



PETZ
ZEE.DOG ACQUISITION VIDEO CONFERENCE EDITED TRANSCRIPT
AUGUST 3RD, 2021

Mr. Sergio Zimmerman: Good morning to everyone. Thank you very much for your time to be with us today. And we're very happy, great deal of satisfaction, pleasure that we come here to announce the join, joining of forces of Zee.Dog with Petz, the most emblematic transaction in their pets' world in the whole world. It's a transaction which brings together absolutely complementary competences.

Next slide, please.

Here is a movement, as I mentioned, which is unique of transformation and consolidation in the pet market, when we put in our vision being worldwide... recognized worldwide as the best ecosystem in the pets' world by 2025. Here we take a major step, an important step, in that direction reaching that vision. With the brands that we already have together, we also add the brands of Zee.Dog and the competencies of Zee.Dog, which are very complementary to ours and that we are taking a gigantic step forward. Next slide.

In our vision of the ecosystem, adding the ecosystem in this perspective of exclusive products, the brands, Zee.Dog adding a great deal of value to what we already bring in the physical world and in the LittleBs franchisees, which is a very important route of transformation for us and in the services area we continue with the... in the direction of intensifying the ecosystem. In the part of content, the participation of Zee.Dog is fundamental, first to advance in the curatorship. And as you will see here, we will be complementing our ecosystem and as I said in various previous calls in a way that is consistent, that is serene, complete, without being in a hurry but doing things well, working with those who are references in this segment. "Cansei de ser Gato", which is a reference in the cat world and now with Zee.Dog which is a worldwide reference as a company of product creation, creating a lifestyle brand as we'll see going forward. Next slide.

Now I'm going to pass the word over to our new partner, with great pleasure and honor to be a partnership with Rodrigo, Tadeu and Felipe, who is the CEO of Zee.Dog and who will conduct the presentation of Zee.Dog.

Very welcome, Felipe, to the Petz Group and I'm sure that together we're going to build a tremendous story in this business world.

Mr. Felipe Diz: Thank you, Sergio. Good afternoon, good morning to everyone. Just adding to what Sergio said at the beginning, I think it's a historic moment that we're living through today. It's been almost a decade in this industry, much less time than Sergio, but we feel that having to be able to look at the panorama, the pet's panorama not only in Brazil but worldwide, we're certain that we're in a historic moment because the union of the two companies... what's going to come out of this two will change forever the pet's market not only in Brazil but worldwide with certainty.



And so, I want to talk to you about in a few slides, talk a little bit about what we've built over these nine years. Talk a little bit about how we think about.... And this will be clear. That perhaps how this will fit together in the world of Petz and so forth.

So, before we start what we've built is a quick overview, a snapshot of the company today, of Zee.Dog today. A little bit, 2/3 is still in Brazil which is where we started and it's a market... which is the second, third largest, a fourth largest market in the world, and globally 1/3 of our sales. Of this total amount, you can see that I'm going to go into more details during the presentation, which is our delivery app which has been in business for two years but it's a phenomenal success. And already 34% of the group's revenue is represented by the app sales. 60% of the global sales is B2B and retail so we talk about our company-owned stores, Zee.Dog stores and e-commerce in Brazil is 19%, which is very carefully... we start a couple years ago very slowly, but it has together with the other digital channels has been one of the biggest drivers of growth.

Before we go into the global sales, more than 60% of our sales comes from digital channels, which is a very good number. Going into the global, 24% of our total sales comes from... of sales standard retail globally. When I talk about B2B globally, I mean, I'm referring to the almost 42 countries, 45 countries today, in which we sell products, many of them through local partners, distributors, store, shop owners... we'll talk about that a little bit more as we go forward. And the e-commerce, global e-commerce, based in the U.S., which today attends the entire world. It represents 7% of our sales today. Next slide.

During this 9 years, I'm going to talk a lot about this, Zee.Dog is recognized because of this. In our vision, we created the most disruptive pet's platform in the world, and we've done this based on a few pillars, a maniacal focus on the four very important pillars. One of them, branding, which is something that I remember when I started Zee.Dog nine years ago, we looked at look at those stores and we didn't see any brand that in fact had the proposal of making a brand that could really become top of mind. So, branding when it's done right, is not something that happens from one day to the next, but it creates that, this brand, which becomes a reference and top of mind for the people in the market.

Going into products, Zee.Dog is also well known because of the quality of the products, the development of products and even the sourcing and supply chain which is very cared for in China, Asia, and other countries. And the combination of branding and product makes it clear how involved with the clients, how we make the retention, this client retention. I'm going to talk a little more about that.

Branding and products, technology it may not seem because Zee.Dog in a way from outside, it seems very much product and brand oriented, but the technology is something that we have been using since the beginning. Most notoriously, in the... which were done lately. But another example is our supplier... our entire supply chain is totally automated. We have dealt the in-



house technology. We're able to see in real time where is each item that's in there under production, what ship it's on, where it is in the world... all over the world. To give you a few examples of how we use technology in our favor, to advance and facilitate this going forward.

And the fourth and perhaps most important of these pillars that has changed the face of Zee.Dog is how we do... our sales channel, when I talk about our sales channel. Next slide, please.

I refer to the digital sales. Again, the notorious example is the Zee.Now, which is a live commerce which we started to do recently, which has been a super success in relation to conversion. We use this also to push through to the entire sales chain throughout the world which uses this live e-commerce. We also use the lives to educate and teach and show more our product and this converts into sales with the public, much more as an e-commerce... By using everything that I said, branding, products, technology, and mindset, a channel mindset to innovate not only the digital world but also... next... not less important in the physical stores, here in Zee.Dog we believe, and we talk a lot about technology, digital channel, yes, it's very important, but we also have the mindset that physical stores are also possibly as important as. It has a different role today. In a way that's more experienced, to be able to have a little bit of contact with the products try them out, have somebody that explains things better to you... We think that the junction of the two, online and offline, and obviously using technology and products and branding and everything else in our favor, is what has in fact made Zee.Dog become the Zee.Dog and it's a super plan for the future.

So before going into next slide, everything that I just showed you, since the user experience in the site, the ideas for retailing, how we do our retailing, how do we tell our story in the best possible... storytell is the word that we have in mind above anything else when we execute this, when we think about making a store like this one here on the left, the Zee.Dog temple, which was a big dream from eight years ago. In the last quarter of this year, storytelling is the most important thing for Zee.Dog and we applied this both in the digital channel as well as offline because we believe that storytelling is what converts people. For us, we have this very strongly in our DNA. It's the strongest weapon that we have for conversion both in online and offline is storytelling. So, all of this together is not just doing it just to do it, but is to call the client to converse and make it possible so he has now the wow factor. Next slide.

Just to give you a give an example about the storytelling that we do, a point that we believe that converts. I want to talk about storytelling, it's from the user experience of the platform to the way that we display our products in the stores and, most importantly, of the story telling is the generation of content. Here, I want to go into this with more detail going forward, the content... by the products by the branding, very few are able to do with Zee.Dog does. But I say with great tranquility and very comfortable that nobody who is... my twin brother is the creative director of Zee, is able to generate content which tells the story as well as Zee.Dog does.



So, I want to show you two very quick videos here exemplifying that these are two products recently released. We spent almost two years developing one on the left and one on the right are Zee.Bed, which has been a sales phenomenon. And I want to show you these two videos just to show you the question of storytelling and how we do that. Can you run those videos please?

Videos.

On vídeo: Mr. Pedro Zunzunegui (Chief Innovation Officer): *Bom, eu vou falar um pouquinho sobre como a gente fez a inovação na cama, tá?*

A gente decidiu criar a cama Zee.Bed porque era um produto básico na vida do seu cachorro. Quando a gente criou a Zee a gente achou que tinha que o básico coberto da melhor forma possível a gente criou as guias, coleiras, os comedouros e o passo óbvio era o Zee.Bed.

O cachorro, no final do dia, fica quase 80% do dia na cama, e ele precisa ter o conforto total e o apoio na cabeça certo. E a gente vendo vários materiais, a gente chegou nessa espuma viscoelástica. A gente trabalhou na rigidez da espuma, a gente trabalhou na altura da borda para o cachorro apoiar a cabeça, e inclusive os triângulos que têm lá no centro ajudam a tirar a pressão dos pontos de apoio do cachorro pra fazer tudo ali mais confortável.

Quando a gente começou a pesquisar onde a gente poderia fazer, não tinha fábrica de cama de cachorro suficientemente boa para usar esse material e foi aí que a gente chegou à fábrica de cama de humano, com material de qualidade de humano, e a gente bateu na porta e falou, "olha queremos fazer uma cama para cachorros." Claro que os caras da fábrica falaram, "como assim vocês estão querendo fazer uma cama pra cachorro?" E a gente conseguiu, depois de uma ida e volta, visitar várias fábricas, chegar numa delas e conseguimos fazer a nossa própria cama lá na fábrica.

Uma das coisas que a gente não estava 100% satisfeito era o fato de como era feito o transporte das camas, era muito dificultoso pra pessoa comprando na loja, pra loja armazenar lá e pra gente trazer da fábrica até o lugar. Um dos fatores fundamentais pra gente compactar a cama era o fato de facilitar o seu transporte e no caminho vira muito mais ecológico esse transporte. O fato de a gente usar o mesmo espaço pra botar quatro, cinco, oito vezes a quantidade de camas que a gente usava antes, implica menos transporte, implica menos CO2 e implica ser muito mais ecológico.

Mr. Felipe Diz: And that was exactly how, using these videos as an example, we started to understand that through this weapon and brand strength that we've seen being built over this almost one decade of the company. We've seen that we added a tremendous opportunity. Next slide.

That was exactly the mood...the sideways movement into other categories. So Zee.Dog, for those of you who don't know us, started out with just accessories, just leashes and collars, in 2011 and over these years we started building this brand and this storytelling power, the entry into new categories made sense, both from the standpoint of business and expansion to a larger addressable market. But we understand that if we're able to go back to the



original pillars, one of which is branding, it made a tremendous... understood very well our products. Look at every category and see how can we disrupt this category, what's an angle, what's the competitive advantage and how do we tell this story most importantly? So, we have a much greater capacity to have success in these parallel categories. So, we went from accessories to hygiene products. Many... some years ago when we started this, it was a very successful move. We went very recently into the food area, with Zee.Dog Kitchen, we're reformulating and changing the vision of that in the last quarter of this year and this year, and we think that it's going to be a big revolution in this vertical, not only in Brazil as well as outside, even categories that we never imagined previously. Because at the end of the day, we understand that the Zee.Dog client, he wants to consume our brand. And he consumes brand both for his dog, through accessories, food or whatever, as well as for himself and this is the biggest asset that we have, that Zee.Dog has. The strength of our brand, it creates loyalty and once you create this loyalty, he feels part of this community. You wind up consuming it in the most varied ways possible. If you could pass that along, please, to me.

Entering the community and the storytelling which we called for conversation is the community that makes people stay. And we believe that this union that is today is the biggest asset of Zee.Dog. What do I think of the brands that copied Zee.Dog? Today there are several brands that are trying to copy us and as long as they... is resumed to a stamp, a brand is going to be behind us because what they don't understand is that following is not just Zee.Dog's product, it's not the product... it's not our products that attract, it's the way we tell the story is even more important. It's the community which is being constructed over these nine years and a community you don't build in one day. You can't buy a community. A community has to be authentic, it has to connect with people, it takes time to do that. Zee.Dog has done this very well. Here are a few examples of this community building events that we promote. The community is omnipresent when you buy anything from Zee.Dog, the product itself is already an entry to the community, but then there are events, and we've done that a lot of them prior to the pandemic. The Zee.Dog brand has which are our ambassadors, the Zee.Run, Mutirão do Bem, which is a participation of doing social work and some clients we invite, we go to NGOs and help to paint them, help to wash the dogs, help to care for that community. Then, again, pre pandemic, we had the launching of new collars, new products and also, parties, pre pandemic, which we also did, also a big part of Zee.Dog's and this is connecting dogs and people at the park event. Next slide, please.

In this community, of course pre pandemic, we had to shift more and more to the online area because we can't... we can't do this... we started to be unable to do these events with physically present publics. But, as the community grows, this can be the final client purchasing and even people that want to work in Zee.Dog, but were also clients. For example, we had a Designathon question, where people submitted their designs, many of them, even... started to work with Zee.Dog which is very cool, we have several employees who came through this process. We have a thing called Strava, it was one of the first collaborative things that did in this format, where there



were 42,000 people in this event. You had to complete... do a few tests and you gained a Zee.Dog human merchandise which wasn't even sold. The only way to get it was to win it through this contest.

And then last but not least. Our biggest community which is a social network. Is the channel which is most... the strongest channel that we have in relation to communication and how we get to this community, Facebook, Instagram and all of these... We have approximately 1,000,000 followers between Brazil and globally. Next slide.

Now, a little more about the channel. The first of which is our global presence. Next slide.

So, we already have 45 countries. The map doesn't have 45 points on the map. In Europe there's a lot more than that. Just to give you a certain reference of where we are. Of these 45 countries, we have five distribution centers which we use to do the mass distribution in the global way. Two in the U.S., one in Brazil, one in Holland, which is very recent, and also is Shenzhen, which consolidates all our cargo and so forth between our offices here in Brazil, which is the headquarters office. We have an office in Madrid, where we have our industrial design group. Everything that comes out of Zee.Dog is not graphic but industrial design, engineers, mechanics, mold makers. a very very cool team there in Madrid. We also have an office in Shenzhen, which together with Brazil, is our first office. We set up together at the same time. It's the office that does all of the sourcing, supply chain, relationship with the manufacturing plants. And it's a big... a powerful weapon that Zee.Dog has to coordinate our purchase. We have our own company-owned stores in New York, Rio and now that one I just showed you, the temple, which is opening in Sao Paulo. And then we have a worldwide map of where we are. And just to finalize. In this 42 countries, we have several large partnerships with strong names in the market. Here are just a few of the Pets at Home, Chewy, Kiwoko, Animates, Absolute Pets, Maxi Zoo, and Pet Stock, which is even not pets, is a great partner of ours. So, we think that was important also to put these up for your information.

A few examination of international collaboration, the first on the left I just want to point out which is cool, Super Mario. We made a collaboration with that was the first time in history that Nintendo accepted to make a collaboration with a pet brand. So, for us it was a huge success. Stranger things, a spoiler, the Disney Star Wars, Chinatown Market, which is a very high-level brand in the States, heavy branding power together with other brands which are very strong. And we leverage that to be able to grow, to raise the brand awareness all over the world. Next slide, please.

Now going into a little bit more Zee.Now. I want to explain in detail... I have a one-minute video I want to show you which is... Please run the video now. We'll explain a little bit after you see the video.

Video.

As you saw, we use in fact the tagline of Zee.Now which is the only the only pet shop that delivers for free every day in minutes, for free every day. For me, Zee.Now is a technological miracle, logistical, and even financial. The



proposal of Zee.Now, when we first set it up years ago, we never imagined it would be able to arrive at this model which would work. There are so many "ifs", "ands", and "buts". But the team is really really good, our team it was super team. We're super proud of this team. I get the goosebumps when I talk about it. Every time that I look at... two years after looking at Zee.Now, this is... this is spectacular. It's something that's really amazing.

So just to build a bridge to the next comment, it's very good to see... to give an example: we released Mario on Instagram, somebody was impacted by that, makes an order right now in Zee.Now, 30 minutes later, free, that product which he was impacted by, half an hour later it's in his house. This is phenomenal. This has never happened before and Zee.Now is the first real operation not only in Brazil, but all anywhere in the world. So, we're very very proud of that. I want to explain a little more the mechanics of that. Next slide.

Mais um. Next slide.

We always say that technology without design is not disruptive, is not destructive enough. Technology has to come together with design. I want to talk about design. I want to talk about UX here because the thesis, the basis of this idea... how can we overturn all of the friction points so the client, the customer, has the impulse to buy? Buying pet's product can also be an impulse purchase and we have the need to create an environment. If you don't have any friction points, you have a tremendous facility to find the products and receive them very quickly. This increases greatly the average ticket and we've seen that. So, beyond all of the technology and logistics, the theories, mathematical theorems in our UX experience is a very important focus for us and as you see, we use in all of our platforms.

Here's a few examples of the UX, how it is, how it operates. At the end there's a map which is very cool and you see exactly where it is, where it's going to be delivered, how many minutes is going to take to get there, what's the status. And on the last screen, which is the coolest of these friction points, is that normally, when you buy every week or every month almost the same products, is going to be the same food, the same carpet, hygienic carpets, the same you are going to buy every month, so we have the rebuy button where you click on it and it shows all the product which you have already purchased recently. And in two or three clicks, you made your order an hour later it's at your house. One more example of purchasing a pet's product doesn't have to be painful, it has to be nice, it has to be pleasurable, it has to be practical and has to be fast. Next slide, please.

For many, when we started to believe that Zee.Now was just for Zee.Dog products, it's not true. What we discovered is that the focus of Zee.Dog, of Zee.Now is that it is a digital pet shop, very democratic. It has all of the categories of products that you'd find in a pet shop. So, 46%, almost half, is food, when we talk about food we talk about Premiere, Royal Canin, all the normal brands. And when we have the Zee.Dog Kitchen, we are going to also big focus on Zee.Dog Kitchen products. We have the pharmacy, hygiene products and even products that compete with Zee.Dog brand products. We



have 21% which is even bigger than the average of pet shops. When we talk about it accessories, almost 21% of our sales are accessories. We have a very wide range of products and also this is very important, it shows the strength of having our own brand, a strong brand. Almost 20% of our sales today come from the app, for a product, a Zee.Dog product, whether it be accessories, whether it be hygienic products, whatever it might be. It's very cool and we think that with the entrance of Zee.Dog Kitchen at the end of the year, the tendency is that this will even grow a quite a bit. Next slide.

Just illustrating quickly. Some of the strong brands of our partnerships. And to ensure that we're still the first and one of the only players pet's market with this operation specialized and verticalized, it's important to mention, in express delivery. So, if I wasn't clear. The operation of Zee.Now is verticalized, you know, we operate the stores, we load the inventory and through a split in the cloud, on the cloud-based exclusive drivers and deliveries, we do the deliveries, so we control the experience from the beginning to the end. And this right now is very very important. Next slide.

Here's a map in terms of our expansion. We started on the 16th of April of 19. A program pilot in Botafogo, in Rio de Janeiro, which worked very well and quickly... and we quickly opened tubs. We tried these Zee.Dog locations all over Brazil. We have 12 hubs now. Reaching already 20 cities in eight states and the timeline below, a bit of this timeline of the opening of our stores. Began in Rio, then in Sao Paulo, three, two in Sao Paulo in the most densely populated region for this market. And with the expansion all over Brazil for the south and the northeast, center, west. And the plan is to take this this rollout little by little. There's still lots of synergies together with Petz and we're going to talk about that as well. Next, we can talk about that. Next.

And finally, no less important. I'm not going to go on too long so I don't bore you, but the retention in and our platform is very very high, also due to the quality of service that we propose to offer. We have a very good UX, we have quick, we have free delivery, fast delivery, good user experience, speed in making other orders, in ordering other products, and this delivery, almost customized delivery, brings a quality... a delivery quality, unprecedented quality. And then here are just a few reactions from some of our customers speaking very well of their experience with us.

Then finally, a little bit of our team, the Zee.Dog team. I didn't put... I didn't want to put not just the three founders but also the directors because, if it wasn't for them, we wouldn't be here today. So quickly to mention, I founded the company with Rodrigo and my brother, Tadeu, who is clearly my twin brother. We're the founders. Rodrigo, a CFO, and I'm the CEO and Tadeu is the creative director. Below them, we have Pedro, Eduardo, Bubble, who's the number one, our first employee joined in 2012, in China. She's with us till this day. She is the person who, has up our China operation. Marcelo, I bet the best designer in the world. Fabio, Bruno, head of operations, Bernardo, also founder of 11 Chips. And now he is the new general manager of our kitchen, Zee.Dog Kitchen.



And so finally, we spoke a little bit about our kitchen. showing very quickly, a quick overview, just a superficial overview: this is our factory. It already exists. We're finishing up the retrofit of this factory. We're bringing in machines from France and some into Brazil... some here in Brazil to automate the entire process. So, this is obviously an aerial view of the factory, which once it's done, will be the biggest dog food factory, a natural dog food, for pets in Latin America. We're very proud of this factory. And soon, very soon, it will be running 100% functionally. Next slide.

Then here quickly. These are a rendering of what this food will be like. Just in a superficial way, we want to do things differently, where the food, it is natural, but it is frozen, natural food usually has to have either preservatives or be frozen, and through a process that we somehow started to lead there, we will manage to make a shelf-stable product, natural product and it will be a game changer because obviously you can scale this up all over Brazil. And also begin to export. And so, I think that's my last picture.

This last slide represents a little bit of our mentality, which we wanted to implement at Zee.Now. The first thing is that everything is locally sourced. We purchase all of our ingredients near, near where we... from local producers and local farmers. The factory is American. We've entered into Sao Paulo with all these products. We wanted to make an approach which is zero plastic and no point in time does the Zee.Dog Kitchen, we find plastics... all the way from the transportation to the packaging, nothing is plastic. And since it will be glass, which is the most ecologically sound the way to package what we're doing, we're going to force... we're going to... it's going to be reuse, recycle and everything else because it's a recyclable... It is born with a very ESG proposal. We believe strongly in that. And in Zee.Dog itself, we have the objective of being able to more and more, cutdown on plastic. So, Zee.Dog Kitchen is born with this vision: no plastics.

So, thank you very much. Just to finalize here, I'm not going to open all these videos but for anybody who received his presentation there are various lifestyle videos and other examples of our storytelling. We just talked a little bit about this history if you want to see just one, if you don't have much time I would suggest "Zee.Dog and the last decade" which tells our story. And now that's it.

Mr. Sergio Zimmerman: Thank you very much, Felipe. I think, as you can see from Felipe's presentation, the reason that we... that we're in love with Zee.Dog is the work of the entire Zee.Dog team. Rodrigo, Tadeu, Felipe, all commanding this work, entrepreneurs who knew how not only how to just have ideas, but to have plans and execution and this makes the difference. And we admire them profoundly because we understand that this will add new competencies very important to the Petz Group and we are going to cite the principal ones. Next one.

An important message to everybody who's listening in. You can, if you have questions, please send them via chat and at the end of the presentation which will in the last phase, we will answer some of your questions at least. So please send your questions via chat about this transaction.



So, the rationale of this transaction first of all, as I said in the beginning, a complementary nature of our competencies, helping through the ecosystem. Digital acceleration remembering that Zee.Dog, Zee.Now has a question of... for express delivery which means that we lead this category...

...which are absolutely fundamental for the success. The founders, the principal executives of Zee.Dog have a mindset absolutely... disruptive mindset, which is fundamental so that we can be a 21... 21st century company, a very strong team of Creation of... the center of... the innovation center in Spain, the product office in China.

This transaction in fact means for Petz the globalization of Petz. If... when we look only at Brazil but now, starting with this transaction, we're connected with various parts of the world, whether it be selling products in the more than 50 countries attended by Zee.Dog or in the question of supply in the sourcing... Looking at the... some of the best suppliers in China, the best is the best product design not only for Zee.Dog products, but also for private label products of Petz and, as you mentioned a few days ago, the synergies are very clear in this case. So, these new avenues for growth, of course, as I've said, if previously Petz had as its goal its horizon looking at the Brazilian pets' market, today we're looking at the pet's market globally.

Now we're looking at... right now we're looking at what's happening and how... what is the tendency of sales in the U.S., in Asia, Europe and how we develop those markets. And with a look that is absolutely integrated of sales, of the possibilities for expansion, the possibility for supply of new products and so a global cross-selling which is extremely intensive, beyond which you can have an important connections with the... We have a brand that is desired by the consumer, being sold in the stores that... making sure that... guarantees that we have what the consumer wants. So, this is a very important part for Petz as a new avenue for growth for the Petz Group.

Here in a very clear way, we wanted to put out what are the... what this combination and Zee.Dog represents. If you look on the Petz' side, it's the biggest, most integrated ecosystem, pet ecosystem in Brazil. Zee.Dog represents a lifestyle brand. Not just... with this sense of community which Felipe explained very well. We also have a focus on execution and operational and financial performance. Zee.Dog has the DNA, a digital DNA, innovation and looking at the global market. We have the omnichannel platform, which is a benchmark in the world, worldwide benchmark, and Zee.Dog has their own express delivery focused specialized... focused on the user experience. Remembering that Zee.Now is the most disruptive platform in the sense of making the deliveries in minutes, in just minutes. Petz focused on the client, and Zee.Dog with this obsession for the customer experience, user experience.

We have solid financial returns that are consistent and high. While Zee.Dog has disruptive products, always being very careful in the raw material, using quality raw material, being very careful to preserve the brand so that the consumer can see value in what he buys in Zee.Dog products. We talk about a national presence, beyond our national presence, by the little pet shops, by



the LittleBs and we have global reach which is a very important point of the new avenues... as a new avenue growth for us.

The levers for strategy, we have the power... making more powerful of this branding power, the united branding power which will certainly... both brands will gain market with... in the consumer market.

The question of supplier... products supply and sourcing, we will now be able to in fact strengthen all of the work of private label branding, utilizing the structure of the design center in Spain, the office in China, the commercial office to develop partnerships as well... all this creates certainly a very important mixture beyond the scalability which we have for the actual Zee.Dog products.

The omnichannel focus placing this possibility of Zee.Now, not just using our stores, our current stores, but using our stores as hubs for distribution, we also being able to use third-party products and deliver all of our economies of scale through third-party delivery companies gives us a lot of gains in the area of omnichannel usage.

The culture of innovation focused on the client. This the junction is extremely important. We have an obsession... an obsessive focus on the client and Zee.Dog also with their user experience innovation, disruptiveness, it makes a perfect combination and that's why we consider this merger absolutely transformational. We consider this acquisition a chapter, a mark in the history of Petz, a brand, a mark that will make all the difference in the story of pet retailing worldwide. We don't have any case anywhere in the world of a merger of two companies with these characteristics. Characteristics that are so complementary as those of our two companies, as are those of our two companies. So, we can be sure that we have very interesting work to do together with all of the Zee.Dog team. Next slide.

I'm going to pass it over to our CFO, Diogo Bassi, who is going to talk a little about this transaction and then we'll leave it with you.

Mr. Diogo Bassi: Thank you, Sergio, thank you very much. Good morning, Felipe. It's a great pleasure to be here with you all and to announce to the market and to our stakeholders in general the nature of our transaction. We're very happy as everyone mentioned together, we have these... uniting our complementary skills. Felipe, Tadeu, Rodrigo as the founders, and the other partners of Zee.Dog will certainly add a great deal to this combination.

Looking at it overall panorama of the transaction. It's an acquisition of 100% of the stock of Zee.Dog S.A. and of its subsidiaries by Petz Center Comercio, Petz. We're talking about more formally about the acquisition, but we see it as a huge unification with strategic partners. And for the planning of the strategy... of the strategic planning of the company, the enterprise value of R\$700 million on the date, on the date of the transaction based on the cash position of Zee.Dog of 15... which makes it R\$715 million due to the cash on hand. We can unlock this 615 million on the closing of the transaction. And this we need to point out that of these 615 million, 87% we paid in stock. And



we see why this is a huge combination. The great alignment of the founders and executives of the company, a combined newco.

And finally of these 715, we have an earn out of 100 million, which will be paid in cash. This will be realized on the fifth anniversary of the transaction corrected by the CDI index, and it becomes... it was just the two conditions which promoted the align... the long-term alignment of the parties. Again, reinforcing that the structure promotes the alignment of the two companies.

We have a lock-up for the stockholders, a contract lock-up. And in terms of closing and we have the usual conditions precedent in this type of transaction, and also Cade's approval for the transaction to be closed, and we expect the closing to be completed in the fourth quarter.

As far as the financial numbers, Zee.Dog expects to have sales of R\$220 million, annual growth of... 83% annual growth. In terms of profitability, it's worth mentioning that the company will have... it is profitable even as a standalone company, it's already profitable. If we look at it in the combined with the synergies, we're talking about 22 million. It's also important to point out, after we look at the synergies, we're very focused on costs and expenses that we didn't quantify synergies of revenue which we think there also are many.

As far as the synergies of costs and expenses, in terms of EBITDA, we have as the as the principal the negotiation which we have with suppliers, our suppliers, the big brands of Petz products in using the structure of Zee.Now with 20% of what sold is Zee.Now is third-party products. We also have the question of the sourcing which is widely mentioned. To use this whether it be for own brand or through the intermediation of several suppliers that we have, relevant suppliers. We have synergies of expenses of Zee.Now, from the 12 hubs which I mentioned today where we have just a stores and where we have stores to open, and we also have other synergies of expenses in relation to the digital operation.

So, when we look at the non-quantified synergies of revenue, we had questions such as increasing the offering of Zee.Dog in the Petz stores. We have lots of capacity looking at the mix. And we... how we can now connect the hubs, the Zee.Now hubs in the stores, in the Petz stores, which will be easier with... we increased substantially the number of SKUs sold from the dark stores to the stores. The Zee.Now hubs, and we talk about as one of our stores, a standard store, which has between 8 and 12,000 SKUs, so we have a possible increase in the number of revenues for the stores which are also not quantified in these numbers. The implicit multiples are accretive, even considering these synergies that we estimate are conservative.

Looking at 21, we see gross sales going up by 3.1x and EBITDA after synergies of 31.5x. Zee.Dog grows faster than Petz so looking at this for 22 it's more accretive as well. Beyond the question looking at 22, we have a good will involved of R\$150 million. And this is also a detail, these numbers, these are pre IFRS16, these EBITA numbers.

On the next page, remember that I meant about synergies in terms of revenue. We have several points for that generation of Zee.Dog Kitchen



which is expected for the first quarter of 22. We have the entrance into the Zee.Dog group and the most relevant which is pet food. So, Kitchen is in a vertical of natural food which is the fastest growing vertical in the food section, very clear levers of Zee.Dog Kitchens within Petz and the stores, the digital, which works as distribution channels, and you also have the network of Seres veterinary channel, which can also help a great deal with this sharing. The wellbeing for pets is always a priority for pet owners.

Zee.Cat is a very strong potential brand. The cats is growing 3% instead of 1.5% for dogs and much higher for cats. So, I'm Tired of Being a Cat in the generation of products with Zee.Dogs and cats. These are very specialized Chico and so forth. And we have on this side the sourcing from China allied with the I'm Tired of Being a Cat products which will prevail as an additional function for this transaction.

In third, we have new formats and concepts for stores. The relationship with the small pet shops, the LittleBs. It means that we are able to have a possibility of increasing it, going into cities where we might not be able to sustain a Petz-format store. So, the exclusive differential products means that we can alternatives of models of partnership with the small pet shops.

And finally, the international market. There already exists four distribution centers, one in China, one in the U.S. and one recently opened in Holland, just a few months ago. And we can see the operation of Zee.Dog with a great deal of potential for scaling this up. The size of the surface, developing new products, the investment in local site, which will help to improve sales which gives us a good capacity for a growing value which is not also quantified into this deal.

Looking at the stockholder structure after the deal, Sergio as the founder, is the principal's single stockholders with 31.4%, Zee.Dog will have 5.7%, becoming a very relevant partner, not only of the founders of Zee.Dog but also the executives of the company who will accompany the company, whether it being the Zee.Dog product or in this product together with Petz, this project go to Petz. And finally, a free float of 62.3%. And with that, I'll pass it over to the last page for Sergio to make a few comments.

Mr. Sergio Zimmerman: Thank you, Diogo. So, to conclude, before opening for some of your questions, remembering that you can make your questions through the chat. And Diogo and Felipe and I, myself, are at your service to answer any questions you might have.

So, the principal points of this transaction are... it's very disruptive as a transaction. It's not a transaction... more of the same transaction where we're just adding the volume of sales or volume of profit. We're adding fundamentally new competencies. Due to this, we understand this as the merger which is absolutely transformational. It was fundamental in this sense. We were not in a hurry to make this deal. It was important to understand very clear the division of values, that the Zee.Dog partners and that they understand us and we understand them. Because we have our objectives, they have theirs and we are only marrying because we understand that we're able to make... live a common dream because the values, the vision



are very very aligned, very inherent to what we believe which is correct to do in the perspective of the consumer and the pet tutors. So, we have different cultures but with the vision and values absolutely aligned.

And I think it's important to point out that this respect for the culture, the different cultures, which will be maintained in Zee.Dog, which we'll maintain in Petz, is absolutely possible even though we have different cultures, but having a vision and values which are absolutely aligned. And we can appreciate the beauty of this M&A, remembering that this transaction accelerates a digital platform which already represents 30% of our sales, 80% of our omnichannel sales and which gives us one more step in the acceleration of our digital sales.

As was mentioned here by Felipe and by myself, all of these possibilities that we have looking at supply in a more integrated way to think about the whole world as options, to think about the usability of our apps, making an internal benchmarking of which functions are best, work best, and we understand that both of these brands will improve even more with the services that we already have. Clearly, we understand this transaction generates value for all of these shared of competencies and synergies. And also finally, but no less important, the strengthening of the agenda the ESG which we, on the part of Petz, have been organizing greatly our agenda with several initiatives, especially the Dutch Petz and we're very happy in knowing that the folks from Zee.Dog are very concerned about the question of sustainability and the ESG agenda in general which is absolutely complementary to everything that we believe in.

So, thank you all very much for your time and now we're at your service to answer any questions you might have.

Mr. Diogo Bassi: I am going to start here with the first question which was Luiz Guanais from BTG Pactual.

"Good morning. Please comment on the strategy of internationalization part starting from the Zee.Dog, one of the very few brands with a presence in China."

Mr. Sergio Zimmerman: Yes. The internationalization, naturally, it exists in all this part of the sale of products, the Zee.Dog products, in almost 50 countries all over the world. In the supply lines, we automatically... we will utilize their offices in China and been able to utilize all of the product design, headquartered in Spain, to develop new products. In terms of expansion of retailing, we know that there's still a lot that we can do here in Brazil, but without a doubt this junction, this merger with Zee.Dog gives us a map of activities for the pet's world. In the principal markets, pet's markets in the world, would certainly... would wind up being a guide so that we'll have insights to know exactly how we advance in the question of pet retailing in other countries. It's something that we're comfortable with. We are not marking a date. We're not imagining as a short-term win but certainly it's on our radar so that we can accompany these things, the evolution, and certainly when we imagine that this will be the correct moment to go out into these markets, we're going to go into these international markets with much more experience than we would have otherwise had.



Mr. Diogo Bassi: Felipe, you would like to talk a little bit about the inauguration of your distribution center in Holland and the European operations?

Mr. Felipe Diz: The idea behind our warehouse in Holland... Just a step back a little further. Before we open this warehouse two weeks, two months ago we sold in Europe through distributors, local partners. We imported directly from China and then in their respective countries did their distribution. We understood this based principally on what we saw here in Brazil more and more. When the distributors do direct sales believing that, when we do direct sales with our own team trained correctly with the correct quick focus, sales take off. So, when look at Europe, it is much the same as we saw the results here in Brazil, we saw the same thing: getting the principal countries such as Portugal, France, Spain, England, and so forth. And we decided to implement this strategy. So, what I mean by implement the strategy for us to make the sales locally ourselves instead of having an intermediary, building a brand in the country and selling through their business online and offline. We decided to do it ourselves.

So, this is DC in Holland is a hub which will help us to do this distribution both for all of these offline countries as well as ... That is not yet on the air, but in about a month it'll come online several sites, local sites, in all languages with local currency with the delivery at the rate of D+1, D+2, which is different from what is today. Right now, if you want to buy something, you have to buy in some American, the global side, and there is always points the freight, it takes 5 days to arrive, you have to pay for shipping... So, the strategy of localizing Zee.Dog is a very big bet of replicating the success that we've had here or in other countries.

Mr. Diogo Bassi: The next question from Rubem Couto, Santander.

"Morning, people. Congratulations on the transaction. How will be the private label products now that you have Zee.Dog on board?"

Mr. Sergio Zimmerman: The strategy is strengthened with the merger with Zee.Dog because we have, in the different categories of our private label, brands are positioning our private label products, Petz has positioned itself... we see as better. In other words, those brands was the best cost benefit analysis. Zee.Dog enters this company as best, the reference of the quality. So, within our structure, our brand structure, Zee.Dog and the Petz, the Petz brand products, will have a very good, a very harmonious working together.

Mr. Diogo Bassi: I would also add we're developing very well in this private label, but it's still based on copycat. We're selling products which are supplied by suppliers and replicating them, both with a favorable cost benefit analysis with Zee.Dog as with I'm Tired of Being a Cat. These are differential products for a public... a sensation of something new, not just bringing you're not just being profitability but also innovation and loyalty, building of loyalties for these products in our network.

Next question. From Joseph Giordano of JP Morgan.



"First of all, congratulations for the acquisition. Two questions. How should we think about the Petz stores as... for that kitchen in Zee.Dog Kitchen? And two, looking at the internationalization model, what's the vision for Zee.Dog Kitchen? How transformational can this be it is your recipe?"

Mr. Sergio Zimmerman: I'll answer first part and then I'll ask Felipe to build upon that on the Zee.Dog Kitchens. Certainly, we have here is an opportunity, very important opportunity, to strengthen the presence of Zee.Dog in our physical stores of our group. With the exposition absolutely differential of and in certain iconic stores of Petz to add Zee.Dog Kitchens and the kitchens so to increase the question of the consumer experience in these stores. Now I am going to pass it over to Felipe to add to that answer.

Mr. Felipe Diz: As far as Petz, the second question of part that we want to mention. When we designed the business model of Zee.Dog Kitchen, we knew, we had in mind that the pet food market in Brazil, the American the market is very similar. The U.S. is more advanced in this question, the question of natural food, but in thesis, the traditional dog food... Our proposal, while we are adding value in Zee.Dog Kitchen is that we're creating... innovating in a category which is... which is growing, which is natural food. How we're doing it? In a scaled way which is much more of what we have already done. How can we disrupt and at the same time scale up? The beauty of the Zee.Dog Kitchen product is that it's made... It is a natural food. It is shelf stable; it has scalable both in Brazil as well as in the export markets. And we still have a point which is favorable in this area with the exchange rate, the lower exchange rates. So, we have right now, looking at the future which have been very successful, being favored by the current exchange rate, make exportation to the U. S. market, for instance, and be able to work against the other natural brands there, some of which are very good, but nobody has the same proposition as we do. Combating not only the other brands of natural food but working at a price point which helps a great deal in the decision making process. I'm going to go from the traditional to the natural because it's not going to hurt so much.

So that's a little bit of what we see for the future. We still have a huge market to explore here in Brazil. And at some point in time, when is the right time, we're going to start exporting but it's our in our plans but without a date.

Mr. Diogo Bassi: And just to add on. Zee.Now which are enablers, some of what I mentioned previously, the synergies which are complementary, we have the interface of Zee.Now with the clients through their apps. And then have as a backup to Petz stores increasing the product mix, or plugging in Zee.Now in various relevant markets where it's not yet present. We have Brasilia, Goiania, Campo Grande. Several stores of ours which are very successful which could be potential hubs for Zee.Now.

And then the last question. From Bob Ford from Bank of America.

"Congratulations for the deal. Can you discuss the lock-up in the elements of the deal which contribute to long term?"

I'll talk about the lock-up. Sergio and Felipe, please feel free to add, to contribute. The lock-up is aligned... it's a long lock-up. It's well aligned with



the transaction which involved this type of... I think the biggest differential is that we have an important portion which is an earn out, which has a direct relation with the continuance of the founding partners until the fifth year. When we look at the transaction which was 87% of the... paid up front but paid in shares and with a lock-up, an important part of the lock-up, we have strong vision how that both the parts agree and believe in this partnership, agree to this partnership.

Mr. Sergio Zimmerman: To add to the question of alignment, Felipe and Tadeu and Rodrigo are entrepreneurs, just as I myself have done in the past when I started with Petz. And I think that the entrepreneur understands the feeling of another entrepreneur because we have a dream. We have a big dream of getting to a certain point and having the freedom to get to that point, and to want to make a change, a difference in the world. And certainly, this marriage which is happening because it's in a reciprocal way we have created an environment of confidence so that the dreams of the of the entrepreneurs Rodrigo, Tadeu and Felipe and the Zee.Dog team together with the dreams of Sergio and all the Petz' team can in fact not just... that can't be overlaid but potentialized. One dream potentialize the other. And we see here, we truly believe that this junction, this fusion will bring Petz much further, much quicker than what we expected without Zee.Dog. And we can imagine that this will be a true. I'm going to pass it over to Felipe.

Mr. Felipe Diz: Well, Sergio, I'm just going to repeat a great deal of what you just said. We're also entrepreneurs. We understand entrepreneurs. When we looked at the deal, we have a relation, a long-term relationship already. It starts with admiration and respect and goes into... And if we put our two brushes together, we will be bigger and better. And I think a lot of the rationale for doing the deal was that.

Another very important point, which we like to look at, who are the competitors, who does what. And very much like Zee.Dog, we looked at you and Petz. We always thought what Petz does, it does for the right reasons. It's not... They're doing it because they want to add value, to build value, to put the client in the first place, to expand, to invest, grow and this is really aligned with our mentality. When we look at... we're always thinking long term. Everything that we look, we look at long term, nothing is short term. So, we have this... they approve of that... with these crazy ideas that we've had which can seem crazy at the beginning but we see in long term. So, it made a lot of sense for Petz.

Just a complement what you said. Because... Why is so much lock-up in shares? Because short-term cash, nobody's looking for... we want to see what we can build the next 30 years. When we started Zee.Dog, our proposal was let's change the pets' market both in Brazil as well as in the world, but we're only at the beginning of that journey. And so now together with Petz, we have more three, or more, decades to generate this value going forward. So, I look at it and my partners look at it that way as well. And I think that you also, on that side of the table, also see things that way, share the same vision.



Mr. Diogo Bassi: So that was a very good question to finish our Q&A. And let Sergio and Felipe make their final comments and thank you all very very much.

Mr. Sergio Zimmerman: I also wanted to end by saying, thanking all each one of you for your time to listen to our exposition, the excellent questions which we received, which give us the opportunities to talk a little more about our story. Of course, during the next weeks and next interactions, we will be clarifying more and more these questions.

And just to conclude, for Felipe, for Tadeu and for Rodrigo, and all of the Zee.Dog *equipe* that we are very very happy to be able to follow along next to you in your journey and taking steps, very big steps, in the direction of becoming a company which is an absolutely worldwide reference in the pet's world. Thank you all very much. Felipe?

Mr. Felipe Diz: Thank you, Sergio. I also want to thank you all very much. We're very happy to be able to be here today. We never thought that we would... that something like this would happen. So, we're very proud. So, I'm at your service together with Sergio answering any other questions or doubts you might have about this movement and that's it. Lots of work to do.

Mr. Sergio Zimmerman: Thank you all very much. Until the next call. Bye bye.