
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended March 31, 2026

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 000-28827

PETMED EXPRESS, INC.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of
incorporation or organization)

65-0680967

(IRS Employer
Identification No.)

420 South Congress Avenue, Delray Beach, Florida 33445

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (561) 526-4444

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, PETS \$.001 Par value per share	PETS	The NASDAQ Stock Market LLC (NASDAQ Global Select Market)
Preferred Stock Purchase Rights	N/A	The NASDAQ Stock Market LLC (NASDAQ Global Select Market)

Securities registered under Section 12(g) of the Act:

NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 definition of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

☐

Accelerated filer

☐

Non-accelerated filer

☒

Smaller reporting company

☒

Emerging growth company

☐

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant as of September 30, 2025, the last business day of the registrant's most recently completed second fiscal quarter, was \$46.0 million based on the closing sales price of the registrant's Common Stock on that date, as reported on the NASDAQ Global Select Market.

The number of shares of the registrant's Common Stock outstanding as of May 22, 2026 was 21,365,782.

DOCUMENTS INCORPORATED BY REFERENCE

Information to be set forth in our proxy statement relating to our 2026 Annual Meeting of Shareholders is incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of our fiscal year ended March 31, 2026.

PETMED EXPRESS, INC.

March 31, 2026 Annual Report on Form 10-K

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PART I

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain information in this Annual Report on Form 10-K includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). You can identify these forward-looking statements by the words "believes," "intends," "expects," "may," "will," "should," "plan," "projects," "contemplates," "intends," "budgets," "predicts," "estimates," "anticipates," or similar expressions. These statements are based on our beliefs, as well as assumptions we have used based upon information currently available to us. Because these statements reflect our current views concerning future events, these statements involve risks, uncertainties, and assumptions. Actual future results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A of this Annual Report on Form 10-K under the heading "Risk Factors." A reader, whether investing in our common stock or not, should not place undue reliance on these forward-looking statements, which apply only as of the date of the filing of this Annual Report on Form 10-K. The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

NOTE REGARDING COMPANY REFERENCES

When used in this Annual Report on Form 10-K, unless otherwise stated or the context otherwise indicates, "PetMed Express," "PetMeds," "PetMed," "the Company," "we," "our," and "us" refers collectively to PetMed Express, Inc. and its direct and indirect wholly owned subsidiaries, taken as a whole. "PetCareRx" refers to PetCareRx, Inc., a wholly owned subsidiary of PetMed Express, Inc.

ITEM 1. BUSINESS

GENERAL

PetMed Express, Inc. and subsidiaries, d/b/a PetMeds®, and as parent company of PetCareRx®, is a pioneer in pet healthcare, building a consumer-first digital platform in 1996 that transformed the way customers fulfill pet medications. Thirty years later, as a leading nationwide direct-to-consumer pet health and wellness retailer, the Company markets and sells directly to consumers through its websites (Petmeds.com and PetCareRx.com), customer contact centers, and mobile applications (iOS and Android). The Company provides access to top branded pharmaceuticals, generic medications, compounded prescription medications, over-the-counter (OTC) health and wellness products, prescription and non-prescription food, pharmacy fulfillment, and personalized AutoShip capabilities. Our digital platform offers pet healthcare solutions for a broad range of chronic conditions, including those related to allergies, arthritis, anxiety, kidneys, hyperthyroidism, and others for cats, dogs, and horses. We also offer access to a range of non-prescription health and wellness products and Rx food, non-Rx food, and treats. PetMeds and PetCareRx receive the pet's order through our websites and mobile applications and connect to the customer's licensed veterinarian for prescription approval. Through our content website, pethealthmd.com, consumers can access educational articles for any health-related questions regarding their pets. The Company offers consumers an attractive alternative for obtaining pet medications, foods, and supplies in terms of convenience, price, speed of delivery, and valued customer service. For 30 years, PetMeds has been a trusted partner in pet health, delivering expert-backed products and pharmacy care to families.

We are deeply committed to the mission and purpose that has driven our business from the start. Since our founding, we have fulfilled orders for almost twenty-million pet parents in all 50 states and have been instrumental in providing products that help pets live longer, healthier lives. The support of our customers nationwide has been the cornerstone of our success. Honoring our combined legacy, we bring our core values to every role we undertake as we empower pet families, ensuring they have access to products and services that can provide the best possible care for their dogs, cats, and horses.

Since 1996, PetMeds has been serving as a trusted source for pet health across North America. In April 2023, we acquired PetCareRx, Inc. ("PetCareRx"), an online supplier of pet medications, foods, and supplies based in New York. This acquisition added a catalog of prescription ("Rx") and non-Rx food and supplies, allowing us to expand beyond our core offering of pet prescriptions. Since this acquisition, we provide a more extensive selection of premium food, supplements, treats, and other pet supplies. Together, our brands are dedicated to delivering exceptional science-backed,

veterinarian approved products from quality suppliers, making it easier for families to address preventive and chronic health needs and support the longevity of their companion animals.

Over the years, our organization has made investments in our pharmacies to ensure regulatory compliance, accreditations, and operational excellence which include implementing a rigorous verification process from order to shipment to ensure top quality control. Employing licensed pharmacists and a 50-state licensed Pharmacist-in-Charge for each of our two pharmacy locations, allows us to provide focused and specialized care backed by expertise. We continuously monitor and update our regulatory licenses in every state, as well as the U.S. Virgin Islands. Our pharmacies are accredited by the National Association of Boards of Pharmacy ("NABP") and LegitScript and are focused on compliance with all federal and state regulatory requirements.

As a core service to our customers, pet owners have the ability to contact our customer support agents and pharmacists for assistance with their animals' wellness needs via telephone, chat, text and email. Additionally, we offer extended services including employee benefits programs, through our partner Pet Synergy Group's program, PetAssure.

OUR INDUSTRY

Our business focuses on a specific segment of the pet industry: pet health for dogs, cats, and horses. Within this segment, our merchandise categories include prescription medications, generic medications, over-the-counter (OTC) solutions, vitamins and supplements, prescription food, non-prescription food, and a comprehensive assortment of pet supplies including treats. According to the American Pet Products Association 2026 State of the Industry Report, total U.S. pet industry spend grew by 4% to approximately \$158 billion in 2025. This expansion was driven primarily by \$68 billion in food and treats, \$41 billion in veterinary care and services, and \$34 billion in supplies and medications. The "humanization" of pet healthcare continues to increase the demand for pet wellness products and presents significant potential for us to expand our footprint and capture a larger share of this thriving market.

THE PET CONSUMER

According to the PetSmart Charities-Gallup State of Pet Care recent study, which surveyed approximately 2,500 U.S. dog and cat:

- More than half of U.S. pet owners surveyed skipped or declined veterinary care in the past year with financial barriers cited as the leading deterrent.
- Financial constraints act as a universal deterrent, impacting pet owners consistently across all age, race, and income demographics.
- Rising costs have led to significant declines in treatment compliance, with many owners forgoing diagnostics, preventive care, and necessary medications.

Based on the items from the above report:

- We are executing a series of strategic initiatives that enhance customer experience, optimize operational efficiency, and leverage innovation to drive long-term shareholder value.
- We believe that a high level of customer care and support has been and continues to be critical in retaining and expanding our customer base. We are redefining the customer journey by leveraging modern technology and Artificial Intelligence ("AI") to personalize the customer experience. This is surfaced through recommended products across our catalog, our robust AutoShip program and a hassle-free prescription approval process designed to make life easier for the customer.
- To cater to a diverse range of budgets, we sell products at multiple price points and offer promotions to ensure that every customer can find products that meet their needs and preferences.
- We offer AutoShip options for many of our products, ensuring convenient and consistent compliance for pets.
- Looking ahead, our strategy focuses on deepening customer trust and expanding our market footprint through three key pillars: loyalty and retention through a comprehensive loyalty program designed to provide enhanced

incentives and exclusive value to the customers who choose PetMeds for their pet care needs; strategic B2B partnerships that leverage our existing infrastructure to provide end-to-end pharmacy fulfillment to offer seamless Rx services to pet-owning customers; and improved content and education to highlight the critical importance of pet medication compliance to ensure pet parents have the knowledge to keep their companions healthy year round.

More than 1.9 million customers have purchased from us within the last three fiscal years, including customers acquired in April 2023 as a part of our PetCareRx acquisition. We attracted approximately 266,000 and 351,000 new customers in fiscal 2026 and 2025, respectively. Our customers are located throughout the United States, with approximately 50% of customers residing in Florida, California, Texas, New York, North Carolina, Pennsylvania, Virginia and Georgia. The average order value increased slightly year over year and was approximately \$98 for fiscal 2026 and \$97 for fiscal 2025.

PRODUCTS AND SERVICES

PetMeds offers a wide array of products and services dedicated to pet health and wellness. As a licensed online pharmacy, we provide medications for dogs, cats, and horses, ensuring that pets receive the necessary treatments prescribed by their veterinarians.

We address the most common conditions - allergies, arthritis, and anxiety and offer prescriptions for more chronic conditions such as heartworm, dermatitis, thyroid, diabetes, pain medications, heart/blood pressure, and other specialty medications. A large percentage of our business is selling flea and tick preventatives through Rx and OTC supplements and sprays. In addition, we stock a variety of OTC medications as alternatives or additions to prescriptions that include bone and joint care products, vitamins, treats, nutritional supplements, hygiene products and other health-related supplies. PetMeds also offers the best-named brands in premium pet foods and treats including veterinary prescription Rx diets. Our exclusive range of private label products, including joint enhancers, vitachews, shampoos and flea and tick prevention offers exceptional value to our customers at a high margin. Our results of operations may fluctuate seasonally and regionally based on weather patterns, which influence the timing of pest pressures and the resulting demand for our parasite protection products.

To obtain prescription medications, customers place the order online, they then provide their veterinarian's details at checkout, and PetMeds handles the entire end-to-end verification process before shipping. Additionally, PetMeds has veterinary pharmacists and technicians on staff to answer pet owners' medication-related questions, aiming to be a trusted resource for pet health needs.

Pet Health Customer Care Specialists - Customer Contact Center

We believe that delivering a high level of customer care and support is critical to retaining and expanding our customer base. Our customer care specialists receive ongoing training under the supervision of dedicated training managers across a broad range of topics, including product knowledge, technology tools, customer service best practices, and the relationship between our Company and veterinarians.

Our customer contact center specialists respond to customers through e-mail, text, phone, and live web chat regarding products, order status, pricing, and shipping. Following the consolidation of our two branded teams and the implementation of a best-in-class technology provider, our customer care specialists are able to work more efficiently while continuing to deliver high-quality service and support. These enhancements help maximize productivity and provide a seamless, responsive, and personalized customer experience.

Holistic Wellness Services

Pet Telemedicine: The Company engages in partnerships to provide telemedicine services, with the convenience of consultations, diagnoses and in certain states, prescriptions from board-certified veterinarians all from the comfort of their homes.

Employer Offered Pet Benefits: We continue to develop partnerships that allow us to be part of employer bundled services, offering discounted pet care solutions that provide participating companies' employees with access to our membership programs through their respective company employee benefits offerings. These membership programs include a variety of exclusive PetPlus perks which includes discounts for more than 700,000 partners, a special discount for pet sitting services, the ability to pick up your prescriptions from your local pharmacy, and free 24/7 virtual vet support and delivery services.

STRATEGY

The Company is focused on driving sustainable growth and enhancing our competitive moat. Our forward-looking strategy is centered on transitioning from a traditional e-commerce provider to a best-in-class pharmacy provider, supported by a scalable, technology-driven infrastructure. We are prioritizing investments in the modernization of our technology stack, specifically our e-commerce architecture and cloud environments, to enhance operational agility and improve the customer experience. Central to this evolution is an emphasis on clinical compliance; we are expanding our educational initiatives to drive customer adherence for critical preventative medications, such as flea, tick, and heartworm treatments, promoted through our AutoShip program thereby increasing recurring revenue and improving pet health outcomes. Furthermore, we are diversifying our revenue streams by offering our proprietary pharmacy fulfillment and licensing capabilities to strategic partners who lack the regulatory infrastructure to serve the pet health market directly. Concurrently, we intend to partner with veterinarians and clinics to provide integrated pharmacy fulfillment services, enabling them to leverage our logistics and dispensing expertise to better serve their patients. Complementing these growth levers is the development of a robust loyalty and membership program designed to incentivize long-term retention and optimize customer lifetime value. We plan to leverage our 30 years of pet profile data to continue to personalize the customer experience online and through our mobile apps. We believe these purposeful investments in the foundation of our core business as a pharmacy will drive sustainable competitive advantages and long-term shareholder value.

DISTRIBUTION CHANNELS

We market and sell our products and services through three primary distribution channels:

- 1 E-commerce Websites – Through our owned and operated websites and mobile applications, including PetMeds.com and PetCareRx.com, we offer customers convenient and accessible platforms to purchase prescription and non-prescription pet medications, food, and wellness products.

Key features of our websites include AutoShip subscriptions (approximately 62.6% of our sales were generated via our AutoShip and membership program in our 4th quarter ended March 31, 2026), "ask-the-vet" services, VetLive consultations, live web chat, easy refill medication reminders, a local veterinarian finder, and express checkout options.

- 2 Customer Contact Center – We operate a dedicated toll-free customer service center staffed by trained Pet Health Specialists who provide personalized support and assist with product inquiries, prescription processing, and order placement.
- 3 PetAssure Broker Network – Through PetAssure, we also distribute products and wellness services via a brokered benefits model, primarily targeting employers offering pet health benefits as part of their employee wellness programs.

We are also currently investing in enhancements to our digital platforms to further personalize the customer journey, by curating product recommendations based on customer interests and shopping behavior, optimizing navigation and conversion, and ensuring a seamless omnichannel experience across web, mobile, and customer service touchpoints.

Marketing and Lifecycle Engagement

For fiscal 2026 and 2027, we have transitioned to a unified marketing and merchandising organizational structure, integrating our buying, merchandising, and marketing functions into a single cohesive unit. This alignment allows us to synchronize the end-to-end customer journey, ensuring the strategic procurement of the right product mix is seamlessly coupled with targeted marketing and high-conversion site merchandising. By eliminating departmental silos, we aim to deliver a frictionless experience that more effectively converts and retains customers across our PetMeds and PetCareRx marketing strategy.

We have focused our marketing investments on the channels that drive the highest ROI to the business which means we have shifted our dollars away from top of funnel spend and reallocated towards mid-to-lower funnel activities. A primary pillar of our strategy is the enhancement of customer retention and lifetime value through more personalized and targeted email marketing and the future launch of a robust loyalty program. In addition, we aim to expand our AutoShip program through enhanced incentives to encourage prescription compliance. These initiatives are designed to deepen customer engagement and drive recurring revenue.

Further, we are prioritizing maximizing customer LTV (Lifetime Value) and improving our NSPAC (Net Sales Per Active Customer) by deploying sophisticated cross-selling and upselling initiatives throughout the customer journey. By leveraging personalized data insights to pair preventative medications with complementary health products, we aim to increase basket size and capture a greater share of total pet wellness spend. We believe this integrated approach targeting cats, dogs, and horses across all life stages will improve conversion rates, strengthen brand equity and drive sustainable incremental revenue.

Through social platforms like Instagram and Facebook, we educate and inspire our community with:

- Short-form videos on pet wellness
- Educational content related to pet medications or health conditions
- Lighthearted and funny pet-related and relatable content.

Additionally, Pethealthmd.com, our blog and pet health library, serves as an SEO traffic hub, continuously updated with articles covering pet behavior, nutrition, pharmaceutical and natural remedies.

The Company aims to create a best-in-class marketing operation through a continuous test-and-learn approach as we progress into fiscal 2027. This will be visible across all customer touchpoints.

OVERVIEW OF PHARMACY OPERATIONS

The Company's pharmaceutical operations are conducted at its facilities in Lynbrook, New York, and Delray Beach, Florida. Licensed pharmacists supervise these operations, overseeing every prescription's fulfillment. Every prescription we dispense is patient-specific and prescribed by a licensed veterinarian. To facilitate broad market access and ensure regulatory adherence, the Company maintains pharmacy licensure in all 50 U.S. states. All facilities are subject to periodic regulatory audits; to date, the Company has passed all Department of Health inspections at both the Lynbrook and Delray Beach locations.

The Company's mail-order infrastructure adheres to rigorous industry standards. We hold the Healthcare Merchant Accreditation from the National Association of Boards of Pharmacy (NABP) and maintain LegitScript Accreditation. These certifications attest to the Company's compliance with state and federal regulations governing the digital pharmacy landscape and the interstate shipment of patient-specific prescription medications.

All medications are dispensed pursuant to a valid veterinary order and are subject to a mandatory clinical verification process. Our pharmacists review each prescription to ensure precise compliance with the medication, dosage, and administration requirements specified by the prescribing veterinarian. At a minimum, the following data components must be validated before filling each prescription: comprehensive pet information, specific medication data (including strength, quantity, and dosage form), the prescribing veterinarian's name, manner and frequency of administration, and any other information required by law.

Items are then picked and packaged in accordance with patient-specific requirements and applicable pharmaceutical standards. Prior to dispatch from the facility, all prescriptions undergo a final review by a licensed pharmacist to ensure accuracy and regulatory compliance. The Company utilizes third-party shipping carriers to execute national distribution, delivering pharmaceutical products across all 50 states.

SOURCING OF MERCHANDISE INVENTORY

We maintain a diverse supply chain, sourcing inventory from a broad network of pharmaceutical manufacturers and domestic distributors specializing in prescription medications, therapeutic food, and health and wellness products. In fiscal 2026, we managed a comprehensive catalog of thousands of SKUs, with approximately 88% of our inventory spend concentrated among ten primary suppliers. We believe these strategic partnerships are fundamental to our operational stability, and we focus on deepening these relationships to ensure a consistent and reliable supply of critical health products for our customers.

A key component of our growth strategy is the prioritization of direct-to-manufacturer relationships with leading global pharmaceutical companies. By sourcing both prescription and over-the-counter (OTC) medications directly from the manufacturer, we enhance our supply chain transparency, secure preferential inventory allocations, and ensure the authenticity and quality of our product offerings. These direct partnerships allow us to be a first-to-market provider of the latest pet health solutions while mitigating the risks associated with third-party distribution. We continue to invest in these

long-term alliances to reinforce our commitment to product reliability and to maintain our competitive position in the animal health industry.

DISTRIBUTION OF MERCHANDISE INVENTORY

We purchase all of our medication directly from the manufacturer or from FDA registered United States based distributors to ensure the authenticity and safety of all medications. We efficiently manage our inventory and fulfill customer orders from our corporate headquarters in Delray Beach, Florida, and our Northeast warehouse location in Lynbrook, New York while conducting thorough checks on every order received for veterinary approval and prescription labeling accuracy. Our in-house pharmacy, fulfillment and distribution operations oversee the entire supply chain—from order placement and processing to fulfillment and shipping. For prescription medications, we strive to ship immediately upon authorization by the customer's veterinarian.

INFORMATION AND DIGITAL TECHNOLOGY SYSTEMS

We utilize a combination of Company-owned and third-party-operated information systems to support our core business functions. These integrated systems provide capabilities across retail operations, merchandising, human resources, and financial reporting. Supported functional areas include digital commerce, inventory management, customer care, supply chain logistics, demand planning, sourcing, payroll, workforce scheduling, and general ledger management.

In fiscal 2026 and 2027, we continue to invest in modernizing and optimizing our technology infrastructure to improve operational efficiency, scalability, and resilience. These investments are focused on strengthening our overall technology ecosystem, including enhancements to our enterprise resource planning ("ERP") environment, customer engagement platforms, and data infrastructure. We are also advancing capabilities across pharmacy operations, fulfillment technologies, and MarTech platforms, including loyalty and membership programs designed to improve retention and customer LTV. Additionally, we are continuously enhancing our AutoShip programs and analytics capabilities to enable more personalized experiences and faster, data-driven decision-making across the organization

These efforts include continued enhancements across our e-commerce platforms, data and analytics infrastructure, ERP environment, call center platforms, order management systems (OMS), pharmacy systems, and fulfillment and inventory management capabilities. During the first quarter of fiscal 2027 we have implemented certain modules of a new ERP system and will continue to implement other components of the new system, which has replaced, and will continue to replace, legacy operating and financial systems.

A key priority for fiscal 2027 is modernizing our customer engagement capabilities, including expanding & automating call center solutions to unify interactions across phone, chat, and digital channels. We're also investing in our loyalty and membership programs to strengthen customer engagement, increase retention, and drive repeat purchases.

We're expanding our platform to support white-label solutions and pharmacy-as-a-service offerings, enabling partners to leverage our pharmacy infrastructure, fulfillment, and digital experience as part of their B2B growth strategy. These initiatives will help us reach more customers beyond direct-to-consumer channels and generate new revenue through strategic partnerships.

We're focused on simplifying and integrating our business processes, speeding up innovation, and strengthening system resilience and scalability. By continuing to unify our digital ecosystem, including platforms, data, and operational workflows, we are building a robust foundation to support seamless, personalized customer experiences across all channels.

These ongoing investments help the Company respond to changing market dynamics, deliver efficient, tailored customer journeys, and maintain high service reliability and performance.

COMPETITION

We operate in a rapidly evolving, highly competitive, and fragmented business environment. Our competitors include veterinarians, local and national chain specialty retailers, and vendors' own e-commerce stores. Several large retailers have recently announced entrance into the pet pharmacy space. Additionally, consumers' discretionary spending on pets extends to categories like apparel, grooming, boarding, and dog-walking. Operating in a highly competitive industry environment

can cause the Company to engage in greater than expected promotional activity at times, which would result in pressure on average unit retail pricing and gross profit.

Our distinct advantage lies in our 30 years of expertise, delivered through our team of highly qualified pharmacists and technicians with specialized training in veterinary pharmacology that are licensed across all fifty states. These teams execute a rigorous verification process and are compliant with all federal regulations set by the FDA and DEA. PetMeds and PetCareRx's pharmacies are accredited by the NABP and LegitScripts. In addition to our deeply experienced pharmacists and technicians, our Customer Care team is comprised of many longtime employees as well as new talent, all of whom share a passion for pets and who exemplify our commitment to delivering high-quality products and personalized service to our customers. This combination of quality, expertise, passion and efficiency sets us apart in the marketplace.

INTELLECTUAL PROPERTY

We conduct our business under the trade names "PetMeds" and "PetCareRx" and use a family of trade names all containing the terms "PetMeds", "PetMed" or "PetCareRx" in some form. We believe the "PetMeds" and "PetCareRx" family of trademarks, have added significant value and are important factors in the marketing of our products. We have also obtained the right to use and control the Internet addresses which include but are not limited to www.1800petmeds.com, www.1888petmeds.com, www.petmedexpress.com, www.petmed.com, www.petmeds.com, and www.petcarerx.com.

We also obtained the right to use and control the Internet addresses www.petmeds.pharmacy, www.petmed.pharmacy, www.1800petmeds.pharmacy, petcare.pharmacy, and petcarerx.pharmacy, through a National Association of Boards of Pharmacy® initiative to ensure high standards for online pharmacies. We do not expect to lose the ability to use the Internet addresses; however, there can be no assurance in this regard and the loss of these addresses may have a material adverse effect on our financial position and results of operations. We are the exclusive owners of United States trademark registrations for "America's Largest Pet Pharmacy®," "America's Most Trusted Pet Pharmacy®," "Trusted Pet Medication Experts®," "PetMed Express, Inc.®," "1-800-PetMeds and Design®," "1-800-PetMeds®," "PetMeds®," "Your Trusted Pet Health Expert®," "PetPlus®," "PetCareRx®," "Nose to Tail®," "Nose to Tail Health®," and "Nose to Tail Savings®," among numerous others.

GOVERNMENT REGULATION

We are subject to a broad range of federal, state, and local laws and regulations that relate to our business. Dispensing prescription medications is governed at the state level by Boards of Pharmacy, or similar regulatory agencies, of each state where prescription medications are dispensed. PetMeds is subject to regulation by the State of Florida and is licensed as a community pharmacy by the Florida Board of Pharmacy, and PetCareRx is subject to regulation by the State of New York and is licensed as a community pharmacy by the New York Pharmacy Board.

Our pharmacy practices are also licensed and/or regulated by 48 other state pharmacy boards, the District of Columbia Board of Pharmacy, the U.S. Virgin Islands Board of Pharmacy, and the United States Drug Enforcement Administration ("DEA"), and with respect to our products, by other regulatory authorities including, but not necessarily limited to, the United States Food and Drug Administration ("FDA") and the United States Environmental Protection Agency ("EPA"). Our registration with the DEA, and state registrations/permits as required, permit us to dispense Schedule IV and Schedule V controlled substances. As a licensed pharmacy in the State of Florida, we are subject to the Florida Pharmacy Act and regulations promulgated thereunder. If we fail to maintain our licenses with the Florida Board of Pharmacy, or if we do not maintain the licenses/registrations/permits from other state pharmacy boards (including our home state pharmacy license in New York for PetCareRx), or if we face actions from the DEA, FDA EPA, or other enforcement regulators, our ability to dispense prescription medications to pet owners could be halted, which could have a material adverse effect on our financial condition and operations.

In addition to the foregoing, the FDA regulates animal feed, including pet food, under the Federal Food, Drug, and Cosmetic Act (the "FFDCA") and its implementing regulations. Although pet foods are not required to obtain premarket approval from the FDA, the FFDCA requires that all animal foods are safe for consumption, produced under sanitary conditions, contain no harmful substances, and are truthfully labeled. Most states also require that pet foods distributed in the state be registered or licensed with the appropriate state regulatory agency. In addition, most facilities that manufacture, process, pack, or hold foods, including pet foods, must register with the FDA and renew their registration every two years, and are subject to periodic FDA inspection. This includes most foreign, as well as domestic facilities. Registration must occur before the facility begins its pet food manufacturing, processing, packing, or holding operations.

The labeling of pet foods is regulated by both the FDA and some state regulatory authorities. FDA regulations require proper identification of the product, a net quantity statement, a statement of the name and place of business of the manufacturer or distributor, and proper listing of all the ingredients in order of predominance by weight. Most states also enforce their own labeling regulations. The degree of oversight of the implementation of these regulations varies by state, but typically includes a state review and approval of each product label as a condition of sale in that state. The FDA also regulates the inclusion of specific claims in pet food labeling. For example, pet food products that are labeled or marketed with claims that may suggest that they are intended to treat or prevent disease in pets would potentially meet the statutory definitions of both a food and a drug.

We rely on legal and operational compliance programs, as well as outside counsel, to guide our business in complying with applicable laws and regulations in the areas in which we do business. In addition, regulatory regime changes may add cost and complexity to our compliance efforts. It is difficult to predict with certainty the potential impact of future regulatory compliance efforts and future costs associated with such matters. Our failure to comply with such laws and regulations may result in adverse actions that could disrupt our operations and adversely affect our financial results.

HUMAN CAPITAL

The Company is committed to fostering a culture that not only advances strategic and key business priorities but also empowers employees to make a positive impact in their communities. We believe that attracting, retaining, and managing a diverse and talented workforce is crucial to our success and our workforce includes individuals of different ages, colors, disabilities, ethnicities, family or marital statuses, gender, or expressions, languages, national origins, physical and mental abilities, political affiliations, races, religions, sexual orientations, socio-economic statuses, veteran statuses, and other characteristics.

To ensure our employees have the opportunity to develop and excel, human capital management is a top priority for our executives and Board of Directors, as evidenced by the expansion of the Compensation Committee to the Compensation and Human Capital Committee. We are dedicated to identifying and nurturing the talent necessary for our long-term success. We are intentional about fostering a workplace where employees are encouraged to build their skills and explore opportunities for advancement. This includes access to a variety of resources to enhance their skills and advance their careers, including mentorship programs, individual development opportunities, education reimbursement, and exposure to cross-functional projects that provide diverse experiences.

Additionally, we offer functional management training, educational opportunities, certification programs, and educational assistance to support our future leaders in their professional growth.

We pride ourselves on maintaining a strong corporate culture that upholds high standards of ethics and compliance. Our Code of Business Conduct and Ethics outlines the principles that guide the behavior of our employees, officers, directors, and vendors. All of our employees, officers and directors are required to complete Code of Business Conduct training on an annual basis. To ensure adherence to these standards, we maintain a whistleblower policy and an anonymous hotline for confidential reporting of any suspected policy violations or unethical conduct. Furthermore, all staff members are required to complete anti-harassment training.

By fostering a supportive and inclusive environment, we empower our employees to thrive both professionally and personally, driving our company forward and making a meaningful impact in our communities.

As of March 31, 2026, we had 189 full-time employees. None of our employees are represented by a labor union or governed by any collective bargaining agreements. We consider relations with our employees to be good. The majority of our employees are connected to our Delray Beach, Florida headquarters and distribution center. Many of our personnel are currently working remotely or in a hybrid work model with the exception of essential on-site workers.

We offer our employees a wide array and highly competitive benefits such as life and health (medical, dental, and vision) insurance, medical and dependent care flexible spending accounts, supplemental insurance coverage, pet insurance, parking and commuter benefits, legal services provider network, paid time off (including gender neutral parental leave) and retirement benefits, as well as emotional well-being services through our health insurance program.

Available Information

Our website addresses are www.petmeds.com and www.petcarerx.com. The information on our websites is not, and shall not be deemed to be, a part of or incorporated into this Annual Report on Form 10-K or any other filings we make with the Securities and Exchange Commission ("SEC"). We file annual, quarterly, and current reports, proxy statements, and other information with the SEC. Our SEC filings, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to the Exchange Act are available free of charge over the Internet on our website at www.petmeds.com or at the SEC's website at www.sec.gov. Our SEC filings will be available through our website at www.petmeds.com as soon as reasonably practicable after we have electronically filed or furnished them to the SEC.

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, including those described below, that could materially and adversely affect our business, financial condition, operating results and the trading price of our common stock. Because of the following factors, as well as other factors affecting the Company's results of operations and financial condition, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods. This discussion of risk factors contains forward-looking statements. This section should be read in conjunction with Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and accompanying notes in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Regulatory Risks

Any failure to comply with various state or federal regulations covering our pet health business, including the dispensing of prescription pet medications may subject us to reprimands, sanctions, probations, fines, suspensions, or the loss of one or more of our pharmacy licenses.

Our pet health business, which includes the sale and delivery of prescription pet medications is generally governed by state laws and state regulations, and with respect to controlled substances, also by federal law. Governmental authorities that regulate our business have broad latitude to make, interpret, and enforce the laws and regulations that govern us. Since our pharmacy is located in the State of Florida, the Company is governed by the laws and regulations of the State of Florida. Each prescription pet medication sale we make is likely also to be covered by the laws of the state where the customer is located. The laws and regulations relating to the sale and delivery of prescription pet medications vary from state to state, but generally require that prescription pet medications be dispensed with the authorization from a prescribing veterinarian. Our current home-state license with the Florida Board of Pharmacy is valid until February 28, 2027, and PetCareRx's home-state license in the State of New York is valid until April 30, 2028, however, there is no guarantee that we will be able to renew such licenses when required. To the extent that we are unable to maintain our license as a community pharmacy with the Florida Board of Pharmacy (and to the extent we are unable to maintain PetCareRx's license in New York), or if we do not maintain the licenses granted by other state boards, or if we become subject to actions by the FDA, or other enforcement regulators, our dispensing of prescription medications to pet owners could cease, which could have a material adverse effect on our operations.

The expansion of our business into the offer and sale of pet insurance products also subjects us to additional laws and regulations regarding those activities, including as a registered insurance distributor in states in which we offer and sell co-branded pet insurance products and otherwise complying with state and federal laws relating to the sale and distribution of insurance products.

The Company is a party to routine litigation and administrative complaints incidental to its business. Management does not believe that the resolution of any or all of such routine litigation and administrative complaints is likely to have a material adverse effect on the Company's financial condition or results of operations. While we make every effort to fully comply with all applicable state rules, laws, and regulations, from time to time we have been the subject of administrative complaints regarding the authorization of prescriptions prior to shipment. We cannot assure you that we will not be the subject of administrative complaints in the future. We cannot guarantee you that we will not be subject to reprimands, sanctions, probations, or fines, or that one or more of our pharmacy licenses will not be suspended or revoked. If we were unable to maintain our license as a community pharmacy in the States of Florida or New York, or if we are not granted licensure in a state that begins to require licensure, or if one or more of the licenses granted by other state boards should be

suspended or revoked, our ability to continue to sell prescription medications and to continue our business as it is presently conducted could be in jeopardy.

Business Risks

Our failure to properly manage our inventory may result in excessive inventory carrying costs, or inadequate supply of products, which could materially adversely affect our financial condition and results of operations.

Our current product line contains approximately 6,400 SKUs. A significant portion of PetMeds sales is attributable to products representing approximately 100 SKUs, including the most popular flea and tick, and heartworm preventative brands. We need to properly manage our inventory to provide an adequate supply of these products and avoid excessive inventory of the products representing the balance of the SKUs. We generally place orders for products with our suppliers based upon our internal estimates of the amounts of inventory we will need to fill future orders. These estimates may be significantly different from the actual orders we receive.

In the event that subsequent orders fall short of original estimates, we may be left with excess inventory. Significant excess inventory could result in price discounts, increased inventory carrying costs, and obsolescence. Similarly, if we fail to have an adequate supply of some SKUs, we may lose sales opportunities. We cannot guarantee that we will maintain appropriate inventory levels. Any failure on our part to maintain appropriate inventory levels may have a material adverse effect on our financial condition and results of operations.

Resistance from veterinarians to authorize prescriptions, or attempts or efforts by veterinarians to discourage pet owners from purchasing from us could cause our sales to decrease and could materially adversely affect our financial condition and results of operations.

Since we began our operations, some veterinarians have resisted providing our customers with a copy of their pet's prescription or authorizing the prescription to our pharmacy staff, thereby effectively preventing us from filling such prescriptions under state law. We have also been informed by customers and consumers that veterinarians have tried to discourage pet owners from purchasing from internet mail-order pharmacies.

The laws and regulations relating to the sale and delivery of prescription pet medications vary from state to state. Although veterinarians in some states are required by law to provide a pet owner with a prescription if medically appropriate, if the number of veterinarians who refuse to authorize prescriptions should increase, or if veterinarians are successful in discouraging pet owners from purchasing from internet mail-order pharmacies, our sales could decrease, and our financial condition and results of operations may be materially adversely affected.

Significant portions of our sales are made to residents of eight states. If we should lose our pharmacy license in one or more of these states, our financial condition and results of operations would be materially adversely affected.

While we ship pet medications to customers in all 50 states, approximately 50% of our sales for the fiscal year ended March 31, 2026, were made to customers located in the states of Florida, California, Texas, New York, Pennsylvania, North Carolina, Virginia and Georgia. If for any reason our license to operate a pharmacy in one or more of those states should be suspended or revoked, or if it is not renewed, our ability to sell prescription medications to residents of those states would cease and our financial condition and results of operations in future periods would be materially adversely affected.

We have direct buying relationships with major pet medication manufacturers and distributors each contractual relationship depends on our compliance with each respective manufacturer's minimum advertised pricing policies (MAPP).

The Company maintains direct purchasing relationships with major pet medication manufacturers and distributors. These relationships entitle the Company to buy directly from the manufacturer under the terms and conditions of a purchasing agreement which dictates purchase pricing of inventory and criteria to obtain additional discounts and rebates. The terms of these agreements also require the Company to comply with the manufacturers' MAPP. Each advertisement and/or promotion of a product below the MAPP price, should they occur, would be a violation of the policy. This policy applies to all advertisements of products in all media including, without limitation, flyers, posters, coupons, mailers, inserts, newspapers, magazines, on-line catalogs, mail order catalogs, public signage and all Internet or similar electronic media, television, radio and public signage, including websites, email newsletters, forums, and auction sites.

At the discretion of the manufacturers, non-compliance with the MAPP can result in one or more of the following actions: (1) forfeiture of future rebates or discounts from the manufacturer, (2) suspension of future purchases from the manufacturer, (3) or termination of current or future business relationship. The Company has and will continue to make every attempt to abide by the manufacturers MAPP. However, no assurances can be made that the Company will not violate MAPP inadvertently. A reduction or discontinuance of these rebates or discounts would increase our costs and could reduce our profitability. If any of these major pet medication manufacturers were to terminate our purchasing relationship it could materially adversely affect our business. If the manufacturers are not able to enforce their MAPP industry-wide, then our profit margins and results of operations may also be impacted negatively.

The loss of any of our key suppliers would negatively impact our business.

We have direct purchasing relationships with major pet medication manufacturers and distributors, from the majority of which we purchase significant quantities of pet medication products. We do maintain annual purchasing contracts with these major manufacturers. While we believe that our supplier relationships are good, a supplier could discontinue selling to us at any time, or stop paying cooperative fees to us at any time. The loss of any of our key suppliers of pet medications offered by us, or the loss of vendor cooperative payments, would have a negative impact on our business, financial condition, and results of operations.

Shipping is a critical part of our business and any changes in, or disruptions to, our shipping arrangements could adversely affect our business, financial condition, and results of operations.

We currently rely on third-party national, regional, and local logistics providers to deliver the products we offer on our websites. If we are not able to negotiate acceptable pricing and other terms with these providers, or if these providers experience performance problems or other difficulties in processing our orders or delivering our products to customers, it could negatively impact our results of operations and our customers' experience. In addition, our ability to receive inbound inventory efficiently and ship merchandise to customers may be negatively affected by factors beyond our and these providers' control, including inclement weather, fire, flood, power loss, earthquakes, acts of war or terrorism or other events, such as labor shortages and disputes, financial difficulties, volatility in the prices of fuel, gasoline and commodities such as paper and packing supplies, system failures and other disruptions to the operations of the shipping companies on which we rely. We are also subject to risks of damage or loss during delivery by our shipping vendors. If the products ordered by our customers are not delivered in a timely fashion or are damaged or lost during the delivery process, our customers could become dissatisfied and cease buying products through our websites and mobile application, which would adversely affect our business, financial condition, and results of operations.

The quality of our customer service and support is important to our customers, and if we fail to provide adequate levels of customer service and support, we could lose customers, which would harm our business.

We believe that a high level of customer care and support is critical in retaining and expanding our customer base. Although our customer care representatives participate in ongoing training programs on a variety of topics, such as product knowledge, computer usage, customer service tips, and the relationship between our Company and veterinarians, any perceived or actual decline in our customer-service response times or in the quality of our customer care representatives, even if episodic or temporary, could hurt our business. If customers perceive that our customer care and support does not compare favorably to our competitors, then we may lose customers to such competitors.

The content of our websites could expose us to various kinds of liability, which, if prosecuted successfully, could negatively impact our business.

Because we post product and pet health information and other content on our websites, we face potential liability for negligence, copyright infringement, patent infringement, trademark infringement, defamation, and/or other claims based on the nature and content of the materials we post. Various claims have been brought, and sometimes successfully prosecuted, against Internet content distributors. We could be exposed to liability with respect to the unauthorized duplication of content or unauthorized use of other parties' proprietary technology. Although we maintain general liability insurance, our insurance may not cover potential claims of this type or may not be adequate to indemnify us for all liability that may be imposed. Any imposition of liability that is not covered by insurance, or is in excess of insurance coverage, could materially adversely affect our financial condition and results of operations.

We may not be able to protect our intellectual property rights, and/or we may be found to infringe on the proprietary rights of others.

We rely on a combination of trademarks, trade secrets, copyright laws, and contractual restrictions to protect our intellectual property rights. These afford only limited protection. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy our proprietary property, including our non-prescription private label or generic equivalents, when and if developed, as well as aspects of our sales formats, or to obtain and use information that we regard as proprietary, including the technology used to operate our websites and our content, and our trademarks. Litigation or proceedings before the United States Patent and Trademark Office or other bodies may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets and domain names, or to determine the validity and scope of the proprietary rights of others. Any litigation or adverse proceeding could result in substantial costs and diversion of resources and could seriously harm our business and operating results. Third parties may also claim infringement by us with respect to past, current, or future technologies or intellectual property particularly with the use or adoption of new and emerging technologies such as AI. We expect that participants in our market will be increasingly involved in infringement claims as the number of services and competitors in our industry segment grows and the use of AI tools and features become more prevalent. Any claim, whether meritorious or not, could be time-consuming, result in costly litigation, cause service upgrade delays, or require us to enter into royalty or licensing agreements. These royalty or licensing agreements might not be available on terms acceptable to us or at all.

If we are unable to protect our Internet addresses or to prevent others from using Internet addresses that are confusingly similar, our business may be adversely impacted.

Our Internet addresses, including; www.1800petmeds.com, www.1888petmeds.com, www.petmedexpress.com, www.petmed.com, www.petmeds.com, www.petmeds.pharmacy, www.petmed.pharmacy, www.1800petmeds.pharmacy, and petcarerx.com, are critical to our brand recognition and our overall success. If we are unable to protect these Internet addresses, our competitors could capitalize on our brand recognition. There may be similar Internet addresses used by competitors. Governmental agencies and their designees generally regulate the acquisition and maintenance of Internet addresses. The regulation of Internet addresses in the United States and in foreign countries has changed and may undergo further change in the near future. Furthermore, the relationship between regulations governing Internet addresses and laws protecting trademarks and similar proprietary rights is unclear. Therefore, we may not be able to protect our own Internet addresses or prevent third parties from acquiring Internet addresses that are confusingly similar to, infringe upon, or otherwise decrease the value of our Internet addresses.

Since most of our operations are housed two locations, we are more susceptible to a business interruption in the event of damage to, or disruptions in, our facility, particularly with respect to extreme weather events.

The PetMeds headquarters and principal distribution center are currently located in one location in South Florida, and most of our shipments of products to our customers are made from this primary distribution center. Our PetCareRx principal distribution center is located in one location in New York. Because we consolidate our operations in two locations, we are more susceptible to power and equipment failures, and business interruptions in the event of fires, floods, and other natural disasters than if we had additional locations. Furthermore, because our largest distribution center is located in South Florida, which is a hurricane-sensitive area and is susceptible to sea-level rise, we are particularly susceptible to the risk of damage to, or total destruction of, our headquarters and distribution center and surrounding transportation infrastructure caused by a hurricane or rising sea levels. Additionally, intense weather conditions may cause property insurance premiums to significantly increase in the future. We recognize that the frequency and intensity of extreme weather events, sea-level rise, and other climatic changes may continue to increase and, as a result, our exposure to these events may increase.

We cannot assure you that we are adequately insured to cover the amount of any losses relating to any of these potential events, including business interruptions resulting from damage to or destruction of our headquarters and distribution centers, or power and equipment failures relating to our call center or websites, or interruptions or disruptions to major transportation infrastructure, or other events that do not occur on our premises. The occurrence of one or more of these events could adversely impact our ability to generate revenues in future periods.

A failure or misuse of our information systems and customer-facing technology systems, including our online payment methods, could adversely affect our results of operations, expose us to third-party claims, or increase our exposure to fraud and other risks.

Our business is dependent upon the efficient operation of our information systems. In particular, we rely on our information systems to effectively manage our business model strategy, with tools to track and manage sales, inventory, marketing, customer service efforts, the preparation of our consolidated financial and operating data, credit card information, and customer information. The failure of our information systems to perform as designed or the failure to maintain and enhance or protect the integrity of these systems could disrupt our business operations, adversely impact sales and the results of operations, expose us to customer or third-party claims, or result in adverse publicity.

Through our information technology, we are able to provide an improved overall shopping and interconnected retail experience that empowers our customers to shop and interact with us from computers, tablets, smartphones and other mobile devices. We use our websites and our mobile application both as sales channels for our products and also as methods of providing product and other relevant information to our customers to drive online sales. Our online programs, communities and knowledge center allow us to inform, assist and interact with our customers. We also continually seek to enhance all of our online properties to provide an attractive user-friendly interface for our customers. Disruptions, failures or other performance issues with these customer-facing technology systems could impair the benefits that they provide to our online business and negatively affect our relationship with our customers.

Further, we currently accept payments using a variety of different payment methods which may subject us to additional regulations and compliance requirements, and may also increase our exposure to fraud, criminal activity, and other risks. In the future, as technology develops and we begin to offer new payment options to consumers, including by integrating emerging mobile and other payment methods, we may be subject to additional regulations, compliance requirements, or fraud. If we fail to comply with the rules or requirements of any provider of a payment method we accept, if the volume of fraud in our transactions limits or terminates our rights to use payment methods we currently accept, or if a data breach occurs relating to our payment systems, we may, among other things, be subject to fines or higher transaction fees and may lose, or face restrictions placed upon, our ability to accept credit card payments from consumers or facilitate other types of online payments. If any of these events were to occur, our business, financial condition, and results of operations could be materially and adversely affected.

Our failure or the failure of third-party service providers to protect our websites, networks, and systems against cybersecurity incidents, or otherwise to protect our confidential information, could damage our reputation and brands and substantially harm our business, financial condition, and results of operations.

As a result of our services being web based, we collect, process, transmit and store large amounts of data about our customers, employees, suppliers and others, including credit card information and personally identifiable information, as well as other confidential and proprietary information. We also employ third-party service providers for a variety of reasons, including storing, processing and transmitting proprietary, personal and confidential information on our behalf. While we rely on tokenization solutions licensed from third parties in an effort to securely transmit confidential and sensitive information, including credit card numbers, advances in computer capabilities, new technological discoveries or other developments may result in the whole or partial failure of these solutions to protect confidential and sensitive information from being breached or compromised. Similarly, our security measures, and those of our third-party service providers, may not detect or prevent all attempts to hack our systems or those of our third-party service providers. Distributed Denial-of-Service ("DDoS") attacks, viruses, malicious software, break-ins, phishing attacks, ransomware, social engineering, security breaches or other cybersecurity incidents and similar disruptions that may jeopardize the security of information stored in or transmitted by our websites, networks and systems or that we or our third-party service providers otherwise maintain, including payment card systems, may subject us to fines or higher transaction fees or limit or terminate our access to certain payment methods. The integration of AI technologies into our platform and systems could increase cybersecurity and privacy risks and could lead to potential unauthorized access, misuse, acquisition, release, disclosure, alteration or destruction of company or customer data or other confidential or proprietary information. Further, threat actors may leverage AI technologies to launch more sophisticated, automated, targeted and coordinated attacks that are more difficult to detect. We and our service providers may not anticipate or prevent all types of attacks until after they have already been launched, and techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers. In addition, cybersecurity incidents can also occur as a result of non-technical issues, including intentional or inadvertent breaches by our employees or by persons with whom we have commercial relationships.

We and our service providers may not anticipate or prevent all types of attacks until after they have already been launched, and techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers. In addition, cybersecurity incidents can also occur as a result of non-technical issues, including intentional or inadvertent breaches by our employees or by persons with whom we have commercial relationships.

Breaches of our security measures or those of our third-party service providers or any cybersecurity incident could result in unauthorized access to our websites, networks and systems; unauthorized access to and misappropriation of consumer and/or employee information, including personally identifiable information, or other confidential or proprietary information of ourselves or third parties; viruses, worms, spyware or other malware being served from our websites, networks or systems; deletion or modification of content or the display of unauthorized content on our websites; interruption, disruption or malfunction of operations; costs relating to cybersecurity incident remediation, deployment of additional personnel and protection technologies, response to governmental investigations and media inquiries and coverage; engagement of third party experts and consultants; litigation, regulatory action and other potential liabilities. If any of these cybersecurity incidents occur, or there is a public perception that we, or our third-party service providers, have suffered such a breach, or we are unable to determine materiality within a reasonable timeframe under the new Cybersecurity rules, our reputation and brands could also be damaged and we could be required to expend significant capital and other resources to alleviate problems caused by such cybersecurity incidents. As a consequence, our business could be materially and adversely affected and we could also be exposed to litigation and regulatory action and possible liability. In addition, any party who is able to illicitly obtain a customer's password could access the customer's transaction data or personal information. Any compromise or breach of our security measures, or those of our third-party service providers, or our failure to protect our customer's confidential information and data, could violate applicable privacy, data security and other laws, and cause significant legal and financial exposure, adverse publicity and a loss of confidence in our security measures, which could have a material adverse effect on our business, financial condition, and results of operations.

The costs of mitigating cybersecurity risks are significant and are likely to increase in the future. These costs include, but are not limited to, retaining the services of cybersecurity providers; compliance costs arising out of existing and future cybersecurity, data protection and privacy laws and regulations; and costs related to maintaining redundant networks, data backups and other damage-mitigation measures. We currently carry cyber insurance, which may mitigate certain potential losses.

Our migration of data and systems to a new information technology platform may disrupt our operations.

As an established web-based seller of pet products, we rely on a combination of legacy public-facing websites, internal applications and services, and back-end ERP systems. We are in the process of migrating and upgrading many of our platforms and applications to more modular, cloud-based and SaaS systems. If we are not able to realize the anticipated benefits of our migration to this new infrastructure, our business could be harmed. There may be unforeseen issues as a result of these migrations that may cause disruptions to the availability of our products due to service outages, downtime or other similar issues that could harm our business. We also may be subject to additional risk of cybersecurity breaches or other improper access to our data or confidential information following our migration to these new computing platforms. In addition, our new platforms may operate differently than anticipated when introduced or when new versions or enhancements are released. As we increase our reliance on our systems, our exposure to damage from service interruptions may increase. Further, our transition could involve significant time and expense and could negatively impact our ability to deliver our products and services, which could harm our financial condition and results of operations.

Our failure to effectively adopt and use emerging technologies, including artificial intelligence and advanced data analytics, and to comply with the evolving regulatory framework governing these technologies, could adversely affect our competitive position, business, results of operations and financial condition.

The e-commerce and digital marketing landscape is continuously evolving, including through the increased use of advanced data analytics and emerging technologies such as AI by our competitors and other market participants. We may not adopt or effectively utilize such technologies as quickly as our competitors, which could place us at a competitive disadvantage and adversely affect our customer acquisition, retention and overall operating performance.

The implementation of AI and similar technologies may require significant investments and our results of operations may be affected by the timing, effectiveness and costs associated with the implementation. The regulatory environment governing the use of AI and similar technologies is evolving. Compliance with new or changing laws, regulations, or industry standards relating to AI may impose significant operational and financial burdens and may limit our ability to develop, deploy, or use AI in our business.

Our marketing, e-commerce, and other business activities are subject to a variety of federal and state laws and regulations relating to privacy, data protection, marketing and advertising and consumer protection, many of which may evolve or expand beyond their current scope, and our failure to comply with this complex set of evolving laws and regulations could adversely affect our business, financial condition, and results of operations.

We collect, maintain, use, and share personal information provided to us through our various marketing activities, including email and social media marketing and postal mailings, as well as other consumer, employee, and business-to-business interactions, in order to provide a better experience for our customers, employees, and vendors. Our current and future marketing and advertising practices depend on our ability to collect, maintain, use, and share this personal information with certain service providers and other third-party vendors, and we are subject to various federal and state laws and regulations that govern such marketing and advertising practices. In addition, we also collect, store, and transmit employees' health information for certain reasons, such as administering employee benefits; accommodating disabilities and injuries; complying with public health requirements; and maintaining employee safety in the workplace.

Laws and regulations relating to privacy, data protection, cybersecurity, marketing and advertising, and consumer protection are evolving and subject to potentially differing interpretations. While we strive to comply with all such regulations and believe that we are good stewards of our customers' data, this area is rapidly evolving (particularly as companies such as ours increase their adoption of AI-based tools and features), and it is possible that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another or may conflict with other rules or our practices. If so, we may be subject to proceedings or actions against us by governmental entities or others, and we may suffer damage to our reputation as a result of such proceedings or actions. We may also be contractually required to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any laws, regulations or other legal obligations relating to privacy, data protection, cybersecurity or consumer protection or any inadvertent or unauthorized use or disclosure of data that we store or handle as part of operating our business.

Federal and state governmental authorities continue to evaluate the privacy implications inherent in the use of third-party "cookies" and other methods of online tracking for behavioral advertising and other purposes. The U.S. government and state governments have enacted, have considered or are considering enacting, legislation or regulations that could significantly restrict the ability of companies and individuals to engage in these activities, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools or the use of data gathered with such tools. Additionally, some providers of consumer devices and web browsers have implemented, or announced plans to implement, means to make it easier for Internet users to prevent the placement of cookies or to block other tracking technologies, which could result in the use of third-party cookies and other methods of online tracking becoming significantly less effective. The regulation of the use of these cookies and other current online tracking and advertising practices or a loss in our ability to make effective use of services that employ such technologies could increase our costs of operations and limit our ability to acquire new customers on cost-effective terms and consequently, materially and adversely affect our business, financial condition, and results of operations.

In addition, various federal and state legislative and regulatory bodies, or self-regulatory organizations, may expand current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection, cybersecurity, consumer protection, and advertising. For example, in June 2018, the State of California enacted the California Consumer Privacy Act of 2018 (the "CCPA"), which became effective on January 1, 2020. The CCPA requires companies that process information of California residents to make new disclosures to consumers about their data collection, use and sharing practices, and allows consumers to opt out of selling their data to third parties and provides a new cause of action for data breaches. Further, on November 3, 2020, the California Privacy Rights Act (the "CPRA") was voted into law by California residents. The CPRA significantly amends the CCPA, and imposes additional data protection obligations on companies doing business in California, including additional consumer rights processes and opt outs for certain uses of sensitive data. It also creates a new California data protection agency specifically tasked to enforce the law, which could result in increased regulatory scrutiny of businesses conducting activities in California in the areas of data protection and security. The substantive requirements for businesses subject to the CPRA went into effect on January 1, 2023, and will be enforced effective from July 1, 2023. Other states in which we operate have also enacted laws similar to

CPRA and similar laws have been proposed in other states and at the federal level, and if passed, such laws may have potentially conflicting requirements that would make compliance challenging. Additionally, the Federal Trade Commission (the “FTC”) and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination and security of data. Consumer protection laws require us to publish statements that describe how we handle personal data and choices individuals may have about the way we handle their personal data. If such information that we publish is considered untrue, we may be subject to government claims of unfair or deceptive trade practices, which could lead to significant liabilities and consequences. Further, according to the FTC, violating consumers’ privacy rights or failing to take appropriate steps to keep consumers’ personal data secure may constitute unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act. Each of these privacy, security, and data protection laws and regulations, and any other such changes or new laws or regulations, could impose significant limitations, require changes to our business, impose fines and other penalties or restrict our use or storage of personal information, which may increase our compliance expenses and make our business more costly or less efficient to conduct. Any such changes could compromise our ability to develop an adequate marketing strategy and pursue our growth strategy effectively, which, in turn, could adversely affect our business, financial condition, and results of operations.

We face the risk of litigation resulting from unauthorized text messages sent in violation of the Telephone Consumer Protection Act.

We send short message service, or SMS, text messages to customers and job candidates. The actual or perceived improper sending of text messages may subject us to potential risks, including liabilities or claims relating to consumer protection laws. For example, the Telephone Consumer Protection Act of 1991, a federal statute that protects consumers from unwanted telephone calls, faxes, and text messages, restricts telemarketing and the use of automated SMS text messages without proper consent. Numerous class-action suits under federal and state laws have been filed in recent years against companies who conduct SMS texting programs, with many resulting in multi-million-dollar settlements to the plaintiffs. Federal or state regulatory authorities or private litigants may claim that the notices and disclosures we provide, form of consents we obtain, or our SMS texting practices are not adequate or violate applicable law, resulting in civil claims against us. While we strive to comply with all applicable laws and regulations, the scope and interpretation of the laws that are or may be applicable to the delivery of text messages are continuously evolving and developing. If we do not comply with these laws or regulations or if we become liable under these laws or regulations, we could face direct liability, could be required to change some portions of our business model, or could face negative publicity, and our business, financial condition, and results of operations could be adversely affected as a result. Even an unsuccessful challenge of our SMS texting practices by our customers, regulatory authorities, or other third parties could result in negative publicity and could require a costly response from and defense by us.

Further trade restrictions, including tariffs, quotas, embargoes, safeguard measures and customs limitations, could raise the cost or diminish the availability of products for us and our suppliers and may necessitate changes to our supply chain organization or other current business practices, any of which could materially harm our business, financial condition and results of operations.

Our operating results are difficult to predict and may fluctuate, and a portion of our sales are seasonal.

Factors that may cause our operating results to fluctuate include:

- Our ability to obtain new customers at a reasonable cost, retain existing customers, or encourage reorders;
- Our ability to increase the number of visitors to our websites, or our ability to convert visitors to our websites into customers;
- The mix of medications and other pet products sold by us;
- Our ability to manage inventory levels or obtain an adequate supply of products;
- Our ability to adequately maintain, upgrade, and develop our websites, the systems that we use to process customers’ orders and payments, or our computer network;
- Increased competition within our market niche;
- Price competition;
- New products introduced to the market, including generics;
- Increases in the cost of advertising;
- The amount and timing of operating costs and capital expenditures relating to expansion of our product line or operations;
- Potential disruption to the distribution network;
- Disruption of our toll-free telephone service, technical difficulties, or systems and Internet outages or slowdowns;

- The impact of any future outbreaks similar to COVID-19 on our business operations and generally on the economy, including the measures taken by governmental authorities to address it;
- Unfavorable general economic trends; and
- Tariffs

Our annual and quarterly operating results have fluctuated in the past and may fluctuate significantly in the future due to a variety of factors, including weather, many of which are out of our control. Any change in one or more of these factors could materially adversely affect our financial condition and results of operations in future periods.

Uncertainties in economic conditions and their impact on consumer spending patterns could adversely impact our business, financial condition, and results of operations.

Our results of operations are sensitive to changes in certain macro-economic conditions that impact consumer spending on pet products and services. Some of the factors that may affect consumer spending on pet products and services include consumer confidence, levels of unemployment, inflation, interest rates, tax rates and general uncertainty regarding the overall future economic environment. We may experience declines in sales or changes in the types of products sold during economic downturns. Any material decline in the amount of consumer spending or other adverse economic changes could reduce our sales, and a decrease in the sales of higher-margin products could reduce profitability and, in each case, harm our business, financial condition, and results of operations.

We may continue to seek to grow our business through acquisitions of, or investments in, new or complementary businesses, facilities, technologies, offerings, or products, or through strategic alliances, and the failure to manage these acquisitions, investments, or other strategic alliances, or to integrate them with our existing business, could have a material adverse effect on us.

In April 2023, we acquired one company (PetCareRx) and we expect that we may in the future consider additional opportunities to acquire or make investments in new or complementary businesses, facilities, technologies, offerings, or products, or enter into other strategic alliances or strategic partnerships with third parties, for the purpose of enhancing our capabilities, complement our current products and services or expand the breadth of our markets. Acquisitions, investments and other strategic alliances, involve numerous risks, including:

- problems integrating the acquired business, facilities, technologies or products, including issues maintaining uniform standards, procedures, controls and policies;
- unanticipated costs associated with acquisitions, investments or strategic alliances;
- losses we may incur as a result of declines in the value of an investment or as a result of incorporating an investee's financial performance into our financial results;
- diversion of management's attention from our existing business;
- risks associated with entering new markets in which we may have limited or no experience;
- the risks associated with businesses we acquire or invest in, which may differ from or be more significant than the risks our other businesses face;
- potential unknown liabilities associated with a business we acquire or in which we invest; and
- increased legal and accounting compliance costs.

Our ability to successfully grow through strategic transactions depends upon our ability to identify, negotiate, complete and integrate suitable target businesses, facilities, technologies, products and services. These efforts could be expensive and time-consuming and may disrupt our ongoing business and prevent management from focusing on our operations. Also, our acquisitions may not result in the benefits or growth originally anticipated from such acquisitions. As a result of future strategic transactions, we might need to issue additional equity securities, spend our cash, or incur debt (which may only be available on unfavorable terms, if at all) or contingent liabilities, any of which could reduce our profitability and harm our business. If we are unable to identify suitable acquisitions, investments or strategic relationships, or if we are unable to integrate any acquired businesses, facilities, technologies, offerings and products effectively, our business, financial condition, and results of operations could be materially and adversely affected. Also, while we employ several different methodologies to assess potential business opportunities, the new businesses or investments may not meet or exceed our expectations or desired objectives in the timeframe expected.

The market for pet telemedicine is immature and uncertain. If the telemedicine market does not develop, develops more slowly than we expect, or encounters negative publicity, or if our approach does not achieve a high level of customer

acceptance, the growth and results of our partnership with Vetster may be adversely affected which could result in an impairment of our investment.

It is uncertain whether the telemedicine market and our approach to pet telehealth with our partner in that industry will achieve and sustain high levels of demand, consumer acceptance and market adoption. The COVID-19 pandemic increased acceptance and utilization of telemedicine services, but it is uncertain whether such increase in demand will continue.

Demand for pet telemedicine and telehealth services is affected by a number of factors, many of which are beyond our control. Some of these potential factors include:

- market adoption and ongoing usage of pet telehealth and telemedicine services and solutions;
- awareness and adoption of technology in healthcare generally;
- availability of products and services that compete with ours;
- ability to maintain and expand a network of qualified providers;
- ease of adoption and use;
- features and platform experience;
- performance;
- brand;
- security and privacy; and
- pricing.

Our success will depend to a substantial extent on the willingness of our customers to use, and to increase the frequency and extent of their utilization of, our solution being offered in conjunction with our telehealth partner as well as on our ability to demonstrate the value of pet telehealth and telemedicine to veterinarians and pet owners. Negative publicity concerning the pet telehealth and telemedicine market could limit market acceptance of our solutions and services.

Evolving foreign trade policy by the United States or other countries or the imposition of tariffs on imported goods may affect our business.

Some of the products that we offer are purchased from vendors located outside of the United States and other vendors that we purchase from depend on other vendors located outside of the United States. These threatened or imposed tariffs and any retaliatory actions taken by other countries could result in us incurring additional costs to procure some of the merchandise we offer and may require us to raise prices on certain products. While the scope and duration of any current or future tariffs remain uncertain, tariffs imposed by the U.S. or other governments could negatively impact our financial condition and results of operations.

Financial Risks

Our financial condition may currently and in the future raise substantial doubt as to our ability to continue as a going concern.

In connection with the filing of this Annual Report on Form 10-K, we evaluated our ability to continue as a going concern for the twelve months following the issuance of the financial statements contained herein. The Company's liquidity position has been impacted by declining cash balances, declining net sales, recurring operating losses and negative operating cash flows. When considered in the aggregate, these conditions raised substantial doubt about the Company's ability to continue as a going concern within the assessment period, defined as twelve months after the date that our consolidated financial statements are issued. Management evaluated the significance of these conditions in relation to the Company's ability to meet its obligations within the assessment period and has developed a plan intended to alleviate substantial doubt. The primary elements of the plan include, among other things, advertising and media spend optimization, strategic reductions in operating expenses, including decreases in professional fees following the resolution of non-recurring matters, and reductions capital expenditures. Management determined that these plans are probable of being effectively implemented and are probable of mitigating the conditions that raised substantial doubt and has concluded that substantial doubt about the Company's ability to continue as a going concern for the twelve-month period following issuance of these consolidated financial statements is alleviated by these plans.

Accordingly, the accompanying consolidated financial statements have been prepared on a going concern basis of accounting.

We are subject to payment-related risks that could increase our operating costs, expose us to fraud or theft, subject us to potential liability and potentially disrupt our business.

We accept payments using a variety of methods, including credit and debit cards, PayPal and Apple Pay, and we may offer new payment options over time. Acceptance of these payment options subjects us to rules, regulations, contractual obligations and compliance requirements, including payment network rules and operating guidelines, data security standards and certification requirements, and rules governing electronic funds transfers. These requirements may change over time or be reinterpreted, making compliance more difficult or costly. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs.

We rely on third parties to provide payment processing services, including the processing of credit cards, debit cards, and other forms of electronic payment. If these companies become unable to provide these services to us, or if their systems are compromised, it could potentially disrupt our business. The payment methods that we offer also subject us to potential fraud and theft by criminals, who are becoming increasingly more sophisticated, seeking to obtain unauthorized access to or exploit weaknesses that may exist in the payment systems. If we fail to comply with applicable rules or requirements for the payment methods we accept, or if payment-related data is compromised due to a breach or misuse of data, we may be liable for costs incurred by payment card issuing banks and other third parties or subject to fines and higher transaction fees, or our ability to accept or facilitate certain types of payments may be impaired. As a result, our business and operating results could be adversely affected.

We have identified material weaknesses in our internal control over financial reporting, and management has determined that our disclosure controls and procedures were not effective as of the end of the period covered by this Annual Report on Form 10-K. Our business and share price may be adversely affected if we fail to implement and maintain effective disclosure controls and procedures and internal control over financial reporting.

For the periods ended March 31, 2024, 2025, and 2026, our management concluded material weaknesses existed in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. The material weaknesses identified in our internal control over financial reporting as of March 31, 2026, as well as our remediation plans, are described in Part II, Item 9A, "Controls and Procedures." While we believe these efforts will be sufficient to remediate the material weakness, we cannot provide assurance that we will be able to complete our evaluation, testing or any required remediation in a timely fashion, or at all. The effectiveness of our internal control over financial reporting is subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the possibility of human error and the risk of fraud. Because of the inherent limitations in a cost-effective control system, misstatements in our financial statements due to error or fraud may occur and require restatement, such as those errors that resulted in the restatement of our previously issued audited consolidated financial statements as previously reported in our Annual Report on Form 10-K for the year ended March 31, 2025.

The material weaknesses in our internal control over financial reporting will not be considered remediated until the controls operate for a sufficient period and management has concluded through testing that these controls operate effectively. If we are unable to remediate the material weaknesses or identify additional material weakness in the future, we may be unable to accurately report our financial results, which could cause our financial results to be materially misstated and require restatement. In such case, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements. Ineffective disclosure controls and procedures and internal control over financial reporting could also result in litigation or regulatory actions by the SEC or other regulatory authorities, loss of investor confidence, harm to our reputation and financial condition, diversion of financial and management resources from the operation of our business, and the market price of our common stock may decline as a result. We cannot assure you that the remediation measures we have taken to date, or any measures that we may take in the future, will be sufficient to avoid future material weaknesses.

We may face litigation and other risks as a result of the restatements as previously reported in our Annual Report on Form 10-K for the year ended March 31, 2025 and material weaknesses in our internal control over financial reporting.

We have identified material weaknesses in our internal control over financial reporting, including in connection with the restatements as previously reported in our Annual Report on Form 10-K for the year ended March 31, 2025, certain of which remained unremediated as of the date of this Annual Report. As a result of such material weaknesses and the restatement, we could face regulatory action by the SEC or other regulatory authorities, potential litigation, or other disputes, including claims invoking federal and state securities laws, contractual claims or other claims arising from the restatement and the material weaknesses in our internal control over financial reporting and the preparation of our financial statements. Any such litigation or dispute, whether successful or not, could adversely affect our business, financial condition, and results of operations.

Risks Relating to Taxes

Taxing authorities may successfully assert that we should have collected, or in the future should collect, sales and use, value added, or similar taxes, and any such assessments could adversely affect our business, financial condition, and results of operations.

In the past several years, states have adopted laws that attempt to impose tax collection obligations on out-of-state companies. In 2018, the Supreme Court of the United States ("Supreme Court") ruled in *South Dakota v. Wayfair, Inc. et al, or Wayfair*, that online sellers can be required to collect sales and use tax despite not having a physical presence in the buyer's state. In response to *Wayfair*, or otherwise, states or local governments may adopt, or begin to enforce, laws requiring us to register, calculate, collect, and remit taxes on sales in their jurisdictions. Additionally, states and some local tax jurisdictions have differing rules and regulations governing sales and use taxes, which are subject to varying interpretations that may change over time.

One or more taxing authorities could seek to impose additional sales and use, value added, or similar taxes on us or may determine that such taxes should have, but have not been, paid by us. Any successful action by taxing authorities to compel us to collect and remit such taxes, either retroactively or prospectively, could have a material adverse effect on our business, financial condition and results of operations. The imposition by state governments or local governments of sales tax collection obligations on out-of-state sellers could also create additional administrative burdens for us, put us at a competitive disadvantage if they do not impose similar obligations on our competitors, and decrease our future sales, which could have a material adverse effect on our business and results of operations.

While we believe that we currently collect and remit applicable sales taxes to the extent required in all states in which we sell, a successful assertion by one or more states seeking to tax us on sales that occurred in prior tax years, or to collect more taxes in a jurisdiction in which we currently do collect some taxes, could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest.

New legislation or regulations, the application of laws and regulations from jurisdictions, or the application of existing laws and regulations to the Internet and commercial online services could similarly result in significant additional taxes on our business. For instance, the Supreme Court's decision and the enactment and enforcement of laws resulting therefrom could also impact where we are required to file state income taxes. As a result, our effective income tax rate as well as the cost and growth of our business could be materially and adversely affected, which could in turn have a material adverse effect on our financial condition and results of operations. In addition, because the Company's products and services are available over the Internet, states may claim that the Company is required to do business as a foreign corporation in one or more of those jurisdictions. Failure to qualify as a foreign corporation in a jurisdiction where the Company is required to do so could subject it to taxes and penalties, and such jurisdictions may charge the Company with violations of local laws.

Changes in tax laws or regulations in the various tax jurisdictions we are subject to could increase our cost of doing business.

We may be subject to additional tax liabilities and penalties resulting from new legislation or regulations; changes in taxing jurisdictions' administrative interpretations, decisions, policies and positions; results of tax audits, examinations, settlements or judicial decisions; changes in accounting principles, as well as the evaluation of new information that results in a change to a tax position taken in a prior period; and changes to our business operations, including acquisitions. Any resulting increase in our tax obligation or cash taxes paid could adversely affect our cash flows and financial results.

Industry Risks

We face significant competition from veterinarians and online and traditional retailers, as well as challenges from strategic alliances amongst our competitors, and may not be able to compete profitably with them.

We compete directly and indirectly with veterinarians for the sale of pet medications and other health products. Veterinarians hold a competitive advantage over us because many pet owners may find it more convenient or preferable to purchase these products directly from their veterinarians at the time of an office visit. We also compete directly and indirectly with both online and traditional retailers. Both online and traditional retailers may hold a competitive advantage over us because of longer operating histories, established brand names, greater resources, and/or an established customer base. Online retailers may have a competitive advantage over us because of established affiliate relationships to drive traffic to their website. Traditional retailers may hold a competitive advantage over us because pet owners may prefer to purchase these products from a store instead of online. In addition, we face growing competition from online and multichannel retailers, some of whom may have a lower cost structure than ours, as customers now routinely use computers, tablets, smartphones, and other mobile devices and mobile applications to shop online and compare prices and products in real time. In order to effectively compete in the future, we may be required to offer promotions and other incentives, which may result in lower operating margins and adversely affect the results of operations. In order to stay competitive, we may need to accelerate our adoption of and investment in AI-based technologies and features. We also face a significant challenge from our competitors forming alliances with each other, such as those between online and traditional retailers. These relationships may enable both their online and retail stores to negotiate better pricing and better terms from suppliers by aggregating the demand for products and negotiating volume discounts, which could be a competitive disadvantage to us.

Product recalls and concerns regarding the safety and quality of the pet products we sell could affect our business.

We are subject to laws and regulations by various federal and state regulatory authorities regarding the safety and quality of the pet products that we sell. We purchase products from various suppliers, one or more of which might not adhere to product safety requirements or our quality control standards, and we may not be able to identify the deficiency before merchandise ships to our customers. All of our suppliers are required to comply with applicable product safety laws, and we are dependent upon them to ensure such compliance. Any issues of product safety or allegations that the products we sell are in violation of governmental regulations, including, but not limited to, issues involving products manufactured in foreign countries or issues of mislabeling or adulteration, could cause those products to be recalled. If our suppliers fail to manufacture or import merchandise that adheres to our quality control standards, product safety requirements, or applicable governmental regulations, our reputation and brands could be damaged, potentially leading to decreased sales or increases in customer litigation against us. If consumers lose confidence in the safety and quality of the food or other products that we sell or in the suppliers that provide such products, then our sales could be adversely affected. Adverse publicity about these types of concerns, even if not valid, may discourage consumers from buying the products we offer, and such publicity cause disruptions with suppliers. The real or perceived sale of contaminated food products by us could result in product liability claims against our suppliers or us, expose us or our suppliers to governmental enforcement action or private litigation, or lead to costly recalls and a loss of consumer confidence, any of which could have an adverse effect on our business, financial condition, and results of operations. We may also in the future voluntarily recall or withdraw products that we consider do not meet our standards in order to protect our brands and reputation. While we carry product liability insurance, our insurance may not be adequate to cover all liabilities that we may incur in connection with product liability claims. In addition, we may be unable to continue to maintain our existing insurance coverage or obtain comparable insurance at a reasonable cost, if at all, or secure additional coverage, which may result in future product liability claims being uninsured. Any of these factors could negatively impact our business, financial condition, and results of operations.

Pandemics or other health crises, such as the possible resurgence of the COVID-19 pandemic, may adversely affect our results of operations.

The outbreak and global spread of the COVID-19 pandemic, including the spread of recent variants, and related containment efforts created, and may continue to contribute to, significant economic disruption in the United States and around the world. A resurgence of the COVID-19 pandemic, variations of the COVID-19 virus, or other pandemics could adversely affect our business operations. It is impossible to predict the effect and ultimate impact of the possible resurgence of the COVID-19 pandemic, a variation of the COVID-19 virus, or other pandemic. In response to the COVID-19

pandemic, we implemented working from home where possible and enhanced disinfection and social distancing within our workplace. Future COVID-19 surges or variants, as well as other pandemics, may result in us again encouraging employees to work from home, which could adversely impact costs, operations, and morale, as well as result in consumer privacy, IT security, and fraud concerns.

Governmental lockdowns and other restrictions at the onset of the COVID-19 pandemic negatively impacted, and in the event of a future resurgence or a different pandemic or health crisis may again negatively impact, the operations of and ability to ship from our fulfillment center. Our future results of operations and overall financial performance could be uncertain should a new virus strain of COVID-19, a new pandemic, or other health crisis occur.

Securities Risks

Our stock price fluctuates from time to time and may fall below expectations of securities analysts and investors, and could subject us to litigation, which may result in you suffering a loss on your investment.

The market price of our common stock may fluctuate significantly in response to a number of factors, many of which are out of our control. These factors could include: changes in accounting treatments or principles; announcements by our competitors of new products and services offerings; significant contracts, acquisitions, or strategic relationships; additions or departures of key personnel; any future sales of our common stock or other securities; unsolicited offers or indications of interest to purchase our company; stock market price and volume fluctuations of publicly traded companies; and general political, economic, and market conditions. In some future quarter our operating results may fall below the expectations of securities analysts and investors, which could result in a decrease in the trading price of our common stock. In addition, if the Company fails to meet expectations related to future growth, profitability, dividends, or other market expectations, the price of the Company's common stock may decline significantly, which could have a material adverse impact on investor confidence and employee retention. In the past, securities class action litigation has often been brought against a company following periods of volatility in the market price of its securities. We may be the target of similar litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources, which could seriously harm our business and operating results.

We may issue additional shares of preferred stock that could defer a change of control or dilute the interests of our common shareholders. Our charter documents could defer a takeover effort which could inhibit your ability to receive an acquisition premium for your shares.

Our charter permits our Board of Directors to issue up to 5.0 million shares of preferred stock without shareholder approval. Currently there are 2,500 shares of our Convertible Preferred Stock issued and outstanding. This leaves slightly less than 5.0 million shares of preferred stock available for issuance at the discretion of our Board of Directors. These shares, if issued, could contain dividend, liquidation, conversion, voting, or other rights which could adversely affect the rights of our common shareholders and which could also be utilized, under some circumstances, as a method of discouraging, delaying, or preventing a change in control. Provisions of our articles of incorporation, bylaws and Florida law could make it more difficult for a third party to acquire us, even if many of our shareholders believe it is in their best interest.

Actions of activist stockholders could be disruptive and costly and could adversely affect our results of operations, financial condition, and/or share price

While we strive to maintain constructive communications with our stockholders, we may, from time to time, be subject to demands from activist stockholders. Any activist campaign against the Company that contests, conflicts with, or seeks to change, our board composition, leadership, strategic direction, or business mix could have an adverse effect on us because: (i) responding to actions by activist stockholders could disrupt our operations, be costly or time-consuming, or divert the attention of our board of directors and senior management from their regular duties, which could adversely affect our results of operations or financial condition; (ii) perceived uncertainties as to our future direction, including as a result of possible changes to the composition of our board, may lead to the perception of a change in the direction of the business or lack of continuity, any of which may be exploited by our competitors, cause concern to our customers, employees, and/or business partners and result in the loss of potential business opportunities, or make it more difficult to attract and retain qualified personnel and business partners, and may adversely affect our relationships with vendors, customers, business partners, and other third parties; (iii) these types of actions could cause significant fluctuations in our share price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals

and prospects of our business; and (iv) if individuals are elected to our board of directors with a specific agenda, it may adversely affect our ability to effectively implement our business strategy and create additional value for our stockholders.

Our ability to pay regular dividends to our shareholders and the amounts of any such dividends are subject to the discretion of the Board and may be limited by our financial condition, or limitations under Florida law.

We paid regular dividends to our shareholders from 2009 to August 2023, and on February 1, 2024, our Board of Directors elected to suspend the quarterly dividend indefinitely. The Board of Directors determined to reserve and/or utilize cash resources that would otherwise be available for distributions in order to fund additional strategic transactions or investments in our business. The determination to pay dividends and the amounts thereof in the future will be at the discretion of the Board and will be dependent on then-existing conditions, including our financial condition, income, legal requirements, including limitations under Florida law, and other factors the Board deems relevant. For these reasons, shareholders should not rely on dividends to receive a return on investment. Accordingly, and for the foreseeable future, realization of any gain on shares of our common stock will depend solely on the appreciation of the price of our common stock, which may not occur.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

PetMeds and PetCareRx maintain an enterprise-wide cybersecurity program designed to identify, assess, manage, and mitigate information security risks across the organization. Our program covers governance, policy, prevention, detection, incident response, and recovery, aligned with industry standards.

Cybersecurity Risk Management and Oversight

Our cybersecurity risk management program is designed to protect our systems, data, and customers from a wide range of cyber threats. Our cybersecurity practices are guided by the National Institute of Standards and Technology (“NIST”) Cybersecurity Framework (“CSF”), which categorizes cybersecurity activities into five key functions: identify, protect, detect, respond, and recover.

During fiscal 2026, we enhanced our governance structure by establishing two internal risk committees, an enterprise-wide management risk committee and an executive risk committee, to identify, assess, and manage enterprise risks, including cybersecurity risks, in a coordinated and timely manner. This committee improves cross-functional alignment and helps us proactively manage risk across the organization.

Our management team includes individuals with relevant expertise in information technology and cybersecurity. During fiscal 2026, cybersecurity oversight responsibilities were led by our Chief Digital and Technology Officer and Chief Information Security Officer, both of whom served through the end of the fiscal year and had significant experience in cybersecurity and risk management, including more than two decades of combined experience in these areas. Following their departures in the first quarter of fiscal 2027, these responsibilities have been assigned to other members of management and are supported by internal personnel and an external third-party specialist with relevant cybersecurity expertise.

In addition, we implemented Drata, a governance, risk, and compliance (“GRC”) platform, to automate and streamline risk management, control monitoring, and compliance processes. This investment strengthens our ability to maintain continuous visibility into our control environment and enhances our overall cybersecurity maturity.

The Audit Committee of our Board of Directors oversees cybersecurity risk and receives quarterly updates from management on cybersecurity strategy, threat landscape, incident trends, remediation activities, and other relevant developments.

Incident Detection and Response

We maintain an Incident Response Policy and supporting procedures that define how potential cybersecurity events are identified, escalated, investigated, contained, and remediated. The objectives of our incident response program include:

- Timely investigation and validation of incidents
- Minimization of data loss or service disruption
- Evidence preservation in accordance with legal and regulatory requirements
- Restoration of affected systems and services
- Post-incident review and implementation of corrective actions
- Notification to affected parties and regulators, where appropriate

These procedures are periodically tested and updated to ensure effectiveness and readiness.

Security Measures and Monitoring

We use a layered, defense-in-depth approach with industry-standard tools and our own processes for threat detection, monitoring, and response. Our security measures include:

- Regular system scans, vulnerability assessments, and penetration testing
- Ongoing compliance with the Payment Card Industry Data Security Standard (“PCI DSS”)
- Deployment of endpoint detection and response (“EDR”) tools and real-time monitoring solutions
- Secure development practices are integrated into our digital platforms

During fiscal 2026, we conducted both internal and external penetration testing, which identified certain minor vulnerabilities. These findings were promptly remediated, and no threats were identified in these assessments.

As part of our vendor management and procurement processes, we conduct cybersecurity due diligence, including reviewing SOC reports and validating data privacy and security practices for vendors with access to our systems or sensitive data.

As we modernize our technology platforms and phase out legacy systems, we're strengthening security across identity management, access governance, and software development.

Training and Awareness

Cybersecurity awareness is a foundational element of our risk management approach. We conduct recurring cybersecurity training for employees across the Company, with targeted modules addressing common threat vectors such as phishing, ransomware, and social engineering. Additional training is provided for employees in roles with elevated access to systems or sensitive data

Cybersecurity Incidents

We maintain processes to detect and respond to cybersecurity incidents as part of normal operations. While we have experienced routine threats and minor incidents, to date, we have not identified any cybersecurity incidents that have materially impacted our business, operations, or financial condition.

Cybersecurity risks continue to evolve, and we cannot provide assurance that future incidents will not materially impact our business, financial condition, or results of operations. For additional information, see Item 1A, “Risk Factors,” including the risk titled: “Our failure or the failure of third-party service providers to protect our websites, networks, and systems against cybersecurity incidents, or otherwise to protect our confidential information, could damage our reputation and brands and substantially harm our business, financial condition, and results of operations.”

ITEM 2. PROPERTIES

We own our principal executive offices and distribution center, which are located at 420 South Congress Avenue, Delray Beach, Florida 33445 (the “Delray Beach Property”). The Delray Beach Property consists of approximately 557,000 square feet of land or 12.83 acres with two building complexes totaling approximately 185,000 square feet, with additional land for future use. The first building complex consists of approximately 125,000 square feet and the second building complex consists of approximately 60,000 square feet each consisting of both office and warehouse space. The Company occupies approximately 97,000 square feet of the first building for its principal offices and distribution center. As

of March 31, 2026, 39% of the Delray Beach Property was leased to two tenants with a remaining weighted average lease term of 4.3 years. We believe that our facilities are sufficient for our current needs and are in good condition in all material respects.

In connection with our acquisition of PetCareRx, in April 2023 we assumed the leases of two buildings occupied by PetCareRx located in Lynbrook, New York. These facilities, which aggregate approximately 32,000 square feet, are used by PetCareRx as a shipping and fulfillment center and as an executive office. The leases expire in April 2027 and include the option to renew for an additional five years.

ITEM 3. LEGAL PROCEEDINGS

For a description of our legal proceedings, see “Note 14: Commitments and Contingencies” to our consolidated financial statements, which is incorporated by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded on the NASDAQ Global Select Market ("NASDAQ") under the symbol "PETS."

Holders

There were 130 active holders of record of our common stock on May 22, 2026.

Dividend Policy

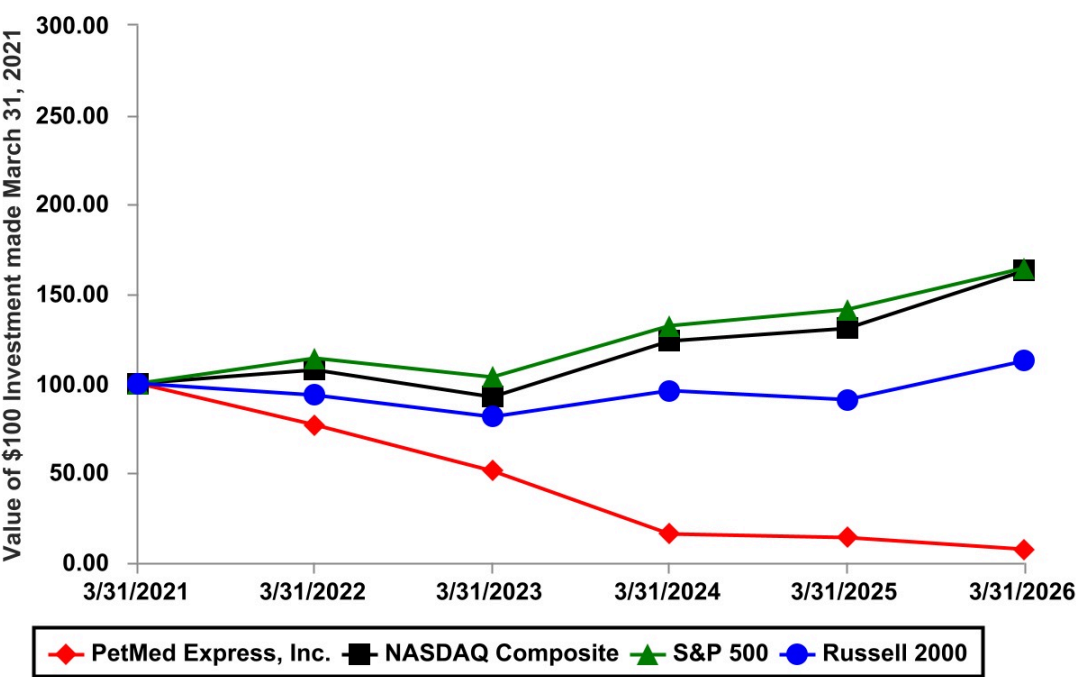
On October 26, 2023, our Board of Directors elected to suspend the quarterly dividend for the second quarter of fiscal year 2024, and on February 1, 2024, our Board of Directors elected to suspend the quarterly dividend indefinitely. This move is intended to focus use of the Company's existing cash flow on growth and other higher return initiatives. The Board of Directors reviews and discusses the capital allocation needs of the Company, at a minimum, on a quarterly basis. The declaration and payment of future dividends is discretionary and will be subject to a determination by the Board of Directors. When considering whether to declare a dividend, our Board of Directors will take into account:

- General economic and business conditions;
- Our financial condition and operating results;
- Our available cash and current and anticipated cash needs;
- Our capital requirements;
- Strategic uses of cash for growth initiatives;
- Contractual, legal, tax and regulatory restrictions on the payment of dividends by us; and
- Such other factors as our Board of Directors may deem relevant.

Performance Graph

Set forth below is a line graph comparing the five-year cumulative performance of our common stock with the NASDAQ Composite, the Russell 2000, and S&P 500 from March 31, 2021 to March 31, 2026. The graph assumes that \$100 was invested on March 31, 2021, in each of our Common Stock, the NASDAQ Composite, the Russell 2000, and the S&P 500. Because we have historically paid dividends on a quarterly basis, the graph assumes that dividends were reinvested. The performance graph and related information below shall not be deemed "filed" with the SEC, nor shall such

information be incorporated by reference into any future filing under the Securities Act or Exchange Act, except to the extent that we specifically incorporate it by reference into such filing.



Performance graph data:

	Fiscal Year Ended March 31,					
	2021	2022	2023	2024	2025	2026
PetMed Express, Inc.	100.00	76.58	51.12	15.75	13.77	7.50
NASDAQ Composite	100.00	107.35	92.26	123.65	130.59	162.99
S&P 500	100.00	114.03	103.43	132.26	141.25	164.33
Russell 2000	100.00	93.23	81.17	95.68	90.61	112.42

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth securities authorized for issuance under equity compensation plans, including individual compensation arrangements, by us under our 2015 Outside Director Equity Compensation Plan, 2016 Employee Equity Compensation Restricted Stock Plan, 2022 Employee Equity Compensation Plan, 2024 Omnibus Incentive Plan and 2024 Inducement Incentive Plan as of March 31, 2026:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for further issuance under equity compensation plans
<i>Equity Compensation Plans Approved by Equity Holders</i>			
2015 Outside Director Equity Compensation Plan	2,500	—	—
2016 Employee Equity Compensation Restricted Stock Plan	—	—	—
2022 Employee Equity Compensation Plan	52,037	—	—
2024 Omnibus Incentive Plan	92,317	—	1,483,199 (1)
Total	<u>146,854</u>	<u>—</u>	<u>1,483,199</u>
<i>Equity Compensation Plans Not Approved by Equity Holders</i>			
2024 Inducement Incentive Plan	26,667	—	201,265
Total for All Plans	<u>173,521</u>	<u>—</u>	<u>1,684,464</u>

(1) On the August 8, 2024 adoption date of the 2024 Omnibus Incentive plan, the shares then available for future grant under 2015 Outside Director Equity Compensation Plan and 2022 Employee Equity Compensation Plan were added to the initial reserve under the 2024 Omnibus Incentive Plan.

ITEM 6. RESERVED

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Summary

PetMed Express, Inc. and subsidiaries, d/b/a PetMeds® (the "Company", "we", "us", or "our") is a leading nationwide direct-to-consumer pet pharmacy and online provider of prescription and non-prescription medications, foods, supplements, supplies and vet services for dogs, cats, and horses. PetMeds markets and sells directly to consumers through its websites, toll-free numbers, and mobile application. We offer consumers an attractive alternative for obtaining pet medications, foods, and supplies in terms of convenience, price, speed of delivery, and valued customer service.

Founded in 1996, our executive headquarters offices are currently located at 420 South Congress Avenue, Delray Beach, Florida 33445, and our telephone number is (561) 526-4444. We have a March 31 fiscal year end.

Presently, our product line includes approximately 6,400 of the most popular pet medications, health products, and supplies for dogs, cats, and horses.

We market our products through national and local advertising campaigns which aim to increase the recognition of the "PetMeds" brand name and "PetCareRx" brand name, increase traffic on our websites at www.petmeds.com and www.petcarerx.com, acquire new customers, and maximize repeat purchases. Our sales consist of products sold mainly to retail consumers. The twelve-month average purchase increased slightly at approximately \$98 and \$97 per order for the fiscal years ended March 31, 2026, and March 31, 2025, respectively.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and the results of our operations contained herein are based upon our consolidated financial statements and the data used to prepare them. Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") which requires management to make estimates and assumptions that affect the 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. We believe that the estimates, assumptions and judgments involved in the accounting policies described below involve a significant level of estimation uncertainty and have the greatest potential impact on our financial condition and results of operations and, therefore, we consider these to be our critical accounting policies.

Critical Accounting Policies

Revenue recognition

We account for revenue under Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers and generate revenue by selling prescription and non-prescription pet medication products, pet food, supplements, supplies, membership fees, and veterinary service mainly to retail customers. Certain pet supplies offered on our website are drop shipped to customers. We are the principal in the arrangement, as we control the goods prior to transfer and are responsible for supplier selection, pricing, and returns for damaged or missing products. Revenue contracts contain one performance obligation, which is delivery of the product. The transaction price is adjusted at the date of sale for any applicable sales discounts and an estimate of product returns, which are estimated based on historical patterns, however this is not considered a key judgment. Revenue is recognized when control transfers to the customer at the point in time in which the shipment of the product occurs. This key judgment is determined as the shipping point, which represents the point in time where we have a present right to payment, title has transferred to the customer, and the customer has assumed the risks and rewards of ownership.

Outbound shipping and handling fees are an accounting policy election and are included in product sales upon shipment. Shipping costs associated with outbound freight after control over a product has transferred to a customer are an accounting policy election and are accounted for as fulfillment costs and are included in cost of sales.

Membership fees revenue is recognized from two models: (1) PetPlus memberships for PetCareRx customers and (2) employer-sponsored partner memberships that provide access to the PetPlus program. These memberships offer discounted

pricing, free standard shipping, veterinary telehealth services and along with other benefits, which together represent a single stand-ready performance obligation.

PetPlus membership are billed annually upfront and automatically renew each year, with revenue recognized ratably over the subscription period. In addition to annual membership fees earned under the PetPlus program, PetCareRx partner memberships are earned on a month-to-month basis.

Virtually all of our sales are paid by credit cards and we usually receive the cash settlement in two to three banking days. Credit card sales minimize accounts receivable balances relative to sales. We had no material contract asset or contract liability balances as of March 31, 2026 or March 31, 2025.

We maintain an allowance for credit losses that we estimate will arise from customers' inability to make required payments, arising from either credit card chargebacks or insufficient funds checks. We determine our estimates of the uncollectability of accounts receivable by analyzing historical bad debts and current economic trends. The allowance for credit losses was approximately \$25 thousand and \$91 thousand as of March 31, 2026 and 2025, respectively.

Goodwill and intangible Assets

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. The Company is required to assess goodwill for impairment annually, or more frequently if circumstances indicate impairment may have occurred. The Company performs its annual impairment assessment in the fourth fiscal quarter of each year. An impairment test of goodwill consists of comparing the carrying amount of the single reporting unit to the fair value of the unit. An impairment loss is recognized by the amount that the carrying amount exceeds the fair value, limited to the amount of goodwill. The Company has concluded that it has one reporting unit and has assigned the entire balance of goodwill to this reporting unit.

For the three months ended June 30, 2025, the Company identified potential impairment triggering events indicating that the fair value of its reporting unit was more likely than not less than its carrying value. These triggering events included a downward revision to the Company's forecast due to continued revenue declines and a decrease in the Company's stock price and market capitalization that was sustained in the first quarter of fiscal 2026. In accordance with ASC 350, *Intangibles - Goodwill and Other*, the Company performed a quantitative goodwill impairment test as of June 30, 2025.

The fair value of the single reporting unit was estimated using an income approach, employing a discounted cash flow model. As part of the discounted cash flow model, the Company developed estimates, assumptions and judgments about future results. The discounted cash flow projections were based on estimates made by management of current and future strategic and operational plans and future financial performance. Valuation assumptions used in the Company's discounted cash flow valuation also include projected capital expenditures, earnings before interest expense, income taxes, depreciation and amortization expense (EBITDA), working capital, discount rates, tax rates and terminal growth rates. The Company perform sensitivity analyses around the assumptions in order to assess the reasonableness of the assumptions and the results of the testing. As a result of this impairment test, the Company determined the carrying value of the reporting unit exceeded its fair value, resulting in a goodwill impairment charge of \$26.7 million during the three months ended June 30, 2025, which represented the entirety of the goodwill balance previously recorded. There was no tax impact to the impairment as goodwill is not tax deductible.

Consistent with the indicators of impairment described above, during the first quarter of our fiscal year ending March 31, 2026, the Company performed the quantitative test which resulted in additional impairment related to the PCRx trade name of \$0.6 million, due to a reduction in actual and forecasted revenues.

In accordance with ASC 820, *Fair Value Measurement*, the fair value measurement, on a non-recurring basis, for the goodwill and trade name impairments is categorized as a Level 3 fair value measurement. This is due to the significant unobservable inputs used in the valuation, including the forecasted revenues, discount rate, and terminal growth rate, which require significant management judgment and estimation.

Accounting for income taxes

We account for income taxes under the provisions of ASC Topic 740, *Accounting for Income Taxes*, which generally requires recognition of deferred tax assets and liabilities for the expected future tax benefits or consequences of events that have been included in our consolidated financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting carrying values and the tax bases of assets and liabilities and are measured by applying enacted tax rates and laws for the taxable years in which those differences are expected to reverse. As required by “*Accounting for Uncertainty in Income Taxes*” guidance, which clarifies ASC Topic 740, we recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the Consolidated Financial Statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

We apply “*Accounting for Uncertainty in Income Taxes*” guidance to all tax positions for which the statute of limitations remains open. We had no liabilities for uncertain tax positions for either fiscal 2026 or fiscal 2025. We file tax returns in the U.S. federal jurisdiction and Florida, Arizona, California, Connecticut, Idaho, Maryland, Michigan, Oklahoma, South Carolina, Virginia, Wisconsin, New Jersey, Georgia, Indiana, New York and the District of Columbia. With few exceptions, we are no longer subject to U.S. federal, state or local income tax examinations by tax authorities for years ending March 31, 2022, or earlier. Any interest and penalties related to income taxes will be recorded to other income (expenses).

Critical Accounting Estimates

Our critical accounting estimates are those estimates that involve a significant level of estimation uncertainty and have the greatest potential impact on our financial condition and results of operations. On an ongoing basis we re-evaluate our judgments and estimates including those related to inventory valuation, goodwill valuation and supplier rebates. We base our estimates and judgments on our historical experience, knowledge of current conditions, and our beliefs of what could occur in the future considering available information. Actual results may differ from these estimates under different assumptions or conditions.

Recently Issued Accounting Pronouncements

See Note 1 Description of Business and Summary of Significant Accounting Policies for a discussion of recently issued accounting guidance.

Macroeconomic Factors

We monitor the effects of the macroeconomic environment and take appropriate steps to mitigate the impact on our business, employees and financial condition; however, the nature and extent of this impact in future periods remains difficult to predict due to numerous uncertainties outside our control.

Results of Operations

The following should be read in conjunction with our consolidated financial statements and the related notes thereto included elsewhere herein. The following table sets forth, as a percentage of sales, certain operating data appearing in our consolidated statements of income:

	Fiscal Year Ended March 31,		
	2026	2025	2024
Sales	100.0 %	100.0 %	100.0 %
Cost of sales	70.8	69.5	69.1
Inventory write-down	1.2	—	—
Gross profit	28.0	30.5	30.9
Operating expenses:			
General and administrative	28.3	17.0	20.2
Advertising	12.0	10.5	11.2
Depreciation and amortization	5.2	3.1	2.6
Impairment of goodwill and intangible assets	15.2	0.5	—
Total operating expenses	60.7	31.1	34.0
(Loss) income from operations	(32.7)	(0.6)	(3.1)
Total other income	0.7	0.4	0.7
(Loss) income before provision for income taxes	(32.0)	(0.2)	(2.4)
(Benefit) provision for income taxes	—	2.5	0.4
Net loss	(32.0)%	(2.7)%	(2.8)%

Non-GAAP Financial Measures

Adjusted EBITDA

To provide investors and the market with additional information regarding our financial results, we have disclosed (see below) adjusted EBITDA, a non-GAAP financial measure that we calculate as net income excluding share-based compensation expense (benefit); depreciation and amortization; income tax provision; interest income (expense); and other non-operational expenses. We have provided reconciliations below of net (loss) income to adjusted EBITDA, the most directly comparable GAAP financial measures.

We have included adjusted EBITDA, herein, because it 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 facilitates operating performance comparability across reporting periods by removing the effect of non-cash expenses and other expenses. Accordingly, we believe that adjusted EBITDA 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.

We believe it is useful to exclude non-cash charges, such as share-based compensation expense (benefit) and depreciation and amortization 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 and interest income (expense), as neither are components of our core business operations. We also believe

that it is useful to exclude other non-operational expenses, including the acquisition costs related to PetCareRx, employee severance, impairment of goodwill and intangible assets, and interest expense relating to an estimated unremitted prior period state sales tax accrual as these items are not indicative of our ongoing operations. Adjusted EBITDA has limitations as a financial measure, and these non-GAAP measures should not be considered 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 net share-based compensation. Share-based compensation has been, and will continue to be for the foreseeable future, a material 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 and include 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;
- Adjusted EBITDA does not reflect certain non-operating expenses including the employee severance which reduces cash available to us;
- Adjusted EBITDA does not reflect certain non-operating expenses (income) including sales tax expense (income) relating to recording a liability for sales tax we did not collect from our customers;
- Other companies, including companies in our industry, may calculate adjusted EBITDA differently, which reduces the measures usefulness as comparative measures.

Because of these and other limitations, Adjusted EBITDA should only be considered as supplemental to, and alongside with other GAAP based financial performance measures, including various cash flow metrics, net income, net margin, and our other GAAP results.

The following tables present a reconciliation of net loss, the most directly comparable GAAP measure to Adjusted EBITDA for each of the periods indicated:

	Reconciliation of Non-GAAP Measures PetMed Express, Inc.			
	Three Months Ended			
(\$ in thousands, except percentages)	March 31, 2026	March 31, 2025	\$ Change	% Change
Consolidated Reconciliation of GAAP Net Loss to Adjusted EBITDA:				
Net loss	\$ (4,061)	\$ (11,644)	\$ 7,583	(65)%
Add (subtract):				
Share-based compensation expense	272	593	(321)	(54)%
Income taxes	(102)	5,662	(5,764)	(102)%
Depreciation and amortization	2,427	2,074	353	17 %
Interest expense (income), net	(1,256)	123	(1,379)	(1121)%
Acquisition/Partnership transactions and other items	—	26	(26)	n/m
Employee severance	—	75	(75)	n/m
Professional fees ⁽¹⁾	(65)	—	(65)	n/m
Impairment of goodwill and intangible assets	—	1,200	(1,200)	n/m
Adjusted EBITDA	\$ (2,785)	\$ (1,891)	\$ (894)	47 %

(\$ in thousands, except percentages)	Year Ended		\$ Change	% Change
	March 31, 2026	March 31, 2025		
Consolidated Reconciliation of GAAP Net Loss to Adjusted EBITDA:				
Net loss	\$ (57,286)	\$ (6,271)	\$ (51,015)	814 %
Add (subtract):				
Share-based compensation expense (reversal)	1,365	(6,586)	7,951	(121)%
Income taxes	(73)	5,684	(5,757)	(101)%
Depreciation and amortization	9,387	7,039	2,348	33 %
Interest (income), net	(511)	(185)	(326)	176 %
Acquisition/Partnership transactions and other items	—	231	(231)	n/m
Employee severance	1,328	738	590	80 %
Sales tax reversal ⁽²⁾	—	(1,178)	1,178	n/m
Professional fees ⁽¹⁾	3,177	—	3,177	n/m
Impairment of goodwill and intangible assets	27,258	1,200	26,058	2172 %
Adjusted EBITDA	\$ (15,355)	\$ 672	\$ (16,027)	(2385)%

(1) Consists of professional fees related to the investigation as previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2025.

(2) Reversal consists of abatement of certain sales tax accruals.

Fiscal 2026 Compared to Fiscal 2025 (refer to our 10-K for the fiscal year ended March 31, 2025 for Fiscal 2025 Compared to Fiscal 2024)**Sales**

Sales decreased by approximately \$48.0 million or 21.1%, to approximately \$179.0 million for the fiscal year ended March 31, 2026, compared to approximately \$227.0 for the fiscal year ended March 31, 2025. The decrease in sales for the fiscal year ended March 31, 2026 was primarily driven by a decline in prescription medication sales slightly offset by lower consumer promotional usage.

Reorder sales decreased by approximately \$40.2 million, or 21.4%, to approximately \$147.8 million for the fiscal year ended March 31, 2026, compared to approximately \$188.0 million for the fiscal year ended March 31, 2025. The decrease in reorder sales for the fiscal year ended March 31, 2026 is primarily due to a decline in prescription medication sales.

New order sales decreased by approximately \$6.4 million or 20.5%, to approximately \$24.7 million for the fiscal year ended March 31, 2026, compared to \$31.1 million for the fiscal year ended March 31, 2025. The decrease for the fiscal year ended March 31, 2026 in new order sales is primarily due to a strategic reduction in paid media advertising.

We acquired approximately 266,000 new customers for the fiscal year ended March 31, 2026, compared to approximately 351,000 new customers for the same period in the prior year. The following chart illustrates sales by various sales classifications:

Net Sales (In thousands)	Year Ended March 31,				Increase (Decrease)	
	2026	%	2025	%	\$	%
Reorder sales	\$ 147,788	82.6 %	\$ 188,017	82.8 %	\$ (40,229)	(21.4)%
New order sales	24,733	13.8 %	31,097	13.7 %	(6,364)	(20.5)%
Membership fees	6,500	3.6 %	7,858	3.5 %	(1,358)	(17.3)%
Total net sales	\$ 179,021	100.0 %	\$ 226,972	100.0 %	\$ (47,951)	(21.1)%

The Company changed the definition of a new order sale on July 1, 2024, to include sales from customers who have not previously ordered from the Company over the past twelve months compared to the prior definition which was thirty-six months. The reorder and new order sales amounts for both periods presented reflect this new definition.

The Company offers an AutoShip & Save subscription program (“AutoShip”) on our website. AutoShip is a convenient way for our loyal customer base to have future pet medication orders delivered directly to them without the need to place an order each time. We are encouraged by the adoption of our AutoShip program and have seen an increasingly positive trend since we launched this program. Recurring sales, which includes AutoShip and membership revenue, as a percentage of total gross sales was 62.6% for the most recent quarter ended March 31, 2026, up from 56.1% for the same period last year and up from 61.5% sequentially in the prior quarter.

Cost of sales

Cost of sales decreased by approximately \$29.0 million, or 18.4% to \$128.8 million for the fiscal year ended March 31, 2026, from \$157.8 million for the fiscal year ended March 31, 2025. The cost of sales decrease can be directly related to the decrease in sales during fiscal year 2026. As a percentage of sales, cost of sales was 71.9% in fiscal year 2026, as compared to 69.5% in fiscal year 2025. The fiscal year ended March 31, 2026 includes the impact of the \$2.1 million inventory write-down, primarily related to non-prescription medication products, pet food, and supplements, originally acquired for a wholesale transaction that did not materialize. The year over year increase for cost of sales, as a percentage of sales for the fiscal year ended March 31, 2026 compared to the fiscal year ended March 31, 2025 was primarily due to the impact of the inventory write-down.

Gross profit

Gross profit decreased by approximately \$18.9 million, or 27.4%, to \$50.2 million for the fiscal year ended March 31, 2026, from \$69.1 million for the fiscal year ended March 31, 2025. The decrease in gross profit can be directly related to the decrease in sales and lower profit margins during fiscal 2026. Gross profit as a percentage of sales for fiscal 2026 was 28.0% compared to 30.5% for fiscal 2025. The decrease in gross profit and gross margin percentage for the fiscal year

ended March 31, 2026 compared to the previous fiscal year was primarily due to the impact of the inventory write-down and lower sales.

General and administrative expenses

General and administrative expenses increased by approximately \$12.1 million, or 31.3%, to \$50.7 million for the fiscal year ended March 31, 2026, from \$38.6 million for the fiscal year ended March 31, 2025. The increase in general and administrative expenses for the fiscal year ended March 31, 2026 was primarily due to a \$8.0 million increase in stock-based compensation expense, driven by the non-recurrence of an \$8.7 million one-time non-cash stock compensation reversal associated with executive departures in fiscal 2025, a \$5.0 million increase in professional fees, of which \$3.2 million were related to the whistleblower investigation, a \$1.3 million increase in enterprise business system related expenses, a \$0.6 million increase from payroll severance, offset by a \$1.7 million decrease in payroll and payroll related expenses, \$1.2 million decrease in bank services fees, \$1.2 million decrease in other general and administrative expenses primarily related to the impact of sales tax settlements in the fiscal year ended March 31, 2026 compared to the fiscal year ended March 31, 2025, and \$1.1 million decrease in other general and administrative expenses. General and administrative expenses as a percentage of sales was 28.3% for the fiscal year ended March 31, 2026, compared to 17.0% for the fiscal year ended March 31, 2025.

As previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2025, on October 7, 2025, the Company publicly reported the conclusion of the previously disclosed investigation by the Audit Committee of the Company's Board of Directors. Total costs incurred during the fiscal year ended March 31, 2026, in connection with the investigation, were approximately \$4.5 million, consisting of \$3.2 million of legal and professional fees and \$1.3 million of severance-related costs. These amounts were recorded within general and administrative expenses in the Consolidated Statements of Operations. The Company does not expect to incur additional material costs related to the investigation.

Advertising expenses

Advertising expenses, which is net of manufacturer funded advertising, decreased by approximately \$2.3 million to \$21.5 million for the fiscal year ended March 31, 2026, from \$23.8 million for the fiscal year ended March 31, 2025. This decrease for the fiscal year ended March 31, 2026, can be mainly attributed to lower gross media spend. As a percentage of sales, advertising expense was 12.0% and 10.5% for the fiscal years ended March 31, 2026, and 2025, respectively.

The advertising costs of acquiring a new customer, defined as total advertising costs divided by new customers acquired, were \$81 for the fiscal year ended March 31, 2026, compared to \$68 for the fiscal year ended March 31, 2025. The increase in customer acquisition costs for the year ended March 31, 2026, was primarily attributed to higher digital advertising costs, including increase cost-per-click rates during peak flea and tick season, as well as lower organic traffic.

The advertising cost of acquiring a new customer can be impacted by the advertising environment, the effectiveness of our advertising creative, spending, and price competition. Historically, the advertising environment fluctuates due to supply and demand. A more favorable advertising environment may positively impact future sales, whereas a less favorable advertising environment may negatively impact future sales.

Depreciation and amortization

Depreciation and amortization expense was approximately \$9.4 million and \$7.0 million for the fiscal years ended March 31, 2026 and March 31, 2025, respectively.

Other (expense) income, net

Other (expense) income increased by approximately \$0.4 million, to \$1.3 million for the fiscal year ended March 31, 2026, from \$0.9 million for the fiscal year ended March 31, 2025. The increase was primarily due to lower invested balances, and higher interest expense accruals on sales tax liabilities. Interest income may decrease in the future based on several factors, including utilization of our cash balances on future investments or partnerships, or on our operating activities. Additionally, interest income could increase or decrease if the current interest rate environment changes.

Provision for income taxes

For the fiscal years ended March 31, 2026 and 2025, we recorded an income tax benefit of approximately \$73.0 thousand and a tax provision of \$5.7 million, respectively. The decrease to the income tax provision for fiscal 2026 is primarily due to the Company establishing a full valuation allowance against its net deferred tax assets in the prior fiscal year. Our effective tax rate for the fiscal year ended March 31, 2026 was approximately 0.1%, compared to approximately (968.3)% for the fiscal year ended March 31, 2025. The Company's effective tax rate of (968.3)% differs from the U.S. statutory rate primarily due to the increase of valuation allowance against its net deferred tax assets, partially offset with the benefit related to the cancellation of the former CEO's performance stock units during the period ended March 31, 2025.

Net loss

Net loss increased by approximately \$51.0 million, to a loss of approximately \$57.3 million for the fiscal year ended March 31, 2026, from a loss of approximately \$6.3 million for the fiscal year ended March 31, 2025. The increase to net loss was primarily driven by the goodwill impairment charge of \$26.7 million recorded in the first quarter of fiscal 2026 as well as the afore-mentioned decline in prescription medication sales, partially offset by a decrease in cost of sales directly related to the decrease in sales during fiscal 2026.

Liquidity and Capital Resources

The Company's liquidity position at March 31, 2026 has been impacted by declining cash balances, declining net sales, recurring operating losses and for fiscal 2026, negative operating cash flows. When considered in the aggregate, these conditions raised substantial doubt about the Company's ability to continue as a going concern within the assessment period, defined as twelve months after the date that our consolidated financial statements are issued. Management evaluated the significance of these conditions in relation to the Company's ability to meet its obligations within the assessment period and has developed a plan intended to alleviate substantial doubt. The primary elements of the plan include, among other things, advertising and media spend optimization, strategic reductions in operating expenses, including decreases in professional fees following the resolution of non-recurring matters, and reductions in capital expenditures. Management determined that these plans are probable of being effectively implemented and are probable of mitigating the conditions that raised substantial doubt and has concluded that substantial doubt about the Company's ability to continue as a going concern for the twelve-month period following issuance of these consolidated financial statements has been alleviated.

At March 31, 2026, we had \$21.4 million in cash and cash equivalents and no debt obligations. Our working capital at March 31, 2026 and 2025 was approximately \$(8.4) million and approximately \$16.1 million, respectively. The \$24.5 million decrease in working capital was attributable to \$35.3 million decrease in current assets, out of which \$2.6 million from inventory and \$10.8 million decrease in current liabilities, out of which \$7.0 million from accounts payable and accrued expenses.

Cash flow used by operating activities was \$28.4 million for the fiscal year ended March 31, 2026 compared to cash flow provided of \$4.7 million in the prior year period. The \$33.1 million decrease in cash used to fund operating activities is due to the \$51.0 million increase in net loss reduced by \$30.0 million of non-cash operating adjustments and partially offset by the \$12.1 million decrease in current liabilities net of current assets excluding cash.

Net cash used in investing activities was \$4.6 million and \$5.1 million for the fiscal years ended March 31, 2026 and 2025, respectively.

Net cash used in financing activities was \$0.3 million and \$0.2 million for the fiscal years ended March 31, 2026 and 2025, respectively.

We paid cash dividends quarterly from August 2009 to August 2023. On February 1, 2024, our Board of Directors elected to suspend the quarterly dividend indefinitely. This move is intended to focus use of the Company's cash flow on growth initiatives and other higher return initiatives. The Board of Directors reviews and discusses the capital allocation needs of the Company, at a minimum, on a quarterly basis. The declaration and payment of future dividends is discretionary and will be subject to a determination by the Board of Directors. When considering whether to declare a dividend, our Board of Directors will take into account:

- General economic and business conditions;
- Our financial condition and operating results;
- Our available cash and current and anticipated cash needs;
- Our capital requirements;
- Strategic uses of cash for growth initiatives;
- Contractual, legal, tax and regulatory restrictions on the payment of dividends by us; and
- Such other factors as our Board of Directors may deem relevant.

At March 31, 2026 we had no material outstanding purchase or lease commitments. Other than the lease commitments assumed as part of the PetCareRx acquisition for the leases on two buildings, we are not currently bound by any long- or short-term agreements for the purchase or lease of property and equipment. Any material amounts expended for property and equipment would be the result of an increase in the capacity needed to adequately provide for any future increase in our business. To date we have paid for any needed additions to our capital equipment infrastructure from working capital funds and anticipate this being the case in the future. Our primary source of working capital is cash from operations. We presently have no need for alternative sources of working capital and have no commitments.

Recent Accounting Pronouncements

Other than disclosures included in Note 1 of the Consolidated Financial Statements, which are incorporated by reference as if fully set forth herein, we do not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, will have a material effect on our consolidated financial position, results of operations, or cash flows.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk generally represents the risk that losses may occur in the value of financial instruments as a result of movements in interest rates, foreign currency exchange rates, and commodity prices. Our financial instruments include cash and cash equivalents, accounts receivable, and accounts payable. The book values of cash equivalents, accounts receivable, and accounts payable are considered to be representative of fair value because of the short maturity of these instruments. Interest rates affect our return on excess cash and cash equivalents. At March 31, 2026, we had \$21.4 million in cash and cash equivalents, and the majority of our cash and cash equivalents generate interest income based on prevailing interest rates. A significant change in interest rates would impact the amount of interest income generated from our excess cash and cash equivalents. It would also impact the market value of our cash and cash equivalents. Our cash and cash equivalents are subject to market risk, primarily interest rate and credit risk. Our cash and cash equivalents are managed by a limited number of outside professional managers within investment guidelines set by our Board of Directors. Such guidelines include security type, credit quality, and maturity, and are intended to limit market risk by maintaining cash in federally-insured bank deposit accounts and restricting cash equivalents to highly-liquid investments with a maturities of three months or less. We do not hold any derivative financial instruments that could expose us to significant market risk. At March 31, 2026, we had no debt obligations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

PETMED EXPRESS, INC. AND SUBSIDIARIES

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
PetMed Express, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of PetMed Express, Inc. (the “Company”) as of March 31, 2026, the related consolidated statements of operations, changes in shareholders’ equity, and cash flows for the year ended March 31, 2026, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2026, and the consolidated results of its operations and its cash flows for the year ended March 31, 2026, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment

Critical Audit Matter Description

As described in Note 1 to the consolidated financial statements, the Company evaluates goodwill for impairment on an annual basis or more frequently if facts and circumstances indicate that the carrying amount may not be recoverable. As of June 30, 2025, the Company identified circumstances and events that indicated potential impairment and performed a quantitative assessment to test goodwill for impairment. The fair value of the Company’s reporting unit was estimated using an income approach, which uses projected discounted cash flows that incorporates assumptions regarding long-term growth rates, revenue and earnings projections, estimation of cash flows, and discount rates. The quantitative assessment resulted in the recognition of a \$26.7 million impairment expense during the year ended March 31, 2026.

The principal considerations for our determination that performing procedures related to goodwill impairment is a critical audit matter was (i) the significant judgment required by management to determine the appropriate valuation method and to develop the forecasts of discounted cash flows used in the fair value estimate, (ii) the high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions that support revenue and earnings projections, projected cash flows, and discount rate, and (iii) the audit effort involved in the use of professionals with specialized skill and knowledge.

How We Addressed the Matter in Our Audit

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures relating to the determination of the fair value of the Company's reporting unit included the following, among others:

- Testing management's process for determining the fair value of the reporting unit. These tests included:
 - Evaluating the appropriateness of the valuation methods used.
 - Testing the completeness, accuracy and relevance of data used by management.
 - Evaluating the reasonableness of significant assumptions, including the revenue growth rate, forecasted cash flows and discount rate.
- With the assistance of internal valuation specialists, evaluating the reasonableness of the valuation methods and assumptions used in the estimate.

/s/ Baker Tilly US, LLP

Los Angeles, California
June 2, 2026

We have served as the Company's auditor since 2025.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of PetMed Express, Inc. and subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of PetMed Express, Inc. and subsidiaries (the Company) as of March 31, 2025, the related consolidated statements of operations, changes in stockholders' equity and cash flows, for each of the two years in the period ended March 31, 2025, and the related notes (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2025, and the results of its operations and its cash flows for each of the two years in the period ended March 31, 2025 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ RSM US LLP

We served as the Company's auditor from 2007 to 2025.

Coral Gables, Florida

October 14, 2025

PETMED EXPRESS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except for share and per share amounts)

	March 31, 2026	March 31, 2025
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 21,412	\$ 54,720
Accounts receivable, less allowance for credit losses of \$25 and \$91, respectively	1,908	2,317
Inventories, net	13,608	16,205
Prepaid expenses and other current assets	6,378	5,330
Prepaid income taxes	258	299
Total current assets	43,564	78,871
Noncurrent assets:		
Property and equipment, net	26,326	28,859
Intangible and other assets, net	10,789	13,346
Goodwill	—	26,658
Operating lease right-of-use assets, net	512	966
Total noncurrent assets	37,627	69,829
Total assets	\$ 81,191	\$ 148,700
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 20,906	\$ 23,564
Sales tax payable	22,261	24,867
Accrued expenses and other current liabilities	7,665	11,711
Current operating lease liabilities	493	461
Deferred revenue	689	2,085
Income taxes payable	20	80
Total current liabilities	52,034	62,768
Deferred tax liabilities, net	175	263
Long-term operating lease liabilities	42	535
Total liabilities	\$ 52,251	\$ 63,566
Commitments and contingencies (Note 14)		
Shareholders' equity:		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized:		
Convertible Preferred stock, \$0.001 par value, with a liquidation preference of \$4 per share, 250,000 shares authorized; 2,500 and 2,500 convertible shares issued and outstanding, respectively	9	9
Series A Junior Participating Preferred Stock, \$0.001 par value, 100,000 shares authorized; no shares issued or outstanding	—	—
Common stock, \$0.001 par value, 40,000,000 shares authorized; 21,385,638 and 20,656,822 shares issued and outstanding, respectively	21	21
Additional paid-in capital	19,647	18,560
Retained earnings	9,263	66,544
Total shareholders' equity	28,940	85,134
Total liabilities and shareholders' equity	\$ 81,191	\$ 148,700

See accompanying notes to consolidated financial statements.

PETMED EXPRESS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except for share and per share amounts)

	Year Ended March 31,		
	2026	2025	2024
Net sales	\$ 179,021	\$ 226,972	\$ 274,095
Cost of sales	126,679	157,835	189,327
Inventory write-down	2,126	—	—
Gross profit	50,216	69,137	84,768
Operating expenses:			
General and administrative	50,733	38,647	55,246
Advertising	21,511	23,781	30,628
Depreciation and amortization	9,387	7,039	7,056
Impairment of goodwill and intangible assets	27,258	1,200	—
Total operating expenses	108,889	70,667	92,930
Loss from operations	(58,673)	(1,530)	(8,162)
Other income:			
Interest income (expense), net	511	185	511
Other, net	803	758	1,378
Total other income (expense)	1,314	943	1,889
(Loss) income before provision for income taxes	(57,359)	(587)	(6,273)
(Benefit) provision for income taxes	(73)	5,684	1,191
Net loss	<u>\$ (57,286)</u>	<u>\$ (6,271)</u>	<u>\$ (7,464)</u>
Net loss per common share:			
Basic	<u>\$ (2.74)</u>	<u>\$ (0.30)</u>	<u>\$ (0.37)</u>
Diluted	<u>\$ (2.74)</u>	<u>\$ (0.30)</u>	<u>\$ (0.37)</u>
Weighted average number of common shares outstanding:			
Basic	<u>20,921,361</u>	<u>20,596,022</u>	<u>20,395,959</u>
Diluted	<u>20,921,361</u>	<u>20,596,022</u>	<u>20,395,959</u>
Cash dividends declared per common share	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 0.60</u>

See accompanying notes to consolidated financial statements.

PETMED EXPRESS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Years ended March 31, 2024, March 31, 2025, and March 31, 2026
(In thousands)

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Total
	Shares	Amounts	Shares	Amounts			
Balance, March 31, 2023	3	\$ 9	21,084	\$ 21	\$ 18,277	\$ 91,659	\$ 109,966
Issuance of restricted stock, net	—	—	64	—	—	—	—
Share based compensation	—	—	—	—	6,869	—	6,869
Dividends declared	—	—	—	—	—	(12,640)	(12,640)
Net loss	—	—	—	—	—	(7,464)	(7,464)
Balance, March 31, 2024	3	9	21,148	21	25,146	71,555	96,731
Cancellation of restricted stock, net	—	—	(491)	—	—	—	—
Share based compensation	—	—	—	—	(6,586)	—	(6,586)
Dividends forfeited	—	—	—	—	—	1,260	1,260
Net loss	—	—	—	—	—	(6,271)	(6,271)
Balance, March 31, 2025	3	9	20,657	21	18,560	66,544	85,134
Issuance of restricted stock, net of forfeitures and shares withheld for taxes	—	—	729	—	(278)	—	(278)
Share based compensation	—	—	—	—	1,365	—	1,365
Dividends forfeited	—	—	—	—	—	5	5
Net loss	—	—	—	—	—	(57,286)	(57,286)
Balance, March 31, 2026	3	\$ 9	21,386	\$ 21	\$ 19,647	\$ 9,263	\$ 28,940

See accompanying notes to consolidated financial statements.

PETMED EXPRESS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (In thousands)

	Year Ended March 31,		
	2026	2025	2024
Cash flows from operating activities:			
Net loss	\$ (57,286)	\$ (6,271)	\$ (7,464)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation and amortization	9,387	7,039	7,056
Impairment of goodwill and intangible assets	27,258	1,200	—
Inventory write-down	2,126	—	—
Share based compensation, net	1,365	(6,586)	6,869
Deferred income taxes	(88)	5,249	292
Bad debt (recovery) expense	(36)	365	324
Change in sales tax liability estimation	(2,728)	—	—
(Increase) decrease in operating assets and increase (decrease) in liabilities:			
Accounts receivable	445	601	(1,742)
Inventories	471	12,351	(6,417)
Prepaid income taxes	41	(111)	675
Prepaid expenses and other current assets	(1,048)	995	(185)
Operating lease right-of-use assets, net	454	466	788
Accounts payable	(2,658)	(13,460)	6,102
Sales tax payable	122	(145)	(1,101)
Accrued expenses and other current liabilities	(4,302)	3,921	276
Operating lease liabilities	(461)	(458)	(766)
Deferred revenue	(1,396)	(518)	(390)
Income taxes payable	(60)	80	—
Net cash (used in) provided by operating activities	(28,394)	4,718	4,317
Cash flows from investing activities:			
Purchase of minority interest investment in Vetster	—	—	(300)
Acquisition of PetCareRx, net of cash acquired	—	—	(35,859)
Purchases of property and equipment	(4,615)	(5,113)	(4,511)
Net cash used in investing activities	(4,615)	(5,113)	(40,670)
Cash flows from financing activities:			
Dividends paid	(21)	(181)	(12,437)
Cash paid for tax withholding on net settlement of restricted stock	(278)	—	—
Net cash used in financing activities	(299)	(181)	(12,437)
Net decrease in cash and cash equivalents	(33,308)	(576)	(48,790)
Cash and cash equivalents, at beginning of fiscal year	54,720	55,296	104,086
Cash and cash equivalents, at end of fiscal year	\$ 21,412	\$ 54,720	\$ 55,296
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	\$ 52	\$ 525	\$ 130
Dividends payable in accrued expenses	\$ —	\$ 26	\$ 1,466
Non-cash investing activity for property and equipment additions	\$ 282	\$ 2,170	\$ —

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Description of Business and Summary of Significant Accounting Policies

Organization

Founded in 1996, PetMed Express, Inc. and subsidiaries, d/b/a PetMeds® and PetCareRx, Inc. d/b/a PetCareRx® (collectively, the "Company", "we", "us", or "our") is a leading nationwide direct-to-consumer pet pharmacy and online provider of prescription and non-prescription medications, food, supplements, supplies and partner with providers to offer various vet services for dogs, cats, and horses. The Company markets and sells directly to consumers through its websites, customer contact center, and mobile application. The Company offers consumers an attractive alternative for obtaining pet medications, foods, and supplies in terms of convenience, price, speed of delivery, and valued customer service.

The Company has a March 31 fiscal year and references herein to fiscal 2026, 2025, or 2024 refer to the Company's fiscal years ended March 31, 2026, 2025, and 2024, respectively.

Principles of Consolidation

The Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America "U.S. GAAP" and the rules and regulations of the SEC and include PetMed Express, Inc. and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Business Combinations

The Company accounts for its business combinations using the acquisition method of accounting in accordance with Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*. The purchase price is allocated to the fair value of the assets acquired and liabilities assumed. Transaction costs directly attributable to the acquisition are expensed as incurred. Identifiable assets and liabilities acquired or assumed are measured separately at their fair values as of the acquisition date. The excess of the purchase price of acquisition over the fair value of the identifiable net assets of the acquiree is allocated to goodwill. The results of businesses acquired in a business combination are included in the Company's consolidated financial statements from the date of acquisition.

Determining the fair value of assets acquired and liabilities assumed requires management to use significant judgment and estimates, including the selection of valuation methodologies, estimates of future revenue and cash flows, discount rates and selection of comparable companies. The estimates and assumptions used to determine the fair values and useful lives of identified intangible assets could change due to numerous factors, including market conditions, technological developments, economic conditions, and competition. In connection with the determination of fair values, the Company may engage a third-party valuation specialist to assist with the valuation of intangible and certain tangible assets acquired and certain obligations assumed. Acquisition-related transaction costs incurred by the Company are not included as a component of consideration transferred but are accounted for as an operating expense in the period in which the costs are incurred.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturity of three months or less to be cash equivalents. Cash and cash equivalents at March 31, 2026 and 2025 consisted of the Company's cash accounts and money market funds with a maturity of three months or less, and are carried at cost, which approximates fair value. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Liquidity

Management evaluates the Company's ability to continue as a going concern in accordance with ASC Subtopic 205-40, *Presentation of Financial Statements - Going Concern*. This assessment considers whether

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

conditions or events raise substantial doubt about the Company's ability to meet its obligations as they become due within one year of the date these consolidated financial statements are issued.

For the year ended March 31, 2026, management's assessment identified certain conditions and events that, when considered in the aggregate, raised substantial doubt about the Company's ability to continue as a going concern. These included, among other things;

- declining cash and cash equivalent balances from \$54.7 million as of March 31, 2025 to \$21.4 million as of March 31, 2026,
- declining net sales by approximately 21.1% or \$48.0 million, for the year ended March 31, 2026 compared to the year ended March 31, 2025,
- advertising costs of acquiring a new customer, defined as total advertising costs divided by new customers acquired, increased for the year ended March 31, 2026 compared to the year ended March 31, 2025,
- negative operating cash flows for the year ended March 31, 2026, and
- ongoing operating losses.

Management's assessment also considered the impact of increased competition in the e-commerce pet pharmacy market, operational complexities and the Company's dependence on the successful execution of strategic cost reductions. Management evaluated the significance of these conditions in relation to the Company's ability to meet its obligations during the assessment period. In response to these conditions, management has developed a plan intended to alleviate substantial doubt. The primary elements of management's plan include, among other things;

- advertising and media spend optimization, including the elimination of unproductive media spend and overall reductions in marketing costs,
- strategic reductions in operating expenses, including decreases in professional fees following the resolution of non-recurring matters, and
- reductions in capital expenditures as significant technology initiatives were completed during the year ended March 31, 2026.

Management determined that these plans are probable of being effectively implemented and are probable of mitigating the conditions that raised substantial doubt. As of the issuance of these financials, management has concluded that substantial doubt about the Company's ability to continue as a going concern for the next twelve months is alleviated by these plans. Accordingly, the accompanying consolidated financial statements have been prepared on a going concern basis of accounting.

Use of Estimates

The preparation of Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the 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. Actual results could differ from those estimates and assumptions. Key estimates are used for, but not limited to, commitments and contingencies, sales tax liabilities, income taxes, inventory valuation, stock-based compensation, supplier rebates and valuation of goodwill and intangibles.

Inventories

Inventories represent finished goods and consist of prescription and non-prescription pet medications and pet supplies that are available for sale and are priced at the lower of cost or net realizable value using a weighted average cost method. The Company writes down its inventory for estimated obsolescence. Our reserve for inventory obsolescence is primarily estimated based upon the inventory's remaining shelf-life and our anticipated ability to sell such inventory, which is estimated using past experience within its remaining shelf life. The inventory reserve was approximately \$207 thousand and \$34 thousand at March 31, 2026 and 2025, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During the year ended March 31, 2026, the Company recorded an inventory write-down of \$2.1 million related to certain inventory originally acquired for a wholesale distribution transaction that did not materialize. The write-down was recorded as a component of cost of goods sold within income from continuing operations. The resulting inventory balance reflects management's best estimate of expected recoverability as of the balance sheet date.

Property and Equipment

Property and equipment are stated at cost, net of accumulated amortization. Depreciated is calculated using the straight-line method over the estimated useful lives of the assets. Our building is being depreciated over a period of thirty years. The furniture, fixtures, equipment, and computer software are being depreciated over periods ranging from three to ten years.

We incur software development costs related to internal-use software and our websites. Internal-use software includes labor and license costs associated with software development for internal use and is amortized using the straight-line method over the estimated useful life of the software.

Long-lived Assets

Long-lived assets, primarily includes fixed assets, definite lived intangibles, right-of-use assets, and other assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset group to the undiscounted cash flows expected to be generated by the asset group from its use and eventual disposition of that asset group. Assets are considered to be impaired if the carrying amount of an asset group exceeds the future undiscounted cash flows. If impairment is determined to exist, any related impairment loss is calculated based on estimated fair value. Impairment losses on assets to be disposed of, if any, are based on the estimated proceeds to be received, less cost of disposal. The Company determined that all of its long-lived assets are part of a single entity-wide asset group for the purpose of long-lived asset impairment assessment.

During the first and fourth quarters of fiscal 2026, the Company identified impairment indicators requiring an impairment analysis of the Company's long-lived asset group. These triggering events included a downward revision to the Company's forecast and a decrease in the Company's market capitalization which fell below the Company's carrying value for a sustain period beginning in the fourth quarter of fiscal 2025. Accordingly, the Company performed a recoverability test of long-lived assets as of June 30, 2025 and March 31, 2026, using estimated undiscounted cash flow projections expected to be generated over the remaining useful life of the primary asset of the asset group at the lowest level with identifiable cash flows that are independent of other assets. Based on the recoverability tests performed, we determined that long-lived assets, were recoverable and, as such, no impairment charges were recorded as of June 30, 2025 and March 31, 2026.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. The Company is required to assess goodwill for impairment annually, or more frequently if circumstances indicate impairment may have occurred. The Company performs its annual impairment assessment in the fourth fiscal quarter of each year. An impairment test of goodwill consists of comparing the carrying amount of the single reporting unit to the fair value of the unit. An impairment loss is recognized by the amount that the carrying amount exceeds the fair value, limited to the amount of goodwill. The Company has concluded that it has one reporting unit and has assigned the entire balance of goodwill to this reporting unit.

During the first quarter of fiscal 2026, the Company identified potential impairment triggering events indicating that the fair value of its reporting unit was more likely than not less than its carrying value as of June 30, 2025. These triggering events included a downward revision to the Company's forecast due to continued revenue declines and a decrease in the Company's stock price and market capitalization that was sustained in the first quarter of fiscal 2026. In accordance with ASC 350, *Intangibles - Goodwill and Other*, the Company performed a quantitative goodwill impairment test as of June 30, 2025.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The fair value of the single reporting unit was estimated using an income approach, employing a discounted cash flow model. As part of the discounted cash flow model, the Company developed estimates, assumptions and judgments about future results. The discounted cash flow projections were based on estimates made by management of current and future strategic and operational plans and future financial performance. Valuation assumptions used in the Company's discounted cash flow valuation also include projected capital expenditures, earnings before interest expense, income taxes, depreciation and amortization expense (EBITDA), depreciation expense, working capital, discount rates, tax rates and terminal growth rates. The Company applied a terminal growth rate of 3%, income tax rate of 25.3% and discount rate of 14.0% based on a weighted average cost of capital adjusted for the relevant risk associated with the characteristics of the single reporting unit. The Company perform sensitivity analyses around the assumptions in order to assess the reasonableness of the assumptions and the results of the testing. As a result of this impairment test, the Company determined the carrying value of the reporting unit exceeded its fair value, resulting in a goodwill impairment charge of \$26.7 million during the three months ended June 30, 2025, which represented the entirety of the goodwill balance previously recorded. There was no tax impact to the impairment as goodwill is not tax deductible. No impairment losses were recognized for the years ended March 31, 2025 and 2024 related to goodwill.

In accordance with ASC 820, *Fair Value Measurement*, the fair value measurement, on a non-recurring basis, for the goodwill impairment is categorized as a Level 3 fair value measurement. This is due to the significant unobservable inputs used in the valuation, including the forecasted revenues, discount rate, and terminal growth rate, which require significant management judgment and estimation.

Intangible Assets

The Company acquired definite-lived intangible assets in the acquisition of PetCareRx ("PCRx"), that are being amortized based on their estimated useful lives in accordance with ASC Topic 350, *Intangibles - Goodwill and Other*. These definite-lived intangible assets are being amortized over periods ranging from three to seven years. Acquired trade name is not being amortized and is subject to a review for impairment on an annual basis, or more frequently if circumstances indicate an impairment may have occurred. If the carrying amount of an indefinite lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Following the Company's annual impairment test in fiscal 2025, the Company performed a quantitative assessment and determined that the PCRx trade name was impaired. Based on such impairment test, the Company recognized a non-cash impairment charge of \$1.2 million.

During the first quarter of fiscal 2026, the Company identified interim impairment indicators, and as such performed a quantitative interim impairment test as of June 30, 2025, which resulted in additional impairment related to the PCRx trade name of \$0.6 million, due to a reduction in actual and forecasted revenues. There were no other impairment charges related to intangible assets recognized for the year ended March 31, 2026.

The fair value of the trade name was determined using the "relief from royalty" method. This method estimates the value of the trade name by calculating the present value of the royalty payments that would have been avoided by owning the trade name rather than licensing it. Key assumptions used in the valuation at June 30, 2025 include:

- **Royalty Rate:** A hypothetical royalty rate of 0.5% was applied, based on comparable market transactions and industry benchmarks for similar trade names. This rate reflects the estimated arm's-length royalty that a market participant would be willing to pay for the use of the trade name.
- **Forecasted Revenues:** Future revenue projections associated with the use of the trade name were based on the Company's internal forecasts, incorporating expectations for market growth. These forecasts were adjusted to reflect the impact of the identified triggering event.
- **Discount Rate:** A discount rate of 14.0% was utilized, representing the Company's weighted average cost of capital (WACC) adjusted for the specific risks associated with the trade name and the relevant industry.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- Capitalization Rate: A capitalization growth rate of 11.0% was applied to project cash flows beyond the discrete forecast period, reflecting long-term sustainable growth expectations.

In accordance with ASC 820, *Fair Value Measurement*, the fair value measurement, on a non-recurring basis, for the trade name impairment is categorized as a Level 3 fair value measurement. This is due to the significant unobservable inputs used in the relief from royalty valuation, including the royalty rate, forecasted revenues, discount rate, and terminal growth rate, which require significant management judgment and estimation.

Other Assets

Other assets consist of the initial minority interest investment in Vetster. For additional information see Note 6, "Intangible and Other Assets, Net."

Fair Value of Financial Instruments

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to the short-term nature of these instruments.

Advertising

The Company's advertising expense consists primarily of Internet marketing and direct mail/print. Internet costs are expensed in the month incurred and direct mail/print advertising costs are expensed when the related catalogs, brochures, and postcards are produced, distributed, or superseded.

Cost of Goods Sold

Cost of goods sold includes the purchase price of inventory sold, freight costs associated with inventory, shipping supply costs, inventory shrinkage costs and valuation adjustments and reductions for promotions and discounts offered by the Company's vendors.

Vendor Allowances

The Company receives funds from its merchandise vendors through a variety of programs and arrangements, primarily in the form of purchases-based or sales-based volumes and for product advertising and placement. The Company recognizes vendor allowances based on purchases and sales as a reduction of cost of sales when the associated inventory is sold. Vendor allowances for advertising and placement are recognized as a reduction of cost of sales ratably over the corresponding performance period. Funds that are determined to be a reimbursement of specific, incremental and identifiable costs incurred to sell vendors' products are recorded as an offset to the related expense within Advertising Expenses on our Consolidated Statements of Operations when incurred.

Leases

The Company accounts for leases in accordance with ASC Topic 842, *Leases*. The Company reviews all contracts and determines if the arrangement is or contains a lease, at inception. Operating leases are reported as right-of-use ("ROU") assets, current lease liabilities and long-term lease liabilities on the Consolidated Balance Sheets. The Company does not have any material leases, individually or in the aggregate, classified as a finance lease.

Operating lease ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. The Company uses its estimated incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future payments. The operating lease ROU asset also includes any upfront lease payments made and excludes lease incentives and initial direct costs incurred. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Leases with a term of 12 months or less are not recorded on the balance sheet. The Company's lease agreements do not contain any residual value guarantees.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Approximately 39% of the Company's Delray Beach property, or approximately 72,000 square feet was leased to two tenants. At March 31, 2026, the leases with these two tenants had a remaining weighted average lease term of 4.3 years. The Company recorded approximately \$0.8 million, \$0.7 million, and \$1.2 million in rental revenue in fiscal 2026, 2025 and 2024, respectively, which was included in other income. In fiscal 2025, the Company recorded \$42 thousand of rental revenue associated with a PetCareRx lease which expired in April 2024. The Company expects to receive the following future lease payments, under the current lease agreements, over the next five years: \$1.0 million in fiscal 2027, \$1.0 million in fiscal 2028, \$0.9 million in fiscal 2029, \$1.0 million in fiscal 2030 and \$0.4 million in fiscal 2031.

Comprehensive Income

The Company applies ASC Topic 220, *Reporting Comprehensive Income*, which requires that all items that are recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. The items of other comprehensive income that are typically required to be displayed are foreign currency items, minimum pension liability adjustments, and unrealized gains and losses on certain investments in debt and equity securities. For the fiscal years ended March 31, 2026, 2025 and 2024, the Company had no components of comprehensive income and therefore does not report comprehensive income or Consolidated Statements of Comprehensive Income.

Income Taxes

The Company accounts for income taxes under the provisions of ASC Topic 740, *Accounting for Income Taxes*, which generally requires the recognition of deferred tax assets and liabilities for the expected future tax benefits or consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting carrying values and the tax bases of assets and liabilities and are measured by applying enacted tax rates and laws for the taxable years in which those differences are expected to reverse. As required by "Accounting for Uncertainty in Income Taxes" guidance, which clarifies ASC Topic 740, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the Consolidated Financial Statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

The Company applies "Accounting for Uncertainty in Income Taxes" guidance to all tax positions for which the statute of limitations remains open. The Company had no liabilities for uncertain tax positions for either fiscal 2026 or fiscal 2025. The Company files tax returns in the U.S. federal jurisdiction and Florida, Arizona, California, Connecticut, Idaho, Maryland, Michigan, Oklahoma, South Carolina, Virginia, Wisconsin, New Jersey, Georgia, Indiana, New York and the District of Columbia. With few exceptions, the Company is no longer subject to U.S. federal, state or local income tax examinations by tax authorities for years ending March 31, 2022, or earlier. Any interest and penalties related to income taxes will be recorded to other income (expenses).

Business Concentrations

The Company purchases its products from a variety of sources, including certain manufacturers, domestic distributors, and wholesalers. We have multiple suppliers for each of our product lines to obtain the lowest cost. There were ten and six suppliers, respectively, that each accounted for 2% or more of our total purchase volume; these suppliers represented approximately 89% and 81% of total purchases for fiscal 2026 and 2025, respectively.

Accounting for Share Based Compensation

The Company records compensation expense associated with restricted stock in accordance with ASC Topic 718, *Share Based Payments*. The compensation expense related to all of the Company's stock-based compensation arrangements is recorded as a component of general and administrative expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Recent Accounting Pronouncements

Recently Adopted Accounting Standard

In December 2023, the Financial Accounting Standards Board ("FASB") issued Update 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This Update applies to all entities that are subject to Topic 740. The amendments in this Update revise income tax disclosures primarily related to the rate reconciliation and income taxes paid information as well as the effectiveness of certain other income tax disclosures. The Update is effective for annual periods beginning after December 15, 2024. As of March 31, 2026, the Company has adopted ASU 2023-09 prospectively and has enhanced its income tax disclosures included herein, to comply with the requirements. The adoption did not have an impact on the Company's financial statements.

In November 2023, the FASB issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. 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 became effective with the Company's fiscal year 2025 annual reporting period and with the Company's fiscal year 2026 interim reporting periods. The adoption of this standard did not have a material impact on the Company's condensed consolidated financial statements and resulted in additional segment disclosures within Note 3, "Segment Reporting."

Accounting Standards Not Yet Adopted

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement – Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("ASU 2024-03") to require public companies to disclose, in the notes to financial statements, specified information about certain costs and expenses at each interim and annual reporting period. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027, and may be applied on a retrospective or prospective basis. Early adoption is permitted. The Company is currently evaluating the impact of adopting this Update.

In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets* ("ASU 2025-05") to simplify the estimation of credit losses on current accounts receivable and current contract assets arising from transactions accounted for under ASC 606. The amendments allow all entities to elect a practical expedient to assume that the current conditions as of the balance sheet date will remain unchanged for the remaining life of the asset when developing a reasonable and supportable forecast as part of estimating expected credit losses on these assets. This ASU is effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those fiscal years. Early adoption is permitted. Entities that elect the practical expedient and, if applicable, make the accounting policy election are required to apply the amendments prospectively. The Company is currently evaluating the impact of adopting this Update.

In September 2025, the FASB issued ASU 2025-06, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software* ("ASU 2025-06") to modernize the accounting for internal-use software costs, primarily by simplifying the requirements to capitalize software development costs. This ASU is effective for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years and may be applied using a prospective, retrospective or modified transition approach. Early adoption is permitted. The Company is currently evaluating the impact of adopting this Update.

In December 2025, the FASB issued ASU No. 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements* ("ASU 2025-11") to improve the guidance in Topic 270, Interim Reporting by improving navigability of the required interim disclosures, clarifying when that guidance is applicable. The amendments also provide additional guidance on what disclosures should be provided in interim reporting periods. The guidance is effective for interim periods within annual reporting periods beginning after December 15, 2027. The Company is currently evaluating the impact of adopting this Update.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In December 2025, the FASB issued ASU 2025-12, *Codification Improvements* (“ASU 2025-12”), to address suggestions received from stakeholders on the Accounting Standards Codification and to make other incremental improvements to GAAP. The update represents changes to the Codification that (1) clarify, (2) correct errors, or (3) make minor improvements. The amendments make the Codification easier to understand and apply. The guidance is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact of adopting this Update.

The Company does not believe that any other recently issued, but not yet effective, accounting standards, if currently adopted, will have a material effect on the Company’s consolidated financial position, results of operations, or cash flows.

(2) Revenue Recognition

In accordance with ASC Topic 606, *Revenue from Contracts with Customers*, the Company primarily generates revenue by selling prescription and non-prescription pet medication products, pet food, supplements, supplies, membership fees, and veterinary services. Certain pet supplies offered on the Company’s websites are drop shipped to customers. We are the principal in the arrangement, as we control the goods prior to transfer and are responsible for supplier selection, pricing, and returns for damaged or missing product. Revenue contracts contain one performance obligation, which is delivery of the product. The transaction price is adjusted at the date of sale for any applicable sales discounts and an estimate of product returns, which are based on historical patterns, however this is not considered a key judgment. Revenue is recognized when control transfers to the customer at the point in time at which the shipment of the product occurs. This key judgment is determined as the shipping point, which represents the point in time when the Company has a present right to payment, title has transferred to the customer, and the customer has assumed the risks and rewards of ownership. Virtually all the Company’s sales are paid by credit cards and the Company usually receives the cash settlement in two to three banking days. Credit card sales minimize the accounts receivable balances relative to sales. Revenue is recorded net of sales tax, discounts and return allowances. Return allowances are estimated using historical experience and are not material.

Outbound shipping and handling fees are an accounting policy election and are included in product sales upon purchase. Shipping costs associated with outbound freight after control over a product has transferred to a customer are an accounting policy election and are accounted for as fulfillment costs and are included in cost of sales.

Membership fee revenue is recognized from two models: (1) PetPlus membership for PetCareRx customers, and (2) employer-sponsored partner membership that provide access to the PetPlus program. These memberships offer discounted pricing, free standard shipping, veterinary telehealth services, along with other benefits, which together represent a single stand-ready performance obligation. PetPlus membership are billed annually upfront and automatically renew each year, with revenue recognized ratably over the subscription period.

In addition to annual membership fees earned under the PetPlus program, PetCareRx partner memberships are earned on a month-to-month basis. For the twelve months ended March 31, 2026 and March 31, 2025, membership fees earned under the partner program were \$4.5 million and \$3.7 million, respectively.

Deferred revenue at March 31, 2025 also includes \$1.1 million collected from our customers prior to delivery of AutoShip products, which was subsequently recognized in fiscal 2026.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents changes in deferred revenue associated with the Company's PetPlus and other programs:

	(amounts in millions)
Deferred revenue, March 31, 2024	\$ 2.6
Deferred AutoShip revenue	1.1
Deferred memberships fees and others received	2.5
Deferred membership fee revenue and others recognized	(4.1)
Deferred revenue, March 31, 2025	2.1
Deferred memberships fees and others received	2.0
AutoShip revenue recognized	(1.1)
Deferred membership fee revenue and others recognized	(2.3)
Deferred revenue, March 31, 2026	\$ 0.7

The Company offers a customer loyalty program which is accounted for as a separate performance obligation because it provides customers with a material right. The Company allocates a portion of the transaction price to the loyalty awards based on the relative standalone selling prices and estimated redemption patterns, and recognizes revenue as net sales upon redemption or expiration. As of March 31, 2026 and March 31, 2025, the related contract liability was \$1.9 million and \$1.7 million, respectively.

The Company has no material contract asset balances as of March 31, 2026 or March 31, 2025.

The Company maintains an allowance for credit losses that the Company estimates will arise from customers' inability to make required payments, arising from either credit card chargebacks or insufficient funds checks. The Company determines its estimates of the uncollectability of accounts receivable by analyzing historical bad debts and current economic trends in compliance with the provisions of ASC Topic 326, *Financial Instruments - Credit Losses*. The allowance for credit losses was approximately \$25 thousand and \$91 thousand at March 31, 2026 and March 31, 2025, respectively.

(3) Segment Reporting

The Company has a single segment that derives sales from customers through the sale of products which are shipped directly to customers. The accounting policies of the Company's single segment are the same as those described in the Company's Significant Accounting Policies.

The Company's chief operating decision maker ("CODM") is the Interim Chief Executive Officer. The CODM assesses performance for the segment and decides how to allocate resources based on consolidated net income (loss) and Adjusted EBITDA. The table below reconciles GAAP net loss reported on the accompanying Consolidated Statements of Operations to Adjusted EBITDA. The CODM uses consolidated net income (loss) and Adjusted EBITDA to evaluate income generated from segment assets in deciding whether to reinvest profits into the segment or into other parts of the entity. Adjusted EBITDA is used to monitor budget versus actual results and forecast versus actual results and is utilized when establishing management's compensation in collaboration with the Board of Directors. Adjusted EBITDA should only be considered as supplemental to, and alongside with, other GAAP based financial performance measures, including various cash flow metrics, net income, net margin, and our other GAAP results.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The table below provides a summary of significant expense categories regularly provided to the CODM reconciled to Adjusted EBITDA, as well as a reconciliation of net loss to Adjusted EBITDA, for the years ended March 31. The CODM does not review segment assets at a different asset level or category than those disclosed within the consolidated balance sheets.

(\$ in thousands)	Twelve Months Ended		
	March 31, 2026	March 31, 2025	March 31, 2024
Net Sales	\$ 179,021	\$ 226,972	\$ 274,095
Significant expense categories:			
Cost of sales	128,805	157,835	189,327
Advertising	21,511	23,781	30,628
Other segment expenses ⁽¹⁾	85,991	51,627	61,604
Net loss	\$ (57,286)	\$ (6,271)	\$ (7,464)
(Add) subtract:			
Share-based compensation (reversal) expense	1,365	(6,586)	6,870
Income taxes	(73)	5,684	1,191
Depreciation and amortization	9,387	7,039	7,056
Interest income	(511)	(185)	(511)
Acquisition/Partnership transactions and other items	—	231	1,679
Employee severance	1,328	738	512
Sales tax expense (reversal) ⁽²⁾	—	(1,178)	(1,088)
Professional fees ⁽³⁾	3,177	—	—
Impairment of goodwill and intangible assets	27,258	1,200	—
Adjusted EBITDA	\$ (15,355)	\$ 672	\$ 8,245

- (1) Principally comprised of other operating and non-operating income and expenses including salaries and wages, operating expenses such as utilities, insurance, professional fees, etc., and impairment of goodwill and intangible assets.
- (2) Reversal consists of abatement of certain sales tax accruals.
- (3) Consists of professional fees related to the investigation as previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2025.

(4) Acquisition

On April 3, 2023, the Company acquired 100% of the issued and outstanding equity interests of PetCareRx, a New York corporation and a leading supplier of pet food, pet medications, and supplies. The acquisition was completed pursuant to an Agreement and Plan of Merger ("Merger Agreement") by and among the Company, Harry Merger Sub, Inc., a New York corporation and a wholly-owned subsidiary of the Company ("Merger Sub"), PetCareRx and Jeanette Loeb (as representative of the PetCareRx equity holders). The Merger Agreement provided for the Company's acquisition of PetCareRx pursuant to the merger of Merger Sub with and into PetCareRx, with PetCareRx as the surviving corporation. The aggregate purchase price consideration was \$36.1 million and was funded from the Company's cash on hand.

The acquisition of PetCareRx allowed the Company to expand its product catalog, most notably in non-medication products, including food. In addition, PetCareRx brings increased distribution capability and experience, geographic diversity, technology enhancements, additional vendor relationships and a long-tenured and experienced staff.

The Company recognized goodwill of approximately \$26.7 million, which is calculated as the excess of the consideration exchanged and liabilities assumed as compared to the fair value of the identifiable assets acquired. Goodwill recognized in the transaction represents synergies or scale achieved by significantly increasing the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

customer base without adding corresponding levels of additional overhead, the value of additional vendor relationships, including the food manufacturing relationships, a broader product catalog, and an assembled and experienced workforce. These items represent intangible assets that do not qualify for separate recognition. No goodwill is deductible for tax purposes.

The values assigned to the assets acquired and liabilities assumed are based on their estimates of fair value available as of April 3, 2023, as calculated by an independent third-party firm. The selected rates of returns were chosen in consideration of the individual risk profiles of the assets, as well as the resulting weighted average return on assets. Intangible assets are considered to be riskier than the overall business, so the Company included a premium to the investment rate of return on the identified intangible discount rates.

The fair values of intangible assets acquired consist of a trade name, customer relationships, and developed technology, which were estimated by applying various discounted cash flow models such as the relief from royalty rate for the trade name, the multi-period excess earnings method for the customer relationships, and the cost to replace method for the developed technology. The fair value measurements were based on significant inputs that are not observable (Level 3). The assumptions made by management in determining the fair value of intangible assets included a discount rate of 12% based on the weighted average cost of capital.

As a result of the acquisition, the Company performed an Internal Revenue Code Section 382 analysis to determine if the net operating losses carried forward would have a utilization limitation. Refer to Note 9, "Income Taxes" for further discussion.

The table below outlines the purchase price allocation of the purchase for PetCareRx to the acquired identifiable assets, liabilities assumed and goodwill (in thousands):

Cash and cash equivalents	\$	220
Accounts receivable, net		125
Other receivables		506
Inventory		3,116
Other current assets		835
Property and equipment		1,065
Deferred tax assets, net		270
Goodwill		26,657
Intangible assets, net		12,300
Right of use assets		2,220
Other assets		80
Total assets		47,394
Accounts payable		5,713
Accrued liabilities		131
Deferred revenue		2,993
Other current liabilities		258
Operating lease liabilities		2,220
Total liabilities		11,315
Total purchase consideration	\$	36,079

The Company incurred a total of \$1.7 million in acquisition related costs that were expensed as incurred and recorded in general and administrative expenses in the Company's Consolidated Statements of Operations, of which \$0.5 million was recorded in fiscal year 2023, and \$1.2 million was recorded in fiscal year 2024. These costs include banking, legal, accounting, and consulting fees related to the acquisition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**(5) Property and Equipment, Net**

Major classifications of property and equipment consist of the following (in thousands):

	March 31,	
	2026	2025
Building	\$ 14,999	\$ 14,999
Land	3,700	3,700
Building Improvements	4,511	4,627
Computer Software	25,950	21,312
Furniture, fixtures and equipment	9,078	9,431
	58,238	54,069
Less: accumulated depreciation and amortization	(31,912)	(25,210)
Property and equipment, net	<u>\$ 26,326</u>	<u>\$ 28,859</u>

For Fiscal Year 2026, Fiscal Year 2025, and Fiscal Year 2024, the Company recorded depreciation and amortization expense on property and equipment of \$7.4 million, \$5.1 million, and \$5.1 million, respectively.

The Company evaluated its tangible property and equipment for indicators of impairment as of March 31, 2026 and 2025 and concluded that no impairment existed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(6) Intangible and Other Assets, Net

Intangible assets and other assets, net consisted of the following (in thousands):

	Useful Life	Gross Value	Accumulated Amortization	Net Carrying Value	Weighted Average Remaining Useful Life (Years)
March 31, 2026					
Intangible Assets					
Toll-free telephone number	Indefinite	\$ 375	\$ —	\$ 375	Indefinite
Internet domain names	Indefinite	485	—	485	Indefinite
Trade Names - PetCareRx	Indefinite	800	—	800	Indefinite
Customer Relationships -PetCareRx	7 years	6,700	(2,871)	3,829	4
Developed Technology - PetCareRx	3 years	3,000	(3,000)	—	0
		\$ 11,360	\$ (5,871)	\$ 5,489	
Other Assets					
Minority interest investment in Vetster	N/A	5,300	—	5,300	N/A
Balance March 31, 2026		<u>\$ 16,660</u>	<u>\$ (5,871)</u>	<u>\$ 10,789</u>	
March 31, 2025					
Intangible Assets					
Toll-free telephone number	Indefinite	\$ 375	\$ —	\$ 375	Indefinite
Internet domain names	Indefinite	485	—	485	Indefinite
Trade Names - PetCareRx	Indefinite	1,400	—	1,400	Indefinite
Customer Relationships -PetCareRx	7 years	6,700	(1,914)	4,786	5
Developed Technology - PetCareRx	3 years	3,000	(2,000)	1,000	1
Balance March 31, 2025		\$ 11,960	\$ (3,914)	\$ 8,046	
Other Assets					
Minority interest investment in Vetster	N/A	\$ 5,300	\$ —	\$ 5,300	N/A
Balance March 31, 2025		<u>\$ 17,260</u>	<u>\$ (3,914)</u>	<u>\$ 13,346</u>	

Amortization expense for intangible assets was \$2.0 million, \$2.0 million and \$2.0 million for the twelve months ended March 31, 2026, 2025 and 2024, respectively.

The indefinite life intangibles are not being amortized and are subject to an annual review for impairment, or more frequently if circumstances indicate an impairment may have occurred, in accordance with the ASC Topic 350, *Goodwill and Other Intangible Assets*. The Company recognized non-cash impairment charges of \$0.6 million, \$1.2 million and \$0 as of March 31, 2026, 2025 and 2024, respectively, which is reflected in "Impairment of goodwill and intangible assets" on the Consolidated Statements of Operations.

Estimated amortization expense of intangible assets during the next five fiscal years is as follows:

Year Ending March 31,	(in thousands)
2027	957
2028	957
2029	957
2030	958
2031	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In April 2022, the Company purchased a 5% minority interest in Vetster Inc. (“Vetster”), a Canadian veterinary telehealth company, in the amount of \$5.0 million and received warrants for additional equity in Vetster, which are tied to future performance milestones. In October 2023, the Company purchased additional shares in Vetster in the amount of \$0.3 million. This increased the minority interest investment to \$5.3 million. Following this round, the Company’s minority ownership changed to approximately 4.8% of Vetster’s outstanding shares. The minority interest investment is being valued on the cost basis and the investment will be evaluated periodically for any impairment. At March 31, 2026 and 2025, we evaluated the investment in accordance with ASC Topic 321, *Accounting for Equity Interests* and determined it was not impaired.

Additionally, in April 2022, the Company engaged in a three-year partnership agreement with Vetster. Under the terms of the agreement, the Company became the exclusive pet products e-commerce provider for Vetster and Vetster became the exclusive provider of telehealth and telemedicine services to the Company. While the initial contract was terminated in February 2025, the Company and Vetster continued to work on a non-exclusive basis under similar terms through March 31, 2026.

Under the terms of the agreement, Vetster earned from 10% to 20% of revenue generated from its customers on orders fulfilled by the Company. For the years ended March 31, 2026, 2025, and 2024 the Company earned approximately \$0.6 million, \$1.5 million, and \$0.8 million in net sales for orders placed through Vetster and incurred fees to Vetster of approximately \$0.1 million, \$0.3 million, and \$0.2 million, respectively.

(7) Accrued Expenses and Other Current Liabilities

Major classifications of accrued expenses and other current liabilities consist of the following (in thousands):

	March 31,	
	2026	2025
Accrued credit card fees	\$ 213	\$ 286
Accrued salaries and benefits	1,890	1,538
Accrued merchandise credits / reward program	1,939	1,689
Accrued advertising expenses	487	2,841
Accrued property & equipment	282	2,170
Accrued professional expenses	1,625	1,084
Accrued sales return allowance	229	225
Accrued dividends payable	—	26
Accrued real estate taxes	218	728
Other accrued liabilities	782	1,124
Accrued expenses and other current liabilities	<u>\$ 7,665</u>	<u>\$ 11,711</u>

(8) Leases

The Company’s leasing activities primarily consist of real estate leases acquired during the acquisition of PetCareRx for use in the business operations. The leases had initial terms ranging from 5 years to 10 years. Some of the initial lease terms have already matured and the remaining leases have maturity dates ranging through fiscal years 2027 and 2028. The Company assesses whether each lease is an operating lease or a finance lease at the lease commencement date. The Company does not have any material leases, individually or in the aggregate, classified as a finance lease.

Variable Lease Costs

Certain of the Company’s leases require payments for taxes, insurance, and other costs applicable to the property, in addition to the minimum lease payment. These costs are considered variable costs which are based on actual expenses incurred by the lessor. Therefore, these amounts are not included in the calculation of the right-of-use assets and lease liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company has lease agreements which provide for fixed and scheduled escalations, which are included in the calculation of the right-of-use assets and lease liabilities.

Options to Extend or Terminate Leases

The Company's leases may contain an option to extend the lease term for periods from one to five years. The exercise of lease renewal options is at the Company's sole discretion. If it is reasonably certain that the Company will exercise such options, the periods covered by such options are included in the lease term and are recognized as part of the Company's right-of-use assets and lease liabilities. The Company's leases do not generally contain options to early terminate.

Other Lease items

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company's operating leases are included in operating lease right-of-use assets, other current liabilities, and operating lease liabilities on the accompanying Consolidated Balance Sheets.

Discount Rate and Lease Term

As of March 31, 2026, the weighted average remaining lease term and discount rate for the Company's operating leases was 1 year and 3.6%, respectively. As of March 31, 2025, the weighted average remaining lease term and discount rate for the Company's operating leases were 2 years and 3.6%, respectively. As the rate implicit in the lease is generally not readily determinable for the Company's operating leases, the Company uses its estimated incremental borrowing rate based on the information available at the date of acquisition, April 3, 2023, in determining the present value of future payments.

Lease Costs and Activity

The Company's lease costs as recorded in the general and administrative costs and activity are as follows (in thousands):

Lease cost	Twelve Months Ended March 31,		
	2026	2025	2024
Operating lease cost - fixed	\$ 481	\$ 509	\$ 853
Operating lease costs - variable	36	53	65
Total lease cost	<u>\$ 517</u>	<u>\$ 562</u>	<u>\$ 918</u>

Supplemental cash flow information for the fiscal years ended March 31, 2026, 2025 and 2024 are as follows (in thousands):

	Twelve Months Ended March 31,		
	2026	2025	2024
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 488	\$ 501	\$ 832
Right-of-use assets obtained in exchange for operating lease liabilities as a result of acquisition	\$ —	\$ —	\$ 2,220

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Maturity of Lease Liabilities

The maturity of the Company's lease liabilities on an undiscounted cash flow basis and a reconciliation to the operating lease liabilities recognized on the Company's Consolidated Balance Sheet as of March 31, 2026 were as follows (in thousands):

	March 31, 2026
2027	502
2028	42
Total lease payments	544
Less: Imputed Interest	(10)
Present value of lease liabilities	\$ 534

(9) Income Taxes

All income before provision for income taxes is domestic.

The components of the income tax provision consist of the following (in thousands):

	Year Ended March 31,		
	2026	2025	2024
Current taxes			
Federal	\$ —	\$ 343	\$ 490
State	14	93	408
Total current income tax provision	14	436	898
Deferred income tax provision (benefit)			
Federal	(45)	4,448	412
State	(42)	800	(119)
Total deferred taxes	(87)	5,248	293
Total income tax provision	\$ (73)	\$ 5,684	\$ 1,191

We adopted ASU 2023-09 on a prospective basis in fiscal year 2026. The reconciliation of income tax provision computed at the U.S. federal statutory tax rates to income tax expense is as follows (in thousands):

	Year Ended March 31, 2026	
	\$	%
US federal statutory income tax rate	(12,046)	21.00 %
Domestic federal		
Nontaxable and nondeductible items		
Stock-based compensation	203	(0.35)%
Executive Compensation	103	(0.18)%
Goodwill Impairment	5,598	(9.76)%
Other	(77)	0.14 %
Excess tax benefits on share-based payments	(1)	— %
Changes in valuation allowances	6,169	(10.76)%
Domestic state and local income taxes, net of federal effect	(22)	0.04 %
Total	\$ (73)	0.13 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The differences between the effective income tax rate and the statutory U.S. federal income tax rate are as follows:

	Year Ended March 31,	
	2025	2024
Federal rate on income before taxes	21.0 %	21.0 %
State income taxes, net of federal tax benefit	45.0 %	(4.9)%
Non-deductible executive compensation	301.7 %	(28.2)%
Other permanent differences	9.5 %	(1.7)%
Restricted stock shortfall adjustment	(63.5)%	(4.4)%
Deferred tax adjustments	(62.9)%	(0.8)%
Taxes payable adjustments	(61.9)%	— %
Valuation allowance	(1155.2)%	— %
Other	(2.0)%	— %
Total effective tax rate	<u>(968.3)%</u>	<u>(19.0)%</u>

In fiscal 2026, state and local income taxes in Florida comprise of the majority of the state and local income taxes, net of federal effect category. In 2025, state and local income taxes in Florida comprise the majority of the state and local income taxes, net of federal effect category.

On July 4, 2025, the “One Big Beautiful Bill Act”, or “OBBBA,” was signed into law, which represents the enactment date under U.S. GAAP. Key corporate tax provisions include the restoration of 100% bonus depreciation, immediate expensing for domestic research and experimental expenditures, changes to Section 163(j) interest limitations, updates to Global Intangible Low-Taxed Income (“GILTI”), and Foreign-Derived Intangible Income (“FDII”) rules, amendments to energy credits, and expanded Section 162(m) aggregation requirements.

In accordance with ASC 740, the effects of the new tax legislation are recognized in the period of enactment. Management has evaluated the provisions of the OBBBA, recalculated temporary differences, reassessed valuation allowances, and considered any necessary adjustments. Based on this evaluation, management concluded that the effects of the OBBBA are not material to the Company’s consolidated financial statements for the twelve months ended March 31, 2026. Management will continue to monitor forthcoming guidance, interpretations, and technical clarifications to assess whether any future adjustments or additional disclosures may be required.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities are as follows (in thousands):

	March 31,	
	2026	2025
Deferred tax assets:		
Accrued sales tax liability	\$ 4,645	\$ 5,101
Other accrued expenses	101	200
Deferred stock compensation	126	425
Bad debt reserves and inventory write-downs	902	227
Capitalized research and development costs	3,942	3,201
Lease liabilities	136	250
Net operating loss carryforward	9,280	3,431
Total deferred tax assets	19,132	12,835
Deferred tax liabilities:		
Tax accounting method change	(178)	(349)
Intangible assets	(1,307)	(1,921)
Property and equipment	(2,606)	(3,181)
Right of use assets	(131)	(242)
Total deferred tax liabilities	(4,222)	(5,693)
Valuation allowance	(15,085)	(7,405)
Total net deferred tax (liability) asset	\$ (175)	\$ (263)

The Company has evaluated the positive and negative evidence bearing upon the realizability of its net deferred tax assets, which are composed primarily of net operating losses and capitalized research and development costs. Management has considered the Company's cumulative net losses in recent years and limited evidence of sustainable taxable income in future periods, and concluded that it is more likely than not that the Company will not recognize the benefits of deferred tax assets. As a result, a full valuation allowance has been established against the Company's net deferred tax assets as of March 31, 2026. As of March 31, 2026, the Company recorded a deferred tax liability of \$175 thousand, primarily attributable to acquired indefinite-lived intangibles with no corresponding tax basis. For accounting purposes, the intangible assets will not be amortized and subject to impairment review and testing. A portion of these deferred tax liabilities are not available as a source of income to support the realization of deferred tax assets because they are not expected to reverse in the same period as deferred tax assets. As a result, the Company has recorded a deferred tax liability for the portion of the liability that cannot be offset with indefinite lived deferred tax assets. Management reevaluates the positive and negative evidence at each reporting period. The valuation allowance increased by \$7.7 million in fiscal year 2026 as compared to fiscal year 2025.

The provisions of FASB ASC 740-10-25-5 prescribe the minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. Additionally, FASB ASC 740-10-25-5 provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. Under FASB ASC 740-10-25-5, an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. To the extent interest and penalties are not assessed with respect to uncertain tax positions, amounts accrued are reflected as a reduction of the overall income tax provision. As of March 31, 2026 and 2025, we did not have any uncertain tax positions.

At March 31, 2026, the Company had \$36.0 million of federal net operating loss carryforwards some of which begin to expire in fiscal 2027. The Company also had \$33.4 million in state net operating loss

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

carryforwards which begin to expire in fiscal 2027. In fiscal 2024 the Company acquired PetCareRx, a loss corporation. The tax attributes acquired are subject to Internal Revenue Code Section 382 which limits the utilization annually. Outlined below are the tax attribute balances remaining as of March 31, 2026 (in thousands).

PetCareRx Tax Attributes Acquired	Total	Sec. 382 limited utilization	Attributes for which a deferred tax asset is recorded	Expiration
Federal net operating losses - limited carryover	\$ 85,454	\$ 83,300	\$ 2,154	Beginning in FY 2024
Federal net operating losses - unlimited carryover	\$ 10,501	\$ —	\$ 10,501	None
Disallowed business interest expense carryover	\$ 1,855	\$ —	\$ 1,855	None
State net operating losses	\$ 11,040	\$ 2,066	\$ 8,974	Beginning in FY 2026

Tax Attributes as of March 31, 2025	Total	Sec. 382 limited utilization	Attributes for which a deferred tax asset is recorded	Expiration
Federal net operating losses - limited carryover	\$ 77,052	\$ 76,238	\$ 814	Beginning in FY 2026
Federal net operating losses - unlimited carryover	\$ 12,739	\$ —	\$ 12,739	None
Disallowed business interest expense carryover	\$ —	\$ —	\$ —	None
State net operating losses	\$ 11,884	\$ 832	\$ 11,052	Beginning in FY 2026

Tax Attributes as of March 31, 2026	Total	Sec. 382 limited utilization	Attributes for which a deferred tax asset is recorded	Expiration
Federal net operating losses - limited carryover	\$ 73,357	\$ 72,543	\$ 814	Beginning in FY 2027
Federal net operating losses - unlimited carryover	\$ 35,213	\$ —	\$ 35,213	None
Disallowed business interest expense carryover	\$ —	\$ —	\$ —	None
State net operating losses	\$ 34,279	\$ 832	\$ 33,447	Beginning in FY 2027

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A summary of income taxes paid, net of refunds received is as follows (in thousands):

	Year Ended March 31, 2026
US federal	\$ —
US state and local	
Arizona	3
California	(24)
Idaho	(28)
Indiana	(5)
New York	8
Oklahoma	(6)
Tennessee	4
Texas	84
Other	16
Income taxes, net of amounts refunded	\$ 52

(10) Shareholders' Equity

Preferred Stock

In April 1998, the Company issued 250,000 shares of its \$.001 par value preferred stock at a price of \$4.00 per share, less issuance costs of \$112 thousand. Each share of the preferred stock is convertible into approximately 4.05 shares of common stock at the election of the shareholder. The shares have a liquidation value of \$4.00 per share and may pay dividends at the sole discretion of the Company. The Company does not anticipate paying dividends to the preferred shareholders in the foreseeable future. Each share of preferred stock is entitled to one vote on all matters submitted to a vote of shareholders of the Company. At March 31, 2026 and 2025, 2,500 shares of the convertible preferred stock remained unconverted and outstanding.

On December 2, 2024, the Board of Directors (the "Board") of the Company adopted a rights agreement and declared a dividend of one right (a "Right") for each outstanding share of Company common stock, to shareholders of record at the close of business on December 16, 2024 (the "Record Date"). The description and terms of the Rights are set forth in a rights agreement, dated as of December 3, 2024 (the "Rights Agreement"), between the Company and Continental Stock Transfer & Trust Company, a federally chartered trust company, as rights agent.

The Board adopted the Rights Agreement to protect the investment of shareholders during a period in which it believes shares of the Company do not reflect the inherent value of the business or its long-term growth potential, and during which there have been recent significant accumulations of common stock by certain shareholders. The Rights Agreement is intended to enable shareholders to realize the long-term value of their investment in the Company by reducing the likelihood that any entity, person, or group is able to gain a control or control-like position in the Company through open market accumulation without paying all shareholders an appropriate control premium or providing the Board sufficient opportunity to make informed judgments and take actions that are in the best interests of all shareholders.

In general terms, the Rights Agreement imposes significant dilution upon any person or group (other than the Company and certain other excluded persons and exempt persons), that is or becomes the beneficial owner of 12.5% or more of the common stock without the prior approval of the Board following the first public announcement by the Company of the adoption of the Rights Agreement. The term "beneficial ownership" is defined in the Rights Agreement and includes, among other things, certain derivative arrangements.

In general, each Right entitles its registered holder, subject to the terms of the Rights Agreement, to purchase from the Company one one-thousandth of a share of Series A Junior Participating Preferred Stock, par value \$0.001 per share ("Preferred Stock"), of the Company at an exercise price of \$27.00 per Right, subject to

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

adjustment under certain circumstances (the “Purchase Price”). The Rights will become exercisable if (among other things) any person or group acquires 12.5% or more of the outstanding common stock, including through derivatives agreements, without the approval of the Board (an “Acquiring Person”). If a person or group becomes an Acquiring Person, all holders of Rights except the Acquiring Person or any associate or affiliate thereof may, upon exercise of a Right, purchase for the Purchase Price shares of Common Stock with a market value of two times the Purchase Price, based on the market price of the Common Stock prior to such acquisition. If the Company is acquired in a merger or similar transaction after an Acquiring Person becomes such, all holders of Rights except the Acquiring Person or any associate or affiliate thereof may, upon exercise of a Right, purchase for the Purchase Price shares of the acquiring company with a market value of two times the Purchase Price, based on the market price of the acquiring company’s stock prior to such transaction. Any Rights held by an Acquiring Person will be void and may not be exercised.

On November 26, 2025, the Board unanimously approved an amendment to the Rights Agreement, pursuant to which the expiration date of the Rights Agreement was extended for one year from the close of business on December 2, 2025 until the close of business on December 2, 2026. All other terms and conditions of the Rights Agreement remain unchanged.

After giving effect to such amendment, the Rights will expire on the earliest to occur of (a) the close of business on December 2, 2026, (b) the time at which the Rights are redeemed by the Company (as provided in the Rights Agreement), or (c) the time at which the Rights are exchanged by the Company (as provided in the Rights Agreement). There was no impact to the Company’s current period financial statements from adopting this Rights Agreement.

In connection with the adoption of the Rights Agreement, the Board adopted Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company (the “Articles of Amendment”), which designates the rights, preferences, and privileges of 100,000 shares of a new series of the Company’s preferred stock, par value \$0.001 per share, designated as Series A Junior Participating Preferred Stock. The Company filed the Articles of Amendment with the Secretary of State of the State of Florida on December 3, 2024.

Dividends

Payment of dividends is subject to declaration by the Board of Directors. Factors considered in determining dividends include our profitability and expected capital needs. During fiscal 2024, our Board of Directors declared the following dividends:

Declaration Date	Per Share Dividend	Record Date	Total Amount (In thousands)	Payment Date
May 22, 2023	\$0.30	June 6, 2023	\$6,352	June 12, 2023
July 31, 2023	\$0.30	August 14, 2023	\$6,344	August 18, 2023

In October 2023, our Board of Directors elected to suspend the quarterly dividend for the second quarter of fiscal year 2024, and in February 2024, our Board of Directors elected to suspend the quarterly dividend indefinitely. This move is intended to focus use of the Company’s existing cash flow on growth and other higher return initiatives. The Board of Directors reviews and discusses the capital allocation needs of the Company, at a minimum, on a quarterly basis. The declaration and payment of future dividends is discretionary and will be subject to a determination by the Board of Directors.

(11) Share-Based Compensation

The Company’s incentive equity grants have been made under the following plans:

- In July 2015, the Company’s 2015 Outside Director Equity Compensation Restricted Stock Plan (“2015 Director Plan”) became effective upon the approval of the plan by the Company’s shareholders. The 2015 Director Plan authorized 400,000 shares of the Company’s common stock available for issuance under the plan and provides for an automatic increase every year in the amount of shares available for issuance under the plan of 10% of the shares authorized under the plan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- In July 2016, the Company's 2016 Employee Equity Compensation Restricted Stock Plan ("2016 Employee Plan") became effective upon the approval of the plan by the Company's shareholders. The 2016 Employee Plan authorized 1,000,000 shares of the Company's Common stock available for issuance under the plan. In July 2022, the Company's 2022 Employee Equity Compensation Restricted Stock Plan ("2022 Employee Plan") became effective upon the approval of the plan by the Company's shareholders.
- The 2022 Employee Plan replaced the 2016 Employee Plan, and as of April 2023 no further awards were granted, or will be granted, under the 2016 Employee Plan. The 2022 Employee Plan authorized 1,000,000 shares of the Company's common stock available for issuance.
- On August 8, 2024, the Company adopted the PetMed Express, Inc. 2024 Omnibus Incentive Plan (the "2024 Omnibus Plan") pursuant to which the Company reserved 850,000 shares of common stock, par value \$.001 per share, for the issuance of equity awards granted under such plan.
- On September 27, 2024, the Company adopted the PetMed Express, Inc. 2024 Inducement Incentive Plan (the "2024 Inducement Plan") pursuant to which the Company reserved 350,000 shares of common stock, par value \$.001 per share, of the Company's common stock (subject to the adjustment provisions of the Inducement Plan) for the issuance of equity awards granted under the Inducement Plan.

The Company records compensation expense associated with restricted stock in accordance with ASC Topic 718, *Share Based Payments* (ASU 2016-09). The value of the restricted stock is determined based on the market value of the stock at the issuance date. The restriction period or forfeiture period is determined by the Company's Compensation and Human Capital Committee and is to be no less than 1 year and no more than ten years unless otherwise specified by the Compensation and Human Capital Committee. The following table presents the number of common shares issued under each of the Company's plans:

Plan Name	Common Shares Issued
2016 Employee Plan	422,438
2015 Director Plan	244,807
2022 Employee Plan	417,446
2024 Omnibus Plan	498,313
2024 Inducement Plan	148,735

As of March 31, 2026, all shares in the 2022 Employee Plan, 2016 Employee Plan and 2015 Director Plan were issued subject to a restriction or forfeiture or vesting period that lapses ratably on the first, second, and third anniversaries of the date of grant, and the fair value of which is being amortized over a one to three-year restriction period, with the exception of performance restricted shares which were issued to the Company's former Chief Executive Officer and the former Company's Chief Financial Officer and Company's current Chief Executive Officer.

For the fiscal years ended March 31, 2026, 2025, and 2024, the Company recognized compensation expense (reversal) related to the 2016 and 2022 Employee Plan, the 2015 Director Plan, 2024 Omnibus Plan and 2024 Inducement Plan of \$1.4 million, \$(6.6) million, and \$6.9 million, respectively. All stock-based compensation expense is recognized as a payroll-related expense and it is included within the general and administrative expenses line item within the Company's Consolidated Statements of Operations, and the offset is included in the additional paid-in capital line item of the Company's Consolidated Balance Sheets. See Note 9, "Income Taxes" for tax impact of the Company's stock compensation expense.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Restricted Stock Awards

For the year ended March 31, 2026, restricted stock award ("RSA") activity under the Plans was as follows:

	2015 Director Plan Number of Shares	2016 Employee Plan Number of Shares	2022 Employee Plan Number of Shares	2024 Omnibus Plan Number of Shares	2024 Inducement Plan Number of Shares	All Plans Number of Shares	Weighted Average Grant Date Fair Value
Non-vested restricted stock outstanding at March 31, 2025	9,207	8,686	—	—	—	17,893	\$ 21.39
Granted and issued	—	—	—	356,950	27,000	383,950	\$ 2.58
Vested	(6,166)	(7,739)	—	(17,789)	—	(31,694)	\$ 10.97
Forfeited	(3,041)	(947)	—	(27,057)	—	(31,045)	\$ 4.87
Non-vested restricted stock outstanding at March 31, 2026	—	—	—	312,104	27,000	339,104	\$ 2.57

- At March 31, 2026 and 2025, there were 339,104 and 17,893, RSAs subject to restriction and forfeiture outstanding, respectively.
- During the fiscal years ended March 31, 2026 and 2025, the Company issued, net of forfeitures, 352,905 and (561,209) restricted shares, respectively.
- The weighted-average grant date fair value of restricted shares issued was \$2.58 for fiscal year 2026. There were no restricted shares issued for fiscal year 2025. For the fiscal years ended March 31, 2026, 2025, and 2024, the Company recognized compensation expense (reversal) related to RSAs of \$0.3 million, \$(8.1) million, and \$6.6 million, respectively.
- The total fair market value of restricted shares released from restrictions was \$0.1 million and \$0.5 million for fiscal years 2026 and 2025, respectively.
- At March 31, 2026 and 2025, there were \$0.6 million and \$0.1 million of unrecognized compensation costs related to the restricted stock subject to restriction and forfeiture awards, respectively, which is expected to be recognized over the remaining weighted average restriction and forfeiture period of 1.3 years and 4.6 months for fiscal 2026 and 2025, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Restricted Stock Units

The Company first granted restricted stock units ("RSUs") in the year ended March 31, 2024. The fair value assigned to RSUs is the market price of the Company's stock on the grant date. The vesting period for employees and members of the Board of Directors ranges from one to three years.

For the year ended March 31, 2026, RSU activity under the Plans was as follows:

	2015 Director Plan Number of Shares	2022 Employee Plan Number of Shares	2024 Omnibus Plan Number of Shares	2024 Inducement Plan Number of Shares	Total RSUs	Weighted- Average Grant Date Fair Value Per RSU
Non-vested RSUs outstanding at March 31, 2025	22,316	568,416	321,022	290,000	1,201,754	\$ 4.49
Granted	—	—	9,877	—	9,877	\$ 2.97
Vested and issued	(10,097)	(250,997)	(105,313)	(95,068)	(461,475)	\$ 4.42
Forfeited	(9,719)	(265,382)	(133,269)	(168,265)	(576,635)	\$ 4.39
Non-vested RSUs outstanding at March 31, 2026	2,500	52,037	92,317	26,667	173,521	\$ 4.88

- The total grant-date fair value of RSUs granted during the twelve months ended March 31, 2026 and 2025 was \$29 thousand and \$5.4 million, respectively.
- For the twelve months ended March 31, 2026, 2025 and 2024, the Company recorded stock-based compensation related to RSUs of \$1.1 million, \$1.5 million and \$0.3 million, respectively.
- At March 31, 2026 and 2025, there were \$0.6 million and \$4.2 million of unrecognized compensation costs related to RSUs subject to restriction and forfeiture awards, respectively, which is expected to be recognized over the remaining weighted average restriction and forfeiture period of 1.45 years and 2.3 years for fiscal 2026 and 2025, respectively.

Performance Stock Units

The Company first granted performance stock units ("PSUs") in the year ended March 31, 2024. The fair value assigned to PSUs is determined using the market price of the Company's stock on the grant date for awards with a performance condition, and by using a Monte Carlo simulation for awards with a market condition. Existing PSUs with a performance condition vest over one year. Existing PSUs with a market condition vest over three years. Stock-based compensation costs associated with PSUs with a performance condition are re-assessed each reporting period based upon the estimated performance attainment on the reporting date until the performance conditions are met. The ultimate number of shares of common stock that are issued to an employee is the result of the actual performance of the Company at the end of the performance period compared to the performance targets and generally ranges from 0% to 200% of the initial PSU grant.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2026, PSU activity under the Plans was as follows:

	2022 Employee Plan Number of Shares	2024 Omnibus Plan Number of Shares	Total PSUs	Weighted-Average Grant Date Fair Value Per PSU
Non-vested PSUs outstanding at March 31, 2025	—	146,772	146,772	\$ 3.47
Granted	—	—	—	\$ —
Vested and issued	—	—	—	\$ —
Forfeited	—	(146,772)	(146,772)	\$ 3.47
Non-vested PSUs outstanding at March 31, 2026	—	—	—	\$ —

- The total grant-date fair value of PSUs granted during the twelve months ended March 31, 2025 was \$0.5 million. There were no PSUs granted during the twelve months ended March 31, 2026.
- For the twelve months ended March 31, 2026 and 2025, the Company recorded stock-based compensation (reversal) related to PSUs of \$(35) thousand and \$(1) thousand, respectively.
- At March 31, 2025 there were \$475 thousand unrecognized compensation costs related to PSUs subject to restriction and forfeiture awards which is expected to be recognized over the remaining weighted average restriction and forfeiture period 2.8 years for fiscal 2025. At March 31, 2026 there were no unrecognized compensation costs related to PSUs subject to restriction and forfeiture award.

(12) Fair Value Measurements

The Company carries cash and cash equivalents and investments at fair value in the Consolidated Balance Sheets. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. ASC Topic 820, *Fair Value Measurements* establishes a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy generally requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

At March 31, 2026 and 2025 the Company had cash and cash equivalents of \$21.4 million and \$54.7 million, respectively, which includes investments in money market funds which are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices.

The following tables summarize the assets measured at fair value on a recurring basis as of March 31, 2026 and March 31, 2025 by level within the fair value hierarchy (in thousands):

March 31, 2026				
	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	\$ 10,553	\$ —	\$ —	\$ 10,553
March 31, 2025				
	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	\$ 43,624	\$ —	\$ —	\$ 43,624

(13) Net (Loss) Income Per Share

In accordance with the provisions of ASC Topic 260, *Earnings Per Share* basic net (loss) income per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted net (loss) income per common share includes the dilutive effect of potential restricted stock and the effects of the potential conversion of preferred shares, calculated using the treasury stock method. Unvested restricted stock, and convertible preferred shares issued by the Company represent the only dilutive effect reflected in diluted weighted average shares outstanding.

The following is a reconciliation of the numerators and denominators of the basic and diluted net (loss) income per share computations for the periods presented (in thousands, except for share and per share amounts):

Year Ended March 31,			
	2026	2025	2024
Net loss (numerator):			
Net loss	\$ (57,286)	\$ (6,271)	\$ (7,464)
Shares (denominator)			
Weighted average number of common shares outstanding used in basic computation	20,921,361	20,596,022	20,395,959
Common shares issuable upon the vesting of restricted stock	—	—	—
Common shares issuable upon conversion of preferred shares	—	—	—
Weighted average number of common shares outstanding used in diluted computation	20,921,361	20,596,022	20,395,959
Net loss per common share:			
Basic	\$ (2.74)	\$ (0.30)	\$ (0.37)
Diluted	\$ (2.74)	\$ (0.30)	\$ (0.37)

At March 31, 2026, 2025, and 2024, 632,128, 1,027,909, and 827,863 shares of common restricted stock, respectively, were excluded from the computations of diluted net income per common share, as their inclusion would have had an anti-dilutive effect on diluted (net loss)/net income per common share.

(14) Commitments and Contingencies

Legal Matters and Routine Proceedings

The Company has settled complaints that had been filed with various states' pharmacy boards in the past. There can be no assurances made that other states will not attempt to take similar actions against the Company in the future. The Company also intends to vigorously defend its trade or service marks. There can be no assurance that the Company will be successful in protecting its trade or service marks. Legal costs related to the above matters are expensed as incurred. From time to time, the Company may be involved in and subject to disputes and legal proceedings, as well as demands, claims and threatened litigation that arise in the ordinary course of its business. These proceedings may include allegations involving business practices, infringement of intellectual property, employment or other matters. The ultimate outcome of any legal proceeding is often uncertain, there can be no assurance that the Company will be successful in any legal proceeding, and unfavorable outcomes could have a negative impact on our results of operations and financial condition. In accordance with ASC Topic 450-20, *Loss Contingencies*, the Company records a liability in its financial statements for these matters when a loss is known or considered probable and the amount can be reasonably estimated. The Company reviews the status of each significant matter each accounting period as additional information is known and adjusts the loss provision when appropriate. If a matter is both probable to result in a liability and the amounts of loss can be reasonably estimated, the Company estimates and discloses the possible loss or range of loss to the extent necessary to make the financial statements not misleading. If the loss is not probable and cannot be reasonably estimated, a liability is not recorded in the Company's financial statements. Gain contingencies are not recorded until they are realized. Legal costs related to any legal matters are expensed as incurred.

On April 18, 2024, Plaintiff Timothy Fitchett ("Plaintiff") filed an action against the Company in the Court of Common Pleas of Allegheny County, Pennsylvania, on behalf of himself and on behalf of a class of others similarly situated. Plaintiff alleges that the Company violated Pennsylvania's Unfair Trade Practices and Consumer Protection Law by representing "reg." prices for products which the Company allegedly never charged for those products. On May 13, 2024, the Company removed the matter to the U.S. District Court for the Western District of Pennsylvania in Pittsburgh. The Company successfully opposed the Plaintiff's motion to remand the case back to the Court of Common Pleas. On the face of the Complaint, Plaintiff is seeking damages for himself in the amount of the allegedly illusory discounts he allegedly believed he was receiving when purchasing products from the Company or, in the alternative, a complete refund of amounts he paid to the Company, and he is also seeking a liability determination for members of the proposed class. The Company denies liability in this matter and intends to defend the action accordingly. The Company cannot determine materiality or estimate a range of potential liability, if any, at this time if the Company were determined to be liable.

On February 14, 2025, Plaintiffs Ashley Bird, Tyler Dvorski, and Tiffany Hughes ("Plaintiffs") filed an action in the Northern District of New York on behalf of themselves and a class of others similarly situated alleging that the Company misrepresented that its products were on sale by showing a "regular" strikethrough price, when the products were never sold for the strikethrough price. Plaintiffs allege that by using this "false reference price" or "false discount," the Company artificially inflated its prices and charged consumers more than it otherwise could. Plaintiffs allege that these purported practices violate New York General Business Law §§ 349 and 350 as well as California's Unfair Competition Law and California's False Advertising Law. After the Company made a motion to dismiss the Complaint, Plaintiffs filed an Amended Complaint, which the Company moved to dismiss. The motion to dismiss the Amended Complaint was granted. Thereafter, Plaintiffs filed a motion to vacate the dismissal Order and amend the Amended Complaint. That motion has been fully briefed and remains pending.

(15) Employee Benefit Plan

The Company maintains a 401(k) Savings Plan for eligible employees. The plan is a defined contribution plan that is administered by the Company. All regular, full-time employees are eligible for voluntary participation upon completing 90 days of service and having attained the age of 21. The plan provides for growth in savings through contributions and income from investments. It is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. Plan participants are allowed to contribute a specified percentage of their base salary. The Company matches 100% of the first 4% of the employee's contribution. The matching contribution is funded subsequent to the calendar year. During the fiscal years ended March 31, 2026, 2025, and 2024, the

Company recorded \$371 thousand, \$309 thousand, and \$350 thousand, respectively, of 401(k) matching contribution and administration expense to general and administrative expenses. In accordance with the plan documents, the Company can elect to make discretionary contributions, however, none were made during the fiscal years ended March 31, 2026 and March 31, 2025.

(16) Related Party Transaction

In fiscal 2024 the Company entered into a master services agreement with Fabric, Inc (“Fabric”), a privately-held company. Under this agreement, Fabric will provide cloud-based product services to the Company with a one-year term with auto-renewal unless either party provides notice at least 90 days in advance. Per the terms of the agreement, the Company will pay Fabric \$115,000 the first year and \$100,000 for each potential year thereafter with potential changes in the amounts paid based on actual usage of Fabric’s services.

The Company’s former Chief Executive Officer and President, who departed the Company in August 2025, was an equity holder in Fabric and served on Fabric’s Board of Directors during her tenure with the Company. Consequently, Fabric is no longer considered a related party to the Company subsequent to her departure.

During the fiscal year ended March 31, 2025 the company paid Fabric approximately \$105 thousand under this agreement for services rendered. During the fiscal year ended March 31, 2026, the company made no payments to Fabric under this agreement for services rendered while Fabric was considered a related party. As of March 31, 2026 and 2025, there were no amounts owed by the Company to Fabric.

(17) Unsolicited and Non-Binding Acquisition Proposals

In December 2025, the Company received two unsolicited, non-binding preliminary proposals from two separate third parties to acquire all of the outstanding shares of Common Stock of the Company at prices ranging from \$4.00 to \$4.25 per share in cash, subject to customary conditions, including the satisfactory completion of due diligence and the negotiation and execution of a mutually acceptable definitive agreement. In response to the receipt of these proposals, the Board, consistent with its fiduciary duties and in consultation with its financial and legal advisors, carefully evaluated the two unsolicited proposals and directed its financial advisor to actively solicit interest in a potential sale transaction from other strategic and financial sponsors that the Company and its financial advisor believed might have an interest in, and the financial capacity to consummate, a potential acquisition of the Company at a price and on terms that would maximize value for the Company’s stockholders. Following this process and after careful deliberation and consideration of the alternatives reasonably available to the Company, the Board determined that it is in the best interests of the Company and its stockholders not to proceed with either of the publicly announced proposals, as a result of which the Company is continuing to operate as an independent, publicly traded company. However, the Board remains open to considering any inbound indications of interest with respect to a potential transaction that may be received in the future and will continue to act in accordance with its fiduciary duties to evaluate any such proposals should they arise.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management maintains a set of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) designed to ensure that information required to be disclosed by us in reports that we file or submit under 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 management, including our principal executive officer and principal financial officer, to allow for timely decisions regarding required disclosure.

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2026, the end of the period covered by this report (the "Evaluation Date") was performed under the supervision and with participation of management, including our Interim Chief Executive Officer and Interim Principal Financial Officer. Based upon that evaluation, our Interim Chief Executive Officer and Interim Principal Financial Officer concluded as of the Evaluation Date, that our disclosure controls and procedures were not effective as of March 31, 2026, due to the material weaknesses in internal control over financial reporting described below.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Interim Chief Executive Officer and Interim Principal Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of March 31, 2026 based on the framework in Internal Control — *Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control — Integrated Framework*, management concluded that our internal control over financial reporting was not effective, as of March 31, 2026, as a result of the material weaknesses described below.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

This Annual Report on Form 10-K does not include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. Our auditors will not be required to opine on the effectiveness of our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002 until we are no longer a smaller reporting company with annual revenues of less than \$100 million and a public float of less than \$700 million.

Status of Previously Reported Material Weaknesses

As previously reported in our Annual Report on Form 10-K for the year ended March 31, 2025, we identified material weaknesses in the following areas:

- Information Technology General Controls ("ITGCs")
- Income Taxes and Sales Taxes
- Complex Accounting Matters
- Tone at the Top
- Revenue Recognition
- Cooperative Advertising and Vendor Reimbursements

During fiscal 2026, management, under the oversight of the Audit Committee of our Board of Directors, continued to implement the remediation plans described in our Annual Report on Form 10-K for the year ended March 31, 2025. The status of those material weaknesses as of March 31, 2026 is described below.

Material Weaknesses Remediated as of March 31, 2026

Income Taxes

As previously disclosed, this material weakness is related to the misapplication of Internal Revenue Code 162(m) which limits the deductibility of executive compensation in our consolidated financial statements and errors in the income tax provision related to our management review control.

The following actions and plans were initiated during fiscal 2025 and continued or were completed during fiscal 2026:

- The Company engaged qualified third-party tax specialists to assist in income tax related matters
- The Company implemented enhanced review controls over income tax provision
- The Company provided additional training for personnel involved in tax accounting and financial reporting to enhance their understanding of the relevant accounting standards and requirements
- The Company enhanced and retained documentation of tax positions and related accounting judgments to ensure they are adequately supported

As of March 31, 2026, the enhanced controls have operated for a sufficient period of time and management has completed testing of their operating effectiveness. Based on the results of such testing, management concluded that the material weakness related to Income Taxes was remediated.

Complex Accounting Matters

As previously disclosed, this material weakness related to deficiencies in controls over impairment analyses, valuation assessments, and accounting for significant or non-routine transactions.

The following actions and plans were initiated during fiscal 2025 and continued or were completed during fiscal 2026:

- The Company enhanced its policies, procedures and process level controls governing how it gathers and analyzes relevant facts and circumstances in connection with complex business transactions
- The Company engaged qualified third-party specialists to assist with technical accounting analyses related to significant non-routine transactions, including impairment analysis matters
- The Company provided additional training to personnel involved in accounting for complex accounting matters and financial reporting to enhance their understanding of the relevant accounting standards and requirements

As of March 31, 2026, the enhanced controls have operated for a sufficient period of time and management has completed testing of their operating effectiveness. Based on the results of such testing, management concluded that the material weakness related to Complex Accounting Matters was remediated.

Tone at the Top

As previously disclosed, this material weakness is related to deficiencies in our control environment, including governance oversight, risk assessment processes, and internal communication mechanisms.

During fiscal 2026, the Company enhanced its executive leadership structure and Board oversight. As previously disclosed in our Annual Report on Form 10-K for the year ended March 31, 2025, following the August 2025 resignations of CEO Sandra Campos and CFO Robyn D’Elia, the Board appointed Leslie C.G. Campbell as interim Chief Executive Officer and Douglas Krulik as interim Principal Financial Officer, reporting directly to the interim CEO and the Audit Committee. In August 2025, Leah Solivan was appointed Chair of the Compensation and Human Capital Committee. Following the resignation of Diana Purcel in July 2025, Peter Batushansky served as Chair of the Audit Committee. Subsequently, on October 19, 2025, the Board appointed James LaCamp to the Board. Mr. LaCamp assumed the role of

Audit Committee Chair effective October 30, 2025, and continued in that role as of the issuance of the audited financial statements, further enhancing financial expertise and independent oversight.

In addition to the executive leadership transitions, the Company implemented enhanced entity-level controls during fiscal 2026 designed to address the previously identified deficiencies, including:

- Implementation of a formal Disclosure Committee with defined responsibilities and documented review procedures
- Implementation of enhanced whistleblower escalation and communication protocols to facilitate timely reporting of financial reporting matters to executive leadership and the Audit Committee
- Implementation of a continuous risk assessment process involving executive leadership, conducted on a regular cadence, to identify and evaluate financial reporting, operational and compliance risks, including fraud risks and management override considerations; such process includes documented discussions, assignment of risk owners, monitoring of mitigation actions, periodic reassessment of risks and presentation of results to the Audit Committee
- Implementation of a company-wide Code of Conduct recertification process, together with enhanced employee compliance initiatives, requiring personnel, including executive leadership, to review and formally acknowledge adherence to the Company's ethical standards, applicable laws and regulations and Company policies, reinforcing emphasis on integrity in financial reporting and transparency
- Under the supervision of the Board, executive leadership reinforced expectations regarding integrity, ethical conduct, compliance with applicable laws and regulations and adherence to the Company's internal control over financial reporting framework and accounting policies

As of March 31, 2026, the enhanced controls have operated for a sufficient period of time and management has completed testing of their operating effectiveness. Based on the results of such testing, management concluded that the material weakness related to Tone at the Top was remediated.

Material Weaknesses Not Yet Remediated

Sales Taxes

We continue to remediate the material weakness related to sales taxes. The following actions and plans were initiated during fiscal 2025 and continued during fiscal 2026:

- The Company continues to engage qualified third-party tax specialists to assist in sales tax related matters
- The Company continues to implement enhanced review controls over sales tax calculations
- The Company provided additional training for personnel involved in tax accounting and financial reporting to enhance their understanding of the relevant accounting standards and requirements
- The Company is working with a qualified third-party tax specialist to perform a comprehensive review of product-level taxability across its inventory to validate the appropriate application of sales tax based on jurisdictional requirements in tandem with the implementation of an enhanced, sales tax determination and compliance solution

Although remediation efforts have substantially progressed, certain remediation activities remain in progress or have not yet operated for a sufficient period of time to allow management to conclude that they are operating effectively. The Company will continue to implement and evaluate both the design and operating effectiveness of these controls. This material weakness has not yet been fully remediated as of March 31, 2026.

ITGCs

We continue to remediate the material weakness related to ITGCs. During fiscal 2026, the following actions were implemented:

- The Company continues to utilize third-party consultants with expertise in ITGCs, internal audit and risk management to assist management in assessing risks and designing and implementing enhanced ITGCs
- The Company continues to implement enhanced change management governance, including formal change management procedures, review protocols and periodic review of system changes to ensure that changes to in-scope systems are appropriately authorized, tested and approved prior to deployment into the production environment

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- The Company continues to implement enhanced controls over logical access to financially relevant systems, including formal approval procedures for granting and modifying user access, strengthened segregation of duties protocols and introduction of monitoring procedures to support periodic access reviews
- The Company provided additional training to personnel involved in the execution of ITGCs to strengthen understanding ITGC requirements, including control documentation and evidence of control execution
- The Company is in the process of deploying governance, risk and compliance software to enhance the tracking, monitoring and enforcement of controls and remediation activities
- The Company is in the process of planning a transition to a modernized ERP and financial system which is expected to reduce reliance on certain legacy systems that contribute to the underlying ITGC deficiencies

Although remediation efforts have substantially progressed, certain remediation activities remain in progress or have not yet operated for a sufficient period of time to allow management to conclude that they are operating effectively. The Company will continue to implement and evaluate both the design and operating effectiveness of these controls. This material weakness has not yet been fully remediated as of March 31, 2026.

Revenue Recognition

We continue to remediate the material weakness related to revenue recognition controls. As part of these efforts, the Company has implemented the following actions:

- The Company enhanced its risk assessment process to identify and analyze risks of financial misstatement related to revenue recognition, including risks arising from error or fraud and potential management override of controls. As part of this effort, management performed walkthroughs of the Company's revenue streams, including the AutoShip program, and began developing enhanced process documentation of the revenue process, key risks and associated controls
- The Company enhanced its policies and procedures related to the review and approval of certain transactions and customer-facing program terms and conditions
- The Company provided additional training to personnel involved in the execution of revenue-related controls to strengthen understanding of the Company's internal control framework and financial reporting responsibilities
- The Company continued to engage third-party advisors, as necessary, to assist management in evaluating the accounting treatment, financial reporting and disclosure of significant, complex or non-routine transactions
- The Company enhanced cross-functional communication procedures, including structured management meetings, involving finance and operational leadership, designed to ensure that changes in business operations, programs or systems that could impact revenue recognition are identified and evaluated on a timely basis

Although remediation efforts have substantially progressed, certain remediation activities remain in progress or have not yet operated for a sufficient period of time to allow management to conclude that they are operating effectively. The Company will continue to implement and evaluate both the design and operating effectiveness of these controls. This material weakness has not yet been fully remediated as of March 31, 2026.

Cooperative Advertising and Vendor Reimbursements

We enhanced review controls and policy governance procedures related to vendor reimbursement and cooperative advertising arrangements. Although remediation efforts have progressed, certain remediation activities remain in progress or have not yet operated for a sufficient period of time for management to evaluate and conclude that the related controls are operating effectively. The Company will continue to implement and monitor these controls and evaluate their design and operating effectiveness. Accordingly, this material weakness has not yet been fully remediated as of March 31, 2026.

Changes in Internal Control over Financial Reporting

Other than as described above, there were no changes in our internal control over financial reporting during the fourth quarter ended March 31, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design and disclosure controls and procedures must reflect the fact that there are resource constraints, and that Management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their cost.

ITEM 9B. OTHER INFORMATION

Trading Arrangements

During the fourth quarter ended March 31, 2026, no director or officer (as defined in Rule 16a-1(f) of the Exchange Act) of the Company adopted, modified, or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by this item will be set forth in our proxy statement, to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2026, relating to our 2026 Annual Meeting of Shareholders and is incorporated herein by reference.

Code of Business Conduct and Ethics

We have a Corporate Code of Business Conduct and Ethics ("Code") applicable to all officers, directors, and employees. The Code is available on our website at www.petmeds.com under "Investors - Governance". You may also obtain a copy of our Code free of charge by contacting Investor Relations at 1-800-738-6337. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendment to, or waiver from, a provision of this Code by posting such information on the website address and location specified above.

Insider Trading Policy

The Company has adopted an Insider Trading Policy governing the purchase, sale, and/or other dispositions of the Company's securities that is reasonably designed to promote compliance with applicable laws, rules and regulations. A copy of the Company's Insider Trading Policy has been filed as Exhibit 19.1 to this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item will be set forth in our proxy statement, to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2026, relating to our 2026 Annual Meeting of Shareholders and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The information required by this item (other than information required by Item 201(d) of Regulation S-K with respect to equity compensation plans, which is set forth under Item 5 in this Annual Report on Form 10-K) will be set forth in our proxy statement, to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2026, relating to our 2026 Annual Meeting of Shareholders and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item will be set forth in our proxy statement, to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2026, relating to our 2026 Annual Meeting of Shareholders and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item will be set forth in our proxy statement, to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2026, relating to our 2026 Annual Meeting of Shareholders and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report on Form 10-K.

- (1) Consolidated Financial Statements – See the Index to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

The following exhibits are filed as part of this Annual Report on Form 10-K or hereby incorporated by reference to exhibits previously filed with the SEC.

(3) Articles of Incorporation and By-Laws

- 3.1 [Amended and Restated Articles of Incorporation \(incorporated by reference to Exhibit 3.1 to our Registration Statement on Form 10-SB, File No. 000-28827, filed January 10, 2000\).](#)
- 3.2 [Articles of Amendment to the Amended and Restated Articles of Incorporation \(incorporated by reference to Exhibit 3.2 to our Form 10-K for the year ended March 31, 2015, filed May 22, 2015\).](#)
- 3.3 [Articles of Amendment to the Amended and Restated Articles of Incorporation, dated December 3, 2024 \(incorporated by reference to Exhibit 3.1 to the Company's Form 8-K/A filed December 18, 2024\).](#)
- 3.4 [Third Amended and Restated By-Laws of PetMed Express, Inc. \(incorporated by reference to Exhibit 3.3 to our Form 10-Q for the quarter ended September 30, 2024, filed November 7, 2024\).](#)

(4) Instruments Defining the Rights of Security Holders

- 4.1 [Specimen common stock certificate \(incorporated by reference to Exhibit 4.2 to our Registration Statement on Form 10-SB, File No. 000-28827, filed January 10, 2000\).](#)
- 4.2 [Description of Securities. \(incorporated by reference to Exhibit 4.2 to our Form 10-K filed November 14, 2025\).](#)
- 4.3 [Rights Agreement, dated December 3, 2024, by and between the Company and Continental Stock Transfer & Trust Company, as rights agent \(which includes the Form of Right Certificate as Exhibit B thereto\) \(incorporated by reference to Exhibit 4.1 to the Form 8-K/A filed December 18, 2024\).](#)
- 4.4 [Amendment No. 1 to Rights Agreement, dated as of November 26, 2025, by and between the Company and Continental Stock Transfer & Trust Company, as rights agent \(incorporated by reference to Exhibit 4.2 to the Form 8-K filed November 26, 2025\).](#)

(10) Material Contracts

- 10.1+ [2016 Employee Equity Compensation Restricted Stock Plan, including form of Restricted Stock Agreement used for grants of restricted stock \(incorporated by reference to Exhibit A to our definitive Proxy Statement for our 2016 Annual Meeting of Shareholders filed June 13, 2016\).](#)
- 10.2+ [Form of Indemnification Agreement entered into with the Directors and Executive Officers of the Company \(incorporated by reference to Exhibit 10.1 to our Form 10-Q for the quarter ended June 30, 2019, filed July 30, 2019\).](#)
- 10.3+ [2022 Employee Equity Compensation Plan \(as amended and restated\) \(incorporated by reference to Exhibit 10.1 to our Form 8-K filed June 20, 2023\).](#)
- 10.3.1+ [Form of Restricted Stock Unit Agreement under 2022 Employee Equity Compensation Plan \(incorporated by reference to Exhibit 10.3 to our Form 8-K filed June 20, 2023\).](#)
- 10.3.2+ [Form of Performance Stock Unit Agreement under 2022 Employee Equity Compensation Plan \(incorporated by reference to Exhibit 10.4 to our Form 8-K filed June 20, 2023\).](#)
- 10.4+ [2015 Outside Director Equity Compensation Plan \(as amended and restated\) \(incorporated by reference to Exhibit 10.5 to our Form 8-K filed June 20, 2023\).](#)

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10.4.1+	<u>Form of Restricted Stock Unit Agreement under 2015 Outside Director Equity Compensation Plan (incorporated by reference to Exhibit 10.7 to our Form 8-K filed June 20, 2023).</u>
10.4.2+	<u>Form of Restricted Stock Agreement under the 2015 Outside Director Equity Compensation Plan (incorporated by reference to Exhibit 10.10.1 to our Form 10-K for the year ended March 31, 2017 filed May 23, 2017).</u>
10.5+	<u>Executive Employment Agreement, dated April 29, 2024, between the Company and Sandra Campos (incorporated by reference to Exhibit 10.2 to our Form 8-K filed on April 29, 2024).</u>
10.5.1+	<u>Separation Agreement, dated August 11, 2025, between the Company and Sandra Campos (incorporated by reference to Exhibit 10.1 to our Form 8-K filed on August 12, 2025).</u>
10.6+	<u>PetMed Express, Inc. 2024 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to our Form 8-K filed August 8, 2024).</u>
10.6.1+	<u>Form of Restricted Stock Unit Award under 2024 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1.1 to our Form 8-K filed August 8, 2024).</u>
10.6.2+	<u>Form of Performance Stock Unit Award under 2024 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1.2 to our Form 8-K filed August 8, 2024).</u>
10.6.3+	<u>Form of Restricted Stock Award under 2024 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1.3 to our Form 8-K filed August 8, 2024).</u>
10.6.4+	<u>Form of Stock Option Award under the 2024 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1.4 to our Form 8-K filed August 8, 2024).</u>
10.7+	<u>Non-Employee Director Compensation Program, revised as of October 29, 2025.*</u>
10.8+	<u>PetMed Express, Inc. 2024 Inducement Incentive Plan (incorporated by reference to Exhibit 10.1 to our Form 8-K filed September 27, 2024).</u>
10.8.1+	<u>Form of Restricted Stock Unit Award under 2024 Inducement Incentive Plan (incorporated by reference to Exhibit 10.1.1 to our Form 8-K filed September 27, 2024).</u>
10.8.2+	<u>Form of Performance Stock Unit Award under 2024 Inducement Incentive Plan (incorporated by reference to Exhibit 10.1.2 to our Form 8-K filed September 27, 2024).</u>
10.8.3+	<u>Form of Restricted Stock Award under 2024 Inducement Incentive Plan (incorporated by reference to Exhibit 10.1.3 to our Form 8-K filed September 27, 2024).</u>
10.8.4+	<u>Form of Stock Option Award under the 2024 Inducement Incentive Plan (incorporated by reference to Exhibit 10.1.4 to our Form 8-K filed September 27, 2024).</u>
10.9+	<u>Executive Employment Agreement, dated September 16, 2024, between the Company and Robyn D’Elia (incorporated by reference to Exhibit 10.1 to our Form 8-K filed on September 12, 2024).</u>
10.9.1+	<u>Separation Agreement, dated August 11, 2025, between the Company and Robyn D’Elia (incorporated by reference to Exhibit 10.2 to our Form 8-K filed on August 12, 2025).</u>
10.10+	<u>Change of Control and General Severance Agreement, dated November 26, 2025, between PetMed Express, Inc. and Douglas Krulik (incorporated by reference to Exhibit 10.1 to our Form 8-K filed November 26, 2025).</u>
10.11+	<u>Interim Executive Employment Agreement, dated October 20, 2025, between the Company and Leslie C.G. Campbell (incorporated by reference to Exhibit 10.1 to our Form 10-K filed October 21, 2025).</u>

(19) Insider trading policies and procedures

19.1 [Statement of Policy Regarding Insider Trading*](#)

(21) Subsidiaries of Registrant

21.1 [Subsidiaries of Registrant \(incorporated by reference to Exhibit 21.1 to our Form 10-K filed October 14, 2025\)](#)

(23) Consents of Experts and Counsel

23.1 [Consent of Baker Tilly LLP*](#)

23.2 [Consent of RSM US LLP*](#)

(31) Certifications

31.1 [Certification of Chief Executive Officer pursuant to Rule 13a-14\(a\)/15d-14\(a\)*](#)

31.2 [Certification of Chief Financial Officer pursuant to Rule 13a-14\(a\)/15d-14\(a\)*](#)

(32) Certifications

32.1 [Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 1350**](#)

(97) Policy Relating to Recovery of Erroneously Awarded Compensation

97.1 [Executive Compensation Recovery Policy \(incorporated by reference to Exhibit 97.1 to our Form 10-K filed October 14, 2025\)](#)

101.INS*	Inline 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)
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Filed herewith

**Furnished herewith

+ Indicates a management contract or compensatory plan or arrangement

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: June 2, 2026

PETMED EXPRESS, INC.

(the “registrant”)

By: /s/ Leslie C.G. Campbell

Leslie C.G. Campbell

Interim Chief Executive Officer and President

(principal executive officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on June 2, 2026.

SIGNATURE

/s/ Leslie C.G. Campbell

Leslie C.G. Campbell

/s/ Doug Krulik

Doug Krulik

/s/ James LaCamp

James LaCamp

/s/ Justin Mennen

Justin Mennen

/s/ Leah Solivan

Leah Solivan

/s/ Peter Batushansky

Peter Batushansky

TITLE

Interim Chief Executive Officer and President (principal executive officer)

Chief Accounting Officer and Interim Principal Financial Officer and Treasurer
(principal financial and accounting officer)

Director

Director

Director

Director

PETMED EXPRESS, INC.**NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM****(Dated: October 29, 2025)**

Non-employee members of the board of directors (the “**Board**”) of PetMed Express, Inc. (the “**Company**”) shall receive cash and equity compensation as set forth in this Non-Employee Director Compensation Program (this “**Program**”). The cash and equity compensation described in this Program shall be paid or be made, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any parent or subsidiary of the Company (each, a “**Non-Employee Director**”) who is entitled to receive such cash or equity compensation, unless such Non-Employee Director declines the receipt of such cash or equity compensation by written notice to the Company. This Program shall remain in effect until it is revised or rescinded by further action of the Board. This Program may be amended, modified or terminated by the Board at any time in its sole discretion. The terms and conditions of this Program shall supersede any prior cash and/or equity compensation arrangements for service as a member of the Board between the Company and any of its Non-Employee Directors. No Non-Employee Director shall have any rights hereunder, except with respect to equity awards to be automatically granted pursuant to the Program.

1. Cash Compensation.

(a) Annual Retainers. Each Non-Employee Director shall receive an annual retainer of \$50,000 for service on the Board. For any fiscal year beginning on April 1, 2025 or after, a Non-Employee Director serving as Chair of the Board or Lead Independent Director shall receive, in lieu of the retainer in the preceding sentence, an annual retainer of \$75,000 for such service.

(b) Additional Annual Retainers. In addition, each Non-Employee Director shall receive the following additional annual retainers, as applicable:

(i) Audit Committee. A Non-Employee Director serving as Chairperson of the Audit Committee shall receive an additional annual retainer of \$20,000 for such service. A Non-Employee Director serving as a member of the Audit Committee (other than the Chairperson) shall receive an additional annual retainer of \$10,000 for such service.

(ii) Compensation and Human Capital Committee. A Non-Employee Director serving as Chairperson of the Compensation and Human Capital Committee shall receive an additional annual retainer of \$15,000 for such service. A Non-Employee Director serving as a member of the Compensation and Human Capital Committee (other than the Chairperson) shall receive an additional annual retainer of \$7,500 for such service.

(iii) Corporate Governance and Nominating Committee. A Non-Employee Director serving as Chairperson of the Corporate Governance and Nominating Committee shall receive an additional annual retainer of \$10,000 for such service. A Non-Employee Director serving as a member of the Corporate Governance and Nominating Committee (other than the Chairperson) shall receive an additional annual retainer of \$5,000 for such service.

(c) Payment of Retainers. The annual retainers described in Sections 1(a) and 1(b) shall be earned on a quarterly basis based on a calendar quarter and shall be paid by the Company in arrears not later than the fifteenth day following the end of each calendar quarter. In the event a Non-Employee Director does not serve as a Non-Employee Director, or in the applicable positions described in Section 1(a) or 1(b), for an entire calendar quarter, the retainer paid to such Non-Employee Director shall be prorated for the portion of such calendar quarter actually served as a Non-Employee Director, or in such position, as applicable.

2. Equity Compensation. Non-Employee Directors shall be granted the equity awards described below. The awards described below shall be granted under and shall be subject to the terms and provisions of the PetMed Express, Inc. 2024 Omnibus Incentive Plan (the “**Equity Plan**”) and shall be granted subject to the execution and delivery of award agreements, including attached exhibits, in substantially the forms previously approved by the Board. All applicable terms of the Equity Plan apply to this Program as if fully set forth herein, and all grants of stock awards hereby are subject in all respects to the terms of the Equity Plan and the applicable award agreement.

(a) Annual Awards. A Non-Employee Director who (i) is serving on the Board as of the date of any annual meeting of the Company’s shareholders (including any Non-Employee Director who is first elected to the Board on the date of such meeting), and (ii) will continue to serve as a Non-Employee Director immediately following such meeting, shall be automatically granted on the date of such meeting an award of Restricted Stock (as defined in the Equity Plan) consisting of a number of shares of Restricted Stock equal to One Hundred Ten Thousand Dollars (\$110,000) divided by the Reference Price (as defined below). The awards described in this Section 2(a) shall be referred to as “**Annual Awards**.” For purposes hereof, the “**Reference Price**” shall be the closing price of the Company’s common stock on the Nasdaq Stock Market on the date of grant of an Annual Award or an Initial Award (as defined below), as applicable, unless a higher Reference Price is otherwise determined by the Board in connection with a specific award grant.

(b) Initial Awards. A Non-Employee Director who is appointed to the Board on a date other than the date of an annual meeting of shareholders shall be granted, on the date on which he or she is first appointed to the Board, an initial award of Restricted Shares (the “**Initial Award**”) equal in number to the number of Restricted Shares included in the Annual Award granted to Non-Employee Directors made at the most recently preceding annual meeting of shareholders (the “**Prior Meeting Annual Grant**”) prorated based on the period of time from the date he or she was appointed to the Board until the vesting date of the Prior Meeting Annual Grant. For purposes of illustrating the preceding sentence, if a new Non-Employee Director is appointed to the Board six months following the most recently preceding annual meeting of shareholders and the Prior Meeting Annual Grant was for 50,000 Restricted Shares, the Initial Award would be granted for 25,000 Restricted Shares.

(c) Vesting of Awards Granted to Non-Employee Directors. Except as otherwise determined by the Board, (i) each Initial Award shall vest on the first (1st) anniversary of the date of the Non-Employee Director’s appointment to the Board, subject to the Non-Employee Director continuing in service on the Board through such vesting date, and (ii) each Annual Award shall vest on the first (1st) anniversary of the date of grant, subject to the Non-Employee Director continuing in service on the Board through the vesting date. Unless the Board otherwise determines, no portion of an Initial Award or Annual Award which is unvested at the time of a Non-Employee Director’s termination of service on the Board shall become vested thereafter. Upon a Non-Employee Director’s death or disability, or upon a Change of Control (as defined in the Equity Plan), all outstanding equity awards granted under the Equity Plan, and any other equity incentive plan maintained by the Company, that are held by a Non-Employee

Director shall become fully vested, irrespective of any other provisions of the Equity Plan or any award agreement.

(d) Changes to Form of Equity Awards in the Future. Notwithstanding the provisions of this Section 2, the Board may, in its discretion, determine that any Initial Awards or Annual Awards to be granted in the future may be granted, in whole or in part, in the form of alternative equity awards to the extent permitted by the Equity Plan, such as restricted stock units (RSUs), in such manner as the Board may determine.

(e) Annual and Initial Awards Made in 2025. The Company shall make the Annual Awards for 2025 (and the Initial Award for the person who became a Non-Employee Directors during 2025 prior to the date of this Program) on the date of the adoption of this Program in lieu of the dates provided above, provided that (i) the Reference Price for purposes of such awards shall not be less than \$3.25 per share, (ii) the Initial Award granted on the date of the adoption of this Program will be for a number of Restricted Shares equal to the Annual Award granted on the same date but prorated based on the number of days between the date on which the Non-Employee Director first joined the Board and the date of this Program, and (iii) notwithstanding Section 2(c) above, if the service of any Non-Employee Director on the Board terminates prior to the vesting of any Annual Award granted pursuant to this paragraph, such Annual Award shall vest on the date of termination as to a pro rata number of shares included in the Annual Award based on the number of days during the vesting period of such award during which the Non-Employee Director served as a member of the Board (with the remaining shares being forfeited), and. For purposes of illustrating preceding clause (iii), if a Non-Employee Director ceases to be a member of the Board 6 months after the date of grant of the Annual Award, then 50% of the shares included in the Annual Award granted in 2025 shall vest upon termination of service on the Board.

3. Reimbursements. The Company shall reimburse each Non-Employee Director for all reasonable, documented, out-of-pocket travel and other business expenses incurred by such Non-Employee Director in the performance of his or her duties to the Company in accordance with the Company's applicable expense reimbursement policies and procedures as in effect from time to time.

* * * * *

Statement of Policy Regarding Insider Trading

(Amended and Restated Effective January 29, 2025)

To: All directors, officers and employees of and consultants to PetMed Express, Inc. and its subsidiaries (collectively, the “Company”)

Introduction

The purpose of this memorandum is to remind you of your obligation as a director, officer or employee of, or consultant to, the Company to treat and keep material non-public information about the Company as confidential, and to not purchase or sell securities of PetMed Express, Inc. while you have knowledge of such material non-public information.

It is the policy of the Company to prohibit all employees, officers, and members of the board of directors (“Directors”) from purchasing or selling Company securities (e.g., stocks, bonds, options, etc.) based upon material non-public information about the Company. In addition, all employees, officers, directors, and consultants to the Company are prohibited from disclosing material non-public information about the Company to another person who may in turn trade in the Company’s securities. It is also the policy of the Company to prohibit purchases or sales of the securities of any publicly-traded company based on material non-public information about such company that was obtained in the course of service with the Company.

Restrictions on Trading Securities Based on Insider Information**Your Relationship With the Company**

In the course of your employment with, or consultancy to, the Company or because of your relationship as a director, officer or employee, you may come into possession of confidential information concerning the Company. Much of this information has a potential for affecting the market price of shares of PetMed Express, Inc. Under some circumstances, federal securities law would impose potentially onerous civil and criminal penalties on persons who improperly obtain or use material non-public information about the Company in connection with a purchase or sale of its securities.

Liability of the Company for Insider Trading Violations

In addition to creating criminal and civil penalties for employees, officers, directors and consultants who purchase or sell PetMed Express, Inc. securities based upon material, non-public information, federal law empowers the Securities and Exchange Commission (“SEC”) to seek substantial civil penalties from any person who, at the time of an insider trading violation, “directly or indirectly controlled the person who committed such violation” i.e., the Company. Thus, the Company may also be subject to civil penalties for insider trading violations committed by employees, officers or directors.

Application of the Law; Material Non-Public Information

The federal and state securities laws prohibit insider trading. Insider trading is the buying or selling of PetMed Express, Inc. securities (i.e., stocks, bonds, options, etc.) based upon “material non-public information” about the Company. These laws also prohibit you from “tipping” or disclosing such information to others, such as a friend or relative, who may then trade in Company securities on the basis of that information. These rules also apply to buying or selling securities of any other public company based on important information that is not known to the public and that was obtained in the course of service at the Company. To be clear, **any** violation of these laws could subject you, the Company, and the Company’s management to civil and criminal liability and penalties, including imprisonment. There is no exception for “minor” trades--state and federal law enforcement have successfully prosecuted insider trading involving only a small number of shares, modest profits or even where the insider trading avoided losses.

“Non-public” information consists of information that is not generally known or available to the public. Information is generally not considered to be known or generally available to the public until it has been released broadly to the marketplace (such as by a press release or a SEC filing), and enough time has elapsed to permit the investment market to absorb and evaluate the information. Once information is broadly released to the public, it will normally be regarded as absorbed and evaluated within two business days after the information has been broadly released.

“Material” information is information that a reasonable investor would consider important in deciding to buy, sell, hold, or short, PetMed Express, Inc. securities. Information may be important for this purpose even if it would not alone determine an investor’s decision. Material information can be favorable or unfavorable. Examples that could be considered material include (but are not limited to) unannounced or unexpected results of operations; news of a significant pending transaction such as a proposed merger, acquisition, tender offer, exchange offer, major sales, or other commercial agreement; establishment of new line of business; an intended or actual sale of significant assets or the disposition of all or substantially all of a subsidiary; changes in dividend policies, the declaration of a stock split or the offering of additional securities; changes in management; significant joint ventures; introductions of significant new products or services; impending bankruptcy or financial liquidity problems; or the gain or loss of a substantial customer or supplier. Of course, there are numerous other examples of material information and the determination will necessarily depend on the circumstances existing at the time including but not limited to unusually high or low sales of a certain product, overall sales data, financial results, forecasts, changes in senior management, strategic decisions, new contracts or transactions with other companies, and actual or threatened litigation.

“Material non-public information” is information that is both material and non-public. It is also sometimes referred to as “Inside Information” or “Insider Information.”

Statement of Company Policy**Outright Restriction Against Trading When in Possession of Material Non-Public Information**

All employees, officers, directors, and consultants to the Company are prohibited from purchasing or selling PetMed Express, Inc. securities (e.g., stocks, bonds, options, etc.) based on material non-public information about the Company.

No Tipping

Employees, officers, directors, and consultants to the Company are prohibited from (i) “tipping” or disclosing material non-public information about PetMed Express, Inc. to another person so that they or others can buy or sell PetMed Express, Inc. securities, and (ii) recommending trading in PetMed Express, Inc. securities to another person based upon material non-public information.

Employees, officers, directors, and consultants to the Company are also prohibited from (i) “tipping” or disclosing material non-public information about any other publicly-traded company with whom PetMed Express, Inc. has a business relationship to another person so that they or others can buy or sell securities of such company, and (ii) recommending the trading in such company’s securities to another person based on material non-public information that you know about such company that was obtained in the course of your service with PetMed Express, Inc.

Blackout Period

All Employees, officers and directors are prohibited from buying and selling the Company’s securities except during the specified trading “window” period for each quarter.

The trading window will open on the second business day after the public release by the Company of any financial or other material information. Trading windows open due to the public release of financial information shall close on the 15th calendar day of the last month of the fiscal current quarter. The Company can announce a new blackout period at any time.

Two exceptions are hereby created to the requirements of the blackout period:

(1) to allow for the selling of the Company’s securities only to independent institutional investors and only with the express authorization of the following individuals: either the Chairman of the Board or Chief Executive Officer of the Company (depending on the identity of the seller), and two (2) independent board members. Additionally, either of the two (2) independent board members may require that legal counsel be contacted in order to discuss the propriety of the sale.

(2) to allow for the selling of the Company’s securities pursuant to a previously filed 10b5-1 plan.

Hedging of Company Stock; Short Sales

Employees, directors, officers, and consultants to the Company are prohibited from entering into any transaction designed to hedge, or having the effect of hedging, the economic risk of owning the Company's stock. Examples of transactions that fall within this prohibition include trading in options, puts, calls and other similar instruments related to Company stock. In addition, employees, directors, officers and consultants to the Company are prohibited from engaging in short sales (i.e. selling securities you do not own) of PetMed Express, Inc. securities. Regardless of any other provision of this Policy, the prohibitions set forth in this section are not eligible for the granting of an exception.

Margin Accounts and Pledges

Securities held in a margin account or pledged as collateral for a loan may be sold without your consent by the broker if you fail to meet a margin call or be foreclosed upon by the lender if you default on the loan. A margin or foreclosure sale that occurs when you are aware of material non-public information may result in unlawful insider trading. As a result, directors, officers, and employees are prohibited from holding PetMed Express, Inc. securities in a margin account that can be sold without your consent and from pledging PetMed Express, Inc. securities as collateral for a loan.

Family Members

No director, officer, employee or consultant may permit any member of his or her immediate family or anyone on his or her behalf ("Related Persons"), or anyone to whom he or she has disclosed material, non-public information, to purchase or sell such securities in violation of the insider trading laws or the policies of the Company. It must be stressed that it is the personal responsibility of each such person to ensure his or her compliance with the laws and regulations applicable to his or her sales and purchases of securities, and that the Company has no obligation to any such person to ensure such compliance.

Other Companies

Due to the acquisition nature of our business, you may become privy to material non-public information of other companies, such as companies with which we may be negotiating transactions. All employees, officers, directors, and consultants to the Company are also prohibited from purchasing or selling the securities of any other publicly-traded company with whom PetMed Express, Inc. has a business relationship based on material non-public information about such company that was obtained in the course of your service with PetMed Express, Inc. or the related company.

Additional Restrictions for Directors, Officers, direct reports to the CEO and certain administrative assistants and designated employees

Standing Orders/10b5-1 Plans. A standing order placed with a broker to purchase or sell PetMed Express, Inc. securities at a specified price leaves you with no control over the timing of the transaction. A standing order transaction executed by the broker when you

are aware of material non-public information may result in unlawful insider trading even if you were not aware of the material non-public information when you placed the order. As a result, directors and officers are prohibited from placing standing orders that are longer than one day for PetMed Express, Inc.

An exception to this prohibition are plans created consistent with Rule 10b5-1 of the Securities Exchange Act of 1934, which provides a "safe harbor" (i.e. an affirmative defense) from insider trading liability under the federal securities laws for trading plans that meet certain requirements. The Company requires that all 10b5-1 plans in PetMed Express, Inc. securities for directors and officers be approved in advance by Chief Financial Officer. Trades in PetMed Express, Inc. securities that are executed pursuant to an approved 10b5-1 plan are not subject to the prohibitions on trading contained in this policy.

Short Swing Transactions. Directors and those senior officers who are subject to Section 16 of the Securities Exchange Act of 1934 ("Reporting Persons") must refrain from engaging in "short swing" transactions in PetMed Express, Inc. securities prohibited under Section 16. As a general rule, this requirement means that a Reporting Person may not purchase any PetMed Express, Inc. securities if the Reporting Person sold similar securities within the prior six (6) months; and a Reporting Person may not sell any PetMed Express, Inc. securities if the Reporting Person purchased similar securities within the last six (6) months. However, the exercise of a stock option or sale of stock previously granted under PetMed Express, Inc.'s Board-approved equity plans shall not be treated as either a "purchase" or "sale" for purposes of the short swing transaction restrictions nor would the granting or purchase of stock under any Board-approved Company equity plan or stock purchase plan, respectively, be considered a "purchase" for purposes of short swing transaction restrictions.

Pre-Clearance of Trades. Directors, officers and direct reports to the CEO, and each of their administrative assistants, must refrain from engaging in any transaction involving the Company's securities without first obtaining pre-clearance of the transaction from the Compliance Officer by completing the pre-clearance form attached as Exhibit A to this policy. In addition, as listed on Schedule I, the Company has determined that certain other designated employees and agents of the Company that may have regular or special access to material non-public information must refrain from engaging in any transaction involving the Company's securities without first obtaining pre-clearance of the transaction from the Compliance Officer by completing the pre-clearance form attached as Exhibit A to this policy. The Compliance Officer may not engage in a transaction involving the Company's securities unless the Chief Executive Officer has pre-cleared the transaction. The titles of the individuals subject to pre-clearance requirements are listed on Schedule I. From time to time, the Company may identify other persons subject to the pre-clearance requirements set forth above, and the Compliance Officer may update and revise Schedule I as appropriate and upon doing so shall provide notice to the persons added to or removed from Schedule I.

These pre-clearance procedures are intended to decrease insider trading risks associated with transactions by individuals with regular or special access to material non-public information. In addition, requiring pre-clearance of transactions by directors and officers facilitates compliance with Rule 144 resale restrictions under the Securities Act of 1933, as amended, and the liability and reporting provisions of Section 16 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Pre-clearance of a trade, however, is not a defense to a claim of insider trading and does not excuse you from otherwise complying with insider trading laws or this Policy. Further, pre-clearance of a transaction does not constitute an affirmation by the Company or the Compliance Officer that you are not in possession of material non-public information. The Compliance Officer is under no obligation to approve a transaction submitted for pre-clearance, and may determine not to permit the transaction.

Reporting Requirements

Section 16 Reports. Reporting Persons must file certain reports with the SEC when they engage in transactions involving PetMed Express, Inc. securities.

Rule 144 Reports. If required, directors, officers and employees must notify the SEC of their intention to sell PetMed Express, Inc. securities in the open market by filing a SEC Form 144 in accordance with the existing rules regarding Form 144 filings. This form is generally prepared and filed by your broker and is in addition to any required Section 16 reports.

Corrective Action

Any violation of this Company policy may serve as grounds for immediate termination of employment for cause of the person violating the policy, and may result in the Company seeking reimbursement from such person for any consequential damages or other injury suffered by the Company.

Further Assistance

Any person who has a question concerning the propriety of a proposed transaction or about the Company's policy may obtain additional guidance from the Company's Chief Financial Officer or General Counsel.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-269661, No. 333-218917, No. 333-281371, and No. 333-282377) and related Reoffer Prospectuses under Registration Statements (No. 333-269661 and No. 333-281917) of PetMed Express, Inc. (the “Company”), of our report dated June 2, 2026, relating to the consolidated financial statements of the Company as of and for the year ended March 31, 2026, appearing in this Annual Report on Form 10-K of the Company for the year ended March 31, 2026.

/s/ Baker Tilly US, LLP

Los Angeles, California
June 2, 2026

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in these Registration Statements (No. 333-269661, No. 333-218917, No. 333-281371, and No. 333-282377) on Form S-8 and related Reoffer Prospectuses under Registration Statements (No. 333-269661 and No. 333-218917) of PetMed Express, Inc. of our report dated October 14, 2025, relating to the consolidated financial statements of PetMed Express, Inc. and subsidiaries, appearing in this Annual Report on Form 10-K of PetMed Express, Inc. for the year ended March 31, 2026.

/s/ RSM US LLP

Coral Gables, Florida
June 2, 2026

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Leslie C.G. Campbell, certify that:

1. I have reviewed this Annual Report on Form 10-K of PetMed Express, Inc. for the fiscal year ended March 31, 2026;
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 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 the 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.

June 2, 2026

By: /s/ Leslie C.G. Campbell

Leslie C.G. Campbell

Interim Chief Executive Officer and President (principal executive officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Douglas Krulik, certify that:

1. I have reviewed this Annual Report on Form 10-K of PetMed Express, Inc. for the fiscal year ended March 31, 2026;
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 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 the 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.

June 2, 2026

By: /s/ Douglas Krulik

Douglas Krulik

Chief Accounting Officer and Interim Principal Financial Officer and Treasurer
(principal financial and accounting officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Leslie C.G. Campbell, and I, Douglas Krulik, each certify to the best of our knowledge, based upon a review of the Annual Report on Form 10-K for the year ended March 31, 2026 (the “Report”) of PetMed Express, Inc. (the “Registrant”), that:

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

Date: June 2, 2026

By: /s/ Leslie C.G. Campbell

Leslie C.G. Campbell

Interim Chief Executive Officer and President (principal executive officer)

By: /s/ Douglas Krulik

Douglas Krulik

Chief Accounting Officer and Interim Principal Financial Officer and Treasurer
(principal financial and accounting officer)