents in more different touchpoints and purchase journeys. **With a customer-focused mentality** - which has guided strategic decisions since it was founded almost 20 years ago - the Petz Group wants **to act in the entire lifelong journey of the pet**, that is, to interact with a potential pet parent even before he adopts or buys a pet, participating in the process of choosing the breed, name, trousseau, first health care, etc. - until the necessary support at the end of the animal's life. In this way, **the objective is to become a more relational platform (vs. a more "transactional" approach) in a segment whose level of affection is a critical factor in buying a product or hiring a service**. And for that, we will increasingly surround ourselves with desired brands, exclusive products, excellent services, an omnichannel experience that is a reference in the market, and proprietary content.

In this context, it is worth noting that the **Petz Blog (www.petz.com.br/blog) reached the level of 7 million hits/month**, a reflection of very consistent and technical work (with the full support of the Veterinary Center's veterinary team Seres) in the **production of content and curation** for pet parents, central aspects for a specialized player in the Pet sector, **in addition to driving organic traffic to all the Petz Group's digital platforms**.

It is also worth mentioning that at the beginning of the year, we carried out the **process of defining the goals for the year 2022**. Looking at the Petz Group already from the perspective of the five newly created vice presidencies - and taking into account the main priorities of the 2022 strategic agenda (integration of acquired companies, expansion plan for Petz physical stores, and expansion of the offer of services) - we seek to incorporate **components and initiatives linked to the integration process of all acquired companies** - with a particular focus on Zee.Dog - for all executives of the Company, and **metrics for attracting, developing, and retaining talent** mapped in the People Cycle carried out over the last few months - these elements are fundamental for the continuity and evolution of the Petz Group project.

Before going into more detail about the main deliverables related to the strategic agendas for the year and 1Q22 results, we will share a brief update on the challenges posed by the inflationary pressure scenario.

¹ Transaction conclusion is subject to conditions precedent and approval by the Brazilian antitrust agency (CADE).

Pet Inflation Update: Continuous focus on mitigating the effects of higher prices, accelerating the process of capturing market share, and preserving the profitability levels of the Petz Group

As we have been commenting since the end of 2020, one of the biggest challenges faced over the last few months has been the environment of inflationary pressure – which, in the current conjuncture, is not a particular characteristic of the Pet segment. In the case of the Petz Group, this phenomenon ends up being a reflection of the **rise in prices in the supply chain and raw materials**, with emphasis on the most relevant components in the production of food (feed) for pets (corn, soy, animal protein, for example) and also the **exchange rate devaluation** observed in recent quarters. In this sense – and as it has been since the moment we identified this challenge – **we continue to seek alternatives and opportunities to offset these effects and mitigate the reduction in customers' purchasing capacity and maintain the Petz Group's profitability levels.**

In this context, being capitalized and making the best use of financial resources in cash has been a competitive advantage – ensuring the availability of recurring products superior to the competition (efficient management of stockout levels) and the execution (and acceleration) of the expansion plan of Petz stores, which undoubtedly contributes to accelerating the process of capturing market share in a still highly fragmented Pet segment.

Although the index of accumulated inflation of the last 12 months measured internally in March 2022 remains at high levels, **it is important to mention that we observe a cooling trend at the beginning of the year vs. the levels of the second half of 2021**, in line with our expectations (and consistent with the direction of the IPCA in the "pet food" category). However, even considering positive events in the domestic scenario, such as (i) reducing taxes in the chain - ex. IPI (tax on industrialized products) - and (ii) the appreciation of the Real; elements such as the international conflict between Russia and Ukraine and news of new lockdowns in China may reduce **the visibility of this improving trend.**

Thus, we took the opportunity to share more details about how this inflationary environment has affected the sector's dynamics and results - and how we have worked to mitigate them. Therefore, **we have divided the topic into three main fronts: (i) cost breakdown, (ii) expense structure, and (iii) CAPEX.**

When we analyze the composition of costs, the most relevant impact has been the rise in the price of raw materials, especially in the essential components for pet food production, which represents the leading category in the revenue mix of Petz's products. (58% in 1Q22). In this aspect, it is important to emphasize that **we have been able to pass on the price increases in full to the final consumer.**

The **trade-down in the pet food category is very sensitive**, given the complexity of adapting the pet to the food of lower added value - a concern enhanced by the growing level of "humanization" of pets (treatment of the pet as a member of the family) and thus greater awareness of the benefits of food quality for health and life expectancy. **To corroborate this view, when we analyze the breakdown between the super-premium, premium, and standard feed categories in the last 12 months, it is evident that there is a relevant characteristic of resilience in the mix, despite the scenario of price increases in the period.** However, we can observe that the trade-up (such as the migration from premium to super-premium feed) happens slower than in the past and with our future expectations, which is understandable given the current situation.

This is also evident in the dynamics of the product mix that we have observed since 2Q21: higher representation of food in our product revenue. In times of lower disposable income, the pet parent has not made a trade-down in food, although he has reduced his purchases in "non-essential" categories, such as accessories and toys. **In 1Q22, highly recurring and "essential" products – such as food, pharmacy, and hygiene products – accounted for 85% of revenue.** It is also worth mentioning that in terms of mix, in the months of greater social isolation during the pandemic, the Non-Food category had a solid performance due to the more significant interaction and proximity of pet parents with their pets due to the longer stay in homes. Thus, it is expected that the share of these categories may recover from 3Q22 onwards due to a greater need for renewal/replacement of the "layettes" acquired during the pandemic and an easier comparison basis in the 2nd half of 2021.

To mitigate these impacts, special mention to the evolution of the "My Offers" program. Developed in a fully proprietary way based on intense work in Data Analytics, this functionality of the Petz App consists of personalized offers, which take

into account the purchase profile of each of our customers, aiming at greater efficiency in sales conversion, and upsell, cross-sell and repurchase. In addition to an increasing engagement on the part of pet parents (**the share of customers with activated offers increased more than 4x vs. June 2021, reaching 30% of the total customer base**), "My Offers" has been a fundamental tool to boost our NPS of physical stores, mainly about **improving the customer's price perception** through access to exclusive promotions in the palm of their hands. **Despite the inflation scenario, the price dislike indicator has been at one of the lowest levels in 12 months.**

It is also worth mentioning the strategy adopted to operate with a higher level of inventories due to tactical purchases and opportunities since 2H21, mainly in A/B curve products, guaranteeing availability superior to the competition. Thus, despite a high level of uncertainty in the global raw material chain, we have been very successful in maintaining extremely healthy product stockout levels consistent with history.

In terms of **expenses**, the most significant challenges have been in (i) occupancy costs, due to exposure to inflation rates, and (ii) packaging and freight, due to the higher representation of digital sales in the mix, combined with higher prices in the chain (e.g., shortage of raw materials and increase in fuel prices). For both, we have worked to improve the conditions of negotiations with our suppliers and also to seek increasingly efficient alternatives.

Another critical aspect of the Petz Group's strategic agenda that ends up being impacted by inflation is the **process of opening and renovating/maintaining physical stores**. With the pressure in the civil construction chain on items such as steel and cement, for example, we have focused our efforts on controlling these costs and looking for alternatives to mitigate them, maintaining our value proposition. **As observed in recent quarters, we were more efficient in store sizes without changing the assortment (number of SKUs), services offered, and, consequently, the customer's perception of the experience within our units.** It is also worth mentioning that this optimization of physical spaces considers the **higher penetration of Digital in the Group's total revenue** over the last few years.

The points mentioned above reinforce our view that the Pet retail segment is resilient but not completely immune to crises. However, the Petz Group has what we call "double resilience" due to our differentiated value proposition – thus consistently growing faster than competitors in a market that continues to show high growth rates.

Therefore, **we remain focused on the Petz Group's 2022 strategic agenda with three main priorities: (i) integration of the acquired companies; (ii) the expansion plan for Lojas Petz; and (iii) expansion of the offer of services, mainly in pet health.**

(i) Integration of acquired companies: Petz Innovation Studio (PIS), a strategic move to achieve the vision of the Petz Group

In the context of defining 2022 as "the year of integrations," our main objective is to **integrate in the right way, seeking the best balance between quality and speed throughout the process, and thus focus on creating value in the medium/long term without changing the essence, autonomy, and culture of our investees.** We know that leveraging the core competencies of each acquired platform requires focus, dedication, processes, and systems. Combining governance and control (structural "back-office" points that are essential for the Petz Group) with the achievement of synergies - whether in revenue or cost/expense - is fundamental and our challenge (and commitment) is to monetize these strategic levers.

In January 2022, shortly after the conclusion of the transaction with Zee.Dog, we announced the creation of the Petz Innovation Studio (PIS), which operates under the leadership of the founding partners of Zee.Dog, Thadeu, and Felipe Diz, the Zee Dog Chief Innovation Officer (CIO), Pedro Zunzunegui, and the Petz Group marketing team led by VP Commercial & Marketing, Luciano Sessim. The PIS aims to build the only "Brand house" in the Pet market globally, with the existing brands in the Group (Petz, Seres, Zee.Dog, Adote Petz, Cansei de Ser Gato, and Cão Cidadão) and the possibility of creating exclusive new brands. This strategic move reinforces our proposal to **increasingly distance ourselves from a traditional (and sometimes transactional) retailer to become a complete, integrated, and "one-stop solution"** ecosystem with (i) desired and valued brand attributes with a reach global; (ii) community effect ("Love Brand") with a relational aspect; (iii) exclusive, innovative products with a differentiated design; and (iv) an Omnichannel proposal.

With PIS, we create an environment that fosters an innovation mindset, preserving the values and essence of each of the platforms and brands, focusing on two strategic pillars for the Petz Group: (i) **Branding**: structuring the go-to-market brand communication with clear storytelling and 100% proprietary content production, bringing greater engagement with stakeholders across all channels; and (ii) **R&D, innovation and design**: developing products with exclusive brands, seeking a differentiated positioning among the categories: Good, Better and Best.

In this sense, in April, we launched the first campaign for a product exclusively branded by Petz ("Premium Snacks"), unprecedented in Brazil, with the go-to-market PIS model: an integrated communication between all channels (physical and digital) and social media, with proprietary, informative and straightforward content, and differentiated visual communication that aims to enrich our customers' experience.

Regarding the design of new exclusive products under the "Petz" brand, it is worth noting that the launch pipeline for 2H22 already includes items developed and worked on within the PIS environment. This reinforces the relevance of the **strategy of having more and more desired products, with exclusive design and differentiated content/storytelling, not only as an instrument of profitability - given that margins are more attractive than similar products in the same category - but of loyalty and engagement of pet parents - a competitive advantage that is fundamental to expand our leadership position in the Pet segment, in addition to increasing the barrier to entry for new players.**

About Petz's exclusive brands, it is worth mentioning the **revenue of approximately R\$80 million in the last 12 months** – the highest level in our history and it represents **an increase of almost 40% compared to the same period of the previous year**. We currently operate in **more than 25 categories with around 300 SKUs**, and we are **leaders or vice-leaders in most of them, which implies participation in their average revenue of 12%.**

(ii) Lojas Petz expansion plan: LTM record of 42 new units in 16 different FUs – execution as a result of a solid base of people, processes, and culture

During the first three months of 2022, we opened ten new Petz stores in 7 different Federative Units (FUs). Thus, in the last 12 months, we reached a historical record level in terms of the pace of expansion: 42 openings in 16 different UFs - which demonstrates our solid capacity to execute the expansion plan and focus on the strategy of geographical spread throughout the national territory. In this context, we remain confident in our guidance for opening 50 stores in 2022.

In addition, despite the accelerated expansion, **we continue to present results above initial expectations, whether in terms of maturation curve and financial returns or the low dispersion of NPS (Net Promoter Score) among stores in the most diverse cities and regions of the country.** - which in turn also demonstrates the quality of our retail execution.

As a result, we continue to explore the opportunity to consolidate the Pet segment in Brazil - which still has high fragmentation and growth potential, with a focus on the strategy of geographical spread throughout the national territory, in addition to the significant advantage of being the first player to reach new squares.

To support our discipline in executing the expansion plan, we have fundamental pillars in (i) people, (ii) culture, and (iii) governance and processes.

About people, we remain focused on maintaining the culture of excellence and quality in our operations, with continuous improvements in the hiring, training, and engagement process to strengthen the retention of talent in our activities increasingly. In this sense, it is worth noting that among our leaders in the 18 Districts managers responsible for managing all the stores in the chain, 16 of them previously acted as unit managers. In terms of processes, our operation works in combination with the commercial/trade and supply areas to deliver a differentiated experience within all channels and touchpoints of pet parents and pets.

Regarding logistical initiatives, it is worth mentioning that since the end of last year, with the opening of a new DC in Mauá (metropolitan region of São Paulo) and the **contracting of a third DC in the state of Goiás**, we have continued to support the process of opening stores and geographic diversification, **aiming at logistical efficiency in terms of costs and expenses and, mainly, higher service levels as we are closer to our customers.**

(iii) Expansion of the services offered

On the **pet health services front**, we continue with the objective of expanding our presence in capitals and large cities through the opening of new hospitals of excellence, delivering the most advanced in veterinary medicine through a **vertical structure that balances technical quality and profitability of operations**. As mentioned in previous releases, we had the support of a specialized consultancy over the last few months, and we are already **working on structuring our laboratory segment and creating our verticalized pet health plan**.

The **service hub** is also worth mentioning - a project that started with the acquisition of Cão Cidadão (which brought the pet training expertise) - whose adjacent services such as dog walker, hotel/daycare, and pet sitter will be part of the ecosystem over the next few months. The Petz Group intends to intermediate these services, being responsible for the pets' origin, quality, and safety. The services front is strategic for Petz Group to meet all the needs of pets and their pet parents and represent **an essential tool for product cross-sell and increasing frequency and recurrence in physical stores and digital channels**.

1Q22 Results: the beginning of a new phase for the Petz Group with the consolidation of Zee.Dog's numbers

In the first quarter of 2022, we started a new phase for the Petz Group with the consolidation of the results of Zee.Dog, after the conclusion of the transaction in December 2021. In this sense, to maintain the consistency and transparency of information shared with the market on the main dynamics of results, we will present three analysis components throughout the materials: (i) Petz Group; (ii) Petz Standalone; and (iii) Zee.Dog.

Thus, at this moment, the Petz Group's 1Q22 results include the numbers of Petz Standalone, which follow the same disclosure pattern adopted since the IPO, and the consolidation of Zee.Dog from January to March 2022. In the case of Zee.Dog, the numbers include: (i) sales of exclusive and third-party products on the Zee.Now application, (ii) exclusive products on Zee.Dog Brasil (B2B, physical retail and E-Commerce) and the Zee.Dog Internacional sales (B2B and E-Commerce).

Petz: results in line with our expectations for 1Q22, with records in Digital Penetration in the quarter and store openings in the last 12 months

Petz's results in 1Q22 were strictly in line with our expectations, showing solid revenue growth - consistent with 4Q21 - despite the strong comparison base in the previous year and maintaining profitability at healthy levels, despite the macroeconomic prospects in Brazil continue to pose challenges to the business environment.

Petz posted a Gross Revenue growth of around 30% y/y in 1Q22, still on the basis of comparison above 50% y/y in 1Q21. This performance reflects yet another expressive performance of Digital, setting a **new record as a % of total revenue (32%)**, which reinforces our competitive advantages through an Omnichannel platform with a vast and complete assortment - **Petz is the leading platform in the segment with more than 20,000 SKUs available online**— and efficient management of product outages. Last but not least, it is also worth mentioning our fast and consistent expansion of physical stores, which, with ten openings in 1Q22, also reached **a new record level with 42 openings in the last 12 months**.

Gross margin was 40.4% in 1Q22, a slight decrease of 30bps vs. the same period of the previous year - mainly reflecting the increase in Digital Penetration and the greater representation of the Food category within product sales. It is important to note that the number already reflects the adjustment referring to the CAT-42 tax refund process (as explained in 4Q21) referring to 1Q21. It is also worth mentioning that the gross margin is seasonally weaker in the first quarter of the year vs. the other quarters due to the concentration of the commercial negotiation calendar with our main suppliers.

Adjusted EBITDA showed solid growth of 26.3% y/y in 1Q22, with a margin over Gross Revenue of 7.9%. This performance represents a slightly reduction in margin in the annual comparison, even considering the relevant acceleration in opening new stores, greater Digital Penetration, and higher expenses with rent, store personnel, and packaging, impacted by the inflationary pressure environment we face.

Zee.Dog: robust revenue growth in 1Q22, associated with margins that still do not reflect the process of capturing the main synergies from the transaction with Petz

During the first few months of integrating Zee.Dog, in terms of financial results, in the context of the construction of the 2022 budget, turned out to be valuable for our better understanding of the key dynamics (and levers) in all lines of business. Through a project built in a very collaborative way, we started to share a mentality of greater budgetary control and mainly the promotion of **a better balance between top-line growth, profitability, and innovation in Zee. Dog's strategic decisions in this new context as a member of the Petz Group** maximize the construction of value in the medium/long term for all stakeholders through the **three major power moves** (i) Zee.Now, which, in addition to capillarity with the Petz store network, gains efficiency in terms of assortment management and better commercial conditions; (ii) expansion of the global operation, increasing the positioning of the brand, mainly in markets such as the United States and Europe; and (iii) expectations for the launch of Zee.Dog Kitchen - a disruptive product with scalability potential in the natural food segment, which is already a trend in more developed markets.

Even in the face of a challenging scenario for "non-essential"/discretionary items, **Zee.Dog showed robust growth of around 50% in the quarter**, which demonstrates the strength and power of the brand, both in Brazil and abroad. As a highlight among the business units, it is worth mentioning Zee.Now with a growth of over 85% y/y. In terms of gross margin and Adjusted EBITDA, **it is expected that Zee. Dog's profitability profile will evolve over the next few quarters. This is because the most relevant synergies from the transaction began to be captured at the beginning of 2Q22 and should be fully realized by the first half of 2023**, including the total replacement of the dog pads currently imported from China by Zee Dog.

In this context, the process of equalizing Zee. Now's commercial conditions - which has only three years of life and has hubs in different stages of maturation (40% of units with less than one year of operation) - advanced throughout the quarter. Within the Zee.Now App, 80% of sales are related to third-party products – until then purchased through distributors on less favorable commercial terms. Over the last few weeks, **we have been working on integrating the supply of Zee.Now hubs by the Petz DC, with the roll-out of 100% of the hubs planned for the coming months**, allowing for significant margin efficiencies.

Another example is Zee.Now is the charging of a service fee of R\$3.99 on April onwards - in line with that practiced by other super-express delivery applications (in minutes) - aimed at increasing returns without impacting sales behavior, churn, and customer satisfaction.

Thus, **we expect to continue accelerating this synergy capture curve until the end of the year, mainly with the arrival of imported machines at Petix in the middle of the fourth quarter**, which will be able to produce the super slim mat ("ZeePad") – **the SKU brand's best-selling product**, which represents about 25% of Zee.Dog Brasil's revenue.

In 2Q22, it is worth mentioning the **reopening of the Ipanema store**, in Rio de Janeiro, in April. The store reopened in a space designed to receive pet parents and their pets and promote new experiences and events - such as the pre-launch of collections. As for **Zee.Dog Kitchen - scheduled to launch in May** - we are very excited to be part of a category trending in all Pet markets worldwide (natural, balanced, and preservative-free food).

Petz Group Ecosystem Update: Cansei de Ser Gato (CDSG) and Cão Cidadão/Alexandre Rossi integrations and transaction status with Petix

Cansei de Ser Gato: Feline World Domination continues to advance throughout Brazil!

Over the past few months, face-to-face events have been held at Petz stores, the "so-called Feline World Domination (DMF)" in 5 FUs: São Paulo-SP, Rio de Janeiro-RJ, Brasília-DF, Salvador-BA, and Belo Horizonte. Horizonte-MG. The activations had a DMF-themed decoration and issued badges for the gatekeeper public to register the new official agents – there are already more than 4 thousand agents registered in the country under the command of the cat and character, Chico the CEO. We currently have **9 Petz stores with an exclusive and differentiated assortment of around 50 items on the shelves. In these units, CDSG products are already sales leaders in the cat accessories categories** – which reinforces our view that the cat category is one of the fastest growing and still very lacking in an assortment.

Regarding the next steps of the CDSG integration, we aim to give national scale to the exclusive products offered by the CDSG through new suppliers, take advantage of the PIS expertise in terms of foreign sourcing, and the design development of new products.

Cão Cidadão: opportunities to scale the business of online courses with high organic engagement on Petz platforms

In the front of Cão Cidadão/Alexandre Rossi, we have recently started commercial efforts for Dr. Pet in the Petz customer base. With personalized emails and notifications and exclusive banners on our website and App Petz homepages, the goal is to provide further visibility and thus increase conversion organically while sharing more content and offering an additional service for our pet parents.

Over recent months, we have been working on another exciting initiative: the “white-label” virtual stores for Cão Cidadão franchisees. Like an affiliate program, the platform allows the trainer to recommend products to their clients/pet parents through a personalized and secure virtual store.

Petix: awaiting final approval from CADE

Regarding Petix, a transaction announced earlier this year, we are awaiting CADE's approval to start the integration process. We believe that the transaction will bring significant synergies to the Petz Group, with emphasis on: (i) the opportunity to nationalize the production of slim hygiene mats in Brazil through investment in new machines and equipment, reducing dependence on external sourcing - representing a lever important value creation for Zee.Dog, given the relevance of Zee.Pad within its revenue; (ii) sales of new products exclusively developed by Petix for the Petz Group's brands/channels; (iii) leveraging the B2B model with the distribution already established by Petix to boost the sale of Pet products; (iv) enhance the relationship and performance in the Pet market in the United States; (v) possibility of investing in new lines of hygiene products; and (vi) boost the relationship that Petix has with a vast network of opinion makers such as influencers, veterinarians, breeders, NGOs, and trainers.

Sergio Zimmerman

Petz Group Income Statement

Petz Group	1Q22	1Q21 ²	Change
R\$ thousands, unless otherwise stated			
Gross Revenue from Products and Services	746,660	537,516	38.9%
Taxes and other Deductions	(114,351)	(83,360)	37.2%
Net Revenue from Products and Services	632,309	454,156	39.2%
Cost of Goods Sold and Services Rendered	(328,256)	(235,632)	39.3%
Gross Profit	304,053	218,524	39.1%
Operating Revenue (Expenses)	(252,018)	(175,028)	44.0%
Selling	(178,050)	(132,509)	34.4%
General & Administrative	(68,044)	(39,999)	70.1%
Other Operating Income (expenses), net	(5,924)	(2,520)	135.1%
Adjusted EBITDA	52,035	43,496	19.6%
Non-Recurring Results	(2,001)	501	n/a
Stock Option Plan	(7,816)	(32)	n/a
Write-off of Fixed Assets	(1)	(178)	(99.4%)
Depreciation & Amortization	(27,554)	(19,048)	44.7%
Operating Profit before Financial Income	14,663	24,739	(40.7%)
Financial Results	5,068	(3,869)	n/a
Financial Income	14,913	2,414	517.8%
Financial Expenses	(9,845)	(6,283)	56.7%
Earnings before Income Tax and Social Contribution	19,731	20,870	(5.5%)
Income Tax and Social Contribution	(11,409)	(7,180)	58.9%
SOP, M&A, Non-Recurring and tax effects	12,781	(310)	n/a
Adjusted Net Income³	21,103	13,380	57.7%

Petz Standalone Income Statement

Petz Standalone	1Q22	1Q21 ²	Change
R\$ thousands, unless otherwise stated			
Gross Revenue from Products and Services	693,114	537,516	28.9%
Taxes and other Deductions	(106,677)	(83,360)	28.0%
Net Revenue from Products and Services	586,437	454,156	29.1%
Cost of Goods Sold and Services Rendered	(306,441)	(235,632)	30.1%
Gross Profit	279,996	218,524	28.1%
Operating Revenue (Expenses)	(225,066)	(175,028)	28.6%
Selling	(168,598)	(132,509)	27.2%
General & Administrative	(50,544)	(39,999)	26.4%
Other Operating Income (expenses), net	(5,924)	(2,520)	135.1%
Adjusted EBITDA	54,930	43,496	26.3%

² Reflect impacts related to the tax refund process related to CAT-42, explained in the 4Q21 results. As a reference, the amount of this effect in 1Q21 was R\$3.3 million.

³ Adjustments explained on page 20.

Store Network and Seres Veterinary Centers

During 1Q22, we opened 10 stores - a new record for the first three months of the year, which demonstrates the strong capacity to execute the expansion plan. Of the stores opened, 7 are located outside the state of São Paulo, which reinforces our strategy of geographical spread throughout the national territory. At the end of 1Q22, **46% of the units were located outside São Paulo** - the highest level ever recorded - and 54% in São Paulo (vs. 39% and 61% in 1Q21, respectively).

In the last 12 months, we reached a historical record level regarding the pace of expansion: 42 openings⁴ in 16 different states. In this context, we remain confident about our guidance for opening 50 stores in 2022. We ended 1Q22 with 178 stores in 19 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 the number of units and geographic coverage.

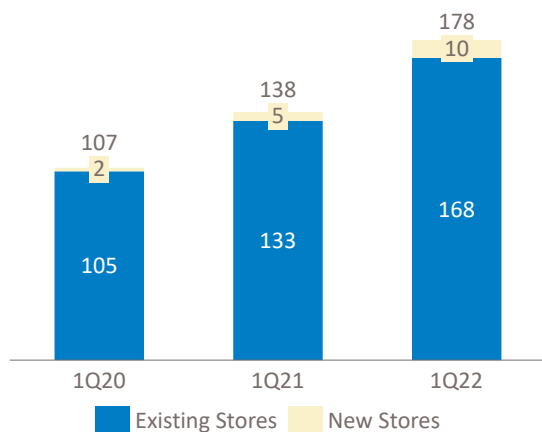
Combined with the strength and robustness of the brand, Petz reaches new markets with a unique value proposition: high level of service and low cost to serve in markets that were not necessarily served with our store format, which offers a complete assortment of products, integrated Omnichannel and differentiated shopping experience.

It is worth noting that **53% of the stores have not yet completed their third year of operation (23% are still in their first year)**, that is, they have not yet reached their total expected revenue and profitability potential. As in 1Q22, this effect is expected to continue impacting 2022 results due to our faster pace of store openings for this year (50 units on top of 168 in 4Q21, or 30 % of the total base).

Finally, regarding the expansion of the “Seres” brand, in the quarter, we opened 1 new hospital at the W3 Norte store in Brasília-DF. We ended the period with 139 Veterinary Centers, 15 of which were hospitals - these present in 10 states.

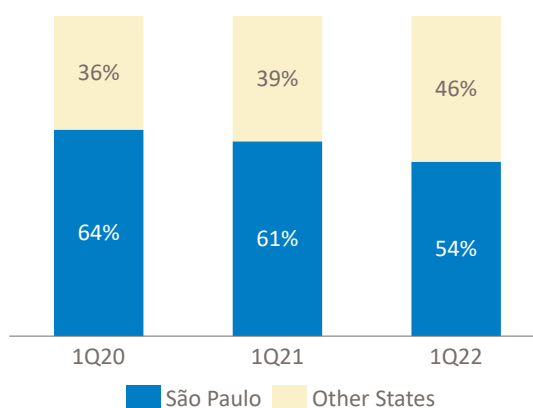
Number of Stores

Existing Stores, Openings



Store Mix in São Paulo & Other States

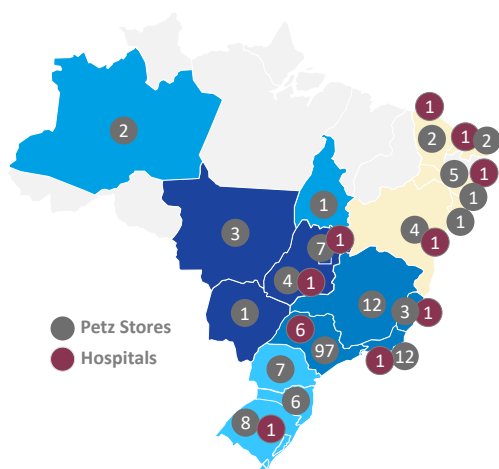
% of total stores



⁴ Considers the closing of the units (1) Convivas at Barra da Tijuca, Rio de Janeiro and (2) Granja Viana, in Cotia, Greater São Paulo in 2Q21.

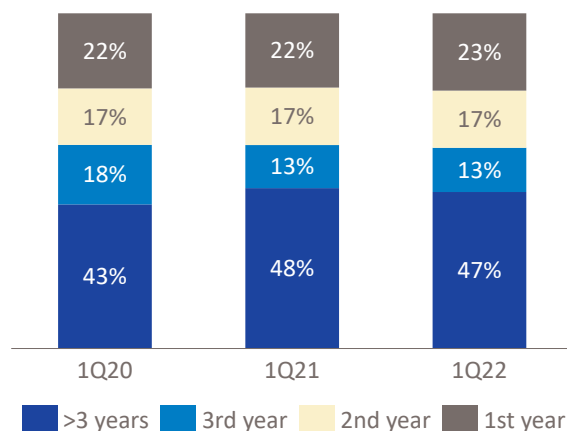
Geographic Footprint

Number of Petz stores and hospitals by state



Distribution by Age

% of total stores



Total Gross Revenue

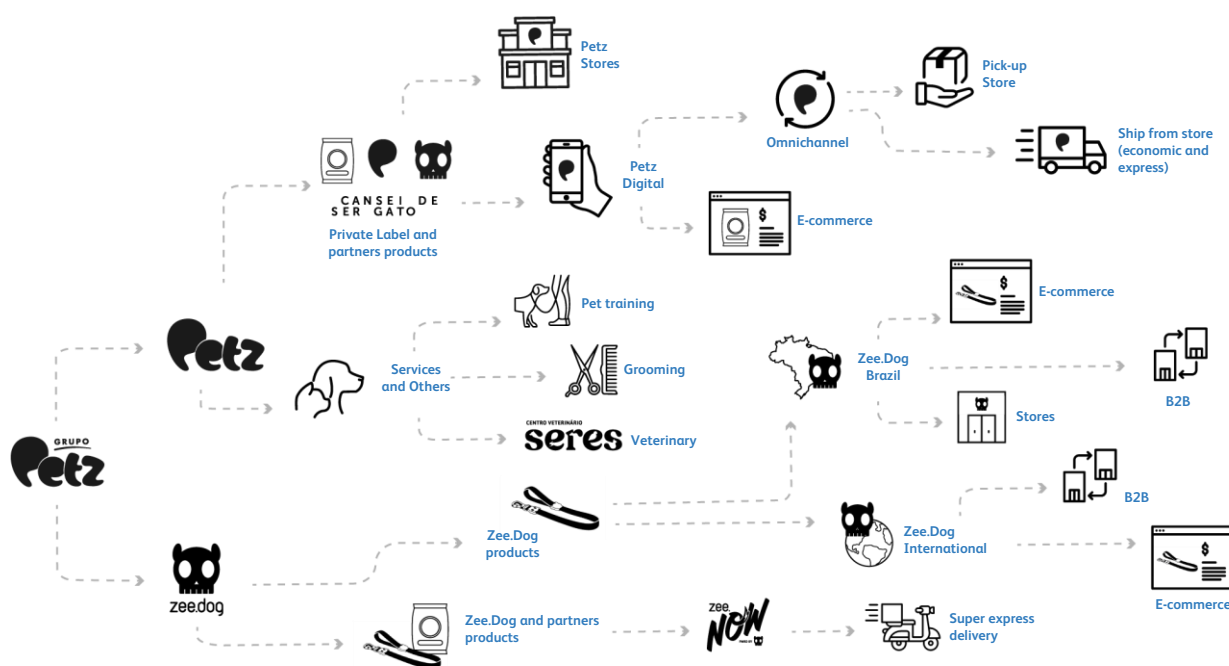
R\$ thousands, unless otherwise stated	1Q22	1Q21	Change
Gross Revenue Petz Standalone⁵	693,114	537,516	28.9%
Products	660,659	511,657	29.1%
Physical Stores	440,646	356,144	23.7%
Digital	220,013	155,513	41.5%
Services & Others	32,455	25,859	25.5%
Gross Revenue Zee.Dog	58,665	-	47.9%
Intercompany ⁶	(5,119)	-	-
Gross Revenue Petz Group	746,660	537,516	38.9%
Digital Petz Group⁷	257,587	155,513	65.6%

The Petz Group's Total 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); and (ii) 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) and also sales of Zee.Dog Internacional (B2B and E-Commerce).

⁵ Includes revenues from Cansei de Ser Gato and Cão Cidadão.

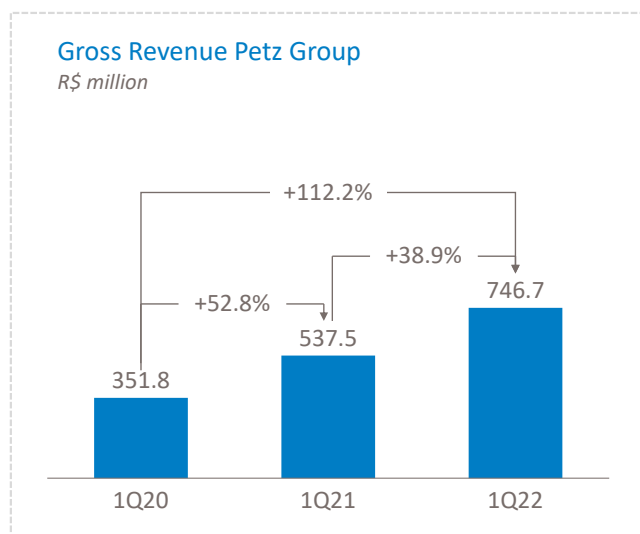
⁶ Net effect of (i) sales of Zee.Dog's products made from Zee.Dog to Petz, to supply Petz's physical stores and digital channels and (ii) sales from Petz to Zee.Dog, for supplies of third-party products in the hubs from Zee.Now.

⁷ Considers all (i) sales made on the Petz website and mobile app, as well as sales through partner marketplaces and super apps; and (ii) sales of Zee.Now, Zee.Dog Brasil E-Commerce and Zee.Dog Internacional E-Commerce.

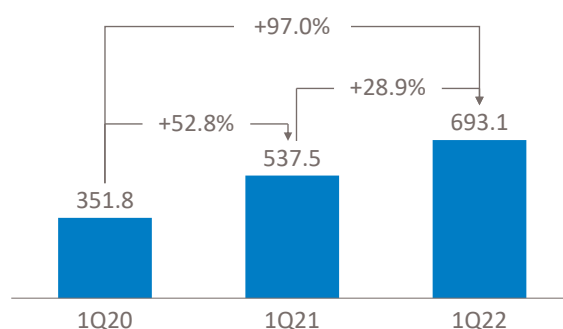


Petz Group Gross Revenue

In 1Q22, the Gross Revenue of Petz Group was R\$746.7 million - an increase of 38.9% when compared to the same period of the previous year and +2x vs. 2020.



Gross Revenue Petz Standalone
R\$ million



Petz Standalone Gross Revenue

In 1Q22, Petz Standalone Total Gross Revenue was R\$693.1 million, solid growth of 28.9% compared to the same period of the previous year, despite a strong comparison base (+52.8% y/y in 1Q21) and a challenging macroeconomic environment in retail and Brazil in general. It is worth noting that this performance in the quarter represents a growth of around +2x vs. 1Q20.

Total sales of Petz Standalone in 1Q22 were driven by the products segment (+29.1% y/y), highlighting the increase in Digital Revenues, which grew 41.5% compared to 1Q21 and reached R\$220 million in the period. It is worth mentioning that this strong growth took place on a comparative basis, already benefiting from the increase in Digital's share due to the pandemic (+235.5% y/y in 1Q21). Thus, Digital Penetration under Total Gross Revenue reached a new record, with 31.7% (vs. 28.9% in 1Q21). The sale of products in physical stores also presented a solid performance in the quarter,

totaling revenues of R\$440.6 million, an increase of 23.7% y/y. This evolution in sales, both in digital channels and in physical stores, is mainly explained by structural changes in the Pet sector, in addition to the acceleration of the expansion of the store network, growth of the customer base, and the pass-through of prices to the final consumer, resulting from inflationary pressure in the supply chain, mainly in the Food category.

In the Services and Others segment, we grew 25.5% y/y, a performance explained by the weaker comparison base in 1Q21, given that the activities of the Grooming Centers were impacted due to the measures and decrees in the face of the new wave of COVID-19. 19 in early 2021. Despite initiatives to improve productivity and customer experience in this segment, its recovery has taken place gradually. On the other hand, **Seres Veterinary Center showed solid growth of 26.1% y/y in 1Q22, already under a comparison base of around +50% in 1Q21**, driven by: (i) maturation of the hospital network and clinics; (ii) opening of new units; and (iii) greater care by pet parents for the health of their pets, which also contributed to the solid performance of the older units.

Zee.Dog Gross Revenue

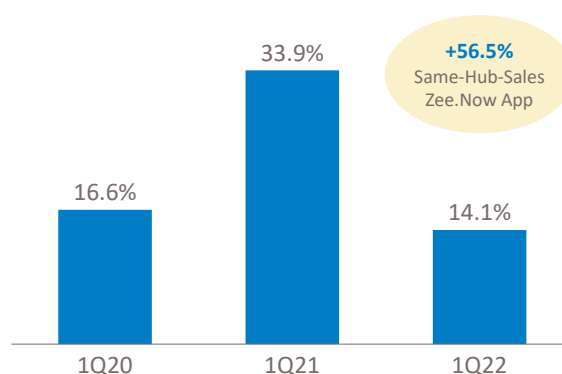
In 1Q22, Zee.Dog's Gross Revenue was R\$58.7 million, an expressive growth of 47.9% compared to the same period of the previous year. This result underscores the brand's strength in Brazil and abroad, given that we are witnessing a challenging macroeconomic environment in retail and Brazil in general, in which pet parents tend to buy fewer discretionary items, such as accessories and toys.

As for highlights of the quarter, it is worth mentioning the **performance of Zee.Now (about +90% y/y)**, despite the strong comparison base of the previous year, in addition to the solid growth in **sales of the Zee.Dog brand in Brazil (about +50% y/y)**, driven mainly by (i) the pass-through of prices in the B2B and B2C channels; and (ii) Zee.Dog sales within Petz channels.

Petz Standalone Same-Store-Sales (SSS) Growth

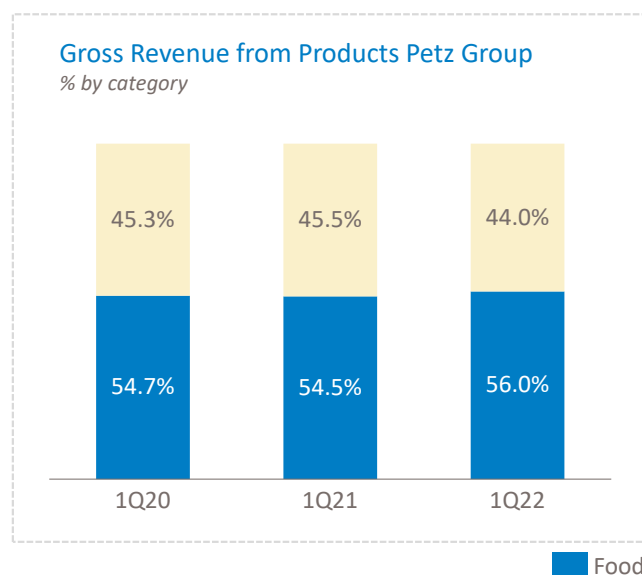
Same-Store-Sales Growth Petz Standalone

% Change, yoy

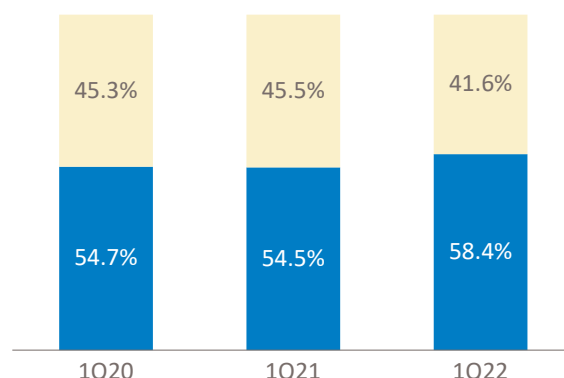


The Petz Standalone Same-Store-Sales (SSS) grew 14.1% y/y in 1Q22, which represents another solid performance on top of a strong comparison base (+33.9% in 1Q21), reflecting the ramp-up of store network and the performance of units with more than three years of operation, in addition to the pass-through of price to consumers due to inflation. It is worth noting the excellent results of stores located outside São Paulo and market share gains both through the physical and digital channels.

Gross Revenue from Products

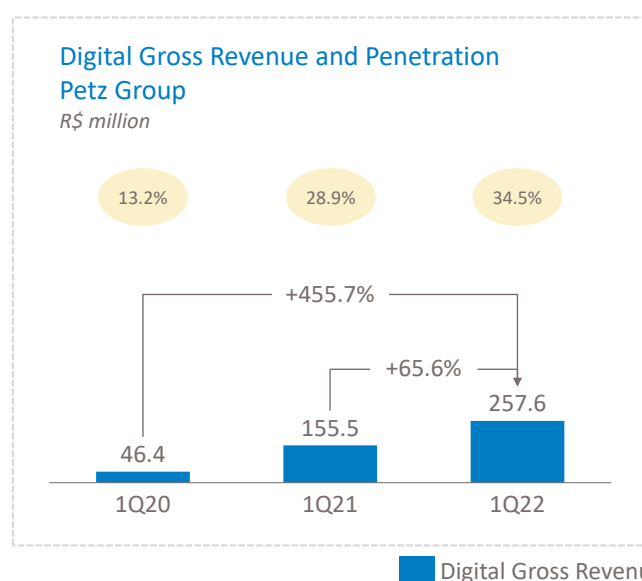


Gross Revenue from Products Petz Standalone
% by category

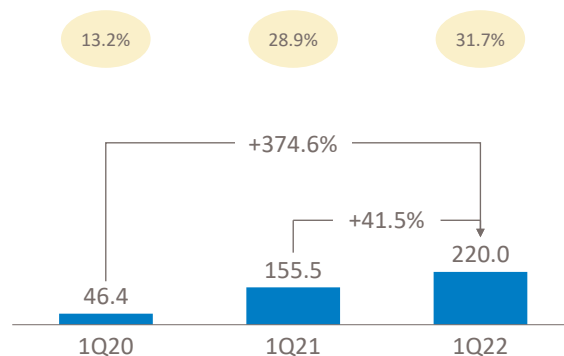


The Gross Revenue from Petz Standalone Products in the Food category grew 38.4% when compared to the same period of the previous year, representing **58.4% of the revenue of Petz Standalone products in 1Q22, an increase of +4.0 p.p. vs. 1Q21**. This change in the product mix between Food and Non-Food is mainly a result of: (i) the scenario of inflationary pressure, given that the demand for Food is almost inelastic, allowing greater pass-through of prices to the final consumer vs. Non-Food; (ii) the comparison base in 1Q21 influenced by the higher level of interaction between pets and pet parents, with consequent higher consumption of Non-Food - a highlight for the accessories, aquarium, gardening and pool category during the pandemic; and (iii) the higher penetration of the Digital channel in the Company's sales, which structurally has a more significant share of Food. **Considering Zee.Dog, the Gross Revenue from Petz Group Products in the Food category grew 44.4% compared to the same period of the previous year, representing 56.0% of the revenue of Petz Group products in 1Q22.**

Digital Performance



Digital Gross Revenue and Penetration Petz Standalone
R\$ million



The Petz “Standalone” Digital continues to be the highlight of the results. The Company has consistently shown itself prepared to increase its share in digital sales with profitability and excellence service level, mainly a result of the integration and scalability of our Omnichannel platform, **in which all 178 stores operate as “mini-DCs.”**, but also the

several initiatives that we implemented to transform the customer and employee experience at the store level increasingly Omni and digital. It is also worth mentioning **a vast assortment of more than 20 thousand SKUs available on the Petz website**, which positions the Company as the holder of the largest offer in the segment.

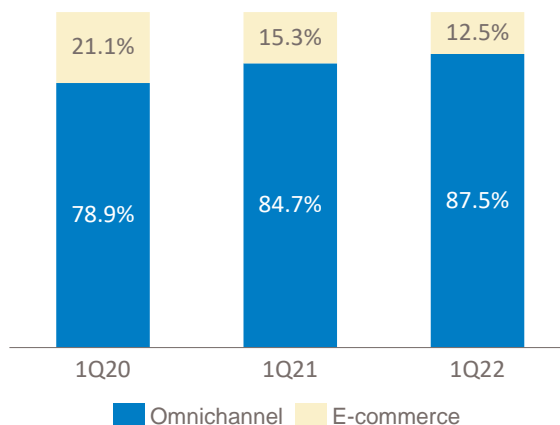
In 1Q22, Petz Standalone Digital Revenue totaled R\$220.0 million, a solid growth of 41.5% y/y, a performance already on a strong comparison basis in 1Q21 (growth of +235.5% a/a). It is worth mentioning that Digital represented a new record of 31.7% of Petz Gross Revenue, an increase of almost 3 p.p. when compared to 28.9% in 1Q21. This scenario reinforces our view that there is a greater demand for a differentiated experience and level of service through digital platforms - providing convenience in the face of a change in consumer habits after the pandemic. Considering Zee.Now and E-Commerce sales by Zee.Dog Brazil and Zee.Dog International, the **Petz Group's Digital revenue totaled R\$257.6 million (+65.6% y/y), representing a Digital Penetration of 34.5% of the Petz Group Total Gross Revenue (+5.6p.p. vs. 1Q21).**

In this context, **the Petz App** consolidates itself, quarter after quarter, as the leading Digital sales channel, with **more than 1 million active users** (MAU - Monthly Active Users) in March 2022, +30% y/y when compared the previous year's basis. The **App sales already represent about 67% of Digital Petz's revenue in March 2022** (vs. 59% in March 2021). In this context, it is important to highlight that **in 1Q22 we had a total number of App downloads greater than the 2nd and 3rd places in the Pet sector combined**⁸. Thus, it is also worth mentioning that we maintain the leadership in the Pet sector in the number of downloads and the rankings of Google Play and Apple Stores.

The **Petz Subscription Program** also gained relevance, reaching **more than 285 thousand subscribers, more than 1.5x in the y/y comparison**, representing 25% of Petz Total Gross Revenue in March 2022 (vs. 19% in March 2021). The acceleration of the Subscription Program contributes positively to the customer loyalty process, increasing the recurrence in the volume of products purchases and services. It is worth noting that, despite the strong increase in the subscriber base, **the churn ratio remains at the lowest levels in recent months.**

Omnichannel Ratio and E-commerce Share Petz Standalone

% of Digital Gross Revenue Petz Standalone



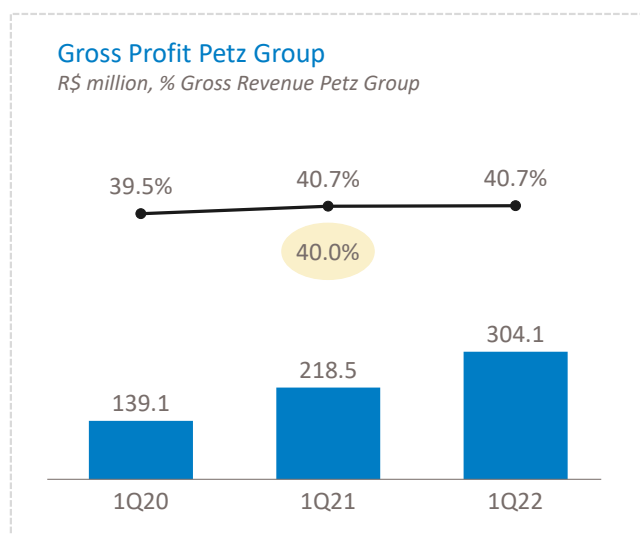
In 1Q22, Petz Standalone Gross Revenue from the Omnichannel platform, which includes sales made through Pick-up and Ship from Store, grew 46.0% y/y, representing an Omnichannel Ratio of 87.5% (vs. 84.7% in 1Q21), a benchmark level in Brazilian and global retail. Even with this abrupt growth and change in the level of digital sales, our operation has proven to be scalable, given that we have consistently delivered excellence in terms of service and customer experience. **In 1Q22, we delivered 88% of Petz Standalone sales made through the Ship from Store modality within 1 business day.**

⁸ Source: SimilarWeb on April 27, 2022.

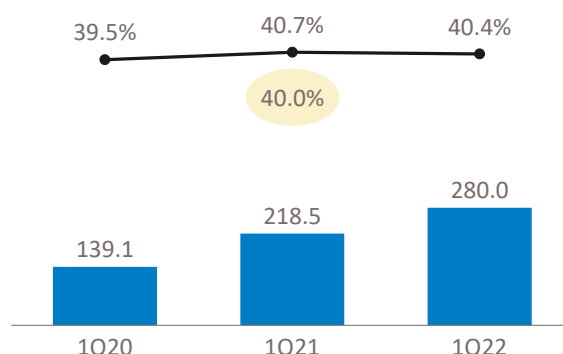
When we analyzed all deliveries made through Petz's Standalone digital channels (including sales shipped from the DC), this index reached an impressive 82% in the period.

Gross Profit

The Petz Group's Gross Profit in 1Q22 totaled R\$304.1 million, an increase of 39.1% y/y. The gross margin was 40.7% of Gross Revenue Petz Group, in line vs. the same period of the previous year (already considering the effect of the tax reimbursement process referring to CAT-42, as mentioned in the 4Q21 release). It is worth noting that the gross margin of Petz "Standalone" in the first quarter is seasonally weaker vs. the other quarters due to the concentration of commercial negotiations with the leading suppliers for the year. The result in 1Q22 reflects our ability to pass on prices to the final consumer - mainly in the Food category - and the continuous work in search of opportunities, efficiency gains, and operational improvements, thus reducing impacts such as those we have seen over the last quarters, with emphasis on (i) increase in Digital Penetration, which has healthy margins, but lower than the physical channel; (ii) inflationary pressure; and (iii) the growth of the Food category, which has attractive profitability, but slightly lower than the Non-Food products.

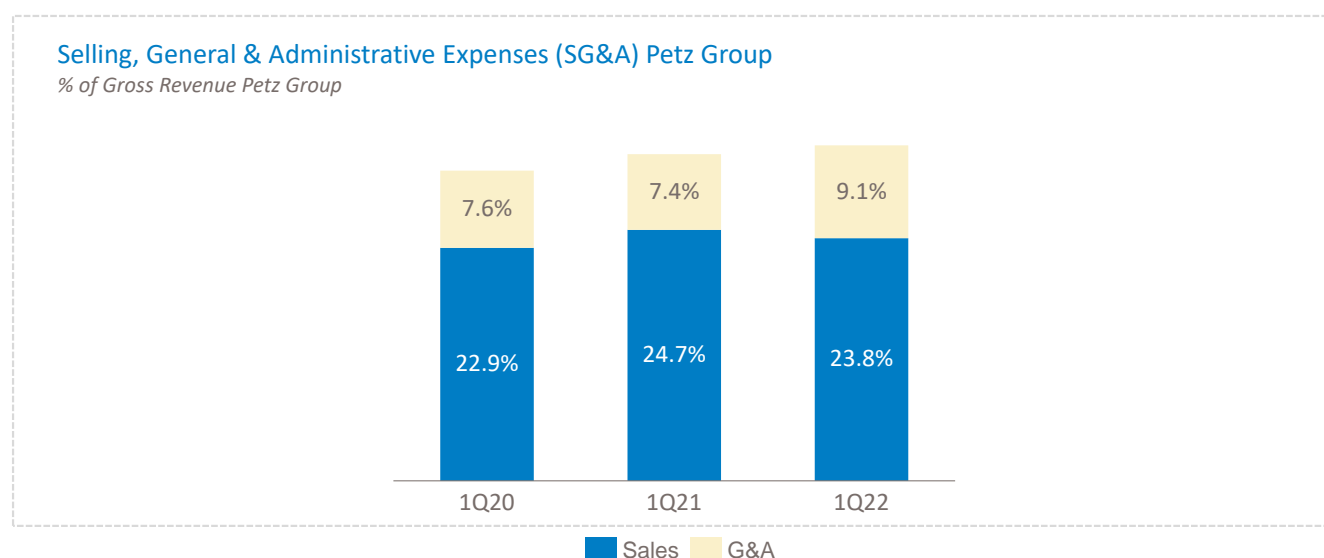


Gross Profit Petz Standalone
R\$ million, % Gross Revenue Petz Standalone



■ Gross Profit — % Total Gross Revenues ● % Total Gross Revenues (ex. CAT-42)

Operating Expenses



Petz Group Operating Expenses totaled R\$252.0 million in 1Q22 (+44.0% y/y) - representing 33.8% over Petz Gross Revenue (+1.2p.p. y/y), mainly explained by the Zee.Dog's consolidation in the results.

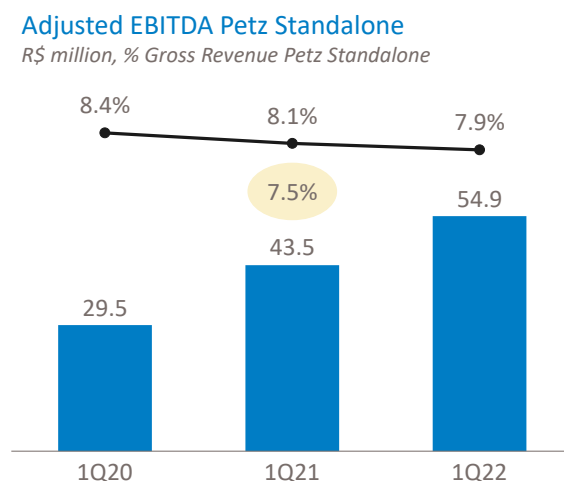
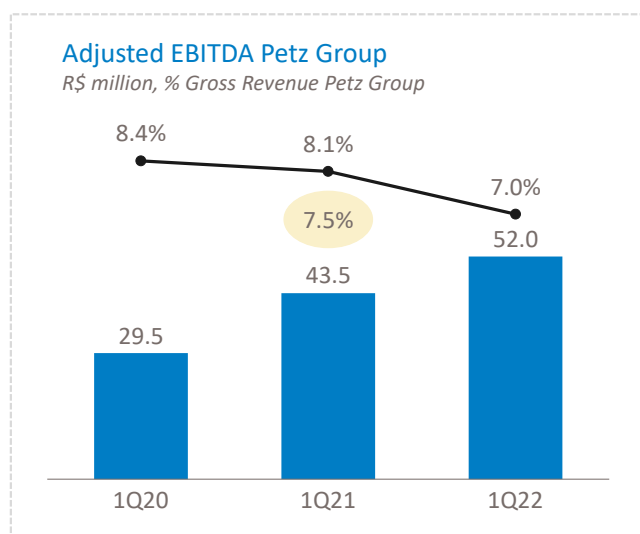
Petz Group's Selling Expenses were R\$178.1 million in 1Q22, +34.4% above the same period last year, representing 23.8% of Total Gross Revenue (vs. 24.7% in 1Q21). This performance reflects (i) efficiency gains in performance marketing through proprietary predictive algorithms; and (ii) better negotiation conditions with supplies and service providers. These initiatives more than offset (i) higher rental and store personnel expenses; and (ii) the consolidation of Zee.Dog's numbers. In addition to these factors, **it is worth remembering that 53% of Petz Standalone stores have not yet completed their third year of operation (23% are still in their first year)**, and they have not yet reached the expected potential for revenue and profitability.

The Petz Group's General & Administrative Expenses (G&A) totaled R\$68.0 million in 1Q22, +70.1% above 1Q21, representing 9.1% of Total Gross Revenue (vs. 7.4% in 1Q21). This performance reflects (i) the consolidation of Zee.Dog; and (ii) investments in personnel for corporate initiatives under development (technology/digital, in addition to new projects for the Petz Group and "Seres" ecosystem), which were partially offset by greater efficiency in personnel at the DCs.

Other Operating Expenses of the Petz Group were R\$5.9 million in 1Q22, 135.1% above the same period last year, reflecting the acceleration of the expansion of Petz Standalone stores. After opening, physical stores take between 4 and 6 months to reach breakeven - and in 1Q22 alone, we opened 10 stores, totaling 25 new units in the last 6 months.

Petz Group	1Q22	1Q21	Change
R\$ thousands, unless otherwise stated			
Selling, General and Administrative Expenses (SG&A)	246,094	172,508	42.7%
% Total Gross Revenue	33.0%	32.1%	0.9 p.p.
Selling Expenses	178,050	132,509	34.4%
% Total Gross Revenue	23.8%	24.7%	(0.8 p.p.)
General & Administrative Expenses	68,044	39,999	70.1%
% Total Gross Revenue	9.1%	7.4%	1.7 p.p.
Others Operating Expenses	5,924	2,520	135.1%
% Total Gross Revenue	0.8%	0.5%	0.3 p.p.
Total Operating Expenses	252,018	175,028	44.0%
% Total Gross Revenue	33.8%	32.6%	1.2 p.p.

Adjusted EBITDA



■ Adjusted EBITDA — % Total Gross Revenues ● % Total Gross Revenues (ex. CAT-42)

R\$ thousands, unless otherwise stated	1Q22			1Q21		
	Petz Group	Petz	Zee.Dog	Petz Group	Petz	Zee.Dog
Total Gross Revenue	746,660	693,114	58,665	537,516	537,516	-
Adjusted EBITDA	52,035	54,931	(2,896)	43,496	43,496	-
Adjusted EBITDA /Total Gross Revenues	7.0%	7.9%	(4.9%)	8.1%	8.1%	-

Petz Standalone Adjusted EBITDA was R\$54.9 million in 1Q22, an increase of +26.3% when compared to the same period of the previous year. Adjusted EBITDA margin in the quarter represented 7.9% of Petz Gross Revenue, a slight decrease vs. 1Q21 (-0.2 p.p.), even with a higher Digital Penetration and acceleration of the expansion of the store network. It is worth mentioning that this maintenance of margin reflects the better profitability of the Digital channel, with the implementation of efficiency initiatives in performance marketing and better negotiation conditions with our suppliers of supplies and service providers, especially packaging and freight. **Considering Zee.Dog, Petz Group's Adjusted EBITDA was R\$52.0 million in 1Q22 - representing 7.0% of Total Gross Revenue.**

Regarding Zee.Dog's EBITDA margin level, an expansion is expected over the coming quarters. This is due to the fact that the most relevant synergies from the transaction with Petz began to be captured at the beginning of 2Q22 and should be fully realized by the first half of 2023, including the total replacement of the dog pads currently imported by Zee Dog from China.

In this context, the process of equalizing Zee.Now's commercial conditions - which has only 3 years of life and has hubs in different stages of maturation (40% of units with less than 1 year of operation) - advanced throughout the quarter. Within the Zee.Now App, approximately 80% of sales are related to third-party products – previously purchased through distributors on less favorable commercial terms. Over the last few weeks, **we have been working on integrating the supply of Zee.Now hubs by the Petz DC, with the roll-out in 100% of the hubs planned for the coming months,** with a significant margin impact. Another example on Zee.Now is charging a service fee of BRL 3.99 from mid-April - in line with other super-express delivery apps (in minutes) - aimed at increasing returns, with no impact on sales behavior, churn, and customer satisfaction. Finally, it is worth mentioning the expenses related to the launch of Zee.Dog Kitchen (fresh food), which is scheduled to be released in May.

Thus, **we expect to continue accelerating this synergy capture curve, mainly with the arrival of imported machines acquired by Petix in the middle of the fourth quarter,** which will be able to produce the super slim pad ("ZeePad") – the brand's best-selling SKU and which represents about 25% of Zee.Dog Brasil's revenue.

Petz Group R\$ thousands, unless otherwise stated	1Q22	1Q21	Change
Adjusted Net Income	21,103	13,380	57.7%
(+) Stock Option Plan (SOP) – Non cash	(7,816)	32	n/a
(+) Non-Recurring Effects Adjusted on EBITDA	(2,001)	(501)	299.4%
(+) Interest in accounts payable to selling shareholders	(2,609)	-	-
(+) Tax effects (IR/CSLL)	(355)	159	122.6%
Net Income	8,322	13,690	(39.2%)
(-) Income Tax & Social Contribution	11,409	7,180	58.9%
(-) Depreciation & Amortization	27,554	19,048	44.7%
(-) Financial Results	(5,068)	3,869	n/a
EBITDA	42,217	43,787	(3.6%)
(-) Stock Option Plan (SOP)	7,816	32	n/a
(-) Write-off of PP&E	1	178	(99.4%)
(-) Non-recurring results	2,001	(501)	n/a
(-) Non-recurring income	-	(2,598)	n/a
(-) Non-recurring expenses	2,001	2,097	(4.6%)
Adjusted EBITDA	52,035	43,496	19.6%
Adjusted EBITDA /Total Gross Revenues	7.0%	8.1%	(1.1 p.p)

In 1Q22, the Non-Recurring Result of the Petz Group refers mainly to expenses – which totaled R\$2.0 million - primarily related to the contracting of strategic consultants and also expenses related to the Zee.Dog integration process. In 1Q21, Non-Recurring Result refers to revenue from PIS/COFINS credits on expenses related to previous years, almost offset by Non-Recurring Expenses referring to the contracting of strategic consulting focused on Customer Analytics.

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

Depreciation & Amortization expenses in 1Q22 totaled R\$27.5 million, representing a growth of 44.7% y/y, vs. R\$19.0 million in the same period of the previous year. The evolution is explained by the investments made by the Company in recent years, mainly in the expansion of the Petz Standalone store chain, most of which have been in operation for less than three years.

Financial Result in 1Q22 totaled R\$5.1 million, compared to -R\$3.9 million recorded in 1Q21, mainly explained by the follow-on proceeds and the increase in interest rates between the periods, resulting in higher income from financial applications. It is worth noting that Financial Expenses in 1Q22 included R\$2.6 million related to the interest correction of amounts to be paid (in the future) to shareholders of the acquired companies.

Income Tax and Social Contribution expenses totaled R\$11.4 million in 1Q22 vs. R\$7.2 million in the same period of the previous year. The adjusted effective rate in 1Q22 was 34.4%, impacted by the effects explained in the section below.

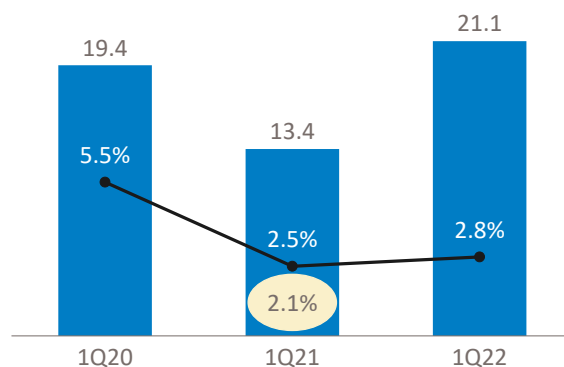
Adjusted Net Income

The Adjusted Net Income of the Petz Group in 1Q22 totaled R\$21.1 million, a robust growth of 57.7% against R\$13.4 million registered in the same period of the previous year, mainly explained by the evolution of the operating result and the improvement in the financial result, presented above.

The Net Income adjustments were the exclusion of (i) expense with the stock option plan, (ii) financial expense / interest on amounts to be paid to shareholders of the acquired companies; and (iii) non-recurring expenses, already explained in the Adjusted EBITDA section. It is important to mention that for calculating these adjustments, the exclusion of effects is carried out considering the rate of 34%.

Adjusted Net Income Petz Group

R\$ million, % Gross Revenue Petz Group



■ Adjusted Net Income —●— % Total Gross Revenues ● % Total Gross Revenues (ex. CAT-42)

Adjusted Cash Flow⁹

Operating Cash Flow in 1Q22 was -R\$63.9 million. The main variations on suppliers refer to (i) payments made in 1Q22 to external advisors related to the Zee.Dog transaction; and (ii) each consumption by the variation of R\$15.8 million in the balance of Zee.Dog's suppliers related to imports carried out in the 2021 fiscal period. In terms of inventories, the higher consumption was caused by the tactical reinforcement in relation to the same the previous year and the opening of new stores (10 openings in 1Q22 vs. 5 in 1Q21) and the opening of the Mauá-SP DC.

Free Cash Flow was -R\$175.7 million in 1Q22, mainly explained by (i) higher consumption of Operating Cash Flow (mentioned above) and (ii) higher Investments (R\$76.7 million vs. R\$46.8 million in the previous year), partially offset by the higher capital increase due to the stock option plan in 1Q21 (R\$21.8 million) compared to 1Q22 (R\$1.1 million).

Petz Group	1Q22	1Q21	Change
R\$ thousands, unless otherwise stated			
Adjusted EBITDA	52,035	43,496	19.6%
Non-recurring Result	(2,001)	(2,844)	(29.6%)
Income Tax (34% x EBIT)	(4,985)	(8,411)	(40.7%)
Assets	45,049	32,241	39.7%
Accounts Receivables	(13,938)	(18,864)	(26.1%)
Inventory	(48,714)	(29,072)	67.6%
Suppliers	(27,309)	26,633	n/a
Other Assets/Liabilities	(18,992)	(12,087)	57.1%
Cash Flow from Operating Activities	(63,905)	(1,149)	n/a
Cash Flow from Investing Activities	(76,747)	(46,789)	64.0%
Cash Flow from Financing Activities	(49,122)	(34,598)	42.0%
Repayment of borrowings and financing	(55,437)	(55,009)	0.8%
Capital increase	1,149	21,791	(94.7%)
Others	5,166	(1,380)	n/a
Free Cash Flow Generation	(189,774)	(82,536)	129.9%
Financial applications	14,027	-	-
Free Cash Flow, Net	(175,747)	(82,536)	112.9%

Debt

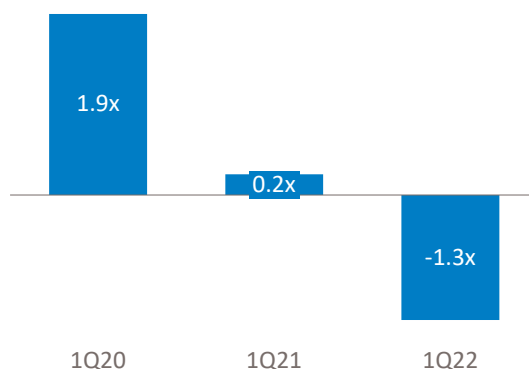
The Company is diligent regarding its capital structure, despite the acceleration of its expansion strategy. In 1Q21, the Net Debt to Adjusted EBITDA ratio was 0.2x. With proceeds from the follow-on, held in November 2021, the Company increased its Cash and Cash Equivalents and Financial Investments to R\$498.6 million, leading to a Net Cash position of R\$327.6 million at the end of 1Q22. It is worth mentioning that being capitalized gives us a competitive advantage – ensuring the execution (and acceleration) of the Petz store expansion plan and the availability of A-curve and recurring products superior to the competition, which certainly contributes to accelerating the process of capturing market share in a segment Pet still highly fragmented.

⁹ The Company understands that, to represent its Cash Flow better, the effects of the capital structure on the Operating Cash Flow must be disregarded and use the theoretical rate of IR (34%) on EBIT. For the Financing Cash Flow, the effects of the capital structure must be considered, in addition to the IR on the Financial Result.

Petz Group	1Q22	1Q21	Change
R\$ thousands, unless otherwise stated			
Gross Debt	170,982	442,720	(61.4%)
Current Loans and Financing	96,866	273,819	(64.6%)
Noncurrent Loans and Financing	74,116	168,901	(56.1%)
Cash & Cash Equivalents and Financial Investments	498,583	405,193	23.0%
Cash & Cash Equivalents	497,925	361,221	37.8%
Financial applications	658	43,972	(98.5%)
Net Debt	(327,601)	37,527	n/a
Adjusted EBITDA (LTM)	250,179	174,789	43.1%
Net Debt/Adjusted EBITDA (LTM)	(1.3x)	0.2x	(1.5x)

Petz Group Leverage

Net Debt / Adjusted EBITDA 12M



Investments

Total Investments totaled R\$64.8 million in 1Q22, up 40.4% y/y. In line with our expansion strategy, R\$45.6 million was invested in constructing new stores and hospitals, an increase of 47.0% y/y, driven by higher store openings (10 openings in 1Q22 vs. 5 in 1Q21).

Petz invested R\$12.8 million in Technology and Digital in 1Q22 (+25.7% y/y) to (i) prepare the Company to support its growth (including e-commerce) in terms of systems; (ii) improve the navigability and shopping experience of our customers, especially in apps; (iii) optimize the cash front POS generating productivity gains for the Company.

Stores' Maintenance and Others totaled R\$6.5 million in 1Q22, representing 29.4% y/y. This increase is mainly due to (i) maintenance of our store network and distribution center; and (ii) CAPEX consolidation of the acquired companies (Zee.Dog and Cansei de Ser Gato).

Petz Group	1Q22	1Q21	Change
R\$ thousands, unless otherwise stated			
New Stores & Hospitals	45,559	30,990	47.0%
Technology & Digital	12,799	10,182	25.7%
Renovation, Maintenance & Others	6,466	4,998	29.4%
Total Investments	64,823	46,170	40.4%
Non-Cash Effect	11,924	619	-
Cash Flow from Fixed & Intangible Assets	76,747	46,789	64.0%

Balance Sheet

Petz Group R\$ thousands, unless otherwise stated	1Q22	4Q21	3Q21	2Q21	1Q21
ASSETS					
Current Assets	1,257,682	1,363,903	695,338	762,013	855,961
Cash & Cash Equivalents	497,925	673,672	144,846	234,705	361,221
Financial applications	658	14,532	17,015	32,248	43,972
Accounts Receivable	269,749	259,605	210,873	202,221	180,092
Inventories	383,238	334,524	262,419	234,878	214,773
Recoverable Taxes and Contributions	81,505	68,193	41,811	39,986	38,369
Other Credits	24,607	13,377	18,374	17,975	17,534
Noncurrent Assets	1,294,958	1,252,439	604,493	541,814	505,502
Other Credits	17,509	16,033	6,026	4,932	3,843
Recoverable Taxes and Contributions	3,798	3,760	2,182	1,847	1,975
Deferred Income Tax and Social Contribution	19,711	15,477	9,922	5,686	10,143
Property, Plant and Equipment	627,386	592,996	507,291	460,286	427,204
Intangible Assets	626,554	624,173	79,072	69,063	62,337
Total Assets	2,552,640	2,616,342	1,299,831	1,303,827	1,361,463
LIABILITIES & SHAREHOLDERS' EQUITY					
Current Liabilities	556,574	619,762	549,715	562,918	613,305
Suppliers	295,720	339,433	252,960	231,040	221,677
Loans, Financing and Debentures	96,866	128,268	174,471	223,860	273,819
Payroll and Related Taxes	84,686	74,957	68,060	55,670	62,534
Taxes Payable	29,020	27,543	28,120	26,419	23,572
Dividends Payable	17,816	17,816	4,514	4,521	13,867
Accounts payable for the acquisition of subsidiaries	5,857	5,684	320	-	-
Other Payable	23,783	22,725	18,638	18,423	15,190
Loyalty Program	2,826	3,336	2,632	2,985	2,646
Non-current Liabilities	169,965	191,103	123,886	146,536	170,448
Loans, Financing and Debentures	74,116	97,813	121,509	145,205	168,901
Accounts payable for the acquisition of subsidiaries	88,478	86,041	1,180	-	-
Other Payable	1,293	1,073	-	-	-
Provisions for Civil and Labor Risks	6,078	6,176	1,197	1,331	1,547
Shareholders' Equity	1,826,101	1,805,477	626,230	594,373	577,710
Capital	1,724,259	1,578,065	409,041	409,041	409,041
Capital Reserves	39,505	39,505	54,639	54,639	54,639
Reserve for Options Granted	22,672	14,856	7,039	1,818	1,786
Special Goodwill Reserve	24,825	24,825	24,825	24,825	24,825
Equity adjustment	(146,859)	-	-	-	-
Profit Reserves	161,699	148,226	130,686	104,050	87,419
Total Liabilities and Shareholders' Equity	2,552,640	2,616,342	1,299,831	1,303,827	1,361,463

Cash Flow – Indirect Method

Petz Group	1Q22	1Q21
R\$ thousands, unless otherwise stated		
Cash Flow from Operating Activities	(57,766)	(2,529)
Operating Profit before income tax	19,731	20,870
CAT-42 tax refund effect	-	(3,345)
Depreciation & Amortization	27,620	19,114
Allowance for Inventory Losses	1,847	2,643
Recognized options granted	7,816	32
Interest on Loans and Financing	6,014	4,922
PP&E Write-off	1	178
Loyalty Program	(510)	(369)
Provision for Civil and Labor Risks	(98)	(355)
Interest from Financial Applications	(153)	(211)
Interest in accounts payable to selling shareholders	2,609	-
Depreciation & Amortization - Refund of Improvements	(66)	(66)
Working Capital Variation	(122,577)	(45,942)
ASSETS		
Accounts Receivables	(13,938)	(18,864)
Inventory	(50,561)	(31,715)
Recoverable Taxes and Contributions	(14,862)	2,678
Other Credits	(14,503)	(4,837)
LIABILITIES		
Suppliers	(27,309)	26,633
Payroll and Related Taxes	9,729	8,818
Taxes Payable	(1,004)	(18,741)
Accounts Payable	3,277	(1,233)
Income Tax and Social Contribution Paid	(7,730)	(5,144)
Interest Paid on Borrowings and Financing	(5,676)	(3,537)
Cash flow from investing activities	(62,720)	(46,789)
Financial applications	14,027	-
Purchase of Property, Plant and Equipment	(76,747)	(46,789)
Cash Flow from Financing Activities	(55,261)	(33,218)
Repayment of borrowings and financing	(55,437)	(55,009)
Capital increase	1,149	21,791
Transaction costs of shares issuance	(973)	-
Free Cash Flow, Net	(175,747)	(82,536)
Cash BoP	673,672	443,757
Cash EoP	497,925	361,221

Appendix I: IFRS 16 Impact – Statement of Income

Petz Group R\$ thousands, unless otherwise stated	1Q22		Change
	IAS 17	IFRS 16	
Gross Revenue from Products and Services	746,660	746,660	-
Taxes and other Deductions	(114,351)	(114,351)	-
Net Revenue from Products and Services	632,309	632,309	-
Cost of Goods Sold and Services Rendered	(328,256)	(328,256)	-
Gross Profit	304,053	304,053	-
Operating Revenue (Expenses)	(289,390)	(279,409)	(9,981)
Selling	(199,675)	(190,718)	(8,957)
General & Administrative	(73,973)	(73,151)	(822)
Other Operating Income (expenses), net	(15,742)	(15,540)	(202)
Operating Profit before Financial Income	14,663	24,644	(9,981)
Financial Results	5,068	(13,783)	18,851
Financial Income	14,913	14,913	-
Financial Expenses	(9,845)	(28,696)	18,851
Earnings before Income Tax and Social Contribution	19,731	10,861	8,870
Income Tax and Social Contribution	(11,409)	(8,312)	(3,097)
Net profit	8,322	2,549	5,773

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

Petz Group R\$ thousands, unless otherwise stated	1Q22	1Q21
Earnings Before Interest Tax (EBIT)	24,644	27,899
(+) Depreciation & Amortization	27,554	19,048
(+) Depreciation – Right of Use (CPC 06 (R2)/IFRS 16)	32,606	22,987
EBITDA	84,804	69,934
(+) Rental Expenses ⁹	(42,587)	(29,491)
EBITDA	42,217	40,443
(-) Stock Option Plan (SOP)	7,816	32
(-) PP&E Write-off	1	178
(-) CAT-42 tax refund effect	-	3,345
(-) Non-recurring results	2,001	(501)
(-) Non-recurring income	-	(2,598)
(-) Non-recurring expenses	2,001	2,097
Adjusted EBITDA	52,035	43,497

Appendix III: IFRS 16 Impact – Balance Sheet

Petz Group R\$ thousands, unless otherwise stated	1Q22		Change
	IAS 17	IFRS 16	
ASSETS			
Current Assets	1,257,682	1,256,482	1,200
Cash & Cash Equivalents	497,925	497,925	-
Financial applications	658	658	-
Accounts Receivable	269,749	269,749	-
Inventories	383,238	383,238	-
Recoverable Taxes and Contributions	81,505	81,505	-
Other Credits	24,607	23,407	1,200
Noncurrent Assets	1,294,958	2,167,540	(872,582)
Other Credits - L	17,509	17,509	-
Recoverable Taxes and Contributions	3,798	3,798	-
Deferred Income Tax and Social Contribution	19,711	43,521	(23,810)
Property, Plant and Equipment	627,386	1,476,158	(848,772)
Intangible Assets	626,554	626,554	-
Total Assets	2,552,640	3,424,022	(871,382)
LIABILITIES & SHAREHOLDERS' EQUITY			
Current Liabilities	556,574	645,016	(88,442)
Suppliers	295,720	295,720	-
Loans, Financing and Debentures	96,866	96,866	-
Payroll and Related Taxes	84,686	84,686	-
Taxes Payable	29,020	29,020	-
Dividends Payable	17,816	17,816	-
Accounts payable for the acquisition of subsidiaries	5,857	5,857	-
Other Payable	23,783	8,883	14,900
Loyalty Program	2,826	2,826	-
Leasing Right of Use Payable (IFRS 16)	-	103,342	(103,342)
Non-current Liabilities	169,965	1,010,050	(840,085)
Loans, Financing and Debentures	74,116	74,116	-
Accounts payable for the acquisition of subsidiaries	88,478	88,478	-
Other Payable	1,293	1,293	-
Provisions for Civil and Labor Risks	6,078	6,078	-
Leasing Right of Use Payable (IFRS 16)	-	840,085	(840,085)
Shareholders' Equity	1,826,101	1,768,956	57,145
Capital	1,724,259	1,724,259	-
Capital Reserves	39,505	39,505	-
Reserve for Options Granted	22,672	22,672	-
Special Goodwill Reserve	24,825	24,825	-
Equity adjustment	(146,859)	(146,859)	-
Profit Reserves	161,699	104,554	57,145
Total Liabilities and Shareholders' Equity	2,552,640	3,424,022	(871,382)

Appendix IV: IFRS 16 Impact – Cash Flow

Petz Group R\$ thousands, unless otherwise stated	1Q22		Change
	IAS 17	IFRS 16	
Cash Flow from Operating Activities	(57,766)	(21,526)	(36,240)
Profit Before Income Tax and Social Contribution	19,731	10,861	8,870
Depreciation & Amortization	27,620	27,620	-
Depreciation – Right of Use (CPC 06 (R2))/IFRS 16)	-	32,606	(32,606)
Interest Expenses – Right of use (CPC 06 (R2))/IFRS 16)	-	20,278	(20,278)
Allowance for Inventory Losses	1,847	1,847	-
Recognized options granted	7,816	7,816	-
Interest on Loans and Financing	6,014	6,014	-
PP&E Write-off	1	1	-
Loyalty Program	(510)	(510)	-
Provision for Civil and Labor Risks	(98)	(98)	-
Interest from Financial Applications	(153)	(153)	-
Interest in accounts payable to selling shareholders	2,609	2,609	-
Depreciation & Amortization - Refund of Improvements	(66)	(66)	-
ASSETS			
Accounts Receivables	(13,938)	(13,938)	-
Inventory	(50,561)	(50,561)	-
Recoverable Taxes and Contributions	(14,862)	(14,862)	-
Other Credits	(14,503)	(14,503)	-
LIABILITIES			
Suppliers	(27,309)	(27,309)	-
Payroll and Related Taxes	9,729	9,729	-
Taxes Payable	(1,004)	(1,004)	-
Accounts Payable	3,277	2,639	638
Income Tax and Social Contribution Paid	(7,730)	(7,730)	-
Interest Paid on Borrowings and Financing	(5,676)	(5,676)	-
Interest Paid on Right of Use (CPC 06 (R2))/IFRS 16)	-	(7,136)	7,136
Cash flow from investing activities	(62,720)	(62,720)	-
Financial applications	14,027	14,027	-
Purchase of Property, Plant and Equipment	(76,747)	(76,747)	-
Cash Flow from Financing Activities	(55,261)	(91,501)	36,240
Repayment of borrowings and financing	(55,437)	(55,437)	-
Capital increase	1,149	1,149	-
Transaction costs of shares issuance	(973)	(973)	-
Payment of Right of Use (CPC 06 (R2))/IFRS 16)	-	(36,240)	36,240
Free Cash Flow, Net	(175,747)	(175,747)	-
Cash BoP	673,672	673,672	-
Cash EoP	497,925	497,925	-

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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