



PETCO FIRST QUARTER 2022 EARNINGS CALL

May 24, 2022



SAFE HARBOR AND NON-GAAP MEASURES

This Presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 as contained in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact, including statements regarding our fiscal year 2022 guidance, our growth plans, and execution on our transformation initiatives. Such forward-looking statements can generally be identified by the use of forward-looking terms such as “believes,” “expects,” “may,” “intends,” “will,” “shall,” “should,” “anticipates,” “opportunity,” “illustrative”, or the negative thereof or other variations thereon or comparable terminology. Although Petco believes that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to be correct or that any forward-looking results will occur or be realized. Nothing contained in this Presentation is, or should be relied upon as, a promise or representation or warranty as to any future matter, including any matter in respect of the operations or business or financial condition of Petco. All forward-looking statements are based on expectations and assumptions about future events that may or may not be correct or necessarily take place and that are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of Petco. Forward-looking statements are subject to a number of risks, uncertainties and other factors that could cause actual results or events to differ materially from the potential results or events discussed in the forward-looking statements, including, without limitation, those identified in this Presentation, as well as the following: (i) increased competition (including from multi-channel retailers and e-Commerce providers); (ii) reduced consumer demand for our products and/or services; (iii) our reliance on key vendors; (iv) our ability to attract and retain qualified employees; (v) risks arising from statutory, regulatory and/or legal developments; (vi) macroeconomic pressures in the markets in which we operate, including inflation; (vii) failure to effectively manage our costs; (viii) our reliance on our information technology systems; (ix) our ability to prevent or effectively respond to a privacy or security breach; (x) our ability to effectively manage or integrate strategic ventures, alliances or acquisitions and realize the anticipated benefits of such transactions; (xi) economic or regulatory developments that might affect our ability to provide attractive promotional financing; (xii) business interruptions and other supply chain issues; (xiii) catastrophic events, political tensions, conflicts and wars (such as the ongoing conflict in the Ukraine), health crises, and pandemics, including the potential effects that the ongoing COVID-19 pandemic and/or corresponding macroeconomic uncertainty could have on our financial position, results of operations and cash flows; (xiv) our ability to maintain positive brand perception and recognition; (xv) product safety and quality concerns; (xvi) changes to labor or employment laws or regulations; (xvii) our ability to effectively manage our real estate portfolio; (xviii) constraints in the capital markets or our vendor credit terms; (xix) changes in our credit ratings; and (xx) the other risks, uncertainties and other factors identified under “Risk Factors” and elsewhere in our Securities and Exchange Commission filings. The occurrence of any such factors could significantly alter the results set forth in these statements.

Petco cautions that the foregoing list of risks, uncertainties and other factors is not complete, and forward-looking statements speak only as of the date they are made. Petco undertakes no duty to update publicly any such forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law, regulation or other competent legal authority.

Included in this Presentation are certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles (“GAAP”) that are designed to supplement, and not substitute, Petco’s financial information presented in accordance with GAAP, including, but not limited to, Adjusted EBITDA, Trailing Twelve Month Adjusted EBITDA, Adjusted EPS, and Free Cash Flow. The non-GAAP measures as defined by Petco may not be comparable to similar non-GAAP measures presented by other companies. The presentation of such measures, which may include adjustments to exclude non-recurring items, should not be construed as an inference that Petco’s future results, cash flows, or leverage will be unaffected by other nonrecurring items. Refer to information about the non-GAAP measures contained in this Presentation. This Presentation also includes forward-looking estimates of Adjusted EBITDA and Adjusted EPS as part of our financial guidance. We do not reconcile these non-GAAP measures for future periods to their most comparable GAAP measures due to the uncertainty and potential variability of reconciling items. Because such items cannot be reasonably predicted with the level of precision required, we are unable to provide a reconciliation of these non-GAAP measures without unreasonable effort. Forward-looking estimates of Adjusted EBITDA and Adjusted EPS are estimated in a manner consistent with the relevant definitions and assumptions noted herein.

FIRST QUARTER 2022 KEY MESSAGES

Our results once again demonstrated our operational excellence

Net revenue growth was 4%, which translated into 5% growth in Adjusted EBITDA¹ over prior year

Fourteen consecutive quarters of comp sales growth

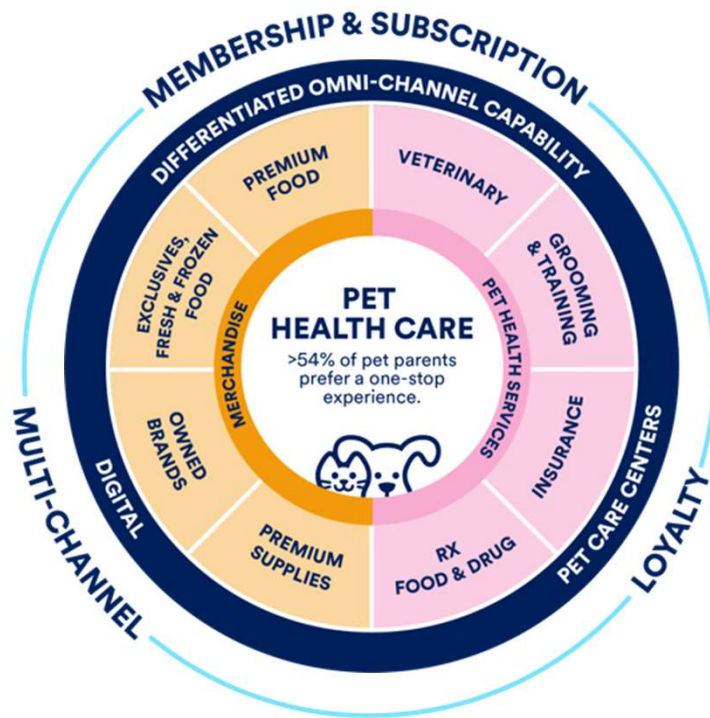
Momentum in Q1 continued with comparable sales growth of 5% year-over-year and 33% on a two-year basis, comping an exceptional stimulus-aided 2021

Total services growth of 19% in Q1 and 83% on a two-year basis. Vet performing at exceptional pace

Acceleration in Vital Care subscription growth. Members are among our highest spending customers, of which 91% are multi-channel



Our ecosystem and customer acquisition engine remain defining competitive advantages



2 YR Comp Growth

33%

Net New Customers

~400K

Total Active Customers¹

24.4M

Recurring revenue and membership driving increased retention and spend

+48%

Growth in Recurring Customer Revenue¹



+220K

Vital Care Subscriptions



~1.4M

Grooming & Nutrition Perk Members



¹ Recurring customer revenue includes enterprise sales for customers who participated in any of our recurring revenue programs during the preceding twelve months, which include: repeat delivery, Pupbox, Vital Care and insurance.

PETCO'S PURPOSE IN ACTION

American Humane Certification

Recognized as the first pet retailer in history to be awarded the American Humane Certified™ Seal of Approval



Petco Love

Delivered over 724K vaccines to date to under-resourced communities towards our 1 million commitment in partnership with Merck

Saved 100K pet lives in the quarter, and reunited 6K pets with their loving families to date through Petco Love Lost

Championed Petco Partners

Joined local communities to celebrate Diversity Month, Black History Month, Women's History Month, and Earth Month

Recognized over 200 partners as Epic Elite Achievers for exemplifying Petco's values



We are on a mission to improve lives for pets, their parents and our Petco partners.

Strong growth and profitability powered by differentiated pet health & wellness ecosystem

	Q1'22 Results	
	Results	B/(W) Q1'21
Net Revenue (\$B)	\$1.5	+4%
Gross Margin %	41.2%	(102 bps)
Adj. EBITDA ¹ (\$M)	\$133	+5%
Adj. EPS ¹	\$0.17	\$0.00
Net Debt ¹ / TTM Adj. EBITDA ¹	2.5x	(13%)
Free Cash Flow ¹ (\$M)	(\$8)	(\$76)

Q1 2022 KEY HIGHLIGHTS

Maintained execution focus, while equally maintaining commitment to driving long-term strategy

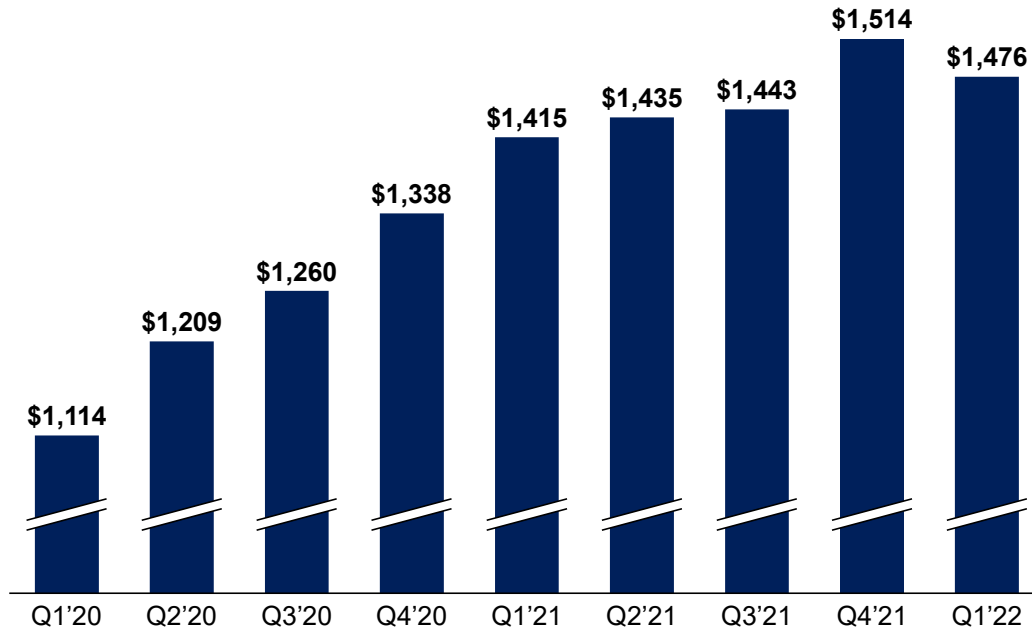
Revenue growth driven by broad based strength:

- Services & Vet: up **19%** y/y and **83%** on a 2-year stack
- Digital: up **11%** y/y and **32%**² on a 2-year stack
- B&M Merchandise: up **2%** y/y and **27%** on a 2-year stack

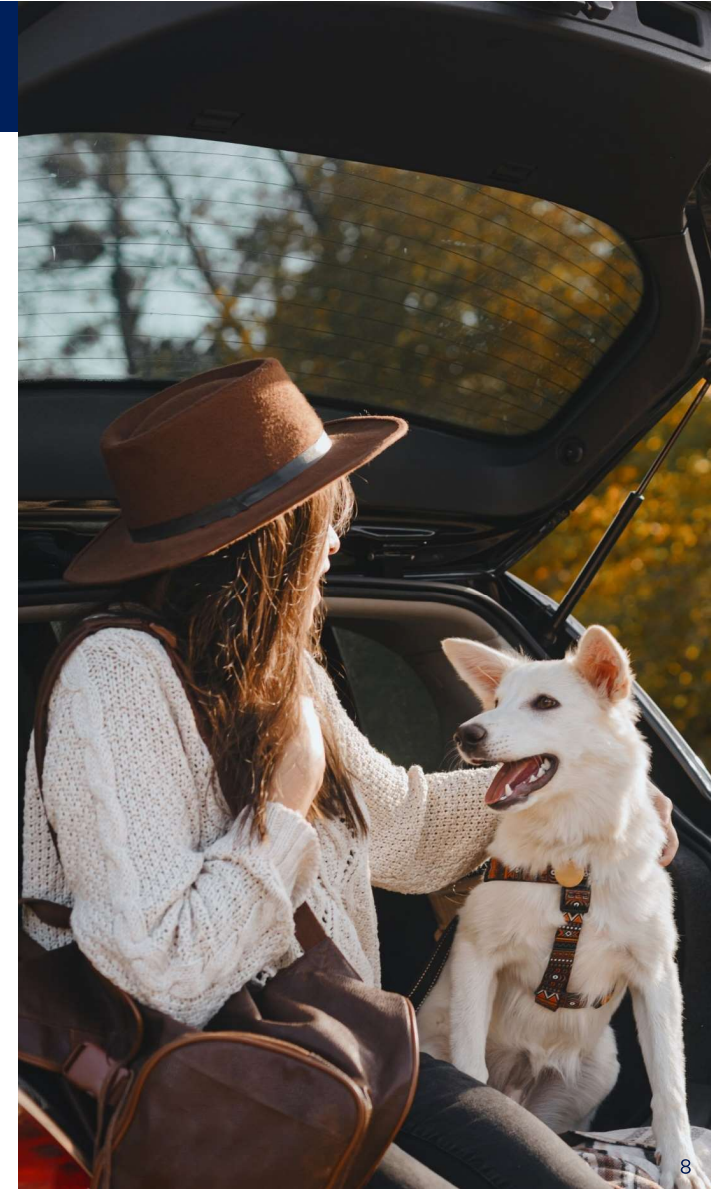


STRONG TRACK RECORD OF DELIVERING GROWTH

Net Revenue (\$M)

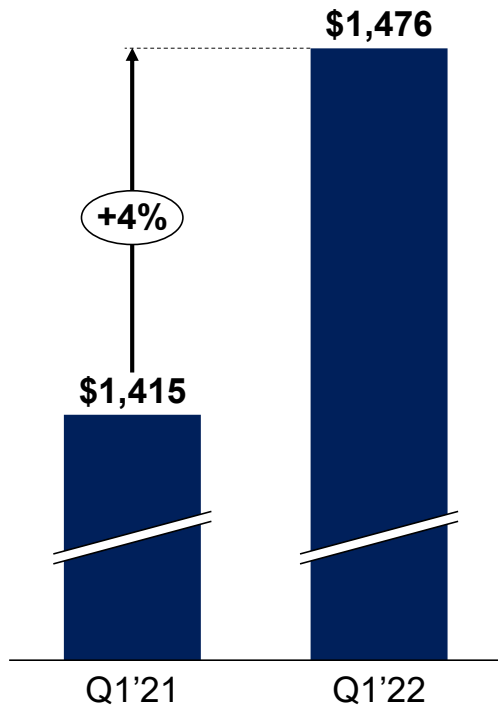


Revenue Growth Y/Y	1%	10%	15%	16%	27%	19%	15%	13%	4%
Comp Sales Growth	2%	11%	16%	17%	28%	20%	15%	14%	5%
2Yr Comp Sales Growth	6%	15%	20%	21%	30%	30%	32%	30%	33%

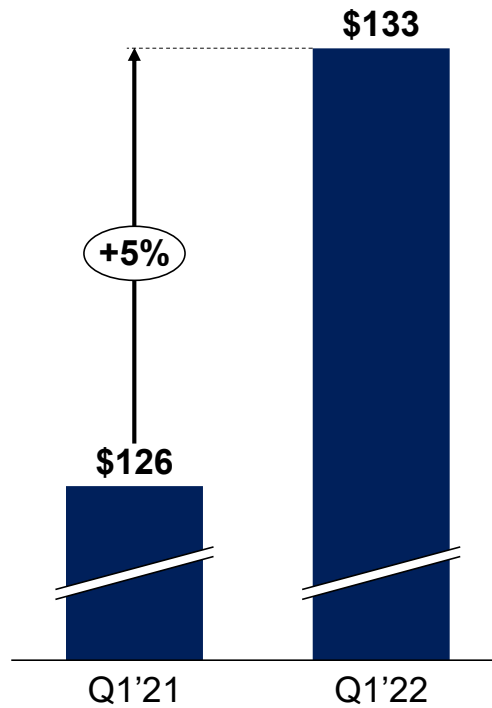


Q1'22 revenue growth translated to strong Adjusted EBITDA¹ performance

Net Revenue (\$M)



Adjusted EBITDA¹ (\$M)



KEY HIGHLIGHTS

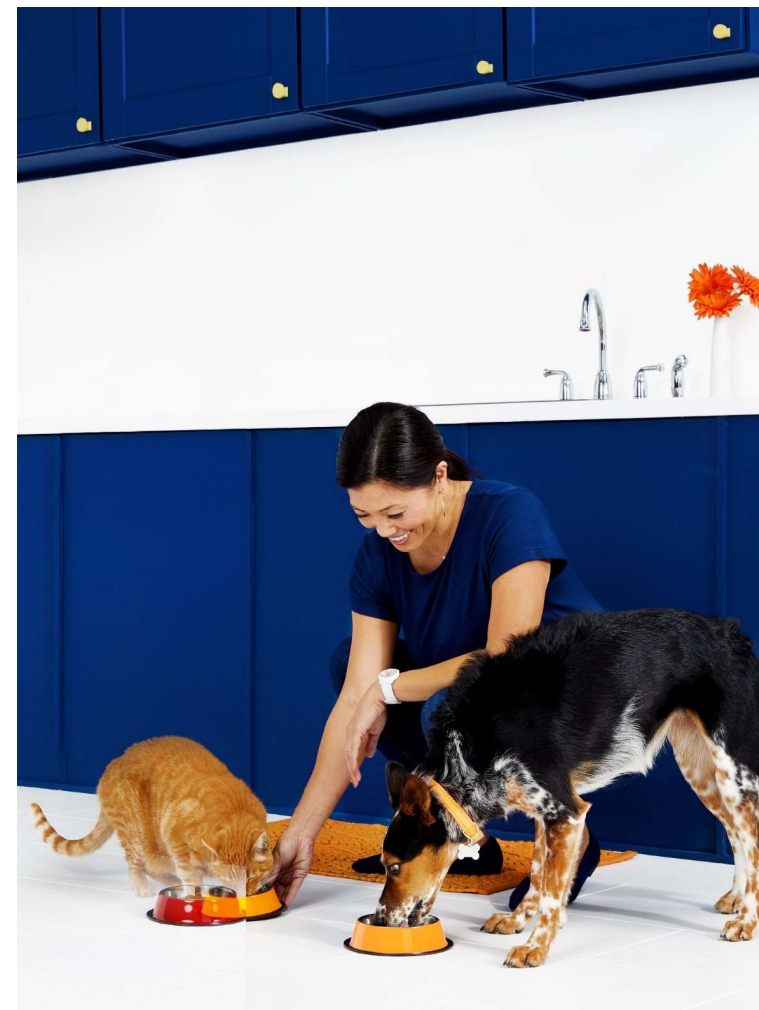
Revenue growth was 4%, which translated into 5% Adjusted EBITDA growth while we meaningfully invested in:

- Vet Hospitals at scale: opened our 200th full-service hospital
- Over 3,800 Vet Service Partners across our network



Maintain 2022 guidance

Guidance ²		
2022	Revenue (\$B)	\$6.15B to \$6.25B +6% - 8% YoY
	Adj. EBITDA ¹ (\$B)	\$630M to \$645M +7% - 9% YoY
	Adj. EPS ¹	\$0.97 - \$1.00
	Capital Expenditures	\$275M - \$325M



Strong Top Line Growth and Operating Leverage is Expected to Translate to Strong Bottom Line Growth

¹ We have not reconciled Adjusted EBITDA and Adjusted EPS outlook to the most comparable GAAP outlook because it is not possible to do so without unreasonable efforts due to the uncertainty and potential variability of reconciling items, which are dependent on future events and often outside of management's control and which could be significant. Because such items cannot be reasonably predicted with the level of precision required, we are unable to provide outlook for the comparable GAAP measures. Forward- looking estimates of Adjusted EBITDA and Adjusted EPS are made in a manner consistent with the relevant definitions and assumptions noted herein.

² Guidance maintained as of May 24, 2022. All guidance is subject to change without notice depending on a number of factors, including economic conditions, currency rates, the tax and regulatory landscape and other factors that are beyond Petco's control. Petco undertakes no obligation to affirm or update its guidance.

LONG-TERM FINANCIAL FRAMEWORK

Revenue	+HSD
Adj. EBITDA Growth	Faster than revenue
Adj. Net Income	+LDD
Net Leverage Ratio	< 1.9x



NON-GAAP MEASURES AND OTHER DEFINITIONS



Non-GAAP Measures and Other Definitions

The following information provides definitions and reconciliations of the non-GAAP financial measures presented in this Presentation to the most directly comparable financial measures calculated and presented in accordance with U.S. generally accepted accounting principles (GAAP). The company has provided this non-GAAP financial information, which is not calculated or presented in accordance with GAAP, as information supplemental and in addition to the financial measures presented in this Presentation that are calculated and presented in accordance with GAAP. Such non-GAAP financial measures should not be considered superior to, as a substitute for or alternative to, and should be considered in conjunction with, the GAAP financial measures presented in this Presentation. The non-GAAP financial measures in this Presentation may differ from similarly-titled measures used by other companies.

Adjusted EBITDA: Adjusted EBITDA, including Trailing Twelve Month Adjusted EBITDA, is considered a non-GAAP financial measure under the Securities and Exchange Commission's (SEC) rules because it excludes certain amounts included in net income calculated in accordance with GAAP. Management believes that Adjusted EBITDA is a meaningful measure to share with investors because it facilitates comparison of the current period performance with that of the comparable prior period. In addition, Adjusted EBITDA affords investors a view of what management considers to be Petco's core operating performance as well as the ability to make a more informed assessment of such operating performance as compared with that of the prior period. Please see the company's Annual Report on Form 10-K filed on March 24, 2022 with the SEC for additional information on Adjusted EBITDA. The tables on pages 14 and 15 of this Presentation reflect the calculation of Adjusted EBITDA for the thirteen and fifty-two week period ended April 30, 2022 compared to the prior year thirteen and fifty-two week period ended May 1, 2021, as well as the twelve-month period ended January 29, 2022.

Adjusted Net Income and Adjusted EPS: Adjusted Net Income and Adjusted diluted earnings per share attributable to Petco common stockholders (Adjusted EPS) are considered non-GAAP financial measures under the SEC's rules because they exclude certain amounts included in the net income attributable to Petco common stockholders and diluted earnings per share attributable to Petco common stockholders calculated in accordance with GAAP. Management believes that Adjusted Net Income and Adjusted EPS are meaningful measures to share with investors because they facilitate comparison of the current period performance with that of the comparable prior period. In addition, Adjusted Net Income and Adjusted EPS afford investors a view of what management considers to be Petco's core earnings performance as well as the ability to make a more informed assessment of such earnings performance with that of the prior period. The tables on page 16 of this Presentation reflect the calculation of Adjusted Net Income and Adjusted EPS for the thirteen weeks ended April 30, 2022 compared to the thirteen weeks ended May 1, 2021.

Free Cash Flow: Free cash flow is a non-GAAP financial measure that is calculated as net cash provided by operating activities less cash paid for fixed assets. Management believes that free cash flow, which measures the ability to generate additional cash from business operations, is an important financial measure for use in evaluating the company's financial performance. The table on page 17 of this Presentation reflects the calculation of free cash flow for the thirteen and fifty-two weeks ended April 30, 2022 compared to the thirteen weeks ended May 1, 2021.

Net Debt: Net Debt is a non-GAAP financial measure that is calculated as the sum of current and non-current debt, less cash and cash equivalents. Management considers this adjustment useful because it reduces the volatility of total debt caused by fluctuations between cash paid against the company's revolving credit facility and cash held on hand in cash and cash equivalents. The table on page 18 reflects the calculation of Net Debt as of the period ended April 30, 2022 compared to the prior quarters ended January 29, 2022 and May 1, 2021.

Total Active Customers: Total Active Customers is the total number of customers (including Pals members and eComm customers) trackable by certain personal information that have made at least one transaction with us during the prior 12-month period. It reflects the inflow of new customers as well as the outflow of customers who have not made a transaction during the prior 12-month period. Net New Customers is the change in Total Active Customers between this quarter end and the prior quarter end. Previously, Total Active Customers and Net New Customers included Pals members whose transactions were tracked by member numbers only as opposed to other personal information. Currently, only Pals members accounts with certain personal information are counted.

Non-GAAP Measures: Adjusted EBITDA*

(dollars in thousands) Reconciliation of Net Income Attributable to Class A and B-1 Common Stockholders to Adjusted EBITDA	13 Weeks Ended	
	April 30, 2022	May 1, 2021
Net income attributable to Class A and B-1 common stockholders	\$ 24,693	\$ 7,560
Add (deduct):		
Interest expense, net	19,614	20,508
Income tax expense	10,000	2,679
Depreciation and amortization	46,967	41,607
Income from equity method investees	(3,163)	(2,425)
Loss on debt extinguishment and modification	—	20,838
Asset impairments and write offs	162	947
Equity-based compensation	12,222	11,604
Other non-operating income	(314)	—
Mexico joint venture EBITDA (1)	6,778	6,006
Store pre-opening expenses	3,359	4,029
Store closing expenses	1,860	1,103
Non-cash occupancy-related costs (2)	2,194	1,139
Acquisition-related integration costs (3)	2,236	—
Other costs (4)	5,943	10,151
Adjusted EBITDA	\$ 132,551	\$ 125,746
Net sales	\$ 1,475,991	\$ 1,414,994
Net margin (5)	1.7%	0.5%
Adjusted EBITDA Margin	9.0%	8.9%

* Please see our first quarter 2022 earnings release posted to our website for related footnotes.

Non-GAAP Measures: Trailing Twelve Month Adjusted EBITDA*

(dollars in thousands) Reconciliation of Net Income Attributable to Class A and B-1 Common Stockholders to Adjusted EBITDA	Trailing Twelve Months		
	April 30, 2022	January 29, 2022	May 1, 2021
Net income attributable to Class A and B-1 common stockholders	\$ 181,550	\$ 164,417	\$ 12,245
Add (deduct):			
Interest expense, net	76,442	77,335	178,314
Income tax expense	60,795	53,473	9,897
Depreciation and amortization	177,791	172,431	172,876
Income from equity method investees	(11,622)	(10,883)	(8,575)
Loss on debt extinguishment and modification	—	20,838	38,387
Asset impairments and write offs	10,133	10,918	13,144
Equity-based compensation	49,883	49,265	22,214
Other non-operating income	(34,812)	(34,497)	—
Mexico joint venture EBITDA (1)	27,609	26,837	21,061
Store pre-opening expenses	14,095	14,765	11,349
Store closing expenses	5,785	5,028	7,858
Non-cash occupancy-related costs (2)	9,169	8,114	13,179
Acquisition-related integration costs (3)	2,236	—	—
Other costs (4)	29,229	33,437	31,309
Adjusted EBITDA	\$ 598,283	\$ 591,478	\$ 523,258
Net sales	\$ 5,868,146	\$ 5,807,149	\$ 5,221,675
Net margin (5)	3.1%	2.8%	0.2%
Adjusted EBITDA Margin	10.2%	10.2%	10.0%

Non-GAAP Measures: Adjusted Net Income and Adjusted EPS*

(in thousands, except per share amounts) Reconciliation of Diluted EPS to Adjusted EPS	13 Weeks Ended			
	April 30, 2022		May 1, 2021	
	Amount	Per share	Amount	Per share
Net income attributable to common stockholders / diluted EPS	\$ 24,693	\$ 0.09	\$ 7,560	\$ 0.03
Add (deduct):				
Income tax expense	10,000	0.04	2,679	0.01
Loss on debt extinguishment and modification	—	—	20,838	0.08
Asset impairments and write offs	162	0.00	947	0.00
Equity-based compensation	12,222	0.04	11,604	0.04
Other non-operating income	(314)	(0.00)	—	—
Store pre-opening expenses	3,359	0.01	4,029	0.02
Store closing expenses	1,860	0.01	1,103	0.00
Non-cash occupancy-related costs (2)	2,194	0.01	1,139	0.01
Acquisition-related integration costs (3)	2,236	0.01	—	—
Other costs (4)	5,943	0.02	10,151	0.04
Adjusted pre-tax income / diluted earnings per share	\$ 62,355	\$ 0.23	\$ 60,050	\$ 0.23
Income tax expense at 26% normalized tax rate	16,212	0.06	15,613	0.06
Adjusted Net Income / Adjusted EPS	\$ 46,143	\$ 0.17	\$ 44,437	\$ 0.17

* Please see our first quarter 2022 earnings release posted to our website for related footnotes.

Non-GAAP Measures: Free Cash Flow

(in thousands)

	13 Weeks Ended	
	April 30, 2022	May 1, 2021
Net cash provided by operating activities	\$ 57,519	\$ 115,002
Cash paid for fixed assets	(65,910)	(47,351)
Free Cash Flow	\$ (8,391)	\$ 67,651

Non-GAAP Measures: Net Debt

(dollars in thousands)	April 30, 2022	January 29, 2022	May 1, 2021
Total debt:			
Senior secured credit facilities, net, including current portion	\$ 1,654,365	\$ 1,657,390	\$ 1,666,509
Finance leases, including current portion	29,145	29,816	16,409
Total debt	1,683,510	1,687,206	1,682,918
Less: cash and cash equivalents	(190,893)	(211,602)	(174,034)
Net Debt	\$ 1,492,617	\$ 1,475,604	\$ 1,508,884
Adjusted EBITDA (TTM)	\$ 598,283	\$ 591,478	\$ 523,258
Net Debt / Adjusted EBITDA ratio	2.5x	2.5x	2.9x

Net Sales by Category

	13 Weeks Ended				
	April 30, 2022	May 1, 2021	May 2, 2020	% Change (1 yr)	% Change (2 yr)
Consumables	\$ 685,930	\$ 595,132	\$ 525,752	15%	28%
Supplies and companion animals	599,179	658,172	493,734	(9%)	24%
Services and other	190,882	161,690	94,035	18%	90%
Net sales	\$ 1,475,991	\$ 1,414,994	\$ 1,113,521	4%	31%

THANK YOU



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