

Video Conference

May 5th, 2023 (Friday)

11am Brasília | 10am EST | 3pm GMT

[Webcast](#)

1Q23 Results

May 4th, 2023



São Paulo, May 4th, 2023 – Pet Center Comércio e Participações S.A. (“Petz Group” or “Company”) (B3: PETZ3) announces its results for the first quarter of 2023 (1Q23). 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 IAS 17/CPC 06. The reconciliation with IFRS 16 in 1Q23 is available on pages 24-26.**

Results | 1Q23

- **Petz Stores¹: 220 units, with 3 openings (43 LTM)**
- **Petz Group Gross Revenue (GR)²: R\$912.9mm; +22.3% y/y**
 - **Petz Standalone Digital Gross Revenue (DGR): R\$300.7mm; +36.7% y/y; 36.0% of Petz Standalone Gross Revenue (PGR) (+4.2 p.p. y/y)**
 - **Petz Standalone Same-Store-Sales (SSS): +8.1% y/y**
- **Petz Group Gross Profit: R\$363.5mm; +19.5% y/y; Gross Margin of 39.8% of GR (-0.9 p.p. y/y)**
 - **Petz Standalone Gross Profit: R\$337.6mm; +20.6% y/y; Gross Margin of 40.4% of PGR (flat y/y)**
- **Petz Group Adjusted EBITDA³: R\$65.0mm; +24.9% y/y; Adjusted EBITDA Margin of 7.1% of GR (+0.1 p.p. y/y)**
 - **Petz Standalone Adjusted EBITDA³: R\$70.1mm; +27.6% y/y; Adjusted EBITDA Margin of 8.4% of PGR (+0.5 p.p. y/y)**
- **Operational Cash Flow Generation: +R\$34.5mm vs. -R\$63.9mm in 1Q22**

B3: PETZ3

R\$5.94

Per share

462,471,262

Total Shares

R\$2.7 billion

Market Cap

IR Contact

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

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Data as of May 4th, 2023

Summary of Results and Indicators (IAS 17)

| R\$ thousands, unless otherwise stated | 1Q23 | 1Q22 | Change |
|---|----------------|----------------|---------------|
| Financial Results Petz Group | | | |
| Total Gross Revenue² | 912,875 | 746,660 | 22.3% |
| Petz Standalone Gross Revenue | 835,705 | 693,114 | 20.6% |
| Gross Revenue from Acquisitions | 90,195 | 58,665 | 53.7% |
| Digital Gross Revenue Petz Standalone | 300,663 | 220,013 | 36.7% |
| Digital Penetration (% PGR) | 36.0% | 31.7% | 4.2 p.p. |
| Gross Profit | 363,483 | 304,053 | 19.5% |
| % Total Gross Revenue | 39.8% | 40.7% | (0.9 p.p.) |
| Petz Standalone Gross Profit | 337,567 | 279,996 | 20.6% |
| % Petz Standalone Gross Revenue | 40.4% | 40.4% | 0.0 p.p. |
| Adjusted EBITDA³ | 64,981 | 52,035 | 24.9% |
| % Total Gross Revenue | 7.1% | 7.0% | 0.1 p.p. |
| Petz Standalone Adjusted EBITDA ³ | 70,105 | 54,930 | 27.6% |
| % Petz Standalone Gross Revenue | 8.4% | 7.9% | 0.5 p.p. |
| Adjusted Net Income⁴ | 19,193 | 21,103 | (9.1%) |
| % Total Gross Revenue | 2.1% | 2.8% | (0.7 p.p.) |
| Operational Indicators Petz Standalone | | | |
| Number of Stores ¹ | 220 | 178 | 42 |
| Store Openings | 3 | 10 | (7) |
| Footage (m ²) | 200,677 | 173,510 | 15.7% |
| Seres Veterinary Centers | 126 | 139 | (13) |

¹Considers the closure of the Ayrton Senna unit, Rio de Janeiro-RJ in 1Q23. More information on the footnote on page 9.

²Considers the effect of Intercompany Eliminations in the amount of R\$13.0 million (details on page 10).

³Does not consider the effect of IFRS 16, in addition to the adjustments explained on page 17.

⁴Adjustments explained on page 18. Does not consider the effect of IFRS 16, therefore it should not be used as a reference for calculating dividends.

Petz Group Highlights | 1Q23

Revenues

Petz Group Gross Revenue of **R\$913 MM** in 1Q23, **+22% y/y**

Petz Standalone Gross Revenue of **R\$836 MM** in 1Q23, **+21% y/y**, even with a strong comparison base (**+29% y/y in 1Q22**)

Same Store Sales (SSS) of **8.1%**, a **mild acceleration vs 4Q22** (7.1%), due to the store network ramp-up, despite the challenging macro scenario



Cash Generation

Operating cash generation of R\$35 MM, mainly reflecting **inventory level reduction**

Significant improvement of 7 days of cash cycle for Petz Standalone

Cash position reinforcement with the entry of R\$200 MM of a long term debt

Store Expansion & Network

3 openings, all outside the state of São Paulo

Confident in delivering the store opening **guidance** of 30-40 units in 2023

51% of stores located outside São Paulo, highest level ever recorded (vs. 46% in 1Q22)

Digital

Petz Standalone Digital Gross Revenue of **R\$301 MM** in 1Q23, **+37% y/y**

Petz Standalone Digital Penetration of **36%** in 1Q23 (**+4.2 p.p. y/y, in line with last 2 quarters**)

Omnichannel Ratio of **89%** in 1Q23, 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 **+1MM of Monthly Active Users** in March/23

~380 thousand subscribers (+33% y/y), representing **29%** of Petz Standalone Gross Revenue in March/23

Profitability

Petz Group Adjusted EBITDA of **R\$ 65 MM** in 1Q23, **+25% y/y**

Petz Standalone EBITDA Margin of **8.4% in 1Q23 (+0.5 p.p. y/y)**,

EBITDA Margin improvement for the Group & Petz Standalone, **after 4 consecutive pressured quarters**

Balance of value building in initiatives to improve profitability of Petz Standalone Digital channel

Integration/Acquisitions

Accessories: **new private label products released**, with emphasis on Petz new collection and the newly created brand **Spike** (more accessible)

Dog pads: **Super Secção Slim and Fresh Pads launches**, in addition to Zee.Pad production being internalized as of April/23

Zee.Now: **unified supply chain for 100% of the hubs**, which benefits from Petz commercial conditions

Message from Management

We started a new phase of the Petz Group in 2023, with **renewed energy and an optimistic feeling**. Despite the challenges and uncertainties in the retail segment and consumer environment in Brazil, **we work based on assumptions of a solid level of growth this year for the Pet sector and Petz Group**, which reinforces the resilience of our business and the differentiated positioning from our value proposition to customers. **Furthermore, at a time when we are increasingly careful with expenses and investments in all areas of the Company, we believe that this normalized growth scenario ensures greater visibility for the management and control of the cost and expense structure.**

Thus, **with discipline and agility in the search for the best balance between growth, profitability and innovation**, we continue to implement the main strategic projects of the Petz Group. Our goal is to maintain levels of competitiveness and investments in building the Ecosystem, a combination that will allow us to **grow sustainably over the next few years, so that we can continue to be the major consolidator of this segment in Brazil.**

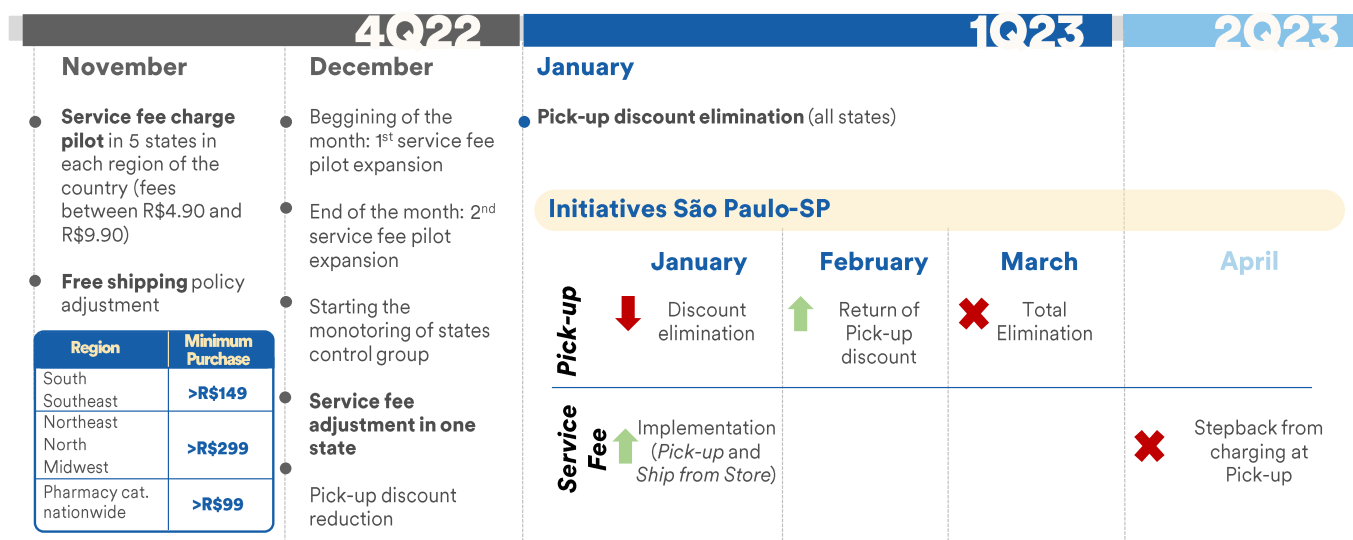
At the beginning of 2023, **we strengthened the governance structure with the creation of dedicated committees for the main business fronts and for creating short to long-term value**, such as Gross Margin, Expenses, Integrations, CAPEX, among others. This work dynamic has generated even more robustness and cohesion within the Petz Group team, as these forums have the participation of the main business areas and a multidisciplinary approach into decision-making. **The productivity agendas and the search for efficiency gains are part of the Company's culture, always guided by data-driven decisions and constant mapping of opportunities.**

In this context, the focus and discipline of Petz leaders are on (i) improving the profitability levels of Petz Standalone Digital channel; (ii) accelerating the capture of synergies in the process of integrating the acquired companies; and (iii) seeking a more efficient cash generation dynamic and capital structure.

Within the pillar of improving the **profitability levels of Petz Standalone Digital channel**, it is worth mentioning the updates of the **initiatives that have been gradually implemented over the last few months (implementation of the service fee, removal of the Pick-up discount and adjustments to the free shipping policy)**, and which seek to continue the process of reducing the profitability gap vs. the physical channel.

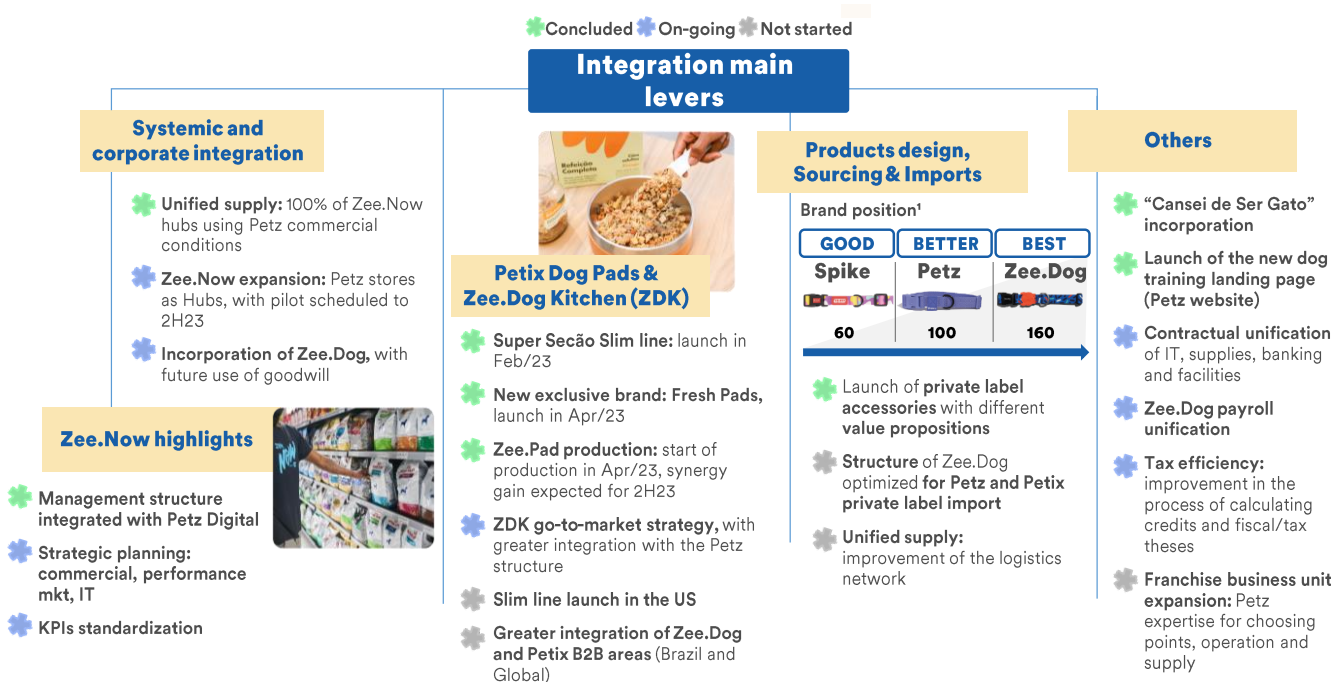
As mentioned earlier, our vision is of building value. However, it is important to mention that these **are recent movements and require a longer period of data analysis on customer buying behavior**, in order to have a more structural and quantitative view of all those levers. In this sense, at the beginning of April, **we withdrew from charging the service fee for Pick-up in São Paulo - SP**, the most relevant market in terms of revenue. **This corroborates our mentality of always being attentive to the most diverse KPIs and dynamics of the competitive scenario, in order to adjust these commercial conditions in an agile and segmented way, while maintaining market share gains.** As market leaders also in the Digital channel, we believe in the importance of leading initiatives such as these in favor of greater rationality and better profitability in the segment, given the relevance that Digital has gained for companies in the sector.

Timeline – Digital profitability initiatives



¹ Conditions effective as of May 1st, 2023

On the front of **accelerating the capture of synergies in the process of integration of acquired companies**, it is worth noting that we created a **dedicated structure for Integrations and Special Strategic Projects**. The initial focus is on giving continuity to systemic integrations (such as financial, tax and accounting leverage), but at a faster pace and greater integration between the different business areas. In this sense, it is worth highlighting the integration in Zee.Now's front, with unified supply of 100% of the hubs, taking advantage of all the robustness of Petz's operational, commercial and supply structure, in addition to integrating the growth and data analytics part of CRM. In addition, Zee.Now's management structure has been more integrated with Petz's Digital since the beginning of the year, which allows for greater synergy in management, commercial strategy and processes. Finally, **PIS (Petz Innovation Studio)**, which has as one of its main pillars the development of private label products in different value propositions and innovation, launched during this period in the categories of (i) accessories: new Petz collection and new Spike brand (more democratic) and (ii) dog pads: new Fresh Pads brand.



¹ Base price 100 on sale on 05/04/2023 on the Petz website (size P)

Regarding the process of strengthening the cash position, it is important to mention that in March **we raised the amount of R\$200 million**, at very attractive conditions given the current scenario of interest rates and the situation of the retail segment, to finance the main strategic projects of the Group. Finally, regarding working capital dynamics, **we continued to evolve in the process of improving inventory levels**, mainly due to greater efficiency in the flow of imports and an increase in sell out at the end, in addition to the more normalized scenario in the supply chain. domestic and global supply/supply. Besides, it is worth highlighting the sequential evolution of the maturation/ramp-up curve, and thus **gains in tax efficiency in the cash cycle, with the Hidrolândia-GO DC**, after being inaugurated during the second half of 2022 (reduction of accumulation of tax credits).

Sustainability

The Petz Group's sustainability agenda advanced significantly during the first months of the year, through awareness-raising and interviews focused on materiality issues with leadership and work groups, fundamental steps to ensure the Company's engagement towards a more sustainable management of the business.

In order to guarantee the transparency of our social impact, we started to build the first Sustainability Report, a milestone in the integration of the corporate sustainability agenda into business management. At the same time, we made progress in the management of priority topics, adding governance and evaluating the implementation of best practices, certifications and new projects in important agendas such as waste management, people and suppliers.

In the Environmental pillar, we are in the final process of validating and measuring the impact of our operation with regard to the emission of Greenhouse Gases (GHG). As a result, we must disclose our GHG Inventory in the first half of the year, a fundamental document to guide our climate management strategy decisions and subsequent target setting.

Sergio Zimmerman

Results Summary 1Q23

Petz Group

We ended the 1Q23 with a **Petz Group Gross Revenue of R\$912.9 million, an increase of +22.3% y/y, highlighting the performance of Petz Standalone (+20.6% y/y) and the consolidation of Petix as of 3Q22.** Petz Group gross profit totaled R\$363.5 million in 1Q23 (+19.5% y/y), representing a gross margin of 39.8%, -0.9 p.p. vs. the same period of the previous year. This pressure is mainly a reflection of the consolidation of **Petix - business model (factory, B2B) – which has a gross margin around 15%.** Petz Group Adjusted EBITDA was **R\$65.0 million in 1Q23 (+24.9% y/y), representing 7.1% of Total Gross Revenue (+0.1 p.p. y/y).** **Petz Group Adjusted Net Income in 1Q23 totaled R\$19.2 million, down 9.1% y/y,** reflecting (i) growth in Depreciation & Amortization; (ii) Financial Result, which presents a financial expense in 1Q23 vs. a financial income in 1Q22; and (iii) consolidation of acquisitions.

Petz Standalone

Petz Standalone Gross Revenue **grew by 20.6% y/y in 1Q23,** explained by yet **another expressive performance from Digital,** which totaled revenues of R\$300.7 million in the quarter, **+36.7% y/y - performance already under a strong comparison base in 1Q22 (+41.5% y/y).** Thus, Digital accounted for 36.0% of the Company's revenue in 1Q23, **an increase of 4.2 p.p. y/y, but in line with the last two quarters.** This result reflects the changes implemented in the commercial conditions to improve the profitability of this channel, such as addition of the service fee, reduction in the Pick-up discount and adjustments in the free shipping policy. Finally, it is also worth mentioning that the higher Digital penetration was triggered by the geographic expansion of the store network outside São Paulo, considering that in these markets the penetration of digital channels is greater, in addition to the growth in the number of new customers.

Petz Standalone gross margin was 40.4% in 1Q23, in line with the same period of the previous year, despite the increase in Digital Penetration, growth in the Food category, and ramp-up of the Hidrolândia-GO DC (which has been evolving sequentially as mentioned in the 4Q22 result). Those results are positively explained by **(i) the gradual implementation over the course of the quarter of new initiatives to improve the Digital margin;** and **(ii) continuous work in search of opportunities and efficiency gains in the commercial and operations areas.** **Petz Standalone Adjusted EBITDA reported a robust growth of 27.6% y/y in 1Q23, totaling R\$70.1 million.** Adjusted EBITDA margin of Petz Standalone was **8.4%, an expansion of 0.5 p.p. vs. 1Q22 – after four quarters of y/y pressure –** reflecting the maintenance of the gross margin, in addition to efficiency initiatives in Selling Expenses (i.e. consumption, store personnel) and in the line of Other Operating Expenses (referring to the process opening of stores). These factors were enough to offset the effect of the maturation curve of new units, higher Digital penetration and the increase in DCs expenses.

Acquisitions

In 1Q23, “Acquisitions” Gross Revenue was R\$90.2 million (+53.7% y/y), mainly reflecting the consolidation of Petix as of 3Q22. Zee.Dog's Gross Revenue in 1Q23 totaled R\$52.5 million (-2.8% y/y), reflecting the performance of the International vertical, below our expectation, as a result of the macroeconomic environment of global inflation (especially affecting discretionary items) and improvement in the B2B Brazil business unit. On the other hand, it is worth mentioning that Zee.Now and Zee.Dog Kitchen (ZDK) continue to grow in line with expectations. **In the 1Q23, Petix Gross Revenue was R\$37.4 millions, in line with the 4Q22 revenue. “Acquisitions” EBITDA was -R\$5.1 million,** reflecting (i) **the ramp-up curve of Zee.Dog Kitchen and the Petix dog pads machines - the latter of which started operating in February;** (ii) **operational deleveraging at Zee.Dog Internacional and greater participation of maturing business units (Zee.Now and Zee.Dog Kitchen);** and (iii) the challenging scenario in the international price of commodities, especially cellulose, one of the main inputs for the manufacture of sanitary mats. **Those effects were partially offset by the capture of synergy from the integration with Petz, mainly at Zee.Now.**

Petz Group Income Statement

| Petz Group R\$ thousands, unless otherwise stated | 1Q23 | 1Q22 | Change |
|---|------------------|------------------|----------------|
| Gross Revenue from Products and Services | 912,875 | 746,660 | 22.3% |
| Taxes and other Deductions | (145,994) | (114,351) | 27.7% |
| Net Revenue from Products and Services | 766,881 | 632,309 | 21.3% |
| Cost of Goods Sold and Services Rendered | (403,398) | (328,256) | 22.9% |
| Gross Profit | 363,483 | 304,053 | 19.5% |
| Operating Revenue (Expenses) | (298,502) | (252,018) | 18.4% |
| Selling | (212,916) | (178,050) | 19.6% |
| General & Administrative | (82,645) | (68,044) | 21.5% |
| Other Operating Income (expenses), net | (2,941) | (5,924) | (50.4%) |
| Adjusted EBITDA | 64,981 | 52,035 | 24.9% |
| Non-Recurring Results ¹ | (4,981) | (2,001) | 148.9% |
| Stock Option Plan ² | (6,229) | (7,816) | (20.3%) |
| Write-off of Fixed Assets | - | (1) | n/a |
| Depreciation & Amortization | (39,979) | (27,554) | 45.1% |
| Operating Profit before Financial Income | 13,792 | 14,663 | (5.9%) |
| Financial Results | (3,146) | 5,068 | n/a |
| Financial Income | 11,488 | 14,913 | (23.0%) |
| Financial Expenses | (14,634) | (9,845) | 48.6% |
| Earnings before Income Tax and Social Contribution | 10,646 | 19,731 | (46.0%) |
| Income Tax and Social Contribution | (3,769) | (11,409) | (67.0%) |
| SOP, M&A, Non-Recurring and tax effects | 12,316 | 12,781 | (3.6%) |
| Adjusted Net Income | 19,193 | 21,103 | (9.1%) |
| Adjusted EBITDA IFRS 16³ | 118,288 | 94,622 | 25.0% |

Petz Standalone Income Statement

| Petz Standalone R\$ thousand, unless otherwise indicated | 1Q23 | 1Q22 | Change |
|---|------------------|------------------|--------------|
| Gross Revenue from Products and Services | 835,705 | 693,114 | 20.6% |
| Taxes and other Deductions | (125,961) | (106,677) | 18.1% |
| Net Revenue from Products and Services | 709,744 | 586,437 | 21.0% |
| Cost of Goods Sold and Services Rendered | (372,177) | (306,441) | 21.5% |
| Gross Profit | 337,567 | 279,996 | 20.6% |
| Operating Revenue (Expenses) | (267,462) | (225,066) | 18.8% |
| Adjusted EBITDA | 70,105 | 54,930 | 27.6% |

¹ More information on page 17.

² 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).

³ More information on the Appendix II on page 24.

Petz Store Network and Seres Veterinary Centers

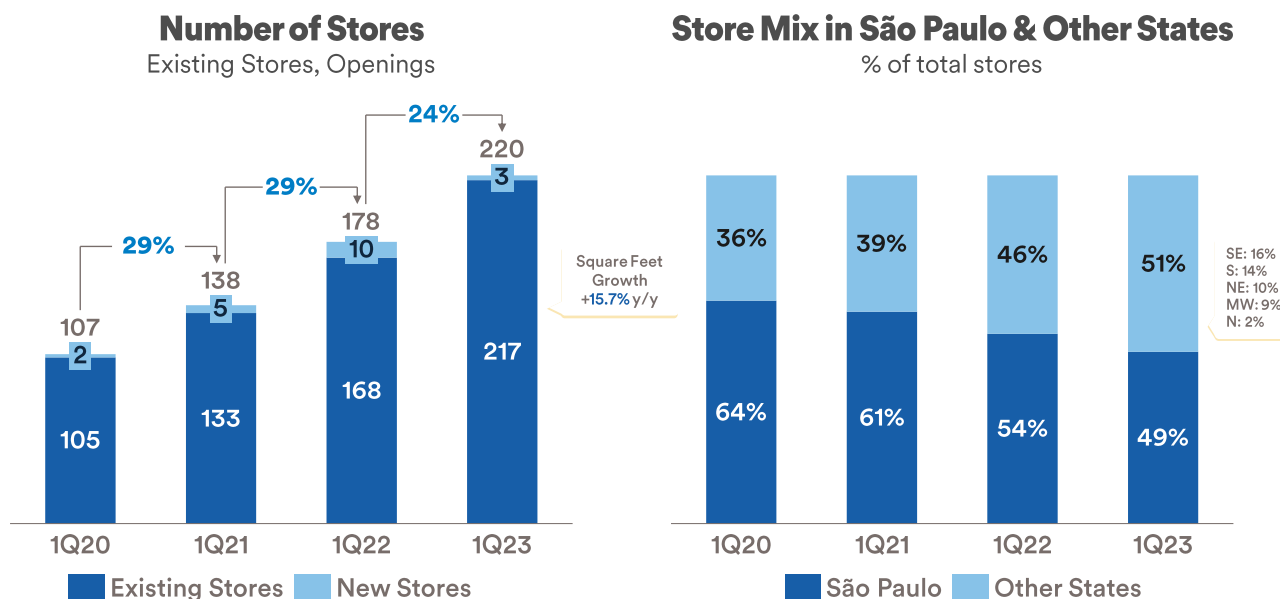
In 1Q23, we opened 3 stores, all outside the State of São Paulo, being 2 in new cities: Bento Gonçalves-RS and Várzea Grande-MT. We ended the quarter with **51% of the units located outside São Paulo**, the highest level ever recorded (vs. 46% in 1Q22).

In the last 12 months, we reached a level of 43 openings in 16 different states. In this context, we remain confident about **our guidance of opening 30-40 stores in 2023**. We ended 1Q23 with 220 stores⁴ in 23 states in the 5 regions of Brazil, which is, strengthening our leadership position as the largest pet platform in the country not only in terms of revenue but also in terms of the number of stores and geographical coverage.

We highlight that around **52% of the stores have not yet completed their third year of operation (with 20% still in their first year)**, which is, they have not yet reached their full potential for revenue and profitability. Given our accelerated pace of opening over the last few periods - of the record 50 stores in 2022, 31 opened in 2H22 - it is expected that we will continue to have impacts arising from the maturation process of these new units on short-term results.

In 1Q23, as mentioned in the 4Q22 earnings release, **some veterinary and grooming services units were temporarily deactivated as a result of studies to resize the network**, which, in addition to seeking better levels of profitability, also aims to structure the necessary foundations for launching a pet insurance pilot over 2023.

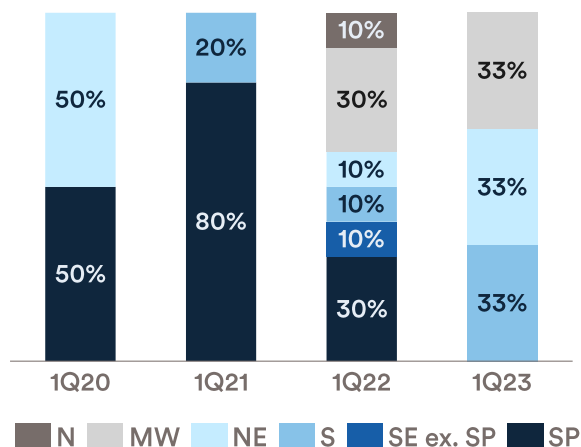
Finally, we ended the period with 126 “Seres” Veterinary Centers, being 15 hospitals, present in 11 states.



⁴ Considers the closure of the Ayrton Senna unit, Rio de Janeiro-RJ in 1Q23, due to the closure of an anchor store in the commercial complex. It is important to point out that customers are being served, with an expanded radius, by the Barra Américas and Abelardo Bueno stores in the Barra da Tijuca and Jacarepaguá region, respectively.

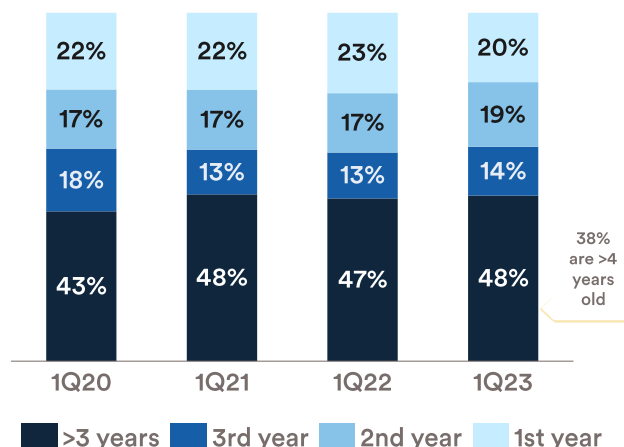
Mix of Stores Opening by Region

% of total stores



Distribution by Age

% of total stores



Total Gross Revenue

| R\$ thousands, unless otherwise stated | 1Q23 | 1Q22 | Change |
|--|----------------|----------------|--------------|
| Petz Standalone Gross Revenue⁵ | 835,705 | 693,114 | 20.6% |
| Products | 800,660 | 660,659 | 21.2% |
| Physical Stores | 499,997 | 440,646 | 13.5% |
| Digital | 300,663 | 220,013 | 36.7% |
| Services & Others | 35,045 | 32,455 | 8.0% |
| Gross Revenue from Acquisitions⁶ | 90,195 | 58,665 | 53.7% |
| Intercompany ⁷ | (13,025) | (5,119) | 154.4% |
| Petz Group Total Gross Revenue | 912,875 | 746,660 | 22.3% |

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).

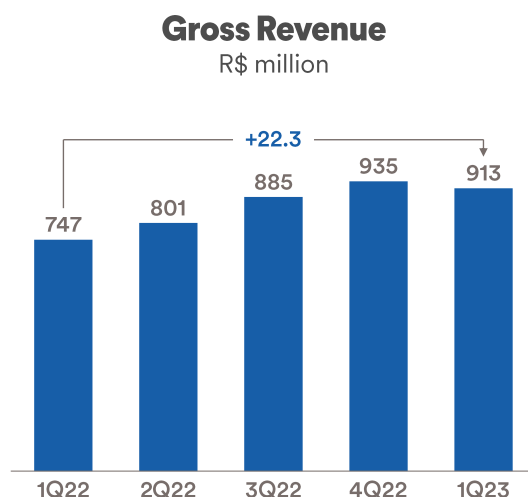
⁵ Includes revenues from Cansei de Ser Gato and Cão Cidadão.

⁶ Includes Zee.Dog's revenue as of January 2022 and Petix as of July 2022.

⁷ 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 1Q23, Petz Group Gross Revenue was R\$912.9 million, an increase of +22.3% y/y, highlighting the performance of Petz Standalone (+20.6% y/y) and the consolidation of Petix as of 3Q22.



Petz Standalone Gross Revenues

In 1Q23, Petz Standalone Gross Revenue was R\$835.7 million, a solid growth of 20.6% y/y vs. a comparison basis of +28.9% y/y in 1Q22.

Petz Standalone total sales in 1Q23 were driven by the products segment (+21.2% y/y), **highlighting the increase in Digital revenue, which grew 36.7% y/y**. Thus, Digital Penetration over Total Gross Revenue of Petz Standalone was **36.0%, which represents a relevant increase of +4.2 p.p. y/y**, despite a stabilization compared to the last 2 quarters – more details in the Petz Standalone Digital Performance section on page 12.

The Services and Others segment grew 8.0% y/y, explained by the pricing adjustments made throughout 2H22 and the maturation of the hospital and clinic network.

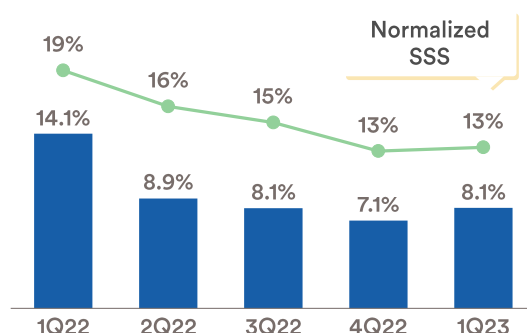
Petz Standalone Same-Store-Sales (SSS)

Petz Standalone Same-Store-Sales grew by 8.1% y/y in 1Q23, a slight acceleration compared to 4Q22 (7.1%), as a result of (i) the ramp-up of the store network; (ii) an initial - and expected - movement of recomposition of this indicator in the face of an accelerated expansion; and (iii) of volume growth (coupons) for the second consecutive quarter. It is also worth mentioning that this performance took place against a challenging macro scenario and a solid basis for comparison (vs. +14.1% y/y in 1Q22).

Finally, **excluding the stores impacted by the opening of new Petz units in the areas of influence and/or in the same city, normalized SSS was around 13% y/y in 1Q23.**

Same-Store-Sales (SSS) Growth

% Change, y/y

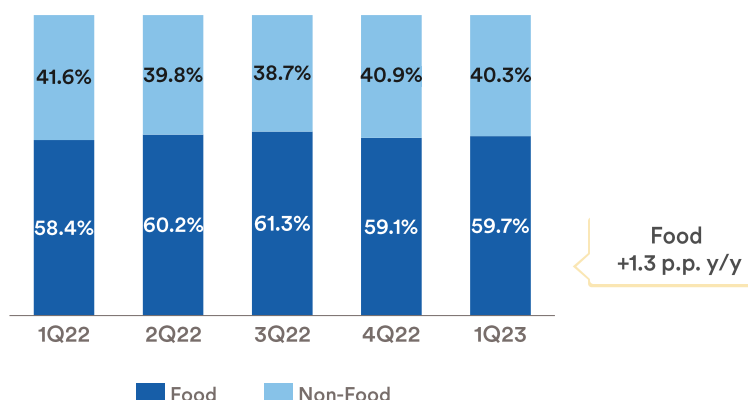


Petz Standalone Product Gross Revenue

Petz Standalone Products Gross Revenue in the Food category grew 24.1% y/y, representing **59.7% of Petz Standalone Product sales in 1Q23 (+1.3 p.p. y/y)**. This change in the product mix between Food and Non-Food is mainly a reflection of: (i) **the inflationary pressure scenario**, negatively affecting the consumption of discretionary items; and (ii) **the greater penetration of Digital in the Company's sales, which structurally has higher share of Food**.

Gross Revenue from Products

% by category



Petz Standalone Digital Performance

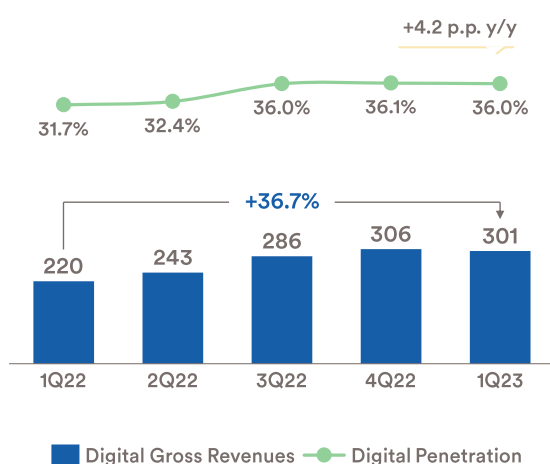
Petz Digital Standalone, a highlight of the Group's results, **grew 36.7% y/y, a performance already under a strong comparison base in 1Q22 (+41.5% y/y)**, totaling R\$300, 7 million in 1Q23. Digital Penetration reached **36.0% of Petz Standalone Gross Revenue, an increase of 4.2 p.p. a/a**. It is important to highlight that despite a high level of Digital participation in Petz Standalone sales, **this indicator has stabilized in the last 2 quarters (36.0% in 3Q22 and 36.1% in 4Q22)**, reflecting the changes implemented in the commercial conditions to improve the profitability of this channel, such as: (i) addition of the service charge, (ii) reduction in the Pick-up discount, and (ii) adjustments in the free shipping policy.

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 1 business day (87% from all Digital orders); (ii) **improvements in navigability and customers' shopping experience**, which reflect in solid conversion/repurchase indicators, increasing the level of personalization through initiatives such as the "My Offers"

program within the Petz App - a channel that already represents for back to 70% of Digital revenues in March 2023; (iii) **a vast and complete assortment**, which positions the Company as the largest 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 almost 380 thousand subscribers (+33% y/y).

Digital Gross Revenue and Digital Penetration

R\$ million, % Gross Revenue



~2.6MM
Omnichannel active clients at Petz (+17% y/y), with an average spending +60% vs. physical channel

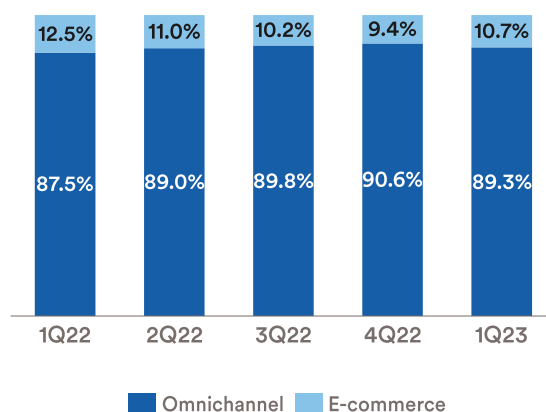
~70%
of the Digital Revenue comes from the app, +1 MM monthly active users in March/23

~380K
Subscribers (+33% y/y), representing 29% of the Gross Revenue in March/23 (+4 p.p. y/y)

In 1Q23, Petz Standalone Gross Revenue from the Omnichannel platform - which includes sales made through Pick-up and Ship from Store - grew 39.4% y/y, reaching an **Omnichannel Ratio of 89.3% (vs. 87.5% in 1Q22)**, a reference level in Brazilian and global retail sector.

Omnichannel Ratio and E-commerce Share

% Petz Standalone Digital Gross Revenue



Gross Revenue from Acquisitions

In 1Q23, "Acquisitions" Gross Revenue was R\$90.2 million (+53.7% y/y), mainly reflecting the consolidation of Petix as of 3Q22.

Zee.Dog's Gross Revenue in 1Q23 totaled R\$52.5 million (-2.8% y/y), reflecting the performance of the International vertical, below our expectation, as a result of the macroeconomic environment of global inflation (especially affecting discretionary items) and slight improvement in the B2B Brazil business unit. On the other hand, it is worth mentioning that Zee.Now and Zee.Dog Kitchen (ZDK) continue to grow in line with expectations. It is important to mention that

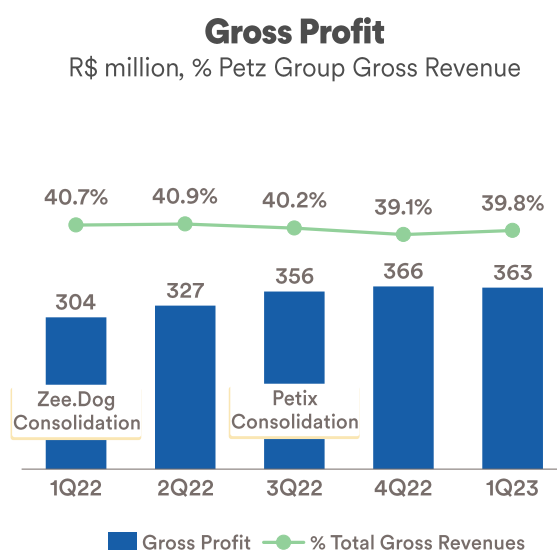
Zee.Dog a/a performance excludes one-off sales in 1Q22 of private label products to a global partner. **Excluding this adjustment on comparison basis, Zee.Dog's Gross Revenue dropped -10.4% y/y in the quarter.**

In 1Q23, Petix's Gross Revenue was R\$37.4 million, in line with the amount of 4Q22. It is worth mentioning that we implemented a new commercial strategy for Petix in April, which aims to create differentials for our own channels in Brazil (strengthening Super Secão brand leadership position in the category), in addition to creating the necessary foundations for Petix International (both in the production line and also in terms of positioning of the brand).

Petz Group Gross Profit

Petz Group gross profit totaled R\$363.5 million in 1Q23 (+19.5% y/y), representing a gross margin of 39.8%, -0.9 p.p. vs. the same period of the previous year. This pressure is mainly a reflection of the consolidation since 3Q22 of Petix - business model (factory, B2B) which has a gross margin around 15%.

Petz Standalone gross margin was 40.4% in 1Q23, in line with the same period of the previous year, despite the increase in Digital Penetration, growth in the Food category, and ramp-up of the Hidrolândia-GO DC, which has been evolving sequentially as mentioned in the 4Q22 result. Those result are positively explained by (i) the gradual implementation over the course of the quarter of new initiatives to improve the Digital margin; and (ii) continuous work in search of opportunities and efficiency gains in the commercial and operations areas.



Petz Group Operating Expenses

| Petz Group R\$ thousands, unless otherwise stated | 1Q23 | 1Q22 | Change |
|--|----------------|----------------|-------------------|
| Selling, General and Administrative Expenses (SG&A) | 295,561 | 246,094 | 20.1% |
| % Total Gross Revenue | 32.4% | 33.0% | (0.6 p.p.) |
| Selling Expenses | 212,916 | 178,050 | 19.6% |
| % Total Gross Revenue | 23.3% | 23.8% | (0.5 p.p.) |
| General & Administrative Expenses | 82,645 | 68,044 | 21.5% |
| % Total Gross Revenue | 9.1% | 9.1% | (0.1 p.p.) |
| Others Operating Expenses | 2,941 | 5,924 | (50.4%) |
| % Total Gross Revenue | 0.3% | 0.8% | (0.5 p.p.) |
| Total Operating Expenses | 298,502 | 252,018 | 18.4% |
| % Total Gross Revenue | 32.7% | 33.8% | (1.1 p.p.) |

Petz Group Operating Expenses totaled R\$298.5 million in 1Q23 (+18.4% y/y), representing 32.7% of Total Gross Revenue (-1.1 p.p. y/y), mainly reflecting the efficiency gains in Selling Expenses of Petz Standalone.

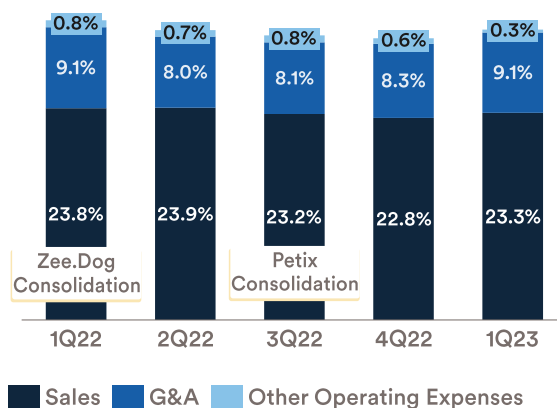
Petz Group Selling Expenses were R\$212.9 million in 1Q23, +19.6% above the same period last year, representing 23.3% of Total Gross Revenue (vs. 23.8% in 1Q22). This performance is a reflection of **efficiency gains at Petz Standalone** in the lines of (i) **consumption**, especially in electricity; (ii) **Digital variable expenses**, with emphasis on performance marketing and freight (last mile); and (iii) **in-store personnel**. 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 (in 2H22 we opened 31 stores, 18 of which openings only in 4Q22); and (ii) increase in **transportation**, impacted by the greater diversification of the store network (in more distant locations from SP) and the logistics network (new DCs in operation).

Petz Group General & Administrative Expenses (G&A) totaled R\$82.6 million in 1Q23, +21.5% y/y, representing 9.1% of Grupo Petz's Total Gross Revenue (flat y/y). This performance reflects the (i) **increase in DC's expenses**, given the inauguration of the Hidrolândia-GO center (2Q22); and (ii) **Personnel investments**, with the reinforcement of the structure in the services and Company's HR units throughout 2H22.

In 1Q23, **Other Operating Expenses amounted to R\$2.9 million (-50.4% y/y)**, representing 0.3% of total revenues (-0.5 p.p. y/y), reflecting the slower store opening pace in 2023 and greater efficiency in pre-operating expenses with new units.

Operating Expenses

% Petz Group Gross Revenue



Petz Group Adjusted EBITDA

| Petz Group R\$ thousands, unless otherwise stated | 1Q23 | 1Q22 | Change |
|--|---------------|---------------|-----------------|
| Adjusted Net Income | 19,193 | 21,103 | (9.1%) |
| (+) Stock Option Plan (SOP) ⁸ | (6,229) | (7,816) | (20.3%) |
| (+) Non-Recurring Effects Adjusted on EBITDA | (4,981) | (2,001) | 148.9% |
| (+) Interest in accounts payable to selling shareholders | (3,119) | (2,609) | 19.5% |
| (+) Tax effects | 2,013 | (355) | n/a |
| Net Income | 6,877 | 8,322 | (17.4%) |
| (-) Income Tax & Social Contribution | 3,769 | 11,409 | (67.0%) |
| (-) Depreciation & Amortization | 39,979 | 27,554 | 45.1% |
| (-) Financial Results | 3,146 | (5,068) | n/a |
| EBITDA | 53,771 | 42,217 | 27.4% |
| (-) Stock Option Plan (SOP) ⁸ | 6,229 | 7,816 | (20.3%) |
| (-) Write-off of PP&E | - | 1 | n/a |
| (-) Non-recurring results | 4,981 | 2,001 | 148.9% |
| (-) Non-recurring income | - | - | - |
| (-) Non-recurring expenses | 4,981 | 2,001 | 148.9% |
| Adjusted EBITDA | 64,981 | 52,035 | 24.9% |
| <i>Adjusted EBITDA / Total Gross Revenues</i> | <i>7.1%</i> | <i>7.0%</i> | <i>0.1 p.p.</i> |

Petz Group Adjusted EBITDA was R\$65.0 million in 1Q23 (+24.9% y/y), representing 7.1% of Total Gross Revenue (+0.1 p.p. y/y), more details below.

Petz Standalone Adjusted EBITDA reported a robust growth of 27.6% y/y in 1Q23, totaling R\$70.1 million. Adjusted EBITDA margin of Petz Standalone was **8.4%, an expansion of 0.5 p.p. vs. 1Q22** – after four quarters of y/y pressure – reflecting the maintenance of the gross margin, in addition to efficiency initiatives in Selling Expenses (i.e. consumption, store personnel) and in the line of Other Operating Expenses (referring to the process opening of stores). These movements were enough to offset the effect of the maturation curve of new units and the increase in DCs expenses.

“4-Wall” EBITDA (Stores)

% Petz “Standalone” Gross Revenue

| Cohorts | # Stores | “4-wall” EBITDA (1T23 LTM) |
|------------|----------|-------------------------------|
| Until 2018 | 80 | 18.8% |
| 2019 | 26 | 18.7% |
| 2020 | 28 | 16.9% |
| 2021 | 37 | 14.9% |
| 2022* | 50 | 9.7% |
| 2023 | 3 | -1.0% |

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

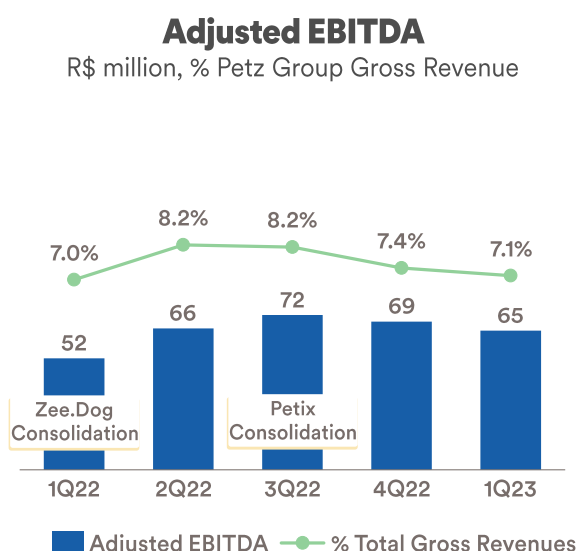
“4-wall” EBITDA
+
Holding expenses, pre-operational and storage
=
Petz “Standalone” EBITDA

⁸ 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).

“Acquisitions” EBITDA was -R\$5.1 million, reflecting (i) **the ramp-up curve of Zee.Dog Kitchen and the Petix dog pads machines** - the latter of which started operating in February; (ii) **operational deleveraging at Zee.Dog Internacional and greater participation of maturing/different profiles of profitability business units (Zee.Now and Zee.Dog Kitchen)**; and (iii) the challenging scenario in the international price of commodities, especially cellulose, one of the main inputs for the manufacture of dog pads – effects which were partially offset by the capture of synergy from the integration with Petz, mainly at Zee.Now.

| R\$ thousands, unless otherwise stated | 1Q23 | | | 1Q22 | | |
|---|-------------------------|-----------------|----------------------------|-------------------------|-----------------|----------------------------|
| | Petz Group ⁹ | Petz Standalone | Acquisitions ¹⁰ | Petz Group ⁹ | Petz Standalone | Acquisitions ¹⁰ |
| Total Gross Revenue | 912,875 | 835,705 | 90,195 | 746,660 | 693,114 | 58,665 |
| Adjusted EBITDA | 64,981 | 70,105 | (5,124) | 52,035 | 54,930 | (2,895) |
| Adjusted EBITDA /Total Gross Revenues | 7.1% | 8.4% | (5.7%) | 7.0% | 7.9% | (4.9%) |

In 1Q23, Grupo Petz's Non-Recurring Result, which totaled R\$5.0 million, mainly due to R\$1.5 million related to the (non-cash) recognition of the earnout portion of the Zee.Dog transaction. In addition, we highlight layoff expenses linked to the closure of some veterinary and grooming services units, as a result of network resizing studies, restructuring of HR department processes, among others.



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

Depreciation & Amortization expenses in 1Q23 totaled R\$40.0 million, which represents an increase of 45.1% y/y. **The evolution is explained by the relevant investments made by the Company in recent years**, mainly in (i) the expansion of the Petz Standalone store network, most of which have been operating for less than three years; (ii) the Digital channel, with the aim of improving our customers' navigability and shopping experience (UX) and seeking more efficiency through intelligent pricing systems; and (iii) the reinforcement/modernization of the IT infrastructure, ensuring scalability and robustness.

⁹ Considers the effect of Intercompany Eliminations in the amount of R\$13.0 million (details on page 10).

¹⁰ Includes Zee.Dog's revenue as of January 2022 and Petix as of July 2022.

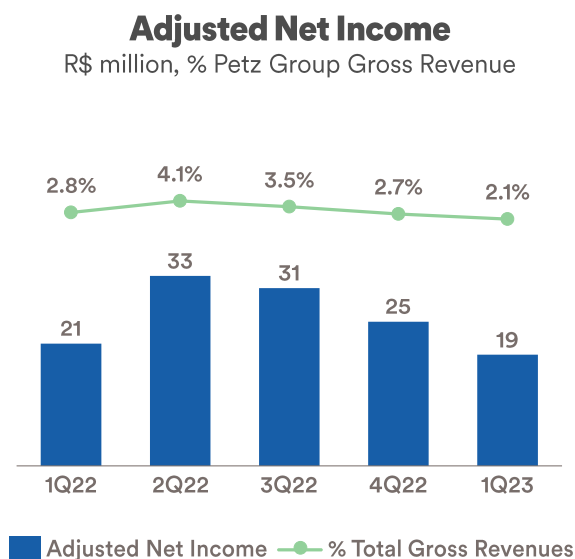
The Financial Result in 1Q23 represented an expense of R\$3.1 million, compared to an income of R\$5.1 million recorded in 1Q22, explained by (i) lower financial income, a reflection of the entry of follow-on proceeds at the end of 2021 and (ii) higher financial expenses - totaling R\$14.6 million in 1Q23 - which included R\$3.1 million related to the correction of amounts to be paid in the future to shareholders of acquired companies.

Expenses with Income Tax and Social Contribution totaled R\$3.8 million in 1Q23 vs. R\$11.4 million in the same period of the previous year. Taking into account the effects detailed in the following section, **the effective rate was 23.2% in 1Q23 (vs. 34.4% in 1Q22).**

Adjusted Net Income

Petz Group Adjusted Net Income in 1Q23 totaled R\$19.2 million, down 9.1% y/y, reflecting the (i) **growth in Depreciation & Amortization**, as explained in the previous sections; (ii) Financial Result, which presented a financial expense in 1Q23 vs. a financial income in 1Q22; and (iii) **consolidation of acquisitions**. Those effects were partially offset by the **R\$3.0 million Lei do Bem benefit in 1Q23**.

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 expenses (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 ¹¹

| Petz Group R\$ thousands, unless otherwise stated | 1Q23 | 1Q22 | Change |
|--|-----------------|------------------|----------------|
| Adjusted EBITDA | 64,981 | 52,035 | 24.9% |
| Non-recurring Result | (4,981) | (2,001) | 148.9% |
| Income Tax (34% x EBIT) | (4,689) | (4,985) | (5.9%) |
| Assets | 55,311 | 45,049 | 22.8% |
| Accounts Receivables | (2,215) | (13,938) | (84.1%) |
| Inventory | 44,394 | (48,714) | n/a |
| Suppliers | (70,084) | (27,309) | 156.6% |
| Other Assets/Liabilities | 7,104 | (18,992) | n/a |
| Cash Flow from Operating Activities | 34,510 | (63,905) | n/a |
| Cash Flow from Investing Activities | (65,356) | (76,747) | (14.8%) |
| Cash Flow from Financing Activities | 174,775 | (49,122) | n/a |
| Borrowings and Financing | 200,000 | - | n/a |
| Repayment of borrowings and financing | (26,781) | (55,437) | (51.7%) |
| Capital increase | 249 | 1,149 | (78.3%) |
| Dividends | (9) | - | n/a |
| Others | 1,315 | 5,166 | (74.5%) |
| Free Cash Flow Generation | 143,928 | (189,774) | n/a |
| Financial applications | 20 | 14,027 | (99.9%) |
| Free Cash Flow, Net | 143,948 | (175,747) | n/a |

Cash Flow from Operating Activities in 1Q23 resulted in a generation of R\$34.5 million vs. a consumption of R\$63.9 million in the same period of the previous year, with emphasis on (i) **the reduction in inventory levels**, given greater efficiency in the flow of imported goods and an increase in sell out and a more normalized scenario in the national and global supply chain; (ii) **tax efficiency gains** with the DC in Hidrolândia-GO, after its opening 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 Company's cash cycle showed a significant improvement of 7 days y/y.

In terms of Free Cash Flow, the Company generated R\$143.9 million in 1Q23 vs. a consumption of R\$175.7 million in the same period of the previous year, mainly explained by (i) entry in March 2023 of R\$200 million of long-term financing, as explained in the following section; and (ii) **lower Investments in 1Q23** (R\$65.6 million vs. R\$76.7 million in 1Q22); and (iii) **positive operating cash generation**.

¹¹ 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.

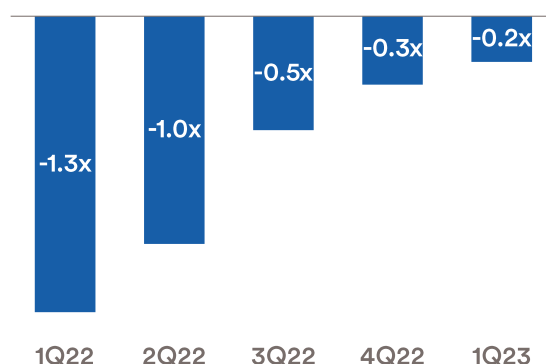
Debt

| Petz Group R\$ thousands, unless otherwise stated | 1Q23 | 1Q22 | Change |
|--|-----------------|------------------|----------------|
| Gross Debt | 286,593 | 170,982 | 67.6% |
| Current Loans and Financing | 72,202 | 96,866 | (25.5%) |
| Noncurrent Loans and Financing | 214,391 | 74,116 | 189.3% |
| Cash & Cash Equivalents and Financial Investments | 329,359 | 498,583 | (33.9%) |
| Cash & Cash Equivalents | 329,359 | 497,925 | (33.9%) |
| Financial applications | - | 658 | n/a |
| Net Debt | (42,766) | (327,601) | (86.9%) |
| Adjusted EBITDA (LTM) | 272,413 | 250,179 | 8.9% |
| Net Debt/Adjusted EBITDA (LTM) | (0.2x) | (1.3x) | 1.2x |

The Company ended 1Q23 with **Net Cash position of R\$42.8 million, which represents -0.2x Adjusted EBITDA LTM** (vs. -1.3x in the same period of the previous year).

Regarding the Company's capital structure, it is important to mention that at the end of March, we raised the amount of **R\$200 million** - with very attractive conditions (CDI + 0.97% y.y. for 5 years) given the current scenario of interest rates and the circumstances of the retail segment - to finance the main strategic projects of the Group.

Leverage
Net Debt/Adjusted EBITDA 12M



Investments

| Petz Group R\$ thousands, unless otherwise stated | 1Q23 | 1Q22 | Change |
|--|---------------|---------------|----------------|
| New Stores & Hospitals | 34,563 | 45,559 | (24.1%) |
| Technology & Digital | 21,122 | 12,799 | 65.0% |
| Renovation, Maintenance & Others | 5,761 | 6,466 | (10.9%) |
| Total Investments | 61,446 | 64,823 | (5.2%) |
| Non-Cash Effect | 2,528 | 11,924 | (78.8%) |
| Cash Flow from Fixed & Intangible Assets | 63,974 | 76,747 | (16.6%) |

Total Investments amounted to R\$61.4 million in 1Q23, a decrease of 5.2% y/y. In line with our expansion strategy, R\$34.6 million were invested in the construction of new stores (-24.1% y/y), given the lower store openings in 2023, aligned with greater efficiency in the deployment of new units with a reduction in the average area.

We invested R\$21.1 million in Technology and Digital in 1Q23 (+65.0% y/y), mainly explained by: (i) adjustments to the Digital platform to **improve profitability in this channel**; (ii) improvement in the **navigability and shopping experience** of our customers at the various points of contact; (iii) **innovation**, with new projects focused on differentiating Petz Group's value proposition, higher engagement and increasing sales conversion – highlighting the launching of Petz Super App; (iv) **systemic integration of acquired companies**; and (v) **improvement in infrastructure and information security** to improve resilience and increase scalability.

Renovations, Maintenance and Others, totaled R\$5.8 million in 1Q23, representing a drop of 10.9% y/y. This reduction is mainly due to the comparison basis y/y, given that in 1Q22 we had non-recurring expenses related to the opening of the DC in Hidrolândia-GO.

Balance Sheet

| Petz Group R\$ thousands, unless otherwise stated | 1Q23 | 4Q22 | 3Q22 | 2Q22 | 1Q22 |
|--|------------------|------------------|------------------|------------------|------------------|
| ASSETS | | | | | |
| Current Assets | 1,187,696 | 1,090,432 | 1,139,442 | 1,193,089 | 1,257,682 |
| Cash & Cash Equivalents | 329,359 | 185,411 | 262,413 | 392,357 | 497,925 |
| Financial applications | - | - | - | 28 | 658 |
| Accounts Receivable | 330,503 | 328,299 | 326,974 | 290,715 | 269,749 |
| Inventories | 383,697 | 428,092 | 421,089 | 391,720 | 383,238 |
| Recoverable Taxes and Contributions | 118,355 | 121,212 | 104,654 | 95,094 | 81,505 |
| Other Credits | 25,782 | 27,418 | 24,312 | 23,175 | 24,607 |
| Noncurrent Assets | 1,610,656 | 1,589,877 | 1,484,209 | 1,344,751 | 1,294,958 |
| Other Credits | 30,882 | 28,743 | 23,323 | 19,296 | 17,509 |
| Recoverable Taxes and Contributions | 22,174 | 22,797 | 18,457 | 3,198 | 3,798 |
| Deferred Income Tax and Social Contribution | 17,645 | 19,815 | 20,037 | 14,083 | 19,711 |
| Property, Plant and Equipment | 808,941 | 800,700 | 736,583 | 671,474 | 627,386 |
| Intangible Assets | 731,014 | 717,822 | 685,809 | 636,700 | 626,554 |
| Total Assets | 2,798,352 | 2,680,309 | 2,623,651 | 2,537,840 | 2,552,640 |
| LIABILITIES & SHAREHOLDERS' EQUITY | | | | | |
| Current Liabilities | 548,479 | 637,290 | 584,068 | 534,571 | 556,574 |
| Suppliers | 289,258 | 366,585 | 313,569 | 284,692 | 295,720 |
| Loans, Financing and Debentures | 72,202 | 86,269 | 88,904 | 95,261 | 96,866 |
| Payroll and Related Taxes | 86,527 | 76,078 | 91,225 | 73,903 | 84,686 |
| Taxes Payable | 39,001 | 42,988 | 41,883 | 32,164 | 29,020 |
| Dividends Payable | 12,018 | 12,027 | 13,831 | 13,851 | 17,816 |
| Accounts payable for the acquisition of subsidiaries | 11,537 | 12,798 | 5,679 | 5,588 | 5,857 |
| Other Payable | 36,159 | 37,404 | 26,302 | 26,078 | 23,783 |
| Loyalty Program | 1,777 | 3,141 | 2,675 | 3,034 | 2,826 |
| Non-current Liabilities | 323,360 | 130,758 | 143,230 | 148,657 | 169,965 |
| Loans, Financing and Debentures ¹² | 214,391 | 26,832 | 39,027 | 50,420 | 74,116 |
| Accounts payable for the acquisition of subsidiaries | 91,322 | 86,789 | 96,347 | 90,549 | 88,478 |
| Other Payable | 1,237 | 1,043 | 914 | 1,200 | 1,293 |
| Provisions for Civil and Labor Risks | 16,410 | 16,094 | 6,942 | 6,488 | 6,078 |
| Shareholders' Equity | 1,926,513 | 1,912,261 | 1,896,353 | 1,854,612 | 1,826,101 |
| Capital | 1,725,365 | 1,724,444 | 1,724,388 | 1,724,259 | 1,724,259 |
| Capital Reserves | 39,505 | 39,505 | 39,505 | 39,505 | 39,505 |
| Reserve for Options Granted | 47,904 | 41,675 | 38,605 | 30,542 | 22,672 |
| Special Goodwill Reserve | 24,825 | 24,825 | 24,825 | 24,825 | 24,825 |
| Equity adjustment | (129,594) | (129,594) | (128,785) | (145,045) | (146,859) |
| Profit Reserves | 218,508 | 211,406 | 197,815 | 180,526 | 161,699 |
| Total Liabilities and Shareholders' Equity | 2,798,352 | 2,680,309 | 2,623,651 | 2,537,840 | 2,552,640 |

¹² Includes the value of derivative instrument (SWAP) in the amount of R\$5.4 million on March 31, 2023. More information in the footnote 15.3 of the 1Q23 financial statements.

Cash Flow – Indirect Method

| Petz Group | 1Q23 | 1Q22 |
|--|-----------------|------------------|
| R\$ thousands, unless otherwise stated | | |
| Cash Flow from Operating Activities | 35,825 | (57,766) |
| Operating Profit before income tax | 10,646 | 19,731 |
| CAT-42 tax refund effect | - | - |
| Depreciation & Amortization | 40,045 | 27,620 |
| Allowance for Inventory Losses | (125) | 1,847 |
| Recognized options granted | 6,229 | 7,816 |
| Interest on Loans and Financing | 4,855 | 6,014 |
| PP&E Write-off | 3 | 1 |
| Loyalty Program | (1,364) | (510) |
| Provision for Civil and Labor Risks | 317 | (98) |
| Interest from Financial Applications | - | (153) |
| Monetary restatement on income tax and social contribution | - | - |
| Interest in accounts payable to selling shareholders | 3,119 | 2,609 |
| Depreciation & Amortization - Refund of Improvements | (66) | (66) |
| Working Capital Variation | (27,841) | (122,577) |
| ASSETS | | |
| Accounts Receivables | (2,215) | (13,938) |
| Inventory | 44,519 | (50,561) |
| Recoverable Taxes and Contributions | 3,512 | (14,862) |
| Other Credits | (5,333) | (9,503) |
| LIABILITIES | | |
| Suppliers | (70,084) | (27,309) |
| Payroll and Related Taxes | 10,449 | 9,729 |
| Taxes Payable | (1,853) | (1,004) |
| Accounts Payable | (233) | (1,723) |
| Income Tax and Social Contribution Paid | (2,014) | (7,730) |
| Interest Paid on Borrowings and Financing | (4,582) | (5,676) |
| Cash flow from investing activities | (65,336) | (62,720) |
| Financial applications | 20 | 14,027 |
| Investments | (1,382) | - |
| Purchase of Property, Plant and Equipment | (63,974) | (76,747) |
| Cash Flow from Financing Activities | 173,459 | (55,261) |
| Borrowings and Financing | 200,000 | - |
| Repayment of borrowings and financing | (26,781) | (55,437) |
| Capital increase | 249 | 1,149 |
| Transaction costs of shares issuance | - | (973) |
| Dividends | (9) | - |
| Free Cash Flow, Net | 143,948 | (175,747) |
| Cash BoP | 185,411 | 673,672 |
| Cash EoP | 329,359 | 497,925 |

Appendix I: IFRS 16 Impact – Statement of Income

| Petz Group R\$ thousands, unless otherwise stated | 1Q23 | | Change |
|---|------------------|------------------|-----------------|
| | IAS 17 | IFRS 16 | |
| Gross Revenue from Products and Services | 912,875 | 912,875 | - |
| Taxes and other Deductions | (145,994) | (145,994) | - |
| Net Revenue from Products and Services | 766,881 | 766,881 | - |
| Cost of Goods Sold and Services Rendered | (403,398) | (403,398) | - |
| Gross Profit | 363,483 | 363,483 | - |
| Operating Revenue (Expenses) | (349,691) | (334,149) | (15,542) |
| Selling | (245,243) | (232,259) | (12,984) |
| General & Administrative | (90,297) | (88,692) | (1,605) |
| Other Operating Income (expenses), net | (14,151) | (13,198) | (953) |
| Operating Profit before Financial Income | 13,792 | 29,334 | (15,542) |
| Financial Results | (3,146) | (25,818) | 22,672 |
| Financial Income | 11,488 | 11,488 | - |
| Financial Expenses | (14,634) | (37,306) | 22,672 |
| Earnings before Income Tax and Social Contribution | 10,646 | 3,516 | 7,130 |
| Income Tax and Social Contribution | (3,769) | (1,344) | (2,425) |
| Net profit | 6,877 | 2,172 | 4,705 |

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

| Petz Group R\$ thousands, unless otherwise stated | 1Q23 | 1Q22 |
|---|----------------|---------------|
| | | |
| Earnings Before Interest Tax (EBIT) | 29,334 | 24,644 |
| (+) Depreciation & Amortization | 39,464 | 27,554 |
| (+) Depreciation – Right of Use (CPC 06 (R2)/IFRS 16) | 39,020 | 32,606 |
| EBITDA | 107,818 | 84,804 |
| (+) Rental Expenses | (53,307) | (42,587) |
| EBITDA | 54,511 | 42,217 |
| (-) Stock Option Plan (SOP) | 6,229 | 7,816 |
| (-) PP&E Write-off | - | 1 |
| (-) Right of use (CPC 06 (R2)/IFRS 16) Write-off | (740) | - |
| (-) Non-recurring results | 4,981 | 2,001 |
| (-) Non-recurring income | - | - |
| (-) Non-recurring expenses | 4,981 | 2,001 |
| Adjusted EBITDA | 64,981 | 52,035 |

Appendix III: IFRS 16 Impact – Balance Sheet

| Petz Group R\$ thousands, unless otherwise stated | 1Q23 | | Change |
|--|-----------|-----------|-----------|
| | IAS 17 | IFRS 16 | |
| ASSETS | | | |
| Current Assets | 1,187,696 | 1,186,496 | 1,200 |
| Cash & Cash Equivalents | 329,359 | 329,359 | - |
| Financial applications | - | - | - |
| Accounts Receivable | 330,503 | 330,503 | - |
| Inventories | 383,697 | 383,697 | - |
| Recoverable Taxes and Contributions | 118,355 | 118,355 | - |
| Other Credits | 25,782 | 24,582 | 1,200 |
| Noncurrent Assets | 1,610,656 | 2,562,222 | (951,566) |
| Other Credits | 30,882 | 30,882 | - |
| Recoverable Taxes and Contributions | 22,174 | 22,174 | - |
| Deferred Income Tax and Social Contribution | 17,645 | 56,725 | (39,080) |
| Property, Plant and Equipment | 808,941 | 1,733,663 | (924,722) |
| Intangible Assets | 731,014 | 718,778 | 12,236 |
| Total Assets | 2,798,352 | 3,748,718 | (950,366) |
| LIABILITIES & SHAREHOLDERS' EQUITY | | | |
| Current Liabilities | 548,479 | 652,933 | (104,454) |
| Suppliers | 289,258 | 289,258 | - |
| Loans, Financing and Debentures | 72,202 | 72,202 | - |
| Payroll and Related Taxes | 86,527 | 86,527 | - |
| Taxes Payable | 39,001 | 39,001 | - |
| Dividends Payable | 12,018 | 12,018 | - |
| Accounts payable for the acquisition of subsidiaries | 11,537 | 11,537 | - |
| Other Payable | 36,159 | 13,998 | 22,161 |
| Loyalty Program | 1,777 | 1,777 | - |
| Leasing Right of Use Payable (IFRS 16) | - | 126,615 | (126,615) |
| Non-current Liabilities | 323,360 | 1,245,890 | (922,530) |
| Loans, Financing and Debentures | 214,391 | 214,391 | - |
| Accounts payable for the acquisition of subsidiaries | 91,322 | 91,322 | - |
| Other Payable | 1,237 | 1,237 | - |
| Provisions for Civil and Labor Risks | 16,410 | 16,410 | - |
| Leasing Right of Use Payable (IFRS 16) | - | 922,530 | (922,530) |
| Shareholders' Equity | 1,926,513 | 1,849,895 | 76,618 |
| Capital | 1,725,365 | 1,725,365 | - |
| Capital Reserves | 39,505 | 39,505 | - |
| Reserve for Options Granted | 47,904 | 47,904 | - |
| Special Goodwill Reserve | 24,825 | 24,825 | - |
| Equity adjustment | (129,594) | (129,594) | - |
| Profit Reserves | 218,508 | 141,890 | 76,618 |
| Total Liabilities and Shareholders' Equity | 2,798,352 | 3,748,718 | (950,366) |

Appendix IV: IFRS 16 Impact – Cash Flow

| Petz Group R\$ thousands, unless otherwise stated | 1Q23 | | Change |
|--|-----------------|-----------------|-----------------|
| | IAS 17 | IFRS 16 | |
| Cash Flow from Operating Activities | 35,825 | 83,374 | (47,549) |
| Profit Before Income Tax and Social Contribution | 10,646 | 3,516 | 7,130 |
| Depreciation & Amortization | 40,045 | 39,530 | 515 |
| Depreciation – Right of Use (CPC 06 (R2)/IFRS 16) | - | 39,020 | (39,020) |
| Interest Expenses – Right of use (CPC 06 (R2)/IFRS 16) | - | 24,530 | (24,530) |
| Allowance for Inventory Losses | (125) | (125) | - |
| Recognized options granted | 6,229 | 6,229 | - |
| Interest on Loans and Financing | 4,855 | 4,855 | - |
| PP&E Write-off | 3 | 3 | - |
| Right of use (CPC 06 (R2)/IFRS 16) Write-off | - | (740) | 740 |
| Loyalty Program | (1,364) | (1,364) | - |
| Provision for Civil and Labor Risks | 317 | 317 | - |
| Interest from Financial Applications | - | - | - |
| Monetary restatement on income tax and social contribution | - | - | - |
| Interest in accounts payable to selling shareholders | 3,119 | 3,119 | - |
| Depreciation & Amortization - Refund of Improvements | (66) | (66) | - |
| ASSETS | | | |
| Accounts Receivables | (2,215) | (2,215) | - |
| Inventory | 44,519 | 44,519 | - |
| Recoverable Taxes and Contributions | 3,512 | 3,512 | - |
| Other Credits | (5,333) | (5,333) | - |
| LIABILITIES | | | |
| Suppliers | (70,084) | (70,084) | - |
| Payroll and Related Taxes | 10,449 | 10,449 | - |
| Taxes Payable | (1,853) | (1,853) | - |
| Accounts Payable | (233) | 1,482 | (1,715) |
| Income Tax and Social Contribution Paid | (2,014) | (2,014) | - |
| Interest Paid on Borrowings and Financing | (4,582) | (4,582) | - |
| Interest Paid on Right of Use (CPC 06 (R2)/IFRS 16) | - | (9,331) | 9,331 |
| Cash flow from investing activities | (65,336) | (65,336) | - |
| Financial applications | 20 | 20 | - |
| Investments | (1,382) | (1,382) | - |
| Purchase of Property, Plant and Equipment | (63,974) | (63,974) | - |
| Cash Flow from Financing Activities | 173,459 | 125,910 | 47,549 |
| Debt Capitalization | 200,000 | 200,000 | - |
| Repayment of borrowings and financing | (26,781) | (26,781) | - |
| Capital increase | 249 | 249 | - |
| Dividends | (9) | (9) | - |
| Payment of Right of Use (CPC 06 (R2)/IFRS 16) | - | (47,549) | 47,549 |
| Free Cash Flow, Net | 143,948 | 143,948 | - |
| Cash BoP | 185,411 | 185,411 | - |
| Cash EoP | 329,359 | 329,359 | - |

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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