



First Quarter 2025 Earnings Call

June 5, 2025



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, but not limited to, statements regarding our Q2 and full year 2025 guidance, the operational reset of our business, our competitive positioning, profitability, and cost action plans and associated cost-savings, and our expectations regarding tariffs and associated impacts. 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 current 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, mass and grocery 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, prevailing interest rates and the impact of tariffs; (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 data 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 conflicts in Ukraine and the Middle East), health crises, and pandemics; (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; (xx) impairments of the carrying value of our goodwill and other intangible assets; (xxi) our ability to successfully implement our operational adjustments, achieve the expected benefits of our cost action plans and drive improved profitability; and (xxii) the other risks, uncertainties and other factors identified under “Risk Factors” and elsewhere in Petco’s 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 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.

First Quarter

Key Takeaways

Delivered Q1 earnings ahead of expectations as efforts to strengthen retail fundamentals begin to take hold

- Adj. EBITDA¹ increased \$13.8M to \$89.4M ahead of prior outlook

Focused on core tenets of economic model to expand gross margin, leverage SG&A and prioritize ROIC

- Well-positioned to drive double-digit adj. EBITDA¹ growth in 2025
- Reaffirmed 2025 net sales and earnings outlook inclusive of estimated tariff headwinds as of June 5th, 2025

Executing against priorities in 2025

- Significant progress against multi-phased strategy to return to offense and drive sustainable profitable growth over the long-term



Phase 1 – Strengthening Fundamentals

- Strengthening retail fundamentals
- Completed build out of senior leadership team with proven retail executives

Phase 2 – Implementing and Executing

- Continued progress on improving retail fundamentals focused on merchandising excellence, enhanced customer experience, driving efficiencies and increased productivity of services offering

Phase 3 – Return to Growth

- Taking action to return to offense and drive sustainable profitable growth over the long-term
- Increase relevance in the marketplace, bolster competitive positioning, improve fleet productivity, enhance omni-channel & digital experience, invest behind services

Economic Model

Our number-one financial priority is clear: restoring the health of our economic model which, in turn, will improve our earnings power and set the foundation for sustainable, profitable growth over the long term.

Expand gross margin rate

Leverage expenses through operational excellence & renewed cost discipline

Improve ROIC by instilling new rigor and discipline into capital allocation decisions

Generate strong and consistent free cash flow¹

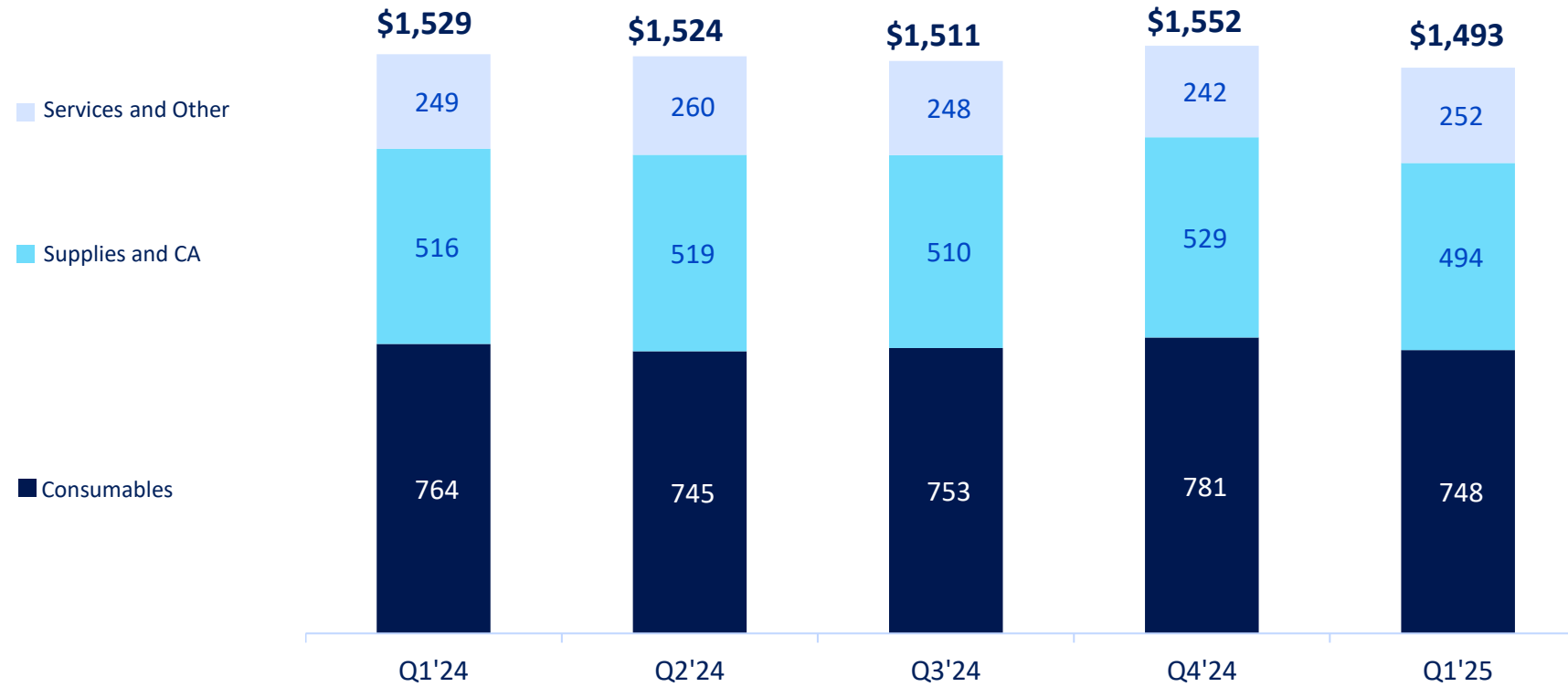
Achieve a debt-to-EBITDA¹ leverage ratio below 2 times

(1) Non-GAAP financial measure; see definition and reconciliation at the end of this Presentation.

Q1 2025 Net Sales Performance

NET SALES BY CATEGORY

(\$ in millions)

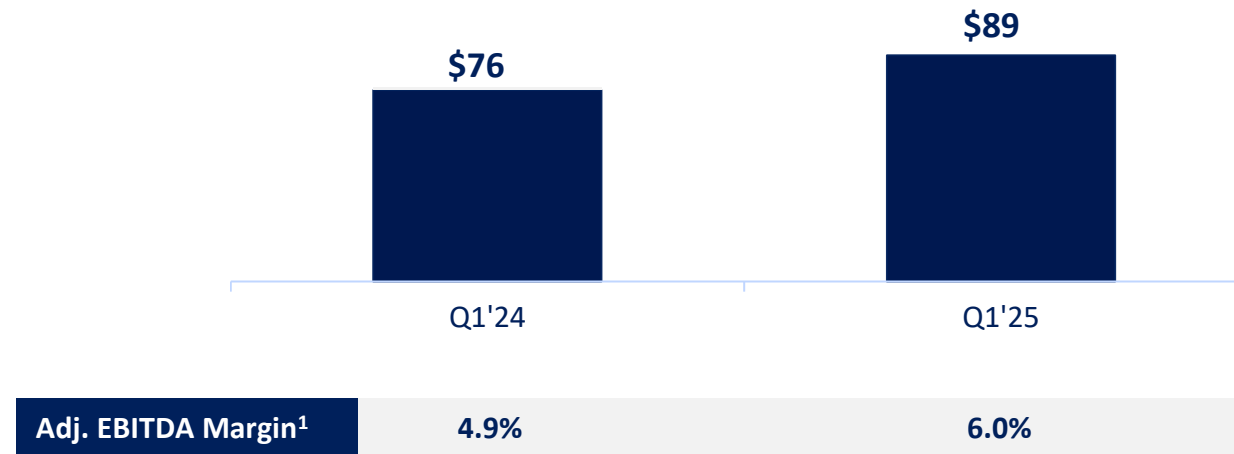


Net Sales Overview

- Services and Other continues to deliver positive net sales growth
- Consumables net sales declined (2)% y/y
- Discretionary categories continue to remain soft with Supplies and Companion Animal net sales declining (4)% y/y
- 25 net store closures in FY 2024
- 5 net store closures in Q1 2025

Revenue growth	(2%)	(0%)	1%	(7%) ¹	(2%)
Ending U.S. Store Count	1,423	1,420	1,413	1,398	1,393
1-year comp growth	(1%)	0%	2%	1%	(1%)
2-year comp growth	4%	4%	2%	0%	(2%)

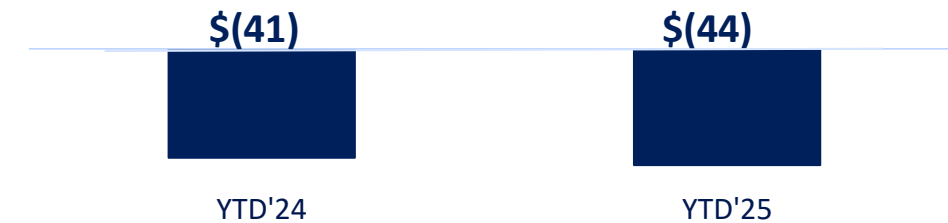
ADJUSTED EBITDA¹ (\$ in millions)



NET DEBT¹ & LIQUIDITY²

	Q1'24	Q1'25	YoY % Change
Net Debt ¹	\$1.50B	\$1.46B	(2)%
Liquidity ²	\$617M	\$648M	5%

FREE CASH FLOW¹ (\$ in millions)



(1) Non-GAAP financial measure; see definition and reconciliation at the end of this Presentation.

(2) Cash and cash equivalents and availability on ABL Revolving Credit Facility.

Q2 and Full Year 2025 Guidance

Q2 2025 Guidance²

Net sales	Down low single digits y/y
Adjusted EBITDA¹	\$92M to \$94M

Full Year 2025 Guidance²

Net sales	Down low single digits y/y
Adjusted EBITDA¹	\$375M to \$390M
Net interest expense	~\$130M
Capital expenditures	~\$125M to \$130M
Depreciation and Amortization	~\$200M

(1) Adjusted EBITDA is non-GAAP financial measure and has not been reconciled 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 measure. Forward-looking estimates of Adjusted EBITDA are made in a manner consistent with the relevant definitions and assumptions noted herein and in our filings with the Securities and Exchange Commission.

(2) The Company's second quarter and full year 2025 guidance assumes that the current tariffs on imports into the U.S. from China and other countries as of June 5, 2025 will stay at current levels and do not increase for the remainder of the year.

Non-GAAP Measure 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 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 31, 2025 with the SEC for additional information on Adjusted EBITDA.

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.

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.

Note: Management generally rounds amounts to millions but calculates all percentages and per-share data from underlying whole-dollar amounts. As a result, certain amounts may not foot, cross-foot, or recalculate based on reported numbers due to rounding.

Non-GAAP Measures: Adjusted EBITDA*

(dollars in thousands)	13 Weeks Ended	
	May 3, 2025	May 4, 2024
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	\$ (11,661)	\$ (46,483)
Add (deduct):		
Interest expense, net	32,135	36,399
Income tax expense (benefit)	495	(4,477)
Depreciation and amortization	49,365	49,587
Income from equity method investees	(4,610)	(4,886)
Asset impairments and write offs	446	3,508
Equity-based compensation	9,420	17,434
Other non-operating loss	—	2,665
Mexico joint venture EBITDA (1)	10,198	10,496
Acquisition and divestiture-related costs (2)	—	3,719
Other costs (3)	3,661	7,682
Adjusted EBITDA	\$ 89,449	\$ 75,644
Net sales	\$ 1,493,399	\$ 1,529,140
Net margin (4)	(0.8%)	(3.0%)
Adjusted EBITDA Margin	6.0%	4.9%

Non-GAAP Measures: Free Cash Flow

(in thousands)

	13 Weeks Ended	
	May 3, 2025	May 4, 2024
Net cash used in operating activities	\$ (15,454)	\$ (8,414)
Cash paid for fixed assets	(28,412)	(32,641)
Free Cash Flow	\$ (43,866)	\$ (41,055)

Non-GAAP Measures: Net Debt

(dollars in thousands)	May 3, 2025	February 1, 2025	May 4, 2024
Total debt:			
Senior secured credit facilities, net, including current portion	\$ 1,579,338	\$ 1,578,091	\$ 1,574,486
Finance leases, including current portion	13,203	13,793	11,696
Total debt	1,592,541	1,591,884	1,586,182
Less: cash and cash equivalents	(133,343)	(165,756)	(89,717)
Net Debt	\$ 1,459,198	\$ 1,426,128	\$ 1,496,465

Net Sales by Category

	13 Weeks Ended				
	May 3, 2025	May 4, 2024	April 29, 2023	% Change (1 yr)	% Change (2 yr)
Consumables	\$ 748,070	\$ 763,974	\$ 763,051	(2%)	(2%)
Supplies and companion animals	493,821	515,757	553,545	(4%)	(11%)
Services and other	251,508	249,409	239,312	1%	5%
Net sales	\$ 1,493,399	\$ 1,529,140	\$ 1,555,908	(2%)	(4%)

Non-GAAP Financial Measures' Footnotes

- (1) Mexico Joint Venture EBITDA represents 50 percent of the entity's operating results for all periods, as adjusted to reflect the results on a basis comparable to Adjusted EBITDA. In the financial statements, this joint venture is accounted for as an equity method investment and reported net of depreciation and income taxes. Because such a presentation would not reflect the adjustments made in the calculation of Adjusted EBITDA, we include the 50 percent interest in the company's Mexico joint venture on an Adjusted EBITDA basis to ensure consistency. Refer to earnings releases, quarterly and annual reports posted to our website for reconciliations of Mexico joint venture net income to Mexico joint venture EBITDA.
- (2) Acquisition and divestiture-related integration costs include direct costs resulting from acquiring, integrating, or divesting businesses. These include third-party professional and legal fees, losses on sales of divestitures, and other integration-related costs that would not have otherwise been incurred as part of the company's operations.
- (3) Other costs include, as incurred: restructuring costs and restructuring-related severance costs; legal reserves associated with significant, non-ordinary course legal or regulatory matters; and costs related to certain significant strategic transactions.
- (4) We define net margin as net loss attributable to Class A and B-1 common stockholders divided by net sales and Adjusted EBITDA margin as Adjusted EBITDA divided by net sales.

Thank You

