



PetMedsTM

Your Trusted Pet Health Expert

NASDAQ: PETS



2Q24 Earnings Call

October 2023

Safe Harbor & Non-GAAP Measures

This Presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 as contained in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact, including statements regarding our environmental and other sustainability plans and goals and potential acquisitions, investments and dispositions. Although PetMeds believes that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to be correct. There can be no assurance that any forward-looking results will occur or be realized, and nothing contained in this Presentation is, or should be relied upon as, a promise or representation or warranty as to any future matter, including any matter in respect of the operations or business or financial condition of PetMeds. Such forward-looking statements can be identified by the use of forward-looking terms such as “believes,” “expects,” “may,” “intends,” “will,” “shall,” “should,” “anticipates,” “opportunity,” “illustrative”, or the negative thereof or other variations thereon or comparable terminology. All forward-looking statements are based on assumptions or judgments about future events that may or may not be correct or necessarily take place and that are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of PetMeds. Forward-looking statements are subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from the potential results discussed in the forward-looking statements, including, without limitation, those identified in this Presentation, the risk factors that we identify in our Securities and Exchange Commission filings, as well as the following: (i) increased competition (including from multichannel retailers and e-Commerce providers); (ii) reduced consumer demand for our products and/or services; (iii) our reliance on key vendors; (iv) our ability to attract and retain qualified employees; (v) risks arising from statutory, regulatory and/or legal developments; (vi) macroeconomic pressures in the markets in which we operate; (vii) failure to effectively manage our costs; (viii) our reliance on our information technology systems; (ix) our ability to prevent or effectively respond to a privacy or security breach; (x) our ability to effectively manage strategic ventures, alliances or acquisitions; (xi) economic or regulatory developments that might affect our ability to provide attractive promotional financing; (xii) interruptions and other supply chain issues; (xiii) catastrophic events, health crises, and pandemics, including the potential effects that the ongoing COVID-19 pandemic and/or corresponding macroeconomic uncertainty could have on our financial position, results of operations and cash flows; (xiv) our ability to maintain positive brand perception and recognition; (xv) product safety and quality concerns; (xvi) changes to labor or employment laws or regulations; (xvii) our ability to effectively manage our real estate portfolio; (xviii) constraints in the capital markets or our vendor credit terms; and (xix) changes in our credit ratings. The occurrence of any such factors, events, or circumstances could significantly alter the results set forth in these statements.

PetMeds cautions that the foregoing list of important factors is not complete, and any forward-looking statements speak only as of the date they are made. PetMeds undertakes no duty to update publicly any forward-looking statement that it may make, whether as a result of new information, future events or otherwise, except as may be required by applicable law, regulation or other competent legal authority.

Included in this Presentation are certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles (“GAAP”) that are designed to supplement, and not substitute, PetMeds’ financial information presented in accordance with GAAP, including, but not limited to, Adjusted EBITDA, Trailing Twelve Month Adjusted EBITDA, Adjusted EPS, and free cash flow. The non-GAAP measures as defined by PetMeds may not be comparable to similar non-GAAP measures presented by other companies. The presentation of such measures, which may include adjustments to exclude non-recurring items, should not be construed as an inference that PetMeds’ future results, cash flows, or leverage will be unaffected by other non-recurring items. Refer to information about the non-GAAP measures contained in this Presentation. This Presentation also includes forward-looking estimates of Adjusted EBITDA and Adjusted EPS as part of our financial guidance. We do not reconcile these non-GAAP measures for future periods to their most comparable GAAP measures due to the uncertainty and potential variability of reconciling items. Because such items cannot be reasonably predicted with the level of precision required, we are unable to provide a reconciliation of these non-GAAP measures without unreasonable effort. Forward-looking estimates of Adjusted EBITDA and Adjusted EPS are estimated in a manner consistent with the relevant definitions and assumptions noted herein.

Quarterly Results Overview

Founded in 1996, PetMeds is “Your Trusted Pet Health Expert” providing fast, easy and helpful service to over 11 million customers across the U.S.

Fiscal Second Quarter Highlights

- \$71.0 million in revenue, representing year over year growth of 9%
- New customer growth year over year of 25%
- Reorder growth of 4% year over year
- Insurance product with Pumpkin launched in August
- Recurring revenue increased to 51% of total revenue (AutoShip & Save + PetPlus Membership program)

NASDAQ: PETS

Share Price ¹	\$9.36
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Market Cap ¹	\$198.2M
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FY 2023 Revenue	\$256.9M
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FY 2023 Net Income	\$0.2M
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FY 2023 Adj. EBITDA	\$19.8M
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Shares Outstanding ²	21.2M
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Float	19.5M
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Headquarters	Delray Beach, FL
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1. As of October 28, 2023

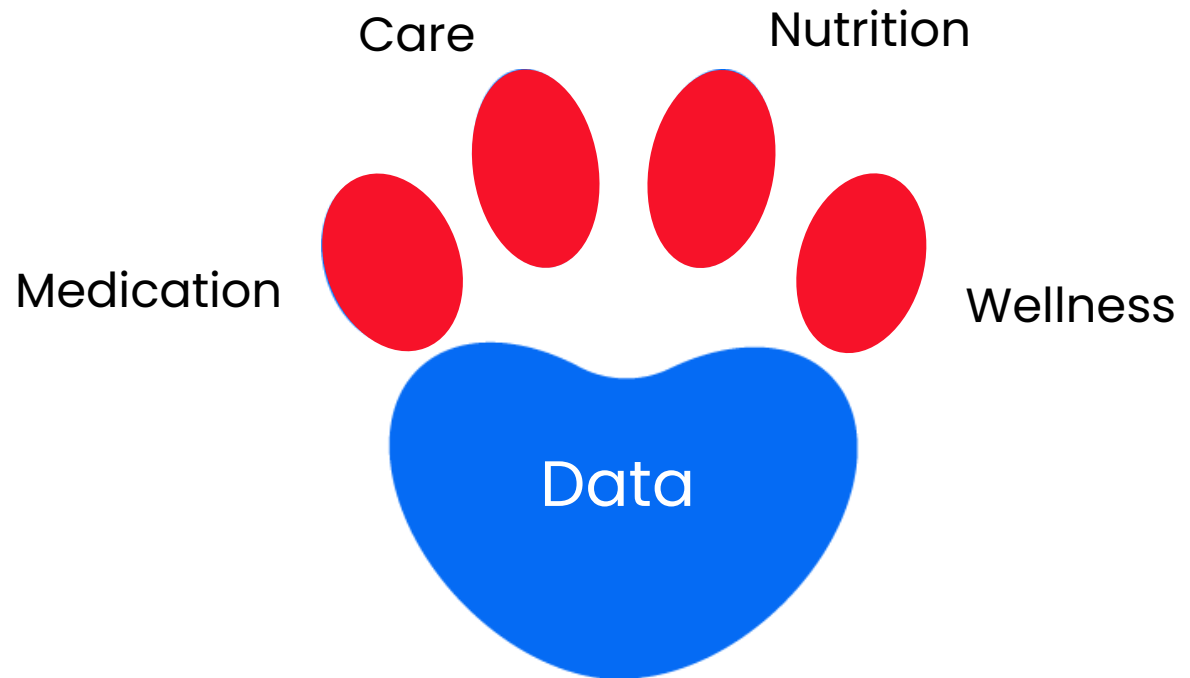
2. At September 30, 2023

Pet Health Expert Playbook

Transforming from a medication retailer to your trust pet health expert



- Integrate and execute newly acquired businesses and partnerships
- Sell more products and services to a large, existing customer base
- Drive year-over-year increases in new customers
- Meet or exceed industry growth rates





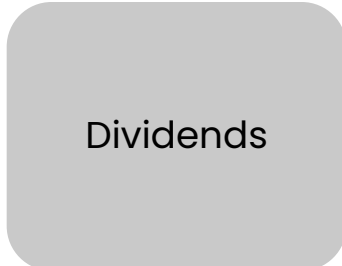
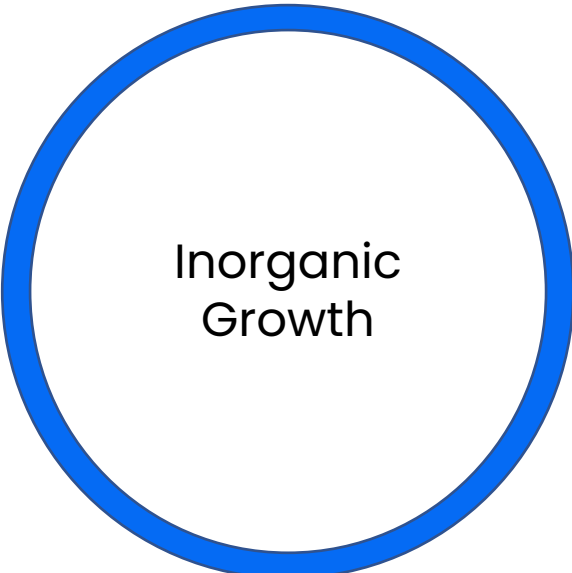
FINANCIAL OVERVIEW

Select Financials

\$ in Millions	3 Months Ended September 30,	
	2023	2022
Sales	\$71.0	\$65.4
Gross Profit	\$20.1	\$18.5
Operating Expenses	(\$20.5)	(\$15.5)
Adj. EBITDA ¹	\$3.2	\$7.1
Net Income	(\$0.1)	\$2.6
Dividend Paid	\$0.30	\$0.30
Cash & Cash Equivalents	\$53.5	\$96.5

Year-over-year revenue and gross margin growth. Effective October 1st, quarterly dividend suspend as part of an updated capital allocation policy

Capital Allocation Strategy



Investment Highlights



Increasing revenue is key to transition to a growth-focused business



Strategic plan: integrate PetCareRx and other new partnerships, expand new customers, provide more products and deliver unique and differentiated services



Continued investments in recurring revenue initiatives and programs to stabilize core PetMeds business



Suspended quarterly dividend to utilize cash flows for investment in growth initiatives and higher returning opportunities





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Non-GAAP Reconciliation

(\$ in thousands, except percentages)	Three Months Ended		\$ Change	% Change
	September 30, 2023	September 30, 2022		
Consolidated Reconciliation of GAAP Net (Loss) Income to Adjusted EBITDA:				
Net (loss) income	\$ (70)	\$ 2,579	\$ (2,649)	(103)%
Add (subtract):				
Share-based Compensation	\$ 1,729	\$ 1,682	\$ 47	3%
Income Taxes	\$ 453	\$ 1,031	\$ (578)	(56)%
Depreciation and Amortization	\$ 1,713	\$ 858	\$ 855	100%
Interest Income, net	\$ (570)	\$ (388)	\$ (182)	47%
Acquisition/Partnership Transactions and Other Items	\$ 168	\$ –	\$ 168	n/m
Employee Severance	\$ 15	\$ 364	\$ (349)	(96)%
State Sales Tax Accrual	\$ (268)	\$ 925	\$ (1,193)	(129)%
Adjusted EBITDA	\$ 3,170	\$ 7,051	\$ (3,881)	(55)%