

PETCO FOURTH QUARTER AND FULL YEAR 2024 EARNINGS CALL

March 26, 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 Q1 and full year 2025 guidance, the operational reset of our business, our competitive positioning, profitability, and cost action plans and associated cost-savings. 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.

Fourth Quarter

KEY TAKEAWAYS

Delivered solid Q4 driven by efforts to strengthen retail fundamentals

- Comp sales improved +0.5%
- Adj. EBITDA¹ of \$96.1M ahead of prior outlook
- Achieved positive FY24 free cash flow¹ of \$49.7M

Building momentum heading into 2025

- Continued progress on improving retail fundamentals focused on merchandising, customer experience and driving efficiencies
- Completed the build out of the senior leadership team with proven retail executives
- Taking action to return to offense and drive sustainable profitable growth over the long-term

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

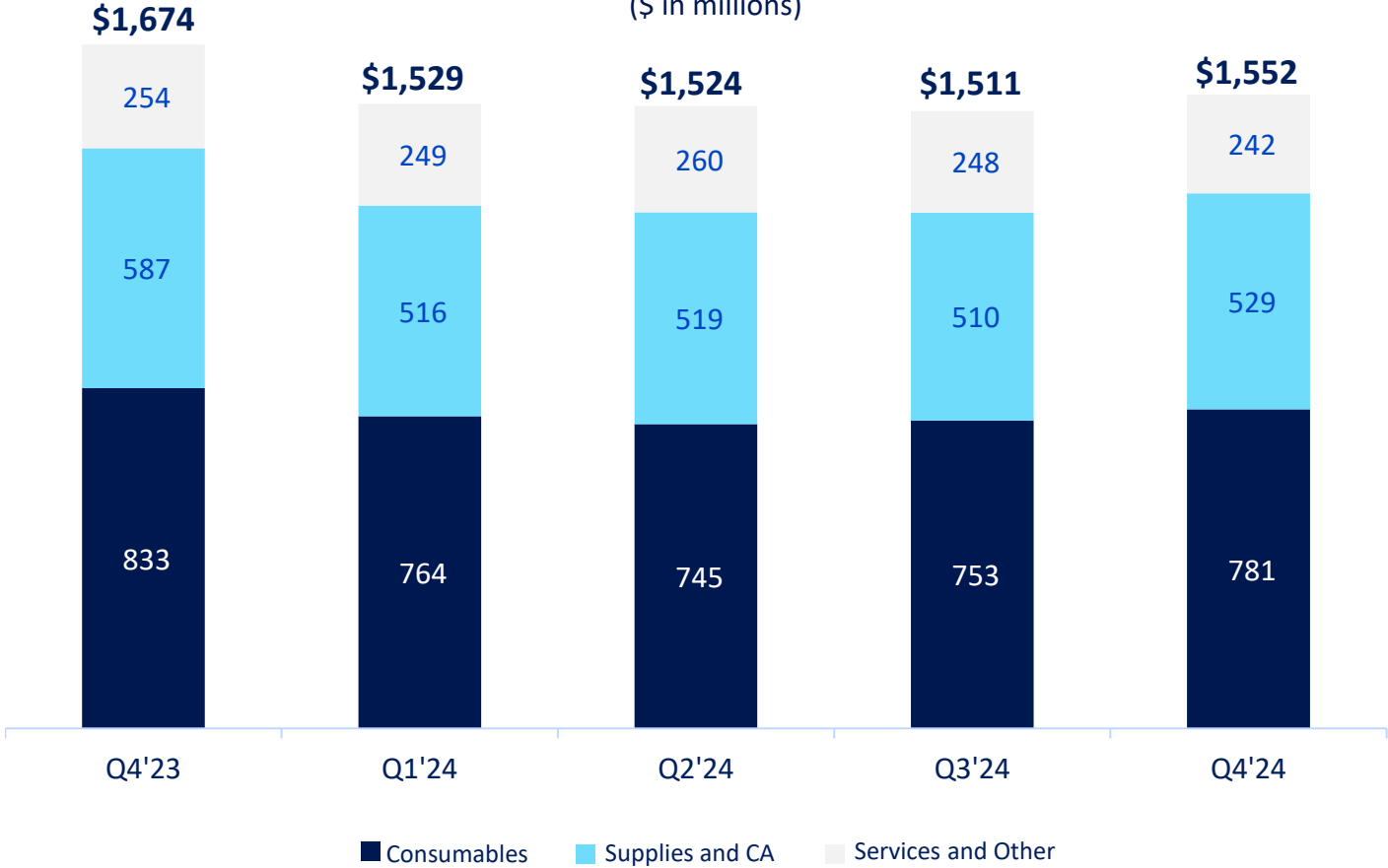
- Well-positioned to drive double-digit adj. EBITDA¹ growth in 2025



Q4 2024 REVENUE PERFORMANCE

NET REVENUE BY CATEGORY

(\$ in millions)



Revenue growth	6% ¹	(2%)	(0%)	1%	(7%) ¹
1-year comp growth	(1%)	(1%)	0%	2%	1%
2-year comp growth	4%	4%	4%	2%	0%

(1) On an as-reported basis (14-week Q4'23 vs. 13-week Q4'22 and Q4'24)

Key Revenue Highlights

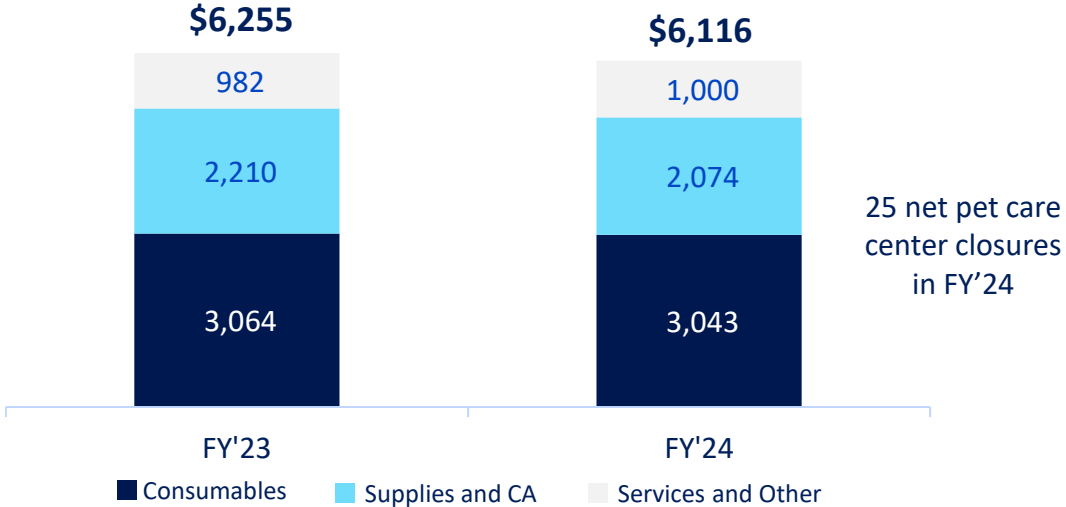
Note: Reported revenue for 13-week Q4 2024 versus 14-week Q4 2023

- Services and Other revenue declined (5)% y/y but grew 13% on a 2-year basis
- Consumables revenue declined (6)% y/y but grew 3% on a 2-year basis, with continued strength in fresh frozen
- Discretionary categories continue to remain soft with Supplies and Companion Animal revenue declining (10)% y/y and (11)% on a 2-year basis

FULL YEAR 2024 RESULTS

NET REVENUE

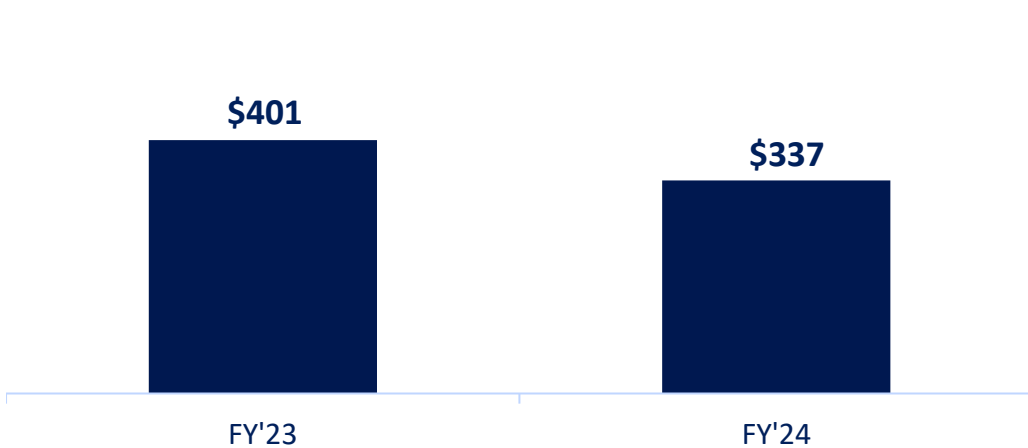
(\$ in millions)



Revenue growth	4%	(2%)
1-year comp growth	2%	0%

ADJUSTED EBITDA^{1,2}

(\$ in millions)



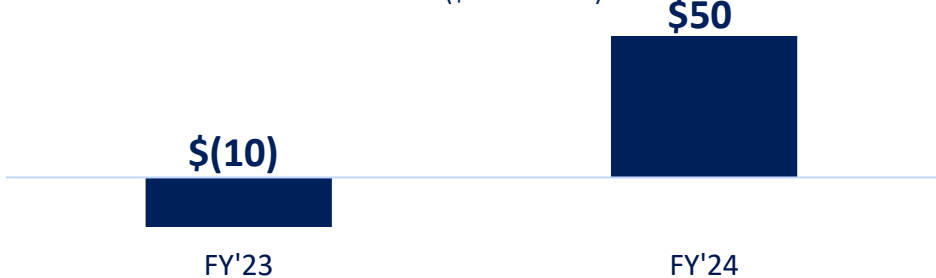
Adj. EBITDA Margin ^{1,2}	6.4%	5.5%
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NET DEBT¹ & LIQUIDITY^{2,3}

	2023	Incr/Decr	2024
Net Debt ¹	\$1.47B	(3)%	\$1.43B
Liquidity ^{2,3}	\$572M	19%	\$681M

FREE CASH FLOW¹

(\$ in millions)



(1) Non-GAAP financial measure; see definition and reconciliation at the end of this Presentation.
 (2) On an as-reported basis (53-week Q4'23 vs. 52-week Q4'24).
 (3) Cash and cash equivalents and availability on ABL Revolving Credit Facility

Q1 AND FULL YEAR 2025 GUIDANCE

Q1'25 Guidance

Net revenue	Down low single digits y/y
Adjusted EBITDA¹	\$82M to \$83M

Full Year 2025 Guidance

Net revenue	Down low single digits y/y
Adjusted EBITDA¹	\$375M to \$390M
Net interest expense	~\$130M
Capital expenditures	\$130M to \$140M
Depreciation and amortization	~\$200M
Real estate	~20-30 net closures

(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.

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 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 April 3, 2024 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	14 Weeks Ended	52 Weeks Ended	53 Weeks Ended
Reconciliation of Net Loss Attributable to Class A and B-1 Common Stockholders to Adjusted EBITDA	February 1, 2025	February 3, 2024	February 1, 2025	February 3, 2024
Net loss attributable to Class A and B-1 common stockholders	\$ (13,837)	\$ (22,575)	\$ (101,816)	\$ (1,280,210)
Add (deduct):				
Interest expense, net	32,833	39,332	139,817	147,504
Income tax expense (benefit)	2,504	(10,435)	(7,481)	(27,613)
Depreciation and amortization	50,313	52,189	199,727	200,782
Income from equity method investees	(5,112)	(6,156)	(18,669)	(16,188)
Loss on debt extinguishment and modification	—	—	—	920
Goodwill impairment	—	—	—	1,222,524
Losses on sale of assets, impairments and write-offs	341	631	8,790	2,833
Equity-based compensation expense	9,507	17,428	50,212	81,859
Other non-operating loss (income)	1,000	—	(4,800)	(4,727)
Mexico joint venture EBITDA (1)	11,233	11,759	41,615	38,226
Acquisition and divestiture-related integration costs (2)	—	—	3,719	—
Other costs (3)	7,341	23,167	25,412	35,193
Adjusted EBITDA	\$ 96,123	\$ 105,340	\$ 336,526	\$ 401,103
Net sales	\$ 1,552,130	\$ 1,674,476	\$ 6,116,462	\$ 6,255,284
Net margin (4)	(0.9%)	(1.3%)	(1.7%)	(20.5%)
Adjusted EBITDA Margin	6.2%	6.3%	5.5%	6.4%

Non-GAAP Measures: Free Cash Flow

(in thousands)

	52 Weeks Ended February 1, 2025	53 Weeks Ended February 3, 2024
Net cash provided by operating activities	\$ 177,673	\$ 215,719
Cash paid for fixed assets	(127,990)	(225,598)
Free Cash Flow	\$ 49,683	\$ (9,879)

Non-GAAP Measures: Net Debt

(dollars in thousands)	February 1, 2025	February 3, 2024
Total debt:		
Senior secured credit facilities, net, including current portion	\$ 1,578,091	\$ 1,576,223
Finance leases, including current portion	13,793	24,172
Total debt	1,591,884	1,600,395
Less: cash and cash equivalents	(165,756)	(125,428)
Net Debt	\$ 1,426,128	\$ 1,474,967
Adjusted EBITDA (TTM)	\$ 336,526	\$ 401,103
Net Debt / Adjusted EBITDA ratio	4.2x	3.7x

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.

Net Sales by Category

	<u>13 Weeks Ended</u>	<u>14 Weeks Ended</u>	<u>13 Weeks Ended</u>	<u>13 Weeks Ended</u>			
	<u>February 1, 2025</u>	<u>February 3, 2024</u>	<u>January 28, 2023</u>	<u>January 29, 2022</u>	<u>% Change (1 yr)</u>	<u>% Change (2 yr)</u>	<u>% Change (3 yr)</u>
Consumables	\$ 781,208	\$ 833,440	\$ 766,092	\$ 683,552	(6%)	3%	15%
Supplies and companion animals	529,009	587,273	595,764	646,082	(10%)	(11%)	(19%)
Services and other	241,913	253,763	216,103	184,723	(5%)	13%	30%
Net sales	\$ 1,552,130	\$ 1,674,476	\$ 1,577,959	\$ 1,514,357	(7%)	(1%)	3%
	<u>52 Weeks Ended</u>	<u>53 Weeks Ended</u>	<u>52 Weeks Ended</u>	<u>52 Weeks Ended</u>			
	<u>February 1, 2025</u>	<u>February 3, 2024</u>	<u>January 28, 2023</u>	<u>January 29, 2022</u>	<u>% Change (1 yr)</u>	<u>% Change (2 yr)</u>	<u>% Change (3 yr)</u>
Consumables	\$ 3,043,178	\$ 3,063,845	\$ 2,859,602	\$ 2,533,755	(1%)	6%	19%
Supplies and companion animals	2,073,713	2,209,865	2,370,913	2,603,104	(6%)	(13%)	(22%)
Services and other	999,571	981,574	805,452	670,290	2%	24%	44%
Net sales	\$ 6,116,462	\$ 6,255,284	\$ 6,035,967	\$ 5,807,149	(2%)	1%	5%

THANK YOU

