

Institutional Presentation

October 2023



Disclaimer

The statements contained in this document regarding outlooks for the business, forecasts of operations, financial results, and growth outlooks for Petz are mere projections. They are solely based on the expectations of management regarding the future of the business. These expectations substantially depend on market conditions, performance of Brazilian economy, the industry and international markets. Therefore expectations are subject to change without prior notice. All changes presented herein are calculated based on figures in thousands of reais, as well as rounded numbers.

This performance report includes accounting and non-accounting data, such as operational, pro-forma financial data, and forecasts based on management's expectations. Non-accounting data was not reviewed by the company's independent auditors.

Pet Market Outlook

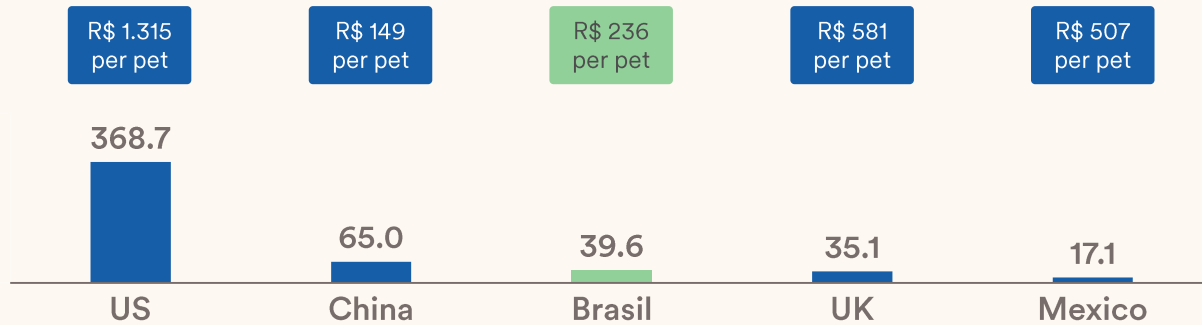


Sizeable and high growth market

The Brazilian pet market is one of the largest in the world, with secular trends driving strong growth

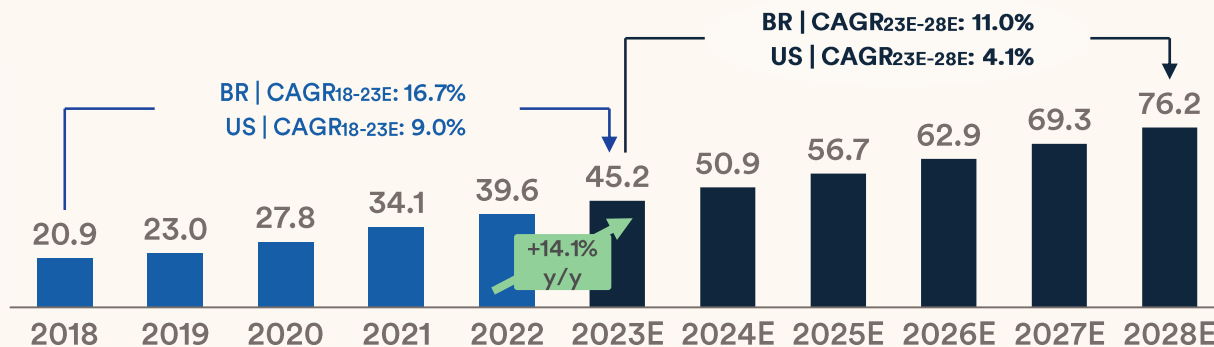
Pet Product Market Size and Annual Spend per pet¹

(R\$ bn, R\$ per pet, 2022)



Pet products market Evolution in Brazil²

(R\$ bn)

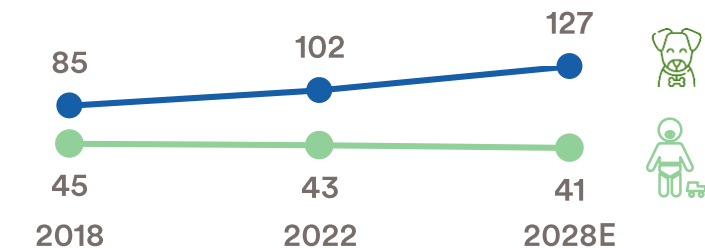


Trends:

- **Humanization:** pet as a family member
- **Content:** access to information
- Couples having children **later** and **reduction in the number of children** per family
- Aging of Baby Boomers population, which are now **more likely to have pets**
- **Verticalization** of urban centers

Number of Dogs and Cats vs Children under 14⁽³⁾

(Millions, Brazil)

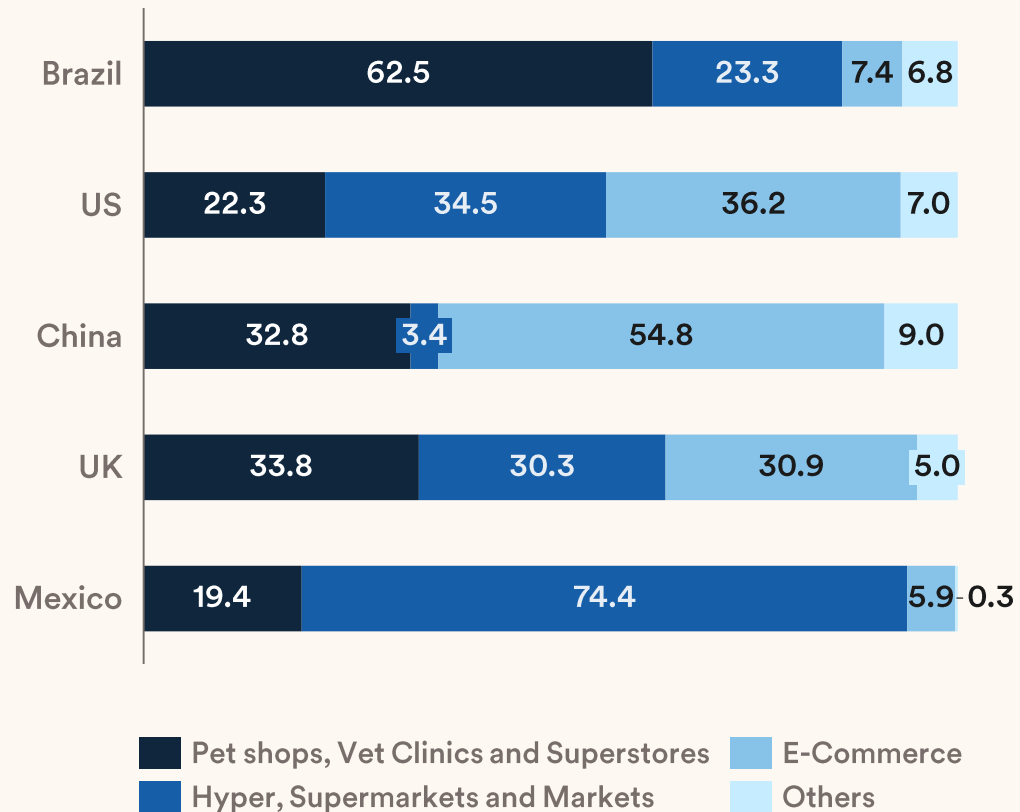


Highly fragmented market

Market consolidation at an early stage in Brazil

Pet Products Sales by Channel¹

(%, 2022)



Value Proposition

		Online	Mom&Pops Pet Shops	Food Retailers
Assortment	✓	✓	○	✗
Services	✓	✗	○	✗
Online platform	✓	✗	✓	✗
Omnichannel	✓	✓	✗	○
Expertise & Content Curation	✓	✗	✗	○
Location convenience	✓	○	○	✗
Price	✓	✗	✓	✓
Assortment	=	=	=	=

✓ Offering
 ○ Some offering
 ✗ Not offering
 = There is no value proposition difference



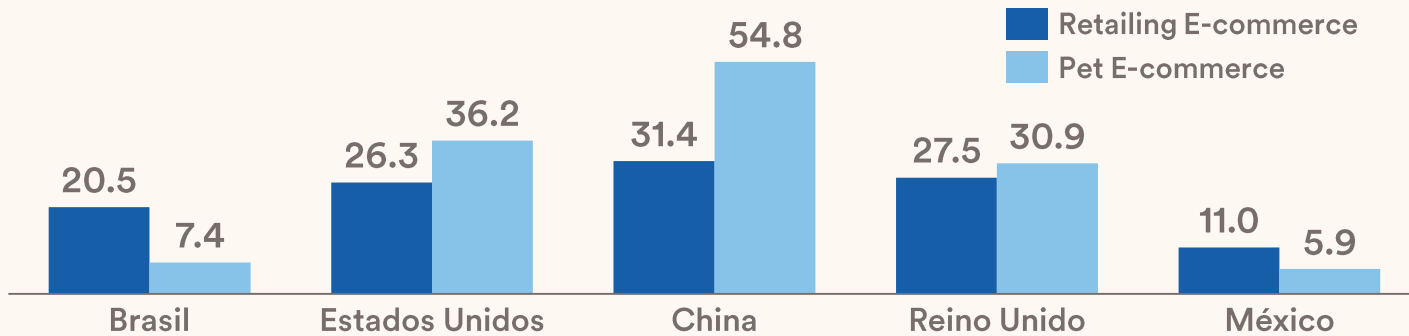
Source: ¹ Euromonitor International Limited, Pet Care 2024, edition published on June 26, 2023, % of retail sales including taxes, in local currency, in current terms.

Further growth potential from online

E-commerce penetration is still low when compared to other countries and segments

Pet E-commerce Penetration by Country in 2022¹

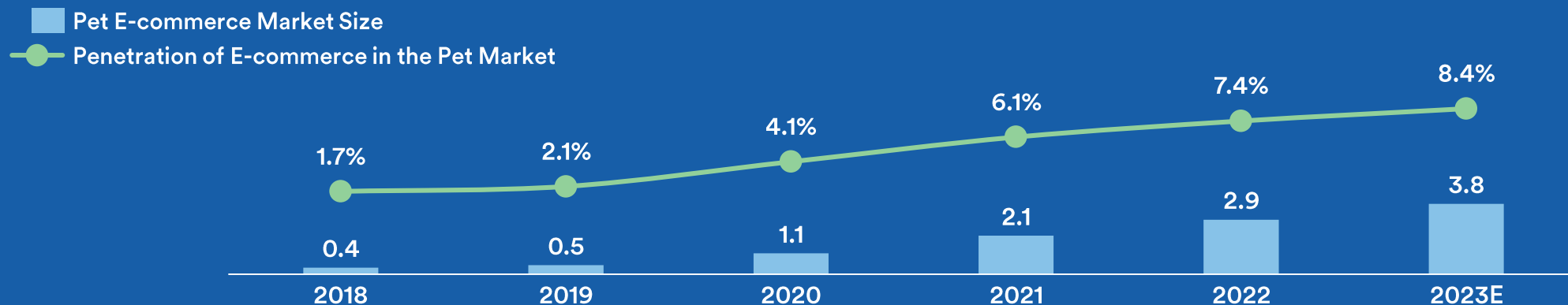
(E-commerce sales divided by total sales)



Brazil is one of the few countries where the penetration of e-commerce in the pet market is lower than the share of e-commerce in retail in general.

Pet E-commerce Market Size and Penetration in Brazil²

(R\$ bn; % of total pet market)



Highly resilient market

Pet market is resilient and has posted consistent growth throughout economic cycles

Brazil GDP, Retail and Pet Sector Real Growth

(% yoy, in real terms)

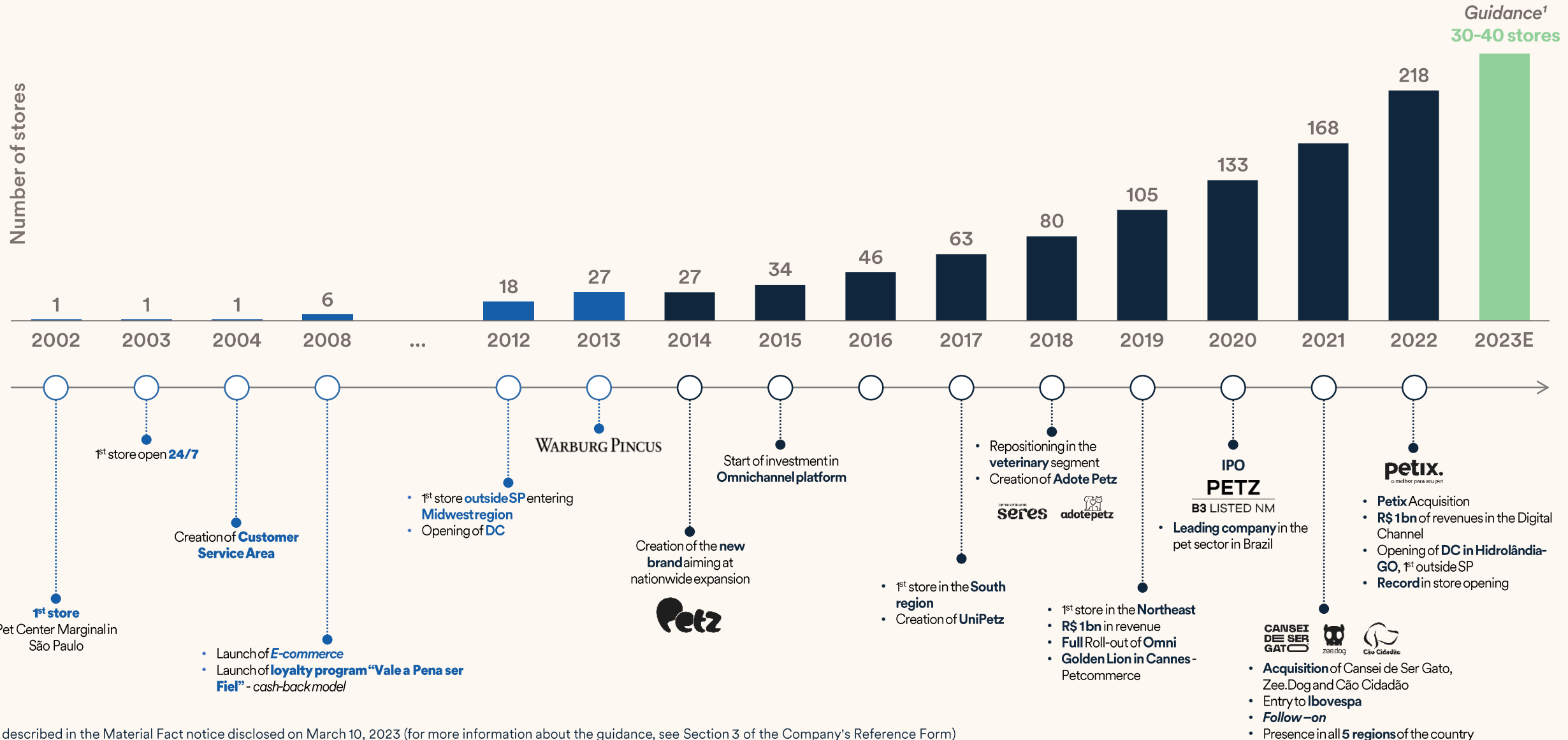


Petz Overview



A 21-year history of growth and success





Continued expansion with a customer-centric focus and innovative approach

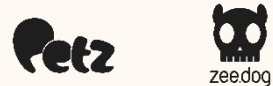


¹ As described in the Material Fact notice disclosed on March 10, 2023 (for more information about the guidance, see Section 3 of the Company's Reference Form)

New verticals / M&A

Adding key competences to consolidate and expand leadership in the Pet segment, and increase the barrier to entry in the sector

				
Competitive advantages	✓	✓	✓	✓
New competences	✓	✓	✓	✓
Leadership in the segment	✓	✓	✓	✓
Exclusive products	✓	✓	✓	✓
Founder mentality	✓	✓	✓	✓



Exclusive Products

Physical Channel

Digital Channel

B2B: Franchises and Pet shops

The largest and most comprehensive Pet Ecosystem in Brazil

Veterinary

Grooming

Pet training and other services

Adoption

Content and courses





Petz in numbers¹

The Largest and Most Comprehensive Ecosystem for Pet Lovers

- **Brazil's largest pet retailer**
231 stores in **23** States in all Brazilian regions
Total Gross Revenues: **R\$ 3.7 BI** in 2Q23 LTM²
- **Stores**
Standard: full assortment of products and vet and grooming services
Express: assortment of main products (focused on dogs and cats) at convenient locations
- **Omnichannel**
100% Integrated platform, with the largest SKUs offering **36%** of Digital Penetration and **89%** of Omnichannel Ratio
- **Services**
~**4%** of Total Revenues in 2Q23 LTM²
Largest veterinary network in Brazil (Seres) with **125** units and **main network** of grooming centers
Adote Petz: **largest adoption** program in Brazil (+**70k** adoptions)



Petz store expansion

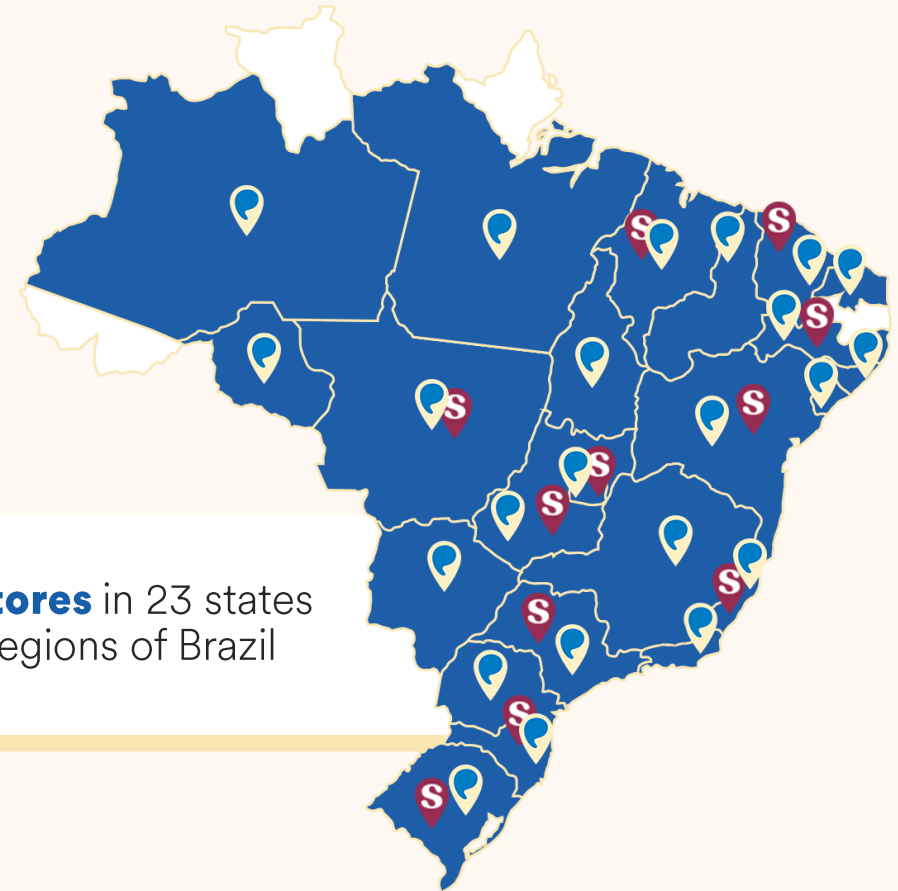
On track with store opening guidance of 30-40 units in 2023

2Q23 Highlights

Opening of 11 stores, 45⁽¹⁾ in the last 12 months

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

54% of the stores have not yet completed their 3rd year of operation, with 19% in their 1st year



231 stores in 23 states in all regions of Brazil

¹ Considers the closure of the Ayrton Senna unit, in Rio de Janeiro-RJ in 1Q23. More information in the 1Q23 release (p.9).

Digital Petz Standalone

Leading, scalable and profitable platform

+R\$1.2BN

Digital revenues in 2Q23 LTM, +37% y/y on a strong comparison basis (+49% y/y in 2Q22 LTM)

36%

2Q23 Digital Penetration, +3,4 p.p. y/y, but in line with last quarters

89%

Omnichannel Index in 2Q23, benchmark in Brazilian and worldwide retail

~70%

of Digital revenue coming from the App, +1 MM monthly active users in Jun/23

~380k

subscribers (+20% y/y), with 29% of Petz Standalone Gross Revenue in Jun/23

~95%

of Ship from Store sales delivered within 1 business day

2.6MM

Omnichannel customers active in Petz base (+15% y/y)

+60%

Average monthly omni spending vs. physical channel

Petz Ecosystem Evolution

Strategic move to sustain growth and
enhance market relevance

Petz Ecosystem





Digital

- Launch of the Petz Benefits Club pilot (Clubz);
- E-commerce: UX improvement, focusing on higher conversion;
- Super App built to facilitate navigation and use of all Petz Group Ecosystem services (cross-selling);

Products




- Strengthening the private label portfolio, defining different price points in different categories;
- Tutor loyalty/engagement tool, profitability and differentiation vs. competitors;

4 Strategic Pillars of the Brand Refresh

Stores

- New visual communication, seeking better customer experience and productivity gains;
- Projects to change the store front and interior of existing stores (pilot in 4 stores);
- Packaging adjustments, other customer touchpoints;

People

- Strengthening the employer brand, generating more engagement and opportunities for employees.
- 



CLUBZ

A benefits program designed for the entire **Petz ecosystem** with roll-out throughout 3Q23

What

Personalized offers, coupons, CashPetz and member-only benefits

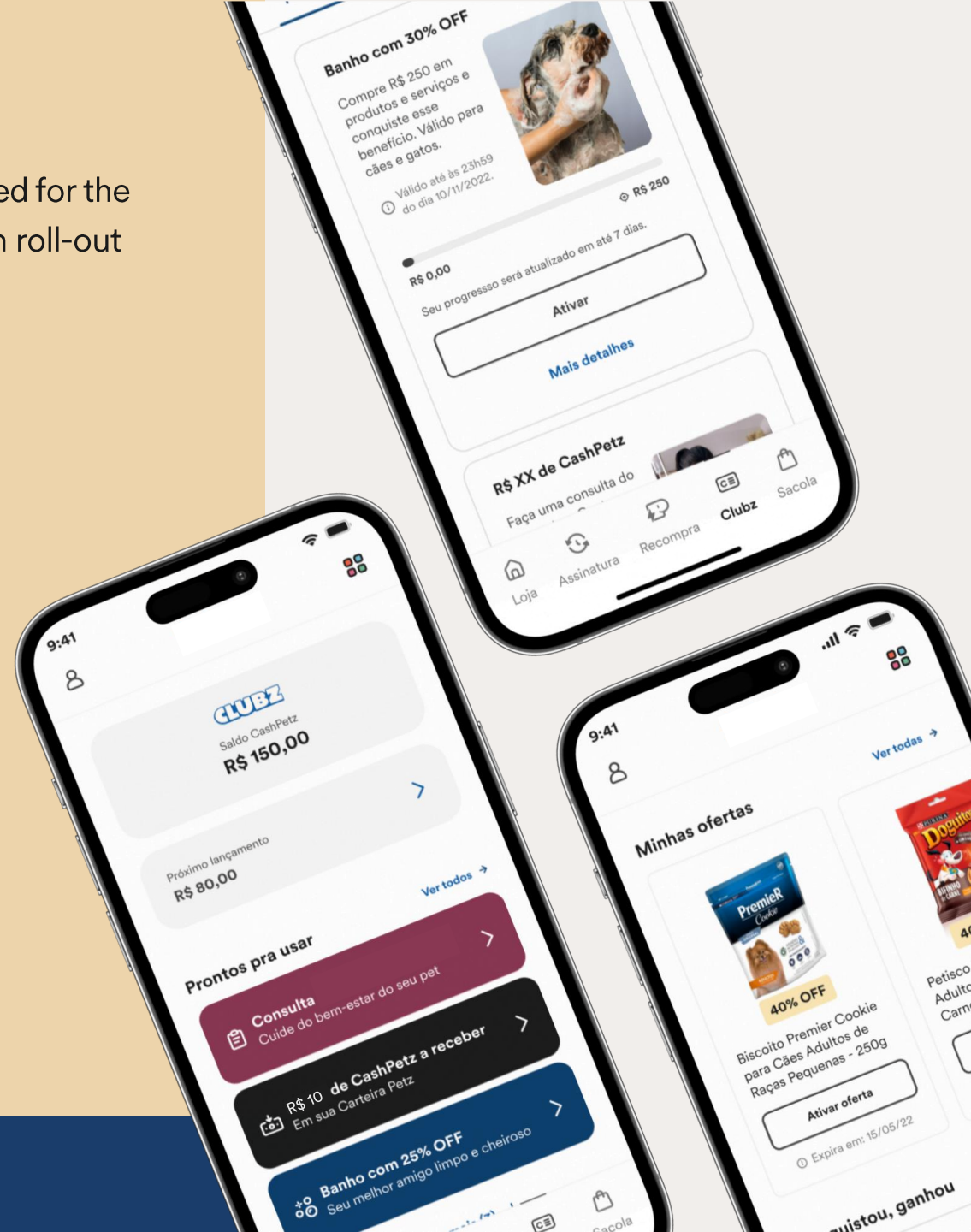
Why

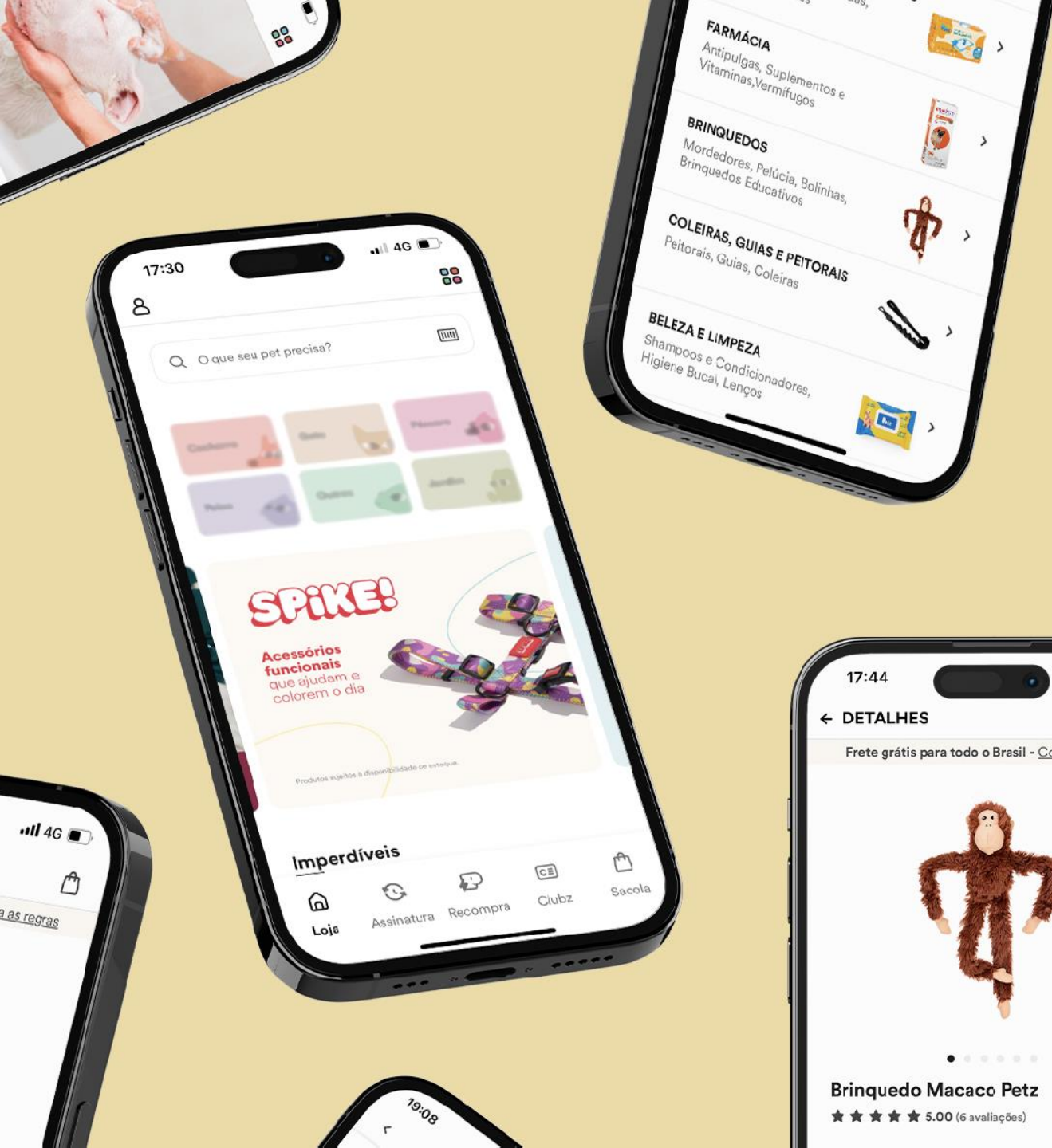
Increased **conversion efficiency, monetization and organic flow** for Petz Ecosystem

How

Gamified and fun journey, generating value in the interaction within client and brand

Strong differentiating factor vs. competition





Super App Petz

Complete experience
of Petz ecosystem.

With new features, such as the **Benefits Club**, the new version of the app integrates the **shopping experience**, adds **cross-selling** potential and increases **conversion**.

Petz Group Private label

Products portfolio strengthening through the expansion of the **value proposition with a new assortment in different categories**

1H23 Launches

Spike accessories

Collections of leashes, collars and harnesses



Petz Cat Litter

Biodegradable cereal cat litter

Fresh Dog Pads

Traditional, Slim and Charcoal lines



Petz Puff Beds

Different colors & sizes

Petz Group Private Label

Pet owner loyalty/engagement tool, profitability and differentiation vs. competitors

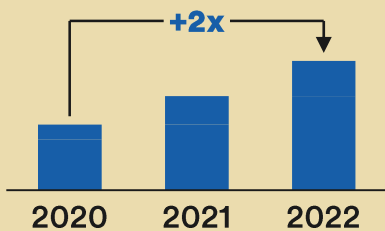
24% (+5 p.p. y/y)

Private label share in the current categories in Jun/23

8% (+1 p.p. y/y)

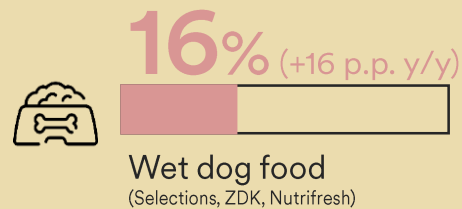
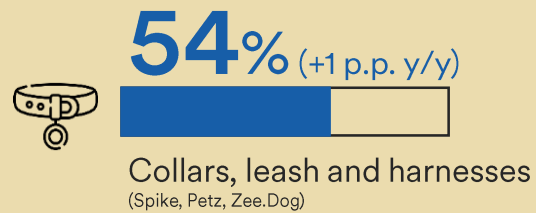
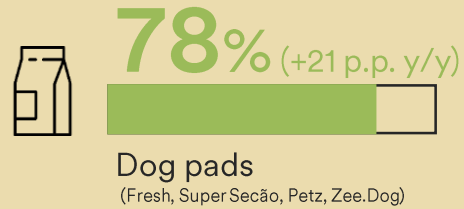
Share of private label in total product revenue

Assortment evolution (# of SKUs)



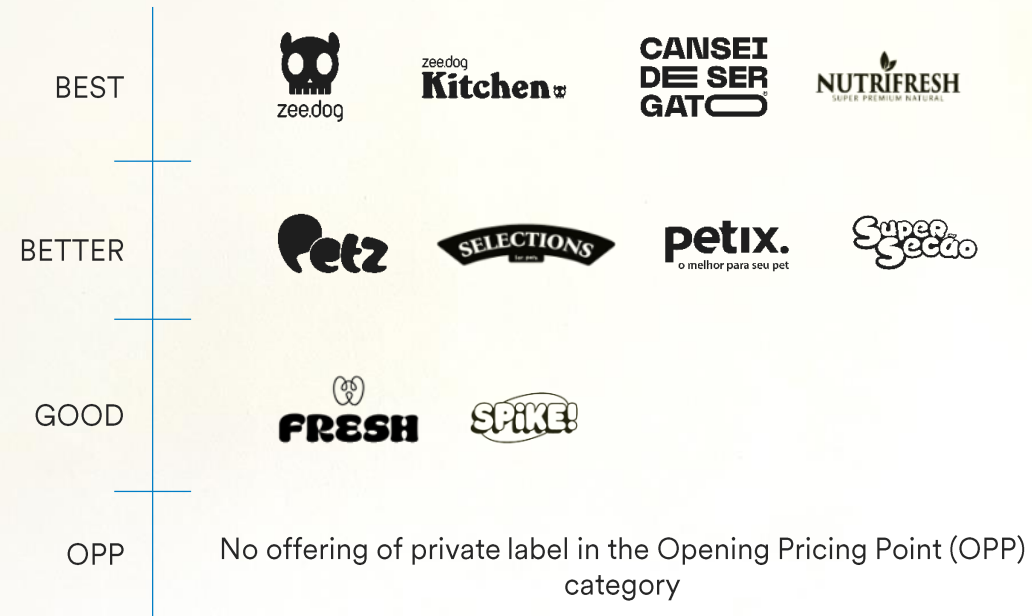
Negotiations with potential partners for private-label dry pet food production.

Share by Category in 2Q23
(% Gross Revenue from Petz "Standalone" Products)



Brand re-architecture

Different value proposition strategies to reach a larger addressable market.



Petz Health Plan

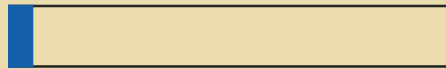
Important tool for cross-selling and optimization of installed capacity

Market still little penetrated, but rapidly expanding

North America Market

(Source: NAPHA, 2022 – Dogs and cats)

2.5%



Penetration rate of pets covered by health plan

22%

y/y growth in the number of insured pets

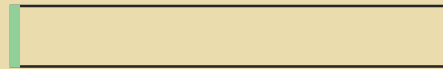
USD 3.5BI

North America pet health insurance market

Brazilian Market

(Source: Company estimates)

0.3%



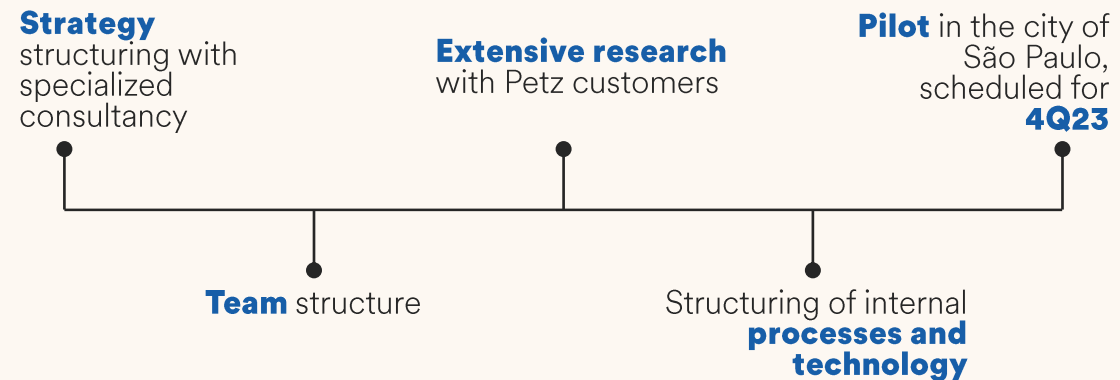
Penetration rate of pets covered by health insurance (or about **350k** pets)



Differentiated Petz value proposition

- Focus on **prevention**
- **Exclusive** and **customized** care plan
- Leverage of Seres' **own network** of **excellence quality** to maximize installed capacity and **optimize costs** and **loss ratio**
- **Low customer acquisition** cost considering Petz's recurring base
- **Highly qualified** and experienced team coming from **human health**





Roadmap:



Financial Highlights



Financial Highlights | Petz Group 2Q23





2Q23	 Total Gross Revenue (TGR)	 Gross Profit	 Adjusted EBITDA	 Operating Cash Generation
Petz Group	R\$ 944.8 MM +18.0% y/y	R\$ 375.0 MM +14.5% y/y 39.7% TGR (-1.2 p.p. y/y)	R\$ 69.9 MM +5.9% y/y 7.4% TGR (-0.8 p.p. y/y)	+R\$ 60.0 MM vs. +R\$3.0 MM in 2Q22

Highlights

- **Petz Standalone Gross Revenue:** R\$870.3 MM; **+16.2% y/y**, with highlight on Products **(+17.2% y/y)**
- **Petz Standalone Digital Gross Revenue (PDGR):** R\$311.8 MM; **+28.4% y/y**
- **Same-Store-Sales: +5.7% y/y**, with **normalized SSS¹: ~8% y/y**
- **Petz Standalone Gross Profit:** R\$345.8 MM; **+13.8 y/y**; Gross Margin of 39.7% of PGR **(-0.8% y/y)**
- **Petix:** Consolidated figures since 3Q22, business model (factory, B2B) that **has a gross margin of around 15%**
- **Petz Group Operating Expenses** R\$305.0 MM; **+16.7% y/y**
- **Petz Group Adjusted EBITDA Margin: +0.3 p.p. q/q**
- **Petz Standalone Adjusted EBITDA :** R\$71.3 MM; **+3.3% y/y**; Adjusted EBITDA Margin of **8.2%** of TGR **(-1.0 p.p. y/y)**
- **Acquisitions EBITDA :** **-R\$1.3MM**, an improvement vs. 2Q22 and 1Q23
- **R\$24.5 MM** of Adjusted Net Income **(-25.1% y/y)**, reflecting the **increase in D&A, lower financial result** in 2Q23 and the **still negative effect from acquisitions**
- Efficiency in working capital, mainly reflecting the **reduction of inventory levels**
- Significant **improvement** from **9** days of Petz Standalone cash cycle

¹ Excluding stores that were impacted by the opening of new Petz units in areas of influence and/or in the same city.

Financial Highlights | Petz Group 1H23

1H23	 Total Gross Revenue (TGR)	 Gross Profit	 Adjusted EBITDA	 Operating Cash Generation
Petz Group	R\$ 1,857.7 MM +20.1% y/y	R\$ 738.4 MM +17.0% y/y 39.8% TGR (-1.1 p.p. y/y)	R\$ 134.9 MM +14.3% y/y 7.3% TGR (-0.4 p.p. y/y)	+R\$ 94.5 MM vs. -R\$60.9 MM in 1H22

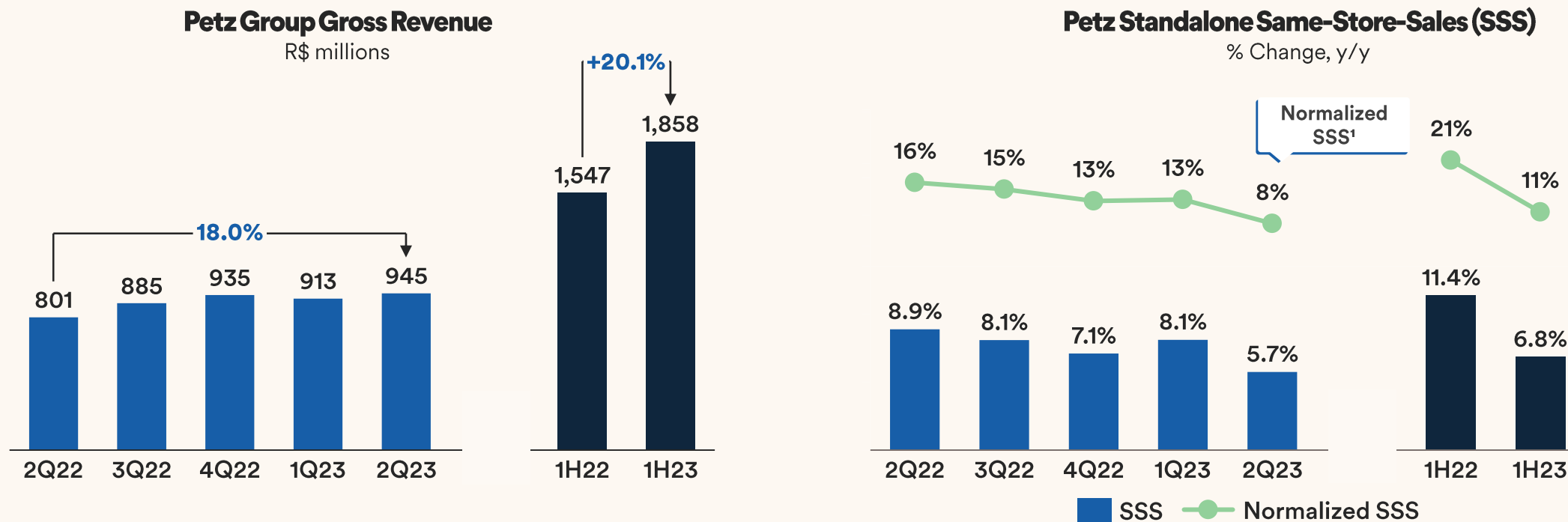
Highlights

- **Petz Standalone Gross Revenue:** R\$1,706.0 MM; **+18.3% y/y**, with highlight on Products **(+19.1% y/y)**
- **Petz Standalone Digital Gross Revenue (PDGR):** R\$612.4 MM; **+32.3% y/y**
- **Same-Store-Sales: +6.8% y/y**, with **normalized SSS¹: ~11% y/y**
- **Petz Standalone Gross Profit:** R\$683.3 MM; **+17.0 y/y**; Gross Margin of **40.1%** of PGR **(-0.4% y/y)**
- **Petix:** Consolidated figures since 3Q22
- **Petz Group Operating Expenses** R\$603.5 MM; **+17.6% y/y (-0.7 p.p. y/y)**
- **Petz Standalone Adjusted EBITDA:** R\$141.4 MM; **+14.1% y/y**; Adjusted EBITDA Margin of **8.3%** of TGR **(-0.3 p.p. y/y)**
- Mainly a reflection of the **reduction in inventory levels and greater tax efficiency** with the new DC in Goiás (less accumulation of credits)
- **Reinforcement of the cash position** with R\$400 MM of debenture issuance and long-term financing

¹ Excluding stores that were impacted by the opening of new Petz units in areas of influence and/or in the same city.

Solid growth in Petz Group Gross Revenue

Highlight for the performance of Petz Standalone Products and consolidation of Petix since 3Q22



R\$ 870 MM

Petz Standalone Gross Revenue (+16% y/y), with highlight on Products (+17% y/y), even in the face of a challenging macro scenario

5.7% SSS (8% normalized¹)

Reflection of the challenging macro scenario in retail and in Brazil, slowing down of inflation in the Pet segment, drop in Services revenues and accelerated expansion pace

R\$ 96 MM

Acquisitions Gross Revenue (Zee.Dog + Petix) with 71% YoY growth, mainly reflecting the consolidation of Petix from 3Q22

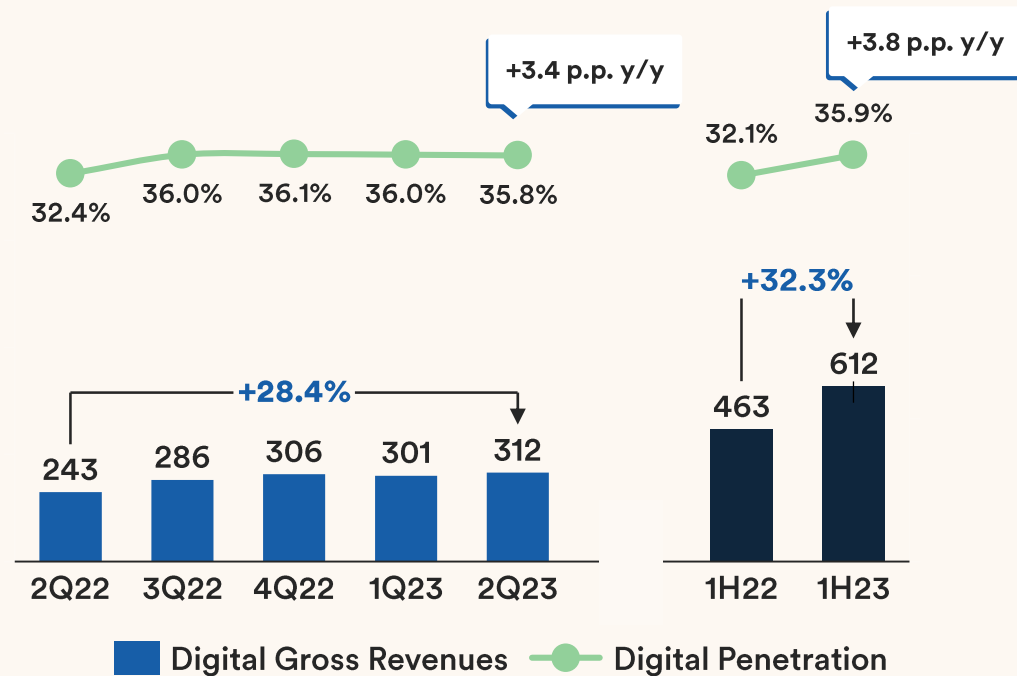
¹ Excluding stores that were impacted by the opening of new Petz units in areas of influence and/or in the same city.

Expressive growth of Petz Standalone Digital and high level of service

Growth of +28% y/y (on strong base +34% y/y in 2Q22)

Digital Gross Revenue and Digital Penetration

R\$ millions, % Petz Standalone Gross Revenue



Digital Penetration +3.4 p.p. y/y

and in line with the last 3 quarters, reflecting changes implemented in commercial conditions **to improve channel profitability**



Profitability initiatives

Eliminations: cumulative discount dynamics vs. Pick-up service charge



~2.6MM Omnichannel Customers

assets in the Petz base (+15% y/y), with average monthly spend of +60% vs. physical channel customer

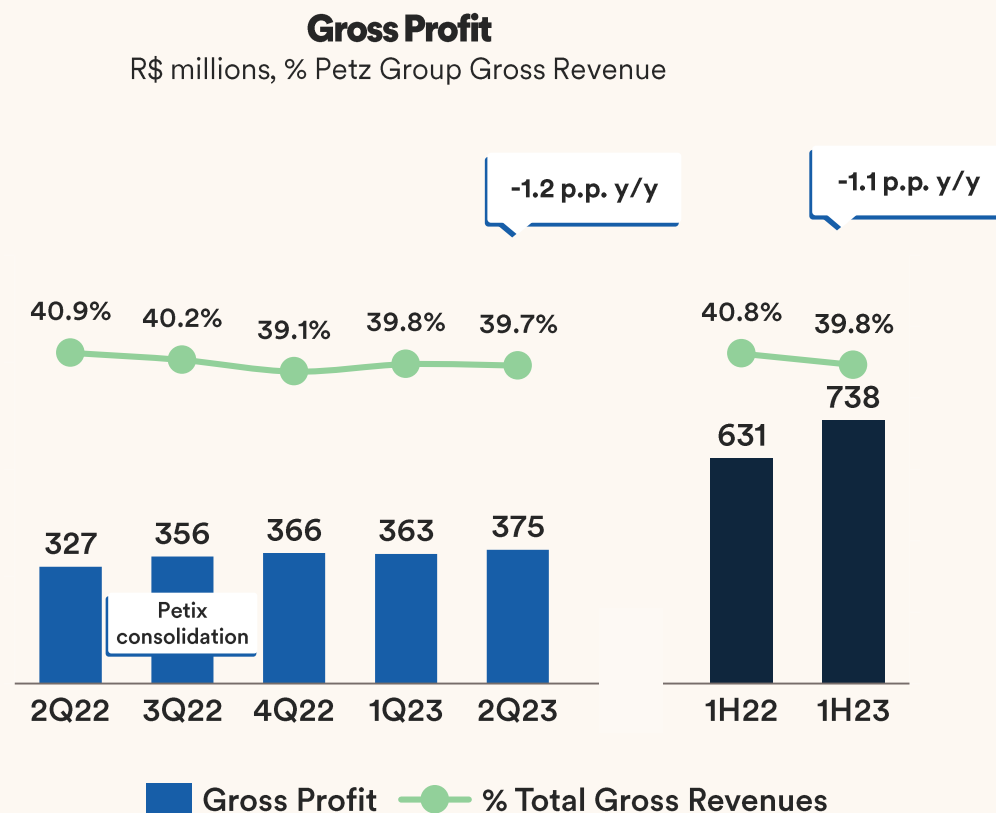


High level of service

95% of Ship from Store sales delivered within **1 business day**, with **87%** of all Digital orders

Petz Group Gross Margin slightly pressured...

... a reflection mainly of the Petz Standalone performance and the consolidation of Petix (structurally lower gross margin)



Petz Group Margin -1.2 p.p. y/y but flat q/q

mainly a reflection of the Petz Standalone performance and the consolidation of Petix



Petz Standalone Margin -0.8 p.p. y/y

reflection of the increase in Digital Penetration y/y, in addition to the greater investment in competitiveness in the channel and the Food effect in the mix



Petix Consolidation

Since 3Q22, with a business model (factory, B2B) that has a **gross margin of around 15%**

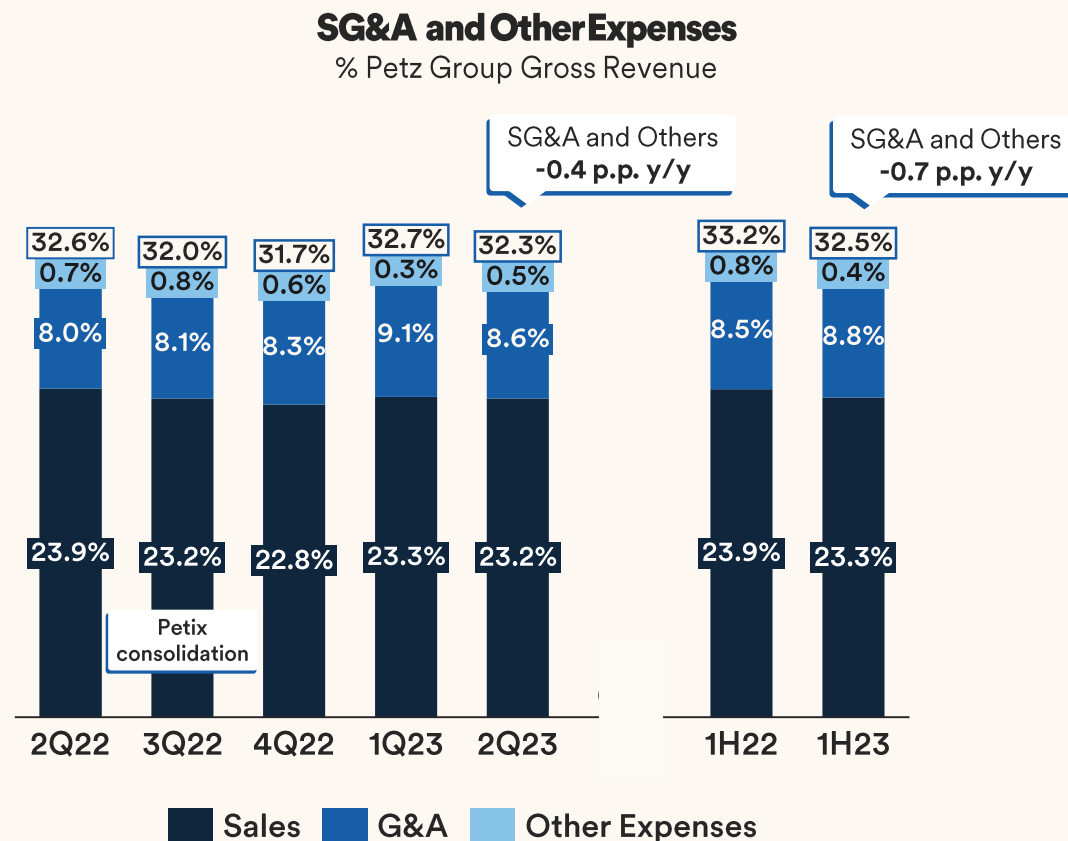


Pet internal inflation

stable, but still at high levels, which reflects in lower disposable income for consumption of discretionary items

Efficiency of the Petz Group Operating Expenses...

... reflection of the initiatives in Selling and Other Expenses



+17% y/y

Petz Group Operating Expenses, representing a level of 32% on Gross Revenue (-0.4 p.p. y/y)



+14% y/y

of Selling Expenses, a result of efficiency in the variable Digital expenses (marketing and last mile) and consumption (electricity and supplies)



+27% y/y

of G&A Expenses, reflecting the strengthening of the Services and HR teams and the increase in DC expenses (inauguration of the Goiás DC in 2Q22)



-26% y/y

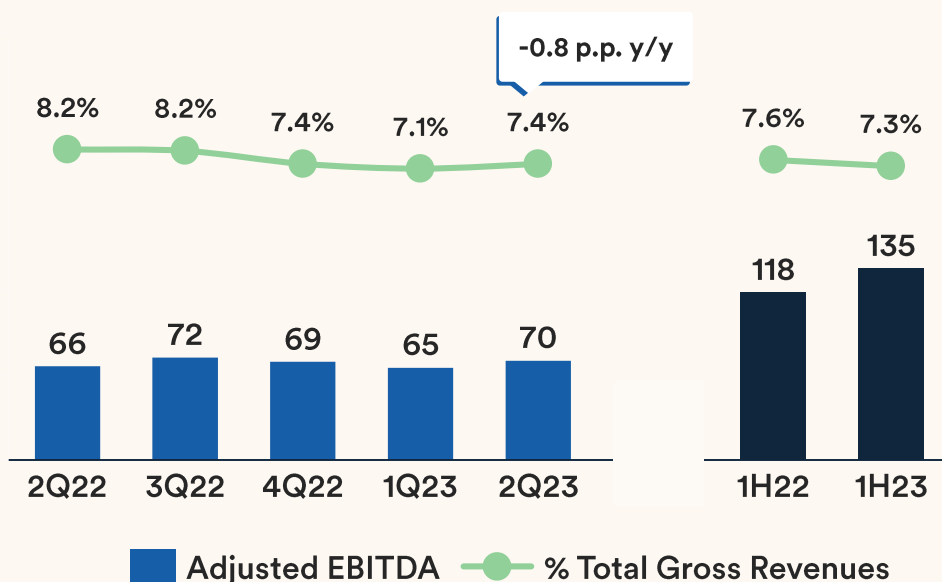
of Other Operating Expenses (pre-op of new stores), reflecting greater efficiency with the new units, despite the faster pace of openings in 2Q23 vs. 2Q22

Petz Group Adjusted EBITDA Margin with y/y pressure

Expense efficiencies were not enough to offset pressure on gross margin

Adjusted EBITDA

R\$ million, % Petz Group Gross Revenue



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%



7.4%

of Petz Group Adjusted EBITDA Margin (-0.8 p.p. y/y and +0.3 p.p. q/q)

8.2%

Petz Standalone Adjusted EBITDA Margin (-1.0 p.p. y/y), reflecting pressure on gross margin, store maturation, greater Digital share and increase in G&A expenses y/y

-R\$1.3 MM

of Acquisitions EBITDA, an improvement vs. -R\$3MM in 2Q22 and -R\$5MM in 1Q23, reflecting the performance of Petix and capturing synergies from the integration with Petz

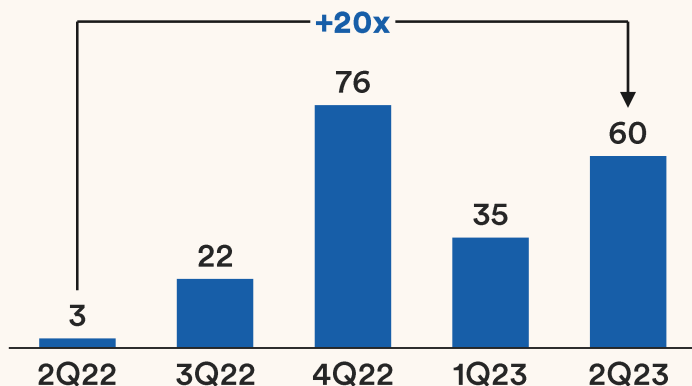
* 2022 Cohort: excluding the 18 stores opened in 4Q22 (7 of which in December alone), 4-wall EBITDA ex-IFRS 16 would have been 11.1%.

Robust cash position, solid competitive advantage

Strong operating cash generation in 2Q23 and R\$200 MM cash reinforcement with debentures issuance

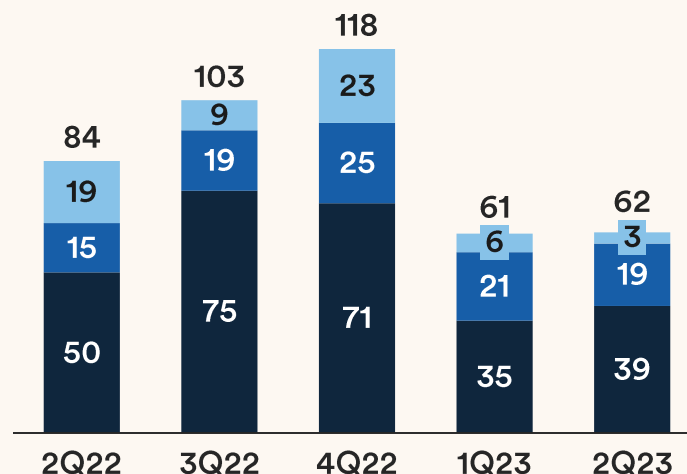
Operating Cash Flow

R\$ million



Capex

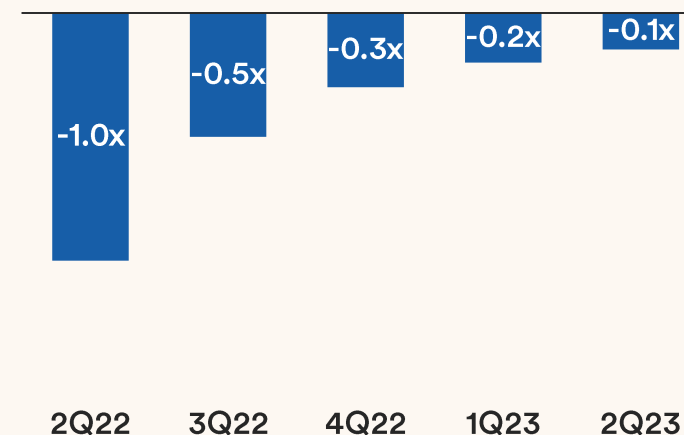
R\$ million



- New Stores and Hospitals
- Technology and Digital
- Renovation, Maintenance and Others¹

Leverage (IAS 17)

Net Debt/Adjusted EBITDA 12M



- **R\$60 MM** of operating cash generation
- **Reduction in inventory levels and more tax efficiency** with the Goiás DC (less accumulation of credits)

- **-26% y/y** in Investments, reflecting Renovations, Maintenance and Others (**-82% y/y**), given that in 2Q22 we had major renovations and non-recurring items related to logistics (opening of the DC, improvements to existing DCs) and acquired companies
- Investment in Technology and Digital (**+27% y/y**) reflect innovation, UX and IT infrastructure

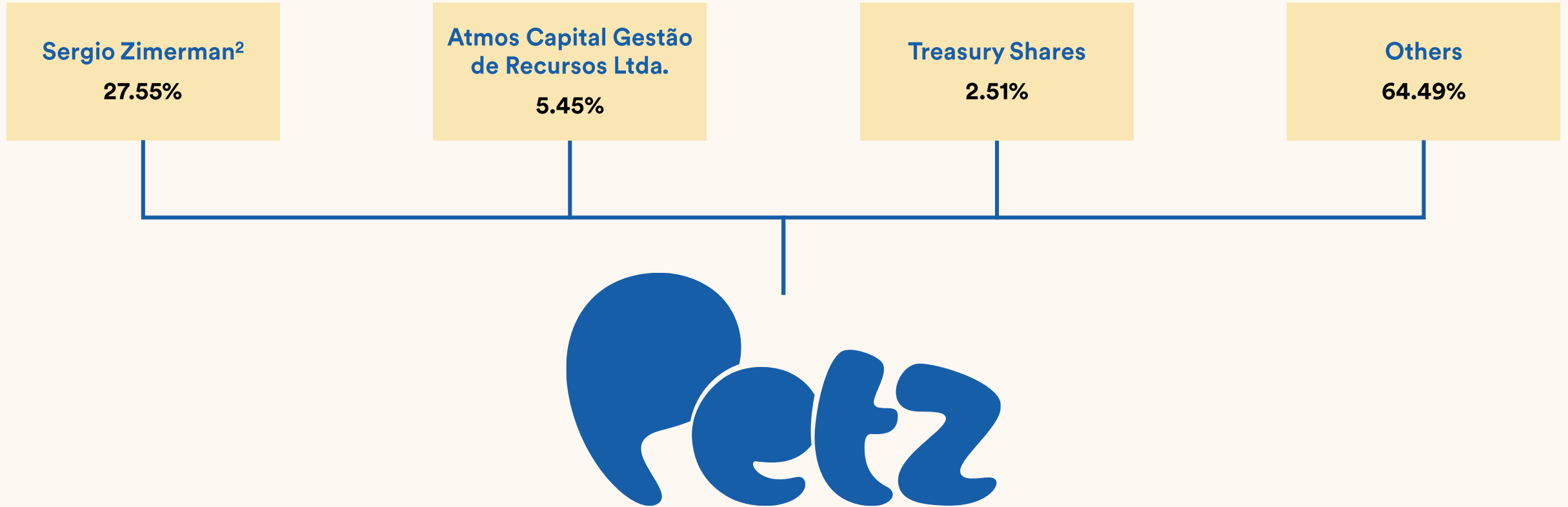
- **R\$25 MM** of Adjusted Net Income (-25% y/y), reflecting the increase in D&A, lower financial result in 2Q23 and the still negative effects from acquisitions
- **R\$39 MM** of net cash in 2Q23

¹ Includes CAPEX consolidation of acquired companies (Zee.Dog and Petix).

Appendix



Ownership Structure¹





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

Aline Penna

VP of Finance, IR/ESG and New Business

Matheus Nascimento

Sr. Manager of IR/ESG and New Business

Mirele Aragão

Consultant of IR/ESG

Carolina Igi

Consultant of IR/ESG

Felipe Foltram

Sr. Analyst of IR/ESG

André Alves

Jr. Analyst of IR/ESG

PETZ
B3 LISTED NM

IBOVESPA B3

IBRX100 B3

IBRA B3

IGC B3

ITAG B3

IGCT B3

IGC-NM B3

ICON B3

SMLL B3