

GRUPO  
**Petz**



**2Q24 Results**



# Disclaimer

The statements contained in this document regarding outlooks for the business, forecasts of operations, financial results, and growth outlooks for Grupo Petz are merely projections and, as such, are based solely on the management's expectations for the future of the business. These expectations substantially depend on market conditions, performance of Brazilian economy, the industry and international markets, and are therefore 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 both accounting and non-accounting, data such as operational, pro-forma financial, and forecasts based on management's expectations for the Company. The non-accounting data has not been subject to review by the Company's independent auditors.

# Agenda

**1** Message from Management

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**2** Financial Results

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**3** Q&A







1

## **Message from Management**

Sergio Zimmerman | Founder and CEO



## 2Q24 Highlights

\* **44.4% of Digital channel share in total revenue**, growth of +8.7 p.p. y/y

**+21% y/y increase in the number of active customers in June 2024** in the Digital channel

\* **Record level of over 500,000 subscribers in July** with a growth of 14% y/y

**SSS with a positive performance of +0.9% in 2Q24**, reversing the negative trend of the last 3 quarters

\* **Record achievement of 10.2% private label share** as a % of total revenue in 2Q24

Private label is now considered the **Company's second-largest supplier**, with a growth of 38% y/y in 2Q24

# 2Q24 Key Messages

## Growth y/y

- Negative pet inflation: real growth of 3,8% y/y, without price increase effect;
- **Operational efficiency:** maturation of implemented initiatives;
- **Increase in digital sales:** +10.4% q/q;
- 94% of Omnichannel sales.

## Product Performance

- Pet food category: expansion of the standard pet food portfolio – substantial volume growth in 6 months;
- +14% y/y in **Pharmacy** and +13% y/y in **Hygiene and Cleaning**
- Discretionary: After 4 quarters of decline y/y, we had a reversal of the trend and the month of July already brought encouraging results

## New clients and sales increase

- Balance between price vs. volume: focus on **Cash Margin**;
- More competitive and accurate pricing strategy;
- Improvement on **product mix** in stores - clustering process;
- Increase in new customers, base reactivation and churn reduction.

## Private Label

- **Company's second-largest supplier:** record achievement of 10.2% of total revenue.
- Launch of **Zee.Dog collabs** and new products from exclusive brands;
- **+21% y/y on Zee.Dog sales** via Petz channels;
- Zee.Now: **+17.2%** os total revenue;
- **Hygienic mats** category with 84.3% share of private label (+10.8 p.p. y/y).





## **ATACADO PET**

- The opening will take place on August 17<sup>th</sup>, the date we celebrate Petz's 22<sup>nd</sup> anniversary;
- This project is a pilot aimed at testing a **new business model**;
- Focus on clients that currently are not Petz clients;
- **Target on social classes B and C**;
- Differentiated and most popular product mix;
- Partnerships with new suppliers, differentiated cost structure, and interest-only installment options and **progressive discounts, depending on purchase volume**





2

## Financial Results

Aline Penna | CFO, IRO, ESG and New Business



# 2Q24 Financial Highlights | Petz Group



**Gross Revenue  
(GR)**

**R\$ 980.9 MM**

+3.8% y/y

- **Strong comparison basis** in 2Q23 (+18.0% vs. 2Q22)
- **Digital Gross Revenue:** R\$435.3 MM; **+29.2% y/y**
- **Same Store Sales: +0.9% y/y**



**Gross  
Profit**

**R\$ 383.0 mm**

+2.1% y/y

39.0% of GR  
(-0.6 p.p. y/y and 0.0 p.p. q/q)

- Margin pressure y/y due to the relevant increase in the Digital channel, increase in the ICMS rates in some states and PIS/COFINS tax changes
- Adjustment in pricing strategy (focus on **cash margin**)



**Adjusted  
EBITDA**

**R\$ 59.9 mm**

-14.4% y/y

6.1% of GR  
(-1.3 p.p. y/y)

- **G&A: -0.7% y/y**, representing 8.3% of GR (**-0.4 p.p. y/y**), reflecting optimizations in **expenses packages and synergies with acquired companies**
- EBITDA Margin pressure reflecting gross margin, increase in the Digital channel, lower operating leverage and higher selling expenses



**Adjusted Net  
Income**

**R\$ 5.0 mm**

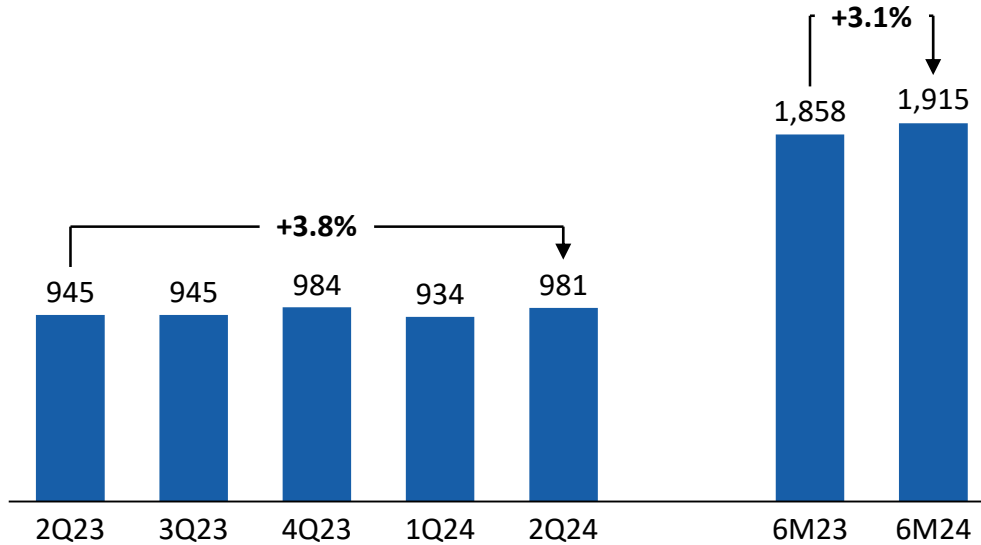
-79.8 % y/y

0.5% of GR  
(-2.1 p.p. y/y)

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

## Gross Revenue

R\$ million



## Sequential Sales Evolution

Sales in April  
below  
expectations

May and June  
High single  
digit sales  
growth

### Products

Recurring and essential categories: **Pharmacy** (+14% y/y) and **Hygiene and Cleaning** (+13% y/y).

**Accessories**, after 4 quarters presenting a decrease y/y, **July** already presents encouraging results

### Services

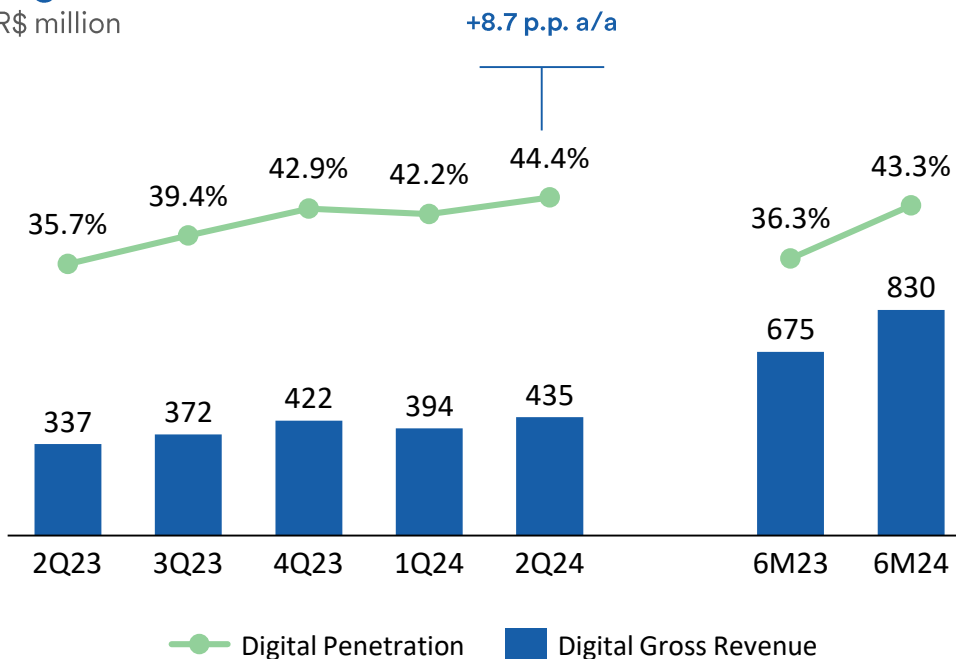
Decline in revenue y/y although we have already seen an improvement in operational indicators throughout 2Q24: an increase in profitability and cash margin in the services segment y/y



# Gross Revenue | Performance by Channel

## Digital Gross Revenue

R\$ million



## Physical Channel

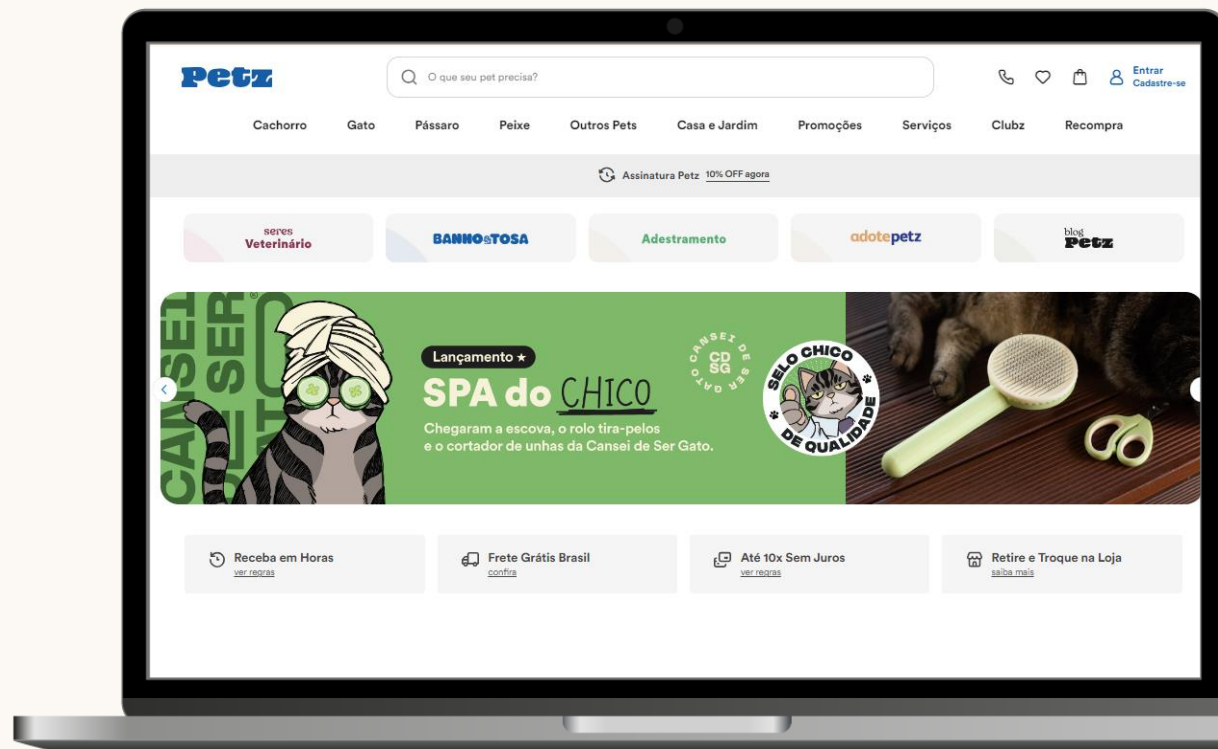
-10.2% y/y

- Reduction in service revenue;
- Customer preference for online purchases: 94% Omnichannel ratio.

## Digital Channel

+29.2% y/y, versus a strong basis of comparison (+28.4% y/y in 2Q23)

- High level of service: 91% of Digital orders delivered within 1 business day;
- Products with more competitive and attractive terms

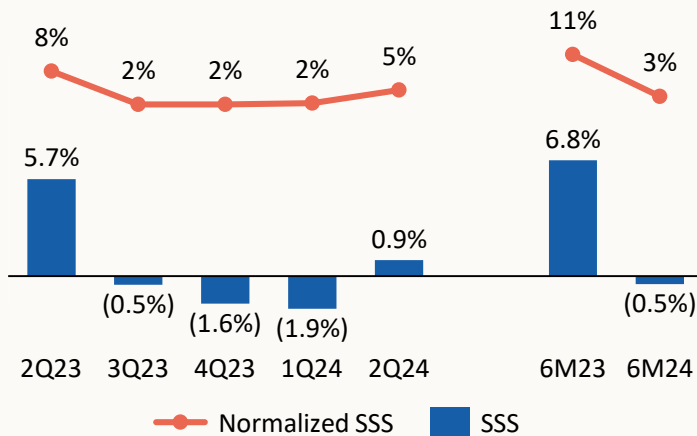


# Stores Performance

Positive performance of 0.9% y/y in 2Q24, reversing the negative trend observed over the past three quarters. Notably, this performance shows an upward trend throughout the months of April, May and June, with July presenting the best result in this series, and August, so far, following the same trend.

## Same Store Sales Growth

Change %, y/y



## 4-Wall EBITDA (Stores)

% as of Petz Store's Gross Revenue

Cohorts	# Stores	4-wall EBITDA (2Q24 LTM)
until 2018	80	15.6%
2019	26	16.0%
2020	28	15.6%
2021	37	14.5%
2022	50	10.7%
2023	30	8.0%
2024	6	(4.6%)

**2Q24**

**+3** openings,  
in **1** new state

**252** stores in **24**  
states

**44%** of stores have  
not reached maturity



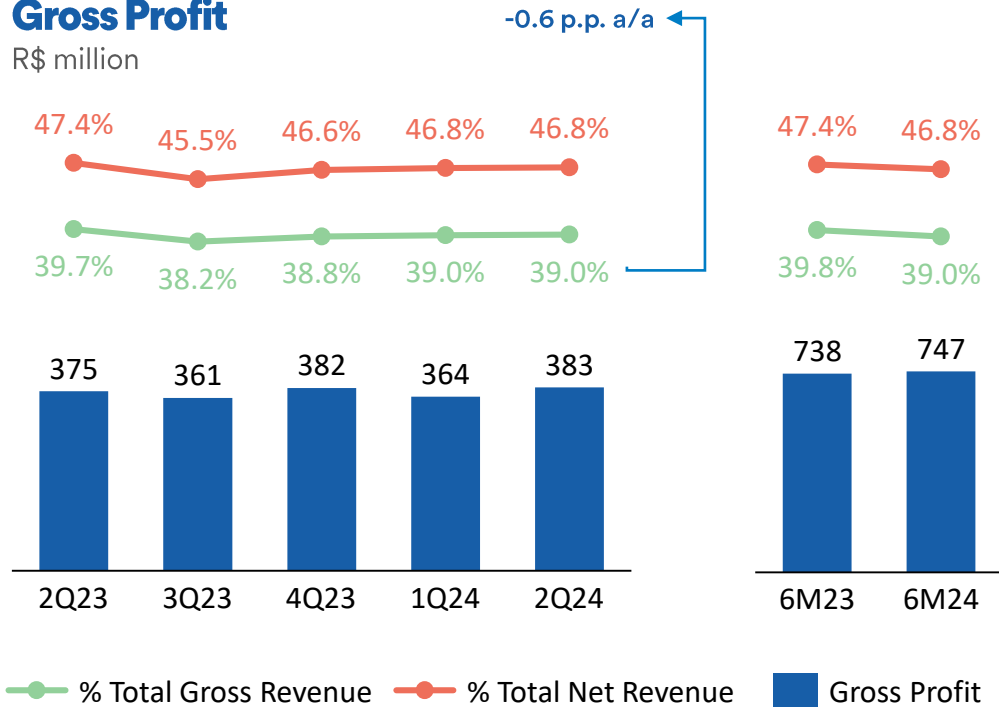


# Gross Margin

Margin pressure y/y due to significant increase in digital penetration, increase in ICMS rates in some states, changes in PIS/Cofins taxation, and new pricing strategy.

## Gross Profit

R\$ million



### Base effect of comparison



Focus on profitability and margin preservation in 2Q23, creating a strong comparison base. In 2024, the Company aims to balance growth and profitability.

### Cash margin growth



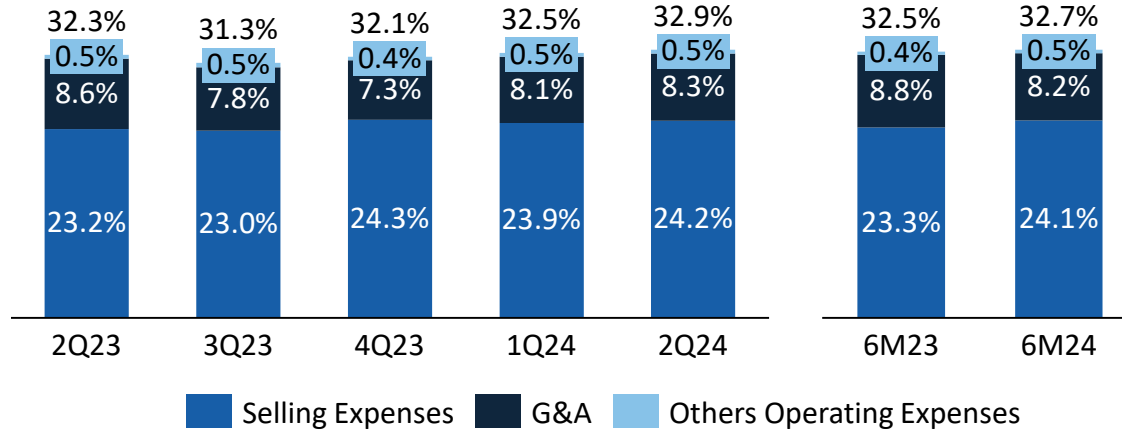
Strategy focused on optimizing cash margin, which grew compared to the previous year. Furthermore, the addition of new customers generates a positive effect that opens up prospects for an increase in future cash margin.

# Operating Expenses and Adjusted EBITDA

Margin pressure, due to gross margin, increased digital penetration and lower operational leverage

## Operating Expenses

% as of Gross Revenue

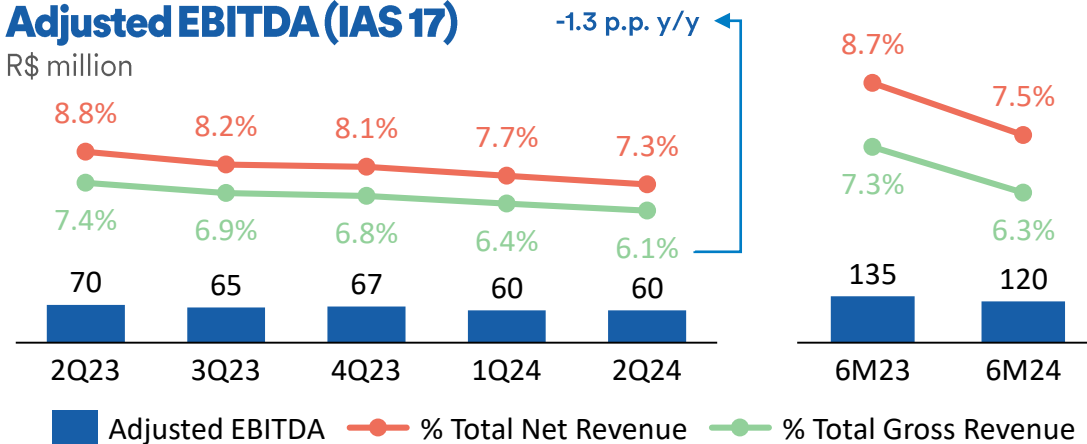


**Sales: +8.4% y/y**  
**24.2% of GR (+1.0 p.p. y/y)**

Reflection of stores opening process and maturation of the portfolio in a context of lower operational leverage

## Adjusted EBITDA (IAS 17)

R\$ million



**General & Administrative: -0.7% y/y**  
**8.3% of GR (-0.4 p.p. y/y)**

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



# Adjusted Net Income

Mainly impacted by:

- **Mark-to-Market of the Derivative (Swap):**

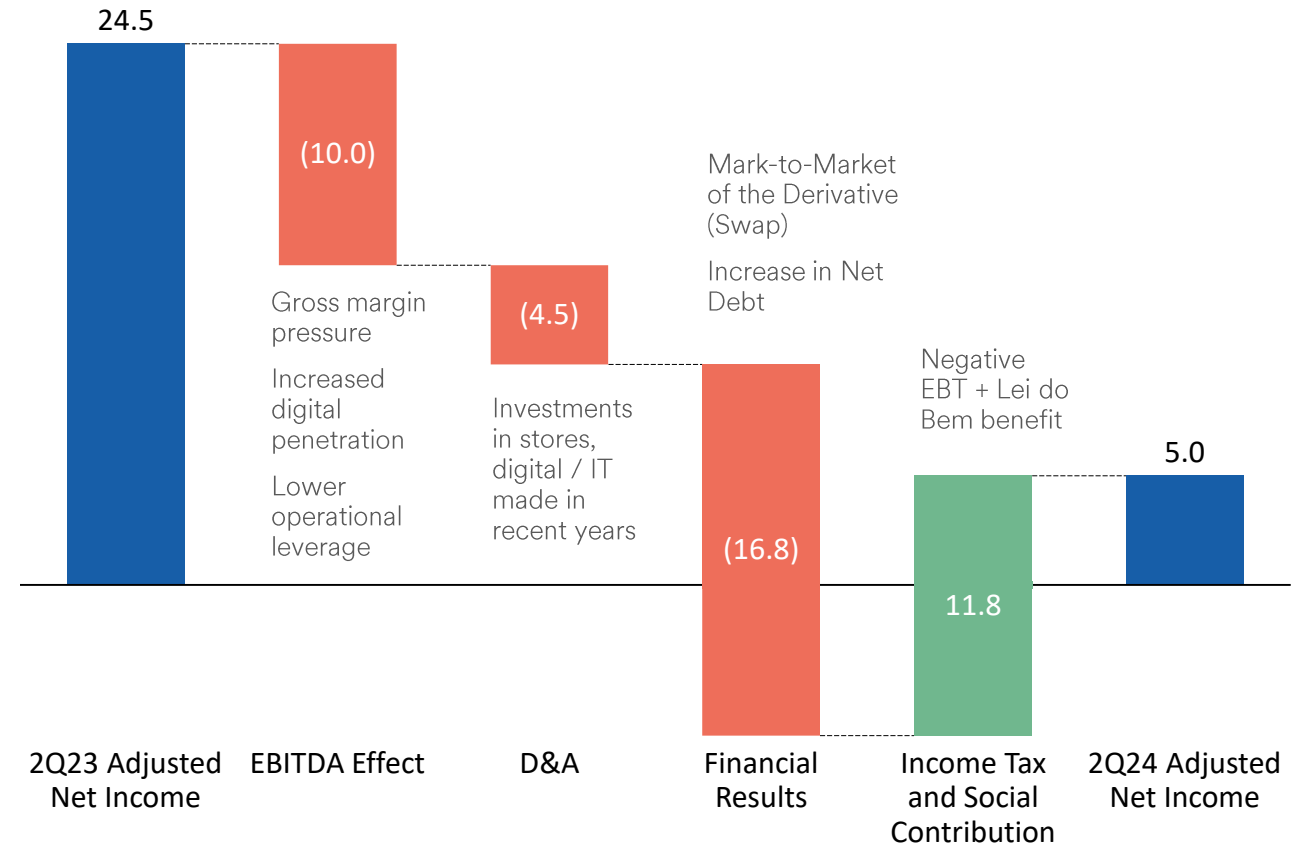
- Derivative linked to the '4131' financing line in dollars, raised in March 2023.
- **Non-cash** negative impact of R\$12.4 million.
- Market valuation fluctuations may occur between quarters, but **the accumulated impact after 5 years will be zero.**

- **Increase in Net Debt:**

- Increase of R\$50.1 million in net debt.
- Mainly caused by share buybacks conducted in 2023.

## Adjusted Net Income 2Q24 vs. 2Q23

R\$ million

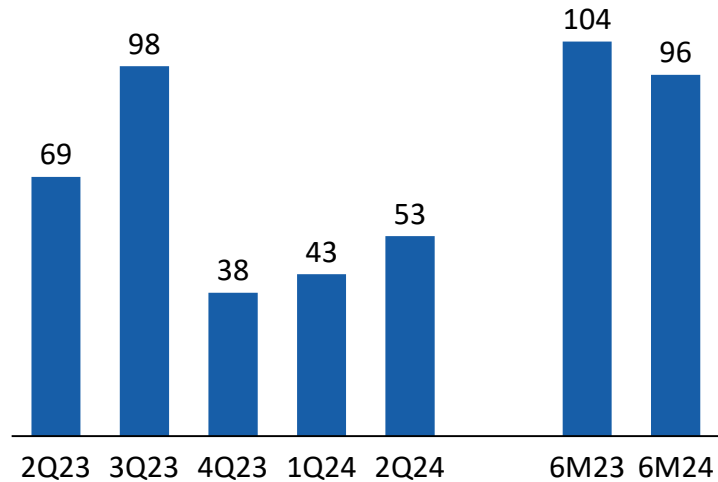


# Cash flow, investments and debt

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

## Operational Cash Flow

R\$ million

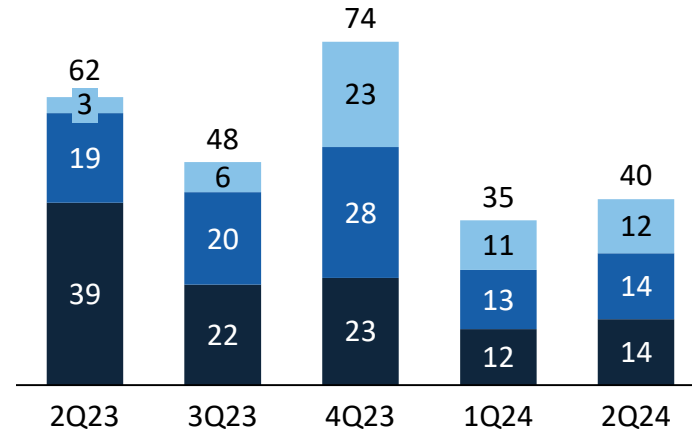


- **R\$53 million** of operational cash generation, driven by operational efficiency and effective working capital management
- Improvement in the cash cycle of approximately **~4 days y/y**

## Investments

R\$ million

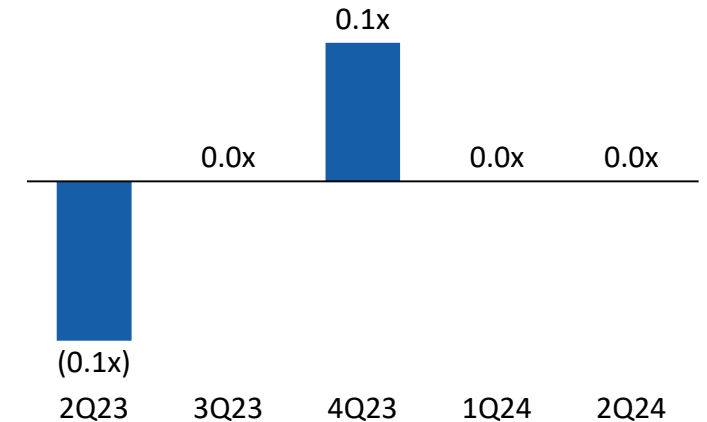
- New Stores & Hospitals
- Technology & Digital
- Renovation, Maintenance & Others



- **-35% y/y** in Total Investments
- **-64% y/y** in New Stores, due to a slower pace of openings throughout the year, reduced capex per store, and optimization of store formats
- **-27% y/y** in Technology and Digital reflecting improvements in customer solutions and internal processes for productivity gains

## Leverage (IAS 17)

Net Debt/Adjusted EBITDA 12M



- Financial discipline in investment approvals and cash management enabled an investment of R\$196.9 million over the last 12 months, as well as the payment of R\$4.3 million in dividends and R\$62 million in share repurchases completed in 3Q23, with no increase in the Company's debt.



# Q&A

Para perguntar, clique em “**Q&A**”  
na parte inferior da tela;

**Escreva sua pergunta**, junto com  
seu nome e empresa.

*To ask questions, click on the “**Q&A**”  
icon at the bottom of the screen;*

***Write your question***, your name and  
company.

A Petz tem tudo  
que seu pet precisa  
para curtir um verão



VERÃO  
tranquila

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