



Seu pet center de estimação

## 4Q20 Earnings Release



Video Conference

March 9, 2021 (Tuesday)

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

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São Paulo, March 8, 2021 – Pet Center Comércio e Participações S.A. (B3: PETZ3) announces its results of the fourth quarter of 2020 (4Q20).

*Since 2019, our Financial Statements have been prepared in accordance with IFRS 16. To better represent the current economic scenario 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 4Q20 is available on pages 25-28.*

## Highlights | 4Q20 (2020)

- **Stores:** 133 units, with 13 openings in 4Q20 (28 in 2020)
- **Seres:** 114 Veterinary Centers, out of 10 hospitals - 3 openings in 4Q20
- **Same-Store Sales (SSS)<sup>1</sup>:** +36.8% yoy in 4Q20 (+26.5% yoy in 2020)
- **Total Gross Revenue (TGR):** R\$525.0 million; +58.9% yoy in 4Q20 (R\$1.7 billion in 2020; +46.6% yoy)
- **Digital Gross Revenue:** R\$136.6 million; +312.9% yoy; 26.0% of TGR; Omnichannel Ratio of 83.8% of Digital Gross Revenue in 4Q20 (R\$395.6 million in 2020; +341.8% yoy; 23.2% of TGR)
- **Gross Profit:** R\$213.1 million; +50.0% yoy; 40.6% of TGR in 4Q20 (R\$693.5 million in 2020; +45.6% yoy; 40.6% of TGR)
- **Adjusted EBITDA<sup>2</sup>:** R\$47.0 million; +18.9% yoy; 9.0% of TGR in 4Q20 (R\$160.7 million in 2020; +39.7% yoy; 9.4% of TGR)
- **Net Income<sup>3</sup>:** R\$27.4 million; +65.1% yoy; 5.2% of TGR in 4Q20 (R\$74.2 million in 2020; +98.3% yoy; 4.3% of TGR)

**B3: PETZ3**

**R\$20.23**

per share

**393.991.198**

Total Shares

**R\$7,970 million**

Market Cap

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Data as of March 8, 2021

## Summary of Results and Indicators

R\$ thousands, unless otherwise stated	4Q20	4Q19	Change	2020	2019	Change
<b>Financial Results</b>						
Total Gross Revenue	524,962	330,407	58.9%	1,706,729	1,164,234	46.6%
Same-Store-Sale (SSS) <sup>1</sup> % yoy	36.8%	6.9%	29.9 p.p.	26.5%	7.7%	18.8 p.p.
Digital Gross Revenue	136,552	33,071	312.9%	395,634	89,543	341.8%
Digital Penetration (% Total Gross Revenue)	26.0%	10.0%	16.0 p.p.	23.2%	7.7%	15.5 p.p.
Omnichannel Ratio (% Digital Gross Revenue)	83.8%	78.2%	5.6 p.p.	79.8%	71.1%	8.7 p.p.
Gross Profit	213,107	142,073	50.0%	693,506	476,327	45.6%
% Total Gross Revenue	40.6%	43.0%	(2.4 p.p.)	40.6%	40.9%	(0.3 p.p.)
Adjusted EBITDA <sup>2</sup>	47,039	39,565	18.9%	160,749	115,097	39.7%
% Total Gross Revenue	9.0%	12.0%	(3.0 p.p.)	9.4%	9.9%	(0.5 p.p.)
Net Income <sup>3</sup>	27,417	16,608	65.1%	74,197	37,413	98.3%
% Total Gross Revenue	5.2%	5.0%	0.2 p.p.	4.3%	3.2%	1.1 p.p.
<b>Operational Indicators</b>						
Number of Stores	133	105	28	133	105	28
Store Openings	13	10	3	28	25	3
Footage (m <sup>2</sup> )	142,074	119,477	22,597	142,074	119,477	22,597
Presence in States	16	13	3	16	13	3
Seres Veterinary Centers	114	94	20	114	94	20

<sup>1</sup> 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).

<sup>2</sup> 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 and fiscal consulting, COVID-19 donation and opening of new building of "Alô Petz"), as well as non-cash expenses with write-off of property, plant and equipment and stock option plan (SOP).

<sup>3</sup> Excludes the effect of IFRS 16 and hence should not be used as reference for calculating dividends.

### Message from Management

#### New Petz Vision: “To be recognized worldwide as the best ecosystem in the Pet sector by 2025”

With the end of 2020, Petz closed a strategic cycle that will be etched in the Company’s history. This phase began in 2014, when it conceived its ambitious vision to “Become the largest and best pet shop chain in Latin America, ranking among the top 5 largest operations globally by 2020.” The (i) creation of the Petz brand and its expansion across Brazil; (ii) investments in and consolidation of the Omnichannel platform as a scalable and profitable strategy; (iii) creation of the “Seres” brand in the veterinary segment, intensifying the Company’s focus on this business vertical; and (iv) the foundation of “Adote Petz” program, which helps thousands of pets find new homes and fosters the culture of donation, are some of the key accomplishments of this phase, which enabled the Company achieve the leadership position in Latin America and become the benchmark in the global pet market. This phase will also be remembered for the success of our Initial Public Offering (IPO) on B3, the first ever by a company in the Pet sector, despite all the uncertainties surrounding the macroeconomic scenario and the high volatility in capital markets.

Talking of 2020 - a year of so many challenges, lessons learned and achievements - is at the same time both complex and gratifying. And despite the uncertainties, we have one conviction: our achievements would not have been possible without the fundamental contribution from our employees, customers, suppliers, partners and investors. During a scenario of pandemic and physical distancing never seen before, relations between owners and their pets brought moments of joy, affection and complicity more than ever before. We believe that the trend of “pet humanization” (pet as a family member), a bond that was strengthened by greater interaction and proximity between owners and pets as a result of more time spent at home, and the increase in number of pet owners (mainly reflecting the growing number of pet adoptions, a phenomenon observed in various countries), demonstrate the huge potential for growth of the segment, which stands out even in crisis scenarios. Over the last few months, we proved our agility, adaptability and resilience by absorbing the sudden increase in demand and capturing changes in consumption habits, while always focusing on our greater purpose: to take care of the well-being and health of pets.

In 2020, Petz registered total sales of R\$1.7 billion, growth of 46.6% (or over R\$540 million) from 2019, placing the Company as the player that gained the highest market share in the Pet segment in the period. The main highlight was the growth above 50% yoy in product sales, almost 5x registered by the Pet sector in Brazil (11% yoy<sup>1</sup>), reaching market share of 6%, according to Euromonitor<sup>2</sup>, which underlines the fragmented nature of the sector.

The next 5 years of Petz will be guided by its new and audacious strategic vision: “To be recognized worldwide as the best ecosystem in the Pet sector by 2025.” In this regard, the following are the main pillars of the Company’s sustainable growth in this journey: Expansion of store portfolio and the “Seres” brand; Digital platform; Customer Experience; Petz Solution; Exclusive products & “Petz” brand sustained by our People, Culture & ESG<sup>3</sup>.

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<sup>1</sup> Euromonitor International Limited, Pet Care in Brazil 2021, formal sales to end customer in retail, including taxes, in current terms.

<sup>2</sup> Company, based on Euromonitor International Limited, Retailing in Brazil 2021, formal sales to end customer in retail, including taxes, in current terms.

<sup>3</sup> Environment, Social and Governance (ESG).

### Expansion of store portfolio and “Seres” brand: Entry in new markets and regions across Brazil and leverage to Digital strategy

We remain confident about executing our store expansion plan based on the consistent return on investments obtained in diverse regions of the country, reflecting the strength of our brand and the unique value proposition, which drives the digital strategy through the Omnichannel platform. In this regard, we reached two important milestones in 2020: we opened 28 stores in the period, a new annual record, with 13 of them in 4Q20, a quarterly record. Note that these openings in 2020 marked the Company’s entry in three new states: Sergipe, Mato Grosso and Ceará, moving on with our strategy of being present throughout Brazil. Therefore, we ended 2020 with 133 stores in 16 states, i.e., Brazil’s largest pet shop network, not only in revenues, but also in number of units and nationwide footprint. In 2021, we plan to accelerate the pace of expansion and continue with our geographic diversification by entering new markets and regions, always seeking sales outlets at privileged locations, and excellence in customer satisfaction, all of which have channeled our trajectory and pace of expansion.

Besides fueling - and in some cases creating - demand in regions that are not necessarily served by a complete assortment, and bringing high-quality information, integrated grooming and veterinary services, adoption spaces and experience compatible with our value proposition, opening a physical store is an important growth driver of digital sales in the new location, which further strengthens the strategy of opening stores across Brazil. We know the importance of technology for integrating channels and supporting operational activities; however, we understand that a successful Omnichannel strategy mainly involves a physical store operation with optimum inventories and low stockouts, which reflect streamlined processes and disciplined execution, as well as a digital culture disseminated throughout the Company, integrating different internal areas and structures with well-aligned incentives.

Physical stores have increasingly proven to be a key component of our ecosystem and integrated Omnichannel strategy that integrates not only physical and digital channels, but also the product and service segments, besides representing a significant competitive advantage over industry peers. We believe that a Petz store offers owners and their pets a distinctive shopping experience. At the same time, our integration of the channels, in which 100% of the stores offer the Pick-up and Ship-from-Store options, enables us to achieve a unique value equation for customer experience: substantial reduction in delivery times and freight costs. All stores operate as “mini-DCs” spread across the country, i.e., each store we open operates a distribution hub that serves not only nearby neighborhoods, but also the entire surrounding region, thus speeding up the customer journey and expanding the market coverage.

With regard to our strategy of expansion in the veterinary segment through the “Seres” brand, we ended 2020 with 114 veterinary centers, of which 10 are hospitals (and 9 of them 24/7). As for our hospitals dedicated to highly complex procedures in a wide range of medical specialties, we continue to increase our presence in capitals and currently have operations in 8 states. As such, our platform is Brazil’s largest veterinary medicine network and the only one present in multiple regions, and is a benchmark in infrastructure, technology and technical excellence of highly skilled professionals. Our purpose remains to deliver the best in healthcare for pets through a verticalized structure that ensures operational quality and sustainability.

### Digital Platform: The platform that gained the highest market share in Brazil’s Pet sector in 2020

Petz was also the company in Brazil that gained the highest market share in digital channels in the Pet sector in 2020, mainly reflecting the integration and scalability of our Omnichannel platform. With revenues of

approximately R\$400 million (+341.8% yoy or an increase of +R\$300 million in sales). Petz achieved almost 27% market share, doubling its digital market share compared to 2019<sup>4</sup>.

The share of Digital sales ended 4Q20 at a record 26% of the Company's total sales, exceeding our five-year projections during the pre-pandemic scenario. We believe this accelerated migration from the physical to digital channel reflects a change in consumption habits caused by the pandemic. However, we also believe it represents the demand for differentiated customer service and experience. As such, with an Omnichannel Ratio that reached 84% in 4Q20, Petz is increasingly consolidating its position as a benchmark in retail not just in Brazil but also worldwide.

We delivered 95% of the orders placed through the Ship-from-Store option within 1 business day. Considering all deliveries of Digital sales, which include those shipped from the distribution center to customers, this percentage is approximately 77%. Another highlight was the performance of the express delivery, that is, deliveries within hours, which has increasingly gained relevance in the Company. This is basically due to the fact that the Company's average product picking time for in-store pick-up is 18 minutes, reaching an impressive 7 minutes in the best cases, which also enables us to offer pick-ups within 1 hour.

The digital channel proved to be an important "gateway" for new customers, accounting for almost 50% of the +1 million new customers in 2020. In December 2020, in a sector with low seasonality effect, we set a new record of additions, which underscores the strength of our unique value proposition and potential for growth, consolidation, and the resilience of the Pet segment.

Our website became the leaders in Brazil's Pet sector in 2020, with a record 6.4 million accesses in December<sup>5</sup>. Our mobile app for smartphones is the highest rated on Google Play and Apple Store in the Pet purchase category. The Petz app has consolidated its position as the leading purchase channel among digital platforms. With over 630,000 MAU (Monthly Active Users) and sales growth of 575% yoy in 4Q20, the app already accounts for more than 50% of digital sales.

One product that is increasingly becoming important for the Company is the subscription program. We ended 2020 with a subscriber base more than 5x higher than the level of 2019, accounting for approximately 15% of Total Gross Revenue in December (vs. approximately 10% in 3Q20). In 2020, we expanded the benefits offered to customers under the program, by which subscribers opt for recurring product deliveries without any sign-up, monthly or cancellation fees. The usual discounts for programmed and single purchases on the digital platform were extended to products in physical stores, as well as benefits for services at our Grooming and Veterinary Centers. Those are advantages that only a verticalized platform like ours can offer in an integrated and convenient way.

We believe the acceleration of the subscription program will continue to help drive customer loyalty and reduce churn rate, while increasing purchase recurrence and volume. Finally, note that the majority of sales to subscribers are unscheduled purchases, which means that service level remains a key factor in customer decision and experience, reinforcing the competitive advantage of our Omnichannel platform.

We combine proprietary technology and cutting-edge tools to continuously improve the analysis of our user database and monitor the Omnichannel customer journey in order to improve the level of precision in contacts

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<sup>4</sup> Company, based on Euromonitor International Limited, Pet Care in Brazil 2021, formal sales to end customer in retail, including taxes, in current terms.

<sup>5</sup> SimilarWeb in March 2021.



and engagement actions. Note that 85% of our sales are identified, which gives us access to a considerable volume of data to support and guide our strategy and operation.

Over the next 12 months, we will continue to invest in the Digital operation and in integration among channels, with the focus on the browsing experience and user interaction with our digital products, as well as their performance in terms of growth and engagement. We will continue to focus on digitalizing both the customer experience while shopping for products, as well as services offering. The development of new functionalities in the subscription option on the website (in both the desktop and mobile versions), following the pattern already existing in the app, as well as the ramp-up of our “My Offers” strategy using big data and machine learning, are some of the initiatives in our pipeline that will further increase our conversion and retention rates. Finally, we remain evaluating opportunities in the logistics area to enhance efficiency and service costs, in addition to automating the Company's internal processes to continuously improve productivity.

### Customer Experience & Petz Solution

The satisfaction of our customers remains a strategic priority for the Company, and we ended the year on a high note, winning three categories in the “Reclame Aqui 2020” awards: best pet e-commerce (which we won for the fifth straight year), pet category in the physical channel, as well as “CEO RA 1000.” This last recognition, that our founder and CEO, Sergio Zimmerman, was honored with, is the highest given to the executive most engaged with the customer service team, considering all sectors of the economy.

These recognitions highlight the quality of our management and operations, and also motivate us to constantly strive for excellence and improvement. In this regard, we expanded our customer service structure in November 2020, which is now called “Alô Petz” and is based in a new exclusive building, with infrastructure and standard of quality that is on par with global benchmarks. We expanded our team to address the growing demand for orders and product information and services in an integrated manner, and also to pursue greater automation and implementation of other tools, such as chatbot and WhatsApp®, to ensure quicker, efficient and more convenient communication with customers. Note that Petz’s customer service structure also has an independent Ombudsman set up in 2004, which reports directly to our CEO, thereby strengthening not only our “focus of the customer” but also corporate governance issues. Our efforts were rewarded in the form of increase in customer satisfaction, as measured by the NPS® metric, in all quarters of 2020, on both year-on-year and quarter-on-quarter comparisons. We are even more glad to learn that the customers who better know us and honor us with their higher purchase frequency and monthly average spending have the highest NPS®.

Continuing the intensified ramp-up of the Petz Solution strategy to meet the needs of pets and their owners, we have sought to deeply understand consumer behavior through extensive data survey and analysis, to promote an end-to-end transformation of the customer journey and offer differentiated solutions directly or through partnerships, in an open innovation system. In 2020, we had over 2.1 million identified customers choosing Petz to meet the health and wellness needs of their pets.

As for expansion of the Petz solutions ecosystem, it is worth emphasizing the importance of this strategic agenda for the Company at the moment. In 2020, almost half of our customers used some category of our ecosystem other than physical stores (Digital channel, “Seres”, Grooming Centers and “Adote Petz”). In the fourth quarter of 2020, through weekly forums involving the Company’s top management, in-depth market research and focus groups to better understand the needs and preferences of pet owners, we have been discussing opportunities for partnerships and potential acquisitions. The number of startups in the Pet sector is growing rapidly: we mapped out dozens of Brazilian startups in the Pet sector that have been interested in partnering with Petz to leverage their business and bring us closer to pet owners in all moments of their journeys. Potential partnerships aimed at increasing the level of retention, engagement and loyalty of our customers with regard to products, services, technology, content, education and experience are priorities in

our agenda as a way of being increasingly close to our customers, not only at the time of purchase of products, but also in other situations when we will have increasingly more interaction, brand presence and data.

The growth of Petz Solution has three main goals: provide solutions to all points of contact in the owner / pet relationship, have deep knowledge of the needs and behaviors of owners and pets in these journeys and improve our operational and commercial efficiency based on a better understanding of our customers' behavior. In this regard, we are evaluating to further integrate all of our offerings across channels and segments.

### Exclusive products & “Petz” brand: important driver of profitability and customer loyalty

Another fundamental pillar of our strategy of assortment differentiation is the exclusive products offering, especially under “Petz” brand. Note that our value proposition is to offer the best cost-benefit tradeoff for customers, with the same or superior quality offered by the category leaders. The year 2020 was replete with successful launches, especially snacks, which marked our entry in the food category, and new products in recurring categories, such as bentonite cat litter, as well as activated carbon pad. As such, we almost doubled the share of Petz brand in product revenue in 4Q20 compared to 4Q19, which is the highest in our history. We are the leader or vice leader in most of the 25 categories in which we operate with around 300 SKUs.

With a solid pipeline of launches for the coming years, the “Petz” brand represents not only an instrument of profitability, since its margins are more attractive than those of similar products in the same category, but also of customer loyalty and engagement.

In addition to exclusive, private-label products, we remain focused on building the most comprehensive platform in Brazil in terms of assortment of pet products, along with an infinite shelf strategy. We ended 2020 with almost 15,000 SKUs available on our website, which makes us the sector leaders. The addition of hundreds of SKUs to our channels every month is aimed at building a robust online catalog for owners to access the widest variety of products in a category, reinforcing our position as a specialized channel.

### People and Culture & ESG: Petz DNA

As for People, in view of the worrisome spread of the pandemic across the country, our priority in recent months has been to take the necessary precautions for the health and safety of our employees and customers. While we closely monitor the decisions and recommendations from public health agencies and authorities, our activities, which are deemed essential, have been continuing in strict compliance with rigorous health protocols. Finally, to provide peace and comfort to our employees, we honored our pioneering commitment undertaken at the start of the quarantine period and did not terminate any employee given the pandemic, despite the ensuing global crisis scenario. We ended 2020 with 1,300 new jobs created, an increase of 35% yoy.

Apart from the diversity at the C-level management and the Board, it is worth mentioning that women hold more than 40% of the leadership positions in the Company. Petz has a Stock Option Plan (SOP), which at the end of 2020 had 27 participants, aligning the long-term vision with retention of key employees, as well as an approved additional 5.0% stock options for this new post-IPO phase. As recognition for this work and vision, our CEO, Sergio Zimerman, and our HR Officer, Fernanda Fernandes, were elected by Grupo Gestão RH as among Brazil's 10 most admired professionals in their categories.

We remain focused on maintaining a culture of excellence and quality of our operations by continuously improving the recruitment and training processes in order to increase talent retention. Note that, among our 13 district leaders, responsible for overseeing all stores of the network, 12 previously worked as unit managers. Another key factor at the moment is to train strategic leaders on the skills required for the new reality that we are living in.

The year 2020 was also very special for “Adote Petz” project. Despite the challenges imposed by the pandemic, in which we did not host the traditional pet adoption events at our physical stores, we managed to find new homes filled with care and love for 45,000 cats and dogs. Through our partnership with Editora Mol, the largest social publisher in the world, and a network of 85 NGOs and certified protection associations across Brazil, as well as the partnership with Arredondar project (possibility to round up the purchase amount to the next real and donate the difference), we raised around R\$2 million and products to support the pet cause. Over the last few months, we also implemented a professional training program for the non-profit sector. It is fully digital and is designed to provide more information and technical knowledge, as well as customized management tools to each NGO. We ended the year with the launch of the “Adote Petz” digital platform ([www.adotepetz.com.br](http://www.adotepetz.com.br)), whose main goal is to facilitate the connection between potential adopters and our partner NGOs, making responsible adoption a more practical and remote process. In this scenario, the program also helps pet owners at different stages of their journey by providing information and support during the adaptation period.

In such a challenging pandemic scenario, Petz too contributed to society by donating R\$1 million to help combat COVID-19. The amount was allocated to training frontline professionals, setting up and monitoring campaign hospitals, safety equipment, acquisition of respirators, oxygen tanks and other needs.

Finally, Petz continues to take its first steps towards a more comprehensive and genuine ESG agenda, which is a main pillar in our strategy for the next years. In this sense, we use energy from the Energy Free Market system, whose portfolio supplies us with energy exclusively derived from renewable sources, such as small hydropower, biomass, wind and solar energy plants. In 2020, the pilot project included four stores, but this year the Company plans to increase the number of units served and make our operation increasingly sustainable.

### 4Q20/2020 Results and 2021 Outlook

Petz’s results in 2020 surpassed our expectations and demonstrated not only the resilience of the Pet sector, but also the Company’s capacity to seize opportunities. Petz proved that it is prepared to accelerate its market share in a pandemic scenario through a sharp increase in digital sales, driven by our Omnichannel platform with high service level offered to our customers. With the improvement in repurchase and retention levels, combined with the healthy profitability of the Digital channel, we observed an increase in the Lifetime Value (LTV) of our customer base, which motivated us to accelerate investments in customer acquisition, even if that slightly pressured margins initially.

We ended the year with Total Gross Revenue of R\$1.7 billion, a growth of 46.6% from 2019 or an increase of R\$540 million in sales. SSS growth marked an increase of 26.5% yoy in the period, a significant acceleration compared to 2019 (+7.7% yoy). The revenue growth reflects the performance of Products (+50.8% YoY), driven by the substantial increase in Digital (+341.8%), which totaled almost R\$400 million in the period (or 23.2% of Total Gross Revenue). Gross Margin came to 40.6% at the end of 2020, a slight increase comparing to 40.4% in 2019, excluding the effect of tax credits in the period, pertaining to 2018. Therefore, note that despite a substantial increase in the share of Digital sales (+15 p.p. yoy), which have lower gross margins, in the Company’s total revenue, we maintained profitability at a healthy level. In addition to higher investments to attract customers through the Digital channel due to higher LTV, as mentioned above, most of our stores have not yet reached their potential of revenue and profitability, which pressures Selling Expenses. On the other hand, even with expenses related to ongoing initiatives (“Seres” and new Petz Solution projects) and additional resources associated with being a publicly held company, we diluted General & Administrative Expenses. As such, Adjusted EBITDA totaled R\$160.7 million in 2020, up 39.7% YoY, or 9.4% of Total Gross Revenues (vs. 9.9% in 2019).

In 2021, we maintain our commitment to growth and focus on profitability, despite a scenario of uncertainties regarding inflationary pressure and macroeconomic scenario. We will thus remain focused on and working





hard towards the expansion our nationwide footprint, digitalization of the customer experience and our operations, offering of innovative solutions, consolidation of the “Seres” brand as the benchmark in veterinary services and expansion of the offering of exclusive products under the “Petz” brand with the purpose of “To be recognized worldwide as the best ecosystem in the Pet sector by 2025”.

### THE MANAGEMENT

## Store Portfolio and “Seres”

In 4Q20, we inaugurated 13 stores, a new quarterly record for the Company, which demonstrates the capacity of execution of our expansion plan. Thus, we ended 2020 with 28 new stores, a new annual record, strictly in line with our expectations, marking the Company's entry in three new states: Sergipe (1 store in Aracaju), Mato Grosso (2 stores in Cuiabá) and Ceará (1 store in Fortaleza). As such, we finished the year with 133 stores across 16 Brazilian states, i.e., more than half of the country's states, which places Petz as the leader not only in terms of revenues, but also in terms of number of units and geographical presence.

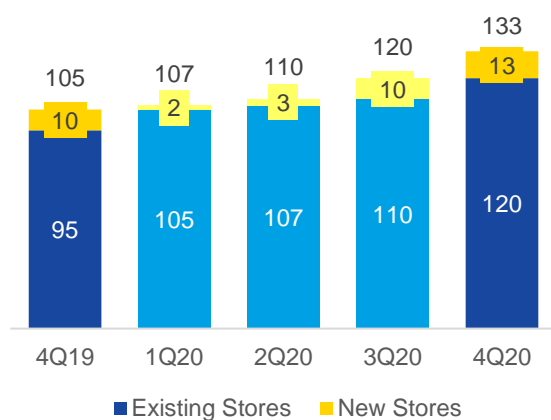
We expect to move on with the geographical diversification of the store network by entering new markets and expanding our footprint across the country. As opposed to other Brazilian retail sectors, the Pet industry has a limited presence of regional competitors offering a value proposition comparable to ours, which reiterates our expansion strategy, as well as considering the fact that the opening of a new store is an important lever to Digital sales. At the end of 4Q20, 61% of our units were located in São Paulo and 39% in other states (vs. 65% and 35% in 4Q19, respectively).

Note that 53% of the stores have yet to complete three years of operation, that is, they have not yet achieved their full revenue and profitability expected potential.

Finally, as part of our expansion strategy related to the “Seres” brand in 4Q20, we opened 3 new hospitals dedicated to highly complex procedures in 3 state capitals (Recife-PE, Natal-RN and Porto Alegre-RS). Thus, we ended 2020 with 114 Veterinary Centers, out of 10 hospitals, 9 of them operating 24/7.

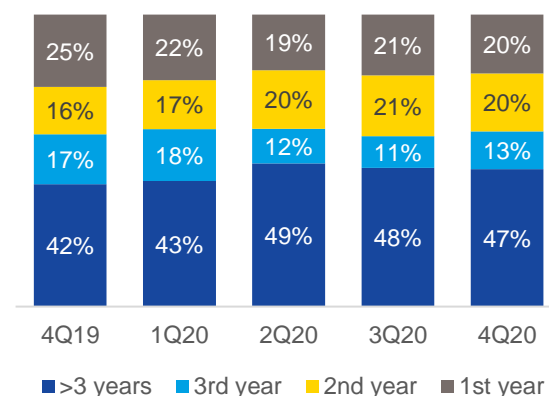
### Number of Stores

Existing Stores, Openings



### Distribution by Age

% of total stores



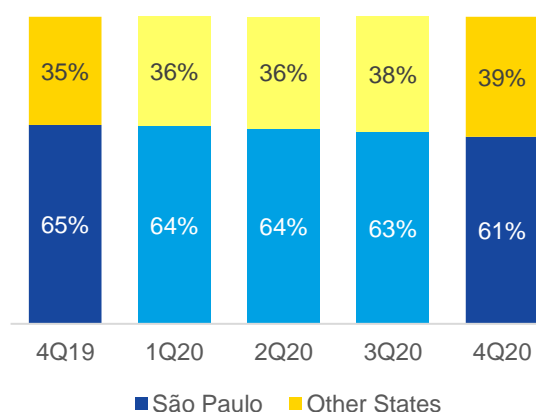
### Geographic Footprint

Number of stores and hospitals by state



### Store mix in São Paulo and Other States

% of total stores



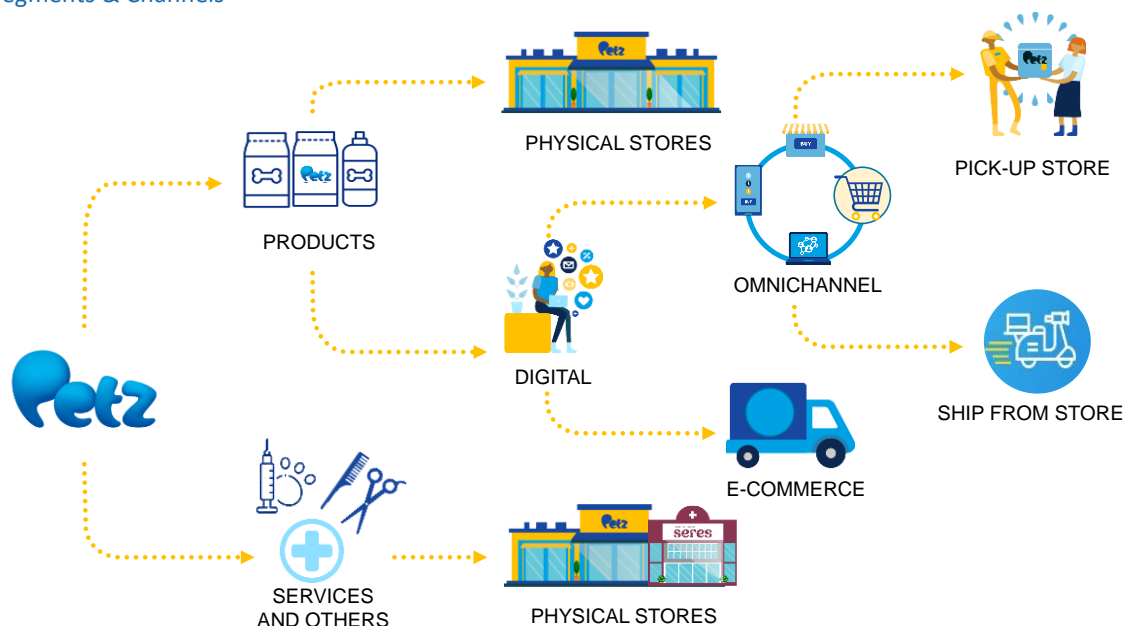
## Total Gross Revenue

R\$ thousands, unless otherwise stated	4Q20	4Q19	Change	2020	2019	Change
<b>Total Gross Revenues</b>	<b>524,962</b>	<b>330,407</b>	<b>58.9%</b>	<b>1,706,729</b>	<b>1,164,234</b>	<b>46.6%</b>
<b>Products</b>	<b>501,492</b>	<b>306,172</b>	<b>63.8%</b>	<b>1,625,236</b>	<b>1,077,509</b>	<b>50.8%</b>
Physical Stores	364,940	273,101	33.6%	1,229,602	987,966	24.5%
Digital	136,552	33,071	312.9%	395,634	89,543	341.8%
<b>Services &amp; Others</b>	<b>23,470</b>	<b>24,235</b>	<b>(3.2%)</b>	<b>81,493</b>	<b>86,725</b>	<b>(6.0%)</b>

Petz is a platform of specialty solutions focusing on the Pet industry. 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 4Q20, Total Gross Revenue amounted to R\$525.0 million, up 58.9% when compared to the same period of last year, an acceleration versus the performance in 3Q20 (+51.0% yoy), despite the reopening of commercial establishments and increased economic activity in other sectors starting from the second half of 2020.

Total sales in 4Q20 were driven mainly by products (+63.8% yoy), notably the sharp increase in sales revenue from digital channels, which grew 312.9% from 4Q19 to reach R\$136.6 million in the period. Digital sales accounted for 26.0% of Total Gross Revenue, the highest percentage ever in the Company's history. Product sales in physical stores also performed strongly in the quarter, totaling R\$364.9 million, an increase of 33.6% from the same period the previous year. This significant growth in sales, at both digital channels and physical stores, is primarily explained by: (i) the expansion of the store portfolio; (ii) the growth of the customer base; (iii) humanization of pets, i.e., pets being treated as family members, which was intensified by greater interaction and proximity between owners and their pets as a result of more time spent at home due to

physical distancing measures during the pandemic; (iv) the increase in the number of pet tutors, combined with (v) greater care for pet health and hygiene.

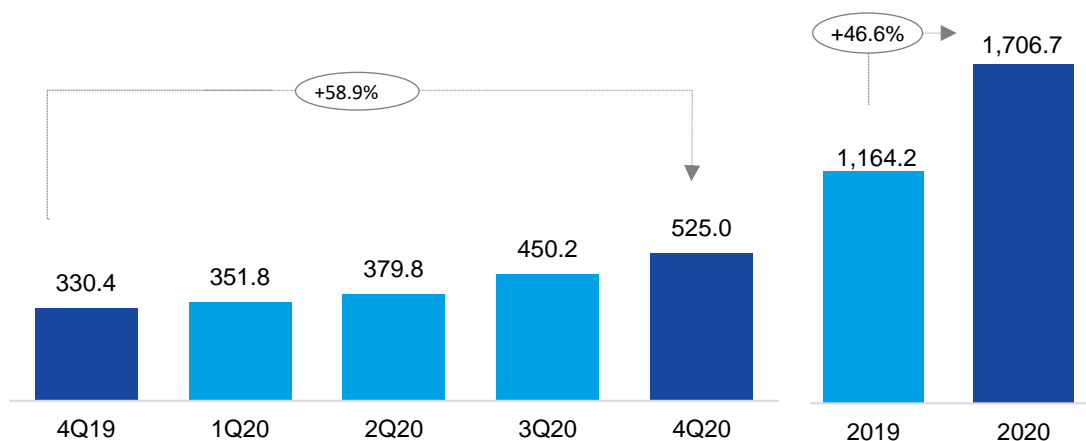
In the Services & Others segment, the highlight remains the solid performance by veterinary services, which registered 37.1% yoy growth in 4Q20, driven by the maturation of our veterinary hospitals and clinics, the opening of new units and greater care taken by owners for the health of their pets. On the other hand, due to local public health decrees, in March 2020 the Company temporarily closed the entire Grooming Center network. Although most of the Grooming Centers reopened in mid-August, as mentioned earlier, resumption of activity has been sluggish, with revenues in 4Q20 equivalent to 70% of the segment's sales before the pandemic. This performance represents a sequential improvement (60% in September), as a result of initiatives related to activation of clients and enhancement of experience, nevertheless impacted mainly by the decline in customer traffic in these establishments due to fear among tutors to take their pets to these centers in light of the public health and safety measures recommended during the COVID-19 pandemic.

In this scenario, it is worth mentioning that our stores located in malls, which were adversely affected by temporary closures and the sharp decline in customer traffic since the onset of the pandemic, recovered strongly in 4Q20 with the reopening of malls in 3Q20, with sales revenue surpassing pre-pandemic levels<sup>6</sup> in all months of the quarter.

Thus, we ended 2020 with Total Gross Revenue of R\$1,706.7 million, an increase of 46.6% from 2019, or an addition of more than R\$540 million in sales. This growth reflects the performance of Products (+50.8% yoy), driven by the substantial increase in Digital (+341.8% yoy), which totaled R\$395.6 million in the period (or 23.2% of Total Gross Revenue). On the other hand, the Services & Others segment registered a 6.0% drop in relation to 2019, even considering a solid growth of 42.7% in veterinary services, due to the impact of the pandemic on the Grooming Center network performance, as mentioned above.

#### Total Gross Revenue

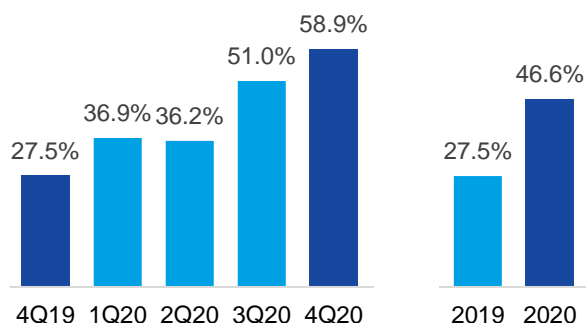
R\$ million



<sup>6</sup> Considering the same store base for the period.

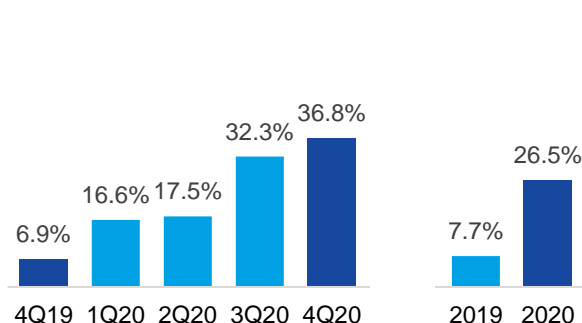
## Growth of Total Gross Revenue

% Change, YoY



## Same-Store Sales (SSS) Growth

% Change, YoY

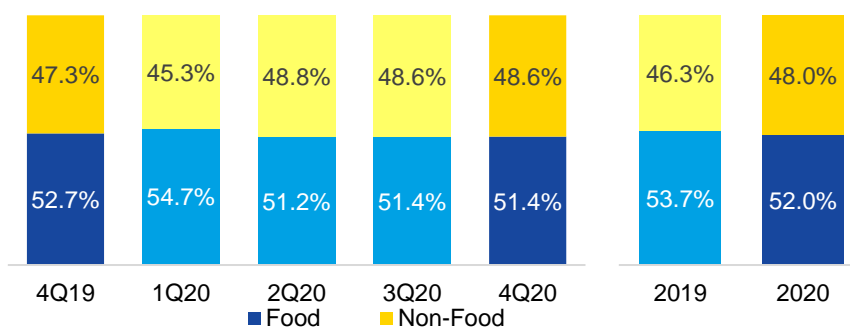


Same-Store-Sales (SSS) increased 36.8% yoy in 4Q20, which represents an solid acceleration versus the robust performance in 3Q20, reflecting the ramp-up of store portfolio expansion and the performance of units with more than three years of operation. It is worth highlighting the great results of stores located outside São Paulo, as well as market share gains in both physical and digital channels.

The SSS growth was +26.5% yoy in 2020, an acceleration when compared to 2019 figure (+7.7% yoy). Finally, note that these numbers consider sales of stores in shopping malls and the network of Grooming Centers, whose performance were the most affected by the pandemic, as mentioned earlier.

## Gross Revenue from Products

% by category



Gross Revenue from the Non-Food category grew 67.3% in 4Q20 compared to 4Q19, accounting for 48.6% of product revenue in the quarter, level which has been stable since the begging of the pandemic, but 1.3 p.p. higher than one year earlier. In this regard, it is worth mentioning Petz's vast and differentiated assortment in Non-Food and the positive performance of the subcategories of Accessories, Pharmacy and Hygiene & Cleaning.

The share of Food and Non-Food items in the product mix has closed the gap mainly due to: (i) greater interaction between pets and their owners; (ii) the "layette" effect, due to the increase in pet adoptions and number of owners; (iii) greater care for the health and hygiene of pets, as mentioned previously, and (iv) the growth of other categories such as aquariums, gardening and pool accessories, reflecting more time spent at home and the enhancement of domestic leisure spaces in a pandemic scenario.

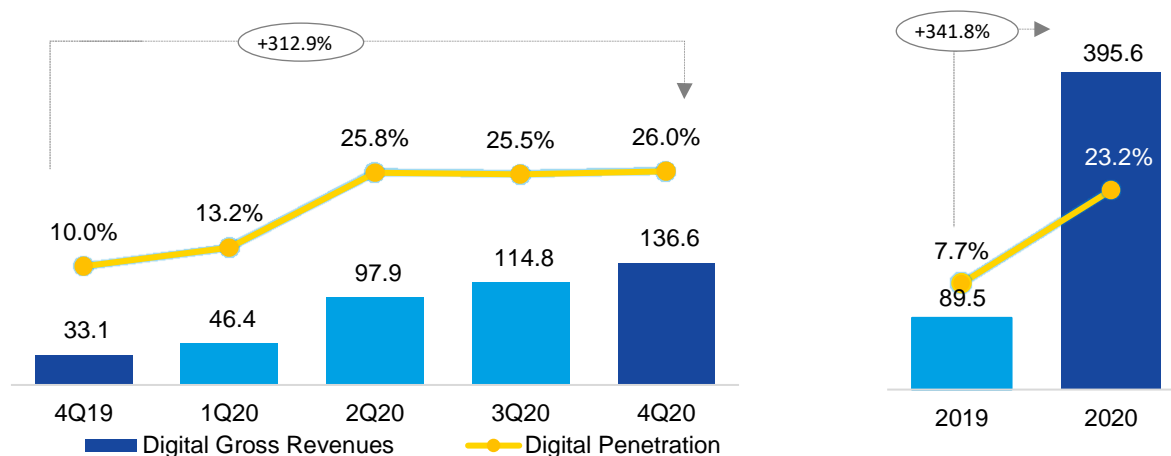
In 2020, the Non-Food category accounted for 48.0% of product revenue, 1.7 p.p. higher than 2019.



## Digital Performance

### Digital Gross Revenue and Digital Penetration

R\$ million; % Total Gross Revenue



Digital sales grew 312.9% yoy in 4Q20, with penetration of 26.0% of Total Gross Revenue, a record for the Company and a sharp increase from 4Q19 (+10.0%). Comparing 2Q20, when the impact of the pandemic was more severe, with 3Q20, digital sales continued to grow sequentially, accompanied by revenue from physical store which, due to the relaxation of physical distancing measures in 3Q20, registered accelerated growth, with digital penetration remaining virtually stable in the last three quarters of 2020. This shows the Company was prepared to capture market share in the pandemic scenario given the abrupt increase in digital sales, which were enhanced by our Omnichannel platform that offers a high level of service for our customers. With the improvement in repurchase and retention levels combined with a healthy profitability in Digital, we observed an increase in the Lifetime Value (LTV) of our consumers, which motivated us to accelerate investments in customer acquisition, even if this represented a slight pressure on margins at first.

We registered noteworthy performance on Black Friday, reflecting the integration between the digital and physical channels, in addition to assertive communication campaigns. With a strategy based on fostering sales through the Omnichannel platform and leveraging sales of private-label products under the “Petz” brand, we took the opportunity to accelerate the attraction of new clients, which broke records not only in November, but in December as well, with promotional campaigns extending beyond the event.

It is also important to mention that, over the last few months, we have launched a series of improvements to the website and App to facilitate the search for products, with emphasis on new features in the edition of the subscription in the App, display of latest purchases, new category tree, improvements in search engines, among other initiatives.

The Petz App has consolidated its position as the leading purchase channel among digital platforms. With over 630,000 MAU (Monthly Active Users) and sales growth of 575% yoy in 4Q20, the App already accounts for 50% of Digital Sales.

One product that is increasingly becoming important for the Company is the subscription program. We ended 2020 with a subscriber base 5x higher than the level of 2019, accounting for approximately 15% of Total Gross Revenue in December (vs. approximately 10% in 3Q20).

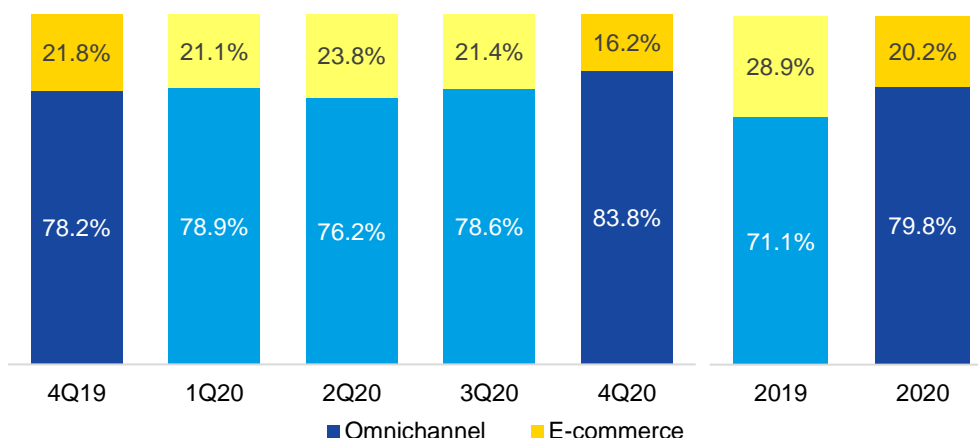
In 2020, we expanded the benefits offered to customers under the program, by which subscribers opt for recurring product deliveries without any sign-up, monthly or cancellation fees. The usual discounts for programmed and single purchases on the digital platform were extended to products in physical stores, as well as benefits for services at our Grooming and Veterinary Centers. Those are advantages that only a verticalized platform like ours can offer in an integrated and convenient way.

In 2020, Petz was also the company that gained the highest market share in digital channels in the Pet category in Brazil, mainly reflecting the integration and scalability of our Omnichannel platform. With sales that reached

close to R\$400 million (+ 341.8% yoy or an increase of + R\$300 million in sales), the Company reached almost 27% of market share, doubling its market share in digital when compared to 2019<sup>7</sup>.

### Omnichannel Ratio and E-commerce Share

% of Digital Gross Revenue



In 4Q20, Gross Revenue from the Omnichannel platform, which includes Pick-up and Ship-from-Store sales, grew 342.3% YoY, with an Omnichannel Ratio of 83.8% (vs. 78.2% in 4Q19), which is new record for the company and a benchmark for Brazilian and global retail sector. In 2020, the Omnichannel Ratio was 79.8%, an increase from 71.1% in 2019.

We delivered 95% of the orders placed through the Ship-from-Store option within 1 business day. Considering all deliveries of Digital sales, which include those shipped from the distribution center to customers, this percentage is approximately 77%. Another highlight was the performance of the express delivery, that is, deliveries within hours, which has increasingly gained relevance in the Company. This is basically due to the fact that the Company's average product picking time for in-store pick-up is 18 minutes, reaching an impressive 7 minutes in the best cases, which also enables us to offer pick-ups within 1 hour.

### Gross Profit

Gross Profit in 4Q20 came to R\$213.1 million, up 50.0% from 4Q19. Gross margin was 40.6% of Total Gross Revenue in 4Q20, a decrease from the 43.0% margin in the previous year. Note that 2019's comparison base was benefited by a few one-time factors, especially ICMS-ST credit of 2018, in the amount of R\$4.0 million, in 4Q19, that is, a positive impact of 1.1 p.p. on the margin, as informed in our latest earnings release. Thus, excluding this effect, the margin in 4Q20 would have decreased 1.3 p.p. yoy. This is explained by the increase in the share of Digital sales, reaching a new record of 26.0% in 4Q20 (vs. 10.0% in 4Q19), which has healthy margins, but lower than phsyccall stores.

As previously mentioned, we have accelerated our investments in customer acquisition, given that the Lifetime Value (LTV) of our consumers has increased over the past few months. In addition, we saw a greater penetration of sales made by subscribers, impacted by promotional campaigns for a period beyond the Black Friday event. Note that, the positive performance and thus the greater representativeness of the event in our revenues ends up impacting profitability due to the levels of discounts offered. It is worth mentioning that the inflationary pressure scenario since September 2020, has negatively impacted margins in this first moment

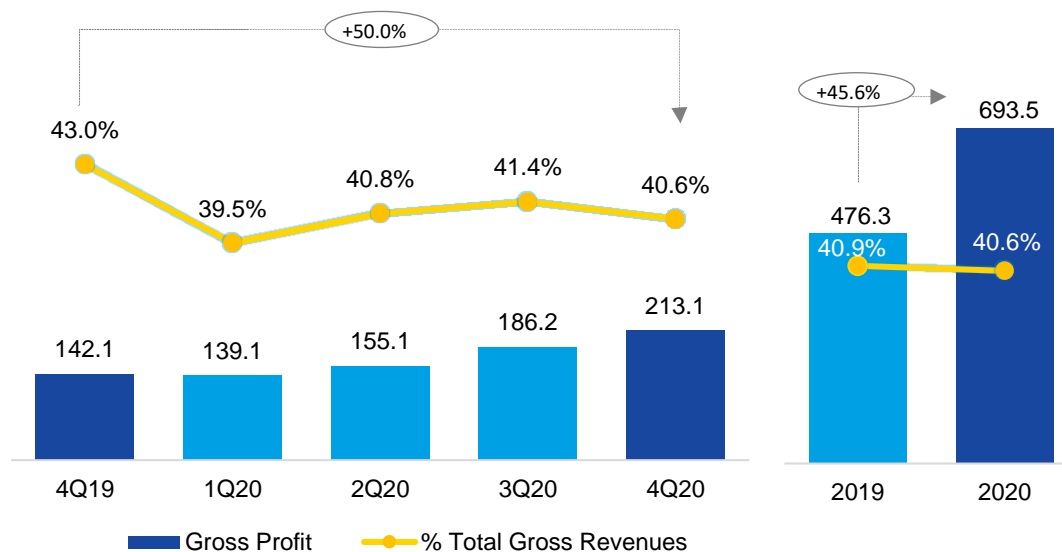
<sup>7</sup> Company, based on Euromonitor International Limited, Pet Care in Brazil 2021, formal sales to end customer in retail, including taxes, in current terms.

due to the mismatch between price readjustments and pass-through to the final consumer in the digital channel, where the price comparison is easier.

Finally, it is important to highlight that excluding this tax credit from the previous year (R\$6.3 million, or 0.5 p.p. of impact on margins), gross margin of 40.6% in 2020 would have slightly increased yoy (40.4% in 2019), despite a substantial increase in the share of Digital sales in the Company's total gross revenue (+15.5 p.p. yoy). That reflects a higher share of products in the sales mix compared to services, higher Omnichannel Ratio and positive impact from the growth of Non-Food items within products.

### Gross Profit

R\$ million, % Total Gross Revenue



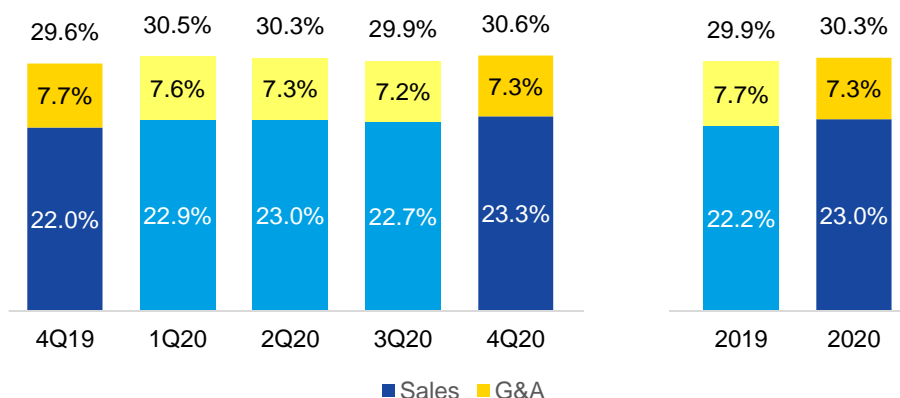
### Operating Expenses

Operating Expenses amounted to R\$166.1 million in 4Q20 (+62.0% YoY), accounting for 31.6% of Gross Revenue, 0.6 p.p. higher than 4Q19, mainly due to higher Selling Expenses.

R\$ thousands, unless otherwise stated	4Q20	4Q19	Change	2020	2019	Change
<b>Selling, General and Administrative Expenses (SG&amp;A)</b>	<b>160,820</b>	<b>97,951</b>	<b>64.2%</b>	<b>517,839</b>	<b>347,677</b>	<b>48.9%</b>
<b>% Total Gross Revenue</b>	<b>30.6%</b>	<b>29.6%</b>	<b>1.0 p.p.</b>	<b>30.3%</b>	<b>29.9%</b>	<b>0.5 p.p.</b>
Selling Expenses	122,445	72,595	68.7%	392,617	258,198	52.1%
% Total Gross Revenue	23.3%	22.0%	1.4 p.p.	23.0%	22.2%	0.8 p.p.
General & Administrative Expenses	38,375	25,356	51.3%	125,222	89,479	39.9%
% Total Gross Revenue	7.3%	7.7%	(0.4 p.p.)	7.3%	7.7%	(0.3 p.p.)
<b>Others Operating Expenses</b>	<b>5,248</b>	<b>4,557</b>	<b>15.2%</b>	<b>14,918</b>	<b>13,553</b>	<b>10.1%</b>
<b>% Total Gross Revenue</b>	<b>1.0%</b>	<b>1.4%</b>	<b>(0.4 p.p.)</b>	<b>0.9%</b>	<b>1.2%</b>	<b>(0.3 p.p.)</b>
<b>Total Operating Expenses</b>	<b>166,068</b>	<b>102,508</b>	<b>62.0%</b>	<b>532,757</b>	<b>361,230</b>	<b>47.5%</b>
<b>% Total Gross Revenue</b>	<b>31.6%</b>	<b>31.0%</b>	<b>0.6 p.p.</b>	<b>31.2%</b>	<b>31.0%</b>	<b>0.2 p.p.</b>

## Selling, General & Administrative Expenses (SG&A)

% of Total Gross Revenue



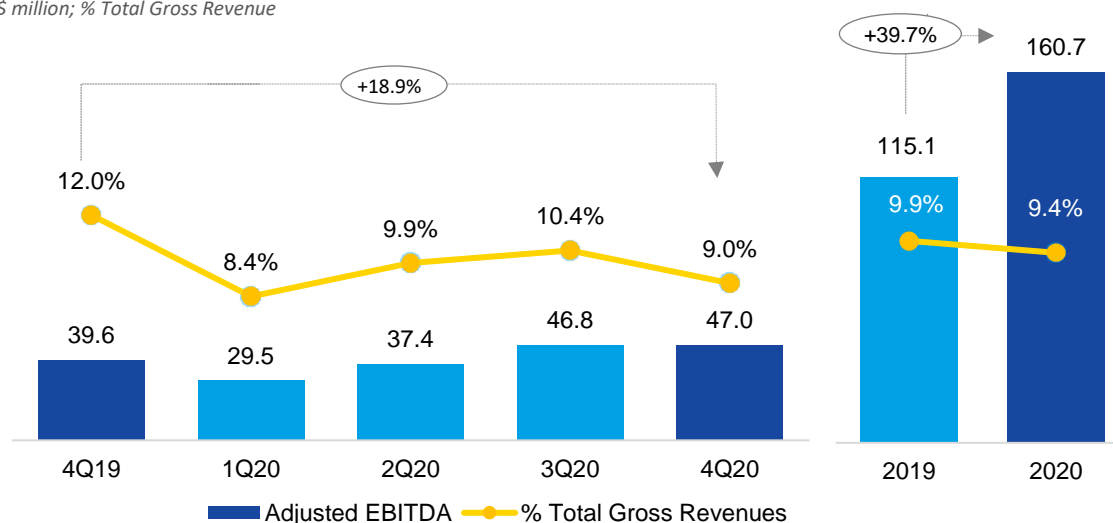
Selling Expenses amounted to R\$122.4 million in 4Q20, 68.7% higher than in 4Q19, accounting for 23.3% of Total Gross Revenue (vs. 22.0% in 4Q19). This increase is mainly due to the higher investments in marketing to acquire new customers, in addition to freight expenses, due to the greater participation of digital channels, and also the higher number of store openings, given the maturity curve of the units, throughout the second half of 2020.

Selling, General & Administrative Expenses amounted to R\$38.4 million in 4Q20, 51.3% higher than in 4Q19, accounting for 7.3% of Total Gross Revenue (vs. 7.7% in 4Q19). This performance is primarily attributed to a higher operating leverage resulting from strong sales in the quarter, as well as dilution of fixed expenses, in line with trends observed in recent years, even considering expenses related to ongoing initiatives ("Seres" and new Petz Solution projects) and additional resources associated with being a publicly held company.

In 2020, Operating expenses amounted to R\$532.8 million, 47.5% growth yoy, representing 31.2% of Total Gross Revenue (+0.2 p.p.).

## Adjusted EBITDA

R\$ million; % Total Gross Revenue



Adjusted EBITDA came to R\$47.0 million in 4Q20, up 18.9% from 4Q19. Adjusted EBITDA margin in the quarter accounted for 9.0% of Total Gross Revenue, decreasing 3.0 p.p. from 4Q19. Excluding the tax credit that benefited Gross Profit of 4Q19, as mentioned earlier, Adjusted EBITDA margin in 4Q20 would have decreased 2.0 p.p. from 4Q19, mainly due to higher penetration of digital channels.

In 2020, Adjusted EBITDA was R\$160.7 million, a growth of 39.7% yoy, for a margin of 9.4% (-0.5 p.p.).

#### Adjusted EBITDA Reconciliation

R\$ thousands, unless otherwise stated	4Q20	4Q19	Change	2020	2019	Change
<b>Net Income</b>	<b>27,417</b>	<b>16,608</b>	<b>65.1%</b>	<b>74,197</b>	<b>37,413</b>	<b>98.3%</b>
(-) Income Tax & Social Contribution	(4,987)	8,978	n.r.	19,706	19,889	(0.9%)
(-) Depreciation & Amortization	17,611	12,213	44.2%	61,106	44,199	38.3%
(-) Financial Income	4,089	4,776	(14.4%)	14,126	16,244	(13.0%)
<b>EBITDA</b>	<b>44,130</b>	<b>42,575</b>	<b>3.7%</b>	<b>169,134</b>	<b>117,744</b>	<b>43.6%</b>
(-) Stock Option Plan (SOP)	107	89	20.4%	283	353	(19.9%)
(-) Write-off of PP&E	123	60	105.0%	174	159	9.7%
(-) Non-recurring results	2,679	(3,159)	n.r.	(8,842)	(3,159)	179.9%
(-) Non-recurring income	-	(7,745)	(100.0%)	(12,521)	(7,745)	61.7%
(-) Non-recurring expenses	2,679	4,586	(41.6%)	3,679	4,586	(19.8%)
<b>Adjusted EBITDA</b>	<b>47,039</b>	<b>39,565</b>	<b>18.9%</b>	<b>160,749</b>	<b>115,097</b>	<b>39.7%</b>
<i>Adjusted EBITDA /Total Gross Revenues</i>	<i>9.0%</i>	<i>12.0%</i>	<i>(3.0 p.p)</i>	<i>9.4%</i>	<i>9.9%</i>	<i>(0.5 p.p)</i>

Non-recurring revenues in 2019 and 2020 refer to tax credits due to the exclusion of ICMS from the PIS/COFINS tax base. Non-Recurring Expenses, on the other hand, refer mainly to the strategic consultancy services, donations to COVID-19, legal fees related to tax credits, and structuring of the new “Alô Petz” facilities.

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

Depreciation & Amortization expenses in 4Q20 totaled R \$ 17.6 million, equivalent to 3.4% of Total Gross Revenue, compared to R\$12.2 million in 4Q19 or 0.3 p.p. lower as percentage of Total Gross Revenue. The evolution is explained by the Company's investments in recent years, mainly in the network expansion (the majority of stores have been operating for less than three years). In the year 2020, Depreciation & Amortization expenses totaled R\$61.1 million, an increase of + 38.3% yoy, representing 3.6% of total revenues (-0.2 p.p. yoy).

Financial Result in 4Q20 totaled -R\$ 4.1 million, compared to -R\$ 4.8 million recorded in 4Q19, a change of 0.7 p.p. as percentage of Total Gross Revenue in the periods, explained by the inflow of the proceeds of the IPO, which offset the higher gross debt on account of the borrowings in the first half of the year. In 2020, Financial Result totaled -R\$ 14.1 million, a decrease of 13.0% yoy, representing -0.8% of total revenue (-0.6 p.p. yoy).

Income tax and social contribution were positive by R\$5.0 million in 4Q20 (+ 22.2% of effective rate) vs. R\$9.0 million in 4Q19 (-35.1% of effective rate), mainly impacted by the recognition of income tax and social contribution credits resulting from deductible expenses related to the IPO (R\$8.5 million) and interest on equity declared in 2020 (R\$4.2 million). In 2020, Income tax and social contribution totaled R\$ 19.7 million, a decrease of 0.9% yoy.

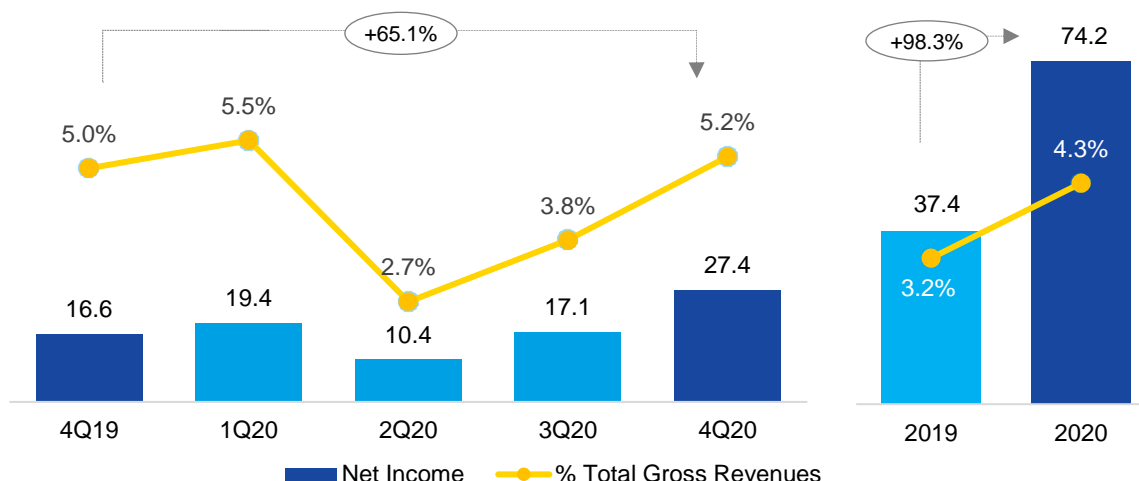
#### Net Income

Net Income in 4Q20 totaled R\$27.4 million, 65.1% higher than the R\$16.6 million in 4Q19, driven by operational performance, as well as income tax and social contribution credits. Net margin as a percentage of Total Gross Revenue was 5.2% in 4Q20, 0.2 p.p. higher than 4Q19.

In 2020, Net Income totaled R\$74.2 million, an increase of 98.3% compared to 2019, which represents a net margin of 4.3% of Total Gross Revenue, 1.1 p.p. above the previous year.



R\$ million; % Total Gross Revenue



## Adjusted Cash Flow<sup>8</sup>

Operating Cash Flow in 4Q20 totaled R\$45.4 million vs. R\$42.6 million in the same quarter of the previous year, mainly as a result of (i) the evolution of the operating result; (ii) higher recovery of tax credits related to the exclusion of ICMS from the PIS/COFINS tax base and higher refund of ICMS-ST (CAT 42); partially offset by (iii) higher cash conversion cycle.

The Company consumed R\$ 55.8 million in 4Q20, compared to R\$21.0 million in 4Q19, impacted primarily by higher investments and higher amortization of loans and financing.

The Company's cash generation was R\$116.8 million in 2020, an increase of 65.9% compared to 2019, mainly explained by the evolution of the company's operating result and tax credits recovery.

<sup>8</sup> 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 Investing Activities, we disregard Financial Investments and, finally, for Cash Flow from Financing Activities, the effects of the capital structure are considered, as well as income tax on Financial Result.

R\$ thousands, unless otherwise stated	4Q20	4Q19	Change	2020	2019	Change
<b>Adjusted EBITDA</b>	<b>47,039</b>	<b>39,565</b>	<b>18.9%</b>	<b>160,749</b>	<b>115,097</b>	<b>39.7%</b>
Non-recurring Result	(2,679)	3,159	n.r.	8,842	3,159	179.9%
Income Tax (34% x EBIT)	(9,016)	(10,323)	(12.7%)	(36,730)	(25,005)	46.9%
<b>Assets</b>	<b>35,344</b>	<b>32,401</b>	<b>9.1%</b>	<b>132,861</b>	<b>93,251</b>	<b>42.5%</b>
Accounts Receivables	(23,277)	(7,651)	204.2%	(66,042)	(18,144)	264.0%
Inventory	(12,323)	(25,458)	(51.6%)	(53,044)	(35,168)	50.8%
Suppliers	27,190	43,462	(37.4%)	67,343	28,439	136.8%
Other Assets/Liabilities	18,451	(124)	n.r.	35,633	2,001	1681.0%
<b>Cash Flow from Operating Activities</b>	<b>45,384</b>	<b>42,630</b>	<b>6.5%</b>	<b>116,752</b>	<b>70,379</b>	<b>65.9%</b>
<b>Cash Flow from Investing Activities</b>	<b>(61,454)</b>	<b>(41,440)</b>	<b>48.3%</b>	<b>(176,592)</b>	<b>(160,639)</b>	<b>9.9%</b>
<b>Cash Flow from Financing Activities</b>	<b>(39,707)</b>	<b>(22,209)</b>	<b>78.8%</b>	<b>377,052</b>	<b>98,708</b>	<b>282.0%</b>
Borrowings and Financing	-	-	-	210,000	200,000	5.0%
Repayment of borrowings and financing	(34,634)	(19,245)	80.0%	(113,690)	(57,992)	96.0%
Capital increase	-	-	-	336,735	-	-
Transaction costs of shares issuance	(3,387)	-	-	(24,792)	-	-
Dividends	-	-	-	(22,398)	(31,763)	(29.5%)
Outros	(1,686)	(2,964)	(43.1%)	(8,803)	(11,537)	(23.7%)
<b>Free Cash Flow Generation</b>	<b>(55,776)</b>	<b>(21,020)</b>	<b>165.4%</b>	<b>317,212</b>	<b>8,448</b>	<b>3655.0%</b>
Financial applications	60,268	-	-	(42,732)	-	-
<b>Free Cash Flow, Net</b>	<b>4,492</b>	<b>(21,020)</b>	<b>n.r.</b>	<b>274,480</b>	<b>8,448</b>	<b>3149.1%</b>

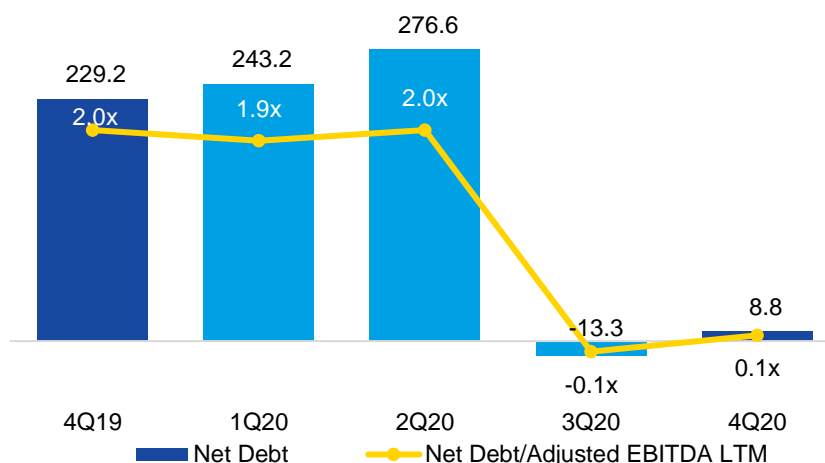
## Indebtedness

We ended 2020 with Net Debt of R\$8.8 million, reflecting Gross Debt of R\$496.3 million and Cash, Cash Equivalents and Financial Investments of R\$487.5 million, which represents a Net Debt to Adjusted EBITDA (Last 12 Months) Ratio of 0.1x, compared to 2.0x at the end of 2019. This number reflects a healthy leverage level, which makes us comfortable about continuing our investments in expansion.

R\$ thousands, unless otherwise stated	4Q20	4Q19	Change
<b>Gross Debt</b>	<b>496,344</b>	<b>398,485</b>	<b>24.6%</b>
Current Loans and Financing	273,942	111,102	146.6%
Noncurrent Loans and Financing	222,403	287,383	(22.6%)
<b>Cash &amp; Cash Equivalents and Financial Investments</b>	<b>487,518</b>	<b>169,277</b>	<b>188.0%</b>
Cash & Cash Equivalents	443,757	169,277	162.1%
Financial applications	43,761	-	-
<b>Net Debt</b>	<b>8,827</b>	<b>229,208</b>	<b>(96.1%)</b>
Adjusted EBITDA (LTM)	160,749	115,097	39.7%
Net Debt/Adjusted EBITDA (LTM)	0.1x	2.0x	(1.9x)

## Net Debt (Cash) and Leverage

R\$ million, x



## Investments

R\$ thousands, unless otherwise stated	4Q20	4Q19	Change	2020	2019	Change
New Stores & Hospitals	46,142	41,485	11.2%	123,890	120,058	3.2%
Technology & Digital	9,396	5,015	87.4%	30,647	16,116	90.2%
Renovation, Maintenance & Others	7,944	4,318	84.0%	19,206	27,658	(30.6%)
<b>Total Investments</b>	<b>63,482</b>	<b>50,817</b>	<b>24.9%</b>	<b>173,743</b>	<b>163,832</b>	<b>6.0%</b>
Non-Cash Effect	(2,028)	(9,377)	-	2,849	(3,193)	-
<b>Cash Flow from Fixed &amp; Intangible Assets</b>	<b>61,454</b>	<b>41,440</b>	<b>48.3%</b>	<b>176,592</b>	<b>160,639</b>	<b>9.9%</b>

Total Investments were R\$63.5 million in 4Q20, an increase of 24.9% YoY. In line with our strategy of expansion, we invested R\$46.1 million in the construction of new stores and “Seres” hospitals, which corresponded to 72.7% of the total amount. This represented a record of store opening in one quarter, thus further strengthening the Omnichannel strategy and marking our entry into new markets, in addition to three new hospitals, expanding our presence in the veterinary services segment.

Pursuing the digitalization strategy, the Company also invested R\$9.4 million in Technology and Digital in 4Q20 (+87.4% YoY), with the objective of increasing the integration of channels and segments, improving the navigability and buying experience of our customers, especially in apps, in addition to generating productivity gains for the Company.

We have completed the turnaround of the “Seres” brand in all planned Veterinary Centers, in addition to expanding our customer service structure, with investments of “Alô Petz” new building. As a result, investments in Renovation, Maintenance and Others totaled R\$7.9 million. Finally, note that the amount under Renovation, Maintenance and Other in 2019 reflects the R\$17,0 million related to the acquisition of the commercial establishment of the franchise located in the neighborhood of Aricanduva, in São Paulo<sup>9</sup>.

<sup>9</sup> After this acquisition, concluded in April 2019, there are no more franchises.

## Income Statement

R\$ thousands, unless otherwise stated	4Q20	4Q19	2020	2019
<b>Gross Revenue from Products and Services</b>	<b>524,962</b>	<b>330,407</b>	<b>1,706,729</b>	<b>1,164,234</b>
Taxes and other Deductions	(83,180)	(50,342)	(269,973)	(178,158)
<b>Net Revenue from Products and Services</b>	<b>441,782</b>	<b>280,065</b>	<b>1,436,756</b>	<b>986,076</b>
Cost of Goods Sold and Services Rendered	(228,675)	(137,992)	(743,250)	(509,748)
<b>Gross Profit</b>	<b>213,107</b>	<b>142,073</b>	<b>693,506</b>	<b>476,327</b>
<b>Operating Revenue (Expenses)</b>	<b>(166,068)</b>	<b>(102,508)</b>	<b>(532,757)</b>	<b>(361,230)</b>
Selling	(122,445)	(72,595)	(392,617)	(258,198)
General & Administrative	(38,375)	(25,356)	(125,222)	(89,479)
Other Operating Income (expenses), net	(5,248)	(4,557)	(14,918)	(13,553)
<b>Adjusted EBITDA</b>	<b>47,039</b>	<b>39,565</b>	<b>160,749</b>	<b>115,097</b>
Non-Recurring Results	(2,679)	3,159	8,842	3,159
Stock Option Plan	(107)	(89)	(283)	(353)
Write-off of Fixed Assets	(123)	(60)	(174)	(159)
Depreciation & Amortization	(17,611)	(12,213)	(61,106)	(44,199)
<b>Operating Profit before Financial Income</b>	<b>26,519</b>	<b>30,362</b>	<b>108,028</b>	<b>73,545</b>
<b>Financial Income</b>	<b>(4,089)</b>	<b>(4,776)</b>	<b>(14,126)</b>	<b>(16,244)</b>
Financial Income	2,776	2,399	14,218	8,715
Financial Expenses	(6,865)	(7,175)	(28,344)	(24,958)
<b>Earnings before Income Tax and Social Contribution</b>	<b>22,429</b>	<b>25,585</b>	<b>93,903</b>	<b>57,302</b>
Income Tax and Social Contribution	4,987	(8,978)	(19,706)	(19,889)
<b>Net profit</b>	<b>27,417</b>	<b>16,608</b>	<b>74,197</b>	<b>37,413</b>

## Balance Sheet

R\$ thousands, unless otherwise stated	4Q20	3Q20	2Q20	1Q20	4Q19
<b>ASSETS</b>					
<b>Current Assets</b>	<b>886,275</b>	<b>907,550</b>	<b>635,840</b>	<b>603,933</b>	<b>440,917</b>
Cash & Cash Equivalents	443,757	439,266	281,813	284,762	169,277
Financial applications	43,761	103,621	-	-	-
Accounts Receivable	160,675	137,935	122,183	112,785	96,076
Inventories	185,701	173,378	169,118	136,865	132,657
Recoverable Taxes and Contributions	41,722	40,630	45,547	50,738	35,375
Other Credits	10,659	12,720	17,179	18,783	7,532
<b>Noncurrent Assets</b>	<b>475,680</b>	<b>428,559</b>	<b>382,193</b>	<b>377,111</b>	<b>360,556</b>
Other Credits	2,884	2,584	1,817	1,121	768
Recoverable Taxes and Contributions	1,701	1,701	1,636	3,355	1,692
Deferred Income Tax and Social Contribution	8,432	7,307	5,761	8,751	7,643
Property, Plant and Equipment	405,761	365,200	325,948	319,316	309,354
Intangible Assets	56,902	51,767	47,031	44,568	41,099
<b>Total Assets</b>	<b>1,361,955</b>	<b>1,336,109</b>	<b>1,018,033</b>	<b>981,044</b>	<b>801,473</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>	<b>593,246</b>	<b>507,884</b>	<b>446,121</b>	<b>386,354</b>	<b>321,765</b>
Suppliers	195,675	170,766	151,570	142,723	130,812
Loans, Financing and Debentures	273,942	235,745	192,357	145,350	111,102
Payroll and Related Taxes	53,716	51,860	40,874	43,516	36,120
Taxes Payable	36,556	32,960	28,360	32,594	25,385
Dividends Payable	13,867	-	16,798	5,599	5,599
Other Payable	16,475	14,155	13,905	14,154	10,495
Loyalty Program	3,015	2,398	2,257	2,418	2,252
<b>Non-current Liabilities</b>	<b>224,305</b>	<b>296,397</b>	<b>368,777</b>	<b>385,162</b>	<b>289,595</b>
Loans, Financing and Debentures	222,403	293,813	366,089	382,629	287,383
Provisions for Civil and Labor Risks	1,902	2,584	2,688	2,533	2,212
<b>Shareholders' Equity</b>	<b>544,404</b>	<b>531,828</b>	<b>203,135</b>	<b>209,528</b>	<b>190,113</b>
Capital	387,250	387,250	50,515	50,515	50,515
Capital Reserves	54,639	54,639	79,818	79,818	79,818
Reserve for Options Granted	1,754	1,647	1,571	1,521	1,471
Special Goodwill Reserve	24,825	24,825	24,825	24,825	24,825
Profit Reserves	75,936	63,467	46,406	52,849	33,484
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,361,955</b>	<b>1,336,109</b>	<b>1,018,033</b>	<b>981,044</b>	<b>801,473</b>



## Cash Flow – Indirect Method

R\$ thousands, unless otherwise stated	4Q20	4Q19	2020	2019
<b>Cash Flow from Operating Activities</b>	<b>43,698</b>	<b>39,665</b>	<b>107,949</b>	<b>58,842</b>
Operating Profit before income tax	22,429	25,585	93,903	57,301
Depreciation & Amortization	17,665	12,417	61,357	44,419
Allowance for Inventory Losses	(2,094)	(285)	(3,579)	1,171
Recognized options granted	107	88	283	353
Interest on Loans and Financing	5,248	6,670	23,832	23,008
PP&E Write-off	121	59	174	159
Loyalty Program	617	499	763	269
Provision for Civil and Labor Risks	(681)	(305)	(309)	170
Interest from Financial Applications	(408)	-	(1,029)	-
Depreciation & Amortization - Refund of Improvements	(54)	(203)	(251)	(219)
<b>Working Capital Variation</b>	<b>748</b>	<b>(4,860)</b>	<b>(67,194)</b>	<b>(67,789)</b>
<b>ASSETS</b>				
Accounts Receivables	(23,277)	(7,651)	(66,042)	(18,144)
Inventory	(10,229)	(25,173)	(49,465)	(36,339)
Recoverable Taxes and Contributions	2,994	(15,619)	(3,665)	(29,959)
Other Credits	86	9,762	(4,364)	(14)
<b>Liabilities</b>				
Suppliers	27,190	43,462	67,343	28,439
Payroll and Related Taxes	1,855	(3,093)	17,596	9,019
Taxes Payable	6,518	1,426	19,326	5,703
Accounts Payable	2,394	703	6,218	2,848
Income Tax and Social Contribution Paid	(2,956)	(2,195)	(31,858)	(5,518)
Interest Paid on Borrowings and Financing	(3,827)	(6,482)	(22,283)	(23,824)
<b>Cash flow from investing activities</b>	<b>(1,186)</b>	<b>(41,440)</b>	<b>(219,324)</b>	<b>(160,639)</b>
Financial applications	60,268	-	(42,732)	-
Purchase of Property, Plant and Equipment	(61,454)	(41,440)	(176,592)	(160,639)
<b>Cash Flow from Financing Activities</b>	<b>(38,021)</b>	<b>(19,245)</b>	<b>385,855</b>	<b>110,245</b>
Borrowings and Financing	-	-	210,000	200,000
Repayment of borrowings and financing	(34,634)	(19,245)	(113,690)	(57,992)
Capital increase	-	-	336,735	-
Transaction costs of shares issuance	(3,387)	-	(24,792)	-
Dividends	-	-	(22,398)	(31,763)
<b>Free Cash Flow, Net</b>	<b>4,491</b>	<b>(21,020)</b>	<b>274,480</b>	<b>8,448</b>
Cash BoP	439,266	190,297	169,277	160,829
Cash EoP	443,757	169,277	443,757	169,277

## Appendix I: IFRS 16 Impact – Income Statement

R\$ thousands, unless otherwise stated	4Q20		Change
	IAS 17	IFRS 16	
<b>Gross Revenue from Products and Services</b>	<b>524,962</b>	<b>524,962</b>	-
Taxes and other Deductions	(83,180)	(83,180)	-
<b>Net Revenue from Products and Services</b>	<b>441,782</b>	<b>441,782</b>	-
Cost of Goods Sold and Services Rendered	(228,675)	(228,675)	-
<b>Gross Profit</b>	<b>213,107</b>	<b>213,107</b>	-
<b>Operating Revenue (Expenses)</b>	<b>(186,588)</b>	<b>(181,433)</b>	<b>(5,155)</b>
Selling	(136,771)	(131,809)	(4,962)
General & Administrative	(41,661)	(41,057)	(604)
Other Operating Income (expenses), net	(8,156)	(8,567)	411
<b>Operating Profit before Financial Income</b>	<b>26,519</b>	<b>31,674</b>	<b>(5,155)</b>
<b>Financial Income</b>	<b>(4,089)</b>	<b>(14,956)</b>	<b>10,867</b>
Financial Income	2,776	2,776	-
Financial Expenses	(6,865)	(17,732)	10,867
<b>Earnings before Income Tax and Social Contribution</b>	<b>22,429</b>	<b>16,718</b>	<b>5,711</b>
Income Tax and Social Contribution	4,987	6,928	(1,941)
<b>Net profit</b>	<b>27,417</b>	<b>23,646</b>	<b>3,771</b>

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

R\$ thousands, unless otherwise stated	4Q20	4Q19	2020	2019
<b>Earnings Before Interest Tax (EBIT)</b>	31,674	33,528	124,102	86,114
(+) Depreciation & Amortization <sup>10</sup>	17,611	12,214	61,106	44,200
(+) Depreciation – Right of Use (CPC 06 (R2)/IFRS 16) <sup>11</sup>	21,417	17,842	79,862	65,285
<b>EBITDA</b>	<b>70,702</b>	<b>63,584</b>	<b>265,070</b>	<b>195,599</b>
(+) Rental Expenses <sup>12</sup>	(26,572)	(21,009)	(95,936)	(77,855)
<b>EBITDA</b>	<b>44,130</b>	<b>42,575</b>	<b>169,134</b>	<b>117,744</b>
(-) Stock Option Plan (SOP)	107	89	283	353
(-) PP&E Write-off	123	60	174	159
<b>(-) Non-recurring results</b>	<b>2,679</b>	<b>(3,159)</b>	<b>(8,842)</b>	<b>(3,159)</b>
(-) Non-recurring income	-	(7,745)	(12,521)	(7,745)
(-) Non-recurring expenses	2,679	4,586	3,679	4,586
<b>Adjusted EBITDA</b>	<b>47,039</b>	<b>39,565</b>	<b>160,749</b>	<b>115,097</b>

<sup>10</sup> Amounts obtained from the cash flow statements of the financial statements, including the depreciation effect of improvements.

<sup>11</sup> Amounts obtained from the cash flow statements of the financial statements.

<sup>12</sup> 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	4Q20		Change
	IAS 17	IFRS 16	
<b>ASSETS</b>			
<b>Current Assets</b>	<b>886,275</b>	<b>886,275</b>	-
Cash & Cash Equivalents	443,757	443,757	-
Financial applications	43,761	43,761	-
Accounts Receivable	160,675	160,675	-
Inventories	185,701	185,701	-
Recoverable Taxes and Contributions	41,722	41,722	-
Other Credits	10,659	10,659	-
<b>Noncurrent Assets</b>	<b>475,680</b>	<b>1,006,613</b>	<b>(530,933)</b>
Other Credits - L	2,884	2,884	-
Recoverable Taxes and Contributions	1,701	1,701	-
Deferred Income Tax and Social Contribution	8,432	23,703	(15,271)
Property, Plant and Equipment	405,761	921,423	(515,662)
Intangible Assets	56,902	56,902	-
<b>Total Assets</b>	<b>1,361,955</b>	<b>1,892,888</b>	<b>(530,933)</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>	<b>593,246</b>	<b>654,287</b>	<b>(61,041)</b>
Suppliers	195,675	195,675	-
Loans, Financing and Debentures	273,942	273,942	-
Payroll and Related Taxes	53,716	53,716	-
Taxes Payable	36,556	36,556	-
Dividends Payable	13,867	13,867	-
Accounts Payable	16,475	5,993	10,482
Loyalty Program	3,015	3,015	-
Leasing Right of Use Payable (IFRS 16)	-	71,523	(71,523)
<b>Non-current Liabilities</b>	<b>224,305</b>	<b>723,842</b>	<b>(499,537)</b>
Loans, Financing and Debentures	222,403	222,403	-
Provisions for Civil and Labor Risks	1,902	1,902	-
Leasing Right of Use Payable (IFRS 16)	-	499,537	(499,537)
<b>Shareholders' Equity</b>	<b>544,404</b>	<b>514,759</b>	<b>29,645</b>
Capital	387,250	387,250	-
Capital Reserves	54,639	54,639	-
Reserve for Options Granted	1,754	1,754	-
Special Goodwill Reserve	24,825	24,825	-
Profit Reserves	75,936	46,291	29,645
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,361,955</b>	<b>1,892,888</b>	<b>(530,933)</b>

## Appendix IV: IFRS 16 Impact – Cash Flow

R\$ thousands, unless otherwise stated	4Q20		Change
	IAS 17	IFRS 16	
<b>Cash Flow from Operating Activities</b>	<b>43,698</b>	<b>65,491</b>	<b>(21,793)</b>
Profit Before Income Tax and Social Contribution	22,429	16,718	5,711
Depreciation & Amortization	17,665	17,665	-
Depreciation – Right of Use (CPC 06 (R2))/IFRS 16)	-	21,417	(21,417)
Interest Expenses – Right of use (CPC 06 (R2))/IFRS 16)	-	11,689	(11,689)
Allowance for Inventory Losses	(2,094)	(2,094)	-
Recognized options granted	107	107	-
Interest on Loans and Financing	5,248	5,248	-
PP&E Write-off	121	121	-
Loyalty Program	617	617	-
Provision for Civil and Labor Risks	(681)	(681)	-
Interest from Financial Applications	(408)	(408)	-
Depreciation & Amortization - Refund of Improvements	(54)	(54)	-
ASSETS			-
Accounts Receivables	(23,277)	(23,277)	-
Inventory	(10,229)	(10,229)	-
Recoverable Taxes and Contributions	2,994	2,994	-
Other Credits	86	86	-
Liabilities			-
Suppliers	27,190	27,190	-
Payroll and Related Taxes	1,855	1,855	-
Taxes Payable	6,518	6,518	-
Accounts Payable	2,394	1,084	1,310
Income Tax and Social Contribution Paid	(2,956)	(2,956)	-
Interest Paid on Borrowings and Financing	(3,827)	(3,827)	-
Interest Paid on Right of Use (CPC 06 (R2))/IFRS 16)	-	(4,292)	4,292
<b>Cash flow from investing activities</b>	<b>(1,186)</b>	<b>(1,186)</b>	<b>-</b>
Financial applications	60,268	60,268	-
Purchase of Property, Plant and Equipment	(61,454)	(61,454)	-
<b>Cash Flow from Financing Activities</b>	<b>(38,021)</b>	<b>(59,814)</b>	<b>21,793</b>
Debt Capitalization	-	-	-
Repayment of borrowings and financing	(34,634)	(34,634)	-
Capital increase	-	-	-
Transaction costs of shares issuance	(3,387)	(3,387)	-
Dividends	-	-	-
Payment of Right of Use (CPC 06 (R2))/IFRS 16)	-	(21,793)	21,793
<b>Free Cash Flow, Net</b>	<b>4,491</b>	<b>4,491</b>	<b>-</b>
Cash BoP	439,266	439,266	-
Cash EoP	443,757	443,757	-



### Glossary

#### Operational Data

- **Digital Gross Revenue** – Considers all sales made on the Petz website and mobile app, as well as sales through partner marketplaces and super apps.
- **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.
- **Omnichannel Ratio** – This ratio considers Omnichannel Sales as a percentage of Digital Gross Revenue.
- **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.
- **Same-Store Sales (SSS)** - 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).
- **Ship-from-Store** – Sales made through digital channels that are shipped to the customer's home from one of our physical stores.

#### 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 similar companies.
- **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 for 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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