

Video Conference

November 10th, 2023 (Friday)

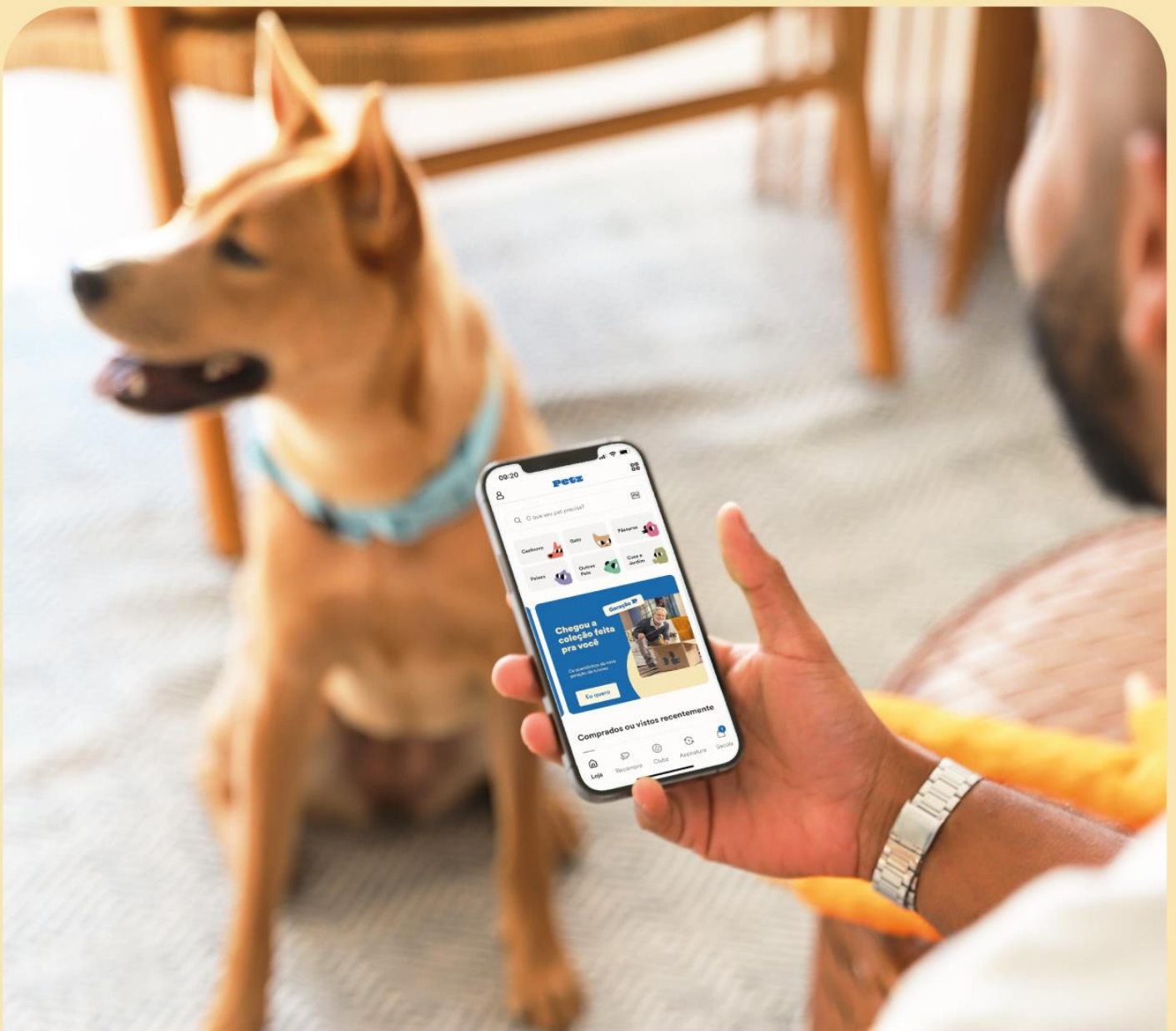
12pm Brasília | 10am EST | 3pm GMT

Webcast

Petz

3Q23 Results

November 9th, 2023



Petz

CENTRO VETERINÁRIO
seres


adote petz


zee.dog

petix.
o melhor para seu pet

**CANSEI
DE SER
GATO**


Cão Cidadão

São Paulo, November 9th, 2023 – Pet Center Comércio e Participações S.A. (“Petz Group” or “Company”) (B3: PETZ3) announces its results for the third quarter of 2023 (3Q23). It is worth mentioning that the Petz Group results below include the consolidation of (i) Zee.Dog from January 2022 onwards; and (ii) Petix from July 2022 onwards, except when indicated.

Since 2019, our Financial Statements have been prepared in accordance with IFRS 16. To better represent the current economic reality of the business, **the numbers in this report are presented under the previous reporting standard IAS17/CPC 06. The reconciliation with IFRS 16 in 3Q23 is available on pages 26-28.**

Results | 3Q23

- **Petz Stores¹: 236 units, with 6 openings (38 LTM)**
- **Petz Group Gross Revenue (GR)²: R\$945.1 mm; +6.8% y/y**
 - ✓ **Petz Standalone Product Gross Revenue: R\$835.9mm; +10.0% y/y**
 - ✓ **Petz Standalone Digital Gross Revenue (DGR): R\$342.4mm; +19.6% y/y; 39.5% of Petz Standalone Gross Revenue (PGR) (+3.5 p.p. y/y)**
- **Petz Group Gross Profit: R\$361.3mm; +1.6% y/y; Gross Margin of 38.2% of GR (-2.0 p.p. y/y)**
 - ✓ **Petz Standalone Gross Profit: R\$330.3 mm; +1.1% y/y; Gross Margin of 38.1% of PGR (-3.0 p.p. y/y)**
- **Petz Group Adjusted EBITDA³: R\$65.4mm; -9.4% y/y; Adjusted EBITDA Margin of 6.9% of GR (-1.2 p.p. y/y)**
 - ✓ **Petz Standalone Adjusted EBITDA³: R\$63.7mm; -14.0% y/y; Adjusted EBITDA Margin of 7.3% of PGR (-2.0 p.p. y/y)**
- **Operational Cash Flow Generation: +R\$82.4mm vs. +R\$21.6mm in 3Q22**

B3: PETZ3

R\$3.85

Per share

462.523.502

Total Shares

R\$1,8 billion

Market Cap

IR Contact

<https://ri.petz.com.br/>

ri@petz.com.br

+55 (11) 3434-7181

Data as of November 9th, 2023

Summary of Results and Indicators (IAS 17)

R\$ thousands, unless otherwise stated	3Q23	3Q22	Change	9M23	9M22	Change
Financial Results Petz Group						
Total Gross Revenue²	945,073	884,647	6.8%	2,802,786	2,432,025	15.2%
Gross Revenue Petz Standalone	867,696	796,061	9.0%	2,573,667	2,238,012	15.0%
Gross Revenue from Acquisitions	97,213	100,902	(3.7%)	283,102	215,462	31.4%
Digital Gross Revenue Petz Standalone	342,440	286,309	19.6%	954,884	749,190	27.5%
<i>Digital Penetration (% PGR)</i>	<i>39.5%</i>	<i>36.0%</i>	<i>3.5 p.p.</i>	<i>37.1%</i>	<i>33.5%</i>	<i>3.6 p.p.</i>
Gross Profit	361,278	355,714	1.6%	1,099,724	987,111	11.4%
<i>% Total Gross Revenue</i>	<i>38.2%</i>	<i>40.2%</i>	<i>(2.0 p.p.)</i>	<i>39.2%</i>	<i>40.6%</i>	<i>(1.4 p.p.)</i>
Gross Profit Petz Standalone	330,293	326,696	1.1%	1,013,622	910,609	11.3%
<i>% Gross Revenue Petz Standalone</i>	<i>38.1%</i>	<i>41.0%</i>	<i>(3.0 p.p.)</i>	<i>39.4%</i>	<i>40.7%</i>	<i>(1.3 p.p.)</i>
Ajusted EBITDA³	65,432	72,225	(9.4%)	200,342	190,282	5.3%
<i>% Total Gross Revenue</i>	<i>6.9%</i>	<i>8.2%</i>	<i>(1.2 p.p.)</i>	<i>7.1%</i>	<i>7.8%</i>	<i>(0.7 p.p.)</i>
Ajusted EBITDA Petz Standalone ³	63,742	74,081	(14.0%)	205,101	197,969	3.6%
<i>% Gross Revenue Petz Standalone</i>	<i>7.3%</i>	<i>9.3%</i>	<i>(2.0 p.p.)</i>	<i>8.0%</i>	<i>8.8%</i>	<i>(0.9 p.p.)</i>
Adjusted Net Income⁴	14,716	30,671	(52.0%)	58,457	84,551	(30.9%)
<i>% Total Gross Revenue</i>	<i>1.6%</i>	<i>3.5%</i>	<i>(1.9 p.p.)</i>	<i>2.1%</i>	<i>3.5%</i>	<i>(1.4 p.p.)</i>
Indicadores Operacionais Petz Standalone						
Number of Stores ¹	236	200	36	236	200	36
Store Openings	6	13	(7)	20	32	(12)
Footage (m ²)	208,089	188,500	10.4%	208,089	188,500	10.4%
Seres Veterinary Centers	127	151	(24)	127	151	(24)

¹ Considers the closure of the Extra Barra da Tijuca unit in 3Q23 and Ayrton Senna in 1Q23, both in Rio de Janeiro-RJ. More information in the footnote on page 11.

² Considers the effect of Intercompany Eliminations in the amount of R\$19.8 million (details on page 12).

³ Does not consider the effect of IFRS 16, in addition to the adjustments explained on page 19.

⁴ Adjustments explained on page 20. Does not consider the effect of IFRS 16, therefore it should not be used as a reference for calculating dividends.

Petz Group Highlights | 3Q23

Revenues

Petz Group Gross Revenue of **R\$945.1 MM** in 3Q23, **+6.8% y/y**

Petz Standalone Gross Revenue of **R\$867.7 MM** in 3Q23, **+9.0% y/y**, with emphasis on Products **(+10.0% y/y)**

9M23: Petz Group Gross Revenue of **R\$2.802,8 MM (+15.2% a/a)**, mainly reflecting the performance of Petz "Standalone" **(+15.0% y/y)**

Cash Generation

Positive Operating Cash Generation, mainly reflecting the **reduction in inventory levels** and **better tax efficiency related to the DC in Goiás** (lower accumulation of credits)

Significant improvement of 15 days of cash cycle for Petz Standalone

Repurchase of 11.6 million shares in August/23, totaling R\$62.1 million.

Digital

Petz Standalone Digital Gross Revenue of **R\$342,4 MM, +19,6% a/a**, in 3Q23 and **+27,5% y/y** in 9M23

Petz Standalone Digital Penetration reached a **record of 39.5%** in 3Q23 **(+3.5 p.p. y/y and +3.7 p.p. q/q)**

Omnichannel Ratio of **90,1%** in 3Q23, a **benchmark in Brazilian and global retail**

Omnichannel customers with an **average monthly spending ~60% higher** vs. physical channel

95% of Ship from Store sales delivered **within 1 business day**

~390 thousand subscribers (+12% y/y), representing **28%** of Petz Standalone Gross Revenue in September/2023

Subscriber churn reaching the **lowest historical level** in September/23 **(-1.5 p.p. y/y)**

Store Expansion & Network

6 openings in 3Q23, 4 outside the state of São Paulo (+10.4% y/y area growth)

On track with the store opening guidance of 30-40 units in 2023

Average area of new stores: **467m²** in 3Q23 vs. 767m² in 3Q22

Profitability

Petz Group Gross Margin of **38.2%** in 3Q23 **(-2.0 p.p. y/y)**

Petz Group Adjusted EBITDA of **R\$65.4 MM** in 3Q23 **(-9.4% y/y)** representing 6.9% of TGR **(-1.2 p.p. y/y)**

Petz Standalone EBITDA Margin of **7.3% in 3Q23** **(-2.0 p.p. y/y)**

EBITDA from acquisitions of **+R\$1.7 MM**, an improvement compared to -R\$1.9 MM in 3Q22 and -R\$1.3 MM in 2Q23



Integrations/Acquisitions

Gross Revenue from Acquisitions of R\$97.2 MM (-3.7% y/y), mainly reflecting the performance of Zee.Dog's International vertical and Petix's new commercial policy

Restructuring Zee.Dog's International vertical (asset light)

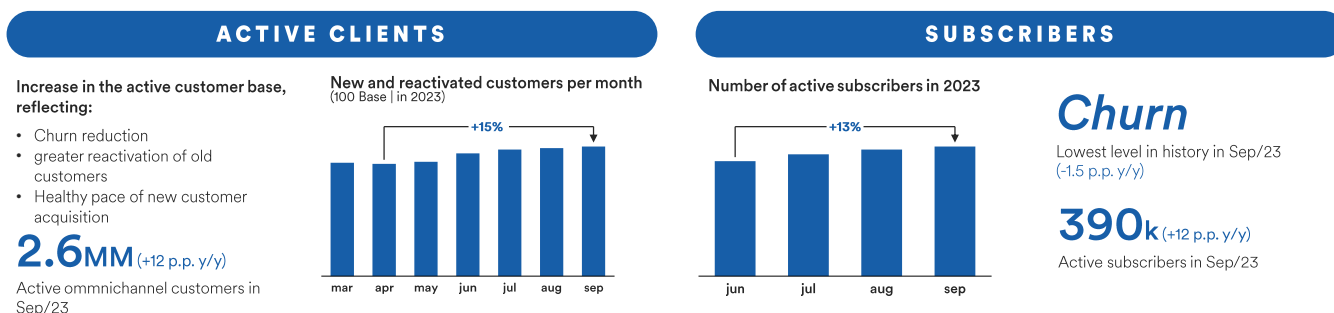
Initiatives for **monetizing Zee.Dog Kitchen** in progress

Message from Management

Since the end of 2022, Petz Group has sought to find **the best balance between growth, profitability, and innovation** in implementing its main strategic projects. We started 2023 aiming to increase our profitability, mainly in the digital channel, which structurally has lower margins, although with a progressive reduction in the gap for physical retail. However, we continuously monitor the movements of our peers, and after a positive first quarter, with many of our initiatives being followed by competitors, we noticed a slight change from 2Q23 onwards. Therefore, after a few months of keeping the profitability agenda as our focus and following customers' KPIs, we perceived that we could be gaining less share than expected, which made us increase commercial conditions for our customers to enhance our competitiveness.

With this movement, we intended to preserve the current customer base (pressured on its purchasing power) and gain new customers at an accelerated rate, consequently gaining market share. In this sense, in addition to specific price reductions, we eliminated the charge of service fees in the pickup modality throughout Brazil and once again applied discounts for customers to pick up in-store in some regions (discounts between 3 and 5% in the total purchase price). In terms of initial results, we highlight indicators that already show a significant sequential improvement, such as: (i) the addition of new customers, which, together with the reactivation of old customers and churn reduction, contribute to the base increase y/y and q/q; (ii) the addition of new subscribers, which has been growing m/m since July, reaching an increase of 12% y/y in Sep/23; and (iii) the reduction in the subscriber base churn in Sep/23 reached its lowest historical level.

Even though this improvement is not yet necessarily reflected in revenue growth dynamics in the short term, **we believe we are on the right path to increasing customer loyalty, further consolidating our brand as Top of Mind in the sector.**



On the profitability front, in order to offset investments in customer acquisition and maintenance, we have implemented even more measures in search of operational efficiencies and optimization of expenses. **This expense control, linked to greater robustness in the approval of investments and efficiency in working capital, enabled Petz to have an operational cash flow generation sufficient to cover its investments** – something that had not been observed for a few years.

2024 Strategic planning

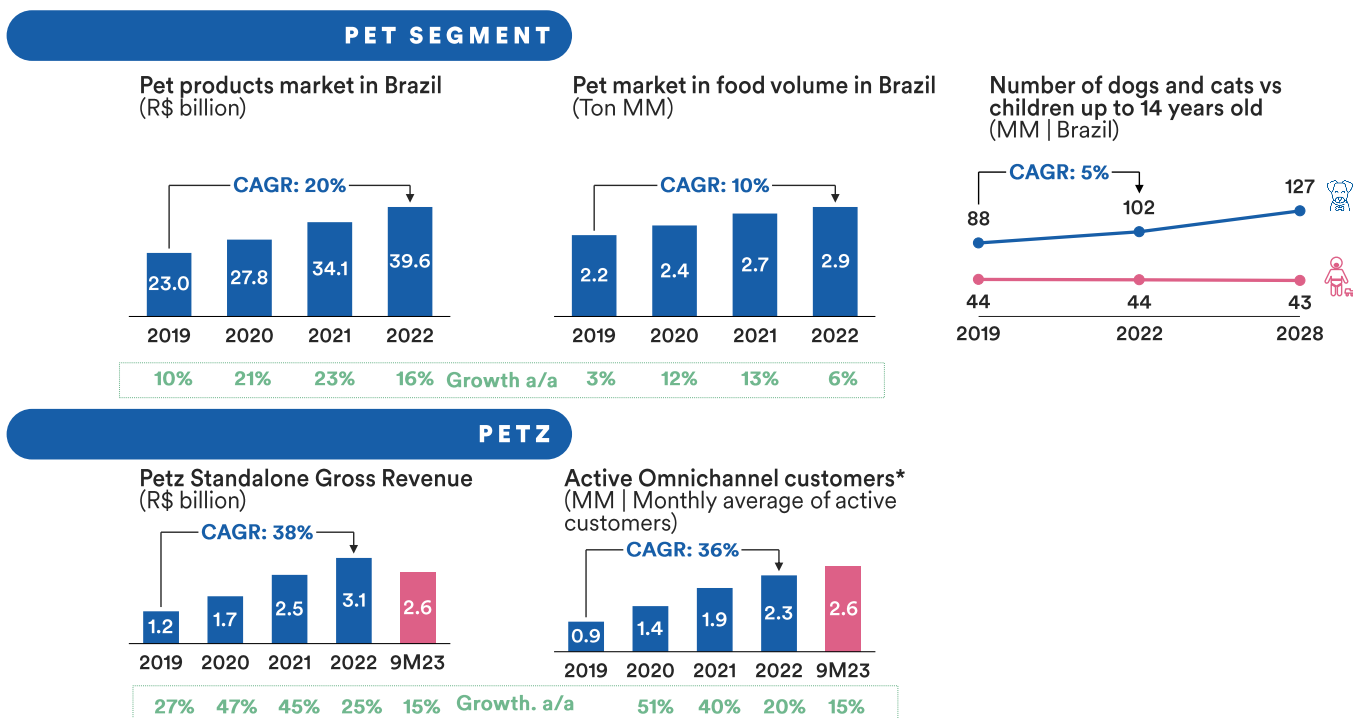
Although we did not present a financial result within our expectations, **3Q23 was a period of intense reflection** and highlighted the importance of evaluating strategies, priorities and adjusting action plans in a challenging business environment for all retail sectors.

In this scenario, our top management created a **strategic plan, with a special focus on 2024**. This process was premised on solid trends in the pet segment, such as:

- (i) Increase in **pet population**;
- (ii) **humanization of the pet**, being treated as a member of the family;
- (iii) level of **information** of pet owners; and
- (iv) **disposable income** of the population – the latter affected cyclically by the macroeconomic scenario.

<h3>Increase of pet population</h3> <p>It will continue to grow, due to:</p> <ul style="list-style-type: none"> Human population aging and the "empty nest" effect Couples deciding to have children later/not to have children Increased life expectancy of pets Trend of more than one pet per household 	<h3>Pet humanization</h3> <p>The act of having a pet as a member of the family will continue to grow:</p> <ul style="list-style-type: none"> Emotional relationship, not based solely on product attributes Young people today have seen their pet as a member of the family since they were born: this generation grew up accustomed to sharing intimate spaces with their pet 	<h3>Level of information of the pet owners</h3> <p>People are looking for more information about their pets and quality information is scarce:</p> <ul style="list-style-type: none"> Blog/text is no longer the most desired (and democratic) source: need to strengthen content channel, preferably through video Access to information increases spending levels 	<h3>Available income of the population</h3> <p>Current macroeconomic moment is of contraction:</p> <ul style="list-style-type: none"> Customer loyalty: importance of being well positioned when the situation improves

It is worth remembering that the pet segment has demonstrated its **resilience over the last few years**, growing at a CAGR of 20% between 2019-2022 in terms of product revenue and 10% in terms of food volume. In the same period, **Petz presented a CAGR of 38% in terms of gross revenue and 36% in number of customers.**



*clients that made a purchase in the last 6 months

Therefore, regarding 2024, we reevaluated our strategic pillars – growth, profitability and innovation – and established realistic and clear objectives, taking into account resource limitations in a scenario where capital costs are still high. In this sense, flexibility and adaptability are essential. Strategic planning in uncertain scenarios requires a mindset focused on solving problems and exploring emerging opportunities.

Regarding **growth**, we will focus our efforts on:

- (i) evaluation of the **Petz store expansion strategy**, in addition to the search for **greater efficiency in clustering and assortment** in units;
- (ii) **Zee.Dog franchises expansion**;
- (iii) feasibility studies for **cross-border alternatives**.

Regarding **profitability**, we will prioritize:

- (i) **operational efficiency** (especially in G&A) and increased productivity;
- (ii) **logistics optimization**;
- (iii) continued **synergies capture with the integrations** of acquired companies.

In relation to **innovation and differentiation**, we will prioritize:

- (i) **increase in the share of private label products**, highlighting the dry food project;
- (ii) **more intensive content generation through new formats**, such as video, given the lack of quality information and the fact that access to information is one of the drivers for customers to increase their level of spending with the pet;
- (iii) evolution of our **Benefits Club (Clubz)**, with the launch of **Petz Prime**.

Finally, we are convinced that Petz is in a privileged position, with a **solid cash position, low level of debt, immaterial exposure to tax incentives, as well as being a market leader in a very resilient segment**. Additionally, **our differentiated value proposition and the execution of the strategic agenda (brand refresh and continued focus on private labels)** will further consolidate our leadership in pet retail and prepare us for a promising future.

Sustainability

2023 was an important year for our ESG agenda. We carried out our first Greenhouse Gas (GHG) Inventory, participated in the CDP questionnaire for the first time, made progress in governance by starting the meetings of the Sustainability Committee and, as a highlight, we published our first Annual Report at the beginning of this week. This publication represents a significant step in the Company's history and reflects our commitment to transparent and responsible management of our business, people, and planet.

Report Highlights

Responsible business

Creation of an area 100% dedicated to **Information Security and Data Privacy**

Creation of more restrictive steps in **monitoring the private label supply chain**, in addition to the implementation of unannounced audits

Our people

Reformulation of the people and culture department and **structuring of new communication channels** and employee experience. Review of benefits and continuous monitoring of **work environment and engagement**.

Value generation for society

We support more than **130 NGOs**, carry out **23 social actions** in several states across the country and enable the donation of more than **R\$10 million** in 2022 to the animal cause through Adote Petz, the largest animal adoption and welfare program in the country

Operação sustentável

More than **800 tons** of recycled waste from our store, office and distribution center operations

Through the **upcycling** process, more than **400 million human diapers** discarded in the production process of large industries were reused and transformed into hygienic mats in the Petix operation.

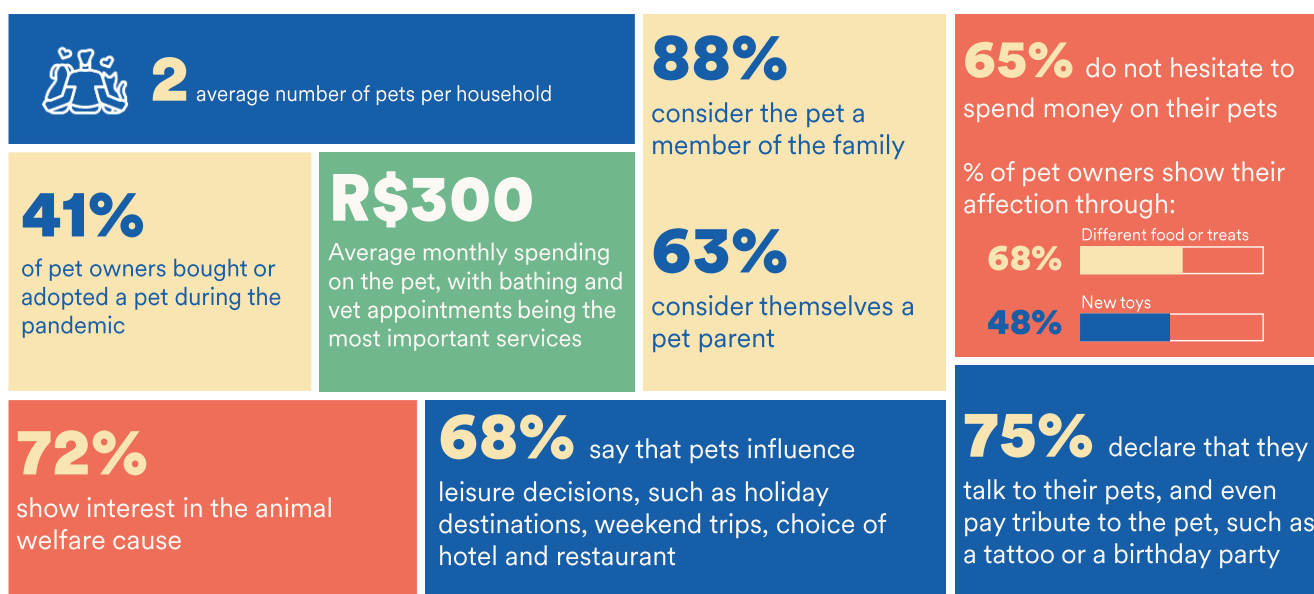
In addition to the report, it is worth highlighting that we recently started Zero Waste certification in our largest Distribution Center, located in Embu das Artes (SP). The certification, which is in progress, attests to our commitment to efficiently managing waste from our operations. For the next year, we intend to increase our operations further, adhering to commitments and publishing goals and action plans to reduce the impact of our operations.

Sergio Zimmerman

Petz brand refresh

A brand refresh is a strategic movement that involves updating a brand in a subtle way to keep it relevant and competitive in the market, without completely changing its visual identity or positioning. In our case, the refresh represents the Company's progress in consolidating its ecosystem of products and services, enhanced by recent acquisitions. This process was based both on the evolution of the owner-pet relationship and on opportunities for differentiation and innovation in the face of competition (specialized and non-specialized).

To deepen our knowledge regarding the change in family consumption habits and behavior given the advancement of the humanization of pets, we carried out a survey¹ with more than 750 people and confirmed in numbers what we already noticed in the daily lives of Brazilian families: the relationship of people with their pets is undergoing transformation, becoming more intimate, deeper and acquiring an unprecedented degree of complexity. **This is in fact a new generation of pet owners, which we are calling "Generation P".**






Taking into account this new generation of pet owners and seeking to become a **more relational and less transactional retailer**, in recent months we have implemented a brand turnaround in both the physical and digital channels, in addition to significant improvements in the integration of channels and the purchasing experience of our customer, through:

- **Visual identity and brand message:** brand modernization to adapt to the greater customer digitalization and slogan revision to make it more relevant to the current audience. Petz stops being “Your pet center” and evolves into “Everything your pet needs”.
- **Brand positioning:** we began to explore attributes focusing on the pet, pet owner and society, strengthening the emotional connection between pet and owner.
- **Marketing strategy:** we intensified Petz's communication as an ecosystem and not just a retailer, utilizing new advertising channels, content strategies, social media and influencers. We launched a national institutional campaign - including TV and out-of-home media - making the new generation P tangible. Additionally, we organized in-store events to stimulate the relationship between pet owners and strengthen the bond between the community and the brand, increasing engagement with the pet category.

¹ Survey conducted by IMO Insights in September/2023.

- Private label with exclusive products:** continuity of the private label strategy that had already been implemented since the beginning of the year. We have a wide range of exclusive products, at different price ranges in the different categories we offer, acting as a loyalty and recurrence tool for pet owners. A highlight is the launch in September of Cansei de Ser Gato cat litter - the brand's first recurring consumer product - which has shown results above expectations.
- Customer Experience:** seeking to build new experiences and consistency across all points of contact, in the physical or virtual world. The main products and services and curation of the Petz ecosystem were unified in a single application, making the journey more fluid and the customer's life easier. With a more modern design, in the new app customers can schedule veterinary medicine (Seres) and Bath & Grooming services, in addition to repurchasing, with just one click, their favorite and recently purchased items, stores and website. The new version features Clubz (the brand's new benefits club) and offers CashPetz (Petz cashback) in addition to discount coupons, exclusive offers and challenges. Furthermore, as of Aug/23, the new Petz stores have new architecture and visual communication and some old units will be undergoing modernization.

<p>Why a Brand Refresh</p> 	<p>Create competitive differences that generate greater customer loyalty and engagement, resulting in an increase in share of wallet and frequency</p>				
<p>How we execute</p> 	<p>Visual identity and brand message</p>	<p>Brand positioning</p>	<p>Marketing strategy</p>	<p>Private label with exclusive products</p>	<p>Customer experience</p>
<p>What we deliver</p> 	<ul style="list-style-type: none"> Adequacy of the brand to the greater digitalization of customers Slogan review 	<ul style="list-style-type: none"> Exploration of attributes focusing on the pet, owners and society Strengthening the emotional connection between pet-owner 	<ul style="list-style-type: none"> Communication beyond retail (ecosystem) Institutional TV and out-of-home campaign Use of new advertising channels 	<ul style="list-style-type: none"> Continuity of the private label strategy implemented since the beginning of the year 	<ul style="list-style-type: none"> New App: products and services unified in a single app New store experience

Finally, we reinforce that this strategic movement - through the intense integration of products, services, and content to strengthen Petz Group synergy - aims to **create competitive differences that generate greater customer loyalty and engagement**, resulting in **increased share of wallet and frequency**. The brand change is an important event in our history and symbolizes the Company we have become. We will continue to honor our legacy, building the Petz of the future.

Results Summary 3Q23

Petz Group

We ended 3Q23 with Petz Group Gross Revenue of **R\$945.1 million**, a **growth of 6.8% y/y**, highlighting the **Petz Standalone Products revenue (+10.0% y/y)**.

Petz Group Gross Profit totaled R\$361.3 million in 3Q23 (+1.6% y/y), representing a gross margin of 38.2% (-2.0 p.p. y/y). This result, compared to the same previous period, mainly reflects the margin pressure presented by Petz Standalone (-3.0 p.p. y/a). Petz Group Adjusted EBITDA was R\$65.4 million in 3Q23 (-9.4% y/y), representing 6.9% of Total Gross Revenue (-1.2 p.p. y/y). Petz Group Adjusted Net Profit in 3Q23 totaled R\$14.7 million, a reduction of 52.0% y/y, reflecting (i) growth in Depreciation & Amortization - due to the high number of stores opened and investments in technology made recently ; (ii) lower Financial Result in 3Q23 vs. 3Q22 – due to higher leverage; and (iii) still negative effect of the acquisitions consolidation.

Petz Standalone

Petz Standalone Gross Revenue **grew 9.0% y/y in 3Q23**, explained by another **robust performance from Digital** - which totaled revenues of R\$342.4 million in the quarter, **+19.6% y/y** - performance already under a strong basis of comparison in 3Q22 (+44.0% y/y). Therefore, Digital represented 39.5% of the Company's revenue in 3Q23, a record level and an **increase of 3.5 p.p. y/y and 3.7 p.p. q/q**.

Petz Standalone gross margin was 38.1% in 3Q23, a pressure of 3.0 p.p. y/y, mainly explained: (i) the relevant increase in Digital Penetration y/y, in addition to the greater investment in competitiveness in the channel; (ii) more aggressive commercial actions in the food category in September; (iii) PIS/COFINS tax changes; and (iv) a high comparison base in 3Q22 (41.0%).

Petz Standalone Adjusted EBITDA totaled R\$63.7 million (-14.0% y/y). The Adjusted EBITDA margin in the period was **7.3%, a pressure of 2.0 p.p. vs. 3Q22**, reflecting (i) gross margin pressure; (ii) increase in Digital Penetration; and (iii) effect of the maturation curve of the new units. These movements were partially offset by efficiency initiatives in SG&A Expenses and in Other Operating Expenses (pre-operational related to store expansion).

Acquisitions

In 3Q23, Gross Revenue from Acquisitions was R\$97.2 million (-3.7% y/y). **Zee.Dog's Gross Revenue in 3Q23 totaled R\$54.7 million (-3.2% y/y)**, reflecting the below-expected performance of the International vertical, due to the macroeconomic environment of global inflation (especially affecting discretionary items). On the other hand, Zee.Dog Kitchen (ZDK) continues to grow in line with expectations, reaching significant sales levels within Petz and Zee.Dog channels. **In 3Q23, Petix's Gross Revenue was R\$42.5 million (-4.3% y/y)**, a reflection of Petix's commercial policy, which since April 2023 aims to create differences through an exclusive assortment and personalized discounts for customers within proprietary channels and pricing adjustment in B2B channels.

Acquisitions EBITDA was +R\$1.7 million in 2Q23 - an improvement compared to -R\$1.9 million in 3Q22 and R\$ -1.3 million in 2Q23 - which reflects the capture of synergies from the integration of acquired companies with Petz. During the period, these positive effects partially offset (i) **Zee.Dog Kitchen's ramp-up curve**; and (ii) **Zee.Dog International's operational deleveraging and greater participation of maturing business units and/or different profitability profiles (Zee.Now and Zee.Dog Kitchen)**.

Petz Group Income Statement

Petz Group	3Q23	3Q22	Change	9M23	9M22	Change
R\$ thousands, unless otherwise stated						
Gross Revenue from Products and Services	945,073	884,647	6.8%	2,802,786	2,432,025	15.2%
Taxes and other Deductions	(150,950)	(144,745)	4.3%	(450,134)	(385,512)	16.8%
Net Revenue from Products and Services	794,123	739,902	7.3%	2,352,652	2,046,513	15.0%
Cost of Goods Sold and Services Rendered	(432,845)	(384,188)	12.7%	(1,252,928)	(1,059,402)	18.3%
Gross Profit	361,278	355,714	1.6%	1,099,724	987,111	11.4%
Operating Revenue (Expenses)	(295,846)	(283,489)	4.4%	(899,382)	(796,829)	12.9%
Selling	(217,384)	(205,219)	5.9%	(649,467)	(574,700)	13.0%
General & Administrative	(73,366)	(71,379)	2.8%	(237,557)	(203,461)	16.8%
Other Operating Income (expenses), net	(5,096)	(6,891)	(26.0%)	(12,358)	(18,668)	(33.8%)
Adjusted EBITDA	65,432	72,225	(9.4%)	200,342	190,282	5.3%
Non-Recurring Results ²	451	(5,865)	(107.7%)	(8,457)	(9,436)	(10.4%)
Stock Option Plan ³	(4,598)	(8,062)	(43.0%)	(10,010)	(23,749)	(57.9%)
Write-off of Fixed Assets	(2)	(234)	(99.1%)	(15)	(235)	(93.6%)
Depreciation & Amortization	(41,038)	(32,471)	26.4%	(121,982)	(89,783)	35.9%
Operating Profit before Financial Income	20,245	25,593	(20.9%)	59,878	67,079	(10.7%)
Financial Results	(8,777)	(644)	1262.9%	(11,547)	9,295	(224.2%)
Financial Income	19,467	11,304	72.2%	58,591	40,049	46.3%
Financial Expenses	(28,244)	(11,948)	136.4%	(70,138)	(30,754)	128.1%
Earnings before Income Tax and Social Contribution	11,468	24,949	(54.0%)	48,331	76,374	(36.7%)
Income Tax and Social Contribution	(4,699)	(7,756)	(39.4%)	(17,499)	(24,825)	(29.5%)
SOP, M&A, Non-Recurring and tax effects	7,947	13,478	(41.0%)	27,626	33,002	(16.3%)
Adjusted Net Income	14,716	30,671	(52.0%)	58,457	84,551	(30.9%)
EBITDA	61,283	58,064	5.5%	181,860	156,862	15.9%
Adjusted EBITDA IFRS 16⁴	119,926	120,325	(0.3%)	361,425	326,640	10.6%

Petz Standalone Income Statement

Petz Standalone	3Q23	3Q22	Change	9M23	9M22	Change
R\$ thousands, unless otherwise stated						
Gross Revenue from Products and Services	867,696	796,061	9.0%	2,573,667	2,238,012	15.0%
Taxes and other Deductions	(131,116)	(123,064)	6.5%	(388,930)	(345,783)	12.5%
Net Revenue from Products and Services	736,580	672,997	9.4%	2,184,737	1,892,229	15.5%
Cost of Goods Sold and Services Rendered	(406,287)	(346,301)	17.3%	(1,171,115)	(981,620)	19.3%
Gross Profit	330,293	326,696	1.1%	1,013,622	910,609	11.3%
Operating Revenue (Expenses)	(266,551)	(252,615)	5.5%	(808,521)	(712,640)	13.5%
Adjusted EBITDA	63,742	74,081	(14.0%)	205,101	197,969	3.6%

Petz Store Network and Seres Veterinary Centers

² More information on page 19.

³ Non-cash effect and accounted for from the moment the grants are distributed, taking into account the vesting period of each option. In this sense, it is worth mentioning that most of these expenses refer to the second stock option plan approved at the time of the IPO, and calculated based on the share price in July/August 2021 (~R\$ 23/share).

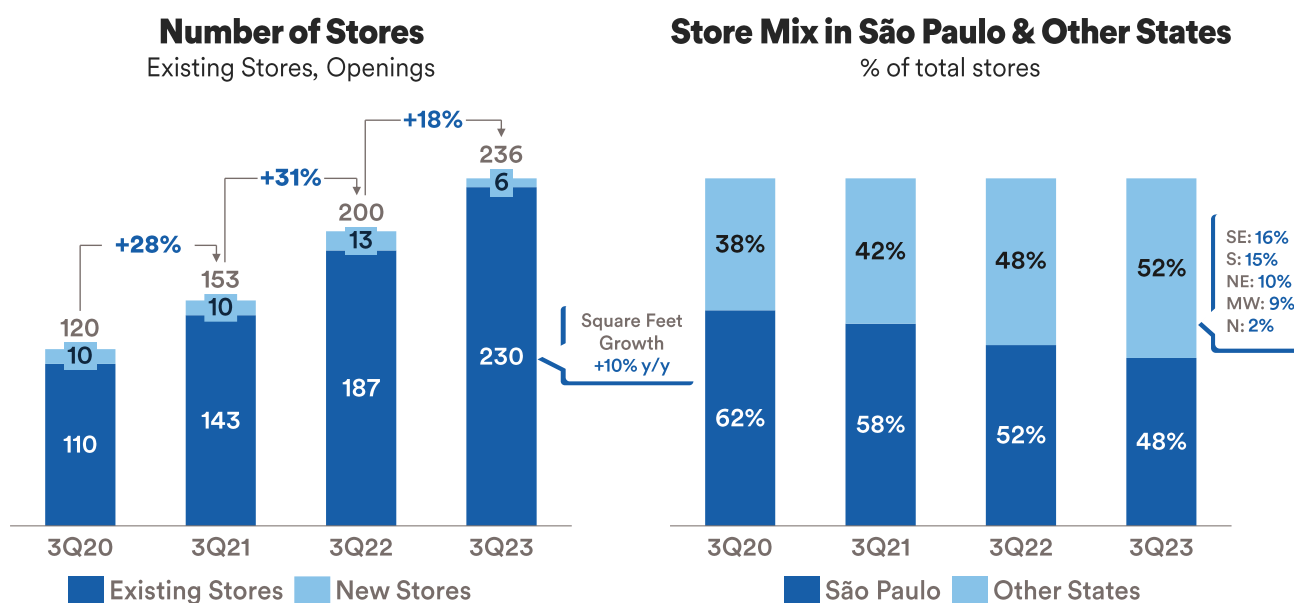
⁴ More information on the Appendix II on page 26.

Throughout 3Q23, we opened 6 stores, 4 outside the State of São Paulo and 1 in a new city: Ipatinga-MG. We ended the quarter with **52% of units located outside of São Paulo**, the highest level ever recorded (vs. 48% in 3Q22).

In the last 12 months, we reached 38 openings in 16 different states. In this context, we remain on track in relation to our **guidance of opening 30-40 stores in 2023**. We ended 3Q23 with 236 stores⁵ in 23 states in the 5 regions of Brazil, strengthening our leadership position as the country's largest Pet ecosystem not only in terms of revenue, but also in number of units and geographic coverage.

We highlight that around **50% of the stores still need to complete their third year of operation (with 17% still in their first year)**, which means they have not yet reached their full expected revenue and profitability potential.

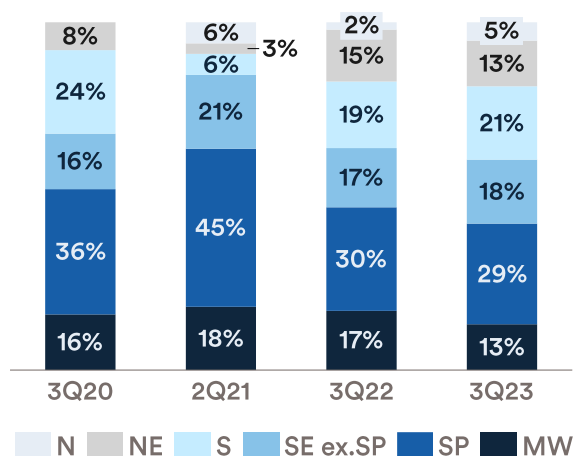
Finally, about "Seres" brand, we ended the period with 127 Veterinary Centers, 15 of which were hospitals - present in 11 states. It is worth mentioning that some veterinary and grooming service units were temporarily deactivated in 1Q23, due to studies to resize the Group's service network in search of better profitability levels, which have already been verified.



⁵ Considering the closure of Extra Barra da Tijuca unit in 3Q23, in Rio de Janeiro-RJ, due to the closing of the anchor store in the commercial complex. It is important to highlight that customers are being served, with an expanded radius, by the Barra Américas and Abelardo Bueno stores in the Barra da Tijuca and Jacarepaguá regions, respectively. In addition, it also considers the closure of the Ayrton Senna unit, Rio de Janeiro-RJ (further explanations in the 1Q23 Earnings Release).

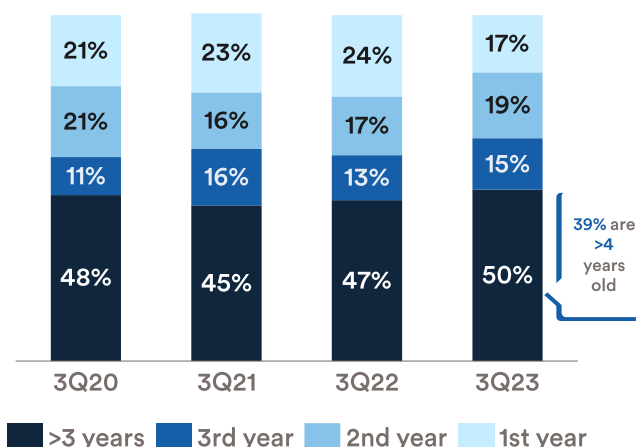
Mix of Stores Opening by Region

% of total stores opening LTM



Distribution by Age

% of total stores



Total Gross Revenue

R\$ thousands, unless otherwise stated	3Q23	3Q22	Change	9M23	9M22	Change
Gross Revenue Petz Standalone⁶	867,696	796,061	9.0%	2,573,667	2,238,012	15.0%
Products	835,893	760,162	10.0%	2,475,371	2,136,397	15.9%
Physical Stores	493,452	473,853	4.1%	1,520,486	1,387,207	9.6%
Digital	342,440	286,309	19.6%	954,884	749,190	27.5%
Services & Others	31,803	35,899	(11.4%)	98,296	101,615	(3.3%)
Gross Revenue from Acquisitions⁷	97,213	100,902	(3.7%)	283,102	215,462	31.4%
Intercompany ⁸	(19,836)	(12,316)	-	(53,983)	(21,449)	-
Gross Revenue Petz Group	945,073	884,647	6.8%	2,802,786	2,432,025	15.2%

The Petz Group Gross Revenue includes sales (i) of **Petz Standalone**: products and services carried out in the Petz physical store network, and also sales of products in the Petz digital channels, which consider Omnichannel sales (Pick-up and Ship from Store) and E-commerce (sales shipped directly to the customer from the distribution center); (ii) **from Zee.Dog**: sales of exclusive and third-party products on the Zee.Now App, exclusive products on Zee.Dog Brasil (B2B, physical retail and E-Commerce), on Zee.Dog International (B2B and E-Commerce), in addition to Zee.Dog Kitchen, a natural pet food line by Zee.Dog (E-Commerce and physical retail); and (iii) **Petix**: sales of exclusive products in Brazil (B2B) and International (B2B and E-Commerce).

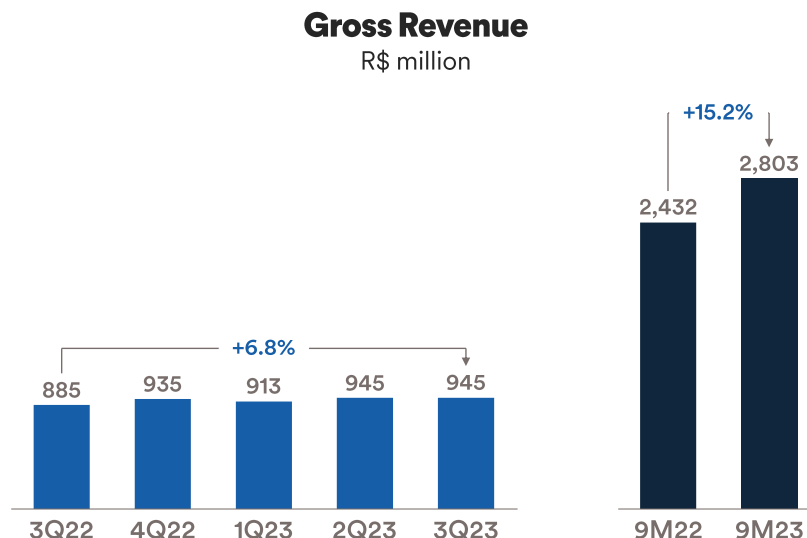
⁶ Includes revenues from Cansei de Ser Gato and Cão Cidadão.

⁷ Includes Zee.Dog's revenue as of January 2022 and Petix as of July 2022.

⁸ Effect of sales of Petix and Zee.Dog products made from this to Petz, to supply Petz's physical stores and digital channels.

Petz Group Gross Revenue

In 3Q23, Petz Group Gross Revenue was R\$945.1 million, an increase of +6.8% y/y, highlighting the (i) performance of Petz Standalone Products (+10.0% y/y). We ended 9M23 with Petz Group's Gross Revenue of R\$2,802.8 million, a growth of +15.2% y/y.



Petz Standalone Gross Revenue

In 3Q23, Petz Standalone Gross Revenue was R\$867.7 million, a growth of 9.0% y/y, vs. a solid comparison basis of +24.1% y/y in 3Q22. Petz Standalone sales in 3Q23 were driven by the product segment (+10.0% y/y), also highlighting the Digital revenues, which totaled R\$342.4 million, a growth of 19.6% y/y. Thus, Digital Penetration over Gross Revenue reached a record level of 39.5%, +3.5 p.p. y/y and +3.7 p.p. vs. 2Q23 - this result is explained in the Petz Standalone Digital Performance section on page 15.

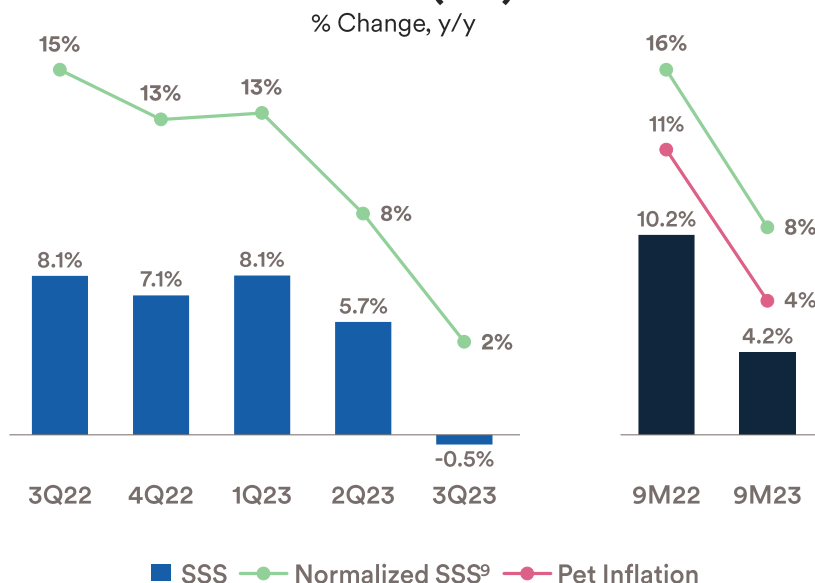
On the other hand, the Services and Others segment decreased 11.4% y/y, mainly reflecting strategic changes in the services vertical, in addition to the temporary closure of veterinary clinic units and bath and grooming centers throughout 1Q23 as a result of network resizing studies. In this sense, it is worth reinforcing our strategic focus on revitalizing services, through optimizing installed capacity and costs controlling, launching the health plan and studying the feasibility of new models/partnerships.

We ended 9M23 with Petz Standalone Gross Revenue of R\$2,573.7 million, an increase of 15.0% y/y – vs. a solid comparison base of +25.9% in 9M22.

Petz Standalone Same-Store-Sales (SSS)

Same-Store-Sales Petz Standalone presented a performance of -0.5% y/y in 3Q23 (vs. +8.1% in 3Q22) as a result of (i) challenging macroeconomic scenario in retail and in Brazil, with slower-than-expected resumption of consumption of discretionary items; (ii) cooling of internal inflation in the Pet segment; (iii) reduction in revenue from Services; and (iv) accelerated pace of expansion, which reflects the normalization effect of the stores' maturation curve. In 9M23, SSS was 4.2% (vs. +10.2% in 9M22) for the reasons mentioned above.

Same-Store-Sales (SSS) Growth



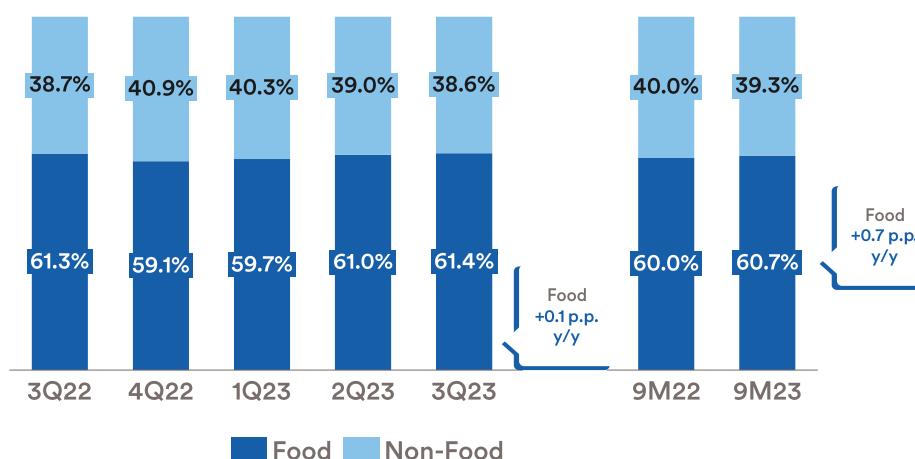
Petz Standalone Product Gross Revenue

Gross Revenue from Petz Standalone Products grew 10.0% y/y, highlighting the **Food category (+10.3% y/y)**, which represented **61.4% of Petz Standalone product sales in 3Q23 (+0.1 p.p. y/y)**. The maintenance of Food at high levels mainly reflects: (i) the **scenario of inflationary pressure**, negatively impacting the consumption of discretionary items; and (ii) the **greater penetration of Digital in the Company's sales, which structurally has a greater share of Food**.

In 9M23, Gross Revenue from Petz Standalone Products totaled R\$2,475.4 million, an increase of 15.9% y/y. In this context, the Food category represented 60.7% of Petz Standalone Products sales in the period, an increase of 0.7 p.p. y/y.

Gross Revenue from Products

% by category



⁹ Excluding stores impacted by the opening of new Petz units in areas of influence and/or in the same city.

Petz Standalone Digital Performance

Petz Standalone Digital totaled R\$342.4 million in 3Q23, a growth of 19.6% y/y, a performance already based on a strong basis of comparison in 3Q22 (+44.0% y/y). Thus, Digital Penetration reached 39.5% of Petz Standalone Gross Revenue, a record level and an increase of 3.5 p.p. y/y and +3.7 p.p. q/q.

As mentioned in the last earnings call, it is important to highlight that this more pronounced increase y/y reflects the changes implemented in commercial conditions to improve the channel's competitiveness. In this context, it is worth highlighting that in addition to eliminating the service fee for Pick-up throughout Brazil, we once again applied discounts for customers to pick up products in store.

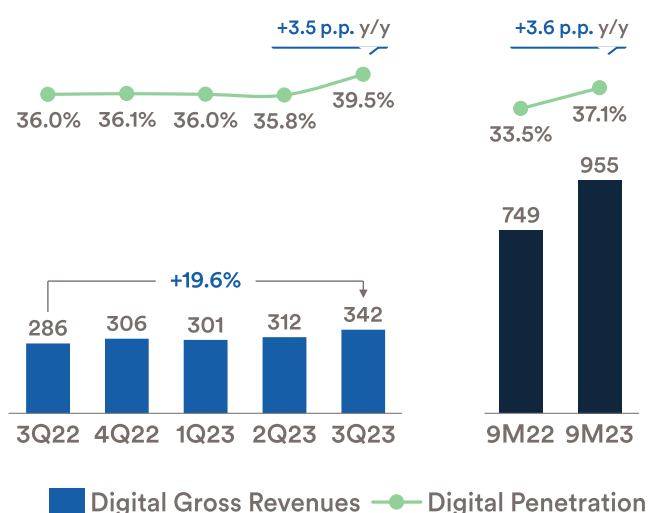
We emphasize that these movements are recent and, therefore, require a longer analysis period of customer purchasing behavior to have a more structural and quantitative view of the competitiveness levers. We will continue to pay attention to the most diverse KPIs and dynamics of the competitive scenario to adjust these commercial conditions in an agile and segmented way.

Overall, the performance of Petz Standalone Digital reflects (i) Omnichannel strategy (sales made through Pick-up and Ship from Store), reaching an Omnichannel Index of 90.1% (vs. 89.8% in 3Q22), a reference level in Brazilian and global retail; (ii) excellence and consistency in service level, given that 95% of sales made through the Ship from Store modality are delivered within 1 business day (86% of all Digital orders); (iii) improvements in customer navigability and shopping experience, especially with the launch of the Super App; (iv) a vast and complete assortment; (v) efficient management of product breakage rates; and (vi) competitive commercial conditions, such as the Subscription Program, which already has 390 thousand subscribers (+12% y/y).

In 9M23, Petz Standalone had Digital revenues of R\$954.9 million (+27.5% y/y), representing a Digital penetration of 37.1% of total revenue (+3.6 p.p. y/y).

Digital Gross Revenue and Digital Penetration

R\$ million, % Petz Standalone Gross Revenue



~2.6 MM
Omnichannel active clients at Petz (+12% y/y), with an average spending +60% vs. physical channel

~390 K
Subscribers (+12% y/y), representing 28% of the Gross Revenue in September/23

Historical minimum churn
Subscriber churn reaching lowest level in September/23 (-1.5 p.p. y/y)

Gross Revenue from Acquisitions

In 3Q23, Gross Revenue from Acquisitions was R\$97.2 million (-3.7% y/y).

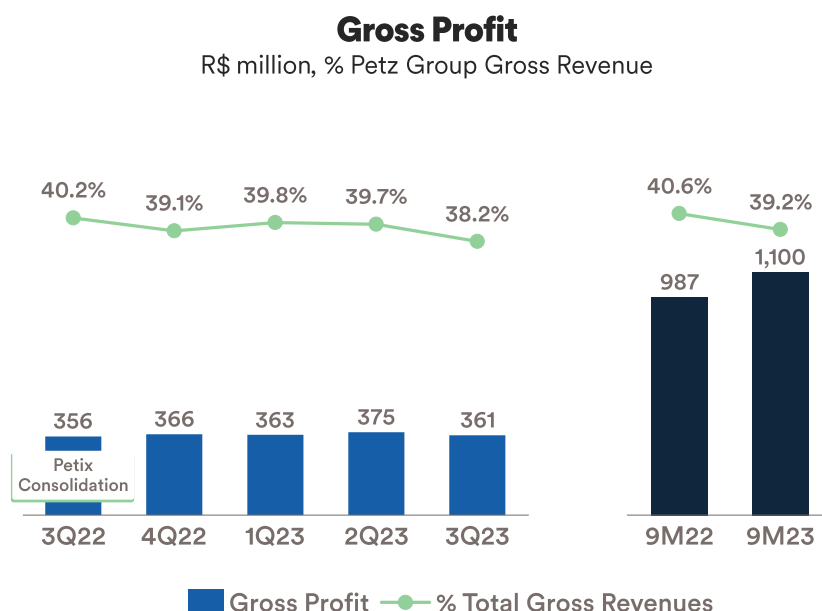
Zee.Dog's Gross Revenue in 3Q23 totaled R\$54.7 million (-3.2% y/y), reflecting the below-expected performance of the International vertical, as a result of the macroeconomic environment of global inflation (especially affecting discretionary items). On the other hand, Zee.Dog Brazil has shown improvement and Zee.Dog Kitchen (ZDK) continues to grow in line with expectations, reaching healthy sales levels within Petz and Zee.Dog channels.

In 3Q23, Petix's Gross Revenue was R\$42.5 million (-4.3% y/y), reflecting the new commercial strategy implemented since April, which aims to (i) create differentiators through exclusive assortment and personalized discounts for our customers within proprietary channels and (ii) pricing adjustment in B2B channels.

Petz Group Gross Profit

Petz Group Gross Profit totaled R\$361.3 million in 3Q23 (+1.6% y/y), representing a gross margin of 38.2%, -2.0 p.p. y/y. This result mainly reflects Petz Standalone performance, as explained below. In 9M23, Petz Group Gross Profit totaled R\$1,099.7 million (+11.4% y/y), representing a gross margin of 39.2% (-1.4 p.p. y/y).

Petz Standalone gross margin was 38.1% in 3Q23, a pressure of 3.0 p.p. y/y, mainly explained: (i) relevant increase in Digital Penetration y/y, in addition to the greater investment in competitiveness in the channel; (ii) more aggressive commercial actions in the food category in September; (iii) PIS/COFINS tax changes; and (iv) high comparison base in 3Q22 (41.0%). In 9M23, Petz Standalone Gross Profit was R\$1,013.6 million (+11.3% y/y), representing a gross margin of 39.4%, a reduction of 1.3 p.p. y/y, given the abovementioned factors.



Petz Group Operating Expenses

Petz Group R\$ thousands, unless otherwise stated	3Q23	3Q22	Change	9M23	9M22	Change
Selling, General and Administrative Expenses (SG&A)	290,750	276,598	5.1%	887,024	778,161	14.0%
% Total Gross Revenue	30.8%	31.3%	(0.5 p.p.)	31.6%	32.0%	(0.3 p.p.)
Selling Expenses	217,384	205,219	5.9%	649,467	574,700	13.0%
% Total Gross Revenue	23.0%	23.2%	(0.2 p.p.)	23.2%	23.6%	(0.5 p.p.)
General & Administrative Expenses	73,366	71,379	2.8%	237,557	203,461	16.8%
% Total Gross Revenue	7.8%	8.1%	(0.3 p.p.)	8.5%	8.4%	0.1 p.p.
Others Operating Expenses	5,096	6,891	(26.0%)	12,358	18,668	(33.8%)
% Total Gross Revenue	0.5%	0.8%	(0.2 p.p.)	0.4%	0.8%	(0.3 p.p.)
Total Operating Expenses	295,846	283,489	4.4%	899,382	796,829	12.9%
% Total Gross Revenue	31.3%	32.0%	(0.7 p.p.)	32.1%	32.8%	(0.7 p.p.)

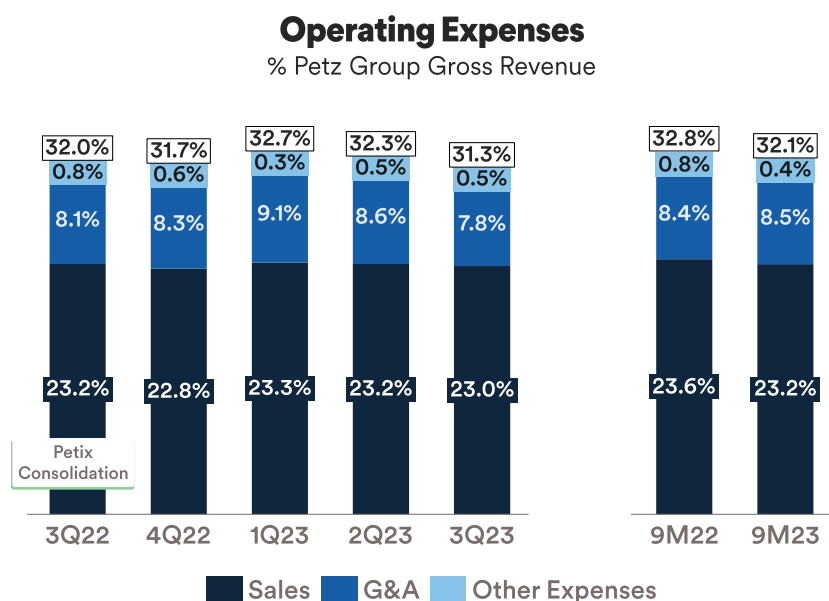
Petz Group Operating Expenses totaled R\$295.8 million in 3Q23 (+4.4% y/y), representing a level of 31.3% of the Petz Group Gross Revenue (-0.7 p.p. y/y), reflection of efficiency gains in Sales, General & Administrative Expenses of Petz Standalone and in the Other Operating Expenses line (pre-operational).

Petz Group Selling Expenses were R\$217.4 million in 3Q23, +5.9% y/y, representing 23.0% of Gross Revenue (-0.2 p.p. y/y). This performance reflects **efficiency gains at Petz Standalone** in the lines of (i) **Digital variable expenses**, specially in performance marketing and freight (last mile); (ii) **store staff**; and (iii) **consumption**, especially in store supplies. These effects more than offset pressures related to **the store opening process and maturation effect of the existing network**, considering that the store takes, on average, 6 months to reach breakeven.

Petz Group General & Administrative Expenses (G&A) totaled R\$73.4 million in 3Q23, +2.8% y/y, representing 7.8% of Petz Group Gross Revenue (-0.3 p.p. y/y). This performance mainly reflects (i) storage efficiencies; and (ii) capturing synergies with the integrations.

In 3Q23, **Other Operating Expenses** totaled R\$5.1 million (-26.0% y/y), representing 0.5% of total revenue (-0.2 p.p. y/y), reflecting the slower pace of stores openings in 2023 and greater efficiency in pre-operational expenses.

In 9M23, **Operating Expenses** totaled R\$899.4 million, a growth of 12.9% y/y, representing 32.1% of total revenue (-0.7 p.p. y/y), reflecting the abovementioned factors.



Petz Group Adjusted EBITDA (pre IFRS 16)

Petz Group R\$ thousands, unless otherwise stated	3Q23	3Q22	Change	9M23	9M22	Change
Adjusted Net Income	14,716	30,671	(52.0%)	58,457	84,551	(30.9%)
(+) Stock Option Plan (SOP) ¹⁰	(4,598)	(8,062)	(43.0%)	(10,010)	(23,749)	(57.9%)
(+) Non-Recurring Effects Adjusted on EBITDA	451	(5,865)	n/a	(8,457)	(9,436)	(10.4%)
(+) Interest in accounts payable to selling shareholders	(3,260)	(2,552)	27.7%	(9,346)	(7,321)	27.7%
(+) Tax effects	(540)	3,001	n/a	187	7,504	(97.5%)
Net Income	6,769	17,193	(60.6%)	30,832	51,549	(40.2%)
(-) Income Tax & Social Contribution	4,699	7,756	(39.4%)	17,499	24,825	(29.5%)
(-) Depreciation & Amortization	41,038	32,471	26.4%	121,982	89,783	35.9%
(-) Financial Results	8,777	644	1262.9%	11,547	(9,295)	n/a
EBITDA	61,283	58,064	5.5%	181,860	156,862	15.9%
(-) Stock Option Plan (SOP) ¹⁰	4,598	8,062	(43.0%)	10,010	23,749	(57.9%)
(-) Write-off of PP&E	2	234	(99.1%)	15	235	(93.6%)
(-) Non-recurring results	(451)	5,865	n/a	8,457	9,436	(10.4%)
(-) Non-recurring income	(3,743)	-	n/a	(3,743)	-	n/a
(-) Non-recurring expenses	3,292	5,865	(43.9%)	12,200	9,436	29.3%
Adjusted EBITDA	65,432	72,225	(9.4%)	200,342	190,282	5.3%
<i>Adjusted EBITDA / Total Gross Revenues</i>	<i>6.9%</i>	<i>8.2%</i>	<i>(1.2 p.p)</i>	<i>7.1%</i>	<i>7.8%</i>	<i>(0.7 p.p)</i>
Adjusted EBITDA IFRS 16	119,926	120,325	(0.3%)	361,425	326,640	10.6%

Petz Group Adjusted EBITDA was R\$65.4 million in 3Q23 (-9.4% y/y), representing 6.9% of Total Gross Revenue (-1.2 p.p. y/y), explained below. Petz Standalone Adjusted EBITDA totaled R\$63.7 million in 3Q23, a reduction of 14.0% y/y. The Adjusted EBITDA margin in the quarter was 7.3%, -2.0 p.p. vs. 3Q22, reflecting (i) gross margin pressure; (ii) increase in Digital Penetration; and (iii) effect of the maturation curve of the new units. These movements were partially offset by efficiency initiatives in SG&A Expenses and in Other Operating Expenses lines.

4-Wall EBITDA (Stores)

% Petz Standalone Gross Revenue

Cohorts	#Stores	4-Wall EBITDA (3Q23 LTM)
Until 2018	80	18.1%
2019	26	17.7%
2020	28	17.0%
2021	37	15.3%
2022	50	9.5%
2023	20	7.5%

4-Wall EBITDA
+
**Corporate,
pre-operating and
storage expenses**
=
**Petz Standalone
EBITDA**

¹⁰ Non-cash effect and accounted for from the moment the grants are distributed, taking into account the vesting period of each option. In this sense, it is worth mentioning that most of these expenses refer to the second stock option plan approved at the time of the IPO, and calculated based on the share price in July/August 2021 (~R\$ 23/share).

EBITDA Acquisitions was R\$1.7 million in 3Q23 (an improvement compared to -R\$1.9 million in 3Q22 and R\$ -1.3 million in 2Q23), reflecting the capture of synergies from the integration acquired companies with Petz. During the period, these positive effects partially offset (i) Zee.Dog Kitchen's (ZDK) ramp-up curve; and (ii) operational deleveraging of Zee.Dog International and greater participation of maturing business units and/or different profitability profiles (Zee.Now and Zee.Dog Kitchen).

It is worth mentioning that, in recent months, we have implemented strategic changes at Zee.Dog, with a particular focus on the International and ZDK verticals. Within this context, we restructured the approach of the operation, making it more asset light (lower fixed expenses and lower inventory risk). Finally, we have ongoing initiatives to make the ZDK factory profitable to be implemented throughout 1H24.

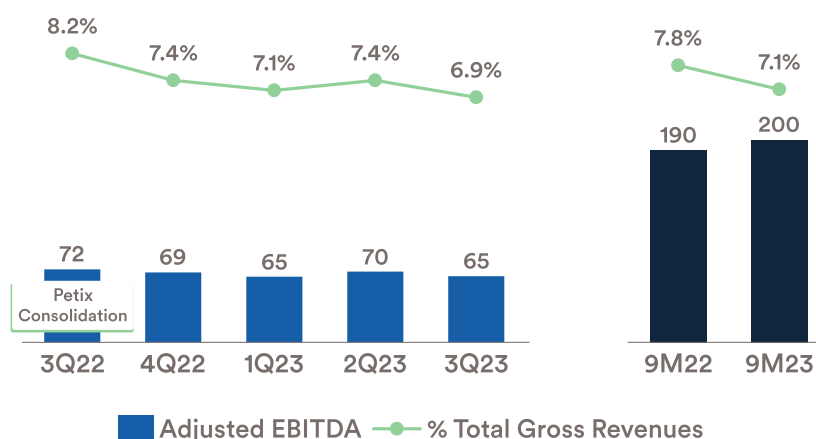
R\$ thousands, unless otherwise stated	3Q23			3Q22		
	Petz Group ¹¹	Petz "Standalone"	Acquisitions ¹²	Petz Group ¹¹	Petz "Standalone"	Acquisitions ¹²
Total Gross Revenue	945.073	867.696	97.213	884.647	796.061	100.902
Adjusted EBITDA	65.432	63.742	1.690	72.225	74.081	(1.856)
<i>Adjusted EBITDA / Total Gross Revenues</i>	6,9%	7,3%	1,7%	8,2%	9,3%	(1,8%)

R\$ thousands, unless otherwise stated	9M23			9M22		
	Petz Group ¹¹	Petz "Standalone"	Acquisitions ¹²	Petz Group ¹¹	Petz "Standalone"	Acquisitions ¹²
Total Gross Revenue	2.802.786	2.573.667	283.102	2.432.025	2.238.012	215.462
Adjusted EBITDA	200.342	205.101	(4.759)	190.282	197.969	(7.687)
<i>Adjusted EBITDA / Total Gross Revenues</i>	7,1%	8,0%	(1,7%)	7,8%	8,8%	(3,6%)

In 3Q23, Petz Group Non-Recurring Result, which represented revenue of R\$0.5 million, mainly explained by the compensation received due to the closure of the Extra Barra da Tijuca unit. On the other hand, it is worth noting that the Non-Recurring line includes the recognition (non-cash) of the earnout portion of the Zee.Dog transaction of R\$1.5 million.

Adjusted EBITDA

R\$ million, % Petz Group Gross Revenue



¹¹ Considers the effect of Intercompany Eliminations in the amount of R\$19.8 million (details on page 12).

¹² Includes Zee.Dog's revenue as of January 2022 and Petix as of July 2022.

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

Depreciation & Amortization expenses in 3Q23 totaled R\$41.0 million, which represents a growth of 26.4% y/y. **The evolution is explained by the relevant investments made by the Company in recent years**, mainly (i) in the expansion of the Petz store network, most of whose units still have less than three years of operation; (ii) in the Digital channel, to improve our customers’ navigability and purchasing experience (UX) and seek more efficiency in sales conversion; and (iii) strengthening/modernizing the IT infrastructure, ensuring scalability and robustness of the business.

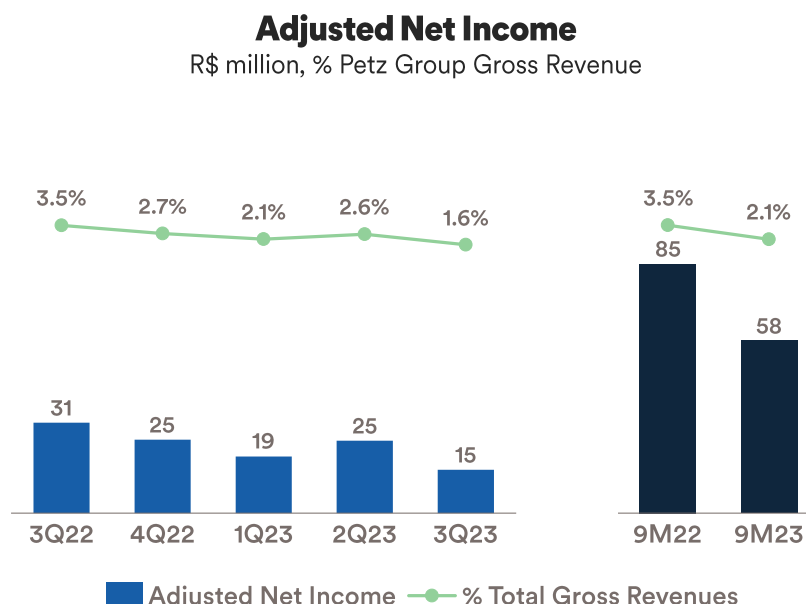
The Financial Result in 3Q23 represented an expense of R\$8.8 million vs. an expense of R\$0.6 million recorded in 3Q22, explained by higher financial expenses related to the entry of two long-term financing during 1H23. It is worth noting that financial expenses also included R\$3.3 million related to the correction of amounts to be paid in the future to shareholders of the acquired companies.

Income Tax and Social Contribution expenses totaled R\$4.7 million in 3Q23 vs. R\$7.8 million in the same period of the previous year. Considering the effects detailed in the following section, **the effective rate was 22.0% in 3Q23 (vs. 26.0% in 3Q22)**.

Adjusted Net Income

Petz Group Adjusted Net Profit in 3Q23 totaled R\$14.7 million, a reduction of 52.0% y/y, reflecting the (i) **growth in Depreciation & Amortization**; (ii) **lower Financial Result** in 3Q23 vs. 3Q22; and (iii) negative effect of **consolidation of acquisitions** - as explained in the previous sections.

The adjustments made to Net Income were the exclusion of: (i) financial expenses/interest on amounts to be paid in the future to shareholders of acquired companies (non-cash); (ii) Stock Option plan line (non-cash) and currently “out of the money”; and (iii) non-recurring expenses, already explained in the Adjusted EBITDA section. It is important to mention that to calculate these adjustments, the exclusion of the effects on IR/CS is carried out considering the rate of 34%. The effective IR/CS rate also considers the effect of 34% on the EBT of subsidiaries.



Adjusted Cash Flow¹³

Petz Group R\$ thousands, unless otherwise stated	3Q23	3Q22	Var.	9M23	9M22	Var.
Adjusted EBITDA	65,432	72,225	(9.4%)	200,342	190,282	5.3%
Non-recurring Result	451	(5,865)	n/a	(8,457)	(9,436)	(10.4%)
Income Tax (34% x EBIT)	(6,883)	(8,702)	(20.9%)	(20,358)	(22,807)	(10.7%)
Assets	59,000	57,658	2.3%	171,526	158,039	8.5%
Accounts Receivables	(12,743)	(21,642)	(41.1%)	(25,453)	(59,878)	(57.5%)
Inventory	(8,369)	(17,032)	(50.9%)	28,268	(74,228)	n/a
Suppliers	36,351	9,645	276.9%	(13,812)	(27,235)	(49.3%)
Other Assets/Liabilities	8,198	(7,039)	n/a	16,434	(36,030)	n/a
Cash Flow from Operating Activities	82,437	21,590	281.8%	176,963	(39,332)	n/a
Cash Flow from Investing Activities	(54,250)	(128,180)	(57.7%)	(174,925)	(287,217)	(39.1%)
Cash Flow from Financing Activities	(63,144)	(23,382)	170.1%	284,295	(99,395)	(386.0%)
Borrowings and Financing	-	-	-	400,000	-	-
Repayment of borrowings and financing	(16,608)	(25,889)	(35.8%)	(67,966)	(106,789)	(36.4%)
Capital increase	61	-	n/a	983	1,149	(14.4%)
Share Buyback	(62,068)	-	n/a	(62,068)	-	n/a
Dividends	-	(20)	n/a	(12,008)	(6,985)	71.9%
Others	15,471	2,527	512.2%	25,354	13,230	91.7%
Free Cash Flow Generation	(34,957)	(129,972)	(73.1%)	286,333	(425,944)	n/a
Financial applications	-	28	n/a	20	14,685	(99.9%)
Free Cash Flow, Net	(34,957)	(129,944)	(73.1%)	286,353	(411,259)	n/a

Operating Cash Flow in 3Q23 generated R\$82.4 million vs. R\$21.6 million in the same period of the previous year, highlighting (i) stabilization of inventory levels due to greater commercial efficiency and a more normalized scenario in the supply/supply chain; (ii) gains in tax efficiency in the cash cycle with the new CD in Hidrolândia-GO, after being opened during the second half of 2022 (reduction in tax credits accumulation); and (iii) improvement in the Accounts Receivable mix, with the successful entry of PIX into Petz's digital channels in 2Q22. As a result of these effects, the cash cycle showed a significant improvement of 15 days y/y.

In terms of Net Cash Flow, the Company consumed R\$35.0 million in 3Q23 vs. R\$129.9 million in the same period of the previous year, mainly explained by lower Investments in 3Q23 (R\$54.3 million vs. R\$128.2 million in 3Q22); in addition to greater generation of Operating Cash. It is worth mentioning that in August 2023, the Company repurchased 11.6 million shares within the context of the First Buyback Program opened in August 2022, totaling R\$62.1 million.

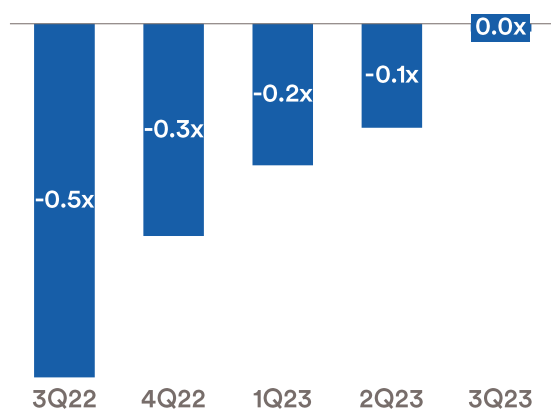
¹³ The Company understands that, in order to better represent its Cash Flow, the effects of the capital structure on the Operating Cash Flow should be disregarded, in addition to using the theoretical IR rate (34%) on EBIT. For the Financing Cash Flow, one must consider the effects of the capital structure, in addition to the IR on the Financial Result.

Debt

Petz Group R\$ thousands, unless otherwise stated	3Q23	3Q22	Change
Gross Debt	468,764	127,931	266.4%
Current Loans and Financing	62,410	88,904	(29.8%)
Noncurrent Loans and Financing	406,354	39,027	941.2%
Cash & Cash Equivalents and Financial Investments	471,765	262,413	79.8%
Cash & Cash Equivalents	471,765	262,413	79.8%
Financial applications	-	-	-
Net Debt	(3,001)	(134,482)	(97.8%)
Adjusted EBITDA (LTM)	269,526	255,834	5.4%
<i>Net Debt/Adjusted EBITDA (LTM)</i>	<i>0.0x</i>	<i>(0.5x)</i>	<i>0.5x</i>

The Company ended 3Q23 with a **Net Cash of R\$3.0 million, which represents 0.0x Adjusted EBITDA of the last 12 months** (vs. -0.5x in the same period of the previous year), reflecting the resources raised with the issuance of debentures and long-term financing occurred during 1H23, in addition to **discipline in the approval of investments and continuous search for efficiencies in working capital.**

Leverage
Net Debt/Adjusted EBITDA 12M



Investments

Petz Group R\$ thousands, unless otherwise stated	3Q23	3Q22	Change	9M23	9M22	Change
New Stores & Hospitals	21,529	74,645	(71.2%)	96,988	172,755	(43.9%)
Technology & Digital	19,894	18,633	6.8%	59,904	45,171	32.6%
Renovation, Maintenance & Others	6,460	9,253	(30.2%)	14,255	33,269	(57.2%)
Total Investments	47,882	102,532	(53.3%)	171,147	251,195	(31.9%)
Non-Cash Effect	5,377	1,383	-	313	11,399	-
Cash Flow from Fixed & Intangible Assets	53,259	103,915	(48.8%)	171,460	262,594	(34.7%)

Total Investments amounted to R\$47.9 million in 3Q23, a reduction of 53.3% y/y. In line with our expansion strategy, R\$21.5 million was invested in new stores construction (-71.2% y/y), given the lower pace of openings in 2023, but also the greater efficiency in the implementation of new units and capex per store reduction.

We invested R\$19.9 million in Technology and Digital in 3Q23 (+6.8% y/y), mainly focused on: (i) improving **navigability and customer shopping experience**; (ii) **innovation**, with new functionalities to generate revenue and differentiation; (iii) **systemic integration of acquired companies**; and (iv) **improvement in infrastructure and information security**.

Renovation, Maintenance and Others totaled R\$6.5 million in 3Q23, representing a reduction of 30.2% y/y. This reduction is mainly due to the y/y comparison basis, given that in 3Q22 we had larger renovations and consolidation of the non-recurrent capex of the acquired companies.

Balance Sheet

Petz Group R\$ thousands, unless otherwise stated	3Q23	2Q23	1Q23	4Q22	3Q22
ASSETS					
Current Assets	1,369,956	1,386,838	1,187,696	1,090,432	1,139,442
Cash & Cash Equivalents	471,765	506,721	329,359	185,411	262,413
Financial applications	-	-	-	-	-
Accounts Receivable	351,530	337,975	330,503	328,299	326,974
Inventories	399,824	391,455	383,697	428,092	421,089
Recoverable Taxes and Contributions	117,003	121,730	118,355	121,212	104,654
Other Credits	29,834	28,957	25,782	27,418	24,312
Noncurrent Assets	1,659,463	1,635,103	1,610,656	1,589,877	1,484,209
Other Credits	34,544	32,640	30,882	28,743	23,323
Recoverable Taxes and Contributions	38,538	28,446	22,174	22,797	18,457
Deferred Income Tax and Social Contribution	24,318	19,752	17,645	19,815	20,037
Property, Plant and Equipment	812,657	813,398	808,941	800,700	736,583
Intangible Assets	749,406	740,867	731,014	717,822	685,809
Total Assets	3,029,419	3,021,941	2,798,352	2,680,309	2,623,651
LIABILITIES & SHAREHOLDERS' EQUITY					
Current Liabilities	613,916	568,619	548,479	637,290	584,068
Suppliers	341,180	309,900	289,258	366,585	313,569
Loans, Financing and Debentures ¹⁴	62,410	66,536	72,202	86,269	88,904
Payroll and Related Taxes	100,797	90,441	86,527	76,078	91,225
Taxes Payable	49,208	47,272	39,001	42,988	41,883
Dividends Payable	2,653	2,653	12,018	12,027	13,831
Accounts payable for the acquisition of subsidiaries	8,587	9,453	11,537	12,798	5,679
Other Payable	47,789	40,404	36,159	37,404	26,302
Loyalty Program	1,292	1,960	1,777	3,141	2,675
Non-current Liabilities	526,330	513,517	323,360	130,758	143,230
Loans, Financing and Debentures	406,354	400,833	214,391	26,832	39,027
Accounts payable for the acquisition of subsidiaries	99,991	95,317	91,322	86,789	96,347
Other Payable	3,770	1,182	1,237	1,043	914
Provisions for Civil and Labor Risks	16,215	16,185	16,410	16,094	6,942
Shareholders' Equity	1,889,173	1,939,805	1,926,513	1,912,261	1,896,353
Capital	1,725,427	1,725,365	1,725,365	1,724,444	1,724,388
Capital Reserves	39,505	39,505	39,505	39,505	39,505
Reserve for Options Granted	51,685	47,087	47,904	41,675	38,605
Share Buyback	(62,068)	-	-	-	-
Special Goodwill Reserve	24,825	24,825	24,825	24,825	24,825
Equity adjustment	(129,594)	(129,594)	(129,594)	(129,594)	(128,785)
Profit Reserves	239,393	232,617	218,508	211,406	197,815
Total Liabilities and Shareholders' Equity	3,029,419	3,021,941	2,798,352	2,680,309	2,623,651

¹⁴ Includes the value of derivative instrument (SWAP) in the amount of R\$12.3 million on September 30, 2023. More information in the footnote 15.3 of the 3Q23 financial statements.

Cash Flow – Indirect Method

Petz Group	3Q23	3Q22	9M23	9M22
R\$ thousands, unless otherwise stated				
Cash Flow from Operating Activities	97,909	24,117	202,317	(25,129)
Operating Profit before income tax	11,468	24,949	48,331	76,374
CAT-42 tax refund effect	-	-	-	-
Depreciation & Amortization	41,108	32,538	122,182	89,981
Allowance for Inventory Losses	49	(3,550)	(58)	5
Recognized options granted	4,598	8,063	10,010	23,749
Interest on Loans and Financing	19,567	5,658	32,701	16,957
PP&E Write-off	48	721	99	722
Loyalty Program	(668)	(359)	(1,849)	(661)
Provision for Civil and Labor Risks	28	632	121	945
Interest from Financial Applications	-	-	-	(153)
Interest in accounts payable to selling shareholders	3,260	2,552	9,346	7,321
Depreciation & Amortization - Refund of Improvements	(67)	(67)	(199)	(199)
Working Capital Variation	18,518	(47,020)	(18,366)	(240,170)
ASSETS				
Accounts Receivables	(12,743)	(21,642)	(25,453)	(59,878)
Inventory	(8,418)	(13,482)	28,326	(74,233)
Recoverable Taxes and Contributions	(5,611)	(22,733)	(15,130)	(50,763)
Other Credits	(2,880)	(4,008)	(10,437)	(17,773)
LIABILITIES				
Suppliers	36,351	9,645	(13,812)	(27,235)
Payroll and Related Taxes	10,357	15,927	24,720	14,872
Taxes Payable	640	5,827	4,926	11,670
Accounts Payable	11,845	303	16,465	4,809
Income Tax and Social Contribution Paid	(9,459)	(11,599)	(18,899)	(25,582)
Interest Paid on Borrowings and Financing	(1,564)	(5,258)	(9,072)	(16,057)
Cash flow from investing activities	(54,250)	(128,152)	(174,905)	(272,532)
Financial applications	-	28	20	14,685
Investments	(991)	(24,265)	(3,465)	(24,623)
Purchase of Property, Plant and Equipment	(53,259)	(103,915)	(171,460)	(262,594)
Cash Flow from Financing Activities	(78,615)	(25,909)	258,941	(113,598)
Borrowings and Financing	-	-	400,000	-
Repayment of borrowings and financing	(16,608)	(25,889)	(67,966)	(106,789)
Capital increase	61	-	983	1,149
Share Buyback	(62,068)	-	(62,068)	-
Transaction costs of shares issuance	-	-	-	(973)
Dividends	-	(20)	(12,008)	(6,985)
Free Cash Flow, Net	(34,956)	(129,944)	286,354	(411,259)
Cash BoP	506,721	392,357	185,411	673,672
Cash EoP	471,765	262,413	471,765	262,413

Appendix I: IFRS 16 Impact – Statement of Income

Petz Group R\$ thousands, unless otherwise stated	3Q23		Change
	IAS 17	IFRS 16	
Gross Revenue from Products and Services	945,073	945,073	-
Taxes and other Deductions	(150,950)	(150,950)	-
Net Revenue from Products and Services	794,123	794,123	-
Cost of Goods Sold and Services Rendered	(432,845)	(432,845)	-
Gross Profit	361,278	361,278	-
Operating Revenue (Expenses)	(341,033)	(325,877)	(15,156)
Selling	(249,839)	(235,814)	(14,025)
General & Administrative	(81,949)	(81,224)	(725)
Other Operating Income (expenses), net	(9,245)	(8,839)	(406)
Operating Profit before Financial Income	20,245	35,401	(15,156)
Financial Results	(8,777)	(31,777)	23,000
Financial Income	19,467	19,467	-
Financial Expenses	(28,244)	(51,244)	23,000
Earnings before Income Tax and Social Contribution	11,468	3,624	7,844
Income Tax and Social Contribution	(4,699)	(2,145)	(2,554)
Net profit	6,769	1,479	5,290

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

Petz Group R\$ thousands, unless otherwise stated	3Q23	3Q22	9M23	9M22
Earnings Before Interest Tax (EBIT)	35,401	37,471	104,752	100,487
(+) Depreciation & Amortization	40,517	32,471	120,425	89,782
(+) Depreciation – Right of Use (CPC 06 (R2)/IFRS 16)	40,030	36,222	118,700	103,118
EBITDA	115,948	106,164	343,877	293,387
(+) Rental Expenses ⁹	(54,494)	(48,100)	(161,085)	(136,358)
EBITDA	61,454	58,064	182,792	157,029
(-) Stock Option Plan (SOP)	4,598	8,062	10,010	23,748
(-) PP&E Write-off	2	234	15	235
(-) Right of use (CPC 06 (R2)/IFRS 16) Write-off	(171)	-	(932)	(166)
(-) Non-recurring results	(451)	5,865	8,457	9,436
(-) Non-recurring income	(3,743)	-	(3,743)	-
(-) Non-recurring expenses	3,292	5,865	12,200	9,436
Adjusted EBITDA	65,432	72,225	200,342	190,282

Appendix III: IFRS 16 Impact – Balance Sheet

Petz Group R\$ thousands, unless otherwise stated	3Q23		Change
	IAS 17	IFRS 16	
ASSETS			
Current Assets	1,369,956	1,368,756	1.200
Cash & Cash Equivalents	471,765	471,765	-
Financial applications	-	-	-
Accounts Receivable	351,530	351,530	-
Inventories	399,824	399,824	-
Recoverable Taxes and Contributions	117,003	117,003	-
Other Credits	29,834	28,634	1.200
Noncurrent Assets	1,659,463	2,606,543	(947.080)
Other Credits - L	34,544	34,544	-
Recoverable Taxes and Contributions	38,538	38,538	-
Deferred Income Tax and Social Contribution	24,318	68,903	(44.585)
Property, Plant and Equipment	812,657	1,727,977	(915.320)
Intangible Assets	749,406	736,581	12.825
Total Assets	3,029,419	3,975,299	(945.880)
LIABILITIES & SHAREHOLDERS' EQUITY			
Current Liabilities	613,916	721,662	(107.746)
Suppliers	341,180	341,180	-
Loans, Financing and Debentures	62,410	62,410	-
Payroll and Related Taxes	100,797	100,797	-
Taxes Payable	49,208	49,208	-
Dividends Payable	2,653	2,653	-
Accounts payable for the acquisition of subsidiaries	8,587	8,587	-
Other Payable	47,789	23,160	24.629
Loyalty Program	1,292	1,292	-
Leasing Right of Use Payable (IFRS 16)	-	132,375	(132.375)
Non-current Liabilities	526,330	1,452,100	(925.770)
Loans, Financing and Debentures	406,354	406,354	-
Accounts payable for the acquisition of subsidiaries	99,991	99,991	-
Other Payable	3,770	3,770	-
Provisions for Civil and Labor Risks	16,215	16,215	-
Leasing Right of Use Payable (IFRS 16)	-	925,770	(925.770)
Shareholders' Equity	1,889,173	1,801,537	87.636
Capital	1,725,427	1,725,427	-
Capital Reserves	39,505	39,505	-
Reserve for Options Granted	51,685	51,685	-
Share Buyback	(62,068)	(62,068)	-
Special Goodwill Reserve	24,825	24,825	-
Equity adjustment	(129,594)	(129,594)	-
Profit Reserves	239,393	151,757	87.636
Total Liabilities and Shareholders' Equity	3,029,419	3,975,299	(945.880)

Appendix IV: IFRS 16 Impact – Cash Flow

Petz Group R\$ thousands, unless otherwise stated	3Q23		Change
	IAS 17	IFRS 16	
Cash Flow from Operating Activities	97,909	144,180	(46,271)
Profit Before Income Tax and Social Contribution	11,468	3,622	7,846
Depreciation & Amortization	41,108	40,585	523
Depreciation – Right of Use (CPC 06 (R2)/IFRS 16)	-	40,030	(40,030)
Interest Expenses – Right of use (CPC 06 (R2)/IFRS 16)	-	24,889	(24,889)
Allowance for Inventory Losses	49	49	-
Recognized options granted	4,598	4,598	-
Interest on Loans and Financing	19,567	19,567	-
PP&E Write-off	48	48	-
Right of use (CPC 06 (R2)/IFRS 16) Write-off	-	(67)	67
Loyalty Program	(668)	(668)	-
Provision for Civil and Labor Risks	28	28	-
Interest from Financial Applications	-	-	-
Interest in accounts payable to selling shareholders	3,260	3,260	-
Depreciation & Amortization - Refund of Improvements	(67)	(67)	-
ASSETS			
Accounts Receivables	(12,743)	(12,743)	-
Inventory	(8,418)	(8,418)	-
Recoverable Taxes and Contributions	(5,611)	(5,611)	-
Other Credits	(2,880)	(2,880)	-
LIABILITIES			
Suppliers	36,351	36,351	-
Payroll and Related Taxes	10,357	10,357	-
Taxes Payable	640	640	-
Accounts Payable	11,845	10,522	1,323
Income Tax and Social Contribution Paid	(9,459)	(9,459)	-
Interest Paid on Borrowings and Financing	(1,564)	(1,564)	-
Interest Paid on Right of Use (CPC 06 (R2)/IFRS 16)	-	(8,889)	8,889
Cash flow from investing activities	(54,250)	(54,250)	-
Financial applications	-	-	-
Investments	(991)	(991)	-
Purchase of Property, Plant and Equipment	(53,259)	(53,259)	-
Cash Flow from Financing Activities	(78,615)	(124,886)	46,271
Debt Capitalization	-	-	-
Repayment of borrowings and financing	(16,608)	(16,608)	-
Capital increase	61	61	-
Share Buyback	(62,068)	(62,068)	-
Dividends	-	-	-
Payment of Right of Use (CPC 06 (R2)/IFRS 16)	-	(46,271)	46,271
Free Cash Flow, Net	(34,956)	(34,956)	-
Cash BoP	506,721	506,721	-
Cash EoP	471,765	471,765	-

Glossary

Petz Standalone refers to Petz metrics, including the acquisitions Cansei de Ser Gato and Cão Cidadão (unless otherwise stated).

- **Same-Store-Sales (SSS)** – SSS includes (i) sales of products and services by physical stores functioning for more than 12 months, (ii) Omnichannel sales (Pick-up and Ship-from-Store) of physical stores operating for over 12 months and (iii) e-commerce sales (shipped from the DC directly to the customer).
- **Digital Gross Revenue** – Considers all sales made on the Petz website and mobile app, as well as sales through partner marketplaces and super apps
- **Omnichannel Sales** – All Pick-up and Ship-from-Store sales.
- **Pick-up** – Sales made through the digital channel in which the customer chooses to pick up at physical stores.
- **Ship from Store** – Sales made through digital channels that are shipped to the customer's home from one of our physical stores
- **Omnichannel Ratio** – This ratio considers Omnichannel Sales as a percentage of Digital Gross Revenue
- **E-commerce Sales** – Include all sales shipped from our DC directly to the customer
- **Food Category** – Includes pet products such as prescription pet food, super premium, premium, and standard pet food, wet food, snacks and more.
- **Non-Food Category** – Includes products such as accessories, hygiene, cleaning products, drugs, and others

Non-Accounting Measures

- **Adjusted EBITDA and Adjusted EBITDA Margin** – Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) is a non-accounting measurement disclosed by the Company in compliance with CVM Instruction 527/12. EBITDA is adjusted to exclude non-recurring effects and, for comparison purposes, the effect of the adoption of CPC 06/IFRS 16, effective on January 1, 2019, is excluded as well, resulting in Adjusted EBITDA. Non-recurring affects are characterized by extraordinary effects that impact the Company's result. Since these amounts are not a recurring portion of the result, the Company chooses to make such adjustment so that Adjusted EBITDA considers only recurring numbers. The Company uses Adjusted EBITDA as a performance measure for managerial purposes and for comparison with peers.
- **Net Debt** - Results from the sum of short- and long-term loans, registered under Current and Non-Current Liabilities, minus the sum of Cash and Cash Equivalents with Marketable Securities, registered under Current and Non-Current Assets.
- The Company understands that the **Net Debt/Adjusted EBITDA ratio** helps to determine leverage and liquidity. Last Twelve Months (LTM) **Adjusted EBITDA** is the sum of Last Twelve Months EBITDA and also represents an alternative to operating cash generation.
- **Adjusted EBITDA, Adjusted Net Income, Net Debt, Net Debt/LTM Adjusted EBITDA and Operating Cash Generation** presented in this document are not measurements of profit in accordance with the accounting principles adopted in Brazil and do not represent cash flows in the periods presented. Therefore, they are not alternative measures of results or cash flows.
- **Operating Cash Generation** presented here is a managerial measurement resulting from the cash flow from operational activities presented in the Statement of Cash Flow, adjusted by the "Right-of-use Lease" which, after the adoption of CPC 06/IFRS 16, began to be accounted for in the Statement of Cash Flow as a financing activity.

Disclaimer

Statements contained in this document regarding business prospects, projections of operating and financial results and growth prospects for Petz are merely projections and, as such, based exclusively on expectations of the Management regarding the future of the business. These expectations substantially depend on market conditions, performance of the Brazilian economy, the industry and international markets and, therefore, are subject to change without prior notice. All changes presented herein are calculated based on numbers in thousands of Brazilian reais, as well as rounded numbers. This performance report includes accounting and non-accounting data, such as operational, pro forma financial data, and forecasts based on Management expectations. Non-accounting data was not reviewed by the Company's independent auditors.

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