

Goldman Sachs 28th Annual Global Retailing Conference

September 9, 2021



Safe Harbor and Non-GAAP Measures

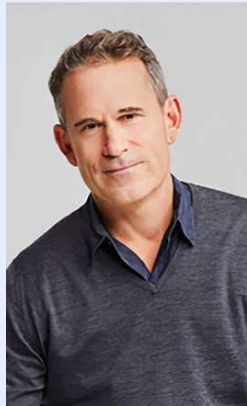
This Presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 as contained in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, concerning expectations, beliefs, 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 and potential acquisitions, investments and dispositions. 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. 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 we identify in our 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, 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.

World-Class Management Team Executing

Today's Speakers



Ron Coughlin
Chief Executive
Officer



Brian LaRose
Chief Financial
Officer



Nick Konat
Chief
Merchandising
Officer



**Darren
MacDonald**
Chief Digital
and Innovation
Officer



Justin Tichy
Chief Pet Care
Center Officer



Mike Nuzzo
Chief Operating
Officer and
President of Petco
Services



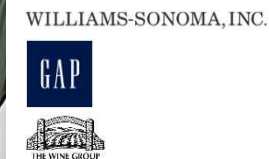
Ilene Eskenazi
Chief Legal
Officer
and Corporate
Secretary



John Zavada
Chief
Information and
Administrative
Officer



**Michelle
Bonfilio**
Chief Human
Resources
Officer



**Katie
Nauman**
Chief
Marketing
Officer



Positioned as a Premium, Integrated Leader in the High Growth Pet Category



1 Total US Consumer Packaged Goods (CPG) CAGR of 2.5% from 2016-2020 from Nielsen.
 2 Digital growth without excluding Live Aquaria is 11% Y/Y or 138% on a two-year stack
 3 Non-GAAP financial measure; see definition and reconciliation at the end of this Presentation.
 4 Guidance as of August 19, 2021. 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.
 5 Recurring revenue customers include repeat delivery, Pupbox, insurance and Vital Care customers
 6 Please see the Total Active Customer footnote at the end of this Presentation



Petco's Fully-Integrated and Comprehensive Pet Care Ecosystem



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

Well Positioned as a Fully Integrated Comprehensive Pet Care Provider

	petco	Online Competitors	Mass and Grocery	Pet Specialty	Pet Independents
Premium Food	✓✓	✓✓	✗	✓	✓✓
Supplies	✓✓	✓	✓	✓	✓✓
Owned Brands	✓✓	✓	✗	✓	✓
Digital and Omni-Channel	✓✓	✓✓	✓✓	✓	✗
Services	✓✓	✗	✗	✓✓	✓
Veterinary (Fully integrated)	✓✓	✗	✓	✓	✗
Wellness & Memberships	✓	✗	✗	✗	✗

50%
of Pet Parents prefer **one-stop** experience¹

73%
of Pet Parents are expected to make **more purchases** with **membership program**¹

Through strategic transformation we activated our customer acquisition engine



Compelling Value Proposition

- Health and Wellness Focus
- Omnichannel Leadership
- Unique Digital Platform
- Powerful Loyalty Programs
- Training and Grooming
- Vet Hospital Buildout

Net New Customers

1M

Multichannel Customers

4M

Recurring Revenue Customers

+50%

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

Q2'21 Results

	Results	B/(W) Q2'20
Revenue (\$B)	\$1.4B	+19%
Gross Margin %	41.8%	(203) bps
Adj. EBITDA ¹ (\$M)	\$155M	+19%
Adj. EPS ¹	\$0.25	+\$0.14
Net Debt ¹ / TTM Adj. EBITDA ¹	2.7x	+61%

¹ Non-GAAP financial measure; see definition and reconciliation at the end of this Presentation.
² Digital growth without excluding Live Aquaria is 11% Y/Y or 138% on a two-year stack.

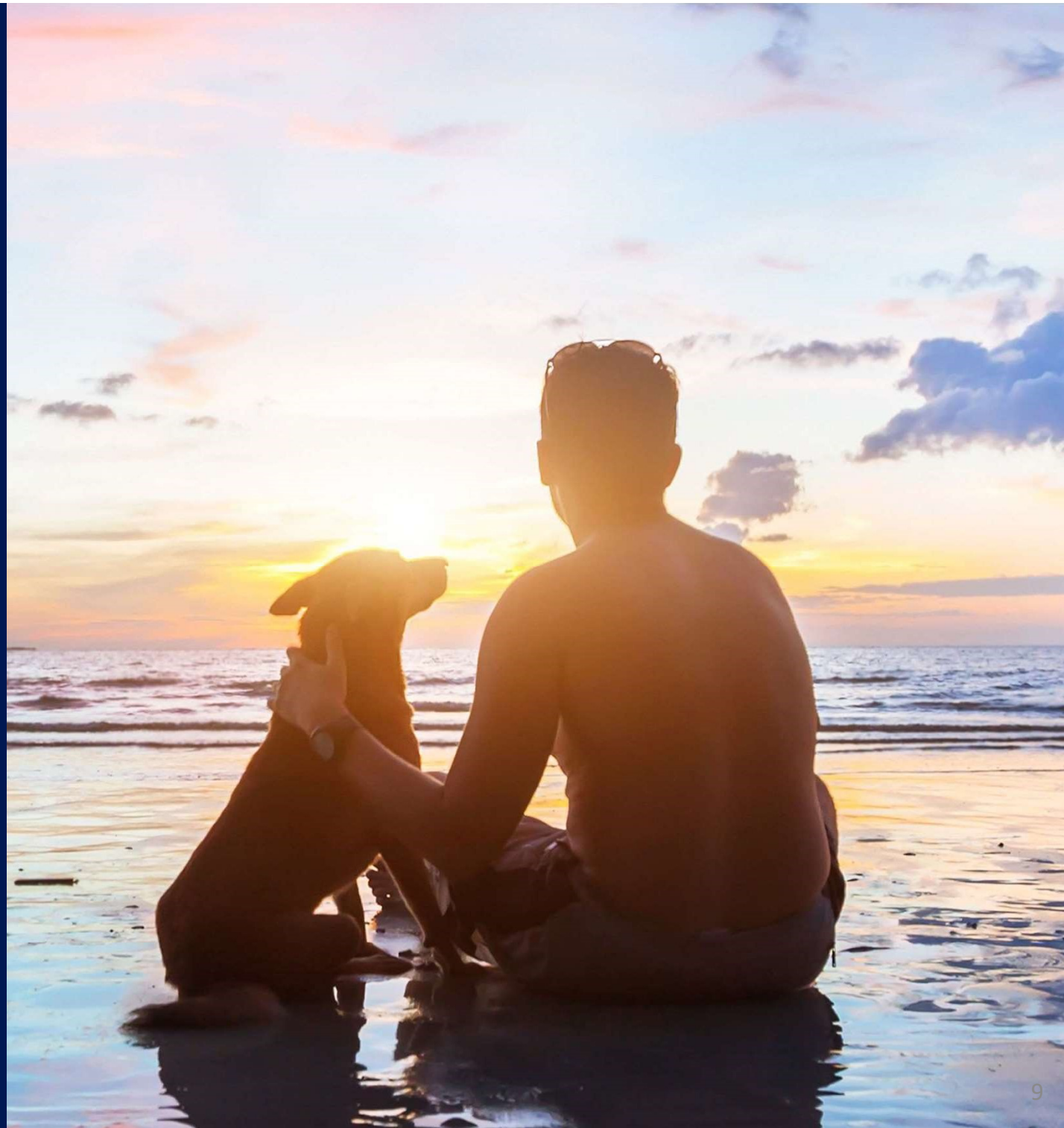
Q2 2021 Key Highlights

- ▶ Strong performance reflects the traction of transformation and stickiness of differentiated model
- ▶ Double-digit revenue growth driven by broad based strength:
 - Services & Vet: up 49% y/y & up 36% on 2-year stack
 - Digital: up 14% y/y & 150% on 2-year stack, excluding sale of Live Aquaria in Q2'20²
 - B&M Merchandise: up 17% y/y & 21% on 2-year stack
- ▶ Gross margin decrease driven by strength in consumables and services
- ▶ Revenue and expense leverage enabled improved profitability
- ▶ Net leverage ratio decreased by almost two thirds with continued deleveraging over H1'21

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.



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 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 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 SEC's rules because it excludes certain charges included in net income (loss) 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 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 10-K filed on April 5, 2021 for additional information on the reconciliation of Net Income (Loss) Attributable to Class A and B-1 Common Stockholders to Adjusted EBITDA. The tables on pages 12 and 13 of this Presentation reflect the calculation of Adjusted EBITDA for the thirteen weeks and trailing twelve months ended July 31, 2021 compared to the prior year quarter and twelve-month period ended August 1, 2020, respectively, as well as the twelve month period ended January 30, 2021.

Adjusted Net Income and Adjusted EPS: Adjusted Net Income and Adjusted diluted earnings per share attributable to Petco (Adjusted Net Income and Adjusted EPS respectively) are considered non-GAAP financial measures under the SEC's rules because they exclude certain amounts included in the net loss attributable to common stockholders and diluted earnings per share attributable to Petco calculated in accordance with GAAP (net income (loss) and EPS respectively), the most directly comparable financial measures calculated in accordance with GAAP. Management believes that Adjusted Net Income and Adjusted EPS are meaningful measures to share with investors because they best allow comparison of the performance with that of the comparable period. In addition, Adjusted Net Income and Adjusted EPS afford investors a view of what management considers Petco's earnings performance to be and the ability to make a more informed assessment of such earnings performance with that of the prior year. The tables on page 14 of this Presentation reflect the calculation of Adjusted Net Income and Adjusted EPS for the thirteen weeks ended July 31, 2021 compared to the prior year quarter ended August 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 15 of this Presentation reflects the calculation of free cash flow for the thirteen and twenty six weeks ended July 31, 2021 compared to the thirteen and twenty six weeks ended August 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 16 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 on page 16 reflects the calculation of Net Debt as of the period ended July 31, 2021 compared to the prior quarters ended January 30, 2021 and August 1, 2020.

Total Active Customers: In Q2, we added approximately 1 million net new customers and implemented a new POS that improves customer engagement and utilizes more effective data requirements for Pals sign-ups. This further enhances our CRM and analytics capabilities. We leveraged this POS change to evolve how we define and report our active customer base. Our active customer base includes recurring, Pals, and eComm customers where we are driving deeper engagement. To maximize outreach impact, we analyzed our active customer base to ensure we had complete current contact information. In this process we both added Pupbox active customers not previously captured and moved roughly 2 million Pals members with incomplete or outdated contact information to transactional status. These customers represented only 3% of revenue. Importantly, these transactional customers continued to drive sales and are a valuable source for continued conversion. Under the prior methodology, our net new customer adds in the quarter were roughly in-line with the one million net new customers under this revised methodology.

As a result of these changes, our total active customers at the end of Q2 was 22.5m and will be the basis for go-forward reporting. These changes do not impact our sales performance or the overall number of customers shopping with Petco. This will simply enhance the impact of our marketing and CRM efforts.

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, and going forward, only Pals members accounts with certain personal information will be counted.

Non-GAAP Measures: Adjusted EBITDA*

(Dollars in thousands)	13 Weeks Ended	
	July 31, 2021	August 1, 2020
Reconciliation of Net Income Attributable to Class A and B-1 Common Stockholders to Adjusted EBITDA		
Net income attributable to Class A and B-1 common stockholders	\$ 75,111	\$ 7,441
Add (deduct):		
Interest expense, net	19,193	54,394
Income tax expense	27,011	4,958
Depreciation and amortization	41,238	42,471
Income from equity method investees	(2,429)	(745)
Asset impairments and write offs	1,743	2,852
Equity-based compensation	11,506	2,312
Other non-operating income	(45,162)	—
Mexico joint venture EBITDA (1)	5,856	3,483
Store pre-opening expenses	3,488	1,477
Store closing expenses	962	2,609
Non-cash occupancy-related costs (2)	2,885	5,969
Non-recurring costs (3)	13,671	3,591
Adjusted EBITDA	\$ 155,073	\$ 130,812
Net sales	\$ 1,434,534	\$ 1,208,971
Net margin (4)	5.2%	0.6%
Adjusted EBITDA Margin	10.8%	10.8%

Non-GAAP Measures: Trailing Twelve Month Adjusted EBITDA*

(Dollars in thousands) Reconciliation of Net Income (Loss) Attributable to Class A and B-1 Common Stockholders to Adjusted EBITDA	Trailing Twelve Months		
	July 31, 2021	January 30, 2021	August 1, 2020
Net income (loss) attributable to Class A and B-1 common stockholders	\$ 79,915	\$ (26,483)	\$ (59,117)
Add (deduct):			
Interest expense, net	143,113	218,430	238,799
Income tax expense (benefit)	31,950	(3,337)	(21,439)
Depreciation and amortization	171,643	174,836	173,968
Income from equity method investees	(10,259)	(6,482)	(3,080)
Loss on debt extinguishment and modification	38,387	17,549	—
Goodwill & indefinite-lived intangible impairment	—	—	19,000
Asset impairments and write offs	12,035	15,606	12,448
Equity-based compensation	31,408	12,915	9,854
Other non-operating income	(45,162)	—	—
Mexico joint venture EBITDA (1)	23,434	19,074	15,582
Store pre-opening expenses	13,360	9,228	8,257
Store closing expenses	6,211	7,782	7,110
Non-cash occupancy-related costs (2)	10,095	19,240	26,684
Non-recurring costs (3)	41,389	25,990	21,285
Adjusted EBITDA	\$ 547,519	\$ 484,348	\$ 449,351
Net sales	\$ 5,447,238	\$ 4,920,202	\$ 4,564,217
Net margin (4)	1.5%	(0.5%)	(1.3%)
Adjusted EBITDA Margin	10.1%	9.8%	9.8%

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			
	July 31, 2021		August 1, 2020	
	Amount	Per share	Amount	Per share
Net income attributable to common stockholders / diluted EPS	\$ 75,111	\$ 0.28	\$ 7,441	\$ 0.04
Add (deduct):				
Income tax expense	27,011	0.10	4,958	0.02
Asset impairments and write offs	1,743	0.01	2,852	0.01
Equity-based compensation	11,506	0.04	2,312	0.01
Other non-operating income	(45,162)	(0.17)	—	—
Store pre-opening expenses	3,488	0.01	1,477	0.01
Store closing expenses	962	0.01	2,609	0.01
Non-cash occupancy-related costs (2)	2,885	0.01	5,969	0.03
Non-recurring costs (3)	13,671	0.05	3,591	0.02
Adjusted pre-tax income / diluted earnings per share	\$ 91,215	\$ 0.34	\$ 31,209	\$ 0.15
Income tax expense at 26% normalized tax rate	23,716	0.09	8,114	0.04
Adjusted Net Income / Adjusted EPS	\$ 67,499	\$ 0.25	\$ 23,095	\$ 0.11

Non-GAAP Measures: Free Cash Flow

(in thousands)

	13 Weeks Ended		26 Weeks Ended	
	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Net cash provided by operating activities	\$ 87,402	\$ 124,678	\$ 202,404	\$ 92,389
Cash paid for fixed assets	(52,532)	(22,148)	(99,883)	(50,043)
Free Cash Flow	\$ 34,870	\$ 102,530	\$ 102,521	\$ 42,346

Non-GAAP Measures: Net Debt

(Dollars in thousands)	July 31, 2021	January 30, 2021	August 1, 2020
Total debt:			
Senior secured credit facilities, net, including current portion	\$ 1,663,463	\$ 1,646,281	\$ 2,381,419
Senior notes, net	—	—	867,778
Finance leases, including current portion	15,104	13,639	14,347
Total debt	1,678,567	1,659,920	3,263,544
Less: cash and cash equivalents	(203,404)	(111,402)	(168,892)
Net Debt	\$ 1,475,163	\$ 1,548,518	\$ 3,094,652
Adjusted EBITDA (TTM)	\$ 547,519	\$ 484,348	\$ 449,351
Net Debt / Adjusted EBITDA ratio	2.7x	3.2x	6.9x

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THE HEALTH +
WELLNESS CO.

