

3Q21 Earnings Release

Video Conference

November 09, 2021 (Tuesday)

10 a.m. Brasília | 8 a.m. EST | 1 p.m. GMT

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São Paulo, November 8 2021 – Pet Center Comércio e Participações S.A. (B3: PETZ3) announces its results of the third quarter of 2021 (3Q21).

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 3Q21 is available on pages 25-28

Highlights | 3Q21

- **Stores:** 153 units¹, with 10 openings in 3Q21 (35 in the last 12 months)
- **Seres Veterinary Center:** 127 units, 12 of them hospitals (2 openings in 3Q21 and 5 in the last 12 months)
- **Same-Store-Sales (SSS)²:** +21.8% y/y in 3Q21 (+30.2% in 9M21)
- **Total Gross Revenue (TGR):** R\$641.6mm; +42.5% y/y in 3Q21 (R\$1.8bn in 9M21; +50.4% y/y)
- **Digital Gross Revenue:** R\$198.8mm; +73.2% y/y; 31.0% of TGR; Omnichannel Ratio of 87.2% of Digital Gross Revenue in 3Q21 (R\$535.5mm in 9M21; +106.7% y/y; 30.1% of TGR)
- **Gross Profit:** R\$259.8mm; +39.6% y/y; 40.5% of TGR in 3Q21 (R\$714.6 million in 9M21; +48.8% y/y; 40.2% of TGR)
- **Adjusted EBITDA³:** R\$67.2mm; +43.4% y/y; 10.5% of TGR in 3Q21 (R\$163.5mm in 9M21; +43.8% y/y; 9.2% of TGR)
- **Net Income⁴:** R\$26.6mm; +56.1% y/y; 4.2% of TGR in 3Q21 (R\$59.8mm in 9M21; +27.7% y/y; 3.4% of TGR)

B3: PETZ3

R\$19.61

Per share

394,057,914

Total Shares

R\$7.7 billion

Market Cap

IR Contacts

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Data of November 8, 2021.

Summary of Results and Indicators

R\$ thousands, unless otherwise stated	3Q21	3Q20	Var.	9M21	9M20	Var.
Financial Results						
Total Gross Revenue	641,584	450,160	42.5%	1,777,085	1,181,767	50.4%
Same-Store-Sale (SSS) ¹ % y/y	21.8%	32.3%	(10.5 p.p.)	30.2%	22.5%	7.7 p.p.
Digital Gross Revenue	198,767	114,782	73.2%	535,523	259,082	106.7%
Digital Penetration (% Total Gross Revenue)	31.0%	25.5%	5.5 p.p.	30.1%	21.9%	8.2 p.p.
Omnichannel Ratio (% Digital Gross Revenue)	87.2%	78.6%	8.5 p.p.	86.1%	77.8%	8.3 p.p.
Gross Profit	259,800	186,152	39.6%	714,619	480,399	48.8%
% Total Gross Revenue	40.5%	41.4%	(0.9 p.p.)	40.2%	40.7%	(0.4 p.p.)
Adjusted EBITDA ²	67,156	46,841	43.4%	163,524	113,710	43.8%
% Total Gross Revenue	10.5%	10.4%	0.1 p.p.	9.2%	9.6%	(0.4 p.p.)
Net Income ³	26,636	17,060	56.1%	59,750	46,780	27.7%
% Total Gross Revenue	4.2%	3.8%	0.4 p.p.	3.4%	4.0%	-0.6 p.p.
Operational Indicators						
Number of Stores	153	120	33	153	120	33
Store Openings	10	10	-	22	15	7
Footage (m ²)	155,890	131,955	23,935	155,890	131,955	23,935
Presence in States	18	16	2	18	16	2
Seres Veterinary Centers	127	103	24	127	103	24

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 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).

³ Excluding the effect of IFRS 16, non-recurring result (detailed on page 17), as well as non-cash expenses with write-off of property, plant and equipment and stock option plan ("SOP").

⁴ Excludes the effect of IFRS 16 and hence should not be used as reference for calculating dividends.

Message from Management

Introduction: Celebrating 1 year of our IPO and the start of a new strategic cycle for the Petz Group

In September 2021, we celebrate one year of our Initial Public Offering (IPO), with our stock listed on B3's Novo Mercado segment - the highest level of corporate governance in Brazilian stock markets. We are certain that the IPO was an important step in launching a new strategic cycle for the Petz Group. Our main deliveries in recent months included: (i) **operational improvements of the Omnichannel platform**, especially in terms of technology, logistics and customer experience; (ii) **acceleration of the Company's digitalization process** to improve both customer experience and operational productivity; and (iii) **the solid and consistent execution** of key initiatives related to strategic drivers that were announced to the market at the time of the IPO. We have also intensified our efforts to develop a more comprehensive, reliable and integrated ecosystem of solutions to meet all the needs of pets and their tutors with excellence.

The transactions with (i) Cansei de Ser Gato (CDSG), one of Brazil's largest digital platforms with content and exclusive products for cats, concluded in July; and (ii) Zee.Dog, the world's most disruptive pet platform, closing scheduled in 4Q21, represent the initial inorganic movements in the journey to create long-term value for stakeholders of the Petz Group. Our **strategic thinking remains focused on investing in the platform and bringing to it people, technologies and/or business models which add competences that complement ours**, while preserving what is most genuine about these entrepreneurs: their capacity to create and innovate. In this regard, we remain firmly committed to this process of transforming the Company to achieve our vision: **"To be recognized worldwide as the best ecosystem in the Pet sector by 2025."**

We face a unique opportunity to continue gaining market share and **further consolidating Petz Group's leadership of the Pet sector in Brazil** - which has the potential for significant growth even during periods of crisis and which is highly fragmented. Our **Omnichannel platform offers us competitive advantages**, such as: (i) integrated offerings across segments (products and services) and channels; (ii) differentiated store format and location; and (iii) comprehensive and exclusive assortment of products, further strengthened by the partnerships with CDSG and Zee.Dog.

We remain confident of Petz's growth expectations as we constantly strive to improve customer experience and maintain healthy profitability levels, despite the challenges and uncertainties caused by inflationary pressures and the macroeconomic scenario in Brazil, and meet the investment needs to launch the Company's ambitious projects. **We will remain focused on (i) expanding the nationwide footprint of our platform; (ii) digitalizing the customer experience and our operations; (iii) expanding the offering of exclusive products under the Petz Group brands; (iv) accelerating the process of building a complete ecosystem; and (v) consolidating the Seres brand as a benchmark in Brazil's health veterinary services sector.**

Finally, it is worth mentioning that in September we celebrated the **inclusion of Petz's shares (PETZ3) in B3's main index: the Ibovespa (IBOV)**. This achievement reflects the strong liquidity of our shares - despite our incipient presence in the capital markets, and also demonstrates the market's strong interest in our investment thesis and also underlines our commitment to become a reference in investor relations through transparent and consistent communication. In this context, despite the highly volatile scenario prevailing in capital markets in recent months, discussions with investors on strategic issues has been a valuable process for the Company.

Expansion of Store Network: Milestone of 150 stores in all regions of Brazil + 3 new Seres hospitals in 2021

The third quarter of 2021 marked another remarkable achievement in the history of Petz Group: **the milestone of 150 stores in all regions of Brazil**. A total of 10 stores were opened in 3Q21, 7 of them outside the State of São Paulo, reinforcing our **strategy of geographic dispersal across Brazil**. In this regard, at the end of the quarter, **over 40% of our units were located outside São Paulo, the highest share ever registered**. In the last 12 months, we had **35 openings, equaling our record for the period**, which also reflects **our capacity to implement our expansion plan**. Consequently, we ended 3Q21 with 153 stores in 18 states, consolidating our **leadership of the sector as Brazil's largest pet platform not only in terms of revenue, but also in number of units and geographic coverage**.

We remain focused on the geographic diversification of our network, given the **consistent returns obtained in diverse cities and regions of the country**. More recent, examples such as the performance of the first Petz store in Manaus, in the state of Amazonas - opened in June 2021, support our belief that tremendous opportunities exist for exploring Brazil's pet market, which is also leveraged by the first-mover advantage in accessing these new locations, with some stores surpassing by three-times our initial revenue expectations, and the diverse lessons in logistics complexity involved in supplying products to a region that is distant from our distribution center. Along with the strength and force of our brand, Petz offers a **unique value proposition – high service levels and low service costs** – in regions not necessarily served by stores of our format, which offers a complete product assortment, an integrated Omnichannel offering consisting of channels and segments and a unique buying experience.

Note that **our store opening plan for 2021 remains as planned**, despite some delays in constructions and in obtaining permits to open new stores during the first half of 2021, due to pandemic restrictions. We have a **robust backlog of new stores with locations already contracted**, whose inaugurations are concentrated in the fourth quarter of 2021.

Additionally, we are also reviewing our expansion plan for 2022 and subsequent years in light of the consistent increase in the Net Promoter Score (NPS) of our channels and segments, maintaining the **excellence levels** of recent months. In addition, we have been observing a low dispersion in regions across Brazil where Petz Group operates, which reinforces the **quality of our retail operation and execution**. To be well prepared to achieve this goal, we have been reinforcing our operational and expansion structure, as well as all support areas and company processes.

Finally, with regard to Seres brand expansion, we ended 3Q21 with 127 veterinary centers, 12 of them hospitals - in 9 Brazilian states. During the quarter, 2 new hospitals were opened: one in the Fortaleza store in Ceará, and one in the Santa Cecília store in São Paulo. Moreover, after 3Q21, in October we opened a new hospital at the store in Rua Augusta in São Paulo. Our goal remains to expand our footprint in state capitals and large cities by opening new hospitals, delivering the best in veterinary medicine through a **verticalized structure** that balances technical quality and profitable operations. To that end, **in early October we hired a strategic consulting firm to help us in mapping the market and elaborating our plan in the laboratories segment and the pet health plan**, two important pillars for building our Seres roadmap.

Record sales and Profitability in Digital: Leading, scalable platform, with differentiated service level and profitability

Petz's Digital channel remains an important driver. The Company has continuously shown that it is prepared to **expand the share of digital sales, combining profitability and service level excellence**, reflecting mainly the integration and scalability of our Omnichannel platform, in which **all 153 stores operate as mini Distribution Centers**. Hence, in addition to being scalable, since we have been delivering record sales, we were the platform that gained the highest market share in the Pet segment in recent months.

In 3Q21, Digital sales totaled R\$200 million, a sharp increase of almost 75% y/y, despite the strong comparison base of 3Q20. It is worth highlighting that **Digital sales accounted for 31.0% of Total Gross Revenue**, once again a record, despite a scenario of greater normalization of business hours of physical stores and gradual relaxation of physical distancing measures. This scenario underscores our vision that there exists **greater demand for differentiated experience and service levels** in light of **changes in consumer habits after the pandemic**. The Omnichannel Ratio reached a record of **87.2%** in 3Q21 (vs. 86.0% in 2Q21 and 78.6% in 3Q20). This ratio shows that Petz is increasingly consolidating its position as a **benchmark in retail not just in Brazil but also worldwide, with regard to the Omnichannel strategy**.

These new records in Digital Penetration and Omnichannel Ratio corroborate our unwavering **focus on pursuing improvements in technology, logistics and customer experience across our digital channels**. In this regard, we launched a few initiatives that enabled the healthy and sustainable growth of our platform: (i) standardization of check-out and shopping cart in Petz website in both

the desktop and mobile versions, bringing customer experience closer to what we offer in our app, improving the purchase conversion rates of our customers; (ii) migration of our website server, resulting in faster navigation and better customer experience in our digital channels; and (iii) roll-out of our logistics redispach strategy (optimizing the shipment of products from the distribution center along with the regular supply to the store, which is responsible for then shipping the product to the customer), which is beneficial both in terms of costs/expenses and also the service level offered.

In this context, the Petz app has been consolidating its position quarter after quarter as our main Digital sales channel. With approximately 950,000 Monthly Active Users (MAU), more than double compared to the base for the same period last year, **the app already accounts for approximately 65% of digital sales**. It is worth mentioning that our app is the leader on Google Play and Apple Store rankings in number of downloads.

The Petz Subscription Program has also increased its share, ending 3Q21 with a **subscriber base of over 230,000, almost three times higher in the y/y comparison**, accounting for 23% of Total Gross Revenue in September (vs. 20% in June and 15% in December). The acceleration of our Subscription Program contributes positively to customer loyalty, increasing the recurrence in the volume of purchases and services. It is worth noting that, despite the strong increase in the subscriber base, the churn indicator in September had its lowest level in the last 12 months.

The development of new functions in selecting the delivery modes (i.e. scheduling delivery time and split of orders) are some of the initiatives in our pipeline that will further increase our conversion and retention rates. Finally, **we continue to assess opportunities in logistics to gain efficiency and reduce the cost of serving**, besides automating our internal processes to constantly increase productivity.

Digitalization of the Petz Group: An operational and cultural transformation

Over the past few months, we intensified the **digitalization process across the Petz Group**, with the focus not only on interaction with our customers, as mentioned above, but also to **(i) make our operation more efficient; (ii) reach out to our employees and improve their experience and productivity; (iii) find new business models through organic and/or non-organic initiatives**. In this journey, our long-term vision continues to guide our decisions in order to get closer to our customers and employees and deeply understand their needs and expectations, creating value for Petz Group's stakeholders.

In this regard, we know that the **People pillar plays a fundamental role in the company's digital and cultural transformation**. Therefore, we have employed our efforts in this front, creating internal cells dedicated to attracting and retaining such talent. Our Digital team currently has over 230 employees, an increase of over 50% compared to in early 2021, and we currently have 35 job opportunities.

On the customer service and relationship front, the highlights of recent months were the performance and evolution of the program "My Offerings" (Minhas Ofertas) and the launch of the scheduling of Grooming Center services. Both are **proprietary features** available in our app. As mentioned in previous earnings releases, the "My Offerings" (Minhas Ofertas) program involves personalizing the offerings to each customer to achieve greater efficiency in sales conversion, upsell, cross-sell and repurchase actions. **Between June and September 2021, the share of customers with activated offerings increased almost three-fold**. The "My Offerings" also drives the NPS of physical stores, mainly due to: (i) improved customer perception of prices by accessing personalized promotions in the palm of their hand; (ii) greater customer loyalty; and (iii) customer service, with better quality interaction between employees and pet owners at stores.

In 3Q21, we also launched the **scheduling of Grooming Center services via app**, which is already available for 100% of our stores. Despite low publicity efforts, **15% of all of the Company services are scheduled through the app**. At some units, this number is even higher, reaching more than 50% of scheduled services. This initial level of engagement and adhesion demonstrates our capacity to offer a unique customer experience, facilitating the attraction of new customers for bathing and

grooming services as well as recurrence of the services, thereby improving productivity and reducing the idle time of employees at stores.

We wish to highlight the roll-out of the **self-checkout strategy in over 30 stores of our network, which accounts for almost 45% of sales at these units**. The technology developed for self-checkout enables our customers to register their items at checkout and pay for them independently and with less contact. Besides offering a more seamless shopping experience to customers, this pioneering initiative in the Brazilian Pet segment brings the Company productivity gains.

Another notable initiative in recent months was **the launch of the Jobs app for our store employees**. It brings important information and operational processes at stores to the digital world, expediting processes and increasing the productivity of our operation. As such, the digital culture enables the entire operational flow of stores to be carried out through applications and solutions developed to optimize activities, empowering the employee in the operations and facilitating the daily activities such as store supply and product maintenance, both which directly reflects in a greater accuracy of stock, and consequently in a higher level of service and customer satisfaction.

During the coming months, we will **continue to invest in the Digital segment and integration among channels**, with the focus on (i) User Experience (UX) and User Interface (UI); (ii) digitalization of services; (iii) new payment methods, such as e-wallet; (iv) customer experience, enhancing user interaction with our digital products, such as "My Offerings" (Minhas Ofertas); and (v) digitalization of Petz employee journey. These improvements are some of the initiatives in our pipeline that will further increase our conversion, retention, purchase frequency rates, and drive cross-selling opportunities across segments and channels.

Update about the Petz Group ecosystem: CDSG and Zee.Dog integrations

With the transaction concluded in July, **the entry of Cansei de Ser Gato (CDSG) in Petz's ecosystem** strengthened our leadership of the Pet segment with a platform specializing in cats - a category that has been registering significant growth rates. CDSG brings to Petz: (i) content production and interaction with the public in moments of "no purchase"; (ii) curatorship and design of exclusive products for the cat category, which offers high potential for differentiation but is still lacking in assortment; and (iii) qualified audience, through greater engagement and flow to all channels and segments of the Company.

In this context, **the integration of CDSG is proceeding at an accelerated pace**. In addition to the creative and humorous Instagram posts by the fictional character Chico, CEO and leader of World Feline Domination, as well as the educational episodes by the "PodCat" on Spotify, included in October in the Spotify Podcast Academy, a select community of content developers inside the platform, the recent months were marked by the **launch of the 2022 calendar** - a product that reinforces the engagement of the cat-friendly public with the brand, as well as the platform's creative and innovative DNA.

As a highlight after the end of 3Q21 (November 6 and 7), we launched the first Petz action at a physical store with CDSG products, at the store in Rua Augusta in São Paulo, kicking off the campaign: "The first call for World Feline Domination." We remain focused on **new initiatives to drive the development process of CDSG products and increase integration with Petz sales channels**.

Regarding Zee.Dog, as mentioned before, we hired a **strategic consulting firm to help us in planning the integration and in mapping the synergies from the transaction**. In compliance with the Clean Team rules, since the transaction has not been concluded, the balance so far has been very positive, **surpassing our expectations in terms of opportunities we have ahead**, which also reinforces the complementary nature of the platforms and their potential for creating new growth avenues for the Group.

Note that Zee.Dog has three power moves, which will be enhanced once the transaction is concluded: (i) expansion of the Zee.Now operation, which, in addition to the broad reach of Petz store network, gains efficiency in terms of assortment management and better commercial

conditions; (ii) expansion of the global operation and improving the brand positioning, especially in markets such as the United States and Europe; and (iii) the expected launch of Zee.Dog Kitchen in 1H22, a fully disruptive product with potential for scalability in the natural food segment, which is already in vogue in more developed markets.

November 6 was a special day in the history of Zee.Dog. The brand opened the Zee.Dog Temple in the city of São Paulo-SP, the brand's first physical store in the state. Located in the Jardins neighborhood, **The Temple is a 600 m² flagship store** occupying four floors **that brings a novel concept and experience in the Pet industry**, which is the manifestation of the brand's creative universe. The store is home to the first Zee.Dog Park, a space for recreation with dogs, pocket shows and future events. The first and second floors feature Zee.Dog and Zee.Cat products and an exclusive space for Zee.Dog Human. The Temple also has a wooden rooftop deck surrounded by greenery and a bar that is sure to become one of the city's most popular spots. According to Thadeu Diz, creative director of Zee.Dog: *"The Temple was built to be the home of the Zee.Dog community. Each detail synthesizes everything we are and think."*

ESG: Improvements to the Adote Petz website + Another successful launch with Editora MOL + 2 years of partnership with "Round Up" (Arredondar) Movement and over R\$1 million raised

As part of Adote Petz, **Brazil's largest adoption program**, we reached the mark of 55,000 pets adopted, fulfilling our purpose of helping cats and dogs find a new home. This quarter, we improved the project's website¹, facilitating **online registration of the pets available at Petz stores**. This change expands the virtual catalog of pets available for adoption, leading to a more interactive experience for potential pet owners.

Our partner NGOs play a crucial role in the project and giving them professional training is important for them to play a more strategic role. We accelerated this process with the entities through the Phomenta certification, which delivers management and innovation knowledge to entrepreneurs in the non-profit sector.

The **partnership with Editora MOL, the world's largest social impact publisher, continues to be a success**. In the quarter, we launched the new sticker album "Animals of the World" (Bichos do Mundo), and, by the end of September, 89% of the items (representing more than 330,000 albums) had been sold. The initiative has already raised R\$280,000 and is one of Editora MOL's best-selling items, reinforcing the incredible partnership between the world's largest social impact publisher and Petz. Another major success of this partnership is "Find the Animal 3" (Ache o Bicho 3), a book with diverse activities such as puzzles, seven errors game, etc., which is already in its third edition. Launched in late 3Q21, 160,000 copies were printed and, within a month of launch, over 92,000 copies had been sold. Note that the partnership with MOL resulted in over 950,000 items sold by Petz until 3Q21, including books, calendars, the album and its stickers since the start of the project.

Finally, during the third quarter, we celebrated two important achievements of our partnership with the "Round Up" (Arredondar) Movement. Besides celebrating two years of the project, we reached the milestone of over R\$1 million raised since the start of the partnership to support NGOs dedicated to animal protection. We take this opportunity to thank all our customers who chose to round up their purchase amount and transform the life of so many pets, the NGOs that work with so much love for the cause and, of course, our store employees, who promote the program with so much engagement.

¹ www.adotepetz.com.br

3Q21 Results

The 3Q21 results reinforce our growth above expectations, driven especially by Digital sales, maintaining healthy profitability levels despite a scenario of macroeconomic uncertainties, inflationary pressure and fierce competition. Our performance demonstrates not only the resilience of the Pet sector but also the Company's unrelenting ability to leverage and seize opportunities efficiently. **We continue to invest in accelerating our market share**, given our consistent and healthy Lifetime Value / Customer Acquisition Cost (LTV/CAC) levels and returns per store. Therefore, **our Omnichannel platform has been proving rapidly scalable, maintaining a differentiated yet profitable service level**, which leaves us comfortable to keep accelerating the expansion of our operation in a sustainable manner.

In the quarter, we delivered Total Gross Revenue growth of 42.5% y/y, despite the strong comparison base (+51.0% y/y in 3Q20). Same-Store Sales (SSS) grew 21.8% in the period (+32.3% in 3Q20). This revenue growth reflects the strong performance of Products (+42.6% y/y), driven by the 73.2% y/y growth in Digital sales, amounting to R\$200 million in the quarter. **Digital Penetration set a new record in 3Q21**, accounting for 31.0% of Gross Revenue (vs. 30.3% in 2Q21). **The Omnichannel Ratio stood at 87.2%** (vs. 86.0% in 2Q21 and 78.6% in 3Q20), **a new record for the Company**, which once again consolidates its position as a **benchmark in retail not just in Brazil but also worldwide**. Moreover, we continue to deliver consistent performance of veterinary services under Seres brand (sales revenue growth of approximately +35% y/y), despite the strong comparison base of 3Q20.

Gross margin was 40.5% in 3Q21, lower than in 3Q20 (41.4%), chiefly reflecting the increase in Digital Penetration, whose margins are healthy but are lower than those offered by the physical channel. This performance also reflects the growth of the Food category in products. However, note that this margin represents the highest profitability level in 2021, almost 0.5 p.p. above 2Q21 (40.1%), which demonstrate our efficiency gains and operational leverage despite a structural change between the sales channels.

Adjusted EBITDA grew significantly by 43.4% y/y in 3Q21, with gross margin of 10.5%. This performance demonstrates not only an important stability year over year (10.4% in 3Q20), despite the sharp increase in Digital Penetration, but also a sequential increase of over 1.0 p.p. compared to 2Q21 (9.4%). This result is due to the higher operating leverage in the quarter, with the dilution of General & Administrative (G&A) Expenses and the optimization of Sales Expenses, such as: (i) store personnel; and (ii) freight, the latter a reflection of the implementation of logistics efficiency initiatives. These factors were more than enough to offset the pressure from the gross margin and expenses with (i) packaging; (ii) rents; and (iii) transportation, which was caused by greater geographic diversification of the store network. In addition to those factors, note that **55% of our store network has not yet completed three years of operation** (23% are still in the first year), that is, have not yet achieved the expected sales revenue and profitability.

In the coming quarters, **we will remain focused on growth and gaining market share** in order to maintain healthy profitability levels. As we have been doing in recent months, with our entry in Northern Brazil and expansion of our ecosystem through the acquisitions of CDSG and Zee.Dog, we will employ intensive efforts to (i) expand our nationwide footprint; (ii) digitalize the customer experience and our operations; (iii) expand the offering of exclusive products under the Petz Group brands; (iv) accelerate the process of building a complete ecosystem; and (v) consolidate the Seres brand as a benchmark in the veterinary services sector.

With the advances made on the M&A front, **the integration of these assets will be among the priorities** on our agenda. We reiterate our commitment to maintaining business autonomy with governance, while enhancing our strategic drivers and synergies to create value for our shareholders. As mentioned earlier, **our strategic thinking of the ecosystem is focused on bringing to our platform entrepreneurs, technologies or business models that can add competencies that complement ours**.

It is by strengthening these business verticals and pursuing new opportunities that we will move forward sustainably towards achieving the Company's strategic vision: "To be recognized worldwide as the best ecosystem in the Pet sector by 2025."

THE MANAGEMENT

Store Network and Seres Veterinary Centers

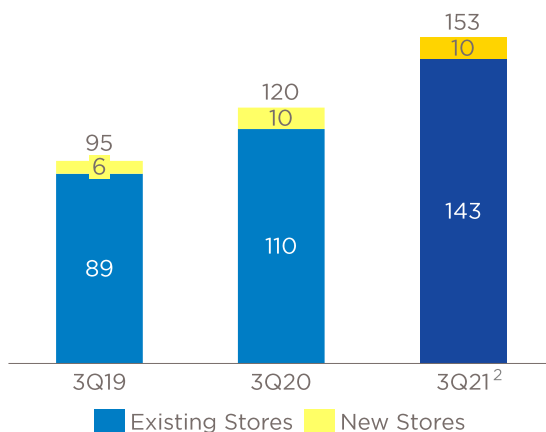
During 3Q21, we opened 10 stores, of which 7 are located outside the State of São Paulo (Rio de Janeiro-RJ, Uberaba-MG, Natal-RN, Blumenau-SC, Brasília-DF, Poços de Caldas-MG and Niterói-RJ). In this context, at the end of the quarter, 42% of the units were located outside of São Paulo, the highest level recorded, and 58% in São Paulo (vs. 38% and 62% in 3Q20, respectively).

When we analyze the last 12 months, we delivered 35 openings, matching our record for a period of one year, which also reinforces our capacity to execute the network expansion plan. As a result, we ended 3Q21 with 153 stores in 18 UFs, strengthening our leadership position in the sector as the largest Pet platform in Brazil, not only in terms of sales, but also in terms of number of units and geographic coverage. We note that 55% 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 all of their expected revenue and profitability potential.

Finally, regarding the expansion of the “Seres” brand, we ended 3Q21 with 127 Veterinary Centers, of which 12 are hospitals - which are present in 9 UFs. In the quarter, 2 new hospitals were opened, one in the store in Fortaleza-CE and one in the store in Santa Cecília, in São Paulo-SP. Additionally, after 3Q21, in October we opened a new hospital at the store in Rua Augusta, also in São Paulo-SP.

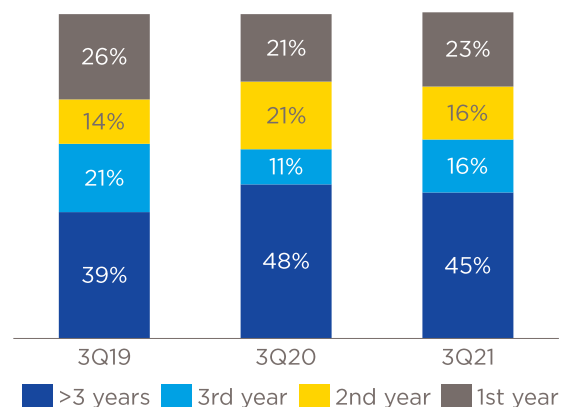
Number of Stores

Existing Stores, Openings



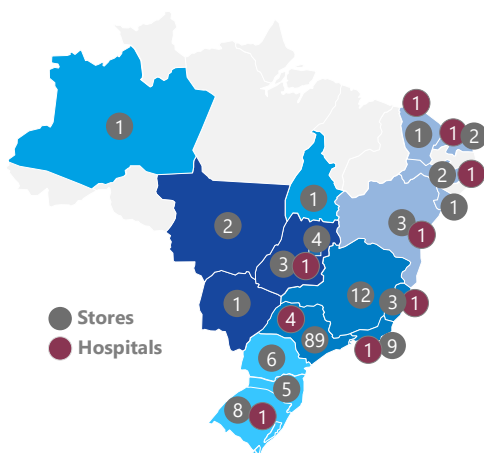
Distribution by Age

% of total stores



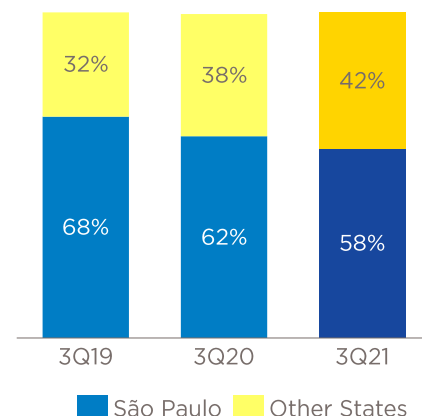
Geographic Footprint

Number of stores and hospitals by state



Store Mix in São Paulo & Other States

% of total stores



² Considers the closing of the Convivas units in Barra da Tijuca, Rio de Janeiro and Granja Viana, in Cotia, Greater São Paulo. More information about the closure of these operations on page 9 of the 2Q21 release.

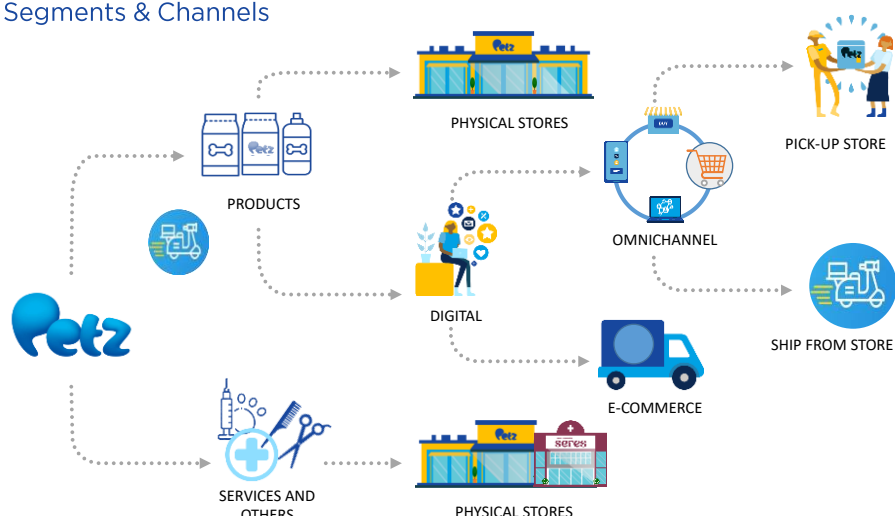
Receita Bruta Total

R\$ thousands, unless otherwise stated	3Q21	3Q20	Change	9M21	9M20	Change
Total Gross Revenues	641,584	450,160	42.5%	1,777,085	1,181,767	50.4%
Products	611,442	428,835	42.6%	1,694,245	1,123,744	50.8%
Physical Stores	412,675	314,053	31.4%	1,158,722	864,662	34.0%
Digital	198,767	114,782	73.2%	535,523	259,082	106.7%
Services & Others	30,142	21,325	41.3%	82,840	58,023	42.8%

Petz is a platform of specialty solutions focusing on the Pet sector. Through its comprehensive Omnichannel strategy that integrates not only its physical and digital channels, but also the products and services segments, it complements the personal shopping experience and differentiated customer service offered at physical stores with the convenience and speed of digital channels.

As such, the Company's Total Gross Revenue includes the sales of products and services at physical stores and those originated through digital channels, which include Omnichannel sales (Pick-up and Ship-from-Store) and E-commerce (products shipped directly to customers from our distribution center).

Petz Segments & Channels



In 3Q21, Total Gross Revenue was R\$641.6 million, a solid growth of 42.5% when compared to the same period of the previous year, despite a strong year-over-year comparison basis (+51.0% y/y in 3Q20) and a challenging macroeconomic environment in retail and in Brazil in general.

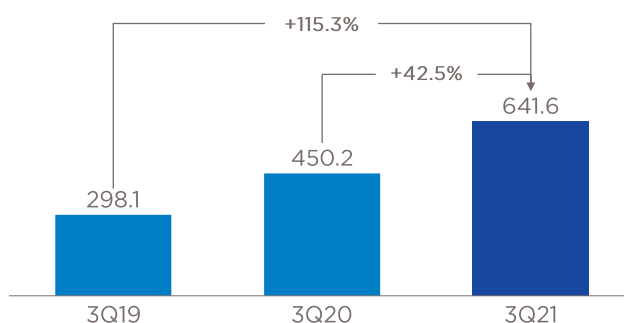
Total sales in 3Q21 were driven by the product segment (+42.6% y/y), with emphasis once again on the performance of Digital sales, which grew 73.2% compared to 3Q20 and totaled around R\$200 million in the period. It is worth mentioning that this strong growth took place on a comparative basis that has already benefited from the increased participation of Digital as a result of the pandemic. Thus, Digital Penetration over Total Gross Revenue was 31.0% (vs. 30.3% in 2Q21 and 25.5% in 3Q20), once again reaching a record level in the Company's history. Sales of products in physical stores also showed solid performance in the quarter, totaling revenues of R\$412.7 million, an increase of 31.4% y/y. This expressive evolution in sales, both in digital channels and in physical stores, is mainly explained by structural changes in the Pet sector already mentioned in previous earnings reports, in addition to the expansion of the store network and growth of the customer base, as well as transfers of price to the final consumer due to inflationary pressure in the supply chain.

In the Services and Others segment, we grew 41.3% y/y, a performance explained again by the weaker comparison base in 3Q20, given that activities in the Grooming Centers were still gradually recovering after the closing of these spaces due to the scenario of COVID-19 pandemic. During the first three quarters of 2021, despite initiatives to improve productivity and customer experience in this segment, the resumption of activities has still occurred gradually due to a greater fear on the part of some tutors to perform these procedures outside the home. According to a survey carried out with these clients, most respondents intend to return to the Grooming Center as soon as the scenario is normalized, which makes us more confident with the resumption of the flow in these spaces.

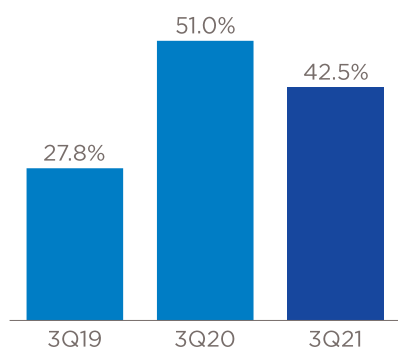
On the other hand, Seres Veterinary Center continues to show solid growth of around 35% y/y in 3Q21, already on a comparison basis of around 45% in 3Q20, driven by (i) the maturation of the hospitals and clinics network, (ii) opening of new units and (iii) due to the greater care of tutors with the health of their pets, which also contributed to the solid performance of the older units.

We ended 9M21 with Total Gross Revenue of R\$1,777.1 million, a growth of 50.4% compared to the same period of the previous year. This growth reflects the performance of Products (+50.8% y/y), with a substantial growth in Digital, which grew 106.7% y/y and totaled R\$535.5 million in the period (30.1% of the Total Gross Revenue). The Services and Others segment grew by 42.8% y/y, reflecting the solid performance of veterinary services, with an increase of around 45%, and also of Grooming Centers, due to the reasons mentioned above.

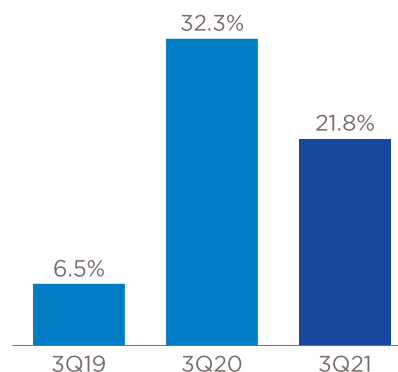
Total Gross Revenue
R\$ million



Total Gross Revenue Growth
% Change, yoy



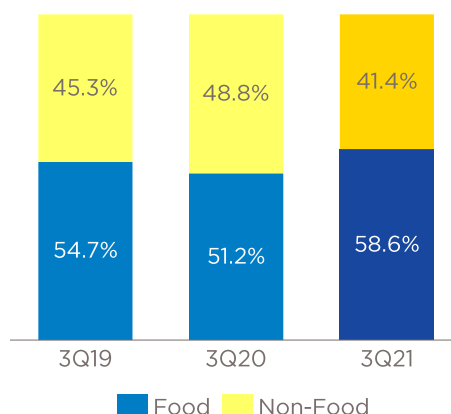
Same-Store-Sales Growth
% Change, yoy



Same-Store-Sales (SSS) grew by 21.8% y/y in 3Q21, which represents yet another solid performance on top of a strong comparison base (+32.3% in 3Q20), a reflection of the ramp-up of the chain of stores and the performance of units with more than three years of operation, in addition to the pass-through of prices to consumers due to inflation. It is worth mentioning the excellent result of the stores located outside of São Paulo, in addition to market share gains both in the physical and digital channels.

During 9M21, SSS growth was +30.2% y/y, an acceleration compared to the 9M20 performance (+22.5% y/y).

Gross Revenue from Products
% by category



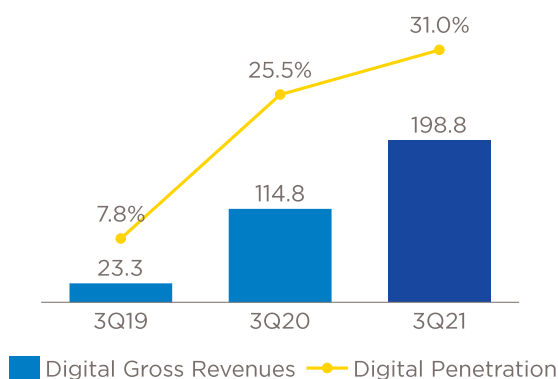
Gross Revenue from the Food category grew 62.6% when compared to the same period of the previous year, representing 58.6% of product sales in 3Q21, an increase of 7.4 pp compared to 3Q20 and +2.6 pp vs. 2Q21. This change in the mix of products between Food and Non-Food is mainly a reflection of: (i) inflationary pressure scenario, given that the **demand for Food is inelastic, enabling a greater pass-through of prices to the final consumer vs. Non-Food**; (ii) comparison basis in 3Q20 influenced by the higher level of interaction between pets and tutors, with consequent higher consumption of Non-Food - highlighting the category of accessories, aquariums, gardening and swimming pool during the pandemic; and (iii) higher penetration of the Digital channel in the Company's sales, which naturally has a greater share of Food.

In 9M21, the Food category represented 56.5% of product sales, 4.2 p.p. above compared to 9M20.

Digital Performance

Digital Gross Revenue and Penetration

R\$ million, % Total Gross Revenue



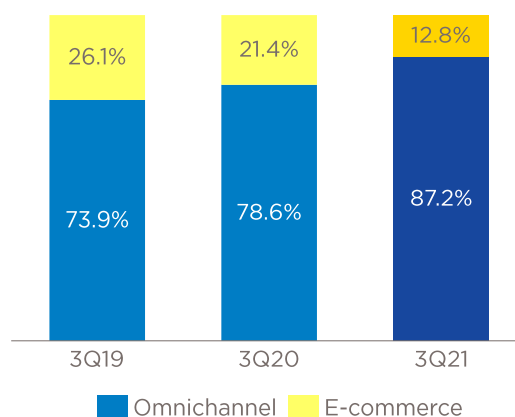
Digital sales totaled R\$198.8 million in 3Q21, an expressive growth of 73.2% y/y. It is worth mentioning that this growth took place on a strong comparative basis, already benefiting from the increase in Digital's share as a result of the pandemic in 3Q20. Thus, Digital Penetration in 3Q21 reached a new record of 31.0% of Total Gross Revenue. This performance represents an increase when compared to the 30.3% in 2Q21 and 25.5% presented in 3Q20, which also reflected an abrupt increase in sales through digital channels.

Even though, as of 2Q20, Digital Penetration has a more comparable base, sales through digital channels continue to grow more than expected. Despite this, the robustness and scalability of our platform and the sustainable business model focused on Customer Experience are capable of maintaining the Company's healthy profitability levels and the high level of service for pet tutors.

In 9M21, Petz had sales through digital channels of R\$535.5 million (+106.7% y/y), which represents a Digital penetration of 30.1% of total sales (vs. 21.9% in the 9M20).

Omnichannel Ratio and E-commerce Share

% of Digital Gross Revenue



In 3Q21, Gross Revenue from the Omnichannel platform, which includes sales made through Pick-up and Ship from Store, grew 92.0% y/y, representing an Omnichannel Ratio of 87.2% (vs. 86.0% in 2Q21 and 78.6% in 3Q20), a new record for the Company and a reference in Brazilian and world retail.

Even with this abrupt growth and new level in digital sales, our operation has proven to be scalable, as we have consistently delivered excellence in service level and customer experience. **In 3Q21, we delivered 94% of sales made through the Ship from Store modality within 1 business day**, maintaining the levels presented in previous periods. When we analyze all order deliveries made through digital channels (including dispatched sales from the CD), this index reached the impressive 86% mark in the period, an evolution compared to 1H21. Finally, it is worth highlighting once again the performance of the Express mode within the Company, which is delivered within a few hours, and which has increasingly gained relevance in sales.

Gross profit

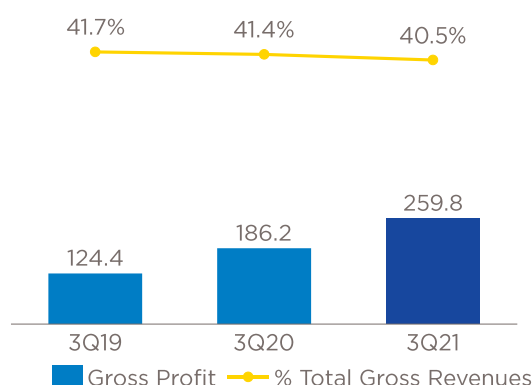
Gross Profit in 3Q21 totaled R\$259.8 million, a growth of 39.6% y/y. The gross margin was 40.5% over the Total Gross Revenue for the period, a reduction vs. the same period last year (41.4% in 3Q20), mainly reflecting the increase in Digital Penetration, which has healthy margins, but lower than the physical channel. In addition, this performance also reflects an impact enhanced by the growth of the Food category within products. However, it is worth mentioning that this level of margin represents the highest level of profitability throughout 2021, almost 0.5 p.p. above 2Q21 (40.1%), which reinforces our efficiency gains and operational leverage even in the face of a structural change between sales channels.

Even facing, over the last three quarters, promotional campaigns from market players involving discounts, shipping and other benefits, we managed to **maintain the consolidated growth level above 50% and still invest efficiently in the acquisition and retention of customers**, sustaining levels satisfactory results. Our LTV/CAC remains at healthy levels despite the increased penetration of sales made to Subscribers.

In 9M21, gross margin was 40.2%, a pressure of 0.4 p.p. when compared to the same period of the previous year (40.7% in 9M20), given the same factors mentioned above.

Gross Profit

R\$ million, % Total Gross Revenue

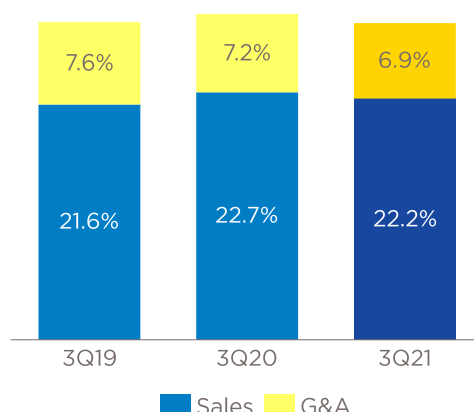


Operating Expenses

Operating Expenses totaled R\$192.6 million in 3Q21 (+38.3% y/y), representing 30.0% of Gross Revenue, 0.9 pp lower when compared to the same period of the previous year, reflecting the operational leverage as a result of another solid growth in Total Gross Revenue and, thus, dilution of Selling and General & Administrative (G&A) expenses.

R\$ thousands, unless otherwise stated	3Q21	3Q20	Change	9M21	9M20	Change
Selling, General and Administrative Expenses (SG&A)	186,684	134,762	38.5%	538,506	357,019	50.8%
% Total Gross Revenue	29.1%	29.9%	(0.8 p.p.)	30.3%	30.2%	0.1 p.p.
Selling Expenses	142,232	102,376	38.9%	414,603	270,172	53.5%
% Total Gross Revenue	22.2%	22.7%	(0.6 p.p.)	23.3%	22.9%	0.5 p.p.
General & Administrative Expenses	44,452	32,386	37.3%	123,903	86,847	42.7%
% Total Gross Revenue	6.9%	7.2%	(0.3 p.p.)	7.0%	7.3%	(0.4 p.p.)
Others Operating Expenses	5,960	4,549	31.0%	12,589	9,670	30.2%
% Total Gross Revenue	0.9%	1.0%	(0.1 p.p.)	0.7%	0.8%	(0.1 p.p.)
Total Operating Expenses	192,644	139,311	38.3%	551,095	366,689	50.3%
% Total Gross Revenue	30.0%	30.9%	(0.9 p.p.)	31.0%	31.0%	0.0 p.p.

Selling, General & Administrative Expenses (SG&A) % of Total Gross Revenue



Selling Expenses were R\$142.2 million in 3Q21, 38.9% higher than the same period last year and represented 22.2% of Total Gross Revenue (vs. 22.7% in 3Q20). This result is mainly due to higher operating leverage due to the solid sales performance in the quarter and optimization of (i) store personnel; and (ii) freight, the latter a reflection of the implementation of logistics efficiency initiatives. These factors were more than enough to offset the pressure from the gross margin, as well as from (i) packaging expenses; (ii) rents; and (iii) transportation, the latter impacted by the greater geographic diversification of the store network. In addition to these factors, it is worth remembering that 55% of the stores in our network have not yet completed their third year of operation (23% are still in their first year), that is, they have not yet reached their expected revenue and profitability potential.

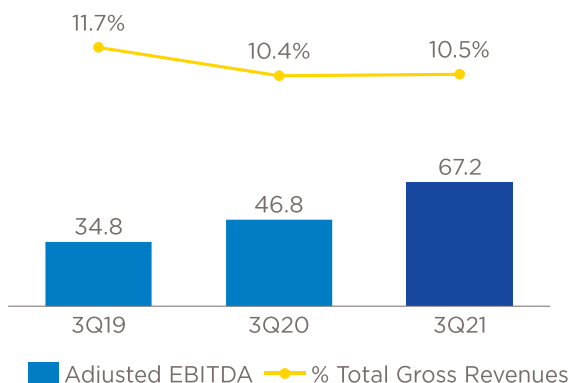
General & Administrative Expenses (G&A) totaled R\$44.5 million in 3Q21, 37.3% higher than in 3Q20, representing 6.9% of Total Gross Revenue (vs. 7.2% in 3Q20). This performance is also mainly attributed to greater operational leverage due to the strong sales performance in the quarter, in addition to the dilution of fixed expenses, in line with the trend observed in recent years. The dilution more than offset the investments in corporate initiatives under development (Technology, new projects for the Petz Solution ecosystem and Seres).

In 9M21, Operating Expenses totaled R\$551.1 million, a growth of 50.3% y/y, representing 31.0% of total revenue (in line with the same period of the previous year).

Adjusted EBITDA

Adjusted EBITDA

R\$ million, % Total Gross Revenue



Adjusted EBITDA was R\$67.2 million in 3Q21, an expressive growth of 43.4% when compared to the same period of the previous year. Adjusted EBITDA margin in the quarter represented 10.5% of Total Gross Revenue, 0.1 p.p. higher than 3Q20, even with a higher Digital Penetration. It is worth mentioning the **sequential expansion of adjusted EBITDA margin**, given the better profitability of the Digital channel, with optimization of freight costs together with the implementation of logistics efficiency initiatives and marketing.

In 9M21, Adjusted EBITDA was R\$163.5 million, an increase of 43.8% y/y, with a 9.2% margin (-0.4 p.p. y/y).

Adjusted EBITDA Reconciliation

R\$ thousands, unless otherwise stated	3Q21	3Q20	Change	9M21	9M20	Change
Net Income	26,636	17,060	56.1%	59,750	46,780	27.7%
(-) Income Tax & Social Contribution	9,503	8,837	7.5%	25,199	24,693	2.0%
(-) Depreciation & Amortization	21,971	15,414	42.5%	61,418	43,494	41.2%
(-) Financial Results	4,189	5,437	(23.0%)	11,925	10,037	18.8%
EBITDA	62,299	46,748	33.3%	158,292	125,004	26.6%
(-) Stock Option Plan (SOP)	5,221	76	6769.7%	5,285	176	2902.8%
(-) Write-off of PP&E	(2)	17	n.r.	843	51	1552.9%
(-) Non-recurring results	(362)	-	n.r.	(896)	(11,521)	(92.2%)
(-) Non-recurring income	(1,851)	-	n.r.	(7,448)	(12,521)	(40.5%)
(-) Non-recurring expenses	1,489	-	n.r.	6,552	1,000	555.2%
Adjusted EBITDA	67,156	46,841	43.4%	163,524	113,710	43.8%
<i>Adjusted EBITDA /Total Gross Revenues</i>	<i>10.5%</i>	<i>10.4%</i>	<i>0.1 p.p.</i>	<i>9.2%</i>	<i>9.6%</i>	<i>(0.4 p.p.)</i>

In 3Q21, Non-Recurring Result mainly refers to (i) income from PIS/COFINS credits on expenses related to previous years, net of expenses with tax consultancy related to these credits and (ii) income from indemnification received from the closing of the Convivas store, in the Barra da Tijuca (Rio de Janeiro-RJ) region, in 2Q21, partially offset (iii) by Non-Recurring Expenses with strategic consulting.

Comparing the nine-month period of 2021, in addition to the effects mentioned above, in the first half of 2021 we had (i) revenue from PIS/COFINS credits on expenses related to previous years, net of expenses with tax consultancy related to these credits partially offset by (ii) Non-Recurring Expenses arising from tax discrepancies from previous years and hiring a strategic consultancy focused on Customer Analytics. In 9M20, Non-Recurring Income is a net effect of (i) Non-Recurring Revenues in 1Q20 referring to tax credits due to the exclusion of ICMS from the PIS/COFINS calculation basis and (ii) Non-recurring expenses in 2Q20 referring to the donation of R \$1 million to help fight COVID-19.

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

Depreciation & Amortization expenses in 3Q21 totaled R\$22.0 million, representing a growth of 42.5% y/y vs. R\$15.4 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 network, whose most stores are still less than three years old.

The Financial Result in 3Q21 totaled -R\$4.2 million, compared to -R\$5.4 million recorded in 3Q20, a variation of 0.6 pp when related to Total Gross Revenue for the periods, explained by (i) higher Financial Revenue in 3Q21 vs. 3Q20, partially offset by (ii) higher Financial Expenses in the 3Q21 vs. 3Q20, both due to the increase in interest rates.

In 9M21, the Financial Result was -R\$11.9 million, an increase of 18.8% y/y, mainly explained by the monetary restatement of non-recurring tax credits recognized in 1Q20 in the amount of R\$6.2 million.

Income Tax and Social Contribution expenses totaled R\$9.5 million in 3Q21 (26.3% of the effective rate) vs. R\$8.8 million in the same period of the previous year (34.1% of the effective rate), mainly impacted by the tax benefit of Lei do Bem. In 9M21, expenses with Income Tax and Social Contribution totaled R\$25.2 million, an increase of 2.0% y/y.

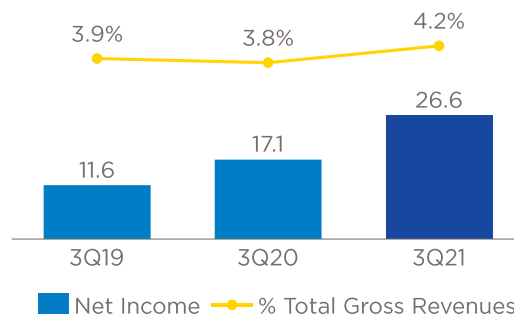
Net Income

Net Income in 3Q21 totaled R\$26.6 million against R\$17.1 million registered in the same period of the previous year, a growth of 56.1%, mainly explained by the evolution of the operating result. In addition, Net Income was also benefited by the tax gain of R\$2.9 million related to Lei do Bem, which explains the effective income tax and social contribution rate of 26.3% in 3Q21.

In 9M21, Net Income was R\$59.8 million, a growth of 27.7% y/y, representing 3.4% of Total Gross Revenue (-0.6 p.p. compared to 9M20). The y/y variation as a percentage of Total Gross Revenue is mainly explained by the non-recurring effects that impacted the comparison base in the first quarter of 2021, as explained in previous earnings releases. Excluding these non-recurring effects, the y/y variation as a percentage of Total Gross Revenue would be +0.1 p.p. and the increase in Net Income would be 55.6%.

Net Income

R\$ million, % Total Gross Revenue



Adjusted Cash Flow³

Operating Cash Flow in 3Q21 totaled R\$40.3 million vs. R\$51.3 million in the same quarter of the previous year, reflecting a comparison base positively impacted by non-recurring effects in the amount of R\$9.4 million arising from (i) a higher use of PIS/Cofins credits in 3Q20 related to the exclusion of ICMS from the calculation basis, and (ii) prepaid expenses in 3Q20 related to expenses with the IPO process, written off to shareholders' equity in September 2020 after the IPO, in addition to (iii) the higher payment of income tax and social contribution in 3Q21 compared to 3Q20.

The Company consumed R\$105.5 million of cash in 3Q21, compared to a generation of R\$260.5 million in 3Q20, mainly impacted by (i) higher investments and payments of Loans and Financing in 3Q21 vs. 3Q20 and (ii) significant cash inflow in 3Q20 as a result of the IPO.

We generated R\$52.3 million in Operating Cash Flow in 9M21, a reduction of 26.7% compared to 2020, a result explained by (i) higher consumption in the cash cycle, with an impact on accounts receivable due to the increase in sales digital, given that in this channel we have a greater penetration of credit cards compared to physical stores, whose payment by debit or cash represents more than 30% of sales; and (ii) non-recurring payment related to the process of excluding PIS/COFINS from the calculation base itself, which had an unfavorable decision for the Company, resulting in a disbursement of R\$18.5 million in 1Q21.

The Company consumed R\$326.6 million in 9M21, compared to a generation of R\$373.0 million in 9M20, mainly explained by the raising of R\$210.0 million in loans and financing in 2020, together with the capital increase resulting from the IPO in the same period. Additionally, we had higher loan repayments in 9M21 vs 9M20.

³ The Company understands that, for better representation of its Cash Flow, the effects of the capital structure on Operating Cash Flow should be disregarded and the income tax theoretical rate (34%) should be used on EBIT. For Cash Flow from Financing Activities, the effects of the capital structure and income tax on Financial Result are considered.

R\$ thousands, unless otherwise stated	3Q21	3Q20	Change	9M21	9M20	Change
Adjusted EBITDA	67,156	46,841	43.4%	163,524	113,710	43.8%
Non-recurring Result	362	-	0.0%	896	11,521	(92.2%)
Income Tax (34% x EBIT)	(13,712)	(10,654)	28.7%	(32,937)	(27,713)	18.8%
Assets	53,806	36,187	48.7%	131,483	97,518	34.8%
Accounts Receivables	(9,441)	(17,060)	(44.7%)	(50,799)	(42,765)	18.8%
Inventory	(27,235)	(4,259)	539.5%	(76,413)	(40,721)	87.7%
Suppliers	13,655	11,111	22.9%	50,038	40,153	24.6%
Other Assets/Liabilities	9,523	25,276	(62.3%)	(2,003)	17,182	(111.7%)
Cash Flow from Operating Activities	40,309	51,255	(21.4%)	52,306	71,366	(26.7%)
Cash Flow from Investing Activities	(69,157)	(56,237)	23.0%	(177,260)	(115,138)	54.0%
Cash Flow from Financing Activities	(76,611)	265,435	(128.9%)	(201,620)	416,761	(148.4%)
Borrowings and Financing	-	-	-	-	210,000	(100.0%)
Repayment of borrowings and financing	(73,009)	(30,385)	140.3%	(202,028)	(79,056)	155.6%
Capital increase	-	336,735	(100.0%)	21,791	336,735	(93.5%)
Transaction costs of shares issuance	(388)	(21,405)	(98.2%)	(388)	(21,405)	(98.2%)
Dividends	(7)	(16,799)	(100.0%)	(13,872)	(22,398)	(38.1%)
Others	(3,207)	(2,711)	18.3%	(7,123)	(7,115)	0.1%
Free Cash Flow Generation	(105,459)	260,453	(140.5%)	(326,574)	372,989	(187.6%)
Financial applications	15,600	(103,000)	(115.1%)	27,663	(103,000)	(126.9%)
Free Cash Flow, Net	(89,859)	157,453	(157.1%)	(298,911)	269,989	(210.7%)

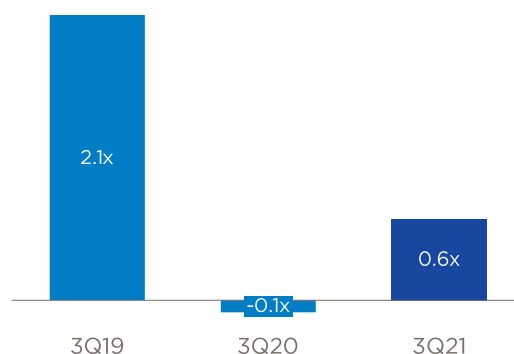
Debt

We ended the third quarter of 2021 with a Net Debt of R\$134.1 million, reflecting a Gross Debt of R\$296.0 million and Cash, Cash Equivalents and Financial Investments of R\$161.9 million, which represents a level of indebtedness of 0.6x Net Debt/Adjusted EBITDA (LTM), compared to -0.1x observed in the third quarter of 2020, impacted by the raising of primary funds from the IPO.

R\$ thousands, unless otherwise stated	3Q21	3Q20	Change
Gross Debt	295,980	529,558	(44.1%)
Current Loans and Financing	174,471	235,745	(26.0%)
Noncurrent Loans and Financing	121,509	293,813	(58.6%)
Cash & Cash Equivalents and Financial Investments	161,861	542,887	(70.2%)
Cash & Cash Equivalents	144,846	439,266	(67.0%)
Financial applications	17,015	103,621	(83.6%)
Net Debt	134,119	-13,329	(1106.2%)
Adjusted EBITDA (LTM)	210,562	153,275	37.4%
Net Debt/Adjusted EBITDA (LTM)	0.6x	-0.1x	0.7x

Leverage

Net Debt / Adjusted EBITDA 12M



Investments

R\$ thousands, unless otherwise stated	3Q21	3Q20	Change	9M21	9M20	Change
New Stores & Hospitals	56,781	46,008	23.4%	126,444	77,748	62.6%
Technology & Digital	11,197	8,798	27.3%	34,041	21,251	60.2%
Renovation, Maintenance & Others	6,067	4,790	26.7%	20,669	11,262	83.5%
Total Investments	74,044	59,596	24.2%	181,153	110,261	64.3%
Non-Cash Effect	(8,616)	(3,359)	156.5%	(7,622)	4,877	(256.3%)
Cash Flow from Fixed & Intangible Assets	65,428	56,237	16.3%	173,531	115,138	50.7%

Total Investments totaled R\$74.0 million in 3Q21, an increase of 24.2% y/y. In line with our expansion strategy, R\$56.8 million was invested in the construction of new stores and hospitals, an increase of 23.4% over 3Q20, due to the acceleration of the expansion process, in addition to the scenario of higher prices and of instability in the supply chain. Although the number of stores opened in both quarters was the same (10 openings), we have been more efficient in the implementation of new stores, reducing the average area from 856 sqm in 3Q20 to 708 sqm in 3Q21.

We invested R\$11.2 million in Technology and Digital in 3Q21 (+27.3% y/y) in order to (i) increasingly integrate channels and segments, (ii) improve the navigability and shopping experience of our customers, especially in applications, in addition to (iii) generating productivity gains for the Company, as in the case of App Jobs, mentioned above.

Renovations, Maintenance and Others totaled R\$6.1 million in 3Q21, representing an increase of 26.7% y/y. Among the reasons, we highlight (i) the increase in our store network and (ii) the lower comparison base, given the restrictions on construction works imposed by Covid-19 in 3Q20.

Statement of Income

R\$ thousands, unless otherwise stated	3Q21	3Q20	9M21	9M20
Gross Revenue from Products and Services	641,584	450,160	1,777,085	1,181,767
Taxes and other Deductions	(96,229)	(72,456)	(271,788)	(186,793)
Net Revenue from Products and Services	545,355	377,704	1,505,297	994,974
Cost of Goods Sold and Services Rendered	(285,555)	(191,552)	(790,678)	(514,575)
Gross Profit	259,800	186,152	714,619	480,399
Operating Revenue (Expenses)	(192,644)	(139,311)	(551,095)	(366,689)
Selling	(142,232)	(102,376)	(414,603)	(270,172)
General & Administrative	(44,452)	(32,386)	(123,903)	(86,847)
Other Operating Income (expenses), net	(5,960)	(4,549)	(12,589)	(9,670)
Adjusted EBITDA	67,156	46,841	163,524	113,710
Non-Recurring Results	362	-	896	11,521
Stock Option Plan	(5,221)	(76)	(5,285)	(176)
Write-off of Fixed Assets	2	(17)	(843)	(51)
Depreciation & Amortization	(21,971)	(15,414)	(61,418)	(43,494)
Operating Profit before Financial Income	40,328	31,334	96,874	81,510
Financial Results	(4,189)	(5,437)	(11,925)	(10,037)
Financial Income	3,199	1,571	8,411	11,442
Financial Expenses	(7,388)	(7,008)	(20,336)	(21,479)
Earnings before Income Tax and Social Contribution	36,139	25,897	84,949	71,473
Income Tax and Social Contribution	(9,503)	(8,837)	(25,199)	(24,693)
Net profit	26,636	17,060	59,750	46,780

Balance Sheet

R\$ thousands, unless otherwise stated	3Q21	2Q21	1Q21	4Q20	3Q20
ASSETS					
Current Assets	695,338	762,013	855,961	886,275	907,550
Cash & Cash Equivalents	144,846	234,705	361,221	443,757	439,266
Financial applications	17,015	32,248	43,972	43,761	103,621
Accounts Receivable	210,873	202,221	180,092	160,675	137,935
Inventories	262,419	234,878	214,773	185,701	173,378
Recoverable Taxes and Contributions	41,811	39,986	38,369	41,722	40,630
Other Credits	18,374	17,975	17,534	10,659	12,720
Noncurrent Assets	604,493	541,814	505,502	475,680	428,559
Other Credits	6,026	4,932	3,843	2,884	2,584
Recoverable Taxes and Contributions	2,182	1,847	1,975	1,701	1,701
Deferred Income Tax and Social Contribution	9,922	5,686	10,143	8,432	7,307
Immobilized	507,291	460,286	427,204	405,761	365,200
Intangible Assets	79,072	69,063	62,337	56,902	51,767
Investments	-	-	-	-	-
Total Assets	1,299,831	1,303,827	1,361,463	1,361,955	1,336,109
LIABILITIES & SHAREHOLDERS' EQUITY					
Current Liabilities	549,715	562,918	613,305	593,246	507,884
Suppliers	252,960	231,040	221,677	195,675	170,766
Loans, Financing and Debentures	174,471	223,860	273,819	273,942	235,745
Payroll and Related Taxes	68,060	55,670	62,534	53,716	51,860
Taxes Payable	28,120	26,419	23,572	36,556	32,960
Dividends Payable	4,514	4,521	13,867	13,867	-
Other Payable	18,958	18,423	15,190	16,475	14,155
Loyalty Program	2,632	2,985	2,646	3,015	2,398
Non-current Liabilities	123,886	146,536	170,448	224,305	296,397
Loans, Financing and Debentures	121,509	145,205	168,901	222,403	293,813
Other Obligations	1,180	-	-	-	-
Provisions for Civil and Labor Risks	1,197	1,331	1,547	1,902	2,584
Shareholders' Equity	626,230	594,373	577,710	544,404	531,828
Capital	409,041	409,041	409,041	387,250	387,250
Capital Reserves	54,639	54,639	54,639	54,639	54,639
Reserve for Options Granted	7,039	1,818	1,786	1,754	1,647
Special Goodwill Reserve	24,825	24,825	24,825	24,825	24,825
Profit Reserves	130,686	104,050	87,419	75,936	63,467
Total Liabilities and Shareholders' Equity	1,299,831	1,303,827	1,361,463	1,361,955	1,336,109

Cash Flow – Indirect Method

R\$ thousands, unless otherwise stated	3Q21	3Q20	9M21	9M20
Cash Flow from Operating Activities	37,102	48,544	45,183	64,251
Operating Profit before income tax	36,139	25,897	84,949	71,473
Depreciation & Amortization	22,039	15,590	61,617	43,692
Allowance for Inventory Losses	1,748	(1,874)	5,944	(1,485)
Recognized options granted	5,221	76	5,285	176
Interest on Loans and Financing	5,919	5,880	16,228	18,584
PP&E Write-off	-	19	845	53
Loyalty Program	(354)	141	(383)	146
Provision for Civil and Labor Risks	176	(104)	(395)	372
Interest from Financial Applications	(368)	(621)	(917)	(621)
Depreciation & Amortization - Refund of Improvements	(67)	(175)	(199)	(197)
Working Capital Variation	(33,351)	3,715	(127,791)	(67,942)
ASSETS				
Accounts Receivables	(9,441)	(17,060)	(50,799)	(42,765)
Inventory	(28,983)	(2,385)	(82,357)	(39,236)
Recoverable Taxes and Contributions	(156)	4,517	470	(6,659)
Other Credits	(2,067)	4,858	(8,739)	(4,450)
LIABILITIES				
Suppliers	13,655	11,111	50,038	40,153
Payroll and Related Taxes	12,391	10,987	14,345	15,741
Taxes Payable	2,283	5,289	(14,112)	12,808
Accounts Payable	(42)	433	2,012	3,824
Income Tax and Social Contribution Paid	(14,996)	(9,651)	(24,084)	(28,902)
Interest Paid on Borrowings and Financing	(5,995)	(4,384)	(14,565)	(18,456)
Cash flow from investing activities	(53,557)	(159,237)	(149,597)	(218,138)
Financial applications	15,600	(103,000)	27,663	(103,000)
Investments	(3,729)	-	(3,729)	-
Purchase of Property, Plant and Equipment	(65,428)	(56,237)	(173,531)	(115,138)
Cash Flow from Financing Activities	(73,404)	268,146	(194,497)	423,876
Borrowings and Financing	-	-	-	210,000
Repayment of borrowings and financing	(73,009)	(30,385)	(202,028)	(79,056)
Capital increase	-	336,735	21,791	336,735
Transaction costs of shares issuance	(388)	(21,405)	(388)	(21,405)
Dividends	(7)	(16,799)	(13,872)	(22,398)
Free Cash Flow, Net	(89,859)	157,453	(298,911)	269,989
Cash BoP	234,705	281,813	443,757	169,277
Cash EoP	144,846	439,266	144,846	439,266

Appendix I: IFRS 16 Impact – Statement of Income

R\$ thousands, unless otherwise stated	3Q21		Var.
	IAS 17	IFRS 16	
Gross Revenue from Products and Services	641,584	641,584	-
Taxes and other Deductions	(96,229)	(96,229)	-
Net Revenue from Products and Services	545,355	545,355	-
Cost of Goods Sold and Services Rendered	(285,555)	(285,555)	-
Gross Profit	259,800	259,800	-
Operating Revenue (Expenses)	(219,472)	(211,369)	(8,103)
Selling	(160,225)	(152,579)	(7,646)
General & Administrative	(48,430)	(47,245)	(1,185)
Other Operating Income (expenses), net	(10,817)	(11,545)	728
Operating Profit before Financial Income	40,328	48,431	(8,103)
Financial Results	(4,189)	(18,758)	14,569
Financial Income	3,199	3,199	-
Financial Expenses	(7,388)	(21,957)	14,569
Earnings before Income Tax and Social Contribution	36,139	29,673	6,466
Income Tax and Social Contribution	(9,503)	(7,304)	(2,199)
Net profit	26,636	22,369	4,267

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

R\$ thousands, unless otherwise stated	3Q21	3Q20	9M21	9M20
Earnings Before Interest Tax (EBIT)	48,431	34,946	119,248	92,428
(+) Depreciation & Amortization	21,971	15,414	61,417	43,495
(+) Depreciation – Right of Use (CPC 06 (R2)/IFRS 16)	26,713	20,386	74,248	58,445
EBITDA	97,115	70,746	254,913	194,368
(+) Rental Expenses	(34,816)	(23,998)	(96,404)	(69,364)
EBITDA ex./ IFRS16	62,299	46,748	158,509	125,004
(-) Stock Option Plan (SOP)	5,221	76	5,285	176
(-) PP&E Write-off	(2)	17	843	51
(-) Right of use (CPC 06 (R2)/IFRS 16) Write-off	-	-	(217)	-
(-) Non-recurring results	(362)	-	(896)	(11,521)
(-) Non-recurring income	(1,851)	-	(7,448)	(12,521)
(-) Non-recurring expenses	1,489	-	6,552	1,000
Adjusted EBITDA	67,156	46,841	163,524	113,710

Appendix III: IFRS 16 Impact – Balance Sheet

R\$ thousands, unless otherwise stated	3Q21		Change
	IAS 17	IFRS 16	
ASSETS			
Current Assets	695,338	695,338	-
Cash & Cash Equivalents	144,846	144,846	-
Financial applications	17,015	17,015	-
Accounts Receivable	210,873	210,873	-
Inventories	262,419	262,419	-
Recoverable Taxes and Contributions	41,811	41,811	-
Other Credits	18,374	18,374	-
Noncurrent Assets	604,493	1,331,461	(726,968)
Other Credits - L	6,026	6,026	-
Recoverable Taxes and Contributions	2,182	2,182	-
Deferred Income Tax and Social Contribution	9,922	31,009	(21,087)
Immobilized	507,291	1,213,172	(705,881)
Intangible Assets	79,072	79,072	-
Total Assets	1,299,831	2,026,799	(726,968)
LIABILITIES & SHAREHOLDERS' EQUITY			
Current Liabilities	549,715	623,890	(74,175)
Suppliers	252,960	252,960	-
Loans, Financing and Debentures	174,471	174,471	-
Payroll and Related Taxes	68,060	68,060	-
Taxes Payable	28,120	28,120	-
Dividends Payable	4,514	4,514	-
Accounts Payable	18,958	5,721	13,237
Loyalty Program	2,632	2,632	-
Leasing Right of Use Payable (IFRS 16)	-	87,412	(87,412)
Non-current Liabilities	123,886	817,613	(693,727)
Loans, Financing and Debentures	121,509	121,509	-
Other obligations	1,180	1,180	-
Provisions for Civil and Labor Risks	1,197	1,197	-
Leasing Right of Use Payable (IFRS 16)	-	693,727	(693,727)
Shareholders' Equity	626,230	585,296	40,934
Capital	409,041	409,041	-
Capital Reserves	54,639	54,639	-
Reserve for Options Granted	7,039	7,039	-
Special Goodwill Reserve	24,825	24,825	-
Profit Reserves	130,686	89,752	40,934
Total Liabilities and Shareholders' Equity	1,299,831	2,026,799	(726,968)

Appendix IV: IFRS 16 Impact – Cash Flow

R\$ thousands, unless otherwise stated	3Q21		Var.
	IAS 17	IFRS 16	
Cash Flow from Operating Activities	37,102	66,308	(29,206)
Profit Before Income Tax and Social Contribution	36,139	29,673	6,466
Depreciation & Amortization	22,039	22,039	-
Depreciation – Right of Use (CPC 06 (R2)/IFRS 16)	-	26,713	(26,713)
Interest Expenses – Right of use (CPC 06 (R2)/IFRS 16)	-	15,709	(15,709)
Allowance for Inventory Losses	1,748	1,748	-
Recognized options granted	5,221	5,221	-
Interest on Loans and Financing	5,919	5,919	-
PP&E Write-off	-	-	-
Right of use (CPC 06 (R2)/IFRS 16) Write-off	-	-	-
Loyalty Program	(354)	(354)	-
Provision for Civil and Labor Risks	176	176	-
Interest from Financial Applications	(368)	(368)	-
Depreciation & Amortization - Refund of Improvements	(67)	(67)	-
ASSETS			
Accounts Receivables	(9,441)	(9,441)	-
Inventory	(28,983)	(28,983)	-
Recoverable Taxes and Contributions	(156)	(156)	-
Other Credits	(2,067)	(2,067)	-
Liabilities			
Suppliers	13,655	13,655	-
Payroll and Related Taxes	12,391	12,391	-
Taxes Payable	2,283	2,283	-
Accounts Payable	(42)	(1,041)	999
Income Tax and Social Contribution Paid	(14,996)	(14,996)	-
Interest Paid on Borrowings and Financing	(5,995)	(5,995)	-
Interest Paid on Right of Use (CPC 06 (R2)/IFRS 16)	-	(5,751)	5,751
Cash flow from investing activities	(53,557)	(53,557)	-
Financial applications	15,600	15,600	-
Investments	(3,729)	(3,729)	-
Purchase of Property, Plant and Equipment	(65,428)	(65,428)	-
Cash Flow from Financing Activities	(73,404)	(102,610)	29,206
Debt Capitalization	-	-	-
Repayment of borrowings and financing	(73,009)	(73,009)	-
Capital increase	-	-	-
Transaction costs of shares issuance	(388)	(388)	-
Dividends	(7)	(7)	-
Payment of Right of Use (CPC 06 (R2)/IFRS 16)	-	(29,206)	29,206
Free Cash Flow, Net	(89,859)	(89,859)	-
Cash BoP	234,705	234,705	-
Cash EoP	144,846	144,846	-

Glossary

Operational Data

- **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 effects 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, 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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