



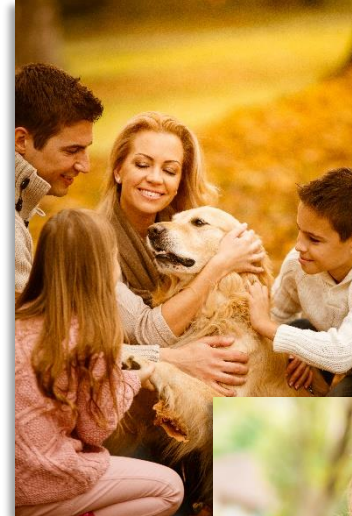
Smarter Pet Health

First Quarter 2020 Earnings Presentation

May 7, 2020

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, 2019 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.

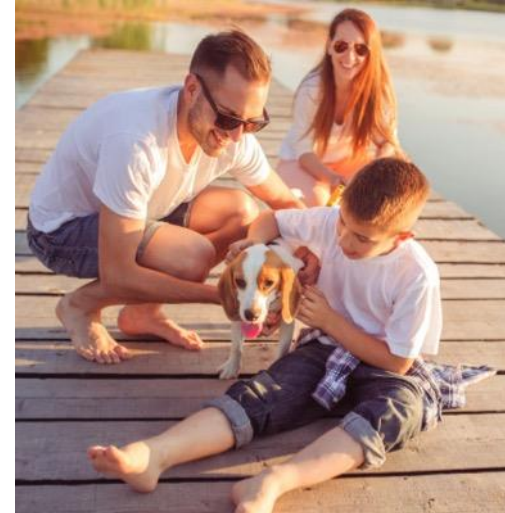


OUTLINE

- **COVID-19**
- **RESULTS OVERVIEW**
- **GAAP FINANCIALS**
- **GROSS PROFIT ADJUSTMENTS**
- **G&A ADJUSTMENTS**
- **2019 GUIDANCE AND LONG TERM OUTLOOK**
- **APPENDIX**

PRESENTERS

Cord Christensen, CEO
John Newland, CFO



THE WORLD CHANGED IN MARCH. OUR GREATEST SYMPATHY TO THOSE AFFECTED BY COVID -19

And, a resounding thank you to:



THE HEALTHCARE COMMUNITY



OUR RETAIL PARTNERS



OUR ASSOCIATES



OUR PET OWNERS

Thank You!



TREMENDOUS MOMENTUM HEADING INTO COVID-19

Prior to COVID-19

Started the Year Strong

Products:

- Early start to flea & tick season
- Strong contribution from Perrigo Animal Health acquisition
- Balanced performance across diversified sales channels

Services:

- Double digit growth in pets and dollars per pet
- Preparing to open 27 new Wellness Centers in Q1
- Realized double-digit growth in January and February

COVID-19 Impact

Strength in Diversification

Products:

- Q1 Growth Rate finished at 32%
- Demand surged, March momentum carried through April
- Incentives paid; incremental safety and sanitization implemented
- Customer service levels +99%

Services:

- Started closing clinics March 14th with all community clinics and wellness center temporarily closed by March 20th
- Estimated impact of \$5MM to sales and 12% points to segment margin for Q1
- Advantageous variable cost structure insulates future financial impact (~80% of segment costs)
- Adapt to the new environment: tele-health



PRIORITY #1: KEEPING OUR TEAM SAFE

RECENT PETIQ FINANCIAL HIGHLIGHTS

FIRST QUARTER 2020 RESULTS COMPARED TO PRIOR YEAR PERIOD

- Net sales were **\$186.8 million**, an increase of **26%**
- Net loss was **\$2.6 million** compared to net income of \$2.3 million
 - Net loss included \$2.8 million of incremental interest expense versus prior year, and \$2.4 million of additional net non-same store losses compared to the prior year period.
 - Interest expense was **\$2.8 million** higher versus the first quarter 2019, which was a result of increased debt incurred to finance the Perrigo Animal Health transaction.
- Adjusted Net income was **\$4.6 million¹**, compared to adjusted net income of \$6.0 million
- Adjusted EBITDA was **\$14.5 million¹**, an increase of **33%**
 - Adjusted EBITDA margin increased 40 basis points year over year

FIRST QUARTER 2020 SEGMENT RESULTS COMPARED TO PRIOR YEAR PERIOD

- Product sales were **\$166.3 million**, an increase of **32%**
- Product adjusted EBITDA of **\$24.3 million**, an increase of **79%**
- Service revenue was **\$20.5 million**, a decrease of **8%**
- Services adjusted EBITDA of **\$2.0 million**, a decrease of **62%**

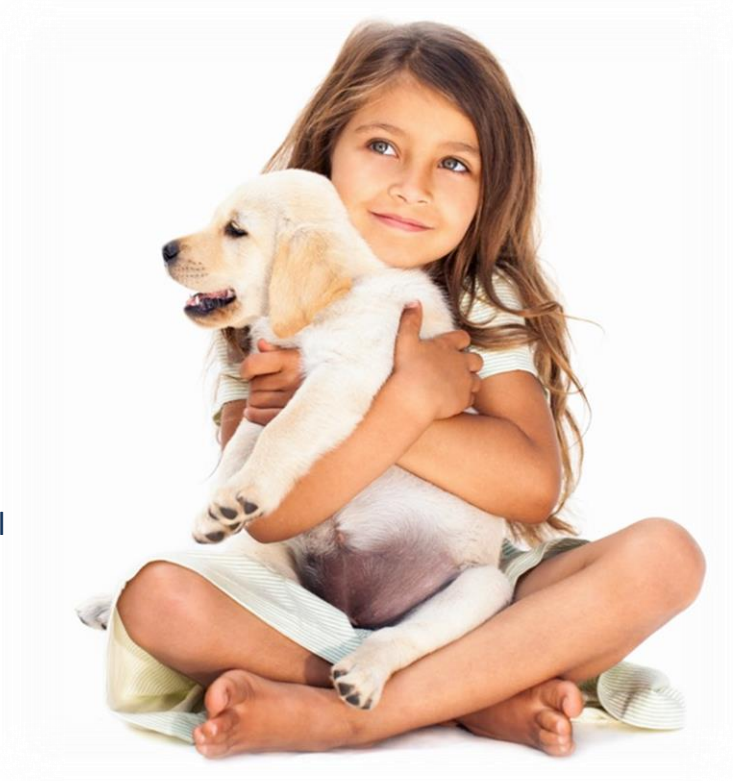
Notes: 1 - Non-GAAP financial measure. See the Appendix of this presentation for a reconciliation of the most comparable GAAP measure.



RECENT PETIQ HIGHLIGHTS

FIRST QUARTER 2020 HIGHLIGHTS

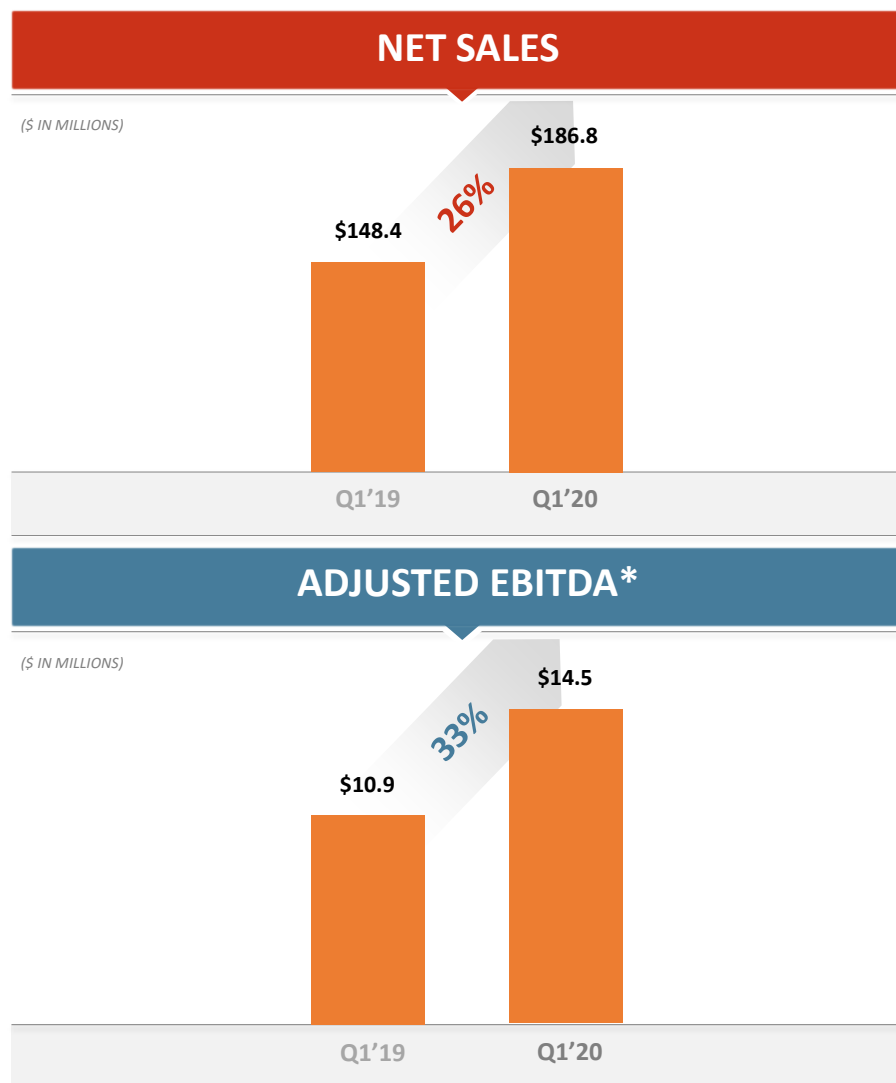
- On track to grand open 27 Wellness centers in Q1
- On January 13, 2020, PetIQ entered into a definitive agreement under which PetIQ will acquire Capstar, the #1 oral over-the-counter ("OTC") flea treatment product in the United States, from Elanco Animal Health, Inc. ("Elanco") (NYSE: ELAN).
 - The Company continues expect the closing of the transaction to occur, upon approval of the acquisition under a consent order issued by the U.S. Federal Trade Commission. The Company currently anticipates this approval to be received by the end of second quarter 2020, with closing anticipated early in the third quarter of 2020. The assets associated with the Capstar portfolio will be acquired for \$95 million in cash.



FINANCIAL PERFORMANCE

\$ IN MILLIONS	THREE MONTHS ENDED	
	MARCH 31, 2020	MARCH 31, 2019
PRODUCT SALES	\$166.3	\$126.1
SERVICE REVENUE	\$20.5	\$22.4
TOTAL NET SALES	\$186.8	\$148.4
COST OF PRODUCT SOLD	\$134.8	\$108.1
COST OF SERVICES	\$19.8	\$15.6
TOTAL COST OF SALES	\$154.6	\$123.7
GROSS PROFIT	\$32.2	\$24.7
<i>GROSS PROFIT AS % OF NET SALES</i>	17.2%	16.7%
G&A	\$31.7	\$20.5
<i>G&A AS % OF NET SALES</i>	17.0%	13.8%
CONTINGENT NOTE	-	\$0.7
OPERATING INCOME	\$0.5	\$4.9
TAX & OTHER EXPENSES	(\$3.1)	(\$2.6)
NET (LOSS) INCOME	(\$2.6)	\$2.3
ADJUSTED EBITDA*	\$14.5	\$10.9

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



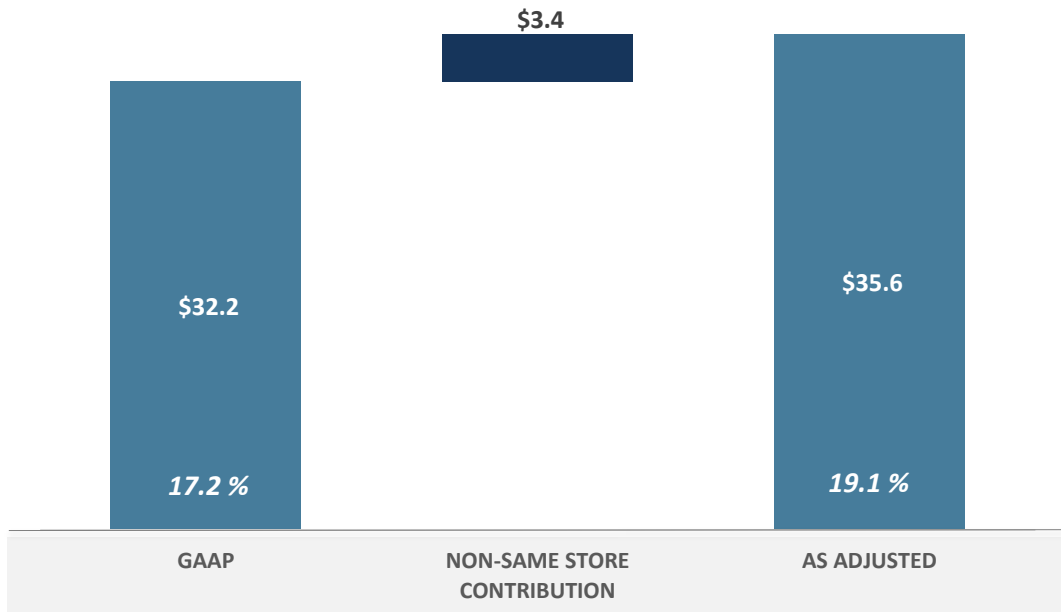
ADJUSTED GROSS PROFIT

FOR THE QUARTER ENDED MARCH 31, 2020

GROSS PROFIT

RESULTS PERFORMANCE

\$ IN MILLIONS



The Company reported adjusted Gross Profit of \$35.6M, an increase of **\$9.4M** compared to 1Q19. Adjustments from GAAP gross profit to adjusted gross profit include:

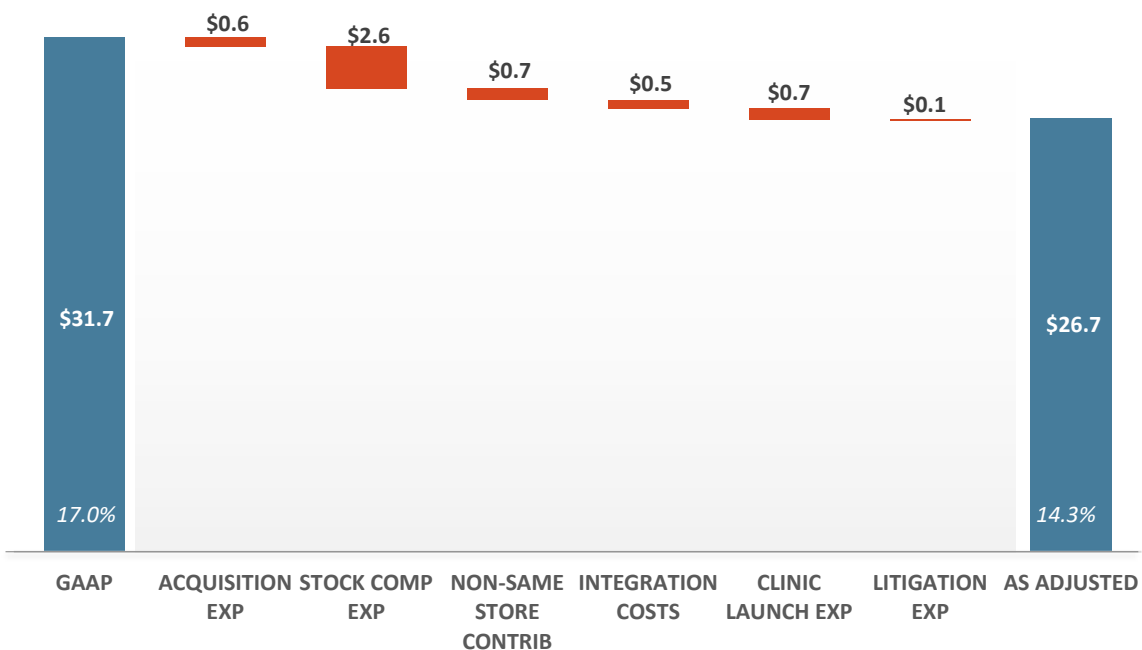
- NON SAME STORE CONTRIBUTION**
 Adjustment includes net revenue of \$2.3M and costs of \$5.7M in the Services Segment associated with operating retail service locations that have been open less than 6 full quarters.

ADJUSTED G&A

FOR THE QUARTER ENDED MARCH 31, 2020

G&A

\$ IN MILLIONS

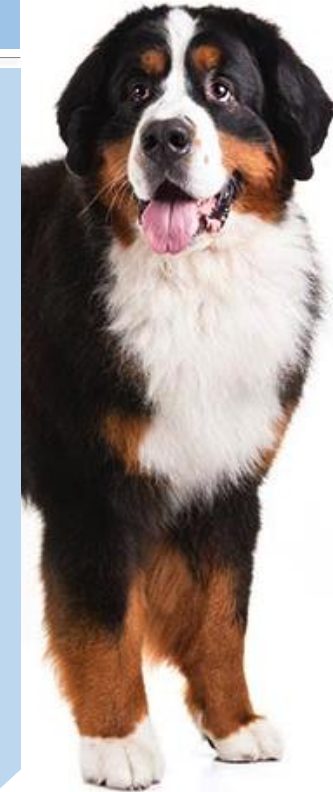
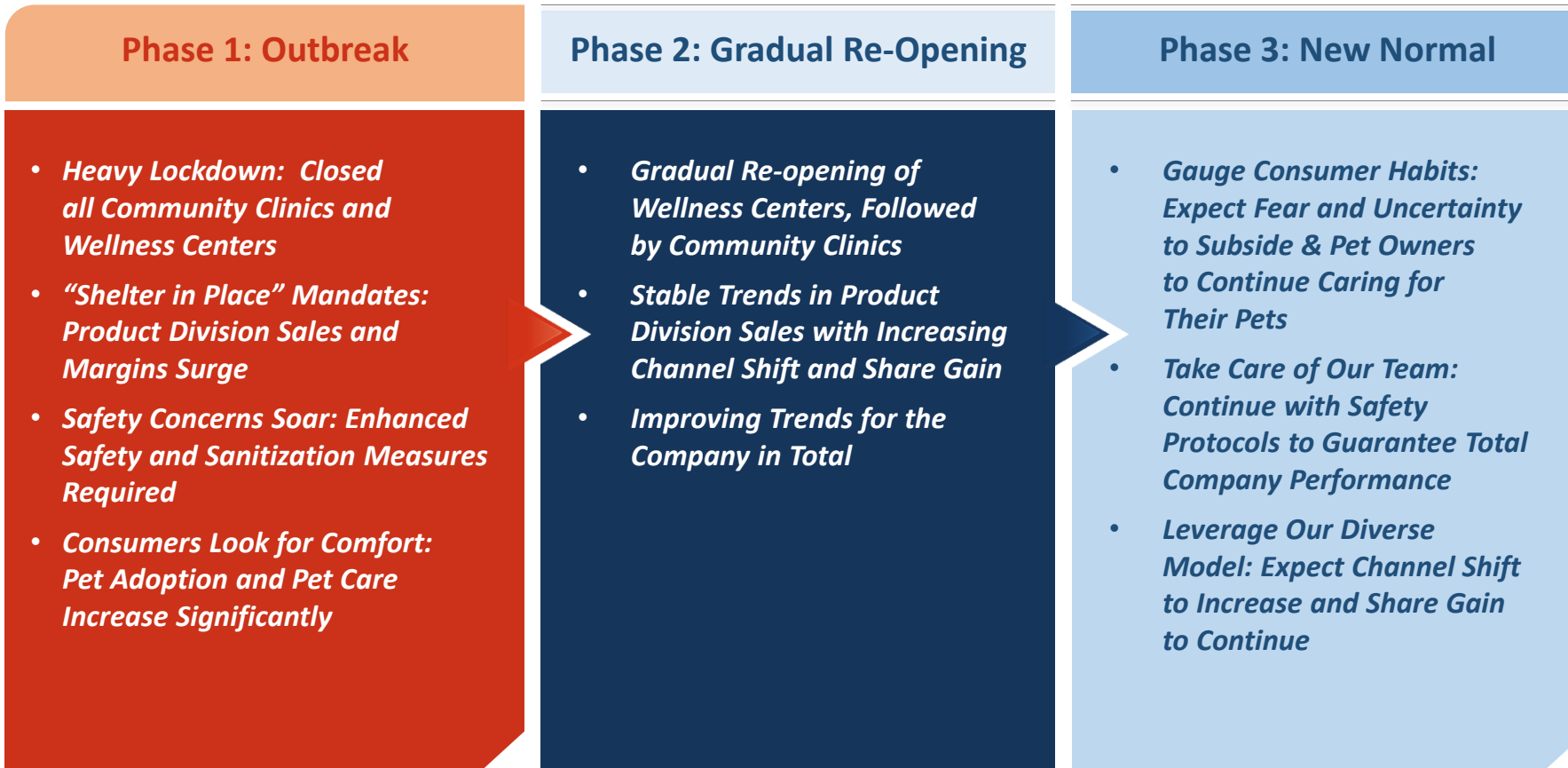


RESULTS PERFORMANCE

Adjusted G&A was **\$26.7 million**, representing an increase as a percent of sales of **~214bps** vs. 1Q19. Adjustments from GAAP G&A to Adjusted G&A include:

- ACQUISITION EXPENSE**
 Adjustment includes expenses associated with the purchase of Perrigo Animal Health, including items such legal and tax services.
- 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.
- 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.

SERVICES: LEARNINGS INFORMING A PHASED RE-OPENING APPROACH



EMERGING STRONGER FROM COVID-19

- Staying true to our purpose of *delivering a smarter way for pet parents to help their pets live their best lives through convenient access to affordable products and services – a growing need*
- Leveraging our ability to meet changing consumer channel preference
- Continuing to diversify our portfolio to drive growth
- Lead the animal health industry by rapidly adapting to the “*new normal*”
- Maintaining focus on long-term adjusted EBITDA margin goal of +15%





APPENDIX



ADJUSTED GROSS PROFIT RECONCILIATION

\$ IN MILLIONS	THREE MONTHS ENDED	
	3/31/2020	3/31/2019
GROSS PROFIT	32,154	24,730
PLUS:		
NON SAME-STORE GROSS LOSS	3,441	1,434
ADJUSTED GROSS PROFIT	35,595	26,164

ADJUSTED G&A EXPENSE RECONCILIATION

\$ IN MILLIONS	THREE MONTHS ENDED	
	3/31/2020	3/31/2019
GENERAL AND ADMINISTRATIVE EXPENSES	31,690	20,538
LESS:		
ACQUISITION COSTS	586	576
STOCK BASED COMPENSATION EXPENSE	2,558	1,544
INTEGRATION COSTS AND COSTS OF DISCONTINUED CLINICS	454	—
NON SAME-STORE G&A EXPENSE	677	302
CLINIC LAUNCH EXPENSE	676	—
LITIGATION EXPENSE	49	—
ADJUSTED GENERAL AND ADMINISTRATIVE EXPENSES	26,690	18,116

ADJUSTED NET INCOME RECONCILIATION

\$ IN MILLIONS	THREE MONTHS ENDED	
	3/31/2020	3/31/2019
NET INCOME	(2,633)	2,326
PLUS:		
TAX EXPENSE (BENEFIT)	(1,169)	500
ACQUISITION COSTS	586	576
INTEGRATION COSTS AND COSTS OF DISCONTINUED CLINICS	454	—
STOCK BASED COMPENSATION EXPENSE	2,558	1,544
FAIR VALUE ADJUSTMENT OF CONTINGENT NOTE	—	(680)
NON SAME-STORE REVENUE	(2,282)	(1,516)
NON SAME-STORE COSTS	6,399	3,252
CLINIC LAUNCH EXPENSES	676	—
LITIGATION EXPENSES	49	—
ADJUSTED NET INCOME	4,639	6,002

ADJUSTED EBITDA RECONCILIATION

\$ IN MILLIONS	THREE MONTHS ENDED	
	3/31/2020	3/31/2019
NET INCOME	(2,633)	2,326
PLUS:		
TAX EXPENSE (BENEFIT)	(1,169)	500
DEPRECIATION	2,873	1,654
AMORTIZATION	2,242	1,279
INTEREST	4,704	1,937
EBITDA	6,017	7,696
ACQUISITION COSTS	586	576
INTEGRATION COSTS AND COSTS OF DISCONTINUED CLINICS	454	—
STOCK BASED COMPENSATION	2,558	1,544
FAIR VALUE ADJUSTMENT OF CONTINGENT NOTE	—	(680)
NON SAME-STORE REVENUE	(2,282)	(1,516)
NON SAME-STORE COSTS	6,399	3,252
CLINIC LAUNCH EXPENSES	676	—
LITIGATION EXPENSES	49	—
ADJUSTED EBITDA	14,458	10,872

SEGMENT FINANCIAL INFORMATION

\$ IN MILLIONS	THREE MONTHS ENDED	
	3/31/2020	3/31/2019
SERVICES SEGMENT SALES:		
SAME-STORE SALES	18,216	20,836
NON SAME-STORE SALES	2,282	1,516
NET SERVICES SEGMENT SALES	20,498	22,352
PRODUCT SEGMENT SALES	166,280	126,084
TOTAL NET SALES	186,778	148,436
ADJUSTED EBITDA		
PRODUCTS	24,279	13,556
SERVICES	1,989	5,277
CORPORATE	(11,810)	(7,961)
TOTAL ADJUSTED EBITDA	14,458	10,872