



## 2Q22 Earnings Presentation

August 2022

**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 within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, such as statements about our plans, objectives, expectations, assumptions or future events; 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; disruptions in our manufacturing and distribution chains; 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; our ability to introduce new products and improve existing products; our ability to protect our intellectual property; costs associated with governmental regulation; our ability to keep and retain key employees; our ability to sustain profitability and the risks set forth under the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2021 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.



# CONTENTS

- BUSINESS OVERVIEW
- PRODUCTS SEGMENT HIGHLIGHTS
- SERVICES SEGMENT HIGHLIGHTS
- OUTLOOK
- APPENDIX

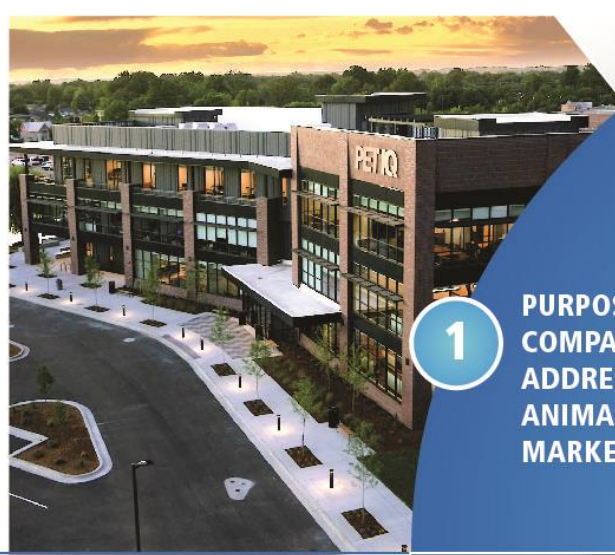




# BUSINESS OVERVIEW



# UNIQUE ANIMAL HEALTH PLATFORM



\*Packaged Facts, US Pet Market Outlook 2021-2022 \*Internal PetIQ Data, Market Vision Research, October 2021.

# PETIQ IS THE ONLY ANIMAL HEALTH COMPANY 100% PARTNERED WITH USA RETAILERS



## Animal Health Products

- \$819 M LTM 2Q22 PRODUCT SALES
- 1,000+ PETIQ BRANDED ITEMS MANUFACTURED
- 500+ DISTRIBUTED MEDICATIONS
- 40+ RETAIL PARTNERS
- 60,000+ POINTS OF DISTRIBUTION
- LEADER IN ONLINE AND DTC ANIMAL HEALTH SALES VOLUME



## Veterinary Services

- CONVENIENT AND AFFORDABLE VET CARE
- ~ 2,600 CLINIC LOCATIONS
- ~ 1.2 M PETS SERVED IN 2021
- 2,500+ VETERINARIANS
- MOBILE & FIXED CLINIC LOCATIONS
- 35 REGIONAL OFFICES SERVING 41 STATES

# OUR PRODUCTS REACH PET PARENTS WHERE THEY CHOOSE TO PURCHASE

MASS / GROCERY	CLUB	PET SPECIALTY	E-COMMERCE	RETAIL PHARMACY
       	  	       	     	  

VETERINARY SERVICES • PHARMACEUTICALS • PET PRODUCTS

## PETIQ FINANCIAL HIGHLIGHTS COMPARED TO PRIOR YEAR PERIOD

- On a year-to-date basis, net sales increased 7% on a like-for-like basis
- Net income increased 16.0% to \$4.7 million, or earnings per diluted share of \$0.16
- Adjusted EBITDA of \$27.6 million -- approximately in-line with the Company's guidance for the quarter of \$28.0 million, despite lower-than-expected net sales for the quarter
- Adjusted EBITDA margin of 10.9% — slightly ahead of the Company's expectations for the quarter
- Gross margin increased 260 basis points to 24.6%; adjusted gross margin increased 190 basis points to 26.4%
- PetIQ manufactured brands outperformed pet flea and tick and health and wellness categories we operate in
- Launched 2 new PetIQ manufactured products, NextStar & Fosters -- and strategically invested in marketing

### LEADERSHIP TEAM ADDITIONS

- John Pearson joined PetIQ in May 2022 as Senior Vice President, Head of Services Division, reporting to Michael Smith
- He is responsible for managing all aspects of PetIQ's Services Division, including strategy and operations to fuel future growth in revenue and profitability
- John's an incredible operator and strategist with extensive retail experience - including a very strong track record in consumer retail, working across multiple product categories in key leadership roles having spent much of his career helping to fuel growth at the world's largest retailer

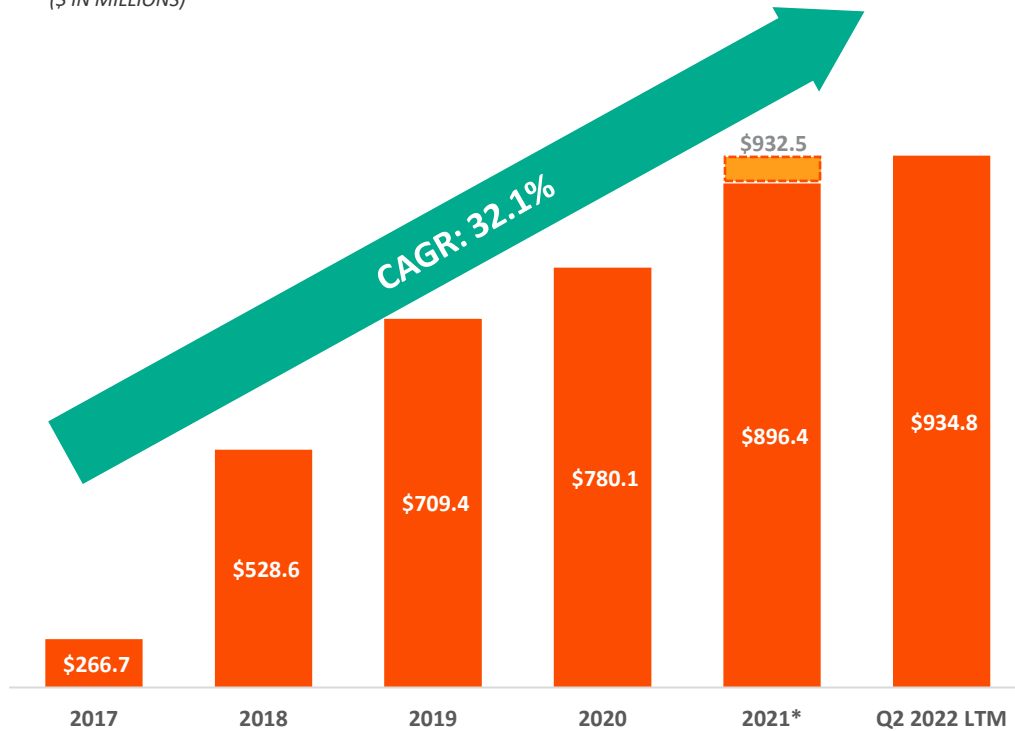




## CONSISTENT ANNUAL EXECUTION IN VARIOUS MACRO ECONOMIC ENVIRONMENTS

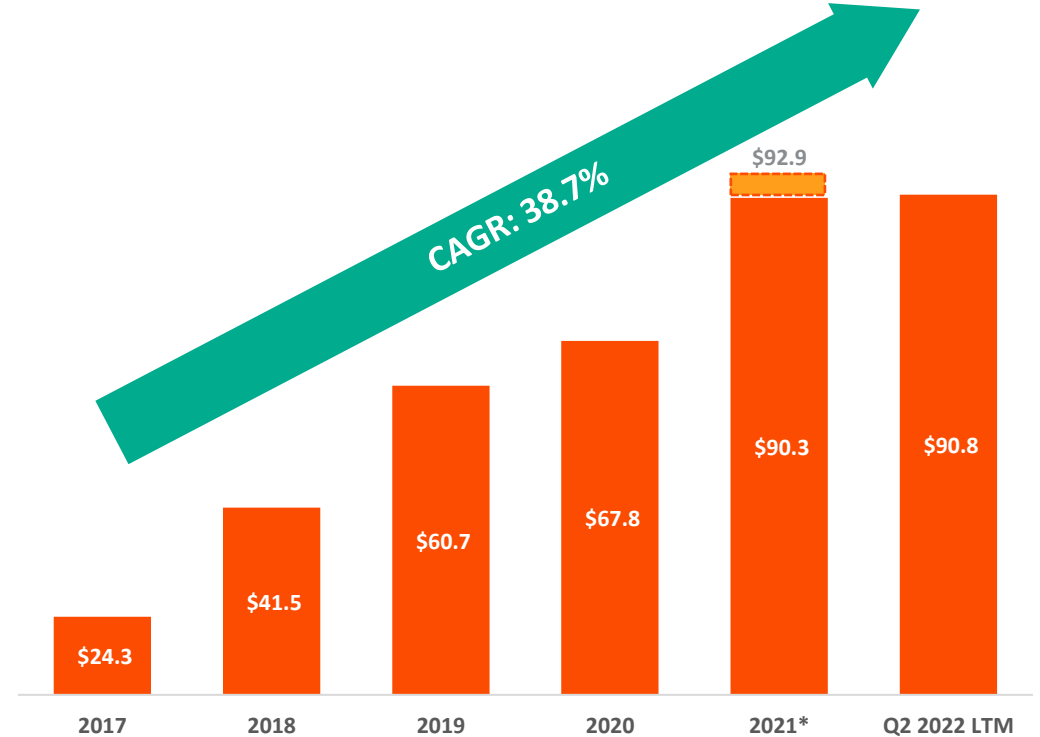
### ANNUAL NET SALES

(\$ IN MILLIONS)



### ANNUAL ADJUSTED EBITDA

(\$ IN MILLIONS)



**GROWING SIGNIFICANTLY FASTER THAN THE ANIMAL HEALTH INDUSTRY'S 7% CAGR**



# PRODUCTS SEGMENT

**LARGEST PORTFOLIO OF OTC PET HEALTH & WELLNESS PRODUCTS = COMPETITIVE ADVANTAGE**

**PetIQ Manufactured Brands**

**Flea & Tick**



**Supplements**



**Behavior**



**Treats**



**Distributed Brands**

**Distributed OTC**



**Distributed RX**



## PETIQ KEY CATEGORY HIGHLIGHTS

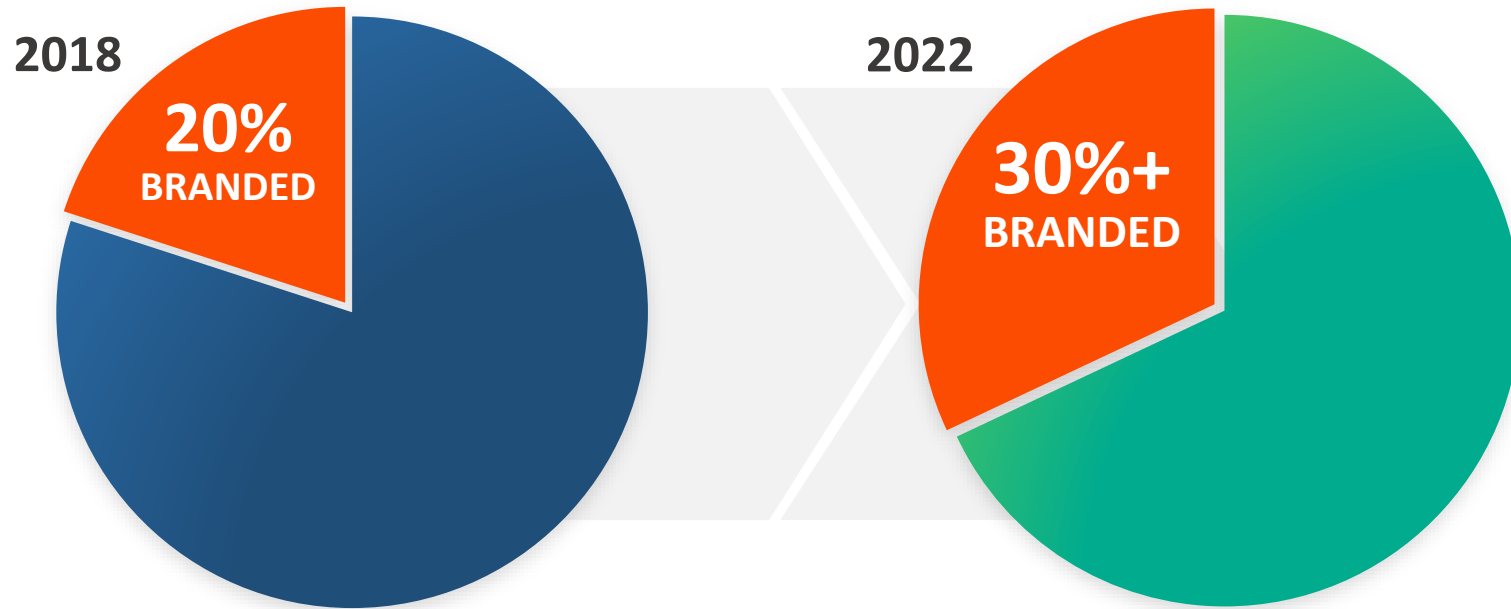
CATEGORY	TOTAL	PETIQ Brands	DETAILS
FLEA & TICK	---	-	<ul style="list-style-type: none"> <li>Soft category trends leading to high-single digit declines for Total Market</li> <li>PetIQ sees better relative performance, yet still seeing low-single digit declines</li> </ul>
HEALTH & WELLNESS	+	++	<ul style="list-style-type: none"> <li>Mid-single digit category growth continues momentum with pet parents</li> <li>PetIQ brands continue to drive share growth fueled by club channel</li> </ul>
DENTAL & TREATS	+	++	<ul style="list-style-type: none"> <li>Continued strength within treats and dental segment across market</li> <li>Minties and Pur Luv both driving strong share gains relative to category</li> </ul>

CHANNEL	TOTAL	PETIQ	DETAILS
E-COMMERCE	++	+++	<ul style="list-style-type: none"> <li>Online retail within PetIQ categories continues to take share from brick and mortar</li> <li>PetIQ brands within e-commerce continue to outpace and gain share</li> </ul>
TRADITIONAL BRICK & MORTAR	--	-	<ul style="list-style-type: none"> <li>Food, drug and mass retail has contracted YTD from &gt;55% to less than 30% market share of OTC Animal Health over last 3 years</li> </ul>
PET SPECIALTY BRICK & MORTAR	--	--	<ul style="list-style-type: none"> <li>Pet specialty continues to concede share gains from back half of '20 and first half of '21 as consumers gravitate back to consolidated trips or shopping online</li> </ul>

## EXPECT CONTINUED STRONG CONTRIBUTION FROM PETIQ'S BRANDS

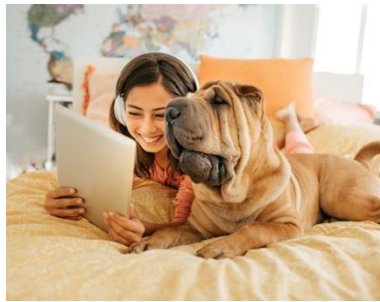
### PETIQ'S MANUFACTURED BRANDED SALES MIX



**PETIQ'S BRAND MARGIN OF ~55% IS SIGNIFICANTLY HIGHER THAN DISTRIBUTED PRODUCT MARGIN**

# MACRO CONSUMER TAILWINDS & PETIQ INNOVATION FUEL LONG-TERM GROWTH

## SOURCES OF GROWTH IN 2022 AND BEYOND





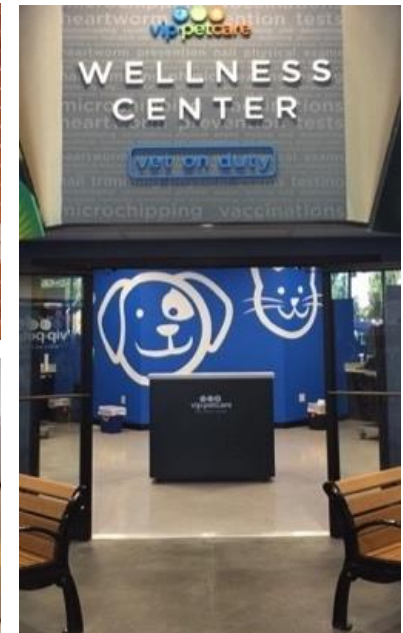
# SERVICES SEGMENT

## 2Q22 HIGHEST PETS PER CLINIC AND DOLLARS PER CLINIC IN THE HISTORY OF THE COMPANY

### COMMUNITY CLINICS: *MOBILE MODEL*



### WELLNESS CENTERS: *PHYSICAL LOCATIONS*



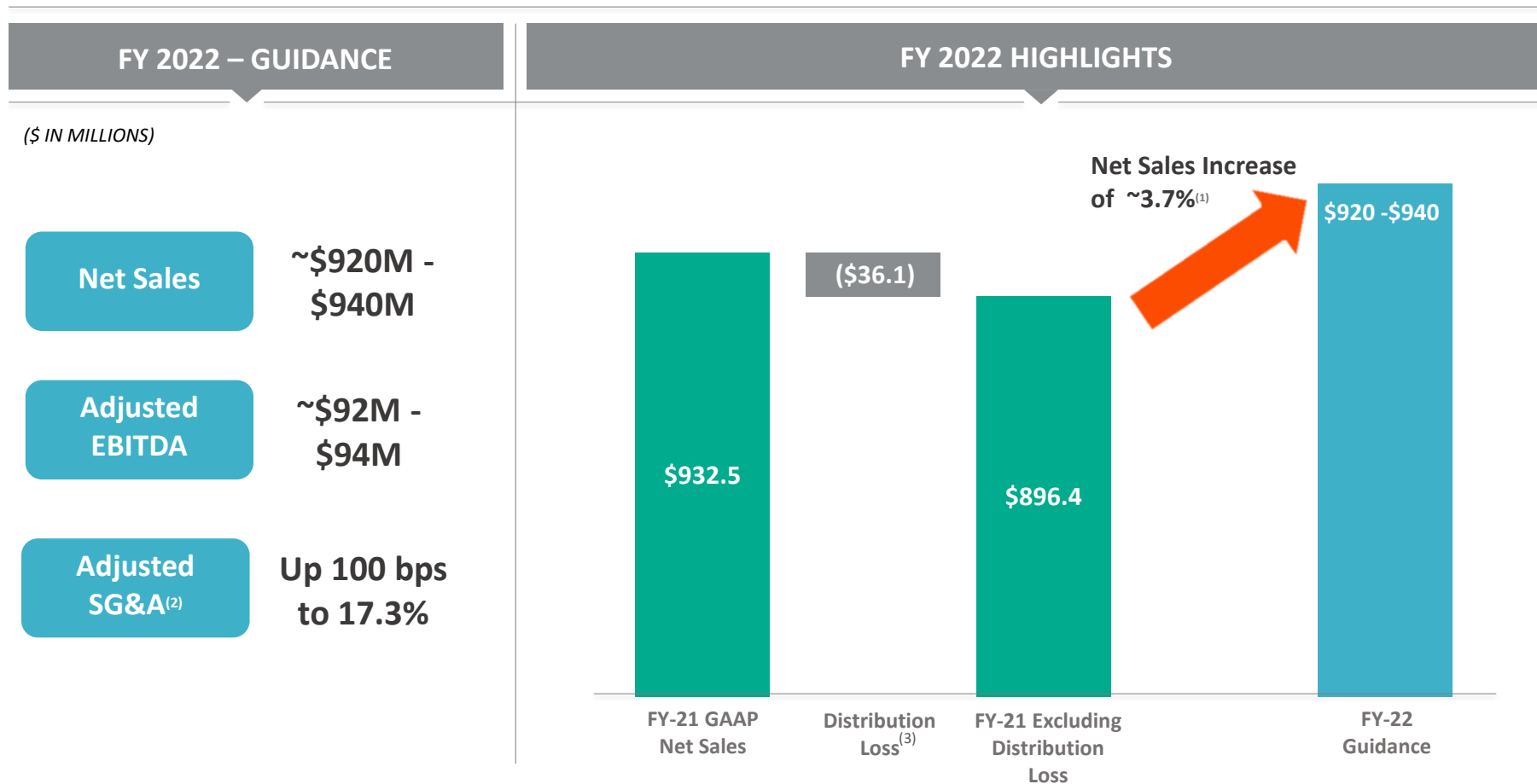
*33% of pet parents strongly agree and 35% of pet parents somewhat agree they are concerned about the affordability of routine healthcare for their pet<sup>1</sup>. 55% of pet parents come to PetIQ for affordable services, 41% for no appointment needed<sup>2</sup>*





# OUTLOOK

# ANNUAL OUTLOOK



<sup>(1)</sup> Represents mid point of the 2022 net sales guidance

<sup>(2)</sup> Driven by planned strategic investments to support growth of manufactured brand product portfolio

<sup>(3)</sup> Sales related to loss of distribution rights for certain animal health manufacturing products



**PETS**



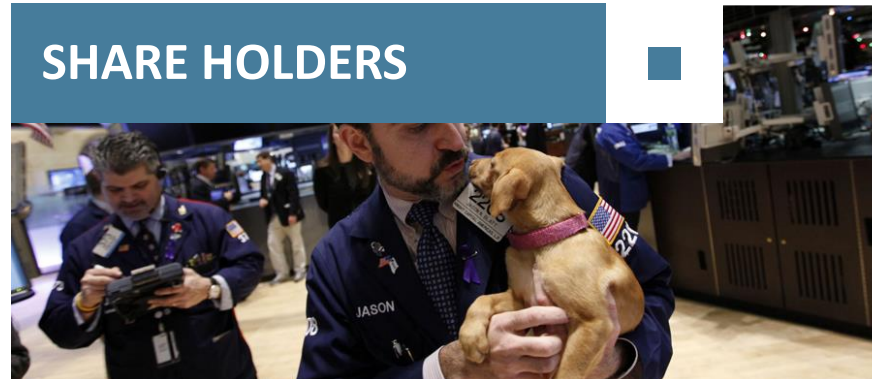
**PET PARENTS**



# Creating Value Through Smarter Pet Health



**SHARE HOLDERS**



**RETAILER & E-COMMERCE PARTNERS**



**MANUFACTURERS**





# APPENDIX

## ADJUSTED GROSS PROFIT RECONCILIATION

<i>\$ IN MILLIONS</i>	THREE MONTHS ENDED		
	6/30/2022	6/30/2021	6/30/2020
<b>GROSS PROFIT</b>	<b>61,974</b>	<b>59,628</b>	<b>42,184</b>
<b>PLUS:</b>			
COVID-19 RELATED COSTS	—	—	2,996
NON SAME-STORE GROSS PROFIT	3,204	5,257	2,082
<b>ADJUSTED GROSS PROFIT</b>	<b>65,178</b>	<b>64,885</b>	<b>47,262</b>

## ADJUSTED SG&A EXPENSE RECONCILIATION

\$ IN MILLIONS	THREE MONTHS ENDED		
	6/30/2022	6/30/2021	6/30/2020
<b>SG&amp;A</b>	<b>50,595</b>	43,142	38,492
<b>LESS:</b>			
ACQUISITION COSTS	156	86	146
LOSS ON DEBT EXTINGUISHMENT AND RELATED COSTS	—	985	—
STOCK COMPENSATION	2,843	2,439	1,844
INTEGRATION COSTS AND COSTS OF DISCONTINUED CLINICS	404	735	8,850
NON SAME-STORE ADJUSTMENT	1,991	1,106	1,266
LITIGATION EXPENSE	1,141	320	384
COVID-19 RELATED COSTS	—	—	1,437
<b>ADJUSTED SG&amp;A</b>	<b>44,060</b>	<b>37,471</b>	<b>24,565</b>

## ADJUSTED EBITDA RECONCILIATION

<i>\$ IN MILLIONS</i>	THREE MONTHS ENDED		
	6/30/2022	6/30/2021	6/30/2020
NET INCOME	4,678	4,034	(1,449)
<b>PLUS:</b>			
TAX EXPENSE (BENEFIT)	603	(205)	188
DEPRECIATION	3,515	3,143	2,983
AMORTIZATION	4,477	4,627	2,250
INTEREST	6,299	7,655	5,329
<b>EBITDA</b>	<b>19,572</b>	<b>19,254</b>	<b>9,301</b>
ACQUISITION COSTS	156	86	146
STOCK BASED COMPENSATION EXPENSE	2,843	2,439	1,844
LITIGATION EXPENSES	1,141	320	384
NON SAME-STORE ADJUSTMENT	3,466	5,087	3,348
INTEGRATION COSTS AND COSTS OF DISCONTINUED CLINICS	404	735	8,850
LOSS ON EXTINGUISHMENT AND RELATED COSTS	—	6,438	—
COVID-19 RELATED COSTS	—	—	4,433
<b>ADJUSTED EBITDA</b>	<b>27,582</b>	<b>34,359</b>	<b>28,306</b>

## SEGMENT FINANCIAL INFORMATION

<i>\$ IN MILLIONS</i>	THREE MONTHS ENDED		
	6/30/2022	6/30/2021	6/30/2020
PRODUCT SEGMENT SALES	219,014	242,857	264,307
SERVICES SEGMENT SALES:			
SAME-STORE SALES	28,264	22,172	1,722
NON SAME-STORE ADJUSTMENT	4,736	5,982	953
<b>NET SERVICES SEGMENT SALES</b>	<b>33,000</b>	<b>28,154</b>	<b>2,675</b>
<b>TOTAL NET SALES</b>	<b>252,014</b>	<b>271,011</b>	<b>266,982</b>
ADJUSTED EBITDA			
PRODUCTS	43,380	48,187	41,851
SERVICES	4,740	3,028	1,112
CORPORATE	(20,538)	(16,856)	(14,657)
<b>TOTAL ADJUSTED EBITDA</b>	<b>27,582</b>	<b>34,359</b>	<b>28,306</b>