



GRUPO
Petz
Results
1Q24

May 9th, 2024

petz

CENTRO VETERINÁRIO
seres


adote petz


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DE SER
GATO**


Cão Cidadão

São Paulo, May 9th, 2024 – Pet Center Comércio e Participações S.A. (“Petz Group” or “Company”) (B3: PETZ3) announces its results for the first quarter of 2024 (1Q24).

Since 2019, our Financial Statements have been prepared in accordance with IFRS 16. To better represent the current economic reality of the business, the numbers in this report are presented under the previous reporting standard IAS17/CPC 06. The reconciliation with IFRS 16 in 1Q24 is available on pages 26-28.

249 Stores¹

+3 openings

R\$934.2mm; +2.3% y/y

Gross Revenue (GR)

R\$363.9mm; +0.1% y/y

Gross Profit

Gross Margin of 39.0% of GR
(-0.9 p.p. y/y and +0.1 p.p. q/q)

R\$76.0mm; -8.0% y/y

G&A

8.1% of GR (-0.9 p.p. y/y)

R\$60.1mm; -7.5% y/y

Adjusted EBITDA²

Adjusted EBITDA Margin
of 6.4% of GR (-0.7 p.p. y/y)

+18% y/y

Active customer in the Digital Channel

Acquisition + reactivation of old customers levels
similar to Jan/23



B3: PETZ3

R\$ 4.77 per share



462,523,502

Total Shares



R\$ 2.2 billion

Market Cap

Data as of: May 9th, 2024

Summary of Results and Indicators (IAS 17)

Petz Group R\$ thousands, unless otherwise stated	1Q24	1Q23	Change
Financial Results Petz Group			
Total Gross Revenue	934,151	912,875	2.3%
Gross Profit	363,896	363,483	0.1%
% Total Gross Revenue	39.0%	39.8%	(0.9 p.p.)
Adjusted EBITDA²	60,114	64,981	(7.5%)
% Total Gross Revenue	6.4%	7.1%	(0.7 p.p.)
Adjusted Net Income³	6,884	19,193	(64.1%)
% Total Gross Revenue	0.7%	2.1%	(1.4 p.p.)
Operational Indicators			
Number of Stores ¹	249	220	29
Store Openings	3	3	-
Footage (m ²)	214,010	200,677	6.6%

¹ Considers the closure of the Extra Barra da Tijuca unit in 3Q23 in Rio de Janeiro-RJ. More explanations in the footnote on page 12.

² Does not consider the effect of IFRS 16, in addition to the adjustments explained on page 18.

³ Settings explained on page 20. Does not consider the effect of IFRS 16, therefore it should not be used as a reference for the basis for calculating dividends

Message from Management

The first quarter of the year was marked by low growth, but as expected. This is partly due to the **solid comparison bases in 1Q23 (+22% y/y)**, but also to the **slower maturation of the initiatives we are implementing**, such as selective price adjustments aimed at increasing competitiveness. However, **we are optimistic** regarding the **future prospects of the sector and the Company**, especially from the second half of the year onwards.

We remain firmly guided by one of our core values: delighting our customers. In this sense, we work to improve our internal processes, always placing the interests and needs of tutors at the center of all our decisions.

In the short term - even if the repricing was carried out in a customized and selective way - there is an almost immediate impact on gross margins. We recognize that this strategy requires patience, but we are confident that it paves the way for a return to sustainable, above-market growth.

As first positive signs of the strategy, **we have already seen a significant double-digit y/y increase in the number of customers on Digital** in March 2024 - including reactivation of old customers and acquisition of new ones. During this period, we reached the **record milestone of 408 thousand subscribers**, at the same time that we reached an **all-time low level of subscription churn**. These indicators demonstrate not only the **loyalty and satisfaction of our customers**, but also the effectiveness of the initiatives we have implemented so far, giving us confidence for the next steps.

It is worth remembering that, we have been working on projects such as capturing synergies with acquired companies, advancing our own brand and discipline in cash management. In the next section we present an update on these initiatives.

Finally, although we recognize the short-term challenges, especially given the different comparison bases throughout the year, we reaffirm our commitment to building value in the medium and long term. We are optimistic about the changes implemented so far, considering them as important seeds that are ripening and we hope to reap the rewards in the coming months.

Sergio Zimmerman



Strategic initiatives – Update



Growth in revenue

- Improvements in customer indicators: **+18% y/y increase in the number of active customers in March 2024** in the Digital channel, with levels of acquisition and reactivation of old customers similar to January 2023.
- **Record level of 408 thousand subscribers**, growth of +7 y/y, and **historic low subscriber churn**
- **WhatsApp Commerce**: launch of the new version in April 2024, allowing the purchase journey to be completed automatically
- **UX improvements**: redesign of the App signature and storefront optimization to increase conversion



Improvement in private label for differentiation

- **Record achievement of 9.1% of private label share** as a % of total revenue in 1Q24.
- Private label can now be considered the Company's **2nd largest supplier**, with growth of 49% y/y in 1Q24.



Improved customer experience

- **Unification of the CSC team and improvement of service processes**: greater effectiveness in solving problems (2x higher rate in the 1st service), with allocated team reduction (lower expenses).
- **Customer Experience Committee**: forums focused on E-commerce, Stores and Services, with multidisciplinary teams, aiming to further amplify the customer's voice in the Company's strategic decisions.



Capturing synergies: Zee.Now

- **Conclusion of the 12 hubs closure process** (of the 15 existing ones) – sales that started to be addressed by nearby Petz stores, without changing the customer experience, **generating a reduction in operational expenses (rent, personnel, freight and transportation)**.
- Expanding Zee.Now's presence in **almost 30 new cities through Petz stores**.

Update on the potential business combination between Petz and Cobasi

Petz + **Cobasi****The most complete pet ecosystem in Brazil**

Petz Group Income Statement

Petz Group R\$ thousands, unless otherwise stated	1Q24	1Q23	Change
Gross Revenue from Products and Services	934,151	912,875	2.3%
Taxes and other Deductions	(156,577)	(145,994)	7.2%
Net Revenue from Products and Services	777,574	766,881	1.4%
Cost of Goods Sold and Services Rendered	(413,678)	(403,398)	2.5%
Gross Profit	363,896	363,483	0.1%
Operating Revenue (Expenses)	(303,782)	(298,502)	1.8%
Selling	(223,540)	(212,916)	5.0%
General & Administrative	(76,025)	(82,645)	(8.0%)
Other Operating Income (expenses), net	(4,217)	(2,941)	43.4%
Adjusted EBITDA	60,114	64,981	(7.5%)
Non-Recurring Results ¹	(2,054)	(4,981)	(58.8%)
Stock Option Plan ²	(5,553)	(6,229)	(10.9%)
Depreciation & Amortization	(44,709)	(39,979)	11.8%
Operating Profit before Financial Income	7,798	13,792	(43.5%)
Financial Results	(9,769)	(3,146)	210.5%
Financial Income	14,040	11,488	22.2%
Financial Expenses	(23,809)	(14,634)	62.7%
Earnings before Income Tax and Social Contribution	(1,971)	10,646	-
Income Tax and Social Contribution	1,920	(3,769)	-
SOP, M&A, Non-Recurring and tax effects	6,935	12,316	(43.7%)
Adjusted Net Income	6,884	19,193	(64.1%)
EBITDA	52,507	53,771	(2.4%)
Adjusted EBITDA IFRS 16³	116,535	118,288	(1.5%)

¹ Non-recurring explained on the page 18.

² Non-cash effect is 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 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 page 26.



Revenue



Gross Revenue

From 1Q24 onwards, with the advancement of integration between Petz and the acquired companies, the Group's results, including Revenue, are presented in a consolidated form.

As a result, the Petz Group's Gross Revenue can be analyzed by segment (products and services sales) or by channels, as follows:

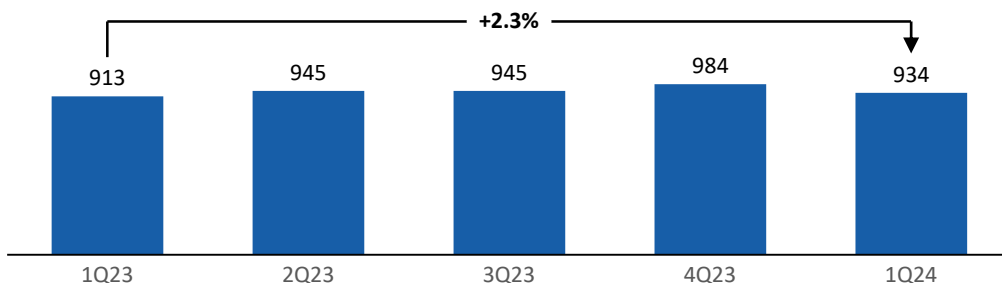
- Physical: originated in the Petz physical store network, Zee.Dog Brasil and B2B stores and franchises (Zee.Dog and Petix).
- Digital: originated through digital channels (Petz, Zee.Dog, Zee.Now), which consider Omnichannel sales (Pick-up and Ship from Store) and E-commerce (sales shipped directly to the customer from the distribution center).

Petz Group R\$ thousands, unless otherwise stated	1Q24	1Q23	Change
By Channel			
Physical	539,805	574,690	(6.1%)
Digital	394,346	338,185	16.6%
By Segment			
Products	906,342	877,830	3.2%
Services & Others	27,809	35,045	(20.6%)
Total Gross Revenue	934,151	912,875	2.3%

In 1Q24, Petz Group's Gross Revenue was R\$934.2 million, a growth of +2.3% y/y, highlighting the Digital channel (+16.6% y/y) and the performance of Zee .Dog and Petix – explained below.

Total Gross Revenue

R\$ million



Gross Revenue | Performance by channel

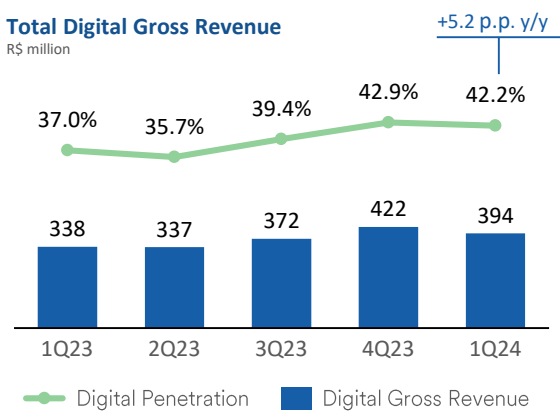
Sales in the physical channel showed a decrease of 6.1% y/y, explained by the y/y decrease in service revenue, in addition to the customer's preference to consume through the Digital channel. It is important to remember that 93.8% of Petz's digital sales are Omnichannel, that is, they are shipped from stores or collected at the store by the customer (Pick-up).

On the other hand, Petz Group's Digital totaled R\$394.3 million in 1Q24, a growth of 16.6% y/y, a performance already based on a strong comparison basis in 1Q23 (+31.3% y/y). Thus, Digital Penetration reached 42.2% of Gross Revenue, +5.2 p.p. y/y.

It is worth mentioning that, throughout 1Q24, we revisited our pricing strategies, with the aim of offering our customers products and services at more competitive prices.

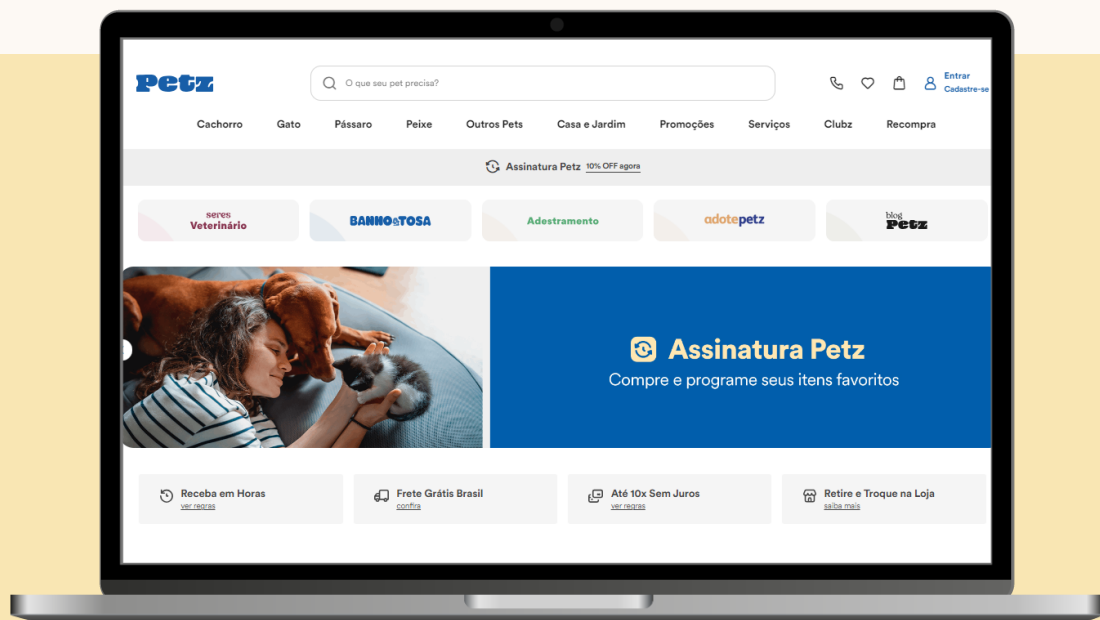
Therefore, we have already observed positive trends in Petz customers indicators, especially in relation to the same period of the previous year

- 2.8MM active customers (+7% y/y).
- +18% y/y increase in the number of active customers in Mar/2024 in the Digital channel, with levels of acquisition and reactivation of old customers similar to Jan/23
- 408 thousand subscribers - record level - with growth of +7 y/y, representing 29% of Petz revenues
- Historical minimum subscriber churn, with a reduction of -3 p.p. y/y



93.8%
Omnichannel Ratio

95%
of Ship from Store sales delivered within 1 business day, 89% of Digital sales delivered within 1 business day



Gross Revenue | Performance by Segment

Gross Revenue from Products grew 3.2% y/y, highlighting recurring and essential categories, such as Pharmacy, Hygiene and Cleaning and Food.

Food represented 60.0% of product revenue in 1Q24 (+0.3 p.p. y/y), mainly reflecting the greater penetration of Digital in the Company's sales, which structurally has a greater share of this category.

Within Non-Food, the product categories present different performances, with Pharmacy and Hygiene and Cleaning items growing above Food, despite a competitive scenario that includes the presence of marketplaces. This reflects the strength of our Omnichannel value proposition, in addition to subscriptions and benefits through Clubz.



Hygiene and Cleaning
+15% y/y in 1Q24

Pharmacy
+12% y/y in 1Q24

Accessories
-4% y/y in 1Q24

Essential category: Growth at Petz vs. Market reflects our competitive commercial conditions, in addition to excellence in service level and national delivery capillarity

Discretionary: Greater supply after the pandemic (including marketplaces and cross border) impacted sales growth at Petz

+10 p.p. y/y
B&G
Occupancy rate

+7% y/y
Volume of veterinary
procedures

On the other hand, the Services and Others segment showed a decrease of 20.6% y/y despite the fact that we already saw an improvement in operational indicators throughout 1Q24 - such as an increase in (i) Bath and Grooming occupancy (B&G); (ii) number of baths per professional; and (iii) volume of veterinary procedures.

In this sense, it is worth reinforcing our strategic focus on revitalizing services, through optimizing installed capacity and cost control, reviewing processes with a focus on the customer and quality of service.



Aprenda
tudo sobre
o mundo

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Petz

**Performance
by brand**



petz

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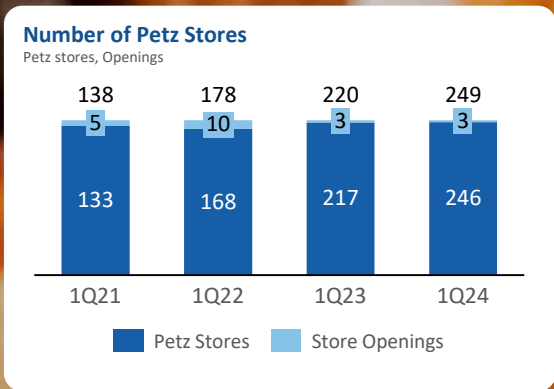
Store Expansion

Throughout 1Q24, we opened 3 stores, all in new locations (Araraquara-SP, Arujá-SP and Brusque-SC). Thus, we ended the period with 249 stores¹ in 23 UFs in the 5 regions of Brazil, strengthening our leadership position as the largest Pet ecosystem in the country not only in terms of revenue, but also in number of units and geographic coverage.

+7% a/a
Area growth

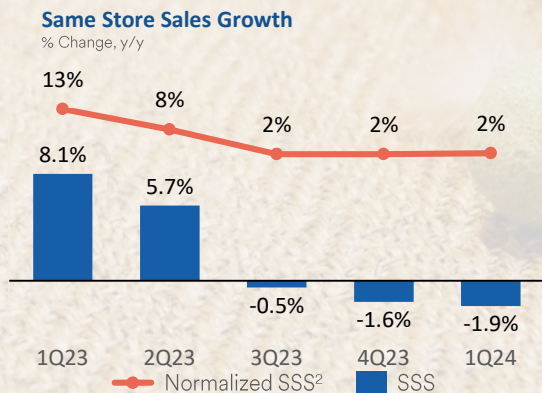
49% of units outside the state of SP
being 16% SE, 15% S, 9% NE, 9% MW and 2% N

46% of stores have not reached maturity
12% are still in their 1st year



Same-Store-Sale (SSS) Performance

The SSS presented a performance of -1.9% y/y in 1Q24 (vs. +8.1% in 1Q23 and -1.6% in 4Q23) as a result of (i) the still challenging macroeconomic scenario in retail and in Brazil; (ii) cooling of internal inflation in the Pet segment; (iii) decrease in Services revenue.



4-Wall EBITDA (Stores)
% Petz Stores Gross Revenue

Cohort	# Stores	EBITDA 4-wall (1T24 LTM)
Until 2018	80	16.4%
2019	26	16.5%
2020	28	16.0%
2021	37	14.6%
2022	50	10.0%
2023	30	7.1%

¹ Considers the closure of the Extra Barra da Tijuca unit in Rio de Janeiro-RJ (further explanations in the 3Q23 Earnings Release).

² Excluding stores that were impacted by the opening of new Petz units in the influence areas and/or in the same city.



- **Zee.Now:** performance driven by the integration of Zee.Now hubs with Petz stores, a process that not only reduces operational expenses, but also allows the expansion of Zee.Now's operations in new cities (via Petz stores).
- **Zee.Dog Brasil:** franchise expansion in 4 UFs and Zee.Dog Store in Store in 3 Petz stores demonstrating encouraging results, with a significant increase in the brand's sales in the first months of operation.
- **Zee.Dog International:** growth reflecting the restructuring of the vertical with an asset light approach, through an exclusive partner (USA) and selected distributors (Europe).
- **Zee.Dog Kitchen:** new packaging coming soon to stores (more practical), with more attractive prices and better margins.
- **Improved margin y/y:** reflection of the demobilization of the Zee.Dog Kitchen factory and restructuring of the international vertical – both carried out from the end of 2023 – bringing benefits of reducing costs and fixed expenses and without inventory risk (considering international operations)
- **Tax benefit of the acquisition goodwill:** R\$132.4 million of goodwill, with the total tax benefit of R\$45.0 million to be enjoyed over 60 months starting in May 2024.



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- Significant increase in volume within Petz, with Petix producing the entire line of private label pads, through the brands Petz, Zee.Dog and Fresh Pads, in addition to Super Secção - leader in the dog pads segment across all channels.
- The share of private brands in the dog pads category reached 83.5% in the quarter vs 62.0% in 1Q23 (+21.5 p.p. y/y).
- Improvement in gross margin given (i) economies of scale due to greater volume; and (ii) cost reduction through greater use of inputs reused from human diapers discarded by the industry, such as absorbent gel and cellulose fluff (later used in the manufacture of dog pads).
- Improvement in EBITDA margin, reflecting gross margin, in addition to G&A synergies.



Financial Indicators

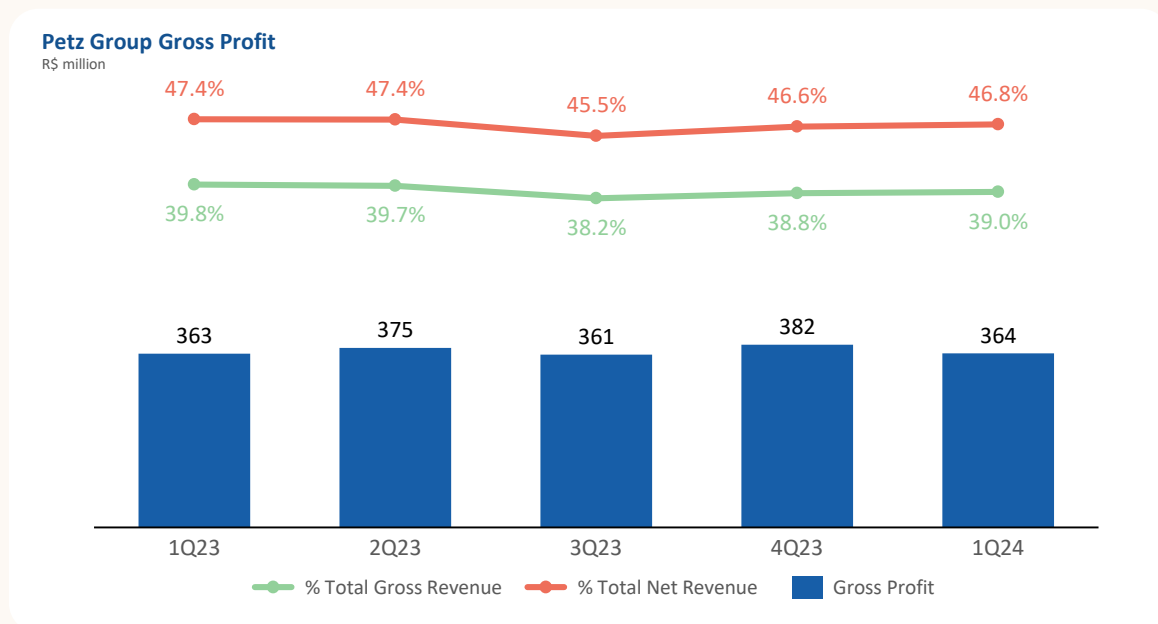


Petz Group Gross Profit

Petz Group's Gross Profit totaled R\$363.9 million in 1Q24 (+0.1% y/y), representing a gross margin of 39.0%, -0.9 p.p. y/y and +0.1 p.p. q/q - 3rd consecutive quarter of expansion q/q. The y/y variation is mainly explained by:

- relevant increase in Digital Penetration (+5.2 p.p. y/y), added to the adjustment in the pricing strategy;
- increase in the ICMS rate in some states;
- PIS/Cofins tax changes that were not included in the comparison basis.

It is important to highlight that, throughout 1Q23, the Company was more focused on profitability and therefore introduced measures to improve the Digital margin, some of which are no longer in force, such as charging the Pick-up service fee.



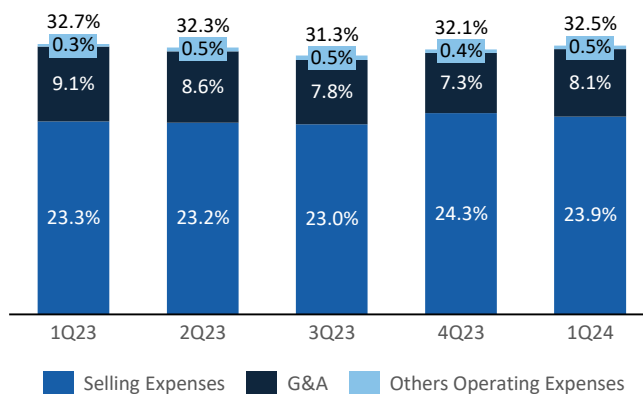
Operating Expenses

Petz Group	1Q24	1Q23	Change
R\$ thousands, unless otherwise stated			
Selling, General and Administrative Expenses (SG&A)	299,565	295,561	1.4%
% Total Gross Revenue	32.1%	32.4%	(0.3 p.p.)
Selling Expenses	223,540	212,916	5.0%
% Total Gross Revenue	23.9%	23.3%	0.6 p.p.
General & Administrative Expenses	76,025	82,645	(8.0%)
% Total Gross Revenue	8.1%	9.1%	(0.9 p.p.)
Others Operating Expenses	4,217	2,941	43.4%
% Total Gross Revenue	0.5%	0.3%	0.1 p.p.
Total Operating Expenses	303,782	298,502	1.8%
% Total Gross Revenue	32.5%	32.7%	(0.2 p.p.)

Petz Group's Selling Expenses were R\$223.5 million in 1Q24, +5.0% y/y, representing 23.9% of Gross Revenue (+0.6 p.p. y/y). This performance is a reflection of the store opening process, considering that the store takes, on average, 6 months to reach breakeven, and the maturation of the existing store in a context of **lower operational leverage**; which mainly reflects a lower percentage dilution of expenses with (i) personnel; (ii) rentals; and (iii) transportation, impacted by the greater geographic diversification of the store network.

Operating Expenses

% Petz Group Gross Revenue



Petz Group's General & Administrative Expenses (G&A) totaled R\$76.0 million in 1Q24, a reduction of 8.0% y/y, representing 8.1% of Petz Group Gross Revenue (-0.9 p.p. y/y). This performance is a reflection of the optimizations in expense packages implemented at the end of 2023 and synergies with the acquired companies.

In 1Q24, Other Operating Expenses totaled R\$4.2 million, representing 0.5% of total revenue (+0.1 p.p. y/y), reflecting pre-operational expenses of stores and the integration process of Zee.Now hubs with Petz stores.

Adjusted EBITDA (IAS 17)

Petz Group	1Q24	1Q23	Change
R\$ thousands, unless otherwise stated			
Gross Revenue	934,151	912,875	2.3%
Gross Profit	363,896	363,483	0.1%
% Gross Revenue	39.0%	39.8%	(0.9 p.p.)
EBITDA	52,507	53,771	(2.4%)
(-) Stock Option Plan (SOP)	5,553	6,229	(10.9%)
(-) Non-recurring results	2,054	4,981	(58.8%)
(-) Non-recurring income	-	-	-
(-) Non-recurring expenses	2,054	4,981	(58.8%)
Adjusted EBITDA	60,114	64,981	(7.5%)
Adjusted EBITDA /Total Gross Revenues	6.4%	7.1%	(0.7 p.p.)
Adjusted EBITDA IFRS 16	116,535	118,288	(1.5%)
Adjusted EBITDA IFRS 16/Total Gross Revenues	12.5%	13.0%	(0.5 p.p.)

Petz Group's Adjusted EBITDA was R\$60.1 million in 1Q24 (-7.5% y/y), representing 6.4% of Gross Revenue (-0.7 p.p. y/y), reflecting:

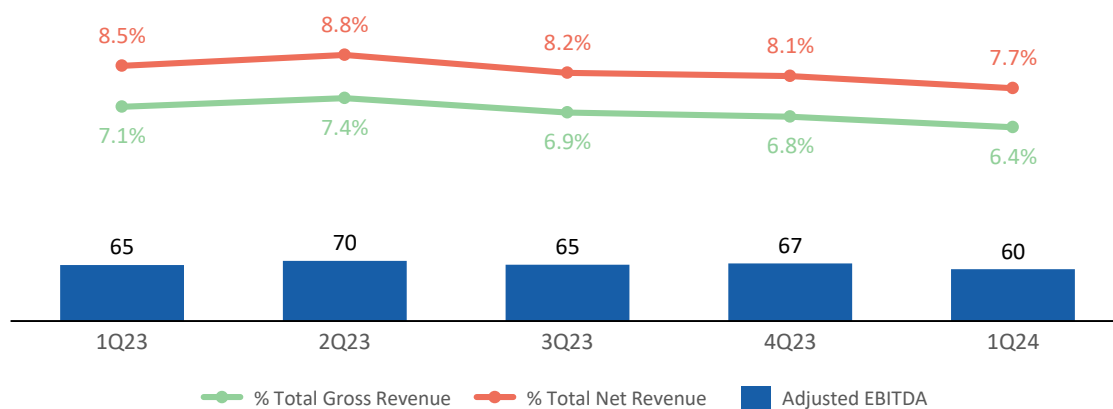
- Gross margin pressure (-0.9 p.p. y/y);
- Relevant increase in Digital penetration (+5.2 p.p. y/y);
- Lower operating leverage due to low sales growth (+2.3% y/y).

These movements were partially offset by G&A efficiency initiatives.

In 1Q24, the Petz Group's Non-Recurring Result totaled R\$2.1 million, explained mainly due the recognition (non-cash) of the earnout portion of the Zee.Dog transaction in the amount of R\$1.5 million, in addition to the expense with reports on the incorporation of Cão Cidadão and Zee.Dog into the Company.

Adjusted EBITDA (IAS 17)

R\$ million



Petz Group	1Q24	1Q23	Change
R\$ thousands, unless otherwise stated			
Earnings before Income Tax and Social Contribution	7,798	13,792	(43.5%)
Financial Results	(9,769)	(3,146)	210.5%
Financial Income	14,040	11,488	22.2%
Financial Expenses	(23,809)	(14,634)	62.7%
Earnings before Income Tax and Social Contribution (EBT)	(1,971)	10,646	-
Income Tax & Social Contribution	1,920	(3,769)	-
Net Income	(51)	6,877	-
(-) Stock Option Plan (SOP)	5,553	6,229	(10.9%)
(-) Non-Recurring Effects Adjusted on EBITDA	2,054	4,981	(58.8%)
(-) Interest in accounts payable to selling shareholders	2,995	3,119	(4.0%)
(-) Tax effects	(3,667)	(2,013)	82.2%
Adjusted Net Income	6,884	19,193	(64.1%)
Adjusted Net Income (IFRS 16)	2,462	14,488	(83.0%)

Financial Result and Income Tax

The Financial Result in 1Q24 represented an expense of R\$9.8 million vs. R\$3.1 million recorded in 1Q23, explained by higher financial expenses related to the entry of two long-term financing during 1H23.

In 1Q24 we had a negative EBT which, added to the recognition of the Lei do Bem in the amount of R\$2.4 million, generated Income Tax and Social Contribution revenue in the amount of R\$1.9 million vs. expenses of R\$3.8 million in 1Q23.

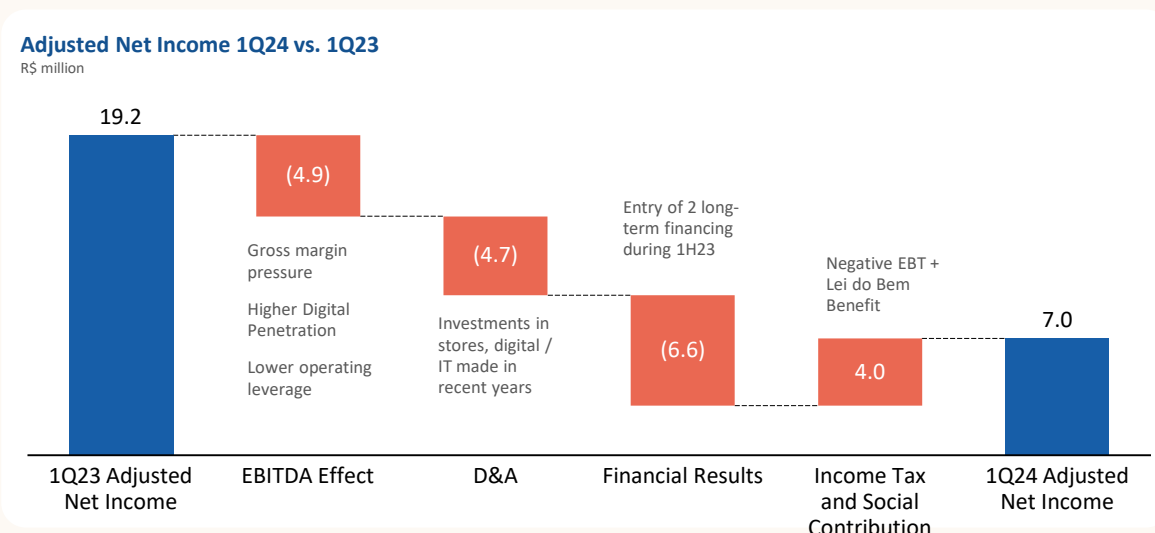
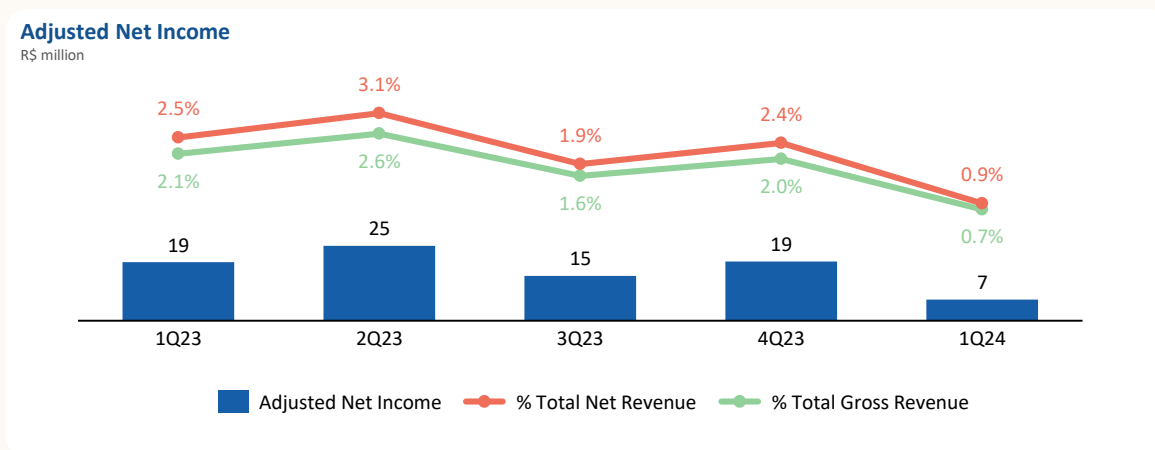
We emphasize that the Extraordinary General Meeting held on April 30, 2024 approved the incorporation of Zee.Dog by Petz. Therefore, **from May 2024 onwards we will be able to enjoy the tax benefit of the acquisition goodwill in the amount of R\$132.4 million** (with a total nominal tax benefit of R\$45.0 million to be enjoyed over 60 months).



Adjusted Net Income

Petz Group's Adjusted Net Income in 1Q24 totaled R\$6.9 million, a decrease of 64.1% y/y, reflecting (i) **lower operational leverage**; (ii) growth in **Depreciation & Amortization**, reflecting the relevant investments made by the company in recent years; and (iii) **increase in financial expenses** with the entry of 2 long-term financing during 1H23.

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



Cash Flow

Petz Group	1Q24	1Q23	Change
R\$ thousands, unless otherwise stated			
Cash Flow from Operating Activities	42,823	35,825	19.5%
Operating Profit before income tax	(1,971)	10,646	-
Depreciation & Amortization	44,772	40,045	11.8%
Recognized options granted	5,553	6,229	(10.9%)
Interest on Loans and Financing	15,125	4,855	211.5%
Interest in accounts payable to selling shareholders	2,995	3,119	(4.0%)
Other adjustments to Operating Profit before income tax	972	(1,235)	-
Working Capital Variation	5,275	(21,238)	-
Accounts Receivables	(3,626)	(2,215)	63.7%
Inventory	33,395	44,519	(25.0%)
Suppliers	(32,191)	(70,084)	(54.1%)
Other Assets/Liabilities	7,697	6,542	17.7%
Income Tax and Social Contribution Paid	(1,682)	(2,014)	(16.5%)
Interest Paid on Borrowings and Financing	(28,216)	(4,582)	515.8%
Cash flow from investing activities	(50,526)	(65,336)	(22.7%)
Cash Flow from Financing Activities	(12,095)	173,459	-
Borrowings and Financing	-	200,000	(100.0%)
Repayment of borrowings and financing	(12,095)	(26,781)	(54.8%)
Capital increase	-	249	(100.0%)
Dividends	-	(9)	(100.0%)
Free Cash Flow, Net	(19,798)	143,948	-
Cash BoP	56,225	185,411	(69.7%)
Cash EoP	36,427	329,359	(88.9%)

The Company presented another quarter of robust operational generation, sufficient to cover its investments, excluding interest on loans and financing. In 1Q24, Operating Cash Flow was R\$42.8 million, driven by operational efficiency and optimized working capital management. This resulted in an **improvement in cash cycle of ~9 days y/y**, mainly due to efficient inventory and supplier management.

In terms of Net Cash Flow, the Company consumed R\$19.8 million in 1Q24, including amortization payments in the amount of R\$12.1 million.

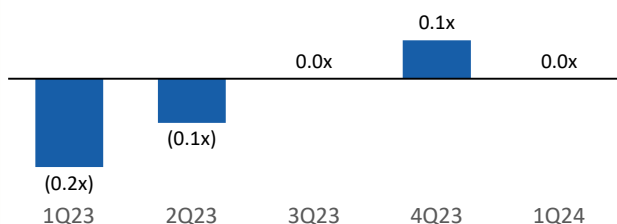


Debt

Petz Group	1Q24	1Q23	Change
R\$ thousands, unless otherwise stated			
Gross Debt	424,458	286,593	48.1%
Current Loans and Financing	31,297	72,202	(56.7%)
Noncurrent Loans and Financing	393,161	214,391	83.4%
Cash & Cash Equivalents and Financial Investments	413,758	329,359	25.6%
Cash & Cash Equivalents	36,427	329,359	(88.9%)
Financial applications	377,331	-	-
Net Debt	10,700	(42,766)	-
Adjusted EBITDA (LTM)	262,226	272,413	(3.7%)
Net Debt/Adjusted EBITDA (LTM)	0.0x	(0.2x)	0.2x

Leverage

Net Debt/Adjusted EBITDA (LTM)



The Company ended 1Q24 with a Net Debt of R\$10.7 million, which represents 0.0x Adjusted EBITDA of the last 12 months (vs. -0.2x in the same period of the previous year), reflecting the resources raised with the issuance of debentures and long-term financing occurred during 1H23, as explained in previous disclosures. Furthermore, it is worth highlighting that the Company remains disciplined in approving investments and continually seeks efficiencies in working capital.

Investments/CAPEX

Petz Group	1Q24	1Q23	Change
R\$ thousands, unless otherwise stated			
New Stores & Hospitals	11,997	34,563	(65.3%)
Technology & Digital	10,523	21,122	(50.2%)
Renovation, Maintenance & Others	12,843	5,761	122.9%
Total Investments	35,363	61,446	(42.4%)
Non-Cash Effect	6,941	2,528	174.6%
Cash Flow from Fixed & Intangible Assets	42,304	63,974	(33.9%)

Investments totaled R\$35.4 million in 1Q24, a decrease of 42.4% y/y. In line with our expansion strategy, **R\$12.0 million were invested in the construction of new stores (-65.3% y/y)**, given the **lower pace of openings in 2024**, in addition to the **reduction in capex per store due to smaller square footage** (~360 m² in 1Q24 vs. ~700 m² in 1Q23).

We invested R\$10.5 million in Technology and Digital in 1Q24 (-50.2% y/y), following our strategy of: **(i) improving products and solutions** to delight and build customer loyalty; and **(ii) automate and improve processes to gain productivity, security and business scalability**.

Renovations, Maintenance and Others, totaled R\$12.8 million in 1Q24 (+122.9 y/y), reflecting the **larger renovations carried out in 1Q24** in line with the Petz brand refresh (TIET-SP and BAND-SP stores and corporate office).

Attachments

GRUPO
Petz



IAS 17 – Balance Sheet

Petz Group	1Q24	4Q23	3Q23	2Q23	1Q23
R\$ thousands, unless otherwise stated					
ASSETS					
Current Assets	1,339,206	1,379,857	1,369,956	1,386,838	1,187,696
Cash & Cash Equivalents	36,427	56,225	471,765	506,721	329,359
Financial applications	377,331	370,230	-	-	-
Accounts Receivable	364,545	364,273	351,530	337,975	330,503
Inventories	407,949	441,509	399,824	391,455	383,697
Recoverable Taxes and Contributions	126,858	119,798	117,003	121,730	118,355
Other Credits	26,096	27,822	29,834	28,957	25,782
Noncurrent Assets	1,668,310	1,676,836	1,659,463	1,635,103	1,610,656
Other Credits	37,732	36,564	34,544	32,640	30,882
Recoverable Taxes and Contributions	33,083	39,683	38,538	28,446	22,174
Deferred Income Tax and Social Contribution	18,549	12,325	24,318	19,752	17,645
Property, Plant and Equipment	813,851	824,558	812,657	813,398	808,941
Intangible Assets	765,095	763,706	749,406	740,867	731,014
Total Assets	3,007,516	3,056,693	3,029,419	3,021,941	2,798,352
LIABILITIES & SHAREHOLDERS' EQUITY					
Current Liabilities	595,771	649,906	613,916	568,619	548,479
Suppliers	365,715	409,066	341,180	309,900	289,258
Loans, Financing and Debentures	31,297	47,023	62,410	66,536	72,202
Payroll and Related Taxes	91,553	84,560	100,797	90,441	86,527
Taxes Payable	48,883	52,203	49,208	47,272	39,001
Dividends Payable	3,905	3,905	2,653	2,653	12,018
Accounts payable for the acquisition of subsidiaries	2,447	3,517	8,587	9,453	11,537
Other Payable	50,191	48,703	47,789	40,404	36,159
Loyalty Program	1,780	929	1,292	1,960	1,777
Non-current Liabilities	519,874	522,657	526,330	513,517	323,360
Loans, Financing and Debentures	393,161	402,621	406,354	400,833	214,391
Accounts payable for the acquisition of subsidiaries	105,733	101,251	99,991	95,317	91,322
Other Payable	5,440	3,280	3,770	1,182	1,237
Provisions for Civil and Labor Risks	15,540	15,505	16,215	16,185	16,410
Shareholders' Equity	1,891,871	1,884,130	1,889,173	1,939,805	1,926,513
Capital	1,725,427	1,725,427	1,725,427	1,725,365	1,725,365
Capital Reserves	39,505	39,505	39,505	39,505	39,505
Reserve for Options Granted	64,537	58,984	51,685	47,087	47,904
Treasury Shares	(62,068)	(62,068)	(62,068)	-	-
Special Goodwill Reserve	24,825	24,825	24,825	24,825	24,825
Equity adjustment	(129,594)	(129,594)	(129,594)	(129,594)	(129,594)
Profit Reserves	229,239	227,051	239,393	232,617	218,508
Total Liabilities and Shareholders' Equity	3,007,516	3,056,693	3,029,419	3,021,941	2,798,352

IAS 17 – Cash Flow – Indirect Method

Petz Group	1Q24	1Q23
R\$ thousands, unless otherwise stated		
Cash Flow from Operating Activities	42,823	35,825
Operating Profit before income tax	(1,971)	10,646
Depreciation & Amortization	44,772	40,045
Allowance for Inventory Losses	165	(125)
Recognized options granted	5,553	6,229
Interest on Loans and Financing	15,125	4,855
PP&E Write-off	13	3
Loyalty Program	851	(1,364)
Provision for Civil and Labor Risks	5	317
Interest in accounts payable to selling shareholders	2,995	3,119
Depreciation & Amortization - Refund of Improvements	(62)	(66)
Working Capital Variation	(24,623)	(27,834)
ASSETS		
Accounts Receivables	(3,626)	(2,215)
Inventory	33,395	44,519
Recoverable Taxes and Contributions	(1,005)	3,512
Other Credits	(3,134)	(5,333)
LIABILITIES		
Suppliers	(32,191)	(70,084)
Payroll and Related Taxes	6,985	10,449
Taxes Payable	68	(1,853)
Accounts Payable	4,783	(233)
Income Tax and Social Contribution Paid	(1,682)	(2,014)
Interest Paid on Borrowings and Financing	(28,216)	(4,582)
Cash flow from investing activities	(50,526)	(65,336)
Financial applications	(7,101)	20
Investments	(1,121)	(1,382)
<u>Purchase of Property, Plant and Equipment</u>	<u>(42,304)</u>	<u>(63,974)</u>
Cash Flow from Financing Activities	(12,095)	173,459
Borrowings and Financing	-	200,000
Repayment of borrowings and financing	(12,095)	(26,781)
Capital increase	-	249
Dividends	-	(9)
	-	-
Free Cash Flow, Net	(19,798)	143,948
Cash BoP	56,225	185,411
Cash EoP	36,427	329,359

IFRS 16 Impact – Statement of Income

Petz Group	1Q24		Change
	IAS 17	IFRS 16	
R\$ thousands, unless otherwise stated			
Gross Revenue from Products and Services	934,151	934,151	-
Taxes and other Deductions	(156,577)	(156,577)	-
Net Revenue from Products and Services	777,574	777,574	-
Cost of Goods Sold and Services Rendered	(413,678)	(413,678)	-
Gross Profit	363,896	363,896	-
Operating Revenue (Expenses)	(356,098)	(339,602)	(16,496)
Selling	(259,563)	(244,738)	(14,825)
General & Administrative	(84,711)	(83,657)	(1,054)
Other Operating Income (expenses), net	(11,824)	(11,207)	(617)
Operating Profit before Financial Income	7,798	24,294	(16,496)
Financial Results	(9,769)	(32,765)	22,996
Financial Income	14,040	14,040	-
Financial Expenses	(23,809)	(46,805)	22,996
Earnings before Income Tax and Social Contribution	(1,971)	(8,471)	6,500
Income Tax and Social Contribution	1,920	3,998	(2,078)
Net profit	(51)	(4,473)	4,422

Reconciliação EBITDA – Demonstrações Financeiras vs. EBITDA Ajustado

Petz Group	1Q24	1Q23
R\$ thousands, unless otherwise stated		
Earnings Before Interest Tax (EBIT)	24,294	29,334
(+) Depreciation & Amortization	44,168	39,464
(+) Depreciation – Right of Use (CPC 06 (R2)/IFRS 16)	40,492	39,020
EBITDA	108,954	107,818
(+) Rental Expenses	(56,421)	(53,307)
EBITDA ex./ IFRS 16	52,533	54,511
(-) Stock Option Plan (SOP)	5,553	6,229
(-) Right of use (CPC 06 (R2)/IFRS 16) Write-off	(26)	(740)
(-) Non-recurring results	2,054	4,981
(-) Non-recurring income	-	-
(-) Non-recurring expenses	2,054	4,981
Adjusted EBITDA	60,114	64,981
Adjusted EBITDA IFRS 16	116,535	118,288

IFRS 16 Impact – Balance Sheet

Petz Group R\$ thousands, unless otherwise stated	1Q24		Change
	IAS 17	IFRS 16	
ASSETS			
Current Assets	1,339,206	1,338,006	1,200
Cash & Cash Equivalents	36,427	36,427	-
Financial applications	377,331	377,331	-
Accounts Receivable	364,545	364,545	-
Inventories	407,949	407,949	-
Recoverable Taxes and Contributions	126,858	126,858	-
Other Credits	26,096	24,896	1,200
Noncurrent Assets	1,668,310	2,590,858	(922,548)
Other Credits - LP	37,732	37,732	-
Recoverable Taxes and Contributions	33,083	33,083	-
Deferred Income Tax and Social Contribution	18,549	80,955	(62,406)
Property, Plant and Equipment	813,851	1,686,255	(872,404)
Intangible Assets	765,095	752,833	12,262
Total Assets	3,007,516	3,928,864	(921,348)
LIABILITIES & SHAREHOLDERS' EQUITY			
Current Liabilities	595,771	712,794	(117,023)
Suppliers	365,715	365,715	-
Loans, Financing and Debentures	31,297	31,297	-
Payroll and Related Taxes	91,553	91,553	-
Taxes Payable	48,883	48,883	-
Dividends Payable	3,905	3,905	-
Accounts payable for the acquisition of subsidiaries	2,447	2,447	-
Other Payable	50,191	27,938	22,253
Loyalty Program	1,780	1,780	-
Leasing Right of Use Payable (IFRS 16)	-	139,276	(139,276)
Non-current Liabilities	519,874	1,406,097	(886,223)
<u>Loans, Financing and Debentures</u>	393,161	393,161	-
Accounts payable for the acquisition of subsidiaries	105,733	105,733	-
Other Payable	5,440	5,440	-
Provisions for Civil and Labor Risks	15,540	15,540	-
Leasing Right of Use Payable (IFRS 16)	-	886,223	(886,223)
Shareholders' Equity	1,891,871	1,809,973	81,898
Capital	1,725,427	1,725,427	-
Capital Reserves	39,505	39,505	-
Reserve for Options Granted	64,537	64,537	-
	(62,068)	(62,068)	-
Special Goodwill Reserve	24,825	24,825	-
Equity adjustment	(129,594)	(129,594)	-
Profit Reserves	229,239	147,341	81,898
Total Liabilities and Shareholders' Equity	3,007,516	3,928,864	(921,348)

IFRS 16 Impact – Cash Flow

Petz Group	1Q24		Change
	IAS 17	IFRS 16	
R\$ thousands, unless otherwise stated			
Cash Flow from Operating Activities	42,823	93,465	(50,642)
Profit Before Income Tax and Social Contribution	(1,971)	(8,471)	6,500
Depreciation & Amortization	44,772	44,230	542
Depreciation – Right of Use (CPC 06 (R2)/IFRS 16)	-	40,492	(40,492)
Interest Expenses – Right of use (CPC 06 (R2)/IFRS 16)	-	24,946	(24,946)
Allowance for Inventory Losses	165	165	-
Recognized options granted	5,553	5,553	-
Interest on Loans and Financing	15,125	15,125	-
PP&E Write-off	13	13	-
Right of use (CPC 06 (R2)/IFRS 16) Write-off	-	(26)	26
Loyalty Program	851	851	-
Provision for Civil and Labor Risks	5	5	-
Interest in accounts payable to selling shareholders	2,995	2,995	-
Depreciation & Amortization - Refund of Improvements	(62)	(62)	-
ASSETS			
Accounts Receivables	(3,626)	(3,626)	-
Inventory	33,395	33,395	-
Recoverable Taxes and Contributions	(1,005)	(1,005)	-
Other Credits	(3,134)	(3,134)	-
LIABILITIES			
Suppliers	(32,191)	(32,191)	-
Payroll and Related Taxes	6,985	6,985	-
Taxes Payable	68	68	-
Accounts Payable	4,783	7,006	(2,223)
Income Tax and Social Contribution Paid	(1,682)	(1,682)	-
Interest Paid on Borrowings and Financing	(28,216)	(28,216)	-
Interest Paid on Right of Use (CPC 06 (R2)/IFRS 16)	-	(9,951)	9,951
Cash flow from investing activities	(50,526)	(50,526)	-
Financial applications	(7,101)	(7,101)	-
Investments	(1,121)	(1,121)	-
Purchase of Property, Plant and Equipment	(42,304)	(42,304)	-
Cash Flow from Financing Activities	(12,095)	(62,737)	50,642
Debt Capitalization	-	-	-
Repayment of borrowings and financing	(12,095)	(12,095)	-
Payment of Right of Use (CPC 06 (R2)/IFRS 16)	-	(50,642)	50,642
Free Cash Flow, Net	(19,798)	(19,798)	-
Cash BoP	56,225	56,225	-
Cash EoP	36,427	36,427	-

Glossary

Operational Metrics

- **Same-Store-Sales (SSS)** - SSS considers (i) sales from Petz physical stores that are over 12 months old, whether sales of products or services, (ii) Omnichannel sales (Pick-up and Ship from Store) from physical stores that are over 12 months old and (iii) E-commerce sales (sales shipped from the CD directly to the end customer).
- **Digital Gross Revenue** – Considers all sales originating on the Petz, Zee Dog, Zee Now website and app, in addition to sales on partner marketplaces and super apps.
- **Omnichannel Sales** – Petz Pick-up and Ship from Store sales.
- **Pick-up** - Sales that are made through the digital channel, but that the customer chooses to collect in physical stores
- **Ship from Store** – Sales made through the digital channel and delivered to the customer's home, leaving any of our physical stores.
- **Omnichannel Ratio** – Petz Omnichannel Sales as a % of Petz Digital Gross Revenue.
- **E-commerce Sales** – all sales shipped from the DC directly to the customer.
- **Food Category** – products such as: prescribed pet food, super premium, premium and standard pet food, wet food, snacks and more.
- **Non-Food Category** – products such as: accessories, hygiene & cleaning products, medicines, among 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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