



Annual Meeting of Stockholders

July 21, 2021



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 environmental and other sustainability plans and goals. Although the company 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. There can be no assurance that any forward-looking results will occur or be realized, and 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. Such forward-looking statements can 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. All forward-looking statements are based on assumptions or judgments 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 to differ materially from the potential results discussed in the forward-looking statements, including, without limitation, those identified in this Presentation, the risk factors that the company identifies in its Securities and Exchange Commission filings, 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; (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 strategic ventures, alliances or acquisitions; (xi) economic or regulatory developments that might affect our ability to provide attractive promotional financing; (xii) interruptions and other supply chain issues; (xiii) catastrophic events, 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; and (xix) changes in our credit ratings. The occurrence of any such factors, events, or circumstances could significantly alter the results set forth in these statements.

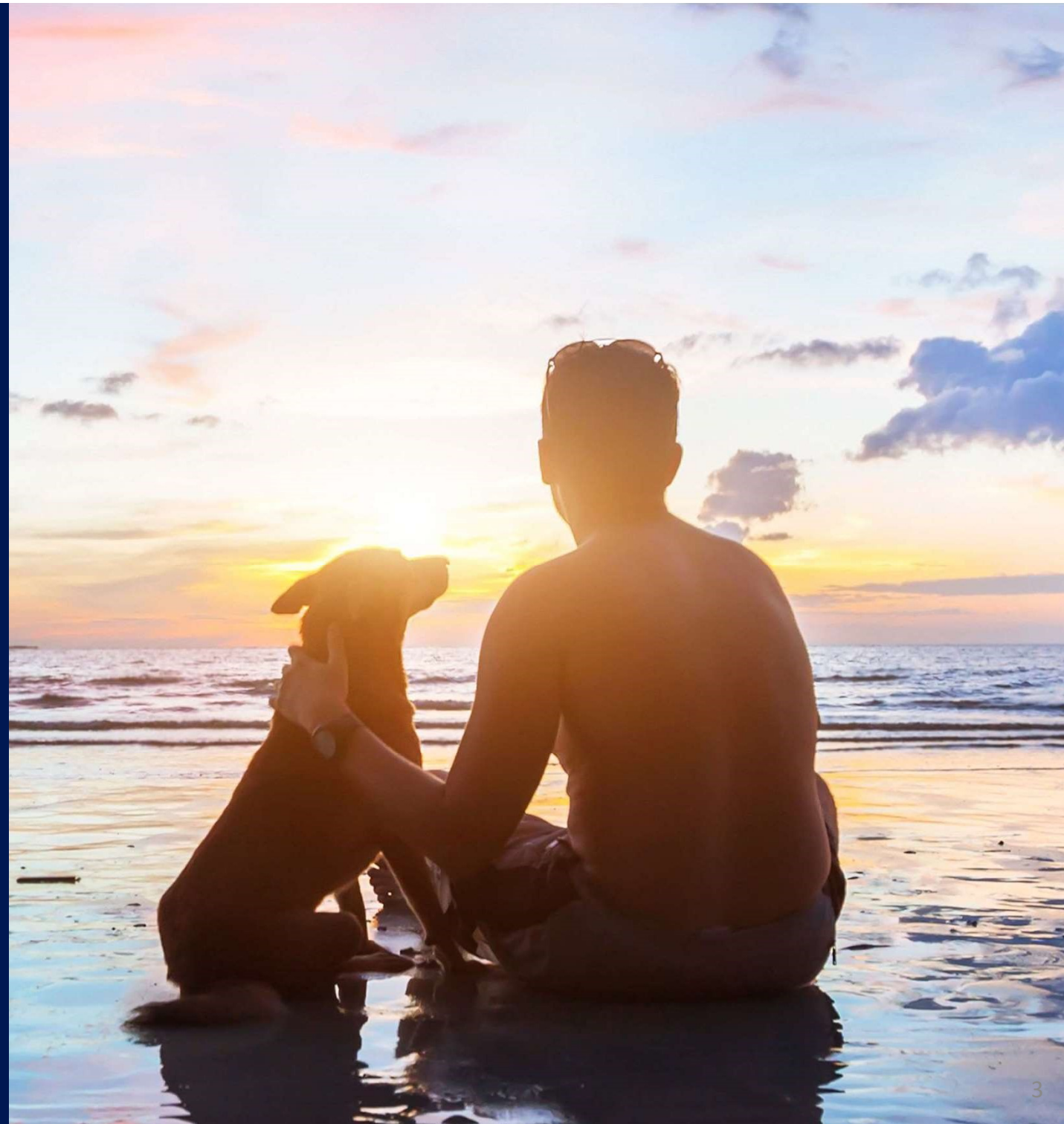
Petco cautions that the foregoing list of important factors is not complete, and any forward-looking statements speak only as of the date they are made. Petco undertakes no duty to update publicly any forward-looking statement that it may make, whether as a result of new information, future events or 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, 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.

We Are a Purpose Driven Company

We improve lives...
Pet lives, Pet Parent lives,
and the lives of our
partners working at

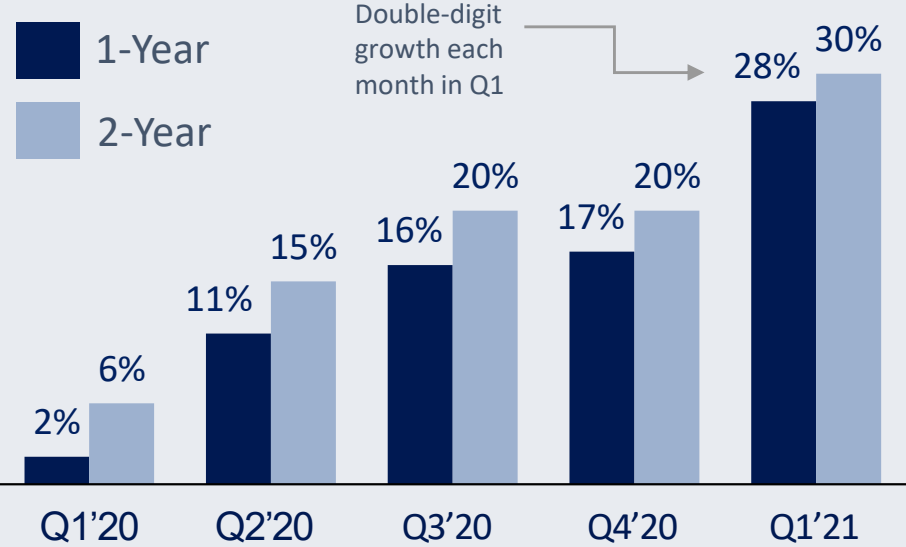
petco
THE HEALTH +
WELLNESS CO.



Strong Track Record of Delivering Growth and Customer Acquisition

\$5.2B Q1'21 TTM Revenues 

Total Company Comparable Sales Growth²



23.6M
Active Customers



+1.2M

Q1'21 Net New Active Customers

~27K
Passionate Petco Partners



~1.5K
Pet Care & Micro Distribution Centers



10
Successive quarters of comp growth



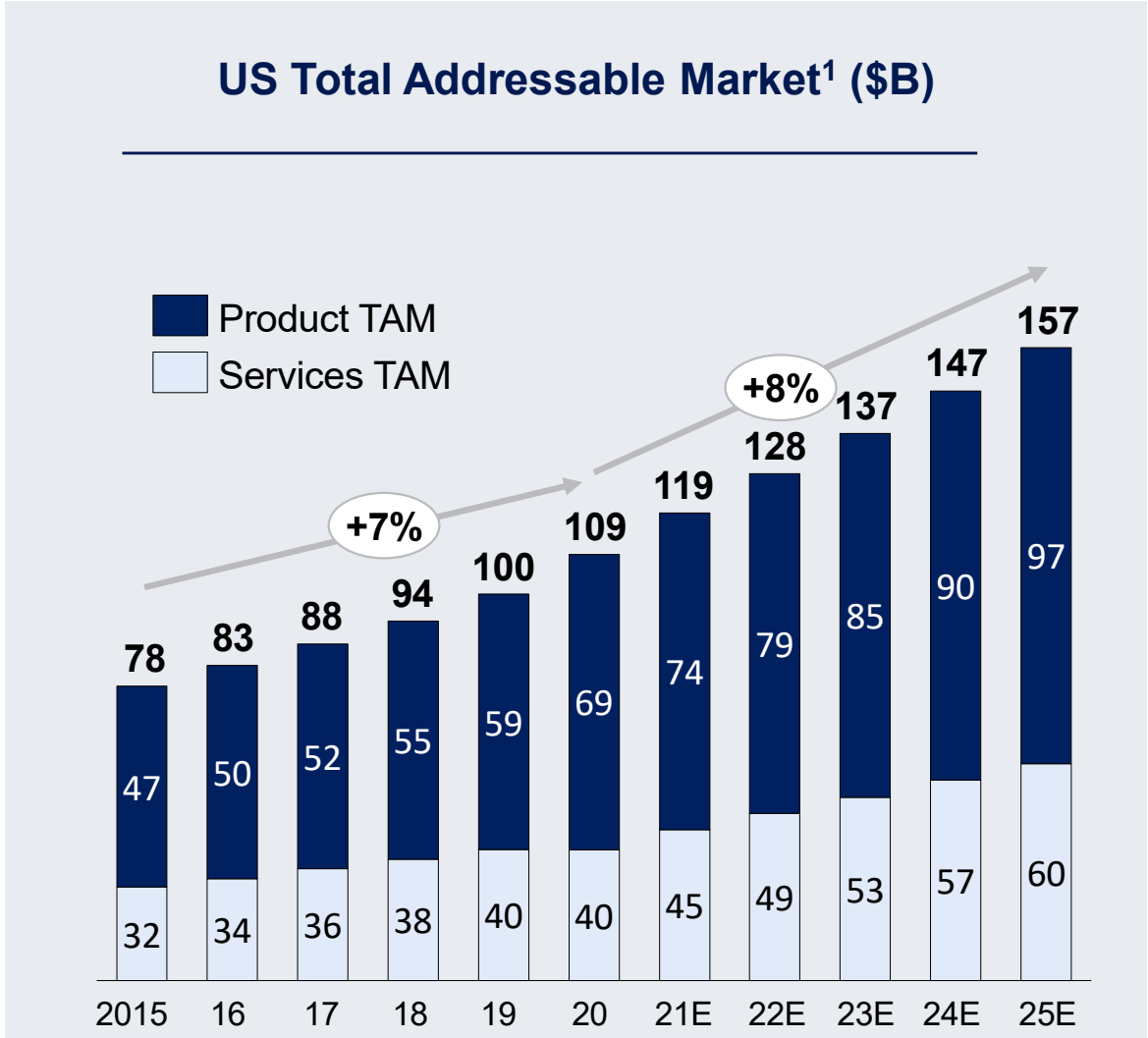
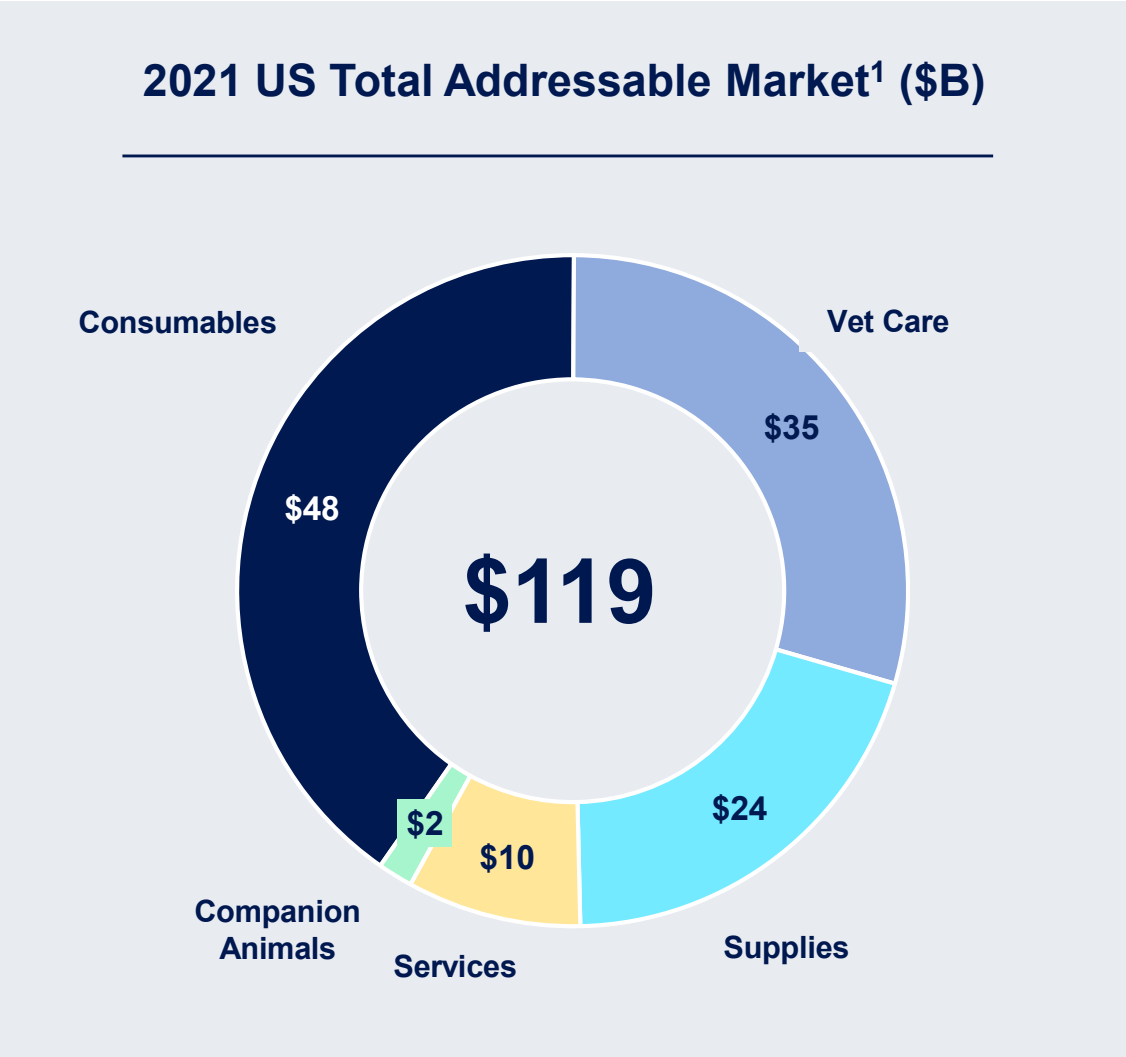
100%+
Digital Growth in FY'20



137
Vet Hospitals & Growing as of Q1'21



Strong Category That is Large and Growing



petco ¹ Projected TAM for U.S. Pet Market; Source: Packaged Facts March-2021 for TAM except companion animals, internal estimates for companion animal TAM

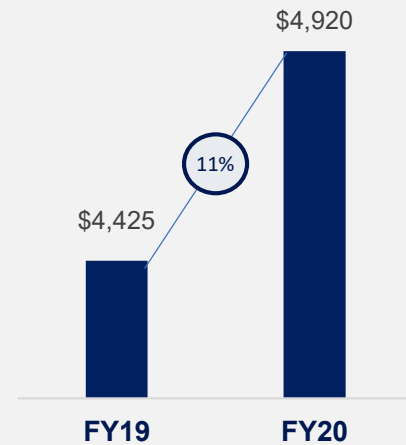
Petco's Fully-Integrated and Comprehensive Pet Care Ecosystem



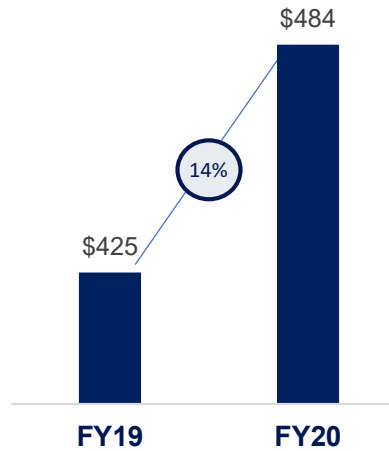
BOPUS: Buy Online, Pick-up in Store.
 (1) As of May 2021 (2) Lippincott Survey (n=2.7k)

Fiscal 2020 Produced Strong Financial Results

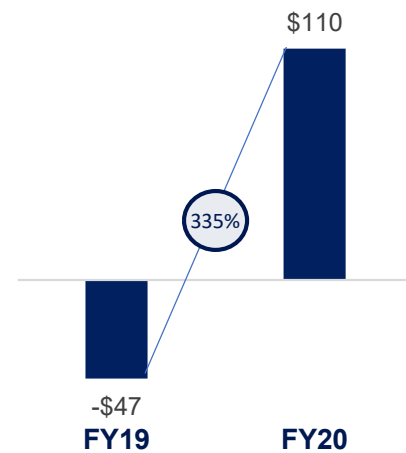
Total Revenue (\$M)



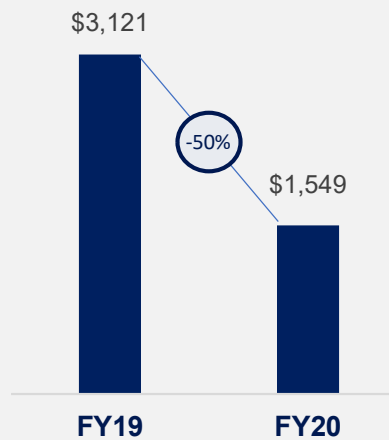
Adjusted EBITDA¹ (\$M)



Free Cash Flow (\$M)



Net Debt (\$M)



2020 Key Highlights

- ▶ Revenue and comp sales both grew 11% versus prior year with accelerating trends over the course of the year
- ▶ Strong revenue trends and expense leverage drove 14% Adjusted EBITDA growth
- ▶ Free cash flow of \$109M improved significantly due to strong business performance
- ▶ Significantly reduced net debt through proceeds from IPO transaction, recapitalization & strong FCF

Our Purpose In Action

Petco is a purpose-driven company dedicated to improving the lives of pets, pet parents and the partners who work for us while delivering exceptional results.



Health & Wellness is Our Priority

- Eliminated artificial ingredients¹
- Removed shock collars
- Promote positive training
- Partnership with PetDX to launch OncoK9



Petco Love Making an Impact

- Invested \$300M in animal welfare orgs
- Saved 400K pets in 2020
- Placed 6.5M pets since 1999
- Established Petco Love Lost to reunite lost pets with families



Great Results Start with Great People

- Devoted to employee health & safety; COVID penetration ~1/3rd National average
- Provided 6 appreciation bonuses
- Average wage +DD% with improved benefits
- Invested \$2M in employee assistance fund (helped 1,300 families in 2020)
- 4,300 hours of DI&B training



Shaping a More Sustainable Future

- 50% sustainable products by end of 2025
- Leveraged BOPUS/Same Day to save 3.6M lbs of cardboard in 2020
- Upcycled 1.5M plastic bottles into Pet Toys through Started as a Bottle
- Eliminated more than 3.2M single use plastic bags in 2020



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Non-GAAP Measures

The following information provides definitions and reconciliations of the non-GAAP financial measures presented in this presentation to which this reconciliation is attached to the most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles (GAAP). The company has provided this non-GAAP financial information presented, which is not calculated or presented in accordance with GAAP, as information supplemental and in addition to the financial measures presented in the earnings 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 the earnings presentation. The non-GAAP financial measures in the earnings presentation may differ from similarly-titled measures used by other companies.

Adjusted EBITDA: Adjusted EBITDA is considered a non-GAAP financial measure under the SEC's rules because it excludes certain charges included in net (loss) income calculated in accordance with GAAP. Management believes that Adjusted EBITDA is a meaningful measure to share with investors because it best allows comparison of the performance with that of the current period performance with that of the comparable period. In addition, Adjusted EBITDA affords investors a view of what management considers Petco's operating performance to be and the ability to make a more informed assessment of such operating performance as compared with that of the prior year. Please see the company's S-1 filed on January 6, 2021 for additional information on the reconciliation of Net Loss Attributable to Class A and B-1 Common Stockholders to Adjusted EBITDA. The table on page 11 of this presentation reflects the calculation of Adjusted EBITDA for fiscal year ended January 30, 2021 compared to prior year ended February 1, 2020.

Free Cash Flow: Free cash flow is a non-GAAP financial measure that is calculated as net cash generated by operations 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. Although other companies report their free cash flow, numerous methods exist for calculating a company's free cash flow. As a result, the method used by Petco's management to calculate free cash flow may differ from the methods used by other companies to calculate their free cash flow. The following table sets forth a reconciliation of free cash flow, to net cash provided by operating activities, which Petco believes to be the GAAP financial measure most directly comparable to free cash flow. The table on page 12 of this presentation reflects the calculation of free cash flow for the fiscal year ended January 30, 2021 compared to prior year ended February 1, 2020.

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. Although other companies report their Net Debt, numerous methods exist for calculating a company's net debt. As a result, the method used by Petco's management to calculate net debt may differ from the methods used by other companies to calculate their Net Debt. The table on page 13 of this presentation sets forth a reconciliation of Net Debt, to total debt, which Petco believes to be the GAAP financial measure most directly comparable to Net Debt. The table reflects the calculation of Net Debt as of the period ended January 30, 2021 compared to prior year ended February 1, 2020.

Non-GAAP Measures: Adjusted EBITDA¹

(In Thousands)	52 Weeks Ended	
	January 30, 2021	February 1, 2020
Reconciliation of Net Loss Attributable to Class A and B-1 Common Stockholders to Adjusted EBITDA		
Net loss attributable to Class A and B-1 common stockholders	\$ (26,483)	\$ (95,873)
Add (deduct):		
Interest expense, net	218,430	252,683
Income tax expense (benefit)	(3,337)	(35,658)
Depreciation and amortization	174,836	173,544
Income from equity method investees	(6,482)	(2,441)
Loss on debt extinguishment	17,549	-
Goodwill & indefinite-lived intangible impairment	-	19,000
Asset impairments and write offs	15,606	11,871
Equity-based compensation	12,915	9,489
Mexico Joint Venture EBITDA ¹	19,074	14,227
Store pre-opening expenses	9,228	10,325
Store closing expenses	7,782	4,068
Severance	5,283	10,164
Non-cash occupancy-related costs ²	19,240	32,763
Non-recurring costs ³	20,707	20,385
Adjusted EBITDA	\$ 484,348	\$ 424,547
Net sales	\$ 4,920,202	\$ 4,434,514
<i>Net margin</i> ⁴	<i>(0.5%)</i>	<i>(2.2%)</i>
<i>Adjusted EBITDA Margin</i> ⁴	<i>9.8%</i>	<i>9.6%</i>

Non-GAAP Measures: Free Cash Flow

(In Thousands)

	52 Weeks Ended	
	January 30, 2021	February 1, 2020
Net cash provided by operating activities	\$ 268,615	\$ 110,337
Cash paid for fixed assets	(159,560)	(156,906)
Free cash flow	\$ 109,055	\$ (46,569)

Non-GAAP Measures: Net Debt

(In Thousands)	January 30, 2021	February 1, 2020
Total Debt:		
Senior secured credit facilities, net, including current portion	\$ 1,646,281	\$ 2,387,552
Senior notes, net	-	866,145
Finance leases	13,639	16,434
Total debt	<u>1,659,920</u>	<u>3,270,131</u>
Less cash and cash equivalents	(111,402)	(148,785)
Net Debt	<u>\$ 1,548,518</u>	<u>\$ 3,121,346</u>
Adjusted EBITDA	\$ 484,348	\$ 424,547
<i>Net debt / adjusted EBITDA ratio</i>	3.2x	7.4x