



**NASDAQ: PETS**



**4Q23 Earnings Call**  
May 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.

# Your Trusted Pet Health Expert

## VISION

*Every pet deserves to live a long, happy, healthy life*

## MISSION

*PetMeds aims to be the most trusted pet health expert by providing incredible care and services that are affordable to the broadest group of pet parents.*



# Corporate 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.

## Company Highlights

- Closed acquisition of PetCareRx in April 2023
- Strategic Initiatives in Pet Telemedicine (Vetster) and Pet insurance (Pumpkin)
- AutoShip & Save increased to 44% of total revenue
- New customer growth of 12%.
- LTV:CAC of 1.9x



## NASDAQ: PETS

Share Price <sup>1</sup>	\$14.72
--------------------------	---------

Market Cap <sup>1</sup>	\$318.8M
-------------------------	----------

FY 2023 Revenue	\$256.9M
-----------------	----------

FY 2023 Net Income	\$0.2M
--------------------	--------

FY 2023 Adj. EBITDA	\$19.8M
---------------------	---------

Shares Outstanding <sup>2</sup>	21.0M
---------------------------------	-------

Float	18.1M
-------	-------

Headquarters	Delray Beach, FL
--------------	---------------------

1. As of May 19, 2023

2. At March 31, 2023

# Total Wellness: “From Nose to Tail”

Additional growth, transaction and partnership opportunities

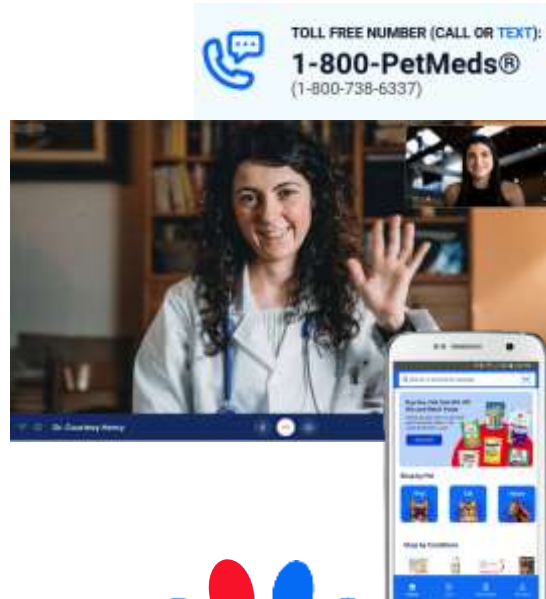
## Product Expansion



Medication  
Nutrition



## Telemedicine



Care

## Insurance

pumpkin



Wellness

# Integrating PetCareRx

Additional products, higher LTV, expanded distribution capabilities

- Coordinate demand generation
- Expand distribution and shipping
- Analyze supplier agreements



- Expand addressable market
- Increase product availability
- Higher LTV and wallet share

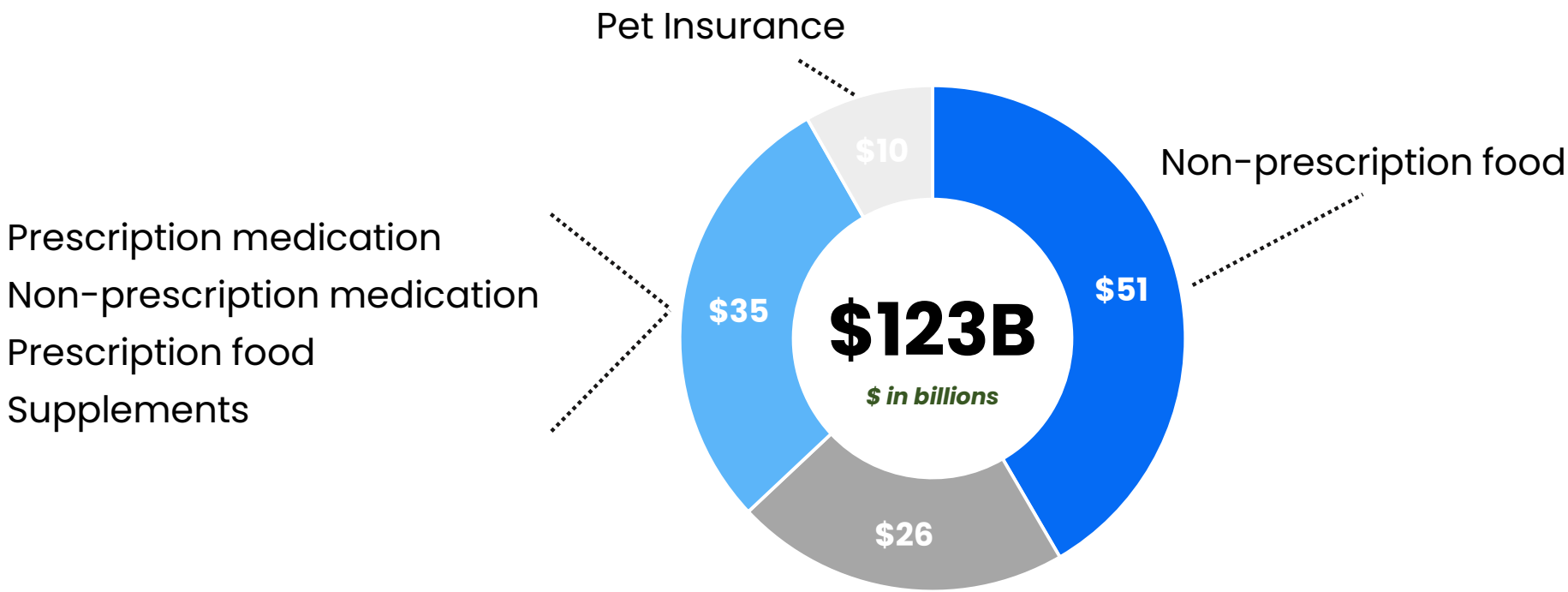




# Market Opportunity

A diverse opportunity for pet parents focused on diet and health

**Total Pet Market (2021)<sup>1</sup>**



Source: 1) [Packaged Facts, U.S. Pet Market Outlook, 2022-2023](#)

# Growth Strategy – Progress

## Strategic Initiatives to Transform PetMeds



New customer growth



Increased recurring subscription revenue



Non-medication catalog expansion



Unique and differentiated services



Revenue growth





## **FINANCIAL OVERVIEW**

# Select Financials

\$ in Millions	3 Months Ended March 31,		Fiscal Year Ended March 31,	
	2023	2022	2023	2022
Sales	\$62.4	\$66.0	\$256.9	\$273.4
Gross Profit	17.4	19.4	71.0	78.1
Operating Expenses	(24.5)	(12.3)	(72.5)	(52.4)
Adj. EBITDA <sup>1</sup>	\$3.6	\$9.5	\$19.8	\$34.0
<b>Net Income</b>	<b>(\$6.0)</b>	<b>\$6.1</b>	<b>(\$0.7)</b>	<b>\$21.1</b>
Dividend	(\$0.30)	\$0.30		
Cash & Cash Equivalents	\$104.1	\$111.1	\$104.1	\$111.1

Improvement of business on a year-over-year basis with new and returning customers, especially in loyal returning base

# Capital Allocation Strategy

Organic  
Growth

Inorganic  
Growth

Return to  
Shareholders

Working  
Capital

Capex





Acquisitions

Alliances &  
Partnerships

Dividends

Share  
Repurchases

# Investment Highlights

-  Expert well-known online pet pharmacy with over 2 million unique customers
-  Strong market demand for pet medication in pet category resilient to economic headwinds
-  Strong balance as a basis for growth with significant brand assets
-  Broader strategic plan – expansion of new customers, more products, unique and differentiated services







### Company

Christine Chambers  
Chief Financial Officer  
561-526-4444

### Investor Relations

Brian M. Prenoveau, CFA  
MZ Group  
561-489-5315  
[investor@petmeds.com](mailto:investor@petmeds.com)

[www.petmeds.com](http://www.petmeds.com)