



First Quarter 2021 Earnings Presentation

May 5, 2021

OUR MISSION:

*To deliver a smarter way for pet parents to help their
pets live their best lives through convenient access to
affordable products and services.*



FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements that involve risks and uncertainties, such as statements about our plans, objectives, expectations, assumptions or future events, including statements regarding the proposed acquisition of VIP Petcare by PetIQ, the expected closing date of the acquisition and the potential benefits and synergies of the acquisition. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could" and similar expressions. Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from any future results, performances, or achievements expressed or implied by the forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to, the impact of COVID-19 on our business and the global economy; our ability to successfully grow our business through acquisitions; our dependency on a limited number of customers; our ability to implement our growth strategy effectively; our ability to sustain profitability; competition from veterinarians and others in our industry; reputational damage to our brands; economic trends and spending on pets; the effectiveness of our marketing and trade promotion programs; recalls or withdrawals of our products or product liability claims; our ability to manage our manufacturing and supply chain effectively; disruptions in our manufacturing and distribution chains; our ability to introduce new products and improve existing products; our failure to protect our intellectual property; costs associated with governmental regulation; our ability to keep and retain key employees; and the risks set forth under the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2020 and other filings from time to time with the Securities and Exchange Commission.

Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results. The forward-looking statements speak only as of the date on which they are made, and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Consequently, you should not place undue reliance on forward-looking statements.

This presentation includes certain non-GAAP financial measures, including adjusted gross profit, adjusted G&A, adjusted net income and Adjusted EBITDA. These non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP. Please refer to the Appendix of this presentation for a reconciliation of these measures to net income, the most directly comparable financial measure prepared in accordance with U.S. GAAP.

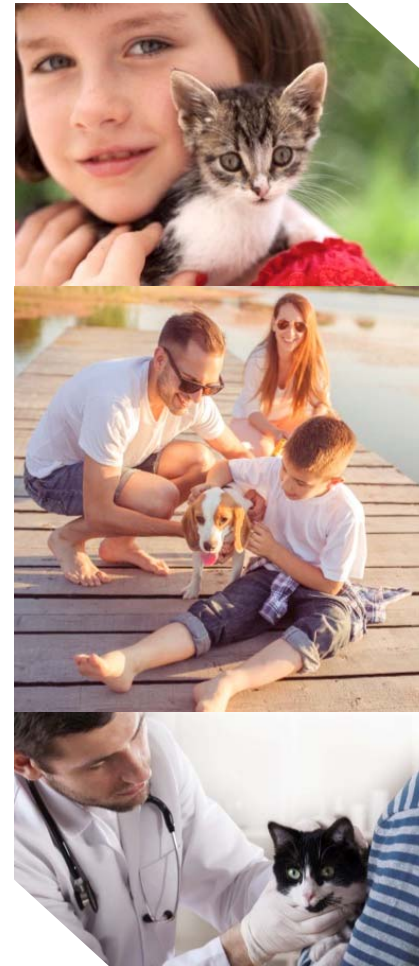


OUTLINE

- **RESULTS OVERVIEW**
- **GROSS PROFIT ADJUSTMENTS**
- **G&A ADJUSTMENTS**
- **APPENDIX**

PRESENTERS

Cord Christensen, CEO
Susan Sholtis, President
John Newland, CFO



RECENT PETIQ FINANCIAL HIGHLIGHTS

FIRST QUARTER 2021 RESULTS COMPARED TO PRIOR YEAR PERIOD

- Record first quarter net sales of \$254.3 million compared to \$186.8 million for the same period last year, **an increase of 36.2%**
- First quarter net income of \$2.4 million, **an increase of 178.6%**; First quarter adjusted net income of \$10.2 million, **an increase of 124.9%**
- Gross margin **increased 160 basis points** to 18.8%; adjusted gross margin **increased 130 basis points** to 20.7%
- First quarter adjusted EBITDA of \$26.9 million, **an increase of 85.7%**
- Adjusted EBITDA margin increased **290 basis points** to 10.6%

FIRST QUARTER 2021 SEGMENT RESULTS COMPARED TO PRIOR YEAR PERIOD

- First quarter Product Segment net sales of \$230.0 million compared to \$166.3 million for the same period last year, **an increase of 38.3%**
- First quarter Services Segment net revenues of \$24.3 million compared to \$20.5 million for the same period last year, **an increase of 18.6%**
- 13 new wellness center openings in the first quarter of 2021



Notes: 1 - Non-GAAP financial measure. See the Appendix of this presentation for a reconciliation of the most comparable GAAP measure.

RECENT PETIQ HIGHLIGHTS

RECENT HIGHLIGHTS

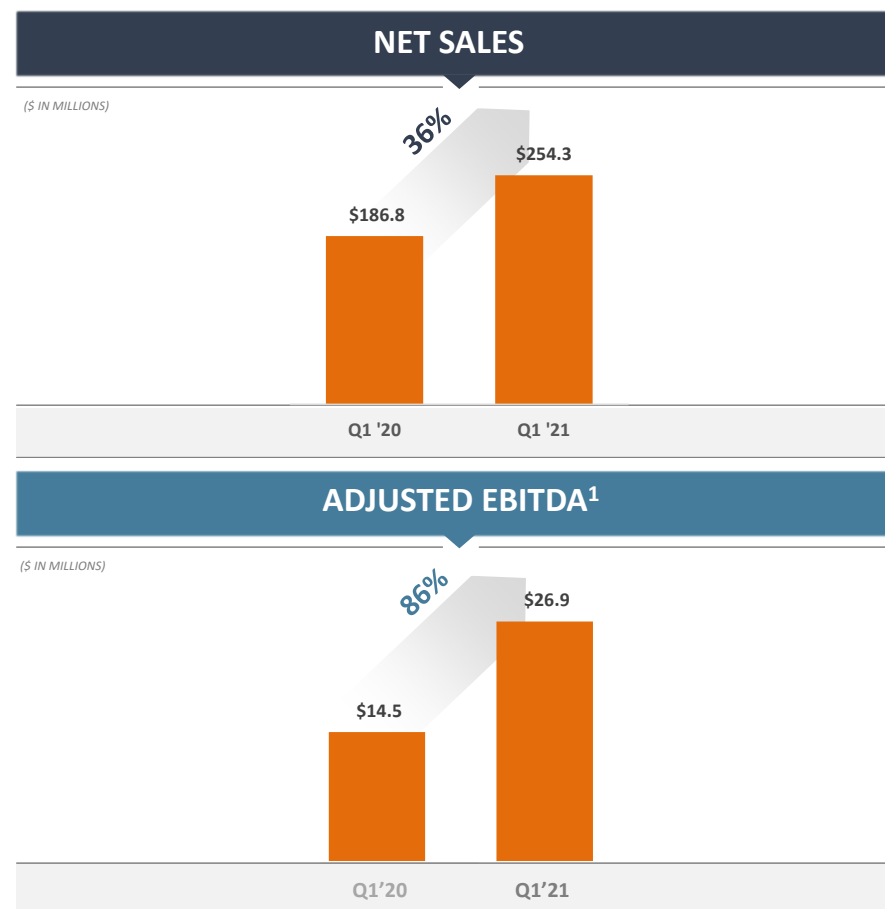
- Subsequent to the end of the first quarter, the Company entered into new \$425 million credit facilities increasing its borrowing capacity by \$125 million and providing more favorable terms including a 125-basis point decrease in the Company's annual interest rate on its term loan and greater financial flexibility to support future growth, representing total liquidity of \$125.0 million as of April 19, 2021. The new facilities replaced PetIQ's existing facilities.



FINANCIAL PERFORMANCE

\$ IN MILLIONS	THREE MONTHS ENDED	
	MARCH 31, 2021	MARCH 31, 2020
PRODUCT SALES	\$230.0	\$166.3
SERVICE REVENUE	\$24.3	\$20.5
TOTAL NET SALES	\$254.3	\$186.8
COST OF PRODUCT SOLD	\$182.8	\$134.8
COST OF SERVICES	\$23.7	\$19.8
TOTAL COST OF SALES	\$206.6	\$154.6
GROSS PROFIT	\$47.8	\$32.2
<i>GROSS PROFIT AS % OF NET SALES</i>	<i>18.8%</i>	<i>17.2%</i>
G&A	\$40.7	\$31.7
<i>G&A AS % OF NET SALES</i>	<i>16.0%</i>	<i>17.0%</i>
CONTINGENT NOTE	-	-
OPERATING INCOME	\$7.1	\$0.5
TAX & OTHER EXPENSES	(\$4.7)	(3.1)
NET (LOSS) INCOME	\$2.4	(\$2.6)
ADJUSTED EBITDA*	\$26.9	\$14.5

Notes: * Non-GAAP financial measure. See the Appendix of this presentation for a reconciliation of Adjusted EBITDA to net income, the most comparable GAAP measure



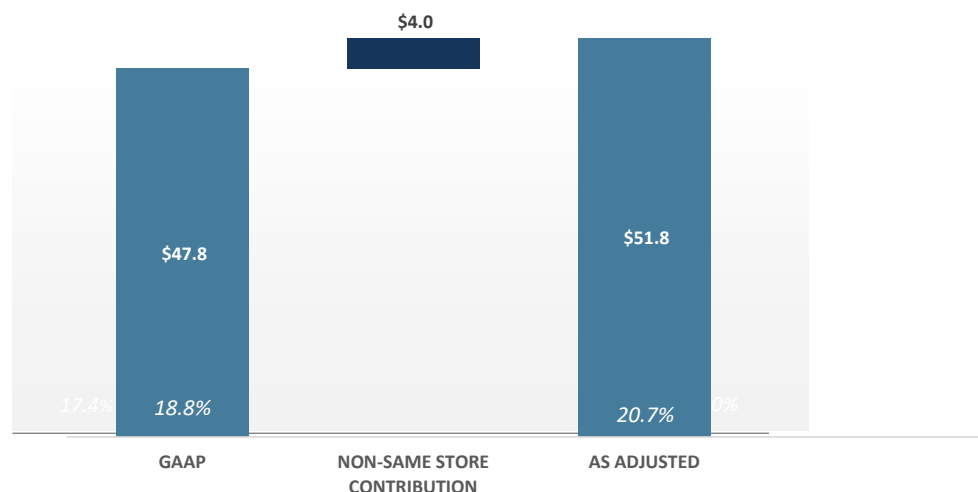
Notes: 1 - Non-GAAP financial measure. See the Appendix of this presentation for a reconciliation of the most comparable GAAP measure.

ADJUSTED GROSS PROFIT

FOR THE QUARTER ENDED MARCH 31, 2021

GROSS PROFIT

\$ IN MILLIONS



RESULTS PERFORMANCE

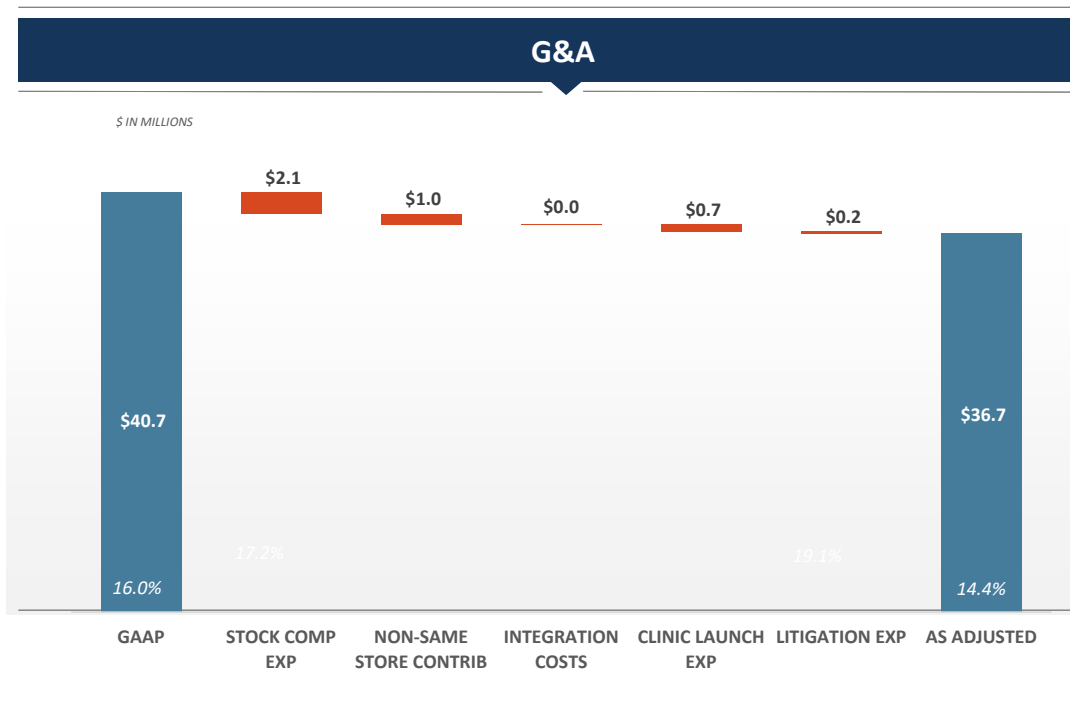
The Company reported adjusted Gross Profit of \$51.8M, an increase of **\$16.2M** compared to 1Q20.

Gross margin increased **130 basis points** to 20.7% even as the company experienced an estimated 74 basis points of margin headwind from the temporary Services segment closures. Adjustments from GAAP gross profit to adjusted gross profit include:

- NON SAME STORE CONTRIBUTION**
 Adjustment includes net revenue of \$4.4M and costs of \$8.4M in the Services Segment associated with operating retail service locations that have been open less than 6 full quarters.

ADJUSTED G&A

FOR THE QUARTER ENDED MARCH 31, 2021



RESULTS PERFORMANCE

Adjusted G&A was **\$36.7 million**, representing an increase as a percent of sales of **~13bps** vs. 1Q20. Adjustments from GAAP G&A to Adjusted G&A include:

- **STOCK COMPENSATION EXPENSE**
Expenses associated with employee and director equity awards.
- **NON-SAME STORE G&A**
Adjustment outlines expenses associated with operating wellness centers, regional offices, and host partner clinics that have been open less than 6 full quarters.
- **INTEGRATION EXPENSE**
Represent costs related to integrating the acquired businesses, such as personnel costs like severance and signing bonuses, consulting work, contract termination, and IT conversion costs
- **CLINIC LAUNCH EXPENSE**
Represents nonrecurring costs to open new veterinary wellness centers in our Services segment.
- **LITIGATION EXPENSE**
Represents nonrecurring costs associated with various litigation matters.



APPENDIX



ADJUSTED GROSS PROFIT RECONCILIATION

\$ IN MILLIONS	THREE MONTHS ENDED	
	3/31/2021	3/31/2020
GROSS PROFIT	\$ 47,799	\$ 32,154
PLUS:		
NON SAME-STORE GROSS LOSS	3,963	3,442
ADJUSTED GROSS PROFIT	\$ 51,762	\$ 35,596

ADJUSTED G&A EXPENSE RECONCILIATION

<i>\$ IN MILLIONS</i>	THREE MONTHS ENDED	
	3/31/2021	3/31/2020
GENERAL AND ADMINISTRATIVE EXPENSES	\$ 40,672	\$ 31,690
LESS:		
ACQUISITION COSTS	6	586
STOCK BASED COMPENSATION EXPENSE	2,122	2,558
INTEGRATION COSTS AND COSTS OF DISCONTINUED CLINICS	(48)	454
NON SAME-STORE GENERAL AND ADMINISTRATIVE EXPENSES	981	677
CLINIC LAUNCH EXPENSES	704	676
LITIGATION EXPENSE	243	49
ADJUSTED GENERAL AND ADMINISTRATIVE EXPENSES	\$ 36,664	\$ 26,690

ADJUSTED NET (LOSS) INCOME RECONCILIATION

\$ IN MILLIONS	THREE MONTHS ENDED	
	3/31/2021	3/31/2020
NET INCOME (LOSS)	\$ 2,386	\$ (2,633)
PLUS:		
TAX EXPENSE	75	(1,169)
ACQUISITION COSTS	6	586
INTEGRATION COSTS AND COSTS OF DISCONTINUED CLINICS	(48)	454
STOCK BASED COMPENSATION EXPENSE	2,122	2,558
NON SAME-STORE REVENUE	(4,395)	(2,282)
NON SAME-STORE COSTS	9,339	6,400
CLINIC LAUNCH EXPENSES	704	676
LITIGATION EXPENSES	243	49
ADJUSTED NET (LOSS) INCOME	\$ 10,432	\$ 4,639

ADJUSTED EBITDA RECONCILIATION

\$ IN MILLIONS	THREE MONTHS ENDED	
	3/31/2021	3/31/2020
NET INCOME (LOSS)	\$ 2,386	\$ (2,633)
PLUS:		
TAX EXPENSE (BENEFIT)	75	(1,169)
DEPRECIATION	3,131	2,873
AMORTIZATION	8,428	2,242
INTEREST	4,870	4,704
EBITDA	\$ 18,890	\$ 6,017
ACQUISITION COSTS	6	586
STOCK BASED COMPENSATION EXPENSE	2,122	2,558
LITIGATION EXPENSES	243	49
NON SAME-STORE REVENUE	(4,395)	(2,282)
NON SAME-STORE COSTS	9,339	6,400
INTEGRATION COSTS AND COSTS OF DISCONTINUED CLINICS	(48)	454
NEW WELLNESS CENTER LAUNCH EXPENSES	704	676
ADJUSTED EBITDA	\$ 26,861	\$ 14,458

SEGMENT FINANCIAL INFORMATION

<i>\$ IN MILLIONS</i>	THREE MONTHS ENDED	
	3/31/2021	3/31/2020
SERVICES SEGMENT SALES:		
SAME-STORE SALES	\$ 19,918	\$ 18,216
NON SAME-STORE SALES	4,395	2,282
NET SERVICES SEGMENT SALES	24,313	20,498
PRODUCT SEGMENT SALES	230,034	166,280
TOTAL NET SALES	\$ 254,347	\$ 186,778
ADJUSTED EBITDA		
PRODUCTS	38,792	24,279
SERVICES	2,096	1,989
CORPORATE	(14,027)	(11,810)
TOTAL ADJUSTED EBITDA	\$ 26,861	\$ 14,457