

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 28, 2024

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission File Number: 001-38936



CHEWY, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

90-1020167

(I.R.S. Employer Identification No.)

7700 West Sunrise Boulevard, Plantation, Florida

(Address of principal executive offices)

33322

(Zip Code)

(786) 320-7111

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Class A Common Stock, par value \$0.01 per share | CHWY | New York Stock Exchange |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

| | | | |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| | | Emerging growth company | <input type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

| Class | Outstanding as of August 21, 2024 |
|--|-----------------------------------|
| Class A Common Stock, \$0.01 par value per share | 143,738,664 |
| Class B Common Stock, \$0.01 par value per share | 274,646,551 |

CHEWY, INC.
FORM 10-Q

For the Quarterly Period Ended July 28, 2024

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PART I. FINANCIAL INFORMATION

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for the quarterly period ended July 28, 2024 contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our share repurchase program, our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions.

Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could cause actual results to differ materially from those in such forward-looking statements, including but not limited to, our ability to:

- sustain our recent growth rates and successfully manage challenges to our future growth, including introducing new products or services, improving existing products and services, and expanding into new jurisdictions and offerings;*
- successfully respond to business disruptions;*
- successfully manage risks related to the macroeconomic environment, including any adverse impacts on our business operations, financial performance, supply chain, workforce, facilities, customer services and operations;*
- acquire and retain new customers in a cost-effective manner and increase our net sales, improve margins and maintain profitability;*
- manage our growth effectively;*
- maintain positive perceptions of the Company and preserve, grow and leverage the value of our reputation and our brand;*
- limit operating losses as we continue to expand our business;*
- forecast net sales and appropriately plan our expenses in the future;*
- estimating our market share;*
- strengthen our current supplier relationships, retain key suppliers and source additional suppliers;*
- negotiate acceptable pricing and other terms with third-party service providers, suppliers and outsourcing partners and maintain our relationships with such parties;*
- mitigate changes in, or disruptions to, our shipping arrangements and operations;*
- optimize, operate and manage the expansion of the capacity of our fulfillment centers;*
- provide our customers with a cost-effective platform that is able to respond and adapt to rapid changes in technology;*
- limit our losses related to online payment methods;*
- maintain and scale our technology, including the reliability of our websites, mobile applications, and network infrastructure;*
- maintain adequate cybersecurity with respect to our systems and retain third-party service providers that do the same with respect to their systems;*
- maintain consumer confidence in the safety, quality and health of our products;*
- limit risks associated with our suppliers and our outsourcing partners;*
- comply with existing or future laws and regulations in a cost-efficient manner;*
- utilize net operating loss and tax credit carryforwards, and other tax attributes;*
- adequately protect our intellectual property rights;*
- successfully defend ourselves against any allegations or claims that we may be subject to;*
- attract, develop, motivate and retain highly-qualified and skilled employees;*
- predict and respond to economic conditions, industry trends, and market conditions, and their impact on the pet products market;*
- reduce merchandise returns or refunds;*
- respond to severe weather and limit disruption to normal business operations;*
- manage new acquisitions, investments or alliances, and integrate them into our existing business;*
- successfully compete in new offerings;*
- manage challenges presented by international markets;*
- successfully compete in the pet products and services health and retail industry, especially in the e-commerce sector;*
- comply with the terms of our credit facility;*
- raise capital as needed; and*
- maintain effective internal control over financial reporting.*

You should not rely on forward-looking statements as predictions of future events, and you should understand that these statements are not guarantees of performance or results, and our actual results could differ materially from those expressed in the forward-looking statements due to a variety of factors. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current assumptions, expectations and projections about future events and trends that we believe may affect our business, financial condition, and results of operations. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled “Risk Factors” in our Quarterly Report on Form 10-Q for the quarterly period ended April 28, 2024, and elsewhere in this Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q. While we believe that such information provides a reasonable basis for these statements, this information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

Investors and others should note that we may announce material information to our investors using our investor relations website (<https://investor.chewy.com/>), filings with the Securities and Exchange Commission (the “SEC”), press releases, public conference calls and webcasts. We use these channels, as well as social media, to communicate with our investors and the public about our company, our business and other issues. It is possible that the information that we post on these channels could be deemed to be material information. We therefore encourage investors to visit these websites from time to time. The information contained on such websites and social media posts is not incorporated by reference into this filing. Further, our references to website URLs in this filing are intended to be inactive textual references only.

Item 1. Financial Statements (Unaudited)

CHEWY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

| | As of | |
|---|------------------|---------------------|
| | July 28, 2024 | January 28, 2024 |
| Assets | (Unaudited) | |
| Current assets: | | |
| Cash and cash equivalents | \$ 694,460 | \$ 602,232 |
| Marketable securities | 490 | 531,785 |
| Accounts receivable | 200,983 | 154,043 |
| Inventories | 803,338 | 719,273 |
| Prepaid expenses and other current assets | 53,957 | 97,015 |
| Total current assets | 1,753,228 | 2,104,348 |
| Property and equipment, net | 526,163 | 521,298 |
| Operating lease right-of-use assets | 464,706 | 474,617 |
| Goodwill | 39,442 | 39,442 |
| Deferred tax assets | 275,669 | — |
| Other non-current assets | 43,283 | 47,146 |
| Total assets | \$ 3,102,491 | \$ 3,186,851 |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Trade accounts payable | \$ 1,179,807 | \$ 1,104,940 |
| Accrued expenses and other current liabilities | 875,371 | 1,005,937 |
| Total current liabilities | 2,055,178 | 2,110,877 |
| Operating lease liabilities | 517,274 | 527,795 |
| Other long-term liabilities | 43,290 | 37,935 |
| Total liabilities | 2,615,742 | 2,676,607 |
| Commitments and contingencies (Note 5) | | |
| Stockholders' equity: | | |
| Preferred stock, \$0.01 par value per share, 5,000,000 shares authorized, no shares issued and outstanding as of July 28, 2024 and January 28, 2024 | — | — |
| Class A common stock, \$0.01 par value per share, 1,500,000,000 shares authorized, 142,967,945 and 132,913,046 shares issued and outstanding as of July 28, 2024 and January 28, 2024, respectively | 1,430 | 1,329 |
| Class B common stock, \$0.01 par value per share, 395,000,000 shares authorized, 274,646,551 and 298,863,356 shares issued and outstanding as of July 28, 2024 and January 28, 2024, respectively | 2,746 | 2,989 |
| Additional paid-in capital | 2,091,864 | 2,481,984 |
| Accumulated deficit | (1,609,638) | (1,975,652) |
| Accumulated other comprehensive income (loss) | 347 | (406) |
| Total stockholders' equity | 486,749 | 510,244 |
| Total liabilities and stockholders' equity | \$ 3,102,491 | \$ 3,186,851 |

See accompanying Notes to Condensed Consolidated Financial Statements.

CHEWY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(in thousands, except per share data)
(Unaudited)

| | 13 Weeks Ended | | 26 Weeks Ended | |
|---|------------------|------------------|------------------|------------------|
| | July 28, 2024 | July 30, 2023 | July 28, 2024 | July 30, 2023 |
| Net sales | \$ 2,858,589 | \$ 2,785,302 | \$ 5,736,314 | \$ 5,575,941 |
| Cost of goods sold | 2,014,753 | 1,996,581 | 4,038,486 | 3,994,364 |
| Gross profit | 843,836 | 788,721 | 1,697,828 | 1,581,577 |
| Operating expenses: | | | | |
| Selling, general and administrative | 621,267 | 619,889 | 1,223,828 | 1,204,278 |
| Advertising and marketing | 190,518 | 185,491 | 377,333 | 369,224 |
| Total operating expenses | 811,785 | 805,380 | 1,601,161 | 1,573,502 |
| Income (loss) from operations | 32,051 | (16,659) | 96,667 | 8,075 |
| Interest income, net | 12,921 | 8,928 | 27,444 | 16,944 |
| Other income, net | 1,541 | 29,242 | 782 | 20,354 |
| Income before income tax (benefit) provision | 46,513 | 21,511 | 124,893 | 45,373 |
| Income tax (benefit) provision | (252,604) | 1,304 | (241,121) | 2,307 |
| Net income | \$ 299,117 | \$ 20,207 | \$ 366,014 | \$ 43,066 |
| Comprehensive income: | | | | |
| Net income | \$ 299,117 | \$ 20,207 | \$ 366,014 | \$ 43,066 |
| Foreign currency translation adjustments | 351 | — | 753 | — |
| Comprehensive income | \$ 299,468 | \$ 20,207 | \$ 366,767 | \$ 43,066 |
| Earnings per share attributable to common Class A and Class B stockholders: | | | | |
| Basic | \$ 0.70 | \$ 0.05 | \$ 0.85 | \$ 0.10 |
| Diluted | \$ 0.68 | \$ 0.05 | \$ 0.84 | \$ 0.10 |
| Weighted-average common shares used in computing earnings per share: | | | | |
| Basic | 429,377 | 428,618 | 432,125 | 427,735 |
| Diluted | 437,882 | 431,576 | 437,153 | 431,024 |

See accompanying Notes to Condensed Consolidated Financial Statements.

CHEWY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(Unaudited)

13 Weeks Ended July 28, 2024

| | Class A and Class B Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Total Stockholders' Equity |
|--|----------------------------------|----------|----------------------------|---------------------|---|----------------------------|
| | Shares | Amount | | | | |
| Balance as of April 28, 2024 | 435,359 | \$ 4,354 | \$ 2,547,321 | \$ (1,908,755) | \$ (4) | \$ 642,916 |
| Share-based compensation expense | — | — | 81,573 | — | — | 81,573 |
| Vesting of share-based compensation awards | 1,127 | 11 | (11) | — | — | — |
| Repurchases of common stock | (18,872) | (189) | (537,019) | — | — | (537,208) |
| Net income | — | — | — | 299,117 | — | 299,117 |
| Other comprehensive income | — | — | — | — | 351 | 351 |
| Balance as of July 28, 2024 | 417,614 | \$ 4,176 | \$ 2,091,864 | \$ (1,609,638) | \$ 347 | \$ 486,749 |

13 Weeks Ended July 30, 2023

| | Class A and Class B Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Total Stockholders' Equity |
|--|----------------------------------|----------|----------------------------|---------------------|---|----------------------------|
| | Shares | Amount | | | | |
| Balance as of April 30, 2023 | 427,108 | \$ 4,271 | \$ 2,217,456 | \$ (1,992,373) | \$ — | \$ 229,354 |
| Share-based compensation expense | — | — | 65,996 | — | — | 65,996 |
| Vesting of share-based compensation awards | 2,517 | 25 | (25) | — | — | — |
| Distribution to parent | 93 | 1 | (1) | — | — | — |
| Tax withholdings for share-based compensation awards | — | — | (5) | — | — | (5) |
| Tax sharing agreement with related parties | — | — | (2,673) | — | — | (2,673) |
| Noncash settlement with related parties | — | — | 54,734 | — | — | 54,734 |
| Net income | — | — | — | 20,207 | — | 20,207 |
| Balance as of July 30, 2023 | 429,718 | \$ 4,297 | \$ 2,335,482 | \$ (1,972,166) | \$ — | \$ 367,613 |

See accompanying Notes to Condensed Consolidated Financial Statements.

CHEWY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(Unaudited)

26 Weeks Ended July 28, 2024

| | Class A and Class B Common Stock | | Additional Paid- in Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Total Stockholders' Equity |
|--|-------------------------------------|-----------------|--------------------------------|------------------------|---|----------------------------------|
| | Shares | Amount | | | | |
| Balance as of January 28, 2024 | 431,776 | \$ 4,318 | \$ 2,481,984 | \$ (1,975,652) | \$ (406) | \$ 510,244 |
| Share-based compensation expense | — | — | 146,958 | — | — | 146,958 |
| Vesting of share-based compensation awards | 4,710 | 47 | (47) | — | — | — |
| Tax withholdings for share-based compensation awards | — | — | (12) | — | — | (12) |
| Repurchases of common stock | (18,872) | (189) | (537,019) | — | — | (537,208) |
| Net income | — | — | — | 366,014 | — | 366,014 |
| Other comprehensive income | — | — | — | — | 753 | 753 |
| Balance as of July 28, 2024 | <u>417,614</u> | <u>\$ 4,176</u> | <u>\$ 2,091,864</u> | <u>\$ (1,609,638)</u> | <u>\$ 347</u> | <u>\$ 486,749</u> |

26 Weeks Ended July 30, 2023

| | Class A and Class B Common Stock | | Additional Paid- in Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Total Stockholders' Equity |
|--|-------------------------------------|-----------------|--------------------------------|------------------------|---|----------------------------------|
| | Shares | Amount | | | | |
| Balance as of January 29, 2023 | 425,349 | \$ 4,253 | \$ 2,171,247 | \$ (2,015,232) | \$ — | \$ 160,268 |
| Share-based compensation expense | — | — | 114,549 | — | — | 114,549 |
| Vesting of share-based compensation awards | 4,276 | 43 | (43) | — | — | — |
| Tax withholdings for share-based compensation awards | — | — | (5) | — | — | (5) |
| Distribution to parent | 93 | 1 | (1) | — | — | — |
| Tax sharing agreement with related parties | — | — | (4,999) | — | — | (4,999) |
| Noncash settlement with related parties | — | — | 54,734 | — | — | 54,734 |
| Net income | — | — | — | 43,066 | — | 43,066 |
| Balance as of July 30, 2023 | <u>429,718</u> | <u>\$ 4,297</u> | <u>\$ 2,335,482</u> | <u>\$ (1,972,166)</u> | <u>\$ —</u> | <u>\$ 367,613</u> |

See accompanying Notes to Condensed Consolidated Financial Statements.

CHEWY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

| | 26 Weeks Ended | |
|---|------------------|------------------|
| | July 28, 2024 | July 30, 2023 |
| Cash flows from operating activities | | |
| Net income | \$ 366,014 | \$ 43,066 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 56,455 | 56,712 |
| Share-based compensation expense | 146,958 | 114,549 |
| Non-cash lease expense | 16,179 | 22,072 |
| Change in fair value of equity warrants and investments | 592 | (20,244) |
| Deferred income tax benefit | (275,669) | — |
| Unrealized foreign currency losses, net | 1,064 | — |
| Other | (2,501) | 793 |
| Net change in operating assets and liabilities: | | |
| Accounts receivable | (46,991) | (37,487) |
| Inventories | (84,212) | (64,969) |
| Prepaid expenses and other current assets | (5,207) | (16,843) |
| Other non-current assets | 2,005 | (1,975) |
| Trade accounts payable | 74,891 | 90,445 |
| Accrued expenses and other current liabilities | (28,513) | 131,374 |
| Operating lease liabilities | (16,744) | (11,066) |
| Other long-term liabilities | 1,026 | 860 |
| Net cash provided by operating activities | 205,347 | 307,287 |
| Cash flows from investing activities | | |
| Capital expenditures | (61,225) | (79,217) |
| Proceeds from maturities of marketable securities | 538,402 | 350,000 |
| Purchases of marketable securities | — | (442,769) |
| Cash paid for acquisition of business, net of cash acquired | — | (367) |
| Net cash provided by (used in) investing activities | 477,177 | (172,353) |
| Cash flows from financing activities | | |
| Repurchases of common stock | (531,956) | — |
| Income taxes paid for, net of proceeds from, parent reorganization transaction | (57,559) | — |
| Principal repayments of finance lease obligations | (535) | (354) |
| Payments for tax withholdings related to vesting of share-based compensation awards | (12) | (5) |
| Payments for tax sharing agreement with related parties | — | (7,606) |
| Payment of debt modification costs | — | (175) |
| Net cash used in financing activities | (590,062) | (8,140) |
| Effect of exchange rate changes on cash and cash equivalents | (234) | — |
| Net increase in cash and cash equivalents | 92,228 | 126,794 |
| Cash and cash equivalents, as of beginning of period | 602,232 | 331,641 |
| Cash and cash equivalents, as of end of period | \$ 694,460 | \$ 458,435 |

See accompanying Notes to Condensed Consolidated Financial Statements.

CHEWY, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Description of Business

Chewy, Inc. and its wholly-owned subsidiaries (collectively “Chewy” or the “Company”) is an e-commerce business geared toward pet products and services for dogs, cats, fish, birds, small pets, horses, and reptiles. Chewy serves its customers through its websites and its mobile applications and focuses on delivering exceptional customer service, competitive prices, outstanding convenience (including Chewy’s Autoship subscription program, fast shipping, and hassle-free returns), and a large selection of high-quality pet food, treats and supplies, and pet healthcare products.

The Company is controlled by a consortium including private investment funds advised by BC Partners Advisors LP (“BC Partners”) and its affiliates, La Caisse de dépôt et placement du Québec, affiliates of GIC Special Investments Pte Ltd, affiliates of StepStone Group LP and funds advised by Longview Asset Management, LLC (collectively, the “Sponsors”).

On October 30, 2023 (the “Closing Date”), the Company entered into certain transactions (the “Transactions”) with affiliates of BC Partners pursuant to an Agreement and Plan of Merger (the “Merger Agreement”). The Transactions resulted in such affiliates restructuring their ownership interests in the Company and Chewy Pharmacy KY, LLC (“Chewy Pharmacy KY”) becoming an indirect wholly-owned subsidiary of the Company.

On the Closing Date, affiliates of BC Partners transferred \$1.9 billion to the Company to be used to fund: (i) tax obligations of its affiliates that were inherited by the Company as a result of the Transactions and (ii) expenses incurred by the Company in connection with the Transactions. The Merger Agreement requires affiliates of BC Partners to indemnify the Company for certain tax liabilities and includes customary indemnifications related to the Transactions.

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The Company’s accompanying unaudited condensed consolidated financial statements and related notes include the accounts of Chewy, Inc. and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated. The unaudited condensed consolidated financial statements and notes thereto of Chewy, Inc. have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”) for interim financial reporting and, therefore, omit or condense certain footnotes and other information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as set forth in the Financial Accounting Standards Board’s (“FASB”) accounting standards codification (“ASC”). In the opinion of management, all adjustments necessary for a fair statement of the financial information, which are of a normal and recurring nature, have been made for the interim periods reported. Results of operations for the quarterly period ended July 28, 2024 are not necessarily indicative of the results for the entire fiscal year. The unaudited condensed consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q for the quarterly period ended July 28, 2024 (“10-Q Report”) should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended January 28, 2024 (“10-K Report”).

In connection with the Transactions described in Note 1 – Description of Business, the Company has provided recasted condensed consolidated financial statements and related notes for the historical comparative periods in this 10-Q Report reflecting the operations of Chewy Pharmacy KY as part of the Company’s condensed consolidated financial statements. The recasted financial information was accounted for as a common control transaction, with Chewy Pharmacy KY’s net assets transferred at the previous parent company’s historical basis.

Fiscal Year

The Company has a 52- or 53-week fiscal year ending each year on the Sunday that is closest to January 31 of that year. The Company’s 2024 fiscal year ends on February 2, 2025 and is a 53-week year. The Company’s 2023 fiscal year ended January 28, 2024 and was a 52-week year.

Significant Accounting Policies

Other than policies noted herein, there have been no significant changes from the significant accounting policies disclosed in Note 2 of the “Notes to Consolidated Financial Statements” included in the 10-K Report.

Use of Estimates

GAAP requires management to make certain estimates, judgments, and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates these estimates and judgments. Actual results could differ from those estimates.

Key estimates relate primarily to determining the net realizable value for inventory, valuation allowances with respect to deferred tax assets, contingencies, self-insurance accruals, evaluation of sales tax positions, and the valuation and assumptions underlying share-based compensation and equity warrants. On an ongoing basis, management evaluates its estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities.

Accrued Expenses and Other Current Liabilities

The following table presents the components of accrued expenses and other current liabilities (in thousands):

| | As of | |
|--|-------------------|---------------------|
| | July 28, 2024 | January 28, 2024 |
| Outbound fulfillment | \$ 414,478 | \$ 491,251 |
| Advertising and marketing | 139,797 | 106,339 |
| Payroll liabilities | 66,711 | 83,880 |
| Accrued expenses and other | 254,385 | 324,467 |
| Total accrued expenses and other current liabilities | <u>\$ 875,371</u> | <u>\$ 1,005,937</u> |

Stockholders' Equity

Share Repurchase Activity

Share Repurchase Program

On May 24, 2024, the Company's Board of Directors authorized the Company to repurchase up to \$500 million of its Class A common stock, par value \$0.01 per share (the “Class A common stock”), and/or Class B common stock, par value \$0.01 per share (the “Class B common stock” and together with the Class A common stock, the “common stock”), pursuant to a share repurchase program (the “Program”). Under the Program, the Company may repurchase shares of common stock on a discretionary basis from time to time through open market repurchases, in privately negotiated transactions, through repurchases made in compliance with Rule 10b-18 and/or Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, or other means. The actual timing and amount of any share repurchases remains subject to a variety of factors, including stock price, trading volume, market conditions, compliance with applicable legal requirements, and other general business considerations. The Program does not require the Company to repurchase any specific number of shares of common stock. The Program has no expiration date and may be modified, suspended, or terminated at any time.

Stock Repurchase Agreement

On June 26, 2024, the Company entered into an agreement (the “Stock Repurchase Agreement”) with Buddy Chester Sub LLC (the “Seller”), an entity affiliated with the Sponsors, to repurchase an aggregate of 17,550,000 shares of Class A common stock at a price per share of \$28.49, resulting in an aggregate repurchase price of \$500 million. The Stock Repurchase Agreement contains customary representations, warranties and covenants of the parties.

The total cost of repurchased shares of common stock in excess of par value, including the cost of commissions and excise taxes, is recorded to additional paid-in capital. The total cost for share repurchases executed and unpaid, as well as the cost of unpaid commissions and excise taxes, are included in accrued expenses and other current liabilities on the Company's condensed consolidated balance sheets. During the thirteen weeks ended July 28, 2024, 1,321,502 and 17,550,000 shares of Class A common stock were repurchased and subsequently cancelled and retired pursuant to the Program and Stock Repurchase Agreement for a total cost of \$32.7 million and \$500.0 million, respectively, excluding the cost of commissions and excise taxes. The authorized value of shares available to be repurchased under the Program excludes the cost of commissions and excise taxes and as of July 28, 2024, the remaining value of shares of common stock that were authorized to be repurchased under the Program was \$467.3 million. As of July 28, 2024, the total unpaid cost of share repurchases was \$5.3 million, which included \$4.5 million for excise taxes.

Conversion of Class B Common Stock

On May 8, 2020, Buddy Chester Sub LLC converted 17,584,098 shares of Class B common stock into Class A common stock. On May 11, 2020, Buddy Chester Sub LLC entered into a variable forward purchase agreement (the "Contract") to deliver up to 17,584,098 shares of Class A common stock at the exchange date, with the number of shares to be issued based on the trading price of the Company's common stock during a 20-day observation period. On each of May 15, 2023 and May 16, 2023, Buddy Chester Sub LLC settled its obligations under the Contract and delivered a total of 17,584,098 shares.

On June 26, 2024, Buddy Chester Sub LLC converted 17,550,000 shares of Class B common stock into Class A common stock contemporaneously with the execution and delivery of the Stock Repurchase Agreement.

On June 27, 2024, Buddy Chester Sub LLC converted 5,328,543 shares of Class B common stock into Class A common stock and sold such Class A common stock.

On July 1, 2024, Buddy Chester Sub LLC converted 1,338,262 shares of the Class B common stock into Class A common stock and sold such Class A common stock.

Interest Income (Expense), net

The Company generates interest income from its cash and cash equivalents and marketable securities and incurs interest expense in relation to its borrowing facilities, finance leases, and uncertain tax positions. The following table provides additional information about the Company's interest income (expense), net (in thousands):

| | 13 Weeks Ended | | 26 Weeks Ended | |
|----------------------|----------------|---------------|----------------|---------------|
| | July 28, 2024 | July 30, 2023 | July 28, 2024 | July 30, 2023 |
| Interest income | \$ 14,429 | \$ 9,824 | \$ 30,287 | \$ 18,702 |
| Interest expense | (1,508) | (896) | (2,843) | (1,758) |
| Interest income, net | \$ 12,921 | \$ 8,928 | \$ 27,444 | \$ 16,944 |

Other Income (Expense), net

The Company's other income (expense), net consists of: (i) changes in the fair value of equity warrants, investments, and tax indemnification receivables, (ii) foreign currency transaction gains and losses, and (iii) allowances for credit losses. The following table provides additional information about the Company's other income (expense), net (in thousands):

| | 13 Weeks Ended | | 26 Weeks Ended | |
|---|----------------|---------------|----------------|---------------|
| | July 28, 2024 | July 30, 2023 | July 28, 2024 | July 30, 2023 |
| Change in fair value of equity warrants | \$ 1,125 | \$ 29,192 | \$ 442 | \$ 20,258 |
| Change in fair value of tax indemnification receivables | 504 | — | 995 | — |
| Change in fair value of equity investments | 303 | — | 263 | (14) |
| Foreign currency transaction (losses) gains | (391) | 50 | (918) | 110 |
| Other income, net | \$ 1,541 | \$ 29,242 | \$ 782 | \$ 20,354 |

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

ASU 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. In June 2022, the FASB issued this Accounting Standards Update (“ASU”) to clarify the guidance when measuring the fair value of an equity security subject to contractual sale restrictions that prohibit the sale of an equity security. This update became effective at the beginning of the Company’s 2024 fiscal year. The adoption of this standard did not have a material impact on the Company’s condensed consolidated financial statements.

Recently Issued Accounting Pronouncements

ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. In December 2023, the FASB issued this ASU to update income tax disclosure requirements, primarily related to the income tax rate reconciliation and income taxes paid information. This update is effective beginning with the Company’s 2025 fiscal year annual reporting period, with early adoption permitted. The Company continues to evaluate the impact that the adoption of this standard will have on its consolidated financial statements.

ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. In November 2023, the FASB issued this ASU to update reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses and information used to assess segment performance. This update is effective beginning with the Company’s 2024 fiscal year annual reporting period, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

3. Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

Level 1-Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2-Valuations based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3-Valuations based on unobservable inputs reflecting the Company’s assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Cash equivalents are carried at cost, which approximates fair value and are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices.

Marketable securities are carried at fair value and are classified within Level 1 because they are valued using quoted market prices. Specific to marketable fixed income securities, the Company did not record any gross unrealized gains and losses as fair value approximates amortized cost. The Company did not record any credit losses during the thirteen and twenty-six weeks ended July 28, 2024. Further, as of July 28, 2024, the Company did not record an allowance for credit losses related to its fixed income securities.

Vested equity warrants and equity investments in public companies that have readily determinable fair values are carried at fair value and are classified as marketable securities within Level 1 because they are valued using quoted market prices.

Unvested equity warrants are classified within Level 3 of the fair value hierarchy as they are valued based on observable and unobservable inputs reflecting the Company’s assumptions, consistent with reasonably available assumptions made by other market participants. The Company utilized certain valuation techniques, such as the Black-Scholes option-pricing model and the Monte Carlo simulation model, to determine the fair value of unvested equity warrants. The application of these models requires the use of a number of complex assumptions based on unobservable inputs, including the expected term, expected equity volatility, discounts for lack of marketability, cash flow projections, and probability with respect to vesting requirements. Equity warrants are transferred from Level 3 to Level 1 of the fair value hierarchy upon vesting as they are no longer valued based on unobservable inputs.

The following table includes a summary of financial instruments measured at fair value as of July 28, 2024 (in thousands):

| | Level 1 | Level 2 | Level 3 |
|-----------------------------|------------|---------|----------|
| Cash | \$ 694,460 | \$ — | \$ — |
| U.S. Treasury securities | — | — | — |
| Cash and cash equivalents | 694,460 | — | — |
| Vested equity warrants | — | — | — |
| Equity investments | 490 | — | — |
| Marketable securities | 490 | — | — |
| Unvested equity warrants | — | — | 2,968 |
| Total financial instruments | \$ 694,950 | \$ — | \$ 2,968 |

The following table includes a summary of financial instruments measured at fair value as of January 28, 2024 (in thousands):

| | Level 1 | Level 2 | Level 3 |
|-----------------------------|--------------|---------|----------|
| Cash | \$ 602,232 | \$ — | \$ — |
| Money market funds | — | — | — |
| Cash and cash equivalents | 602,232 | — | — |
| U.S. Treasury securities | 531,592 | — | — |
| Equity investments | 193 | — | — |
| Marketable securities | 531,785 | — | — |
| Unvested equity warrants | — | — | 2,219 |
| Total financial instruments | \$ 1,134,017 | \$ — | \$ 2,219 |

As of July 28, 2024 and January 28, 2024, the deferred credit subject to vesting and performance requirements recognized within other long-term liabilities in exchange for the equity warrants was \$4.9 million and \$1.9 million, respectively.

The following table summarizes the change in fair value for financial instruments using unobservable Level 3 inputs (in thousands):

| | 26 Weeks Ended | |
|--|----------------|---------------|
| | July 28, 2024 | July 30, 2023 |
| Beginning balance | \$ 2,219 | \$ 31,622 |
| Change in fair value of unvested equity warrants | 4,000 | 10,618 |
| Equity warrants vested | (3,251) | — |
| Ending balance | \$ 2,968 | \$ 42,240 |

The following table presents quantitative information about Level 3 significant unobservable inputs used in the fair value measurement of the unvested equity warrants as of July 28, 2024 (in thousands):

| | Fair Value | Valuation Techniques | Unobservable Input | Range | | Weighted Average |
|-----------------|------------|-------------------------------|------------------------|-------|-----|------------------|
| | | | | Min | Max | |
| Equity warrants | \$2,968 | Black-Scholes and Monte Carlo | Probability of vesting | 0% | 25% | 17% |
| | | | Equity volatility | 35% | 80% | 73% |

4. Property and Equipment, net

The following is a summary of property and equipment, net (in thousands):

| | As of | |
|---|---------------|------------------|
| | July 28, 2024 | January 28, 2024 |
| Furniture, fixtures and equipment | \$ 192,970 | \$ 174,092 |
| Computer equipment | 75,409 | 75,677 |
| Internal-use software | 207,127 | 183,380 |
| Leasehold improvements | 323,609 | 312,123 |
| Construction in progress | 85,916 | 82,014 |
| | 885,031 | 827,286 |
| Less: accumulated depreciation and amortization | 358,868 | 305,988 |
| Property and equipment, net | \$ 526,163 | \$ 521,298 |

Internal-use software includes labor and license costs associated with software development for internal use. As of July 28, 2024 and January 28, 2024, the Company had accumulated amortization related to internal-use software of \$105.8 million and \$87.5 million, respectively.

Construction in progress is stated at cost, which includes the cost of construction and other directly attributable costs. No provision for depreciation is made on construction in progress until the relevant assets are completed and put into use.

For the thirteen weeks ended July 28, 2024 and July 30, 2023, the Company recorded depreciation expense on property and equipment of \$18.1 million and \$19.7 million, respectively, and amortization expense related to internal-use software costs of \$9.4 million and \$7.2 million, respectively. For the twenty-six weeks ended July 28, 2024 and July 30, 2023, the Company recorded depreciation expense on property and equipment of \$36.2 million and \$41.0 million, respectively, and amortization expense related to internal-use software costs of \$18.3 million and \$13.8 million, respectively. The aforementioned depreciation and amortization expenses were included within selling, general and administrative expenses in the condensed consolidated statements of operations.

5. Commitments and Contingencies

Legal Matters

Various legal claims arise from time to time in the normal course of business. In assessing loss contingencies related to legal proceedings that are pending against the Company, or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

The Company believes that it has adequately accrued for the potential impact of loss contingencies that are probable and reasonably estimable. The Company does not believe that the ultimate resolution of any matters to which it is presently a party will have a material adverse effect on the Company's results of operations, financial condition or cash flows. However, the results of these matters cannot be predicted with certainty, and an unfavorable resolution of one or more of these matters could have a material adverse effect on the Company's financial condition, results of operations or cash flows.

6. Debt

ABL Credit Facility

The Company has a senior secured asset-based credit facility (the “ABL Credit Facility”) which matures on August 27, 2026 and provides for non-amortizing revolving loans in an aggregate principal amount of up to \$800 million, subject to a borrowing base comprised of, among other things, inventory and sales receivables (subject to certain reserves). The ABL Credit Facility provides the right to request incremental commitments and add incremental asset-based revolving loan facilities in an aggregate principal amount of up to \$250 million, subject to customary conditions.

The Company is required to pay a commitment fee of 0.25% per annum with respect to the undrawn portion of the commitments, which is generally based on average daily usage of the facility. Based on the Company’s borrowing base as of July 28, 2024, which is reduced by standby letters of credit, the Company had \$760.2 million of borrowing capacity under the ABL Credit Facility. As of July 28, 2024 and January 28, 2024, the Company did not have any outstanding borrowings under the ABL Credit Facility, respectively.

7. Leases

The Company leases all of its fulfillment and customer service centers and corporate offices under non-cancelable operating lease agreements. The terms of the Company’s real estate leases generally range from 5 to 15 years and typically allow for the leases to be renewed for up to three additional five-year terms. Fulfillment and customer service center, veterinary clinic, and corporate office leases expire at various dates through 2038, excluding renewal options. The Company also leases certain equipment under operating and finance leases. The terms of equipment leases generally range from 3 to 5 years and do not contain renewal options. These leases expire at various dates through 2025.

The Company’s finance leases as of July 28, 2024 and January 28, 2024 were not material and were included in property and equipment, net, on the Company’s condensed consolidated balance sheets.

The table below presents the operating lease-related assets and liabilities recorded on the condensed consolidated balance sheets (in thousands):

| Leases | Balance Sheet Classification | As of | |
|-----------------------------------|--|-------------------|-------------------|
| | | July 28, 2024 | January 28, 2024 |
| Assets | | | |
| Operating | Operating lease right-of-use assets | \$ 464,706 | \$ 474,617 |
| Total operating lease assets | | <u>\$ 464,706</u> | <u>\$ 474,617</u> |
| Liabilities | | | |
| Current | | | |
| Operating | Accrued expenses and other current liabilities | \$ 31,191 | \$ 29,003 |
| Non-current | | | |
| Operating | Operating lease liabilities | 517,274 | 527,795 |
| Total operating lease liabilities | | <u>\$ 548,465</u> | <u>\$ 556,798</u> |

For the twenty-six weeks ended July 28, 2024 and July 30, 2023, assets acquired in exchange for new operating lease liabilities were \$6.5 million and \$50.6 million, respectively. Lease expense primarily relates to operating lease costs. Lease expense for the thirteen weeks ended July 28, 2024 and July 30, 2023 was \$26.8 million and \$26.3 million, respectively. Lease expense for the twenty-six weeks ended July 28, 2024 and July 30, 2023 was \$53.1 million and \$52.4 million, respectively. The aforementioned lease expense was included within selling, general and administrative expenses in the condensed consolidated statements of operations.

Cash flows used in operating activities related to operating leases were approximately \$52.0 million and \$45.2 million for the twenty-six weeks ended July 28, 2024 and July 30, 2023, respectively.

8. Share-Based Compensation

2024 Omnibus Incentive Plan

In July 2024, the Company's stockholders approved the Chewy, Inc. 2024 Omnibus Incentive Plan (the "2024 Plan") replacing the Chewy, Inc. 2022 Omnibus Incentive Plan (the "2022 Plan"). The 2024 Plan became effective on July 11, 2024 and the maximum number of shares of Class A common stock that may be covered by awards granted under the 2024 Plan may not exceed the aggregate total of (i) 80.0 million shares plus (ii) the number of shares remaining available for new awards under the 2022 Plan as of the effective date, up to 3.1 million shares. Following the effective date, any shares subject to an award under the 2022 Plan or the 2024 Plan that expires or are canceled, forfeited, or terminated without the issuance of the full number of shares to which the award related will again be available for issuance under the 2024 Plan. No awards may be granted under the 2024 Plan after July 2034. The 2024 Plan provides for grants of: (i) options, including incentive stock options and non-qualified stock options, (ii) restricted stock units, (iii) other share-based awards, including share appreciation rights, phantom stock, restricted shares, performance shares, deferred share units, and share-denominated performance units, (iv) cash awards, (v) substitute awards, and (vi) dividend equivalents (collectively, the "awards"). The awards may be granted to (i) the Company's employees, consultants, and non-employee directors, (ii) employees of the Company's affiliates and subsidiaries, and (iii) consultants of the Company's affiliates.

Service-Based Awards

The Company granted restricted stock units with service-based vesting conditions ("RSUs") which vested subject to the employee's continued employment with the Company through the applicable vesting date. The Company recorded share-based compensation expense for RSUs on a straight-line basis over the requisite service period and accounted for forfeitures as they occur.

Service-Based Awards Activity

The following table summarizes the activity related to the Company's RSUs for the twenty-six weeks ended July 28, 2024 (in thousands, except for weighted-average grant date fair value):

| | Number of RSUs | Weighted-Average Grant Date Fair Value | |
|---|----------------|---|-------|
| Unvested and outstanding as of January 28, 2024 | 17,388 | \$ | 34.65 |
| Granted | 22,546 | \$ | 16.41 |
| Vested | (4,677) | \$ | 34.60 |
| Forfeited | (2,557) | \$ | 28.96 |
| Unvested and outstanding as of July 28, 2024 | 32,700 | \$ | 22.53 |

The following table summarizes the weighted average grant-date fair value of RSUs granted and total fair value of RSUs vested for the periods presented:

| | 26 Weeks Ended | | | |
|--|----------------|-------|---------------|-------|
| | July 28, 2024 | | July 30, 2023 | |
| Weighted average grant-date fair value of RSUs | \$ | 16.41 | \$ | 35.52 |
| Total fair value of vested RSUs (in millions) | \$ | 84.5 | \$ | 106.1 |

As of July 28, 2024, total unrecognized compensation expense related to unvested RSUs was \$610.4 million and is expected to be recognized over a weighted-average expected performance period of 2.8 years.

The fair value for RSUs is established based on the market price of Class A common stock on the date of grant.

Service and Performance-Based Awards

The Company granted restricted stock units which vested upon satisfaction of both service-based vesting conditions and company performance-based vesting conditions ("PRSUs"), subject to the employee's continued employment with the Company through the applicable vesting date. The Company recorded share-based compensation expense for PRSUs over the requisite service period and accounted for forfeitures as they occur.

Service and Performance-Based Awards Activity

The following table summarizes the activity related to the Company's PRSUs for the twenty-six weeks ended July 28, 2024 (in thousands, except for weighted-average grant date fair value):

| | Number of PRSUs | Weighted-Average Grant Date Fair Value |
|---|-----------------|---|
| Unvested and outstanding as of January 28, 2024 | 553 | \$ 28.49 |
| Granted | 1,615 | \$ 16.93 |
| Vested | (38) | \$ 38.50 |
| Forfeited | (66) | \$ 34.50 |
| Unvested and outstanding as of July 28, 2024 | 2,064 | \$ 19.06 |

The following table summarizes the weighted average grant-date fair value of PRSUs granted and total fair value of PRSUs vested for the periods presented:

| | 26 Weeks Ended | |
|---|----------------|---------------|
| | July 28, 2024 | July 30, 2023 |
| Weighted average grant-date fair value of PRSUs | \$ 16.93 | \$ 35.71 |
| Total fair value of vested PRSUs (in millions) | \$ 0.6 | \$ 72.2 |

As of July 28, 2024, total unrecognized compensation expense related to unvested PRSUs was \$30.7 million and is expected to be recognized over a weighted-average expected performance period of 2.2 years.

During the twenty-six weeks ended July 30, 2023, vesting occurred for 93,309 PRSUs, previously granted to an employee of PetSmart LLC ("PetSmart"). The issuance of Class A common stock upon vesting of these PRSUs is treated as a distribution to a parent entity because both the Company and PetSmart are controlled by affiliates of BC Partners.

The fair value for PRSUs with a Company performance-based vesting condition is established based on the market price of Class A common stock on the date of grant.

As of July 28, 2024, there were 83.2 million additional shares of Class A common stock reserved for future issuance under the 2024 Plan.

Share-Based Compensation Expense

Share-based compensation expense is included within selling, general and administrative expenses in the condensed consolidated statements of operations. The Company recognized share-based compensation expense as follows (in thousands):

| | 13 Weeks Ended | | 26 Weeks Ended | |
|--|----------------|---------------|----------------|---------------|
| | July 28, 2024 | July 30, 2023 | July 28, 2024 | July 30, 2023 |
| RSUs | \$ 77,992 | \$ 64,818 | \$ 142,049 | \$ 114,771 |
| PRSUs | 3,581 | 1,178 | 4,909 | (222) |
| Total share-based compensation expense | \$ 81,573 | \$ 65,996 | \$ 146,958 | \$ 114,549 |

9. Income Taxes

Chewy is subject to taxation in the U.S. and various state, local, and foreign jurisdictions. The Company recorded an income tax benefit during the thirteen and twenty-six weeks ended July 28, 2024 of \$252.6 million and \$241.1 million, respectively. The Company had a current income tax provision during the thirteen and twenty-six weeks ended July 30, 2023 of \$1.3 million and \$2.3 million, respectively.

The Company periodically evaluates the realizability of its net deferred tax assets based on all available evidence. The realizability of the Company's net deferred tax assets is dependent on its ability to generate sufficient future taxable income prior to the expiration of tax attributes to support the utilization of these assets.

During the thirteen weeks ended July 28, 2024, based on all available evidence, the Company determined that it was appropriate to release the valuation allowance on the Company's U.S. federal and other state deferred tax assets resulting in a \$275.7 million tax benefit. As of July 28, 2024, the Company maintained a full valuation allowance against its foreign net deferred tax assets.

In connection with the Transactions, Chewy assumed \$1.9 billion in income taxes which were fully indemnified by affiliates of BC Partners. During the twenty-six weeks ended July 28, 2024, the Company paid \$98.9 million and affiliates of BC Partners paid \$7.3 million directly in federal and state income taxes relating to the preceding. The Company had an income tax payable of \$2.7 million and \$108.9 million as of July 28, 2024 and January 28, 2024, respectively.

10. Earnings per Share

Basic and diluted earnings per share attributable to the Company's common stockholders are presented using the two-class method required for participating securities. Under the two-class method, net income attributable to the Company's common stockholders is determined by allocating undistributed earnings between common stock and participating securities. Undistributed earnings for the periods presented are calculated as net income less distributed earnings. Undistributed earnings are allocated proportionally to the Company's common Class A and Class B stockholders as both classes are entitled to share equally, on a per share basis, in dividends and other distributions. Basic and diluted earnings per share are calculated by dividing net income attributable to the Company's common stockholders by the weighted-average shares outstanding during the period.

The following table sets forth basic and diluted earnings per share attributable to the Company's common stockholders for the periods presented (in thousands, except per share data):

| | 13 Weeks Ended | | 26 Weeks Ended | |
|--|----------------|---------------|----------------|---------------|
| | July 28, 2024 | July 30, 2023 | July 28, 2024 | July 30, 2023 |
| Basic and diluted earnings per share | | | | |
| Numerator | | | | |
| Earnings attributable to common Class A and Class B stockholders | \$ 299,117 | \$ 20,207 | \$ 366,014 | \$ 43,066 |
| Denominator | | | | |
| Weighted-average common shares used in computing earnings per share: | | | | |
| Basic | 429,377 | 428,618 | 432,125 | 427,735 |
| Effect of dilutive share-based awards | 8,505 | 2,958 | 5,028 | 3,289 |
| Diluted | 437,882 | 431,576 | 437,153 | 431,024 |
| Anti-dilutive share-based awards excluded from diluted common shares | 7,998 | 5,918 | 9,068 | 5,147 |
| Earnings per share attributable to common Class A and Class B stockholders: | | | | |
| Basic | \$ 0.70 | \$ 0.05 | \$ 0.85 | \$ 0.10 |
| Diluted | \$ 0.68 | \$ 0.05 | \$ 0.84 | \$ 0.10 |

11. Certain Relationships and Related Party Transactions

As of July 28, 2024, the Company had a payable to affiliates of BC Partners of \$0.3 million with respect to future tax payments in connection with the Transactions, which was included in accrued expenses and other current liabilities on the Company's condensed consolidated balance sheets. As of January 28, 2024, the Company had a receivable from affiliates of BC Partners of \$48.3 million with respect to future tax payments in connection with the Transactions, which was included in prepaid expenses and other current assets on the Company's condensed consolidated balance sheets.

As of July 28, 2024 and January 28, 2024, the Company had a receivable from affiliates of BC Partners of \$20.7 million and \$19.7 million, respectively, with respect to the indemnification for certain tax liabilities in connection with the Transactions, which was included in other non-current assets on the Company's condensed consolidated balance sheets.

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the Unaudited Condensed Consolidated Financial Statements and related notes thereto included in this Quarterly Report on Form 10-Q for the quarterly period ended July 28, 2024 and our audited consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the fiscal year ended January 28, 2024 (“10-K Report”). This discussion contains forward-looking statements that involve risks and uncertainties. As a result of many factors, such as those set forth under the “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” sections herein and in our 10-Q Report for the quarterly period ended April 28, 2024, our actual results may differ materially from those anticipated in these forward-looking statements. Unless the context requires otherwise, references in this 10-Q Report to “Chewy,” the “Company,” “we,” “our,” or “us” refer to Chewy, Inc. and its consolidated subsidiaries.

Investors and others should note that we may announce material information to our investors using our investor relations website (<https://investor.chewy.com/>), filings with the SEC, press releases, public conference calls and webcasts. We use these channels, as well as social media, to communicate with our investors and the public about our company, our business and other issues. It is possible that the information that we post on these channels could be deemed to be material information. We therefore encourage investors to visit these websites from time to time. The information contained on such websites and social media posts is not incorporated by reference into this filing. Further, our references to website URLs in this filing are intended to be inactive textual references only.

Overview

We are the largest pet e-tailer in the United States, offering virtually every product a pet needs. We launched Chewy in 2011 to bring the best of the neighborhood pet store shopping experience to a larger audience, enhanced by the depth and wide selection of products and services, as well as the around-the-clock convenience, that only e-commerce can offer. We believe that we are the preeminent destination for pet parents as a result of our broad selection of high-quality products and expanded menu of service offerings, which we offer at great prices and deliver with an exceptional level of care and a personal touch. We are the trusted source for pet parents and partners and continually develop innovative ways for our customers to engage with us. We partner with approximately 3,500 of the best and most trusted brands in the pet industry, and we create and offer our own outstanding private brands. Through our website and mobile applications, we offer our customers approximately 115,000 products, compelling merchandising, an easy and enjoyable shopping experience, and exceptional customer service.

Macroeconomic Considerations

Evolving macroeconomic conditions, including current inflation and interest rates, have affected, and continue to affect, our business and consumer shopping behavior. We continue to monitor conditions closely and adapt aspects of our logistics, transportation, supply chain, and purchasing processes accordingly to meet the needs of our growing community of pets, pet parents and partners. As our customers react to these economic conditions, we will adapt our business accordingly to meet their evolving needs.

We are unable to predict the duration and ultimate impact of evolving macroeconomic conditions on the broader economy or our operations and liquidity. As such, macroeconomic risks and uncertainties remain. Refer to “Cautionary Note Regarding Forward-Looking Statements” and the section titled “Risk Factors” in Item 1A of our 10-Q Report for the quarterly period ended April 28, 2024.

Fiscal Year End

We have a 52- or 53-week fiscal year ending each year on the Sunday that is closest to January 31 of that year. Our 2024 fiscal year ends on February 2, 2025 and is a 53-week year. Our 2023 fiscal year ended January 28, 2024 and was a 52-week year.

Key Financial and Operating Data

We measure our business using both financial and operating data and use the following metrics and measures to assess the near-term and long-term performance of our overall business, including identifying trends, formulating financial projections, making strategic decisions, assessing operational efficiencies, and monitoring our business.

| <i>(in thousands, except net sales per active customer, per share data, and percentages)</i> | 13 Weeks Ended | | | 26 Weeks Ended | | |
|--|----------------|---------------|----------|----------------|---------------|----------|
| | July 28, 2024 | July 30, 2023 | % Change | July 28, 2024 | July 30, 2023 | % Change |
| Financial and Operating Data | | | | | | |
| Net sales | \$ 2,858,589 | \$ 2,785,302 | 2.6 % | \$ 5,736,314 | \$ 5,575,941 | 2.9 % |
| Net income ⁽¹⁾ | \$ 299,117 | \$ 20,207 | n/m | \$ 366,014 | \$ 43,066 | n/m |
| <i>Net margin</i> | <i>10.5 %</i> | <i>0.7 %</i> | | <i>6.4 %</i> | <i>0.8 %</i> | |
| Adjusted EBITDA ⁽²⁾ | \$ 144,835 | \$ 88,147 | 64.3 % | \$ 307,759 | \$ 199,020 | 54.6 % |
| <i>Adjusted EBITDA margin ⁽²⁾</i> | <i>5.1 %</i> | <i>3.2 %</i> | | <i>5.4 %</i> | <i>3.6 %</i> | |
| Adjusted net income ⁽²⁾ | \$ 104,790 | \$ 64,577 | 62.3 % | \$ 241,854 | \$ 152,504 | 58.6 % |
| Earnings per share, basic ⁽¹⁾ | \$ 0.70 | \$ 0.05 | n/m | \$ 0.85 | \$ 0.10 | n/m |
| Earnings per share, diluted ⁽¹⁾ | \$ 0.68 | \$ 0.05 | n/m | \$ 0.84 | \$ 0.10 | n/m |
| Adjusted earnings per share, basic ⁽²⁾ | \$ 0.24 | \$ 0.15 | 60.0 % | \$ 0.56 | \$ 0.36 | 55.6 % |
| Adjusted earnings per share, diluted ⁽²⁾ | \$ 0.24 | \$ 0.15 | 60.0 % | \$ 0.55 | \$ 0.35 | 57.1 % |
| Net cash provided by operating activities | \$ 123,410 | \$ 158,575 | (22.2)% | \$ 205,347 | \$ 307,287 | (33.2)% |
| Free cash flow ⁽²⁾ | \$ 91,484 | \$ 100,931 | (9.4)% | \$ 144,122 | \$ 228,070 | (36.8)% |
| Active customers | 20,002 | 20,367 | (1.8)% | 20,002 | 20,367 | (1.8)% |
| Net sales per active customer | \$ 565 | \$ 532 | 6.2 % | \$ 565 | \$ 532 | 6.2 % |
| Autoship customer sales | \$ 2,242,169 | \$ 2,119,511 | 5.8 % | \$ 4,475,055 | \$ 4,217,782 | 6.1 % |
| Autoship customer sales as a percentage of net sales | 78.4 % | 76.1 % | | 78.0 % | 75.6 % | |

n/m - not meaningful

⁽¹⁾ Includes share-based compensation expense and related taxes of \$82.5 million and \$152.0 million for the thirteen and twenty-six weeks ended July 28, 2024, compared to \$68.3 million and \$122.1 million for the thirteen and twenty-six weeks ended July 30, 2023.

⁽²⁾ Adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted basic and diluted earnings per share, and free cash flow are non-GAAP financial measures.

We define net margin as net income divided by net sales and adjusted EBITDA margin as adjusted EBITDA divided by net sales.

Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA Margin

To provide investors with additional information regarding our financial results, we have disclosed here and elsewhere in this 10-Q Report adjusted EBITDA, a non-GAAP financial measure that we calculate as net income (loss) excluding depreciation and amortization; share-based compensation expense and related taxes; income tax provision (benefit); interest income (expense), net; transaction related costs; changes in the fair value of equity warrants; severance and exit costs; and litigation matters and other items that we do not consider representative of our underlying operations. We have provided a reconciliation below of adjusted EBITDA to net income (loss), the most directly comparable GAAP financial measure.

We have included adjusted EBITDA and adjusted EBITDA margin in this 10-Q Report because each is a key measure used by our management and board of directors to evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. In particular, the exclusion of certain expenses in calculating adjusted EBITDA and adjusted EBITDA margin facilitates operating performance comparability across reporting periods by removing the effect of non-cash expenses and certain variable charges. Accordingly, we believe that adjusted EBITDA and adjusted EBITDA margin provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

We believe it is useful to exclude non-cash charges, such as depreciation and amortization and share-based compensation expense from our adjusted EBITDA because the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations. We believe it is useful to exclude income tax provision (benefit); interest income (expense), net; transaction related costs; changes in the fair value of equity warrants; and litigation matters and other items which are not components of our core business operations. We believe it is useful to exclude severance and exit costs because these expenses represent temporary initiatives to realign resources and enhance operational efficiency, which are not components of our core business operations. Adjusted EBITDA has limitations as a financial measure and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future and adjusted EBITDA does not reflect capital expenditure requirements for such replacements or for new capital expenditures;
- adjusted EBITDA does not reflect share-based compensation and related taxes. Share-based compensation has been, and will continue to be for the foreseeable future, a recurring expense in our business and an important part of our compensation strategy;
- adjusted EBITDA does not reflect interest income (expense), net; or changes in, or cash requirements for, our working capital;
- adjusted EBITDA does not reflect transaction related costs and other items which are either not representative of our underlying operations or are incremental costs that result from an actual or planned transaction or initiative and include changes in the fair value of equity warrants, severance and exit costs, litigation matters, integration consulting fees, internal salaries and wages (to the extent the individuals are assigned full-time to integration and transformation activities) and certain costs related to integrating and converging IT systems; and
- other companies, including companies in our industry, may calculate adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider adjusted EBITDA and adjusted EBITDA margin alongside other financial performance measures, including various cash flow metrics, net income (loss), net margin, and our other GAAP results.

The following table presents a reconciliation of net income to adjusted EBITDA, as well as the calculation of net margin and adjusted EBITDA margin, for each of the periods indicated:

| <i>(in thousands, except percentages)</i> | 13 Weeks Ended | | 26 Weeks Ended | |
|--|-------------------|------------------|-------------------|-------------------|
| | July 28, 2024 | July 30, 2023 | July 28, 2024 | July 30, 2023 |
| Reconciliation of Net Income to Adjusted EBITDA | | | | |
| Net income | \$ 299,117 | \$ 20,207 | \$ 366,014 | \$ 43,066 |
| Add (deduct): | | | | |
| Depreciation and amortization | 28,455 | 27,814 | 56,455 | 56,712 |
| Share-based compensation expense and related taxes | 82,467 | 68,302 | 151,951 | 122,079 |
| Interest income, net | (12,921) | (8,928) | (27,444) | (16,944) |
| Change in fair value of equity warrants | (1,125) | (29,192) | (442) | (20,258) |
| Income tax (benefit) provision | (252,604) | 1,304 | (241,121) | 2,307 |
| Exit costs | — | 5,260 | — | 7,617 |
| Transaction related costs | 481 | 2,126 | 471 | 2,126 |
| Other | 965 | 1,254 | 1,875 | 2,315 |
| Adjusted EBITDA | \$ 144,835 | \$ 88,147 | \$ 307,759 | \$ 199,020 |
| Net sales | \$ 2,858,589 | \$ 2,785,302 | \$ 5,736,314 | \$ 5,575,941 |
| <i>Net margin</i> | <i>10.5 %</i> | <i>0.7 %</i> | <i>6.4 %</i> | <i>0.8 %</i> |
| <i>Adjusted EBITDA margin</i> | <i>5.1 %</i> | <i>3.2 %</i> | <i>5.4 %</i> | <i>3.6 %</i> |

Adjusted Net Income (Loss) and Adjusted Basic and Diluted Earnings (Loss) per Share

To provide investors with additional information regarding our financial results, we have disclosed here and elsewhere in this 10-Q Report adjusted net income (loss) and adjusted basic and diluted earnings (loss) per share, which represent non-GAAP financial measures. We calculate adjusted net income (loss) as net income (loss) excluding share-based compensation expense and related taxes, changes in valuation allowances associated with deferred tax assets, changes in the fair value of equity warrants, and severance and exit costs. We calculate adjusted basic and diluted earnings (loss) per share by dividing adjusted net income (loss) attributable to common stockholders by the weighted-average shares outstanding during the period. We have provided a reconciliation below of adjusted net income to net income, the most directly comparable GAAP financial measure.

We have included adjusted net income (loss) and adjusted basic and diluted earnings (loss) per share in this 10-Q Report because each is a key measure used by our management and board of directors to evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. In particular, the exclusion of certain expenses in calculating adjusted net income (loss) and adjusted basic and diluted earnings (loss) per share facilitates operating performance comparability across reporting periods by removing the effect of non-cash expenses and certain variable gains and losses that do not represent a component of our core business operations. We believe it is useful to exclude non-cash share-based compensation expense because the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations. We believe it is useful to exclude changes in valuation allowances associated with deferred tax assets as this is not a component of our core business operations. We believe it is useful to exclude changes in the fair value of equity warrants because the variability of equity warrant gains and losses is not representative of our underlying operations. We believe it is useful to exclude severance and exit costs because these expenses represent temporary initiatives to realign resources and enhance operational efficiency, which are not components of our core business operations. Accordingly, we believe that these measures provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

Adjusted net income (loss) and adjusted basic and diluted earnings (loss) per share have limitations as financial measures and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Other companies may calculate adjusted net income (loss) and adjusted basic and diluted earnings (loss) per share differently, which reduces their usefulness as comparative measures. Because of these limitations, you should consider adjusted net income (loss) and adjusted basic and diluted earnings (loss) alongside other financial performance measures, including various cash flow metrics, net income (loss), basic and diluted earnings (loss) per share, and our other GAAP results.

The following table presents a reconciliation of net income to adjusted net income, as well as the calculation of adjusted basic and diluted earnings per share, for each of the periods indicated:

(in thousands, except per share data)

| | 13 Weeks Ended | | 26 Weeks Ended | |
|--|-------------------|------------------|-------------------|-------------------|
| | July 28, 2024 | July 30, 2023 | July 28, 2024 | July 30, 2023 |
| Reconciliation of Net Income to Adjusted Net Income | | | | |
| Net income | \$ 299,117 | \$ 20,207 | \$ 366,014 | \$ 43,066 |
| Add (deduct): | | | | |
| Share-based compensation expense and related taxes | 82,467 | 68,302 | 151,951 | 122,079 |
| Change in fair value of equity warrants | (1,125) | (29,192) | (442) | (20,258) |
| Deferred income tax benefit | (275,669) | — | (275,669) | — |
| Exit costs | — | 5,260 | — | 7,617 |
| Adjusted net income | <u>\$ 104,790</u> | <u>\$ 64,577</u> | <u>\$ 241,854</u> | <u>\$ 152,504</u> |
| Weighted-average common shares used in computing earnings per share and adjusted earnings per share: | | | | |
| Basic | 429,377 | 428,618 | 432,125 | 427,735 |
| Effect of dilutive share-based awards | 8,505 | 2,958 | 5,028 | 3,289 |
| Diluted | <u>437,882</u> | <u>431,576</u> | <u>437,153</u> | <u>431,024</u> |
| Earnings per share attributable to common Class A and Class B stockholders | | | | |
| Basic | <u>\$ 0.70</u> | <u>\$ 0.05</u> | <u>\$ 0.85</u> | <u>\$ 0.10</u> |
| Diluted | <u>\$ 0.68</u> | <u>\$ 0.05</u> | <u>\$ 0.84</u> | <u>\$ 0.10</u> |
| Adjusted basic | <u>\$ 0.24</u> | <u>\$ 0.15</u> | <u>\$ 0.56</u> | <u>\$ 0.36</u> |
| Adjusted diluted | <u>\$ 0.24</u> | <u>\$ 0.15</u> | <u>\$ 0.55</u> | <u>\$ 0.35</u> |

Free Cash Flow

To provide investors with additional information regarding our financial results, we have also disclosed here and elsewhere in this 10-Q Report free cash flow, a non-GAAP financial measure that we calculate as net cash provided by (used in) operating activities less capital expenditures (which consist of purchases of property and equipment, capitalization of labor related to our websites, mobile applications, software development, and leasehold improvements). We have provided a reconciliation below of free cash flow to net cash provided by (used in) operating activities, the most directly comparable GAAP financial measure.

We have included free cash flow in this 10-Q Report because it is used by our management and board of directors as an important indicator of our liquidity as it measures the amount of cash we generate. Accordingly, we believe that free cash flow provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

Free cash flow has limitations as a financial measure and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. There are limitations to using non-GAAP financial measures, including that other companies, including companies in our industry, may calculate free cash flow differently. Because of these limitations, you should consider free cash flow alongside other financial performance measures, including net cash provided by (used in) operating activities, capital expenditures and our other GAAP results.

The following table presents a reconciliation of net cash provided by operating activities to free cash flow for each of the periods indicated:

(in thousands)

| Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow | 13 Weeks Ended | | 26 Weeks Ended | |
|---|----------------|---------------|----------------|---------------|
| | July 28, 2024 | July 30, 2023 | July 28, 2024 | July 30, 2023 |
| Net cash provided by operating activities | \$ 123,410 | \$ 158,575 | \$ 205,347 | \$ 307,287 |
| Deduct: | | | | |
| Capital expenditures | (31,926) | (57,644) | (61,225) | (79,217) |
| Free Cash Flow | \$ 91,484 | \$ 100,931 | \$ 144,122 | \$ 228,070 |

Free cash flow may be affected in the near to medium term by the timing of capital investments (such as the launch of new fulfillment centers, pharmacy facilities, veterinary clinics, customer service infrastructure, and corporate offices and purchases of IT and other equipment), fluctuations in our growth and the effect of such fluctuations on working capital, and changes in our cash conversion cycle due to increases or decreases of vendor payment terms as well as inventory turnover.

Key Operating Metrics

Active Customers

As of the last date of each reporting period, we determine our number of active customers by counting the total number of individual customers who have ordered a product or service, and for whom a product has shipped or for whom a service has been provided, at least once during the preceding 364-day period. The change in active customers in a reporting period captures both the inflow of new customers and the outflow of customers who have not made a purchase in the last 364 days. We view the number of active customers as a key indicator of our growth—acquisition and retention of customers—as a result of our marketing efforts and the value we provide to our customers. The number of active customers has grown over time as we acquired new customers and retained previously acquired customers.

Net Sales Per Active Customer

We define net sales per active customer as the aggregate net sales for the preceding four fiscal quarters, divided by the total number of active customers at the end of that period. We view net sales per active customer as a key indicator of our customers' purchasing patterns, including their initial and repeat purchase behavior.

Autoship and Autoship Customer Sales

We define Autoship customers as customers in a given fiscal quarter that had an order shipped through our Autoship subscription program during the preceding 364-day period. We define Autoship as our subscription program, which provides automatic ordering, payment, and delivery of products to our customers. We view our Autoship subscription program as a key driver of recurring net sales and customer retention. For a given fiscal quarter, Autoship customer sales consist of sales and shipping revenues from all Autoship subscription program purchases and purchases outside of the Autoship subscription program by Autoship customers, excluding taxes collected from customers, excluding any refunds, and net of any promotional offers (such as percentage discounts off current purchases and other similar offers) for that quarter. For a given fiscal year, Autoship customer sales equal the sum of the Autoship customer sales for each of the fiscal quarters in that fiscal year.

Autoship Customer Sales as a Percentage of Net Sales

We define Autoship customer sales as a percentage of net sales as the Autoship customer sales in a given reporting period divided by the net sales from all orders in that period. We view Autoship customer sales as a percentage of net sales as a key indicator of our recurring sales and customer retention.

Components of Results of Consolidated Operations

Net Sales

We derive net sales primarily from sales of both third-party brand and private brand pet food, pet products, pet medications and other pet health products, and related shipping fees. Sales of third-party brand and private brand pet food, pet products and shipping revenues are recorded when products are shipped, net of promotional discounts and refunds and allowances. Taxes collected from customers are excluded from net sales. Net sales is primarily driven by growth of new customers and active customers, and the frequency with which customers purchase and subscribe to our Autoship subscription program.

We also periodically provide promotional offers, including discount offers, such as percentage discounts off current purchases and other similar offers. These offers are treated as a reduction to the purchase price of the related transaction and are reflected as a net amount in net sales.

Cost of Goods Sold

Cost of goods sold consists of the cost of third-party brand and private brand products sold to customers, inventory freight, shipping supply costs, inventory shrinkage costs, and inventory valuation adjustments, offset by reductions for promotions and percentage or volume rebates offered by our vendors, which may depend on reaching minimum purchase thresholds. Generally, amounts received from vendors are considered a reduction of the carrying value of inventory and are ultimately reflected as a reduction of cost of goods sold.

Selling, General and Administrative

Selling, general and administrative expenses consist of payroll and related expenses for employees involved in general corporate functions, including accounting, finance, tax, legal and human resources; costs associated with use by these functions, such as depreciation expense and rent relating to facilities and equipment; professional fees and other general corporate costs; share-based compensation; and fulfillment costs.

Fulfillment costs represent costs incurred in operating and staffing fulfillment and customer service centers, including costs attributable to buying, receiving, inspecting and warehousing inventories, picking, packaging and preparing customer orders for shipment, payment processing and related transaction costs, and responding to inquiries from customers. Included within fulfillment costs are merchant processing fees charged by third parties that provide merchant processing services for credit cards.

Advertising and Marketing

Advertising and marketing expenses consist of advertising and payroll related expenses for personnel engaged in marketing, business development and selling activities.

Interest Income (Expense), net

We generate interest income from our cash and cash equivalents and marketable securities. We incur interest expense in relation to our borrowing facilities, finance leases, and uncertain tax positions.

Other Income (Expense), net

Our other income (expense), net consists of changes in the fair value of equity warrants, investments, and tax indemnification receivables, foreign currency transaction gains and losses, and allowances for credit losses.

Results of Consolidated Operations

The following tables set forth our results of operations for the periods presented and express the relationship of certain line items as a percentage of net sales for those periods. The period-to-period comparison of financial results is not necessarily indicative of future results:

| (in thousands, except percentages) | 13 Weeks Ended | | | | | 26 Weeks Ended | | | | |
|--|----------------|---------------|----------|----------------|---------------|----------------|---------------|----------|----------------|---------------|
| | July 28, 2024 | July 30, 2023 | % Change | % of net sales | | July 28, 2024 | July 30, 2023 | % Change | % of net sales | |
| | | | | July 28, 2024 | July 30, 2023 | | | | July 28, 2024 | July 30, 2023 |
| Consolidated Statements of Operations | | | | | | | | | | |
| Net sales | \$ 2,858,589 | \$ 2,785,302 | 2.6 % | 100.0 % | 100.0 % | \$ 5,736,314 | \$ 5,575,941 | 2.9 % | 100.0 % | 100.0 % |
| Cost of goods sold | 2,014,753 | 1,996,581 | 0.9 % | 70.5 % | 71.7 % | 4,038,486 | 3,994,364 | 1.1 % | 70.4 % | 71.6 % |
| Gross profit | 843,836 | 788,721 | 7.0 % | 29.5 % | 28.3 % | 1,697,828 | 1,581,577 | 7.4 % | 29.6 % | 28.4 % |
| Operating expenses: | | | | | | | | | | |
| Selling, general and administrative | 621,267 | 619,889 | 0.2 % | 21.7 % | 22.3 % | 1,223,828 | 1,204,278 | 1.6 % | 21.3 % | 21.6 % |
| Advertising and marketing | 190,518 | 185,491 | 2.7 % | 6.7 % | 6.7 % | 377,333 | 369,224 | 2.2 % | 6.6 % | 6.6 % |
| Total operating expenses | 811,785 | 805,380 | 0.8 % | 28.4 % | 28.9 % | 1,601,161 | 1,573,502 | 1.8 % | 27.9 % | 28.2 % |
| Income (loss) from operations | 32,051 | (16,659) | 292.4 % | 1.1 % | (0.6)% | 96,667 | 8,075 | n/m | 1.7 % | 0.1 % |
| Interest income, net | 12,921 | 8,928 | 44.7 % | 0.5 % | 0.3 % | 27,444 | 16,944 | 62.0% | 0.5 % | 0.3 % |
| Other income, net | 1,541 | 29,242 | (94.7)% | 0.1 % | 1.0 % | 782 | 20,354 | (96.2)% | 0.0 % | 0.4 % |
| Income before income tax (benefit) provision | 46,513 | 21,511 | 116.2 % | 1.6 % | 0.8 % | 124,893 | 45,373 | 175.3 % | 2.2 % | 0.8 % |
| Income tax (benefit) provision | (252,604) | 1,304 | n/m | (8.8)% | 0.0 % | (241,121) | 2,307 | n/m | (4.2)% | 0.0 % |
| Net income | \$ 299,117 | \$ 20,207 | n/m | 10.5 % | 0.7 % | \$ 366,014 | \$ 43,066 | n/m | 6.4 % | 0.8 % |

n/m - not meaningful

Thirteen and Twenty-Six Weeks Ended July 28, 2024 Compared to Thirteen and Twenty-Six Weeks Ended July 30, 2023

Net Sales

| (in thousands, except percentages) | 13 Weeks Ended | | | | 26 Weeks Ended | | | |
|------------------------------------|----------------|---------------|-----------|----------|----------------|---------------|------------|----------|
| | July 28, 2024 | July 30, 2023 | \$ Change | % Change | July 28, 2024 | July 30, 2023 | \$ Change | % Change |
| Consumables | \$ 2,016,222 | \$ 2,004,617 | \$ 11,605 | 0.6 % | \$ 4,063,134 | \$ 4,009,001 | \$ 54,133 | 1.4 % |
| Hardgoods | 300,511 | 297,158 | 3,353 | 1.1 % | 605,236 | 608,273 | (3,037) | (0.5)% |
| Other | 541,856 | 483,527 | 58,329 | 12.1 % | 1,067,944 | 958,667 | 109,277 | 11.4 % |
| Net sales | \$ 2,858,589 | \$ 2,785,302 | \$ 73,287 | 2.6 % | \$ 5,736,314 | \$ 5,575,941 | \$ 160,373 | 2.9 % |

Net sales for the thirteen weeks ended July 28, 2024 increased by \$73.3 million, or 2.6%, to \$2.9 billion compared to \$2.8 billion for the thirteen weeks ended July 30, 2023. This increase was primarily driven by growth in customer spending from both new and existing customers, and the frequency with which customers purchase and subscribe to our Autoship subscription program. Net sales per active customer increased \$33, or 6.2%, in the thirteen weeks ended July 28, 2024 compared to the thirteen weeks ended July 30, 2023, driven by growth across our healthcare and specialty businesses.

Net sales for the twenty-six weeks ended July 28, 2024 increased by \$160.4 million, or 2.9%, to \$5.7 billion compared to \$5.6 billion for the twenty-six weeks ended July 30, 2023. This increase was primarily driven by growth in customer spending from both new and existing customers, and the frequency with which customers purchase and subscribe to our Autoship subscription program. Net sales per active customer increased \$33, or 6.2%, in the twenty-six weeks ended July 28, 2024 compared to the twenty-six weeks ended July 30, 2023, driven by growth across our healthcare and specialty businesses.

Cost of Goods Sold and Gross Profit

Cost of goods sold for the thirteen weeks ended July 28, 2024 increased by \$18.2 million, or 0.9%, to \$2.0 billion compared to \$2.0 billion in the thirteen weeks ended July 30, 2023. This increase was primarily due to an increase in associated product, outbound freight, and shipping supply costs. The increase in cost of goods sold was lower than the increase in net sales on a percentage basis, reflecting supply chain efficiency gains across our fulfillment network.

Cost of goods sold for the twenty-six weeks ended July 28, 2024 increased by \$44.1 million, or 1.1%, to \$4.0 billion compared to \$4.0 billion in the twenty-six weeks ended July 30, 2023. This increase was primarily due to an increase in associated product, outbound freight, and shipping supply costs. The increase in cost of goods sold was lower than the increase in net sales on a percentage basis, reflecting supply chain efficiency gains across our fulfillment network.

Gross profit for the thirteen weeks ended July 28, 2024 increased by \$55.1 million, or 7.0%, to \$843.8 million compared to \$788.7 million in the thirteen weeks ended July 30, 2023. This increase was primarily due to the year-over-year increase in net sales as described above. Gross profit as a percentage of net sales for the thirteen weeks ended July 28, 2024 increased by 120 basis points compared to the thirteen weeks ended July 30, 2023, primarily due to margin expansion across our healthcare, consumables, and private brands businesses.

Gross profit for the twenty-six weeks ended July 28, 2024 increased by \$116.3 million, or 7.4%, to \$1.7 billion compared to \$1.6 billion in the twenty-six weeks ended July 30, 2023. This increase was primarily due to the year-over-year increase in net sales as described above. Gross profit as a percentage of net sales for the twenty-six weeks ended July 28, 2024 increased by 120 basis points compared to the twenty-six weeks ended July 30, 2023, primarily due to margin expansion across our healthcare, consumables, and private brands businesses.

Selling, General and Administrative

Selling, general and administrative expenses for the thirteen weeks ended July 28, 2024 increased by \$1.4 million, or 0.2%, to \$621.3 million compared to \$619.9 million in the thirteen weeks ended July 30, 2023. This was primarily due to an increase of \$14.2 million in non-cash share-based compensation expense and related taxes, partially offset by a decrease of \$7.9 million in facilities expenses and other general and administrative expenses attributable to lower corporate headcount as well as a decrease of \$4.9 million in fulfillment costs attributable to automation and supply chain efficiencies within our fulfillment network.

Selling, general and administrative expenses for the twenty-six weeks ended July 28, 2024 increased by \$19.6 million, or 1.6%, to \$1.2 billion compared to \$1.2 billion in the twenty-six weeks ended July 30, 2023. This was primarily due to an increase of \$29.9 million in non-cash share-based compensation expense and related taxes, partially offset by a decrease of \$7.4 million in fulfillment costs attributable to automation and supply chain efficiencies within our fulfillment network as well as a decrease of \$2.9 million in facilities expenses and other general and administrative expenses attributable to lower corporate headcount.

Advertising and Marketing

Advertising and marketing expenses for the thirteen weeks ended July 28, 2024 increased by \$5.0 million, or 2.7%, to \$190.5 million compared to \$185.5 million in the thirteen weeks ended July 30, 2023. Our marketing expenses increased due to additional investment in our lower and upper funnel marketing channels as well as expansion into Canada, contributing to new customer acquisition, customer retention, and an increase in wallet share from our large and stable customer base.

Advertising and marketing expenses for the twenty-six weeks ended July 28, 2024 increased by \$8.1 million, or 2.2%, to \$377.3 million compared to \$369.2 million in the twenty-six weeks ended July 30, 2023. Our marketing expenses increased due to additional investment in our lower and upper funnel marketing channels as well as expansion into Canada, contributing to new customer acquisition, customer retention, and an increase in wallet share from our large and stable customer base.

Interest Income (Expense), net

Interest income for the thirteen weeks ended July 28, 2024 increased by \$4.0 million, to \$12.9 million compared to interest income of \$8.9 million in the thirteen weeks ended July 30, 2023. This increase was due to interest income generated by cash and cash equivalents and marketable securities exceeding interest expenses incurred.

Interest income for the twenty-six weeks ended July 28, 2024 increased by \$10.5 million, to \$27.4 million compared to interest income of \$16.9 million in the twenty-six weeks ended July 30, 2023. This increase was due to interest income generated by cash and cash equivalents and marketable securities exceeding interest expenses incurred.

Other Income (Expense), net

Other income for the thirteen weeks ended July 28, 2024 decreased by \$27.7 million, to \$1.5 million compared to other income of \$29.2 million in the thirteen weeks ended July 30, 2023. This decrease was primarily due to changes in the fair value of equity warrants and foreign currency transaction losses, partially offset by changes in the fair value of and tax indemnification receivables and equity investments.

Other expense for the twenty-six weeks ended July 28, 2024 decreased by \$19.6 million, to \$0.8 million compared to other income of \$20.4 million in the twenty-six weeks ended July 30, 2023. This decrease was primarily due to changes in the fair value of equity warrants and foreign currency transaction losses, partially offset by changes in the fair value of and tax indemnification receivables and equity investments.

Liquidity and Capital Resources

We finance our operations and capital expenditures primarily through cash flows generated by operations. Our principal sources of liquidity are expected to be our cash and cash equivalents, marketable securities, and our revolving credit facility. Cash and cash equivalents consist primarily of cash on deposit with banks and investments in money market funds, U.S. Treasury securities, certificates of deposit, and commercial paper. Cash and cash equivalents totaled \$694.5 million as of July 28, 2024, an increase of \$92.2 million from January 28, 2024. Marketable securities consist primarily of vested equity warrants, equity investments, U.S. treasury securities, certificates of deposit, and commercial paper and totaled \$0.5 million as of July 28, 2024, a decrease of \$531.3 million from January 28, 2024.

We believe that our cash and cash equivalents, marketable securities, and availability under our revolving credit facility will be sufficient to fund our working capital, capital expenditure requirements, and contractual obligations for at least the next twelve months. In addition, we may choose to raise additional funds at any time through equity or debt financing arrangements, which may or may not be needed for additional working capital, capital expenditures, share repurchases, or other strategic investments. Our opinions concerning liquidity are based on currently available information. To the extent this information proves to be inaccurate, or if circumstances change, future availability of trade credit or other sources of financing may be reduced and our liquidity could be adversely affected. Our future capital requirements and the adequacy of available funds will depend on many factors, including those described in the section titled "Risk Factors" in Item 1A of our 10-Q Report for the quarterly period ended April 28, 2024. Depending on the severity and direct impact of these factors on us, we may be unable to secure additional financing to meet our operating requirements on terms favorable to us, or at all.

Cash Flows

| <i>(\$ in thousands)</i> | 26 Weeks Ended | |
|---|-----------------------|----------------------|
| | July 28, 2024 | July 30, 2023 |
| Net cash provided by operating activities | \$ 205,347 | \$ 307,287 |
| Net cash provided by (used in) investing activities | \$ 477,177 | \$ (172,353) |
| Net cash used in financing activities | \$ (590,062) | \$ (8,140) |

Operating Activities

Net cash provided by operating activities was \$205.3 million for the twenty-six weeks ended July 28, 2024, which primarily consisted of \$366.0 million of net income, partially offset by \$56.9 million of non-cash adjustments such as deferred income tax benefit of \$275.7 million, share-based compensation expense of \$147.0 million, and depreciation and amortization expense of \$56.5 million, and a cash decrease of \$90.0 million from working capital. Cash decreases from working capital were primarily driven by an increase in inventories and receivables, as well as a decrease in other current liabilities, partially offset by an increase in payables.

Net cash provided by operating activities was \$307.3 million for the twenty-six weeks ended July 30, 2023, which primarily consisted of \$43.1 million of net income, \$173.9 million of non-cash adjustments such as share-based compensation expense of \$114.5 million and depreciation and amortization expense of \$56.7 million, and a cash increase of \$102.5 million from working capital. Cash increases from working capital were primarily driven by an increase in other current liabilities and payables, partially offset by an increase in inventories, receivables, and other current assets.

Investing Activities

Net cash provided by investing activities was \$477.2 million for the twenty-six weeks ended July 28, 2024, primarily consisting of \$538.4 million for the maturities of marketable securities, partially offset by \$61.2 million for capital expenditures related to the launch of new and future pharmacy facilities, veterinary clinics, and fulfillment centers as well as additional investments in IT hardware and software.

Net cash used in investing activities was \$172.4 million for the twenty-six weeks ended July 30, 2023, primarily consisting of \$92.8 million for the purchases of marketable securities, net of maturities and \$79.2 million for capital expenditures. Capital expenditures were related to the launch of new and future fulfillment centers and additional investments in IT hardware and software.

Financing Activities

Net cash used in financing activities was \$590.1 million for the twenty-six weeks ended July 28, 2024 primarily consisting of \$532.0 million for repurchases of common stock, \$57.6 million for income taxes paid for, net of proceeds from, the parent reorganization transaction, and principal repayments of finance lease obligations.

Net cash used in financing activities was \$8.1 million for the twenty-six weeks ended July 30, 2023, and consisted of payments made pursuant to the tax sharing agreement with related parties, principal repayments of finance lease obligations, and payment of debt modification costs.

Other Liquidity Measures

ABL Credit Facility

We have a senior secured asset-based credit facility (the “ABL Credit Facility”) which matures on August 27, 2026 and provides for non-amortizing revolving loans in the aggregate principal amount of up to \$800 million, subject to a borrowing base comprised of, among other things, inventory and sales receivables (subject to certain reserves). The ABL Credit Facility provides the right to request incremental commitments and add incremental asset-based revolving loan facilities up to \$250 million, subject to customary conditions. We are required to pay a 0.25% per annum commitment fee with respect to the undrawn portion of the commitments, which is generally based on average daily usage of the facility. Based on our borrowing base as of July 28, 2024, which is reduced by standby letters of credit, we had \$760.2 million of borrowing capacity under the ABL Credit Facility. As of July 28, 2024 and January 28, 2024, we did not have any outstanding borrowings under the ABL Credit Facility, respectively.

Share Repurchase Activity

On May 24, 2024, our Board of Directors authorized the Company to repurchase up to \$500 million of its Class A common stock, par value \$0.01 per share (the “Class A common stock”), and/or Class B common stock, par value \$0.01 per share (the “Class B common stock” and together with the Class A common stock, the “common stock”), pursuant to a share repurchase program (the “Program”). The actual timing and amount of any share repurchases remains subject to a variety of factors, including stock price, trading volume, market conditions, compliance with applicable legal requirements, and other general business considerations. We are not required to repurchase any specific number of shares of common stock. The Program has no expiration date and may be modified, suspended, or terminated at any time.

On June 26, 2024, the Company entered into an agreement (the “Stock Repurchase Agreement”) with Buddy Chester Sub LLC (the “Seller”), to repurchase and retire an aggregate of 17,550,000 shares of Class A common stock at a price per share of \$28.49, resulting in an aggregate repurchase price of \$500 million.

During the thirteen weeks ended July 28, 2024, 1,321,502 and 17,550,000 shares of Class A common stock were repurchased and subsequently cancelled and retired pursuant to the Program and Stock Repurchase Agreement for a total cost of \$32.7 million and \$500.0 million, respectively, excluding the cost of commissions and excise taxes. The authorized value of shares available to be repurchased under the Program excludes the cost of commissions and excise taxes and as of July 28, 2024, the remaining authorized value was \$467.3 million. As of July 28, 2024, the total unpaid cost of share repurchases was \$5.3 million, which included \$4.5 million for excise taxes.

Recent Accounting Pronouncements

Information regarding recent accounting pronouncements is included in Note 2 in the “Notes to Condensed Consolidated Financial Statements” of this 10-Q Report.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes to the quantitative and qualitative disclosures about market risk disclosed in our Annual Report on Form 10-K for the fiscal year ended January 28, 2024.

Item 4. Controls and Procedures

Management’s Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required financial disclosure.

As of the end of the period covered by this 10-Q Report, our management, under the supervision and with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e) and 15d-15(e). Based upon this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of July 28, 2024.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the thirteen weeks ended July 28, 2024.

Limitations on the Effectiveness of Controls

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives as specified above. Management does not expect, however, that our disclosure controls and procedures will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based on certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Information concerning legal proceedings is provided in Item 1 of Part I, “Financial Statements (Unaudited)–Note 5– Commitments and Contingencies–Legal Matters” and is incorporated by reference herein.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in our Quarterly Report on Form 10-Q for the quarterly period ended April 28, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table presents information with respect to shares of Class A common stock repurchased by Chewy, Inc. during the thirteen weeks ended July 28, 2024:

| Period | Total Number of Shares Purchased ⁽¹⁾ | Average Price Paid Per Share ⁽²⁾ | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽³⁾ | Approximate Dollar Value of Shares That May Yet Be Purchased Under The Plans or Programs (in millions) ⁽⁴⁾ |
|-------------------------------|---|---|---|---|
| April 29, 2024 - May 26, 2024 | — | \$ — | — | \$ 500.0 |
| May 27, 2024 - June 30, 2024 | 18,246,798 | \$ 28.32 | 696,798 | \$ 483.2 |
| July 1, 2024 - July 28, 2024 | 624,704 | \$ 25.48 | 624,704 | \$ 467.3 |
| Total | 18,871,502 | | 1,321,502 | |

⁽¹⁾ The purchased shares consisted of 1,321,502 shares of Class A common stock repurchased pursuant to the Program and 17,550,000 shares of Class A common stock repurchased pursuant to the Stock Repurchase Agreement.

⁽²⁾ Average price paid per share under the Program excludes the cost of commissions and excise taxes associated with the repurchases. For the period of May 27, 2024 through June 30, 2024, the average price paid per share pursuant to the Program and Stock Repurchase Agreement was \$24.10 and \$28.49, respectively.

⁽³⁾ On May 24, 2024, the Company’s Board of Directors authorized the Company to repurchase up to \$500 million of the Company’s common stock pursuant to the Program. The Program has no expiration date and may be modified, suspended or terminated at any time. Refer to Note 2 in the “Notes to Condensed Consolidated Financial Statements” of this Quarterly Report on Form 10-Q for additional information.

⁽⁴⁾ Approximate dollar value of shares that may yet be purchased under the Program excludes the cost of commissions and excise taxes associated with the repurchases.

Item 5. Other Information

Rule 10b5-1 Plan Elections

On July 12, 2024, Satish Mehta, the Company’s Chief Technology Officer, adopted a “Rule 10b5-1 trading arrangement” as defined in Item 408 of Regulation S-K. The trading arrangement is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act and is scheduled to expire on July 14, 2025, subject to earlier termination in accordance with its terms. The aggregate number of shares of Class A common stock authorized to be sold pursuant to the trading arrangement is 338,130 shares.

During the thirteen weeks ended July 28, 2024, no other director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as those terms are defined in Item 408 of Regulation S-K.

Item 6. Exhibits

| Exhibit No. | Exhibit Description | Incorporation by Reference | | | | Filed Herewith |
|-------------|---|----------------------------|-----------|---------------------|---------------|----------------|
| | | Form | File No. | Exhibit No. | Filing Date | |
| 3.1 | Fifth Amended and Restated Certificate of Incorporation. | 8-K | 001-38936 | 3.1 | July 12, 2024 | |
| 10.1 | *Form of Director Restricted Stock Unit Agreement. | | | | | X |
| 10.2 | *Chewy, Inc. 2024 Omnibus Incentive Plan. | DEF 14A | 001-38936 | Filed as Appendix B | May 24, 2024 | |
| 10.3 | Stock Repurchase Agreement, dated June 26, 2024, by and between Chewy, Inc. and Buddy Chester Sub LLC. | 8-K | 001-38936 | 10.1 | June 27, 2024 | |
| 31.1 | Certification of the Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | | X |
| 31.2 | Certification of the Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | | X |
| 32.1 | Certifications of the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | | | X |
| 101.INS | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document | | | | | X |
| 101.SCH | XBRL Taxonomy Extension Schema Document | | | | | X |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document | | | | | X |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document | | | | | X |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document | | | | | X |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document | | | | | X |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) | | | | | X |

* Denotes management contract or compensatory plan or arrangement required to be filed as an exhibit hereto

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

CHEWY, INC.

Date: August 28, 2024

By: /s/ David Reeder

David Reeder
Chief Financial Officer

**AWARD NOTICE
AND
RESTRICTED STOCK UNIT AGREEMENT
(2024 Director Grants)**

**CHEWY, INC.
2024 OMNIBUS INCENTIVE PLAN**

The Participant has been granted Restricted Stock Units with the terms set forth in this Award Notice, and subject to the terms and conditions of the Plan and the Restricted Stock Unit Agreement to which this Award Notice is attached. Capitalized terms used and not defined in this Award Notice shall have the meanings set forth in the Restricted Stock Unit Agreement and the Plan, as applicable.

Participant:

Date of Grant:

Restricted Stock Units Granted:

Vesting Schedule:

1. **Regular Vesting.** Subject to the Participant's continued Service through the vesting date, 100% of the Award will vest on the earlier of (1) the date of the Company's annual meeting of stockholders in the year following the Date of Grant or (2) one year from the Date of Grant set forth above, and will be settled in accordance with Section 4 of the Agreement.
2. **Change in Control Treatment.** Subject to the Participant's continued Service through the Change in Control, 100% of the Award will vest upon a Change in Control.

* * *

RESTRICTED STOCK UNIT AGREEMENT

CHEWY, INC.

2024 OMNIBUS INCENTIVE PLAN

This Restricted Stock Unit Agreement, effective as of the Date of Grant (as defined below), is between Chewy, Inc., a Delaware corporation (“Chewy”), and the Participant (as defined below).

WHEREAS, Chewy has adopted the Chewy, Inc. 2024 Omnibus Incentive Plan (as it may be amended, the “Plan”) in order to provide equity-based incentive awards to eligible service providers to encourage them to deliver outcomes and/or continue in the Service of the Company; and

WHEREAS, the Board of Directors has determined to grant RSUs (as defined below) to the Participant (as defined below) as provided herein and the Company and the Participant (as defined below) hereby wish to memorialize the terms and conditions applicable to such RSUs.

NOW, THEREFORE, the parties hereto agree as follows:

1. **Definitions.** Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan. The following terms shall have the following meanings for purposes of this Agreement:

(a) “Agreement” shall mean this Restricted Stock Unit Agreement including (unless the context otherwise requires) the Award Notice.

(b) “Award Notice” shall mean the notice to the Participant.

(c) “Cause” shall have the meaning ascribed to such term in any employment agreement entered into by the Participant and Company and if not so defined, or no such agreement exists, “Cause” shall mean (i) a refusal or failure to follow the lawful and reasonable directions of the Board of Directors or individual to whom the Participant reports, which refusal or failure is not cured within thirty (30) days following delivery of written notice of such conduct to the Participant; (ii) conviction of the Participant of any felony involving fraud or act of dishonesty against the Company or any of its affiliates; (iii) conduct by the Participant which, based upon good faith and reasonable factual investigation and determination of the Company, demonstrates gross unfitness to serve; (iv) intentional, material violation by the Participant of any contractual, statutory, or fiduciary duty owed by the Participant to the Company or any of its affiliates; or (v) willful misconduct causing material economic harm or public disgrace to the Company of any of its subsidiaries or affiliates.

(d) “Company” shall mean Chewy.

(e) “Date of Grant” shall mean the “Date of Grant” listed in the Award Notice.

(f) “Participant” shall mean the “Participant” listed in the Award Notice.

(g) “RSUs” shall mean that number of Restricted Stock Units listed in the Award Notice as “Restricted Stock Units Granted.”

2. **Grant of Units.** The Company hereby grants the RSUs to the Participant, each of which represents the right to receive one Share upon vesting of such RSU, subject to and in accordance with the terms, conditions and restrictions set forth in the Plan, the Award Notice, and this Agreement.

3. **RSU Account.** The Company shall cause an account (the “Unit Account”) to be established and maintained on the books of the Company to record the number of RSUs credited to the Participant under the terms of this Agreement. The Participant’s interest in the Unit Account shall be that of a general, unsecured creditor of the Company. Each RSU shall accrue dividend equivalents (“Dividend Equivalents”) with respect to dividends that would otherwise be paid on the Share underlying such RSU during the period from the Date of Grant to the date such Share is delivered in accordance with Section 4 below. Dividend Equivalents shall be subject to the same vesting conditions applicable to the RSU on which such Dividend Equivalents are accrued, and shall be paid in cash to the Participant upon delivery of the underlying Share in respect of which the Dividend Equivalents were accrued.

4. **Vesting; Settlement.**

(a) The RSUs shall become vested in accordance with the schedule set forth on the Award Notice. The Company shall deliver to the Participant one Share for each RSU (as adjusted under the Plan) as soon as practicable and no later than twenty (20) business days following the applicable vesting date, subject to Section 4(b) below, and such vested RSU shall be cancelled upon such delivery.

(b) If permitted by the Company, the Participant may elect, subject to the terms and conditions of the Plan and any other applicable written plan or procedure adopted by the Company from time to time for purposes of such election, to defer the distribution of all or any portion of the Shares that would otherwise be distributed to the Participant hereunder (the “Deferred Shares”), consistent with the requirements of Section 409A of the Code. Upon the earning of RSUs that have been so deferred, the applicable number of Deferred Shares will be credited to a bookkeeping account established on the Participant’s behalf (the “Account”). Subject to Section 3, the number of Shares equal to the number of Deferred Shares credited to the Participant’s Account will be distributed to the Participant in accordance with the terms of the Plan and the other applicable written plans or procedures of the Company, consistent with the requirements of Section 409A of the Code.

(c) The Participant will be solely liable for all federal, state, local, foreign and other tax obligations related to the RSUs (collectively, "Tax-Related Items"), and the Company (i) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant, vesting, or settlement of the RSUs or the subsequent sale of any Shares and (ii) does not commit to structure the RSUs to reduce or eliminate the Participant's liability for Tax-Related Items. The Participant acknowledges that the Company has encouraged the Participant to consult the Participant's own adviser regarding the tax consequences of the Award, and that the Participant is not relying on the Company or its Affiliates or agents for tax advice.

(d) The Company shall pay any costs incurred in connection with issuing the Shares. Upon the issuance of the Shares to the Participant, the Participant's Unit Account shall be eliminated. Notwithstanding anything in this Agreement to the contrary, the Company shall have no obligation to issue or transfer the Shares as contemplated by this Agreement unless and until such issuance or transfer shall comply with all relevant provisions of law and the requirements of any stock exchange on which the Company's shares are listed for trading.

5. **Termination of Service.**

(a) In the event that the Participant's Service with the Company terminates for any reason, any unvested RSUs shall be forfeited and all of the Participant's rights hereunder with respect to such unvested RSUs (and any Dividend Equivalents accrued thereon) shall cease as of the Termination Date (unless otherwise provided for by the Committee in accordance with the Plan).

(b) The Participant's rights with respect to the RSUs shall not be affected by any change in the nature of the Participant's Service so long as the Participant continues to be an employee or service provider, as applicable, of the Company. Whether (and the circumstances under which) the Participant's Service has terminated and the determination of the Termination Date for the purposes of this Agreement shall be determined by the Committee (or, with respect to any Participant who is not a director or "officer" as defined under Rule 16a-1(f) of the Exchange Act, its designee, whose good faith determination shall be final, binding and conclusive; provided, that such designee may not make any such determination with respect to the designee's own Service for purposes of the RSUs).

6. **Restrictions on Transfer.** The Participant may not assign, alienate, pledge, attach, sell or otherwise transfer or encumber the RSUs or the Participant's right under the RSUs to receive Shares, except other than by will or by the laws of descent and distribution and any such attempted or purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any of its Affiliates; provided, that the designation of a beneficiary (if permitted by the Committee) shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

7. **Repayment of Proceeds; Clawback Policy.**

(a) If the Participant's Service is terminated by the Company for Cause or the Participant resigns while grounds for Cause exist, or the Company discovers that after a termination of Service that grounds for a termination with Cause existed at the time thereof, then the Participant shall be required, in addition to any other remedy available (on a non-exclusive basis), to pay to the Company, within ten (10) business days of the Company's request to the Participant therefor, the aggregate after-tax proceeds (taking into account all amounts of tax that would be recoverable upon a claim of loss for payment of such proceeds in the year of repayment) the Participant received upon the sale or other disposition of, or distributions in respect of, the RSUs or Shares issued in settlement of the RSUs. With respect to the scenario where the Company discovers that after a termination of Service that grounds for a termination with Cause existed at the time thereof, then any reference in this Agreement to grounds existing for a termination with Cause shall be determined without regard to any cure period or other procedural delay or event required prior to a finding of, or termination with, Cause.

(b) The RSUs and all proceeds of the RSUs shall be subject to any right or obligation that the Company may have (i) under any Company clawback policy, including, without limitation, the Chewy Clawback Policy or other agreement or arrangement with the Participant, and (ii) under Section 10D of the Exchange Act and any applicable rules and regulations promulgated thereunder from time to time by the Securities and Exchange Commission, the listing standards of the NYSE, or any other applicable law.

(c) By acceptance of the grant of RSUs pursuant to this Agreement, the Participant acknowledges and agrees that the Company may cause the cancellation or forfeiture of RSUs or Shares issuable upon settlement of any RSU on the books and records of the Company or any transfer agent to enforce the provisions of this Section 7.

8. **No Right to Continued Service.** Neither the Plan nor this Agreement nor the Participant's receipt of the RSUs hereunder shall impose any obligation on the Company or any of its Affiliates to continue the Service of the Participant. Further, the Company or any of its Affiliates (as applicable) may at any time terminate the Service of the Participant, free from any liability or claim under the Plan or this Agreement, except as otherwise expressly provided herein.

9. **No Rights as a Stockholder.** The Participant's interest in the RSUs shall not entitle the Participant to any rights as a Chewy stockholder. The Participant shall not be deemed to be the holder of, or have any of the rights and privileges of a Chewy stockholder in respect of, the Shares unless and until such Shares have been issued to the Participant.

10. **Adjustments Upon Change in Capitalization.** The terms of this Agreement, including the RSUs, the Participant's Unit Account, any performance targets (including share price hurdles), and/or the Shares, shall be subject to adjustment in accordance with Section 9 of the Plan. This paragraph shall also apply with respect to any extraordinary dividend or other

extraordinary distribution in respect of the Chewy's common stock (whether in the form of cash or other property).

11. **Award Subject to Plan.** By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. The RSUs granted hereunder are subject to the Plan. The terms and provisions of the Plan, as it may be amended from time to time, are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

12. **Severability.** Except where otherwise expressly indicated, Participant's obligations under this Agreement are severable and/or subject to reformation or partial enforcement. If a court of competent jurisdiction determines that at the time this Agreement is presented for enforcement any provisions are overly broad or unenforceable, the parties agree that the court shall engage in partial enforcement and/or reform the Agreement to make it enforceable to the maximum extent possible for the protection of the Company's interests and prevention of irreparable harm which is the express intent of the parties. If despite the forgoing, a provision of this Agreement is held by a court or arbitrator of competent jurisdiction (an "Adjudicator") to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

13. **Governing Law; Venue; Language.** Subject to any arbitration agreement between Participant and the Company, any suit, action or proceeding with respect to this Agreement (or any provision incorporated by reference) or a judgment entered by an Adjudicator, that can be pursued or enforced in a court of law, shall be brought in the U.S. District Court for the District of Delaware or in another court of competent subject matter jurisdiction located in the State of Delaware. The Participant, the Company, and any transferees who hold RSUs pursuant to a valid assignment, all hereby submit to the exclusive jurisdiction of the courts of proper subject matter jurisdiction located in Delaware (the "Chosen Venue"), consent to the exercise of personal jurisdiction over them by such courts, and waive (a) any objections which they may now or hereafter have to the laying of the venue of any suit, action, or proceeding arising out of or relating to this Agreement that can be pursued in a court of law in the Chosen Venue; (b) any claim that any such suit, action, or proceeding brought in the Chosen Venue has been brought in any inconvenient forum; and (c) any right to a jury trial in the Chosen Venue (unless such jury waiver would violate controlling law or otherwise make the remainder of the forgoing provisions regarding Chosen Venue unenforceable). Nothing herein shall be construed to waive the arbitration obligations Participant or Company may have as a result of any arbitration agreement between them. If the Participant has received a copy of this Agreement (or the Plan or any other document related hereto or thereto) translated into a language other than English, such translated copy is qualified in its entirety by reference to the English version thereof, and in the event of any conflict the English version will govern.

14. **Successors in Interest.** Any successor to the Company shall have the benefits of the Company under, and be entitled to enforce, this Agreement. Likewise, the Participant's legal representative shall have the benefits of the Participant under, and be entitled to enforce, this Agreement. All obligations imposed upon the Participant and all rights granted to the Company under this Agreement shall be final, binding and conclusive upon the Participant's heirs, executors, administrators and successors.

15. **Data Privacy Consent.**

(a) General. The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in this Agreement and any other RSU grant materials by and the Company for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that the Company may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, work location and phone number, date of birth, social security number or other identification number, salary, nationality, job title, hire date, any shares of stock or directorships held in the Company, details of all awards or any other entitlement to shares awarded, cancelled, exercised, vested, unvested or outstanding in the Participant's favor, for the purpose of implementing, administering and managing the Plan ("Personal Data").

(b) Use of Personal Data; Retention. The Participant understands that Personal Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, now or in the future, that these recipients may be located in the Participant's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Participant's country. The Participant understands that the Participant may request a list with the names and addresses of any potential recipients of the Personal Data by contacting the Participant's local human resources representative. The Participant authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that the Participant may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Participant's local human resources representative.

(c) Withdrawal of Consent. The Participant understands that the Participant is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or if the Participant later seeks to revoke the Participant's consent, the Participant's Service and career with the Company will not be adversely affected; the only consequence of the Participant's refusing or withdrawing the Participant's consent is

that the Company would not be able to grant RSUs or other equity awards to the Participant or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, the Participant understands that the Participant may contact the Participant's local human resources representative.

16. **[Reserved].**

17. **Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation.** By accepting this Agreement and the grant of the RSUs contemplated hereunder, the Participant expressly acknowledges that (a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be suspended or terminated by the Company at any time, to the extent permitted by the Plan; (b) the grant of RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past; (c) all determinations with respect to future grants of RSUs, if any, including the date of grant, the number of Shares granted and the applicable vesting terms, will be at the sole discretion of the Company; (d) the Participant's participation in the Plan is voluntary; (e) the value of the RSUs is an extraordinary item of compensation that is outside the scope of the Participant's Services contract, if any, and nothing can or must automatically be inferred from such Services contract or its consequences; and (f) the future value of the underlying Shares is unknown and cannot be predicted with certainty. In addition, the Participant understands, acknowledges and agrees that the Participant will have no rights to compensation or damages related to RSU proceeds in consequence of the termination of the Participant's Service for any reason whatsoever and whether or not in breach of contract.

18. **Award Administrator.** The Company may from time to time designate a third party (as an "Award Administrator") to assist the Company in the implementation, administration, and management of the Plan and any RSUs granted thereunder, including by sending award notices on behalf of the Company to Participants, and by facilitating through electronic means acceptance of RSU Agreements by Participants.

19. **Section 409A of the Code.**

(a) This Agreement is intended to comply with the provisions of Section 409A of the Code and the regulations promulgated thereunder. Without limiting the foregoing, the Committee shall have the right to amend the terms and conditions of this Agreement in any respect as may be necessary or appropriate to comply with Section 409A of the Code or any regulations promulgated thereunder, including without limitation by delaying the issuance of the Shares contemplated hereunder.

(b) Notwithstanding any other provision of this Agreement to the contrary, if a Participant is a "specified employee" within the meaning of Section 409A of the Code, no payments in respect of any RSU that is "deferred compensation" subject to Section 409A of the Code and not exempt for Section 409A as a short-term deferral or otherwise

and which would otherwise be payable upon the Participant's "separation from service" (as defined in Section 409A of the Code) shall be made to such Participant prior to the date that is six (6) months after the date of the Participant's "separation from service" or, if earlier, the Participant's date of death. Following any applicable six (6)-month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Section 409A of the Code that is also a business day. The Participant is solely responsible and liable for the satisfaction of all taxes and penalties under Section 409A of the Code that may be imposed on or in respect of the Participant in connection with this Agreement, and the Company shall not be liable to any Participant for any payment made under this Plan that is determined to result in an additional tax, penalty or interest under Section 409A of the Code, nor for reporting in good faith any payment made under this Agreement as an amount includible in gross income under Section 409A of the Code. Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code.

20. **Book Entry Delivery of Shares.** Whenever reference in this Agreement is made to the issuance or delivery of certificates representing one or more Shares, the Company may elect to issue or deliver such Shares in book entry form in lieu of certificates.

21. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

22. **Acceptance and Agreement by the Participant.** By accepting the RSUs (including through electronic means), the Participant agrees to be bound by the terms, conditions, and restrictions set forth in the Plan, this Agreement, and the Company's policies, as in effect from time to time, relating to the Plan.

23. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with the Participant's own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

24. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

25. **Waiver.** The Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Participant or any other participant in the Plan.

26. **Counterparts.** This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one in the same agreement.

[Signatures follow]

CHEWY, INC.

By: _____

Acknowledge and agreed as of the date first written above:

Participant Signature:

Certification of the Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Sumit Singh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chewy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 28, 2024

/s/ Sumit Singh

Sumit Singh

Chief Executive Officer

(Principal Executive Officer)

Certification of the Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David Reeder, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chewy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 28, 2024

/s/ David Reeder

David Reeder
Chief Financial Officer
(Principal Financial Officer)

Certifications of the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Chewy, Inc. (the "Company") on Form 10-Q for the period ended July 28, 2024, as filed with the Securities and Exchange Commission (the "Periodic Report"), we, Sumit Singh, Chief Executive Officer of the Company, and David Reeder, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

1. The Periodic Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 28, 2024

/s/ Sumit Singh

Sumit Singh
Chief Executive Officer
(Principal Executive Officer)

/s/ David Reeder

David Reeder
Chief Financial Officer
(Principal Financial Officer)