



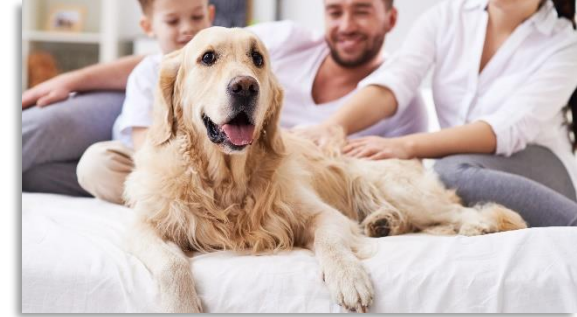
Smarter Pet Health

Second Quarter 2020 Earnings Presentation

August 6th, 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, our Quarterly Report on Form 10-Q for the quarter ended March 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.

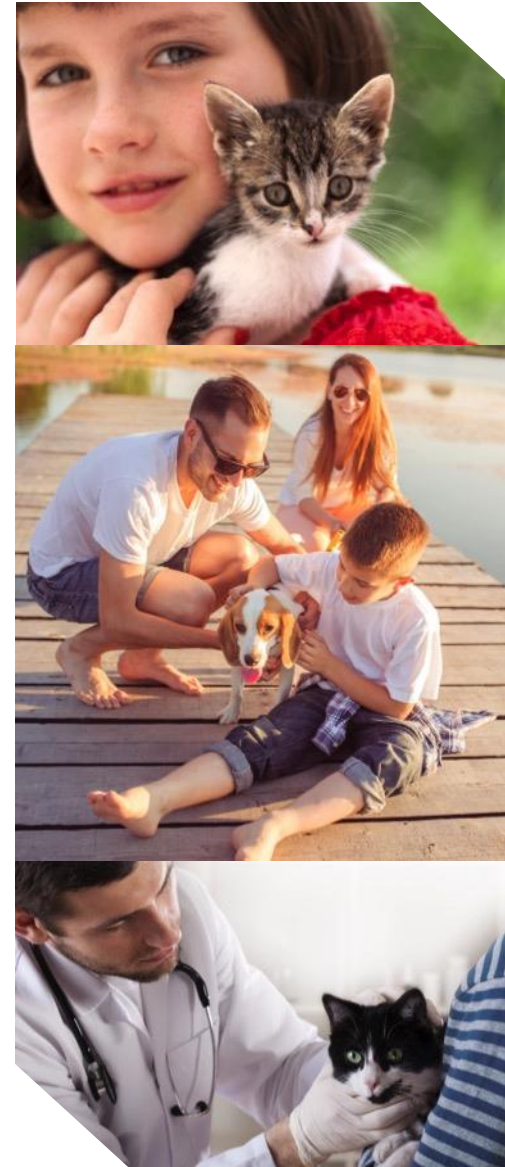


OUTLINE

- **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



THANK YOU TO OUR COMMUNITIES



THE HEATHCARE COMMUNITY



OUR RETAIL PARTNERS



OUR ASSOCIATES



OUR PET OWNERS

WE ARE FOCUSED ON EMERGING STRONGER FROM COVID-19

Show Genuine Care & Concern



Help Keep Our Team and Those Around Us Safe

Stay True to Our Purpose



Deliver a Smarter Way to Help Pet Parents Care for Their Pets

Answer Post-COVID Needs



Build Our Future Business in Innovative Ways

Evolve in a Fluid Environment



Leverage Our Size & Pace to be Nimble & Adapt

RECENT PETIQ FINANCIAL HIGHLIGHTS

SECOND QUARTER 2020 RESULTS COMPARED TO PRIOR YEAR PERIOD

- Net sales were **\$267.0 million**, an increase of **21%**
- Net loss was **\$2.0 million** compared to net income of \$5.9 million
 - Included \$8.9 million of integration expenses, \$4.5 million from COVID-19 impacts related to the temporary closures in our Services segment, including direct labor costs and wages incentives to frontline manufacturing and distribution workforce and sanitation costs in the Products segment, \$3.7 million of incremental interest expense, and \$2.7 million of additional net non-same store loss contribution compared to net income of \$5.9 million
- Adjusted Net income was **\$17.1 million¹**, compared to net income of \$15.8 million
- Adjusted EBITDA was **\$28.9 million¹**, an increase of **38.7%**

SECOND QUARTER 2020 SEGMENT RESULTS COMPARED TO PRIOR YEAR PERIOD

- Product sales were **\$264.3 million**, an increase of **35.8%**
- Product adjusted EBITDA of **\$41.9 million**, an increase of **97.8%**
- Services Segment net revenues of **\$2.7 million** compared to \$26.0 million for the same period last year
- Services adjusted EBITDA of **\$1.1 million**

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



RECENT PETIQ HIGHLIGHTS

SECOND QUARTER 2020 HIGHLIGHTS

- The Company generated **\$26.2 million** in excess cash from operations for the quarter
- Closed the acquisition of the Capstar® portfolio of products on July 31, 2020
- Giving effect to the closing of the Company's Capstar® acquisition closing, the Company had total liquidity of approximately **\$102 million**, and an additional **\$15 million** available via an accordion feature of the credit agreement for a total of **\$117 million**



FINANCIAL PERFORMANCE

\$ IN MILLIONS	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2020	JUNE 30, 2019
PRODUCT SALES	\$264.3	\$194.6	\$430.6	\$320.7
SERVICE REVENUE	\$2.7	\$26.0	\$23.2	\$48.4
TOTAL NET SALES	\$267.0	\$220.6	\$453.8	\$369.1
COST OF PRODUCT SOLD	\$217.5	\$127.6	\$352.2	\$275.9
COST OF SERVICES	\$7.3	\$17.2	\$27.2	\$33.5
TOTAL COST OF SALES	\$224.8	\$144.8	\$379.4	\$309.4
GROSS PROFIT	\$42.2	\$34.9	\$74.3	\$59.6
<i>GROSS PROFIT AS % OF NET SALES</i>	<i>15.8%</i>	<i>15.8%</i>	<i>16.4%</i>	<i>16.1%</i>
G&A	\$38.5	\$24.5	\$70.2	\$45.0
<i>G&A AS % OF NET SALES</i>	<i>14.4%</i>	<i>11.1%</i>	<i>15.5%</i>	<i>12.2%</i>
CONTINGENT NOTE	-	\$1.5	-	\$0.8
OPERATING INCOME	\$3.7	\$9.0	\$4.2	\$13.9
TAX & OTHER EXPENSES	(\$5.7)	(\$3.1)	(\$8.8)	(\$5.7)
NET (LOSS) INCOME	(\$2.0)	\$5.9	(\$4.6)	\$8.2
ADJUSTED EBITDA*	\$28.3	\$20.8	\$42.8	\$31.7

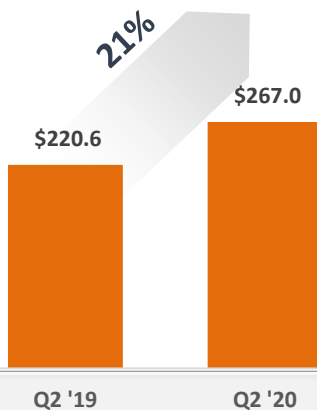
Notes: * Non-GAAP financial measure. See the Appendix of this presentation for a reconciliation of Adjusted EBITDA to net income, the most comparable GAAP measure

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

FINANCIAL PERFORMANCE

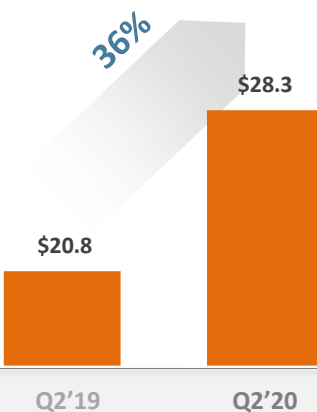
Q2 NET SALES

(\$ IN MILLIONS)



Q2 ADJUSTED EBITDA¹

(\$ IN MILLIONS)



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

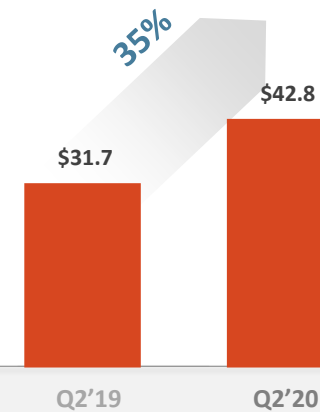
YTD NET SALES

(\$ IN MILLIONS)



YTD ADJUSTED EBITDA¹

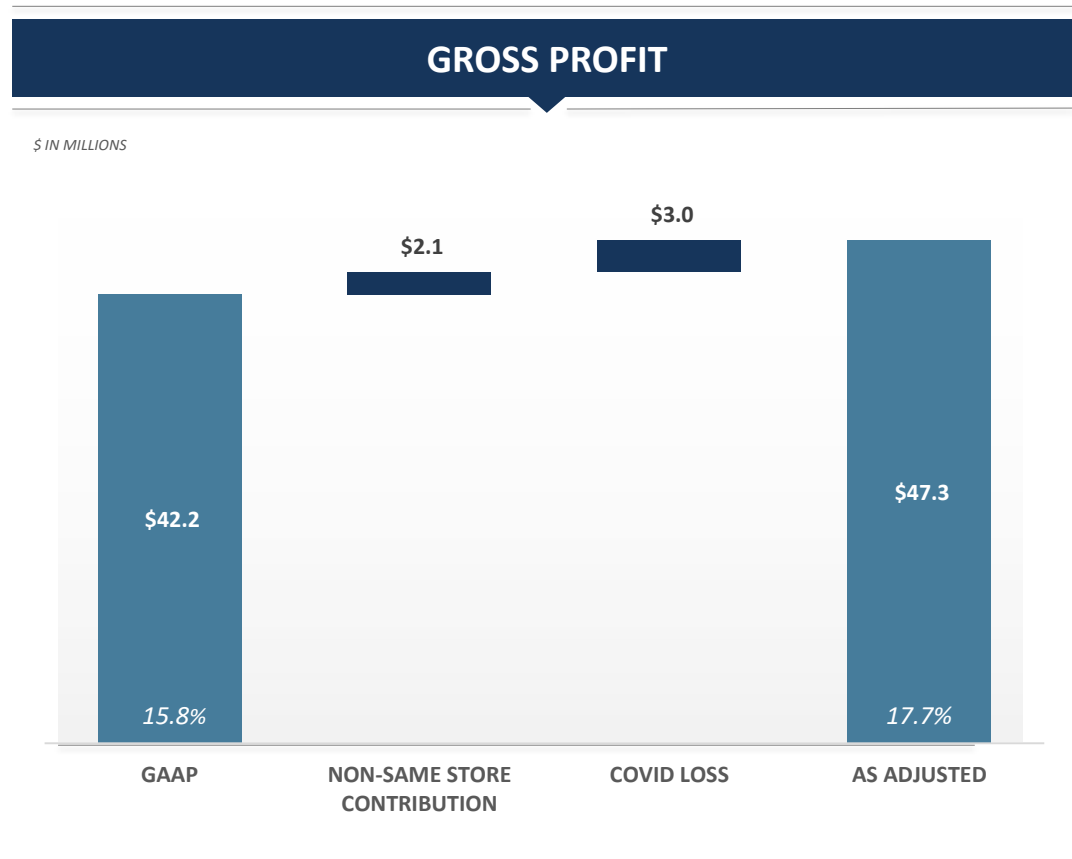
(\$ IN MILLIONS)



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 JUNE 30, 2020



RESULTS PERFORMANCE

The Company reported adjusted Gross Profit of \$47.3M, an increase of **\$11.1M** compared to 2Q19. Adjustments from GAAP gross profit to adjusted gross profit include:

- **NON SAME STORE CONTRIBUTION**
 Adjustment includes net revenue of \$1.0M and costs of \$3.0M in the Services Segment associated with operating retail service locations that have been open less than 6 full quarters.
- **COVID-19 RELATED LOSS**
 Costs related to maintaining service and product segment infrastructure and labor during COVID-19 pandemic.

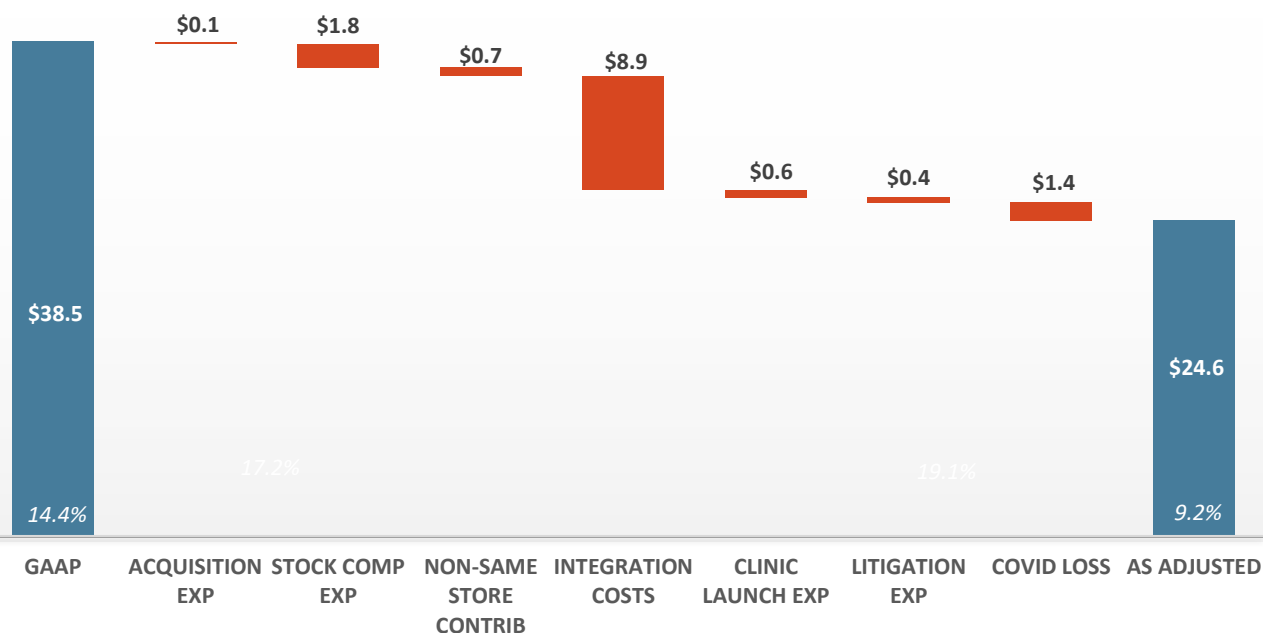
ADJUSTED G&A

FOR THE QUARTER ENDED JUNE 30, 2020

G&A

RESULTS PERFORMANCE

\$ IN MILLIONS



Adjusted G&A was **\$24.6 million**, representing an increase as a percent of sales of **~91bps** vs. 2Q19. 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 and a supplier contract settlement which has a deferred payment stream.
- 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.
- COVID-19 RELATED LOSS**
 Costs related to maintaining service and product segment infrastructure and labor during COVID-19 pandemic.



APPENDIX



ADJUSTED GROSS PROFIT RECONCILIATION

\$ IN MILLIONS	THREE MONTHS ENDED		SIX MONTHS ENDED	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
GROSS PROFIT	42,184	34,900	74,338	59,630
PLUS:				
NON SAME-STORE GROSS LOSS	2,082	1,256	5,523	2,690
COVID-19 RELATED LOSS	2,996	—	2,996	—
ADJUSTED GROSS PROFIT	47,262	36,156	82,857	62,320

ADJUSTED G&A EXPENSE RECONCILIATION

\$ IN MILLIONS	THREE MONTHS ENDED		SIX MONTHS ENDED	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
GENERAL AND ADMINISTRATIVE EXPENSES	38,492	24,450	70,182	44,988
LESS:				
ACQUISITION COSTS	146	2,889	732	3,465
STOCK BASED COMPENSATION EXPENSE	1,844	1,602	4,402	3,146
INTEGRATION COSTS AND COSTS OF DISCONTINUED CLINICS	8,850	1,142	9,304	1,142
NON SAME-STORE GENERAL AND ADMINISTRATIVE EXPENSES	663	634	1,340	935
CLINIC LAUNCH EXPENSES	603	—	1,279	—
LITIGATION EXPENSE	384	—	433	—
COVID-19 RELATED LOSS	1,437	—	1,437	—
ADJUSTED GENERAL AND ADMINISTRATIVE EXPENSES	24,565	18,183	51,255	36,300

ADJUSTED NET INCOME RECONCILIATION

\$ IN MILLIONS	THREE MONTHS ENDED		SIX MONTHS ENDED	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
NET INCOME	(1,960)	5,918	(4,593)	8,244
PLUS:				
TAX EXPENSE	61	881	(1,108)	1,381
ACQUISITION COSTS	146	2,889	732	3,465
INTEGRATION COSTS AND COSTS OF DISCONTINUED CLINICS	8,850	1,142	9,304	1,142
STOCK BASED COMPENSATION EXPENSE	1,844	1,602	4,402	3,146
FAIR VALUE ADJUSTMENT OF CONTINGENT NOTE	—	1,460	—	780
NON SAME-STORE REVENUE	(953)	(2,155)	(3,235)	(3,671)
NON SAME-STORE COSTS	3,698	4,045	10,098	7,296
CLINIC LAUNCH EXPENSES	603	—	1,279	—
LITIGATION EXPENSES	384	—	433	—
COVID-19 RELATED LOSS	4,433	—	4,433	—
ADJUSTED NET INCOME	17,106	15,782	21,745	21,783

ADJUSTED EBITDA RECONCILIATION

\$ IN MILLIONS	THREE MONTHS ENDED		SIX MONTHS ENDED	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
NET INCOME	(1,960)	5,918	(4,593)	8,244
PLUS:				
TAX EXPENSE (BENEFIT)	61	881	(1,108)	1,381
DEPRECIATION	2,983	1,529	5,856	3,183
AMORTIZATION	2,250	1,278	4,492	2,557
INTEREST	5,967	2,242	10,671	4,179
EBITDA	9,301	11,848	15,318	19,544
ACQUISITION COSTS	146	2,889	732	3,465
STOCK BASED COMPENSATION EXPENSE	1,844	1,602	4,402	3,146
LITIGATION EXPENSES	384	—	433	—
NON SAME-STORE REVENUE	(953)	(2,155)	(3,235)	(3,671)
NON SAME-STORE COSTS	3,698	4,045	10,098	7,296
FAIR VALUE ADJUSTMENT OF CONTINGENT NOTE	—	1,460	—	780
INTEGRATION COSTS AND COSTS OF DISCONTINUED CLINICS	8,850	1,142	9,304	1,142
NEW WELLNESS CENTER LAUNCH EXPENSES	603	—	1,279	—
COVID-19 RELATED COSTS	4,433	—	4,433	—
ADJUSTED EBITDA	28,306	20,831	42,764	31,703

SEGMENT FINANCIAL INFORMATION

\$ IN MILLIONS	THREE MONTHS ENDED			
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
SERVICES SEGMENT SALES:				
SAME-STORE SALES	1,722	23,873	19,938	44,709
NON SAME-STORE SALES	953	2,155	3,235	3,671
NET SERVICES SEGMENT SALES	2,675	26,028	23,173	48,380
PRODUCT SEGMENT SALES	264,307	194,606	430,587	320,690
TOTAL NET SALES	266,982	220,634	453,760	369,070
ADJUSTED EBITDA				
PRODUCTS	41,851	21,156	66,130	34,712
SERVICES	1,112	6,804	3,101	12,081
CORPORATE	(14,657)	(7,130)	(26,467)	(15,091)
TOTAL ADJUSTED EBITDA	28,306	20,831	42,764	31,703