



PetMedsTM

Your Trusted Pet Health Expert

NASDAQ: PETS



Analyst Day
January 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.

Welcome and Introductions

Matt Hulett, CEO & President



Matt Hulett is a seasoned technology executive leading world class public and private companies and working closely with Boards and investors in organizations that include Rosetta Stone, Expedia and many more. He has had multiple turnaround successes as a public company president as well as a private company CEO.



Christine Chambers, CFO



Christine Chambers is an experienced finance professional with extensive knowledge in the digital consumer space, most recently serving as Senior Vice President, CFO and Treasurer of Seattle-based RealNetworks. Prior to that, she was Vice President of Finance at Rosetta Stone. Chambers also has served as Deputy Director, Budget and Planning at the Bill & Melinda Gates Foundation.

Analyst Day Agenda

Introductions

PetMeds 1.0 – Legacy Business

PetMeds 2.0 – Wellness from Nose to Tail

Market Opportunity

Transaction Summary

Financial Overview

Summary

PetMeds 1.0

Leveraging our Key Assets



**Expert Online
Pet Pharmacy**

2+

**2+ Million Unique
Customers**

81

**Net Promoter
Score of 81**



**Loyal Customer
Base**



**Strong Balance
Sheet**

39%

**Growing AutoShip &
Save Subscriber Base**

- Established, widely known & trusted brand
- Strong customer loyalty
- Category expertise
- 70,000+ Veterinarian & vet clinics
- 17,000 using online portal
- Strong supplier relationships
- Operational and quality efficiency
- Differentiated, focused provider

Reinventing PetMeds

Transformation to Complete Pet Health Experts



New Management Team



New Pet Health Expert Strategy



Increased Autoship to 39%



Added Telemedicine with Vetster partnership



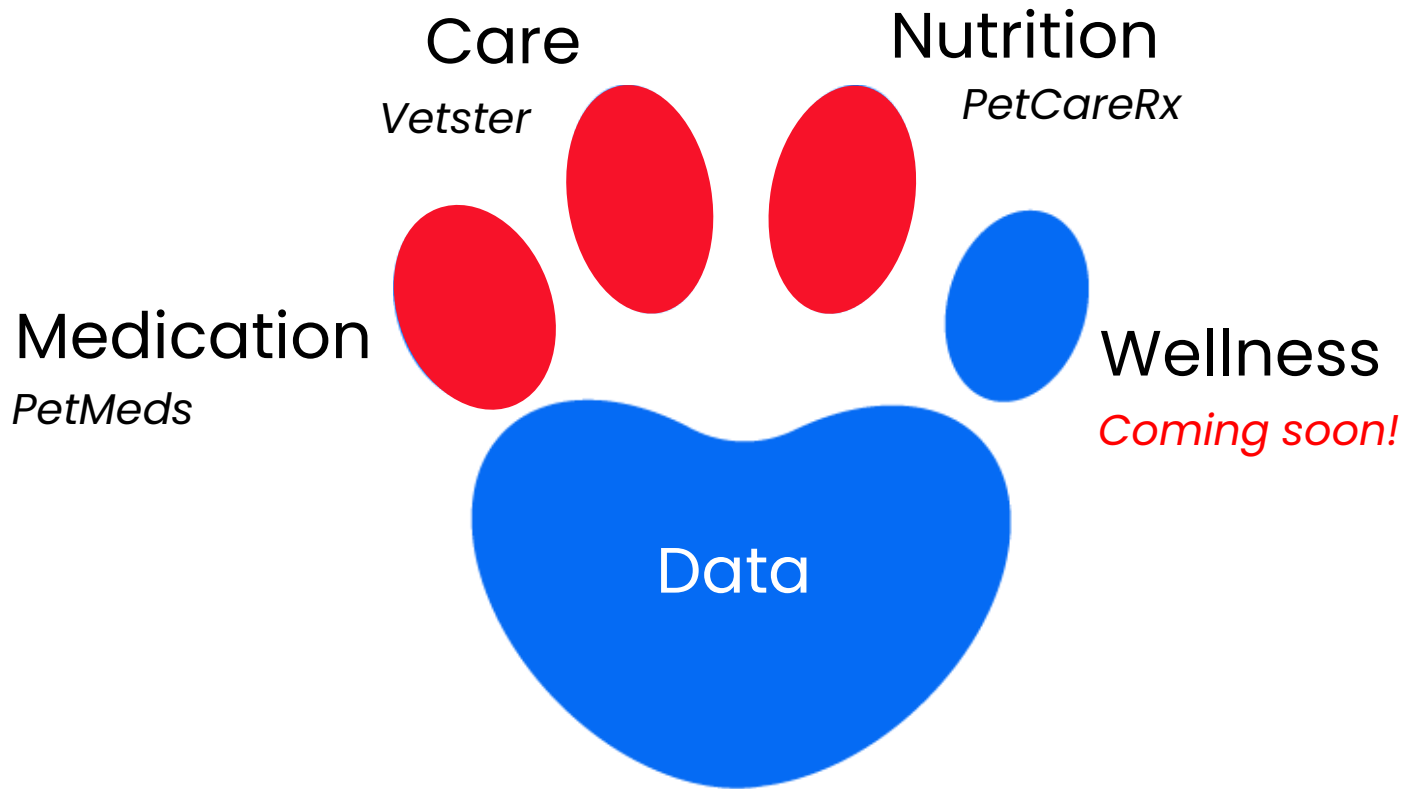
Stabilized Revenue



PetCareRx acquisition

PetMeds 2.0

Holistic Health and Wellness "From Nose to Tail"



Growth Strategy – Progress

Strategic Initiatives to Transform PetMeds



Increased recurring subscription revenue



Non-medication catalog expansion



Unique and differentiated services



New customer growth

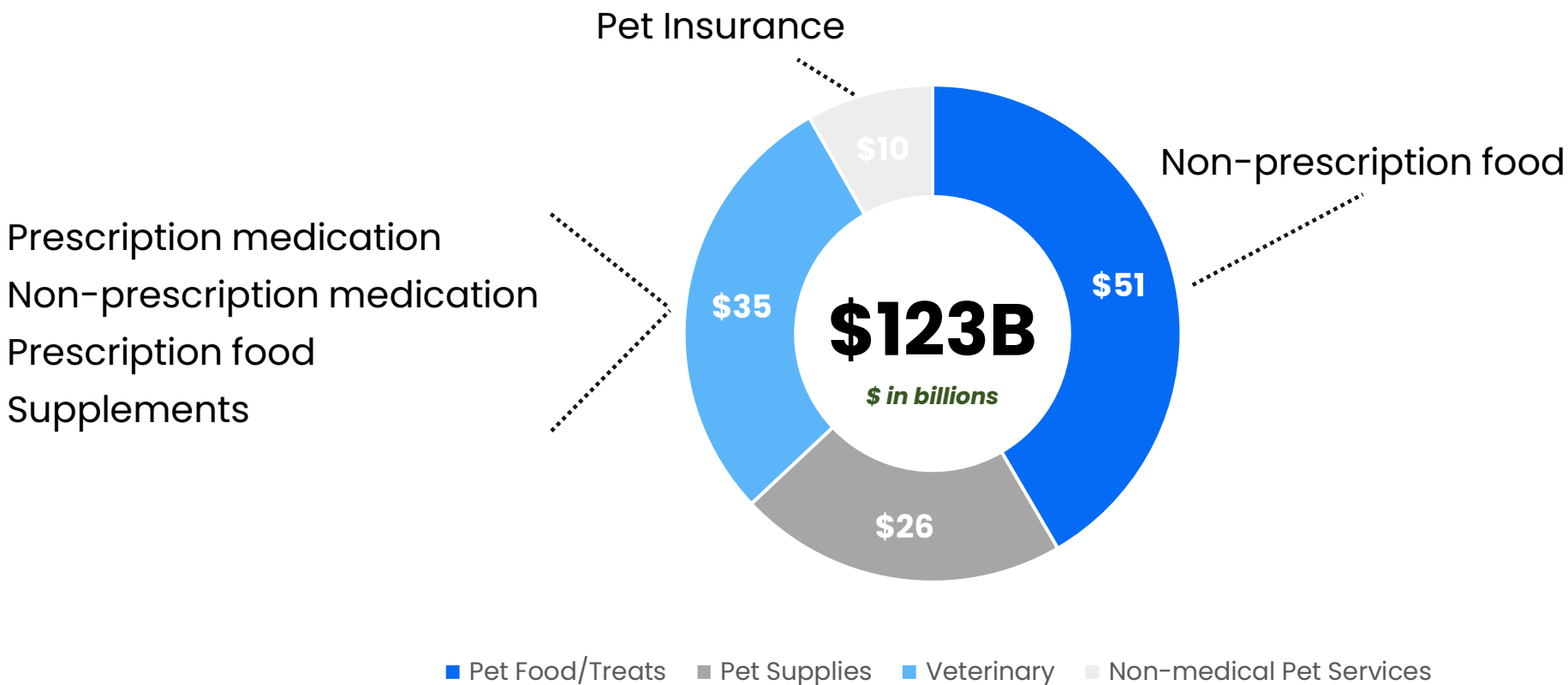


MARKET OPPORTUNITY

Market Opportunity

A diverse opportunity for pet parents focused on diet and health

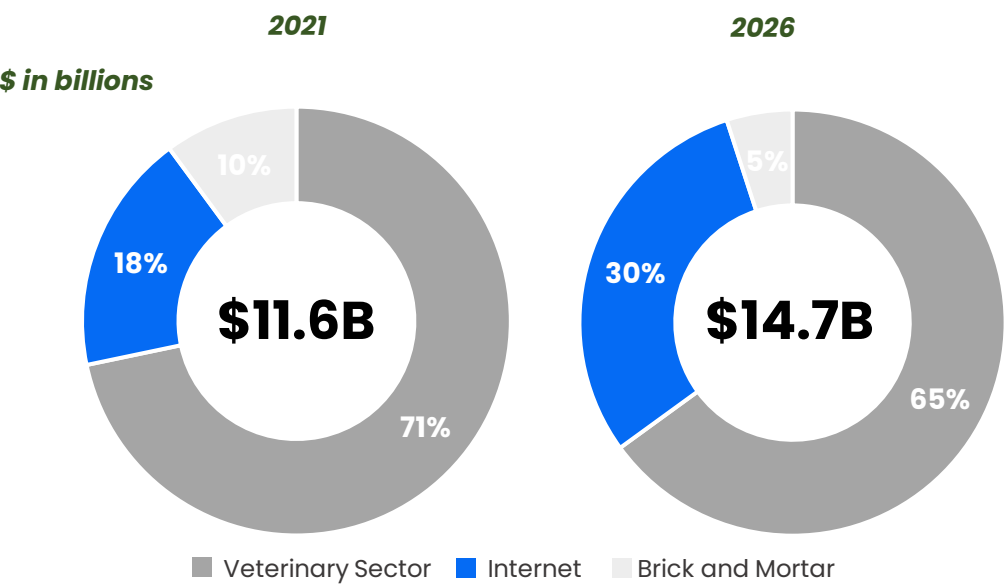
Total Pet Market (2021)¹



Market Opportunity

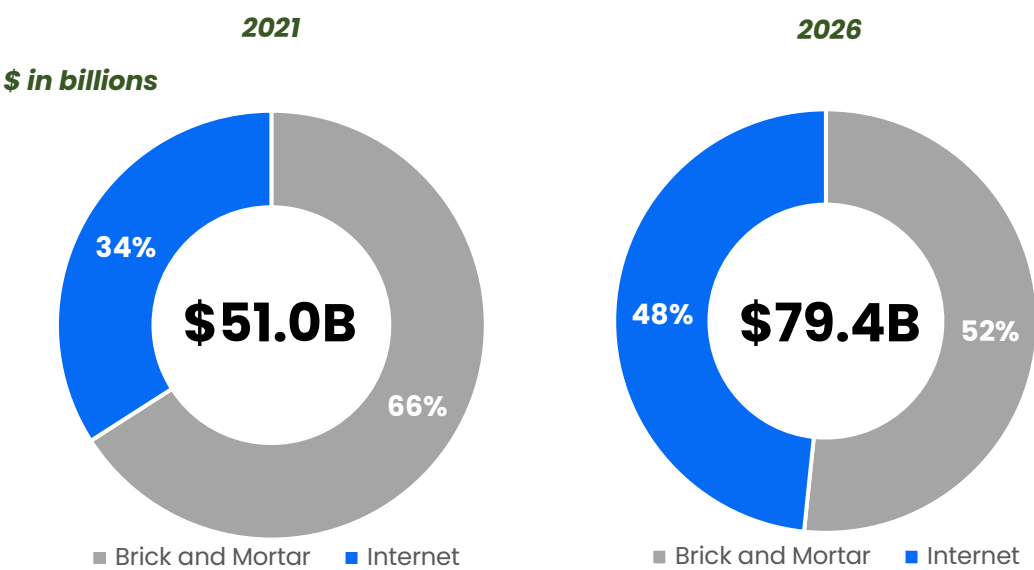
Internet Sales Increasing Share of Total Pet Spend¹

Medication



Internet sales of pet medication is forecast to grow 16% annually and increase share to 30% of total pet medication spend by 2026¹

Nutrition (Food/Treats)



Internet sales of pet food/treats is forecast to grow 17% annually by 2026¹



PetCareRX TRANSACTION OVERVIEW



to acquire



PetCareRx
Happier, Healthier Pets

Transaction Overview

Terms

Acquisition of 100% of PetCareRx for \$36 million of cash

Structure/ Leadership

PetCareRx will continue to exist as a distinct brand. Operation will be integrated as part of PetMed's wellness and consumables business

Timing to Close

Expect to close this quarter

Financial Impact

Expect PetCareRx to contribute over \$40 million to our overall revenue and increase EBITDA margin (post synergy execution)

Complementary Businesses



Strong Customer Relationships

Majority of revenue derived from loyal and recurring medication-centric customers

RX Expertise

Leading brand for pet Rx medication. The most complex product fulfillment in the pet market

Brand Awareness

Strong customer brand awareness. 55% of pet parents know the PetMeds brand.



Broad Catalog

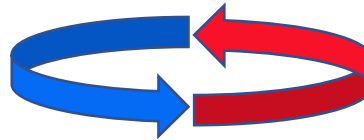
Product mix includes ~40% of revenue from non-medication products

Fulfillment Infrastructure

Fulfillment operation expands overall distribution capability especially in larger SKUs (e.g, food)

Business Model Innovation

Unique membership driven model which drives customer loyalty and retention



Total Wellness: “From Nose to Tail”

Additional growth, transaction and partnership opportunities

Product Expansion



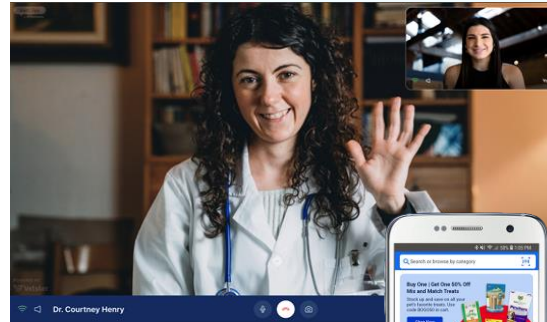
Medication
Nutrition



Telemedicine



TOLL FREE NUMBER (CALL OR TEXT):
1-800-PetMeds®
(1-800-738-6337)



Care

Insurance

**COMING
SOON!**



Wellness

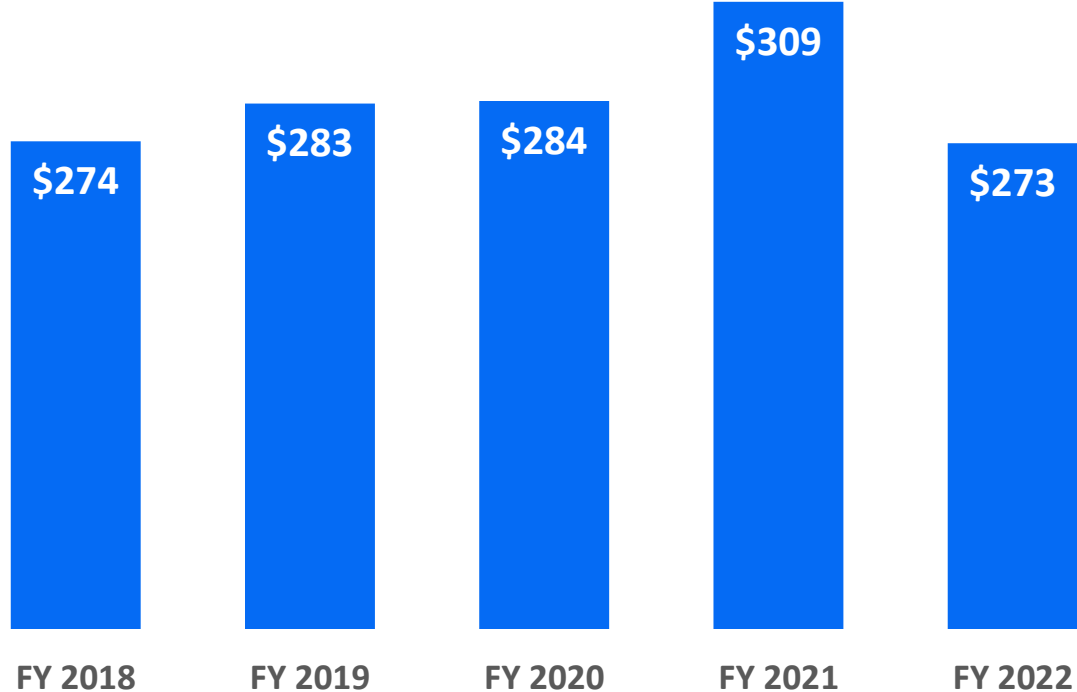


FINANCIAL OVERVIEW

Recent Financials

Fiscal year revenue: 2018 – 2022

\$ in millions



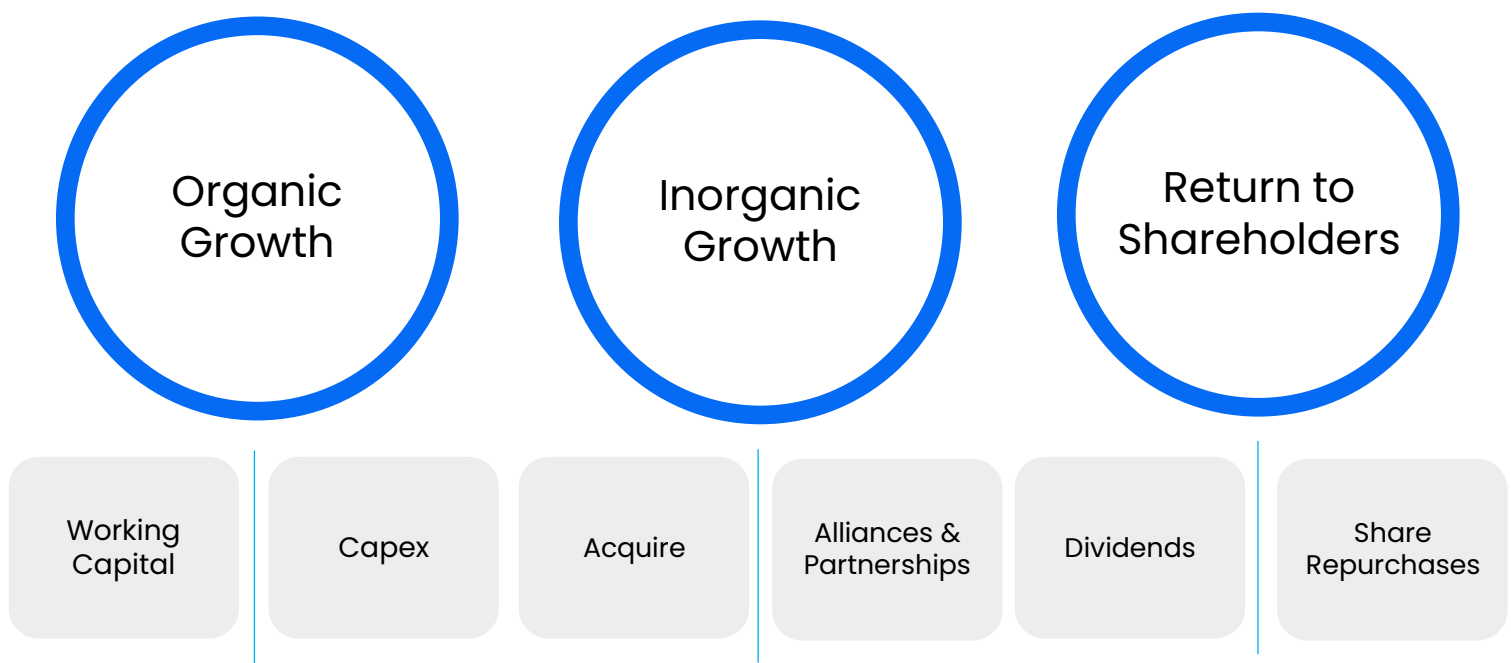
Room for Growth

1. Flat revenue from Fiscal 2018 – Fiscal 2022
2. Industry growth of 15% = lost opportunity
3. PetCareRx acquisition jump starts revenue growth
4. Customer and product expansion provides growth opportunity

Balance Sheet & Cash Flow

Utilizing balance sheet for further growth opportunities

(\$ in millions)	9/30/2022
Cash	\$96.5
Total Assets	\$169.3
TTM Adj. EBITDA	\$30.5



Long Term Growth Outlook

Driving value over the long term

1. The acquisition gives us an immediate revenue boost. The expanded product catalog and differentiated services positions us for growth thereafter
2. Drive operating leverage through operational efficiency and higher margin products and services
3. Utilize cash flow to drive greater shareholder value through investments, acquisitions



SUMMARY

Today's Summary

A Growth Company For a Growing Industry



Increased recurring subscription revenue



Non-medication catalog expansion



Unique and differentiated services



New customer growth

Investment Highlights



Massive addressable market with further opportunities to penetrate additional verticals



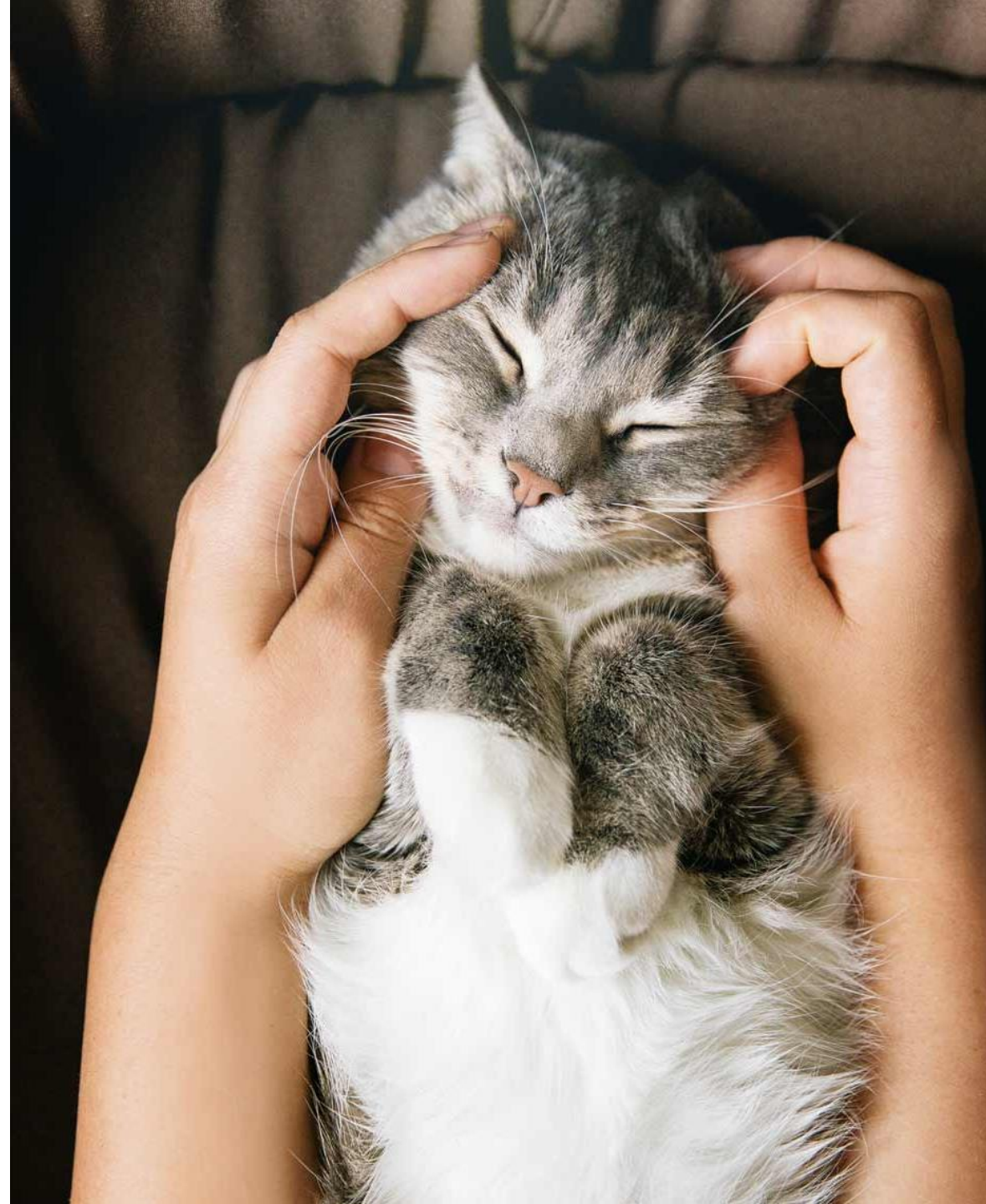
Immediate revenue growth and product expansion with acquisition of PetCareRx



Strong balance sheet as a basis for growth with significant brand assets



Broader strategic plan – expansion of new customers, more products, unique and differentiated services



Q&A



THANK YOU!

Company

Christine Chambers
Chief Financial Officer
561-526-4444

Investor Relations

Brian M. Prenoveau, CFA
MZ Group
561-489-5315
PETS@mzgroup.us

www.petmeds.com

Non-GAAP Reconciliation

\$ in 000s

Consolidated Reconciliation of GAAP Net Income to Adjusted EBITDA	Three Months Ended			
	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022
Net Income	\$ 4,257	\$ 6,066	\$ 2,775	\$ 2,579
Add (subtract):				
Share-based Compensation	\$ 1,440	\$ 1,509	\$ 1,536	\$ 1,681
Income Taxes	\$ 1,261	\$ 1,368	\$ 1,030	\$ 1,031
Depreciation	\$ 710	\$ 687	\$ 753	\$ 858
Interest Income / Expense	\$ (84)	\$ (92)	\$ (117)	\$ (388)
Acquisition Related Expenses	\$ -	\$ -	\$ 355	\$ -
Employee Severance	\$ -	\$ -	\$ -	\$ 364
Sales Tax Assessment Accrual	\$ -	\$ -	\$ -	\$ 925
Adj. EBITDA	\$ 7,584	\$ 9,538	\$ 6,332	\$ 7,050