

# GRUPO **Petz**

## 2Q24 Results



### Videoconferência

Friday, August 16th, 2024

10am US ET | 11am BRT

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**Petz**

CENTRO VETERINÁRIO  
**seres**

**BANHO  
& TOSA**  
Petz

  
Cão Cidadão

  
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zee.dog

**CANSEI  
DE SER  
GATO**

**petix.**  
o melhor para seu pet

São Paulo, August 14th, 2024 – Pet Center Comércio e Participações S.A. (“Petz Group” or “Company”) (**B3: PETZ3**) announces its results for the second quarter of 2024 (2Q24).

Since 2019, our Financial Statements have been prepared in accordance with IFRS 16. To better represent the current economic reality of the business, the numbers in this report are presented under the previous reporting standard IAS 17 / CPC 06. The reconciliation with IFRS 16 in 2Q24 is available on pages 24-26.

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**.



**B3: PETZ3**  
R\$3.82 per share



**462,523,502**  
Total Shares



**R\$1.8 billion**  
Market Cap

Data as of: August 14th, 2024

## Summary of Results and Indicators (IAS 17)

**252**

**stores**

+3 openings

**R\$ 980.9mm**

**+3.8% y/y**

Gross Revenue (GR)

**R\$ 383.0mm**

**+2.1% y/y**

Gross Profit

Gross Margin of 39.0% of GR  
(-0.6 p.p. y/y e 0.0 p.p. q/q)

**R\$ 81.0mm**

**-0.7% y/y**

General & Administrative Expenses

8.3% of GR  
(-0.4 p.p. y/y)

**R\$ 59.9mm**

**-14.4% y/y**

Adjusted EBITDA<sup>1</sup>

Adjusted EBITDA Margin  
of 6.1% of GR (-1.3 p.p. y/y)

**+21% y/y**

Active costumers in  
the Digital channel

Growth of the customer base, with  
significant retention and reactivation rates

Petz Group	2Q24	2Q23	Δ	6M24	6M23	Δ
R\$ thousands, unless otherwise stated						
<b>Financial Results Petz Group</b>						
<b>Total Gross Revenue</b>	<b>980,925</b>	<b>944,838</b>	<b>3.8%</b>	<b>1,915,076</b>	<b>1,857,713</b>	<b>3.1%</b>
<b>Gross Profit</b>	<b>382,973</b>	<b>374,962</b>	<b>2.1%</b>	<b>746,869</b>	<b>738,445</b>	<b>1.1%</b>
% Total Gross Revenue	39.0%	39.7%	(0.6 p.p.)	39.0%	39.8%	(0.8 p.p.)
<b>Adjusted EBITDA<sup>1</sup></b>	<b>59,880</b>	<b>69,928</b>	<b>(14.4%)</b>	<b>119,994</b>	<b>134,909</b>	<b>(11,1%)</b>
% Total Gross Revenue	6.1%	7.4%	(1.3 p.p.)	6.3%	7.3%	(1.0 p.p.)
<b>Adjusted Net Income<sup>2</sup></b>	<b>4,968</b>	<b>24,548</b>	<b>(79.8%)</b>	<b>11,852</b>	<b>43,741</b>	<b>(72,9%)</b>
% Total Gross Revenue	0.5%	2.6%	(2.1 p.p.)	0.6%	2.4%	(1.7 p.p.)
<b>Operational Indicators</b>						
Number of Stores	252	230	22	252	230	22
Store Openings	3	11	(8)	6	14	(8)
Footage (m <sup>2</sup> )	215,297	205,908	4.6%	215,297	205,908	4.6%

<sup>1</sup> Does not consider the effect of IFRS 16, in addition to the adjustments explained on page 17.

<sup>2</sup> Effects explained on page 18. 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 the Management

The first half of 2024 was marked by significant progress in strategic areas such as **Private Labels, Subscriptions, Services, and Omnichannel integration**, as well as an intensified focus on **customer acquisition and sales growth initiatives**.

The observed growth for the quarter demonstrated an **improving trend, month over month**, with July and August showing the strongest results of the period, highlighting the effectiveness of the initiatives implemented over the past months. In 2Q24, we successfully maximized cash margin through a more competitive and precise pricing strategy, which led to substantial gains in customer numbers, subscriptions, and consequently sales, without a reduction in gross margin compared to 1Q24.

Throughout the quarter, we saw a sequential improvement in customer base growth, driven by new customer acquisition, reactivation of existing customers, and reduction in churn rate. The number of **active customers grew by 21%**, and we reached a **record of over 500,000 subscribers in July**.

The improvement in key metrics in Q2 provides an optimistic outlook for the second half of the year. **In July and August, up to the present date, the growth of Petz Standalone + Zee.Now sales has ranged between "high single digits" and "low double digits."** The pet food segment, the Company's flagship, has been consistently growing due to the new commercial strategy and enhanced product assortment. We have initiated a store clustering process that has helped refine our product mix, leading to more targeted approaches and increased sales conversions. For instance, the expansion of our standard pet food portfolio resulted in a **substantial volume increase within just six months**.

The **growth observed this quarter was driven by increased volume**, meaning more customers and higher items purchased per customer. The **pet inflation rate**, calculated based on internal assumptions, **was negative in the quarter, indicating that the 3.8% growth reported is real** and not influenced by price increases.

The digital channel continues to show significant growth and increasing share, reflecting the strength of our omnichannel strategy, with **94% of digital sales made through "Pick-Up" or "Ship From Store" options**.

To support our more competitive pricing strategy and new sales initiatives, **we have further advanced operational efficiency measures**, including expense rationalization and continued synergy capture from acquired companies.

**Private labels**, one of the Company's core pillars, **continue to gain traction and strength** through Zee.Dog collaborations and new exclusive brand products. We have an **extensive development schedule ahead**, including strategic campaigns and go-to-market approaches, with targeted social media actions in partnership with industry players.

The **Accessories** category, also benefiting from advancements in Private Labels, **has shown growth** in July, following a flat second quarter and four consecutive negative quarters.

Additionally, in July, we launched the **"Campeonato do Sergião,"** one of the largest retail incentive campaigns, inspired by the Brazilian football championship, which will reward the winning store with a significant financial prize.

## Message from the Management

Each week, four potential metrics are selected, such as: **(i) sales in the accessories category, (ii) private-label product sales, (iii) average ticket size, (iv) sales of pharmacy products, (v) items per basket and (vi) sales via Pix.**

The Championship is a strategy that reinforces one of the Company's core pillars: **focus on sales, encouraging a healthy competition among stores, motivating them to boost their sales** and improve their key indicators, creating a dynamic environment that drives our employees to excel, while always adhering to our fundamental value of delighting our customers.

We have also advanced in our sustainability journey by including Petix operations in the Greenhouse Gas (GHG) Inventory. We recently published our **second Sustainability Report**, highlighting our key achievements and progress over the past few months, and demonstrating that our commitment to sustainability is integrated with the Company's strategy and continues to strengthen each year. Furthermore, **we are currently advancing in the area of climate change** with the development of Petz's climate risk and opportunity matrix.

**For the second half of the year, we are increasingly confident about what lies ahead. We believe that the investments made in the first half of the year will yield positive results in the coming months.** We will continue to strengthen our competitive position, exploring opportunities in pursuit of sustainable growth.

Sergio Zimerman



## Highlights and Strategic Initiatives

✦ **44.4% share of the Digital channel in total revenue**, growth of +8.7 p.p. y/y

**SSS with a positive performance of +0.9% in 2Q24**, reversing the negative trend of the last 3 quarters

**+21% y/y increase in the number of active customers in June 2024** in the Digital channel

✦ **Record achievement of 10.2% private label share as a % of total revenue in 2Q24**

✦ **Record level of over 500,000 subscribers in July** with a growth of 14% y/y

Private label is now considered the **Company's second-largest supplier**, with a growth of 38% y/y in 2Q24



## Highlights and Strategic Initiatives

- Launch of Petz TV, currently in testing phase, this new communication media features content creation for pet owners with a “retail media” structure, enabling “ads” monetization alongside the industry.



- Inclusion of Petix operations in the Greenhouse Gas (GHG) Inventory and publication of our second **Sustainability Report**, highlighting our key achievements and advancements over the past few months and demonstrating that our commitment to sustainability is aligned with the Company's strategy and strengthens each year. Additionally, we are currently advancing in the topic of climate change with the **development of Petz's climate risk and opportunity matrix.**

- Opening of **Atacado Pet** – the opening will take place on August 17<sup>th</sup>, the date we celebrate Petz's 22<sup>nd</sup> anniversary.

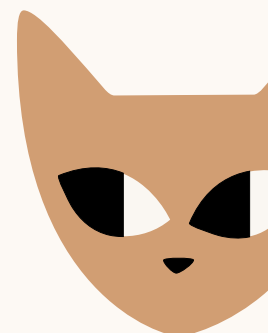
This project is a pilot aimed at testing a new business model. Through this new channel, the goal is



to reach customers who are currently not Petz clients – this more "democratic" project targets social classes B and C, offering a product mix (40% new SKUs compared to Petz), which enables new partnerships with suppliers, a differentiated cost structure, installment options only with interest, and **progressive discounts based on the purchase volume.**

### Update on Potential Business Combination between **Petz** and **Cobasi**

- Since the signing of the MoU on April 19<sup>th</sup>, the companies have undertaken an extensive agenda involving synergy calculations, confirmatory due diligence, and transaction structure definition.
- As disclosed in the July 26<sup>th</sup> Material Fact, the exclusive period for negotiation between Petz and Cobasi is set to expire on August 23<sup>rd</sup>, 2024, with the possibility of an extension by the parties for an additional period of 30 days.



## Income Statement

Petz Group	2Q24	2Q23	Δ	6M24	6M23	Δ
<b>R\$ thousands, unless otherwise stated</b>						
<b>Gross Revenue from Products and Services</b>	<b>980,925</b>	<b>944,838</b>	<b>3.8%</b>	<b>1,915,076</b>	<b>1,857,713</b>	<b>3.1%</b>
Taxes and other Deductions	(163,386)	(153,191)	6.7%	(319,963)	(299,185)	6.9%
<b>Net Revenue from Products and Services</b>	<b>817,539</b>	<b>791,647</b>	<b>3.3%</b>	<b>1,595,113</b>	<b>1,558,528</b>	<b>2.3%</b>
Cost of Goods Sold and Services Rendered	(434,566)	(416,685)	4.3%	(848,244)	(820,083)	3.4%
<b>Gross Profit</b>	<b>382,973</b>	<b>374,962</b>	<b>2.1%</b>	<b>746,869</b>	<b>738,445</b>	<b>1.1%</b>
<b>Operating Revenue (Expenses)</b>	<b>(323,093)</b>	<b>(305,034)</b>	<b>5.9%</b>	<b>(626,875)</b>	<b>(603,536)</b>	<b>3.9%</b>
Selling	(237,623)	(219,168)	8.4%	(461,163)	(432,084)	6.7%
General & Administrative	(80,967)	(81,545)	(0.7%)	(156,992)	(164,190)	(4.4%)
Other Operating Income (expenses), net	(4,503)	(4,321)	4.2%	(8,720)	(7,262)	20.1%
<b>Adjusted EBITDA</b>	<b>59,880</b>	<b>69,928</b>	<b>(14.4%)</b>	<b>119,994</b>	<b>134,909</b>	<b>(11.1%)</b>
Non-Recurring Results <sup>1</sup>	(4,246)	(3,926)	8.2%	(6,300)	(8,907)	(29.3%)
Stock Option Plan <sup>2</sup>	(5,553)	818	-	(11,106)	(5,411)	105.2%
Depreciation & Amortization	(45,461)	(40,964)	11.0%	(90,170)	(80,943)	11.4%
<b>Operating Profit before Financial Income</b>	<b>4,620</b>	<b>25,843</b>	<b>(82.1%)</b>	<b>12,418</b>	<b>39,635</b>	<b>(68.7%)</b>
<b>Financial Results</b>	<b>(16,787)</b>	<b>376</b>	<b>-</b>	<b>(26,556)</b>	<b>(2,770)</b>	<b>858.7%</b>
Financial Income	23,040	27,637	(16.6%)	37,080	39,125	(5.2%)
Financial Expenses <sup>3</sup>	(39,827)	(27,261)	46.1%	(63,636)	(41,895)	51.9%
<b>Earnings before Income Tax and Social Contribution</b>	<b>(12,167)</b>	<b>26,219</b>	<b>-</b>	<b>(14,138)</b>	<b>36,865</b>	<b>(138.4%)</b>
Income Tax and Social Contribution	12,985	(9,032)	-	14,905	(12,801)	(216.4%)
SOP, M&A, Non-Recurring and tax effects	4,150	7,361	(43.6%)	11,085	19,677	(43.7%)
<b>Adjusted Net Income</b>	<b>4,968</b>	<b>24,548</b>	<b>(79.8%)</b>	<b>11,852</b>	<b>43,741</b>	<b>(72.9%)</b>
<b>EBITDA</b>	<b>50,081</b>	<b>66,807</b>	<b>(25.0%)</b>	<b>102,588</b>	<b>120,578</b>	<b>(14.9%)</b>
<b>Adjusted EBITDA IFRS 16<sup>4</sup></b>	<b>116,458</b>	<b>123,212</b>	<b>(5.5%)</b>	<b>232,993</b>	<b>241,500</b>	<b>(3.5%)</b>

<sup>1</sup> Non-recurring explained on the page 17.

<sup>2</sup> 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).

<sup>3</sup> Contains the mark-to-market effect of the derivative related to the swap operation linked to the "4131" financing line, in dollars. It is worth noting that there is no cash effect, and throughout the entire operation, which ends in March 2028, the combined result of the derivative will be zero, with this impact in 2Q24 being a temporal impact.

<sup>4</sup> More information on page 24.



# GROSS REVENUE





## Store Expansion

During 2Q24, we opened 3 stores located in Jacareí-SP, Vitória da Conquista-BA, and João Pessoa-PB – the first Petz store in the state. As a result, we concluded the period with 252 stores across 24 states in all five regions of Brazil, reinforcing our leadership position as the largest Pet ecosystem in the country in terms of revenue, number of units, and geographic reach.

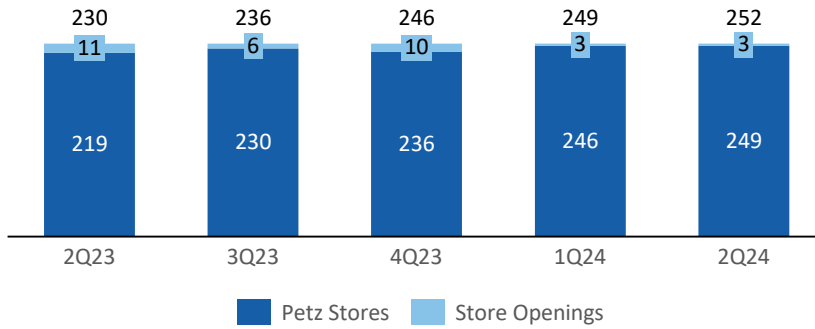
**+4.6% y/y**  
Total sales area growth

**52% of units outside the state of SP** being 16% SE, 15% S, 10% NE, 9% MW and 2% N

**44% of stores have not reached maturity**  
9% are still in their 1st year

### Number of Petz Stores

Petz stores, Openings

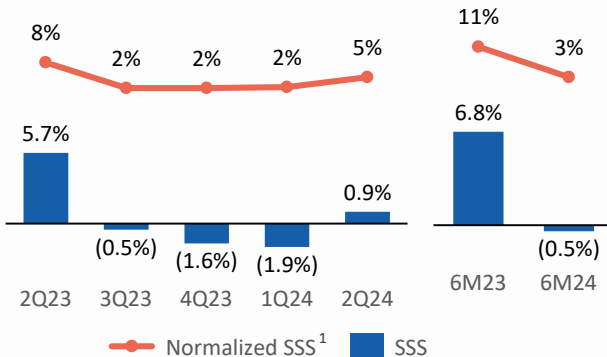


### Same Store Sales (SSS) Performance

Same Store Sales showed a **positive performance of 0.9% y/y in 2Q24**, reversing the negative trend observed over the past three quarters. Notably, this performance shows an upward trend throughout the months of April, May and June, with July presenting the best result in this series, and August, so far, following the same trend.

#### Same Store Sales Growth

% Change, y/y



#### 4-Wall EBITDA (Stores)

% of Petz Stores Gross Revenue

Cohort	# Stores	EBITDA "4-wall" (2Q24 LTM)
until 2018	80	15.6%
2019	26	16.0%
2020	28	15.6%
2021	37	14.5%
2022	50	10.7%
2023	30	8.0%
2024	6	(4.6%)

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

## Gross Revenue

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

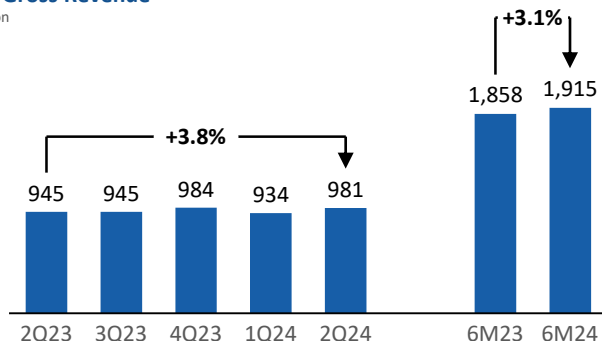
- Physical: originated in the Petz physical store network, Zee.Dog Brasil and B2B stores and franchises (Zee.Dog and Petix).
- Digital: originated through digital channels (Petz, Zee.Dog, Zee.Now), which consider Omnichannel sales (Pick-up and Ship from Store) and E-commerce (sales shipped directly to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

Petz Group	2Q24	2Q23	Δ	6M24	6M23	Δ
<b>R\$ thousands, unless otherwise stated</b>						
<b>By Channel</b>						
Physical	545,602	607,840	(10.2%)	1,085,407	1,182,530	(8.2%)
Digital	435,323	336,998	29.2%	829,669	675,183	22.9%
<b>By Segment</b>						
Products	952,349	913,390	4.3%	1,858,691	1,791,220	3.8%
Services & Others	28,576	31,448	(9.1%)	56,385	66,493	(15.2%)
<b>Total Gross Revenue</b>	<b>980,925</b>	<b>944,838</b>	<b>3.8%</b>	<b>1,915,076</b>	<b>1,857,713</b>	<b>3.1%</b>

In 2Q24, Petz Group reported gross revenue of R\$980.9 million, a growth of 3.8% y/y, with a standout performance from the Digital channel, which grew 29.2% y/y in the quarter. For the six-month period, Goss Revenue increased 3.1% y/y, reaching R\$1.9 billion.

### Total Gross Revenue

R\$ million



### Sales Sequential Evolution

Sales in April  
below  
expectations

May e June  
Sales Growth  
"high single digit"



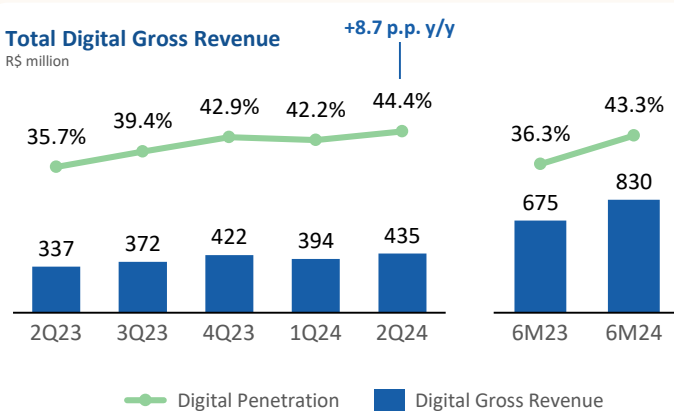
## Gross Revenue | Performance by Channel

Sales in the physical channel showed a decrease of -10.2% 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 94% of Petz's digital sales are Omnichannel, that is, they are shipped from stores (Ship from Store) or collected at the store by the customer (Pick-up), which supports that our **stores continue to be a vital part of our business** and crucial for delighting our customers.

Petz Group's Digital totaled R\$435.3 million in 2Q24, a growth of 29.2% y/y, a performance already based on a strong comparison basis in 2Q23 (+28.4% y/y). Thus, Digital Penetration reached 44.4% of Gross Revenue, +8.7 p.p. y/y.

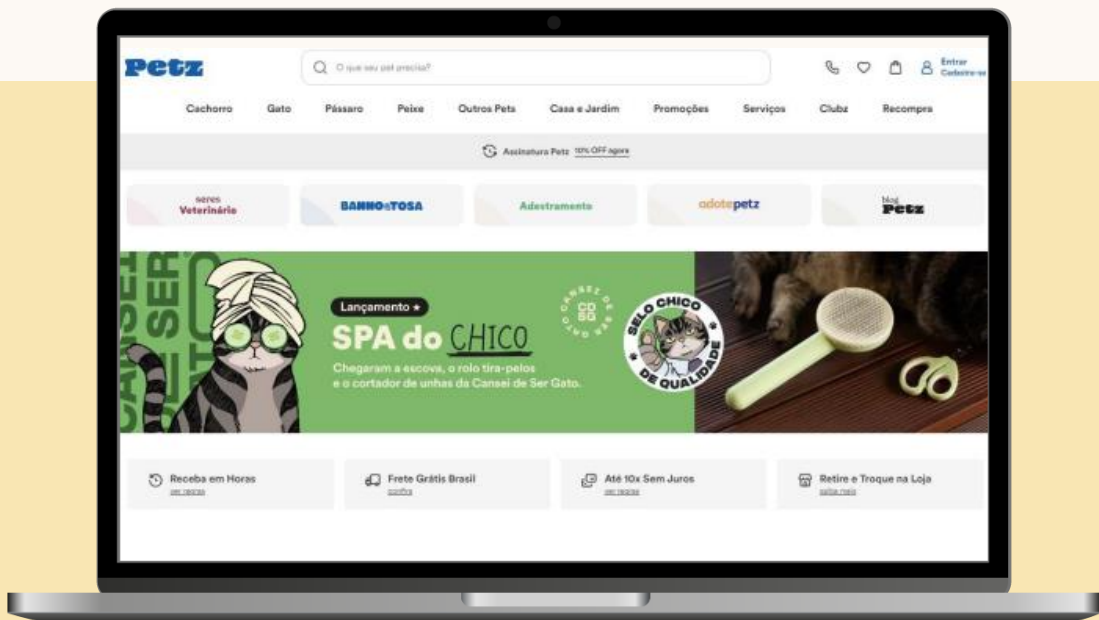
It is important to highlight that we have updated our commercial strategy to offer products and services with more competitive and attractive conditions. As a result, we have observed improvements in our operational indicators, especially when compared to the same period last year:

- 2.8 million active customers (+6.4% y/y)
- +21% y/y increase in the number of active customers in June/2024 in the Digital channel
- 496 thousand subscribers - record level - **with growth of +17 y/y**, representing 30% of Petz's Revenues
- **Historical minimum subscriber churn**, with a reduction of -4 p.p. y/y



**94%**  
Omnichannel Ratio

**95%**  
of Ship from Store sales delivered within 1 business day, 91% of Digital sales delivered within 1 business day

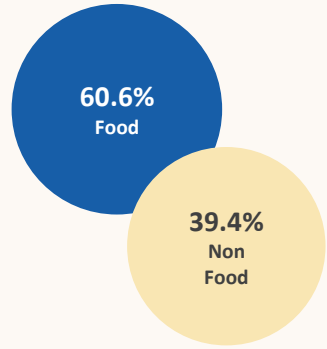


## Gross Revenue | Performance by Segment

Gross Revenue from Products increased by 4.3% y/y. The major highlight of the quarter was the growth in the Food category, which is the "core" of the Company and drives trends across other categories. Notably: (i) the Pharmacy category continues to show the highest growth; and (ii) the Accessories category has returned to positive growth.

In this second quarter, **Food segment accounted for 60.6% of the Company's total product revenue**. This share is primarily due to the increasing penetration of the digital channel in total sales, which structurally has a higher representation of this category.

Within Non-Food, **the Pharmacy category continues to show the highest growth, +14% y/y**, followed by Hygiene and Cleaning items, with significant growth of +13% y/y. Furthermore, **the Accessories category showed growth in July**. This reflects the strength of our Omnichannel value proposition, in addition to subscriptions and benefits via Clubz.



**Pharmacy**  
+14% y/y in 2Q24

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

**Hygiene and Cleaning**  
+13% y/y in 2Q24

**Accessories**  
flat vs. 2Q24

Discretionary: After 4 quarters presenting a decrease y/y, there was a reverse in this trend and July already presents encouraging results

**+8.9 p.p. y/y**  
B&G  
Occupancy rate

**+14% y/y**  
Volume of  
veterinary  
procedures

On the other hand, the Services and Others segment showed a decrease of -9.1% y/y despite the fact that we already saw an improvement in operational indicators throughout 2Q24 - such as an increase in (i) Bath and Grooming occupancy (B&G); (ii) number of baths per professional; and (iii) volume of veterinary procedures.

Despite the decrease in revenue, we have managed to increase profitability and cash margin compared to the previous year. We are moving in the right direction, although we are still at the early stages of our journey. In this context, it is important to emphasize our strategic focus on revitalizing services through the optimization of installed capacity and cost control, process review with a focus on customer experience, and service quality.



## Performance of Our Brands



In 2Q24, **Zee.Dog** brand presented an increase of 21% y/y in sales in Petz channels, highlighting success in the Store in Store format at 4 Petz stores. This format has shown promising results, with a significant increase in the brand's sales during the initial months of operation. By the end of the year, 4 more Store in Store are expected to open.

The highlight is the **Zee.Now** channel, which reported a 17.2% increase in revenue in 2Q24 following its integration with Petz stores. This strategy is also associated with improved operational efficiency through cost savings since the first quarter.

It is worth mentioning that, starting in May, the Company began to **benefit from the tax advantage of the acquisition goodwill** (a total of R\$45.0 million over 60 months). In 2Q24, the amount totaled **R\$1.5 million**.

On August 31, **Zee.Dog will launch a collaboration with Marvel**, featuring **designs of iconic characters** from comics and movies on Zee.Dog collars and leashes.



**petix.**  
o melhor para seu pet

The **dog pads's** category achieved an **84.3% market share for private label products** in the quarter, compared to 73.5% in the same period last year **(+10.8 p.p.)** – reflecting the significant growth of the entire exclusive Petz line and Fresh Pads, in addition to Zee.Dog and Super Secção – national leader in sales in the segment.

With a **continuous focus on innovation, efficiency, and productivity**, 2Q24 marked the beginning of the implementation of a system that enables **real-time monitoring** of the entire production process, advancing Petix to the level of **Industry 4.0**. The implementation is expected to be completed during 3Q24.



Conheça o  
adotepetz  
neste piso.



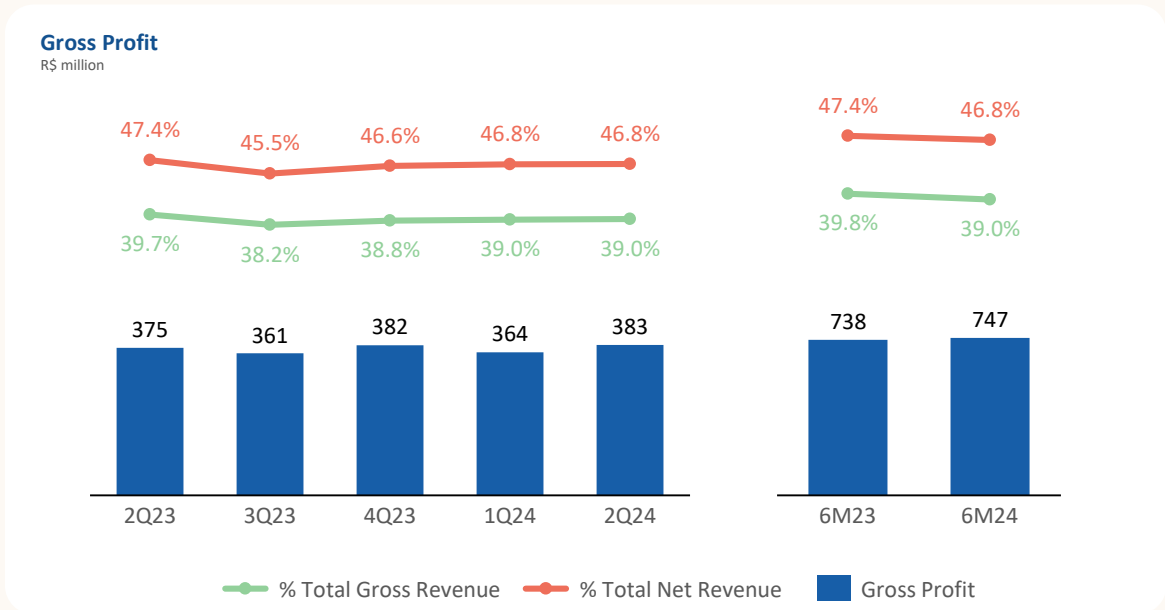
**FINANCIAL**  
**INDICATORS**

## Gross Profit

Petz Group reported a gross profit R\$383.0 million in 2Q24 (+2.1% y/y), representing a gross margin of 39.0%, a decrease of 0.6 p.p. y/y, and stable compared to 1Q24. In the 6-month period, Grupo Petz's gross profit totaled R\$746.9 million (+1.1% y/y), also reflecting a gross margin of 39.0% (-0.8 p.p. y/y).

This performance is mainly explained by: (i) a significant increase in Digital Penetration (+8.7 p.p. y/y), combined with adjustments in pricing strategy; and (ii) tax changes in PIS/Cofins that were not included in the comparison basis and the increase in ICMS rates in some states.

It is important to note that the first half of 2023 was characterized by a strong focus on profitability and margin preservation, resulting a very strong comparison base against the performance in 2024. Since the beginning of the year, we have implemented new commercial policies aimed at balancing growth and profitability, allowing us to achieve more consistent operational results aligned with our growth strategy. Consequently, **our current strategy focuses on optimizing cash margin, which has increased compared to the previous year.** Additionally, acquiring new customers generates a positive effect, creating prospects for future cash margin growth.



## Operating Expenses

Petz Group	2Q24	2Q23	Δ	6M24	6M23	Δ
R\$ thousands, unless otherwise stated						
<b>Selling, General and Administrative Expenses</b>	<b>318,590</b>	<b>300,713</b>	<b>5.9%</b>	<b>618,155</b>	<b>596,274</b>	<b>3.7%</b>
<b>% Total Gross Revenue</b>	<b>32.5%</b>	<b>31.8%</b>	<b>0.7 p.p.</b>	<b>32.3%</b>	<b>32.1%</b>	<b>0.2 p.p.</b>
Selling Expenses	237,623	219,168	8.4%	461,163	432,084	6.7%
% Total Gross Revenue	24.2%	23.2%	1.0 p.p.	24.1%	23.3%	0.8 p.p.
General & Administrative Expenses	80,967	81,545	(0.7%)	156,992	164,190	(4.4%)
% Total Gross Revenue	8.3%	8.6%	(0.4 p.p.)	8.2%	8.8%	(0.6 p.p.)
<b>Others Operating Expenses</b>	<b>4,503</b>	<b>4,321</b>	<b>4.2%</b>	<b>8,720</b>	<b>7,262</b>	<b>20.1%</b>
<b>% Total Gross Revenue</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.0 p.p.</b>	<b>0.5%</b>	<b>0.4%</b>	<b>0.1 p.p.</b>
<b>Total Operating Expenses</b>	<b>323,093</b>	<b>305,034</b>	<b>5.9%</b>	<b>626,875</b>	<b>603,536</b>	<b>3.9%</b>
<b>% Total Gross Revenue</b>	<b>32.9%</b>	<b>32.3%</b>	<b>0.7 p.p.</b>	<b>32.7%</b>	<b>32.5%</b>	<b>0.2 p.p.</b>

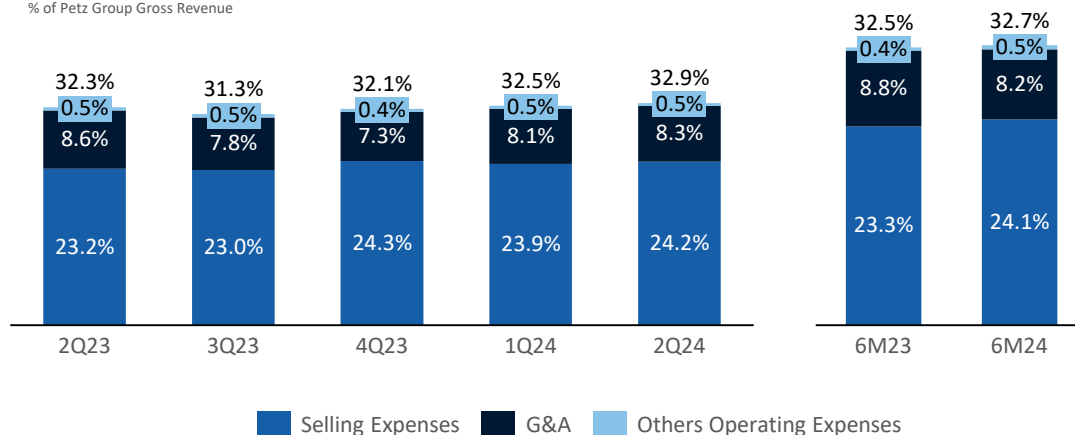
Grupo Petz's **Selling Expenses** amounted to **R\$237.6 million in 2Q24**, an increase of 8.4% y/y, representing 24.2% of Gross Revenue and reflecting a **pressure of +1.0 p.p. compared to the same period last year**. This performance is a result of new store openings, considering that each store typically takes an average of 6 months to reach breakeven. Additionally, the maturation of the existing store base occurs in a context of lower operational leverage. This results primarily in a lower percentage dilution of expenses related to (i) **personnel**, (ii) **rentals**, and (iii) **logistics**.

Grupo Petz's **General and Administrative Expenses** totaled **R\$81.0 million in 2Q24**, a decrease of 0.7% y/y, representing 8.3% of Grupo Petz's Gross Revenue (-0.4 p.p. y/y). This performance reflects optimizations in expense packages implemented at the end of 2023 and synergies with the acquired companies.

In the quarter, Other Operating Expenses amounted to R\$4.5 million, representing 0.5% of total revenue, stable versus 2Q23.

### Operating Expenses

% of Petz Group Gross Revenue





## Adjusted EBITDA (IAS 17)

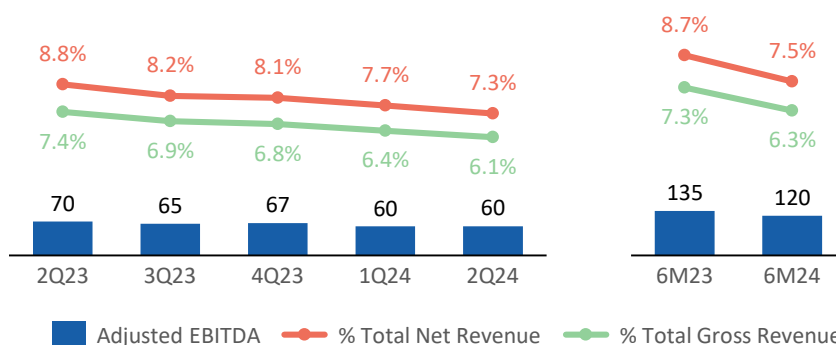
Petz Group	2Q24	2Q23	Δ	6M24	6M23	Δ
<b>R\$ thousands, unless otherwise stated</b>						
<b>Gross Revenue</b>	<b>980,925</b>	<b>944,838</b>	<b>3.8%</b>	<b>1,915,076</b>	<b>1,857,713</b>	<b>3.1%</b>
<b>Gross Profit</b>	<b>382,973</b>	<b>374,962</b>	<b>2.1%</b>	<b>746,869</b>	<b>738,445</b>	<b>1.1%</b>
% Gross Revenue	39.0%	39.7%	(0.6 p.p.)	39.0%	39.8%	(0.0 p.p.)
<b>EBITDA</b>	<b>50,081</b>	<b>66,807</b>	<b>(25.0%)</b>	<b>102,588</b>	<b>120,578</b>	<b>(14.9%)</b>
(-) Stock Option Plan (SOP)	5,553	(818)	--	11,106	5,411	105.2%
(-) Write-off of PP&E	-	13	(100.0%)	-	13	(100.0%)
(-) Non-recurring results	4,246	3,926	8.2%	6,300	8,907	(29.3%)
(-) Non-recurring income	-	-	-	-	-	-
(-) Non-recurring expenses	4,246	3,926	8.2%	6,300	8,907	(29.3%)
<b>Adjusted EBITDA</b>	<b>59,880</b>	<b>69,928</b>	<b>(14.4%)</b>	<b>119,994</b>	<b>134,909</b>	<b>(11.1%)</b>
Adjusted EBITDA /Total Gross Revenues	6.1%	7.4%	(1.3 p.p.)	6.3%	7.3%	(1.0 p.p.)
<b>Adjusted EBITDA IFRS 16</b>	<b>116,458</b>	<b>123,186</b>	<b>(5.5%)</b>	<b>232,993</b>	<b>241,500</b>	<b>(3.5%)</b>
Adjusted EBITDA IFRS 16/Total Gross Revenues	11.9%	13.0%	(1.2 p.p.)	12.2%	13.0%	(0.8 p.p.)

Grupo Petz reported an **Adjusted EBITDA of R\$59.9 million in 2Q24 (-14.4% y/y)**, representing **6.1% of gross revenue (-1.3 p.p. y/y)**, impacted by a dilution in gross margin, an increase in the share of digital channel sales during the period, and lower operational leverage.

In 2Q24, the Petz Group's Non-Recurring Result recorded revenue of R\$4.2 million, mainly explained by the recognition (non-cash) of the earnout portion of the Zee.Dog transaction in the amount of R\$1.5 million, expenses related to incorporation of Zee.Dog and Cão Cidadão, and success fee for tax credit approval.

## Adjusted EBITDA (IAS 17)

R\$ million



## Financial Result and Income Tax

Petz Group	2Q24	2Q23	Δ	6M24	6M23	Δ
<b>R\$ thousands, unless otherwise stated</b>						
<b>Earnings before Income Tax and Social Contribution</b>	<b>4,620</b>	<b>25,843</b>	<b>(82.1%)</b>	<b>12,418</b>	<b>39,635</b>	<b>(68.7%)</b>
<b>Financial Results</b>	<b>(16,787)</b>	<b>376</b>	<b>-</b>	<b>(26,556)</b>	<b>(2,770)</b>	<b>858.7%</b>
Financial Income	23,040	27,637	(16.6%)	37,080	39,125	(5.2%)
Financial Expenses	(39,827)	(27,261)	46.1%	(63,636)	(41,895)	51.9%
<b>Earnings before Income Tax and Social Contribution (EBT)</b>	<b>(12,167)</b>	<b>26,219</b>	<b>-</b>	<b>(14,138)</b>	<b>36,865</b>	<b>-</b>
Income Tax & Social Contribution	12,985	(9,032)	-	14,905	(12,801)	-
<b>Net Income</b>	<b>818</b>	<b>17,187</b>	<b>(95.2%)</b>	<b>767</b>	<b>24,064</b>	<b>(96.8%)</b>
(-) Stock Option Plan (SOP)	5,553	(818)	-	11,106	5,411	105.2%
(-) Non-Recurring Effects Adjusted on EBITDA	4,246	3,926	8.2%	6,300	8,907	(29.3%)
(-) Interest in accounts payable to selling shareholders	3,287	2,967	10.8%	6,282	6,086	3.2%
(-) Tax effects	(8,936)	1,286	-	(12,603)	(727)	1,633.6%
<b>Adjusted Net Income</b>	<b>4,968</b>	<b>24,548</b>	<b>(79.8%)</b>	<b>11,852</b>	<b>43,741</b>	<b>(72.9%)</b>
<b>Adjusted Net Income (IFRS 16)</b>	<b>890</b>	<b>18,754</b>	<b>(95.3%)</b>	<b>3,353</b>	<b>33,242</b>	<b>(89.9%)</b>

In 2Q24, the Financial Result represented an expense of R\$16.8 million compared to a revenue of R\$376 thousand recorded in 2Q23. This can be explained, mainly, by the **mark-to-market of the derivative (swap) linked to the “4131” financing line, in dollars, raised in March 2023**, with a negative impact (non-cash) of R\$12.4 million.

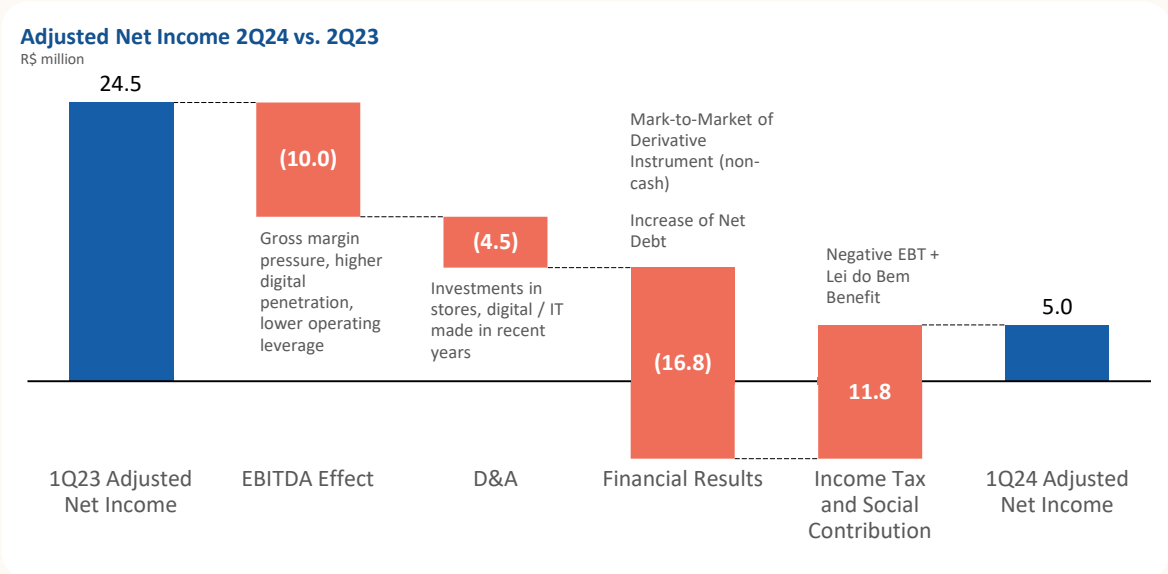
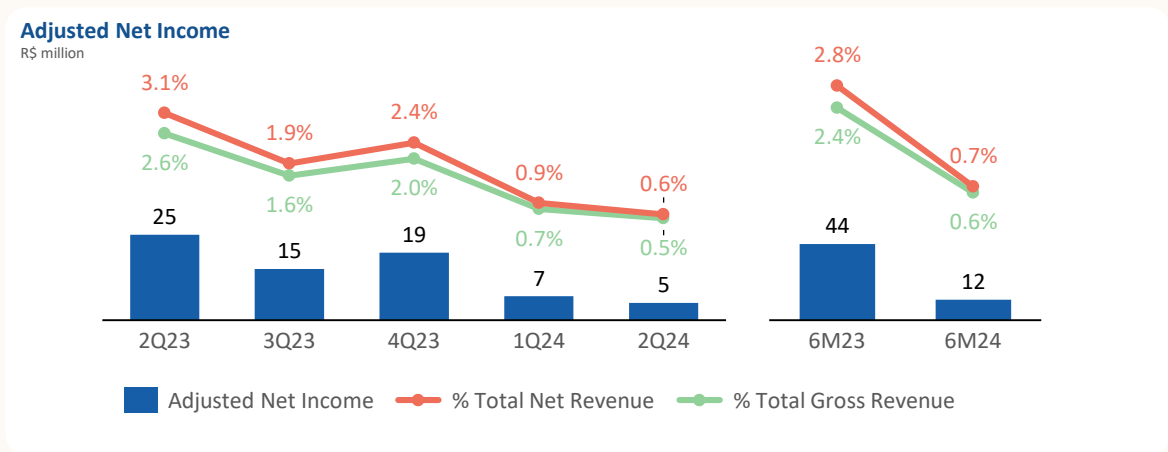
It is worth mentioning that, although the mark-to-market variation exists between quarters (again, non-cash effect), at the end of the 5-year period its impact on the accumulated result will be zero.

Furthermore, the financial result also suffered a negative impact related to the increase in net debt by R\$50.1 million, mainly due to the repurchase of shares made in 2023.

## Adjusted Net Income

Grupo Petz reported an adjusted net income of R\$5.0 million in 2Q24, a decline of 79.8% y/y, primarily reflecting (i) **lower operational leverage**; (ii) increased **depreciation and amortization**, which reflects the significant investments made by the Company in recent years; and (iii) **higher financial expenses**.

Adjustments made to net income included the exclusion of (i) non-recurring expenses, as explained in the Adjusted EBITDA section; (ii) the Stock Option plan line (non-cash) that is currently "out of the money"; and (iii) financial expenses/interest on amounts to be paid in the future to shareholders of the acquired companies (non-cash). It is important to mention that for the calculation of these adjustments, the exclusion of effects on income tax (IR) and social contribution (CS) is performed using a rate of 34%. The effective tax rate also considers the 34% effect on the earnings before tax (EBT) of the subsidiaries.

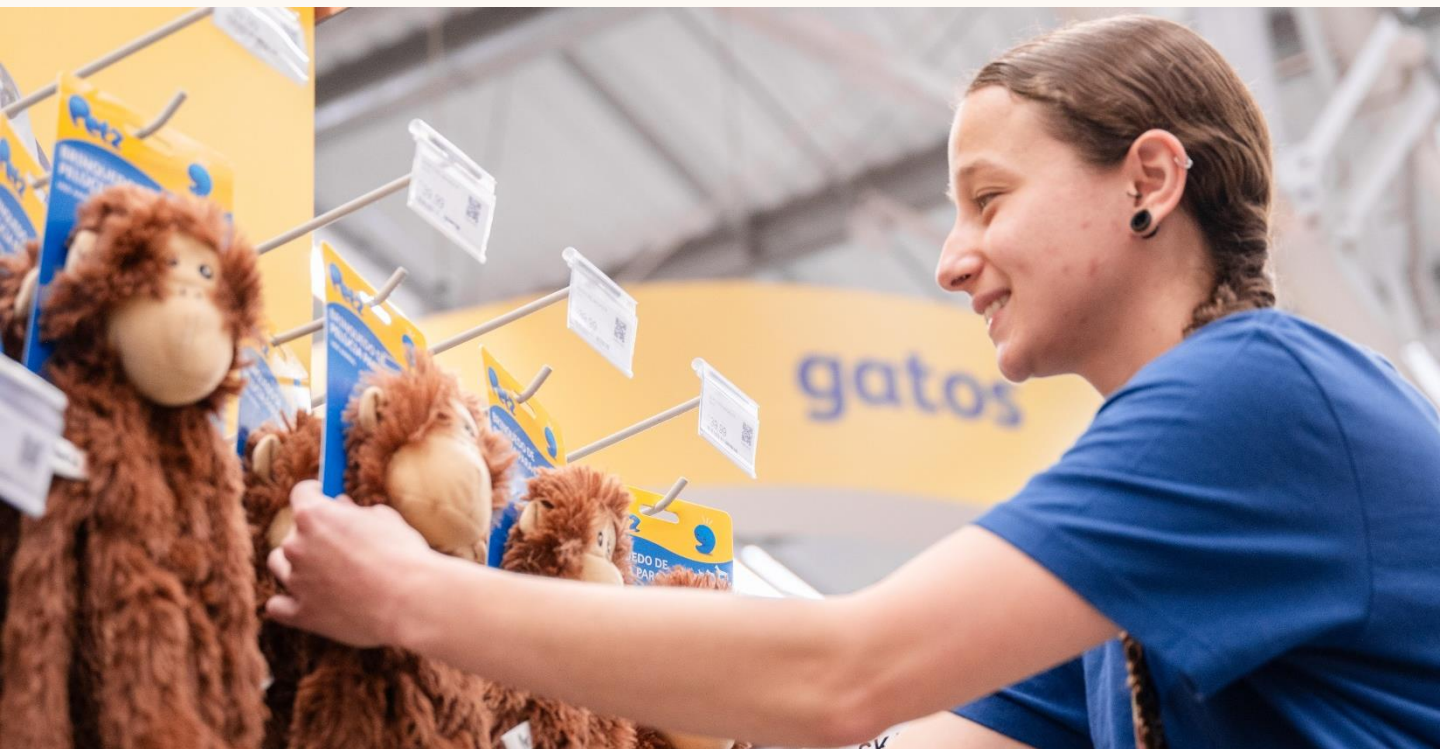


## Cash Flow

Petz Group R\$ thousands, unless otherwise stated	2Q24	2Q23	Δ	6M24	6M23	Δ
<b>Cash Flow from Operating Activities</b>	<b>52,897</b>	<b>68,584</b>	<b>(22.9%)</b>	<b>95,720</b>	<b>104,409</b>	<b>(8.3%)</b>
Operating Profit before income tax	(12,167)	26,219	-	(14,138)	36,865	-
Depreciation & Amortization	45,520	41,029	10.9%	90,292	80,039	12.8%
Recognized options granted	5,552	(817)	-	11,105	5,412	105.2%
Interest on Loans and Financing	20,489	8,279	147.5%	35,614	13,134	171.2%
Interest in accounts payable to selling shareholders	3,287	2,967	10.8%	6,282	6,086	3.2%
Other adjustments to Operating Profit before income tax	5,625	(41)	-	5,560	(1,276)	-
<b>Working Capital Variation</b>	<b>(15,409)</b>	<b>(9,052)</b>	<b>70.2%</b>	<b>(40,032)</b>	<b>(35,851)</b>	<b>11.7%</b>
Accounts Receivables	(6,852)	(10,495)	(34.7%)	(10,478)	(12,710)	(17.6%)
Inventory	(8,682)	(7,775)	11.7%	24,713	36,744	(32.7%)
Suppliers	(511)	19,921	-	(32,702)	(50,163)	(34.8%)
Other Assets/Liabilities	13,852	(351)	-	27,740	7,226	298.2%
Income Tax and Social Contribution Paid	(633)	(7,426)	(91.5%)	(2,315)	(9,440)	(75.5%)
Interest Paid on Borrowings and Financing	(12,583)	(2,926)	330.0%	(40,799)	(7,508)	443.4%
<b>Cash flow from investing activities</b>	<b>(49,282)</b>	<b>(55,318)</b>	<b>(10.9%)</b>	<b>(99,808)</b>	<b>(120,654)</b>	<b>(17.3%)</b>
<b>Cash Flow from Financing Activities</b>	<b>(15,732)</b>	<b>164,097</b>	<b>-</b>	<b>(27,827)</b>	<b>337,556</b>	<b>-</b>
Borrowings and Financing	-	200,000	(100.0%)	-	400,000	(100.0%)
Repayment of borrowings and financing	(11,853)	(24,577)	(51.8%)	(23,948)	(51,358)	(53.4%)
Capital increase	-	673	(100.0%)	-	922	(100.0%)
Dividends	(3,879)	(11,999)	(67.7%)	(3,879)	(12,008)	(67.7%)
<b>Free Cash Flow, Net</b>	<b>(12,117)</b>	<b>177,363</b>	<b>-</b>	<b>(31,915)</b>	<b>321,311</b>	<b>-</b>
Cash BoP	36,427	329,359	(88.9%)	56,225	185,411	(69.7%)
Cash EoP	24,310	506,721	(95.2%)	24,310	506,721	(95.2%)

The Company reported another quarter of operational generation, sufficient to cover its investments. In 2Q24, Operating Cash Flow was R\$52.9 million, driven by operational efficiency, with an improvement in the cash cycle of approximately ~4 days y/y, mainly due to effective management of inventory and suppliers.

In terms of Net Cash Flow, the Company consumed R\$12.1 million in Q2 2024, including loan amortization of R\$11.9 million.

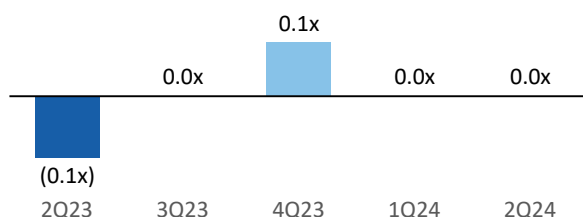


## Debt

Petz Group	2Q24	2Q23	Δ
<b>R\$ thousands, unless otherwise stated</b>			
<b>Gross Debt</b>	<b>420,511</b>	<b>467,369</b>	<b>(10.0%)</b>
Current Loans and Financing	18,868	66,536	(71.6%)
Noncurrent Loans and Financing	401,643	400,833	0.2%
<b>Cash &amp; Cash Equivalents and Financial Investments</b>	<b>409,770</b>	<b>506,721</b>	<b>(19.1%)</b>
Cash & Cash Equivalents	24,310	506,721	(95.2%)
Financial applications	385,460	-	-
<b>Net Debt</b>	<b>10,741</b>	<b>(39,352)</b>	<b>-</b>
Adjusted EBITDA (LTM)	252,178	276,320	(8.7%)
Net Debt/Adjusted EBITDA (LTM)	0.0x	(0.1x)	0.2x

### Leverage

Net Debt/Adjusted EBITDA (LTM)



The Company ended 2Q24 with a Net Debt of R\$10.7 million, representing 0.0x Adjusted EBITDA for the last 12 months (compared to -0.1x in the same period last year). Financial discipline in investment approvals and cash management enabled an investment of R\$196.9 million over the last 12 months, as well as the payment of R\$4.3 million in dividends and R\$62 million in share repurchases completed in 3Q23, with no increase in the Company's debt.

## Investments/CAPEX

Petz Group	2Q24	2Q23	Δ	6M24	6M23	Δ
<b>R\$ thousands, unless otherwise stated</b>						
New Stores & Hospitals	14,144	39,183	(63.9%)	26,146	75,459	(65.4%)
Technology & Digital	14,131	19,214	(26.5%)	26,872	40,010	(32.8%)
Renovation, Maintenance & Others	11,674	3,421	241.2%	22,294	7,795	186.0%
<b>Total Investments</b>	<b>39,949</b>	<b>61,818</b>	<b>(35.4%)</b>	<b>75,312</b>	<b>123,264</b>	<b>(38.9%)</b>
Non-Cash Effect	(623)	(7,592)	(91.8%)	6,318	(5,064)	-
<b>Cash Flow from Fixed &amp; Intangible Assets</b>	<b>39,326</b>	<b>54,226</b>	<b>(27.5%)</b>	<b>81,630</b>	<b>118,200</b>	<b>(30.9%)</b>

Total Investments amounted to R\$39.9 million in Q2 2024, a decrease of -35.4% year-over-year.

In line with our expansion strategy, R\$14.1 million was invested in **New Stores** (-63.9% y/y), due to a slower pace of openings throughout the year, reduced capex per store, and optimization of store formats.

**Renovations, Maintenance, and Others** totaled R\$11.7 million in 2Q24 (+241.2% y/y), primarily consisting of: (i) maintenance of the store network; (ii) renovations undertaken as part of the Brand Refresh initiative; and (iii) investments in energy efficiency projects.

Lastly, we invested R\$14.1 million in **Technology and Digital** initiatives in 2Q24 (-26.5% y/y), aligned with our strategy to: (i) develop and enhance products and solutions to delight and retain customers, including initiatives such as in-store gamification aimed at boosting sales and the "Pix da Sorte" campaign; and (ii) automate and improve existing processes to achieve gains in productivity and security.

# ANNEXES



**IAS 17 – Balance Sheet**

<b>Petz Group</b> <b>R\$ thousands, unless otherwise stated</b>	<b>2Q24</b>	<b>1Q24</b>	<b>4Q23</b>	<b>3Q23</b>	<b>2Q23</b>
<b>ASSETS</b>					
<b>Current Assets</b>	<b>1,357,701</b>	<b>1,339,206</b>	<b>1,379,857</b>	<b>1,369,956</b>	<b>1,386,838</b>
Cash & Cash Equivalents	24,310	36,427	56,225	471,765	506,721
Financial applications	385,460	377,331	370,230	-	-
Accounts Receivable	377,679	364,545	364,273	351,530	337,975
Inventories	416,651	407,949	441,509	399,824	391,455
Recoverable Taxes and Contributions	121,903	126,858	119,798	117,003	121,730
Other Credits	31,698	26,096	27,822	29,834	28,957
<b>Noncurrent Assets</b>	<b>1,652,834</b>	<b>1,668,310</b>	<b>1,676,836</b>	<b>1,659,463</b>	<b>1,635,103</b>
Other Credits	39,175	37,732	36,564	34,544	32,640
Recoverable Taxes and Contributions	27,953	33,083	39,683	38,538	28,446
Deferred Income Tax and Social Contribution	19,773	18,549	12,325	24,318	19,752
Property, Plant and Equipment	798,915	813,851	824,558	812,657	813,398
Intangible Assets	767,018	765,095	763,706	749,406	740,867
<b>Total Assets</b>	<b>3,010,535</b>	<b>3,007,516</b>	<b>3,056,693</b>	<b>3,029,419</b>	<b>3,021,941</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>	<b>580,982</b>	<b>595,771</b>	<b>649,906</b>	<b>613,916</b>	<b>568,619</b>
Suppliers	365,641	365,715	409,066	341,180	309,900
Loans, Financing and Debentures	18,868	31,297	47,023	62,410	66,536
Payroll and Related Taxes	88,322	91,553	84,560	100,797	90,441
Taxes Payable	48,643	48,883	52,203	49,208	47,272
Dividends Payable	26	3,905	3,905	2,653	2,653
Accounts payable for the acquisition of subsidiaries	3,102	2,447	3,517	8,587	9,453
Other Payable	53,983	50,191	48,703	47,789	40,404
Loyalty Program	2,397	1,780	929	1,292	1,960
<b>Non-current Liabilities</b>	<b>533,519</b>	<b>519,874</b>	<b>522,657</b>	<b>526,330</b>	<b>513,517</b>
Loans, Financing and Debentures	401,643	393,161	402,621	406,354	400,833
Accounts payable for the acquisition of subsidiaries	108,072	105,733	101,251	99,991	95,317
Other Payable	355	5,440	3,280	3,770	1,182
Provisions for Civil and Labor Risks	23,449	15,540	15,505	16,215	16,185
<b>Shareholders' Equity</b>	<b>1,896,034</b>	<b>1,891,871</b>	<b>1,884,130</b>	<b>1,889,173</b>	<b>1,939,805</b>
Capital	1,725,427	1,725,427	1,725,427	1,725,427	1,725,365
Capital Reserves	39,505	39,505	39,505	39,505	39,505
Reserve for Options Granted	70,089	64,537	58,984	51,685	47,087
Treasury Shares	(62,068)	(62,068)	(62,068)	(62,068)	-
Special Goodwill Reserve	24,825	24,825	24,825	24,825	24,825
Equity adjustment	(128,312)	(129,594)	(129,594)	(129,594)	(129,594)
Profit Reserves	226,568	229,239	227,051	239,393	232,617
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,010,535</b>	<b>3,007,516</b>	<b>3,056,693</b>	<b>3,029,419</b>	<b>3,021,941</b>

## IAS 17 – Cash Flow – Indirect Method

Petz Group	2Q24	2Q23	6M24	6M23
<b>R\$ thousands, unless otherwise stated</b>				
<b>Cash Flow from Operating Activities</b>	<b>52,897</b>	<b>68,584</b>	<b>95,720</b>	<b>104,409</b>
Operating Profit before income tax	(12,167)	26,219	(14,138)	36,865
Depreciation & Amortization	45,520	41,029	90,292	80,039
Allowance for Inventory Losses	(19)	18	146	(107)
Recognized options granted	5,552	(817)	11,105	5,412
Interest on Loans and Financing	20,489	8,279	35,614	13,134
PP&E Write-off	5,051	48	5,064	51
Loyalty Program	617	183	1,468	(1,181)
Provision for Civil and Labor Risks	35	(224)	40	93
Interest in accounts payable to selling shareholders	3,287	2,967	6,282	6,086
Depreciation & Amortization - Refund of Improvements	(59)	(66)	(121)	(132)
<b>Working Capital Variation</b>	<b>(15,409)</b>	<b>(9,052)</b>	<b>(40,032)</b>	<b>(35,851)</b>
<b>ASSETS</b>				
Accounts Receivables	(6,852)	(10,495)	(10,478)	(12,710)
Inventory	(8,682)	(7,775)	24,713	36,744
Recoverable Taxes and Contributions	20,216	(13,031)	19,211	(9,519)
Other Credits	(9,242)	(2,224)	(12,376)	(7,557)
<b>LIABILITIES</b>				
Suppliers	(511)	19,921	(32,702)	(50,163)
Payroll and Related Taxes	(3,234)	3,914	3,751	14,363
Taxes Payable	4,756	6,139	4,824	4,286
Accounts Payable	1,356	4,851	6,139	5,653
Income Tax and Social Contribution Paid	(633)	(7,426)	(2,315)	(9,440)
Interest Paid on Borrowings and Financing	(12,583)	(2,926)	(40,799)	(7,508)
<b>Cash flow from investing activities</b>	<b>(49,282)</b>	<b>(55,318)</b>	<b>(99,808)</b>	<b>(120,654)</b>
Financial applications	(8,129)		(15,230)	20
Investments	(1,827)	(1,092)	(2,948)	(2,474)
Purchase of Property, Plant and Equipment	(39,326)	(54,226)	(81,630)	(118,200)
<b>Cash Flow from Financing Activities</b>	<b>(15,732)</b>	<b>164,097</b>	<b>(27,827)</b>	<b>337,556</b>
Borrowings and Financing	-	200,000	-	400,000
Repayment of borrowings and financing	(11,853)	(24,577)	(23,948)	(51,358)
Capital increase	-	673	-	922
Dividends	(3,879)	(11,999)	(3,879)	(12,008)
<b>Free Cash Flow, Net</b>	<b>(12,117)</b>	<b>177,363</b>	<b>(31,915)</b>	<b>321,311</b>
Cash BoP	36,427	329,359	56,225	185,411
Cash EoP	24,310	506,721	24,310	506,721

## IFRS 16 Impact – Statement of Income

Petz Group	2Q24		Δ
	IAS 17	IFRS 16	
<b>R\$ thousands, unless otherwise stated</b>			
<b>Gross Revenue from Products and Services</b>	<b>980,925</b>	<b>980,925</b>	-
Taxes and other Deductions	(163,386)	(163,386)	-
<b>Net Revenue from Products and Services</b>	<b>817,539</b>	<b>817,539</b>	-
Cost of Goods Sold and Services Rendered	(434,566)	(434,566)	-
<b>Gross Profit</b>	<b>382,973</b>	<b>382,973</b>	-
<b>Operating Revenue (Expenses)</b>	<b>(323,093)</b>	<b>(361,580)</b>	<b>38,487</b>
Selling	(237,623)	(259,367)	21,744
General & Administrative	(80,967)	(88,357)	7,390
Other Operating Income (expenses), net	(4,503)	(13,856)	9,353
<b>Operating Profit before Financial Income</b>	<b>4,620</b>	<b>21,393</b>	<b>(16,773)</b>
<b>Financial Results</b>	<b>(16,787)</b>	<b>(39,739)</b>	<b>22,952</b>
Financial Income	23,040	23,040	-
Financial Expenses	(39,827)	(62,779)	22,952
<b>Earnings before Income Tax and Social Contribution</b>	<b>(12,167)</b>	<b>(18,346)</b>	<b>6,179</b>
Income Tax and Social Contribution	12,985	15,086	(2,101)
<b>Net Profit</b>	<b>818</b>	<b>(3,260)</b>	<b>4,078</b>

## Reconciliation of EBITDA – Financial Statements vs. Adjusted EBITDA

Petz Group	2Q24	2Q23	6M24	6M23
<b>R\$ thousands, unless otherwise stated</b>				
<b>Earnings Before Interest Tax (EBIT)</b>	<b>21,393</b>	<b>40,018</b>	<b>45,687</b>	<b>69,352</b>
(+) Depreciation & Amortization	44,928	40,444	89,096	79,908
(+) Depreciation – Right of Use (CPC 06 (R2)/IFRS 16)	40,377	39,650	80,869	78,670
<b>EBITDA</b>	<b>106,698</b>	<b>120,112</b>	<b>215,652</b>	<b>227,930</b>
(+) Rental Expenses	(56,578)	(53,283)	(112,999)	(106,590)
<b>EBITDA ex./ IFRS 16</b>	<b>50,120</b>	<b>66,829</b>	<b>102,653</b>	<b>121,340</b>
(-) Stock Option Plan (SOP)	5,553	(818)	11,106	5,411
(-) PP&E Write-off	-	13	-	13
(-) Right of use (CPC 06 (R2)/IFRS 16) Write-off	(39)	(21)	(65)	(761)
<b>(-) Non-recurring results</b>	<b>4,246</b>	<b>3,926</b>	<b>6,300</b>	<b>8,907</b>
(-) Non-recurring income	-	-	-	-
(-) Non-recurring expenses	4,246	3,926	6,300	8,907
<b>Adjusted EBITDA</b>	<b>59,880</b>	<b>69,929</b>	<b>119,994</b>	<b>134,910</b>
<b>Adjusted EBITDA IFRS 16</b>	<b>116,458</b>	<b>123,212</b>	<b>232,993</b>	<b>241,500</b>



## IFRS 16 Impact – Balance Sheet

Petz Group R\$ thousands, unless otherwise stated	2Q24		Δ
	IAS 17	IFRS 16	
<b>ASSETS</b>			
<b>Current Assets</b>	<b>1,357,701</b>	<b>1,356,501</b>	<b>1,200</b>
Cash & Cash Equivalents	24,310	24,310	-
Financial applications	385,460	385,460	-
Accounts Receivable	377,679	377,679	-
Inventories	416,651	416,651	-
Recoverable Taxes and Contributions	121,903	121,903	-
Other Credits	31,698	30,498	1,200
<b>Noncurrent Assets</b>	<b>1,652,834</b>	<b>2,572,734</b>	<b>(919,900)</b>
Other Credits - LP	39,175	39,175	-
Recoverable Taxes and Contributions	27,953	27,953	-
Deferred Income Tax and Social Contribution	19,773	86,358	(66,585)
Property, Plant and Equipment	798,915	1,664,116	(865,201)
Intangible Assets	767,018	755,132	11,886
<b>Total Assets</b>	<b>3,010,535</b>	<b>3,929,235</b>	<b>(918,700)</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>	<b>580,982</b>	<b>700,823</b>	<b>(119,841)</b>
Suppliers	365,641	365,641	-
Loans, Financing and Debentures	18,868	18,868	-
Payroll and Related Taxes	88,322	88,322	-
Taxes Payable	48,643	48,643	-
Dividends Payable	26	26	-
Accounts payable for the acquisition of subsidiaries	3,102	3,102	-
Other Payable	53,983	33,426	20,557
Loyalty Program	2,397	2,397	-
Leasing Right of Use Payable (IFRS 16)	-	140,398	(140,398)
<b>Non-current Liabilities</b>	<b>533,519</b>	<b>1,414,864</b>	<b>(881,345)</b>
Loans, Financing and Debentures	401,643	401,643	-
Accounts payable for the acquisition of subsidiaries	108,072	108,072	-
Other Payable	355	355	-
Provisions for Civil and Labor Risks	23,449	23,449	-
Leasing Right of Use Payable (IFRS 16)	-	881,345	(881,345)
<b>Shareholders' Equity</b>	<b>1,896,034</b>	<b>1,813,548</b>	<b>82,486</b>
Capital	1,725,427	1,725,427	-
Capital Reserves	39,505	39,505	-
Reserve for Options Granted	70,089	70,089	-
Treasury Shares	(62,068)	(62,068)	-
Special Goodwill Reserve	24,825	24,825	-
Equity adjustment	(128,312)	(128,312)	-
Profit Reserves	226,568	144,082	82,486
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,010,535</b>	<b>3,929,235</b>	<b>(918,700)</b>

**IFRS 16 Impact – Cash Flow**

<b>Petz Group</b>	<b>2Q24</b>		<b>Δ</b>
	<b>R\$ thousands, unless otherwise stated</b>	<b>IAS 17</b>	
<b>Cash Flow from Operating Activities</b>	<b>52,897</b>	<b>102,907</b>	<b>(50,010)</b>
Profit Before Income Tax and Social Contribution	(12,167)	(18,346)	6,179
Depreciation & Amortization	45,520	44,987	533
Depreciation – Right of Use (CPC 06 (R2)/IFRS 16)	-	40,377	(40,377)
Interest Expenses – Right of use (CPC 06 (R2)/IFRS 16)	-	24,909	(24,909)
Allowance for Inventory Losses	(19)	(19)	-
Recognized options granted	5,552	5,552	-
Interest on Loans and Financing	20,489	20,489	-
PP&E Write-off	5,051	5,051	-
Right of use (CPC 06 (R2)/IFRS 16) Write-off	-	(39)	39
Loyalty Program	617	617	-
Provision for Civil and Labor Risks	35	35	-
Interest in accounts payable to selling shareholders	-	-	-
Depreciation & Amortization - Refund of Improvements	(59)	(59)	-
<b>ASSETS</b>			
Accounts Receivables	(6,852)	(6,852)	-
Inventory	(8,682)	(8,682)	-
Recoverable Taxes and Contributions	20,216	20,216	-
Other Credits	(9,242)	(9,242)	-
<b>LIABILITIES</b>			
Suppliers	(511)	(511)	-
Payroll and Related Taxes	(3,234)	(3,234)	-
Taxes Payable	4,756	4,756	-
Accounts Payable	1,356	2,647	(1,291)
Income Tax and Social Contribution Paid	(633)	(633)	-
Interest Paid on Borrowings and Financing	(12,583)	(12,583)	-
Interest Paid on Right of Use (CPC 06 (R2)/IFRS 16)	-	(9,816)	9,816
<b>Cash flow from investing activities</b>	<b>(49,282)</b>	<b>(49,282)</b>	<b>-</b>
Financial applications	(8,129)	(8,129)	-
Investments	(1,827)	(1,827)	-
Purchase of Property, Plant and Equipment	(39,326)	(39,326)	-
<b>Cash Flow from Financing Activities</b>	<b>(15,732)</b>	<b>(65,743)</b>	<b>50,011</b>
Repayment of borrowings and financing	(11,853)	(11,853)	-
Dividends	(3,879)	(3,879)	-
Payment of Right of Use (CPC 06 (R2)/IFRS 16)	-	(50,011)	50,011
<b>Free Cash Flow, Net</b>	<b>(12,117)</b>	<b>(12,117)</b>	<b>-</b>
Cash BoP	36,427	36,427	-
Cash EoP	24,310	24,310	-

## 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 Distribution Center 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 (BRL), 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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