



Third Quarter 2025 Earnings Call

November 25, 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 not statements of historical fact, including, but not limited to, statements regarding our Q4 and full year 2025 outlook, operational reset of our business, our competitive positioning, profitability, cost action plans and associated cost-savings, our path to sustainable, profitable growth 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 earnings release 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 earnings release 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; (xxii) our ability to deliver sustainable, profitable growth and (xxiii) 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.

Third Quarter

Key Takeaways

Continued execution on 2025 profitability goals

- Operating income increased ~\$25M
- Adj. EBITDA¹ increased ~\$17M
- Generated Free Cash Flow¹ of ~\$61M

Setting foundation for healthier growth ahead

- With healthier base, Petco is poised to unlock value through defined growth pillars and newly implemented economic model prioritizing earnings and cash flow

Looking ahead:

- Raised 2025 earnings outlook
- Sales growth expected in 2026



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

Growth Drivers

Four pillars supported by our strengthened economic model



Compelling Product

A regular stream of product newness complementing our evergreen assortment with fresh and trend-driven items featuring Petco Owned and National brands



Trusted Store Experience

Passionate partners and strong customer engagement that fosters a memorable and differentiated in-store experience that champions pet parenthood



Services at Scale

A nationwide network of dedicated Petco groomers, trainers, veterinarians, and pet professionals working in tandem for a comprehensive pet care experience



Integrated Omni-Channel

Enhanced digital capabilities encompassing a revamped membership offering, repeat delivery, and seamless digital-to-store engagement

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

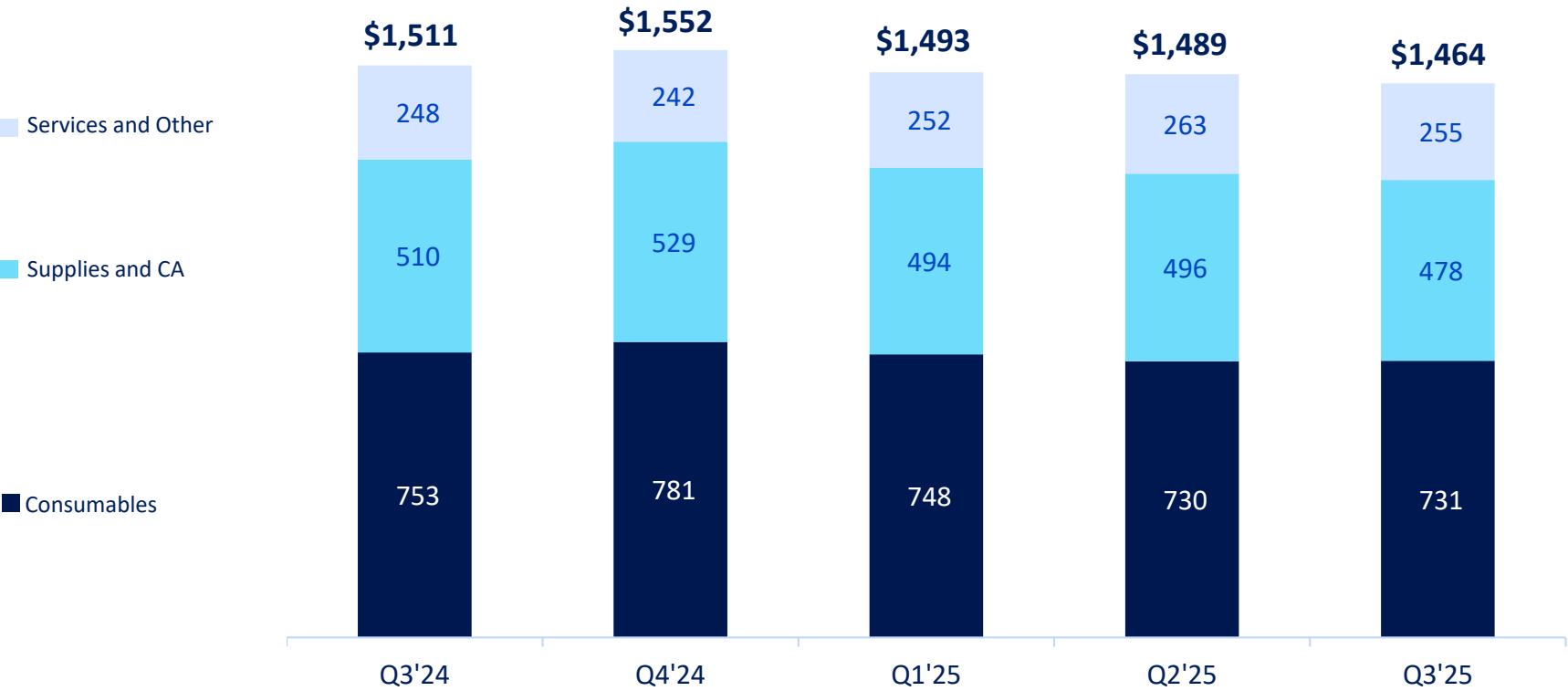
Achieve a debt-to-EBITDA¹ leverage ratio below 2 times

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

Q3 2025 Net Sales & Comp

NET SALES BY CATEGORY

(\$ in millions)



Revenue growth

1% (7%)¹ (2%) (2%) (3%)

Ending U.S. Store Count

1,413 1,398 1,393 1,388 1,389

1-year comp growth

2% 1% (1%) (1%) (2%)

2-year comp growth

2% 0% (2%) (1%) (0%)

Q3 Takeaways

Net Sales

- Includes the impact of 25 net closures in FY'24 and 9 net closures YTD'25

Services and Other

- Reflects impact of temporary deprioritization of our paid loyalty program ahead of the program's relaunch in 2026

Consumables

- Performance in stores is stronger than the total reported figure which is offset by softness in e-comm performance

Q3 2025 Results

OPERATING INCOME

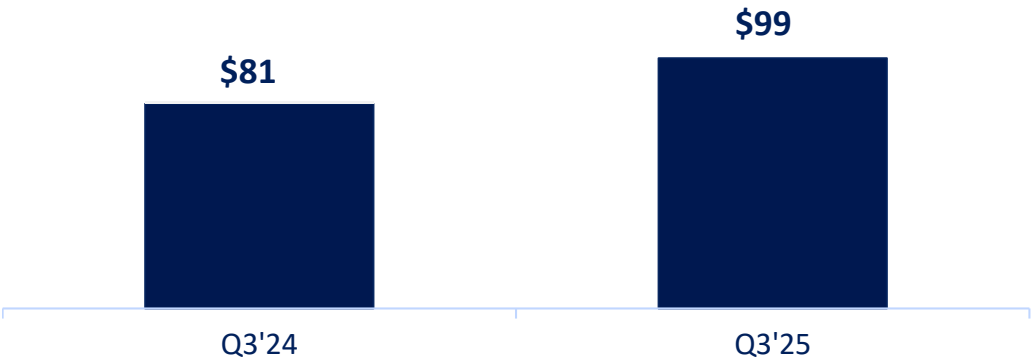
(\$ in millions)



Operating Income Margin	0.3%	2.0%
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ADJUSTED EBITDA¹

(\$ in millions)



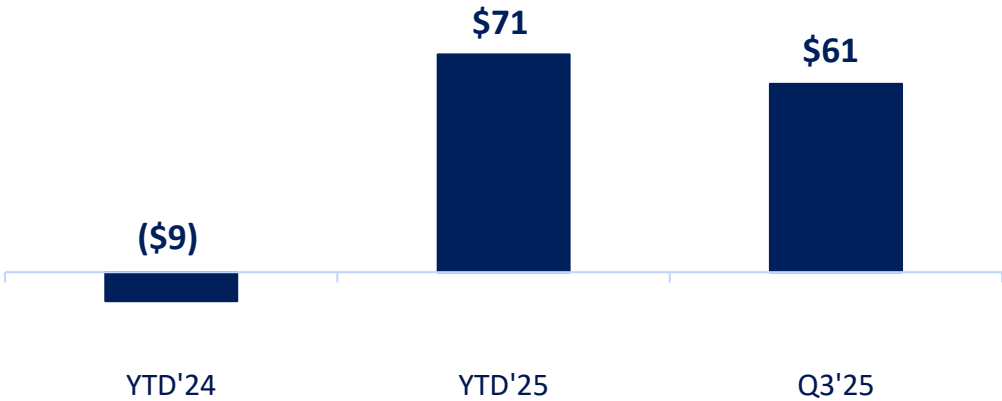
Adj. EBITDA Margin ¹	5.4%	6.7%
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NET DEBT¹ & LIQUIDITY ²

	Q3'24	Q3'25	YoY % Change
Net Debt ¹	\$1.47B	\$1.36B	(8)%
Liquidity ²	\$644M	\$733M	14%

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.

Q4 and Full Year 2025 Outlook

Q4 2025 Outlook²

Net sales Down low single digits y/y

Adjusted EBITDA¹ \$93M to \$95M

Full Year 2025 Outlook ²	Current	Prior <small>(as of 8/28/25)</small>
Net sales	Down 2.5% - 2.8%	Down low single digits y/y
Adjusted EBITDA ¹	\$395M to \$397M	\$385M to \$395M
Net interest expense	~\$125M	~\$130M
Capital expenditures	~\$125M to \$130M	~\$125M to \$130M
Depreciation and Amortization	~\$200M	~\$200M
Net Store Closures	~20	~25

(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 fourth quarter and full year 2025 guidance assumes that the current or planned tariffs on imports into the U.S. from China and other countries as of November 25, 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)

Reconciliation of Net Income (Loss) Attributable to Class A and B-1 Common Stockholders to Adjusted EBITDA

	13 Weeks Ended	
	November 1, 2025	November 2, 2024
Net income (loss) attributable to Class A and B-1 common stockholders	\$ 9,330	\$ (16,673)
Add (deduct):		
Interest expense, net	31,013	34,451
Income tax benefit	(6,276)	(857)
Depreciation and amortization	49,817	50,109
Income from equity method investees	(4,871)	(4,479)
Asset impairments and write offs	155	1,380
Equity-based compensation	7,163	11,357
Other non-operating income	—	(8,465)
Mexico joint venture EBITDA (1)	11,662	9,984
Acquisition and divestiture-related costs (2)	—	—
Other costs (3)	571	4,429
Adjusted EBITDA	\$ 98,564	\$ 81,236
Net sales	\$ 1,464,411	\$ 1,511,437
Net margin (4)	0.6%	(1.1%)
Adjusted EBITDA Margin	6.7%	5.4%

Non-GAAP Measures: Free Cash Flow

(in thousands)

	13 Weeks Ended		39 Weeks Ended	
	November 1, 2025	November 2, 2024	November 1, 2025	November 2, 2024
Net cash provided by operating activities	\$ 90,090	\$ 20,724	\$ 160,528	\$ 81,680
Cash paid for fixed assets	(29,444)	(31,012)	(89,960)	(91,041)
Free Cash Flow	\$ 60,646	\$ (10,288)	\$ 70,568	\$ (9,361)

Non-GAAP Measures: Net Debt

(dollars in thousands)	November 1, 2025	February 1, 2025	November 2, 2024
Total debt:			
Senior secured credit facilities, net, including current portion	\$ 1,581,950	\$ 1,578,091	\$ 1,576,856
Finance leases, including current portion	10,864	13,793	14,639
Total debt	1,592,814	1,591,884	1,591,495
Less: cash and cash equivalents	(237,413)	(165,756)	(116,675)
Net Debt	\$ 1,355,401	\$ 1,426,128	\$ 1,474,820

Net Sales by Category

	13 Weeks Ended				
	November 1, 2025	November 2, 2024	October 28, 2023	% Change (1 yr)	% Change (2 yr)
Consumables	\$ 731,456	\$ 753,230	\$ 733,277	(3%)	(0%)
Supplies and companion animals	478,145	509,964	524,526	(6%)	(9%)
Services and other	254,810	248,243	236,363	3%	8%
Net sales	\$ 1,464,411	\$ 1,511,437	\$ 1,494,166	(3%)	(2%)

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

