



GRUPO
Petz

1Q24 Results

May 10th, 2024

Petz

CENTRO VETERINÁRIO
seres


adotePetz


zeeDog

petix.
o melhor para seu pet

**CANSEI
DE SER
GATO**


Cão Cidadão



The statements contained in this document regarding outlooks for the business, forecasts of operations, financial results, and growth outlooks for Petz are mere projections. They are solely based on the expectations of management regarding the future of the business. These expectations substantially depend on market conditions, performance of Brazilian economy, the industry and international markets. Therefore expectations are subject to change without prior notice. All changes presented herein are calculated based on figures in thousands of 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's expectations. Non-accounting data was not reviewed by the company's independent auditors.

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A photograph of two dogs running on a vast, white sand dune. The dog in the foreground is a brown and white dog, seen from behind, wearing a teal harness. The dog in the background is a brown dog, also seen from behind, wearing a blue harness. The sand is bright and has some tracks. In the distance, there is a line of green trees under a blue sky.

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Business Combination Update

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Message from Management

Sergio Zimmerman | Founder and CEO

Rio Grande do Sul

So far, we have sent 3 tons of food, as well as medicines, crates and cash donations.

In addition, we anticipated **R\$220,000** in value from sales of **MOL Impacto** books to our partner NGOs in the region.

Our Seres Veterinary Hospital in Porto Alegre is also available to care for animals rescued by GRAD Brasil that require intensive care.

GRUPO
Petz



Join us and help victims of the rains in Rio Grande do Sul

We have already received more than 300 pallets in donations from our customers.

550 dog crates
300 Zee.Dog beds and accessories
380 bales of Petix dog pads
1 trailer of mineral water

WE ARE RECEIVING:

Food, water, clothing, food, hygiene and cleaning products.

We have 30 Petz stores available to receive donations.

1Q24 main highlights

Despite the low growth in 1Q24 we are optimistic about the future prospects of the sector and the Company from 2H24 onwards

Performance of recurring products

- Hygiene and Cleaning: +15% y/y
- Pharmacy: +12% y/y
- Food: +8% y/y
- Competitive commercial conditions + service level

Improvement in customer KPIs

- +18% y/y of active¹ Digital customers
- 408k subscribers, record level
- Minimum historical level of subscriber churn

Improvement in service KPIs

- +10 p.p. y/y in Bath and Grooming occupancy rate
- +7% y/y in veterinary procedures volume

G&A reduction of 8% y/y

- 8.1% of Gross Revenue (-0.9 p.p. y/y), reflecting optimizations in expense packages and synergies with acquired companies

Discipline in cash management

- R\$43 MM of operating cash generation
- Improvement in cash cycle of ~9 days y/y
- -42% y/y of total capex



¹ Clients that made a purchase in the last 6 months

Petz main strategic initiatives update

Growth of total revenue



- **WhatsApp Commerce:** launch of the new version in April 2024, allowing the purchase journey to be completed automatically.
- **UX improvements:** redesign of the App subscription and digital storefront optimization to increase conversion.



Improvement in private label for differentiation



- **Record achievement of 9.1% in private label share** as a % of total revenue in 1Q24.
- Private label already represents the company's **2nd largest supplier**, with growth of 49% y/y in 1Q24.



Improved customer experience



- **Unification of the CSC team and improvement of service processes:** better effectiveness in solving problems (2x higher rate in the 1st contact), with allocated team reduction and associated expenses.
- **Customer Experience Committee:** forums focused on E-commerce, Stores and Services, with multidisciplinary teams, aiming to amplify the customer's voice in the Company's strategic decisions.



Capturing synergies: Zee.Now



- **Conclusion of the 12 hubs closure process** (of the 15 existing ones) – sales are now handled by nearby Petz stores, without changing the customer experience, **generating a reduction in operational expenses** (rent, personnel, freight and transportation).
- Expanding Zee.Now's presence in almost **30 new cities through Petz stores.**





Zee.Now

Integration of hubs with Petz stores: reduction of operating expenses and expansion into new stores

Zee.Dog Brazil

Franchise expansion in 4 UFs and Store in Store in 3 Petz stores demonstrating encouraging results in the first months of operation

Zee.Dog International

y/y growth through an asset light approach: reduction of fixed expenses and no inventory risk

Zee.Dog Kitchen

New packaging (more practical), with more attractive prices and better margins (~10% to 20% price reduction for the end customer)

Financial Highlights

- Improvement in margin y/y due to restructuring in 4Q23 and closure of hubs in 1Q24
- R\$132MM of goodwill, with the total nominal tax benefit of R\$45MM to be used over 60 months starting in May 2024





Sales growth y/y

Significant increase in Petz, with Petix producing the entire line of private label dog pads, through the brands Petz, Zee.Dog and Fresh Pads, in addition to Super Secção - leader in the segment across all channels.

Private label share

83.5% in the quarter vs 62.0% in 1Q23 (+21.5 p.p. y/y).

Gross margin improvement

Gains in scale through greater volume and cost reduction through higher use of reused inputs from human diapers discarded by the industry (absorbent gel and cellulose fluff).

EBITDA margin improvement

Reflection of gross margin, in addition to G&A synergies.



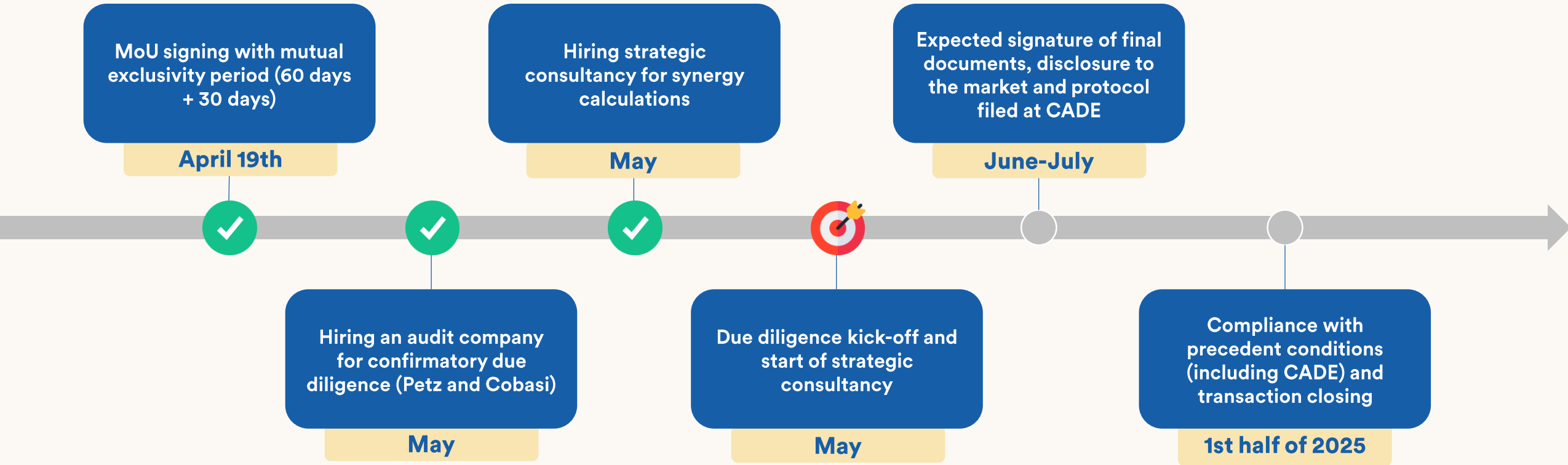


2

Petz and Cobasi (Update)

Sergio Zimmerman | Founder and CEO

Update on the potential business combination



Petz + **Cobasi**

The most complete pet ecosystem in Brazil



3

Financial Results

Aline Penna | VP of Finance, IR/ESG and New Business

1Q24 Financial highlights | Petz Group



Total Gross Revenue (TGR)

R\$ 934.2 MM
+2.3% y/y

- **Strong comparison base** in 1Q23 (+22% y/y)
- **Digital Gross Revenue:** R\$394.3 MM; **+16.6% y/y**
- **Same-Store-Sales: -1.9% y/y**



Gross Profit

R\$ 363.9 MM
+0.1% y/y
39.0% GR
(-0.9 p.p. y/y and +0.1 p.p. q/q)

- Margin pressure y/y due to the relevant increase in Digital, increase in the ICMS rate in some states and PIS/Cofins tax changes



Adjusted EBITDA

R\$ 60.1 MM
-7.5% y/y
6.4% GR
(-0.7 p.p. y/y)

- **G&A: -8.0% y/y**, representing 8.1% of RB (**-0.9 p.p. y/y**), reflecting optimizations in **expense packages and synergies with acquired companies**
- EBITDA margin pressure reflecting gross margin, increase in Digital and lower operating leverage



Adjusted Net Income

R\$ 6.9 MM
-64.1% y/y
0.7% GR
(-1.4 p.p. y/y)

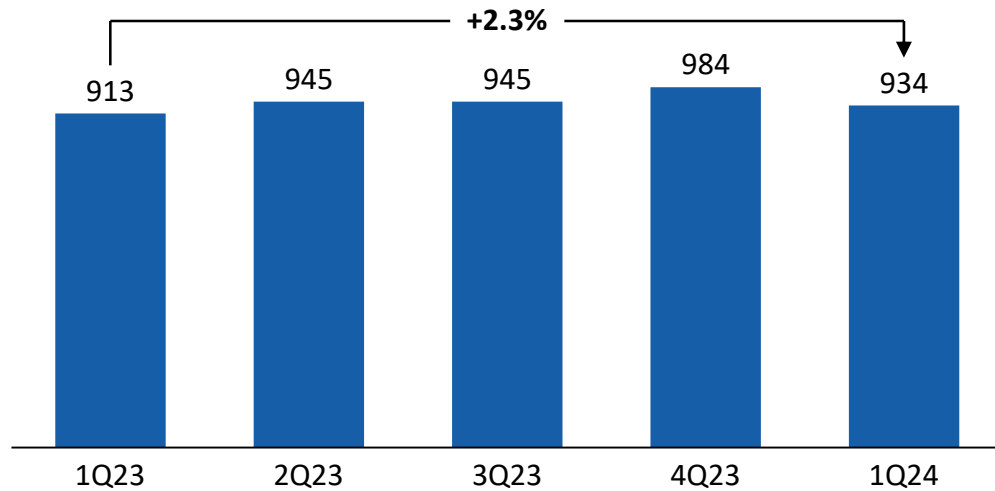
- Lower operating leverage, D&A growth and financial expenses

Gross Revenue

Strong comparison basis in 1Q23 (+22% y/y)

Gross Revenue

R\$ million



Products

Highlighting the recurring and essential categories: Hygiene and Cleaning (+15% y/y), Pharmacy (+12% y/y) and Food (+8% y/y)

60.0%
+0.3 p.p. y/y
Food

40.0%
Non-food

Services

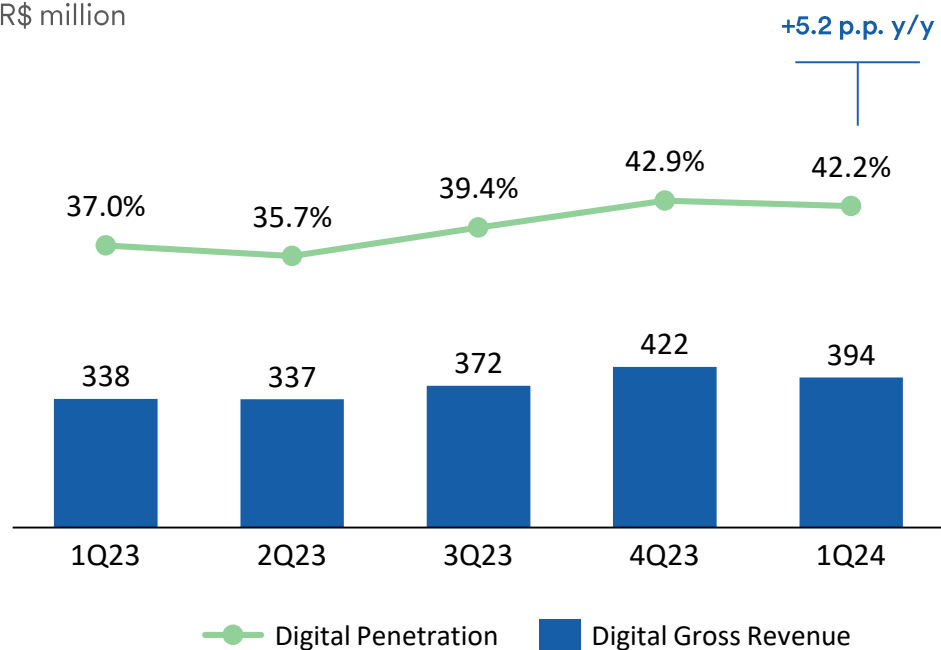
Decrease in revenue y/y but we are already seeing an improvement in operational indicators throughout 1Q24

+10 p.p. y/y
B&G occupancy
rate

+7% y/y
Volume of
vet procedures

Digital Gross Revenue

R\$ million



Physical Channel

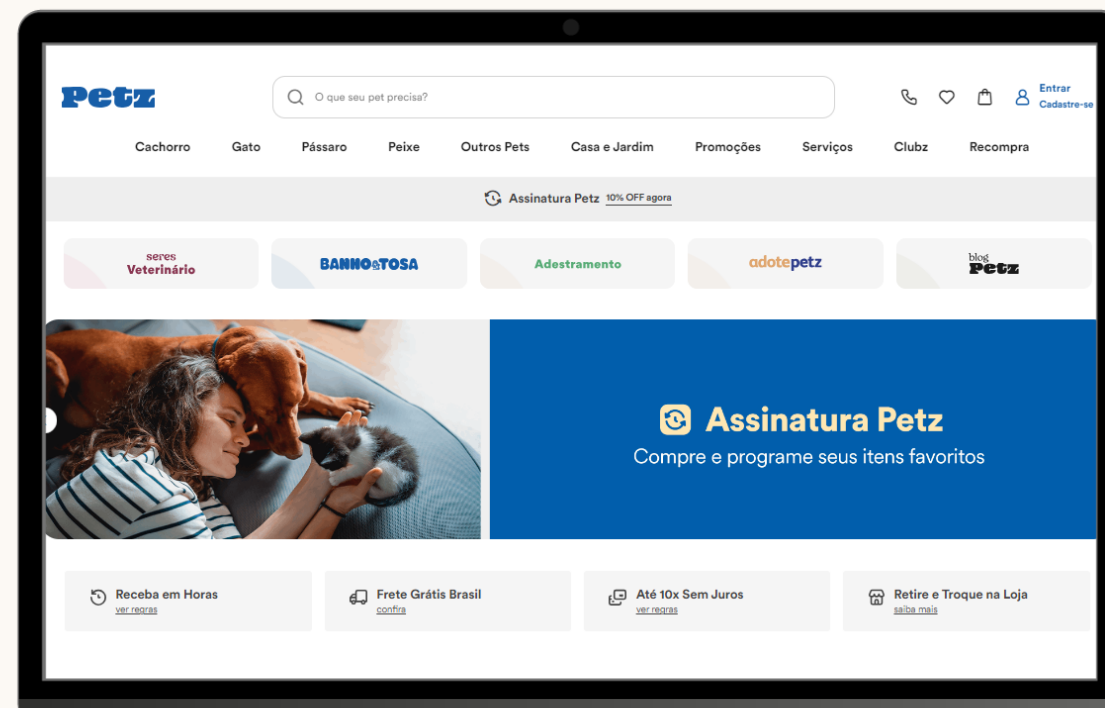
-6.1% y/y

- Reduction in service revenue and migration to Digital
- 94% Omnichannel Ratio: importance of the store in the level of service

Digital Channel

+16.6% y/y, versus a strong basis of comparison (+31% y/y in 1Q23)

- High level of service: 89% of Digital orders delivered within 1 business day
- Selective adjustment of the pricing strategy



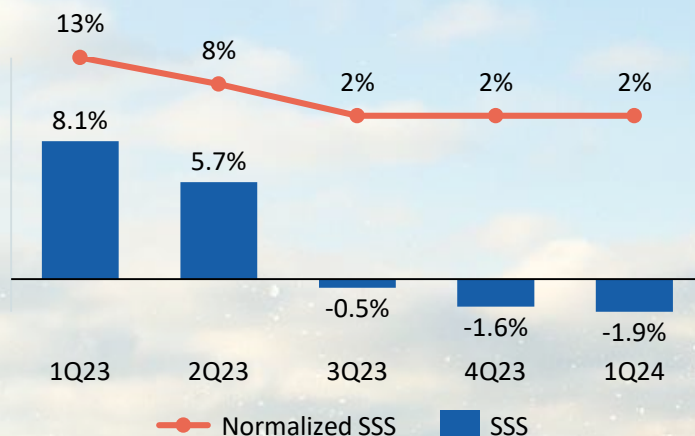


Store Performance

Performance result from the challenging macro scenario, cooling of inflation and decrease in service revenue

Same Store Sales Growth

Variation %, y/y



4-Wall EBITDA (Stores)

% of Petz Stores Gross Revenue

Cohorts	# Stores	4-wall EBITDA (1Q24 LTM)
Until 2018	80	16.4%
2019	26	16.5%
2020	28	16.0%
2021	37	14.6%
2022	50	10.0%
2023	30	7.1%

1Q24

+3 stores,
in **3** new cities

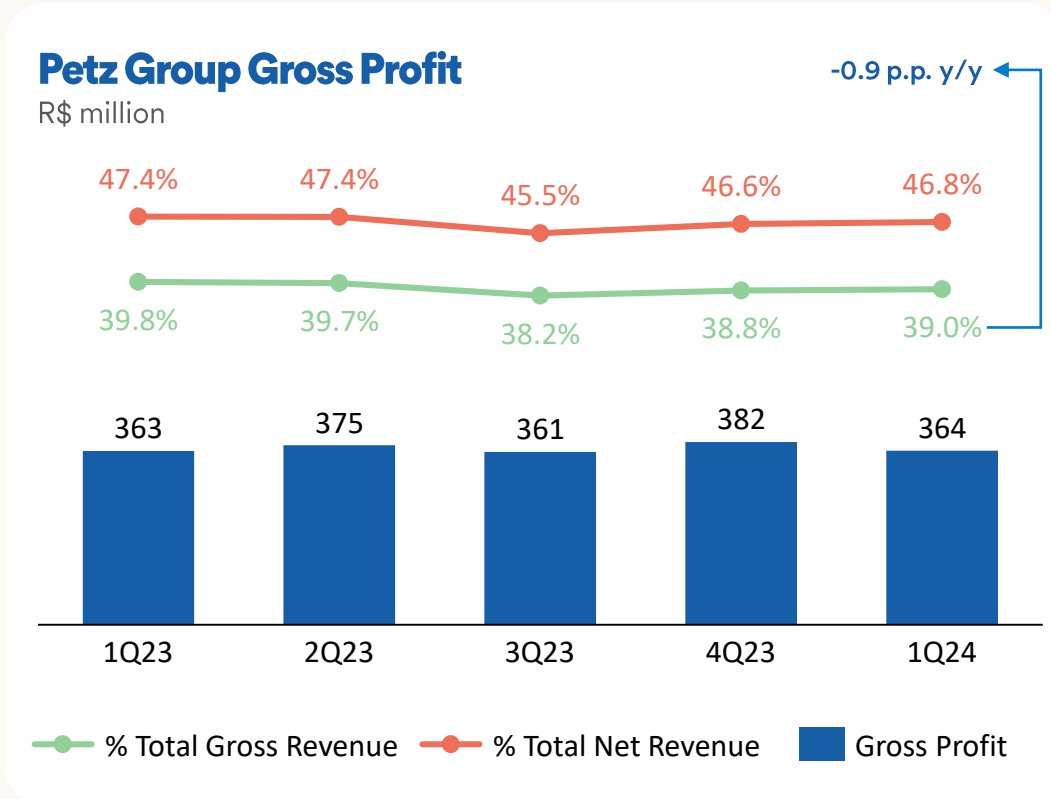
249 stores in **23**
states

46% of stores have
not reached maturity



Gross Margin

Margin pressure y/y due to the relevant increase in Digital, increase in the ICMS rate in some states and PIS/Cofins tax changes



+0.1 p.p. in quarter comparison
being the 3rd consecutive quarter of gross margin expansion q/q

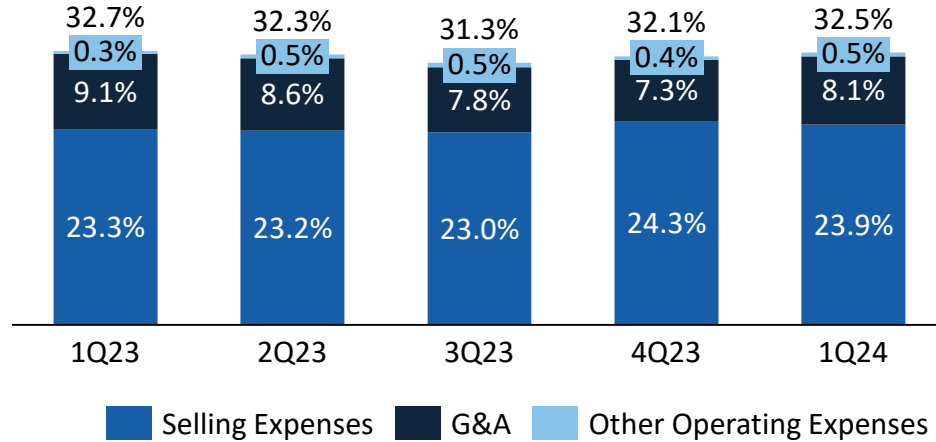
Comparison basis effect
Focus on profitability in 1Q23, with the introduction of initiatives to improve the Digital margin, some of them are no longer available anymore (e.g. Pick-up service fee)

Operating Expenses and Adjusted EBITDA

Margin pressure reflecting gross margin, increase in Digital and lower operating leverage

Operating Expenses

% Group Petz Gross Revenue



G&A: -8.0% y/y
8.1% of TGR (-0.9 p.p. y/y)

Optimizations in expense packages implemented at the end of 2023 and synergies with acquired companies



Sales Expenses: +5.0% y/y
23.9% of TGR (+0.6 p.p. y/y)

Reflection of the store opening process and park maturation in a context of lower operational leverage

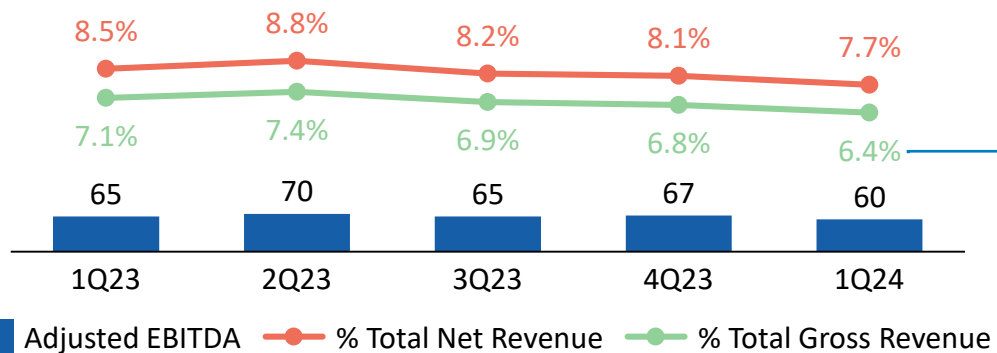


Other Op. Expenses: +43% y/y
0.5% of TGR (+0.1 p.p. y/y)

Pre-operational expenses of stores and the integration process of Zee.Now hubs with Petz stores

Adjusted EBITDA (IAS 17)

R\$ million

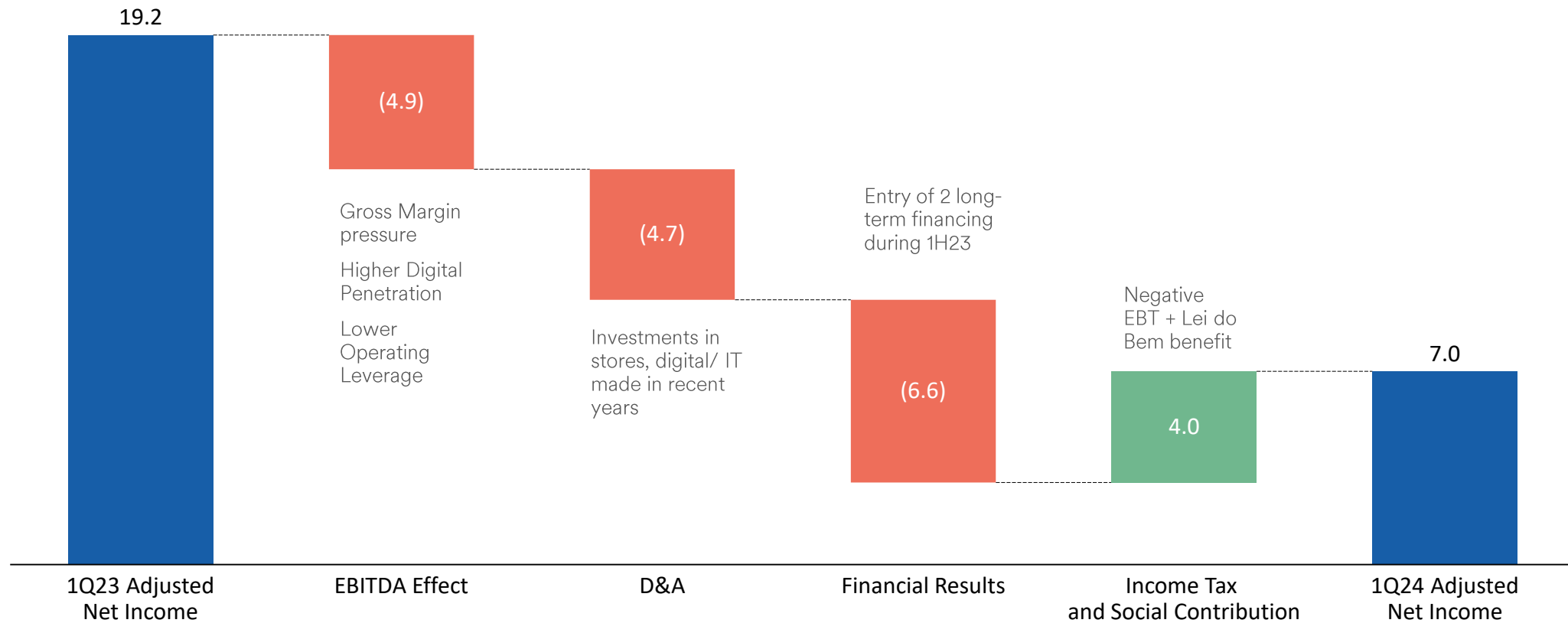


Adjusted Net Income

YoY decrease in 1Q24 reflects lower operating leverage, growth in D&A and financial expenses

Adjusted Net Income 1Q24 vs. 1Q23

R\$ million

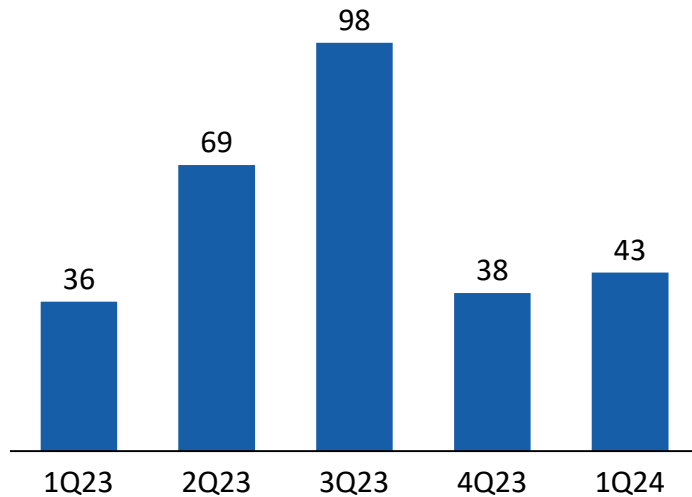


Cash flow, investments and debt

Another quarter of operational generation sufficient to cover investments, excluding interest on financing

Operational Cash Flow

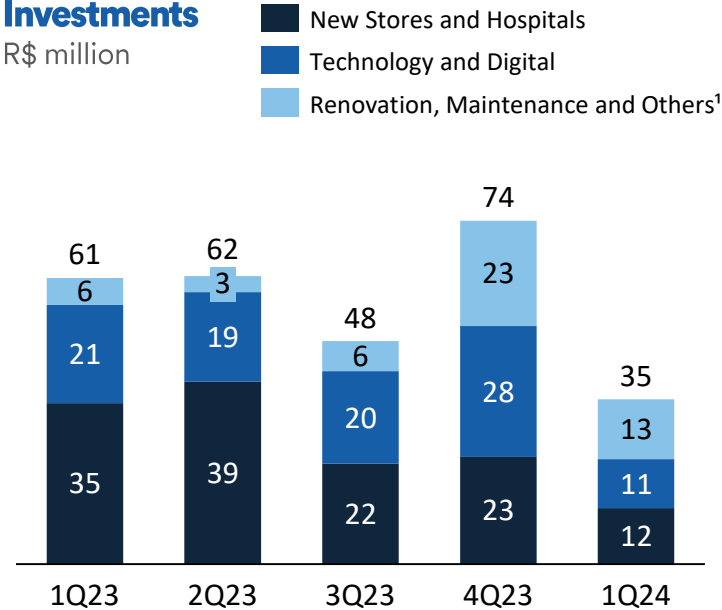
R\$ million



- **R\$43 MM** of operating cash generation, driven by operational efficiency and optimized working capital management
- Improvement in cash cycle of **~9 days** y/y

Investments

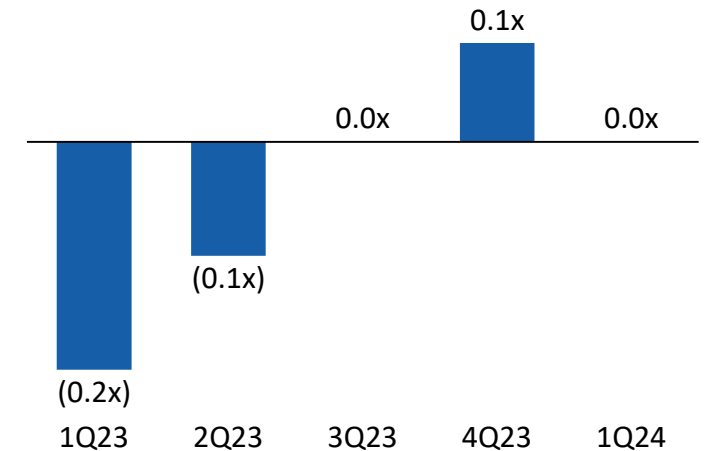
R\$ million



- **42% y/y reduction** of Total Investments
- **65% y/y reduction** of New Stores, reflecting the lower pace of openings in 2024 and lower capex per store, given the smaller size (700 m² in 1Q23 vs. 360 m² in 1Q24)
- **50% y/y reduction** of Tech and Digital that reflect improvements in customer solutions and internal processes for productivity gains

Leverage (IAS 17)

Net Debt/Adjusted EBITDA 12M

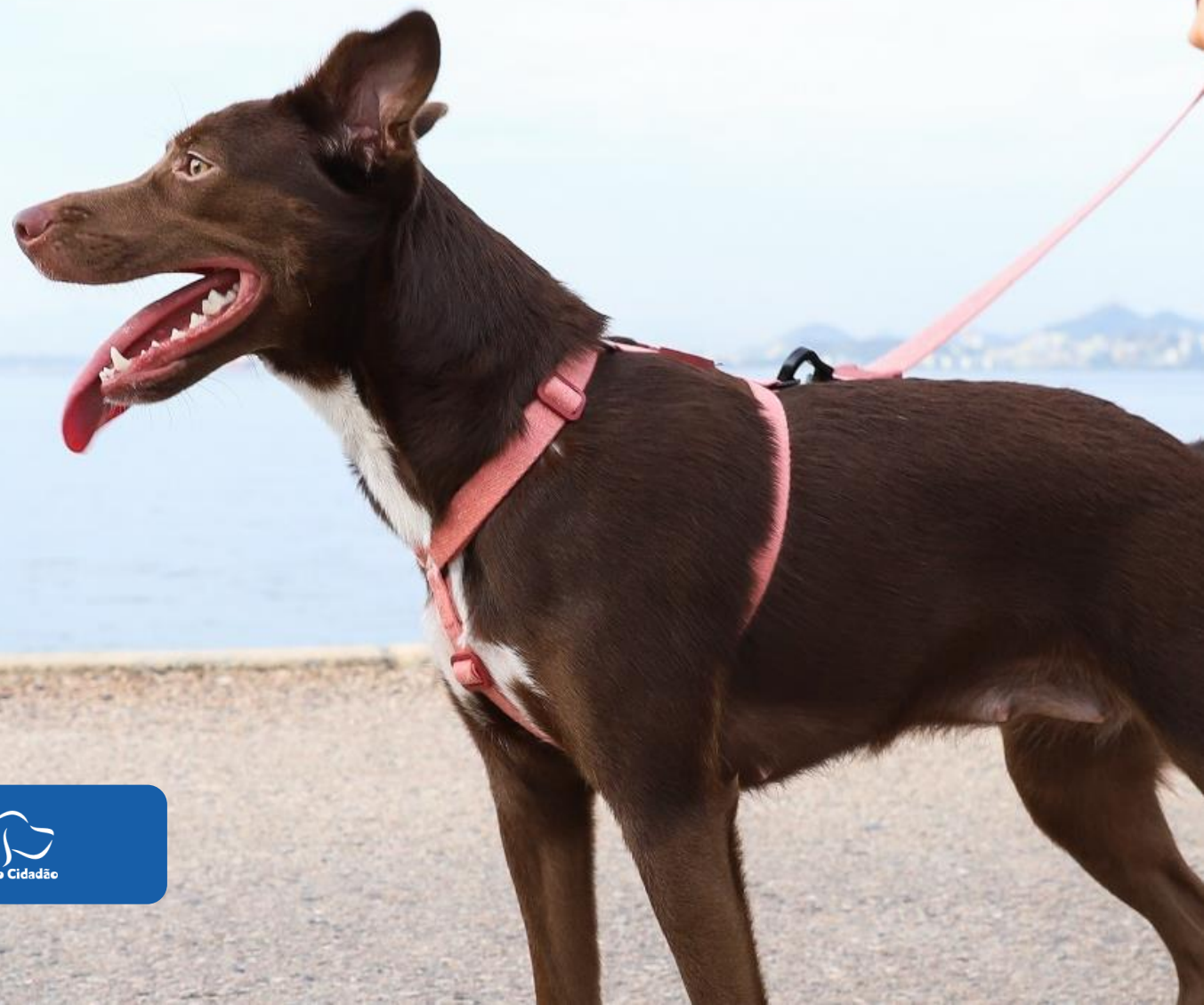


- **R\$11 MM** of net debt in 1Q24, reflecting the emission of debentures and long-term financing hired during 1H23

Q&A

- PT**
- Para perguntar, clique em “Q&A” na parte inferior da tela;
 - Escreva seu nome, empresa e idioma;
 - Ao ser anunciado, uma solicitação para ativar o microfone aparecerá na tela. Você deve ativá-lo para fazer perguntas.

- EN**
- *To ask questions, click on the “Q&A” icon at the bottom of the screen;*
 - *Write your name, company and language;*
 - *When announced, a request to activate the microphone will appear on the screen. You must activate it to ask questions.*

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