

**Video Conference**

August 11th, 2023 (Friday)

10am Brasília | 9am EST | 2pm GMT

**Webcast**

# Petz

# 2Q23 Results

August 10th, 2023



São Paulo, August 10<sup>th</sup>, 2023 – Pet Center Comércio e Participações S.A. (“Petz Group” or “Company”) (B3: PETZ3) announces its results for the second quarter of 2023 (2Q23). 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 2Q23 is available on pages 26-28.**

## Results | 2Q23

- **Petz Stores<sup>1</sup>: 231 units, with 11 openings (45 LTM)**
- **Petz Group Gross Revenue (GR)<sup>2</sup>: R\$944.8mm; +18.0% y/y**
  - ✓ **Petz Standalone Product Gross Revenue : R\$838.8mm; +17.2% y/y**
  - ✓ **Petz Standalone Digital Gross Revenue (DGR): R\$311.8mm; +28.4% y/y; 35.8% of Petz Standalone Gross Revenue (PGR) (+3.4 p.p. y/y)**
  - ✓ **Petz Standalone Same-Store-Sales (SSS): +5.7% y/y**
- **Petz Group Gross Profit: R\$375.0mm; +14.5% y/y; Gross Margin of 39.7% of GR (-1.2 p.p. y/y)**
  - ✓ **Petz Standalone Gross Profit: R\$345.8mm; +13.8% y/y; Gross Margin of 39.7% of PGR (-0.8 p.p. y/y)**
- **Petz Group Adjusted EBITDA<sup>3</sup>: R\$69.9mm; +5.9% y/y; Adjusted EBITDA Margin of 7.4% of GR (-0.8 p.p. y/y)**
  - ✓ **Petz Standalone Adjusted EBITDA<sup>3</sup>: R\$71.3mm; +3.3% y/y; Adjusted EBITDA Margins of 8.2% of PGR (-1.0 p.p. y/y)**
- **Operational Cash Flow Generation: +R\$60.0mm vs. +R\$3.0mm in 2Q22**

**B3: PETZ3**

**R\$6.20**

Per share

**462,471,262**

Total Shares

**R\$2.9 billion**

Market Cap

**IR Contact**

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Data as of August 10<sup>th</sup>, 2023

## Summary of Results and Indicators (IAS 17)

R\$ thousands, unless otherwise stated	2Q23	2Q22	Change	1H23	1H22	Change
<b>Financial Results Petz Group</b>						
<b>Total Gross Revenue<sup>2</sup></b>	<b>944,838</b>	<b>800,718</b>	<b>18.0%</b>	<b>1,857,713</b>	<b>1,547,378</b>	<b>20.1%</b>
Gross Revenue Petz Standalone	870,266	749,207	16.2%	1,705,971	1,441,951	18.3%
Gross Revenue from Acquisitions	95,694	55,895	71.2%	185,889	114,560	62.3%
Digital Gross Revenue Petz Standalone	311,781	242,868	28.4%	612,444	462,881	32.3%
<i>Digital Penetration (% PGR)</i>	<i>35.8%</i>	<i>32.4%</i>	<i>3.4 p.p.</i>	<i>35.9%</i>	<i>32.1%</i>	<i>3.8 p.p.</i>
<b>Gross Profit</b>	<b>374,962</b>	<b>327,344</b>	<b>14.5%</b>	<b>738,446</b>	<b>631,397</b>	<b>17.0%</b>
<i>% Total Gross Revenue</i>	<i>39.7%</i>	<i>40.9%</i>	<i>(1.2 p.p.)</i>	<i>39.8%</i>	<i>40.8%</i>	<i>(1.1 p.p.)</i>
Gross Profit Petz Standalone	345,761	303,913	13.8%	683,328	583,913	17.0%
<i>% Gross Revenue Petz Standalone</i>	<i>39.7%</i>	<i>40.6%</i>	<i>(0.8 p.p.)</i>	<i>40.1%</i>	<i>40.5%</i>	<i>(0.4 p.p.)</i>
<b>Ajusted EBITDA<sup>3</sup></b>	<b>69,928</b>	<b>66,022</b>	<b>5.9%</b>	<b>134,911</b>	<b>118,058</b>	<b>14.3%</b>
<i>% Total Gross Revenue</i>	<i>7.4%</i>	<i>8.2%</i>	<i>(0.8 p.p.)</i>	<i>7.3%</i>	<i>7.6%</i>	<i>(0.4 p.p.)</i>
Ajusted EBITDA Petz Standalone <sup>3</sup>	71,251	68,956	3.3%	141,357	123,887	14.1%
<i>% Gross Revenue Petz Standalone</i>	<i>8.2%</i>	<i>9.2%</i>	<i>(1.0 p.p.)</i>	<i>8.3%</i>	<i>8.6%</i>	<i>(0.3 p.p.)</i>
<b>Adjusted Net Income<sup>4</sup></b>	<b>24,548</b>	<b>32,779</b>	<b>(25.1%)</b>	<b>43,743</b>	<b>53,884</b>	<b>(18.8%)</b>
<i>% Total Gross Revenue</i>	<i>2.6%</i>	<i>4.1%</i>	<i>(1.5 p.p.)</i>	<i>2.4%</i>	<i>3.5%</i>	<i>(1.1 p.p.)</i>
<b>Indicadores Operacionais Petz Standalone</b>						
Number of Stores <sup>1</sup>	231	187	44	231	187	44
Store Openings	11	9	2	14	19	(5)
Footage (m <sup>2</sup> )	205,908	178,937	15.1%	205,908	178,937	15.1%
Seres Veterinary Centers	125	142	(17)	125	142	(17)

<sup>1</sup> Considers the closure of the Ayrton Senna unit, Rio de Janeiro-RJ. More information on the 1Q23 Results.

<sup>2</sup> Considers the effect of Intercompany Eliminations in the amount of R\$21.1 million (details on page 11).

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

<sup>4</sup> 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 | 2Q23

**Revenues**

Petz Group Gross Revenue of **R\$945 MM** in 2Q23, **+18% y/y**

Petz Standalone Gross Revenue of **R\$870 MM** in 2Q23, **+16% y/y**, with emphasis on Products **(+17% y/y)**

1H23: Petz Group Revenue of **R\$1,858 MM** **(+20% y/y)**, mainly reflecting the performance of Petz Standalone **(+18% y/y)**



**Cash Generation**

**Positive Operating Cash Generation**, mainly reflecting **the reduction in inventory levels and better tax efficiency related to new DC in Goiás**

**Significant improvement of 9 days** of cash cycle for Petz Standalone

**Cash position reinforcement** with R\$200 MM of debenture issues

**Store Expansion & Network**

**11 openings in 2Q23**, 8 outside the state of São Paulo

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

**52%** of stores located outside São Paulo in 2Q23, **highest level ever recorded** (vs. 47% in 2Q22)

**Digital**

Petz Standalone Digital Gross Revenue of **R\$312 MM**, **+28% y/y**, in 2Q23 and **+32% y/y** in 1H23

Petz Standalone Digital Penetration of **36%** in 2Q23 **(+3.4 p.p. y/y, in line with the last quarters)**

Omnichannel Ratio of **89%** in 2Q23, 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**

Petz App accounting for **~70%** of Petz Standalone Digital Sales, with **+1 MM of Monthly Active Users** in June/23

**~380 thousand subscribers** (+20% y/y), representing **29%** of Petz Standalone Gross Revenue in June/23

**Profitability**

Petz Group Gross Margin of **39.7%** in 2Q23 **(-1,2 p.p. y/y, but flat q/q)**

Petz Group Adjusted EBITDA of **R\$ 70 MM** in 2Q23 **(+6% y/y)** representing 7.4% of TGR **(-0.8 p.p. y/y, but +0.3 p.p. q/q)**

Petz Standalone EBITDA Margin of **8.2% in 2Q23** **(-1.0 p.p. y/y)**

EBITDA from acquisitions of **-R\$1.3 MM**, an **improvement compared to -R\$2.9MM in 2Q22 and -R\$5.1 MM in 1Q23**

**Integration/Acquisitions**

**Gross Revenue from Acquisitions of R\$96 MM** **(+71% y/y)**, mainly reflecting the consolidation of Petix as of 3Q22

Strengthening the **leadership** position of **Super Secão** with the implementation of a **new commercial strategy** for **Petix**

**ZDK**: performance in line with expectations, reaching **very expressive levels** in the Petz and Zee.Dog channels

## Message from Management

In 1H23, we delivered solid levels of profitability and high operating cash generation, even with the accelerated pace of expansion and higher Digital Penetration compared to the same period of the last year. These results were only possible due to a strategic agenda focused on productivity and operational improvements.

### Key messages of 2Q23/1H23

Focus on productivity and operational improvements agenda

 <p><b>Control of expenses and investments</b></p> <ul style="list-style-type: none"> <li>More <b>cohesion</b> between teams;</li> <li>Recurring forums with the Company's main leaders</li> <li>Alignment via <b>short-term goals</b>;</li> <li><b>Efficiency in store expansion and operation:</b> new formats, headcount optimization, rent renegotiation;</li> </ul>	 <p><b>Improvement of Digital Petz profitability levels</b></p> <ul style="list-style-type: none"> <li><b>Leader responsibility:</b> importance of leading initiatives in favor of greater rationality;</li> <li><b>Continuous tracking</b> of KPI's in order to <b>maintain our levels of competitiveness</b>;</li> <li><b>Pilot</b> initiatives since 4Q22, focused on reducing the profitability gap vs. physical channel (e.g. service fee);</li> </ul>	 <p><b>Efficiency gains in Working capital</b></p> <ul style="list-style-type: none"> <li><b>More inventory</b> efficiency;</li> <li><b>More efficiency</b> in the flow of imports;</li> <li><b>Gains in tax efficiency</b> with the new Hidrolandia-GO DC and <b>the reduction in the accumulation of tax credits</b>;</li> </ul>	 <p><b>Capturing synergies with integrated companies</b></p> <ul style="list-style-type: none"> <li>Integration of back-office and systems in an <b>advanced stage</b>;</li> <li><b>Re-design of the structure</b> of the integrated companies aiming higher savings;</li> </ul>
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The overall balance after the 1H23 is of mixed feelings. On one hand, we managed to deliver a large part of our profitability and cash generation objectives **with management discipline and agility**. On the other hand, **the consumption environment proved uncertain, with demand still cooled** by macro conditions, in addition to the **more intense competitive scenario with marginal initiatives in favor of profitability by our competitors**, which impacted our growth rate in recent months.

**The main priorities for the 2H23 are structured with the goals of** (i) increasing the level of competitiveness; (ii) reinforcing cost control and Capex optimization; and (iii) continuing with the innovation agenda at a time of evolution for Petz Group Ecosystem, in addition to important advances in the process of building new avenues of growth, with emphasis on the Pet Health Plan.

In this scenario, **continuing the search for the best balance between growth, profitability, and innovation** in the implementation of the main strategic projects of the Petz Group, **we believe we are well positioned to consolidate the leadership position in the Pet segment in Brazil, with a differentiated value proposition for customers and a strong cash position.**

## 2<sup>nd</sup> semester priorities

Focus on **increasing the level of competitiveness** through more commercial activity

**Goal: to accelerate market share gains and consolidate/expand the leadership position** of the Pet segment in Brazil

### Increase the level of competitiveness:

- **Commercial Activity:** optimize Omnichannel commercial and promotional campaign initiatives;
- **Private Label:** leverage assortment to gain share of wallet, generate a higher level of customer loyalty/recurrence;
- **Suppliers:** leverage strategic suppliers, with increased shelf exposure and digital channel presence + positive raw material cost outlook.



**Evolution of the Petz Group Ecosystem**, a strategic move to sustain growth and enhance relevance in the market. **The 4 strategic pillars of the “Petz” Brand Refresh are:** (i) **Digital**, Which includes the release of new loyalty features (Benefits Club, 'Clubz'), as well as a differentiated UX of a new version of the App that integrates the shopping experience, adds cross-selling and upselling potential, and increases conversion; (ii) **Products**, which aims to reinforce the Petz Group’s portfolio of private labels; (iii) **Physical stores**, with a modern architectural project pilot and new visual communication; and (iv) **People**, to strengthen the employer brand for greater engagement and growth opportunities for employees.

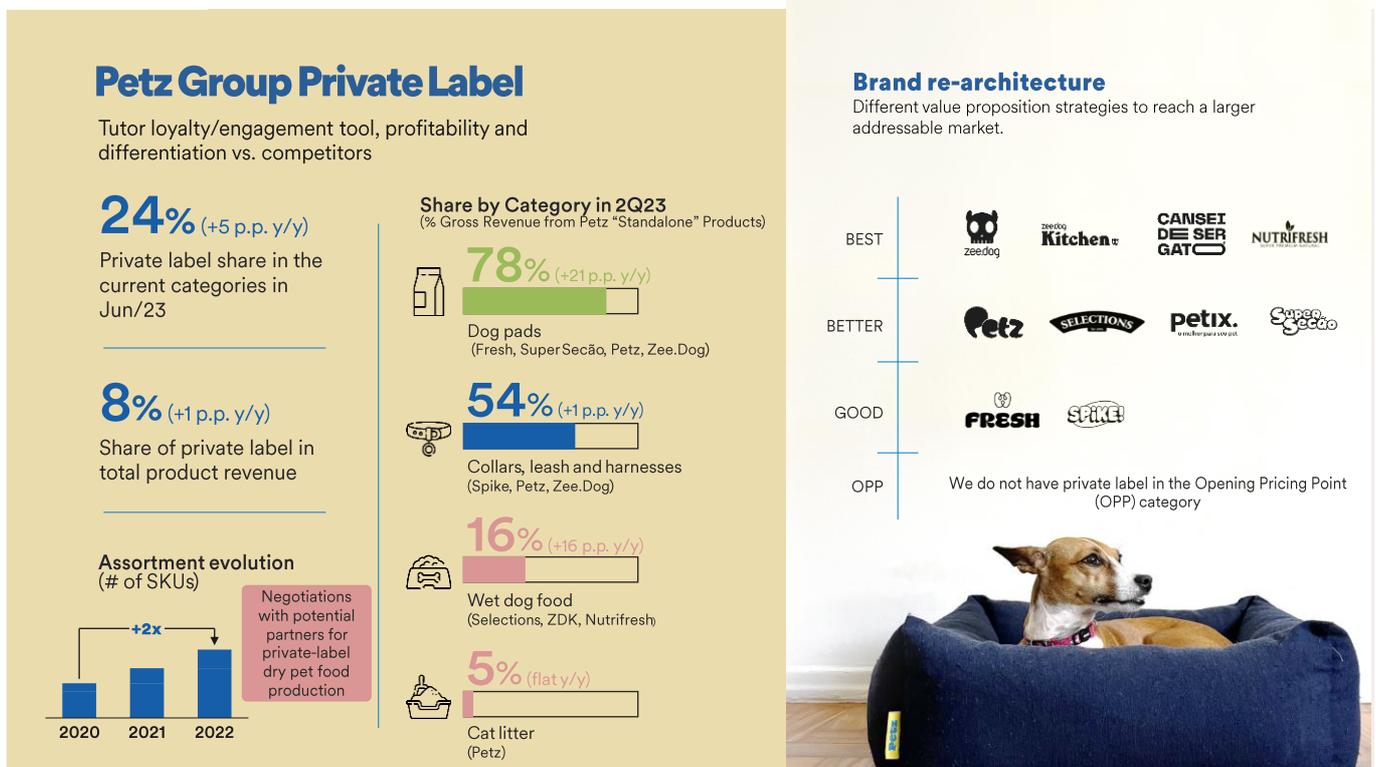
## Petz Ecosystem Evolution

Strategic move to sustain growth and enhance market relevance.

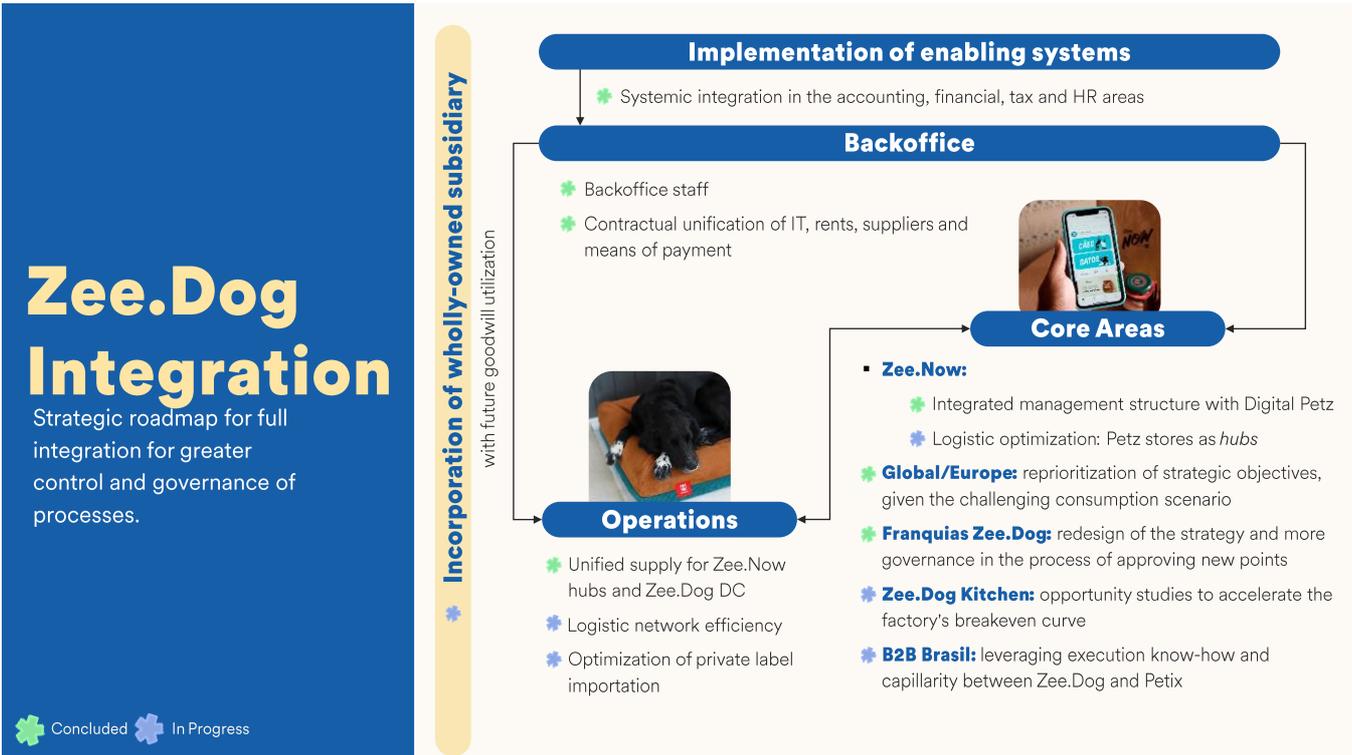


It is worth highlighting the product launches under the Petz Group brands over the last few months, which already reflect brands and items developed and worked within the PIS (Petz Innovation Studio). In the process of re-architecting Group Petz brands, we are working with varied value proposition strategies to serve a larger addressable market through desired products that are highly accepted by customers, with exclusive design and differentiated content/storytelling. It reinforces the importance of the strategy of having not only a lever of profitability but also of loyalty and engagement of pet owners – an essential competitive advantage, which we are prioritize to increase the level of differentiation vs. current competition - in addition to expanding the entry barrier for new players.

Within the categories where we have Petz Group private label presence, the share is 24%, a significant increase of +5 p.p. y/y. In these categories, it is worth highlighting: (i) dog pads, with a 78% share; (ii) collars, leashes, and harnesses for dogs, with 54%; (iii) wet food for dogs, with 16% - a reflection of the launch of the Group's new brands such as Zee.Dog Kitchen, Nutrifresh and Selections; and (iv) cat litter, with 5%. As a reference, in 2Q23 we achieved a private label market share of 8% of the total product revenue for Petz Group (+1.0 p.p. y/y). As a reference, in 2Q23, Petz Group's private label share reached 8% of product sales (+1.0 p.p. y/y).



Another topic on our strategic agenda is the acceleration of synergy capture in the integration process of acquired companies, with the Integration and Projects team working on several fronts in collaboration with Zee.Dog. We continue to advance on the roadmap for implementing enabling systems to unlock the integration of core, backoffice and operations areas.



Finally, it's worth highlighting the sustainability journey of Petz Group, which made significant progress during the 1H23. We highlight the Environmental pillar with the publication of our first Greenhouse Gas (GHG) inventory and the completion of the CDP questionnaire, which aims to evaluate performance indicators and targets related to the control of climate change. For the year's second half, efforts are focused on publishing the Group's first Sustainability Report, a milestone in integrating the corporate sustainability agenda into business management. It is also worth mentioning other initiatives involving the most diverse areas of the Company, such as the project to reduce plastic packaging in digital channels, the air conditioning automation pilot in stores, and the new partnership between Seres and Adote Petz with Instituto Reddogs.

Sergio Zimmerman

## Results Summary 2Q23

### Petz Group

We ended 2Q23 with Petz Group Gross Revenue of **R\$944.8 million, an increase of 18.0% y/y**, highlighting **(i) the performance of Petz Standalone Products (+17.2% y/y)**, even with a challenging macroeconomic scenario; and **(ii) consolidation of Petix** as of 3Q22.

Petz Group Gross Profit totaled R\$375.0 million in 2Q23 (+14.5% y/y), representing a gross margin of 39.7% (-1.2 p.p. y/y and flat vs. 1Q23). **This result compared to the same period of the last year is mainly due to (i) margin pressure presented by Petz Standalone (-0.8 p.p. y/y); and (ii) consolidation of Petix**, a business model (factory, B2B) that presents profitability levels around 15%. **Petz Group Adjusted EBITDA was R\$69.9 million in 2Q23 (+5.9% y/y), representing 7.4% of Total Gross Revenue (-0.8 p.p. y/y and +0.3 p.p. q/q)**. **Petz Group Adjusted Net Income in 2Q23 totaled R\$24.5 million**, down 25.1% y/y, reflecting (i) growth in Depreciation & Amortization; (ii) lower Financial Result in 2Q23 vs 2Q22; and (iii) the still negative effect of the consolidation of acquisitions.

### Petz Standalone

Petz Standalone Gross Revenue **grew 16.2% y/y in 2Q23**, explained by **another robust performance from Digital** - which totaled sales of R\$311.8 million in the quarter, **+28.4% y/y** - performance already under a strong comparison base in 2Q22 (+34.0% y/y). Thus, Digital represented 35.8% of the Company's revenue in 2Q23, **+3.4 p.p. y/y, in line with the last quarters**.

**Petz Standalone gross margin was 39.7% in 2Q23, a pressure of 0.8 p.p. y/y**, mainly explained by: (i) the increase in Digital Penetration y/y, in addition to the greater investment in competitiveness in the channel, mainly at the end of the quarter; and (ii) the higher share of Food in the mix. These effects were partially offset by (i) the **maintenance of some of Digital's profitability initiatives, such as the service fee**; and (ii) the **continuous work in search of opportunities and efficiency gains in the commercial and operations areas**.

**Petz Standalone Adjusted EBITDA grew 3.3% y/y in 2Q23, totaling R\$71.3 million**. Adjusted EBITDA margin in the period was **8.2%, a pressure of 1.0 p.p. vs. 2Q22**, reflecting (i) gross margin pressure; (ii) effect of the maturation curve of new units; (iii) increase in Digital Penetration; and (iv) increase in G&A expenses. These movements were partially offset by efficiency initiatives in Selling Expenses and Other Operating Expenses (pre-operational related to store opening).

### Acquisitions

**In 2Q23, Gross Revenue from Acquisitions was R\$95.7 million (+71.2% y/y)**, mainly reflecting the consolidation of Petix. **Zee.Dog's Gross Revenue in 2Q23 amounted to R\$55.6 million, flat y/y**, reflecting (i) the performance below expectations of the International vertical, resulting from the macroeconomic environment of global inflation (especially affecting discretionary items); and also (ii) the still slight improvement in B2B Brazil. On the other side, Zee.Dog Kitchen (ZDK) continues to grow in line with expectations, reaching very expressive sales levels within Petz and Zee.Dog channels. Furthermore, we are still analyzing alternatives to accelerate the business unit's breakeven curve. **In 2Q23, Petix's Gross Revenue was R\$40.0 million, an increase of 6.3% vs. 1Q23**.

**Acquisitions EBITDA was -R\$1.3 million in 2Q23 - an improvement compared to -R\$2.9 million in 2Q22 and -R\$5.1 million in 1Q23** - which includes the performance of Petix and the capture of synergies from the integration of the companies acquired with Petz. In the period, these positive effects partially offset the **(i) ramp-up curve of Zee.Dog Kitchen; (ii) Zee.Dog Internacional's operational deleveraging and greater participation of maturing business units and/or different profitability profiles (Zee.Now and Zee.Dog Kitchen); and (iii) the still challenging scenario in the international price of commodities**, especially cellulose, one of the main inputs for manufacturing Petix's dog pads.

## Petz Group Income Statement

Petz Group	2Q23	2Q22	Change	1H23	1H22	Change
R\$ thousands, unless otherwise stated						
<b>Gross Revenue from Products and Services</b>	<b>944,838</b>	<b>800,718</b>	<b>18.0%</b>	<b>1,857,713</b>	<b>1,547,378</b>	<b>20.1%</b>
Taxes and other Deductions	(153,191)	(126,417)	21.2%	(299,184)	(240,767)	24.3%
<b>Net Revenue from Products and Services</b>	<b>791,647</b>	<b>674,301</b>	<b>17.4%</b>	<b>1,558,529</b>	<b>1,306,611</b>	<b>19.3%</b>
Cost of Goods Sold and Services Rendered	(416,685)	(346,957)	20.1%	(820,083)	(675,214)	21.5%
<b>Gross Profit</b>	<b>374,962</b>	<b>327,344</b>	<b>14.5%</b>	<b>738,446</b>	<b>631,397</b>	<b>17.0%</b>
<b>Operating Revenue (Expenses)</b>	<b>(305,034)</b>	<b>(261,322)</b>	<b>16.7%</b>	<b>(603,535)</b>	<b>(513,339)</b>	<b>17.6%</b>
Selling	(219,168)	(191,431)	14.5%	(432,083)	(369,480)	16.9%
General & Administrative	(81,545)	(64,038)	27.3%	(164,190)	(132,082)	24.3%
Other Operating Income (expenses), net	(4,321)	(5,853)	(26.2%)	(7,262)	(11,777)	(38.3%)
<b>Adjusted EBITDA</b>	<b>69,928</b>	<b>66,022</b>	<b>5.9%</b>	<b>134,911</b>	<b>118,058</b>	<b>14.3%</b>
Non-Recurring Results <sup>1</sup>	(3,926)	(1,570)	150.1%	(8,907)	(3,571)	149.4%
Stock Option Plan <sup>2</sup>	818	(7,870)	n/a	(5,412)	(15,687)	(65.5%)
Write-off of Fixed Assets	(13)	-	n/a	(13)	(1)	n/a
Depreciation & Amortization	(40,964)	(29,758)	37.7%	(80,943)	(57,312)	41.2%
<b>Operating Profit before Financial Income</b>	<b>25,843</b>	<b>26,824</b>	<b>(3.7%)</b>	<b>39,636</b>	<b>41,487</b>	<b>(4.5%)</b>
<b>Financial Results</b>	<b>376</b>	<b>4,873</b>	<b>(92.3%)</b>	<b>(2,770)</b>	<b>9,941</b>	<b>(127.9%)</b>
Financial Income	27,637	13,833	99.8%	39,125	28,746	36.1%
Financial Expenses	(27,261)	(8,960)	204.3%	(41,895)	(18,805)	122.8%
<b>Earnings before Income Tax and Social Contribution</b>	<b>26,219</b>	<b>31,697</b>	<b>(17.3%)</b>	<b>36,866</b>	<b>51,428</b>	<b>(28.3%)</b>
Income Tax and Social Contribution	(9,032)	(5,660)	59.6%	(12,800)	(17,068)	(25.0%)
SOP, M&A, Non-Recurring and tax effects	7,361	6,742	9.2%	19,678	19,524	0.8%
<b>Adjusted Net Income</b>	<b>24,548</b>	<b>32,779</b>	<b>(25.1%)</b>	<b>43,743</b>	<b>53,884</b>	<b>(18.8%)</b>
<b>Adjusted EBITDA IFRS 16<sup>3</sup></b>	<b>123,211</b>	<b>111,693</b>	<b>10.3%</b>	<b>241,499</b>	<b>206,315</b>	<b>17.1%</b>

## Petz Standalone Income Statement

Petz Standalone	2Q23	2Q22	Change	1H23	1H22	Change
R\$ thousands, unless otherwise stated						
<b>Gross Revenue from Products and Services</b>	<b>870,266</b>	<b>749,207</b>	<b>16.2%</b>	<b>1,705,971</b>	<b>1,441,951</b>	<b>18.3%</b>
Taxes and other Deductions	(131,855)	(116,104)	13.6%	(257,815)	(222,719)	15.8%
<b>Net Revenue from Products and Services</b>	<b>738,411</b>	<b>633,103</b>	<b>16.6%</b>	<b>1,448,156</b>	<b>1,219,232</b>	<b>18.8%</b>
Cost of Goods Sold and Services Rendered	(392,650)	(329,190)	19.3%	(764,828)	(635,319)	20.4%
<b>Gross Profit</b>	<b>345,761</b>	<b>303,914</b>	<b>13.8%</b>	<b>683,328</b>	<b>583,913</b>	<b>17.0%</b>
<b>Operating Revenue (Expenses)</b>	<b>(274,510)</b>	<b>(234,958)</b>	<b>16.8%</b>	<b>(541,971)</b>	<b>(460,026)</b>	<b>17.8%</b>
<b>Adjusted EBITDA</b>	<b>71,251</b>	<b>68,956</b>	<b>3.3%</b>	<b>141,357</b>	<b>123,887</b>	<b>14.1%</b>

<sup>1</sup> More information on page 19.

<sup>2</sup> 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).

<sup>3</sup> More information on the Appendix II on page 26.

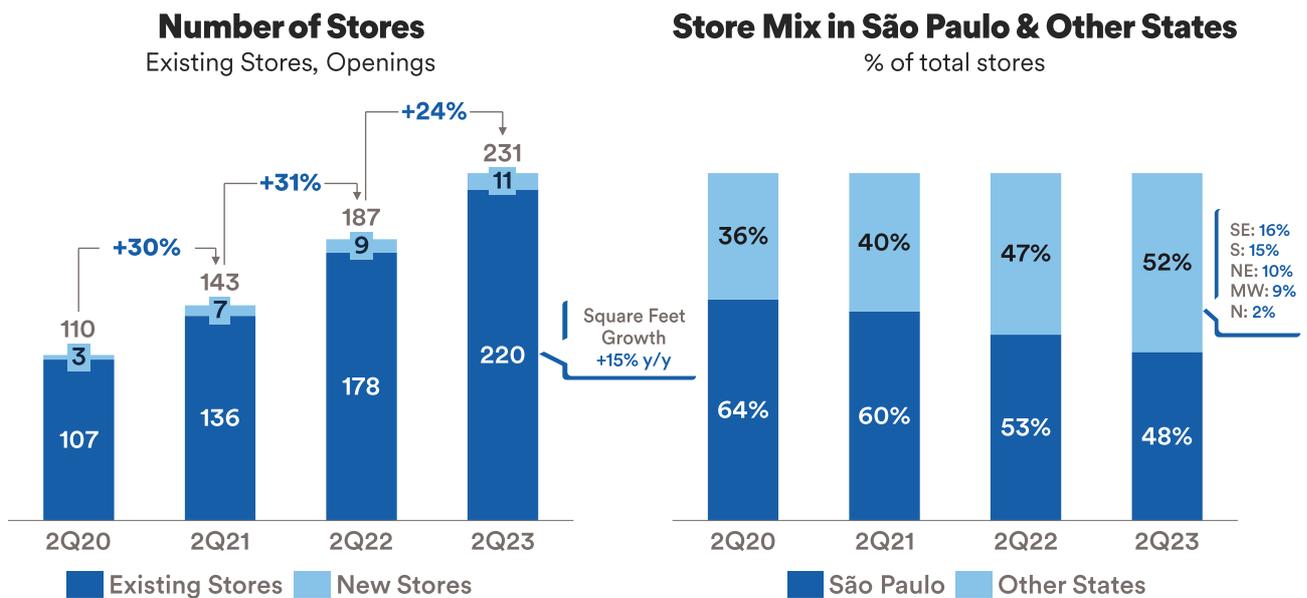
## Petz Store Network and Seres Veterinary Centers

In 2Q23, we opened 11 stores, 8 of which were outside the State of São Paulo and 6 in new cities: Criciúma-SC, Itajaí-SC, Belford Roxo-RJ, Olinda-PE, Pindamonhangaba-SP, and São Leopoldo-RS. We ended the quarter with **52% of the units outside São Paulo**, the highest level ever recorded (vs. 47% in 2Q22).

In the last 12 months, we reached 45 openings in 15 different states. In this context, we are **on track with our guidance of opening 30-40 stores in 2023**. We ended 2Q23 with 231 stores<sup>4</sup> in 23 states in the 5 regions of Brazil, strengthening our leadership position as the largest Pet ecosystem country not only in revenue but also in the number of units and geographical coverage.

We highlight that around **54% of the stores still need to complete their third year of operation (with 19% still in their first year)**. That is, they have yet to reach their full potential for revenue and profitability. Given our accelerated store opening pace over the last few periods, it is expected that we will continue to have impacts related to the maturation process of these new units on short-term results.

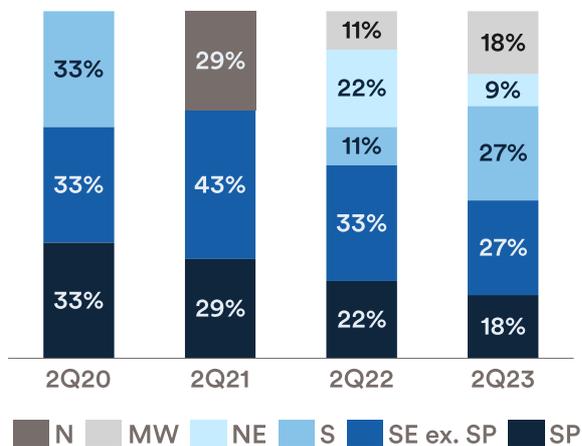
Finally, we ended the period with 125 “Seres” Veterinary Centers, 15 of which are hospitals - these present in 11 states. It is worth mentioning that some veterinary and grooming services units were temporarily deactivated in 1Q23 due to studies to resize the Group's service network in search of better levels of profitability.



<sup>4</sup> Considers the closure of the Ayrton Senna unit, Rio de Janeiro-RJ. More information on the 1Q23 Results.

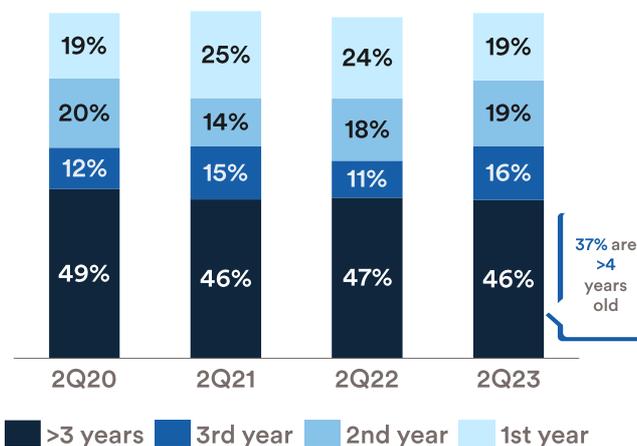
### Mix of Stores Opening by Region

% of total stores



### Distribution by Age

% of total stores



## Total Gross Revenue

R\$ thousands, unless otherwise stated	2Q23	2Q22	Change	1H23	1H22	Change
<b>Gross Revenue Petz Standalone<sup>5</sup></b>	<b>870,266</b>	<b>749,207</b>	<b>16.2%</b>	<b>1,705,971</b>	<b>1,441,951</b>	<b>18.3%</b>
<b>Products</b>	<b>838,818</b>	<b>715,946</b>	<b>17.2%</b>	<b>1,639,478</b>	<b>1,376,235</b>	<b>19.1%</b>
Physical Stores	527,037	473,078	11.4%	1,027,034	913,354	12.4%
Digital	311,781	242,868	28.4%	612,444	462,881	32.3%
<b>Services &amp; Others</b>	<b>31,448</b>	<b>33,261</b>	<b>(5.5%)</b>	<b>66,493</b>	<b>65,716</b>	<b>1.2%</b>
<b>Gross Revenue from Acquisitions<sup>6</sup></b>	<b>95,694</b>	<b>55,895</b>	<b>71.2%</b>	<b>185,889</b>	<b>114,560</b>	<b>62.3%</b>
Intercompany <sup>7</sup>	(21,123)	(4,384)	-	(34,147)	(9,133)	-
<b>Gross Revenue Petz Group</b>	<b>944,838</b>	<b>800,718</b>	<b>18.0%</b>	<b>1,857,713</b>	<b>1,547,378</b>	<b>20.1%</b>

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 Internacional (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).

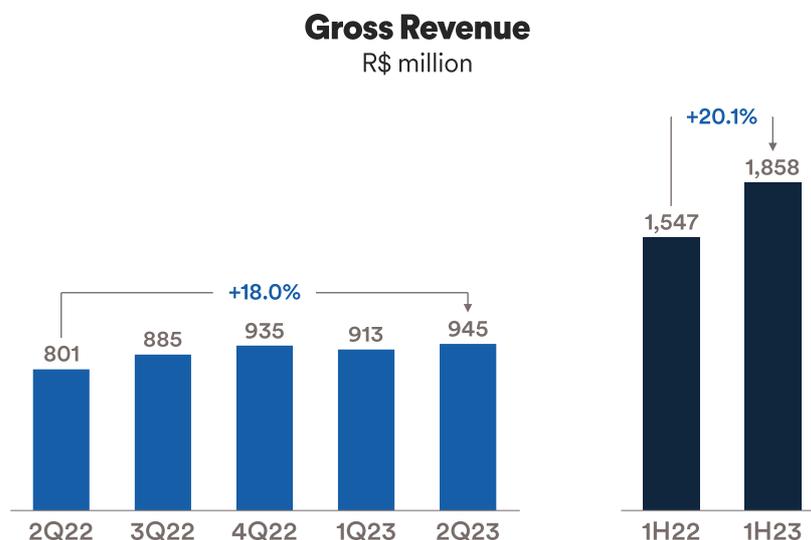
<sup>5</sup>Includes revenues from Cansei de Ser Gato and Cão Cidadão.

<sup>6</sup>Includes Zee.Dog's revenue as of January 2022 and Petix as of July 2022.

<sup>7</sup>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 2Q23, Petz Group Gross Revenue was R\$944.8 million, an increase of +18.0% y/y, highlighting the (i) performance of Petz Standalone Products (+17.2% y/y), even in the face of a challenging macroeconomic scenario; and (ii) consolidation of Petix as of 3Q22. We ended 1H23 with Petz Group's Gross Revenue of R\$1,857.7 million, a growth of +20.1% y/y, a result that mainly reflects the performance of Petz Standalone (+18.3% y/y).



### Petz Standalone Gross Revenue

In 2Q23, Petz Standalone Gross Revenue was R\$870.3 million, an increase of 16.2% y/y vs. a comparison basis of +25.3% y/y in 2Q22.

Petz Standalone sales in 2Q23 were driven by the products segment (+17.2% y/y), highlighting the increase in Digital revenue, which grew 28.4% y/y. Thus, Digital Penetration over Petz Standalone Gross Revenue was 35.8%, an increase of 3.4 p.p. y/y - a result explained in the Petz Standalone Digital Performance section on page 14.

The Services and Others segment dropped 5.5% y/y, mainly reflecting the strategic changes in the services vertical and the temporary closure of veterinary clinics and grooming centers throughout 1Q23 due to studies to resize the network.

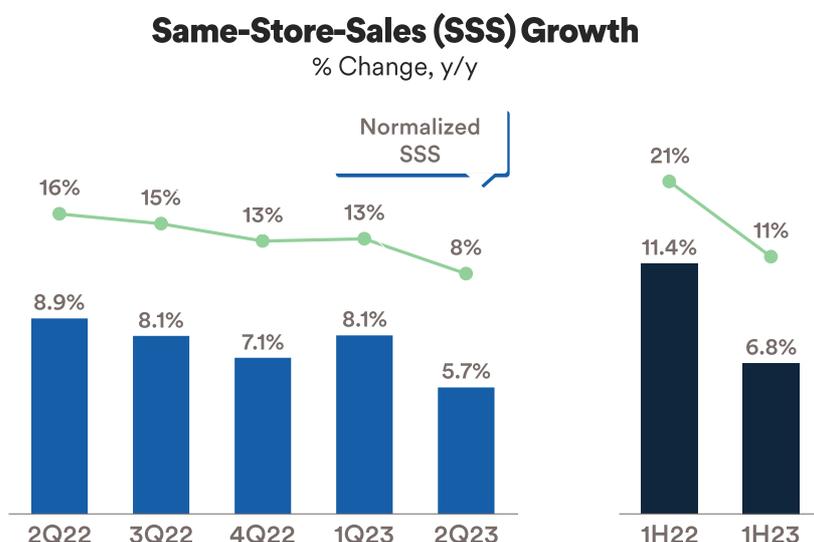
We ended 1H23 with Petz Standalone Gross Revenue of R\$1,706.0 million, an increase of 18.3% a/a – vs. a solid comparison base of +27.0% in 1H22.

### Petz Standalone Same-Store-Sales (SSS)

Same-Store-Sales Petz Standalone grew by 5.7% y/y in 2Q23 (vs. +8.9% in 2Q22) as a result of (i) the challenging macroeconomic scenario in retail and in Brazil, with a slower-than-expected resumption of consumption of discretionary items; (ii) slowdown of domestic inflation in the Pet segment; (iii) drop in revenue from Services and Others, as explained above; and (iv) accelerated pace of store expansion, which is reflected in the normalization effect of the maturation curve of units. In this sense, it is worth mentioning that, excluding the stores that were impacted by the opening of new Petz units in the areas of influence and/or in the same city, the normalized SSS<sup>8</sup> was around 8% y/y in 2Q23.

<sup>8</sup> Excluding stores impacted by the opening of new Petz units in areas of influence and/or in the same city.

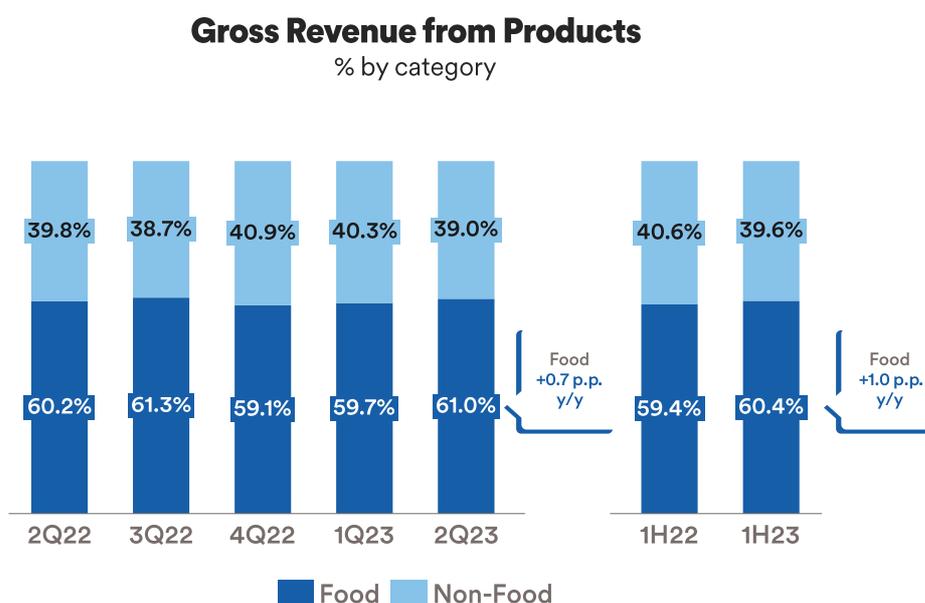
In 1H23, SSS was 6.8% (vs. +11.4% in 1H22) for the reasons mentioned above. Carrying out the same analysis for the effect of new stores, the normalized SSS<sup>8</sup> was around 11% in the period.



### Petz Standalone Product Gross Revenue

Gross Revenue from Petz Standalone Products grew 17.2% y/y, highlighting the **Food category (+18.6% y/y)**, which represented **61.0% of Petz Standalone Product sales in 2Q23 (+0.7 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 1H23, Gross Revenue from Petz Standalone Products totaled R\$1,639.5 million, an increase of 19.1% y/y. In this context, the Food category represented 60.4% of Petz Standalone Products sales in the period, an increase of 1.0 p.p. y/y.



### Petz Standalone Digital Performance

Petz Standalone Digital totaled R\$311.8 million in 2Q23, a **growth of 28.4% y/y**, a performance already a **under strong comparison base in 2Q22 (+34.0% y/y)**. Thus, Digital Penetration reached **35.8% of Petz Standalone Gross Revenue**, an **increase of 3.4 p.p. y/y**. It is important to highlight that despite a high level of Digital participation in Petz Standalone sales, **this indicator has stabilized in the last 3 quarters, reflecting the changes implemented in commercial conditions to improve the profitability of this channel.**

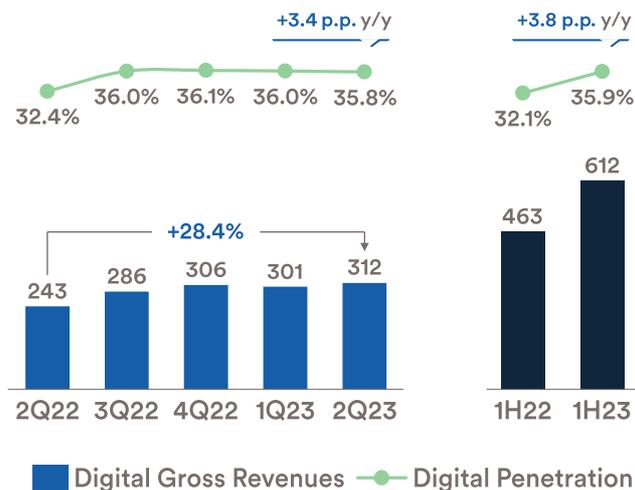
In addition, in 2Q23, we stopped charging the service fee for Pick-up throughout Brazil, aiming to increase our level of competitiveness. At the same time, we are looking for alternatives to mitigate this measure’s impact on the profitability of the Digital channel, such as eliminating the commercial dynamics of accumulative discounts (*e.g.*, subscriber discount applied to a product already discounted).

In general, the performance of Digital Petz “Standalone” reflects (i) **excellence and consistency in the level of service**, given that 95% of sales made through the Ship from Store modality are delivered within one business day (87% of all sales Digital orders); (ii) **improvements in navigability and customer shopping experience**; (iii) **a vast and complete assortment**, which positions the Company as the most extensive offer in the segment; (iv) **efficient management of product stock out rates**; and (v) **competitive commercial conditions**, such as the Subscription Program which already has 380 thousand subscribers (+20% y/y).

**In 1H23, Petz Standalone had Digital revenues of R\$612.4 million (+32.3% y/y)**, representing a Digital penetration of 35.9% of total revenue (+3.8 p.p. y/y).

### Digital Gross Revenue and Digital Penetration

R\$ million, % Petz Standalone Gross Revenue



**~2.6 MM**  
Omnichannel active clients at Petz (+15% y/y), with an average spending +60% vs. physical channel

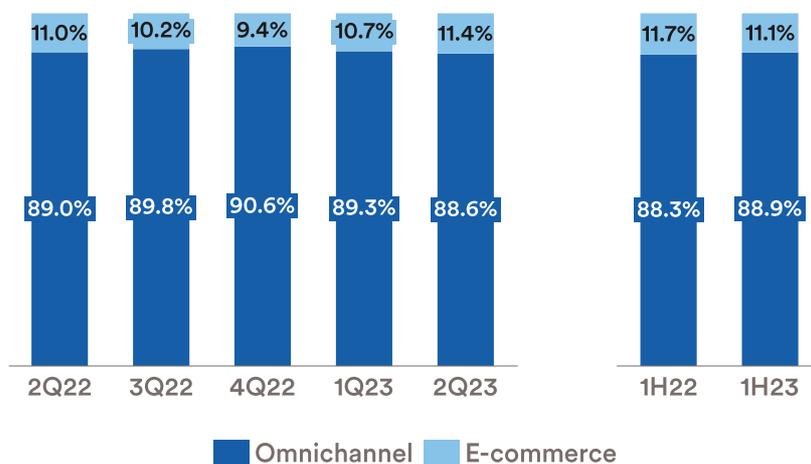
**~70%**  
of the Digital Revenue comes from the app, +1 MM monthly active users in June/23

**~380K**  
Subscribers (+20% y/y), representing 29% of the Gross Revenue in June/23 (+3 p.p. y/y)

In 2Q23, Petz Standalone Gross Revenue from the Omnichannel platform - which includes sales made through Pick-up and Ship from Store - grew 27.8% y/y, reaching an **Omnichannel Ratio of 88.6% ( vs. 89.0% in 2Q22)**, a benchmark in the Brazilian and global retail sector. In 1H23, the Omnichannel Ratio was 88.9% (+0.6 p.p. y/y).

### Omnichannel Ratio and E-commerce Share

% Petz Standalone Digital Gross Revenue



### Gross Revenue from Acquisitions

In 2Q23, Gross Revenue from Acquisitions was R\$95.7 million (+71.2% y/y), mainly reflecting the consolidation of Petix as of 3Q22.

Zee.Dog's Gross Revenue in 2Q23 amounted to R\$55.7 million, flat y/y, reflecting (i) the performance below expectations of the International vertical, resulting from the macroeconomic environment of global inflation (especially affecting discretionary items); and also (ii) the still slight improvement in B2B Brazil. On the other side, Zee.Dog Kitchen (ZDK) continues to grow in line with expectations, reaching very expressive sales levels within Petz and Zee.Dog channels, although we are still analyzing alternatives to accelerate the business unit's breakeven curve.

In 2Q23, Petix's Gross Revenue was R\$40.0 million, an increase of 6.3% vs. 1Q23. In April we implemented a new commercial strategy, which aims to create differentials through exclusive assortment and personalized discounts for customers within Petz channels (strengthening the leadership position of the Super Secção brand in the category).

### Petz Group Gross Profit

Petz Group Gross Profit totaled R\$375.0 million in 2Q23 (+14.5% y/y), representing a gross margin of 39.7%, -1.2 p.p. y/y and flat vs. 1Q23. This result reflects the performance of Petz Standalone, as explained below, and the consolidation of Petix's numbers since 3Q22 - business model (factory, B2B), which has a gross margin of around 15%. In 1H23, Petz Group Gross Profit totaled R\$738.4 million (+17.0% y/y), representing a gross margin of 39.8% (-1.1 p.p. y/y).

Petz Standalone gross margin was 39.7% in 2Q23, a pressure of 0.8 p.p. y/y, mainly explained by: (i) the increase in Digital Penetration y/y, in addition to the greater investment in competitiveness in the channel, mainly at the end of the quarter; and (ii) the higher share of Food in the mix. These effects were partially offset by (i) the **maintenance of some of Digital's profitability initiatives, such as the service fee**; and (ii) the **continuous work in search of opportunities and efficiency gains in the commercial and operations areas**. In 1H23, Gross Profit from Petz Standalone was R\$683.3 million (+17.0% y/y), which represents a gross margin of 40.1%, a slight decrease of 0.4 p.p. y/y, given the same factors as mentioned above.

### Gross Profit

R\$ million, % Petz Group Gross Revenue



### Petz Group Operating Expenses

Petz Group R\$ thousands, unless otherwise stated	2Q23	2Q22	Change	1H23	1H22	Change
<b>Selling, General and Administrative Expenses (SG&amp;A)</b>	<b>300,713</b>	<b>255,469</b>	<b>17.7%</b>	<b>596,273</b>	<b>501,562</b>	<b>18.9%</b>
<b>% Total Gross Revenue</b>	<b>31.8%</b>	<b>31.9%</b>	<b>(0.1 p.p)</b>	<b>32.1%</b>	<b>32.4%</b>	<b>(0.3 p.p)</b>
Selling Expenses	219,168	191,431	14.5%	432,083	369,480	16.9%
<b>% Total Gross Revenue</b>	<b>23.2%</b>	<b>23.9%</b>	<b>(0.7 p.p)</b>	<b>23.3%</b>	<b>23.9%</b>	<b>(0.6 p.p)</b>
General & Administrative Expenses	81,545	64,038	27.3%	164,190	132,082	24.3%
<b>% Total Gross Revenue</b>	<b>8.6%</b>	<b>8.0%</b>	<b>0.6 p.p.</b>	<b>8.8%</b>	<b>8.5%</b>	<b>0.3 p.p.</b>
<b>Others Operating Expenses</b>	<b>4,321</b>	<b>5,853</b>	<b>(26.2%)</b>	<b>7,262</b>	<b>11,777</b>	<b>(38.3%)</b>
<b>% Total Gross Revenue</b>	<b>0.5%</b>	<b>0.7%</b>	<b>(0.3 p.p)</b>	<b>0.4%</b>	<b>0.8%</b>	<b>(0.4 p.p)</b>
<b>Total Operating Expenses</b>	<b>305,034</b>	<b>261,322</b>	<b>16.7%</b>	<b>603,535</b>	<b>513,339</b>	<b>17.6%</b>
<b>% Total Gross Revenue</b>	<b>32.3%</b>	<b>32.6%</b>	<b>(0.4 p.p)</b>	<b>32.5%</b>	<b>33.2%</b>	<b>(0.7 p.p)</b>

Petz Group Operating Expenses totaled R\$305.0 million in 2Q23 (+16.7% y/y), representing a level of 32.3% of Petz Group Gross Revenue (-0.4 p.p. y/y), mainly reflecting the efficiency gains in Selling Expenses of Petz Standalone and in the line of Other Operating Expenses (pre-operating related to the store opening process).

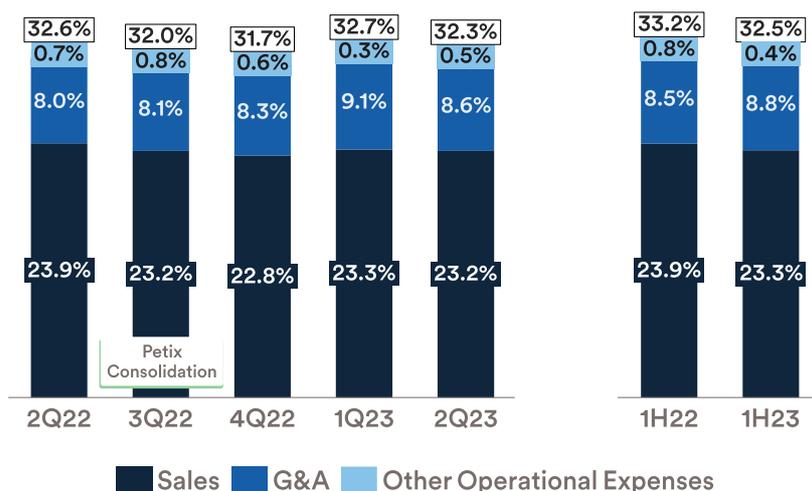
Petz Group Selling Expenses were R\$219.2 million in 2Q23, +14.5% y/y, representing 23.2% of Gross Revenue (-0.7 p.p. y/y). This performance is a reflection of efficiency gains at Petz Standalone related to (i) **Digital variable expenses**, with emphasis on performance marketing and freight (last mile); and (ii) **consumption**, especially in electricity and store supplies. These effects more than offset pressures related to (i) **acceleration in the store opening process and maturation of the existing network**, taking into account that the store takes, on average, 6 months to reach breakeven; and (ii) the increase in **transportation**, impacted by the greater diversification of the store network (in locations farther from SP) and the logistics network (new DCs in operation).

General & Administrative Expenses (G&A) of Petz Group totaled R\$81.5 million in 2Q23, +27.3% y/y, representing 8.6% of Petz Group Gross Revenue (+0.6 p.p. y/y). This result is a reflection of (i) **investments in personnel**, given the reinforcement of the structure in the Company's Services and HR areas throughout 2H22; and (ii) an **increase in DCs expenses**, with the inauguration of the Hidrolândia-GO center (2Q22).

In 2Q23, Other Operating Expenses amounted to R\$4.3 million (-26.2% y/y), representing 0.5% of total revenues (-0.3 p.p. y/y), reflecting the greater efficiency of pre-operating expenses with new stores, despite the faster pace of openings in 2Q23 (11 stores vs. 9 in 2Q22).

In 1H23, Operating Expenses amounted to R\$603.5 million, an increase of 17.6% y/y, representing 32.5% of total revenues (-0.7 p.p. y/y), reflecting abovementioned factors.

## Operating Expenses % Petz Group Gross Revenue



## Petz Group Adjusted EBITDA

Petz Group R\$ thousands, unless otherwise stated	2Q23	2Q22	Change	1H23	1H22	Change
<b>Adjusted Net Income</b>	<b>24,548</b>	<b>32,779</b>	<b>(25.1%)</b>	<b>43,743</b>	<b>53,884</b>	<b>(18.8%)</b>
(+) Stock Option Plan (SOP) <sup>9</sup>	818	(7,870)	n/a	(5,412)	(15,687)	(65.5%)
(+) Non-Recurring Effects Adjusted on EBITDA	(3,926)	(1,570)	150.1%	(8,907)	(3,571)	149.4%
(+) Interest in accounts payable to selling shareholders	(2,967)	(2,160)	37.4%	(6,086)	(4,769)	27.6%
(+) Tax effects	(1,286)	4,858	n/a	727	4,503	(83.8%)
<b>Net Income</b>	<b>17,187</b>	<b>26,037</b>	<b>(34.0%)</b>	<b>24,066</b>	<b>34,360</b>	<b>(30.0%)</b>
(-) Income Tax & Social Contribution	9,032	5,660	59.6%	12,800	17,068	(25.0%)
(-) Depreciation & Amortization	40,964	29,758	37.7%	80,943	57,312	41.2%
(-) Financial Results	(376)	(4,873)	(92.3%)	2,770	(9,941)	n/a
<b>EBITDA</b>	<b>66,807</b>	<b>56,582</b>	<b>18.1%</b>	<b>120,579</b>	<b>98,799</b>	<b>22.0%</b>
(-) Stock Option Plan (SOP) <sup>9</sup>	(818)	7,870	n/a	5,412	15,687	(65.5%)
(-) Write-off of PP&E	13	-	n/a	13	1	n/a
(-) Non-recurring results	3,926	1,570	150.1%	8,907	3,571	149.4%
(-) Non-recurring income	-	-	-	-	-	-
(-) Non-recurring expenses	3,926	1,570	150.1%	8,907	3,571	149.4%
<b>Adjusted EBITDA</b>	<b>69,928</b>	<b>66,022</b>	<b>5.9%</b>	<b>134,911</b>	<b>118,058</b>	<b>14.3%</b>
<i>Adjusted EBITDA / Total Gross Revenues</i>	<i>7.4%</i>	<i>8.2%</i>	<i>(0.8 p.p)</i>	<i>7.3%</i>	<i>7.6%</i>	<i>(0.4 p.p)</i>

<sup>9</sup> 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).

Petz Group Adjusted EBITDA was R\$69.9 million in 2Q23 (+5.9% y/y), representing 7.4% of Total Gross Revenue (-0.8 p.p. y/y), explained below.

Petz Standalone Adjusted EBITDA totaled R\$71.3 million in 2Q23, a growth of 3.3% y/y. Adjusted EBITDA margin in the period was 8.2%, a decrease of 1.0 p.p. vs. 2Q22, reflecting (i) gross margin pressure; (ii) effect of the maturation curve of new units; (iii) increase in Digital Penetration; and (iv) increase in G&A Expenses. These results were partially offset by efficiency initiatives in Selling Expenses and the Other Operating Expenses line.

### 4-Wall EBITDA (Stores)

% Petz Standalone Gross Revenue

Cohorts	# Stores	4-Wall EBITDA (2Q23 LTM)
Until 2018	80	18.7%
2019	26	18.5%
2020	28	17.3%
2021	37	15.3%
2022*	50	9.6%
2023	14	8.8%

$$\begin{aligned}
 & \text{4-Wall EBITDA} \\
 & + \\
 & \text{Corporate, pre-operating and storage expenses} \\
 & = \\
 & \text{Petz Standalone EBITDA}
 \end{aligned}$$

\* 2022 Cohort: excluding the 18 stores opened in 4Q22 (7 of which in December), IAS 17 4-Wall EBITDA would have been 11.1%.

Acquisitions EBITDA was -R\$1.3 million, which includes the performance of Petix and the capture of synergies from the integration of the acquired companies with Petz. In the period, these positive effects partially offset the (i) ramp-up curve of Zee.Dog Kitchen; (ii) Zee.Dog Internacional's operational deleveraging and greater participation of maturing business units and/or different profitability profiles (Zee.Now and Zee.Dog Kitchen); and (iii) the still challenging scenario in the international price of commodities, especially cellulose, one of the main inputs for manufacturing Petix's dog pads.

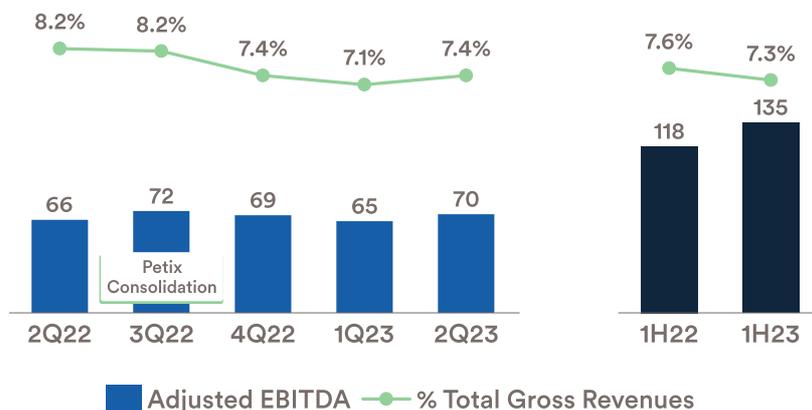
R\$ thousands, unless otherwise stated	2Q23			2Q22		
	Petz Group <sup>10</sup>	Petz Standalone	Acquisitions <sup>11</sup>	Petz Group <sup>10</sup>	Petz Standalone	Acquisitions <sup>11</sup>
Total Gross Revenue	944,838	870,266	95,694	800,718	749,207	55,895
Adjusted EBITDA	69,928	71,251	(1,323)	66,022	68,956	(2,934)
Adjusted EBITDA /Total Gross Revenues	7.4%	8.2%	(1.4%)	8.2%	9.2%	(5.2%)

R\$ thousands, unless otherwise stated	1H23			1H22		
	Petz Group <sup>10</sup>	Petz Standalone	Acquisitions <sup>11</sup>	Petz Group <sup>10</sup>	Petz Standalone	Acquisitions <sup>11</sup>
Total Gross Revenue	1,857,713	1,705,971	185,889	1,547,378	1,441,951	114,560
Adjusted EBITDA	134,911	141,357	(6,446)	118,058	123,887	(5,829)
Adjusted EBITDA /Total Gross Revenues	7.3%	8.3%	(3.5%)	7.6%	8.6%	(5.1%)

In 2Q23, Petz Group Non-Recurring Result, which totaled R\$3.9 million, mainly refers to the R\$1.5 million recognition (non-cash) of the earnout portion of the Zee.Dog transaction. In addition, it is worth mentioning the expenses related to the layoff of some business units restructuring process of the acquired companies, and the closure of units of veterinary and grooming services as a result of studies to resize the network.

## Adjusted EBITDA

R\$ million, % Petz Group Gross Revenue



<sup>10</sup> Considers the effect of Intercompany Eliminations in the amount of R\$21.1 million (details on page 11).

<sup>11</sup> 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 2Q23 totaled R\$41.0 million, +37.7% y/y. The increase is explained by the investments made by the Company in recent years, mainly (i) in the expansion of the Petz store network, most of which have less than three years of operation; (ii) in the Digital channel, to improve our customers' navigability and shopping experience (UX) and seeking more efficiency in sales conversion; and (iii) strengthening/modernizing the IT infrastructure, ensuring scalability and robustness of the business.

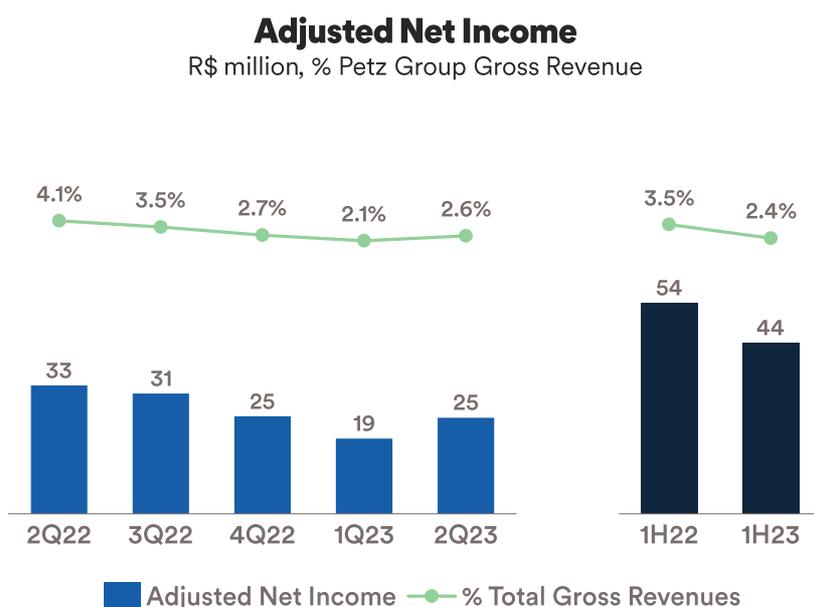
**The Financial Result in 2Q23 represented revenue of R\$0.4 million vs. R\$4.9 million recorded in 2Q22**, explained by (i) higher financial expenses - totaling R\$27.3 million in 2Q23 - which included R\$3.0 million related to the correction of amounts to be paid in the future to shareholders of acquired companies; partially offset by (i) higher financial income, reflecting the inflow of two long-term loans during 1H23.

Income Tax and Social Contribution expenses totaled R\$9.0 million in 2Q23 vs. R\$5.7 million in the same period of the previous year. Considering the effects detailed in the following section, **the effective rate was 24.0% in 2Q23 (vs. 24.3% in 2Q22)**.

## Adjusted Net Income

**Petz Group Adjusted Net Income in 2Q23 totaled R\$24.5 million, down 25.1% y/y**, reflecting (i) **growth in Depreciation & Amortization**; (ii) **lower Financial Result** in 2Q23 vs. 2Q22; and (iii) the **negative effect of the consolidation of acquisitions** - as explained in the previous sections. These effects were partially offset by the Lei do Bem and interest on equity benefits in 2Q23.

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 (iii) non-recurring expenses, already explained in the Adjusted EBITDA section. It is important to mention that for the calculation of 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 34% effect on the subsidiaries' EBT.



Adjusted Cash Flow<sup>12</sup>

Petz Group R\$ thousands, unless otherwise stated	2Q23	2Q22	Change	1H23	1H22	Change
<b>Adjusted EBITDA</b>	<b>69,928</b>	<b>66,022</b>	<b>5.9%</b>	<b>134,911</b>	<b>118,058</b>	<b>14.3%</b>
Non-recurring Result	(3,926)	(1,570)	150.1%	(8,907)	(3,571)	149.4%
Income Tax (34% x EBIT)	(8,787)	(9,120)	(3.7%)	(13,476)	(14,106)	(4.5%)
<b>Assets</b>	<b>57,215</b>	<b>55,332</b>	<b>3.4%</b>	<b>112,528</b>	<b>100,381</b>	<b>12.1%</b>
Accounts Receivables	(10,495)	(24,298)	(56.8%)	(12,710)	(38,236)	(66.8%)
Inventory	(7,757)	(8,482)	(8.5%)	36,637	(57,196)	(164.1%)
Suppliers	19,921	(9,571)	n/a	(50,163)	(36,880)	36.0%
Other Assets/Liabilities	1,130	(9,999)	n/a	8,233	(28,991)	(128.4%)
<b>Cash Flow from Operating Activities</b>	<b>60,015</b>	<b>2,982</b>	<b>1912.7%</b>	<b>94,525</b>	<b>(60,922)</b>	<b>(255.2%)</b>
<b>Cash Flow from Investing Activities</b>	<b>(55,319)</b>	<b>(82,290)</b>	<b>(32.8%)</b>	<b>(120,675)</b>	<b>(159,037)</b>	<b>(24.1%)</b>
<b>Cash Flow from Financing Activities</b>	<b>172,666</b>	<b>(26,890)</b>	<b>n/a</b>	<b>347,440</b>	<b>(76,013)</b>	<b>n/a</b>
Borrowings and Financing	200,000	-	n/a	400,000	-	n/a
Repayment of borrowings and financing	(24,577)	(25,463)	(3.5%)	(51,358)	(80,900)	(36.5%)
Capital increase	673	-	n/a	922	1,149	(19.8%)
Dividends	(11,999)	(6,965)	72.3%	(12,008)	(6,965)	72.4%
Others	8,569	5,538	54.7%	9,884	10,703	7.7%
<b>Free Cash Flow Generation</b>	<b>177,362</b>	<b>(106,198)</b>	<b>n/a</b>	<b>321,290</b>	<b>(295,972)</b>	<b>n/a</b>
Financial applications	-	630	n/a	20	14,657	(99.9%)
<b>Free Cash Flow, Net</b>	<b>177,362</b>	<b>(105,568)</b>	<b>n/a</b>	<b>321,310</b>	<b>(281,315)</b>	<b>n/a</b>

**Operating Cash Flow in 2Q23 generated R\$60.0 million vs. R\$3.0 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 national and global supply chain; **(ii) tax efficiency gains** in the cash cycle with the new Hidrolândia-GO DC, after being inaugurated during the second half of 2022 (reduction in the accumulation of tax credits); and **(iii) improvement in the Accounts Receivable mix**, with the successful entry of PIX in Petz's digital channels in 2Q22, which partially offset the increase in credit card sales due to the greater participation of the Digital channel. As a result of these effects, **the cash cycle (Petz Standalone) showed a significant improvement of 9 days y/y.**

**In terms of Free Flow Generation, the Company generated R\$177.4 million in 2Q23 vs. consumption of R\$105.6 million in the same period of the previous year, mainly explained by (i) the 3rd issue of debentures of R\$200 million in May 2023, as explained in the following section; (ii) lower Investments in 2Q23 (R\$55.3 million vs. R\$82.3 million in 2Q22); in addition to (iii) higher generation of Operating Cash.**

<sup>12</sup> 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.

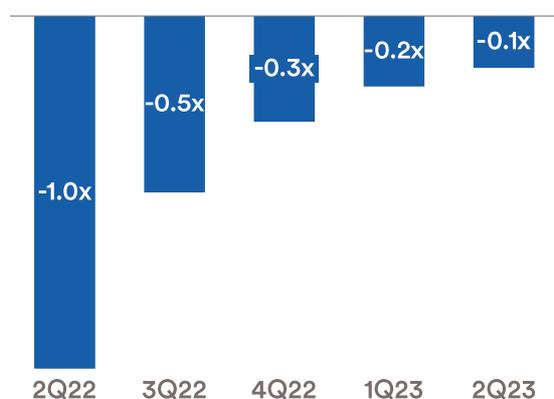
## Debt

Petz Group R\$ thousands, unless otherwise stated	2Q23	2Q22	Change
<b>Gross Debt</b>	<b>467,369</b>	<b>145,681</b>	<b>220.8%</b>
Current Loans and Financing	66,536	95,261	(30.2%)
Noncurrent Loans and Financing	400,833	50,420	695.0%
<b>Cash &amp; Cash Equivalents and Financial Investments</b>	<b>506,721</b>	<b>392,385</b>	<b>29.1%</b>
Cash & Cash Equivalents	506,721	392,357	29.1%
Financial applications	-	28	n/a
<b>Net Debt</b>	<b>(39,352)</b>	<b>(246,704)</b>	<b>(84.0%)</b>
Adjusted EBITDA (LTM)	276,320	256,148	7.9%
<i>Net Debt/Adjusted EBITDA (LTM)</i>	<i>(0.1x)</i>	<i>(1.0x)</i>	<i>0.8x</i>

The Company ended 2Q23 with a **Net Cash position of R\$39.4 million, representing -0.1x Adjusted EBITDA LTM** (vs. -1.0x in the previous year). Regarding the Company's capital structure, it is worth mentioning the 3rd issue of debentures, in the amount of **R\$200 million**, with very attractive conditions (CDI + 1.65% p.a. for 5 years) given the current scenario of interest rates and the situation of the segment retail, to finance the Group's main strategic projects in the coming years.

### Leverage

Net Debt/Adjusted EBITDA 12M



## Investments

Petz Group	2Q23	2Q22	Change	1H23	1H22	Change
R\$ thousands, unless otherwise stated						
New Stores & Hospitals	39,183	49,506	(20.9%)	75,459	98,842	(23.7%)
Technology & Digital	19,214	15,140	26.9%	40,010	25,780	55.2%
Renovation, Maintenance & Others	3,421	19,194	(82.2%)	7,795	24,040	(67.6%)
<b>Total Investments</b>	<b>61,819</b>	<b>83,840</b>	<b>(26.3%)</b>	<b>123,265</b>	<b>148,663</b>	<b>(17.1%)</b>
Non-Cash Effect	(7,592)	(1,908)	n/a	(5,064)	10,016	n/a
<b>Cash Flow from Fixed &amp; Intangible Assets</b>	<b>54,227</b>	<b>81,932</b>	<b>(33.8%)</b>	<b>118,201</b>	<b>158,679</b>	<b>(25.5%)</b>

**Total Investments amounted to R\$61.8 million in 2Q23, down 26.3% y/y.** In line with our expansion strategy, R\$39.2 million was invested in constructing of new stores (-20.9% y/y), given **the slower pace of openings in 2023 and the greater efficiency in deploying of new units.**

**We invested R\$19.2 million in Technology and Digital in 2Q23 (+26.9% y/y),** mainly focused on: (i) new initiatives in the Digital platform **to improve channel profitability;** (ii) improvement of **navigability and customer shopping experience;** (iii) innovation, with new functionalities for revenue generation and differentiation; (iv) **system integration of acquired companies;** and (v) **improvement in infrastructure and data security.**

**Renovation, Maintenance & Others totaled R\$3.4 million in 2Q23, representing a drop of 82.2% y/y.** This reduction is mainly due to the y/y comparison basis, given that in 2Q22, we had significant store retrofits, in addition to non-recurring expenses related to logistics (opening of the Hidrolândia-GO DC and expansion of existing DCs) and the capex of acquired companies.

## Balance Sheet

Petz Group R\$ thousands, unless otherwise stated	2Q23	1Q23	4Q22	3Q22	2Q22
<b>ASSETS</b>					
<b>Current Assets</b>	<b>1,386,838</b>	<b>1,187,696</b>	<b>1,090,432</b>	<b>1,139,442</b>	<b>1,193,089</b>
Cash & Cash Equivalents	506,721	329,359	185,411	262,413	392,357
Financial applications	-	-	-	-	28
Accounts Receivable	337,975	330,503	328,299	326,974	290,715
Inventories	391,455	383,697	428,092	421,089	391,720
Recoverable Taxes and Contributions	121,730	118,355	121,212	104,654	95,094
Other Credits	28,957	25,782	27,418	24,312	23,175
<b>Noncurrent Assets</b>	<b>1,635,103</b>	<b>1,610,656</b>	<b>1,589,877</b>	<b>1,484,209</b>	<b>1,344,751</b>
Other Credits	32,640	30,882	28,743	23,323	19,296
Recoverable Taxes and Contributions	28,446	22,174	22,797	18,457	3,198
Deferred Income Tax and Social Contribution	19,752	17,645	19,815	20,037	14,083
Property, Plant and Equipment	813,398	808,941	800,700	736,583	671,474
Intangible Assets	740,867	731,014	717,822	685,809	636,700
<b>Total Assets</b>	<b>3,021,941</b>	<b>2,798,352</b>	<b>2,680,309</b>	<b>2,623,651</b>	<b>2,537,840</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>	<b>568,619</b>	<b>548,479</b>	<b>637,290</b>	<b>584,068</b>	<b>534,571</b>
Suppliers	309,900	289,258	366,585	313,569	284,692
Loans, Financing and Debentures <sup>13</sup>	66,536	72,202	86,269	88,904	95,261
Payroll and Related Taxes	90,441	86,527	76,078	91,225	73,903
Taxes Payable	47,272	39,001	42,988	41,883	32,164
Dividends Payable	2,653	12,018	12,027	13,831	13,851
Accounts payable for the acquisition of subsidiaries	9,453	11,537	12,798	5,679	5,588
Other Payable	40,404	36,159	37,404	26,302	26,078
Loyalty Program	1,960	1,777	3,141	2,675	3,034
<b>Non-current Liabilities</b>	<b>513,517</b>	<b>323,360</b>	<b>130,758</b>	<b>143,230</b>	<b>148,657</b>
Loans, Financing and Debentures	400,833	214,391	26,832	39,027	50,420
Accounts payable for the acquisition of subsidiaries	95,317	91,322	86,789	96,347	90,549
Other Payable	1,182	1,237	1,043	914	1,200
Provisions for Civil and Labor Risks	16,185	16,410	16,094	6,942	6,488
<b>Shareholders' Equity</b>	<b>1,939,805</b>	<b>1,926,513</b>	<b>1,912,261</b>	<b>1,896,353</b>	<b>1,854,612</b>
Capital	1,725,365	1,725,365	1,724,444	1,724,388	1,724,259
Capital Reserves	39,505	39,505	39,505	39,505	39,505
Reserve for Options Granted	47,087	47,904	41,675	38,605	30,542
Special Goodwill Reserve	24,825	24,825	24,825	24,825	24,825
Equity adjustment	(129,594)	(129,594)	(129,594)	(128,785)	(145,045)
Profit Reserves	232,617	218,508	211,406	197,815	180,526
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,021,941</b>	<b>2,798,352</b>	<b>2,680,309</b>	<b>2,623,651</b>	<b>2,537,840</b>

<sup>13</sup> Includes the value of derivative instrument (SWAP) in the amount of R\$14.0 million on June 30, 2023. More information in the footnote 15.3 of the 2Q23 financial statements.

## Cash Flow – Indirect Method

Petz Group	2Q23	2Q22	1H23	1H22
R\$ thousands, unless otherwise stated				
<b>Cash Flow from Operating Activities</b>	<b>68,584</b>	<b>8,520</b>	<b>104,409</b>	<b>(49,246)</b>
Operating Profit before income tax	26,219	31,697	36,866	51,428
CAT-42 tax refund effect	-	-	-	-
Depreciation & Amortization	41,029	29,823	80,039	57,443
Allowance for Inventory Losses	18	1,708	(107)	3,555
Recognized options granted	(817)	7,870	5,412	15,686
Interest on Loans and Financing	8,279	5,285	13,134	11,299
PP&E Write-off	48	-	51	1
Loyalty Program	183	208	(1,181)	(302)
Provision for Civil and Labor Risks	(224)	411	93	313
Interest from Financial Applications	-	-	-	(153)
Monetary restatement on income tax and social contribution	2,967	2,160	6,086	4,769
Interest in accounts payable to selling shareholders	(66)	(66)	(132)	(132)
Depreciation & Amortization - Refund of Improvements	<b>(9,052)</b>	<b>(70,576)</b>	<b>(35,852)</b>	<b>(193,153)</b>
<b>Working Capital Variation</b>				
ASSETS	(10,495)	(24,298)	(12,710)	(38,236)
Accounts Receivables	(7,775)	(10,190)	36,744	(60,751)
Inventory	(13,031)	(13,168)	(9,519)	(28,030)
Recoverable Taxes and Contributions	(2,224)	738	(7,557)	(13,765)
Other Credits				
LIABILITIES	19,921	(9,571)	(50,163)	(36,880)
Suppliers	3,914	(10,784)	14,363	(1,055)
Payroll and Related Taxes	6,139	6,847	4,286	5,843
Taxes Payable	4,851	1,226	5,652	4,503
Accounts Payable	(7,426)	(6,253)	(9,440)	(13,983)
Income Tax and Social Contribution Paid	(2,926)	(5,123)	(7,508)	(10,799)
<b>Cash flow from investing activities</b>	<b>(55,319)</b>	<b>(81,660)</b>	<b>(120,655)</b>	<b>(144,380)</b>
Financial applications	-	630	20	14,657
Investments	(1,092)	(358)	(2,474)	(358)
Purchase of Property, Plant and Equipment	(54,227)	(81,932)	(118,201)	(158,679)
<b>Cash Flow from Financing Activities</b>	<b>164,097</b>	<b>(32,428)</b>	<b>337,556</b>	<b>(87,689)</b>
Borrowings and Financing	200,000	-	400,000	-
Repayment of borrowings and financing	(24,577)	(25,463)	(51,358)	(80,900)
Capital increase	673	-	922	1,149
Transaction costs of shares issuance	-	-	-	(973)
Dividends	(11,999)	(6,965)	(12,008)	(6,965)
<b>Free Cash Flow, Net</b>	<b>177,362</b>	<b>(105,568)</b>	<b>321,310</b>	<b>(281,315)</b>
Cash BoP	329,359	497,925	185,411	673,672
Cash EoP	506,721	392,357	506,721	392,357

## Appendix I: IFRS 16 Impact – Statement of Income

Petz Group R\$ thousands, unless otherwise stated	2Q23		Change
	IAS 17	IFRS 16	
<b>Gross Revenue from Products and Services</b>	<b>944,838</b>	<b>944,838</b>	-
Taxes and other Deductions	(153,191)	(153,191)	-
<b>Net Revenue from Products and Services</b>	<b>791,647</b>	<b>791,647</b>	-
Cost of Goods Sold and Services Rendered	(416,685)	(416,685)	-
<b>Gross Profit</b>	<b>374,962</b>	<b>374,962</b>	-
<b>Operating Revenue (Expenses)</b>	<b>(349,119)</b>	<b>(334,945)</b>	<b>(14,174)</b>
Selling	(251,895)	(238,710)	(13,185)
General & Administrative	(89,782)	(88,276)	(1,506)
Other Operating Income (expenses), net	(7,442)	(7,959)	517
<b>Operating Profit before Financial Income</b>	<b>25,843</b>	<b>40,017</b>	<b>(14,174)</b>
<b>Financial Results</b>	<b>376</b>	<b>(22,546)</b>	<b>22,922</b>
Financial Income	27,637	27,637	-
Financial Expenses	(27,261)	(50,183)	22,922
<b>Earnings before Income Tax and Social Contribution</b>	<b>26,219</b>	<b>17,471</b>	<b>8,748</b>
Income Tax and Social Contribution	(9,032)	(6,081)	(2,951)
<b>Net profit</b>	<b>17,187</b>	<b>11,390</b>	<b>5,797</b>

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

Petz Group R\$ thousands, unless otherwise stated	2Q23	2Q22	1H23	1H22
<b>Earnings Before Interest Tax (EBIT)</b>	<b>40,017</b>	<b>38,372</b>	<b>69,352</b>	<b>63,016</b>
(+) Depreciation & Amortization	40,444	29,757	79,908	57,311
(+) Depreciation – Right of Use (CPC 06 (R2)/IFRS 16)	39,650	34,290	78,670	66,896
<b>EBITDA</b>	<b>120,111</b>	<b>102,419</b>	<b>227,930</b>	<b>187,223</b>
(+) Rental Expenses	(53,283)	(45,671)	(106,590)	(88,258)
<b>EBITDA ex./IFRS 16</b>	<b>66,828</b>	<b>56,748</b>	<b>121,340</b>	<b>98,965</b>
(-) Stock Option Plan (SOP)	(818)	7,870	5,412	15,687
(-) PP&E Write-off	13	-	13	1
(-) Right of use (CPC 06 (R2)/IFRS 16) Write-off	(21)	(166)	(761)	(166)
<b>(-) Non-recurring results</b>	<b>3,926</b>	<b>1,570</b>	<b>8,907</b>	<b>3,571</b>
(-) Non-recurring income	-	-	-	-
(-) Non-recurring expenses	3,926	1,570	8,907	3,571
<b>(-) Non-recurring expenses</b>	<b>69,928</b>	<b>66,022</b>	<b>134,911</b>	<b>118,051</b>

## Appendix III: IFRS 16 Impact – Balance Sheet

Petz Group R\$ thousands, unless otherwise stated	2Q23		Change
	IAS 17	IFRS 16	
<b>ASSETS</b>			
<b>Current Assets</b>	<b>1,386,838</b>	<b>1,385,637</b>	<b>1,201</b>
Cash & Cash Equivalents	506,721	506,721	-
Financial applications	-	-	-
Accounts Receivable	337,975	337,975	-
Inventories	391,455	391,455	-
Recoverable Taxes and Contributions	121,730	121,730	-
Other Credits	28,957	27,756	1,201
<b>Noncurrent Assets</b>	<b>1,635,103</b>	<b>2,579,006</b>	<b>(943,903)</b>
Other Credits - L	32,640	32,640	-
Recoverable Taxes and Contributions	28,446	28,446	-
Deferred Income Tax and Social Contribution	19,752	61,783	(42,031)
Property, Plant and Equipment	813,398	1,727,438	(914,040)
Intangible Assets	740,867	728,699	12,168
<b>Total Assets</b>	<b>3,021,941</b>	<b>3,964,643</b>	<b>(942,702)</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>	<b>568,619</b>	<b>675,725</b>	<b>(107,106)</b>
Suppliers	309,900	309,900	-
Loans, Financing and Debentures	66,536	66,536	-
Payroll and Related Taxes	90,441	90,441	-
Taxes Payable	47,272	47,272	-
Dividends Payable	2,653	2,653	-
Accounts payable for the acquisition of subsidiaries	9,453	9,453	-
Other Payable	40,404	18,159	22,245
Loyalty Program	1,960	1,960	-
Leasing Right of Use Payable (IFRS 16)	-	129,351	(129,351)
<b>Non-current Liabilities</b>	<b>513,517</b>	<b>1,431,449</b>	<b>(917,932)</b>
Loans, Financing and Debentures	400,833	400,833	-
Accounts payable for the acquisition of subsidiaries	95,317	95,317	-
Other Payable	1,182	1,182	-
Provisions for Civil and Labor Risks	16,185	16,185	-
Leasing Right of Use Payable (IFRS 16)	-	917,932	(917,932)
<b>Shareholders' Equity</b>	<b>1,939,805</b>	<b>1,857,469</b>	<b>82,336</b>
Capital	1,725,365	1,725,365	-
Capital Reserves	39,505	39,505	-
Reserve for Options Granted	47,087	47,087	-
Special Goodwill Reserve	24,825	24,825	-
Equity adjustment	(129,594)	(129,594)	-
Profit Reserves	232,617	150,281	82,336
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,021,941</b>	<b>3,964,643</b>	<b>(942,702)</b>

## Appendix IV: IFRS 16 Impact – Cash Flow

Petz Group R\$ thousands, unless otherwise stated	2Q23		Var.
	IAS 17	IFRS 16	
<b>Cash Flow from Operating Activities</b>	<b>68,584</b>	<b>115,006</b>	<b>(46,422)</b>
Profit Before Income Tax and Social Contribution	26,219	17,472	8,747
Depreciation & Amortization	41,029	40,509	520
Depreciation – Right of Use (CPC 06 (R2)/IFRS 16)	-	39,650	(39,650)
Interest Expenses – Right of use (CPC 06 (R2)/IFRS 16)	-	24,775	(24,775)
Allowance for Inventory Losses	18	18	-
Recognized options granted	(817)	(817)	-
Interest on Loans and Financing	8,279	8,279	-
PP&E Write-off	48	48	-
Right of use (CPC 06 (R2)/IFRS 16) Write-off	-	-	-
Loyalty Program	183	183	-
Provision for Civil and Labor Risks	(224)	(224)	-
Interest from Financial Applications	-	-	-
Monetary restatement on income tax and social contribution	2,967	2,967	-
Interest in accounts payable to selling shareholders	(66)	(66)	-
<b>ASSETS</b>			
Accounts Receivables	(10,495)	(10,495)	-
Inventory	(7,775)	(7,775)	-
Recoverable Taxes and Contributions	(13,031)	(13,031)	-
Other Credits	(2,224)	(2,224)	-
<b>LIABILITIES</b>			
Suppliers	19,921	19,921	-
Payroll and Related Taxes	3,914	3,914	-
Taxes Payable	6,139	6,139	-
Accounts Payable	4,851	5,193	(342)
Income Tax and Social Contribution Paid	(7,426)	(7,426)	-
Interest Paid on Borrowings and Financing	(2,926)	(2,926)	-
Interest Paid on Right of Use (CPC 06 (R2)/IFRS 16)	-	(9,078)	9,078
<b>Cash flow from investing activities</b>	<b>(55,319)</b>	<b>(55,319)</b>	<b>-</b>
Financial applications	-	-	-
Investments	(1,092)	(1,092)	-
Purchase of Property, Plant and Equipment	(54,227)	(54,227)	-
<b>Cash Flow from Financing Activities</b>	<b>164,097</b>	<b>117,675</b>	<b>46,422</b>
Debt Capitalization	200,000	200,000	-
Repayment of borrowings and financing	(24,577)	(24,577)	-
Capital increase	673	673	-
Dividends	(11,999)	(11,999)	-
Payment of Right of Use (CPC 06 (R2)/IFRS 16)	-	(46,422)	46,422
<b>Free Cash Flow, Net</b>	<b>177,362</b>	<b>177,362</b>	<b>-</b>
Cash BoP	329,359	329,359	-
Cash EoP	506,721	506,721	-

## Glossary

### Operational Data Petz Standalone

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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