Seu pet center de estimação

1Q21Earnings Release

Video Conference

May 11, 2021 (Tuesday)

10 a.m. Brasília | 9 a.m. EST | 2 p.m. GMT

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adotepetz

+50,000 pets adopted

Seu pet center de estimação

CENTRO VETERINÁRIO seres Nosso instinto é cuidar.

adotepetz

São Paulo, May 10, 2021 – Pet Center Comércio e Participações S.A. (B3: PETZ3) announces its results of the first quarter of 2021 (1Q21).

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 1Q21 is available on pages 24-27.

Highlights | 1Q21

- **Stores**: 138 units, with 5 openings in 1Q21 (31 in the last 12 months)
- **Seres Veterinary Center:** 116 units, of which 10 are hospitals
- **Same-Store Sales (SSS)[1]:** +33.9% YoY in 1Q21
- **Total Gross Revenue (TGR):** R$537.5 million; +52.8% YoY in 1Q21
- **Digital Gross Revenue:** R$155.5 million; +235.5% YoY; 28.9% of Total Gross Revenue; Omnichannel Ratio of 84.7% of Digital Gross Revenue in 1Q21
- **Gross Profit:** R$215.2 million; +54.6% YoY; 40.0% of Total Gross Revenue in 1Q21
- **Adjusted EBITDA[2]:** R$40.2 million; +36.3% YoY; 7.5% of Total Gross Revenue in 1Q21
- **Net Income[3]:** R$11.5 million; -40.7% YoY, impacted by non-recurring effects (+59.3% a/a, excluding these effects[4]); 2.1% of Total Gross Revenue in 1Q21

B3: **PETZ3**
R$24.62
per share

393,991,198
Total Shares

R$9.700 million
Market Cap

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Data of May 10, 2021.

Summary of Results and Indicators

R$ thousands, unless otherwise stated	1Q21	1Q20	Change
Financial Results			
Total Gross Revenue	537,516	351,848	52.8%
Same-Store-Sale (SSS)[1] % yoy	*33.9%*	*16.6%*	*17.3 p.p.*
Digital Gross Revenue	155,513	46,355	235.5%
Digital Penetration (% Total Gross Revenue)	*28.9%*	*13.2%*	15.8 p.p.
Omnichannel Ratio (% Digital Gross Revenue)	*84.7%*	*78.9%*	5.8 p.p.
Gross Profit	215,179	139,143	54.6%
% Total Gross Revenue	*40.0%*	*39.5%*	*0.5 p.p.*
Adjusted EBITDA[2]	40,152	29,457	36.3%
% Total Gross Revenue	*7.5%*	*8.4%*	(0.9 p.p)
Net Income[3]	11,484	19,369	-40.7%
% Total Gross Revenue	*2.1%*	*5.5%*	*-3.4 p.p.*
Operational Indicators			
Number of Stores	138	107	31
Store Openings	5	2	3
Footage (m^2)	145,922	121,007	24,915
Presence in States	16	14	2
Seres Veterinary Centers	116	95	21

[1] *SSS* includes (i) sales of products and services by physical stores with over 12 months, (ii) omnichannel sales (Pick-up and Ship-from-Store) of physical stores with over 12 months and (iii) e-commerce sales (shipped from the DC directly to the customer).
[2] Excluding the effect of IFRS 16, non-recurring items (tax credits referring to the exclusion of ICMS from the PIS/COFINS tax base and expenses with strategic consulting), as well as non-cash expenses with write-off of property, plant and equipment and stock option plan ("*SOP*").
[3] Excludes the effect of IFRS 16 and hence should not be used as reference for calculating dividends.
[4] Excluding non-recurring results of R$501 thousand in 1Q21 (PIS/COFINS credits from previous years related to expenses and strategic consulting services expenses) and R$ 12.5 million in 1Q20 (PIS/COFINS credits related to the exclusion of ICMS from the tax base), in addition to the inflation adjustment of R$ 6.2 million (on the principal amount of R$ 12.5 million referring to PIS/COFINS credits related to the exclusion of ICMS from the tax base), booked in the Financial Income line. These effects are accounted for considering a tax rate of 34%.

Message from Management

Update on COVID-19 and Trends in the Pet Sector

The beginning of 2021 was marked by a new wave of the COVID-19 pandemic in Brazil. First of all, Petz wishes to express its sympathy, condolences and support to all those whose lives were affected by this pandemic. Despite the difficulties and challenges we still have ahead of us, the feelings of hope and optimism prevail. Through disciplined compliance with physical distancing measures and use of masks and by progressing on the vaccination schedule, we expect to soon witness a less uncertain scenario not only regarding health issues, which are top priority, but also the economic situation of Brazil.

As such, our priority in recent months has been to further reinforce all the health and safety measures necessary for our employees and customers. While we closely monitor the decisions and recommendations from public health authorities and agencies, our operations, which are deemed essential, have been continuing in strict compliance with rigorous health protocols. Moreover, to further support and reassure our employees, we are offering a highly skilled medical services center, which is available 24/7 to provide support and guidance to confirmed and suspected COVID-19 cases.

As already mentioned in previous quarters, the pandemic accelerated a few structural trends observed in recent years in the Pet sector, thus resulting in an expansion of our market. The humanization of pets, (pets being treated as family members), was intensified by greater interaction and proximity between owners and their pets as a result of more time spent at home and greater care for pet health and hygiene, as well as by the increase in the number of tutors (mainly due to the growing number of pet adoptions; a phenomenon observed in various countries). In addition, the pandemic intensified the migration from the physical to digital retail channels. However, even in a scenario of broader reopening of businesses, increased activity in other sectors of the economy and the relaxation of physical distancing measures, we believe that most of these trends should remain unchanged.

Also worth highlighting is the enormous growth potential of the Pet market in Brazil, with a gap in relation to the annual pet spending in other countries, not to mention it is still highly fragmented, with small mom & pops pet shops accounting for 50% of the market share. We believe this market characteristic represents a huge opportunity for Petz to capture market share and further consolidate its leadership in the segment. Our unique omnichannel platform, with offerings integrated among segments (products and services) and channels, differentiated store format and location, as well as a comprehensive assortment of products, are some of the Company's competitive edges that place it in a privileged position.

In our view, these factors combined with Petz's execution capacity give us enormous growth potential and makes us confident about our future prospects, despite the current scenario of uncertainties.

In 1Q21, Petz reported strong growth, once again above 50% YoY, which confirms our adaptability, scalability and resilience. The main highlights of the quarter were the growth of our digital platform and the Seres Veterinary Center performance. Note that this remarkable performance was achieved despite a tough comparison base YoY given that, in March 2020, many customers advanced their purchases out of fear of products´ stock out due to the level of uncertainty brought by the pandemic.

If on the one hand the pandemic accelerated structural trends in the sector and the Petz platform stood out in this scenario, as mentioned above, on the other it affected our operations in 1Q21 results in the following ways: (i) the intensification of restrictive measures and local decrees on physical distancing during the quarter resulted in shorter business hours, even leading to the temporary closure of some stores in a few regions and part of our Grooming Centers due to lockdown; (ii) delays in construction sites and in obtaining permits to open new stores; and (iii) inflationary pressure not only on products, but also more broadly on the operation.

Expansion of Store Network: Record in 1Q21 with more than 30 new units in the last 12 months + Entry in North region in April

During the first quarter of 2021, we inaugurated 5 stores, ending the period with 138 stores in 16 states. In the last 12 months, we inaugurated 31 stores, the most in a single year in our history, in 9 states, which underlines our capacity to execute the store opening plan. Additionally, we also inaugurated in April 1 store in Palmas, the capital of Tocantins state. This store is a major achievement for Petz, not only marking the Company's entry in a new state (to bring the total to 17 states), but is also our first unit in northern Brazil, which establishes “Petz” and “Seres” brands in all 5 regions of the country, opening a new growth avenue for the Company. In this regard, we expect to continue the geographic diversification of our store network by entering new markets and expanding our platform across Brazil.

Note that, despite the challenges mentioned above due to the deterioration of the pandemic, so far our store expansion plan for 2021 remains unchanged, though expected inaugurations are concentrated in the second half of the year. In this regard, it is worth highlighting our strong backlog of new stores with locations already contracted, addressing the stores planned for the year, which are mostly concentrated in states other than São Paulo, unlike in 1Q21. We are confident about continuing our investments in store expansion, due to the consistent returns obtained from diverse regions across the country, which reflects the strength of our strong brand and our unique value proposition, which drives Petz's digital strategy through its omnichannel platform.

Digital Platform: New record share, improving service levels and maintaining profitability

Physical stores have increasingly proven to be a key component of our ecosystem and the integrated omnichannel strategy, besides representing a significant competitive differential over industry peers. We believe Petz stores offer a unique shopping experience to tutors and their pets, through the integration of channels, in which 100% of the stores offer Pick-Up and Ship-from-Store options, which makes us the only platform with a nationwide footprint capable of offering a unique value equation to customers: substantial reduction in delivery times and freight costs.

In this context, the acceleration of sales in digital channels reflects a habit caused by the pandemic, which we believe it represents demand for differentiated customer experience and service levels. Based on this, Petz's Digital channel once again stood out in the quarter, mainly reflecting the integration and scalability of our omnichannel platform, in which all 138 stores operate as "mini-DCs."

Digital sales revenue was R$155.5 million in 1Q21, a strong increase of 235.5%from 1Q20. As such, Digital's share ended 1Q21 at a new record of 28.9% of total sales (vs. 26.0% in 4Q20 and 13.2% in 1Q20). Note that this level exceeds our internal projections to be achieved in five years, already considering a revision due to the pandemic scenario, with higher migration from physical retail to digital channels. During this quarter, we had the first month in the Company's history with Digital sales accounting for over 30% of total sales, driven not only by stricter physical distancing measures early this year, but also demonstrating the strength and scalability of our platform, the sustainable business model focusing on customer experience, and maintenance of healthy profitability levels.

Petz has been increasingly preparing itself to capture market share in digital sales, which are boosted by our Omnichannel platform with a high service level for our customers and a vast assortment of over 15,000 SKUs available on our website, which make our platform boasting the largest offering in the segment. Omnichannel Ratio reached a record 84.7% in 1Q21 (vs. 83.8% in 4Q20 and 78.9% in 1Q20), underlining the view that Petz is increasingly consolidating its position as a benchmark in retail not just in Brazil but also worldwide.

Despite the sudden growth and paradigm shift in digital sales, our operation has proved to be even more scalable since we have consistently improved our service level and customer experience. In 1Q21, we delivered 96% of Ship-from-Store sales within one business day, an improvement from the levels in 2020, which were already excellent. Considering all deliveries of orders placed through the digital channels, including those shipped from the distribution centers, this ratio reached an impressive 82% in the period, a significant growth over last year's ratios. Finally, another highlight was the performance of the Express option, that is, deliveries within a few hours, which has been gaining prominence in sales. In 1Q21, more than half the Express sales were delivered within one hour.

In the pursuit of excellence in the logistics area, we continue to focus on new initiatives to increase efficiency, reduce costs and improve our service levels. The improvement of our logistics operation leads to increasingly higher customer satisfaction as we are capable of offering the best delivery experiences in all of our delivery options.

The main highlight of digital channels is our app, the leading of the sector with total downloads in 1Q21 surpassing the 2nd, 3rd and 4th ranked pet platforms combined[1]. Moreover, our app is the leader on Google Play and Apple Store rankings, with high score ratings. With 790,000 monthly active users (MAU) and sales growth of *375%* YoY in 1Q21, the app already accounts for about 60% of digital sales. Finally, after becoming the industry leader in 2020, our website continues to consolidate its leadership position, setting new records and registering 7.3 million visits in March 2021[2].

The Company's Subscription Program has been gaining prominence, ending March 2021 with a subscriber base that accounted for approximately 19% of Total Gross Revenue (vs. 15% in December 2020). The acceleration of the Subscription Program has been contributing positively to driving customer loyalty and reducing our churn rate, thus increasing purchase recurrence and volume, and boosting the sales of both products and services in the physical channel.

In recent months, we reinforced our investments in capturing new Digital clients, considering that the Lifetime Value (LTV) of our customer base has remained at attractive levels due to higher frequency and retention. Note that the orders from existing customers account for 80% of total, despite the high level of new client acquisitions and overall growth of the channel. These investments represent a pressure on profitability initially, but thanks to our healthy LTV / CAC (Customer Acquisition Cost) ratios, we believe that once customers join the Petz platform, we have the products and services necessary to engage them and increasingly improve the repurchase and recurrence levels.

In the coming months, we will continue to invest in the Digital segment and the integration of channels, with the focus on navigability and user interaction with our digital products, improving the personalization of offerings for customers and efficient conversion of new sales through "My Offerings" – an app feature that almost doubled customer engagement with offerings activated since the end of 2020 – and by monitoring the performance of these platforms in terms of growth and engagement. We believe that the digitalization of the customer experience happens not only at the time of buying products but also in services (Vet and Grooming) and in quality content for pet lovers. In this context, it is worth mentioning the Petz Blog (www.petz.com.br/blog), which reached almost 5 million visits monthly, reflecting the solid efforts at producing and curating content for our customers, which is essential for a specialized player in the Pet sector.

Finally, we highlight the roll-out of the self-checkout strategy in over 20 stores, which accounted for 35% of sales at these units. The technology developed for customer self-checkout, which is already used by

[1] Source: Similarweb as of May 7, 2021.
[2] Source: Similarweb as of May 7, 2021.

retail in other segments, enables our customers to, independently and with reduced contact, register their items at checkout and pay for them. Besides offering a more seamless shopping experience to customers, this pioneering initiative in the Brazilian Pet segment brings the Company productivity gains. It reinforces Petz's strategy of increasingly digitalizing the customer experience and journey, even when they are at our physical stores.

Petz Ecosystem: New Business area

Continuing the Petz Solution agenda, which aims to create a complete, reliable and integrated ecosystem of solutions to meet the needs of owners and pets, we set up an area dedicated to New Business in March. This new area is being led by our CFO and IRO, Diogo Bassi, who has been with the Company for eight years and has solid experience in Private Equity and Investment Banking/M&A.

As mentioned previously, the Pet sector is witnessing full-fledged growth. We mapped dozens of startups and potential partners that have shown interest in partnering with Petz to leverage their business inside the largest and most integrated platform in the Pet sector in Brazil. As such, in general terms, we are seeking partnerships to increase customer loyalty and purchase recurrence by offering differentiated products, new services, technology, content, education and experience. These are some of the verticals in our agenda which will enable us to increasingly reach out to our stakeholders in all points of their journey, not only at the time of purchase of products and services, but also in other situations when we will have greater interaction, brand presence and data.

Our strategic thinking is oriented to bringing to our platform people, technologies or business models that can add competencies that complement ours, while always preserving what these entrepreneurs most genuinely have: the capacity to create and innovate.

ESG: Milestone of 50,000 pets adopted through Adote Petz

This quarter, Adote Petz, the country's largest pet adoption program, reached the important milestone of 50,000 adoptions in the Company's history, fulfilling our purpose of helping dogs and cats find a new home through partnerships with over 90 NGOs and partners, now in a more digitalized manner due to the platform launched in December 2020 (www.adotepetz.com.br). Note that the Adote Petz project works on diverse fronts besides adoption; we also have initiatives for financial support and donation of other resources, such as: partnership with Editora MOL, "*Arredondar*" Movement and "*Válidos*" Program. Combined, these initiatives raised, since their inception, an impressive amount of over R$6.0 million by the end of 1Q21. The funds raised are destined to partner NGOs to be invested in (i) improvements, such as the expansion and renovation of shelters, expanding and adapting the structures in accordance with welfare practices, (ii) supporting the increase of the number of rescued pets, as well as initial care and treatment (castration and vaccines), (iii) in addition to investments in the digitization of processes and tools such as websites and tablets to facilitate operations during the pandemic and (iv) in the restructuring of NGOs management and finances (including certifications and best practice guidelines provided by Adote Petz through partners Editora MOL and Phomenta).

The "Pet Life" sticker album, launched in late 2020 in partnership with Editora MOL and Panini, raised almost R$500 thousand for NGOs dedicated to animal protection. The illustrated book, sold at the checkouts of Petz stores and in our digital platform, was one of Brazil's ten most popular albums[3],

[3] Source: Folha de São Paulo. Available on: https://www1.folha.uol.com.br/empreendedorsocial/2021/03/album-de-figurinhas-vida-de-pet-arrecada-r-440-mil-em-doacoes-para-causa-animal.shtml.

reinforcing the incredible partnership between the largest social impact publisher and Petz, the largest platform in the segment. A new album should be released in the middle of the year and has all the characteristics to be another success, since we have an engaged team and customers connected to our purpose in favor of the animal cause. Note that the partnership with MOL resulted in over 440,000 items sold by Petz in 1Q21, including books, calendars, the album and its stickers.

Another initiative that is increasingly gaining ground is the "*Arredondar*" Movement, which consolidates the donations made through stores by rounding the purchase amount in centavos or through the digital platform. In 1Q21, the Company set another record, reach the sum of R$500 thousand raised since the launch of the initiative in mid-2019.

At Seres Veterinary Center, we suspended elective surgeries at our units in order to reduce the demand in the veterinary segment for supplies and medications used in human health. Since we are the country's largest Veterinary Center, this initiative not only increases the availability of supplies in the market, but also aims to create a positive trend throughout the veterinary sector to encourage other professionals to do the same. Note that this temporary suspension does not adversely affect the health and welfare of pets, since we maintained urgent/emergency surgeries. Our goal remains to deliver the best care through a verticalized structure that ensures the quality and sustainability of veterinary operations.

1Q21 Results

Petz's results started 2021 with growth outpacing expectations, mainly driven by Digital sales once again. This performance demonstrates not only the resilience of the Pet sector but also the Company's continuous ability to leverage and seize opportunities despite a scenario of uncertainties. As such, we continue to invest in accelerating the capture of market share, driven by a sharp increase in digital sales even if this represents a slight pressure on profitability initially, given our solid and healthy LTV/CAC levels.

In 1Q21, we delivered a strong +53% YoY growth in Total Gross Revenue despite a challenging scenario caused by the pandemic and a tough comparison base. SSS increased +34% in the period. The revenue growth reflects the strong performance of Products (+55% YoY), especially the sharp increase in Digital sales, which grew more than 3x YoY, totaling R$155.5 million in the period (or 29% of Total Gross Revenue), as well as the strong growth of veterinary services under the Seres brand (+52% YoY). As such, the Services & Others segment, after three consecutive quarters of decline in sales revenue YoY, registered growth of +18% YoY, despite the decline in sales at Grooming Centers.

Gross margin was 40.0% in 1Q21, expanding 0.5 p.p. from 1Q20, due to a higher share of products in the sales mix, anticipation of purchases with suppliers due to the inflation scenario and chain instability, which benefits margins, and higher private label products under "Petz" brand penetration. These factors were more than enough to offset the sharp increase in the share of Digital sales and the negative margin impact from Grooming Centers. Adjusted EBITDA grew +36.3% YoY in 1Q21, reflecting margin over Gross Revenue of 7.5% (vs. 8.4% in 1Q20), mainly due to higher freight expenses and higher investments in customer acquisition, due to the increase in Digital sales, and higher storage expenses, pressured by a supply chain that came under higher pressure and the increase in absenteeism caused by the new wave of COVID-19 in early 2021.

For 2021, we remain focused on growth and market share gains, and will seek to maintain healthy profitability levels, despite the challenges and uncertainties in terms of inflationary pressure and macroeconomic environment on account of the pandemic. Hence, over the coming months we will remain focused on strenuous efforts to expand our nationwide footprint, digitalize the customer experience and our operations, offer innovative solutions, consolidate the Seres brand as the benchmark in veterinary services and expand the offering of exclusive products under the Petz brand. By increasingly strengthening these business verticals, we will progress sustainably towards materializing the Company's new strategic vision: "To be recognized worldwide as the best ecosystem in the Pet sector by 2025."

THE MANAGEMENT

Store Network and Seres Veterinary Centers

In 1Q21, we inaugurated 5 stores , 4 in new markets in the states of São Paulo (Carapicuíba, Mauá and Americana) and Paraná (Foz do Iguaçu), and 1 in the capital of São Paulo. In the last 12 months, we inaugurated 31 stores, the most in a single year, in 9 states, which underlines our capacity to execute the store opening plan. Consequently, we ended the first quarter of 2021 with 138 stores in 16 states, strengthening our leadership of Brazil's pet shop sector not only in terms of sales, but also in number of units and geographic coverage.

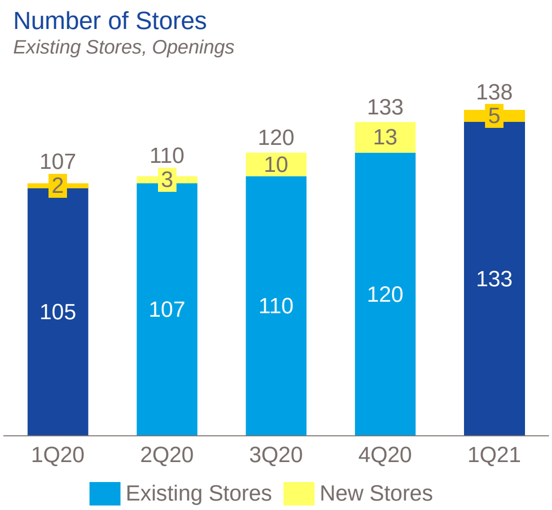
Additionally, we highlight that we inaugurated in April 1 store in Palmas, the capital of Tocantins state. This store is a major achievement for Petz, not only marking the Company's entry in a new state - reaching 17 states - but is also our first unit in Northern of Brazil, which establishes the "Petz" and "Seres" brands in all the five regions of the country and opens a new growth avenue for the Company.

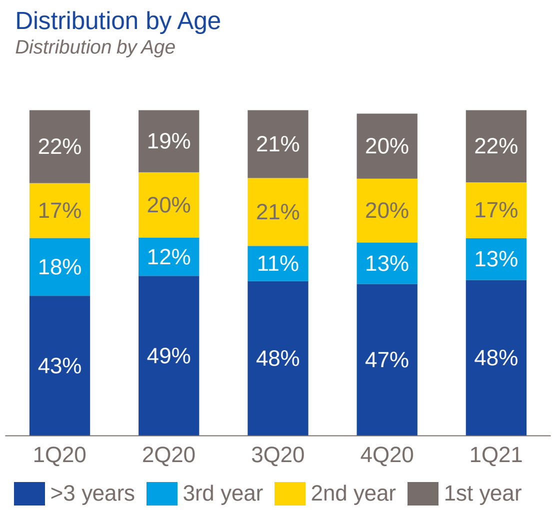
Note that, despite the challenges mentioned above due to the deterioration of the pandemic, so far our store-opening plan for 2021 remains unchanged, though inaugurations are concentrated in the second half of the year. In this regard, it is worth highlighting our strong backlog of new stores with locations already contracted, addressing the stores planned for the year and which are mostly concentrated in states other than São Paulo, unlike in 1Q21. We are confident about continuing our investments in store expansion, due to the consistent returns obtained from diverse regions across the country, which reflects the strength of our strong brand and our unique value proposition, which drives Petz's digital strategy through its omnichannel platform.

We expect to move on with the regional diversification of the store network by entering new markets and expanding our footprint across Brazil. Unlike other segments in Brazil's retail sector, the Pet market has few regional competitors that offer a value proposition like that of Petz, which underlines our expansion strategy, not to mention that the opening of a store has been an important driver of sales in digital channels. At the end of 1Q21, 61% of our units were located in São Paulo state and 39% in other states (vs. 64% and 36% in 1Q20, respectively).

Note that 52% of the stores have yet to complete three years of operation, that is, they have not yet achieved their expected revenue and profitability potential.

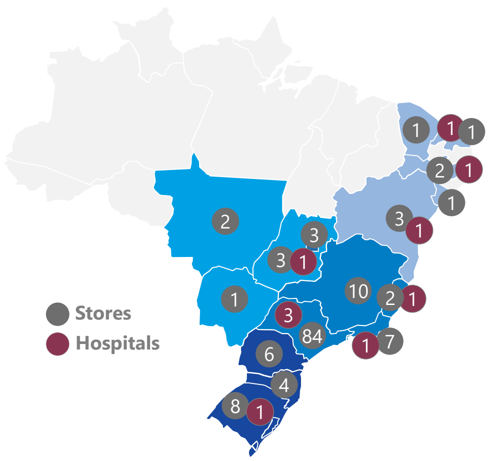
Finally, with regarding to the expansion of the Seres brand strategy, we ended the quarter with 116 veterinary centers, 10 of them hospitals.





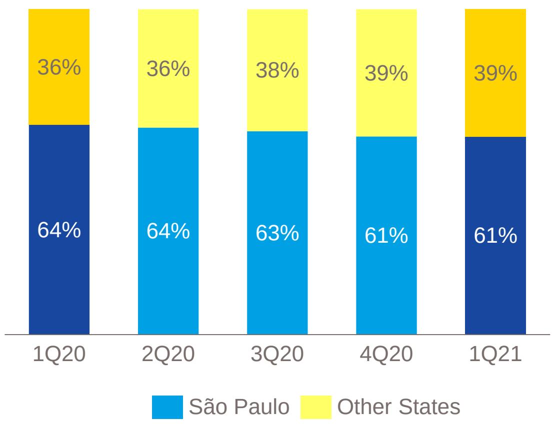
Geographic Footprint

Number of stores and hospitals by state



Store mix in São Paulo and Other States

% of total stores



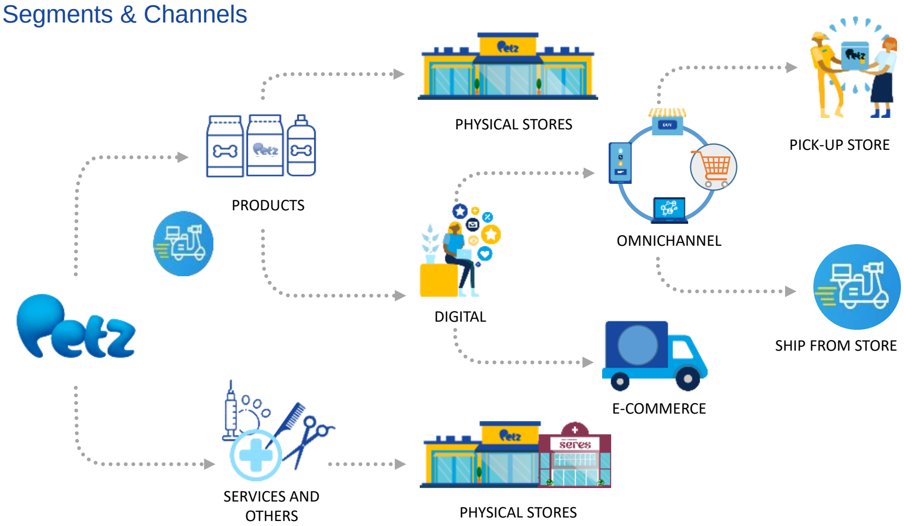
Total Gross Revenue

R$ thousands, unless otherwise stated	1Q21	1Q20	Change
Total Gross Revenues	**537,516**	**351,848**	**52.8%**
Products	**511,657**	**329,898**	**55.1%**
Physical Stores	356,144	283,543	25.6%
Digital	155,513	46,355	235.5%
Services & Others	**25,859**	**21,950**	**17.8%**

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 distinguished customer service offered at physical stores with the convenience and speed of the 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).

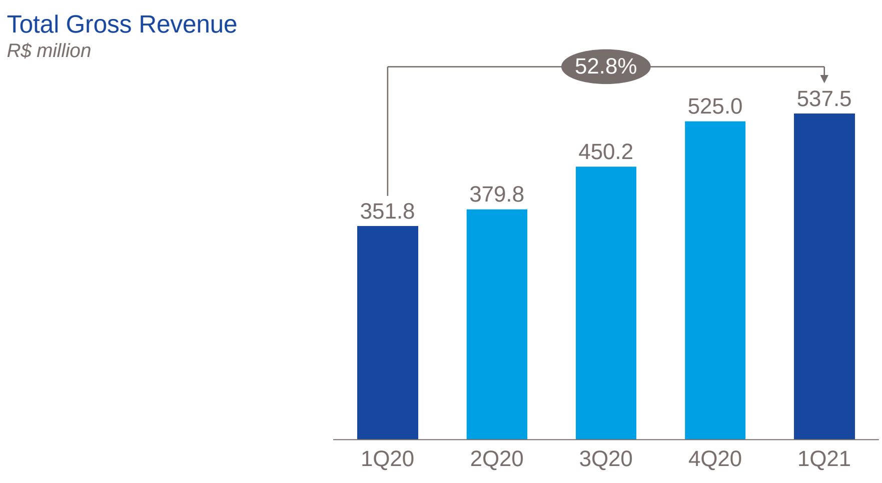
Petz Segments & Channels



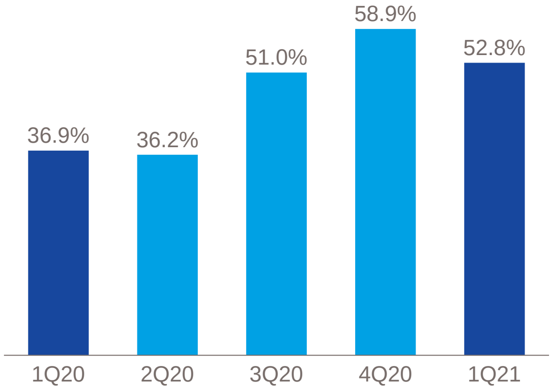
In 1Q21, Total Gross Revenues were R$537.5 million, up 52.8% from 1Q20. Note that we once again delivered this remarkable performance of above 50% YoY despite a very challenging scenario in Brazil and in retail sector due to the pandemic and a tough comparison base YoY (+36.9% in 1Q20), given that, in March 2020, many customers advanced their purchases for fear of disruptions across the chain due to the level of uncertainty brought by the pandemic, as well as the performance in January and February, which were already very consistent.

Total sales in 1Q21 were driven mainly by products (+55.1% YoY), notably the sharp increase in sales revenue from digital channels, which grew 235.5% from 1Q20 to reach R$155.5 million in the period. Digital sales accounted for 28.9% of Total Gross Revenue (vs. 26.0% in 4Q20 and 13.2% in 1Q20), the highest percentage ever in the Company's history. Product sales in physical stores also performed strongly in the quarter, totaling R$356.1 million, an increase of 25.6% from the same period the previous year, despite the restrictions on the business hours of stores and even closure of a few units (a more severe scenario than in 2020) and a tough comparison base. This remarkable sales growth, in both the digital channels and physical stores, is explained mainly by structural factors explained previously, the expansion of the store network and the customer base, as well as price increases passed on to customers due to inflationary pressure across the supply chain.

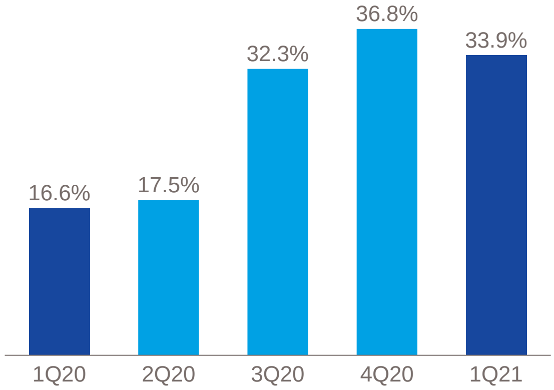
In the Services & Others segment, after three consecutive quarters of decline in sales revenue YoY, we delivered growth of 17.8% YoY this quarter. The main highlight remains the performance of Seres Veterinary Center, which registered sharp growth of 52.4% YoY in 1Q21, driven by the maturation of our veterinary hospitals and clinics, opening of new units and greater care by owners of the health of their pets, which fueled the performance of older stores. Hence, this performance was more than sufficient to offset the decline in sales revenue from our Grooming Center network. Due to local public health decrees, several units in this business line were closed once again during the quarter and the service was affected by restrictions on the business hours of commercial establishments. This performance is mainly due to the decline in customer traffic in these establishments caused by greater fear among owners to take their pets to these centers in light of the public health and safety measures recommended during the COVID-19 pandemic. Despite the initiatives to improve productivity and customer experience in this segment, the resumption of activities has been sluggish.



Growth of Total Gross Revenue
% Change, YoY

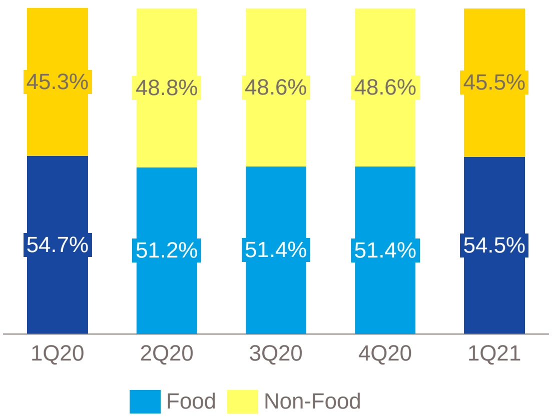


Same Store Sales (SSS) Growth
% Change, YoY



Same-Store-Sales (SSS) increased 33.9% YoY in 1Q21, reflecting yet another strong performance caused by the ramp-up of the store network and the performance of units with more than three years of operation, as well as the inflation pass-through to our products. It is worth highlighting the excellent performance by stores located outside São Paulo, as well as market share gains in both physical and digital channels.

Gross Revenue from Products
% by category

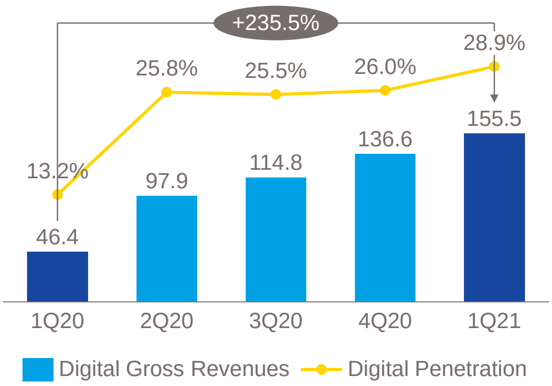


Gross Revenue from the Non-Food category grew 56.1% in 1Q21 compared to 1Q20, accounting for 45.5% of product revenue in the quarter, in line with 1Q20. It is worth highlighting the vast and unique Non-Food assortment and the positive performance by the Accessories, Pharmacy and Hygiene & Cleaning sub-categories.

In 1Q21, the share of Food and Non-Food items in the product mix was different from the stability observed in the three previous quarters, mainly due to: (i) the seasonality at the start of 2021, with higher purchases of Food items; (ii) the higher penetration of the Digital channel in the Company's sales, which has a higher share of Food; and (iii) the stockpiling of more essential products (e.g.: pet food) due to physical distancing measures and decrees in connection with the pandemic at the start of 2021.

Digital Performance

Digital Gross Revenue and Digital Penetration
R$ million, % Total Gross Revenue



Digital sales were R$155.5 million in 1Q21, a solid growth of 235.5% YoY. As such, Digital penetration ended 1Q21 setting a new record of 28.9% of total sales revenue, increasing from the 26.0% registered in 4Q20 and a substantial growth from the 13.2% in 1Q20. Since 2Q20, when the initial impacts of the pandemic were felt, digital sales have continued to grow sequentially in absolute terms, leading to historical levels of penetration by the Digital segment in recent months. Also, it is important to mention that, in 1Q21, we had the first month in the Company's history with Digital sales accounting for more than 30% of total sales, driven by stricter physical distancing measures early this year, but also demonstrating the strength and scalability of our platform, the sustainable business model focused on customer experience, and the maintenance of healthy profitability levels.

The main highlight of digital channels is our app, the leading of the sector with total downloads in 1Q21 surpassing the 2nd, 3rd and 4th ranked pet platforms combined[5]. Moreover, our app is the leader on Google Play and Apple Store rankings, with high score ratings. With 790,000 monthly active users (MAU) and sales growth of 375% YoY in 1Q21, the app already accounts for about 60% of digital sales. Finally, after becoming the industry leader in 2020, our website continues to consolidate its leadership position, setting new records and registering 7.3 million visits in March 2021[6].

The Company's Subscription Program has been gaining prominence, ending March 2021 with a subscriber base that accounted for approximately 19% of Total Gross Revenue (vs. 15% in December 2020). The acceleration of the Subscription Program continues to contribute positively to driving customer loyalty and reducing our churn rate, thus increasing purchase recurrence and volume, and boosting sales of products and services in the physical channel.

In recent months, we reinforced our investments in capturing new Digital clients, considering that the Lifetime Value (LTV) has remained at attractive levels due to higher frequency and retention. Note that the orders from existing customers account for 80% of total orders, despite the high level of new client acquisitions and overall growth of the channel. These investments represent a pressure on profitability initially, but thanks to our healthy LTV / CAC (Customer Acquisition Cost) ratios, we believe that once customers join the Petz platform,

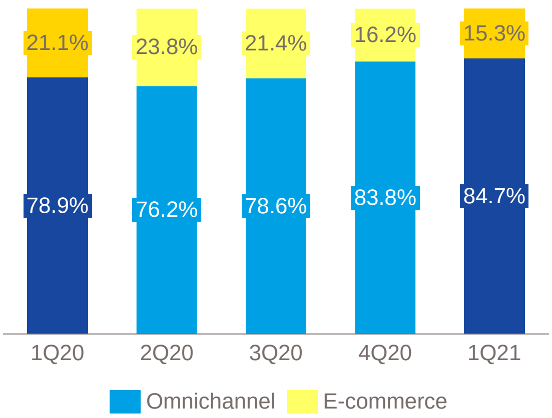
[5] Similarweb as of May 7, 2021.
[6] Similarweb as of May 7, 2021.

we have the products and services necessary to engage them and increasingly improve the repurchase and recurrence levels.

In the coming months, we will continue to invest in the Digital segment and the integration of channels, with the focus on navigability and user interaction with our digital products, improving the personalization of offerings for customers and efficient conversion of new sales through "My Offerings" – a feature that almost doubled customer engagement with offerings activated since the end of 2020 – and by monitoring the performance of these platforms in terms of growth and engagement. 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.

Omnichannel Ratio and E-commerce Share

% of Digital Gross Revenue



In 1Q21, Gross Revenue from the Omnichannel platform, which includes Pick-up and Ship-from-Store sales, grew 260.3% YoY, with an Omnichannel Ratio of 84.7% (vs. 83.8% in 4Q20 and 78.9% in 1Q20), a new record for the Company and a benchmark for Brazilian and global retail.

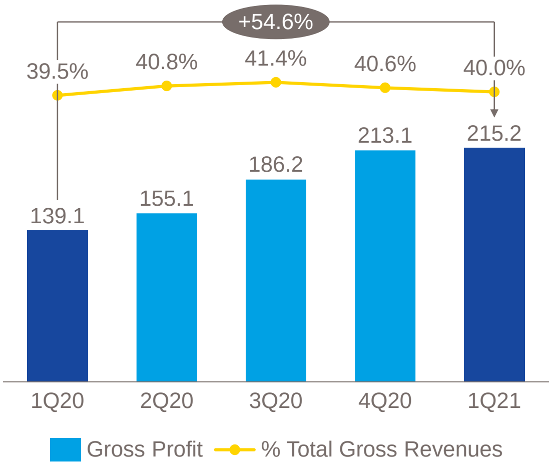
In 1Q21, we delivered 96% of Ship-from-Store sales within one business day, an improvement from the levels in 2020, which were already excellent. Considering all deliveries of orders placed through the digital channels, including those shipped from the distribution centers, this ratio reached an impressive 82% in the period, a significant growth over last year's ratios. Finally, another highlight was the performance of the Express option, that is, deliveries within a few hours, which has been gaining prominence in sales. In 1Q21, more than half the Express sales were delivered within one hour.

Gross Profit

Gross Profit in 1Q21 was R$215.2 million, up 54.6% YoY. Gross margin was 40.0% of Total Gross Revenue in the period, expanding from the previous year (39.5% in 1Q20), reflecting the higher share of products in the sales mix compared to services. As such, this factor was more than sufficient to offset the sharp increase in Digital Penetration of sales (28.9% in 1Q21 vs. 13.2% in 1Q20), whose margins are healthy but lower than offered by the physical channel, as well as the negative margin impact from Grooming Centers.

As mentioned before, we continue to accelerate our investments in customer acquisition, given that the LTV/CAC of our customer base remained healthy in recent months even considering the higher penetration of sales to subscribers, for whom more attractive campaigns have been launched since late 2020. In addition, we faced, promotional campaigns to all customers involving discounts, freight and other benefits. Finally, note that the inflationary pressure of recent months, especially since 4Q20, negatively affected margins initially due to the gap between the increase in prices and when it is passed on to customers in the digital channel, where price comparison is almost perfect.

Gross Profit
R$ million, % Total Gross Revenue

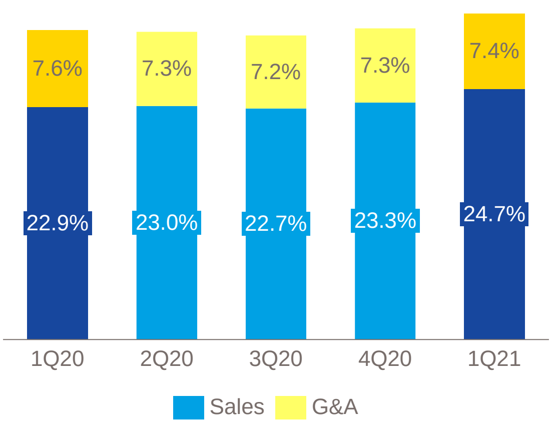


Operating Expenses

Operating Expenses totaled R$175.0 million in 1Q21 (+59.6% YoY), representing 32.6% of Gross Revenue, 1.4 p.p. higher than in 1Q20, pressured by higher Selling Expenses.

R$ thousands, unless otherwise stated	1Q21	1Q20	Change
Selling, General and Administrative Expenses (SG&A)	**172,507**	**107,201**	**60.9%**
% Total Gross Revenue	***32.1%***	***30.5%***	***1.6 p.p.***
Selling Expenses	132,509	80,519	64.6%
% Total Gross Revenue	*24.7%*	*22.9%*	*1.8 p.p.*
General & Administrative Expenses	39,999	26,682	49.9%
% Total Gross Revenue	*7.4%*	*7.6%*	*(0.1 p.p)*
Others Operating Expenses	**2,520**	**2,485**	1.4%
% Total Gross Revenue	***0.5%***	***0.7%***	***(0.2 p.p)***
Total Operating Expenses	**175,027**	**109,686**	**59.6%**
% Total Gross Revenue	***32.6%***	***31.2%***	***1.4 p.p.***

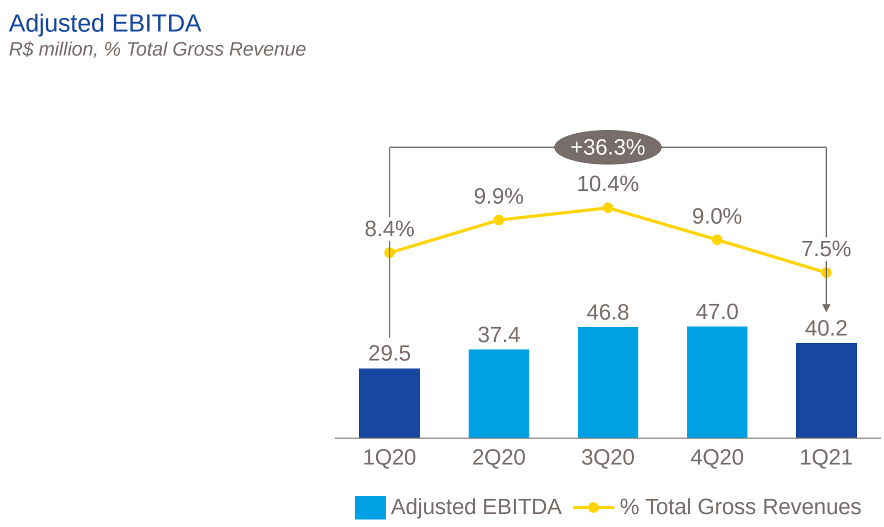
Selling, General & Administrative Expenses (SG&A)
% of Total Gross Revenue



Selling Expenses amounted to R$132.5 million in 1Q21, 64.6% higher than in 1Q20, corresponding to 24.7% of Total Gross Revenue (vs. 22.9% in 1Q20). This increase was mainly due to (i) higher freight expenses and (ii) higher investments in marketing for customer acquisition, both due to the increase in Digital sales; (iii) transportation expenses, given our store portfolio geographic diversification, and (iv) higher packing expenses, fueled by digital sales, but the cost was also impacted by inflation.

General and Administrative Expenses totaled R$40.0 million in 1Q21, 49.9% higher than in 1Q20, corresponding to 7.4% of Total Gross Revenue (vs. 7.6% in 1Q20). This performance is primarily due to higher operating leverage driven by strong sales in the quarter, as well as the dilution of fixed expenses in line with the trend observed in recent years. The dilution more than compensate higher storage expenses, due to pandemic scenario, as well as investments in corporate development initiatives (Technology, new projects for the Petz Solution and Seres) and additional resources associated with a publicly-listed company.

Adjusted EBITDA



Adjusted EBITDA came to R$40.2 million in 1Q21, up 36.3% from 1Q20. Adjusted EBITDA margin in the quarter corresponded to 7.5% of Total Gross Revenue, decreasing 0.9 p.p. from 1Q20, reflecting the above effects.

Adjusted EBITDA Reconciliation

R$ thousands, unless otherwise stated	1Q21	1Q20	Change
Net Income	**11,484**	**19,369**	**(40.7%)**
(-) Income Tax & Social Contribution	6,043	10,174	(40.6%)
(-) Depreciation & Amortization	19,048	13,501	41.1%
(-) Financial Results	3,868	(1,117)	n.r.
EBITDA	**40,443**	**41,928**	**(3.5%)**
(-) Stock Option Plan (SOP)	32	50	(36.0%)
(-) Write-off of PP&E	178	-	0.0%
(-) Non-recurring results	(501)	(12,521)	(96.0%)
(-) Non-recurring income	(2,598)	(12,521)	(79.3%)
(-) Non-recurring expenses	2,097	-	0.0%
Adjusted EBITDA	**40,152**	**29,457**	**36.3%**
Adjusted EBITDA /Total Gross Revenues	*7.5%*	*8.4%*	*(0.9 p.p)*

Non-Recurring Revenues in 2020 refer to tax credits from the exclusion of ICMS from the PIS/COFINS tax base. In 1Q21, the Non-Recurring Result refers to revenue from PIS/COFINS credits related to previous years, offset by Non-Recurring Expenses related to strategic consulting services focused on Customer Analytics.

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

Depreciation and Amortization expenses in 1Q21 totaled R$19.0 million, which represents a 41.1% growth YoY, compared to R$13.5 million in 1Q20. This is explained by the Company's investments in recent years, especially in network expansion, which has the majority of stores have been operating for less than 3 years.

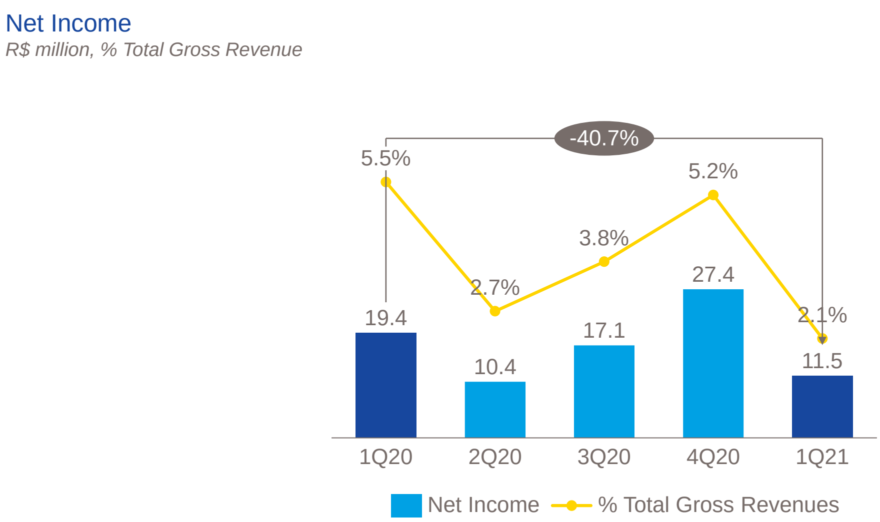
Financial Result in 1Q21 was an expense of R$3.9 million, compared to income of R$1.1 million in 1Q20, a change of 1.0 p.p. as a percentage of Total Gross Revenue in the period, mainly explained by the positive financial result in connection with inflation adjustment on non-recurring tax credits of R$6.2 million recognized in 1Q20.

Income Tax and Social Contribution expenses totaled R$6.0 million in 1Q21 (effective tax rate of 34.5%) vs. R$10.2 million in 1Q20 (effective tax rate of 34.4%), without any material extraordinary effects affecting the recognition of such expenses in both periods.

Net Income

Net Income in 1Q21 totaled R$11.5 million, vs R$19.4 million in 1Q20, down 40.7%, mainly explained by one off items in 1Q20. Excluding these effects, Net Income grew 59.3% YoY.

These effects include non-recurring results of R$501 thousand in 1Q21 (PIS/COFINS credits from previous years related to expenses and strategic consulting services expenses) and R$ 12.5 million in 1Q20 (PIS/COFINS credits related to the exclusion of ICMS from the tax base), in addition to the inflation adjustment of R$ 6.2 million (on the principal amount of R$ 12.5 million referring to PIS/COFINS credits related to the exclusion of ICMS from the tax base), booked in the Financial Income line. Last, it is important to mention that these effects are accounted for considering a tax rate of 34%.



Adjusted Cash Flow[7]

Operating Cash Flow in 1Q21 consumed R$1.1 million, compared to a cash generation of R$16.8 million in 1Q20. The main impact refers to a payment related to the lawsuit on the exclusion of PIS/COFINS from its own tax base, which was ruled against the Company, resulting in payment of R$18.5 million (without any impact on the quarterly results). This amount consists of principal and interest of the lawsuit, adjusted according to the SELIC rate. Despite this payment, the variation in Other Assets/Liabilities between 1Q21 and 1Q20 is only R$1.7 million, because in 1Q20 this line was adversely affected by the recognition of non-recurring PIS/COFINS credits related to the exclusion of ICMS from the tax base (R$12.5 million principal and R$6.2 million inflation adjustment), but these amounts affected net income positively in the Non-Recurring Result and Financial Revenue lines. Additionally, in 1Q21 we replenished our Inventories, which was partially offset by Trade accounts payable due to the second wave of the pandemic.

The Company consumed R$82.5 million in 1Q21, compared to generation of R$115.5 million in 1Q20, explained mainly by the consumption in Financing (higher loan payments in 1Q21), partially offset by the capital increase through the stock option plan and higher Investments (R$46.8 million vs. R$31.5 million in the previous year).In addition, the Company raised R$150 million through loans and financing in 1Q20, the main factors for the generation of R$115.5 million in the period.

R$ thousands, unless otherwise stated	1Q21	1Q20	Change
Adjusted EBITDA	**40,152**	**29,457**	**36.3%**
Non-recurring Result	501	12,521	(96.0%)
Income Tax (34% x EBIT)	(7,274)	(9,665)	(24.7%)
Assets	**33,378**	**32,312**	**3.3%**
Accounts Receivables	(18,864)	(16,325)	15.6%
Inventory	(29,072)	(4,208)	590.9%
Suppliers	26,633	16,498	61.4%
Other Assets/Liabilities	(13,225)	(11,526)	14.7%
Cash Flow from Operating Activities	**(1,150)**	**16,751**	**n.r.**
Cash Flow from Investing Activities	**(46,789)**	**(31,497)**	**48.6%**
Cash Flow from Financing Activities	**(34,597)**	**130,231**	**n.r.**
Borrowings and Financing	-	150,000	-
Repayment of borrowings and financing	(55,009)	(18,620)	195.4%
Capital increase	21,791	-	-
Others	(1,379)	(1,149)	20.0%
Free Cash Flow Generation	**(82,536)**	**115,485**	**n.r.**

[7] 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 are considered, as well as income tax on Financial Result.

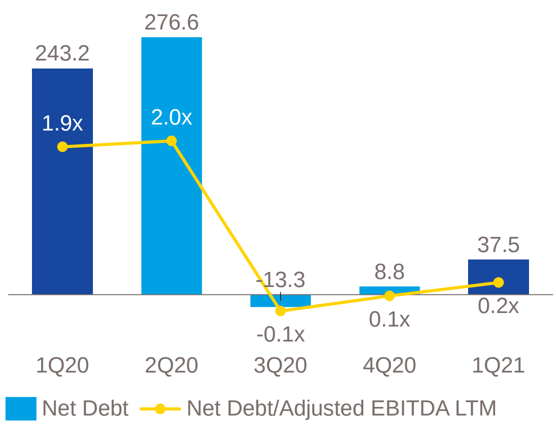
Leverage

We ended 1Q21 with Net Debt of R$37.5 million, reflecting Gross Debt of R$442.7 million and Cash, Cash Equivalents and Financial Investments of R$405.2 million, which represents leverage, as measured by the ratio of Net Debt to Adjusted EBITDA (Last 12 Months) of 0.2x in 1Q21, compared to 1.9x in 1Q20 This is a healthy leverage, which makes us comfortable about continuing our investments in expansion.

R$ thousands, unless otherwise stated	1Q21	1Q20	Change
Gross Debt	**442,720**	**527,979**	**(16.1%)**
Current Loans and Financing	273,819	145,350	88.4%
Noncurrent Loans and Financing	168,901	382,629	(55.9%)
Cash & Cash Equivalents and Financial Investments	**405,193**	**284,762**	**42.3%**
Cash & Cash Equivalents	361,221	284,762	26.9%
Financial applications	43,972	-	-
Net Debt	**37,527**	**243,217**	**(84.6%)**
Adjusted EBITDA (LTM)	171,444	128,959	32.9%
Net Debt/Adjusted EBITDA (LTM)	*0.2x*	*1.9x*	*(1.7x)*

Net Debt (Cash) and Leverage

R$ million, x



Investments

R$ thousands, unless otherwise stated	1Q21	1Q20	Change
New Stores & Hospitals	30,990	16,900	83.4%
Technology & Digital	10,182	6,273	62.3%
Renovation, Maintenance & Others	4,998	3,772	32.5%
Total Investments	**46,170**	**26,945**	**71.3%**
Non-Cash Effect	619	4,552	(86.4%)
Cash Flow from Fixed & Intangible Assets	**46,789**	**31,497**	**48.6%**

Total Investments came to R$46.2 million in 1Q21, up 71.3% YoY. In line with our expansion strategy, we invested R$31.0 million in the construction of new stores and hospitals, an increase of 83.4% YoY, driven by the faster pace of store openings (5 new stores in 1Q21 vs. 2 in 1Q20). Despite more inaugurations in 1Q21 compared to 1Q20, the worsening of the COVID-19 pandemic, as mentioned earlier, affected the schedule of construction works, which reflects in a higher store opening in the second half of 2021. However, as of now our calendar of store openings for 2021 remains in line with our expectations.

We invested R$10.2 million in Technology and Digital in 1Q21 (+62.3% YoY) to increasingly integrate our channels and segments, improve the navigability and buying experience of our customers, especially in the apps, and generate productivity gains for the Company. As mentioned previously, improvements to the digital channel are some of the initiatives that can further increase our conversion, retention, purchase frequency rates, and drive cross-selling opportunities across segments and channels.

Renovations, Maintenance and Others amounted to R$5.0 million in 1Q21, up 32.5% YoY, due to the expansion of our store network.

Statement of Income

R$ thousands, unless otherwise stated	1Q21	1Q20
Gross Revenue from Products and Services	**537,516**	**351,848**
Taxes and other Deductions	(83,360)	(53,251)
Net Revenue from Products and Services	**454,156**	**298,597**
Cost of Goods Sold and Services Rendered	(238,977)	(159,454)
Gross Profit	**215,179**	**139,143**
Operating Revenue (Expenses)	**(175,027)**	**(109,686)**
Selling	(132,509)	(80,519)
General & Administrative	(39,999)	(26,682)
Other Operating Income (expenses), net	(2,520)	(2,485)
Adjusted EBITDA	**40,152**	**29,457**
Non-Recurring Results	501	12,521
Stock Option Plan	(32)	(50)
Write-off of Fixed Assets	(178)	-
Depreciation & Amortization	(19,048)	(13,501)
Operating Profit before Financial Income	**21,395**	**28,427**
Financial Results	**(3,868)**	**1,117**
Financial Income	2,414	7,683
Financial Expenses	(6,283)	(6,566)
Earnings before Income Tax and Social Contribution	**17,526**	**29,543**
Income Tax and Social Contribution	(6,043)	(10,174)
Net profit	**11,484**	**19,369**

Balance Sheet

R$ thousands, unless otherwise stated	1Q21	4Q20	3Q20	2Q20	1Q20
ASSETS					
Current Assets	**855,961**	**886,275**	**907,550**	**635,840**	**603,933**
Cash & Cash Equivalents	361,221	443,757	439,266	281,813	284,762
Financial applications	43,972	43,761	103,621	-	-
Accounts Receivable	180,092	160,675	137,935	122,183	112,785
Inventories	214,773	185,701	173,378	169,118	136,865
Recoverable Taxes and Contributions	38,369	41,722	40,630	45,547	50,738
Other Credits	17,534	10,659	12,720	17,179	18,783
Noncurrent Assets	**505,502**	**475,680**	**428,559**	**382,193**	**377,111**
Other Credits	3,843	2,884	2,584	1,817	1,121
Recoverable Taxes and Contributions	1,975	1,701	1,701	1,636	3,355
Deferred Income Tax and Social Contribution	10,143	8,432	7,307	5,761	8,751
Property, Plant and Equipment	427,204	405,761	365,200	325,948	319,316
Intangible Assets	62,337	56,902	51,767	47,031	44,568
Total Assets	**1,361,463**	**1,361,955**	**1,336,109**	**1,018,033**	**981,044**
LIABILITIES & SHAREHOLDERS' EQUITY					
Current Liabilities	**613,305**	**593,246**	**507,884**	**446,121**	**386,354**
Suppliers	221,677	195,675	170,766	151,570	142,723
Loans, Financing and Debentures	273,819	273,942	235,745	192,357	145,350
Payroll and Related Taxes	62,534	53,716	51,860	40,874	43,516
Taxes Payable	23,572	36,556	32,960	28,360	32,594
Dividends Payable	13,867	13,867	-	16,798	5,599
Other Payable	15,190	16,475	14,155	13,905	14,154
Loyalty Program	2,646	3,015	2,398	2,257	2,418
Non-current Liabilities	**170,448**	**224,305**	**296,397**	**368,777**	**385,162**
Loans, Financing and Debentures	168,901	222,403	293,813	366,089	382,629
Provisions for Civil and Labor Risks	1,547	1,902	2,584	2,688	2,533
Shareholders' Equity	**577,710**	**544,404**	**531,828**	**203,135**	**209,528**
Capital	409,041	387,250	387,250	50,515	50,515
Capital Reserves	54,639	54,639	54,639	79,818	79,818
Reserve for Options Granted	1,786	1,754	1,647	1,571	1,521
Special Goodwill Reserve	24,825	24,825	24,825	24,825	24,825
Profit Reserves	87,419	75,936	63,467	46,406	52,849
Total Liabilities and Shareholders' Equity	**1,361,463**	**1,361,955**	**1,336,109**	**1,018,033**	**981,044**

Cash Flow - Indirect Method

R$ thousands, unless otherwise stated	1Q21	1Q20
Cash Flow from Operating Activities	**(2,463)**	**15,613**
Operating Profit before income tax	17,526	29,543
Depreciation & Amortization	19,114	13,512
Allowance for Inventory Losses	2,643	(225)
Recognized options granted	32	50
Interest on Loans and Financing	4,922	5,488
PP&E Write-off	178	-
Loyalty Program	(369)	166
Provision for Civil and Labor Risks	(355)	321
Interest from Financial Applications	(211)	-
Depreciation & Amortization - Refund of Improvements	-	-
Working Capital Variation	**(45,943)**	**(33,242)**
ASSETS		
Accounts Receivables	(18,864)	(16,325)
Inventory	(31,715)	(3,983)
Recoverable Taxes and Contributions[8]	2,678	(17,493)
Other Credits	(4,837)	(9,736)
LIABILITIES		
Suppliers	26,633	16,498
Payroll and Related Taxes	8,818	7,396
Taxes Payable[9]	(18,741)	3,017
Accounts Payable	(1,234)	3,635
Income Tax and Social Contribution Paid	(5,144)	(8,877)
Interest Paid on Borrowings and Financing	(3,537)	(7,374)
Cash flow from investing activities	**(46,789)**	**(31,497)**
Financial applications	-	-
Purchase of Property, Plant and Equipment	(46,789)	(31,497)
Cash Flow from Financing Activities	**(33,218)**	**131,380**
Borrowings and Financing	-	150,000
Repayment of borrowings and financing	(55,009)	(18,620)
Capital increase	21,791	-
Free Cash Flow, Net	**(82,470)**	**115,496**
Cash BoP	443,757	169,277
Cash EoP	361,221	284,762

[8] In 1Q20, this line was negatively impacted by the recognition of non-recurring PIS/COFINS credits related to exclusion of ICMS from the tax base (R$ 12.5 million of principal and R$ 6.2 million of monetary restatement).
[9] In 1Q21, this line was negatively impacted by the payment related to the process of excluding PIS/COFINS from its own tax base, which had an unfavorable decision to the Company, leading to the payment of R$ 18.5 million (R$ 17.8 million of principal and R$ 0.7 million monetary restatement, both already provisioned and therefore, with no effect on the result).

Appendix I: IFRS 16 Impact – Statement of Income

R$ thousands, unless otherwise stated	1Q21 IAS 17	1Q21 IFRS 16	Var.
Gross Revenue from Products and Services	**537,516**	**537,516**	**-**
Taxes and other Deductions	(83,360)	(83,360)	-
Net Revenue from Products and Services	**454,156**	**454,156**	**-**
Cost of Goods Sold and Services Rendered	(238,977)	(238,977)	-
Gross Profit	**215,179**	**215,179**	**-**
Operating Revenue (Expenses)	**(193,784)**	**(187,280)**	**(6,504)**
Selling	(148,254)	(142,188)	(6,066)
General & Administrative	(43,302)	(42,557)	(745)
Other Operating Income (expenses), net	(2,229)	(2,535)	306
Operating Profit before Financial Income	**21,395**	**27,899**	**(6,504)**
Financial Results	**(3,868)**	**(15,898)**	**12,030**
Financial Income	2,414	2,414	-
Financial Expenses	(6,283)	(18,312)	12,029
Earnings before Income Tax and Social Contribution	**17,526**	**12,001**	**5,525**
Income Tax and Social Contribution	(6,043)	(4,164)	(1,879)
Net profit	**11,484**	**7,837**	**3,647**

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

R$ thousands, unless otherwise stated	1Q21	1Q20
Earnings Before Interest Tax (EBIT)	**27,899**	**32,468**
(+) Depreciation & Amortization[10]	19,048	13,501
(+) Depreciation – Right of Use (CPC 06 (R2)/IFRS 16)[11]	22,987	18,619
EBITDA	**69,934**	**64,588**
(+) Rental Expenses[12]	(29,491)	(22,660)
EBITDA	**40,443**	**41,928**
(-) Stock Option Plan (SOP)	32	50
(-) PP&E Write-off	178	-
(-) Non-recurring results	(501)	(12,521)
(-) Non-recurring income	(2,598)	(12,521)
(-) Non-recurring expenses	2,097	-
Adjusted EBITDA	**40,152**	**29,457**

[10] Amounts obtained from the cash flow statements of the financial statements, including the depreciation effect of improvements.
[11] Amounts obtained from the cash flow statements of the financial statements.
[12] Amounts obtained from the notes 22.3 (Lease payments) and 22.5 (PIS/COFINS credits over right of use interest expenses).

Appendix III: IFRS 16 Impact – Balance Sheet

R$ thousands, unless otherwise stated	1Q21 IAS 17	1Q21 IFRS 16	Change
ASSETS			
Current Assets	**855,961**	**855,961**	**-**
Cash & Cash Equivalents	361,221	361,221	-
Financial applications	43,972	43,972	-
Accounts Receivable	180,092	180,092	-
Inventories	214,773	214,773	-
Recoverable Taxes and Contributions	38,369	38,369	-
Other Credits	17,534	17,534	-
Noncurrent Assets	**505,502**	**1,096,107**	**(590,605)**
Other Credits - L	3,843	3,843	-
Recoverable Taxes and Contributions	1,975	1,975	-
Deferred Income Tax and Social Contribution	10,143	27,292	(17,149)
Property, Plant and Equipment	427,204	1,000,660	(573,456)
Intangible Assets	62,337	62,337	-
Total Assets	**1,361,463**	**1,952,068**	**(590,605)**
LIABILITIES & SHAREHOLDERS' EQUITY			
Current Liabilities	**613,305**	**677,952**	**(64,647)**
Suppliers	221,677	221,677	-
Loans, Financing and Debentures	273,819	273,819	-
Payroll and Related Taxes	62,534	62,534	-
Taxes Payable	23,572	23,572	-
Dividends Payable	13,867	13,867	-
Accounts Payable	15,190	4,184	11,006
Loyalty Program	2,646	2,646	-
Leasing Right of Use Payable (IFRS 16)	-	75,653	(75,653)
Non-current Liabilities	**170,448**	**729,697**	**(559,249)**
Loans, Financing and Debentures	168,901	168,901	-
Provisions for Civil and Labor Risks	1,547	1,547	-
Leasing Right of Use Payable (IFRS 16)	-	559,249	(559,249)
Shareholders' Equity	**577,710**	**544,419**	**33,291**
Capital	409,041	409,041	-
Capital Reserves	54,639	54,639	-
Reserve for Options Granted	1,786	1,786	-
Special Goodwill Reserve	24,825	24,825	-
Profit Reserves	87,419	54,128	33,291
Total Liabilities and Shareholders' Equity	**1,361,463**	**1,952,068**	**(590,605)**

Appendix IV: IFRS 16 Impact – Cash Flow

R$ thousands, unless otherwise stated	1Q21 IAS 17	1Q21 IFRS 16	Change
Cash Flow from Operating Activities	**(2,529)**	**22,459**	**(24,988)**
Profit Before Income Tax and Social Contribution	17,526	12,001	5,525
Depreciation & Amortization	19,114	19,114	-
Depreciation – Right of Use (CPC 06 (R2)/IFRS 16)	-	22,987	(22,987)
Interest Expenses – Right of use (CPC 06 (R2)/IFRS 16)	-	12,968	(12,968)
Allowance for Inventory Losses	2,643	2,643	-
Recognized options granted	32	32	-
Interest on Loans and Financing	4,922	4,922	-
PP&E Write-off	178	178	-
Loyalty Program	(369)	(369)	-
Provision for Civil and Labor Risks	(355)	(355)	-
Interest from Financial Applications	(211)	(211)	-
Depreciation & Amortization - Refund of Improvements	(66)	(66)	-
ASSETS			-
Accounts Receivables	(18,864)	(18,864)	-
Inventory	(31,715)	(31,715)	-
Recoverable Taxes and Contributions	2,678	2,678	-
Other Credits	(4,837)	(4,837)	-
Liabilities			-
Suppliers	26,633	26,633	-
Payroll and Related Taxes	8,818	8,818	-
Taxes Payable	(18,741)	(18,741)	-
Accounts Payable	(1,234)	(1,756)	522
Income Tax and Social Contribution Paid	(5,144)	(5,144)	-
Interest Paid on Borrowings and Financing	(3,537)	(3,537)	-
Interest Paid on Right of Use (CPC 06 (R2)/IFRS 16)	-	(4,920)	4,920
Cash flow from investing activities	**(46,789)**	**(46,789)**	**-**
Financial applications	-	-	-
Purchase of Property, Plant and Equipment	(46,789)	(46,789)	-
Cash Flow from Financing Activities	**(33,218)**	**(58,206)**	**24,988**
Debt Capitalization	-	-	-
Repayment of borrowings and financing	(55,009)	(55,009)	-
Capital increase	21,791	21,791	-
Transaction costs of shares issuance	-	-	-
Dividends	-	-	-
Payment of Right of Use (CPC 06 (R2)/IFRS 16)	-	(24,988)	24,988
Free Cash Flow, Net	**(82,536)**	**(82,536)**	**-**
Cash BoP	443,757	443,757	-
Cash EoP	361,221	361,221	-

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 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**, **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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