Becoming a complete pet ecosystem

The company bets on its strong value proposal: being a one-stop-shop for everything pet related
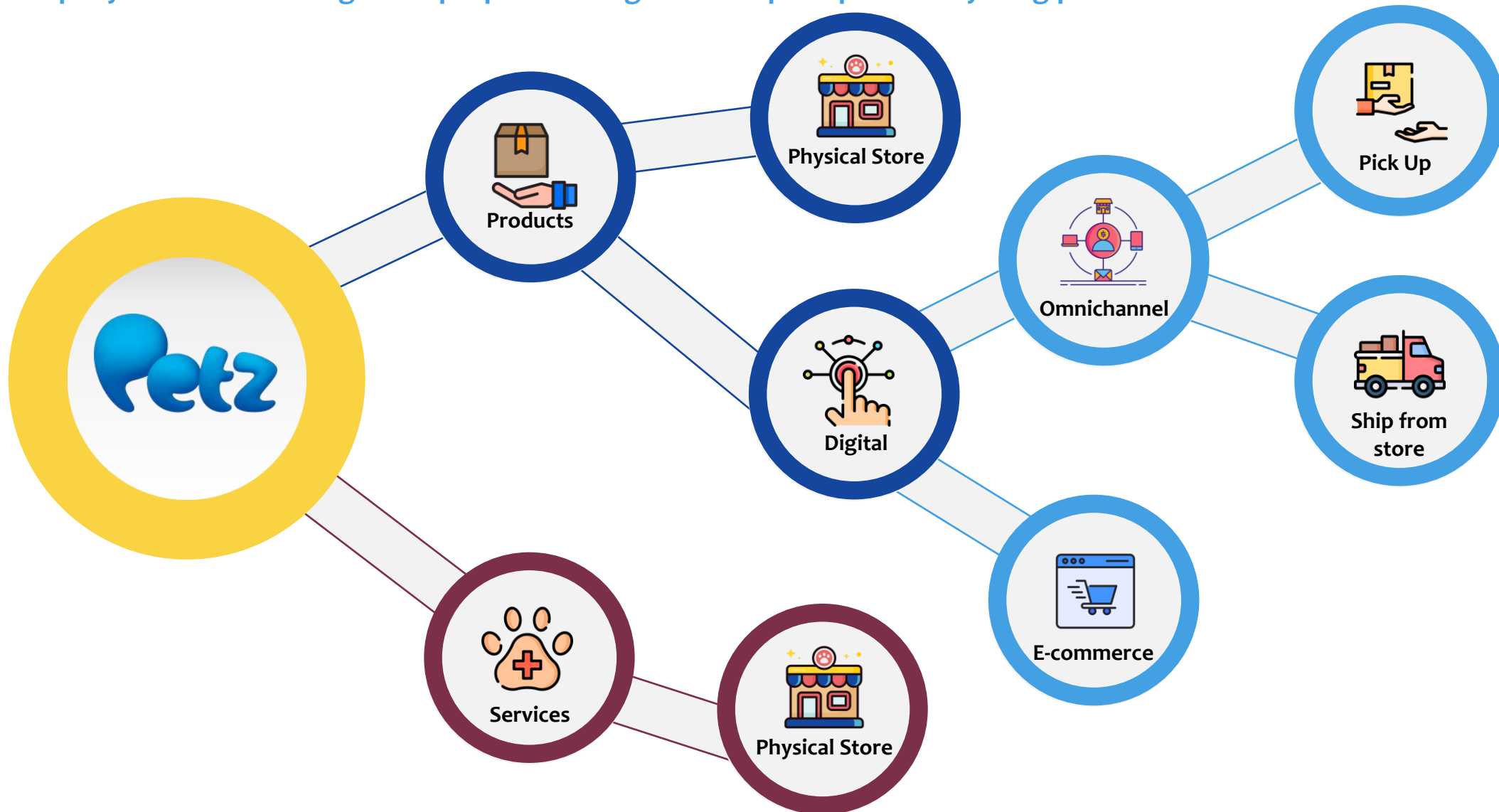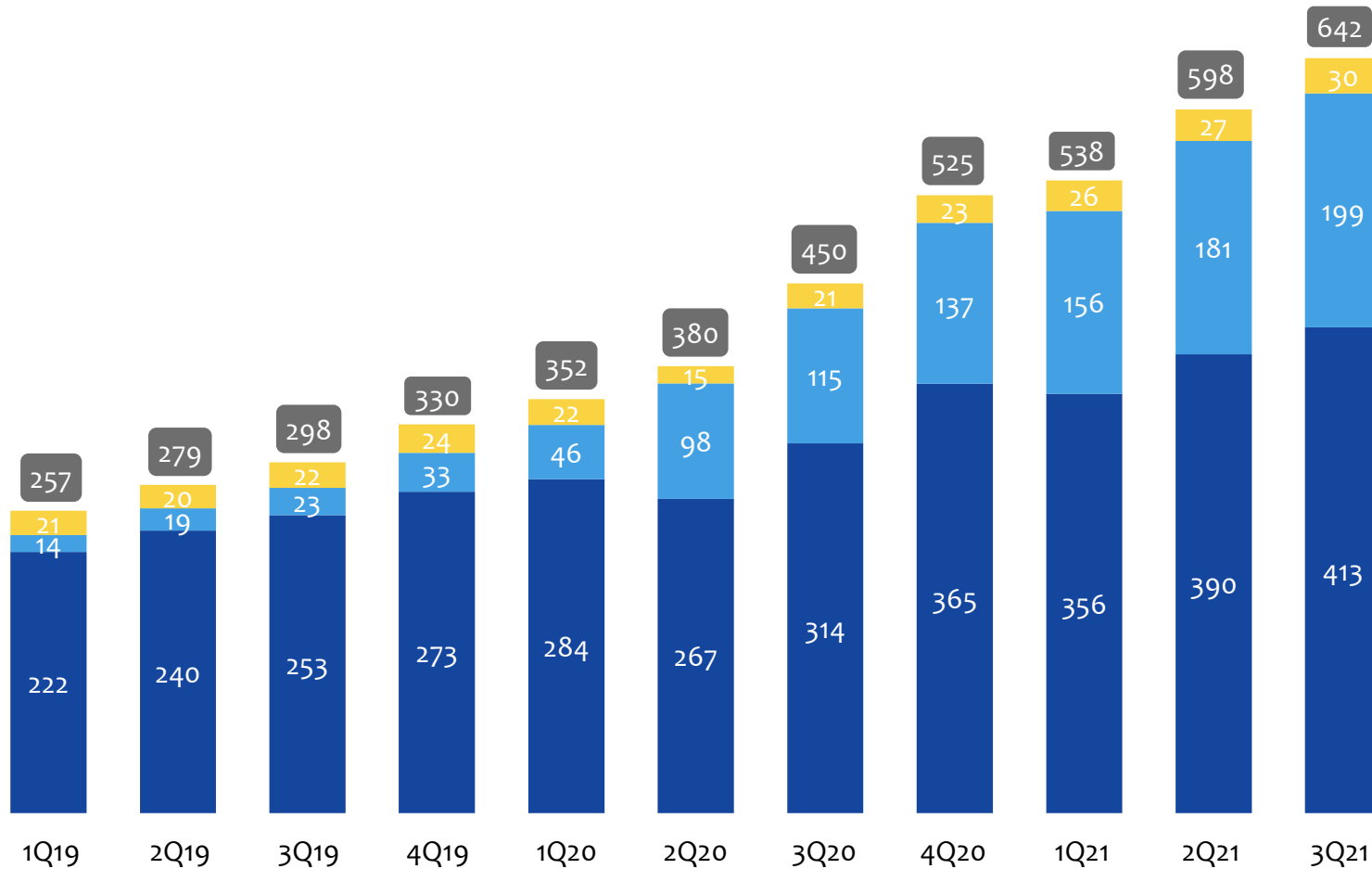
A successful track record

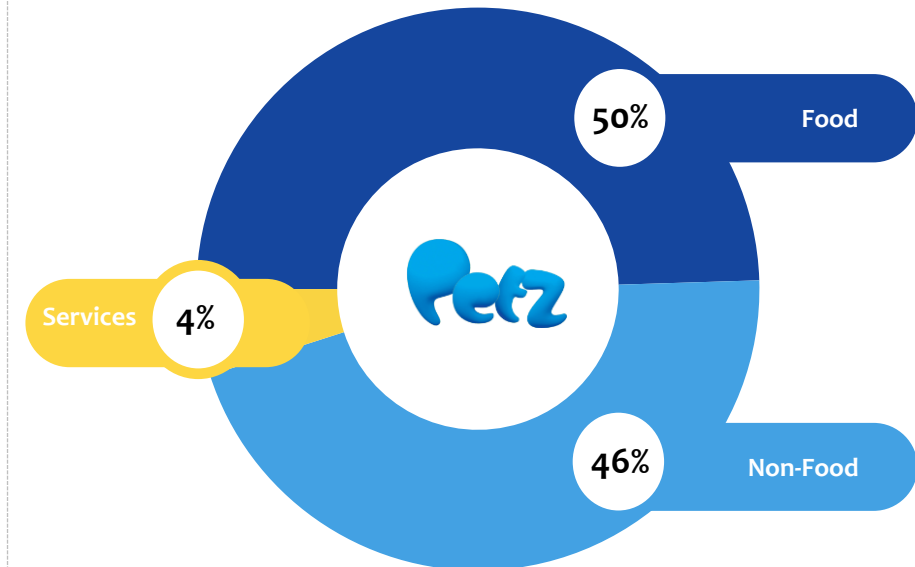## Petz makes money through three main channels: On-store sales, digital sales and services

Backed by its omnichannel platform combined to a substantial organic expansion, Petz gross revenue has grown at a 33.6% CAGR[2017-2020].

Petz quarterly gross revenue (BRL Million)

Revenue Breakdown 2020 (%)

Legend: ■ On-store ■ Digital ■ Services

Quarter	Total	Services	Digital	On-store
1Q19	257	21	14	222
2Q19	279	20	19	240
3Q19	298	22	23	253
4Q19	330	24	33	273
1Q20	352	22	46	284
2Q20	380	15	98	267
3Q20	450	21	115	314
4Q20	525	23	137	365
1Q21	538	26	156	356
2Q21	598	27	181	390
3Q21	642	30	199	413

Food 50%

Services 4%

Non-Food 46%

Petz at a Glance

ESG Rising Industry Complete Ecosystem Strategic Positioning Attractive Valuation Investment Risks
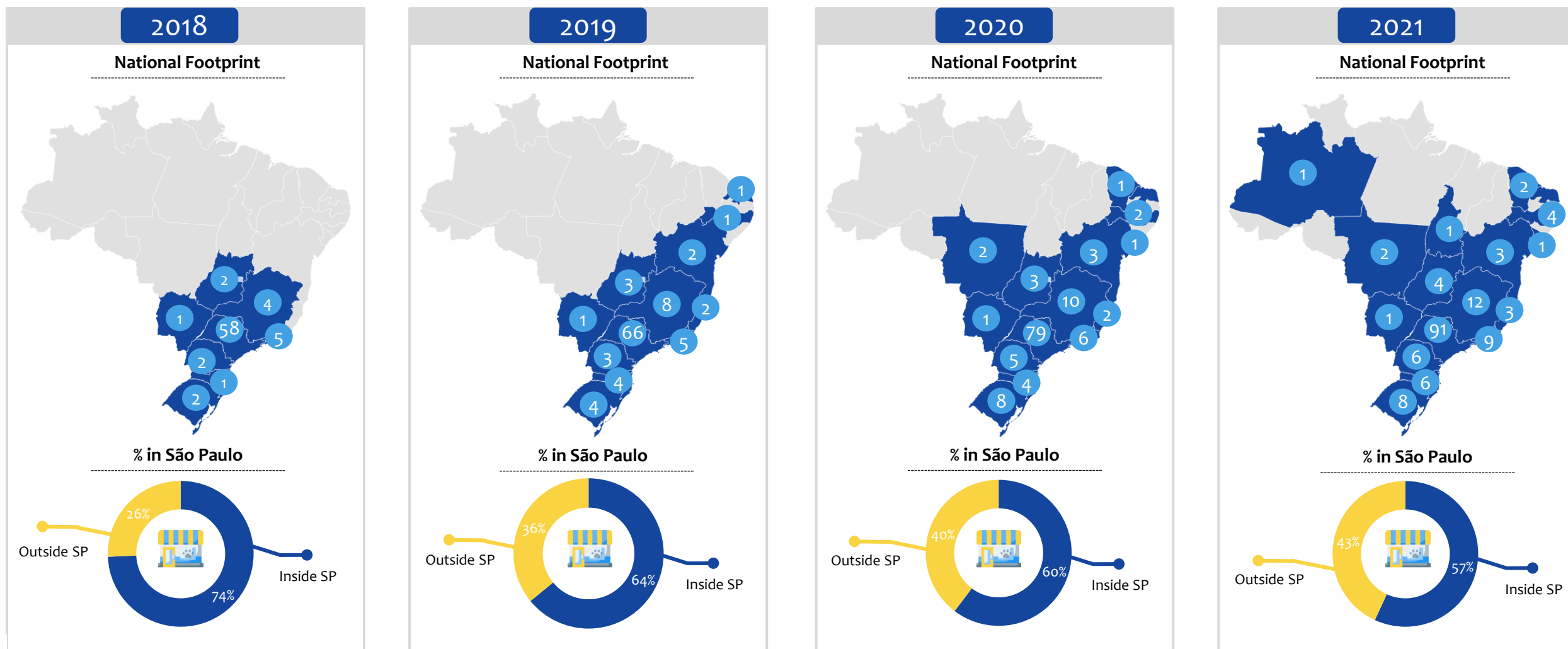
Nationwide Footprint

As of October 2021, its 143 stores are located in 18 states, with a big focus in the state of São Paulo (60% of total stores)

Now, Petz strategy is to expand its business on unexplored regions in Brazil, such as the north and northeast

2018
National Footprint

% in São Paulo

26% Outside SP
74% Inside SP

2019
National Footprint

% in São Paulo

36% Outside SP
64% Inside SP

2020
National Footprint

% in São Paulo

40% Outside SP
60% Inside SP

2021
National Footprint

% in São Paulo

43% Outside SP
57% Inside SP

According to our evaluation, Petz practices follows the best bars in the Brazilian pet retail segment

Founded by a serial entrepreneur and lead by key executives

Ownership and governance structure

Sérgio Zimerman

30%

Free Float + Truxt

70%
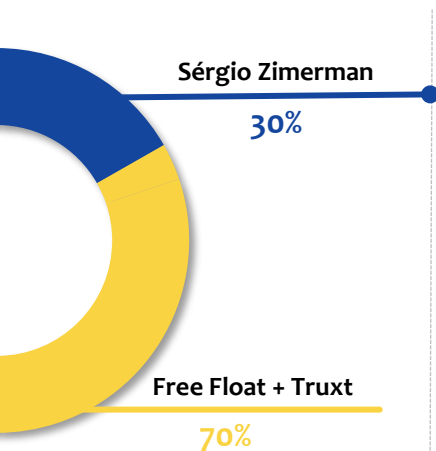
Who is Petz's founder and CEO?

Retail Specialist
MBA in retail from USP

Resilient Entrepreneur
Founded 3 business that went bankrupt

Acknowledge by the market
ALSHOP Entrepreneur of the year (2018)

Strategic Committee

Financial Committee

Human Resources Committee
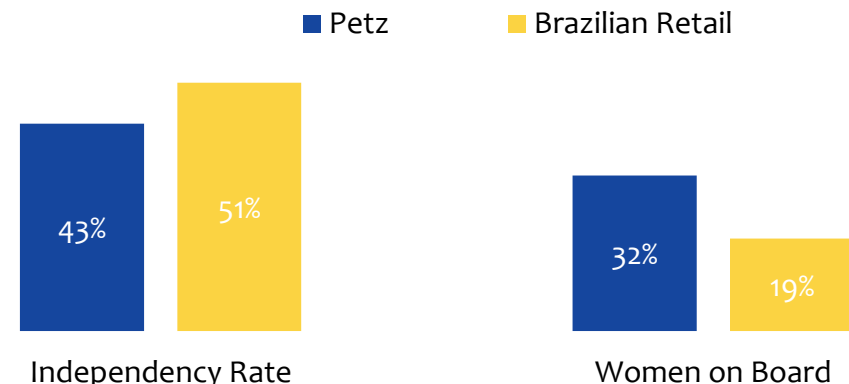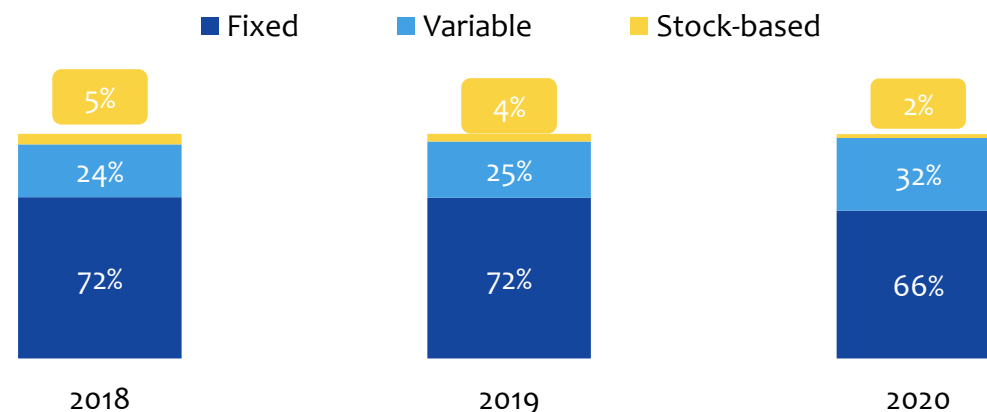
Audit Committee

Good, but still not perfect on governance metrics

Board of Directors Analysis (%)

■ Petz ■ Brazilian Retail

Independency Rate: Petz 43%, Brazilian Retail 51%

Women on Board: Petz 32%, Brazilian Retail 19%

But the management's allingment of interests shows great prospects

Compensation Structure (%)

■ Fixed ■ Variable ■ Stock-based

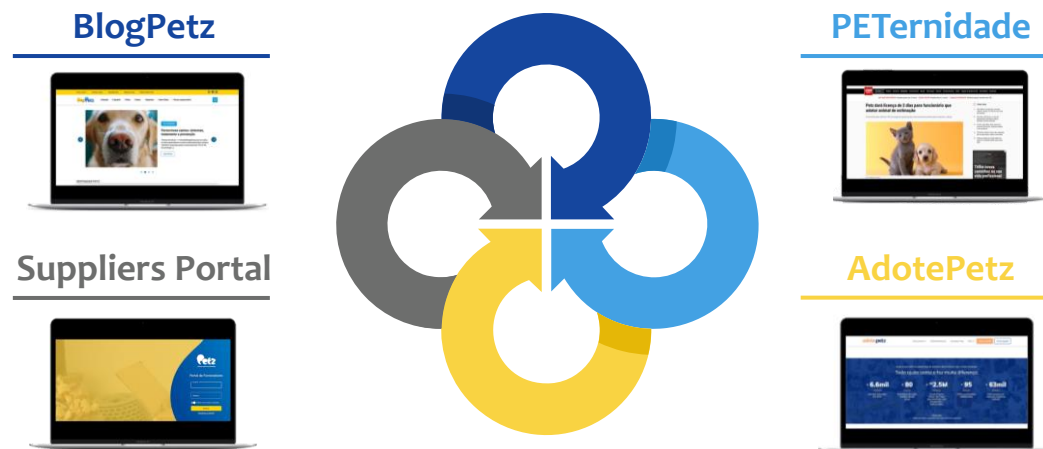| Year	Fixed	Variable	Stock-based
2018	72%	24%	5%
2019	72%	25%	4%
2020	66%	32%	2%

Social: Role Model on Community Impact

Petz is distinguished by the greater scale reached in its social initiatives, however there is still room for evolution in the diversity issue
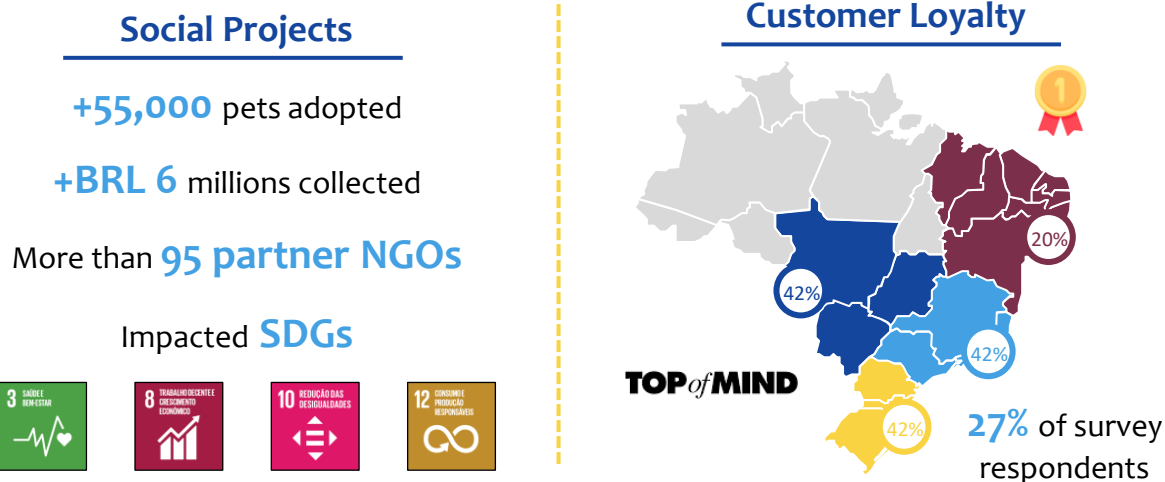
Historical development of a social ecosystem

2017 — Launch of UniPetz, Petz's Corporate University

2017 — Start of partnership with Editora Mol

2018 — Launch of the Seres brand

2019 — Start of "AdotePetz" program

2020 — Donations made during the pandemic and the Zero Contact initiative

2021 — Foundation of the MOVER Movement

Carrying out many actions to have good relationships with stakeholders

BlogPetz

PETernidade

Suppliers Portal

AdotePetz

With this in mind, it has been achieving great results with its customers

Social Projects

+55,000 pets adopted

+BRL 6 millions collected

More than **95 partner NGOs**

Impacted **SDGs**

Customer Loyalty

20%

42%

42%

42%

TOP *of* **MIND**

27% of survey respondents

Petz at a Glance   **ESG**   *Rising Industry*   *Complete Ecosystem*   *Strategic Positioning*   *Attractive Valuation*   *Investment Risks*

Source: Petz IR, AdotePetz, CNN, Ipsos and SDGs

5

To see what people think about Petz, we analyzed 2.000 tweets through Machine Learning classifying them in good or bad tweets

```python
import tweepy
import math
import os.path
import pandas as pd
import json
from random import shuffle
import numpy as np

with open('auth.pass') as fp:
    data = json.load(fp)

auth = tweepy.OAuthHandler(data['consumer_key'], data['consumer_secret'])
auth.set_access_token(data['access_token'], data['access_token_secret'])
produto = 'petz'
n = 2000
t= 800,
lang = 'pt'
api = tweepy.API(auth)
i = 1,
msgs = [],
for msg in tweepy.Cursor(api.search, q=produto, lang=lang, tweet_mode="extended")
    msgs.append(msg.full_text.lower())
    i += 1
    if i > n:
        break

shuffle(msgs)
msgs=list(set(list(msgs)))

import string
pontuacao = string.punctuation
ponto = ["\n", "\t"],
limpeza = []
for tweet in msgs:
    x = ''
    for letra in tweet:,
        if tweet[0] != 'r' and tweet[1]!= 't':
            if letra in ponto:
                x += " "
            elif letra not in pontuacao:
                x += letra
    if x!= '':
        limpeza.append(x)
print(len(limpeza))

if not os.path.isfile('./{0}classificado.xlsx'.format(produto)):

    writer = pd.ExcelWriter('{0}classificado.xlsx'.format(produto))
    dft = pd.DataFrame({'Tweets' : pd.Series(msgs[:800])})
    dft.to_excel(excel_writer = writer, sheet_name = 'Treinamento', index = False)
    dfc = pd.DataFrame({'Teste' : pd.Series(msgs[800:])})
    dfc.to_excel(excel_writer = writer, sheet_name = 'Teste', index = False)

writer.save()
ptz=pd.read_excel('petzclassificado.xlsx')

ptz.head()
bom=ptz.loc[ptz["RELEVANCIA"]==2]
ruim=ptz.loc[ptz["RELEVANCIA"]==1]
indiferente=ptz.loc[ptz["RELEVANCIA"]==0]
```
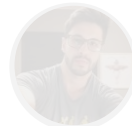
Victoria Souza @victoriaa_4
My dream job is to work at Petz. Helloo @PetzOficial please hire me, I'm waiting my offer

Gabriel Souza @gabrielzinho36
That's it. I'm going to report Petz to the Procon, there is no way to sell a product with delivery within 24 hours and 4 days go by without delivery

Fake users and profile pics

Promotor

Detractor

Classification of Petz Tweets in promotors and detractors

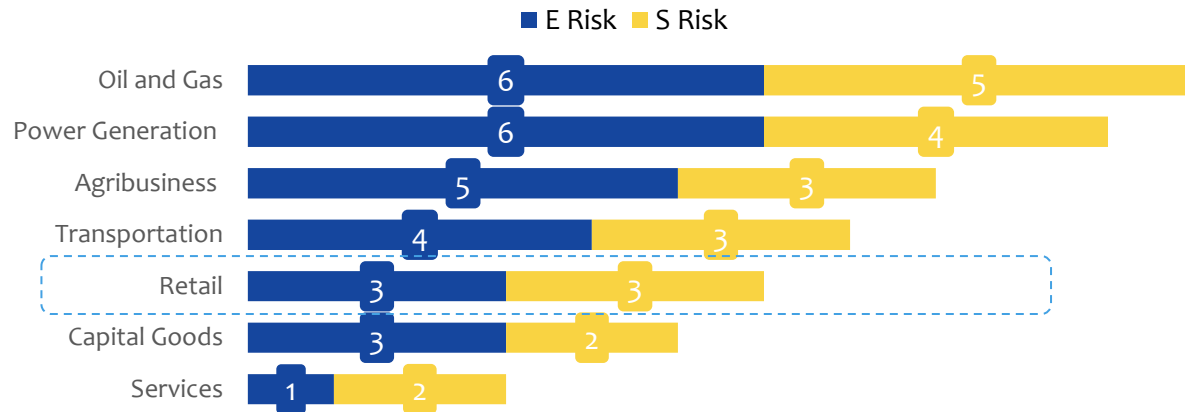■ Promotors ■ Detractors
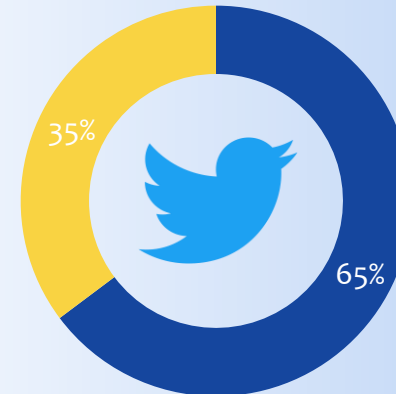
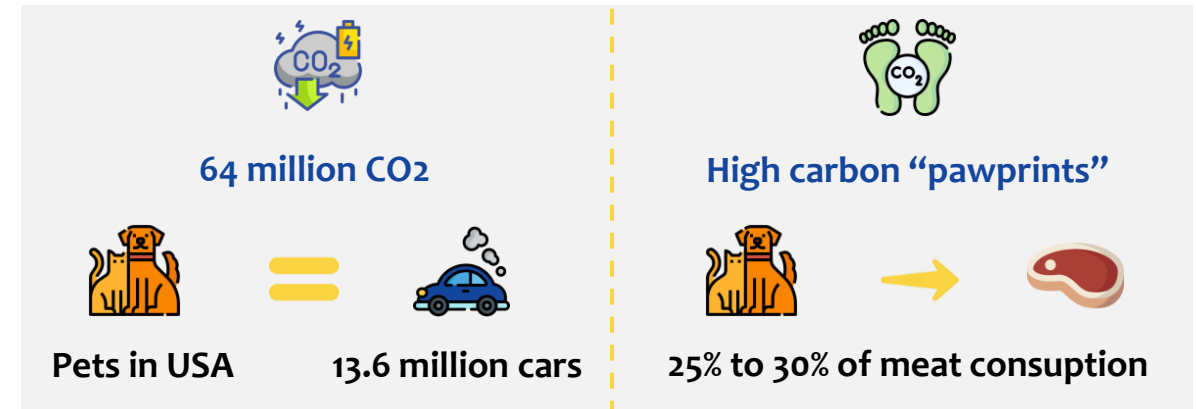35%
65%

Estimate Precision

77.6%

Petz still has a long way to go to become a sustainable company, but international benchmarks show that this is possible

Even though the retail is not considered a highest ESG impact sector

ESG S&P Risk Atlas (Score 1 to 6)

■ E Risk ■ S Risk

Sector	E Risk	S Risk
Oil and Gas	6	5
Power Generation	6	4
Agribusiness	5	3
Transportation	4	3
Retail	3	3
Capital Goods	3	2
Services	1	2

The pet care sector has a huge environmental impact

64 million CO_2

Pets in USA = 13.6 million cars

High carbon "pawprints"

25% to 30% of meat consuption

The company is still transitioning to achieve better sustainable practices, but their latest initiatives show that management has the front as a priority

	Petz	Cobasi	petlove
Sustainability Report	✖	✖	✖
Gas Emission Control	✖	✖	✖
Sustainable Packaging	↻	✖	✖
Green Products	↻	✖	✖
Supply Chain	↻	✖	✖

But what is Petz doing?

Packaging

Production

zee.dog

Logistic

Store

Zee.Dog Kitchen will have a **100% sustainable value chain**, *replacing plastic products with glass*

Petz at a Glance   **ESG**   *Rising Industry*   *Complete Ecosystem*   *Strategic Positioning*   *Attractive Valuation*   *Investment Risks*

Source: ESG S&P Risk Atlas, UCLA, Companies IR

7

Petz is a fast-growing company, still far from its most tremendous potential, and its ESG positioning follows this same rationale.

Good work on the "S" and "G", but there is room to grow on the "E"

ESG Overview

Social (2.0)

Criteria taken into consideration: 1. Human Resources / 2. Health and Safety / 3. Community envolvment / 4. Consumer Safety / 5. Costumer privacy / 6. Animal Welfare / 7. Pet health

Governance (1.25)

Criteria taken into consideration: 1. Roles and Responsibilities / 2. Policies and Procedures / 3. Monitoring and Reporting / 4. Compensation policy / 5. Board of Directors / 6. Supply Chain
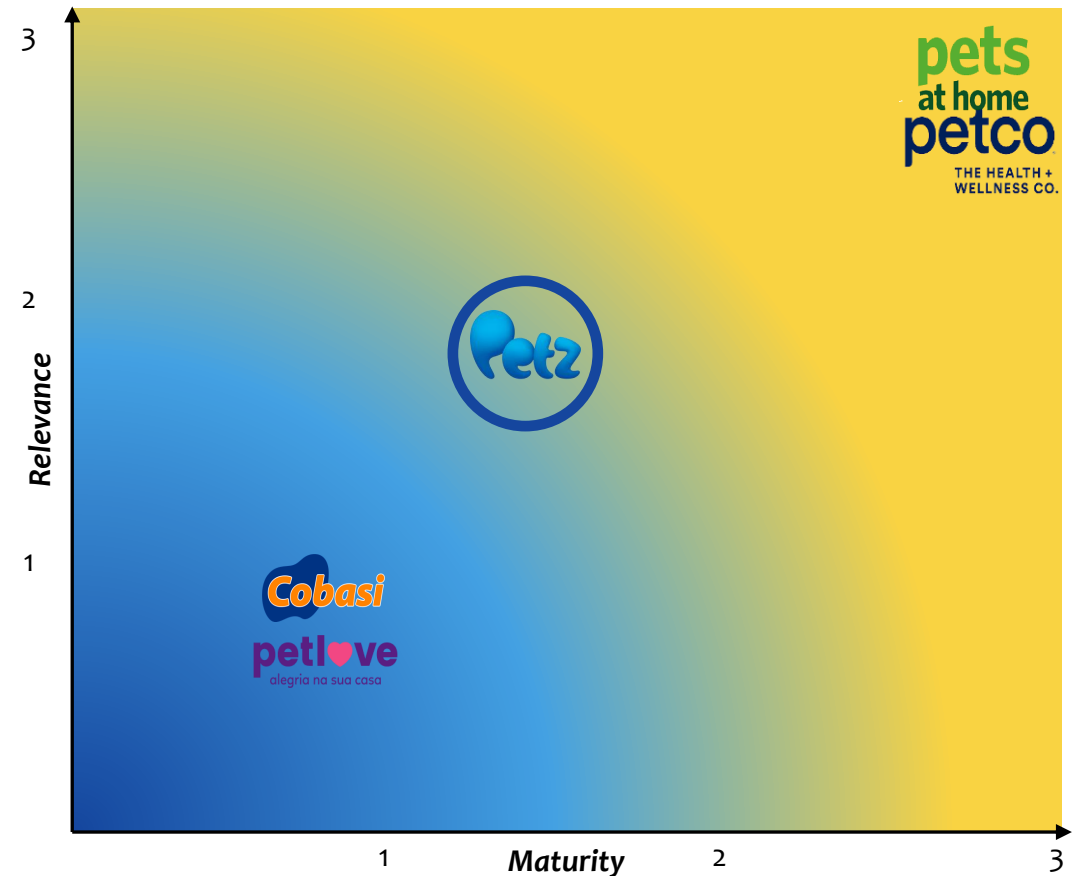
Environmental (1.0)

Criteria taken into consideration: 1. Carbon Emissions / 2. Air Emissions / 3. Energy and Water Management / 4. Supply Chain / 5. Green Products / 6. Sustainable Packaging
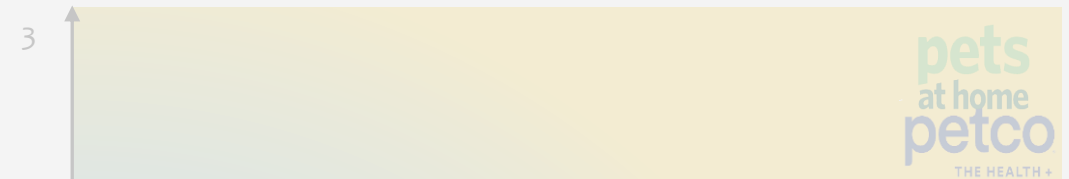
In front of national peers but behind international benchmarks

ESG Scoreboard

Petz at a Glance **ESG** *Rising Industry* *Complete Ecosystem* *Strategic Positioning* *Attractive Valuation* *Investment Risks*

Sources: Clessidra ESG Index, Team 11 9

Petz is a fast-growing company, still far from its most tremendous potential, and its ESG positioning follows this same rationale.

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ESG Overview

In front of national peers but behind international benchmarks
ESG Scoreboard

Social (2.0)

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4. Compensation policy / 5. Board of Directors / 6. Supply Chain

Environmental (1.0)

Criteria taken into consideration: 1. Carbon Emissions / 2. Air Emissions / 3. Energy and Water Management / 4. Supply Chain / 5. Green Products / 6. Sustainable Packaging
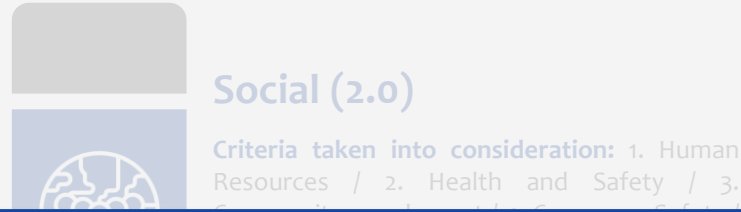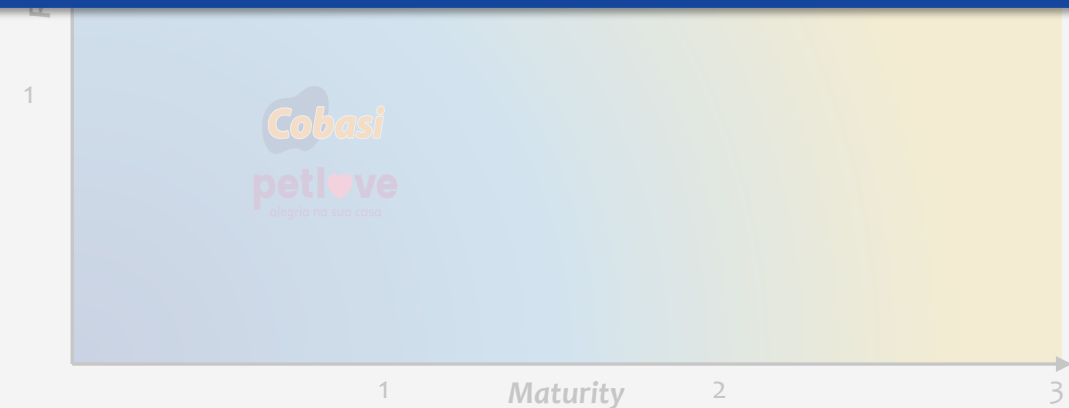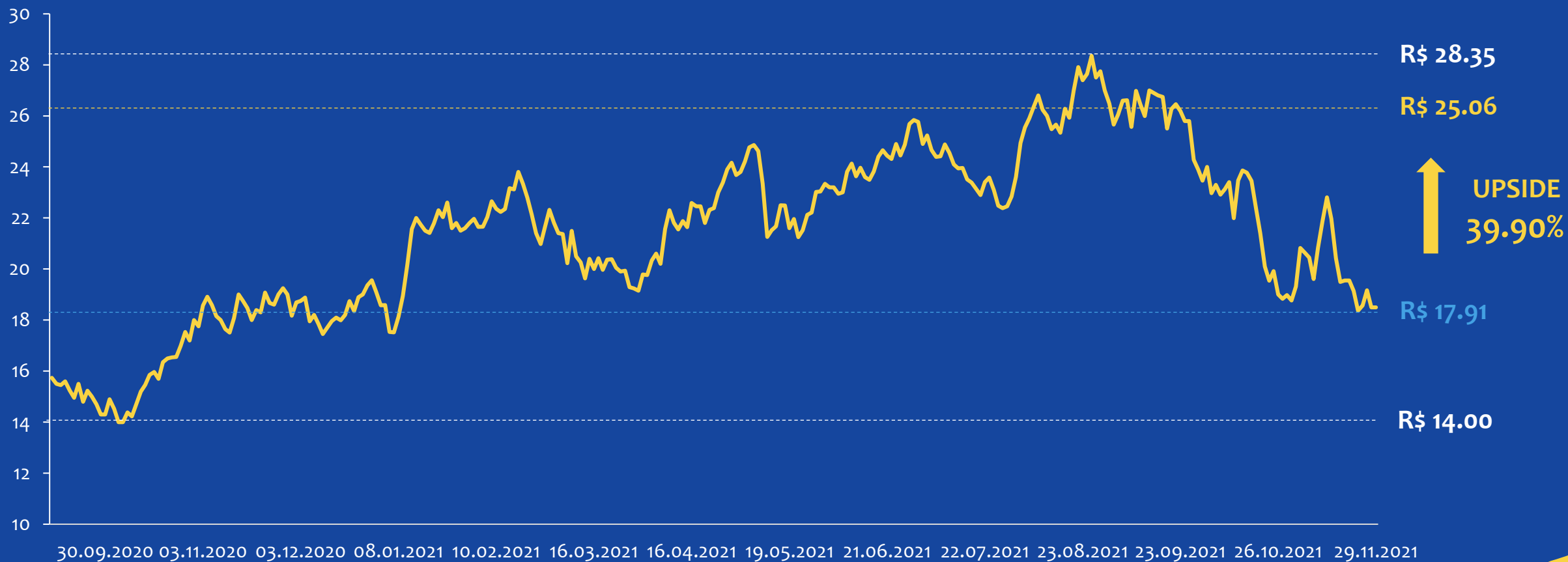
3

pets at home
petco
THE HEALTH +

1

Cobasi

petlove

Maturity

1   2   3

So, is it time to invest in Petz?

Petz at a Glance   **ESG**   *Rising Industry*   *Complete Ecosystem*   *Strategic Positioning*   *Attractive Valuation*   *Investment Risks*

Sources: Clessidra ESG Index, Team 11   10

BARKING A WIN!

Rising Industry

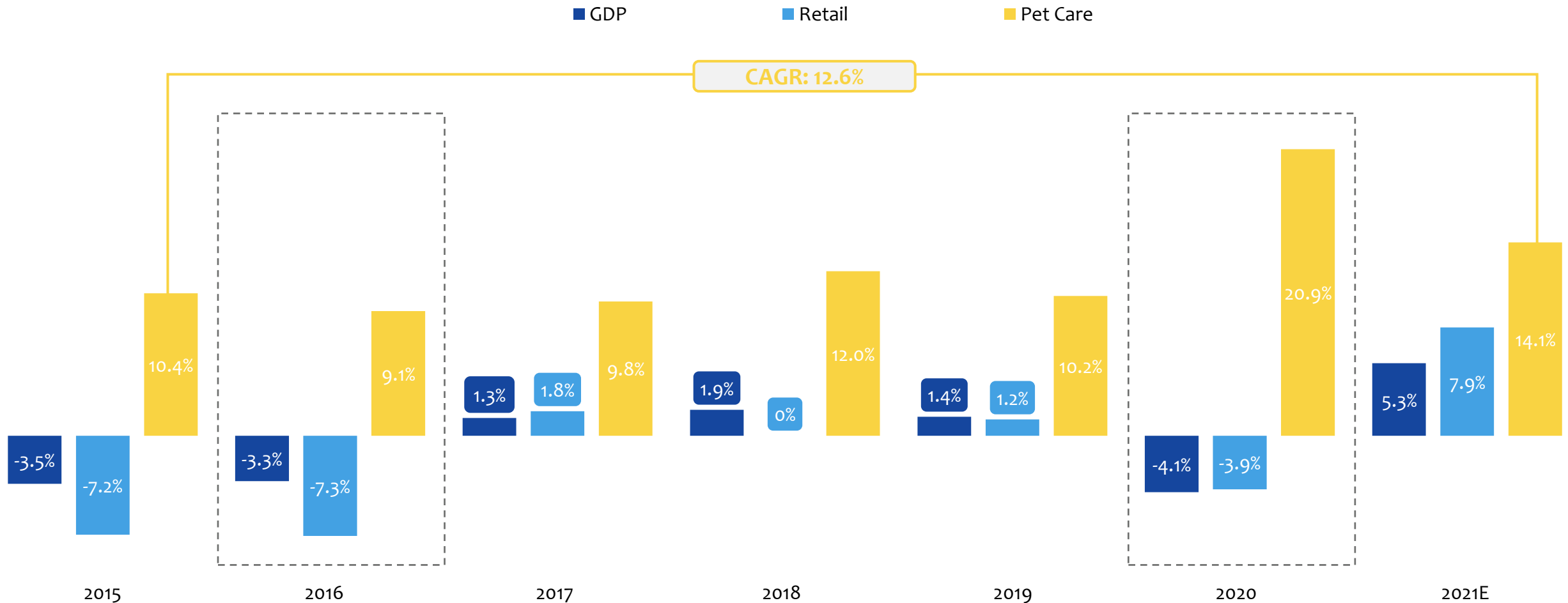A promising industry closing the gap to international benchmarks

Historical pet market growth

The Pet Sector has proven to be resilient and perform well even in crises, outperforming the country

This can be seen through the growth in the 2015 and the Covid-19 crisis

Pet Care growth compared to Brazilian GDP growth and Retail growth historically (%)

■ GDP ■ Retail ■ Pet Care

CAGR: 12.6%

2015
- GDP: -3.5%
- Retail: -7.2%
- Pet Care: 10.4%

2016
- GDP: -3.3%
- Retail: -7.3%
- Pet Care: 9.1%

2017
- GDP: 1.3%
- Retail: 1.8%
- Pet Care: 9.8%

2018
- GDP: 1.9%
- Retail: 0%
- Pet Care: 12.0%

2019
- GDP: 1.4%
- Retail: 1.2%
- Pet Care: 10.2%

2020
- GDP: -4.1%
- Retail: -3.9%
- Pet Care: 20.9%

2021E
- GDP: 5.3%
- Retail: 7.9%
- Pet Care: 14.1%

Petz at a Glance   ESG   **Rising Industry**   Complete Ecosystem   Strategic Positioning   Attractive Valuation   Investment Risks

The Brazilian pet market is remarked globally, but still has a concentrated channel of distribution with huge consolidation opportunity
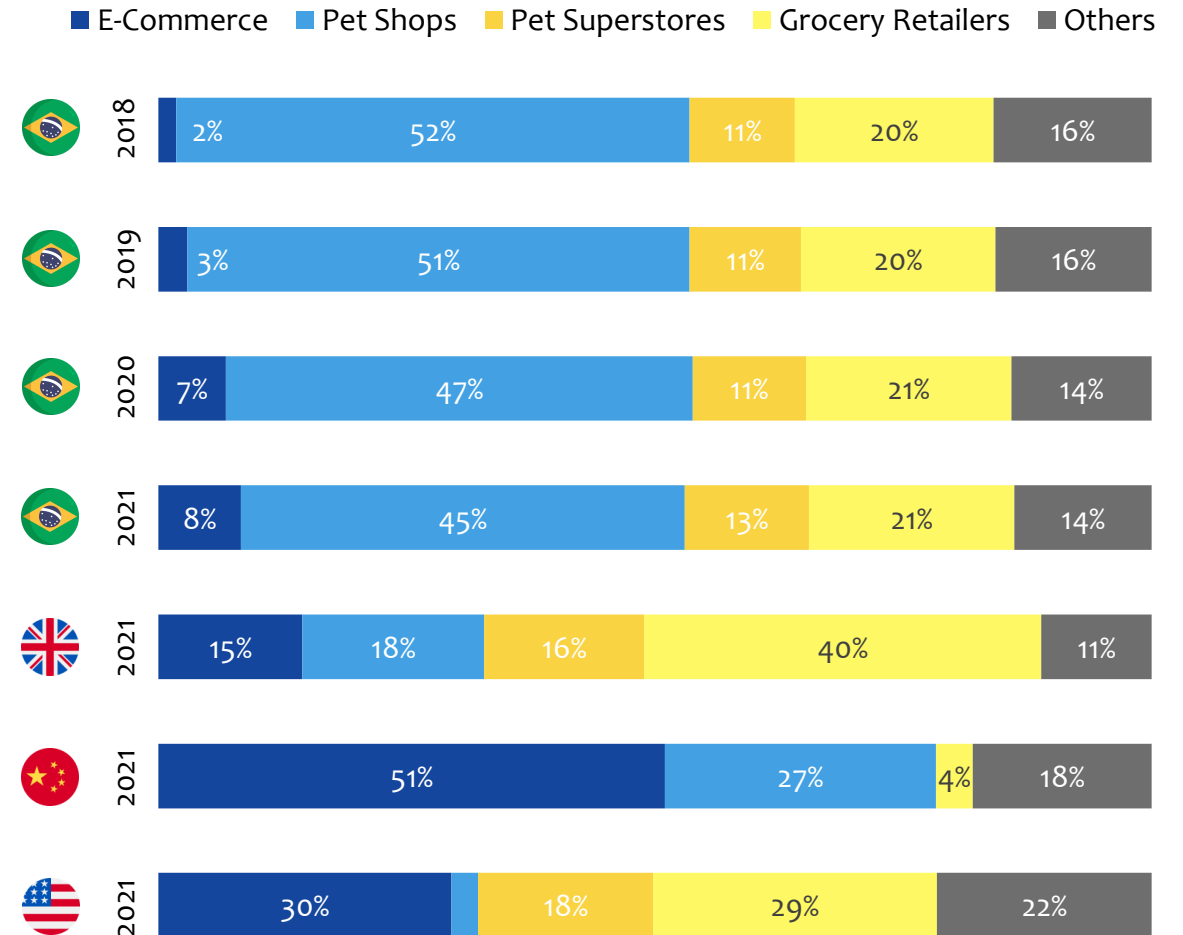
Only the US, UK and China have bigger markets than Brazil

Total market (BRL bn) and amount spent per pet (BRL) of Brazil, China, US and UK, in BRL

■ Total Market ⬤ Amount spent per Pet

	US	China	UK	Brazil
Amount spent per Pet	1124	519	554	154
Total Market	320	60	36	28
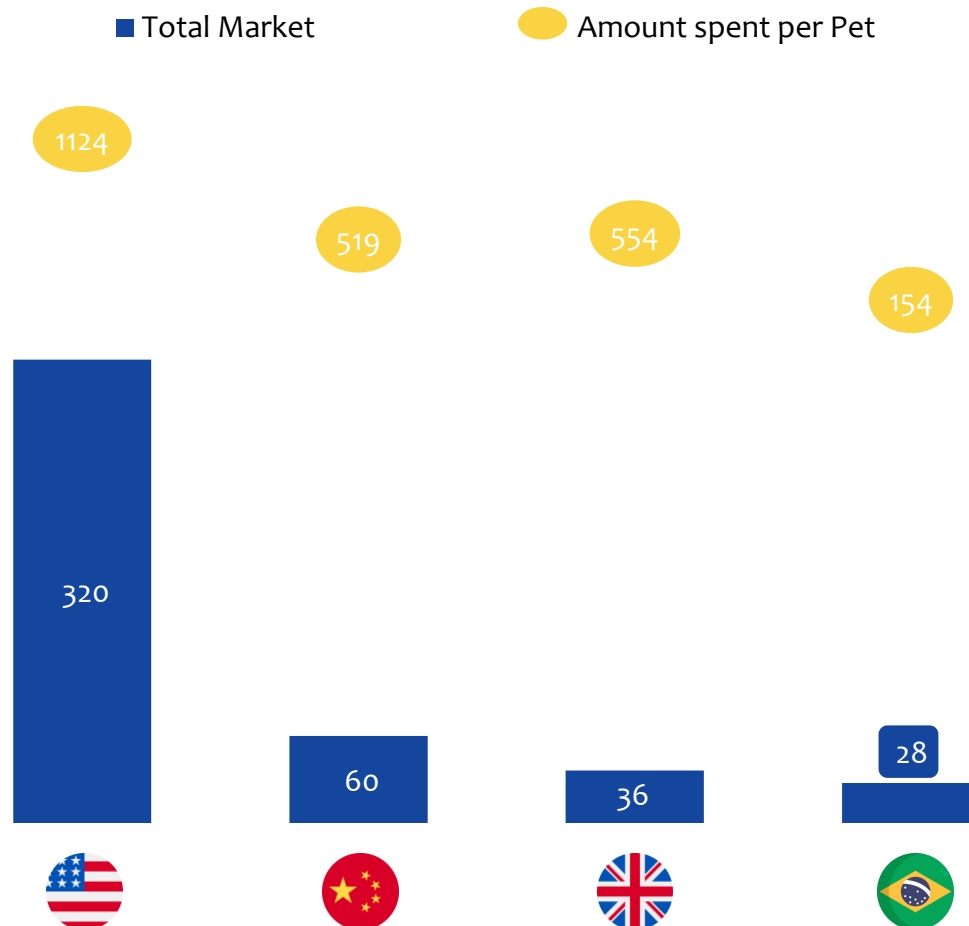
Brazil has an underdeveloped channel of distribution, but is evolving

Brazilian pet care market channel of distribution historically compared to China, US and UK

■ E-Commerce ■ Pet Shops ■ Pet Superstores ■ Grocery Retailers ■ Others

	E-Commerce	Pet Shops	Pet Superstores	Grocery Retailers	Others
Brazil 2018	2%	52%	11%	20%	16%
Brazil 2019	3%	51%	11%	20%	16%
Brazil 2020	7%	47%	11%	21%	14%
Brazil 2021	8%	45%	13%	21%	14%
UK 2021	15%	18%	16%	40%	11%
China 2021	51%	27%		4%	18%
US 2021	30%		18%	29%	22%

*Petz at a Glance   ESG   **Rising Industry**   Complete Ecosystem   Strategic Positioning   Attractive Valuation   Investment Risks*
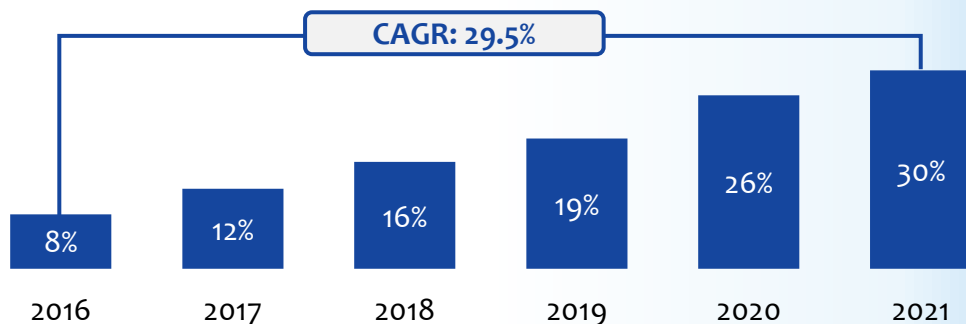
In the next years, US and UK indicates us that we should expect a growth of pet superstores and e-commerce

Looking abroad indicates a huge consolidation opportunity
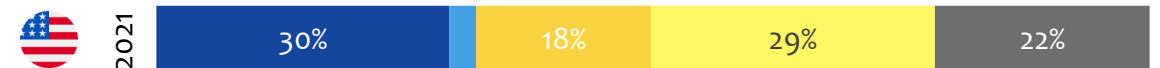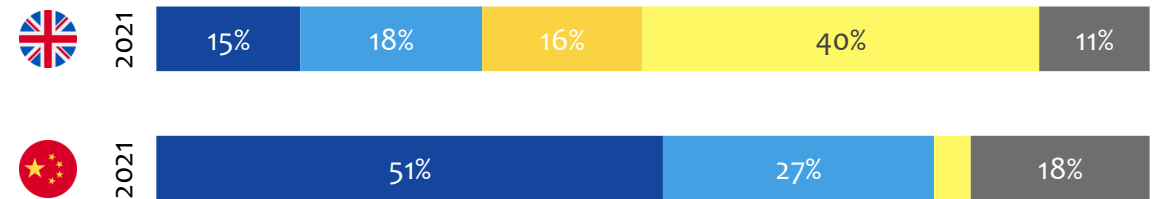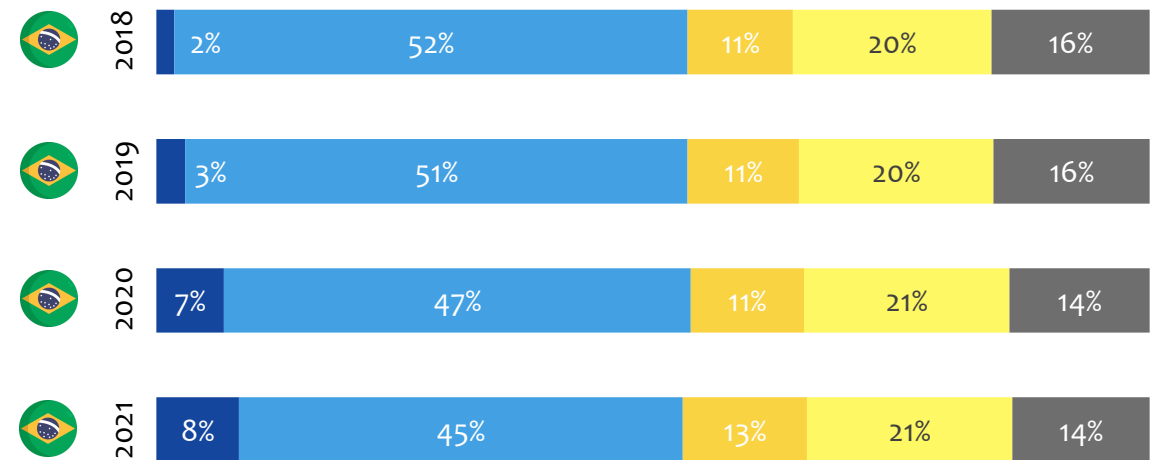
Market Share of the top companies of each country, 2020

petco
PETSMART

Cobasi

Petz

pets at home

48.7% 🇺🇸

40.0% 🇬🇧

12.7% 🇧🇷

E-Commerce participation in US's channel of distribution, historically

CAGR: 29.5%

8%	12%	16%	19%	26%	30%
2016	2017	2018	2019	2020	2021

Brazil still has an undeveloped channel of distribution, but is evolving

Brazilian pet care market channel of distribution historically compared to China, US and UK

■ E-Commerce ■ Pet Shops ■ Pet Superstores ■ Grocery Retailers ■ Others

	E-Commerce	Pet Shops	Pet Superstores	Grocery Retailers	Others
🇧🇷 2018	2%	52%	11%	20%	16%
🇧🇷 2019	3%	51%	11%	20%	16%
🇧🇷 2020	7%	47%	11%	21%	14%
🇧🇷 2021	8%	45%	13%	21%	14%
🇬🇧 2021	15%	18%	16%	40%	11%
🇨🇳 2021	51%	27%			18%
🇺🇸 2021	30%		18%	29%	22%

Petz at a Glance   *ESG*   **Rising Industry**   *Complete Ecosystem*   *Strategic Positioning*   *Attractive Valuation*   *Investment Risks*

Humanization of pets

The humanization of pets increases the consumption of non-essential items, such as non-food products and premium food

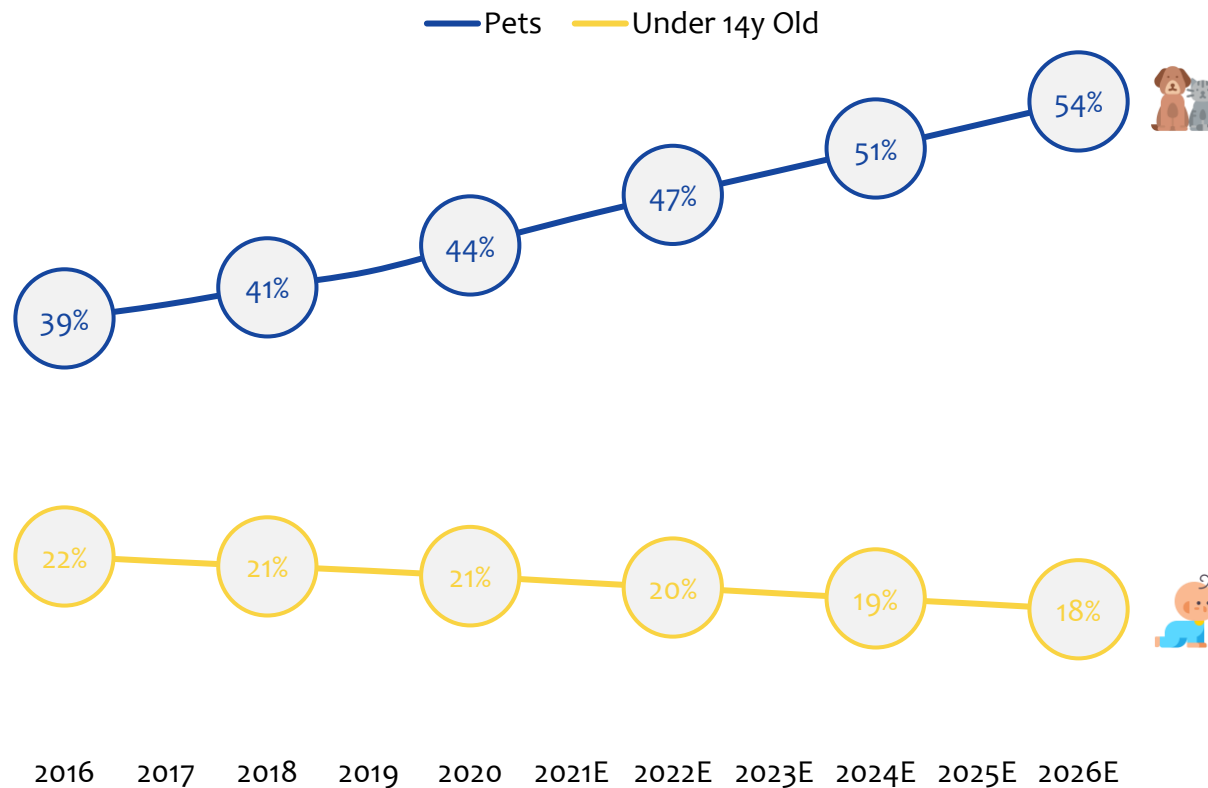### Structural changes lead to pets' population growing more than children

Pets and Under 14y old as a % of total population historically

Older people looking for pets as a companion

Reduction in birth, fecundity and marriage rates

— Pets — Under 14y Old

Pets: 39% (2016), 41% (2017), 44% (2018), 47% (2019), 51% (2020), 54%

Under 14y Old: 22% (2016), 21% (2017), 21% (2018), 20%, 19%, 18%

2016 2017 2018 2019 2020 2021E 2022E 2023E 2024E 2025E 2026E

With a 22% projected CAGR, Brazil is growing non-food consumption

Pets and Under 14y old as a % of total population historically

■ Food   ■ Non-Food
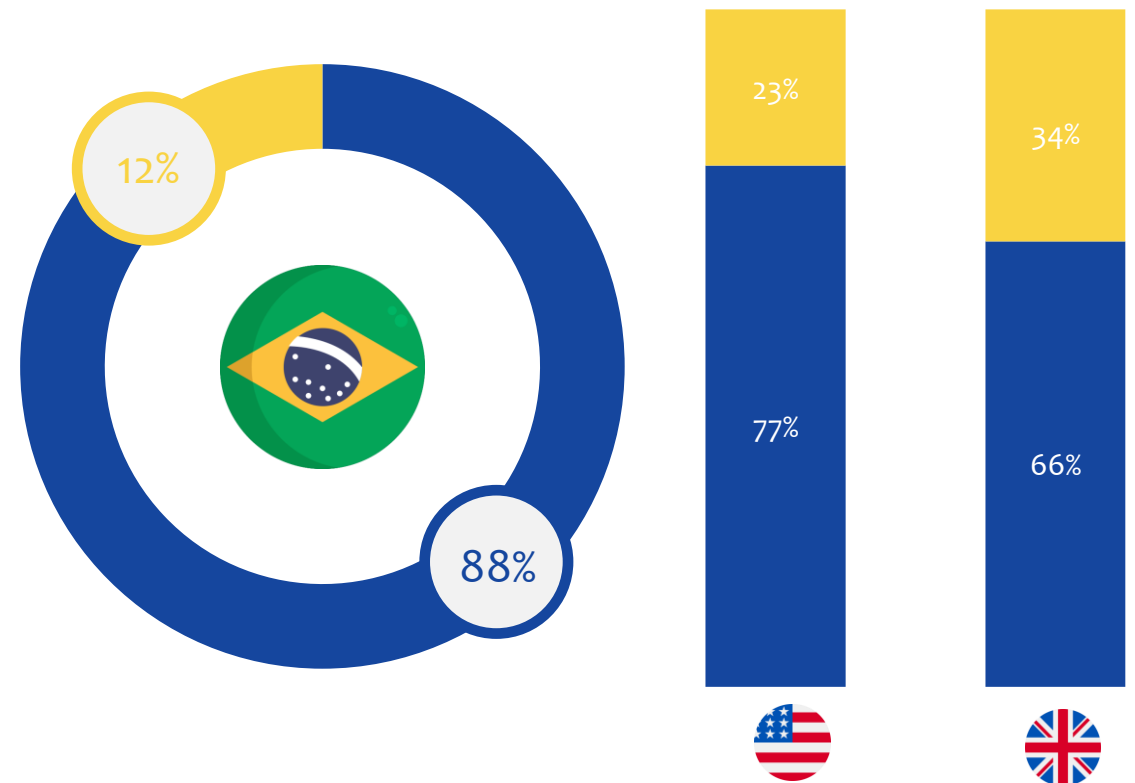
Brazil: 88% Food / 12% Non-Food

USA: 77% Food / 23% Non-Food

UK: 66% Food / 34% Non-Food

BARKING A WIN!

Rising Industry

A promising industry closing the gap to international benchmarks

Complete Ecosystem

Petz is pushing to complete its portfolio, becoming a one stop shop for pet owners
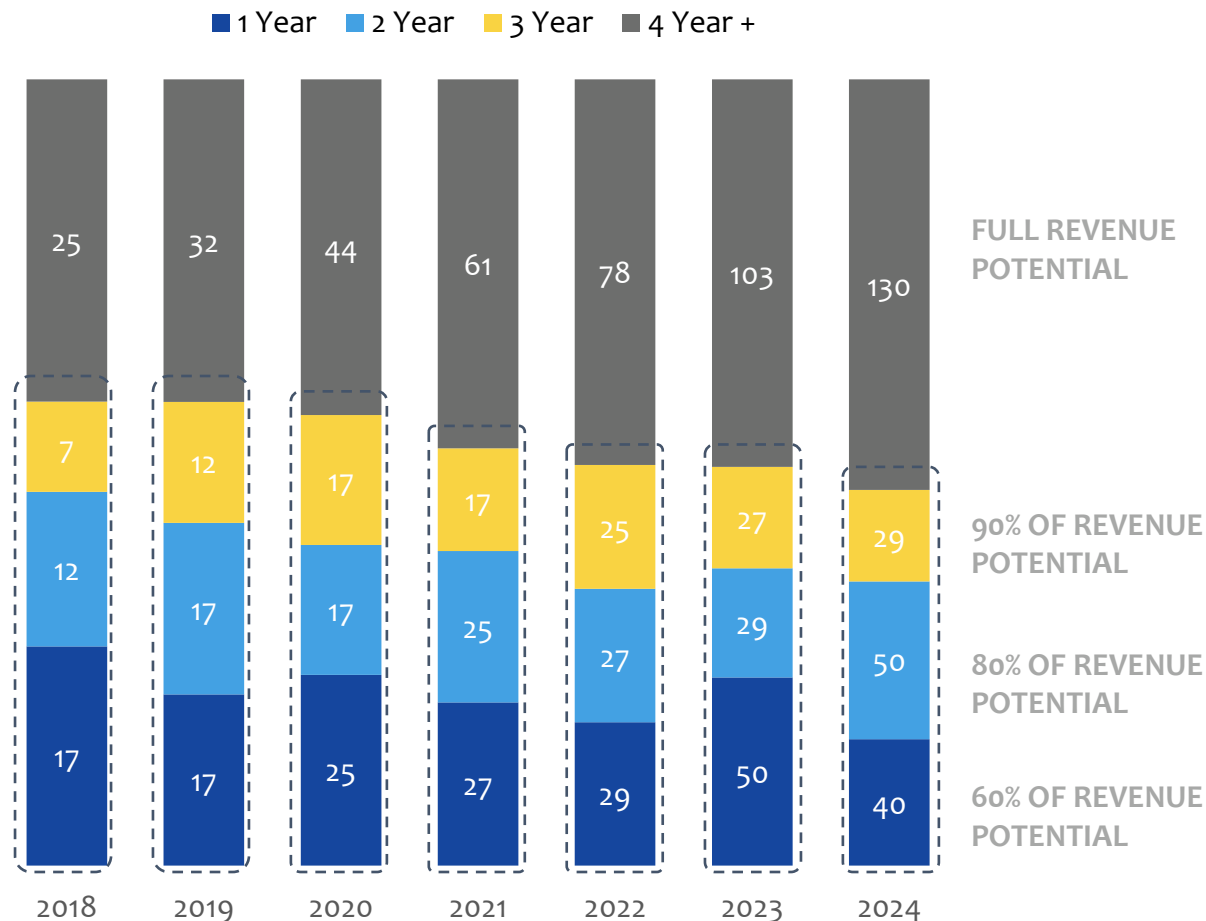
Petz

Petz's growth path includes store maturation and new openings around the country

The maturation path of the stores is still high

Number of stores per maturation level

Legend: 1 Year | 2 Year | 3 Year | 4 Year +

Year	1 Year	2 Year	3 Year	4 Year +
2018	17	12	7	25
2019	17	17	12	32
2020	25	17	17	44
2021	27	25	17	61
2022	29	27	25	78
2023	50	29	27	103
2024	40	50	29	130

FULL REVENUE POTENTIAL

90% OF REVENUE POTENTIAL

80% OF REVENUE POTENTIAL

60% OF REVENUE POTENTIAL

Today Petz is present in 18 states but it has potential to expand

Number of cities we believe Petz can expand to

Cities in Brazil with more than 100k inhabitants

- 33% Petz
- 66% No Petz

Legend: No Petz | Petz

PETZ is highly focused on the **Southeast,** specially in **SP**. It may continue with expansion, since **Southeast region** and **South region** are the largest addressable markets

High potential of ecosystem's growthy: organic expansion

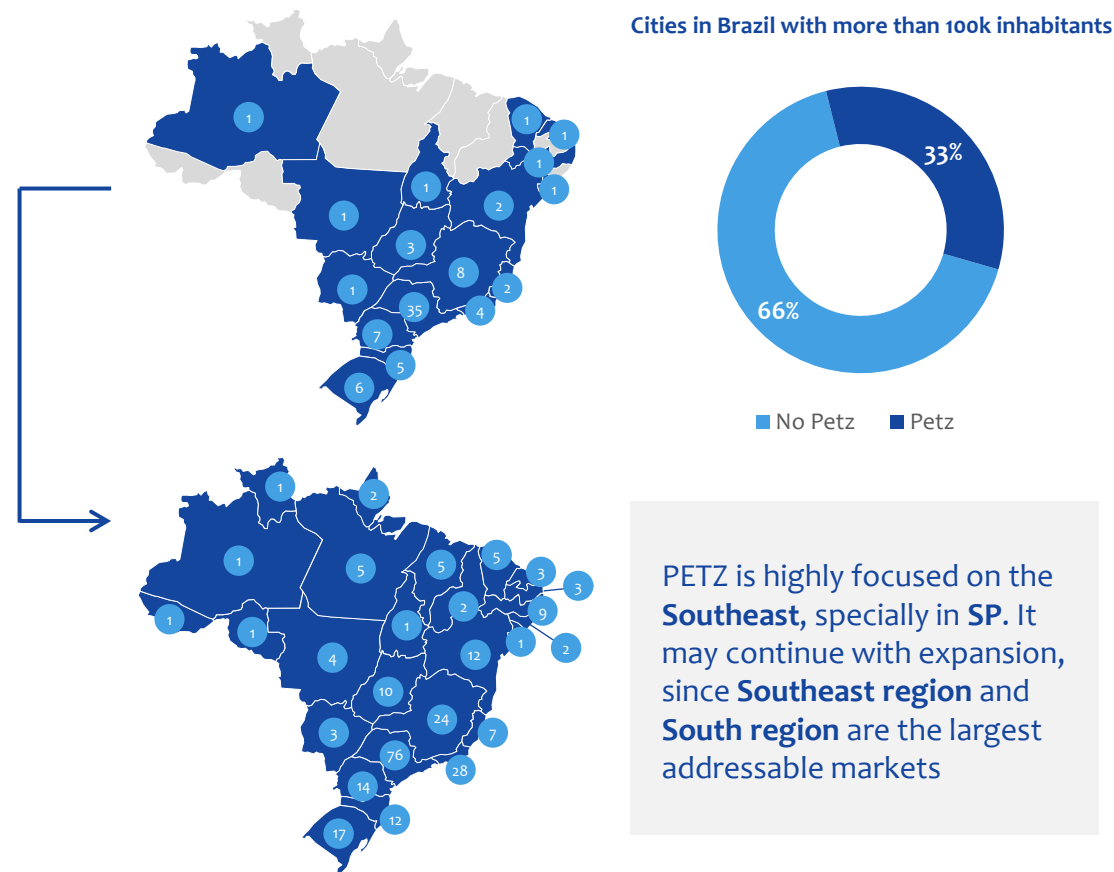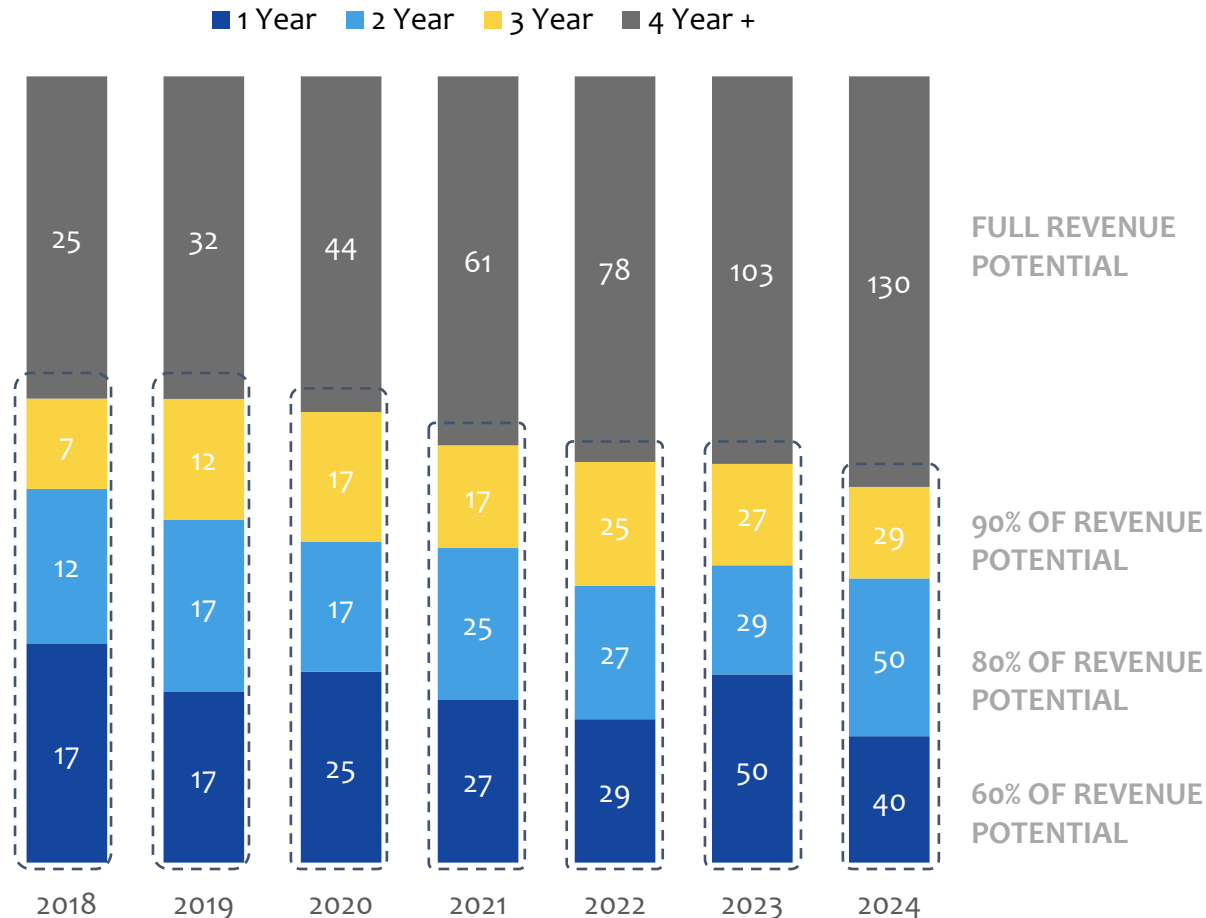## Petz's growth path includes store maturation and new openings around the country

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*Number of stores per maturation level*

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FULL REVENUE POTENTIAL

90% OF REVENUE POTENTIAL

80% OF REVENUE POTENTIAL

60% OF REVENUE POTENTIAL

Today Petz is present in 18 states, but it has potential to expand

We estimated the number of cities per state where Petz can open new stores
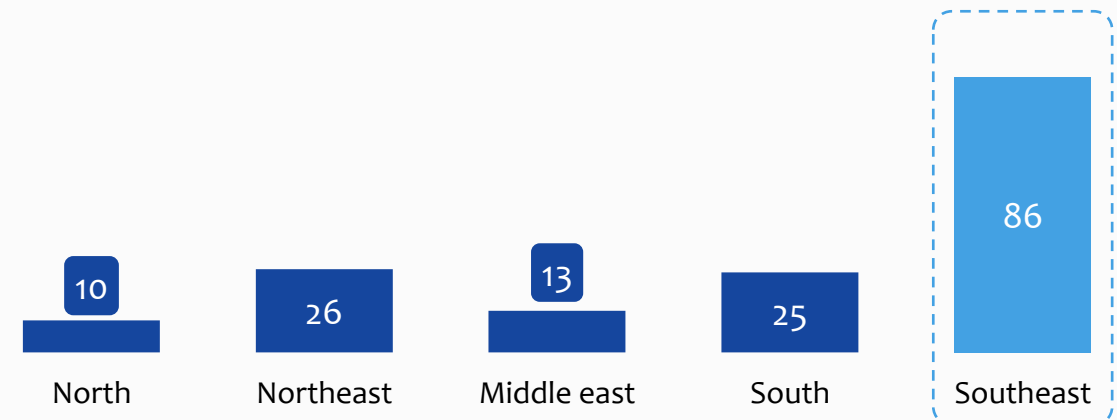
% of cities where Petz is present by size tier

Tier 1: 100k to 200k inhabitants

Tier 5: More than 500k inhabitants

Tier 1: 8% / 92%
Tier 5: 26% / 74%
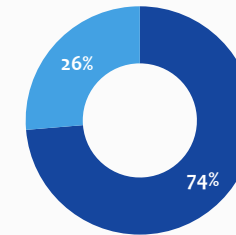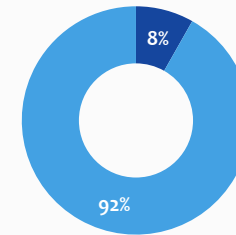
Legend: ■ With Petz ■ Without Petz

Number of cities with more than 100k urban habitants, by region, without a Petz store

North	Northeast	Middle east	South	Southeast
10	26	13	25	86

Petz at a Glance · *ESG* · *Rising Industry* · **Complete Ecosystem** · *Strategic Positioning* · *Attractive Valuation* · *Investment Risks*

Sources: Petz IR, Team 11, IBGE

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Petz: a one-stop-shop

The Petz ecosystem has several appeals, providing services and a place for the whole family

The store itself counts with a variety of products

- **Miscellaneous rations**
- **Pet accessories**
- **Pet Pharmacy**
- **Hygiene and cleaning**
- **Garden & House**

Besides that, there is Seres a vet services platform

Hospitals and veterinary centers attached to stores

Petz Estética: beauty center with various treatments, bath and grooming

Adote Petz: initiative to adopt pets, shutting down their sales

The experience in the stores also draw attention

Petz Experience
2 to 3-day show events with attractions, games, food and gifts that captivate the tutor and his pet

Petz Play: dedicated place for pet's entertainment

A complete and growing portfolio

The store's profile plus its purchases create a complete ecosystem for the consumer, and this should continue

Cansei de Ser Gato and Cão Cidadão complete their ecosystem

Petz full ecosystem

- Digital Entertainment
- Vet Services
- Training, Hotel and Petsitter
- Physical and Digital Stores

An **unparalleled experience** for everyone

And it's a more complete ecosystem when compared to its peers

	Petz	Cobasi	petlove
Private Label	✓	✗	✗
Proprietary Vets	✓	✗	✗
Proprietary Aesthetics	✓	✗	✗
Pet Hotels	✓	✗	✗
Pet Sitting	✓	✓	✓
Dog Walking	✓	✓	✓
	Cão Cidadão	Pet Anjo	dog hero

BARKING A WIN!

Rising Industry

A promising industry closing the gap to international benchmarks

Strategic Positioning

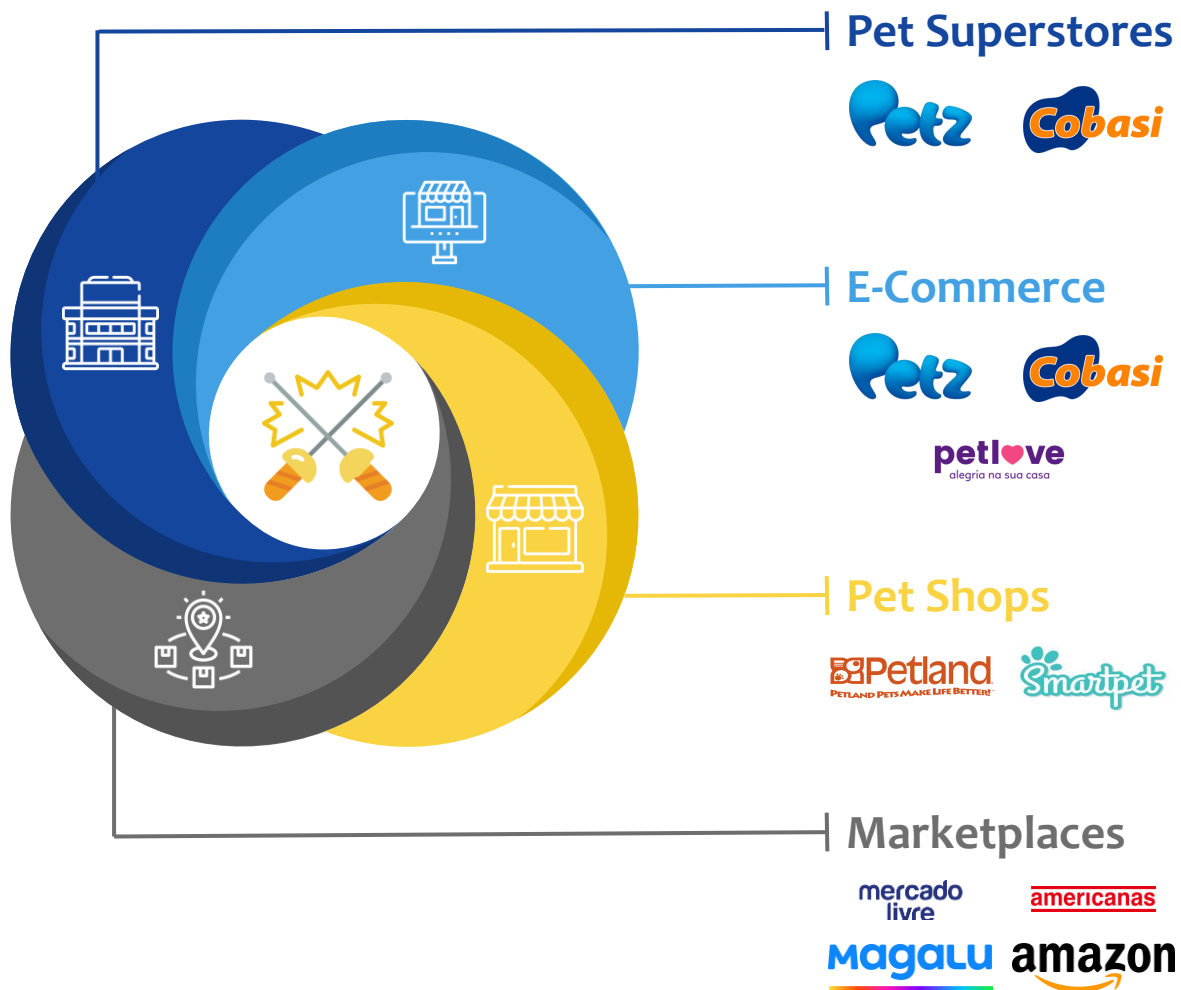Petz is ahead of the competition, being in the perfect spot to consolidate the market

Complete Ecosystem

Petz is pushing to complete its portfolio, becoming a one stop shop for pet owners
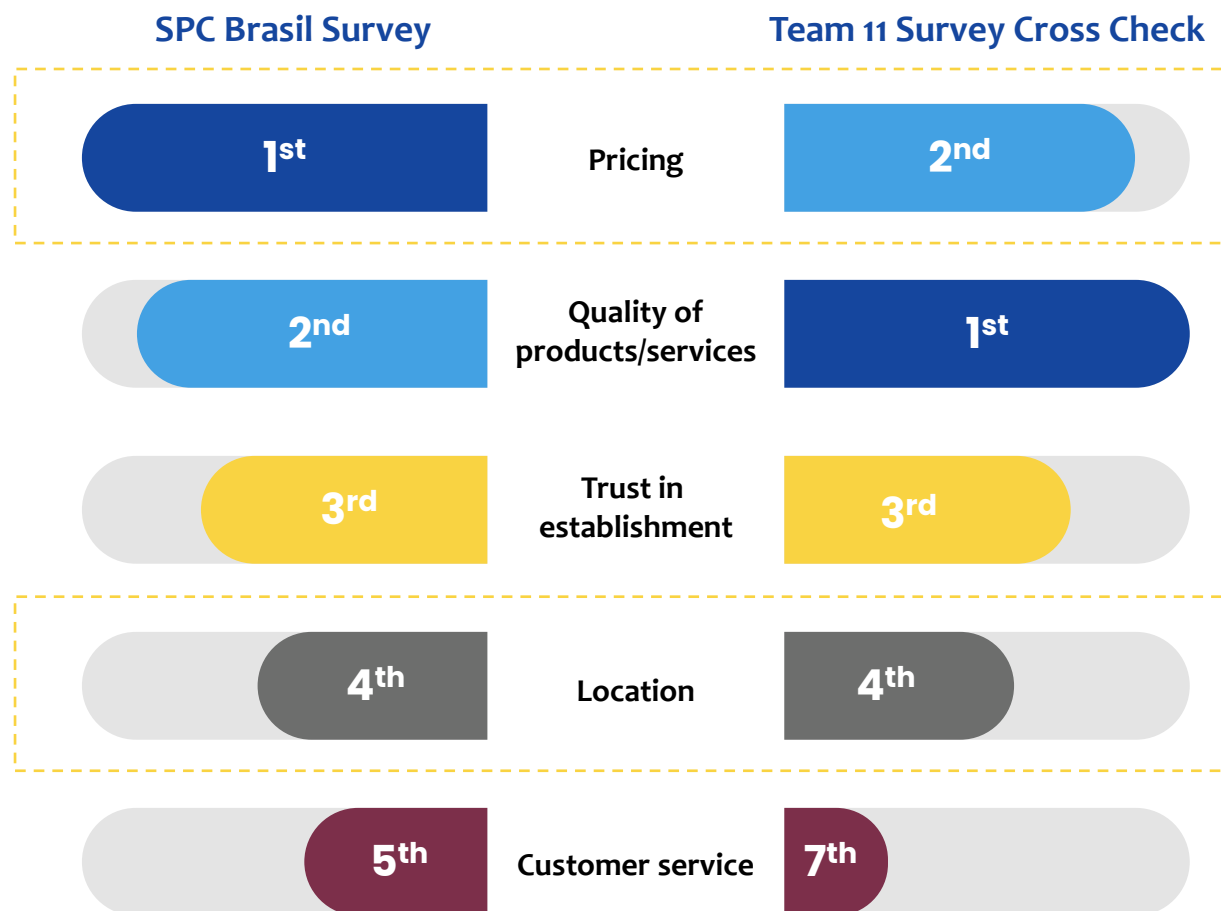
Petz

There is a diversified competition in the pet sector, and we looked out for what differentiates them

There are 4 fronts of act in the pet care market

Pet Superstores

Petz   Cobasi

E-Commerce

Petz   Cobasi   petlove *alegria na sua casa*

Pet Shops

Petland *PETLAND PETS MAKE LIFE BETTER!*   Smartpet

Marketplaces

mercado livre   americanas   MAGALU   amazon

We mapped customer preferences through SPC Brasil

Historical market-share of Petz, Cobasi and Petlove in the pet care segment

SPC Brasil Survey		Team 11 Survey Cross Check
1st	Pricing	2nd
2nd	Quality of products/services	1st
3rd	Trust in establishment	3rd
4th	Location	4th
5th	Customer service	7th

Price can be differential when comparing pet stores to other segment players, but not so much between them

We formed a basket of products in the Pet E-Commerce & Marketplaces

The basket cointaned 8 items based on food, pharmacy, gardening and hygiene

	Products (BRL)	Shipping (BRL)	Total (BRL)	Normalized Basket
Petz	804	-	804	1.000
Cobasi	806	-	806	1.002
petlove	817	-	817	1.016
amazon	814	53	867	1.078
mercado livre	896	-	896	1.114
magalu	770	233	1,003	1.247
americanas	965	164	1,134	1.410

Marketplaces have higher prices, and Petz can differentiates a little

Price is homogenous between Pet Stores, with marketplaces being more expensive including shipping

Subscription plans offers **10% discount** in all pet stores and are **free,** and Petz offers discount on services

Petz is the only pet store to offer free shipping to all states, but is also the only one to have a **R$5.4 charge in express deliveries**

Free Shipping By Region (all states)			
Price	R$ 153.99 (Petz)	R$ 153.90 (Cobasi)	R$ 153.90 (petlove)
North	✓	✗	✗
Northeast	✓	✗	✗
Mid-West	✓	✓	✓
Southeast	✓	✓	✓
South	✓	✓	✓

*Petz at a Glance   ESG   Rising Industry   Complete Ecosystem   **Strategic positioning**   Attractive Valuation   Investment Risks*

Sources: Team 11, Companies Website

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Petz and Cobasi stores are located in districts with similar wealth, and are high overlapping

Store's locations indicates similarities in terms of income

Localization of Petz and Cobasi stores in Great São Paulo

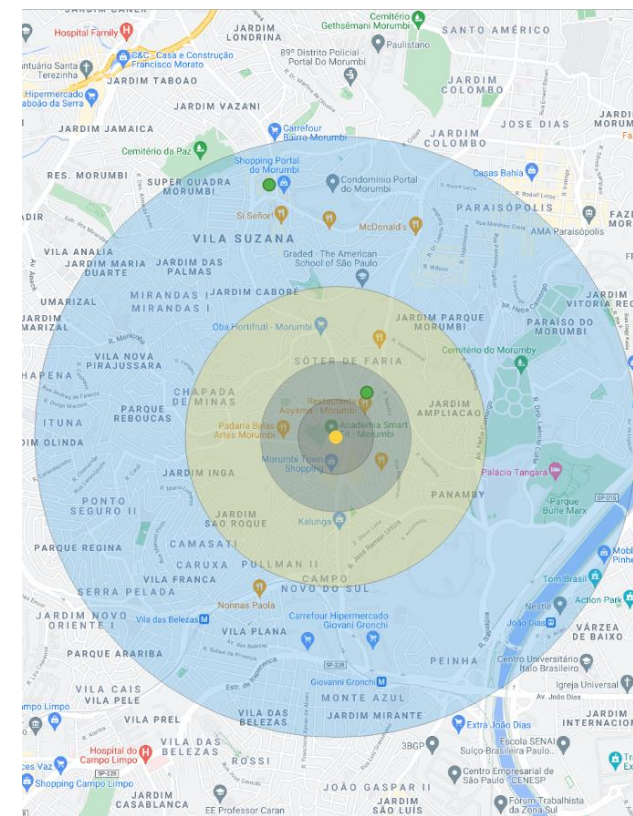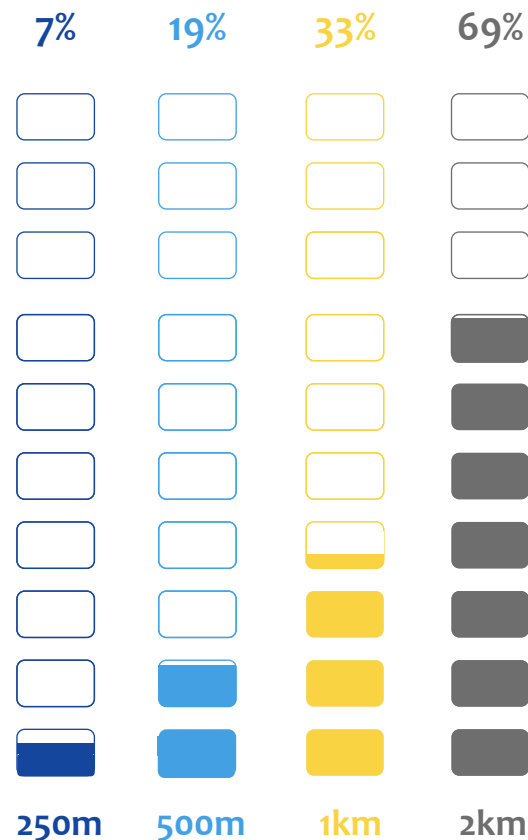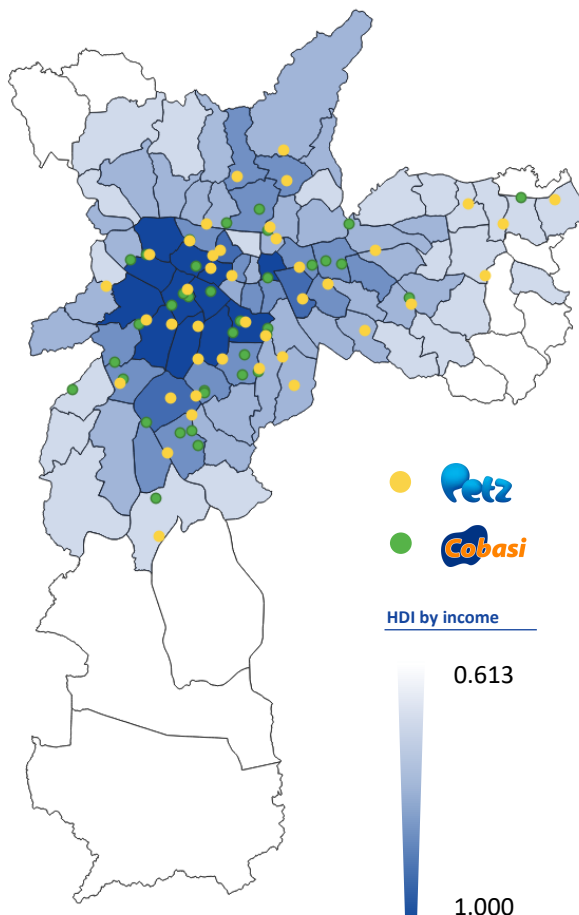**Software**

QGIS

Data

GeoSampa

Variable analyzed

HDI by Income

0.82

Cobasi and Petz have **the same average HDI by income per store of 0.82** when compared with each other

HDI by income

0.613

1.000

Petz

Cobasi

With 42 stores in São Paulo, Petz still has a high overlap with Cobasi

Petz stores that suffers overlap from Cobasi stores at São Paulo

7%	19%	33%	69%
250m	500m	1km	2km

Petz has a higher proximity to Points of Sale such as Gyms, Churches and Malls when compared to Cobasi

We analyzed the stores proximity in a 250m and 500m radius to gyms, schools, churches, malls and markets

Petz and Cobasi proximity to PoS at São Paulo

Point of Sale	Radius	Petz	Cobasi
Gym	250m	43%	42%
	500m	79%	67%
School	250m	60%	44%
	500m	93%	81%
Church	250m	33%	19%
	500m	76%	44%
Mall	250m	26%	19%
	500m	33%	31%
Market	250m	60%	58%
	500m	86%	89%

However, Petz lacks traffic flow of automobiles in their stores when compared to Cobasi

Analyzing the 5 stores of Petz and Cobasi with the highest flow of automobiles, we see that Cobasi outperform

Petz and Cobasi flow of automobiles in their 5 stores with more traffic (pre-Covid) during the morning and afternoon peak hour

Software | **Data**

QGIS Google Maps CET

Traffic Flow	Morning	Afternoon	Morning	Afternoon
Store of highest flow	4,223	4,261	5,668	6,541
Average flow of the Top 5	2,713	2,577	3,775	3,970
Flow of the Top 5	13,564	12,886	18,876	19,850

Number of automobiles

Petz at a Glance · ESG · Rising Industry · Complete Ecosystem · **Strategic positioning** · Attractive Valuation · Investment Risks

Sources: CET, Google Maps, Team 11, QGIS

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Petz outperform the competition in both qualitative and quantitative analyses, being ready to consolidate the market

Realizing a scorecard, we see Petz in front of its main competitors

Competition Scorecard

Price	Quality of Products/Services	Localization	Brand Recognition	Customer Service

Business Characteristics (y-axis) vs Customer Convenience (x-axis)

- Petz
- Cobasi
- petlove — alegria na sua casa
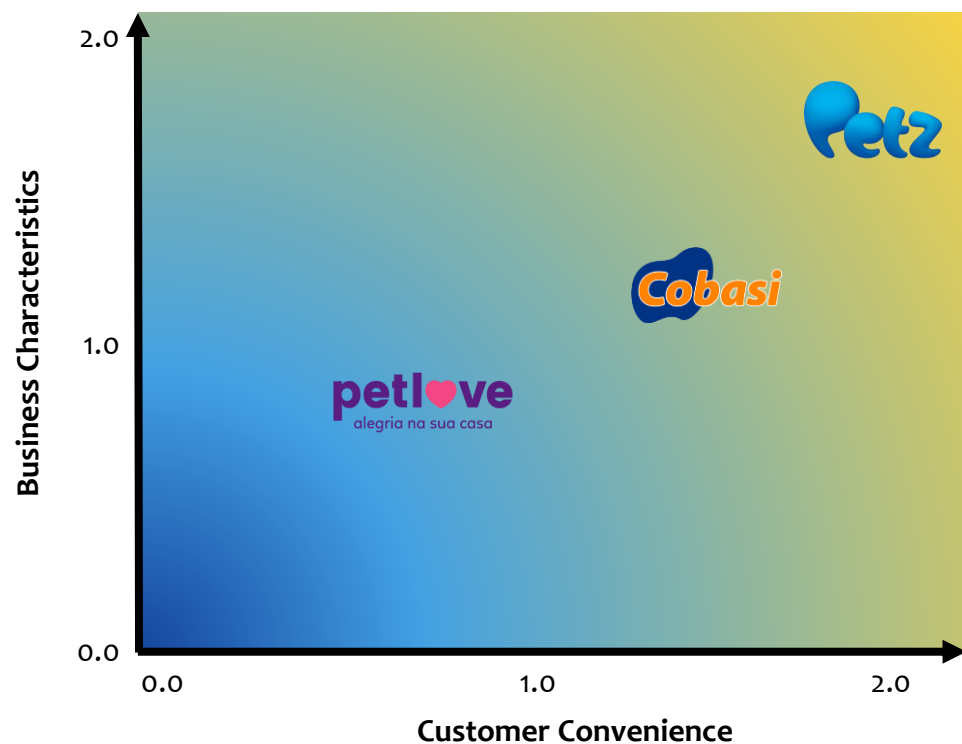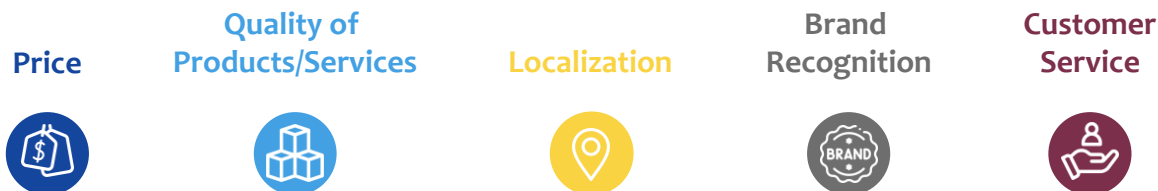
That can also be seen through a rentability analysis

Dupont Analysis pre Covid-19 basis (2019)

	Petz	Cobasi	pets at home / petco
ROE	19.7%	15.4%	8.4%
Financial Leverage	4.2x	1.3x	3.2x
Asset Turnover	1.5x	1.3x	0.7x
Net Margin	3.2%	8.7%	3.6%

Due to its several competitive advantages over its competitors, we believe Petz will lead market consolidation

Petz is already the biggest company of the market, and we believe it will reach an implied market share of 15.3% in 2030

Implied Market Share (%)

Cobasi = +1.3 p.p.

Petz = +2.2 p.p.

Petlove = +0.8 p.p.
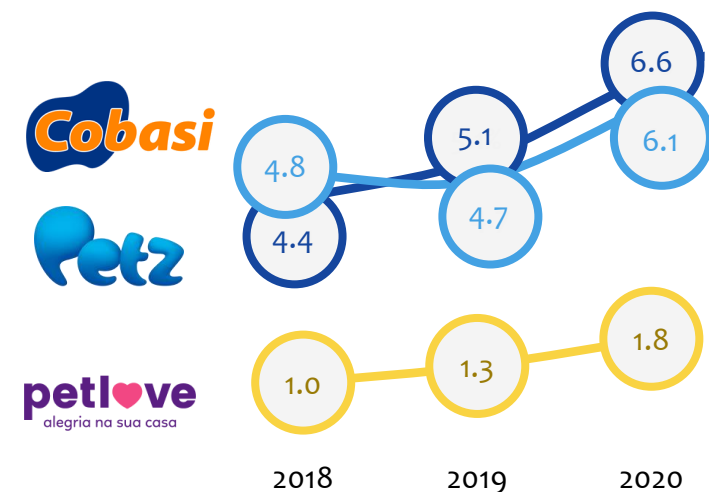
Cobasi: 4.8 (2018), 5.1 (2019), 6.6 (2020)

Petz: 4.4 (2018), 4.7 (2019), 6.1 (2020)

petlove alegria na sua casa: 1.0 (2018), 1.3 (2019), 1.8 (2020)

2018 2019 2020

Due to its several competitive advantages over its competitors, Petz is the company that will consolidate the market

Petz is already the biggest company of the market, and we believe it will reach a implied market share of 15.3% in 2030

Implied Market Share (%)

Cobasi = +1.3 p.p.

Petz = +2.2 p.p.

15.3

15.1

14.8

14.4

13.8

13.1
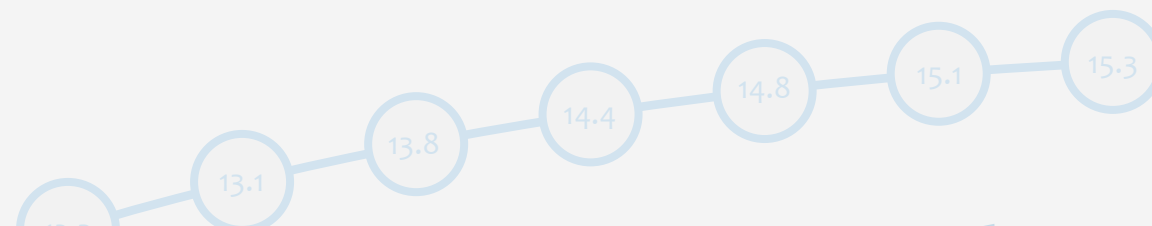
How do we project this growth?

6.8

6.1

5.1

4.8

4.7

4.4

Cobasi

Petz

1.8

1.3

1.0

petl♥ve
alegria na sua casa

2018   2019   2020   2021E   2022E   2023E   2024E   2025E   2026E   2027E   2028E   2029E   2030E

Petz at a Glance   *ESG*   *Rising Industry*   *Complete Ecosystem*   *Strategic Positioning*   **Attractive Valuation**   *Investment Risks*

Based on strong revenue from its stores and an aggressive store opening plan, we forecast a B&M revenue of R$9.2 billion by 2030

High level of SSS based on ecosystem integration and brand awareness

Same Store Sales (%)

Legend: ● Same Store Sales ○ Same Store Physical Sales

Same Store Sales: 26.5 (2020), 31.5 (2021E), 23.0 (2022E), 20.5 (2023E), 18.0 (2024E), 15.5 (2025E)

Same Store Physical Sales: 22.4 (2020), 31.7 (2021E), 22.1 (2022E), 20.3 (2023E), 17.8 (2024E), 15.3 (2025E)

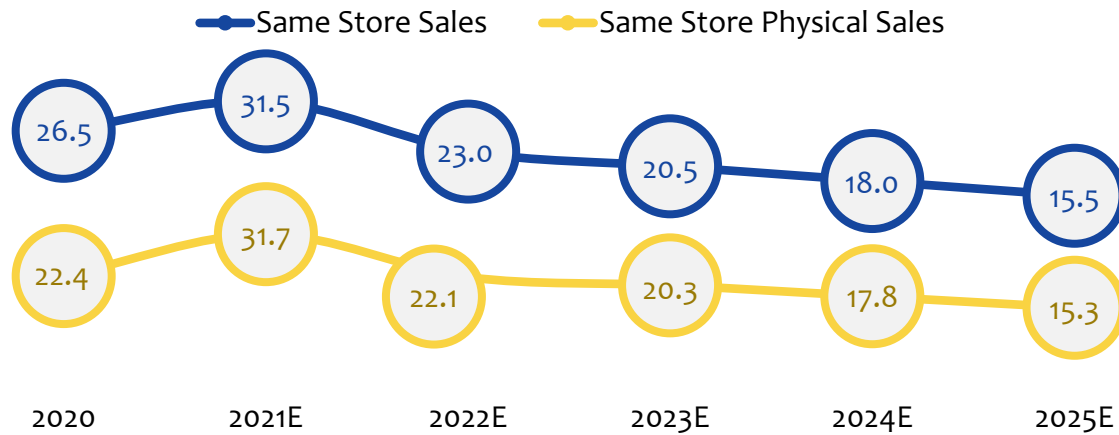| 2020 | 2021E | 2022E | 2023E | 2024E | 2025E |

Reaching a high level of revenue growth in our projections

B&M Revenue (BRL million)

Legend: ■ Same Store Sales ■ New Stores

CAGR: 32.7%

Year	Same Store Sales	New Stores
2020	1,090	221
2021E	1,473	251
2022E	2,113	375
2023E	3,066	309
2024E	4,038	319
2025E	5,065	329
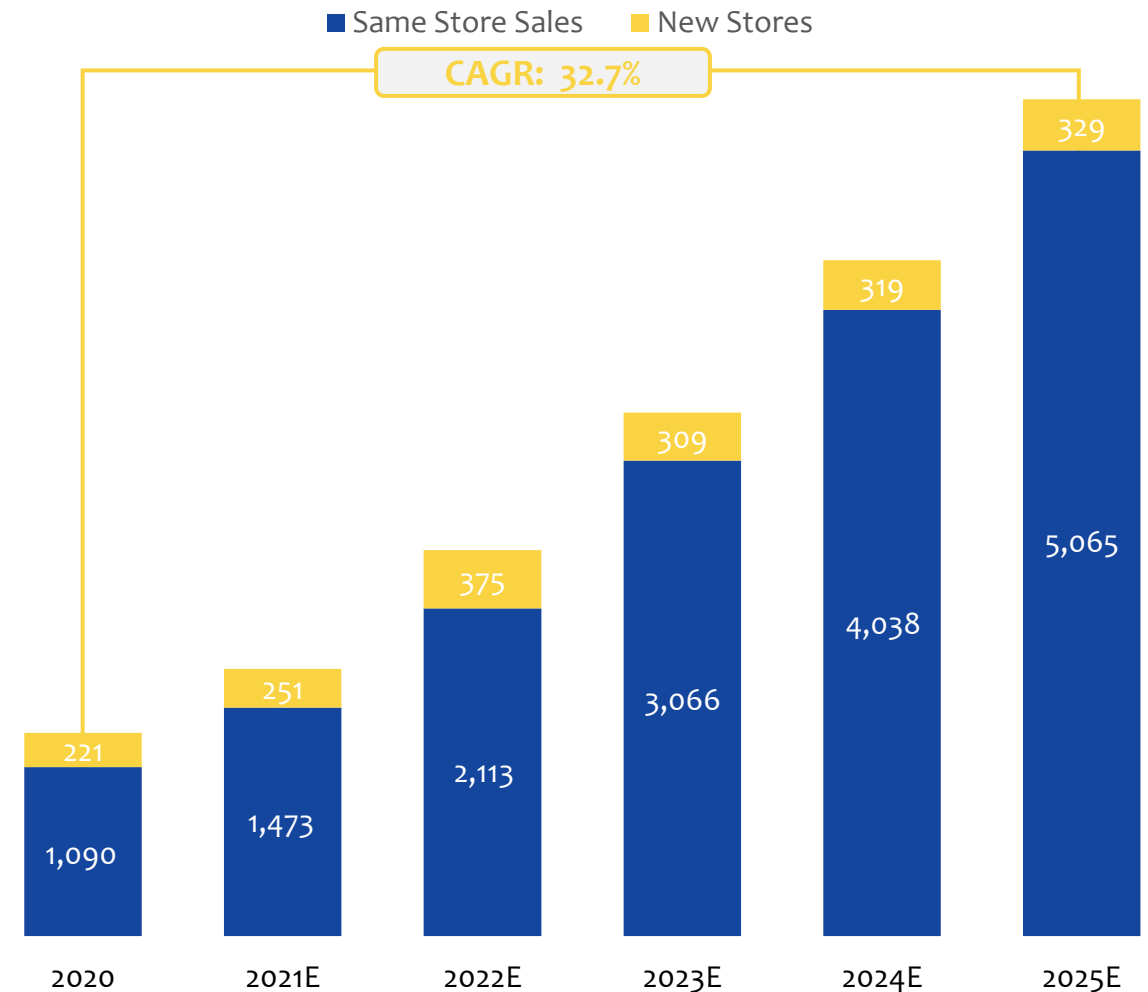
Opening of 278 new stores driven by greater penetration in new regions

New Stores Opened (Units)

2020	2021E	2022E	2023E	2024E	2025E
28	35	50	40	40	40
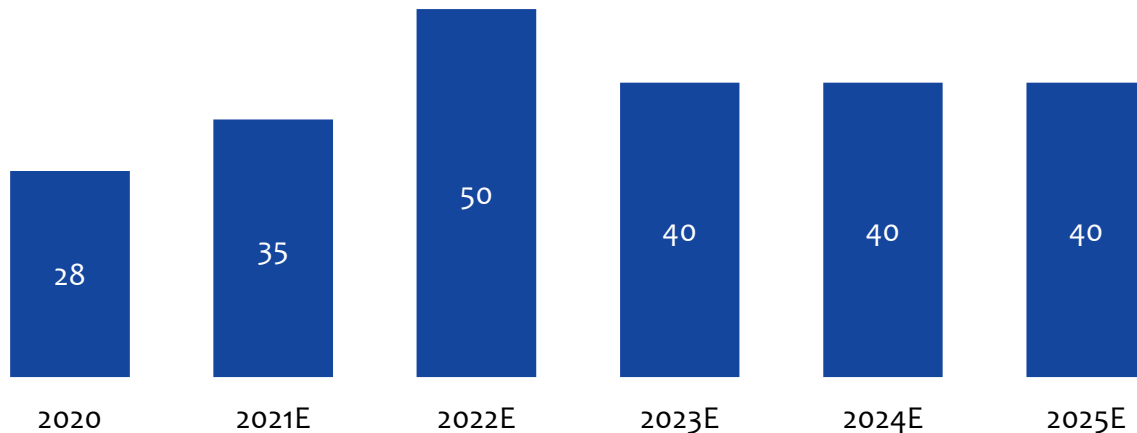
Further penetration of ecommerce in the Brazilian Market will drive digital revenue to R$3.5 billion in 2030

We assume Petz's digital market share will match Pets at Home's in 2030
Pet Care E-commerce Market (BRL millions) and Petz Market Share (%)

- Pet Care E-commerce Market
- Petz Market Share

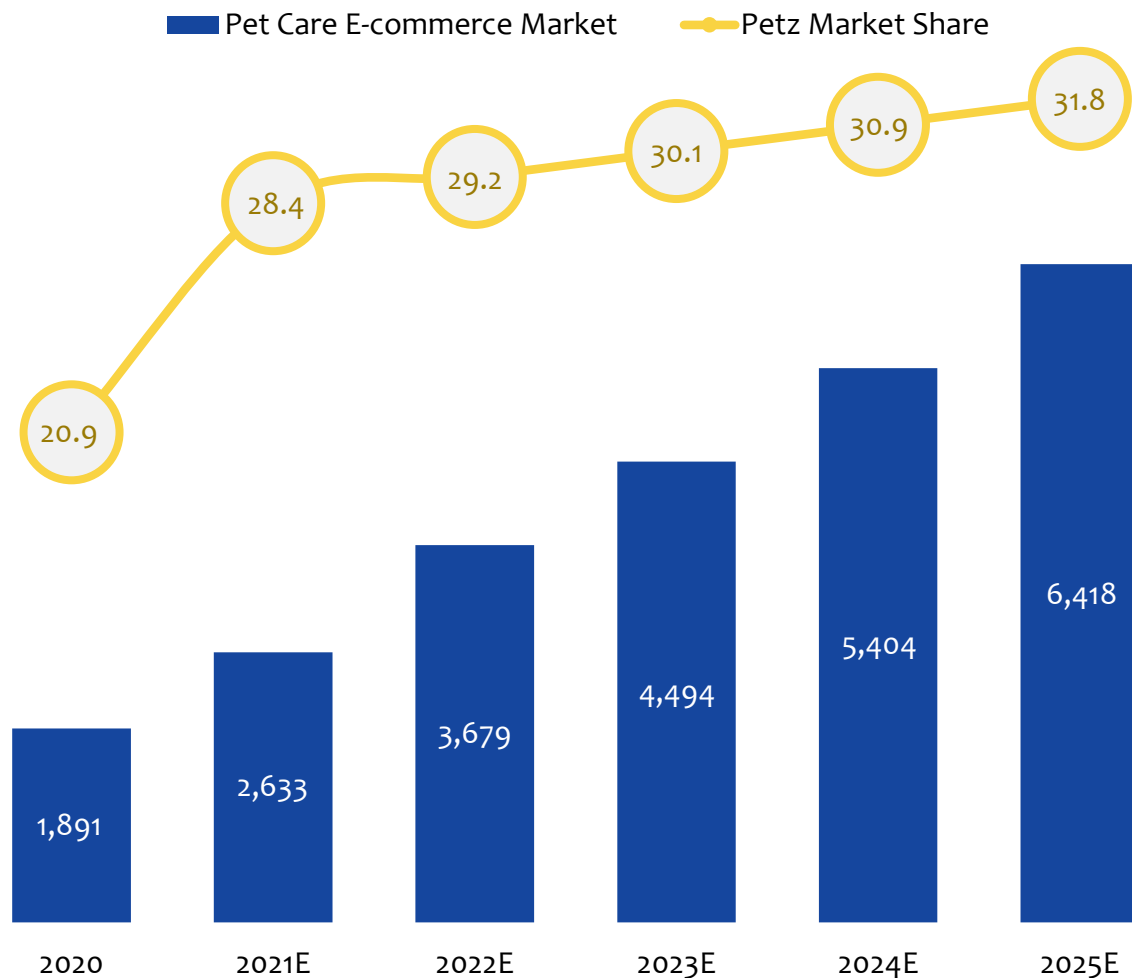| Year	Pet Care E-commerce Market	Petz Market Share
2020	1,891	20.9
2021E	2,633	28.4
2022E	3,679	29.2
2023E	4,494	30.1
2024E	5,404	30.9
2025E	6,418	31.8

Achieving 27.4% of digital penetration in 2025
Digital Revenue (BRL millions)

- Omnichannel
- E-commerce

CAGR: 38.8 %

Year	Omnichannel	E-commerce
2020	316	80
2021E	646	102
2022E	929	146
2023E	1,167	184
2024E	1,443	227
2025E	1,761	277
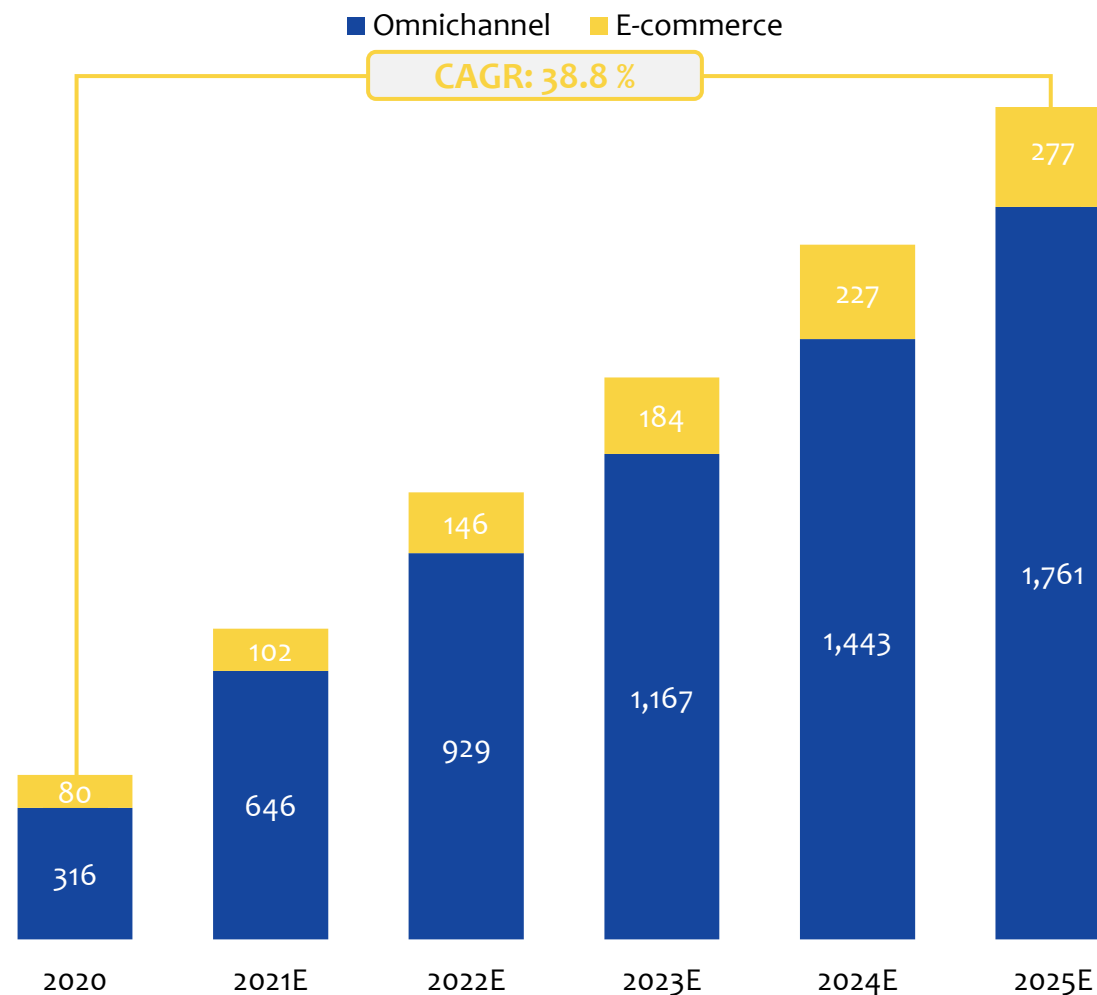
According to our estimates, Petz's gross revenue will reach R$12.7 billions by 2030

Revenue will continue to grow in line with its historic level driven by the organic and inorganic growth

Gross Revenue (BRL million)

B&M Sales   Digital Sales

CAGR: 34.2 %

But will this aggressive expansion cause margin sacrifices?

7,432

5,394

4,357

3,375

2,488

1,724

1,311

2,471

1,707

1,075

747

396

2020   2021E   2022E   2023E   2024E   2025E

Petz at a Glance   ESG   Rising Industry   Complete Ecosystem   Strategic Positioning   *Attractive Valuation*   Investment Risks

Source: Team 11

Margins Assumptions
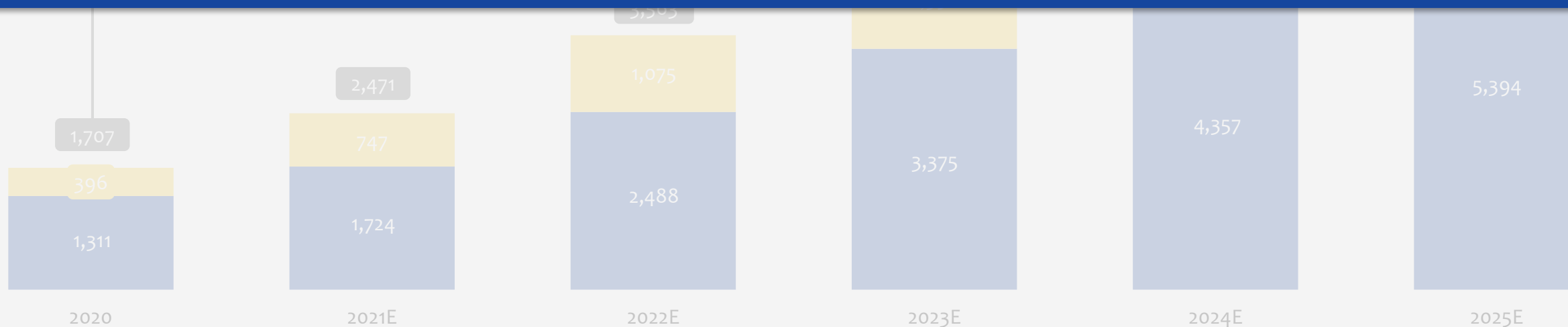
Even with its high level of growth, Petz will be able to maintain its historical margin increase

Main Assumptions

+

Scale gains due to company **growth** and **consolidation**

Increase in the **private label** segment and synergies of **Zee.Dog acquisition**

×

−

Average **digital penetration** of 28.8% until 2025

High inflation scenario harming the transfer of costs to consumers

Sales: Growth with revenue due to continued sales dynamics

G&A: Efficiency gain with a dilution of fixed expenses due to its omnichannel operation and logistics dynamics

Rents: Growth with new stores and IPCA adjustment

Due to its integrated ecosystem, the company will have an efficiency gain

Gross Margin and Adjusted EBITDA Margin (%)

—●— Gross Margin   —●— Adjusted EBITDA Margin

	2020	2021E	2022E	2023E	2024E	2025E
Gross Margin	48.3	47.5	47.9	48.2	48.5	48.9
Adjusted EBITDA Margin	17.9	17.6	17.9	19.2	20.2	21.1
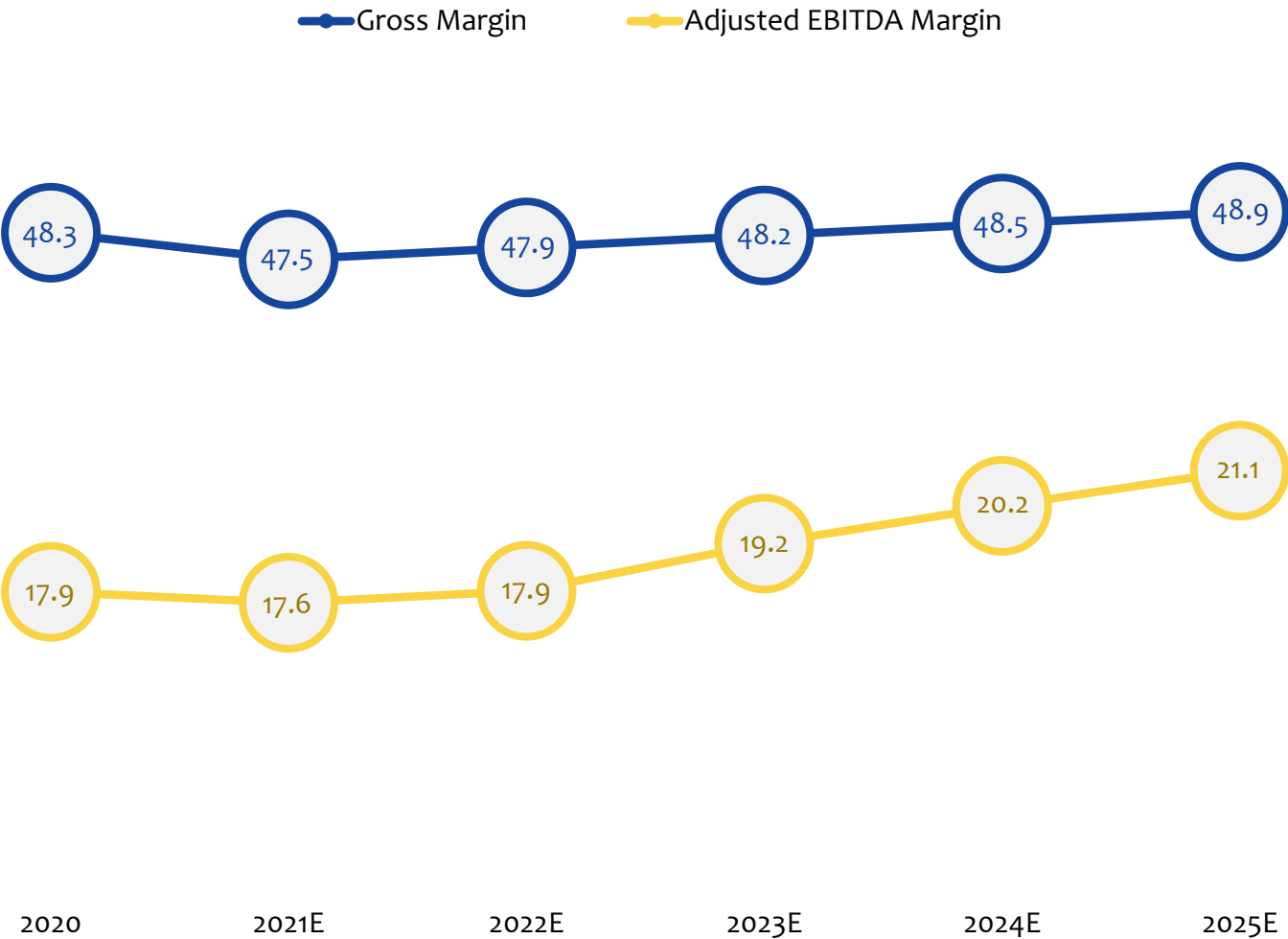
In order to keep expanding its business, Petz will need to invest a relevant amount of money on its operations

Capex growth drivers are mainly new stores and hospitals
Capex and D&A (BRL Million) vs Capex/D&A (x)

Legend: Capex, D&A, Capex/D&A

Capex/D&A values: 2.9x (2020), 4.4x (2021E), 2.3x (2022E), 1.7x (2023E), 1.6x (2024E), 1.5x (2025E)

Years: 2020, 2021E, 2022E, 2023E, 2024E, 2025E
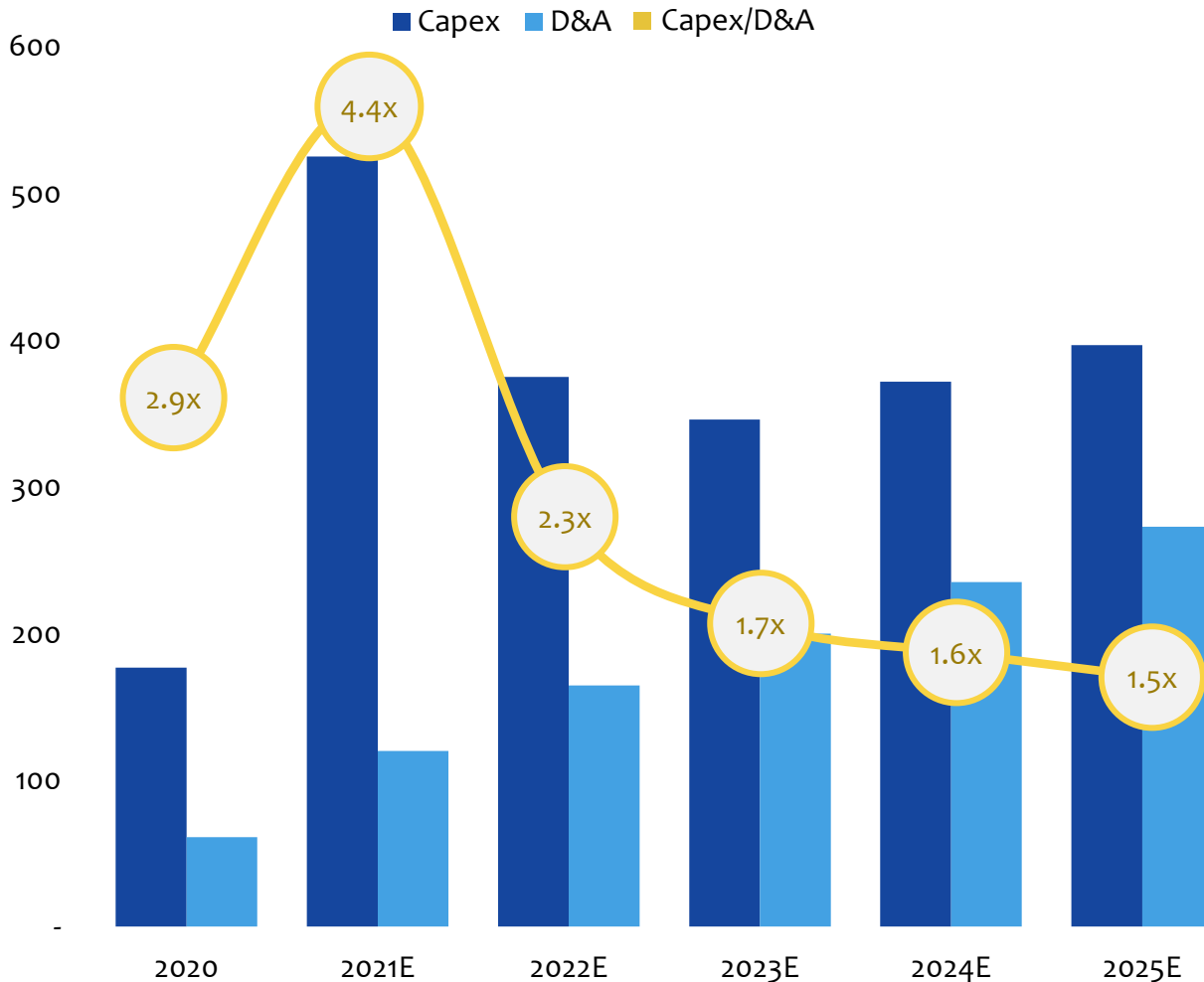
Significant investment on WC will help keeping up the expansion
Working Capital and Cash Conversion Cycle (Days)

Legend: Working Capital, Cash Conversion Cycle

Cash Conversion Cycle: 36, 43, 40, 40, 39, 38

Working Capital: 165, 267, 316, 396, 483, 575

Years: 2020, 2021E, 2022E, 2023E, 2024E, 2025E

Petz at a Glance | ESG | Rising Industry | Complete Ecosystem | Strategic Positioning | **Attractive Valuation** | Investment Risks

Sources: Team 11

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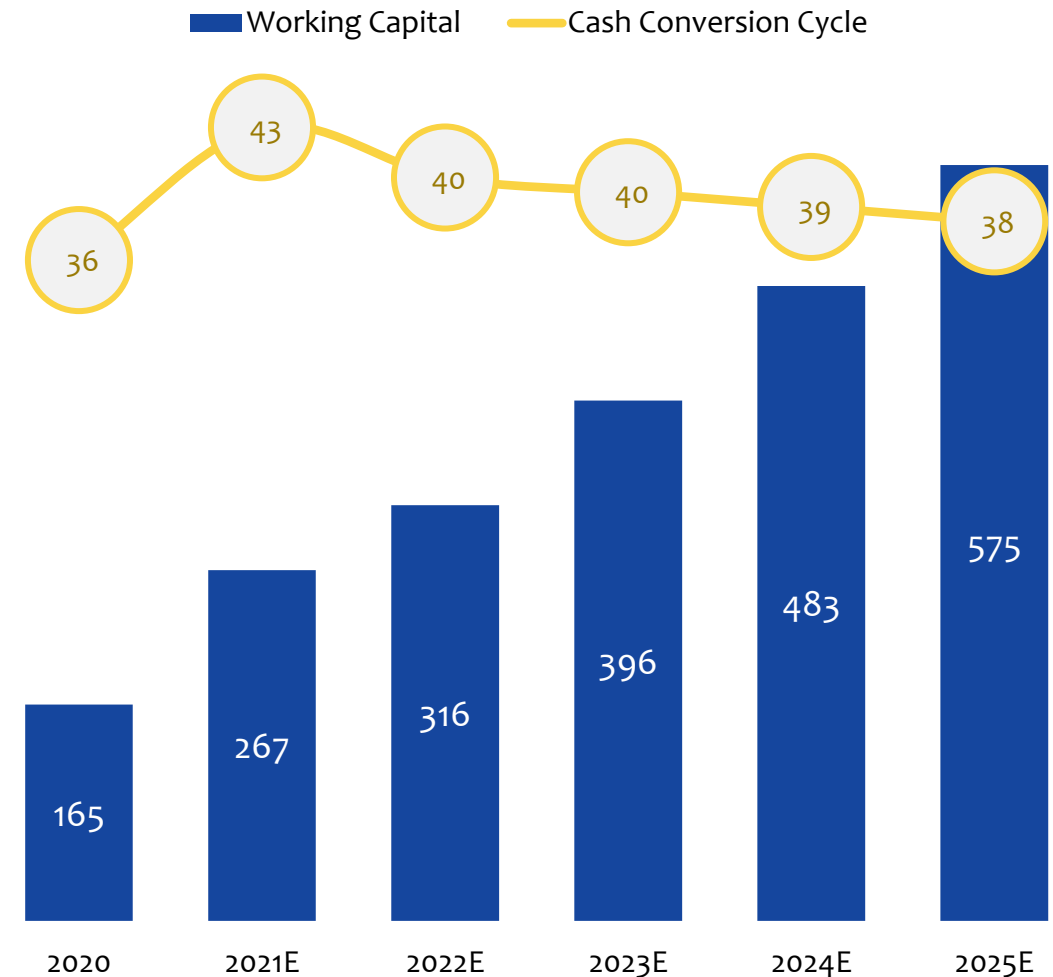
After estimating Petz's Free Cash Flow to Firm, we calculated the company's WACC to arrive on its equity value

According to our estimates, Petz FCFF should become positive in 2024

Free Cash Flow to Firm (BRL Million)

Negative FCFF

Positive FCFF

2020	2021E	2022E	2023E	2024E	2025E
(85)	(403)	(133)	(8)	105	238
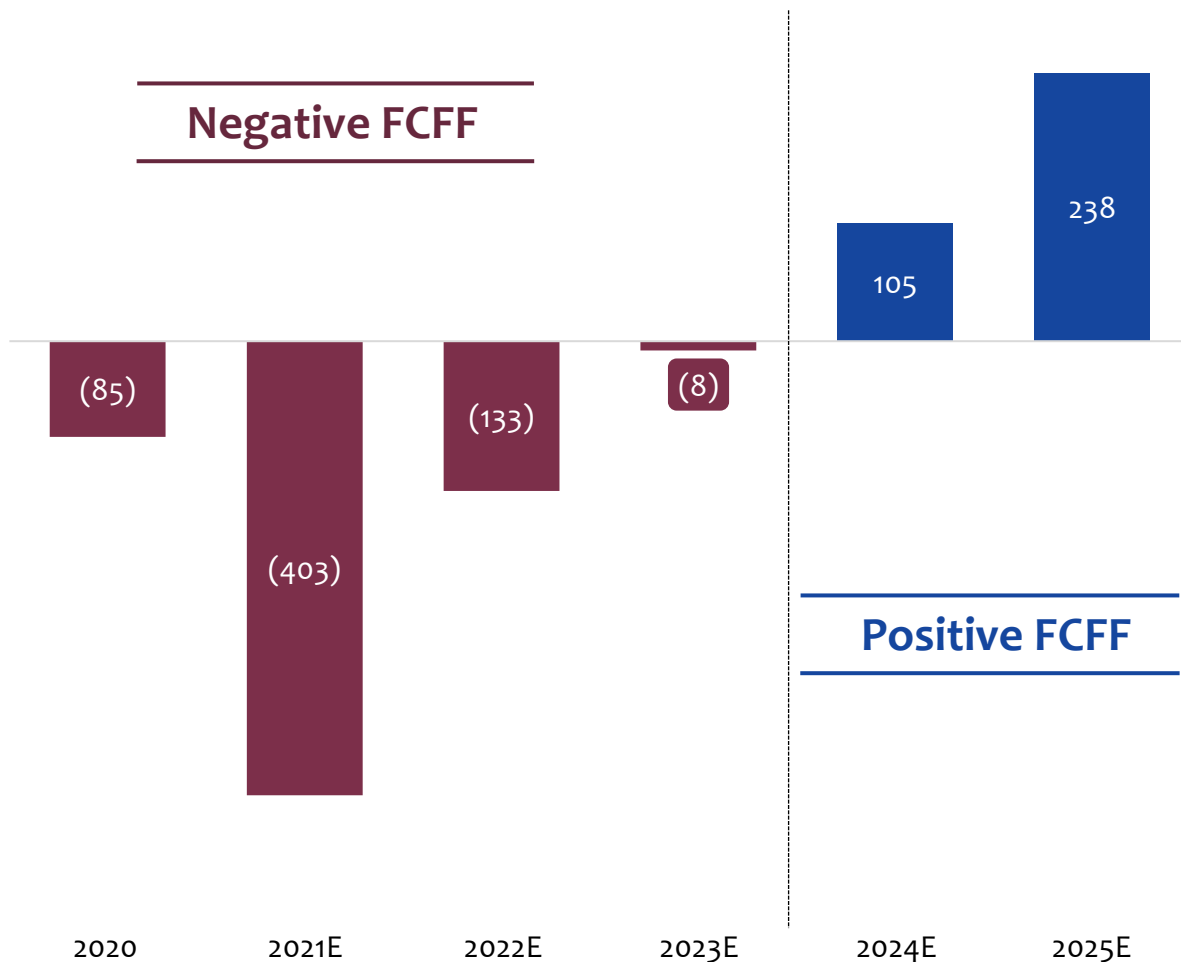
Utilizing the CAPM model, we reached a 9.6% WACC

Cost of Equity Composition and WACC

Cost of Equity Breakdown — Beta = 0.60

10y T-Bill 3y avg.	2.30%
Country Risk Premium	3.91%
Equity Risk Premium	6.17%
Inflation Adj.	1.05%

Cost of Equity: 11.0%

Cost of Debt: 6.4% *post tax*

x

We 80.1% — Wd 19.9%

= WACC 10.1%

■ We ■ Wd
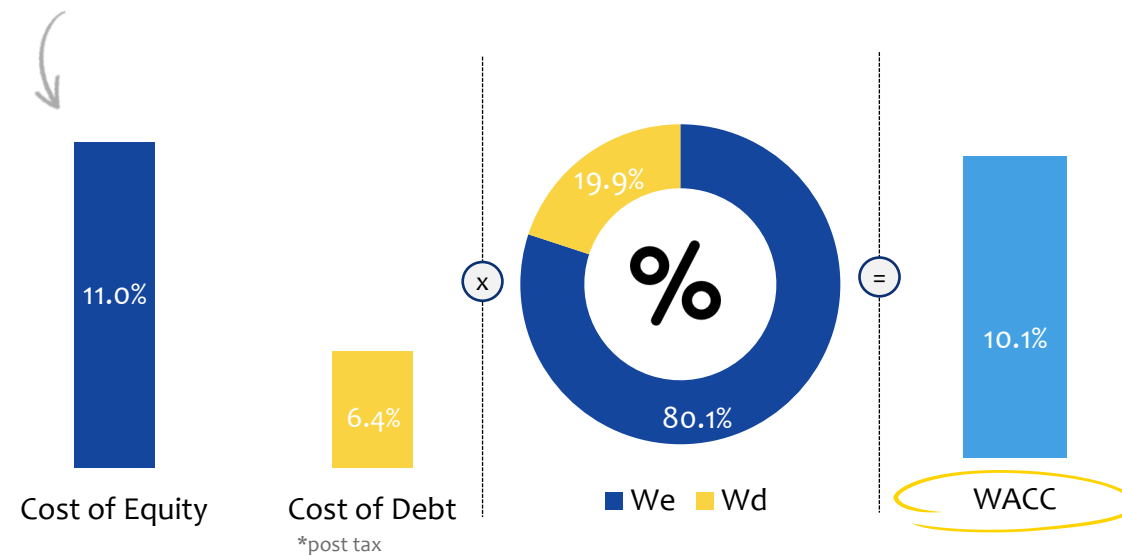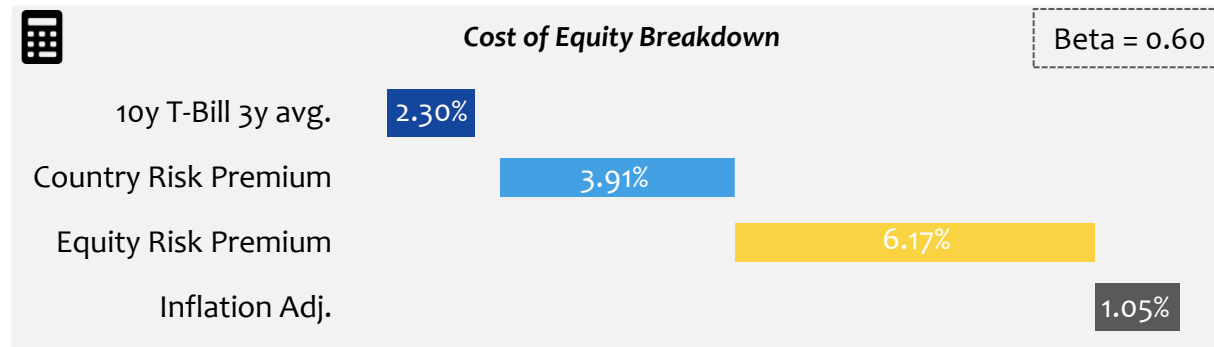
Petz largest acquisition adds more reasons for its premium valuation

We expect a volume growth on the Zee.Dog's topline alongside efficiency improvement on its operations

Net Revenue (BRL Million) and Gross Margin (%)

EBITDA (BRL Million) and EBITDA Margin (%)

CAGR: 38.9%

CAGR: 42.2%

	2021E	2022E	2023E	2024E	2025E
Net Revenue	190	305	471	699	982
Gross Margin	41.9	42.2	42.6	42,9	43.3

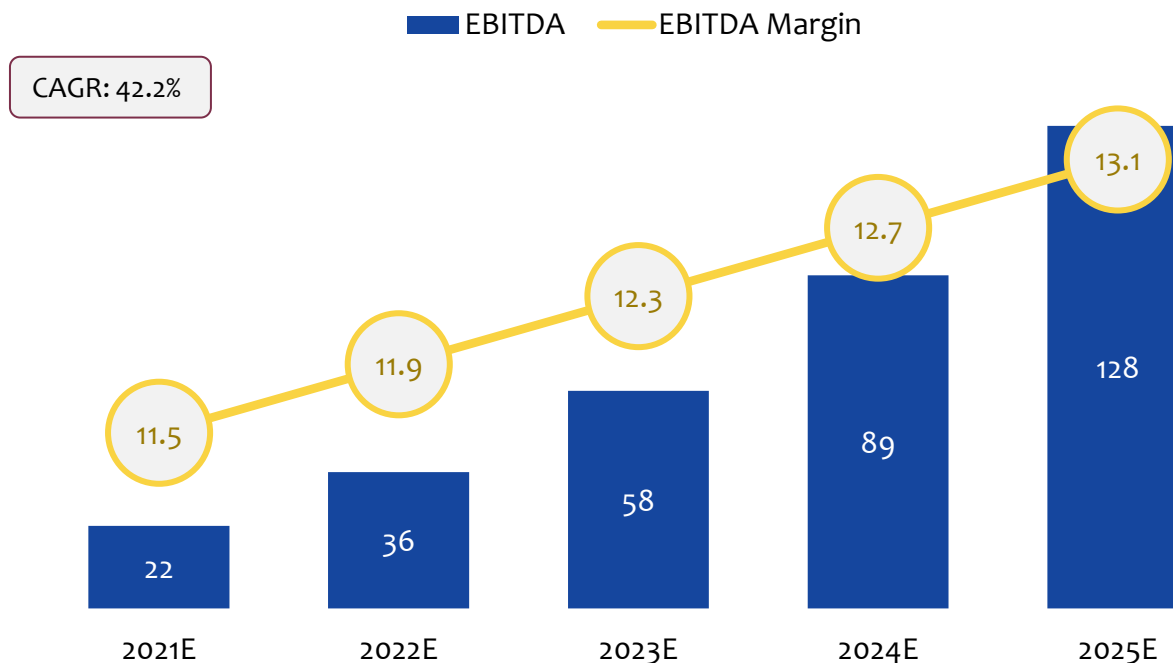|	2021E	2022E	2023E	2024E	2025E
EBITDA	22	36	58	89	128
EBITDA Margin	11.5	11.9	12.3	12.7	13.1
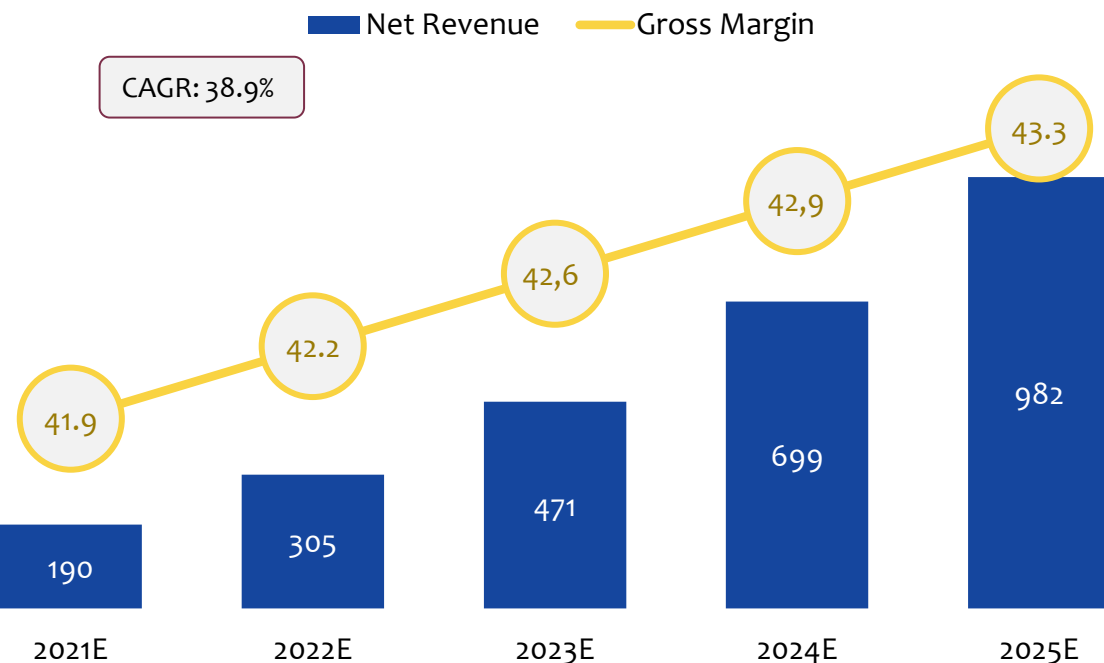
Shrink of **Sales growth** from **83%** in 2020 to **19%** in 2030

Private Label will increase **efficiency** in 2.5% / per year

Valuation Data

10-year DCF model

We = 100%

KE: 11.08%

Tax rate: 34%

SG&A Margin will shrink gradually until it reaches **Petz levels**

PP&E will depreciate according to a **10-year waterfall**

We summed up Petz and Zee.Dog equity values, reaching a target price of R$25.06

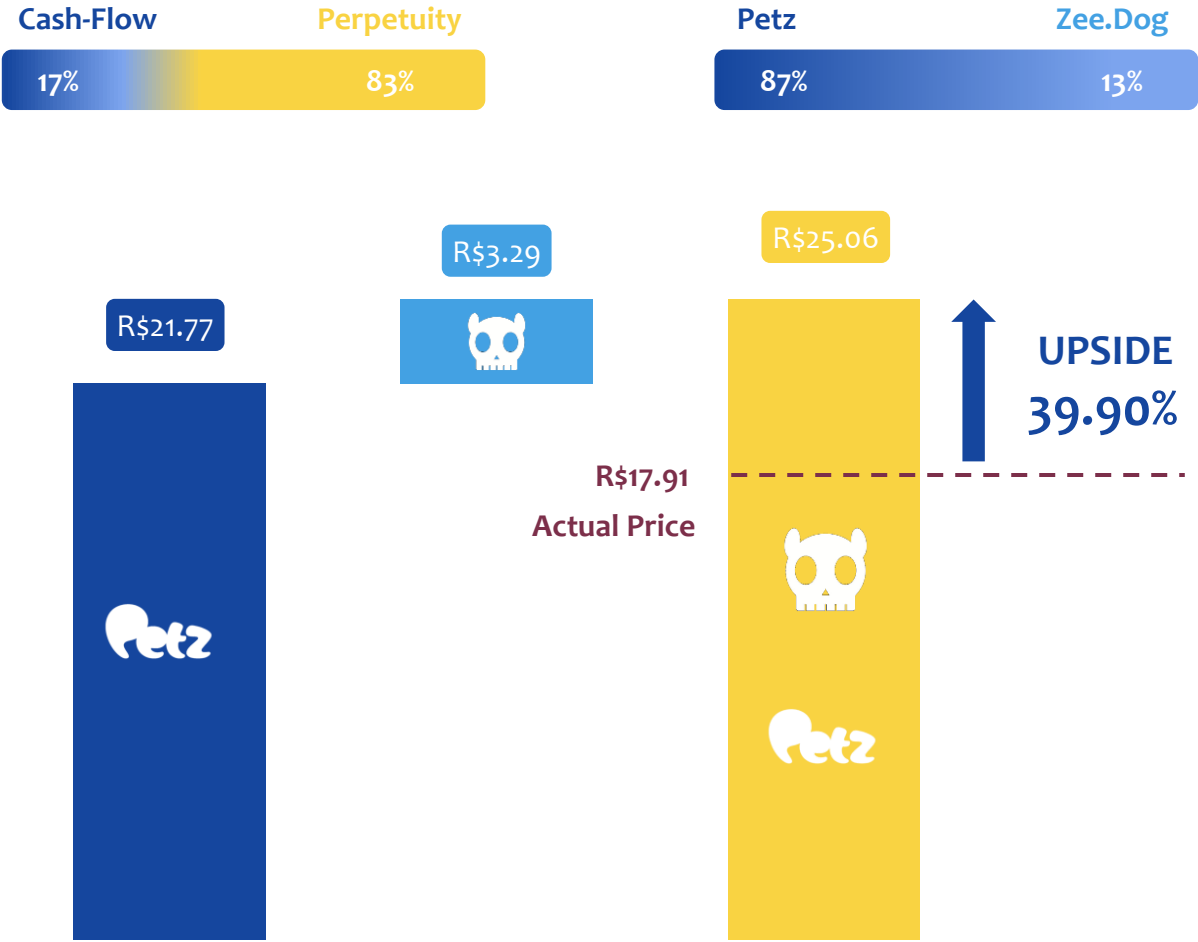### We arrive at a 39.90% upside for Petz and Zee.Dog combined

Total target price reached

Cash-Flow   **Perpetuity**

| 17% | 83% |

Petz   **Zee.Dog**

| 87% | 13% |

R$3.29

R$21.77

R$25.06

UPSIDE 39.90%

R$17.91 **Actual Price**

Sensitivity analysis reinforces our buy recommendation

Sensibility analysis of WACC and Growth in our target price

Growth Rate (G)

WACC	3.3%	4.3%	5.3%	6.3%	7.3%
12.1%	14.98	16.11	17.58	19.54	22.31
11.1%	16.90	18.48	20.62	23.62	28.18
10.1%	19.48	21.79	25.06	30.01	38.42
9.1%	23.08	26.63	32.01	41.15	60.09
8.1%	28.35	34.20	44.14	64.73	132.97

BUY: Upside > 10%

HOLD: Upside < 10% & Downside < 10%

SELL: Downside > 10%

76% BUY

In order to gain more confidence in our forecasts, we also conducted a Monte Carlo simulation, stressing 6 main variables

What does the distribution look like?

Monte Carlo simulation – 10k observations

Sell	Hold	Buy

Only **13%** of outcomes yield a share price **10% less** than the current price

56% of outcomes yield a share price **more** than 10% above the current price

R$ 16.31   R$ 18.21   R$ 20.03
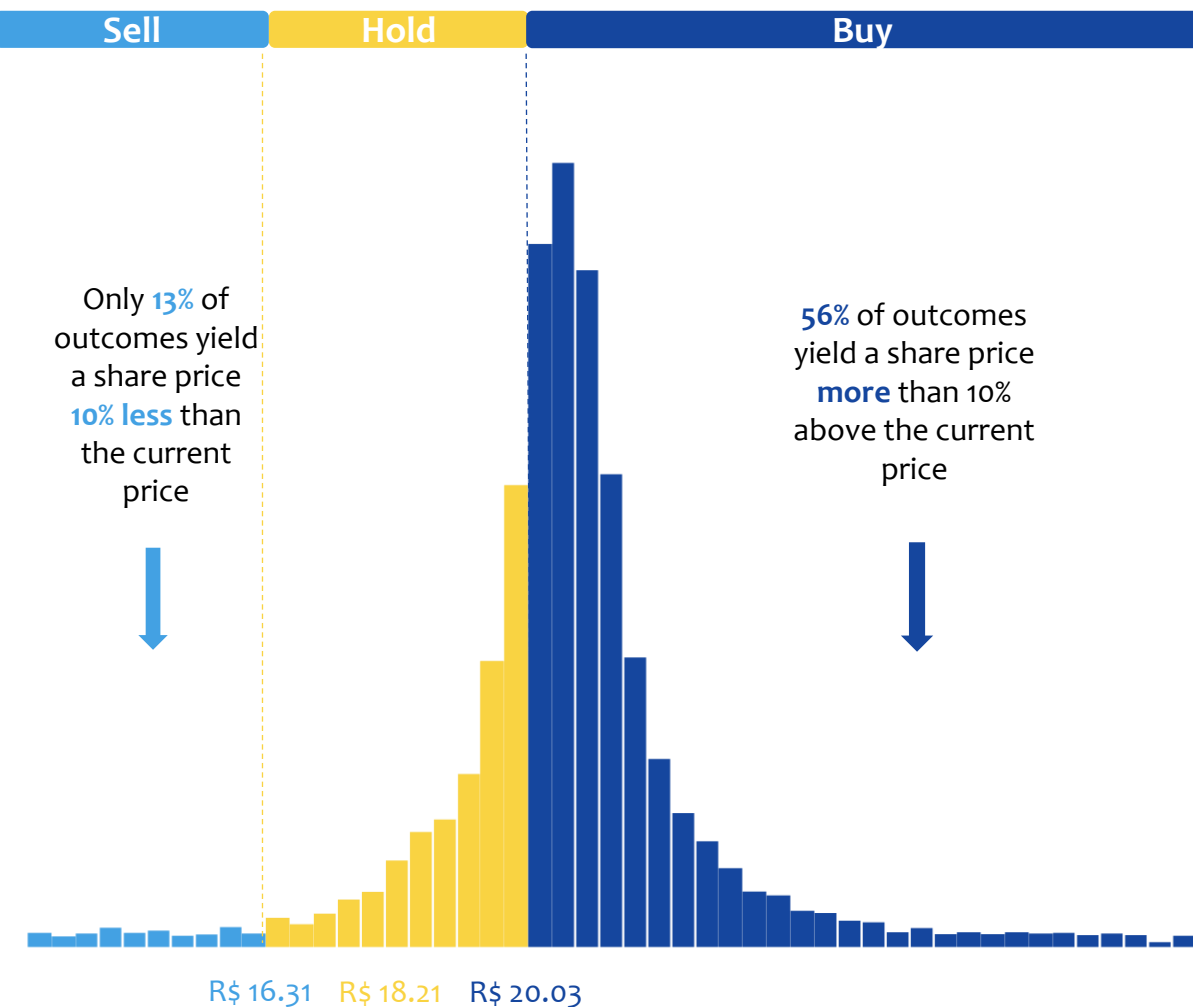
Stressed variables

These are the main variables we saw affected Petz share price

Same Store Sales

Zee.Dog Revenue CAGR

Store Openings

Revenue CAGR

EBITDA Margin

Gross Margin
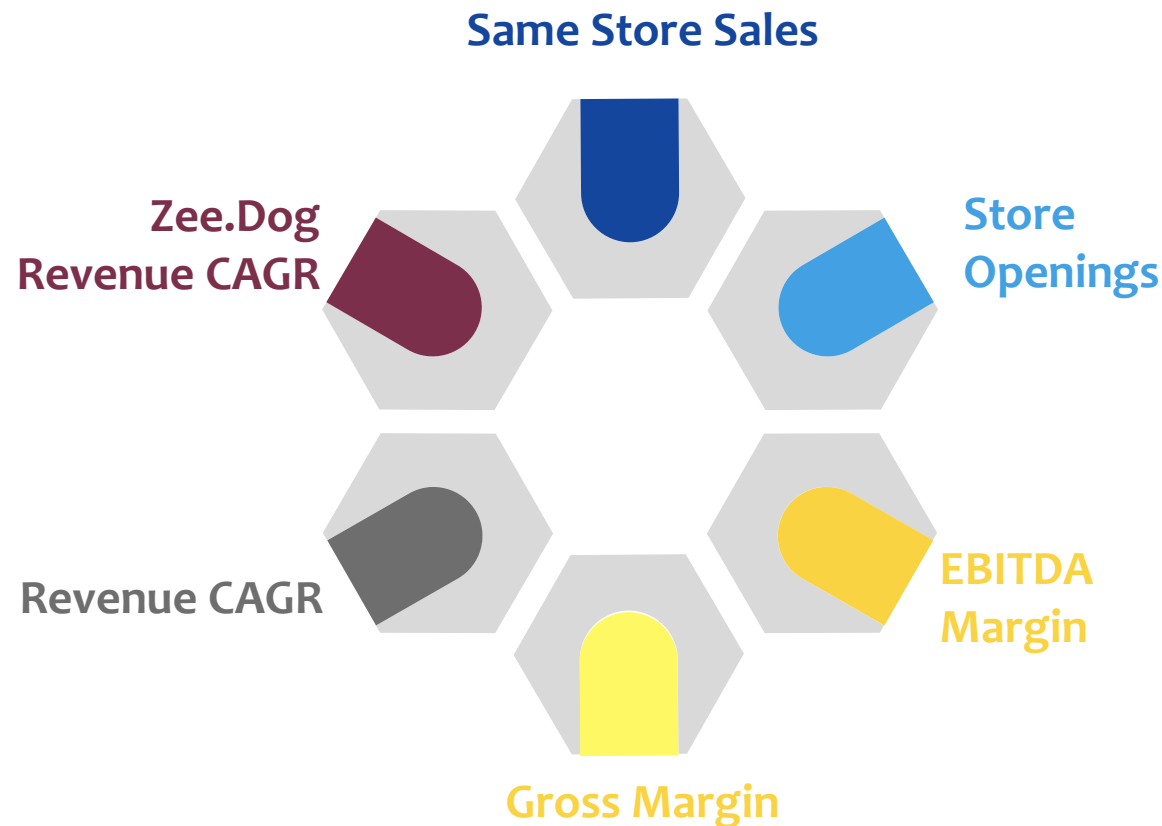
Sensitizing the variables of revenue and costs, we found different target prices for Petz

As future scenarios are always uncertain, we also project different scenarios for some variables of our model

Bull Case — Base Case — Bear Case

35.74
25.06
15.06
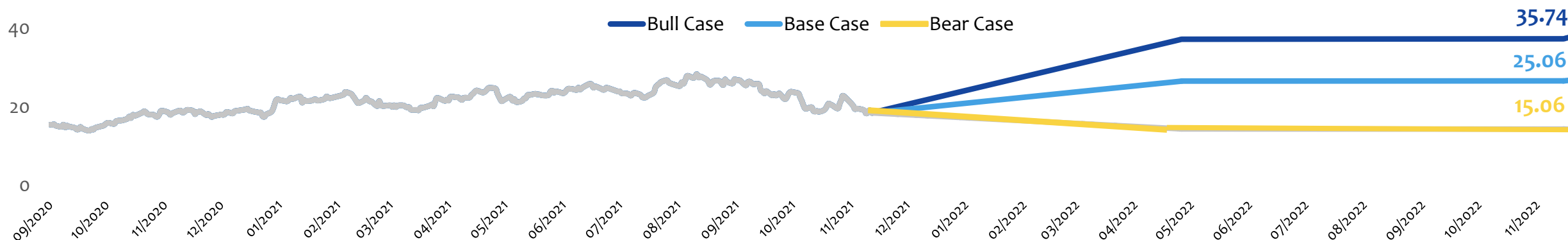
	BULL	BASE	BEAR
New Stores Opened (Total 21E-30E)	445	300	160
Same Store Sales (Average 21E-30E)	15.3	13.5%	12.1%
E-commerce Market Share (2030E)	42%	36%	26%
Gross Margin (Average 21E-30E)	50.0%	49.0%	47.0%
	99.56%	**39.90%**	**-15.94%**
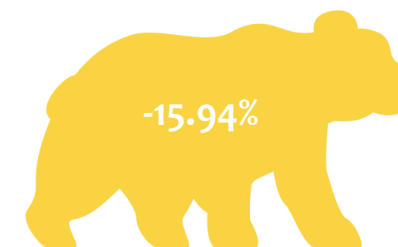
99.56%

-15.94%

The market prices Petz with high multiples, however, its future growth makes the company a great opportunity to generate value

Since its IPO, Petz has been operating with high multiples

EV/Ebitda LTM

— Petz   — Raia Drogasil   Lojas Renner

— Pets at Home   PetIQ   PetMed Express

40x
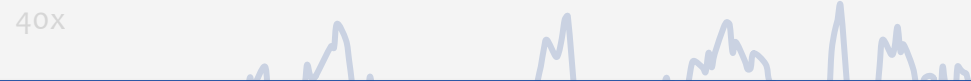
So, are we overpaying for growth?
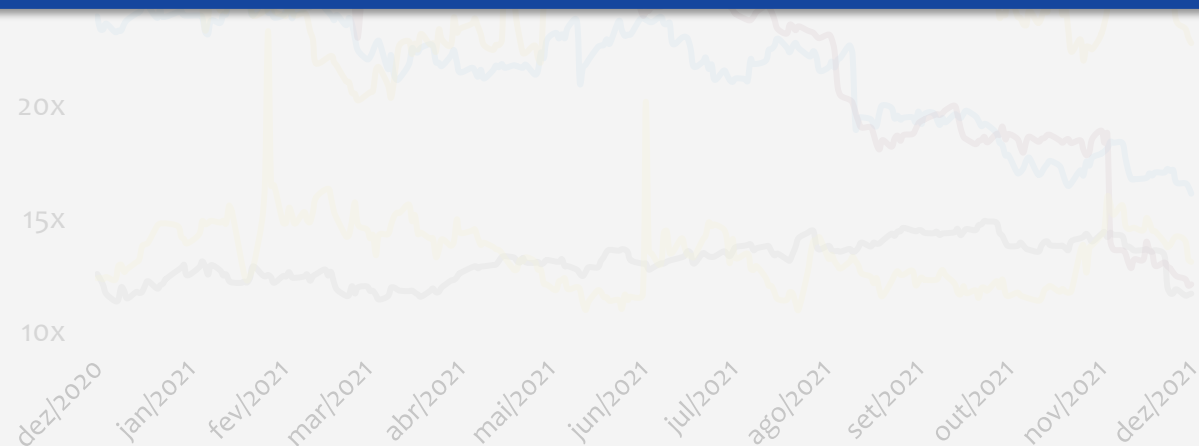
20x

15x

10x

dez/2020 jan/2021 fev/2021 mar/2021 abr/2021 mai/2021 jun/2021 jul/2021 ago/2021 set/2021 out/2021 nov/2021 dez/2021

Petz at a Glance   ESG   Rising Industry   Complete Ecosystem   Strategic Positioning   **Attractive Valuation**   Investment Risks

The market prices Petz with high multiples, however, its future growth makes the company a great opportunity to generate value

Since its IPO, Petz has been operating with high multiples

EV/EBITDA LTM

Legend: Petz — Raia Drogasil — Lojas Renner — Pets at Home — PetIQ — PetMed Express
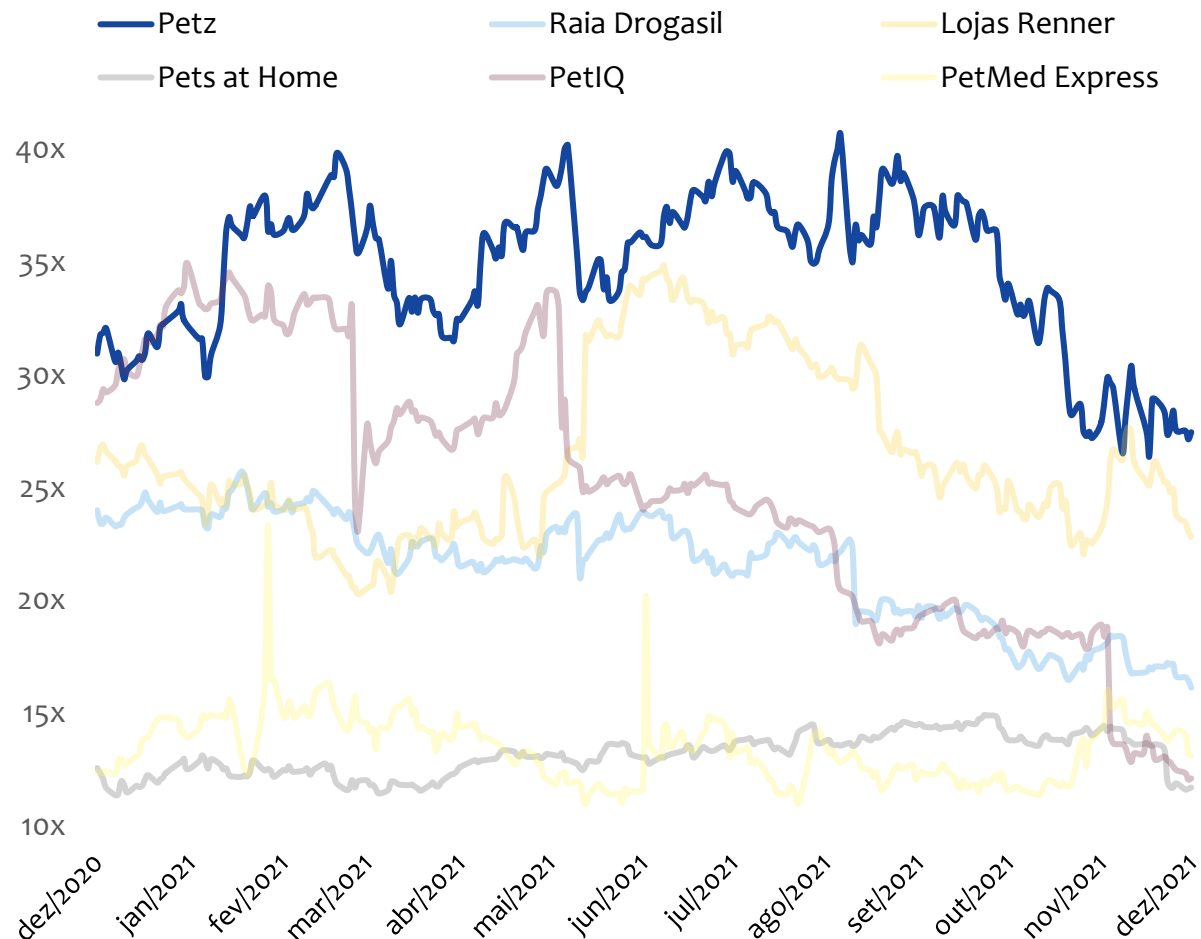
But its future growth justifies its high multiples

CAGR Revenue 20-23 x EV/EBITDA 23 Fwd.

Legend: Petz (Team 11) — Petz (Refinitiv) — Raia Drogasil — Magalu — Via — Pet Co. — Pets at Home — Chewy

Petz at a Glance · ESG · Rising Industry · Complete Ecosystem · Strategic Positioning · **Attractive Valuation** · Investment Risks

Source: Team 11, Refinitiv and Capital IQ

32
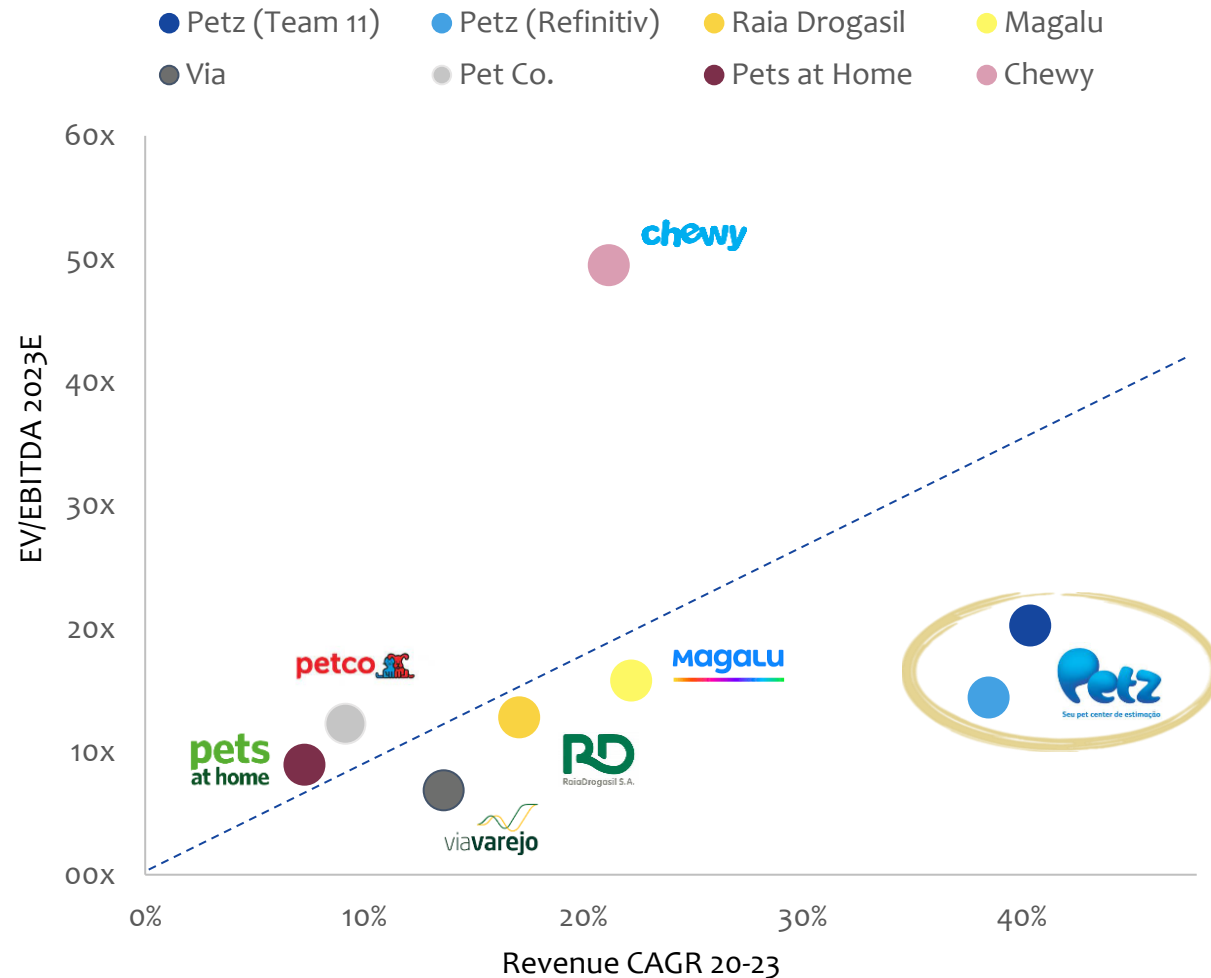
Petz's ratios are on the pricier side, but we justify it through our conviction that it represents a rare opportunity in B3

Petz fundamentals points towards a clear growth case

Practical Solution to a Market with a huge TAM in Brazil

Young store base and an expansion plan already put in place

There still is room to grow in terms of efficiency

Healthy capital structure provides a solid backup

Top-notch management

It's all about growth!

And we believe that the company is still far from its full potential

Petz growth stage

Petz

Venture Capital

Value Companies

[B]³

WARBURG PINCUS

Operating Profit

Growth

Stage of Development
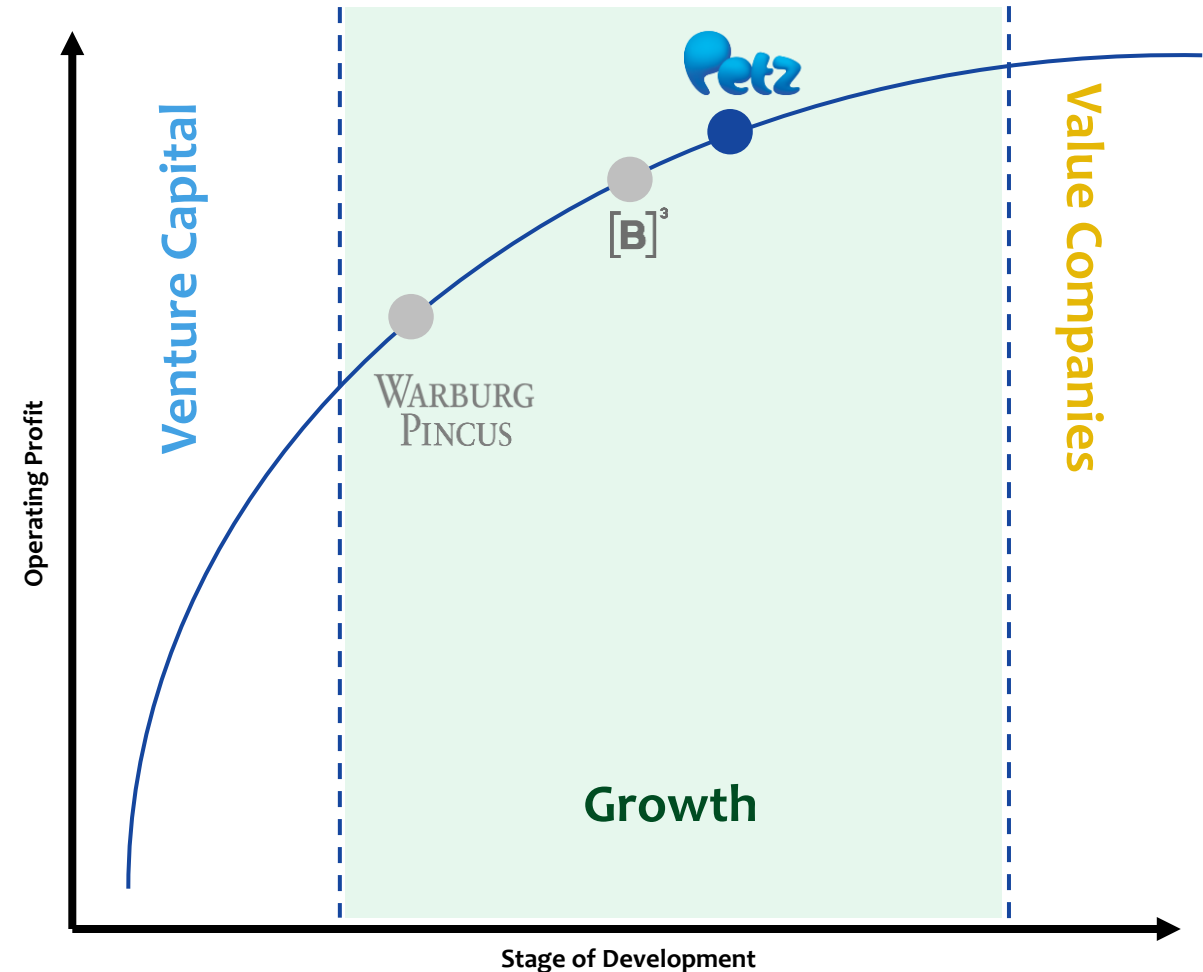
Petz's exposure to risk is low, and focuses on two main things: Key Person and Image

Petz's risks are divided in 3 main types, and they have been mostly stable

	Risk	Impact	Change
Macro Risks	1. Inflation		↑
	2. Natural Disaster		↓
Operational Risks	3. One DC		↔
	4. Key Person		↔
	5. Image		↔
	6. Specific Suppliers		↔
	7. Lack of M&A Integration		↑
Competitive Risks	8. Fiercer Competition		↑
	9. New Entrants		↔

However, operational risks stand out

PROBABILITY (HIGH / LOW) vs IMPACT (LOW / HIGH)

- OPERATIONAL RISK
- MACRO ECONOMICS RISKS
- COMPETITIVE RISK

Investment Risks
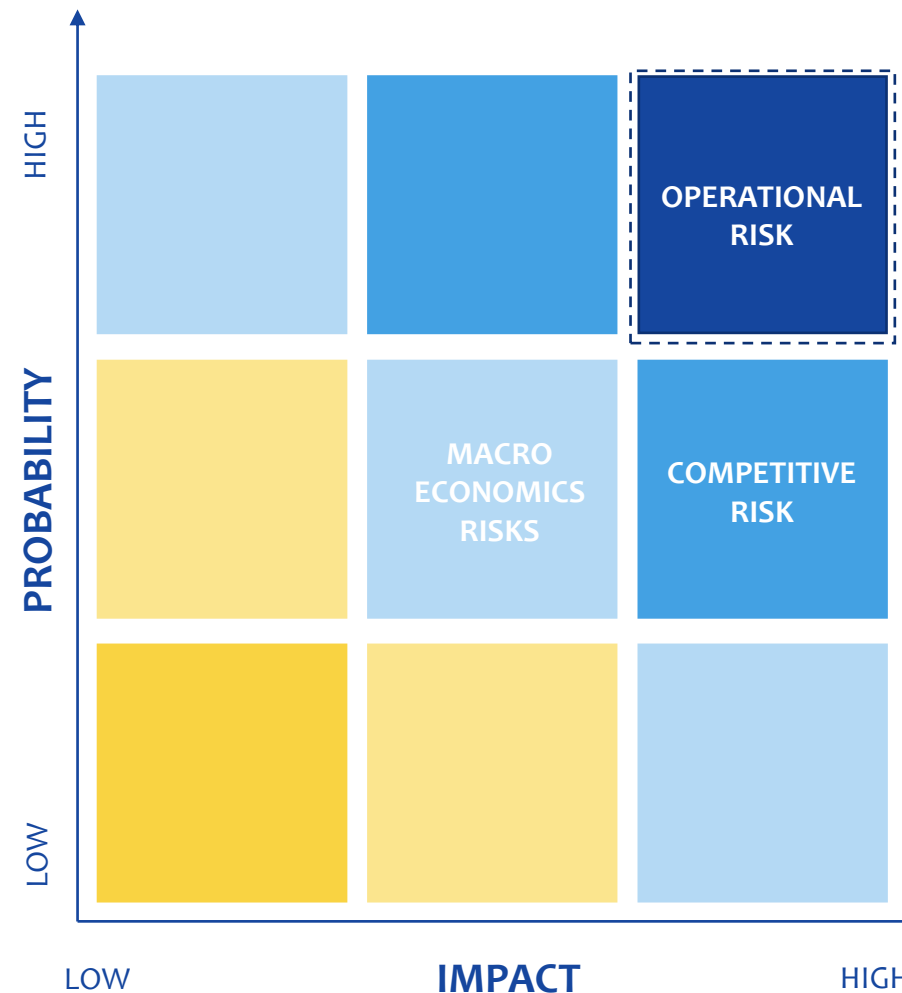
Petz's exposure to risk is low, and focuses on two main things: Key Person and Image

Two risks stands out among them

Risk	Impact	Probability
Macro Risks		
1. Inflation		High
2. Natural Disaster		Low
Operational Risks		
3. One DC		Low
4. Key Person		Medium
5. Image		High
6. Specific Suppliers		Medium
7. Lack of M&A Integration		Medium
Competitive Risks		
8. Fiercer Competition		Low
9. New Entrants		Medium

And inside it there are two main ones to observe

Key Person

Image

Após resgate de Luisa Mell, Petz anuncia fim da venda de filhotes

REDAÇÃO - O ESTADO DE S.PAULO

20/02/2019, 19:24

Após canil fornecedor ser fechado por suspeita de maus-tratos, rede Petz anuncia que vai deixar de vender cães

Decisão foi divulgada nesta quarta-feira (20). Canil Céu Azul, em Piedade (SP), vendia animais para a rede de lojas e foi fechado após denúncia de maus-tratos; mais de 1,7 mil cães foram levados para ONGs.

Justiça condena veterinária a pagar R$ 11,1 mil por morte de cão poodle

Fred, de 5 anos, morreu após tomar anestesia para tratamento nos dentes. Procedimento foi feito após recomendação médica em clínica de Amparo.

Founder and **CEO Sergio Zimmerman** played a huge role in shaping Pets to what it is today. We believe he **stepping down from the day-to-day** running of operations would be seen negatively by the market

Any Petz may be liable for sale of **contaminated food, defective product** or animal handling in the provision of services. The company also sells a small selection of pets that could bring **bad publicity.**

Risks Analysys: Testing the Risk Impacts

Petz

Testing the main risks, we conclude that margins and SSS are the most sensitive variables in the model

We developed a Tornado Analysis to identify the highest risk and volatility variables within our valuation

Tornado Analysis (%)

Variable	-5%	+5%
Gross Margin	20.46	29.65
EBIT Margin	23.79	26.32
Same Store Sales	23.94	26.21
Total Store Opening	24.77	25.34
E-commerce Market Share	24.88	25.23
Suppliers	24.91	25.20
Inflation	25.33	24.79
Capex per store opening	25.27	24.85

- 5%   + 5%
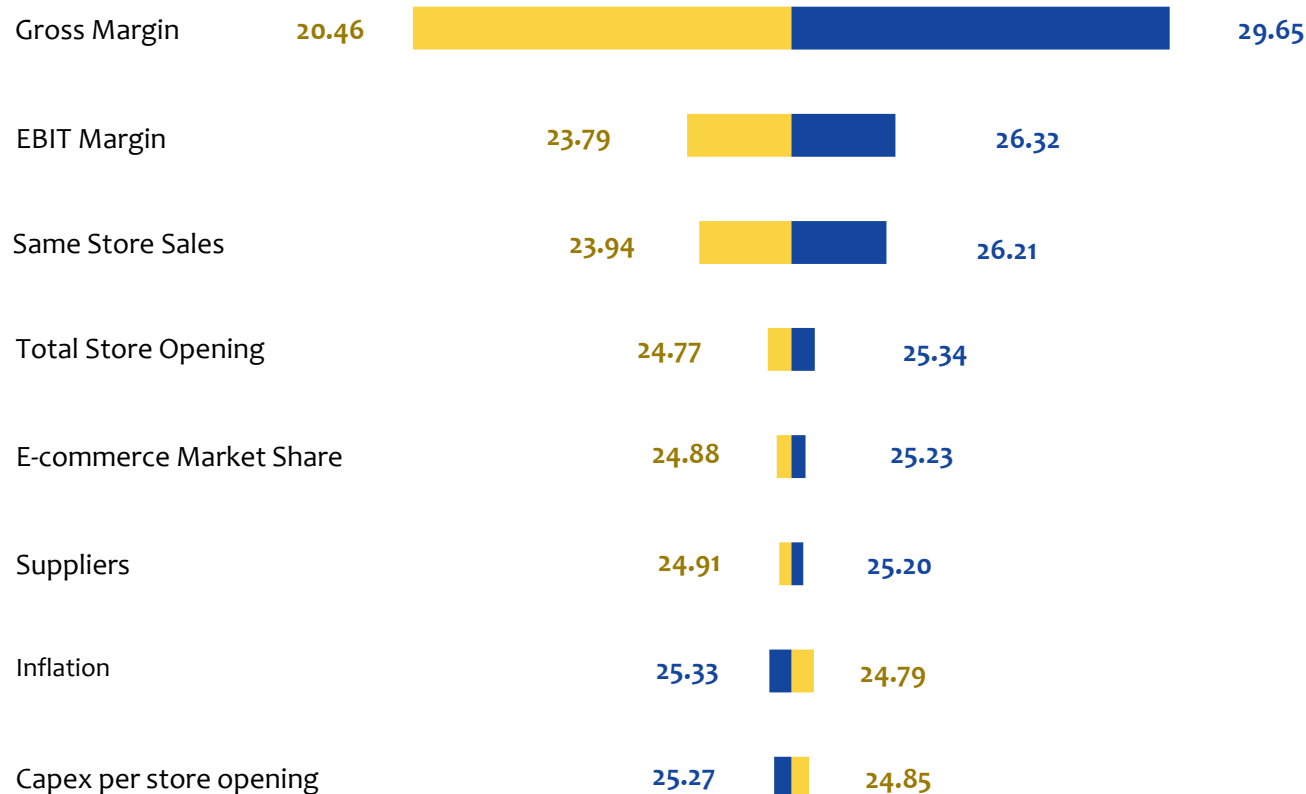
The Gross and EBIT Margins are the main value drivers of our valuation

Our top-line assumption about **Same Store Sales** also have a huge impact on the target price

But we note that **inflation** does not have a material impact on Petz's value

Q&A

Presentation Summary

Appendix Summary

Petz Income Statement

Income Statement (BRL Millions)	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Gross Revenue	**913**	**1,164**	**1,707**	**2,471**	**3,563**	**4,726**	**6,028**	**7,432**	**8,804**	**10,063**	**11,123**	**11,906**	**12,342**
YoY Growth (%)	*27.6%*	*27.5%*	*46.6%*	*44.8%*	*44.2%*	*32.6%*	*27.5%*	*23.3%*	*18.5%*	*14.3%*	*10.5%*	*7.0%*	*3.7%*
Taxes and Other Deductions	(145.5)	(178.2)	(270.0)	(391.6)	(564.7)	(749.0)	(955.2)	(1,177.9)	(1,395.2)	(1,594.7)	(1,762.8)	(1,886.8)	(1,955.8)
% of Gross Revenue	*(15.9%)*	*(15.3%)*	*(15.8%)*	*(15.8%)*	*(15.8%)*	*(15.8%)*	*(15.8%)*	*(15.8%)*	*(15.8%)*	*(15.8%)*	*(15.8%)*	*(15.8%)*	*(15.8%)*
Net Revenue	**768**	**986**	**1,437**	**2,095**	**2,999**	**3,977**	**5,072**	**6,255**	**7,409**	**8,468**	**9,361**	**10,019**	**10,386**
% of Gross Revenue	*84.1%*	*84.7%*	*84.2%*	*84.8%*	*84.2%*	*84.2%*	*84.2%*	*84.2%*	*84.2%*	*84.2%*	*84.2%*	*84.2%*	*84.2%*
Cost Of Goods Sold	(416.0)	(509.7)	(743.2)	(1,099.5)	(1,563.6)	(2,060.8)	(2,611.3)	(3,199.0)	(3,764.6)	(4,274.6)	(4,694.0)	(4,990.8)	(5,138.8)
% of Net Revenue	*(54.2%)*	*(51.7%)*	*(51.7%)*	*(52.5%)*	*(52.1%)*	*(51.8%)*	*(51.5%)*	*(51.1%)*	*(50.8%)*	*(50.5%)*	*(50.1%)*	*(49.8%)*	*(49.5%)*
Gross Profit	**352**	**476**	**694**	**996**	**1,435**	**1,917**	**2,461**	**3,056**	**3,644**	**4,193**	**4,667**	**5,028**	**5,247**
Gross Margin (%)	*45.8%*	*48.3%*	*48.3%*	*47.5%*	*47.9%*	*48.2%*	*48.5%*	*48.9%*	*49.2%*	*49.5%*	*49.9%*	*50.2%*	*50.5%*
SG&A	**(276)**	**(283)**	**(437)**	**(633)**	**(898)**	**(1,154)**	**(1,438)**	**(1,734)**	**(2,009)**	**(2,260)**	**(2,461)**	**(2,594)**	**(2,660)**
SG&A Margin (%)	*(35.9%)*	*(28.7%)*	*(30.4%)*	*(30.2%)*	*(30.0%)*	*(29.0%)*	*(28.3%)*	*(27.7%)*	*(27.1%)*	*(26.7%)*	*(26.3%)*	*(25.9%)*	*(25.6%)*
Sale Expenses	(192.1)	(194.6)	(312.9)	(456.9)	(654.0)	(856.8)	(1,080.9)	(1,320.2)	(1,551.6)	(1,773.4)	(1,960.4)	(2,098.3)	(2,175.1)
General & Admnistrative Expenses	(73.6)	(82.1)	(116.1)	(159.9)	(218.5)	(276.2)	(334.7)	(391.1)	(437.8)	(471.1)	(488.5)	(488.3)	(481.2)
Other Operating Income (Expenses), Net	(9.8)	(11.2)	(13.3)	(16.0)	(25.9)	(21.4)	(22.0)	(22.7)	(19.3)	(15.7)	(11.8)	(7.7)	(3.3)
Adjusted EBITDA	**76**	**193**	**257**	**368**	**537**	**762**	**1,024**	**1,322**	**1,635**	**1,933**	**2,206**	**2,434**	**2,587**
Adjusted EBITDA Margin (%)	*9.9%*	*19.6%*	*17.9%*	*17.6%*	*17.9%*	*19.2%*	*20.2%*	*21.1%*	*22.1%*	*22.8%*	*23.6%*	*24.3%*	*24.9%*
Depreciation & Amortization	(29.8)	(44.2)	(61.1)	(119.8)	(164.5)	(199.8)	(235.0)	(272.6)	(310.4)	(345.4)	(376.7)	(404.1)	(427.0)
% of Net Revenue	*(3.9%)*	*(4.5%)*	*(4.3%)*	*(4.8%)*	*(4.6%)*	*(4.2%)*	*(3.9%)*	*(3.7%)*	*(3.5%)*	*(3.4%)*	*(3.4%)*	*(3.4%)*	*(3.5%)*
Amortization - IFRS 16	-	(65.3)	(79.9)	(108.5)	(184.5)	(244.8)	(312.2)	(384.9)	(456.0)	(521.2)	(576.1)	(616.6)	(639.2)
% of Net Revenue	*-*	*(6.6%)*	*(5.6%)*	*(5.2%)*	*(5.2%)*	*(5.2%)*	*(5.2%)*	*(5.2%)*	*(5.2%)*	*(5.2%)*	*(5.2%)*	*(5.2%)*	*(5.2%)*
EBIT	**53**	**86**	**124**	**158**	**187**	**318**	**476**	**664**	**869**	**1,067**	**1,253**	**1,413**	**1,521**
EBIT Margin (%)	*6.9%*	*8.7%*	*8.6%*	*7.5%*	*6.3%*	*8.0%*	*9.4%*	*10.6%*	*11.7%*	*12.6%*	*13.4%*	*14.1%*	*14.6%*
EBITDA	**83**	**130**	**185**	**255**	**352**	**517**	**711**	**937**	**1,179**	**1,412**	**1,630**	**1,817**	**1,948**
EBITDA Margin (%)	*10.8%*	*13.2%*	*12.9%*	*12.2%*	*11.7%*	*13.0%*	*14.0%*	*15.0%*	*15.9%*	*16.7%*	*17.4%*	*18.1%*	*18.8%*
Financial Result	**(6)**	**(50)**	**(54)**	**(72)**	**35**	**10**	**6**	**6**	**14**	**33**	**64**	**108**	**165**
% of Net Revenue	*(0.8%)*	*(5.0%)*	*(3.8%)*	*(3.4%)*	*1.2%*	*0.2%*	*0.1%*	*0.1%*	*0.2%*	*0.4%*	*0.7%*	*1.1%*	*1.6%*
Financials Revenue	9.6	8.7	14.2	11.9	62.5	24.3	13.3	12.8	20.6	39.4	70.6	114.8	171.8
Financials Expenses	(15.5)	(58.5)	(68.4)	(83.6)	(27.9)	(14.6)	(7.8)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)
EBT	**47**	**36**	**70**	**86**	**222**	**327**	**482**	**670**	**883**	**1,099**	**1,317**	**1,521**	**1,686**
EBT Margin (%)	*6.2%*	*3.7%*	*4.9%*	*4.1%*	*7.4%*	*8.2%*	*9.5%*	*10.7%*	*11.9%*	*13.0%*	*14.1%*	*15.2%*	*16.2%*
Income Tax and Social Contribution on Profit	(15.9)	(12.8)	(11.6)	(24.0)	(75.5)	(111.3)	(163.8)	(227.8)	(300.2)	(373.8)	(447.8)	(517.3)	(573.3)
% of EBT	*(33.7%)*	*(35.1%)*	*(16.5%)*	*(27.7%)*	*(34.0%)*	*(34.0%)*	*(34.0%)*	*(34.0%)*	*(34.0%)*	*(34.0%)*	*(34.0%)*	*(34.0%)*	*(34.0%)*
Net Income	**31**	**24**	**58**	**62**	**147**	**216**	**318**	**442**	**583**	**726**	**869**	**1,004**	**1,113**
Net Margin (%)	*4.1%*	*2.4%*	*4.1%*	*3.0%*	*4.9%*	*5.4%*	*6.3%*	*7.1%*	*7.9%*	*8.6%*	*9.3%*	*10.0%*	*10.7%*

Balance Sheet (BRL Millions)	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Total Assets	**597**	**1,243**	**1,893**	**2,839**	**2,989**	**3,231**	**3,619**	**4,138**	**4,750**	**5,453**	**6,235**	**7,082**	**7,964**
Current Assets	**352**	**441**	**886**	**1,199**	**1,139**	**1,234**	**1,486**	**1,881**	**2,430**	**3,138**	**3,997**	**4,990**	**6,088**
Cash & Equivalents	161	169	444	610	335	197	189	305	583	1,046	1,700	2,545	3,566
Financial Applications	-	-	44	17	17	17	17	17	17	17	17	17	17
Accounts Receivable	76	96	161	228	335	445	567	699	829	947	1,047	1,120	1,161
Inventories	97	133	186	284	391	515	652	799	941	1,068	1,173	1,247	1,284
Recoverable Taxes and Contributions	9	35	42	42	42	42	42	42	42	42	42	42	42
Other Credits	8	8	11	18	18	18	18	18	18	18	18	18	18
Non-Current Assets	**245**	**802**	**1,007**	**1,640**	**1,851**	**1,997**	**2,133**	**2,257**	**2,320**	**2,314**	**2,238**	**2,092**	**1,876**
Other Credits	1	1	3	6	6	6	6	6	6	6	6	6	6
Recoverable Taxes and Contributions	0	2	2	2	2	2	2	2	2	2	2	2	2
Deferred Income Tax and Social Contribution	13	15	24	31	31	31	31	31	31	31	31	31	31
PP&E	216	743	921	1,523	1,738	1,888	2,029	2,157	2,225	2,223	2,151	2,009	1,797
Intangible	16	41	57	78	74	69	65	61	56	52	48	44	39
Liabilities + Equity	**597**	**1,243**	**1,893**	**2,839**	**2,989**	**3,231**	**3,619**	**4,138**	**4,750**	**5,453**	**6,235**	**7,082**	**7,964**
Current Liabilities	**213**	**381**	**654**	**647**	**637**	**791**	**964**	**1,151**	**1,326**	**1,485**	**1,615**	**1,709**	**1,756**
Suppliers	99	131	196	274	392	522	667	824	970	1,101	1,209	1,285	1,323
Loans, Financing and Debentures ST	57	111	274	174									
Labor and Social Security Obligations	27	36	54	68	68	68	68	68	68	68	68	68	68
Tax Obligations	12	25	37	30	76	101	129	159	189	215	238	255	264
Dividends Payable	8	6	14	5	5	5	5	5	5	5	5	5	5
Accounts Payable	8	3	6	6	6	6	6	6	6	6	6	6	6
Loyalty Program	2	2	3	3	3	3	3	3	3	3	3	3	3
Leases Right of Use Payable (IFRS 16)	-	67	72	87	87	87	87	87	87	87	87	87	87
Revolver					-	-	-	-	-	-	-	-	-
Non-Current Liabilities	**203**	**685**	**724**	**818**	**867**	**793**	**770**	**770**	**770**	**770**	**770**	**770**	**770**
Loans, Financing and Debentures LT	201	287	222	122	171	97	74	74	74	74	74	74	74
Accounts Payable				1	1	1	1	1	1	1	1	1	1
Provision for Civil, Labor and Tax Risk	2	2	2	1	1	1	1	1	1	1	1	1	1
Leases Right of Use Payable (IFRS 16) - NC	-	396	500	694	694	694	694	694	694	694	694	694	694
Total Equity	**182**	**176**	**515**	**1,375**	**1,485**	**1,647**	**1,885**	**2,217**	**2,654**	**3,198**	**3,850**	**4,603**	**5,438**
Share Capital	51	51	387	1,188	1,188	1,188	1,188	1,188	1,188	1,188	1,188	1,188	1,188
Capital Reserve	80	80	55	55	55	55	55	55	55	55	55	55	55
Reserve for Granted Option	1	1	2	7	7	7	7	7	7	7	7	7	7
Special Goodwill Reserve	25	25	25	25	25	25	25	25	25	25	25	25	25
Retained Earnings	25	20	46	100	210	372	611	942	1,380	1,924	2,576	3,329	4,164

Petz Cash Flow

Cash Flow Statement (BRL Millions)	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Operational Cash Flow	**77**	**120**	**188**	**80**	**262**	**336**	**466**	**623**	**798**	**983**	**1,172**	**1,354**	**1,509**
Net Profit	47	36	70	62	147	216	318	442	583	726	869	1,004	1,113
(+) D&A	30	44	61	120	165	200	235	273	310	345	377	404	427
Δ Working Capital		(87)	(86)	(102)	(49)	(79)	(87)	(92)	(95)	(88)	(74)	(55)	(31)
Investments flow	**161**	**(161)**	**(219)**	**(525)**	**(375)**	**(346)**	**(372)**	**(396)**	**(374)**	**(339)**	**(301)**	**(258)**	**(211)**
(-) CAPEX		(161)	(177)	(525)	(375)	(346)	(372)	(396)	(374)	(339)	(301)	(258)	(211)
Financing flow	**-**	**48**	**307**	**(218)**	**(161)**	**(129)**	**(103)**	**(111)**	**(146)**	**(181)**	**(217)**	**(251)**	**(278)**
Δ Debt				(200)	(125)	(75)	(23)	-	-	-	-	-	-
Δ Revolver				-	-	-	-	-	-	-	-	-	-
Dividends Paid	-			(17)	(37)	(54)	(80)	(111)	(146)	(181)	(217)	(251)	(278)
Raised Capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Generation in Period	**238**	**8**	**276**	**(663)**	**(274)**	**(138)**	**(8)**	**116**	**278**	**463**	**654**	**845**	**1,020**
Cash BoP	61	161	169	444	610	335	197	189	305	583	1,046	1,700	2,545
Cash EoP	161	169	444	610	335	197	189	305	583	1,046	1,700	2,545	3,566

Revenue Breakdown (BRL Millions)	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
B&M Sales	**876**	**1,075**	**1,311**	**1,724**	**2,488**	**3,375**	**4,357**	**5,394**	**6,387**	**7,282**	**8,021**	**8,552**	**8,831**
YoY Growth (%)	*26.5%*	*22.6%*	*22.0%*	*31.5%*	*44.3%*	*35.7%*	*29.1%*	*23.8%*	*18.4%*	*14.0%*	*10.1%*	*6.6%*	*3.3%*
Same Store Sales Revenue	**725**	**905**	**1,090**	**1,473**	**2,113**	**3,066**	**4,038**	**5,065**	**6,108**	**7,055**	**7,850**	**8,440**	**8,783**
YoY Growth (%)		*24.9%*	*20.5%*	*35.1%*	*43.5%*	*45.1%*	*31.7%*	*25.4%*	*20.6%*	*15.5%*	*11.3%*	*7.5%*	*4.1%*
New Stores Revenue	**152**	**170**	**221**	**251**	**375**	**309**	**319**	**329**	**280**	**227**	**171**	**111**	**48**
YoY Growth (%)		*11.8%*	*30.2%*	*13.5%*	*49.4%*	*(17.4%)*	*3.1%*	*3.1%*	*(15.0%)*	*(18.8%)*	*(24.7%)*	*(34.9%)*	*(57.1%)*
Revenue / sqm New Stores	8.8	6.9	9.8	7.2	7.5	7.7	8.0	8.2	8.5	8.7	9.0	9.3	9.6
Revenue / sqm New Stores	9.3	9.0	9.2	9.7	10.2	10.5	10.8	11.2	11.5	11.9	12.2	12.6	13.0
Total New Area	17245	24752	22597	35000	50000	40000	40000	40000	33000	26000	19000	12000	5000
Digital Sales	**37**	**90**	**396**	**747**	**1,075**	**1,351**	**1,671**	**2,039**	**2,417**	**2,780**	**3,102**	**3,354**	**3,511**
YoY Growth (%)	*58.8%*	*142.5%*	*341.8%*	*88.9%*	*43.9%*	*25.7%*	*23.6%*	*22.0%*	*18.5%*	*15.1%*	*11.6%*	*8.1%*	*4.7%*
Pet Care E-commerce Total Market Brazil	396	667	1,891	2,633	3,679	4,494	5,404	6,418	7,410	8,310	9,043	9,542	9,752
YoY Growth (%)	*18.2%*	*68.2%*	*183.6%*	*39.3%*	*39.7%*	*22.1%*	*20.3%*	*18.8%*	*15.5%*	*12.1%*	*8.8%*	*5.5%*	*2.2%*
Petz Market Share	*9.3%*	*13.4%*	*20.9%*	*28.4%*	*29.2%*	*30.1%*	*30.9%*	*31.8%*	*32.6%*	*33.5%*	*34.3%*	*35.2%*	*36.0%*
YoY Growth (%)	*34.3%*	*44.2%*	*55.8%*	*35.6%*	*3.0%*	*2.9%*	*2.8%*	*2.7%*	*2.7%*	*2.6%*	*2.5%*	*2.5%*	*2.4%*
Omnichannel Revenue	**11**	**64**	**316**	**646**	**929**	**1,167**	**1,443**	**1,761**	**2,088**	**2,402**	**2,680**	**2,898**	**3,033**
YoY Growth (%)	*3723.3%*	*496.7%*	*396.2%*	*104.4%*	*43.9%*	*25.7%*	*23.6%*	*22.0%*	*18.5%*	*15.1%*	*11.6%*	*8.1%*	*4.7%*
Omnichannel Index (as % of Digital Revenue)	*28.9%*	*71.1%*	*79.8%*	*86.4%*	*86.4%*	*86.4%*	*86.4%*	*86.4%*	*86.4%*	*86.4%*	*86.4%*	*86.4%*	*86.4%*
Digital (except Omnichannel)	**26**	**26**	**80**	**102**	**146**	**184**	**227**	**277**	**329**	**378**	**422**	**456**	**478**
YoY Growth (%)	*14.3%*	*(1.4%)*	*208.3%*	*27.4%*	*43.9%*	*25.7%*	*23.6%*	*22.0%*	*18.5%*	*15.1%*	*11.6%*	*8.1%*	*4.7%*
B&M + Omnichannel	**887**	**1,138**	**1,627**	**2,369**	**3,417**	**4,542**	**5,800**	**7,155**	**8,475**	**9,684**	**10,701**	**11,449**	**11,864**
YoY Growth (%)	*28.0%*	*28.3%*	*42.9%*	*45.6%*	*44.2%*	*32.9%*	*27.7%*	*23.4%*	*18.5%*	*14.3%*	*10.5%*	*7.0%*	*3.6%*
New Store Omnichannel Productivity		124	594	2,415	4,487	4,597	4,725	5,028	5,385	5,742	6,111	6,449	6,722	6,899
Omnichannel Sales / sqm		1.6	11.0	13.0	42.7	149.4	122.9	130.7	140.0	123.2	103.3	79.6	52.4	22.4
New Store Omnichannel Sales		75%	75%	75%	27%	65%	65%	65%	65%	65%	65%	65%	65%	65%
Same Store Omnichannel Sales		9.1	52.6	302.8	602.8	779.5	1,044.6	1,312.7	1,621.3	1,964.6	2,298.7	2,600.5	2,845.3	3,010.4

Petz Revenue Assumptions

Revenue Assumptions	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Same Store Sales	6.1%	7.7%	26.5%	31.5%	23.0%	20.5%	18.0%	15.5%	13.0%	10.5%	8.1%	5.6%	3.1%
Same Store Physical Sales	4.6%	3.2%	1.4%	17.4%	22.6%	23.2%	19.6%	16.2%	13.2%	10.5%	7.8%	5.2%	2.7%
Same Store Physical Sales + Omnichannel	5.9%	7.9%	22.4%	31.7%	22.1%	20.3%	17.8%	15.3%	12.8%	10.4%	7.9%	5.5%	3.0%
New Stores Opening	17	25	28	35	50	40	40	40	33	26	19	12	5
Average New Store Size	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
New Store Productivity	95.2%	76.2%	106.0%	73.6%	74%	74%	74%	74%	74%	74%	74%	74%	74%

Store Maturaion Curve	
Year 1	60%
Year 2	80%
Year 3	90%
Year 4 or more	100%

COGS (BRL Millions)	2018	2019	2020	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P
Cost Of Goods Sold	(416)	(510)	(743)	(1,099)	(1,564)	(2,061)	(2,611)	(3,199)	(3,765)	(4,275)	(4,694)	(4,991)	(5,139)
YoY Growth (%)	*25.1%*	*22.5%*	*45.8%*	*47.9%*	*42.2%*	*31.8%*	*26.7%*	*22.5%*	*17.7%*	*13.5%*	*9.8%*	*6.3%*	*3.0%*
% of Net Revenue	*(54.2%)*	*(51.7%)*	*(51.7%)*	*(52.5%)*	*(52.1%)*	*(51.8%)*	*(51.5%)*	*(51.1%)*	*(50.8%)*	*(50.5%)*	*(50.1%)*	*(49.8%)*	*(49.5%)*
`	*4.0%*	*7.7%*	*23.2%*	*30.2%*	*30.2%*	*28.6%*	*27.7%*	*27.4%*	*27.4%*	*27.6%*	*27.9%*	*28.2%*	*28.4%*
YoY Growth (%)	*24.5%*	*90.2%*	*201.4%*	*30.4%*	*(0.2%)*	*(5.2%)*	*(3.0%)*	*(1.0%)*	*0.1%*	*0.7%*	*0.9%*	*1.0%*	*1.0%*

SG&A (BRL Millions)	2018	2019	2020	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P
SG&A Margin	(35.9%)	(28.7%)	(30.4%)	(30.2%)	(30.0%)	(29.0%)	(28.3%)	(27.7%)	(27.1%)	(26.7%)	(26.3%)	(25.9%)	(25.6%)
YoY Growth (%)	*(1.3%)*	*(19.9%)*	*5.8%*	*(0.6%)*	*(0.8%)*	*(3.1%)*	*(2.3%)*	*(2.2%)*	*(2.2%)*	*(1.6%)*	*(1.5%)*	*(1.5%)*	*(1.1%)*
Sale Expenses	(192)	(195)	(313)	(457)	(654)	(857)	(1,081)	(1,320)	(1,552)	(1,773)	(1,960)	(2,098)	(2,175)
YoY Growth (%)	*32.8%*	*1.3%*	*60.8%*	*46.0%*	*43.1%*	*31.0%*	*26.2%*	*22.1%*	*17.5%*	*14.3%*	*10.5%*	*7.0%*	*3.7%*
% of Net Revenue	*(25.0%)*	*(19.7%)*	*(21.8%)*	*(21.8%)*	*(21.8%)*	*(21.5%)*	*(21.3%)*	*(21.1%)*	*(20.9%)*	*(20.9%)*	*(20.9%)*	*(20.9%)*	*(20.9%)*
General & Admistrative Expenses	(74)	(82)	(116)	(160)	(219)	(276)	(335)	(391)	(438)	(471)	(489)	(488)	(481)
YoY Growth (%)	*19.1%*	*11.5%*	*41.5%*	*37.7%*	*36.7%*	*26.4%*	*21.2%*	*16.9%*	*11.9%*	*7.6%*	*3.7%*	*(0.0%)*	*(1.5%)*
% of Net Revenue	*(9.6%)*	*(8.3%)*	*(8.1%)*	*(7.6%)*	*(7.3%)*	*(6.9%)*	*(6.6%)*	*(6.3%)*	*(5.9%)*	*(5.6%)*	*(5.2%)*	*(4.9%)*	*(4.6%)*
Other Operating Income (Expenses), Net	(10)	(11)	(13)	(16)	(26)	(21)	(22)	(23)	(19)	(16)	(12)	(8)	(3)
YoY Growth (%)	*(8.3%)*	*14.1%*	*19.0%*	*20.3%*	*61.6%*	*(17.4%)*	*3.1%*	*3.1%*	*(15.0%)*	*(18.8%)*	*(24.7%)*	*(34.9%)*	*(57.1%)*
% of Net Revenue	*(1.3%)*	*(1.1%)*	*(0.9%)*	*(0.8%)*	*(0.9%)*	*(0.5%)*	*(0.4%)*	*(0.4%)*	*(0.3%)*	*(0.2%)*	*(0.1%)*	*(0.1%)*	*(0.0%)*
Store Opening Expenses	(9)	(10)	(13)	(17)	(26)	(21)	(22)	(23)	(19)	(16)	(12)	(8)	(3)
YoY Growth (%)	*(5.3%)*	*13.5%*	*21.0%*	*36.5%*	*49.4%*	*(17.4%)*	*3.1%*	*3.1%*	*(15.0%)*	*(18.8%)*	*(24.7%)*	*(34.9%)*	*(57.1%)*
% of Net Revenue	*(1.2%)*	*(1.1%)*	*(0.9%)*	*(0.8%)*	*(0.9%)*	*(0.5%)*	*(0.4%)*	*(0.4%)*	*(0.3%)*	*(0.2%)*	*(0.1%)*	*(0.1%)*	*(0.0%)*
Cost per store	(544.2)	(420.0)	(453.6)	(495)	(518)	(535)	(551)	(568)	(585)	(603)	(622)	(641)	(661)

PP&E (BRL Millions)	2018	2019	2020A	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P
PP&E BoP	147	854	1,213	921	1,523	1,738	1,888	2,029	2,157	2,225	2,223	2,151	2,009
YoY Growth (%)		#DIV/0!	42.0%	23.9%	65.3%	14.1%	8.6%	7.5%	6.3%	3.1%	(0.1%)	(3.2%)	(6.6%)
(+) CapEx	**87**	**61**	**344**	**525**	**375**	**346**	**372**	**396**	**374**	**339**	**301**	**258**	**211**
YoY Growth (%)	34.6%		459.8%	197.4%	(28.6%)	(7.7%)	7.5%	6.7%	(5.7%)	(9.2%)	(11.4%)	(14.3%)	(18.1%)
% of Gross Revenue	9.5%	11.7%		21.3%	10.5%	7.3%	6.2%	5.3%	4.2%	3.4%	2.7%	2.2%	1.7%
New Stores and Hospitals		46	326	453	287	237	244	252	214	169	123	78	32
YoY Growth (%)			606.8%	265.3%	(36.7%)	(17.4%)	3.1%	3.1%	(15.0%)	(21.2%)	(26.9%)	(36.8%)	(58.3%)
% of Capex		75.1%	94.8%	86.2%	76.5%	68.5%	65.7%	63.4%	57.2%	49.7%	41.0%	30.2%	15.4%
Cost/ New m2		4.56	9.88	12.93	5.73	5.92	6.10	6.29	6.48	6.48	6.48	6.48	6.48
YoY Growth (%)		(15.2%)	116.7%	135.9%	(55.7%)	3.3%	3.1%	3.1%	3.1%	-	-	-	-
Renovations, Maintenance and Others		8	6	26	28	37	45	54	63	71	78	84	89
YoY Growth (%)			(27.3%)	37.8%	6.9%	32.4%	21.2%	18.5%	16.5%	12.9%	10.1%	7.9%	6.0%
% of Capex		12.9%	1.7%	5.0%	7.6%	10.8%	12.2%	13.6%	16.8%	20.9%	25.9%	32.7%	42.3%
Cost/ Old m2			0.06	0.04	0.15	0.16	0.17	0.17	0.18	0.18	0.19	0.19	0.20	0.20
Digital and Technology		9	12	46	60	72	82	91	97	100	99	96	89
YoY Growth (%)			28.9%	50.6%	29.8%	19.4%	14.8%	11.0%	6.6%	2.9%	(0.5%)	(3.7%)	(6.7%)
% of Capex		15.3%	3.5%	8.8%	16.0%	20.7%	22.1%	23.0%	26.0%	29.4%	33.1%	37.2%	42.4%
(-) Depreciation	**10.2**			**(34.0)**	**(116.1)**	**(160.2)**	**(195.5)**	**(230.7)**	**(268.3)**	**(306.1)**	**(341.0)**	**(372.4)**	**(399.8)**	**(422.7)**
Old PP&E	921.4				(90.3)	(90.3)	(90.3)	(90.3)	(90.3)	(90.3)	(90.3)	(90.3)	(90.3)
2021	525.2				(25.7)	(51.5)	(51.5)	(51.5)	(51.5)	(51.5)	(51.5)	(51.5)	(51.5)
2022	374.8					(18.4)	(36.7)	(36.7)	(36.7)	(36.7)	(36.7)	(36.7)	(36.7)
2023	345.8						(16.9)	(33.9)	(33.9)	(33.9)	(33.9)	(33.9)	(33.9)
2024	371.6							(18.2)	(36.4)	(36.4)	(36.4)	(36.4)	(36.4)
2025	396.5								(19.4)	(38.9)	(38.9)	(38.9)	(38.9)
2026	373.7									(18.3)	(36.6)	(36.6)	(36.6)
2027	339.2										(16.6)	(33.3)	(33.3)
2028	300.5											(14.7)	(29.5)	(29.5)
2029	257.7												(12.6)	(25.3)
2030	210.9													(10.3)
PP&E EoP	**215.6**	**921.4**	**1,523.3**	**1,523.3**	**1,737.9**	**1,888.1**	**2,029.0**	**2,157.1**	**2,224.8**	**2,223.0**	**2,151.1**	**2,009.0**	**1,797.1**

Intangible	2018	2019	2020A	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P
Intangible BoP	**8.3**	**51.8**	**79.1**	**56.9**	**78.0**	**73.7**	**69.4**	**65.1**	**60.7**	**56.4**	**52.1**	**47.8**	**43.5**
YoY Growth (%)	*#DIV/0!*			*38%*	*37%*	*-6%*	*-6%*	*-6%*	*-7%*	*-7%*	*-8%*	*-8%*	*-9%*
(+) Acquisitions of Intangible Assets													
YoY Growth (%)													
% of Gross Revenue													
(-) Amortization	**18.1**			**(1.1)**	**(3.7)**	**(4.3)**	**(4.3)**	**(4.3)**	**(4.3)**	**(4.3)**	**(4.3)**	**(4.3)**	**(4.3)**	**(4.3)**
		>> EoP											
Old Intangible	78.0	2022			(3.1)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)	(4.3)
2021	-				-	-	-	-	-	-	-	-	-
2022	-					-	-	-	-	-	-	-	-
2023	-						-	-	-	-	-	-	-
2024	-							-	-	-	-	-	-
2025	-								-	-	-	-	-
2026	-												
2027	-												
2028	-												
2029	-												
2030	-												
Intangible EoP		**15.7**	**56.9**	**78.0**	**78.0**	**73.7**	**69.4**	**65.1**	**60.7**	**56.4**	**52.1**	**47.8**	**43.5**	**39.2**

Working Capital

Working Capital	2018	2019	2020	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P
Working Capital	**78**	**113**	**165**	**267**	**316**	**396**	**483**	**575**	**670**	**758**	**832**	**886**	**917**
Δ Working Capital	13	35	51	102	49	79	87	92	95	88	74	55	31
Cash conversion cycle	35	37	36	43	40	40	39	38	38	38	38	38	38
Assets	**191**	**272**	**399**	**572**	**786**	**1,020**	**1,280**	**1,559**	**1,829**	**2,075**	**2,280**	**2,428**	**2,506**
Accounts Receivable	76.2	96.1	160.7	228.0	335.3	444.8	567.3	699.5	828.5	947.0	1,046.8	1,120.4	1,161.5
DSO	36	36	41	40	41	41	41	41	41	41	41	41	41
Inventories	97.5	132.7	185.7	283.8	390.7	514.9	652.4	799.3	940.6	1,068.0	1,172.8	1,247.0	1,283.9
DIH	86	95	91	94	91	91	91	91	91	91	91	91	91
Liabilities	**113**	**158**	**234**	**305**	**470**	**624**	**797**	**984**	**1,159**	**1,317**	**1,448**	**1,541**	**1,589**
Suppliers	98.9	130.8	195.7	273.6	392.5	521.7	666.8	823.8	969.5	1,100.8	1,208.9	1,285.3	1,323.4
Days	87	94	96	91	92	92	93	94	94	94	94	94	94
Tax Obligations	11,831	25,385	36,556	30,410	76,294	101,198	129,060	159,136	188,503	215,451	238,167	254,918	264,248
% of Revenue	1.5%	2.6%	2.5%	1.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Debt Assumptions - Revolver	2018	2019	2020	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P
Loans BoP				496	296	171	97	74	74	74	74	74	74
Fundraising				-	-	-	-	-	-	-	-	-	-
Paid				(202)	(125)	(75)	(23)	-	-	-	-	-	-
Loans EoP				**296**	**171**	**97**	**74**	**74**	**74**	**74**	**74**	**74**	**74**
Cash BoP					610	335	197	189	305	583	1,046	1,700	2,545
Pre-Revolver Cash Generation and Dividends					(238)	(84)	71	227	424	644	872	1,096	1,299
Minimum Cash					(89)	(89)	(89)	(89)	(89)	(89)	(89)	(89)	(89)
Mandatory Dividends					(37)	(54)	(80)	(111)	(146)	(181)	(217)	(251)	(278)
(=) Cash Availability					**246**	**108**	**100**	**216**	**494**	**957**	**1,611**	**2,456**	**3,477**
Revolver BoP					-	-	-	-	-	-	-	-	-
Δ Revolver					-	-	-	-	-	-	-	-	-
Revolver EoP					**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Financials Results Assumption	2018	2019	2020	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P
Financial Income					**62.5**	**24.3**	**13.3**	**12.8**	**20.6**	**39.4**	**70.6**	**114.8**	**171.8**
Cash BoP					609.7	335.3	197.2	188.9	304.9	583.4	1,046.1	1,700.3	2,545.3
Cash EoP					335.3	197.2	188.9	304.9	583.4	1,046.1	1,700.3	2,545.3	3,565.6
% CDI					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Financial Expense					**(27.9)**	**(14.6)**	**(7.8)**	**(6.5)**	**(6.5)**	**(6.5)**	**(6.5)**	**(6.5)**	**(6.5)**
Financial Expenses - Loans					**(27.9)**	**(14.6)**	**(7.8)**	**(6.5)**	**(6.5)**	**(6.5)**	**(6.5)**	**(6.5)**	**(6.5)**
Loans BoP					296.0	171.4	96.7	73.6	73.6	73.6	73.6	73.6	73.6
Loans EoP					171.4	96.7	73.6	73.6	73.6	73.6	73.6	73.6	73.6
Spread					2%	2%	2%	2%	2%	2%	2%	2%	2%
Financial Expenses - Revolver					**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Revolver BoP					-	-	-	-	-	-	-	-	-
Revolver EoP					-	-	-	-	-	-	-	-	-
Spread					5%	5%	5%	5%	5%	5%	5%	5%	5%

Zee.Dog Estimates

Zee Dog Financial Statements (BRL Millions)	2018	2019	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Net Revenue	**61**	**74**	**112**	**190**	**305**	**471**	**699**	**982**	**1,311**	**1,698**	**2,130**	**2,610**	**3,093**
YoY Growth (%)	*72.7%*	*21.3%*	*52.9%*	*69.3%*	*60.0%*	*54.5%*	*48.5%*	*40.5%*	*33.5%*	*29.5%*	*25.5%*	*22.5%*	*18.5%*
Cost Of Goods Sold	(19)	(25)	(66)	(111)	(176)	(270)	(399)	(557)	(747)	(962)	(1,200)	(1,461)	(1,701)
% of Revenue	*(30.9%)*	*(34.3%)*	*(58.4%)*	*(58.1%)*	*(57.8%)*	*(57.4%)*	*(57.1%)*	*(56.7%)*	*(57.0%)*	*(56.7%)*	*(56.3%)*	*(56.0%)*	*(55.0%)*
Gross Profit	**42**	**48**	**47**	**80**	**129**	**200**	**300**	**425**	**564**	**736**	**931**	**1,149**	**1,392**
Gross Margin (%)	*69.1%*	*65.7%*	*41.6%*	*41.9%*	*42.2%*	*42.6%*	*42.9%*	*43.3%*	*43.0%*	*43.3%*	*43.7%*	*44.0%*	*45.0%*
SG&A	**(31)**	**(37)**	**(52)**	**(58)**	**(92)**	**(143)**	**(212)**	**(297)**	**(387)**	**(501)**	**(628)**	**(768)**	**(928)**
SG&A Margin (%)	*(51.1%)*	*(50.3%)*	*(46.1%)*	*(43.8%)*	*(41.6%)*	*(39.5%)*	*(37.5%)*	*(35.6%)*	*(33.9%)*	*(32.2%)*	*(30.6%)*	*(29.0%)*	*(27.6%)*
EBITDA	**9**	**8**	**(5)**	**22**	**36**	**58**	**89**	**128**	**176**	**235**	**303**	**381**	**464**
EBIT Margin (%)	*14.8%*	*11.5%*	*(4.5%)*	*11.5%*	*11.9%*	*12.3%*	*12.7%*	*13.1%*	*13.4%*	*13.8%*	*14.2%*	*14.6%*	*15.0%*
D&A	(0)	(0)	(1)	(1)	(1)	(2)	(2)	(4)	(5)	(8)	(11)	(14)	(18)
% of Gross Revenue	*(0.3%)*	*(0.4%)*	*(0.8%)*	*(0.3%)*	*(0.3%)*	*(0.3%)*	*(0.3%)*	*(0.4%)*	*(0.4%)*	*(0.5%)*	*(0.5%)*	*(0.5%)*	*(0.6%)*
Other Operating Income (Expense)	(2)	(3)	(0)	-	-	-	-	-	-	-	-	-	-
% of Gross Revenue	*(3.2%)*	*(4.0%)*	*(0.0%)*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
EBIT	**9**	**8**	**(6)**	**21**	**35**	**56**	**86**	**124**	**171**	**227**	**292**	**367**	**446**
EBIT Margin (%)	*14.5%*	*11.1%*	*(5.3%)*	*11.2%*	*11.6%*	*11.9%*	*12.3%*	*12.7%*	*13.0%*	*13.4%*	*13.7%*	*14.1%*	*14.4%*
Financial Result	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
% of Gross Revenue	*-*	*-*	*-*										
Interest and Investment Income	-	-	-	-	-	-	-	-	-	-	-	-	-
% of Gross Revenue	*-*	*-*	*-*										
Financials Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
% of Gross Revenue	*-*	*-*	*-*										
EBT	**9**	**8**	**(6)**	**21**	**35**	**56**	**86**	**124**	**171**	**227**	**292**	**367**	**446**
EBT Margin (%)	*14.5%*	*11.1%*	*(5.3%)*	*11.2%*	*11.6%*	*11.9%*	*12.3%*	*12.7%*	*13.0%*	*13.4%*	*13.7%*	*14.1%*	*14.4%*
Income Tax and Social Contribution on Profit	(0)	(0)	(0)	(7)	(12)	(19)	(29)	(42)	(58)	(77)	(99)	(125)	(151)
YoY Growth (%)	*35.5%*	*35.2%*	*5.7%*	*3590.0%*	*65.5%*	*59.6%*	*53.1%*	*44.6%*	*37.2%*	*33.0%*	*28.7%*	*25.6%*	*21.3%*
% of EBT	*(1.6%)*	*(2.3%)*	*3.3%*	*3.3%*	*3.3%*	*3.3%*	*3.3%*	*3.3%*	*3.3%*	*3.3%*	*3.3%*	*3.3%*	*3.3%*
Net Income	**9**	**8**	**(6)**	**14**	**23**	**37**	**57**	**82**	**113**	**150**	**193**	**242**	**294**
YoY Growth (%)	*65.2%*	*(7.3%)*	*(177.3%)*	*(327.1%)*	*65.5%*	*59.6%*	*53.1%*	*44.6%*	*37.2%*	*33.0%*	*28.7%*	*25.6%*	*21.3%*
Net Margin (%)	*14.2%*	*10.9%*	*(5.5%)*	*7.4%*	*7.6%*	*7.9%*	*8.1%*	*8.4%*	*8.6%*	*8.8%*	*9.1%*	*9.3%*	*9.5%*

Projection Deck (%)	2018	2019	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Expenses	-	-	-	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%
Gross Margin	-	-	-	42%	42%	43%	43%	43%	43%	43%	44%	44%	45%
SG&A Margin	-	-	-	43%	43%	42%	41%	40%	38%	38%	38%	38%	38%
EBITDA Margin	-	-	-	12%	12%	12%	13%	13%	13%	14%	14%	15%	15%
Tax Rate	-	-	-	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%
CAPEX as % of Gross Revenue	-	-	-	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%

FCFF - PETZ3	[Unit]	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	Perp.
EBIT	[BRL '000s]	124.1	158.1	187.4	317.6	476.3	663.9	869.0	1,066.5	1,253.0	1,413.2	1,521.0	1,521.0
Tax Rate	[%]	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%
(=) NOPAT	[BRL '000s]	81.9	104.4	123.7	209.6	314.4	438.2	573.6	703.9	827.0	932.7	1,003.9	1,003.9
(+) D&A	[BRL '000s]	61.1	119.8	164.5	199.8	235.0	272.6	310.4	345.4	376.7	404.1	427.0	427.0
(-) Change in NWC	[BRL '000s]	(51.4)	(102.2)	(49.4)	(79.5)	(87.1)	(91.9)	(95.4)	(87.6)	(73.9)	(54.6)	(30.5)	(30.5)
(-) Capex	[BRL '000s]	(176.6)	(525.2)	(374.8)	(345.8)	(371.6)	(396.5)	(373.7)	(339.2)	(300.5)	(257.7)	(210.9)	(427.0)
(=) FCFF	[BRL '000s]	(85.0)	(403.3)	(136.0)	(15.8)	90.7	222.5	414.9	622.5	829.3	1,024.6	1,189.5	21,064.3
WACC	[%]	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%
DATE	[Unit]		30/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025	31/12/2026	31/12/2027	31/12/2028	31/12/2029	31/12/2030	31/12/2031
Time steps	[Unit]		0.07	1.08	2.08	3.08	4.08	5.08	6.08	7.08	8.08	9.08	10.08
g (PIB + IPCA)	[%]												5.3%
(=) PV of FCFF	[BRL '000s]		(400.5)	(122.6)	(12.9)	67.4	150.0	254.1	346.1	418.6	469.6	495.0	7,959.3

NPV of 10Y Explicit Period	**[BRL '000s]**	1,664.9
As % of Enterprise Value	*[%]*	*17%*
NPV of Terminal Value	**[BRL '000s]**	7,959.3
As % of Enterprise Value	*[%]*	*83%*

Without Zee.Dog

Entreprise Value	**[BRL '000s]**	9,624.2
Net Debt	[BRL '000s]	151.1
Equity Value	**[BRL '000s]**	9,473.0
# of Shares (in millions)		435.1
Target Price	**[BRL]**	**21.77**
Actual Price	[BRL]	17.91
Upside		**21.6%**

With Zee.Dog

Entreprise Value	**[BRL '000s]**	11,052.3
Net Debt	[BRL '000s]	151.1
Equity Value	**[BRL '000s]**	10,901.2
# of Shares (in millions)		435.1
Target Price	**[BRL]**	**25.06**
Actual Price	[BRL]	17.91
Upside		**39.90%**

FCFF - Zee Dog	[Unit]	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	Perp.
EBIT	[BRL '000s]		21.3	35.2	56.2	86.1	124.5	170.8	227.1	292.4	367.2	445.5	445.5
Tax Rate	[%]		34%	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%
(=) NOPAT	[BRL '000s]		14.0	23.3	37.1	56.8	82.2	112.7	149.9	193.0	242.4	294.0	294.0
(+) D&A	[BRL '000s]		0.6	1.0	1.6	2.4	3.7	5.4	7.7	10.6	14.1	18.4	18.4
(-) Change in NWC	[BRL '000s]		14.7	(22.7)	(33.0)	(45.4)	(56.3)	(65.4)	(76.9)	(86.1)	(95.3)	(96.0)	(96.0)
(-) Capex	[BRL '000s]		(2.9)	(4.6)	(7.1)	(10.5)	(14.7)	(19.7)	(25.5)	(32.0)	(39.1)	(46.4)	(18.4)
(=) FCFF	[BRL '000s]		26.5	(3.0)	(1.4)	3.4	14.9	33.1	55.2	85.5	122.0	170.0	3,422.0
KE	[%]		11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%
DATE	[Unit]		31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025	31/12/2026	31/12/2027	31/12/2028	31/12/2029	31/12/2030	31/12/2031
Time steps	[Unit]		0.08	1.08	2.08	3.08	4.08	5.08	6.08	7.08	8.08	9.08	10.08
g (Inflation Rate)	[%]												5.0%
(=) PV of FCFF	[BRL '000s]		26.3	(2.7)	(1.1)	2.4	9.7	19.4	29.2	40.6	52.2	65.5	1,186.6

NPV of 10Y Explicit Period	**[BRL '000s]**	241.5
As % of Enterprise Value	*[%]*	*17%*
NPV of Terminal Value	**[BRL '000s]**	1,186.6
As % of Enterprise Value	*[%]*	*83%*

Entreprise Value	**[BRL '000s]**	1,428.1
Net Debt	[BRL '000s]	-
Entreprise Value	**[BRL '000s]**	1,428.1
#Shares		435.1
Equity Value / Share		3.28

Macro Assumptions	2018	2019	2020	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P
Real GDP Growth	1.8%	1.4%	-4.1%	4.9%	1.2%	2.0%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
IPCA	3.7%	4.3%	4.5%	9.2%	4.6%	3.3%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
FX (EoP)	3.88	4.03	5.19	5.50	5.50	5.25	5.20	5.20	5.20	5.20	5.20	5.20	5.20
Selic (Average)	6.8%	5.5%	3.3%	5.6%	9.8%	8.8%	7.0%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%
Selic (EoP)	6.5%	4.5%	2.0%	9.3%	10.3%	7.3%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%

Beta

Peers	Beta (monthly 5y)	Effective Tax Rate	Unlevered Beta	Debt	Equity	Debt/Equity	Wd	We
PETZ	-	34.00%		296.0	1,188.0	0.2x	19.9%	80.1%
International Pet Players								
PETS: LSE	0.19	15%	0.13	510.1	993.7	0.5x	33.9%	66.1%
WOOF: NasdaqGS	0.94	30%	0.47	3,000.5	2,159.4	1.4x	58.2%	41.8%
CHWY: NYSE	0.37	27%	0.08	394.4	75.1	5.3x	84.0%	16.0%
PETQ: Nasdaq GS	1.46	0.34	0.99	0.5	0.7	0.7x	41.5%	58.5%
Median	**0.65**		**0.30**			**1.05**	**0.50**	**0.50**
Average	**0.74**		**0.42**			**1.97**	**0.54**	**0.46**
Average (Excl. CHWY)	**0.86**		**0.53**			**0.87**	**0.45**	**0.55**
Brazillian Retail								
RADL3	0.51	0.22	0.46	5.2	37.9	0.1x	12.1%	87.9%
PNVL3	0.34	0.18	0.26	0.7	1.7	0.4x	29.2%	70.8%
MGLU3	0.87	0.18	0.79	5.5	46.6	0.1x	10.5%	89.5%
VIIA3	2.04	0.34	0.91	15.9	8.5	1.9x	65.1%	34.9%
ARZZ3	1.23	0.18	1.13	0.8	7.3	0.1x	9.5%	90.5%
Median	**0.87**		**0.79**			**0.14**	**0.12**	**0.88**
Average	**1.00**		**0.71**			**0.53**	**0.25**	**0.75**
Average (Excl. VIA)	**0.74**		**0.66**			**0.19**	**0.15**	**0.85**
Total Median	**0.87**		**0.47**			**0.51**	**0.34**	**0.66**
Total Average	**0.88**		**0.58**			**1.17**	**0.38**	**0.62**
Total Median (Exl. Outliers)	**0.87**		**0.47**			**0.41**	**0.29**	**0.71**
Total Avg. (Exl. Outliers)	**0.79**		**0.60**			**0.48**	**0.28**	**0.72**
Petz Relevered Beta	**0.60**							

Cost of equity		Sources
Risk Free Rate	2.30%	US 10y T Bond 3y Avg.
Equity Risk Premium USA	6.17%	ERP Damodaran
Country Risk Premium BR	3.91%	CRP Damodaran + 1% Premium
5Y Beta	0.60	Re-levered Beta
Cost of Equity (Ke, em USD nominal)	**9.92%**	
Brazil Long Term Inflation	3.07%	Focus
USA Long Term Inflation	2.00%	Itau BBA
Inflation Differential	*1.05%*	
Cost of Equity (Ke, em BRL nominal)	**11.08%**	

Cost of Debt

Cost of Debt							
Dívida	**Index**	**Spread**	**Effective Interest**	**Principal (BRL)**	**Total Weight**	**Weighted Interest**	**Term**
Bank Loan	Selic	+3.49% a.a.	11.24%	59,712.0	20.17%	2.27%	mar/22
Promissory Note	Selic	+2.9% a.a.	10.65%	19,562.0	6.61%	0.70%	out/21
1st issue of debentures	Selic	+1.4% a.a.	9.15%	88,968.0	30.06%	2.75%	jul/23
2st issue of debentures	Selic	+1.3% a.a.	9.05%	127,738.0	43.16%	3.91%	jun/24
Selic Rate (EoP)	**7.75%**				**Cost of Debt (Kd)**	**9.63%**	

Equity (BRL mm)	**1,188,041**
Debt (BRL mm)	**295,980**
Total Capital (BRL mm)	**1,484,021**

Petz

Financial Highlights	2020A	2021P	2022P	2023P	2024P	2025P
Gross Revenue						
Our Assumptions	1,706.7	2,470.9	3,563.3	4,726.4	6,027.7	7,432.4
CIQ Estimates	1,706.73	2,045.2	2,994.3	3,953.43	5,249.50	6,504.33
Refinitiv						
Net Revenue						
Our Assumptions	1,436.8	2,095.1	2,998.6	3,977.4	5,072.4	6,254.5
CIQ Estimates						
Refinitiv	1,437.0	2,074.0	2,868.0	3,819.0		
Gross Profit Margin						
Our Assumptions	48.3%	47.5%	47.9%	48.2%	48.5%	48.9%
CIQ Estimates	40.6%	40.5%	40.4%	40.8%	39.3%	39.0%
Refinitiv	48.3%	40.5%	40.3%	40.9%		
EBITDA						
Our Assumptions	185.2	254.6	352.0	517.4	711.3	936.6
CIQ Estimates						
Refinitiv	185.5	285.0	423.7	624.8		
Adjusted EBITDA (IAAS-17)						
Our Assumptions	160.8	231.3	367.6	531.4	722.4	943.9
CIQ Estimates	160.75 A	261.4	421.4	616.49 E	788.33 E	1,006.67
Refinitiv						
EBIT						
Our Assumptions	124.1	158.1	187.4	317.6	476.3	663.9
CIQ Estimates						
Refinitiv	124.1	158.6	253.2	385.5		
Net Income						
Our Assumptions	58.4	62.5	146.5	216.0	318.0	442.3
CIQ Estimates						
Refinitiv	58.4	86.0	137.0	221.3		

Financial Highlights	2020A	2021P	2022P	2023P	2024P	2025P
Net Debt						
Our Assumptions	52.6	(313.7)	(163.9)	(100.5)	(115.4)	(231.3)
CIQ Estimates	8.8	145.0	327.1	464.9	663.0	
Refinitiv	579.9	266.7	393.0	465.0		
D&A						
Our Assumptions	61.1	119.8	164.5	199.8	235.0	272.6
CIQ Estimates	141.2	122.0	170.7	209.0	289.0	183.0
Refinitiv	141.2	122.0	170.7	209.0		
Capex						
Our Assumptions	(176.6)	(525.2)	(374.8)	(345.8)	(371.6)	(396.5)
CIQ Estimates	(176.59 A)	(649.50 E)	(287.00 E)	(313.50 E)	(351.00 E)	(345.00 E)
Refinitiv	176.6	649.5	287.0	313.5		
ROE						
Our Assumptions	16.9%	6.6%	10.2%	13.8%	18.0%	21.6%
CIQ Estimates	16.90 A	17.0%	17.1%	23.5%	21.5%	
Refinitiv	16.9%	14.4%	17.9%	24.9%		
ROA						
Our Assumptions	3.7%	2.6%	5.0%	6.9%	9.3%	11.4%
CIQ Estimates	3.72 A	3.34 E	4.44 E	5.48 E		
Refinitiv	3.7%	3.3%	4.4%	5.5%		
ROIC						
Our Assumptions	10.2%	6.8%	7.5%	12.0%	16.0%	19.1%
CIQ Estimates						
Refinitiv	10.3%	22.6%	28.6%	37.0%		
EPS						
Our Assumptions	0.13	0.14	0.34	0.50	0.73	1.02
CIQ Estimates	0.16	0.19	0.34	0.51		
Refinitiv	0.15	0.22	0.34	0.53		

Through our valuation, we see that Petz's margins are impacted by IFRS-16. In this sense, there is an increase in the EBITDA margin and a reduction in the Net Margin when compared to the IAAS-17 model

	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Gross Revenue	1,164.2	1,706.7	2,470.9	3,563.3	4,726.4	6,027.7	7,432.4	8,803.9	10,062.5	11,123.4	11,905.8	12,341.5
Net Revenue	986.1	1,436.8	2,079.3	2,998.6	3,977.4	5,072.4	6,254.5	7,408.7	8,467.8	9,360.6	10,019.0	10,385.7
Gross Profit	476.3	693.5	979.9	1,434.9	1,916.6	2,461.2	3,055.5	3,644.1	4,193.3	4,666.6	5,028.2	5,246.9
SG&A Margin (IFRS-16) - SG&A Margin (IAAS-17)	6.7%	5.6%	4.7%	4.7%	4.9%	5.0%	5.1%	5.1%	5.1%	5.0%	4.9%	5.1%
Adjusted EBITDA Margin (IFRS-16) - Adjusted EBITDA Margin (IAAS-17)	6.7%	5.6%	5.5%	4.7%	4.9%	5.0%	5.1%	5.1%	5.1%	5.0%	4.9%	5.1%
EBIT Margin (IFRS-16) - EBITMargin (IAAS-17)	1.1%	0.9%	-0.7%	-2.1%	-1.2%	-0.9%	-0.8%	-0.6%	-0.7%	-0.7%	-0.8%	-0.6%
Net Income Margin (IFRS-16) - Net Income Margin (IAAS-17)	-1.2%	-0.9%	-2.3%	-0.6%	0.7%	0.4%	0.3%	0.1%	-0.1%	-0.4%	-0.6%	-0.5%

Key Financials (IFRS-16)

Key Financials (R$ th)	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	CAGR 2020-2025
Gross Revenue	716	913	1,164	1,707	2,471	3,563	4,726	6,028	7,432	8,804	10,063	11,123	11,906	12,342	34.2%
Net Revenue	597.4	767.9	986.1	1,436.8	2,095.1	2,998.6	3,977.4	5,072.4	6,254.5	7,408.7	8,467.8	9,360.6	10,019.0	10,385.7	34.2%
Gross Profit	264.8	351.9	476.3	693.5	995.6	1,434.9	1,916.6	2,461.2	3,055.5	3,644.1	4,193.3	4,666.6	5,028.2	5,246.9	34.5%
Adjusted EBITDA	47.7	76.3	193.0	256.7	368.1	536.5	762.2	1,023.5	1,321.5	1,635.4	1,933.0	2,205.9	2,433.9	2,587.3	38.8%
EBITDA	45.8	83.0	130.3	185.2	254.6	352.0	517.4	711.3	936.6	1,179.4	1,411.9	1,629.8	1,817.3	1,948.1	38.3%
EBIT	25.1	53.2	86.1	124.1	158.1	187.4	317.6	476.3	663.9	869.0	1,066.5	1,253.0	1,413.2	1,521.0	39.9%
Net Income	11.4	31.3	23.6	58.4	62.5	146.5	216.0	318.0	442.3	582.8	725.6	869.3	1,004.2	1,113.0	49.9%

Key Ratios (%)	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	CAGR 2020-2025
Gross Margin	44.3%	45.8%	48.3%	48.3%	47.5%	47.9%	48.2%	48.5%	48.9%	49.2%	49.5%	49.9%	50.2%	50.5%	0.2%
Adjusted EBITDA Margin	8.0%	9.9%	19.6%	17.9%	17.6%	17.9%	19.2%	20.2%	21.1%	22.1%	22.8%	23.6%	24.3%	24.9%	3.4%
EBITDA Margin	7.7%	10.8%	13.2%	12.9%	12.2%	11.7%	13.0%	14.0%	15.0%	15.9%	16.7%	17.4%	18.1%	18.8%	3.0%
EBIT Margin	4.2%	6.9%	8.7%	8.6%	7.5%	6.3%	8.0%	9.4%	10.6%	11.7%	12.6%	13.4%	14.1%	14.6%	4.2%
Net Margin	1.9%	4.1%	2.4%	4.1%	3.0%	4.9%	5.4%	6.3%	7.1%	7.9%	8.6%	9.3%	10.0%	10.7%	11.7%
ROE		18.5%	13.2%	16.9%	6.6%	10.2%	13.8%	18.0%	21.6%	23.9%	24.8%	24.7%	23.8%	22.2%	5.0%
ROA		6.3%	2.6%	3.7%	2.6%	5.0%	6.9%	9.3%	11.4%	13.1%	14.2%	14.9%	15.1%	14.8%	25.1%
ROIC		8.0%	9.7%	10.2%	6.8%	7.5%	12.0%	16.0%	19.1%	21.0%	21.5%	21.1%	19.9%	18.2%	13.3%

Pets are growing a lot, and this growth is expected to come from the smaller ones

Premium dog food stands out since 2018, and should keep growing

YoY growth of Economy, Mid-Priced and Premium dog food in Brazil, in %

— Economy   — Mid-Priced   — Premium

	2018	2019	2020	2021E	2022E	2023E
Premium	14%	14%	35%	17%	19%	18%
Mid-Priced	12%	12%	16%	14%	17%	16%
Economy	12%	3%	29%	8%	12%	12%
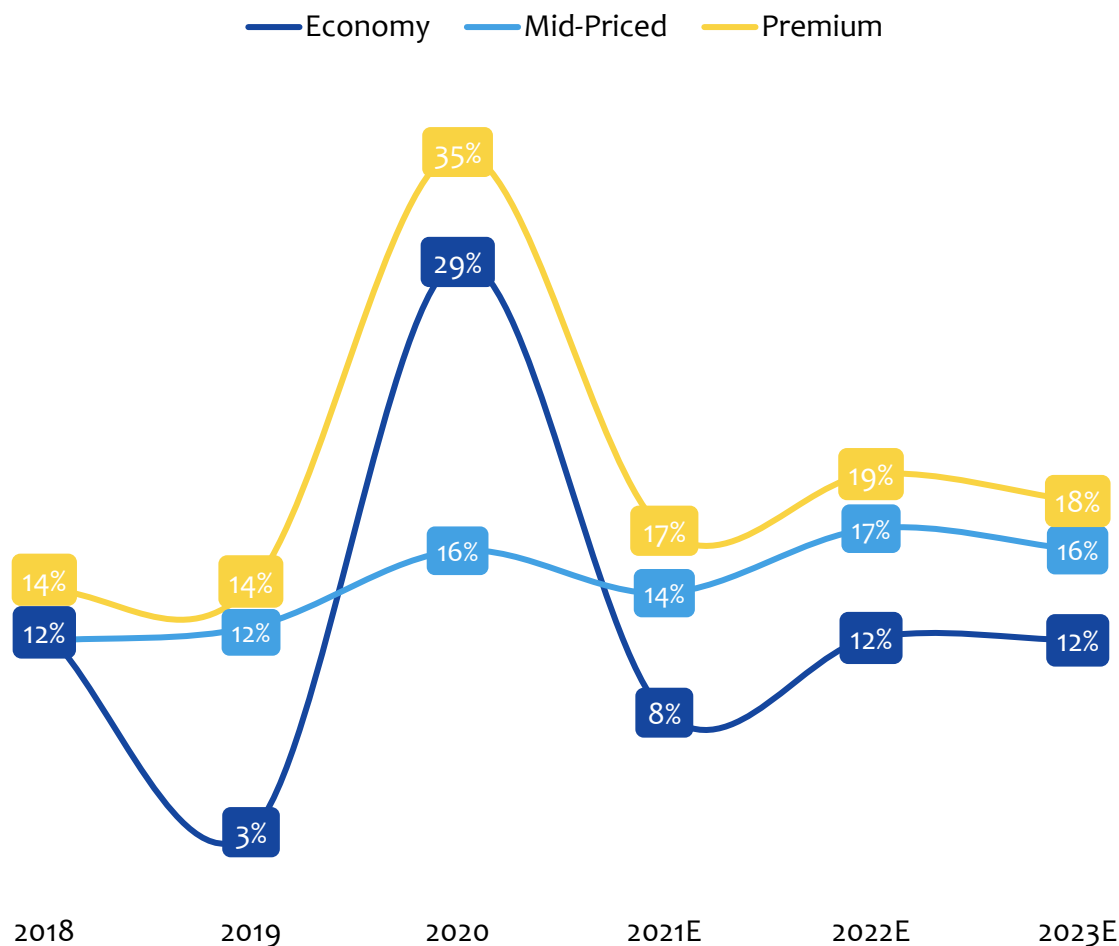
Urbanization calls for smaller houses, that calls for smaller pets

Distribution of cats, small dogs and medium & large dogs in Brasil historically

84% Urbanization rate in Brazil

47% Pets located in Southeast

25% Pets located in São Paulo

■ Cats   ■ Small Dogs   ■ Medium & Large Dogs

	2016	2021E	2026E
Medium & Large Dogs	29%	27%	24%
Small Dogs	40%	41%	41%
Cats	30%	32%	35%
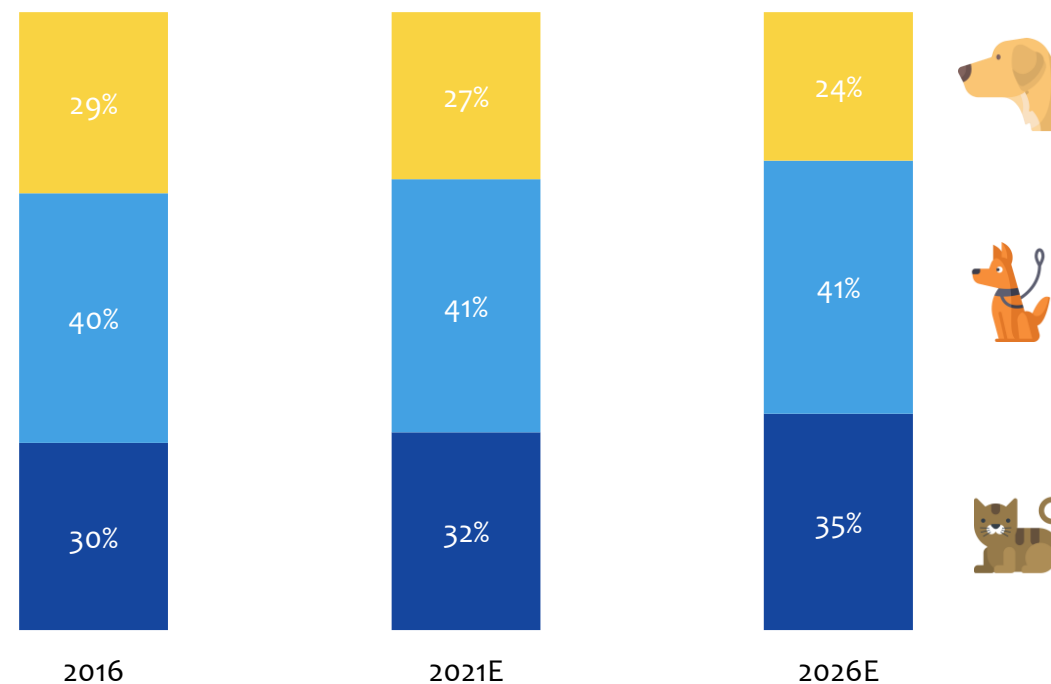
The vet sector had a revenue of R$7.3 billion in 2020

The Brazillian vet sector has lots of potential

Country	# of vet clinics
Brazil	46,222
USA	29,555
China	23,715
Japan	12,309
Germany	10,395
Argentina	9,708
México	9,224
Colombia	8,140
France	7,983
Italy	7,210

Country	# of vets
China	148,722
Brazil	117,034
USA	101,185
Spain	34,420
Turkey	33,344
Italy	27,913
Argentina	21,060
Mexico	19,120
United Kingdom	19,101
Indonesia	17,152

However, it's still unexplored, with global directions heading other ways

Growth in the global veterinary telehealth market ($M)

Insurance pet market outside the country its growing a lot more than Brazil. The veterinary care market continues to advance through scientific research, and the range of healthcare options available to pet owners is increasing. Together with a growing awareness and affordability of pet insurance, more pet owners are able to do what is best for their pet throughout their lifetime.

90,000 vets conducts remote consultations each year

Growth in the global veterinary telehealth market (Million Pounds)

Year	Value
2020	92
2019	68.2
2018	57.6

Understanding the competiton

Petz is a mall for pets, offering a lot of kinds of products, besides Pet Care services

The big networks of Pet Shop, despite offering more solutions, no dominate the Brazilian market.

The small stores are predominant, even thought they have less variety of products and services

Big

Medium

Small

Few products

A lot of products

Understanding the competiton

PETZ is the only superstore that has performed an IPO, giving it advantage

Petz
Seu pet center de estimação

- ✓ Shopping for Pets
- ✓ Own Services – SERES
- ✓ High market cap because of the IPO
- ✓ High e-commerce platform

Cobasi
o shopping do seu animal
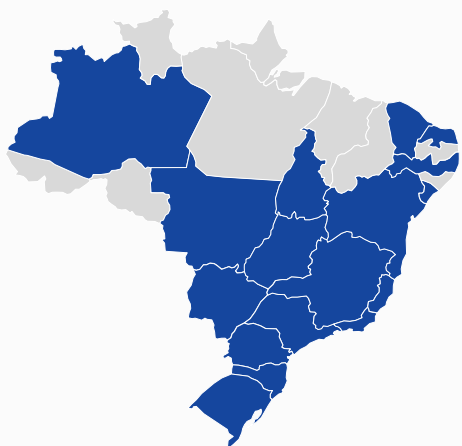
- ✓ Shopping for Pets
- ✓ Doesn't have its own services
- ✓ High investments by Kinea
- ✓ High e-commerce platform

petlove

- ✓ Some services – dOG HERO
- ✓ High investments by Softbank
- ✓ Only e-commerce platform

Petland
PETLAND PETS MAKE LIFE BETTER!
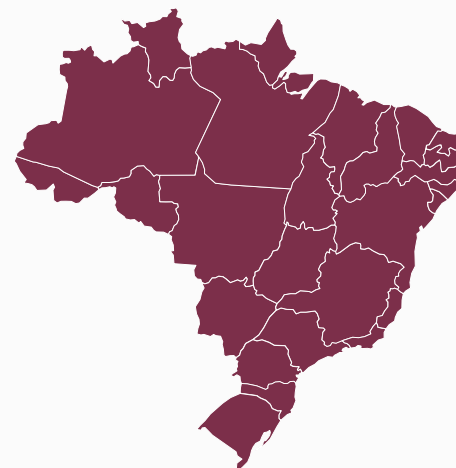
- ✓ "Small" stores
- ✓ Doesn't have its own services
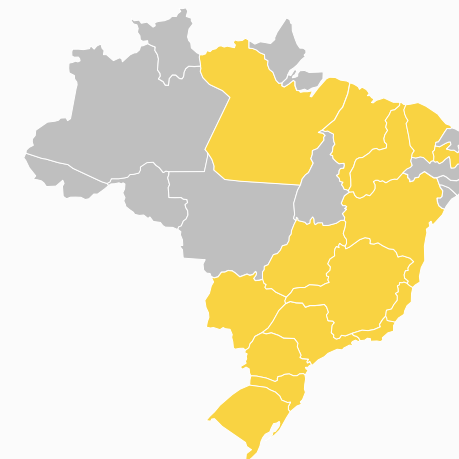
Comparing Petz, Cobasi and Petlove, we concluded Petz has the highest competition index, with grades of 0-2 between them. When they had the same score, we just gave the higher grade to both

ID	Topic	Petz	Cobasi	PetLove	Justification
				Competition Index	
B.1	Acquisitions	1	0	2	Petlove acquisitions added more to their portfolio than the other players
B.2	Subscription	2	2	2	Their subscription plan have little diferences between them
B.3	Services	2	1	0	Petz its the only to offer own services, while Cobasi offers third parties and Petlove doesn't have grooming
B.4	Products portfolio	2	1	0	With the acquisition of Zee.Dog, Petz had an exclusive portfolio, and Cobasi had more SKUs
B.5	Basket price	2	2	2	The basket price formed by us was homogeneous
B.6	Freight rates	2	1	1	Petz is the only player to offer free shipping to the whole country
B.7	Footprint	2	1	0	Petz has a larger footprint than Cobasi
B.8	Brand Recognition	2	1	0	Petz a higher brand recognition, as explained in the Competitive Positioning
B.9	Time in the market	0	2	1	Cobasi has more market years, followed by Petlove and Petz as younger
B.10	Veterinary Services	2	1	0	Seres is growing nationwide, and even with a huge potential from PortVet, Cobasi is better for now
B.11	Partnerships	1	2	0	Cobasi has a wide array of partnerships, more than Petz. However, Petlove lags in this fator
B.12	Customer Service	1	0	2	Scores were allinged with the grades of Reclame Aqui
B.13	Express Delivery (Price)	0	2	2	Petz is the only one to charge a 5.90 fee, while in the others is free
B.14	E-Commerce Presence	1	0	2	Petlove is focused only in E-Commerce, and Petz as a higher usage and downloads of their app
	Business Characteristcs	**1.43**	**1.14**	**1.00**	**Mean of the 14 items**
C.1	Traffic Flow	1	2	-	Cobasi has a higher flow of automobiles than Petz
C.2	Promity to POS	2	1	-	Petz has a higher proximity to PoS than Petz
C3	Express Delivery (Locations)	2	1	0	Petz and Cobasi offers express delivery to the cities they have stores. As they have stores in more cities, they have a higher score. Petlove only offers express delivery in greater São Paulo
C4	Delivery zones	2	2	2	All three players delivers to the whole country
C5	Stock-out delivery	2	1	0	In deliveries of non-available items, Petz has the fastest delivery, followed by Cobasi and Petlove
	Customer Convenience	**1.80**	**1.40**	**0.67**	**Mean of the 5 items**
	Total Grade	**1.53**	**1.21**	**0.94**	**Mean of the 19 items**

Prices and Shipping comparison

PETZ stands out among competitors and **MARKETPLACES** show to have higher shipping prices, because of third-party retailers

		PETZ	COBASI	PETLOVE	AMAZON	AMERICANAS	MERCADO LIVRE	MAGAZINE LUIZA
FOOD	Ração Golden Power Training – 15Kg	R$ 153.99	R$ 153.90	R$ 153.90	R$ 153.90	R$ 160.56	R$ 257.43	R$ 153.99
	Ração Royal Canin Maxi – 15Kg	R$ 302.59	R$ 302.59	R$ 325.50	R$ 325.50	R$ 475.90	R$ 309.90	R$ 271.33
	Ração Whiskas Gatos Adultos – 3Kg	R$ 56.99	R$ 56.99	R$ 56.99	R$ 56.99	R$ 55.79	R$ 72.90	R$ 56.99
PHARMACY	Agemoxi CL 250mg – 10 comprimidos	R$ 89.90	R$ 89.90	R$ 99.90	R$ 89.90	R$ 84.90	R$ 75.04	R$ 89.90
	Sec Lac Agener União 0,5mg	R$ 74.50	R$ 74.50	R$ 74.50	R$ 68.99	R$ 57.80	R$ 59.90	R$ 74.50
GARDEN & HOUSE	Inseticida Forth Mata Cochonilla 500ml	R$ 24.99	R$ 24.90	R$ 26.09	R$ 33.15	R$ 33.50	R$ 27.90	R$ 21.90
HYGIENE	Shampoo Sanol Dog Professional	R$ 15.99	R$ 16.50	R$ 16.99	R$ 15.65	R$ 15.50	R$ 16.00	R$ 15.65
	TOTAL	**R$ 718.95**	**R$ 720.68**	**R$ 730.96**	**R$ 744.08**	**R$ 884.95**	**R$ 819.07**	**R$ 685.35**
	TOTAL + SHIPPING	**R$ 718.95**	**R$ 720.68**	**R$ 730.96**	**R$ 796.64**	**R$ 1,048.9**	**R$ 819.07**	**R$ 918.30**

The signature services are similar between these three, but **PETZ** is the only one with benefits on **services**

	PETZ	COBASI	PETLOVE
Included categories	Food, Hygiene, Pharmacy and B&G	Food, Hygiene, Pharmacy	Food, Hygiene, Pharmacy and Toys
Subscription Price	FREE	FREE	FREE
Discounts	- 20% B&G - 10% products	- 10% products	- 15% DogHero - 10% products
Shipping Discounts	5% off	5% off	-
Other benefits	-	- 20% on the first purchase + gift	- 20% on the first purchase + gift + vet courses
Can the subscription product be witdrawn from the store?	YES	NO	NO

All three stores offer a service of express delivery. But **PETLOVE** works only in greater São Paulo, while **COBASI** and **PETZ** in all cities where they are present

Petz boasts a complete and integrated assortment of high quality products and services, supporting and improving market leadership

Robust M&A agenda implemented in order to fulfill ecosystem needs

	PETZ	COBASI	PETLOVE
Private Label	✔	✘	✘
Proprietary Vets	✔	✘	✘
Proprietary Aesthetics	✔	✘	✘
Pet Hotels	✔	✘	✘
Pet Sitting	✔	✔	✔
Dog Walking	✔	✔	✔
	Cão Cidadão	Pet Anjo	dog hero

Superior freight and delivery times

Locations where Petz, Cobasi and Petlove offer express deliveries
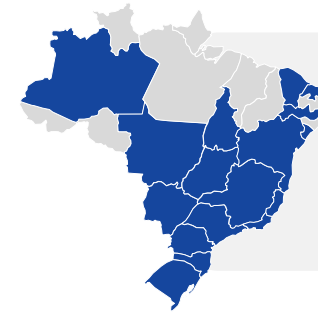
Express shipping within **cities with stores**

1-day shipping in case of **stock-out**
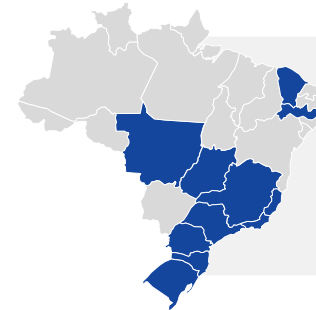
(Petz)

Express shipping within **cities with stores**

2-day shipping in case of **stock-out**

(Cobasi)
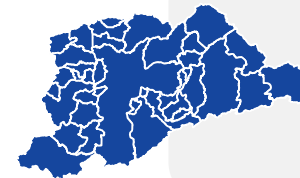
Express shipping within **greater São Paulo**

3-day shipping in case of **stock-out**

(Petlove — alegria na sua casa)

Distinc advantages arise from Petz's large geographical footprint, generating brand awareness both physically and digitaly

Petz's large presence brings 3 major leverage points

Petz vs Cobasi presence in brazillian cities with more than 100k urban inhabitants

Petz **28%**

VS

Cobasi **17%**
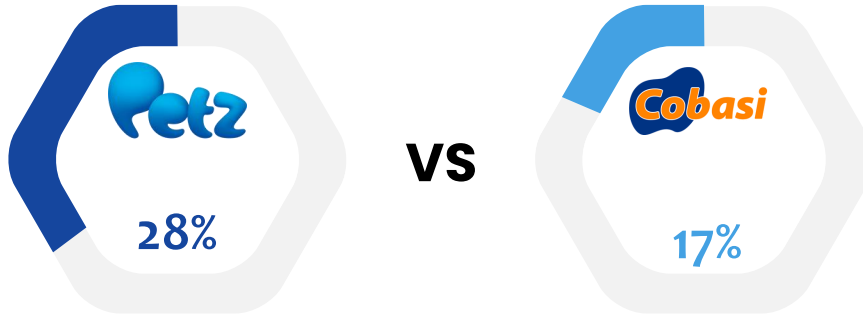
- **First mover advantage**
- **Large stores as a mean of drawing attention**
- **Creation of expansion barries for competitors**

The Manaus opening is the perfec testament to Petz's national recognition

- Petz downloads
- Cobasi downloads
- Petlove downloads
- Petz daily users
- Cobasi daily users
- Petlove daily users

Chart months: Apr-21, May-21, Jun-21, Jul-21, Aug-21, Sep-21
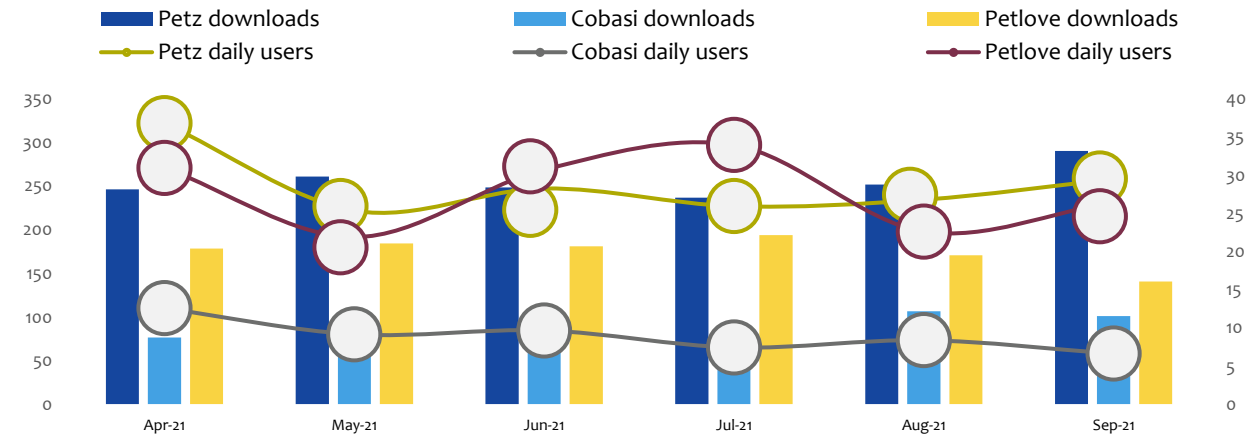
This physical dominance is than translated into the digital enviroment

App downloads and daily usage

Manaus

3rd Best store inauguration

3x Initial expecteations

Petz doesn't draw attention when its up to customer service, but they are rebuilding their approach

Grades in Reclame Aqui are similar, and Petz is above average

Pet players and marketplaces's LTM grades in Reclame Aqui

petl♥ve	9.0
americanas	8.7
magalu	8.5
amazon	8.5
Petz	8.4
Cobasi	7.9
mercado livre	7.4

Average: 8.34
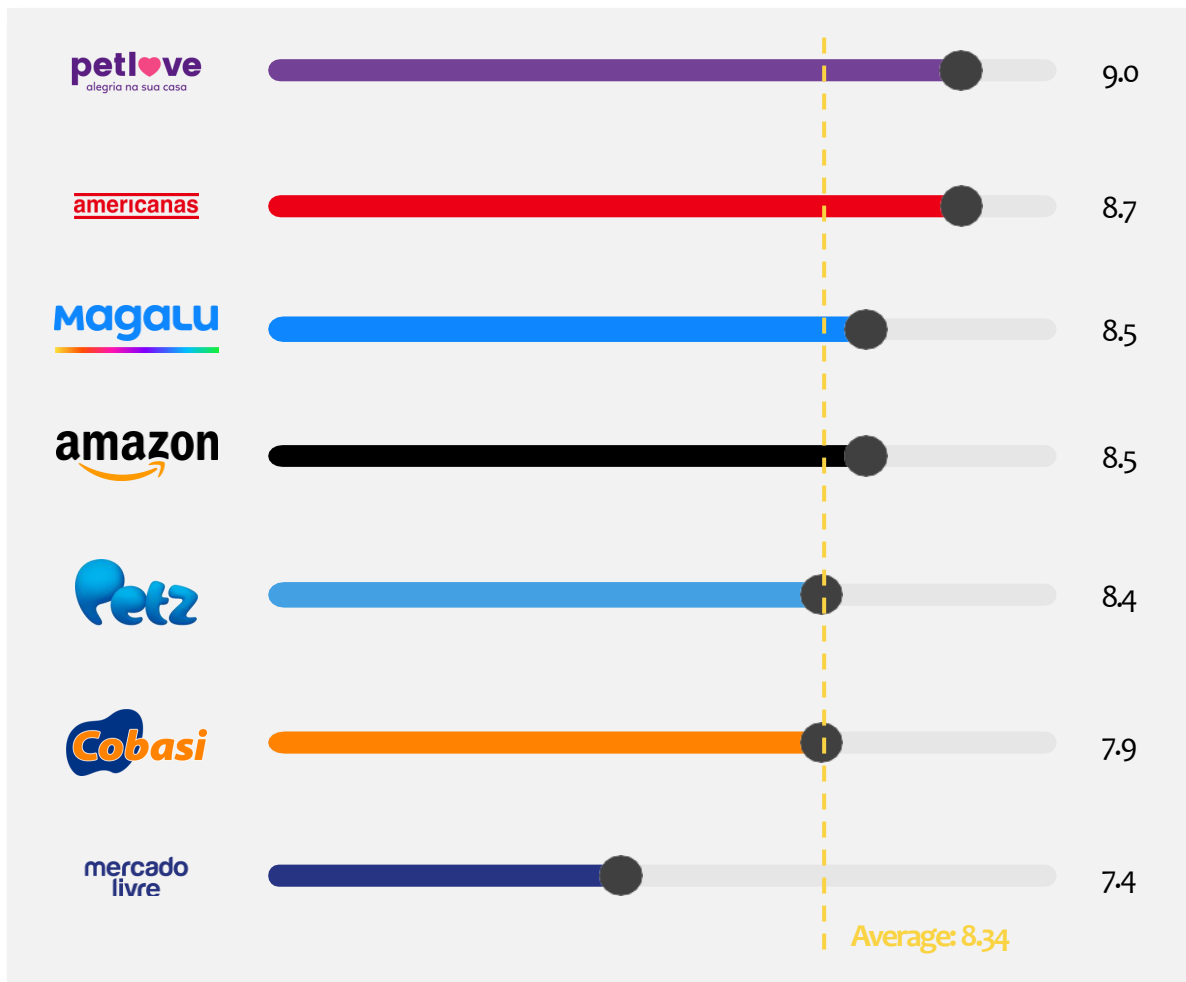
They are making their way to the top through personalization of offers
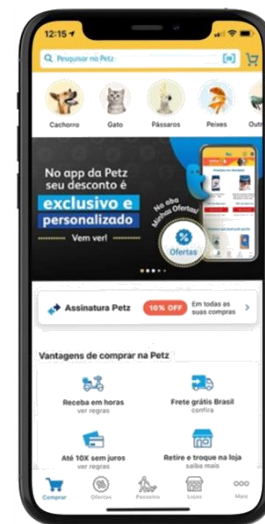
New sales

Upsell

Cross-sell

Rebuy
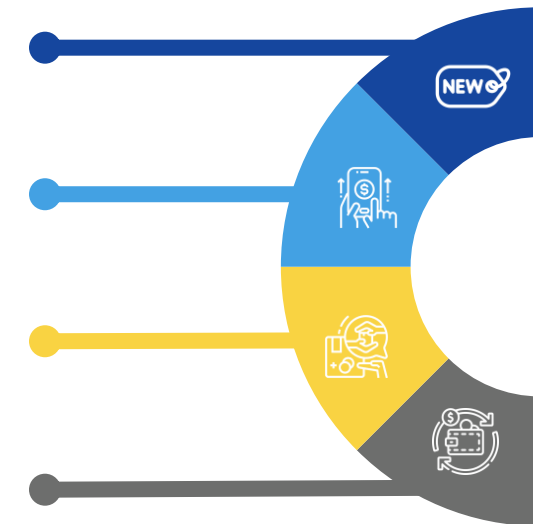
And this is already being reflected in their boosted NPS

Petz's Net Promoting Score evolution since 2019

71	75	76
3T19	3T20	3T21
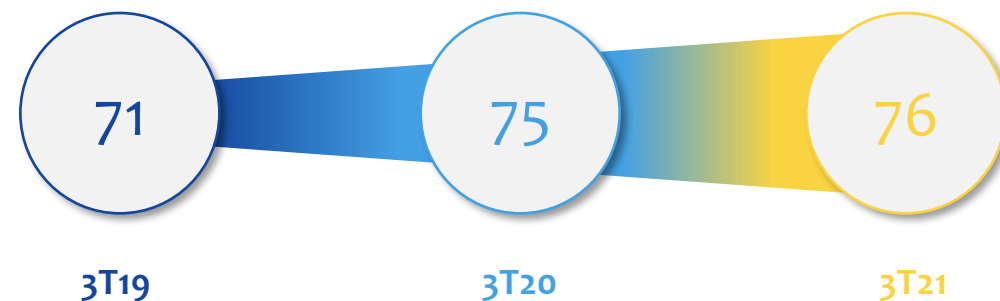
Through QGIS software, we made a geospatial analysis of Petz and Cobasi stores in São Paulo through radii of 250m, 500m, 1km and 2km. With that, we were able to observe the overlap between the stores
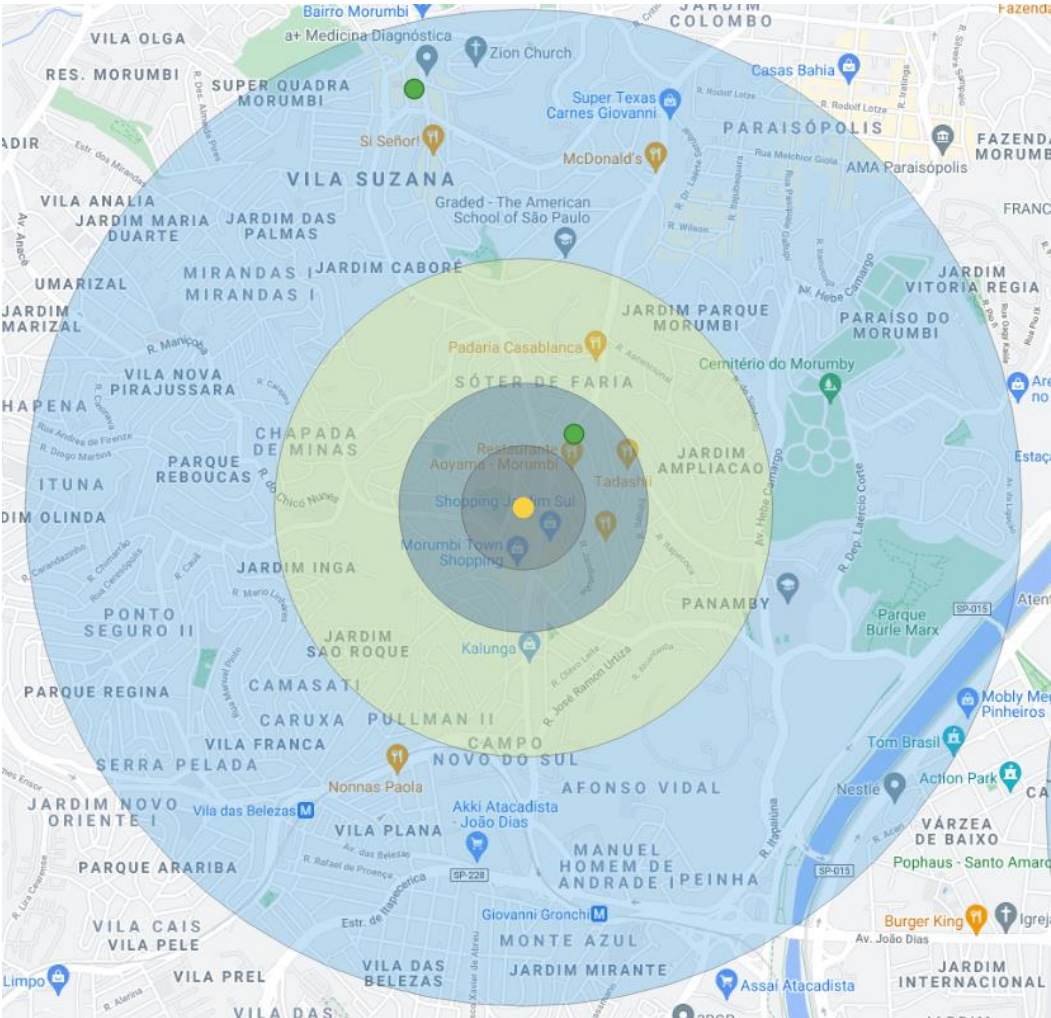
Overlap of Petz and Cobasi stores in São Paulo

	250m	500m	1km	2km
% of Petz's stores with overlap	7%	19%	33%	69%
% of Cobasi's stores with overlap	8%	22%	39%	81%

Chart values: 250m: 3, 500m: 8, 1km: 14, 2km: 29
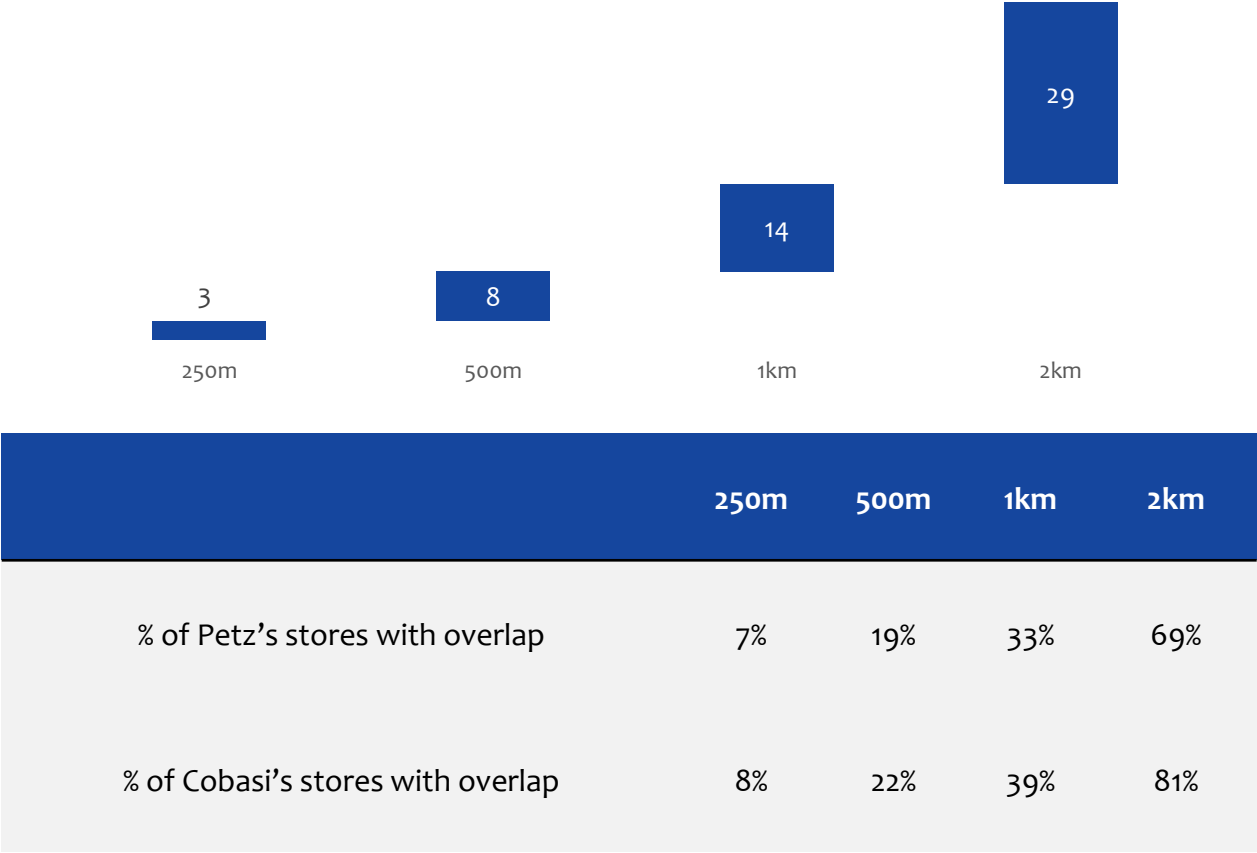
And connecting to data from GeoSampa, we extracted the district map of São Paulo, along with a database of IBGE from the 2010 census. From there, we found the HDI by income in each one of the districts, making an analysis of the pet superstores in top of them

HDI by income

0.613

1.000

Petz

Cobasi
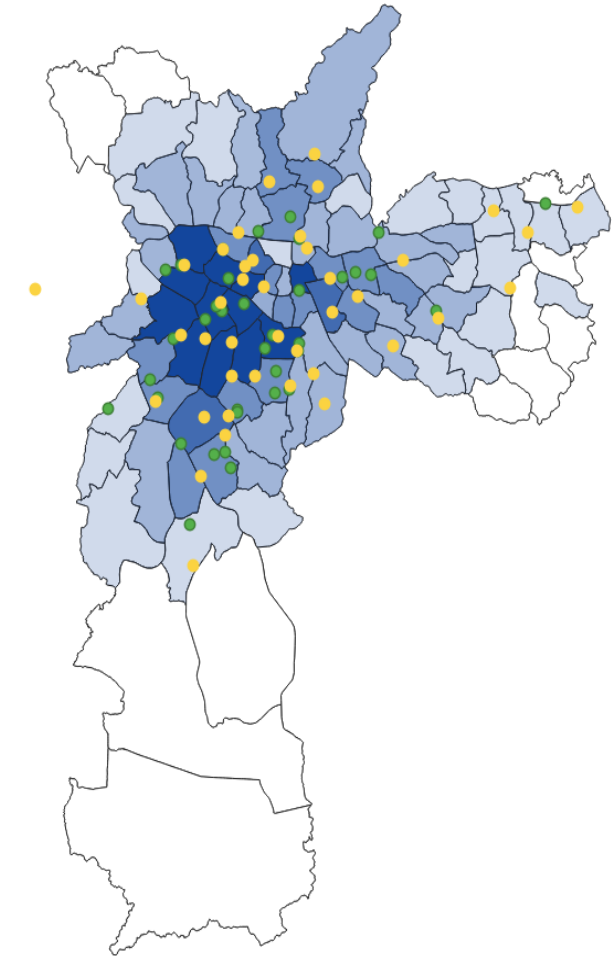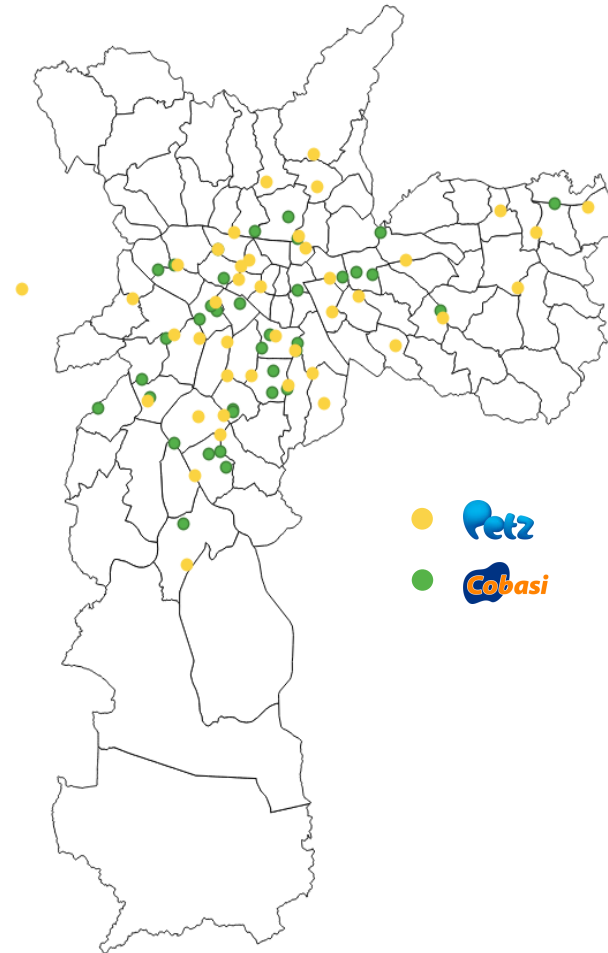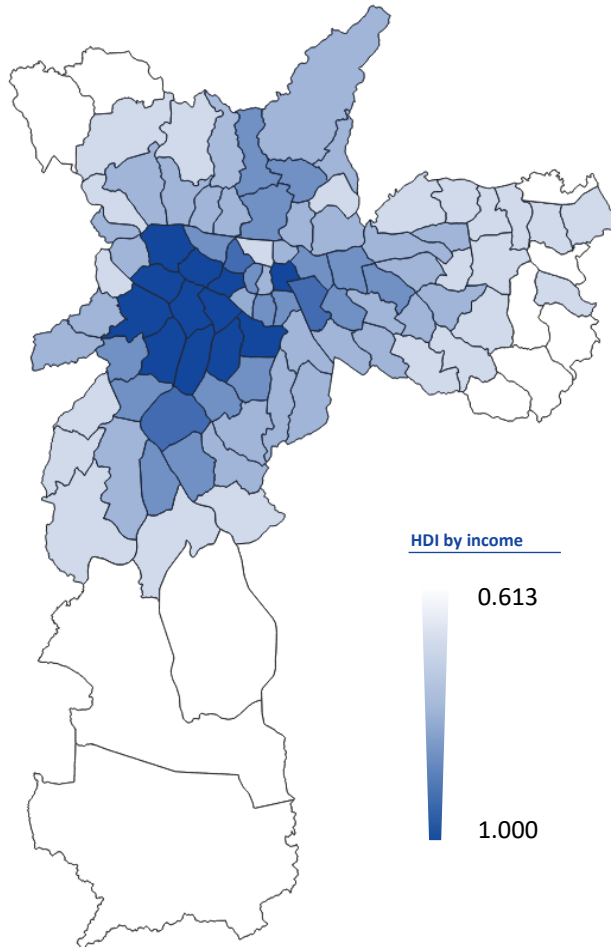
Following that, we analyzed store by store in SP to see what points of sale where available in a 250m and 500m radii from them. We see the PoS as a determinant factor in the choice between the stores, mainly in those that offers grooming services, as it's an option to leave your pet and do other things in the time:

Points of Sale	Radius	Petz	Cobasi
Gym	250m	43%	42%
	500m	79%	67%
School	250m	60%	44%
	500m	93%	81%
Church	250m	33%	19%
	500m	76%	44%
Mall	250m	26%	19%
	500m	33%	31%
Supermarket	250m	60%	58%
	500m	86%	89%

Both Petz and Cobasi have 5 stores each in the Top 30 avenues with the highest flow of cars in SP according to CET. Therefore, we used a research of CET that analyzes the flow of automobiles in these 30 avenues during the hour of the morning and the afternoon with the greater car traffic in an ordinary day:

Adresses	Morning hour peak		Afternoon hour peak	
	Petz	Cobasi	Petz	Cobasi
Av. Interlagos		2,367		2,838
Av. Prof. Francisco Morato,		3,042		1,959
Av. Rebouças		2,734		2,831
Av. Washington Luís	3,256	5,668	4,261	6,541
Av. Marginal Tietê		5,065		5,681
Av. Adolfo Pinheiro	3,525		1,923	
Av. Francisco Matarazzo	1,704		1,692	
Av. Presidente Castelo Branco	4,223		3,691	
Av. São Miguel	856		1,319	
Total	**13,564**	**18,876**	**12,886**	**19,850**

Petz, Cobasi and Petlove are all capting resources to continue expansion

What has the competition been doing?

And how Petz is strenghning its positioning

Cobasi

Kinea

R$ 300 million Investment in April of 2021

Acquisition of **Pet Anjo** in June of 2021

petlove
alegria na sua casa

L CATTERTON

SoftBank Group

U$ 278.8 billion in funding from PE funds

Merger with **Dog Hero** in October of 2021

dog hero

Petz
Seu pet center de estimação

PET CENTER COMÉRCIO E PARTICIPAÇÕES S.A.
Companhia Aberta de Capital Autorizado – Código CVM nº 2508-9
CNPJ/ME nº 18.328.118/0001-09 | NIRE 35300453824

AVISO AOS ACIONISTAS

3) Explicar, pormenorizadamente, as razões do aumento e suas consequências jurídicas e econômicas e fornecer cópia do parecer do conselho fiscal, se aplicável.
O aumento do capital social foi realizado por meio da emissão de novas ações ordinárias de emissão da Companhia no âmbito da Oferta, dentro do limite do capital autorizado. A Companhia pretende utilizar os recursos líquidos provenientes da Oferta para: (a) aceleração da abertura de lojas e hospitais; (b) fortalecimento do ecossistema e novos negócios/M&A; e (c) desenvolvimento da plataforma digital, tecnologia e logística.

The company pretends to utilize the net resources from the **Follow-On** to: (a) Accelerate **new store and hospitals** openings; (b) **Strengthening the ecosystem** and new businesses / M & A; & (c) **Development of digital platform**, technology and logistics

The "most disruptive pet platform in the world" brings meaningful synergies to the table

Zee.Dog rapidly expanded, already serving 45 countries

Global:
- Offline (B2B + Retail): 24%
- E-Commerce: 7%
- E-Commerce: 31%
- Zee.now: 34%

Brazil:
- 69%
- Offline (B2B + Retail): 17%
- E-Commerce: 19%
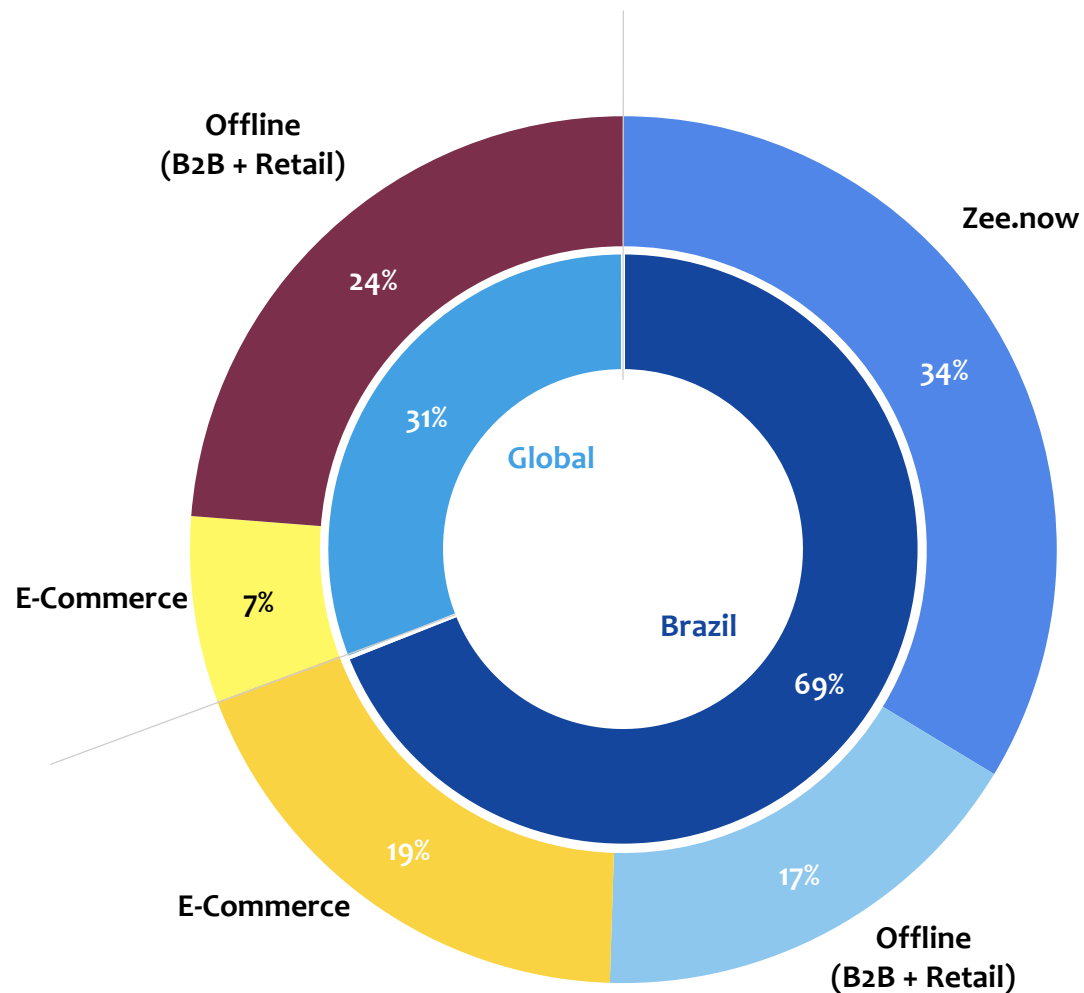
With a simple rationale, the transaction will push Petz to the next level

■ Private Label ■ Third Party

zee.dog
- 27%
- 73%
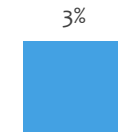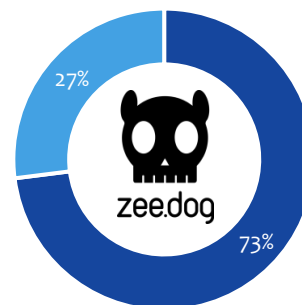
Current: 3%
Goal: 10%

International expansion opportunity

Exclusive product assortment

Accelerated digital growth
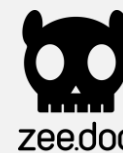
First acquisition made by Petz in 2020 after its IPO, strenghning its core business

A remarkable platform with nationwide reach

Amanda Nori

- Co-Founder of CDSG in 2013 and Head of Business Unit
- Business administration at PUC-SP
- 3 years working at Editora Abril

Stéfani Guimarães

- Co-Founder of CDSG in 2013 and Head of Business Unit
- Publicity at Cásper Libero and Industrial Design at Mackenzie

1.1m Followers in **facebook**

230k Plays in Spotify and **30k followers**

2.1k **Minutes of PodCat** in Spotify

570k Followers in **Instagram** and more than **3k posts**

How CDSG strengths Petz ecosystem

Engagement Tools/New Channels

Development in the cat segment and public collection of data in "non-buy" moment's, along with creation of trends

Retainment of Clients and Customer Loyalty

Exclusive products design, as the cat category is growing a lot but lacks in assortment, being a differential in the segment

Leverage of Channels and Segments

Improves the capacity to connect brands, creating an advertising space and also attracting specialized content producers

Cansei de Ser Gato and Cão Cidadão

With these acquisitions, Petz now has most of the services inside its own ecosystem

Cão Cidadão

481k	Cão Cidadão followers **across various platforms**
+6m	Dr Pet followers **across various platforms**

Families helped **since 1998** — **100k**

Trainers/franchisees — **70**

O seu cãozinho está com problemas comportamentais?
Pergunte para o
Alexandre Rossi
e
Cão Cidadão

01 — **Pet training,** strengthens Petz's portfolio and **pushes further its completion**

02 — **Exclusive** content creation, **engaging and fidelizing** its audience

03 — Cat population growth rate of **~2x as dogs**

The Seres brand is Petz's veterinary services brand, which has XX clinics and XX hospitals

National network of Petz veterinary centers

Attached to physical stores, concentrating everything in the same place

24h service

Each species has its own waiting environment

Presence of a veterinary emergency room separate from the other wings

Consultations, clinical exams, imaging diagnoses and high/low complexity surgeries

Hospitals focus on highly complex procedures

Technological differential: ultrasound rooms, electrocardiogram, digital veterinary X-ray, etc

Objetivo: tornar-se referência no setor de medicina veterinária, com o DNA da Petz

STRENGHT

The company has an advantage for having made its IPO before its competitors, in addition to having its own service brand, SERES. Other strengths are the location of its stores and distribution throughout the country, together with its omnichannel index.

WEAKNESS

The Petz brand is highly concentrated in the State of São Paulo, lagging behind local brands in some regions of the country. Furthermore, the company contains only one distribution center. Another risk is the brand's dependence on just one person, CEO Sérgio Zimmerman.

S	W
T	O

THREAT

Petz must pay attention to the growth of competitors so as not to lose the market share race with the consolidation of the industry. In addition, there is an image threat related to its public environment and the delicacy of the services involved.

OPPORTUNITY

Petz may expand with the industry and its consolidation. There is the possibility ofterritorial and international expansion with the acquisition of the zee.dog brand. Marketplaces, in addition to threats, can be an opportunity for a new digital channel.

Radar chart axes: Bargain Power of Costumers, Bargain Power of Suppliers, Competitive Rivalry, Threat of New Entrants, Threat of Substitutes (scale 1–5)
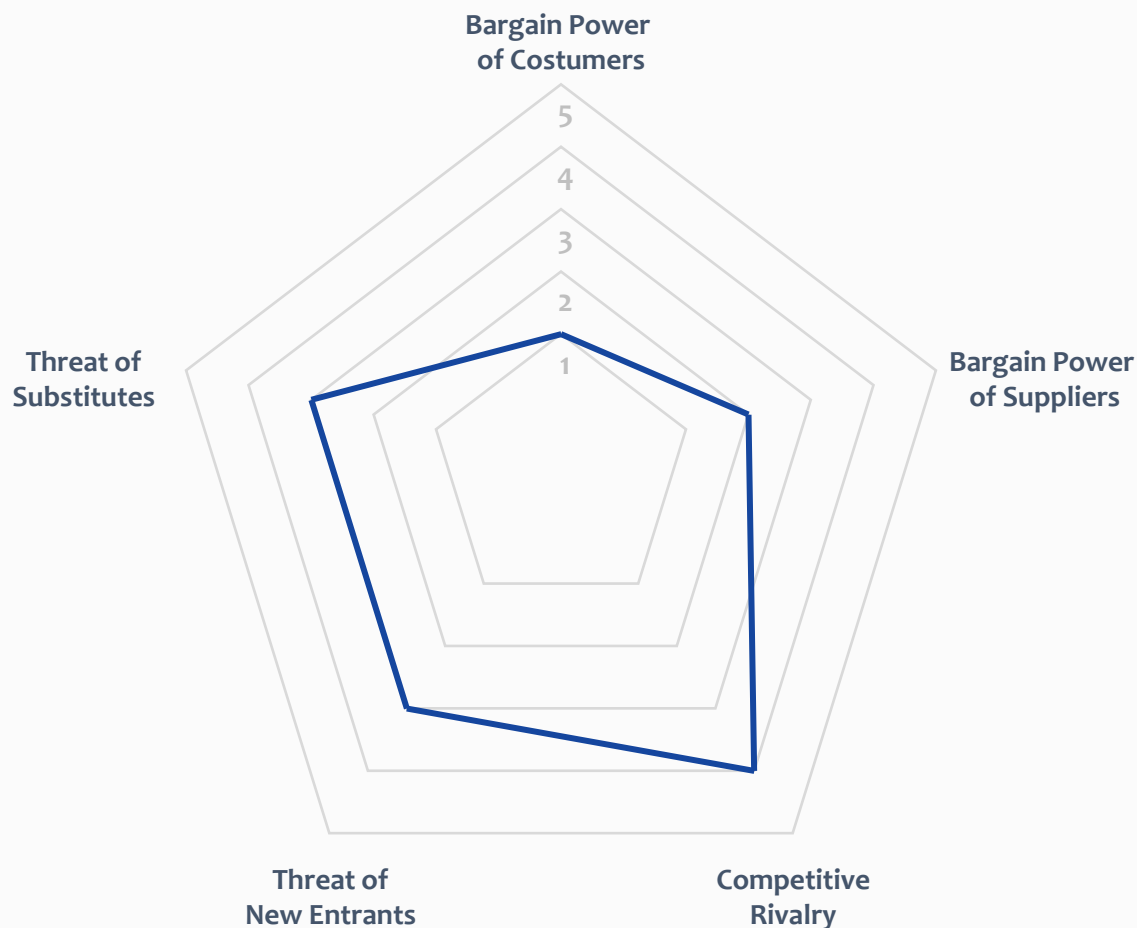
BARGAIN POWER OF COSTUMERS - LOW

Prices in different stores do not usually vary. Thus, the consumers have little bargain power and are price taking. In addition, demand for pet products are inelastic.

BARGAIN POWER OD SUPPLIERS - LOW

From superstores to small neighborhood pet shops, all sell the same main brands; apart from a few premium brands that are sold in specific locations.

COMPETITIVE RIVALRY - HIGH

The number of players is quite high. Superstores compete with neighborhood petshops and are now beginning to compete with large marketplaces as well.

THREAT OF NEW ENTRANTS - MODERATE

Marketplaces are gaining ground in the petcare market, featuring a threat of new entrants. Amazon stands out too, with its own brand in the United States that may arrive in Brazil

THREAT OF SUBSTITUTES - MODERATE

For animal food there are no substitutes. However, the services part is replaceable by popular veterinary clinics and independent veterinarians.

PETZ AT HOME owns 23% of UK Petcare sector, it has a unique combination of products and services, growing to be the biggest petcare branch in the world

RETAIL

Physical stores and e-commerce where you can find a big variety of products. Also has a strong omnichannel patform and developed e-commerce

VET GROUP

Program with outsourced and in-house veterinarians who serve Pets at Home's customers. Also counts with a digitally led pet healthcare solutions.

OTHER SERVICES

Other services include: bath and grooming, support adoption and other Pet services. Pets at Home also has Puppy and Kitten club, ofering gifts, discounts and benefits for pet owners
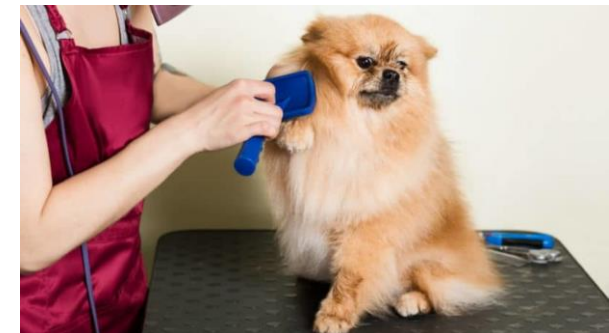
To check how the market evaluate other benchmark growth cases, we looked into MGLU's and Pets at Homes's 5y share prices

Brazilian Retail

Magazine Luiza 5y Share price (BRL)
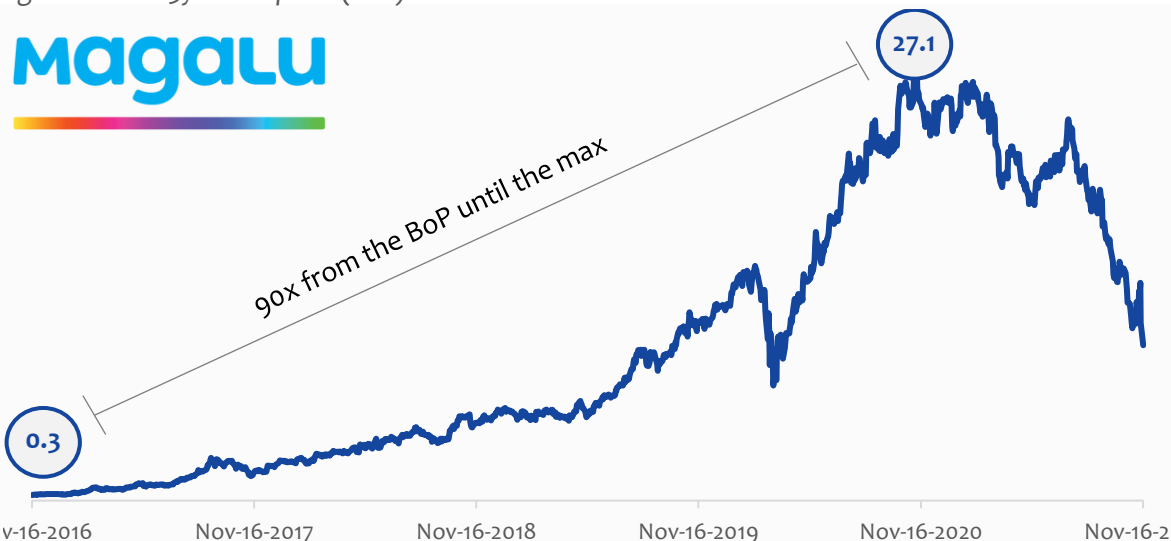
Global pet sector

Pets at Home 5y Share price (GPB)

Magalu chart: 90x from the BoP until the max — from 0.3 to 27.1

Pets at Home chart: 2.33x from the BoP until the max — from 2.2 to 5.1

I — Market Growth

- Huge TAM
- Underpenetrated industry
- Room for consolidation

II — Omni Approach

- Omnichannel strategy
- Efficiency in store openings

III — Multiple expansion

- Multiples considering future growth
- Trading with a premium compared to peers

ESG Scoreboard

	Criteria	Petz	Cobasi	petlove	petco	pets at home	Average
E.1	Carbon Emissions	1.00	0.00	0.50	2.25	2.75	1.30
E.2	Air Emissions	0.00	0.00	0.75	2.75	2.8	1.25
E.3	Energy and Water Management	0.25	0.00	0.00	3.00	3.0	1.25
E.4	Hazardous substances & supply chain	1.00	0.00	0.00	3.00	3.0	1.40
E.5	Green Products	2.75	0.00	3.00	3.00	2.5	2.25
E.6	Sustainable Packaging	1.00	0.00	0.00	3.00	3.0	1.40
	E Score	**1.00**	**0.00**	**0.71**	**2.83**	**2.83**	**1.48**
S.1	Human Resources	1.5	2.0	0.8	2.5	3.0	2.0
S.2	Health and safety	0.8	0.0	1.0	2.8	2.8	1.5
S.3	Community involvement	3.0	2.0	2.0	3.0	3.0	2.6
S.4	Consumer Safety / Product Regulations	2.3	1.8	2.0	2.8	3.0	2.4
S.5	Customer Privacy	3.0	3.0	2.0	3.0	3.0	2.8
S.6	Animal Welfare in the Supply Chain	2.0	0.0	0.0	3.0	3.0	1.6
S.7	Pet Health, Nutrition and Wellbeing	1.5	1.5	0.0	3.0	3.0	1.8
	S Score	**2.00**	**1.46**	**1.11**	**2.86**	**2.96**	**2.08**
G.1	Roles and responsibilities	0.3	1.5	0.3	3.0	3.0	1.6
G.2	Policies and Procedures	1.5	1.3	0.0	3.0	3.0	1.8
G.3	Monitoring and Reporting	0.8	0.8	0.0	3.0	3.0	1.5
G.4	Compensation Policy	0.0	0.0	0.0	3.0	3.0	1.2
G.5	Board of Directors	3.0	0.0	0.0	3.0	3.0	1.8
G.6	Supply Chain	2.0	2.0	0.8	3.0	3.0	2.2
	G Score	**1.25**	**0.92**	**0.17**	**3.00**	**3.00**	**1.67**
	ESG Score	**1.42**	**0.79**	**0.66**	**2.90**	**2.93**	**1.74**

Grade	Meaning
0.0	Does not disclose any plans about the criteria or does not have any information on the internet
0.5	Does not disclose any plan about the criteria, but management has already shown awareness
1.0	Management has already show awareness regarding the criteria and operations generate low impact
1.5	Dispose public information about the criteria but still operationally undeveloped
2.0	Intermediate present efforts but has disclosed a structured guideline for the future
2.5	Perfectly structured plans but impacts has not reached its full potential
3.0	Completely implemented plans having already shown big impacts

We took into consideration the benchmarks on ESG evaluation and ranked the pet sector players acording to 1) Relevance and 2) Maturity in topics related to environmental, social and governance practices

Main Sources

Why did we consider relevance and maturity on the grading?

ESG Benchmarks

GRI — Empowering Sustainable Decisions

PRI | Principles for Responsible Investment

SASB — SUSTAINABILITY ACCOUNTING STANDARDS BOARD

CLESSIDRA

Relevance to the target company

Degree of awareness and understanding of the target company regarding each ESG criteria and the management capacity to address such issues

Maturity of the target company

Stage of development of the company's practices in each of the ESG criteria taken into consideration

ID	TOPIC	Petz	Cobasi	petlove	petco	pets at home
E.1	Carbon Emissions	A. The company operates in a energy intensive sector B. The company is realizing a strategic consultancy to identify improvements in ESG practices, and intends to create a Sustainability Report and monitor key market indicators	A. The company operates in an energy intensive sector and has no public information of plans or actions to mitigate this impact	A. The company operates in a energy intensive sector. However, due to its online operation, it has less impact than other companies. B. No public information of plansto mitigate this impact.	A. Petco operates in an energy-intensive sector and is conscious of that since it is constantly monitoring its energy impacts. B. Optimization of the logistics, reducing the amount of journeys made to transport products and people. Moreover, Petco spent the past year gathering data from every kind of gas emission in its operations.	A. The company operates in a energy intensive sector, monitoring of all gas emissions and impacts on the environment. B. In addition, it has several goals to be more sustainable, including the goal of becoming net zero carbon by 2040.
E.2	Air Emissions	A. The company's operations is energy intensive and generaste waste.	A. The company operation use energy and generaste waste.	A.The company operation generaste energy and waste, but lees than its peers.	A. Environmental impact from Petco's operation arise mainly from energy use at the company's facilities and emissions from distribution.	A. The company operation use energy and generaste waste. However, it has several processes to mitigate its impact.
E.3	Energy and Water	A. The sector is not intensive in relation to water, however it has a higher energy emission. B. Petz does not provide information about their efforts to reduce waste. C. No.	A. The company's operations are energy intensive and the company does not publish publicly its efforts in order to reduce this waste.	A. The sector is not intensive in relation to water, however it has a higher energy emission. B. Has no publish publicly its efforts in order to reduce this waste. C. N/A	A. The sector is not intensive in relation to water, however it has a higher energy emission. B. Since 2015, Petco operates an Energy Management System that does the monitoring of its energy waste. Furthermore, this software indicates pet centers that might be operating less efficiently. C. Yes, including recognized labels such as Okeo-Tex.	A. The sector is not intensive in relation to water, however it has a higher energy emission. B. The company is committed to reduce its energy emissions, having 96% of its energy coming from renewable energies. It also has plans to continuing to purchase renewables, adopting low carbon and clean air transportation and reducing our waste and water use. C. Yes
E.4	Substances & Supply Chain	A. The company has control over its stakeholders through it's Code of Conduct. B. N/A C. N/A. D. N/A	A. Cobasi does not provide public information about its relation with stakeholders among the supply chain.	A. PetLove does not provide public information about its relation with stakeholders among the supply chain.	A. Petco require that ther suppliers agree to its Supplier Code of conduct. B. N/A C. N/A D. The company is making more use of digital instead of printed data, moving to using more recycled content and improving their recycling programs.	A. The company has control over all its stakeholders through it's Responsible Sourcing handbook. B. N/A C. N/A. D. Also, it seeks to provide sustainable product choices encompassing raw materials and packaging. As a result, have made a commitment that all priority raw materials will be from sustainable sources by 2025.
E.5	Green Products	A. Through the acquisition of Zee.Dog, the company will offer natural pet food.	A. When looking through the company's website, we could not find any low impact or green product lines.	A. The company has partnered with True, a brand that produces natural pet food	A. Petco is the only major US pet retailer to announce the elimination of certain products with artificial ingredients.	A. It is creating a specific area for developing more sustainable feed products, examining, for example, how these products are manufactured and packaged. In addition, it seeks to pioneer low-carbon pet diets, including consideration of alternative proteins.
E.6	Sustainable Packaging	A. The company's operation require intensive packaging. B. Today, the company does not have information regarding sustainable packaging. But, it will have sustainable processes without the use of plastic with the Zee.Dog Kitchen operation	A. The company's operations require intensive packaging. Despite that, Cobasi does not provide any public information about its care with the environment in this topic.	A. The company's operation require packaging. B. Petlove does not provide any public information about its care with the environment in this topic.	A. The company's operation require intensive packaging. B. In 2019 Petco looked carefully at their owned brand products and have already saved approximately thirty thousand pounds of plastic packaging material.	A. The company's operation require intensive packaging. B. The company has a sustainable packaging system, with 79% of its own packaging being recyclable, recycled or compostable. In addition, it has a goal of being 100% by 2025.

ID	TOPIC	Petz	Cobasi	petlove	petco	pets at home
S.1	Human Resources	A. Petz operates fully with employees. // B. Yes. // C. N/A. // D. Women represent more than 40% of the leardship postions in Petz. // E. N/A.	A. Cobasi operates with employees on its stores and self-employed professionals on its services branches. // B. N/A // C. N/A // D. The company recently created a comittee focused on increasing its diversity efforts. D. N/A	A. ? // B. ? // C. N/A // D. It does not have public information on diversity, however, analyzing employees it is possible to observe certain diversity // E. N/A	A. Petco operates with employees, self-employed professionals and seasonal workers. // B. N/A // C. Petco does not provide information about turnover rates, but it develop several initiatives to retain its talents. // D. The company is deeply concerned about diversity issues and already have done several efforts in order to be more diverse and make its stakeholders feel confortable. // E. N/A	A. // B. // C. They have a 75% retention rate and a 23% Turnover Rate // D. They are committed to the theme ofdiversity and inclusion, monitoring all employees and have good rates in gender diversity and ethnic minorities. No information on racial diversity was found. // E.
S.2	Health and safety	A. Petz workers are exposed to medium safety and health risks, since they are always dealing with animals.	A. Cobasi workers are exposed to medium safety and health risks, since they are always dealing with animals.	A. Petlove workers are exposed to low safety and health risks.	A. Petco workers are exposed to medium safety and health risks, since they are always dealing with animals. But, they monitor all accident rates and causes.	A. Pets at Home workers are exposed to medium safety and health risks, since they are always dealing with animals. But, they monitor all accident rates and causes.
S.3	Community involvement	A. The company has projects to collaborate with the community, such as MOVER, "Movimento Arredondar", in addition to initiatives during the pandemic. // B. It has about 95 partner NGOs through a project with Editora MOL. // C. One of its partner dog kennels was denounced for practicing irregularities with pets, which led the company to close its pet sales operation. // D. Through its project "Adote Petz", it has already benefited more than 50,000 pets.	A. Cobasi sponsor culture initiatives, such as the "Coral da Cidade de São Paulo" and is a formal partner of the NGO Doutores da Alegria.Still, the company tries to impact the community through their blog, where there are a variety of tips and recomendations for pet owners. // B. N/A. // C. N/A //D. Cobasi has an adoption program, but there are animals available to adoption only in three locations.	A. The company has projects to collaborate with the community, such as the Project "Falco" and "Arca de Noé". // B. It has a white label platform that makes it possible for NGOs and professionals to achieve greater revenue. // C. N/A. // D. No.	A. Petco sponsor a variety of social projects and initiatives. // B. Petco has seven different Partner Resource Groups representing groups for which greater understanding and integration is needed. // C. N/A // D. Petco never sold cats or dogs, adopting a think adoption first philosophy. Among its years of operation, the company have helped find homes for 6.5 million Animals.	A. The company carried out several social actions during the pandemics and has several projects to help the community. // B. It also has a formal program involving the community. // C. N/A // D. 449 of their stores have an adoption center
S.4	Consumer Safety / Product Regulations	A. Petz has their own dog, where there are articles with recomendations and tips for pet owners. Still, the company's acquisition "Cansei de ser Gato", a platform with more than 1 million followers that is designed to help and entertain cat owners.	A. "Especialistas Cobasi", employees in charge of producing articles with tips and recomendations for pet owners.	A. Petlove has their own blog, where there are articles with recomendationsand tips for pet owners.	A. Petco removed more than 40 artificial ingredients from their shelves.	A. Pets at Home has their own blog, where there are articles with recomendations and tips for pet owners. It also has a project to teach its stakeholders how to better deal with pets
S.5	Customer Privacy	A. There is a section on Petz website called "Política de Privacidade", where the company details its efforts toensure their customers data safety. // B. General Data (Name, Date of Birth, State, etc), Financial Data (Credit card number and security code), Professional Data and Digital Identification Data. // C. N/A D. N/A	A. There is a section on Cobasi's website called "Política de Privacidadee Tratamento de Dados", where the company details its efforts to ensure their customers data safety. // B. General Data (Name, Date of Birth, State, etc), Financial Data (Credit card number and security code), Professional Data and Digital Identification Data. // C. N/A // D. N/A	A. It has a policy of protection of the privacy of personal data in the section on the website. // B. // C. N/A. // D. N/A.	A. Petco's Information Security Program (ISP) develop deep efforts to comply withCdata protection laws and regulations. // B. Petco hold their custumers and suppliers data. // C. N/A // D. N/A	A. It takes care of data security and always seeks to improve in this regard // B. N.A C. N/A D. N/A
S.6	Animal Welfare in the Supply Chain	A. The company tries to monitor its suppliers through its Code of Conduct // B. Yes, the company has a research process before closing the contract.	A. N/A // B. N/A.	A. PetLove does not provide public information about its suppliers.	A. Petco's policies all of its animal and aquatic life vendors to participate in the Petco Vendor Certification and Standards of Excellence Program. // B. Yes, Petco's vendors have meet or exceed USDA standards for delivery of companion animals and aquatic life.	A. The company has complete monitoring of the entire pet value chain within its operation and follows all standards. // B. Compamy works only with selected suppliers who must comply with the Code of Conduct, in addition to holding a hearing with companies
S.7	Pet Health, Nutrition and Wellbeing	A. N/A. // B. Yes, Petz is always trying to capture how their customers are evaluating their services. Moreover, the company won through its history several awards on animal treatment and welfare. // C. Yes.	A. N/A // B. Yes, Cobasi won several awards of customer satisfaction through its history. // C. N/A	A. The company does not deal directly with pets	A. Yes, Petco provide a deep employee training concerning animal care. // B. The company is improving their analytics and data usage to have a better understanding of their customers. // C. Yes.	A. The company has an employee intensive training program, and a graduate course for veterinarians. Also, created the Pet Care Development Programm. // B. N/A. // C. Yes, the company has a Code of Ethics.

ID	TOPIC	Petz	Cobasi	petlove	petco	pets at home
G.1	Roles and responsibilities	A. The company does not have ESG Committee // B. The management is concerned with ESG, but does not have much information about it // C. No	A. Cobasi recently anounced the creation of a Diversity Committee // B. The company's recent moves shows that Cobasi's management is trying to improve its ESG Criteria. // C. N/A	A. The company does not have ESG Committee // B. The management is concerned with ESG, but has no public information about it. //C. No	A. Petco has 10 committees and sub-committees focused specifically on ESG efforts. // B. Yes, Petco's CEO is part of the Sustainability Executive Steering Committee, which includes five executive-level sustainability champions. // C. Yes, Francesca Mahoney is the Head of Sustainability.	A. Yes, the company has an ESG Committee with 8 members. // B. Yes, company follow all sustainable metrics // C. Yes, Susan Dawson is the Chair
G.2	Policies and Procedures	A. Yes, the company has a section on the website called "Responsabilidade Social" // B. The company has Business Conduct. Hovewer, does not have Sustainabiloty Conduct // C. N/A // D. N/A	A. The only ESG criteria that is communicated on Cobasi's website is the social, since there are information about the company's social efforts. // B. N/A. // C. N/A. // D. N/A.	A. There is no ESG section on the website // B. N/A // C. N/A // D. N/A	A. Yes, Petco make clear that the company is making ESG efforts. // B. Yes, the company follows the best practices of the market. // C. Yes, such as the Information Security Program (ISP) and the Energy Management System. // D. Petco's procedures follow the best practices in the market.	A. Yes, the company has a section on the website called "Responsability" // B. The company follows all sustainability practices in the market // C. The company measures and controls all of its sustainable, management and stakeholder impacts // D. It follows the highest standards procedures
G.3	Monitoring and Reporting	A. The company is carrying out a strategic consultancy in order to improve its ESG practices // B. No // C. No	A. The creation of the diversity committee is the main arrangement to improve Cobasi's ESG reporting issues. // B. No. // C. No.	A. The company does not monitor ESG issues // B. No // C. No	A. The Sustainability Executive Steering Committee is in charged of monitoring the ESG efforts in Petco. // B. Yes. // C. Yes.	A.The ESG Committee is responsible to report all issues to management // B. Yes, the compamy publish an Annual Social Value Report // C. Yes
G.4	Compensation Policy	A. Petz have a fixed and variable compensation methods. The fixed compensation is defined in line with the markets best practices, while the variable compensation is set through operational indicators of the company. // B. Yes. // C. Yes, Sergio Zimmerman recently sold a small amount of his shares of the comapany.	A. N/A. B. N/A.	A. N/A. B. N/A. C. N/A	A. Petco has a compensation committee, wich is in charge of developing fair compensation policies for the company. // B. Yes. // C. N/A	
G.5	Board of Directors	A. Yes, the company independence rate on the board of directors is 43%. Regarding the presence of women, 32% of the positions on the board are held by female members.	A. N/A.	N/A	A. Yes.	i) Yes ii) Yes
G.6	Supply Chain	A. Most of the suppliers are located in Brazil. // B. No. // C. The crieteria used to pick suppliers is related to strategy, prefessional and comercial issues.	A. N/A. // B. No, the chain has low impact. // C. N/A.	A. N/A // B. No, the chain has low impact // C. The company does not disclose information about this	A. No, most of the suppliers are located in the US. // B. No. // C. Yes, every supplier have to agree to Petco's supplier code.	A. No, most of suppliers are located in the United Kingdon // B. No, the chain has low impact // C. The company has a Code of Conduct for choosing and monitoring suppliers in line with ESG practices

To analyze what people were talking about Petz, we applied a Machine Learning method through Python. Using an API to obtain tweets refering to the term "Petz", we were able to extract 3000 tweets, from which 800 were destined to training the software and 2200 automatically sorted. We sorted them between Good (=2), Bad (=1) and Indiferent (=0) in the training section. From there, the bot classified the other tweets automatically, with an estimated 77.6% precision.

```python
#Obtenção dos tweets

%%capture
!pip install tweepy

import tweepy
import math
import os.path
import pandas as pd
import json
from random import shuffle
import numpy as np"

#Autenticando no Twitter

with open('auth.pass') as fp:
    data = json.load(fp)

auth = tweepy.OAuthHandler(data['consumer_key'], data['consumer_secret'])
auth.set_access_token(data['access_token'], data['access_token_secret'])

#Produto escolhido:
produto = 'petz'

#Quantidade minima de mensagens capturadas:
n = 2000

#Quantidade minima de mensagens para a base de treinamento:
t= 800,

#Filtro de língua, escolha uma na tabela ISO 639-1.
lang = 'pt'

#Cria um objeto para a captura
api = tweepy.API(auth)

#Inicia a captura, para mais detalhes: ver a documentação do tweepy
i = 1,
msgs = [],
for msg in tweepy.Cursor(api.search, q=produto, lang=lang, tweet_mode="extended")
    msgs.append(msg.full_text.lower())
    i += 1
    if i > n:
        break

#Embaralhando as mensagens para reduzir um possível viés
shuffle(msgs)

msgs=list(set(list(msgs)))
```

```python
import string
pontuacao = string.punctuation
ponto = ["\n", "\t"],
limpeza = []
for tweet in msgs:
    x = ''
    for letra in tweet:,
        if tweet[0] != 'r' and tweet[1]!= 't':
            if letra in ponto:
                x += " "
            elif letra not in pontuacao:
                x += letra
    if x!= '':
        limpeza.append(x)

print(len(limpeza))"

### Classificando as mensagens manualmente no excel

msgs=limpeza

if not os.path.isfile('./{0}classificado.xlsx'.format(produto)):

    #Abre o arquivo para escrita
    writer = pd.ExcelWriter('{0}classificado.xlsx'.format(produto))
    #Divide o conjunto de mensagens em duas planilhas",
    dft = pd.DataFrame({'Tweets' : pd.Series(msgs[:800])})
    dft.to_excel(excel_writer = writer, sheet_name = 'Treinamento', index = False)
    dfc = pd.DataFrame({'Teste' : pd.Series(msgs[800:])})
    dfc.to_excel(excel_writer = writer, sheet_name = 'Teste', index = False)

#fecha o arquivo",
writer.save()"

ptz=pd.read_excel('petzclassificado.xlsx')"

#Treinamento da base (1 vez)

ptz.head()

#Resultados - Exemplo
#
#        "                                    Treinamento  RELEVANCIA  classifica
#        "0  hoje eu passei no petz e tinha uns gatinhos tã...         2       NaN
#        "1     será que eu vou ter mesmo que processar a petz       1       NaN
#        "2  e vo ter q parar na petshop p comprar racao p ...         1       NaN
#        "3  concorrência se acirrando para a petz3 diverso...         0       NaN
#        "4  n importa a qualidade dos outros álbuns o her ...         0       NaN
```

```python
bom=ptz.loc[ptz["RELEVANCIA"]==2]
ruim=ptz.loc[ptz["RELEVANCIA"]==1]
indiferente=ptz.loc[ptz["RELEVANCIA"]==0]

def dictpeso(df):
    dic={}
    for x in df["Treinamento"]:
        for y in x.split():
            if y not in dic:
                dic[y]=1
            else:
                dic[y]+=1
    dicfr={}
    for x in dic:
        dicfr[x]=dic[x]/len(dic)
    return dicfr"

bomfr=dictpeso(bom)
ruimfr=dictpeso(ruim)
indiferentefr=dictpeso(indiferente)

#Código diário para classificação de tweets

teste=pd.read_excel('petzclassificado5.xlsx','Teste')"

teste["classifica"]=0"

j=0
for x in teste.Teste:
    r=0
    b=0
    i=0
    for y in x.split():
        if y in ruimfr:
            r+=ruimfr[y]
        if y in bomfr:
            b+=bomfr[y]
        if y in indiferentefr:
            i+=indiferentefr[y]
    maior=[i,r,b]
    vtm=0
    i=0
    for x in maior:
        if x>vtm:
            vtm=x
            m=i
        i+=1
    teste.classifica.iloc[j]=m
    j+=1"
```

```python
j=0
for x in ptz.Treinamento:
    r=0
    b=0
    i=0
    for y in x.split():
        if y in ruimfr:
            r+=ruimfr[y]
        if y in bomfr:
            b+=bomfr[y]
        if y in indiferentefr:
            i+=indiferentefr[y]
    maior=[i,r,b]
    vtm=0
    i=0
    for x in maior:
        if x>vtm:
            vtm=x
            m=i
        i+=1
    ptz.classifica.iloc[j]=m
    j+=1"

len(teste.loc[teste['classifica']==1])#ruim"

len(teste.loc[teste['classifica']==2])#bom"

len(teste.loc[teste['classifica']==0])#indiferente
"

#Precisão do classificador

i=0
acerto=0
erro=0
while i<len(ptz):
    if ptz['classifica'][i]==ptz['RELEVANCIA'][i]:
        acerto+=1
    else:
        erro+=1
    i+=1"

acerto

erro

precisão=acerto/len(ptz)
print(precisão*100)"

#Resultado precisão
#77.66666666666666
```
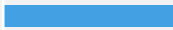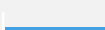
Petz main risks expositions

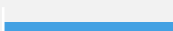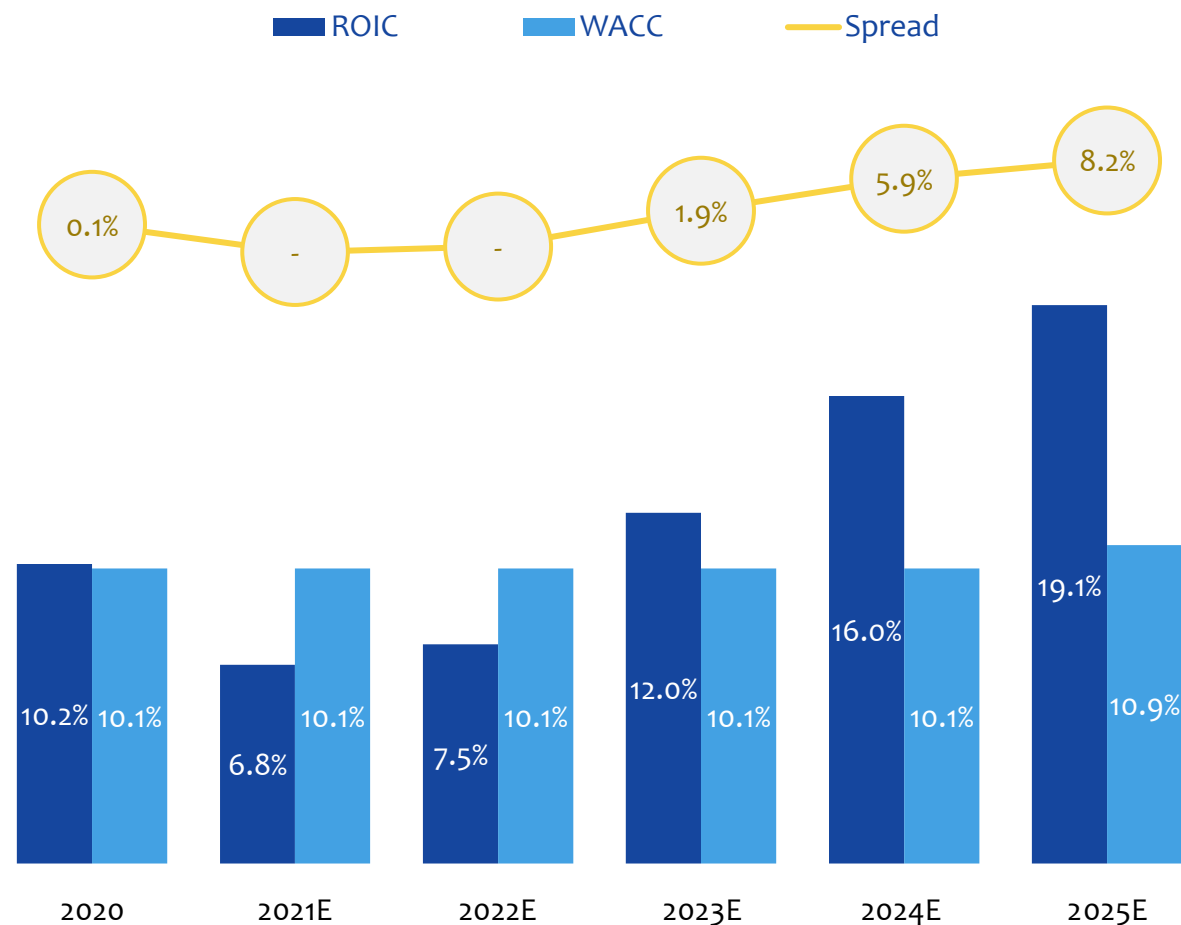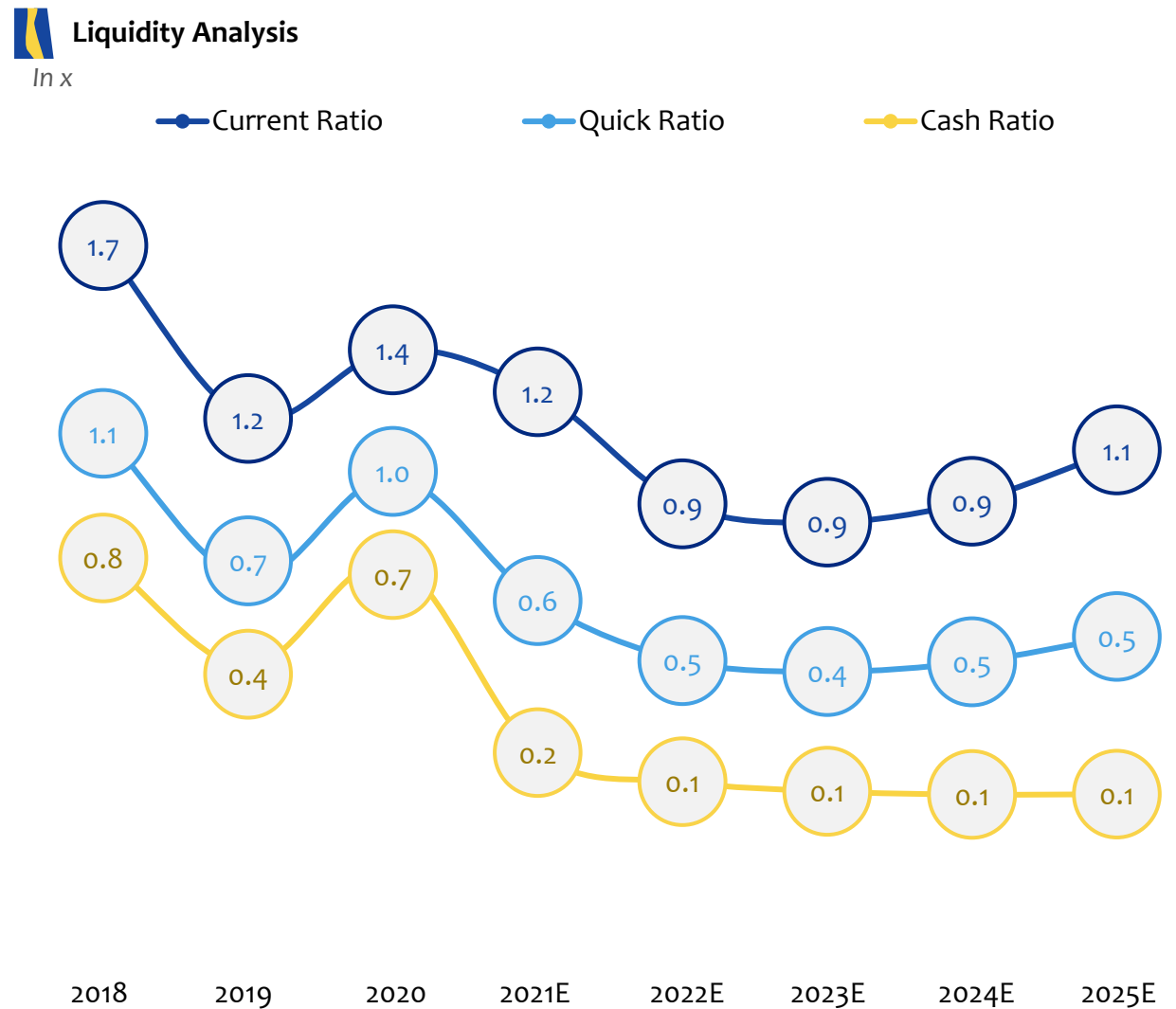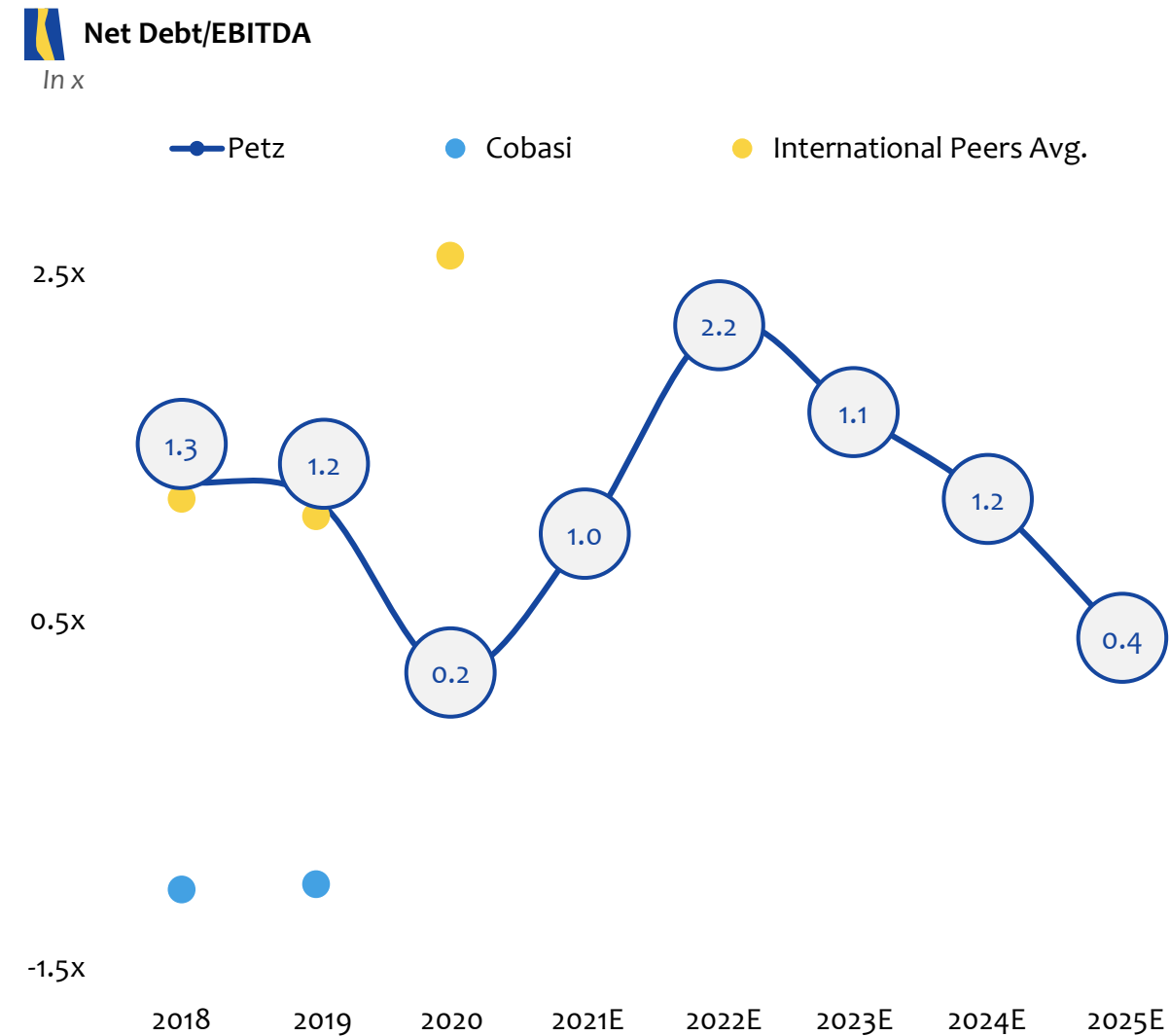|	Risk	Impact	Change	Probability	Description
Macro Risks	1. Inflation	▬	↑	HIGH	Inflation pressure from 2020 to 2021 is high, the impact of which will likely be seen throughout the next few years. Country's reaction directly impact suppliers and Petz's operations.
	2. Natural Disaster	▬	↓	LOW	Petz and its suppliers are susceptible to financial and operational disruptions or interruptions due to economic downturn, market volatility, natural disasters or new pandemics.
Operational Risks	3. One DC	▬▬▬	↔	LOW	A disruption in the operation of Petz's sole distribution would result in serious adverse effects, as 92.8% of the 2020 product gross revenue is distributed from this DC.
	4. Key Person	▬▬	↔	MEDIUM	Founder and CEO Sergio Zimerman played a huge role in shaping Petz to what it is today. We believe his step down of operations would be seen negatively by market.
	5. Image	▬▬▬	↔	HIGH	Sale of contaminated food, defective products or animal handling in the provision of services, also sells a selection of small mammals, fish, rodents and birds and this could bring negative publicity.
	6. Specif Suppliers	▬▬	↔	MEDIUM	Suppliers and their operations may impose some risks, including supply chain and manufacturing disruptions, regulations, product standard and increased bargaining power
	7. Lack of M&A Integration	▬▬▬	↑	MEDIUM	Not being able to integrate new acquisitions in its portfolio means Petz's long term goal of becoming a complete pet ecosystem will not be achieved, leaving space for competitors to grow
Competitive Risks	8. Fiercer Competition	▬	↑	LOW	Prices in different stores are the same and companies excel in other factors such as shipping and location of stores. If one benefits it will be bad for the others
	9. New Entrants	▬	↔	MEDIUM	The PetCare market has few barriers to entry, in addition to being poorly consolidated, creating space for new players. A big threat is Amazon, with its own brand

Petz Mitigation of risks

	Risk	Impact	Change	Probability	Mitigation
Macro Risks	1. Inflation		↑	HIGH	With 50% participation in the revenue composition, the food product category and its inelastic nature will help the company pass on price adjustments to customers. Alongside with this, the penetration of the private label brand will help the company control prices.
	2. Natural Disaster		↓	LOW	During the COVID 19 crisis, Petz managed to remain resilient and maintain its operations. This experience would help the company in a similar case
Operational Risks	3. One DC		↔	LOW	Petz's growth strategy includes opening new stores as well as expanding digital, which places high on the demand list to find suitable new locations to establish new distribution centers, so we believe this can be resolved soon
	4. Key Person		↔	MEDIUM	Sergio Zimerman was able to institute a strong culture in the company also building a strong and professional management team which would be prepared in case of a departure.
	5. Image		↔	HIGH	Petz is very strict in hiring its employees and provides good training for everyone. In addition, the products are stored correctly, reducing the risk of spoilage.
	6. Specif Suppliers		↔	MEDIUM	We see the company's growing scale, omnichannel platform, low supplier dependency, private label development and Zee.Dog acquisition as major mitigation factors.
	7. Lack of M&A Integration		↑	MEDIUM	In its Board, Petz counts with Claudio Ely and Irlau Filho, ex Drogasil CEO and GNDI CEO respectively. Overseeing companies with highly active M&A activity, both have acquired great experience in the field
Competitive Risks	8. Fiercer Competition		↑	LOW	Petz is one of the stores with the largest scale in the Brazilian market, therefore, in a scenario of greater bargaining with suppliers, it should also obtain benefits
	9. New Entrants		↔	MEDIUM	The Petz brand is already consolidated in most of the Brazilian territory, so its expertise and reputation should help it to continue to stand out even with new players in the market. Another help is its very well-integrated omnichannel platform.

ROIC compared to peers

Legend: — Petz ● Cobasi ● International Peers Avg.

Petz line: 2018: 8%, 2019: 10%, 2020: 10%, 2021E: 7%, 2022E: 7%, 2023E: 12%, 2024E: 16%, 2025E: 19%

ROIC x WACC

Legend: ■ ROIC ■ WACC — Spread

Spread: 2020: 0.1%, 2021E: -, 2022E: -, 2023E: 1.9%, 2024E: 5.9%, 2025E: 8.2%

	2020	2021E	2022E	2023E	2024E	2025E
ROIC	10.2%	6.8%	7.5%	12.0%	16.0%	19.1%
WACC	10.1%	10.1%	10.1%	10.1%	10.1%	10.9%

Net Debt/EBITDA

In x

- Petz
- Cobasi
- International Peers Avg.

Petz values: 1.3 (2018), 1.2 (2019), 0.2 (2020), 1.0 (2021E), 2.2 (2022E), 1.1 (2023E), 1.2 (2024E), 0.4 (2025E)

International Peers Avg.: ~1.1 (2018), ~1.0 (2019), ~2.5 (2020)

Liquidity Analysis

In x

- Current Ratio
- Quick Ratio
- Cash Ratio

Current Ratio: 1.7 (2018), 1.2 (2019), 1.4 (2020), 1.2 (2021E), 0.9 (2022E), 0.9 (2023E), 0.9 (2024E), 1.1 (2025E)

Quick Ratio: 1.1 (2018), 0.7 (2019), 1.0 (2020), 0.6 (2021E), 0.5 (2022E), 0.4 (2023E), 0.5 (2024E), 0.5 (2025E)

Cash Ratio: 0.8 (2018), 0.4 (2019), 0.7 (2020), 0.2 (2021E), 0.1 (2022E), 0.1 (2023E), 0.1 (2024E), 0.1 (2025E)

Years: 2018, 2019, 2020, 2021E, 2022E, 2023E, 2024E, 2025E

Cash Conversion Cycle

In days

Legend: Petz, Cobasi, International Peer Avg.

Petz: 2018: 35, 2019: 37, 2020: 36, 2021E: 43, 2022E: 40, 2023E: 40, 2024E: 39, 2025E: 38
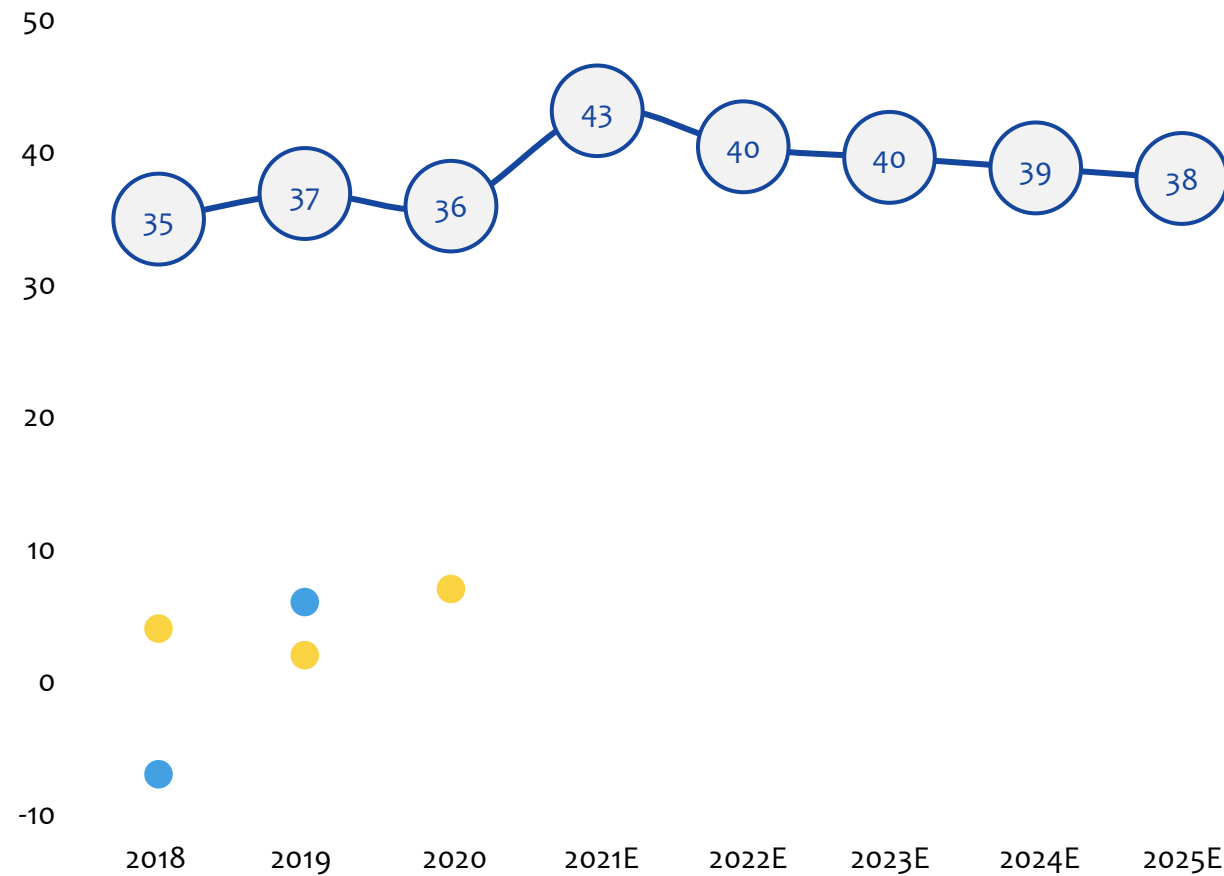
Days Sales Outstanding

In days

2018: 36, 2019: 36, 2020: 41, 2021E: 40, 2022E: 41, 2023E: 41, 2024E: 41, 2025E: 41
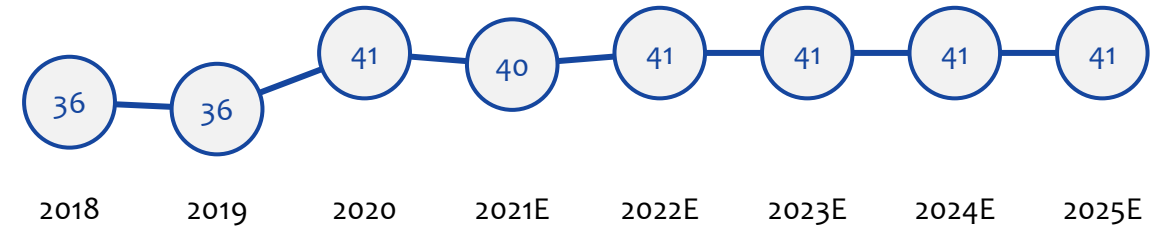
Days Inventory Outstanding

In days

2018: 86, 2019: 95, 2020: 91, 2021E: 94, 2022E: 91, 2023E: 91, 2024E: 91, 2025E: 91

DPO

In days

2018: 87, 2019: 94, 2020: 96, 2021E: 91, 2022E: 92, 2023E: 92, 2024E: 93, 2025E: 94
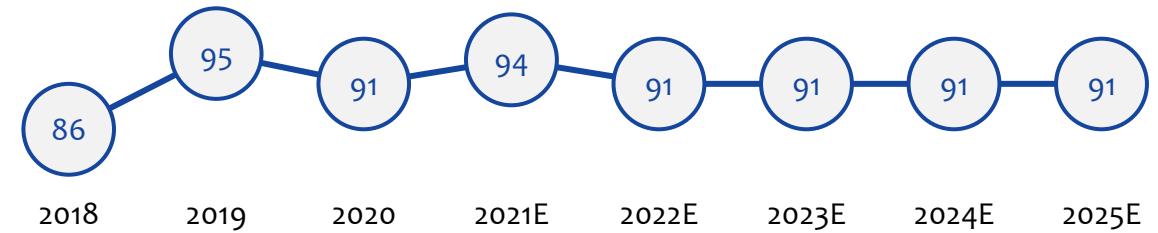
Scenarios Analysis

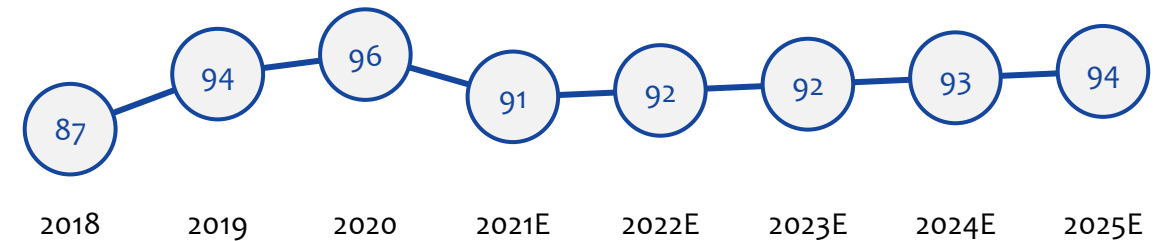| Scenario	Bear Case	Base Case	Bull Case
New Stores (Total 21E-30E)	Expansion plan failed: Amortization so that no stores will open in 2030	Company Guideline	Achieve 50% of superstores market share in 2025 (400 stores)
	160	**300**	**445**
Same Store Sales (Average 21E-30E)	Drop in store productivity and loss of customer loyalty	Growth following historical trend and maturation of stores	Premium for greater customer loyalty and opening in new states
	12.1%	**13.5%**	**15.3%**
E-commerce Market Share (2030E)	Lower market share gain due to the large penetration of marketplaces in the market	Achieve 36% market share in 2030 with Pets at Home as benchmarks	Achieve 36% market share in 2025 with Pets at Home as benchmarks
	26.0%	**36.0%**	**42.0%**
Gross Margin (Average 21E-30E)	Loss of 1% margin by 2030 due to aggressive store plan not being sustainable	3% margin gain by 2030 due to economies of scale and private label	5% margin gain by 2030 due to turnover in the company and high-cost reduction
	47.0%	**49.0%**	**50.0%**
Target Price	**R$ 15.06**	**R$ 25.06**	**R$ 35.74**
Upside/Downside	**(15.94%)**	**39.90%**	**99.56%**

Historical Trading Comps

Tier 1: International Peers			EV/Revenue LTM					EV/EBITDA LTM					P/E LTM				
			2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
Pets at Home	UK	LSE:PETS	1,6x	1,2x	0,8x	2,0x	2,4x	10,7x	8,5x	8,9x	10,1x	12,5x	15,6x	12,3x	16,1x	28,3x	29,3x
Petiq	USA	NasdaqGS:PETQ	0,0x	1,2x	1,4x	1,4x	1,7x	0,0x	17,9x	23,1x	22,2x	34,9x	0,0x	NM	NM	NM	NM
Chewy	USA	NYSE:CHWY	0,0x	0,0x	0,0x	2,5x	5,7x	0,0x	0,0x	0,0x	NM	NM	0,0x	0,0x	0,0x	NM	NM
PetMed Express	USA	NasdaqGS:PETS	1,7x	3,3x	1,4x	1,4x	1,8x	11,8x	17,9x	6,9x	11,0x	13,9x	21,6x	30,5x	11,2x	18,1x	21,4x
Mean			0,8x	1,4x	0,9x	1,8x	2,9x	5,6x	11,1x	9,7x	14,5x	20,5x	9,3x	14,3x	9,1x	23,2x	25,3x
Median			0,8x	1,2x	1,1x	1,7x	2,1x	5,3x	13,2x	7,9x	11,0x	13,9x	7,8x	12,3x	11,2x	23,2x	25,3x
High			1,7x	3,3x	1,4x	2,5x	5,7x	11,8x	17,9x	23,1x	22,2x	34,9x	21,6x	30,5x	16,1x	28,3x	29,3x
Low			0,0x	0,0x	0,0x	1,4x	1,7x	0,0x	0,0x	0,0x	10,1x	12,5x	0,0x	0,0x	0,0x	18,1x	21,4x

Tier 2: Brazillian Retail Peers			EV/Revenue LTM					EV/EBITDA LTM					P/E LTM				
			2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
Raia Drogasil	Brazil	RADL3	1,9x	2,4x	1,4x	2,5x	2,4x	22,0x	29,4x	17,2x	22,8x	24,0x	46,1x	65,3x	36,3x	45,8x	101,5x
Magalu	Brazil	MGLU3	0,4x	1,4x	2,3x	4,4x	6,4x	5,4x	17,0x	29,7x	42,7x	116,7x	NM	51,4x	60,2x	77,7x	NM
Renner	Brazil	LREN3	2,5x	3,7x	3,9x	5,1x	4,9x	14,6x	20,6x	20,9x	22,0x	25,4x	25,9x	35,2x	33,5x	44,0x	27,4x
Arezzo	Brazil	ARZZ3	1,8x	3,6x	3,3x	3,7x	4,9x	13,6x	25,2x	23,0x	24,9x	113,7x	19,5x	36,5x	32,6x	39,7x	205,7x
Quero Quero	Brazil	LJQQ3	0,0x	0,0x	0,0x	0,0x	2,3x	0,0x	0,0x	0,0x	0,0x	16,2x	0,0x	0,0x	0,0x	0,0x	52,5x
Mean			1,3x	2,2x	2,2x	3,1x	4,2x	11,1x	18,4x	18,1x	22,5x	59,2x	22,9x	37,7x	32,5x	41,4x	96,8x
Median			1,8x	2,4x	2,3x	3,7x	4,9x	13,6x	20,6x	20,9x	22,8x	25,4x	22,7x	36,5x	33,5x	44,0x	77,0x
High			2,5x	3,7x	3,9x	5,1x	6,4x	22,0x	29,4x	29,7x	42,7x	116,7x	46,1x	65,3x	60,2x	77,7x	205,7x
Low			0,0x	0,0x	0,0x	0,0x	2,3x	0,0x	0,0x	0,0x	0,0x	16,2x	0,0x	0,0x	0,0x	0,0x	27,4x

Petz

Tier 1: International Peers

Tier 1: International Peers			EV/Revenue					EV/EBITDA					P/E				
			LTM	NTM	2021	2022	2023	LTM	NTM	2021	2022	2023	LTM	NTM	2021	2022	2023
Pets at Home	UK	LSE:PETS	2,1x	2,0x	2,1x	2,0x	1,9x	10,7x	9,5x	10,0x	9,3x	8,8x	18,9x	19,9x	21,7x	19,4x	18,2x
Petiq	USA	NasdaqGS:PETQ	1,1x	1,0x	1,1x	1,0x	0,9x	13,8x	9,5x	11,2x	9,5x	7,7x		14,3x	18,4x	14,3x	9,6x
Chewy	USA	NYSE:CHWY	3,1x	2,4x	2,8x	2,3x	2,0x	449,0x	75,0x	131,8x	72,1x	45,1x	2.972,5x	218,4x	1.045,0x	203,7x	87,7x
PetMed Express	USA	NasdaqGS:PETS	1,6x	1,5x	1,6x	1,5x	1,5x	13,7x	13,2x	13,7x	13,1x	12,7x	21,8x	20,2x	22,4x	19,6x	22,0x
Mean			2,0x	1,7x	1,9x	1,7x	1,6x	121,8x	26,8x	41,7x	26,0x	18,6x	1.004,4x	68,2x	276,9x	64,2x	34,4x
Median			1,9x	1,8x	1,8x	1,7x	1,7x	13,7x	11,4x	12,5x	11,3x	10,7x	21,8x	20,1x	22,0x	19,5x	20,1x
High			3,1x	2,4x	2,8x	2,3x	2,0x	449,0x	75,0x	131,8x	72,1x	45,1x	2.972,5x	218,4x	1.045,0x	203,7x	87,7x
Low			1,1x	1,0x	1,1x	1,0x	0,9x	10,7x	9,5x	10,0x	9,3x	7,7x	18,9x	14,3x	18,4x	14,3x	9,6x

Tier 2: Brazillian Retail Peers

Tier 2: Brazillian Retail Peers			EV/Revenue					EV/EBITDA					P/E				
			LTM	NTM	2021	2022	2023	LTM	NTM	2021	2022	2023	LTM	NTM	2021	2022	2023
Raia Drogasil	Brazil	RADL3	1,8x	1,5x	1,7x	1,5x	1,3x	15,4x	16,1x	19,4x	16,1x	12,5x	49,7x	32,5x	41,4x	32,5x	25,4x
Magalu	Brazil	MGLU3	1,4x	1,1x	1,3x	1,1x	0,9x	34,6x	17,8x	24,0x	17,8x	13,4x	61,5x	69,0x	69,1x	69,0x	38,3x
Renner	Brazil	LREN3	2,9x	2,4x	2,8x	2,4x	2,1x	15,7x	11,5x	16,7x	11,5x	9,4x	46,7x	22,7x	36,7x	22,7x	18,1x
Arezzo	Brazil	ARZZ3	3,1x	2,4x	2,9x	2,4x	2,1x	15,9x	13,8x	17,0x	13,8x	11,0x	22,4x	22,5x	27,1x	22,5x	17,5x
Quero Quero	Brazil	LJQQ3	1,1x	0,9x	1,1x	0,9x	0,7x	6,0x	7,2x	9,2x	7,2x	6,0x	23,4x	13,9x	19,1x	13,9x	10,7x
Mean			2,0x	1,6x	2,0x	1,6x	1,4x	17,5x	13,3x	17,3x	13,3x	10,5x	40,7x	32,1x	38,7x	32,1x	22,0x
Median			1,8x	1,5x	1,7x	1,5x	1,3x	15,7x	13,8x	17,0x	13,8x	11,0x	46,7x	22,7x	36,7x	22,7x	18,1x
High			3,1x	2,4x	2,9x	2,4x	2,1x	34,6x	17,8x	24,0x	17,8x	13,4x	61,5x	69,0x	69,1x	69,0x	38,3x
Low			1,1x	0,9x	1,1x	0,9x	0,7x	6,0x	7,2x	9,2x	7,2x	6,0x	22,4x	13,9x	19,1x	13,9x	10,7x

The market prices Petz with high multiples, however, its future growth makes the company a great opportunity to generate value
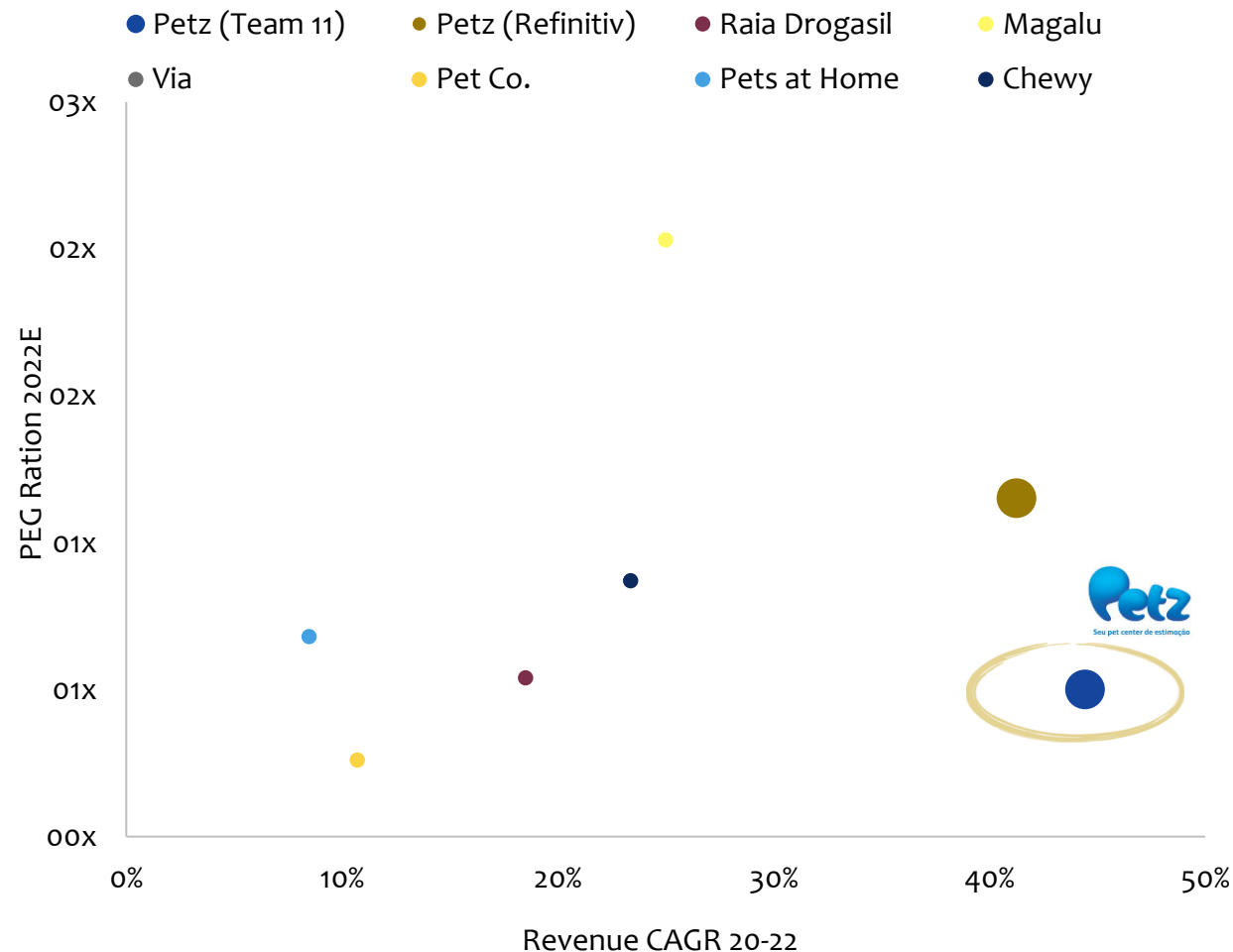
Since its IPO, Petz has been operating with high multiples

P/E LTM

Legend: Petz — Pets at Home — Renner — Rais Drogasil — PetMed Express
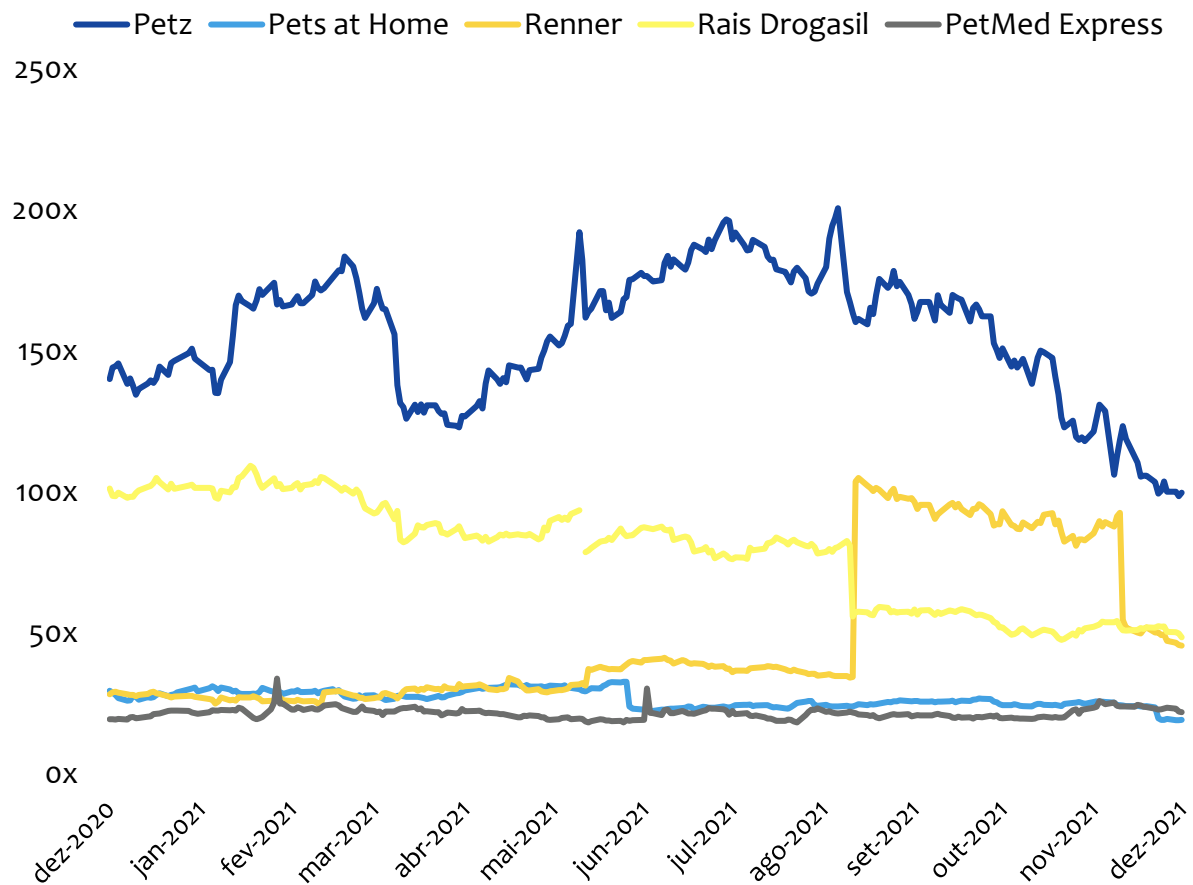
But its future growth justifies its high multiples

CAGR Revenue 20-22 x PEG Rato 22 Fwd.

Legend: Petz (Team 11) — Petz (Refinitiv) — Raia Drogasil — Magalu — Via — Pet Co. — Pets at Home — Chewy

Axis: PEG Ration 2022E vs Revenue CAGR 20-22

Financials	2030E	Terminal Value Implied Multiples
Gross Revenue	12.342	0,6x
Net Revenue	10.385,7	0,8x
Gross Profit	5.246,9	1,5x
Adjusted EBITDA	2.587,3	3,1x
EBITDA	1.948,1	4,1x
EBIT	1.521,0	5,2x
Net Income	1.113,0	7,2x

2020 Multiples

EV / Revenue	7,1x
EV / EBITDA	61,4x

2021e Multiples

EV / Revenue	4,8x
EV / EBITDA	40,0x

2022e Multiples

EV / Revenue	3,3x
EV / EBITDA	28,5x

To validate a market survey conducted by SPC Brazil and CNDL on consumer preferences for pets in 2017, we developed our survey and disseminated it to pet owners across the country

To achieve an unbiased research sample, we asked about the main characteristics of our audience to obtain a better analysis
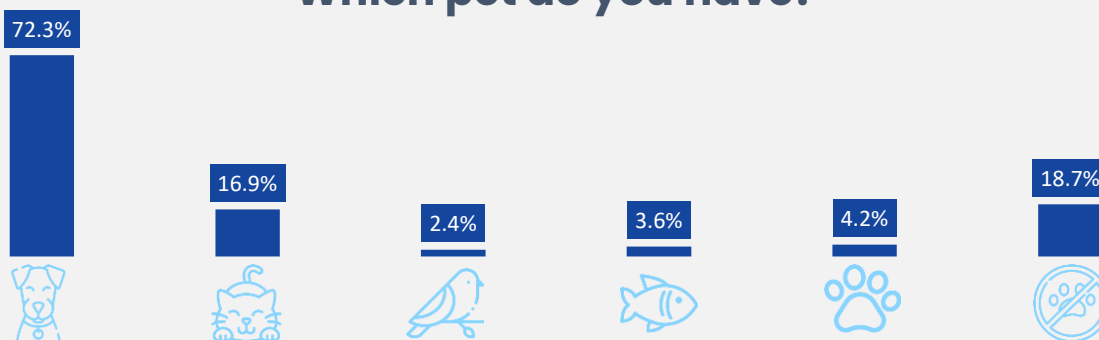
169 Answers

138 Pet Owners
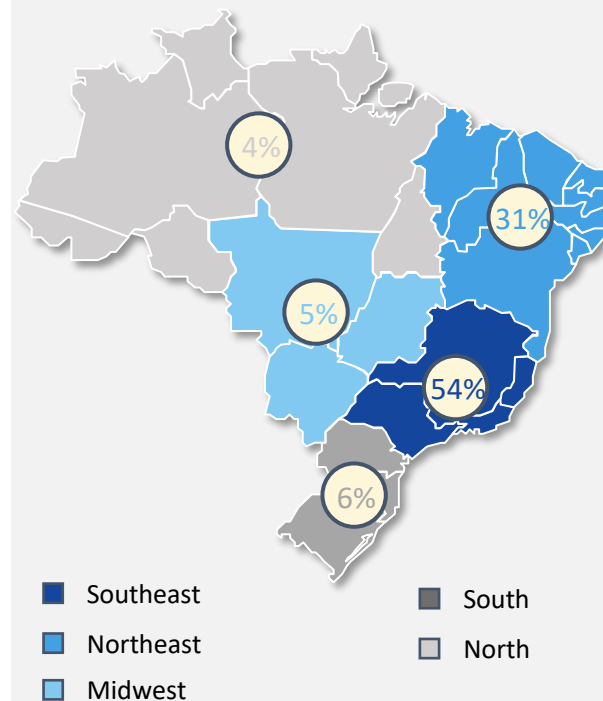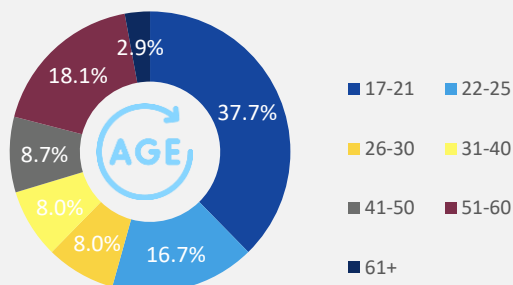
55.1% Women **46.9%** Men
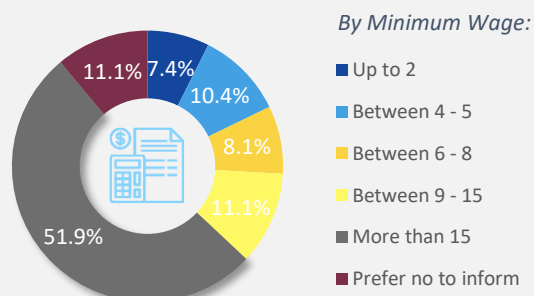
Which pet do you have?

- 72.3%
- 16.9%
- 2.4%
- 3.6%
- 4.2%
- 18.7%

Location (Regions)

- 4%
- 31%
- 5%
- 54%
- 6%

- Southeast
- Northeast
- Midwest
- South
- North

Age

- 2.9%
- 18.1%
- 8.7%
- 8.0%
- 8.0%
- 16.7%
- 37.7%

AGE

- 17-21
- 22-25
- 26-30
- 31-40
- 41-50
- 51-60
- 61+

Family Income

- 11.1%
- 7.4%
- 10.4%
- 8.1%
- 11.1%
- 51.9%

By Minimum Wage:
- Up to 2
- Between 4 - 5
- Between 6 - 8
- Between 9 - 15
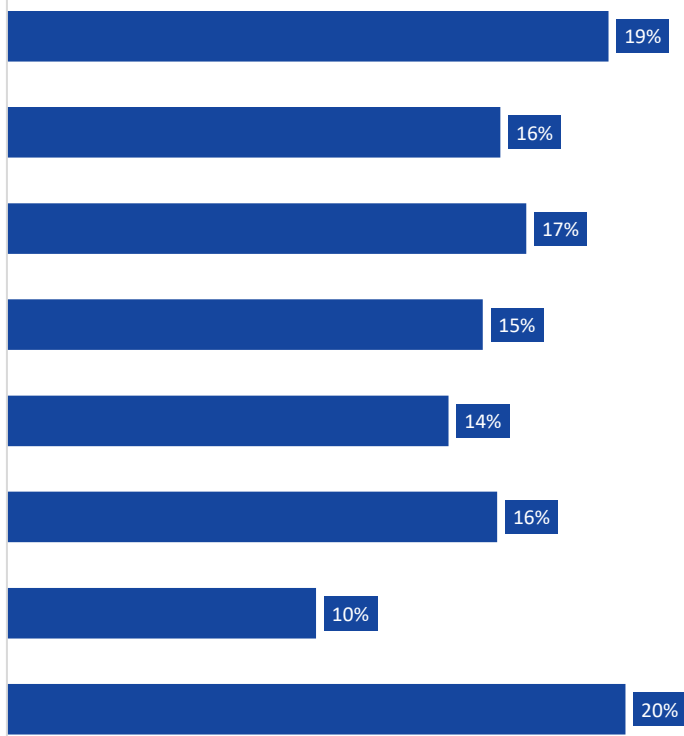- More than 15
- Prefer no to inform

To validate a market survey conducted by SPC Brazil and CNDL on consumer preferences for pets in 2017, we developed our survey and disseminated it to pet owners across the country

We found results similar to the 2017 SPC Brazil survey

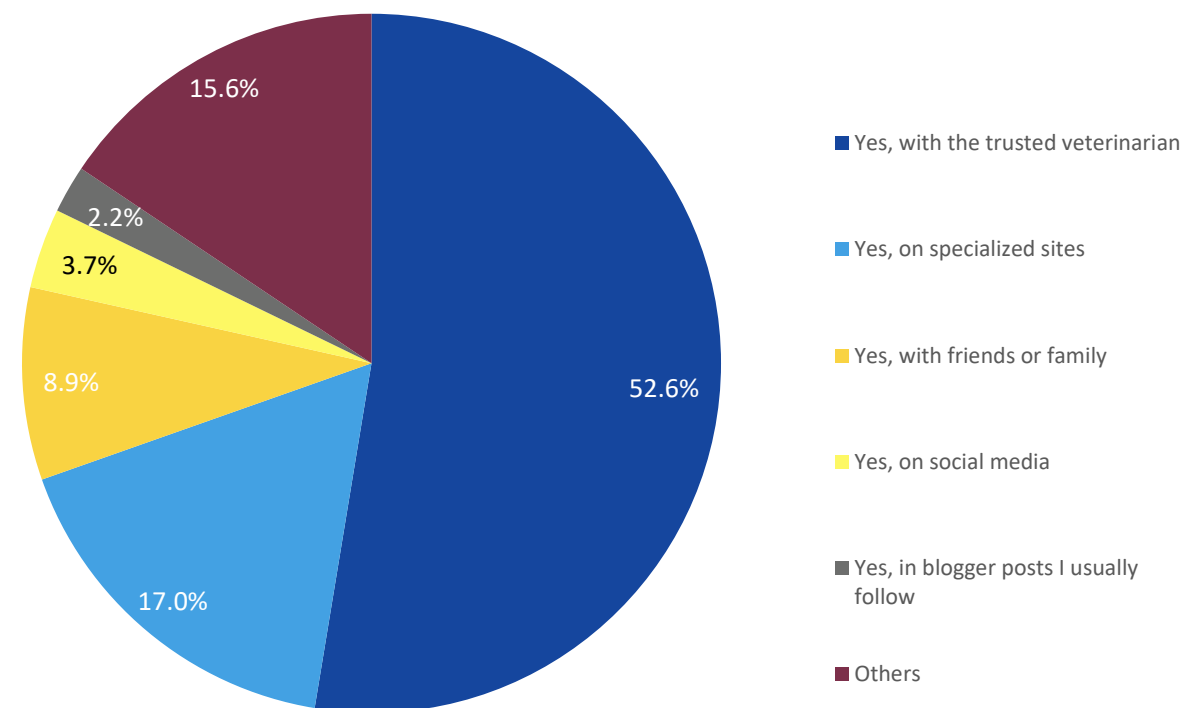*What does it take into consideration to define the location of purchase of a product/service for a pet?*

We found out that consumers tend to follow veterinarians' suggestions

Do you have the habit of looking for information about products/services related to the pet before purchasing?

Share of respondents

Sample order of preference

19%	1° Quality of products/services
16%	2° Price
17%	3° Trust in the establishment
15%	4° Location
14%	5° Promotions/Offers
16%	6° Variety of products and/or services
10%	7° Quality of services
20%	8° Be recommended by the veterinarian

Pie chart:
- 52.6% — Yes, with the trusted veterinarian
- 17.0% — Yes, on specialized sites
- 8.9% — Yes, with friends or family
- 3.7% — Yes, on social media
- 2.2% — Yes, in blogger posts I usually follow
- 15.6% — Others

To analyze if there is a concentration and similarity of feed suppliers between Petz and Cobasi, we carried out a mapping of the number of products from each supplier from the companies' website

As a result of the analysis, we concluded that there is both concentration and similarity between the companies' suppliers (Premier Pet, Farmina, and Royal Canin represent almost 50% of the total). In addition, we note that Superpremium and Premium rations represent more than 60% of the total.

TOP 5 DOG SUPPLIERS							
Brands	**Super Premium**	**Premium**	**Prescrita**	**Premium Especial**	**High Premium**	**Standard**	**Total**
Premier Pet	25,2%	22,0%	9,8%	11,3%	0,0%	0,0%	**21,14%**
Farmina	16,5%	7,9%	22,0%	0,0%	0,0%	0,0%	**13,18%**
Royal Canin	13,0%	0,0%	32,9%	0,0%	0,0%	0,0%	**10,23%**
Nestlé Purina	5,4%	4,0%	13,4%	0,0%	0,0%	26,7%	**5,68%**
Adimax	4,5%	11,9%	0,0%	35,8%	0,0%	0,0%	**5,45%**
Total	64,67%	45,81%	78,05%	47,17%	0,00%	26,67%	**55,68%**

TOP 5 DOG SUPPLIERS							
Brands	**Super Premium**	**Premium**	**Super Premium Natural**	**Premium Especial**	**Rações Úmidas**	**Standard**	**Total**
Premier Pet	21,1%	44,1%	13,0%	35,3%	6,5%	0,0%	**22,03%**
Royal Canin	28,9%	0,0%	1,3%	0,0%	17,3%	0,0%	**16,16%**
Farmina	8,6%	2,7%	42,9%	0,0%	10,8%	0,0%	**11,73%**
Adimax	0,0%	17,1%	19,5%	47,1%	3,6%	0,0%	**7,45%**
Dog Excellence	4,1%	11,7%	0,0%	0,0%	2,2%	0,0%	**4,28%**
Total	62,78%	75,68%	76,62%	82,35%	40,29%	0,00%	**61,65%**

To analyze if there is a concentration and similarity of feed suppliers between Petz and Cobasi, we carried out a mapping of the number of products from each supplier from the companies' website

For the feed for cats analysis, the result was similar, observing only a reduction in concentration among the main suppliers. In addition, it is worth highlighting the similarity of existing suppliers for dogs and cats.

TOP 5 CATS SUPPLIERS

Brands	Super Premium	Premium	Prescrita	Premium Especial	High Premium	Standard	Total
Premier Pet	18,0%	17,0%	14,3%	10,3%	0,0%	0,0%	**15,50%**
Farmina	10,7%	6,6%	23,8%	0,0%	0,0%	0,0%	**9,30%**
Nestlé Purina	16,9%	0,0%	14,3%	0,0%	0,0%	0,0%	**9,30%**
Royal Canin	10,7%	3,8%	23,8%	0,0%	0,0%	0,0%	**8,53%**
Adimax	2,2%	2,8%	0,0%	28,2%	0,0%	0,0%	**4,65%**
Total	58,43%	30,19%	76,19%	38,46%	0,00%	0,00%	**47,29%**

TOP 5 CATS SUPPLIERS

Brands	Super Premium	Premium	Super Premium Natural	Premium Especial	Rações Úmidas	Standard	Total
Premier Pet	18,5%	37,7%	5,6%	25,0%	0,0%	0,0%	**20,73%**
Royal Canin	22,7%	7,2%	0,0%	0,0%	0,0%	0,0%	**13,01%**
Farmina	5,0%	0,0%	44,4%	0,0%	0,0%	0,0%	**8,94%**
Adimax	0,0%	5,8%	30,6%	0,0%	100,0%	0,0%	**6,91%**
Hills	9,2%	0,0%	0,0%	0,0%	0,0%	0,0%	**4,47%**
Total	55,46%	50,72%	80,56%	25,00%	100,00%	0,00%	**54,07%**

Private Label: Value for Quality

Private label is a great opportunity for Petz to increase its margins and gain greater loyalty and satisfaction with consumers

Building an ecosystem of own products

The **private label** segment represents **2% of total sales**, and Petz aims to increase this to **10% by 2025**

+300 SKUs

Private Label: a huge opportunity

Profitability

Greater **loyalty**

Fast-**growing**

Higher **sales margin**

Synergies with new acquisitions

The **private label** represents **ten percentage points more** in terms of the **image** than related products. This gives a little of the dimension of how it **favorably presses the margin**, as we penetrate our brand.
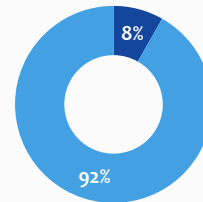
Sergio Zimmerman, Petz CEO

Today **PETZ** is present in **76 cities** all over Brazil, divided in **18 states.** We believe that the branch will expand to **all states** in the next 5 years and have a lot of space to grow in the future
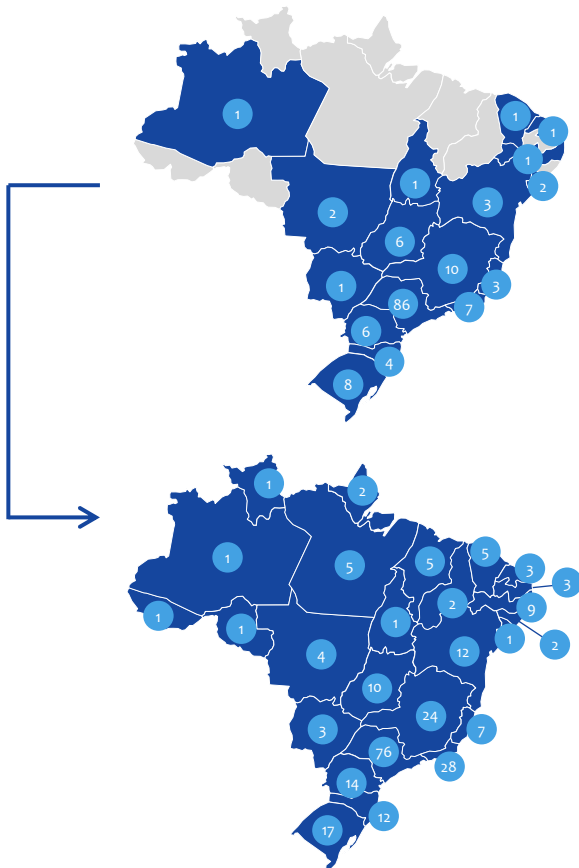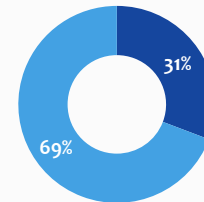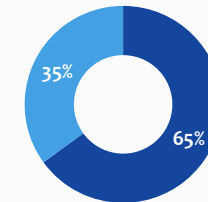
% of cities where Petz is present by size tier
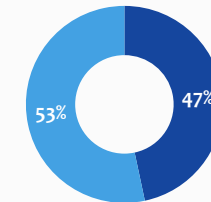
Tier 1: 100k to 200k inhabitants	Tier 2: 200k to 300k inhabitants	Tier 3: 300k to 400k inhabitants	Tier 4: 400k to 500k inhabitants	Tier 5: More than 500k inhabitants
8% / 92%	31% / 69%	35% / 65%	53% / 47%	26% / 74%
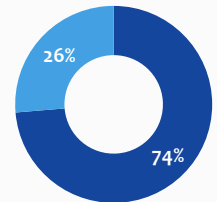
■ With Petz ■ Without Petz

Number of cities with more than 100k urban habitants, by state, without a Petz store

AC	AL	AM	AP	BA	CE	DF	ES	GO	MA	MG	MS	MT	PA	PB	PE	PI	PR	RJ	RN	RO	RR	RS	SC	SE	SP	TO
1	2	0	2	9	4	0	5	7	5	16	2	4	5	3	8	2	7	24	2	1	1	11	7	1	41	0
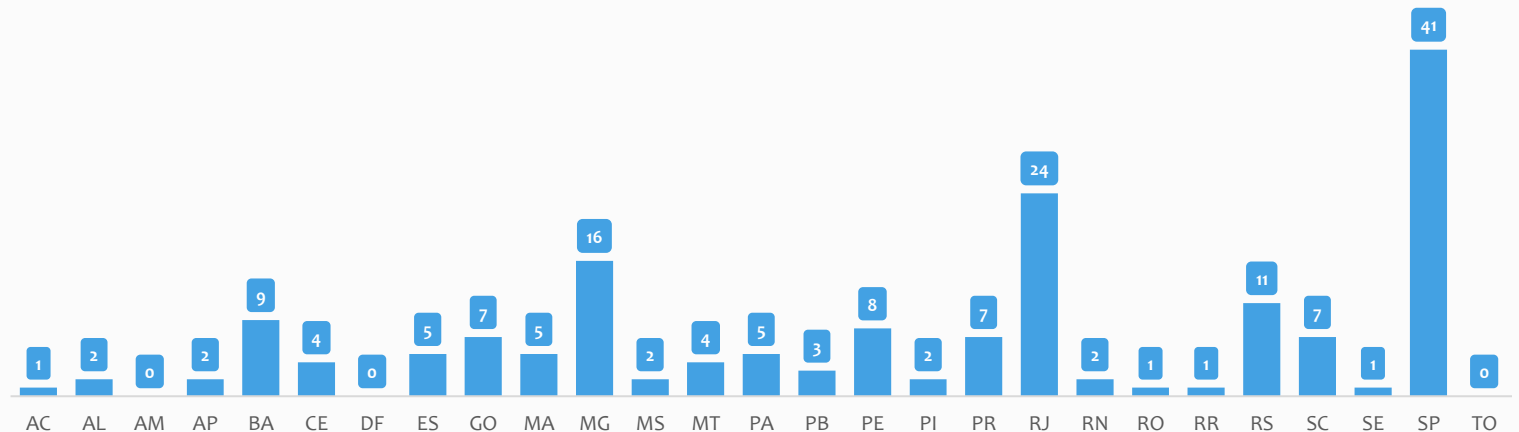
Board and Committees Structure

Board of Directors

Name	Position	Member Since	Independent	Education	Career Background
Claudio Ely	Chairman	2020	Yes	• Civil Engineering (UFRGS)	• CEO at Drogasil • Senior Consultant at Warburg Pincus
Sergio Zimerman	Member	2020	No	• Business Administration (UNIP) • MBA in retail from (USP)	• Petz Founder
Tania Zimerman	Member	2020	No	• MBA in retail (UBS)	• Petz employee since the foundation of the company
Irlau Machado	Member	2020	No	• Business Administration (Augustana College)	• CEO of Grupo Notredame • Leadership positions at Santander and Citibank
Gregory Reider	Member	2020	No	• Economics and International Relations (Yale College)	• Senior Consultant at Warburg Pincus • Leader of BR Partner's private equity division
Ricardo Dias	Member	2021	Yes	• Business Administration (Indiana University) • MBA (INSEAD)	• Marketing VP at Anbev
Eduardo Terra	Member	2020	Yes	• Business Administration (ESPM) • Master degree (USP)	• Deliberative advisor at Savegnago and Lopes Supermercados

Committees

Committee	Members
Audit	3
Financial	4
Strategic	7
Human Resources	4

Board of Executive Officers

Name	Position	Member Since	Education	Career Background
Sergio Zimerman	CEO	2020	• Business Administration (UNIP) • MBA in retail from (USP)	• Petz Founder
Aline Peli	CFO & IRO	2021	• Business Administration (FGV)	• Senior Analyst at HSBC Asset • Venture Capital at Arezzo&Co
Valéria Corrêa	Officer	2020	• Veterinary Medicine (USP)	• Joined Petzi in 2014 as the Vet Clinic Manager
Luciano Sessim	Officer	2020	• MBA (Unisinos)	• Officer at Wallmart

Diversity and Independence on Board Analysis

Board of Directors					
	Members	Independent Members	Independency Rate (%)	Female Members	WoB (%)
Petz	**7**	**3**	**43%**	**1**	**14%**
Via Varejo	5	3	60%	0	0%
Lojas Americanas	7	3	43%	2	29%
Magazine Luiza	7	4	57%	3	43%
Raia Drogasil	11	5	45%	3	27%

Board of Executive Officers			
	Members	Female Members	WoB (%)
Petz	**4**	**2**	**50%**
Via Varejo	5	0	0%
Lojas Americanas	4	1	25%
Magazine Luiza	6	1	17%
Raia Drogasil	8	1	13%

Overview		
	Petz	Brazilian Retail
IR (%)	**43%**	51%
WoB (%)	**32%**	19%

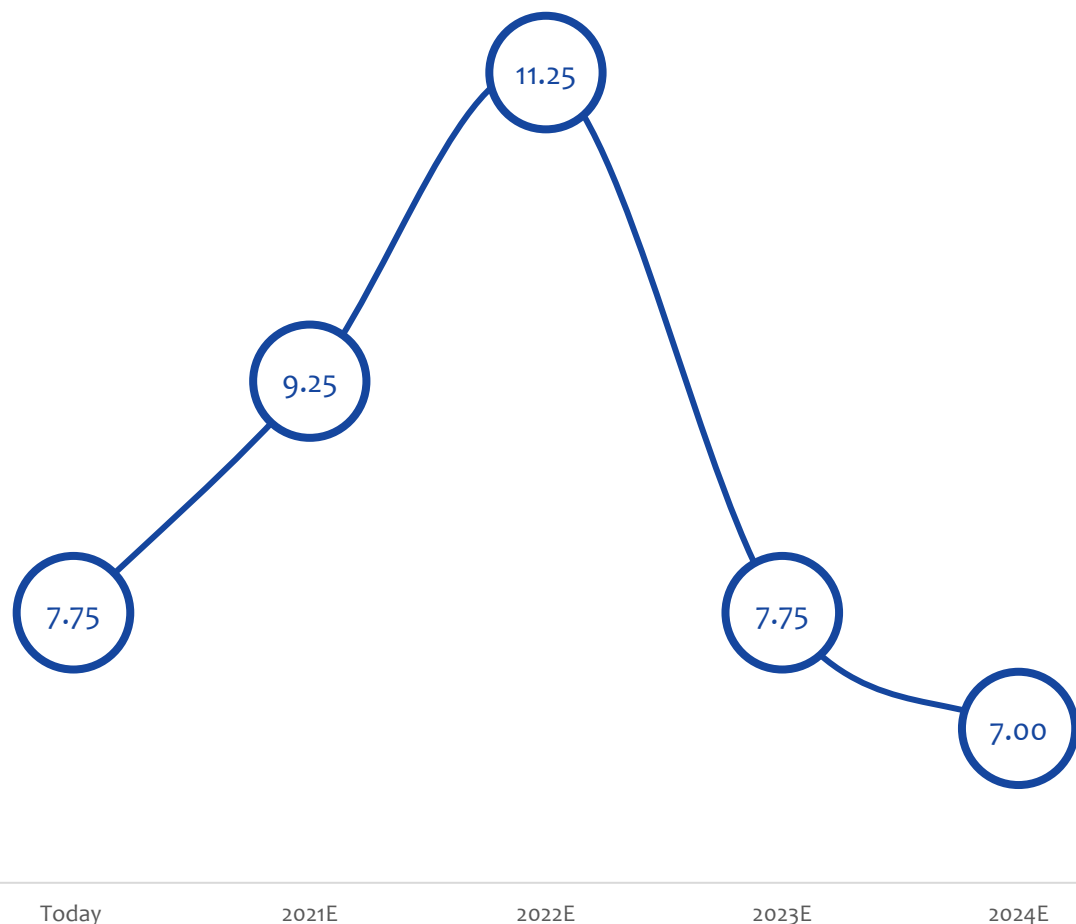## We acknowledge our discount rate may seem small at first, but there reasons to back it up

A lower interest rate is forecasted for the médium term
Selic EoP (%)

| Today | 2021E | 2022E | 2023E | 2024E |
7.75, 9.25, 11.25, 7.75, 7.00

Petz characteristics translate into a small beta
Comparables beta screening

Peers	Beta (5y monthly)
PETZ	-
International Pet Players	
PETS: LSE	0.19
WOOF: NasdaqGS	0.94
CHWY: NYSE	0.37
PETQ: Nasdaq GS	1.46
Median	**0.65**
Average	**0.74**
Average (Excl. CHWY)	**0.86**
Brazillian Retail	
RADL3	0.51
PNVL3	0.34
MGLU3	0.87
VIIA3	2.04
ARZZ3	1.23
Median	**0.87**
Average	**1.00**
Average (Excl. VIA)	**0.74**

Given the sector characteristics, most the pet care players present **low betas,** and **Petz should'nt be an exception**

We believe that the pet care segment **shares significant characteristics with pharmacies,** selling **essential items** to its customers